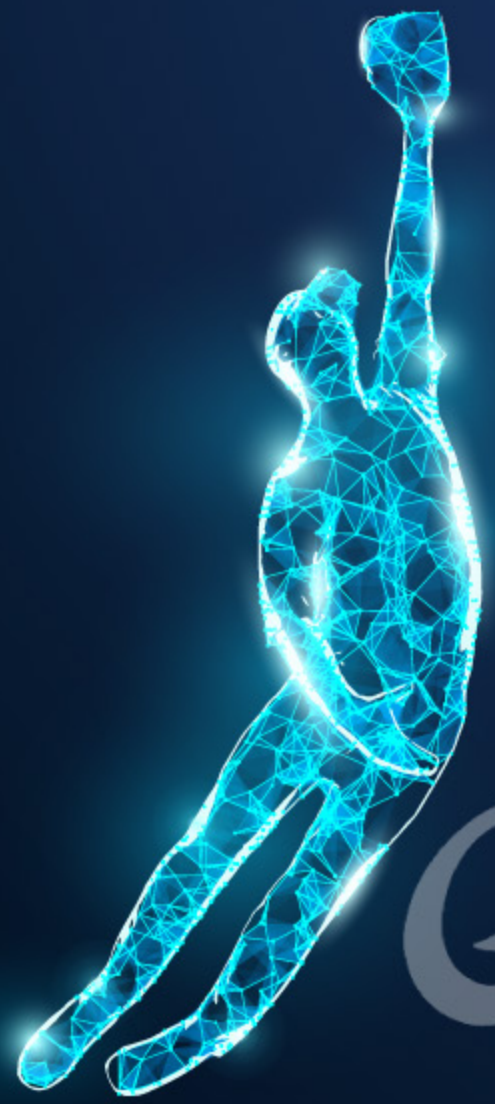

42 Macro

Leadoff Morning Note

Daily

Darius Dale, Founder & CEO

Tuesday, May 6, 2025

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Executive Summary: Tuesday, May 6, 2025

Today's Key Macro Question: Will President Trump's "Paradigm C" catalyze a bigger boom in risk assets than President Biden's "Paradigm A"?

Our Answer: To recap our regime segmentation framework:

Paradigm A is a bloated, K-shaped US economy propped up by excessive government spending and over-easy monetary policy that disproportionately flatters the income and capital formation of households and businesses on the top part of the K at the expense of crowding out households and businesses on the bottom part of the K. Paradigm A is Biden's economy.

Paradigm B is a buoyant, E-shaped US economy that shifts the burden of generating marginal economic output back to the private sector in a manner(s) that reduces the disproportional flow of funds from the public sector to the private sector and the associated crowding out. Paradigm B is where the Trump administration initially intended to guide the economy to, but their miscalculated and, quite frankly, arrogant tactics broke the bond market, which, in turn, robbed them of their willingness to tolerate the pain required to facilitate the transition.

Paradigm C features all the fiscal and monetary largesse of Paradigm A, plus more tax cuts that largely benefit the rich and corporations, as well as deregulation that, among other things, will make it easier to replace American workers with AI and automation (per our interpretation of Commerce Secretary Howard Lutnick's commentary throughout March and April). Without meaningful deficit reduction, the crowding out will persist. Paradigm C is likely where the Trump administration is guiding the economy to now after Wall Street reminded them who's boss on April 9 and April 11.

Main Street families will likely benefit from even more trickle-down economic exceptionalism than they did under Paradigm A during the Biden administration—a positive to be celebrated for sure. But make no mistake about it—the Trump administration is no longer on track to meaningfully narrow the toxic imbalance indicated by the chart on slide 9. As such, the median investor will likely celebrate the Trump 2.0 economy more than the median US household.

To this point, it is worth highlighting that the top 20% of US households by income own roughly 90% of financial assets and account for roughly 40% of all consumption. The K-shaped nature of the US economy will not only survive the transition to Paradigm C, it is likely to thrive in it. This should result in a boom in asset markets, much like President Biden's Paradigm A before it. Whether the boom is larger remains to be seen, but investors must remain dispassionate, politically unbiased, and open minded to this increasingly probable outcome.

All told, investors can trust that our KISS and Dr. Mo signals will continue to do a world-class job of helping their portfolios successfully capture the bulk of the uptrends during the boom phases, while booking gains ahead of any substantial hiccups along the way—and there will be substantial hiccups to risk manage. FYI, 2025 featured the fourth stock market crash since 2018 and eighth since 1998. Waiting around for your portfolio to recover from volatility drag is not a gamble anyone in or near retirement can afford to make. One day, risk assets won't recover as fast as investors my age have been conditioned to expect.

Today's Key Macro Question: Will President Trump's "Paradigm C" catalyze a bigger boom in risk assets than President Biden's "Paradigm A"?

- Stocks continued to pull back this morning as Ford $F yanked FY25 guidance for up to $8.5bn in adjusted EBIT, citing seven headwinds including President Trump's tariffs and "industry-wide supply chain disruption," as trade uncertainty lingers. Ford sees a $1.5bn net EBIT hit from tariffs in 2025 and expects to offset $1bn of a $2.5bn total tariff burden via "bonded transportation," per CFO Sherry House.
- To borrow a critical phrase from Bloomberg's Tom Keene—"companies adapt". The size and scope of their adaptation will be critical to determining how deep the slowdown will be in the U-shaped economy that lies ahead.
- Elsewhere, Asian FX volatility underscores the unwind of US economic exceptionalism, with Taiwan's dollar (+6.5% WoW) triggering an emergency central bank briefing and rallies in the South Korean won (+2.4% WoW), Thai baht (+2.3% WoW), and Malaysian ringgit (+2.2% WoW) highlighting upward pressure on currencies throughout the region. Policymakers are resisting rapid appreciation, with the PBOC holding its yuan reference rate steady and the Hong Kong Monetary Authority intensifying efforts to defend its peg.
- A sustained reversal of capital flows from the US' $24tn net international investment deficit remains the key risk if the Trump administration plays its trade negotiation cards poorly. On Friday, Japan's Finance Minister Kato said Japan's holdings of US Treasuries "[do] exist as a card on the table, but I think whether we choose to use it or not would be a separate decision." Recall that Japan is the US' second-largest foreign creditor, at $1.1tn or 4% of marketable Treasury securities outstanding. In total, foreign creditors own 31% of the $29tn market.
- Enter Treasury Secretary Scott Bessent, who has the unenviable job of protecting the US Treasury market from the emotions and whims of President Trump during trade negotiations—especially if Trump feels disrespected or embarrassed by aggressive demands from the US' creditor nations. Yesterday, at the Milken Institute Global Conference in Beverly Hills, Bessent told attendees that tariffs, tax cuts, and deregulation are "interlocking parts of an engine" to preserve and strengthen US economic exceptionalism for all Americans, urging: "I hope you can see the bigger picture now."
- His comments mirrored the op ed he penned for the Wall Street Journal on Sunday, which suggests he learned his lesson from the last time he leaked market-moving news to his buddies on Wall Street. This is an important signal of contrition from the administration and signals they are learning from their mistakes. As we wrote in our op ed last week (https://bit.ly/44k8zh0), continued hubris from the Trump administration regarding how hard it is to reshape the global economy represents a far worse outcome for both Wall Street and Main Street alike.

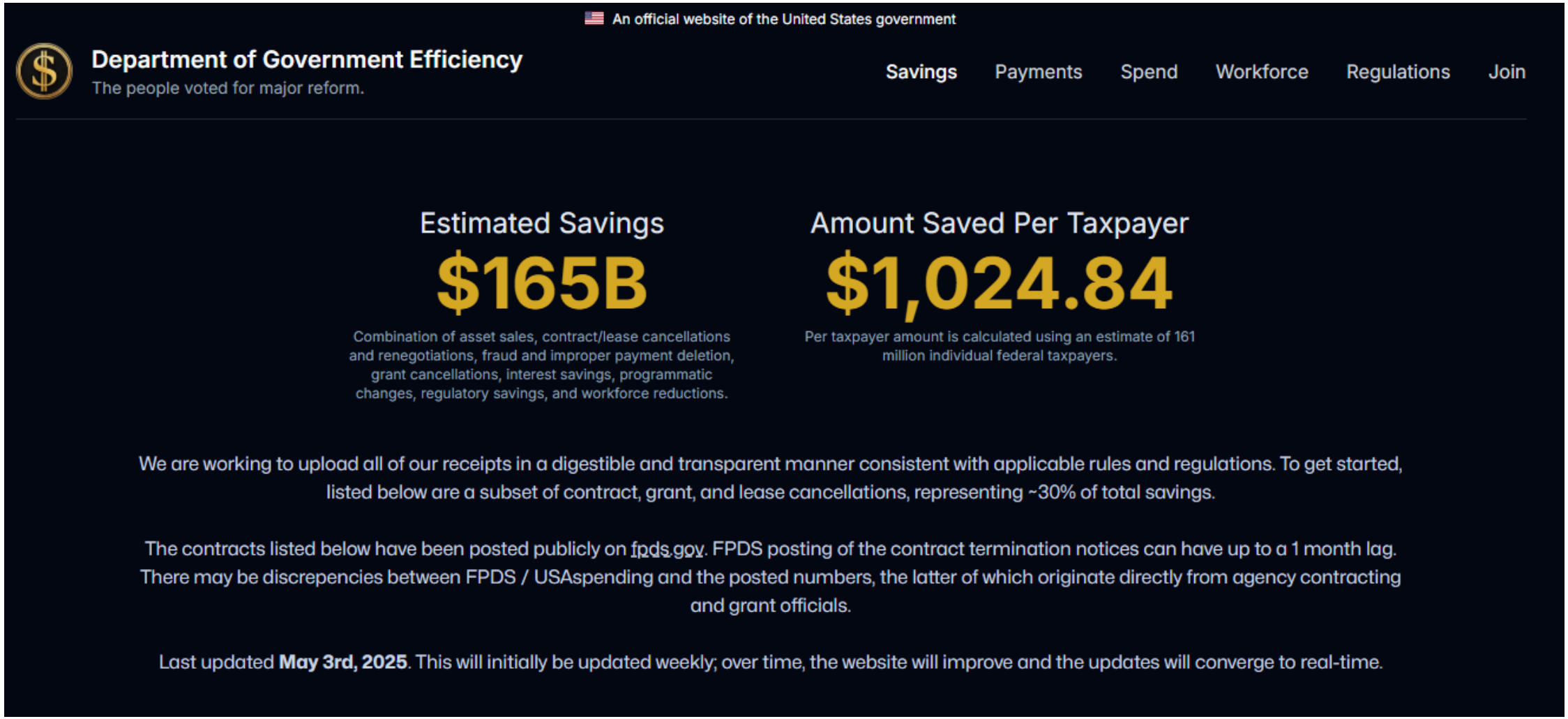
Today's Key Macro Question: Will President Trump's "Paradigm C" catalyze a bigger boom in risk assets than President Biden's "Paradigm A"? (cont.)

- At the Milken conference, top Wall Street executives including KKR's Henry Kravis, Citi's Jane Fraser, and Carlyle's Harvey Schwartz said they can tolerate tariffs but need clarity fast, warning the ongoing trade uncertainty is eroding confidence, harming growth, and reducing the US' attractiveness as a destination for foreign capital due to the erosion of the rule of law, policy predictability, and currency stability. These comments are perfectly in line with our op ed from last week.
- Apollo CEO Marc Rowan summed it up best, "What the administration wants to do is not wrong," citing the chaos of recent weeks as hurting the US' reputation for stability, predictability, and regularity. "I see us moving from what was hyper-exceptionalism to merely exceptional because I don't think there are good alternatives to the US today. But that can change over time." Ditto, Marc. Ditto.
- Additionally, Franklin Templeton CEO Jenny Johnson said the White House must ink a few deals soon to signal that "the US intends to play ball." Bessent told CNBC yesterday the Trump administration could announce trade deals this week, saying, "I can say that I am highly confident that we have 18 important trading partners—we'll put China to the side. The 17 other partners, many of them have approached us with very good trade proposals."
- At the Milken conference, Bessent said the US remains the "premier destination" for global capital and will become even more attractive for "investors like you." This rhymes with how he concluded his WSJ op ed:
- "The engine is already starting. For the second month in a row, Friday's nonfarm payrolls report beat expectations, with 177,000 jobs added in April. More than half a million private-sector jobs have been added since January. Add to this falling inflation and the first decline in consumer prices since Covid. This is just the cylinder firing. The American people should expect to hear the engine humming during the second half of 2025.
- This is how we restore the working class, re-establish the U.S. as an industrial powerhouse, and right the wrongs of lopsided trade policies. This is how we pave the way for Wall Street's next 40-year run while making sure Main Street runs alongside it. This is how we make America great again for all Americans."
- Most clear to us in carefully combing through every word of Bessent's op ed was a glaring lack of commitment to the fiscal austerity the Trump administration promised early on. The administration's hard pivot to celebrating how pro-Wall-Street its economic agenda is represents the clearest indication to date that they intend to guide the economy and asset markets to Paradigm C.

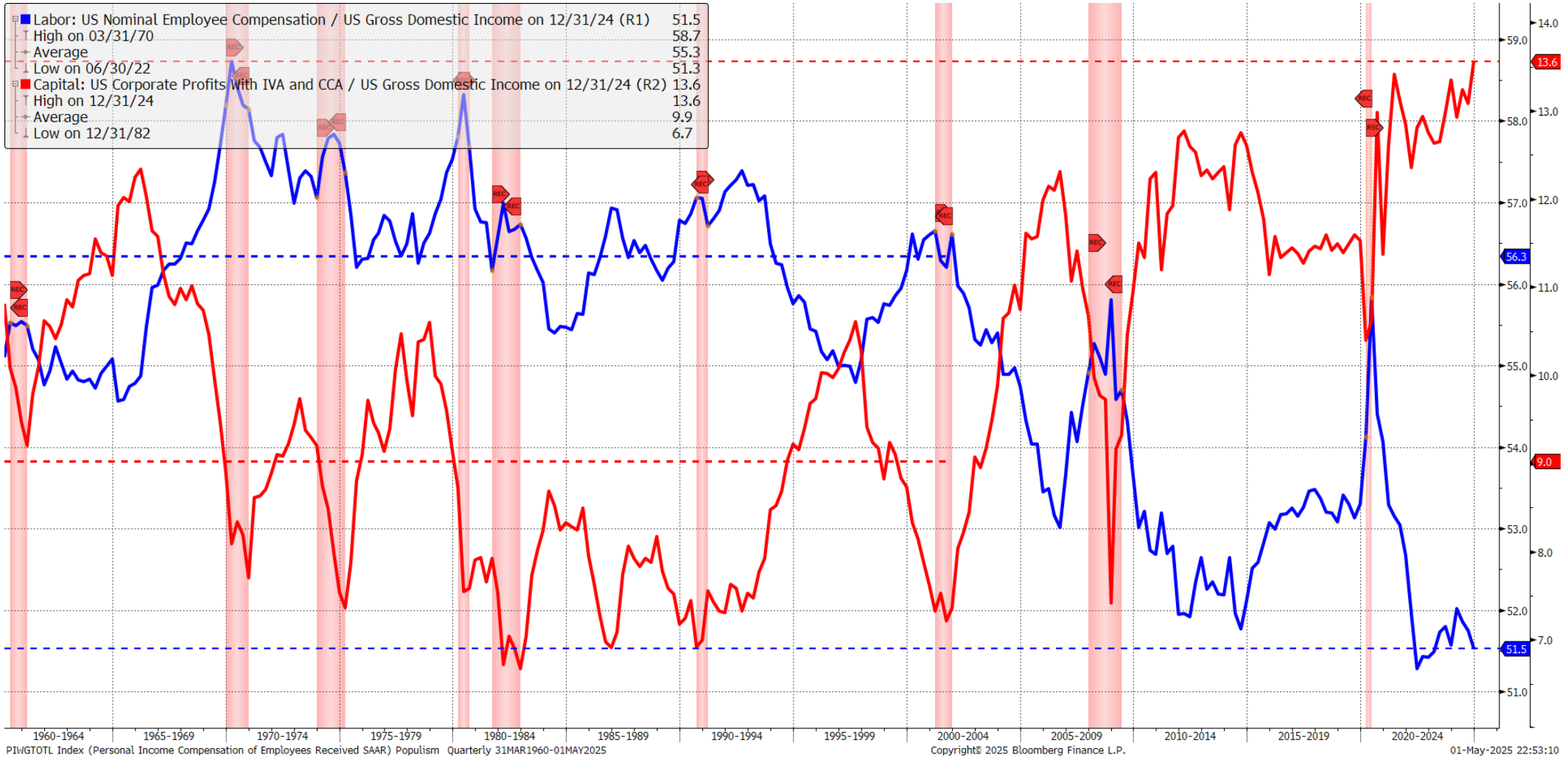
Today's Key Macro Question: Will President Trump's "Paradigm C" catalyze a bigger boom in risk assets than President Biden's "Paradigm A"? (cont.)

- To recap our regime segmentation framework:
- **Paradigm A** is a bloated, K-shaped US economy propped up by excessive government spending and over-easy monetary policy that disproportionately flatters the income and capital formation of households and businesses on the top part of the K at the expense of crowding out households and businesses on the bottom part of the K. Paradigm A is Biden's economy.
- **Paradigm B** is a buoyant, E-shaped US economy that shifts the burden of generating marginal economic output back to the private sector in a manner(s) that reduces the disproportional flow of funds from the public sector to the private sector and the associated crowding out. Paradigm B is where the Trump administration initially intended to guide the economy to, but their miscalculated and, quite frankly, arrogant tactics broke the bond market, which, in turn, robbed them of their willingness to tolerate the pain required to facilitate the transition.
- **Paradigm C** features all the fiscal and monetary largesse of Paradigm A, plus more tax cuts that largely benefit the rich and corporations, as well as deregulation that, among other things, will make it easier to replace American workers with AI and automation (per our interpretation of Commerce Secretary Howard Lutnick's commentary throughout March and April). Without meaningful deficit reduction, the crowding out will persist. Paradigm C is likely where the Trump administration is guiding the economy to now after Wall Street reminded them who's boss on April 9 and April 11.
- Main Street families will likely benefit from even more trickle-down economic exceptionalism than they did under Paradigm A during the Biden administration—a positive to be celebrated for sure. But make no mistake about it—the Trump administration is no longer on track to meaningfully narrow the toxic imbalance indicated by the chart on slide 9. As such, the median investor will likely celebrate the Trump 2.0 economy more than the median US household.
- To this point, it is worth highlighting that the top 20% of US households by income own roughly 90% of financial assets and account for roughly 40% of all consumption. The K-shaped nature of the US economy will not only survive the transition to Paradigm C, it is likely to thrive in it. This should result in a boom in asset markets, much like President Biden's Paradigm A before it. Whether the boom is larger remains to be seen, but investors must remain dispassionate, politically unbiased, and open minded to this increasingly probable outcome.

Is DOGE Still A Thing Or Was It Always Kabuki Theater Designed To Distract A Gullible American Public From Several Trillions Dollars Worth Of Debt-Financed Tax Cuts?



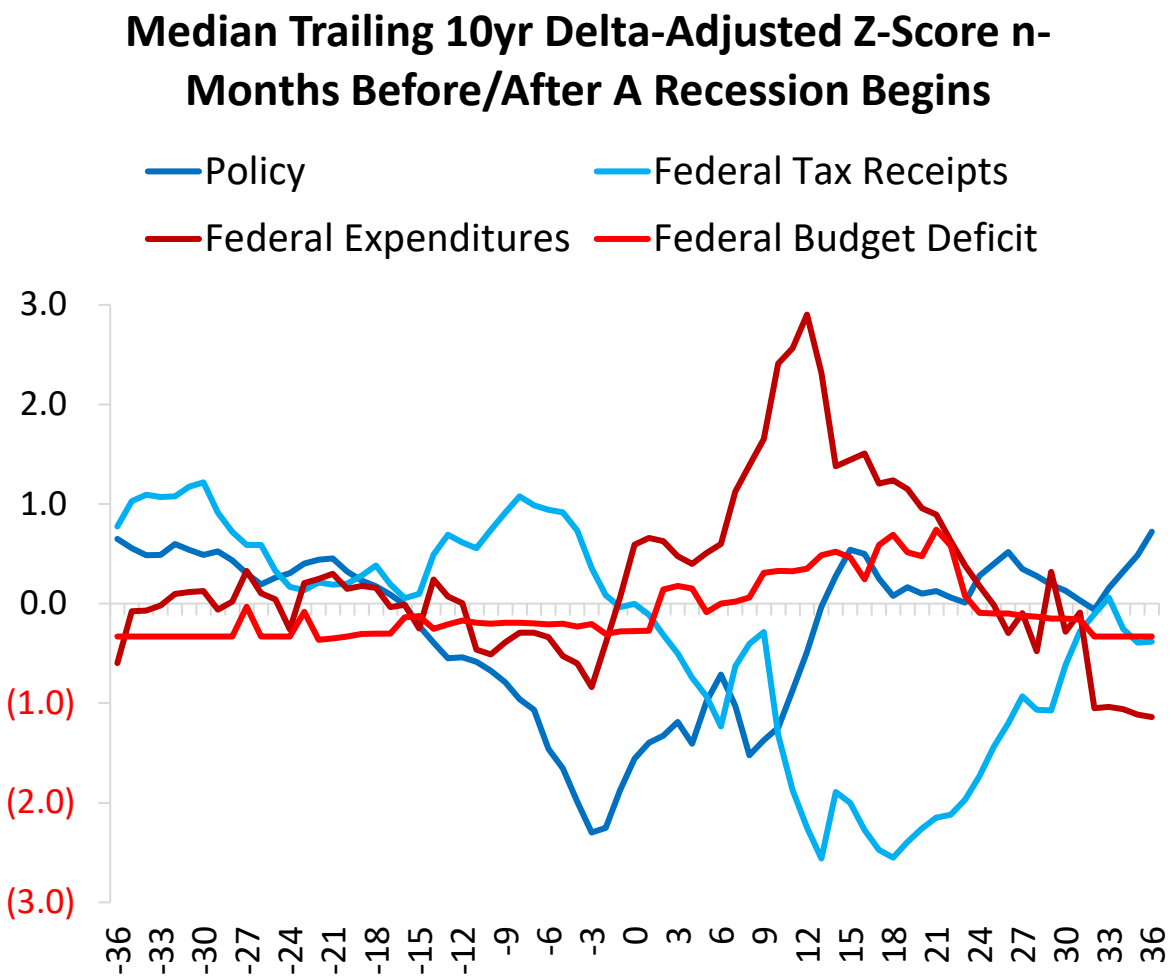
If DOGE Is Largely Kabuki Theater, Then There Will Be No Transition From Paradigm A (K-Shaped + Bloated Public Sector) To Paradigm B (E-Shaped + Booming Private Sector); Investors Should Expect Paradigm C (Paradigm A + Even More Fiscal And Monetary Largesse + Deregulation + AI And Automation) Instead

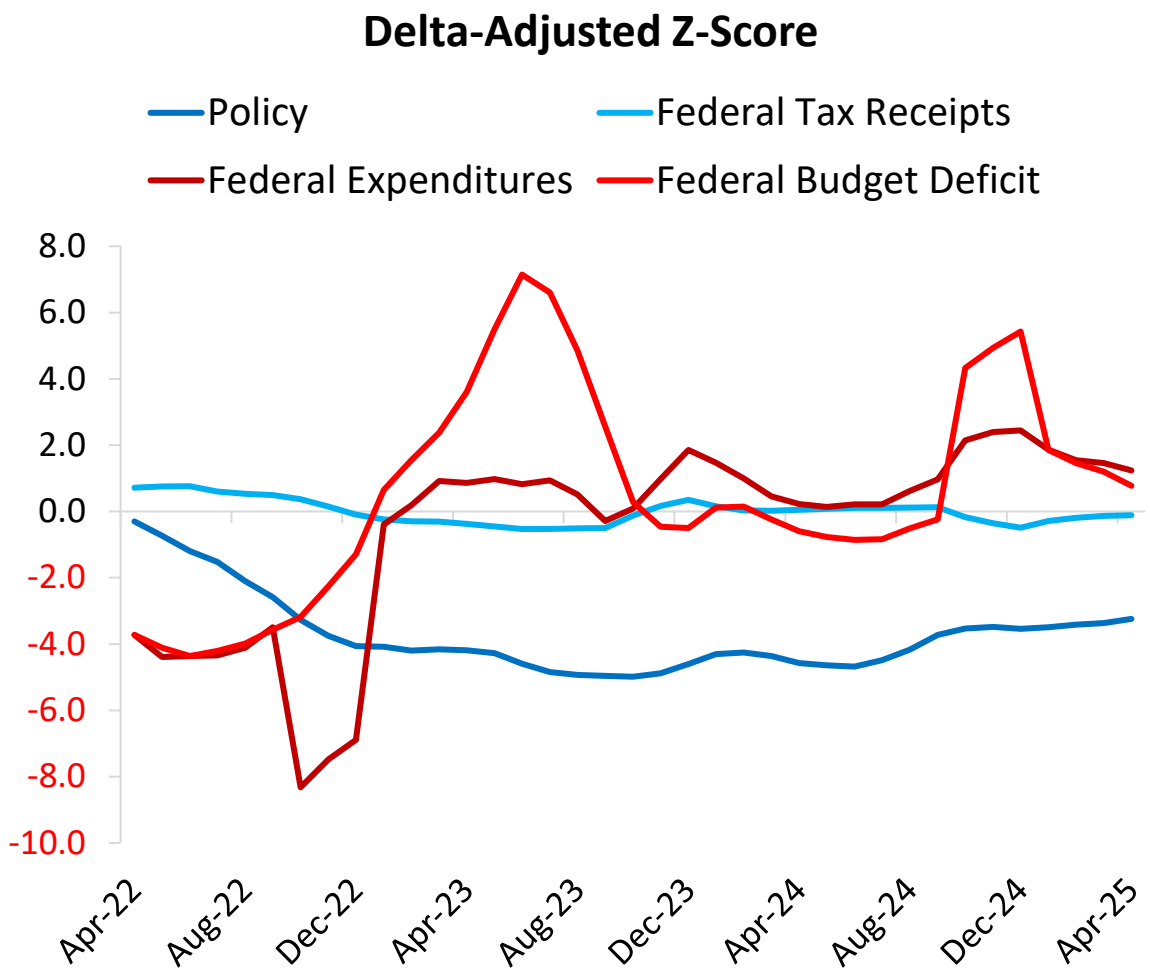


The ~500bps swing in the share of Gross Domestic Income going to Capital from Labor = $1.5 trillion per the latest data.

$1.5tn is the equivalent of ~$11,000 in annualized lost income per private sector employee, or 13% of the Median Household Income.

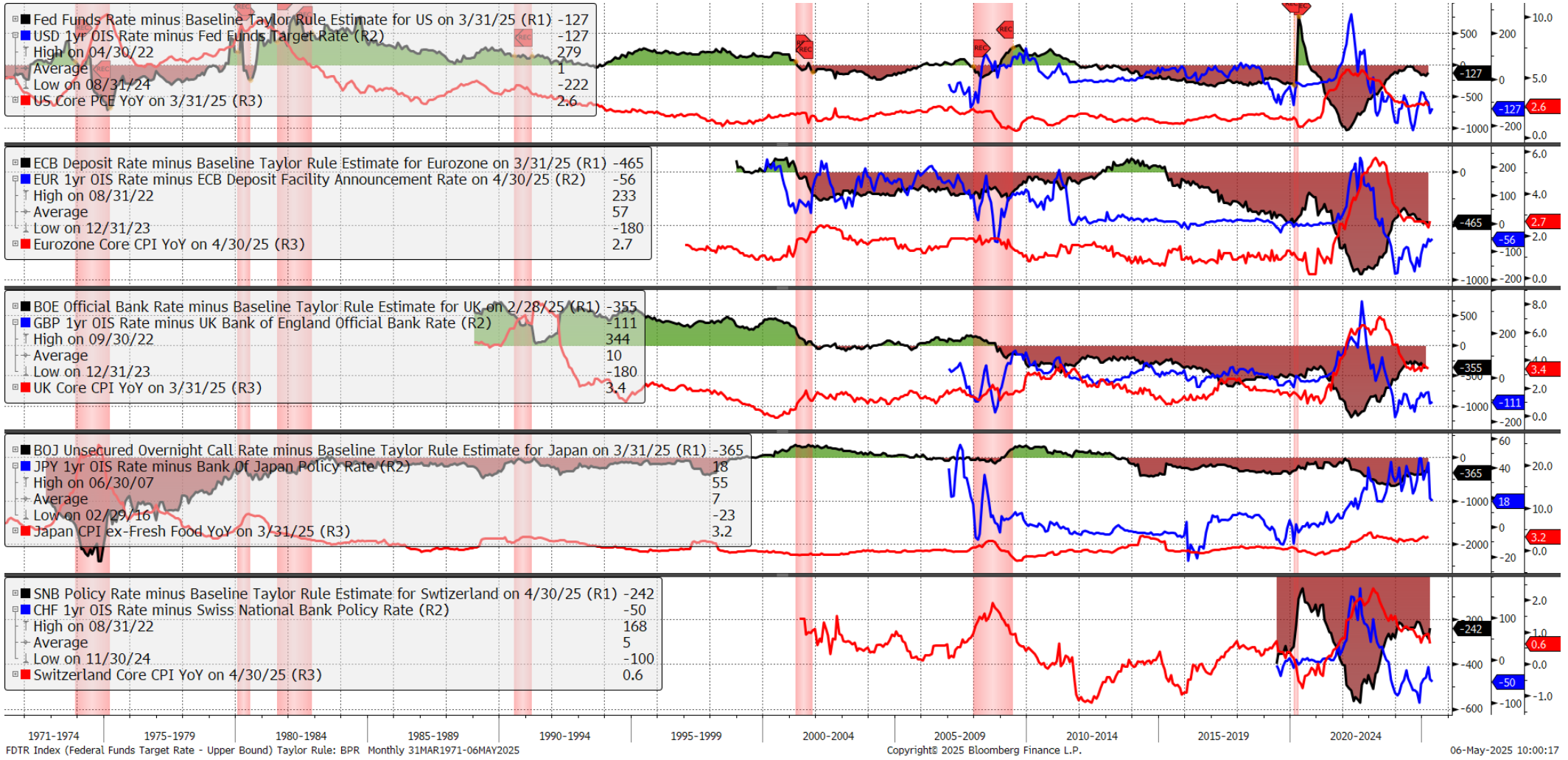
Instead Of Paradigm B, Investors Should Expect Paradigm C, Which Features The Fiscal Largesse Of Paradigm A





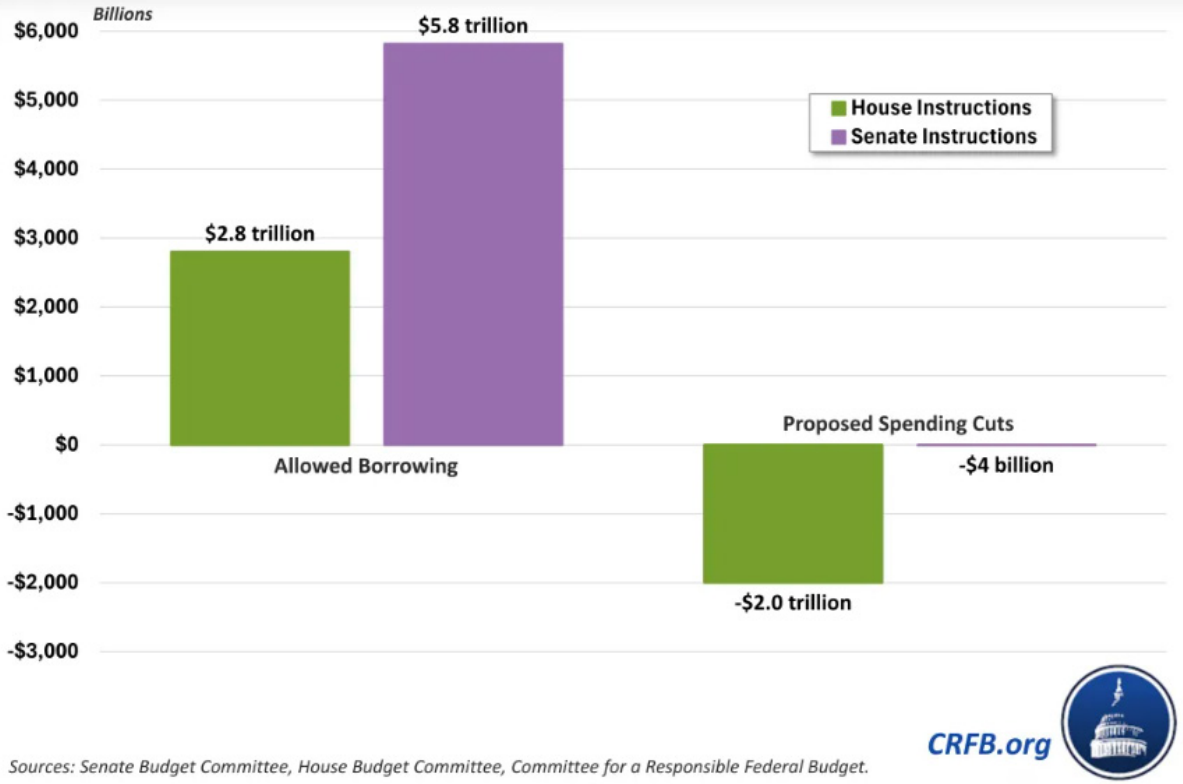
Accelerating/Moderating Upturn: above-trend and increasing/decreasing. Accelerating/Moderating Downturn: below-trend and decreasing/increasing.
All underlying time series = 3MMA of YoY % change unless otherwise denoted. Z-Scores from 2020 onward are derived from 2015-19 trends.
"Delta-Adjusted" = the signs of countercyclical indicators (e.g., Fed Funds Rate, SLOS, Jobless Claims, Unemployment, Personal Savings Rate, Credit Delinquencies, etc.) are inverted to align them with the direction of the business cycle.

Paradigm C Also Features The Monetary Largesse Of Paradigm A



In Addition To The Fiscal And Monetary Largesse Of Paradigm A, Paradigm C Features A Few Supply-Side Economics Sweeteners As Well: Tax Cuts

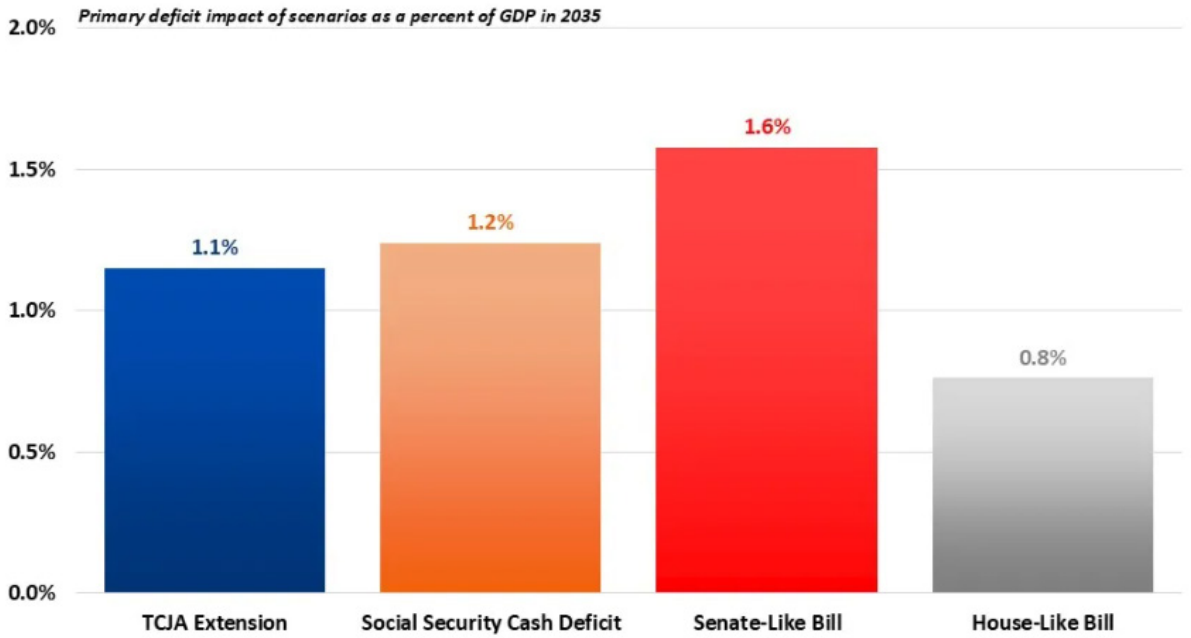
Senate Instructions Borrow More, Cut Less than House



Sources: Senate Budget Committee, House Budget Committee, Committee for a Responsible Federal Budget.

CRFB.org

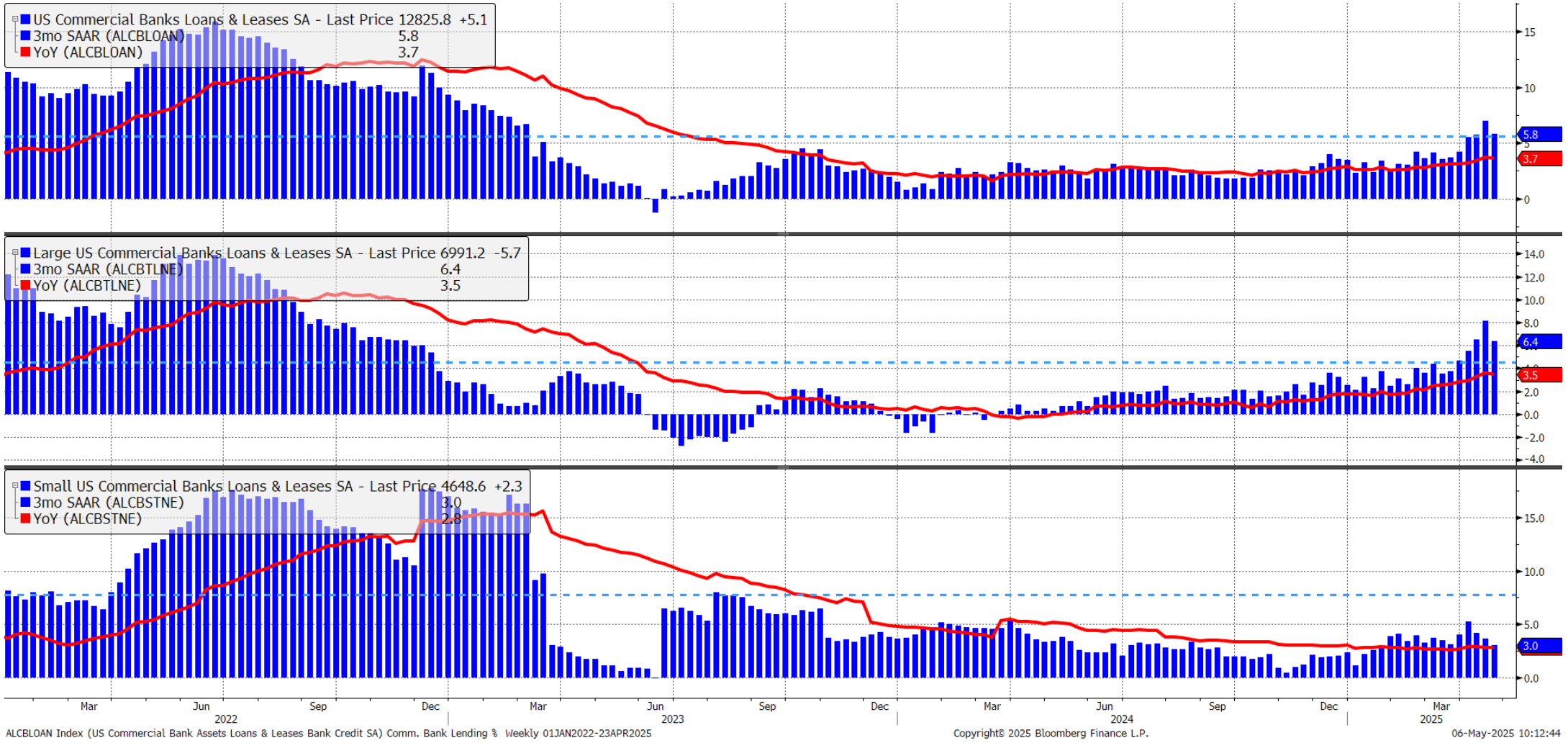
Annual TCJA Costs Are Similar to Social Security's Shortfall



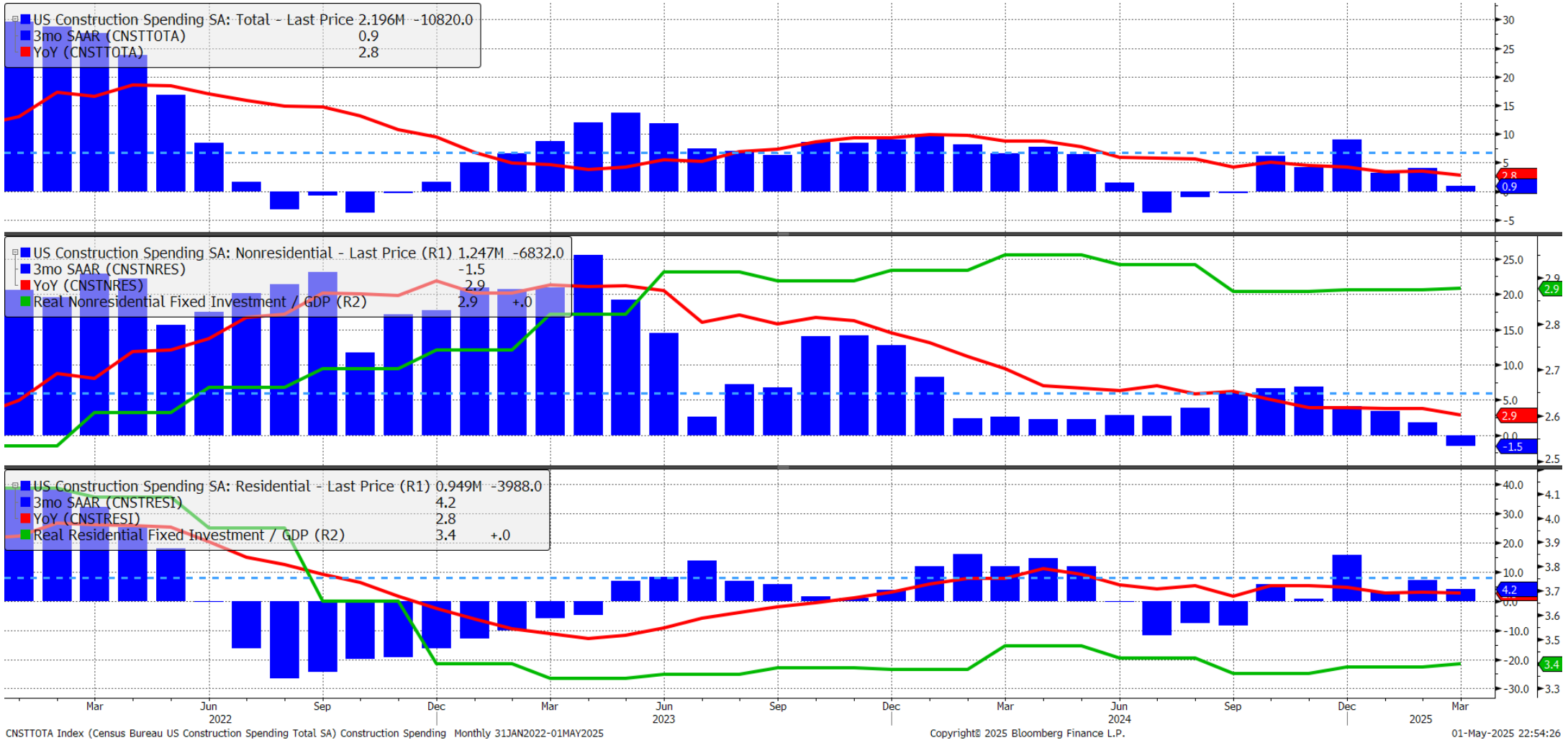
Sources: Committee for a Responsible Federal Budget, Congressional Budget Office

