QUARTERLY MARKET OUTLOOK

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MIDYEAR OUTLOOK

The longest expansion, followed by the shortest recession?

At-A-Glance

Economic data is recovering off of very low readings after many states and counties started to ease social distancing policies.

Stock markets are forward-looking and are pricing in a V-shaped, or quick, recovery after massive fiscal stimulus packages were approved.

We think the economic recovery will be more U-shaped and therefore slower, with the economy taking longer to rebound as consumers and officials fear a second wave of the virus.

With high expectations and valuations embedded in markets, we continue to expect volatility to remain elevated.

While there are risks in equity markets, bond markets also pose risks at low rates. A balanced investment approach focusing on long-term objectives is prudent.

We are now halfway through 2020, which is shaping up to be a very unpredictable and challenging year. The U.S. has entered a recession as economic activity has severely contracted. Unemployment rose from almost full employment to nearly 15%, which is high but much better than many were predicting. Gross domestic product (GDP) growth could contract by over 30% in the second quarter.

While the economic data declined significantly, investors bid up stock prices close to where they started the year. While there seems to be a disconnect between the economy and the stock market, there is a reasonable explanation. Stock markets are forward-looking. The economic data being released is recording what already happened and a decline was largely anticipated. Some economic readings are coming in better than expected, and worst-case scenarios have not been realized. Global central banks, including the U.S. Federal Reserve, lowered interest rates to nearly zero, and governments around the world committed trillions of dollars to fiscal stimulus. In comparison, the current stimulus significantly exceeds the packages during the 2007-2008 financial crisis, and was deployed a lot quicker. Many investors saw a positive effect on markets in 2009 and stayed in the market to avoid being left out this time.

Are investors too optimistic though? One of the most popular metrics investors look at to measure stock prices is the price-to-earnings—or P/E—ratios. In aggregate, equities are over-valued: the prices of stocks compared to their expected earnings are at levels not seen since the dot-com days in the early 2000s. Future earnings could always surprise equity analysts, and this would cause P/E ratios to fall, but these relatively high valuations remain a concern, and we continue to expect more volatility as earnings and prices adjust to expectations.

Bond investors may be a little less convinced of the possibility of a quick V-shaped recovery. Demand for high-quality government bonds is still high as investors bid up the price of these bonds, pushing down the yields to historically low levels. The benchmark 10-year Treasury yield fell below 0.5% in March and has only climbed modestly since then. Bond investors are not alone in this market, however, as they have competition from the Federal Reserve, which is also buying bonds to keep yields low to stimulate the economy. The 10-year Treasury correlates well with mortgage rates and keeping mortgage rates low enables people to refinance, putting more money in their pockets to spend. Also, it enables people to buy new homes at low rates, and corporations can continue to roll their debt without significant increases in interest expense.

So, weak economic data is coming in better than expected and there are trillions of dollars in stimulus on the way with extremely low interest rates on the horizon for the foreseeable future. Investors have largely priced in the good news, so if earnings or economic data miss to the downside, we could see some volatility. Having a strong financial strategy in place can give you confidence through the bouts of elevated volatility we are anticipating. Understanding your specific goals and objectives becomes even more important now. Your financial professional can help keep you on track and keep your sights on your long-term plans.

