

# Before the Bell

An Ameriprise Investment Research Group Publication

April 2, 2025

## Starting the Day

- U.S. equity markets are pointing to a lower open.
- European markets are lower by 1% at midday.
- Asian markets ended mixed.
- Markets in a waiting mode ahead of tariff news
- Tariff announcement planned for today at 4 pm ET
- 10-year Treasury yield at 4.14%.
- West Texas Intermediate (WTI) oil is trading at \$71.20.
- Gold is trading at \$3,118.90.

## Market Perspectives

Justin H. Burgin, V.P., Director of Equity Research

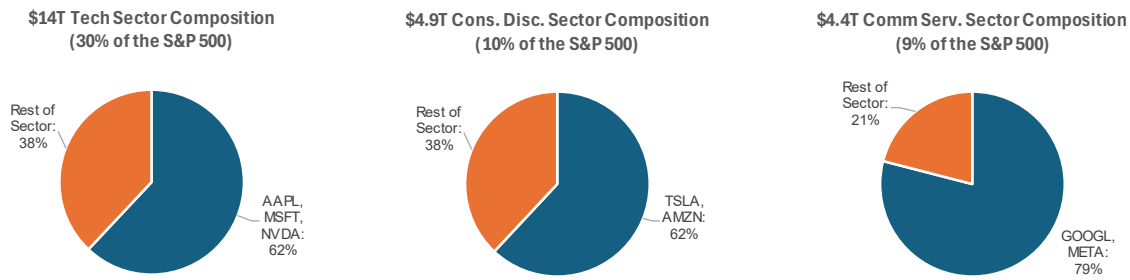
**Mag 7 Giveth...Mag 7 Taketh Away:** The Magnificent 7 (Apple, Amazon, Alphabet, Meta, Microsoft, NVIDIA, and Tesla) significantly influenced the market's return profile over the past few years. The combination of exceptional earnings growth and investor obsession with technology themes such as artificial intelligence (AI) created some of the world's largest publicly traded companies by market cap. These companies became so prominent in market capitalization that they dwarf most countries' annual GDP. To put an even finer point on it, at the peak of the Mag 7 dominance (in late Dec 2024), these seven companies collectively held a market capitalization of just over \$17 trillion. The United States GDP was just under \$30 trillion in 2024.

In the graph below, we show the relative strength of the Mag 7 compared to the remaining 493 companies in the S&P 500. Except for the bear market in 2022, when the Fed aggressively raised rates, the Mag 7 significantly outperformed the rest of the market over the past five years. However, this dominance taking a different path in 2025.