CRFB.org

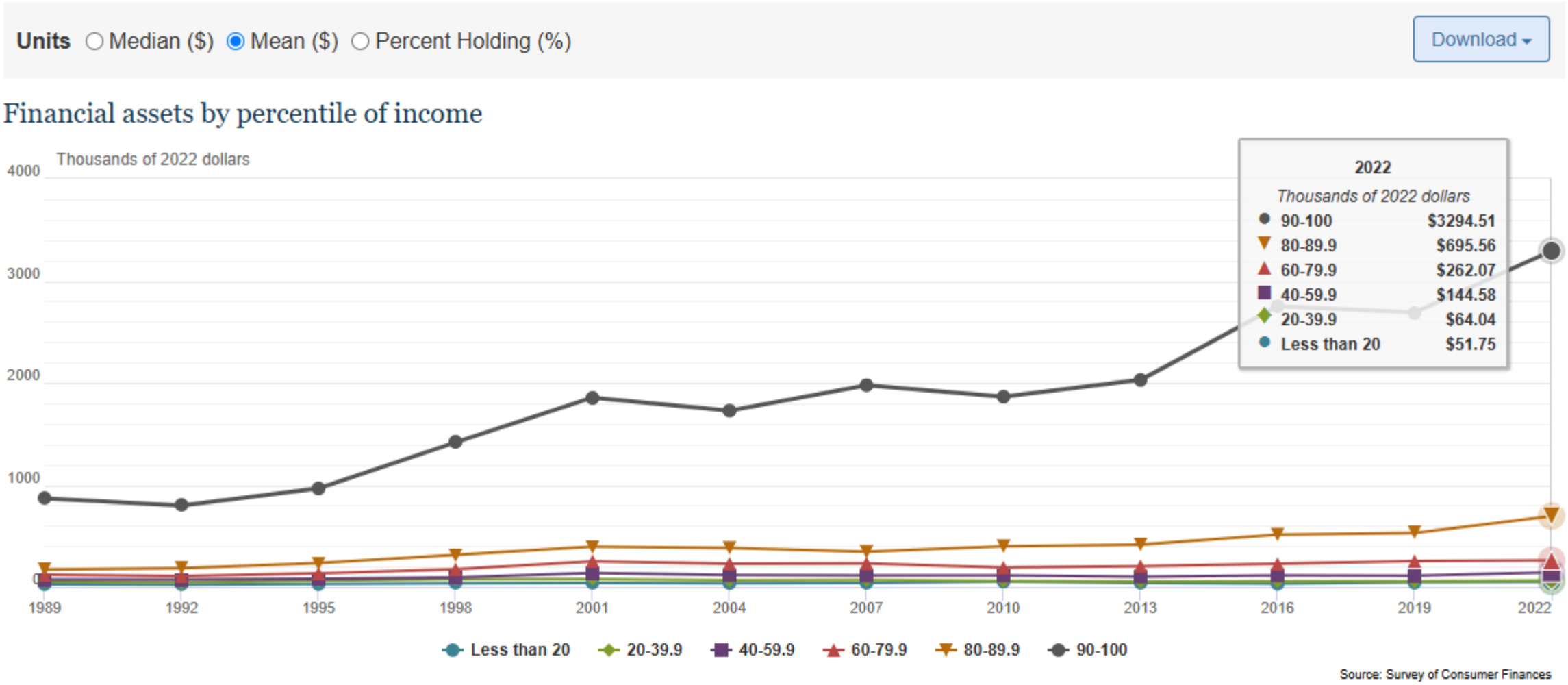
In Addition To The Fiscal And Monetary Largesse Of Paradigm A, Paradigm C Features A Few Supply-Side Economics Sweeteners As Well: Deregulation



In Addition To The Fiscal And Monetary Largesse Of Paradigm A, Paradigm C Features A Few Supply-Side Economics Sweeteners As Well: Reshoring

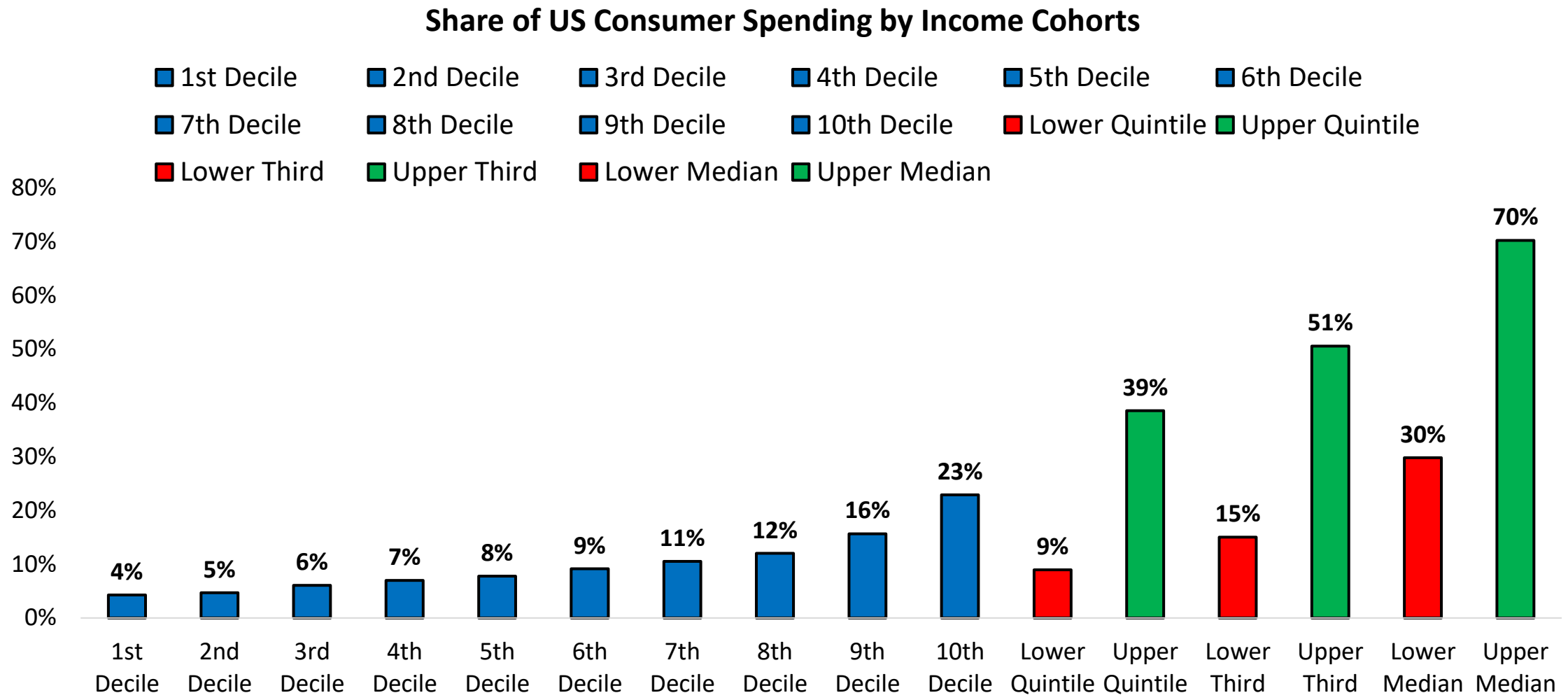


Unfortunately For Households On The Bottom Part Of The “K”, Paradigm C Does Little To Address Politically Destabilizing Income And Wealth Inequality

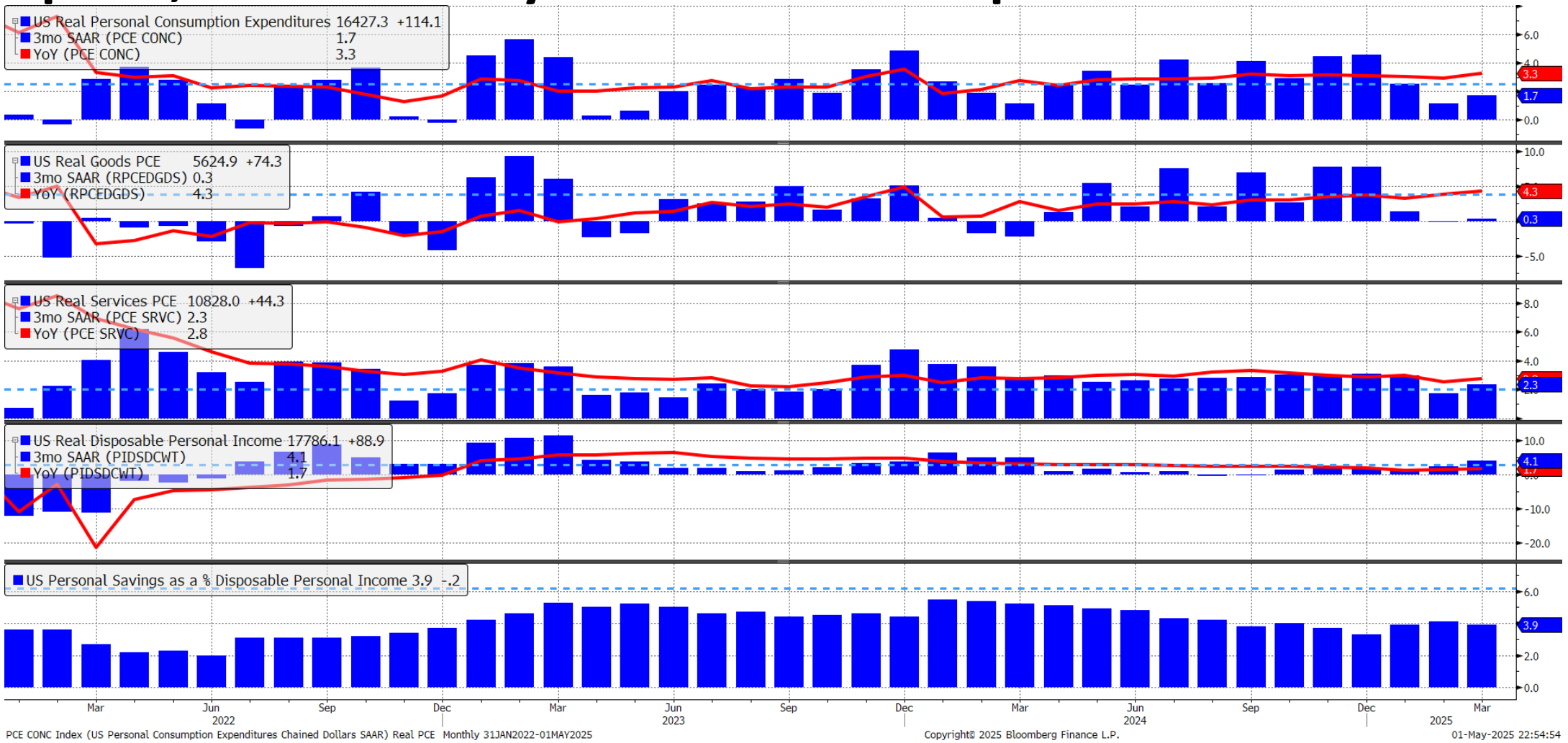


The top 20% of US households own 88% of financial assets.

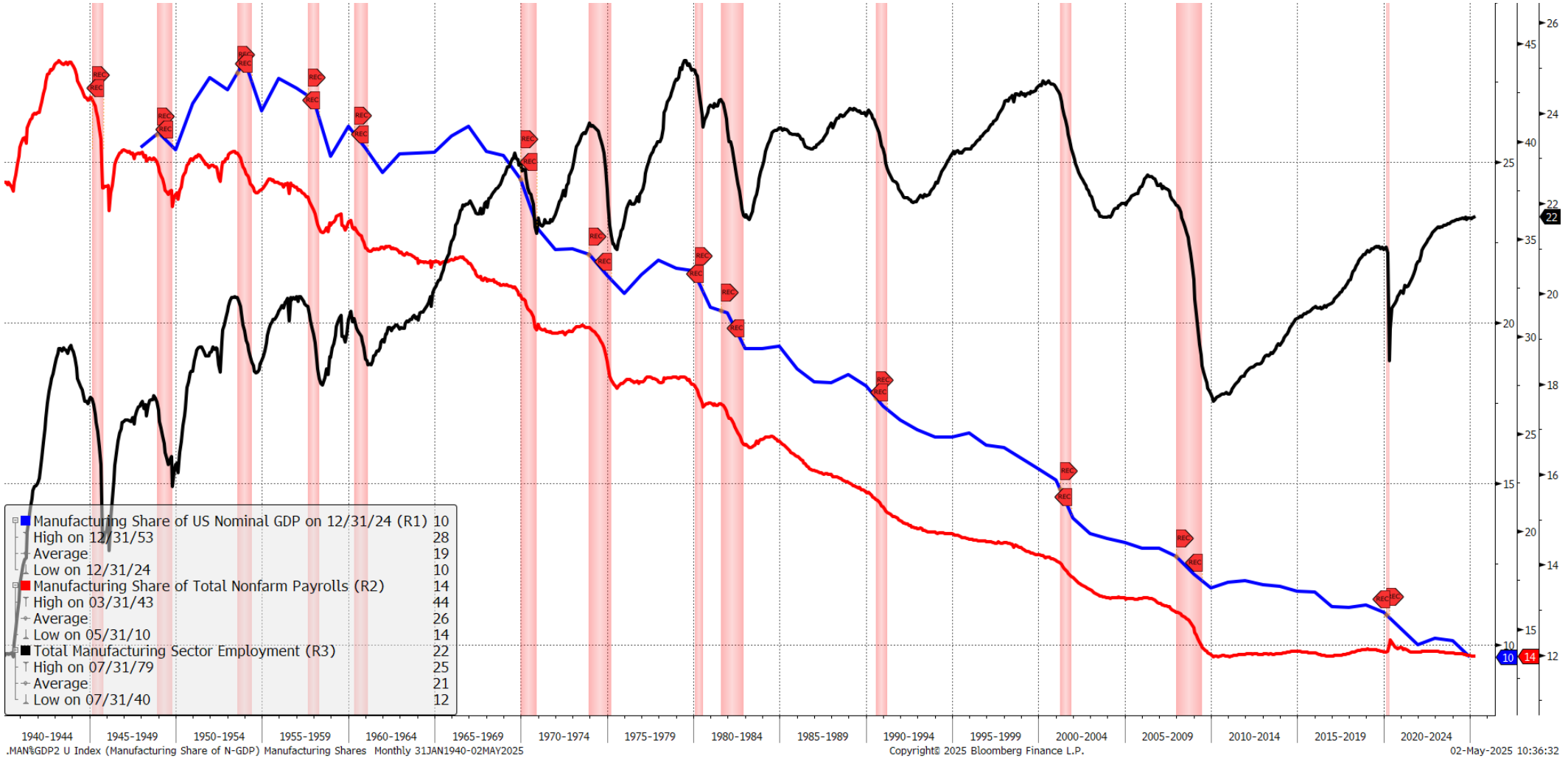
… But That's Main Street's Problem—Not Wall Street's Problem—Because Rich People Account For The Bulk Of Consumer Spending In The K-Shaped US Economy



Consumers On The Top Part Of The “K” Still Have Plenty Of Money To Spend, Which Is Why Services Consumption Remains Robust

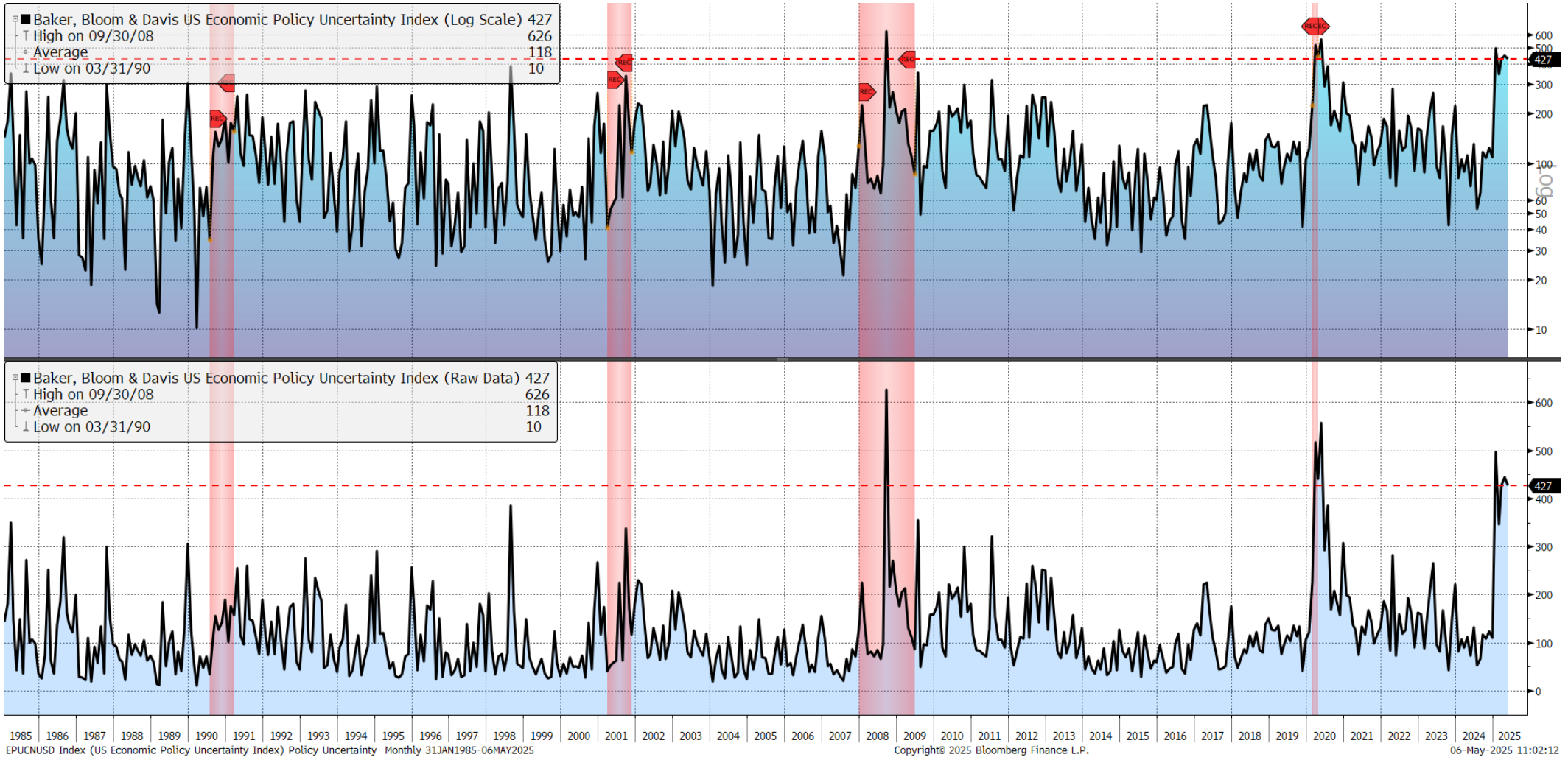


Rich People Continuing To Consume Services At Above-Trend Rates Will Support Income And Employment Growth For Consumers On The Bottom Part Of The "K"



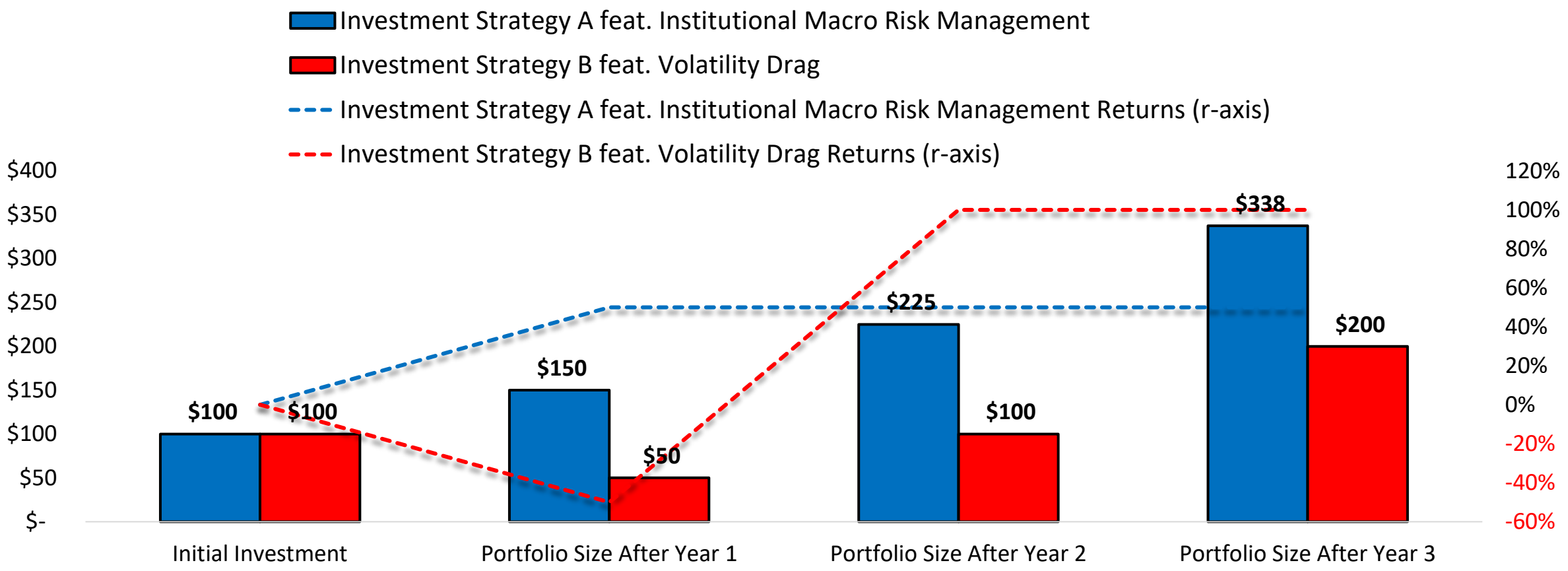
The manufacturing sector has accounted for a median 98% of net job losses during postwar US recessions.

Marc Rowan And Other Key Wall Street Executives Agree With Us That The Policy Uncertainty Created By President Trump's Poor Communication Is A Far Greater Risk To The Economy And Asset Markets Than Tariffs



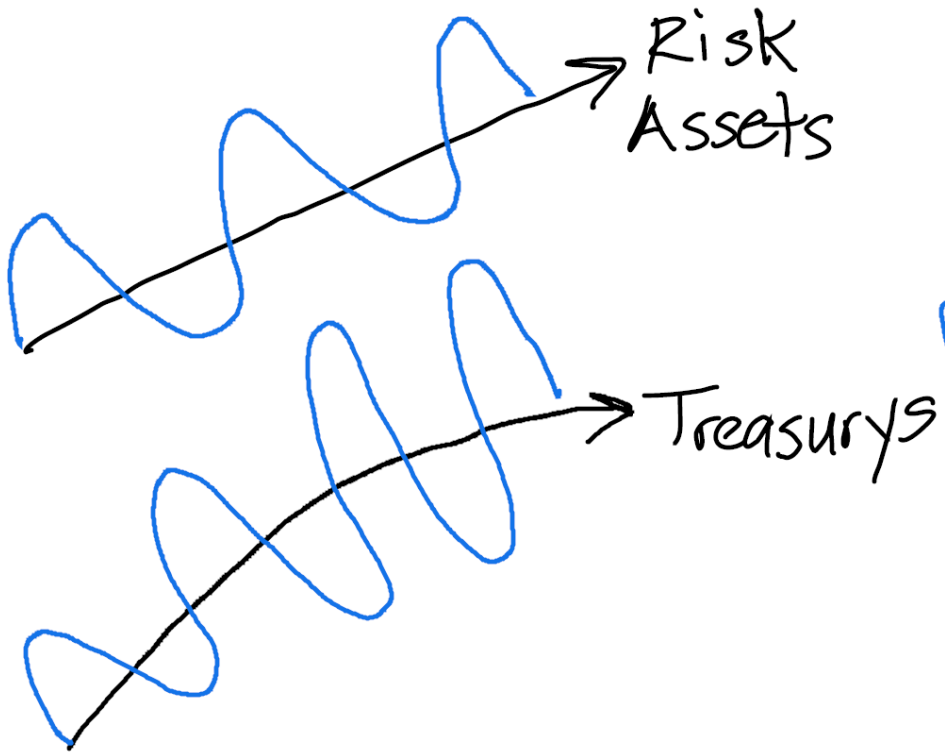
The Three Most Important Concepts In Investing: Rule #3 = The Journey Matters More To Your Financial, Mental, And Physical Health Than The Destination

Both Investment Strategies Feature Identical +50% Average Annual Returns.
Which One Do You Prefer?

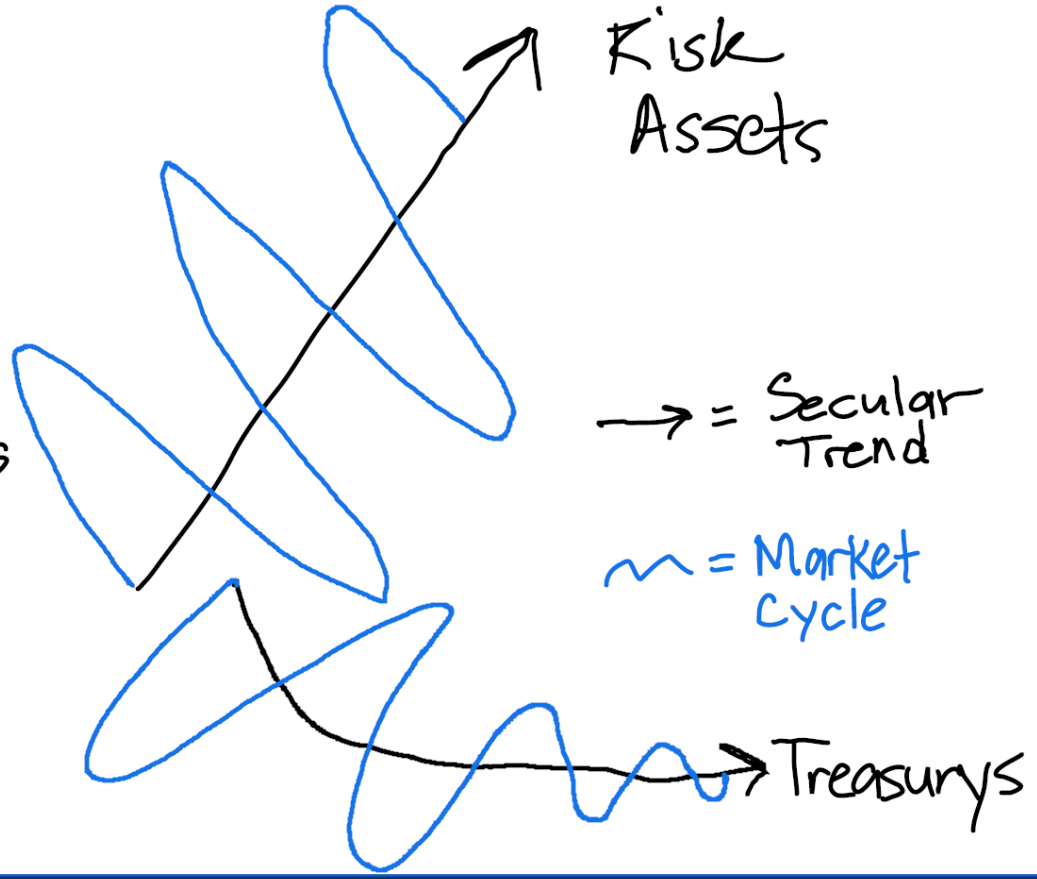


Risk Assets Appreciate Faster During Fourth Turnings, But The Drawdowns Are Also Deeper Whenever The Fed And Regulated Financial Institutions Are Not Monetizing Fast Enough

Asset Markets In A "Normal" Regime



Asset Markets In A Fourth Turning Regime



We Are All Frogs Being Boiled Alive In A Pot Of Monetary Debasement And Financial Repression; KISS And Dr. Mo Will Make Your #FrogLife Better

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-Skipper

The 42 Macro Risk Management Process

42 Macro Factor Long-Short Preferences	Risk-On Market Regimes		Risk-Off Market Regimes	
	GOLDILOCKS	REFLATION	INFLATION	DEFLATION
General Bias	Risk Assets Defensive Assets	Risk Assets Defensive Assets	Defensive Assets Risk Assets	Defensive Assets Risk Assets
Beta	High Beta Low Beta	High Beta Low Beta	Low Beta High Beta	Low Beta High Beta
Cyclicality	Cyclicals Defensives	Cyclicals Defensives	Defensives Cyclicals	Defensives Cyclicals
Style	Growth Value	Growth Value	Value Growth	Growth Value
Market Cap	SMID Caps Large Caps	SMID Caps Large Caps	Large Caps SMID Caps	Large Caps SMID Caps
Regional	US International	International US	US International	US International
Geographic	Emerging Markets Developed Markets	Emerging Markets Developed Markets	Developed Markets Emerging Markets	Developed Markets Emerging Markets
Fixed Income	Spread Products Treasurys	Spread Products Treasurys	Treasurys Spread Products	Treasurys Spread Products
Treasury Curve	Short Rates Belly Long Rates	Short Rates Belly Long Rates	Short Rates Belly Long Rates	Long Rates Belly Short Rates
Credit	High Yield Investment Grade	High Yield Investment Grade	Investment Grade High Yield	Investment Grade High Yield
Commodities	Industrial Commodities Energy Commodities Agricultural Commodities	Industrial Commodities Energy Commodities Agricultural Commodities	Agricultural Commodities Energy Commodities Industrial Commodities	Agricultural Commodities Energy Commodities Industrial Commodities
Currencies	Gold Foreign Currencies US Dollar	Gold Foreign Currencies US Dollar	US Dollar Gold Foreign Currencies	Gold US Dollar Foreign Currencies

GOLDILOCKS = risk on with a disinflationary bias. REFLATION = risk on with an inflationary bias.
INFLATION = risk off with an inflationary bias. DEFLATION = risk off with a disinflationary bias.

Fundamental Research Summary: Tuesday, May 6, 2025

Sticky Inflation (introduced: Jan-22; time horizon: 1yr+)

- US inflation is unlikely to durably return to the Fed's stated 2% and de facto 2.5% targets without an actual recession.
- Since last summer, our GRID Model has been forecasting an uptrend in inflation throughout 2025. Although both the Fed and investor consensus have recently capitulated into our view, we still anticipate upside surprises over the medium term. We do not believe the net impact of easy comps, tariffs, and restricting immigration is fully reflected in consensus estimates.

Resilient US Economy (introduced: Sep-22; time horizon: 1yr+)

- The US economy remains resilient due to historically strong private sector balance sheets, dovish monetary policy, labor hoarding, and deregulation. Although a technical recession is likely due to the imposition of Smoot-Hawley-level tariff rates and historically elevated policy uncertainty, we continue to assess a low probability of an actual recession over the medium term.
- ~~Since last summer, our GRID Model has been forecasting a downtrend in growth throughout 2025. Although both the Fed and investor consensus have recently capitulated into our view, we still anticipate downside surprises over the medium term. We do not believe the net impact of tough comps, historically elevated policy uncertainty, tariffs, restricting immigration, and DOGE budget cuts is fully reflected in consensus estimates.~~

Jay Wants A Soft Landing (introduced: Nov-23; time horizon: through May-26)

- The Fed has a modestly dovish reaction function that is geared towards engineering a soft landing in the US economy. We expect the Fed to end the Treasury portion of balance sheet runoff in 1H25. The Fed is implementing its typical Fourth Turning playbook, which is to support fiscal dominance by artificially engineering demand for US Treasurys amid above-target inflation and explosive growth in federal debt. Fiscal dominance demands substantial monetization of deficits and financial repression over the long term.
- President Trump's backtracking on tariffs and Fed independence reduce the economic and financial market risks associated with the geopolitically driven supply-demand imbalance in the Treasury bond market. Absent this pivot, the Fed may have been forced to maintain a "higher for longer" Fed Funds Rate—or even HIKE rates—to defend the US dollar and prevent destabilizing capital outflows like an EM central bank would during a balance of payments crisis.

Triple S's (introduced: Nov-24; time horizon: into or through 4Q25)

- The economy and asset markets may struggle amid uncertainty regarding the SIZE, SEQUENCE, and SCOPE of potentially dramatic changes to fiscal, regulatory, and trade policy–especially from asymmetric starting points in the growth and positioning cycles. Most notably, the SEQUENCE of policy implementation may cause problems due to the negative supply shocks from tariffs and restricting immigration and the negative demand shock from DOGE occurring BEFORE the positive supply shocks from tax cuts and deregulation. Worse, the cumulative impact of the fiscal, regulatory, and trade policy shocks is likely to be negative on a net basis in 2025.
- Recent evidence suggests the Trump administration is pivoting the US economy to Paradigm C, which features all the fiscal and monetary largesse that perpetuated the K-shaped economy of Paradigm A, plus trillions more in tax cuts, substantial deregulation, and some reshoring of industries critical for national defense. If President Trump feels disrespected during trade negotiations, backtracks on Paradigm C, and signals a renewed willingness to tolerate the pain required to bully his way into Paradigm B, the subsequent erosion of US exceptionalism—which is a direct result of the US' exorbitant privilege—may catalyze a monetary inflation if the Fed is forced to backstop the Treasury market with QE. Lastly, the SCOPE of Treasury net financing policy is likely to remain dovish for "at least the next several quarters", which is positive for US liquidity. The Debt Limit breach is also positive for US liquidity for the following two reasons: 1) it is perpetuating a significant reduction in the TGA balance; and 2) it reduces net financing to zero, which frees up investor balance sheet capacity to capitalize risk assets.

Highlighted callouts include material changes from the preceding 42 Macro research report.
Red = bearish for risk assets. Green is bullish for risk assets. Orange = neutral for risk assets.
Active Themes sourced from our monthly Macro Scouting Reports and daily Leadoff Morning Notes. In chronological order.

Quantitative Risk Management Summary: Tuesday, May 6, 2025

Short-Term Signals (<1 month):

- **Crowding Model:** Not currently generating any bearish or bullish signals.
- **Probable Range Model:** No key macro market indicator is currently overbought or oversold.

Short-to-Medium-Term Signals (1-3 months):

- **Dispersion Model:** Rotational flows have been generally balanced on a trending basis.
- **Positioning Model:** Short-to-medium-term positioning indicators indicate retail traders are underweight stocks, and active managers are neutral stocks. Speculators are neutral stocks, underweight Treasurys, underweight the US dollar, and underweight commodities. Our Positioning Model indicates moderate risk of a rally in risk assets over the short-to-medium term.

Medium-to-Long-Term Signals (3-12+ months):

- **Dr. Mo Directionally Bullish Signals:** n/a
- **Dr. Mo Directionally Bearish Signals:** IEF, AGG, MBB
- **Global Macro Risk Matrix:** DEFLATION is the current Market Regime. DEFLATION is a risk-off regime in which investors are generally rewarded for reducing risk because policymakers are unlikely to adequately support real economic growth that is perceived to be decelerating or persistently lower than expectations. *The key portfolio construction considerations in DEFLATION are: Defensive Assets > Risk Assets, Low Beta > High Beta, Defensives > Cyclicals, Growth > Value, Large Caps > SMID Caps, US > International, DM > EM, Treasurys > Spread Products, Long Rates > Belly > Short Rates, Investment Grade > High Yield, Agricultural Commodities > Energy Commodities > Industrial Commodities, and Gold > USD > FX.*
- **Global Liquidity Monitor:** Global liquidity is currently trending higher. Key leading indicators of global liquidity currently signal a modest downtrend over the medium term.
- **GRID Model:** INFLATION (growth ↓ and inflation ↑) is the modal outcome from a Bottom-Up Macro Regime perspective in the US economy over the next 3-6mos and the next 6-12mos.
- **Macro Weather Model:** Currently generating a bullish three-month outlook for Stocks, Bonds, Commodities, and Bitcoin, and a bearish three-month outlook for the US Dollar. The composite signals currently indicate a high probability of sustaining a risk-on Market Regime over the next three months.
- **Positioning Model:** Medium-to-long-term positioning indicators indicate investment advisors are neutral stocks, neutral bonds, and neutral cash. Systematic funds are underweight stocks. Market-neutral hedge funds are overweight risk assets from a gross exposure perspective. Risk asset valuations are no longer consistent with major bull market peaks. Our Positioning Model indicates low risk of a crash in risk assets over the medium-to-long term. Recall that it signaled high risk of a crash at the all-time high in the $SPY on February 19.

Highlighted callouts include material changes from the preceding 42 Macro research report.

Positioning Model correction/crash risk thresholds: < 25% = low, 25-50% moderate, 50-75% reasonable, and > 75% high.

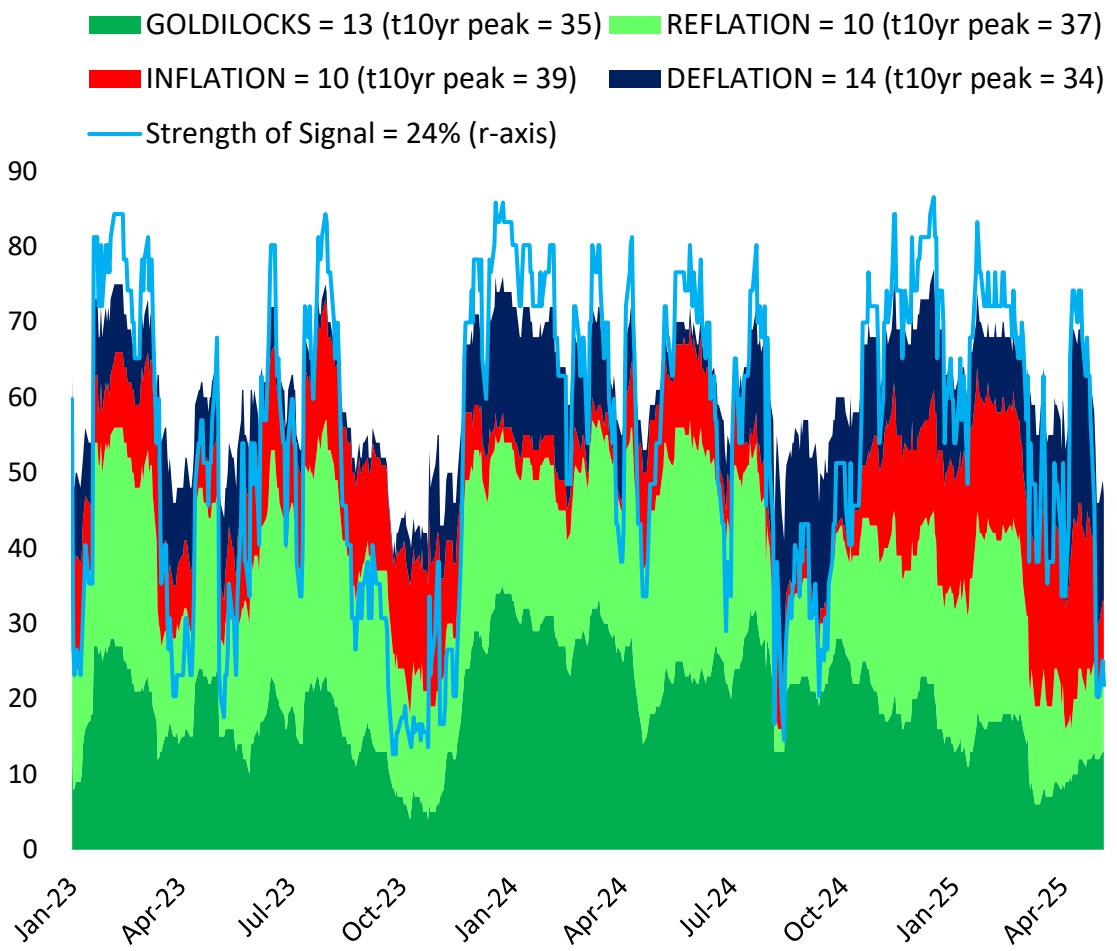
Macro Weather Model RORO phase transition risk thresholds: < 25% = low, 25-50% moderate, 50-75% reasonable, and > 75% high.

We Use Our Global Macro Risk Matrix To Nowcast The Market Regime, Which Investors Must Position For To Avoid FOMO Or FOML; Fear Of Missing Out Causes Investors To Buy Cycle Tops And Fear Of More Losses Causes Investors To Sell Cycle Lows

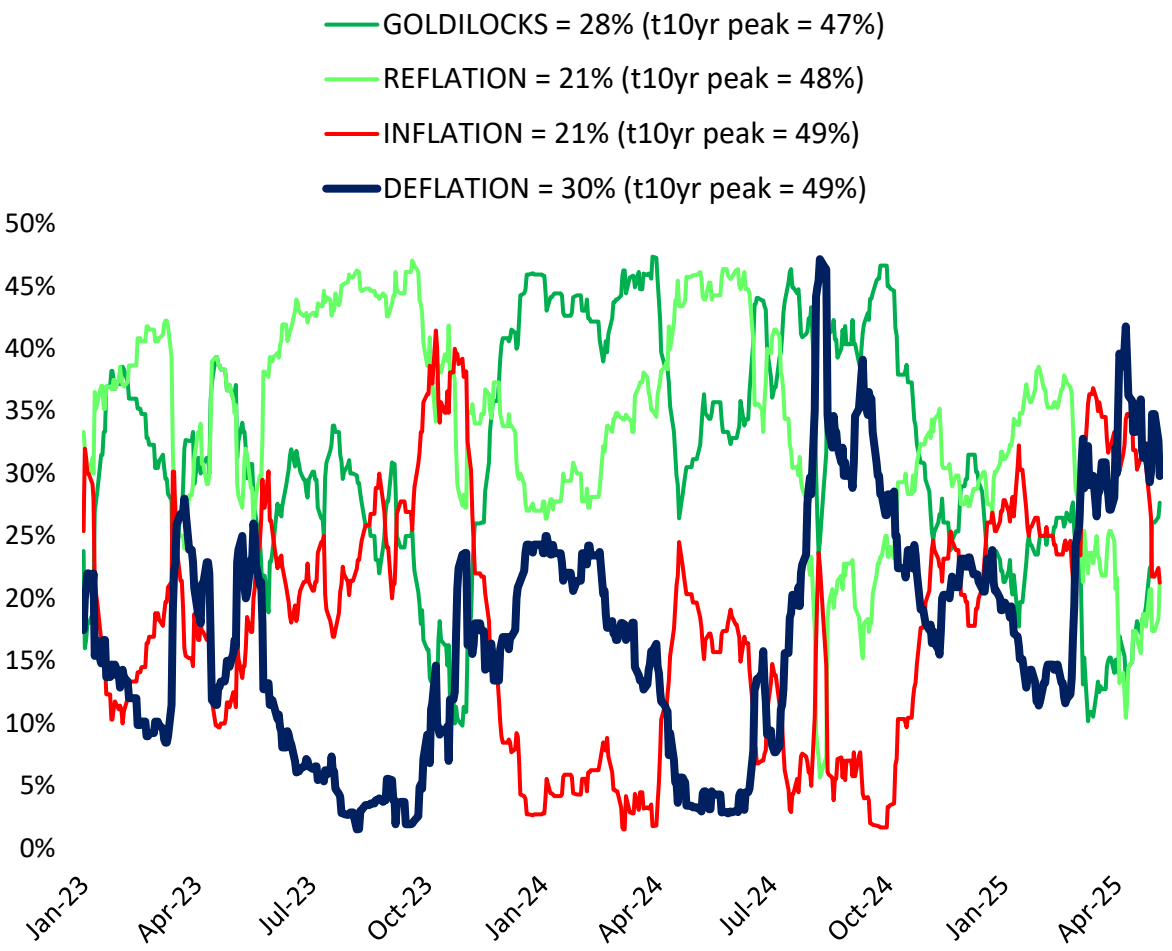
5/6/2025	ES1	MES1	NKY	NQ1	RTY1	SHCOMP	SXXP	COR3M	CVIX	MOVE	VIX	CO1	CRB FOOD	CRB RIND	XAG	XBT	AUD	DXY	EUR	GBP	USDCHF	USDCNY	USDJPY	XAU	DEGGBE10	GDBR10	GJGB10	GUKG10	LF98OAS	LF98YW	LUACOAS	LUACYW	S0042FC 1Y1M	S0133FC 1Y1M	S0141FC 1Y1M	UKGGBE10	USGG10YR	USGG2YR	USGG30YR	USGGBE10	USGGT10Y	USYC2Y10
4/4/2025	✗	✗	✗	✗	✗	!	!	✓	✓	✓	✓	!	✗	✓	✓	!	✗	!	!	!	!	!	✓	!	!	✓	✓	✓	✓	✓	!	!	✗	✗	!	✗	✗	✗	✗	!	✗	!
4/7/2025	✗	✗	✗	✗	✗	!	✗	✓	✓	✓	✓	!	✗	✓	✓	!	✗	!	!	!	!	✓	!	✓	!	✓	✓	✓	✓	✓	!	✓	✗	✗	!	✗	✗	✗	✗	✗	✗	!
4/8/2025	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	!	✗	✓	!	✗	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	!	✓	✗	✗	✗	✗	✗	✗	✓	✗	!
4/9/2025	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	!	✗	!	✗	✗	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	!
4/10/2025	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	!	✗	!	✗	✗	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✓	✗	!
4/11/2025	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	!	✗	!	!	✗	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/14/2025	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	!	✗	!	!	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/15/2025	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	!	!	✗	✓	✓	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/16/2025	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	!	!	✗	✓	✓	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/17/2025	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	!	!	✗	✓	✓	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/18/2025	✗	✗	!	✗	✗	✗	✗	✓	✓	✓	!	✗	✗	✓	✓	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/21/2025	✗	✗	!	✗	✗	✗	✗	✓	✓	✓	!	✗	✗	!	✓	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/22/2025	✗	✗	!	✗	✗	✗	✗	✓	✓	✓	!	!	!	✓	✓	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/23/2025	✗	!	!	✗	✗	✗	✗	✓	✓	✓	!	!	!	✓	✓	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/24/2025	✗	!	!	✗	✗	✗	✗	✓	✓	✓	!	!	!	✓	✓	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/25/2025	✗	!	!	✗	✗	✗	✗	✓	✓	✓	!	!	!	✓	✓	!	✗	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/28/2025	✗	!	!	!	✗	✗	!	✓	✓	✓	!	!	!	✓	✓	✓	!	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/29/2025	✗	!	!	!	!	✗	!	✓	✓	✓	!	!	!	✓	✓	✓	!	!	!	!	!	✓	!	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✓	✓	✗	✓
4/30/2025	!	!	!	!	!	✗	!	✓	✓	✓	!	!	!	✓	✓	✓	!	!	!	!	!	✓	!	✓	✗	✓	✓	!	✓	✓	!	!	✗	✗	✗	✗	✗	✓	✓	✗	!
5/1/2025	!	!	!	!	!	✗	!	✓	✓	✓	!	!	!	✓	✓	✓	!	!	!	!	!	✓	!	✓	✗	✓	✓	!	✓	✓	!	!	✗	✗	✗	✗	✗	✓	✓	✗	!
5/2/2025	!	!	!	!	!	✗	!	✓	✓	✓	!	!	!	✓	✓	✓	!	!	!	!	!	✓	!	✓	✗	✓	✓	!	✓	✓	!	!	✗	✗	✗	✗	✗	✓	✓	✗	!
5/5/2025	!	!	!	!	!	✗	!	✓	✓	✓	✗	!	!	✓	✓	✓	!	!	!	!	!	✓	!	✓	✗	✓	✓	!	✓	✓	✓	!	✗	✗	✗	✗	✗	✓	✓	✗	!
5/6/2025	!	!	!	!	!	✗	!	✓	✓	!	✗	!	!	✓	✓	✓	!	!	!	!	!	✓	!	✓	✗	✓	✓	!	✓	✓	✓	!	✗	✗	✗	✗	✗	✓	✓	✗	!
G	0	0	0	0	0	0	0	0	0	0	1	0	0	1	1	1	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	1	1	1	1	0	1	0	1	0	1
R	0	0	0	0	0	0	0	0	0	0	1	0	0	1	1	1	0	0	0	0	0	0	0	1	0	1	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1
I	0	0	0	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	1	1	1	1	0	0	0	0	0	0	1	0	0	0
D	0	0	0	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	1	1	1	0	1	1	1	1	0	1	0	1	0	0
1D%Δ r to SPX (t3mo)	1.00	0.82	-0.17	0.99	0.96	0.12	0.10	-0.79	0.17	-0.49	-0.91	0.58	0.33	0.16	0.53	0.56	0.57	0.18	-0.19	0.14	0.45	-0.02	0.41	0.14	0.01	0.11	0.15	0.48	-0.77	-0.64	-0.72	0.04	0.66	0.23	0.50	0.17	0.17	0.58	-0.03	0.65	-0.17	-0.50
r²	1.00	0.67	0.03	0.97	0.92	0.02	0.01	0.62	0.03	0.24	0.82	0.34	0.11	0.03	0.28	0.31	0.32	0.03	0.04	0.02	0.20	0.00	0.17	0.02	0.00	0.01	0.02	0.23	0.59	0.41	0.51	0.00	0.43	0.05	0.25	0.03	0.03	0.33	0.00	0.43	0.03	0.25
1D%Δ r to 10yr TIPS Yield	-0.17	-0.13	0.12	-0.11	-0.18	0.39	-0.08	0.07	-0.16	0.12	0.18	-0.20	-0.23	0.02	0.08	-0.02	-0.06	-0.13	0.19	-0.11	-0.28	-0.19	0.08	0.01	0.16	0.24	0.06	0.25	0.03	0.39	0.13	0.85	0.36	0.18	-0.04	0.14	0.87	0.48	0.87	-0.15	1.00	0.53
r²	0.03	0.02	0.01	0.01	0.03	0.15	0.01	0.01	0.02	0.01	0.03	0.04	0.06	0.00	0.01	0.00	0.00	0.02	0.04	0.01	0.08	0.04	0.01	0.00	0.03	0.06	0.00	0.06	0.00	0.15	0.02	0.73	0.13	0.03	0.00	0.02	0.76	0.23	0.76	0.02	1.00	0.28
1D%Δ r to DXY	0.18	-0.13	-0.19	0.17	0.21	-0.19	-0.17	-0.14	-0.04	-0.12	-0.14	0.17	-0.14	-0.15	-0.14	0.05	-0.55	1.00	-0.96	-0.79	0.80	0.49	0.73	-0.46	-0.22	-0.20	-0.06	0.14	-0.19	-0.12	-0.09	0.08	0.30	-0.19	0.11	0.21	0.00	0.28	-0.11	0.27	-0.13	-0.31
r²	0.03	0.02	0.04	0.03	0.05	0.03	0.03	0.02	0.00	0.01	0.02	0.03	0.02	0.02	0.02	0.00	0.30	1.00	0.92	0.62	0.64	0.24	0.53	0.21	0.05	0.04	0.00	0.02	0.04	0.01	0.01	0.01	0.09	0.04	0.01	0.05	0.00	0.08	0.01	0.07	0.02	0.10
VAMS Δ Frequency	3%	2%	4%	3%	1%	5%	4%	5%	3%	6%	5%	3%	3%	2%	4%	1%	3%	3%	3%	3%	3%	4%	3%	3%	2%	3%	4%	3%	3%	3%	3%	3%	2%	3%	2%	3%	3%	3%	3%	3%	3%	3%
% of Time Trending	72%	72%	67%	69%	79%	55%	71%	83%	87%	87%	66%	65%	69%	79%	88%	91%	59%	56%	55%	62%	53%	58%	43%	89%	84%	84%	83%	85%	81%	79%	66%	63%	84%	82%	87%	85%	85%	87%	85%	88%	85%	52%

GREEN √ = bullish VAMS, ORANGE ! = neutral VAMS, and RED X = bearish VAMS.

