WESTEND
Advisors

A VICTORY CAPITAL® INVESTMENT FRANCHISE

Macroeconomic Highlights

Q4 2024

20241001-3905767

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WestEnd Outlook Highlights

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- We believe the global economy, and particularly the U.S., could maintain slow-to-moderate late-cycle growth into 2025, but elevated market sentiment amid signs of slowing economic conditions also warrant caution. While the Fed and other central banks have begun monetary easing, the impacts of tight monetary policy could linger for some time, and we believe a sustained reacceleration to early-cycle growth remains very unlikely amid a cooling U.S. labor market and reduced tailwinds for consumers.
  - The U.S. consumer remains on solid footing, but has limited capacity to accelerate spending from here, in our view, as the excess savings that fueled the post-COVID spending recovery is now effectively depleted and the personal savings rate has normalized around 5%.
  - Softening employment trends, which have been percolating under the surface, have become more visible in the labor market data, in our view.
  - We believe the Fed has flexibility to continue easing, given deflationary trends, but the degree of rate cuts expected would still leave the real Fed Funds rate north of 1% at the end of 2025, and we believe materially sharper policy easing is unlikely absent significant economic weakness.
- Internationally, most major economies are slowing and still face late-cycle challenges. Japan is an outlier, in our view, with positive growth trends and relatively loose monetary policy. China, in contrast, continues to face deleveraging headwinds and has seen its growth rate drop below peers. In Europe, we see tight monetary conditions and slowing employment gains as ongoing risks.
- We continue to position portfolios for the later stages of the economic cycle and in view of current risks and opportunities:
  - In U.S. large-cap equity allocations:
    - We are avoiding several of the most cyclical early-phase sectors, but have moved to an overweight of Financials and added exposure to Real Estate, which we see benefitting from continued economic growth and declining interest rates.
    - We maintain a significant-but-underweight exposure to mid-phase sectors in aggregate, where Information Technology and Communication Services valuations present risk, in our view, if financial results undershoot lofty investor expectations or the near-term benefits of AI underwhelm.
    - We are overweight late-phase, defensive Health Care, Consumer Staples, and Utilities sectors that we expect can outperform as growth slows.
  - In global portfolios, we are underweight Europe, where we do not expect recent rate cuts to provide an immediate boost to growth, and emerging markets, including China, where headwinds persist and our analysis suggests its stimulus will have limited near-term impact on growth. We retain an overweight of developed Asia, where we see Japan's relatively stimulative monetary policy and defensive characteristics as attractive.
  - In traditional balanced portfolios:
    - We retain a modest overweight of fixed income, given our outlook and the attractive risk/return profile we see for bonds at this point in the cycle.
    - Within fixed income allocations, we are emphasizing intermediate and longer-term Treasury securities that should benefit if interest rates decline, and we are focusing corporate exposure in shorter maturities, as widening credit spreads could put longer-term corporate bonds at greater risk.

U.S. Equity Sector Allocations

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WESTEND ETF STRATEGIES

Current large-cap U.S. equity sector allocation and avoidance*

Sector Allocations

- Health Care
- Consumer Staples
- Utilities
- Information Technology
- Communication Services
- Consumer Discretionary
- Financials
- Real Estate

Sector Avoidance

- Energy
- Industrials
- Materials

* For illustrative purposes only. Allocation information as of September 30, 2024. Source: WestEnd Advisors.

International Equity and Fixed Income Allocations

WESTEND GLOBAL ETF STRATEGIES

Current regional equity allocation positioning in global portfolios*

Regional Equity Overweights

- Japan/Developed Asia

Regional Equity Underweights

- Europe
- Emerging Markets

WESTEND BALANCED ETF STRATEGIES

Current fixed income and asset class positioning in balanced portfolios*

Fixed Income Overweights

- Longer-Term Treasury Securities
- Long Duration (in aggregate)
- Short-term Corporate Credit
- Fixed Income Asset Class
  (in traditional balanced strategies)

Fixed Income Underweights

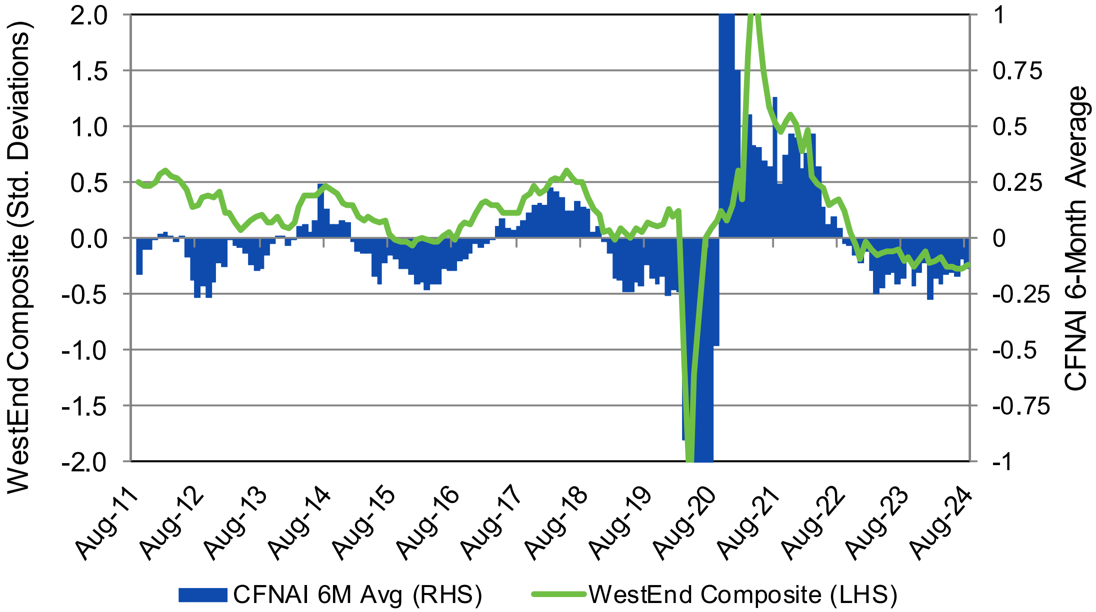
- Short-term Treasury Securities
- Long-term Corporate Credit

* For illustrative purposes only. Allocation information as of September 30, 2024. Source: WestEnd Advisors.

U.S. Economic & Market Backdrop

Economy Growing at Below-Trend Pace

BROAD ECONOMIC ACTIVITY INDICATORS



Source: Federal Reserve Bank of Chicago, WestEnd Advisors

Portfolio Impact: Fading economic tailwinds and a return to **below-trend economic growth warrant an avoidance of highly cyclical sectors like Energy, Materials, and Industrials**, in our view.

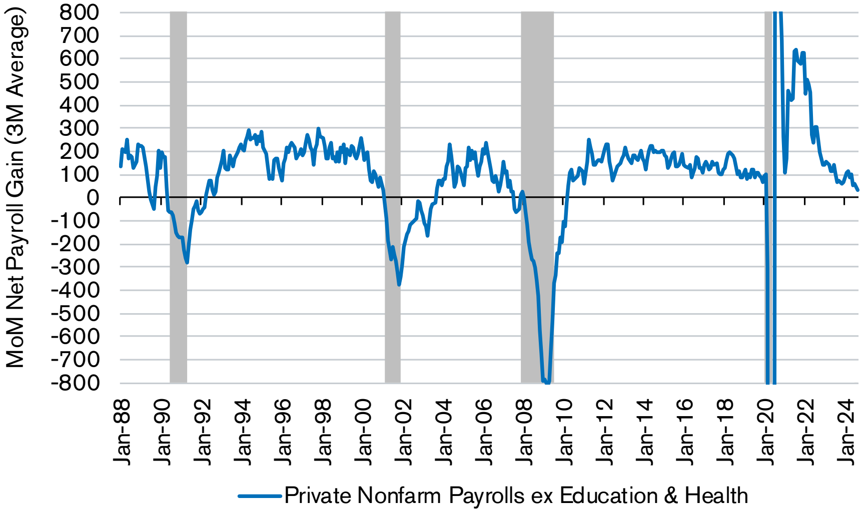
With little evidence of a sustained demand reacceleration on the horizon, we continue to **emphasize defensive sectors like Health Care, Consumer Staples, and Utilities**, as well as market segments that we believe present **strong growth opportunities like Communication Services and Capital Markets**.

After declining sharply in 2022 and early 2023, comprehensive measures of U.S. economic activity, such as the Chicago Fed National Activity Index (CFNAI) and WestEnd's internal composite indicator, have **stabilized at levels that are consistent with a slow-to-moderate pace of growth** (see chart).

Looking ahead, we see **little reason to expect growth to sustainably reaccelerate in the near term**. Interest rate cuts by the Fed typically take time to flow into the real economy, and labor demand and disposable income growth have decelerated in recent quarters. As such, we believe late-cycle conditions remain in place, and we expect economic growth to remain below-trend in the coming quarters.