Global Economy

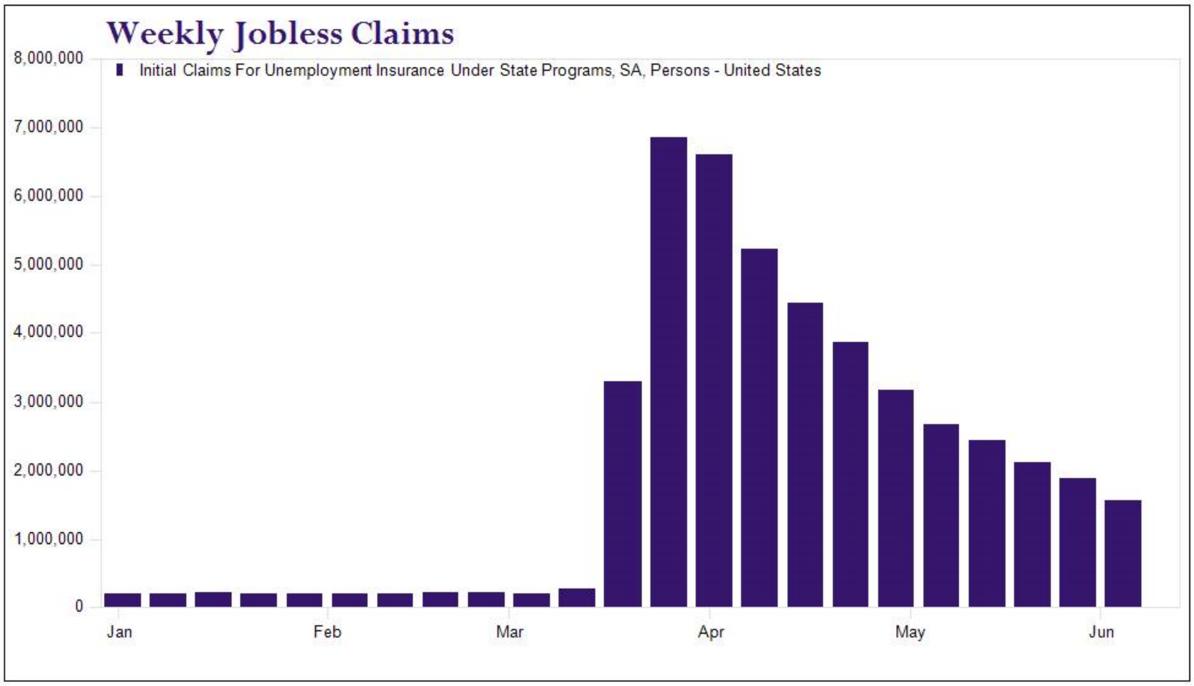
While most people define a recession in broad terms as two quarters of negative GDP growth, the National Bureau of Economic Research (NBER) takes a deeper look into economic activity to determine when recessions occur. Due to slowing labor markets and industrial production, among other metrics, the NBER decided that a U.S. recession started in February 2020. However, we don't need a team of economists to determine that we are in a recession. GDP growth fell 5% in the first quarter and estimates for the second quarter are dismal, with the Atlanta Fed's GDPNow economic model currently projecting a nearly 50% decline in the second-quarter GDP, although the consensus among economists is just under a 35% decline. Recessions are quite normal, and since the 1950s have occurred roughly every six to seven years. We have been spoiled, as the last recession was over 10 years ago, making the most recent economic expansion the longest in U.S. history. The last 10 recessions typically lasted a little less than a year, averaging a decline in real GDP of 2.2% and a rise in unemployment of around 8%.

Is this recession different though? Before COVID-19, which forced policymakers to essentially shut down activity, the economy was doing well. Unemployment was near 50-year lows and growth, while moderate, was steady. In investing we often hear—and are wary of—the phrase "this time is different," but the result typically turns out to be what history would have predicted. We already reached unemployment levels close to 15%, and drops in GDP growth will far exceed those of post-WWII recessions. The declines in this recession are sharper and faster compared to those of the past. What remains to be determined is how long the recession will last and what will the recovery look like. While the decline in economic activity is staggering, the recovery may be quick. (Keep in mind we are referring to *economic* recovery, as stocks have largely already recovered, as discussed further in the *Equity Markets* section below.) Some investors feel the recovery will be V-shaped, and perhaps that is what is currently priced into equity markets. They believe this recession will be similar to what more local and regional economies experience after a natural disaster where, though not always the case, economic activity bounces back relatively quickly after a natural disaster.

However, we feel the shape of the economic recovery will have more of a U-shape, which means the recovery will be a little slower. There could be lingering effects on the labor market as well as consumer spending, which makes up so much of U.S. GDP.