Global Macro Risk Matrix: Sum Of Confirming Markets



Global Macro Risk Matrix: Share Of Confirming Markets

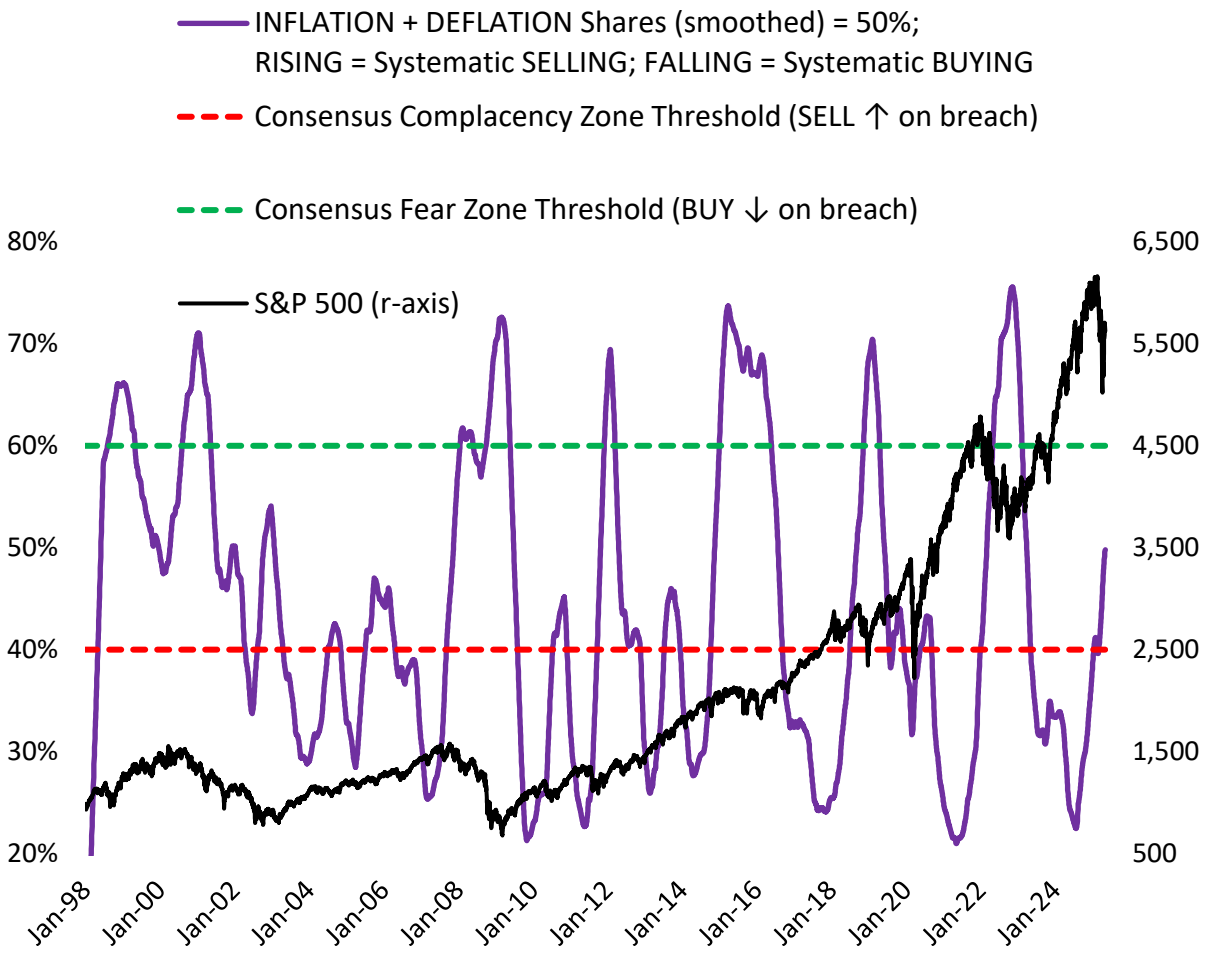


Market Regime = GRID regime with highest Sum and Share of Confirming Markets.

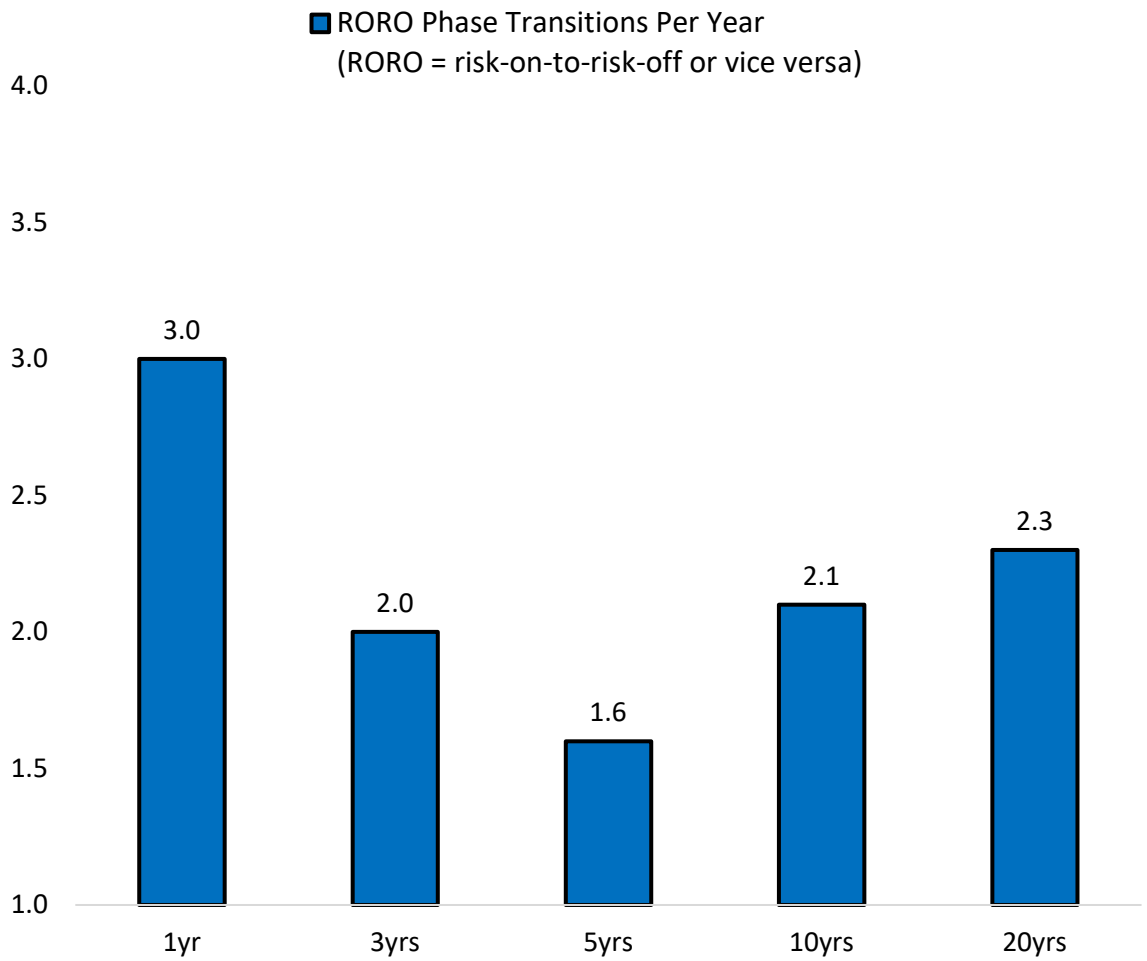
GOLDILOCKS = risk on with a disinflationary bias. REFLATION = risk on with an inflationary bias.

INFLATION = risk off with an inflationary bias. DEFLATION = risk off with a disinflationary bias.

Global Macro Risk Matrix:
Cross-Asset Correction Risk Indicator (CACRI)



Global Macro Risk Matrix:
Regime Change Statistics



Market Regime = GRID regime with highest Sum and Share of Confirming Markets.
GOLDILOCKS = risk on with a disinflationary bias. REFLATION = risk on with an inflationary bias.
INFLATION = risk off with an inflationary bias. DEFLATION = risk off with a disinflationary bias.

Volatility-Adjusted Momentum Signal (VAMS) And Global Macro Risk Matrix Market Regime Backtests

42 Macro Market Regime & VAMS Backtests		% of Cumulative Performance by VAMS Condition			% of Cumulative Performance by Market Regime						Sharpe Ratio by Market Regime						42 Macro Market Regime & VAMS Backtests		% of Cumulative Performance by VAMS Condition			% of Cumulative Performance by Market Regime						Sharpe Ratio by Market Regime					
		BULLISH	NEUTRAL	BEARISH	GOLDILOCKS	REFLATION	INFLATION	DEFLATION	RISK ON	RISK OFF	GOLDILOCKS	REFLATION	INFLATION	DEFLATION	RISK ON	RISK OFF			BULLISH	NEUTRAL	BEARISH	GOLDILOCKS	REFLATION	INFLATION	DEFLATION	RISK ON	RISK OFF	GOLDILOCKS	REFLATION	INFLATION	DEFLATION	RISK ON	RISK OFF
SPY	S&P 500	81%	35%	-17%	58%	37%	4%	2%	95%	5%	1.0	0.7	0.1	0.0	0.9	0.0	STIP	0-5yr TIPS	75%	34%	-9%	53%	43%	-2%	6%	96%	4%	1.3	0.8	-0.1	0.1	1.0	0.0
XLC	Communication Services	108%	62%	-70%	99%	41%	-39%	-2%	141%	-41%	0.5	0.2	-0.4	0.0	0.4	-0.1	SHY	1-3yr Treasurys	67%	34%	-1%	23%	27%	6%	44%	50%	50%	1.6	1.5	0.7	2.6	1.6	1.9
XLY	Consumer Discretionary	72%	51%	-23%	57%	37%	-6%	13%	94%	6%	1.0	0.7	-0.2	0.2	0.8	0.1	TIP	5-10yr TIPS	76%	14%	11%	50%	33%	-7%	24%	83%	17%	1.2	0.7	-0.2	0.4	0.9	0.2
XLP	Consumer Staples	53%	39%	8%	51%	30%	16%	3%	81%	19%	0.8	0.5	0.4	0.0	0.6	0.1	IEF	5-10yr Treasurys	72%	22%	6%	22%	19%	3%	56%	40%	60%	0.6	0.4	0.2	1.4	0.5	1.0
XLE	Energy	48%	89%	-36%	68%	31%	19%	-17%	99%	1%	0.8	0.4	0.5	-0.2	0.6	0.0	TLT	Long Bond	120%	32%	-52%	30%	-3%	-36%	109%	27%	73%	0.1	0.0	-0.3	0.4	0.1	0.2
XLF	Financials	78%	66%	-44%	63%	36%	8%	-6%	98%	2%	0.8	0.5	0.2	0.0	0.7	0.0	AGG	US Aggregate	65%	27%	9%	35%	25%	0%	41%	59%	41%	1.3	0.7	0.0	1.4	1.0	0.9
XLV	Health Care	63%	20%	17%	38%	22%	21%	19%	59%	41%	0.7	0.4	0.7	0.2	0.5	0.3	BIZD	BDCs	96%	100%	-96%	76%	50%	3%	-29%	127%	-27%	0.9	0.7	0.1	-0.2	0.8	-0.1
XLI	Industrials	86%	51%	-37%	63%	38%	4%	-5%	101%	-1%	1.0	0.6	0.1	-0.1	0.8	0.0	CWB	Convertibles	105%	21%	-27%	101%	35%	-20%	-16%	136%	-36%	1.8	0.6	-0.6	-0.2	1.2	-0.3
XLK	Information Technology	69%	64%	-33%	42%	32%	4%	22%	74%	26%	0.9	0.7	0.1	0.3	0.8	0.3	EMLC	EM Local Currency Bonds	122%	54%	-76%	159%	6%	-42%	-22%	165%	-65%	1.3	0.0	-0.7	-0.1	0.7	-0.2
XLB	Materials	62%	64%	-26%	79%	22%	3%	-3%	100%	0%	1.1	0.3	0.1	0.0	0.7	0.0	EMB	EM USD Bonds	70%	47%	-17%	70%	18%	6%	6%	88%	12%	3.2	0.9	0.5	0.2	2.0	0.2
XLRE	Real Estate	60%	104%	-64%	74%	8%	19%	-1%	82%	18%	0.8	0.1	0.4	0.0	0.4	0.1	HYG	High Yield Credit	95%	36%	-30%	83%	35%	-4%	-14%	118%	-18%	4.3	2.1	-0.3	-0.4	3.2	-0.4
XLU	Utilities	50%	91%	-41%	64%	6%	29%	2%	70%	30%	0.8	0.1	0.7	0.0	0.4	0.2	BNDX	International Aggregate	70%	28%	3%	70%	23%	-10%	17%	93%	7%	1.3	0.4	-0.4	0.3	0.8	0.1
SPHD	Dividend Compounders	68%	34%	-2%	53%	26%	9%	12%	79%	21%	1.1	0.6	0.3	0.1	0.8	0.2	BWX	International Bonds	97%	9%	-5%	68%	22%	-16%	25%	91%	9%	1.0	0.3	-0.4	0.3	0.6	0.1
IWF	Growth	87%	48%	-36%	56%	41%	-2%	5%	97%	3%	1.0	0.8	-0.1	0.1	0.9	0.0	LQD	Investment Grade Credit	74%	33%	-7%	55%	29%	-5%	21%	84%	16%	1.8	0.8	-0.3	0.6	1.3	0.3
SPHB	High Beta	76%	93%	-69%	75%	22%	-5%	8%	97%	3%	0.9	0.3	-0.1	0.1	0.6	0.0	BKLN	Leveraged Loans	104%	28%	-32%	69%	49%	-2%	-16%	118%	-18%	4.6	3.9	-0.3	-0.3	4.2	-0.3
IWB	Large Caps	56%	46%	-2%	46%	27%	22%	5%	73%	27%	0.9	0.6	0.8	0.1	0.7	0.2	MBB	MBS	58%	32%	10%	26%	25%	4%	45%	51%	49%	1.2	0.7	0.2	2.1	0.9	1.2
SPLV	Low Beta	82%	36%	-18%	62%	38%	2%	-2%	100%	0%	1.1	0.7	0.1	0.0	0.9	0.0	PFF	Preferreds	128%	26%	-53%	110%	43%	-17%	-36%	153%	-53%	1.6	0.7	-0.5	-0.2	1.2	-0.3
QQQ	Mega Cap Growth	68%	52%	-20%	43%	34%	4%	19%	77%	23%	0.9	0.7	0.1	0.3	0.8	0.2	DBA	Agriculture	204%	-52%	-52%	109%	88%	3%	-100%	197%	-97%	0.8	0.7	0.1	-0.8	0.8	-0.5
IWR	Mid Caps	71%	47%	-18%	71%	32%	3%	-6%	103%	-3%	1.4	0.7	0.1	-0.1	1.1	0.0	FXA	Australian Dollar	164%	82%	-146%	362%	-4%	-140%	-118%	358%	-258%	0.7	0.0	-0.6	-0.2	0.4	-0.3
MTUM	Momentum	89%	25%	-14%	60%	29%	3%	8%	89%	11%	1.5	0.7	0.1	0.1	1.1	0.1	DBB	Base Metals	267%	14%	-181%	124%	126%	-19%	-131%	250%	-150%	1.5	1.3	-0.5	-1.4	1.4	-1.2
QUAL	Quality	78%	25%	-4%	47%	36%	0%	17%	83%	17%	1.1	0.9	0.0	0.3	1.0	0.2	Bitcoin	Bitcoin	108%	1%	-9%	39%	68%	-7%	1%	107%	-7%	1.0	1.5	-0.7	0.0	1.3	-0.2
IWM	Small Caps	74%	50%	-24%	85%	34%	2%	-21%	119%	-19%	1.3	0.5	0.1	-0.2	0.9	-0.1	FXB	British Pound	2117%	-569%	-1648%	84%	269%	-81%	-373%	354%	-454%	0.1	0.5	-0.3	-0.7	0.3	-0.6
IWD	Value	72%	52%	-25%	76%	31%	9%	-16%	107%	-7%	1.1	0.5	0.3	-0.1	0.8	0.0	FXC	Canadian Dollar	214%	49%	-162%	591%	-100%	-148%	-243%	491%	-391%	0.9	-0.1	-0.5	-0.3	0.4	-0.4
EWA	Australia	81%	27%	-8%	82%	22%	2%	-6%	104%	-4%	1.0	0.3	0.1	-0.1	0.7	0.0	PDBC	Commodities	199%	38%	-137%	122%	113%	-10%	-125%	235%	-135%	1.5	1.2	-0.3	-1.4	1.3	-1.1
EWZ	Brazil	93%	70%	-63%	120%	-13%	13%	-20%	107%	-7%	1.1	-0.1	0.2	-0.1	0.5	0.0	USO	Crude Oil	106%	69%	-75%	84%	79%	-1%	-63%	163%	-63%	0.8	0.8	0.0	-0.5	0.8	-0.4
EWC	Canada	87%	44%	-31%	68%	50%	-5%	-13%	118%	-18%	1.2	0.8	-0.2	-0.1	1.0	-0.1	Ethereum	Ethereum	140%	-12%	-28%	106%	46%	-60%	7%	152%	-52%	0.5	0.2	-0.7	0.0	0.4	-0.2
FXI	China	110%	69%	-80%	107%	44%	-30%	-22%	152%	-52%	0.9	0.3	-0.4	-0.1	0.6	-0.2	FXE	Euro	194%	-5%	-89%	353%	128%	-84%	-297%	481%	-381%	0.5	0.2	-0.2	-0.4	0.3	-0.3
GNR	Commodity Producers	65%	69%	-34%	65%	31%	9%	-5%	96%	4%	0.8	0.4	0.2	0.0	0.6	0.0	GLD	Gold	87%	4%	9%	46%	28%	-2%	28%	73%	27%	1.0	0.5	-0.1	0.6	0.7	0.4
EEM	Emerging Markets	102%	47%	-49%	130%	40%	-28%	-42%	170%	-70%	1.6	0.5	-0.6	-0.3	1.0	-0.4	GDX	Gold Miners	80%	39%	-19%	62%	-22%	-32%	92%	40%	60%	0.3	-0.1	-0.4	0.3	0.1	0.2
EZU	Eurozone	146%	61%	-107%	74%	58%	-15%	-17%	132%	-32%	0.6	0.6	-0.3	-0.1	0.6	-0.1	FXY	Japanese Yen	37%	49%	-186%	1497%	-2746%	482%	867%	-1249%	1349%	0.2	-0.4	0.1	0.1	-0.1	0.1
ACWX	Global Equities	120%	54%	-74%	114%	50%	-21%	-43%	164%	-64%	1.1	0.6	-0.4	-0.3	0.9	-0.3	SLV	Silver	74%	10%	16%	66%	35%	-13%	12%	101%	-1%	0.8	0.4	-0.4	0.1	0.6	0.0
INDA	India	90%	26%	-16%	61%	50%	3%	-14%	112%	-12%	1.4	1.0	0.1	-0.2	1.2	-0.1	SIL	Silver Miners	82%	84%	-66%	126%	-77%	-34%	85%	49%	51%	0.4	-0.2	-0.2	0.2	0.1	0.1
EWJ	Japan	105%	21%	-26%	65%	53%	21%	-39%	119%	-19%	0.5	0.4	0.4	-0.3	0.5	-0.1	SRUUF	Uranium	137%	-37%	0%	-73%	31%	-23%	-36%	-42%	-58%	-0.4	0.1	-0.2	-0.1	-0.1	-0.1
EWU	United Kingdom	60%	30%	10%	94%	20%	-4%	-10%	114%	-14%	0.6	0.2	-0.1	0.0	0.4	0.0	UUP	US Dollar	1718%	256%	-1874%	-145%	-22%	67%	199%	-166%	266%	-0.4	-0.1	0.4	0.5	-0.2	0.5

Intellectual Property of 42 Macro LLC. Data Source: Bloomberg. Cumulative Performance is determined by summing daily log price changes for each asset. Backtests begin in Jan-98. All color coding corresponds to each asset and each set of backtests. Cumulative Performance since Jan-98 is negative for certain assets (mainly foreign currencies), which creates sign distortions in the % of Cumulative Performance figures.

Cumulative performance is determined by summing daily log price changes for each asset. Backtests begin in Jan-98.
GOLDILOCKS = risk on with a disinflationary bias. REFLATION = risk on with an inflationary bias.
INFLATION = risk off with an inflationary bias. DEFLATION = risk off with a disinflationary bias.

Investors Should Use Our Discretionary Risk Management Overlay aka "Dr. Mo" As A Market Timing And Position Sizing Guide For Factor Long-Short Bets OR To Implement A Customized Version Of KISS: Tuesday, May 6, 2025

MARKET REGIME: DEFLATION

US EQUITY SECTORS	VAMS	RSI	PROPER TRADE	US EQUITY FACTORS	VAMS	RSI	PROPER TRADE	GLOBAL EQUITIES	VAMS	RSI	PROPER TRADE	FIXED INCOME SECTORS	VAMS	RSI	PROPER TRADE	MACRO EXPOSURES	VAMS	RSI	PROPER TRADE
USA (SPY)	!	57	LONG: Half Position	Dividend Compounders (SPHD)	✗	49	No Position	Australia (EWA)	!	64	No Position	0-5yr TIPS (STIP)	✓	44	LONG: Max Position	Agriculture (DBA)	✓	50	No Position
Communication Services (XLC)	!	60	LONG: Half Position	Growth (IWF)	!	59	LONG: Half Position	Brazil (EWZ)	!	57	No Position	1-3yr Treasurys (SHY)	✓	44	LONG: Max Position	Australian Dollar (FXA)	!	62	SHORT: Half Position
Consumer Discretionary (XLY)	!	55	LONG: Half Position	High Beta (SPHB)	!	60	No Position	Canada (EWC)	!	62	No Position	3-12mo Treasury Bills (BILS)	n/a	37	LONG: Max Position	Base Metals (DBB)	!	47	SHORT: Half Position
Consumer Staples (XLP)	!	53	LONG: Half Position	Large Caps (IWB)	!	58	LONG: Half Position	China (FXI)	!	57	No Position	5-10yr TIPS (TIP)	!	45	LONG: Half Position	Bitcoin	✓	58	No Position
Energy (XLE)	✗	43	SHORT: Max Position	Low Beta (SPLV)	!	53	LONG: Half Position	Commodity Producers (GNR)	!	51	No Position	5-10yr Treasurys (IEF)	!	46	LONG: Half Position	British Pound (FXB)	!	57	SHORT: Half Position
Financials (XLF)	!	58	No Position	Mega Cap Growth (QQQ)	!	59	LONG: Half Position	Emerging Markets (EEM)	!	67	No Position	25+ Year Treasurys (TLT)	✗	43	No Position	Canadian Dollar (FXC)	!	64	SHORT: Half Position
Health Care (XLV)	✗	48	No Position	Mid Caps (IWR)	!	59	No Position	Eurozone (EZU)	!	67	No Position	US Aggregate (AGG)	!	45	LONG: Half Position	Commodities (PDBC)	!	38	SHORT: Half Position
Industrials (XLI)	!	63	No Position	Momentum (MTUM)	!	64	LONG: Half Position	Global Equities (ACWX)	!	67	No Position	BDCs (BIZD)	✗	44	SHORT: Max Position	Crude Oil (USO)	!	33	SHORT: Half Position
Information Technology (XLK)	!	60	LONG: Half Position	Quality (QUAL)	!	58	LONG: Half Position	India (INDA)	!	68	No Position	Convertibles (CWB)	✗	61	SHORT: Max Position	Ethereum	✓	50	No Position
Materials (XLB)	!	55	No Position	Small Caps (IWM)	!	56	No Position	Japan (EWJ)	!	64	No Position	EM Local Currency Bonds (EMLC)	!	64	SHORT: Half Position	Euro (FXE)	!	58	SHORT: Half Position
Real Estate (XLRE)	!	60	LONG: Half Position	Value (IWD)	✗	56	SHORT: Max Position	United Kingdom (EWU)	!	64	No Position	EM USD Bonds (EMB)	✗	48	SHORT: Max Position	Gold (GLD)	✓	59	LONG: Max Position
Utilities (XLU)	!	58	LONG: Half Position									High Yield Credit (HYG)	✗	53	SHORT: Max Position	Gold Miners (GDX)	✓	55	LONG: Max Position
												International Aggregate (BNDX)	✗	53	No Position	Japanese Yen (FXY)	!	54	LONG: Half Position
												International Bonds (BWX)	!	60	LONG: Half Position	Silver (SLV)	✓	49	No Position
												Investment Grade Credit (LQD)	✗	46	No Position	Silver Miners (SIL)	✓	51	LONG: Max Position
												Leveraged Loans (BKLN)	✗	58	SHORT: Max Position	Uranium (SRUUF)	!	59	SHORT: Half Position
												MBS (MBB)	!	44	LONG: Half Position	US Dollar (UUP)	!	44	LONG: Half Position
												Preferreds (PFF)	✗	48	SHORT: Max Position				

Data Source: Bloomberg. Intellectual Property of 42 Macro LLC. VAMS = Volatility-Adjusted Momentum Signal. RSI = 14-Day Relative Strength Index. Highlighted exposures indicate change in PROPER TRADE signal from the previous report. GREEN = directionally bullish change. RED = directionally bearish change. The PROPER TRADE signals do NOT correspond to KISS.

The key portfolio construction considerations in DEFLATION are: Defensive Assets > Risk Assets, Low Beta > High Beta, Defensives > Cyclicals, Growth > Value, Large Caps > SMID Caps, US > International, DM > EM, Treasurys > Spread Products, Long Rates > Belly > Short Rates, Investment Grade > High Yield, Agricultural Commodities > Energy Commodities > Industrial Commodities, and Gold > USD > FX.

Performance Since The Start Of The Current Risk-Off Market Regime Condition

CURRENT MARKET REGIME CONDITION: RISK-OFF

US EQUITY SECTORS	% Δ 3/3/25 to 5/6/25	US EQUITY FACTORS	% Δ 3/3/25 to 5/6/25	GLOBAL EQUITIES	% Δ 3/3/25 to 5/6/25	FIXED INCOME SECTORS	% Δ 3/3/25 to 5/6/25	MACRO EXPOSURES	% Δ 3/3/25 to 5/6/25
USA (SPY)	-4%	Dividend Compounders (SPHD)	-6%	Australia (EWA)	4%	0-5yr TIPS (STIP)	-0%	Agriculture (DBA)	3%
Communication Services (XLC)	-4%	Growth (IWF)	-4%	Brazil (EWZ)	10%	1-3yr Treasurys (SHY)	0%	Australian Dollar (FXA)	4%
Consumer Discretionary (XLY)	-7%	High Beta (SPHB)	-4%	Canada (EWC)	6%	3-12mo Treasury Bills (BILS)	0%	Base Metals (DBB)	-4%
Consumer Staples (XLP)	-3%	Large Caps (IWB)	-4%	China (FXI)	2%	5-10yr TIPS (TIP)	-1%	Bitcoin	10%
Energy (XLE)	-8%	Low Beta (SPLV)	-3%	Commodity Producers (GNR)	0%	5-10yr Treasurys (IEF)	-1%	British Pound (FXB)	5%
Financials (XLF)	-5%	Mega Cap Growth (QQQ)	-3%	Emerging Markets (EEM)	5%	25+ Year Treasurys (TLT)	-6%	Canadian Dollar (FXC)	5%
Health Care (XLV)	-9%	Mid Caps (IWR)	-3%	Eurozone (EZU)	6%	US Aggregate (AGG)	-1%	Commodities (PDBC)	-5%
Industrials (XLI)	-0%	Momentum (MTUM)	-1%	Global Equities (ACWX)	5%	BDCs (BIZD)	-13%	Crude Oil (USO)	-12%
Information Technology (XLK)	-3%	Quality (QUAL)	-5%	India (INDA)	13%	Convertibles (CWB)	-0%	Ethereum	-17%
Materials (XLB)	-3%	Small Caps (IWM)	-6%	Japan (EWJ)	5%	EM Local Currency Bonds (EMLC)	3%	Euro (FXE)	8%
Real Estate (XLRE)	-4%	Value (IWD)	-5%	United Kingdom (EWU)	4%	EM USD Bonds (EMB)	-2%	Gold (GLD)	17%
Utilities (XLU)	1%					High Yield Credit (HYG)	-1%	Gold Miners (GDX)	25%
						International Aggregate (BNDX)	-0%	Japanese Yen (FXY)	5%
						International Bonds (BWX)	6%	Silver (SLV)	5%
						Investment Grade Credit (LQD)	-3%	Silver Miners (SIL)	17%
						Leveraged Loans (BKLN)	-1%	Uranium (SRUUF)	11%
						MBS (MBB)	-2%	US Dollar (UUP)	-6%
						Preferreds (PFF)	-5%		

Data Source: Bloomberg. Intellectual Property of 42 Macro LLC. "% Δ" = percentage change since. GREEN and RED color coding highlights the BEST-performing and WORST-performing exposure in the respective sample.

We Use Our Volatility-Adjusted Momentum Signal To Forecast The Likely Direction Of Asset Markets Over A Short-To-Medium-Term Time Horizon

5/6/2025	SPY	XLC	XLY	XLP	XLE	XLF	XLV	XLI	XLK	XLB	XLRE	XLU	SPHD	IWF	SPHB	IWB	SPLV	QQQ	IWR	MTUM	QUAL	IWM	IWD	EWA	EWZ	EWC	FXI	GNR	EEM	EZU	ACWX	INDA	EWJ	EWU	STIP	SHY	BILS	TIP	IEF	TLT	AGG	BIZD	CWB	EMLC	EMB	HYG	BNDX	BWX	LQD	BKLN	MBB	PFF	DBA	FXA	DBB	Bitcoin	FXB	FXC	PDBC	USO	Ethereum	FXE	GLD	GDX	FXY	SLV	SIL	SRUUF	UUP
4/4/2025	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	!	✗	!	✗	✗	!	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	!	!	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/7/2025	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	!	✗	!	✗	✗	!	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/8/2025	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✗	✗	!	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/9/2025	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✗	✗	!	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/10/2025	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/11/2025	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/14/2025	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/15/2025	✗	✗	✗	✗	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/16/2025	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/17/2025	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/18/2025	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/21/2025	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/22/2025	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/23/2025	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/24/2025	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/25/2025	✗	✗	✗	!	✗	✗	✗	✗	!	✗	✗	✗	✗	✗	!	✗	✗	✗	✗	!	✗	✗	✗	✗	!	✗	!	✗	✗	!	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/28/2025	✗	✗	✗	!	✗	✗	✗	✗	!	✗	✗	✗	✗	✗	!	✗	✗	✗	✗	!	✗	✗	✗	✗	!	✗	!	✗	✗	!	✗	✗	✗	✗	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/29/2025	✗	✗	!	!	✗	✗	!	!	!	!	✗	!	✗	!	!	!	!	✗	!	!	✗	!	!	!	!	!	!	!	!	!	!	!	!	!	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
4/30/2025	!	✗	!	!	✗	!	✗	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	!	!	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
5/1/2025	!	!	!	!	✗	!	✗	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	!	!	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
5/2/2025	!	!	!	!	✗	!	✗	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	!	!	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
5/5/2025	!	!	!	!	✗	!	✗	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	!	!	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
5/6/2025	!	!	!	!	✗	!	✗	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	✗	!	!	!	!	!	!	!	!	!	!	!	!	✓	✓	!	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	!	!	✗	!	✗	!	✗	!	!	!	!	!	!	✗	!	✓	✓	!	✓	✓	✗	!
G	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	0	0	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	1	1	0	1	1	0	0
R	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	0	0	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	1	0	0	1	0	0	0
I	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	0	0	0	0	1	1	0	0	0	1	0	1	1	0	1	1	1	0	1	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
D	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	1	1	0	1	1	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	1	1	0	0	1	0	0
1D%Δ r to SPY (t3mo)	1.00	0.97	0.96	0.53	0.81	0.92	0.75	0.96	0.97	0.92	0.81	0.68	0.77	0.98	0.96	1.00	0.74	0.98	0.98	0.96	0.99	0.95	0.96	0.88	0.65	0.90	0.57	0.88	0.82	0.82	0.87	0.70	0.87	0.75	-0.07	-0.21	-0.09	0.14	-0.20	0.12	0.06	0.80	0.93	0.45	0.77	0.90	-0.20	-0.34	0.43	0.84	0.02	0.84	0.56	0.55	0.61	0.55	0.09	0.14	0.73	0.66	0.60	-0.22	0.20	0.42	-0.46	0.50	0.54	0.64	0.20
r²	1.00	0.94	0.92	0.28	0.66	0.84	0.57	0.93	0.95	0.85	0.66	0.46	0.60	0.96	0.93	0.99	0.54	0.97	0.95	0.93	0.98	0.91	0.92	0.78	0.43	0.81	0.33	0.77	0.67	0.66	0.75	0.49	0.76	0.57	0.01	0.04	0.01	0.02	0.04	0.01	0.00	0.63	0.87	0.20	0.59	0.80	0.04	0.11	0.19	0.71	0.00	0.70	0.31	0.30	0.37	0.30	0.01	0.02	0.54	0.44	0.36	0.05	0.04	0.18	0.21	0.25	0.29	0.40	0.04
1D%Δ r to TLT (t3mo)	0.12	0.02	0.10	0.16	0.16	0.09	0.24	0.05	0.07	0.17	0.26	0.23	0.27	0.06	0.06	0.09	0.22	0.07	0.12	0.04	0.10	0.14	0.15	0.02	0.15	0.15	0.07	0.12	0.07	0.12	0.10	-0.09	0.10	0.16	0.41	0.40	0.03	0.80	0.85	1.00	0.94	0.20	0.08	0.15	0.61	0.35	0.46	0.14	0.87	0.22	0.90	0.33	0.22	-0.11	-0.02	0.01	0.01	-0.16	0.07	0.05	0.20	-0.21	0.01	-0.12	0.13	-0.15	-0.13	0.07	0.14
r²	0.01	0.00	0.01	0.03	0.03	0.01	0.06	0.00	0.01	0.03	0.07	0.05	0.08	0.00	0.00	0.01	0.05	0.00	0.01	0.00	0.01	0.02	0.02	0.00	0.02	0.02	0.00	0.01	0.00	0.02	0.01	0.01	0.01	0.02	0.17	0.16	0.00	0.65	0.72	1.00	0.88	0.04	0.01	0.02	0.38	0.12	0.22	0.02	0.76	0.05	0.81	0.11	0.05	0.01	0.00	0.00	0.00	0.03	0.00	0.00	0.04	0.04	0.00	0.02	0.02	0.02	0.02	0.01	0.02
1D%Δ r to UUP (t3mo)	0.20	0.21	0.23	-0.11	0.24	0.20	-0.06	0.16	0.19	0.05	0.03	-0.02	0.06	0.19	0.23	0.18	-0.06	0.18	0.17	0.19	0.15	0.22	0.15	-0.12	-0.22	-0.05	-0.21	-0.06	-0.14	-0.21	-0.16	-0.18	-0.01	-0.19	-0.12	-0.14	-0.02	0.02	-0.03	0.14	0.02	0.09	0.20	-0.62	0.11	0.18	-0.01	-0.86	0.11	0.18	0.01	0.22	-0.19	-0.56	-0.07	0.09	-0.84	-0.71	0.05	0.20	0.15	-0.96	-0.48	-0.51	-0.71	-0.18	-0.41	-0.05	1.00
r²	0.04	0.04	0.05	0.01	0.06	0.04	0.00	0.03	0.04	0.00	0.00	0.00	0.00	0.03	0.05	0.03	0.00	0.03	0.03	0.04	0.02	0.05	0.02	0.01	0.05	0.00	0.04	0.00	0.02	0.04	0.03	0.03	0.00	0.04	0.02	0.02	0.00	0.00	0.00	0.02	0.00	0.01	0.04	0.39	0.01	0.03	0.00	0.74	0.01	0.03	0.00	0.05	0.04	0.32	0.01	0.01	0.71	0.50	0.00	0.04	0.02	0.92	0.23	0.26	0.51	0.03	0.17	0.00	1.00
VAMS Δ Frequency	4%	1%	3%	3%	4%	4%	3%	3%	3%	4%	1%	4%	1%	2%	2%	3%	2%	3%	3%	1%	1%	3%	3%	5%	4%	4%	3%	2%	3%	3%	2%	2%	4%	4%	2%	3%	1%	3%	3%	3%	2%	2%	2%	2%	1%	2%	2%	2%	2%	3%	2%	2%	2%	3%	1%	2%	1%	2%	2%	3%	2%	3%	1%	2%	2%	2%	3%	3%	2%	3%	1%	2%
% of Time Trending	72%	88%	71%	61%	60%	69%	67%	73%	68%	72%	66%	61%	66%	71%	76%	73%	70%	69%	76%	74%	77%	74%	75%	71%	59%	72%	58%	67%	69%	70%	78%	70%	69%	69%	74%	73%	64%	82%	84%	83%	80%	70%	85%	62%	71%	79%	73%	58%	64%	71%	81%	66%	73%	63%	75%	90%	69%	60%	75%	61%	95%	57%	88%	72%	48%	79%	73%	77%	59%

 If the latest Volatility-Adjusted Momentum Signal (VAMS) corresponds to how the underlying exposure should trade in a particular GRID Regime, the ETF will receive a "1" at the bottom of the table. The ETF will receive a "0" if the VAMS is incongruent with a particular GRID Regime. GREEN √ = bullish VAMS, ORANGE ! = neutral VAMS, and RED X = bearish VAMS.

