MONTHLY MARKET ROUNDUP

BNY Advisors
Investment Institute

DECEMBER 2024

>BNY

NOVEMBER 2024 OVERVIEW

Global equities were up +3.8%, powered mainly by US markets which rallied hard after the decisive election result — with returns on the small-cap-heavy Russell 2000 up 11%, Nasdaq was up 6.3% and S&P rose 5.9%. Most other major equity markets struggled barring a few modest bright spots (Germany: +2.9% and UK: +2.6%). The Nikkei lost 2.2%. China gave up 4.4%, and emerging markets (-3.6%) struggled to fare much better. Fixed income rose around 1% on the month. Global sovereign bonds (ex-US) rose 1.3% as yields compressed across most developed markets, excepting Japan. US Treasury returns were more modest (+0.8%) as the back-up in longer-dated yields since October — on fears of reduced disinflation, and greater fiscal risk — peaked in mid-November and came off as the month wore on. Investment Grade and High Yield credit spreads compressed further, to 20-year tights. Commodities were a mixed bag, with gold slumping 4.1%, oil easing 0.8%, and the overall Bloomberg commodity index eking out only a small (+0.4%) gain. The US dollar re-strengthened, and gained 1.7% on the month, on hawkish (re)pricing of Fed policy and dovish (re)pricing of European Central Bank (ECB) policy. Not surprisingly, the Euro (-2.8%) bore the brunt of dollar strength. Meanwhile, the Yen stayed resilient on rising expectations of a Bank of Japan hike (+25bps) by year-end.

The big tailwind for US risk assets was the quick and clear/decisive election outcome that helped lower implied volatility in equity as well as bond markets, and fueled expectations of stimulative tax policies and further deregulation. Positive earnings results (which were in line with expectations) and upside macro surprises also helped. Importantly, inflation and payrolls stayed in line with consensus expectations. Meanwhile, although Trump's cabinet picks generated mixed reactions, the Treasury Secretary pick (Bessent) that mattered most for the market was well received and helped cool real and nominal yields and contributed to a late month rally in US fixed income.

European growth rose 0.4% q/q in Q3, its fastest pace since Q3 2022, but the pick-up was uneven. More current industrial production data showed the economy ended Q3 on the soft side, declining 2.0% m/m. Meanwhile, survey data remained bleak. This was highlighted by an unexpected drop in consumer confidence as well as by a surprise easing in the Euro area services PMI to 49.2 (mkt exp: 51.6) — with animal spirits likely dampened by rising political uncertainty in Germany. Market-implied rate cut expectations have increased recently with about six 25 bps cuts over the next 12 months, about double what the market expects from the Fed. At the same time, the UK's headline and core inflation rose more than expected and its hardening inflation outlook resulted in the market pricing-out 40bps off the Bank of England's rate cut path.

In the APAC region, Japan's inflation prints remained firm and in line with market expectations. The annualized momentum of (sequential and seasonally adjusted) core and services inflation re-strengthened on rising real incomes and continued tightening of the country's labor market. With a larger than expected supplemental fiscal package on the way, the Bank of Japan is likely to hike policy by 25bps at its upcoming meeting on Dec. 19. The growing likelihood of narrowing interest differentials with the US has stabilized the Yen and allowed it to appreciate on a trade-weighted basis. Chinese activity saw some green shoots with retail sales rebounding, more than expected, by 4.8% y/y in October, and official manufacturing PMIs surprising to the upside as well. However, industrial output and fixed asset investment remained soft, and deflation remains entrenched. The market is anticipating further easing from the People's Bank of China; and, on concern about Trump's tariffs on Beijing, it is also turning a bit dour on equities — MSCI China has given up much of its gains from the late September run-up even as Chinese long-term rates eased — for instance with the 30-year CGB yield falling below equivalent tenor Japanese bond yield for the first time.

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GLOBAL ECONOMY

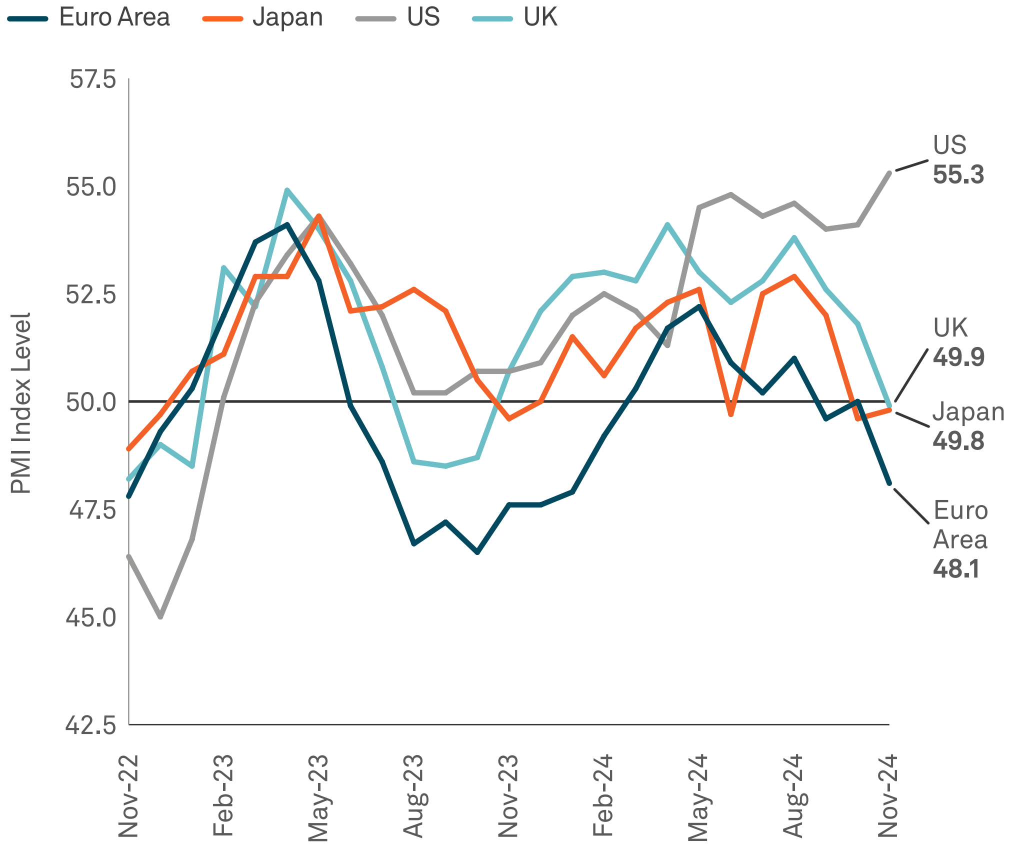
Growth, Inflation and Labor

Central Bank and Fiscal Policy

Global composite PMIs diverged in November, with the US trending stronger; Europe and UK were weaker and Japan stabilized just shy of the 50 watermark.

COMPOSITE PMIs IN G3 ECONOMIES AND IN THE UK

Composite Purchase Managers Index levels of manufacturing and services activity, where above (below) 50 signifies expanding (contracting) activity.

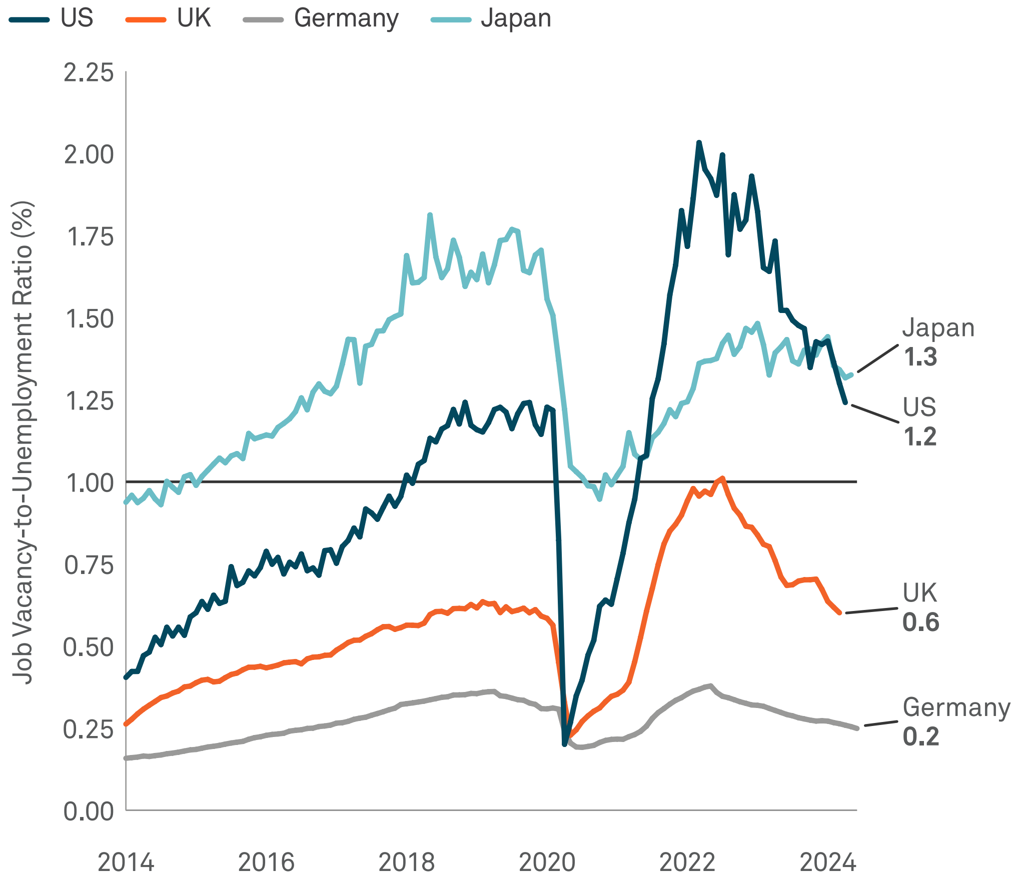


Sources: Macrobond, BNY Advisors. Data as of December 2, 2024.