The U.S. lost over 20 million jobs since social distancing measures were enacted. To put this in perspective, the longest economic expansion in U.S. history yielded 22 million additional net jobs over 10 years. We lost all of that in a few months. The good news is the pace of job losses is decreasing, as seen in **Figure 1**. In addition, May unemployment data shocked almost everyone, as new job creation outpaced the jobs people were losing. The unemployment rate fell from 14.7% to 13.3%. The drop is not without controversy though. Expectations were for a drop in the labor force of 7.5 million, and yet it expanded by 2.5 million. Some argue that the drop can be explained by employers taking part in the payroll protection program (PPP), but the methodology hasn't changed, so we would have seen an impact to the unemployment data before May. Canada also saw the same phenomenon of the labor market expanding instead of contracting, which leads us to believe that expectations for unemployment may have been overly bearish. There will no doubt be huge revisions in the data over the coming months, but it seems that the employment picture could be better than the worst-case scenario many had anticipated. The bad news, however, is that while new jobless claims are slowing, they are still coming in at unprecedented levels, and we don't anticipate going back to full employment anytime soon.

Figure 1: Unemployment Claims



Source: Cetera Investment Management, FactSet, U.S. Employment and Training Administration. Data as of 6/6/2020.

When people fear losing their job or don't have a job, they tend to spend less, and with many parts of the economy still closed, even people with money may be having a hard time finding ways to spend it. This is evidenced in the personal savings rate which spiked from around 10% to the highest level on record in April: a whopping 33%. The economy is reopening, but it will happen slowly. Business travel, and thus air travel and hotel stays, are expected to be down for a long time as companies continue to cancel events. Businesses like restaurants and theme parks may be forced to operate at less than full capacity for an extended period. Consumers will have fewer opportunities to spend money, so the savings rate could be elevated for a time. Eventually, as the economy reopens, this will be a positive catalyst for growth—but it will take time.

Another byproduct of changes in consumer spending is oil consumption. With fewer people commuting to work and traveling, there has been less demand for oil and a resultant buildup in supply. The effect was so great we saw oil futures contracts trade negatively during the quarter as investors had nowhere to take delivery of the oil because storage facilities were filling up. Oil-producing countries cut oil production to alleviate much of the imbalance, but U.S. shale producers could make up for some of that lost production and pump more oil now. We think these imbalances in supply and demand are likely to remain for the rest of the year. There will be less demand for oil as the economy will slowly open and air travel will remain subdued. On the supply side, oil-producing nations have cut production, but U.S. shale companies are likely to start pumping more oil, so supply and demand equilibrium may take a little while to develop as producers gauge demand and possibly try to undercut each other on agreed upon production targets. The oil and natural gas industry makes up about 8% of U.S. GDP and employs millions of workers.

Since the virus and efforts to contain it are a global phenomenon, economies around the world are in similar positions as the U.S. Countries like Italy that were hit harder by the virus will suffer more economically.

China was affected by the virus first and will thus be first to emerge from the economic doldrums. We will continue to watch China for clues on how the global recovery may look. Central banks and governments around the world are committed to using all the tools they have to dampen the economic damage.

