GLOBAL PORTFOLIO STRATEGY

LPL Research

AUGUST 2021

CHINA HEADWINDS INTENSIFYING FOR EMERGING MARKETS

LPL RESEARCH'S MONTHLY MARKET OUTLOOK

Key changes from July's report:

- Downgrading emerging markets from neutral to negative
- Upgrading United States from neutral to positive

We see further (but modest) gains for stocks over the rest of the year, powered by a very strong economic growth outlook and tremendous earnings momentum as the economy fully reopens. Our year-end 2021 S&P 500 Index fair-value target range is 4,400—4,450, based on a price-to-earnings ratio (PE) of 21.5 and our 2022 earnings per share (EPS) estimate of $205.

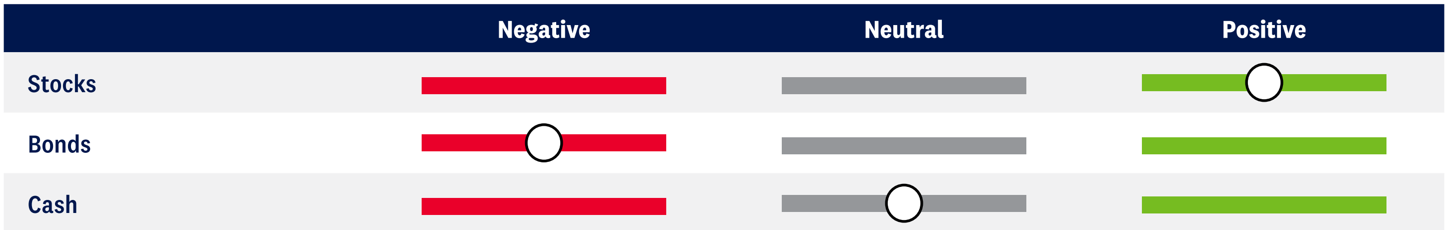
After more than a 95% gain since the March 2020 lows, the S&P 500 may be due for a pause, consistent with the second years of bull markets historically that have come with increased volatility and historical seasonal weakness in August and September. Key risks include spread of the Delta COVID-19 variant, high inflation, rising interest rates, likely 2022 tax increases, and geopolitics.

INVESTMENT TAKEAWAYS

- Our equities recommendation remains overweight. We continue to favor stocks over bonds, with a preference for the United States, based on our expectation for a very strong economic and earnings recovery in 2021.
- As the economic recovery progresses in 2021, we would expect cyclical value stocks to lead. Our favored sectors—mostly on the value side of the ledger—include energy, financials, industrials, and materials.
- Our positive view of small caps is supported by the early stage bull market and economic expansion and strong earnings.
- Our downgraded view of emerging markets (EM) equities largely reflects increased risk from China's regulatory crackdown and heightened geopolitical risk.
- We maintain our neutral view of developed international equities while awaiting Europe's and Japan's emergence from the pandemic.
- We continue to recommend a slight underweight allocation to fixed income. Although we've seen a move lower in yields recently, reduction of Fed policy support and a strengthening global recovery may push yields higher over the course of the year.
- Higher rates may still put some pressure on bond returns while economic improvement may help support equities going out the remainder of the full year.
- We favor a blend of high-quality intermediate bonds that is underweight U.S. Treasuries with an emphasis on short-to-intermediate maturities and sector weightings tilted toward mortgage-backed securities (MBS).

BROAD ASSET CLASS VIEWS

LPL Research's Views on Stocks, Bonds, and Cash



OUR ASSET CLASS & SECTOR CHOICES

Equity Asset Classes	Equity Sectors	Fixed Income	Alternative Asset Classes
▪ U.S. Value ▪ U.S. Small Caps	▪ Financials ▪ Industrials ▪ Materials ▪ Energy	▪ Mortgage-Backed Securities	▪ Event Driven

2021 MARKET FORECASTS

Higher Earnings Support Further Gains for Stocks

	Previous	Current (no change)
10-Year U.S. Treasury Yield	1.75-2.00%	1.75-2.00%
S&P 500 Index Earnings per Share	$195	$195
S&P 500 Index Fair Value	4,400-4,450	4,400-4,450*

Source: LPL Research, FactSet, Bloomberg

All indexes are unmanaged and cannot be invested into directly. The economic forecasts may not develop as predicted.

