Investment Committee Handbook

November 2026 Monthly Update

MarketDesk

November 1, 2026

Report Overview

The *Investment Committee Handbook* provides a detailed recap across equity and credit markets. It is updated monthly and released with the ETF Models at the beginning of each month. There are five sections: Equity Market Summary, Cross Asset Analysis, Economic Monitor, Credit Markets, and Relative Return Charts. The charts track macro data, monitor equity and credit market trends, and frame investor expectations.

How to Use the Monthly Report

The report is built for use during both internal meetings and client conversations. It is designed to save your team time preparing for internal IC meetings, and the charts keep the discussion focused on topics and data points that matter to markets. The report can also serve as a visual aid during client conversations, such as highlighting specific charts to explain the current market environment and investment themes.

Portfolio Strategy Commentary

For an in-depth discussion of the current market environment and actionable portfolio ideas, refer to the latest **Monthly Roundup** or **Quarterly Asset Allocator's Guide**.

Equity Market Summary

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Asset Class Ratings

Asset Allocation Recommendations for 6-12 months

Market Summary

● Overweight (OW)
Favor higher weight than the broad index. Comfortable letting winners run and increasing exposure after selloffs.

● Marketweight / Neutral (N)
Market areas offering limited differentiation vs the broad index.

● Underweight (UW)
Favor lower weight than the broad index. Potential areas of risk (i.e. underperformance, macro / thematic headwinds).

Ratings Change ▲ / ▼
Arrows indicate a positive (▲) or negative (▼) recent change in our view.

Asset Class	Allocation View				Ratings Rationale & Commentary
	Chg	UW	N	OW	
U.S. Factors					
Quality		•	•	●	Strong balance sheets & steady earnings tend to hold up as risk appetite fades; Low debt matters more as borrowing costs rise
Equal Weight		•	•	●	Reduces reliance on AI mega-caps as market leadership broadens; More sensitive to an economic slowdown than the S&P 500
Minimum Volatility		•	•	●	Historically one of the strongest equity factors in risk-off periods; Tends to give back some of its lead once markets recover
High Dividend	▲	•	•	●	Steady income & low valuations offer defense as risk appetite fades; Higher Treasury yields remain competition for income
Momentum	▲	•	•	●	Shorter lookback signals can rotate into more defensive leaders as risk-off persists; Crowded AI winners sold off sharply in October
Growth	▼	•	●	•	Earnings growth stays strong, but AI spending now outpaces cash flow; Investors are less willing to pay for growth in risk-off
Large Caps		•	●	•	Strong balance sheets add stability vs small caps; Heavy weight in AI leaders = risk while investors question their spending
Small Caps		•	●	•	Low valuations & less AI exposure support the case; Higher borrowing costs & credit sensitivity = risks until markets stabilize
Value		●	•	•	October's rotation lifted Value, but it trades expensive vs its own history; Has offered little reliable protection in risk-off
High Beta		●	•	•	Most vulnerable factor when risk appetite fades; Heavy semiconductor exposure ties it to swings in AI sentiment
U.S. Sectors					
Real Estate	▲	•	•	●	Falling Treasury yields & steady rental income support the sector in risk-off; Refinancing costs remain a headwind if rates rise
Health Care	▲	•	•	●	Defensive earnings that hold up in slowdowns = a core risk-off holding; Valuations near 10-year highs after a strong October
Utilities	▲	•	•	●	Defensive earnings & falling Treasury yields support the sector; AI-driven power demand adds a long-term tailwind
Consumer Staples	▲	•	•	●	Steady demand for everyday goods makes it one of the most reliable risk-off sectors; Valuations elevated after a strong October
Technology	▼	•	●	•	AI demand & earnings estimates remain strong; Doubts about spending that outpaces cash flow add downside risk in risk-off
Consumer Disc	▼	•	●	•	Strong economic growth supports demand; Flat real spending, low savings & high fuel prices leave consumers stretched
Materials		•	●	•	Metals demand & higher commodity prices support earnings; Cyclical sensitivity to slower global growth limits upside in risk-off
Energy		•	●	•	Higher oil & Gulf supply risks lift earnings & hedge inflation; A sharp oil reversal if tensions ease limits conviction
Comm Services		•	●	•	Valuations have reset lower & earnings estimates are rising; Heavy AI spending that outpaces cash flow = the main risk
Financials	▼	●	•	•	Higher rates support lending income; Rising stress among weaker borrowers raises the risk of credit losses as conditions tighten
Industrials	▼	●	•	•	AI buildout & defense spending support demand; Economic sensitivity & rich valuations leave the sector vulnerable in risk-off
Fixed Income					
MBS		•	•	●	Higher yield than Treasuries with government-backed credit quality; Elevated interest rate volatility is the main headwind
Investment Grade		•	•	●	High credit quality = less default risk if the economy slows; Spreads are still tight, so returns rely mostly on income
Long Duration		•	•	●	Treasuries were the haven in October's selloff & lock in high yields; Sticky inflation & a likely December Fed hike = risks
Bank Loans/CLOs	▼	•	●	•	Floating-rate income is high & benefits if the Fed hikes; Loans to weaker borrowers carry more credit risk in risk-off
EM Sovereign		•	●	•	High yields support income; Emerging-market debt tends to lag when risk appetite fades & the dollar firms
Municipals		•	●	•	Strong credit quality & attractive after-tax yields for high-tax investors; Heavy new issuance can weigh on prices
TIPS		•	●	•	Inflation protection matters with CPI at 3.7% & oil rising; Real yields can rise if the Fed hikes, which limits upside
Convertibles		●	•	•	Heavy tech & AI exposure makes them trade more like stocks than bonds; Vulnerable while AI leadership weakens
High Yield		●	•	•	Stress is rising among the weakest borrowers & spreads leave little cushion; Historically lags safer bonds in risk-off
International Regions					
Emerging		•	●	•	Very low valuations offer support; Heavy exposure to Asian chipmakers made EM one of the hardest hit in October's AI selloff
ACWI ex U.S.		•	●	•	Lower valuations & less AI concentration than the U.S. help; Foreign stocks have usually lagged the U.S. in past risk-off periods
Developed		•	●	•	Europe's fiscal spending & Japan's reforms support DM; Less AI exposure cushioned October, but global growth risks limit upside
FX					
U.S. Dollar		•	•	●	Tends to strengthen in risk-off as investors seek safety; A likely Fed hike keeps U.S. rates above most peers, adding support

Source: MarketDesk

Market Performance Drivers

FIGURE 1 – Directional Trends of Key Macro Drivers

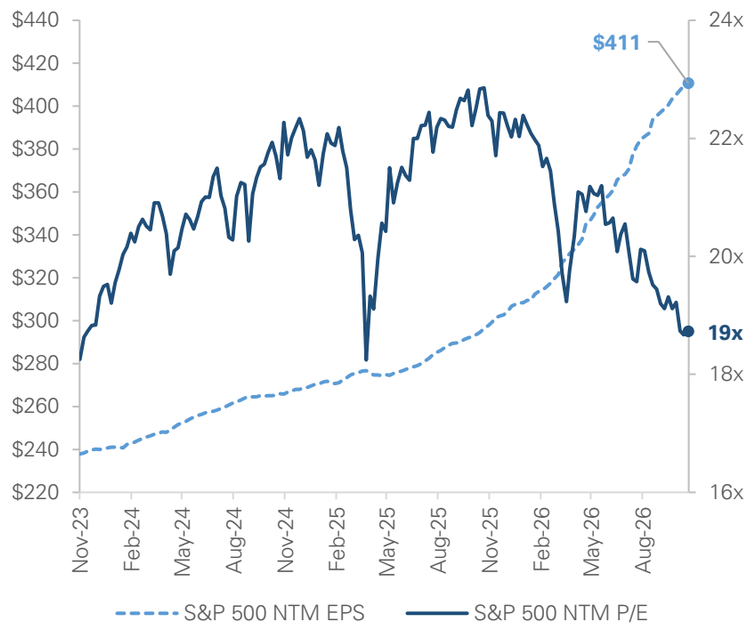
Do macro trends support recent S&P 500 price movement?

Type	Macro Driver	6-Month Trend	Current Status
Earnings	NTM Earnings Revisions		Risk-On
	US Manufacturing PMI		Neutral
Valuations	Multiple Expansion		Risk-Off
	Credit Spreads (BBB) *		Neutral
Rates	Yield Curve (10Y vs 2Y) *		Risk-On
	10 Year Real Yield *		Neutral
Sentiment	CBOE VIX *		Risk-Off
	Investor Sentiment (USSI)		Risk-Off
	Risk Demand (USRDI)		Risk-Off
Liquidity	US Net Liquidity (USNLI)		Neutral
	Finl. Conditions (USFCI) *		Risk-Off
Growth	Oil Prices		Risk-On
	Industrial Metals		Neutral
	Fed Weekly Econ Index		Risk-On
	Mortgage Applications		Risk-Off

Source: MarketDesk. Status based on 6mo trend. *Inverse relationships.

FIGURE 2 – Forward Earnings and Valuation Trends

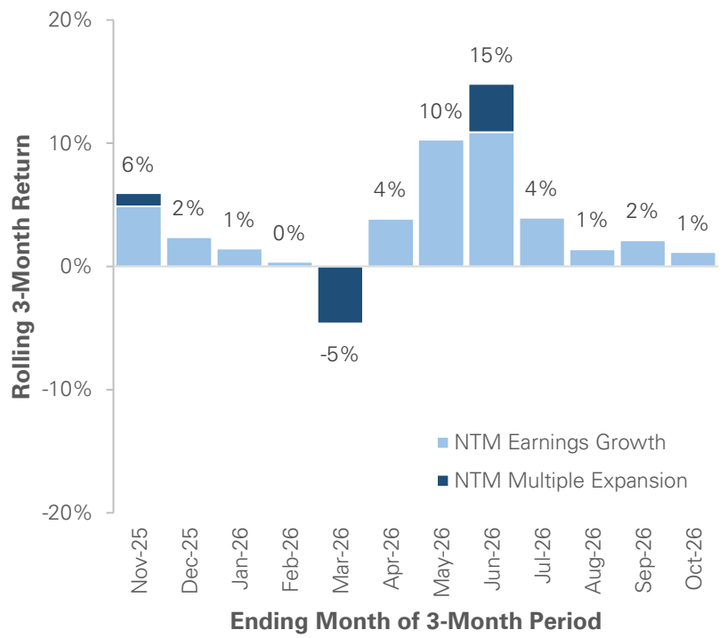
Are earnings forecast to grow, or are investors paying a higher valuation?



Source: MarketDesk. Based on consensus estimates.

FIGURE 3 – S&P 500 Performance Contribution (3-Months)

Did revisions or multiple expansion drive the trailing 3-month return?



Source: MarketDesk

FIGURE 4 – Y/Y Change in U.S. Net Liquidity (USNLI)

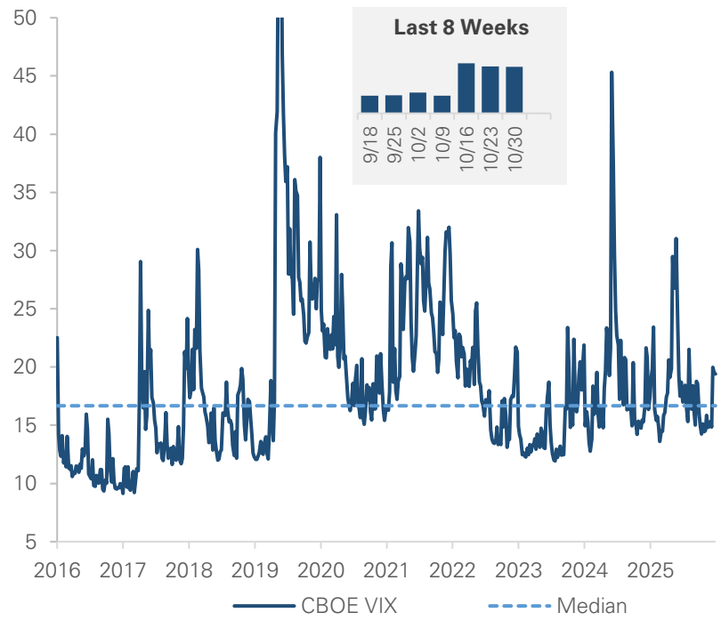
Is market liquidity improving or deteriorating?



Source: MarketDesk. See Quant Pack for more information.

FIGURE 5 – CBOE VIX

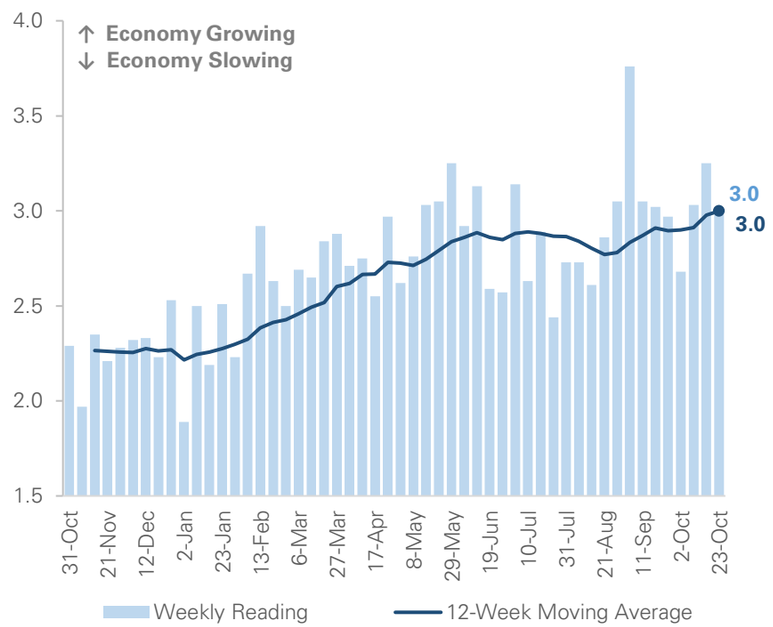
Are markets pricing in more or less future volatility?



Source: MarketDesk, CBOE

FIGURE 6 – Federal Reserve Weekly Economic Index

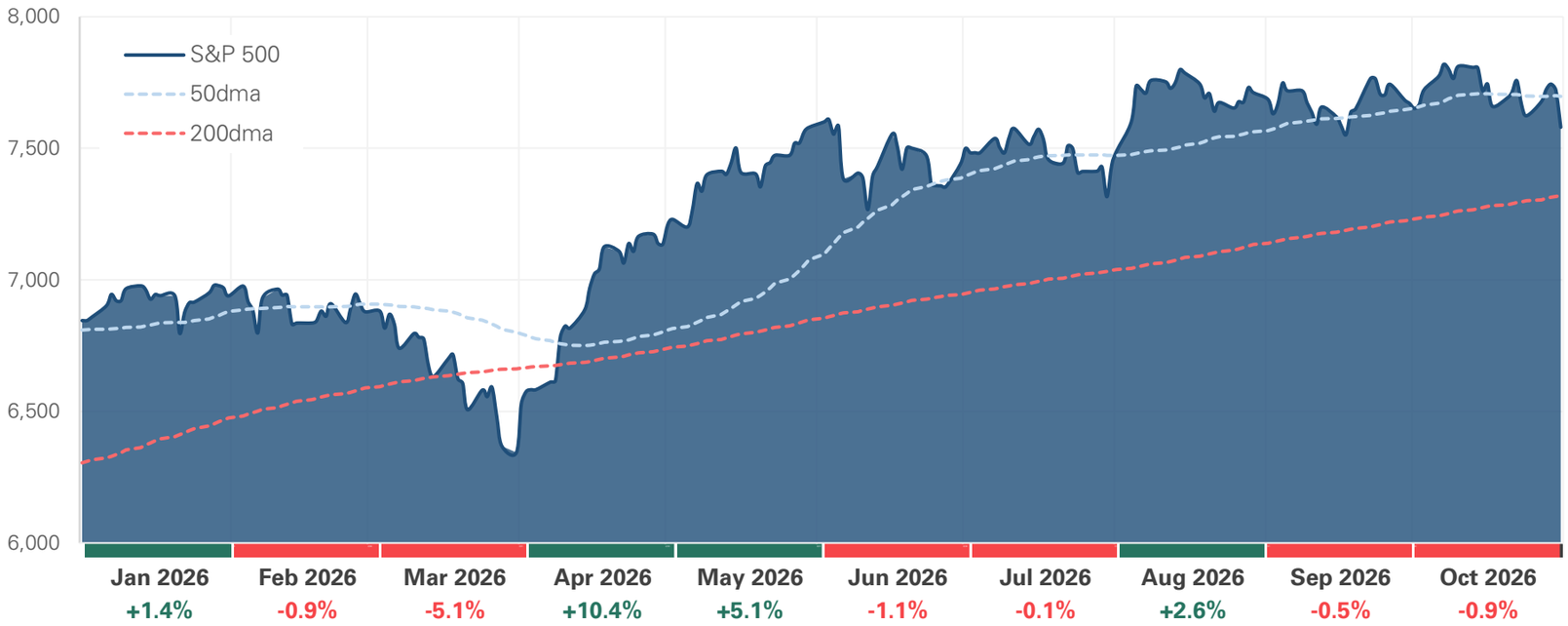
Is the market trending in line with high frequency economic data?



Source: MarketDesk, New York Federal Reserve

FIGURE 7 – S&P 500 Index Monthly Performance

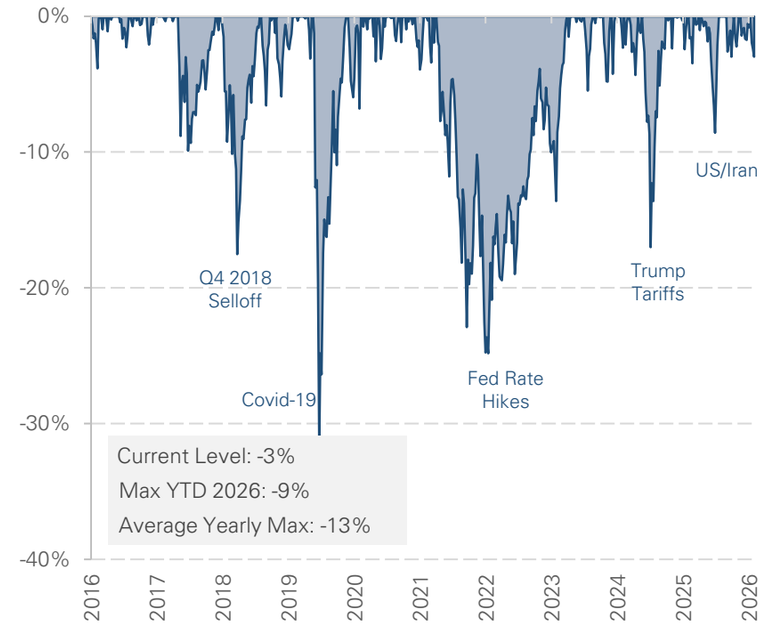
Price chart and monthly returns during the past 10 months



Source: MarketDesk. Note: The above analysis is price return only and does not include dividends received.

FIGURE 8 – S&P 500 Historical Drawdowns

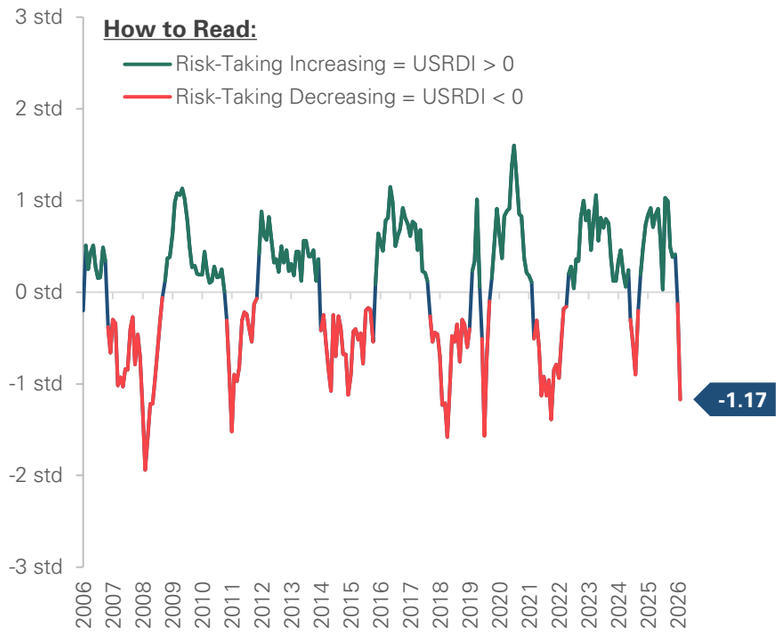
Measuring current price levels against all-time highs



Source: MarketDesk. Note: Based on end of week datapoints (not daily).

