

# Before the Bell

An Ameriprise Investment Research Group Publication

October 8, 2024

## Starting the Day

- U.S. futures are pointing to a slightly higher open.
- European markets are trading lower at midday.
- Asian markets ended mixed.
- Q3'24 S&P 500 EPS is expected to grow by +4.2%.
- U.S. Election Countdown.
- 10-year Treasury yield at 4.03%.
- West Texas Intermediate (WTI) oil is trading at \$75.77.
- Gold is trading at \$2,667.50

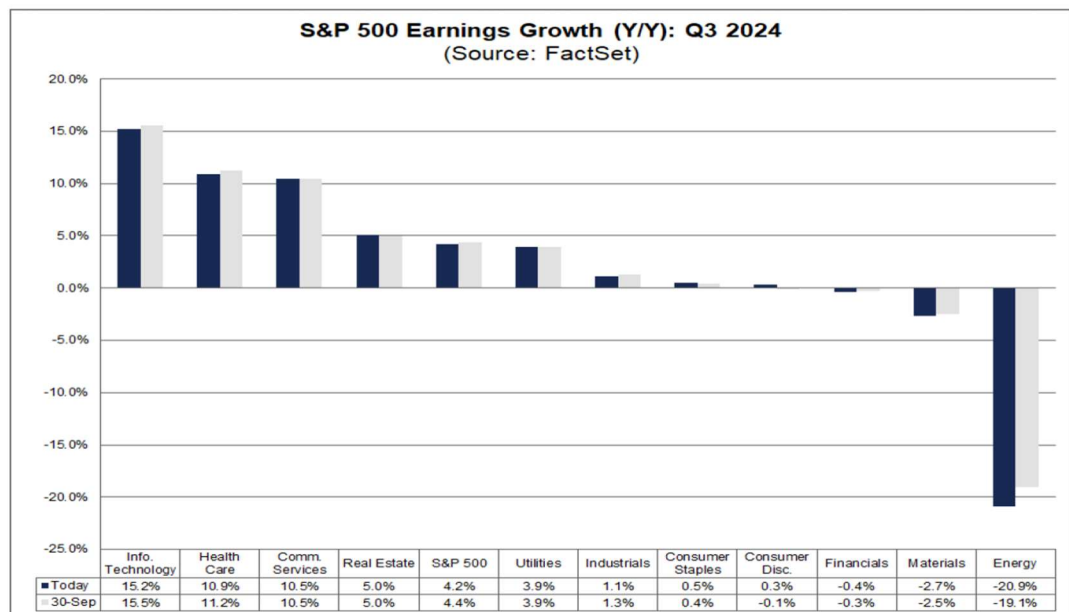
## Market Perspectives

Anthony Saglimbene, Chief Market Strategist

**Q3'24 Earnings Preview:** The Q3 earnings season kicks off today with PepsiCo, Delta Airlines and Domino's Pizza report on Thursday. On Friday, JPMorgan Chase and Wells Fargo will provide the first glimpses into banking trends in the U.S. during the previous quarter, as well as potential first looks at how lower rates might begin to affect consumer/business lending behaviors.

According to *FactSet*, analysts expect overall Q3'24 S&P 500 earnings per share (EPS) to come in higher by +4.2% y/y on revenue growth of +4.7%. If achieved, earnings growth across the S&P 500 would be the weakest since Q4'23.

**Bottom line: With major U.S. stock averages near all-time highs and equity valuations elevated, this earnings season is another critical reporting period that could shape how stocks trade through yearend.** As was the case the last time companies provided their report cards, expectations around Big Tech earnings/outlooks are high and leave little room for

