Before the Bell

Morning Market Brief

August 21, 2019

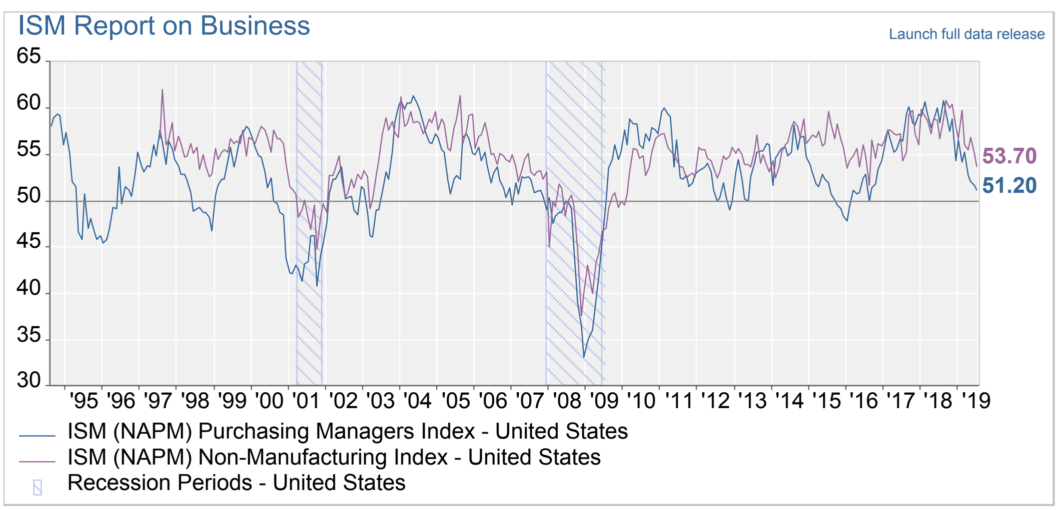
FOR IMPORTANT DISCLOSURES, PLEASE SEE THE DISCLOSURE PAGES AT THE END OF THIS DOCUMENT

MORNING MARKET COMMENTARY: ***Frederick M. Schultz, Senior Analyst, Industrials and Materials***

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.

- ***Quick Take***: U.S. futures are pointing to a modestly higher open with 10-year treasury yield higher at 1.58% and WTI crude oil more than 1% higher at $56.75/barrel and gold inching down but holding ~$1,510/ounce.

- ***Manufacturing Downturn? Still Expanding, In Our View:*** The point of contention in the headlines is whether Industrials, and by extension manufacturing in general, is leading the economy into a recession, or is simply lagging the positive trends in consumer spending. Tariffs, trade uncertainty, and weaker business confidence have created headwinds in early 2019. An albeit modest easing of these headwinds could provide a catalyst for manufacturing, in our view.
- As depicted in the chart below (as sourced from FactSet), 2019 ISM Manufacturing data is well off its 2018 highs. The decline is due in part to a slowdown in auto production. The data goes back far enough to show the recession in 2001 and the slightly larger, well-documented declines during the Great Recession. However, we are not ready to conclude this is a sign of something worse around the corner. The data shows that there have been several occasions since the mid-1990's where the ISM Manufacturing data has broken down below, or touched, the 50 level (which separates expansion from contraction via the survey), and the U.S. has not experienced a recession. **In fact, according to the ISM, it takes consistent readings of 42.9 or below in its manufacturing survey to indicate recession in the broader economy.**



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.

© 2019 Ameriprise Financial, Inc. All rights reserved.

- Supporting a move higher would be that both interest and unemployment rates are considerably lower than in prior cycles, which in our view bolsters the argument for a possible path to recovery. Envisioning a recession with unemployment below 4% is atypical in our opinion. On May 1st, we published a *Committee Perspectives "10 Things to Consider Before Selling in May and Going Away*." In that report, we pointed to housing, construction, and consumer confidence as the backbones of the economy, which could boost investment returns through the seasonally weaker summer months. From May 1st through August 19th, the S&P 500 Index has produced a total return of 0.67%, which we believe would surprise investors fearing an imminent recession. While manufacturing conditions have slowed, mostly as an aside to trade between the U.S. and China, the resiliency of the Industrial economy remains on display, in our opinion.

- ***Global Happenings:*** While most of the focus domestically centers around the Federal Reserve Jackson Hole meetings at the end of the week, European equity markets are solidly higher with mixed action in Asia, although marginally so. U.S. retailers are powering a move higher this morning as the real-time read on consumer spending patterns remains intact, in our view.

