



10 Market Themes for 3Q 2023

As of July 1, 2023

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10 Market Themes for 3Q 2023

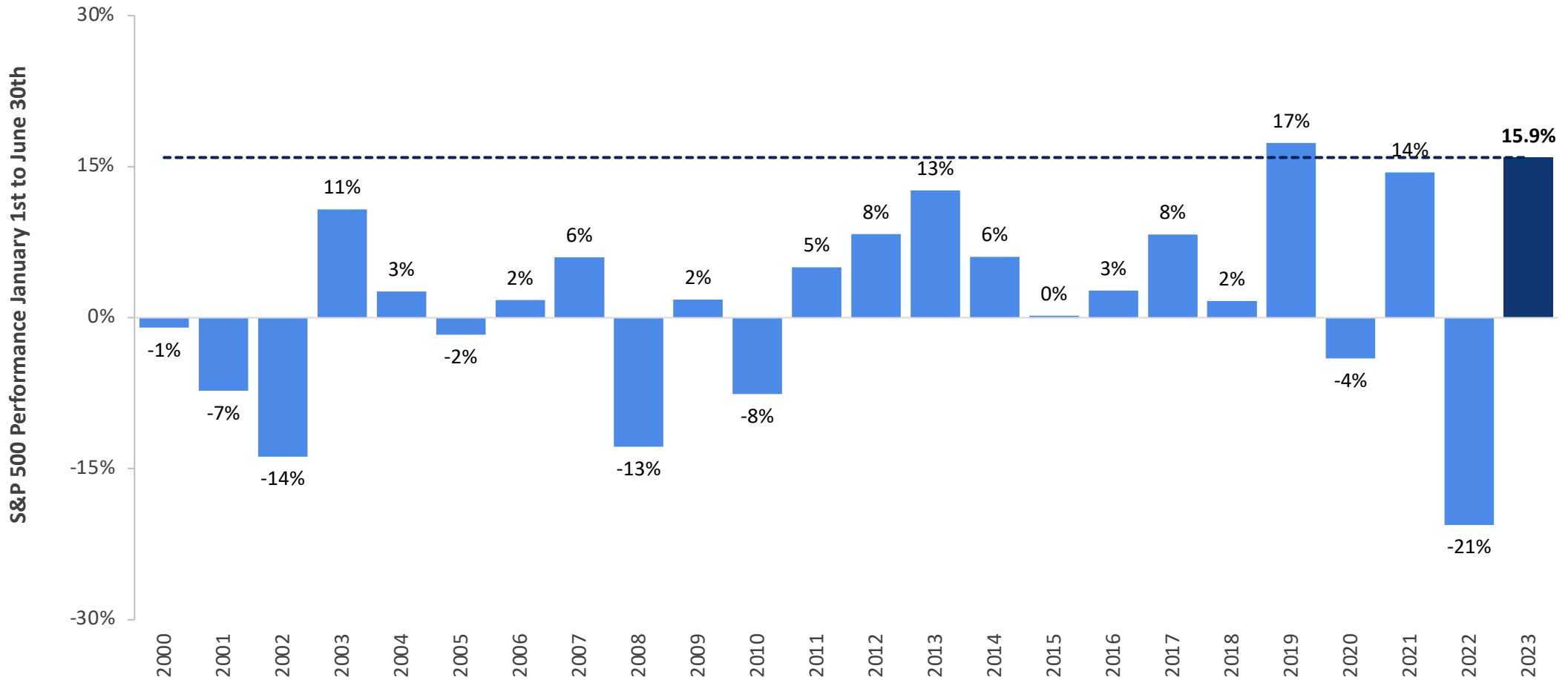
This collection of market insights highlights 10 themes we believe are most likely to shape the investment environment this quarter.

3Q 2023

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Market Returns – S&P 500's Second Best Start to the Year Since 2000

