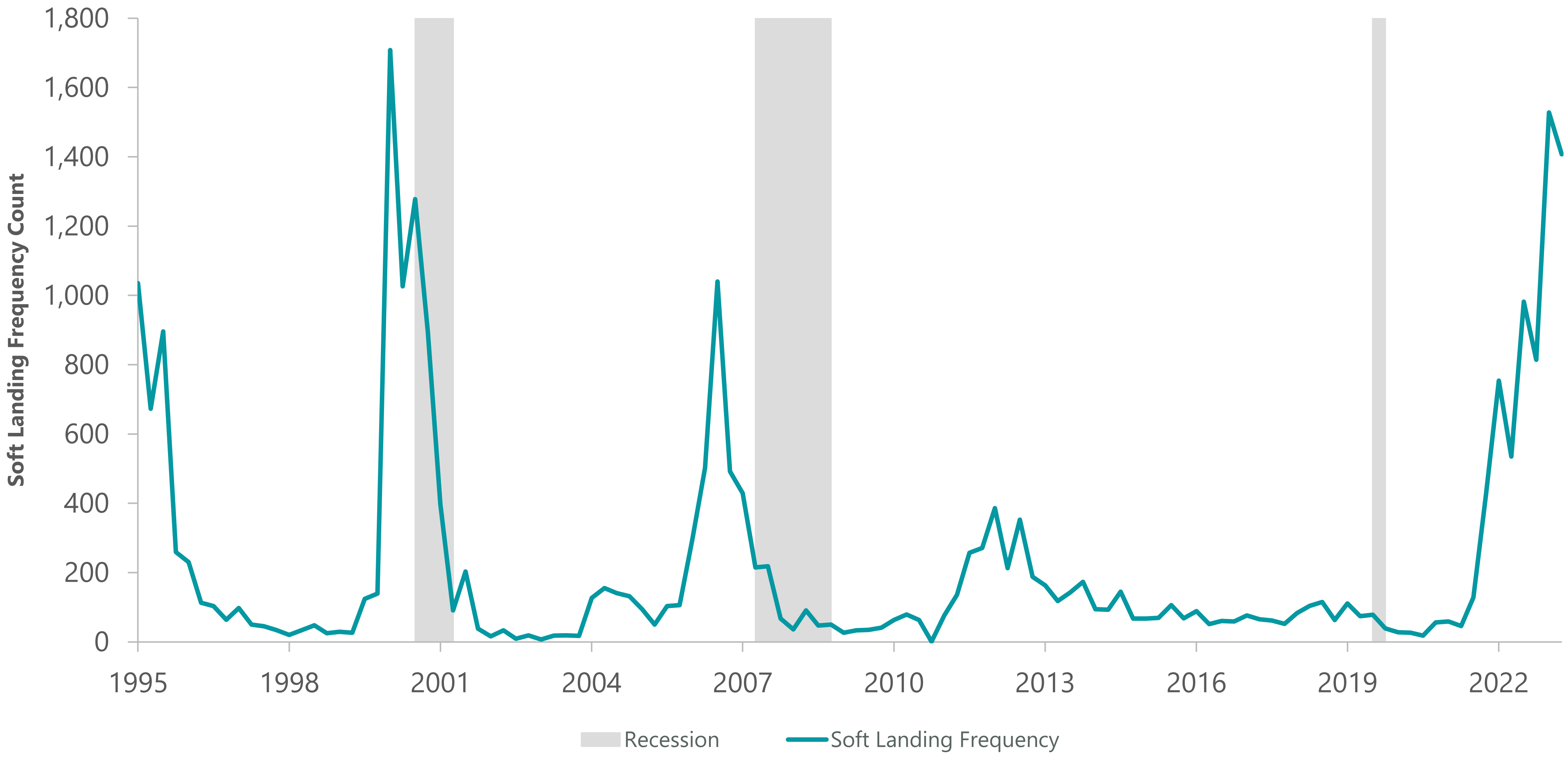
2024 Global Outlook: What to Expect This Year

First Quarter 2024

ClearBridge | FRANKLIN TEMPLETON

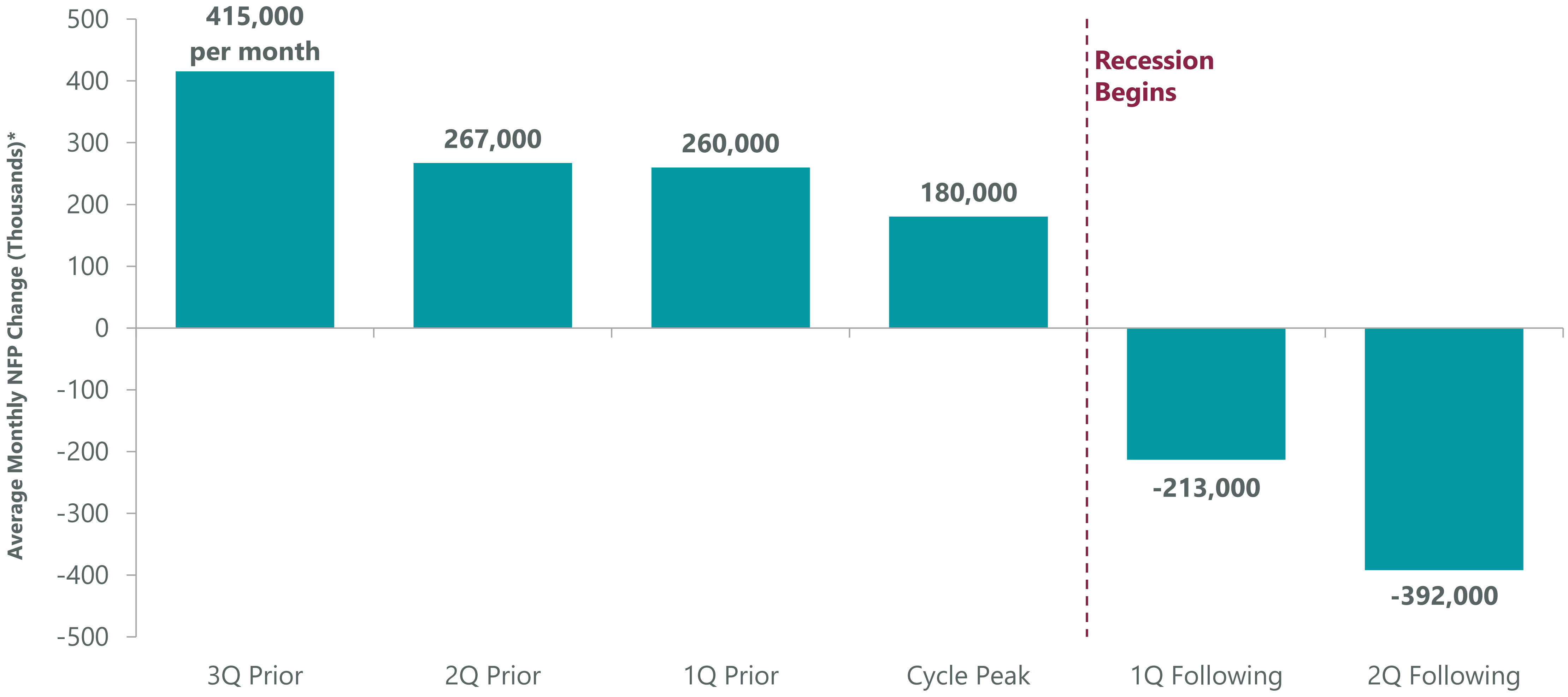
It Always Starts as a Soft Landing



Although soft landing has supplanted recession as the base-case view, investors should take little solace as history suggests that soft landing optimism has typically preceded recessions.

Note: Soft landing frequency is the count of mentions of the term "soft landing" in company filings, transcripts, and presentations since 3Q95. Data as of Dec. 31, 2023.
Sources: NBER and Bloomberg.

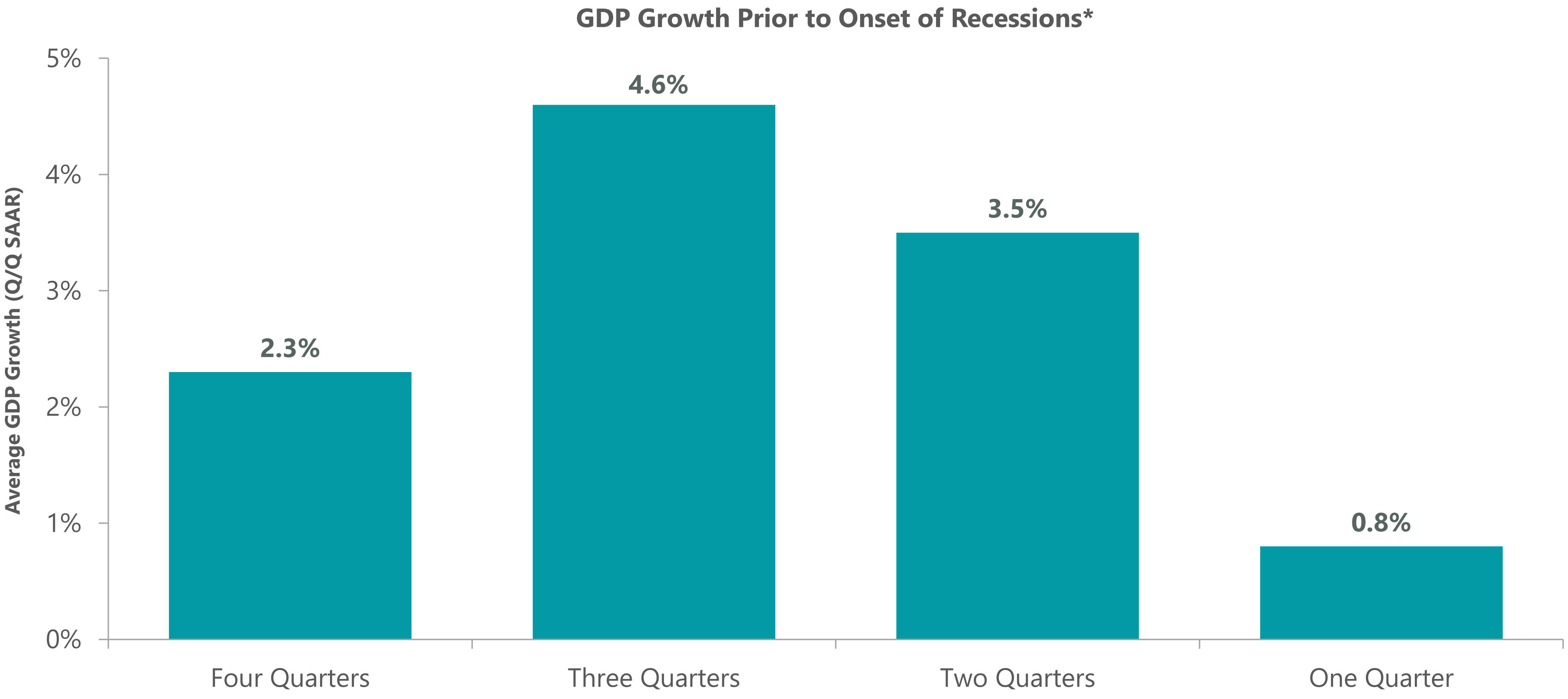
Job Market Can Turn Quickly



- **The labor market is notoriously a lagging indicator that typically rolls over after a recession begins.**
- **While an average of 204,000 jobs have been created over the last three months, history suggests this does not preclude a recessionary outcome.**

*Average monthly non-farm payrolls (NFP) change based on three-month historical average change (relative to cycle peaks as defined by NBER) as a percentage of total NFP adjusted for the current size of the labor force. Data as of Nov. 30, 2023, latest available as of Dec. 31, 2023. Sources: BLS, NBER, and Bloomberg. Note: 1948-present; 2020 recovery excluded due to pandemic distortions. **Past performance is not a guarantee of future results.**

Economy Can Turn Quickly



- **Economic growth often holds up quite well leading into a recession, with a rapid decline only coming just before onset.**

*The chart includes data from recessions according to NBER, starting with the recession that began on Dec. 1969. Data as of Dec. 31, 2023. Sources: FactSet, BEA, NBER. **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.

U.S. Recession Risk Indicators

- 12 variables have historically foreshadowed a looming recession
- The overall dashboard is currently signaling recession

		December 31, 2023	September 30, 2023	June 30, 2023
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

Data as of Dec. 31, 2023. Sources: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, and Bloomberg. The ClearBridge Recession Risk 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.

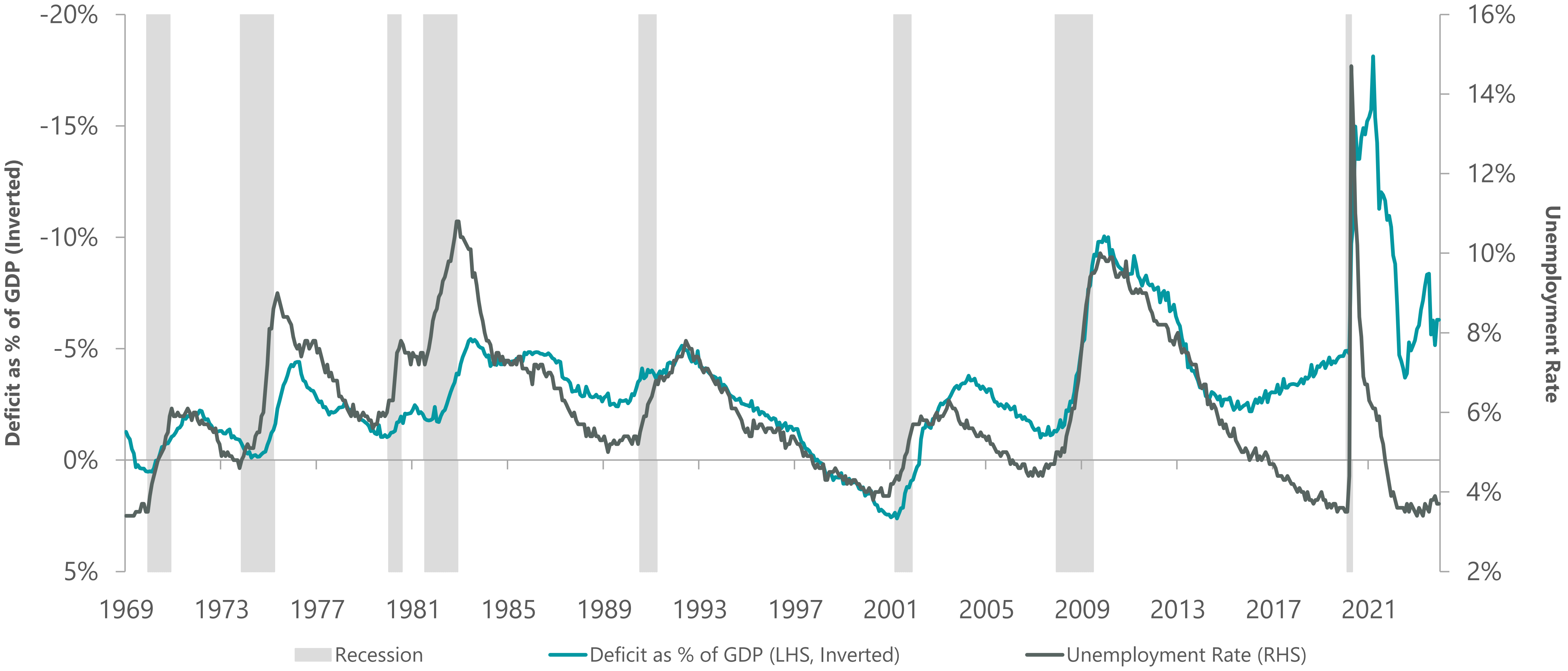
Long and Variable Lags

Start of a Persistent* Hike Cycle	Start of Recession	Recession Within 3.5 Years?	Duration of Hiking Cycle (Months)
Nov. 1958	April 1960	Yes	17
July 1963	Dec. 1969	No	76
Nov. 1968	Dec. 1969	Yes	12
Jan. 1973	Nov. 1973	Yes	9
Aug. 1977	Jan. 1980	Yes	29
Aug. 1980	July 1981	Yes	11
March 1984	July 1990	No	75
March 1988	July 1990	Yes	27
Feb. 1994	March 2001	No	85
June 1999	March 2001	Yes	20
June 2004	Dec. 2007	Yes	41
Dec. 2016	Feb. 2020	Yes	38
		Average for All Hiking Cycles	**37**
		Average When Recession Started within 3.5 Years	**23**

