Before the Bell

Morning Market Brief

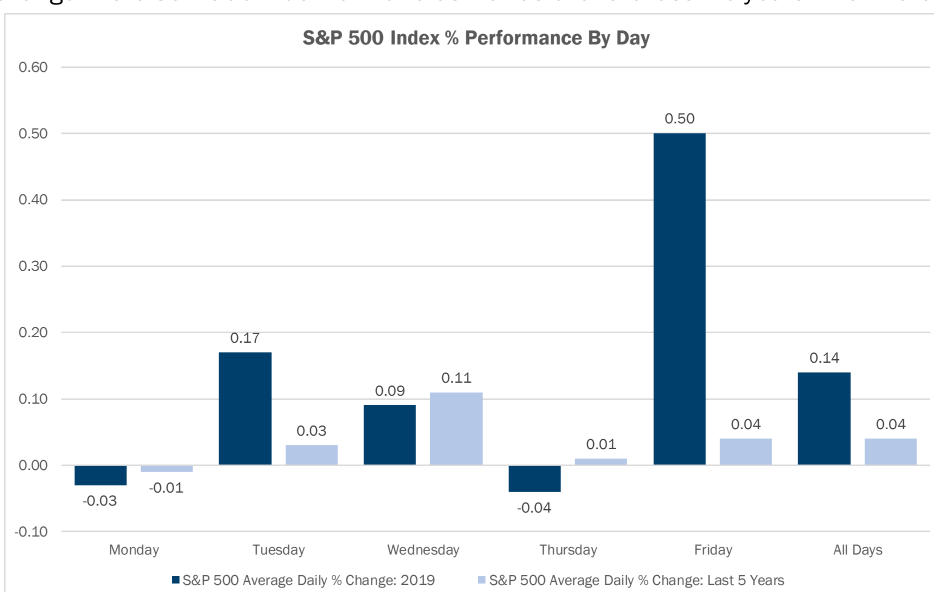
May 24, 2019

FOR IMPORTANT DISCLOSURES, PLEASE SEE THE DISCLOSURE PAGES AT THE END OF THIS DOCUMENT

MORNING MARKET COMMENTARY: *Anthony M. Saglimbene, Global Market Strategist*

- ***Quick Take***: U.S. futures are pointing to a stronger open after trade fears sent stocks lower on Thursday; Europe is trading higher following the resignation of UK Prime Minister Theresa May; Asia finished mostly mixed overnight; West Texas Intermediate (WTI) oil trading at $58.61 per barrel after falling below $60 yesterday for the first time since March; 10-year U.S. Treasury yield at 2.31% and near October 2017 lows.

- ***A Market Snapshot Before You Head Into The Holiday Weekend:*** It's a Friday before a long holiday weekend and the unofficial start to summer on Monday. Many investors are focusing their attention elsewhere, and hopefully toward areas of enjoyment and relaxation. Admittedly that's where our focus will be by the close of today.
- Over the last week or so, we have tackled U.S./China trade tensions at nausea, 'buy the dip' sentiment, Q2 earnings outlooks, small business confidence, and the state of the bull market within these pages. **Before you head out for the long weekend, we thought we would provide a brief look at where the market currently stands**.
- In yesterday's *Before The Bell*, we highlighted the chart below (sourced from *Bespoke Investment Group*) showing the average daily change in the S&P 500 Index for 2019 as well as over the last five years. Within the context of the long-established 'buy the dip' theme and following a stressful day of trading on Thursday, we'll see if traders use yesterday's decline as an opportunity to pick up some stocks at lower prices today. This has been the trend for 2019 and over the last five years, where traders and investors wait for a dip in price and then use the lower entry point as an opportunity to buy. **Friday has been the strongest day of the year for the market this year, and based on the pre-market activity this morning as well as a lower Thursday, investors may use better pricing today to add stock exposure. Let's see if that theory holds through the close.**



Notations:

- For further information on any of the topics mentioned, please contact your Financial Advisor.
- Unless specifically stated otherwise, comments contained in this document should not be construed as an investment opinion or recommendation of any securities mentioned. Charts depicted are from FactSet unless otherwise noted.

