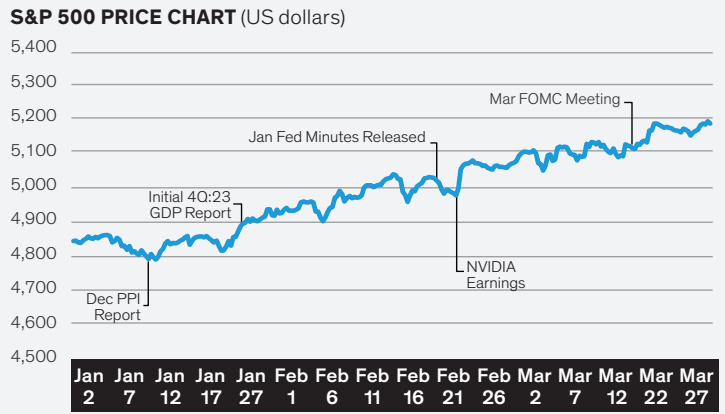


The Manifestation of Hope: Most Major Equity Indices Rallied to All-Time Highs On the Back of Strong Economic Data and Artificial Intelligence Momentum

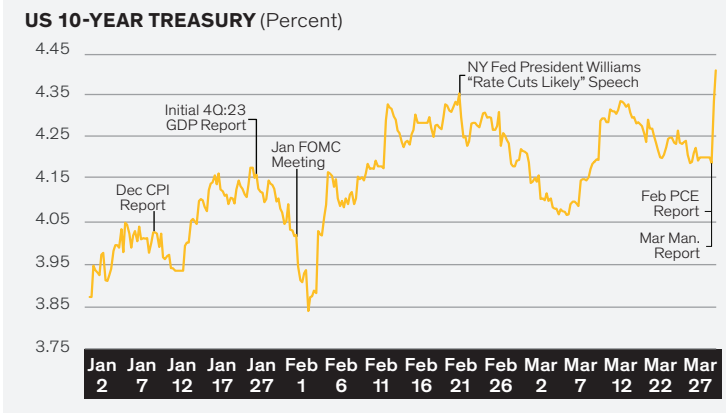
During the first quarter, the S&P 500 simply went up and to the right. All news was ultimately interpreted as good news, even traditionally “bad” news. Outside macroeconomic events, artificial intelligence also pushed markets higher, as NVIDIA largely served as the tail that wagged the dog.



Past performance does not guarantee future results. | Returns are price returns; event dates are approximate. | PPI: Producer Price Index | FOMC: Federal Open Market Committee | As of March 31, 2024 | Source: Bloomberg, LPL Financial, S&P and AB

The Manifestation of Fear: The “Higher For Longer” Narrative Resurfaced After Stronger Than Expected Macro Data Surprised Markets

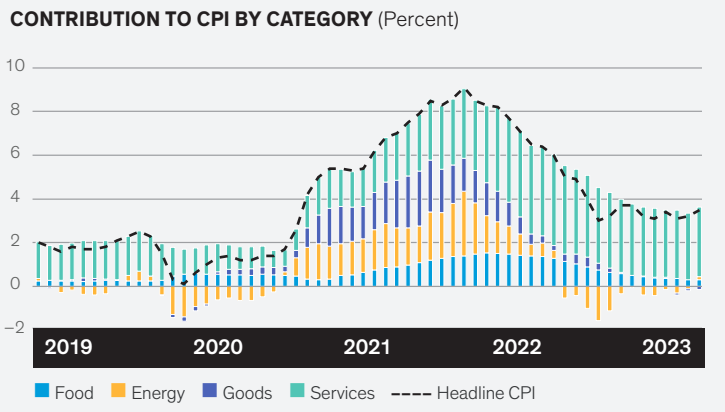
Conversely, virtually all macro variables pushed rates higher due to fears of the economy being “too strong” and inflation being more persistent than expected. However, even after the first quarter’s move higher, we remain below the highwater mark set last fall.