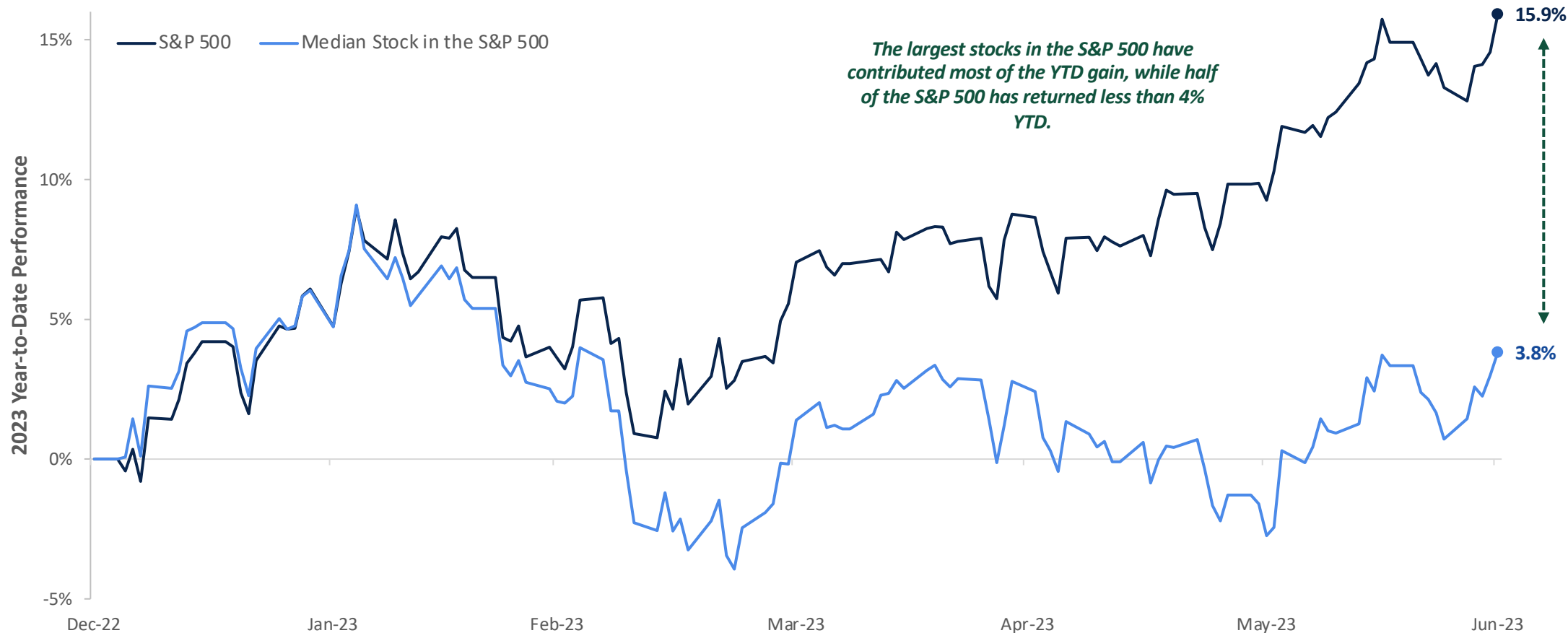
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Disclosures: All performance data represents price returns for the State Street SPDR S&P 500 ETF (SPY). Past performance does not guarantee future results. First half of the year S&P 500 returns by calendar year are based on the time period from January 1st to June 30th. Time period from 2000 through 2023. Data as of June 30, 2023.

Market Breadth – A Handful of Stocks are Driving the S&P 500’s Return

3Q 2023



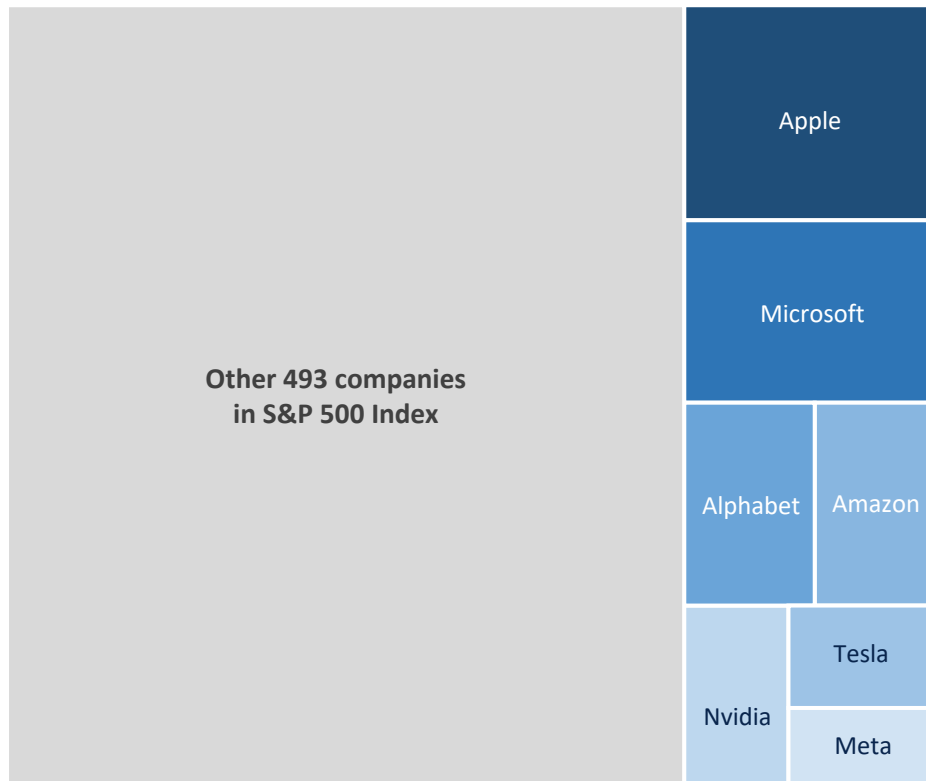
Disclosures: All performance data represents price returns for the State Street SPDR S&P 500 ETF (SPY). Past performance does not guarantee future results. The median stock return path is based on an analysis of all S&P 500 constituents and represents the median stock's year-to-date price return for each day from 12/31/2022 to 6/30/2023. Data as of June 30, 2023.

