Before the Bell

An Ameriprise Investment Research Group Publication

October 4, 2024

Starting the Day

- U.S. equity futures are pointing to a higher open.
- European markets are trading mixed at midday.
- Asian markets ended higher – strongly so in some cases.
- Gold shines in 2024.
- The port strike comes to an end. Jobs are in focus today.
- 10-year Treasury yield at 3.87%.
- West Texas Intermediate (WTI) oil is trading at $74.87.
- Gold is trading at $2,678.10

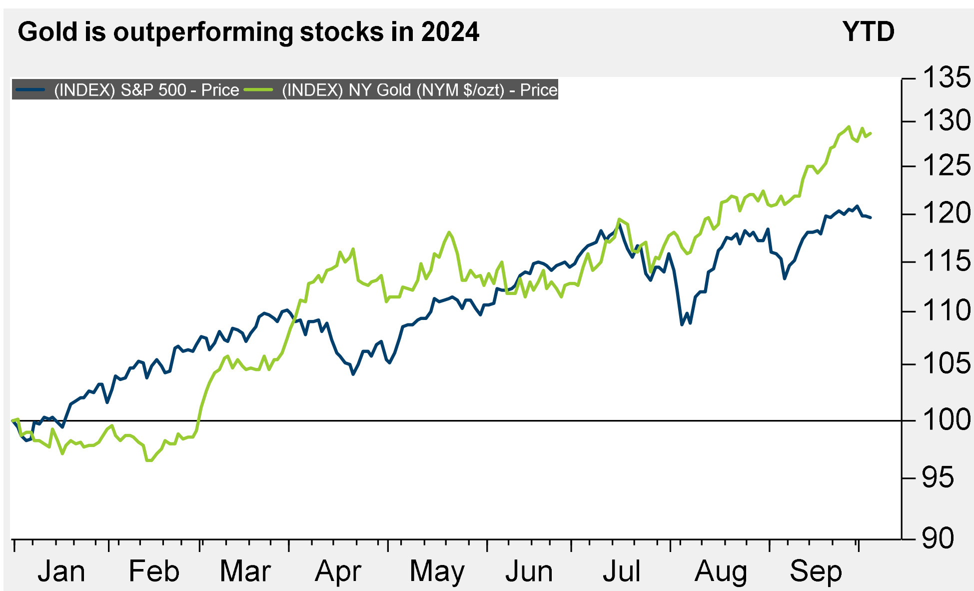
Market Perspectives

Anthony Saglimbene, Chief Market Strategist

"I love GOOOOLD!" For *Austin Powers* fans out there, today's title may have prompted a light laugh or at least a chuckle. But for most people, the precious metal is either an asset you wear as jewelry and/or use as an investment to help diversify asset portfolios. While the Ameriprise Global Asset Allocation Committee does not carry a strategic or tactical weighting to gold or other precious metals, for investors who are comfortable owning Real Assets across their portfolio, we believe a 5% to 10% allocation to areas like precious metals can be a smart diversifier.

Historically, the committee has tended to favor the longer-term risk/return profiles seen in stocks and bonds and use "Alternative Strategies" (e.g., hedge funds, nontraditional bond funds, etc.) as a means to help diversify portfolios.

Yet, that does not mean gold and other Real Assets can't serve as important diversifiers across portfolios for investors who are comfortable with the nuances and/or unique liquidity factors associated with certain investment types across this asset category.



That said, gold is having a very good year. In fact, the precious metal is on pace for its best year in over ten years, up +28% in 2024 and outpacing the +19.5% YTD gain in the S&P 500 Index. While it's important to note that over the last ten years, gold has trailed the S&P 500 by a significant margin and endured several periods of negative returns, the yellow metal has also "shined" since the start of 2023, specifically based on several evolving factors that are worthy of noting below:

NOTE: FOR IMPORTANT DISCLOSURES, INCLUDING POSSIBLE CONFLICTS, PLEASE SEE THE DISCLOSURE PAGES AT THE END OF THIS DOCUMENT.