Labor markets continued to weaken in advanced economies, excepting Japan.

JOB VACANCY TO UNEMPLOYMENT RATIO — G3 ECONOMIES AND THE UK

Seasonally adjusted (persons, mn)

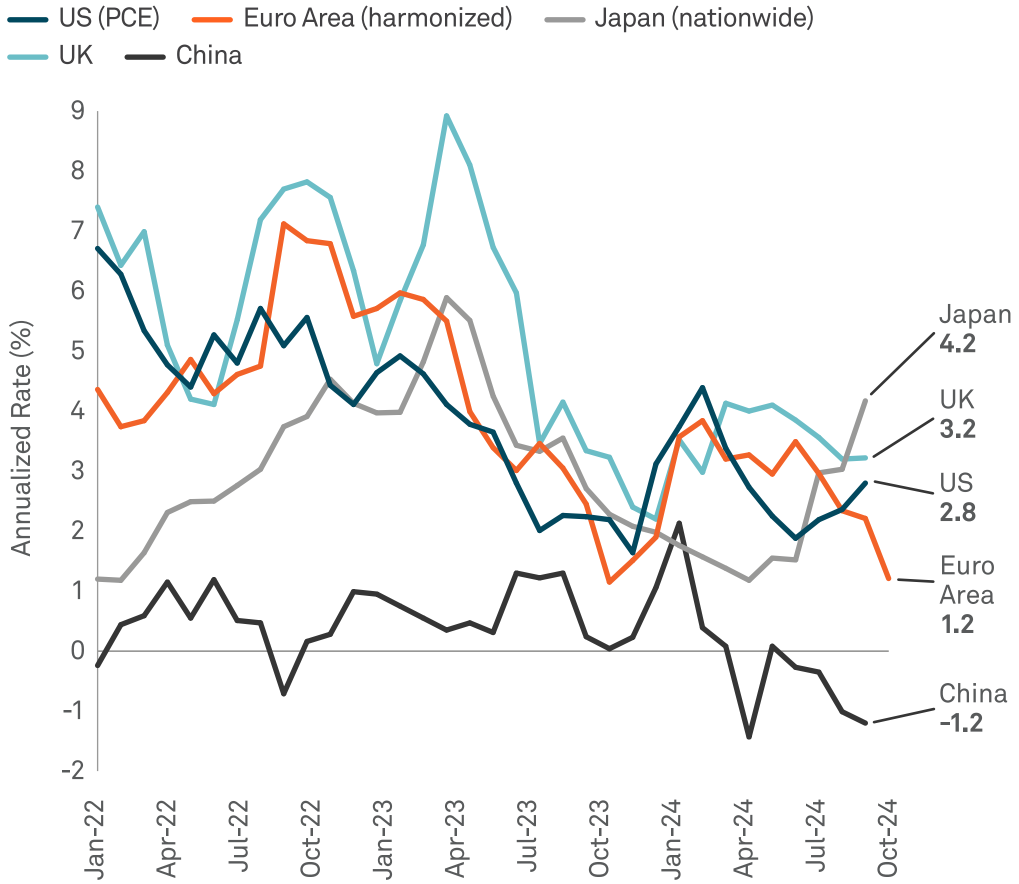


Sources: Macrobond, BNY Advisors. Data as of December 2, 2024.

Core inflation momentum has ticked higher in the US and revived more strongly in Japan; however, it is weakening in the Euro area and remains anemic in China.

CORE INFLATION MOMENTUM IN G3 ECONOMIES, CHINA AND THE UK

Excluding food and energy, seasonally adjusted, annualized rate (3m/3m)



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Please see important footnotes for returns and charts on last page. **Past performance is not a guide to future performance.**

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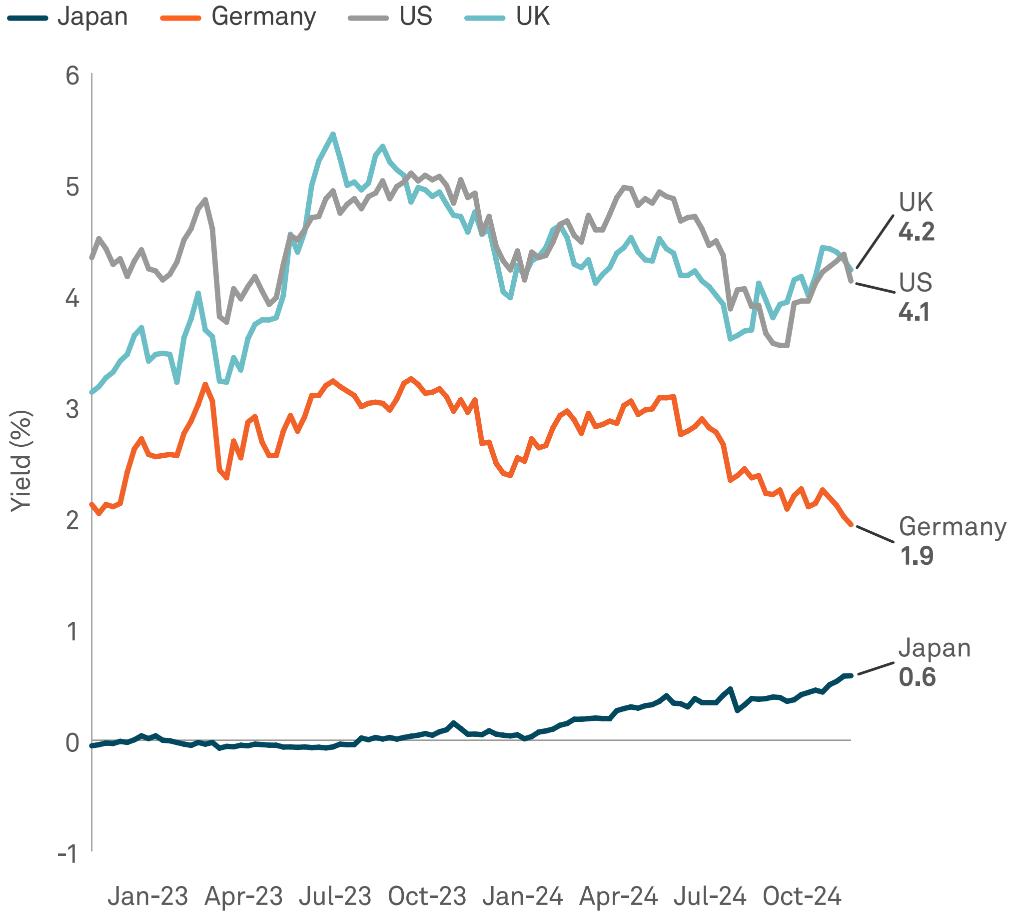
GLOBAL ECONOMY

Growth, Inflation and Labor

Central Bank and Fiscal Policy

Short-term yield differentials re-widened, between US and Europe, on hardening expectations of stronger US growth and inflation.