Market Themes – Investors Excited About Artificial Intelligence Revolution

‘Seven Big Tech’ Stocks Connected to AI in Various Ways

Visualization of S&P 500 market capitalization

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‘Seven Big Tech’ Combined Weight in the S&P 500 Index

Rolling percentage share of the total S&P 500 market capitalization



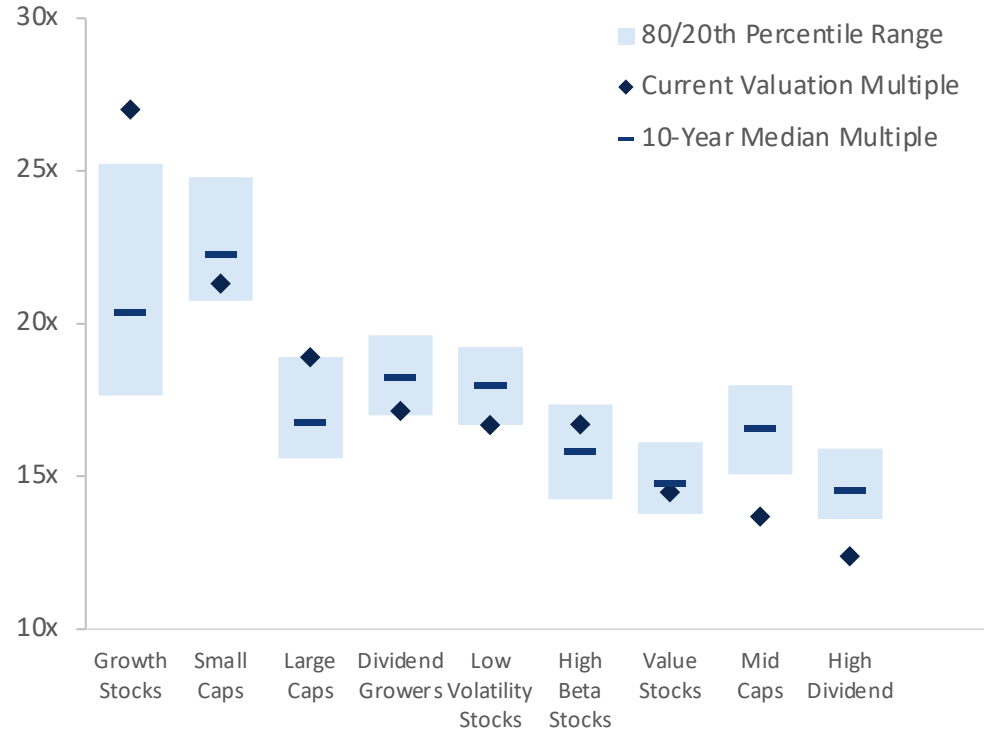
Disclosures: Data is based on the market capitalization of the S&P 500 and each of the seven publicly traded constituents: Apple (APPL), Microsoft (MSFT), Alphabet (GOOGL), Amazon (AMZN), Nvidia (NVDA), Tesla (TSLA), and Meta (META). The chart on the left uses data as of June 30, 2023. The chart on the right uses monthly datapoints from January 2013 to June 2023.

Valuation Monitor – Is the Market Cheap or Expensive?

Historical Valuation Ranges & Current Levels

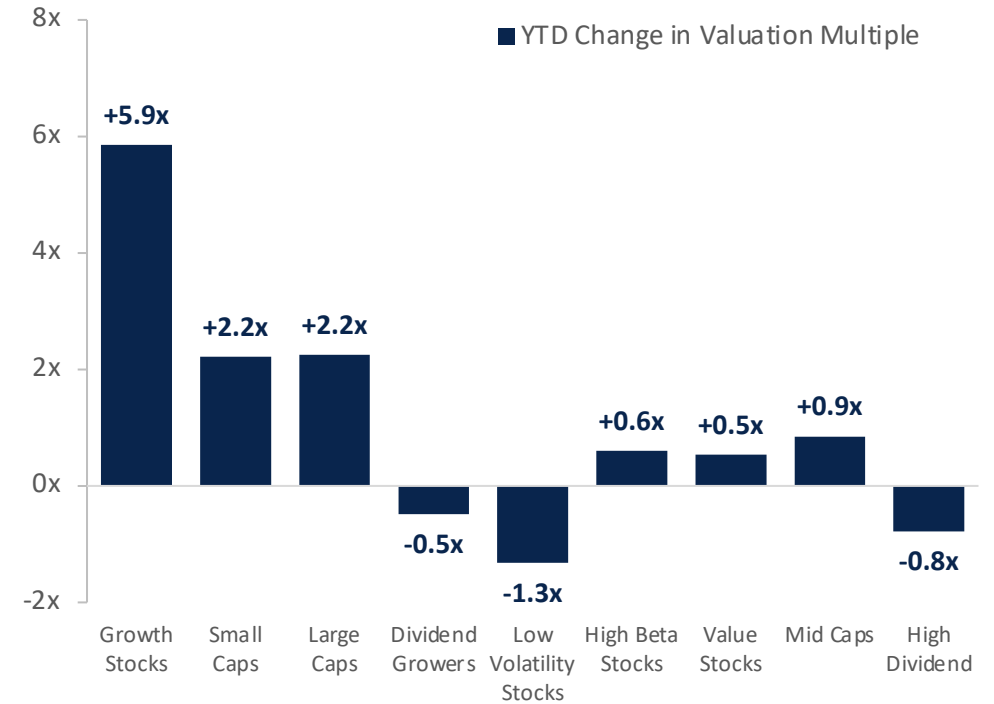
Forward earnings multiples based on next 12-month consensus EPS

