

Investment Terms, Abbreviations and Index Definitions

10 Year TIPS Yield

TIPS yield refers to the return on Treasury Inflation-Protected Securities, which are government bonds designed to protect against inflation. The yield is based on the adjusted principal value of the bond, which increases with inflation, ensuring that investors receive interest payments that reflect rising prices.

10 Year Treasury Yield

The 10 Year U.S. Treasury Yield is the rate received for investing in a U.S. government issued treasury security that matures in 10 years, and is held to maturity.

2 Year Treasury Yield

The 2 Year U.S. Treasury Yield is the rate received for investing in a U.S. government issued treasury security that matures in 2 years, and is held to maturity.

— A —

Alpha

Alpha is the portion of a fund's total return that is unique to that fund and is independent of movements in the benchmark.

Artificial Intelligence (AI)

The ability of computer systems to perform tasks that normally require human intelligence, such as learning from data, recognizing patterns, understanding language, making decisions, and solving problems.

Asian Financial Crisis

The Asian financial crisis took place between 1997 and 1998. While there remains much debate about the specific causes, the crisis encompassed much of Southeast Asia starting in Thailand and expanding to South Korea, Singapore, Malaysia, Indonesia and the Philippines. The crisis caused significant currency devaluations, debt defaults, and market crashes. Earnings fell significantly in these markets and were further reduced when translated into U.S. dollar terms.

Average Hourly Earnings

The Bureau of Labor Statistics calculates average hourly earnings based on payroll data and are computed by dividing the total worker payroll for the U.S. by the sum of total worker hours and one-half of total overtime hours.

Average Interest Coverage Ratio

The "average" refers to the arithmetic mean, the sum of the numbers divided by how many numbers are being averaged. The interest coverage ratio measures how many times over a company could pay its current interest payment with its available earnings. It measures the margin of safety a company has for paying interest during a given period, which a company needs in order to survive any financial hardship that may arise. A company's ability to meet its interest obligations is an aspect of a company's solvency, and is thus a very important factor in the return for shareholders.

Bank Lending Survey

Bank Lending Surveys (also known as Senior Loan Officer Surveys) attempt to track bank lending conditions within a specific economy. The Commercial and Industrial (C&I) business survey measures the tightening or loosening of lending standards to both large and small C&I businesses and is conducted among senior loan officers at lending institutions by the Federal Reserve. A diffusion index is created with the results whereby a number above zero indicates a tightening trend while a number below zero indicates a loosening trend in bank lending conditions.

Bear Market Cycle

We define a bear market cycle as one that covers a period of time where the equity market (as measured by the S&P 500® Index) falls at least 20 percent from a peak and does not recover for at least three months. The trough is established by the start of the next bull market. The bear market captures the period between the market peak and trough.

Beta

Measures an asset's sensitivity to market movements or risk (volatility).

Bloomberg 1-3 year Government/Credit Index

An index that includes all securities in the Bloomberg U.S. Aggregate Index that have a maturity of 1-3 years.

Bloomberg CMBS Index

An index that includes investment-grade commercial mortgage-backed securities (CMBS), which are classes of securities that represent interests in pools of commercial mortgages.

Bloomberg Corporate Bankruptcy Index (Bankruptcy Index)

Measures both the occurrence and severity of current and recent U.S. bankruptcy activity for corporations with at least \$50 million in reported liabilities.

Bloomberg Emerging Markets U.S. Dollar Index

An index that includes all investment grade and non-investment grade emerging market debt issued in U.S. Dollars. Issuers include sovereign, quasi-sovereign, and corporations.

Bloomberg Global Aggregate Index

The Index is a flagship measure of global investment grade debt and includes Treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging market issuers.

Bloomberg Municipal Bond Index

An index that includes all U.S. Dollar denominated long-term tax exempt bonds.

Bloomberg U.S. Aggregate ABS Index

An index that includes all asset backed securities (ABS) that are included in the Bloomberg U.S. Aggregate Bond Index.

Bloomberg U.S. Aggregate Bond Index (Bloomberg Agg)

An index comprised of U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years.

Bloomberg U.S. Aggregate MBS Index

An index that includes all mortgage backed securities (MBS) that are included in the Bloomberg U.S. Aggregate Bond Index.

Bloomberg U.S. Corporate Bond Index

An index comprised of the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. corporations.

