RBC Rochdale

Market Update Webinar

January 29, 2026

Rochdale Speedometers℠ – February 2026

Economic and Financial Indicators That Are Forward-Looking Six to Nine Months

- U.S. growth will likely be strong in the first half of 2026 on elevated government and corporate spending.
- The global growth outlook is positive as recession risk has decreased.
- The Fed may cut rates two to three times this year as labor shows some signs of stabilization as goods inflation subsides.
- Longer-term interest rates are stable, and we expect rate volatility to remain low.
- Corporate earnings are strong and broadening. Tech continues to lead, but other sectors are gaining momentum.
- Consumer spending remains resilient as wage gains show positive trends.
- U.S. stock valuations are historically wide relative to international markets, suggesting an entry point for non-U.S. allocations.

Impact on Economy and Financial Markets

Source: Proprietary opinions based on Rochdale research, as of January 28, 2026. Information is subject to change and is not a guarantee of future results.

Non-deposit investment products: ◆ are not FDIC insured ◆ are not bank guaranteed ◆ may lose value

Economic Forecast

GDP growth estimate raised to 2.0% - 2.5% from 1.75% - 2.25%.

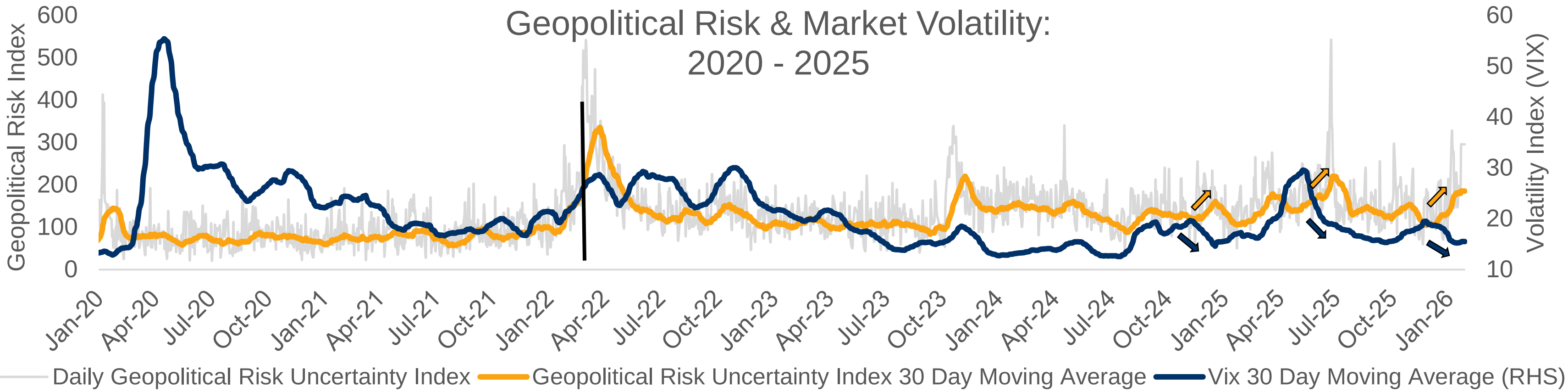
- Near-term GDP growth outlook has improved as recent GDP data surprised to the upside.
- Corporate profits and margins exceeded expectations in 2025 and are expected to be higher in 2026.
- Expectations are for two rate cuts in 2026, possibly a tailwind for markets.
- 10-year Treasury yields are expected to be stable.

		2024	2025		2026	
RBC Rochdale Forecasts		**Actual**	**RBCR (est.)**	**Consensus (est.)**	**RBCR (est.)**	**Consensus (est.)**
Real Annual GDP Growth		2.5%	1.25% -1.75%	1.95%	2.00% - 2.5.%	2.40%
Corporate Profit Growth		9.6%	9.0% - 11.0%	9.96%	11.0% - 13.0%	13.06%
Headline CPI Year End		2.9%	3.00% - 3.25%	2.80%	2.50% - 3.00%	2.86%
Interest Rates	Federal Funds Rate	4.25% - 4.50%	3.50% - 3.75%	3.80%	2.75% - 3.25%	3.25%
Interest Rates	Treasury Note, 10-Yr.	4.57%	3.75% - 4.25%	4.06%	3.75% - 4.25%	4.06%

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
e: estimate. The consumer price index (CPI) measures the monthly change in prices paid by U.S. consumers.
Sources: Bloomberg, proprietary opinions based on Rochdale Research, as of January 28, 2026. Information is subject to change and is not a guarantee of future results.

Geopolitical Risk and Market Volatility

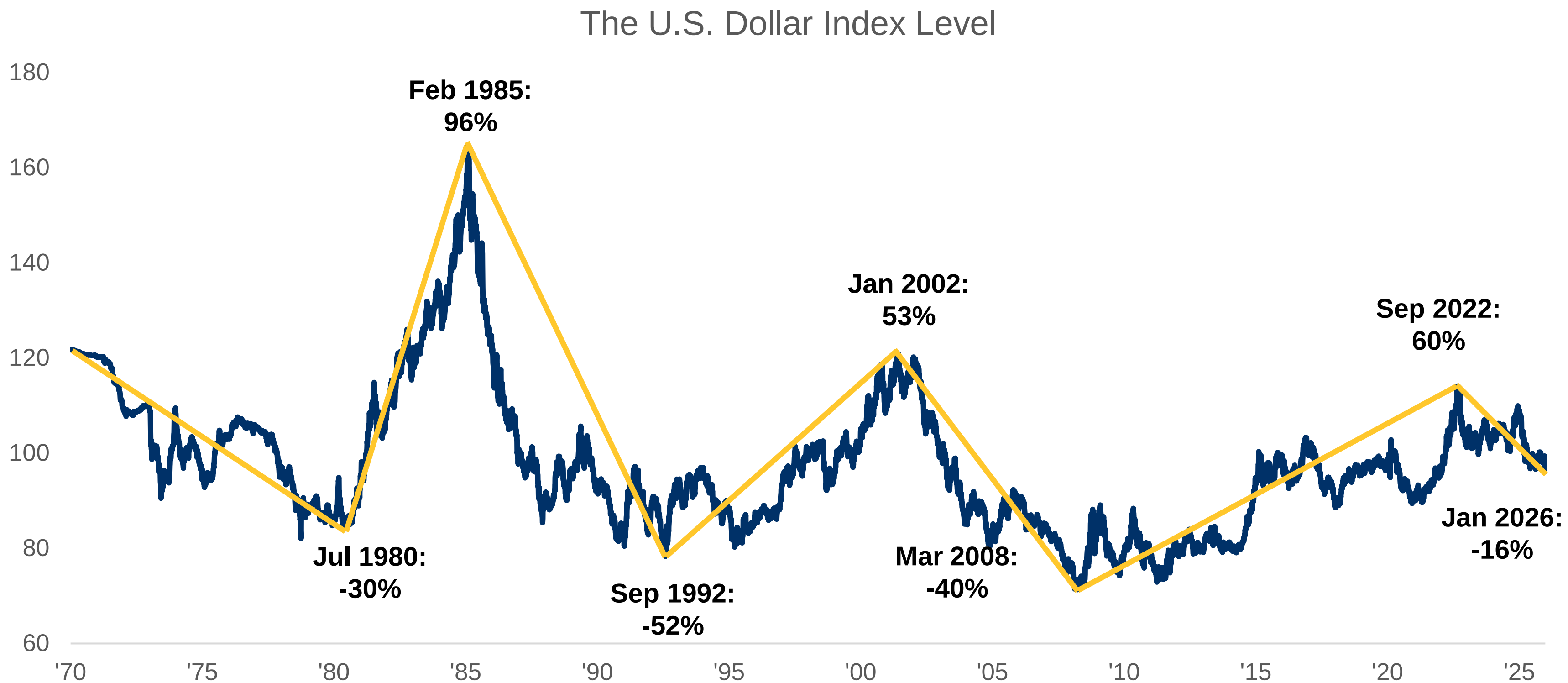
- Geopolitical risk is elevated but has not derailed markets
- Market volatility remains muted as market responses have become less reactionary to geopolitical events



Source: Bloomberg, Federal Reserve Economist Dario Caldara and Matteo Iacoviello as of January 27, 2026.
Information is subject to change and is not a guarantee of future results.

The Cycles of the Dollar

- Since the U.S. exited the gold standard in 1971, the dollar has exhibited clear cyclical patterns, alternating between extended periods of strength and weakness rather than moving in a linear trend.
- These cycle are shaped by a shifting mix of forces – monetary policy and interest rate differentials, trade and capital flows, and relative global growth – each influencing the dollar's trajectory and its relationship with other currencies.



Sources: Bloomberg. As of January 27, 2026. Information is subject to change and is not a guarantee of future results.

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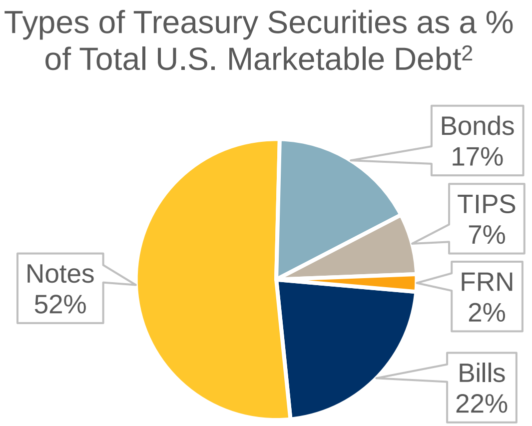
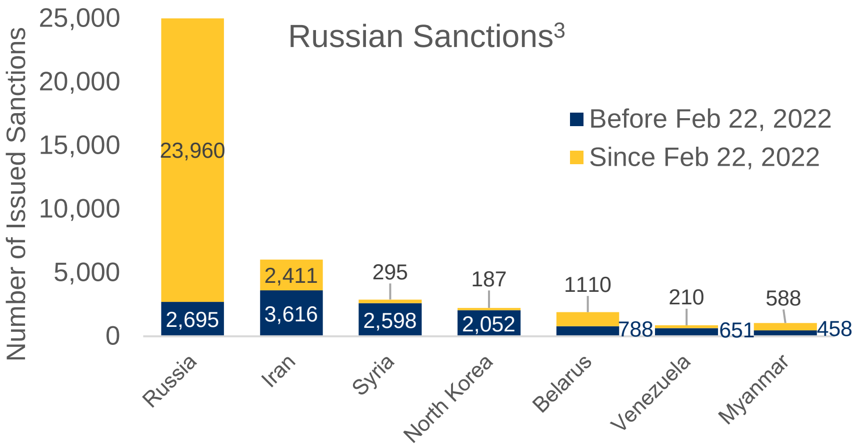
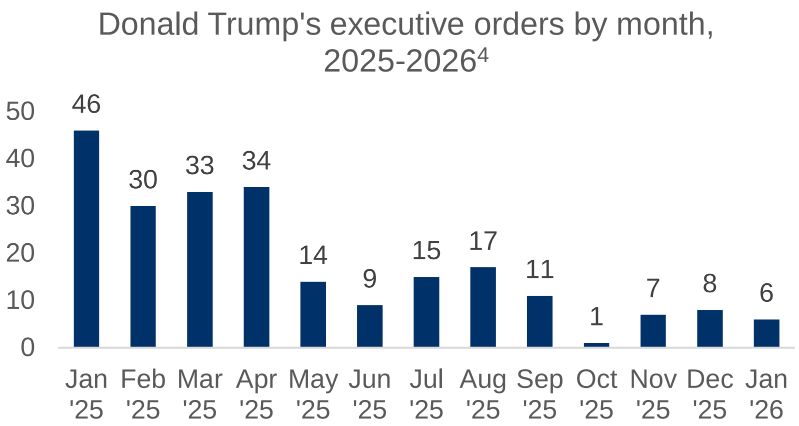
Current Cycle Dollar Drivers

- Recent dollar dynamics reflect a mix of factors that alter trade, capital flows and global reserve behavior.



