The Anatomy of a Recession

Third Quarter 2024

ClearBridge | FRANKLIN TEMPLETON

Past performance is no guarantee of future results. Financial term and index definitions are available in the appendix.

U.S. Recession Risk Indicators

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

		July 31, 2024	March 31, 2024	December 31, 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

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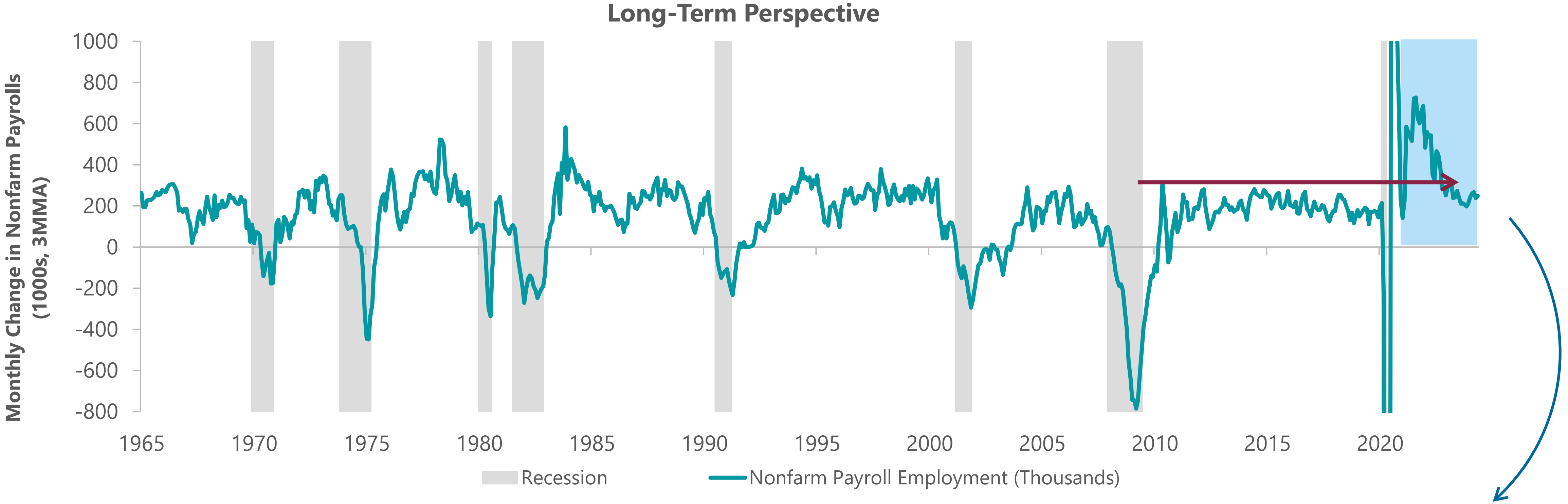
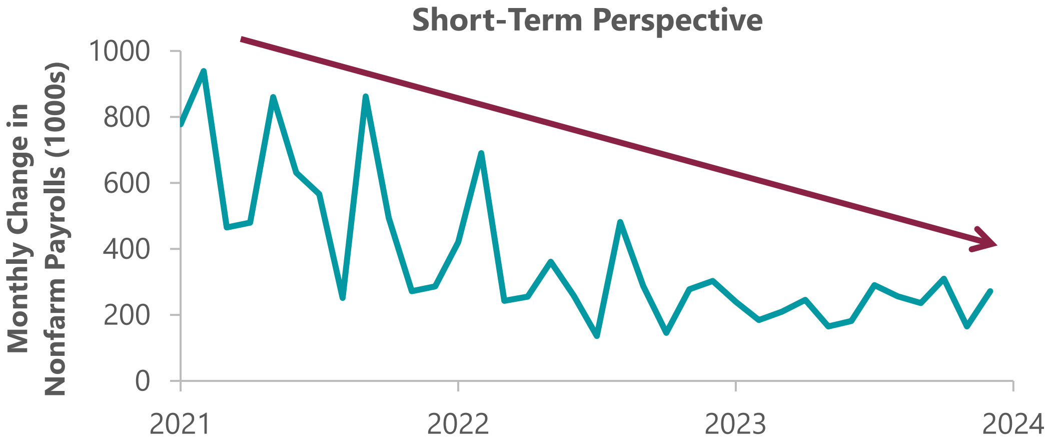
Data as of July 31, 2024. Sources: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, Bloomberg, CME, FactSet and Macrobond. The ClearBridge Recession Risk Dashboard was created in January 2016. References to the signals it would 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.

It's All About Perspective: Employment



- Although the pace of job creation has slowed substantially over the past few years, it has settled out in line with the pace experienced during the previous economic expansion.



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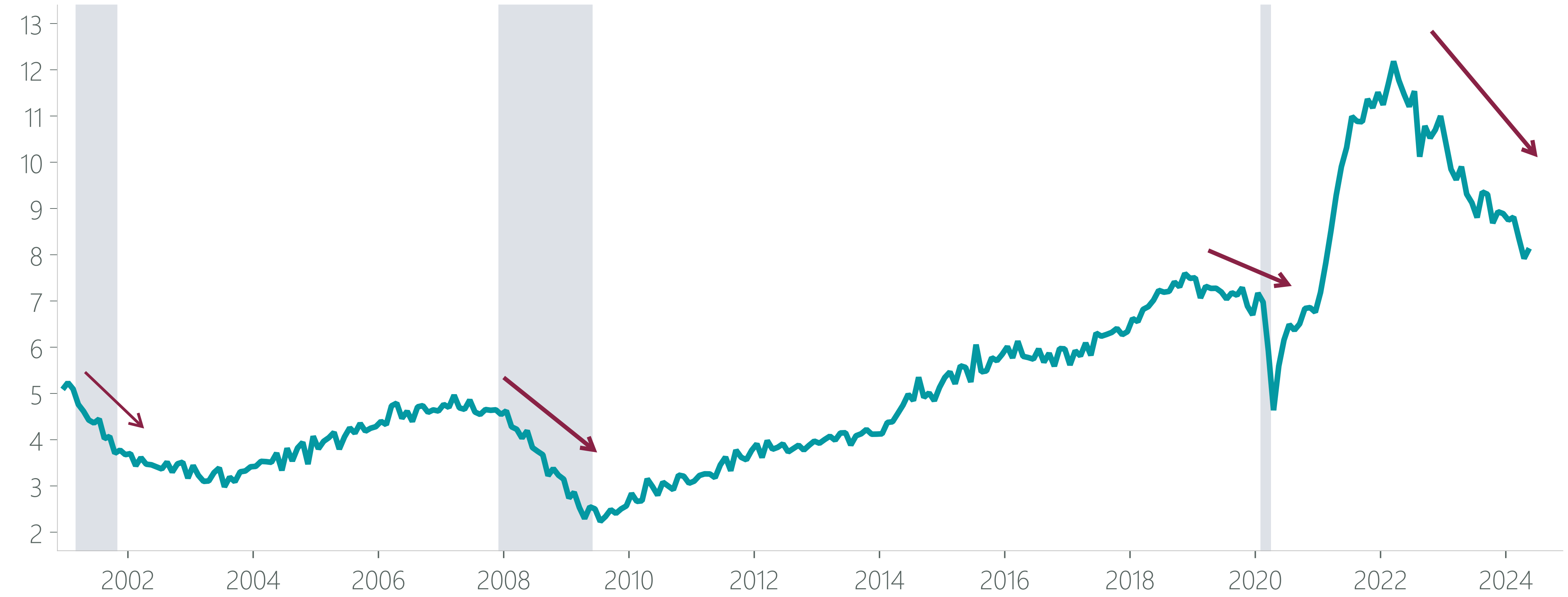
Data as of June 7, 2024, latest available as of June 30, 2024. Sources: BLS, Macrobond, NBER. **Past performance is not a guarantee of future results.**

Softer Demand, Better Balance

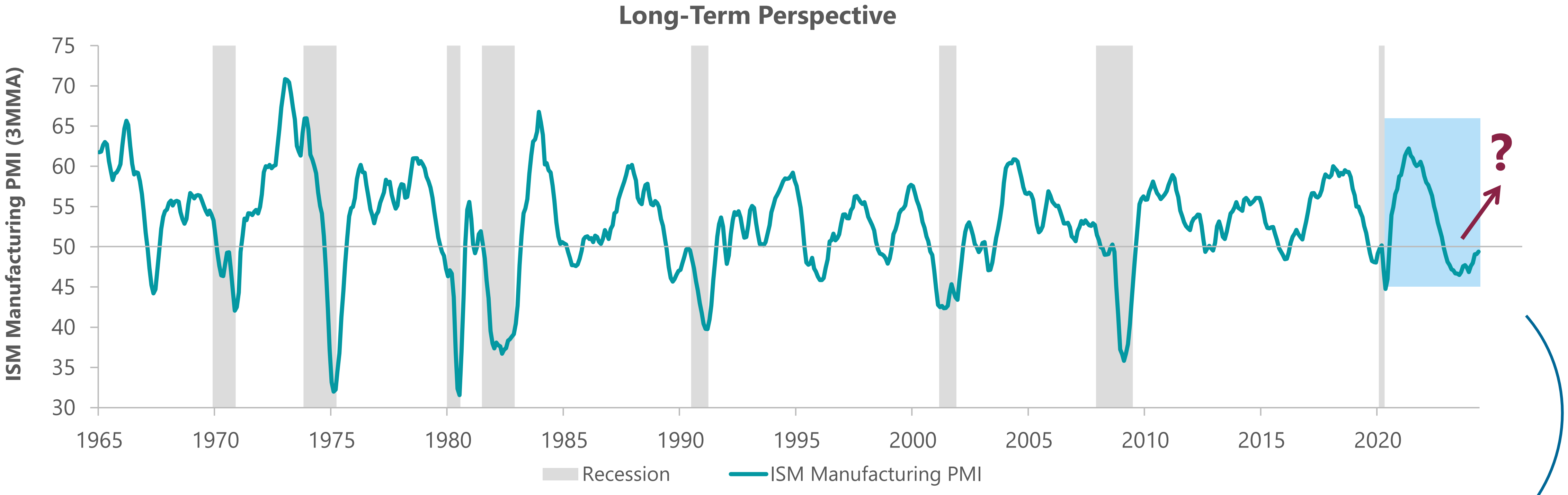


Source: U.S. Bureau of Labor Statistics (BLS), Macrobond.
Data last updated on: 7/2/2024.

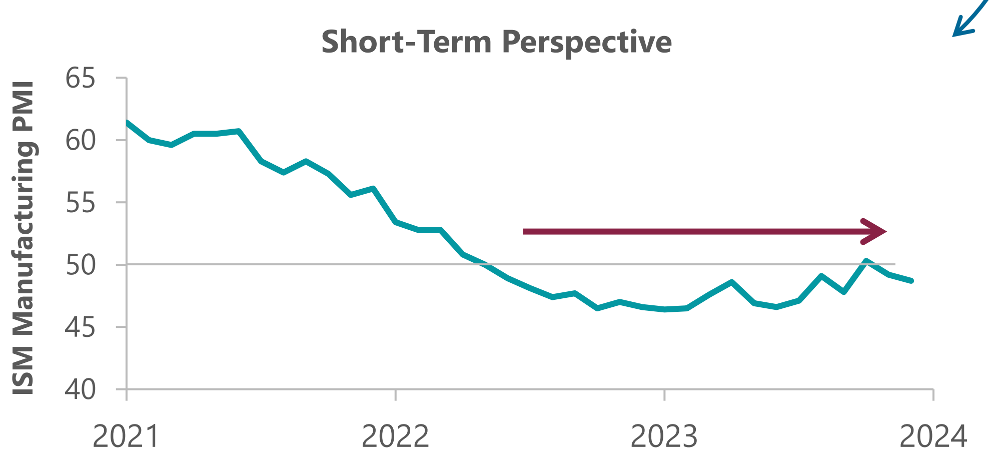
- **From peak, job openings have dropped by 4.1 million which has helped loosen the labor market without a substantial rise in unemployment so far.**
- **While there has never been a drop in job openings of this magnitude without a recession materializing, this is one of several unique dynamics currently.**

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

It's All About Perspective: Manufacturing

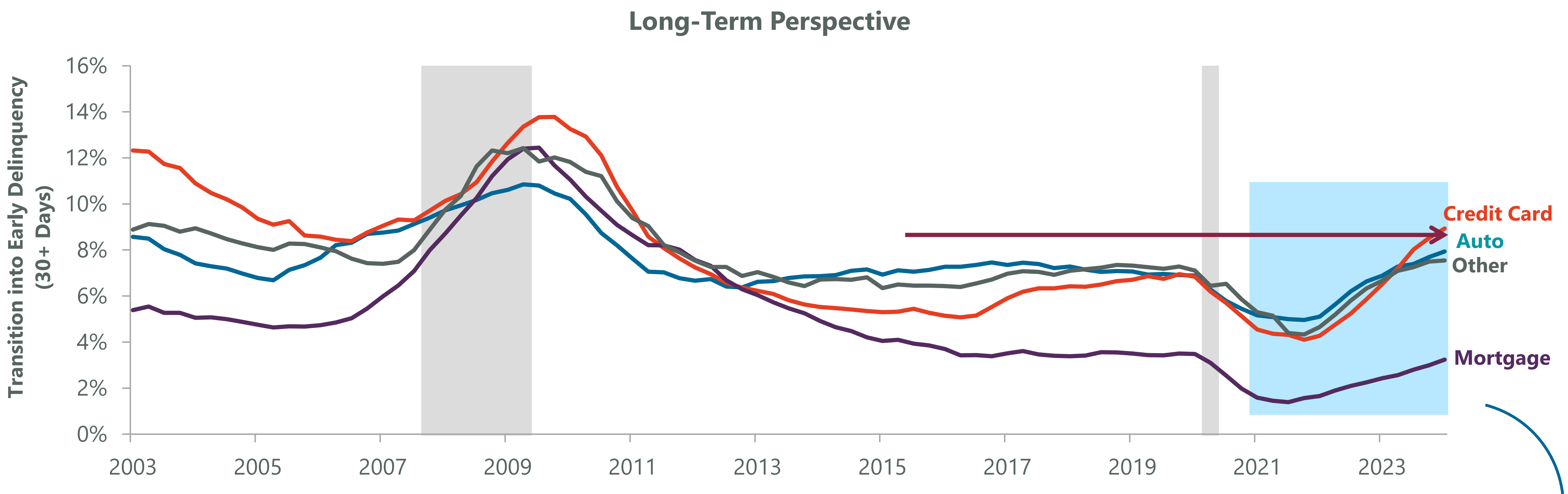


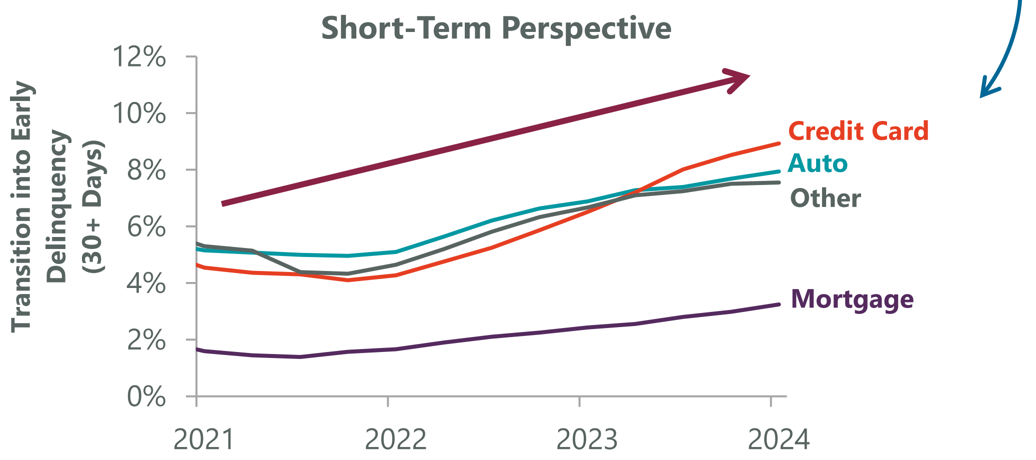
- **The ISM Manufacturing PMI survey has been a historically useful leading indicator of U.S. manufacturing activity.**
- **While these readings appear to have stalled recently, a longer-term perspective shows that further upside is the historical norm once a bottom has formed.**



