

# Before the Bell

*An Ameriprise Investment Research Group Publication*

May 7, 2025

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## Starting the Day

- U.S. futures are pointing to a higher open
  - European markets are mixed at mid-day
  - Asian markets were mostly higher
  - 10-year Treasury yield at 4.33%
  - West Texas Intermediate (WTI) oil is trading at \$59.57
  - Gold is trading at \$3,395.70
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## Market Perspectives

**Mark Phelps, CFA, Sr. Director**

*In addition to comments related to overnight activity and pre-market conditions, each Wednesday, we feature commentary from members of the Ameriprise Global Asset Allocation Committee discussing investment considerations targeting their specific area of expertise. The comments are intended to provide additional insight into Committee allocation recommendations.*

### Too Much Growth?

Advisor-driven portfolios are overweight U.S. Growth stocks relative to Value, according to Fidelity Institutional Portfolio Solutions.<sup>1</sup> The average portfolio the group reviewed had a U.S. equity allocation of 38% Core, 36% Growth, and 26% Value. But are these portfolios' exposure to growth stocks even higher than advisors realize?

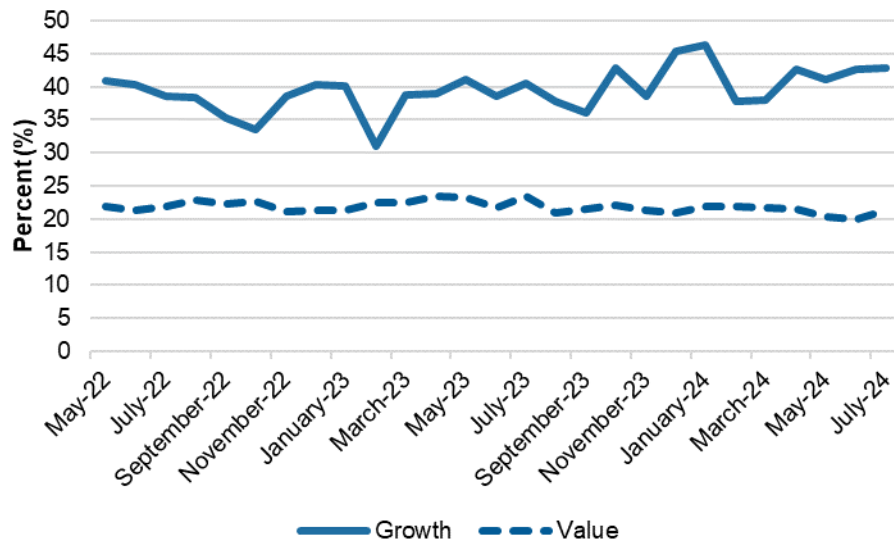
Asset allocators often use the Russell 1000 Index to benchmark their U.S. Large-Cap Core allocations, and the Russell 1000 Value Index and the Russell 1000 Growth Index to benchmark their U.S. Large Value and Growth allocations, respectively. The core Russell 1000 Index is often assumed to be evenly split between Value and Growth stocks; however, that has not been the case recently. As many know, Growth stocks have significantly outperformed value over the past ten years. (For the 10-year period ending 3/31/25, the Russell 1000 Growth Index returned 14.6% annualized versus 8.8% for the Russell 1000 Value.) This outperformance has led to higher increases in market capitalizations and, in turn, heavier representation in the Russell 1000 Index. The chart below shows the persistent overweight to growth in the Vanguard Russell 1000 ETF, which attempts to track the Russell 1000 Index, from mid-2022 through mid-2024. As you can see, Morningstar classified about 40% of the Russell 1000 Index as Growth and about 20% as Value, with the remainder as Large-Cap Blend (not shown).

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<sup>1</sup> Source: FI Portfolios Solutions via "Empowering Portfolios with Actionable Insights and Tools," April 24, 2025. Data as of 12/31/24.

