Before the Bell
Morning Market Brief

August 9, 2019

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

• **Quick Take:** U.S. futures are pointing to a lower open; European markets are trading mostly down; Asia ended mixed overnight; West Texas Intermediate (WTI) oil trading at $53.10; 10-year U.S. Treasury yield at 1.71%.

• **Back Half Earnings Estimates Keep Falling:** With 90% of second quarter S&P 500 earnings reports complete, the earnings per share (EPS) growth rate has declined 0.8% y/y on sales growth of +4.0%. Although it may be hard to see at the moment, given how predominate trade and interest rate developments have been on moving stock prices lately, earnings reports have not lost their ability to move individual stock prices around.

• As we highlighted on Monday, S&P 500 companies that have missed Q2 earnings expectations have underperformed the broader Index by 300 basis points on their reporting days through last Friday, according to **Bloomberg**. Companies that have beaten expectations have seen their stocks outperform by 143 basis points. The spread of over 400 basis points is the third largest since 2012. In our view, this may be a growing concern with companies continuing to lower Q3 and Q4 profit guidance. Over half the companies providing Q3 guidance so far have lowered their estimates.

![S&P 500: Change in Q19 EPS vs. Change in Price (Source: FactSet)](image)

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- 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.
Importantly, Q3’19 EPS estimates have fallen considerably since the end of June, as the first embedded FactSet chart above shows. Earnings growth for S&P 500 companies was always back-end loaded this year, and we believe it is a worrisome development that estimates keep falling for the back half of the year amid slower global growth and escalating tensions between the U.S. and China.

Further, much of the EPS growth built into this year’s full-year estimate comes from a rather robust expectation for earnings growth in Q4’19. At the end of December, analysts expected Q4’19 S&P 500 EPS to grow by +11.6% y/y. At the end of March, analysts expected +8.6% y/y growth. Currently, those final quarter EPS growth expectations now sit at +4.9% y/y. From an earnings perspective, the final quarter of the year is primarily holding full-year estimates in positive territory. If this expectation meaningfully changes for the worse, we believe stock prices may face more headwinds in the coming months.

As the second embedded FactSet chart above highlights, Q3’19 bottom-up EPS estimates dropped 1.6% during the first month of the third quarter. Over the last five years, the average decline in bottom-up EPS estimates during the first month of a quarter has been 1.7%. Bottom line: Q3 earnings estimates are falling as they usually do during the current quarter and close to the longer-term average.

Nevertheless, Q3’19 bottom-up EPS and sales estimates for a variety of S&P 500 sectors have deteriorated since the end of June. Per FactSet data, eight of eleven S&P 500 sectors recorded a decrease in their bottom-up EPS estimates during July, led by Materials. As a result, five of eleven S&P 500 sectors are currently projected to report y/y earnings growth declines in Q3 with Energy (-20.5% y/y), Information Technology (-8.8% y/y), and Materials (-6.6% y/y) expected to post the weakest EPS growth.

As we have seen over the last week or so, stocks at or near all-time highs can be susceptible to swift and sharp declines if the market narrative changes dramatically from what is expected. Just a few weeks ago, investors were pushing stocks to new all-time highs on the back of sanguine trade headlines and easier monetary accommodation. While the Federal Reserve is more likely to lower interest rates again next month, it may be in response to building pressures across the economy from a U.S./China trade war. Since that is outside of the Goldilocks environment investors were building into asset prices before last week stocks may see more volatility near-term if the situation with China further deteriorates.

Asia-Pacific: Asian equities finished mixed on Friday. In July, China PPI fell 0.3% y/y, marking the first decrease since August 2016. The producer price inflation level was weaker than forecasts, based on a sharper decrease in production materials. While the weakness in prices was broad-based, falling raw material prices was a principal driver.

In a likely response to China’s decision to suspend U.S. agricultural purchases in the wake of rising trade tensions with the U.S., the White House has decided to delay a waiver decision regarding licenses for U.S. tech companies doing business with Huawei. According to Bloomberg, as late as last week, President Trump said there were no plans to reverse the reprieve he agreed to provide Huawei at the G20 summit in Japan in late June. Several U.S. companies
that supply to Huawei have pushed hard for the Trump administration to allow them to do business with the Chinese
telecom giant, stressing their products can easily be obtained from overseas rivals.

- Japan Q2 GDP rose +1.8% q/q annualized and better than the +0.4% growth expected. The better-than-expected
growth in Q2 follows an upwardly revised Q1 growth figure of +2.8%. A lower than expected drag from external
demand and firm domestic growth (helped by an extended Golden Week holiday) were largely responsible for the
faster than expected pace of GDP expansion.