Bloomberg U.S. Corporate High Yield Bond Index (Bloomberg HY)

Measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on emerging market country definition, are excluded.

Bloomberg U.S. Financial Conditions Index

The Bloomberg U.S. Financial Conditions Index tracks the overall level of financial stress in the U.S. money, bond and equity markets to help assess the availability and cost of credit.

Bloomberg U.S. Long Treasury Index

An index measuring U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with 10 years or more to maturity.

Bloomberg U.S. Mortgage Backed Securities (MBS) Index

The index includes fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

Bloomberg U.S. TIPS Index

The index measures the performance of the U.S. Treasury Inflation Protected Securities (TIPS) market.

Bloomberg U.S. Treasury 5-10 Year Index

An index composed of U.S. Treasury issued fixed-rate securities with 5-10 years to maturity.

Bloomberg U.S. Treasury 10-20 Year Index

An index composed of U.S. Treasury issued fixed-rate securities with 10-20 years to maturity.

Bloomberg High Yield Option Adjusted Spread (OAS)

The Bloomberg High Yield Option Adjusted Spread looks at the yield spread between the Bloomberg High Yield Index and the duration equivalent Treasury bond yield and then adjusts for any call features.

Bull Market Cycle

We define a bull market cycle as one that covers a period of time where the equity market (as measured by the S&P 500® Index) rises at least 50 percent from the trough and lasts until the next bear market begins. The bull market cycle spans from the previous bear market trough to bull market peak.



Cash Flow (CF)

A measure of cash generated by a company's regular business operations.

CBO

CBO abbreviates Congressional Budget Office

CBOE Volatility Index (VIX)

A measure of market expectations of near-term volatility conveyed by S&P 500® stock index option prices. Expected volatility is measured by averaging the weighted prices of S&P 500® puts and calls over a wide range of strike prices. The VIX is quoted in percentage points and reflects the implied movement in the S&P 500® over the next 30 days, which is then annualized (with the assumption of a 68 percent probability, i.e., one standard deviation).

Capital Expenditure (capex)

Refers to money a company spends to buy, upgrade, or maintain long-term assets, such as, buildings, equipment, technology and/or vehicles.

Capital Goods Orders

Measures the dollar value of new orders for manufactured goods. Orders for aircraft and defense are excluded to control for the volatile impact of large single orders of items such as an airplane or ship. These orders provide an indication of future capital spending.

Capital Spending Survey

A survey conducted by the National Federation of Independent Businesses (NFIB) Research Foundation of small businesses which provides an indication of future capital outlays over the coming six months. The survey provides an indication of future capital spending by smaller businesses, which tend to be more economically sensitive.

Collateralized Loan Obligation (CLO)

A security backed by a pool of debt, often low-rated corporate loans (aka leveraged loans or floating rate loans). A CLO manager purchases the individual loans, bundles the loans together and then sells stakes in the CLO to outside investors.

Commercial and Industrial Loans (C&I)

Are commercial and/or industrial loans made to a business or corporation. Typically, C&I loans are short-term with variable interest rates and are backed by collateral.

Consumer Confidence Index

A survey, administered by The Conference Board, that measures how optimistic or pessimistic consumers are regarding their expected financial situation.

Consumer Price Index for All Urban Consumers (CPI-U)

An index calculated by the Bureau of Labor Statistics, it is the most widely used CPI measure and is based on the spending patterns of urban consumers, including professionals, the self-employed, the poor, the unemployed, and retirees, as well as urban wage earners and clerical workers.

Cons

Cons abbreviates Consumer

Convexity

As interest rates change, a bond's duration changes. Convexity measures the sensitivity of a bond's duration to changes in yield. A bond with positive convexity indicates that duration increases as interest rates decline. In other words, a bond with positive convexity will see a larger increase in price due to a decline in yield than indicated solely by duration.

Commodity Research Bureau (CRB) – Raw Industrials Index

This index is a measure of price movements of 19 basic commodities that are presumed to be among the first to be influenced by economic conditions.

Core CPI/Core PCE

Core measures of inflation exclude food and energy prices. CPI abbreviates Consumer Price Index. PCE abbreviates Personal Consumption Expenditures.

Corporate Bond Market Distress Index (CMDI)

The index published by the New York Fed is a metric designed to assess the health and functionality of the U.S. corporate bond market. While the CMDI tracks the overall corporate bond market, it's also applicable to high-yield bonds (also known as junk bonds), which are considered higher risk due to their lower credit rating but offer higher potential returns.

