FRANKLIN TEMPLETON | ClearBridge

The Anatomy of a Recession

Third Quarter 2026

US recession dashboard

		August 31, 2026	June 30, 2026	March 31, 2026
Consumer	Housing Permits	🟢	🟢	🟠
	Job Sentiment	🔴	🔴	🔴
	Jobless Claims	🟢	🟢	🟢
	Retail Sales	🟢	🟢	🟢
	Wage Growth	🟢	🟢	🟢
Business Activity	Commodities	🟢	🟢	🟢
	ISM New Orders	🟢	🟢	🟢
	Profit Margins	🟢	🟢	🟠
	Truck Shipments	🟢	🟢	🟢
Financial	Credit Spreads	🟢	🟢	🟢
	Money Supply	🟢	🟢	🟢
	Yield Curve	🟢	🟢	🟢
	Overall Signal	🟢	🟢	🟢

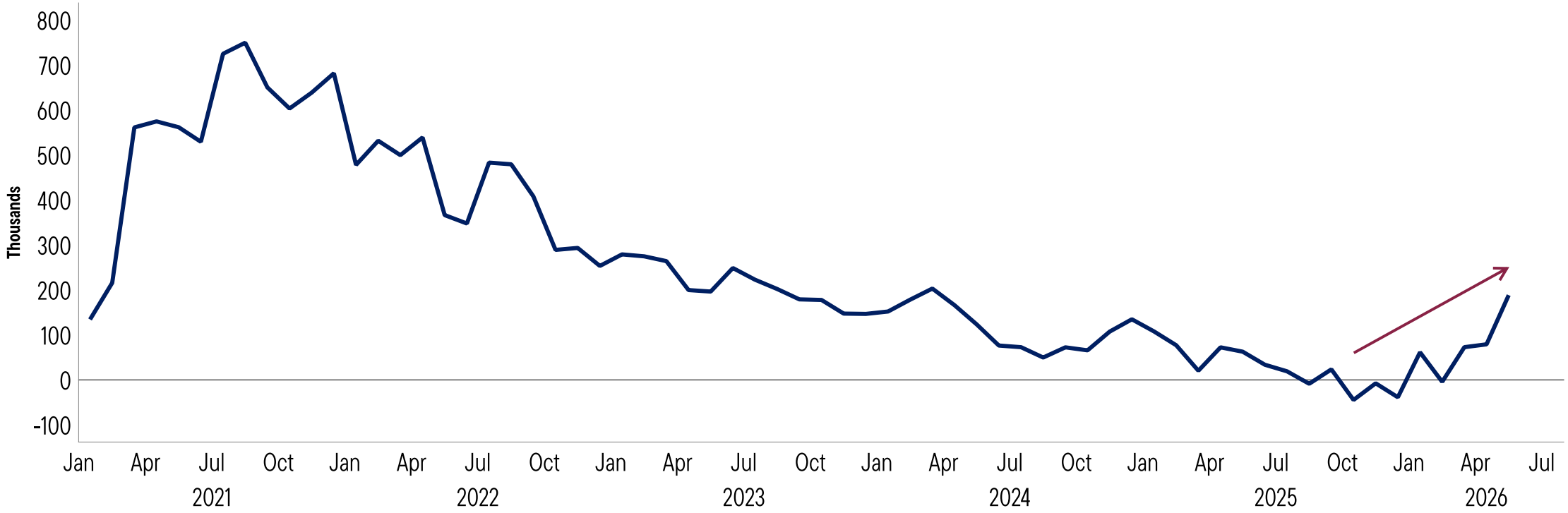
🟢 Expansion 🟠 Caution 🔴 Recession

- **The overall dashboard is currently signaling expansion.**

Data as of August 31, 2026. Sources: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, Bloomberg, CME Group, FactSet and Macrobond. The ClearBridge Recession Dashboard was created in January 2016. References to the signals it would have sent in the years prior to January 2016 are based on how the underlying data was reflected in the component indicators at the time.

Labor market: zero to hero

Monthly Change in Nonfarm Payrolls (3 Month Moving Average)



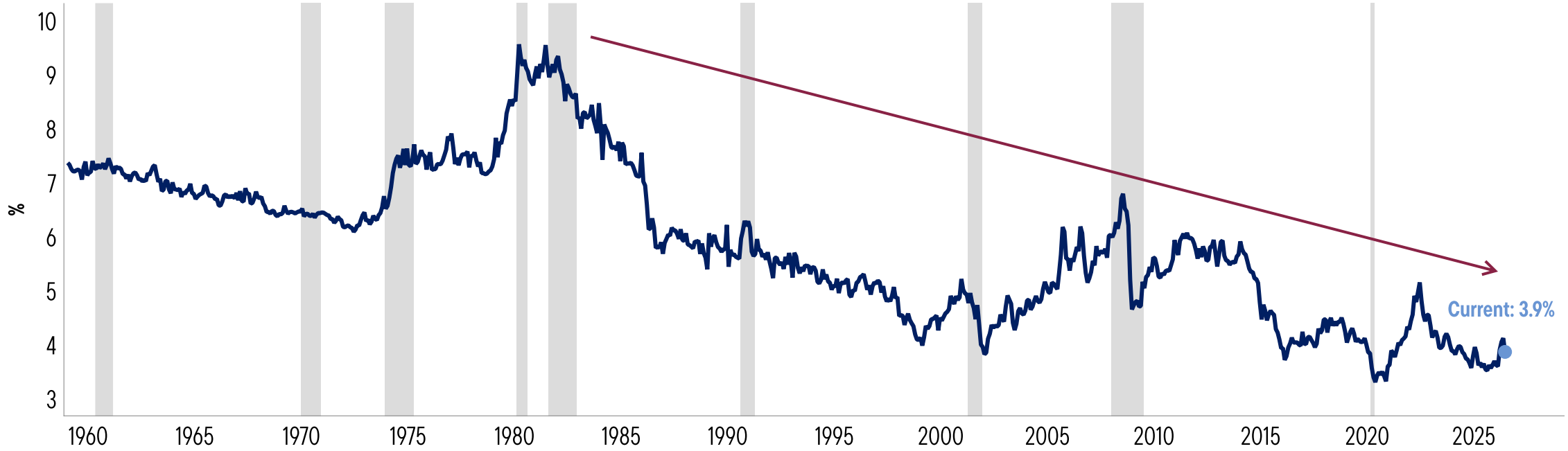
Sources: U.S. Bureau of Labor Statistics (BLS), Macrobond.
Data last updated on: 6/5/2026, latest available as of June 30, 2026.

- **The long period of normalizing job creation following the pandemic culminated last year with a period of zero net job creation.**
- **The labor market has recently stabilized and inflected higher, which bodes well for the prospects of continued economic expansion.**

Past performance is not a guarantee of future results.

Don’t be so "energy" sensitive

Energy Goods & Services as a % of Personal Consumption



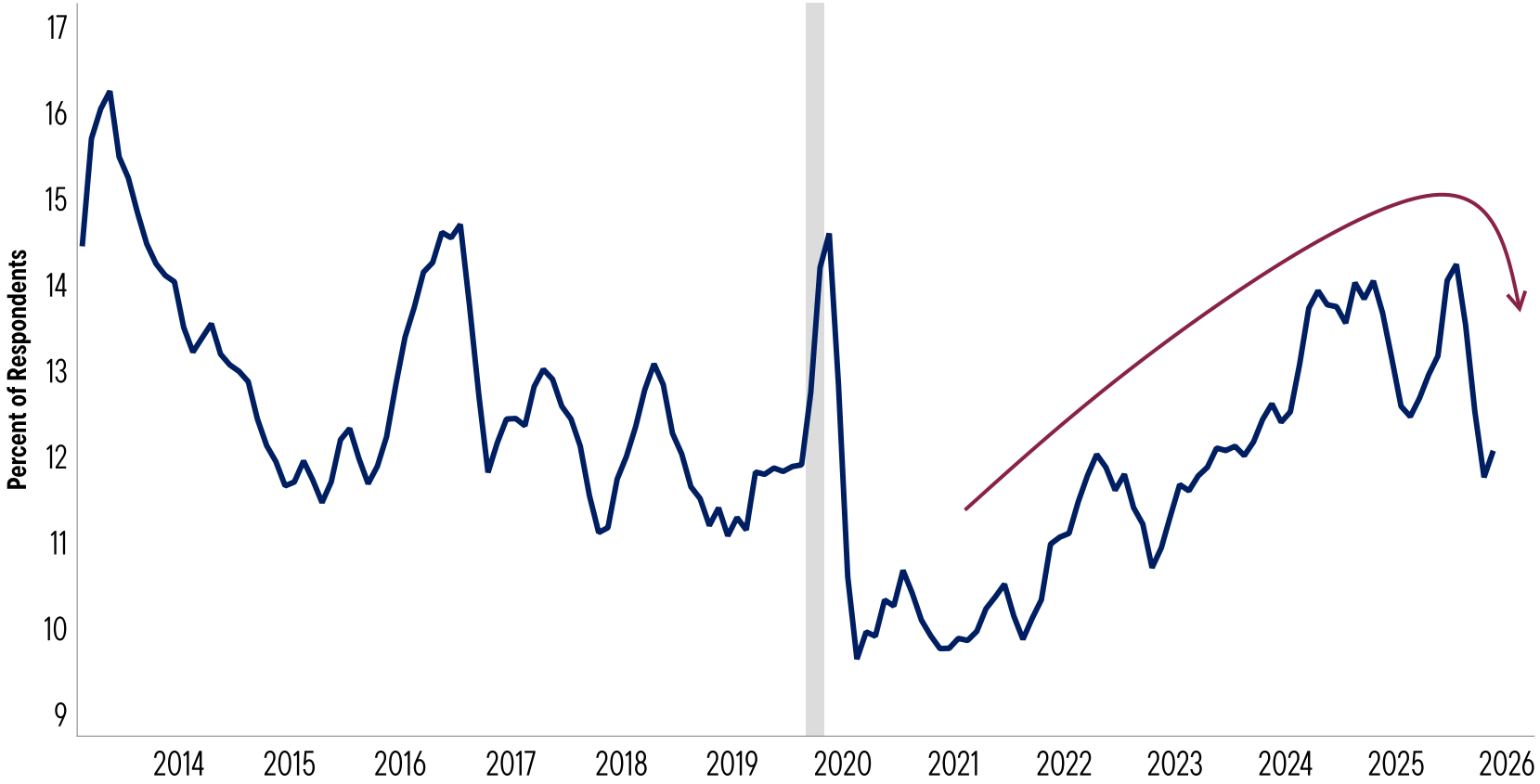
Sources: U.S. Bureau of Economic Analysis (BEA), NBER, Macrobond.
Data last updated on: 7/30/2026.

- **Americans allocate a meaningfully smaller share of their (aggregate) wallets to energy goods and services today than at any point in history except for the years immediately following the COVID-19 pandemic.**
- **This has come following decades of efficiency gains such as rising mile-per-gallon standards for autos as well as overall growth in wallet size, meaning the drag from higher oil is less than history would suggest.**

Gray shading reflects recessionary periods.

Households less worried

Chance of Missing a Minimum Debt Payment in the Next 3 Months (3 Month Moving Average)

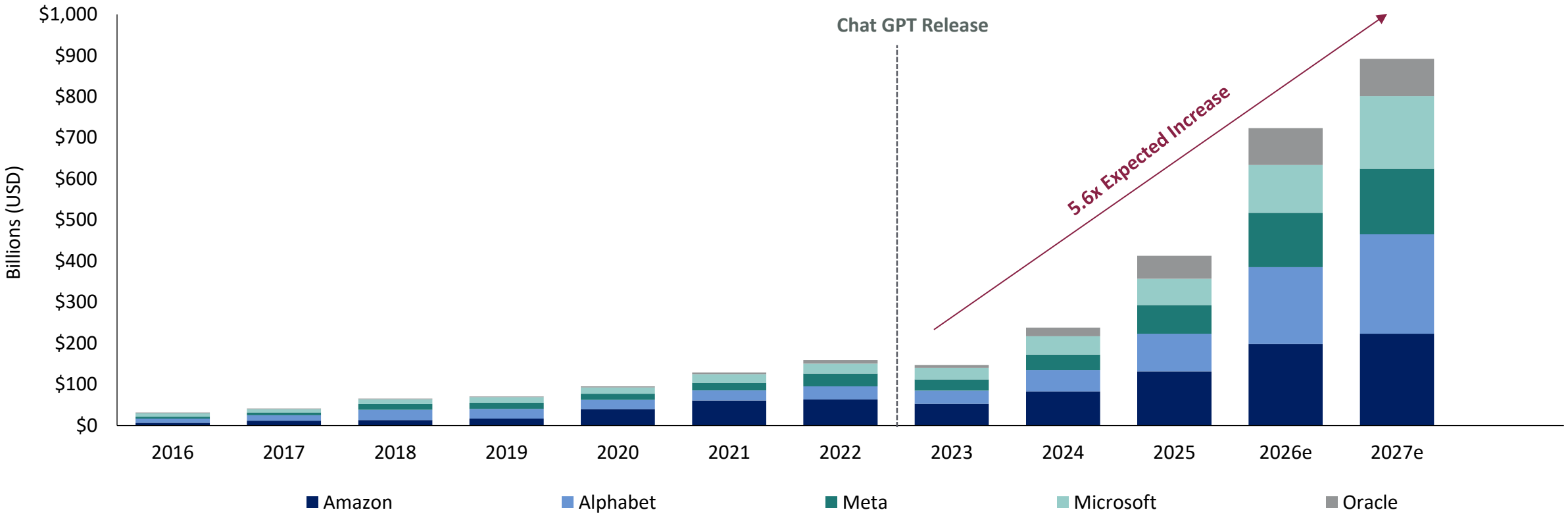


Sources: Federal Reserve Bank of New York, Macrobond, NBER.
Data last updated on: 6/8/2026, latest available as of June 30, 2026.