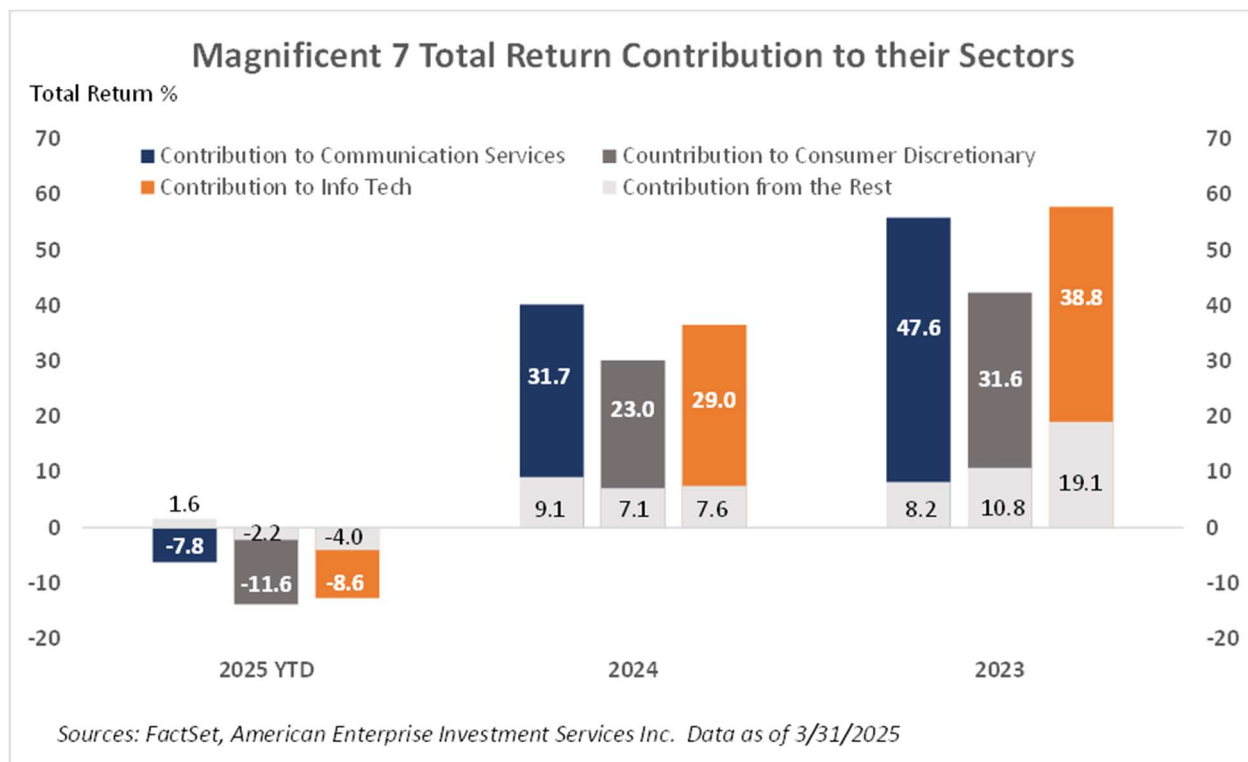


NOTE: FOR IMPORTANT DISCLOSURES, INCLUDING POSSIBLE CONFLICTS, PLEASE SEE THE DISCLOSURE PAGES AT THE END OF THIS DOCUMENT.

At a sector level, the influence of the Mag 7 is even more distinct. Much of this has to do with the size of the companies compared to their sector. Below, we show the Mag 7 contribution to the market cap of their respective sector.



While the Mag 7 influenced the broad market returns, their impact on more narrowly focused sectors of the market is magnified. As shown in the graph below, these seven companies drove most of the returns in the Communication Services, Consumer Discretionary, and Technology sectors. Across these sectors, the Mag 7 rode the simultaneous waves of AI, electric/autonomous vehicles, mobile phones, and cloud computing/hyperscaler buildouts. Collectively, these three sectors now account for nearly 50% of the broad S&P 500 Index's overall weight; thus, investors exposed to individual sectors will feel the impact of the Mag 7 whether they like it or not.



Increased market volatility and uncertainty have dented the value of the Mag 7 from its peak late last year. However, these companies drove approximately one-half of the S&P 500 earnings growth last year and, on continued strong demand, are expected to contribute one-third of the broad market earnings growth in 2025. Over the long term, we continue to believe AI is a robust growth opportunity that is in the early stages of driving corporate transformation on a number of fronts, including automation, enhanced decision-making, and margin improvement.

While uncertainty is high and near-term visibility is low, we stress the importance of portfolio diversification. For stock investors, while you likely can't avoid *some* negative impact of the Mag 7, it becomes less onerous when your portfolio includes ALL eleven sectors of the S&P 500, growth and value names, large/mid/small caps, and exposure to international markets. Note that while three sectors suffered in Q1'25, seven generated positive returns. Currently, the Global Asset Allocation Committee has an Overweight rating on Financials, an Underweight on Health Care, and is Equalweight on the remaining eight sectors.

As market volatility increases, the Global Asset Allocation Committee reminds investors to stay diversified, rebalance their portfolios, and ensure their risk profile reflects their ability to ride out periods of increased volatility.

## U.S. Premarket Indicators / Overnight International Market Activity

### United States:

Here is a quick news rundown to start your morning:

- Stocks are lower ahead of the open.** Stocks are lower by 0.5% in pre-market trading as investors await clarity on the pending tariff decisions from the Trump administration. Trump has reportedly finalized a plan but there are several puts and takes that will impact investors across various sectors. Stocks ended Q1 with a 4.5% decline in the S&P 500, the biggest quarterly drawdown since Q3'22. But March was especially difficult as the S&P 500 was down a full 5.5% for the month.

### Europe:

European markets are down ~1% at mid-day but modestly off the session lows. Trade/tariffs continue to dominate the Euro headlines with the EU stating it has a strong plan for retaliatory tariffs to the tune of €18B. However, UK PM Starmer noted the UK will not follow the EU with retaliatory tariffs. Monetary policy is coming into focus over the next couple of weeks as Bloomberg notes the 4/17 ECB rate decision was as high as 85% for a 25bp cut to start the week but has since fallen to 65%.