CPI

CPI abbreviates Consumer Price Index

Credit Spread

A credit spread is the difference in yield between debt securities of the same maturity but different qualities. Credit spreads are measured in basis points, with a 1 percent difference in yield equal to a spread of 100 basis points.

— D —

Discount Margin

The discount margin is commonly used to calculate the additional return (or spread) of a floating-rate security over the reference rate of the security.

Diversification Ratio

Measures to what extent a portfolio is diversified. Technically the diversification ratio is the ratio of the weighted average of the volatilities of each stock in a portfolio divided by the volatility of the portfolio as a whole.

Dividend Yield

A financial ratio that shows how much a company pays out in dividends each year relative to its stock price.

Dow Jones Equity REIT Index

This index is comprised of real estate investment trusts (REITs) that directly own all or part of the properties in their portfolios.

Duration

A measure of sensitivity of the price of a bond to interest rate changes. Technically it is an estimate of the number of years it will take to receive the bond's price from the total cash flows.

— E —

EAFE

EAFE abbreviates Europe, Australasia, and the Far East

EBITDA

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization and acts as a rough estimate for the amount of cash generated in a given time period.

EM

EM abbreviates Emerging Markets

Employment Cost Index

Measures changes in employee compensation costs. These costs include both direct costs (such as wages, bonuses, or in-kind benefits) as well as indirect costs (such as social security contributions, training costs, medical benefits, etc.).

Enterprise Value (EV)

EV is a more comprehensive measure of a company's value by including net debt with equity. The calculation adds the equity market value to total debt outstanding and subtracts any cash.

EPS

EPS abbreviates Earnings Per Share

EU Sovereign Yield

Yield that the European Union pays on its debt securities such as bonds or treasury bills.

Euro

Euro is the currency of the Eurozone.

Euro STOXX

Family of stock market indices developed by STOXX Ltd. that track publicly traded companies within the Eurozone.

Eurostat

Eurostat is the statistical office of the European Union.

Eurozone

The economic region formed by those member countries of the European Union that have adopted the euro as their primary currency.

Eurozone Economic Sentiment

The Economic Sentiment Indicator is calculated from the European Commission's Business and Consumer Surveys. It is constructed from the following indicators: the industrial confidence indicator (40 percent), the service confidence indicator (30 percent), the consumer confidence indicator (20 percent), the construction confidence indicator (5 percent) and the retail trade confidence indicator (5 percent).

Eurozone Industrial Production

Industrial production measures the output of industrial establishments in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply). Production is based on the volume of the output.

EV/EBITDA

EV/EBITDA abbreviates Enterprise Value divided by Earnings Before Interest, Taxes, Depreciation and Amortization. It is a widely used valuation multiple that compares the value of a company to its operating cash earnings.

— F —

Federal Funds Rate

A target rate of interest set by the FOMC (Federal Open Markets Committee) to guide overnight lending rates among U.S. banks.

Frank Russell Company (FRC)

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FTM

FTM abbreviates Forward Twelve Months

FX Reserves

Foreign exchange reserves is money or other assets held by a monetary authority (or central bank).

U.S. Federal Reserve Board (Fed)

The Fed is the central governing body of the Federal Reserve System which serves as the central bank for the United States.



GDP

GDP abbreviates Gross Domestic Product

GFSI

GFSI abbreviates Global Financial Stress Indicator

Goldman Sachs U.S. Financial Conditions Index

A weighted average of riskless interest rates, the exchange rate, equity valuations, and credit spreads, with weights that correspond to the direct impact of each variable on GDP.



ICI

ICI abbreviates Investment Company Institute

IG

IG abbreviates Investment Grade

IHS Markit Global Diffusion Indexes

These diffusion indexes are based on surveys of purchasing managers on the state of business versus the previous month. Measures above 50 indicate business expansion.

Inflation

A general increase in prices and fall in the purchasing value of money. Inflation is generally measured by comparing the price of a basket of goods with the price of a similar basket in past periods.

Info

Info abbreviates Information

Intercontinental Exchange (ICE) U.S. Dollar Index

The ICE U.S. Dollar Index is a measure of the value of the U.S. dollar relative to a basket of foreign currencies. The index is a geometrically averaged calculation of six currencies weighted against the U.S. dollar. The index was established in 1973 and includes six currencies: the euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc.