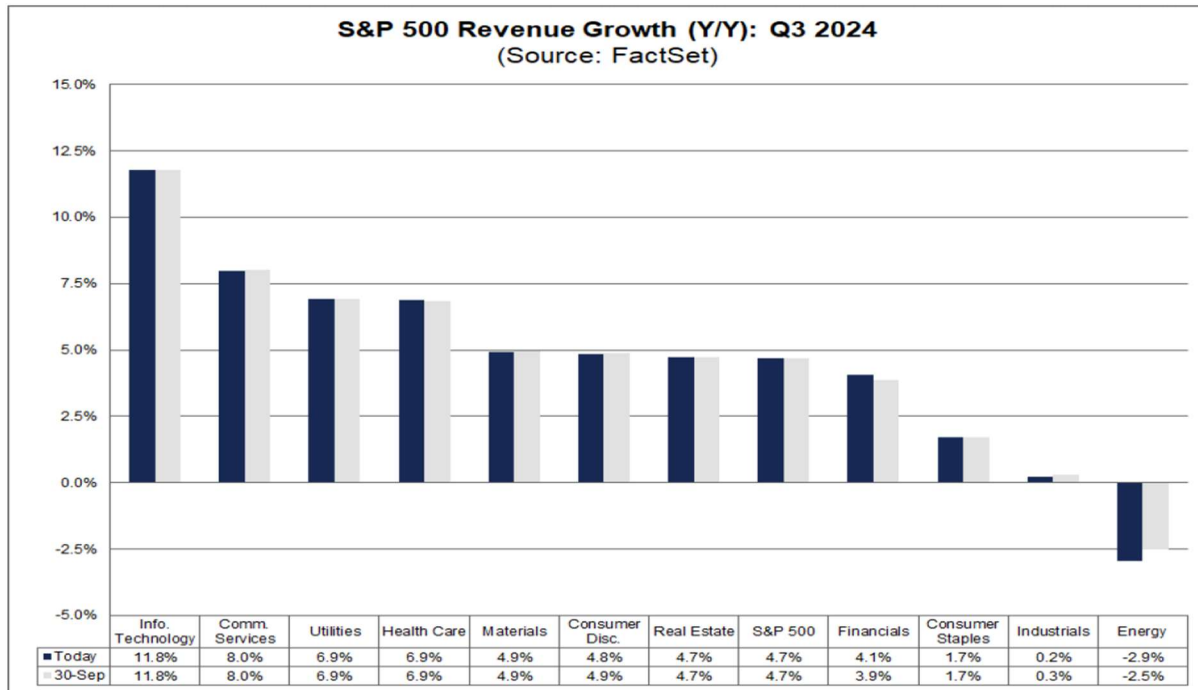


disappointment. At the same time, economic growth remains firm, consumer/business trends are mixed (but healthy), and inflation/interest rates are in the process of normalizing. We believe outlooks for the fourth quarter and possibly into next year could shape stock reactions post-earnings reports. Like in previous quarters, company outlooks could again lean cautious

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across a variety of industries, as we expect the demand backdrop to further normalize into next year and consumers/businesses to become more price-sensitive over time (something confirmed in Q2 earnings releases). That said, overall earnings growth has been positive this year and is expected to remain positive through yearend and into next year. As long as that remains the case, investors may again react positively to "growing" S&P 500 profits over the coming weeks.

Specifically, based on *FactSet* estimates, Q3'24 S&P 500 earnings per share (EPS) is expected to grow for the fifth straight quarter. S&P 500 EPS grew roughly +11.0% in Q2, handily surpassing what analysts projected at the end of June. However, year-over-year growth in the third quarter is expected to moderate considerably. Notably, S&P 500 revenue growth is expected to increase for the 15<sup>th</sup> straight quarter.



The latest Atlanta Federal Reserve GDPNOW model suggests the U.S. economy grew by roughly +2.5% in the third quarter, offering a positive macro environment to help drive profit growth. Interestingly, S&P 500 EPS estimates fell 3.9% during the previous quarter, according to *FactSet*. The overall decline in profit estimates in Q3 was generally in line with both the five-year and ten-year averages of 3.3%.

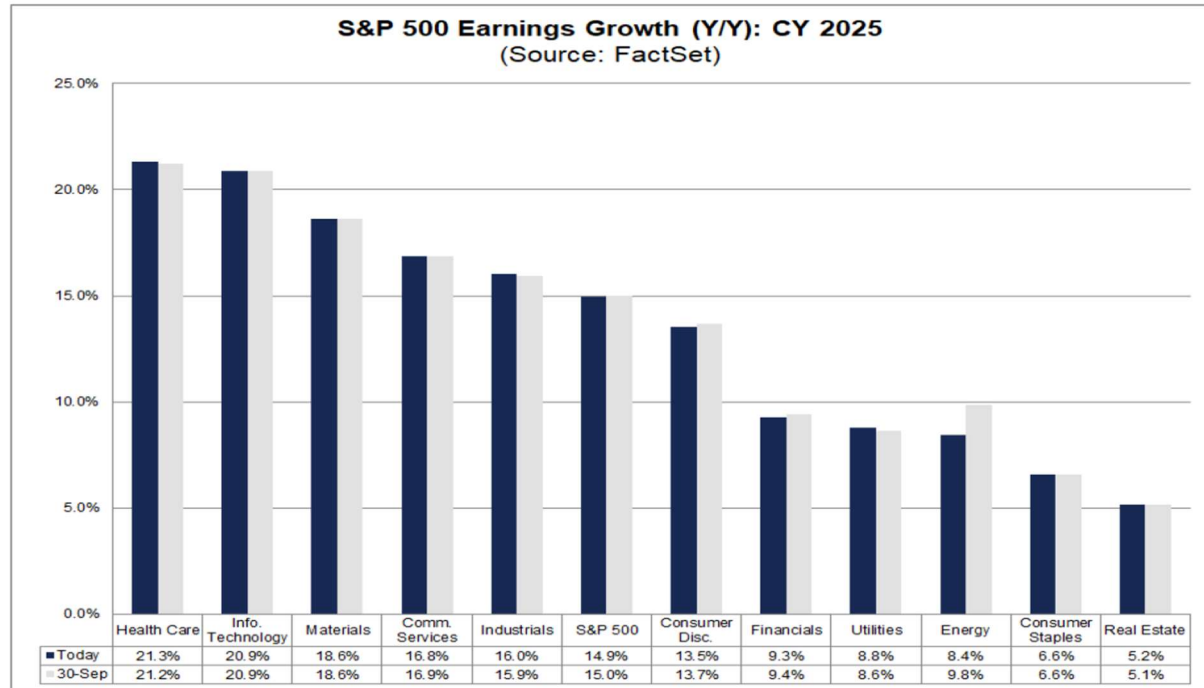
Underneath the surface, Big Tech drivers could again significantly shape investor reactions around the Q3 earnings season. For instance, Information Technology (which is roughly 32% of the S&P 500 by market capitalization) is expected to report the highest EPS and revenue growth of all eleven S&P 500 sectors. Within Tech, EPS is expected to grow by roughly +37% y/y for Semiconductors & Semiconductor Equipment. Importantly, NVIDIA (unsurprisingly) is expected to be the main driver of profit growth across semiconductors and Info Tech in general. If NVIDIA is excluded from the equation, Q3 EPS forecasts for Information Technology would fall to +7.9% from +15.2%.

