Before the Bell

An Ameriprise Investment Research Group Publication

February 13, 2025

Starting the Day

- U.S. equity markets are pointing to a mixed open.
- European markets are trading higher at midday.
- Asian markets ended mixed.
- Stay focused through the noise.
- Reciprocal tariffs are coming; January PPI on deck.
- 10-year Treasury yield at 4.60%.
- West Texas Intermediate (WTI) oil is trading at $70.38.
- Gold is trading at $2,947.20

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

And the hits just keep on coming. Despite broader U.S. stock benchmarks holding up well this year, news flow out of Washington has been fast and furious over recent weeks and, on the surface, seemingly less positive for forward growth at times (e.g., tariff and immigration announcements/actions).

Above and beyond Washington dynamics, evolving inflation, rate, and Big Tech undercurrents have added to a stew of uncertainties early in the year that investors are finding increasingly challenging to navigate, hence the increased back-and-forth movements across major stock averages in early 2025. In addition, consumer sentiment has shifted lower over recent months, and inflation expectations have crept higher. Taken in total, it's not exactly a great recipe for building confidence in the stock market, particularly against elevated valuations and already pretty lofty profit expectations for this year.

Notably, recent U.S. tariff announcements against China, Mexico, and Canada, combined with tariff announcements on imported steel and aluminum this week, with pending "reciprocal" tariff announcements on many more countries as soon as today, is keeping the drama in Washington high. Yesterday's hotter-than-expected consumer inflation report for January across both headline and core measures only adds to the anxiety investors are beginning to feel more acutely.

In fact, investors received real-time reactions from Federal Reserve Chair Powell on Wednesday following the CPI report, as the Chair provided his semi-annual testimony to the House Financial Services Committee. Granted, Mr. Powell didn't add much to the already known Fed narrative over his two-day testimony to the Senate and House. Nevertheless, he used the opportunity to further reign in rate cut expectations for this year by noting policymakers want to "*keep policy restrictive for now.*" In light of yesterday's hot CPI report and Powell's more hawkish comments to Congress this week, odds for a rate cut before September fell pretty aggressively on Wednesday. As a result, government bond yields climbed higher, with the 10-year U.S. Treasury yield now back to late-January highs.

With that as a backdrop, here are a few quick thoughts and perspectives about incoming news flow that seems to be working against the bulls at the moment:

- Tariff announcements are beginning to stack up, and in our view, it is growing unlikely that all of these tariff plans will neatly go away (and by stated deadlines) if other countries "make progress" on U.S. objectives or simply agree to U.S. demands. A) President Trump could change the objectives/measures at any time, which would leave other nations scrambling indefinitely to adjust (not a great position for a country), and B) some countries/regions will be reluctant to cave to Trump's pressure so early in his presidency for fear of further U.S. economic aggression. Although we still believe President Trump is using the threat of tariffs primarily as leverage to achieve better trade/border/policy deals with other

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

countries, investors should be prepared for some or potentially all of these announced tariffs to be put in place, at least for a period. While such a scenario could send stock prices lower over the near term and possibly reduce economic/profit growth for a quarter or two versus current forecasts, we continue to believe the Trump administration measures its success or failure on the underlying strength of the U.S. economy/stock market. Yes, outcomes and impacts from a very fluid tariff environment at the moment are difficult to predict. Still, we continue to believe the Trump administration's objectives are counter to opinions that suggest the administration is making these tariff threats without regard to potential impacts on U.S. growth or its standing in the global economy.

