CIO View

Investment Traffic Lights

December 4, 2024

Marketing material

DWS

Our monthly market analysis and positioning

Vincenzo Vedda

Chief Investment Officer

IN A NUTSHELL

- Donald Trump's election in November put investors in a buoyant mood, with only the expected victims of his tariff policy looking gloomy.
- Europe and Asia also experienced a politically heated late autumn, leaving investors very skeptical about France.
- It seems little stands in the way of the traditional year-end rally. Whether the momentum will continue after Trump takes office is far less certain.

1 / Market overview

1.1 Trump the main, but not the only driver in November

It's "Trumping" again, all over the place. In November, Donald Trump's election victory dominated the headlines and parts of the capital markets. Investors responded positively to his clear victory, with the Republican Party winning a majority in both chambers of Congress. Their supposition is that this will be business-friendly presidency. There are a number of reasons why they could be in for a surprise. The majorities in the Senate and especially in the House of Representatives are extremely narrow[1] and these majorities could swing back in the midterm elections. In addition to this, there are some members of Trump's team[2] that are skeptical of large corporations. However, before we speculate about the future, we will recapitulate how the markets performed in November.

There were some typical "Trump trades" – appreciation of the dollar, outperformance of U.S. equities, temporary widening of Treasury yields, a rally in bitcoin, strong price rallies of prison operators, but fearing the implications of tariffs, U.S. semiconductor stocks, the European automotive sector or Chinese stocks were down. But there were also other drivers in November. The Middle East conflicts escalated and de-escalated during the month, and the Ukraine conflict worsened, with Russian advances, and this pushed oil and gas prices up.

Meanwhile quarterly earnings once again highlighted the dominance of technology stocks but further stimulus announcements from Beijing once again fell short of expectations, as evidenced by a record low 10-year Chinese government bond yield of 2.03%. This suggests markets do not see much growth potential in China.

European politics were also back in the headlines, with snap elections due in Germany in February 2025, and the incumbent governments in the Netherlands and France also in trouble. However, it is only in the case of France that the markets are interested, as they are quite skeptical about the government's new borrowing plans and the debt mountain. In November the CAC40 continued to underperform (-1.5% vs. +1.2% for the Stoxx 600) and 10-year government bond yields, which rose

[1] On 29 November, 434 out of 435 constituencies had been counted. According to the count, the Democrats hold 214 seats, the Republicans 220.

[2] Such as VP JD Vance, Robert Kennedy, nominated as Secretary of Health and Human Services, or Trump's economic adviser Gail Slater.

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above Spanish yields for the first time in October, are now trading at a risk premium of 10 basis points (bps) over Spanish yields.

However, this should not obscure the fact that the capital markets are entering December with a strong tailwind, and there seems to be little standing in the way of the much-touted year-end rally. The "animal spirits" unleashed by Trump are in full force and could continue to drive the markets at least until his promises have to be followed by action; Trump takes office on January 20. Even if Trump accomplishes some of what markets expect of him, another market rule could kick in: "Buy the rumor, sell the fact."

1.2 Elevated risk appetite

In November it was "risk on." In the equity market, cyclicals outperformed defensive sectors: Utilities and health care were among the three weakest sectors. Regionally, the U.S. was the top performer (S&P 500 +5.9%), while Latin America was once again the laggard, down 5.5%. European government bonds benefited from weaker economic data, while risk premiums on U.S. corporate bonds narrowed to lows not seen in almost 30 years.

Gold and silver fell out of demand in November as markets saw Trump as their safe haven. But bitcoin, to which Trump warmed during this year's election campaign, rose by more than a third. It was a month dominated by all things Trump. With just a few weeks left in the year, it no longer looks as though investors have to worry too much about the yearly performance. The MSCI AC World is up 21%, gold and silver have each gained around a quarter, and most bond indices are also in positive territory.

2 / Outlook and changes

Here is our base scenario for 2025. We expect it to be a good year for investors overall, as inflation eases, growth returns to normal and central bank interest rate cuts help many asset classes. But the amount of international speculation, even before Donald Trump's inauguration, on the nature, quantity and extent of the import tariffs he is proposing is immediately a good guide to the big uncertainties the world faces in the year ahead. Trump has promised to "end inflation" but tariff rises are liable to put it up. Many economists are also worried about the medium-term effects on U.S. growth potential of tighter labor markets stemming from stricter immigration laws. In addition, the wealth effect from the gains in U.S. capital markets this year have reduced recession risk in the U.S. but create a vulnerability should markets struggle. Then there is China, where it remains to be seen how consumers' mood will develop after the biggest stimulus program since 2009 failed to create lasting euphoria. In Europe, meanwhile, the macro numbers, especially in Germany and France, have been rather depressing in the second half of the year. These are the risks to an overall macroeconomic backdrop that is still broadly positive, with no recession in sight, labor markets still strong and major central bank interest rates declining.