- **On average, a recession has historically begun a little over three years after a rate hike cycle gains momentum.**
- **In hard landing (recession) scenarios, this timeframe is condensed to just under two years.**

*A Persistent Hike Cycle is the period when the majority of Fed rate hikes occur in a tightening cycle. The date of the initial rate hike in the tightening cycle may not align with the start of the Persistent Hike Cycle. Sources: FactSet, Federal Reserve. **Past performance is not a guarantee of future results.**

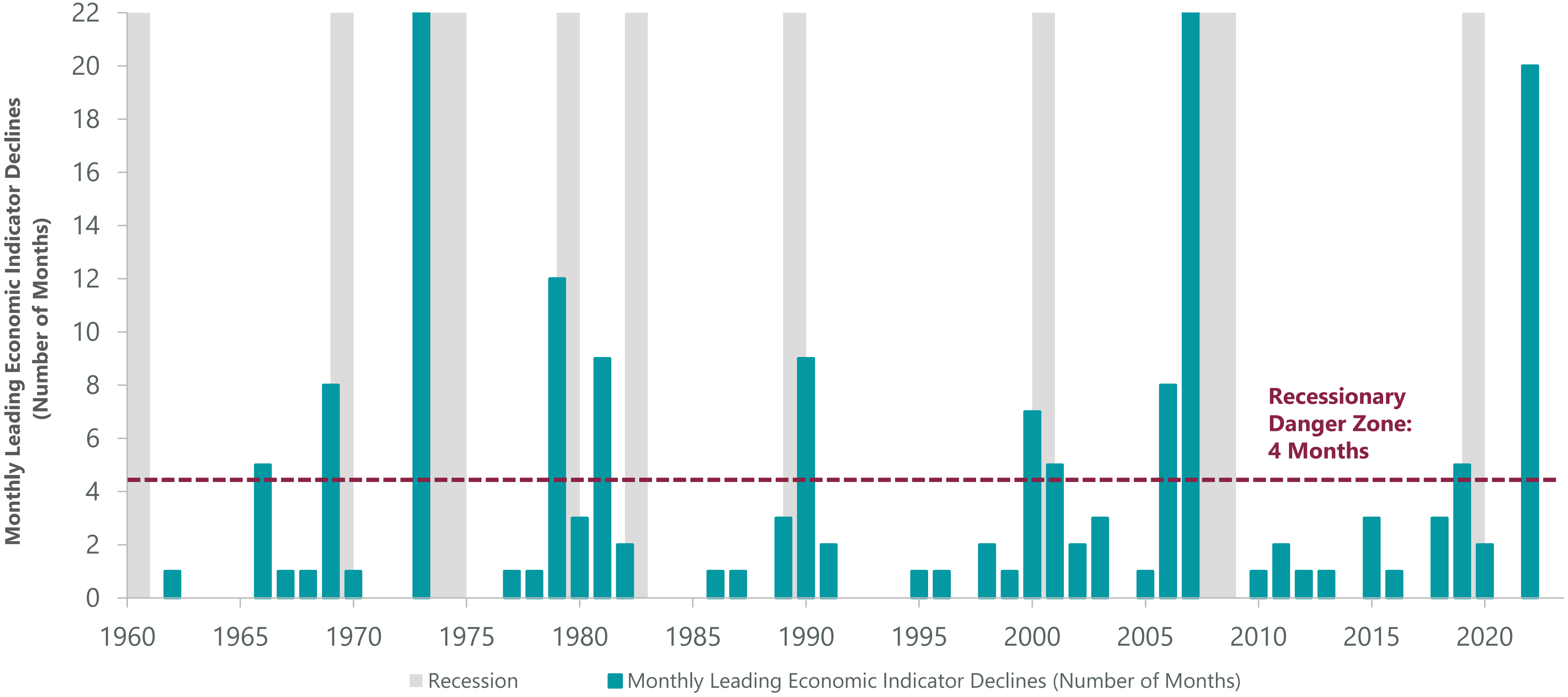
Huge Deficit, Low Unemployment?



- **The Federal deficit (as a % of GDP) tends to move in the opposite direction of the unemployment rate with tight labor markets (and a strong economy) helping to reduce deficits, and vice versa.**
- **At present, the deficit is at an unprecedented level given the strength of the economy, however, there are no additional spending bills on the horizon to further boost economic activity in 2024.**

As of Dec. 31, 2023. Sources: BLS, BEA, NBER, U.S. Treasury, Bloomberg. **Past performance is not a guarantee of future results.**

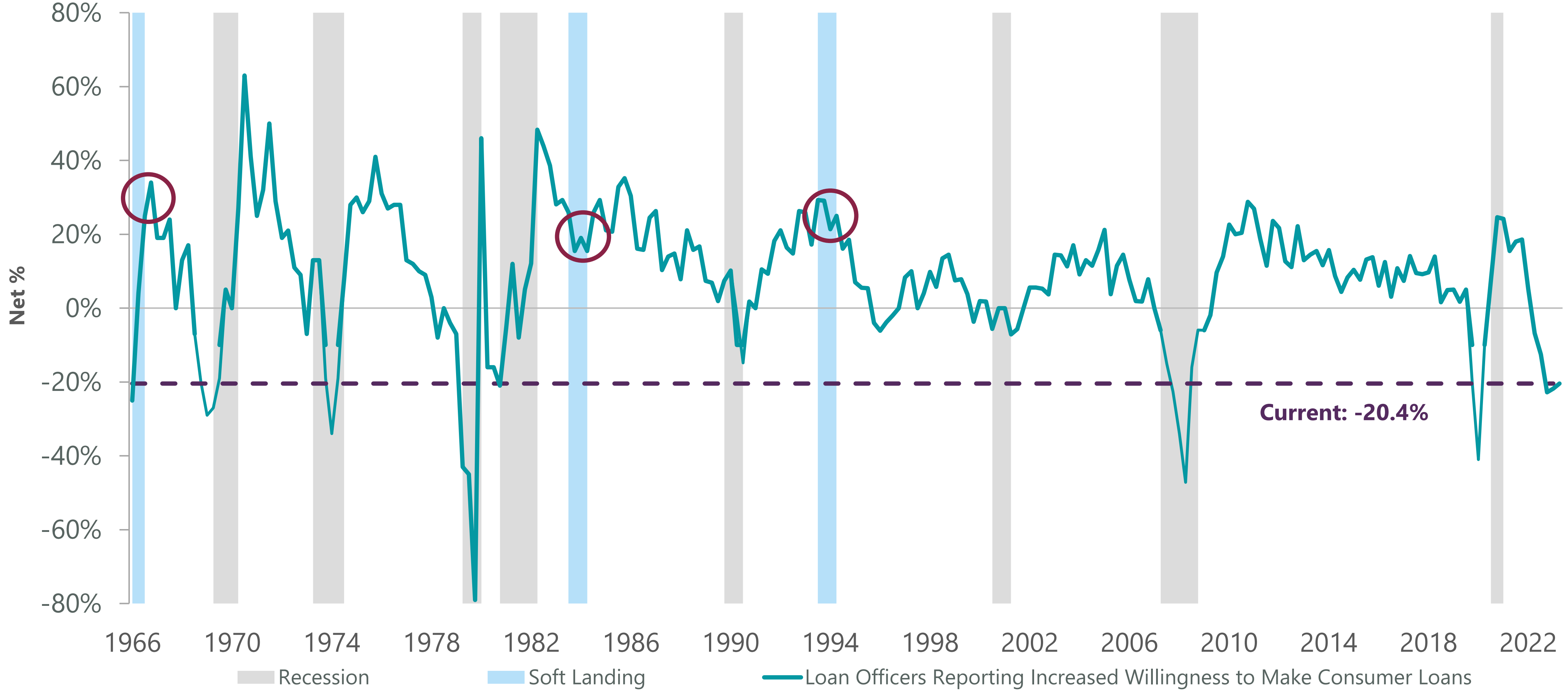
Leading Indicators Point to Recession



- **Historical declines in the Leading Economic Indicators lasting more than several months have foreshadowed economic downturns.**
- **The Leading Economic Indicators have been declining for the last 20 months.**

Data as of Nov. 30, 2023, latest available as of Dec. 31, 2023. Sources: The Conference Board, FactSet, NBER. **Past performance is not a guarantee of future results.**

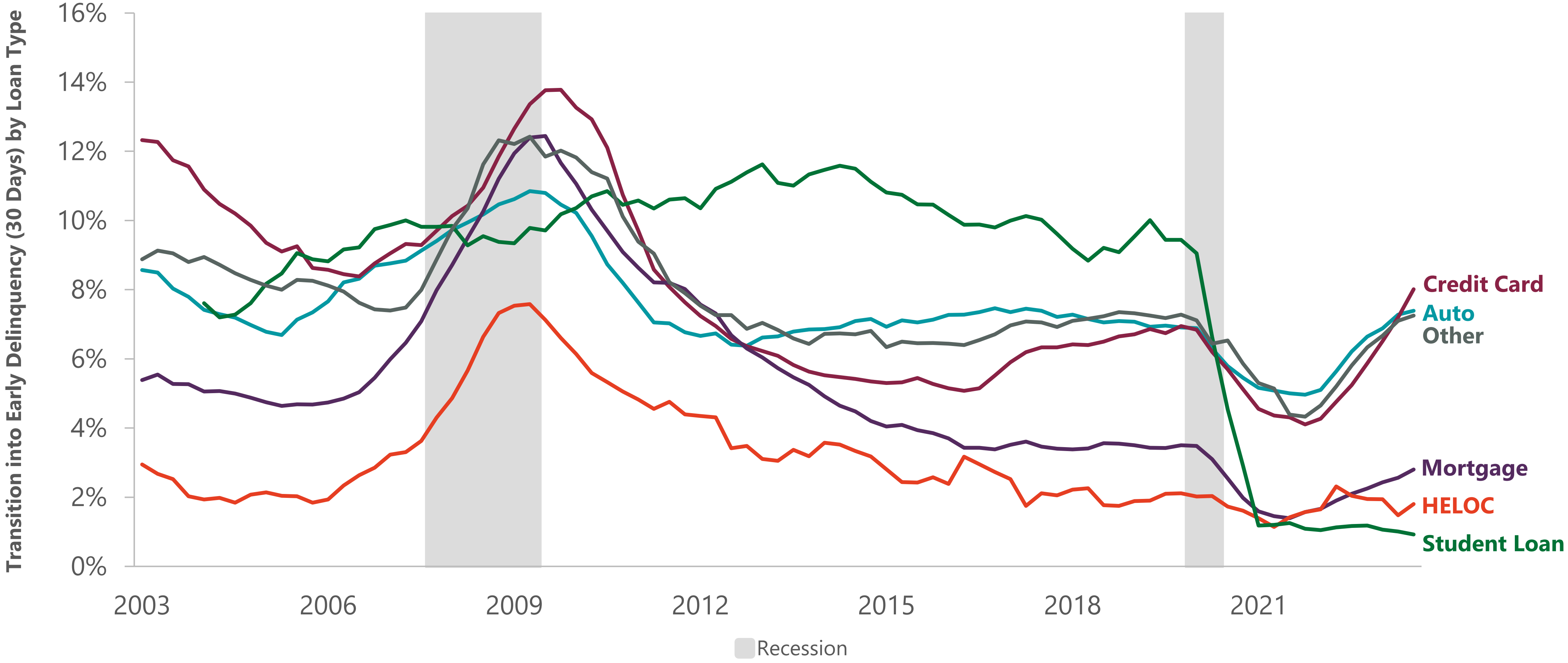
Lending Standards Retrenching



- **Lending standards tightening to the current degree has historically presaged a U.S. economic downturn. By contrast, soft landings have typically seen more accommodating credit conditions.**
- **This dynamic is playing out, with the percentage of people reporting credit is harder to obtain versus one year ago at 58%, up from 32% in September 2021.**

Data as of Dec. 31, 2023. Sources: Federal Reserve, FactSet, NBER. **Past performance is not a guarantee of future results.**

Delinquency Rates Rising

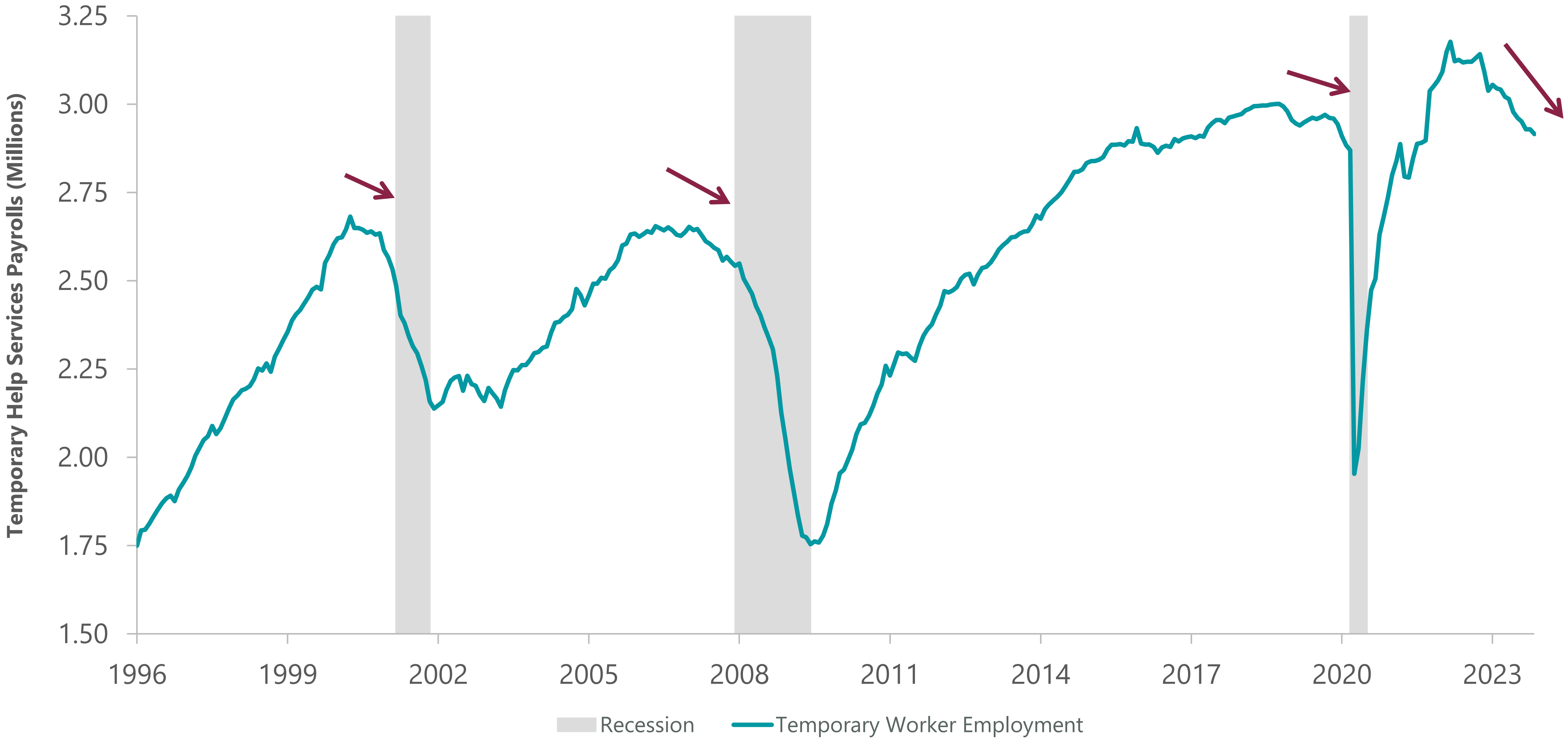


- Rising delinquency rates are typically a sign of consumer balance sheet fatigue and increasing recession odds.
- Consumers are facing additional pressure with the student loan payment moratorium now expired and meaningful upticks in borrowing costs. For example, credit card rates are 6% above the pandemic lows while a 48-month auto loan is up 3%, on average.