ICE BofA Fixed Rate Preferred Securities

An index that measures the performance of fixed rate U.S. dollar denominated preferred securities issued in the U.S. domestic market. Qualifying securities must have an investment grade rating and must have an investment grade rated country of risk.

ICE BofA 1-Year U.S. Treasury Note Index

An unmanaged index comprised of a single issue purchased at the beginning of the month and held for a full month. The issue selected at each month-end rebalancing is the outstanding two-year Treasury Note Bill that matures closest

to, but, not beyond one year from the rebalancing date.

ICE BofA 3-Month U.S. Treasury Bill Index

An unmanaged index of Treasury securities maturing in 90 days that assumes reinvestment of all income.

ICE BofA U.S. Floating Rate High Yield Index

An index that tracks the performance of floating rate USD denominated below investment grade corporate debt publicly issued in the U.S. domestic market.

IG Corporate

IG abbreviates Investment Grade

Institute for Supply Management (ISM) Manufacturing Purchasing Managers Index (PMI) Seasonally Adjusted (SA)

This is a diffusion index based on a monthly survey of purchasing and supply executives across a variety of manufacturing firms. Figures below 50 indicate conditions contracted from the previous month and vice versa for figures above 50.

— J —

JPY

JPY abbreviates Japanese yen

— L —

LEI

LEI abbreviates Leading Economic Indicators, which are key economic statistics that tend to change before the overall economy shifts, providing clues about future economic trends and potential turning points in the business cycle.

Leveraged Loan (Lev. Loan)

A leveraged loan is debt from companies with below investment grade credit ratings. Leveraged loans are typically secured with a lien on the company's assets and are generally senior to the company's other debt. The vast majority of leverage loans are floating-rate instruments that periodically reset to a spread over a base rate (typically SOFR in the U.S.). Leveraged loans are first structured, arranged, and administered by one or several commercial or investment banks, known as arrangers. They are then sold (or syndicated) to other banks or institutional investors. Leveraged loans can also be referred to as senior secured credits, bank loans, and floating-rate loans.

— M —

MA

MA abbreviates Moving Average

MFG

MFG abbreviates Manufacturing

Mfg New Orders

Is a measure of the total value of new purchase orders received by manufacturers for durable and non-durable goods during a specific time period. It is an indicator of current and future demand for manufactured goods.

Modified Adjusted Duration

Modified Adjusted Duration is a measure of the sensitivity of a bond to changes in interest rates. This measure can be used to estimate the effect of a 100 basis point (1 percent) change in interest rates will have on the price of a bond. The calculation of modified adjusted duration takes into account any bond option provisions.

Monetary Policy

Monetary Policy is the macroeconomic policy laid down by the central bank. It involves management of money supply and interest rate and is the demand side economic policy used by the government of a country to achieve macroeconomic objectives like inflation, consumption, growth and liquidity.

Money Supply (M1)

Money supply is a measure of the amount of monetary assets outstanding. Measures of money supply differ in liquidity, or ease of access. M1 is considered one of the narrowest measures of money supply as it includes only those monetary assets that can be accessed immediately. M1 includes cash and checking accounts. Narrower measures of money like M1 are believed to be most directly influenced by monetary policy actions.

Money Supply (M2)

The Federal Reserve publishes data on two measures of money supply, M1 and M2. M2 is the broader measure of money. M1 is mostly made up of currency and checking accounts – the most liquid assets. M2 includes M1 plus other transaction accounts that can be readily accessed with little or no loss of principal such as savings accounts, money market accounts, and small denomination time deposits.

Morningstar LSTA Leveraged Loan Index

A market-value weighted index designed to measure the performance of the U.S. leveraged loan market.

Morningstar LSTA U.S. Leveraged Loan 100 Index

Designed to measure the performance of the 100 largest facilities in the U.S. leveraged loan market. Index constituents are market-value weighted, subject to a single loan facility weight cap of 2%.

Mortgage Applications

As measured by the Mortgage Bankers Association through a survey covering 75% of U.S. mortgage applications originated through retail and consumer direct channels. It does not distinguish whether the application is for a new loan or the refinancing of an existing loan.

MSCI EAFE Index

A free-float-adjusted market capitalization index that is designed to measure developed market equity performance excluding the U.S. and Canada.