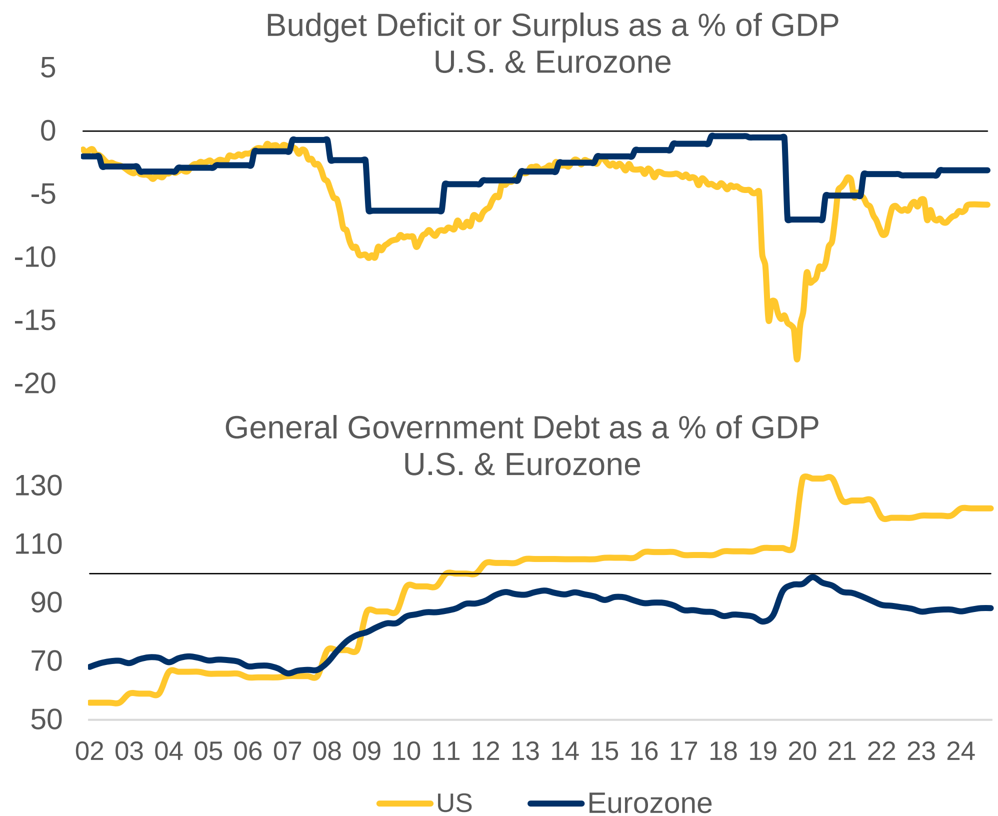




Sources: Bloomberg[1], U.S. Department of the Treasury[2], Castellum.AI[3], Ballott Pedia[4]. Treasury as of January 27, 2026, Castellum.AI as of August 15, 2025. BallotPedia as of January 25, 2026.The Castellum.AI dashboard tracks consolidated Russia sanctions data which is updated quarterly. TIPS are Treasury Inflation Protected Securities. FRN is Floating Rate Notes. Information is subject to change and is not a guarantee of future results.

Paradigm Shift Underway in Global Markets

- Foreign governments are increasing spending with an emphasis on defense and infrastructure
- The capacity for fiscal and monetary stimulus is greater in global markets due to lower rates and smaller debt loads
- Declining U.S. interest rates and a softer dollar have historically driven strong performance in international markets

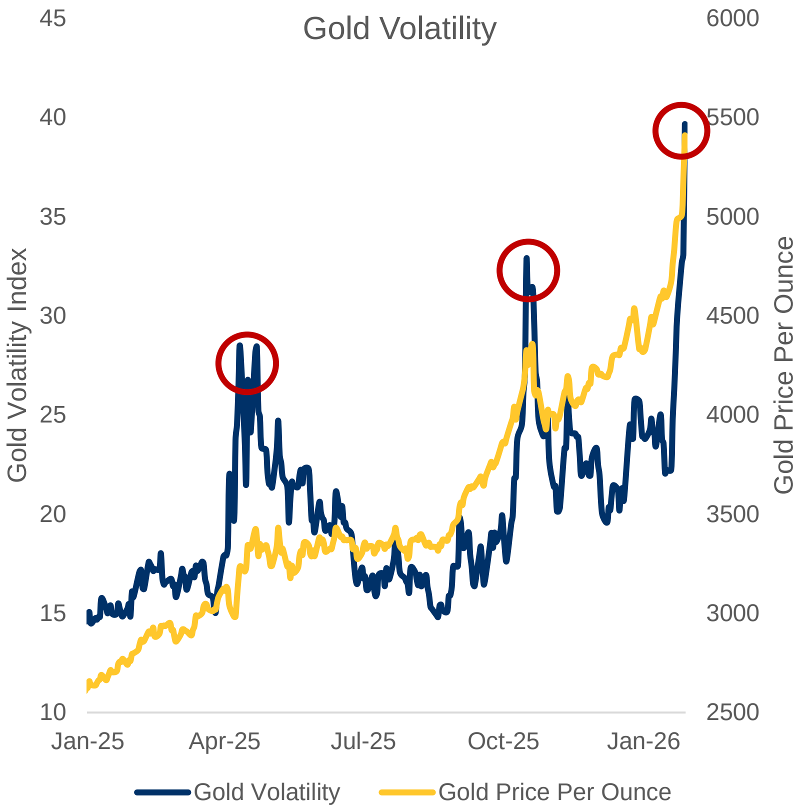


Top 5 Reasons for a Long-Term U.S. — Global Paradigm Shift
Rebalancing of Global Capital Flows U.S. share in global markets at 1970s peak
Superior Valuations and Mean Reversion International valuation discounts look historically attractive
Structural Policy Tailwinds Outside the U.S. Fiscal & monetary flexibility is greater in non-U.S. markets
Weaker Dollar and the Rise of Multipolar Trade Blocs Structural trade deficits, declining real yield advantage deliberate central bank diversification
Sectoral and Structural Advantages Abroad U.S. market remains dominated by mega-cap technology and infrastructure companies

Sources: International Monetary Fund (IMF), Eurostat, U.S. Treasury Rochdale Research as of January 28, 2026.
Information is subject to change and is not a guarantee of future results.

Going for Gold…

- Historically, rising or stable real yields increase the opportunity cost of holding gold, making it less attractive relative to income-producing assets.
- In 2025, that relationship has broken down: real yields remain high, yet gold prices have surged to extremes – without corroborating signals from other markets.

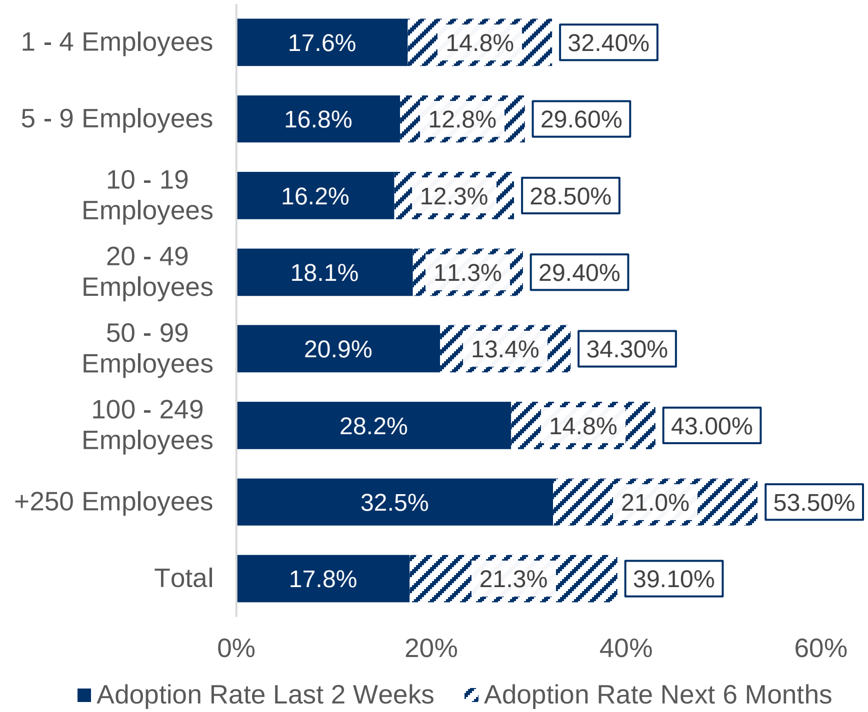


Sources: Bloomberg. As of January 27, 2026. Information is subject to change and is not a guarantee of future results.

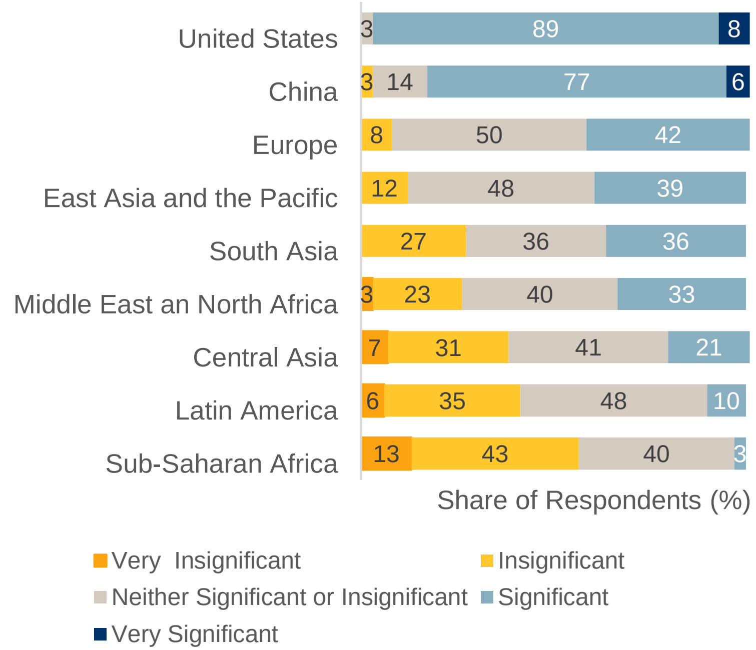
Artificial Intelligence: Adoption & Growth

- Continued AI adoption points to increasing productivity, as firms deploy AI to scale capacity and efficiency.
- The U.S. is expected to adopt AI fastest, but the growth impulse goes beyond the U.S., supporting global expansion.