HELOC stands for Home Equity Line of Credit. Data as of Sept. 30, 2023, latest available as of Dec. 31, 2023. Source: NY Fed, Equifax, NBER.

Past performance is not a guarantee of future results.

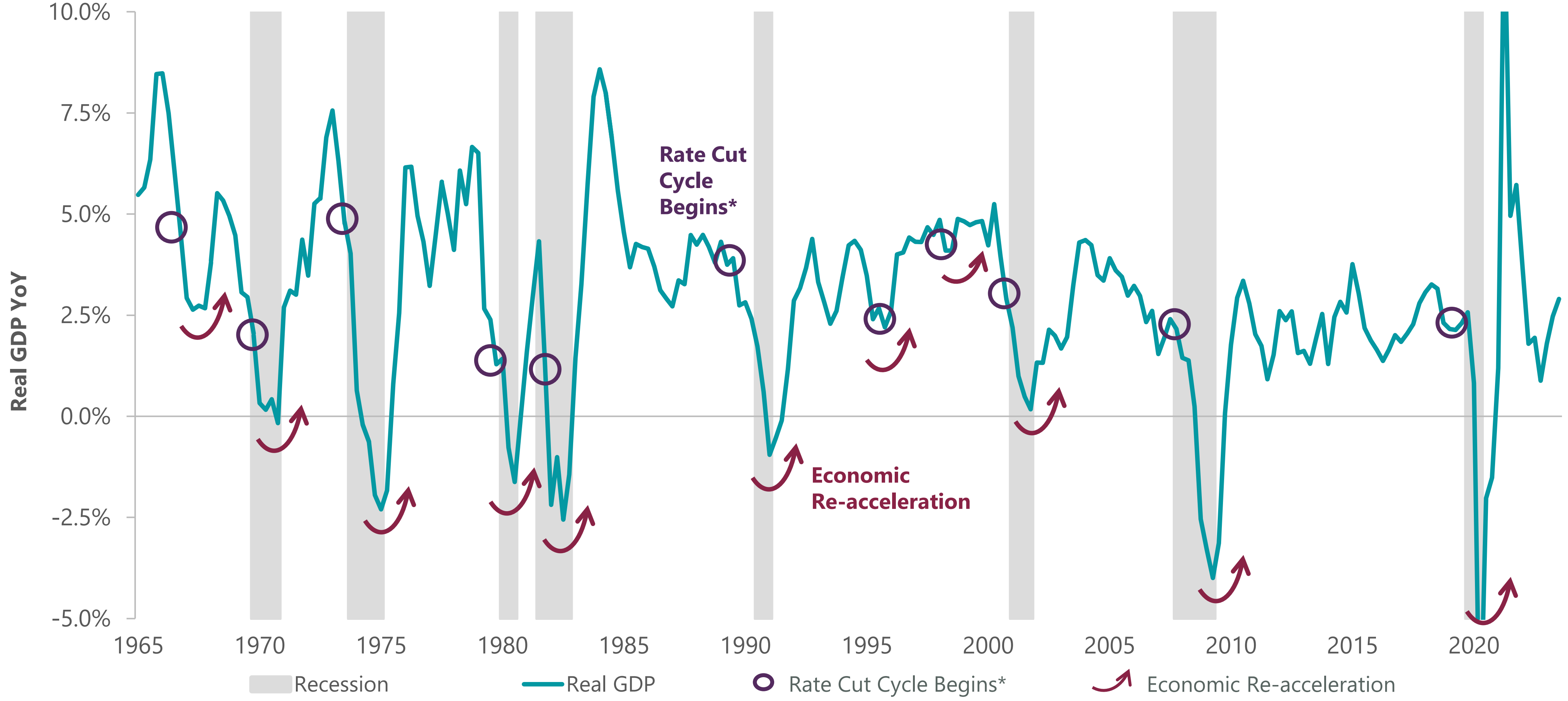
Temp Trends Troubling



- **A rollover in temporary worker employment has preceded each of the last three recessions as temps are often laid off before full-time employees.**

Data as of Nov. 30, 2023, latest available as of Dec. 31, 2023. Sources: BLS, NBER, Federal Reserve Bank of St. Louis.

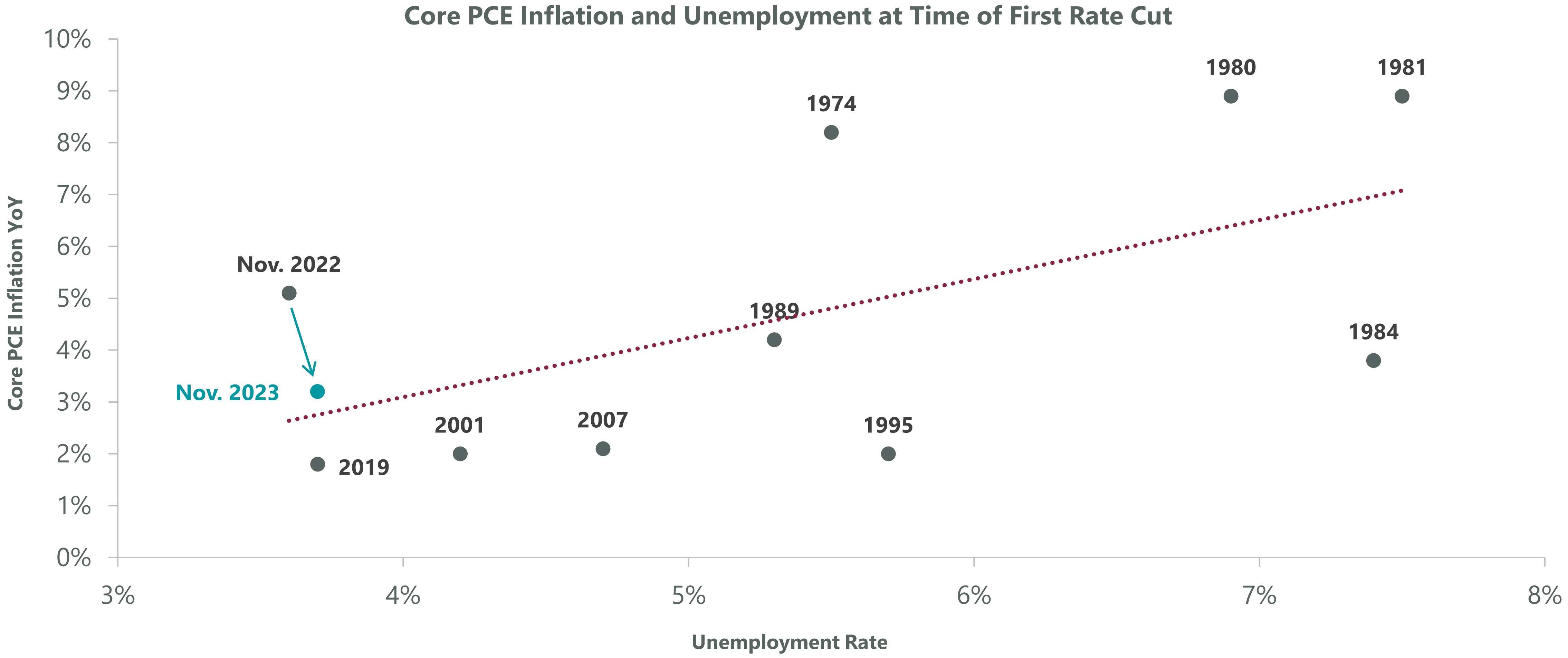
Economy Needs Fed Resuscitation



- **Inflections higher in economic growth have historically only followed sustained Fed rate cut cycles by nearly two quarters on average.**
- **With inflation moderating, the Fed now has the flexibility to provide monetary support if needed, which raises the probability of a soft landing.**

*Rate Cut Cycles of at least 75 bps that did not occur within broader hiking cycles. Data as of Sept. 30, 2023, latest available as of Dec. 31, 2023. Source: BEA, Federal Reserve, FactSet, NBER. **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.

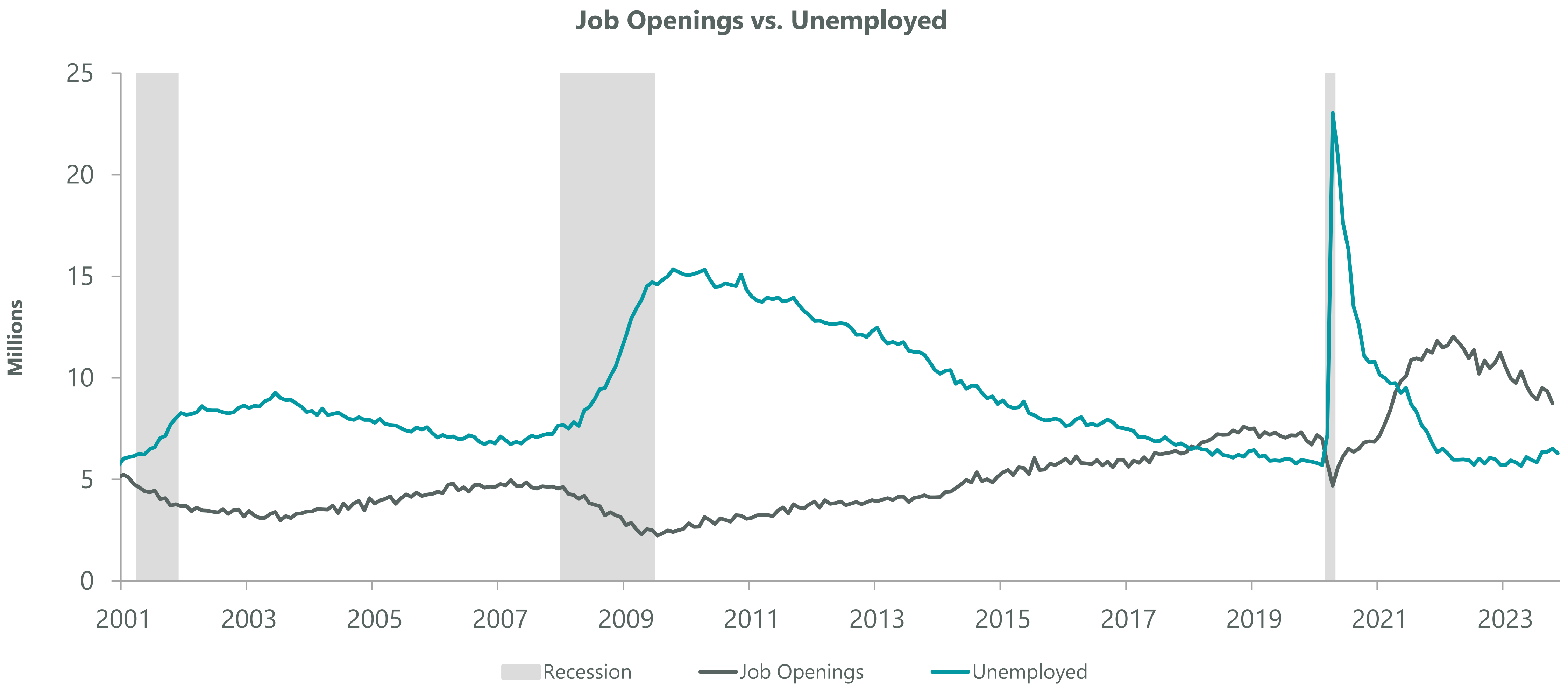
Inflation No Longer Primary Consideration



- **Over the last 6 months core PCE has come in at 1.9% on an annualized basis, indicating that the Fed is on track to bring inflation back to its 2% target in 2024.**
- **With inflation cooling, the Fed has more latitude to cut rates and support the full employment side of its dual mandate**

Data as of Dec. 31, 2023. Sources: FactSet, BLS, BEA, FOMC, Bloomberg. **Past performance is not a guarantee of future results.**

Softer Demand, Better Balance



- **From peak, job openings have dropped by 3.3 million which has helped loosen the labor market without a substantial rise in unemployment so far.**
- **Should this trend continue, the prospects for a soft landing will continue to improve.**

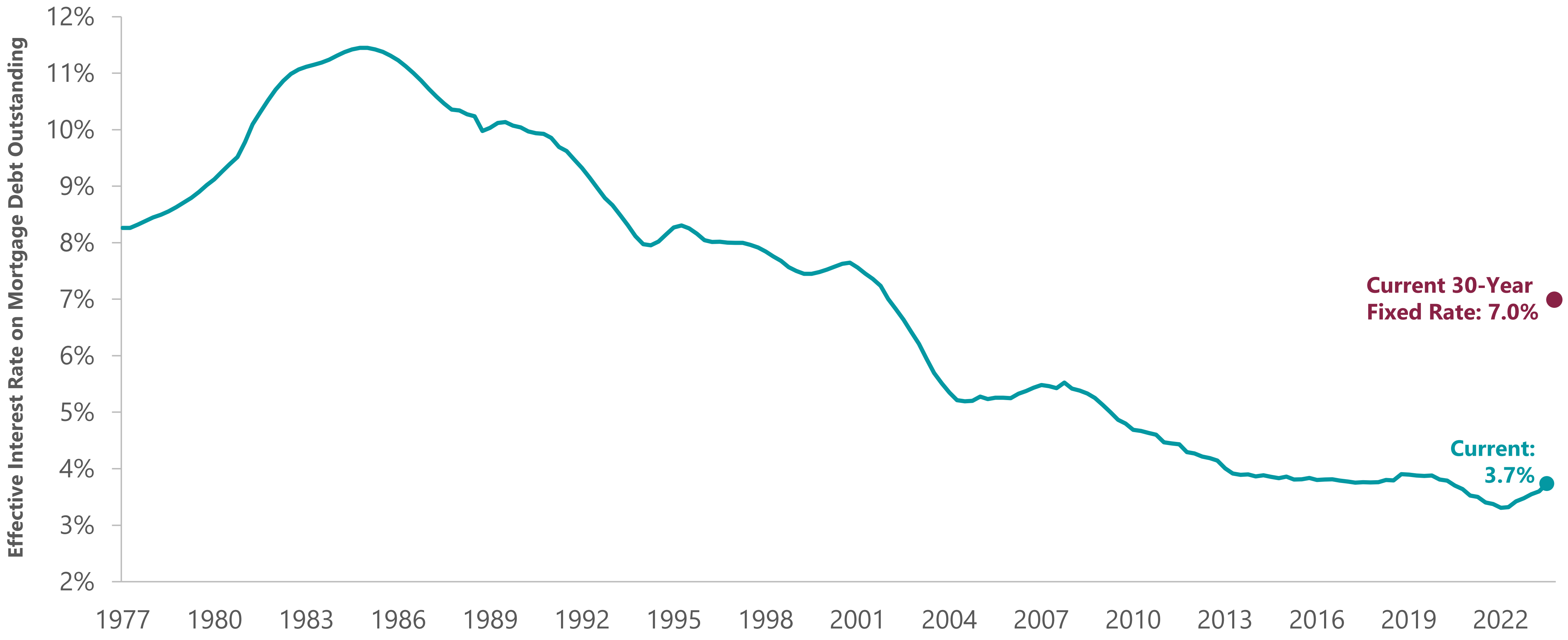
Job Openings data as of Oct. 31, 2023, latest available as of Dec. 31, 2023. Unemployment data as of Nov. 30, 2023, latest available as of Dec. 31, 2023.
Sources: FactSet, BLS, St. Louis Fed, NBER. **Past performance is not a guarantee of future results.**