Data as of May 1, 2024, latest available as of June 30, 2024. Sources: ISM, NBER, and Macrobond. **Past performance is not a guarantee of future results.**

It's All About Perspective: Delinquencies

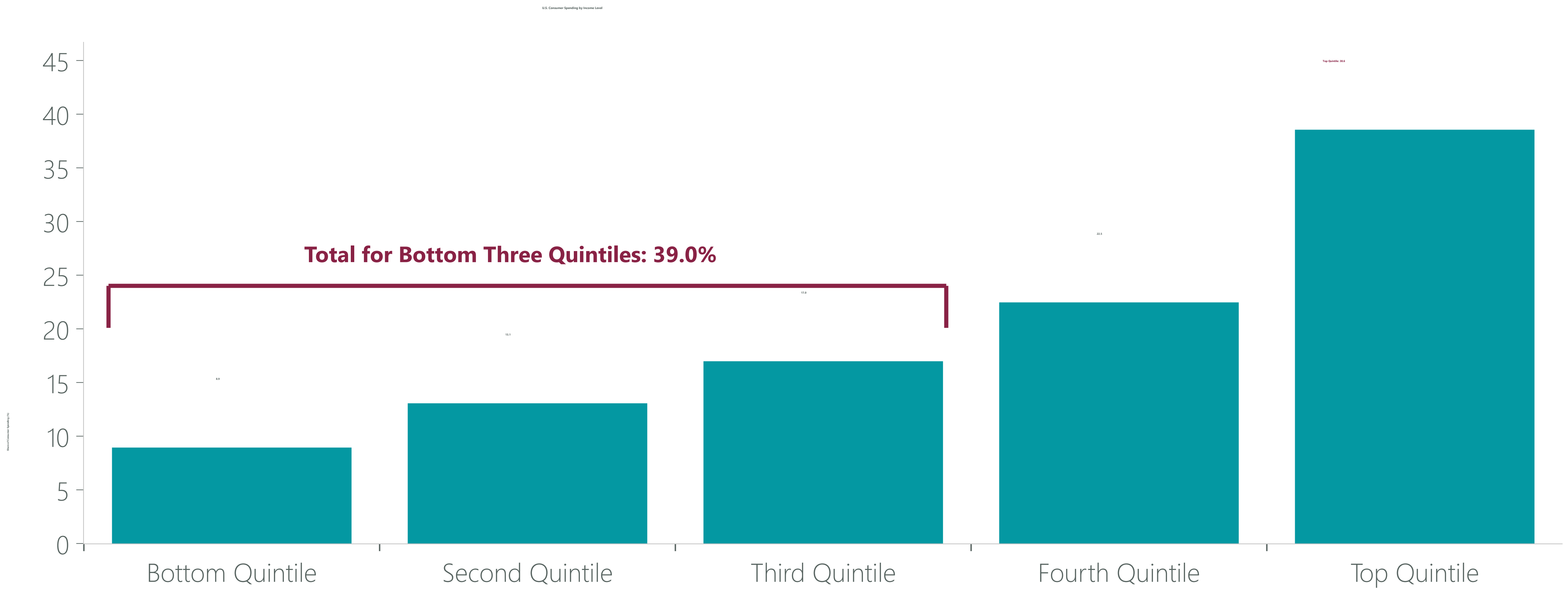




- **Rising delinquencies are typically a sign of consumer balance sheet fatigue and increased recessionary risk.**
- **However, delinquencies appear to be normalizing from lower levels and are still in the range seen during the previous economic expansion.**

Data as of May 14, 2024, latest available as of June 30, 2024. Sources: Federal Reserve Bank of New York, Macrobond, NBER. Gray shading reflects recessionary periods.
Past performance is not a guarantee of future results.

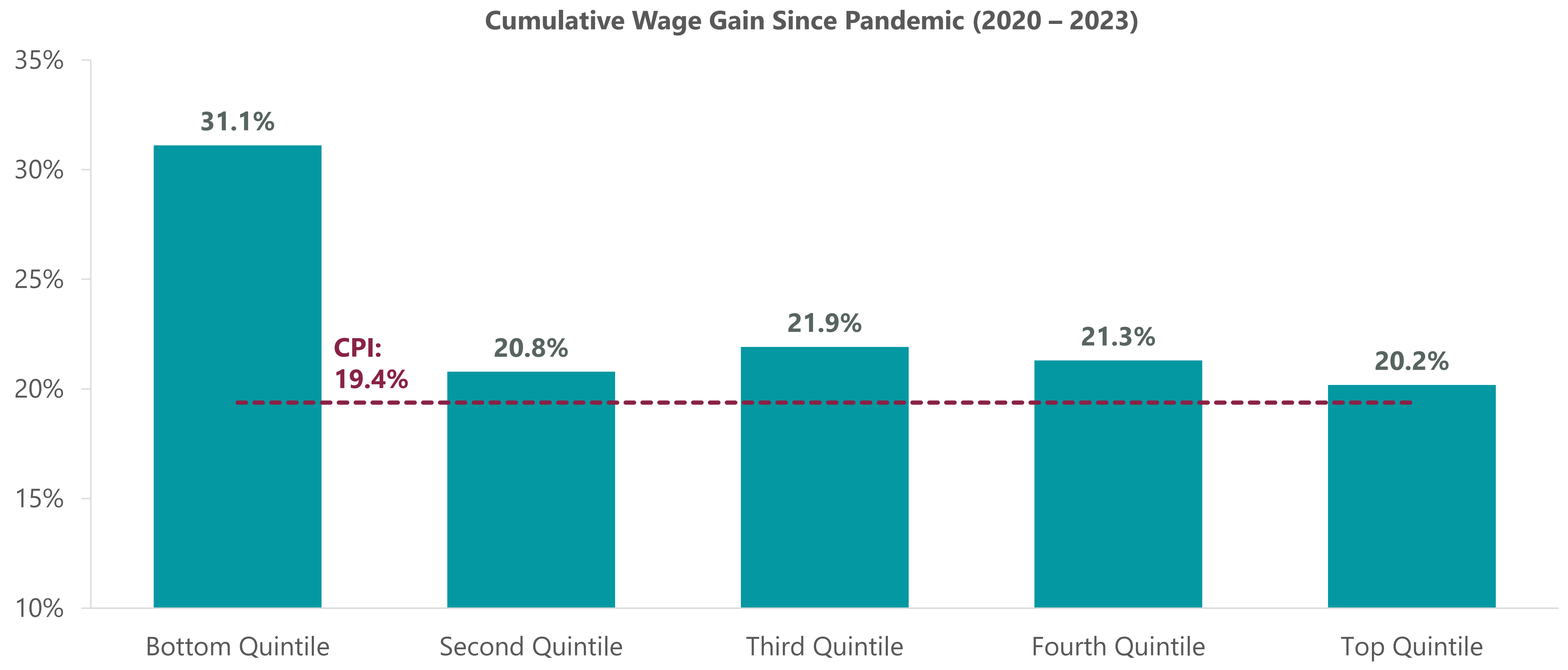
High Earnings, High Spending



Source: U.S. Bureau of Labor Statistics (BLS), Macrobond.
Data last updated on: 9/8/2023, latest available as of June 30, 2024.

- **The top 20% of earners make up a disproportionate share of consumer spending, accounting for just as much as the three lowest quintiles combined (bottom 60%).**
- **While lower income consumers are facing headwinds, strength from higher income cohorts could offset this potential weakness.**

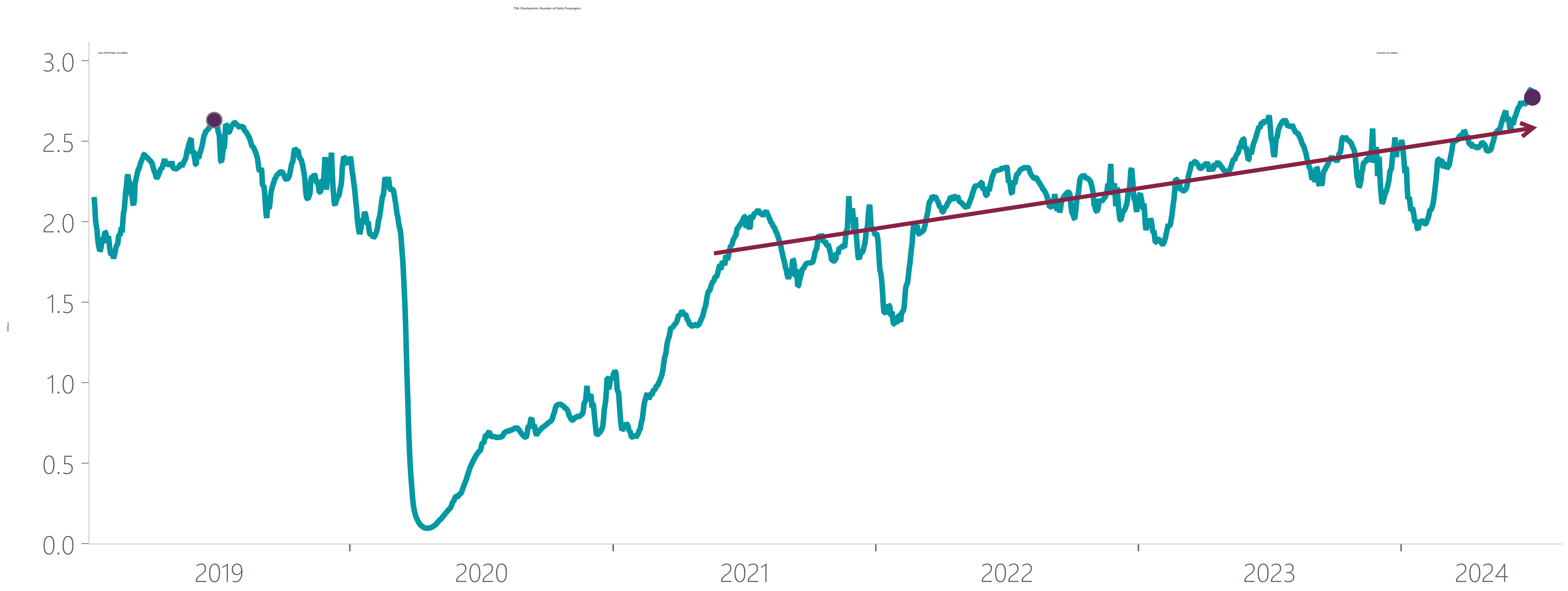
Low Earners, High Wages



- **Since the pandemic, the lowest earners have seen the strongest wage gains.**
- **While signs of consumer strain are emerging (particularly among lower income cohorts), wages are broadly outpacing inflation which should be supportive of continued resilience in consumption.**

Data as of June 30, 2024. Source: BLS. **Past performance is not a guarantee of future results.**

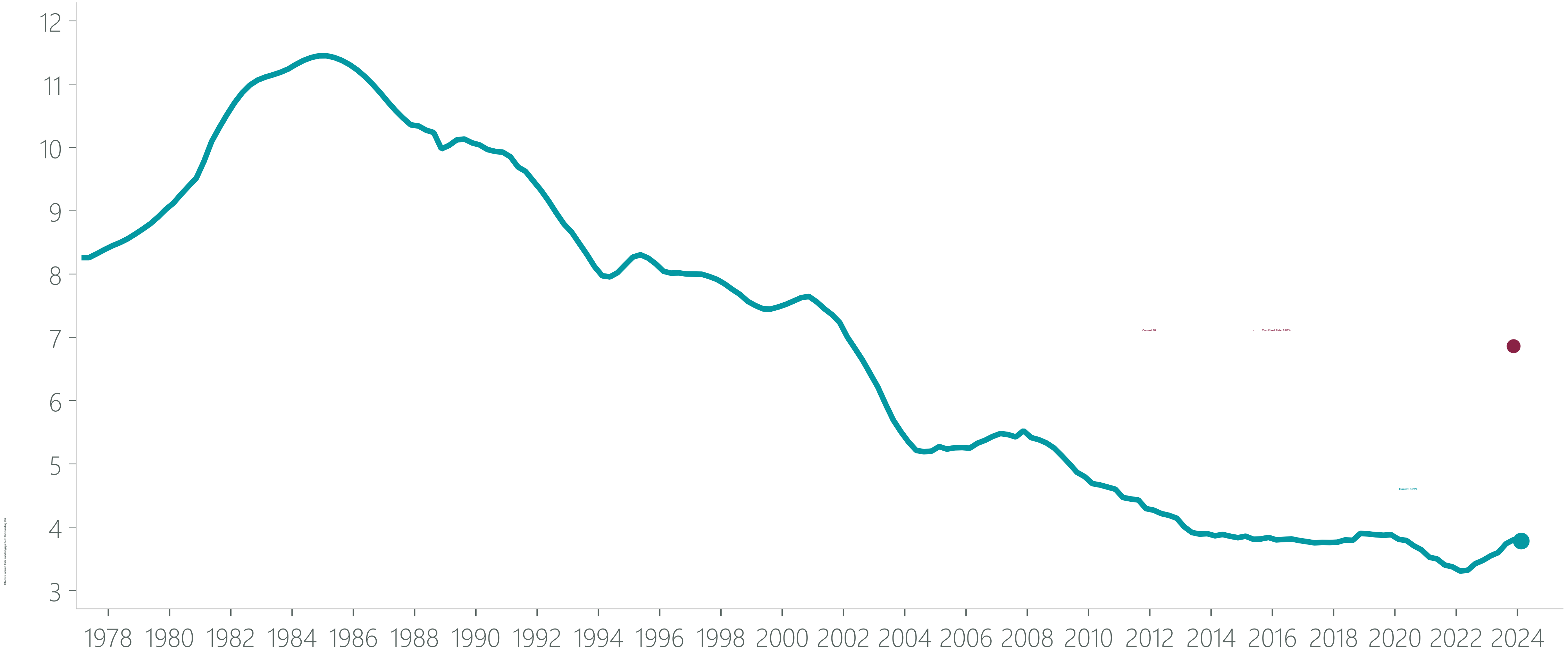
The Consumer is Flying High



Source: U.S. Department of Homeland Security, Macrobond.
Data last updated on: 7/3/2024