FIGURE 9 – MarketDesk U.S. Risk Demand Indicator (USRDI)

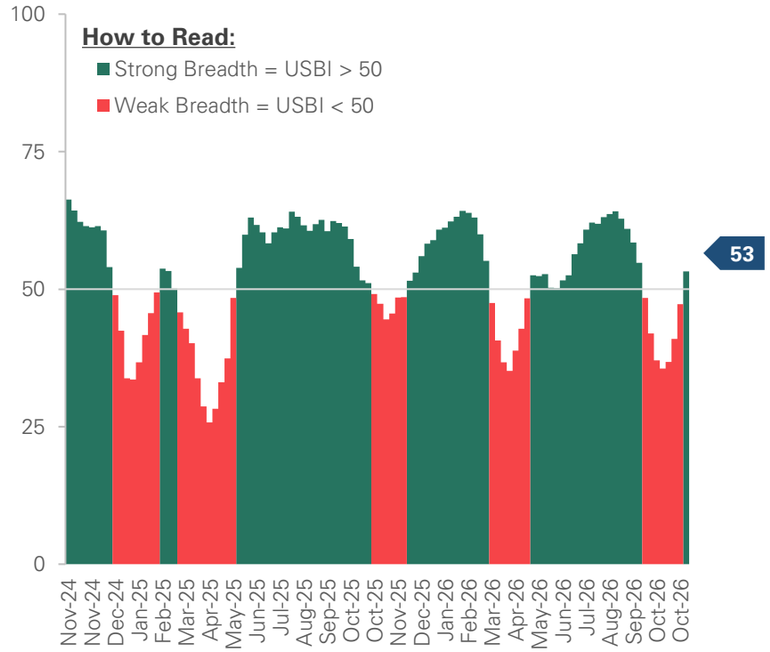
Measuring risk appetite over longer cycles (Long-Term)



Source: MarketDesk. See Quant Pack for forward returns statistics.

FIGURE 10 – MarketDesk U.S. Breadth Indicator (USBI)

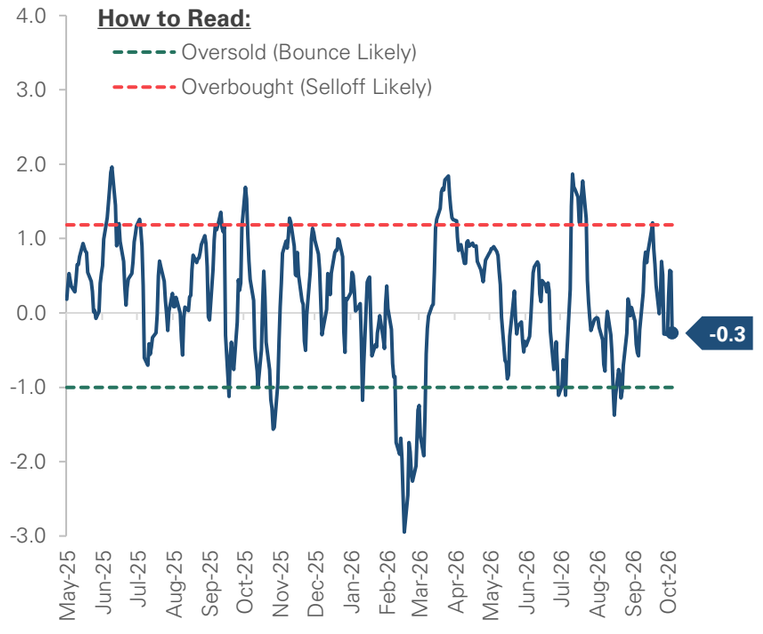
Measuring % of companies trading higher (Intermediate-Term)



Source: MarketDesk. See Quant Pack for forward returns statistics.

FIGURE 11 – MarketDesk U.S. Technical Indicator (USTI)

Measuring overbought vs oversold conditions (Near-Term)

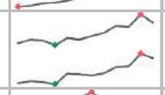
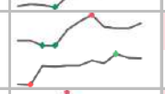
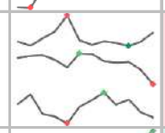
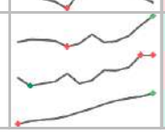


Source: MarketDesk. See Quant Pack for forward returns statistics.

Valuations & Earnings Drivers

FIGURE 12 – Macro Drivers of Valuations

Directional trends of key inputs that influence valuations

Type	Macro Driver	12-Month Trend	Valuation Impact
Earnings	NTM EPS Revisions		Expansion
	S&P 500 Profit Margins		Expansion
Rates	US 10-Year Real Yield *		Neutral
	Credit Spreads (BBB) *		Neutral
Economics	Inflation (CPI Y/Y%) *		Contraction
	ISM Mfg. PMI		Neutral
Sentiment	CBOE VIX *		Contraction
	Risk Demand (USRDI)		Contraction
	Investor Sentiment (USSI)		Contraction
Liquidity	Net Liquidity (USNLI)		Expansion
	Finl. Conditions (USFCI) *		Contraction
	Equity Flows		Expansion

Note: "Valuation Impact" is based on trailing data to identify the trend and is not a forward projection. * Denotes an inverse relationship to valuation changes.

Source: MarketDesk

FIGURE 13 – Rotation of Valuation Drivers

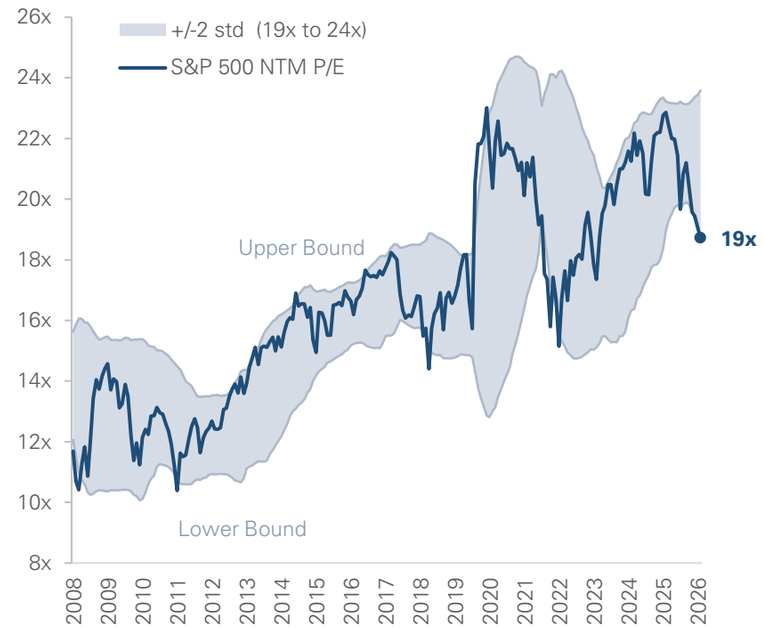
Monitoring near-term (1-month) vs long-term (6-month) trends



Source: MarketDesk. * Graphed inverse in scatterplot.

FIGURE 14 – S&P 500 Valuation vs Historical Range

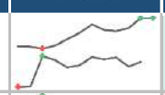
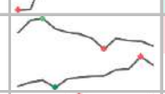
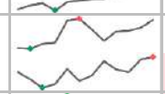
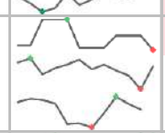
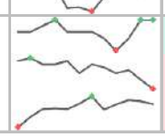
NTM P/E vs rolling 2-year standard deviation range



Source: MarketDesk. Note: This figure uses monthly datapoints.

FIGURE 15 – Macro Drivers of Corporate Earnings

Directional trends of key inputs that influence corporate profits

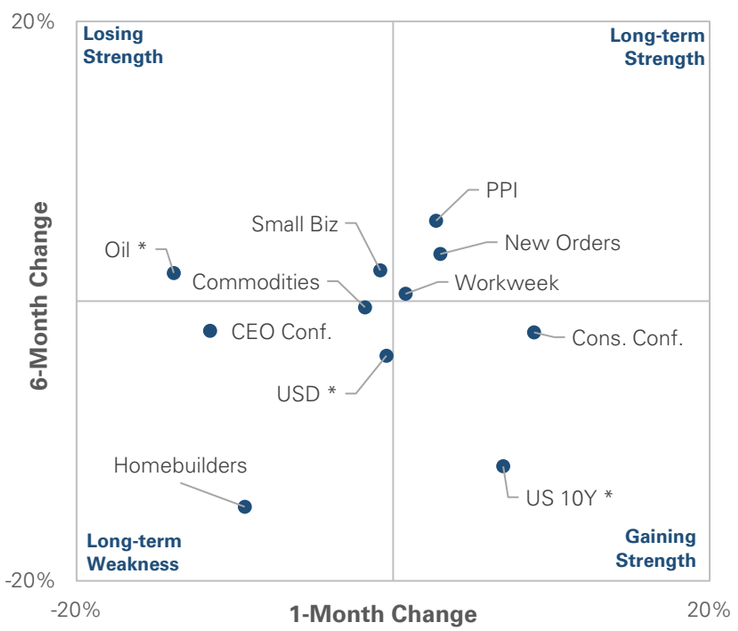
Type	Macro Driver	12-Month Trend	Earnings Impact
Revenue Growth	PPI Finished Goods		Growing
	ISM New Orders		Growing
Margins	Yield Curve (2/10Yr)		Slowing
	US 10-Year Yield *		Neutral
Expenses	WTI Oil Prices *		Neutral
	USD Index *		Slowing
Confidence	CEO Confidence		Slowing
	Consumer Confidence		Neutral
	Small Business Optimism		Neutral
Economics	Average Workweek		Growing
	Homebuilder Sentiment		Slowing
	Industrial Metals		Slowing

Note: "Earnings Impact" is based on trailing data to identify the trend and is not a forward projection. * Denotes an inverse relationship to earnings growth.

Source: MarketDesk

FIGURE 16 – Rotation of Earnings Drivers

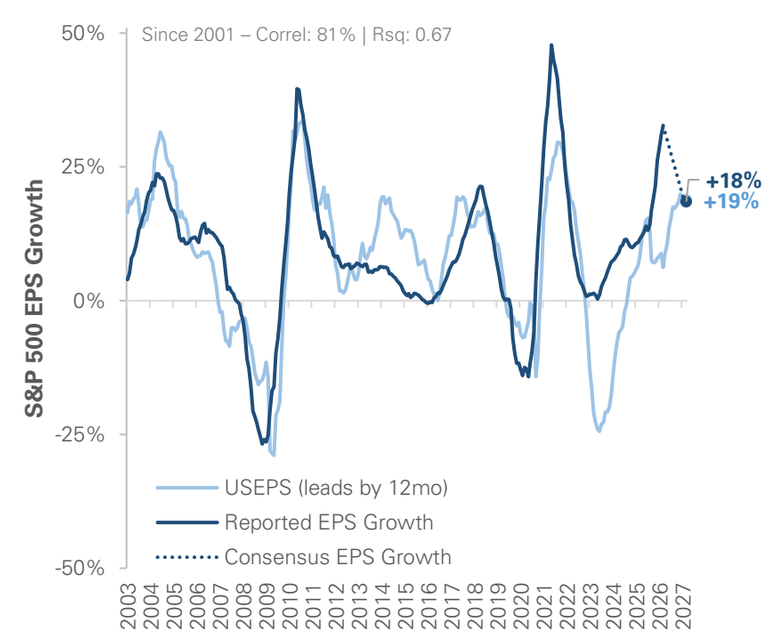
Monitoring near-term (1-month) vs long-term (6-month) trends



Source: MarketDesk. * Graphed inverse in scatterplot.

FIGURE 17 – MarketDesk S&P 500 Earnings Indicator (USEPS)

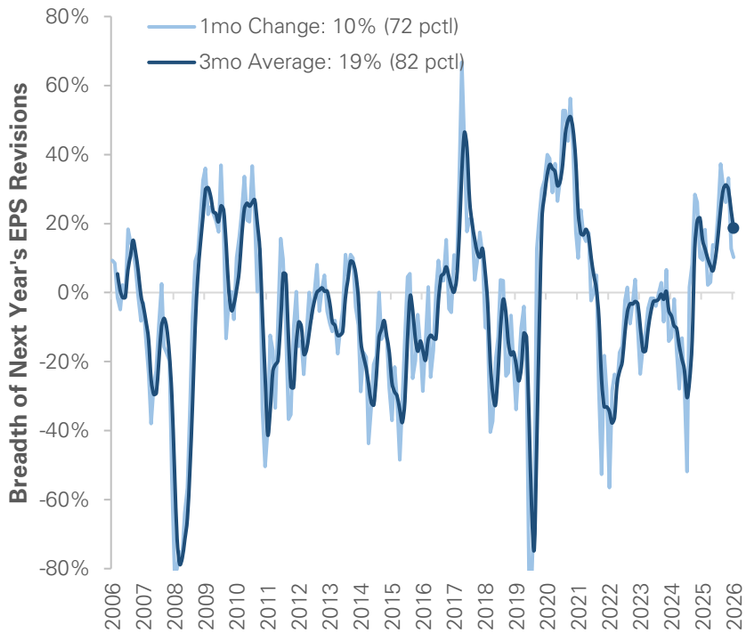
Forecasting the 12-month growth of S&P 500 earnings



Source: MarketDesk. See Quant Pack for more information.

FIGURE 18 – S&P 500 Earnings Revision Sentiment

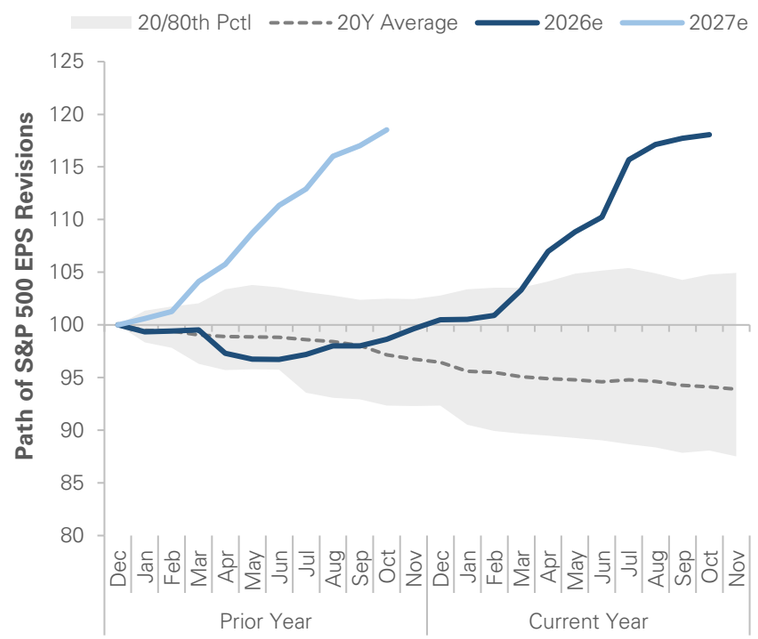
Monitoring trends in EPS revisions across S&P 500 companies



Source: MarketDesk. Breadth = (# Up - # Down) / Total Revisions

FIGURE 19 – S&P 500 Revisions Path vs Historical Range

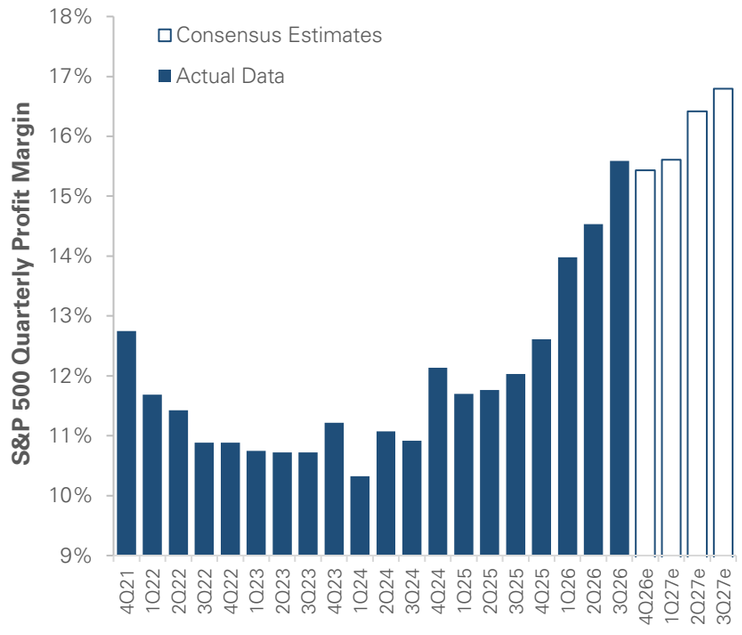
Measuring revisions to this year's S&P 500 EPS estimate



Source: MarketDesk. Estimate indexed to 100 on Jan 1st of Prior Year.

FIGURE 20 – S&P 500 Operating Margin

Historical actual margins and forward consensus projections



Source: MarketDesk. White bars represent consensus estimates.

FIGURE 21 – Earnings Revisions Across Key Market Areas

Market Areas		NTM EPS Revisions (%)				Sales Growth			EPS Growth			Net Margins			Rolling 3-Month Change in Earnings Revisions over Last 12 Months (%)										
		1m	3m	6m	Relative Trend	LTM	NTM	Chg	LTM	NTM	Chg	LTM	NTM	Chg	Chart	11/25	12/25	1/26	2/26	3/26	4/26	5/26	6/26	7/26	8/26	9/26	10/26
Factors	Large Caps	2.5	7.6	18.9	-	11.8	9.5	-2.3	29.3	19.2	-10.1	15.8	17.0	1.2		5	6	5	5	7	10	12	11	10	11	9	8
	Small Caps	2.0	5.8	14.4	-	6.7	5.4	-1.4	10.9	15.0	4.1	6.2	7.3	1.1		4	4	4	4	6	7	9	9	8	8	6	6
	Growth	3.0	10.4	28.2	Continued Strength	22.6	22.0	-0.6	46.2	29.3	-16.9	28.4	29.7	1.2		7	9	10	10	12	14	17	16	16	17	13	10
	Value	2.1	4.9	10.6	-	8.4	4.9	-3.4	17.0	10.3	-6.7	11.2	11.6	0.4		3	2	1	1	3	7	8	6	5	5	6	5
	Equal Weight	1.2	4.2	11.5	Losing Strength	7.2	5.4	-1.9	15.1	11.1	-4.1	10.4	10.9	0.5		2	3	4	4	6	7	8	8	7	7	5	4
Sectors	Materials	2.2	3.4	9.1	Gaining Strength	7.7	6.5	-1.2	36.8	17.3	-19.4	9.7	10.3	0.6		1	5	5	7	9	16	17	14	6	2	2	3
	Industrials	0.6	2.7	9.0	Continued Weakness	8.0	8.4	0.4	11.2	14.2	3.0	11.0	11.6	0.6		2	3	3	4	3	4	5	6	6	6	5	3
	Financials	1.3	2.7	8.8	-	8.8	5.9	-2.9	14.3	9.6	-4.7	21.6	21.7	0.1		4	4	3	3	3	3	4	4	6	6	5	3
	Real Estate	0.7	2.3	3.8	-	9.2	7.8	-1.4	8.6	6.8	-1.8	15.9	15.7	-0.3		2	1	1	1	1	3	3	4	1	1	1	2
	Consumer Disc	-0.6	0.6	10.9	Losing Strength	5.0	5.8	0.7	17.3	5.9	-11.4	10.2	10.0	-0.2		3	1	1	1	2	4	5	7	10	9	7	1
	Comm Services	4.9	5.1	9.3	Gaining Strength	8.4	5.3	-3.1	53.3	9.8	-43.5	15.2	14.7	-0.5		9	8	2	4	-2	5	2	4	4	13	8	5
	Energy	9.8	18.5	31.0	Continued Strength	21.8	-0.9	-22.8	87.5	11.8	-75.7	12.3	12.9	0.6		-1	-3	-5	-6	13	45	56	31	10	6	11	19
	Technology	5.3	17.5	36.1	Continued Strength	28.2	27.7	-0.4	48.6	42.9	-5.7	29.0	32.1	3.2		10	15	16	16	19	19	24	19	16	15	14	17
	Health Care	0.8	4.3	6.9	-	6.8	4.5	-2.3	3.3	18.0	14.7	7.5	8.4	1.0		2	2	0	0	1	4	2	2	2	6	5	4
	Consumer Staples	-0.5	0.9	1.4	Continued Weakness	6.2	4.1	-2.1	6.2	6.2	0.0	6.5	6.6	0.1		0	2	2	2	2	1	3	0	0	1	2	1
	Utilities	0.4	1.2	3.7	Continued Weakness	7.9	5.4	-2.5	10.6	8.8	-1.9	14.8	15.5	0.7		3	2	2	3	3	3	3	3	2	2	1	1

Source: MarketDesk. Based on consensus estimates of market cap weighted indices. Chart: Green (red) dot represents highest (lowest) point over the last 12 months. "Relative Trend" based on 1- and 6-month revisions.

Asset Flows & Investor Positioning

FIGURE 22 – Summary of Asset Class ETF Flows

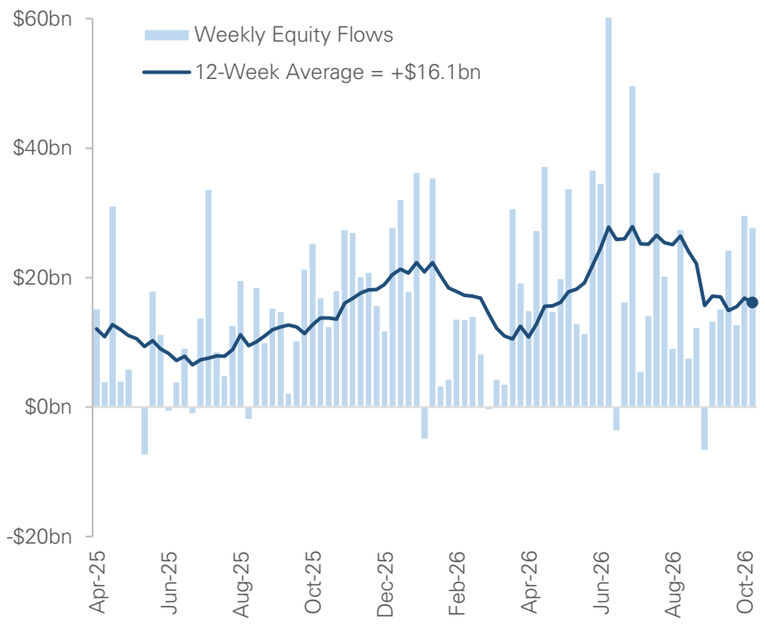
Where are investors allocating capital?