Improving Supply, Better Balance

- **Over the last 12 months, the labor force has increased by 3.7 million workers, helping to bring better balance to the labor market and easing wage pressures.**

Data as of Nov. 30, 2023, latest available as of Dec. 31, 2023. Sources: FactSet, DOL. **Past performance is not a guarantee of future results.**

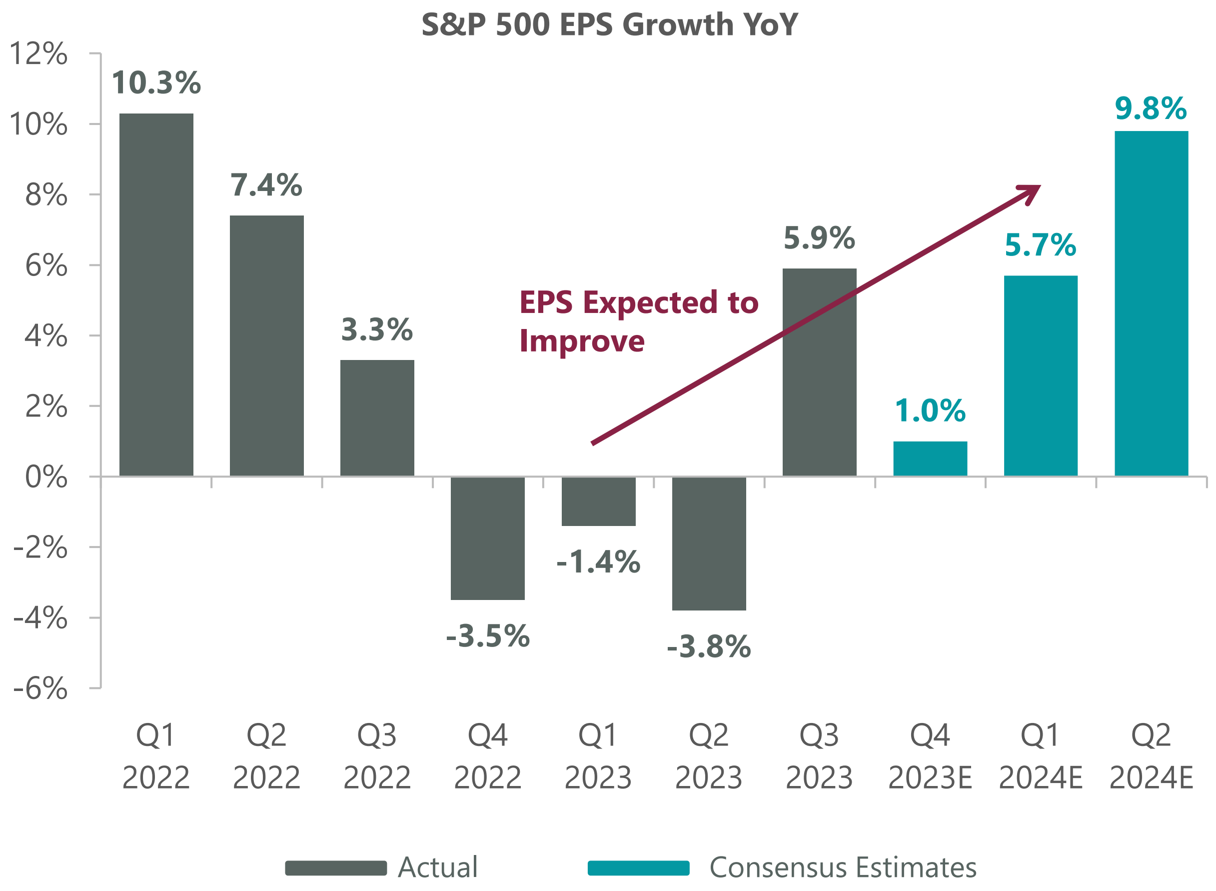
Consumers are Locked In

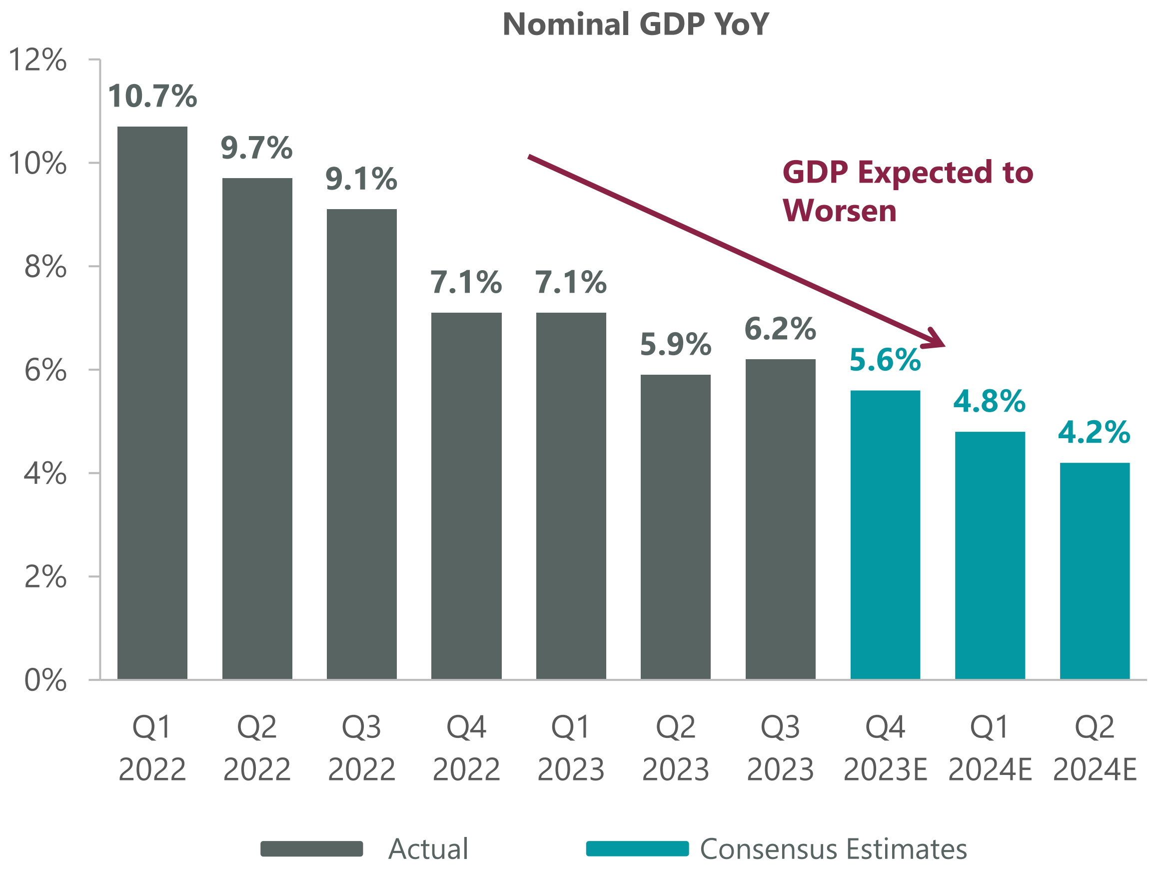


- **The U.S. consumer has become less interest rate sensitive with lower utilization of adjustable-rate mortgages in favor of fixed.**
- **As a result, while the current 30-year fixed mortgage rate is above 7%, the average rate consumers are paying is just 3.7%.**

30-year fixed rate data as of Dec. 29, 2023, effective interest rate on mortgage debt outstanding as of Sept. 30, 2023, latest available as of Dec. 31, 2023. Sources: FactSet, BEA, Mortgage Bankers Association. **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.

Who’s Right?

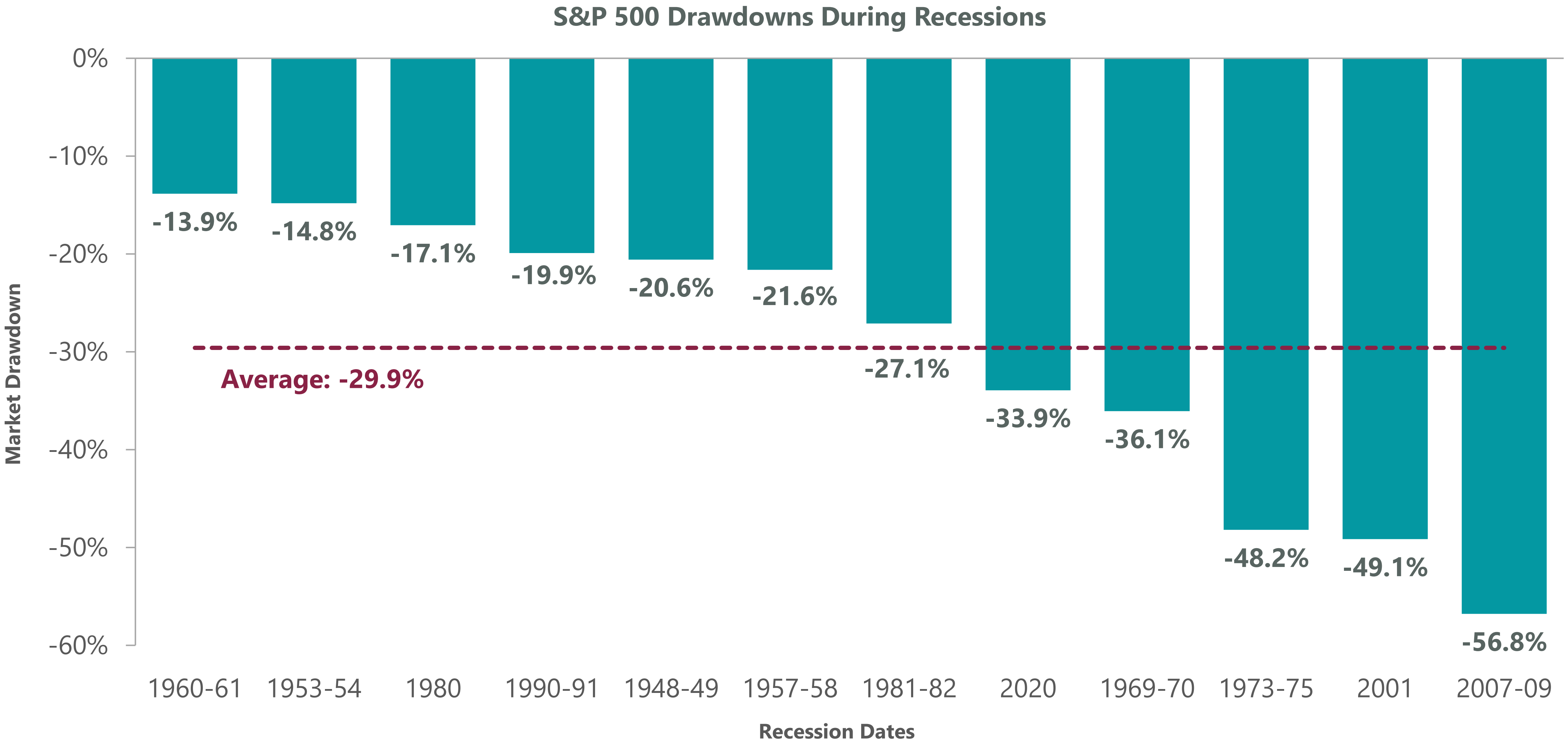




- **Consensus estimates for equity markets and the economy have diverged, providing fuel for both the bulls and the bears.**

EPS Growth YoY is YoY growth of current constituents. Data as of Dec. 31, 2023. Sources: Bloomberg, BEA, 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.

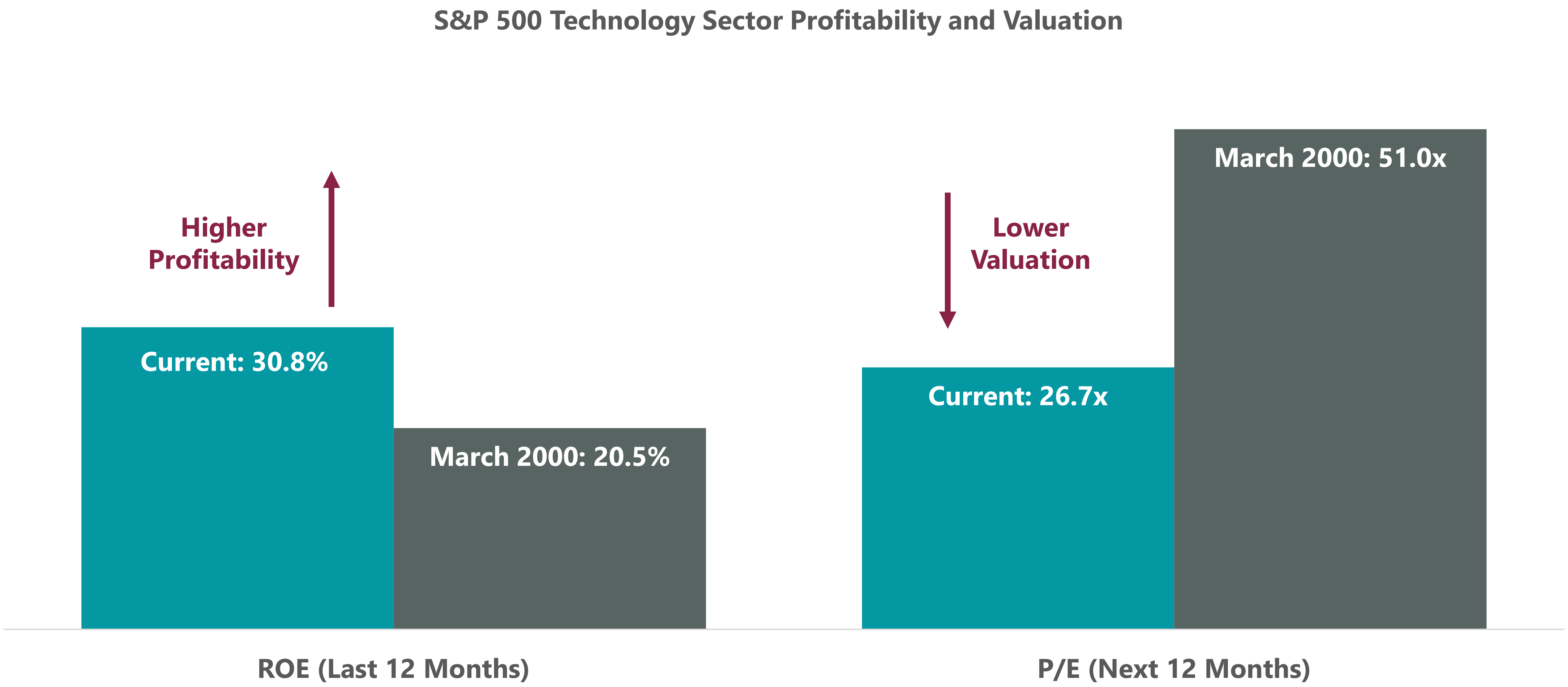
S&P 500 Recessionary Drawdowns



- **Since World War II, the average recessionary selloff has been -29.9%.**

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.