- **Although consensus believes the American consumer is starting to struggle, a record number of passengers cleared TSA checkpoints in June.**
- **While part of this is due to a rebound in business travel, leisure travel is highly discretionary and has strongly contributed to this trend.**

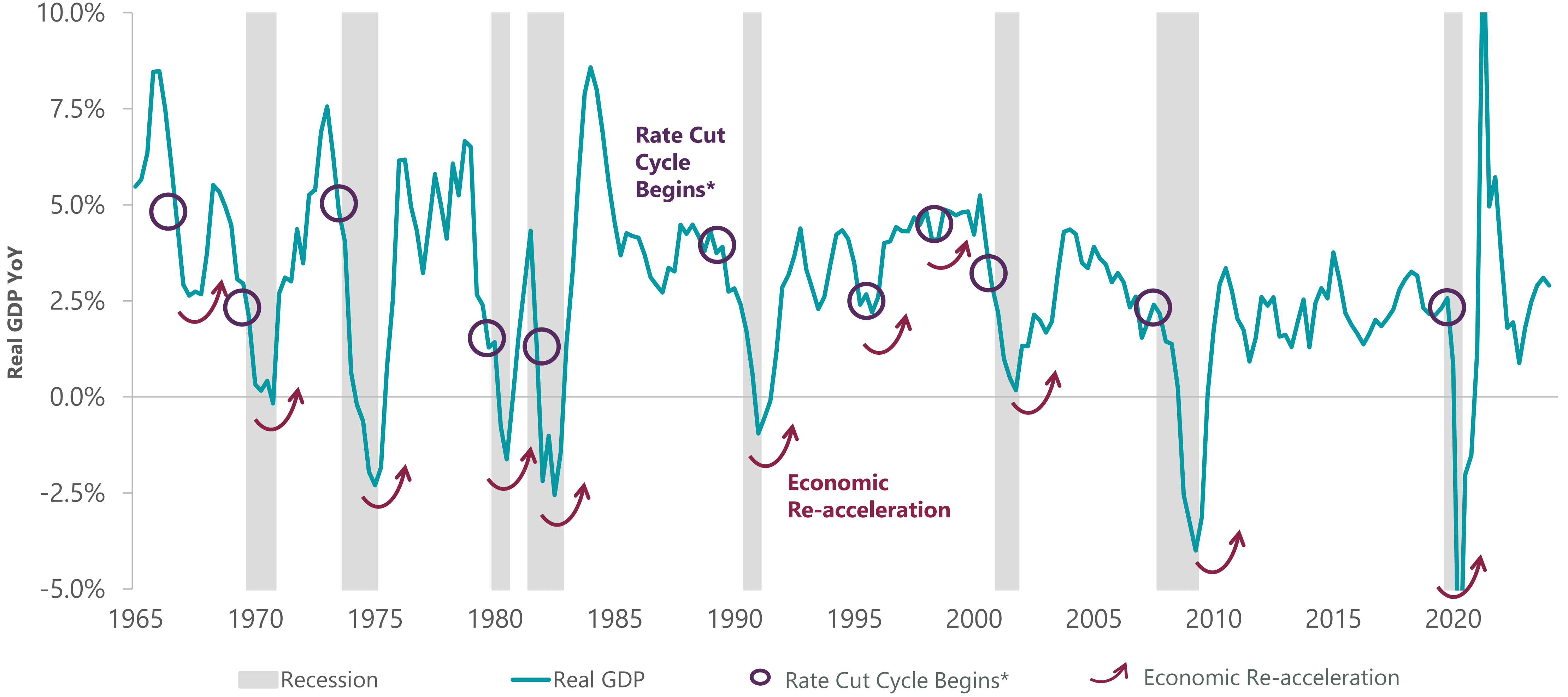
Consumers are Locked In



Source: U.S. Bureau of Economic Analysis (BEA), Freddie Mac, Macrobond.
Data last updated on: 7/3/2024.

- **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 3.8%.**

Economy Needs Fed Resuscitation

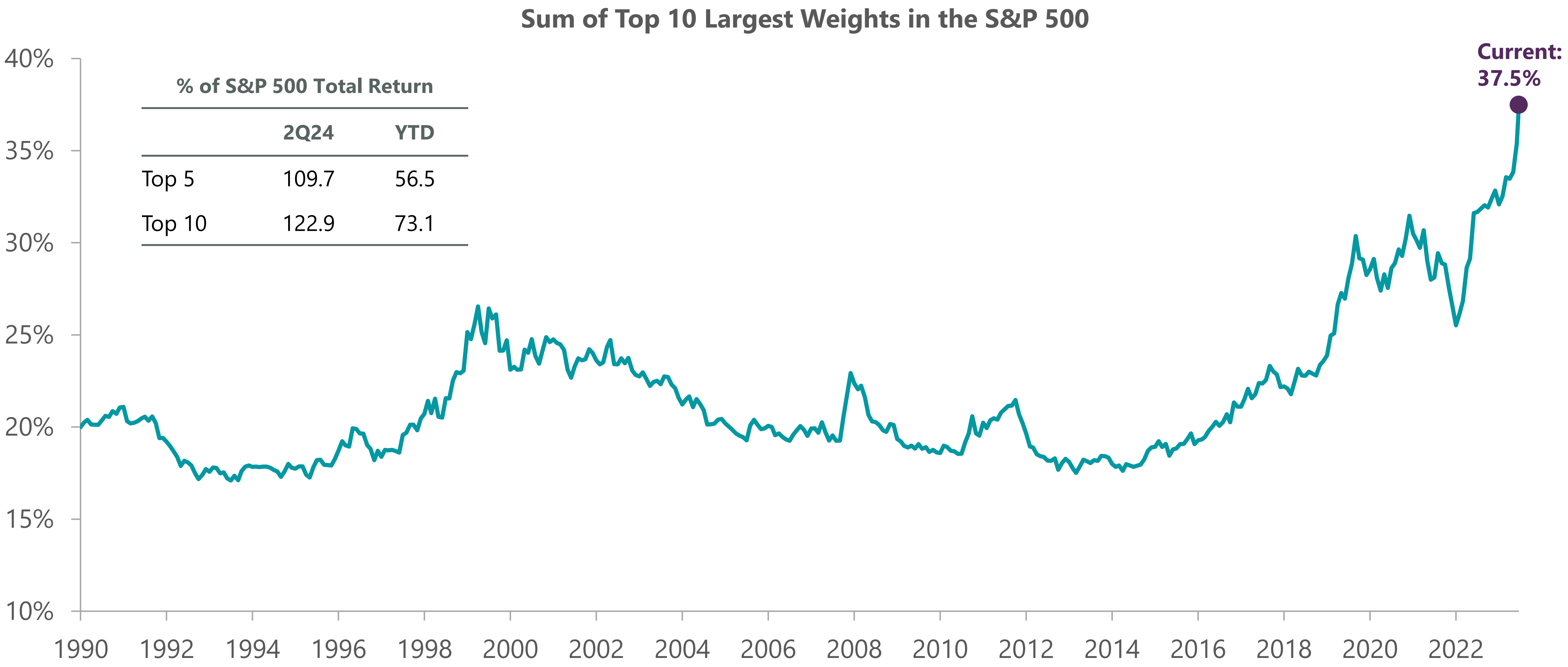


- **Sustained Fed cut cycles have historically led to inflections in economic growth two quarters later.**
- **With inflation moderating, the Fed now has the flexibility to provide monetary support if needed, which raises the probability of a soft landing.**

*Rate Cut Cycles of at least 75 bps that did not occur within broader hiking cycles. Data as of March 31, 2024, latest available as of June 30, 2024. 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.

Market Outlook

Trouble Concentrating?



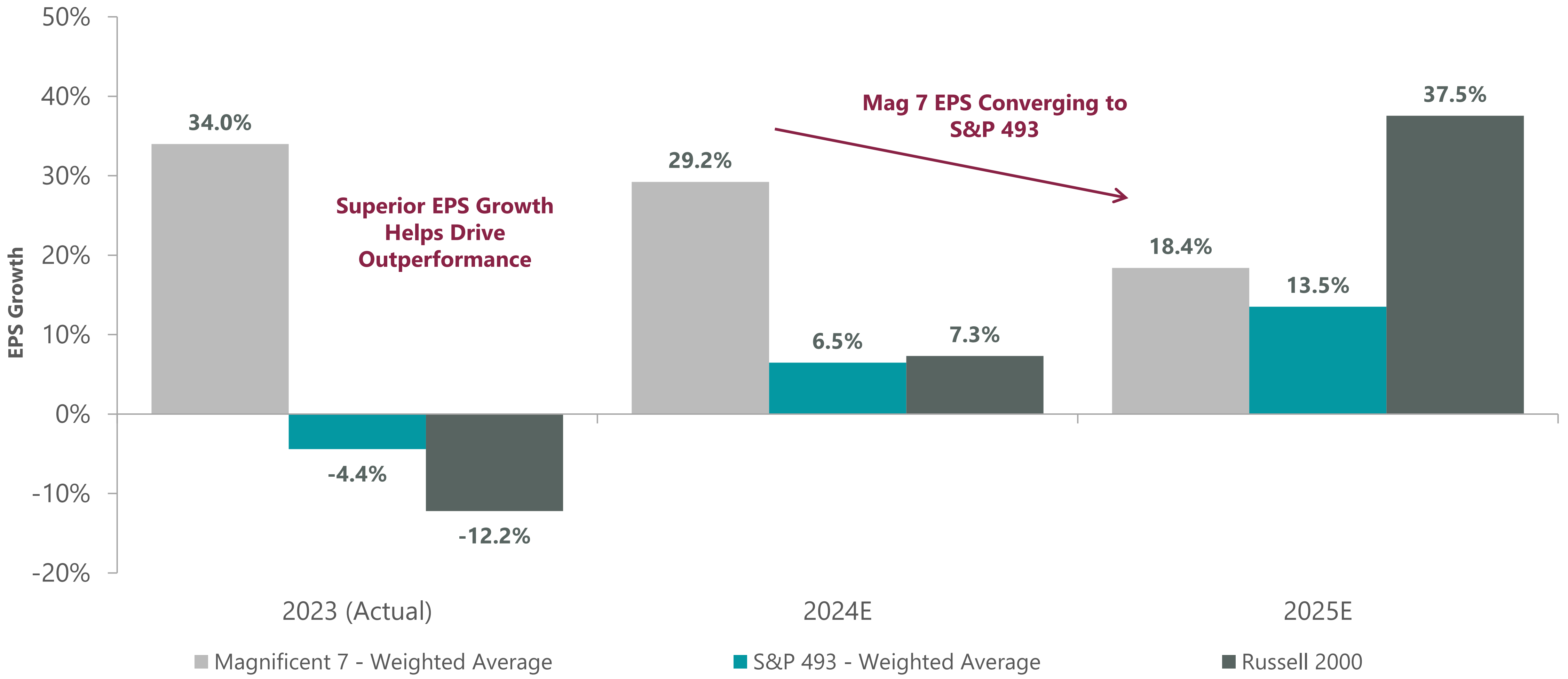
% of S&P 500 Total Return

	2Q24	YTD
Top 5	109.7	56.5
Top 10	122.9	73.1

- **The weight of the largest stocks in the benchmark is at 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 June 30, 2024. 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. For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