- **The S&P 500 Index and NASDAQ Composite are on pace for their third straight week of declines. Only 38% of the stocks in the S&P 500 are above their 50-day moving average. Energy is in a bear market, Semiconductors are approaching one, and the tone in the market has shifted from cyclical to defensive leadership**. As the chart below highlights, Energy, Materials, and Technology have had a tough four-week period. Although Technology has substantial gains year-to-date, it's flat over the last ten months and toward the middle-bottom of the sector pack on a trailing one-year basis. Just 32% of stocks in the Tech sector are currently above their 50-day moving average, while only 3% are above that average in Energy.
- **Conversely, Utilities are leading U.S. stocks over the last month. As the 10-year U.S. Treasury yield broke a new 52-week low yesterday, Utilities made a new all-time high. The lower Treasury yields go, we believe the more attractive Utilities become**.

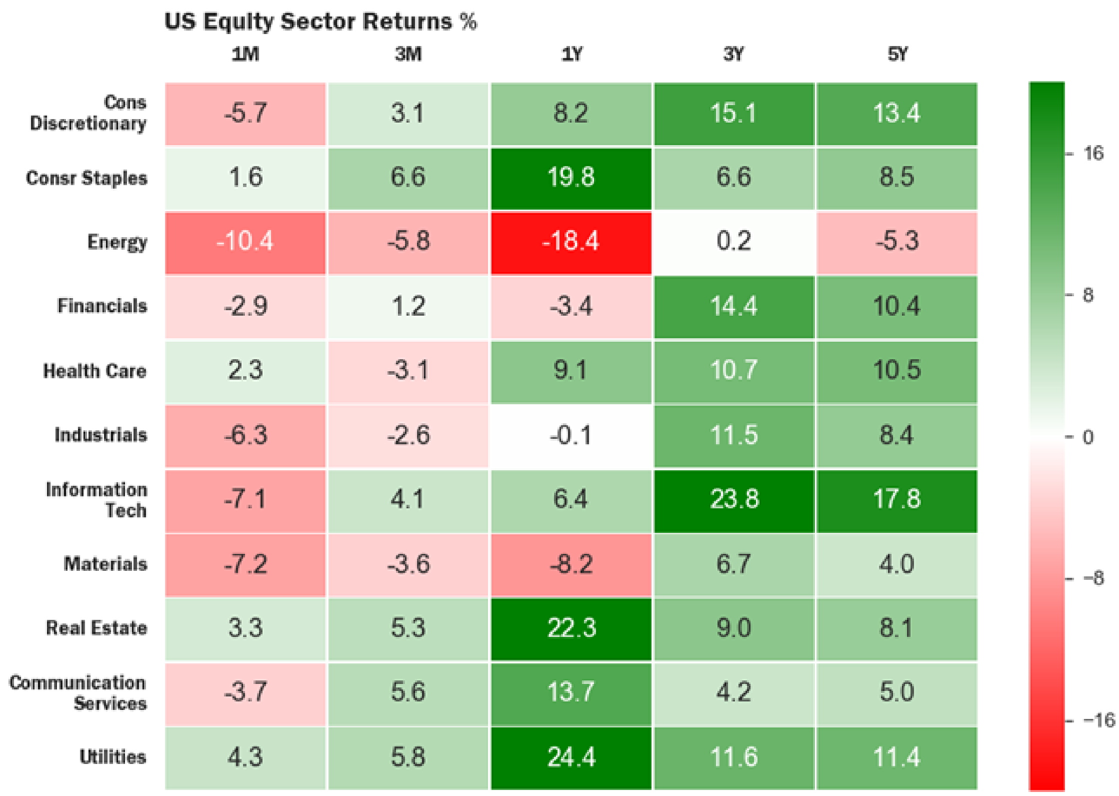
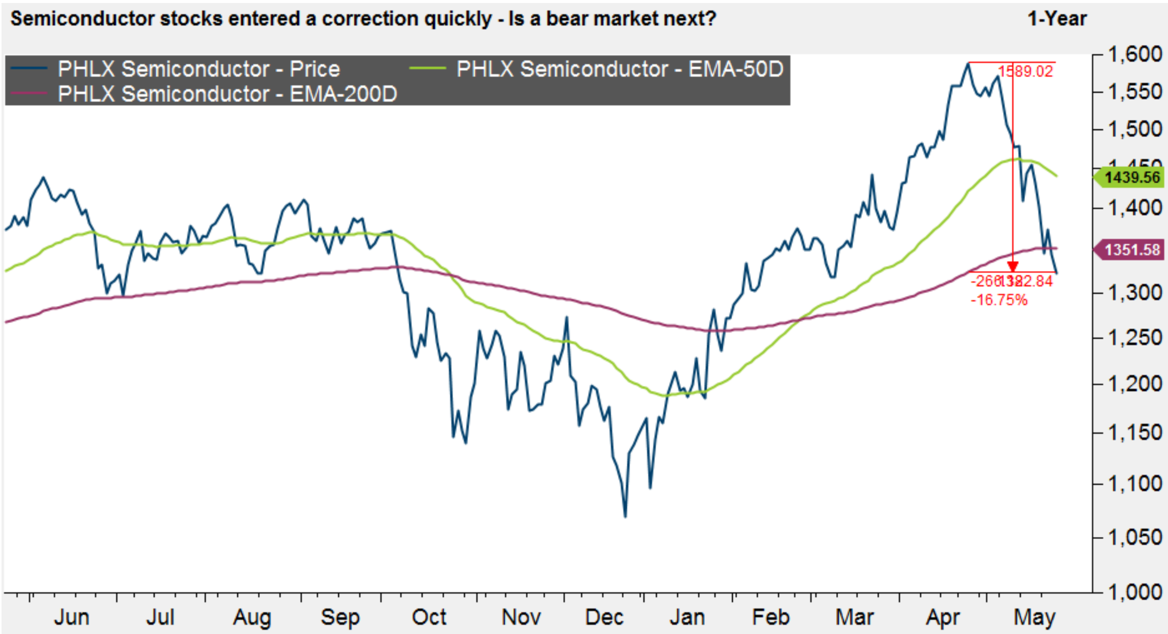