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

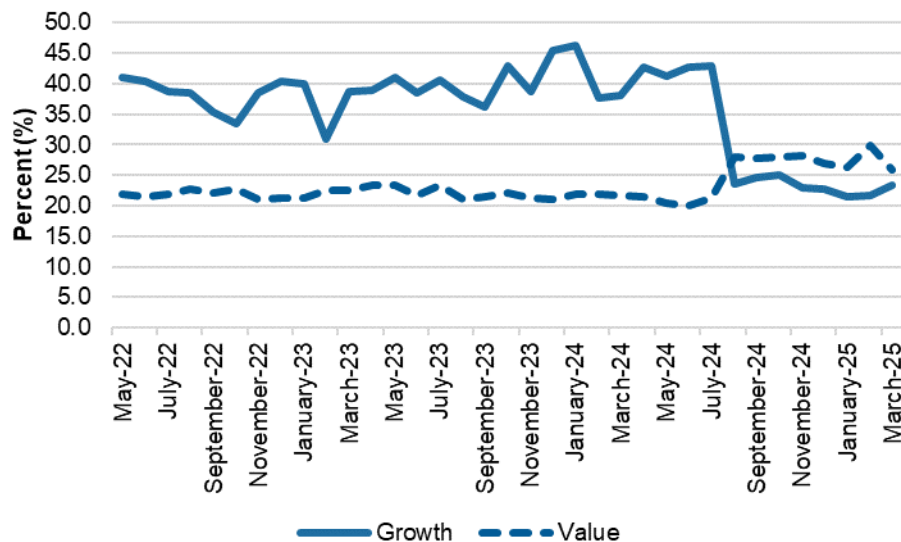
**Morningstar Classification of Vanguard Russell 1000 ETF:**  
**Value versus Growth**  
**5/31/22 – 7/31/24**



Source: Morningstar Direct.

On August 31, 2024, Morningstar updated its classification methodology, which resulted in a better balance between Value and Growth stocks in the Russell 1000 Index. The chart below is the same as above, but with data ending in March 2025. The result of the updated methodology is obvious in the chart, as both Value and Growth percentages suddenly converged around 25%. It's important to note that the Russell 1000 Index did not change its constituents in August 2024 – the same companies were represented in the Index at the same weights (depending on the day's market movements) – but suddenly the Index's Growth bias disappeared!

**Morningstar Classification of Vanguard Russell 1000 ETF:**  
**Value versus Growth**  
**5/31/22 – 3/31/24**

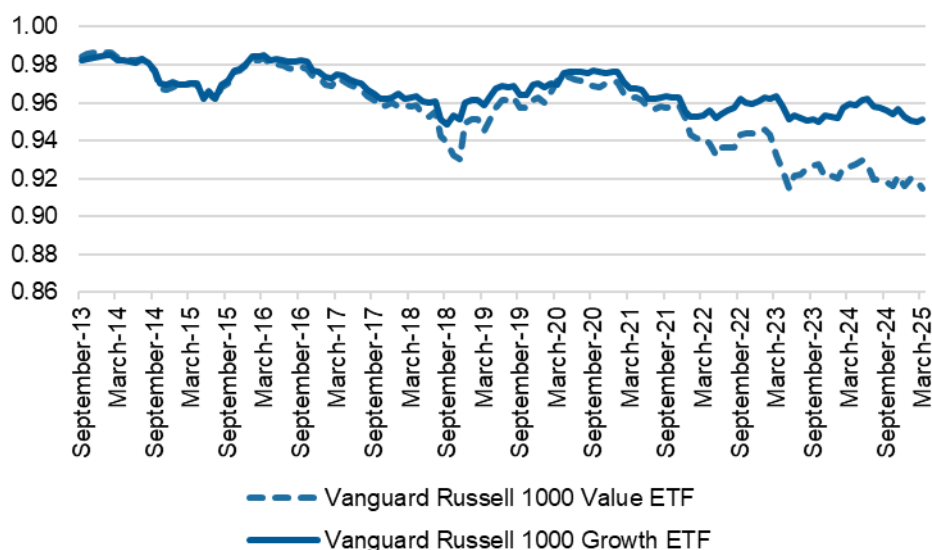


Source: Morningstar Direct

Does this mean investors in exchange-traded funds that follow the Russell 1000 Index had a significant growth bias one day that was magically neutralized the next? Of course, not; Morningstar simply updated how it classifies stocks into Growth and Value; the underlying stock exposures remained the same.