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Year-to-Date Change in Valuation Multiples

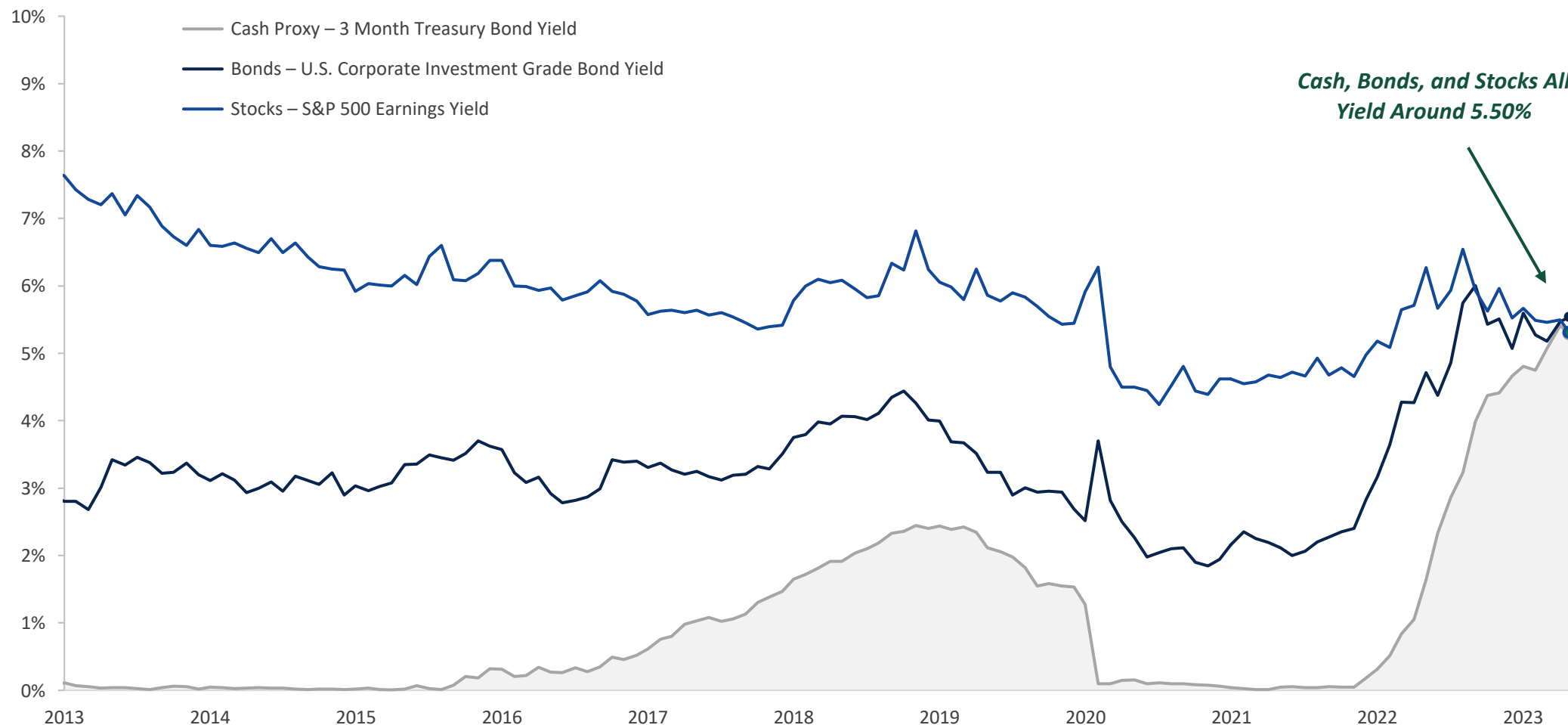
Based on next 12-month P/E change from December 31st to June 30th



Disclosures: Valuations are based on the reported next twelve-month price-to-earnings (P/E) multiple for iShares Russell 1000 Growth ETF (IWF), iShares Russell 2000 ETF (IWM), SPDR S&P 500 ETF Trust (SPY), Vanguard Dividend Appreciation ETF (VIG), Invesco S&P 500 Low Volatility ETF (SPLV), Invesco S&P 500 High Beta ETF (SPHB), iShares Russell 1000 Value ETF (IWD), SPDR S&P Midcap 400 ETF (MDY), and Vanguard High Dividend Yield ETF (VYM). Chart on the left is based on data from 2013 to 2023. Data on the right is based on the change in multiples from 12/31/2022 to 6/30/2023.