- Currently, there is a lot of noise around other U.S. government initiatives, including the Department of Government Efficiency (DOGE), the U.S. Agency for International Development (USAID), cabinet appointees, various executive orders, and suggestions the U.S. could take over Gaza. In most of these cases, they do not have an immediate/direct impact on the stock market or economy. Thus, this type of news flow out of Washington should not drive your investment decisions.
- On rates, at the end of last year, we forecast in our base scenario that the Federal Reserve was most likely to cut its policy rate only two times in 2025 by 25 basis points each. We also forecast the 10-year U.S. Treasury yield would modestly decline this year. While inflation should continue to ebb lower as the year progresses, investors should expect a higher-for-longer rate environment, particularly if growth/inflation is holding above trend. At least early in the year, our outlook has been supported by incoming data.
- Stock volatility has risen and could continue to increase further if tariffs, rates, and growth move against more sanguine views of the current environment. However, markets continue to show a high degree of resiliency, profit growth is solid across a number of sectors/industries, the U.S. is benefiting from strong secular tailwinds in AI, and investors have ample opportunities to invest even with the higher levels of uncertainty. Across stocks, industries within Tech, Financials, Health Care, and Industrials present solid opportunities for continued investment, in our view. In addition, companies focused on shareholder yield (e.g., share buybacks and dividends) offer ways to stay invested in an uncertain environment but with the potential to reduce portfolio volatility. Within fixed income, rates are elevated, offering an opportunity to invest in high-quality bonds/strategies and extend duration beyond cash/cash-like durations. Inside of alternatives, real assets (like gold/precious metals) and/or alternative strategies that can help mitigate stock and bond risk are other ways to stay invested but help reduce exposure to the volatility from the uncertainties discussed above.
- Finally, on Monday, we mentioned standing still and not reacting to the news flow that is bound to keep everyone's head spinning for the immediate future. Did we mention that NVIDIA will report their earnings results later this month? But standing still doesn't imply you can't review your portfolio with your Ameriprise financial advisor and, if necessary, make small adjustments that may help you navigate the uncertainty more comfortably and maybe help you sleep a little better at night.

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 lower open.** Following this week's January CPI report, comments from Fed Chair Powell, and steel/aluminum tariffs, President Trump said he will announce reciprocal tariffs on countries/regions as soon as today. Notably, the European Union said it would prioritize negotiation over retaliation to avoid a tariff war. Interestingly, BDO International noted that 186 member nations of the World Customs Organization all have different tariff rates. Reports continue to suggest the President is still considering carve-outs for industries such as autos and pharmaceuticals. Separately, at 8:30 am EST, the January PPI report will be released.
- **Earnings Update:** With 73% of S&P 500 fourth quarter reports complete, blended earnings per share (EPS) growth is higher by +16.7% year-over-year on revenue growth of +5.3%.

Europe:

European stocks have been lifted today following President Trump's announcement that he has ordered U.S. officials to begin peace talks between Ukraine and Russia and after holding calls with Russian President Putin and Ukraine President Zelensky.

Asia-Pacific:

Stocks finished Thursday mixed. The Hang Seng Tech Index hit its highest level in three years on Thursday, driven by Chinese tech stocks and the enthusiasm around DeepSeek AI.

WORLD CAPITAL MARKETS

2/13/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-0.3%	3.0%	6,052.0
Dow Jones	-0.5%	4.4%	44,368.6
NASDAQ Composite	0.0%	1.8%	19,650.0
Russell 2000	-0.9%	1.2%	2,255.9
Brazil Bovespa	-1.7%	3.4%	124,380
S&P/TSX Comp. (Canada)	-0.3%	3.6%	25,563.1
Russell 3000	-0.3%	3.2%	3,459.5

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	1.3%	12.0%	5,475.1
FTSE 100 (U.K.)	-0.5%	7.4%	8,761.5
DAX Index (Germany)	1.6%	13.0%	22,496.0
CAC 40 (France)	1.3%	10.5%	8,148.9
FTSE MIB (Italy)	0.4%	10.2%	37,672.8
IBEX 35 (Spain)	0.2%	12.1%	12,936.1
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	1.3%	-1.1%	39,461.5
Hang Seng (Hong Kong)	closed	9.1%	21,814.4
Korea Kospi 100	1.4%	7.7%	2,583.2
Singapore STI	0.2%	2.7%	3,882.6
Shanghai Comp. (China)	-0.4%	-0.6%	3,332.5
Bombay Sensex (India)	0.0%	-2.3%	76,139.0
S&P/ASX 200 (Australia)	0.1%	4.7%	8,540.0