- ***Asia-Pacific:*** The Nikkei and Hang Seng were mixed but only fractional moves as FactSet reported a very quiet trading session on light volume and a modest firming of the yuan against the U.S. dollar. This was somewhat surprising given the announcement of the Prime Minister in Italy resigning and President Trump expressing no timeline for trade deals with China. In Japan, the defense department released a white paper indicating a small-scale nuclear device from North Korea was possible, which could raise global tensions and explain the partial move higher in crude oil. Positively, Macau visitor arrivals improved 16.3% y/y to 3.53 million in July, while Mainland China arrivals improved 18.5% y/y to 2.57 million.
- ***Europe:*** Markets are generally all higher, better than 100 basis points, despite the announced resignation of Prime Minister Giuseppe Conte in Italy. Brexit nears a conclusion this fall potentially, and Prime Minister Johnson from the U.K. is in Germany for meetings with Chancellor Merkel to hash out trade agreements across Europe. The trade balance is Spain at (€1.53) billion was above expectations of (€2.11) billion, which is helping sentiment, in our view.
- ***U.S.:*** Equity futures are pointing to a modestly higher opening, as solid retailer earnings reports appear to be setting a positive tone for the day on the health of consumer spending. Importantly, the U.S. Architecture Billings Index (ABI) improved to 50.1 for July, which is above its prior reading of 49.1 in June and signals expansion. The latest survey on U.S. investors showed very little change between the bulls and the bears, despite lots of headline risk the prior month. Bullish sentiment 49.1%, compared to 49.5% the prior reading and the bearish sentiment index of 17.9% improved from the prior 18.1% reading as valuation resets has prompted a slightly more positive view on the equity markets. Outside of watching for the Federal Reserve Symposium at the end of the week, crude oil prices are lifting partly as a result of a larger than expected drop in U.S. crude oil supplies and existing home sales data today could be a positive catalyst note that mortgage rates are moving to their lowest levels of the year.

This space intentionally left blank.

© 2019 Ameriprise Financial, Inc. All rights reserved.

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

Americas	% chg.	% YTD	Value
S&P 500	-0.79%	17.23%	2,900.5
Dow Jones	-0.66%	13.09%	25,962.4
NASDAQ	-0.68%	20.66%	7,948.6
Russell 2000	-0.72%	12.02%	1,498.0
Brazil Bovespa	-0.25%	12.90%	99,222.3
S&P/TSX Comp. (Canada)	-0.56%	15.36%	16,213.3
Mexico IPC	0.36%	-2.86%	39,700.1

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	1.33%	16.76%	3,394.7
FTSE 100 (U.K.)	1.11%	10.78%	7,204.4
DAX Index (Germany)	1.29%	11.76%	11,801.1
CAC 40 (France)	1.58%	18.12%	5,429.2
FTSE MIB (Italy)	1.92%	13.94%	20,878.1
IBEX 35 (Spain)	1.11%	5.00%	8,714.1
Russia TI	0.18%	15.99%	4,608.8

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-0.28%	4.24%	20,618.6
HK Hang Seng (H. Kong)	0.15%	4.33%	26,270.0
Korea Kospi 100	0.22%	-3.32%	1,964.7
Singapore STI	-0.43%	5.22%	3,122.6
Shanghai Comp. (China)	0.01%	18.14%	2,880.3
Bombay Sensex (India)	-0.72%	3.78%	37,060.4
S&P/ASX 200 (Australia)	-0.94%	18.79%	6,483.3

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.48%	13.25%	506.6

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.17%	9.13%	1,825.8

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.24%	3.63%	980.1

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	-0.08%	19.46%	926.0
Consumer Staples	-1.21%	20.29%	616.8
Energy	-0.96%	2.58%	423.9
Financials	-1.40%	12.35%	438.3
Real Estate	-0.81%	26.67%	239.0
Health Care	-0.86%	5.77%	1,047.1
Industrials	-0.70%	16.98%	626.1
Materials	-1.22%	12.84%	352.7
Technology	-0.53%	28.58%	1,384.6
Communication Services	-0.99%	20.05%	165.0
Utilities	-0.18%	18.47%	311.5

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.30%	6.62%	23.7
FTSE NAREIT Comp.	-0.84%	24.47%	20,655.8
DJ US Select Dividend	-0.97%	10.67%	2,058.9
DJ Global Select Dividend	0.67%	-1.33%	204.0
S&P Div. Aristocrats	-0.78%	14.72%	2,750.0

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.21%	8.68%	2,224.2
Barclays HY Bond	0.10%	10.06%	2,101.4