In fact, the Russell 1000 Index may continue to have a growth bias, as demonstrated by correlation data. The chart below shows rolling correlations of the Vanguard ETFs that attempt to track the Russell Value and Growth style indices to the Russell 1000 Index. A higher correlation implies higher similarity, so the higher correlation shown below of the Vanguard Russell 1000 Growth ETF to the Russell 1000 Index suggests that the Russell 1000 Index has maintained a Growth bias.

**Correlation of Vanguard Russell 1000 Value ETF and Russell 1000 Growth ETF to the Russell 1000 Index**  
**3-Year Rolling Correlations of Monthly Returns**



Source: Morningstar Direct

Investing can be nuanced and complex, often more complex than meets the eye. Advisors play a crucial role in helping investors select a mix of asset classes and styles that align with client risk tolerances, investment horizons, and unique circumstances. Examining what's "under the hood" to ensure client investments truly align with the appropriate mix of asset classes and investment styles is an important aspect of professional financial advice.

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

### United States:

Here is a quick news rundown to start your morning:

- **Fed Watch.** The Federal Open Market Committee will release a statement following its May meeting at 2 pm ET today. Market participants widely expect no change to the Fed's target fed funds range. In addition to parsing the statement for hints of future monetary policy, investors will focus on Fed Chair Jerome Powell's press conference at 2:30 pm ET for additional information.
- **China.** The offices of Treasury Secretary Scott Bessent and U.S. trade representative Jamieson Greer announced they will meet with their Chinese counterparts in Switzerland this upcoming weekend. Ahead of these negotiations, China announced several policy changes to strengthen its hand in negotiations, including interest rate cuts.

## Europe:

Shares of Novo Nordisk rose more than 5% after its CEO said the company expects sales of its Wegovy weight loss drug increasing in the second half of the year.

## Asia-Pacific:

The Asian markets were mostly higher as investors continue repatriating capital to their home countries and reducing exposure to the U.S. dollar and dollar-denominated assets. Additionally, China announced stimulus measures meant to firm up its economy ahead of trade talks with the U.S.

## WORLD CAPITAL MARKETS

5/7/2025

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
<b>S&amp;P 500</b>	-0.8%	-4.3%	5,606.9
<b>Dow Jones</b>	-0.9%	-3.5%	40,829.0
<b>NASDAQ Composite</b>	-0.9%	-8.2%	17,689.7
<b>Russell 2000</b>	-1.1%	-10.7%	1,983.2
<b>Brazil Bovespa</b>	0.0%	11.0%	133,516
<b>S&amp;P/TSX Comp. (Canada)</b>	0.1%	2.0%	24,974.7
<b>Russell 3000</b>	-0.8%	-4.6%	3,188.2

Europe (Intra-day)	% chg.	%YTD	Value
<b>DJSTOXX 50 (Europe)</b>	-0.3%	8.9%	5,249.9
<b>FTSE 100 (U.K.)</b>	-0.3%	6.4%	8,572.1
<b>DAX Index (Germany)</b>	-0.1%	16.7%	23,225.5
<b>CAC 40 (France)</b>	-0.6%	5.0%	7,651.4
<b>FTSE MIB (Italy)</b>	-0.2%	12.6%	38,495.2
<b>IBEX 35 (Spain)</b>	-0.5%	18.3%	13,457.1
<b>MOEX Index (Russia)</b>	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
<b>Nikkei 225 (Japan)</b>	-0.1%	-7.0%	36,779.7
<b>Hang Seng (Hong Kong)</b>	0.1%	14.3%	22,691.9
<b>Korea Kospi 100</b>	0.5%	8.5%	2,573.8
<b>Singapore STI</b>	0.1%	4.1%	3,865.4
<b>Shanghai Comp. (China)</b>	0.8%	-0.3%	3,342.7
<b>Bombay Sensex (India)</b>	0.1%	3.6%	80,746.8
<b>S&amp;P/ASX 200 (Australia)</b>	0.3%	1.7%	8,178.3

Global	% chg.	% YTD	Value
<b>MSCI All-Country World Idx</b>	-0.5%	0.8%	841.9

Developed International	% chg.	%YTD	Value
<b>MSCI EAFE</b>	0.0%	13.8%	2,535.6

Emerging International	% chg.	%YTD	Value
<b>MSCI Emerging Mkts</b>	-0.2%	6.7%	1,137.4