AI Adoption by Business Size in Any Business Function:
Last Two Weeks & Next 6 Months



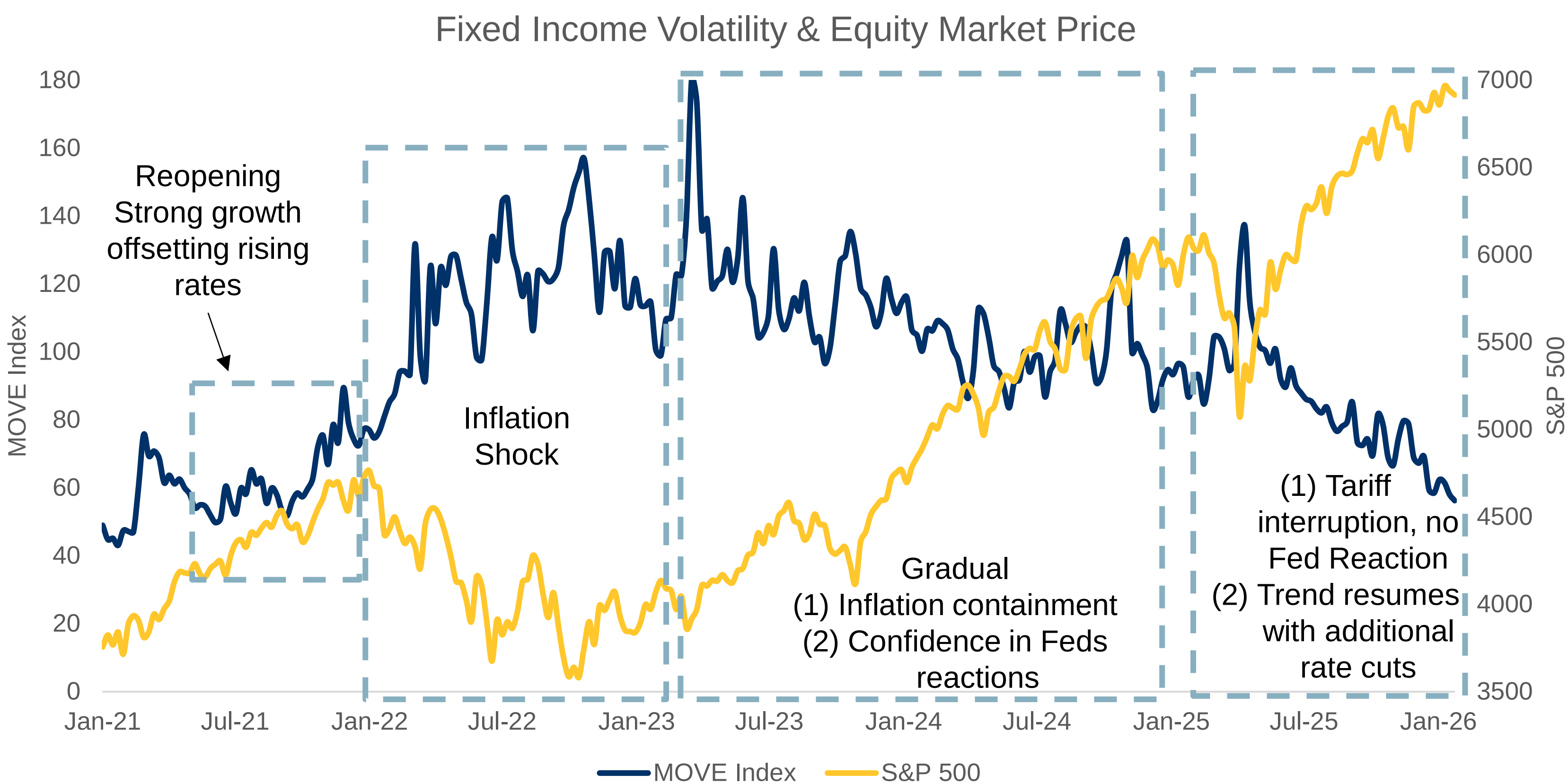
World Economic Forum Chief Economists' Survey: Looking at the next 2 years, how significant will the direct impact of AI-related investments be on growth (i.e. from data centers, energy infrastructure) in the following geographies?



Source: Bloomberg, U.S. Census Bureau, World Economic Forum (WEF) Chief Economists' Survey. AI adoption as of January 11, 2026, WEF as of November 2025. In December 2025 the U.S. Census Bureau changed the question for AI adoption from producing goods to use of AI in any business function. Information is subject to change and is not a guarantee of future results.

Rate Clarity Matters for Market Performance

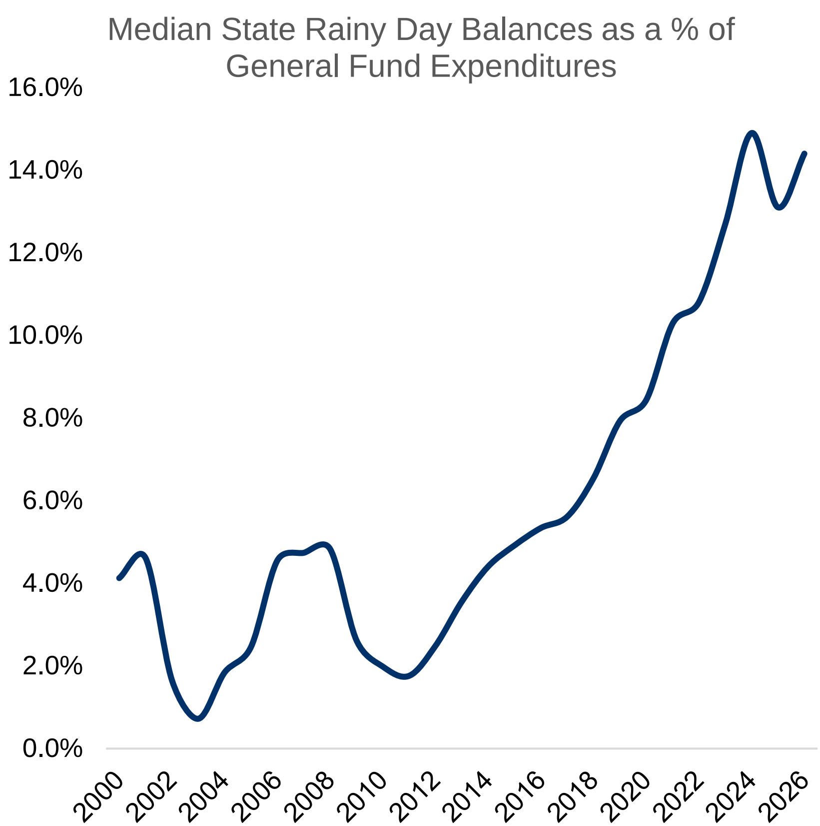
Bond market uncertainty, expressed as interest rate volatility and measured by the MOVE index, constrains market performance. When the path of interest rates is clear, the equity market tends to respond favorably.

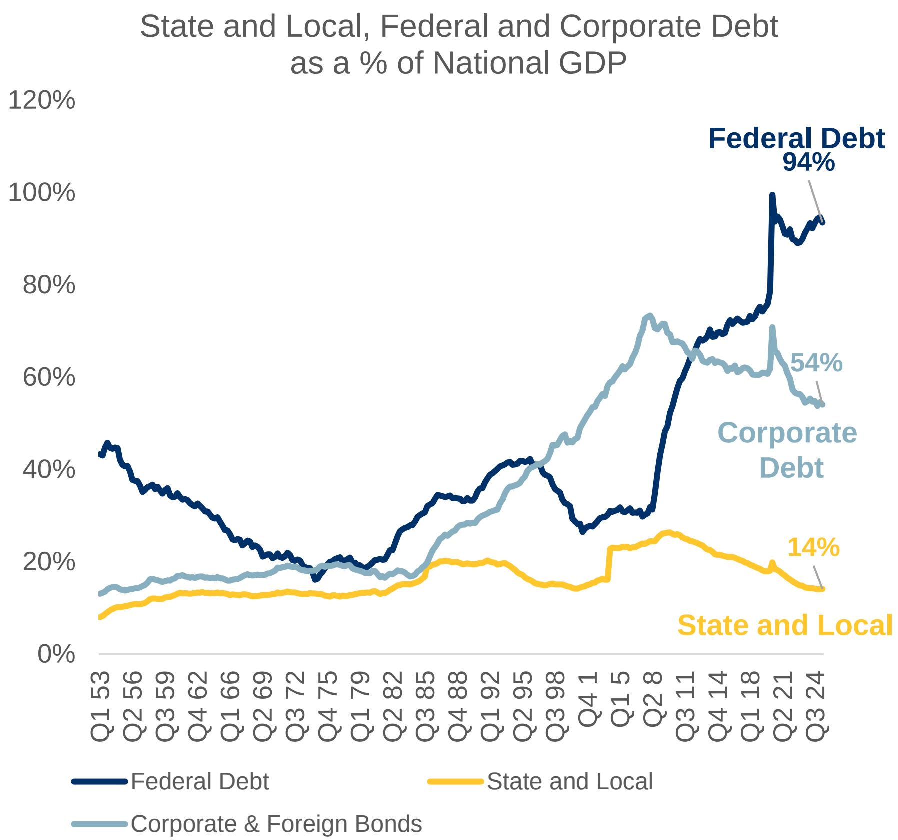


Sources: Bloomberg, Bank of America, as of January 27, 2026.
Information is subject to change and is not a guarantee of future results.

Municipal Credit Has a Cushion

Elevated rainy-day reserves and conservative leverage provide state and local governments with meaningful shock-absorption capacity, supporting municipal credit quality despite a more uncertain macro backdrop.





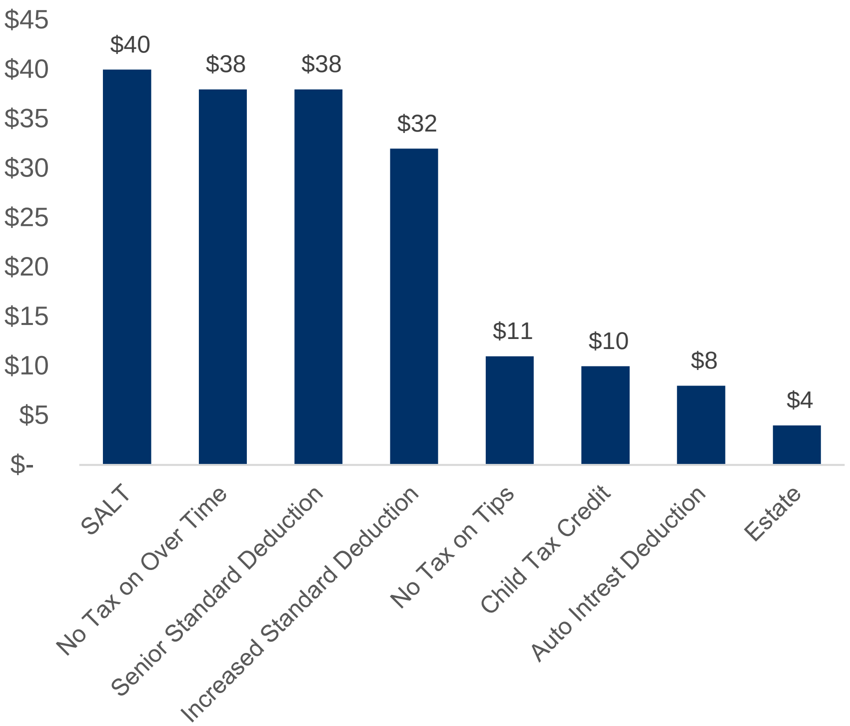
Source: Bloomberg, Federal Reserve, RBC Rochdale
As of January 27, 2026. Information is subject to change and is not a guarantee of future results.