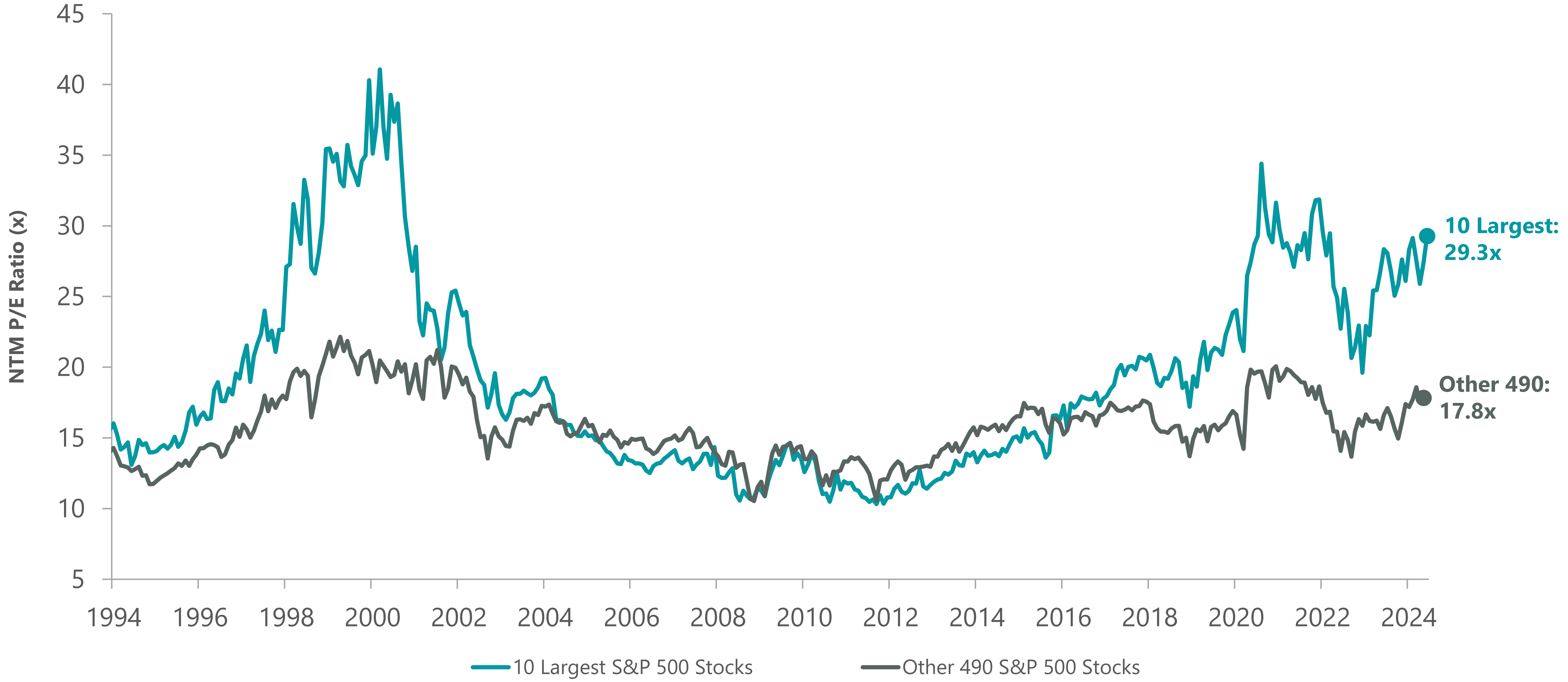
Mag 7 Advantage Dissipating



- **A key driver of the Mag 7 outperformance has been superior earnings growth.**
- **Bottom-up consensus expects this advantage to narrow in the coming year which could help drive broader equity market leadership.**

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 July 31, 2024. 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. 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.

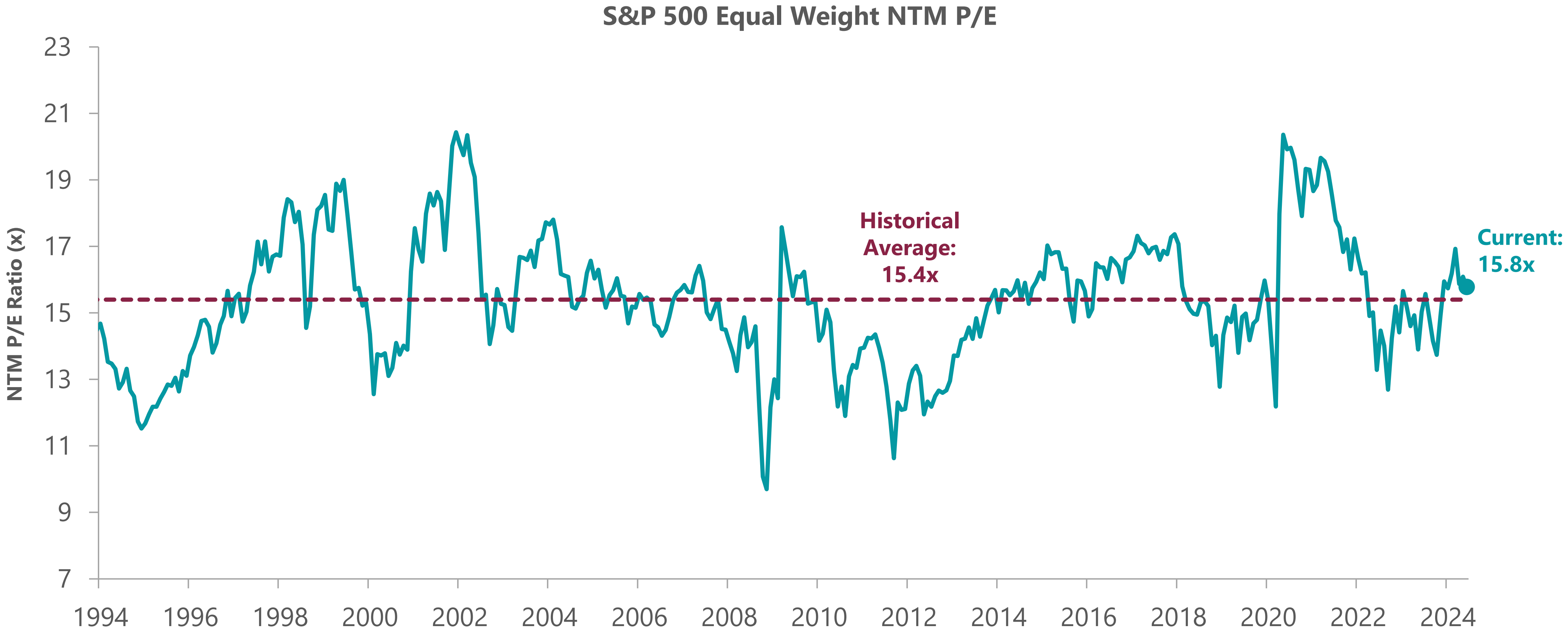
Largest Stocks Distorting Valuations



- **The largest stocks in the S&P 500 trade at a significant premium which is distorting the broader benchmark's valuation.**
- **The typical stock (other 490) trades at a more reasonable valuation, closer to historical averages.**

NTM = Next 12 Months. Data as of June 30, 2024. Source: UBS. **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.

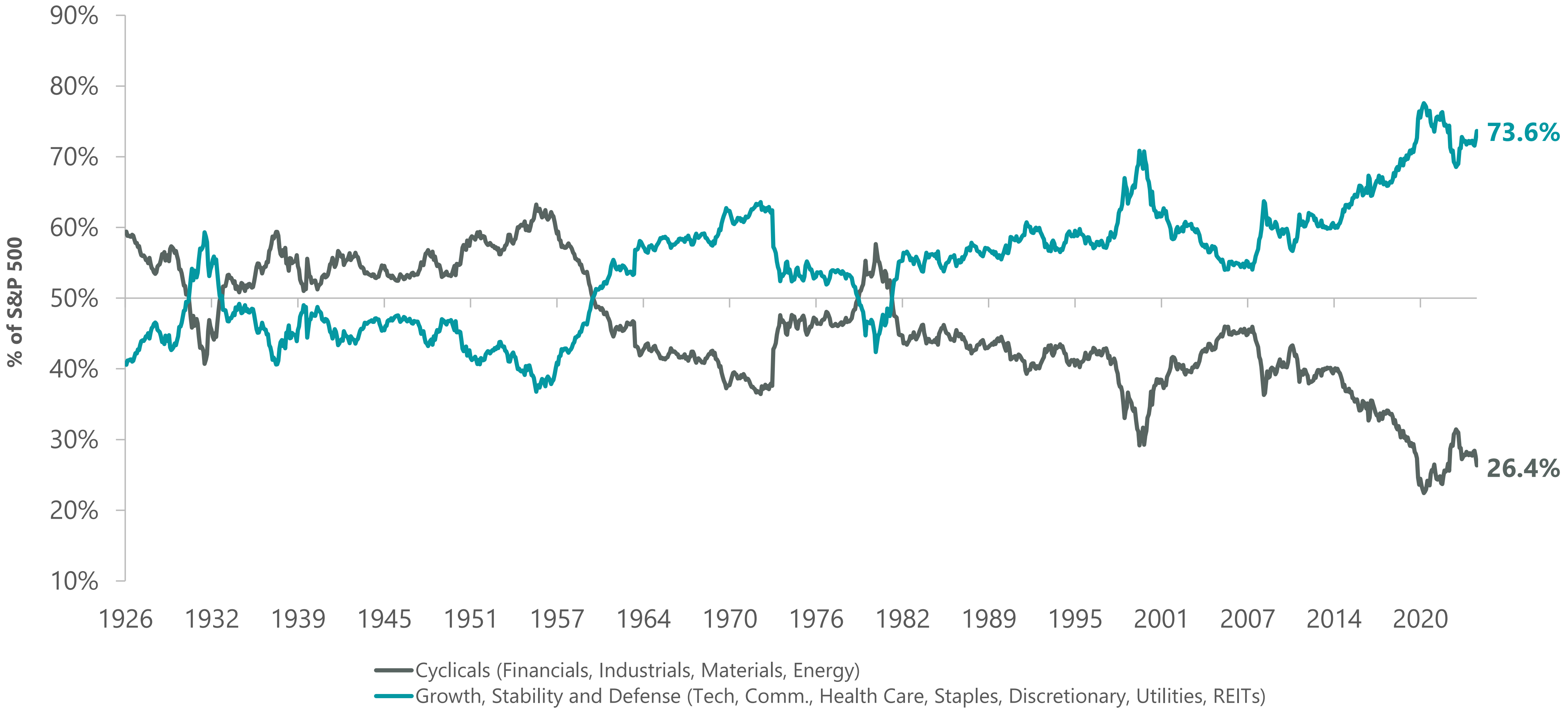
Average Stock Valuation Is… Average



- **Although index valuations appear extended for the cap-weighted S&P 500, this is largely a function of a handful of the largest constituents.**
- **The typical stock trades at a modest premium relative to history as evidenced by the valuation of the equal-weight S&P 500.**

NTM = Next 12 Months. Data as of May 31, 2024, latest available as of June 30, 2024. Source: UBS. **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.

Index Composition Supports Higher P/Es



- **Less-volatile defensive and growthier sectors are typically rewarded with higher multiples. These groups make up a near-record share of the S&P 500 today.**

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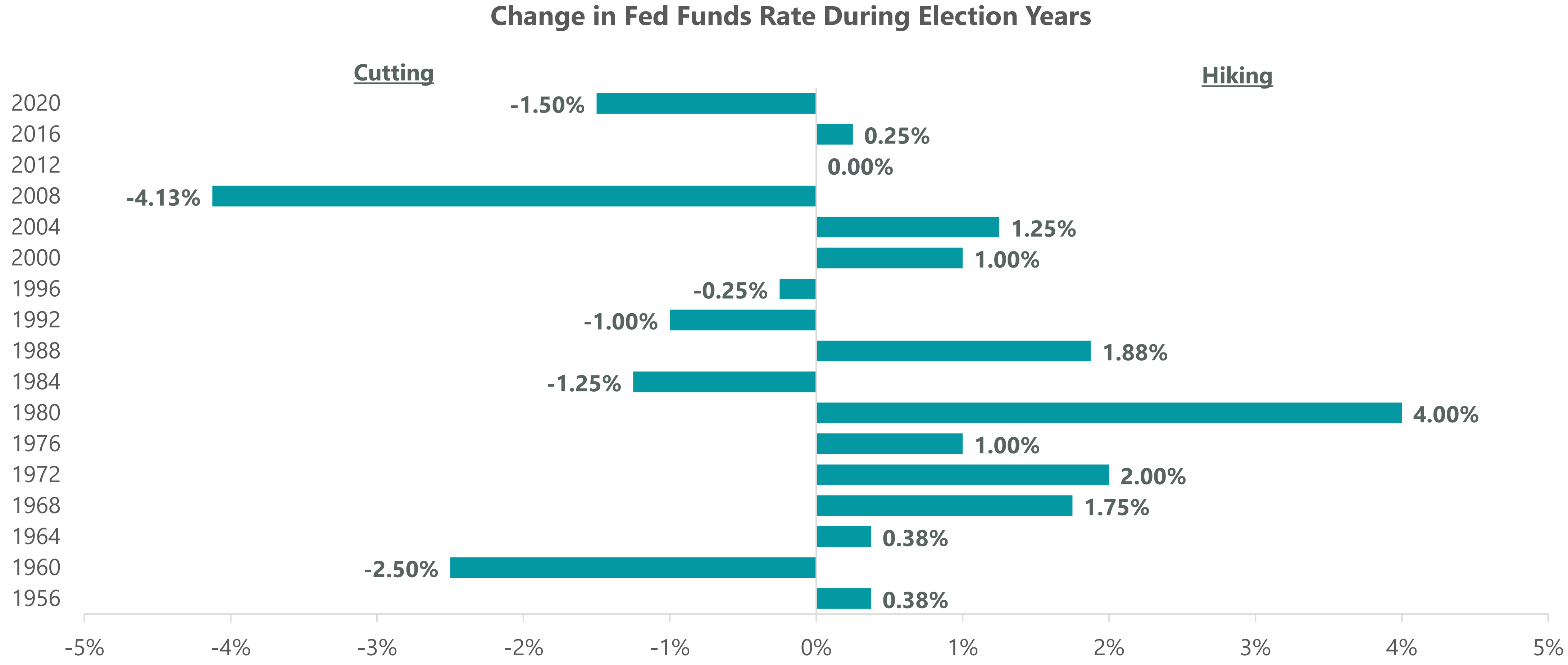
As of June 30, 2024. Sources: Piper Sandler, FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

Elections Don't Deter Fed



- **While common wisdom dictates the Fed is reluctant to adjust monetary policy in an election year, history shows that this is a misperception.**
- **Although the fed funds rate did not change in 2012, the Fed announced a third round of Quantitative Easing (QE3) in September, ahead of the election.**

Sources: Bloomberg, Federal Reserve Bank of St. Louis. **Past performance is not a guarantee of future results.**