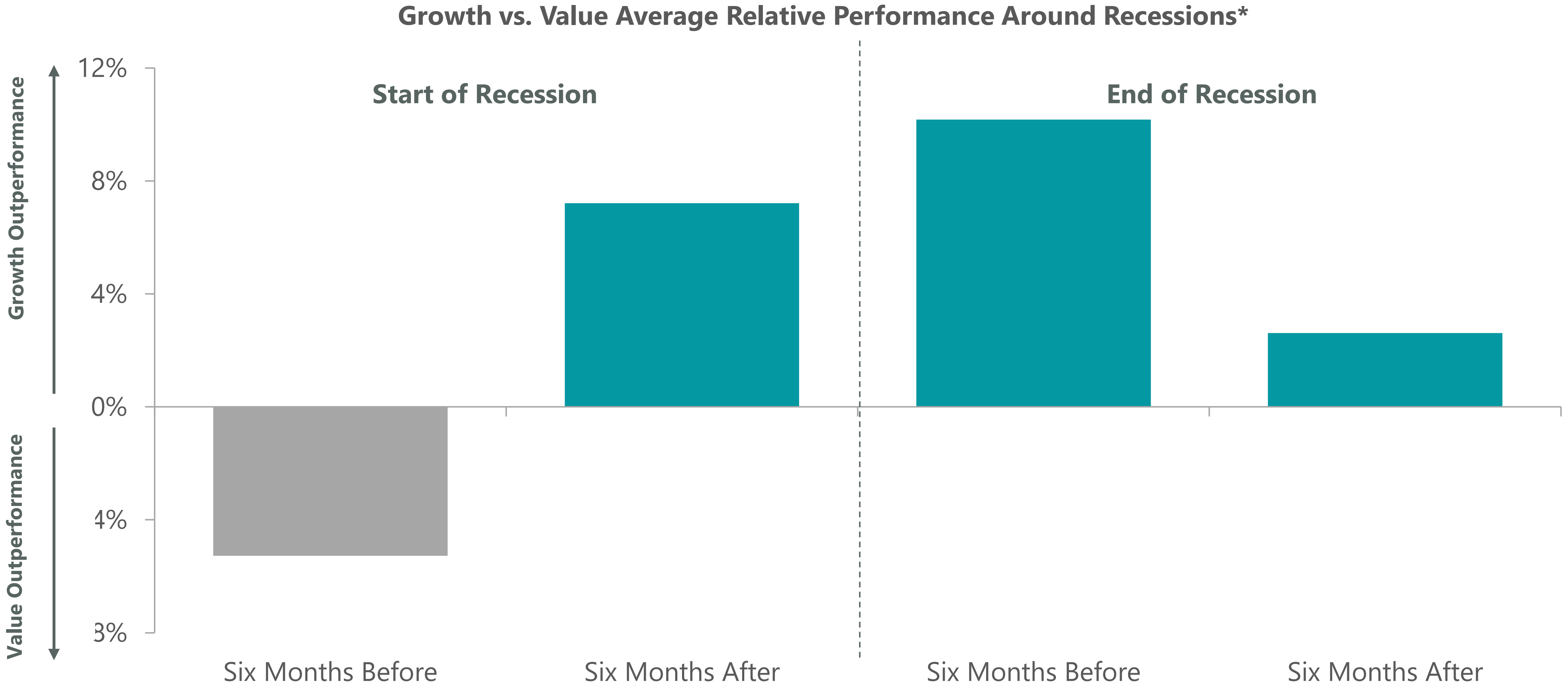
Not the Dot Com



- **Although valuations in AI beneficiaries expanded rapidly in 2023, the Technology sector remains well below the levels seen at the height of the dot com bubble.**
- **Importantly, companies today are more profitable (higher ROEs), which may provide a buffer against future disappointments.**

Data as of Dec. 31, 2023. 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.

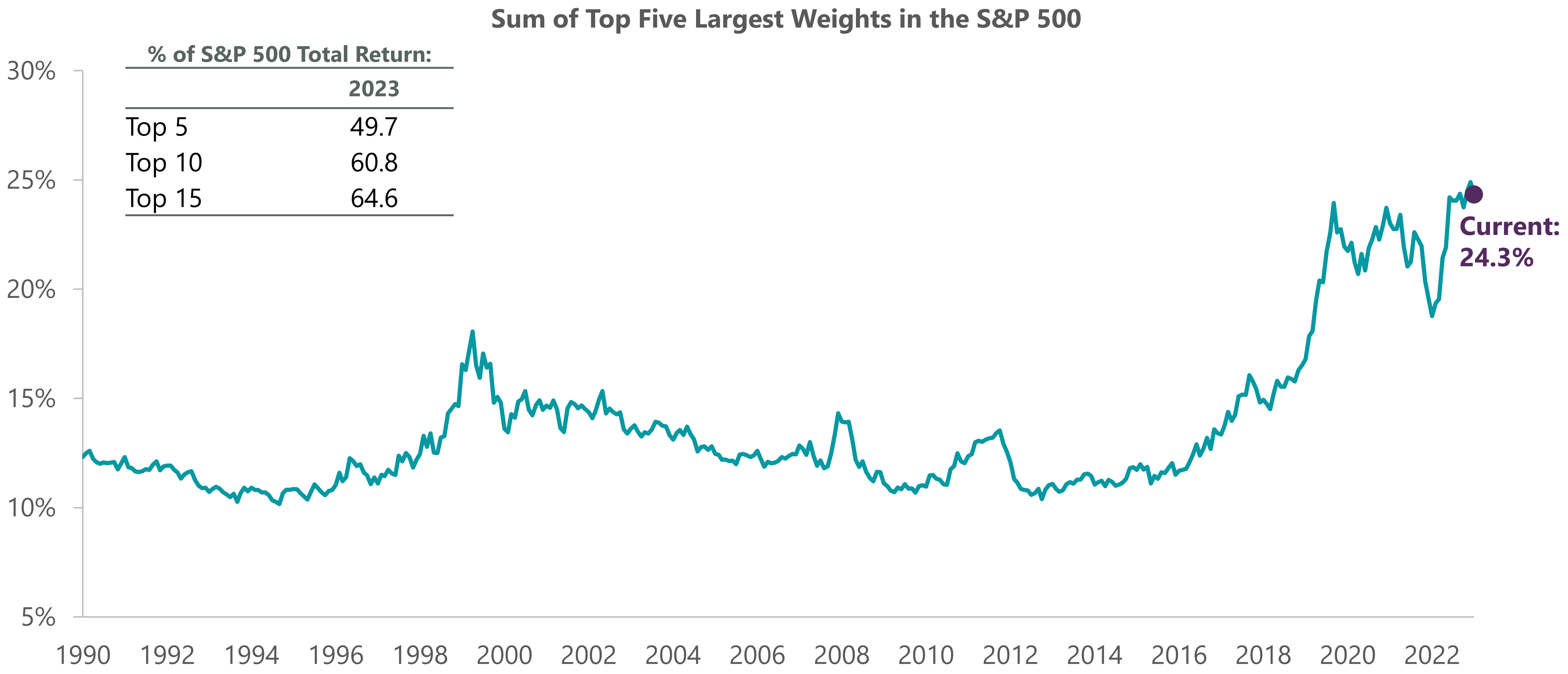
Leadership To and Through Recessions



- **Typically, Value has outpaced Growth leading into a recession.**
- **However, leadership often flips with Growth picking up the baton once the recession is underway.**

*Averages in the chart include the last three NBER recessions that occurred from March 15, 2001 through Nov. 16, 2001, Dec. 15, 2007 through June 15, 2009, and Feb. 15, 2020 through April 15, 2020. Indices used for each asset class include the following: Growth - Russell 1000 Growth; Value - Russell 1000 Value. Sources: NBER, 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.

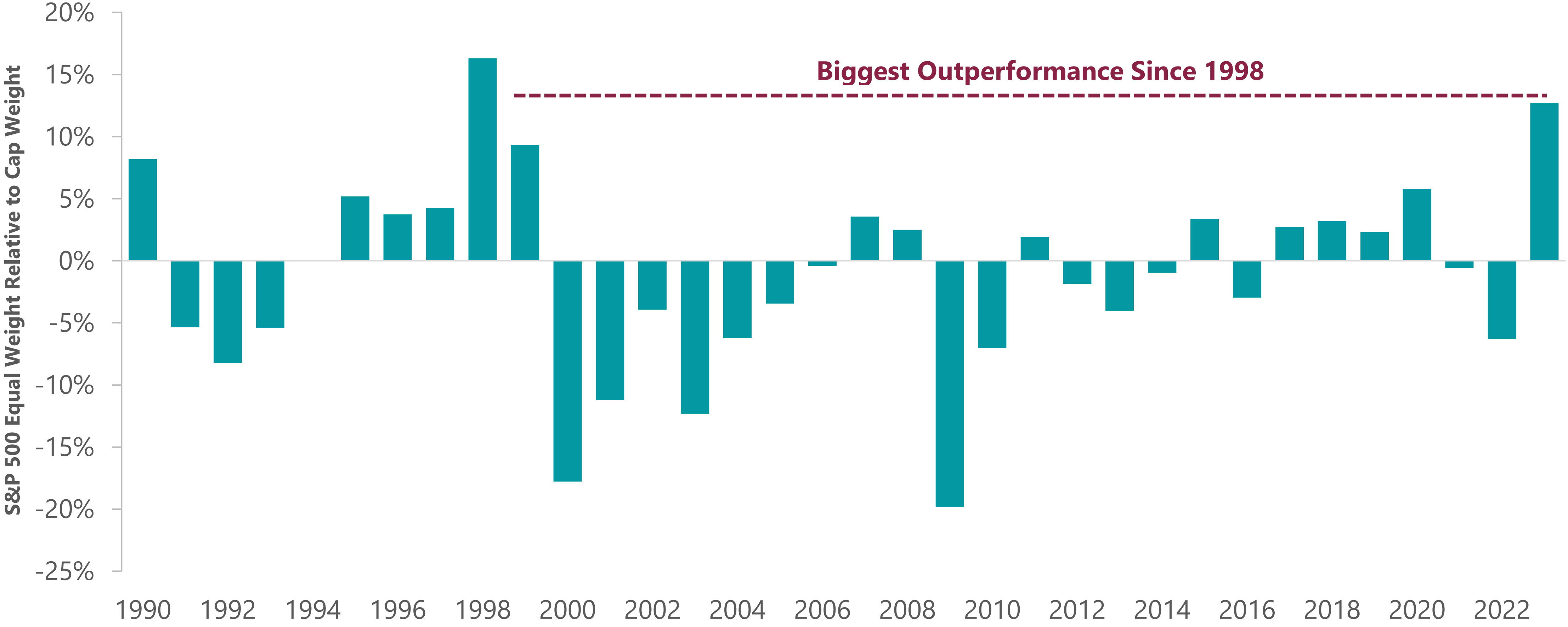
Trouble Concentrating?



- **The weight of the largest stocks in the benchmark is near the highest levels in recent history.**
- **While this dynamic can persist, history suggests that a reversion to the mean will eventually occur with the average stock outperforming in the coming years.**

Data as of Dec. 31, 2023. Sources: S&P, FactSet, and Bloomberg. **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.

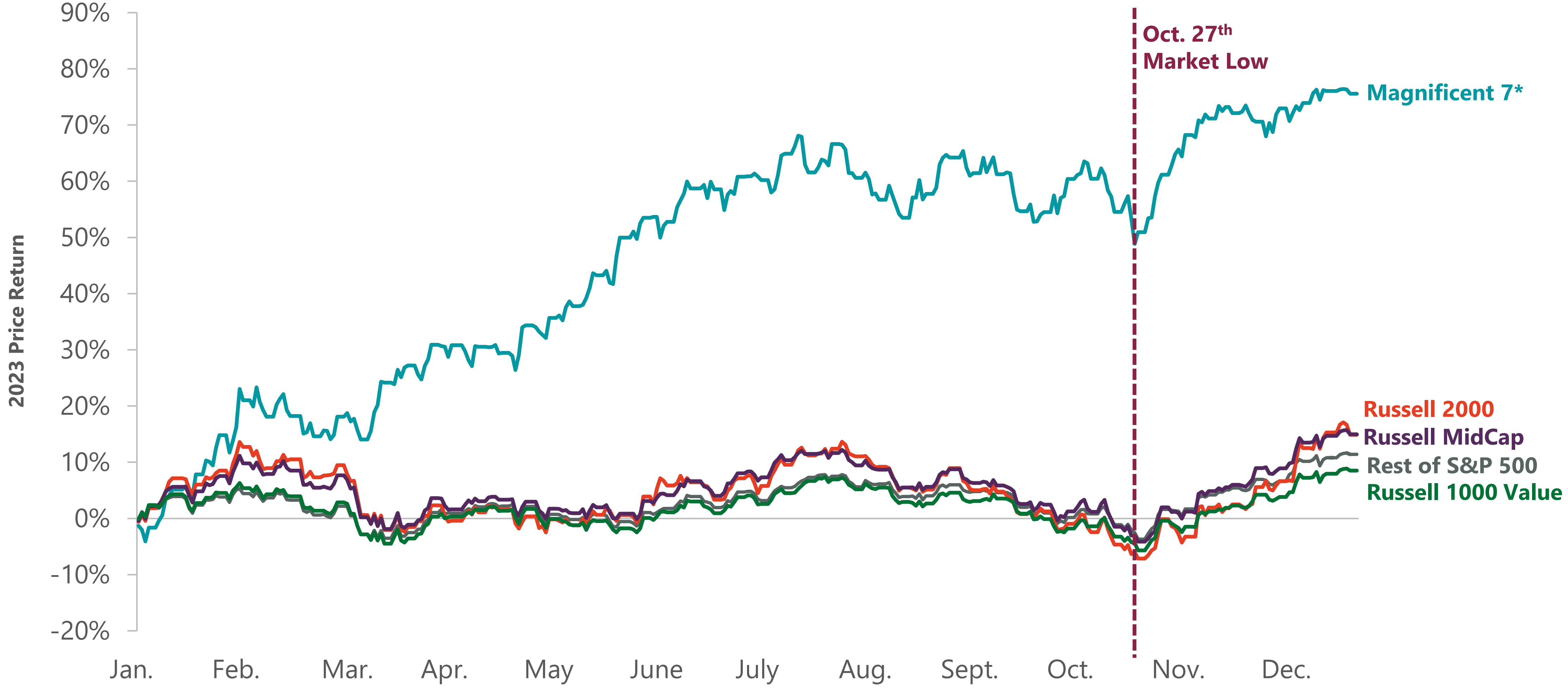
S&P 500 Equal vs. Cap Weighted



- **A handful of the largest companies had an outsized impact on the S&P 500 in 2023, leading the cap-weighted index to outpace the equal-weighted version by 12.7%, the largest gap since 1998.**
- **The period following the late 1990s – which, like today, observed elevated market concentration and pronounced mega-cap outperformance – witnessed a reversion to the mean for valuations and performance with previous leaders becoming laggards and vice versa.**

Data as of Dec. 31, 2023. 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.

The Mag 7 and Everyone Else



- **2023 saw narrow market leadership dominated by the Magnificent 7.**
- **Since the October lows, leadership has broadened out with the relative advantage of the Magnificent 7 diminishing and the prospects of a soft landing improving.**

*Magnificent 7 data is cap weighted and refers to the following set of stocks: Microsoft (MSFT), Amazon (AMZN), Meta (META), Apple (AAPL), Google parent Alphabet (GOOGL), Nvidia (NVDA), and Tesla (TSLA). Data as of Dec. 31, 2023. Sources: FactSet, Russell, 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.

Copious Cash on Sidelines

Change in Money Market Fund AUM One Year Following Major Market Lows

Year	Money Market AUM Net Change (Millions)	Money Market AUM Percent Change	Fed Funds Rate
1990	$55,580	13.5%	5.25%
1998	$215,000	16.9%	5.25%
2002	-$81,620	-3.7%	1.00%
2009	-$815,860	-20.9%	0.25%
2016	-$78,570	-2.9%	0.75%
2018	$565,460	18.6%	1.75%
2020	$226,310	5.4%	0.25%
2022	$1,118,160	24.4%	5.50%

Largest Increase Following a Major Market Low

- **In the year following the October 2022 lows, investors flocked into money market funds with a net increase of over $1.1 trillion, or 24.4%.**
- **This is the largest jump following a major market low and could represent a source of further upside for equities should a soft landing materialize.**

Data as of Dec. 31, 2023. Sources: S&P, Bloomberg. **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.