- Rising U.S. debt and deficit spending, with U.S. debt-to-GDP totaling 98% at the end of 2023 and hitting 100% this year, has placed a tailwind behind gold prices. In addition, projections for debt/deficit spending are expected to rise in future years, likely pushing the U.S. debt-to-GDP ratio higher if current trends remain unchanged.
- Elevated inflation pressures over recent years have prompted increased interest in the noble metal. Like stocks, gold can act as an inflation hedge.
- Rising geopolitical threats (e.g., Ukraine/Russia war, increased Middle East violence, U.S./China trade tensions).
- A Federal Reserve now lowering its policy rate and expected to continue lowering rates through next year.
- Increased foreign central bank buying led by China, India, Poland, and others.
- Short-term buying activity across some hedge funds and a recent uptick in retail buying activity starting in July.

Bottom line: The combination of these factors has helped gold rise to nearly $2,680 per ounce from roughly $2078 per ounce at the end of last year. In our view, rising U.S. debt levels, falling interest rates, a slowing U.S. economy, and an increasingly unstable geopolitical environment are key factors that could remain supportive for gold prices over the next six to twelve months.

According to Frederick Schultz, Ameriprise Senior Director of Equity Research, "Investors could view lower global interest rates as a tailwind for gold prices. Historically, high interest rates and attractive fixed income yields have been in competition with gold. Over the last two years, U.S. Treasury rates (which are viewed as risk-free) have been attractive relative to gold. As those rates potentially fall over the coming quarters, we believe gold could recapture attention. Notably, falling interest rates are becoming a global trend. As of the beginning of August, central bank interest rate cuts are outpacing rate increases by five-to-one based on an *S&P Dow Jones Indices* analysis. Furthermore, if the U.S. economy continues to slow and volatility increases around the rate easing cycle, gold, historically, has tended to be a solid relative performer." For more information on gold and silver trends, please refer to the latest *Equity Perspectives: "Gold & Silver Quarterly"* report.

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Stocks are currently looking at a higher open. A much stronger than expected employment report has boosted equity futures but also sent Treasury yields much higher as well.** Coming into the employment report this morning, all three major stock averages are on pace to end a three-week winning streak, with the S&P 500 and Dow Jones Industrials Average down 0.7% WTD and the NASDAQ Composite down 1.1%. Crude prices continue to climb as tensions in the Middle East boil. West Texas Intermediate (WT) crude is up over +7.0% MTD.
- **That was quick.** According to several reports, the International Longshoremen's Association has agreed to suspend their strike until January 15th, which will allow cargo to move again off the East and Gulf Coast ports. A tentative agreement boosts dock worker pay by about +62% over six years and gives time for negotiations to develop on other key issues, such as automation. *Reuters* noted that at least 45 containerships had anchored and were unable to unload by Thursday versus just 3 on Sunday. Bottom line: A port strike that could have slowed growth and disrupted the economy and markets for a period in the fourth quarter has been avoided. Notably, it's one less concern investors need to contend with through year-end.
- **The September employment report:** *FactSet* estimates for nonfarm payrolls called for roughly +150K new jobs last month, slightly higher than the originally posted +142k print in August. In addition, the unemployment rate in September was expected to hold steady at 4.2%. **Following today's Bureau of Labor Statistics release, jobs in the U.S. rose by +254k last month, while the unemployment rate declined to 4.1%.**

Europe:

As expected, a majority of European Union countries voted to impose tariffs on China's electric vehicles. According to *FactSet*, the European Union will now decide by November 2nd whether to apply final/definitive duties. Interestingly, Germany and Hungary voted against the tariffs, while twelve countries abstained, including Sweden, Greece, and Spain. Notably, European automakers are seeing increased disruption and a loss of market share from Chinese automakers.

Asia-Pacific:

Equities across the region ended higher on Friday, with the Hang Seng Index gaining more than +8.0% on the week. Over the last month, the Hang Seng has risen by roughly +30.0%. A barrage of recent stimulus announcements out of China has fueled interest/speculation in Chinese stocks from foreign investors.