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.1%	3.9%	872.8

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.1%	6.0%	2,395.1

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.6%	3.5%	1,111.0

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

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	0.0%	7.3%	366.2
Consumer Discretionary	-0.3%	-0.4%	1,824.1
Consumer Staples	0.2%	5.7%	900.3
Energy	-2.7%	3.6%	675.7
Financials	-0.4%	6.2%	853.1
Health Care	-0.1%	6.0%	1,698.8
Industrials	-0.6%	4.6%	1,166.0
Materials	-0.7%	5.4%	557.9
Real Estate	-0.9%	3.0%	263.2
Technology	0.0%	-0.5%	4,583.2
Utilities	-0.1%	4.8%	402.5

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-1.3%	6.6%	313.8
FTSE NAREIT Comp. TR	-0.8%	2.0%	25,597.6
DJ US Select Dividend	-0.5%	2.5%	3,589.2
DJ Global Select Dividend	0.2%	4.3%	232.8
S&P Div. Aristocrats	-1.0%	1.8%	4,656.3

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.5%	0.2%	2,193.4
Barclays HY Bond	-0.2%	1.2%	2,715.5

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.3%	4.1%	563.4
NYMEX WTI Crude (p/bbl.)	-1.4%	-1.9%	70.4
ICE Brent Crude (p/bbl.)	-1.4%	-0.7%	74.2
NYMEX Nat Gas (mmBtu)	3.5%	1.5%	3.7
Spot Gold (troy oz.)	0.4%	11.1%	2,916.4
Spot Silver (troy oz.)	0.1%	11.6%	32.3
LME Copper (per ton)	1.1%	8.0%	9,344.3
LME Aluminum (per ton)	-0.7%	4.1%	2,629.8
CBOT Corn (cents p/bushel)	-0.8%	7.3%	499.8
CBOT Wheat (cents p/bushel)	0.5%	5.0%	590.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.1%	0.4%	1.04
British Pound (£/$)	0.2%	-0.4%	1.25
Japanese Yen ($/¥)	0.4%	2.2%	153.79
Australian Dollar (A$/$)	-0.3%	1.2%	0.63
Canadian Dollar ($/C$)	0.1%	0.7%	1.43
Swiss Franc ($/CHF)	0.8%	0.1%	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
Financials	13.5%	Overweight	2.0%	15.5%
Consumer Staples	5.5%	Equalweight	-	5.5%
Information Technology	32.8%	Equalweight	-	32.8%
Industrials	8.1%	Equalweight	-	8.1%
Communication Services	9.4%	Equalweight	-	9.4%
Energy	3.0%	Equalweight	-	3.0%
Utilities	2.3%	Equalweight	-	2.3%
Materials	1.9%	Equalweight	-	1.9%
Real Estate	2.0%	Equalweight	-	2.0%
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
United States	66.1%	Overweight	3.2%	69.3%
Europe ex U.K.	11.3%	Equalweight	-	11.3%
Latin America	0.8%	Equalweight	-	0.8%
Japan	4.7%	Equalweight	-	4.7%
United Kingdom	3.0%	Equalweight	-	3.0%
Asia-Pacific ex Japan	10.2%	Underweight	-1.0%	9.2%
Canada	2.7%	Underweight	-1.0%	1.7%
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

