Before the Bell

An Ameriprise Investment Research Group Publication

March 13, 2025

Starting the Day

- U.S. equity markets are pointing to a lower open.
- European markets are trading higher at midday.
- Asian markets ended lower.
- A quick lay of the land as conditions keep evolving.
- PPI, Tariffs, and Congress are in focus as the week ends.
- 10-year Treasury yield at 4.34%.
- West Texas Intermediate (WTI) oil is trading at $67.46.
- Gold is trading at $2,954..40

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Slowing down the news flow to focus on what matters most. Market-shaping headlines and underlying developments are moving quickly at the moment, which can make it difficult to keep track of all the items that actually matter most to moving stocks around when volatility is elevated. For example, in the last two days, stocks have traded choppy, the U.S., Canada, and European Union have enacted a batch of new tariffs on each other, February consumer inflation came in weaker-than-expected, a ceasefire agreement may be in the works for the Ukraine/Russia war, and without a continuing resolution, the U.S. government could shut down this weekend. And that's just the headline items. Trust us, you're not alone if you're finding it difficult to keep juggling all the balls in the air. So, this morning, we thought we would slow it down and provide a quick rundown of what we are currently watching, why we believe it's important, and offer some perspective on how to tackle the current investment environment.

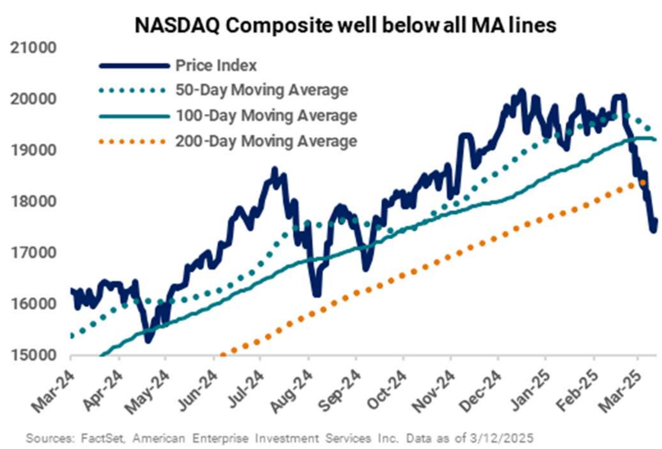
- **Stocks are under pressure and searching for stability.** Obviously, there's nothing earth-shattering in that statement. However, areas that have led markets higher for a number of quarters have seen a more rapid decline over the last week or so. For instance, the Philadelphia Stock Exchange Semiconductor Index has rapidly moved from correction territory (down 10% or more from its market top) to down over 20% from its July 2024 high. Just this week, Magnificent Seven names briefly broke into a bear market, while the NASDAQ Composite sits in a correction and the S&P 500 Index continues to flirt with one. Selling pressure has moved from very aggressive/speculative areas of the market — to market leaders with large gains over the last few years (and elevated valuations) — to broader areas where a growth slowdown could hurt corporate profitability. Thus, the pain is spreading, which, if this is just an old-fashioned growth scare, is a positive sign that some capitulation may be forming. But it's too early to say for certain.

	Q1'25		Q2 '25		CY 2025	
Name	**GrowthBlended (%)**	**Growth31 Dec '24E**	**Growth31 Dec '24E**	**Growth12 Mar '25E**	**Growth31 Dec '24E**	**Growth12 Mar '25E**
S&P 500	7.04	11.49	11.34	9.56	12.59	11.34
Communication Services	4.22	8.20	32.11	30.34	12.88	12.19
Consumer Discretionary	0.57	10.69	6.66	2.50	8.06	5.93
Consumer Staples	-7.25	-0.50	4.31	1.92	4.78	1.86
Energy	-13.01	-8.83	-3.30	-7.70	3.46	0.44
Financials	2.77	6.87	2.63	4.33	6.37	7.56
Health Care	35.60	39.39	12.77	9.99	19.75	18.23
Industrials	2.43	8.74	11.46	7.88	16.33	12.77
Information Technology	14.13	15.82	19.49	18.24	19.76	19.26
Materials	-10.43	7.45	8.86	2.03	19.34	8.29
Real Estate	1.25	2.75	5.36	4.25	4.61	3.58
Utilities	10.40	10.60	5.98	5.78	7.31	6.65

