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In a volatile and uncertain world, 48 hours can be transformative for the financial markets. A few weeks ago, investors were anticipating a soft landing, a Trump victory, and higher-for-longer rates. Suddenly, investors' concerns turned to a hard landing, a closely contested Presidential race, and substantial rate cuts by the end of the year. The catalysts for this shift in sentiment were the Bank of Japan raising interest rates to 0.25%, which triggered a 12.4% decline in the Nikkei index, the worst single-day drop since October 1987; the U.S. jobs report, which showed a gain of just 114,000 in July, well below expectations and pushing the unemployment rate to a 3-year high of 4.3%; and the escalation of tensions in the Middle East. While asset prices have held up reasonably well in this higher interest rate environment, the Main Street economy is facing increased financial pressure as affordability worsens, with consumer debt and credit card delinquencies on the rise. With consumer spending being a main driver of growth, signs of weakness among U.S. households are now catching the attention of investors. The current equity market undulations appear to be stemming from the notion that the Fed may now be behind the curve on rates. However, if the Fed takes the unlikely step of emergency action to cut rates before the September meeting, it runs the risk of further spooking the markets.

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The ISM Manufacturing Index is a monthly gauge on the level of economic activity in the U.S. manufacturing sector versus the previous month.

The ICE BofA Current 10-Year U.S. Treasury Index (GA10) is a one security index comprised of the most recently issued 10-year U.S. Treasury Note.

The ICE BofA U.S. Corporate Index (COA0) has an inception date of December 31, 1972 and tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

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The Morningstar LSTA US Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon weightings, spreads and interest payments.

The Refinitiv US All-Cap Focus Convertible Bond Index has an inception date of December 1993, is a subset of the Refinitiv US Convertible Bond Index and includes securities that have a price between 60 and 140 and a conversion premium of < 100%, among other criteria. The Refinitiv US Convertible Bond Index includes convertible securities that are denominated in USD, have a market value of over \$300mm, and have underlying stocks that trade on US equity markets.

The Dow Jones Industrial Average is a price-weighted average of thirty blue-chip stocks that are generally the leaders in their respective industries.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The S&P 500 Index is designed to reflect the U.S. equity markets and focuses on the large-cap sector of the market, which includes the 500 leading companies in leading industries of the U.S. economy.

The NASDAQ composite index is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American Depositary Receipts, Common Stock, Limited Partnership Interests, Ordinary Shares, Real Estate Investment Trusts, Shares of Beneficial Interest, and Tracking Stocks. The index includes all Nasdaq listed stocks that are not Security types not included in the Index are closed-end funds, convertible debentures, exchange traded funds, preferred stocks, rights, warrants, units and other derivative securities.

The MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries. With 1,398 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI World Index, which is part of The Modern Index Strategy, is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World Index does not offer exposure to emerging markets.

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