Market Navigator

from the Investment Advisory Group
Truist Advisory Services, Inc.

April 3, 2024

TRUIST

Securities and insurance products and services –
- Are not FDIC or any other government agency insured
- Are not bank guaranteed
- May lose value

Wealth

Monthly letter

Truist Advisory Services, Inc.

Keith Lerner, CFA, CMT®
Co-Chief Investment Officer
Chief Market Strategist
Senior Managing Director

"Similar periods of {market} strength have tended to be a positive when looking out 12 months. Yet, it's crucial to recognize that the additional gains did not come without hiccups along the way."

A good start

After a robust 2023, equity markets' upward trajectory continued in the first three months of 2024 as the U.S. economy remained fiercely resilient, translating into record highs for the S&P 500 and earnings estimates.

This backdrop helped to offset a significant market repricing for the number of Federal Reserve (Fed) cuts from more than six expected late last year to closer to three today. Our motto for several months now—and the lesson from market history—is a stronger economy with fewer rate cuts is preferrable to a weakening economy in need of significant rate cuts.

The first quarter market results were impressive, not only for the overall gain but for the shallowness of the pullbacks. Indeed, the S&P 500's total return of 10.6% was the best since 2019, and the market has now risen five-straight months. Moreover, the deepest setback was less than 2%.

Importantly, market participation broadened significantly – nine of the 11 S&P 500 sectors rose more than 5%, and five sectors rose more than 10% in the first quarter, with economically-sensitive sectors, such as industrials and financials, making all-time highs alongside mid caps and the S&P 500 Equal Weight Index. Moreover, it's been a global affair, with multi-year highs recorded in markets such as Germany, France, and Japan, though the broader international developed markets as a whole and the emerging markets still trailed the U.S.

Where do we go next

Strong momentum tends to be a characteristic of bull markets, something we have highlighted with various studies over recent months. While markets are stretched to the upside in the short term, and due for a breather, similar periods of strength have tended to be a positive when looking out 12 months.

- **In the 11 previous instances since 1950 where the S&P 500 rose at least 10% in the first quarter, stocks were higher by year end 10 out of 11 times**.
- Likewise, after previous five-month winning streaks that witnessed cumulative gains of at least 20%, as has been the case recently, stocks were up a year later in each case.

Yet, it's crucial to recognize that the additional gains did not come without hiccups along the way.

- **The average maximum pullback** for the S&P 500 over the rest of the year following strong first quarters averaged 11% (7% median).
- **Moreover, since 1980, there have been only three years** – 1993, 1995, and 2017 – that did not see at least one 5% intra-year pullback. Indeed, periodic pullbacks are the admission price to the market.

Continued on next page

As we think about the rest of the year, the biggest known market risks appear to stem around the **potential of sticky inflation**, **a higher and more volatile interest rate environment** that could pressure stocks, and a **bar for positive surprises that has risen**.

Market valuations, even outside of the tech heavy weights, have also expanded alongside the rally this year, and concentration risks in tech remain a concern. As we move deeper into the year, the election will come closer into view, likely injecting periodic bouts of volatility. And, of course, there will be unexpected events.

Still, until the weight of the evidence shifts, our view is bull market rules apply. That is, investors should stick with the primary market uptrend, and look to pullbacks as opportunities.

Positioning

From a global equity perspective, we have been team U.S.A. for several years and maintain that bias today. As mentioned, we are seeing international markets participate in the rally, and valuations on a relative basis remain attractive. However, valuations are a condition not a catalyst.

We await a shift in relative earnings and price momentum to upgrade our international exposure, and typically international markets do best in periods of U.S. dollar weakness. We expect the choppy U.S. dollar environment to persist, but the downside to be limited by a U.S. economy that remains a global leader and a Fed that is likely to be slower to cut rates than some of its central bank counterparts, such as in Europe.

Within the U.S., we keep our large cap preference, where earnings trends remain stronger relative to mid and small caps. The latter of which are much cheaper and would likely do better if we see more relief in interest rates, as the companies tend to be more exposed to floating-rate debt.

We still have a focus on high quality in the bond market, where yields remain high relative to the past two decades. Our fixed income team sees intermediate yields trading near fair value, as the current market outlook is aligning with our long-held assumption that the Fed will resist easing policy too early or too swiftly. However, we still anticipate two to three rate cuts later this year.

We continue to expect tactical opportunities to emerge and look forward to keeping you informed as the year progresses.

Keith J. Lerner

Keith Lerner, CFA, CMT®
Co-Chief Investment Officer
Chief Market Strategist

House views

- Bumping up our 2024 GDP growth forecast to 1.9% from 1.7%. The cumulative impact of higher rates should slow growth, but overall economic resilience remains as evidenced by a solid labor market, wage growth now above inflation, and fiscal stimulus.
- The weight of the evidence suggests the primary stock market trend remains higher, though expect to see normal pullbacks along the way.
- New market highs tend to be a good signal, as long as stocks aren't egregiously overvalued, or a recession isn't around the corner.
- Stay overweight U.S. stocks relative to international, with an emphasis on larger companies as economic and earnings trends remain superior.
- Focus on high quality fixed income and limit exposure to riskier bonds until spreads present a better entry point.

Key positioning

	Less Attractive				*More Attractive*
Asset classes					
Equity			●		
Fixed income			●		
Cash			●		
Global equities					
U.S. large cap				●	
U.S. mid cap			●		
U.S. small cap			●		
International developed markets		●			
Emerging markets (EM)	●				
Value style relative to growth			●		
Fixed income					
U.S. government				●	
U.S. mortgage-backed securities		●			
U.S. investment grade corporates		●			
U.S. high yield corporates	●				
Leveraged loans	●				
Duration			●		

Sector Strategy

Truist Advisory Services, Inc.

We remain overweight growth sectors, such as technology and communication services, alongside financials. With this publication, **we are upgrading the energy sector to neutral from underweight.** The sector has been stronger in our quantitative work driven by a strong rebound in absolute and relative price trends and a rebound in crude oil prices. We are underweight defensive areas of the market like utilities, consumer staples, and real estate.

Updated = 4/3/2024

Sector	S&P 500 sector weight*	Tactical outlook (3-12M) *Under-weight*		*Over-weight*	T	F	V	Comments
Information Technology	29.6%			●	+	+	-	The sector's technical trends remain supportive. Valuations are rich, though strong balance sheets and cash flow generation are a plus as is positive earnings momentum.
Communication Services	9.1%			●	+	+	-	The sector ranks near the top of our quantitative work. The sector's strong relative earnings and technical trends warrant an overweight.
Financials	13.1%			●	+	↔	-	Technical price momentum remain positive, and the sector is benefitting from resilience in the economy.
Industrials	8.7%		●		↔	↔	↔	Longer-term tailwinds remain, such as onshoring and fiscal spending, though relative valuations, price, and earnings trends are mixed.
Energy	4.0%		●		↔	-	↔	Absolute and relative price trends are improving, alongside rebounding oil prices and ongoing geopolitical risks.
Consumer Discretionary	10.3%		●		↔	↔	↔	Relative price trends for the sector have deteriorated, underscoring the concentration risk, warranting a neutral view.
Health Care	12.3%		●		↔	+	↔	Relative price trends have been weak though technical trends are mixed overall. The sector is subject to policy risk during an election year.
Materials	2.4%		●		↔	-	↔	Absolute price and relative price trends have picked up recently, driven by an expansion in relative valuations. Fundamentals for the sector are a negative.
Utilities	2.2%	●			-	↔	+	Although valuations are favorable, relative price and earnings trends have been underwhelming.
Consumer Staples	5.9%	●			-	↔	+	Relative price and earnings trends remain weak. The sector ranks near the bottom of our quantitative work.
Real Estate	2.2%	●			-	-	+	Uncertainty surrounding the commercial real estate market, higher debt levels, and higher interest rates have been an overhang for the sector. Relative price trends continue to be weak, warranting an underweight view.

 *Sector weights are represented by weights in the iShares Core S&P 500 ETF which won't add up to 100% because of a small allocation to cash.

T = Technical. This factor has the greatest focus in our overall methodology with an emphasis on relative price trends

F = Fundamentals. Includes earnings and sales trends, with an emphasis on recent changes to estimates

V = Valuation. Inputs include current/historical and absolute/relative to the overall market

+ Top Tier, -Bottom Tier, ↔ Middle Tier; Data source: Truist IAG, FactSet.

TRUIST Wealth

Performance summary as of March 31, 2024

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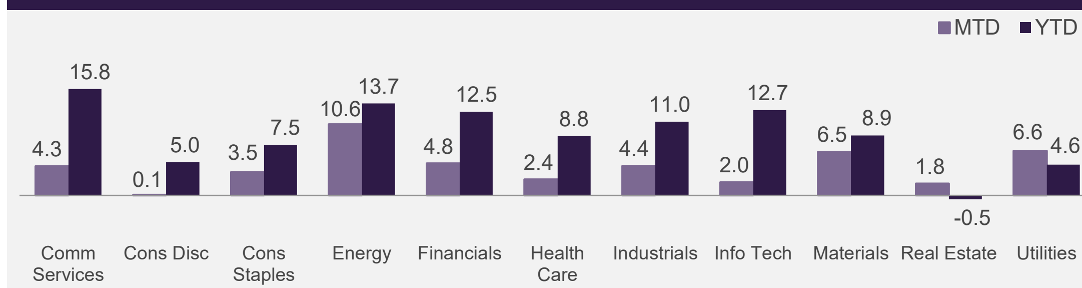
Index % Total Return	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	3.14	8.20	8.20	23.22
S&P 500	3.22	10.56	10.56	29.88
MSCI EAFE (net)	3.29	5.78	5.78	15.32
MSCI Emerging Markets (net)	2.48	2.37	2.37	8.15
Dow Jones Industrials	2.21	6.14	6.14	22.18
Bloomberg Commodity Index	3.31	2.19	2.19	-0.56
Bloomberg Aggregate	0.92	-0.78	-0.78	1.70
ICE BofA US High Yield	1.19	1.51	1.51	11.04
Bloomberg Municipal Bond Blend 1-15 Year	0.00	-0.29	-0.29	2.62
ICE BofA Global Government xUS (USD Unhedged)	0.15	-4.64	-4.64	-4.23
ICE BofA Global Government xUS (USD Hedged)	0.93	0.01	0.01	4.31

Rates (%)	3/31/24	12/31/23	9/30/23	6/30/23	3/31/23
Fed Funds Target	5.50	5.50	5.50	5.25	5.00
T-Bill, 3-Month	5.34	5.35	5.45	5.31	4.75
2-Year Treasury	4.62	4.25	5.03	4.87	4.06
5-Year Treasury	4.22	3.84	4.60	4.12	3.60
10-Year Treasury	4.20	3.87	4.57	3.81	3.49
30-Year Treasury	4.34	4.03	4.70	3.85	3.68
Bloomberg Aggregate (YTW)	4.85	4.53	5.39	4.81	4.40
Bloomberg Municipal Bond Blend 1-15 Year	3.19	2.88	4.05	3.23	2.87
ICE BofA US High Yield	7.68	7.65	8.90	8.56	8.50
Currencies	**3/31/24**	**12/31/23**	**9/30/23**	**6/30/23**	**3/31/23**
Euro ($/€)	1.08	1.10	1.06	1.09	1.09
Yen (¥/$)	151.35	140.98	149.23	144.54	133.09
Pound ($/£)	1.26	1.27	1.22	1.27	1.24
Commodities	**3/31/24**	**12/31/23**	**9/30/23**	**6/30/23**	**3/31/23**
Crude Oil (WTI)	83.17	71.65	90.79	70.64	75.67
Gold	2,238	2,072	1,866	1,929	1,986
Volatility	**3/31/24**	**12/31/23**	**9/30/23**	**6/30/23**	**3/31/23**
CBOE VIX	13.01	12.45	17.52	13.59	18.70

U.S. style % total returns (S&P indexes)

	Month				YTD		
	Value	Core	Growth		Value	Core	Growth
	4.55	3.22	2.13	Large	8.05	10.56	12.75
	5.40	5.60	5.75	Mid	4.12	9.95	15.60
	3.39	3.24	3.10	Small	0.14	2.46	4.77

S&P 500 sector % total returns



Data source: Truist IAG, FactSet.