2.1 Fixed Income

We expect yield curves to steepen further in 2025 as central banks' interest rate cuts leave their mark on two-year bond yields in particular. At the end of 2025 we see the Fed Funds rate at 3.75-4.00% and the ECB deposit rate at 2.0%. Corporate bonds should remain attractive in 2025 due to their high current interest yield and overall robust economy. However, we do not expect yield spreads to narrow further. We prefer bonds with investment grade status to those without.

Government Bonds

We expect government bond yields to trade in a similar manner to 2024 — sideways, but with high volatility. This volatility also means that we expect yield curve steepening for U.S. Treasuries to be fed by slightly declining 2-year yields and slightly increasing 10-year yields over the next 12 months. For German Bunds we also expect the shorter end to fall faster than the longer end, given lower expected economic growth. We have reduced our expectation for the terminal ECB deposit rate for this cycle to around 1.50%. For the UK we expect more rate cuts by the Bank of England than the market does and forecast

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a 2.75% rate by the end of 2025 (they now stand at 4.30%[3]). This helps to explain our yield outlook: We see 2-year Gilts ending 2025 at 3.75% and 10-years at 4%. This makes 10-year Gilts look attractive from a total return perspective. For **Italy** we have changed our spread forecast and do not expect a material spread widening of Buoni del Tesoro Poliennali (BTPs) versus Bunds in our main scenario. Despite the high debt-to-GDP level and quantitative tightening by the ECB the market (and rating agencies) do not seem to be overly concerned about Italy's debt sustainability. The right-wing government looks comparably stable. The economy is doing ok so far. Valuations are rather tight, but we do not expect a material pick-up in Italy's credit risk compared to German government bonds. In **Japan,** given the expectations for higher interest rates, we believe the market will reprice yields higher in the coming months. We expect the short and medium part of the curve to do more upward repricing during the current hiking cycle than the long end, i.e. curves will flatten. Hence, we are negative on the short- to medium- end, and more positive on the long end of the curve. We leave our one-year forecasts almost unchanged.

Sovereign bond yields in November: first up then down

Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 12/2/24

Corporate Bonds

In U.S. Investment Grade (IG) Credit, we will look for clarity over the next two quarters on whether Trump keeps his promises on tariffs, tax policy and immigration. If inflationary pressures reignite, this could cause some weakness in spreads. For U.S. high yield Credit, we see an elevated risk of a correction as spreads are priced for no room for errors and default rates are expected to increase over the next 12 months. Euro IG Credit, however, remains a fundamentally sound and technically well supported asset class, with an attractive all-in yield. EUR High Yield looks more vulnerable to corrections given how low credit spreads are and the economic headwinds causing stress in some sectors, with automobiles and parts as one example. Default rates are expected to be manageable and stay historically low.

[3] Bloomberg Finance L.P., as of 11/28/24.