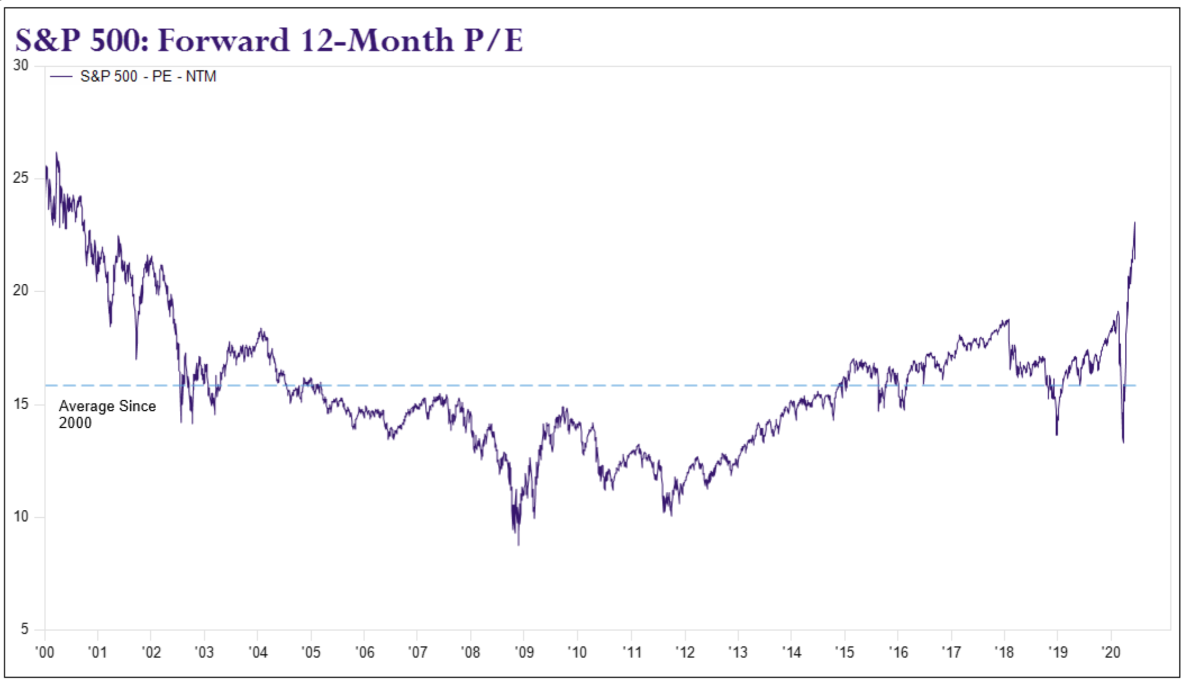
Overall, we feel the economy is improving, which is certainly great news, but we are balancing our optimism. While the economic data is bouncing back off historic lows, the cause of the economic disruption is still with us, and we will inevitably see a pickup in new COVID-19 cases as people return to work and become more mobile. This could cause people to be more cautious, dampening the recovery.

Equity Markets

After a 34% drawdown, the S&P 500 climbed back 45% as investor optimism grew on news the virus was being contained enough to flatten the curve and prevent hospitals from being overwhelmed. Economic data, as noted above, started to bottom, and in some cases wasn't as bad as many anticipated. The bounce-back in stocks has many people shaking their heads in surprise and looking for a rationale. Some think it is FOMO, or "fear of missing out," while others think it is TINA, as "there is no alternative" because bond yields are so low. Others point to investors day trading while they work from home. This may be the case to some extent, but it is important to understand that equity markets are forward-looking. While economic data is bad, investors are looking to the future and assessing what the recovery will look like. We do think investors are being too optimistic, though. The V-shaped recovery they are pricing into markets may end up looking more like a U-shaped recovery.

Companies will benefit from lower borrowing costs as the Fed is signaling to the market that they are committed to keeping interest rates low for an extended period. If we look at expected corporate earnings relative to their stock price, P/E ratios are at levels not seen since the tech bubble in 2000, as shown in **Figure 2**. Earnings tend to lag GDP, too, so we may not see corporate earnings get to 2019 levels for a few more years.

Figure 2: Elevated Valuations



Source: Cetera Investment Management, FactSet, Standard & Poor's. Data as of 6/15/2020.