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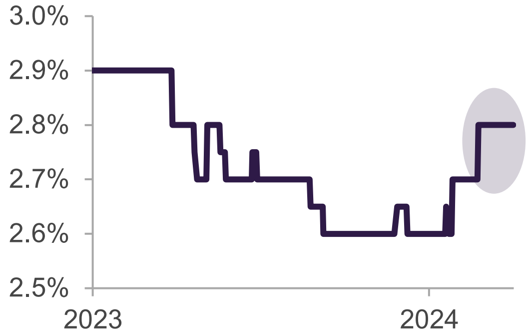
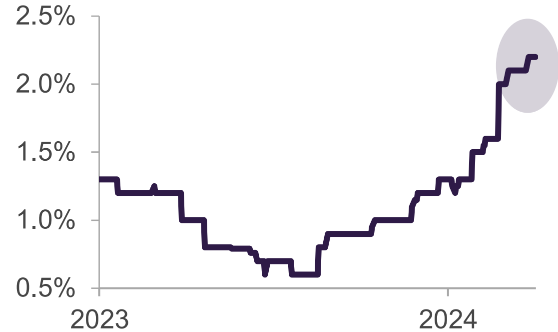
U.S. is driving global economic growth revisions upward

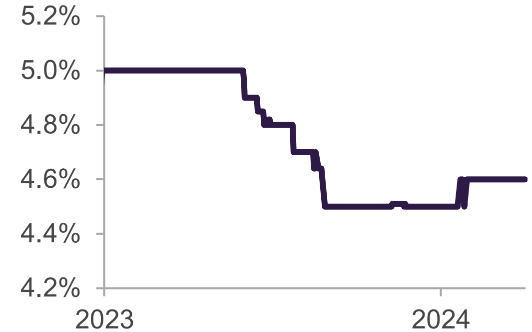
Global 2024 GDP estimates



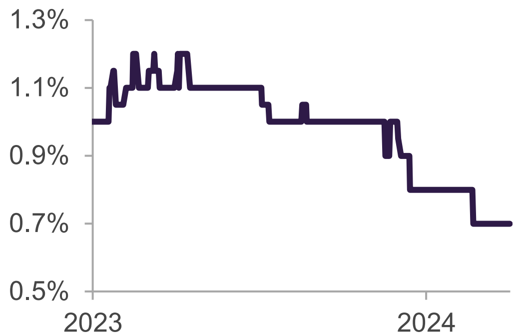
U.S. 2024 GDP estimates



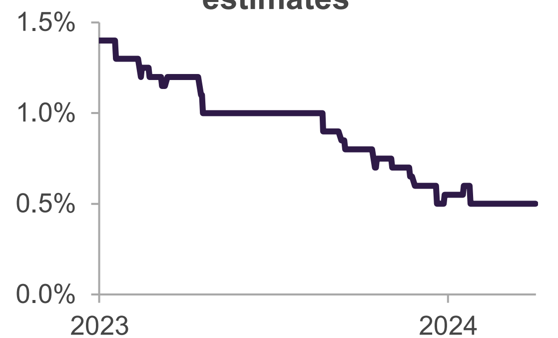
China 2024 GDP estimates



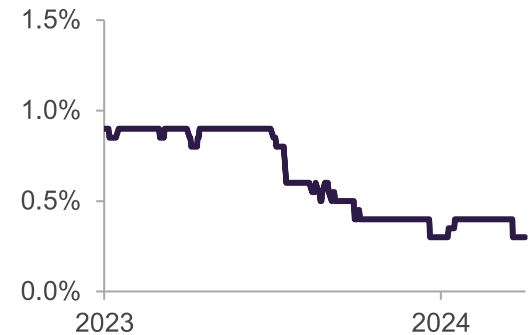
Japan 2024 GDP estimates



Eurozone 2024 GDP estimates



U.K. 2024 GDP estimates



Data source: Truist IAG, Bloomberg. Change in real (inflation-adjusted) gross domestic product (GDP) year over year; consensus estimate through March 31, 2024.

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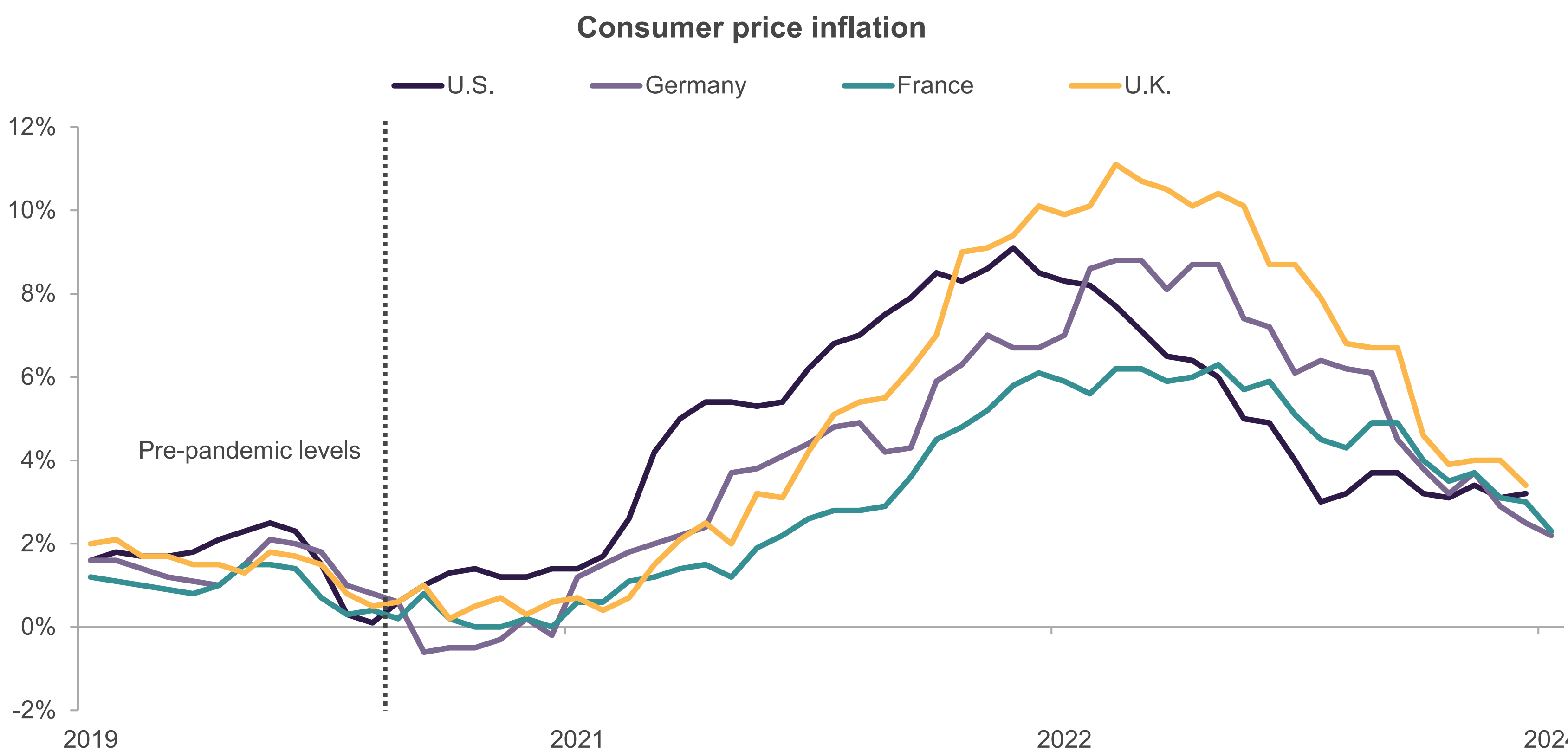
Global inflation has declined sharply though still above pre-pandemic levels



Data source: Truist IAG, Bloomberg. Monthly data U.S. and U.K. inflation data through February 2024, France and Germany through March 2024.

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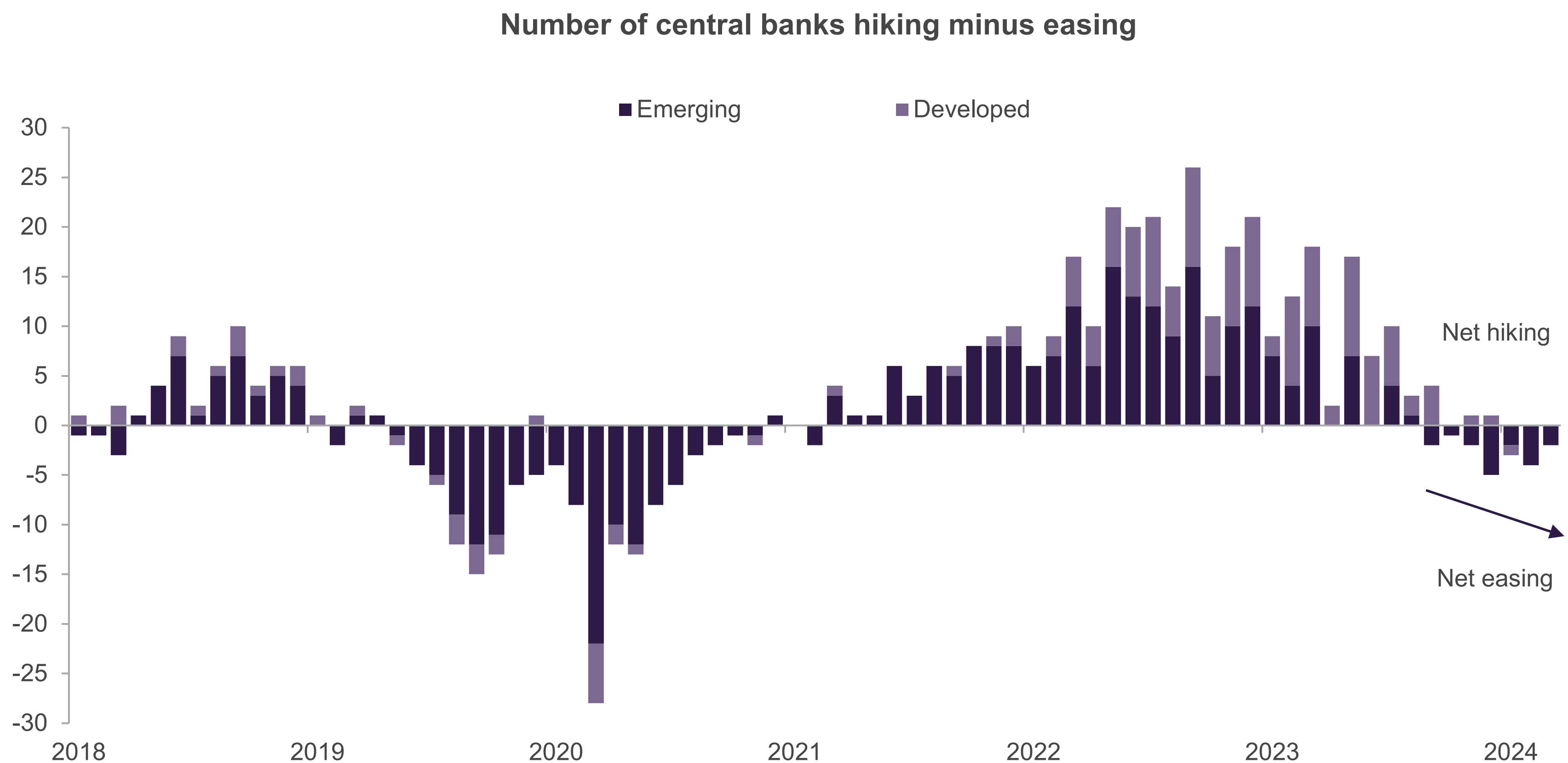
Entering first monetary easing cycle in several years

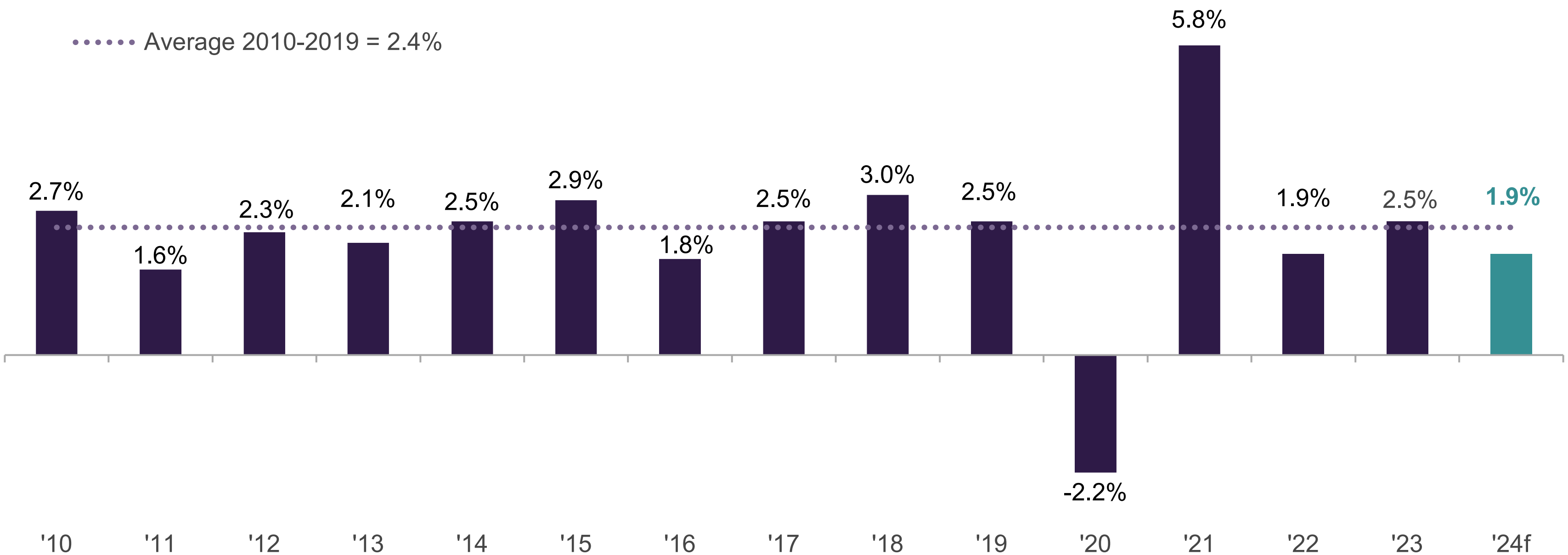


Data source: Truist IAG, Haver. Series constructed using predominantly countries in the MSCI All Country World Index

U.S. economy – Bumping up outlook but expect slower growth than ’23

We have bumped up our 2024 GDP growth forecast to 1.9% from 1.7% as the U.S. economy remains resilient as evidenced by solid consumer spending trends along with continued hiring and business investment. However, the cumulative impact of higher rates should weigh on growth compared to 2023.