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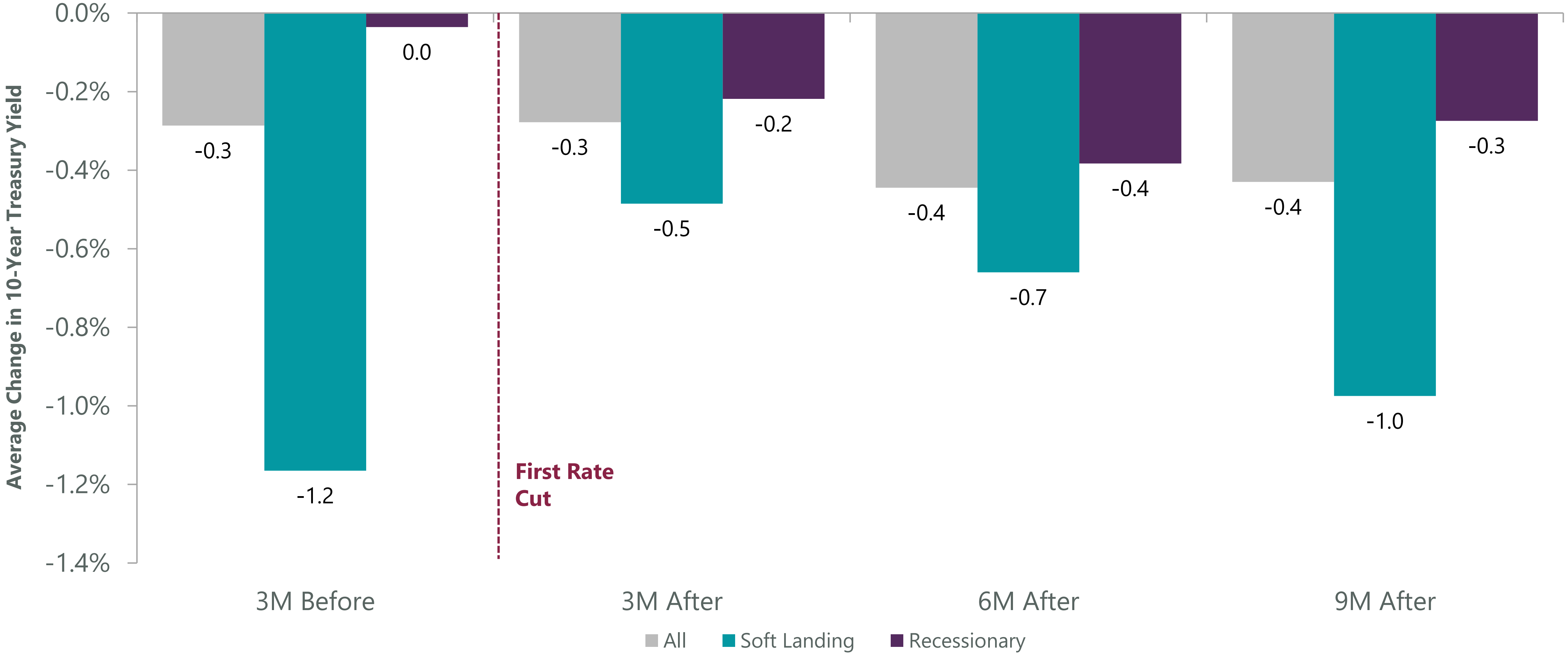
Fed Cuts, 10-Year Drops



- **As a cutting cycle approaches, the 10-year Treasury has historically fallen.**
- **This typically continues in the quarters following the initial cut irrespective of economic conditions.**

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Note: Data reflective of cutting cycles of at least 75 bps beginning in: 1974, 1980, 1981, 1984, 1989, 1995, 2001, 2007, and 2019. Source: Macrobond, Federal Reserve. **Past performance is not a guarantee of future results.**

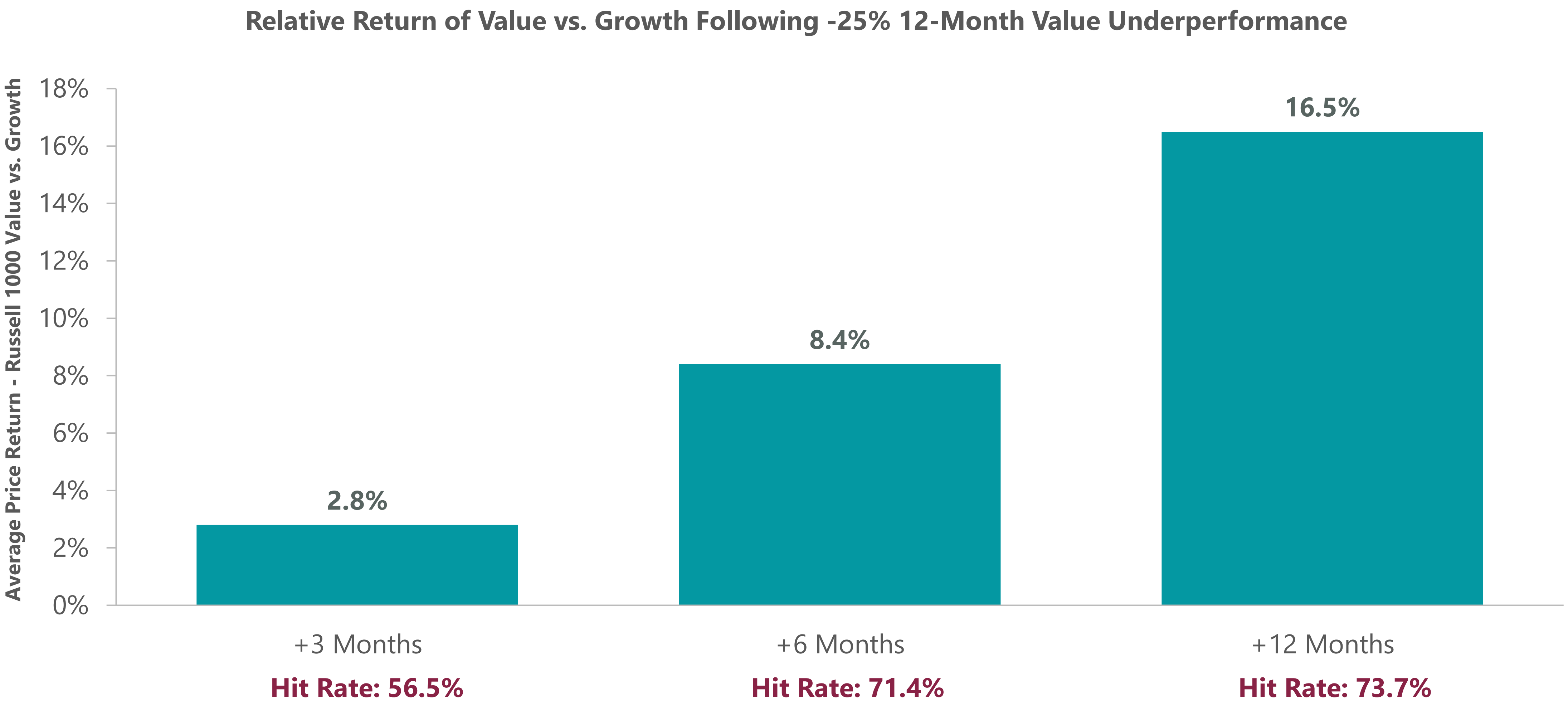
Equity Leadership Following the Cut

Initial Rate Cut	Economic Outcome	Cash (3M T-Bills)	Russell 1000 Growth	Russell 1000 Value	Russell Mid Cap	Russell 2000
		Subsequent 12-Month Price Return				
Apr. 1980	Recession	13.5%	39.0%	30.1%	51.41%	66.3%
June 1981	Recession	15.9%	-18.4%	-15.2%	-18.35%	-20.5%
Oct. 1984	Soft Landing	8.9%	9.5%	10.8%	11.96%	8.5%
June 1989	Recession	8.7%	17.5%	4.2%	4.50%	-1.5%
July 1995	Soft Landing	5.5%	22.5%	18.2%	17.26%	19.1%
Jan. 2001	Recession	4.4%	-15.6%	-5.7%	-3.08%	5.3%
Sept. 2007	Recession	3.2%	-17.6%	-25.4%	-19.29%	-12.8%
July 2019	Recession	1.5%	24.9%	-9.2%	-0.71%	-5.7%
Average		**7.7%**	**7.7%**	**1.0%**	5.5%	7.3%
Recessionary Average		**7.8%**	5.0%	**-3.5%**	2.4%	5.2%
Soft Landing Average		**7.2%**	**16.0%**	14.5%	14.6%	13.8%

- **Cash and large cap growth stocks have historically performed best following the commencement of a rate cutting cycle.**
- **Rate cuts that preceded soft landings have historically given way to substantial equity outperformance compared with cash.**

Note: rate cut cycles of at least 75 bps. Data as of June 30, 2024. Source: FactSet, Bloomberg, S&P, Russell, ICE BofA, 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. For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

Value, Down But Not Out



- **Value has historically recovered following periods of sizeable (-25%) underperformance vs. Growth. This threshold was triggered during 1Q24.**

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Data reflective of period from 1980 – present, as of June 30, 2024. Source: FactSet, Russell. **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

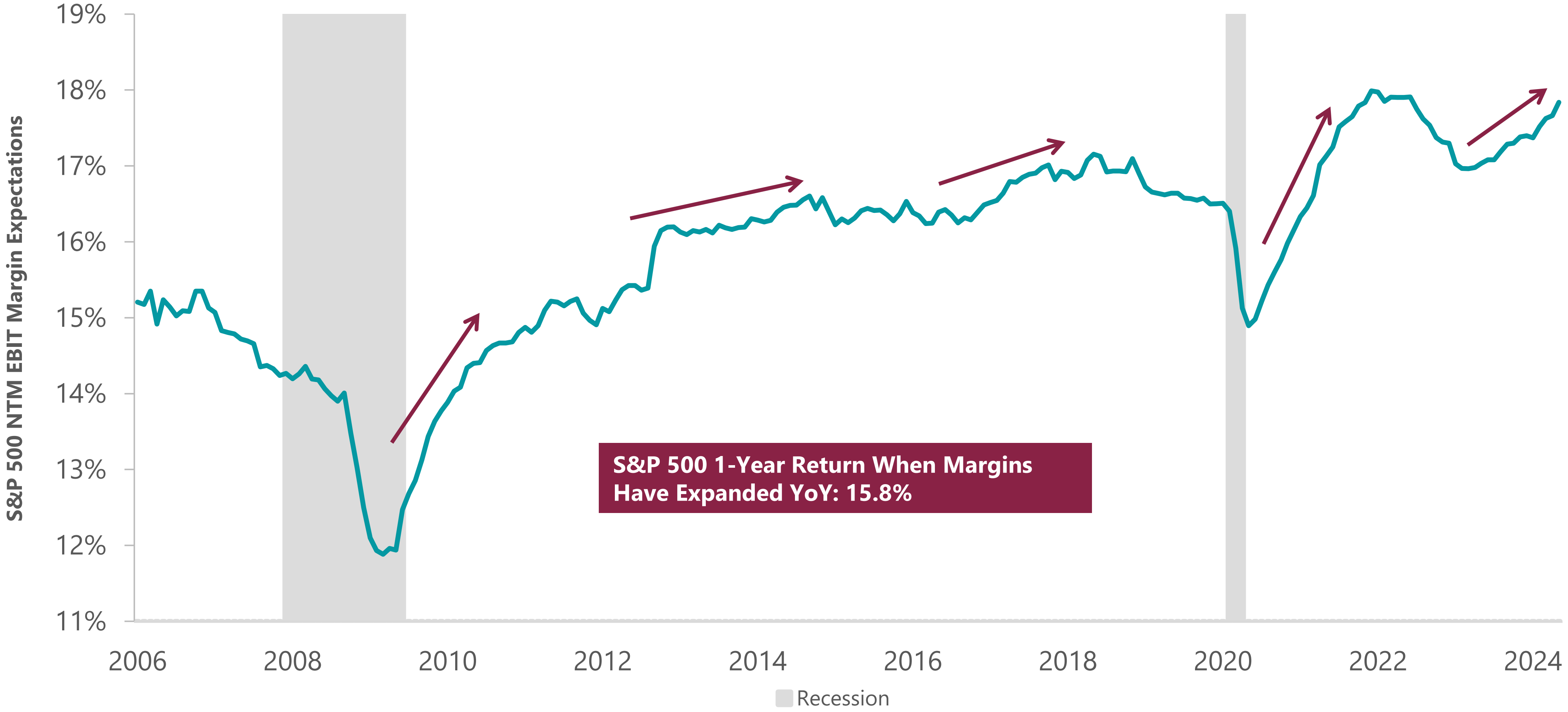
Change in Money Market Fund AUM 18 Months Following Major Market Lows

Year	Money Market AUM Net Change (Billions)	Money Market AUM Net Percent Change	Total Money Market AUM (Billions)
1990	$89	21.6%	$500
1998	$407	32.0%	$1,679
2002	-$181	-8.2%	$2,039
2009	-$1,068	-27.3%	$2,839
2016	-$62	-2.2%	$2,693
2018	$1,644	54.1%	$4,683
2020	$293	6.9%	$4,515
2022	$1,492	32.5%	$6,080

- **Following the October 2022 lows, investors flocked into money market funds with a net increase of $1.5 trillion, or 32.5%.**
- **Should the Fed embark upon its widely anticipated cutting cycle later this year, investors may reallocate. This represents a potential source of upside for equities.**

AUM = assets under management. Data as of June 30, 2024. Sources: S&P, Bloomberg, ICI. **Past performance is not a guarantee of future results.**

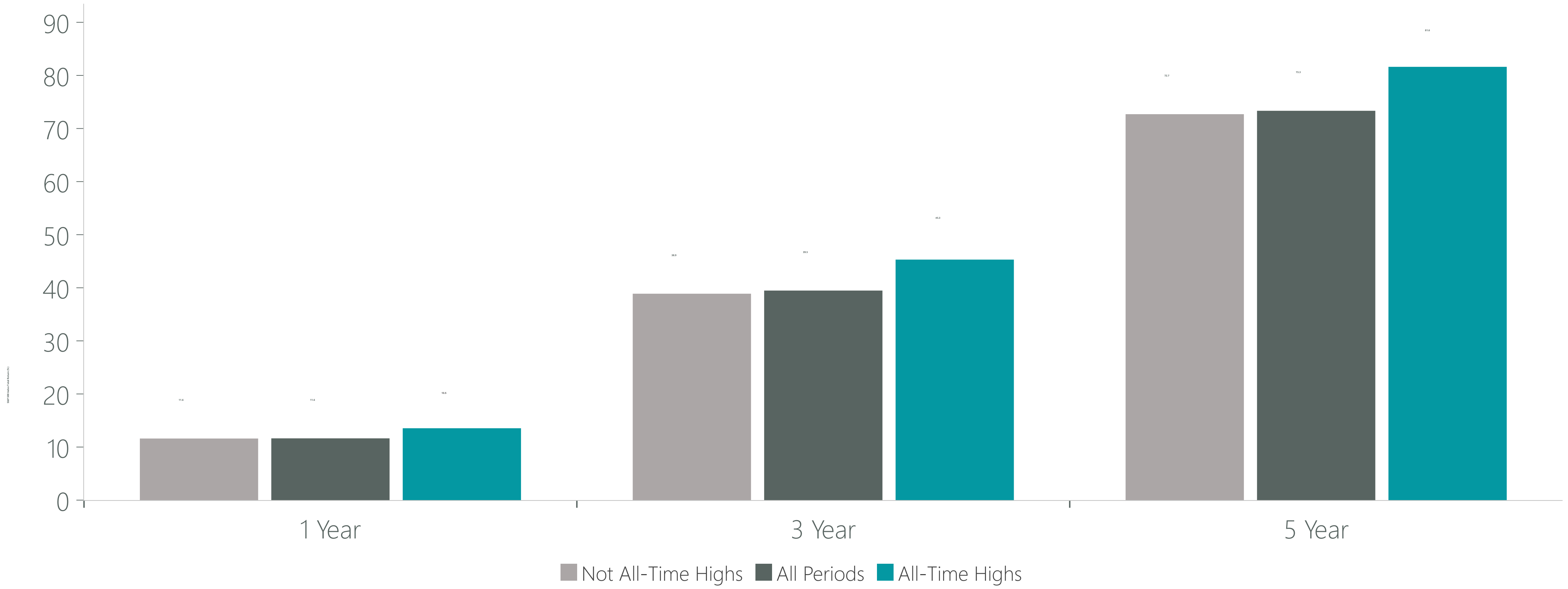
Margin Expansion Supportive



- **Expanding margins tend to support market rallies by driving favorable EPS trends.**
- **Although margins are near their prior peak, the long-term trend has been for higher highs.**

NTM = Next 12 Months. Data as of May 31, 2024, latest available as of June 30, 2024. Source: FactSet, NBER. 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.