Comparing Risk/Reward Across Stocks and Bonds

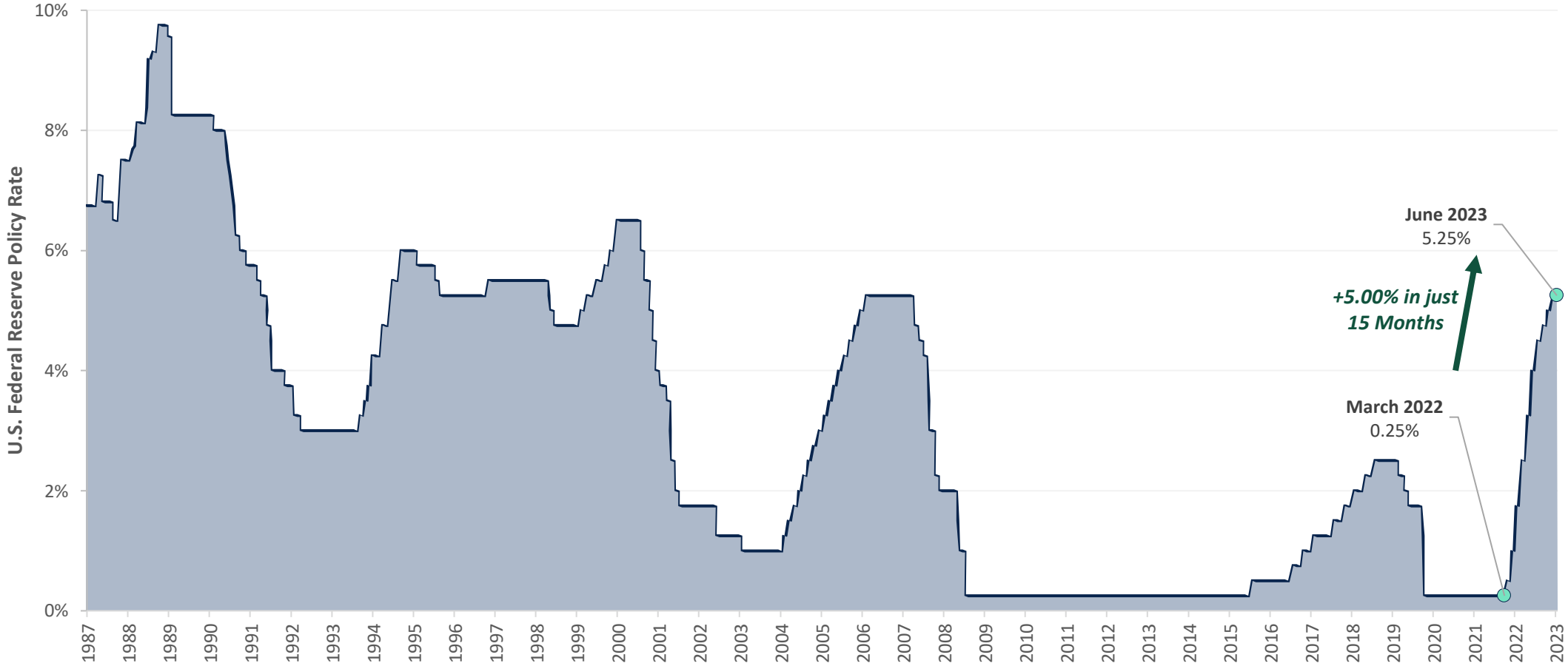
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Disclosures: Data based on U.S. 3-Month Treasury Bond Yield, ICE BofA US Corporate Index, and S&P 500 Index. Earnings yield is calculated as forecasted next 12-month earnings per share divided by the current market price per share. Index performance is for illustrative purposes only and does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. Index performance does not represent actual Fund performance. Time period is from June 2011 through June 2023. Data as of June 30, 2023.