*As noted in our Midyear Outlook 2021 our year-end 2021 fair-value target range for the S&P 500 Index of 4,400–4,450 is based on a price-to-earnings ratio (PE) of 21.5 and our revised S&P 500 Index earnings per share (EPS) forecast of $205 in 2022.

2021 ECONOMIC FORECASTS

U.S. Economy Poised to Outgrow the Rest of the World

	Previous	Current (no change)
United States	6.25 to 6.75%	6.25 to 6.75%
Developed ex-U.S.	3.75% to 4.25%	3.75% to 4.25%
Emerging Markets	5.5% to 6%	5.5% to 6%
Global	5.5% to 6%	5.5% to 6%

Source: LPL Research, Bloomberg

The economic forecasts may not develop as predicted.

All data, views, and forecasts herein are as of 08/02/21.

LPL RESEARCH STRATEGIC AND TACTICAL ASSET ALLOCATION COMMITTEE

LPL Research Tactical Asset Allocation as of 08/01/2021

INVESTING STYLE

	Agressive Growth			Growth			Growth with Income			Income with Moderate Growth			Income with Capital Preservation		
	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference
STOCKS	98.0%	95.0%	3.0%	83.0%	80.0%	3.0%	63.0%	60.0%	3.0%	43.0%	40.0%	3.0%	23.0%	20.0%	3.0%
U.S. EQUITY	80.4%	76.0%	4.4%	68.1%	64.0%	4.1%	51.7%	48.0%	3.7%	35.3%	32.0%	3.3%	18.4%	16.0%	2.4%
Large Value	12.5%	10.6%	1.9%	10.8%	8.9%	1.8%	8.3%	6.7%	1.6%	5.7%	4.5%	1.3%	3.1%	2.2%	0.9%
Large Blend	20.3%	19.2%	1.1%	17.2%	16.1%	1.0%	13.0%	12.1%	0.9%	8.9%	8.1%	0.8%	4.6%	4.0%	0.6%
Large Growth	18.0%	18.3%	-0.2%	15.1%	15.4%	-0.3%	11.4%	11.5%	-0.2%	7.7%	7.7%	0.0%	3.9%	3.8%	0.0%
Small/Mid Value	10.5%	9.3%	1.3%	9.0%	7.8%	1.2%	6.9%	5.8%	1.1%	4.8%	3.9%	0.9%	2.6%	1.9%	0.6%
Small/Mid Blend	13.0%	12.3%	0.7%	11.0%	10.4%	0.7%	8.4%	7.8%	0.6%	5.7%	5.2%	0.5%	3.0%	2.6%	0.4%
Small/Mid Growth	6.0%	6.4%	-0.4%	5.0%	5.4%	-0.4%	3.7%	4.0%	-0.3%	2.5%	2.7%	-0.2%	1.2%	1.3%	-0.1%
INTERNATIONAL EQUITY	17.6%	19.0%	-1.4%	14.9%	16.0%	-1.1%	11.3%	12.0%	-0.7%	7.7%	8.0%	-0.3%	4.6%	4.0%	0.6%
Developed (EAFE)	12.4%	12.0%	0.4%	10.4%	10.0%	0.4%	8.4%	8.0%	0.4%	5.4%	5.0%	0.4%	4.6%	4.0%	0.6%
Emerging Markets	5.3%	7.0%	-1.7%	4.6%	6.0%	-1.4%	2.9%	4.0%	-1.1%	2.4%	3.0%	-0.6%	0.0%	0.0%	0.0%
BONDS	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%	35.0%	35.0%	0.0%	55.0%	53.0%	2.0%	75.0%	70.0%	5.0%
U.S. CORE	0.0%	0.0%	0.0%	14.4%	15.0%	-0.6%	33.6%	35.0%	-1.4%	52.8%	53.0%	-0.2%	72.0%	70.0%	2.0%
Treasuries	0.0%	0.0%	0.0%	5.5%	6.5%	-1.0%	12.9%	15.3%	-2.4%	20.3%	23.1%	-2.8%	27.7%	30.5%	-2.9%
MBS	0.0%	0.0%	0.0%	5.3%	4.5%	0.9%	12.5%	10.4%	2.0%	19.6%	15.8%	3.8%	26.7%	20.9%	5.8%
IG Corporates	0.0%	0.0%	0.0%	3.5%	4.0%	-0.5%	8.2%	9.3%	-1.1%	12.9%	14.1%	-1.2%	17.6%	18.6%	-1.0%
NON-CORE	0.0%	0.0%	0.0%	0.6%	0.0%	0.6%	1.4%	0.0%	1.4%	2.2%	0.0%	2.2%	3.0%	0.0%	3.0%
TIPS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Preferred	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
High-Yield Corporates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bank Loans	0.0%	0.0%	0.0%	0.6%	0.0%	0.6%	1.4%	0.0%	1.4%	2.2%	0.0%	2.2%	3.0%	0.0%	3.0%
Emerging Markets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CASH	2.0%	5.0%	-3.0%	2.0%	5.0%	-3.0%	2.0%	5.0%	-3.0%	2.0%	7.0%	-5.0%	2.0%	10.0%	-8.0%

