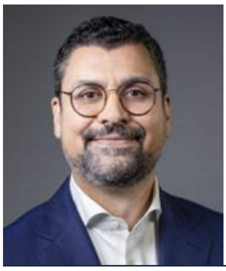
CIO View

Investment Traffic Lights

October 9, 2025
Marketing material

Our monthly market analysis and positioning



Vincenzo Vedda
Chief Investment Officer

IN A NUTSHELL

- Driven by high expectations for digitalisation and artificial intelligence (AI), stock prices continued to surge, especially in the U.S.
- On both sides of the Atlantic, the economic picture appears robust but also shows serious signs of a slowdown; for example, in the U.S. labor market.
- Gold has reached new heights, while government bonds remained confined to comparatively narrow ranges.

1 / Market overview

1.1 AI appears to be driving the market, with problem areas seemingly being skillfully ignored

"Every bull market climbs its own wall of worry" is an old Wall Street saying that appears at present on the Nasdaq homepage[1] and which certainly applies this year. September was another successful month for the stock market, despite all the worries about overvaluation and excessive concentration. The wall is being climbed. Nevertheless, a long, growing list of negatives is making that wall an ever-higher climb: trade conflicts and new tariffs, geopolitical tensions, persistent inflation, political uncertainty, social unrest, a struggling labor market in the U.S. and weak real estate data. And since October 1 the U.S. government has added a shutdown to those worries. Yet major U.S. stock indices have continued their rally achieving some fresh record highs and gains across the board. For the S&P 500, this marked the fifth consecutive month of positive outturns, and for the Nasdaq-100 the sixth. With a monthly gain of 3.6%, the S&P 500 experienced its second-best September in 27 years.[2]

This is even more remarkable given that the market was characterized by extreme volatility in spring, with the S&P 500 losing 20 per cent, the Nasdaq-100 25 per cent and the Russell 2000 around 30 per cent. However, buoyed by increasing market breadth, prices have fought their way back, beyond their former level, to record highs. The small-cap Russell 2000 also reached new highs in the third quarter, achieving a total return of 12.4 per cent despite lagging slightly behind the major indices in September itself. This advance was driven by hopes of monetary easing and robust corporate earnings, as well as investments in artificial intelligence. Despite a certain degree of market broadening, it was clearly dominated by large growth stocks.

The monetary policy support provided by the U.S. Federal Reserve (Fed) has been central to the advance. In mid-September the Fed cut its key interest rate by 25 basis points to 4.00–4.25 per cent, and its updated forecast signaled further interest rate cuts by the end of the year. The Fed's cut was prompted by a weaker labor market, with the unemployment rate rising

[1] September, Third Quarter 2025 Review and Outlook, Nasdaq.com as of 10/1/25
[2] All data – unless otherwise quoted – from Bloomberg Finance L.P.

to 4.3 percent, and even though the Fed described inflation as “somewhat elevated.” Markets interpreted this decision as the start of a long-awaited cycle of interest rate cuts that would provide increased liquidity. The yield on ten-year U.S. government Treasuries fell below 4 percent during the month, before a countermovement set in. Yields on two-year Treasuries tested the three-year support level of 3.50 percent – a clear signal of expected interest rate cuts.

In Europe, however, the cycle of interest rate cuts appears to have ended for the time being. In September the European Central Bank (ECB) left key interest rates unchanged as inflation, at 2.2% in September, is close to the ECB’s 2 per cent target and economic forecasts have been revised slightly upwards. Nevertheless, the economic situation remains parlous. In France, in particular, the unresolved political crisis is a cause for concern and prompted the Fitch rating agency to downgrade the country's rating to A+. Germany is showing signs of modest recovery, though the Ifo Business Climate Index dropped back to 87.7 points in September from 88.9 in August. Purchasing Managers' Indices, however, signaled improvement, particularly in the service sector, where activity rose to an eight-month high.

