CHIEF INVESTMENT OFFICE

Capital Market Outlook

January 12, 2026

All data, projections and opinions are as of the date of this report and subject to change.

IN THIS ISSUE

Macro Strategy—*All Systems Go:* Signs that global economic growth is picking up heading into 2026 are propelling equity markets around the world to new highs. Analysts' estimates for earnings are moving higher, underpinning the strong uptrends in various regions. The improving earnings outlook is spreading beyond high-growth Artificial Intelligence (AI) beneficiaries into cyclical Value companies that have historically benefited from a more robust global economic outlook. These trends favor increased diversification into International Equities and sectors that were left behind during the U.S.-dominated high-technology driven earlier stages of the bull market.

Market View—*Grand Delusions: China at 25 in the World Trade Organization:* This year will mark the 25th anniversary of China's accession to the World Trade Organization (WTO). The occasion in December 2001 sparked an abundance of global optimism that China's entry into the WTO would embed the country into the U.S.-led liberal international order and encourage China to embrace key Western norms like market-driven economics and political liberalization. It didn't take long for one of the biggest wagers of the post-war era to go south—think America's swelling merchandise trade deficit and the gutting of the U.S. manufacturing sector. In just a decade, China's share of world manufacturing output soared from 8.7% in 2000 to 18.1% in 2010, when it eclipsed the U.S. as the world's top manufacturer of goods.

And while China's entry into the WTO yielded profits for multinationals and low-cost imports for U.S. consumers, many policymakers are rethinking the costs amid President Xi Jinping's push for technological self-reliance. Suffice it to say that on the 25th anniversary of China's entry into the WTO—the high mark of global cooperation and hope for deeper global integration—multilateralism is dead. The consensus in 2001 was that the world would change China. A quarter-century on, however, it's China that has changed the world.

Thought of the Week—*As Goes January, So Goes the Year?*: The January Barometer and the First Five Days indicators are popular theories suggesting that the stock market's performance in January—or just its first week—can predict the market's direction for the rest of the year. In 2025, both indicators were accurate: The S&P 500 posted gains early in the year and ended 2025 with a robust annual return. Similarly, in 2022, early declines matched a negative year for the index. However, digging a bit deeper, we find that the predictive power of these indicators is limited. This is partly because the S&P 500 tends to rise most years, making strong January performance more coincidental than causal. Ultimately, while these indicators can offer insight into early-year market trends, they are unreliable for forecasting full-year performance outcomes. Investors are better served by focusing on market fundamentals such as earnings growth, liquidity and the broader economic environment.

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Portfolio Considerations

We expect the equity market uptrend to extend further in 2026, supported by four key catalysts: above-average capital spending, double-digit S&P 500 Index earnings growth, significant productivity gains, and resilient consumer spending. Additional momentum from improved business activity and deal flow, fiscal stimulus, lower rates, and potential deregulation should further reinforce the bull market.

We start 2026 with an overall Equity overweight, upgrading Emerging Markets to overweight, trimming U.S. Large-cap Value, downgrading International Developed (while keeping Japan slightly overweight and reducing UK), and shifting Healthcare to neutral while cutting Real Estate to underweight.

From a Fixed-Income perspective, we are slightly underweight all Fixed Income subsectors in multi-asset portfolios.

MACRO STRATEGY

All Systems Go

Chief Investment Office, Macro Strategy Team

In their assessment of "Top Risks 2026," the Eurasia group claims, "2026 is a tipping point year. It's a time of great geopolitical uncertainty." The main source of this uncertainty is the U.S. unwinding "its own global order. The world's most powerful country is in the throes of a political revolution." These assertions are backed up by survey measures of business and consumer uncertainty, which have been extremely elevated since the 2024 elections.

Portfolio Considerations

Broadening global economic growth and an overvalued dollar favor increasing exposure to Emerging Markets (EM) and cyclical Value sectors that should benefit from a strengthening global expansion.