For investors who have their own benchmarks, we would recommend emphasizing underweights or overweights relative to the individual benchmark at the most similar overall risk level.

Equity benchmark style box allocations are based on look-through analysis of the domestic equity indexes used in our benchmark. While the indexes stay constant, style box allocations may drift over time.

Bond benchmark sector allocations are based on a look-through analysis of the major sector components of the Bloomberg Barclays U.S. Aggregate Bond Index.

Treasuries include other government related debt. MBS includes other securitized debt.

Abbreviations: TAA - tactical asset allocation; MBS - mortgage-backed securities; IG corporates - investment-grade corporates; TIPS - Treasury inflation-protected securities.

Style box allocations only include domestic allocations.

EQUITY ASSET CLASSES

Taking a Break from Emerging Markets Amid Sell-Off

We continue to favor stocks over bonds based on our expectation for a very strong economic and earnings recovery in 2021, supported by the full reopening of the U.S. economy and massive stimulus. As the economic recovery progresses and interest rates potentially rise, we would expect cyclical value stocks to outperform. Our downgraded view of emerging markets (EM) equities, in favor of the United States, largely reflects increased risk associated with China's regulatory crackdown and heightened geopolitical risk, in addition to bearish technical analysis signals. We maintain our neutral view of developed international equities while awaiting Europe's and Japan's emergence from the pandemic before considering a more positive view.

	Sector	Overall View	Relative Trend	Rationale
Market Capitalization	Large Caps			The relatively greater financial strength enjoyed by most large cap companies helped during the pandemic. But smaller market cap companies tend to perform better during the early stages of economic expansions and bull markets.
	Mid Caps			Mid caps enjoy some of the early cycle characteristics of small caps, and therefore, should perform well as a more durable recovery develops. We believe mid cap stock valuations are more attractive than those of small caps in general.
	Small Caps			Our small cap view is positive, supported by the early-stage bull market and economic expansion. Small cap earnings estimates continue to rise, supporting valuations which appear reasonable based on strong earnings growth prospects through 2022.
Style	Growth			We believe growth stocks will continue to garner support from strong earnings trends. However, demand for growth stocks may wane going forward if interest rates rise—as we expect—and the economy fully reopens.
	Value			We expect cyclical value stocks to outperform growth-style stocks as the economic recovery continues and interest rates potentially rise, supporting financial stocks. We believe value stocks are overly discounted relative to growth stock valuations. We expect the headwinds from falling interest rates and ongoing Delta COVID-19 variant uncertainty that have pressured value stocks recently to soon begin to abate.
Region	United States			We see solid gains for U.S. stocks in 2021, but the gap between U.S. and developed international stocks is narrow in our view. Developed international stocks may have a realistic chance of outperforming U.S. stocks if value stocks lead.
	Developed International			We maintain our neutral view of developed international equities while awaiting Europe's and Japan's emergence from the pandemic. Renewed strength in the value style and a weaker U.S. dollar are possible catalysts for improved international stock performance. Valuations relative to U.S. stocks remain very attractive.
	Emerging Markets			Our downgraded view of EM equities largely reflects increased risk from China's regulatory crackdown and heightened geopolitical risk, in addition to bearish technical analysis signals. While valuations remain attractive, EM's diminished economic growth advantage relative to the developed world lessens the appeal.