Alongside monetary policy, high expectations for artificial intelligence continue to propel the markets, and not only in the U.S. Companies such as Oracle and ASML announced investments and strategic partnerships worth billions of dollars.[3] It is perhaps unsurprising, then, that share valuations are rising rapidly as a result. However, it will only become clear in the medium term whether business development can keep pace with these high expectations.

The price of gold reflects increased risk aversion, reaching an all-time high of over USD 3,871 per ounce in September. This might be a sign of investors' desire to hedge, and gold’s upward trend has continued in early October. The U.S. government shutdown is exacerbating uncertainty further.

Despite weak leading indicators in the U.S., such as the real estate market and consumer sentiment, hard economic data, including real gross domestic product (GDP), industrial production, personal income and consumer spending, continues to trend upwards. The stock market is focusing on the combination of monetary policy support and technological progress, with some observers even suggesting volatility may be subsiding. But the reality remains complex. Above all, geopolitical tensions are increasing, as evidenced by the meeting between Xi, Putin and Kim, which highlights the shift towards a multipolar world, with a wall between East and West. But for now, that is just one of the walls that the stock market is climbing.

2 / Outlook and changes

2.1 Fixed Income

In response to mounting risks in the labor market, the Fed has opted for a “hawkish cut” – an interest rate cut that suggests it will think carefully before cutting more. Our base scenario anticipates an additional cut in December but there is a risk that the central bankers could shift their focus from the labor market to inflation, which is not yet under control.

However, the latest figures do confirm the downturn in the labor market. Only 22,000 new jobs were created in August, and the June figure was revised down to minus 13,000 – the first monthly fall in jobs since late 2020. Further negative numbers and adjustments are likely. The market is therefore anticipating four to five additional interest rate cuts by the end of 2026.

The yield curve reacted with duration buying at the long end, and we remain neutral across all maturities. Two-year U.S. Treasuries, at around 3.50%, appear fairly valued to us. While it cannot be ruled out that yields will fall again in the short term, achieving a “soft landing” alongside interest rate cuts seems increasingly ambitious. We initially expect the curve to flatten before it steepens again. The term premium could decline as the Fed gradually moves towards a neutral monetary

[3] Oracle, “Oracle to Invest U.S. $5 Billion in Cloud Infrastructure in the UK,” as of 03/17/2025; ASML, “ASML, Mistral AI enter strategic partnership,” as of September 2025; The Wall Street Journal, “Oracle, OpenAI Sign $300 Billion Cloud Deal,” as of 09/10/2025

policy. At the same time, the underweighting of maturities exceeding ten years remains in place, despite the fact that there is more than USD 7 trillion in money market funds.

In the Eurozone the ECB's cycle of interest rate cuts is likely to be largely complete, although we anticipate one final reduction. In our opinion, the short end is trading close to fair value with low volatility as the ECB has confirmed its wait-and-see approach. The long end is currently more strongly influenced by U.S. Treasuries and the Fed and could continue to benefit from potential safe-haven[4] flows.

Our stance on Italian government bonds remains neutral. The positive rating dynamics have largely been factored in and spreads are tight. While we see particular appeal in the steeper part of the curve, we do not expect any major moves.

Corporate bonds

Credit markets have been remarkably stable, with European investment-grade bonds (EUR IG) currently benefiting from technical demand. With spreads at 2018 levels and a robust secondary market, particularly in the short-term segment, in our opinion this remains an attractive option. Demand is primarily coming from retail investors, UK pension funds and French insurers. Nevertheless, we urge caution: a correction in the equity markets could affect appetite for risk. We anticipate a trading range of between 70 and 90 basis points. We remain neutral on the European high-yield segment (EUR HY). Although spreads appear attractive at first glance, there are also signs of somewhat ambitious valuations in some cases. In addition, fundamentals are weak in several sectors, some of which are already experiencing a technical recession. We therefore favor short-term securities and selectively in high-beta names. We remain cautious of new issues with high valuations and potential risks related to credit default swaps (CDS) hedging.