Growth of gross domestic product (GDP) by year

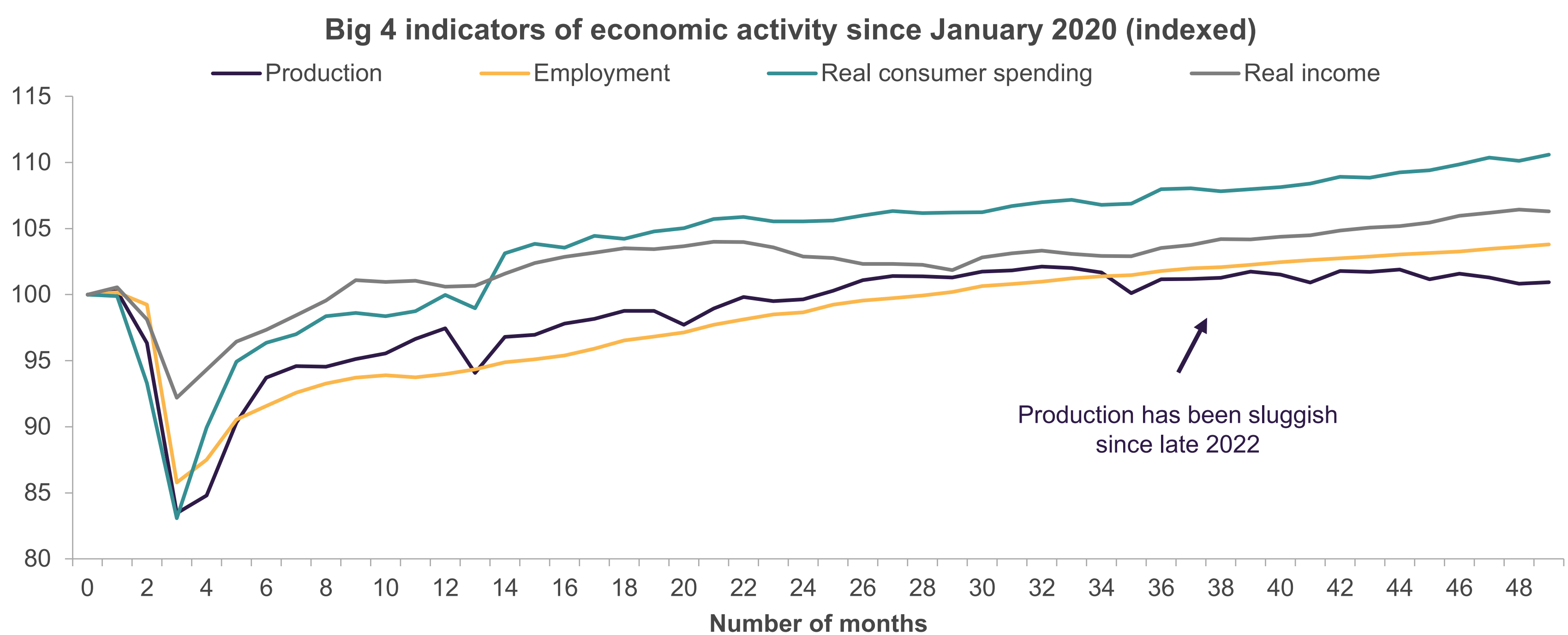


Data source: Truist IAG, Bureau of Economic Analysis. Change in real (inflation-adjusted) gross domestic product year over year, actual for 2010 through 4Q2023.

f = Truist IAG forecast for 2024

Big 4 indicators point toward continued growth for U.S. economy

Four of the primary indicators followed by the National Bureau of Economic Research (NBER) Business Cycle Dating Committee, which are coincidental rather than leading, suggest the U.S. is not in a recession.

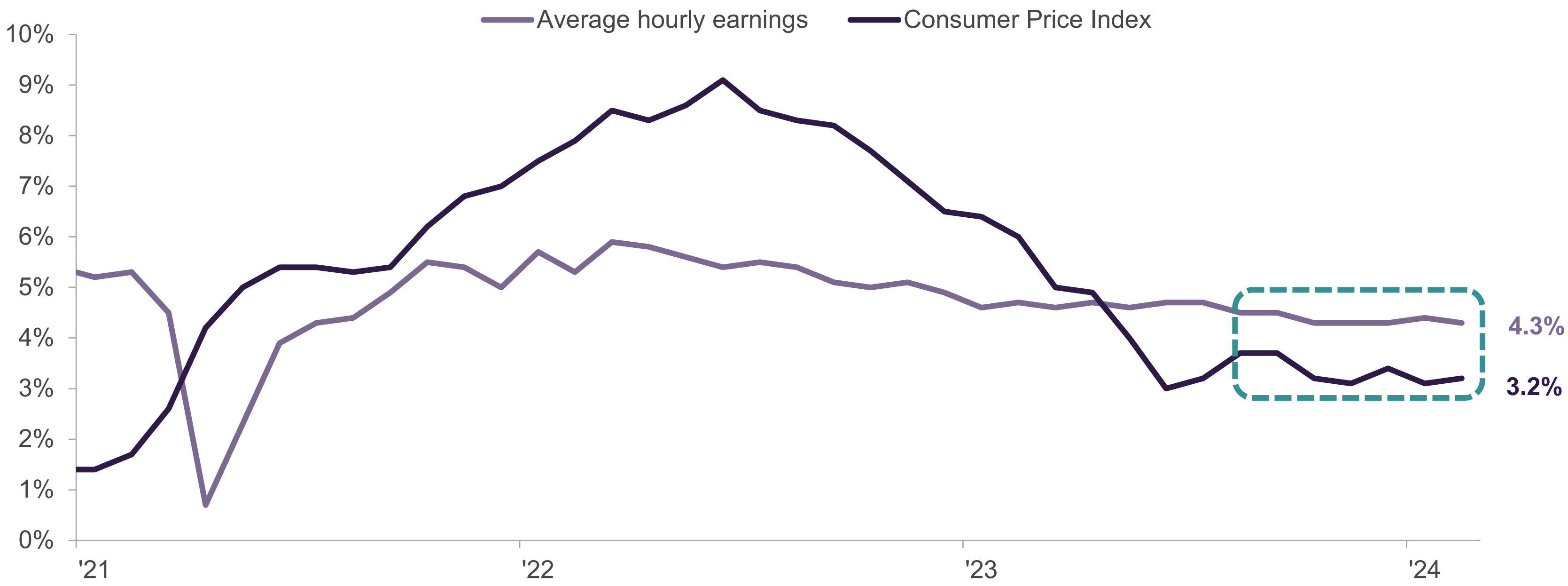


Sources: Truist IAG, Bloomberg. Monthly data through February 2024 for industrial production, number of nonfarm payrolls, real (inflation-adjusted) personal consumption expenditures (chained 2017 dollars), and real (inflation-adjusted) personal income excluding transfer receipts (chained 2017 dollars); indexed to January 2020.

Wages growing above inflation, helping consumers

Wage growth is running at 4.3% from a year ago, well above the pre-pandemic 10-year average of 2.4%. As inflation continues to moderate, consumers will get some additional breathing room in their personal budgets.

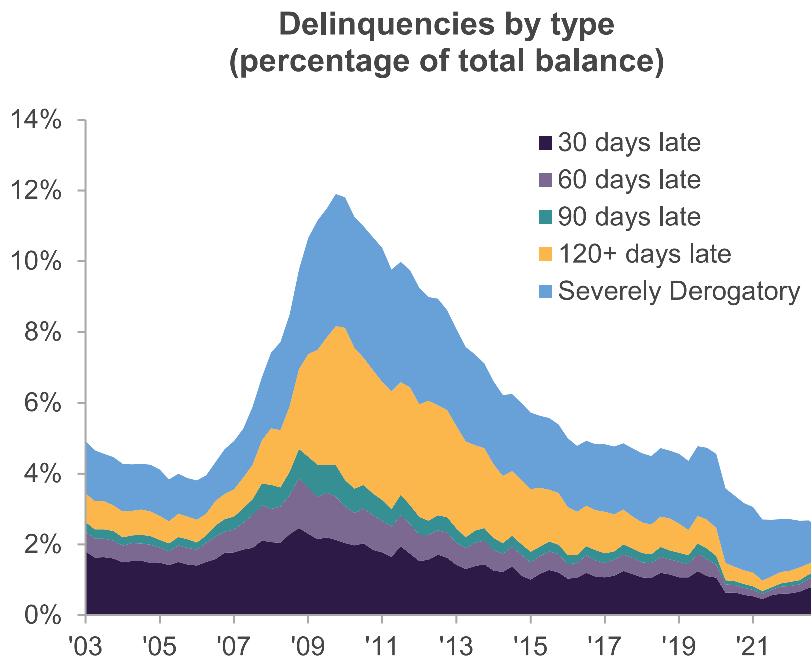
Average hourly earnings (change year-over-year)

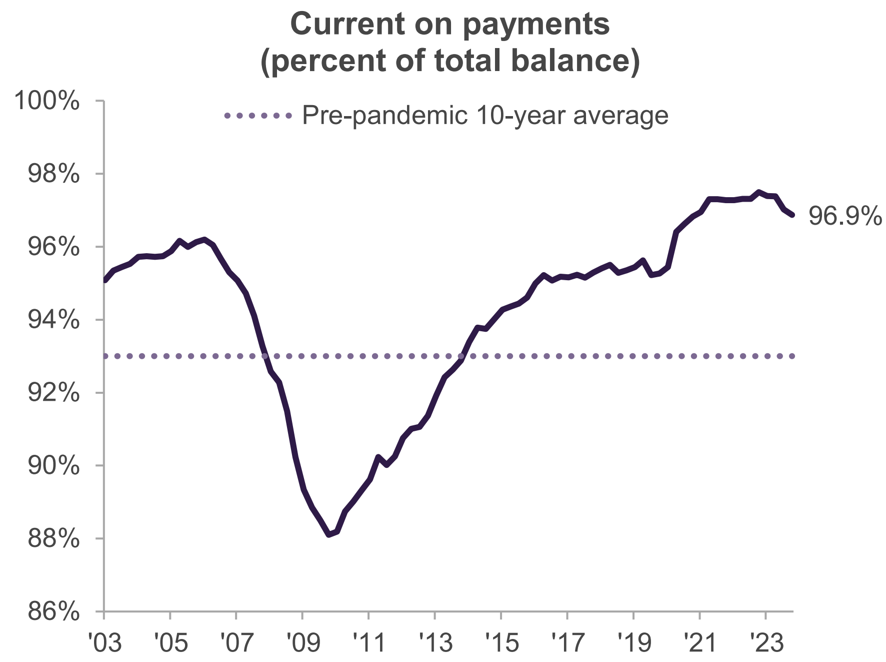


Data source: Truist IAG, Bloomberg, Bureau of Labor Statistics; monthly data through February 2024.

The consumer – over 2/3rds of the U.S. economy – remains solid

Delinquencies appear to be normalizing after being depressed during the pandemic period. Yet, for all the talk about consumers struggling, including ballooning credit card debt and restarting student loan payments in 2023, the overwhelming majority – nearly 97% – remain current on payments.





Data source: Truist IAG, New York Fed Consumer Credit Panel/Equifax, quarterly data through 4Q2023. Total balances for mortgage, home equity revolvers, credit cards, and auto, student, and other installment loans.

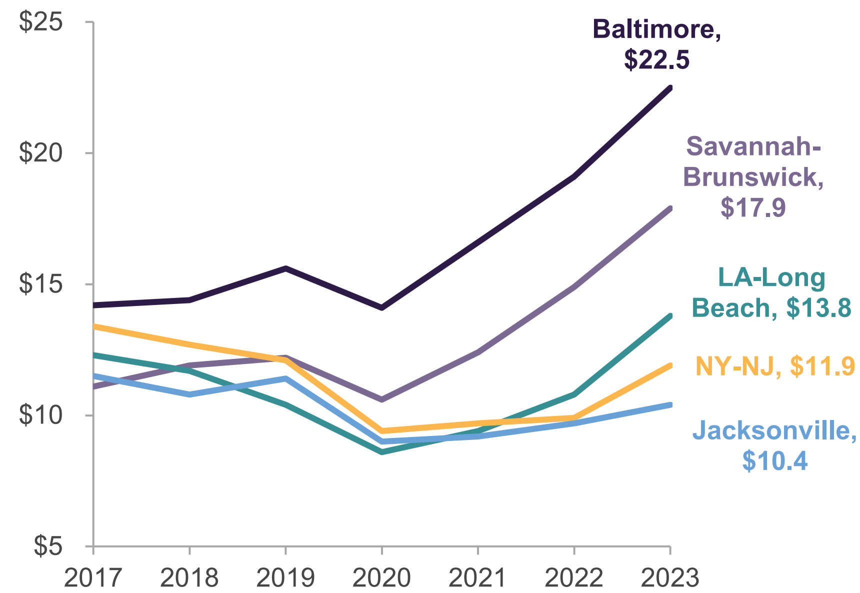
Baltimore port accident further stresses infrastructure and supply chains

While there won't be a big effect on overall U.S. economic growth, there will be noticeable impacts to certain industries, such as autos and metals, and exports such as coal, though mostly those will be delays rather than outright decreases in activity or demand. There will also be a massive regional impact for Baltimore and the East Coast, particularly for traffic delays on surface roads. Yet, diverted cargo to other ports will increase activity elsewhere.

Port of Baltimore:

- #1 Auto imports
- Largest roll-on/roll-off cargo port
- #1 Asphalt imports
- #1 Cobalt imports
- #2 Coal exports
- #3 Aluminum
- Handled 1.1 million containers
- Nearly 450,000 cruise passengers

Auto imports by port (in $billions)



Data source: Truist IAG, Bloomberg, Census Bureau. Rankings for 2023. Annual data for passenger vehicles. Containers measured in twenty-foot equivalent units (TEU).