This U.S. political revolution dovetails with the so-called Fourth Turning[1] concept: the phenomenon where every fourth generation since its founding, the U.S. has gone through a major political transformation. The prior four "turnings"—(1) the Revolutionary War and the founding of the U.S.; (2) the Civil War and the abolishment of slavery; and (3) the Great Depression and World War II—all marked major turning points in American history. In fact, it's not a coincidence that the Eurasia report has an extended comparison between the radical actions the last Fourth Turning president, Franklin Roosevelt, took during his tenure and those of President Trump more recently.

What's striking given this historic level of uncertainty is the big disconnect between sentiment measures that still reflect great concern of these changes and the actual performance of the economy and markets. For example, after the Liberation Day tariff announcements last April, the majority of economists raised their odds of recession sharply higher and at the same time increased their inflation forecasts based on the premise that tariffs would prove highly inflationary.

These concerns of the negative consequences of a radical new policy approach have proven exaggerated. In fact, since Liberation Day, the U.S. economy has grown faster with no noticeable pickup in inflation. Even with the extended government shutdown which clipped a bit off Q4 growth, gross domestic product (GDP) growth has averaged about 3.5% in the nine months since Liberation Day (if we take the Atlanta Fed's GDPNOW estimate for Q4 growth into account), much higher than the 2% pace the consensus keeps expecting.

The big tariff-induced jump in inflation also failed to materialize as expected. It's true that some goods prices rose because of tariffs. But what the doomsayers missed was the negative effects tariffs had on other prices since people had to choose between higher-priced tariff goods and everything else in their budgets. Strong disinflationary trends have emerged in key areas of the economy that have a much bigger role in consumer budgets than imports. In particular, energy prices are lower, and housing costs have slowed because rents are coming down across most of the country.

The net result is stronger growth without higher inflation. Signs that the new policies' shift away from government spending toward investment in the private sector are boosting productivity continue to support the view that a structural rise in productivity growth has begun. The latest productivity numbers for Q3 show over a 4% growth rate since last April compared to the consensus view that the U.S. is still stuck in the secular stagnation world, where productivity barely grows 1%, instead of its historical average of more than double that. Stronger productivity resulted in lower unit labor costs, helping to bring inflation down to the Federal Reserve's 2% inflation target. Despite the sharp drop in labor supply growth since the crackdown on illegal immigration, wage inflation has slowed as labor demand has followed supply lower. In short, the rebalanced labor market is showing few signs of overheating—a key force for preventing monetary policy from moving more restrictive anytime soon.

[1] *The Fourth Turning Is Here*, Neil Howe, Simon & Schuster, 2023.

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With monetary policy set to remain accommodative, big tax cuts set to help consumer spending, deregulation policies unfreezing capital in the banking system, and an AI boom fueling a major productivity enhancing transition in the economy, it's all systems go for 2026. The only thing holding back the economy is the wall of worry around the elevated uncertainty that has damped animal spirits since the Liberation Day panic began. That, however, has not been enough to counter all the policy tailwinds that are increasingly evident in the financial results of companies and solid U.S. GDP growth.