The situation in the U.S. is also mixed. In the investment-grade segment (U.S. IG), spreads widened slightly at the end of August due to lower liquidity and increased issuance activity. Political uncertainties, such as the government shutdown, may pose additional downside risks. Nevertheless, demand remains high due to the currently attractive carry environment. We are maintaining a neutral stance on the U.S. high-yield segment (U.S. HY) too. Technical factors continue to appear supportive, with default rates remaining low at 1.5 percent and the macroeconomic environment stable.

Currencies

The interest rate differential between the Fed and the ECB is once again the main factor influencing the EUR/USD exchange rate. With the ECB having confirmed its interest rate pause, markets are reacting sensitively to any change in expectations regarding the Fed. In our opinion the EUR/USD exchange rate will remain within a narrow range of 1.16–1.18. We continue to favor a short dollar position.

Fiscal policy is coming into focus for the British pound: the question of how to close a budget gap of around GBP 18 billion is preoccupying markets. While we do not expect the pound to outperform the euro, we do expect it to outperform the U.S. dollar. Accordingly, we prefer a long position in GBP vs. USD.

The Japanese yen is under short-term pressure, triggered by the political leadership election. Japanese investors continue to purchase U.S. government bonds, partly for the carry trade purposes. Our long preference for JPY vs. USD remains in place for the time being subject to ongoing review.

2.2 Equities

We continue to maintain a tactical overweight stance on European equities. Diversification, reduced dependence on the weakening U.S. dollar and stimulus from increased defense and infrastructure spending in Europe could provide further support for corporate earnings. Notably, the Dax is currently trading at a valuation premium compared to its pan-European counterparts. European small- and mid-caps also may potentially offer scope for cyclical recovery and structural growth. Our

[4] Financial safe havens are investments or assets that are expected to retain or increase in value during times of market turbulence.

recent discussions with European business leaders show that, far from panicking, they are confident about their ability to adapt to a new U.S. tariff regime. However, for European equities to outperform sustainably, it is crucial that negative earnings revisions end in the coming weeks, as valuation discounts relative to the U.S. market have already begun to normalize.

Our preference for healthcare has not yet been successful. Individual stock issues and renewed discussion of possible cuts to U.S. healthcare spending as part of the budget debate seem to have robbed the sector of its defensive characteristics. But despite the uncertainty we believe valuations are currently too low and maintain our positive outlook.

U.S. stocks are undoubtedly expensive. But double-digit earnings per share growth (EPS) makes the valuation appear less threatening. We expect tech-driven EPS growth could continue, with a potential increase of around 10% in 2025 and around 11% in 2026. In our view, further interest rate cuts by the U.S. Federal Reserve could also fuel hopes of double-digit earnings growth in 2027.

Over the past five years the world has undergone a dramatic shift towards digitalization. "Zeros" and "ones" have become the driving force behind the global economy. Alongside the substantial investments already made by Microsoft, Meta, Amazon and Google in data centers, there have been recent announcements of AI investments by Saudi Arabia, the United Arab Emirates, China, Japan, and other countries. Although we expect some temporary technological setbacks, the trend towards widespread adoption in AI agents, robots, autonomous driving and other areas remains intact. In a best-case scenario, this trend might boost overall economic productivity and, potentially contribute to GDP growth.

2.3 Alternatives

Infrastructure

Relative valuations and companies that can maintain and increase their cash flows remain a key for Alternatives. At the same time, we are exploring new opportunities in this area. The scale and scope of the Trump administration's tariff policy has created uncertainty regarding the future trajectory of inflation and economic data. While inflation and real GDP have remained stable thus far, we do not believe that the full impact of the tariffs has yet been felt. Despite the pervasive uncertainty we believe that infrastructure companies are likely to remain largely unaffected by higher inflation rates since most of them operate domestically and their supply chains are predominantly within the U.S. or unaffected by international tariffs. However, a more widespread economic slowdown could negatively impact certain transportation and energy companies. We are therefore actively monitoring real-time data to assess the potential impact of an economic slowdown on the asset class. In the event of higher U.S. inflation, we think the infrastructure sector is likely to benefit due to its inflation pass-through characteristics and essential assets. Lower capital costs in the form of lower long-term bond yields should also be beneficial.