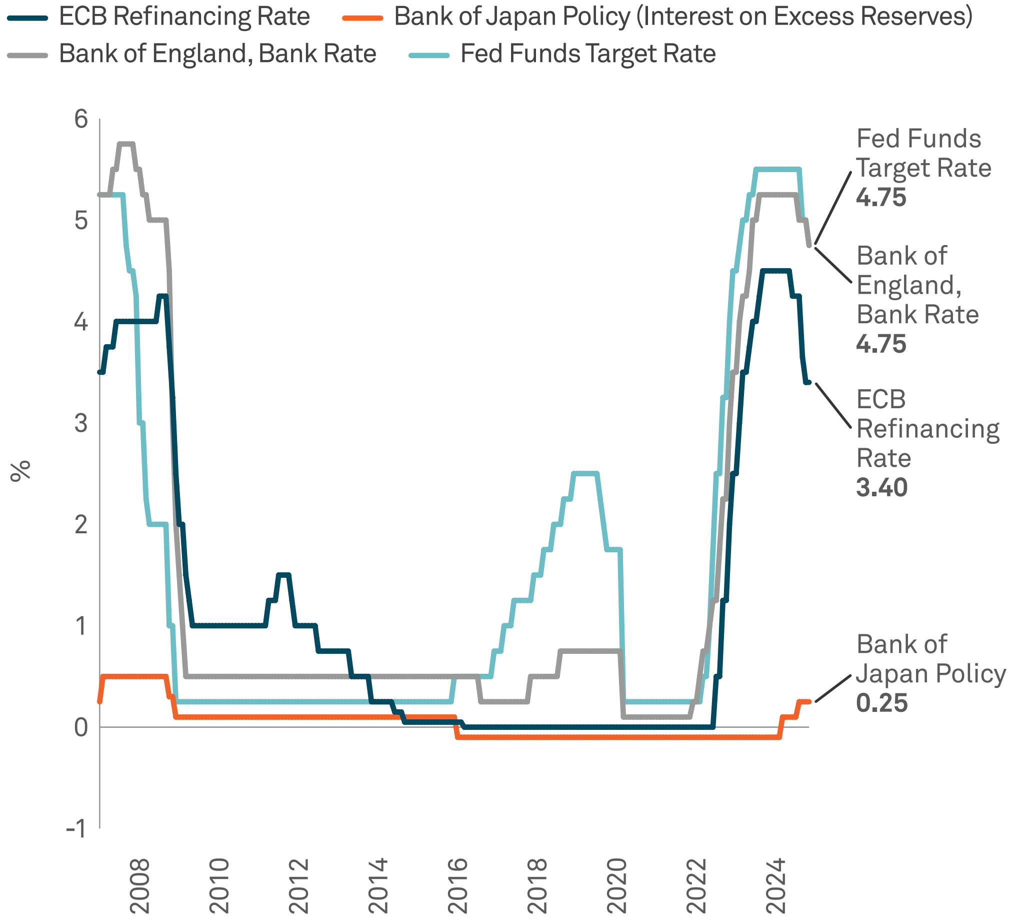
GOVERNMENT BENCHMARKS, TWO-YEAR YIELD



Sources: Macrobond, BNY Advisors. Data as of December 2, 2024.

Major global central banks have begun easing policy — excepting the Bank of Japan, which is on a hiking path. We expect the ECB to cut relatively more than the Fed.

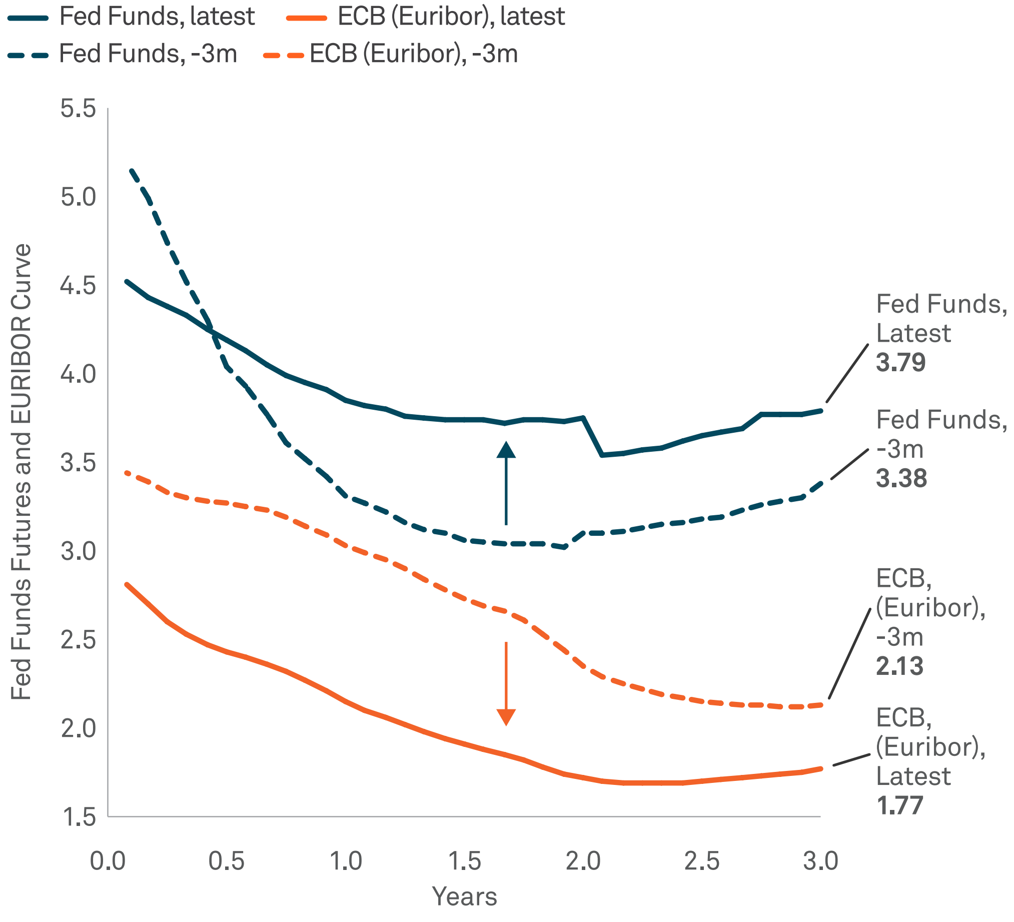
POLICY RATES IN G3 ECONOMIES AND THE UK



Sources: Macrobond, BNY Advisors. Data as of December 2, 2024.

Market pricing of Fed (ECB) policy turned more hawkish (dovish) in November — and divergent policy pricing resulted in USD strengthening.

POLICY PRICING: FED FUNDS FUTURES VS. EURIBOR FUTURES



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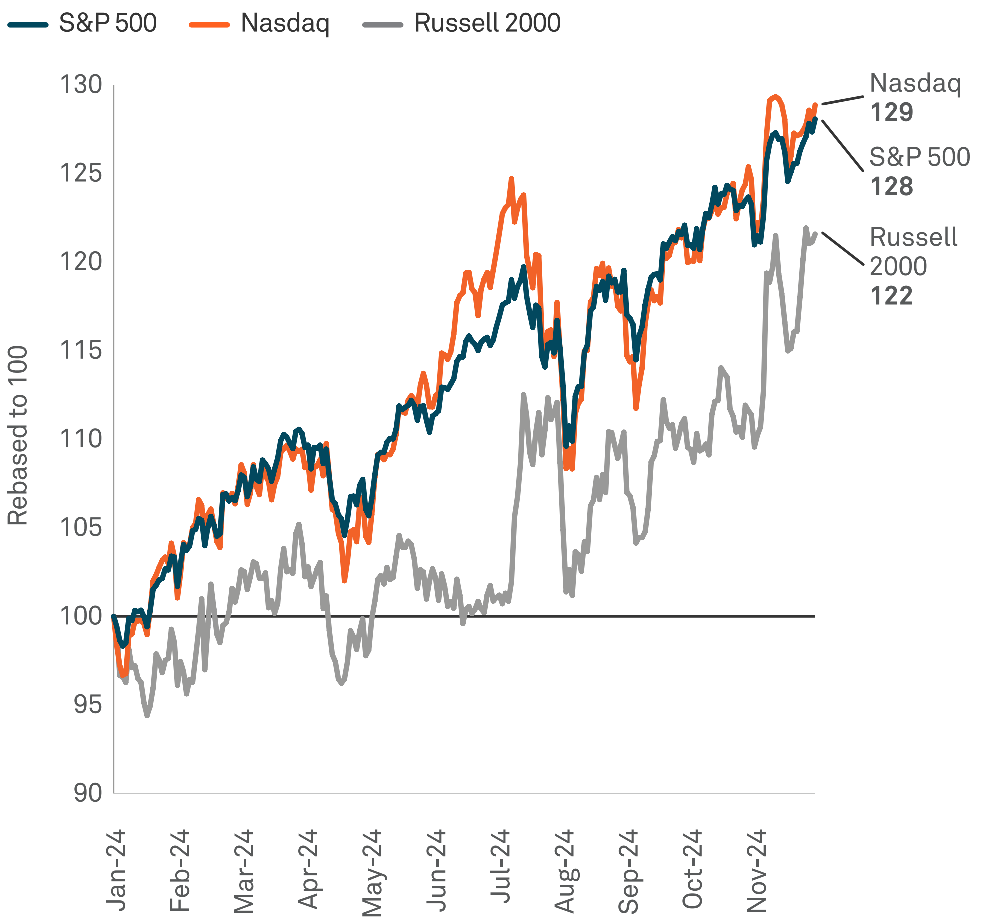
FINANCIAL MARKETS

Global Equities | Fixed Income | Foreign Exchange | Commodities

US markets continued to rally after the November election, with small-cap-heavy Russell 2000 narrowing the performance gap with Nasdaq and S&P 500.