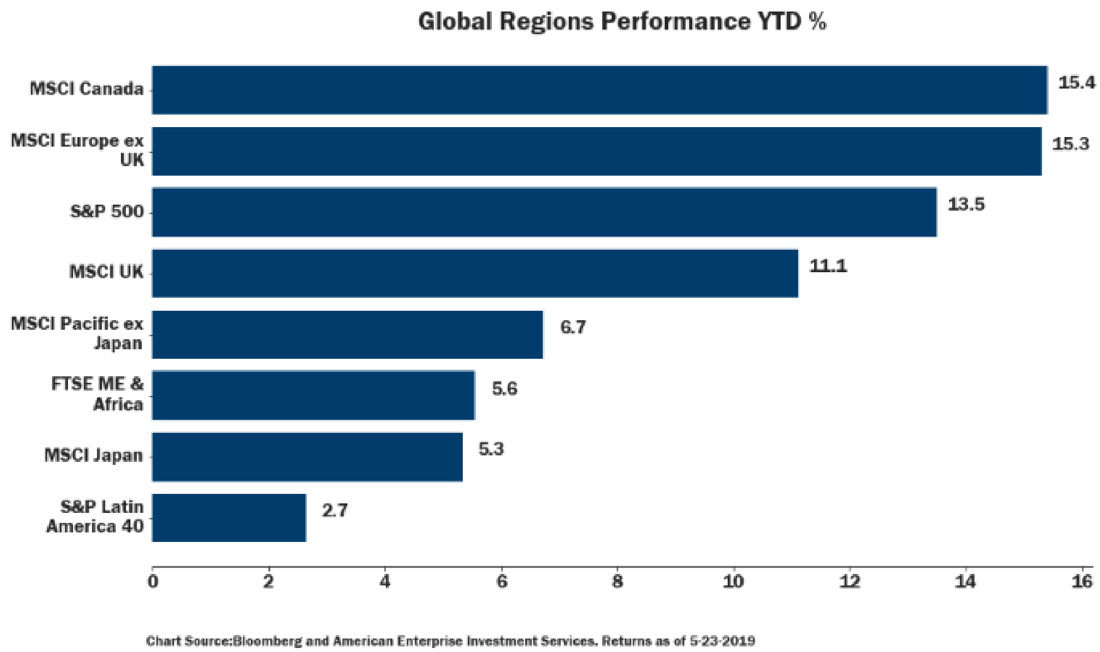
Chart Source:Bloomberg and American Enterprise Investment Services. As of 2019-05-23