Gold

The latest interest rate cut by the Fed and the prospect of continued low interest rates have triggered further appreciation of the gold price. However, this cut came before the Fed had reached its target range for core inflation. If inflation proves stubborn, the expected interest rate cuts may not be implemented, which would have a negative impact on the gold price.

The rise in prices has already affected demand from price-sensitive buyers. According to data from the World Gold Council, there has been a noticeable slowdown in retail gold sales, particularly in China and India. Therefore, a short-term consolidation of the gold price seems likely before any potential new upward trend can begin. By contrast, institutional demand outside Asia remains robust. Inflows into gold exchange-traded funds (ETFs) continue to rise, strengthening structural support for the gold price.

Commodities / Oil

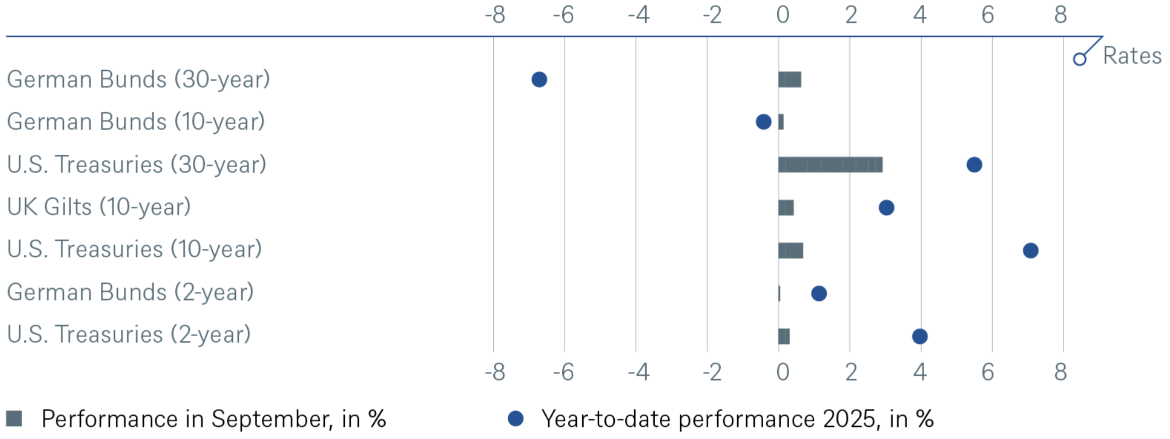
The commodity asset class has recently proven to be highly robust, delivering strong performance across a range of sectors. In the short term, however, we expect prices to stabilize as the impact of fundamental and geopolitical factors becomes more differentiated.

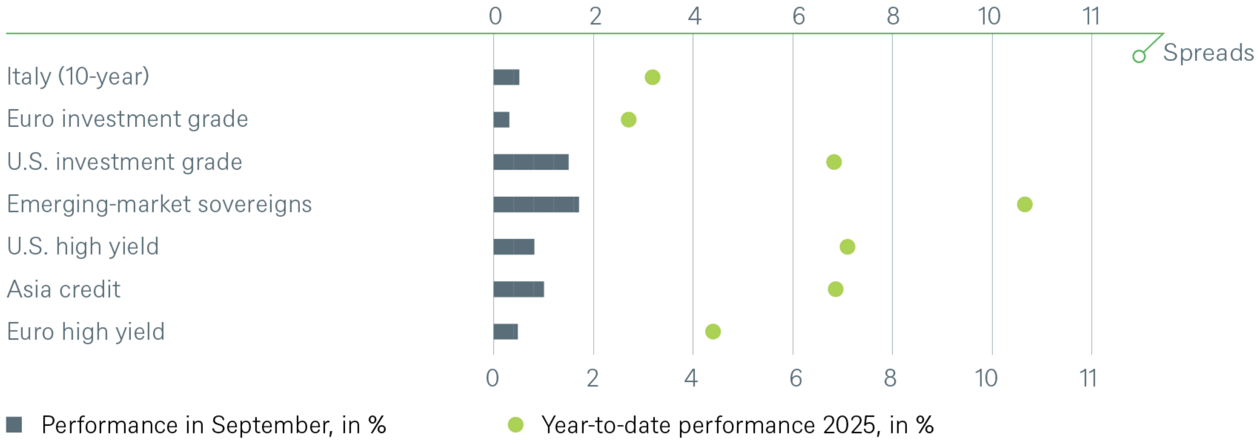
In the case of oil, the recent price increase in September has been met with increased supply. OPEC+ has so far shown no willingness to increase production more quickly. Price movements also reflect the potential for supply disruptions from Russia or Iran.