Non-deposit investment products: ◆ are not FDIC insured ◆ are not bank guaranteed ◆ may lose value

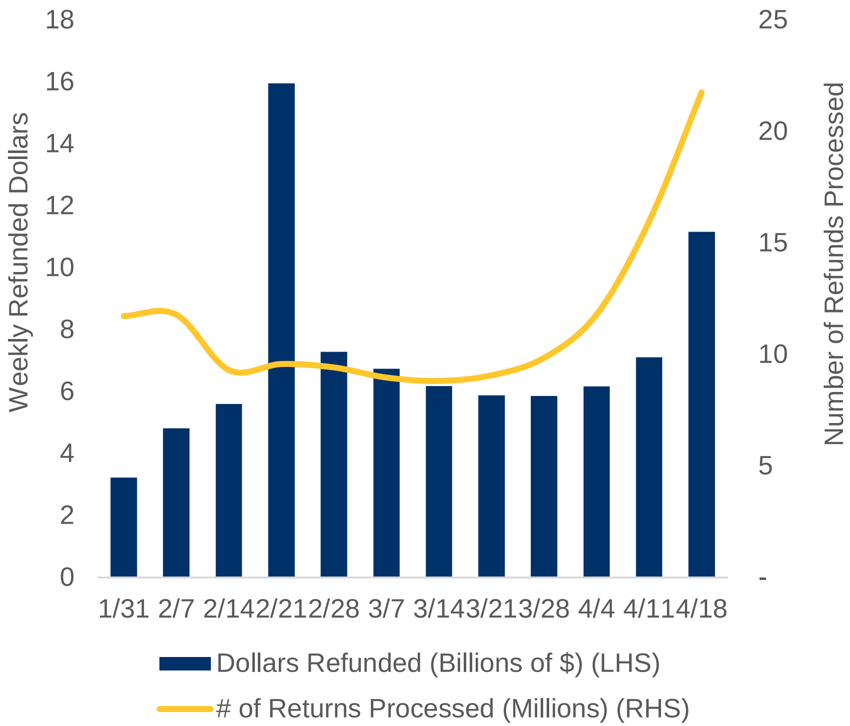
Consumers "Pass Go" as Tax Refunds Boost Cash Flow

- We expect larger tax refund tailwinds in Q1 and early Q2 this year on larger anticipated tax refunds, primarily for lower income consumers. The average refund for tax year 2024 was $3,052, this year it is expected to be roughly $3,800.
- Lower income consumers started seeing higher paychecks this month with no taxes on tips and over time.

2026 Consumer Tax Stimulus
Billions of Dollars



Total Weekly Refunds & # of Returns
(2025 Tax Filing Season)



Source: RBC Rochdale, IRS, WOLFE Research and, The Tax Foundation
As of January 28, 2026. Information is subject to change and is not a guarantee of future results.

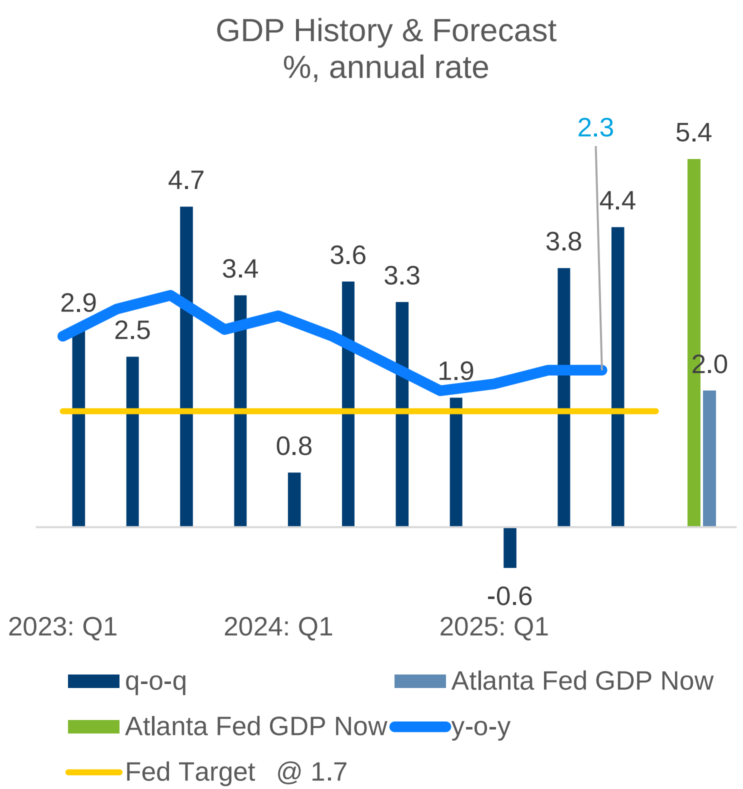
Key Takeaways

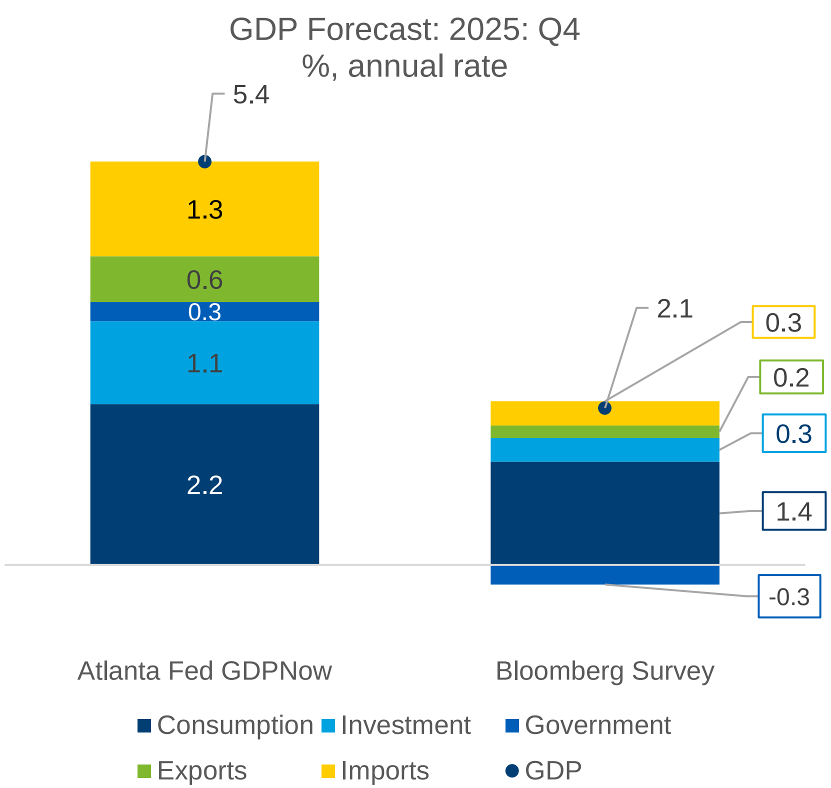
- The U.S. economic backdrop remains positive, with growth holding up, inflation moderating, and rate volatility easing as policy paths become clearer.
- Geopolitical and policy risks remain elevated, but markets have become less reactive, suggesting improved shock absorption.
- The dollar goes through cycles and is increasingly influenced by strategic forces, including geopolitics, reserve behavior, and U.S. financing choices—not just rates.
- A global rebalancing is underway, supported by stronger fiscal capacity, attractive valuations, and structural policy tailwinds outside the U.S.
- Asset signals are in conflict: equities benefit from rate clarity and AI-driven productivity, while gold's surge reflects stress signals not yet confirmed elsewhere.
- Growth may get a bump over Q1 2026, driven by tax refunds and continued strong spending.

Source: RBC Rochdale as of January 28, 2026.
Information is subject to change and is not a guarantee of future results.

Economic Growth Remains Strong

- Economic growth has been, and remains, strong due to robust consumer spending.
- There is a large divergence in estimates for Q4 growth, due in part to the lack of data from the shutdown.
- The GDP report will be released about three weeks late, on February 20th.

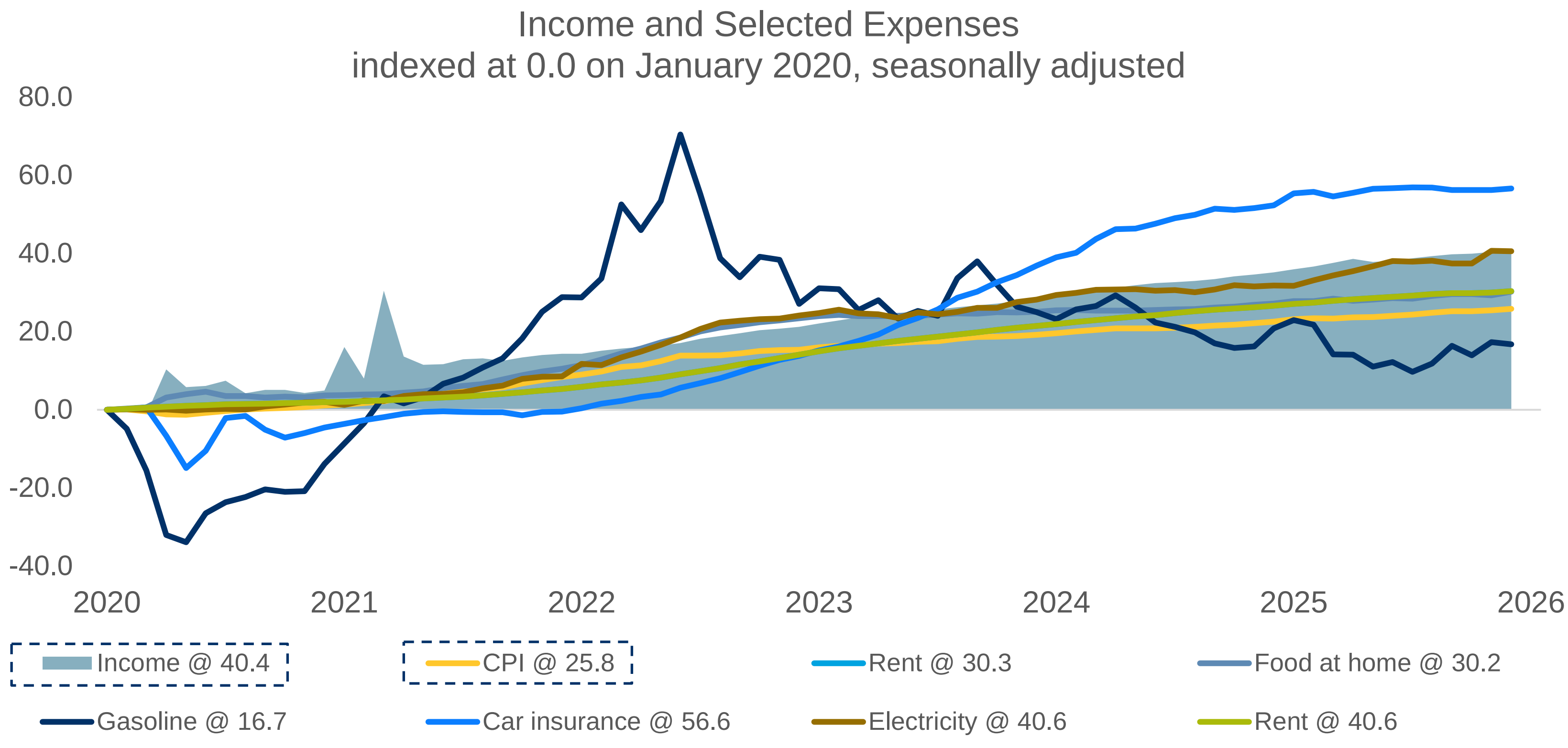




Data current as of January 28, 2026
Source: Bureau of Economic Analysis, Federal Reserve Bank of Atlanta, Bloomberg Survey of Forecasts
Information is subject to change and is not a guarantee of future results

