

Before the Bell

An Ameriprise Investment Research Group Publication

October 25, 2024

Starting the Day

- U.S. equity index futures pointing to a higher open.
- European markets are mixed at midday.
- Markets across Asia/Pacific ended mixed.
- S&P 500 earnings up 3.4% with 36% reported.
- New orders for durable goods slip for 2nd straight month.
- 10-year Treasury yield at 4.20%.
- West Texas Intermediate (WTI) oil is trading at \$70.60.
- Gold is trading at \$2,734.10

Market Perspectives

Russell Price, CFA Chief Economist

Growth prospects see support from sound fundamentals. At any given time, one of the most important, if not THE most important, considerations as to the U.S. economy's growth prospects over coming quarters and years is the financial health of consumers. Consumers account for about 70% of U.S. economic activity and they heavily influence the activity of approximately 10%-12% more. Simply put, if consumers enter a period deep in debt, forward economic prospects are poor and when debt burdens are low, prospects are generally bright (all else remaining equal), in our view.

Since the Financial Crisis /Great Recession, consumers have been much more conservative with their finances. Just how conservative can be seen in the chart at right (as sourced from FactSet).

The Federal Reserve's **Debt Service Ratio** looks at required consumer payments such as mortgage or rent, auto loans, credit card payments, student loans and bank loans, all as a % of aggregate consumer disposable (i.e., after tax) income.

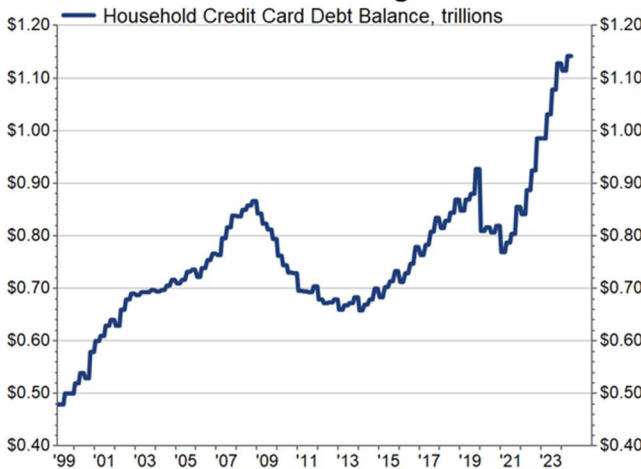
Separately, many have heard of the record levels of credit card debt. Indeed, credit card debt is currently at an all-time high of approximately \$1.2 trillion. But as we've pointed out often in recent quarters, the dollar value of credit card debt is not necessarily what it seems.

Though the dollar value of credit card debt is at record highs, much of the upside is reflective of increased usage of credit cards for convenience. As a percentage of consumer disposable income credit card debt shows a much more benign picture as seen in the charts at the top of the next page.

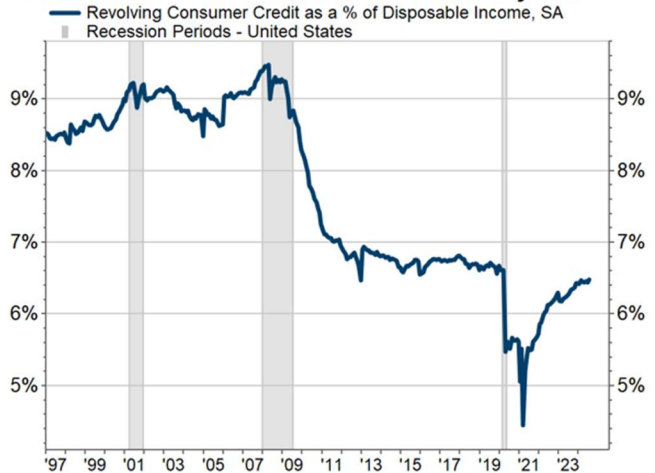


NOTE: FOR IMPORTANT DISCLOSURES, INCLUDING POSSIBLE CONFLICTS, PLEASE SEE THE DISCLOSURE PAGES AT THE END OF THIS DOCUMENT.