- **Households have come under increasing financial strain over the past few years due to higher inflation.**
- **Despite this year's energy shock, households are reporting a lower likelihood of missing a minimum debt payment suggesting consumption could prove resilient in 2H26.**

Gray shading reflects recessionary periods. **Past performance is not a guarantee of future results.**

Hyperscaler capex boom

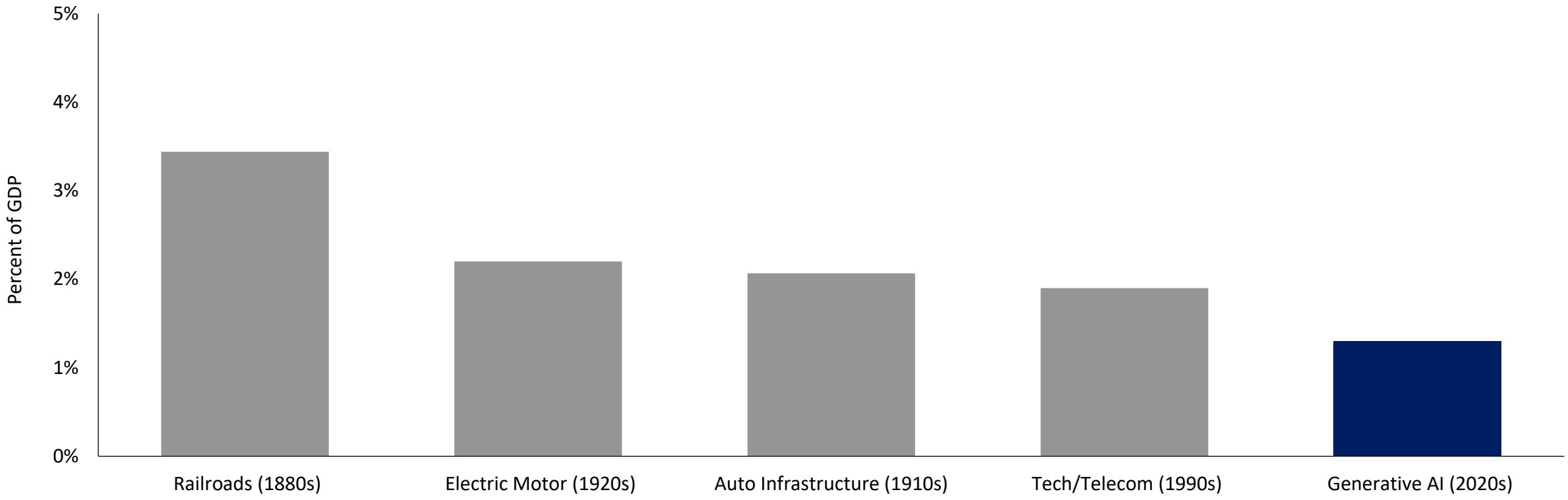


- **Since the release of Chat GPT in late 2022, artificial intelligence (AI) investment has skyrocketed with hyperscaler capital expenditure (capex) expected to jump by 5.6x over the subsequent five years.**
- **Sell-side consensus expectations for hyperscaler AI capex have been consistently underestimated, with consensus expectations for this metric rising by $200B for 2026 and $307B for 2027 over the past 6 months (since year-end 2025).**

Data as of June 30, 2026. Source: FactSet. **Past performance is not a guarantee of future results.** There is no assurance that any estimate, forecast or projection will be realized. Company references are used for illustrative purposes and should not be construed as an endorsement of sponsorship of Franklin Templeton companies. This information is not intended as an investment recommendation, nor does it constitute investment advice.

More AI capex ahead?

Peak Historical Investment, Innovative US Technologies

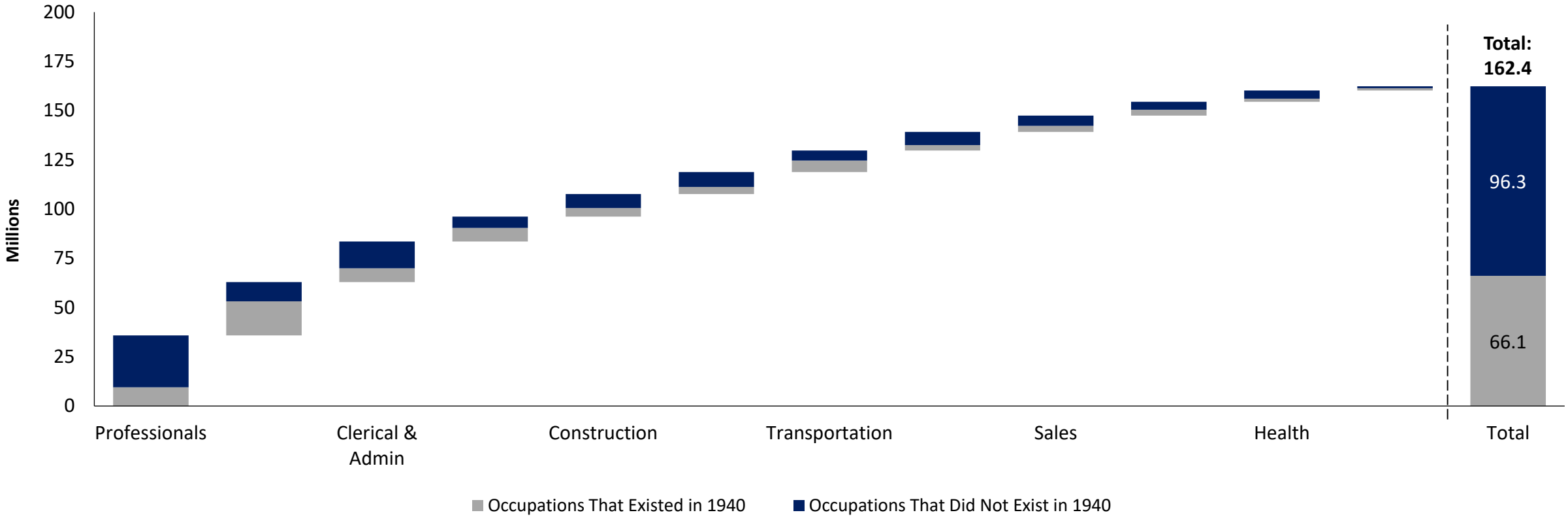


- **Current levels of AI capex are approaching peak spending seen during prior large US innovative technology cycles.**
- **Should history repeat, AI investment could surprise to the upside, which we believe would provide continued support for both the US economy and financial markets.**

Data as of June 30, 2026. Sources: Bureau of Economic Analysis, Goldman Sachs Global Investment Research.

Creative destruction

Employment in New and Pre-Existing Occupations vs. 1940

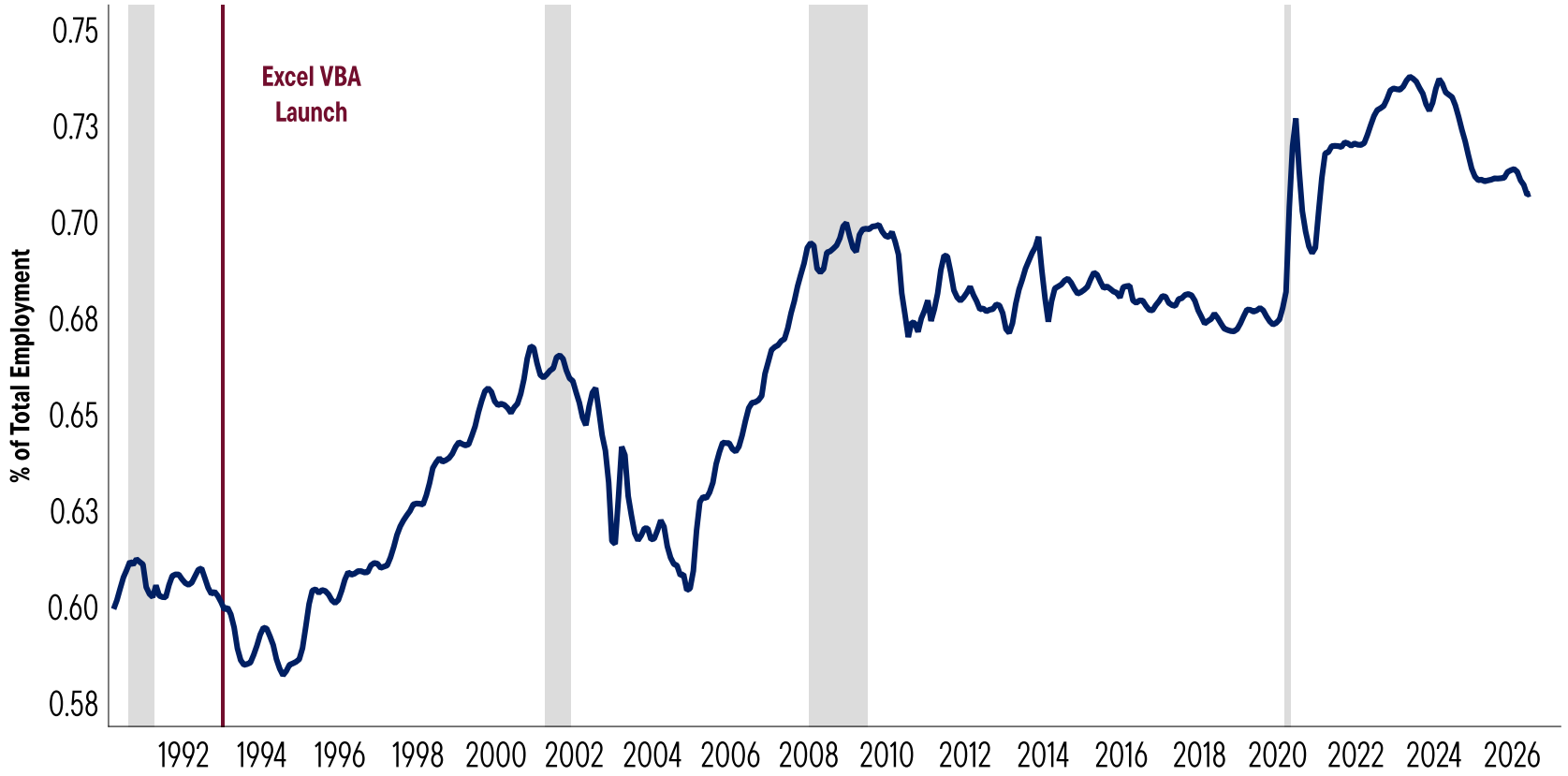


- **The labor force benefits from the creative destruction process linked to technological innovation over time.**
- **60% of jobs today are in occupations that did not exist ~85 years ago, which suggests that the impacts from AI may not be as bad as feared.**

Data as of March 18, 2026, latest available as of June 30, 2026. Source: Goldman Sachs Global Investment Research.