Wages Outpace Broader Inflation

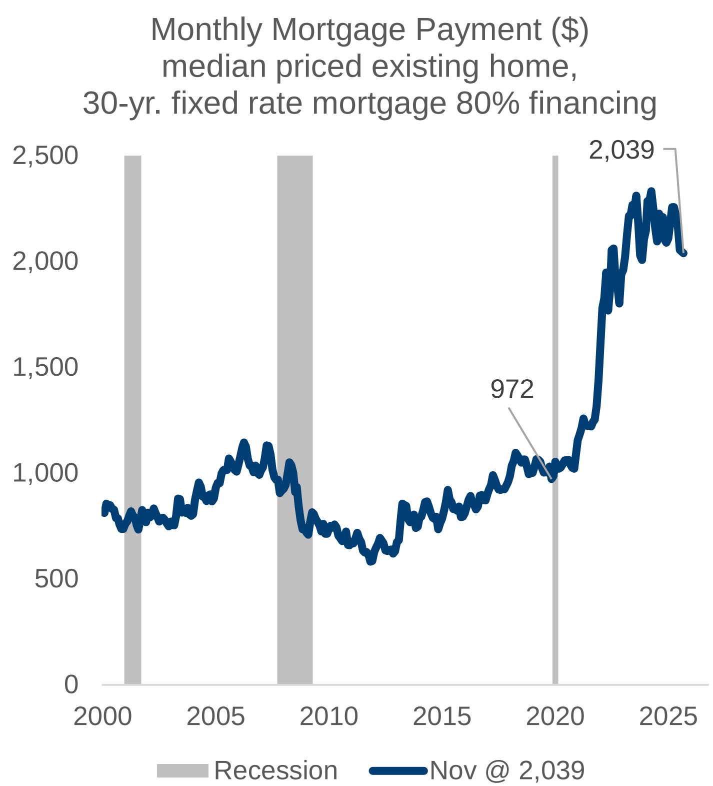
- Polls show that consumers are concerned about high prices and the cost of living.
- The perception is that most goods have risen, squeezing disposable income, but on average income gains have exceeded the broader rise in inflation of most items.

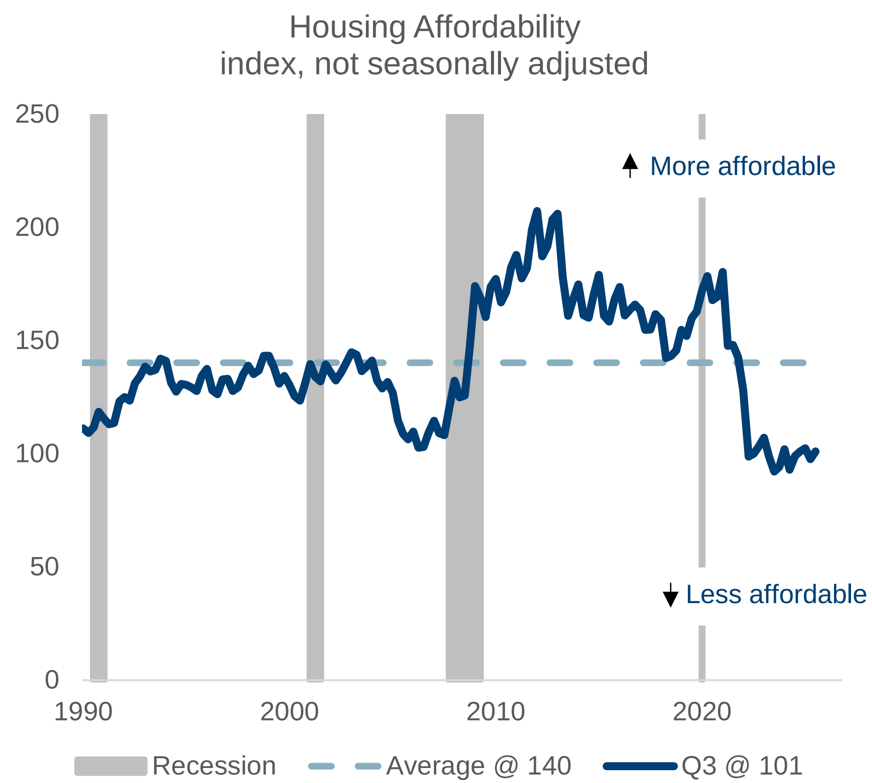


Data current as of January 28, 2026
Source: Bureau of Economic Analysis, Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results

Housing Affordability is an Issue

- The cost of home ownership has become a bigger problem for millions of Americans
- Home prices are up more than 50% since before the pandemic.
- Housing affordability (price of home, mortgage rate, and income) is near record lows





Data current as of January 28, 2026
Source: Bureau of Economic Analysis, Bureau of Labor Statistics
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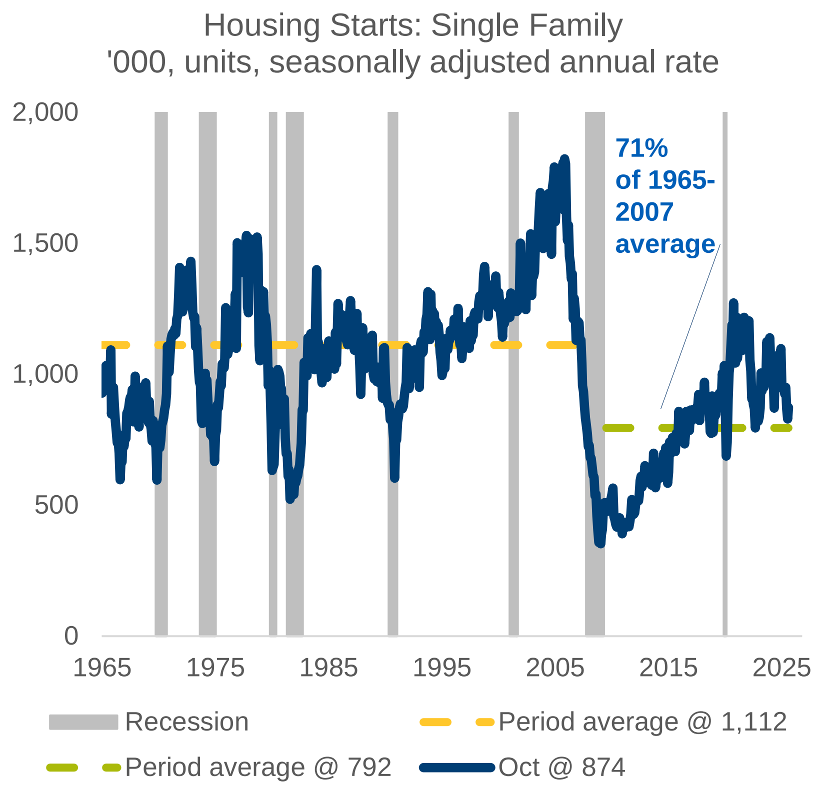
Housing Affordability is an Issue

- The president has promised “some of the most aggressive housing reform plans in American history."
- The administration is working on options to improve housing affordability.
- They are discussing policies across the spectrum of federal, state, and local issues.



The announced actions:

- Housing agencies have been instructed to purchase $200 billion in mortgage bonds.
- The idea of a 50-year mortgage has been proposed.
- Proposed banning of large investors from buying single-family homes
- Set up a task force to investigate opening federal lands for development; they own about 28% of all U.S. land.

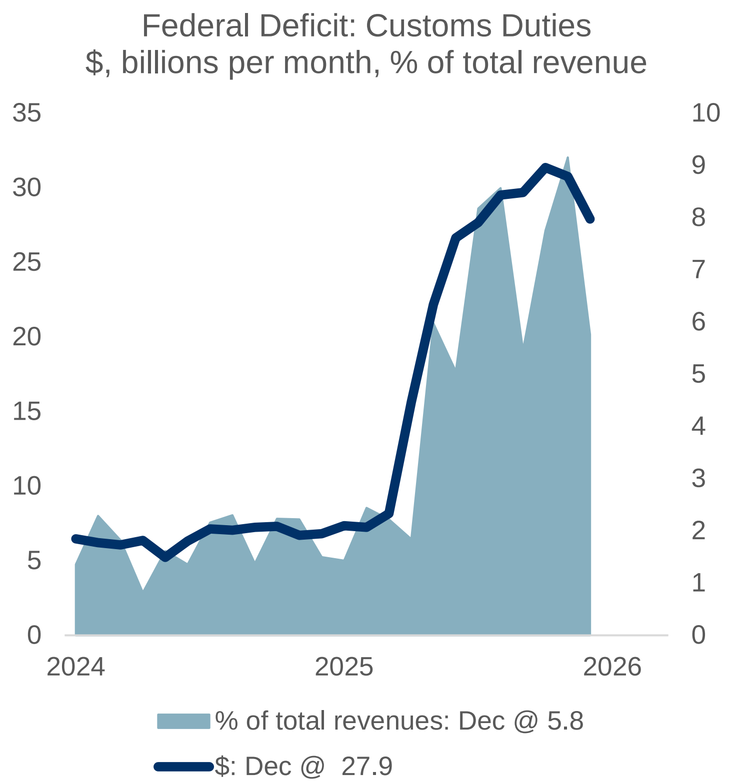
But the lack of supply is due to local issues.