	Market Area	Net Flows ($B)			10 Year Percentile		
		1m	3m	6m	1m	3m	6m
Asset Classes	US Equities	34	221	551	57%	91%	99%
	US Large Caps	12	119	338	40%	85%	98%
	US Small Caps	3	10	15	71%	76%	67%
	Developed	22	52	95	98%	97%	95%
	Emerging	-1	17	21	21%	86%	68%
	US Corp IG	21	71	147	92%	96%	99%
	US High Yield	0	2	15	40%	45%	91%
	US Gov't Bonds	23	58	88	97%	98%	94%
	Commodities	5	16	10	87%	88%	73%
U.S. Sectors	Consumer	0	1	-1	66%	84%	31%
	Financials	1	-1	-1	59%	40%	45%
	Health Care	1	5	6	76%	92%	80%
	Real Estate	1	1	5	82%	65%	88%
	Technology	1	20	53	54%	97%	99%
	Utilities	1	1	0	88%	76%	35%

Source: MarketDesk. Based on net ETF issuance. Data delayed 1 month.

FIGURE 23 – Net U.S. Weekly Equity Flows

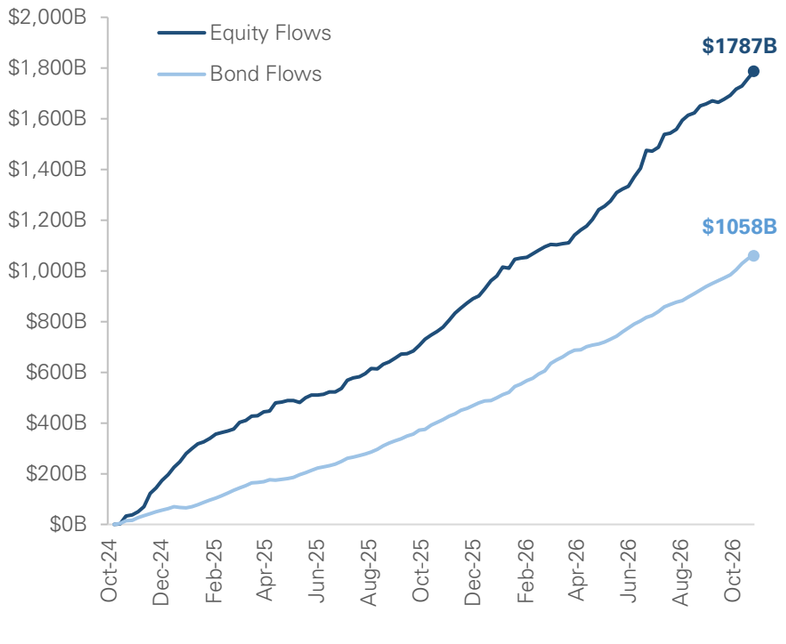
Monitoring directional flows into equity markets



Source: MarketDesk. Based on net ETF issuance.

FIGURE 24 – Cumulative Stock vs Bond Flows (2 Years)

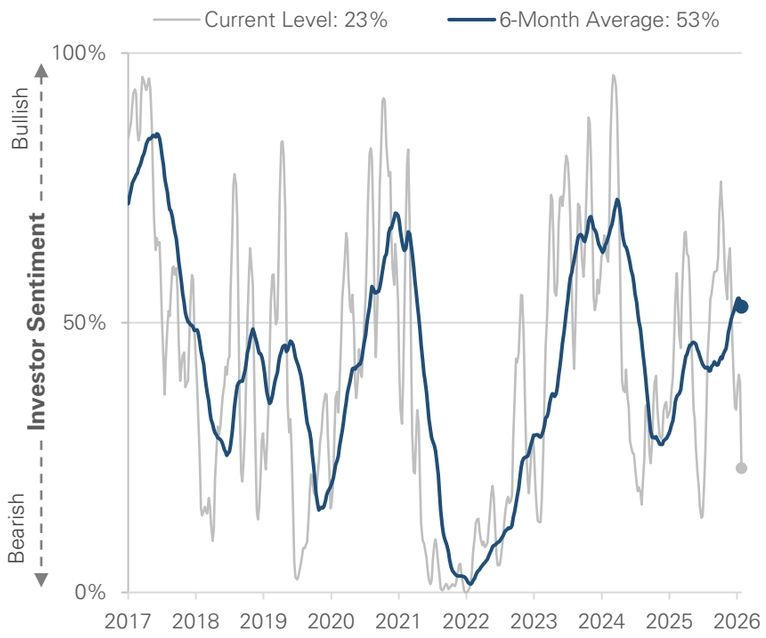
Measuring investor preference between stocks and bonds



Source: MarketDesk. Based on net ETF issuance.

FIGURE 25 – U.S. Sentiment Indicator (USSI)

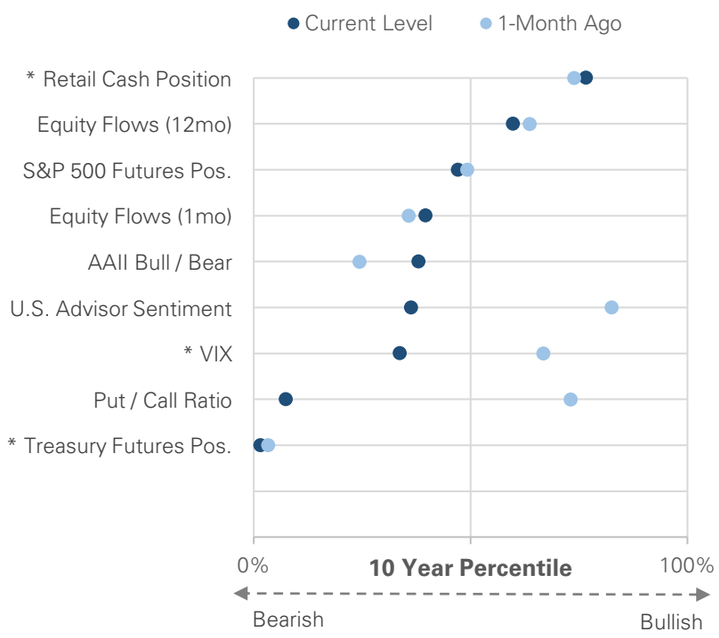
Monitoring directional flows into equity markets



Source: MarketDesk. See Quant Pack for more information.

FIGURE 26 – 10 Year Percentile of Each USSI Input

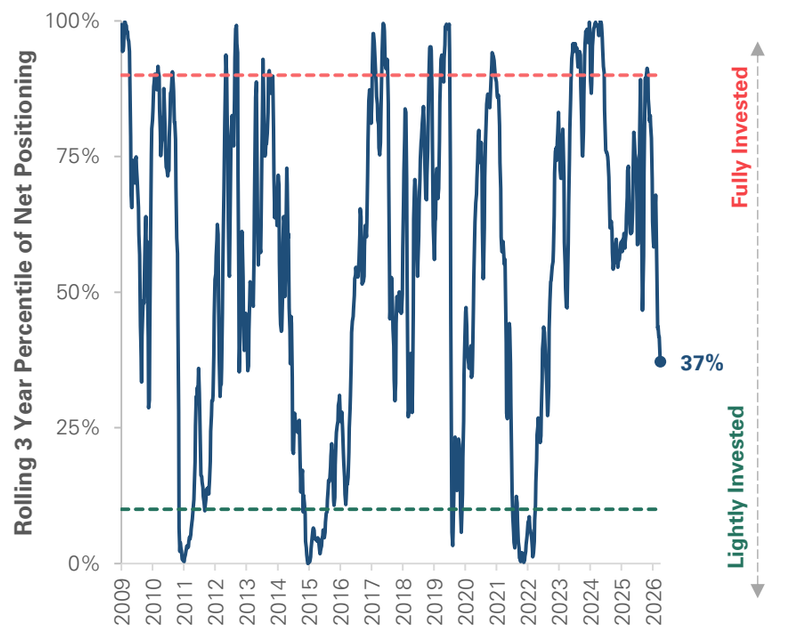
Current status of each input for the USSI



Source: MarketDesk Quant Pack. *Denotes inverse sentiment reading.

FIGURE 27 – Asset Manager S&P 500 Futures Positioning

How invested are asset managers?



Source: MarketDesk. Note: This is historically a contrarian indicator.

Cross Asset Analysis

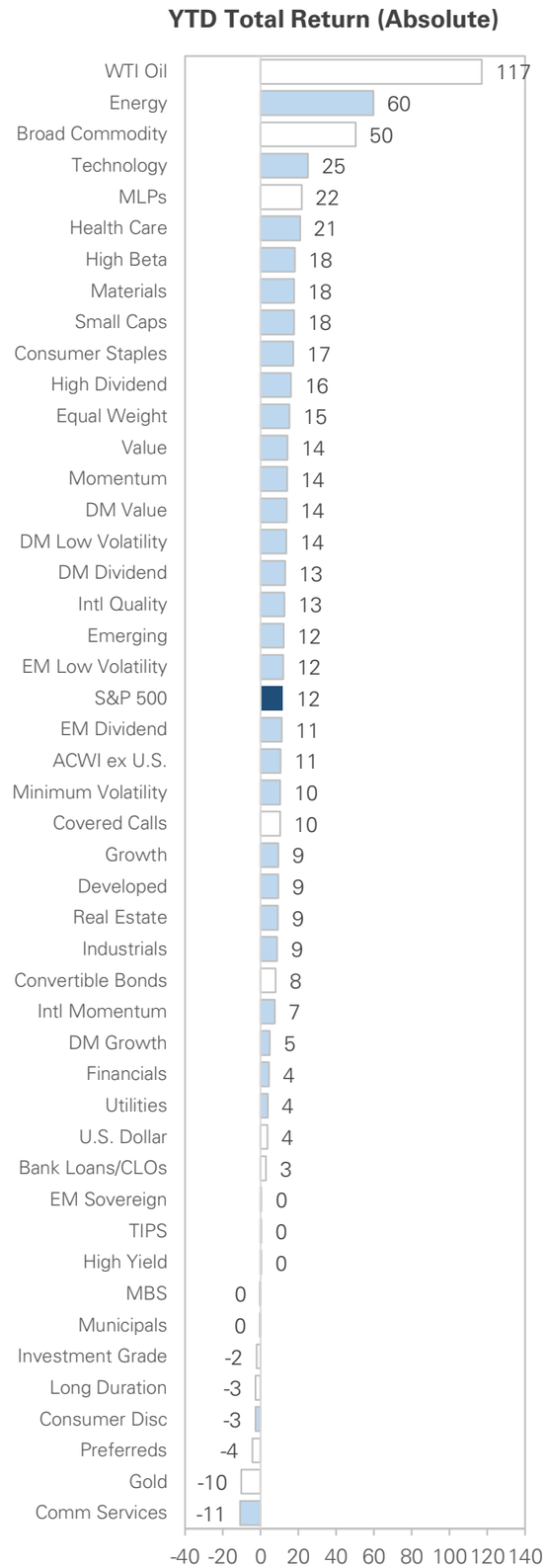
(Pages 9 to 12)

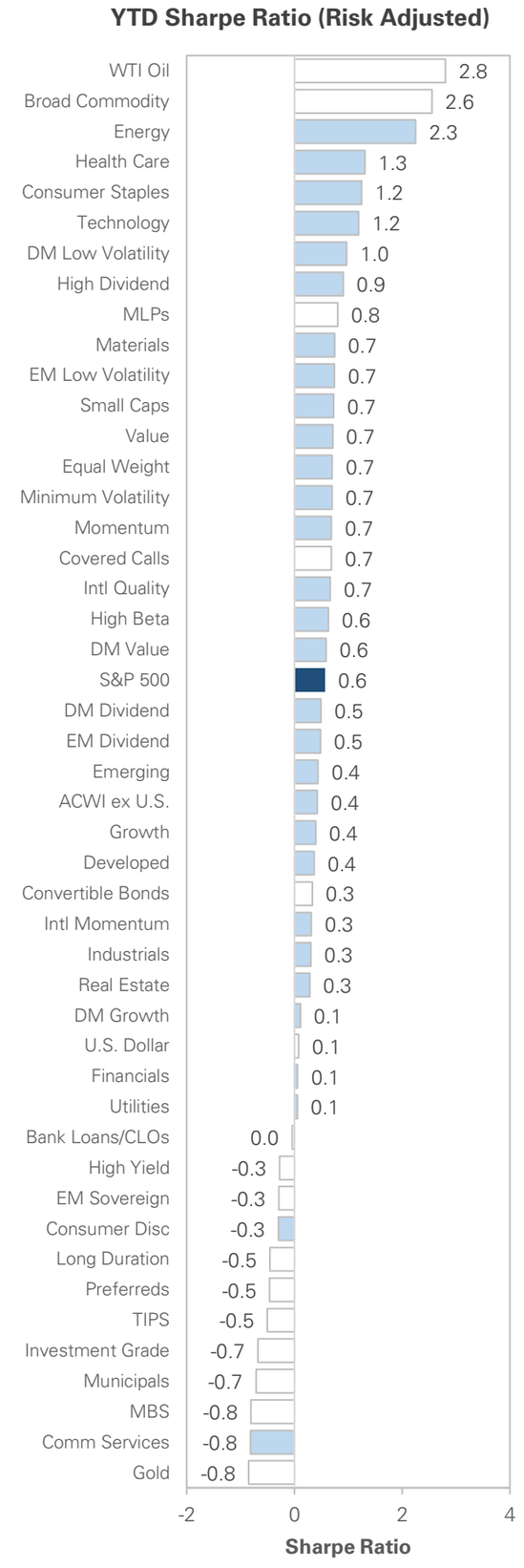
Comparing Opportunities and Risks across 47 Market Areas

Risk Adjusted Performance

FIGURE 28 – Snapshot of Market Performance

Asset Class	Market Area	Beta	Total Return (%)			Percentile			Beta Adj. Return		
			1m	3m	12m	1m	3m	12m	1m	3m	12m
U.S. Factors	Minimum Volatility	0.5	5.6	5	12	96	73	57	6.1	5	6
	High Dividend	0.7	5.5	2	19	91	45	87	6.1	1	11
	Equal Weight	0.8	4.9	2	18	84	39	75	5.6	1	9
	Value	0.7	4.9	4	17	86	58	76	5.5	3	9
	Small Caps	1.0	3.1	-3	21	69	23	75	4.1	-5	8
	S&P 500	1.0	-0.9	1	12	28	37	45	-	-	-
	Growth	1.2	-5.5	0	8	9	26	30	-4.4	-2	-7
	High Beta	1.6	-8.8	-2	20	8	28	62	-7.4	-4	1
	Momentum	1.3	-10.5	-5	13	2	9	40	-9.3	-7	-3
U.S. Sectors	Energy	0.4	13.9	18	63	97	92	97	14.2	18	58
	Consumer Staples	0.2	10.9	6	20	100	79	96	11.1	6	18
	Utilities	0.3	10.1	-1	0	100	28	29	10.4	-2	-4
	Health Care	0.4	9.8	14	30	100	99	96	10.1	14	25
	Materials	0.8	8.3	5	25	92	63	90	9.0	4	16
	Consumer Disc	1.1	6.0	0	-3	87	29	16	7.1	-2	-17
	Financials	0.7	5.8	0	10	85	36	53	6.5	-1	1
	Real Estate	0.5	4.8	-4	9	80	24	65	5.3	-5	3
	Industrials	0.9	0.3	-7	9	42	13	43	1.1	-8	-1
	Technology	1.5	-8.3	2	20	6	41	54	-7.0	0	2
	Comm Services	1.0	-10.1	-6	-7	3	17	21	-9.2	-7	-19
U.S. Fixed Income	Long Duration	0.1	5.1	1	-4	92	69	65	5.1	1	-5
	Municipals	0.0	3.5	-1	0	99	40	49	3.6	-1	-1
	MBS	0.1	3.1	0	1	98	52	58	3.1	0	0
	TIPS	0.1	2.5	0	0	96	42	41	2.6	0	-1
	Investment Grade	0.2	2.5	-1	-2	90	40	32	2.6	-1	-4
	High Yield	0.2	0.7	-1	2	67	31	62	1.0	-1	-1
	EM Sovereign	0.2	0.2	0	2	56	47	66	0.4	-1	0
	Bank Loans/CLOs	0.1	-0.2	1	3	50	77	82	-0.1	1	2
	Preferreds	0.4	-3.0	-5	-4	15	13	33	-2.6	-6	-8
Equity Linked Income	MLPs	0.4	4.2	0	25	81	44	92	4.6	-1	21
	Covered Calls	0.6	-0.3	2	15	34	59	97	0.3	1	8
	Convertible Bonds	0.6	-6.8	-7	3	6	10	28	-6.2	-8	-4
International Regions	Developed	0.8	-0.5	-2	13	40	33	66	0.2	-3	4
	ACWI ex U.S.	0.8	-2.9	-2	14	24	30	74	-2.2	-4	4
	Emerging	0.9	-8.6	-5	13	7	25	62	-7.8	-6	2
International Factors	DM Low Volatility	0.3	5.6	4	18	97	69	94	5.9	3	14
	Intl Quality	0.7	1.9	0	16	59	39	80	2.6	-1	7
	DM Dividend	0.5	1.3	-3	21	58	33	86	1.8	-3	15
	DM Value	0.6	0.2	-2	22	47	33	85	0.7	-3	14
	DM Growth	0.9	-1.1	-2	5	35	27	44	-0.3	-4	-6
	EM Dividend	0.6	-1.9	-1	16	34	46	81	-1.3	-2	8
	Intl Momentum	0.8	-3.2	-2	12	18	24	59	-2.4	-4	2
	EM Low Volatility	0.5	-3.9	0	12	13	38	83	-3.4	-1	5
FX	U.S. Dollar	0.0	0.4	2	2	58	71	61	0.4	2	2
Commodities	WTI Oil	-0.1	16.9	32	105	96	94	98	16.8	32	106
	Broad Commodity	0.1	4.0	14	52	75	89	95	4.1	14	51
	Gold	0.3	-6.6	-4	-3	7	21	23	-6.3	-5	-7





Source: MarketDesk. Total return includes dividends reinvested. Beta relative to S&P 500 over the last 36 months. Beta-Adjusted Returns is calculated as [Total Return - (Beta x S&P 500 Total Return)]. Percentile is Total Return relative to last 20 years. Sharpe Ratio uses the 3-month U.S. Treasury bond as the risk-free rate and weekly datapoints from the last 20 years to calculate the standard deviation of each market area.