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
<b>Communication Services</b>	-0.5%	-2.4%	332.4
<b>Consumer Discretionary</b>	-0.9%	-14.1%	1,570.0
<b>Consumer Staples</b>	-0.2%	6.2%	899.3
<b>Energy</b>	0.1%	-5.0%	616.2
<b>Financials</b>	-0.5%	2.1%	817.4
<b>Health Care</b>	-2.8%	-2.0%	1,564.0
<b>Industrials</b>	-0.9%	1.6%	1,129.3
<b>Materials</b>	-0.7%	0.4%	529.0
<b>Real Estate</b>	-0.7%	2.9%	260.8
<b>Technology</b>	-0.6%	-9.6%	4,160.7
<b>Utilities</b>	1.2%	7.1%	408.8

Equity Income Indices	% chg.	% YTD	Value
<b>JPM Alerian MLP Index</b>	-0.8%	-2.3%	287.6
<b>FTSE NAREIT Comp. TR</b>	-0.6%	1.2%	25,397.6
<b>DJ US Select Dividend</b>	-0.3%	-1.0%	3,466.7
<b>DJ Global Select Dividend</b>	0.4%	15.0%	252.2
<b>S&amp;P Div. Aristocrats</b>	-0.8%	-1.4%	4,512.2

Bond Indices	% chg.	% YTD	Value
<b>Barclays US Agg. Bond</b>	0.2%	2.5%	2,242.9
<b>Barclays HY Bond</b>	-0.1%	1.3%	2,719.0

Commodities	% chg.	% YTD	Value
<b>Futures &amp; Spot (Intra-day)</b>			
<b>CRB Raw Industrials</b>	0.5%	4.4%	564.9
<b>NYMEX WTI Crude (p/bbl.)</b>	0.7%	-17.0%	59.5
<b>ICE Brent Crude (p/bbl.)</b>	0.5%	-16.3%	62.5
<b>NYMEX Nat Gas (mmBtu)</b>	3.0%	-1.8%	3.6
<b>Spot Gold (troy oz.)</b>	-1.2%	29.2%	3,389.9
<b>Spot Silver (troy oz.)</b>	-1.0%	13.8%	32.9
<b>LME Copper (per ton)</b>	1.9%	10.5%	9,559.8
<b>LME Aluminum (per ton)</b>	-0.3%	-5.0%	2,401.3
<b>CBOT Corn (cents p/bushel)</b>	1.4%	-1.5%	461.8
<b>CBOT Wheat (cents p/bushel)</b>	1.2%	-4.7%	542.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
<b>Euro (€/€)</b>	0.0%	9.8%	1.14
<b>British Pound (£/£)</b>	-0.2%	6.6%	1.33

	% chg.	% YTD	Value
<b>Japanese Yen (\$/¥)</b>	-0.6%	9.7%	143.25
<b>Australian Dollar (A\$/S)</b>	-0.3%	4.7%	0.65

	% chg.	% YTD	Value
<b>Canadian Dollar (\$/C\$)</b>	-0.1%	4.3%	1.38
<b>Swiss Franc (S\$/CHF)</b>	-0.2%	10.2%	0.82

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>	14.4%	Overweight	2.0%	16.4%	<b>Consumer Staples</b>	5.8%	Equalweight	-	5.8%
<b>Information Technology</b>	30.4%	Equalweight	-	30.4%	<b>Energy</b>	3.6%	Equalweight	-	3.6%
<b>Consumer Discretionary</b>	10.2%	Equalweight	-	10.2%	<b>Utilities</b>	2.5%	Equalweight	-	2.5%
<b>Communication Services</b>	9.4%	Equalweight	-	9.4%	<b>Real Estate</b>	2.2%	Equalweight	-	2.2%
<b>Industrials</b>	8.4%	Equalweight	-	8.4%	<b>Materials</b>	2.0%	Equalweight	-	2.0%
					<b>Health Care</b>	11.1%	Underweight	-2.0%	9.1%