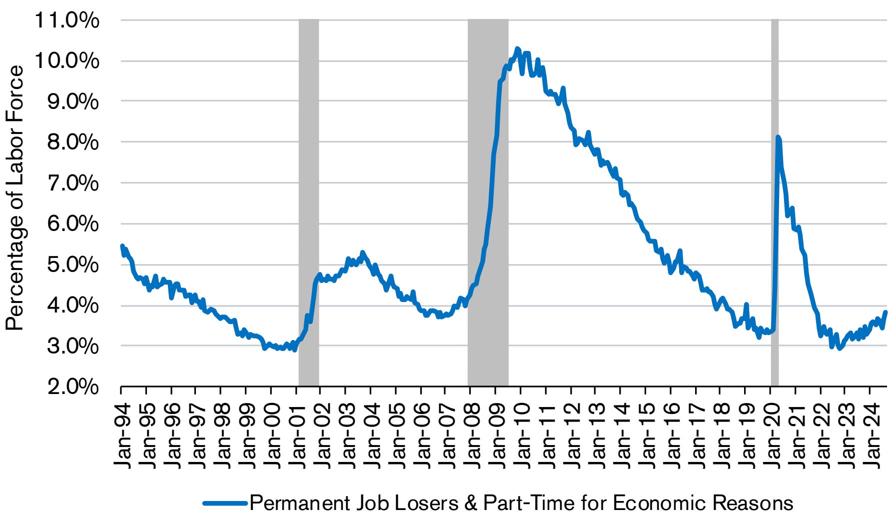
Soft Labor Demand Becoming More Apparent

PAYROLL SLOWDOWN HAS YET TO STABILIZE



Source: BLS, WestEnd Advisors

DISSATISFIED PARTICPANTS POINT TO SLOWING LABOR DEMAND



Source: BLS, WestEnd Advisors

Portfolio Impact: Softening employment trends, which have been percolating under the surface, have become more visible in the labor market data. We believe the trajectory of hiring demand relative to layoffs is likely to be a key determinant of whether the U.S. economy is able to achieve a soft landing.

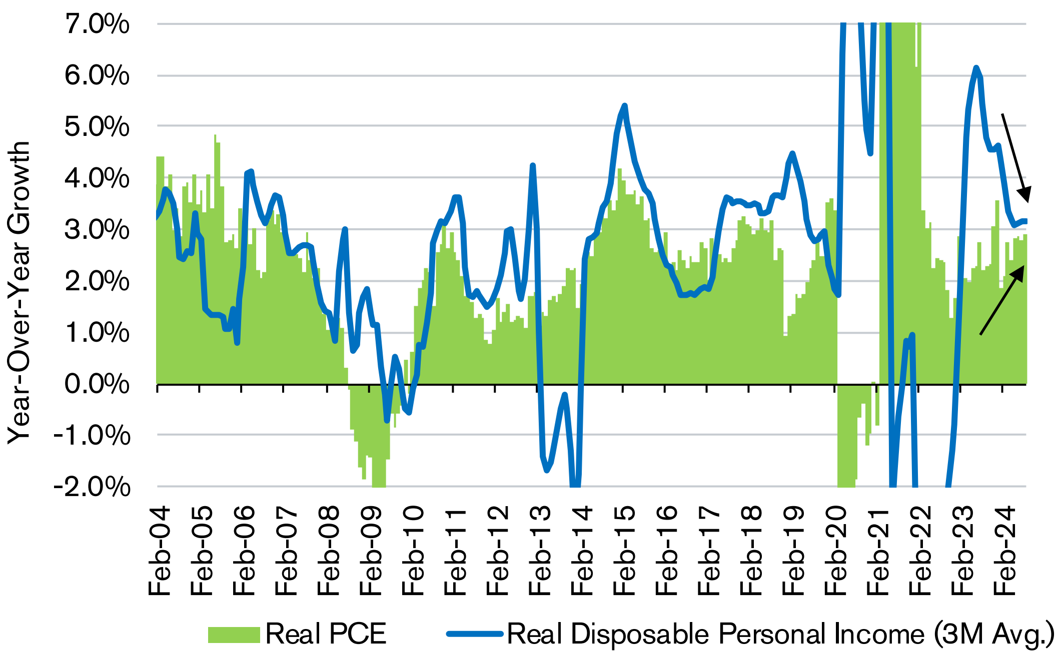
Nonfarm payroll gains have averaged ~197k over the past twelve months, an above-average pace relative to history, even as **job growth has been exceptionally narrow**.

More recently, aggregate nonfarm payroll gains have slowed to an average of ~116k over the past three months, and **payroll growth excluding non-cyclical categories has slowed to the weakest level in over a decade** outside of recessions (see top chart).

Data included in the broader Household Survey paints a similar picture. A measure of the unemployment rate that includes those working part-time for economic reasons and permanent job losers has risen nearly a full percentage point over the past 2 years (bottom chart).

Consumer Spending is Robust, But There is a Limit

FADING INCOME TAILWIND LIMITS FURTHER PCE ACCELERATION



Source: BEA, WestEnd Advisors

Portfolio Impact: Healthy income growth has supported consumer spending over the past year, but is likely on a slowing trajectory, in our view. With **job gains and nominal income growth moderating**, we have maintained consumer exposure in our portfolios with a tilt to **Consumer Staples,** which we believe should benefit in the event that **household spending patterns rotate toward more essential items.**

Consumers' real disposable income growth has outpaced spending growth over the past twelve months, which has supported real PCE growth and economic activity overall. More recently, **disposable income growth has shown signs of deceleration**, which is not unusual to see during the later stages of a cycle as job gains slow.

We see **limited capacity for consumption growth to *accelerate* from here**, due to shrinking savings, a higher cost of debt, slower income and employment growth, and rising stress amid low-income households. Recent data has signaled that **households are increasingly prioritizing spending on necessities** such as rent, health care, insurance, and groceries, possibly due to the aforementioned factors.

Economy is Late-Cycle with Low Contagion Risk

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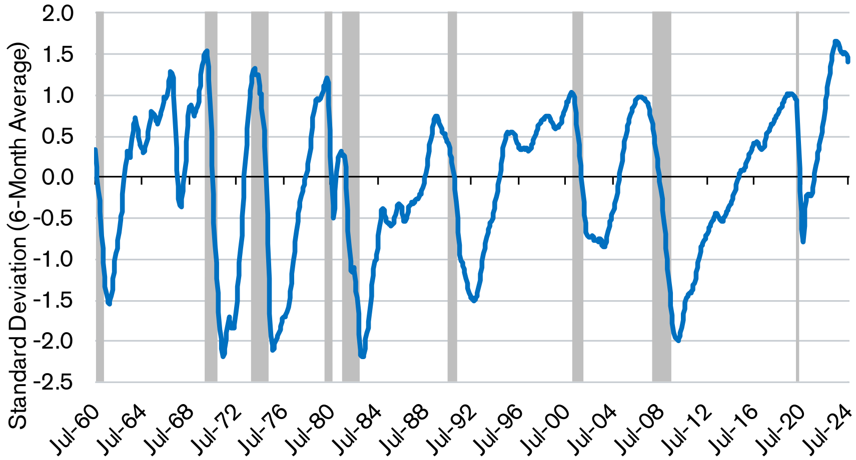
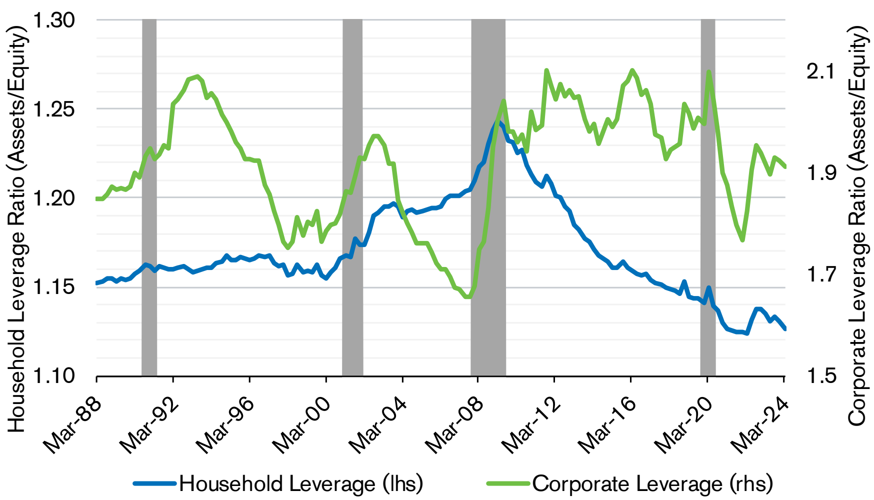
WEA LENGTH-OF-CYCLE INDICATOR



Source: Bloomberg, WestEnd Advisors
* Indicator represents average standardized value for four indicators: U-3 unemployment rate, output gap, confidence spread, and 10Y-3Y Treasury interest rate spread.