Source: FactSet. Data as of 3/12/25

Yet, with Q1'25 earnings reports still weeks away, "positive" fundamental catalysts for stocks may be lacking over the coming weeks. And depending on how tariff news comes in and if developments cause analysts to lower profit estimates for the current quarter, there is the risk that the profit picture could further weaken, which would be a stock negative, in our view. Recent headlines from Delta Airlines aren't exactly encouraging. Conversely, if we move through the next few weeks and current profit estimates for the first quarter hold or decline just modestly from here, we believe the Q1 earnings season may offer an opportunity for investors to reground on what could still be a healthy profit environment. As is always the case during an earnings season, the outlook will likely matter most. Here to there, however, we expect macro/tariff headlines to shape near-term stock direction, making stock stability likely difficult to obtain.

- **Buy the dip or sell the rip?** That depends on your time horizon. As we noted in yesterday's *Before the Bell*, "compounding is hard," and it often requires fortitude and investment discipline exactly at a time it is most difficult to follow. Nevertheless, history suggests that buying stocks in times of market stress is generally a solid long-term strategy if you are in the accumulation phase of saving. *Goldman Sachs* recently highlighted that when the S&P 500 Index fell 10% or more without a recession (it's down roughly 9% from its high-water mark currently), the Index was higher 86% of the time six months later. Specific to Technology, according to *Bespoke Investment Group*, the NASDAQ Composite has seen 29 other periods where the Index lost at least 10% from a market high. Of those periods, the median peak-to-trough decline was 16.4% (as of yesterday, the current decline is 12.5%). In 12 of those occurrences (41%), the NASDAQ saw drawdowns that reached 20% or more (usually during recessions). Depending on tariffs, broader effects on growth, and further potential restrictions on chip exports, the near-term direction of Big Tech, admittedly, may be volatile. That said, the NASDAQ Composite's trailing price-to-earnings (P/E) ratio has moved to roughly 35x from nearly 41x six months ago. With existing declines, the NASDAQ's current trailing P/E is now back in line with its ten-year average. Yes, Big Tech could fall further over the near term and further compress earnings multiples. However, in our view, the "Earnings" in the P/E for Technology should remain solid in 2025, and outside of a recession, the elevated valuation concerns that made Technology stocks riskier at the start of the year are starting to dissipate, in our view.



- **Just tell me where to focus "now."** In a fast-moving, volatile market that's hyper-focused on the macroenvironment, we believe it's important to laser in on items and data that are likely shaping stock prices today as opposed to items that have a longer runway in shaping growth. In our view, tariff headlines/actions/proclamations/industry impacts, expectations for Q1 profits/Q2 outlooks, monthly measures of economic activity, machinations around Federal Reserve policy, and sentiment data are all likely to shape how markets react/respond over the coming weeks and months. Current headline items that may be less influential on driving stock prices over the near term include developments around the Ukraine/Russia war, a potential U.S. tax/spending bill, announcements about long-term investment deals in the U.S., DOGE headlines, a changing regulatory environment, and any other items that don't have an immediate effect on growth and profits or the expectations around these two factors. That said, several of these less influential items today are very important to longer-term stability and growth in the U.S. tomorrow, especially when it comes to tax, spending, regulation, and investment items. **Bottom line:** Over the coming weeks and months, we believe investors are best served by focusing on the items that can help color the current state of the markets/economy and help inform the growth trajectory over the next three to six months. Most importantly, this volatility will eventually subside, additional clarity on the growth trajectory will form, and investors can then make more informed decisions.