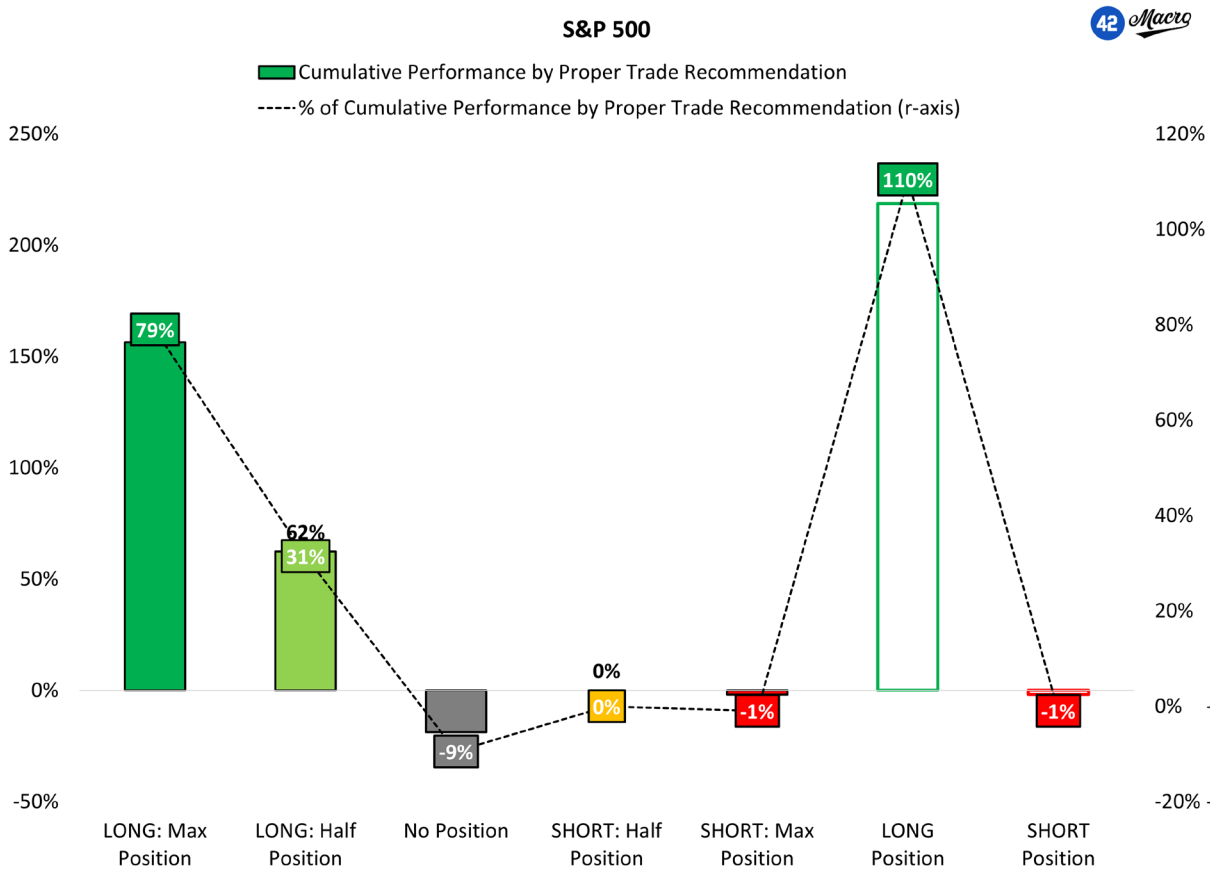
Discretionary Risk Management Overlay aka "Dr. Mo" Backtests

42 Macro Discretionary Risk Management Overlay Backtest		Cumulative Performance by Proper Trade Recommendation							% of Cumulative Performance by Proper Trade Recommendation						
		LONG Max Position	LONG Half Position	No Position	SHORT Half Position	SHORT Max Position	LONG Position	SHORT Position	LONG Max Position	LONG Half Position	No Position	SHORT Half Position	SHORT Max Position	LONG Position	SHORT Position
SPY	S&P 500	156%	62%	-19%	0%	-3%	219%	-3%	80%	32%	-10%	0%	-2%	111%	-2%
XLC	Communication Services	84%	63%	-51%	0%	-17%	147%	-17%	106%	80%	-64%	0%	-21%	186%	-21%
XLY	Consumer Discretionary	166%	111%	-16%	0%	-25%	278%	-25%	70%	47%	-7%	0%	-11%	117%	-11%
XLP	Consumer Staples	84%	61%	13%	0%	0%	144%	0%	53%	39%	8%	0%	0%	92%	0%
XLE	Energy	120%	100%	131%	0%	-126%	220%	-126%	53%	44%	58%	0%	-56%	98%	-56%
XLF	Financials	173%	41%	116%	0%	-115%	214%	-115%	80%	19%	54%	0%	-54%	100%	-54%
XLV	Health Care	115%	36%	31%	0%	0%	151%	0%	63%	20%	17%	0%	0%	83%	0%
XLI	Industrials	189%	34%	91%	0%	-97%	222%	-97%	87%	15%	42%	0%	-45%	103%	-45%
XLK	Information Technology	191%	161%	-50%	0%	-17%	352%	-17%	67%	57%	-17%	0%	-6%	124%	-6%
XLB	Materials	156%	71%	104%	0%	-80%	227%	-80%	62%	28%	41%	0%	-32%	90%	-32%
XLRE	Real Estate	110%	188%	-116%	0%	0%	298%	0%	60%	104%	-64%	0%	0%	164%	0%
XLU	Utilities	70%	129%	-58%	0%	0%	199%	0%	50%	91%	-41%	0%	0%	141%	0%
SPHD	Dividend Compounders	159%	79%	-5%	0%	0%	238%	0%	68%	34%	-2%	0%	0%	102%	0%
IWF	Growth	185%	92%	-44%	0%	-16%	277%	-16%	85%	42%	-20%	0%	-7%	128%	-7%
SPHB	High Beta	218%	45%	199%	0%	-196%	263%	-196%	82%	17%	75%	0%	-74%	99%	-74%
IWB	Large Caps	108%	89%	-4%	0%	0%	198%	0%	56%	46%	-2%	0%	0%	102%	0%
SPLV	Low Beta	159%	64%	-21%	0%	-4%	224%	-4%	80%	32%	-10%	0%	-2%	113%	-2%
QQQ	Mega Cap Growth	187%	119%	-4%	0%	-19%	305%	-19%	66%	42%	-1%	0%	-7%	108%	-7%
IWR	Mid Caps	196%	49%	87%	0%	-66%	246%	-66%	74%	19%	33%	0%	-25%	92%	-25%
MTUM	Momentum	215%	48%	-2%	0%	-13%	263%	-13%	87%	19%	-1%	0%	-5%	106%	-5%
QUAL	Quality	178%	52%	8%	0%	-9%	230%	-9%	78%	23%	3%	0%	-4%	101%	-4%
IWM	Small Caps	201%	41%	111%	0%	-92%	242%	-92%	77%	16%	42%	0%	-35%	93%	-35%
IWD	Value	151%	52%	48%	0%	-60%	203%	-60%	79%	27%	25%	0%	-31%	106%	-31%
EWA	Australia	109%	17%	37%	0%	-30%	126%	-30%	82%	13%	28%	0%	-22%	94%	-22%
EWZ	Brazil	222%	-55%	253%	0%	-184%	168%	-184%	94%	-23%	107%	0%	-78%	71%	-78%
EWC	Canada	133%	36%	27%	0%	-55%	169%	-55%	95%	26%	19%	0%	-40%	121%	-40%
FXI	China	238%	16%	117%	0%	-166%	254%	-166%	116%	8%	57%	0%	-81%	124%	-81%
GNR	Commodity Producers	154%	78%	61%	0%	-64%	232%	-64%	67%	34%	27%	0%	-28%	101%	-28%
EEM	Emerging Markets	175%	56%	40%	0%	-97%	231%	-97%	101%	32%	23%	0%	-56%	133%	-56%
EZU	Eurozone	117%	-3%	59%	0%	-94%	114%	-94%	147%	-3%	75%	0%	-119%	144%	-119%
ACWX	Global Equities	125%	29%	56%	0%	-101%	154%	-101%	116%	27%	51%	0%	-94%	142%	-94%
INDA	India	275%	27%	75%	0%	-66%	302%	-66%	88%	9%	24%	0%	-21%	97%	-21%
EWJ	Japan	108%	25%	15%	0%	-44%	134%	-44%	104%	24%	14%	0%	-42%	128%	-42%
EWU	United Kingdom	53%	14%	21%	0%	-13%	68%	-13%	71%	19%	28%	0%	-17%	90%	-17%

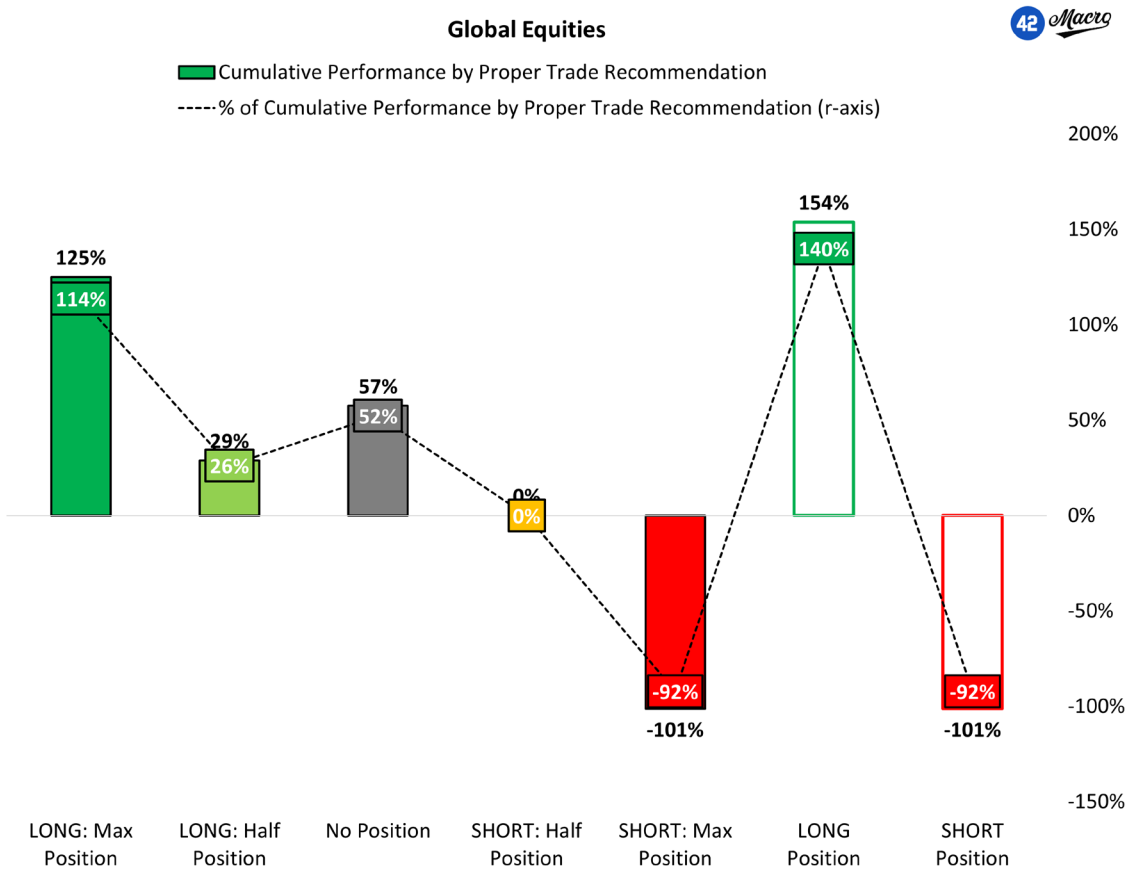
42 Macro Discretionary Risk Management Overlay Backtest		Cumulative Performance by Proper Trade Recommendation							% of Cumulative Performance by Proper Trade Recommendation						
		LONG Max Position	LONG Half Position	No Position	SHORT Half Position	SHORT Max Position	LONG Position	SHORT Position	LONG Max Position	LONG Half Position	No Position	SHORT Half Position	SHORT Max Position	LONG Position	SHORT Position
STIP	0-5yr TIPS	25%	11%	-3%	0%	0%	36%	0%	75%	34%	-9%	0%	0%	109%	0%
SHY	1-3yr Treasurys	46%	24%	-1%	0%	0%	70%	0%	67%	34%	-1%	0%	0%	101%	0%
TIP	5-10yr TIPS	63%	9%	4%	4%	14%	72%	17%	68%	10%	4%	4%	15%	78%	18%
IEF	5-10yr Treasurys	82%	8%	-4%	18%	9%	90%	26%	73%	7%	-3%	16%	8%	80%	23%
TLT	Long Bond	57%	-3%	4%	19%	-27%	53%	-8%	114%	-6%	8%	38%	-54%	107%	-16%
AGG	US Aggregate	71%	26%	9%	3%	-1%	96%	2%	66%	24%	8%	2%	-1%	90%	2%
BIZD	BDCs	196%	52%	135%	0%	-187%	248%	-187%	100%	27%	69%	0%	-96%	127%	-96%
CWB	Convertibles	169%	28%	-9%	4%	-44%	197%	-40%	114%	19%	-6%	3%	-29%	133%	-27%
EMLC	EM Local Currency Bonds	54%	18%	-1%	6%	-33%	71%	-27%	124%	41%	-2%	13%	-76%	165%	-63%
EMB	EM USD Bonds	119%	27%	5%	55%	-32%	146%	23%	69%	15%	3%	32%	-18%	84%	13%
HYG	High Yield Credit	144%	32%	0%	22%	-47%	176%	-25%	96%	21%	0%	15%	-31%	117%	-17%
BNDX	International Aggregate	52%	26%	5%	-5%	-3%	78%	-8%	69%	35%	7%	-7%	-4%	104%	-11%
BWX	International Bonds	65%	15%	3%	-9%	-5%	79%	-13%	93%	21%	4%	-12%	-7%	115%	-19%
LQD	Investment Grade Credit	91%	35%	2%	5%	-11%	126%	-6%	74%	29%	2%	4%	-9%	103%	-5%
BKLN	Leveraged Loans	116%	16%	-1%	15%	-35%	132%	-19%	105%	14%	-1%	14%	-31%	119%	-17%
MBB	MBS	63%	11%	-2%	23%	10%	75%	33%	60%	11%	-2%	22%	9%	71%	31%
PFF	Preferreds	163%	19%	7%	13%	-76%	182%	-64%	130%	15%	5%	10%	-61%	145%	-51%
DBA	Agriculture	129%	8%	25%	-46%	-44%	137%	-90%	179%	12%	35%	-64%	-62%	191%	-125%
FXA	Australian Dollar	54%	31%	-11%	-1%	-36%	84%	-38%	150%	85%	-30%	-3%	-102%	235%	-105%
DBB	Base Metals	149%	13%	16%	-4%	-111%	163%	-115%	235%	21%	25%	-7%	-175%	257%	-182%
Bitcoin	Bitcoin	2112%	53%	-8%	0%	-150%	2165%	-150%	105%	3%	0%	0%	-7%	108%	-7%
FXB	British Pound	41%	-1%	-2%	-9%	-32%	40%	-40%	-2495%	57%	122%	513%	1903%	-2438%	2416%
FXC	Canadian Dollar	34%	17%	-4%	-8%	-21%	50%	-30%	198%	99%	-21%	-50%	-126%	297%	-176%
PDBC	Commodities	107%	45%	18%	-20%	-86%	152%	-106%	168%	70%	28%	-32%	-134%	238%	-166%
USO	Crude Oil	212%	202%	82%	-20%	-212%	414%	-232%	80%	77%	31%	-8%	-81%	157%	-88%
Ethereum	Ethereum	512%	-11%	-80%	0%	-92%	500%	-92%	156%	-3%	-24%	0%	-28%	152%	-28%
FXE	Euro	59%	-4%	-8%	2%	-21%	56%	-19%	206%	-13%	-28%	8%	-73%	193%	-65%
GLD	Gold	233%	11%	23%	0%	0%	244%	0%	87%	4%	9%	0%	0%	91%	0%
GDX	Gold Miners	185%	59%	-74%	0%	-18%	243%	-18%	122%	39%	-49%	0%	-12%	161%	-12%
FXY	Japanese Yen	5%	22%	1%	-18%	-18%	27%	-36%	-59%	-270%	-7%	222%	215%	-329%	437%
SLV	Silver	201%	37%	55%	-9%	-3%	239%	-12%	71%	13%	19%	-3%	-1%	85%	-4%
SIL	Silver Miners	161%	75%	-96%	0%	-41%	237%	-41%	161%	75%	-95%	0%	-40%	236%	-40%
SRUUF	Uranium	42%	-20%	18%	3%	0%	22%	3%	96%	-45%	41%	8%	0%	51%	8%
UUP	US Dollar	30%	1%	9%	4%	-43%	31%	-38%	1465%	50%	429%	205%	-2050%	1515%	-1844%

Intellectual Property of 42 Macro LLC. Data Source: Bloomberg. Cumulative Performance is determined by summing daily log price changes for each asset. Backtests begin in Jan-98. All color coding corresponds to each asset and each set of backtests. Cumulative Performance since Jan-98 is negative for certain assets (mainly foreign currencies), which creates sign distortions in the % of Cumulative Performance figures.

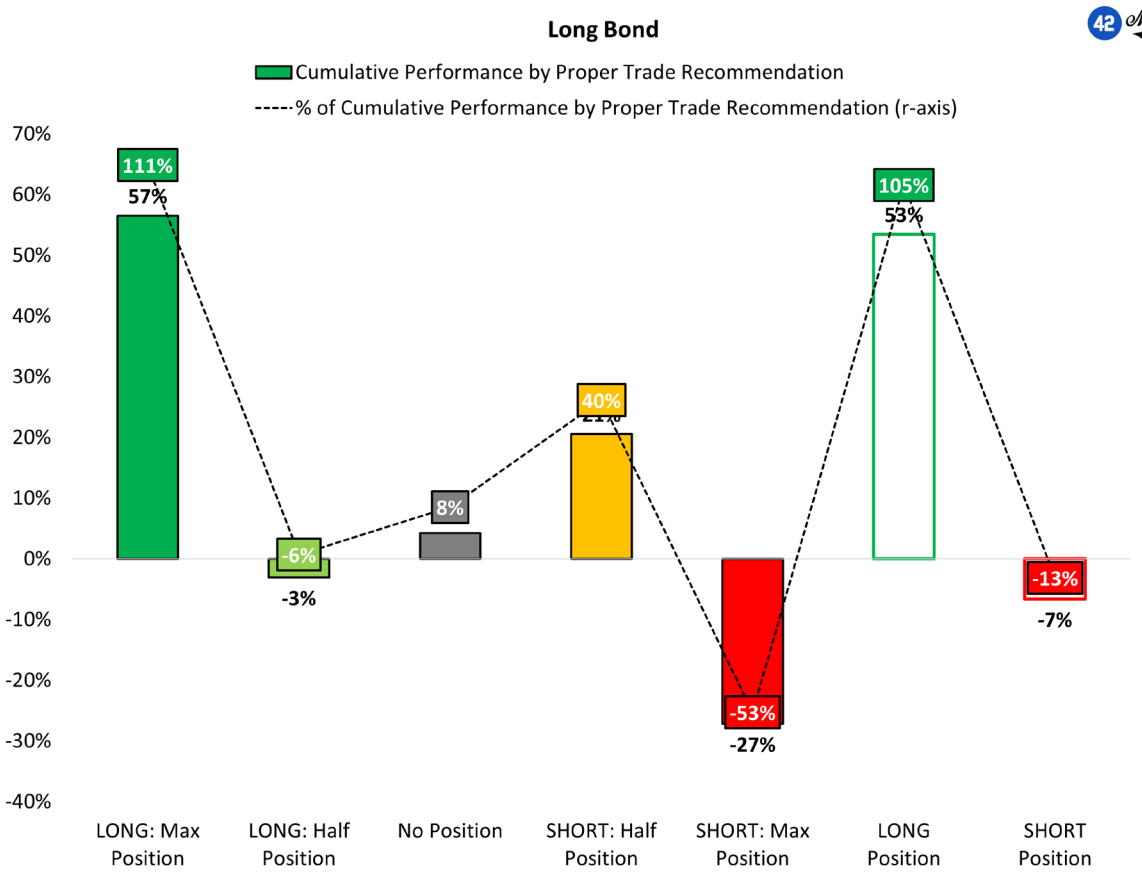
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: US Equities



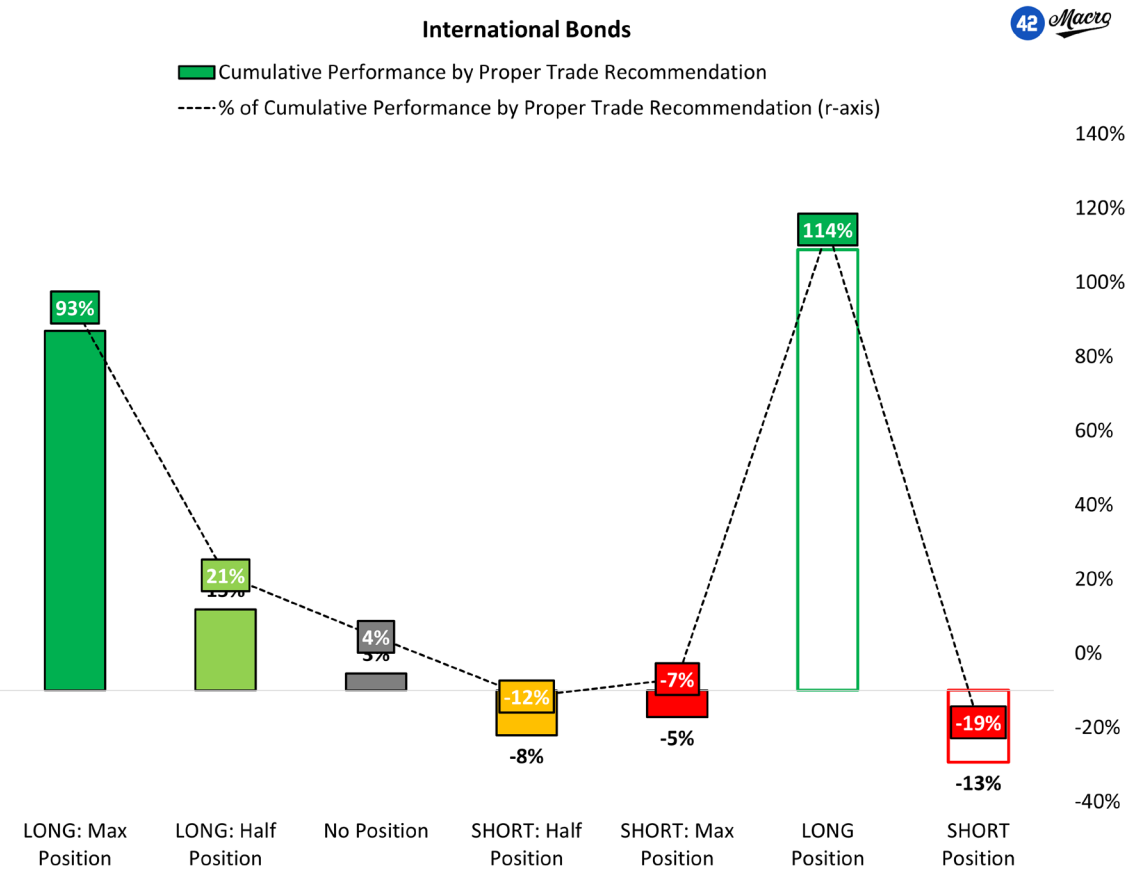
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: Global Equities



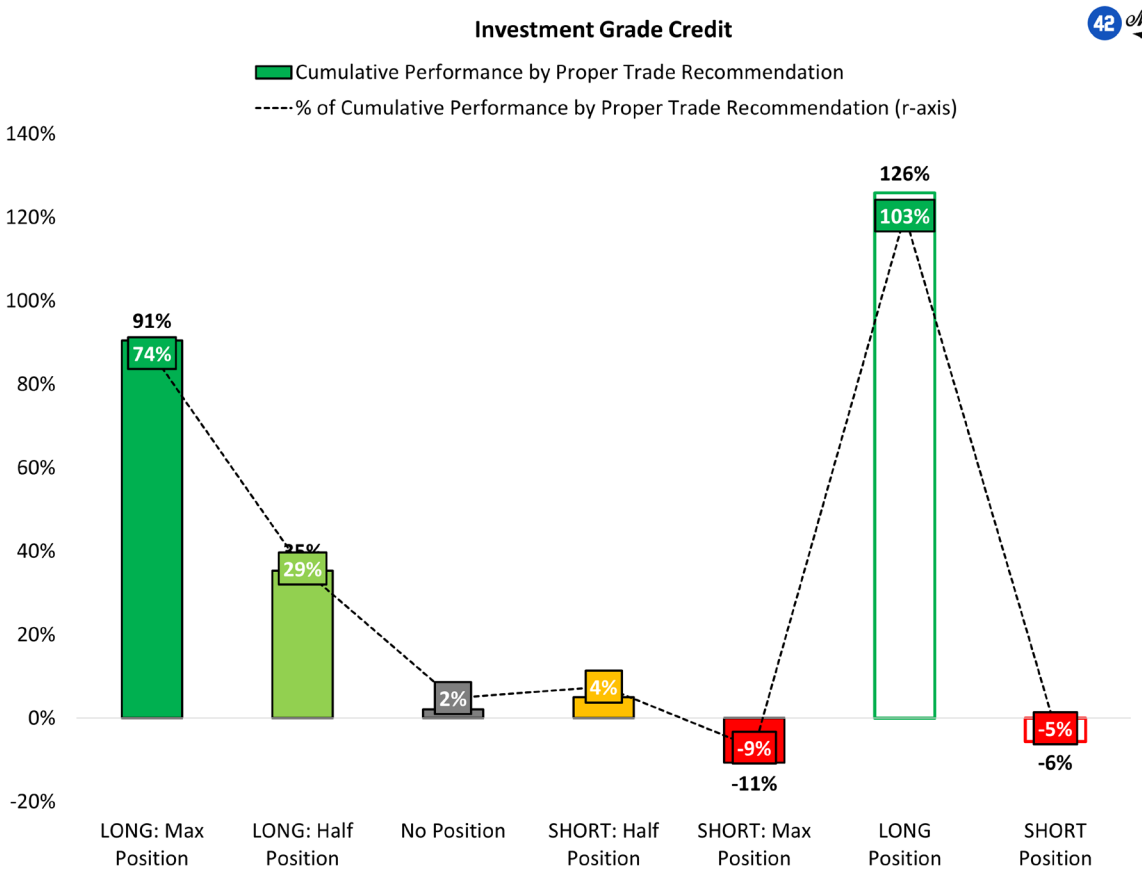
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: US Bonds



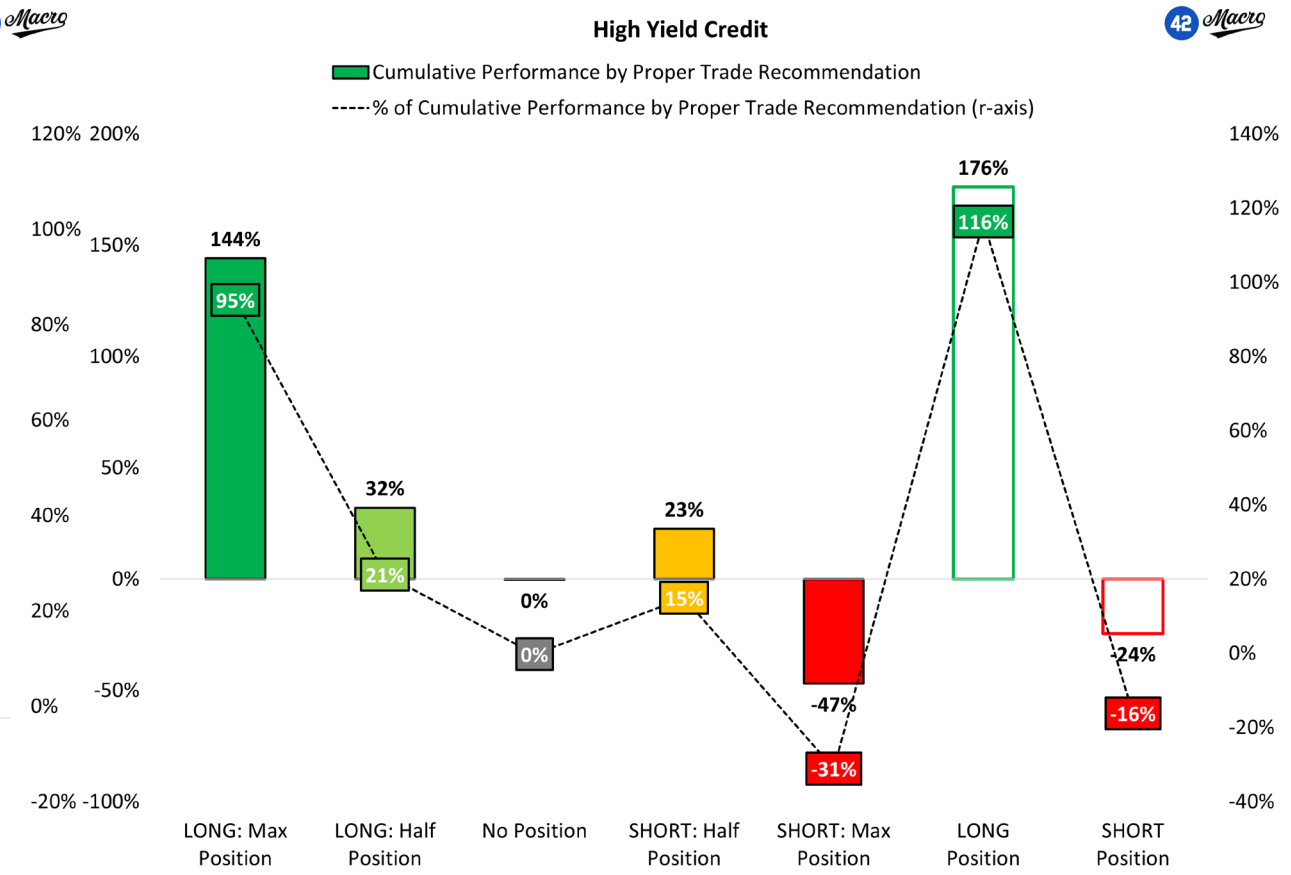
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: Global Bonds



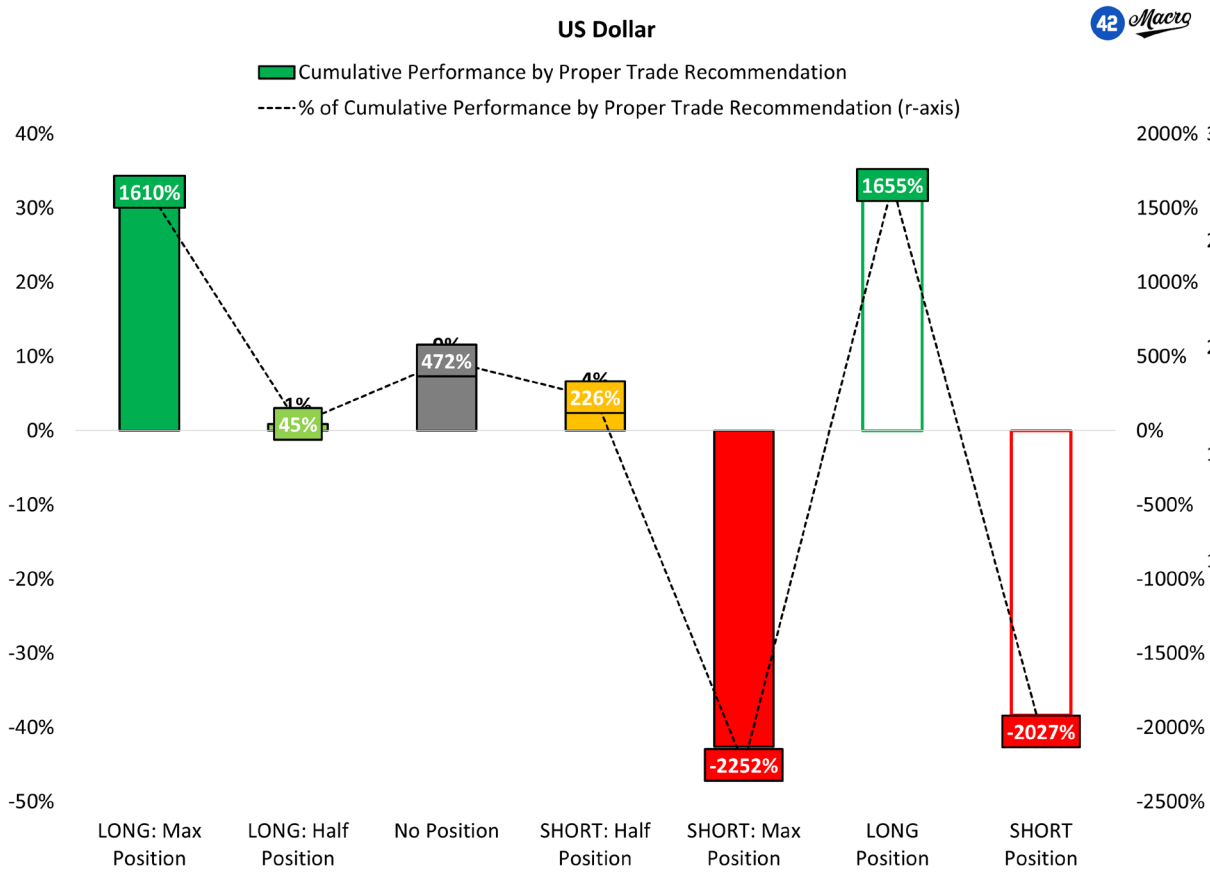
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: IG Credit



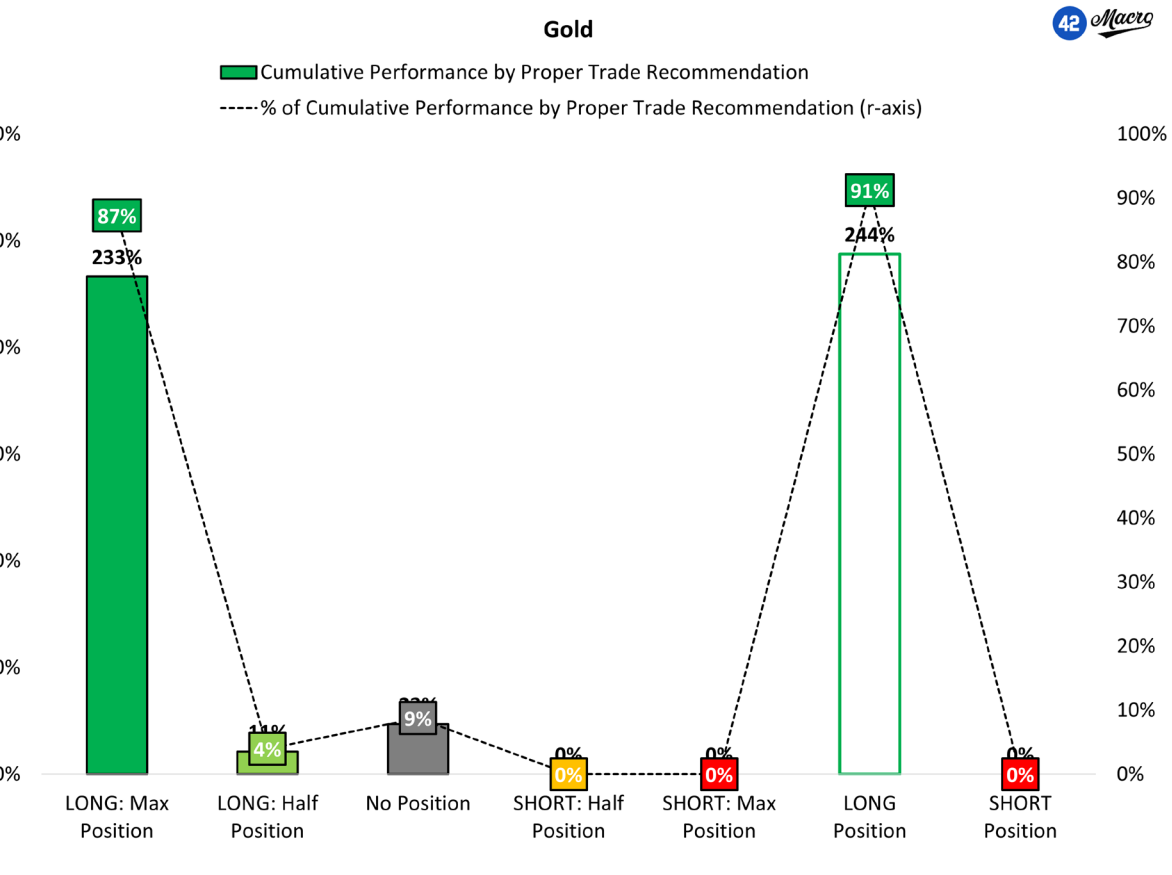
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: High Yield Credit



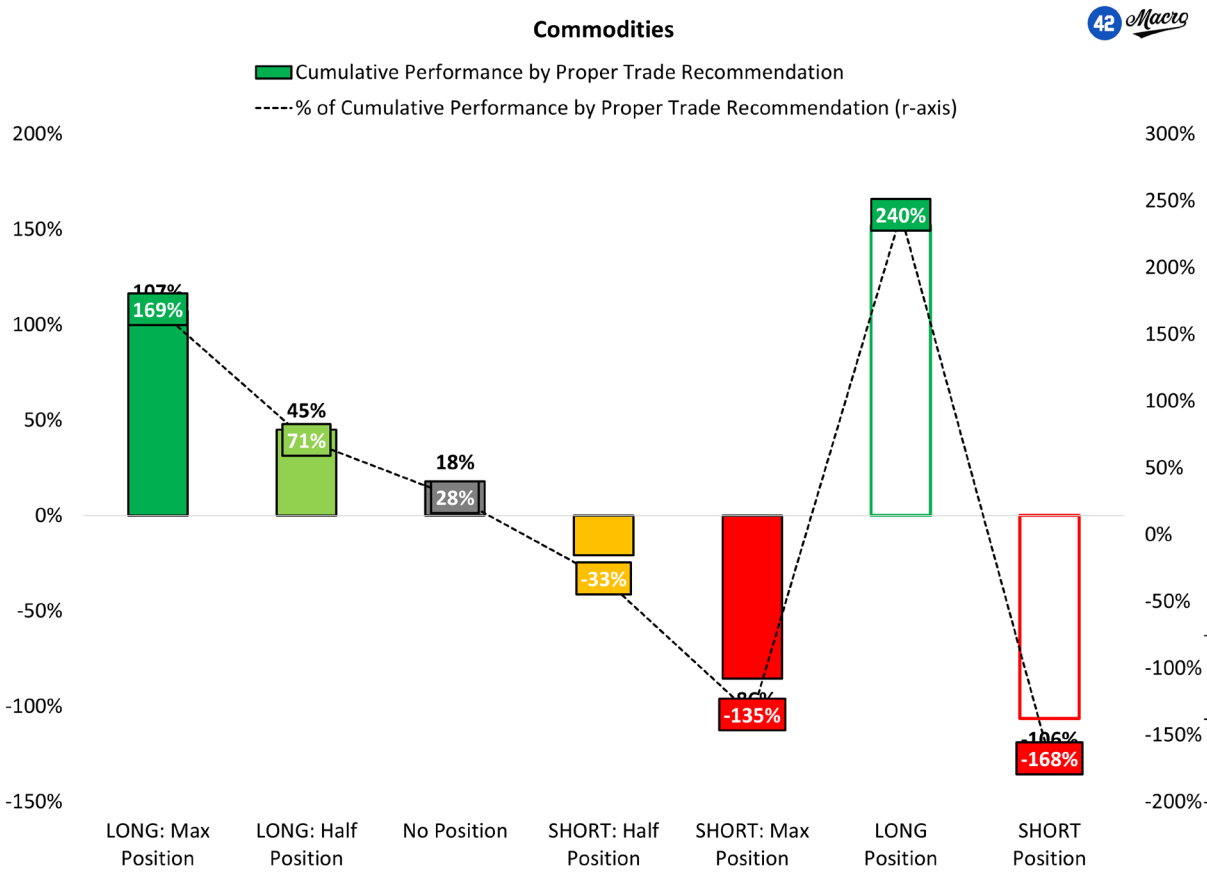
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: US Dollar



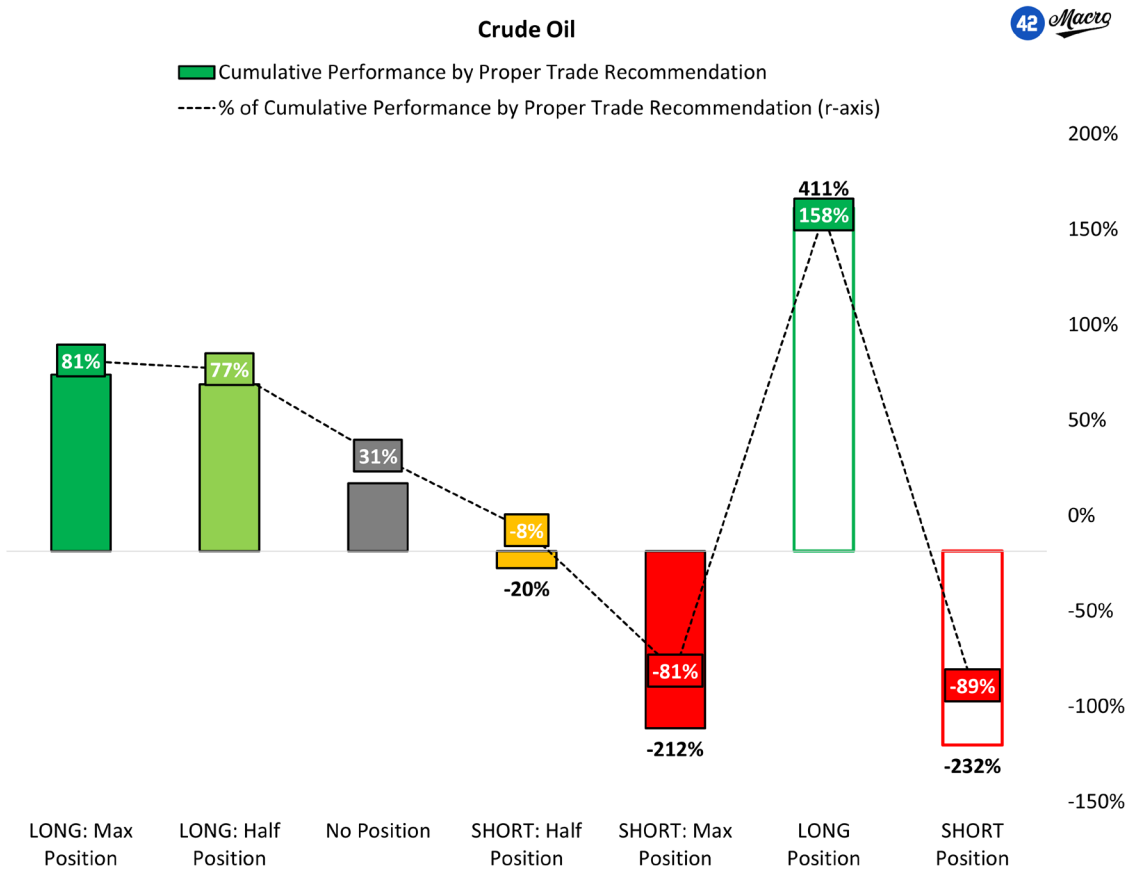
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: Gold



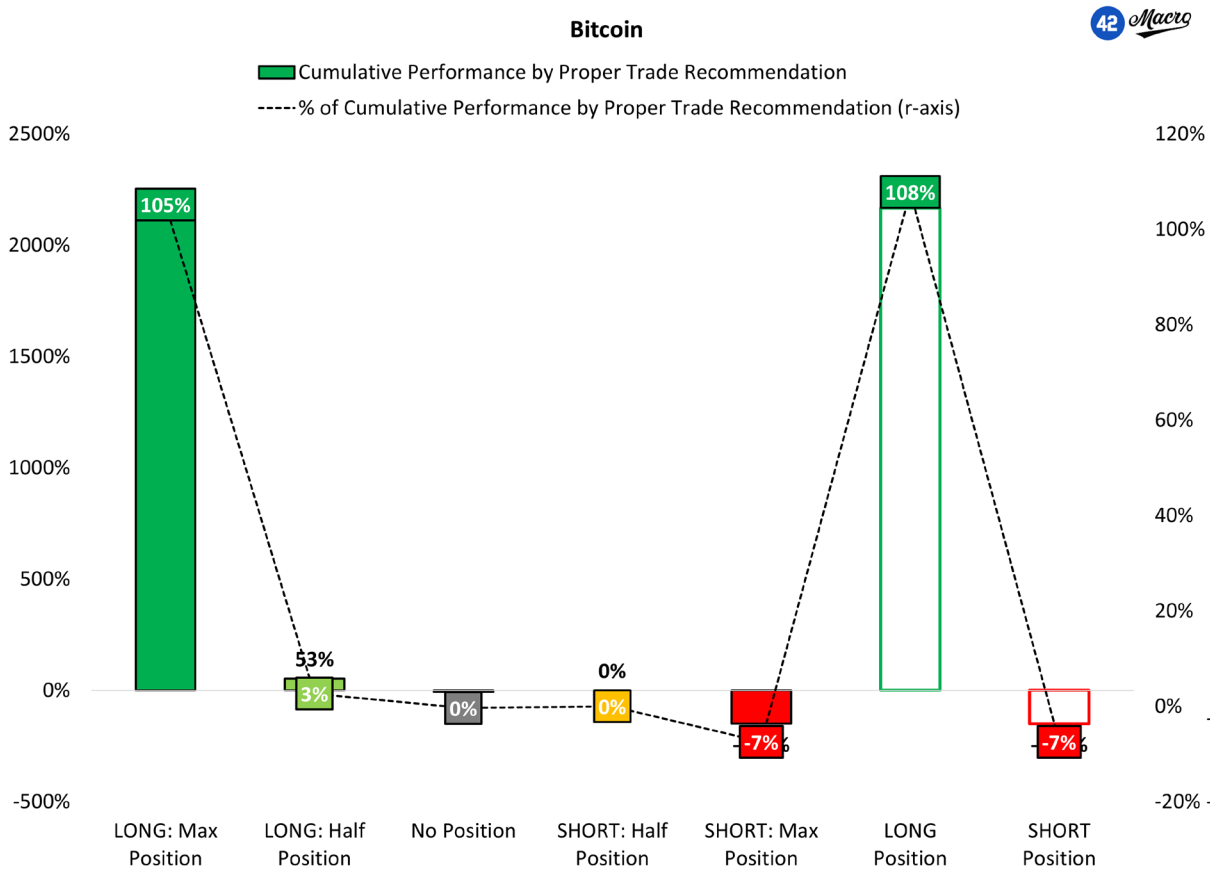
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: Commodities



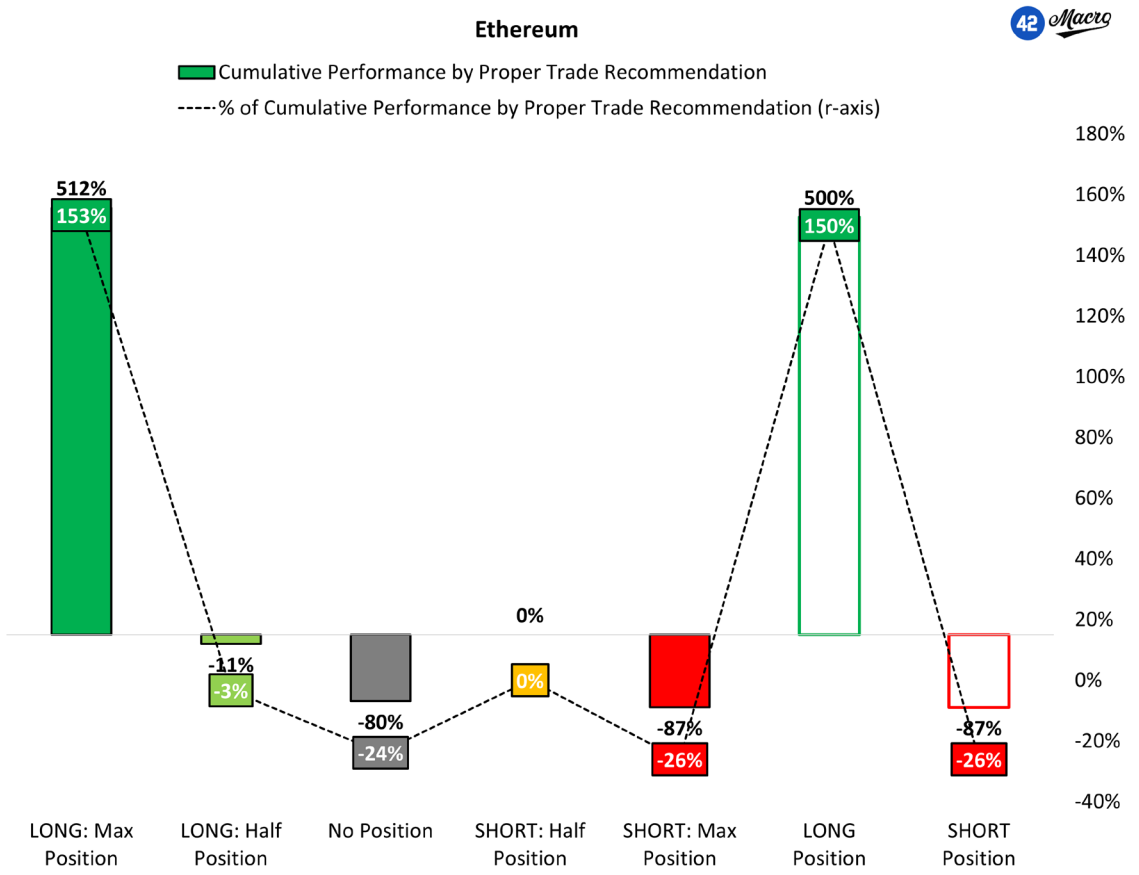
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: Crude Oil