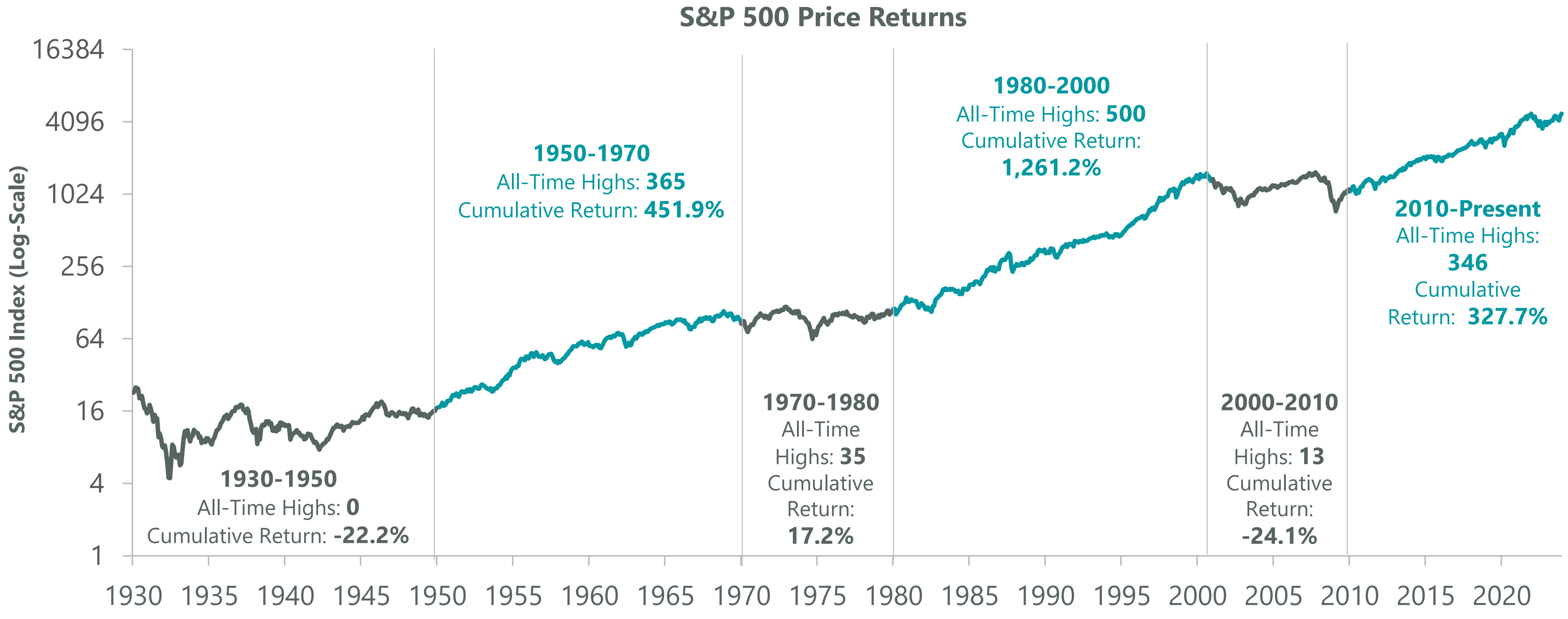
Strength Begets Strength

1st All Time High in 12+ Months	Subsequent S&P 500 Price Return (%)		
Date	**3 Months**	**6 Months**	**1 Year**
Sept. 1954	10.4%	13.0%	41.8%
Sept. 1958	8.7%	12.4%	14.1%
Jan. 1961	6.9%	8.8%	11.3%
Sept. 1963	1.3%	7.7%	13.6%
May 1967	1.6%	**-2.7%**	4.6%
Mar. 1972	**-0.5%**	1.6%	4.9%
July 1980	8.3%	11.0%	7.7%
Nov. 1982	1.0%	13.6%	14.4%
Jan. 1985	3.4%	11.4%	17.4%
July 1989	0.0%	**-3.6%**	5.3%
Feb. 1995	8.9%	16.0%	35.9%
May 2007	**-4.7%**	**-3.2%**	**-8.5%**
Mar. 2013	2.4%	7.8%	18.4%
July 2016	0.0%	6.5%	13.5%
Average	**3.4%**	**7.2%**	**13.9%**
% Positive	**71.4%**	**78.6%**	**92.9%**

- **New all time highs following 12 (or more) month periods of consolidation have historically given way to further upside.**

Data as of Dec. 31, 2023. 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.

New Secular Bull Market?



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 8.3% on average with positive returns 70% of the time.**

Secular bear market average drawdown includes selloff beginning September 1929. Data as of Dec. 31, 2023. Sources: Bloomberg, 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.

Economic and Market Summary

First Quarter 2024

U.S. Economic Outlook

- U.S. recession risks are moderating with three individual indicator upgrades last quarter, but an overall red signal suggests continued caution.
- The lagged effects of Fed tightening and a reduced fiscal impulse will likely bring economic activity below trend in 1H 2024, creating a growth scare.
- Consumption appears poised to slow on the back of a softening labor market and already strained consumer balance sheets.

U.S. Market Outlook

- Double-digit 2024 earnings expectations along with elevated valuations (19.5x NTM P/E) present potential downside risk to the S&P 500 near term.
- We continue to believe that markets will experience heightened volatility until visibility is restored regarding the path forward for the economy and earnings.
- Historically, the S&P 500 typically moves higher after not hitting an all-time high for over a year, providing good opportunities for long-term investors.

Recession Dashboard Overall Signal

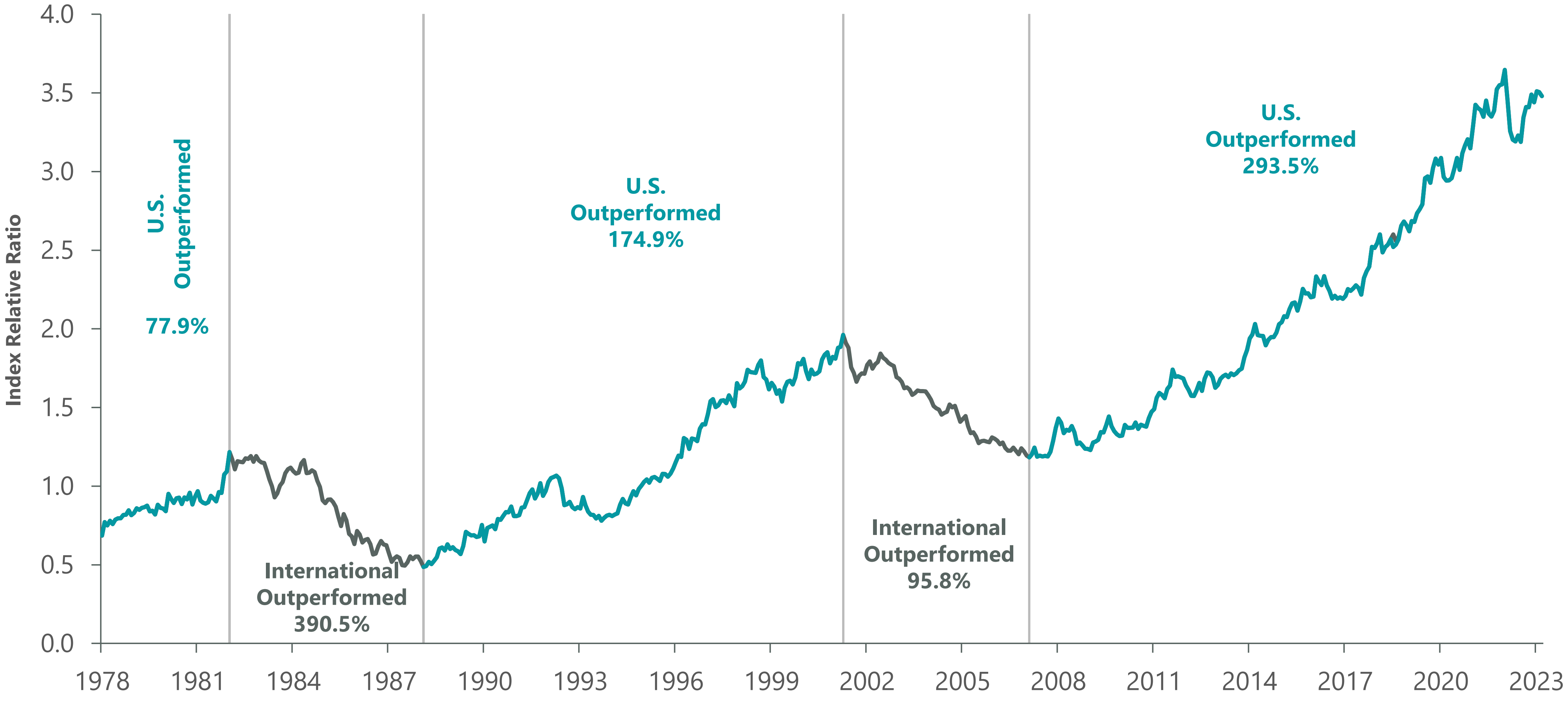
Recession

As of Dec. 31, 2023. 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.

International

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.

U.S. vs. International Equity Regimes



Geographic leadership has historically persisted for prolonged periods.

Note: S&P 500 (Total Return) vs. MSCI EAFE (Net Return). Data as of Dec. 31, 2023. 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.

Leadership Rarely Persists

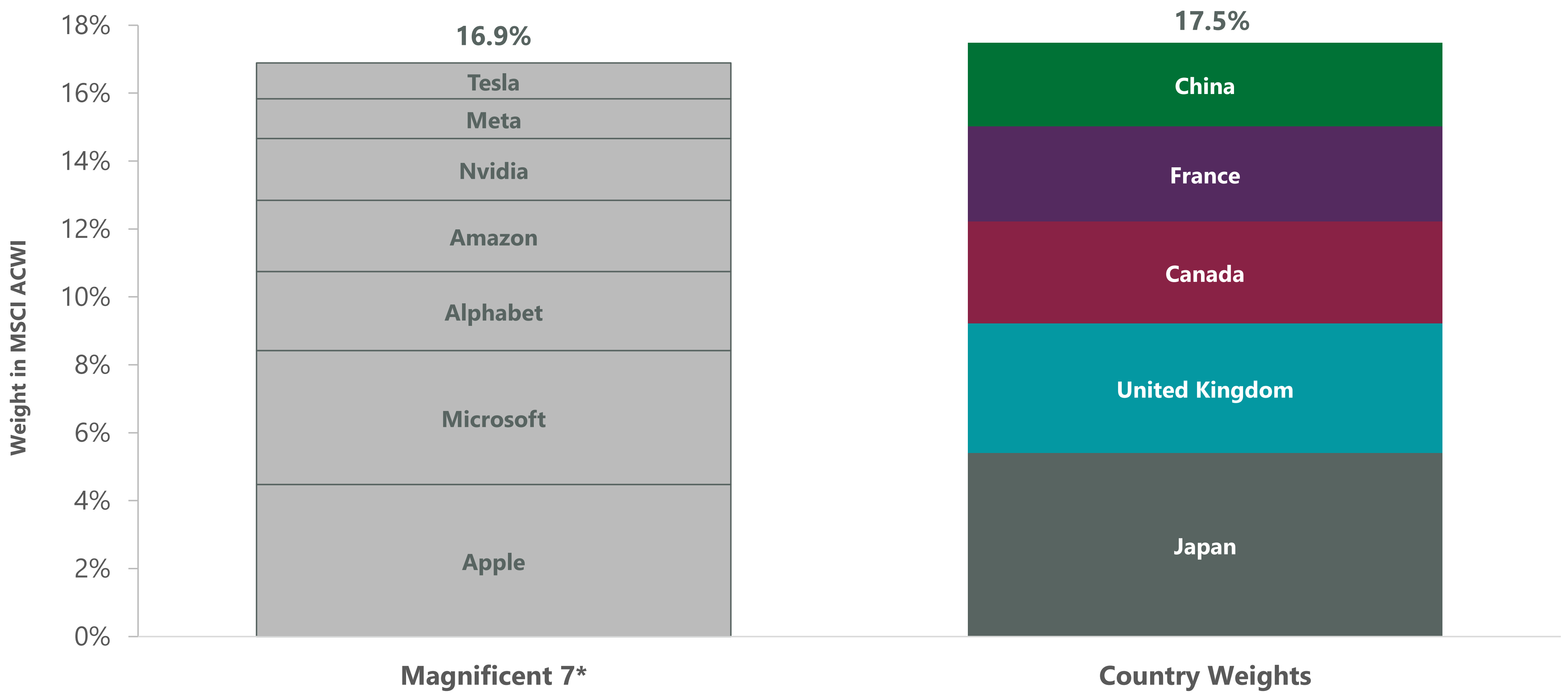
Top 10 Companies by Market-Value at Decade End

1980	1990	2000	2010	2020
IBM	NTT	Microsoft	Exxon	Apple
AT&T	Bank of Tokyo	GE	PetroChina	Microsoft
Exxon	Industrial Bank of Japan	NTT Docomo	Apple	Alphabet
Standard Oil	Sumitomi Mitsui	Cisco	BHP Billiton	Amazon
Schlumberger	Toyota	Walmart	Microsoft	Facebook
Shell Oil	Fuji Bank	Intel	ICBC	Alibaba
Mobil	Dai-Ichi Kangyo Bank	NTT	Petrobras	Berkshire Hathaway
Eastman Kodak	IBM	Exxon	China Construct. Bank	Tencent
Atlantic Richfield	UFJ Bank	Lucent	Royal Dutch Shell	JPMorgan
GE	Exxon	Deutsche Telecom	Nestle	Visa

- **The largest companies in the world have rarely held onto their leadership position for prolonged periods in the past.**
- **With U.S. companies currently dominating the list, history suggests the potential for a stronger international showing in coming decade.**

Source: Strategas. 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.