2024 Bear vs. Bull case

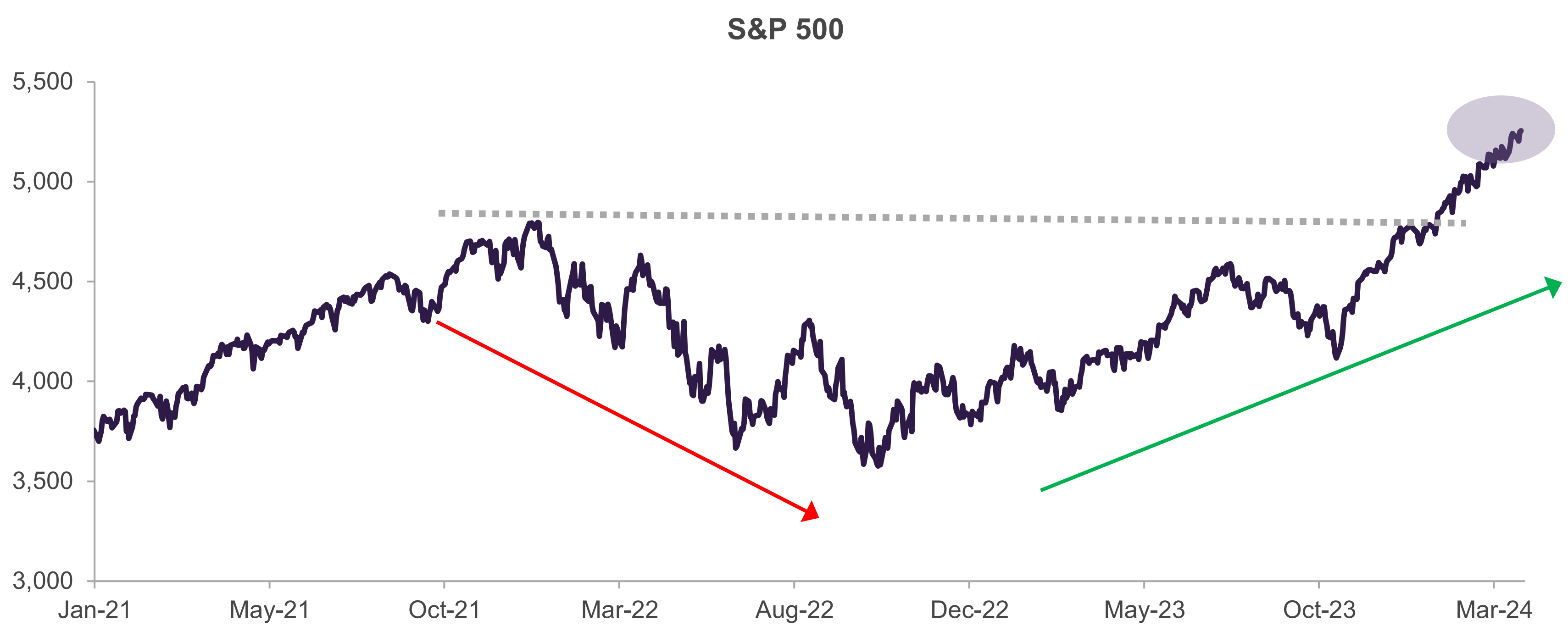
The weight of the evidence suggests the primary market trend remains higher, albeit at a more modest pace with periodic pullbacks.

Bear case	vs.	Bull case
Market valuations are expensive		Valuations more reasonable below the surface
Stocks at all-time highs		Strong price momentum tends to be a positive sign
Earnings assumptions appear optimistic		U.S. forward earnings estimates continue to push higher
Fed may not cut rates as quickly as market anticipates		Stronger economy with less rate cuts would be a positive
Election year uncertainty and broader geopolitical risks		Historically solid, though bumpy, market gains during election years and incentive for party in power to stimulate economy

Data source: Truist IAG

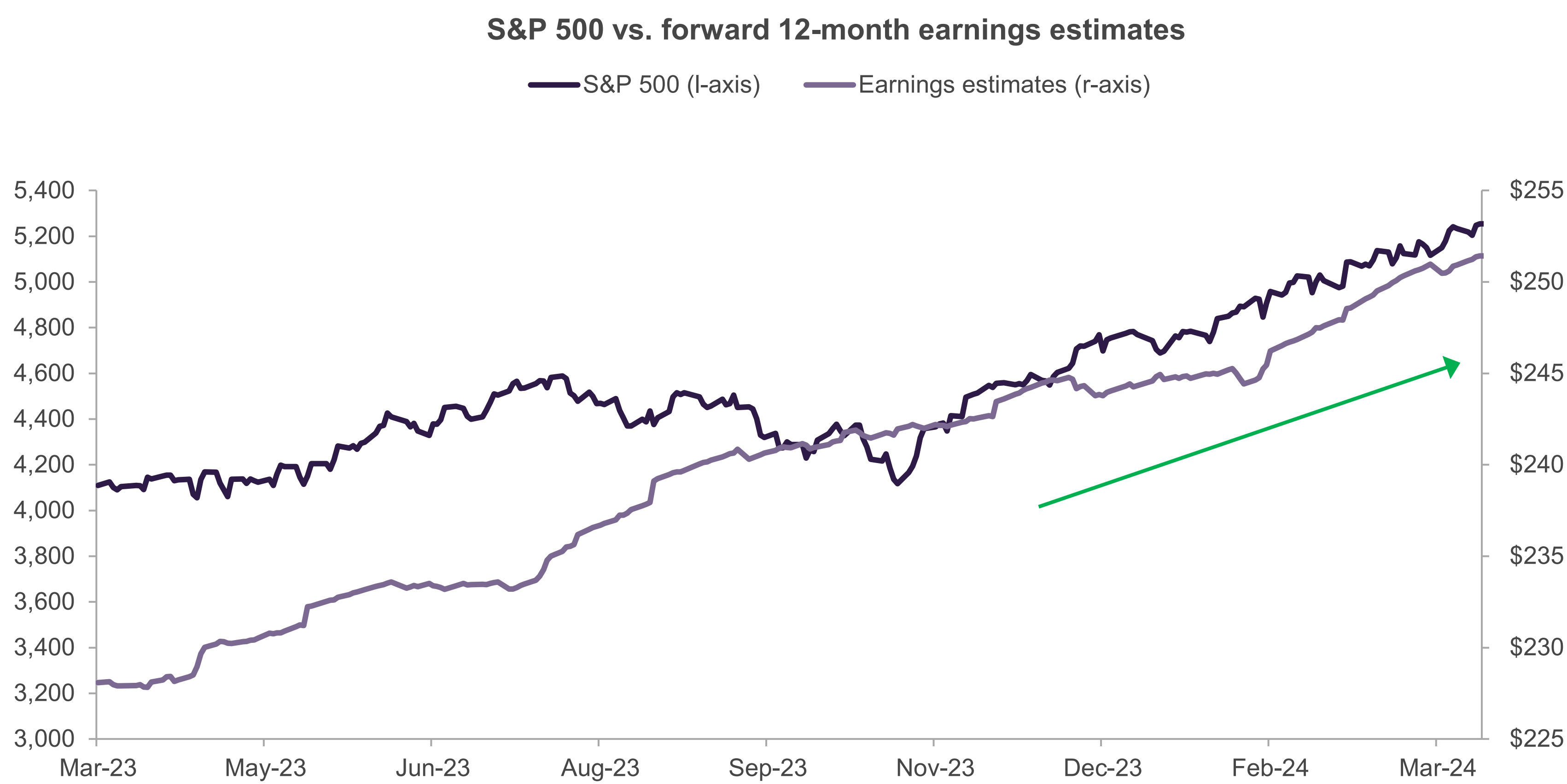
Market prices have accelerated after breaking out above 2022 peak

In January, we discussed that historically once stocks make a record high, after not doing so for at least a year, it has tended to have bullish implications. The strong price action since the breakout earlier this year is consistent with this study.



Data source: Truist IAG, FactSet. Past performance does not guarantee future results.

Forward earnings estimates at a record, supporting stocks



Data source: Truist IAG, FactSet. Past performance does not guarantee future results.

Historical returns and pullbacks after strong first quarters

Since 1950, we have seen 11 previous instances where the S&P 500 rose at least 10% in the first quarter. Following such periods, the S&P 500:

- Was **higher the next quarter 9 out of 11 times**, with an average gain of 5%
- Was **higher the rest of the year 10 out of 11 times**, with an average gain of 11%
- The **maximum pullback seen the rest of the year**, even while the market ultimately ended higher, **averaged -11% (median = -6.9%)**

S&P 500 returns and pullbacks after a total 1Q return of >10%

Quarter	1Q total return	2Q total return	Rest of year total return (2Q through 4Q)	Maximum pullback seen in rest of year (2Q through 4Q)
Mar-54	10%	10%	39%	-4%
Mar-61	13%	0%	13%	-4%
Mar-67	13%	1%	10%	-7%
Mar-75	23%	15%	12%	-14%
Mar-83	10%	11%	11%	-7%
Mar-86	14%	6%	4%	-9%
Mar-87	21%	5%	-13%	-34%
Mar-91	15%	0%	14%	-6%
Mar-98	14%	3%	13%	-19%
Mar-12	13%	-3%	3%	-10%
Mar-19	14%	4%	16%	-7%
Mar-24	11%			
Average (ex-2024)	**14%**	**5%**	**11%**	-11%
% positive		**82%**	**91%**	

Data source: Truist IAG, Morningstar. Past performance does not guarantee future results.

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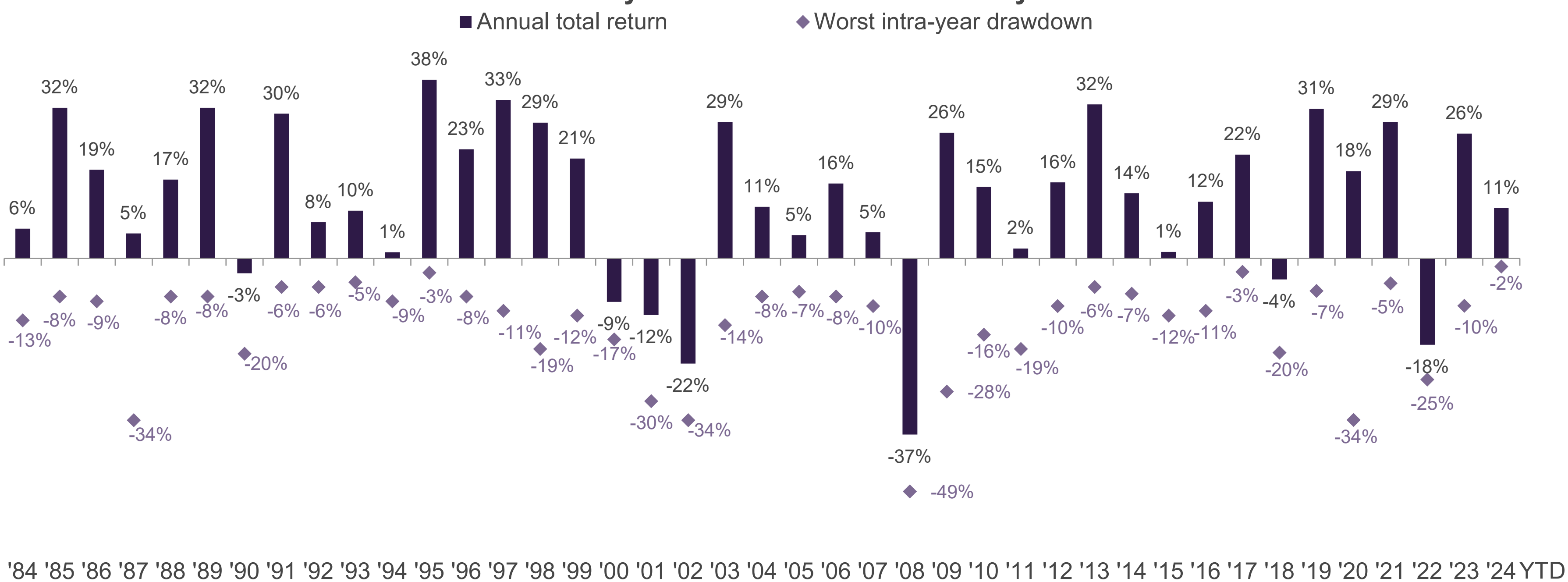
Primary trend is higher but be prepared for normal pullbacks

Over the past 40 years, the market has averaged a maximum intra-year pullback of 14%. Despite this, stocks have still shown an average return (not compounded) of 13% and risen in 33 out of 40 of those years, or 83% of the time. Only three years—1993*, 1995, and 2017— did not see at least one pullback of more than 5%.

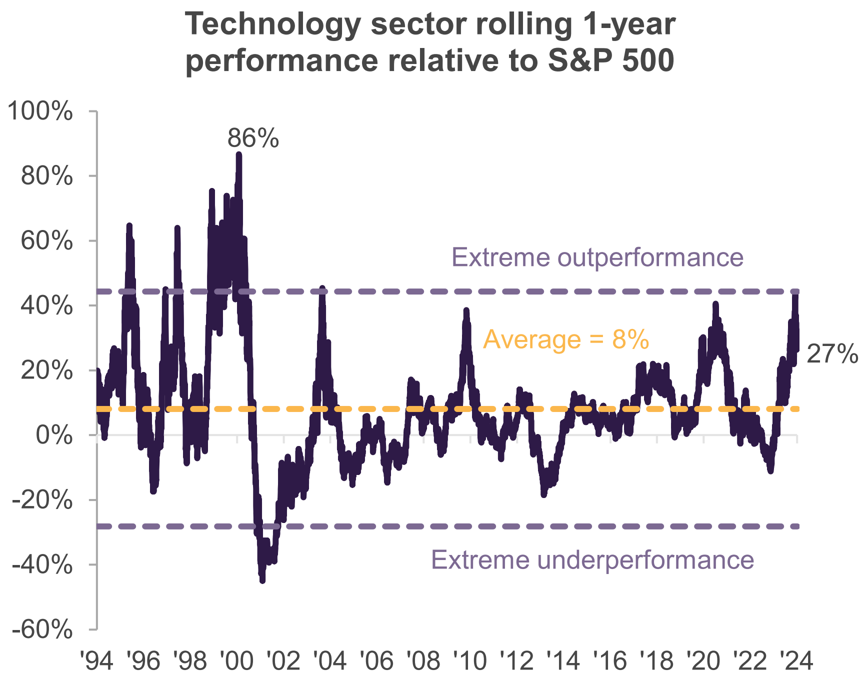
S&P 500 maximum intra-year decline versus calendar year total returns

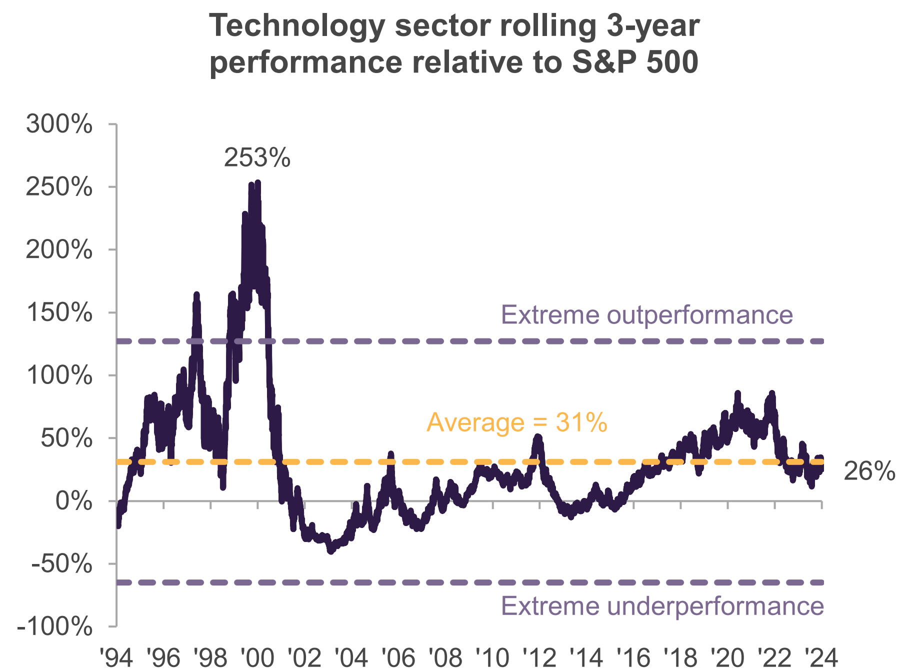


Data sources: Truist IAG, Morningstar, Bloomberg. Past performance does not guarantee future results. *1993 intra-year pullback was 4.99%.