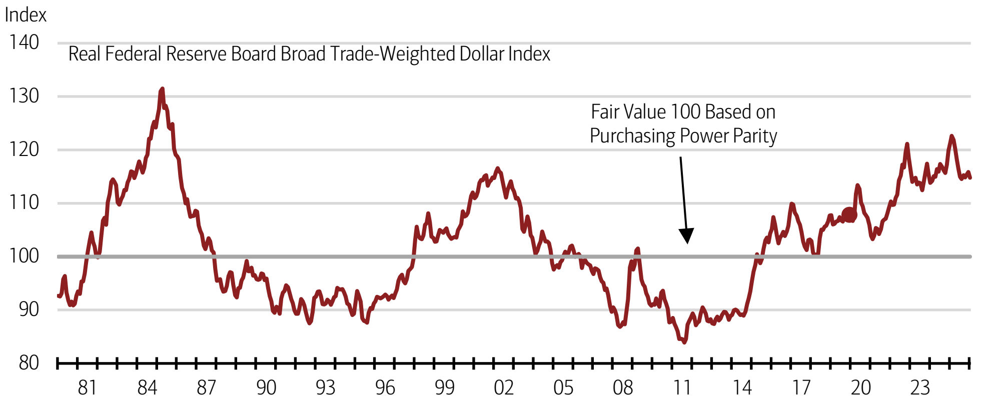
The net positive trends are especially evident in the earnings revision ratios for companies, not just in the U.S. but around the world. The global reordering underway is happening with a rising outlook for earnings across the globe. Analysts' upward revisions to earnings strengthened to a four-year high in December. The strongest ratios were in Japan and the U.S. The ratio rose to the best levels in over a year in China, India, Australia and Taiwan, according to the BofA Global Research calculations. The ratio is highest for the Financial and Technology sectors, where deal-making activity is taking off as the new global order and the world of AI are creating abundant new opportunities.

Normally companies pre-announce problems ahead of the next earnings season. Estimates get revised lower and then it's easier to beat expectations when actual earnings come out. After over-cutting their outlooks during the Liberation Day panic managements have not been trimming what would normally be an excessive earnings outlook. Instead, they've been finetuning their estimates higher in the past two quarters. That's why Q2 and Q3 earnings warnings were much less negative than usual. According to Yardeni Research it's highly unusual that earnings estimates rise over the course of a quarter. It has happened less than 20% of the time since 1994 according to their estimates. All in all, it bodes well for upside surprises during the upcoming Q4 reporting season.

The spreading strong economic forces are showing up in a broadening of earnings growth into the more cyclical and value companies that lagged the high-technology flyers in the earlier stages of the bull market. These companies comprise a bigger share of the foreign markets compared to the U.S. and as a result they are doing relatively better.

A broadening global expansion is especially good for emerging markets, where living standards have the most room to grow. As Exhibit 1 shows, the U.S. dollar is at the high end of its historical valuation range. This is especially true against Asian currencies, like the China Renminbi and Japan Yen, where fair value is 20% to 30% lower for the dollar. Combined with a rising earnings cycle, this local currency appreciation potential increases the scope for dollar-based investors to benefit from Asian equity investments going forward.

Exhibit 1: Dollar Extremely Overvalued.



Source: Federal Reserve Board. Data as of January 5, 2026. **Past performance is no guarantee of future results.** Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.

MARKET VIEW

Grand Delusions: China at 25 in the World Trade Organization

Joseph Quinlan, Managing Director and Head of CIO Market Strategy

This year will mark the 25th anniversary of China's accession to the WTO. The occasion in December 2001 sparked an abundance of global optimism that China's entry into the WTO would embed the country into the U.S.-led liberal international order and encourage China to embrace key western norms like market-driven economics and political liberalization. As President Bill Clinton chimed at the time, accepting China into the WTO would represent "the most significant opportunity that we have had to create positive change in China since the 1970s."[2]

To accede to the WTO, China did slash average tariff levels on industrial goods and agricultural products. Various sectors—manufacturing, distribution, telecommunications, banking and autos—were slowly cracked open to foreign firms. Beijing rewrote and overhauled its commercial legal framework by passing or amending various laws and regulations, with the protection of intellectual property rights chief among them. Non-tariff barriers like quotas, import licenses, dual pricing and opaque industry standards were either eliminated or phased out. State-owned enterprises were reformed and restructured.

These concessions—and more—were taken as signals that China was serious about becoming a global stakeholder. That the wager the U.S. and the West were placing on China was a good one.

But it didn't take long for one of the biggest wagers of the post-war era to go south. Rather than decline, as many policymakers in Washington predicted at the time, America's merchandise trade deficit with China doubled between 2001 ($83.2 billion) and 2005 ($202.8 billion) and continued rising thereafter. U.S. manufacturing jobs and wages came under intense pressure owing to expanding imports from China and the shift in U.S. production to low-cost China.