China's recent purchases are intended, among other things, to replenish strategic reserves, which could be released again in the event of serious export shortfalls, thereby mitigating the impact of a supply bottleneck. At the same time global economic growth remains subdued. New U.S. tariffs could put additional pressure on global trade and dampen demand for commodities. In the short term, therefore, some degree of consolidation may be likely.

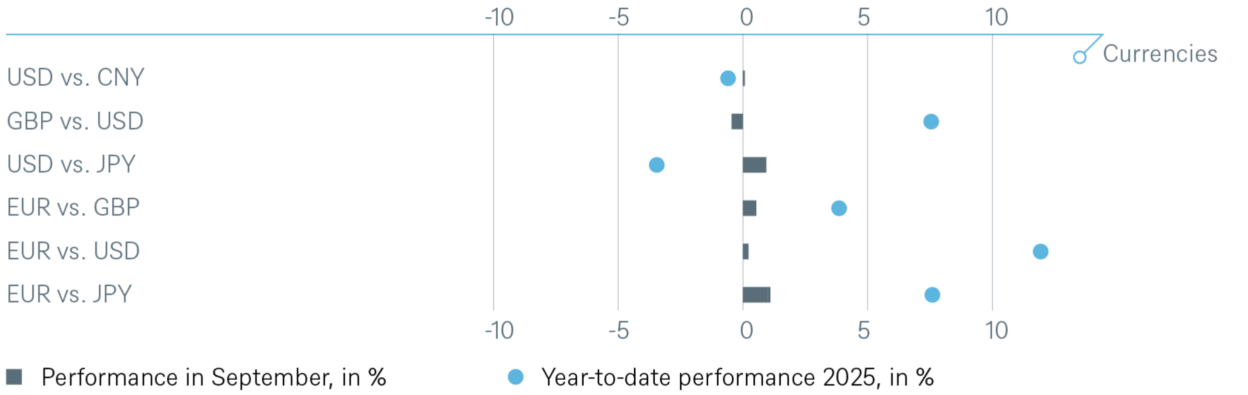
3 / Past performance of major financial assets