- **As we mentioned yesterday, performance across semiconductor stocks has been ground zero for the deterioration in trade talks, an escalating threat of a U.S./China tech war, and slower global growth/profits**. Based on the poor performance across semiconductors since April, investors do not appear very optimistic on any of these key market macros today. Additionally, company-specific issues regarding lowered earnings guidance and scrutiny over licensing and trade practices from a few chip companies have weighed on sentiment.
- **The *embedded FactSet chart* on page 3 shows how quickly Semis have tumbled into a correction this year (defined as a 10% or more decline from a market high) and the group now sits below its 200-day moving average**. In addition to their specific China-related sensitivity to trade frictions, and a potential tech war between the U.S. and Beijing breaking out, semiconductor trends can also act as a real-time barometer for the health of the global economy.
- Chips go into a vast array of products across industries, economies, and regions. Thus, semiconductor demand, and overall trends across this group of stocks can 'lead' broader indicators of economic health and corporate profitability. Although we believe the weak performance across semiconductors is specific to company-related

items and China exposure at the moment, investors are also viewing the sharp declines as a troubling sign for the broader market/economy.



- **Though we would expect the U.S.to serve as both an opportunity for growth if trade tensions clear or as a port in the storm if they do not, Canada and Europe ex-UK have performed surprisingly well this year**. Canada has benefited from rising commodity prices in 2019 as well as the United States-Mexico-Canada Agreement (USMCA), which is expected to replace NAFTA.
- For Europe, easy monetary policy, and until recently, an improvement in economic data had investors hoping the region was turning a corner. However, if trade tensions flare, commodity prices may weaken and hurt sentiment on Canada. Also, Germany is the economic engine of Europe. Companies in the MSCI Germany Index generate 21% of their revenue from the U.S. and over 6.0% from China. Simply put, high trade tensions with the U.S. and China may slow European growth even more than is already built into expectations. (See chart on page 3).



- ***Asia-Pacific:*** Asian equities finished mixed on Friday. U.S. Commerce Secretary Wilbur Ross said the U.S. is considering a new rule to impose anti-subsidy duties on products from countries that undervalue their currencies. Note: China, Japan, South Korea, India, Germany, and Switzerland are on the Treasury Department's currency monitoring list. Ross said the potential rule change would be a step toward fulfilling President Trump's campaign promise to address unfair currency practices by other countries.

- ***Europe:*** Markets across the region are trading in the green at midday. As expected, UK Prime Minister Theresa May has resigned from her role as Britain's leader and will step down on June 7th. *FactSet* reports that Mrs. May will stay on until a new leader is in place, with a leadership contest beginning on June 10th. If all goes well, a new prime minister could be in place by the end of July and three months before the October 31st Brexit deadline.
- *Action Economics* highlighted there are 15 or so possible candidates, with the Conservative party most likely to choose one with 'real' Brexit credentials. Early on, Boris Johnson looks to be the favorite, with betting odds giving Johnson an implied 40% probability to become the new UK Prime Minister.
- **Importantly, the Brexit calculus does not change for whoever will assume the prime minister role. The new UK leader will still head a weak minority government, be dependent on supporting votes from Northern Ireland's DUP (which has very pointed views on Brexit), and lead a House of Commons that is deeply divided on leaving the European Union (EU)**.
- Members of parliament (MPs) and their divided views on Brexit are also representative of the UK as a whole. A Eurosceptic leader, such as Johnson, may be tempted to hold a new general election in hopes of securing majority support for Brexit. That move could prove risky, as 'Bremain' support has grown since the 2016 referendum. Nevertheless, it may be the only way to break the deadlock, and malaise Britain finds itself in today.

- ***U.S.:*** Equity futures are pointing to a higher open this morning. Markets are looking to recover some of the ground lost yesterday. Helping with a more upbeat tone at the open today are positive trade comments from President Trump, suggesting a quick end to the trade war is still possible, according to *Reuters*. To be clear, though, there has been no new developments on the trade front to suggest that this is the case. However, Trump did say Huawei could be used as a bargaining chip in broader trade discussions, which tells us the White House sees recent pressure on the telecom giant as a means to bring China back to the negotiating table.