Case study: Jevons paradox

Accounting & Bookkeeping Services Employment as a Percent of Total Employment



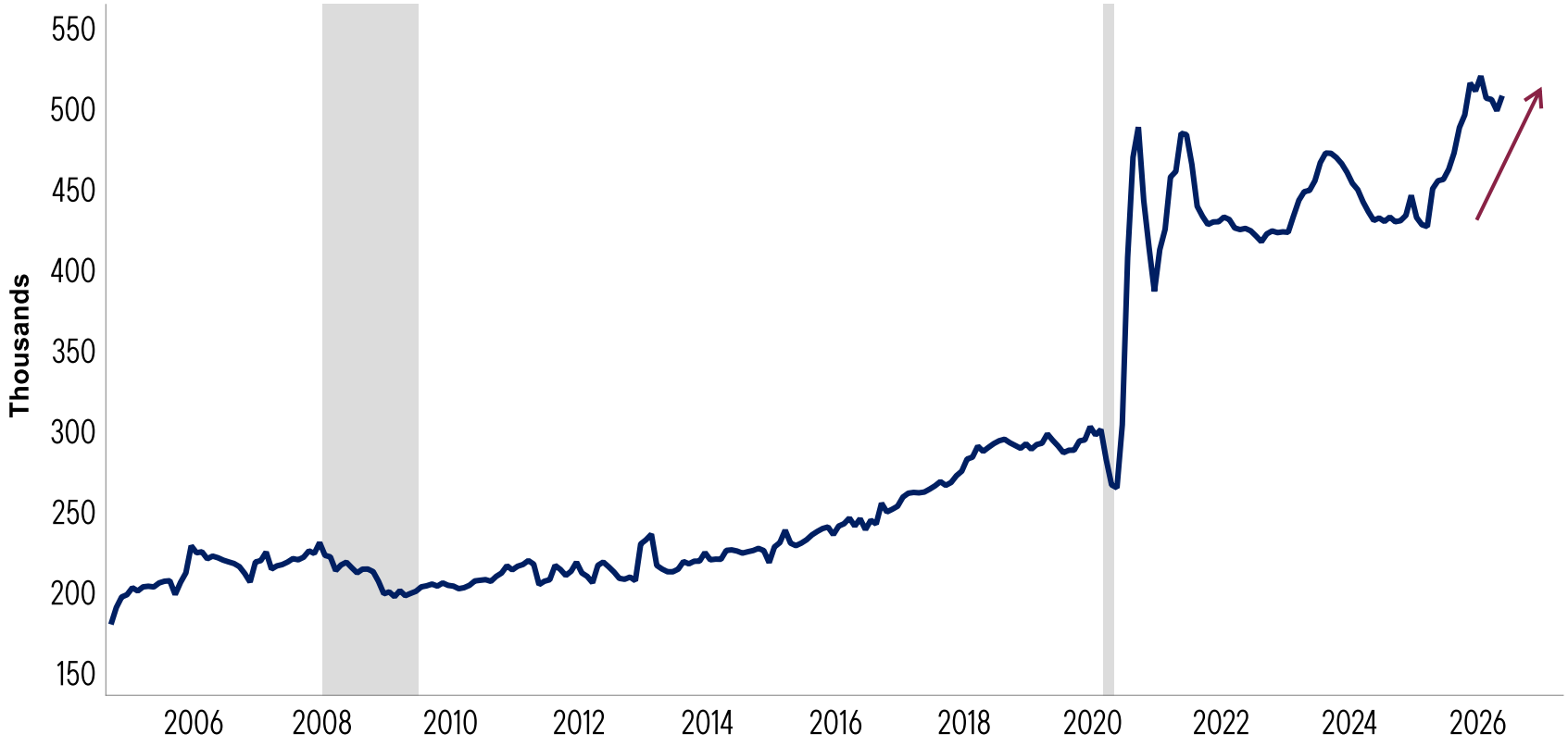
Note: 3-Month Moving Average
Sources: U.S. Bureau of Labor Statistics (BLS), NBER, Macrobond.
Data last updated on: 7/2/2026, latest available as of June 30, 2026.

Gray shading reflects recessionary periods.

- **Jevons paradox occurs when technological progress increases the efficiency of a resource, driving down costs but surprisingly driving up overall utilization.**
- **An example of this dynamic can be found in accounting services following the launch of Excel VBA which many feared would automate away accounting jobs.**
- **Instead, employment in the sector has grown steadily as lower costs have opened the door to wider access to accounting services.**

Creative destruction part II

US New Business Applications



Note: 3-Month Moving Average
Sources: U.S. Census Bureau, NBER, Macrobond.
Data last updated on: 6/10/2026, latest available as of June 30, 2026.

- **New business formations surged during the pandemic and then plateaued at a higher level in the years following.**
- **Applications to start new businesses have recently spiked, with AI a likely catalyst.**

Gray shading reflects recessionary periods.

Market Outlook

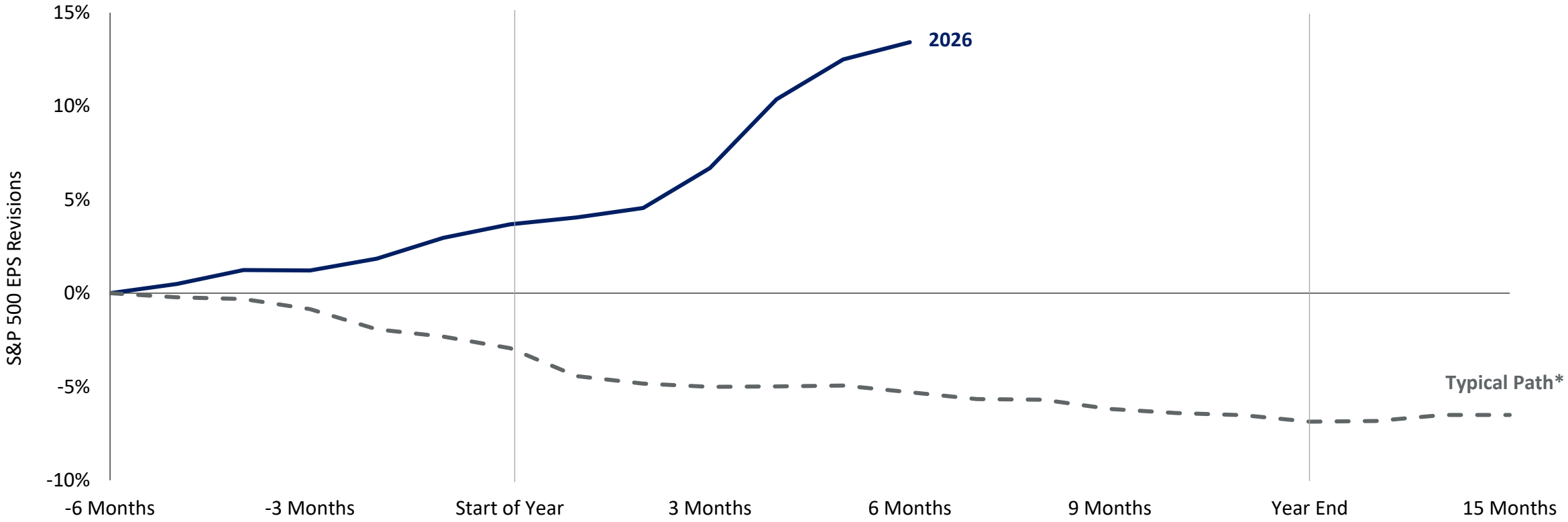
Strength begets strength

Top 15 S&P 500 Quarters Since 1950

		Average Price Change	
Quarter	% Change	+1 Quarter	+2 Quarters
1Q 1975	21.6%	14.2%	0.6%
4Q 1998	20.9%	4.6%	11.7%
1Q 1987	20.5%	4.2%	10.3%
2Q 2020	20.0%	8.5%	21.2%
2Q 1997	16.9%	7.0%	9.6%
4Q 1982	16.8%	8.8%	19.5%
4Q 1985	16.0%	13.1%	18.7%
3Q 1970	15.8%	9.3%	19.1%
2Q 2009	15.2%	15.0%	21.3%
3Q 2009	15.0%	5.5%	10.6%
2Q 2003	14.9%	2.2%	14.1%
2Q 2026	**14.9%**	**?**	**?**
4Q 1999	14.5%	2.0%	-1.0%
2Q 1975	14.2%	-11.9%	-5.3%
1Q 1976	13.9%	1.5%	2.4%
1Q 1991	13.6%	-1.1%	3.4%
Average		**5.5%**	**10.4%**

Data as of June 30, 2026. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.**

EPS revisions resilient

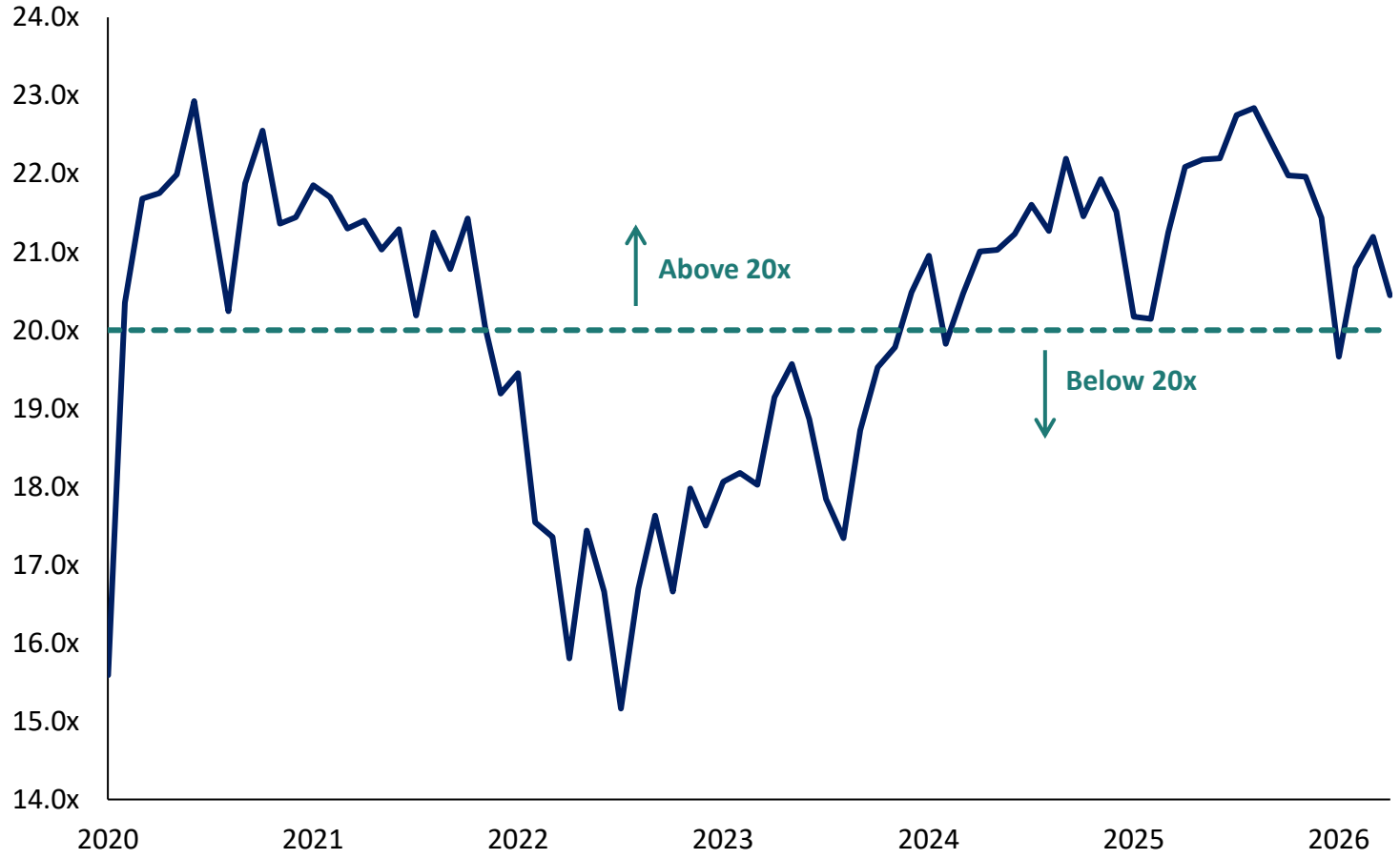


- **Earnings estimates typically fall coming into the year and drift lower as rosy forecasts meet a harsher reality.**
- **2026 expectations have turned materially higher, meaning strong underlying fundamentals are supporting the market rally.**

*Typical Path is 2012-2017, 2019, and 2022-2024; 2018 is excluded due to TCJA (Tax Cuts and Jobs Act) distortion; 2020-2021 is excluded due to COVID-19 pandemic distortion; Percent change in $ EPS expectations. Data as of June 30, 2026. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Higher valuation regime: S&P 500

S&P 500 NTM P/E



	S&P 500		
	April 2020	Current	% Change
Index Level	2,912	7,499	157%
NTM EPS	$145	$369	155%
NTM P/E	20x	20x	3%

- **Since the pandemic, the S&P 500 has traded in a higher valuation regime (above 20x) 64% of the time since first crossing this level in April 2020.**
- **With multiples holding steady, this cycle's returns have been predominantly driven by EPS growth rather than P/E expansion.**

Data as of June 30, 2026. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.**