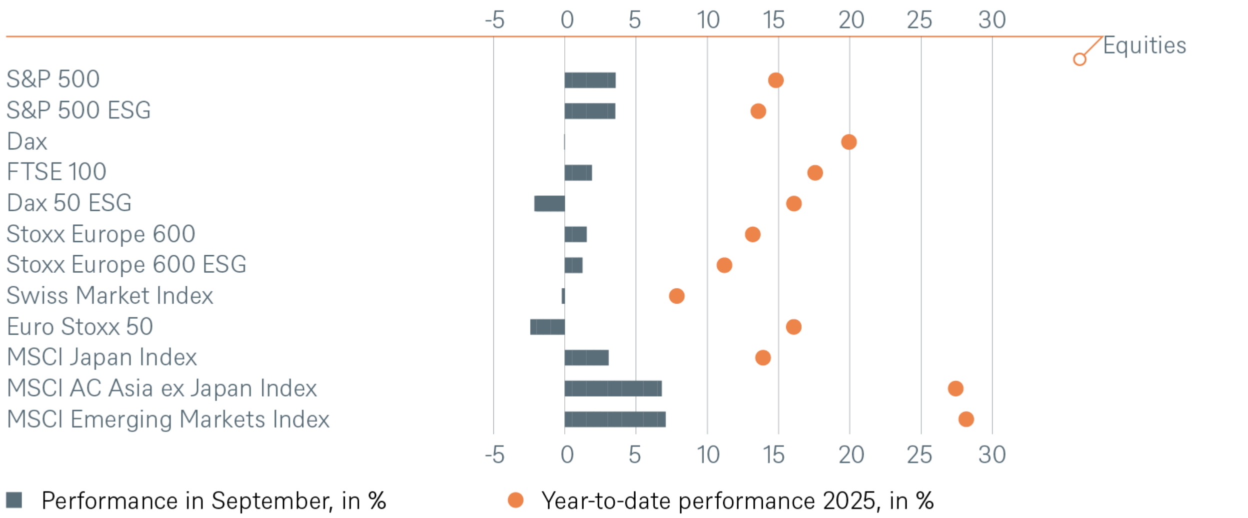
Total return of major financial assets year-to-date and past month





This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Alternative investments may be speculative and involve significant risks including illiquidity, heightened potential for loss and lack of transparency. Alternatives are not suitable for all clients. Source: DWS Investment GmbH.





Past performance is not indicative of future returns.
Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 9/30/25

4 / Tactical and strategic signals

The following exhibit depicts our short-term and long-term view

4.1 Fixed income

Rates	1 to 3 months	through Sept 2026
U.S. Treasuries (2-year)	🟡	🟢
U.S. Treasuries (10-year)	🟡	🟢
U.S. Treasuries (30-year)	🟡	🟢
German Bunds (2-year)	🟡	🟡
German Bunds (10-year)	🟡	🟢
German Bunds (30-year)	🟡	🟢
UK Gilts (10-year)	🟢	🟢
Japanese government bonds (2-year)	🟡	🟡
Japanese government bonds (10-year)	🟡	🟡

Spreads	1 to 3 months	through Sept 2026
Italy (10-year)[1]	🟡	🟡
U.S. investment grade	🟡	🟢
U.S. high yield	🟡	🟢
Euro investment grade[1]	🟢	🟢
Euro high yield[1]	🟡	🟡
Asia credit	🟡	🟢
Emerging-market sovereigns	🟡	🟢

Securitized / specialties	1 to 3 months	through Sept 2026
Covered bonds[1]	🟡	🟡
U.S. municipal bonds	🟡	🟢
U.S. mortgage-backed securities	🟡	🟢

Currencies	1 to 3 months	through Sept 2026
EUR vs. USD	🟢	🟡
USD vs. JPY	🔴	🔴
EUR vs. JPY	🟡	🔴
EUR vs. GBP	🟡	🔴
GBP vs. USD	🟢	🟢
USD vs. CNY	🟡	🟡

4.2 Equities

Regions	1 to 3 months[2]	through Sept 2026
United States[3]	🟡	🟢
Europe[4]	🟢	🟢
Eurozone[5]	🟡	🟢
Germany[6]	🟡	🟢
Switzerland[7]	🟡	🟢
United Kingdom (UK)[8]	🟡	🟢
Emerging markets[9]	🟡	🟡
Asia ex Japan[10]	🟡	🟡
Japan[11]	🟡	🟢

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

Style	1 to 3 months
U.S. small caps[22]	🟡
European small caps[23]	🟢

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4.3 Alternatives

Alternatives	1 to 3 months	through Sept 2026
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 September 2026

– 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

Glossary

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

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

Beta is a measure of volatility that captures a security's systematic risk according to the capital asset pricing model.

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

Carry is a strategy in which an investor sells a certain currency with a relatively low interest rate and then buys another, higher-yielding currency.