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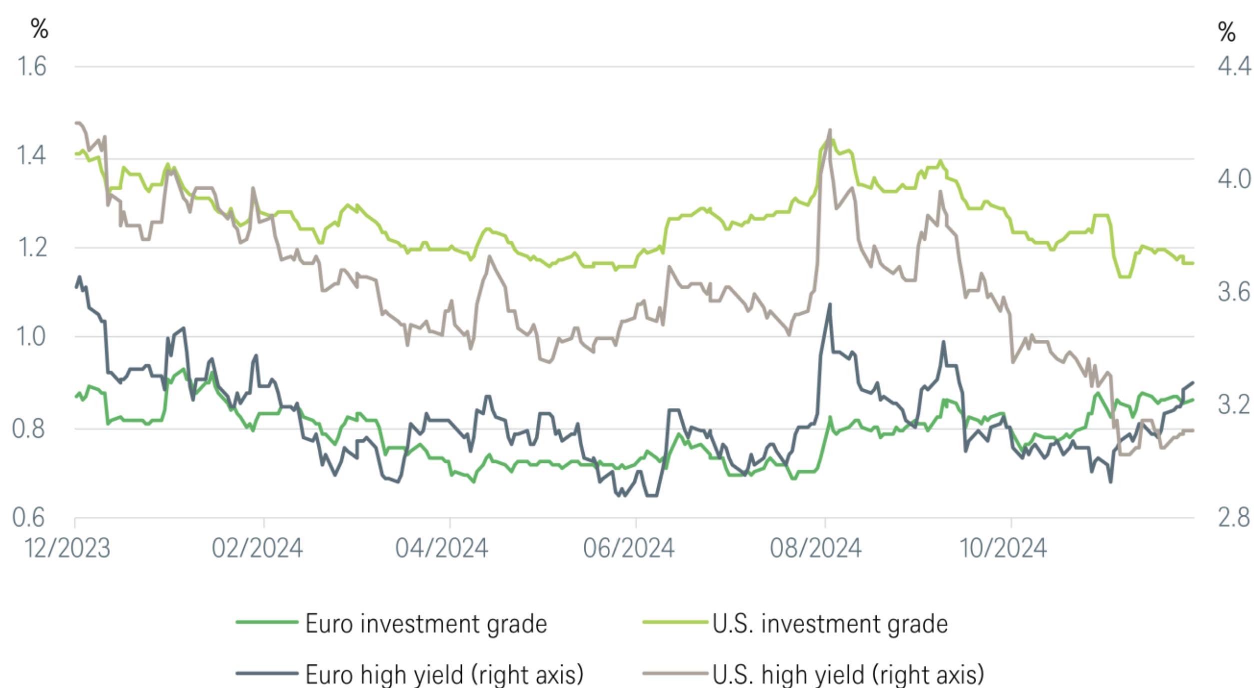
Corporate Bonds: spread compression in the U.S., not so in Europe



EUR IG All Sectors OAS: Option adjusted spread (weighted by market value) of Euro IG cover All Cash Bonds Sector.
EUR HY All Sectors OAS: Option adjusted spread (weighted by market value) of Euro HY cover All Cash Bonds Sector.
US IG All Sectors OAS: Option adjusted spread (weighted by market value) of the U.S. dollar IG cover All Cash Bonds Sector.
US HY All Sectors OAS: Option adjusted spread (weighted by market value) of U.S. dollar HY cover All Cash Bonds Sector.
Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 12/2/24

Emerging Markets

After falling to multi-year lows the pricing of Emerging Markets (EM) Sovereign hard currency debt looks tight as there are many risk factors. The presidency of Donald Trump might result in higher tariffs, tax cuts and less immigration, all potentially leading to higher inflation and as consequence to higher U.S. rates and a stronger dollar. On top of this, a more protectionist global trade environment might be detrimental to the fundamental outlook for small and open emerging markets. Nevertheless, in the absence of a recession, an escalation of geopolitical risks or a fully-fledged trade war, tight spreads might prevail for now. EM high yield issuers are so far somewhat insulated from the global economic cycle and benefiting from their own fundamental recovery story. In Asia Credit we remain positive given technical support, high saving rates, decent corporate balance sheets and, importantly, slightly softer U.S. monetary policy.

Currencies

Two factors will likely determine the direction of G10 currencies versus the dollar in the coming months: whether or not the U.S. imposes tariffs on G10 countries; and to what degree current Fed policy will be impacted. The U.S. economic outlook has brightened lately, and so some Fed rate cuts have been priced out: The market no longer expects as much easing as it did before. As a result, the dollar strengthened ahead of the U.S. election. We expect the growth outlook outside the U.S. to suffer, leading to an expectation that most G10 currencies will underperform the dollar. Major central banks, other than the Fed and the Bank of Japan (BoJ), will potentially have to cut more to support the growth outlook. The BoJ is an exception in that it is seeking to normalize policy after years of ultra-low rates. This is why we expect the yen to appreciate versus the dollar toward end of the forecast horizon. Nevertheless, the yen remains a funding currency; as the BoJ gradually raises rates, there will be some structural unwind in these trades. Commodity currencies such as the Australian dollar are still struggling because at present there is no reflation yet globally.