Peak oil, lower yields

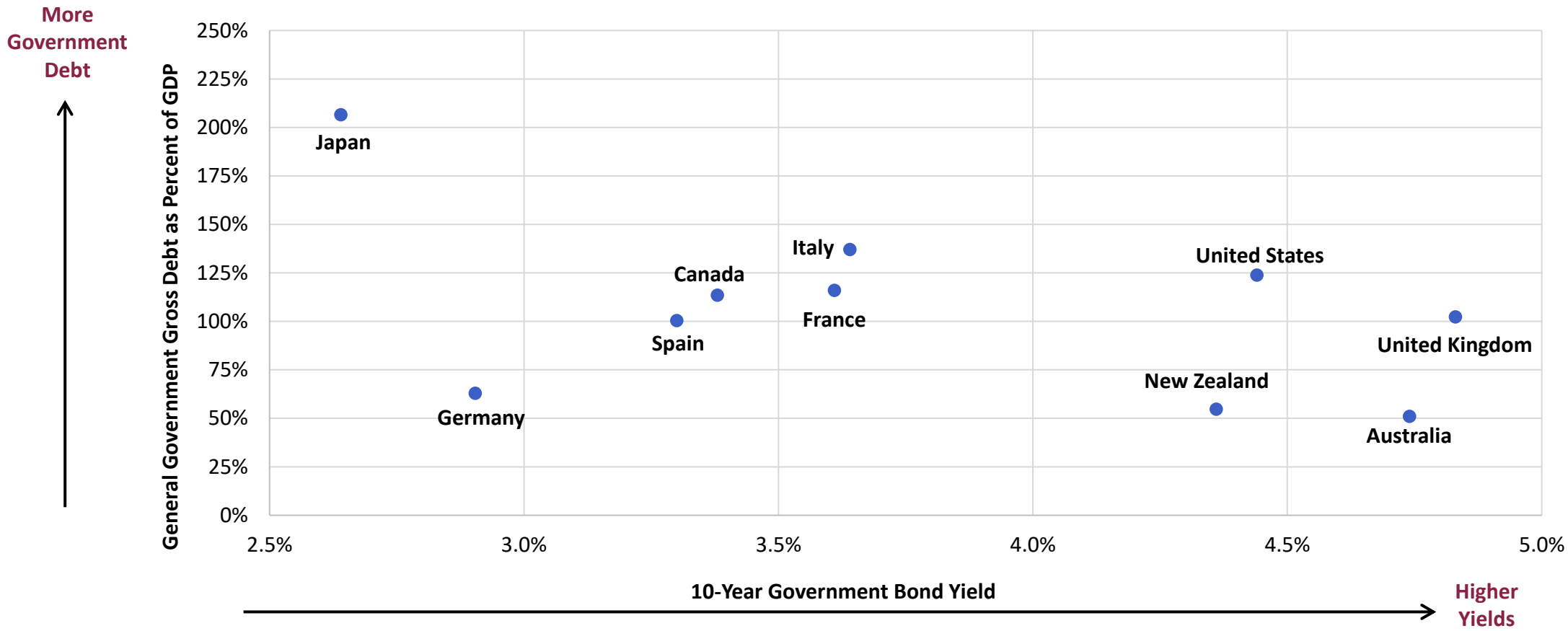
Change in 10-Year US Treasury Yield Following Historical Peaks in Brent Crude Oil

			Change in 10-Year Yield (BPS)		
Start Date	Peak Brent	10 Year	+3 Months	+6 Months	+12 Months
Oct. 1990	$40.15	8.83%	-0.58	-0.80	-1.32
Jan. 1997	$24.80	6.60%	0.31	-0.33	-1.11
Sept. 2000	$34.55	5.76%	-0.44	-0.84	-0.96
August 2006	$78.30	4.93%	-0.27	-0.19	-0.16
July 2008	$146.08	3.99%	-0.36	-1.50	-0.47
April 2011	$126.65	3.59%	-0.56	-1.49	-1.53
Oct. 2018	$86.29	3.15%	-0.59	-0.63	-1.61
June 2022	$123.58	3.03%	0.26	0.45	0.70
March 2026	$118.35	4.30%	0.14	?	?
		Average	**-0.23**	**-0.67**	**-0.81**

- **History shows that once oil prices peak, 10-year US Treasury yields typically decline over the next year.**

Data as of June 30, 2026. Sources: ICE, Federal Reserve, Bloomberg. **Past performance is not a guarantee of future results.**

Debt doesn’t determine yield

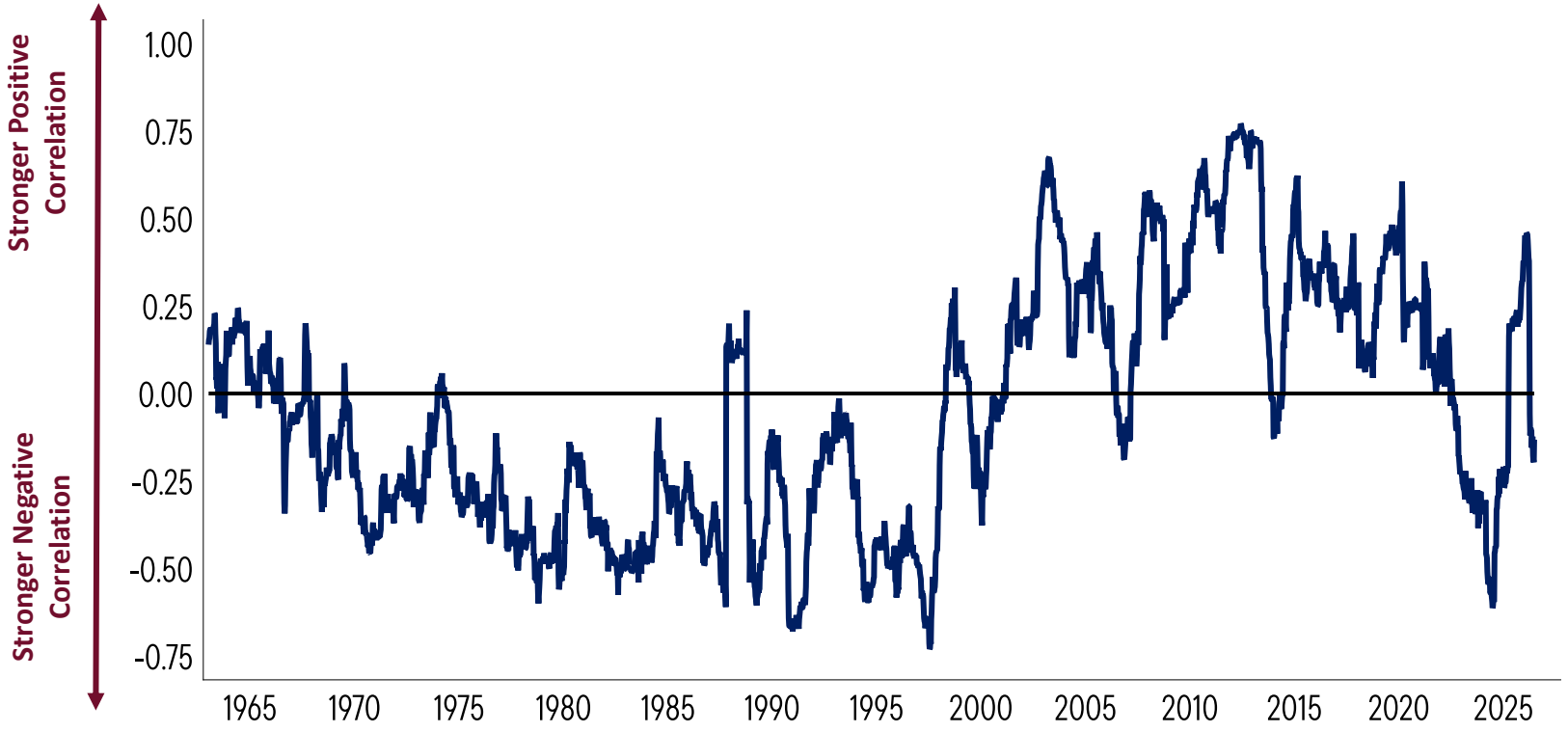


- **Contrary to popular belief, higher government debt loads have not typically translated to higher yields on long-term government debt.**

Data as of June 30, 2026. Sources: IMF World Economic Outlook Database 2024, Federal Reserve, Reserve Bank of New Zealand, Macrobond. **Past performance is not a guarantee of future results.**

Negative correlation is back

Rolling 1-Year Weekly S&P 500 and US 10-Year Treasury Yield Correlation



Sources: U.S. Department of Treasury, S&P Global, Macrobond.
Data last updated on: 7/1/2026.

- **Stocks and bonds have oscillated between positive and negative correlation regimes, historically.**
- **After a multi-decade positive correlation regime, the relationship turned negative following the pandemic-induced inflationary surge.**
- **After a brief stretch back in positive territory, stock-bond correlation is once again negative.**

Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Negative correlation, what now?

Equity Asset Class Returns During Historical Negative Stock-Bond Correlation Periods

Annualized Returns

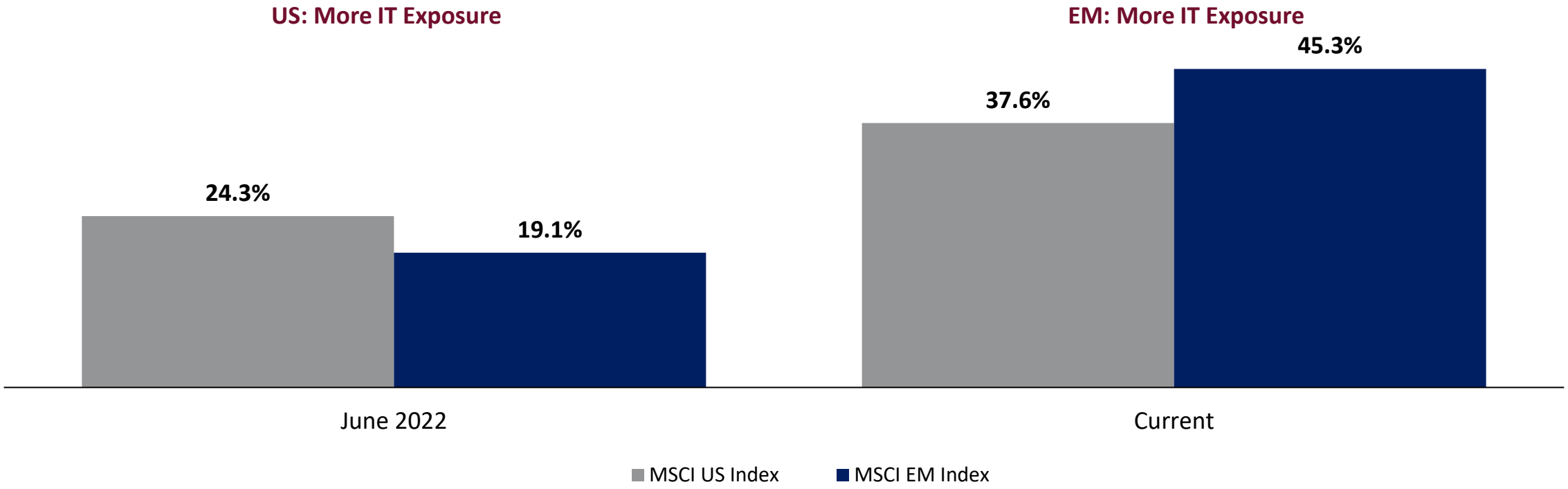
Start Date	End Date	# of Days	S&P 500	Russell Midcap	Russell 2000	MSCI EAFE	MSCI EM (Emerging Markets)	FTSE Global Core Infrastructure 50/50 Index
10/17/1988	4/20/1998	3472	15.9%	-	13.4%	5.5%	58.4%	—
6/7/1999	1/29/2001	602	1.3%	9.9%	8.0%	6.0%	1.9%	—
6/19/2006	2/19/2007	245	26.9%	31.3%	31.5%	33.7%	48.2%	41.2%
11/18/2013	6/9/2014	203	16.6%	18.8%	11.4%	7.1%	3.9%	15.5%
7/25/2022	3/31/2025	980	13.8%	8.6%	3.9%	8.8%	6.1%	2.6%
4/6/2026	?	?	?	?	?	?	?	?
Average			**15%**	**17%**	**14%**	**12%**	**24%**	**20%**

- **The correlation between stocks and bonds has once again turned negative, the second instance since the outbreak of higher inflation following the COVID-19 pandemic.**
- **Emerging market and infrastructure equities have fared best during historical negative stock-bond correlation periods.**

Note: Periods of negative stock-bond correlation based on S&P 500 and 10-Year US Treasury Yield. Sources: Macrobond, Federal Reserve, FactSet, S&P, FTSE Russell, and MSCI. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