Bottom line: Big Tech will again be in the crosshairs of investors this earnings season, as outsized spending on artificial intelligence puts increased focus on when such aggressive capital expenditures will eventually lead to increased revenue. In our view, companies in this exclusive group will likely need to meet and probably surpass analyst estimates to keep their stock prices climbing higher while providing a continued view that growth remains on an upward trajectory into next year. On a bright note, recent comments from NVIDIA CEO Jensen Huang stating that demand for its Blackwell AI chip is "insane" is a promising lead into the earnings season for Big Tech.

#### Below is a deeper dive into the upcoming earnings season:

- **A broad set of S&P 500 sectors are expected to drive Q3 earnings growth, with eight sectors expected to see year-over-year increases.** The two *FactSet* charts above show a sector breakdown for EPS and revenue expectations heading into the start of the Q3'24 earnings season. That said, Information Technology, Health Care, and Communication Services are expected to do a lot of the heavy lifting in driving overall S&P 500 profits higher in Q3.

- **Profit growth is expected to accelerate in Q4, while earnings expectations are high for full year 2025.** *FactSet* estimates currently call for S&P 500 earnings per share (EPS) to grow by a robust +14.6% y/y in Q4, which, to be fair, has come down from over +17% expected growth at the start of Q3. And stocks have melted higher despite estimates coming down. Yet, given we see economic growth slowing into yearend and consumer trends normalizing, the type of outsized profit expectations for Q4 could be somewhat difficult to achieve. The S&P 500 currently trades at roughly 24x this year's earnings projections, which, in our view, is elevated. Moving forward, we expect 2025 estimates to start coming into focus, as the S&P 500 already trades at nearly 21x the nearly +15% y/y EPS growth expected for next year.



- From our vantage point, the items below could be the key drivers of the Q3 earnings season and likely influence how stock prices perform over the coming weeks.
  - **Will Big Tech stay on track with expectations?** Like last quarter, demand trends for advanced semiconductors, order flow, capital spending metrics, AI-revenue strategies, and the outlook for continued "outsized" profit growth from the leaders in innovation will play a significant role in shaping how the Q3 earnings season pans out for the broader S&P 500. Particularly for AI-related companies, these points will likely be intensely scrutinized. Unexpected misses here have the potential to sour investors' take on the season.
  - **Consumer resiliency remains a main support beam for the soft-landing narrative.** However, mixed results/commentary/outlooks from companies in the first half of the year keep the consumer squarely in focus for this earnings season. Investors will be looking for more information on the dispersion in spending patterns among low and high-income consumers, as well as ongoing impacts from inflation/higher prices. On the travel side, airlines are first out of the gate and will provide updates on industry trends, including demand metrics and profit effects from moderating capacity. Along the entire spectrum of consumer companies, shopping patterns, outlooks for the holiday season, and overall traffic levels will provide key updates on the main engine of the U.S. economy — the consumer.
  - **Financials offer a window into the broader health of the economy.** While consumer/business lending activity, mergers and acquisitions, and credit card/lending trends in Q3 are unlikely to surprise investors versus expectations, overall credit fundamentals are expected to remain healthy. According to *FactSet* estimates, Capital Markets and Insurance are expected to report outsized earnings growth in Q3 relative to the S&P 500, while Consumer Finance and Banks could underperform. Notably, Financials are expected to see very robust earnings growth in Q4, with EPS expected to rise nearly +40.0% y/y. Recall banks had to recapitalize the FDIC in Q4'23 and Q1'24 after its funds were reduced to help protect depositors after Silicon Valley Bank collapsed.