- **Europe:** Markets across the region are trading lower at mid-day. The Italian government is another step closer to
collapsing, as the fragile coalition government formed between League and Five Star Movement comes unraveled.
Deputy Prime Minister and League leader Salvini is calling for new elections, saying the ruling coalition no longer has
a majority, according to FactSet. The announcement comes after Five Star voted against the Tav rail link with France,
which is a project supported by League. Per the Financial Times, Prime Minister Giuseppe Conte will recall parliament
from its summer recess for a vote of no confidence. As one would expect, the spread between Italian 10-Year and
German 10-Year government bonds rose (its highest level since June) and showcases the increased risk in Italian
government bonds. In our view, internal fighting between League and Five Star, budget tensions with Brussels, and
a lack of will to impose more spending discipline have created a toxic mix that is plaguing Rome’s government.

- **U.S.:** Equity futures are pointing to a weaker open this morning. In the latest Reuters poll of economists, the median
U.S. recession probability over the next two years jumped to 45% from 35% in the previous poll. This is the highest
recession probability the poll has shown since the question was first asked in May 2018. 70% of respondents believe
the U.S./China trade war could bring the next recession closer. In a separate Wall Street Journal poll of economists,
nealy 34% believe the U.S. is headed for a recession in the next 12 months, up from 30% in the July survey. This is
the highest recession probability the WSJ poll has seen since 2011. While we should not ignore these rising recession
odds, we would remind investors that in 2018 and 2011, when recession probabilities were similar, the U.S. economy
did not enter a recession. Something to keep in mind as the rather sour news of the day often colors
investors/economists’ attitudes about the future.

- In our view, nothing showcases investors’ attitudes about the market better than fund flow trends. According to EPFR
Global, equity mutual funds and ETFs across the world suffered $24.5 billion in outflows in the latest week ending
on Wednesday – the worst seven-day stretch of outflows this year. Slowing global growth and an escalation of
tensions in the U.S./China trade war are the go-to reasons investors around the world decided to withdrawal from
risk assets. High yield bond funds shed $3.9 billion, its largest outflow week since December. Conversely, $102
billion flooded into money market funds globally, also the highest weekly total since December, and the second-
highest weekly tally since EPFR Global began tracking money market flows in 2007.

- Lastly, markets are increasingly tuning into the 10-Year/2-Year U.S. Treasury yield spread, as it continues to fall
toward inversion. The spread has narrowed from nearly 22 basis points on July 30th to just under 10 basis points this
morning (please see FactSet chart below). Though the 10s/2s Treasury spread was slightly lower in December and
avoided inverting, the signal is yet another ominous sign investors should proceed with caution. We suggest investors
continue to think long and hard about the risk they are willing to incur across their portfolios and ensure they are
exposed to high-quality investments that can be more durable in a slow-to-no growth environment.

- See chart on next page...
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### World Capital Markets

#### Americas
- **S&P 500:** 1.88% overweight, 2.9381
- **Dow Jones:** 1.43% overweight, 26.3782
- **NASDAQ:** 2.24% overweight, 8.0392
- **Russell 2000:** 2.10% overweight, 1.5321
- **Brazil Bovespa:** 1.30% overweight, 114.1052
- **S&P/TSE Comp. (Canada):** 0.86% overweight, 16.4045
- **Mexico IPC:** 0.02% underweight, 40.4394

#### Europe
- **Europe (Intra-day):**
  - **DISTJOX 50 (Europe):** -0.99% underweight, 3.3418
  - **FTSE 100 (UK):** 0.06% overweight, 7.2899
  - **DAX Index (Germany):** -1.02% underweight, 11.7245
  - **CAC 40 (France):** -0.80% underweight, 5.3446
  - **FTSE MIB (Italy):** -2.37% underweight, 20.3467
  - **IBEX 35 (Spain):** -1.14% underweight, 8.7680
  - **Russia Ti:** -0.63% overweight, 6.6613

### Global
- **MSCI All-Country World Index:**
  - Percentage: 55.5%
  - Weight: 5.0%
  - Overweight
- **MSCI EAFE:**
  - Percentage: 25.88%
  - Weight: 15.0%
  - Overweight