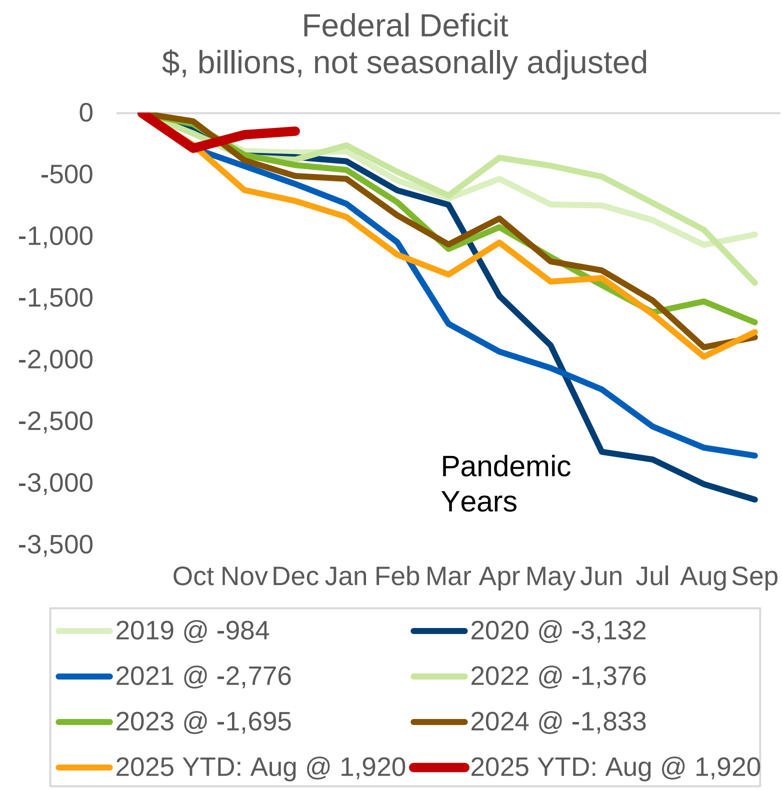
- Land use regulations are controlled at the local level,
- There are more than 33,000 jurisdictions that are managed by city and county planning departments or zoning boards, which are protected by the Constitution.

Data current as of January 28, 2026
Source: U.S. Census Bureau
Information is subject to change and is not a guarantee of future results

Federal Debt: An Improving Story

- Tariffs have contributed significantly to federal coffers.
- In the past six months, they have averaged about $30 billion per month.
- It has changed the growth trajectory of the federal deficit.



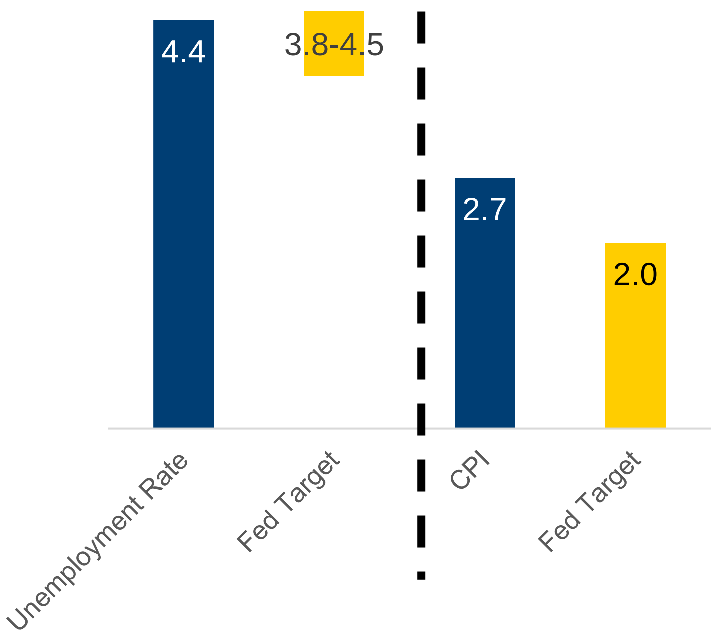


Data current as of January 28, 2026
Source: U.S. Treasury
Information is subject to change and is not a guarantee of future results

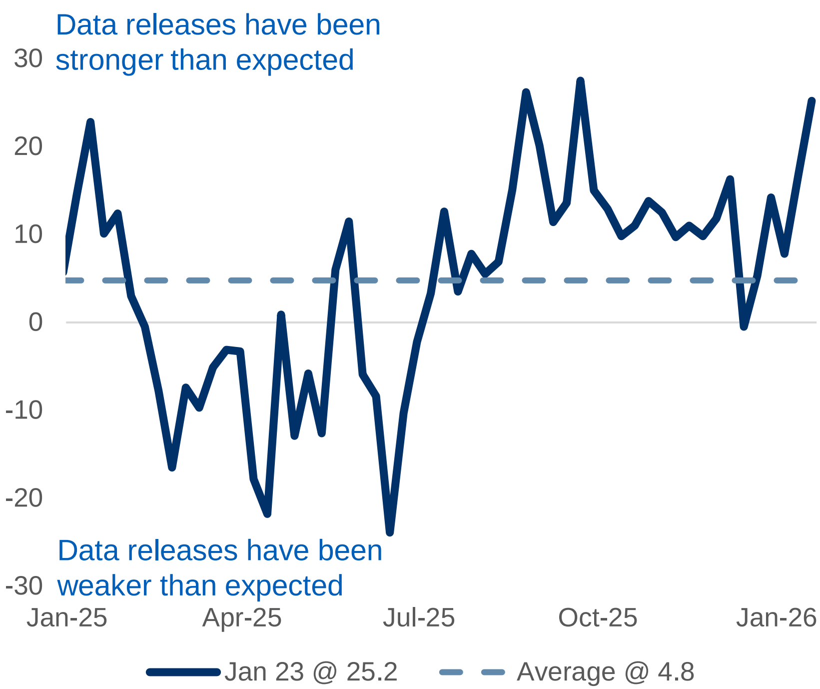
The Economy is in a Good Place

- The economy appears to be firing on all cylinders.
- The unemployment rate is within the range of the Fed's goal, as inflation is trending downward and slightly above target.
- Recent economic data has come in stronger than market expectations.

Economic Indicators and The Fed's Target (%)



Economic Suprise Index not seasonally adjusted

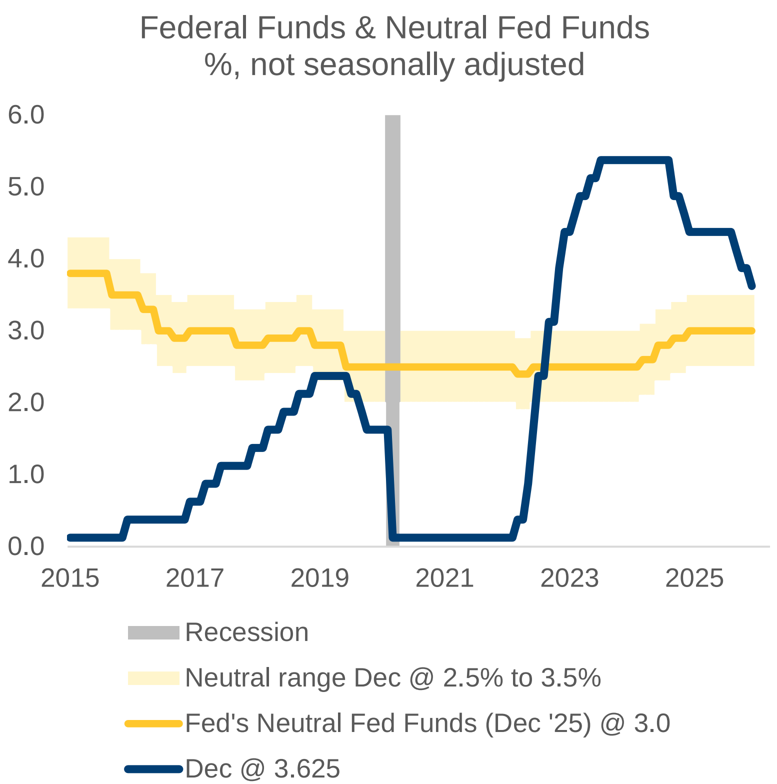


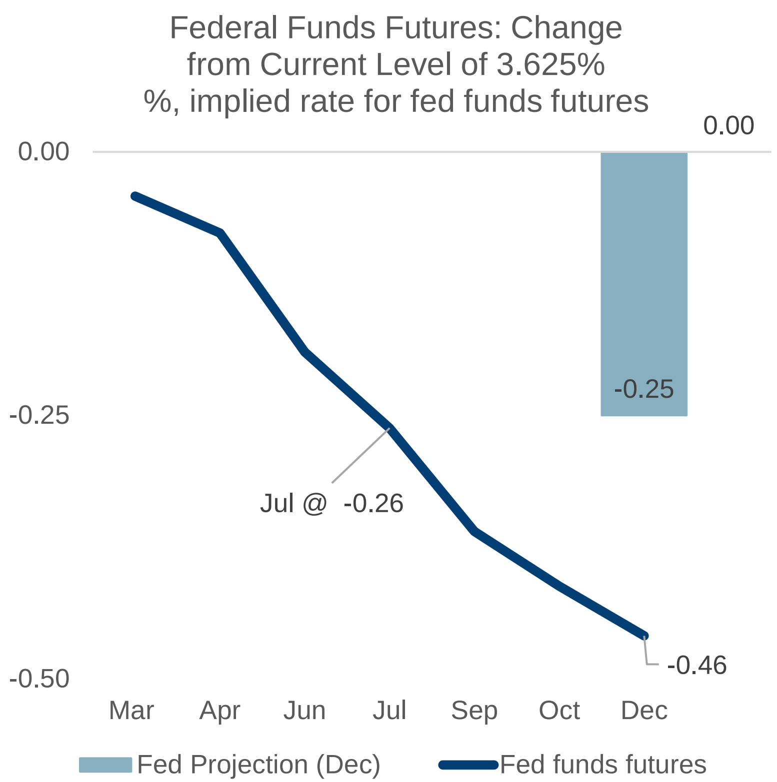
Data current as of January 28, 2026
Source: Federal Reserve, Bureau of Labor Statistics, Citibank (Citivelocity.com)
Information is subject to change and is not a guarantee of future results

The Fed is on Hold for Now

The market has a more dovish view on interest rates compared to the Fed.

- The Fed has moved monetary policy to a relatively neutral stance from a restrictive one.
- Improving labor demand has become its top priority, ahead of inflation risks.
- The Fed will want to wait to see the impact of recent cuts on the economy before changing policy.