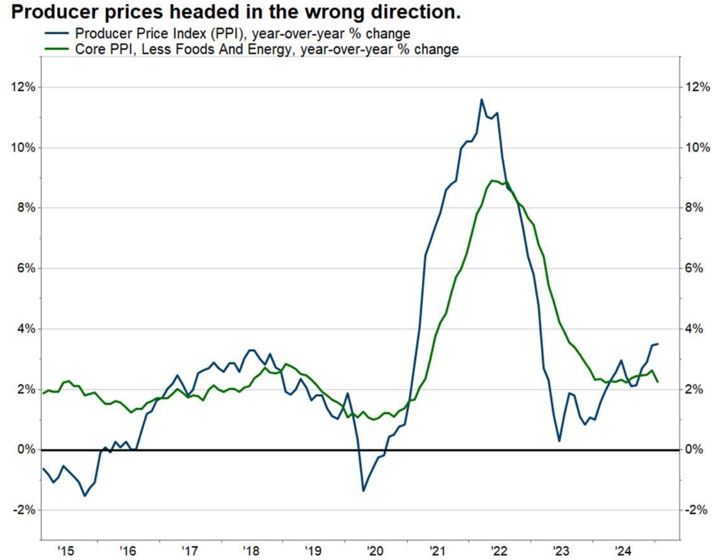
Releases for Thursday, February 13, 2025 **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	Jan. 25	Initial Jobless Claims	225k	**213k**	219k	220k
8:30 AM	Jan. 18	Continuing Claims	1888k	**1850k**	1886k	
8:30 AM	JAN	Producer Price Index (PPI)(MoM)	+0.3%	**+0.4%**	+0.2%	+0.5%
8:30 AM	JAN	Core PPI – Less Food & Energy (MoM)	+0.3%	**+0.3%**	+0.0%	+0.4%
8:30 AM	JAN	Producer Price Index (PPI)(YoY)	+3.1%	**+3.5%**	+3.3%	+3.5%
8:30 AM	JAN	PPI – Less Food & Energy (YoY)	+3.3%	**+3.6%**	+3.5%	+3.7%

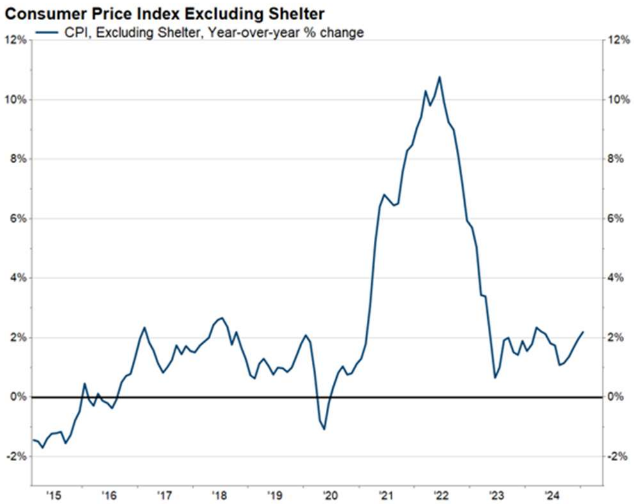
Commentary:

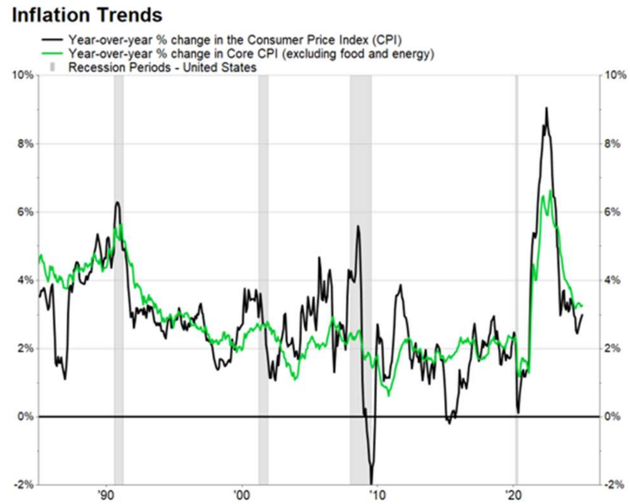
- **Producer prices increased at modestly "hot" rates in January.** The performance was generally in line with expectations, however, and, similar to what was seen in yesterday's CPI report in that price increases were fairly well distributed (which is NOT a positive).
- Note: Today's report also reflected the release of annual revisions which pushed up December's m/m results as well as the y/y rates.
- Somewhat interestingly, especially given the political backdrop, government procurement costs jumped a sharp 4.5% m/m, according to the report. The category accounts for just 0.8% of the Index, however, and prices in the category were still down 2.8% from year-ago levels.
- Food prices were particularly hot with a 1.1% m/m increase and a y/y rate of +5.5%. Meanwhile, Energy prices jumped 1.7% in January which follows a 5.5% increase in December. On a y/y basis, however, energy prices were flat.
- Further, the cost of Services (which account for 67% of the Index) were up 0.3% in the month and 4.1% versus year-ago levels.
- *The chart at right is sourced from FactSet and HAS been updated to reflect today's release.*

Producer prices headed in the wrong direction.