WTO accession opened the flood gates to foreign investment in China, with U.S. firms boosting their stock of foreign capital in China by roughly five-fold between 2001 and 2010. Over the same period, the number of Chinese workers employed by U.S. foreign affiliates more than tripled, rising from 315,000 workers to over 1.1 million. China's massive labor pool-cum-ballooning middle class enticed multinationals from around the world to set up shop in China, triggering one of the largest shifts in global manufacturing and trade in modern history.

In just the span of a decade, China's share of world manufacturing output soared from 8.7% in 2000 to 18.1% in 2010, when it eclipsed the U.S. as the world's top manufacturer of goods. Four years later, China was out-producing all of Europe—and never looked back. Today, China accounts for roughly 28% of global manufacturing, according to the World Bank, well ahead of the U.S. and Europe.

As China's manufacturing sector went into overdrive, so did China's exports. China's share of world exports was roughly 4% in 2001; today, the country accounts for 15% of global exports, nearly on par with the combined market share of second-place America (8.6%) and third-place Germany (7%). The world is so awash with China's goods that the nation's trade surplus topped a stunning $1 trillion last year.

Back in 2001, just three nations counted China as their number one supplier of imports. Today, the figure is closer to 80 countries, a profound shift that has come at the expense of manufacturers in the U.S., Europe and many developing nations.

China's dominance in trade, for instance, is leading to the deindustrialization of Germany, Europe's largest economy. It is undermining Japan's formidable auto industry, with China's electric cars now eating into Japan's carmakers' long-standing grip in the developing nations. By refusing to vacate the production of lower-valued goods (textiles, footwear,

Investment Implications

China's entry into the WTO in 2001 and ensuing dominance of both lower-valued and higher-valued goods continues to have profound implications on global manufacturing. We expect China will continue to rely on exports and investment to drive growth in 2026, which could challenge other EMs as well as manufacturing-heavy economies like Germany.

[2] Quote from Clinton's speech at Johns Hopkins University, March 8, 2000.

toys, etc.), China is blocking the well-worn export path of economic development for other emerging markets. And by building half of the world's ships each year, by controlling over 70% of the global commercial drone market, by exporting more solar panels, electrical vehicles, and battery cells than any nation in the world—China's grip on world trade has reshaped the global economy and transformed the geopolitics of the 21st century.

It's also obliterated the brimming optimism of the Clinton era regarding China's assimilation into the world trade order—notwithstanding some key benefits to China's major trading partners.

U.S. and Western multinationals have profited handsomely from China's ballooning middle class and its demand for Western goods and services. As China's share of global consumption rose from just 3% in 2001 to roughly 12% by 2024, so did the earnings of many U.S. companies across a large swathe of industries. Over the same period, U.S. consumers enjoyed the benefits of low-cost China imports, while debt-laden America did well by China recycling its excess savings into U.S. securities, helping to grease the financial wheels of the U.S.

But despite these gains, many policymakers are rethinking the costs of China's entry into the WTO versus the benefits. To this point, Secretary of State Mark Rubio didn't mince words in front of the Senate Foreign Relations Committee last January: "We welcomed the Chinese Communist Party into the global order, and they took advantage of all of its benefits, and they ignored all of its obligations and responsibilities. Instead, they have repressed and lied and cheated and hacked and stolen their way into global superpower status."[3]

When it comes adhering to the rules and principles of the WTO, China's record of compliance is "poor," according to the latest report from the U.S. Trade Representative Office. Today, the consensus is that China's trade surplus is aided and abetted by nonmarket policies and practices that include forced technology transfers, intellectual property right violations, currency manipulation, state-subsidies to industry, industry targeting, restrictions on foreign investment in strategic industries, and other measures that place foreign firms at a competitive disadvantage in China.