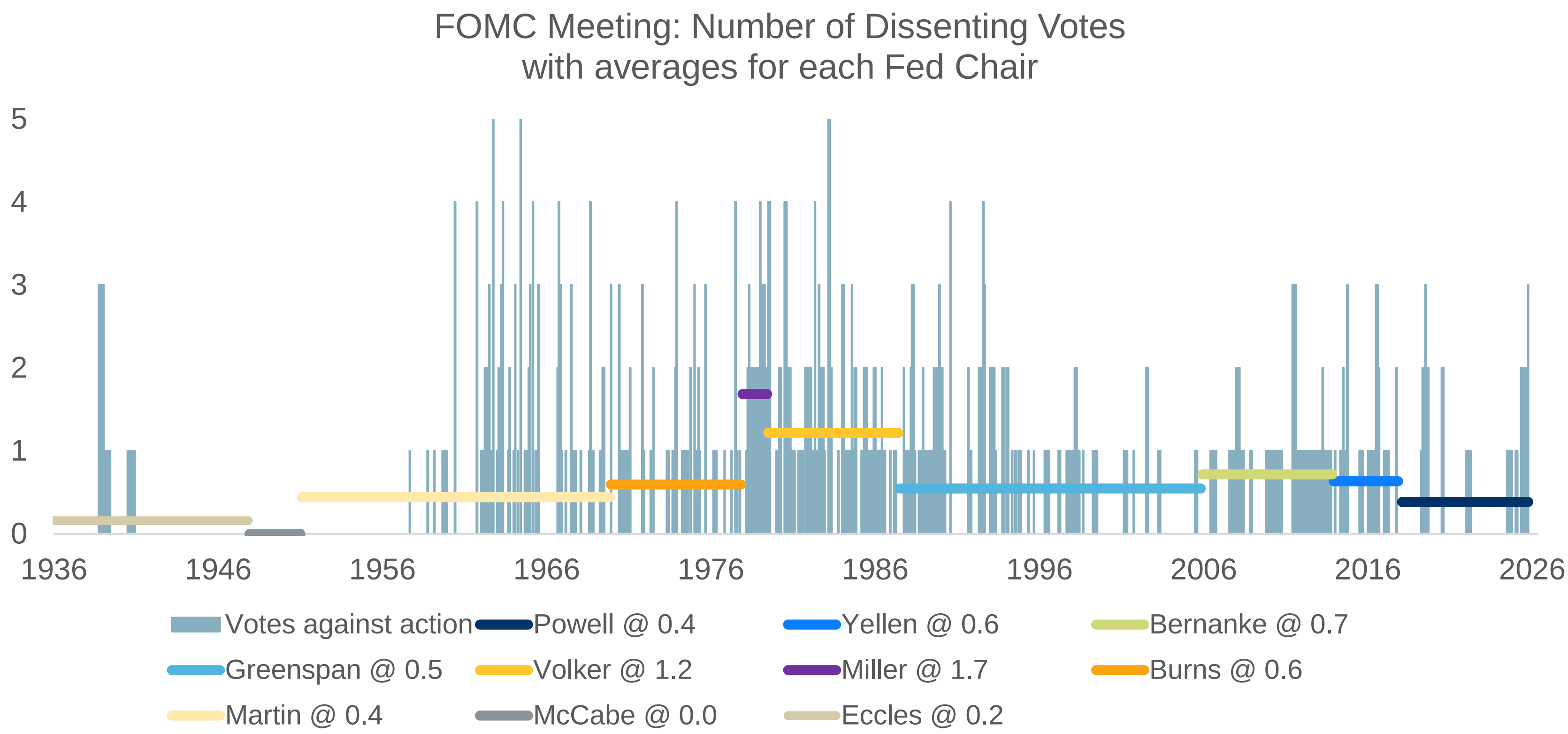




Data current as of January 28, 2026
Source: Federal Reserve, Bloomberg's WIRP page
Information is subject to change and is not a guarantee of future results

The FMOC: Will Dissents Increase?

- The recent rise in dissents marks a departure from the previous seven years of Powell's leadership.
- There are widely divergent views on the FOMC regarding the direction of inflation.
- Much of the difference stems from the proliferation of AI and its potential effects on productivity.



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Source: Federal Reserve, Bloomberg's WIRP page
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Executive Equity Summary

2026 Equity Market Outlook: Navigating a Factor Transition

S&P 500 in 2025 delivered +17.9% returns despite historic volatility

2026 consensus S&P 500 8-10% returns from 13.5% earnings growth, not valuation expansion

Recent factor reversals (value, low-quality, high-beta) mirror 2000 dot-com and 2021 post-COVID patterns

Quality positioning is expected to recover as speculative trends exhaust; recovery expected in Q2 2026

Source: Bloomberg, RBC Rochdale views and assumptions. As of 1/22/2026. Information is subject to change and is not a guarantee of future results.

2026 Outlook – Earnings Are Likely To Drive Returns

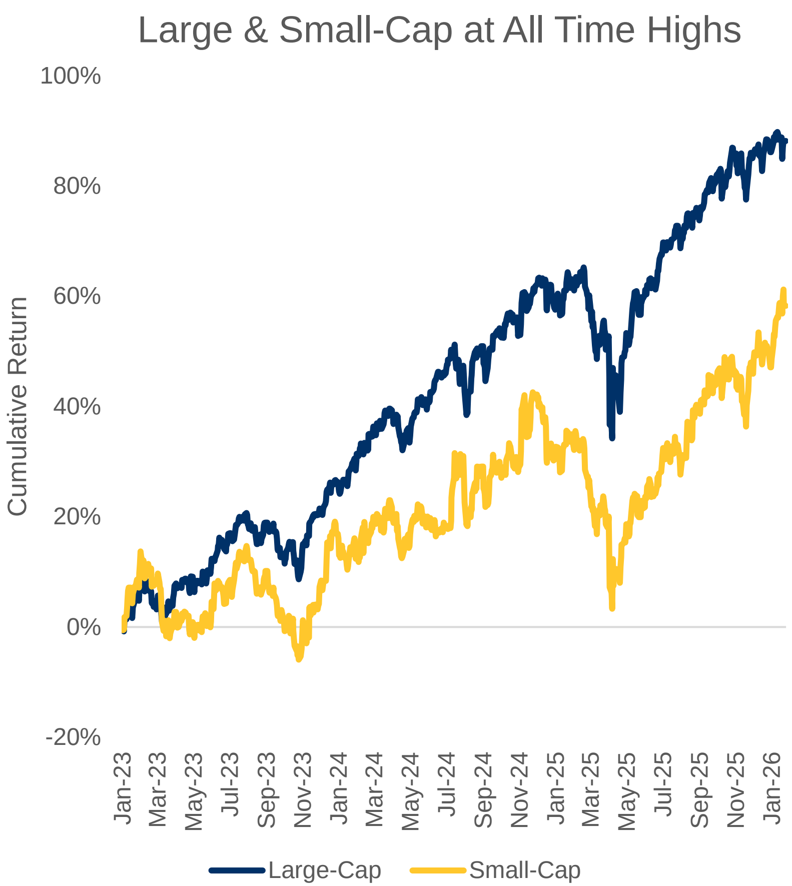
Consensus & Valuation Reality

The Good News:

- Wall Street Consensus S&P 500 target: 7,400-7,500 (+8.1% upside)
- RBC Rochdale target: 7,700-7,800 (+12.1% upside)
- Expected 13.5% EPS growth ($269.28 → $305.70)
- AI capex cycle continues ($500-600B projected in 2026)

The Challenge

- Forward P/E: 25.7x (avg since 2012 = 19.1x)
- Returns must come from earnings and not valuation expansion



Source: Bloomberg, RBC Rochdale. As of 1/27/2026. Large Cap – S&P 500 Index. Small-Cap – Russell 2000 Index. Information is subject to change and is not a guarantee of future results.

The S&P 500's Internal Competition

Internal Factor Definitions

Types of stocks in the S&P 500

Dow Jones Factor Definitions

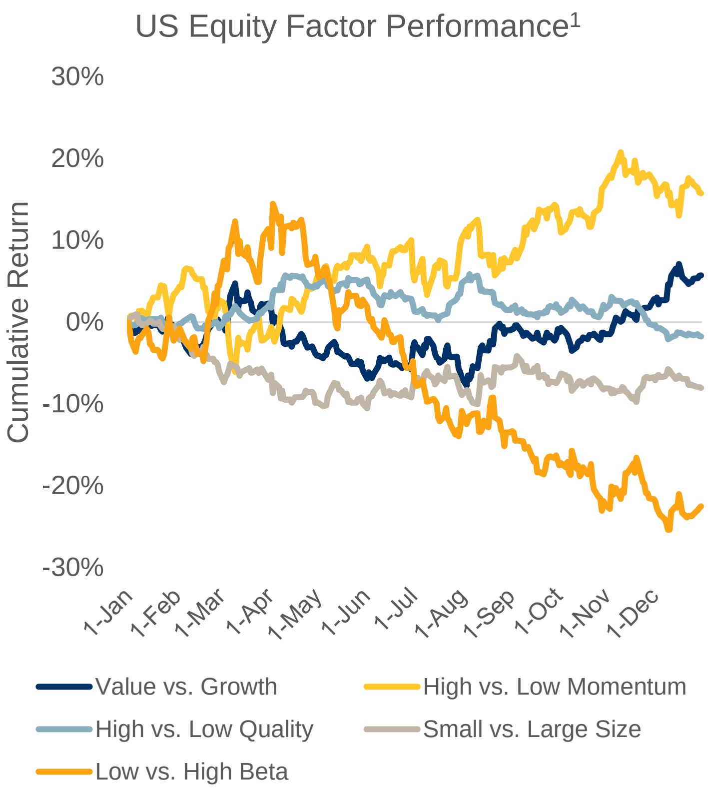
Value & Growth	• Book value to price • Projected earnings per share to price • Trailing 12-month operating cash flow to price
Quality	• Trailing 12-month return on equity (margins, asset turns) • Debt to equity ratio
Size	• Float-adjusted market capitalization

Source: Bloomberg, RBC Rochdale. As of 1/22/2026. Definitions for Dow Jones Thematic Market Neutral Indices. Information is subject to change and is not a guarantee of future results.

RBC Rochdale Factor Positioning

We seek to build portfolios of high-quality companies focused on growth

2025 Cumulative Factor Returns



Flagship Portfolio Positioning

- High quality
- Currently defensive
- Growth companies
- Large-caps
- Neutral momentum

Source: Bloomberg, RBC Rochdale. As of 12/31/2025. [1]Performance of Dow Jones Thematic Market Neutral Indices. Information is subject to change and is not a guarantee of future results.

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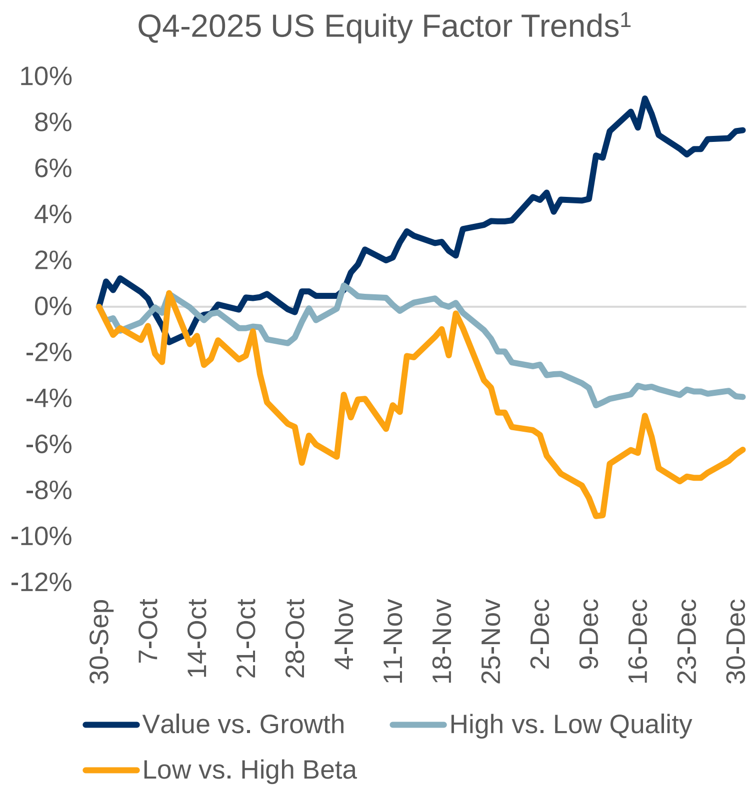
Understanding Recent Factor Reversals

What's Been Working – And Why: Factors Moving Against Our Positioning

Q4 – 2025 Factor Performance



Junk Rally (Q4 2025 – Jan 2026)

Value over Growth

- Wide valuation gap between growth and value stocks
- AI Bubble Concerns: Profit taking in mega-cap tech

Low Quality over High Quality

- Rate Cut Expectations: Cheaper funding increases NPV of future cash flows
- Expectations of strong GDP growth supports lower quality firms

High Beta over Low Beta

- Post-tariff crisis speculative rebound: Rate cut expectations favor highest-risk assets

Source: Bloomberg, RBC Rochdale. As of 1/22/2025. [1]Performance of Dow Jones Thematic Market Neutral Indices. Information is subject to change and is not a guarantee of future results. Junk rally is the movement of low-quality stocks outperforming high quality stocks.