- **Consumer inflation proves it's not dead yet.** In mid-January, equity markets cheered the December Consumer Price Index (CPI) report after it showed widespread progress toward moderating inflation pressures. Yesterday's report for the month of January, however, turned the tables as it once again proved inflation is far from dead.
- Headline and Core (CPI minus the volatile food and energy segments) inflation measures were both "hotter" than expected in January. The year-over-year (y/y) rate of headline inflation ticked a tenth higher to +3.0%. The Core rate also ticked a tenth higher to +3.3%.
- Most notably, the shelter component ticked up to +0.4% for the month after two months at +0.3%. This singular component contributed almost a full percentage point to the y/y rates for both the headline and core. Excluding shelter, headline CPI was 2.2% higher y/y (per the Labor Department) and 2.4% higher with food, energy, and shelter excluded.
- Elsewhere, the upside contributions from other components were fairly numerous and diverse. Among the most notable categories offering upside to month-over-month (m/m) rates, used car prices jumped 2.2% m/m, airfares were 1.2% higher, auto insurance 2.0% higher, sporting event prices were up 4.3%, and homeowners' insurance was 1.1% higher. Again, these are m/m rates.
- Despite the January numbers, we still see CPI inflation as likely to see a fairly steady, but slow decline in the months ahead - . Shelter costs will be key to whether we are right or not. In this vein, we note that shelter costs in January were 4.4% higher y/y in January, the category's smallest annual increase since January 2022. All data mentioned in this commentary is sourced from the Labor Department. *The charts below are sourced from FactSet.*





Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual 2022	Actual 2023	Actual 2024	Est. 2025	Actual Q4-2023	Actual Q1-2024	Actual Q2-2024	Actual Q3-2024	Actual Q4-2024	Est. Q1-2025	Est. Q2-2025
Real GDP (annualized)	2.5%	2.9%	2.8%	2.4%	3.2%	1.6%	3.0%	2.8%	2.3%	2.8%	2.3%
Unemployment Rate	3.6%	3.7%	4.1%	4.2%	3.7%	3.8%	4.1%	4.1%	4.1%	4.2%	4.2%
CPI (YoY)	8.0%	3.4%	2.9%	2.0%	3.4%	3.5%	3.0%	2.4%	2.9%	2.4%	2.4%
Core PCE (YoY)	5.2%	2.9%	2.8%	2.0%	2.9%	2.8%	2.6%	2.7%	2.8%	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: January 31, 2025**

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	• U.S. Large Cap Growth • U.S. Large Cap Value	• U.S. Mid Cap Value • U.S. Mid Cap Growth • U.S. Small Cap Value • U.S. Small Cap Growth	• Developed Foreign Equity • Emerging Foreign Equity
S&P 500 Sectors	• Financials	• Communication Services • Consumer Discretionary • Consumer Staples • Energy • Industrials • Information Technology • Materials • Real Estate • Utilities	• Health Care
Global Equity Regions	• United States	• Europe ex U.K. • Japan • Latin America • United Kingdom	• Middle East/Africa • Asia-Pacific ex Japan • Canada
Fixed Income	• U.S. High Yield Bonds	• U.S. Government • U.S. Inv. Grade Corporates • Developed Foreign Bonds	• Emerging Foreign Bonds • Municipal Bonds
Alternatives		• Real Assets • Alternative Strategies	
Cash		• 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 December 31, 2024	Rolling Returns			
Major Market Indices	**QTD**	**1-year**	**3-years**	**5-years**
Russell 3000® Index (U.S. Equity)	2.63%	23.81%	8.01%	13.86%
MSCI ACWI Ex USA Index – net (Foreign Equity)	-7.60%	5.53%	0.82%	4.10%
Bloomberg U.S. Universal Bond Index (Fixed Income)	-2.73%	2.04%	-1.95%	0.06%
Wilshire Liquid Alternative Index (Alternatives)	-1.87%	4.33%	1.50%	2.48%
FTSE Three-Month Treasury Bill Index (Cash)	1.23%	5.45%	4.05%	2.54%

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.