**Wrapping it all up.** The earnings season is always a critical time for financial markets, as corporate updates offer the latest window into an "on-the-ground" assessment of the key fundamentals driving stock prices. However, with major U.S. stock averages near all-time highs, valuations across certain pockets elevated, profit expectations high, and investors looking for broader market participation in the rally, the Q3 earnings season takes on added significance.

Thus, the next few weeks of earnings reports could help add fuel to the market rally should aggregate results/outlooks meet expectations. And if results/outlooks fall short, which may be more case-by-case, then investors will likely deal with those instances accordingly. Given that we see overall economic and profit conditions as positive through yearend, increased volatility across broader stock averages (should it occur) could be greeted as a buying opportunity and/or a chance to rebalance portfolios that have drifted away from targets. Of course, factors that may complicate near-term market reactions over this earnings season include reactions to a U.S. election post-result and rising tensions in the Middle East.

## U.S. Pre-market Indicators / Overnight International Market Activity

### United States:

Here is a quick news rundown to start your morning:

- **Stocks are looking at a slightly higher open.** Rates pushed higher last week and continue to push higher this week, with the 10-year U.S. Treasury yield back above 4.00% for the first time since early August. The 2-year/10-year U.S. Treasury spread briefly inverted for the first time since mid-September on Monday. Rising oil prices, Middle East violence, and repricing on Fed rate cuts caused a modest headwind for stock prices on Monday after Friday's positive market reaction to the stronger-than-expected September nonfarm payrolls report. However, with the third quarter earnings season coming into focus, corporate fundamental data (which is expected to be generally positive on the whole) could shift some attention away from the macro. That is, after this week's key inflation updates and barring an escalation in Middle East tensions.
- **U.S. Election Countdown:** With less than thirty days to go before Election Day, uncertainty continues to cloud the fiscal backdrop. The presidential race between Vice President Harris and former President Trump remains largely a toss-up. Harris maintains a slight lead in some national polling (though within the margin of error in several cases), with the presidential race likely coming down to just a few key battleground states. A second-term Trump presidency could be viewed as market-friendly, as potentially less regulation (e.g., across energy, financials, and cryptocurrencies) helps boost investor sentiment post-election. That said, higher tariffs and increased risk of a global trade war could temper the market's enthusiasm for a Trump victory. A Harris presidency could also help lift markets as policies enacted under the Biden administration over the last few years remain largely status quo. However, the risk of increased taxes and regulation could temper enthusiasm for a Harris victory. The Congressional Budget Office projects debt and deficits are likely to grow under both Harris and Trump, which could have ramifications for Treasury markets over the coming years. Notably, the stock market is priced for a divided Congress, which could limit or eliminate some of the most extreme proposals from Harris and Trump ever seeing the light of day. While the odds are low, one-party control in Washington post-election could increase market volatility as well as potential results that throw into question the legitimacy of not only the presidential race but down-ballot contests. A close election, where winners are not immediately known, or legal battles develop that keep the future makeup of Washington in limbo for a period, also has the potential to increase market volatility post-election. Importantly, investors should be aware these types of scenarios are likely to have only a temporary impact on markets. Once results are final, the market will likely shift its focus back to the fundamental factors that move stock prices longer-term (e.g., economic growth, corporate profits, and the level of interest rates).

### Europe:

European markets are trading lower. Some overhang on the lack of detail on China stimulus, as well as UK business confidence slipping lower and concerns about Italy's ability to grow, are weighing on stocks at midday.

### Asia-Pacific:

Stocks across Asia finished mixed. Overnight, China officials said they were confident the country would achieve its economic targets for 2024 and promised further support for growth if needed. That said, details were light, and officials did not add further fiscal support. However, officials reiterated that China will quicken progress on fiscal spending and that it plans to boost investment and increase direct support to vulnerable groups. Notably, China will continue to issue ultra-long special sovereign bonds in 2025 to help support its major stimulus efforts.

**WORLD CAPITAL MARKETS**

10/8/2024

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
<b>S&amp;P 500</b>	-1.0%	20.7%	5,695.9
<b>Dow Jones</b>	-0.9%	13.0%	41,954.2
<b>NASDAQ Composite</b>	-1.2%	20.1%	17,923.9
<b>Russell 2000</b>	-0.9%	9.3%	2,193.1
<b>Brazil Bovespa</b>	0.2%	-1.6%	132,018
<b>S&amp;P/TSX Comp. (Canada)</b>	-0.2%	17.8%	24,102.7
<b>Russell 3000</b>	-0.9%	19.3%	3,244.4