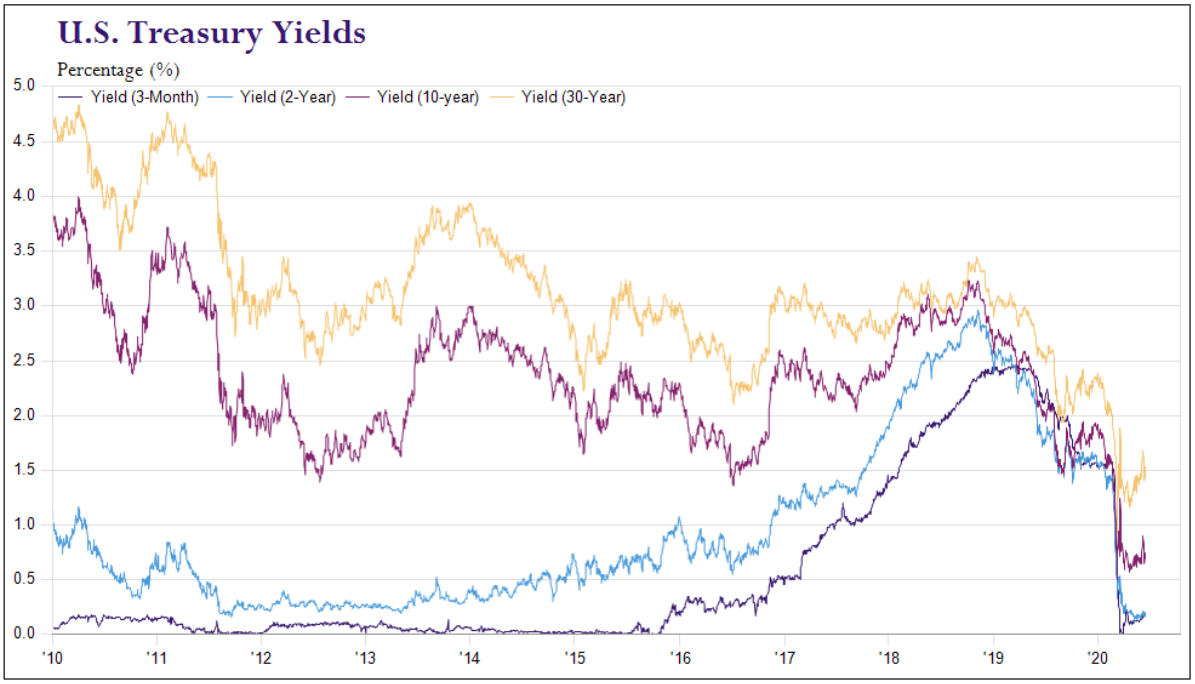
We continue to think these high valuations will lead to elevated volatility. Investors may be pricing in perfection, yet there are so many unknowns. We seemed to have contained the virus with social distancing policies, but these policies are starting to be loosened and the virus is still here, with new cases picking up in some places. There could be a second wave of infections in the future, and such negative news regarding the virus might rattle investors. And while economic data has largely beaten expectations, any data surprises to the downside could be a concern. Second-quarter earnings will be coming out in July and they are expected to be sharply weaker. We feel risks are to the downside and higher at the current valuations which are already pricing in optimistic outcomes. While we could see a correction, we don't anticipate a retest of the March low.

We are also anticipating changes in market leadership with a wider breadth of companies leading the way forward in the future. This has been the case in past economic recoveries, where stocks that pushed markets higher at the end of the expansion gave way to new stocks leading the way in the recovery. Recently, a few large technology companies played a prominent role in pushing stock indexes higher, but the recovery could see a wider leadership of companies going forward, with large-growth companies lagging smaller, more value-oriented ones after the recovery takes hold. International companies, which in large part have lagged domestic companies, could benefit from the recovery first as other countries emerge from the pandemic before the U.S. These companies may also see a boost in U.S. dollar terms should the dollar weaken from its current highs.

Fixed Income

With equity valuations on the higher side, many investors are looking to reduce risk by investing in bonds, but there are risks there, too. Bond yields for high-quality government debt have been pushed down as investors bid up their price. The benchmark 10-year Treasury Bond started the year with a yield close to 2%, but has subsequently fallen and stabilized around 0.7%. So, if one buys this bond and holds it to maturity, the annual return is less than 1%. The risk is that if inflation picks up and interest rates go up, this bond will lose about 10% for every 1% increase in comparable bond yields (this is what is referred to as bond-duration, or interest-rate, sensitivity), making for a risk/return relationship that doesn't seem that attractive. Low yields are commonplace across maturities in the Treasury bond market as shown in **Figure 3**, which has some investors migrating to stocks under the TINA theme, given "there is no alternative" with the bond market paying so little. While this risk-and-return relationship isn't great, we think high-quality bonds still play a role in a portfolio, as they can still offer protection in an equity selloff. Yields are low but can go lower and push prices up even higher if there were to be an equity correction. We don't think yields in the U.S. will go negative, but it is a possibility: in many parts of the world, bond investors drove prices up so high that yields are negative, driving the TINA narrative even further, as if you buy a bond with a negative yield and hold it to maturity, you lose money.