LEVERAGE BACKDROP REMAINS BENIGN



Source: Federal Reserve, WestEnd Advisors

Portfolio Impact: Ongoing risks to the economy in the U.S. warrant an **avoidance of highly cyclical sectors,** in our view. At the same time, the absence of extreme excesses could enable the economic cycle to tread along. In our ETF portfolios, we **have balanced out our exposure to traditionally defensive sectors,** like Health Care, by selectively emphasizing areas such as the Capital Markets industry and the Real Estate sector**.**

We believe the prospect of economic deceleration remains elevated, as the **classic signs of a late-stage macro environment remain in place**, including a tight labor market, restrictive monetary policy, and a low level of economic slack. A proprietary composite index measuring the progression of the economic cycle remains at the high end of the historic range (top chart).

Still, we see **limited risk of a painful deleveraging event, as leverage ratios for the household and corporate sectors remains benign** (bottom chart). This suggests that households and businesses have room to borrow further, if needed, but high interest costs and tight lending standards should limit the propensity to build up excess debt.

Trade and Taxes Reign Supreme This Election Cycle

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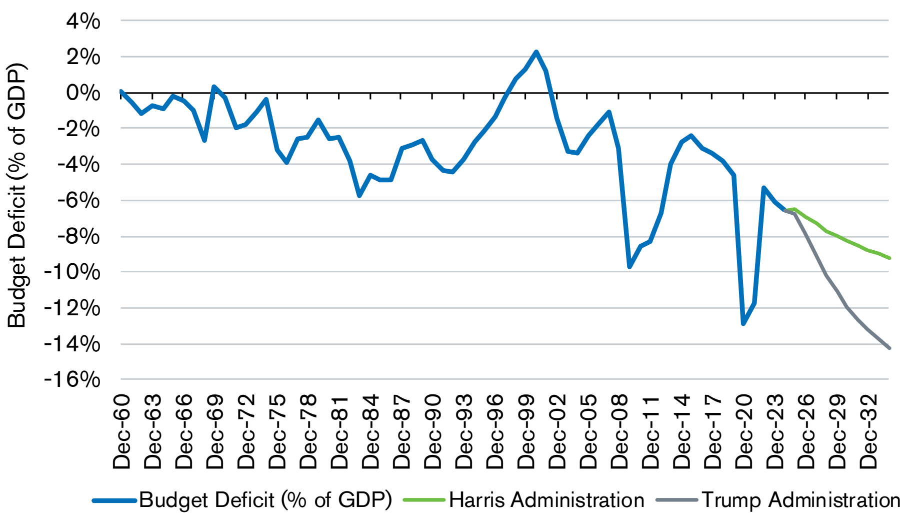
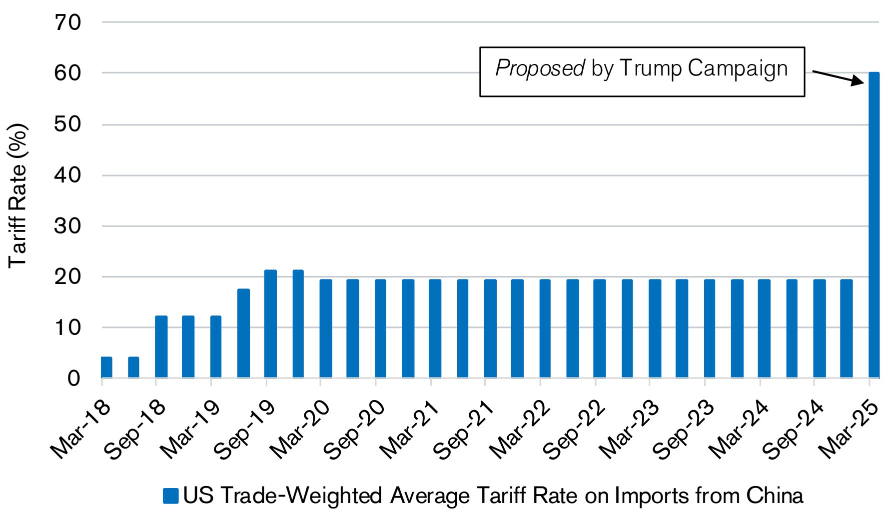
DEFICIT PROJECTED TO RISE IN EITHER ELECTION OUTCOME



Source: U.S. Treasury, Penn Wharton Budget Model, CBO, BEA, WestEnd Advisors

TARIFFS WOULD LIKELY RISE UNDER TRUMP ADMINISTRATION



Source: PIIE, WestEnd Advisors

Portfolio Impact: Trade and Tax policy are key focus areas this election cycle, though we do not expect either candidate to be able to fully implement their policy agendas. Regardless of election outcome, we see upside risks to the budget deficit and protectionist trade policies. As always, we believe **the macro cycle will be the primary determinant of market returns**.

In the event of a Trump victory in November, the potential for a Republican sweep of Congress could result in **an extension of the 2018 Tax Cuts and Jobs Act**, resulting in **further increases to the budget deficit**. Vice President Harris's proposals, alongside continued spending from the IIJA, the CHIPS Act, and the Inflation Reduction Act, are also expected to increase the deficit, but to a lesser extent, given the prospect of higher taxes on the wealthiest Americans (top chart).

The Trump campaign has proposed a 60% tariff on imports from China (bottom chart) and a 10% tariff on all other imports. While tariff threats are often used as a negotiating tactic, we do see **potential for protectionist policies to expand** under a Republican administration. Higher tariffs could increase tax revenue at the risk of raising costs for consumers.

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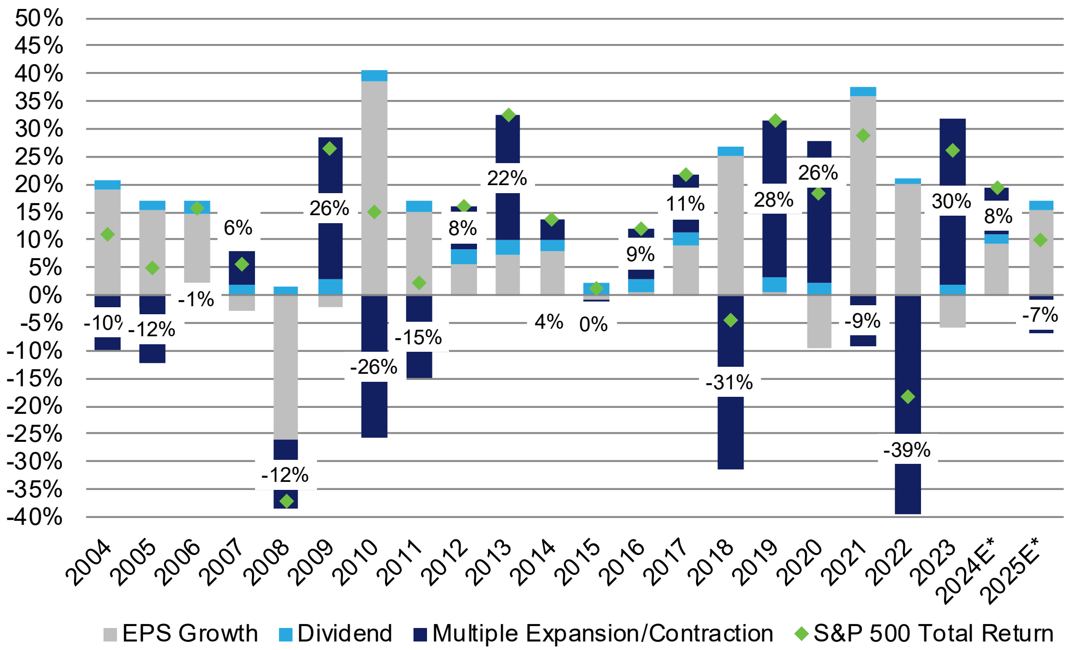
Expect Earnings to Drive Returns in 2025

CONTRIBUTORS TO S&P 500 TOTAL RETURN



*Uses consensus '24 EPS growth andd YTD return as of 09/18/24. Assumes 10% total return in '25, consistent with the long-run average.

Source: Bloomberg, FactSet, WestEnd Advisors

Portfolio Impact: Our 2025 return outlook for the S&P 500 contemplates healthy returns, albeit lower compared to 2023 and YTD 2024. **We believe sector dispersion will offer ample alpha generation opportunities** as earnings growth becomes a larger portion of equity returns, in our view.

The trailing price-to-earnings multiple for the S&P 500 is set to rise for the second consecutive year in 2024, alongside a high-single-digit contribution from EPS growth. Multiple expansion has driven above-average equity returns since the end of 2022.

With equity valuations at the high-end of their historical range, **we expect market returns in 2025 to be driven primarily by earnings growth, paired with a slight degree of multiple contraction** (-7% in chart). Returns over the next year are likely to hinge upon a broadening out of earnings growth, in our view, with investors expecting all 11 sectors to generate positive EPS growth in 2025.