Europe (Intra-day)	% chg.	%YTD	Value
<b>DJSTOXX 50 (Europe)</b>	-0.4%	12.7%	4,948.3
<b>FTSE 100 (U.K.)</b>	-1.1%	9.5%	8,215.8
<b>DAX Index (Germany)</b>	-0.2%	13.9%	19,073.3
<b>CAC 40 (France)</b>	-0.6%	2.8%	7,533.5
<b>FTSE MIB (Italy)</b>	-0.2%	11.2%	33,760.5
<b>IBEX 35 (Spain)</b>	-0.3%	19.9%	11,680.1
<b>MOEX Index (Russia)</b>	#VALUE!	#VALUE!	#N/A/N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
<b>Nikkei 225 (Japan)</b>	-1.0%	18.1%	38,937.5
<b>Hang Seng (Hong Kong)</b>	-9.4%	27.9%	20,926.8
<b>Korea Kospi 100</b>	-0.6%	-1.3%	2,594.4
<b>Singapore STI</b>	-0.7%	15.8%	3,575.7
<b>Shanghai Comp. (China)</b>	4.6%	17.3%	3,489.8
<b>Bombay Sensex (India)</b>	0.7%	14.3%	81,634.8
<b>S&amp;P/ASX 200 (Australia)</b>	-0.3%	12.2%	8,176.9

Global	% chg.	% YTD	Value
<b>MSCI All-Country World Idx</b>	-0.4%	18.0%	843.7

Developed International	% chg.	%YTD	Value
<b>MSCI EAFE</b>	0.7%	11.7%	2,428.8

Emerging International	% chg.	%YTD	Value
<b>MSCI Emerging Mkts</b>	0.4%	18.4%	1,183.8

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
<b>Communication Services</b>	-2.0%	28.1%	312.7
<b>Consumer Discretionary</b>	-1.9%	10.6%	1,559.4
<b>Consumer Staples</b>	-1.1%	15.5%	863.5
<b>Energy</b>	0.4%	15.4%	720.5
<b>Financials</b>	-1.2%	21.3%	750.2
<b>Health Care</b>	-0.5%	12.1%	1,760.4
<b>Industrials</b>	-0.3%	19.8%	1,142.9
<b>Materials</b>	-0.2%	12.4%	598.3
<b>Real Estate</b>	-0.7%	10.5%	271.1
<b>Technology</b>	-0.7%	28.8%	4,350.9
<b>Utilities</b>	-2.3%	28.5%	403.4

Equity Income Indices	% chg.	% YTD	Value
<b>JPM Alerian MLP Index</b>	0.0%	13.8%	289.4
<b>FTSE NAREIT Comp. TR</b>	-0.7%	10.6%	26,470.7
<b>DJ US Select Dividend</b>	-1.0%	16.9%	3,510.6
<b>DJ Global Select Dividend</b>	-0.9%	12.0%	236.3
<b>S&amp;P Div. Aristocrats</b>	-0.7%	12.2%	4,793.5

Bond Indices	% chg.	% YTD	Value
<b>Barclays US Agg. Bond</b>	-0.3%	3.1%	2,229.3
<b>Barclays HY Bond</b>	-0.2%	7.6%	2,667.3

Commodities	% chg.	% YTD	Value
<b>CRB Raw Industrials</b>	0.1%	3.1%	560.7
<b>NYMEX WTI Crude (p/bbl.)</b>	-1.9%	5.6%	75.7
<b>ICE Brent Crude (p/bbl.)</b>	-1.8%	3.2%	79.5
<b>NYMEX Nat Gas (mmBtu)</b>	1.1%	10.4%	2.8
<b>Spot Gold (troy oz.)</b>	0.3%	28.5%	2,650.2
<b>Spot Silver (troy oz.)</b>	-0.9%	31.9%	31.4
<b>LME Copper (per ton)</b>	-0.2%	15.5%	9,777.7
<b>LME Aluminum (per ton)</b>	0.1%	12.8%	2,645.0
<b>CBOT Corn (cents p/bushel)</b>	-0.6%	-15.9%	423.3
<b>CBOT Wheat (cents p/bushel)</b>	-0.2%	-11.6%	591.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
<b>Euro (€/\$)</b>	0.1%	-0.5%	1.10
<b>British Pound (£/\$)</b>	0.1%	2.9%	1.31

	% chg.	% YTD	Value
<b>Japanese Yen (\$/¥)</b>	0.2%	-4.7%	147.93
<b>Australian Dollar (A\$/S)</b>	-0.3%	-1.1%	0.67

	% chg.	% YTD	Value
<b>Canadian Dollar (\$/C\$)</b>	-0.2%	-2.9%	1.36
<b>Swiss Franc (S/CHF)</b>	-0.2%	-1.7%	0.86

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

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

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.