Figure 3: There Is No Alternative (TINA)



Source: Cetera Investment Management, FactSet. Data as of 6/15/2020.

More credit-sensitive bonds like investment-grade corporate bonds may not offer the same negative correlation that high-quality government bonds can, but they do offer a higher yield. Corporate bond indexes are paying yields over 2% currently and have less duration risk: if interest rates go up, these bond prices will fall less than longer-maturity government bonds. This risk is low near-term, as the Federal Reserve has telegraphed to the market that it will keep bond yields low by keeping the Fed Funds rate near zero and buying bonds as needed to keep their yields low. The Fed now can buy corporate and even select high-yield bonds known as fallen angels (investment-grade bonds that were downgraded to below investment-grade). This should provide a backstop for the prices of these bonds if liquidity dries up and bond investors want to sell.

Moving down the credit spectrum one notch further, high-yield bonds never fully recovered from the selloff in March. Their yield spread over U.S. government bonds is over 6% compared to under 4% before the selloff. A higher yield spread suggests more compensation needed for additional risk. This provides a potential yield cushion if there is another equity selloff. Corporate bonds and especially high-yield bonds will likely fall with stocks, but the extra yield can buffer some of this price depreciation. With the fallout from COVID-19, there will also be defaults and downgrades. Understanding what you own in this market is even more important as bond indexes may be underestimating the number of defaults.

One last sector of the bond market worth mentioning is the municipal bond sector. In March, lack of liquidity drove the market down, but later the market stabilized as did other bond markets. COVID-19 presents some challenges for sectors with projects financed in the muni market, too. On a short-term basis, hospitals will be impacted as they had to cancel elective procedures and furlough many staff members, but this activity will resume sooner than later. Convention centers and stadiums will take longer to come back as companies and sports leagues remain cautious. Longer-term issues may persist in retirement centers, and we may have defaults increasing in certain sectors in the coming years. There could be mixed results in general obligation bonds, which are backed by the taxing power of the municipalities. Some municipalities had underfunded pensions and were already facing challenges before the virus. Federal stimulus money may help them, but this requires a deep analysis, as each municipality is different. States and cities are redoing their budgets because of falling tax revenues, which are down across the board from people not getting a paycheck and spending less money. We continue to recommend overweighting revenue bonds, which have revenue backed by projects, rather than general obligation bonds.

Like in stocks, we recommend being diversified within bonds. Each sector can play a role in a portfolio, buffering equity volatility or providing income. Shortening duration in a portfolio without removing it altogether is another important buffer. The extra yield from high-grade corporate and high-yield bonds can provide income for a portfolio.

Summary and Risks to Our Outlook

Some of the risks to our outlook have already been covered. Equity volatility is likely to remain with high valuations due to optimism around the virus and reopening. An increase in new cases appears inevitable and a second wave in the fall is a possibility. In fixed income, yields are low, offering lower returns with increased interest-rate risk, and corporate and municipal bonds will see increases in defaults. Another risk to markets is continued civil unrest that could impact consumer demand and sentiment. Also, it is an election year, and unexpected election results are always a risk. Overseas, Brexit is still being negotiated and not a lot of progress is being made in those talks. The biggest risk remains the pace of the economic recovery and how quickly workers can get back to work and consumers can get back to spending money.

We continue to recommend being diversified in asset classes and sectors and sticking to long-term goals. Taking too much risk and having the market pull back is a risk that many investors fear the most. The other side of the equation is getting out of the market and missing the recovery, which is an extreme action we generally do not recommend. Your financial professional can help keep you on track and keep your sights on your long-term plans.

This report is created by Cetera Investment Management LLC.