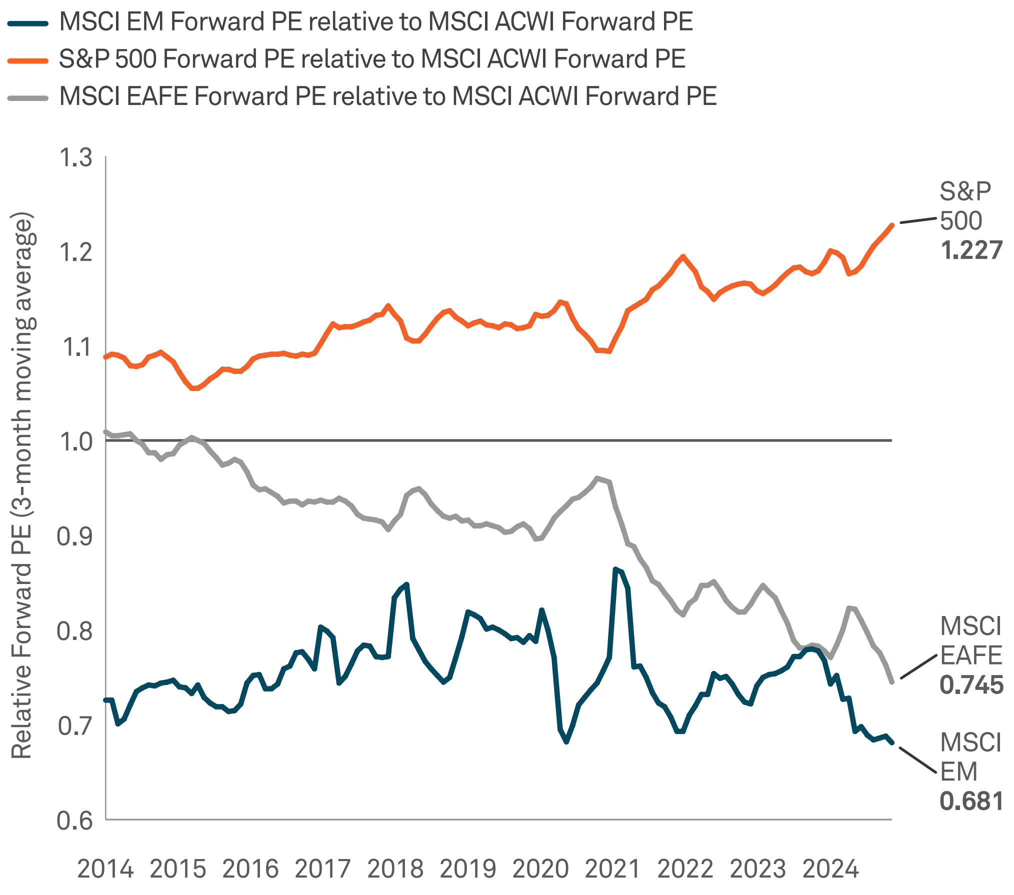
US EQUITIES YTD PERFORMANCE: NASDAQ VS. S&P 500 VS. RUSSELL 2000



Sources: Macrobond, BNY Advisors. Data as of December 2, 2024.

US market valuations continue grinding higher relative to EM and DM indices, adjusted for all-country P/E ratios.

FORWARD PRICE-EARNINGS RATIOS RELATIVE TO MSCI ALL COUNTRY WORLD INDEX (ACWI)

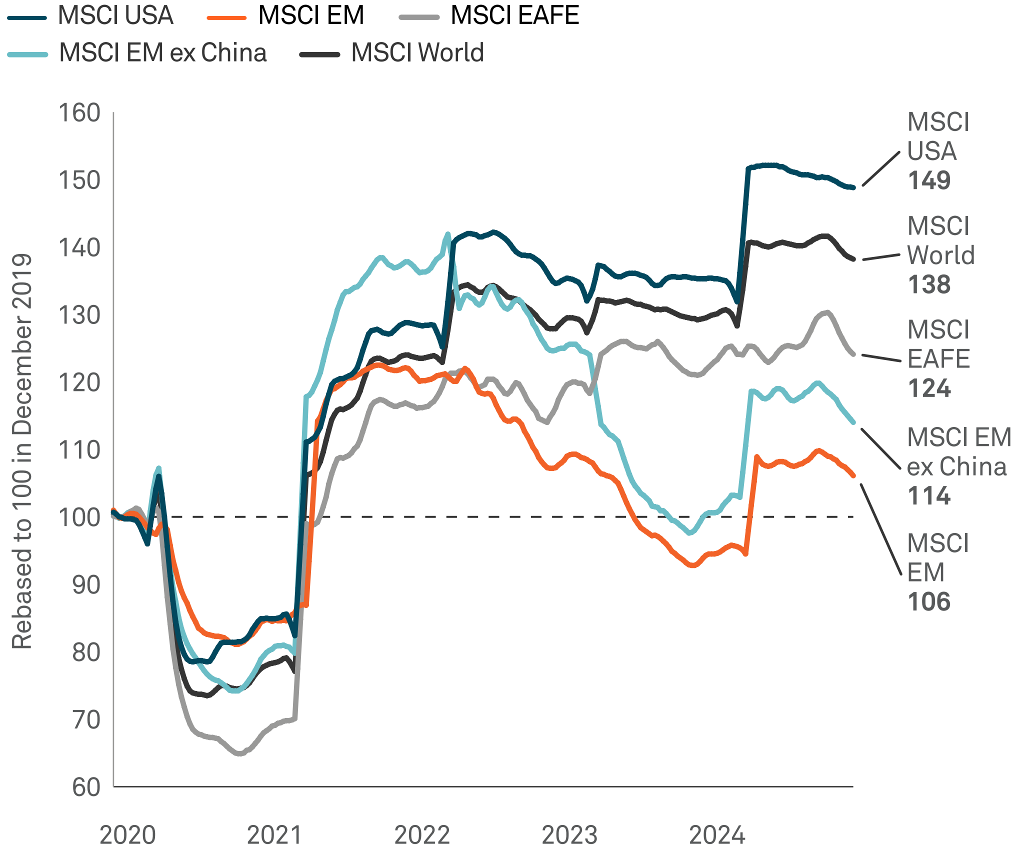


Sources: Macrobond, Bloomberg, BNY Advisors. Data as of December 2, 2024.

US earnings per share has also held up at higher and proven more resilient than many DM and EM counterparts.

MSCI EARNINGS PER SHARE (EPS) TRENDS: US, DEVELOPED AND EMERGING MARKETS

Weekly data, one-month moving average, rebased to 100 in 2019



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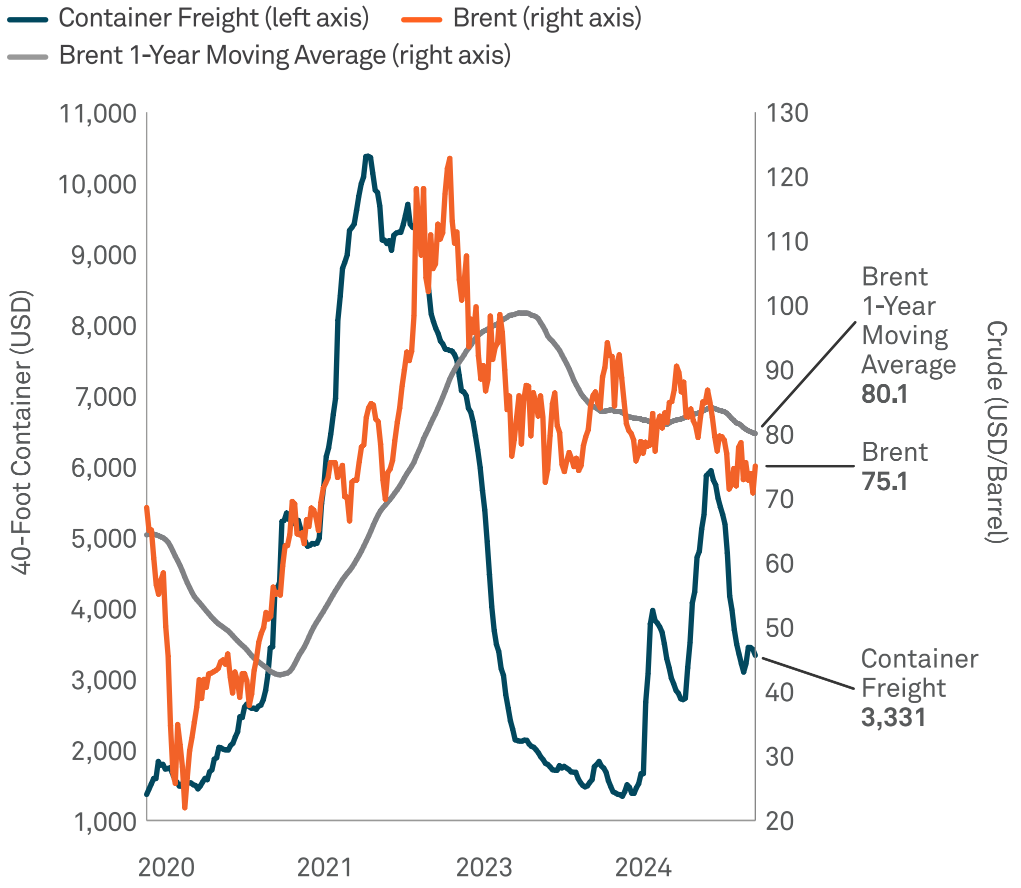
FINANCIAL MARKETS

Global Equities | Fixed Income | Foreign Exchange | Commodities

Global crude oil prices have softened on over-supply, softer demand and alleviation of geopolitical risk premiums which is also lowering shipping bottlenecks and freight costs.