EM and the AI Trade

Weight of Information Technology Sector

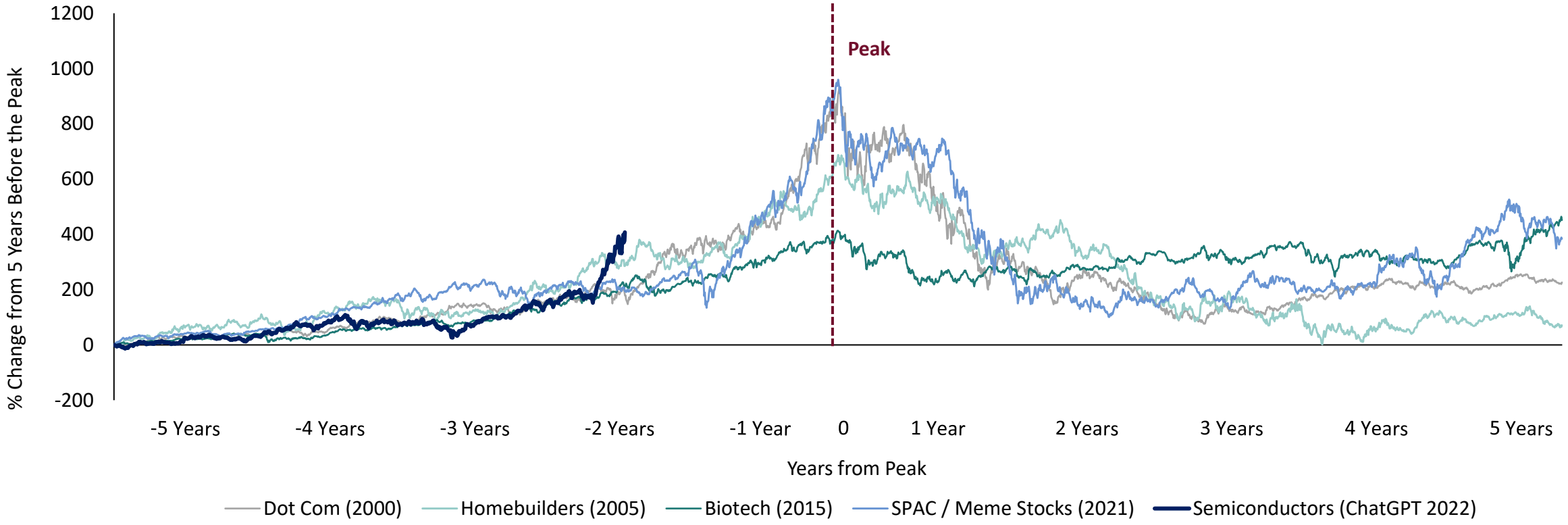


- **Although many think the US is the epicenter of the AI trade, emerging market benchmarks now have a larger exposure to the technology sector following this year's strong gains.**

Data as of June 30, 2026. Sources: FactSet, MSCI. **Past performance is not a guarantee of future results.**

Bubbles in context

Recent Major US Equity Bubbles vs. the AI Bull Market

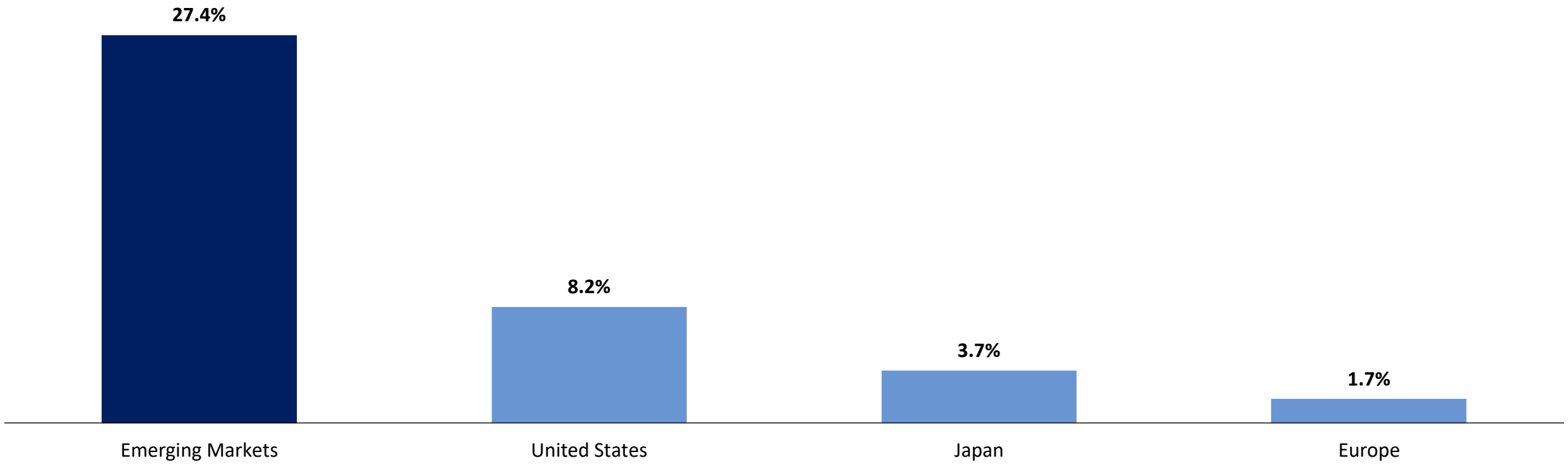


- **The robust semiconductor rally appears less severe when viewed against the context of prior equity market bubbles. If history is a guide, further upside may exist.**

Note: Semiconductors are represented by PHLX Semiconductor index, SPAC/Meme Stocks by ARKK ETF, Biotech by IBB ETF, and Homebuilders by S&P 1500 Homebuilders index, Dot Com by Nasdaq 100 index. The Nasdaq 100 index is comprised of the 100 largest non-financial companies traded on the Nasdaq exchange. Data as of June 30, 2026. Source: FactSet. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Earnings revisions favor emerging markets

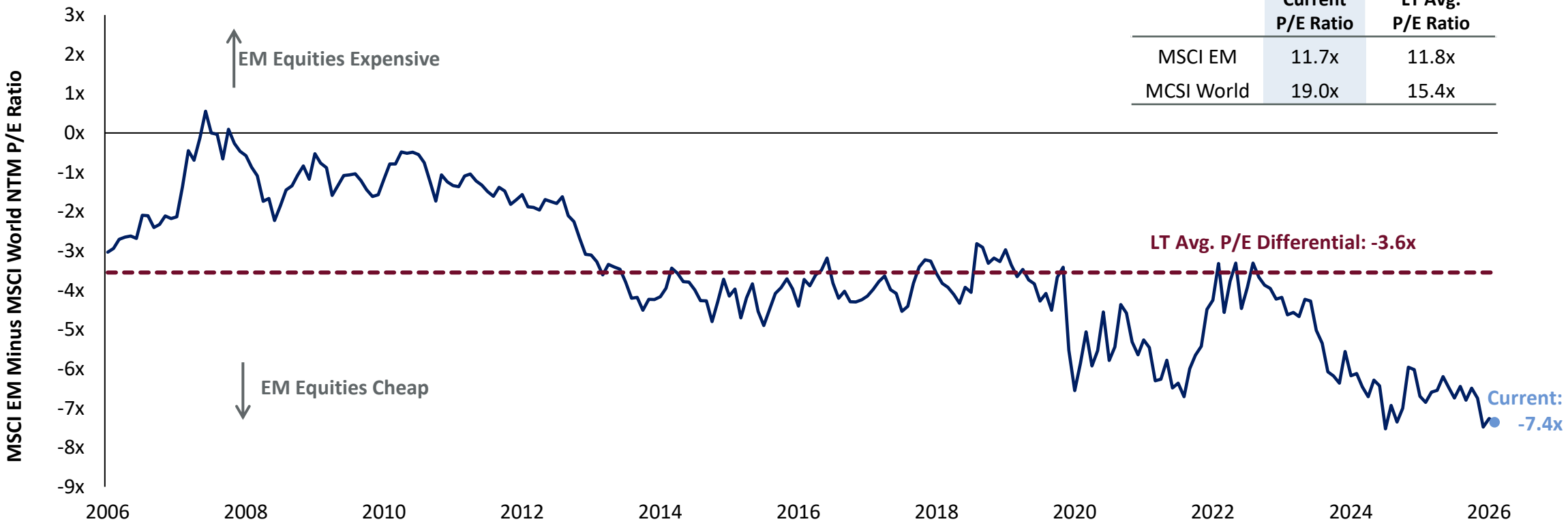
2026E YTD EPS Revisions in USD



- **Emerging markets are seeing materially higher earnings estimates for 2026 than other regions globally.**
- **Earnings drive the majority of stock movement over the long term, meaning this development could bode well for the asset class.**

Japan represented by the MSCI Japan index, Europe represented by the MSCI Europe index, emerging markets represented by the MSCI Emerging Markets index, and United States represented by the MSCI USA index. Data as of June 30, 2026. Sources: FactSet, MSCI. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

EM historically cheap



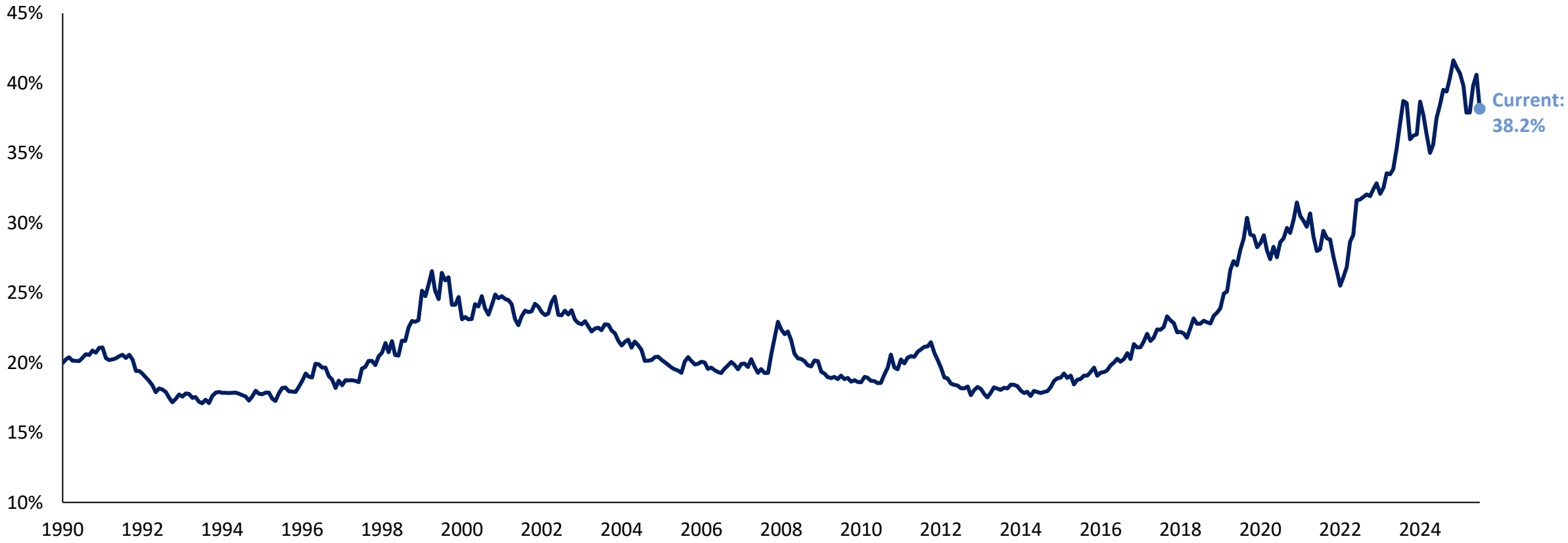
	Current P/E Ratio	LT Avg. P/E Ratio
MSCI EM	11.7x	11.8x
MCSI World	19.0x	15.4x

- **Emerging market equities remain cheap relative to developed ex-US (MSCI World) stocks despite handily outperforming in 2025 and so far in 2026.**

Data as of June 30, 2026. Sources: FactSet, MSCI. **Past performance is not a guarantee of future results.**

Trouble concentrating?