WORLD CAPITAL MARKETS

10/4/2024 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-0.2%	20.8%	5,699.9
Dow Jones	-0.4%	13.1%	42,011.6
NASDAQ Composite	0.0%	20.0%	17,918.5
Russell 2000	-0.7%	8.7%	2,180.1
Brazil Bovespa	-1.4%	-1.9%	131,672
S&P/TSX Comp. (Canada)	-0.1%	17.1%	23,968.5
Russell 3000	-0.2%	19.3%	3,244.0

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.2%	12.4%	4,933.4
FTSE 100 (U.K.)	-0.6%	9.8%	8,235.6
DAX Index (Germany)	0.1%	13.7%	19,042.5
CAC 40 (France)	0.4%	2.5%	7,510.7
FTSE MIB (Italy)	0.6%	10.0%	33,372.2
IBEX 35 (Spain)	0.0%	18.9%	11,614.4
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.2%	17.2%	38,635.6
Hang Seng (Hong Kong)	2.8%	39.0%	22,736.9
Korea Kospi 100	0.3%	-2.2%	2,569.7
Singapore STI	0.3%	16.2%	3,589.1
Shanghai Comp. (China)	8.1%	12.2%	3,336.5
Bombay Sensex (India)	-1.0%	14.3%	81,688.5
S&P/ASX 200 (Australia)	-0.7%	11.8%	8,150.0

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.4%	17.8%	842.3

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.6%	11.3%	2,420.0

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-1.3%	17.4%	1,173.0

Note: International market returns shown on a local currency basis. The equity index data shown above is on a total return basis, inclusive of dividends.

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	0.2%	29.1%	315.2
Consumer Discretionary	-1.3%	11.0%	1,564.6
Consumer Staples	-0.8%	16.5%	871.1
Energy	1.6%	13.8%	710.4
Financials	-0.5%	20.8%	747.4
Health Care	-0.9%	12.5%	1,767.6
Industrials	-0.5%	19.4%	1,139.1
Materials	-1.2%	12.1%	596.8
Real Estate	-1.0%	12.1%	274.9
Technology	0.6%	28.4%	4,337.8
Utilities	0.0%	31.7%	413.7

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.7%	13.6%	289.0
FTSE NAREIT Comp. TR	-0.8%	12.0%	26,800.3
DJ US Select Dividend	-0.4%	17.3%	3,522.0
DJ Global Select Dividend	-0.3%	12.8%	237.8
S&P Div. Aristocrats	-0.8%	12.7%	4,813.6

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.4%	4.2%	2,251.8
Barclays HY Bond	-0.1%	7.9%	2,676.0

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.3%	2.9%	559.4
NYMEX WTI Crude (p/bbl.)	1.4%	4.4%	74.8
ICE Brent Crude (p/bbl.)	1.4%	2.2%	78.7
NYMEX Nat Gas (mmBtu)	0.9%	19.3%	3.0
Spot Gold (troy oz.)	0.2%	29.0%	2,662.2
Spot Silver (troy oz.)	0.5%	35.2%	32.2
LME Copper (per ton)	-2.3%	14.8%	9,717.9
LME Aluminum (per ton)	-1.9%	11.6%	2,618.6
CBOT Corn (cents p/bushel)	-0.8%	-15.6%	425.0
CBOT Wheat (cents p/bushel)	-1.6%	-11.2%	594.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.0%	-0.1%	1.10
British Pound (£/$)	0.3%	3.4%	1.32
Japanese Yen ($/¥)	0.2%	-3.8%	146.58
Australian Dollar (A$/$)	0.0%	0.4%	0.68
Canadian Dollar ($/C$)	0.0%	-2.3%	1.36
Swiss Franc ($/CHF)	0.2%	-1.2%	0.85

Data/Price Source: Bloomberg. Equity Index data is total return, inclusive of dividends, where applicable.