Valuation Analysis

FIGURE 29 – Snapshot of Equity Market Valuations

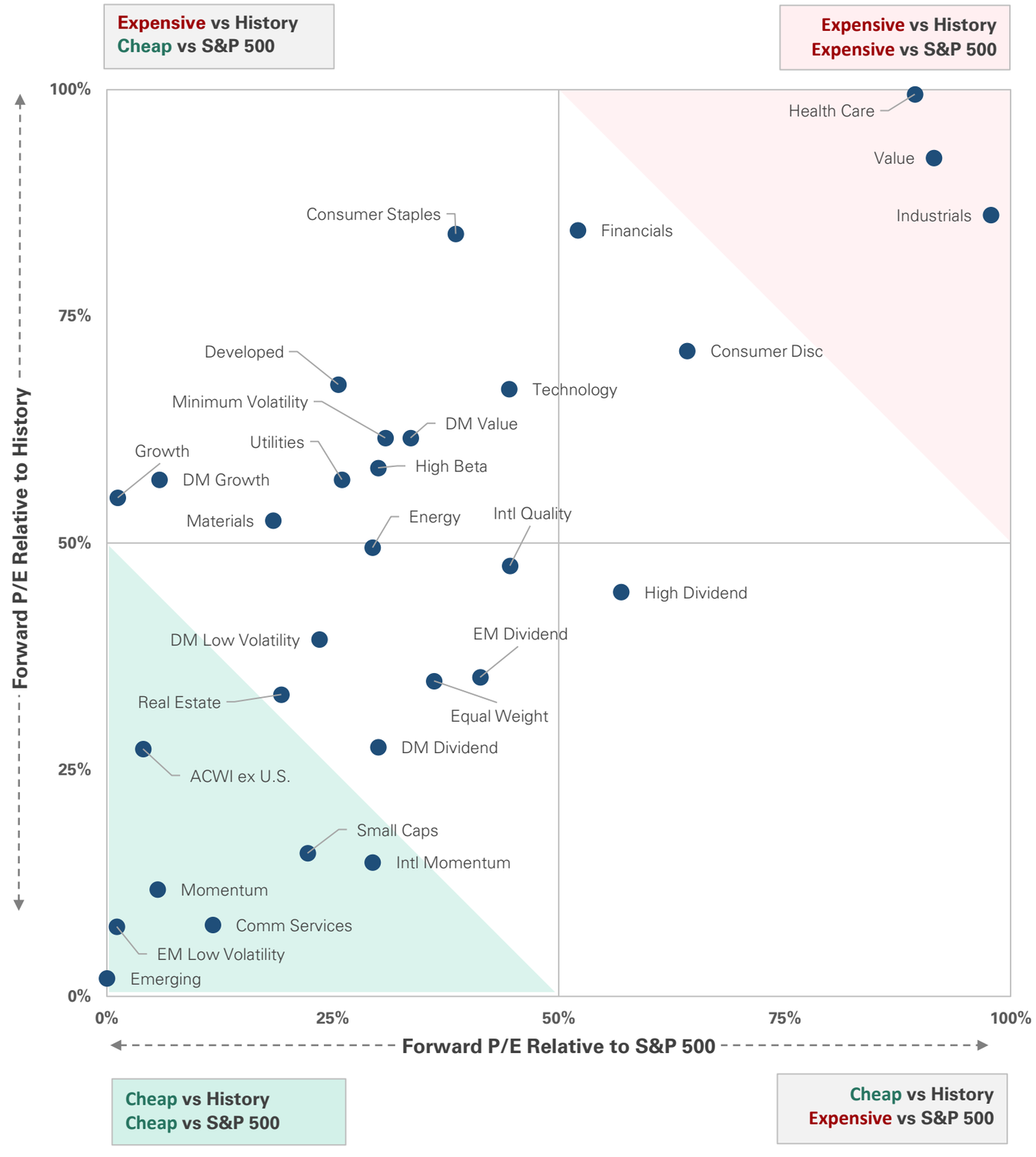
Current valuation multiples vs the last 20 years

Asset Class	Market Area	NTM P/E (vs Last 10 Years)				NTM P/E vs S&P 500		Equity Risk Premium
		5th	Current		95th	Current		Current Bps
U.S. Factors	S&P 500	12x	18.7x	75%	22x	1.00	-	144
	Growth	13x	19.2x	55%	28x	1.02	1%	67
	Momentum	14x	16.2x	12%	28x	0.87	6%	190
	Small Caps	13x	14.2x	16%	20x	0.76	22%	335
	High Beta	10x	16.7x	58%	22x	0.89	30%	164
	Minimum Volatility	14x	18.9x	62%	21x	1.01	31%	177
	Equal Weight	14x	15.8x	35%	20x	0.84	36%	287
	High Dividend	10x	12.4x	45%	16x	0.66	57%	737
	Value	11x	17.7x	93%	18x	0.94	92%	225
U.S. Sectors	Comm Services	17x	18.1x	8%	45x	0.96	12%	172
	Materials	12x	16.7x	53%	21x	0.89	18%	272
	Real Estate	12x	15.5x	33%	20x	0.83	19%	517
	Utilities	11x	16.8x	57%	20x	0.90	26%	382
	Energy	9x	13.2x	50%	36x	0.70	29%	487
	Consumer Staples	13x	20.2x	84%	21x	1.08	39%	250
	Technology	12x	20.0x	67%	27x	1.07	45%	56
	Financials	10x	14.9x	85%	16x	0.79	52%	327
	Consumer Disc	14x	22.6x	71%	31x	1.20	64%	34
	Health Care	11x	19.9x	100%	19x	1.06	89%	149
	Industrials	12x	22.8x	86%	25x	1.22	98%	61
International Regions	Emerging	9x	8.7x	2%	14x	0.46	0%	843
	ACWI ex U.S.	10x	12.0x	27%	16x	0.64	4%	502
	Developed	10x	14.4x	68%	16x	0.77	26%	528
International Factors	EM Low Volatility	11x	11.9x	8%	15x	0.64	1%	578
	DM Growth	12x	18.2x	57%	26x	0.97	6%	293
	DM Low Volatility	13x	15.4x	39%	21x	0.82	24%	457
	Intl Momentum	11x	13.4x	15%	26x	0.72	29%	490
	DM Dividend	8x	9.7x	28%	15x	0.52	30%	1107
	DM Value	9x	12.0x	62%	13x	0.64	34%	803
	EM Dividend	6x	7.4x	35%	12x	0.40	41%	1379
	Intl Quality	14x	16.1x	48%	19x	0.86	45%	367

Source: MarketDesk. NTM Price to Earnings (P/E) are based on consensus estimates. Percentiles are relative to the last 20 years of monthly data with 100% equating to the highest in 20 years and 0% equating to the lowest in 20 years. Equity Risk Premium is calculated as the estimated return on stocks (i.e., next 12-month earnings yield + dividend yield) minus the risk-free return (i.e., 10-Year U.S. Treasury Bond).

FIGURE 30 – Current Valuation Matrix Relative to History and the S&P 500

What market areas are undervalued or overvalued?



Source: MarketDesk. Scatter plot values are based on percentiles found in Figure 29.

Income Yield Matrix

Cross Asset

FIGURE 31 – Snapshot of Current Income Opportunities

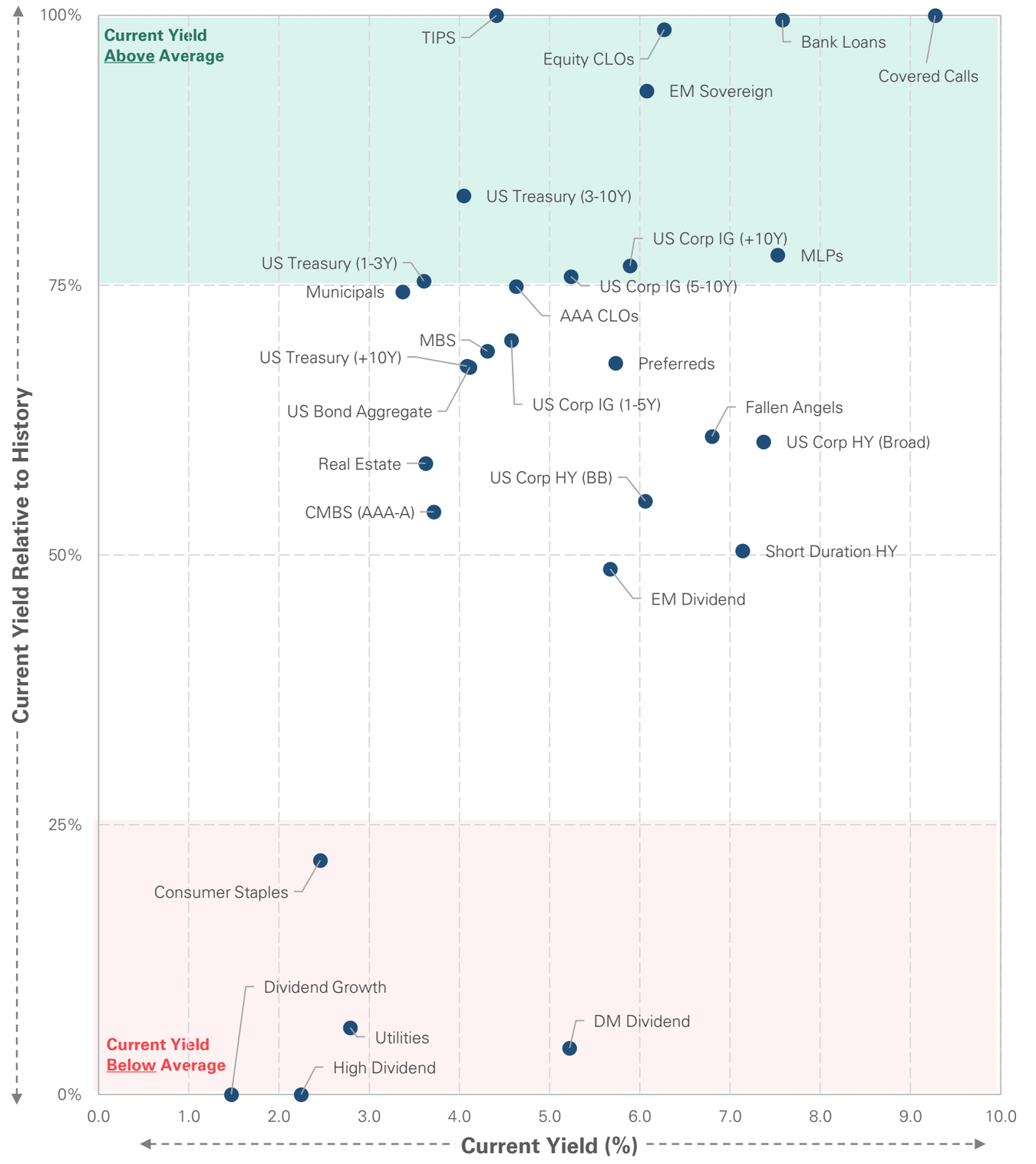
Key credit and income metrics

Asset Class	Market Area	Yield / Income		Bond Duration	Credit Beta
		Current	20Yr Pctl		
U.S. Fixed Income	TIPS	4.41%	100%	4.5	0.79
	Bank Loans	7.58%	100%	0.0	0.11
	Equity CLOs	6.27%	99%	0.0	0.04
	EM Sovereign	6.08%	93%	5.9	0.95
	US Treasury (3-10Y)	4.05%	83%	6.8	1.19
	US Corp IG (+10Y)	5.89%	77%	11.6	1.84
	US Corp IG (5-10Y)	5.24%	76%	5.9	1.00
	US Treasury (1-3Y)	3.61%	75%	1.8	0.29
	AAA CLOs	4.63%	75%	0.0	0.03
	Municipals	3.37%	74%	6.9	0.60
	US Corp IG (1-5Y)	4.58%	70%	2.6	0.43
	MBS	4.31%	69%	5.1	1.09
	US Treasury (+10Y)	4.08%	68%	14.5	2.32
	US Bond Aggregate	4.12%	67%	5.6	1.00
	Fallen Angels	6.80%	61%	4.4	0.71
	US Corp HY (Broad)	7.37%	61%	3.3	0.59
	US Corp HY (BB)	6.06%	55%	3.4	0.60
	CMBS (AAA-A)	3.72%	54%	3.3	0.49
	Short Duration HY	7.14%	50%	2.4	0.50
Equity Linked Income	Covered Calls	9.27%	100%	-	0.21
	MLPs	7.53%	78%	-	0.19
	Preferreds	5.73%	68%	5.6	0.93
	Convertible Bonds	1.52%	-10%	1.6	0.54
U.S. Sectors	Real Estate	3.63%	59%	-	1.58
	Consumer Staples	2.46%	22%	-	0.68
	Utilities	2.79%	6%	-	1.14
International Factors	EM Dividend	5.67%	49%	-	0.96
	DM Dividend	5.22%	4%	-	0.86
U.S. Factors	High Dividend	2.24%	0%	-	0.64
	Dividend Growth	1.47%	0%	-	0.66

Source: MarketDesk. Percentiles are relative to the last 20 years of monthly data with 100% equating to the highest in 20 years and 0% equating to the lowest in 20 years. Credit Beta is relative to the U.S. Bond Aggregate Index over the last 36 months. Duration measures the sensitivity of the price of a bond or income generating instrument to a change in interest rates. The higher the number, the more sensitive your bond investment will be to changes in interest rates. Generally speaking, for every 1 percentage-point change in interest rates, a bond will rise or fall in the opposite direction by an amount equal to its duration number.

FIGURE 32 – Income Matrix (Current Yield vs Historical Percentile)

What market areas offer attractive income opportunities?



Source: MarketDesk. Scatter plot values are based on percentiles found in Figure 31.

Technical Indicators

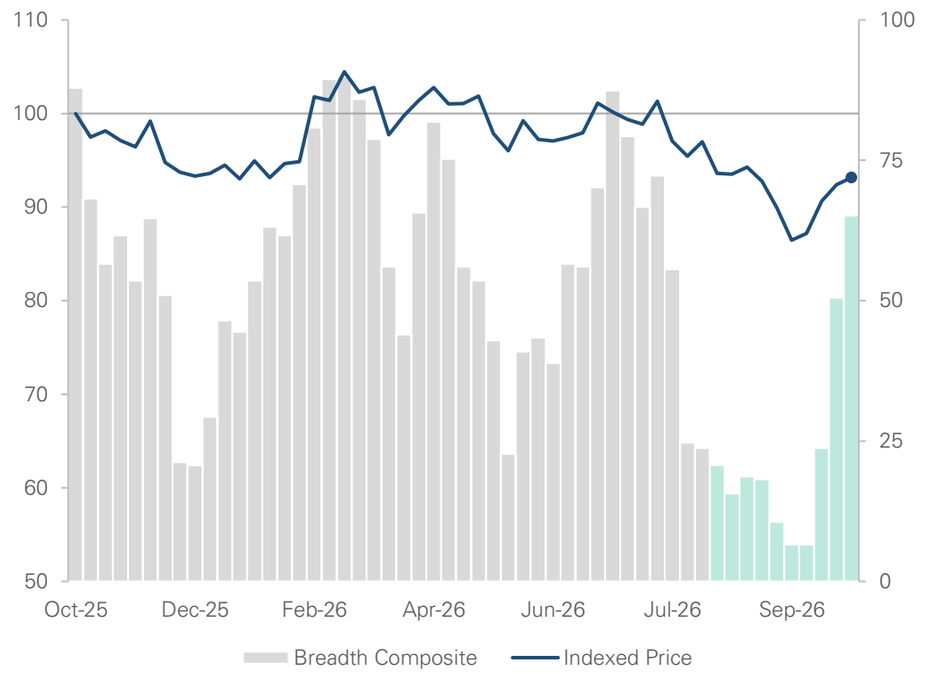
FIGURE 33 – Snapshot of Market Technicals

Asset Class	Market Area	Beta	RSI (14d)	Technical Composite		Breadth Composite	52 Week Price Chart	52 Week Price Pctl
U.S. Factors	Small Caps	1.0	60	1.64	OB	57		73
	Value	0.7	72	1.53	OB	68		95
	High Dividend	0.5	76	1.27	-	69		80
	Equal Weight	0.8	64	1.24	-	62		88
	Minimum Volatility	0.5	70	1.00	-	65		93
	High Beta	1.6	33	-0.13	-	29		63
	S&P 500	1.0	34	-0.16	-	66		83
	Momentum	1.3	29	-0.23	-	48		47
	Growth	1.2	27	-0.67	-	47		68
U.S. Sectors	Health Care	0.4	74	1.88	OB	88		93
	Materials	0.8	90	1.49	-	71		88
	Consumer Disc	1.1	62	1.37	-	63		51
	Utilities	0.3	67	1.32	-	72		50
	Real Estate	0.5	62	1.22	-	55		51
	Financials	0.7	62	1.15	-	71		81
	Industrials	0.9	45	1.13	-	56		49
	Consumer Staples	0.2	68	1.10	-	78		94
	Energy	0.4	68	0.89	-	73		100
	Technology	1.5	31	-0.35	-	52		69
	Comm Services	0.8	15	-2.05	OS	36		3
U.S. Fixed Income	Municipals	0.0	94	1.40	-			47
	TIPS	0.1	86	1.37	-			36
	MBS	0.1	81	1.24	-			42
	Long Duration	0.1	77	1.09	-			37
	Investment Grade	0.2	70	0.87	-			28
	High Yield	0.2	53	0.39	-			21
	Bank Loans/CLOs	0.1	60	0.12	-			19
	EM Sovereign	0.2	39	-0.84	-			11
	Preferreds	0.4	28	-1.55	OS			1
Equity Linked Income	MLPs	0.4	64	0.58	-			77
	Covered Calls	0.6	31	-0.56	-			76
	Convertible Bonds	0.6	33	-0.98	-			33
International Regions	Developed	0.8	52	0.18	-	54		69
	ACWI ex U.S.	0.8	36	-0.57	-	39		64
	Emerging	0.9	26	-1.28	-	28		45
International Factors	DM Low Volatility	0.3	78	1.06	-	70		97
	Intl Quality	0.7	60	0.54	-	60		79
	DM Growth	0.9	45	0.27	-	52		56
	DM Dividend	0.5	70	0.19	-	50		68
	DM Value	0.6	60	0.10	-	57		75
	Intl Momentum	0.8	38	-0.10	-	48		57
	EM Low Volatility	0.5	30	-1.22	-	32		57
	EM Dividend	0.6	23	-1.49	-	43		51
FX	U.S. Dollar	0.0	39	0.34	-			86
Commodities	WTI Oil	-0.1	73	1.01	-			74
	Broad Commodity	0.1	56	0.20	-			96
	Gold	0.3	27	-1.53	OS			1

Source: MarketDesk. Technical Composite is oversold (overbought) when below -1.5 (above +1.5). Breadth Composite is strong (weak) when above 70 (below 50). Bar graph shows the last 10 weeks of breadth measures. Refer to end of report for

FIGURE 34 – Market Area with Improving Breadth: Utilities

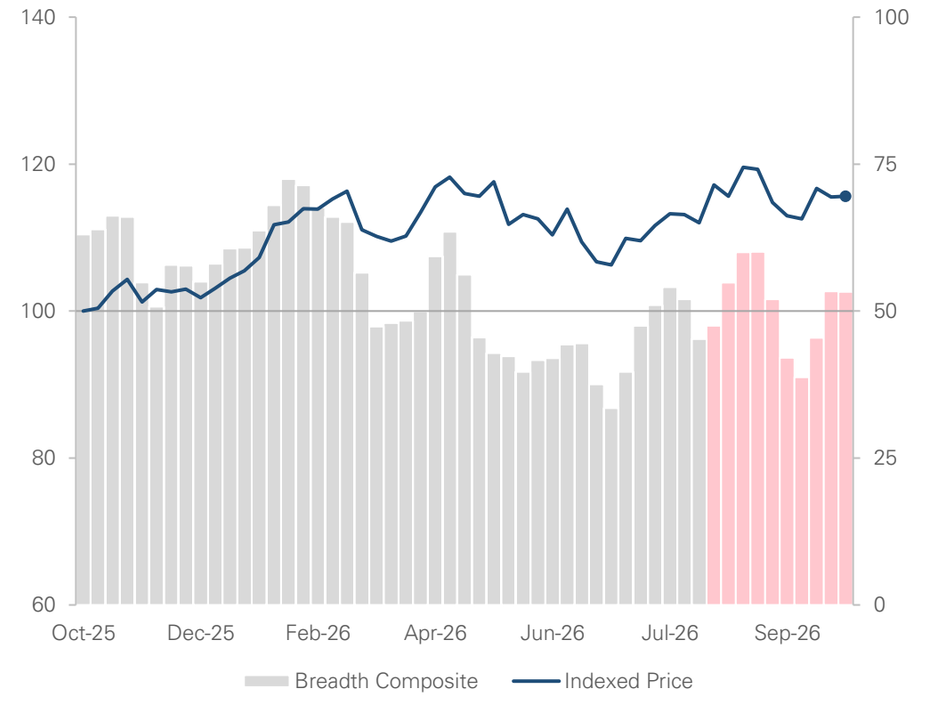
Potential area to start new positions



Source: MarketDesk. Breadth = Average % of index above 20dma, 50dma, 200dma.

FIGURE 35 – Market Area with Weakening Breadth: EM Dividend

Potential area to capture profits



Source: MarketDesk. Breadth = Average % of index above 20dma, 50dma, 200dma.

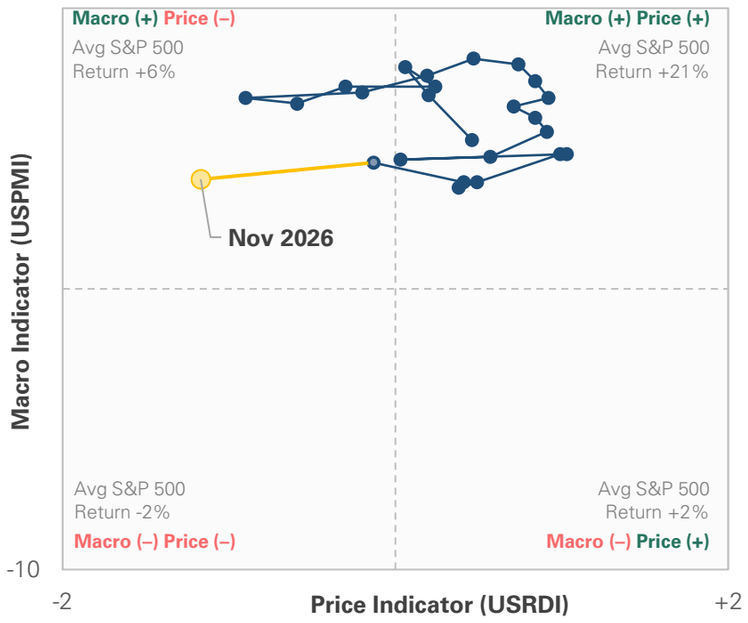
Economic Monitor

(Pages 14 to 16)

Leading Indicators, Trends, and Heatmap

FIGURE 36 – Simple Asset Allocation Framework (SAAF)

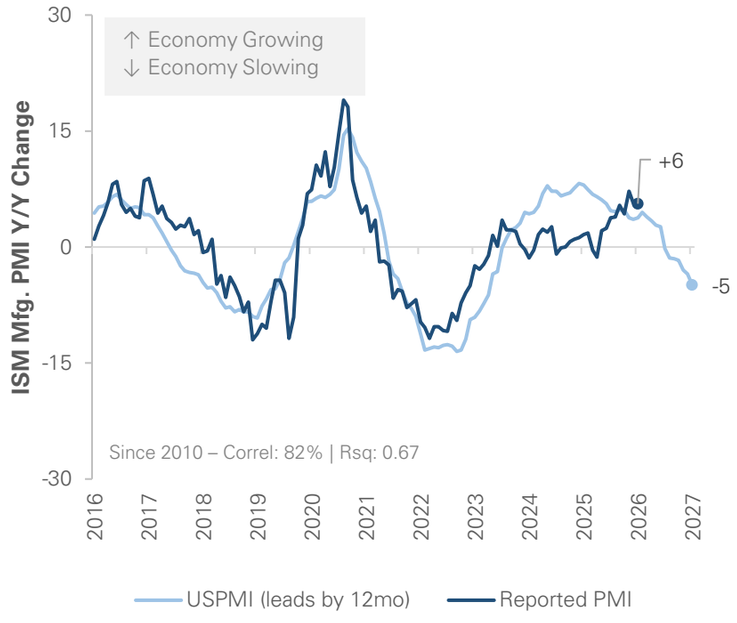
Current SAAF reading and the trailing 24 month path



Source: MarketDesk. **Click Here** to read more about the SAAF.