- Nevertheless, *Politico* reports that the White House is moving toward issuing even more restrictions on exports of high-tech goods to China. As *Bloomberg* highlighted, companies are starting to worry more about restrictions and sanctions more than the tariffs themselves. For several large multi-national companies, increased tariffs are more of a nuisance and can be avoided in some cases by changing supply chain operations. But restrictions and outright bans on the ability to sell a product to the world's second-largest economy, well that's a whole different animal. Bottom line: broader restrictions on technology exports to China would very likely dent profit growth for a broader swath of the Technology space, and outside of semiconductors alone.
- **As the long Memorial Day weekend draws closer, we'll finish the week on a high note**. Considering all the volatility and uncertainty about geopolitical tensions, economic growth, and corporate profitability, the S&P 500 is less than 5.0% off its all-time high. As *The Wall Street Journal* noted, there are few signs of longer-term fears in the market place today. High confidence measures, a nine-month high in profit expectations, largely unchanged gold prices over the last month, and a lack of a sustained yield curve inversion all suggest investors are not hitting the panic button. While there are plenty of concerning undercurrents in the market, such as small-caps underperforming large-caps and weak semiconductor performance, we still believe a balanced allocation approach is the best path forward.

This space intentionally left blank.

WORLD CAPITAL MARKETS *(all data as of approximately 8:00 AM ET)*

Americas	% chg.	% YTD	Value
S&P 500	-1.19%	13.52%	2,822.2
Dow Jones	-1.11%	10.38%	25,490.5
NASDAQ	-1.58%	15.49%	7,628.3
Russell 2000	-1.97%	11.89%	1,501.4
Brazil Bovespa	-0.48%	6.85%	93,910.0
S&P/TSX Comp. (Canada)	-1.00%	14.14%	16,164.6
Mexico IPC	-0.30%	3.84%	42,812.6

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.97%	14.83%	3,359.5
FTSE 100 (U.K.)	0.82%	10.67%	7,290.7
DAX Index (Germany)	0.83%	14.13%	12,051.3
CAC 40 (France)	0.89%	14.73%	5,328.2
FTSE MIB (Italy)	1.46%	11.49%	20,429.8
IBEX 35 (Spain)	0.91%	9.48%	9,197.2
Russia TI	0.58%	10.42%	4,619.4

Asia/Pacific (Last Night)	% chg.	%YTD
Nikkei 225 (Japan)	-0.16%	6.59%
HK Hang Seng (H. Kong)	0.32%	7.14%
Korea Kospi 100	-0.69%	0.39%
Singapore STI	0.29%	5.47%
Shanghai Comp. (China)	0.02%	14.60%
Bombay Sensex (India)	1.61%	9.68%
S&P/ASX 200 (Australia)	-0.55%	17.27%

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-1.17%	11.09%	500.1

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.97%	9.30%	1,839.6

Emerging International	% chg.	%YTD
MSCI Emerging Mkts	-1.32%	2.68%

Note: International market returns shown on a local currency basis. ***Equity Index data is total return, inclusive of dividends.***

S&P 500 Sectors	% chg.	% YTD	Value
Consumer Discretionary	-1.34%	15.46%	897.9
Consumer Staples	-0.07%	14.88%	593.2
Energy	-3.13%	8.18%	451.5
Financials	-1.49%	12.42%	441.0
Real Estate	0.62%	19.29%	226.9
Health Care	-0.37%	3.84%	1,032.7
Industrials	-1.59%	15.24%	619.8
Materials	-1.53%	6.44%	334.7
Technology	-1.73%	18.70%	1,282.7
Communication Services	-1.26%	17.71%	162.4
Utilities	0.82%	14.14%	302.5

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.00%	14.11%	25.4
FTSE NAREIT Comp.	0.28%	18.81%	19,717.6
DJ US Select Dividend	-0.82%	9.64%	2,039.8
DJ Global Select Dividend	0.88%	2.69%	212.3
S&P Div. Aristocrats	-1.00%	10.69%	2,653.3

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.45%	4.01%	2,128.8
Barclays HY Bond	-0.25%	8.04%	2,062.8

Commodities		
Futures & Spot (Intra-day)	% chg.	% YTD
CRB Raw Industrials	-0.02%	-2.83%
NYMEX WTI Crude (p/bbl.)	1.19%	29.05%
ICE Brent Crude (p/bbl.)	1.22%	27.49%
NYMEX Nat Gas (mmBtu)	-0.19%	-12.48%
Spot Gold (troy oz.)	0.06%	0.13%
Spot Silver (troy oz.)	-0.10%	-5.92%
LME Copper (per ton)	0.12%	-0.81%
LME Aluminum (per ton)	1.19%	-5.21%
CBOT Corn (cents p/bushel)	1.28%	1.02%
CBOT Wheat (cents p/bushel)	1.28%	-8.15%

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.1%	-2.4%	1.12
British Pound (£/$)	0.1%	-0.7%	1.27

	% chg.	% YTD	Value
Japanese Yen ($/¥)	0.06%	0.14%	109.54
Australian Dollar (A$/$)	0.17%	-1.93%	0.69

	% chg.	% YTD
Canadian Dollar ($/C$)	0.2%	1.4%
Swiss Franc ($/CHF)	0.1%	-2.0%

Data/Price Source: Bloomberg; Equity Index data is total return, inclusive of dividends where applicable.