### Asia-Pacific:

Markets in Asia closed mixed with modest gains in Japan, while Hong Kong was nearly flat, and mainland China was up 0.05%. Some speculation on tariffs being more country-specific versus sector-specific. Moreover, expectations are for a limited amount of retaliatory tariffs from countries in the region as Japan and Australia have already stated as such.

## WORLD CAPITAL MARKETS

4/2/2025

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	0.4%	-3.9%	5,633.1	DJSTOXX 50 (Europe)	-1.1%	8.0%	5,263.7	Nikkei 225 (Japan)	0.3%	-9.7%	35,725.9
Dow Jones	0.0%	-0.9%	41,990.0	FTSE 100 (U.K.)	-0.9%	5.8%	8,558.1	Hang Seng (Hong Kong)	0.0%	16.5%	23,202.5
NASDAQ Composite	0.9%	-9.5%	17,449.9	DAX Index (Germany)	-1.7%	11.3%	22,160.6	Korea Kospi 100	-0.6%	5.5%	2,505.9
Russell 2000	0.0%	-9.5%	2,012.2	CAC 40 (France)	-0.9%	5.9%	7,802.4	Singapore STI	-0.4%	4.8%	3,954.2
Brazil Bovespa	0.7%	9.0%	131,147	FTSE MIB (Italy)	-1.2%	11.4%	38,084.6	Shanghai Comp. (China)	0.1%	0.0%	3,350.1
S&P/TSX Comp. (Canada)	0.5%	2.0%	25,033.3	IBEX 35 (Spain)	-0.2%	15.1%	13,265.4	Bombay Sensex (India)	0.8%	-1.7%	76,617.4
Russell 3000	0.4%	-4.3%	3,200.5	MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A	S&P/ASX 200 (Australia)	0.1%	-1.3%	7,934.5
Global	% chg.	% YTD	Value	Developed International	% chg.	%YTD	Value	Emerging International	% chg.	%YTD	Value
MSCI All-Country World Idx	0.6%	-0.6%	832.2	MSCI EAFE	1.0%	8.1%	2,425.1	MSCI Emerging Mkts	0.8%	3.9%	1,110.7

*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	1.0%	-5.3%	323.0	JPM Alerian MLP Index	0.9%	11.7%	328.9	Futures & Spot (Intra-day)	% chg.	% YTD	Value
Consumer Discretionary	1.1%	-12.8%	1,593.3	FTSE NAREIT Comp. TR	0.1%	2.8%	25,814.7	CRB Raw Industrials	0.4%	6.4%	576.0
Consumer Staples	0.3%	5.5%	895.2	DJ US Select Dividend	-0.1%	3.1%	3,611.3	NYMEX WTI Crude (p/bbl.)	-0.5%	-1.2%	70.8
Energy	0.6%	10.9%	719.9	DJ Global Select Dividend	-0.4%	9.4%	241.1	ICE Brent Crude (p/bbl.)	-0.5%	-0.7%	74.1
Financials	-0.2%	3.3%	828.1	S&P Div. Aristocrats	-0.1%	3.1%	4,715.8	NYMEX Nat Gas (mmBtu)	0.7%	9.5%	4.0
Health Care	-1.7%	4.7%	1,672.5					Spot Gold (troy oz.)	0.3%	19.0%	3,121.9
Industrials	0.6%	0.4%	1,116.4	Bond Indices	% chg.	% YTD	Value	Spot Silver (troy oz.)	0.2%	16.8%	33.8
Materials	0.3%	3.2%	543.7	Barclays US Agg. Bond	0.3%	3.1%	2,256.3	LME Copper (per ton)	-0.1%	11.5%	9,650.7
Real Estate	0.1%	3.7%	263.1	Barclays HY Bond	0.1%	1.1%	2,714.0	LME Aluminum (per ton)	-1.2%	-1.6%	2,487.0
Technology	0.9%	-11.8%	4,058.1					CBOT Corn (cents p/bushel)	-1.4%	-2.3%	455.3
Utilities	0.3%	5.3%	402.0					CBOT Wheat (cents p/bushel)	-1.1%	-4.9%	534.8
Foreign Exchange (Intra-day)	% chg.	% YTD	Value	Japanese Yen (\$/¥)	% chg.	% YTD	Value	Canadian Dollar (\$/C\$)	% chg.	% YTD	Value
Euro (€/\$)	0.1%	4.3%	1.08	Australian Dollar (A\$/S)	0.4%	1.8%	0.63	Swiss Franc (\$/CHF)	0.0%	2.7%	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		S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
<b>Financials</b>	13.5%	Overweight	2.0%	15.5%	<b>Energy</b>	3.0%	Equalweight	-	3.0%
<b>Consumer Staples</b>	5.5%	Equalweight	-	5.5%	<b>Utilities</b>	2.3%	Equalweight	-	2.3%
<b>Information Technology</b>	32.8%	Equalweight	-	32.8%	<b>Materials</b>	1.9%	Equalweight	-	1.9%
<b>Industrials</b>	8.1%	Equalweight	-	8.1%	<b>Real Estate</b>	2.0%	Equalweight	-	2.0%
<b>Communication Services</b>	9.4%	Equalweight	-	9.4%	<b>Consumer Discretionary</b>	11.5%	Equalweight	-	11.5%
					<b>Health Care</b>	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
<b>United States</b>	66.1%	Overweight	3.2%	69.3%	<b>United Kingdom</b>	3.0%	Equalweight	-	3.0%
<b>Europe ex U.K.</b>	11.3%	Equalweight	-	11.3%	<b>Asia-Pacific ex Japan</b>	10.2%	Underweight	-1.0%	9.2%
<b>Latin America</b>	0.8%	Equalweight	-	0.8%	<b>Canada</b>	2.7%	Underweight	-1.0%	1.7%
<b>Japan</b>	4.7%	Equalweight	-	4.7%	<b>Middle East / Africa</b>	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 Wednesday, April 2, 2025