Technology returns extended on a short-term basis, yet less so longer term, and far from bubble period

Over the past year, the amount of outperformance of technology is near an extreme. However, these gains came after a very challenging 2022. Indeed, on a three-year basis, tech outperformance is far from extreme and is near the 30-year average.





Data source: Truist IAG, FactSet. Technology = S&P 500 Information Technology. Rolling 3-year outperformance is cumulative.

Past performance does not guarantee future results.

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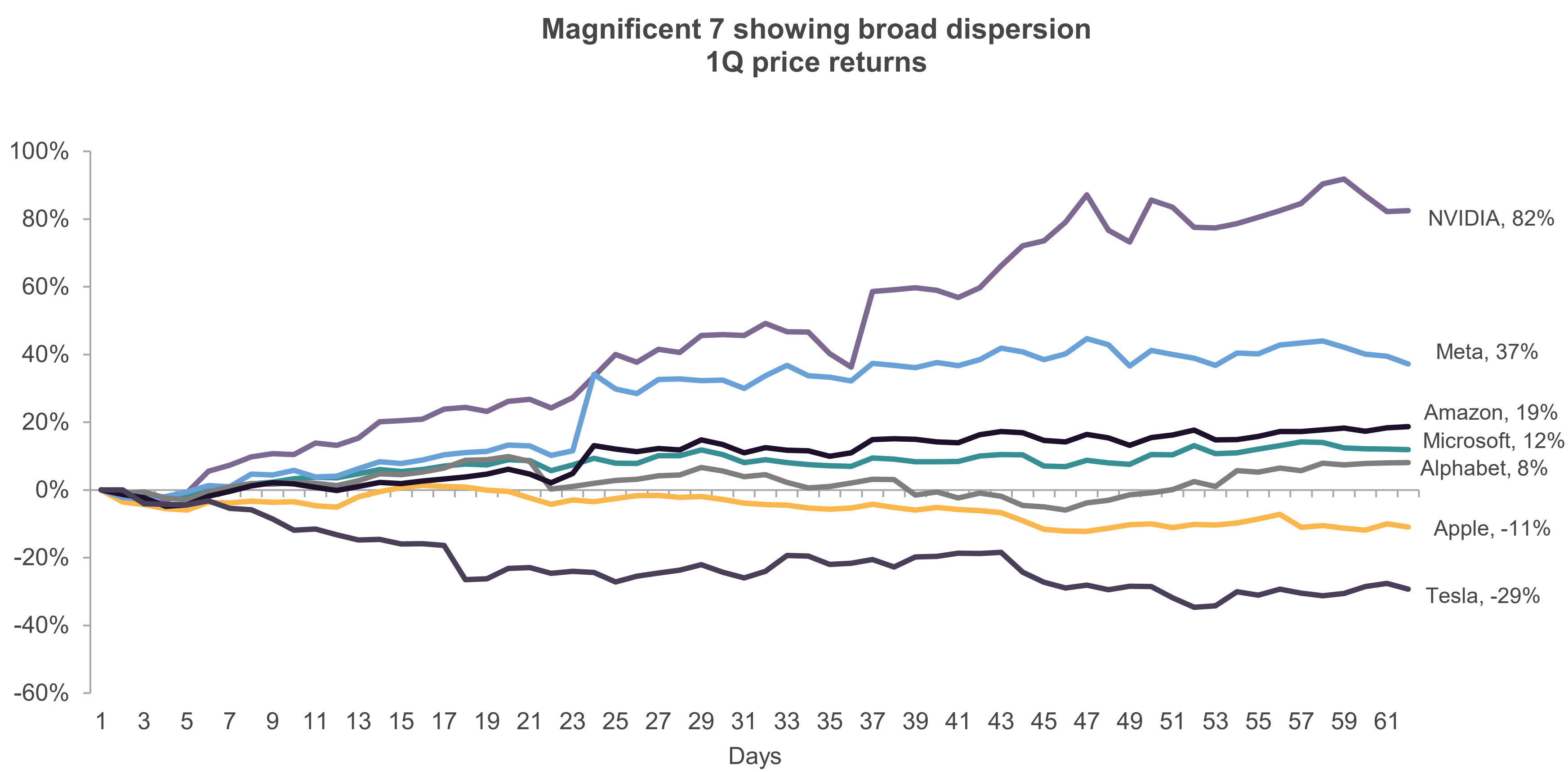
Magnificent 7 – Broad YTD dispersion, with only 4 outperforming S&P 500



Data source: Truist IAG, FactSet. Data indexed to 100 at 12/31/2023. Past performance does not guarantee future results.

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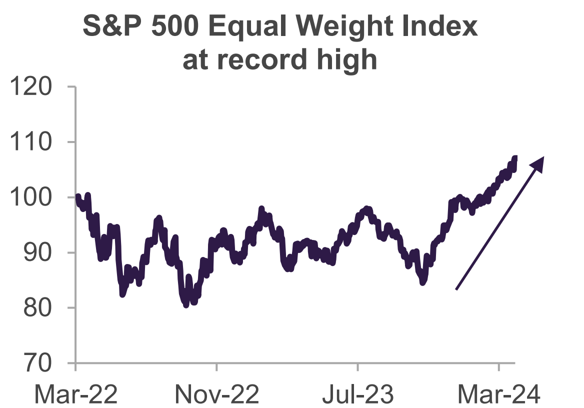
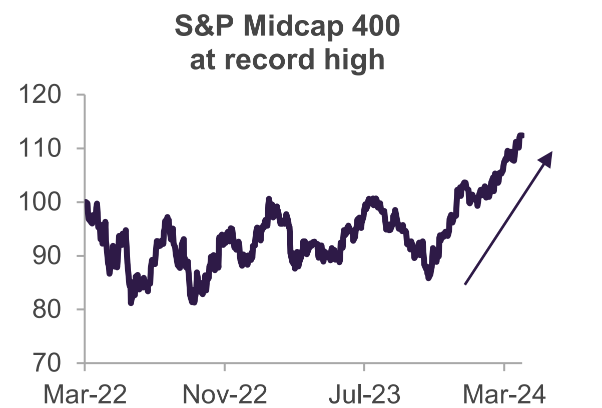
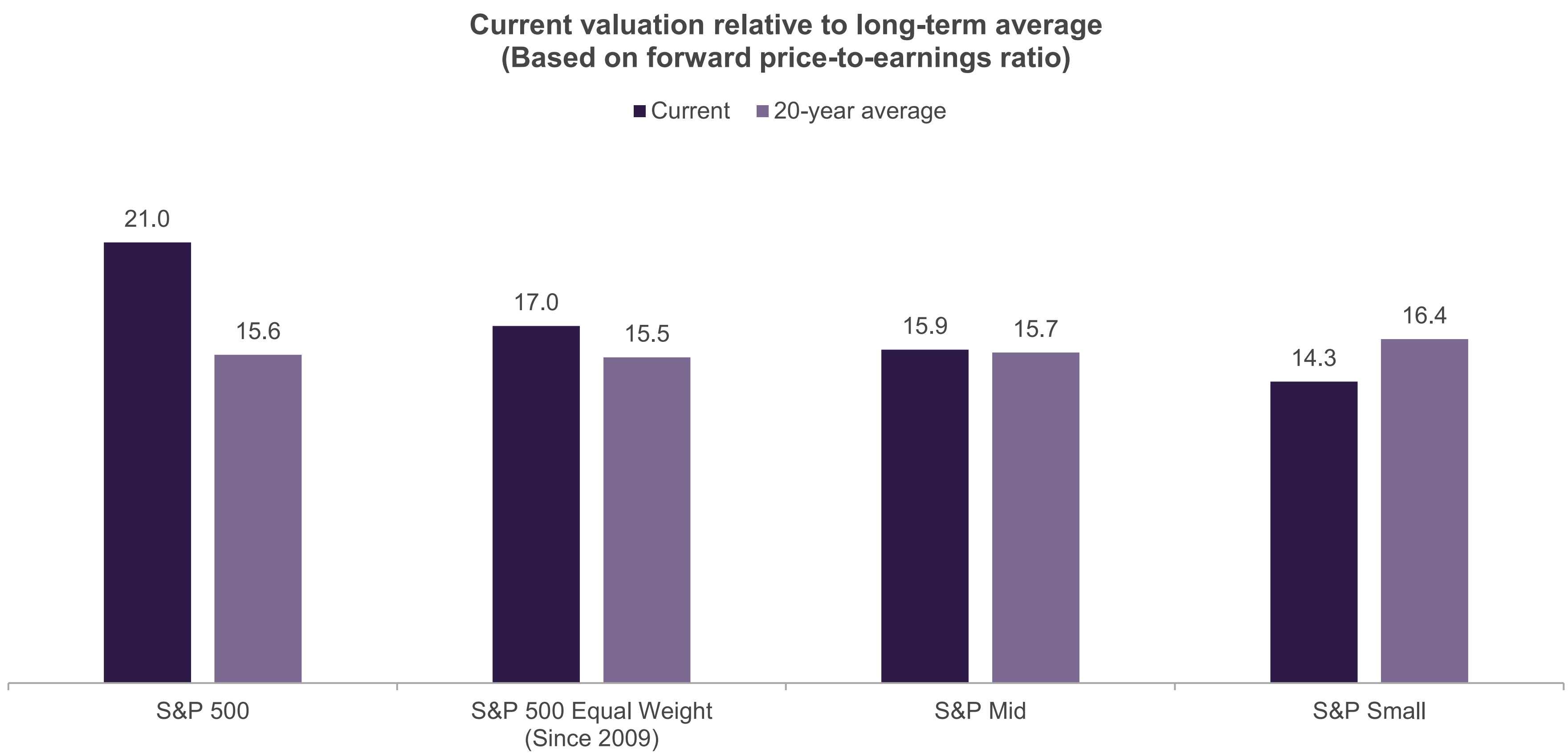
Market participation broadening





Data source: Truist IAG, FactSet. Past performance does not guarantee future results. Indexed to 100 in March 31, 2022

Large cap valuations trading at a premium to history, while mid caps near average, and small caps at a discount



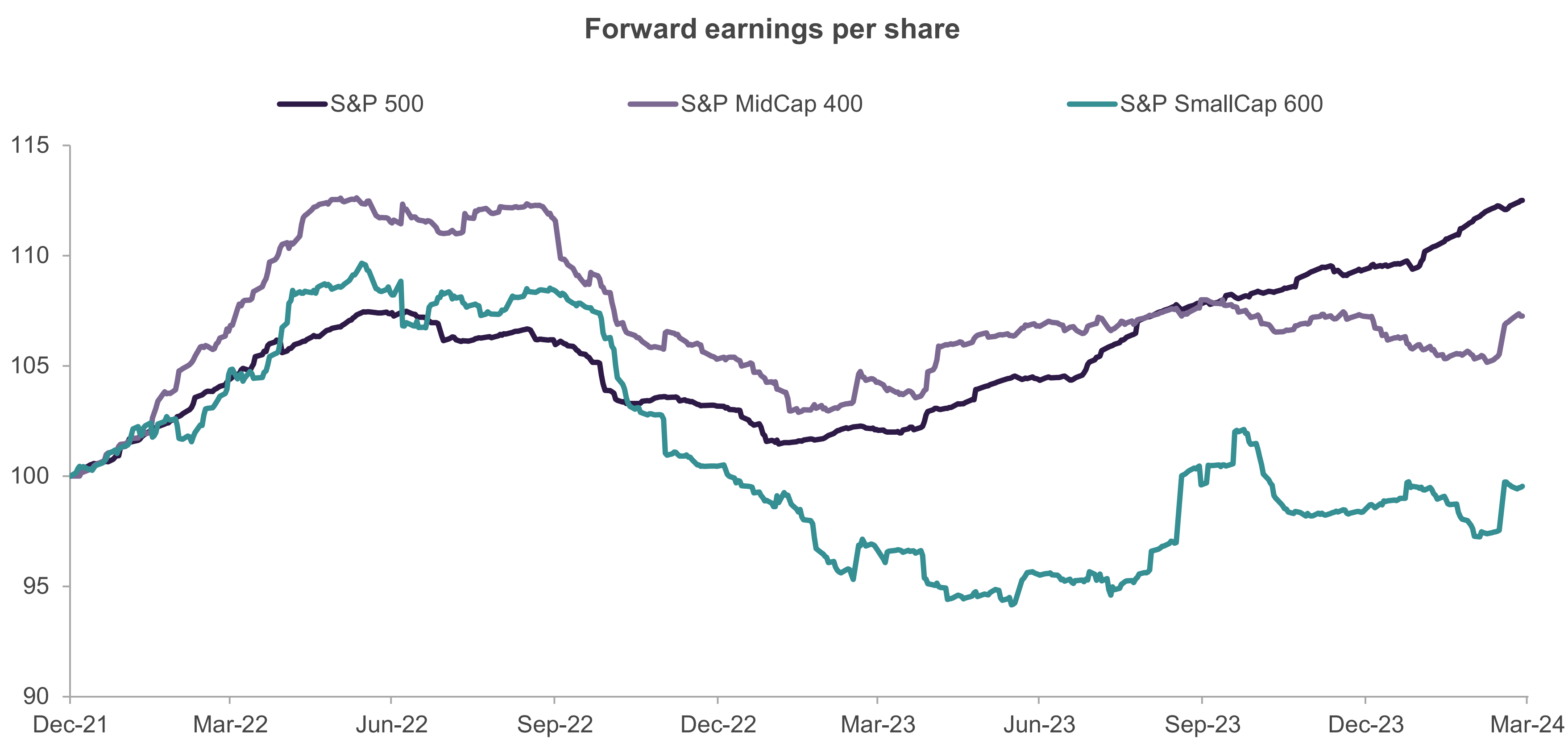
Data source: Truist IAG, FactSet

S&P 500 Equal Weight Index: Provides an equal weighting to each stock in the S&P 500 and is less influenced by a few mega cap stocks.