### Developed International
- **MSCI EAFE:**
  - Percentage: 25.88%
  - Weight: 15.0%
  - Overweight

### Emerging International
- **MSCI Emerging Markets:**
  - Percentage: 25.88%
  - Weight: 15.0%
  - Overweight

### Sectoral Weights

#### U.S. Equity Sector - Tactical View

<table>
<thead>
<tr>
<th>Sector</th>
<th>S&amp;P 500</th>
<th>GAAC Tactical</th>
<th>GAAC Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Services</td>
<td>1.92% underweight</td>
<td>-2.0%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>1.02% overweight</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>1.21% overweight</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Energy</td>
<td>2.09% overweight</td>
<td>7.3%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Financials</td>
<td>1.66% overweight</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1.56% overweight</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Health Care</td>
<td>1.38% overweight</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>1.66% overweight</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Materials</td>
<td>1.89% overweight</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Technology</td>
<td>2.39% overweight</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Communication Services</td>
<td>2.22% overweight</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
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</table>

### Foreign Exchange

<table>
<thead>
<tr>
<th>Currency</th>
<th>Foreign Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro (€)</td>
<td>0.2% overweight</td>
</tr>
<tr>
<td>British Pound (£)</td>
<td>-0.5% underweight</td>
</tr>
<tr>
<td>Australian Dollar ($)</td>
<td>0.07% overweight</td>
</tr>
<tr>
<td>Japanese Yen (¥)</td>
<td>0.30% overweight</td>
</tr>
</tbody>
</table>

### Ameriprise Global Asset Allocation Committee

#### Global Equity Region - Tactical View

<table>
<thead>
<tr>
<th>Region</th>
<th>MSCI All-Country World Index</th>
<th>GAAC Tactical</th>
<th>GAAC Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) United States</td>
<td>55.5% overweight</td>
<td>+4.3%</td>
<td>59.8%</td>
</tr>
<tr>
<td>2) Canada</td>
<td>3.0% overweight</td>
<td>-3.0%</td>
<td>12.2%</td>
</tr>
<tr>
<td>3) United Kingdom</td>
<td>5.0% overweight</td>
<td>-1.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>4) Europe ex U.K.</td>
<td>14.5% underweight</td>
<td>-1.0%</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

Index weighting represents relative weightings based on the regional market capitalization balance of the MSCI All-Country World Index; may not add to due 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 6/21/19. Numbers may not add due to rounding.

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BY THE NUMBERS: ECONOMIC ACTUALS AND FORECAST:

Current Projections:

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Real GDP (YoY)</td>
<td>2.5%</td>
<td>2.9%</td>
<td>1.6%</td>
<td>2.4%</td>
<td>2.9%</td>
<td>2.2%</td>
<td>1.6%</td>
<td>3.1%</td>
<td>2.1%</td>
<td>2.1%</td>
<td>2.4%</td>
<td>2.4%</td>
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<tr>
<td>Unemployment Rate</td>
<td>5.6%</td>
<td>5.0%</td>
<td>4.7%</td>
<td>4.1%</td>
<td>3.9%</td>
<td>3.6%</td>
<td>3.5%</td>
<td>3.8%</td>
<td>3.7%</td>
<td>3.6%</td>
<td>3.6%</td>
<td>3.6%</td>
</tr>
<tr>
<td>CPI (YoY)</td>
<td>1.6%</td>
<td>0.1%</td>
<td>1.3%</td>
<td>2.1%</td>
<td>2.4%</td>
<td>2.1%</td>
<td>2.1%</td>
<td>1.6%</td>
<td>1.7%</td>
<td>2.0%</td>
<td>2.2%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Core PCE (YoY)</td>
<td>1.6%</td>
<td>1.3%</td>
<td>1.7%</td>
<td>1.6%</td>
<td>1.9%</td>
<td>1.8%</td>
<td>2.0%</td>
<td>1.5%</td>
<td>1.6%</td>
<td>1.7%</td>
<td>1.7%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

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

ECONOMIC NEWS OUT TODAY:

Economic Releases for Friday, August 9, 2019. All times Eastern. Consensus estimates via Bloomberg.

<table>
<thead>
<tr>
<th>Time</th>
<th>Period</th>
<th>Release</th>
<th>Consensus Est.</th>
<th>Actual</th>
<th>Prior</th>
<th>Revised to</th>
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</thead>
<tbody>
<tr>
<td>8:30 AM</td>
<td>JUL</td>
<td>Producer Price Index (PPI) (MoM)</td>
<td>+0.2%</td>
<td>+0.2%</td>
<td>+0.1%</td>
<td></td>
</tr>
<tr>
<td>8:30 AM</td>
<td>JUL</td>
<td>PPI – Ex. Food &amp; Energy (MoM)</td>
<td>+0.2%</td>
<td>-0.1%</td>
<td>+0.3%</td>
<td></td>
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<td>8:30 AM</td>
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<td></td>
</tr>
</tbody>
</table>

Economic Perspective: Russell T. Price, CFA – Chief Economist

• Headline producer prices ticked up in the month of July by an as expected 0.2%. The real surprise, however, came in core prices (which exclude the volatile food and energy segments) which declined in the month. Here, the decline was primarily reflective of a drop in prices for the very broad “services” category. Services make up 66% of the total Index and the vast majority of the core rate.