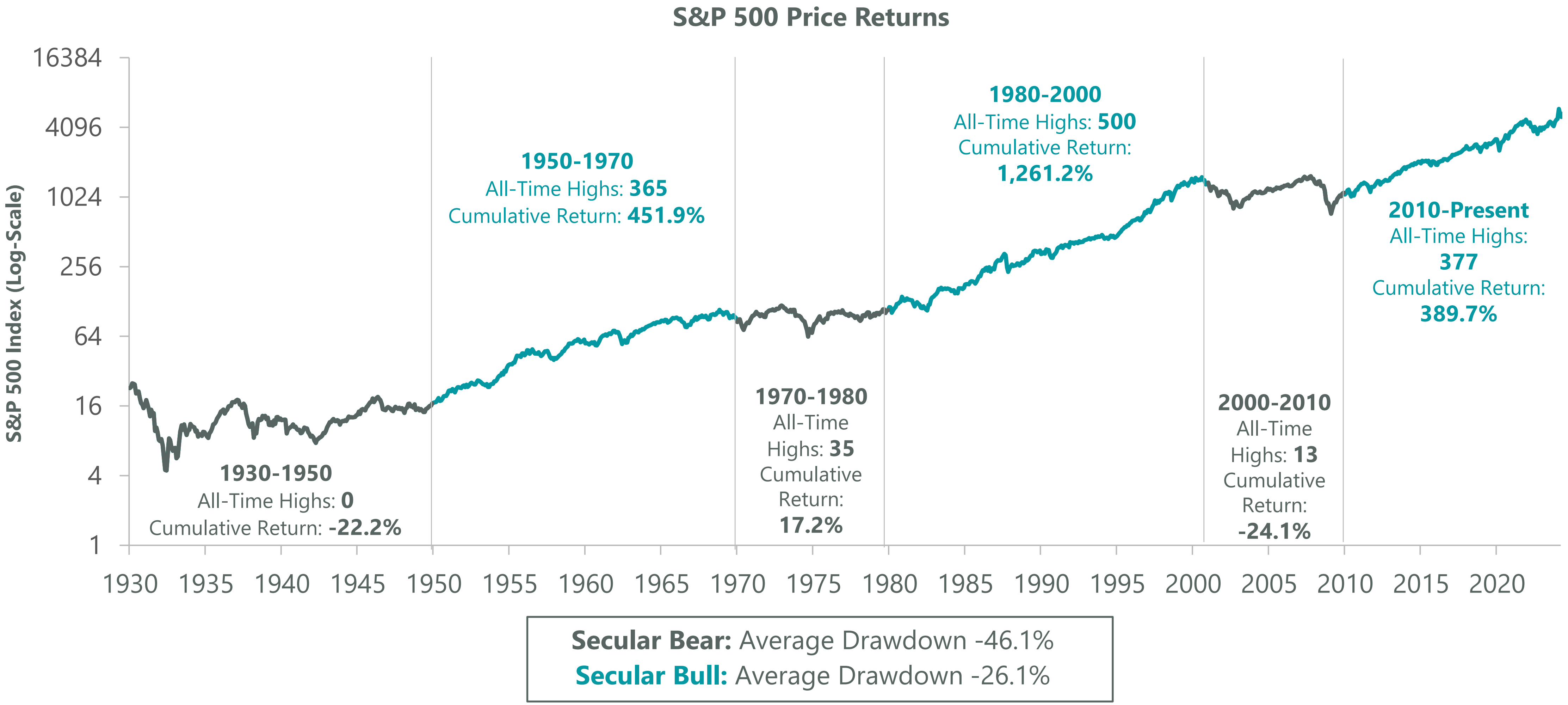
Don't Be Afraid of All-Time Highs



Sources: S&P Global, Macrobond.
Data last updated on: 7/2/2024.

- **Surprisingly, putting money to work at all-time highs has historically outperformed deploying capital when the benchmark is below peak, on average.**

New Secular Bull Market?



- **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 June 30, 2024. 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

Third Quarter 2024

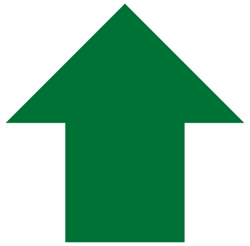
U.S. Economic Outlook

- The U.S. economy appears headed toward a soft landing. The overall signal from the Clearbridge Recession Risk Dashboard is in green territory following marked improvement in 1H 2024.
- The labor market has been a bright spot with solid job creation and resilient wage gains. A continuation of this trend should buttress consumption in the back half of the year.
- While a growth scare may emerge in 2H 2024, we believe the economy is normalizing following a period of elevated post-pandemic growth.

U.S. Market Outlook

- After a strong first half (+15%) for the S&P 500, markets may experience a period of digestion which could be amplified by pre-election jitters.
- While the S&P 500 trades at 21x NTM EPS, this is largely a function of the largest stocks in the index. The average stock trades in line (<0.5x above) with the long-term average.
- Although some investors are wary of deploying capital with the market at all-time highs, history shows that such junctures have been a better entry point for long-term investors.

Recession Dashboard Overall Signal



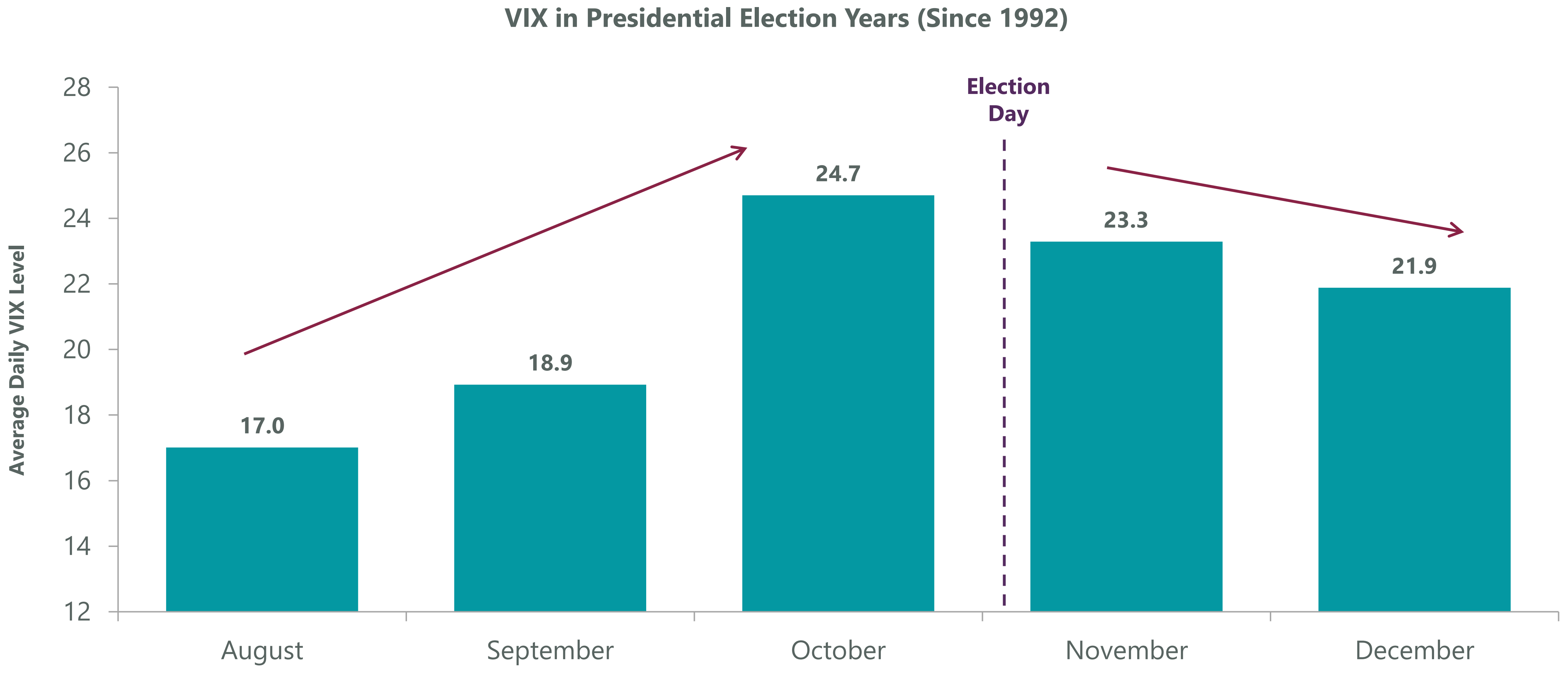
Expansion

As of June 30, 2024. 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.

Presidential Election

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.

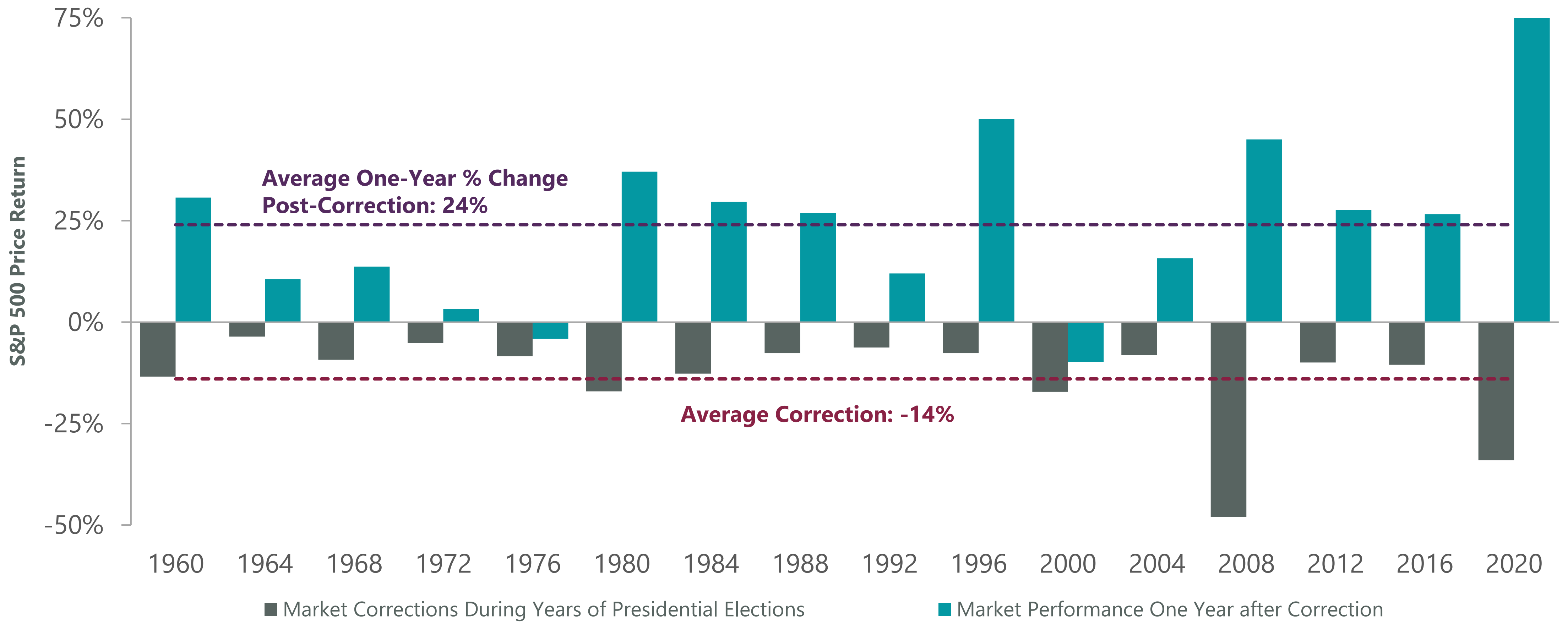
The Pre-Election Jitters



- Volatility typically ratchets higher as a presidential election nears.
- Investors have been rewarded for capitalizing on any opportunities that emerge as volatility has historically subsided post-election.