FIGURE 37 – U.S. PMI Momentum Indicator (USPMI)

Long-term view into the overall direction of economic activity



Source: MarketDesk. See Quant Pack for more information.

FIGURE 38 – U.S. Consumer Health Indicator (USCHI)

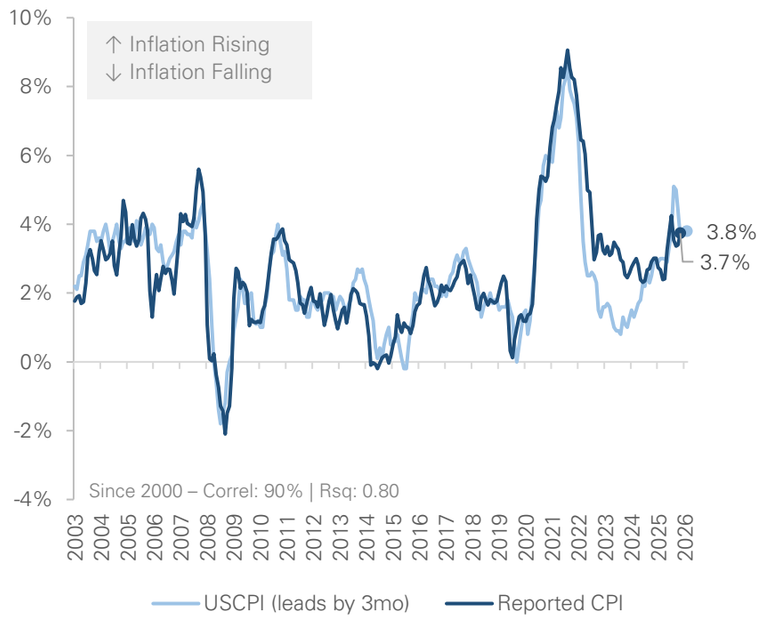
Economic pulse of consumer behavior



Source: MarketDesk. See Quant Pack for more information.

FIGURE 39 – U.S. Headline CPI Indicator (USCPI)

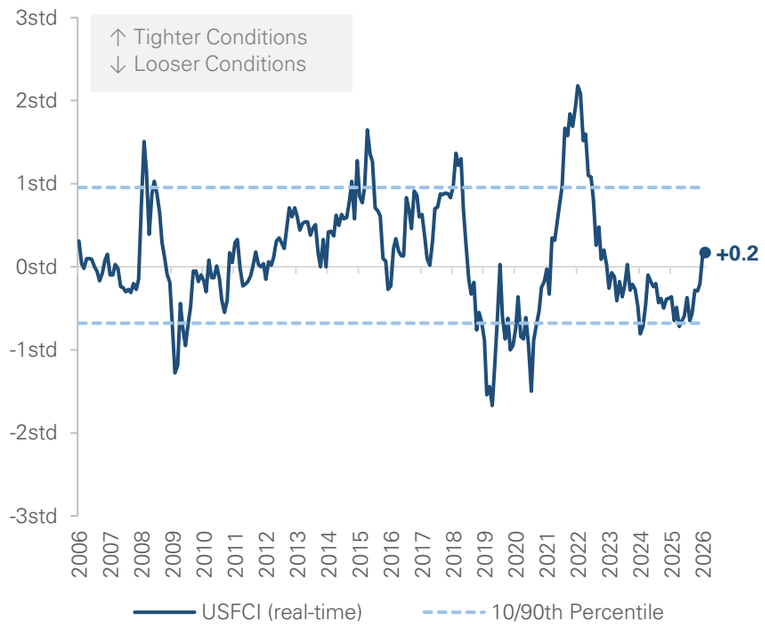
Forecasting U.S. inflation trend using 21 macroeconomic inputs



Source: MarketDesk. See Quant Pack for more information.

FIGURE 40 – U.S. Financial Conditions Indicator (USFCI)

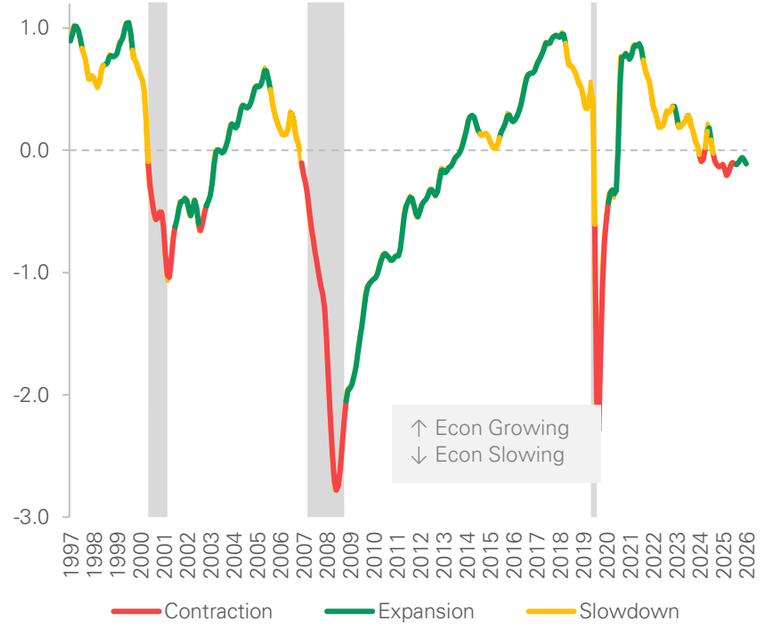
Measuring the cost and availability of accessing capital



Source: MarketDesk. See Quant Pack for more information.

FIGURE 41 – U.S. Business Cycle Indicator (USBCY)

Composite of leading data points for consumer and business activity



Source: MarketDesk. See Quant Pack for more information.

Economic Heatmap

FIGURE 42 – Summary of Key U.S. Economic Trends

Legend: Worst (5th Percentile) — Best (95th Percentile)

Category	Economic Datapoint	2024 Nov	Dec	2025 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2026 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Labor	Nonfarm Payrolls (000s)	134	237	-48	42	67	108	13	-20	64	-70	76	-140	41	-17	160	-156	214	148	63	31	-10	133	29	
	Unemployment Rate (%)	4.2	4.1	4.0	4.2	4.2	4.2	4.3	4.1	4.3	4.3	4.4		4.5	4.4	4.3	4.4	4.3	4.3	4.3	4.2	4.1	4.1	4.2	
	Average Workweek (Hours)	38.4	38.2	38.4	38.2	38.3	38.4	38.2	38.2	38.1	38.2	38.3		38.3	38.3	38.4	38.5	38.3	38.3	38.3	38.2	38.0	38.2	38.5	
	Average Hourly Earnings (y/y%)	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	3%	4%	3%	3%	3%	3%	3%	
	Jobless Claims – Initial (000s)	219	223	216	226	223	226	232	239	222	230	234	227	221	219	212	216	208	208	212	223	203	208	201	197
	Jobless Claims – Continuing (Millions)	1.87	1.86	1.86	1.86	1.87	1.87	1.91	1.95	1.95	1.94	1.92	1.95	1.93	1.89	1.85	1.85	1.82	1.79	1.78	1.81	1.79	1.78	1.71	1.72
	Job Openings (Millions)	7.6	7.3	7.4	7.2	7.0	7.1	7.3	7.2	7.1	6.9	7.2	7.2	6.8	6.6	7.2	6.9	6.9	7.6	7.5	7.2	7.3	7.1	7.2	
Consumer	Personal Income (y/y%)	5%	5%	5%	5%	5%	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	4%	4%	5%	5%	4%	4%	4%	
	Retail Sales (y/y%)	3%	4%	4%	3%	5%	5%	3%	4%	4%	4%	4%	3%	3%	2%	2%	4%	4%	4%	7%	6%	5%	6%	6%	
	Domestic Auto Sales (y/y%)	-10%	-16%	-10%	-5%	3%	-9%	-17%	-10%	-14%	-10%	-17%	-20%	-20%	-5%	-12%	-14%	-20%	-5%	6%	5%	5%	1%	-3%	
	Consumer Confidence Index	113	110	105	100	94	86	98	95	99	98	96	96	93	94	89	91	92	94	91	92	90	89	84	92
	Michigan Confidence Index	72	74	72	65	57	52	52	61	62	58	55	54	51	53	56	57	53	50	45	50	55	52	48	48
Housing	New Home Sales (y/y%)	10%	11%	-3%	-2%	-4%	-1%	-7%	-3%	-11%	2%	0%	3%	13%	3%	-13%	-2%	0%	-9%	2%	2%	0%	-3%	-5%	
	Housing Starts (y/y%)	-15%	-1%	-2%	-4%	4%	2%	-3%	5%	13%	-7%	-3%	-7%	1%	-8%	2%	-10%	13%	1%	-8%	4%	-4%	0%	-7%	
	Building Permits (y/y%)	0%	-2%	-5%	-8%	1%	-1%	1%	-4%	-3%	-10%	2%	-1%	-6%	1%	-5%	7%	-9%	-2%	0%	-2%	2%	4%	-3%	
	Homebuilder Sentiment Index	46	46	47	42	39	40	34	32	33	32	32	37	38	39	37	37	38	34	37	36	34	35	32	29
	Monthly Supply (# of months)	3.7	3.1	3.4	3.3	3.8	4.1	4.4	4.5	4.5	4.4	4.3	4.2	4.0	3.3	3.6	3.7	4.0	4.3	4.3	4.4	4.5	4.6	4.6	
	National Home Price Index ($000s)	324	323	324	325	328	330	331	332	331	330	329	328	328	327	327	328	330	333	336	337	337	337		
Business	Leading Economic Index (y/y%)	-3%	-3%	-3%	-3%	-3%	-4%	-4%	-4%	-3%	-3%	-3%	-3%	-4%	-4%	-4%	-3%	-3%	-2%	-1%	-1%	-1%	-1%	0%	
	NFIB Small Business Index	102	105	103	101	97	96	99	99	100	101	99	98	99	100	99	99	96	96	95	97	100	99	98	
	Manufacturing PMI	48	49	51	50	49	49	49	49	48	49	49	49	48	48	53	52	53	53	54	53	56	55	55	
	Services PMI	52	54	53	53	51	52	50	51	51	52	50	52	52	54	54	56	54	54	55	54	54	55	55	
	Industrial Production (y/y%)	-2%	0%	1%	1%	1%	1%	0%	1%	2%	1%	2%	2%	2%	1%	1%	1%	1%	1%	2%	1%	1%	2%	2%	
	Capacity Utilization (%)	75	76	76	76	76	76	76	76	76	76	76	76	75	76	75	76	76	76	76	76	76	76	77	
Inflation	Headline CPI (y/y%)	2.7	2.9	3.0	2.8	2.4	2.3	2.4	2.7	2.7	2.9	3.0	2.7	2.7	2.7	2.4	2.4	3.3	3.8	4.2	3.5	3.4	3.4	3.7	
	Core CPI (y/y%)	3.3	3.2	3.3	3.1	2.8	2.8	2.8	2.9	3.1	3.1	3.0	2.8	2.6	2.6	2.5	2.5	2.6	2.8	2.9	2.6	2.5	2.4	2.6	
	Headline PCE (y/y%)	2.5	2.6	2.6	2.6	2.3	2.3	2.5	2.6	2.6	2.7	2.8	2.7	2.7	2.8	2.7	2.8	3.4	3.6	3.8	3.5	3.4	3.4	3.6	
	Core PCE (y/y%)	2.9	2.9	2.8	2.8	2.6	2.7	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.9	2.9	3.0	3.1	3.1	3.2	3.0	3.0	3.0	3.1	
	Producer Price Inflation (y/y%)	2.9	3.5	3.8	3.4	3.2	2.4	2.7	2.4	3.2	2.7	3.0	2.8	3.1	3.1	3.1	3.4	4.3	5.7	5.9	5.6	4.9			

Source: MarketDesk, Federal Reserve, NBER, Redbook, Institute for Supply Management, University of Michigan, DOL, U.S. Census Bureau, NAHB

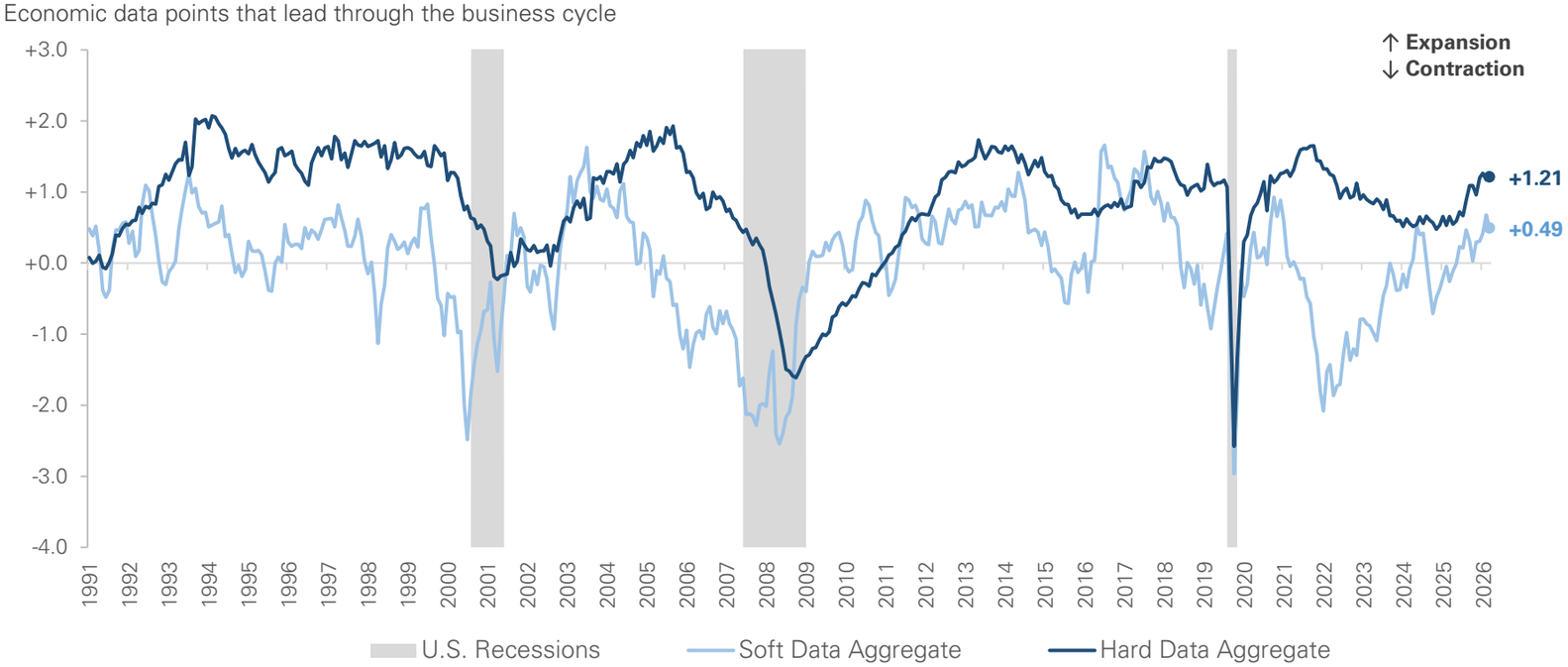
Soft vs Hard Economic Data

Introduction

Economic data falls into two main categories: soft data and hard data. Soft data reflects sentiment and expectations—such as consumer confidence or business surveys—while hard data measures actual economic activity, like job growth, retail sales, or industrial production. Because soft data can shift ahead of real outcomes, it often serves as an early signal of potential changes in the economy. Hard data, on the other hand, provides confirmation of trends already underway. Our team monitors both to build a timely and well-rounded view of economic conditions, helping us stay ahead of turning points. **Click Here** to read the MarketDesk Primer on soft vs hard economic data and how the two datasets can impact market volatility, earnings revisions, and S&P 500 forward returns.

FIGURE 43 – Soft vs Hard Economic Data

Economic data points that lead through the business cycle



Source: MarketDesk. Calculated as the average z-score of each soft and hard data input relative to the past five years.

FIGURE 44 – Soft Economic Data

Measures sentiment, expectations, intentions, and how respondents feel about the economy

Category	Economic Indicator	5-Year Percentile	5-Year Stdev.
Housing	Homebuilder Sentiment		-0.98
Sentiment	Small Business Optimism	68%	+0.77
	CEO Confidence	19%	+0.97
	Consumer Sentiment (Univ. of Michigan)	11%	-1.59
ISM Surveys	ISM Mfg. PMI New Orders	81%	+1.09
	ISM Services PMI New Orders	85%	+0.97
Regional Federal Reserve Surveys	Philly Fed Business 6mo Outlook	70%	+1.65
	Empire State Business 6mo Outlook	48%	+0.71
	Dallas Fed Survey (Future Production)	69%	+0.57
Bank Lending	Net % of Banks Tightening Lending	15%	+0.78
	Soft Data Average	**52%**	**+0.49**

Source: MarketDesk, Conference Board, NAHB, NFIB, ISM, University of Michigan, Federal Reserve Banks of Philadelphia, New York and Dallas. Latest available data. 5 Year Percentile and Standard Deviation are based on the last 60 months. A percentile reading of 100% = Best in last 5 years.

FIGURE 45 – Hard Economic Data

Measures actual results and activity, such as production, spending, and job growth

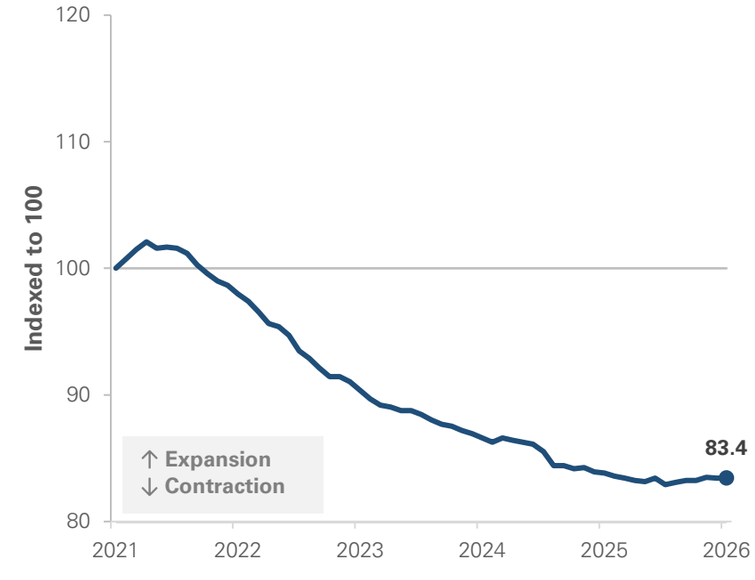
Category	Economic Indicator	5-Year Percentile	5-Year Stdev.
Housing	Housing Starts	2%	-1.53
	Building Permits	7%	-0.87
Consumer Spending	Real Core Personal Consumption Expenditures	100%	+1.75
Labor Markets	Nonfarm Payrolls	100%	+1.00
	Initial Unemployment Claims	2%	+1.45
Construction	Private Construction Put in Place	50%	+0.29
Manufacturing/ Industrial Production	Industrial Production (Manufacturing)	100%	+1.91
	Core Durable Goods Orders	100%	+3.11
	Core Durable Goods Shipments	100%	+3.03
Bank Lending	Commercial Bank Loans & Leases	100%	+1.95
	Hard Data Average	**66%**	**+1.21**

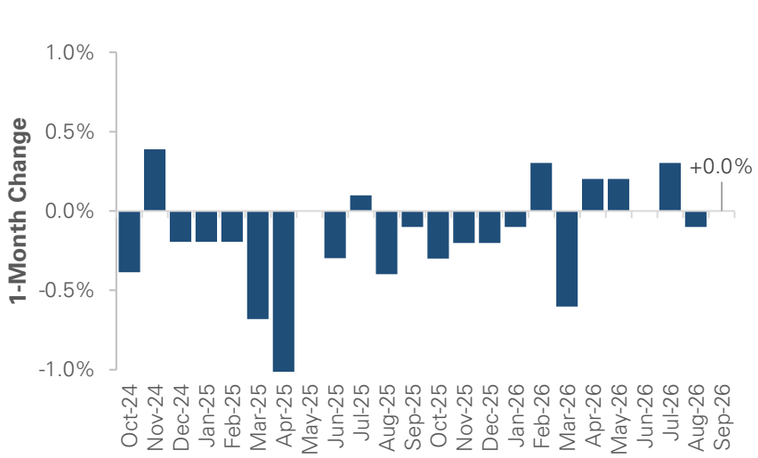
Source: MarketDesk, Census Bureau, Bureau of Economic Analysis, Federal Reserve, Department of Labor, Bureau of Labor Statistics. Latest available data. 5 Year Percentile and Standard Deviation are based on the last 60 months. A percentile reading of 100% = Best in last 5 years.