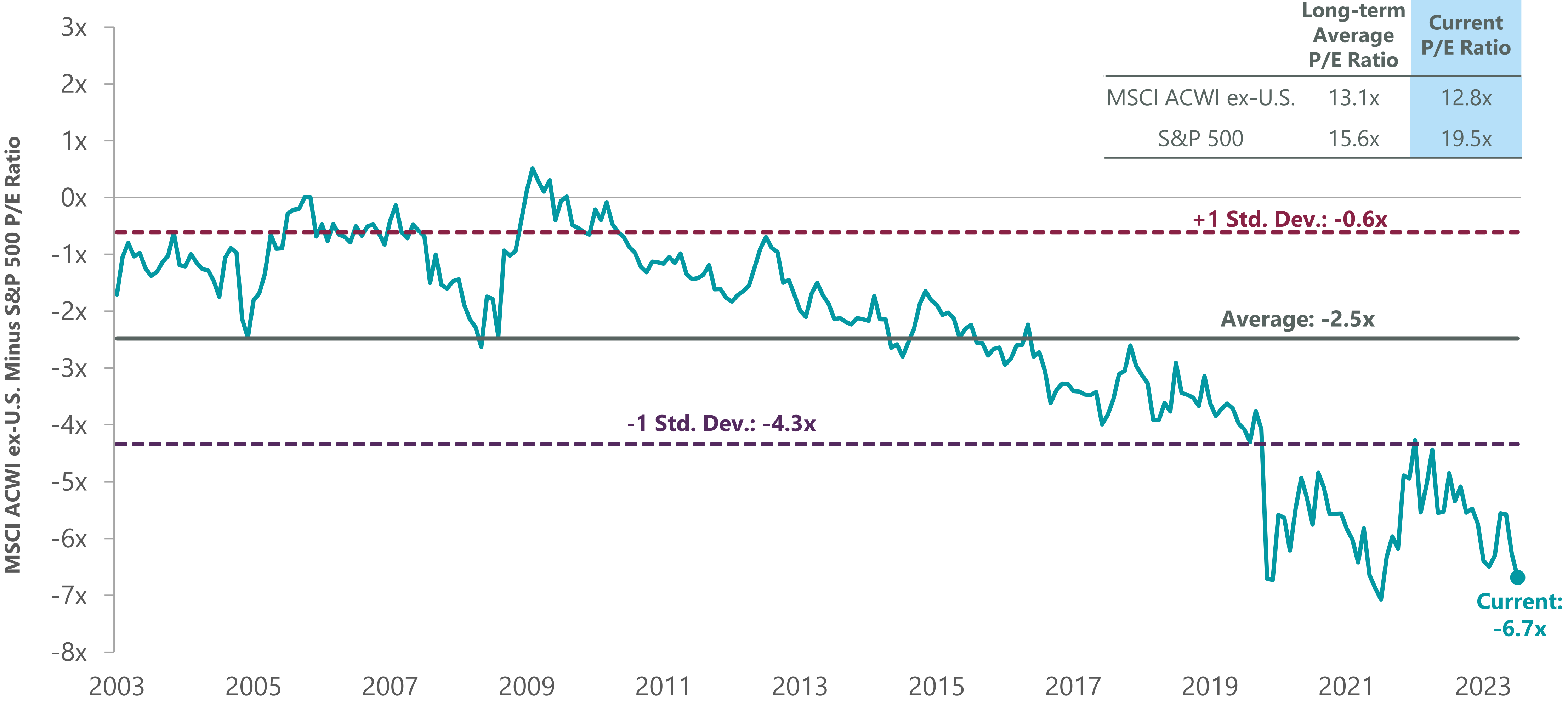
The Mag 7 in a Global Context



- **The weight of the Magnificent 7 in the ACWI is now nearly equivalent to the combined weight of Japan, the U.K., China, France, and Canada.**

*Magnificent 7 data refers to the following set of stocks: Microsoft (MSFT), Amazon (AMZN), Meta (META), Apple (AAPL), Google parent Alphabet (GOOGL), Nvidia (NVDA), and Tesla (TSLA). Data as of Dec. 31, 2023. Source: FactSet, 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.

Global Valuations Attractive

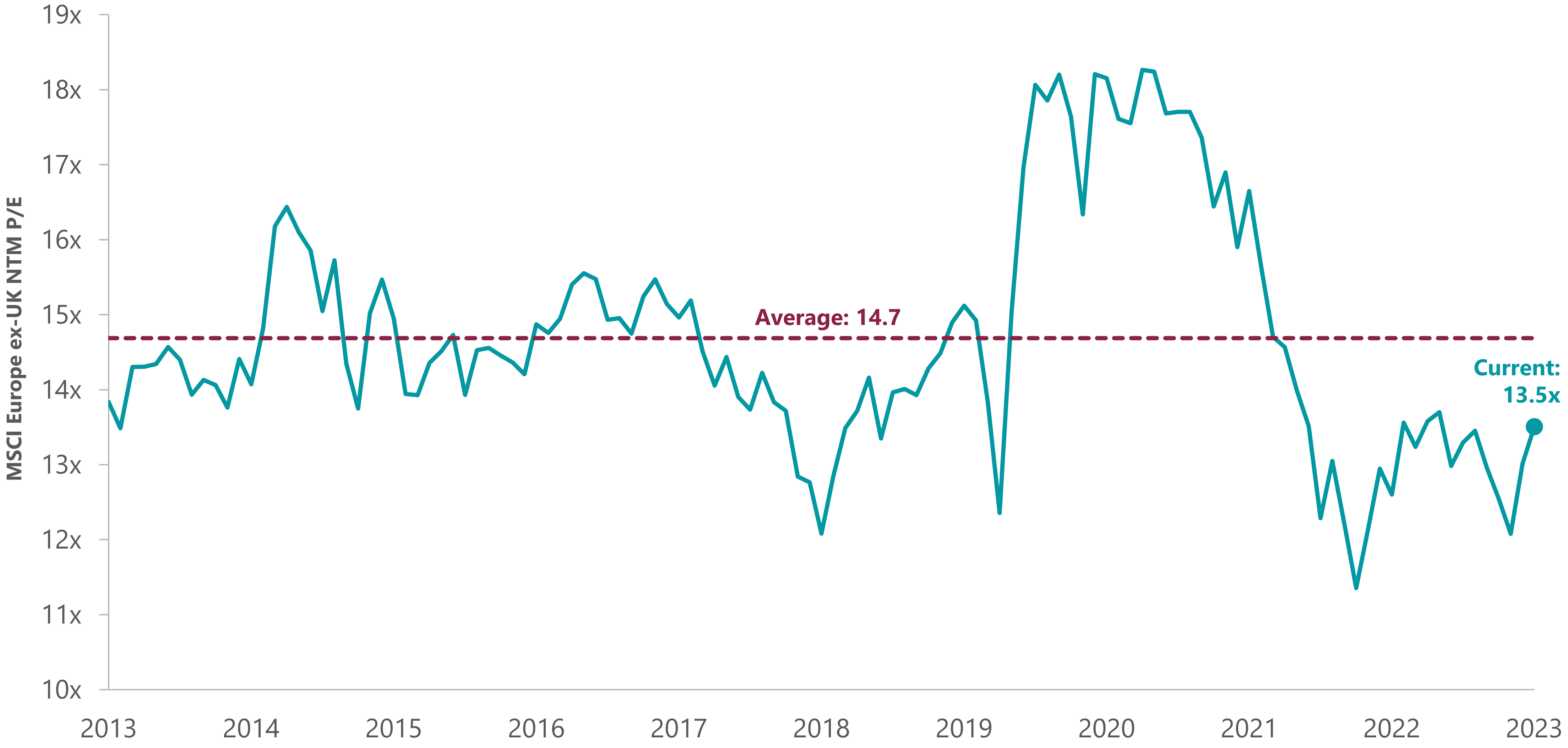


	Long-term Average P/E Ratio	Current P/E Ratio
MSCI ACWI ex-U.S.	13.1x	12.8x
S&P 500	15.6x	19.5x

Although U.S. equities typically trade at a premium, international stocks are currently cheap compared to history.

As of Dec. 31, 2023. Sources: FactSet, MSCI, 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.

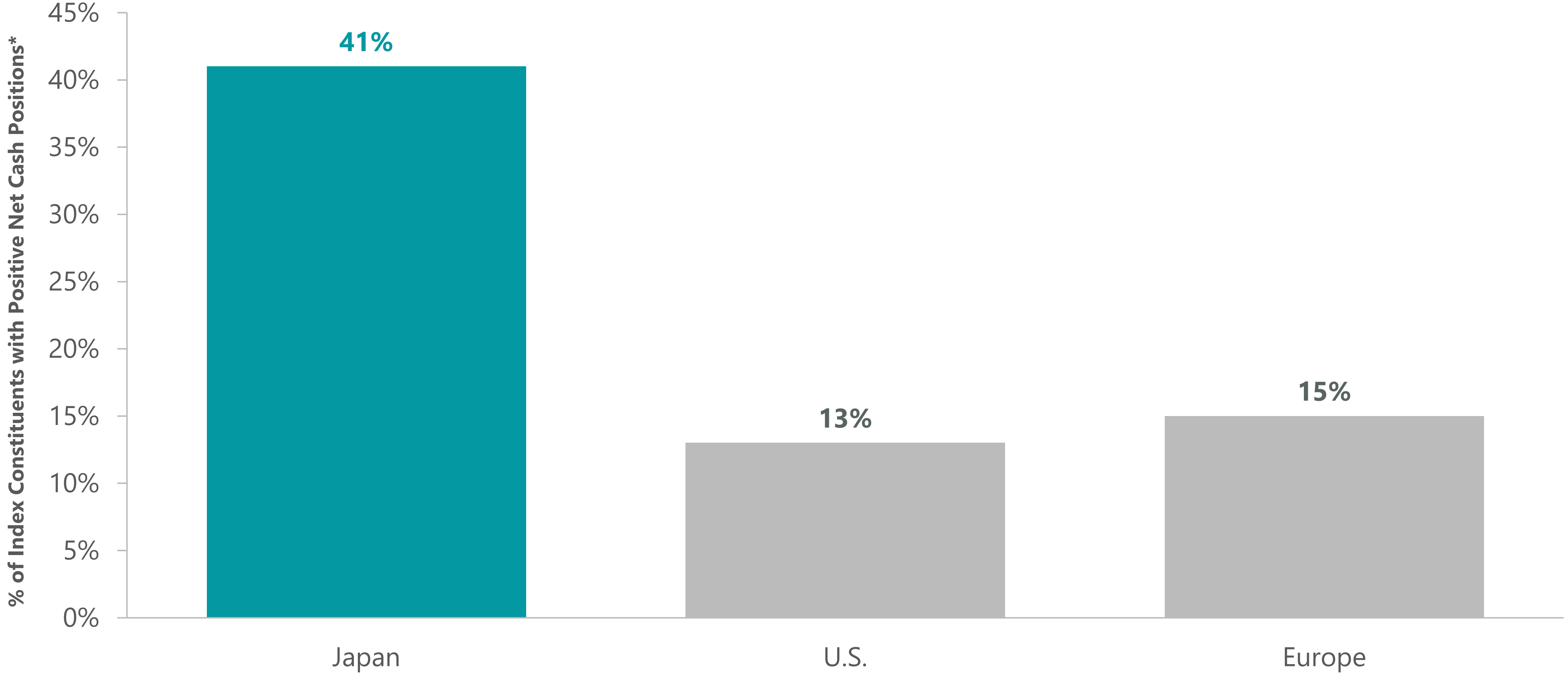
European Equities Cheap



- **Even after the recent rally, European equities are still trading over 1-turn below their average valuation of the past decade.**

NTM P/E: P/E based on next twelve-month consensus earnings expectations. Data as of Dec. 31, 2023. Source: FactSet, 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.

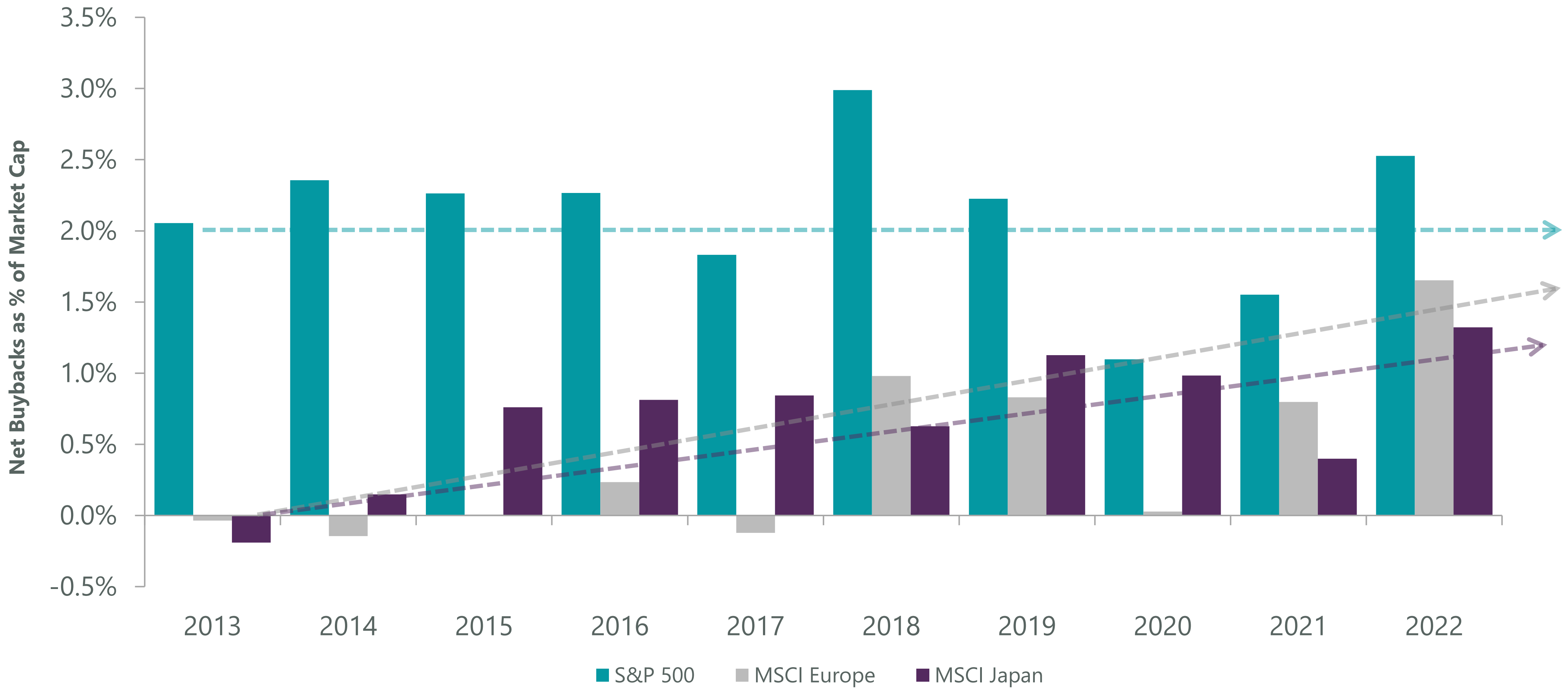
Corporate Japan Flush with Cash



- **The percentage of Japanese companies with positive net cash positions is more than double that seen in the U.S. and Europe.**
- **If shareholder friendly reforms are implemented (such as buybacks), this could unlock substantial value.**

*Positive net cash positions ex-financials. U.S: S&P 500, Europe: MSCI Europe, Japan: MSCI Japan. Data as of Dec. 31, 2023. Source: FactSet, MSCI, 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.