Appendix – U.S. Economic Overview

Employment	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)
US Nonfarm Monthly Payrolls ('000)	May-20	2,509	-20,687	85	-6,517	-1,472	23,196	2,424	100%
US Total Nonfarm Payrolls - YoY Change	May-20	-11.7%	-13.3%	1.3%	-8.2%	-1.0%	1.6%	-13.0%	1%
U3 Unemployment Rate	May-20	13.3%	14.7%	3.6%	10.8%	5.4%	-1.4%	9.7%	1%
U6 Unemployment Rate	May-20	21.2%	22.8%	7.2%	17.6%	9.6%	-1.6%	14.0%	1%
Quit Rate	Apr-20	1.4%	1.8%	2.3%	1.8%	2.2%	-0.4%	-0.9%	0%
Job Openings: Total Nonfarm ('000)	Apr-20	5,046	6,011	7,284	6,020	6,805	-965	-2,238	45%
Initial Jobless Claims ('000) 4 Wk. MA - Month End	May-20	2,288	5,040	218	3,332	995	-2,752	2,070	2%
KC Fed LMCI Momentum Indicator	May-20	-8.6	-11.6	0.3	-7.5	-1.7	3.0	-8.9	1%
Labor Force Participation Rate	May-20	60.8%	60.2%	62.9%	61.2%	62.7%	0.6%	-2.1%	1%
Employment to Population Ratio	May-20	52.8	51.3	60.6	54.7	59.4	1.5	-7.8	1%

Consumer	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)
Retail Sales - YoY Change	May-20	-6.1%	-19.9%	2.9%	-10.5%	0.5%	13.8%	-9.0%	1%
Vehicle Sales (Mil. Units, annualized)	May-20	12.2	8.7	17.4	10.8	15.4	3.5	-5.2	8%
Personal Savings Rate	Apr-20	33.0%	12.7%	8.0%	18.0%	10.3%	20.3%	25.0%	100%

Production	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)
Industrial Production - YoY Change	May-20	-15.3%	-16.2%	1.7%	-12.1%	-3.2%	1.0%	-17.0%	1%
Capacity Utilization	May-20	64.8%	64.0%	77.8%	67.3%	74.8%	0.8%	-13.0%	1%
Core Capital Goods Orders - YoY Change	Apr-20	-6.8%	-2.6%	2.3%	-2.8%	-0.5%	-4.2%	-9.0%	7%

Housing & Construction	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)
Building Permits ('000)	May-20	1,220	1,066	1,338	1,214	1,386	154	-118	62%
Housing Starts ('000)	May-20	974	934	1,268	1,059	1,313	40	-294	39%
New Home Sales ('000)	Apr-20	623	619	664	653	690	4	-41	81%
S&P/Case-Shiller Home Price Index (20 city) - YoY Change	Mar-20	3.9%	3.5%	2.5%	3.5%	2.6%	0.4%	1.4%	35%
Total Construction Spending - YoY Change	Apr-20	3.0%	6.7%	-1.2%	5.8%	2.7%	-3.7%	4.1%	29%

Survey Data	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)
ISM Manufacturing PMI Composite	May-20	43.1	41.5	52.3	44.6	48.3	1.6	-9.2	1%
ISM Manufacturing PMI New Orders	May-20	31.8	27.1	52.7	33.7	45.2	4.7	-20.9	1%
ISM Non-Manufacturing PMI Composite	May-20	45.4	41.8	56.3	46.6	53.0	3.6	-10.9	1%
ISM Non-Manufacturing PMI New Orders	May-20	41.9	32.9	58.6	42.6	53.2	9.0	-16.7	1%
U. of Michigan Consumer Sentiment	May-20	72.3	71.8	100.0	77.7	92.1	0.5	-27.7	13%

Inflation	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)
Consumer Price Index (CPI) - YoY Change	May-20	0.1%	0.3%	1.8%	0.7%	1.7%	-0.2%	-1.7%	5%
Personal Consumption Expenditure (PCE) - YoY Change	Apr-20	0.5%	1.3%	1.5%	1.2%	1.4%	-0.8%	-1.0%	10%
Producer Price Index (PPI) - YoY Change	May-20	-0.8%	-1.0%	2.1%	-0.4%	1.0%	0.3%	-2.8%	N/A
Average Hourly Earnings - YoY Change	May-20	6.7%	8.0%	3.3%	6.0%	3.9%	-1.3%	3.4%	99%