Leading vs Coincident vs Lagging

FIGURE 46 – U.S. Leading Economic Index

Economic data points that lead through the business cycle





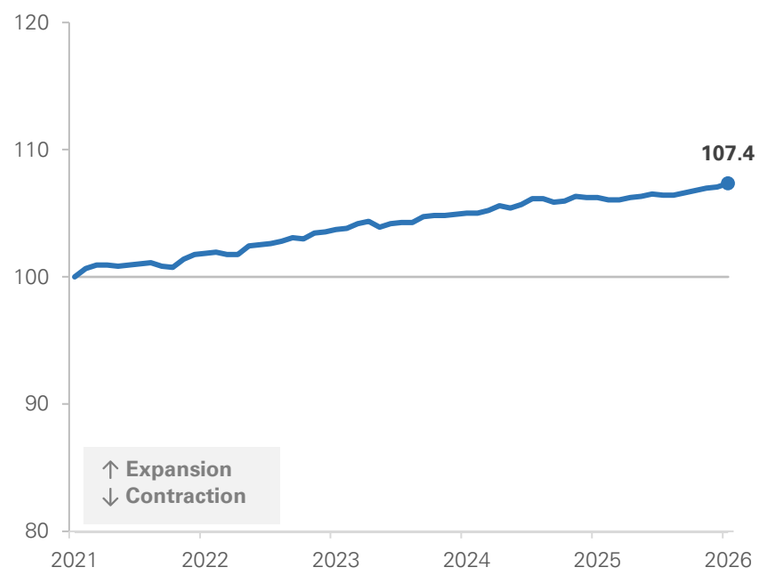
Leading Inputs

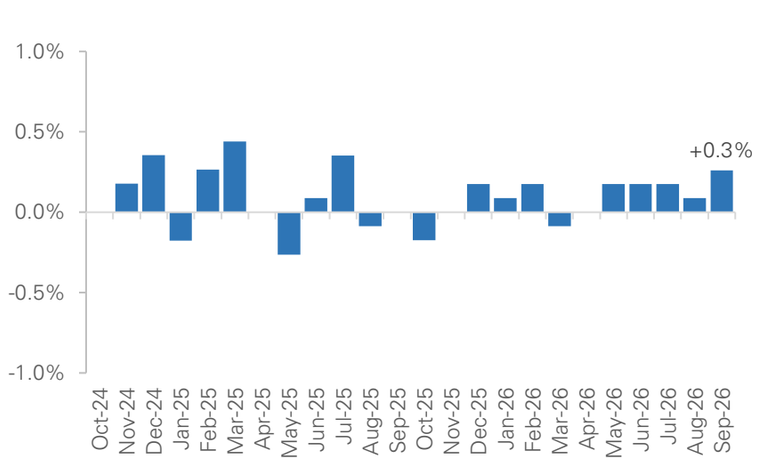
- Manufacturing Average Weekly Hours
- Initial Jobless Claims
- Manufacturing New Orders
- Building Permits
- S&P 500
- Yield Curve
- University of Michigan Consumer Expectations

Source: MarketDesk, Conference Board

FIGURE 47 – U.S. Coincident Economic Index

Economic data points that coincide with the business cycle





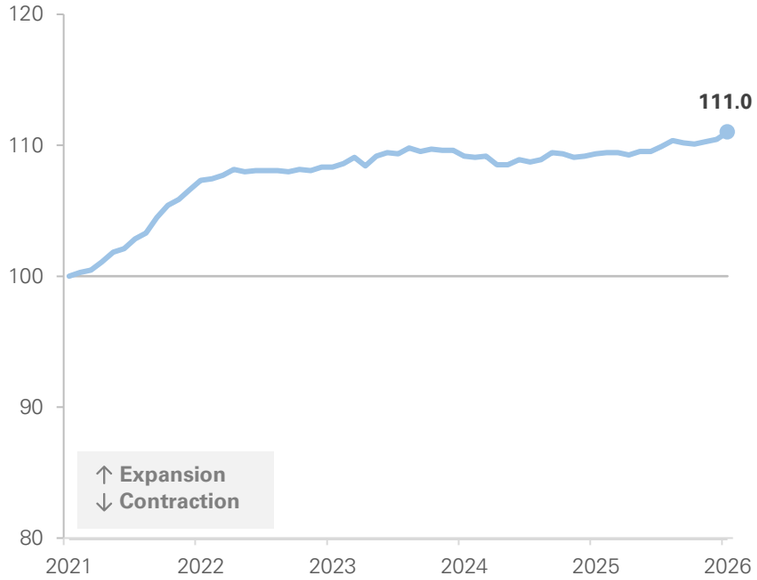
Coincident Inputs

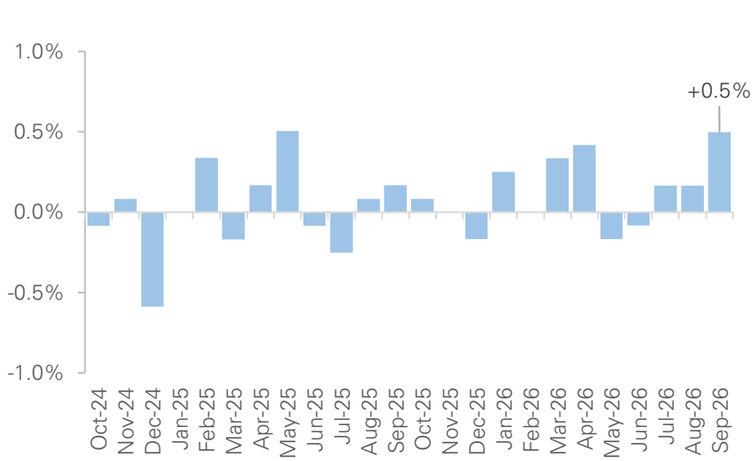
- Non-farm Payrolls
- Real Personal Income
- Industrial Production
- Manufacturing Sales

Source: MarketDesk, Conference Board

FIGURE 48 – U.S. Lagging Economic Index

Economic data points that lag through the business cycle





Lagging Inputs

- Manufacturing Labor Costs
- Duration of Unemployment
- C&I Loans
- Services Sector CPI
- Manufacturing Inventory-to-Sales Ratio

Source: MarketDesk, Conference Board

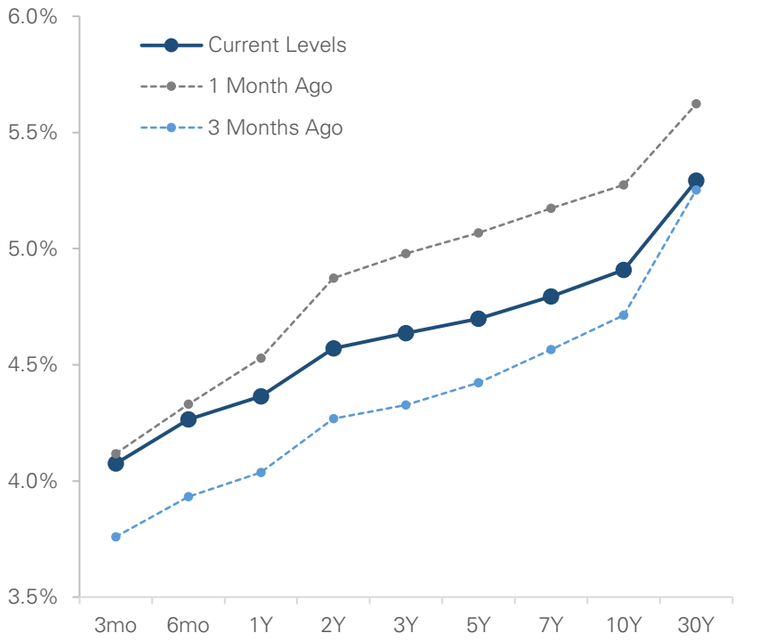
Credit Markets

(Pages 18 to 19)

Performance, Credit Spreads, Macro Drivers

FIGURE 49 – U.S. Treasury Yield Curve

Highlights recent shifts in the U.S. Treasury yield curve



Source: MarketDesk, U.S. Treasury Department

FIGURE 50 – Heatmap of Weekly Interest Rate Changes

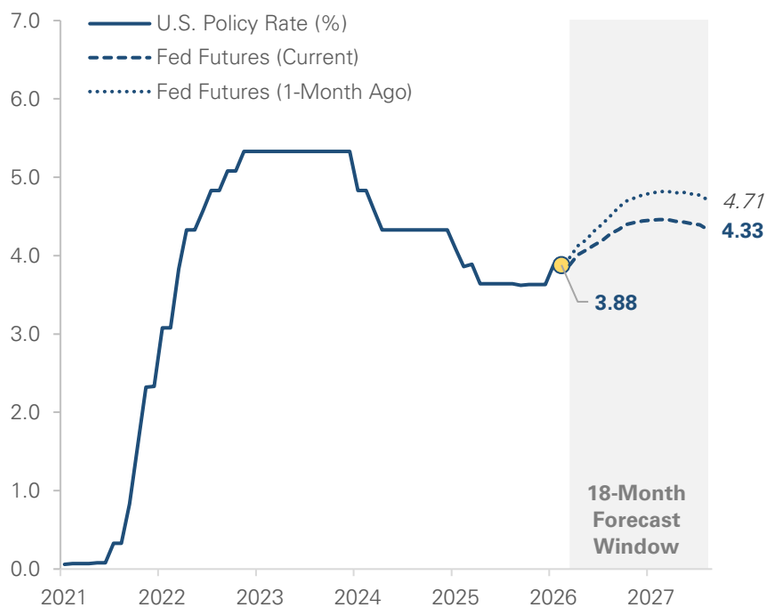
Tracking rate movements across all credit markets

Category	Credit Type	Current Rate	3-Month Chart	Weekly Rate Changes over the Last 12 Weeks (in Bps) →											
				8/14	8/21	8/28	9/4	9/11	9/18	9/25	10/2	10/9	10/16	10/23	10/30
U.S. Treasury	3-Month Bill	4.07%		-1	1	3	3	16	7	10	-8	6	1	-3	-6
	1-Year Bill	4.36%		-3	4	12	0	20	8	6	-1	0	-2	-4	-3
	2-Year Note	4.57%		-2	6	12	2	26	13	9	-1	-5	-7	-3	-11
	5-Year Note	4.70%		1	6	6	6	25	8	12	8	-5	-14	-7	-11
	7-Year Note	4.79%		2	5	3	6	22	6	13	10	-4	-15	-8	-10
	10-Year Bond	4.91%		5	4	-1	5	19	3	15	12	-4	-16	-8	-9
	30-Year Bond	5.29%		6	2	-6	3	11	-2	16	14	-3	-17	-10	-3
Other	TIPS	2.43%		-1	-5	6	-2	18	14	10	4	-3	-16	-8	-5
	CMBS	5.71%		1	7	8	3	25	10	13	9	0	-10	-2	-9
	Municipals	4.28%		-1	5	2	11	15	6	28	-4	1	-17	-15	-7
	MBS	5.48%		4	4	0	4	25	3	15	16	-6	-12	-10	-9
Corporate	Investment Grade	5.83%		3	5	1	8	18	2	16	14	-6	-11	-2	-5
	High Yield	8.50%		-5	6	-5	18	18	10	29	25	-4	5	4	0
Consumer	30-Year Mortgage	7.36%		-2	-4	-1	5	7	16	15	16	18	4	-8	-7
	Prime Rate	7.00%		0	0	0	0	0	25	0	0	0	0	0	0

Source: MarketDesk

FIGURE 51 – Current Fed Funds Futures Curve

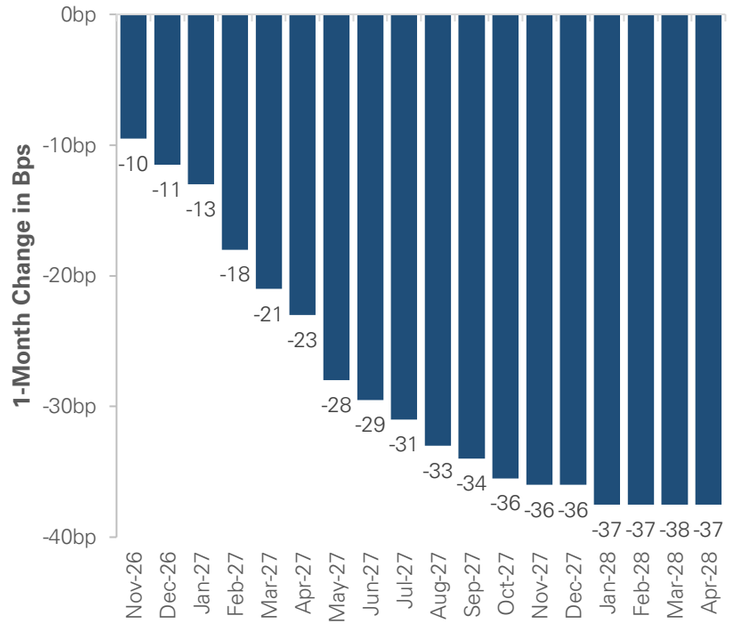
What does the futures market imply about the U.S. Policy Rate?



Source: MarketDesk, Federal Reserve, CME

FIGURE 52 – 1 Month Change in Fed Funds Futures

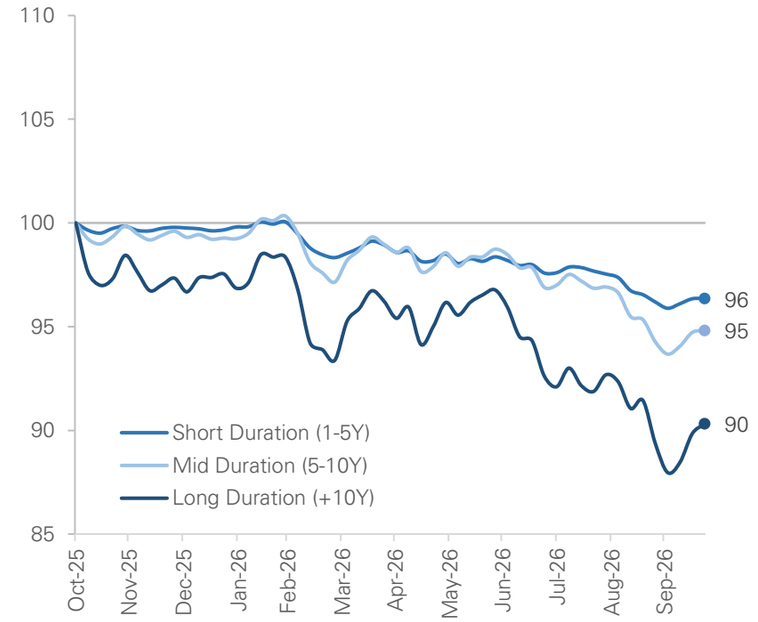
Granular look at recent changes across the futures curve



Source: MarketDesk, CME

FIGURE 53 – Price Performance by Credit Duration

Long vs Mid vs Short Duration Treasury Bonds



Source: MarketDesk

Corporate Credit Markets

FIGURE 54 – Corporate Bond Markets

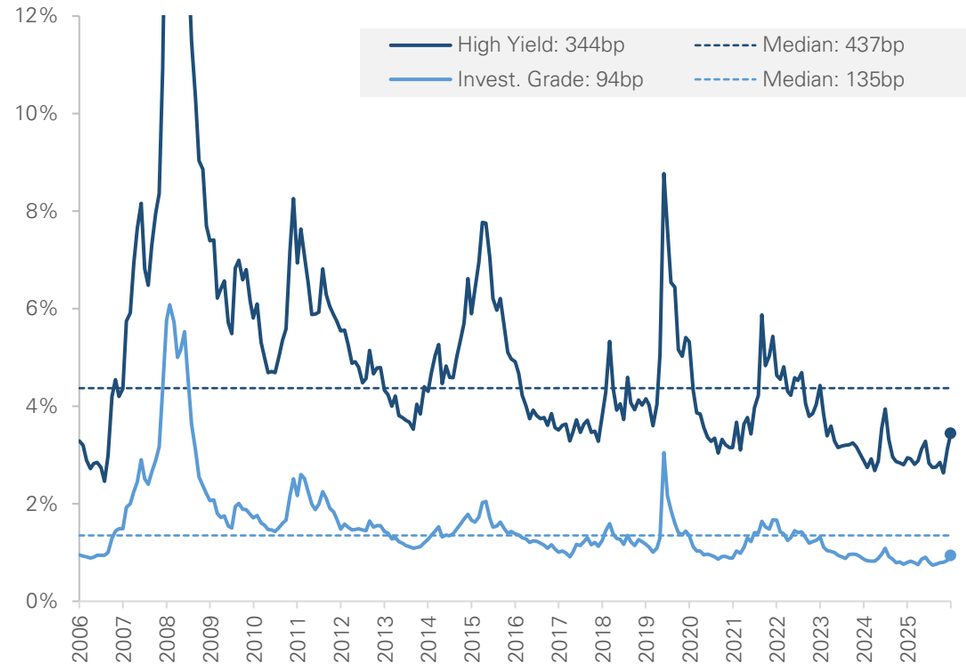
Monitoring key credit metrics across corporate bonds

Analysis	Investment Grade				High Yield		
	AAA	AA	A	BBB	BB	B	CCC
Yield / Spread (%)							
Yield to Maturity	5.58	5.61	5.66	6.06	7.13	8.75	18.07
Yield to Worst	5.58	5.61	5.64	6.03	7.00	8.45	17.82
Option Adj Spread	0.49	0.70	0.78	1.16	2.09	3.60	13.27
OAS (1-Month Chg)	0.08	0.10	0.06	0.13	0.15	0.44	1.48
Bond Duration							
Duration (Years)	10.2	7.0	6.1	6.0	3.9	3.6	2.8
Spread Duration	10.0	6.9	6.2	6.0	3.3	2.8	2.5
Price Returns							
1-Month	2.7%	1.7%	1.8%	1.5%	0.9%	-1.4%	-3.9%
3-Month	-1.9%	-1.3%	-1.2%	-1.4%	-1.6%	-3.7%	-7.9%
6-Month	-5.5%	-2.8%	-3.0%	-3.0%	-2.4%	-4.7%	-10.6%
Total Returns							
1-Month	3.1%	2.0%	2.2%	1.8%	0.9%	-0.1%	-2.9%
3-Month	-0.1%	-0.3%	-0.1%	-0.4%	-0.6%	-1.4%	-5.6%
6-Month	-2.3%	-1.9%	-0.8%	-0.9%	-0.2%	-0.4%	-6.7%

Source: MarketDesk

FIGURE 55 – Corporate Credit Spreads vs Historical Averages

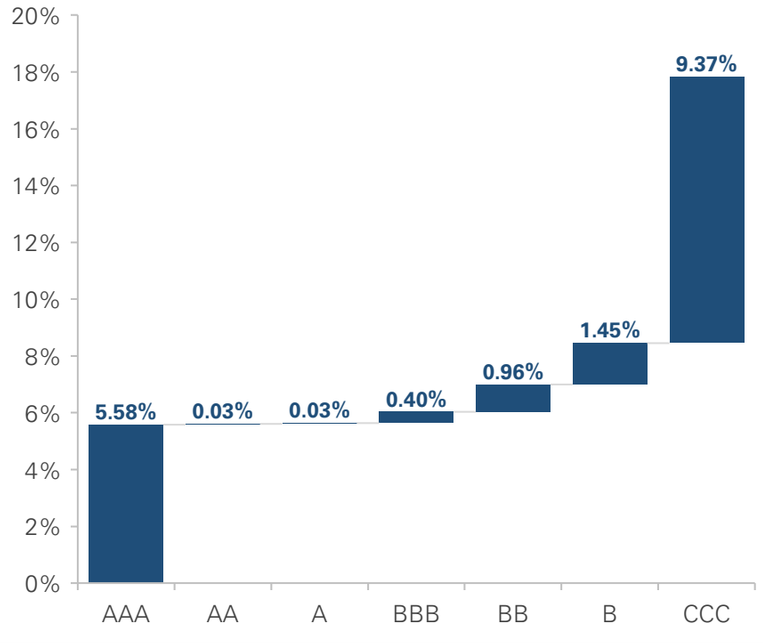
Option-adjusted spreads for corporate bond rating classes



Source: MarketDesk. Based on Option-Adjusted Spread (OAS).