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2.2 Equities

After 2 years with returns in excess of 20%, the prospect of a seemingly business-friendly president leading the U.S. next year, no recession in sight and interest yields moving sideways, global equities have momentum on their side. At the same time, valuations are historically high, market leadership is concentrated in a handful of mega-cap U.S.-tech companies and global trade might again be harmed by potential trade policies of the new U.S. administration. What do we make of this? Our core scenario is that the economic outlook and earnings growth are too robust for us to turn negative on equities. Furthermore, the significant wealth effect from equities continues to push markets higher as investors are driven by the fear of missing out (FOMO). This also creates the risk that the market will overshoot fundamentals in the first half of 2025. What this is likely to mean is that equity returns over the next decade are likely to be far below those in the recent past: We forecast 5% per annum for the MSCI AC world, only half that of the average realized return of 10% per annum over the past two decades. Our preferred sectors are software, the most attractive segment within IT in our view, followed by Asian semiconductor companies. We believe Health Care is the most attractive defensive sector, although we might see some volatility here as a result of potential policies of the new U.S. administration. In terms of regional preferences, we have no strong conviction but believe in the merits of a diversified global equity portfolio.

U.S. Market

It has been another very strong year for U.S. equities in 2024 and, once more, it was Big Tech that drove most of the gains. The ten biggest companies in the U.S. (nine of which are closely related to tech) account for 36%[4] of the market cap of the broader market – a historical high. In our most positive scenario, the Trump momentum would mean: Pro-business initiatives would be quick to deliver tax cuts, deregulation, and reshoring. Apart from political issues, we see the biggest risks as being disappointment with AI and 10-year-Treasury yields climbing above 4.5%, or valuations mean-reverting, as all positive developments have already been priced in. Our preferred sectors are Health Care, Financials, Utilities, Energy and Communication Services. Our S&P 500 target for end 2025 is 6,500 points.

European Market

While we expect Europe to show robust mid-single digit EPS growth and superior dividend pay-out profiles, the region has less intrinsic momentum than the U.S. and there are fewer positive earnings revisions. Thus, even the record high discount to the S&P 500 might be a poor timing indicator: European stocks may not close the gap while the exaggerated "America First" euphoria continues. Our preferred sectors are European banks and small and midcaps. Our target for the Stoxx 600 is 525 points.

German Market

Shareholders in German stocks can't complain that the depressing political and economic environment is weighing on their assets: The Dax is trading close to its historic high. One reason for this is Dax companies generate at present some 80% of their sales abroad. A further positive we currently identify for the market is the upcoming snap election in February 2025. It might mean that we have seen sentiment trough, as a more business-friendly government might take over. Furthermore, real wage growth should support consumer spending. On the negative side, global manufacturing purchasing manager indices (PMIs) remain weak. New trade barriers might be erected by the next U.S. administration and Chinese demand remains weak. Our target price for the Dax is 20,500.

Emerging Markets

With the case for rate cuts becoming less clear in the U.S. after the presidential elections, Global Emerging Markets (GEM) face some more headwinds due to the stronger dollar. That will likely make it hard for markets to perform. Those less exposed to the U.S. could fare relatively better but are too small to turn around the whole GEM universe. A stabilization in Chinese earnings would be the strongest galvanizing factor but, due to the lack of meaningful reforms and soft consumer spending, we prefer to await more details before buying into any kind of China optimism. In the meantime, China is expected to remain a range-bound market, as it has been in the recent past. We assume that valuations will not get "dirt cheap" due to the

[4] Bloomberg Finance L.P. as of 11/27/24,

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government's stimulus measures but investors are likely to fade rallies given the high geopolitical risks, unless the government does more. Indian companies have recently underdelivered, making valuations look even more expensive. We find valuations more reasonable among Indian mega-caps; some of these companies have been able to differentiate themselves positively.

Japan

The Japanese equity market has performed well over the past year in yen terms. The weak yen is supporting corporate earnings, real wages are growing, and corporate reforms and improvements in shareholder returns are driving the market. Shorter-term weakness in selected names seem appropriate to build positions for the long term, aiming for a balanced portfolio of export-oriented and domestic names.

U.S. stocks expanded their lead in November

Source: Bloomberg Finance L.P., DWS Investment GmbH as of 12/2/24

2.3 Alternatives

Demand concerns remain a headwind for global commodity prices. Stronger U.S. economic data and reduced fear of recession in the U.S. has reduced the need for the Fed to be more aggressive in cutting rates. The Chinese government has continued to provide monetary and fiscal support at a gradual pace. On the supply side, producers' Capex spending has remained limited. Possible Trump tariffs may ignite further negative sentiment on global growth and commodity demand in the short term, but the long-term case for commodities remains intact.