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U.S. Sector Outlook

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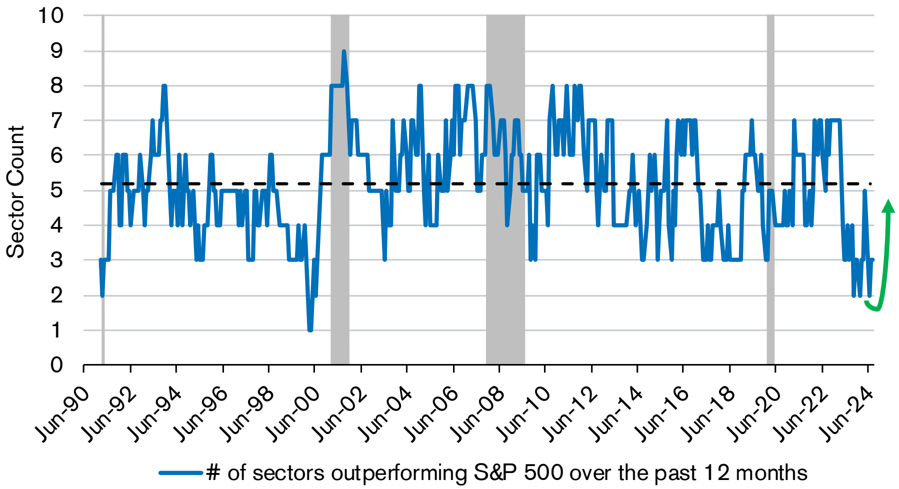
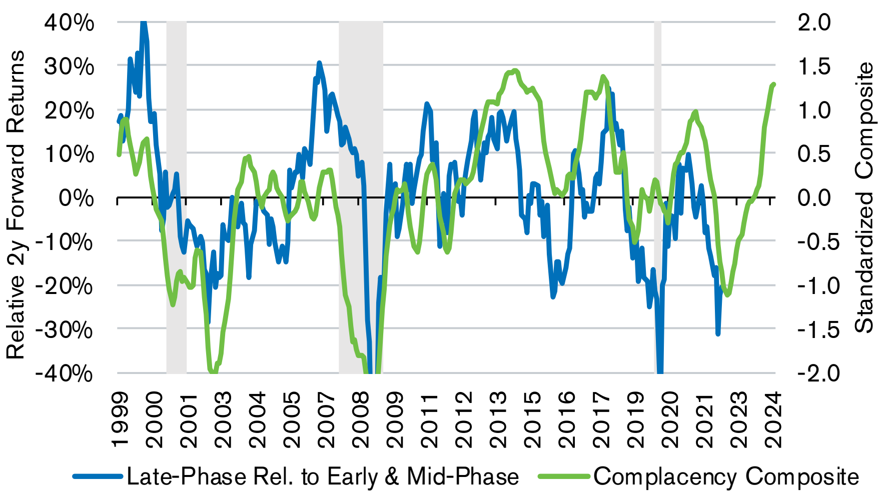
Sector Leadership Has Potential to Widen Out

NUMBER OF SECTORS OUTPERFORMING THE S&P 500



Source: Bloomberg, WestEnd Advisors

LOFTY SENTIMENT A POTENTIAL TAILWIND TO LATE-PHASE



Source: Conference Board, Bloomberg, WestEnd Advisors

Portfolio Impact: We believe **sector leadership is poised to broaden out** following a period of unusual narrowness, in which a substantial overweight of mid-phase sectors would have been required to outperform the S&P 500. Looking ahead, **our current exposure leaves us well-positioned for a more normalized market environment moving forward**, in our view.

The S&P 500's return of ~35% over the past four quarters has been dominated by Information Technology and Communication Services, largely due to the proliferation of A.I. and above-market earnings growth expectations. **The narrowness of sector leadership over the past year is unusual relative to history** (top chart), and we see potential for sector-focused investors to benefit as returns broadens out.

The strong (but narrow) market performance has coincided with a **rapid rise in valuations and sentiment over the past 18 months**. Historically, a high level of investor complacency has benefitted the more defensive parts of the market (bottom chart), even in positive return environments. Historically, trailing 12-month S&P 500 returns have been positive ~60% of the time during periods of late-phase outperformance.

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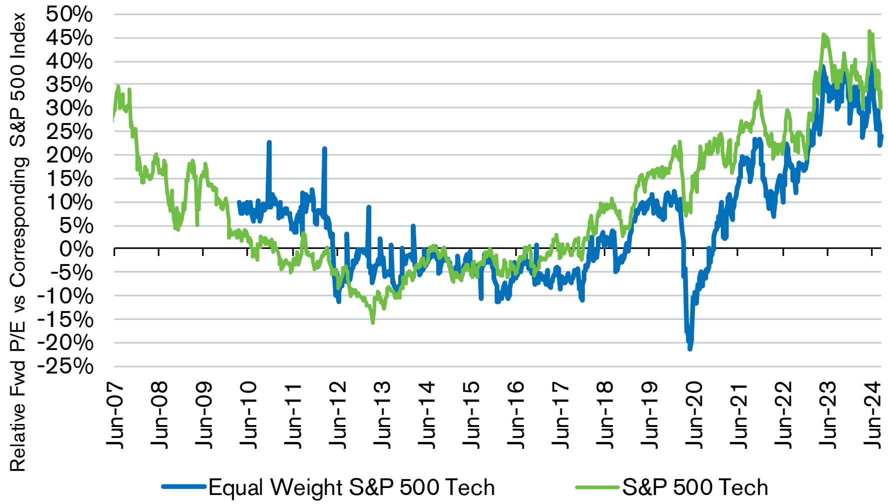
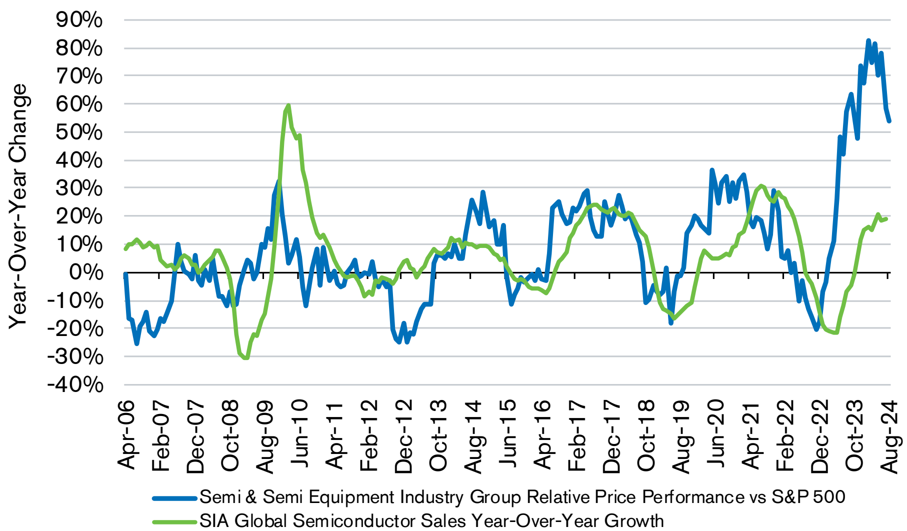
Hottest Parts of Mid-Phase May Cool Off

NOT JUST TECH MEGA CAPS THAT ARE EXPENSIVE



Source: Bloomberg, WestEnd Advisors

SEMICONDUCTOR RETURNS HAVE OUTPACED FUNDAMENTALS



Source: Bloomberg, WestEnd Advisors

Portfolio Impact: The Information Technology sector has been a dominant driver of market fundamentals and returns over the past 18 months. Looking forward, we **expect Information Technology returns to cool off as earnings catch up to elevated valuations**. While we view the sector as having robust growth and quality attributes, we believe an underweight is warranted.

Information Technology's ~75% 18-month return ranks in the 92nd percentile over the past 30 years. Growth expectations for the sector have risen sharply thanks to a profit turnaround and an A.I.-driven investment cycle, which **has driven valuations for Technology companies to the highest levels in two decades** (top chart).

Our work has shown that technology investment cycles, which have been at the epicenter of the A.I. boom, typically last between 12 to 24 months, on average. With the current cycle now past the year mark, and with Semiconductor industry returns materially outpacing growth in worldwide semiconductor sales, we see potential for a "growth digestion" phase.