Ameriprise Global Asset Allocation Committee (GAAC)

U.S. Equity Sector - Tactical Views

	S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Consumer Staples	5.8%	Overweight	2.0%	7.8%
Information Technology	32.5%	Equalweight	-	32.5%
Financials	12.3%	Equalweight	-	12.3%
Health Care	11.7%	Equalweight	-	11.7%
Communication Services	9.4%	Equalweight	-	9.4%
Industrials	8.1%	Equalweight	-	8.1%
Energy	3.6%	Equalweight	-	3.6%
Utilities	2.3%	Equalweight	-	2.3%
Materials	2.2%	Equalweight	-	2.2%
Real Estate	2.1%	Equalweight	-	2.1%
Consumer Discretionary	10.0%	Underweight	-2.0%	8.4%

As of: June 30, 2024

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 6/30/2024. The GAAC Tactical Overlay, as well as Recommended Tactical Weights, is derived from the Ameriprise Global Asset Allocation Committee (GAAC).Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Global Equity Regions - Tactical Views

	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	63.6%	Overweight	2.1%	65.7%
Europe ex U.K.	12.8%	Overweight	2.0%	14.8%
Japan	5.1%	Overweight	1.0%	6.1%
United Kingdom	3.3%	Equalweight	-	3.3%
Latin America	0.8%	Equalweight	-	0.8%
Asia-Pacific ex Japan	10.6%	Underweight	-3.0%	7.6%
Canada	2.7%	Underweight	-1.0%	1.7%
Middle East / Africa	1.1%	Underweight	-1.1%	0.0%

as of: June 30, 2024

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 06/30/2024. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Economic News and Views:

Russell T. Price, CFA – Chief Economist

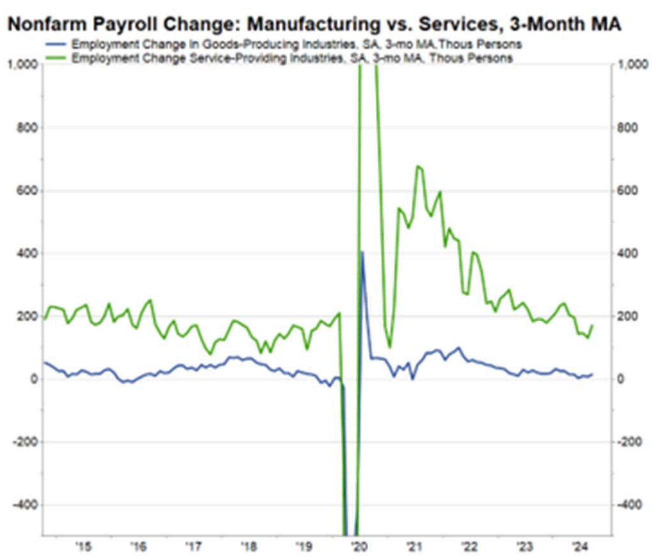
Releases for Friday October 4, 2024

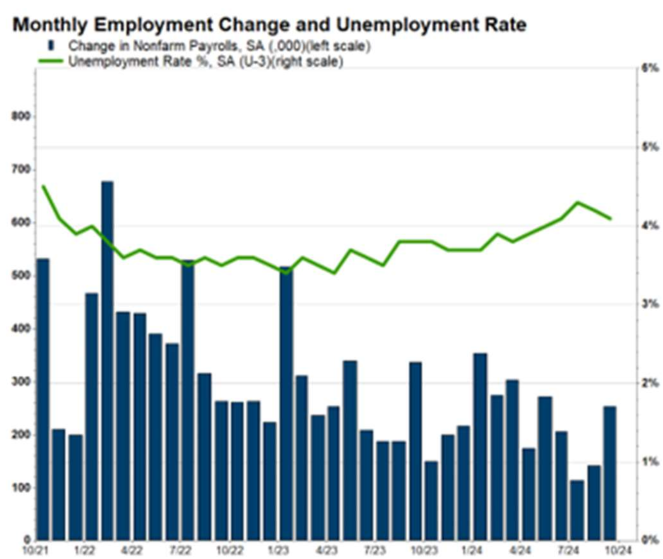
All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	SEP	Change in Nonfarm Payrolls	+150k	**+254k**	+142k	+159k
8:30 AM		Two-Month Payroll Net Revision		**+72k**		
8:30 AM	SEP	Change in Private Payrolls	+148k	**+223k**	+118k	+114k
8:30 AM	SEP	Change in Manufacturing Payrolls	-7k	**-7k**	-24k	-27k
8:30 AM	SEP	Unemployment Rate	4.3%	**4.1%**	4.2%	
8:30 AM	SEP	Average Hourly Earnings (MoM)	+0.3%	**+0.4%**	+0.4%	
8:30 AM	SEP	Average Hourly Earnings (YoY)	+3.7%	**+4.0%**	+3.8%	
8:30 AM	SEP	Average Weekly Hours	34.3	**34.2**	34.3	
8:30 AM	SEP	Labor Force Participation	62.7%	**62.7%**	62.7%	