Past performance does not guarantee future results.

Truist Advisory Services, Inc.

Large cap earnings stronger than smaller cap peers



Data source: Truist IAG, FactSet. Data indexed to 100 at 12/31/2021. Past performance does not guarantee future results.

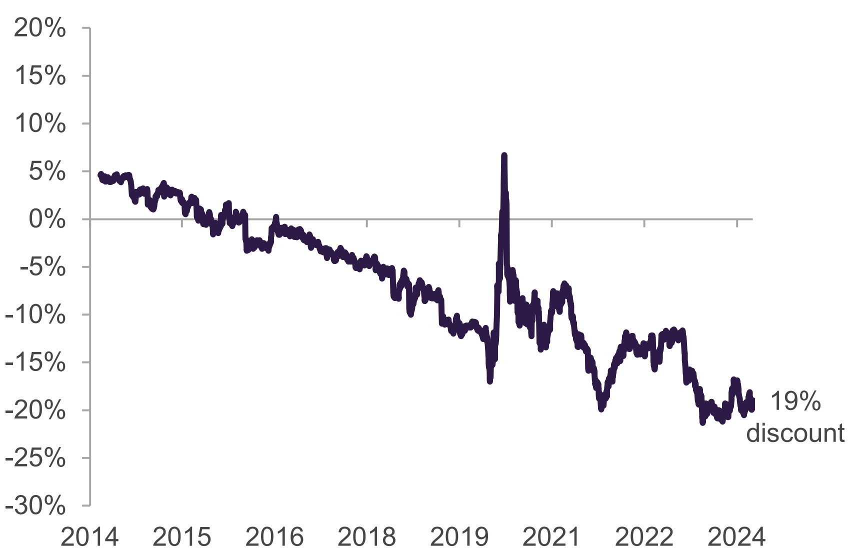
TRUIST

Wealth

S&P 500 Equal Weight Index trading at a large discount to market

The S&P 500 Equal Weight Index, a proxy for the average stock, as each stock is given the same weighting, is trading at a deep discount to the traditional S&P 500, which is dominated by growth names. Relative prices are showing tentative signs of stabilizing after a period of underperformance. We currently view this as one way to diversify the large cap space; though, if relative prices made a new low, we may reassess our view.

S&P 500 Equal Weight forward P/E premium/discount to S&P 500



S&P 500 Equal Weight Index price relative to S&P 500

Data source: Truist IAG, FactSet. Past performance does not guarantee future results.

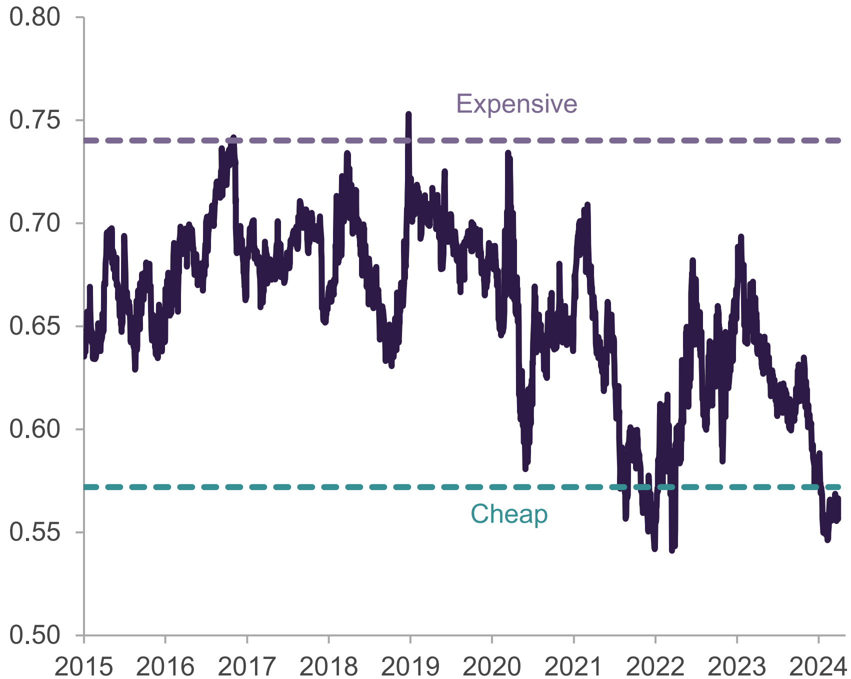
Relative price and earnings still weak for international developed markets

Data source: Truist IAG, FactSet, MSCI

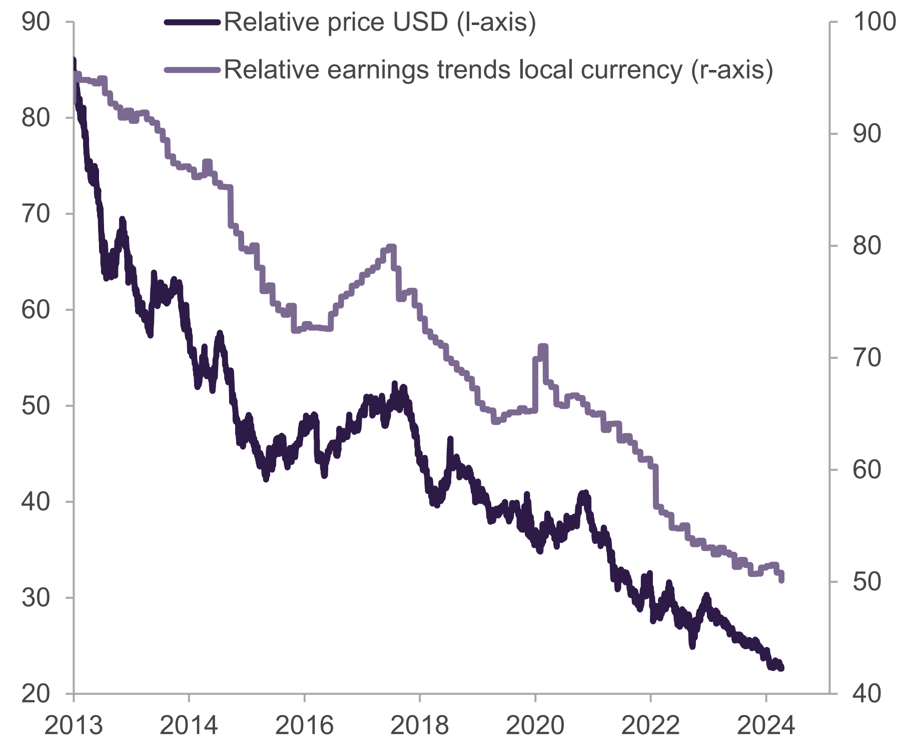
Past performance does not guarantee future results. Earnings are next twelve months' earnings in local currency. U.S. = MSCI USA, EAFE = MSCI EAFE.

Emerging markets' valuations at low end as relative price and earnings trends remain very weak

Emerging markets' forward valuations relative to the U.S.



Emerging markets relative to U.S.

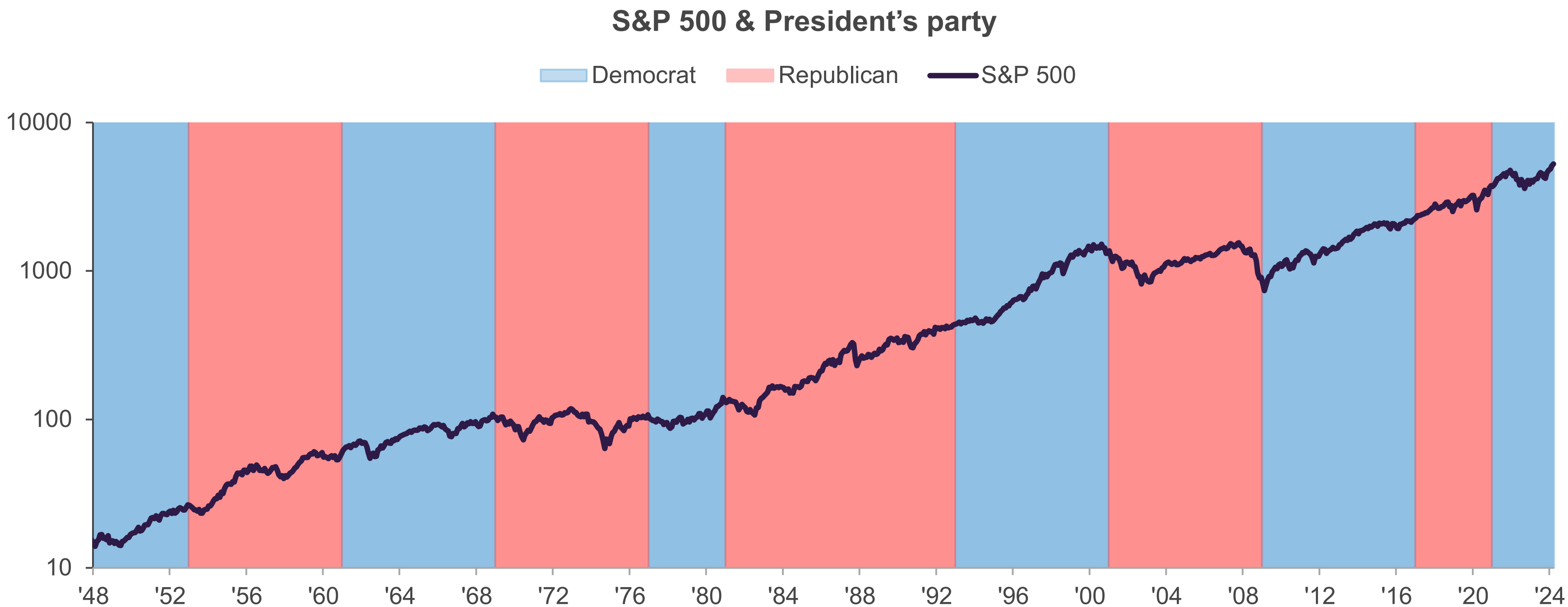


Data source: Truist IAG, Bloomberg, FactSet, MSCI. Emerging markets = MSCI EM; U.S. = MSCI USA

Past performance does not guarantee future results. Earnings are next twelve months' earnings in local currency. U.S. = MSCI USA, Emerging Markets = MSCI EM.

Markets have presented opportunities and risks under both political parties

Elections matter, but it is important not to look at them in isolation. The business cycle matters, as do valuations, geopolitics, monetary policy, and other factors.



Data source: Truist IAG, Bloomberg

Past performance does not guarantee future results.

Yields are still high relative to the past two decades

Intermediate and long U.S. yields have drifted higher since the start of the year and remain elevated in comparison to the past 20 years. As we progress through 2024, we expect yields to trend lower as inflation cools, growth moderates, and the Fed cuts interest rates. However, upside inflation surprises, federal deficits, and robust government debt issuance may create periodic disruptions to the broader trend.

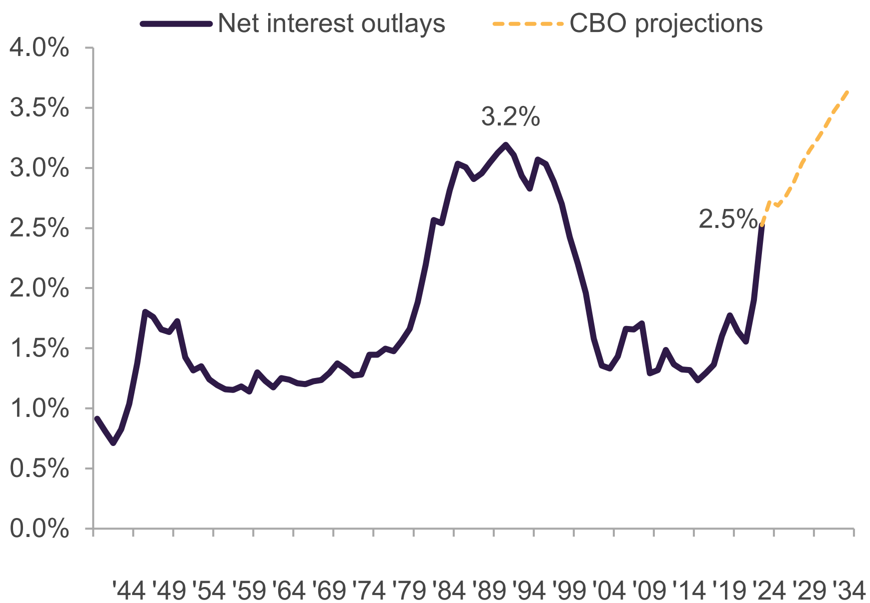
Data source: Truist IAG, Bloomberg.