Past performance does not guarantee future results. | Event dates are approximate. | PCE: Personal Consumption Expenditures Price Index | ISM: Institute for Supply Management index | As of March 31, 2024 | Source: Bloomberg and AB

All Roads Lead to Inflation: Growth, Labor Market and CPI Readings Are Being Highly Scrutinized for Signs of a Resurgence

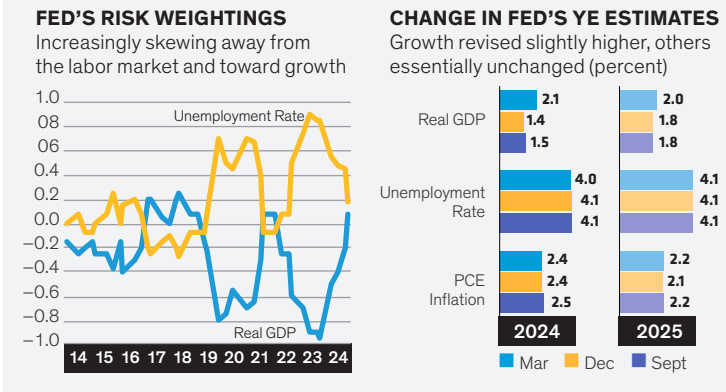
Although inflation has fallen rapidly from its multi-decade highs, the “last mile” has remained more challenged. Even through higher rates, growth expectations have been revised materially higher for the first half of 2024, while the labor market continues to remain tight. Ultimately, robust demand, higher wages and the infamous shelter lag have kept inflation above the Fed’s 2% target. But all hope is not lost...



Current analysis does not guarantee future results. | As of March 31, 2024 | Source: Bloomberg, US Bureau of Labor Statistics and AB

Don’t Miss the Forest for the Trees: Normalization—and Subsequently Rate Cuts—Are Still on the Horizon

...while most macroeconomic variables have “beat” to the upside during the first quarter, if we zoom out and view them in a greater context, the data continues to suggest normalization, not a reacceleration, ahead. This reality has also manifested in the Fed’s expectations... a very soft landing indeed.



Current analysis does not guarantee future results. | YE: year-end As of March 31, 2024 | Source: US Federal Reserve and AB

Richard A. Brink, CFA
Chief Market Strategist

Eric Winograd
Director—Developed Market
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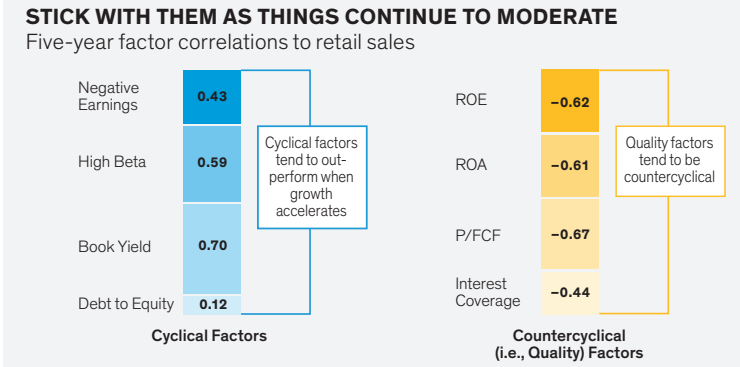
Walt Czaicki, CFA
Senior Investment Strategist—Equities

Daryl Clements
Municipal Portfolio Manager

EQUITIES

Quality Exposures: A Friendly Neighborhood Where Staying Put Is Advised

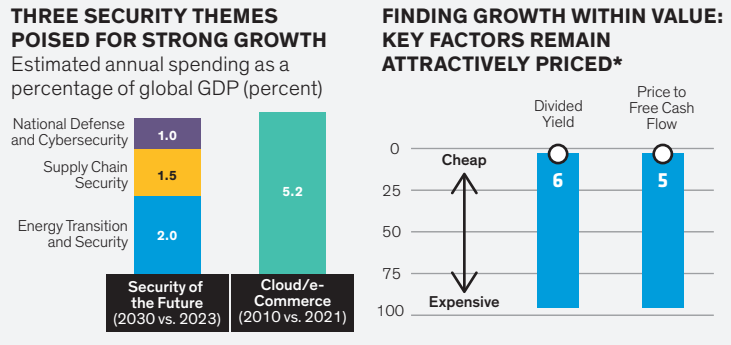
Amid moderating economic growth and heightened valuations, investors would be wise to gravitate toward stocks with higher-quality factors. Our preferred factors have done well year to date—a trend we expect to continue, as they have historically tended to be more countercyclical.