CRUDE OIL SPOT PRICE AND GLOBAL SHIPPING COSTS

Brent crude spot price and 40-foot freight container shipping cost

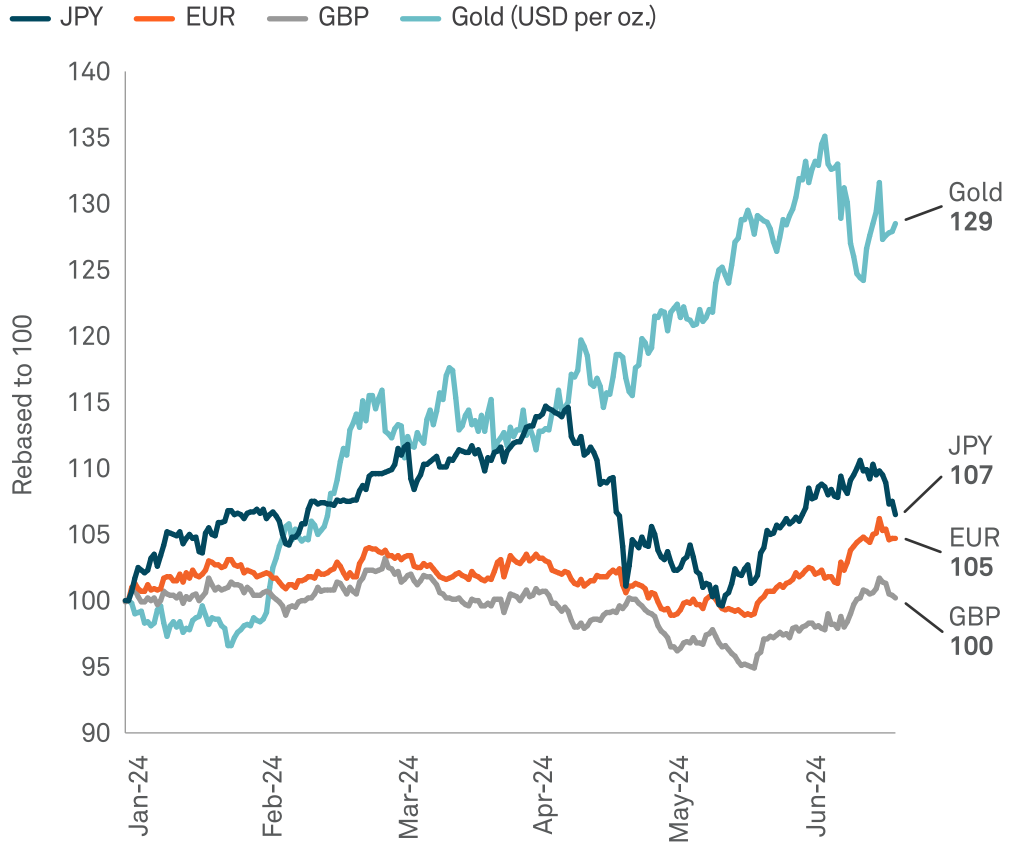


Sources: Macrobond, BNY Advisors. Data as of December 2, 2024.

The US dollar has re-strengthened since the US election, on hawkish policy pricing but the euro, rather than the yen, has borne the brunt of dollar strength; gold price increases have ebbed.

US DOLLAR VERSUS MAJOR CURRENCY PAIRS — REBASED TO 100 AT START OF 2024

EUR = Euro, JPY = Japanese yen, GBP = British pound



Sources: Macrobond, BNY Advisors. Data as of December 2, 2024.

Japanese government bond yields have continued rising on expansionary fiscal and tighter monetary policy — 30-year JGBs are higher than their Chinese counterparts for the first time, ever.

CHINA AND JAPAN — 30-YEAR BOND YIELDS

Sources: Macrobond, Bloomberg, BNY Advisors. Data as of December 2, 2024.

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MARKET ROUNDUP

Data as of November 29, 2024 close.

		Level	MTD	YTD	1Y	3Y[1]	2023
REGIONAL EQUITIES (USD, % chg. Total Return)	MSCI All-Country World	1,999	3.8%	20.8%	26.7%	8.2%	22.8%
	MSCI World – DM	17,811	4.6%	22.3%	28.4%	9.3%	24.4%
	MSCI EAFE	11,415	-0.6%	6.8%	12.4%	4.7%	18.9%
	MSCI EM	2,856	-3.6%	8.1%	12.4%	-0.8%	10.3%
COUNTRY EQUITIES (% chg. Total Return)	US (S&P 500)	13,227	5.9%	28.1%	33.9%	11.4%	26.3%
	US (NASDAQ)	23,464	6.3%	28.9%	36.1%	8.2%	44.6%
	US (Russell 2000)	13,146	11.0%	21.6%	36.4%	5.0%	16.9%
	Japan (NIKKEI 225 JPY)	68,134	-2.2%	16.1%	16.2%	13.4%	31.0%
	EU (STOXX 600 USD Hedged)	335	0.7%	11.0%	15.1%	8.6%	18.0%
	UK (FTSE 100 GBP)	9,181	2.6%	11.1%	15.4%	9.6%	7.9%
	France (CAC 40 EUR)	22,551	-1.5%	-1.2%	2.1%	5.7%	20.1%
	Germany (DAX 30 EUR)	19,626	2.9%	17.2%	21.0%	9.1%	20.3%
	China (MSCI China USD)	134	-4.4%	16.5%	13.7%	-7.7%	-11.0%
FIXED INCOME (USD, % chg.)[2]	Global Treasury ex. US	721	1.3%	4.4%	7.3%	0.2%	8.0%
	US Treasury	2,326	0.8%	2.2%	5.6%	-2.5%	4.1%
	Global IG Corporate	298	1.3%	5.0%	9.0%	-0.6%	9.1%
	Global High Yield	628	1.3%	10.9%	15.1%	4.5%	13.7%
	US Leveraged Loans	4,038	0.8%	8.4%	10.1%	7.0%	13.3%
	EM USD Denominated	1,263	1.1%	7.9%	12.4%	0.2%	9.1%
COMMODITIES (USD, % chg.)	Bloomberg Commodity Index	236	0.4%	4.3%	1.5%	4.9%	-7.9%
	Oil (WTI, USD/Barrel)	68.7	-0.8%	-4.1%	-9.5%	1.3%	-10.7%
	Gold (USD/Troy Ounce)	2,664.3	-4.1%	29.2%	30.7%	14.0%	13.8%

		Level	MTD	YTD	1Y	3Y[1]	2023
SPREADS (OAS, bp chg.)[3]	US Investment Grade Corporate	78	-6	-21	-26	-21	-31
	US High Yield	266	-16	-57	-104	-71	-146
	EM USD Denominated	222	-4	-75	-84	-111	-42
KEY RATES (bp chg.)[4]	Secured Overnight Financing Rate (SOFR)	4.57	-33	-81	-76	452	108
	2Y US Treasuries	4.15	-2	-10	-53	359	-18
	10Y US Treasuries	4.17	-12	29	-16	272	0
	10Y German Bund	2.09	-30	6	-36	244	-55
	10Y UK Gilt	4.24	-20	71	7	343	-14
	10Y Japanese Bond	1.05	10	43	38	99	19
	CBOE VIX	13.51	13.51	12.45	12.92	27.19	12.45
	US 30Y Fixed Rate Mortgage	7.12	-16	13	-45	389	33
FOREIGN EXCHANGE (vs. USD, % chg.)[5]	USD – Major Dollar Index	105.7370	1.7%	4.3%	2.2%	3.3%	-2.1%
	Euro	1.0577	-2.8%	-4.2%	-2.9%	-2.3%	3.1%
	British Pound	1.2735	-1.3%	0.0%	0.9%	-1.4%	5.4%
	Japanese Yen	149.7700	1.5%	-5.8%	-1.0%	-8.9%	-7.0%

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SECTOR PERFORMANCE

Data as of November 29, 2024 close.