MSCI Emerging Markets (EM) Index

A free-float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

MSCI Emerging Markets Currency Index

Tracks the performance of the currencies of the MSCI Emerging Markets Index relative to the U.S. Dollar. Each emerging market currency is weighted the same as in the MSCI Emerging Markets Index.

MSCI EAFE Small Cap Index

An equity index which captures small cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. The index covers approximately 14 percent of the free float-adjusted market capitalization in each country.

MSCI Europe Index

Captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. The index covers approximately 85 percent of the free float-adjusted market capitalization across the European Developed Markets equity universe.

MSCI Japan Index

Designed to measure the performance of the large and mid cap segments of the Japanese market. The index covers approximately 85 percent of the free float-adjusted market capitalization in Japan.

MSCI USA Index

A free-float-adjusted market capitalization index that is designed to measure U.S. large and mid-cap stock market equity performance.

MSCI USA Quality Index

The index aims to capture the performance of U.S. quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth, and low financial leverage.

MSCI World Index

Captures large and mid cap representation across 23 Developed Markets (DM) countries. With 1,648 constituents, the index covers approximately 85 percent of the free float-adjusted market capitalization in each country.

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National Federation of Independent Business (NFIB) Small Business Optimism Index

Known as a leading index, it is based on a survey of small business owners covering 10 different components that include hiring plans, expansion plans, credit conditions, and inventory levels.

NASDAQ 100 Index

Includes 100 of the largest domestic and international non-financial companies listed on the NASDAQ Stock Market based on market capitalization.

Net Debt/EBITDA

Net Debt/EBITDA is a leverage ratio that measures a company's ability to repay its debt. Net debt is equal to total debt less cash and cash equivalents. EBITDA is a measure of cash generation consisting of Earnings Before Interest, Taxes, Depreciation, and Amortization.

Nominal GDP

Nominal gross domestic product (Nominal GDP) is calculated by the Bureau of Economic Analysis that serves as a measure of total market value of the goods and services produced (output) in the U.S. (un-adjusted for price changes).

Normalized Unit

Normalization adjusts or rescales the values of different time series to a notionally common scale to allow for comparability.



Option Adjusted Spread (OAS)

Attempts to measure the additional yield received for taking credit risk. It is the difference between the yield to worst on a bond and the duration equivalent yield on a risk free bond.



Par Weighted Price

Weights the price of each bond by its relative size in the index. It indicates whether the index is generally selling at prices above or below face value which can influence interest rate sensitivity.

PCE

PCE abbreviates Personal Consumption Expenditures, which is a measure of the total spending by individuals on goods and services in the U.S. economy.

P/CF

P/CF abbreviates Price-to-Cash Flow. It is a valuation measure that indicates how much investors are willing to pay for one dollar of a company's cash flow.

Peso

Currency used in Latin America and the Philippines

PMI

PMI abbreviates Purchasing Managers Index

Pound

Unit of currency, most notably the British Pound Sterling

PPI

PPI abbreviates Producer Price Index

Price/Earnings, P/E, PE, Price-to-Earnings Ratio

This ratio compares a company's share price with its earnings per share. Analysts and investors use it to determine the relative value of a company's shares in side-by-side comparisons.

Purchasing Power of Parity (PPP)

A theoretical concept that adjusts a currency value for its purchasing power in another country and currency. For example, a basket of goods is purchased in U.S. and then the same basket of goods is purchased in China in yuan. The PPP of the yuan would be the exchange rate between the U.S. dollar and yuan that would make that basket of goods cost the same.

Profit Margin (S&P 500® Index)

Trailing 12-month Earnings before extraordinary items divided by trailing 12-month Sales.

Producer Price Index

Measures the change in the price of goods as they leave their place of production.

P/S

P/S abbreviates Price/Sales Ratio

— Q —

Q/Q

Q/Q abbreviates Quarter over Quarter

Quantitative Easing

Quantitative easing is defined as large scale purchases of securities, typically fixed income, by a monetary authority such as the Federal Reserve. In theory, the result is an increase in demand for those securities, putting upward pressure on their prices and pushing yields down. Quantitative easing allows a monetary authority the ability to influence longer duration securities, while traditional monetary tools can only directly influence shorter duration securities.