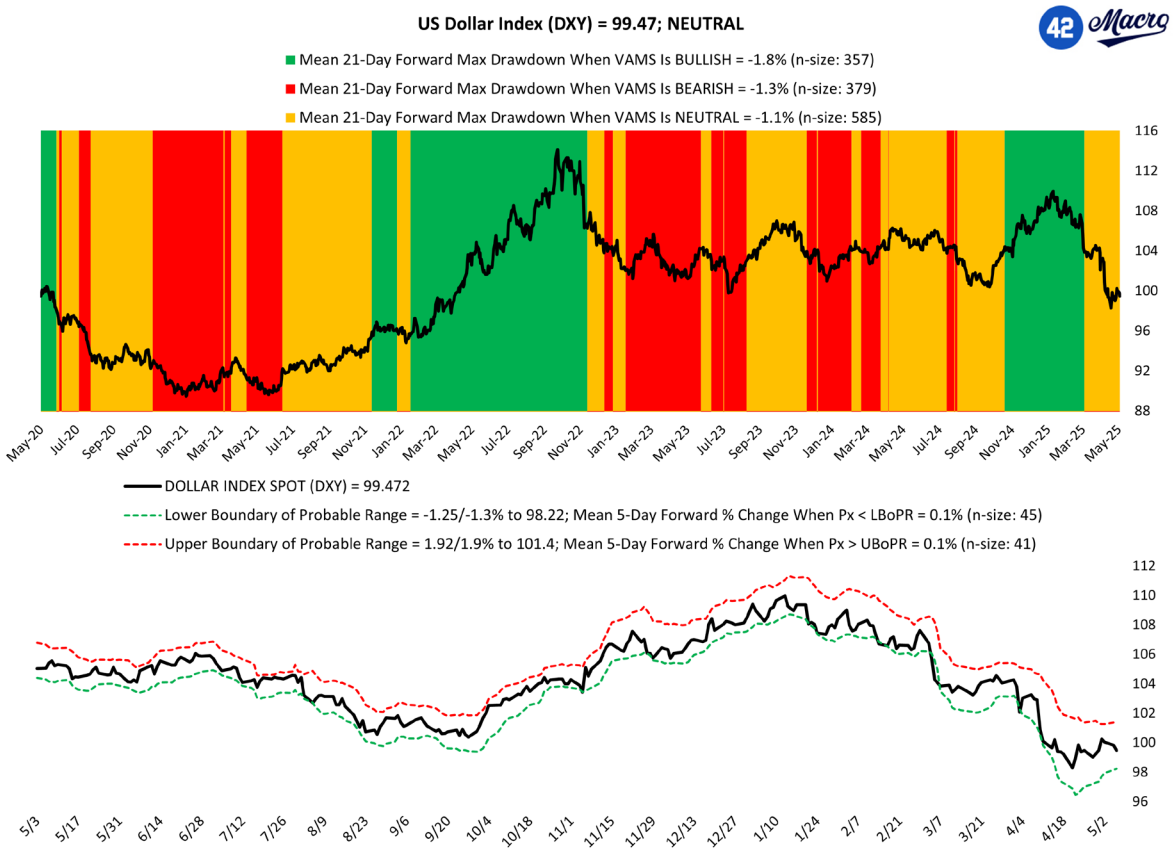
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: Bitcoin



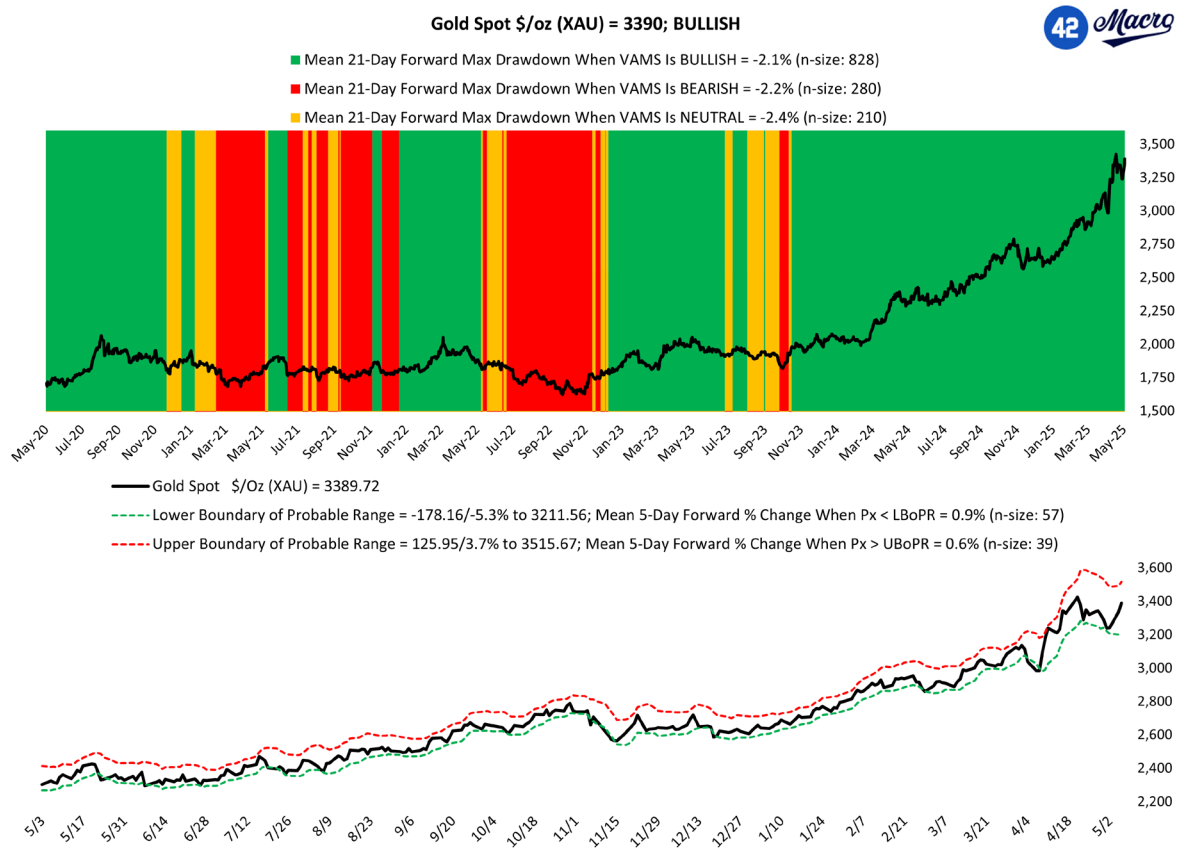
Discretionary Risk Management Overlay aka "Dr. Mo" Backtest: Ethereum



VAMS & Probable Range Models:
US Dollar

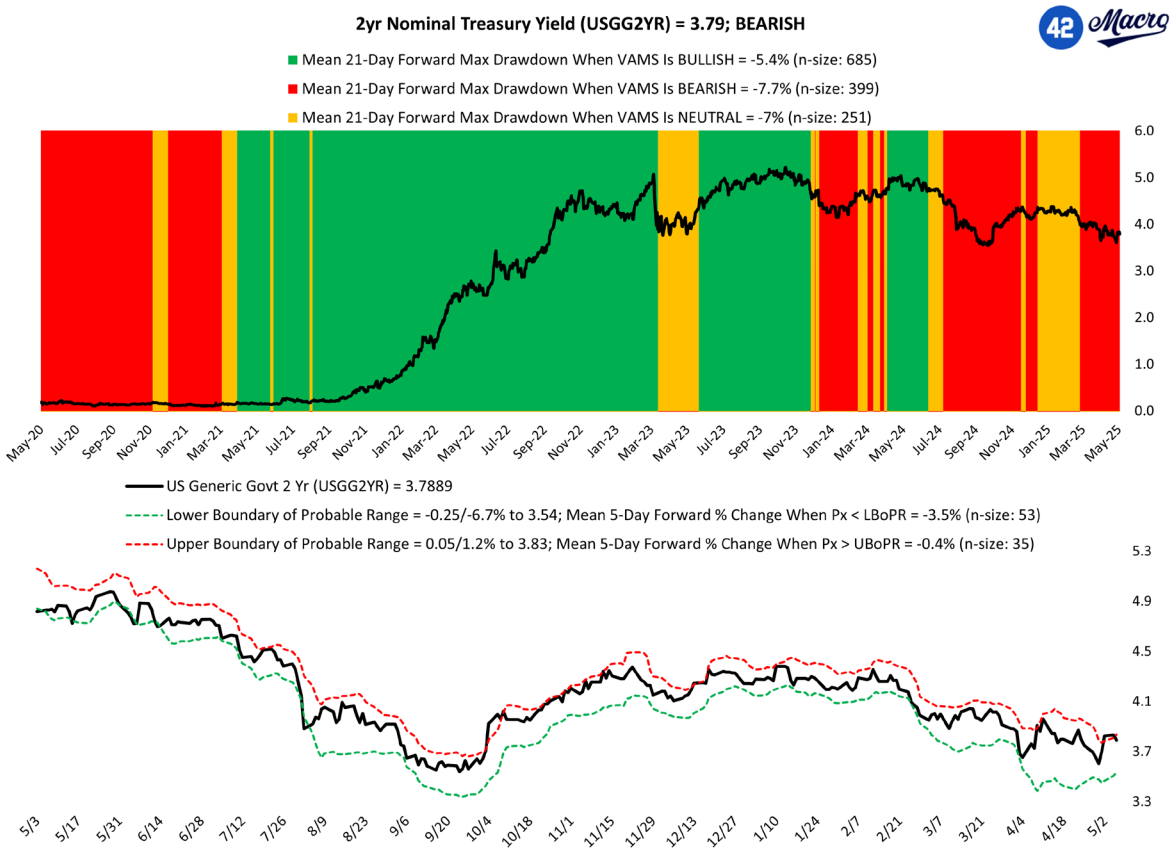


VAMS & Probable Range Models:
Gold

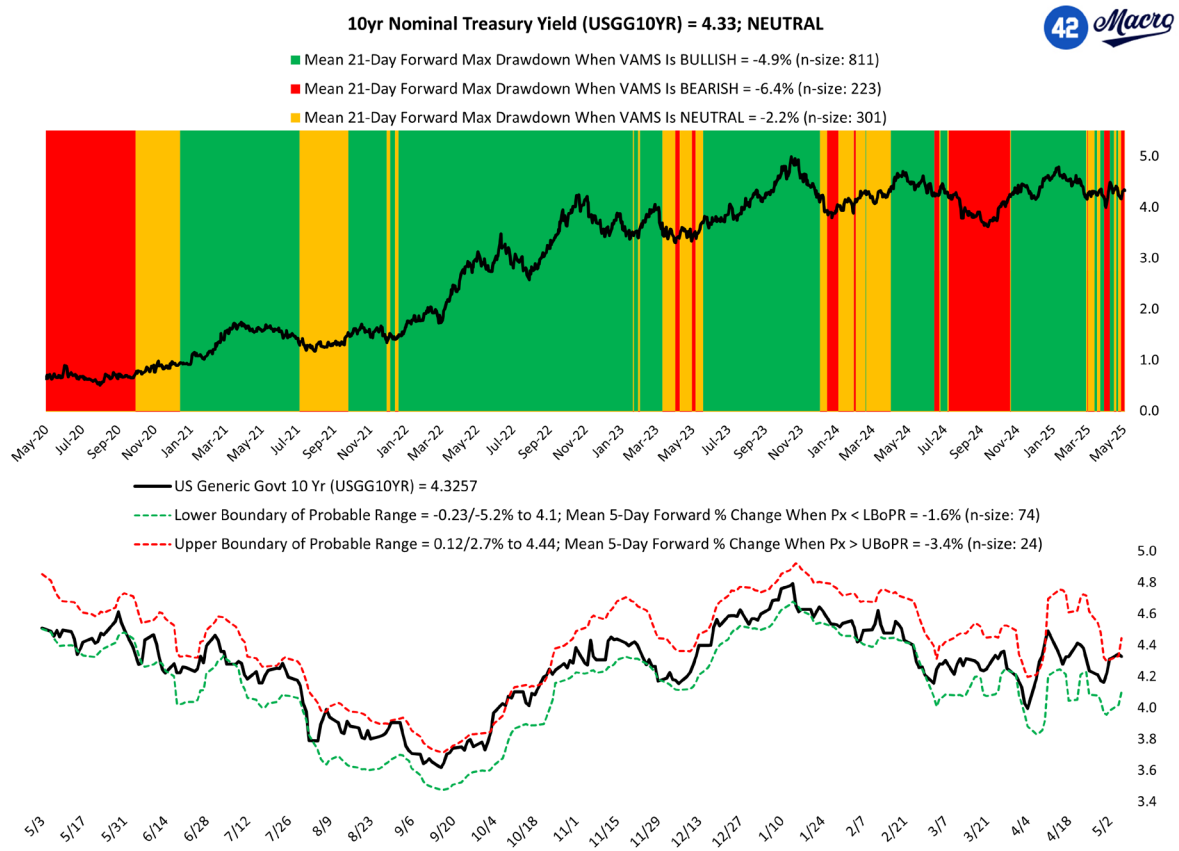


GREEN = bullish VAMS, ORANGE = neutral VAMS, and RED = bearish VAMS.

VAMS & Probable Range Models:
2yr Nominal Treasury Yield



VAMS & Probable Range Models:
10yr Nominal Treasury Yield



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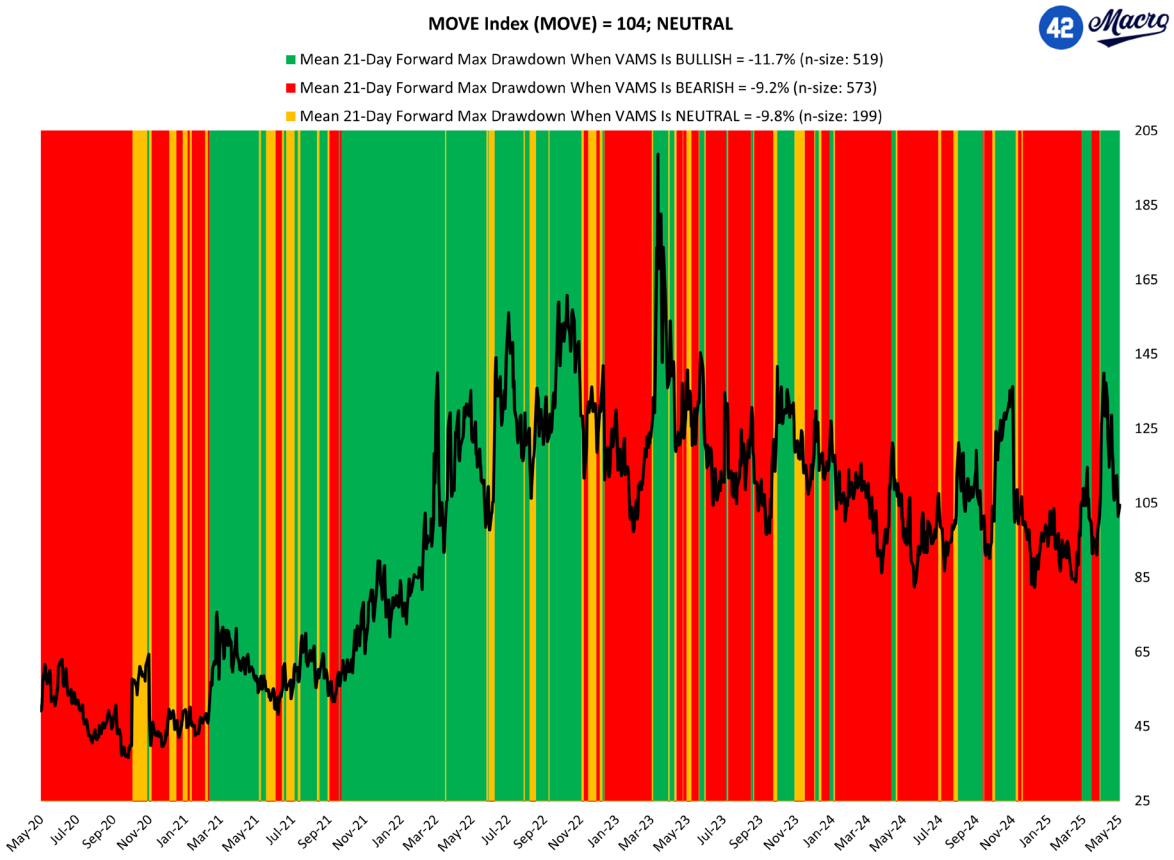
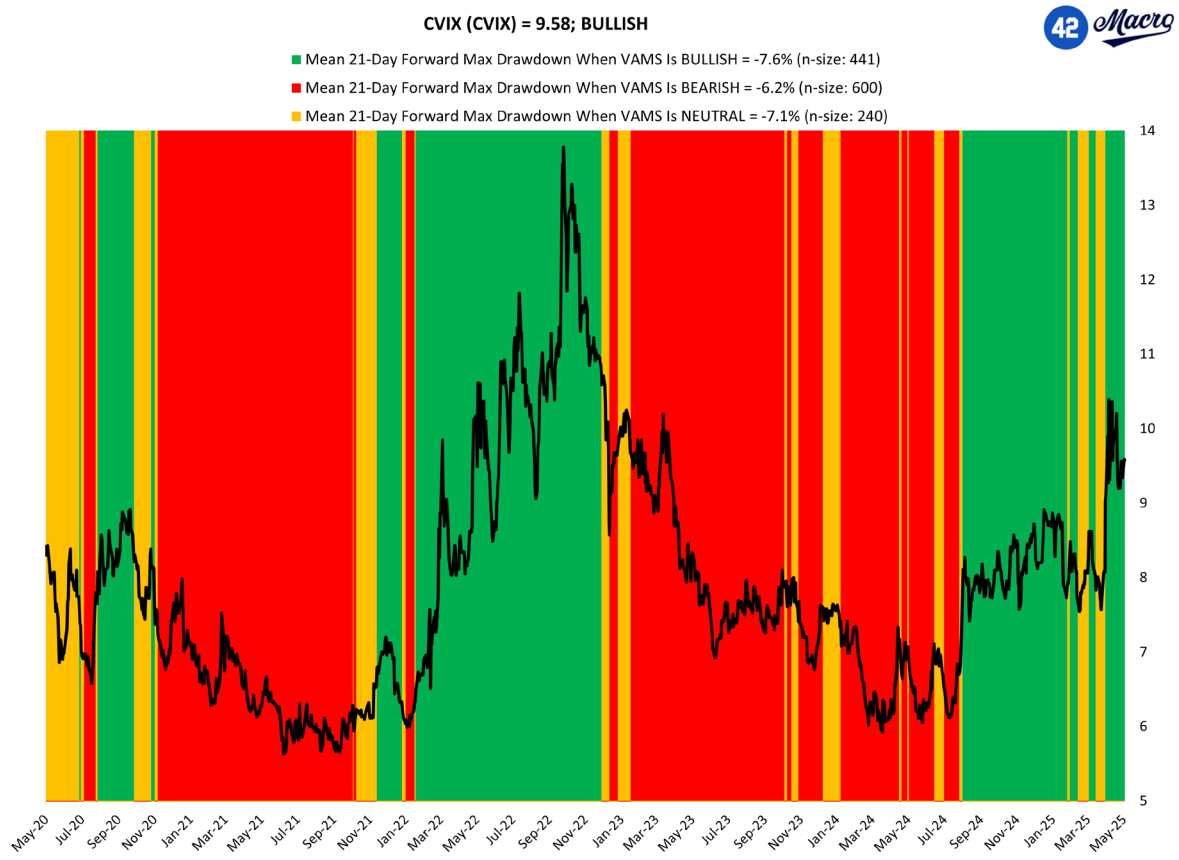
VAMS & Probable Range Models:
MOVE Index



VAMS & Probable Range Models:
CVIX



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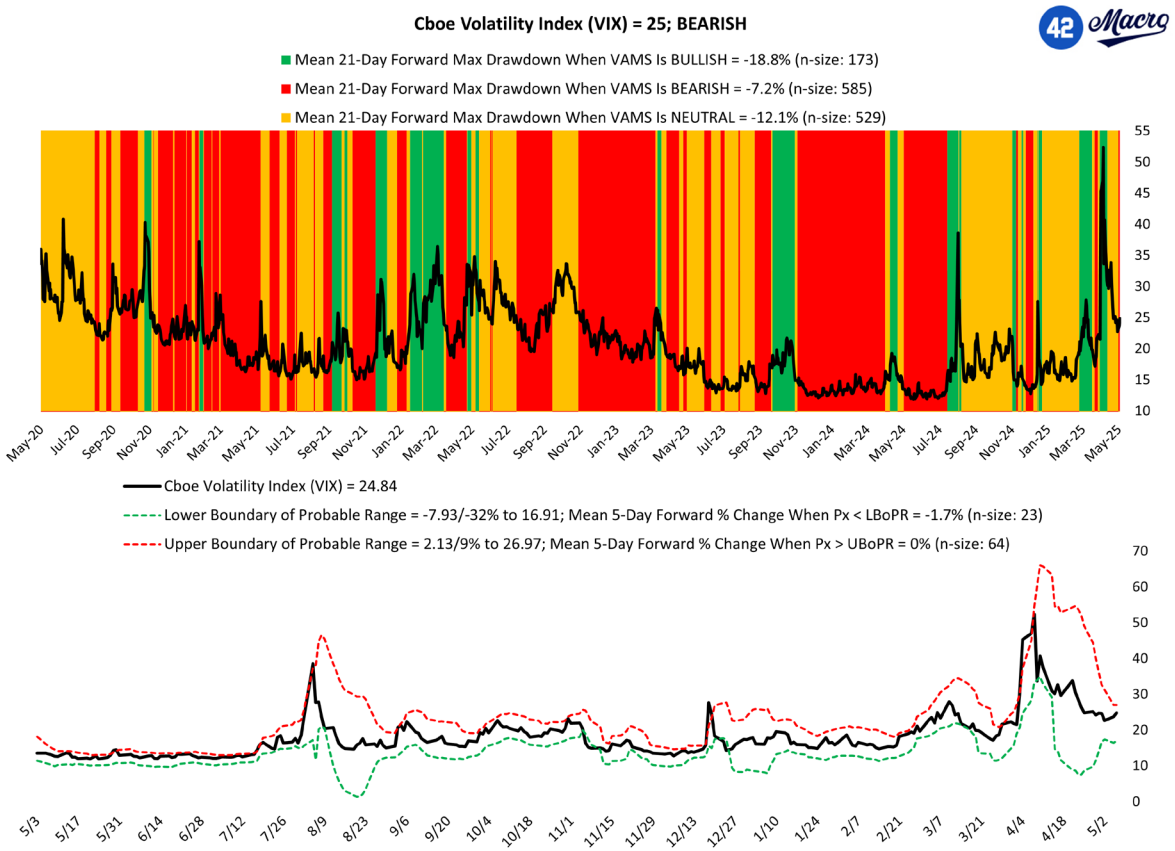
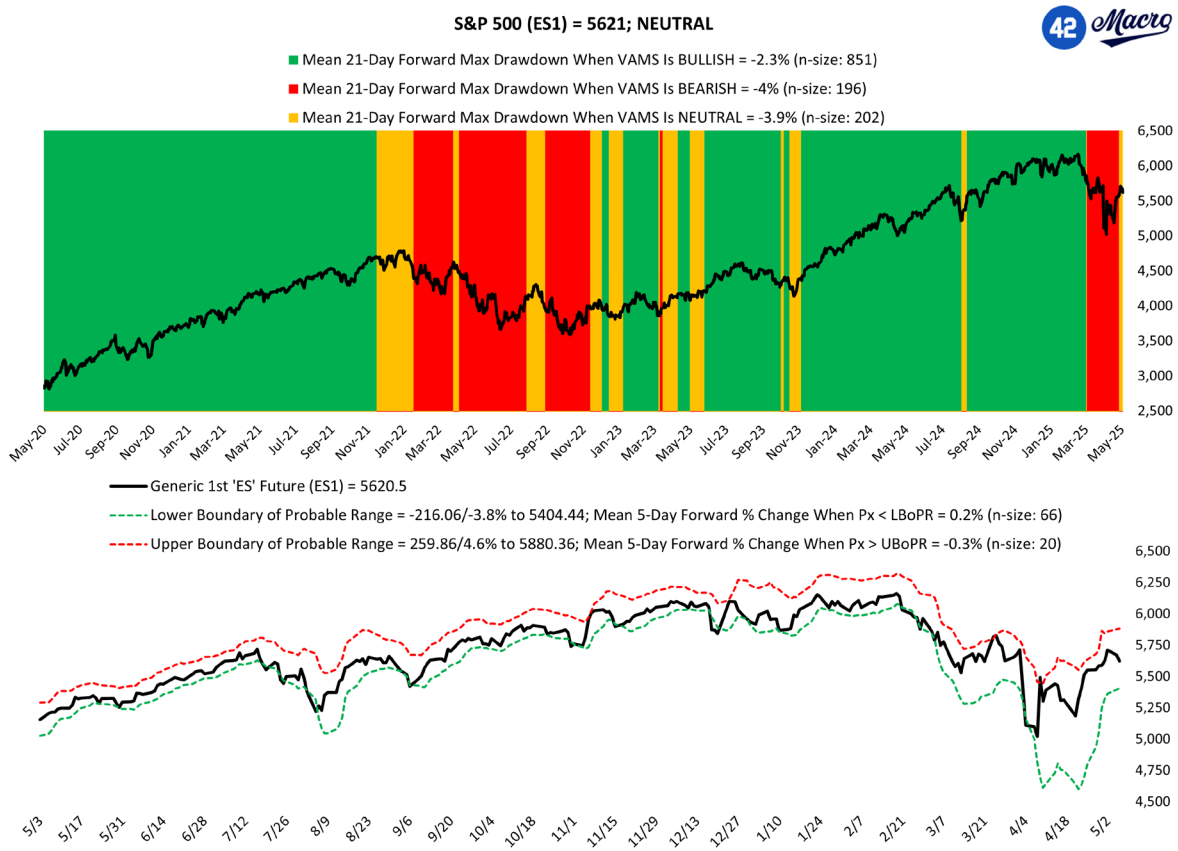
VAMS & Probable Range Models: VIX



VAMS & Probable Range Models: S&P 500



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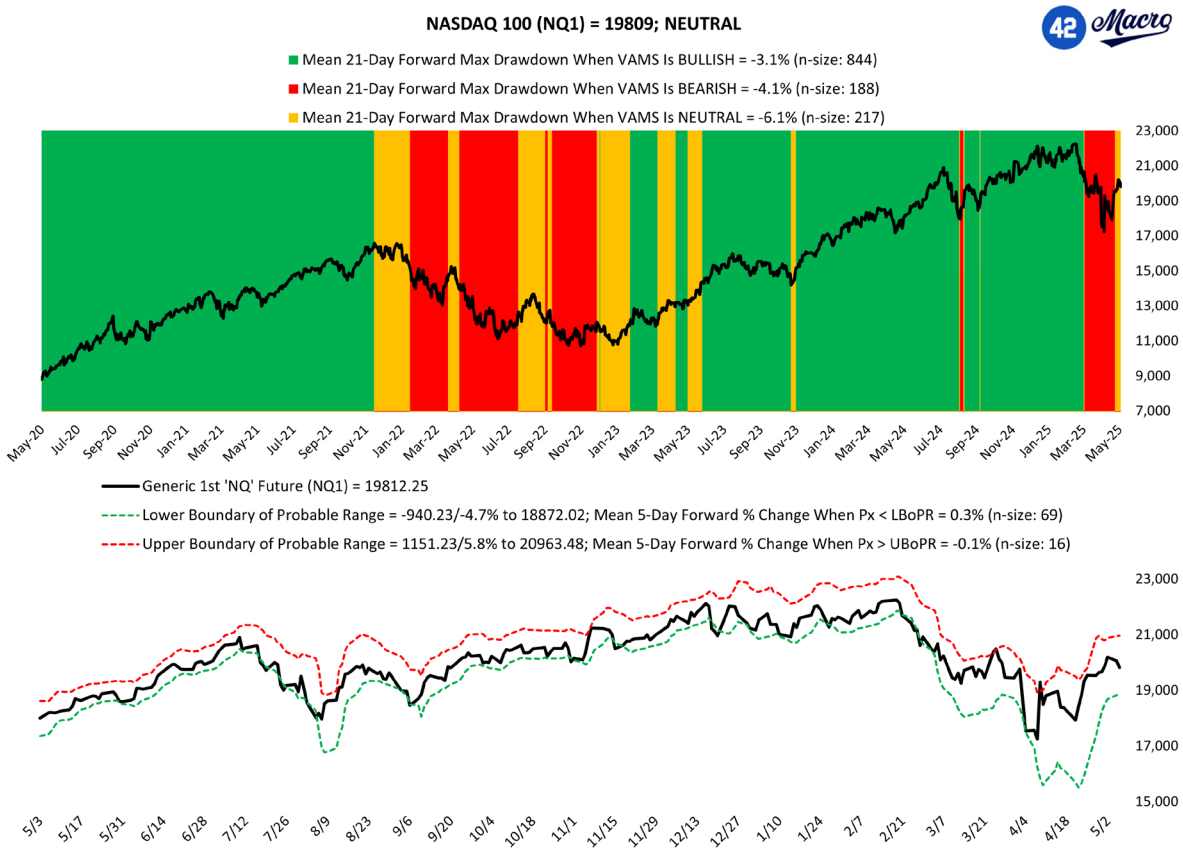
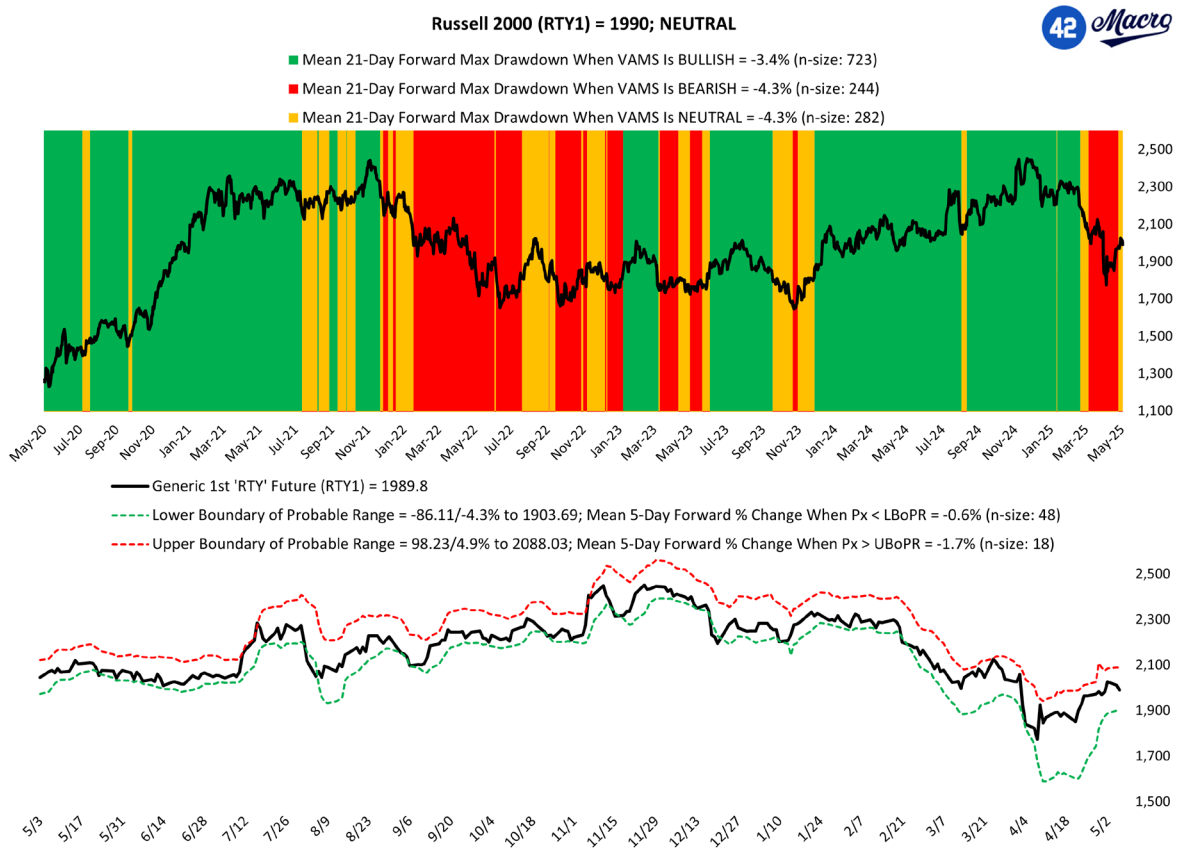
VAMS & Probable Range Models:
NASDAQ 100



VAMS & Probable Range Models:
Russell 2000



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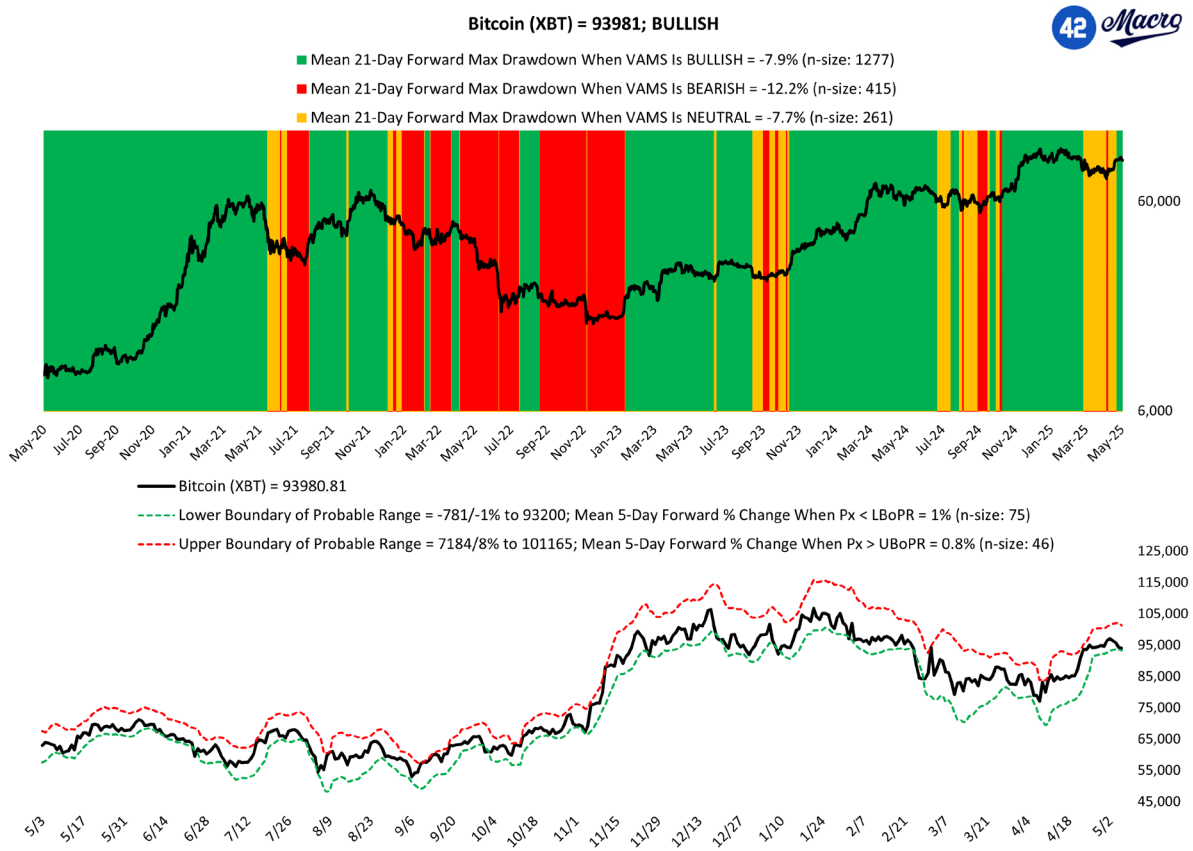
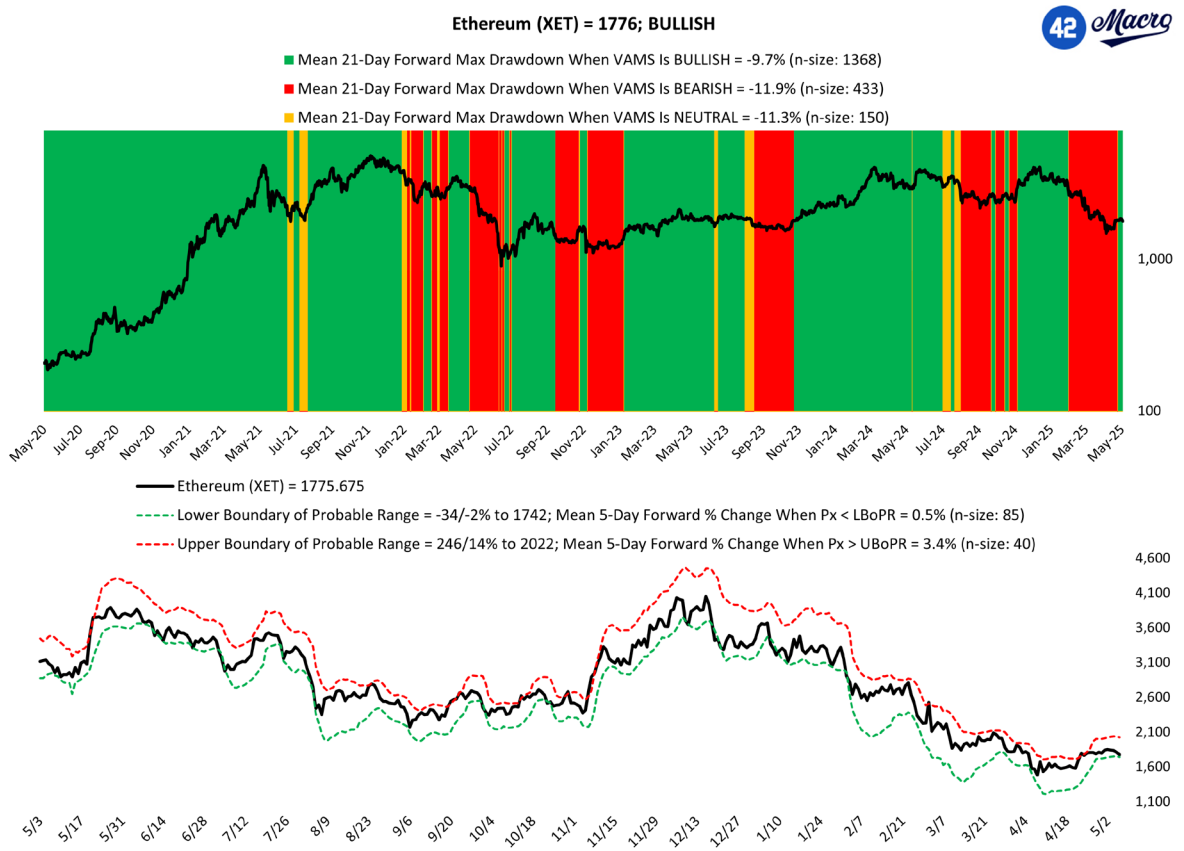
VAMS & Probable Range Models: Bitcoin

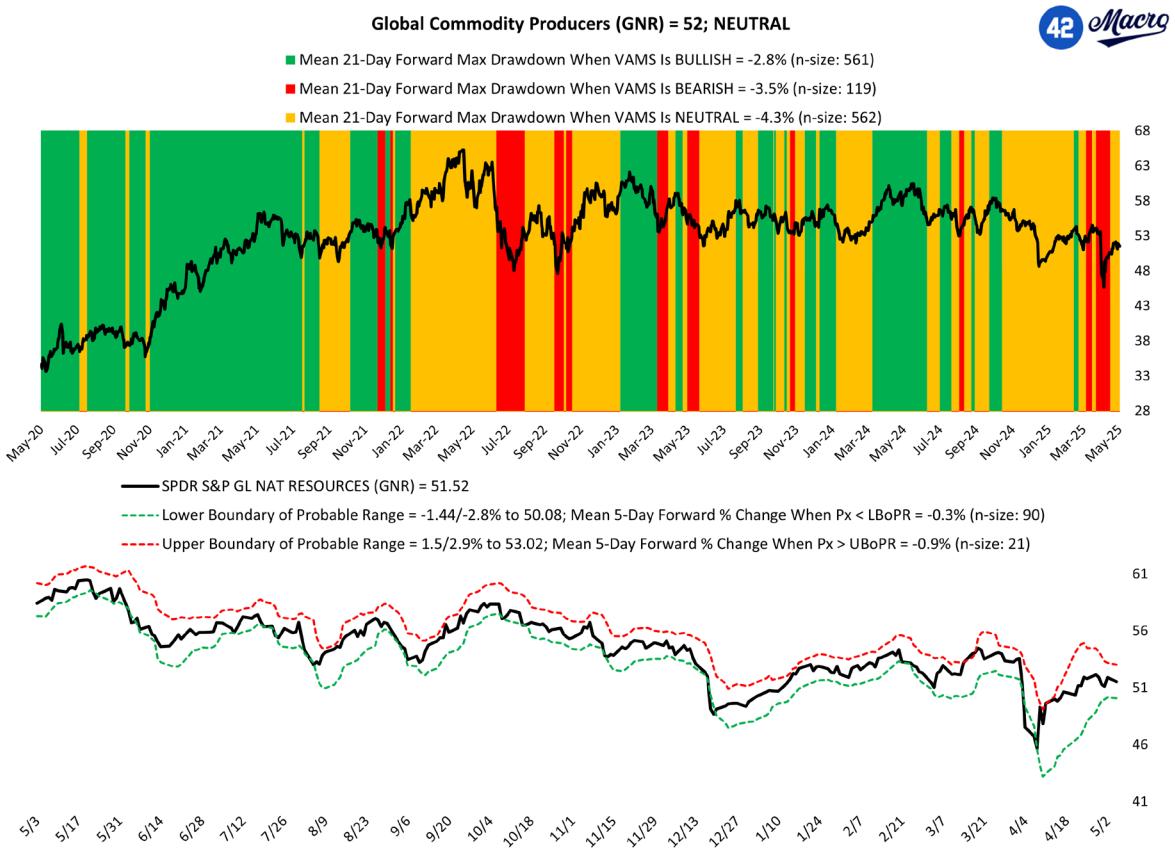


VAMS & Probable Range Models: Ethereum

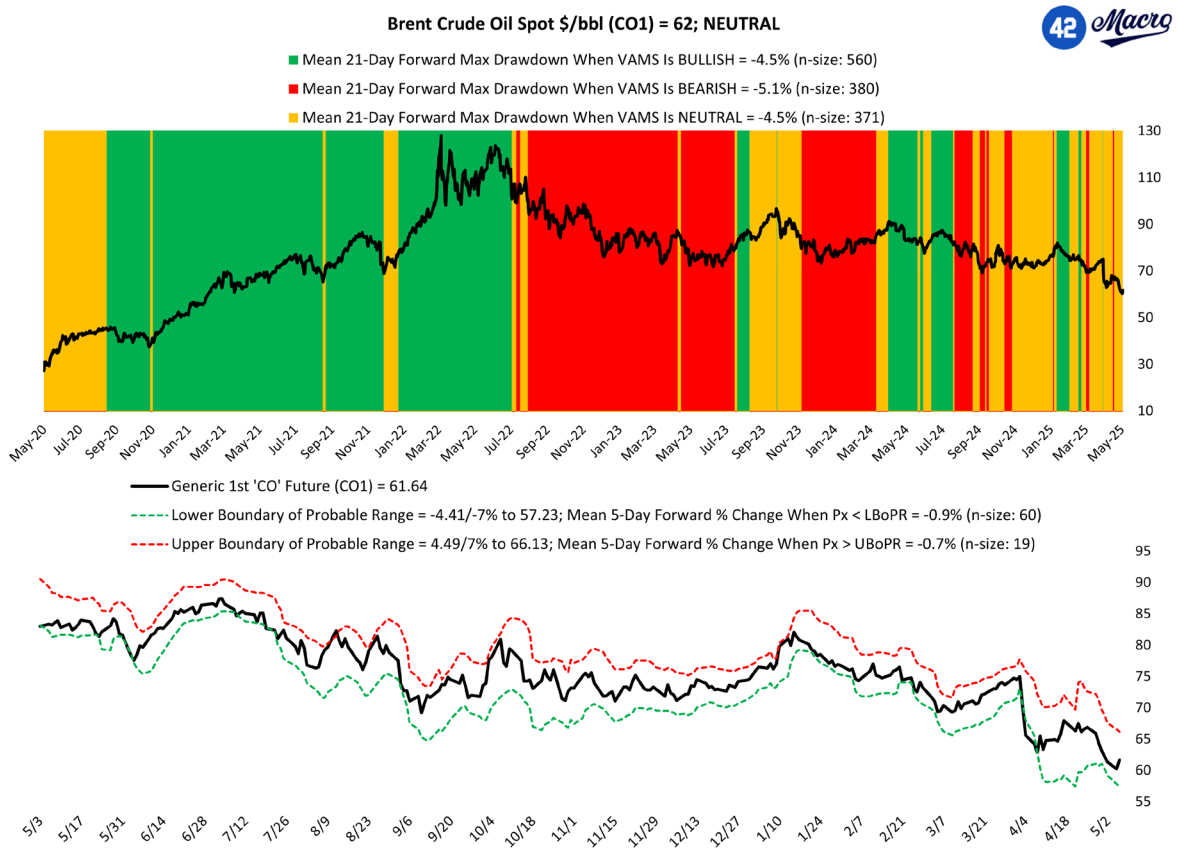


GREEN = bullish VAMS, ORANGE = neutral VAMS, and RED = bearish VAMS.