Ameriprise Global Asset Allocation Committee

Global Equity Region - Tactical View

	Region	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
1)	United States	54.1%	Overweight	+3.1%	57.2%
2)	Canada	3.0%	Equalweight	-	3.0%
3)	United Kingdom	5.4%	Underweight	- 1.0%	4.4%
4)	Europe ex U.K.	14.9%	Underweight	- 1.0%	13.9%
5)	Latin America	1.4%	Equalweight	-	1.4%
6)	Asia-Pacific ex Japan	12.5%	Equalweight	-	12.5%
7)	Japan	7.6%	Equalweight	-	7.6%
8)	Middle East / Africa	1.1%	Underweight	- 1.1%	-

Index weighting represents relative weightings based on the regional market capitalization balance of the MSCI All-Country World Index; may not add due to rounding. 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. Index weights as of 12/20/18. Numbers may not add due to rounding.

Ameriprise Global Asset Allocation Committee

U.S. Equity Sector - Tactical View

	Sector	S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
1)	Communication Services	10.2%	Underweight	- 2.0%	8.2%
2)	Consumer Discretionary	9.8%	Equalweight	-	9.8%
3)	Consumer Staples	7.5%	Underweight	- 2.0%	5.5%
4)	Energy	5.3%	Overweight	+2.0%	7.3%
5)	Financials	13.3%	Equalweight	-	13.3%
6)	Health Care	15.5%	Overweight	+2.0%	17.5%
7)	Industrials	9.2%	Equalweight	-	9.2%
8)	Information Technology	20.2%	Equalweight	-	20.2%
9)	Materials	2.6%	Equalweight	-	2.6%
10)	Real Estate	3.0%	Overweight	+1.0%	4.0%
11)	Utilities	3.4%	Underweight	- 1.0%	2.4%

Index weighting represents relative weightings based on the regional market capitalization balance of the MSCI All-Country World Index; may not add due to rounding. 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. Index weights as of 12/20/18. Numbers may not add due to rounding.

BY THE NUMBERS: ECONOMIC ACTUALS AND FORECAST:

Current Projections:

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Est. 2019	Est. 2020	Quarterly Actual Q1-2019	Quarterly Est. Q2-2019	Quarterly Est. Q3-2019	Quarterly Est. Q4-2019
Real GDP (YOY)	2.5%	2.9%	1.6%	2.2%	2.9%	2.4%	1.6%	3.2%	2.0%	2.8%	2.4%
Unemployment Rate	5.6%	5.0%	4.7%	4.1%	3.9%	3.6%	3.5%	3.8%	3.7%	3.6%	3.6%
CPI (YoY)	1.6%	0.1%	1.3%	2.1%	2.4%	2.1%	2.2%	1.6%	2.1%	2.2%	2.4%
Core PCE (YoY)	1.6%	1.3%	1.7%	1.6%	1.9%	1.8%	2.0%	1.7%	1.6%	1.7%	1.8%

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 Last Updated: May 2, 2019

ECONOMIC NEWS OUT TODAY:

Economic Releases for Friday, May 24, 2019. All times Eastern. Consensus estimates via Bloomberg.

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	APR	New Orders for Durable Goods	-2.0%	**-2.1%**	+2.6%	+1.7%
8:30 AM	APR	New Orders Ex. Transports	+0.1%	**-0.0%**	+0.3%	-0.5%

FIXED INCOME NEWS & VIEWS: *Brian M. Erickson, CFA, Fixed Income Research & Strategy*

Fixed Income News & Views will return on Monday. For Fixed Income commentary, please see today's *Morning Research Notes.*

This space intentionally left blank.