Real Estate

Global real estate investors remain cautiously optimistic as interest rate cuts and robust fundamentals support the return of positive total returns in Europe and the U.S. While fundraising remains difficult, in general improving investor sentiment is supporting a gradual return of liquidity. With occupier fundamentals likely to strengthen further amid a sharp fall in construction activity, this could be an exceptional period for real estate investment, with both strong rental growth and tightening yields. The European recovery is expected to broaden as investor sentiment improves. Our preferred sectors are

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Residential and Industrial (logistics). Besides these, real estate debt remains attractive across most sectors apart from U.S. office space which is seeing rising delinquencies. We like most residential, industrial and real estate debt.

Infrastructure

We remain focused on relative valuations and companies that can maintain and grow cash flows. Inflation has eased, but the labor market and economic growth have begun to show some weakness, and markets expect to see 50 to 75 basis points (bps) of rate cuts before 2025 in the U.S. Infrastructure should benefit as a need-based asset with a good ability to pass on inflation; a reduced cost of capital in the form of lower long-duration bond yields would also be a positive for the sector. We expect performance dispersion to continue, potentially affording active managers alpha opportunities.

Gold

We raise our gold forecast for end-2025 to USD 2,800 per ounze, given that expectations on the Fed's terminal rate have risen by almost 1% since the low water mark after the September rate cut. Additionally, the dollar has gained against other currencies, and the market has priced in higher inflation expectations after the Trump election victory. Though there are price concerns in the short term, some factors could support the gold price in the long run. Central bank buying should continue, albeit at a slower pace and uncertainty generated by the new administration's policies on the economy and trade should bolster interest in gold as well.

Oil

Our target price for end-2025 is USD 69 per barrel, little different to their current level. Our forecast reflects ample near-term supply, with additional OPEC+ barrels entering the market in 2025. Our base case assumes a gradual increase in OPEC+ volumes, matching moderate growth in crude demand and in the global economy. Recent events in the Middle East have heightened geopolitical risk premiums, leading to increased volatility in global crude oil prices. OPEC's decision to increase its output in January is based on expected stronger demand growth in 2025. However, persistent weakness in China creates downside risk for prices, which we see stagnating in 2025.

Sideways trading for gold and oil

Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 12/2/24

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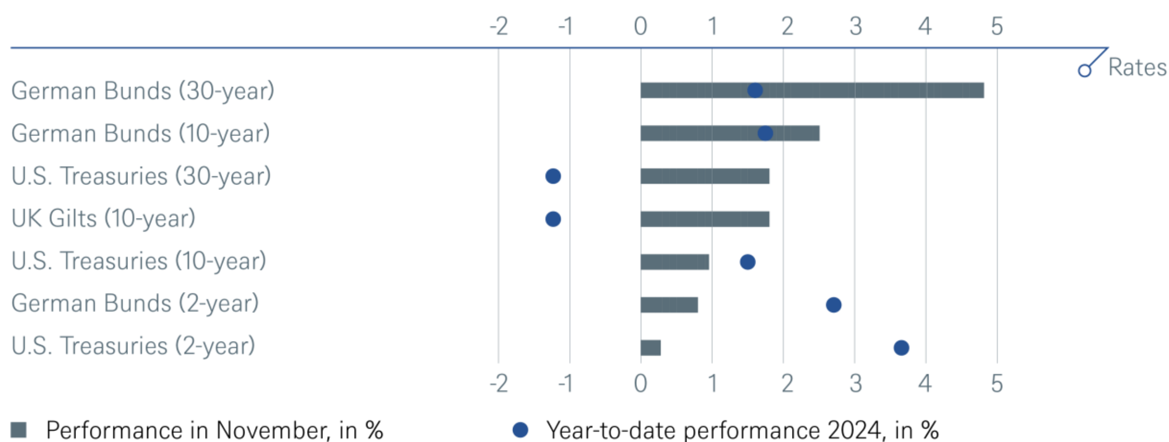
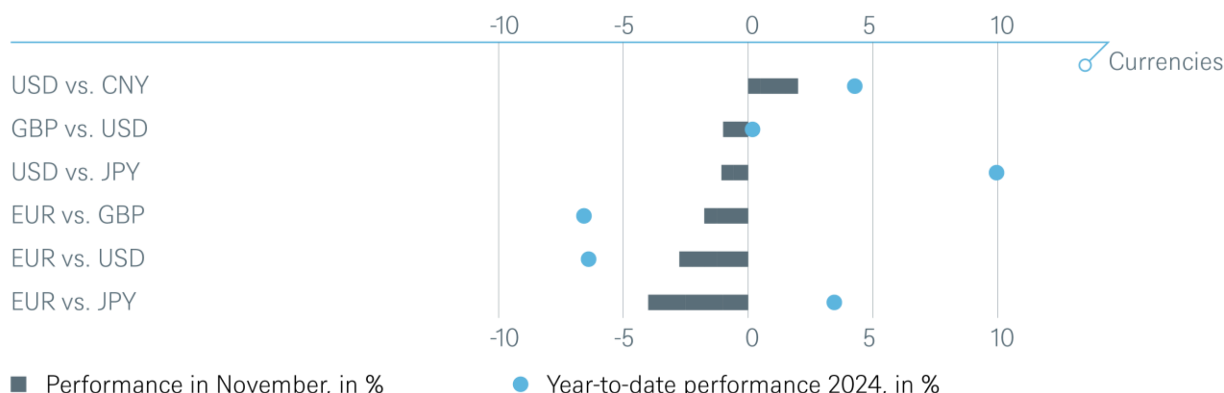
3 / Past performance of major financial assets