Sum of 10 Largest Company Weights in the S&P 500

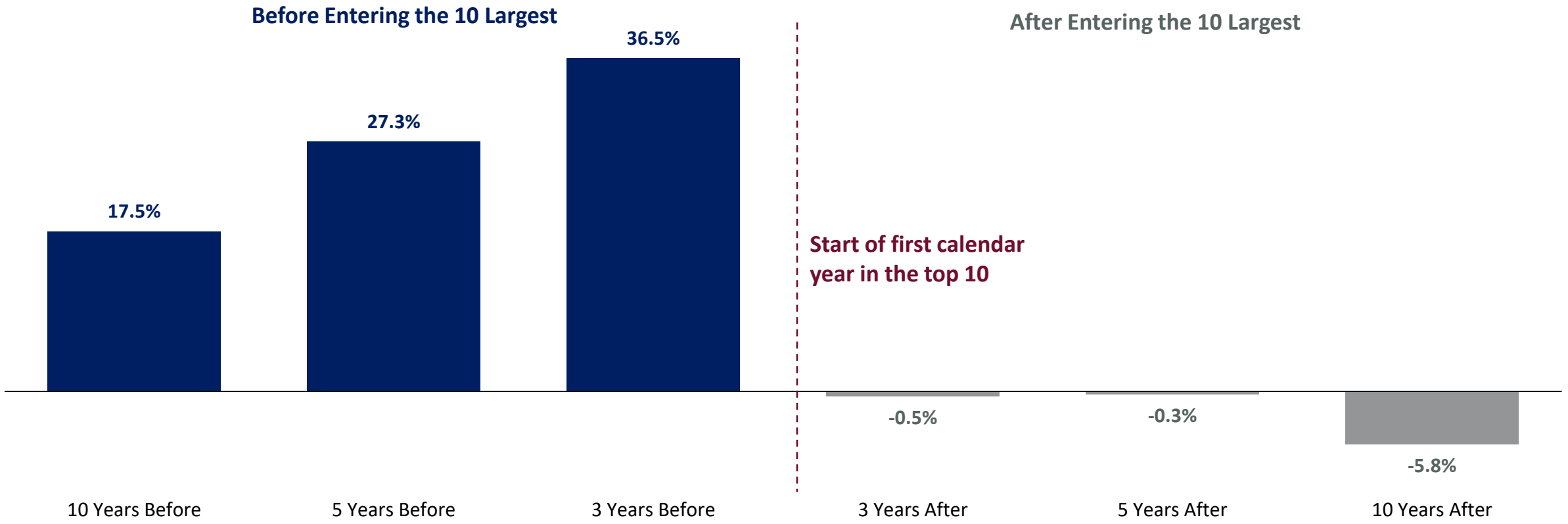


- **The weight of the largest stocks in the benchmark is near record highs.**

Data as of June 30, 2026. Sources: S&P, FactSet, and Bloomberg. **Past performance is not a guarantee of future result**s. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Trees don’t grow to the sky

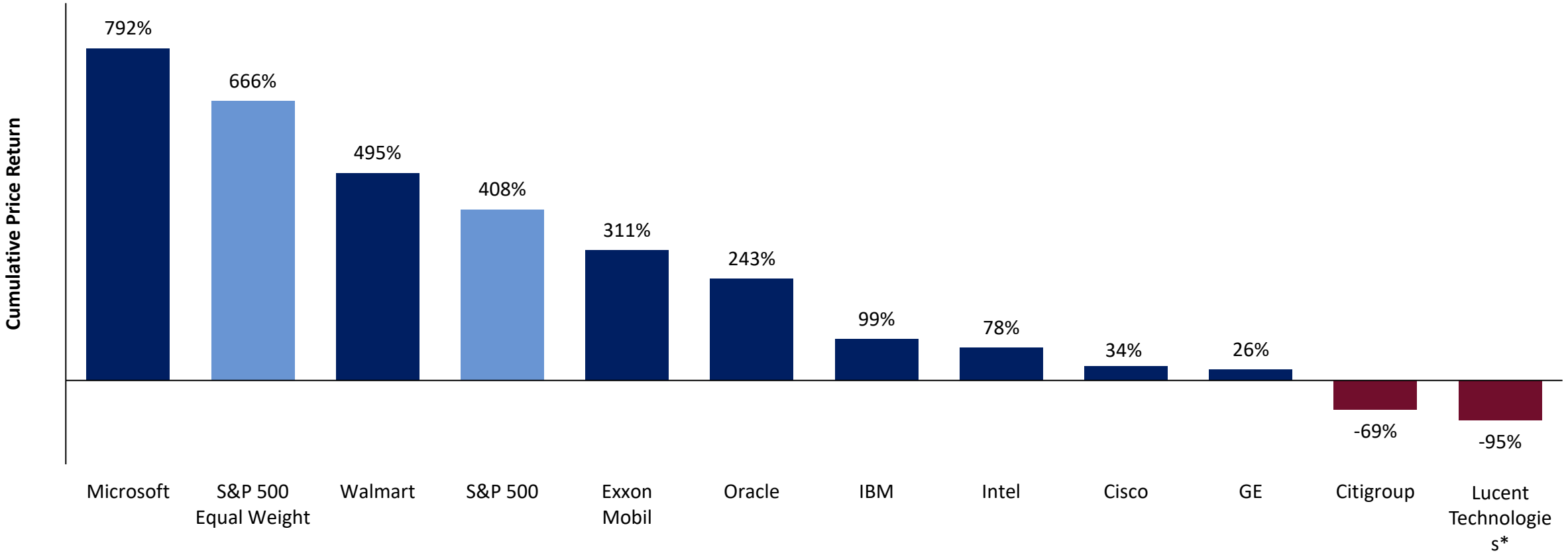
Relative Annualized Performance Before and After Becoming 10 Largest S&P 500 Companies



- **Historically, stocks that become one of the 10 largest S&P 500 companies have strongly outpaced the benchmark on the way up, only to run out of steam once this milestone is achieved.**

Data as of June 30, 2026. 1985-Present. Annualized performance relative to S&P 500. Sources: S&P, FactSet. **Past performance is not a guarantee of future results**. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

Where are they now: dot-com darlings



- **Following the peak of the "dot-com" mania, the prospects of the 10 largest S&P 500 constituents have varied widely.**
- **We believe that a similar dynamic may play out in the coming years, presenting an opportunity for active managers.**

*Lucent Technologies was acquired by Alcatel in 2006; cumulative price return is calculated based on the final pre-merger trading day (11/30/2006). Note: data shown from March 2000–present, as of September 22, 2026. Sources: FactSet. S&P.

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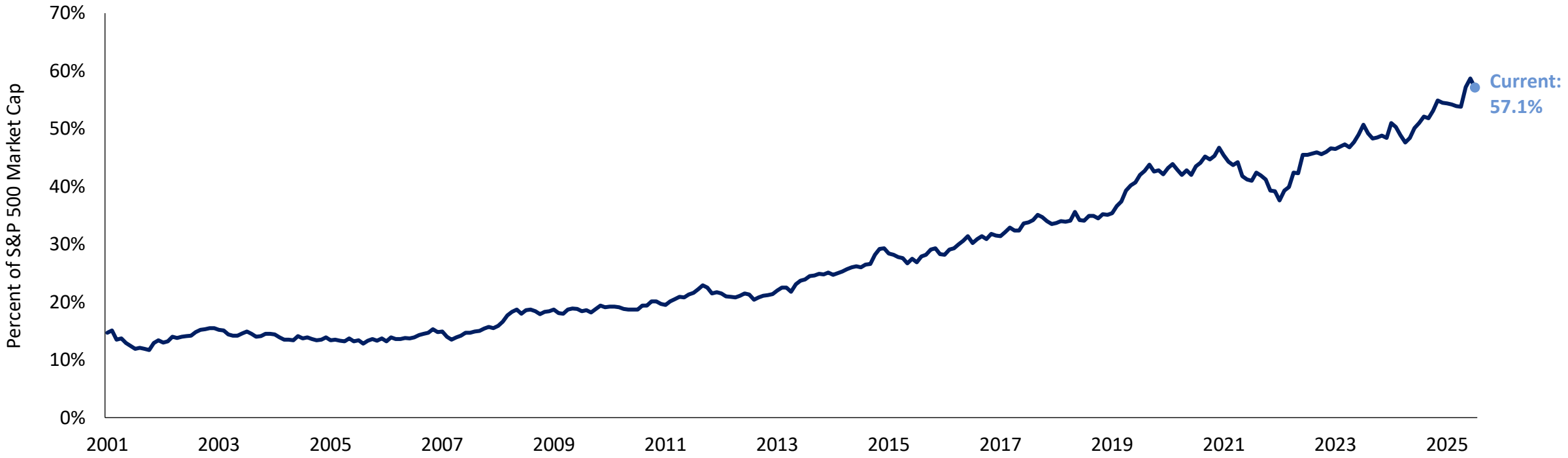
Not your father’s S&P 500

Percent of S&P 500 Market Cap That Overlaps with QQQ

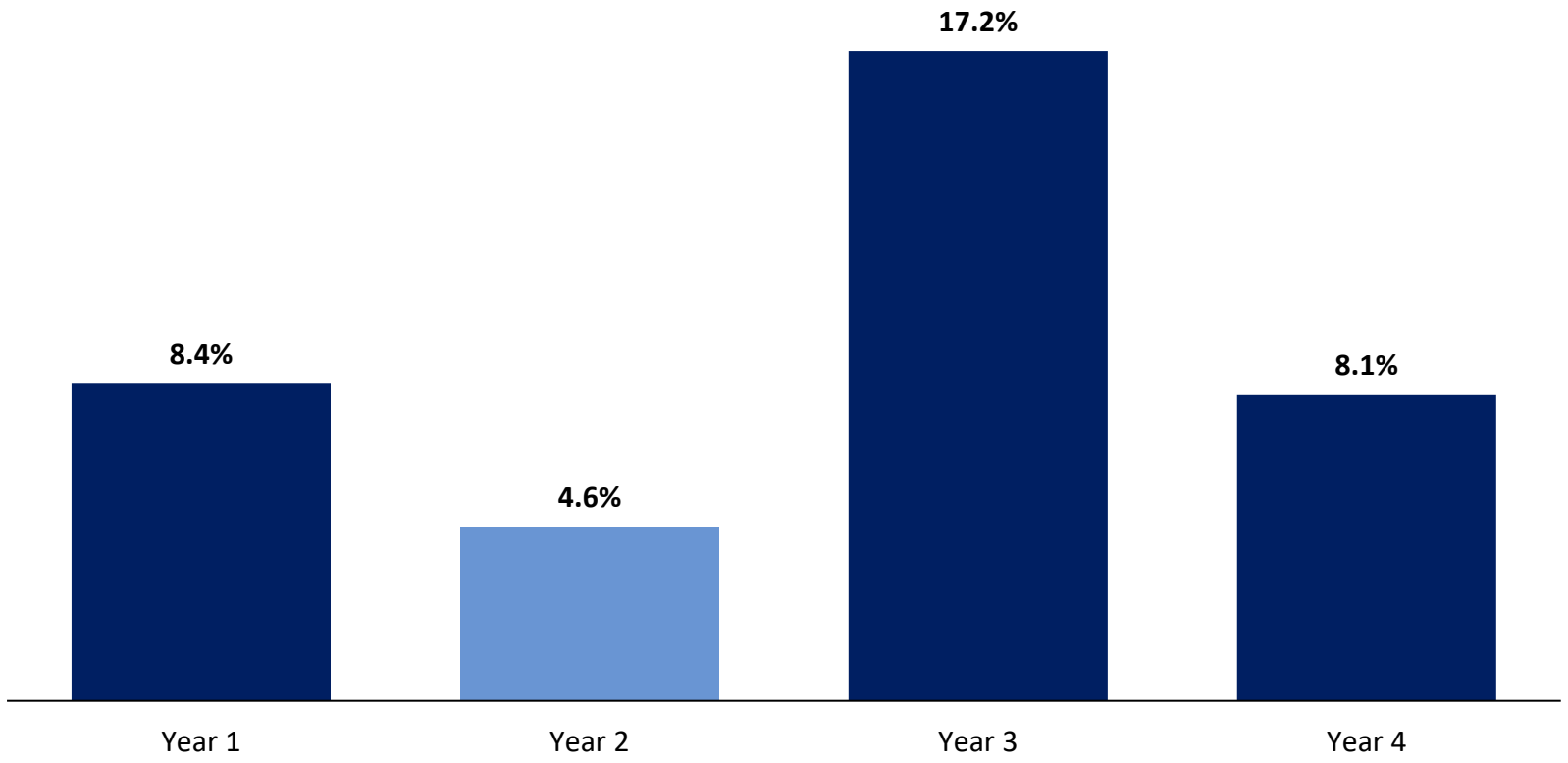


- **Since the global financial crisis (GFC), the composition of the S&P 500 index has increasingly mirrored the more growth- and technology-oriented QQQ.**
- **Many investors may be overexposed to growth and technology due to this dynamic with the current overlap breaching 50% in 2025.**

The Nasdaq 100 Index is comprised of the 100 largest non-financial companies traded on the Nasdaq exchange. Ticker Symbol QQQ represents the Invesco QQQ Trust, Series 1, an exchange-traded fund operated by Invesco and its affiliates and was chosen as an ETF that tracks the Nasdaq 100 index. The S&P 500 includes 500 leading US companies and covers approximately 80% of available market capitalization. Data as of June 30, 2026. Sources: S&P, FactSet. Market cap is calculated using the sum of constituents. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. This information should not be construed as a recommendation of any index or investment product. **Past performance is not a guarantee of future results.**