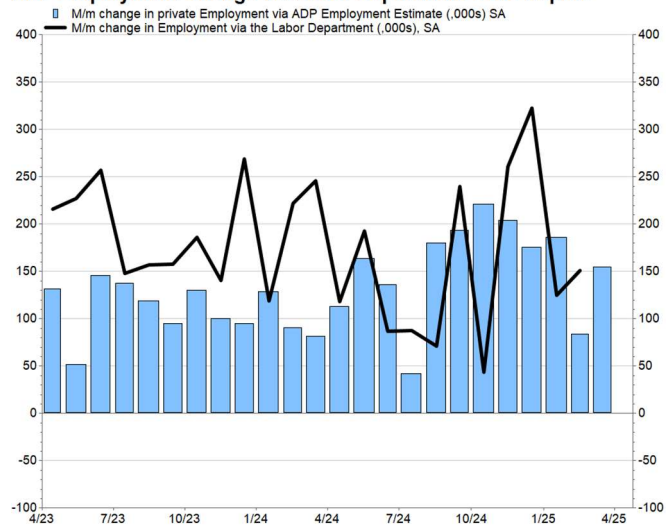
All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:15 AM	MAR	ADP Employment Estimate	120k	+155k	77k	+84k
10:00 AM	FEB	Factory Orders	+0.4%		+1.7%	

#### Commentary:

- **ADP Employment:** A good ADP employment report this morning as the actual number came in ahead of the consensus estimate and well ahead of “whisper” expectations, some of which were looking for negative print.
- Underlying details of the report were also positive as each business segment by size was solidly positive.
- Small businesses (1 to 49 employees) added 52,000 net new jobs, while Medium sized operators (50 to 499 employees) added 43,000 and Large businesses (500+ employees) contributed 59,000 via the report.
- The report also showed a further easing of wage inflation pressures. Year-over-year wage gains for job-stayers were 4.6% (matching its lowest levels of recent years) while job-changers experienced a 6.5% increase (its weakest rate in several years). These numbers have been in generally steady decline over the last several quarters. A year-ago, job stayers were seeing wage growth of 5.1% while job-changers were seeing a 10.1% y/y gain.
- *The chart at right is sourced from FactSet and HAS been updated to reflect today’s release.*

ADP Employment Change vs. Labor Department Jobs Report



- **Outlook for Friday's Labor Department report:** Forecasters are currently looking for 140,000 net new payroll positions to have been added in March – which would be modestly slower than February's +151,000. The Unemployment Rate, meanwhile, is projected to hold steady at 4.1%.