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.16%	-7.10%	446.3
NYMEX WTI Crude (p/bbl.)	0.96%	24.80%	56.7
ICE Brent Crude (p/bbl.)	1.48%	13.23%	60.9
NYMEX Nat Gas (mmBtu)	0.18%	-24.42%	2.2
Spot Gold (troy oz.)	-0.42%	17.03%	1,500.9
Spot Silver (troy oz.)	-0.44%	10.28%	17.1
LME Copper (per ton)	-1.09%	-4.48%	5,682.8
LME Aluminum (per ton)	-0.65%	-5.97%	1,751.5
CBOT Corn (cents p/bushel)	0.27%	-6.98%	369.8
CBOT Wheat (cents p/bushel)	-0.80%	-14.70%	462.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.0%	-3.2%	1.11
British Pound (£/$)	-0.3%	-4.8%	1.21
Japanese Yen ($/¥)	-0.21%	3.04%	106.45
Australian Dollar (A$/$)	0.27%	-3.59%	0.68
Canadian Dollar ($/C$)	0.3%	2.7%	1.33
Swiss Franc ($/CHF)	-0.2%	0.2%	0.98

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

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	10.2%	Equalweight	-	10.2%
3) Consumer Staples	7.3%	Equalweight	-	7.3%
4) Energy	5.0%	Equalweight	-	5.0%
5) Financials	12.9%	Underweight	- 2.0%	10.9%
6) Health Care	14.3%	Overweight	+2.0%	16.3%
7) Industrials	9.3%	Equalweight	-	9.3%
8) Information Technology	21.6%	Overweight	+2.0%	23.6%
9) Materials	2.7%	Equalweight	-	2.7%
10) Real Estate	3.1%	Overweight	+1.0%	4.1%
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 6/21/19. Numbers may not add due to rounding.

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	55.5%	Overweight	+4.3%	59.8%
2) Canada	3.0%	Equalweight	-	3.0%
3) United Kingdom	5.0%	Underweight	- 1.0%	4.0%
4) Europe ex U.K.	14.5%	Underweight	- 1.0%	13.5%
5) Latin America	1.5%	Equalweight	-	1.5%
6) Asia-Pacific ex Japan	12.2%	Equalweight	-	12.2%
7) Japan	7.0%	Underweight	- 1.0%	6.0%
8) Middle East / Africa	1.3%	Underweight	- 1.3%	-

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 6/21/19. Numbers may not add due to rounding.

© 2019 Ameriprise Financial, Inc. All rights reserved.

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	Actual Q2-2019	Est. Q3-2019	Est. Q4-2019
Real GDP (YOY)	2.5%	2.9%	1.6%	2.4%	2.9%	2.2%	2.1%	3.1%	2.1%	1.9%	2.2%
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%	2.1%	1.6%	1.7%	2.0%	2.2%
Core PCE (YoY)	1.6%	1.3%	1.7%	1.6%	1.9%	1.8%	2.0%	1.5%	1.6%	1.7%	1.7%

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: August 14, 2019

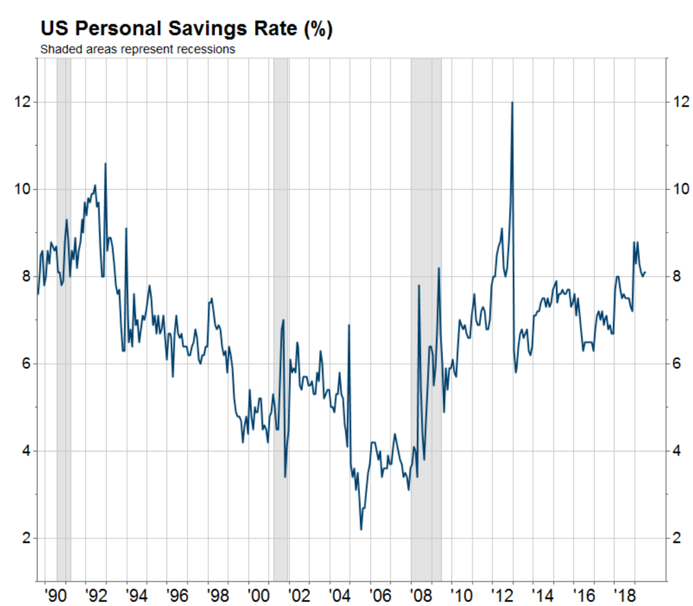
ECONOMIC NEWS OUT TODAY:

Economic Releases for Wednesday, August 21, 2019. All times Eastern. Consensus estimates via Bloomberg.