The midterm year lull

Average S&P 500 Return by Presidential Cycle Year, 1950–Present

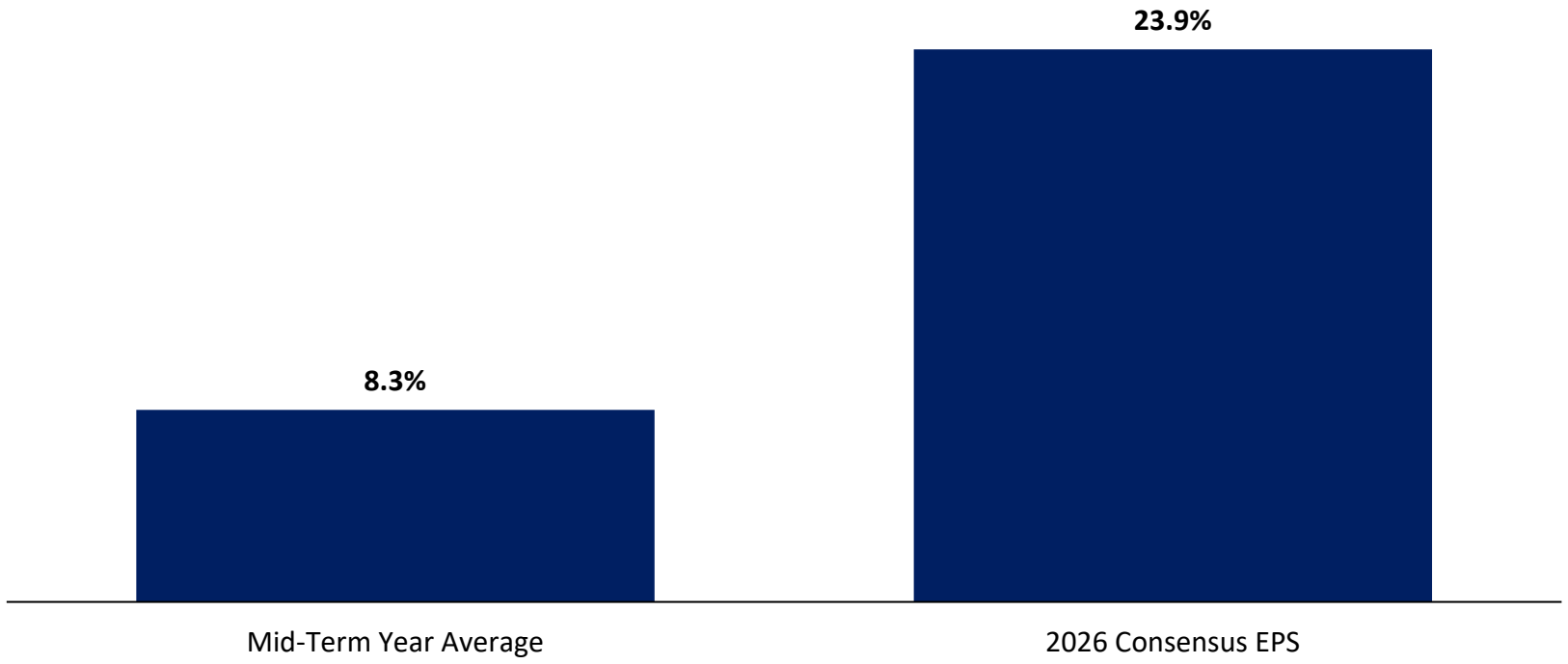


- **Midterm election years have historically experienced the lowest returns of the four-year Presidential cycle.**

Data as of June 30, 2026. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

EPS > mid-term seasonality?

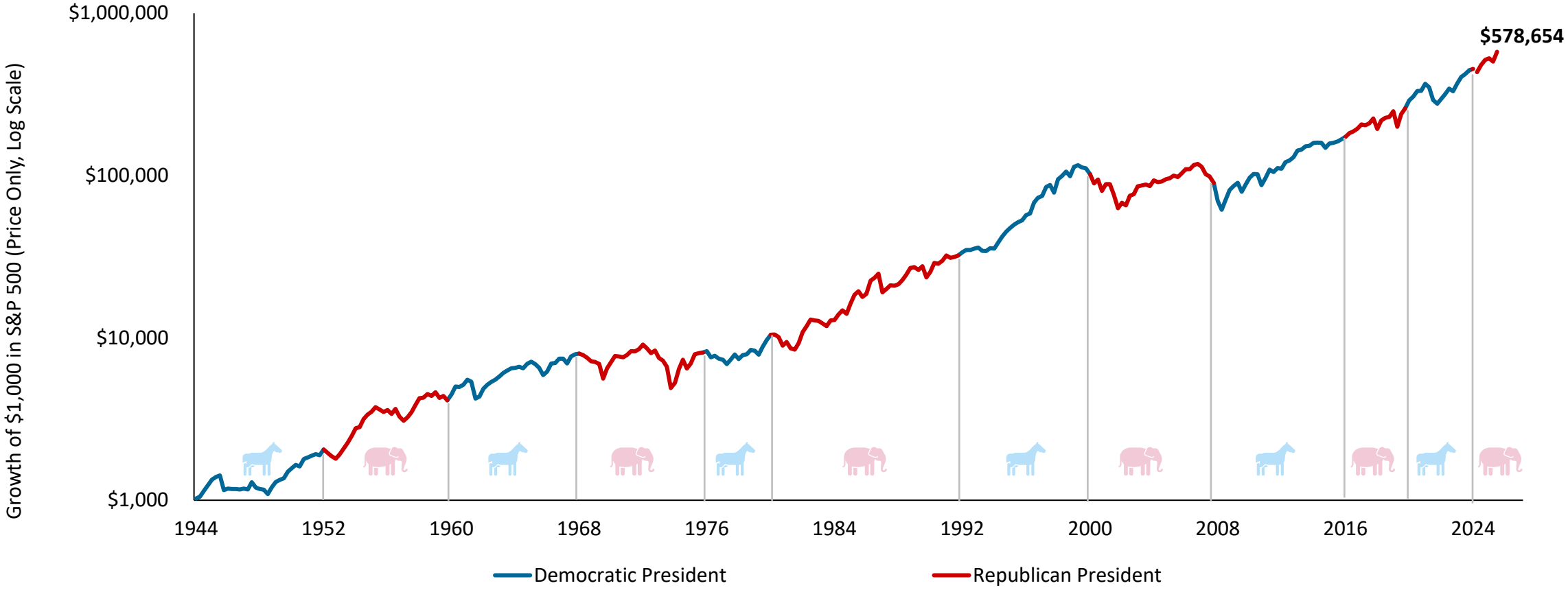
Historical Mid-Term Year S&P 500 EPS Growth since 1950 vs. Today



- **Mid-term election years have historically seen lower returns compared with the other three years of the Presidential cycle.**
- **A key differentiator in 2026 could be substantially stronger EPS growth, with sell-side consensus expectations pointing to ~3x the historical mid-term election year average.**

Data as of June 30, 2026. Sources: S&P, FactSet, Shiller. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Don’t mix politics and investing

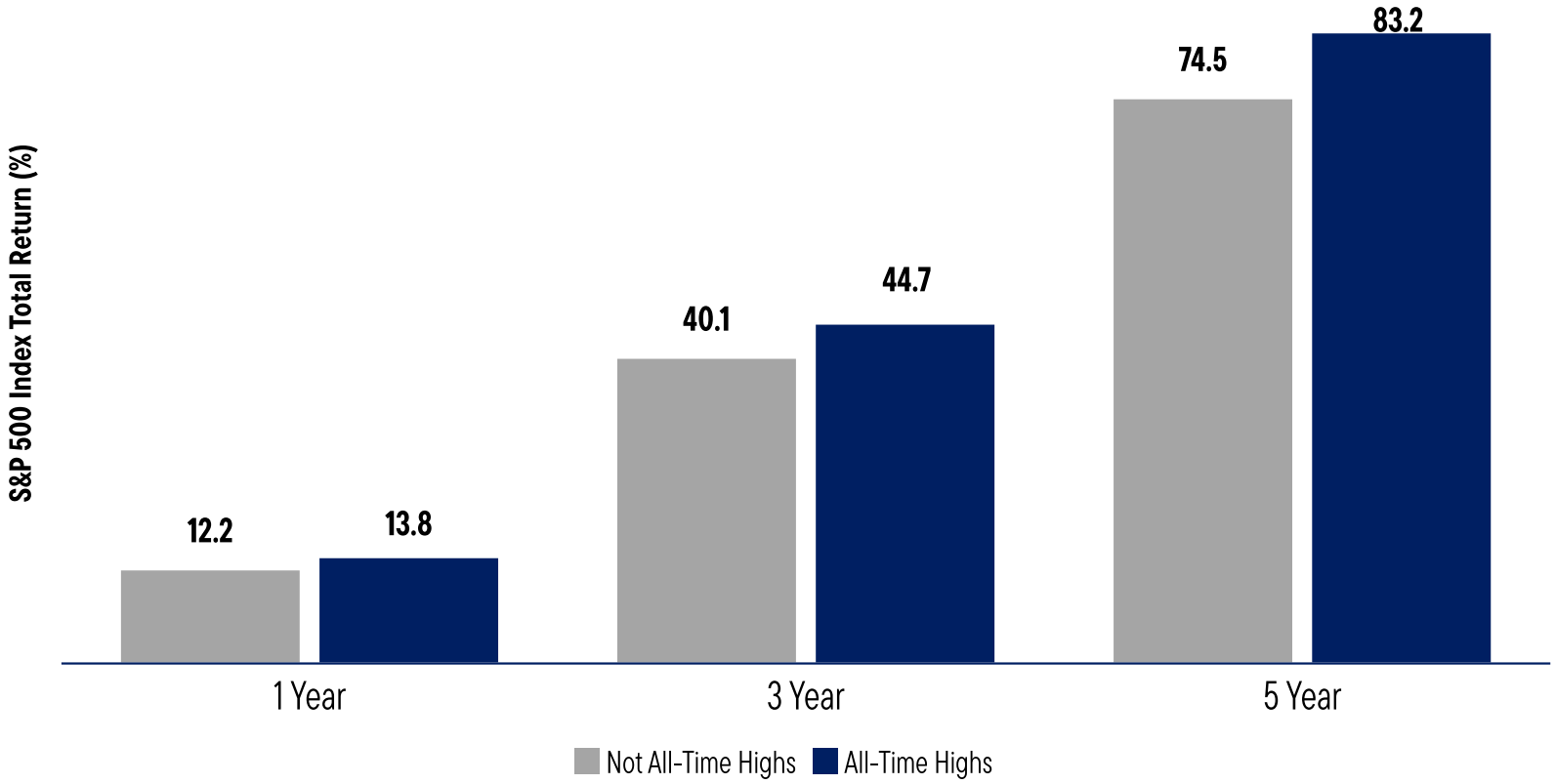


- **Historically, the equity market has moved higher irrespective of which party occupies the Oval Office.**

Data as of June 30, 2026. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Don’t be afraid of all-time highs

S&P 500 Index Total Return



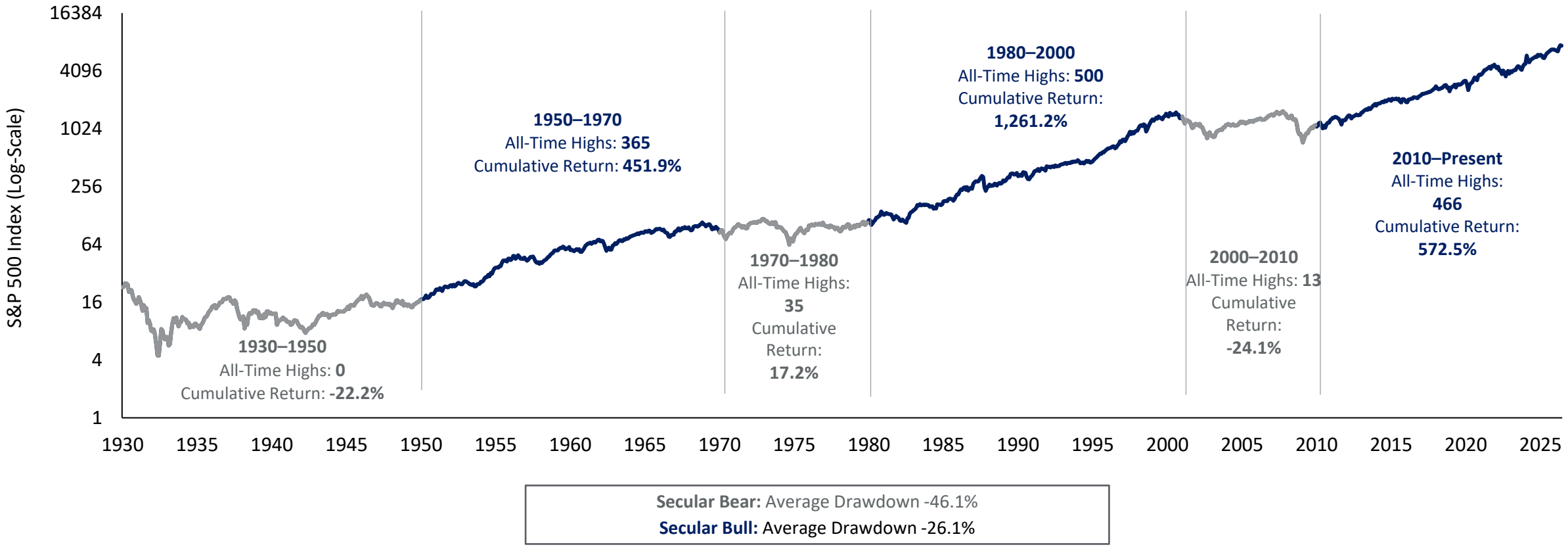
Sources: S&P Global, Macrobond.
Data last updated on: 7/1/2026.