Trend is measured by relative performance of the index for the past 12 months, minus the most recent month, compared to the other indexes in a particular sector or asset class grouping.

EQUITY SECTORS

Continue to Favor Cyclical Sectors over Defensives

We increasingly favor economically sensitive "cyclical" sectors for the rest of 2021 based on the early cycle stage of the economic expansion and bull market and near-fully reopened economy. Specifically, we recommend overweighting cyclical value sectors (financials, industrials, energy and materials) that we believe are best positioned for accelerating economic growth and rising interest rates, along with benchmark-like exposure to the pandemic "winners" on the growth side (communication services, consumer discretionary, and technology). We remain underweight defensive value sectors including consumer staples, healthcare, and utilities.

	Sector	Overall View	Relative Trend	S&P Wgt	Rationale
Cyclical	Materials			2.6	Strong economic growth outlooks in the United States and China and prospects for infrastructure spending are supportive. Strong earnings season, dollar weakness, and higher industrial metal prices could spark a reversal after recent weakness.
	Energy			2.5	Our positive energy sector view reflects improving demand as the economy fully opens, our technical analysis that suggests near-term upside for oil prices, and the potential for energy stocks to play catch-up to the commodity price. Supply overhang may curb gains.
	Industrials			8.4	One of the biggest beneficiaries of the global economic reopening. Prospects for infrastructure spending offer upside. After early year weakness, earnings are starting to pick up, offsetting elevated valuations.
	Communication Services			11.2	As the market potentially shifts away from the stay-at-home winners, and the regulatory environment potentially toughens, this growth-oriented, digital media-heavy sector may struggle. Reasonable valuations and technical analysis trends are supportive. Modest negative bias.
	Consumer Discretionary			12.1	Historically strong early-cycle performer. E-commerce boom, strong housing market, and excess consumer savings support our neutral view despite rich valuations. Further recovery in hospitality, travel, and leisure will help. Big upside surprises this earnings season.
	Technology			27.8	We expect the market to favor reopening sectors in the second half, and rotate away from "stay-at-home," "work-from-home" pandemic winners such as technology. Solid fundamentals and fair valuations may mitigate downside risk. Boost from falling interest rates may be short-lived.
	Financials			11.0	Positive view is based on accelerating economic growth, potential rising interest rates/ steepening yield curve, higher shareholder payouts, reasonable valuations, and our expectation that tepid loan demand is poised to improve in the second half.
Defensive	Utilities			2.5	Valuations are reasonable and more green energy spending may help boost growth, but the market's preference for cyclical stocks is a headwind and the sector carries interest rate risk. Favor real estate among defensives.
	Healthcare			13.5	The sector is more of a mid-to-late-cycle play, but recent performance suggests markets are becoming more interested in the space. Policy risk may have been overly discounted by the market. Long term, healthcare-spending growth and demographics are attractive. Low valuations should enhance long-term returns.
	Consumer Staples			5.8	Historically a poor, relative performer early in economic cycles as a defensive sector. Rising interest rates don't help, given the sector's attractive yields. Some staple companies could potentially get squeezed by rising wholesale prices. Chance to outperform may have to wait for an eventual market correction.
	Real Estate			2.6	Technical analysis trends, benefits of reopening, and healthy credit markets are supportive, but mixed sector fundamentals and interest rate sensitivity suggest caution.