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
10:00 AM	JUL	Existing Home Sales (annualized)	5.40M		5.27M	
10:00 AM	JUL	Existing Home Sales (MoM)	+2.4%		-1.7%	

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

- **Existing home sales for the month of July** are due out at 10 AM ET today. Forecasters as surveyed by Bloomberg expect sales to be 2.4% higher in the month due to modestly improved inventory levels (although we note that all of the recent improvement in availability has come at the middle and upper price points of the market) and the affordability improvements that have come via the sharp drop in mortgage interest rates over the last several months. Should sales for the month (on an annualized basis) come-in as expected, it would be the first time since February 2018 that home sales have posted a year-over-year gain.
- **Things that make you go hmmmm… The personal savings rate and recession risk.** The ongoing trade war between the U.S. and China has cast a pall over the pace of global economic growth. The most evident impact has been on business spending. Here in the U.S., business investment spending grew at a strong +6.4% year-over-year pace in 2018, but by the recently ended second quarter had slowed to just +2.7%, and is likely to slow further. Net exports have also been under pressure while the need to trim business inventories will very likely remain a pressure on GDP growth over the near-term as well.
- This basically leaves the consumer as the primary source of economic support (but government spending should offer some modest support as well).
- In this respect, we note the recent focus on the inverted yield curve. Much has been made of the fact that the yield curve has inverted ahead of each recession since 1970. As such, last week's momentary inversion of the 10-2 Treasury yield relationship has been gasoline on the fire of recession fears, particularly in the media where fear "sells."
- However, we will note another indicator that has also had a spotless track record over the last few decades: ahead of each recession since 1980 (counting the double-dip recession of '80 and '82 as one event) the personal savings rate has dropped by at least 2 percentage points.
- Are we in that situation today? Far from it. Since the end of the Great Recession in mid-2009, the personal savings rate has actually INCREASED by more than 2 percentage points and currently resides at levels not



© 2019 Ameriprise Financial, Inc. All rights reserved.

seen on a consistent basis since the very early 1990's. See chart at right as sourced from FactSet.

- Current recession risks are real. Although consumers are in very strong financial shape (see our new Economic Perspectives report published last week for more on this topic), consumer sentiment and spending are always susceptible to potential pull-backs should the trade situation, or some other geopolitical event, experience serious adverse developments. However, investors and forecasters should examine the WHY of the curve's current positioning as some (though not all) are influences that are NOT directly related to recession risk, in our view. Simply looking at an indicator and saying, "well this happened before, so it must be going to happen again," is overly simplistic and even lazy analysis at any time.

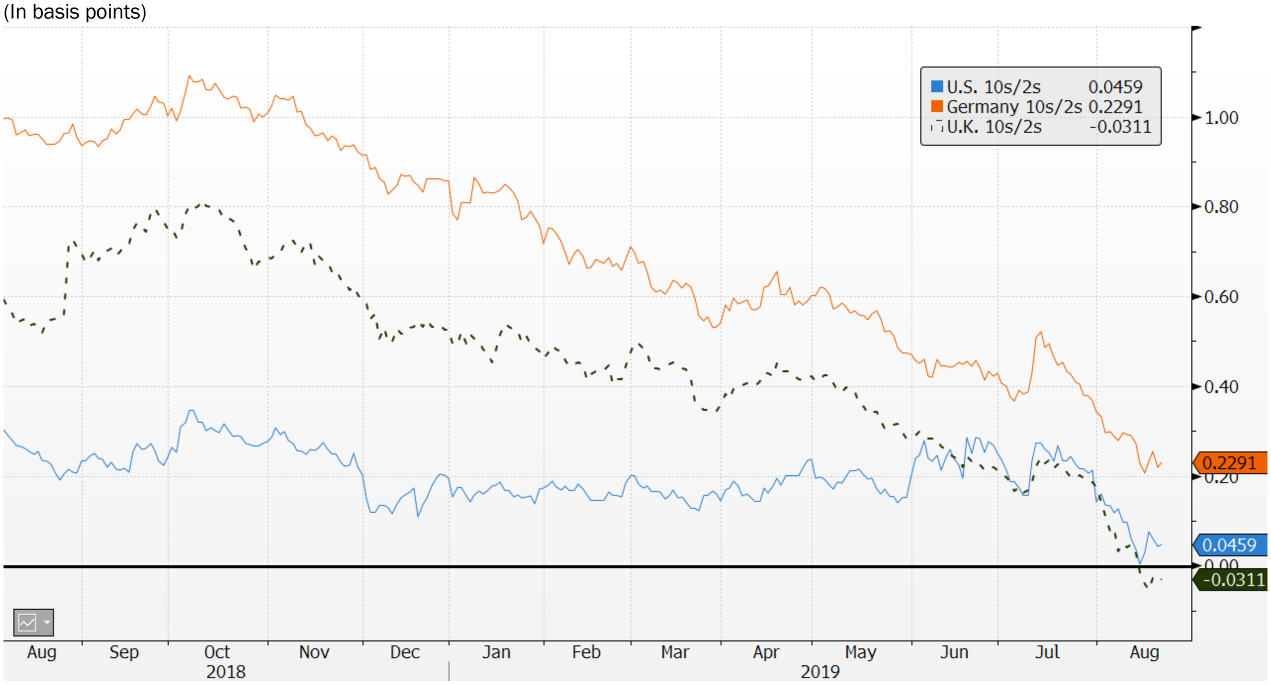
FIXED INCOME NEWS & VIEWS: *Brian M. Erickson, CFA, Fixed Income Research & Strategy*

