These views are informed by a subjective assessment of the relative attractiveness of asset classes and subclasses over a 6- to 18-month horizon.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Valuation (Stocks)</th>
<th>Valuation (Bonds)</th>
<th>Valuation (Cash)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock</td>
<td>Broadly neutral with pockets of opportunity. We expect earnings to remain resilient in the near term, but global growth remains uncertain due to lagged effects of tighter monetary policy.</td>
<td>Yield levels are attractive relative to recent history. However, increased supply and sticky inflation could be headwinds, particularly for longer-term bonds. Credit fundamentals remain supportive.</td>
<td>With many central banks on hold, cash provides liquidity and continues to offer relatively attractive yields. However, the trajectory of easing could drive yields lower in the back half of the year.</td>
</tr>
<tr>
<td>Bond</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Equity Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Valuation (Stocks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>Earnings growth expectations for 2024 approach double digits as U.S. economic activity has proven resilient thus far. Valuations are full. Higher rates will pressure companies with high interest expenses.</td>
</tr>
<tr>
<td>Global Ex-U.S.</td>
<td>Valuations are attractive on a relative basis, but the growth outlook remains challenged for some major economies, particularly Europe and China. Lower rates could support more rate-sensitive economies.</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>Valuations and currencies are attractive. Monetary easing could support growth. Chinese equities reflect headwinds amid housing sector concerns, but other regions should benefit from rebounding exports.</td>
</tr>
</tbody>
</table>

### Style and Market Capitalization

<table>
<thead>
<tr>
<th>Style and Market Capitalization</th>
<th>Valuation (Stocks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Growth vs. Value*</td>
<td>Moderating growth could be a headwind for cyclical sectors. Momentum surrounding AI and weight-loss drugs should provide structural tailwinds for growth, but valuations are challenging.</td>
</tr>
<tr>
<td>Global Ex-U.S. Growth vs. Value*</td>
<td>Value stocks are attractively priced, and commodities and financials could benefit from stickier inflation. Growth stocks are relatively expensive and could suffer from weakening demand in China.</td>
</tr>
<tr>
<td>U.S. Small-vs. Large-Cap*</td>
<td>Small-caps are attractive as valuations already price in a significant economic downturn. However, elevated leverage, narrow margins, and near-term refinancing needs mean that higher rates remain a risk.</td>
</tr>
<tr>
<td>Global Ex-U.S. Small-vs. Large-Cap*</td>
<td>Small-cap valuations are relatively attractive. Signs of growth stabilization and easing central bank policies could be catalysts for reentry.</td>
</tr>
</tbody>
</table>

### Inflation Sensitive

<table>
<thead>
<tr>
<th>Inflation Sensitive</th>
<th>Valuation (Stocks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity-related equities are cheap and offer a hedge against potentially stickier inflation and energy price shocks. Oil prices may be set for structural increases due to peaking productivity.</td>
<td></td>
</tr>
</tbody>
</table>

### Bonds

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Valuation (Stocks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Investment Grade</td>
<td>Yields are broadly attractive. We favor core and shorter duration as long-term bonds could remain vulnerable to inflation and heavy new supply. Credit fundamentals remain supportive.</td>
</tr>
<tr>
<td>Developed Ex-U.S. IG (Hedged)</td>
<td>Global central banks appear to be near peak tightening as inflation shows signs of slowing. Yields look attractive on a USD-hedged basis.</td>
</tr>
<tr>
<td>U.S. Treasury Long</td>
<td>Longer-term yields likely are near a peak but remain vulnerable to increased supply and sticky inflation. Treasuries should offer ballast to risk assets as correlations are expected to decline.</td>
</tr>
<tr>
<td>Inflation Linked</td>
<td>Break-even yields reflect a continued deceleration in inflation. Signs of inflation reaccelerating could present a reentry point.</td>
</tr>
<tr>
<td>Global High Yield</td>
<td>Attractive yields should provide a cushion if spreads widen. Credit fundamentals remain strong, and while default rates could rise, we do not expect them to exceed their historical averages.</td>
</tr>
<tr>
<td>Floating Rate Loans</td>
<td>Valuations and yields remain attractive. But the rate resetting feature and lower duration profile of loans become less attractive as we near peak rates.</td>
</tr>
<tr>
<td>EM Dollar Sovereigns</td>
<td>Yields are still attractive, and moderating inflation and peaks in central bank tightening cycles both should be supportive. A weaker U.S. dollar should be positive for EM economies.</td>
</tr>
<tr>
<td>EM Local Currency</td>
<td>EM local bonds and EM currencies are both attractively valued. Expectations for central bank easing, lower inflation, and a potential upside for growth should support the sector.</td>
</tr>
</tbody>
</table>

*For pairwise decisions in style and market capitalization, boxes represent positioning in the first asset class relative to the second asset class. The asset classes across the equity and fixed income markets shown are represented in our multi-asset portfolios. Certain style and market capitalization asset classes are represented as pairwise decisions as part of our tactical asset allocation framework.

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