— R —

Real

Real (BRL) is the currency of Brazil

Real Business Spending

Known as nonresidential fixed investments, real business spending is calculated by the Bureau of Economic Analysis as the summation of business expenditures for structures, equipment and software adjusted for inflation.

Real Consumer Spending

Known as personal consumption expenditures, real consumer spending is calculated by the Bureau of Economic Analysis as the summation of the goods and services purchased by U.S. residents adjusted for inflation.

Real GDP

Real gross domestic product (GDP) is calculated by the Bureau of Economic Analysis and serves as a measure of total market value of the goods and services produced (output) in the U.S. adjusted for inflation.

Relative Earnings Growth

This generally refers to how a company's earnings growth rate compares to a benchmark, such as a peer group of companies or an industry average. It helps determine if a company's earnings are growing faster or slower than its competitors or the overall market for similar businesses.

Relative Price-to-Book

By dividing the Price-to-Book of one index by that of another, over time one can observe relative changes in Price-to-Book and identify past peaks and troughs.

ROE

ROE abbreviates return on equity

Rupee

Currency used by several countries in South Asia and East Africa, most notably India.

Russell 1000® Index

Measures the performance of the 1,000 largest companies in the Russell 3000® Index.

Russell 1000® Growth Index

Measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Value Index

Measures those Russell 1000® companies with lower price-to-book ratios and lower expected growth values.

Russell 2000® Index

Measures the performance of the small cap segment of the U.S. equity universe.

Russell 2000® Growth Index

Measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000® Value Index

Measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500 Index

Measures the performance of the 2,500 smallest companies in the Russell 3000 Index.

Russell Midcap® Index

Measures the performance of the 800 smallest companies in the Russell 1000® Index.

Russell Midcap® Growth Index

Measures the performance of those Russell Midcap® companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Value Index

Measures the performance of those Russell Midcap® companies with lower price-to-book ratios and lower forecasted growth values.



Sales/Share Growth (S&P 500®)

Calculates the year-over-year change in quarterly sales per share.

SAAR

SAAR abbreviates Seasonally Adjusted Annual Rate

S&P Top 50 Index

A market cap-weighted stock market index representing 50 of the largest U.S. companies from the S&P 500. It captures performance of large, blue chip companies that have high market capitalization, strong liquidity, and are leaders in their respective industries.

S&P 500® Index

This Index is a group of 500 widely held stocks and is commonly regarded to be representative of the large capitalization stock universe.

S&P 500 High Beta Index

An index that measures the performance of 100 constituents in the S&P 500 that are most sensitive to changes in market returns.

S&P 500 Growth Index

A stock market index that tracks the performance of companies within the S&P 500 that exhibit strong growth characteristics.

S&P 500 Quality Index

An index that measures the performance of the constituents of the S&P 500 that are classified as having quality characteristics.

S&P 500 Low Volatility Index

An index that measures the performance of the constituents that are classified as growth stocks.

S&P 500 Value

An index that measures constituents from the S&P 500 that are classified as value stocks.

S&P 500 Dividend Aristocrats

An index that measures the performance of the constituents of the S&P 500 that have increased dividends every year for the last 25 consecutive years.

S&P 500 Equal Weighted Index

An index that measures the performance of all the S&P 500 constituents on an equal weighted basis.

S&P 400® Index

An unmanaged index considered representative of mid-sized U.S. companies.

S&P 600® Index

An unmanaged index considered representative of U.S. small-capitalization stocks.

S&P 1000 Index

An unmanaged index considered representative of mid and small cap U.S. companies.

S&P UBS Leveraged Loan Index

Tracks the performance of U.S. dollar denominated leveraged loans, which are loans made to borrowers with high debt levels.

Standard Deviation (Stn Dev)

A measure of how far a data series moves above or below its average.

Stock Market Cycle

We define a stock market cycle as the time period that encompasses a full bull market and bear market and can be measured either from trough-to-trough or peak-to-peak.

— T —

Tail Risk

A potential economic or geopolitical event that is currently perceived to be fairly remote, but should it occur it would be consequential.

TIPS

TIPS abbreviates U.S. Treasury Inflation Protected Securities, which are securities that are indexed to inflation. These securities adjust their face value using the Consumer Price Index, protecting both the principal and interest income by providing a real (after inflation) return.

Touchstone S&P 500 EPS Simulation

Our earnings per share (EPS) simulation is based on factors that have historically indicated S&P 500 EPS growth on a year/year basis.