Rather than dismantle its state-led, nonmarket and mercantilist model, China has tacked the other direction, notably under the current leadership of Xi Jinping, who has written his own script on economic growth and global trade. Think of the "Made in China 2025" initiative, a strategic industrial makeover of the past decade that has supercharged the exports of high-valued goods like electric vehicles, robots, solar panels, battery cells, drones and wind turbines. Think of the nation's One Belt, One Road program that has helped crack open new export markets in the Middle East, Africa and other parts of the world. And think of the massive loans and lines of credit China has generously doled out around the world over the past few decades—all with the intent of expanding China's trade with the world.

And it doesn't end there. "Technological self-reliance" and greater levels of "self-sufficiency" are hallmarks of the 15th Five-Year Plan (2026-2030). China's next big wager is about going it alone or working with only a few strategic allies. Ditto for the U.S., which has become more protectionist under the Trump administration. Suffice it to say that on the 25th anniversary of China's entry into the WTO—the high mark of global cooperation and hope for deeper global integration—multilateralism is dead.

The consensus in 2001 was that the world would change China. A quarter-century on, however, it's China that has changed the world.

[3] Quote from Rubio's opening remarks before the Senate Foreign Relations Committee, January 21, 2025.

THOUGHT OF THE WEEK

As Goes January, So Goes the Year?

Emily Avioli, Vice President and Investment Strategist

With the turn of the calendar page comes renewed interest in theories about the predictive power of January performance. Popularized by the Stock Trader's Almanac, the January Barometer posits that a gain for stocks during the month of January is likely to precede a gain for the year (and vice versa). The more refined First Five Days indicator compresses the theory into January's first trading week. Both beg the question—as goes January, so goes the year?

The indicators turned out to be correct in 2025, when the S&P 500 kicked off with a 0.6% gain in the first five days of the year and a 2.7% gain in the month of January. The index went on to notch a double-digit price return in 2025, finishing the year up by 16.4% (Exhibit 2A). They also held true in 2022, when the S&P 500 fell by -1.9% in the first five days of the year and by -5.3% in the month of January. The S&P 500 ended up entering a cyclical bear market later in the year, ultimately finishing with an annual price return of -19.4%.

The January Barometer and the First Five Days indicators have seen overall success rates of about 71% and 66% since 1928, respectively, though outcomes have varied significantly over the years (Exhibit 2B). In instances when the first five days of the year were positive, the S&P 500 went on to see a positive annual performance roughly 77% of the time, with an average return of 11.3%[4]. Believers of the January market theories may interpret the S&P 500's 1.1% gain in the first five days of 2026 as a positive signal for what's to come.

However, the indicators are fraught with nuance. Much of the perceived reliability comes from the fact that the S&P 500 has historically delivered an annual gain of about two-thirds of the time. As a result, strong performance in January likely aligns with a positive year more due to coincidence than causation. In reality, the January Barometer (R^2 = 0.09) and First Five Days indicator (R^2 = 0.04) have shown only modest explanatory power for S&P 500 annual returns since 1928.[4] The direction of Equities over that time period has been far more dependent on factors like earnings growth, liquidity conditions, and the macroeconomic backdrop.

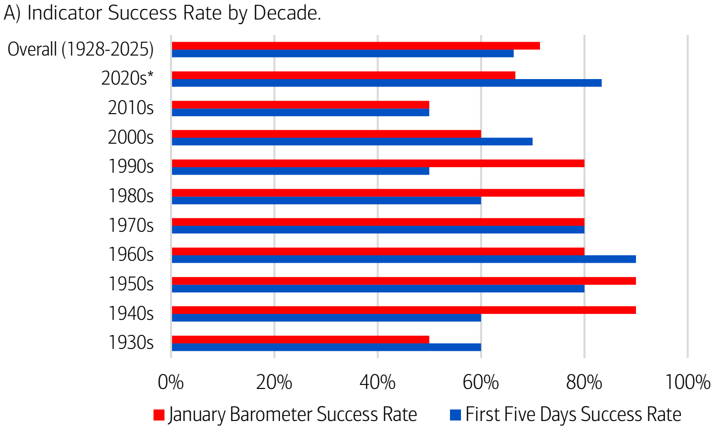
The bottom line: While indicators like the January Barometer and the First Five Days may provide some insight into early-year positioning and seasonality trends, they are hardly a surefire way to forecast annual market activity. The better play is to focus on fundamentals.