FIGURE 56 – Incremental Corporate Yield by Rating

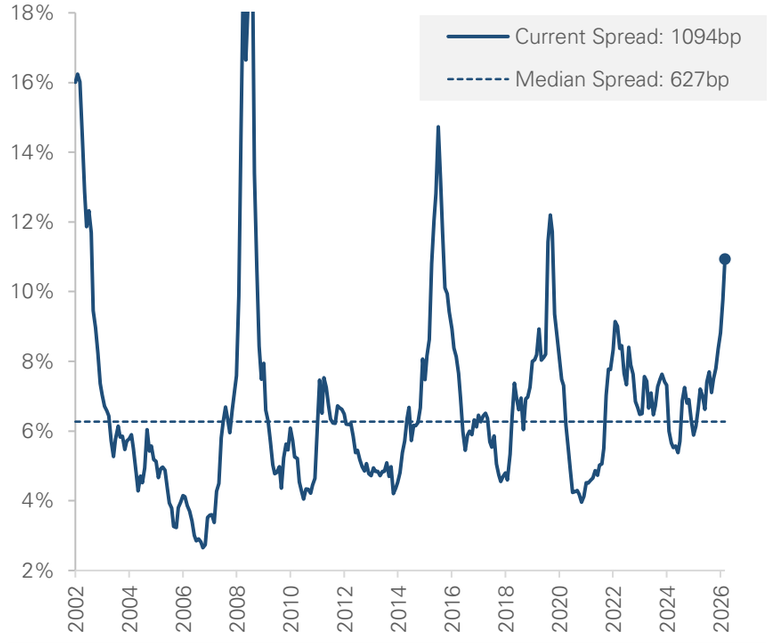
Additional yield earned for owning the next lower credit rating



Source: MarketDesk. Based on Yield to Worst (YTW).

FIGURE 57 – Spread of CCC (lowest HY) vs BB (highest HY)

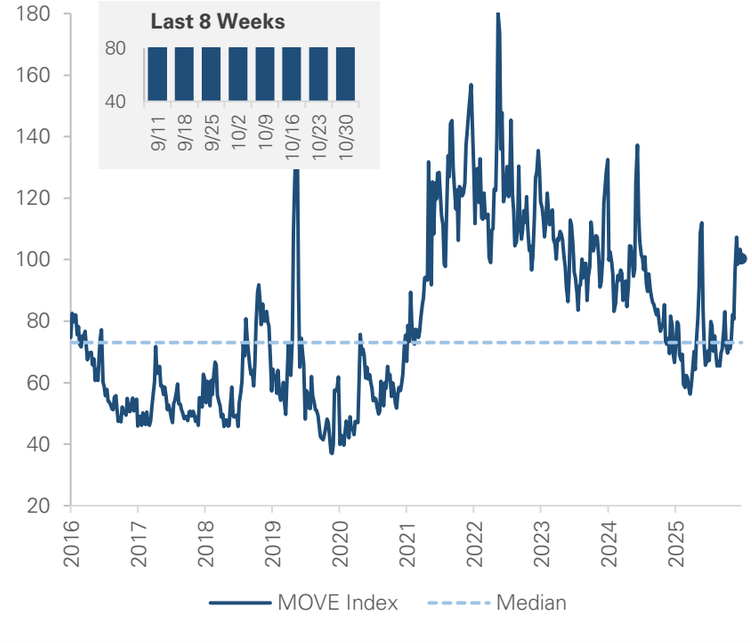
Measuring risk-taking levels within the high yield credit universe



Source: MarketDesk

FIGURE 58 – Bond Volatility (ICE BAML MOVE Index)

Measures interest rate volatility



Source: MarketDesk

Relative Return Charts

(Pages 21 to 24)

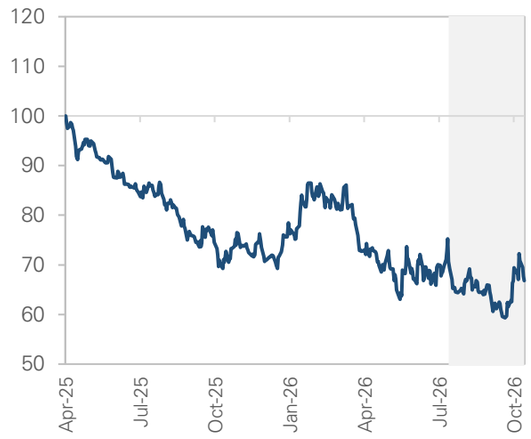
Sectors, Factors, Credit, International Markets

Sectors – Relative Performance vs S&P 500

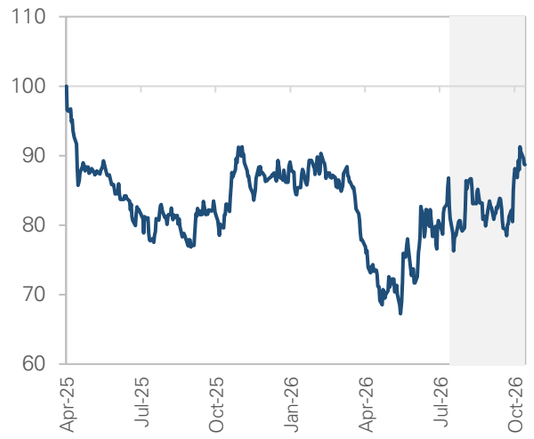
Relative Charts

Relative Performance vs S&P 500 (%)					
Sectors	**1m**	**3m**	**6m**	**12m**	**18m**
Cons Stpls	7.5	-11	-8	-9	-33
Health Care	5.9	2	21	10	-11
Utilities	8.9	-17	-22	-26	-32
Comm Svcs	-11.8	-13	-22	-23	-18
Energy	13.6	15	11	52	31
Industrials	-2.1	-14	-12	-6	-11
Technology	-3.3	12	16	20	43
Materials	6.5	-8	-9	2	-16
Cons Disc	6.6	-5	-14	-21	-22
Financials	4.0	-10	-3	-12	-24
Real Estate	-0.1	-22	-18	-21	-35

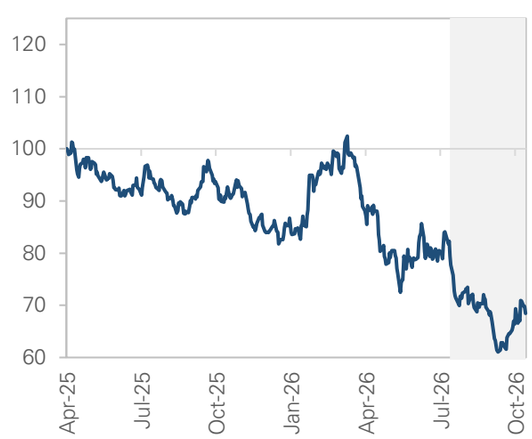
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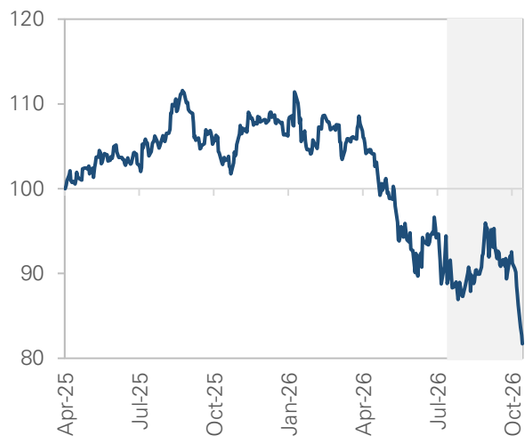
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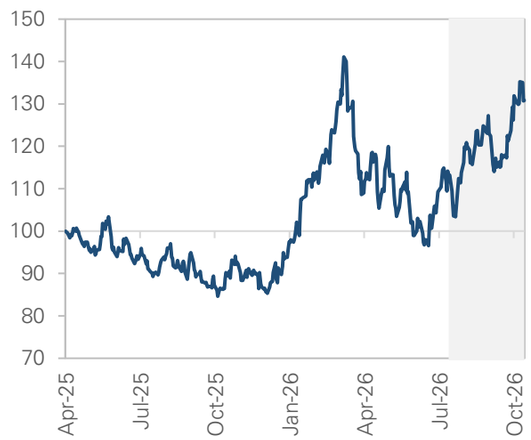
Utilities



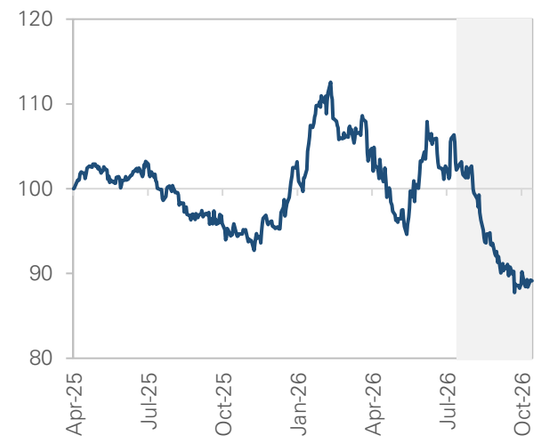
Communication Services



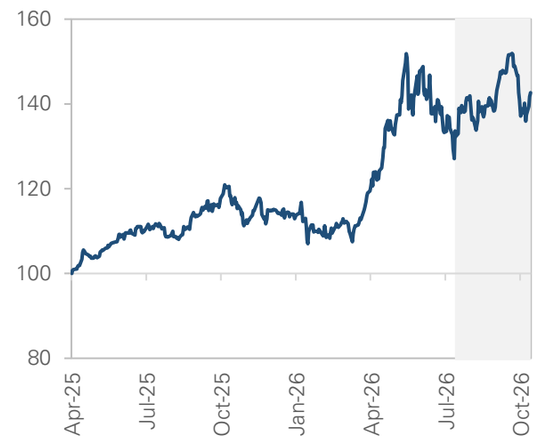
Energy



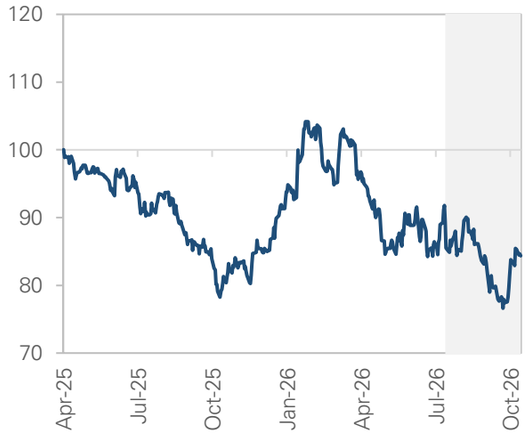
Industrials



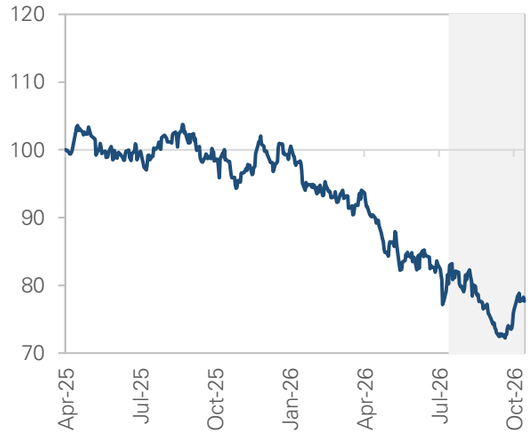
Technology



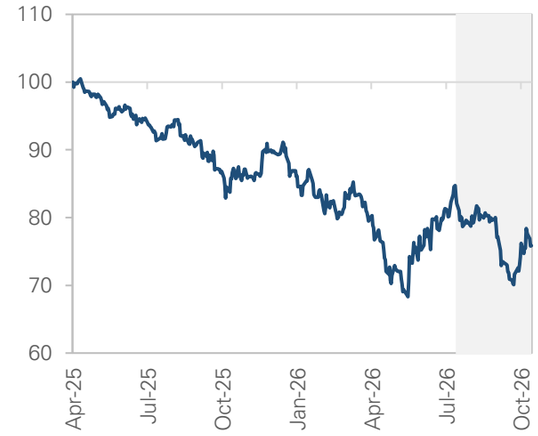
Materials



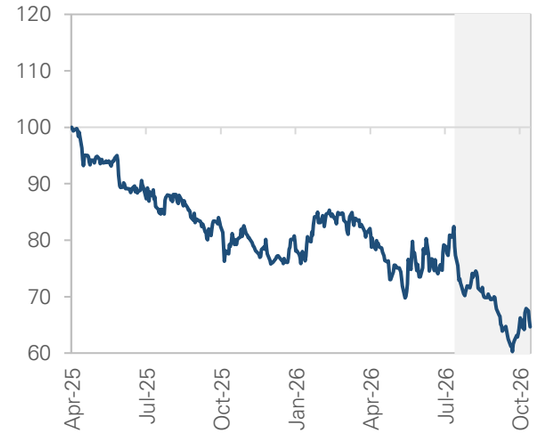
Consumer Discretionary



Financials



Real Estate

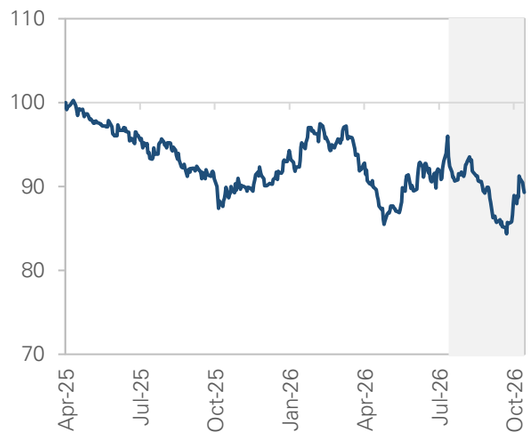


Factors – Relative Performance vs S&P 500

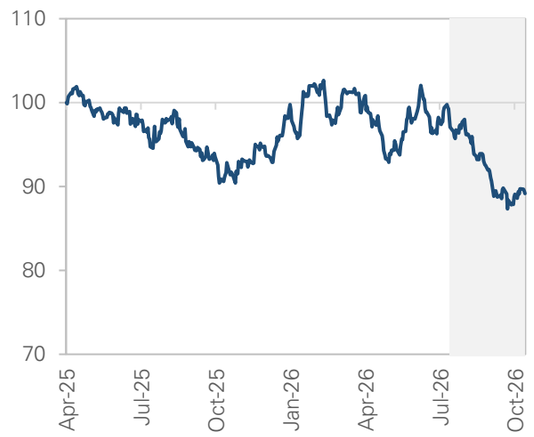
Relative Charts

Relative Performance vs S&P 500 (%)					
Equity Factors	**1m**	**3m**	**6m**	**12m**	**18m**
Equal Weight	3.7	-7	-1	-1	-11
Mid Caps	0.2	-10	-8	-4	-11
Small Caps	1.4	-11	-6	3	0
Growth	-4.1	2	-6	-13	-5
Value	4.0	-2	7	14	3
Min Volatility	6.0	-4	-2	-9	-28
High Beta	-6.9	3	4	17	43
Momentum	-6.9	2	1	6	6
High Dividend	4.6	-6	-4	1	-8
Quality	-1.6	-4	-1	-2	-8

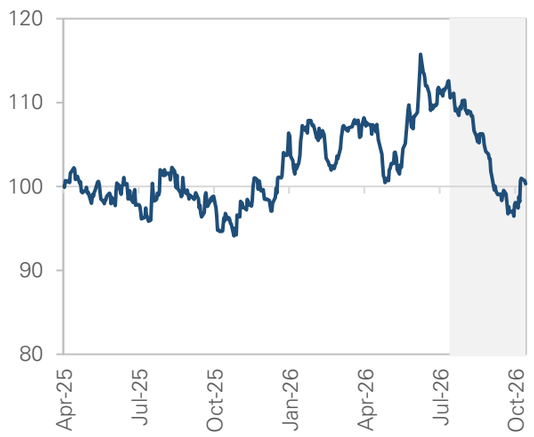
Equal Weight



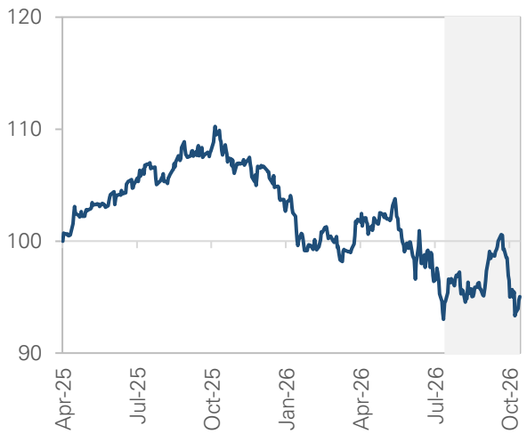
Mid Caps



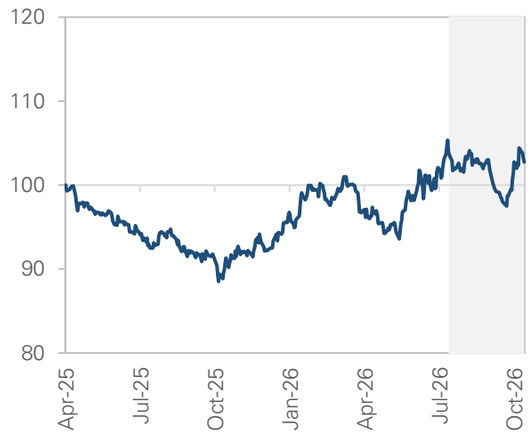
Small Caps



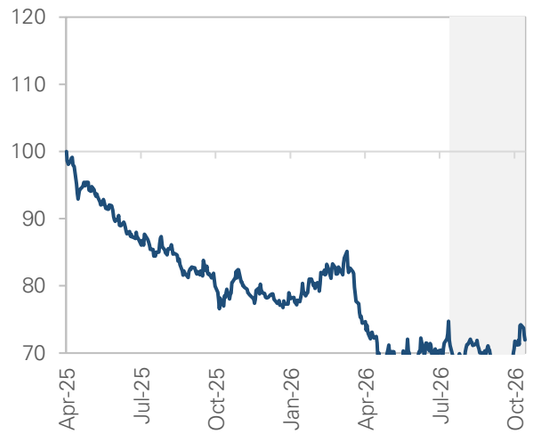
Growth



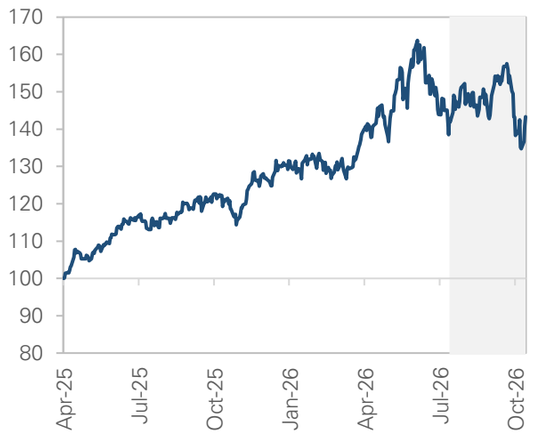
Value



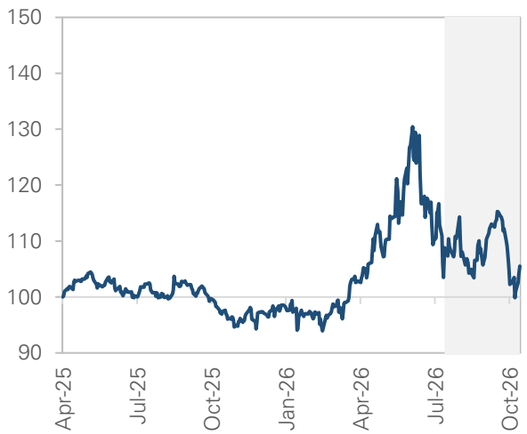
Minimum Volatility



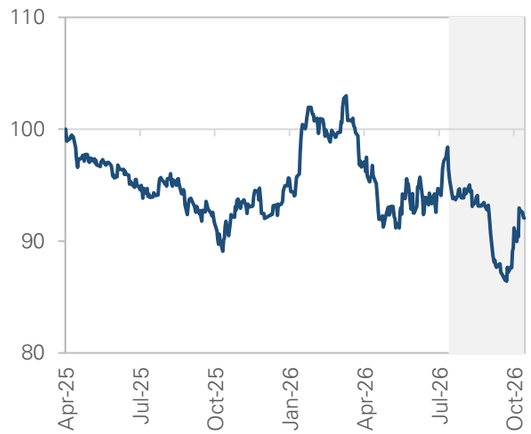
High Beta



Momentum



High Dividend



Quality

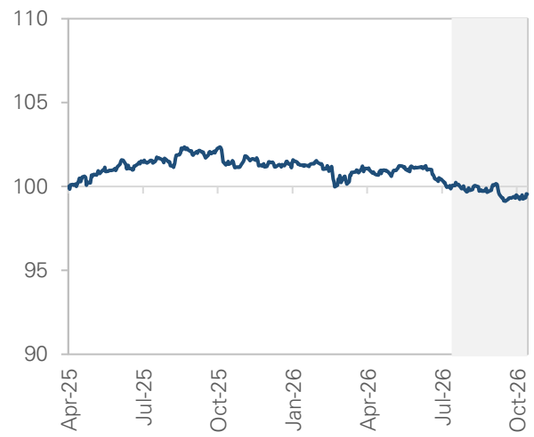


Credit – Relative Price Return vs Bond Aggregate Index

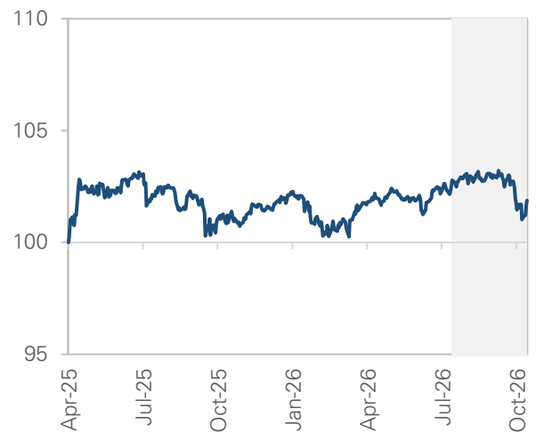
Relative Charts

Relative Performance vs Bond Aggregate (%)					
Credit Sectors	**1m**	**3m**	**6m**	**12m**	**18m**
Invest Grade	0.2	0	-1	-3	0
High Yield	-1.0	0	0	1	2
MBS	0.4	0	0	1	1
Long Duration	1.7	0	-2	-6	-5
Short Duration	-1.2	2	3	5	3
TIPS	0.7	0	-2	0	-1
EM Sovereign	-1.4	0	1	1	3
Municipals	2.2	0	0	1	2
Preferreds	-3.7	-3	-5	-4	-2
Bank Loans/CLOs	-2.0	1	2	1	-2
Convertibles	-5.8	-1	-1	8	30