Ameriprise Investment Research Group

Ameriprise Financial
1441 West Long Lake Road, Suite 250, Troy, MI 48098
investment.research.group@ampf.com
For additional information or to locate your nearest branch office, visit ameriprise.com

RESEARCH & DUE DILIGENCE LEADER

Lyle B. Schonberger - Vice President

Business Unit Compliance Liaison (BUCL)

Open – Sr Manager

Jeff Carlson, CLU, ChFC – Manager

Investment Research Coordinator
Kimberly K. Shores

Sr Administrative Assistant
Jillian Willis

EQUITY RESEARCH

Equity Research Director
Justin H. Burgin – Vice President

Consumer Goods and Services
Patrick S. Diedrickson, CFA – Director

Energy/Utilities
William Foley, ASIP – Director

Financial Services/REITs
Lori Wilking-Przekop – Sr Director

Health Care
Daniel Garofalo – Director

Industrials/Materials
Frederick M. Schultz – Director

Technology/Telecommunication
Curtis R. Trimble – Director

Quantitative Strategies/International
Andrew R. Heaney, CFA – Director

STRATEGISTS

CHIEF MARKET STRATEGIST
David M. Joy – Vice President

GLOBAL MARKET STRATEGIST
Anthony M. Saglimbene – Vice President

Thomas Crandall, CFA, CAIA – Sr Director, Asset Allocation

Daniel Balter, CFA – Analyst – Quantitative, Asset Allocation

Gaurav Sawhney – Research Analyst

Amit Tiwari – Sr Research Associate

CHIEF ECONOMIST
Russell T. Price, CFA – Vice President

MANAGER RESEARCH

Michael V. Jastrow, CFA – Vice President

Jeffrey R. Lindell, CFA – Director – ETFs & CEFs

Mark Phelps, CFA – Director – Multi-Asset Solutions

Equities
Christine A. Pederson, CAIA, CIMA – Sr Director – Growth Equity, Infrastructure & REIT

Benjamin L. Becker, CFA – Director – International/Global Equity

Alex Zachman – Analyst – Core Equity

Cynthia Tupy, CFA – Analyst – Value and Equity Income Equity

Fixed Income & Alternatives
Jay C. Untiedt, CFA, CAIA – Sr Director – Alternatives

Steven T. Pope, CFA, CFP® – Director – Non-Core Fixed Income

Douglas D. Noah – Analyst – Core Taxable & Tax-Exempt Fixed Income

Blake Hockert – Associate – Reporting & Analytics

FIXED INCOME RESEARCH & STRATEGY

Fixed Income Research
Brian M. Erickson, CFA – Vice President

High Yield and Investment Grade Credit
Jon Kyle Cartwright – Sr Director

Stephen Tufo – Director

INVESTMENT DUE DILIGENCE

Justin E. Bell, CFA – Vice President

Kurt J. Merkle, CFA, CAIA – Sr Director

Kay S. Nachampassak – Director

Peter W. LaFontaine – Sr Analyst

James P. Johnson, CFA, CFP® – Sr Analyst

David Hauge, CFA – Analyst

Bishnu Dhar – Sr Research Analyst

Parveen Vedi – Sr Research Associate

Darakshan Ali – Research Process Trainee

The content in this report is authored by American Enterprise Investment Services Inc. (“AEIS”) and distributed by Ameriprise Financial Services, Inc. (“AFSI”) to financial advisors and clients of AFSI. AEIS and AFSI are affiliates and subsidiaries of Ameriprise Financial, Inc. Both AEIS and AFSI are 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 AFSI, their affiliates and their research analysts, as applicable, with respect to the subject companies mentioned in the report.

Each of AEIS and AFSI 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 AFSI.

IMPORTANT DISCLOSURES

As of March 31, 2019

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, Inc. Please consult with your financial advisor.

Diversification and **Asset Allocation** do not assure a profit or protect against loss.

RISK FACTORS

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.

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 increased risk and volatility due to political and economic instability, currency fluctuations, and differences in financial reporting and accounting standards and oversight. Risks are particularly significant in emerging markets.

Market Risk: Equity 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.

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.

PRODUCT RISK DISCLOSURES

Exchange Traded Funds (ETF) trade like stocks, are subject to investment risk and will fluctuate in market value.