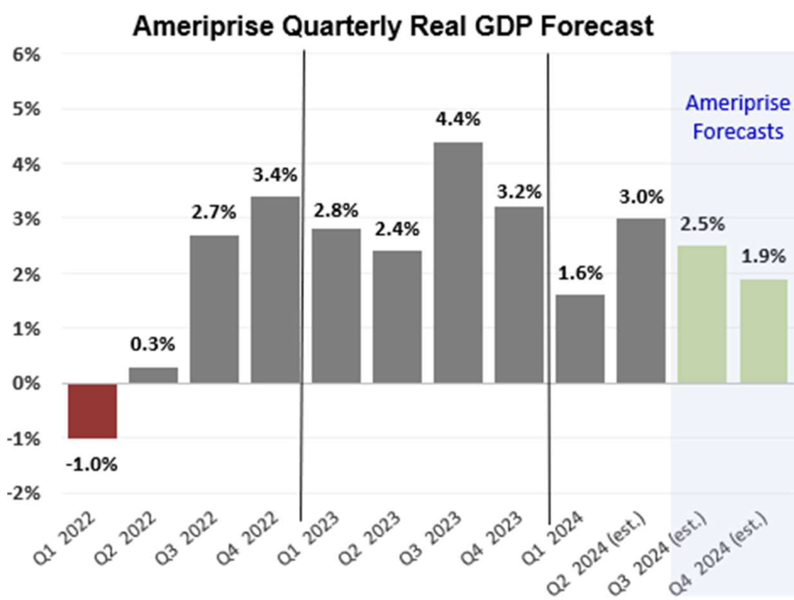
Commentary:

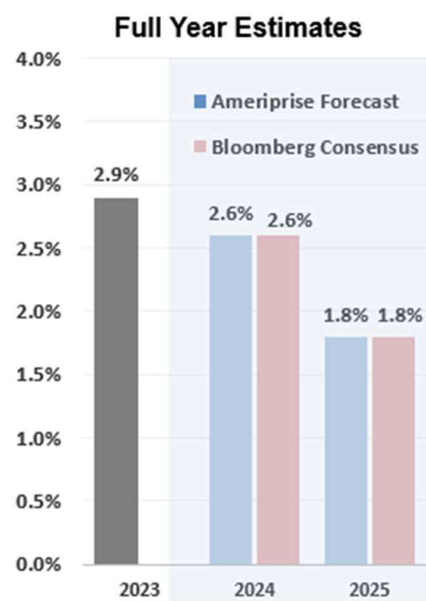
- **Hot! Hot! Hot! All components of the September Employment Report were "hot" this morning except for Average Weekly Hours worked. The numbers are likely to cool expectations for Fed rate cuts over the remainder of the year. There will be one more Employment report issued prior to the next FOMC meeting November 6-7.**
- Nonfarm payrolls jumped by a very surprisingly strong 254,000 last month, far exceeding the +150,000 net gain expected via the Bloomberg consensus in the strongest month of job growth since March (+308k).
- Manufacturing employment (-7k) and temporary positions (-14k) were the only primary sectors to see a decline in employment last month. Private education and health was a big winner in the period as it offered a 81,000 gain. We note that the education sector can often be a volatile contributor to the jobs picture in Septembers due to the back to school period.
- Today's report also showed a solid upward adjustment in job creation over the prior two months. We note, however, that most of the added job gains came from the government sector as private sector job growth was revised lower for August.
- With today's release, the 3-month moving average of net job growth stands at a strong +186,000 while the 6-month MA stands at +167,000. Comparison: Job growth averaged +167,000 in 2019, the year before the pandemic.
- *The charts shown below are sourced from FactSet and HAVE been updated to reflect today's release.*





