

Before the Bell

An Ameriprise Investment Research Group Publication

January 3, 2025

Starting the Day

- U.S. equity futures are pointing to a flat-to-higher open.
- European markets are trading mostly lower at midday.
- Asian markets ended mixed.
- New asset allocation advice for 2025 is now available.
- Stocks are having difficulty building momentum.
- 10-year Treasury yield at 4.54%.
- West Texas Intermediate (WTI) oil is trading at \$73.05.
- Gold is trading at \$2,669.40

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

In case you missed it... In yesterday's Morning Research Notes email, we included several publications that provide updated tactical and strategic asset allocation guidance for the new year.

U.S. stocks (and notably leading technology companies) led the way in 2024, while returns from foreign stocks, fixed income, and other asset classes were positive but muted. As we look to 2025, we believe the U.S. remains the driver of economic innovation. However, much of the optimism may already be priced into stocks. Conversely, yields from U.S. fixed income continue to be elevated relative to recent memory, providing strategic investors the opportunity to let fixed income shoulder more responsibility.

We recommend tactical investors consider selective opportunities and active management. Additionally, tactical investors could consider any short-term weakness along the way as an opportunity to reposition into equities, particularly if cash holdings are elevated. Strategic investors should look beyond any market volatility during the year and proactively rebalance if they find their portfolio drifting meaningfully away from their preferred target allocation.

Below is a high-level summary of the tactical asset allocation guidance provided by the Global Asset Allocation Committee for the first quarter:

- **EQUITIES:** Trends suggest economic activity and inflation are normalizing within the U.S., and with the Fed having recently started on its journey to lower rates, tailwinds continue to exist within this asset class, in our view.
- **U.S. EQUITY SECTORS:** A firming economy, alongside less hawkish Fed policy, may give investors space to recenter on fundamentals and look for opportunities to complement Big Tech.
- **GLOBAL REGIONS:** We are tactically overweight the U.S., given the strength and innovation within its economy relative to most other regions.
- **FIXED INCOME:** Treasury yields rose in the fourth quarter alongside escalating debt/deficit concerns. Look for U.S. Government to trade in a more volatile range.
- **ALTERNATIVES:** Alternatives may provide an opportunity for low-correlated growth in an environment that is more volatile and with a bigger spread between winners and losers.

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

- **CASH INVESTMENTS:** With the Fed lowering its key policy rate, the window for robust yields within cash investments may be winding down. We recommend investors look to Fixed Income markets to help stabilize portfolios.

For additional information on our tactical asset allocation advice, please refer to the updated *Tactical Asset Allocation Update (TAAU)* report.

And for more detail on our annual strategic asset allocation updates, including new allocation guidance for affluent investors, which provides deeper detail into alternative investments, please refer to the suite of *2025 IRG Strategic Guidance* reports for more information.

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Stocks are looking at a flattish-to-higher open.** The S&P 500 Index and NASDAQ Composite finished lower yesterday and on the first day of trading in 2025. Additionally, both indexes have finished lower over the last five trading sessions. And with the last official day of the Santa Claus period wrapping up today, stocks look on pace to finish in the red over this span. That said, the *Stock Trader's Almanac* suggests if the S&P 500 can finish higher in January (in the first year of a new president's term), the Index went on to finish the year higher 90% of the time. While Santa didn't deliver the goods this season, the January effect may still have something to offer investors looking for some historical perspective. **Bottom Line:** The market continues to have difficulty building upward momentum and needs some new catalysts to re-inspire investors. While the picture of solid fundamentals continues to cast a mostly positive outlook for where stock prices can go this year, the lingering/unanswered questions about tariffs and policy direction amid elevated stock valuations appear to have stalled the market recently. High interest rates, the path for fiscal spending this year, and very high expectations for growth across AI have also complicated the investing picture. Rebalancing effects may also muddy the waters early in the month, as large index heavyweights that captured the bulk of the returns last year potentially see some pressure as proceeds are distributed to other parts of the market. And maybe the simplest explanation is that the market just needs to take a breather after a strong run higher last year, which is all the explanation that might really be required. Nevertheless, we believe investors are best served by reviewing our suite of Outlook reports published near the end of last year (if they haven't already) for themes and investment guidance we believe can help support their portfolios in 2025.

Europe:

Stocks are trading mostly lower at midday. While news flow in the region is light, political uncertainty in Germany and France (Europe's two largest economies) continues to weigh on regional markets. Throw in potential trade frictions with the incoming Trump administration, and the macro backdrop for Europe has offered little positivity for investors to build on.