• There were various moving parts to consider when assessing producer costs in the month. Gasoline prices increased modestly in a month that normally sees gas prices ease. As such, gasoline prices on a seasonally adjusted basis added a bit of upside to producer inflation. Total energy costs were shown to be up 2.3% mo./mo. after falling 3.1% in June and 1.0% on May. Other commodity prices were mixed. Meanwhile, a stronger dollar should have made import prices lower in the month. Yes, import prices are being lifted in some cases by tariffs, but remember than this headline number is measured month-over-month and no new tariffs went into effect during the period.

• Student loan debt is not a material economic threat. Here’s why. We hear stories all the time about individuals under severe financial stress due to excessive student loan debt. Indeed, the aggregate numbers support the concern: since the Federal Reserve began measuring student loans as its own category of debt in 2006, the total value outstanding has more than tripled, rising from $481 billion to a recent $1.6 trillion.

• As often happens when debt grows rapidly, there’s been adverse consequences for millions of Americans that are now struggling to meet their loan payments and enduring significant financial hardship.

• However, the economic threat from this situation is very limited, in our view. The important questions here are: How many people are affected and what is the threat to the financial system (eliminating from defaults)?

• The second question first: The vast majority of the debt is backed by the federal government. So, although default rates in the space are very high (recently 11.5%,...
per the Fed), they are not a direct threat to the financial system as would be the case for nearly every other type of debt. At the end of Q1, 92% of student loans outstanding were backed by the federal government under various programs, according to the Department of Education.

- As to how many people are under severe financial stress due to student loans: According to the College Board, just 9% of borrowers were responsible for 40% of student loan debt, as of March 2018. However, many of these borrowers were in advanced or professional degree programs (such as law or medicine) that typically offer higher starting salaries. Conversely, 56% of borrowers owed less than $20,000 and were responsible for just 15% of the outstanding debt. See the chart at right as sourced from the College Board.

- Given this sharp divergent distribution, it’s impossible to describe the level of debt as arbitrarily “too high.” Averages simply distort the reality of the situation. At the end of Q1, “average” debt per borrower was about $37,800 and the average monthly payment was $373, according to the College Board. As seen in the chart, few people seem to fall close to these mid-point numbers however. Additionally, we note that a key reason for the increase in aggregate debt over recent history was the notable increase in the number of people seeking advanced education and technical training that occurred as a result of millions of people losing their jobs during the recession.

- **Who’s having the most trouble?** Those that did not finish their educational program and those that attended for-profit institutions. In both cases, the logic of why seems simple: they borrowed and paid large sums but did not receive the “pay off” expected. According to studies by the Fed and others, default rates for those that attended a for-profit institution are generally double that of the overall average. Additionally, those attending for-profits took out much larger than average loans and a much higher than average percentage of the students attending such took out loans.

- It’s difficult to find any “good news” in the student loan situation. However, one area that we think may qualify is that growth in the portfolio has slowed materially over the last several years. Part of this is due to the straightforward fact that college enrollment has been easing since hitting a recent peak in 2010 (thus slowly reducing demand for loans.) But awareness of the pitfalls also appears potential borrowers are making a more converted effort to avoid borrowing, or at least limiting it. Students seem to be accomplishing this by leaning more heavily on free money: i.e., grants. Federal loans as a percentage of total student aid declined from 41% in the 2008-09 school year, to 30% last year. Taking up the slack, institutional grants rose from 19% to 26% over this same period. The chart at right is based on data from the Federal Reserve.

### Growth in Student Loan Debt Outstanding

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4-2006</td>
<td>14%</td>
</tr>
<tr>
<td>Q4-2009</td>
<td>12%</td>
</tr>
<tr>
<td>Q4-2012</td>
<td>8%</td>
</tr>
<tr>
<td>Q4-2015</td>
<td>6%</td>
</tr>
<tr>
<td>Q4-2018</td>
<td>4%</td>
</tr>
</tbody>
</table>

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

Please see our Morning Research Notes report for today’s fixed income commentary. Fixed Income News & Views will return to this space on Monday.

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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.

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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, inflation 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.

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