Investing Implications

While January market indicators can offer some insight, long term investors should continue to focus on fundamentals. We maintain an Equity overweight in diversified portfolios.

Exhibit 2: A Closer Look at January Market Indicators.

A) Indicator Success Rate by Decade.



B) Indicator Returns Since 2020.

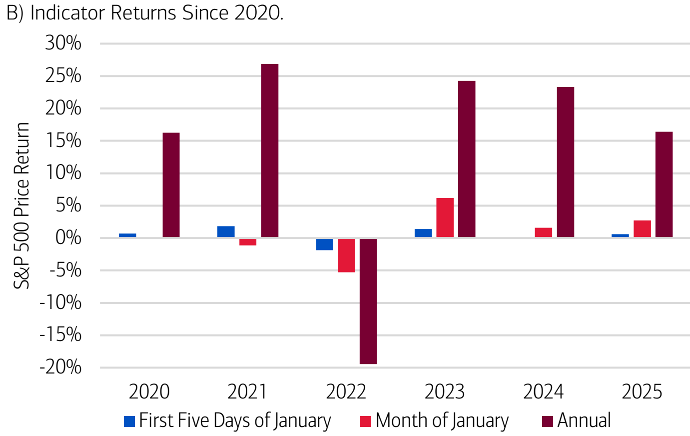


Exhibit 2A) Bloomberg. Data as of January 8, 2026. *2020s include 2020 – 2025. Exhibit 2B) Source: Bloomberg. Data as of January 8, 2026. **Past performance is no guarantee of future results.** Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.

[4] Bloomberg. Data as of January 8, 2026.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	49,504.07	2.3	3.0	3.0
NASDAQ	23,671.35	1.9	1.9	1.9
S&P 500	6,966.28	1.6	1.8	1.8
S&P 400 Mid Cap	3,459.81	3.3	4.7	4.7
Russell 2000	2,624.22	4.6	5.7	5.7
MSCI World	4,511.01	1.5	1.8	1.8
MSCI EAFE	2,951.15	1.4	2.0	2.0
MSCI Emerging Markets	1,452.35	1.6	3.4	3.4

Fixed Income†

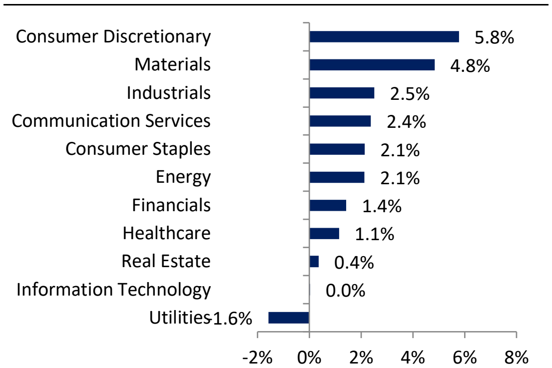
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.25	0.24	0.04	0.04
Agencies	3.98	0.12	0.05	0.05
Municipals	3.47	0.69	0.73	0.73
U.S. Investment-Grade Credit	4.32	0.35	0.15	0.15
International	4.84	0.34	0.10	0.10
High Yield	6.47	0.39	0.39	0.39
90 Day Yield	3.59	3.61	3.63	3.63
2 Year Yield	3.53	3.47	3.63	3.47
10 Year Yield	4.17	4.19	4.17	4.17
30 Year Yield	4.81	4.87	4.84	4.84

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	282.64	2.5	2.3	2.3
WTI Crude $/Barrel††	59.12	3.1	3.0	3.0
Gold Spot $/Ounce††	4509.5	4.1	4.4	4.4