Total return of major financial assets year-to-date and past month





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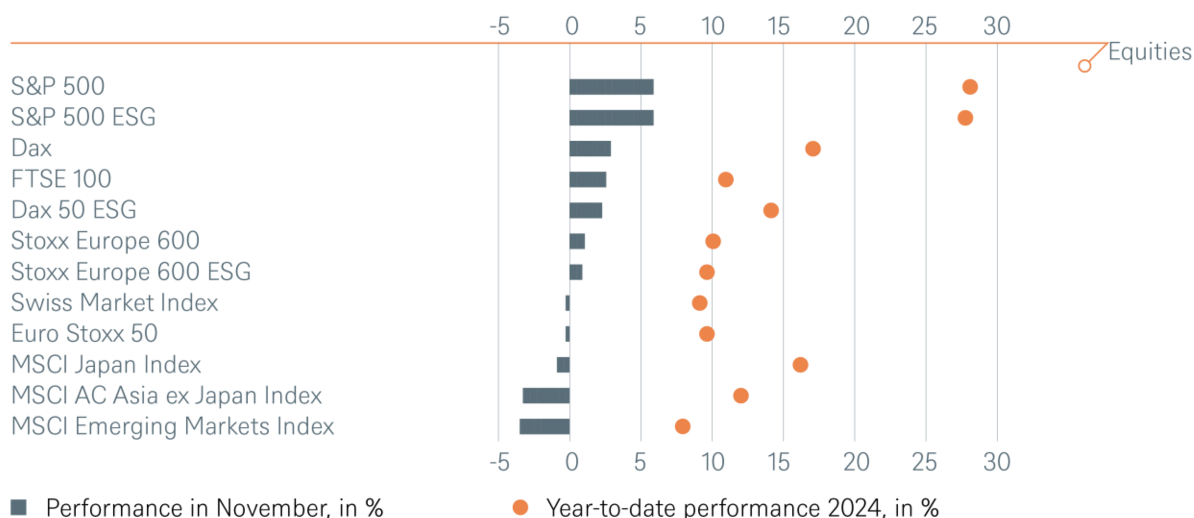

Past performance is not indicative of future returns.
Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 11/29/24

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4 / Tactical and strategic signals

The following exhibit depicts our short-term and long-term positioning.

4.1 Fixed income

Rates	1 to 3 months	through Dec 2025
U.S. Treasuries (2-year)	Green	Green
U.S. Treasuries (10-year)	Green	Yellow
U.S. Treasuries (30-year)	Yellow	Yellow
German Bunds (2-year)	Yellow	Yellow
German Bunds (10-year)	Yellow	Yellow
German Bunds (30-year)	Yellow	Red
UK Gilts (10-year)	Yellow	Green
Japanese government bonds (2-year)	Yellow	Yellow
Japanese government bonds (10-year)	Yellow	Red

Spreads	1 to 3 months	through Dec 2025
Italy (10-year)[1]	Green	Yellow
U.S. investment grade	Yellow	Yellow
U.S. high yield	Yellow	Green
Euro investment grade[1]	Yellow	Green
Euro high yield[1]	Red	Green
Asia credit	Yellow	Green
Emerging-market sovereigns	Red	Yellow

Securitized / specialties	1 to 3 months	through Dec 2025
Covered bonds[1]	Yellow	Green
U.S. municipal bonds	Yellow	Green
U.S. mortgage-backed securities	Green	Green