VAMS & Probable Range Models:
Global Commodity Producers



VAMS & Probable Range Models:
Brent Crude Oil



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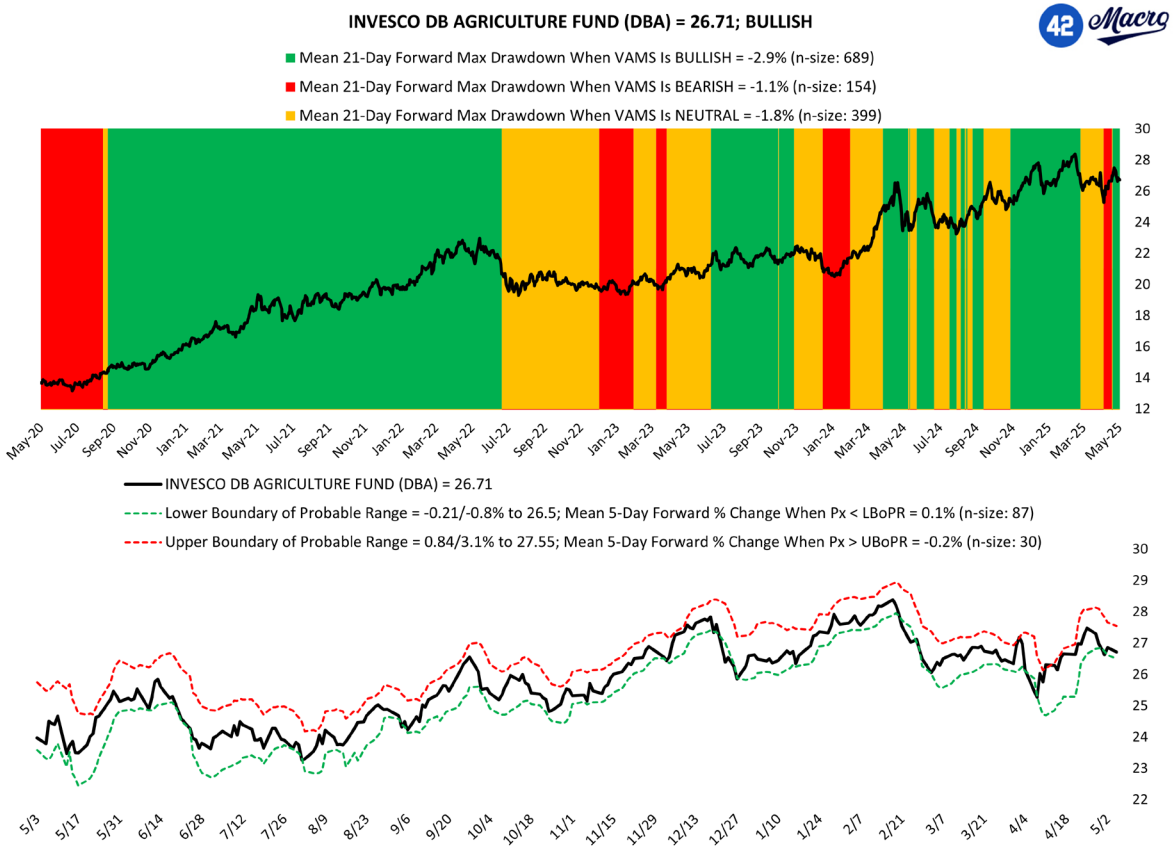
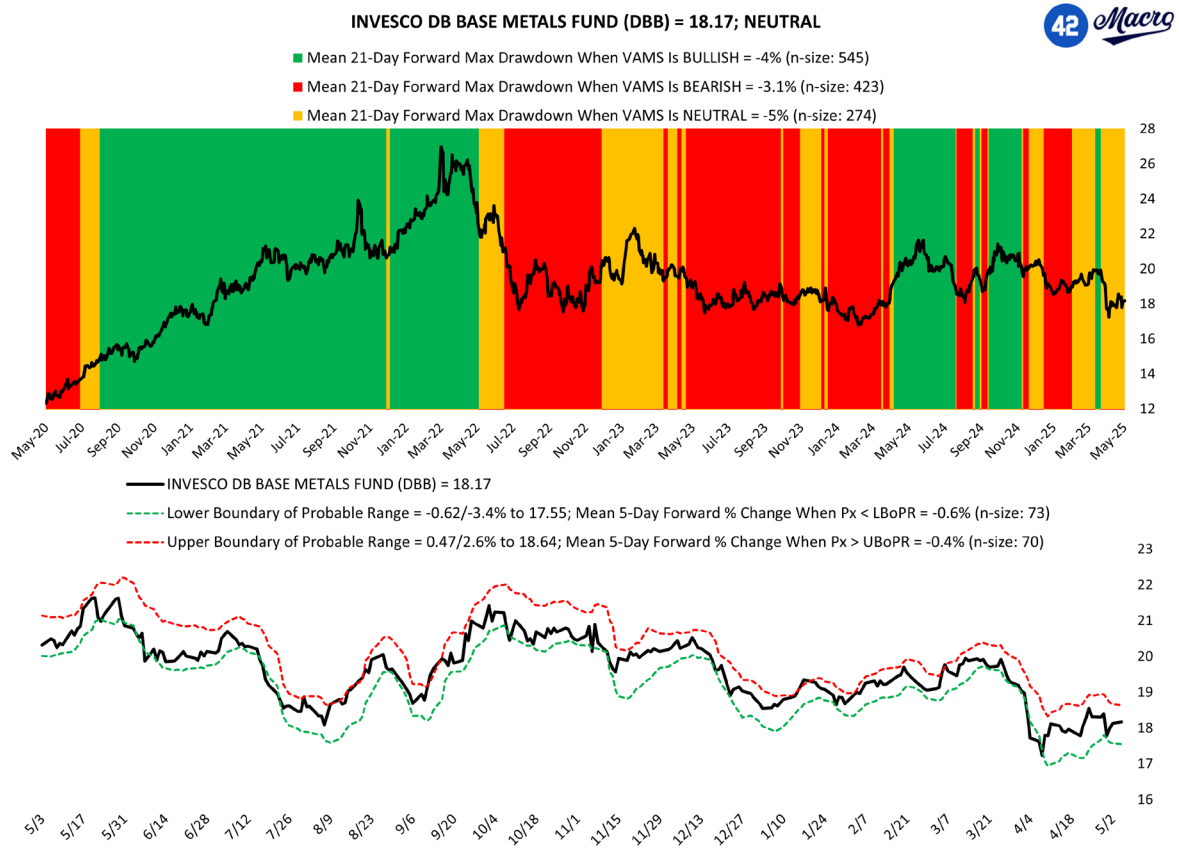
VAMS & Probable Range Models:
Agricultural Commodities



VAMS & Probable Range Models:
Industrial Commodities



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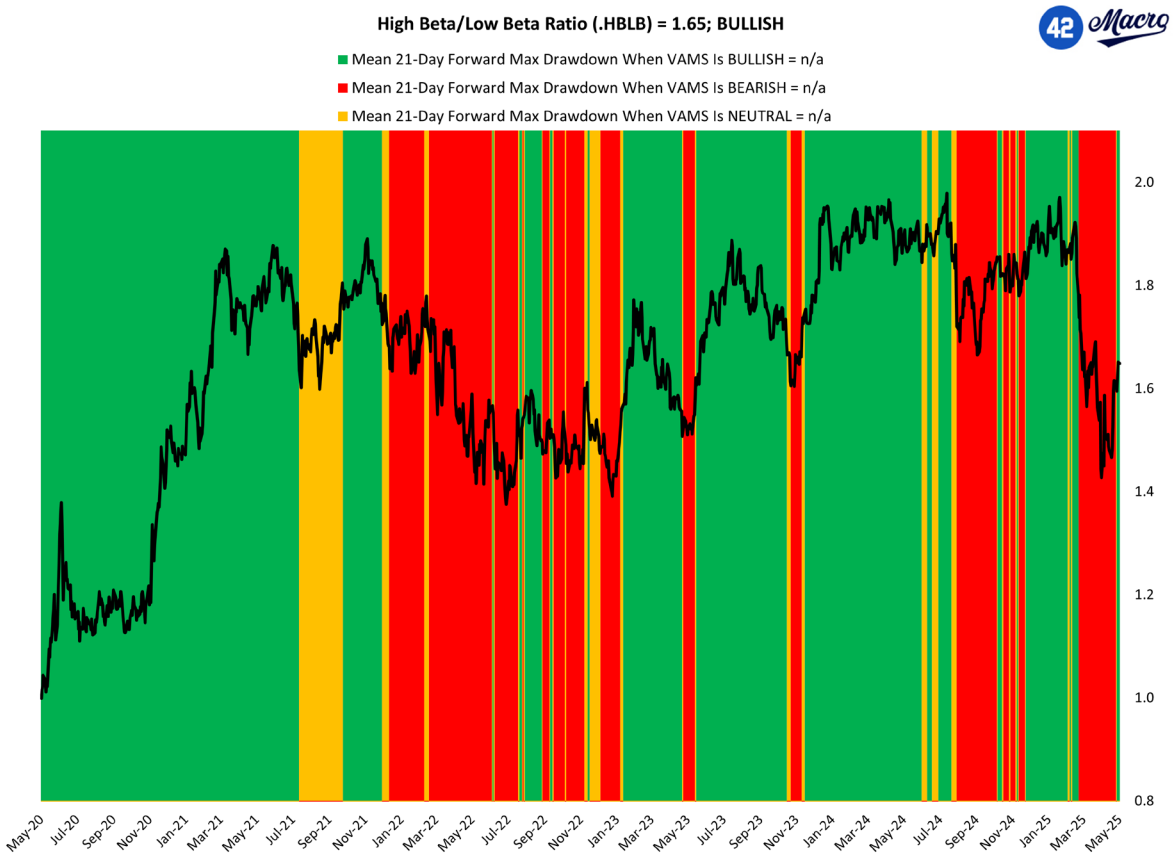
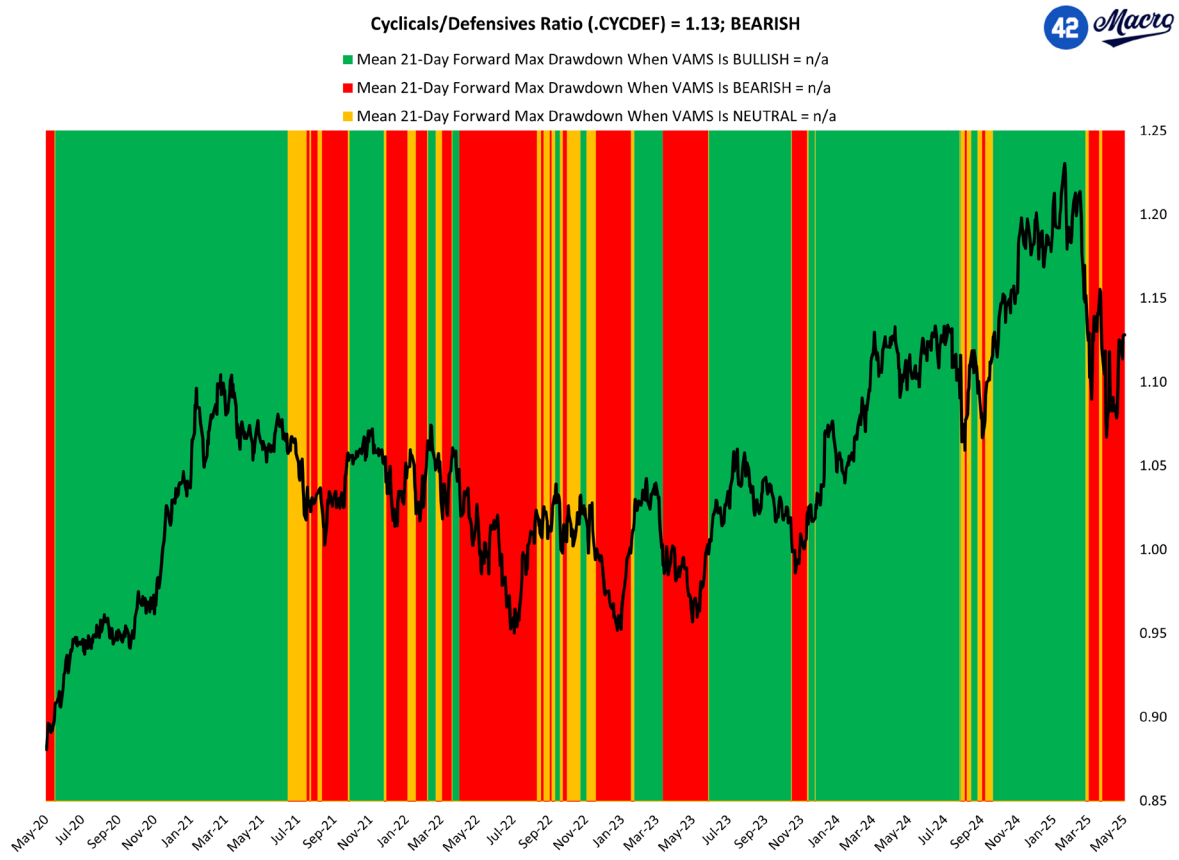
Volatility-Adjusted Momentum Signal: High Beta/Low Beta Ratio



Volatility-Adjusted Momentum Signal: Cyclicals/Defensives Ratio



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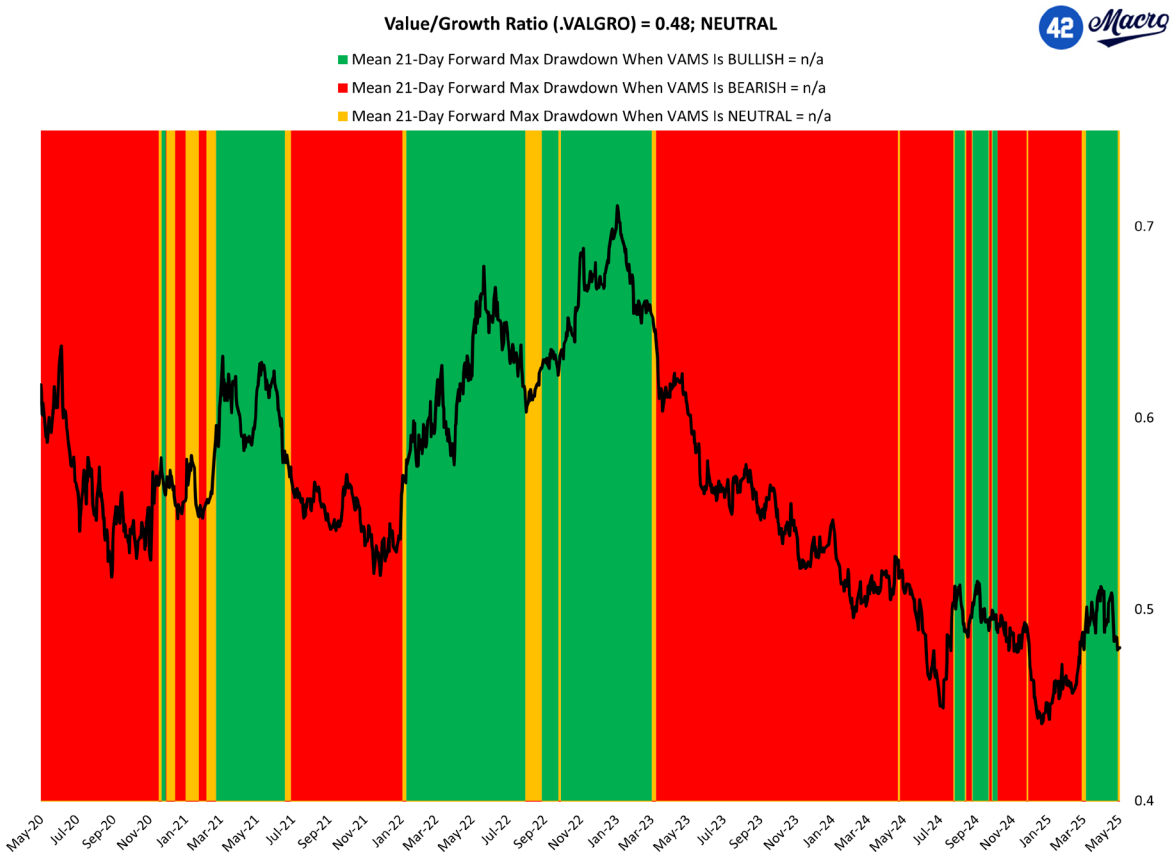
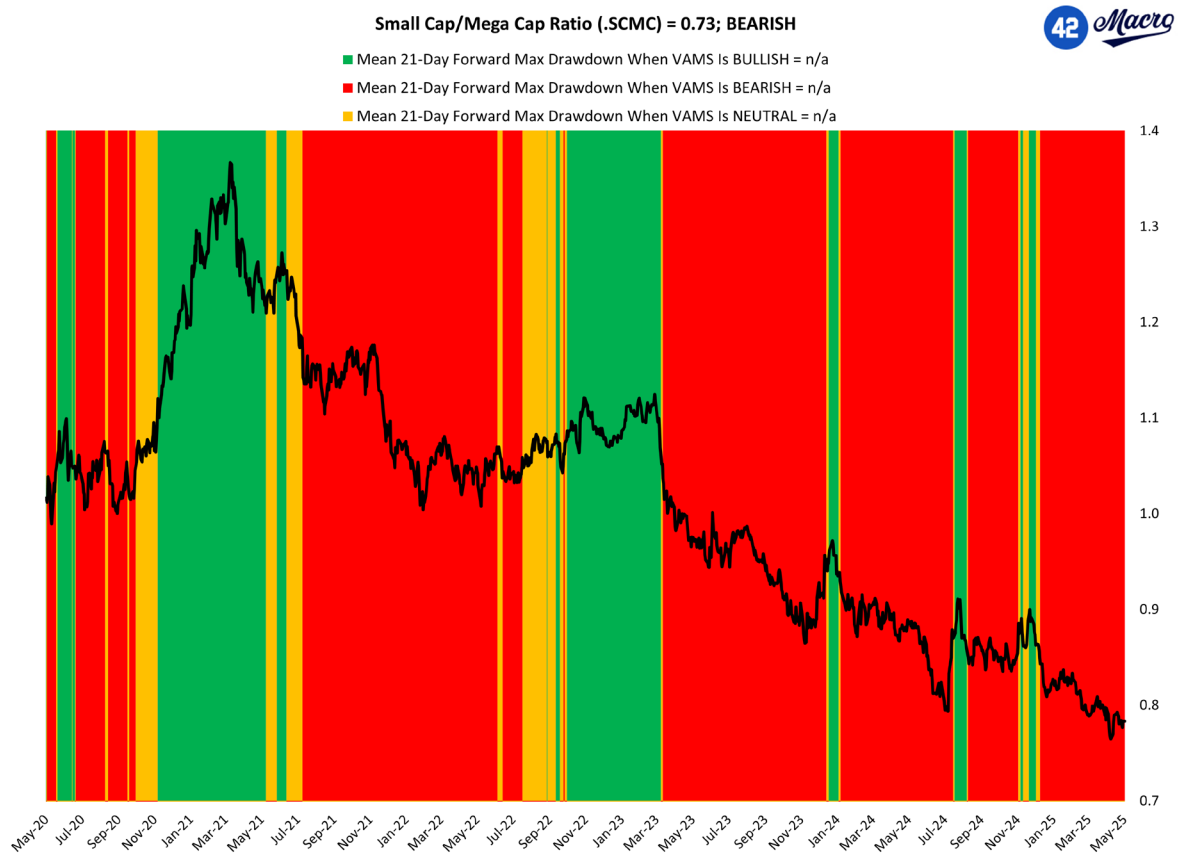
Volatility-Adjusted Momentum Signal: Value/Growth Ratio



Volatility-Adjusted Momentum Signal: Small Cap/Mega Cap Ratio



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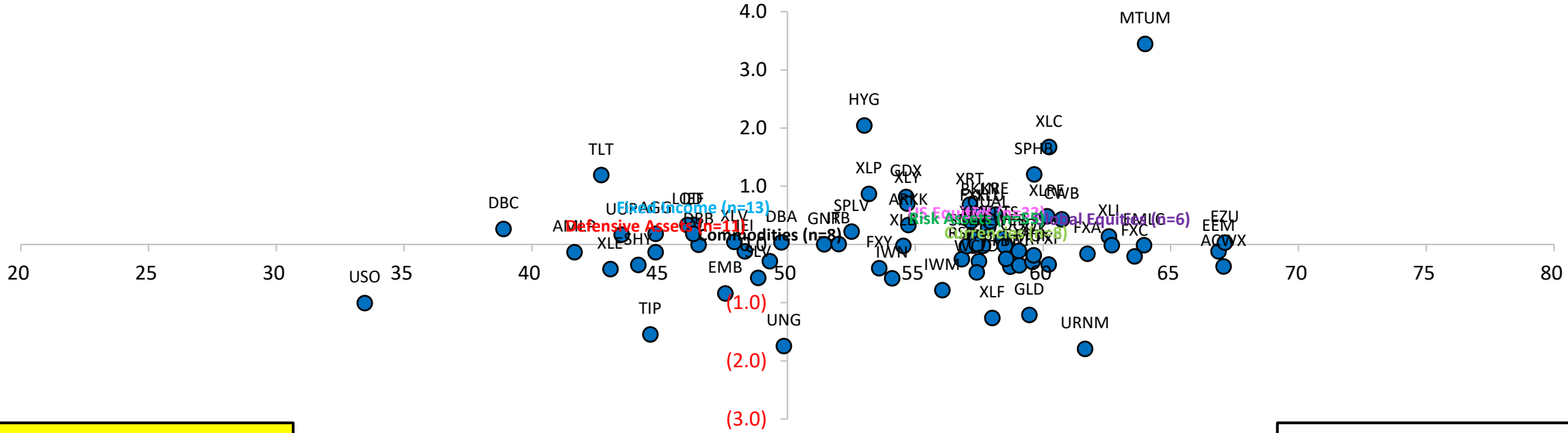
We Use Our Crowding Model To Generate Tactical Trading Opportunities In Asset Markets

Fund Flow Dynamics: NOISE
-Underlying Asset Oversold
-Investors Buying the Dip Already

x-axis: 14-Day RSI;
y-axis: 3mo Z-Score of ETF Fund Flows; 5/6/2025

Fund Flow Dynamics: SIGNAL
-Underlying Asset Overbought
-Investors Chasing Local Highs

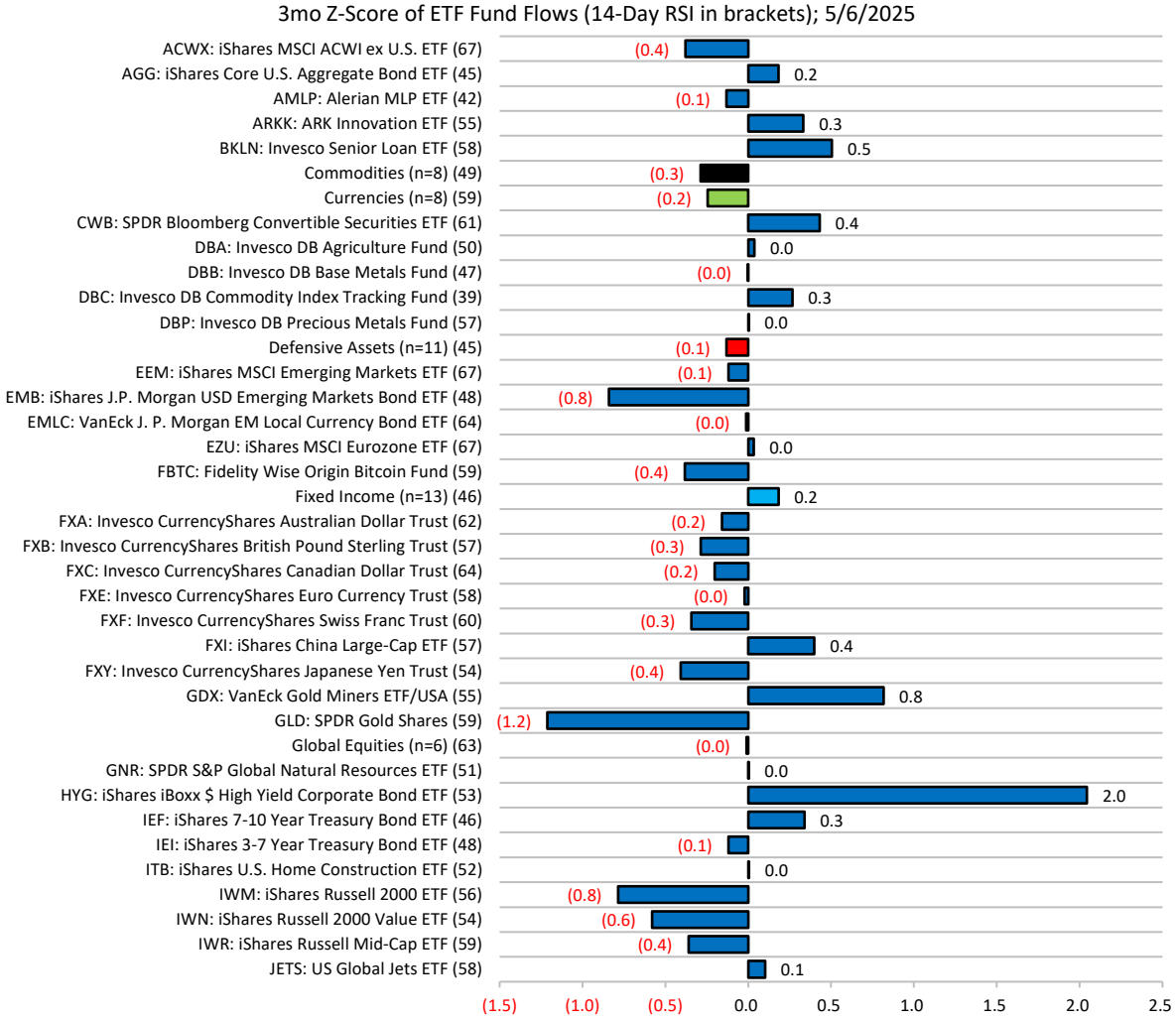


Fund Flow Dynamics: SIGNAL
-Underlying Asset Oversold
-Investors Puking Local Lows

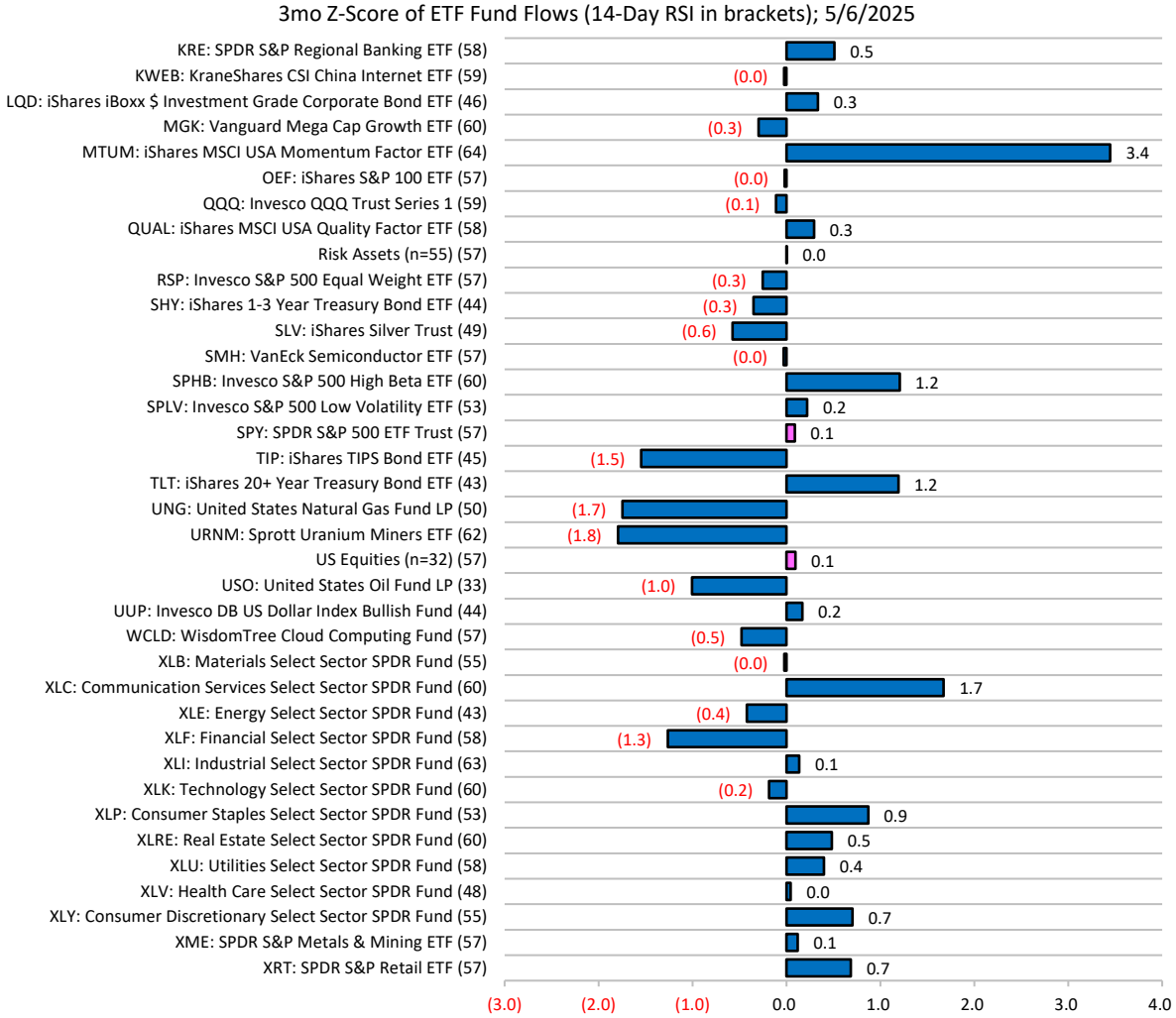
Fund Flow Dynamics: NOISE
-Underlying Asset Overbought
-Investors Selling the Rip Already

Bearish signals = RSI ≥ 70 and 3mo Z-Score of ETF Fund Flows ≥ +2.
Bullish signals = RSI ≤ 30 and 3mo Z-Score of ETF Fund Flows ≤ -2.
CROWDING signals tend to work on a short-term (< 3wks) time horizon.

Crowding Model: Current Signals



Crowding Model: Current Signals (cont.)

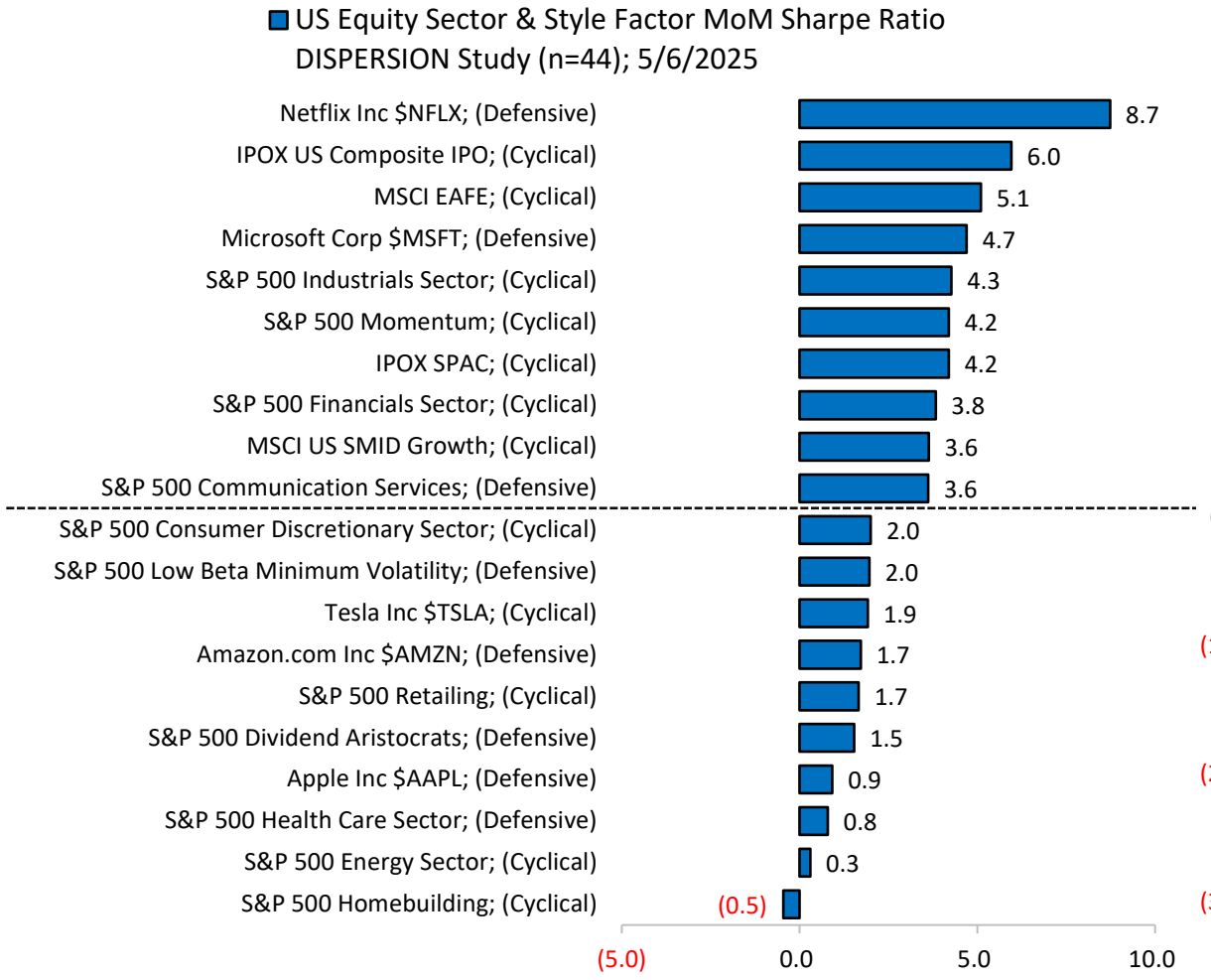


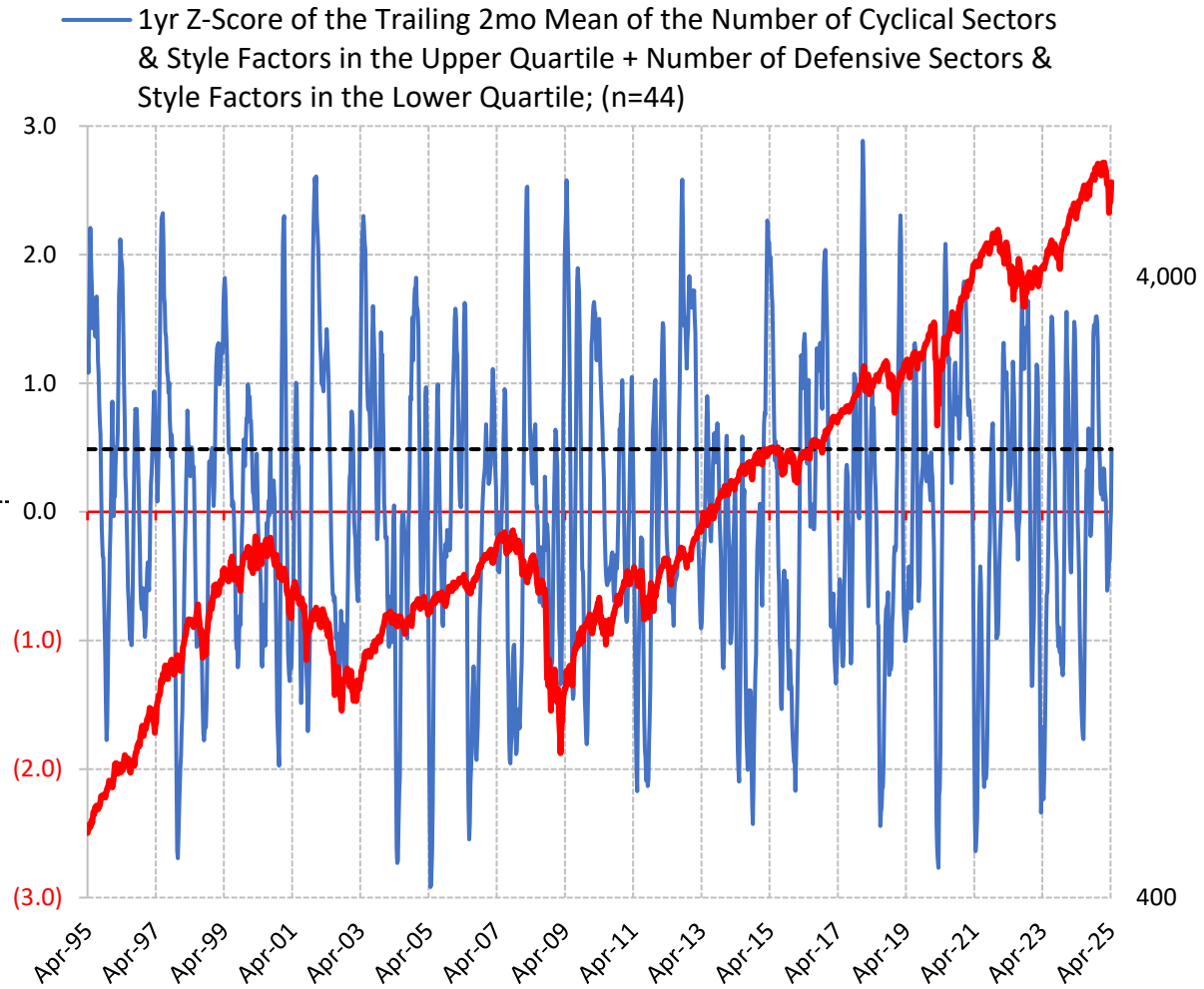
Bearish signals = RSI ≥ 70 and 3mo Z-Score of ETF Fund Flows ≥ +2.

Bullish signals = RSI ≤ 30 and 3mo Z-Score of ETF Fund Flows ≤ -2.

CROWDING signals tend to work on a short-term (< 3wks) time horizon.

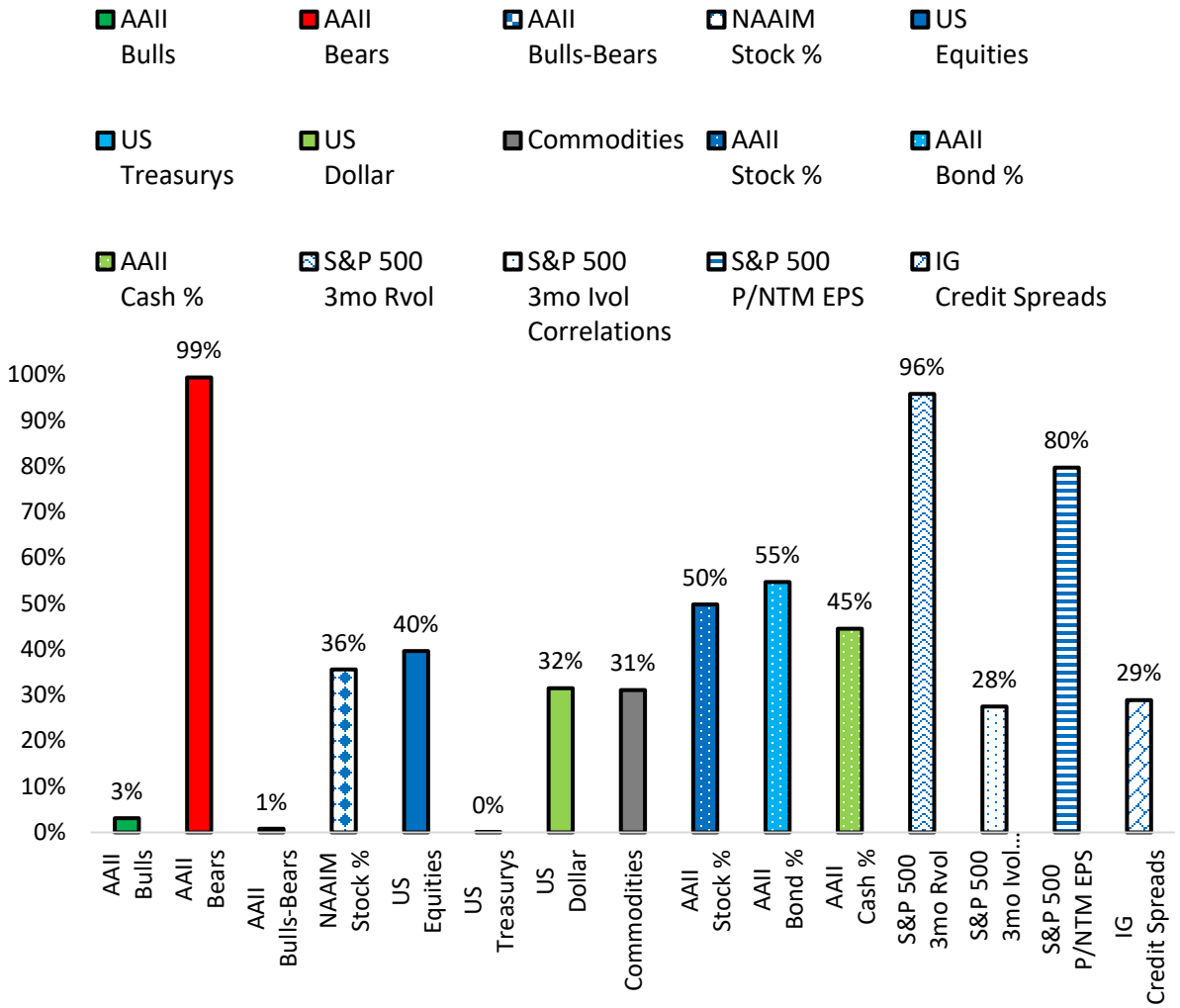
We Use Our Dispersion Model To Identify Extremes In Rotational Flows Between Sectors And Factors Within The Stock Market





A POSITIVE value in the time series chart implies investors are rotating into Cyclicals on a trending basis.
A NEGATIVE value in the time series chart implies investors are rotating into Defensives on a trending basis.