GDP	As of	Latest	Previous	1 Yr. Ago	2 Qtr. Avg.	4 Qtr. Avg.	1 Qtr. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)
Real GDP - QoQ (SAAR)	Q1-20	-5.0%	2.1%	3.1%	-1.5%	0.3%	-7.2%	-8.1%	0%
Real GDP - YoY Change	Q1-20	0.3%	2.3%	2.7%	1.3%	1.7%	-2.1%	-2.4%	0%

Other	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)
Treasury Yield Curve (10 Yr. Minus 2 Yr.) - Month End	May-20	0.49%	0.44%	0.19%	0.47%	0.25%	0.05%	0.30%	22%
Leading Economic Index (LEI) - YoY Change	Apr-20	-11.5%	-7.3%	2.4%	-6.1%	-0.8%	-4.2%	-13.9%	0%

Economic Indicator	Source
U.S. Nonfarm Monthly Payrolls ('000)	U.S. Bureau of Labor Statistics
U.S. Total Nonfarm Payrolls - YoY Change	U.S. Bureau of Labor Statistics
U3 Unemployment Rate	U.S. Bureau of Labor Statistics
U6 Unemployment Rate	U.S. Bureau of Labor Statistics
Quit Rate	U.S. Bureau of Labor Statistics
Job Openings: Total Nonfarm ('000)	U.S. Bureau of Labor Statistics
Initial Jobless Claims ('000) 4 Wk. MA - Month End	U.S. Employment and Training Administration
KC Fed LMCI Momentum Indicator	Federal Reserve Bank of Kansas City
Labor Force Participation Rate	U.S. Bureau of Labor Statistics
Employment to Population Ratio	U.S. Bureau of Labor Statistics
Temporary Help Employment	U.S. Bureau of Labor Statistics
Retail Sales - YoY Change	U.S. Bureau of the Census
Vehicle Sales (Mil. Units, annualized)	U.S. Bureau of Economic Analysis
Personal Savings Rate	U.S. Bureau of Economic Analysis
Industrial Production - YoY Change	Board of Governors of the Federal Reserve System (U.S.)
Capacity Utilization	Board of Governors of the Federal Reserve System (U.S.)
Core Capital Goods Orders - YoY Change	U.S. Bureau of the Census
Building Permits ('000)	U.S. Bureau of the Census
Housing Starts ('000)	U.S. Bureau of the Census
New Home Sales	U.S. Bureau of the Census
S&P/Case-Shiller Home Price Index (20 city) - YoY Change	S&P Dow Jones Indices LLC
Total Construction Spending - YoY Change	U.S. Bureau of the Census
ISM Manufacturing Composite PMI	Institute for Supply Management
ISM Manufacturing New Orders	Institute for Supply Management
ISM Non-Manufacturing Composite PMI	Institute for Supply Management
ISM Non-Manufacturing New Orders	Institute for Supply Management
U. of Michigan Consumer Sentiment	University of Michigan
Consumer Price Index (CPI) - YoY Change	U.S. Bureau of Labor Statistics
Personal Consumption Expenditure (PCE) - YoY Change	U.S. Bureau of Economic Analysis
Producer Price Index (PPI) - YoY Change	U.S. Bureau of Labor Statistics
Average Hourly Earnings - YoY Change	U.S. Bureau of Labor Statistics
Real GDP - QoQ (SAAR)	U.S. Bureau of Economic Analysis
Real GDP - YoY Change	U.S. Bureau of Economic Analysis
Treasury Yield Curve (10 Yr. Minus 2 Yr.) - Month End	Federal Reserve Bank of St. Louis
Leading Economic Index (LEI) - YoY Change	The Conference Board

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A diversified portfolio does not assure a profit or protect against loss in a declining market.

Glossary

The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.
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