Credit default swaps (CDS) is a financial derivative that allows an investor to swap or offset their credit risk with that of another investor.

Cyclical is something that moves with the cycle.

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.

Defensive stocks are stocks from companies whose sales are expected to fluctuate less than the market average as the demand for their products are less tied to business cycles.

Diversification refers to the dispersal of investments across asset types, geographies and so on with the aim of reducing risk or boosting risk-adjusted returns.

Duration is a measure expressed in years that adds and weights the time periods in which a bond returns cash to its holder. It is used to calculate a bond's sensitivity towards interest-rate changes.

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.

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

The European Central Bank (ECB) is the central bank for the Eurozone.

EUR/USD is the exchange rate between the euro (EUR) and the U.S. dollar (USD). It shows how many U.S. dollars are needed to buy one euro.

The Eurozone is formed of 19 European Union member states that have adopted the euro as their common currency and sole legal tender.

An exchange-traded fund (ETF) is a security that tracks an index or asset like an index fund, but trades like a stock on an exchange.

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

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.

Growth stocks are stocks from companies that are expected to grow significantly above market average for a certain period of time.

Hawks are in favor of a restrictive monetary policy.

A hedge is an investment to reduce the risk of adverse price movements in an asset.

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

The ifo Business Climate Index is a highly regarded indicator of economic sentiment in Germany.

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 final payment date of a financial instrument is its maturity.

Firms referred to as mid cap generally have a market capitalization of between $2 billion and $10 billion.

Monetary easing includes measures such as lowering interest rates, implemented by Central Banks with the aim of facilitating GDP growth or inflation.

Money market fund is an open-end mutual fund that invests in short-term debt securities such as US Treasury bills and commercial paper.

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.

The Nasdaq-100 is an equity index which contains the 100 biggest common stocks listed on the Nasdaq Stock Market.

The neutral real interest rate is the official interest rate, adjusted for inflation, which is estimated to allow an economy to grow at its trend rate.

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

Overweight means the investment holds a higher weighting in a given sector or security than the benchmark.

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

A rating is a standardized assessment of the creditworthiness of the issuer and its debt instruments by specialized agencies. The main three rating agencies are the Moody's (Aaa over Baa1 to C, best to worst) , S&P (AAA over BBB+ to D, best to worst) and Fitch (AAA over BBB+ to D, best to worst).

Real GDP is GDP adjusted for a given measure of price inflation in an economy.

Risk aversion is a characteristic of investors to prefer the asset with lower risk and thus accept a lower potential yield.

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.

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

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

On the secondary market, securities or assets are purchased from other investors, rather than from issuing companies themselves.

Short, in a financial-markets context, refers to approaches that seek to gain from a fall in the price of the underlying asset.

Small cap firms generally have a market capitalization of less than $2 billion.

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.

The term premium is meant to measure duration risk, or the risk inherent in owning a Treasury that matures in 10 years instead of one year, or five.

Treasuries are fixed-interest U.S. government debt securities with different maturities: Treasury bills (1 year maximum), Treasury notes (2 to 10 years), Treasury bonds (20 to 30 years) and Treasury Inflation Protected Securities (TIPS) (5, 10 and 30 years).

The U.S. Federal Reserve, often referred to as "the Fed," is the central bank of the United States.

Valuation attempts to quantify the attractiveness of an asset, for example through looking at a firm's stock price in relation to its earnings.

A valuation discount means that a stock or market is trading for less than its perceived intrinsic value. For example, European stocks might be trading at lower multiples of their earnings, cash flow, or other fundamental metrics compared to their U.S. counterparts, indicating a lower price relative to their underlying value.

A valuation premium is the excess a buyer is willing to pay for one asset relative to other assets.

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.

Yield is the income return on an investment referring to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

A yield curve shows the annualized yields of fixed-income securities across different contract periods as a curve. When it is inverted, bonds with longer maturities have lower yields than those with shorter maturities.

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