Credit Card Debt Outstanding



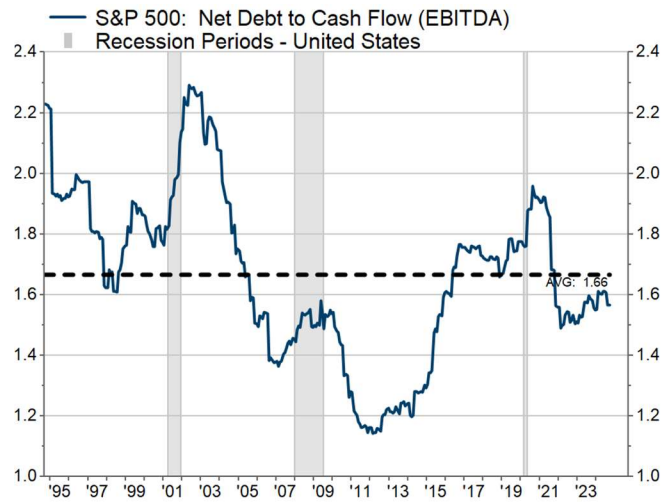
Credit Card debt as a % of income is relatively low.



Corporate: The aggregate financial health of **corporate America** should also be considered in an evaluation of aggregate economic health. Here too we see that business balance sheets are in fairly good standing as well. As seen in the chart at right (as sourced from FactSet), the net debt position of S&P 500 companies relative to their annualized cash flow (EBITDA, or Earnings Before Interest, Taxes, Depreciation and Amortization) currently lies in a reasonably healthy range, just below its long-term average.

Stock market valuations are currently high, but we believe such valuations should take balance sheet strength or weakness into account. Stronger balance sheets should, in our view, justify higher valuations while companies with weaker relative balance sheet strength should see lower relative valuations.

Looking beyond economic sectors, the Federal Reserve has begun an interest rate cutting cycle that should offer a modest tailwind to market sentiment after significant progress in taming inflation. In September, inflation as measured by the Consumer Price Index (CPI) showed prices as being a modest 2.3% higher year-over-year. We currently look for the Fed's preferred measure of inflation, the Personal Consumption Expenditures (PCE) Price Index excluding food and energy, to be about 2.5% higher when reported late next week.



Government: Contrary to the strong consumer and business fundamentals we see as solid support for U.S. economic prospects, government debt stands as a key concern. Public awareness of this economic vulnerability is rapidly growing in our view, yet political candidates on both sides of the political aisle have been mute on proposals to reign-in future deficit spending as to improve longer term debt projections. Indeed, candidates have mostly focused on additional “giveaways” via lower taxes or higher spending as to entice prospective voters into believing that the government revenue and spending projections can support as much.

This space intentionally left blank.

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

United States:

Here is a quick news rundown to start your morning:

- **U.S. stock index futures currently indicate a modestly higher open.** Generally positive earnings results released overnight are currently providing some lift to equity market sentiment. Yesterday's modest decline in the 10-year Treasury yield is also providing some relief as investors watched the benchmark rate creep higher earlier in the week.
- **Earnings Update:** With roughly 36% of S&P 500 third quarter financial reports complete, blended earnings per share (EPS) growth is currently at +3.4% year-over-year on revenue growth of +4.6%.

Europe:

Stock prices across Europe are modestly lower at midday. Most markets in the region are currently off by 0.2% to 0.3% though Germany's DAX and Italy's MIB are flat and 0.2% higher, respectively. There were no primary economic releases for investors in the region to consider in the session. However, investor apathy could stem from what has been a generally tepid earnings season this far. In particular, some of the region's largest automakers have recently faced growing pressure in their largest growth market of China. A souring trade relationship between Europe and China is likely to linger until both sides see the need for direct diplomatic negotiations to ease the issue.

Asia-Pacific:

Stocks were mixed in overnight trading across the region. Japan's Nikkei 225 shed 0.6% on the session. Japan is set to hold general elections on Sunday with political forecasters suggesting that the ruling Liberal Democratic Party is likely to lose its legislative majority. Separately, Japan reported a year-over-year inflation at 1.8% for the month of October, the reading's lowest level since April. For the week, the Nikkei 225 ended down 2.7%.

Most other markets in the region were higher, notably those with a link to China as investors await further clarity on government promises to provide significant economic and market stimulus. China's main CSI 300 Index gained 0.7% while Hong Kong's Hang Seng added 0.5% of upside.