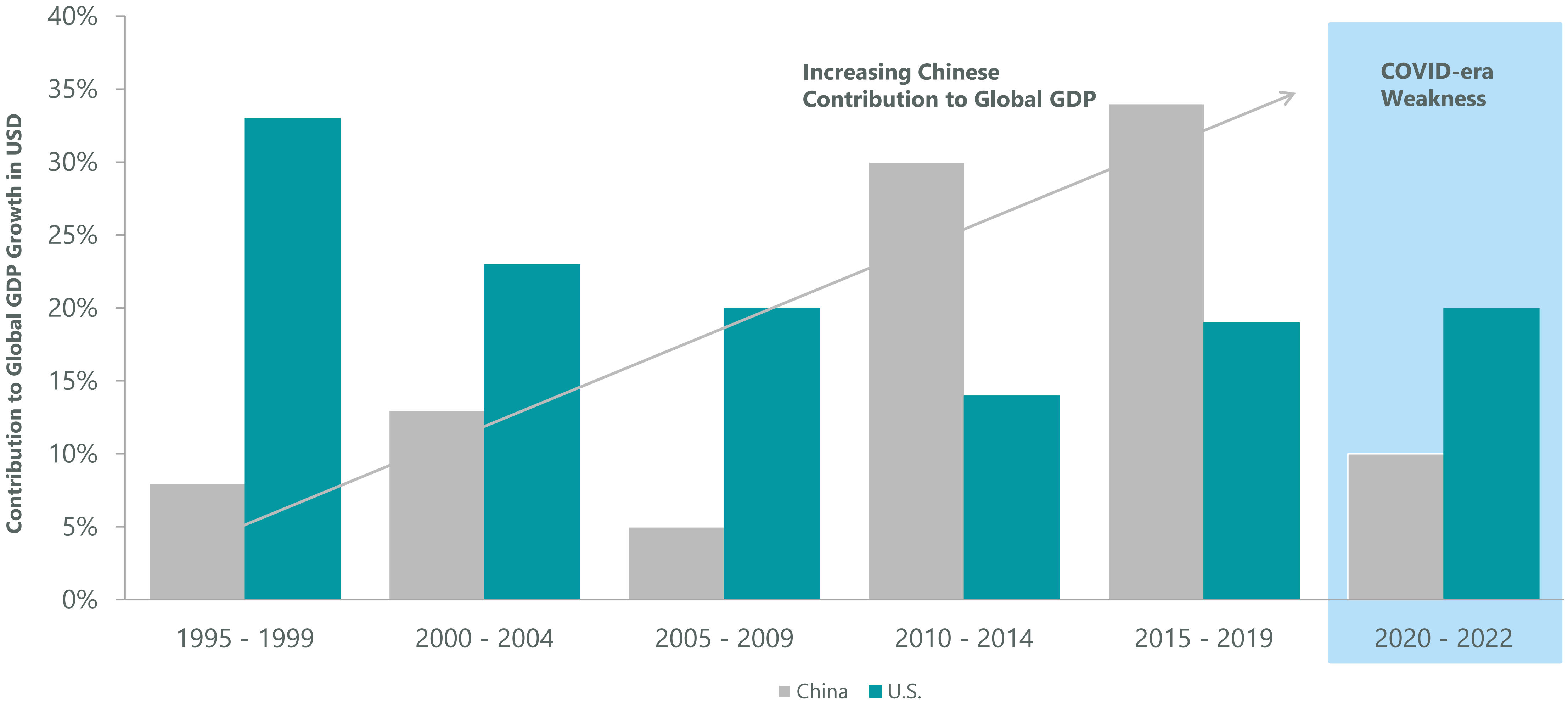
Closing the Gap



- **Buybacks have been a strong driver of U.S. equity returns over the last decade, and are gaining traction in Europe and Japan.**
- **This dynamic may be one of several factors that could help close the relative performance gap in the years ahead.**

As of Dec. 31, 2022, latest available as of Dec. 31, 2023. Net Buybacks are share repurchases less issuance. Sources: FactSet, MSCI, 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.

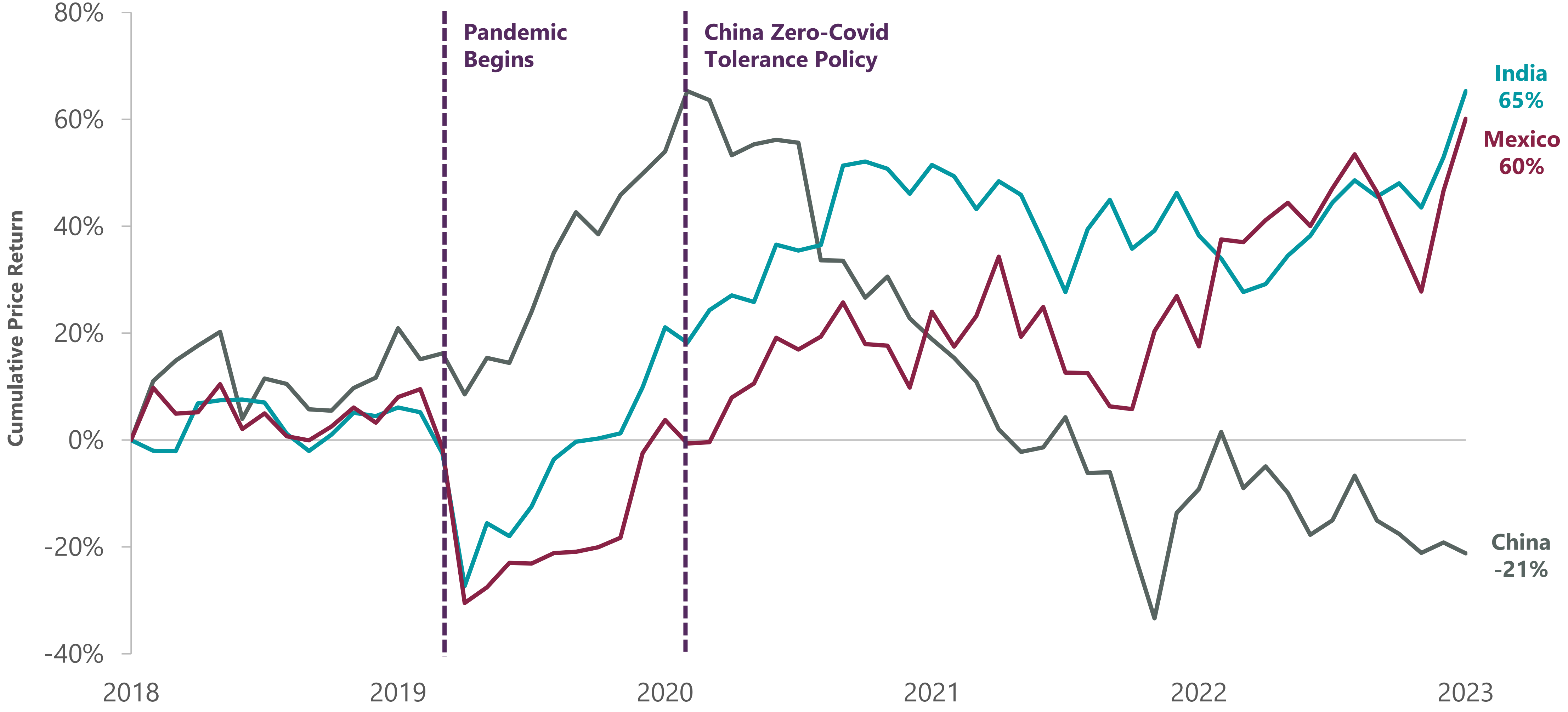
The Rise of China?



- **Over the past few decades, China has become an increasingly important driver of global growth.**
- **However, China has struggled to regain its footing since the pandemic arrived.**

Data as of Dec. 31, 2022, latest available as of Dec. 31, 2023. Source: World Bank. 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.

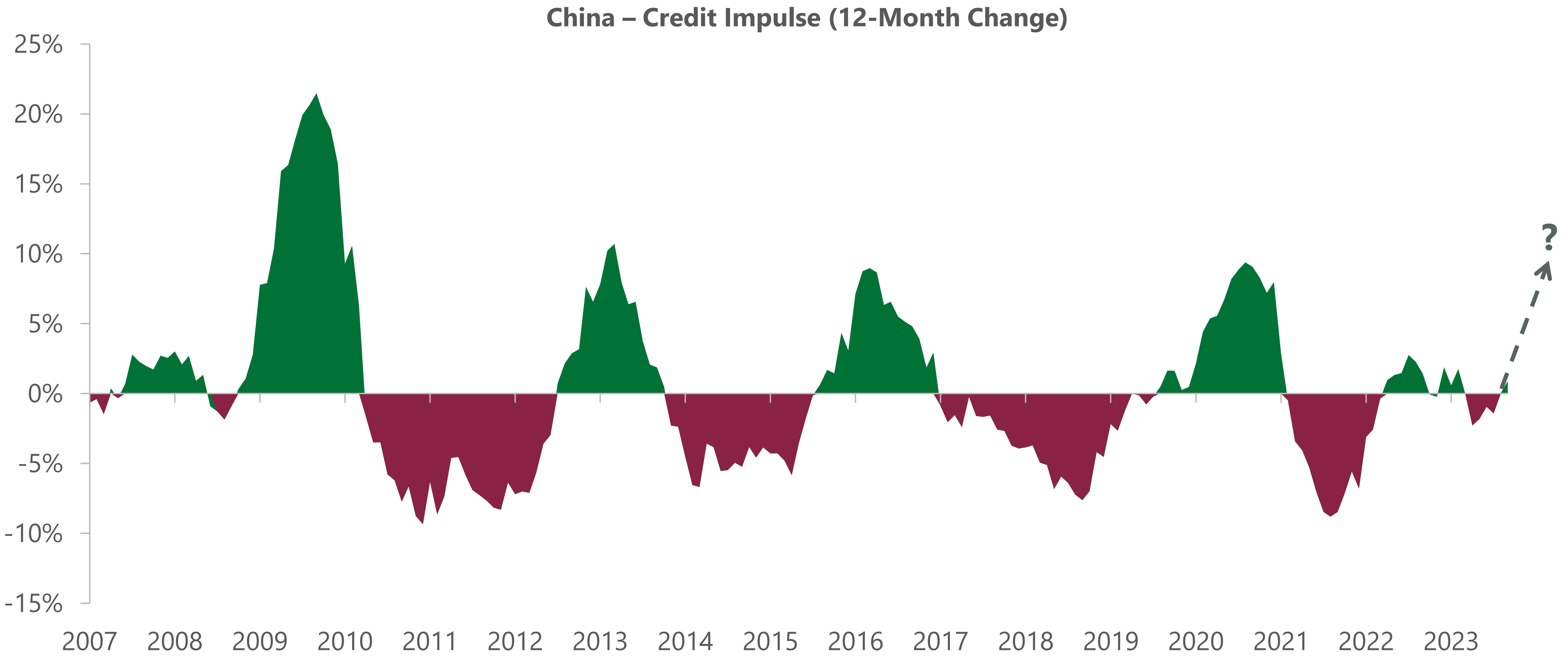
China and EM Decoupling?



While Chinese manufacturing was an initial pandemic beneficiary, their subsequent divergent public health approach (Zero-Covid) has led to a decoupling versus other EM's like Mexico and India.

MSCI China, MSCI Mexico, MSCI India. Data as of Dec. 31, 2023. Source: FactSet, 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.

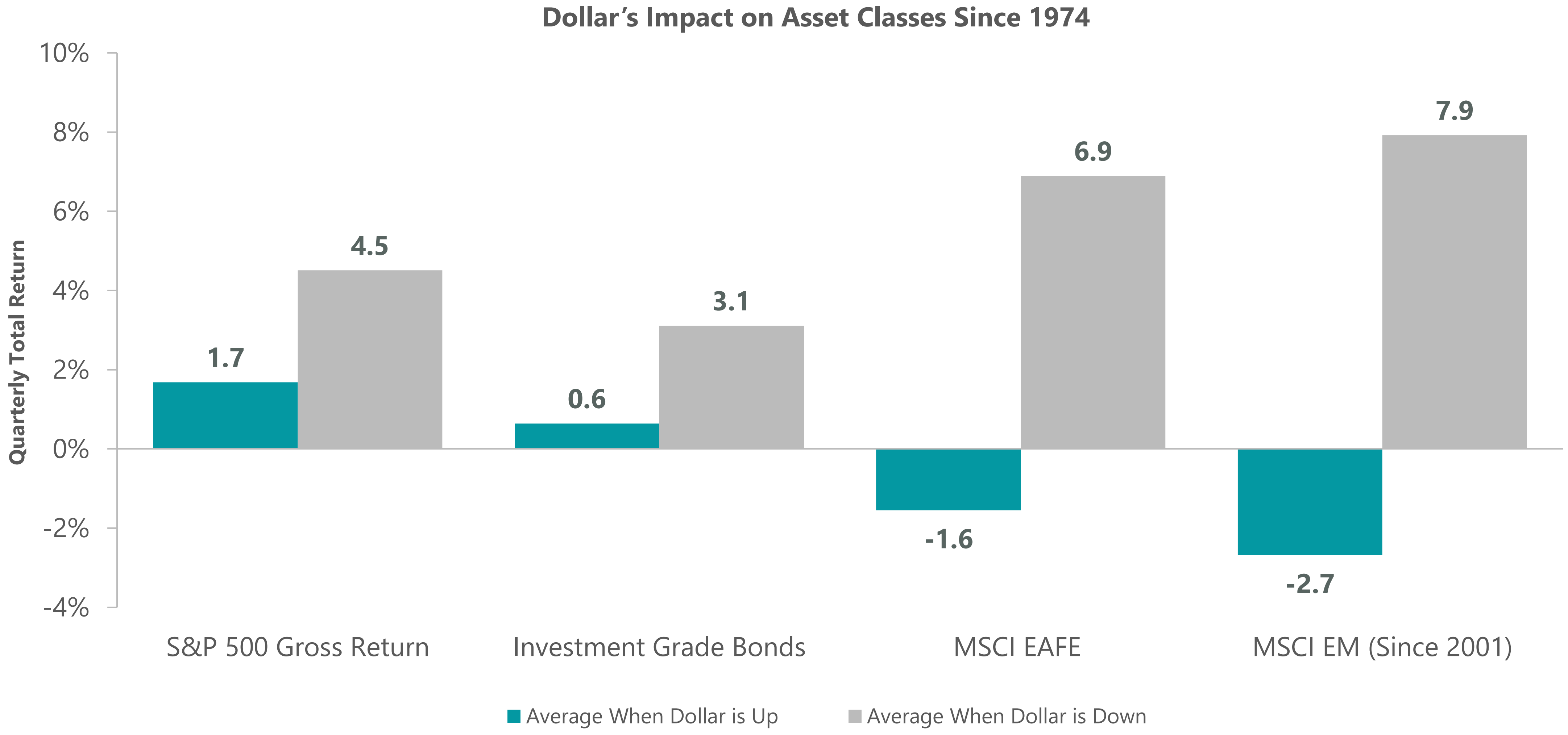
Chinese Credit Cycle Bottoming?



- **The Chinese credit cycle is an important driver of domestic and global economic growth.**
- **Chinese policymakers have moved cautiously following the reopening. Should the economic recovery remain sluggish, a stronger policy response may be forthcoming.**

Data as of Nov. 30, 2023, latest available as of Dec. 31, 2023. Source: Bloomberg.

Weaker Dollar Supercharges Non-U.S. Stocks



International equities tend to outperform during periods of dollar weakness.

Data as of Dec. 31, 2023. MSCI EAFE and MSCI EM are net returns; MSCI EM data starts in 2001. Investment Grade Bonds refers to the Bloomberg U.S. Corporate Investment Grade Bond Index. 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.

Glossary of Terms

BEA: Bureau of Economic Analysis

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

Bloomberg US Corporate Investment Grade Bond Index: an unmanaged index of U.S. 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 U.S. consumer prices over time in a fixed market basket of goods and services as determined by U.S. 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 U.S. central bank, responsible for policies designed to promote full economic growth, full employment, and price stability.

GDP: Gross Domestic Product

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

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 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 Germany Index: unmanaged index of large- and mid-cap stocks across the German market.

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

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 U.S. 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

Glossary of Terms

PMI: Purchasing Manager's Index

Russell 1000 Index: a subset of the Russell 3000 Index that includes approximately 1,000 of the largest companies in the U.S. 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 U.S. equities that exhibit growth characteristics.

Russell Mid Cap Value Index: unmanaged index of mid-capitalization U.S. 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 U.S.

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

U.S. Treasurys: Direct debt obligations issued and backed by the "full faith and credit" of the U.S. government. The U.S. government guarantees the principal and interest payments on U.S. Treasuries when the securities are held to maturity. Unlike U.S. 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 U.S. government. Even when the U.S. 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.

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Name and Position	Industry Experience	ClearBridge Tenure	Education, Experience and Professional Designations
 **Josh Jamner CFA** Director, Investment Strategy Analyst	14 years	• Joined ClearBridge in 2017	• Member of the CFA Institute • RBC Capital Markets - Assistant Vice President, Associate Strategist - U.S. Equity • Bessemer Trust - Assistant Vice President, Client Portfolio Analyst • BA in Government from Colby College
 **Jeffrey Schulze CFA** Managing Director, Head of Economic and Market Strategy	18 years	• Joined ClearBridge in 2014	• Member of the CFA Institute • Lord Abbett & Co., LLC – Portfolio Specialist • BS in Finance from Rutgers University

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