Because of its narrow focus, specialty sector investing, such as healthcare, financials, or energy, will be subject to greater volatility than investing more broadly across many sectors and companies.

FIXED INCOME

Limit Rate Sensitivity With Intermediate Focus

We suggest a blend of high-quality, short-to-intermediate bonds in tactical portfolios. We think the 10-year Treasury yield can still end the year between 1.75%—2.00% as economic activity, while uneven, continues to improve as the economy re-opens. Compensation for longer-maturity, rate-sensitive bonds remains unattractive, in our view, supporting our positive view of MBS. We still see incremental value in corporate bonds over Treasuries, but credit spreads have little room for further tightening.

We favor **municipal bonds** as a high-quality option for taxable accounts, although valuations relative to Treasuries remain elevated. Additionally, for appropriate investors, **high yield municipal bonds** offer an attractive tax-equivalent yield. Federal stimulus and prospects of higher personal tax rates provide support to muni markets.

		Low	Medium	High	Rationale
Positioning	Credit Quality		●		Credit spreads remain elevated, but the economic outlook may be supportive.
		Short	Int.	Long	
	Duration	●			Concerns over rising interest rates with the prospects of a global economic recovery increase interest-rate risk.
		Neg.	Neutral	Pos.	Rationale
Sectors	U.S. Treasuries	●			Yields have traded lower recently but we expect yields to eventually increase from current levels. Yield spreads to international sovereigns remain attractive. Inflation breakeven rates leave TIPS fairly valued.
	MBS			●	Fed buying is supportive and refinancing and prepayment are slowing. MBS may provide some resilience if rates rise. Valuations have improved recently so may attract additional buyers soon.
	Investment-Grade Corporates		●		Risks have tempered as economy improves and vaccine deployment progresses. Leverage metrics have increased, but cash levels are high. Interest-rate sensitivity has increased. Tight credit spreads limit attractiveness.
	Preferred Stocks		●		Higher credit quality among the riskier fixed income options. Bank fundamentals sound overall. Can be rate sensitive but may be able to tolerate gradual increases.
	High-Yield Corporates	●			Valuations have grown rich versus history but fundamentals remain sound. More attractive for income-oriented investors. We believe equities have more upside and high-quality options may be better diversifiers.
	Bank Loans		●		Economic environment supportive and better sector mix than high yield. Economic acceleration may support demand. Fewer investor protections and illiquidity of individual loans remain concerns.
	Foreign Bonds	●			Rich valuations, interest-rate risk, and potential currency volatility are among the negatives.
	EM Debt		●		Dovish central banks improve the valuation picture and stronger global growth, commodity prices, could be supportive. Valuations are relatively attractive but idiosyncratic risks remain. Liquidity can be an added risk during periods of stress.

Yield spread is the difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. The spread can be measured between debt instruments of differing maturities, credit ratings, and risk. **Bank loans** are loans issued by below investment-grade companies for short-term funding purposes with higher yield than short-term debt and involve risk. For the purposes of this publication, **intermediate-term bonds** have maturities between 3 and 10 years, and short-term bonds are those with maturities of less than 3 years.

All bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price. **Corporate bonds** are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate, and credit risk, as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features. Investing in **foreign and emerging market debt (EMD)** securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards. **High-yield/ junk bonds** are not investment-grade securities, involve substantial risks, and generally should be part of the diversified portfolio of sophisticated investors. **Municipal bonds** are subject to availability, price, and market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Federally tax-free but other state and local taxes may apply. **Mortgage-backed securities (MBS)** are subject to credit, default, prepayment risk that acts much like call risk when you get your principal back sooner than the stated maturity, extension risk, the opposite of prepayment risk, market and interest rate risk.

COMMODITIES

Positive Industrial Metal and Crude Outlooks But Near-Term Upside May Be Limited

Our view of **industrial metals** is positive, reflecting the strong economic growth outlooks in both the U.S. and China and prospects for more infrastructure spending. We expect prices in the second half to get a lift from a potentially weaker U.S. dollar, though our technical analysis work suggests the dollar may be range-bound in the near term and an upside for industrial metals may be limited. Copper remains in an intermediate-term uptrend.