The CBOE Market Volatility Index (VIX) measures market expectations of near-term volatility conveyed by S&P 500 stock index option prices. Often called the “fear gauge,” lower readings suggest a perceived low-risk environment, while higher readings suggest a period of higher volatility. Data as of June 30, 2024. Sources: FactSet, CBOE. **Past performance is not a guarantee of future results.**

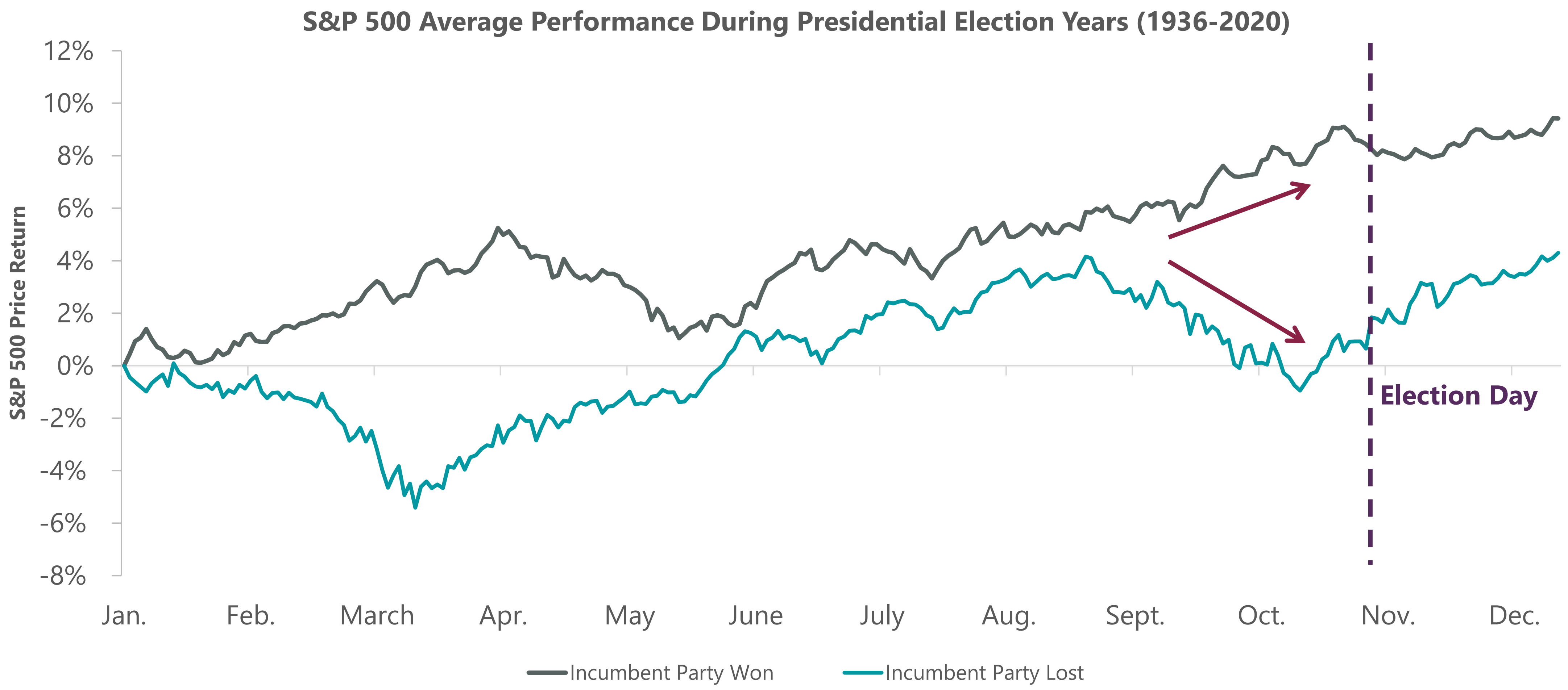
Corrections During Presidential Election Years



- **Historically, drawdowns during presidential election years have proven to be good entry points for long-term investors, with an average rebound of 24% in the 12 months following the lows.**
- **The opposition took the White House in the five largest drawdowns (2020, 2008, 2000, 1980, and 1960).**

As of Dec. 31, 2023. Source: 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.

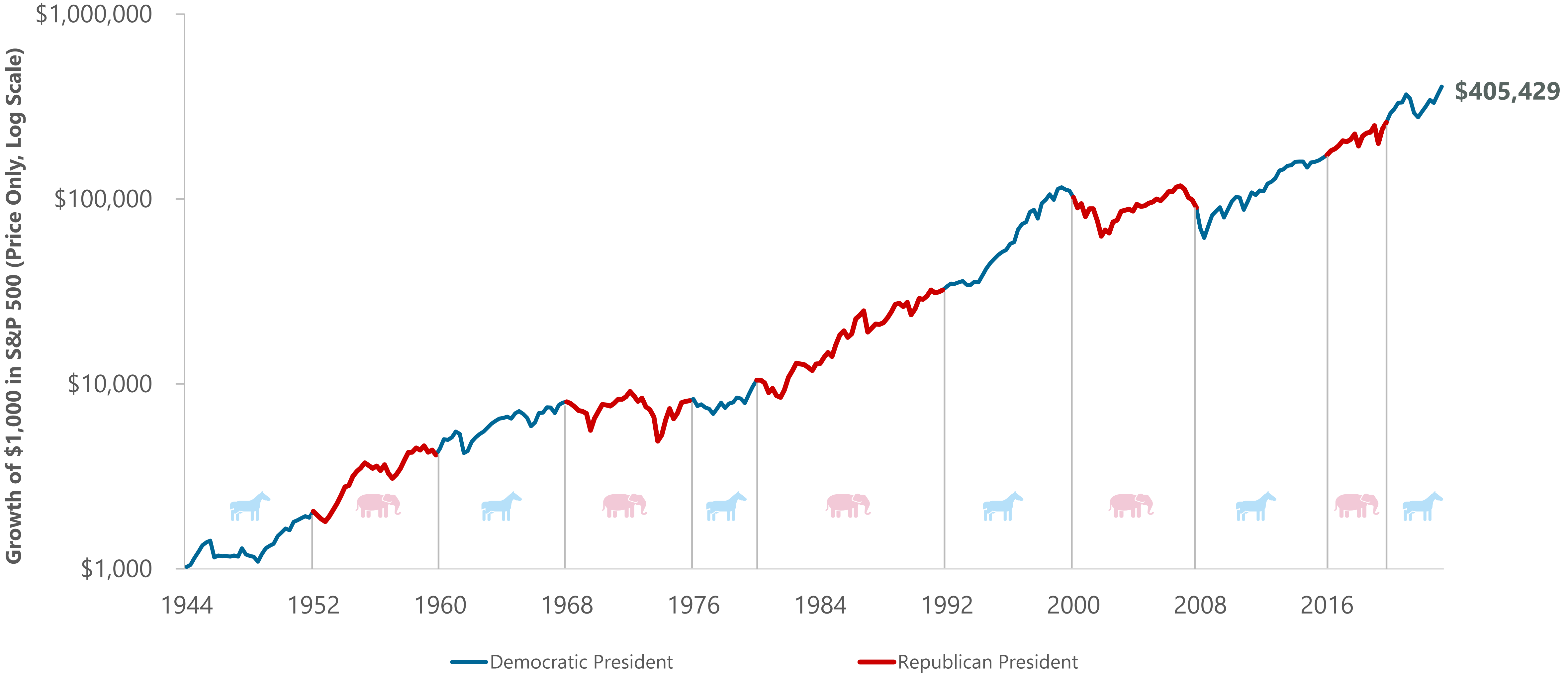
Stocks Anticipate Election Outcome



- **In the three months before the election, stocks have historically fallen ahead of a change in party, and rallied when the incumbent retained the White House.**
- **The market has correctly "predicted" every election 82% of the time since 1936.**

Source: 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.

Don’t Mix Politics and Investing

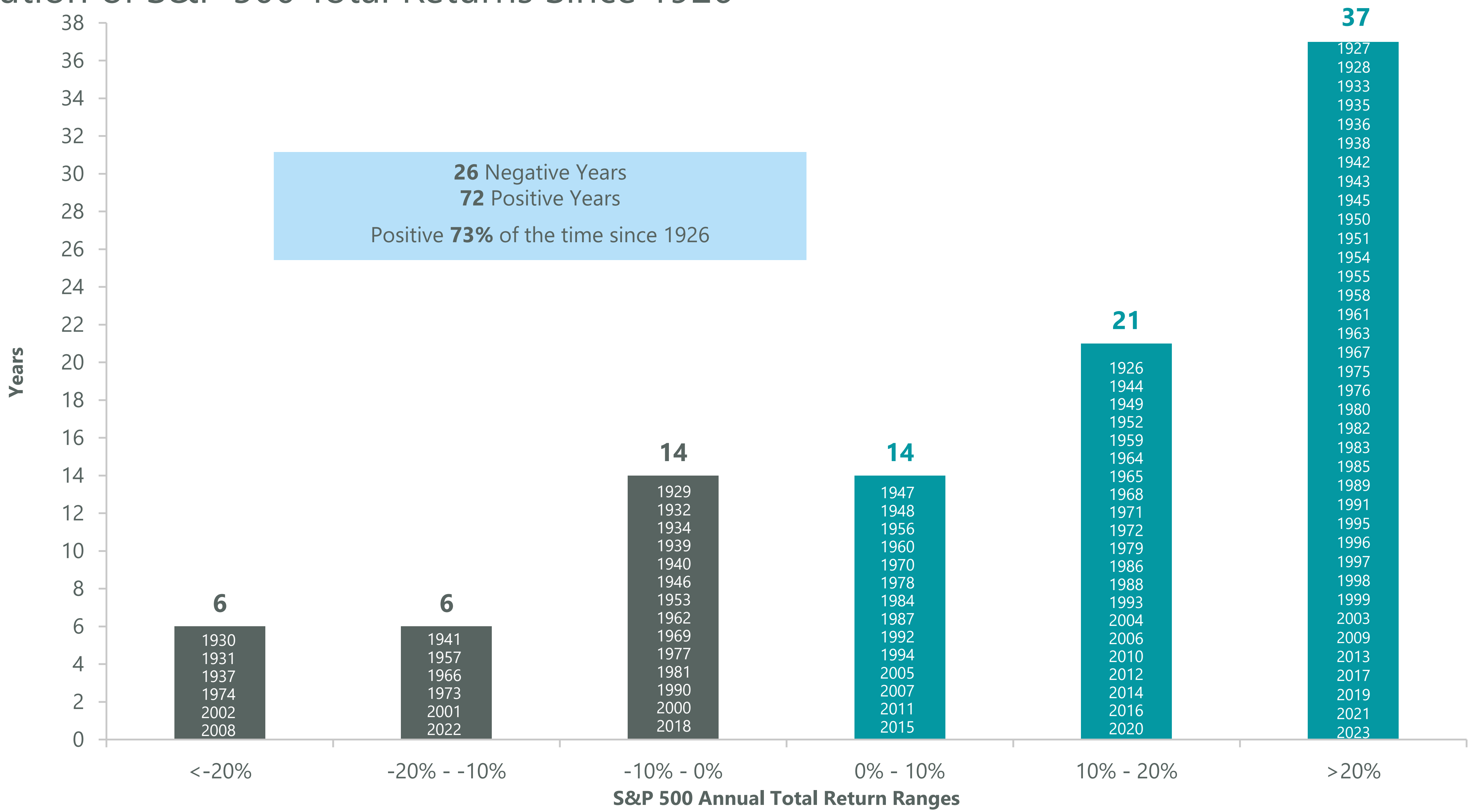


Historically, the equity market has moved higher irrespective of which party occupies the Oval Office.

Data as of June 30, 2024. 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.

Market Annual Returns

Distribution of S&P 500 Total Returns Since 1926



As of Dec. 31, 2023. Source: 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.

One Year Outlook

Themes That May Drive the Market Over the Next 12 Months

Fixed Income

Economic Fundamentals

Equity Market Fundamentals

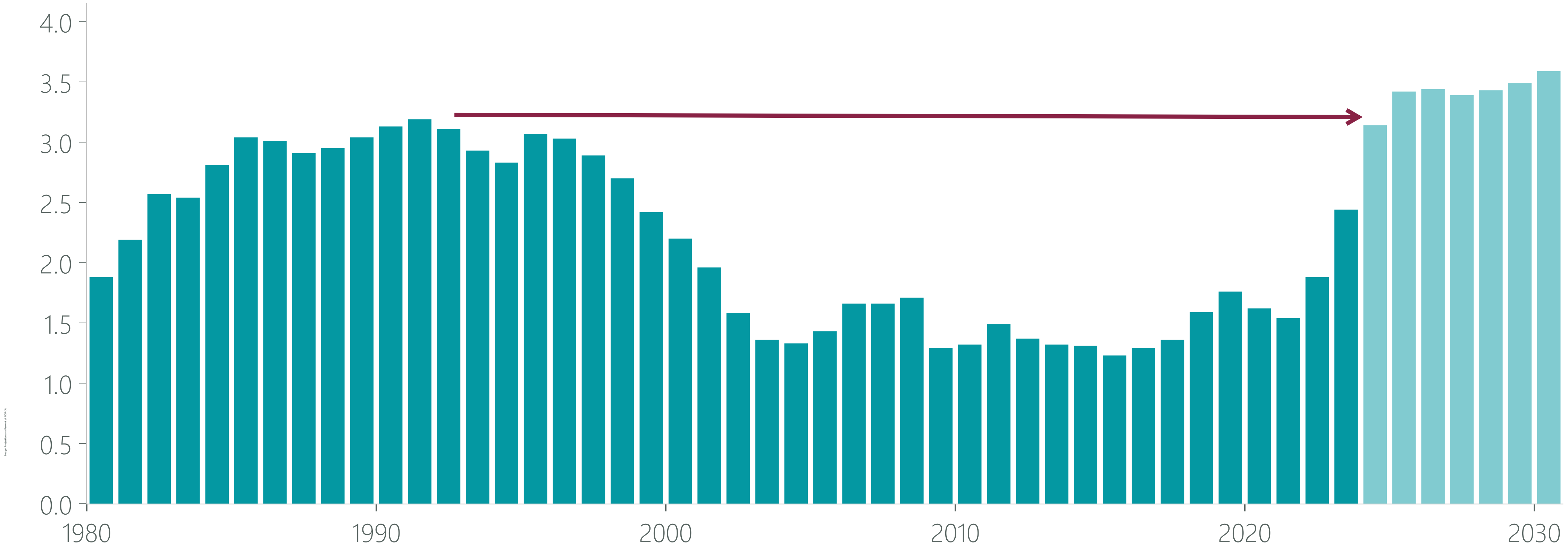
Presidential Election

Market Leadership

International

When Will U.S. Debt Be An Issue?