## Fixed Income Market Perspectives

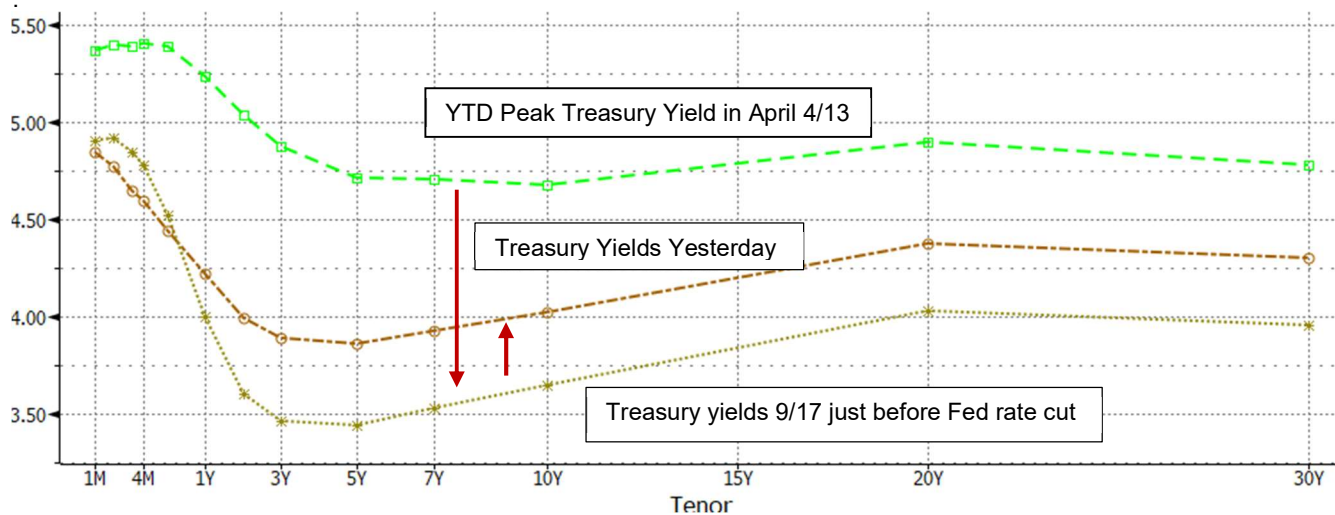
Brian M. Erickson, CFA, VP Fixed Income Research & Strategy

**Treasury markets resetting opportunity in fixed income:** Treasury investors reevaluated the implications of strong employment in how the Fed may lower policy rates since the Jobs report Friday morning, concluding that a too aggressive path of rate cuts was priced into bond markets. As a result, Treasury yields extended their rise that began as profit-taking following the Fed's half-of-a-percent rate cut on September 18. Leading up to the Fed's decision to cut its policy rate by half a percent on September 18, we viewed Treasury markets as a step ahead of themselves. Too many Fed policy cuts were priced – essentially pricing Treasuries to perfection. We were concerned that Treasury markets may sell off in the very short term as market expectations were fine-tuned.

Between peak Treasury yields at the end of April and the lowest Treasury yields of the year on September 17, the bond market boosted expectations for total rate cuts this year from 50 basis points in April to 150 basis points in September. Since the Fed's half-percent cut, the release of strong Payroll growth in September tempered market expectations to a little over 100 basis points of total cuts this year, including the half percent in September.

Looking at how those expectations impacted the Treasury curve, since April the curve has shifted firmly lower, with a modest steepening. In the two weeks since the Fed's cut, the Treasury curve reset higher Monday.

### U.S. Treasury Yield Curve – End of April's Peak, Pre-Fed Cut (9/17), and Monday's Close.



Source: Bloomberg L.P.

While we continue to see Treasury yields heading lower across the curve over the next year as the domestic economy slows, the latest back up in Treasury yields provides investors with another attractive entry point to shift excess cash into high-quality fixed income in our view.

# Economic News and Views:

Russell T. Price, CFA – Chief Economist

Releases for Tuesday October 8, 2024

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
6:00 AM	SEP	NFIB Small Business Optimism	92.0	<b>91.5</b>	91.2	
8:30 AM	AUG	Trade Balance	-\$70.0B	<b>-\$70.4B</b>	-\$78.9B	

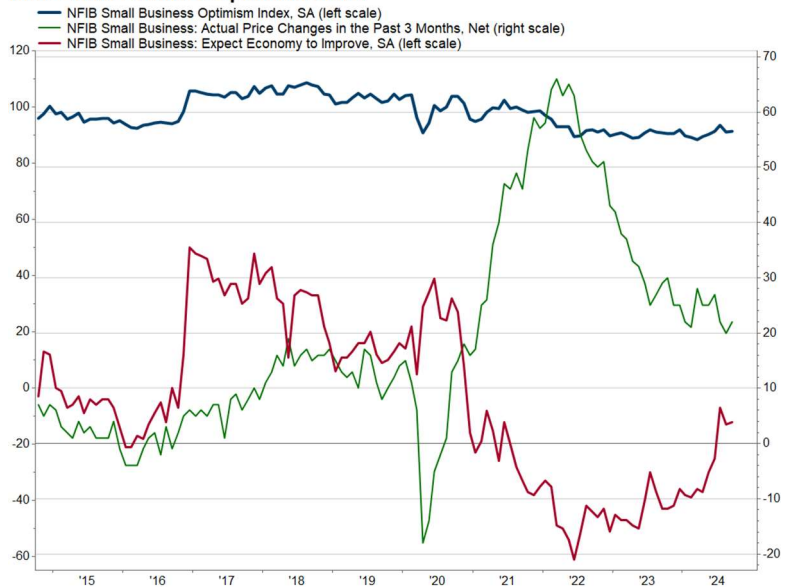
## Commentary:

- **Small business optimism remains steady but business owners report having improving economic expectations.**

Today's Small Business Optimism report from the National Federation of Independent Businesses showed little movement last month. Overall, the Index has remained fairly steady over the last several months. *The chart at right is sourced from FactSet.*

- We believe it's telling, however, to look at some of the report's underlying components. As seen in the chart at right, inflation views have been moderating (the green line). Maybe more interesting is the improving sentiment relative to intermediate-term economic conditions. The net percentage of respondents expecting economic conditions to improve (the red line) was generally flat in September, but that comes after considerable improvements over recent months. Other than its July reading of -7%, the components value for September (-12%) was the highest mark since June 2021.

**NFIB Small Business Optimism Index**



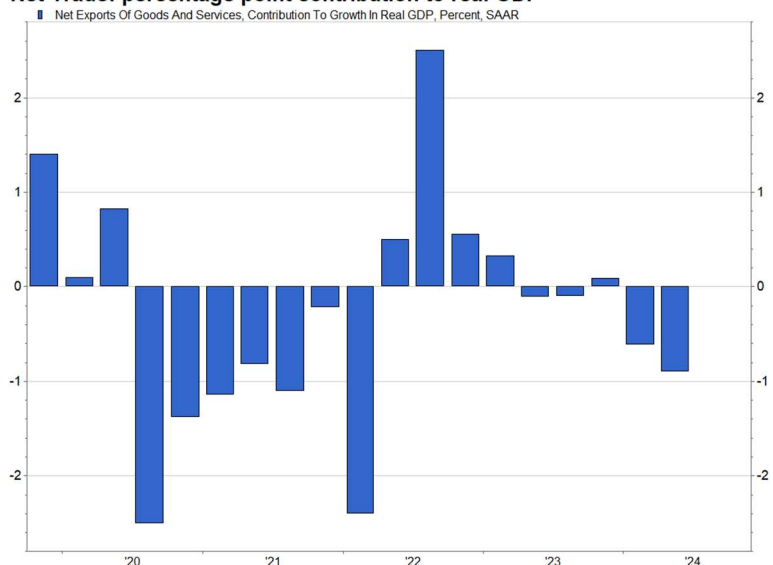
- **After an import-heavy Spring, the Trade Deficit improved in August.**

The U.S. Balance of Trade improved in August as imports slowed from their strong springtime pace. From March through July, imports grew at an average year-over-year (y/y) rate of +6.4%, rising to a peak rate of +8.0% y/y in July. The fast pace has frequently been cited as reflective of shipper's preparation for a possible East and Gulf Coast port work stoppage as was seen in the first few days of the month last week.

- In August, imports fell 0.9% versus July levels while exports grew 2.0%.

- **As seen in the chart at right, trade has been a considerable burden on Gross Domestic Product (GDP) over the last two quarters.** Given what is perceived to have been a moderate "pull-forward" of holiday season imports this year due to the strike concerns, we believe trade could offer a modest boost to real GDP results in Q4 this year. We currently forecast net trade to shave approximately 0.5 percentage points from Q3 real GDP before improving to become a slight boost of about 0.2 pp in Q4.

**Net Trade: percentage point contribution to real GDP**



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## Ameriprise Economic Projections