Currencies	1 to 3 months	through Dec 2025
EUR vs. USD	Red	Red
USD vs. JPY	Red	Yellow
EUR vs. JPY	Yellow	Red
EUR vs. GBP	Red	Red
GBP vs. USD	Yellow	Red
USD vs. CNY	Green	Green

4.2 Equities

Regions	1 to 3 months[2]	through Dec 2025
United States[3]	Yellow	Green
Europe[4]	Yellow	Green
Eurozone[5]	Yellow	Green
Germany[6]	Yellow	Green
Switzerland[7]	Yellow	Green
United Kingdom (UK)[8]	Yellow	Yellow
Emerging markets[9]	Yellow	Green
Asia ex Japan[10]	Yellow	Green
Japan[11]	Yellow	Green

Sectors	1 to 3 months[2]
Consumer staples[12]	Yellow
Healthcare[13]	Green
Communication services[14]	Yellow
Utilities[15]	Yellow
Consumer discretionary[16]	Green
Energy[17]	Yellow
Financials[18]	Yellow
Industrials[19]	Yellow
Information technology[20]	Yellow
Materials[21]	Yellow

Style	**1 to 3 months**
U.S. small caps[22]	Yellow
European small caps[23]	Green

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4.3 Alternatives

Alternatives	1 to 3 months	through Dec 2025
Commodities[24]	🟡	🟢
Oil (brent)	🟡	🔴
Gold	🟡	🟡
Carbon		🟢
Infrastructure (listed)	🟢	🟢
Infrastructure (non-listed)		🟢
Real estate (listed)	🟡	🟢
Real estate (non-listed) APAC[25]		🟡
Real estate (non-listed) Europe[25]		🟢
Real estate (non-listed) United States[25]		🟢

[1] Spread over German Bunds. [2] Relative to the MSCI AC World Index (only for the tactical signals),[3] S&P 500, [4] Stoxx Europe 600, [5] Euro Stoxx 50, [6] Dax, [7] Swiss Market Index, [8] FTSE 100, [9] MSCI Emerging Markets Index, [10] MSCI AC Asia ex Japan Index, [11] MSCI Japan Index, [12] MSCI AC World Consumer Staples Index, [13] MSCI AC World Health Care Index, [14] MSCI AC World Communication Services Index, [15] MSCI AC World Utilities Index, [16] MSCI AC World Consumer Discretionary Index, [17] MSCI AC World Energy Index, [18] MSCI AC World Financials Index, [19] MSCI AC World Industrials Index, [20] MSCI AC World Information Technology Index, [21] MSCI AC World Materials Index, [22] Russell 2000 Index relative to the S&P 500, [23] Stoxx Europe Small 200 relative to the Stoxx Europe 600, [24] Relative to the Bloomberg Commodity Index, [25] Long-term investments.

Tactical view (1 to 3 months)

The focus of our tactical view for fixed income is on trends in bond prices.

- 🟢 Positive view
- 🟡 Neutral view
- 🔴 Negative view

Strategic view through December 2025

- The focus of our strategic view for sovereign bonds is on bond prices.
- For corporates, securitized/specialties and emerging-market bonds in U.S. dollars, the signals depict the option-adjusted spread over U.S. Treasuries. For bonds denominated in euros, the illustration depicts the spread in comparison with German Bunds. Both spread and sovereign-bond-yield trends influence the bond value. For investors seeking to profit only from spread trends, a hedge against changing interest rates may be a consideration.
- The colors illustrate the return opportunities for long-only investors.
  - 🟢 Positive return potential for long-only investors
  - 🟡 Limited return opportunity as well as downside risk
  - 🔴 Negative return potential for long-only investors

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Glossary

Artificial intelligence is the theory and development of computer systems able to perform tasks normally requiring human intelligence.

The Bank of England (BoE) is the central bank of the United Kingdom.

One basis point equals 1/100 of a percentage point.

The Bloomberg Commodity Index (BCOM) traces 23 commodities and reflects commodity futures price movements.

Bunds is a commonly used term for bonds issued by the German federal government with a maturity of 10 years.

The CAC 40 is a French stock-market index, representing the 40 most significant values among the 100 companies with the highest market cap on the Euronext Paris.

Capital expenditure (Capex) are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

The Dax is a blue-chip stock-market index consisting of the 40 major German companies trading on the Frankfurt Stock Exchange.