Financials Sector's Outlook Better Than Perceived

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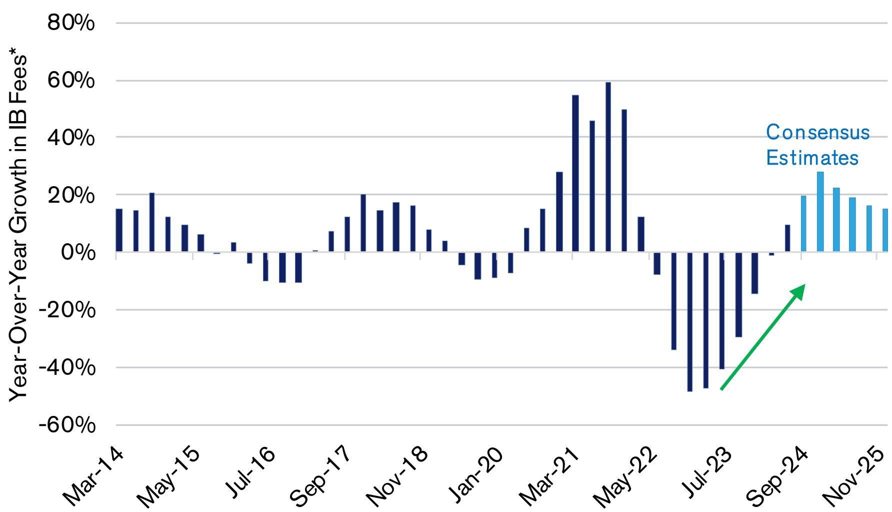
INVESTMENT BANKING REBOUND OFFERS UNIQUE OPPORTUNITY



YoY change in GS & MS TTM IB Fees

Source: Bloomberg, WestEnd Advisors

FINANCIALS SECTOR: THEN VS NOW

% OF SECTOR MARKET CAP

Industry	2007	Now
Financial Services	3%	32%
Banks	39%	24%
Regional Banks	*6%*	*2%*
Capital Markets	23%	23%
Insurance	25%	17%
Consumer Finance	4%	4%
REITS	6%	0%

Source: Bloomberg, WestEnd Advisors

Portfolio Impact: We have increased exposure to the Financials sector in our U.S. large-cap allocations, as **Federal Reserve flexibility and an emerging rebound in capital markets activity could provide earnings upside** for the sector, in our view.

Investment banking momentum continues to trend in a positive direction, benefitting Capital Markets firms and major money-center banks (top chart). Even though interest rates are high, so are corporate profit margins, and after a 2-year hiatus, we believe many **companies need to refinance and can withstand doing so.**

The Financials sector is more diversified today vs. history, with a mix of cyclical and secular growth companies, such as the payments names within Financial Services that have historically shown durable growth, even during economic contractions. Additionally, while commercial real estate (CRE) remains a hot-button topic within banking, we would note that **large banks have considerably less exposure to CRE** than their smaller peers and make up roughly ~90% of the exposure in the S&P 500 Banks industry (bottom chart).

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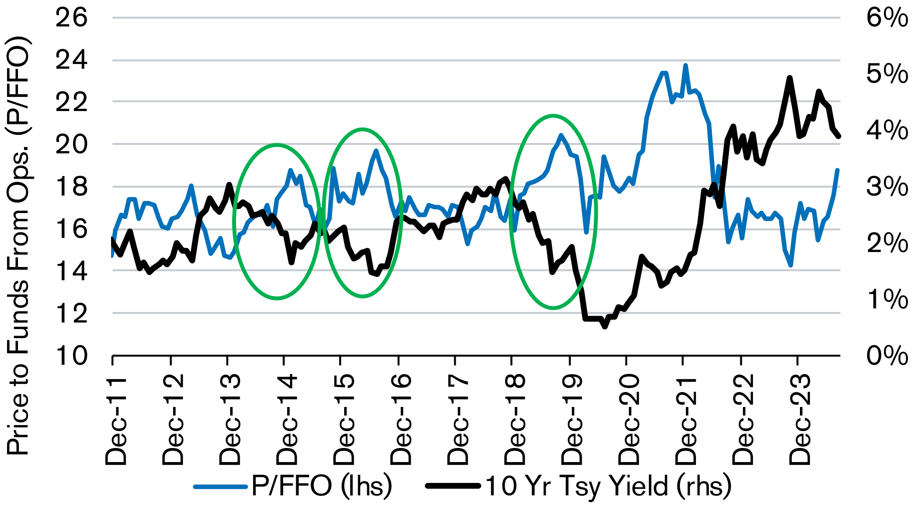
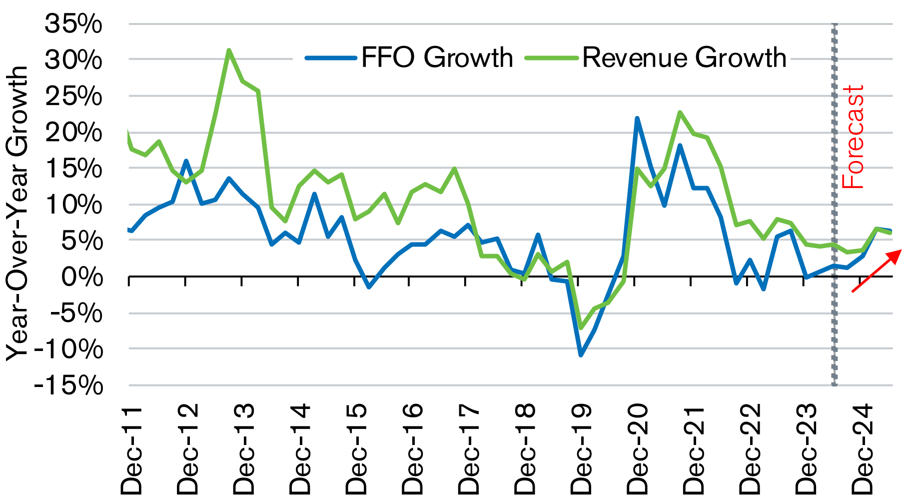
Opportunities Budding in Real Estate

REIT VALUATIONS AND INTEREST RATES



Source: Bloomberg, WestEnd Advisors

REAL ESTATE REVENUE & FFO GROWTH



Source: Bloomberg, WestEnd Advisors

Portfolio Impact: The combination of slowing economic growth and disinflation year-to-date has **aligned with downward pressure on interest rates**, and the Fed has now begun to reduce policy rates. **We believe interest rate-sensitive sectors like Real Estate and Financials may benefit from improved financial conditions.**

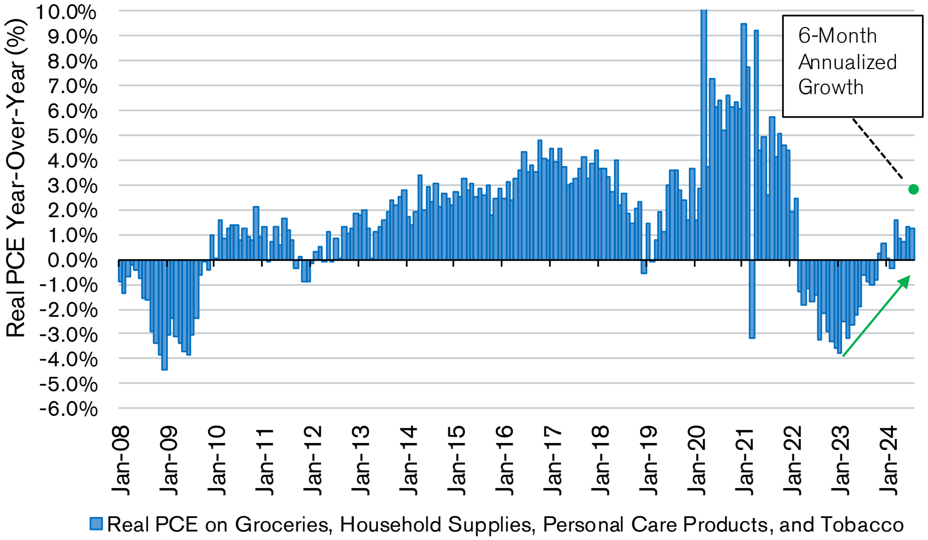
REIT valuations stand to benefit from lower rates, as has been the case in other slow-growth, falling interest rate periods (see top chart).

REIT fundamentals have been stable over the past two years, and REITs collectively **are expected to see improving funds from operations (FFO) growth in the coming quarters.** Concerns around the Office market, which makes up less than 3% of the sector, we think are overblown.

The potential for interest rates to migrate lower could lead to a better operating environment and an improvement in sentiment for Real Estate.

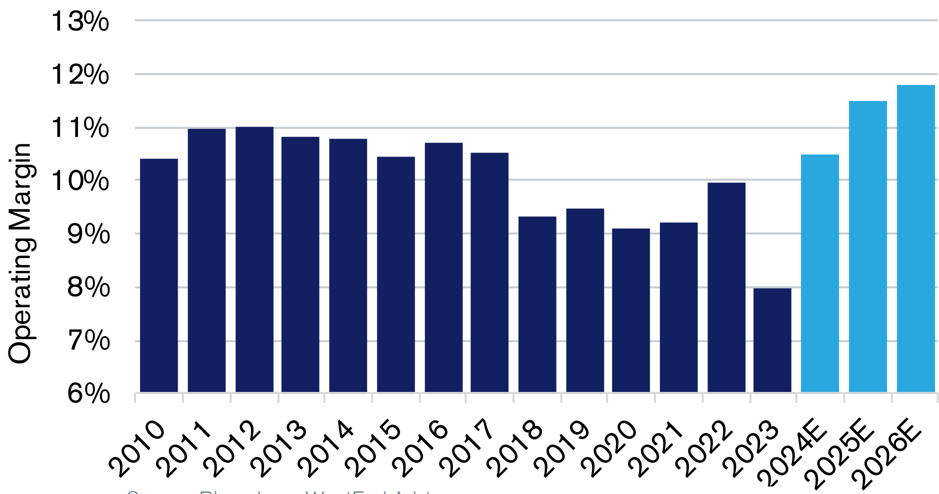
Positioned for Improving Late-Phase Fundamentals

CONSUMER STAPLES VOLUMES CONTINUE TO RECOVER



Source: BEA, WestEnd Advisors

HEALTH CARE MARGINS ARE EXPECTED TO REBOUND



Source: Bloomberg, WestEnd Advisors

Portfolio Impact: We believe exposures to the **Consumer Staples and Health Care sectors** provide attractive **defensive** characteristics with **insulation from cyclical risks,** but also leave portfolios **well positioned** to capture improvements in volume trends and reduced cost pressure headwinds.