Total Household Debt Outstanding

Includes all U.S. consumer debt and credit obligations such as mortgages, student loans, auto loans and credit cards.

Total Non-financial Business Debt Outstanding

Includes all domestic corporate and noncorporate credit market instruments. Financial firms are excluded to avoid double counting.

Total Public Debt Outstanding

Includes all Federal, Federal Agency, State and Local government debt outstanding, including any intra-government holdings.

Total Retirement Assets

Compiled by the Investment Company Institute (ICI), total retirement assets include assets held in IRAs, defined contribution plans (DC), public and private defined benefit plans (DB), and annuities. Sources for this data include ICI, Federal Reserve Board, Department of Labor, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, Internal Revenue Services Statistics of Income Division and Government Accountability Office.

Trade Weighted Dollar

The Federal Reserve's U.S. Trade-Weighted Dollar Index is a measure that evaluates the value of the U.S. dollar against a basket of foreign currencies.

Treasury Yield Curve

Represents the relationship between U.S. Treasury bond yields of differing maturities. The shape of the yield curve often reflects investor expectations for interest rates, economic growth, and inflation.

Treasury Inflation-Protected Yields (TIPS)

U.S. Treasury Inflation-Protected Securities are securities that are indexed to inflation. These securities adjust their face value using the Consumer Price Index, protecting both the principal and interest income by providing a real (after inflation) return.

TTM

TTM abbreviates trailing 12 months



Unemployment Rate

Represents the number of unemployed as a percentage of the labor force. Labor force data are restricted to people 16 years of age and older, who currently reside in one of the 50 states or the District of Columbia, who do not reside in institutions (e.g., penal and mental facilities, homes for the aged), and who are not on active duty in the Armed Forces. The Bureau of Labor Statistics defines and measures the unemployment rate.

Unit Labor Cost

Unit labor costs are calculated by dividing total labor compensation by real output. Labor compensation is a measure of the cost to the employer of securing the services of labor. It includes wages and salaries, supplements (e.g., paid leave, bonus and incentive payments, and employee discounts) and employer contributions to employee-benefit plans (e.g., medical and life insurance, workmen's compensation, and unemployment insurance).

University of Michigan Current Economic Conditions Index

Known as a coincident index, it is based on survey data that attempts to provide a representative sample of U.S. residents on how they view prospects for the general economy over the near-term.

U.S. Dollar Index (USD)

This Index is maintained by Intercontinental Exchange, Inc. (ICE) and is a measure of the value of the U.S. Dollar relative to a basket of major currencies including euro, Japanese yen, and Pound sterling.

U.S. Personal Consumption Expenditure Core Price Index (Core PCE)

A measure of inflation that excludes food and energy prices. It reflects the prices paid by consumers for goods and services, excluding the often volatile fluctuations in the costs of food and energy. The Federal Reserve often uses the core PCE as its preferred measure of inflation because it provides a clearer picture of underlying price trends.

U.S. Personal Savings Rate

The savings rate is the percentage of people's incomes left after they pay taxes and spend money and is calculated by the Bureau of Economic Analysis.

U.S. Real Trade Weighted Dollar Index

The Federal Reserve's U.S. Real Trade-Weighted Dollar Index is a measure that evaluates the value of the U.S. dollar against a basket of foreign currencies, adjusted for inflation differences between the U.S. and its trading partners.

U.S. Treasuries 10Y Minus 2Y

The difference between the yield on the U.S. 10-year Treasury bond and the 2-year bond is often used as a measure of the Treasury yield curve.

— V —

Velocity of Money

The velocity of money is the frequency at which one unit of currency is used to purchase domestically produced goods and services within a year. If the velocity of money is increasing, then more transactions are occurring between individuals in an economy. The velocity of money can provide some insight into whether consumers and businesses are saving or spending their money.

VIX Index

This Index is maintained by the Chicago Board Options Exchange (CBOE) and is an estimate of future volatility of the S&P 500® Index. It is measured through S&P 500® Index options and based on the weighted average of the implied volatilities in the pricing of those options.

— Y —

Y/Y

Y/Y abbreviates year over year

Yen

Currency of Japan

Yield-to-Worst

Yield-to-Worst is the lowest amount an investor can earn if a bond is purchased at the current price and held until call or maturity.

Yuan

Or renminbi is the basic unit of currency in China

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