WORLD CAPITAL MARKETS

10/25/2024

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value	Europe (Intra-day)	% chg.	%YTD	Value	Asia/Pacific (Last Night)	% chg.	%YTD	Value
S&P 500	0.2%	23.2%	5,809.9	DISTOXX 50 (Europe)	0.0%	12.4%	4,933.0	Nikkei 225 (Japan)	-0.6%	15.0%	37,913.9
Dow Jones	-0.3%	14.1%	42,374.4	FTSE 100 (U.K.)	-0.2%	10.1%	8,254.6	Hang Seng (Hong Kong)	0.5%	25.9%	20,590.2
NASDAQ Composite	0.8%	23.4%	18,415.5	DAX Index (Germany)	0.0%	16.1%	19,444.9	Korea Kospi 100	0.1%	-1.6%	2,583.3
Russell 2000	0.2%	10.7%	2,218.9	CAC 40 (France)	-0.2%	2.2%	7,485.3	Singapore STI	-0.3%	16.4%	3,593.4
Brazil Bovespa	0.6%	-3.1%	130,067	FTSE MIB (Italy)	0.1%	14.5%	34,743.5	Shanghai Comp. (China)	0.6%	10.9%	3,299.7
S&P/TSX Comp. (Canada)	-0.1%	20.1%	24,551.6	IBEX 35 (Spain)	-0.3%	21.2%	11,808.3	Bombay Sensex (India)	-0.8%	11.2%	79,402.3
Russell 3000	0.2%	21.7%	3,309.2	MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A	S&P/ASX 200 (Australia)	0.1%	12.7%	8,211.3

Global	% chg.	% YTD	Value	Developed International	% chg.	%YTD	Value	Emerging International	% chg.	%YTD	Value
MSCI All-Country World Idx	0.2%	18.3%	845.7	MSCI EAFE	0.3%	8.6%	2,360.2	MSCI Emerging Mkts	-0.6%	13.6%	1,134.5

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	Equity Income Indices	% chg.	% YTD	Value	Commodities	% chg.	% YTD	Value
Communication Services	0.2%	28.3%	313.0	JPM Alerian MLP Index	0.3%	12.0%	284.9	Futures & Spot (Intra-day)			
Consumer Discretionary	3.2%	13.7%	1,602.7	FTSE NAREIT Comp. TR	-0.1%	13.3%	27,095.0	CRB Raw Industrials	-0.3%	1.5%	551.9
Consumer Staples	-0.2%	17.8%	879.3	DJ US Select Dividend	-0.2%	18.8%	3,565.9	NYMEX WTI Crude (p/bbl.)	0.8%	-1.2%	70.8
Energy	-0.2%	10.6%	690.5	DJ Global Select Dividend	0.3%	12.1%	236.0	ICE Brent Crude (p/bbl.)	0.7%	-2.7%	74.9
Financials	0.1%	26.8%	783.9	S&P Div. Aristocrats	-0.2%	13.0%	4,825.6	NYMEX Nat Gas (mmBtu)	-1.6%	-1.3%	2.5
Health Care	-0.7%	10.9%	1,740.7					Spot Gold (troy oz.)	-0.4%	32.1%	2,726.1
Industrials	-0.7%	20.3%	1,147.6					Spot Silver (troy oz.)	-1.0%	40.1%	33.3
Materials	-1.4%	12.0%	596.1	Bond Indices	% chg.	% YTD	Value	LME Copper (per ton)	-0.1%	10.7%	9,367.4
Real Estate	0.2%	13.7%	278.5	Barclays US Agg. Bond	0.2%	2.2%	2,210.0	LME Aluminum (per ton)	-1.0%	11.5%	2,615.0
Technology	0.2%	33.4%	4,508.4	Barclays HY Bond	0.1%	7.4%	2,664.2	CBOT Corn (cents p/bushel)	-0.8%	-16.9%	418.3
Utilities	-0.7%	31.9%	414.3					CBOT Wheat (cents p/bushel)	-1.4%	-14.3%	573.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value		% chg.	% YTD	Value		% chg.	% YTD	Value
Euro (€/€)	0.0%	-1.9%	1.08	Japanese Yen (\$/¥)	-0.1%	-7.2%	151.93	Canadian Dollar (\$/C\$)	0.1%	-4.4%	1.38
British Pound (£/\$)	0.1%	2.0%	1.30	Australian Dollar (A\$/S)	-0.1%	-2.6%	0.66	Swiss Franc (\$/CHF)	-0.1%	-2.9%	0.87