Past performance does not guarantee future results.

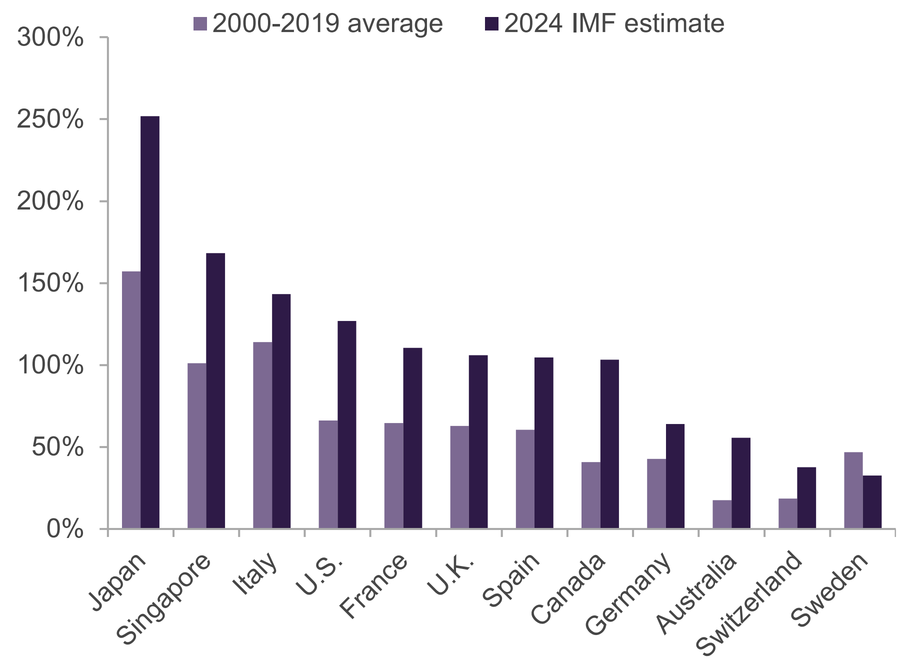
Despite rising debt, U.S. Treasuries have virtually zero default risk

Despite the country's rising debt burden, U.S. government debt remains the safest marketable security in the world. The country's current debt burden is manageable; however, the U.S.'s policy responses to the 2008 financial crisis and COVID-19 pandemic created an accelerated debt trajectory. This will need to slow over the next decade or risk credit rating downgrades and investors imposing higher borrowing costs on the U.S. – but not default.

Net interest outlays as a % of GDP



Debt-to-GDP ratios



Data source: Truist IAG, Bloomberg, CBO = Congressional Budget Office, IMF = International Monetary Fund

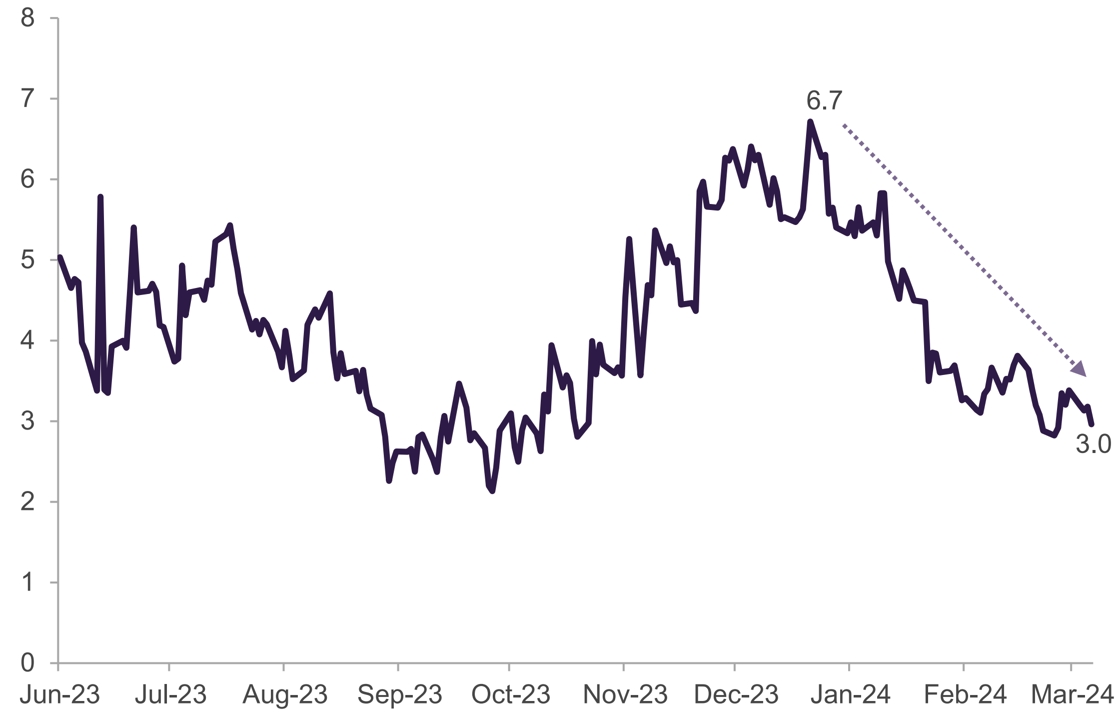
Past performance does not guarantee future results.

Resilient economy, sticky inflation dampening Fed rate cut expectations

Above-target inflation, resilient labor trends, and cautious Fed guidance are reducing the number and pace of rate cuts expected over the next year.

The current market outlook is aligning with our long-held assumption that the Fed will resist easing policy too early or too swiftly.

Market expectations for number of 0.25% Fed rate cuts this year



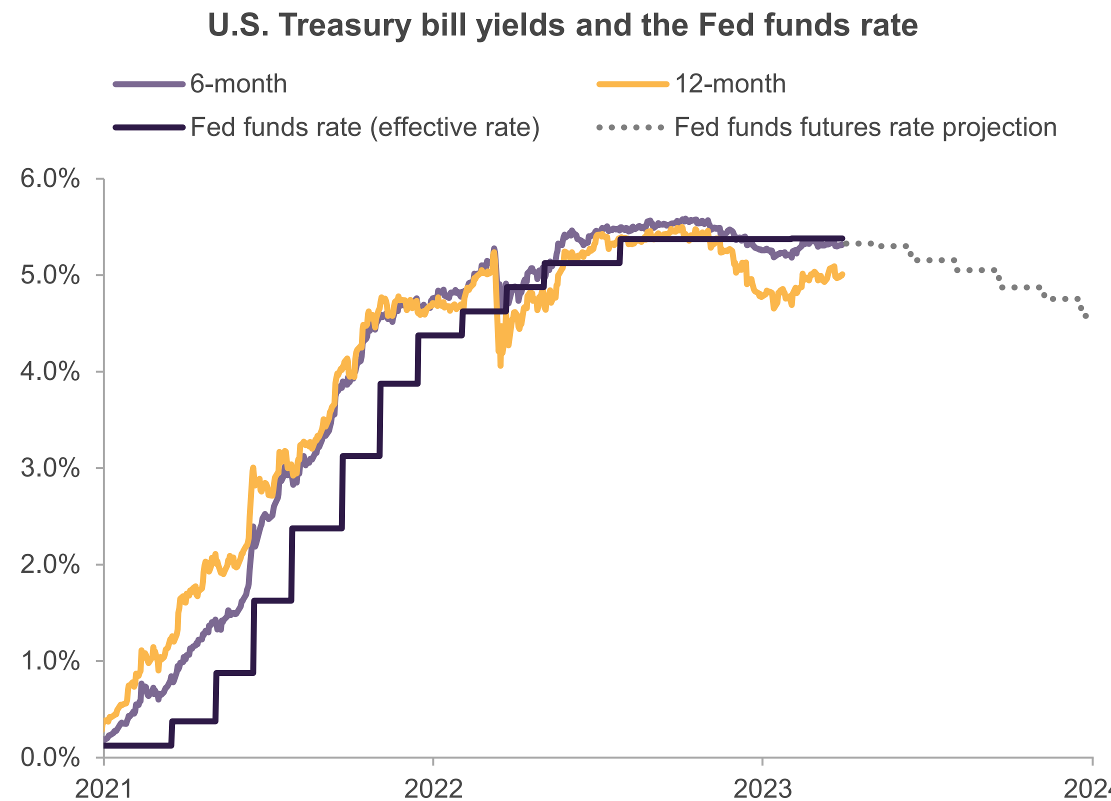
Data source: Truist IAG, Bloomberg.

Past performance does not guarantee future results.

T-bill yields remain elevated amid the Fed's ongoing rate pause

The Fed's reluctance to lower the Fed funds rate before seeing more disinflationary evidence is preserving productive T-bill yields.

For T-bill investors, we recommend proactive deployment of cash balances. T-bill yields are likely to fall over the next 12-24 months as the Fed normalizes policy. Reinvestment risk remains a key consideration when selecting where to invest along the yield curve.

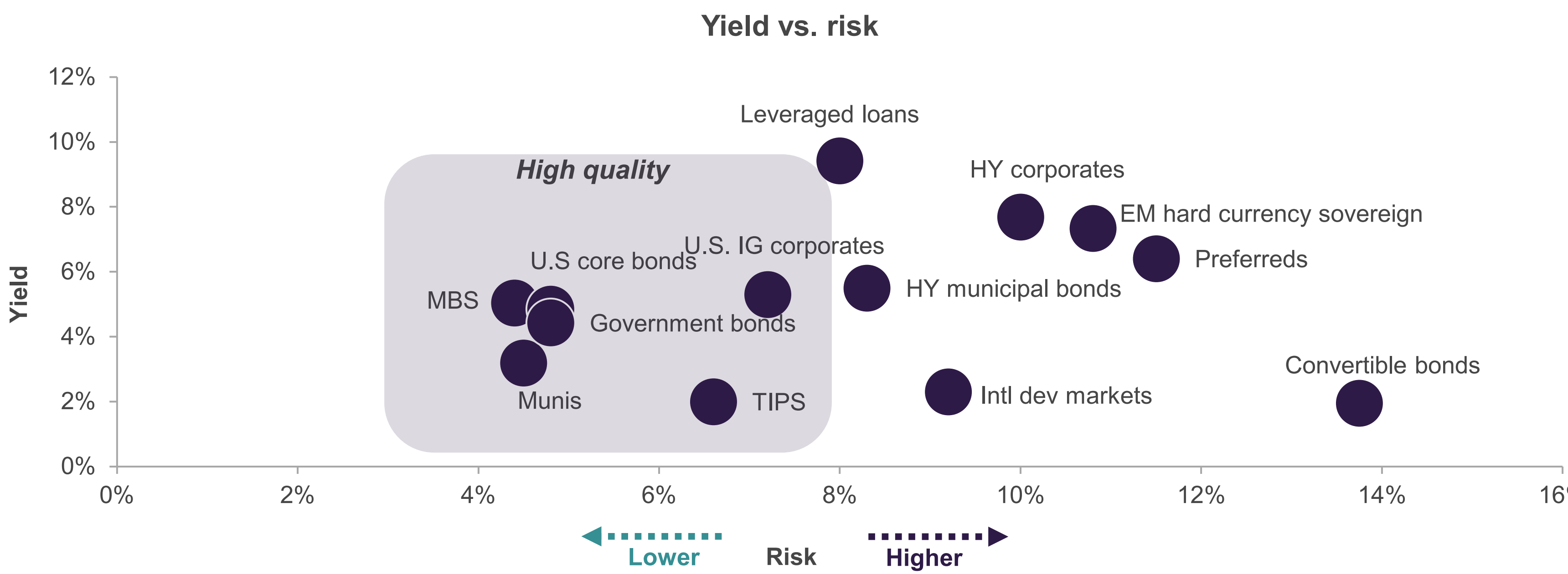


Data source: Truist IAG, Bloomberg.

Past performance does not guarantee future results.

Keep it simple with a focus on high quality

We continue to favor high quality fixed income – an important source of portfolio ballast. While yields are attractive for higher-risk fixed income sectors, spreads in general are susceptible to further widening given our outlook.