- **Surprisingly, putting money to work at all-time highs has historically outperformed deploying capital when the benchmark is below peak, on average.**
- **The S&P 500 has reached another new all-time high one year later 99.6% of the time after first achieving that milestone.**

Data from Sept. 1989–present. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

New secular bull market?

S&P 500 Price Returns



Secular Bear: Average Drawdown -46.1%
Secular Bull: Average Drawdown -26.1%

- **In the 12 months following an all-time high, stocks have historically been up 8.6% on average with positive returns 71% of the time.**

Secular bear market average drawdown includes selloff beginning September 1929. Data as of June 30, 2026. Sources: Bloomberg, FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Economic and market summary

Third quarter 2026

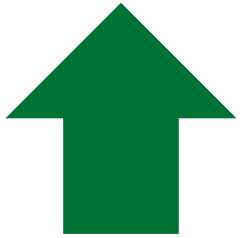
US Economic Outlook

- Energy prices are back to pre-conflict levels, and job creation has accelerated, removing two of the key US economic concerns heading into 2H.
- The AI capex boom is likely to continue with current spending well within the range seen during prior technological innovation cycles.
- The overall signal from the ClearBridge Recession Dashboard remains firmly in green “expansion” territory.

US Market Outlook

- Q2 was one of the strongest on record for the S&P 500, which bodes well for 2H given historical trends.
- The rally continues to be supported by strong fundamentals with earnings driving all the upside in this year’s rally, while multiples have held steady.
- Market leadership has fluctuated but on balance has broadened over the past few quarters, a trend we believe will continue and should benefit value, small cap, and international equities.

Recession Dashboard Overall Signal



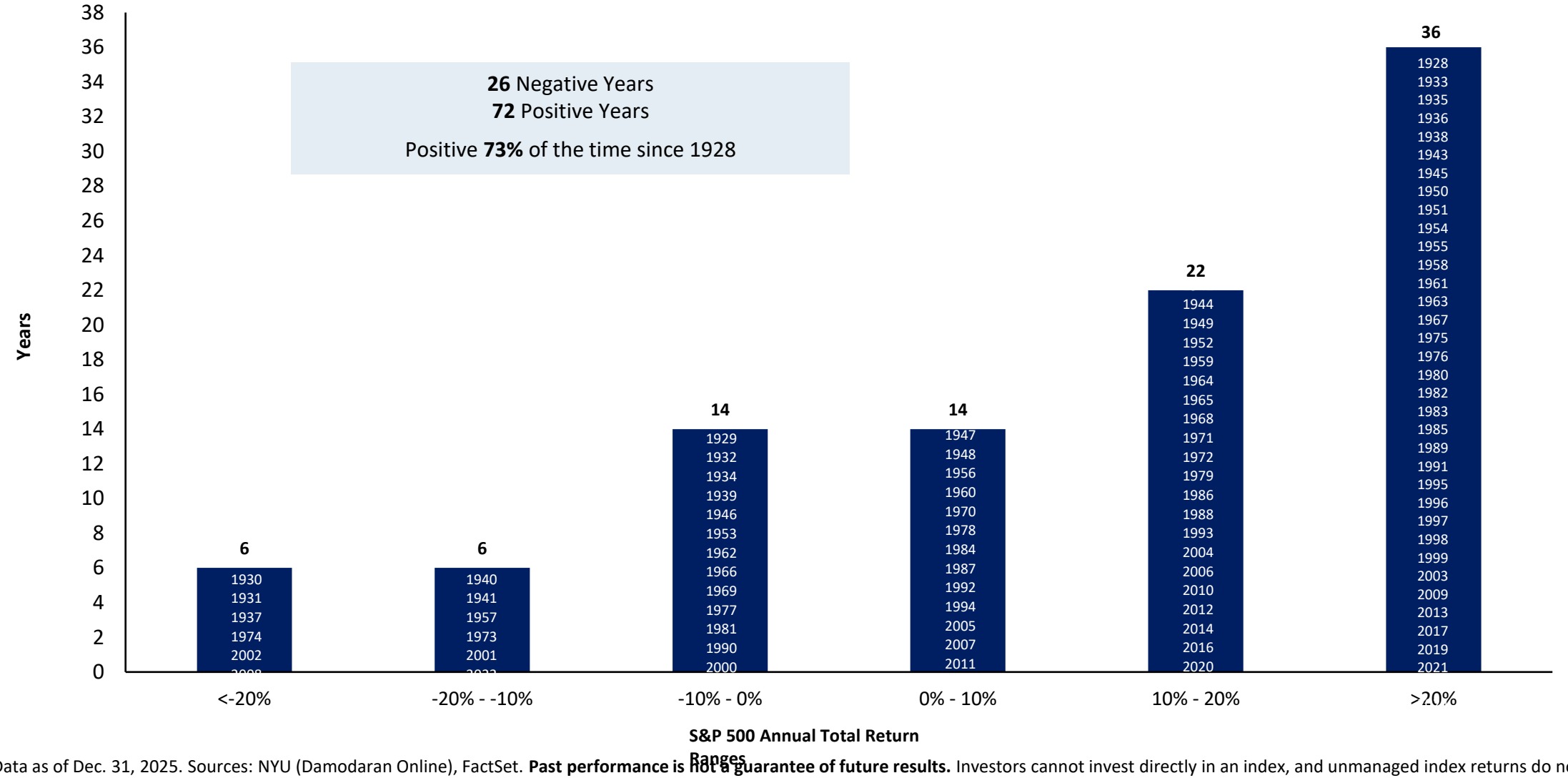
Expansion

As of June 30, 2026.

All opinions and data included in this commentary are as of the publication date and are subject to change. The opinions and views expressed herein are of the author and may differ from other portfolio managers or the firm as a whole and are not intended to be a forecast of future events, a guarantee of future results or investment advice. This information should not be used as the sole basis to make any investment decision.

Market Annual Returns

Distribution of S&P 500 total returns since 1928



Data as of Dec. 31, 2025. Sources: NYU (Damodaran Online), FactSet. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

One-year outlook

Themes that may drive the market over the next 12 months



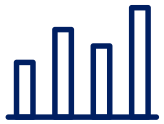
Fixed Income



Midterms



Market Concentration



Market Leadership



Non-US



Investor Pitfalls

Biographies

The Anatomy of a Recession

	Name and Position	Industry Experience	ClearBridge Tenure	Education, Experience and Professional Designations
	**Josh Jamner, CFA** Director, Senior Investment Strategy Analyst	17 years	• Joined firm in 2017	• RBC Capital Markets–Assistant Vice President, Associate Strategist–US Equity • Bessemer Trust–Assistant Vice President, Client Portfolio Analyst • BA in Government from Colby College • CFA® charterholder
	**Jeffrey Schulze, CFA** Managing Director, Head of Economic and Market Strategy	21 years	• Joined firm in 2014	• Lord Abbett & Co., LLC–Portfolio Specialist • BS in Finance from Rutgers University • CFA® charterholder

What are the risks?

Equity securities are subject to price fluctuation and possible loss of principal. **Small- and mid-cap** stocks involve greater risks and volatility than large-cap stocks. **Large-capitalization** companies may fall out of favor with investors based on market and economic conditions. **Active management** does not ensure gains or protect against market declines. **Diversification** does not guarantee a profit or protect against a loss.

Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. Low-rated, high-yield bonds are subject to greater price volatility, illiquidity and possibility of default. **Floating-rate loans** and debt securities are typically rated below investment grade and are subject to greater risk of default, which could result in loss of principal.

International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**.

Asset-backed, mortgage-backed or **mortgage-related securities** are subject to prepayment and extension risks.

Real estate investment trusts (REITs) are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small- and mid-cap investments.

Glossary of terms

BEA: Bureau of Economic Analysis

Bloomberg US Aggregate Bond Index: an unmanaged index of US investment-grade fixed-income securities.

Bloomberg US Corporate Investment Grade Bond Index: an unmanaged index of US investment-grade corporate bond securities.

Bloomberg Global Aggregate Total Return Index: measure of global investment grade debt from a multitude of local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

CPI (Consumer Price Index): measure of the average change in US consumer prices over time in a fixed market basket of goods and services as determined by US Bureau of Labor Statistics.

EPS (Earnings per Share): the portion of a company's profit allocated to each outstanding share of common stock.

Fed (Federal Reserve Board): the US central bank, responsible for policies designed to promote full economic growth, full employment, and price stability.

GDP: Gross Domestic Product

GFC (Global Financial Crisis): the severe economic and market downturn experienced in 2007-2008.

Hit Rate: Metric that measures the percentage of successful outcomes relative to the total number of opportunities.

Home Sales Median Price: measures the price at which half of existing homes sold for more and half sold for less.

MSCI All Country Asia Index: unmanaged index of large and mid cap stocks across Developed Markets countries and Emerging Markets countries in Asia.

MSCI All-Country World Index (ACWI) Index: unmanaged index that captures large- and mid-cap representation across 23 developed markets and 24 emerging markets countries.

MSCI All-Country World Index (ACWI) ex US Index: unmanaged index that captures large- and mid-cap representation across emerging markets and developed markets (excluding the United States). The index covers approximately 85% of the global equity opportunity set outside the United States.

MSCI EM Index: unmanaged index of large- and mid-cap stocks in 27 emerging market countries.

MSCI Europe Index: unmanaged index of large- and mid-cap stocks across 15 Developed Markets (DM) countries in Europe.

MSCI EAFE Index: unmanaged index of equity securities from developed countries in Western Europe, the Far East, and Australasia.

MSCI UK Index: unmanaged index of large- and mid-cap stocks across the UK market.

MSCI USA Index: unmanaged index of US large- and mid-cap equity securities.

NAREIT All-Equity REITS Total Return Index: free-float-adjusted market capitalization weighted index that includes all tax qualified REITS listed in the NYSE, AMEX and NASDAQ National Markets.

NFIB (National Federation of Independent Business): a US small business advocacy association, representing over 350,000 small and independent business owners.

NFIB Small Business Optimism Index: measure of small business sentiment produced by the National Federation of Independent Business based on its monthly survey of small business owners.

P/E Ratio: Price/Earnings ratio

PMI: Purchasing Manager's Index

Glossary of terms (continued)

Russell 1000 Index: a subset of the Russell 3000 Index that includes approximately 1,000 of the largest companies in the US equity universe.

Russell 1000 Growth Index: unmanaged index of large-cap stocks chosen for their growth orientation.

Russell 1000 Value Index: unmanaged index of large-cap stocks chosen for their value orientation.

Russell 2000 Index: unmanaged index of small-cap stocks.

Russell 2000 Growth Index: unmanaged index of small-cap stocks chosen for their growth orientation.

Russell 2000 Value Index: unmanaged index of small-cap stocks chosen for their value orientation.

Russell Mid Cap Index: unmanaged index consisting of the 800 smallest companies in the Russell 1000 Index.

Russell Mid Cap Growth Index: unmanaged index of mid-capitalization US equities that exhibit growth characteristics.

Russell Mid Cap Value Index: unmanaged index of mid-capitalization US equities that exhibit value characteristics.

S&P MidCap 400 Index: unmanaged index of 400 US mid-cap stocks

S&P 400 Growth Index: unmanaged index of mid-cap stocks having higher price-to-book ratios relative to the S&P 400 MidCap as a whole.

S&P 400 Value Index: unmanaged index of mid-cap stocks having lower price-to-book ratios relative to the S&P 400 MidCap as a whole.

S&P 500 Growth Index: unmanaged index of large-cap stocks selected based on sales growth, the ratio of earnings change to price and momentum.

S&P 500 Value Index: unmanaged index of large-cap stocks selected based on the ratios of book value, earnings, and sales to price.

S&P 600 Index: unmanaged index of 600 US small-cap stocks

S&P 600 Growth Index: unmanaged index of US small-cap growth stocks, selected based on sales growth, the ratio of earnings change to price, and momentum.

S&P 600 Value Index: unmanaged index of US small-cap value stocks, selected based on ratios of book value, earnings, and sales to price.

S&P 500 Index: Unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the US.

Yield Curve: Comparison of interest rates at a point in time of bonds with equal credit quality but different maturity dates.

YoY: Year over Year.

US Dollar Index (DXY): is a measure of the value of the US dollar against a basket of foreign currencies.

US Treasuries: Direct debt obligations issued and backed by the "full faith and credit" of the US government. The US government guarantees the principal and interest payments on US Treasuries when the securities are held to maturity. Unlike US treasury securities, debt securities issued by the federal agencies and instrumentalities and related investments may or may not be backed by the full faith and credit of the US government. Even when the US government guarantees principal and interest payments on securities, this guarantee does not apply to losses resulting from declines in the market value of these securities.

Additional important information

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