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		S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Financials	12.9%	Overweight	2.0%	14.9%	Energy	3.2%	Equalweight	-	3.2%
Consumer Staples	5.9%	Overweight	2.0%	32.5%	Utilities	2.5%	Equalweight	-	2.5%
Information Technology	31.9%	Equalweight	-	31.9%	Materials	2.3%	Equalweight	-	2.3%
Health Care	11.5%	Equalweight	-	11.5%	Real Estate	2.3%	Equalweight	-	2.3%
Communication Services	8.8%	Equalweight	-	8.8%	Consumer Discretionary	10.2%	Underweight	-2.0%	8.2%
					Industrials	8.5%	Underweight	-2.0%	6.5%

As of: September 30, 2024

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 9/26/2024. 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		MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	62.8%	Overweight	2.2%	65.0%	United Kingdom	3.2%	Equalweight	-	3.2%
Europe ex U.K.	12.9%	Equalweight	-	12.9%	Latin America	0.9%	Equalweight	-	0.9%
Asia-Pacific ex Japan	11.0%	Equalweight	-	11.0%	Canada	2.8%	Underweight	1.0%	1.8%
Japan	5.2%	Equalweight	-	5.2%	Middle East / Africa	1.2%	Underweight	-1.2%	0.0%

as of: September 30, 2024

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 09/26/2024. 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 25, 2024

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	SEP	New Orders for Durable Goods	-1.0%	-0.8%	0.0%	-0.8%
8:30 AM	SEP	Durables Ex. Transports	-0.1%	+0.4%	+0.5%	+0.6%
10:00 AM	Oct. F	U. of M. Consumer Sentiment	69.1		68.9	

Commentary:

- **New orders for Durable Goods slip from record highs.** New orders for durable goods (goods meant to last 3-years or more) declined modestly in September, thus further easing off their recent highs. Overall, total new orders were down 2.9% on a year-over-year (y/y) basis but orders were up 1.2% y/y with the transports sector excluded.
- Orders have been especially volatile over the last few months due to sharp fluctuations in new orders at Boeing. Order cancelations resulted in a negative new orders number for civilian aircraft in June. A return to positive net orders at Boeing in July led to a very sharp 9.9% increase in total new orders.
- The most important line-item from the Durables report is that which pertains to new orders for business equipment. Orders in the space (new orders for nondefense capital goods ex-aircraft) were up 0.5% last month following a similar gain in August. On a 3-month annualized basis, orders in the segment were 0.5% higher and the segment was 0.6% higher relative to year-ago levels.



This space intentionally left blank.

Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual <u>2022</u>	Actual <u>2023</u>	Est. <u>2024</u>	Est. <u>2025</u>	Actual <u>Q4-2023</u>	Actual <u>Q1-2024</u>	Actual <u>Q2-2024</u>	Est. <u>Q3-2024</u>	Est. <u>Q4-2024</u>	Est. <u>Q1-2025</u>	Est. <u>Q2-2025</u>
Real GDP (annualized)	2.5%	2.9%	2.7%	1.8%	3.2%	1.6%	3.0%	2.7%	1.9%	1.8%	2.0%
Unemployment Rate	3.6%	3.7%	4.4%	4.2%	3.7%	3.8%	4.1%	4.1%	4.4%	4.4%	4.4%
CPI (YoY)	8.0%	3.4%	2.4%	2.0%	3.4%	3.5%	3.0%	2.4%	2.3%	2.0%	2.0%
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 14, 2024

Ameriprise Global Asset Allocation Committee Targets and Views

Targets

	Favorable Scenario	Base-Case Scenario	Adverse Scenario
2024 Year-end Targets:			
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

