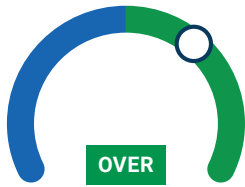


Negative Correlations, Positive Allocations

The return of the inverse relationship between bonds and stocks allows for complementary and more diversified positions across asset classes. Multi-asset portfolios may be better positioned to target attractive returns while limiting volatility.

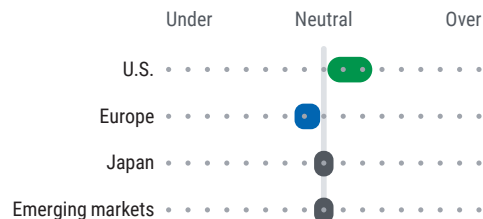
OVERALL RISK



We are overweight risk as the U.S. economy, like others, appears poised to achieve a soft landing. Though risks remain, namely fiscal policy implications from the U.S. election, inflation in the U.S. and other developed markets appears on track to return to target levels in 2025. Fixed income has recently resumed its traditional inverse relationship with equities, providing valuable diversification benefits and potential tailwinds for multi-asset strategies.

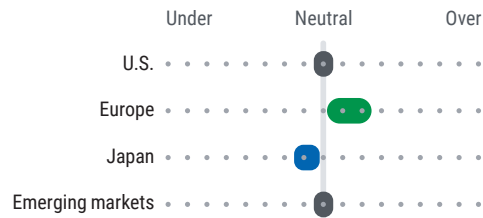
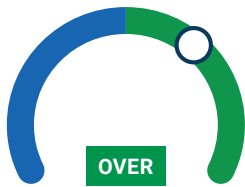
POSITIONING

EQUITIES



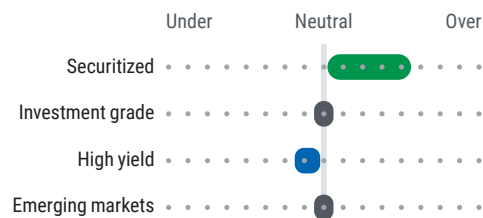
We are overweight equities, driven by our preference for the U.S. given the market's stronger and more resilient composition. Historically, U.S. equities¹ have a consistent record of delivering positive returns during soft landings, and we also expect the market to continue to broaden out beyond the Magnificent 7.² We are underweight Europe as we expect muted corporate earnings, largely resulting from lower relative economic growth and spillover effects from China.

RATES



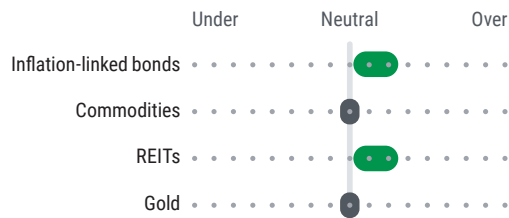
We are overweight duration and expect yield curves to steepen as global central banks continue to normalize policy, creating an attractive backdrop for capital appreciation potential. We favor developed ex-U.S. exposures, such as U.K. and Australian rates, and are neutral U.S. nominal rates, though we continue to express a steepening bias. We are underweight Japanese duration amid expectations for the BOJ to continue gradually raising rates despite recent market volatility.

CREDIT



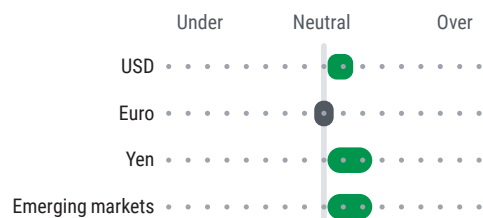
Within global credit markets, we are overweight securitized credit. We have high conviction in senior non-agency MBS given a robust U.S. housing market, resilient consumer balance sheets, and low unemployment. In addition, spreads for high-quality non-agencies offer relative value versus corporate credit. We are neutral investment grade corporate credit given tight spreads and are underweight high yield amid similar valuation concerns.

REAL ASSETS



We are overweight real assets to hedge against upside inflation risks. We are overweight inflation-linked bonds, specifically U.S. TIPS, given we believe pricing is attractive for an inflation hedge, particularly in the 5-year portion of the TIPS curve. We are overweight REITs as Fed rate cuts should lower interest costs, providing a boost to earnings in 2025 and offering upside potential.

CURRENCIES



We are slightly overweight the U.S. Dollar given upside risks from potential fiscal policy outcomes in light of the U.S. election. We are neutral on the Euro as we balance expectations for European growth to recover to a more normal pace as rates fall and negative impacts from trade policies. We are overweight the Japanese Yen as we believe the BOJ will hike rates over the cyclical horizon, and are overweight select EM currencies that provide attractive carry.

¹ U.S. equities is represented by MSCI USA Index.

² Magnificent 7 consists of Apple, Microsoft, Alphabet, Amazon, NVIDIA, Meta, and Tesla.

Past performance is not a guarantee or a reliable indicator of future results.

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Emerging Markets (EM); Bank of Japan (BOJ); Mortgage-backed securities (MBS); Real Estate Investment Trust (REIT).

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