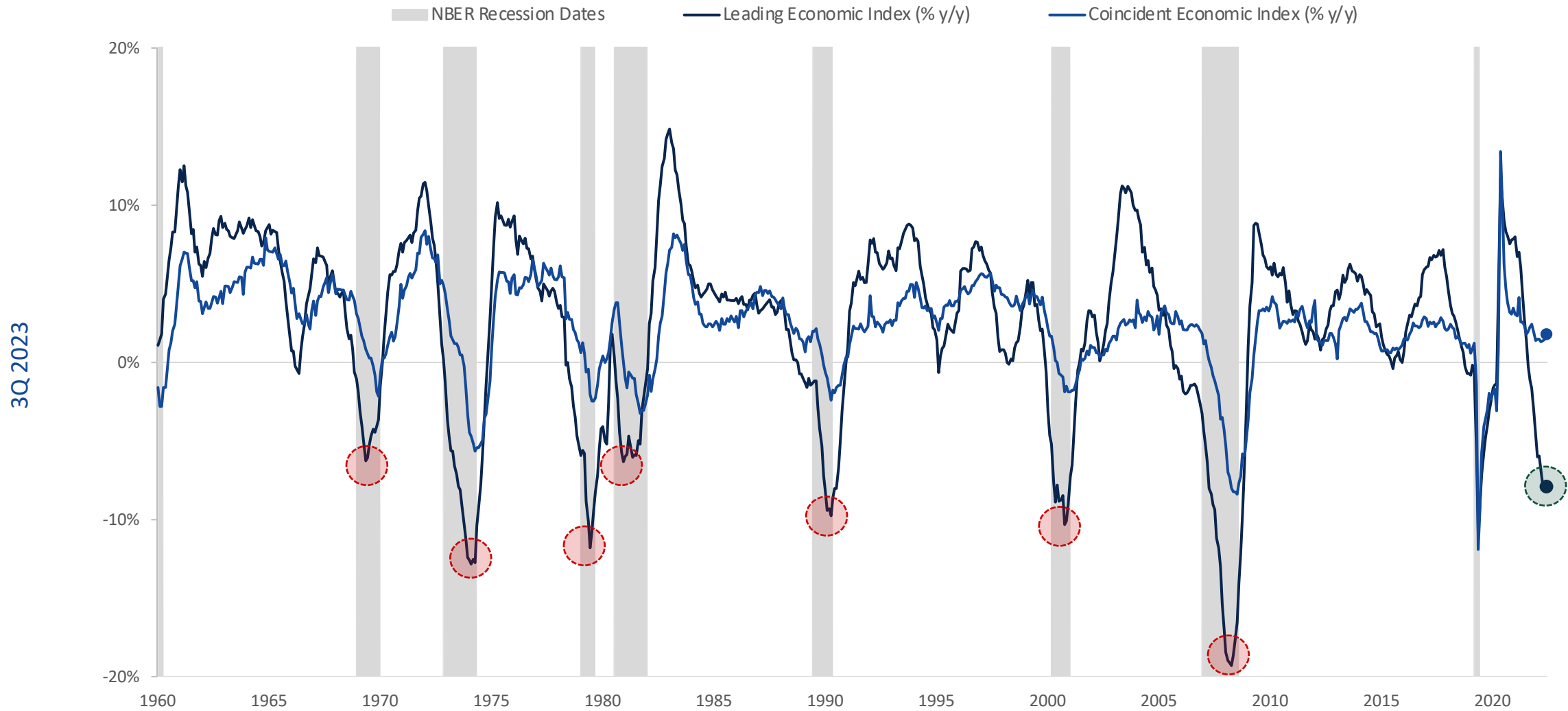
Federal Reserve – Committee Pauses Interest Rate Hikes At June Meeting

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Disclosures: Data is based on weekly data points and is sourced from the U.S. Federal Reserve from July 1987 to June 2023. Data as of June 30, 2023.

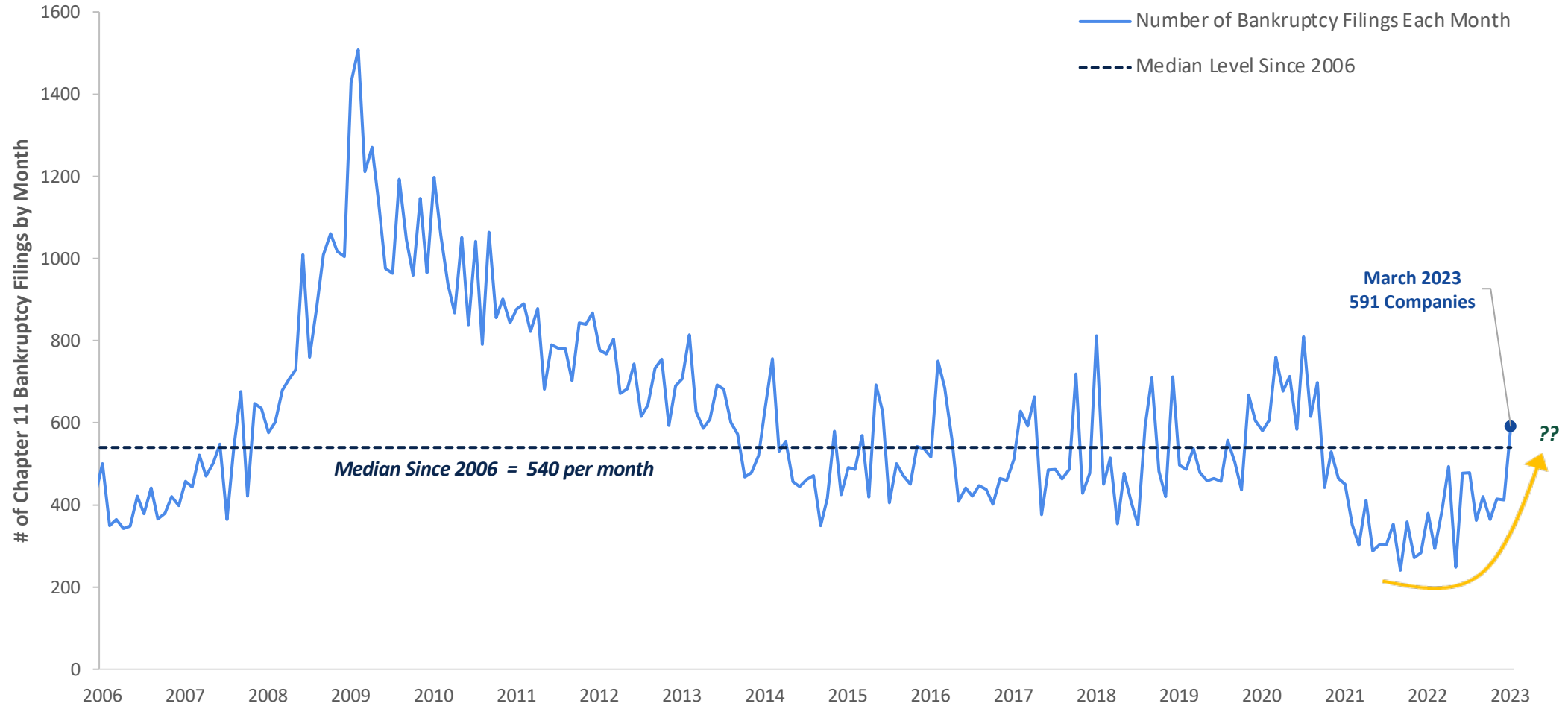
Economic Data – How Much of an Impact is the Fed Making?