Global Asset Allocation Committee Views

AMERIPRISE GLOBAL ASSET ALLOCATION COMMITTEE TACTICAL ASSET CLASS VIEWS

2024 Year-end S&P 500 Target: 5,750

2024 Year-End 10-year Treasury Target: 3.75%

as of 09/27/2024

	Overweight	Equalweight	Underweight
Equity	<ul style="list-style-type: none"> U.S. Large Cap Growth U.S. Large Cap Value 	<ul style="list-style-type: none"> U.S. Mid Cap Value U.S. Mid Cap Growth U.S. Small Cap Value U.S. Small Cap Growth 	<ul style="list-style-type: none"> Developed Foreign Equity Emerging Foreign Equity
S&P 500 Sectors	<ul style="list-style-type: none"> Consumer Staples Financials 	<ul style="list-style-type: none"> Communication Services Energy Health Care Information Technology Materials Real Estate Utilities 	<ul style="list-style-type: none"> Consumer Discretionary Industrials
Global Equity Regions	<ul style="list-style-type: none"> United States 	<ul style="list-style-type: none"> Asia Pacific ex. Japan Europe ex U.K. Japan Latin America United Kingdom 	<ul style="list-style-type: none"> Middle East/Africa Canada
Fixed Income	<ul style="list-style-type: none"> U.S. Government U.S. Investment Grade Corp. 	<ul style="list-style-type: none"> U.S. High Yield Bonds Developed Foreign Bonds 	<ul style="list-style-type: none"> Emerging Foreign Bonds Municipal Bonds
Alternatives		<ul style="list-style-type: none"> Real Assets 	<ul style="list-style-type: none"> Alternative Strategies
Cash		<ul style="list-style-type: none"> Cash Cash Investments 	

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 September 30, 2024

Major Market Indices	Rolling Returns			
	Q3'24	1-year	3-years	5-years
Russell 3000® Index (U.S. Equity)	6.23%	35.19%	10.29%	15.26%
MSCI ACWI Ex USA Index – net (Foreign Equity)	8.06%	25.35%	4.14%	7.59%
Bloomberg U.S. Universal Bond Index (Fixed Income)	5.20%	12.08%	-1.05%	0.70%
Wilshire Liquid Alternative Index (Alternatives)	2.56%	10.18%	2.35%	3.18%
FTSE Three-Month Treasury Bill Index (Cash)	1.37%	5.63%	3.63%	2.38%

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

This space intentionally left blank.

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

Justin H. Burgin
Vice President

Patrick S. Diedrickson, CFA
Director – Consumer goods and services

William Foley, ASIP
Director – Energy and utilities

Lori Wilking-Przekop
Sr Director – Financial services and REITs

Chris Macino
Director – Health care

Frederick M. Schultz
Sr Director – Industrials and materials

Andrew R. Heaney, CFA
Director – Technology and Communication Services

Bishnu Dhar
Sr Analyst – Quantitative strategies and international

Research Support

Jillian Willis
Sr Administrative Assistant

Kimberly K. Shores
Investment Research Coordinator

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

Manager Research

Michael V. Jastrow, CFA
Vice President

ETFs, CEFs, UITs
Jeffrey R. Lindell, CFA
Sr Director

Alex Narum
Analyst II

Sagar Batra
Sr Associate I

Alternatives
Justin E. Bell, CFA
Vice President

Kay S. Nachampassak
Director

Quantitative Research
Kurt J. Merkle, CFA, CFP®, CAIA
Vice President

Peter W. LaFontaine
Sr Analyst

Gaurav Sawhney
Analyst II

Ryan Elvidge, CFA
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
Benjamin L. Becker, CFA
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

Multi-Asset and Fixed Income
Mark Phelps, CFA
Sr Director – Multi-asset solutions

Josh Whitmore, CFA
Director – Fixed income

Lukas Leijon
Sr Associate II – Fixed income

Diptendu Lahiri
Sr Associate I – Fixed income

Fixed Income Research and Strategy

Brian M. Erickson, CFA
Vice President

Jon Kyle Cartwright
Sr Director – High yield and investment grade credit

Stephen Tufo
Director – High yield and investment grade credit

Retirement Research

Rohan Sharma
Vice President

Matt Morgan
Director

Will Ikola
Sr Manager

Keyur Mathur
Sr Manager

Shringarika Saxena
Business Analyst

Abhishek Anand
Principal Lead - Quality Engineering

Karan Prakash
Technical Lead - Quality Engineering

The content in this report is authored by American Enterprise Investment Services Inc. (“AEIS”) and distributed by Ameriprise Financial Services, LLC (“AFS”) to financial advisors and clients of AFS. AEIS and AFS are affiliates and subsidiaries of Ameriprise Financial, Inc. Both AEIS and AFS are broker-dealer member firms registered with FINRA and are subject to the objectivity safeguards and disclosure requirements relating to research analysts and the publication and distribution of research reports. The “Important Disclosures” below relate to the AEIS research analyst(s) that prepared this publication. The “Disclosures of Possible Conflicts of Interest” section, where applicable, relates to the conflicts of interest of each of AEIS and AFS, their affiliates and their research analysts, as applicable, with respect to the subject companies mentioned in the report.

Each of AEIS and AFS have implemented policies and procedures reasonably designed to ensure that its employees involved in the preparation, content and distribution of research reports, including dually registered employees, do not influence the objectivity or timing of the publication of research report content. All research policies, coverage decisions, compensation, hiring and other personnel decisions with respect to research analysts are made by AEIS, which is operationally independent of AFS.