- **But if you are compelled to act now,** avoid making investment decisions out of fear of the unknown. Be comfortable with what you own. Maintain diversification. But if it makes sense for you, increasing cash, fixed income, and alternative strategies in small doses can help reduce volatility. And if you believe today's stock volatility is an opportunity to invest for the longer term (we believe it is), we advise doing it in stages and in high-quality investments or strategies focused on companies with wide moats, stable cash flows, and durable businesses. This advice doesn't grab headlines, and it likely won't net you hedge fund-like returns. However, this advice is time-tested, has a knack for helping you navigate through market stress, and can help build wealth over time.

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.** In response to President Trump's new 25% tariff on steel and aluminum, Canada's retaliatory tariffs kicked in today. Canada placed a dollar-for-dollar tariff on roughly $30 billion in U.S. imports, including steel and aluminum products as well as tools, computers/servers, display monitors, sports equipment, and cast-iron products. The European Union has said it would counter similarly on roughly $28 billion in U.S. imports, including industrial and agricultural products, beginning in April. Separately, after the House of Representatives (mostly across party lines) passed a bill to fund the government through September earlier this week, Senate Democrats have pushed back on the bill. The Senate must pass a bill before the weekend to avoid a government shutdown.

Europe:

European stocks are trading higher after a mostly positive finish on Wednesday. Eurozone industrial production grew more than expected in January, driven by stronger trends in Germany. While new U.S. tariffs on steel and aluminum are projected to have a minimal effect on the Eurozone economy, analysts suggest additional tariffs and reciprocal actions against the region (possibly beginning in April) could be more biting, as Europe is the largest exporter to the U.S.

Asia-Pacific:

Stocks in Asia ended lower on Thursday. The Hang Seng Index has led global gains this year, up nearly +20% since President Trump's inauguration, versus a roughly 7% decline in the S&P 500. The divergence between the two indexes is the most extreme in two decades in a 90-day correlation measure, according to *Bloomberg*. Stock drivers in Hong Kong include China's recent advancements in AI, strong inflows from mainland China, and some rotation out of the U.S

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WORLD CAPITAL MARKETS

3/13/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.5%	-4.6%	5,599.3
Dow Jones	-0.2%	-2.4%	41,350.9
NASDAQ Composite	1.2%	-8.5%	17,648.5
Russell 2000	0.1%	-8.9%	2,026.5
Brazil Bovespa	0.3%	3.0%	123,864
S&P/TSX Comp. (Canada)	0.7%	-0.8%	24,423.3
Russell 3000	0.5%	-5.0%	3,182.6

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.2%	9.6%	5,348.0
FTSE 100 (U.K.)	0.0%	5.4%	8,542.1
DAX Index (Germany)	-0.6%	13.2%	22,538.2
CAC 40 (France)	-0.1%	8.3%	7,985.0
FTSE MIB (Italy)	-0.3%	11.7%	38,191.7
IBEX 35 (Spain)	0.3%	11.3%	12,836.1
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-0.1%	-7.7%	36,790.0
Hang Seng (Hong Kong)	-0.6%	17.8%	23,462.7
Korea Kospi 100	0.0%	7.7%	2,573.6
Singapore STI	0.1%	1.5%	3,837.5
Shanghai Comp. (China)	-0.4%	0.2%	3,358.7
Bombay Sensex (India)	-0.3%	-5.3%	73,828.9
S&P/ASX 200 (Australia)	-0.5%	-3.7%	7,749.1

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.5%	-0.9%	830.9

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.5%	9.0%	2,455.3

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.2%	3.7%	1,111.1

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	1.4%	-2.6%	332.3
Consumer Discretionary	1.0%	-13.3%	1,585.8
Consumer Staples	-2.0%	2.3%	870.1
Energy	0.4%	2.6%	666.7
Financials	0.2%	-1.3%	791.6
Health Care	-1.0%	5.2%	1,681.7
Industrials	0.0%	-1.2%	1,098.9
Materials	-0.5%	1.0%	533.1
Real Estate	-0.4%	2.0%	260.1
Technology	1.6%	-10.4%	4,124.6
Utilities	-0.4%	2.0%	389.8