The default rate refers to the proportion of borrowers who cannot service their loans.

The deposit rate is the rate banks receive when they make overnight deposits with the ECB.

Earnings per share (EPS) is calculated as a company's net income minus dividends of preferred stock, all divided by the total number of shares outstanding.

Emerging markets (EM) are economies not yet fully developed in terms of, amongst others, market efficiency and liquidity.

The Euro Stoxx 50 is an index that tracks the performance of blue-chip stocks in the Eurozone.

The federal funds rate is the interest rate, set by the Fed, at which banks lend money to each other, usually on an overnight basis.

The Federal Reserve's terminal rate is the final interest rate level that the Fed aims to reach at the end of a cycle of rate hikes or cuts. This rate is intended to stabilize prices and achieve full employment, and is also known as the neutral rate.

The FTSE 100 is an index that tracks the performance of the 100 major companies trading on the London Stock Exchange.

Gilts are bonds that are issued by the British Government.

The gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

High-yield bonds are issued by below-investment-grade-rated issuers and usually offer a relatively high yield.

Inflation is the rate at which the general level of prices for goods and services is rising and, subsequently, purchasing power is falling.

Investment grade (IG) refers to a credit rating from a rating agency that indicates that a bond has a relatively low risk of default.

The MSCI AC World Communication Services Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Communications Services sector.

The MSCI AC World Consumer Discretionary Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Consumer Discretionary sector.

The MSCI AC World Consumer Staples Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Consumer Staples sector.

The MSCI AC World Energy Index captures large- and mid-cap securities across 23 developed-markets classified in the Energy sector.

The MSCI AC World Financials Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Financials sector.

The MSCI AC World Health Care Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Health Care sector.

The MSCI AC World Index captures large- and mid-cap companies across 23 developed- and 24 emerging-market countries.

The MSCI AC World Industrials Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Industrials sector.

The MSCI AC World Information Technology Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Information Technology sector.

The MSCI AC World Materials Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Materials sector.

The MSCI AC World Real Estate Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Real Estate sector.

The MSCI AC World Utilities Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Utilities sector.

The MSCI AC Asia ex Japan Index captures large- and mid-cap representation across 2 of 3 developed-market countries (excluding Japan) and 8 emerging-market countries in Asia.

The MSCI Emerging Markets Index captures large- and mid-cap representation across 23 emerging-market countries.

The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese market.

Occupier fundamentals refer to the key factors that influence the demand and behavior of tenants or occupiers of properties.

OPEC+ is an informal alliance of OPEC members and other oil-producing countries, led by Russia, aiming to coordinate their production strategies.

The Purchasing Managers' Index (PMI) is an indicator of the economic health of the manufacturing sector in a specific country or region.

Quantitative Tightening (QT), as opposed to Quantitative Easening, describes the process of a Central Bank reducing its monetary stimulus by shrinking its balance sheet.

A recession is, technically, when an economy contracts for two successive quarters but is often used in a looser way to indicate declining output.

The Republican Party (Republicans), also referred to as Grand Old Party (GOP), is one of the two major political parties in the United States. It is generally to the right of its main rival, the Democratic Party.

The risk premium is the expected return on an investment minus the return that would be earned on a risk-free investment.

The Russell 2000 Index is an index that captures the 2,000 smallest stocks of the Russell-3000 index, which again comprises 3,000 small- and mid-cap U.S. listed stocks.

A safe-haven investment is an investment that is expected to retain or even increase its value in times of market turbulence.

The S&P 500 is an index that includes 500 leading U.S. companies capturing approximately 80% coverage of available U.S. market capitalization.

The spread is the difference between the quoted rates of return on two different investments, usually of different credit quality.

The Stoxx Europe 600 is an index representing the performance of 600 listed companies across 18 European countries.

The Stoxx Europe Small 200 is an index representing the performance of 200 small capitalization companies across 17 European countries.

The Swiss Market Index (SMI) is Switzerland's most important equity index, consisting of the 20 largest and most liquid large- and mid-cap stocks.

A tariff is a tax imposed by one country on the goods and services imported from another country.

The Group of 10 (G10) refers to a group of eleven leading industrialized economies in the world. The member countries are: Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, United Kingdom and United States. They meet to consult and co-operate on economic, monetary and financial matters.

U.S. Treasury yield is the annual return investors can expect from holding a U.S. government security with a given maturity.

Volatility is the degree of variation of a trading-price series over time. It can be used as a measure of an asset's risk.

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