Disclosures: Recession periods based on data from National Bureau of Economic Research US (NBER). Data is based on the rolling one-year change in the Conference Board's Leading Economic Index and Coincident Economic Index. Time period is from December 1960 to May 2023. Data as of June 30, 2023.

What We're Monitoring – U.S. Bankruptcies are Rising in 2023

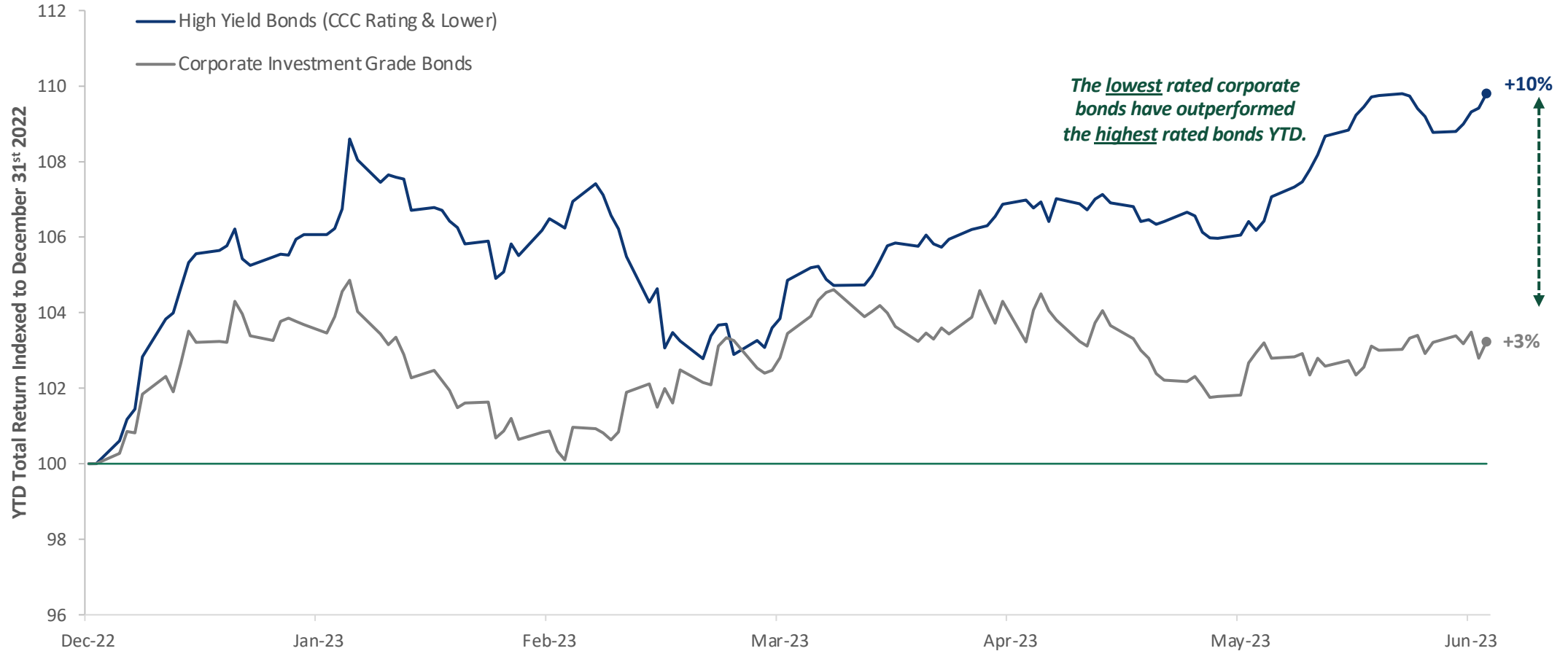
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Disclosures: Data is based on Chapter 11 bankruptcy filings by month and sourced from Administrative Office of the U.S. Courts. Time period is from June 2006 through March 2023 (latest available data as of June 30, 2023).