Volume growth for Consumer Staples companies has shown signs of acceleration in recent quarters (top chart). The rebound follows a period of volume declines in 2022 and 2023, which was attributable to temporary price hikes and a wave of post-COVID "revenge spending" on services.

Health Care margins were depressed in 2023 as COVID-related revenues waned and higher costs flowed through to companies. **Looking ahead, we see potential for operating margins to rebound above historical averages, which should drive solid earnings growth in our investment horizon.** This dynamic, combined with the sector's historically defensive characteristics, make it an attractive sector at this point in the economic cycle, in our view.

Commodity-Linked Sectors Remain Challenged

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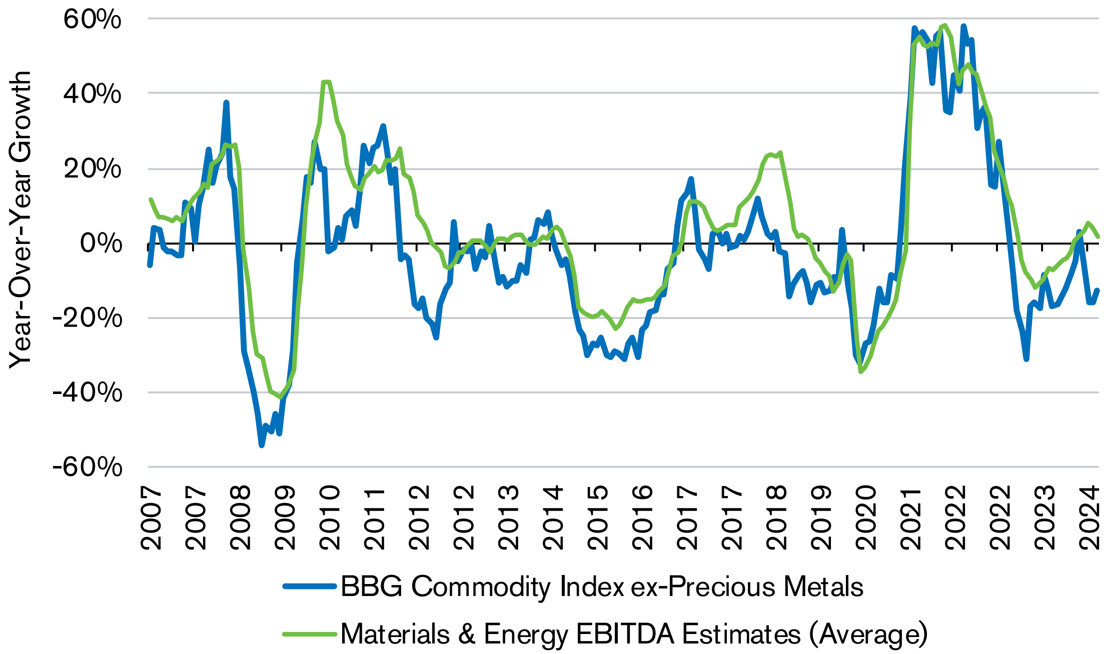
COMMODITY PRICES DRIVE FUNDAMENTALS



Source: Bloomberg, WestEnd Advisors

Portfolio Impact: Fundamentals for sectors such as Materials and Energy are significantly impacted by the direction of commodity prices. **Commodity price deflation has driven below-market earnings growth for these sectors,** and our outlook for decelerating growth and inflation **warrants an avoidance of the Energy and Materials sectors.**

Commodity prices have declined considerably since mid-2022, with year-over-year price inflation in negative territory for 20 consecutive months. While EBITDA growth estimates for the Materials and Energy sector have ratcheted lower to reflect the price deflation, **growth estimates still appear optimistic relative to recent commodity trends** (see chart).

Periods of stable-to-declining commodity prices tend to offer below-market returns for companies in the Materials and Energy sectors, as they generally perform well when they are able to leverage higher commodity prices into stronger earnings. Our outlook for benign inflation and slower growth is generally less supportive of accelerating commodity prices.

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International Economic & Market Backdrop

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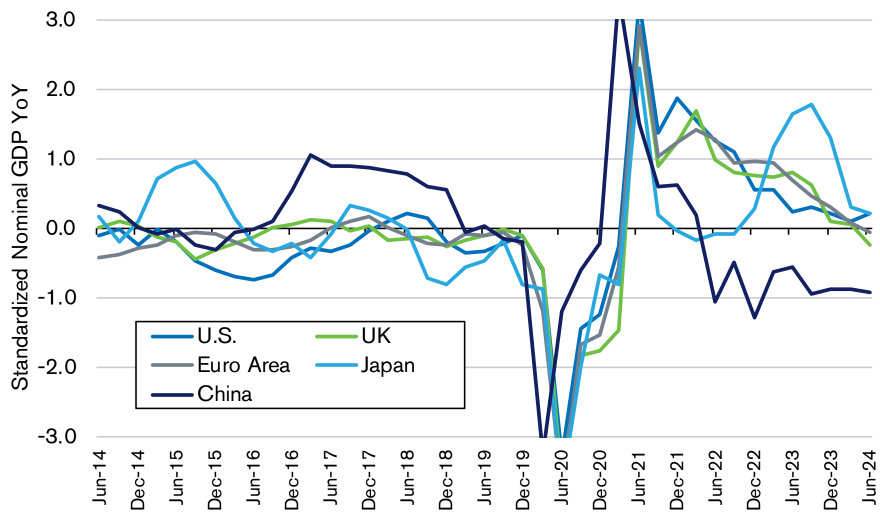
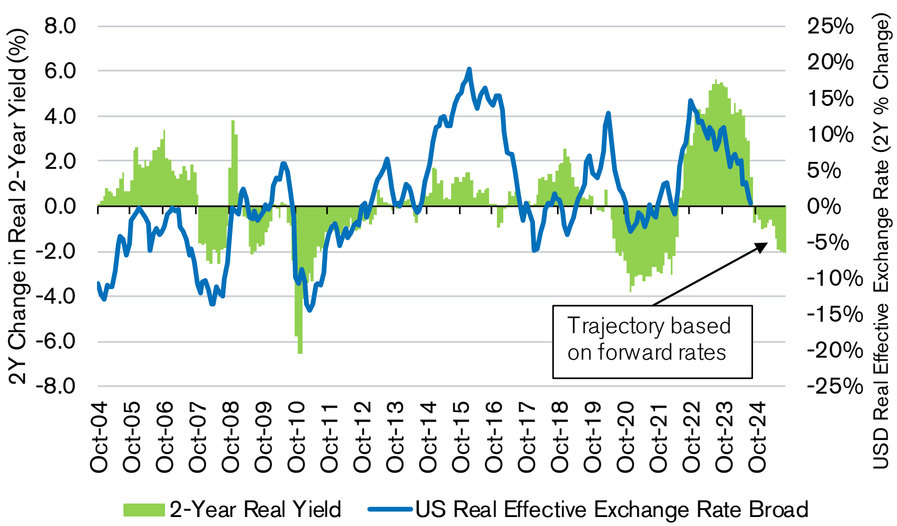
Global Growth Challenged as Easing Cycle Arrives

GLOBAL NOMINAL GROWTH CONTINUES TO SLOW



Source: Bloomberg, WestEnd Advisors

EASING CYCLE REMOVES DOLLAR TAILWIND



Source: BIS, Bloomberg, WestEnd Advisors

Portfolio Impact: Most major economies are slowing and face late-cycle challenges. We do not expect rate cuts to provide an immediate lift to growth, and we believe an **overweight to Japan is warranted given its defensive characteristics.** We have a neutral allocation to the U.S., where we see attractive sector opportunities but expect USD appreciation to be more limited going forward.

Nominal GDP growth continues to slow back to trend in most major economies, driven by tight monetary conditions, fading fiscal support, and slowing job growth. Growth in Japan remains above average, supported by an accommodative central bank and improving income dynamics. In contrast, **growth in China remains sluggish,** as activity remains hampered by deflationary trends and a deleveraging property sector.