What's the Cause, and Will it Persist?

- Our strategies are defensive, growth oriented, and tilt towards higher quality stocks
- This positioning has underperformed in recent weeks

Factor Move	Why it Happened	Will it Persist
Value > Growth	• Valuation Gap: Value appears cheap vs. growth • AI Bubble Concerns: Profit taking in mega-cap tech • Rotation to Domestic Recovery: Expectations for 2.5% real GDP growth benefit value sectors	• Mixed • Value may likely outperform intermittently when volatility spikes or AI enthusiasm wanes • Growth/AI stocks likely have structure earnings advantage
Low Quality > High Quality	Rate Cut Expectations: When investors anticipate Fed rate cuts, the most speculative bets rally hardest on the thesis that cheaper funding increases NPV of future cash flows	• No. High confidence this reverses. • Similar patterns occurred post-COVID & in late 90s dotcom bubble • Companies with weaker earnings quality generally underperform in the long-run[1]
High Beta > Low Beta	• "Global Growth Revival" Narrative • Risk-On Positioning: Coming out of the April tariff crisis lows, high-beta stocks led the recovery	• Possible • If soft landing materializes and AI capex remains resilient

Source: Bloomberg, RBC Rochdale Views. As of 1/22/2026. [1]Sectors and industries are S&P 1500 sub-indices. Information is subject to change and is not a guarantee of future results.

The AI/Capex Cycle – Maturing, Not Ending

From Technology Infrastructure Buildout to Application Monetization

The Cycle Continues – Still Early Innings

- $500-600B projected for 2026 (vs. $400-500B in 2025)
- AI contributing to global growth / Productivity thesis intact
- Revenue growth outperforming prior infrastructure cycles at comparable stages

Leadership Shifting Within the Theme

- Winners emerging: Applications, industrial adopters, power infrastructure, utilities gaining
- Theme broadening: From mega-cap hyperscalers to economically diverse beneficiaries
- Not a bubble: Investment concentrated in firms with established monetization (unlike dot-com)

Our Recommended Positioning

- Maintaining AI exposure but rotating form pure infrastructure plays to application adopters
- Looking to add companies with demonstrated AI productivity gains in operations
- Selective quality: Profitable AI beneficiaries, not speculative “AI story” stocks

Source: Bloomberg, RBC Rochdale. As of 1/22/2026. Information is subject to change and is not a guarantee of future results.

Q4-2025 Earnings Summary

We're roughly 14% through S&P 500 Earnings for Q4 2025

77% of companies have beat earnings expectations

- 76% is 10-year average
- 10 consecutive quarters of growth

Q4 YoY earnings growth is 8.6%

- 8.4% was expected
- 8.7% is 10-year average
- Technology leads growth expectations at 25.8% as big tech capex expectations surge
- Materials have 2nd highest growth expectations at 9.1%

Upside Growth Surprises

- **Financials** surprise over 3% on earnings growth
  - Net interest margins recovering
  - Better investment banking & M&A revenue
  - Weak loan growth (rising 10-year Treasury rate)
- **Materials** surprised 1.5% to the upside
  - Higher metals prices

Downside Growth Surprise

- **Health Care** earnings surprised -4.1%
  - More pricing pressures
  - Weakening utilization trends
- Energy surprised -1.7% to the downside
  - Oil price weakness

Consumer sectors expecting weak growth

- Consumer bifurcation deepens
- Department stores and discretionary retail struggling
- Consumers pulling back on non-essentials
- Retail earnings expected to drop

4Q25 EPS Beat, Hit, Miss, Growth Table	Relative to Reporting Day						Growth Rate	
	Report Count	% Count Reported	% MCap Reported	Beat	Hit*	Miss	At Start of Season@	Current
S&P 500	**69**	**13.8%**	**14.1%**	**76.8%**	**8.7%**	**14.5%**	**8.42%**	**8.63%**
Energy	4	18.2%	11.0%	4	0	0	0.2%	-1.5%
Materials	3	11.5%	12.4%	2	0	1	9.1%	10.6%
Industrials	10	12.5%	16.5%	8	1	1	4.3%	4.1%
Discretionary	6	12.2%	4.2%	3	0	3	-3.5%	-2.7%
Staples	7	19.4%	24.4%	6	0	1	1.6%	0.6%
Health Care	3	5.0%	15.7%	1	1	1	-0.3%	-4.4%
Financials	25	32.9%	41.4%	19	3	3	5.6%	8.7%
Technology	8	11.6%	7.3%	8	0	0	25.8%	26.3%
Communications	1	5.0%	6.0%	1	0	0	5.7%	5.7%
Utilities	0	0.0%	0.0%	0	0	0	4.7%	3.8%
Real Estate**	2	6.5%	11.9%	1	1	0	0.0%	0.0%
ex-Energy	65	13.8%	14.2%	49	6	10	8.77%	9.06%
ex-Technology	61	14.2%	17.4%	45	6	10	2.79%	2.90%
ex-Financial	44	10.4%	14.2%	34	6	10	9.10%	8.60%
ex-Magnificent 7	69	14.0%	14.1%	53	6	10	4.61%	4.80%

Source: Bloomberg, RBC Rochdale. As of 1/27/2026. Information is subject to change and is not a guarantee of future results. Real Estate**: Beat, Hit, Miss counts are relative to FFO.

Key Takeaways

- Markets anticipate high-single to low-double-digit equity returns in 2026, driven by low-double-digit earnings growth.
- Early 2026 sees a “junk rally," with low-quality, market-sensitive stocks outperforming.
- Higher-quality stocks are expected to outperform for most of the year, though quality market-sensitive stocks may still lead.
- Technology capital expenditures (capex) is accelerating, with benefits expected to expand to AI adopters and beneficiaries beyond hyperscalers.
- Q4 2025 earnings slightly exceeded expectations and long-term averages, though the season is still early.

Source: Bloomberg, RBC Rochdale. As of 1/22/2026. Information is subject to change and is not a guarantee of future results.
Junk rally is the movement of low-quality stocks outperforming high quality stocks.

Q&A

Definitions

A consumer price index (CPI) measures changes in the price level of a market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

The “core” Personal Consumption Expenditures (PCE) price index is defined as prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation.

PPI: The Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output.

MOVE Index: The MOVE Index measures U.S. bond market volatility by tracking a basket of OTC options on U.S. interest rate swaps. The Index tracks implied normal yield volatility of a yield curve weighted basket of at-the-money one month options on the 2-year, 5-year, 10-year, and 30-year constant maturity interest rate swaps.

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country’s borders in a specific time period.

FOMC: Federal Reserve's monetary policymaking body that sets interest rates and steers U.S. monetary policy to promote stable prices and maximum employment. Comprised of 12 members (Board of Governors and Reserve Bank presidents), it holds eight meetings annually to determine the federal funds rate.

NATO: The North Atlantic Treaty Organization (NATO) is an intergovernmental military alliance between 32 member states—30 in Europe and 2 in North America. Founded in the aftermath of World War II, NATO was established with the signing of the North Atlantic Treaty in 1949.

Rochdale Speedometers℠ are indicators that reflect forecasts of a 6-to-9-month time horizon. The colors of each indicator, as well as the direction of the arrows, represent our positive/negative/neutral view for each indicator. Thus, arrows directed toward the (+) sign represent a positive view, which in turn makes it green. Arrows directed toward the (-) sign represent a negative view, which in turn makes it red. Arrows that land in the middle of the indicator, in line with the (0), represents a neutral view which in turn makes it yellow. All of these indicators combined affect City National Rochdale’s overall outlook of the economy.

Definitions: Page 10 Geopolitical Risk and Market Volatility

Geopolitical Risk Index (GPR) is compiled by Fed economists Dario Caldara and Matteo Iacoviello. It measures the occurrence of impactful geopolitical events/threats/conflicts since1985 by counting the keywords used in the press. The Caldara and Iacoviello GPR index reflects automated text-search results of the electronic archives of 10 newspapers: Chicago Tribune, The Daily Telegraph, Financial Times, The Globe and Mail, The Guardian, The Los Angeles Times, The New York Times, USA Today, The Wall Street Journal, and The Washington Post. Caldara and Iacoviello calculate the index by counting the number of articles related to adverse geopolitical events in each newspaper for each month (as a share of the total number of news articles). The search is organized in eight categories: War Threats (Category 1), Peace Threats (Category 2), Military Buildups (Category 3), Nuclear Threats (Category 4), Terror Threats (Category 5), Beginning of War (Category 6), Escalation of War (Category 7), Terror Acts (Category 8). Based on the search groups above, Caldara and Iacoviello also constructs two sub indexes. The Geopolitical Threats (GPRT) includes words belonging to categories 1 to 5 above. The Geopolitical Acts (GPRA) index includes words belonging to categories 6 to 8. The daily data are updated every Monday. If the first day of the month or week falls on a federal holiday, data updates will take place the next business day.

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There are inherent risks with fixed income investing. These risks may include interest rate, call, credit , market, inflation, government policy, liquidity, or junk bond. When interest rates rise, bond prices fall. This risk is heightened with investments in longer duration fixed-income securities and during periods when prevailing interest rates are low or negative.

Municipal securities. The yields and market values of municipal securities may be more affected by changes in tax rates and policies than similar income-bearing taxable securities. Certain investors' incomes may be subject to the Federal Alternative Minimum Tax (AMT), and taxable gains are also possible. Investments in the municipal securities of a particular state or territory may be subject to the risk that changes in the economic conditions of that state or territory will negatively impact performance. These events may include severe financial difficulties and continued budget deficits, economic or political policy changes, tax base erosion, state constitutional limits on tax increases and changes in the credit ratings.

Investing in international markets carries risks such as currency fluctuation, regulatory risks, economic and political instability. Emerging markets involve heightened risks related to the same factors as well as increased volatility, lower trading volume, and less liquidity. Emerging markets can have greater custodial and operational risks, and less developed legal and accounting systems than developed markets.

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