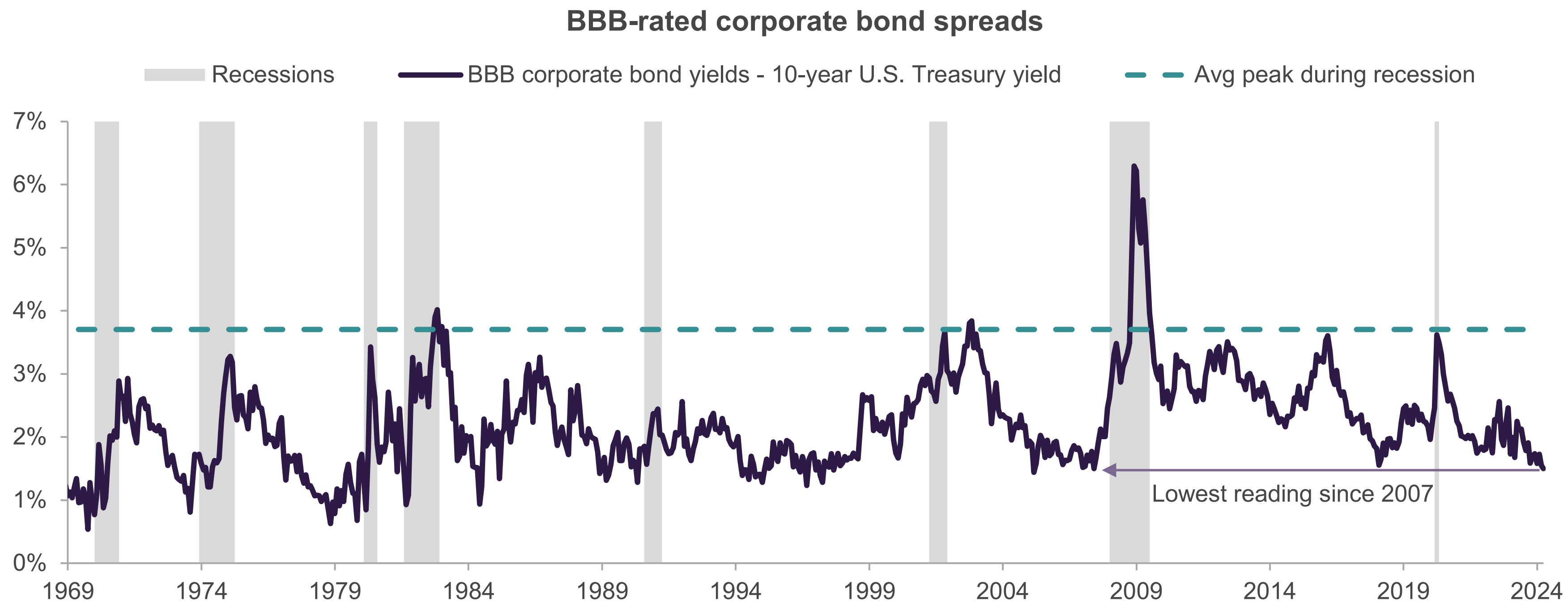


Data source: Truist IAG, FactSet, LSTA. Yield to worst shown except for preferreds (yield to maturity) and convertibles (current yield).

Government bonds = Bloomberg U.S. Government, U.S. core bonds = Bloomberg U.S. Aggregate, Municipals = Bloomberg Municipal Bond 1-15 Year, U.S. IG corporates = Bloomberg U.S. Corporate IG, MBS = Bloomberg U.S. MBS, Intl Dev Mkts = ICE BofA Global Government ex U.S., HY Corp = ICE BofA U.S. High Yield, Lev Loans = Morningstar LSTA U.S. Leveraged Loan 100 Index, HY Muni = Bloomberg Municipal High Yield, Preferreds = ICE BofA Fixed Rate Preferred, EM Hard Cur = Bloomberg EM USD Sovereign; Convertible bonds = ICE BofA U.S. Convertible. Past performance does not guarantee future results. Risk stats are from Truist IAG's 2024 Capital Market Assumptions. Investing in the bond market is subject to certain risks, including market, interest rate, issuer and inflation risk – investments may be worth more or less than the original cost when redeemed. The value of most bond strategies and fixed income securities are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and more volatile than securities with shorter durations – bond prices generally fall as interest rates rise, and values rise when interest rates decline. Past performance does not guarantee future results.

Preserve an up-in-quality bias within fixed income allocations

The spread between BBB-rated corporate bond yields and U.S. Treasury yields is now at its lowest point in roughly 14 years. This leaves corporate bonds susceptible to unexpected bad news and relative underperformance, particularly in lower and non-rated debt.

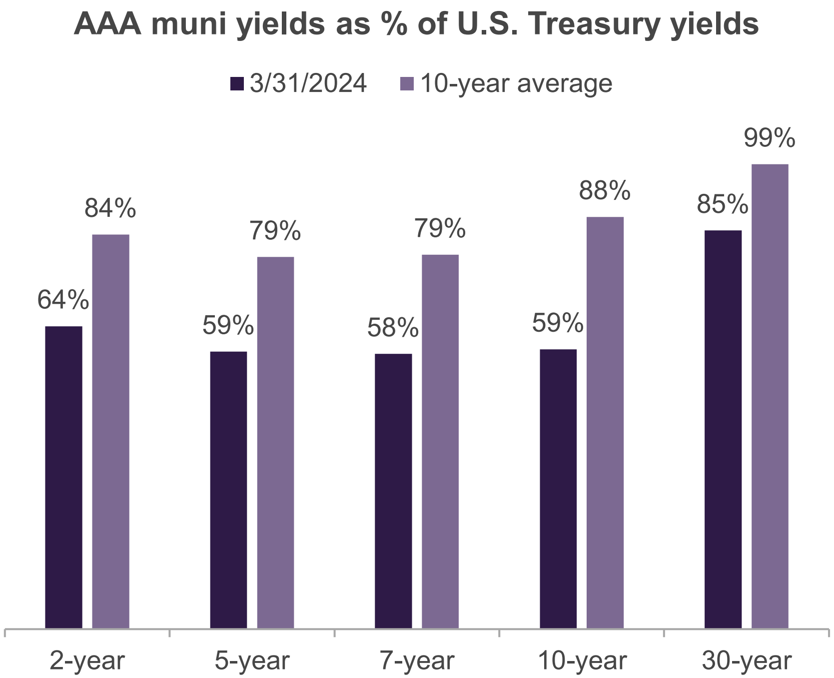


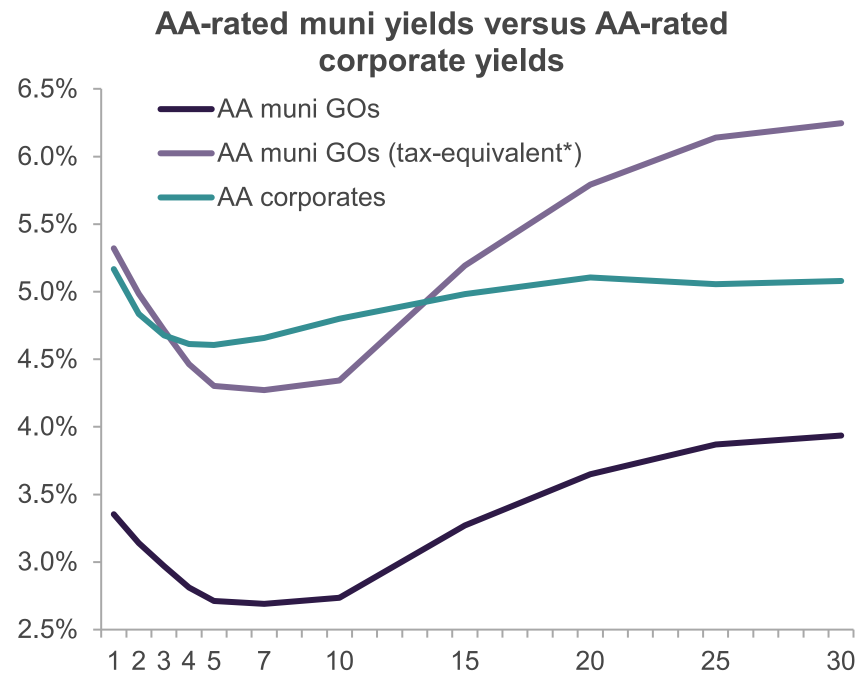
Data source: Truist IAG, Bloomberg.

Past performance does not guarantee future results.

Muni-to-U.S. Treasury ratios are rich, more favorable versus corporates

AAA muni-to-U.S. Treasury ratios remain very rich and far below their long-term averages. To improve relative muni valuations, the sector will likely need a combination of lower U.S. Treasury yields and a more robust muni supply calendar. Compared to like-rated corporates, current muni yields offer a relative advantage between 1- and 3-year maturities and beyond 15 years.





Data source: Truist IAG, Bloomberg. Interest income may be subject to the federal alternative minimum tax. Other state and local taxes may apply. *Assumed federal tax rate of 37%.

AA munis = Bloomberg US General Obligation AA Muni BVAL Yield Curve

AA corporates = Bloomberg USD U.S. Corporate AA+, AA, AA- BVAL Yield Curve

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S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general.

Equity is represented by the MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries*. With 2,897 constituents, the index covers approximately 85% of the global investable equity opportunity set

Fixed Income is represented by the Bloomberg U.S. Aggregate Index. The index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States – including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.

Commodities are represented by the Bloomberg Commodity Index which is a composition of futures contracts on physical commodities. It currently includes a diversified mix of commodities in five sectors including energy, agriculture, industrial metals, precious metals and livestock. The weightings of the commodities are calculated in accordance with rules that ensure that the relative proportion of each of the underlying individual commodities reflects its global economic significance and market liquidity.

Cash is represented by the ICE BofA U.S. Treasury Bill 3 Month Index which is a subset of the ICE BofA 0-1 Year U.S. Treasury Index including all securities with a remaining term to final maturity less than 3 months.

U.S. Large Cap Equity is represented by the S&P 500 Index which is an unmanaged index comprised of 500 widely-held securities considered to be representative of the stock market in general.

U.S. Mid Cap is represented by the S&P MidCap 400® provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, measures the performance of mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

U.S. Small Cap Core Equity is represented by the S&P 600 Small Cap Index which is a measure of the performance of the small-cap segment of the U.S. equity universe

International Developed Markets is represented by the MSCI EAFE Index is an equity index which captures large and mid cap representation across 21 Developed Markets countries* around the world, excluding the U.S. and Canada. With 799 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Emerging Markets is represented by the MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries*. With 1,386 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Value is represented by the S&P 500 Value Index which is a subset of stocks in the S&P 500 that have the properties of value stocks.

Growth is represented by the S&P 500 Growth Index which is a subset of stocks in the S&P 500 that have the properties of growth stocks.

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U.S. Government Bonds are represented by the Bloomberg U.S. Government Index which is an unmanaged index comprised of all publicly issued, non-convertible domestic debt of the U.S. government or any agency thereof, or any quasi-federal corporation and of corporate debt guaranteed by the U.S. government

U.S. Mortgage-Backed Securities are represented by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index which covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

U.S. Investment Grade Corporate Bonds are represented by the Bloomberg U.S. Corporate Investment Grade Index which is an unmanaged index consisting of publicly issued U.S. Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB- or higher) by at least two ratings agencies, have at least one year to final maturity and have at least $250 million par amount outstanding.

U.S. High Yield Corp is represented by the ICE BofA U.S. High Yield Index tracks the performance of below investment grade, but not in default, U.S. dollar denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

Floating Rate Bank Loans are represented by the Morningstar LSTA Leveraged Loan 100 Index. The index represents tradable, senior-secured, U.S.-dollar-denominated non-investment-grade loans.

Global Equity is represented by the MSCI All World Country (ACWI) Index which is defined as a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI Index consists of 48 country indices comprising 24 developed markets countries and 24 emerging markets countries.

Emerging Markets Equity is represented by the MSCI EM Index which is defined as a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets countries

Intermediate Term Municipal Bonds are represented by the Bloomberg Municipal Bond Blend 1-15 Year (1-17 Yr) is an unmanaged index of municipal bonds with a minimum credit rating of at least Baa, issued as part of a deal of at least $50 million, that have a maturity value of at least $5 million and a maturity range of 12 to 17 years.

U.S. Core Taxable Bonds are represented by the Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

EU Corporate is represented by the Bloomberg Euro-Aggregate Corporates Index which is a benchmark that measures the corporate component of the Euro Aggregate Index and includes investment grade, euro-denominated, fixed-rate securities.

U.S. Government Bonds are represented by the Bloomberg U.S. Government Index which is an unmanaged index comprised of all publicly issued, non-convertible domestic debt of the U.S. government or any agency thereof, or any quasi-federal corporation and of corporate debt guaranteed by the U.S. government.

U.S. IG Corporate Bonds are represented by the Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes U.S.D denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

U.S. High Yield Corporate Bonds are represented by the ICE BofA U.S. HY Index which is an index that tracks U.S. dollar denominated debt below investment grade corporate debt publicly issued in the U.S. domestic market.

EM hard currency bonds are represented by the Bloomberg EM USD Aggregate – Sovereign Index, which is a subset of the Bloomberg Emerging Markets Hard Currency Aggregate Index, a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

International developed markets bonds unhedged are represented by the ICE BofA Global Government ex U.S. Index which tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency excluding all securities denominated in U.S. dollars. In order to qualify for inclusion in the Index, a country (i) must be a member of the FX-G10 or Western Europe; (ii) must have an investment grade rating.

U.S. preferred securities are represented by the ICE BofA Preferred Stock Fixed Rate Index which tracks the performance of fixed rate US dollar-denominated preferred securities issued in the US domestic market.

U.S. TIPS are represented by the ICE BofA U.S. Treasury Inflation Linked Index which is an unmanaged index comprised of US Treasury Inflation Protected Securities with at least $1 billion in outstanding face value and a remaining term to final maturity of greater than one year.

High yield municipal bonds are represented by the Bloomberg HY Municipal Bond Index which is an unmanaged index made up of bonds that are non-investment grade, unrated, or rated below with a remaining maturity of at least one year.

S&P 500 Information Technology Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the information technology sector based on GICS® classification.

S&P 500 Financials Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the financials sector based on GICS® classification.

S&P 500 Energy Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the energy sector based on GICS® classification.

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S&P 500 Industrials Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the industrials sector based on GICS® classification.

S&P 500 Consumer Discretionary Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the consumer discretionary sector based on GICS® classification.

S&P 500 Communication Services Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the communication services sector based on GICS® classification.

S&P 500 Utilities Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the utilities sector based on GICS® classification.

S&P 500 Consumer Staples Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the consumer staples sector based on GICS® classification.

S&P 500 Health Care Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the health care sector based on GICS® classification.

S&P 500 Real Estate Index – a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the real estate sector based on GICS® classification.

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The HFRI Fund Weighted Composite Index which is a global, equal-weighted index of single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of $50 Million under management or a twelve (12) month track record of active performance.

The HFRI Macro (Total) Index includes managers with a broad range of strategies in which the investment process in predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency, and commodities markets.

Investing in commodities is speculative and involves a high degree of risk and not suitable for all investors.

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