Net Interest Payments in Budget as Share of GDP

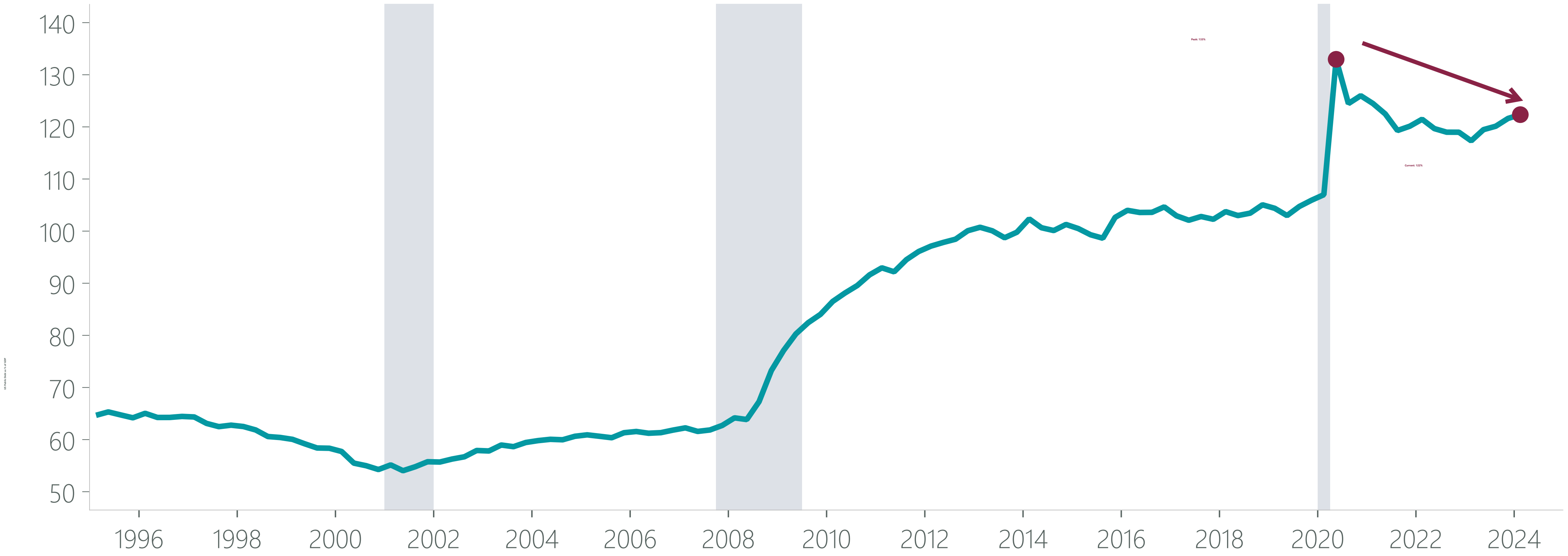


Source: U.S. Congressional Budget Office (CBO), Macrobond.
Data last updated on: 6/18/2024, latest available as of June 30, 2024.

- **Despite a dramatic increase in government debt outstanding since the GFC, total debt servicing costs as a percent of GDP declined due to falling rates.**
- **Current CBO projections show the interest burden returning to early 1990s levels over the next couple of years.**

There is no assurance that any estimate, forecast or projection will be realized.

Strong GDP + High Inflation = Lower Debt Levels?

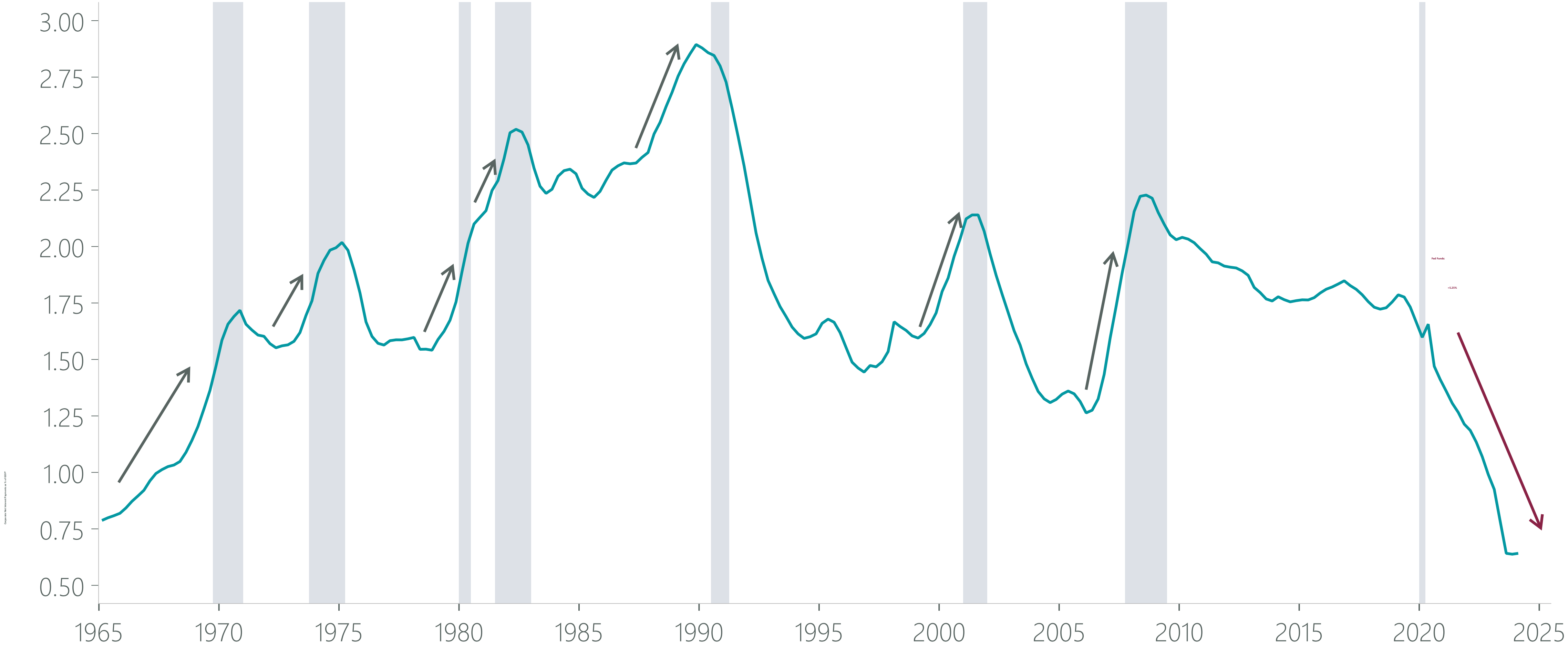


Source: Federal Reserve Bank of St. Louis, Macrobond.
Data last updated on: 6/27/2024, latest available as of June 30, 2024.

- **The U.S. debt load (relative to GDP) has roughly doubled in the aftermath of the last two recessions, which has caused investor angst.**
- **Since the post-pandemic peak, strong GDP growth coupled with elevated inflation have counterintuitively helped to reduce the overall U.S. debt burden despite historically large deficits.**

Gray shading marks recessionary periods. **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.

Large Companies Are Locked In

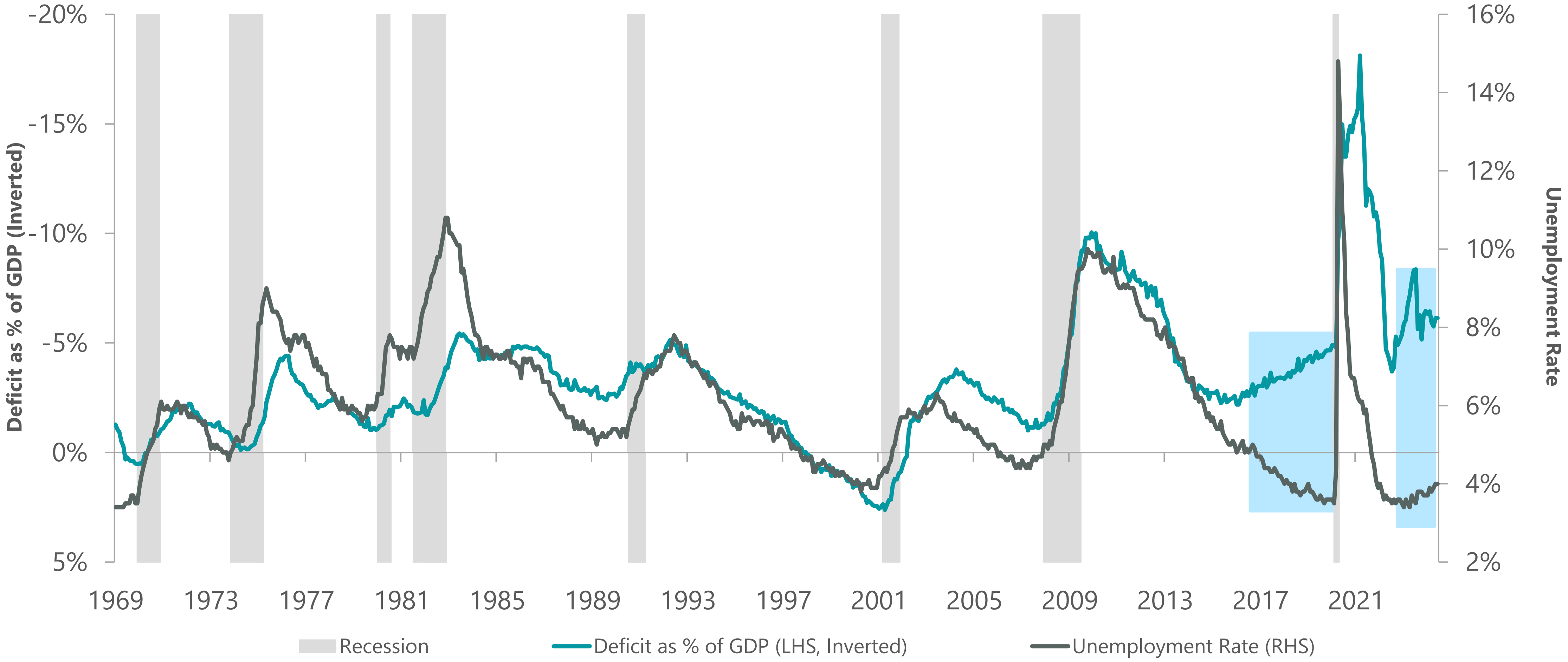


Source: Federal Reserve, U.S. Bureau of Economic Analysis (BEA), Macrobond.
Data last updated on: 6/27/2024, latest available as of June 30, 2024.

- **Corporate interest payments typically rise at the end of economic cycles which often coincide with Fed tightening campaigns.**
- **Many companies locked in low rates following the pandemic, which has helped net interest expense to drop – further aided by higher returns on corporate cash – despite the Fed embarking on an aggressive tightening cycle.**

*U.S Nonfinancial Corporate Business, Net Interest and Miscellaneous Payment, Transactions Divided by Nominal Gross Domestic Product (USD). Gray shading reflects recessionary periods.
Past performance is not a guarantee of future results.

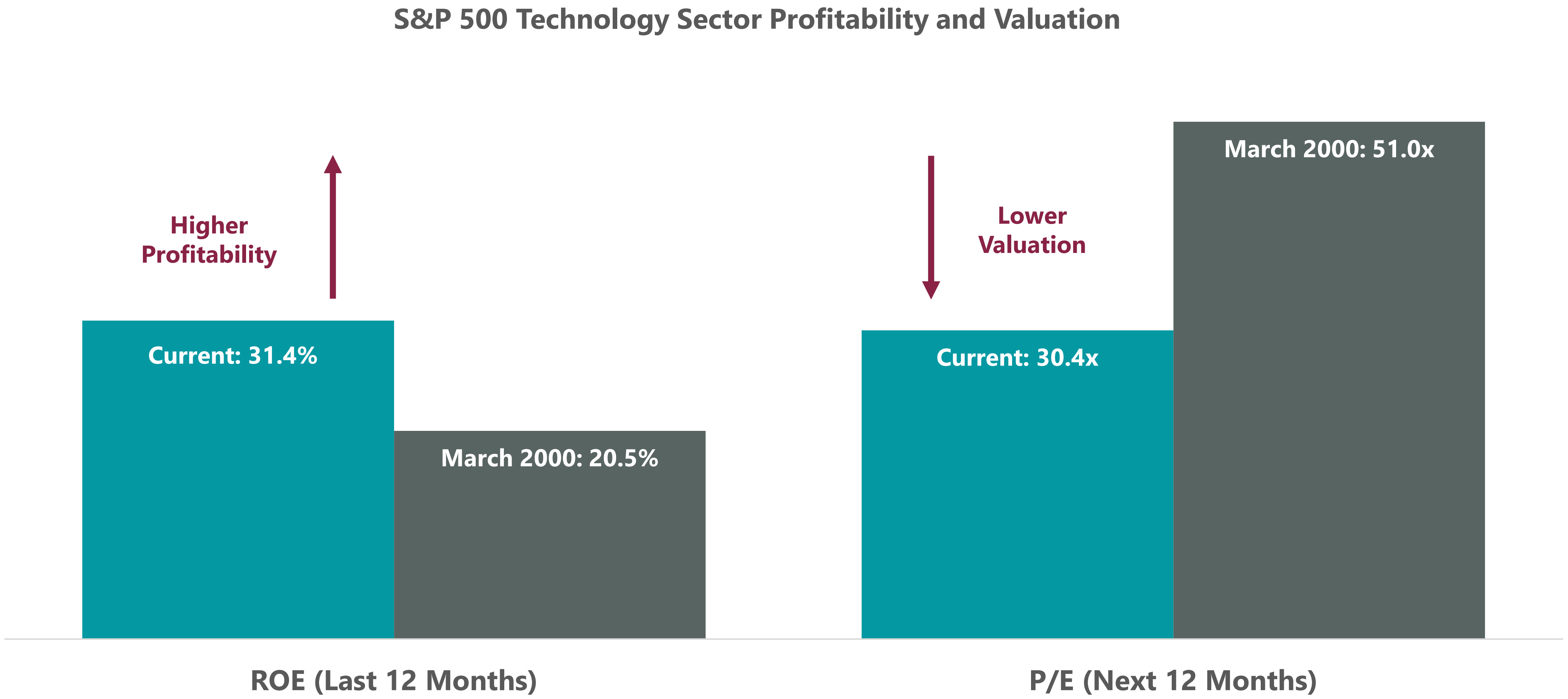
Huge Deficit, Low Unemployment?



- **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 June 30, 2024. Sources: BLS, BEA, NBER, U.S. Treasury, Bloomberg.

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 June 30, 2024. 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.

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.

Biographies

Name and Position		Industry Experience	ClearBridge Tenure	Education, Experience and Professional Designations
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	**Jeffrey Schulze CFA** Managing Director, Head of Economic and Market Strategy	19 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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