S&P 500 | Russell 2000

S&P 500 SECTORS	MTD	YTD	1Y	3Y Annualized	2023	5Y Annualized
Information Technology	4.6%	34.2%	39.3%	15.5%	56.4%	24.2%
Financials	10.2%	36.0%	43.2%	10.6%	9.9%	11.3%
Health Care	0.1%	7.8%	12.2%	4.3%	0.3%	8.3%
Consumer Discretionary	13.2%	26.2%	33.8%	3.5%	41.0%	13.2%
Industrials	7.3%	25.8%	34.5%	12.6%	16.0%	12.0%
Consumer Staples	4.5%	18.2%	21.0%	7.2%	-2.2%	7.3%
Energy	6.3%	13.1%	12.9%	20.8%	-4.8%	10.9%
Utilities	3.2%	30.1%	32.3%	8.0%	-10.2%	5.6%
Real Estate	4.0%	12.0%	20.9%	-1.6%	8.3%	3.4%
Materials	1.4%	10.2%	15.0%	3.9%	10.2%	9.6%
Communication Services	3.1%	34.2%	40.6%	8.2%	54.4%	13.1%

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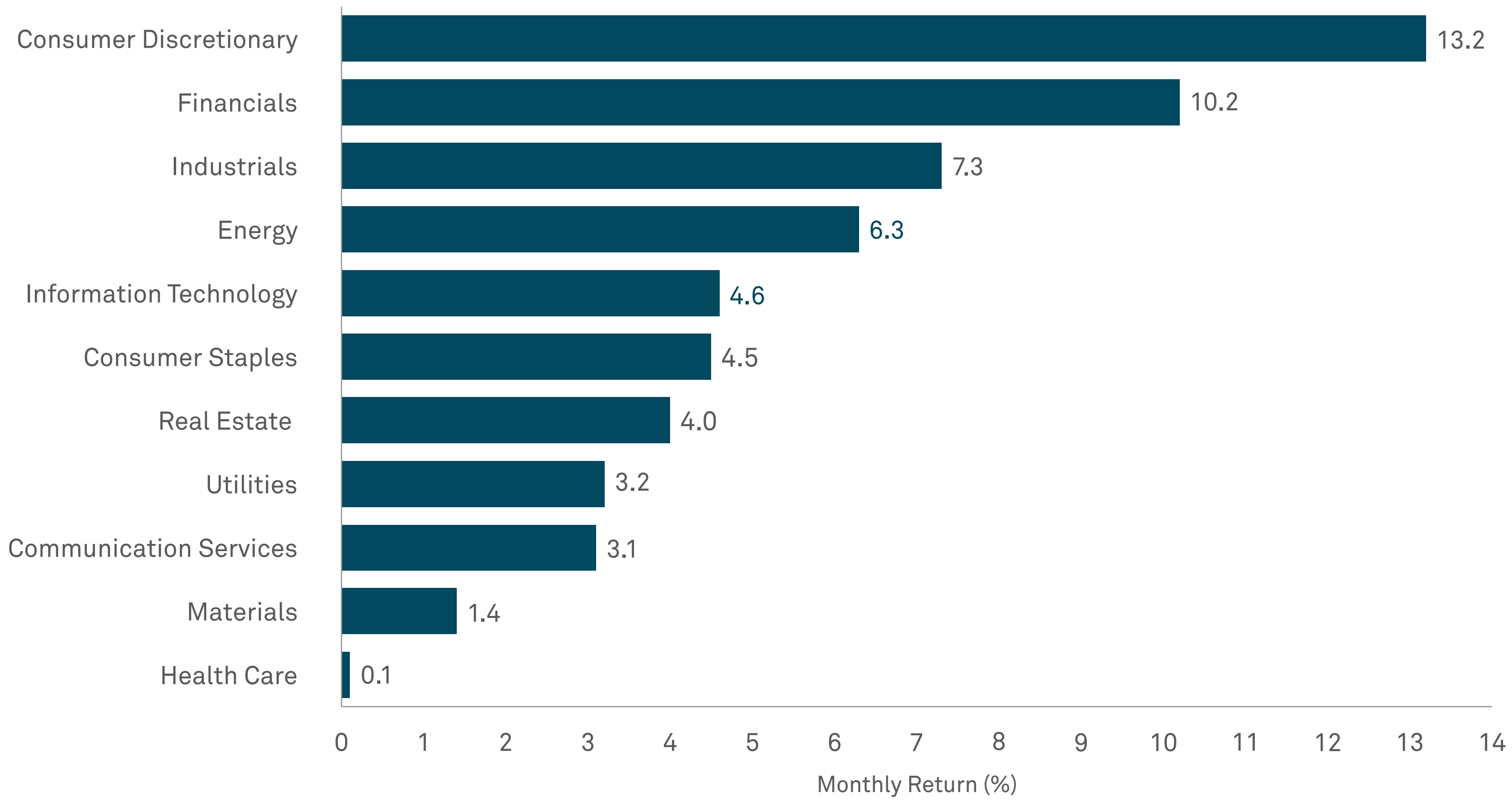
S&P 500 NOVEMBER SECTOR PERFORMANCE



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SECTOR PERFORMANCE

Data as of November 29, 2024 close.

S&P 500 | Russell 2000

RUSSELL 2000 INDEX SECTORS	MTD	YTD	1Y	3Y Annualized	2023	5Y Annualized
Financial Services	13.3%	25.7%	45.2%	4.8%	8.4%	6.2%
Technology	14.6%	25.4%	38.5%	1.0%	27.3%	11.0%
Producer Durables	14.2%	27.9%	41.4%	13.0%	27.9%	14.2%
Consumer Discretionary	11.5%	15.4%	30.6%	-0.7%	24.5%	10.2%
Health Care	5.8%	14.6%	34.4%	-4.1%	8.5%	1.9%
Materials and Processing	7.5%	16.9%	30.9%	6.0%	14.3%	13.7%
Utilities	7.9%	15.1%	22.3%	1.6%	-10.0%	1.7%
Energy	9.8%	0.9%	4.1%	13.8%	6.0%	19.4%
Consumer Staples	11.7%	28.4%	39.2%	9.2%	10.4%	11.5%

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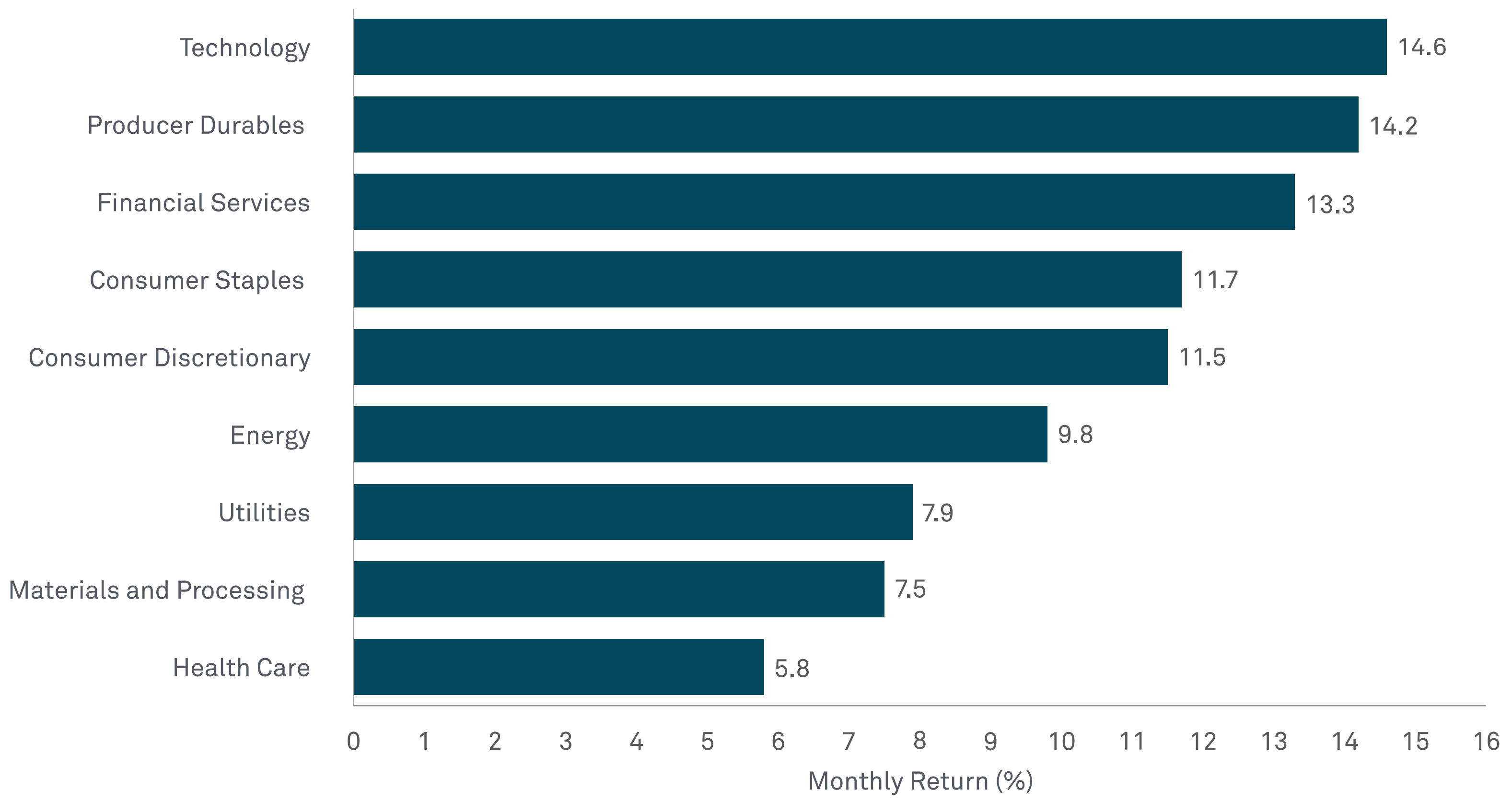
RUSSELL 2000 NOVEMBER SECTOR PERFORMANCE