- **GDP Outlook Update:** With the third quarter just ended, forecasts of economic growth for the period look for a sound pace of expansion. Currently, we are projecting Q3 real Gross Domestic Product (GDP) growth of +2.5%, versus the +3.0% quarter-over-quarter, annualized rate reported by the Commerce Department for Q2. The Atlanta Fed's GDPNow measure currently forecasts a similar +2.5% pace.
- Our forecast looks for slightly better consumer spending (+3.1% q/q vs. +2.8% in Q2) and stronger business investment spending (+5.0% vs. +3.9%) to be partially offset by a larger trade deficit. A faster rate of expansion in the trade deficit shaved a full percentage point from real GDP in Q2. We expect a further expansion to shave another 0.5 percentage points from overall real GDP growth in Q3.
- Imports are a subtraction from GDP while exports are an addition. Business efforts to get ahead of possible disruptions associated with the just ended port strike appear to have pulled forward some shipments, particularly for this year's holiday season. This dynamic could reverse in Q4, thus offering a possible boost to GDP in the period.
- The uptick in consumer outlays is partially based on an expected bounce-back in automobile spending after the late-June systems outage at about half the nation's dealers temporarily curtailed auto related spending in June (i.e., Q2). Government spending, however, could be a wildcard in Q3. July starts a new fiscal year for state and local governments, and many have had to trim spending due to tighter budgets. However, some federal stimulus dollars approved via various stimulus bills over the last few years have "use-it or lose-it" provisions for state and local aid with a deadline of September 30th (the government's fiscal year). As such, state and local government spending could see a temporary bounce, but any such increase would likely evaporate in Q4. Actuals depicted in the graphic below are sourced from the Commerce Department while the depicted forecasts are sourced from AEIS and Bloomberg.





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Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual	Actual	Est.	Est.	Actual	Actual	Actual	Est.	Est.	Est.	Est.
	2022	**2023**	**2024**	**2025**	Q4-2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Q1-2025	Q2-2025
Real GDP (annualized)	2.5%	2.9%	2.6%	1.8%	3.2%	1.6%	3.0%	2.5%	1.9%	1.8%	2.0%
Unemployment Rate	3.6%	3.7%	4.4%	4.2%	3.7%	3.8%	4.1%	4.2%	4.4%	4.4%	4.4%
CPI (YoY)	8.0%	3.4%	2.4%	2.0%	3.4%	3.5%	3.0%	2.5%	2.4%	2.1%	2.1%
Core PCE (YoY)	5.2%	2.9%	2.4%	2.0%	2.9%	2.8%	2.6%	2.4%	2.3%	2.2%	2.2%

Sources: Historical data via FactSet. Estimates (Est.) via American Enterprise Investment Services Inc.

YoY = Year-over-year, Unemployment numbers are period ending. GDP: Gross Domestic Product; CPI: Consumer Price Index

PCE: Personal Consumption Expenditures Price Index. Core excludes food and energy.

All estimates other than GDP are period ending. **Last Updated: October 2, 2024**

Ameriprise Global Asset Allocation Committee Targets and Views

Targets

2024 Year-end Targets:	Favorable Scenario	Base-Case Scenario	Adverse Scenario
S&P 500 Index:	5,900	5,750	5,000
10-Year U.S. Treasury Yield:	4.00%	3.75%	3.00%
Fed Funds Target Range:	4.50% to 4.75%	4.75% to 5.00%	4.25% to 4.50%

Estimates (Est.) via American Enterprise Investment Services Inc.

Please see latest *Quarterly Capital Market Digest* for more information. **Last Updated: July 8, 2024**

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Ameriprise Global Asset Allocation Committee Tactical Asset Class Views

As of 6/30/24

	Overweight	Equalweight	Underweight
Equity	• U.S. Large Cap Growth • Developed Foreign Equity	• U.S. Large Cap Value • U.S. Mid Cap Value • U.S. Mid Cap Growth • U.S. Small Cap Value • U.S. Small Cap Growth	• Emerging Foreign Equity
S&P 500 Sectors	• Consumer Staples	• Communication Services • Energy • Financials • Health Care • Industrials • Information Technology • Materials • Real Estate • Utilities	• Consumer Discretionary
Global Equity Regions	• Europe ex U.K. • Japan • United States	• Latin America • United Kingdom	• Asia-Pacific ex Japan • Canada • Middle East / Africa
Fixed Income	• U.S. Government • U.S. Inv. Grd Corporate	• Developed Foreign Bond	• Emerging Foreign Bond • High Yield Bond
Alternatives		• Real Assets	• Alternative Strategies
Cash		• Cash	