As of: March 31, 2025

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 3/31/2025. 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>Europe ex U.K.</b>	13.2%	Overweight	2.0%	15.2%	<b>Latin America</b>	0.9%	Equalweight	-	0.9%
<b>United States</b>	62.8%	Overweight	1.2%	64.0%	<b>Middle East / Africa</b>	1.2%	Underweight	-1.2%	0.0%
<b>Japan</b>	5.1%	Equalweight	-	5.1%	<b>Asia-Pacific ex Japan</b>	10.6%	Underweight	-1.0%	9.6%
<b>United Kingdom</b>	3.4%	Equalweight	-	3.4%	<b>Canada</b>	2.8%	Underweight	-1.0%	1.8%

as of: March 31, 2025

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 3/31/2025. 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, May 7, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
2:00 PM	NA	FOMC Rate Decision (Upper Bound)	4.50%		4.50%	
2:00 PM	NA	FOMC Rate Decision (Lower Bound)	4.25%		4.25%	
3:00 PM	MAR	Consumer Credit	+\$10.0B		-\$0.8B	

Ameriprise Economic Projections											
Forecast:	Full-year				Quarterly						
	Actual	Actual	Est.	Est.	Actual	Actual	Actual	Actual	Est.	Est.	Est.
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Q2-2024</u>	<u>Q3-2024</u>	<u>Q4-2024</u>	<u>Q1-2025</u>	<u>Q2-2025</u>	<u>Q3-2025</u>	<u>Q4-2025</u>
Real GDP (annualized)	2.9%	2.8%	0.7%	1.8%	3.0%	2.8%	2.3%	-0.3%	0.8%	0.2%	1.5%
Unemployment Rate	3.7%	4.1%	4.5%	4.5%	4.1%	4.1%	4.1%	4.2%	4.4%	4.5%	4.5%
CPI (YoY)	3.4%	2.9%	3.7%	2.4%	3.0%	2.4%	2.9%	2.4%	3.6%	4.0%	3.7%
Core PCE (YoY)	2.9%	2.8%	3.4%	2.6%	2.6%	2.7%	2.8%	2.6%	3.5%	3.7%	3.8%

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.

Our projections currently assume an average import tariff rate of 20% over the projection period.

All estimates other than GDP are **period ending**.

Last Updated: April 30, 2025

*Please note: The economic outlook remains highly dynamic and heavily reliant on developments related to the Trump administration's tariff policies.*

## Ameriprise Global Asset Allocation Committee Targets and Views

Targets			
	Favorable Scenario	Base-Case Scenario	Adverse Scenario
<b>2025 Year-end Targets:</b>			
<b>S&amp;P 500 Index:</b>	6,000	5,600	4,800
<b>10-Year U.S. Treasury Yield:</b>	5.00%	4.00%	3.00%
<b>Fed Funds Target Range:</b>	3.75% to 4.00%	3.25% to 3.75%	2.75% to 3.00%

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

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

Last Updated: April 30, 2025

## Global Asset Allocation Committee Views

### AMERIPRISE GLOBAL ASSET ALLOCATION COMMITTEE TACTICAL ASSET CLASS VIEWS

2025 Year-end S&P 500 Target: 5,600

2025 Year-End 10-year Treasury Target: 4.00%

as of 04/30/2025

	Overweight	Equalweight	Underweight
<b>Equity</b>	<ul style="list-style-type: none"> <li>U.S. Large Cap Growth</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Large Cap Value</li> <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> <li>Developed Foreign</li> </ul>	<ul style="list-style-type: none"> <li>Emerging Foreign</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> <li>Europe ex U.K.</li> </ul>	<ul style="list-style-type: none"> <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. Investment Grade</li> <li>Municipals</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Government</li> <li>U.S. High Yield</li> <li>Developed Foreign</li> </ul>	<ul style="list-style-type: none"> <li>Emerging Foreign</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 March 31, 2025

Major Market Indices	Rolling Returns			
	Q1'25	1-year	3-years	5-years
Russell 3000® Index (U.S. Equity)	-4.72%	7.22%	8.22%	18.18%
MSCI ACWI Ex USA Index – net (Foreign Equity)	5.23%	6.09%	4.48%	10.92%
Bloomberg U.S. Universal Bond Index (Fixed Income)	2.66%	5.24%	1.01%	0.32%
Wilshire Liquid Alternative Index (Alternatives)	0.76%	2.00%	2.43%	4.49%
FTSE Three-Month Treasury Bill Index (Cash)	1.10%	5.17%	4.42%	2.69%

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.

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### As of March 31, 2025

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## 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.

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**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.

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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.

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