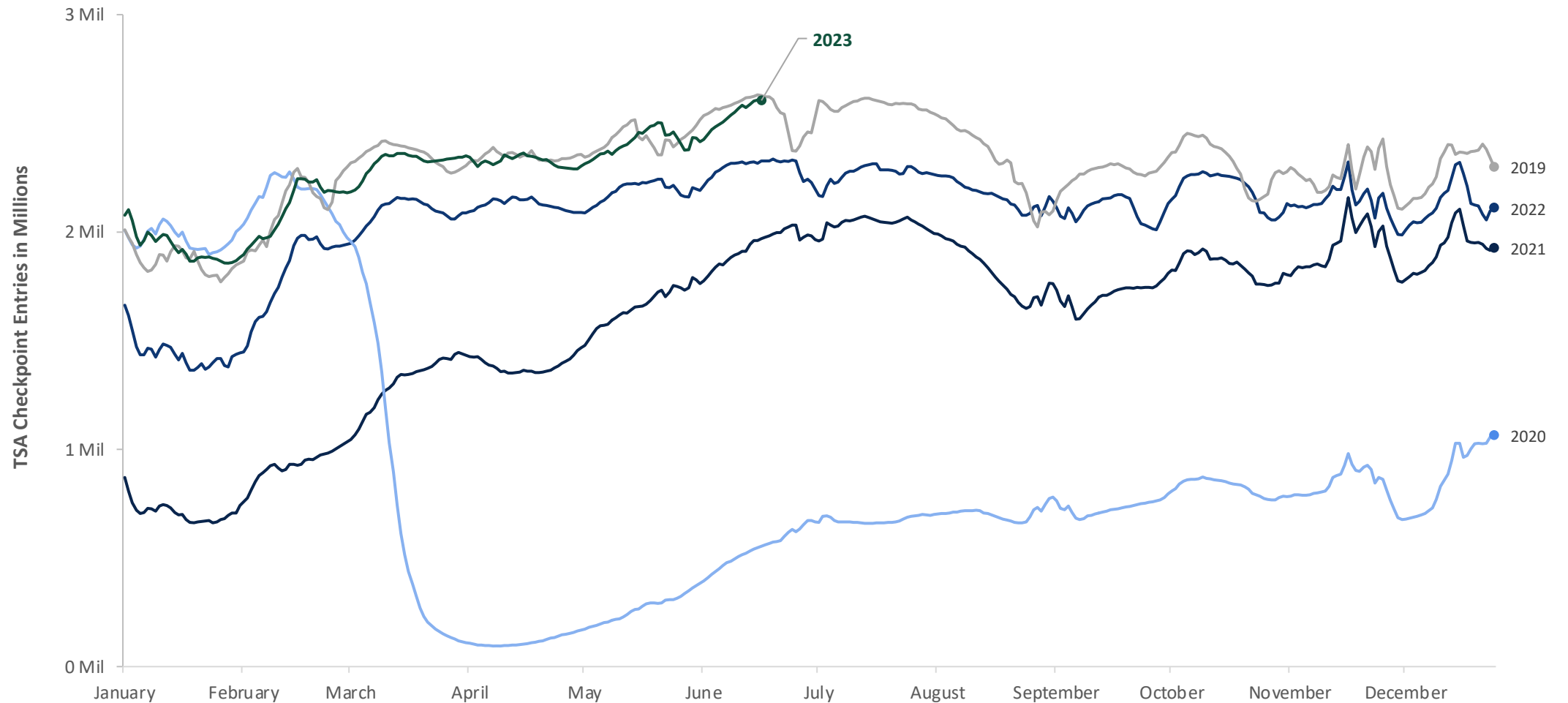
Credit Market – The Riskiest Corporate Bonds are Outperforming in 2023

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Disclosures: All performance data represents total returns for ICE BofA US High Yield (CCC & Lower) and ICE BofA US Corporate Index. Index performance is for illustrative purposes only and does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. Index performance does not represent actual Fund performance. Time period is from 12/31/2022 to 6/30/2023. Data as of June 30, 2023.

Economic Activity – TSA Checkpoint Travel Numbers Reach New Heights



3Q 2023

Disclosures: Data sourced from the U.S. Transportation Security Administration (TSA). Time period is from January 2023 through June 2023. Data as of June 22, 2023.

Definitions

2Y / 10Y / 30-Year Treasury Bonds	Treasuries are debt obligations issued and backed by the full faith and credit of the U.S. government.
Consumer Price Index (CPI)	Measures the changes in the price level of a basket of consumer goods and services purchased by households.
Federal Fund's Rate	The target interest rate set by the Federal Reserve at which commercial banks borrow and lend excess reserves overnight.
Federal Reserve	The Federal Reserve System is the central bank of the United States. It was founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system
Forward Price to Earnings Ratio	The forward P/E ratio (or forward price-to-earnings ratio) divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company.
Growth Stocks	Growth stocks are companies expected to grow sales and earnings at a faster rate than the market average.
Inflation	A general rise in price level relative to available goods and services.
ISM Purchasing Managers Index (PMI)	The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms. It is considered to be a key indicator of the state of the U.S. economy.
Price Return	The rate of return on an investment portfolio, where the return measure takes into account only the capital appreciation of the portfolio, not including income generated in the form of interest or dividends.
Real Yield	The interest rate earned on a fixed income investment after factoring in the impact of inflation as measured by the Consumer Price Index (CPI).
Total Return	Return on a portfolio of investments including capital appreciation and income received on the portfolio.
Unemployment Rate	A lagging economic indicator which is calculated as the percent of the labor force that is jobless.
Value Stocks	Stocks that are inexpensive relative to the broad market based on measures of fundamental value (e.g., price to earnings or price to book).

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Disclosures and Legal Notice

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