Asia-Pacific:

Stocks across the region finished mixed. U.S./China trade frictions continue to escalate as Beijing proposed export restrictions on technology for some battery components and processing of gallium and lithium. In the U.S., the Commerce Department is now considering new restrictions on China-made drones.

This space intentionally left blank.

WORLD CAPITAL MARKETS

1/3/2025

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%	-0.2%	5,868.6	DJUSTOX 50 (Europe)	-0.5%	0.0%	4,891.5	Nikkei 225 (Japan)	-1.0%	0.0%	39,894.5
Dow Jones	-0.4%	-0.3%	42,392.3	FTSE 100 (U.K.)	-0.1%	1.0%	8,253.5	Hang Seng (Hong Kong)	0.7%	-1.2%	19,760.3
NASDAQ Composite	-0.2%	-0.1%	19,280.8	DAX Index (Germany)	-0.3%	0.3%	19,961.3	Korea Kospi 100	1.8%	1.8%	2,441.9
Russell 2000	0.1%	0.1%	2,231.7	CAC 40 (France)	-0.9%	-0.6%	7,328.9	Singapore STI	0.0%	0.4%	3,801.8
Brazil Bovespa	-0.2%	-0.3%	119,932	FTSE MIB (Italy)	-0.4%	0.2%	34,247.3	Shanghai Comp. (China)	-1.6%	-4.2%	3,211.4
S&P/TSX Comp. (Canada)	0.7%	0.7%	24,898.0	IBEX 35 (Spain)	0.2%	0.9%	11,696.3	Bombay Sensex (India)	-0.9%	1.4%	79,223.1
Russell 3000	-0.2%	-0.1%	3,351.7	MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A	S&P/ASX 200 (Australia)	0.6%	1.1%	8,250.5

Global	% chg.	% YTD	Value	Developed International	% chg.	%YTD	Value	Emerging International	% chg.	%YTD	Value
MSCI All-Country World Idx	-0.2%	-0.1%	839.9	MSCI EAFE	-0.1%	-0.1%	2,259.8	MSCI Emerging Mkts	-0.5%	-0.3%	1,071.0

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	Equity Income Indices	% chg.	% YTD	Value	Commodities	% chg.	% YTD	Value
Communication Services	0.6%	0.6%	343.9	JPM Alerian MLP Index	1.6%	1.6%	299.0	Futures & Spot (Intra-day)			
Consumer Discretionary	-1.3%	-1.3%	1,808.0	FTSE NAREIT Comp. TR	-0.9%	-0.9%	24,873.2	CRB Raw Industrials	-0.2%	-0.2%	540.0
Consumer Staples	-0.4%	-0.4%	850.0	DJ US Select Dividend	-0.2%	-0.2%	3,495.9	NYMEX WTI Crude (p/bbl.)	0.0%	2.0%	73.1
Energy	1.0%	1.0%	661.7	DJ Global Select Dividend	0.2%	0.4%	224.6	ICE Brent Crude (p/bbl.)	-0.1%	1.7%	75.9
Financials	-0.2%	-0.2%	802.8	S&P Div. Aristocrats	-0.7%	-0.6%	4,545.3	NYMEX Nat Gas (mmBtu)	-4.8%	-4.1%	3.5
Health Care	0.0%	0.0%	1,605.0				Spot Gold (troy oz.)	-0.2%	1.0%	2,651.4	
Industrials	-0.4%	-0.4%	1,111.5				Spot Silver (troy oz.)	0.6%	2.9%	29.7	
Materials	-1.1%	-1.1%	523.7	Bond Indices	% chg.	% YTD	Value	LME Copper (per ton)	0.5%	0.5%	8,691.7
Real Estate	-1.0%	-0.9%	253.4	Barclays US Agg. Bond	0.0%	0.0%	2,189.8	LME Aluminum (per ton)	-0.9%	-0.9%	2,504.2
Technology	-0.2%	-0.2%	4,600.1	Barclays HY Bond	0.2%	0.2%	2,687.7	CBOT Corn (cents p/bushel)	-0.7%	-0.4%	456.5
Utilities	0.7%	0.7%	387.8				CBOT Wheat (cents p/bushel)	-1.1%	-2.1%	539.8	