Important Disclosures

As of September 30, 2024

The views expressed regarding the company(ies) and sector(s) featured in this publication reflect the personal views of the research analyst(s) authoring the publication. Further, no part of research analyst compensation is directly or indirectly related to the specific recommendations or views contained in this publication.

A part of a research analyst’s compensation may be based upon overall firm revenue and profitability, of which investment banking, sales and trading, and principal trading are components. No part of a research analyst’s compensation is based on a specific investment banking transaction, nor is it based on sales, trading, or principal trading. A research analyst may have visited the material operations of one or more of the subject companies mentioned in this research report. No payment was received for the related travel costs.

Additional information and current research disclosures on individual companies mentioned in this research report are available on our website at ameriprise.com/legal/disclosures in the **Additional Ameriprise research disclosures** section, or through your Ameriprise financial advisor. You may also submit a

written request to Ameriprise Financial, Inc., 1441 West Long Lake Road, Troy MI, 48098. Independent third party research on individual companies is available to clients at ameriprise.com/research-market-insights/. SEC filings may be viewed at sec.gov.

Tactical asset class recommendations mentioned in this report reflect The Ameriprise Global Asset Allocation Committee’s general view of the financial markets, as of the date of the report, based on then current conditions. Our tactical recommendations may differ materially from what is presented in a customized long-term financial plan or portfolio strategy. You should view our recommendations in conjunction with a broader long-term portfolio strategy. Not all products, services, or asset classes mentioned in this report may be available for sale at Ameriprise Financial Services, LLC. Please consult with your financial advisor.

Risk Factors

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

general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer-term securities.

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.

Quantitative Strategy Risk: Stock selection and portfolio maintenance strategies based on quantitative analytics carry a unique set of risks. Quantitative strategies rely on comprehensive, accurate and thorough historical data. The Ameriprise Investment Research Group utilizes current and historical data provided by third-party data

vendors. Material errors in database construction and maintenance could have an adverse effect on quantitative research and the resulting stock selection strategies.

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.

Investments in **small- and mid-capitalization companies** involve greater risks and volatility than investments in larger, more established companies.

The products of **technology companies** may be subject to severe competition and rapid obsolescence, and their stocks may be subject to greater price fluctuations.

Value securities may be unprofitable if the market fails to recognize their intrinsic worth or the portfolio manager misgauged that worth.

Definitions of terms

Definitions of terms mentioned in this report are available on our website at ameriprise.com/legal/disclosures/ in the Additional Ameriprise research disclosures section, or through your Ameriprise financial advisor

Index definitions

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

Definitions of individual indices mentioned in this report are available on our website at ameriprise.com/legal/disclosures/ in the Additional Ameriprise research disclosures section, or through your Ameriprise financial advisor

Disclaimer section

Except for the historical information contained herein, certain matters in this report are forward-looking statements or projections that are dependent upon certain risks and uncertainties, including but not limited to, such factors and considerations as general market volatility, global economic and geopolitical impacts, fiscal and monetary policy, liquidity, the level of interest rates, historical sector performance relationships as they relate to the business and economic cycle, consumer preferences, foreign currency exchange rates, litigation risk, competitive positioning, the ability to successfully integrate acquisitions, the ability to develop and commercialize new products and services, legislative risks, the pricing environment for products and services, and compliance with various local, state, and federal health care laws. See latest third-party research reports and updates for risks pertaining to a particular security.

This summary is based upon financial information and statistical data obtained from sources deemed reliable, but in no way is warranted by Ameriprise Financial, Inc. as to accuracy or completeness. This is not a solicitation by Ameriprise Financial Services, LLC of any order to buy or sell securities. This summary is based exclusively on an analysis of general current market conditions, rather than the appropriateness of a specific proposed securities transaction. We will not advise you as to any change in figures or our views.

Past performance is not a guarantee of future results.

Investment products are not insured by the FDIC, NCUA or any federal agency, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

Third-party companies mentioned are not affiliated with Ameriprise Financial Services, LLC.

Ameriprise Financial, Inc. and its affiliates do not offer tax or legal advice. Consumers should consult with their tax advisor or attorney regarding their specific situation.

Securities offered by Ameriprise Financial Services, LLC.
Member FINRA and SIPC.

This space intentionally left blank.