Note: Our Tactical Allocations are designed to augment a Strategic portfolio over a 6-12-month time horizon. **Asset Allocation and diversification do not ensure or guarantee better performance and do not eliminate the risk of investment losses. Investors should note that rising interest rates could have a detrimental effect on bond prices. Please consult with your financial advisor.** Cash generally refers to assets, securities and/or products low in risk and highly liquid. For asset allocation purposes, instruments can include Treasury bills, certificates of deposit, money market funds and high quality bonds whose maturities are less than 3 months. Outside of asset allocation purposes, cash investments can also include illiquid cash held in a mutual fund or pledged as collateral for derivatives. You can only access this cash by redeeming the fund using it, subject to fees or time constraints associated with redemptions.

As of June 30, 2024	Rolling Returns			
Major Market Indices	**Q2'24**	**1-year**	**3-years**	**5-years**
Russell 3000® Index (U.S. Equity)	3.22%	23.13%	8.05%	14.14%
MSCI ACWI Ex USA Index – net (Foreign Equity)	0.96%	11.62%	0.46%	5.55%
Bloomberg U.S. Universal Bond Index (Fixed Income)	0.19%	3.47%	-2.68%	0.11%
Wilshire Liquid Alternative Index (Alternatives)	0.49%	7.30%	1.37%	2.75%
FTSE Three-Month Treasury Bill Index (Cash)	1.37%	5.64%	3.17%	2.22%

Past performance is not a guarantee of future performance. Performance calculations use FactSet data and are as of Date.

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The Ameriprise Investment Research Group

With Ameriprise Financial, you can benefit from our dedicated team of experienced investment research and due diligence professionals. Our objective market insight, strategies and guidance are designed to provide you with insight into investment strategies and solutions to help you feel more confident about your financial future. It's the higher level of sophistication and service you've come to expect from Ameriprise.

Investment Research Leader

John C. Simmons, CFA
Vice President

Strategists

Chief Market Strategist
Anthony M. Saglimbene
Vice President

Thomas Crandall, CFA, CFP®, CMT, CAIA
Vice President – Asset allocation

Jun Zhu, CFA, CAIA
Sr Analyst – Quantitative, Asset allocation

Sumit Chugh, CFA
Sr Analyst

Amit Tiwari, CFA
Sr Associate I

Chief Economist
Russell T. Price, CFA
Vice President

Equity Research

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Director – Technology and Communication Services

Bishnu Dhar
Sr Analyst – Quantitative strategies and international

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Sr Administrative Assistant

Kimberly K. Shores
Investment Research Coordinator

Jeff Carlson, CLU®, ChFC®, RICP® CRPC™
Business Risk Manager

Manager Research

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Vice President

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Sr Director

Alex Narum
Analyst II

Sagar Batra
Sr Associate I

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Justin E. Bell, CFA
Vice President

Kay S. Nachampassak
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Quantitative Research
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Analyst II

Matt Burandt
Analyst II

Parveen Vedi
Sr Associate I

Harish Chauhan
Sr Associate I

Ankit Srivastav
Sr Associate I

Pulkit Kumar
Associate II

Sameer Asif
Associate II

Equities
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Sr Director – International and global equity

Cynthia Tupy, CFA
Director – Value equity and equity income

Andrew S. Murphy, CFA
Analyst II – Core equity

Teneshia Butler
Analyst II – Growth equity

Kuldeep Rawat
Sr. Associate I

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Mark Phelps, CFA
Sr Director – Multi-asset solutions

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Director – Fixed income

Lukas Leijon
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Diptendu Lahiri
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Jon Kyle Cartwright
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Stephen Tufo
Director – High yield and investment grade credit

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Rohan Sharma
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Karan Prakash
Technical Lead - Quality Engineering

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As of September 30, 2024

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