<b>Ameriprise Economic Projections</b>											
<b>Forecast:</b>	<b>Full-year</b>				<b>Quarterly</b>						
	Actual	Actual	Est.	Est.	Actual	Actual	Actual	Actual	Est.	Est.	Est.
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Q1-2025	Q2-2025	Q3-2025
<b>Real GDP (annualized)</b>	2.9%	2.8%	2.0%	2.1%	1.6%	3.0%	2.8%	2.3%	0.8%	2.4%	2.3%
<b>Unemployment Rate</b>	3.7%	4.1%	4.2%	4.2%	3.8%	4.1%	4.1%	4.1%	4.1%	4.2%	4.2%
<b>CPI (YoY)</b>	3.4%	2.9%	2.4%	2.2%	3.5%	3.0%	2.4%	2.9%	2.5%	2.5%	2.4%
<b>Core PCE (YoY)</b>	2.9%	2.8%	2.5%	2.1%	2.8%	2.6%	2.7%	2.8%	2.6%	2.6%	2.5%

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 31, 2025

## Ameriprise Global Asset Allocation Committee Targets and Views

<b>Targets</b>			
<b>2025 Year-end Targets:</b>	<b>Favorable Scenario</b>	<b>Base-Case Scenario</b>	<b>Adverse Scenario</b>
<b>S&amp;P 500 Index:</b>	7,000	6,500	5,500
<b>10-Year U.S. Treasury Yield:</b>	5.00%	4.25%	3.00%
<b>Fed Funds Target Range:</b>	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
<b>Equity</b>	<ul style="list-style-type: none"> <li>U.S. Large Cap Growth</li> <li>U.S. Large Cap Value</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Mid Cap Value</li> <li>U.S. Mid Cap Growth</li> <li>U.S. Small Cap Value</li> <li>U.S. Small Cap Growth</li> </ul>	<ul style="list-style-type: none"> <li>Developed Foreign Equity</li> <li>Emerging Foreign Equity</li> </ul>
<b>S&amp;P 500 Sectors</b>	<ul style="list-style-type: none"> <li>Financials</li> </ul>	<ul style="list-style-type: none"> <li>Communication Services</li> <li>Consumer Discretionary</li> <li>Consumer Staples</li> <li>Energy</li> <li>Industrials</li> <li>Information Technology</li> <li>Materials</li> <li>Real Estate</li> <li>Utilities</li> </ul>	<ul style="list-style-type: none"> <li>Health Care</li> </ul>
<b>Global Equity Regions</b>	<ul style="list-style-type: none"> <li>United States</li> </ul>	<ul style="list-style-type: none"> <li>Europe ex U.K.</li> <li>Japan</li> <li>Latin America</li> <li>United Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>Middle East/Africa</li> <li>Asia-Pacific ex Japan</li> <li>Canada</li> </ul>
<b>Fixed Income</b>	<ul style="list-style-type: none"> <li>U.S. High Yield Bonds</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Government</li> <li>U.S. Inv. Grade Corporates</li> <li>Developed Foreign Bonds</li> </ul>	<ul style="list-style-type: none"> <li>Emerging Foreign Bonds</li> <li>Municipal Bonds</li> </ul>
<b>Alternatives</b>		<ul style="list-style-type: none"> <li>Real Assets</li> <li>Alternative Strategies</li> </ul>	
<b>Cash</b>		<ul style="list-style-type: none"> <li>Cash</li> <li>Cash Investments</li> </ul>	

Note: Our Tactical Allocations are designed to augment a Strategic portfolio over a 6-12-month time horizon. **Asset Allocation and diversification do not ensure or guarantee better performance and do not eliminate the risk of investment losses. Investors should note that rising interest rates could have a detrimental effect on bond prices. Please consult with your financial advisor.** Cash generally refers to assets, securities and/or products low in risk and highly liquid. For asset allocation purposes, instruments can include Treasury bills, certificates of deposit, money market funds and high quality bonds whose maturities are less than 3 months. Outside of asset allocation purposes, cash investments can also include illiquid cash held in a mutual fund or pledged as collateral for derivatives. You can only access this cash by redeeming the fund using it, subject to fees or time constraints associated with redemptions.

As of December 31, 2024

Major Market Indices	Rolling Returns			
	QTD	1-year	3-years	5-years
Russell 3000 <sup>®</sup> 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. Manager*

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  
*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

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

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*

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](https://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/](https://ameriprise.com/research-market-insights/). SEC filings may be viewed at [sec.gov](https://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/](https://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/](https://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.*