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2024 Year End
EUR/USD	1.16	1.17	1.17	1.17
USD/JPY	157.89	156.84	156.71	156.71
USD/CNH	6.98	6.97	6.98	6.98

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 1/5/2026 to 1/9/2026. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 1/9/2026 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 1/9/2026)

	Q4 2025E	2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	2026E
Real global GDP (% y/y annualized)	-	3.5*	-	-	-	-	3.4
Real U.S. GDP (% q/q annualized)	1.4*	2.2*	2.5	2.8	2.3	2.0	2.6
CPI inflation (% y/y)	3.0*	2.8*	2.9	3.0	2.9	2.6	2.9
Core CPI inflation (% y/y)	3.0*	3.0*	2.9	3.1	2.9	2.8	2.9
Unemployment rate (%)	4.5*	4.3*	4.5	4.5	4.4	4.3	4.4
Fed funds rate, end period (%)	3.63	3.63	3.63	3.38	3.13	3.13	3.13

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics. **There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.**

A = Actual. E = Estimate.

Sources: BofA Global Research; GWIM ISC as of January 9, 2026.

Asset Class Weightings (as of 1/6/2026)

	CIO View				
Asset Class	Underweight		Neutral	Overweight	
Global Equities				●	
U.S. Large-cap Growth				●	
U.S. Large-cap Value				●	
U.S. Small-cap Growth				●	
U.S. Small-cap Value				●	
International Developed		●	◀		
Emerging Markets			▶	●	
Global Fixed Income		●			
U.S. Governments		●			
U.S. Mortgages		●			
U.S. Corporates		●			
International Fixed Income		●	◀		
High Yield		●	◀		
U.S. Investment-grade Tax Exempt		●			
U.S. High Yield Tax Exempt		●			
Alternative Investments*					
Hedge Strategies					
Private Equity					
Private Credit					
Real Assets					
Cash					

*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of January 6, 2026. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

CIO Equity Sector Views

	CIO View				
Sector	Underweight		Neutral	Overweight	
Financials					●
Utilities				●	
Consumer Discretionary				●	
Industrials				●	
Communication Services			●		
Information Technology			●		
Healthcare		▶	●		
Real Estate		●	◀		
Consumer Staples		●			
Materials		●			
Energy	●				

Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.

S&P 500 Index is a stock market index tracking the stock performance of 500 leading companies listed on stock exchanges in the United States.

S&P 500 Index Price Return is a stock market index tracking the stock performance of 500 leading companies listed on stock exchanges in the United States without dividends.

Real Federal Reserve Board Broad Trade-Weighted Dollar Index is a weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of major U.S. trading partners.

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All recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

Investments have varying degrees of risk. Some of the risks involved with equity securities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Small cap and mid cap companies pose special risks, including possible illiquidity and greater price volatility than funds consisting of larger, more established companies. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. When interest rates go up, bond prices typically drop, and vice versa. Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involves certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments. Income from investing in municipal bonds is generally exempt from Federal and state taxes for residents of the issuing state. While the interest income is tax-exempt, any capital gains distributed are taxable to the investor. Income for some investors may be subject to the Federal Alternative Minimum Tax (AMT). Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. Bonds are subject to interest rate, inflation and credit risks. Investments in foreign securities (including ADRs) involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. There are special risks associated with an investment in commodities, such as gold, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Alternative Investments are speculative and involve a high degree of risk.

Alternative investments are intended for qualified investors only. Alternative Investments such as derivatives, hedge funds, private-credit, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity and your tolerance for risk.

Nonfinancial assets, such as closely-held businesses, real estate, fine art, oil, gas and mineral properties, and timber, farm and ranch land, are complex in nature and involve risks including total loss of value. Special risk considerations include natural events (for example, earthquakes or fires), complex tax considerations, and lack of liquidity. Nonfinancial assets are not in the best interest of all investors. Always consult with your independent attorney, tax advisor, investment manager, and insurance agent for final recommendations and before changing or implementing any financial, tax, or estate planning strategy.