We Use Our Positioning Model To Assess The Probability Of Significant Reversals In Momentum Across Asset Markets, Over Multiple Time Horizons

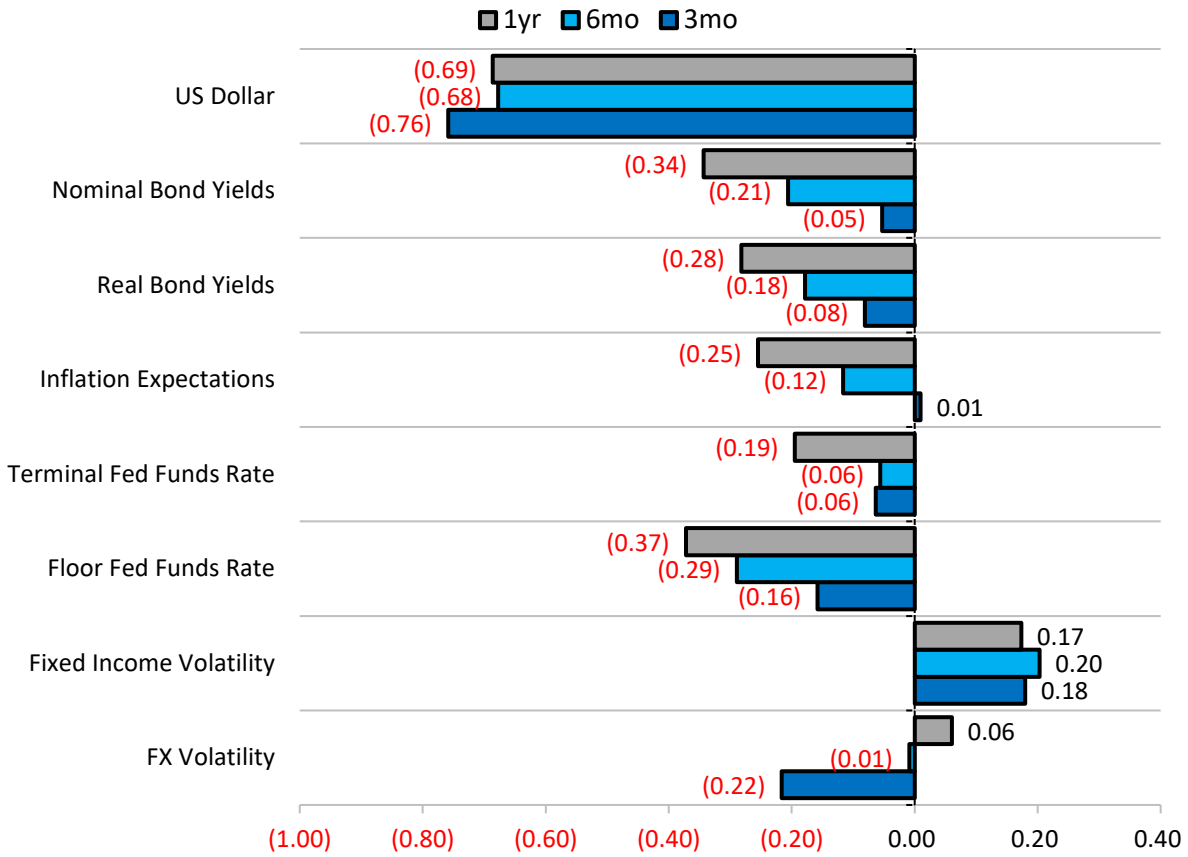


S&P 500 Peaks	AAII Bulls	AAII Bears	AAII Bulls-Bears	NAAIM Stock %	US Equities	US Treasurys	US Dollar	Commodities	AAII Stock %	AAII Bond %	AAII Cash %	S&P 500 3mo Rvol	S&P 500 3mo Ivol Correlations	S&P 500 P/NTM EPS	IG Credit Spreads
Aug-87	100%	0%	100%									29%			
Jul-90	59%	50%	55%						8%	77%	91%	42%		10%	14%
Jul-98	40%	13%	65%		33%	75%	69%	7%	97%	10%	13%	54%		95%	3%
Mar-00	100%	9%	98%		58%	76%	87%	59%	97%	0%	39%	91%		94%	64%
Oct-07	91%	31%	87%	58%	17%	95%	8%	63%	80%	2%	64%	80%	44%	39%	57%
Apr-11	52%	53%	50%	69%	64%	97%	0%	89%	37%	89%	29%	45%	73%	9%	57%
Sep-18	32%	60%	34%	74%	73%	8%	94%	20%	81%	32%	23%	5%	10%	63%	32%
Feb-20	65%	36%	67%	82%	64%	27%	36%	50%	74%	75%	1%	17%	15%	82%	22%
Jan-22	51%	53%	50%	78%	66%	33%	75%	95%	92%	32%	8%	53%	14%	88%	17%
Feb-25	19%	93%	9%	87%	35%	5%	72%	67%	85%	32%	16%	45%	1%	98%	1%
25th Percentile	43%	17%	50%	70%	34%	22%	29%	43%	74%	10%	13%	32%	11%	39%	14%
MEDIAN	55%	43%	60%	76%	61%	54%	70%	61%	81%	32%	23%	45%	14%	82%	22%
75th Percentile	85%	53%	82%	81%	65%	81%	78%	72%	92%	75%	39%	54%	37%	94%	57%
CURRENT	3%	99%	1%	36%	40%	0%	32%	31%	50%	55%	45%	96%	28%	80%	29%

S&P 500 Troughs	Bulls	Bears	Bulls-Bears	Stock %	Equities	Treasurys	Dollar	Commodities	Stock %	Bond %	Cash %	3mo Rvol	3mo Ivol	P/NTM EPS	Credit
Dec-87	10%	86%	10%						2%	85%	95%	99%			
Oct-90	3%	96%	2%						6%	69%	96%	82%		0%	33%
Oct-98	10%	58%	23%		23%	60%	100%	9%	74%	24%	43%	95%		80%	45%
Mar-03	36%	80%	24%		11%	98%	12%	24%	3%	63%	99%	83%		16%	77%
Mar-09	1%	100%	0%	1%	94%	33%	42%	23%	1%	93%	95%	97%	91%	0%	99%
Oct-11	33%	92%	13%	1%	15%	85%	63%	56%	24%	83%	63%	97%	98%	0%	94%
Dec-18	10%	93%	6%	11%	71%	17%	89%	60%	53%	51%	44%	85%	61%	17%	66%
Mar-20	39%	96%	10%	2%	46%	44%	39%	31%	64%	82%	5%	98%	90%	11%	97%
Oct-22	8%	98%	2%	4%	23%	11%	80%	71%	46%	37%	58%	87%	72%	36%	74%
25th Percentile	8%	86%	2%	1%	19%	25%	41%	24%	3%	51%	44%	85%	72%	0%	61%
MEDIAN	10%	93%	10%	2%	23%	44%	63%	31%	24%	69%	63%	95%	90%	13%	75%
75th Percentile	33%	96%	13%	4%	58%	72%	84%	58%	53%	83%	95%	97%	91%	21%	95%
CURRENT	3%	99%	1%	36%	40%	0%	32%	31%	50%	55%	45%	96%	28%	80%	29%

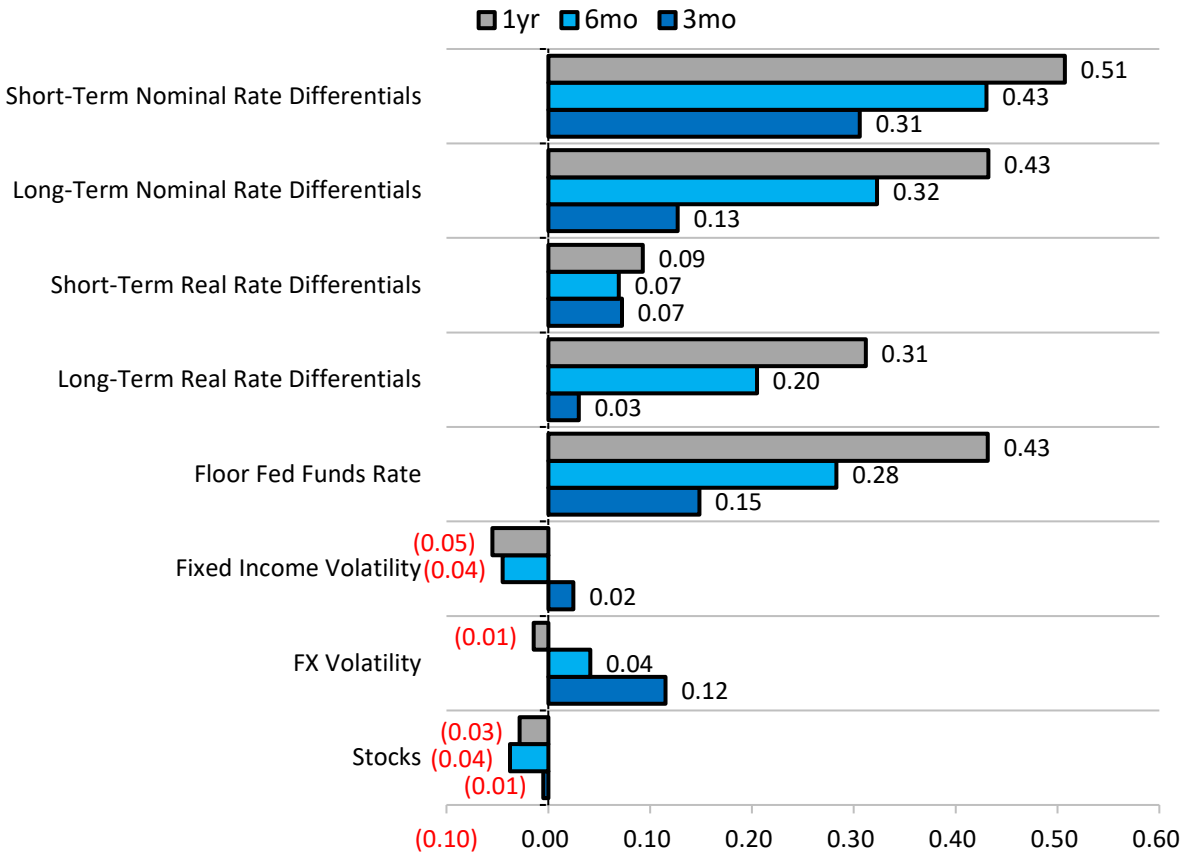
Positioning Model:
Global Liquidity Macro Drivers

Daily Log Price Change Correlations b/tw the
42 Macro Global Liquidity Proxy and Various Macro Factors



Positioning Model:
US Dollar Macro Drivers

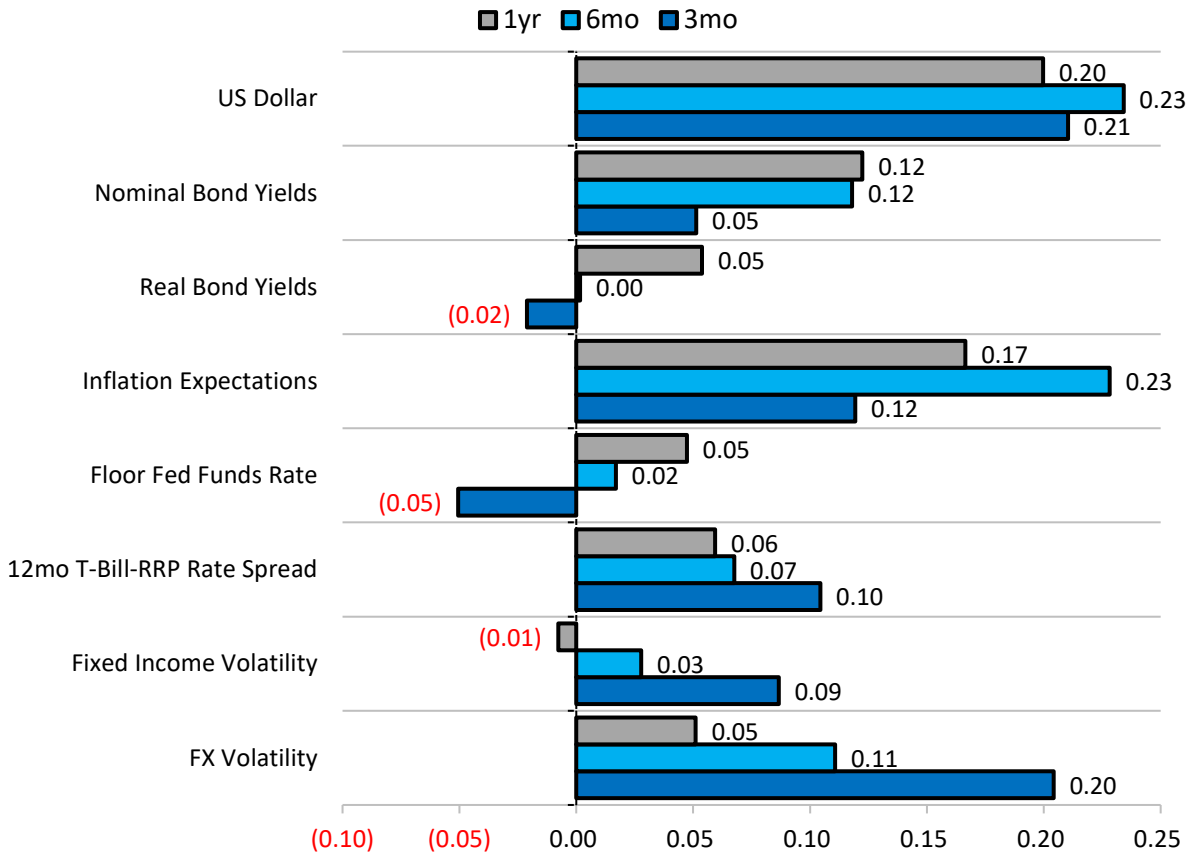
Daily Log Price Change Correlations b/tw the
US Dollar Index and Various Macro Factors



 Data Source: Bloomberg. US Dollar proxied by the US Dollar Index (DXY). Nominal Bond Yields proxied by the 10yr Nominal Treasury Yield. Real Bond Yields proxied by the 10yr TIPS Yield. Inflation Expectations proxied by the 10yr TIPS Breakeven. Fixed Income Volatility proxied by the MOVE Index. FX Volatility proxied by the CVIX. Nominal and Real Interest Rate Differentials proxied by DXY-weighted 2yr and 10yr Sovereign Nominal and Real Yield Spreads.

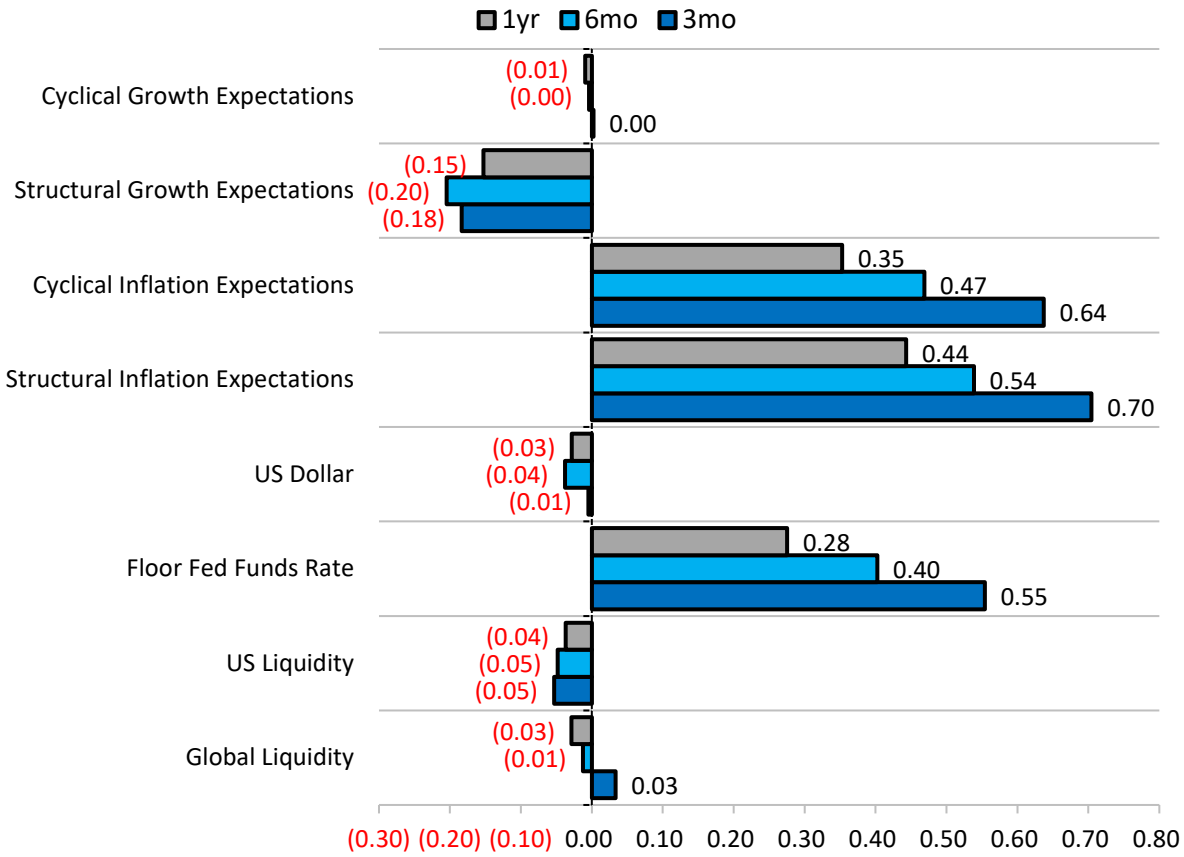
Positioning Model:
Fed Reverse Repo Facility Macro Drivers

Daily Log Price Change Correlations b/tw the
Fed Reverse Repo Facility (RRP) and Various Macro Factors



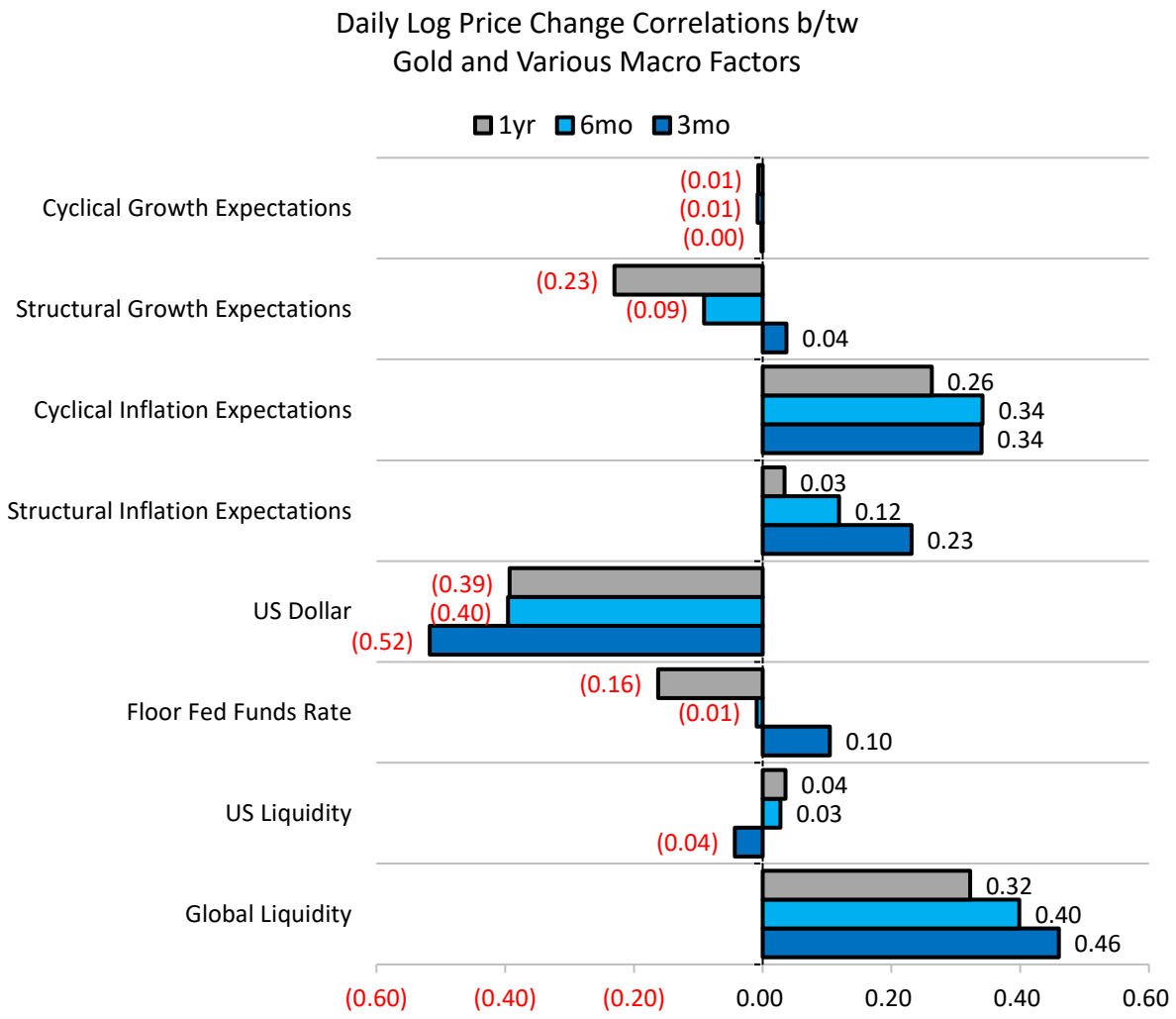
Positioning Model:
S&P 500 Macro Drivers

Daily Log Price Change Correlations b/tw the
S&P 500 and Various Macro Factors

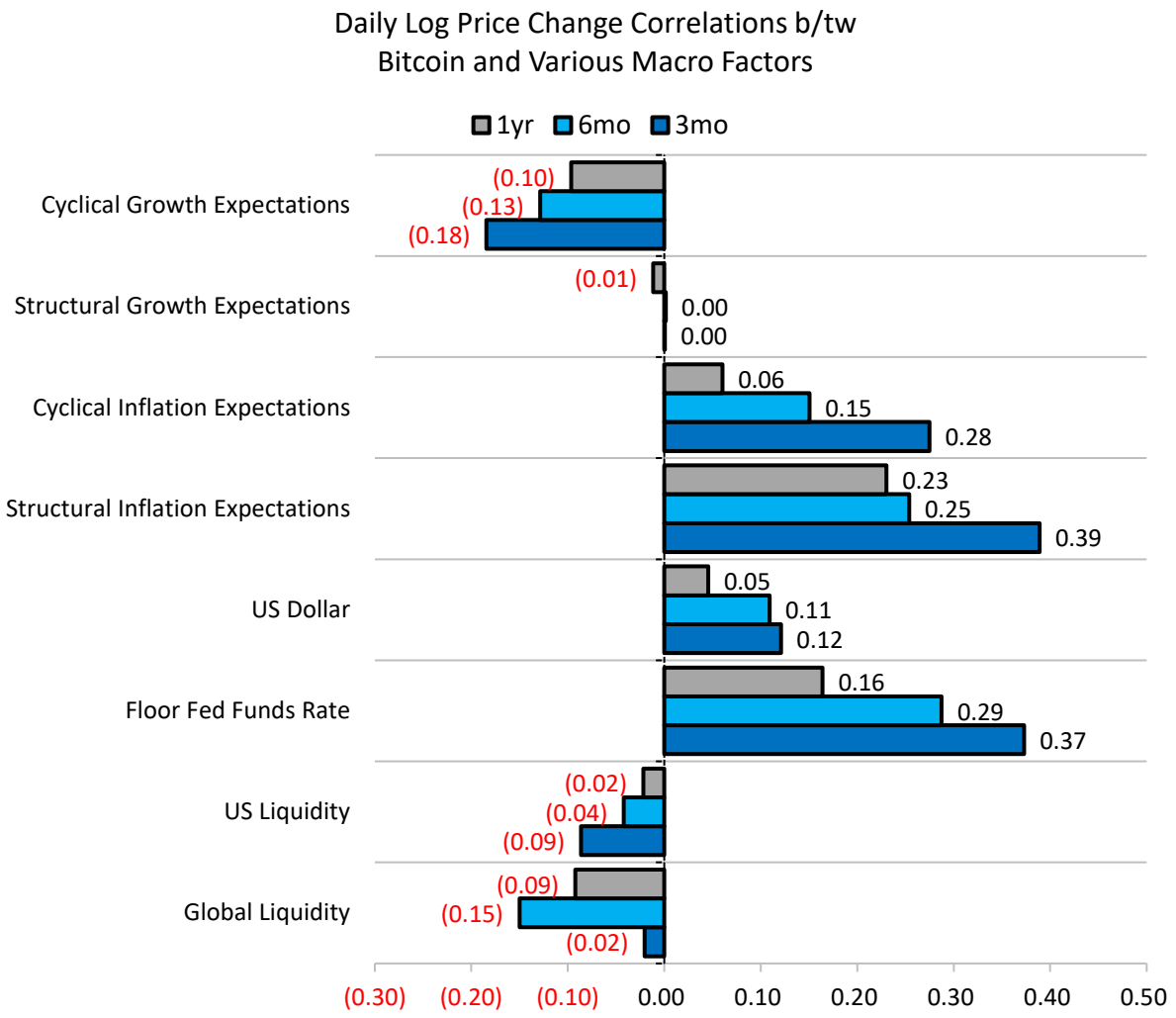


 Data Source: Bloomberg. US Dollar proxied by the US Dollar Index (DXY). Nominal Bond Yields proxied by the 10yr Nominal Treasury Yield. Real Bond Yields proxied by the 10yr TIPS Yield. Inflation Expectations proxied by the 10yr TIPS Breakeven. Fixed Income Volatility proxied by the MOVE Index. FX Volatility proxied by the CVIX. Cyclical Growth Expectations proxied by S&P 500 NTM EPS. Structural Growth Expectations proxied by the 10yr TIPS Yield. Cyclical Inflation Expectations proxied by Front-Month Brent Crude Oil Futures. Structural Inflation Expectations proxied by the 10yr TIPS Breakeven. US Liquidity proxied by 42 Macro Net Liquidity. Global Liquidity proxied by the 42 Macro Global Liquidity Proxy.

Positioning Model: Gold Macro Drivers



Positioning Model: Bitcoin Macro Drivers



 Data Source: Bloomberg. Cyclical Growth Expectations proxied by S&P 500 NTM EPS. Structural Growth Expectations proxied by the 10yr TIPS Yield. Cyclical Inflation Expectations proxied by Front-Month Brent Crude Oil Futures. Structural Inflation Expectations proxied by the 10yr TIPS Breakeven. US Liquidity proxied by 42 Macro Net Liquidity. Global Liquidity proxied by the 42 Macro Global Liquidity Proxy.

We Use Our Macro Weather Model To Assess The Probability Of Regime Change In Asset Markets Over A Short-To-Medium-Term Time Horizon

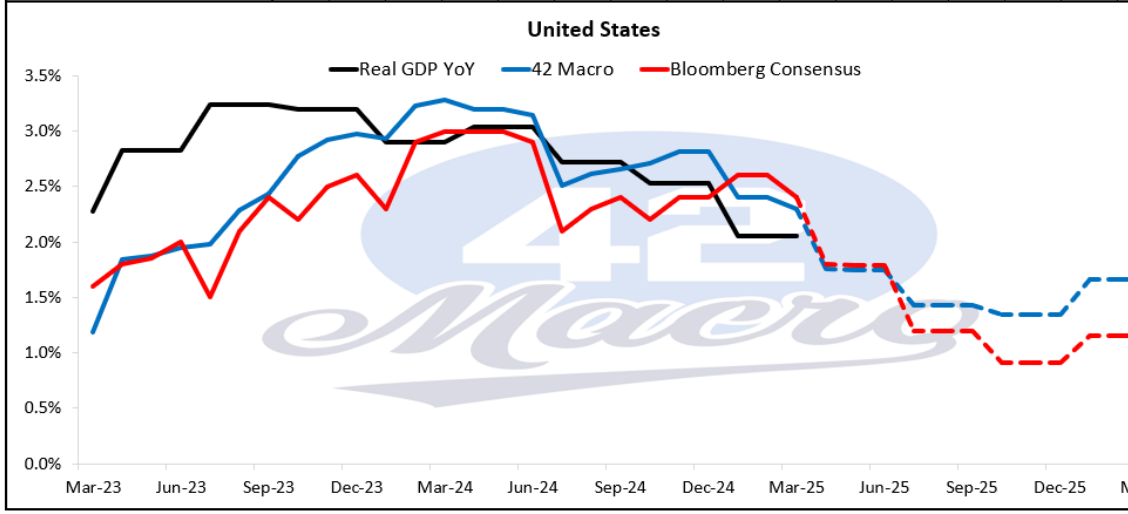
Principal Components of Macro: Real Economy Cycles					United States 5/6/2025	Principal Components of Macro: Financial Economy Cycles				
Growth	**Previous Value**	**Latest Value**	**Previous Signal**	**Latest Signal**		**Latest Signal**	**Previous Signal**	**Latest Value**	**Previous Value**	**Liquidity**
Monthly Real GDP YoY	1.7%	2.1%	↓	↑	Stock Market 3-Month Outlook	↓	↓	$6,010	$5,987	US Liquidity: 42 Macro Net Liquidity $bn
Consensus NTM Real GDP Δ	-54bps	-94bps	↓	↓		↑	↑	$138,775	$138,371	Global Liquidity: 42 Macro Global Liquidity Proxy $bn
Inflation	**Previous Value**	**Latest Value**	**Previous Signal**	**Latest Signal**	Bond Market 3-Month Outlook	**Latest Signal**	**Previous Signal**	**Latest Value**	**Previous Value**	**Credit**
Headline CPI YoY	2.8%	2.4%	↑	↓		↑	↑	4.1%	3.9%	Domestic Broad Money Supply YoY
Consensus NTM Headline CPI Δ	46bps	86bps	↑	↑		↑	↑	4.7%	4.6%	Global Broad Money Supply YoY
Employment	**Previous Value**	**Latest Value**	**Previous Signal**	**Latest Signal**	US Dollar 3-Month Outlook	**Latest Signal**	**Previous Signal**	**Latest Value**	**Previous Value**	**Interest Rates**
Unemployment Rate	4.2%	4.2%	↑	↑		↓	↓	4.50%	4.50%	Benchmark Policy Rate
Consensus NTM Unemployment Rate Δ	40bps	40bps	↑	↑		↑	↑	-67bps	-67bps	2yr Nominal Yield-Benchmark Policy Rate Spread
Corporate Profits	**Previous Value**	**Latest Value**	**Previous Signal**	**Latest Signal**	Commodities 3-Month Outlook	**Latest Signal**	**Previous Signal**	**Latest Value**	**Previous Value**	**Fear**
Consensus NTM/TTM S&P 500 Sales Growth Rate	4.4%	4.4%	↑	↑		⊗	⊗	-23%	-23%	Aggregated US Dollar Positioning
Consensus NTM/TTM S&P 500 EPS Growth Rate	6.4%	6.4%	↓	↓		⊗	⊗	-23%	-24%	Aggregated US Treasurys Positioning
Fiscal Policy	**Previous Value**	**Latest Value**	**Previous Signal**	**Latest Signal**	Bitcoin 3-Month Outlook	**Latest Signal**	**Previous Signal**	**Latest Value**	**Previous Value**	**Greed**
Sovereign Fiscal Balance/Nominal GDP Ratio	-7.2%	-7.0%	↓	↓		!	!	4%	4%	Aggregated Commodities Positioning
USD Real Effective Exchange Rate	114.2	112.9	↑	↑		!	!	-2%	-2%	Aggregated US Equities Positioning

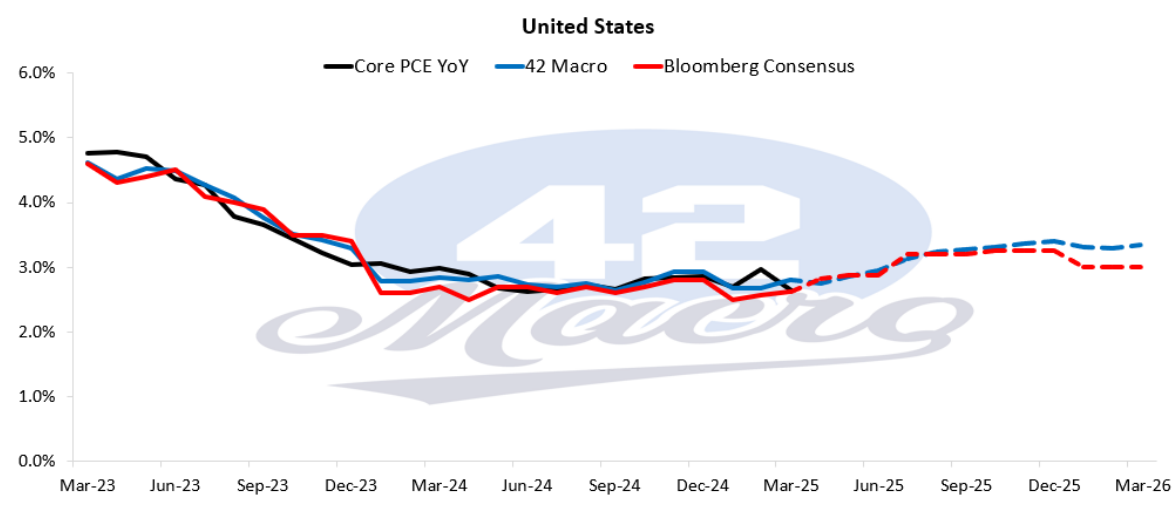
Probability of a Sustained Risk-On Market Regime: 100%

 How the model works: Each of the 20 features representing the Ten Principal Components of Macro contributes independently to the independent Composite Signals for each asset class. Each Composite Signal is designed to predict whether observed macroeconomic conditions – aka the "Macro Weather" – support buying, holding, or selling the asset class today with a 3-month investment horizon.

We Use Our GRID Model To Assess The Probability Of Regime Change In Asset Markets Over A Medium-To-Long-Term Time Horizon

United States	ar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Bottom-Up Macro Regime	G	G	G	G	G	G	G	D	D	D	D	D	D	G	G	G	D	I	I	I	I	I	D	I	D												
42 Macro	G	G	G	G	G	G	G	G	G	G	G	G	G	R	I	D	D	D	D	R	R	R	D	D	D	I	I	I	I	I	I	I	I	I	R	G	G
Hit Rate (t10yrs; Luck = 25%)	48%	49%	50%	51%	52%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	52%	53%												
Bloomberg Consensus	G	R	R	G	D	G	G	G	G	G	G	G	G	G	R	R	I	I	D	R	R	R	G	G	G	I	I	I	I	I	I	I	I	I	G	G	G
Hit Rate (t10yrs; Luck = 25%)	36%	36%	36%	37%	37%	38%	38%	38%	38%	38%	38%	38%	38%	39%	39%	39%	38%	39%	39%	39%	39%	39%	39%	39%	39%												
Real GDP YoY	2.3%	2.8%	2.8%	2.8%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	2.9%	2.9%	2.9%	3.0%	3.0%	3.0%	2.7%	2.7%	2.7%	2.5%	2.5%	2.5%	2.1%	2.1%	2.1%												
Z-Score (vs. 2015-19 Trend)	-0.4	0.4	0.4	0.4	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.7	0.7	0.7	0.2	0.2	0.2	0.0	0.0	0.0	-0.8	-0.8	-0.8												
42 Macro	1.2%	1.8%	1.9%	1.9%	2.0%	2.3%	2.4%	2.8%	2.9%	3.0%	2.9%	3.2%	3.3%	3.2%	3.2%	3.1%	2.5%	2.6%	2.7%	2.7%	2.8%	2.8%	2.4%	2.4%	2.3%	1.8%	1.7%	1.7%	1.4%	1.4%	1.4%	1.3%	1.3%	1.3%	1.7%	1.7%	1.7%
Z-Score (vs. 2015-19 Trend)	-2.6	-1.3	-1.2	-1.1	-1.0	-0.4	-0.1	0.6	0.9	1.0	0.9	1.6	1.7	1.5	1.5	1.4	0.1	0.3	0.4	0.5	0.7	0.7	-0.1	-0.1	-0.3	-1.5	-1.5	-1.5	-2.1	-2.1	-2.1	-2.3	-2.3	-2.3	-1.6	-1.6	-1.6
Directional Accuracy (t10yrs; Luck = 50%)	65%	68%	68%	68%	70%	70%	70%	68%	68%	68%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%												
Average Absolute Forecast Error (t10yrs)	72bps	72bps	73bps	73bps	74bps	74bps	75bps	75bps	74bps	74bps	73bps	72bps	72bps	71bps	71bps	71bps	71bps	71bps	70bps	70bps	70bps	69bps	69bps	69bps	69bps												
Bloomberg Consensus	1.6%	1.8%	1.9%	2.0%	1.5%	2.1%	2.4%	2.2%	2.5%	2.6%	2.3%	2.9%	3.0%	3.0%	3.0%	2.9%	2.1%	2.3%	2.4%	2.2%	2.4%	2.4%	2.6%	2.6%	2.4%	1.8%	1.8%	1.8%	1.2%	1.2%	1.2%	0.9%	0.9%	0.9%	1.2%	1.2%	1.2%
Z-Score (vs. 2015-19 Trend)	-1.6	-1.2	-1.1	-0.8	-1.8	-0.6	-0.1	-0.4	0.1	0.3	-0.3	0.9	1.1	1.1	1.1	0.9	-0.6	-0.3	-0.1	-0.4	-0.1	-0.1	0.3	0.3	-0.1	-1.2	-1.2	-1.2	-2.4	-2.4	-2.4	-2.9	-2.9	-2.9	-2.4	-2.4	-2.4
Directional Accuracy (t10yrs; Luck = 50%)	63%	65%	65%	65%	65%	65%	65%	65%	65%	65%	68%	68%	68%	68%	68%	68%	68%	68%	68%	70%	70%	70%	68%	68%	68%												
Average Absolute Forecast Error (t10yrs)	75bps	75bps	75bps	76bps	77bps	78bps	78bps	79bps	79bps	79bps	78bps	77bps	75bps	75bps	75bps	75bps	75bps	75bps	75bps	74bps	74bps	73bps	73bps	73bps	73bps												
Core PCE YoY	4.8%	4.8%	4.7%	4.4%	4.3%	3.8%	3.7%	3.4%	3.2%	3.0%	3.1%	2.9%	3.0%	2.9%	2.7%	2.6%	2.7%	2.7%	2.7%	2.8%	2.8%	2.9%	2.7%	3.0%	2.6%												
Z-Score (vs. 2015-19 Trend)	13.2	13.2	12.9	11.5	11.1	9.1	8.5	7.7	6.7	6.0	6.1	5.5	5.7	5.3	4.4	4.3	4.4	4.7	4.4	5.1	5.1	5.3	4.6	5.7	4.4												
42 Macro	4.6%	4.4%	4.5%	4.5%	4.3%	4.1%	3.8%	3.5%	3.4%	3.3%	2.8%	2.8%	2.8%	2.8%	2.9%	2.7%	2.7%	2.7%	2.6%	2.8%	2.9%	2.9%	2.7%	2.7%	2.8%	2.8%	2.9%	2.9%	3.1%	3.2%	3.3%	3.3%	3.4%	3.4%	3.3%	3.3%	3.4%
Z-Score (vs. 2015-19 Trend)	13.4	12.3	13.0	12.9	11.9	11.0	9.6	8.5	8.1	7.5	5.2	5.3	5.5	5.4	5.5	5.0	4.8	5.1	4.6	5.2	5.9	5.9	4.8	4.8	5.3	5.1	5.5	6.0	6.8	7.3	7.5	7.6	7.9	8.0	7.6	7.5	7.8
Directional Accuracy (t10yrs; Luck = 50%)	61%	60%	60%	61%	61%	61%	61%	62%	63%	63%	63%	63%	63%	63%	63%	63%	62%	63%	63%	64%	64%	63%	64%	65%	64%												
Average Absolute Forecast Error (t10yrs)	16bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps	17bps												
Bloomberg Consensus	4.6%	4.3%	4.4%	4.5%	4.1%	4.0%	3.9%	3.5%	3.5%	3.4%	2.6%	2.6%	2.7%	2.5%	2.7%	2.7%	2.6%	2.7%	2.6%	2.7%	2.8%	2.8%	2.5%	2.6%	2.6%	2.8%	2.9%	2.9%	3.2%	3.2%	3.2%	3.3%	3.3%	3.3%	3.0%	3.0%	3.0%
Z-Score (vs. 2015-19 Trend)	13.3	12.0	12.4	12.9	11.1	10.6	10.2	8.4	8.4	7.9	4.3	4.3	4.8	3.9	4.8	4.8	4.3	4.8	4.3	4.8	5.2	5.2	3.9	4.2	4.4	5.3	5.5	5.5	7.0	7.0	7.0	7.3	7.3	7.3	6.1	6.1	6.1
Directional Accuracy (t10yrs; Luck = 50%)	37%	37%	37%	37%	37%	38%	38%	39%	39%	40%	40%	39%	40%	40%	39%	39%	38%	39%	40%	41%	41%	41%	42%	43%	43%												
Average Absolute Forecast Error (t10yrs)	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	26bps	26bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps												





G = GOLDILOCKS = growth ↑ and inflation ↓. R = REFLATION = growth ↑ and inflation ↑.
I = INFLATION = growth ↓ and inflation ↑. D = DEFLATION = growth ↓ and inflation ↓.

The 42 Macro model applies a proprietary methodology to smooth and nowcast quarterly GDP data on a monthly frequency.

Global GRID Models

42 Macro Bottom-Up GRID Regimes	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
United States	G	G	G	G	G	G	G	D	D	D	D	D	D	G	G	G	D	I	I	I	I	I	D	I	D	I	I	I	I	I	I	I	I	I	R	G	G
Australia	D	D	D	D	G	G	R	D	D	D	D	D	I	I	I	I	D	D	D	G	G	R	D	I	D	G	G	G	R	R	R	R	R	R	-	-	-
Austria	D	D	D	D	D	D	D	D	D	D	G	G	G	D	D	D	G	G	G	G	G	R	D	I	I	R	G	G	R	R	R	R	R	R	-	-	-
Belgium	D	D	D	D	D	D	D	G	G	G	R	R	R	R	R	R	R	G	G	I	I	D	G	G	G	G	G	G	G	R	R	-	-	-	-	-	-
Brazil	G	D	D	D	D	I	I	I	I	D	D	D	D	G	G	R	R	R	R	I	I	I	I	D	I	I	I	I	D	D	D	G	G	R	-	-	-
Canada	G	D	D	D	D	I	I	G	G	G	D	D	D	G	R	G	G	G	G	G	G	R	R	I	R	I	I	D	R	R	R	R	R	R	-	-	-
Chile	G	G	G	G	G	G	G	D	D	D	G	G	G	I	D	I	R	R	G	R	G	R	I	I	I	R	R	R	I	I	I	I	I	D	-	-	-
China	G	G	G	G	D	D	D	R	G	G	G	G	G	I	D	I	I	I	I	G	G	G	G	G	G	G	D	I	R	G	G	I	I	I	I	I	I
Denmark	G	G	G	G	G	G	G	G	G	G	I	I	I	G	R	R	I	D	D	R	R	R	I	D	I	I	I	I	I	I	I	I	I	D	-	-	-
Eurozone	D	D	D	D	D	D	D	G	G	G	G	R	G	G	G	R	R	G	G	G	G	R	R	R	G	G	G	G	I	I	I	I	I	I	D	D	I
Finland	G	D	D	D	D	D	D	G	G	G	D	D	D	G	G	G	G	G	G	I	D	D	I	D	I	G	R	R	I	I	I	I	I	I	-	-	-
France	R	G	G	G	D	D	I	G	G	G	G	G	G	D	D	I	I	G	G	D	D	I	I	I	I	D	D	D	I	I	I	R	R	R	I	I	I
Germany	D	D	D	D	D	I	D	G	G	G	R	R	G	D	I	I	I	I	I	G	R	R	R	R	R	G	G	G	R	R	R	R	R	G	G	G	R
Greece	D	G	G	G	D	D	D	I	I	I	G	G	G	G	G	G	G	R	R	G	G	G	G	R	R	I	I	I	G	G	G	I	I	D	-	-	-
India	G	G	G	G	I	I	I	G	G	R	I	D	D	D	D	I	D	D	I	R	R	G	D	D	G	D	D	D	G	G	G	D	D	D	-	-	-
Indonesia	G	G	G	G	D	D	D	G	G	R	R	G	R	I	I	D	D	D	D	G	G	G	D	D	D	D	I	I	R	R	R	I	I	I	R	R	R
Ireland	D	D	D	D	D	D	I	D	D	D	G	G	G	G	G	G	G	G	G	R	R	R	R	R	R	R	R	R	I	I	I	I	I	I	-	-	-
Israel	G	D	D	D	D	D	D	I	D	D	G	G	G	I	I	I	R	R	R	R	G	G	I	I	I	G	G	G	I	D	D	G	R	R	-	-	-
Italy	D	D	D	D	D	D	D	G	G	G	D	I	I	I	I	G	I	I	D	D	D	D	R	R	R	R	R	R	R	R	R	I	I	I	D	D	D
Japan	G	D	D	I	D	D	D	D	D	D	D	D	I	R	R	R	R	R	G	G	G	R	R	R	R	I	D	D	D	D	D	D	D	D	-	-	-
Korea	D	D	D	D	G	G	R	R	G	G	G	G	G	I	D	D	D	D	D	I	I	I	I	I	I	I	I	R	R	R	G	G	R	G	G	G	G
Mexico	D	D	D	D	D	D	D	D	D	I	I	I	D	D	I	I	R	R	G	D	D	D	D	D	D	D	I	I	D	I	I	R	R	R	-	-	-
Netherlands	D	D	D	I	D	D	D	G	G	R	R	R	R	G	G	R	R	R	R	G	R	R	G	G	G	G	D	D	D	I	I	I	I	D	D	D	D
New Zealand	D	D	D	D	D	I	I	G	G	G	G	G	G	I	I	D	D	D	D	G	G	R	I	D	D	G	R	R	R	R	R	I	I	D	-	-	-
Norway	R	D	I	D	D	D	D	G	G	R	R	G	G	G	G	G	D	D	I	D	D	D	D	I	I	I	I	D	R	R	R	R	R	G	-	-	-
Poland	D	D	D	D	G	G	G	G	G	G	G	G	G	G	G	R	I	I	I	R	R	G	R	R	R	D	I	D	R	G	G	I	I	I	-	-	-
Portugal	D	D	D	D	D	D	I	G	G	G	I	I	I	G	R	R	R	G	G	G	R	R	R	G	G	G	I	I	R	R	R	I	I	I	-	-	-
Russia	G	G	G	G	R	R	R	I	I	I	R	R	R	I	I	I	I	I	I	G	G	R	R	R	R	I	I	D	D	D	D	D	D	D	-	-	-
South Africa	D	G	G	G	D	D	I	R	R	G	D	I	I	D	D	D	G	G	G	G	G	G	D	G	R	D	D	I	R	R	R	I	I	I	-	-	-
Spain	D	D	D	D	D	D	I	R	R	R	R	G	G	G	R	R	G	G	G	D	D	I	I	I	D	D	D	D	I	I	I	D	D	D	D	D	D
Sweden	G	D	D	D	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	D	D	D	R	R	G	I	I	I	I	I	I	-	-	-
Switzerland	R	D	D	D	D	D	D	R	G	R	G	G	G	R	R	R	G	G	G	D	D	D	D	D	D	D	D	D	I	I	I	I	I	I	-	-	-
Taiwan	D	G	G	G	D	I	I	R	R	G	G	R	G	I	D	I	I	I	D	D	D	I	I	I	R	I	I	I	G	G	G	D	D	D	-	-	-
Turkey	D	G	G	G	I	I	I	R	R	R	R	R	R	I	I	I	D	D	D	G	G	G	D	D	D	G	G	G	G	G	G	D	D	D	-	-	-
United Kingdom	D	D	D	D	D	D	D	D	D	D	G	G	G	G	G	G	G	R	G	R	R	R	I	I	I	I	I	I	R	R	R	R	R	R	-	-	-
World	G	D	D	D	D	I	I	G	G	G	D	D	D	I	I	D	G	G	G	G	G	R	D	D	D	D	D	I	I	I	I	R	R	R	-	-	-
MODE	G	D	D	D	D	I	I	G	G	G	D	D	D	I	I	D	G	G	G	G	G	R	D	D	D	D	D	I	I	I	I	R	R	R	-	-	-

Data Source: Bloomberg. Intellectual Property of 42 Macro LLC. G = GOLDILOCKS = growth ↑ and inflation ↓. R = REFLATION = growth ↑ and inflation ↑. I = INFLATION = growth ↓ and inflation ↑. D = DEFLATION = growth ↓ and inflation ↓.