With the Federal Reserve and several other central banks on a path to reduce interest rates, we see **limited scope for the U.S. Dollar to meaningfully appreciate from current levels**. Declines in *real* interest rates generally correspond to periods of dollar depreciation (see bottom chart).

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Wealth Trends Diverging in Asia

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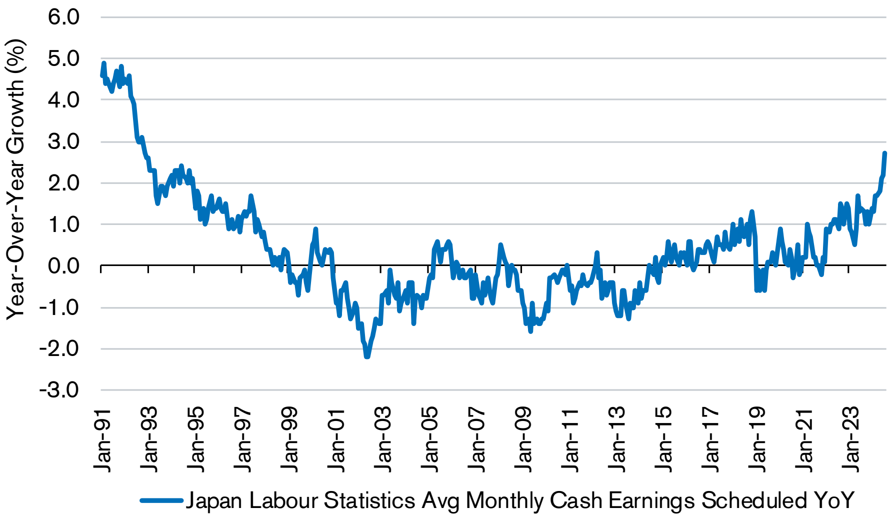
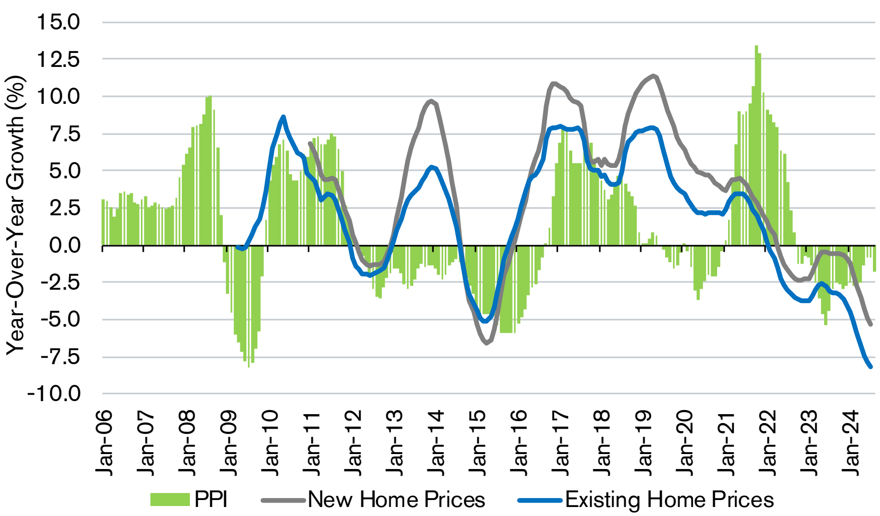
WAGE GROWTH IN JAPAN HIGHEST IN OVER 30 YEARS



Source: Japan Ministry of Health, Labour & Welfare; WestEnd Advisors

DEFLATION HAS TAKEN HOLD IN CHINA



Source: NBSC, Bloomberg Intelligence, WestEnd Advisors

Portfolio Impact: We continue to **overweight Japan**, which is benefitting from stimulative policy and a **step-up in nominal income growth**. It also has the potential to perform defensively during risk-off environments, in our view. China, in contrast, continues to exhibit signs of deflationary headwinds, and we have maintained an underweight allocation.

Households in Japan are benefitting from the strongest hourly earnings growth in over three decades (top chart), driven by healthy nominal GDP growth, stimulative monetary policy, a tight labor market, and supportive government and corporate policies.

We see potential for stronger wage growth to lead to an improvement in the household sector's propensity-to-consume ratio, which been a headwind for Japan's economy over the past decade.

In contrast, deflationary trends appear to have taken root in China (bottom chart). **Asset price declines could continue to weigh on household consumption**, while soft demand for goods has resulted in two consecutive years of producer price declines. Recent stimulus measures could boost sentiment, but are unlikely to solve the economy's structural headwinds.

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Interest Rates & Real Assets

Corporate Credit Not Out of The Woods Yet

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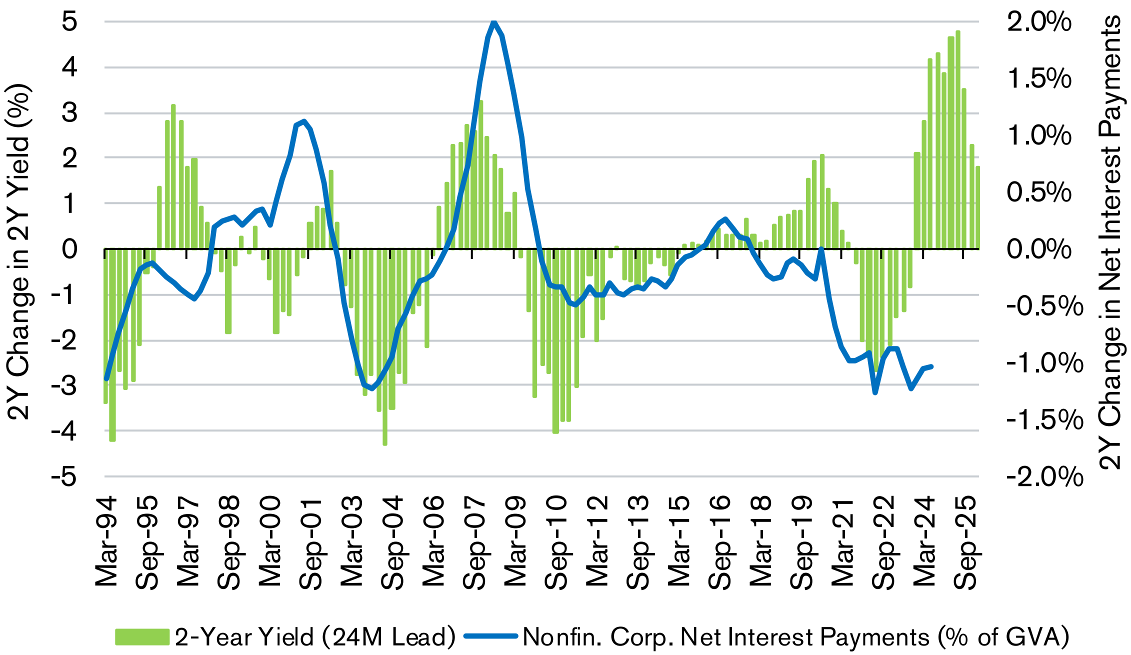
INTEREST COSTS HAVE YET TO REFLECT FED TIGHTENING



Source: BEA, WestEnd Advisors

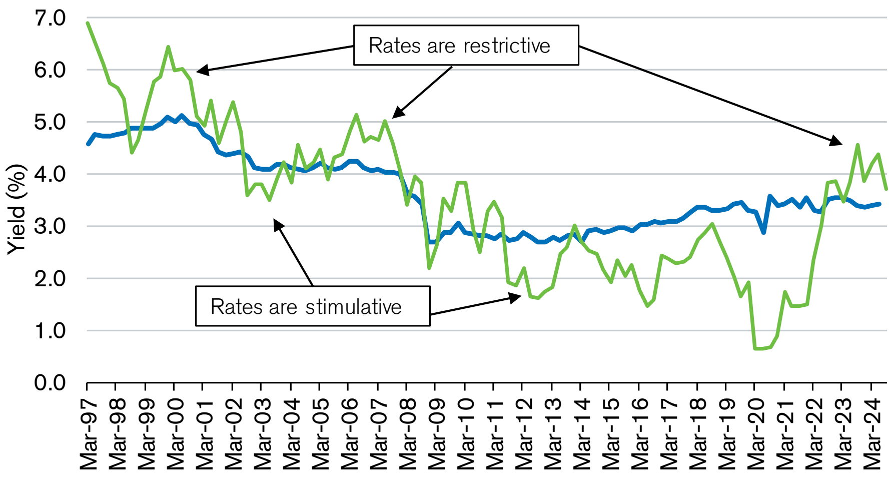
Portfolio Impact: Higher interest costs associated with debt maturities have the potential to weigh on corporate credit spreads, in our view, despite the Fed's gradual easing of short-term rates. As such, we remain **underweight corporate credit** within fixed income allocations.

One of the unique characteristics of this economic cycle has been the degree of resiliency shown by households and businesses to interest rate increases. Because many borrowers were able to lock in low interest rates in the 2010s or during the COVID-19 pandemic, **the increase in debt costs across the U.S. economy has thus far been marginal**.