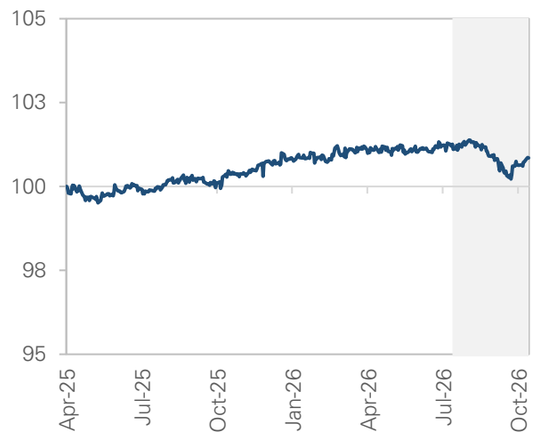
Investment Grade



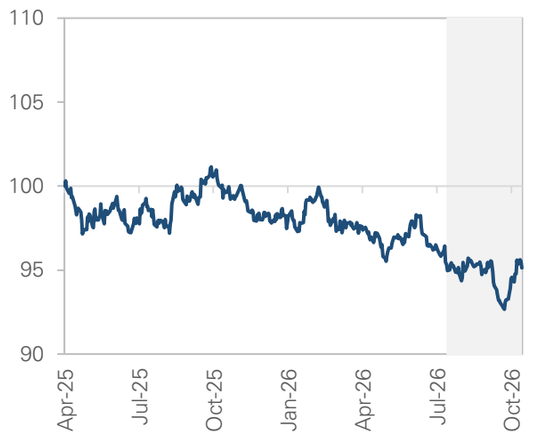
High Yield



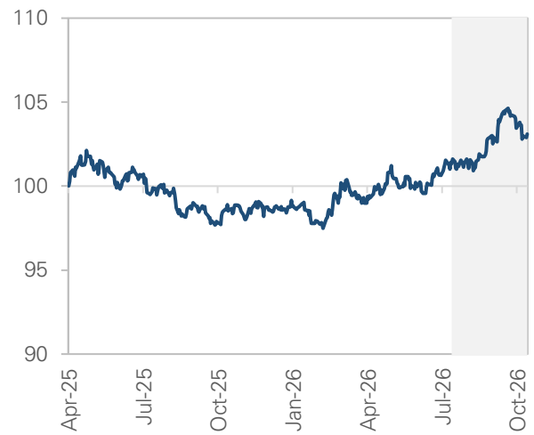
MBS



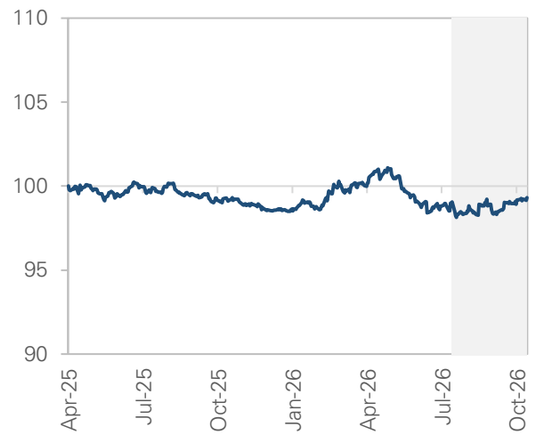
Long Duration Treasuries



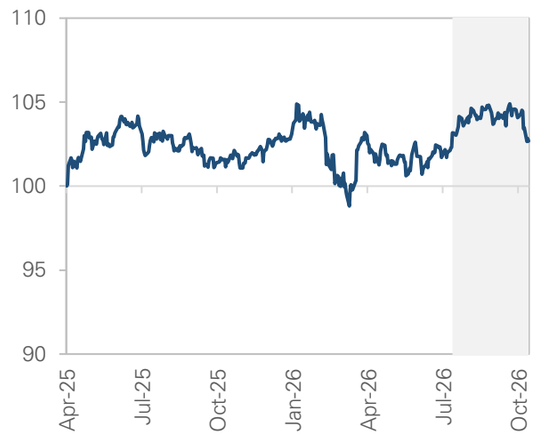
Short Duration Treasuries



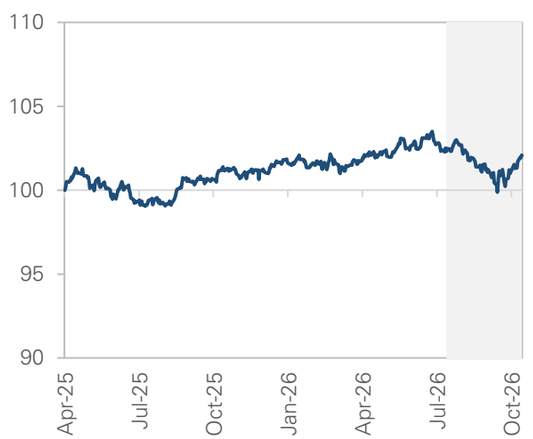
TIPS



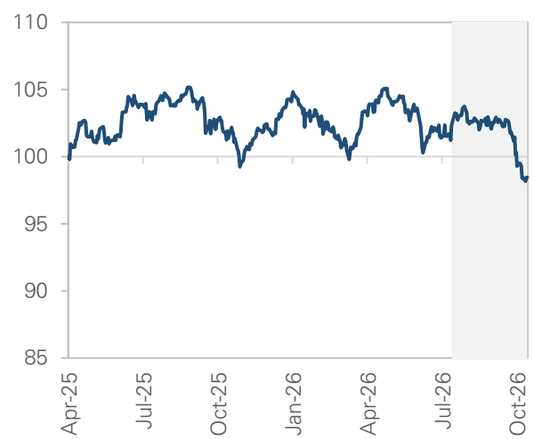
EM Sovereign



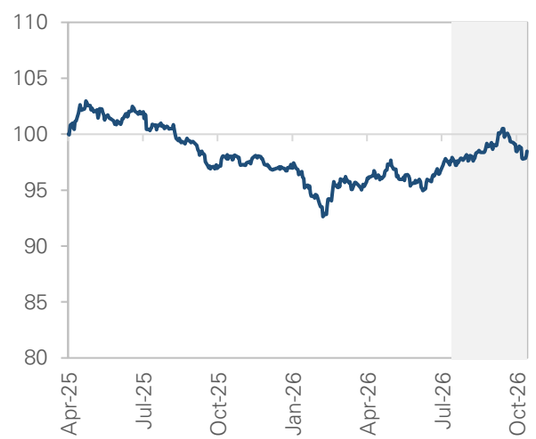
Municipals



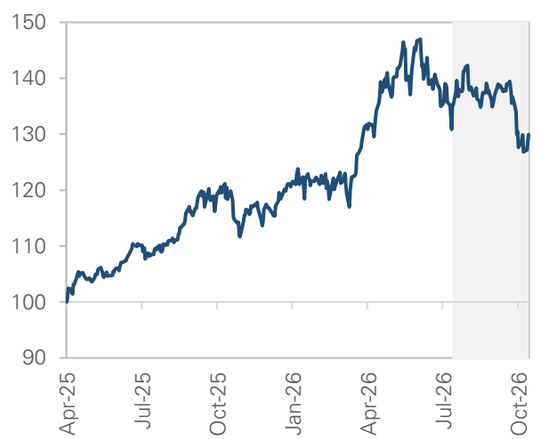
Preferreds



Bank Loans / CLOs



Convertibles

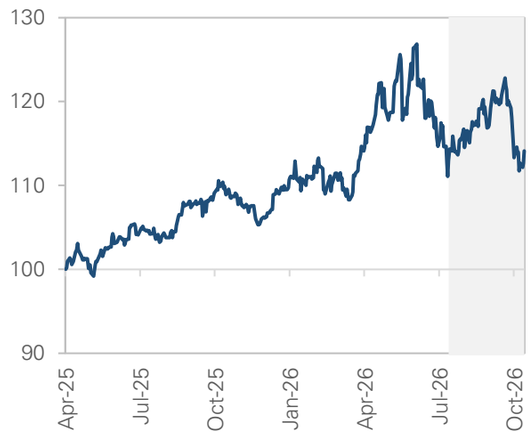


International – Relative Performance vs ACWI ex US

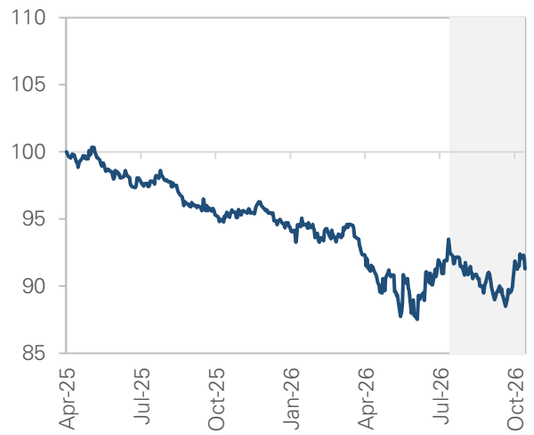
Relative Charts

Relative Performance vs ACWI ex US (%)					
Equity Factors	**1m**	**3m**	**6m**	**12m**	**18m**
Emerging	-5.1	3	-2	4	14
Developed	1.9	-2	0	-4	-9
Intl Quality	4.6	-1	2	-1	-9
EM Dividend	1.4	-3	-8	-2	-7
DM Dividend	2.5	-6	-7	2	1
DM Growth	2.4	-2	-1	-12	-16
DM Value	1.9	-3	1	3	-1
DM Low Vol	9.1	0	2	-2	-16
EM Low Vol	-0.8	3	1	-2	-9
Intl Momentum	0.1	1	-2	-4	-9

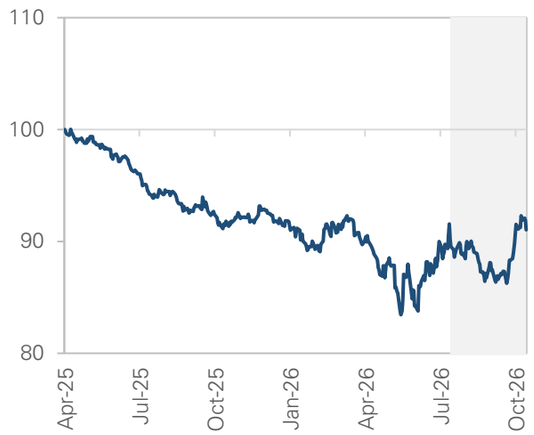
Emerging Markets



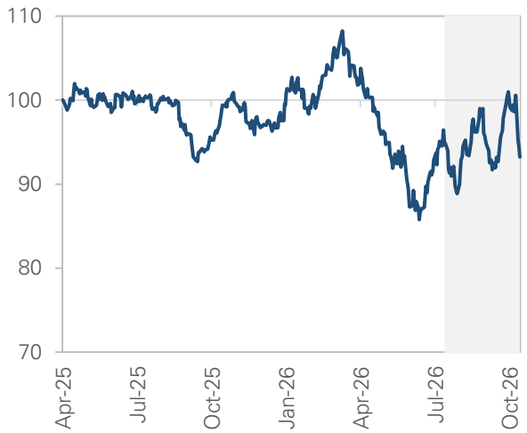
Developed Markets



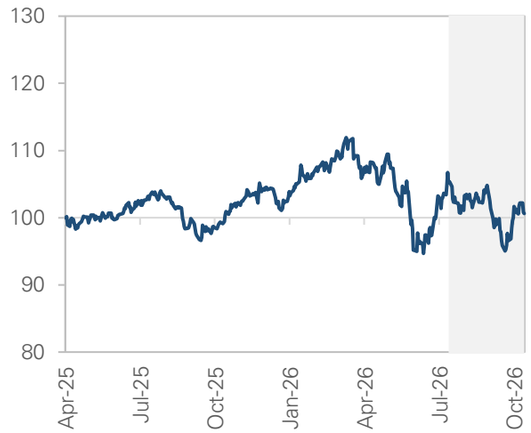
International Quality



EM Dividend



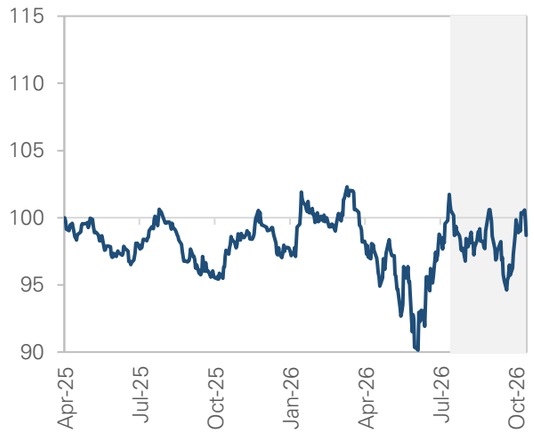
DM Dividend



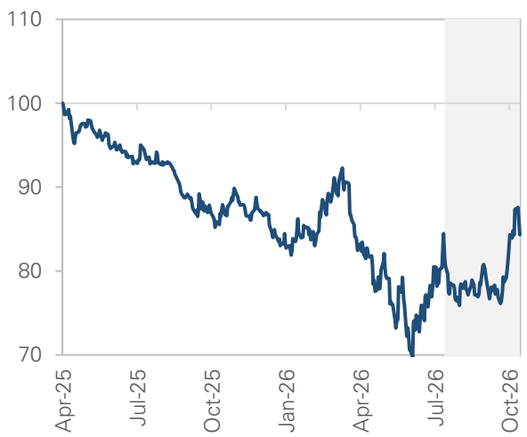
DM Growth



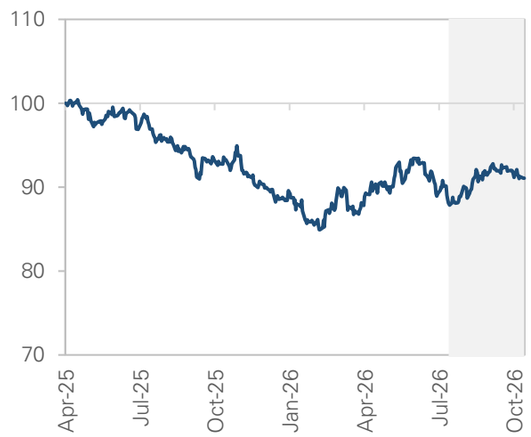
DM Value



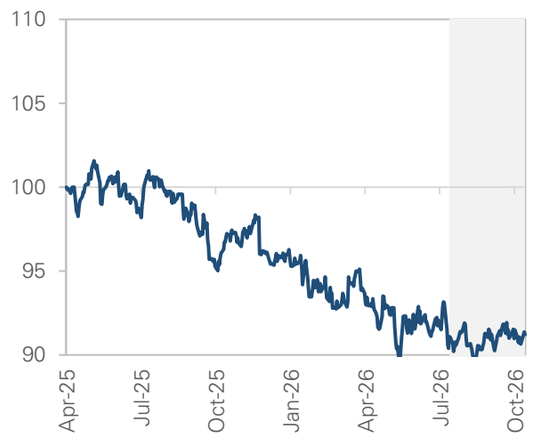
DM Low Volatility



EM Low Volatility



International Momentum



Definitions

CBOE VIX: The Chicago Board Options Exchange's CBOE Volatility Index, a popular measure of the stock market's expectation of volatility based on S&P 500 index options.

Daily moving average (DMA): The daily moving average shows the average price over a period of time. Investors often focus on key time periods such as 50-DMA and 200-DMA.

Fed Funds Futures: Fed funds futures are contracts that reflect the market's consensus on the daily official fed funds rate at the time of contract expiration. The fed funds rate is the interest rate banks charge each other for overnight loans of reserves on deposit with the Federal Reserve. Fed funds futures are traded on the Chicago Mercantile Exchange (CME).

MarketDesk U.S. Net Liquidity Indicator (USNLI): The indicator measures the current liquidity dynamics in financial markets. The indicator tracks liquidity changes based on three key components: total assets on the Fed's balance sheet, the Fed's overnight reverse repurchase agreements, and the Treasury's general account. A USNLI reading above (below) 50% indicates net liquidity is increasing (shrinking) and is likely to be a tailwind (headwind) for equity markets.

MarketDesk U.S. Risk Demand Indicator (USRDI): A quantitative model built to measure investors' willingness (or lack thereof) to increase portfolio risk. USRDI is a composite of momentum measures across four asset classes: equities, equity derivatives, credit markets, and foreign currencies. A reading above zero suggests investors should increase portfolio risk to benefit from rising market momentum.

MarketDesk U.S. Breadth Indicator (USBI): Measures if an asset class is exhibiting strong or weak breadth based on the 20DMA, 50DMA, and 100DMA. A composite reading above 50 equates to strong market breath, while a reading below 50 equates to weak market breadth.

MarketDesk U.S. Technical Indicator (USTI): Measures if an asset class is overbought (above +1.0) or oversold (below -1.0). The composite reading uses the volatility adjusted signals from the 14-day RSI, Advance / Decline Line, and 50DMA.

MarketDesk U.S. Investor Sentiment Indicator (USSI): The indicator utilizes various data points such as institutional investor positioning, equity flows, VIX movement, and sentiment surveys to offer insights into retail and institutional investor behavior. A reading of 100% (0%) signals extreme bullish (bearish) investor positioning compared to the past decade.

MarketDesk U.S. PMI Momentum Indicator (USPMI): The indicator forecasts the year-over-year change in the ISM Manufacturing PMI over the next 12 months. The indicator is based on a composite of 14 macro inputs. A USPMI reading above (below) zero suggests the economy is expanding (contracting).

MarketDesk U.S. Consumer Health Indicator (USCHI): The indicator is a macro-based model that provides a quick snapshot of U.S. consumers' ability (or lack thereof) to spend money on goods and services. The indicator is a combination of five consumer-related inputs: labor markets, net worth, personal income, household debt, and sentiment. A high (low) USCHI reading indicates consumer health is strong (weak).

MarketDesk U.S. CPI Leading Indicator (USCPI): The indicator is designed to forecast the direction and approximate magnitude of changes in inflation over the next three months.

MarketDesk U.S. Financial Conditions Indicator (USFCI): The indicator is a barometer of several macro factors that influence the availability and cost of credit, liquidity in financial markets, and overall economic health. The indicator is an equal-weighted average of volatility-adjusted year-over-year changes across eight inputs, including interest rates, credit spreads, lending rates, VIX, equity prices, and USD. A USFCI reading above (below) zero indicates that financial conditions are tighter (looser) and is typically a headwind (tailwind) for equity markets..

MarketDesk U.S. Business Cycle Indicator (USBCY): The indicator aggregates key macro data points to identify the current stage of the economic cycle. USBCY is an equal weighted composite of eight macro inputs that historically coincide with the business cycle. The indicator classifies the environment into one of three business cycle stages: Early Cycle (Expansion), Mid Cycle (Slowdown), and Late Cycle (Contraction).

MarketDesk Simple Asset Allocation Framework (SAAF): Developed by MarketDesk, the SAAF uses a price indicator (USRDI) and a macro indicator (USPMI) to classify markets into a four-quadrant framework and help guide long-term asset allocation.

MOVE Index: The MOVE index, or Merrill Lynch Option Volatility Estimate Index, is a crucial gauge of interest rate volatility in the U.S. Treasury market. It is calculated from options prices, which reflect the collective expectations of market participants about future volatility.

NTM and LTM: NTM stands for next twelve months while LTM stands for last twelve months.

Price to Earnings (P/E): A valuation ratio that measures its current share price relative to its earnings per share (EPS). NTM P/E uses consensus EPS estimates for the next 12-months.

Relative Strength Index (RSI): A momentum indicator used in technical analysis, that measures the speed and magnitude of a security's recent price changes. Traditionally, a RSI reading of 70 or above indicates an overbought condition. A reading of 30 or below indicates an oversold condition.

Sharpe Ratio: The Sharpe ratio is a measure of risk-adjusted return. It describes how much excess return you receive for the volatility of holding a riskier asset.

Weekly Economic Index (WEI): The WEI is an index of real economic activity using timely high-frequency data (i.e., retail sales, rail traffic, unemployment, electricity output). It represents the common component of ten different daily and weekly series covering consumer behavior, the labor market, and production. The WEI is scaled to the four-quarter GDP growth rate; for example, if the WEI reads -2 percent and the current level of the WEI persists for an entire quarter, we would expect, on average, GDP that quarter to be two percent lower than a year previously.

MarketDesk

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