Past performance does not guarantee future results. | ROA: return on assets; ROE: return on equities; P/FCF: price to free cash flow | As of March 31, 2024 | Source: Piper Sandler, S&P and AB

QUALITY GROWTH AND VALUE

While healthcare lagged, it continues to offer durable earnings potential, and a broad range of valuations provides fertile ground for stock selection. Among value equities, persistent underperformance now offers an attractive entry point—particularly in companies poised to generate high free cash flow and solid earnings that are linked to secular trends.



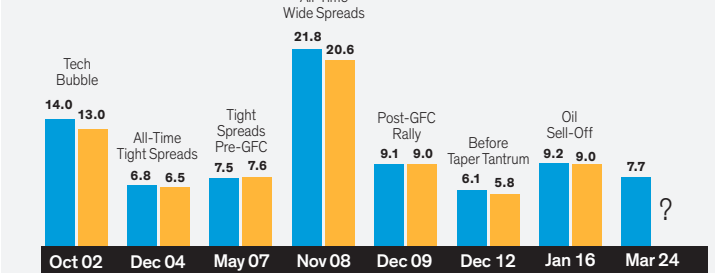
Current analysis does not guarantee future results. | Left display as of December 31, 2023; right display as of February 29, 2024 | Source: Bank of America, Bernstein Research, IEA and AB

FIXED INCOME

Corporate and Municipal Finances Are Generally Healthy, Creating Great Potential for Investors

Credit—specifically high yield—continues to look appealing. The level of yield is highly predictive of returns in the forward five years. As we move toward normalization, high yield represents a compelling risk-adjusted opportunity inside equity portfolios.

YIELD TO WORST HAS HISTORICALLY BEEN A STRONG PREDICTOR OF FUTURE RETURNS (Percent)

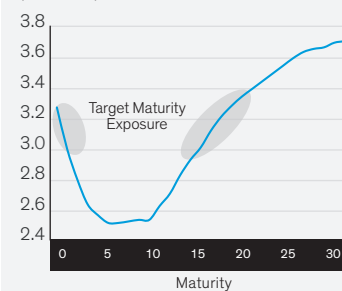


Past performance does not guarantee future results. | High yield is represented by the Bloomberg US Corporate High Yield Index. | GFC: global financial crisis | As of March 31, 2024 | Source: Bloomberg, S&P and AB

MUNICIPAL

Active management can help investors take advantage of an inverted yield curve to help capitalize on high front-end yields and a steeper curve slope in the 12- to 20-year range.

AAA MUNICIPAL YIELD CURVE (Percent)



PORTFOLIO CONSTRUCTION FOR TODAY'S ENVIRONMENT

	Yield to Worst (Percent)	Duration (Years)	2024 Return (Percent)
Barbell	3.6	5.3	-0.2
Concentrated	3.0	5.3	-0.5
Ladder	3.4	5.3	-0.3

*Hypothetical portfolio is calculated using Bloomberg Municipal indices. Barbell is 40% to the one- and three-year indices, and 60% in the 15-year, 20-year and 22+ year muni indices. Concentrated is 100% in the 10-year municipal index. Ladder is equal to 12.5% weights to the one-year through 22-year municipal indices. | As of March 31, 2024 | Source: Bloomberg, Municipal Market Data and AB

A Word About Risk—Market Risk: The market values rise and fall from day to day, so investments may lose value. **Interest-Rate Risk:** Fixed-income securities may lose value if interest rates rise or fall—long-term securities tend to rise and fall more than short-term securities. The values of mortgage-related and asset-backed securities are particularly sensitive to changes in interest rates due to prepayment risk. **Credit Risk:** A bond's credit rating reflects the issuer's ability to make timely payments of interest or principal—the lower the rating, the higher the risk of default. If the issuer's financial strength deteriorates, the issuer's rating may be lowered and the bond's value may decline. **Inflation Risk:** Prices for goods and services tend to rise over time, which may erode the purchasing power of investments. **Derivatives Risk:** Investments in derivative instruments such as options, futures, forwards or swaps can be riskier than traditional investments, and may be more volatile, especially in a down market. **Leverage Risk:** Trying to enhance investment returns by borrowing money or using other leverage tools can magnify both gains and losses, resulting in greater volatility.

The information herein reflects prevailing market conditions and our judgments, which are subject to change, as of the date of this document. In preparing this document, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Opinions and estimates may be changed without notice and involve a number of assumptions that may not prove valid. There is no guarantee that any forecasts or opinions in this material will be realized. Information should not be construed as investment advice.

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