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

<b>2024 Year-end Targets:</b>	<b>Favorable Scenario</b>	<b>Base-Case Scenario</b>	<b>Adverse Scenario</b>
<b>S&amp;P 500 Index:</b>	5,900	5,750	5,000
<b>10-Year U.S. Treasury Yield:</b>	4.00%	3.75%	3.00%
<b>Fed Funds Target Range:</b>	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	<ul style="list-style-type: none"> <li>U.S. Large Cap Growth</li> <li>Developed Foreign Equity</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Large Cap Value</li> <li>U.S. Mid Cap Value</li> <li>U.S. Mid Cap Growth</li> <li>U.S. Small Cap Value</li> <li>U.S. Small Cap Growth</li> </ul>	<ul style="list-style-type: none"> <li>Emerging Foreign Equity</li> </ul>
S&P 500 Sectors	<ul style="list-style-type: none"> <li>Consumer Staples</li> </ul>	<ul style="list-style-type: none"> <li>Communication Services</li> <li>Energy</li> <li>Financials</li> <li>Health Care</li> <li>Industrials</li> <li>Information Technology</li> <li>Materials</li> <li>Real Estate</li> <li>Utilities</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Discretionary</li> </ul>
Global Equity Regions	<ul style="list-style-type: none"> <li>Europe ex U.K.</li> <li>Japan</li> <li>United States</li> </ul>	<ul style="list-style-type: none"> <li>Latin America</li> <li>United Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>Asia-Pacific ex Japan</li> <li>Canada</li> <li>Middle East / Africa</li> </ul>
Fixed Income	<ul style="list-style-type: none"> <li>U.S. Government</li> <li>U.S. Inv. Grd Corporate</li> </ul>	<ul style="list-style-type: none"> <li>Developed Foreign Bond</li> </ul>	<ul style="list-style-type: none"> <li>Emerging Foreign Bond</li> <li>High Yield Bond</li> </ul>
Alternatives		<ul style="list-style-type: none"> <li>Real Assets</li> </ul>	<ul style="list-style-type: none"> <li>Alternative Strategies</li> </ul>
Cash		<ul style="list-style-type: none"> <li>Cash</li> </ul>	

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

Major Market Indices	Rolling Returns			
	Q2'24	1-year	3-years	5-years
Russell 3000 <sup>®</sup> 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.

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**Alternative investments** involve substantial risks and are more volatile than traditional investments, making them more suitable for investors with an above-average tolerance for risk.

**Corporate Bonds** are debt instruments issued by a private corporation. Non-Investment grade securities, commonly known as “high-yield” or “junk” bonds, are historically subject to greater risk of default, including the loss of principal and interest, than higher-rated bonds, which may result in greater price volatility than experienced with a higher-rated issue.

Investing in **derivatives** is a specialized activity that involves special risks that subject the fund to significant loss potential, including when used as leverage, and may result in greater fluctuation in fund value.

**Diversification** and **Asset Allocation** do not assure a profit or protect against loss.

**Dividend and interest** payments are not guaranteed. The amount of dividend payment, if any, can vary over time and issuers may reduce or eliminate dividends paid on securities in the event of a recession or adverse event affecting a specific industry or issuer. Should a company be unable to pay interest on a timely basis a default may occur and interruption or reduction of interest and principal occur. Investments in a narrowly focused sector may exhibit higher volatility than investments with broader objectives and is subject to market risk and economic risk.

There are risks associated with **fixed-income investments**, including bond funds, such as credit risk, interest rate risk, and prepayment and extension risk. In

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**Growth securities**, at times, may not perform as well as value securities or the stock market in general and may be out of favor with investors.

**Income Risk:** We note that dividends are declared solely at the discretion of the companies' boards of directors. Dividend cuts or eliminations will likely negatively impact underlying company valuations. Published dividend yields are calculated before fees and taxes. Dividends paid by foreign companies to ADR holders may be subject to a withholding tax which could adversely affect the realized dividend yield. In certain circumstances, investors in ADR shares have the option to receive dividends in the form of cash payments, rights shares or ADR shares. Each form of dividend payment will have different tax consequences and therefore generate a different yield. In some instances, ADR holders are eligible to reclaim a portion of the withholding tax.

**International investing** involves certain risks and volatility due to potential political, economic currency instabilities and different financial and accounting standards. Risks are enhanced for **emerging market** issuers.

Interest payments on **inflation-protected securities** may be more volatile than interest payments on ordinary bonds. In periods of deflation, these securities may provide no income.

**Market Risk:** Model portfolios and markets in general could sustain significant volatility due to several factors. As we have seen recently, both economic and geopolitical issues could have a material impact on this model portfolio and the equity market as a whole.

The **mutual funds** and **ETFs** included in this report are subject to specific risk factors, generally the same as those of the underlying securities and may result in a loss of the principal amount invested.

**Non-investment-grade** (high-yield or junk) securities present greater price volatility and more risk to principal and income than higher rated securities.

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**Sector Risk:** The Ameriprise Global Asset Allocation Committee and managers of this model portfolio can elect to overweight or underweight (or completely avoid) certain economic sectors. This could lead to substantial underperformance versus a more diversified or balanced weighting.

**Security Recommendation Risk:** The research team may not be successful in selecting securities that collectively perform better than the benchmark. When viewing return comparisons investors should keep in mind the following information. Our model portfolio generally maintains less than 50 securities, whereas benchmark indices contain several times that amount. The benchmark index is market capitalization weighted, providing greater weight to the larger company movements, whereas our model portfolio is designed to be equally dollar weighted. Furthermore, the model portfolio may deviate significantly, at times, from the sector allocation of the benchmark due to our interpretation of economic conditions and market factors as well as our security selection process.

The benchmark index returns are taken from Bloomberg Financial Markets and reflect dividends reinvested. Additionally, there is no fee or cost assumption in the index comparison return.

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### Index definitions

An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

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