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.3%	7.4%	316.3
FTSE NAREIT Comp. TR	-0.5%	1.2%	25,409.0
DJ US Select Dividend	-0.5%	-0.1%	3,498.7
DJ Global Select Dividend	-0.2%	7.9%	239.7
S&P Div. Aristocrats	-1.5%	1.0%	4,622.0

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.2%	2.0%	2,233.7
Barclays HY Bond	0.0%	1.3%	2,718.3

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.9%	5.6%	571.5
NYMEX WTI Crude (p/bbl.)	-0.5%	-6.1%	67.3
ICE Brent Crude (p/bbl.)	-0.5%	-5.4%	70.6
NYMEX Nat Gas (mmBtu)	-1.4%	10.9%	4.0
Spot Gold (troy oz.)	0.4%	12.3%	2,948.0
Spot Silver (troy oz.)	-0.2%	14.8%	33.2
LME Copper (per ton)	1.2%	12.7%	9,751.6
LME Aluminum (per ton)	-0.1%	7.5%	2,716.7
CBOT Corn (cents p/bushel)	1.0%	-0.1%	465.5
CBOT Wheat (cents p/bushel)	1.0%	-0.5%	559.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.4%	4.8%	1.08
British Pound (£/$)	-0.2%	3.3%	1.29
Japanese Yen ($/¥)	0.2%	6.3%	147.90
Australian Dollar (A$/$)	-0.6%	1.6%	0.63
Canadian Dollar ($/C$)	-0.1%	0.0%	1.44
Swiss Franc ($/CHF)	-0.1%	2.8%	0.88

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:

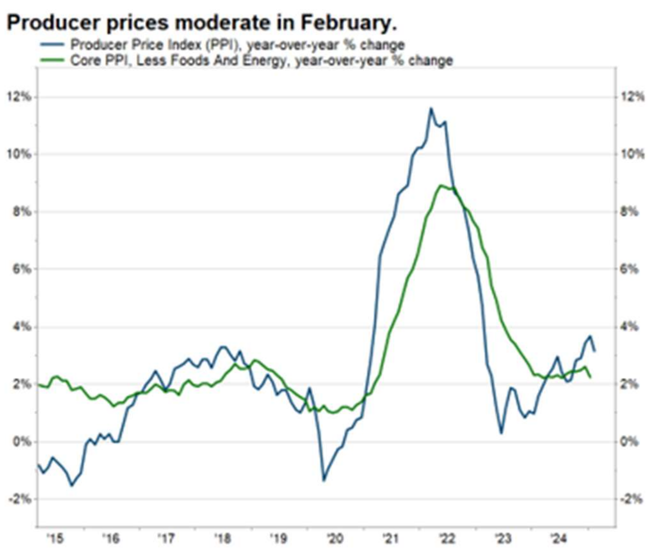
Russell T. Price, CFA – Chief Economist

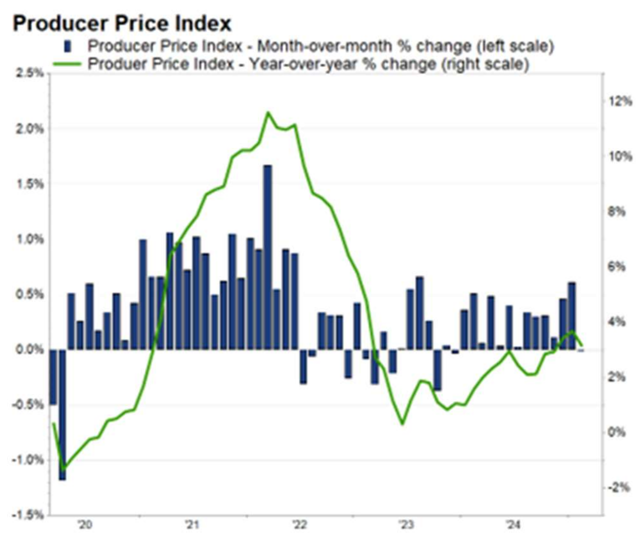
Releases for Thursday, March 13, 2025 **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	Mar. 8	Initial Jobless Claims	227k	**220k**	221k	
8:30 AM	Mar. 1	Continuing Claims	1890k	**1870k**	1897k	
8:30 AM	FEB	Producer Price Index (PPI)(MoM)	+0.3%	**+0.0%**	+0.4%	+0.6%
8:30 AM	FEB	Core PPI – Less Food & Energy (MoM)	+0.3%	**-0.1%**	+0.3%	+0.5%
8:30 AM	FEB	Producer Price Index (PPI)(YoY)	+3.2%	**+3.2%**	+3.5%	+3.7%
8:30 AM	FEB	PPI – Less Food & Energy (YoY)	+3.6%	**+3.4%**	+3.6%	+3.8%

Commentary:

- **Almost. Producer prices were flat last month. The outcome would have been very encouraging as to the inflation outlook (absent tariff considerations) if not for material upgrades to producer prices in January.** Still, when taken into consideration along with yesterday's subdued Consumer Price Index (CPI) release, which showed a +0.2% increase versus the +0.3% gain expected, we believe inflation progress continues – but with considerable risk from proposed tariffs.
- The flat performance for February came despite a rather sharp increase in food prices. Consumer food prices were shown to have jumped 2.0% in February for year-over-year (y/y) rate of +6.7%.
- On a y/y basis, the headline PPI measure was 3.2% higher (down sharply from January's revised 3.7%) while Core PPI inflation was up 3.4%
- Prices in the broad Services category, which accounts for 67% of the Index, were down 0.2% in the month for the largest m/m decline since July 2024.
- *The chart at right is sourced from FactSet and HAS been updated to reflect today's release.*





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Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual 2023	Actual 2024	Est. 2025	Est. 2026	Actual Q1-2024	Actual Q2-2024	Actual Q3-2024	Actual Q4-2024	Est. Q1-2025	Est. Q2-2025	Est. Q3-2025
Real GDP (annualized)	2.9%	2.8%	2.4%	2.1%	1.6%	3.0%	2.8%	2.3%	1.6%	2.7%	3.1%
Unemployment Rate	3.7%	4.1%	4.2%	4.2%	3.8%	4.1%	4.1%	4.1%	4.2%	4.2%	4.2%
CPI (YoY)	3.4%	2.9%	2.5%	2.2%	3.5%	3.0%	2.4%	2.9%	2.4%	2.4%	2.4%
Core PCE (YoY)	2.9%	2.8%	2.3%	2.1%	2.8%	2.6%	2.7%	2.8%	2.5%	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: March 3, 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**

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

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

Sumit Chugh, CFA
Sr. Manager

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Director – Technology and Communication Services

Bishnu Dhar
Sr. Analyst - Quantitative strategies and international

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Kimberly K. Shores
Investment Research Coordinator

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Sagar Batra
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Sr Analyst

Matthew Burandt
Analyst II

Parveen Vedi
Sr. Associate I

Harish Chauhan
Sr. Associate I

Ankit Srivastav
Lead Business Analyst

Pulkit Kumar
Associate I

Sameer Asif
Associate II

Equities
Benjamin L. Becker, CFA
Sr Director – International and global equity

Cynthia Tupy, CFA
Director – Value and equity income equity

Andrew S. Murphy, CFA
Analyst II – Core equity

Teneshia Butler
Analyst II – Growth equity

Kuldeep Rawat
Sr Associate I

Multi-Asset and Fixed income
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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

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

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