For additional information on individual ETFs, see available third-party research which provides additional investment highlights. SEC filings may be viewed at sec.gov

All fixed income securities are subject to a series of **risks** which may include, but are not limited to: interest rate risk, call risk, refunding risk, default risk, inflations risk, liquidity risk and event risk. Please review these risks with your financial advisor to better understand how these risks may affect your investment choices. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer-term securities. This means you may lose money if you sell a bond prior to maturity as a result of interest rate or other market movement.

Any information relating to the income or capital gains tax treatment of financial instruments or strategies discussed herein is not intended to provide specific tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

A real estate investment trust or **REIT** is a company that owns and operates income-producing real estate. In addition, some **REITs** participate in the financing of real estate. To qualify as a **REIT**, a company must: I) invest at least 75% of its total assets in real estate assets, II) generate at least 75% of its gross income from real property or interest, and III) pay at least 90% of its taxable income to shareholders in the form of distributions. A company that qualifies as a **REIT** is permitted to deduct the distributions paid to shareholders from its corporate taxes. Consequently, many **REITs** target to payout at least 100% of taxable income, resulting in virtually no corporate taxes.

An investment in a REIT is subject to many of the same risks as a direct investment in real estate including, but not limited to: Illiquidity and valuation complexities, redemption restrictions, distribution and diversification limits, tax consequences, fees, defaults by borrowers or tenants, market saturation, balloon payments, refinancing, bankruptcy, decreases in market rates for rents and other economic, political, or regulatory occurrences affecting the real estate industry.

Ratings are provided by Moody's Investors Services and Standard & Poor's.

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.

Securities offered through AFSI may not be suitable for all investors. Consult with your financial advisor for more information regarding the suitability of a particular investment.

For further information on fixed income securities please refer to FINRA's Smart Bond Investing at FINRA.org, MSRB's Electronic Municipal Market Access at emma.msrb.org, or Investing in Bonds at investinginbonds.com.

DEFINITIONS OF TERMS

Agency – Agency bonds are issued by Government Sponsored Enterprises (GSE), but are NOT direct obligations of the U.S. government. Common GSE's are the Federal Home Loan Mortgage Corp. (Freddie Mac) Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Bank (FHLB).

Beta: A measure of the risk arising from exposure to general market movements as opposed to company-specific factors. Betas in this report, unless otherwise noted, use the S&P 500 as the market benchmark and result from calculations over historic periods. A beta below 1.0, for example, can suggest the equity has tended to move with lower volatility than the broader market or, due to company-specific factors, has had higher volatility but generally low correlations with the overall market.

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.

Mortgage Backed Securities – Bonds are subject to prepayment risk. Yield and average lives shown consider prepayment assumptions that may not be met. Changes in payments may significantly affect yield and average life. Please contact your financial advisor for information on CMOs and how they react to different market conditions.

Municipal Bonds – Interest income may be subject to state and/or local income taxes and/or the alternative minimum tax (AMT). Municipal securities subject to AMT assume a "nontaxable" status for yield calculations. Certain municipal bond income may be subject to federal income tax and are identified as "taxable". Gains on sales/redemptions of municipal bonds may be taxed as capital gains. If the bonds are insured, the insurance pertains to the timely payment of principal (at maturity) and interest by the insurer of the underlying securities and not to the price of the bond, which will fluctuate prior to maturity. The guarantees are backed by the claims-paying ability of the listed insurance company.

Treasury Securities – There is no guarantee as to the market value of these securities if they are sold prior to maturity or redemption.

Price/Book: A financial ratio used to compare a company's market share price, as of a certain date, to its book value per share. Book value relates to the accounting value of assets and liabilities in a company's balance sheet. It is generally not a direct reflection of future earnings prospects or hard to value intangibles, such as brand, that could help generate those earnings.

Price/Earnings: An equity valuation multiple calculated by dividing the market share price, as of a certain date, by earnings per share. Trailing P/E uses the share price divided by the past four-quarters' earnings per share. Forward P/E uses the share price as of a certain date divided by the consensus estimate of the future four-quarters' EPS.

Price/Sales: An equity valuation multiple calculated by dividing the market share price, as of a certain date, by the company's sales per share over the most recent year.

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, Inc. of any order to buy or sell securities. This summary is based exclusively on an analysis of general current market conditions, rather than the suitability 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 federally or FDIC-insured, 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.

AFSI and its affiliates do not offer tax or legal advice. Consumers should consult with their tax advisor or attorney regarding their specific situation.

Ameriprise Financial Services, Inc. Member FINRA and SIPC.