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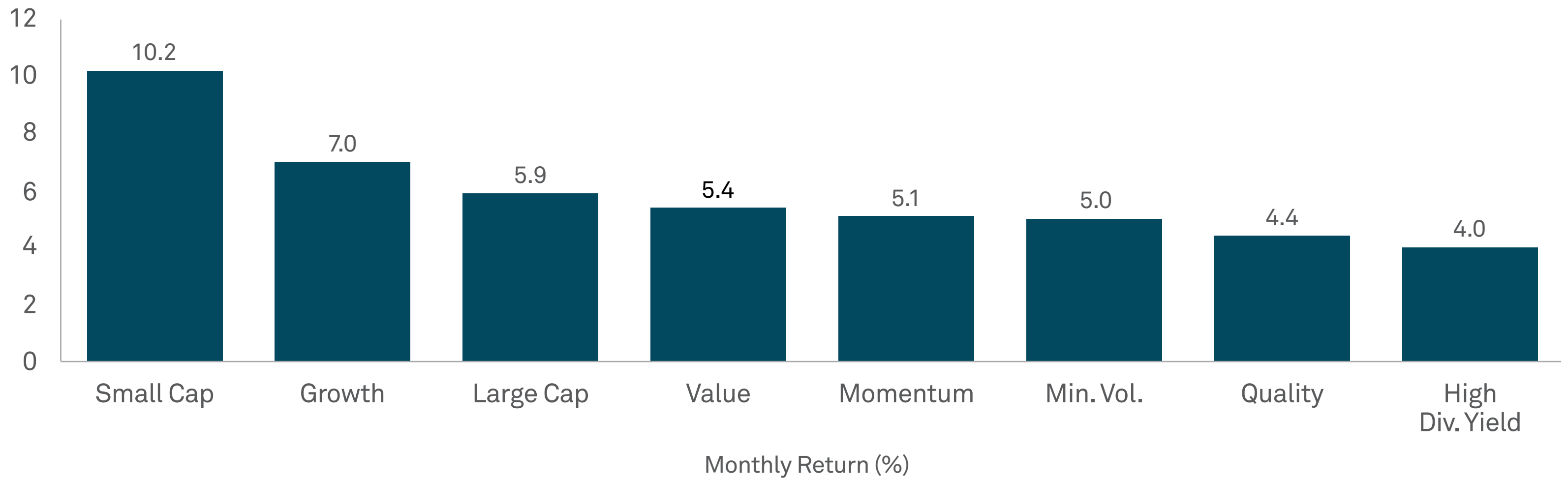
FACTOR PERFORMANCE

Data as of November 29, 2024 close.

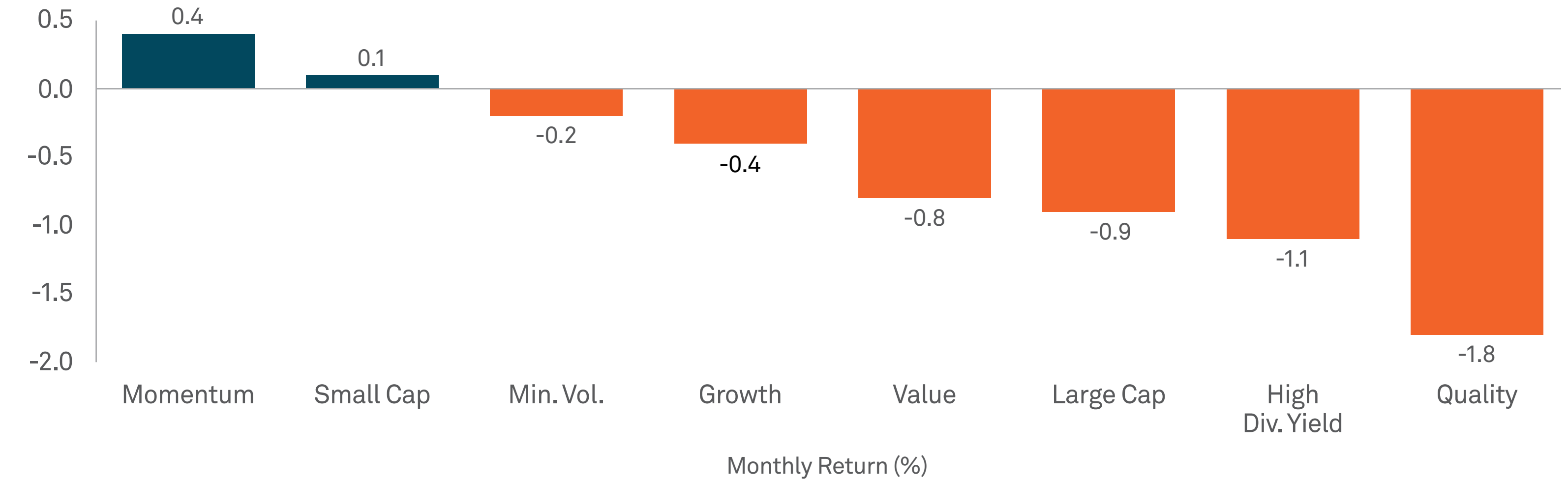
US FACTORS	MTD	YTD	1Y	3Y Annualized	2023
MSCI US	6.2%	27.9%	33.9%	10.4%	26.5%
Value	5.4%	22.1%	28.8%	9.6%	8.4%
Growth	7.0%	33.6%	38.8%	10.4%	46.5%
Large Cap	5.9%	28.5%	33.9%	11.0%	28.3%
Small Cap	10.2%	21.0%	34.7%	6.7%	17.9%
Min. Vol.	5.0%	22.3%	25.5%	8.8%	9.1%
High Div. Yield	4.0%	18.5%	24.8%	8.7%	5.8%
Momentum	5.1%	36.7%	43.2%	6.8%	9.0%
Quality	4.4%	27.7%	33.8%	11.5%	35.7%

MSCI US NOVEMBER FACTOR PERFORMANCE



EAFE FACTORS	MTD	YTD	1Y	3Y Annualized	2023
MSCI EAFE	-0.6%	6.2%	11.9%	4.1%	18.2%
Value	-0.8%	7.6%	12.9%	8.6%	19.0%
Growth	-0.4%	4.9%	11.0%	-0.3%	17.6%
Large Cap	-0.9%	6.4%	11.7%	5.1%	18.6%
Small Cap	0.1%	4.2%	11.8%	-1.1%	13.2%
Min. Vol.	-0.2%	8.5%	12.6%	2.4%	11.8%
High Div. Yield	-1.1%	5.7%	11.4%	9.1%	18.6%
Momentum	0.4%	14.5%	18.7%	4.2%	14.8%
Quality	-1.8%	0.8%	7.2%	0.7%	20.2%

MSCI EAFE NOVEMBER PERFORMANCE



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ABBREVIATIONS

y/y — year-over-year
m/m — month-over-month
q/q — quarter-over-quarter
MTD — month-to-date
YTD — year-to-date
Fed — Federal Reserve
ECB — European Central Bank
BOJ — Bank of Japan
bp — basis points
EM — emerging markets
DM — developed markets
USD — US dollar

EAFE —Europe, Australasia and Far East
BOE — Bank of England
PBOC — People's Bank of China
HY — high-yield
G4 — US, UK, Germany, Japan
Saar — seasonally adjusted annualized rate
WTI — West Texas Intermediate
G7 — US, UK, Germany, Japan, Italy, Canada, France
ISM — Institute for Supply Management
Fx — foreign exchange

CPI — consumer price index
IG — investment grade
PCE — personal consumption expenditure
QE — quantitative easing
FOMC — Federal Open Market Committee
IIF — Institute of International Finance
GDP — gross domestic product
IMF — International Monetary Fund
EPS — earnings per share
Min. — minimum
Div. — dividend

PMI — purchasing managers index
PCE — personal consumption expenditures
Global equities — MSCI All-Country World Index
OIS — overnight indexed swap rate
NFIB — National Federation of Independent Business
CBOE — Chicago Board Options Exchange
LIBOR — London Inter-Bank Offered Rate
OAS — option adjusted spread
CP — commercial paper
PEPP — Pandemic Emergency Purchase Program
LTRO — long-term refinancing operations

* BNY Advisors Investment Institute consists of our macroeconomic research, asset allocation, manager research and operational due diligence teams.