Our **precious metals** view is neutral. The strong economic outlook presents a headwind for defensive assets while cooling inflation fears have likely reduced demand for precious metals. However, lower interest rates are supportive, technical analysis conditions are stable, and a potential break lower in the U.S. dollar provides a possible catalyst.

Our **crude oil** outlook remains positive due to the improved global demand outlook as more of the global economy reopens and travel activity increases. Our technical analysis work indicates that the trend in crude oil is neutral if prices are below $77 per barrel, so we will be watching closely for a potential bullish breakout above that level. Our primary concern is on the supply side, as higher prices could lead to increased U.S. shale production, while more OPEC+ (including Russia) production is coming.

ALTERNATIVE INVESTMENTS

Summer Doldrums

Alternative Investment performance was rather lackluster in July, with negative performance across all sub strategies except the HFRX Equity Hedge Index (+ 0.46% in July). Event-driven funds, our preferred alternative investment strategy, underperformed during the month with a loss of 1.71%. Existing deal spreads widened moderately as the collapse of a large insurance broker merger alarmed the industry of the potential for an increase in regulatory scrutiny going forward. While this was a difficult month, we maintain a positive view on the strategy and our three main tailwinds for the industry— including high corporate cash balances, low borrowing rates, and the private equity industry's dry powder—remain in place. Year-over-year deal flow continues to experience an incredible recovery, providing active managers with a strong pipeline of deals to choose from while reducing industry concentration in specific transactions.

Outside of the event-driven space, we have an increasingly positive view on managed futures and long/short equity. An increase in prices across a large swath of the commodity complex has supplemented gains in the equity and credit market allocations for many managed futures strategists. While the growth style has recently begun to once again outperform value, year-to-date performance has been more balanced between the two. This has diminished the negative impact of the industry's value tilt and provided a more attractive environment for short exposure.

IMPORTANT DISCLOSURES

This material has been prepared for informational purposes only, and is not intended as specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors and they do not take into account the particular needs, investment objectives, tax and financial condition of any specific person. To determine which investment(s) may be appropriate for you, please consult your financial professional prior to investing. Any economic forecasts set forth may not develop as predicted and are subject to change.

Stock investing involves risk including loss of principal. Because of their narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies. Value investments can perform differently from the market as a whole and can remain undervalued by the market for long periods of time. The prices of small and mid-cap stocks are generally more volatile than large cap stocks. Bonds are subject to market and interest rate risk if sold prior to maturity.

Bond values will decline as interest rates rise and bonds are subject to availability and change in price. Corporate bonds are considered higher risk than government bonds. Municipal bonds are subject to availability and change in price. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply. U.S. Treasuries may be considered “safe haven” investments but do carry some degree of risk including interest rate, credit, and market risk. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. Mortgage-backed securities are subject to credit, default, prepayment, extension, market and interest rate risk.

Credit Quality is one of the principal criteria for judging the investment quality of a bond or bond mutual fund. Credit ratings are published rankings based on detailed financial analyses by a credit bureau specifically as it relates the bond issue’s ability to meet debt obligations. The highest rating is AAA, and the lowest is D. Securities with credit ratings of BBB and above are considered investment grade. Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. It is expressed as a number of years.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor’s portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

Commodity-linked investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities baskets as well as weather, geopolitical events, and regulatory developments. The fast price swings in commodities and currencies will result in significant volatility in an investor’s holdings.

Investing in foreign and emerging markets securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks. All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy.

Earnings per share (EPS) is the portion of a company’s profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company’s profitability. Earnings per share is generally considered to be the single most important variable in determining a share’s price. It is also a major component used to calculate the price-to-earnings valuation ratio.

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, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

All index data from FactSet.

For a list of descriptions of the indexes referenced in this publication, please visit our website at lplresearch.com/definitions.

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