This phenomenon could work in reverse, however, which raises the possibility that the stimulative effect of the Fed's initial cuts is also limited. In fact, **we see potential for some borrowers' interest costs to *rise* even as the Fed gradually *lowers* interest rates** (top chart), as maturing debt is likely to be refinanced at prevailing rates that are still higher than levels from the past decade.

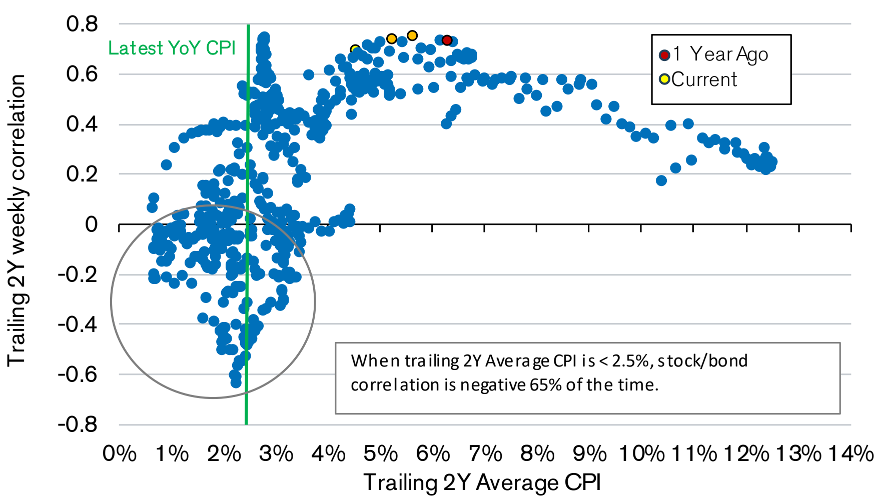
Higher Bond Yields Provide Portfolio Cushion

LONG-END PRICING A RETURN TO NEUTRAL



Source: Bloomberg, WestEnd Advisors. *Neutral nominal rate calculated using a 2% inflation target and an average of commonly referenced neutral real yield estimates*

DISINFLATION IMPROVES STOCK/BOND DIVERSIFICATION



Source: Bloomberg, WestEnd Advisors. Monthly data from 1978 to August 2024.
*Green line denotes current CPI year-over-year reading as of August 2024.

Portfolio Impact: Interest rates are consistent with a return to a *neutral* monetary policy stance, but attractive yields and the **potential for fixed income to protect against higher volatility** keeps the asset class attractive, in our view. We remain overweight bonds in traditional balanced portfolios.

The long end of the curve has priced in a meaningful number of interest rate cuts in advance, as is typical during Federal Reserve cutting cycles.

The top chart shows that **the 10-year yield is consistent with a return to a *neutral* monetary policy stance**. Further declines in long-end rates may be limited if the cycle extends, but we would expect to see the entire curve move lower in the event that the Fed returns to a *stimulative* policy stance.

If inflation continues to glide lower, as we expect, the diversification benefits between stocks and bonds could normalize (bottom chart). In fact, **equity and fixed income correlations have moved lower so far in 2024**, and we see potential for fixed income to provide portfolio insulation during risk-off environments.

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Asset Class Returns Driven by Macro Environment

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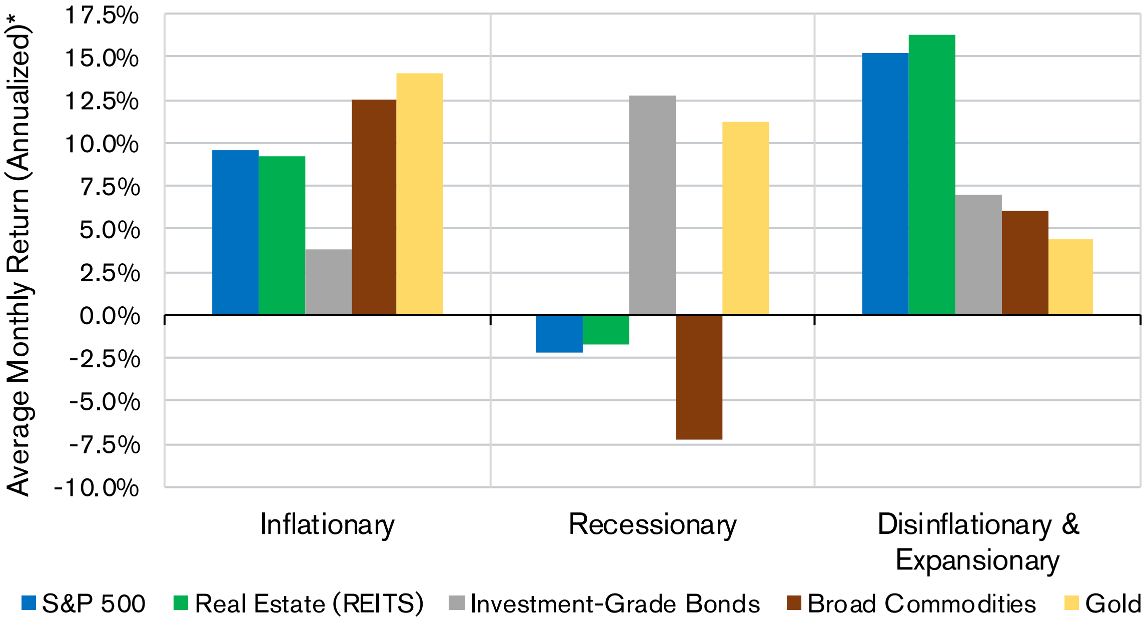
MACRO CONDITIONS DRIVE ASSET CLASS DISPERSION



Source: Bloomberg, WestEnd Advisors * Covers all periods from 1975 through Q4 2023.

Portfolio Impact: Moving forward, we see a growing likelihood that inflation pressures continue to fade as the risk of recession rises. As such, we are **emphasizing high-quality fixed income and gold in our multi-asset portfolios**, while underweighting or avoiding the most economically sensitive assets, such as equities, real estate, and broad commodities.

The economic and market volatility exhibited so far this cycle have showcased that asset class performance can vary significantly depending on the underlying economic environment. During inflationary environments, such as we experienced in 2021 and 2022, we believe commodities can add significant capital appreciation potential and inflation protection to a portfolio.

However, as we look ahead to the second half of 2024, **we see potential for recent disinflationary trends to continue alongside slower growth**. As such, we have positioned our multi-asset portfolios to benefit from more modest economic growth as well as to protect capital in the event of a downturn. As the chart above shows, investment grade bonds and gold have historically generated positive returns during both recessions and disinflationary expansions.

Footnotes & Disclosures

WestEnd Advisors, LLC ("WestEnd"), an SEC-registered investment adviser, operates as an autonomous Victory Capital® Investment Franchise. WestEnd's active principals are responsible for managing the firm and its day-to-day operations. Registration of an investment adviser does not imply any level of skill or training. WestEnd manages equity securities for individual, institutional and wrap clients.

This report should not be relied upon as investment advice or recommendations, and is not intended to predict the performance of any investment. Past performance is not indicative of future results. It should not be assumed that recommendations made in the future will be profitable. The information contained herein is not intended to be an offer to provide investment advisory services. Such an offer may only be made if accompanied by WestEnd Advisors' SEC Form ADV Part 2. These opinions may change at anytime without prior notice. All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class. The information has been gathered from sources believed to be reliable, however data is not guaranteed.

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The Standard and Poor's 500 Stock Index includes 500 stocks and is a common measure of the performance of the overall U.S. stock market. The MSCI ACWI consists of 47 country indexes comprising 23 developed and 24 emerging market country indexes. The total return of the MSCI ACWI (Net) Index is calculated using net dividends. Net total return reflects the reinvestment of dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The Bloomberg Barclays US Aggregate Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. The Bloomberg Barclays US Aggregate Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. An index is unmanaged and is not available for direct investment.

Any portfolio characteristics, including position sizes and sector allocations, among others, are generally averages and are for illustrative purposes only and do not reflect the investments of an actual portfolio unless otherwise noted. The investment guidelines of an actual portfolio may permit or restrict investments that are materially different in size, nature, and risk from those shown. The investment processes, research processes, or risk processes shown herein are for informational purposes to demonstrate an overview of the process. Such processes may differ by product, client mandate, or market conditions. Portfolios that are concentrated in a specific sector or industry may be subject to a higher degree of market risk than a portfolio whose investments are more diversified.

Holdings, Sector Weightings, and Portfolio Characteristics were current as of the date specified in this presentation. The listing of particular securities should not be considered a recommendation to purchase or sell these securities. While these securities were among WestEnd Advisors' strategies' holdings at the time this material was assembled, holdings will change over time. There can be no assurance that the securities remain in the portfolio or that other securities have not been purchased. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities presently in the portfolio. Individual clients' portfolios may vary. Upon request, WestEnd Advisors will provide a list of all recommendations for the prior year.