DEFINITIONS

MSCI All-Country World: The MSCI All-Country World is an index that tracks the performance of both Developed and Emerging Market equities.

MSCI World – DM: The MSCI World Index is an index that tracks the performance of Developed Market equities.

MSCI EAFE: The MSCI EAFE Index is an index that tracks the performance of Developed Market equities across Europe, Australasia and the Far East excluding the US and Canada.

MSCI EM: The MSCI EM index tracks the performance of Emerging Market Equities.

MSCI US: Index is designed to measure the performance of the large and mid cap segments of the US market.

MSCI Momentum: Index is designed to reflect the performance of an equity momentum strategy by emphasizing stocks with high price momentum.

MSCI Growth: Index is designed to reflect the performance of securities exhibiting overall growth characteristics.

MSCI Value: Index is designed to reflect the performance of securities exhibiting overall value style characteristics.

MSCI Small Cap: Index is designed to reflect the performance of the small cap segment of the respective market.

MSCI Quality: Index is designed to reflect the performance of quality growth stocks by identifying stocks with high quality scores based on three fundamental variables: high return on equity, stable y/y earnings growth, and low financial leverage.

MSCI Large Cap: Index is designed to reflect the performance of the large cap segment of the respective market.

MSCI Min. Volatility: Index is designed to reflect the performance of a minimum variance strategy.

MSCI High Dividend Yield: Index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

US (S&P 500): The S&P 500 is an index designed to track the performance of the largest 500 US companies. **US High Beta:** The S&P 500 High Beta Total Return Index measures the performance of 100 constituents in the S&P 500 that are most sensitive to changes in market returns. **US Value:** The S&P Composite 1500 Total Return Value Index is a subset of the S&P 1500 index tracking the performance of value stocks. **US Growth:** The S&P Composite 1500 Total Return Growth Index is a subset of the S&P 1500 index tracking the performance of growth stocks. **US Low Vol:** The S&P 500 Low Volatility Total Return Index is designed to measure the performance of the 100 least volatile stocks of the S&P 500.

US (NASDAQ): The Nasdaq Composite Index is the market capitalization-weighted index of approximately 3,000 common equities listed on the Nasdaq stock exchange.

US (Russell 2000): The Russell 2000 Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index.

Japan (Nikkei 225): The NIKKEI 225 is an index that tracks the performance of the largest 225 companies traded in the Japanese market.

Europe (STOXX 600): The STOXX 600 is an index that represents the performance of 600 large, mid and small capitalization companies across 18 countries in the European Union. The index is hedged in USD.

UK (FTSE 100): The FTSE 100 is an index that tracks the performance of the largest 100 companies traded on the London Stock Exchange.

France (CAC 40): The CAC 40 is an index that tracks the performance of the largest 40 companies traded on the Paris Stock Exchange.

Germany (DAX 30): The DAX 30 is an index that tracks the performance of the largest 30 companies traded on the Frankfurt Stock Exchange.

China (SHANGHAI A SE): The SHANGHAI A SE index tracks the performance of the Renminbi denominated equities traded at the Shanghai Stock Exchange.

Global Aggregate: The Bloomberg Global Aggregate Total Return (USD hedged) Index is a broad-based measure of the global investment-grade fixed income market.

Global Treasury ex US: The Bloomberg Global Treasury ex US index tracks fixed-rate local currency government debt of investment grade countries excluding the US and represents the Treasury sector of the Global Aggregate Index.

US Treasury: The Bloomberg US Treasury Index is the US Treasury component of the US Aggregate Index and uses public obligations of the US Treasury with a remaining maturity of one year or more.

US TIPS: The Bloomberg US Treasury Inflation-Protected Securities Total Return Index tracks the performance of publicly issued, US Treasury inflation-protected securities that have at least one year remaining to maturity and have $250 million or more of outstanding face value.

Global Investment Grade – Corp.: This Index reflects the corporate component of the Bloomberg Global Aggregate Index which is designed to provide a broad-based measure of the global investment-grade fixed income markets.

Global High Yield: The Bloomberg Global High Yield Index is a broad-based measure of the global high yield market.

US Leveraged Loans: The S&P/LSTA Leveraged Loan Total Return Index is designed to measure the performance of the US leveraged loan market.

Hedge Funds: The Hedge Fund Research HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.

EM USD Denominated: The Bloomberg EM USD Aggregate Index includes USD denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

EM Debt LC: The Bloomberg EM Local Currency Government Total Return Index measures the general performance of locally issued fixed income securities by Emerging Market governments.

Bloomberg Commodity Index: The Dow Jones UBS Commodity index is designed to provide diversified commodity exposure with weightings based on the commodity's liquidity and economic significance.

USD: The US Majors Dollar Index tracks the performance of the USD versus a basket of foreign currencies including the euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona, and Swiss franc.

Oil (WTI, USD/Barrel): Generic West Texas Intermediate crude oil spot price.

Gold (USD/Troy Ounce): Gold London Bullion Market spot price, quoted in USD per Troy ounce.

US Investment Grade Corporate: The Bloomberg US Aggregate – Corporate Index is designed to measure the performance of the investment grade corporate sector in the US.

US High Yield: The Bloomberg US High Yield Index covers the universe of fixed-rate, non-investment grade corporate debt in the US.

3M US Libor: Average interest rate at which a selection of banks in London lend to one another in USD with a maturity of 3 months.

2Y US Treasuries: Average yield of a range of Treasury securities all adjusted to the equivalent of a two-year maturity.

10Y US Treasuries: Average yield of a range of Treasury securities all adjusted to the equivalent of a ten-year maturity.

10Y UK Gilt: Average yield of a range of UK government bonds all adjusted to the equivalent of a ten-year maturity.

10Y German Bund: Average yield of a range of German government bonds all adjusted to the equivalent of a ten-year maturity.

10Y Japanese Bond: Average yield of a range of Japanese government bonds all adjusted to the equivalent of a ten-year maturity.

CBOE VIX: Indicator of the implied volatility of S&P 500 index as calculated by the Chicago Board Options Exchange (CBOE).

US 30Y Fixed-Rate Mortgage: Bankrate.com 30-year US home mortgage fixed rate national average.

Consumer Price Index (CPI): Index measures changes in the price level of market basket of consumer goods and services purchased by households.

Carry Trade: Borrowing a currency at a low interest rate to finance the purchase of another currency earning a higher interest rate.

Emerging Markets Carry Trade Index: The EM-8 Carry Trade Index measures the cumulative total return of a buy-and-hold carry trade position that is long eight emerging market currencies (Brazilian real, Mexican peso, Indian rupee, Indonesian rupiah, South African rand, Turkish lira, Hungarian forint, Polish zloty) that is fully funded with short positions in the US dollar.

EM FX Volatility: JP Morgan EM FX Volatility is calculated based on 3 month at-the-money-forward vols, which are combined with a set of fixed weights to produce the daily result.

Manufacturing PMI: An economic indicator derived from monthly surveys of private sector companies. A level above 50 indicates expansion compared to the prior month and below 50 contraction.

Conference Board Consumer Confidence: Published by The Conference Board to measure the degree of optimism on the state of the US economy that consumers are expressing through their activities of savings and spending.

Citi Economic Surprise Index: Objective and quantitative measures of economic news defined as weighted historical standard deviations of data surprises (actual releases vs. Bloomberg survey median).

WTO: World Trade Organization.

MPC: Monetary Policy Committee.

Output Gap: Actual GDP vs. potential GDP.

FOOTNOTES FOR RETURNS AND CHARTS

[1] Total 3Y% change annualized for equities, commodities, foreign exchange and fixed income. [2] Total returns in USD. USD hedged for Global Treasury ex US, Global Investment Grade – Corporate, and Global High Yield. [3] OAS: option-adjusted spread. Both level and change in bp. [4] Current level of interest rates (%) shown in "Level" column except for CBOE VIX. For CBOE VIX the value as of each date is shown not the change. [5] "Level" for each exchange rate: USD/1 Euro; USD/1 British Pound; Japanese Yen/1 USD. Changes for Japanese Yen calculated using USD/1 Japanese Yen. A carry trade is when a trader benefits from a difference in rates and uses the high-yielding currency to fund the trade with low-yielding currency.

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