Foreign Exchange (Intra-day)	% chg.	% YTD	Value		% chg.	% YTD	Value		% chg.	% YTD	Value
Euro (€/€)	0.3%	-0.6%	1.03	Japanese Yen (\$/¥)	0.2%	0.0%	157.18	Canadian Dollar (\$/C\$)	-0.1%	-0.2%	1.44
British Pound (£/£)	0.2%	-0.9%	1.24	Australian Dollar (A\$/S)	0.2%	0.5%	0.62	Swiss Franc (S/CHF)	0.3%	-0.2%	0.91

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	13.5%	Overweight	2.0%	15.5%	Energy	3.0%	Equalweight	-	3.0%
Consumer Staples	5.5%	Equalweight	-	5.5%	Utilities	2.3%	Equalweight	-	2.3%
Information Technology	32.8%	Equalweight	-	32.8%	Materials	1.9%	Equalweight	-	1.9%
Industrials	8.1%	Equalweight	-	8.1%	Real Estate	2.0%	Equalweight	-	2.0%
Communication Services	9.4%	Equalweight	-	9.4%	Consumer Discretionary	11.5%	Equalweight	-	11.5%
					Health Care	10.0%	Underweight	-2.0%	8.0%

As of: January 2, 2025

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 12/19/2024. 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	66.1%	Overweight	3.2%	69.3%	United Kingdom	3.0%	Equalweight	-	3.0%
Europe ex U.K.	11.3%	Equalweight	-	11.3%	Asia-Pacific ex Japan	10.2%	Underweight	-1.0%	9.2%
Latin America	0.8%	Equalweight	-	0.8%	Canada	2.7%	Underweight	-1.0%	1.7%
Japan	4.7%	Equalweight	-	4.7%	Middle East / Africa	1.2%	Underweight	-1.2%	0.0%

as of: January 2, 2025

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 12/26/2024. 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, January 3, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised
10:00 AM	DEC	ISM Manufacturing Index	48.2		46.5	
10:00 AM	DEC	ISM Prices Paid	51.4		54.8	
10:00 AM	DEC	ISM Employment	47.0		44.4	
10:00 AM	DEC	ISM New Orders	48.0		47.1	
NA	DEC	U.S. Light Vehicle Sales	16.5m		16.5m	

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>	Actual <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%	2.8%	2.0%	3.2%	1.6%	3.0%	2.8%	2.7%	1.8%	2.3%
Unemployment Rate	3.6%	3.7%	4.4%	4.2%	3.7%	3.8%	4.1%	4.1%	4.2%	4.2%	4.2%
CPI (YoY)	8.0%	3.4%	2.5%	2.0%	3.4%	3.5%	3.0%	2.4%	2.5%	2.2%	2.1%
Core PCE (YoY)	5.2%	2.9%	2.7%	2.0%	2.9%	2.8%	2.6%	2.7%	2.7%	2.3%	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: December 12, 2024

Ameriprise Global Asset Allocation Committee Targets and Views

Targets

2025 Year-end Targets:	Favorable Scenario	Base-Case Scenario	Adverse Scenario
S&P 500 Index:	7,000	6,500	5,500
10-Year U.S. Treasury Yield:	5.00%	4.25%	3.00%
Fed Funds Target Range:	4.25% to 4.50%	3.75% to 4.00%	3.25% to 3.50%

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

Please see latest *Quarterly Capital Market Digest* for more information.

Last Updated: January 2, 2025

This space intentionally left blank.

Global Asset Allocation Committee Views

AMERIPRISE GLOBAL ASSET ALLOCATION COMMITTEE TACTICAL ASSET CLASS VIEWS

2025 Year-end S&P 500 Target: 6,500
2025 Year-End 10-year Treasury Target: 4.25%

as of 12/30/2024

	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"> Financials 	<ul style="list-style-type: none"> Communication Services Consumer Discretionary Consumer Staples Energy Health Care Industrials Information Technology Materials Real Estate Utilities 	<ul style="list-style-type: none"> Health Care
Global Equity Regions	<ul style="list-style-type: none"> United States 	<ul style="list-style-type: none"> Europe ex U.K. Japan Latin America United Kingdom 	<ul style="list-style-type: none"> Middle East/Africa Asia-Pacific ex Japan Canada
Fixed Income	<ul style="list-style-type: none"> U.S. High Yield Bonds 	<ul style="list-style-type: none"> U.S. Inv. Grade Corporates Developed Foreign Bonds 	<ul style="list-style-type: none"> Emerging Foreign Bonds Municipal Bonds
Alternatives		<ul style="list-style-type: none"> Real Assets 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.

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 December 31, 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.