- **Treasury Update:** Treasury yields lifted higher in overnight trading as U.S. equity markets point to a potentially higher open.
- Later today: This afternoon the release of minutes from the Fed's July 30-31 policy meeting could add some direction to trading this afternoon.

Where Bond Markets Stand and What Lies Ahead

- Yields lower by 30 to 50 basis points in 10-year sovereign debt markets just since the end June. The drop reflects slowing global growth, the dashing of inflation prospects, and the potential for further monetary stimulus.
- Though the U.S. Treasury curve briefly inverted overnight on August 14 and 15, 2019, signaling the conviction that drives investors to buy 10-year Treasuries at yields less than 2-year Treasuries. U.S. 10s/2s hovers at +4 basis points this morning; only one news report away from inverting once again, in our view. The U.K. sovereign curve remains inverted as 10s/2s remained inverted since August 14. Meanwhile, in Germany 10s/2s maintains a +22 basis point spread, down from +85 basis points at the end of 2018. Taken together, bond markets reflect another concerted round of monetary stimulus from the Fed, the Bank of England, and the European Central Bank; as well as a considerable dose of skepticism that monetary policy is the cure for what ails the economy today. While monetary policy can be highly potent, after several rounds its impact becomes diminished. And to be most effective, it needs to be accompanies by a concerted fiscal response as well through spending and regulatory reforms; a lever that has not been fully employed in many developed markets in our view.

10s/2s Treasury Yield Curve Spreads in the U.S., U.K. and Germany
(In basis points)



Source: Bloomberg L.P.

© 2019 Ameriprise Financial, Inc. All rights reserved.

- Looking out four weeks: Over the next four weeks we could see a different tone emerge. First, markets that have been more thinly traded though August likely find investment teams fully staffed at the start of September. For U.S. markets that begins the Tuesday, September 3 following the Labor Day Holiday weekend. Second, and more importantly, the ECB policy committee meets on September 12 and is expected to unveil another round of stimulus. The Fed then meets on September 17-18 likely announcing another rate cut; followed by potential action by the Bank of England on September 19. Though anticipation of those actions may be priced into markets today, four weeks forward the expectations may become a clear reality. Should bond markets view the measures as sufficient to support the global economy through this period of uncertainty, our liquidity concerns may fade for a time. We would view this as an ideal time to make changes to fixed income investments should they be appropriate or necessary
- Bond markets more fragile: We believe slowing growth and increasing frictions the bond market, making it much more susceptible to shocks including escalations in the U.S./China trade war, Brexit, or even missteps on the monetary policy front. New factors could come into play as well, with the tide of geopolitical conflict on the rise. Conversely, a tweet from President Trump pulling back on trade or claiming victory could quickly lift a sizable portion of the uncertainty. While we see this as unlikely long-term, we have given up attempting to invest tweet to tweet as a reasonable approach.
- Our recommendations: 1) evaluate fixed income investments with an eye toward liquidity. The capitulation of an inverted curve is one factor signaling to fixed income investors that liquidity may evolve around aggressive or exotic investments that may have fit into portfolios well when central banks flooded the market with liquidity in the past. We believe bond markets are skeptical that further monetary easing will be sufficient to carry growth and expansion at this stage of the economic cycle. 2) We recommend extending duration to 7 years from 6 years in total return portfolios to bolster the diversification from government and high-quality allocations. 3) We believe thinning liquidity likely closes and complicates refinancing for the lowest rated corporation and likely leads to an increase in high yield defaults closer to the long-term average over the next year.

This space intentionally left blank.

© 2019 Ameriprise Financial, Inc. All rights reserved.

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)

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

© 2019 Ameriprise Financial, Inc. All rights reserved.

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 June 30, 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

© 2019 Ameriprise Financial, Inc. All rights reserved.

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

© 2019 Ameriprise Financial, Inc. All rights reserved.

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.

© 2019 Ameriprise Financial, Inc. All rights reserved.