G = GOLDILOCKS = growth ↑ and inflation ↓. R = REFLATION = growth ↑ and inflation ↑.

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The 42 Macro model applies a proprietary methodology to smooth and nowcast quarterly GDP data on a monthly frequency.

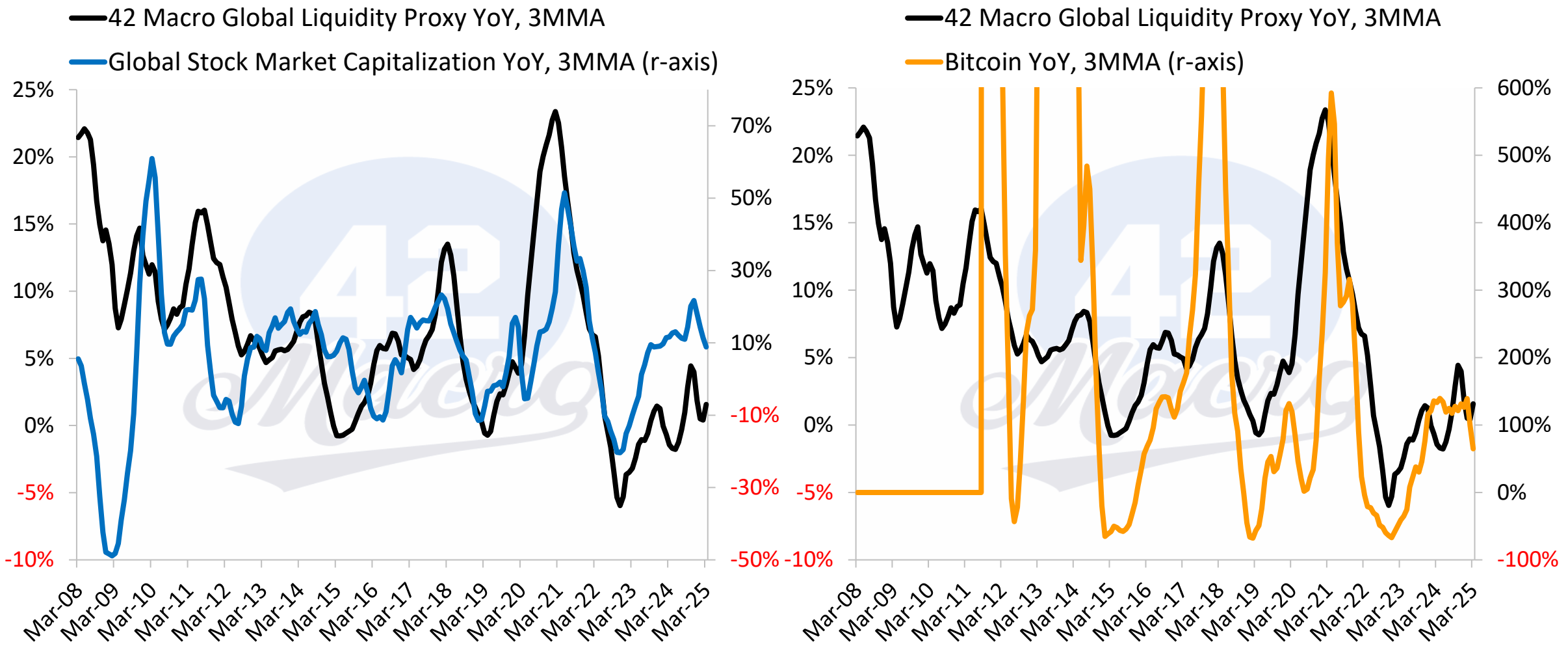
We Use Our Global Liquidity Monitor To Nowcast The Leading Indicators Of Private And Public Sector Liquidity Across Geographies

42 Macro Global Liquidity Monitor (5/6/25)	GROWTH									INFLATION													POLICY															LIQUIDITY			SYSTEMATIC TRADE IDEAS		
	Composite PMI			Consensus R-GDP Exp.			Econ Surprises			Headline CPI YoY			Core CPI YoY*			Consensus H-CPI Exp.			Inflation Surprises			Consensus N-GDP Exp.			Policy Rate			Fiscal Balance*			Current Account			REER*			Liquidity Proxy					
	Delta	Level	Trend*	Delta	Level	Trend*	Delta	Level	Trend	Delta	Level	Trend	Delta	Level	Trend	Delta	Level	Trend*	Delta	Level	Trend	Delta	Level	Trend*	Delta	Level	Trend	Delta	Level	Trend	Delta	Level	Trend	Delta	Level	Trend	Delta	Level	Trend	Stocks	Bonds	FX
Global	↓	52.1	0.3	↓	2.7%	(4.0)	↑	7	(0.1)	↓	4.2%	0.2	↓	4.5%	0.5	↑	3.7%	2.3	↓	(9)	(0.6)	→	6.4%	(0.2)	↓	3.54%	1.3	↓	-5.2%	(0.4)	→	-0.5%	(1.5)	↑	87	(2.0)	↑	$136	1.2	n/a	n/a	n/a
Australia	↓	51.0	0.4	→	2.1%	(1.8)	↓	(0)	(0.5)	↓	2.4%	(0.4)	↓	2.9%	0.2	↓	2.6%	(2.7)	↑	(25)	(0.6)	↓	4.7%	(2.9)	↓	4.09%	1.6	↓	-0.1%	0.4	↓	-1.9%	(0.3)	↓	105	(0.3)	↓	$2.3	0.9	n/a	↑	↓
Brazil	↑	49.4	(1.1)	↓	1.7%	(3.2)	↑	19	0.4	↑	5.5%	(0.1)	↑	4.9%	(0.2)	↓	2.6%	(2.7)	↓	(21)	(0.9)	↓	4.3%	(3.5)	↑	14.25%	1.2	↑	-7.9%	(0.0)	↓	-2.9%	(0.6)	↑	104	(0.9)	↑	$2.3	(0.3)	n/a	↑	n/a
Canada	↓	41.7	(2.4)	↓	1.1%	(4.2)	↑	13	(0.3)	↑	2.3%	(0.1)	↑	2.4%	(0.0)	↑	2.1%	1.4	↑	(25)	(0.6)	↓	3.2%	(4.5)	↓	2.75%	0.6	↓	-2.0%	0.0	↓	-0.5%	1.1	↓	95	(2.4)	↓	$2.2	0.9	n/a	n/a	↓
China	↑	50.2	(0.3)	↓	4.1%	(3.8)	↑	45	1.0	↓	-0.1%	(1.4)	↑	0.5%	(1.2)	↓	0.7%	(2.1)	↓	(34)	(0.8)	↓	4.8%	(2.8)	→	3.10%	(2.0)	↓	-4.8%	(0.6)	↑	2.3%	0.8	↓	90	(2.0)	↑	$54.4	2.6	n/a	↑	↓
Eurozone	↑	50.4	0.1	↓	1.0%	(2.1)	↓	(3)	(0.1)	↓	2.2%	(0.1)	→	2.7%	0.5	→	2.0%	(1.2)	↑	13	(0.2)	↓	3.0%	(2.2)	↓	2.25%	1.1	↑	-3.1%	(0.2)	↑	2.8%	0.6	↑	101	0.8	↑	$23.7	0.5	↓	n/a	↓
India	↑	59.7	0.3	↓	6.4%	(1.3)	↑	19	0.4	↓	3.3%	(1.2)	↑	4.2%	(0.7)	↓	4.4%	(3.5)	↓	(21)	(0.9)	↓	10.7%	(2.4)	↓	6.00%	0.3	↓	-4.9%	0.0	↓	-0.9%	0.2	↓	99	(0.4)	↑	$2.1	1.4	n/a	↑	↓
Japan	→	51.1	(0.1)	↓	0.9%	(2.9)	↓	(5)	(0.3)	→	3.6%	1.8	↑	3.2%	1.6	↑	2.3%	2.3	↑	31	1.6	↑	3.2%	1.6	→	0.50%	4.2	↑	-3.0%	0.7	↑	4.8%	1.7	↑	73	(1.4)	↑	$14.3	(0.1)	↓	↓	↑
Switzerland	↓	49.1	(0.3)	↓	1.3%	(2.7)	↓	(100)	(1.6)	↓	0.0%	(0.5)	↓	0.6%	0.2	↓	0.6%	(1.9)	↑	(18)	(0.4)	↓	1.8%	(2.1)	↓	0.25%	0.1	↑	0.6%	0.3	↓	5.7%	(0.2)	↓	100	0.5	↑	$2.9	0.5	↓	↑	↓
United Kingdom	↓	48.5	(1.3)	↓	1.1%	(3.0)	↑	30	0.2	↑	2.6%	(0.2)	↑	3.4%	0.3	↑	2.7%	1.9	↓	(4)	(0.7)	→	3.7%	0.7	→	4.50%	1.5	↓	-5.1%	(0.0)	↓	-2.7%	0.5	↓	112	1.4	↑	$5.1	1.0	n/a	n/a	n/a
United States	↓	51.3	(0.7)	↓	1.5%	(3.8)	↓	(9)	(0.4)	↓	2.4%	(0.2)	↓	2.6%	0.1	↑	3.0%	3.2	↓	(19)	(0.8)	↓	4.5%	0.5	→	4.50%	1.3	↓	-7.0%	(0.2)	↓	-3.8%	(1.6)	↓	113	2.0	↑	$28.8	0.9	↓	n/a	n/a

Intellectual property of 42 Macro LLC. Bloomberg data. Delta = trailing 3mos, except for the 42M Liquidity Proxies, which = deviation from 6MMA. Trend = trailing 10yr Z-Score of latest value, except for the Composite PMI and Blended Consensus Real GDP, Headline CPI, and Nominal GDP Expectations, which are trailing 3yr Z-Scores. Geographies in alphabetical order. The 42 Macro Liquidity Proxy is the nominal $tn sum of the Central Bank Balance Sheet, Broad Money Supply, and FX Reserves ex-Gold. Citi Economic and Inflation Surprise indices. Sovereign Fiscal Balance and Current Account Balance quoted as shares of Nominal GDP. REER = Real Effective Exchange Rate. *US Core PCE Deflator. *Sovereign Fiscal Balance for the World, China, and Japan are annual figures. *Global REER = inverse USD REER. STI: long/short Stocks = Consensus R-GDP Expectation rising/falling with positive/negative Economic Surprises; long/short Bonds = Consensus H-CPI Expectation falling/rising with negative/positive Inflation Surprises; and long/short FX = Blended N-GDP Expectation rising/falling with a flat-to-up/flat-to-down Policy Rate. Consensus Expectations = blended current and next year.

42 Macro Global Liquidity Proxy = Global Central Bank Balance Sheet + Global Broad Money Supply + Global FX Reserves Minus Gold.

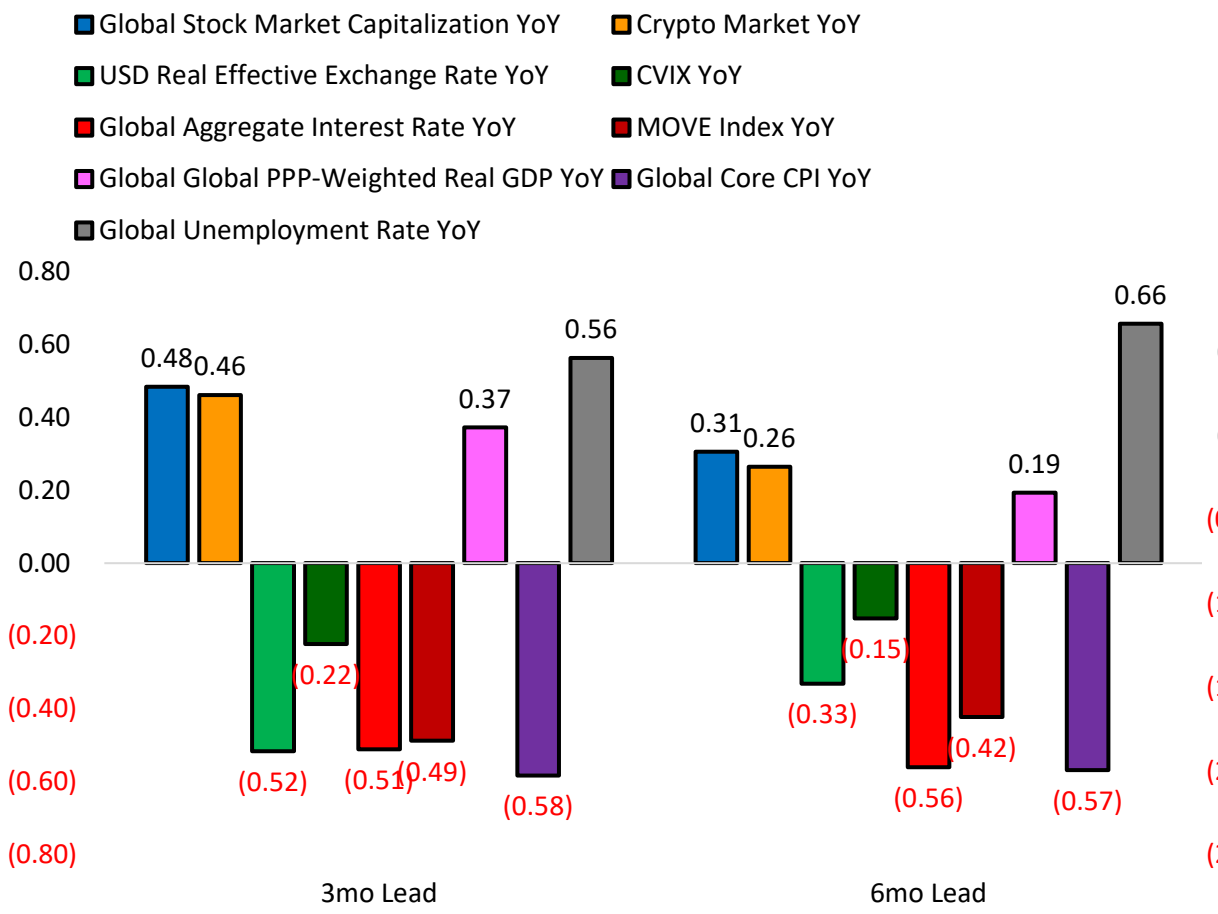
Global Liquidity Is A Key Driver Of Asset Markets



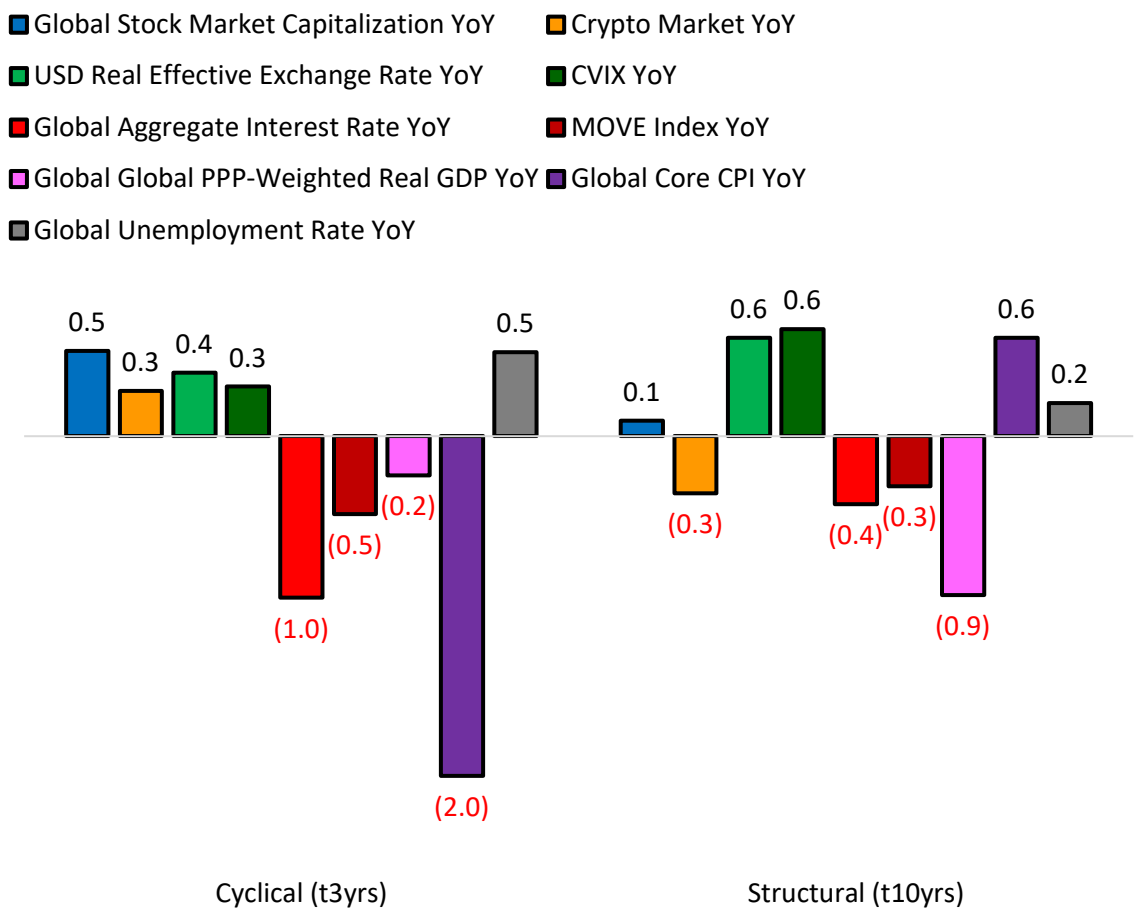
42 Macro Global Liquidity Proxy = Global Central Bank Balance Sheet + Global Broad Money Supply + Global FX Reserves Minus Gold.

It Is Not Enough To Simply Know That Global Liquidity Is Trending Higher Or Lower; Investors Must Forecast It Accurately To Have An Informed Outlook For Asset Markets

Trailing 10yr Correlation of Key Leading Indicators of the YoY % Change of the 42 Macro Global Liquidity Proxy

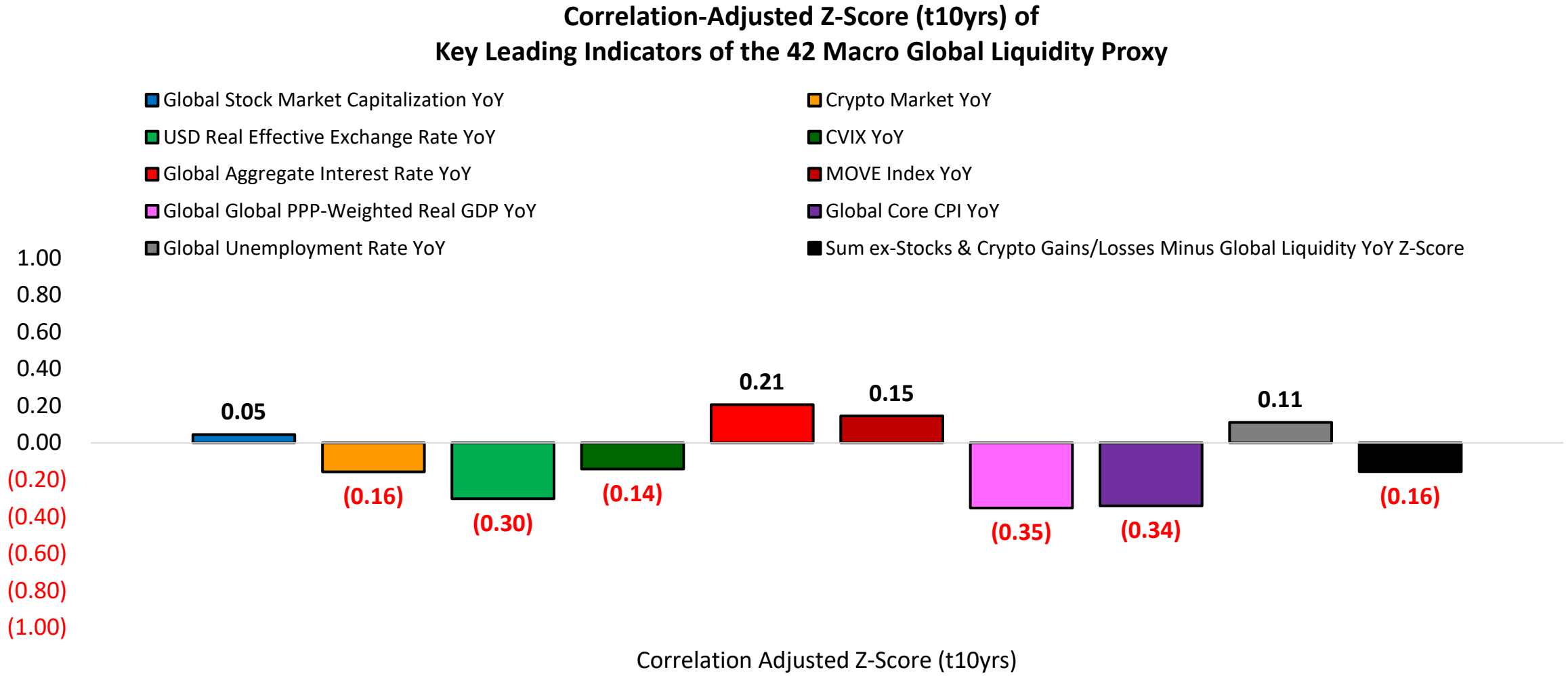


Z-Scores of the Latest Values of Key Leading Indicators of the 42 Macro Global Liquidity Proxy



42 Macro Global Liquidity Proxy = Global Central Bank Balance Sheet + Global Broad Money Supply + Global FX Reserves Minus Gold.

Key Leading Indicators Of Global Liquidity Currently Signal A Modest Downtrend Over The Medium Term



42 Macro Global Liquidity Proxy = Global Central Bank Balance Sheet + Global Broad Money Supply + Global FX Reserves Minus Gold.

If Sum Minus GLP Z-Score = y = [0.0-0.5], then "modest" uptrend/downtrend. If y = [0.5-1.0], then "significant" uptrend/downtrend.

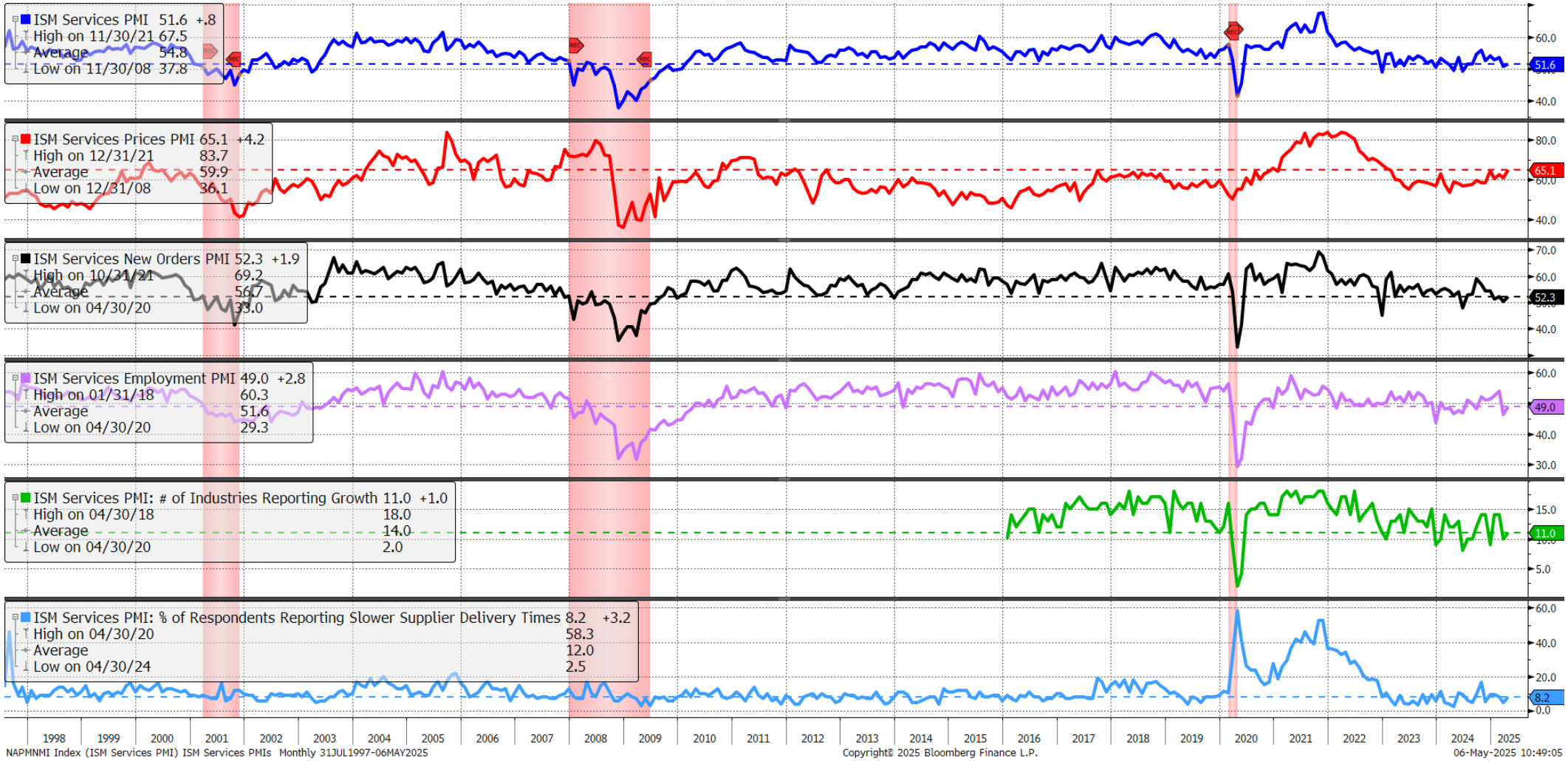
Contextualizing Key Economic Data

Indicator	Delta	Momentum		Trends		Level Context		Delta Context	
US Services PMI Business Activity SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(3.6)	54.4	50.8	-	53.7	-	Oct-23	-	Jan-25
US Composite PMI SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(2.9)	53.5	50.6	-	53.1	-	Sep-23	-	Aug-22
ISM Services PMI	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	0.8	50.8	51.6	56.7	52.5	Feb-25	-	Dec-24	-
ISM Services PMI Report on Business Prices SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	4.2	60.9	65.1	56.1	62.0	Jan-23	-	Dec-24	-
ISM Services PMI Report on Business New Orders SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	1.9	50.4	52.3	59.0	52.5	Dec-24	-	Sep-24	-
ISM Services PMI Report on Business Employment SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	2.8	46.2	49.0	55.1	50.6	Feb-25	-	Oct-24	-
ISM Number Of Industries Reporting Growth In Non Manufacturing	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	1.0	10.0	11.0	14.7	12.0	Feb-25	-	Jan-25	-
ISM Services PMI Report on Business Supplier Deliveries % Slower SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	3.2	5.0	8.2	10.1	7.7	Feb-25	-	Dec-24	-
ISM Services PMI Report on Business Backlog of Orders NSA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	0.6	47.4	48.0	52.7	47.2	Feb-25	-	Feb-25	-
ISM Services PMI New Orders-Backlog Spread	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	1.3	3.0	4.3	6.3	5.3	Jan-25	-	Mar-25	-
Economy Weighted Manufacturing & Non-Manufacturing Composite	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	0.7	50.6	51.3	56.4	52.2	Feb-25	-	Dec-24	-
Household Spending Total - SA YoY	Mar-25	Feb-25	Mar-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(0.1)	3.6	3.5	-	3.5	-	Jan-25	-	Jan-25
Caixin China Services PMI Business Activity SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(1.2)	51.9	50.7	-	51.5	-	Sep-24	-	Sep-24
Caixin China Composite PMI Output SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(0.7)	51.8	51.1	-	51.5	-	Sep-24	-	Dec-24
HSBC India Services PMI SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	0.2	58.5	58.7	-	58.4	Feb-25	-	Feb-25	-

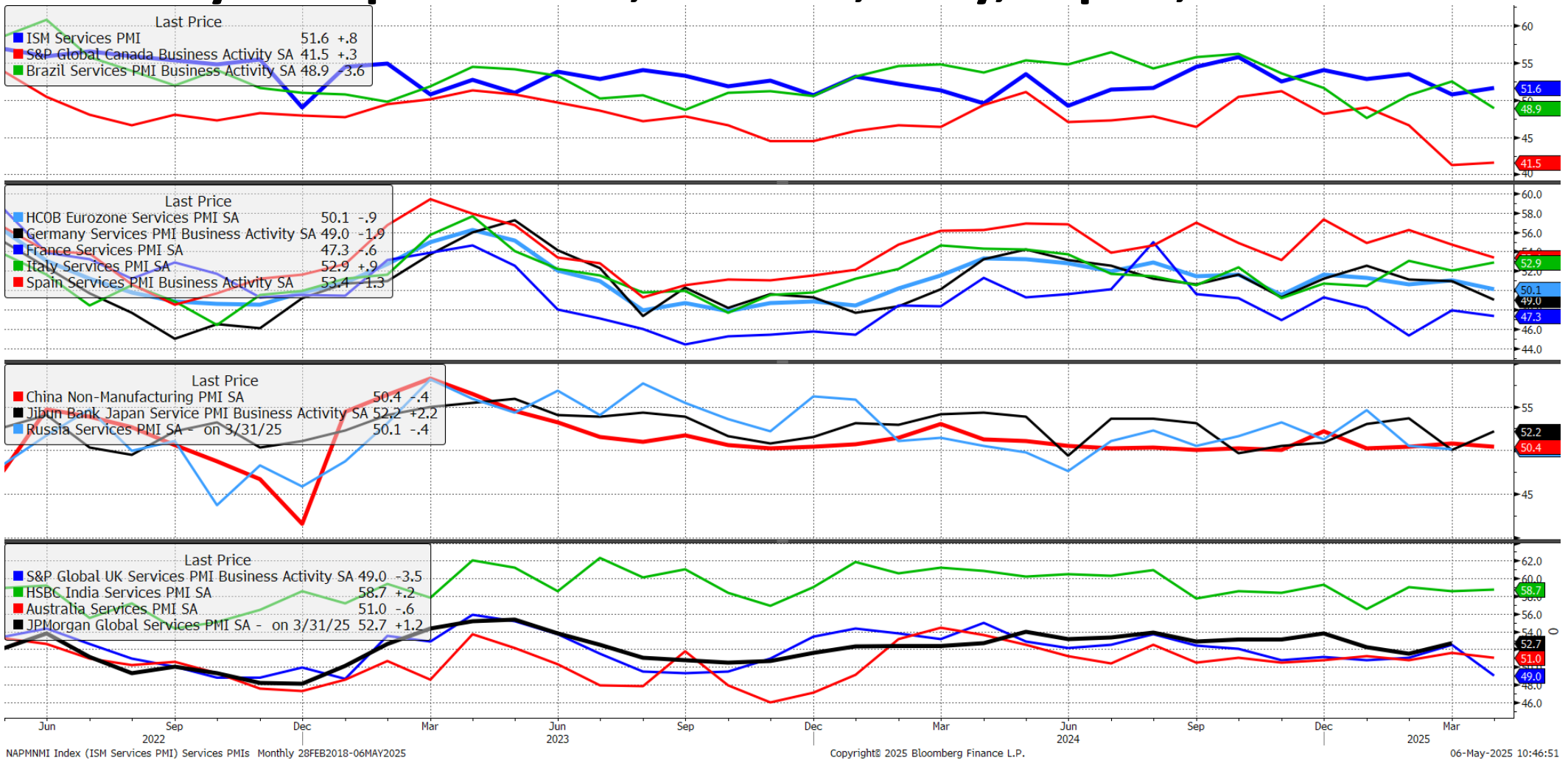
Contextualizing Key Economic Data

Indicator	Delta	Momentum		Trends		Level Context		Delta Context	
HSBC India Composite PMI SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	-	Fastest Since	-
	0.2	59.5	59.7	-	58.9	Aug-24	-	Mar-25	-
France Services PMI SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(0.6)	47.9	47.3	-	47.5	-	Feb-25	-	Feb-25
France Composite PMI SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(0.2)	48.0	47.8	-	47.0	-	Feb-25	-	Feb-25
Germany Services PMI Business Activity SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(1.9)	50.9	49.0	-	50.7	-	Feb-24	-	Nov-24
Germany Composite PMI Output SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(1.2)	51.3	50.1	-	49.6	-	Dec-24	-	Nov-24
HCOB Eurozone Services PMI SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(0.9)	51.0	50.1	-	50.7	-	Nov-24	-	Nov-24
HCOB Eurozone Composite PMI Output SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(0.5)	50.9	50.4	-	49.9	-	Feb-25	-	Nov-24
S&P Global UK Services PMI Business Activity SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(3.5)	52.5	49.0	-	50.9	-	Jan-23	-	May-22
S&P Global UK Composite PMI Output SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(3.0)	51.5	48.5	-	50.3	-	Nov-22	-	May-22
Brazil Services PMI Business Activity SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(3.6)	52.5	48.9	-	50.8	-	Jan-25	-	Jan-25
Brazil Composite PMI Output SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(3.2)	52.6	49.4	-	51.1	-	Jan-25	-	Jan-25
Switzerland Unemployment Rate SA	Apr-25	Mar-25	Apr-25	2015-19	6MMA	Highest Since	Lowest Since	Fastest Since	Slowest Since
	0.0	2.8	2.8	2.9	2.7	Aug-21	-	Mar-25	-
France Industrial Production YoY SA	Mar-25	Feb-25	Mar-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(0.1)	0.3	0.2	1.1	(0.0)	-	Jan-25	-	Dec-24
Eurostat PPI Eurozone Industry Ex Construction YoY	Mar-25	Feb-25	Mar-25	2015-19	6MMA	-	Lowest Since	-	Slowest Since
	(1.1)	3.0	1.9	0.5	0.4	-	Jan-25	-	Sep-24

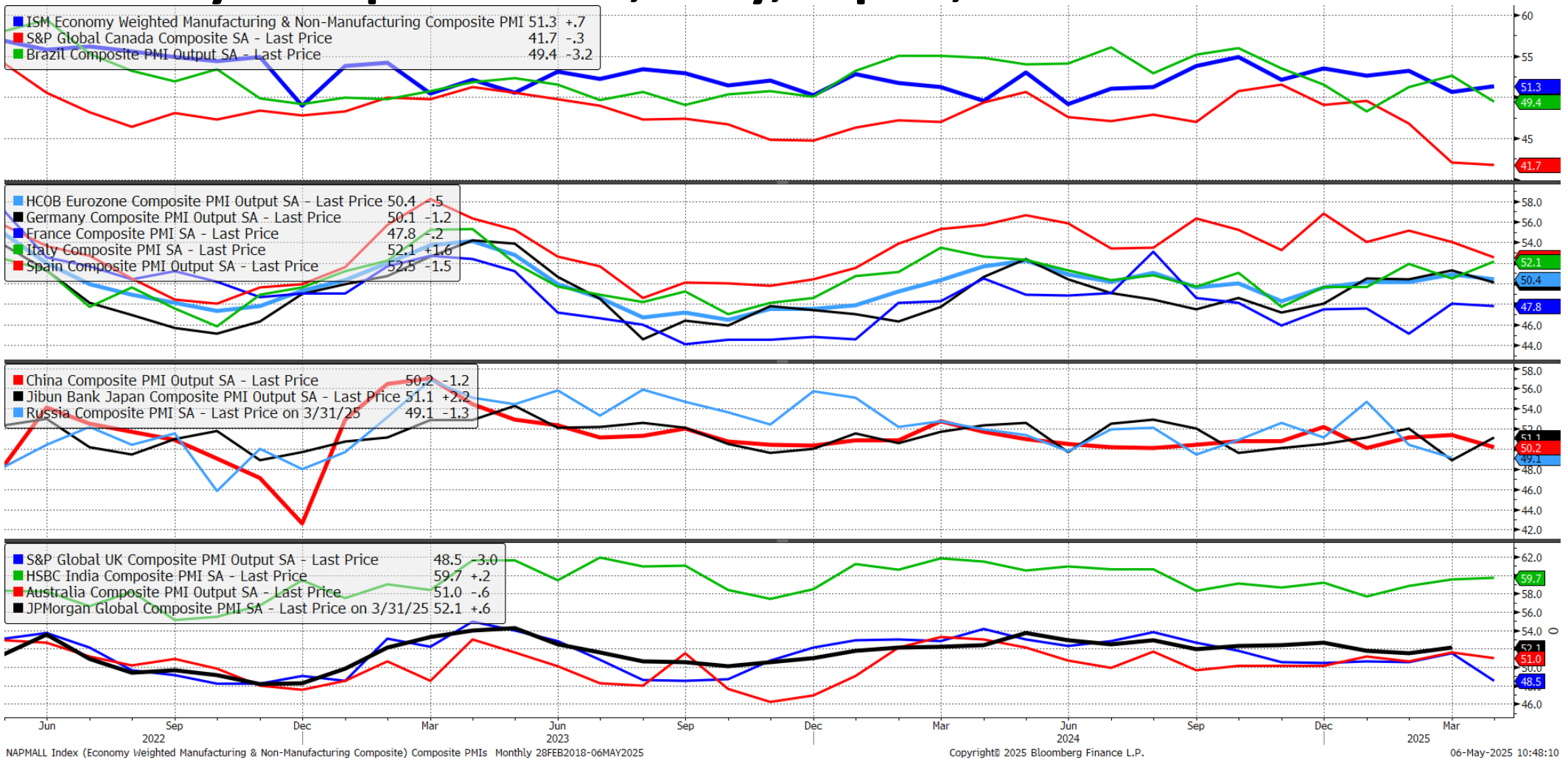
Much Like The Underlying Q1 GDP Data, March PCE Report, And April Jobs Report, The April ISM Services PMI Signaled Our "Resilient US Economy" Theme Persists



Services PMIs Were Generally Weaker In April, With A Few Noteworthy Exceptions: US, Canada, Italy, Japan, And India

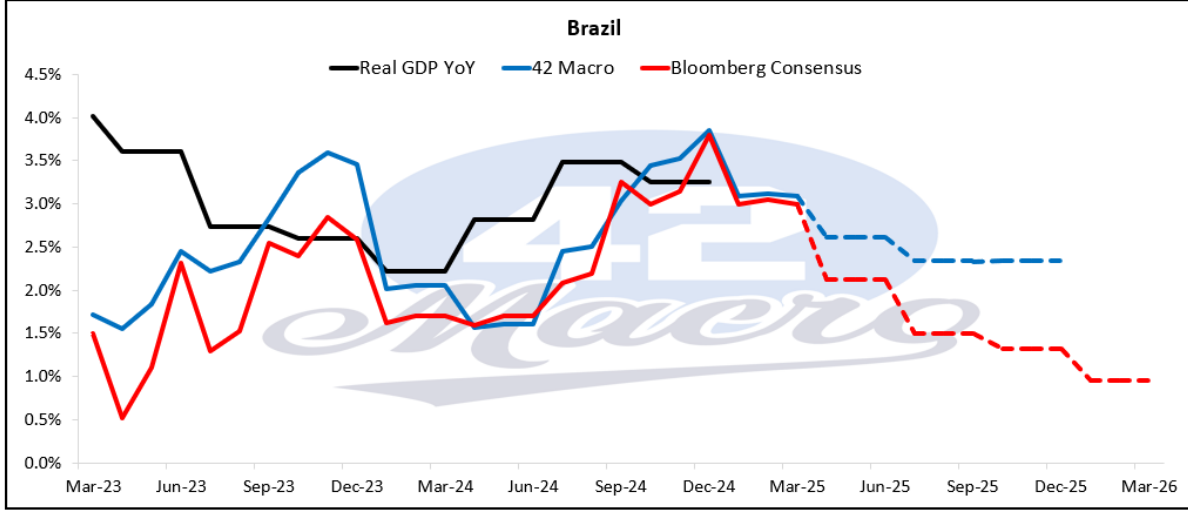


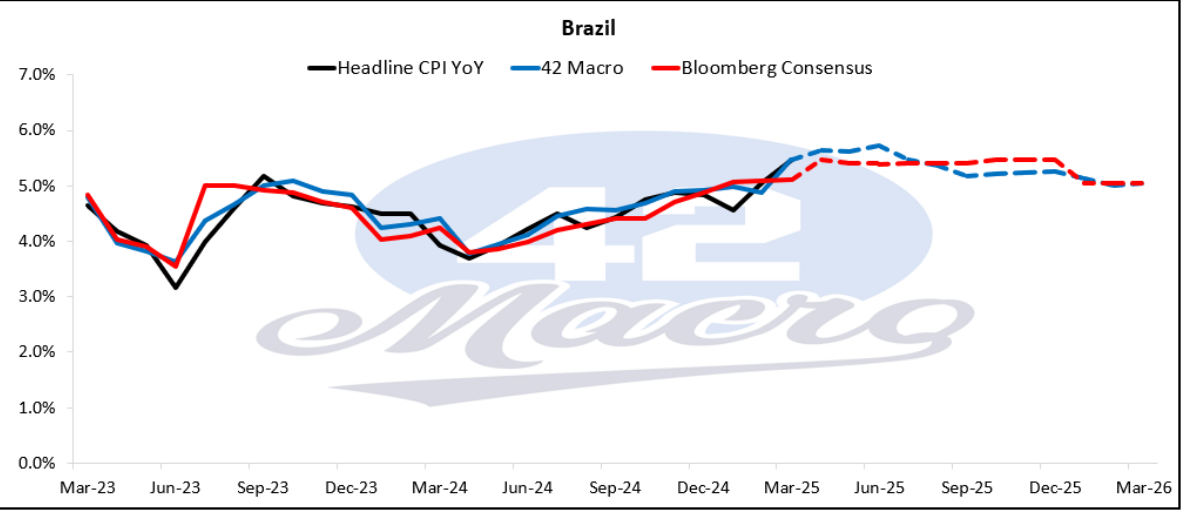
Composite PMIs Were Generally Weaker In April, With A Few Noteworthy Exceptions: US, Italy, Japan, And India



Brazil GRID Model: The April Composite PMI Data Were Supportive Of Our Growth Forecasts

Brazil	ar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Bottom-Up Macro Regime	G	D	D	D	D	I	I	I	I	D	D	D	D	G	G	R	R	R	R	I	I	I															
42 Macro	D	D	G	G	R	R	R	R	R	G	D	D	D	D	D	D	R	R	R	R	R	R	I	D	I	I	I	I	D	D	D	G	G	R			
Hit Rate (t10yrs; Luck = 25%)	69%	70%	70%	70%	69%	68%	68%	68%	68%	68%	68%	69%	70%	69%	68%	68%	68%	68%	68%	68%	68%	68%															
Bloomberg Consensus	D	D	D	G	R	R	R	G	G	G	D	D	D	D	D	D	R	R	R	R	R	R	R	I	I	I	I	I	D	I	I	I	I	I	D	D	D
Hit Rate (t10yrs; Luck = 25%)	61%	62%	63%	63%	62%	61%	61%	61%	61%	61%	62%	63%	63%	63%	62%	61%	62%	62%	62%	62%	62%	62%															
Real GDP YoY	**4.0%**	**3.6%**	**3.6%**	**3.6%**	**2.7%**	**2.7%**	**2.7%**	**2.6%**	**2.6%**	**2.6%**	**2.2%**	**2.2%**	**2.2%**	**2.8%**	**2.8%**	**2.8%**	**3.5%**	**3.5%**	**3.5%**	**3.3%**	**3.3%**	**3.3%**															
Z-Score (vs. 2015-19 Trend)	1.7	1.5	1.5	1.5	1.2	1.2	1.2	1.1	1.1	1.1	1.0	1.0	1.0	1.2	1.2	1.2	1.5	1.5	1.5	1.4	1.4	1.4															
42 Macro	1.7%	1.5%	1.8%	2.4%	2.2%	2.3%	2.8%	3.4%	3.6%	3.5%	2.0%	2.1%	2.1%	1.6%	1.6%	1.6%	2.5%	2.5%	3.0%	3.4%	3.5%	3.8%	3.1%	3.1%	3.1%	2.6%	2.6%	2.6%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%			
Z-Score (vs. 2015-19 Trend)	1.0	0.9	1.0	1.3	1.2	1.3	1.5	1.7	1.9	1.8	1.1	1.1	1.1	0.9	0.9	0.9	1.3	1.4	1.6	1.8	1.8	2.0	1.6	1.6	1.6	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3			
Directional Accuracy (t10yrs; Luck = 50%)	78%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	78%	78%	78%	78%	78%	78%	78%	78%	78%															
Average Absolute Forecast Error (t10yrs)	112bps	113bps	114bps	115bps	115bps	115bps	115bps	115bps	116bps	116bps	116bps	116bps	116bps	116bps	116bps	115bps	115bps	116bps	116bps	116bps	116bps	116bps															
Bloomberg Consensus	1.5%	0.5%	1.1%	2.3%	1.3%	1.5%	2.5%	2.4%	2.9%	2.6%	1.6%	1.7%	1.7%	1.6%	1.7%	1.7%	2.1%	2.2%	3.3%	3.0%	3.2%	3.8%	3.0%	3.1%	3.0%	2.1%	2.1%	2.1%	1.5%	1.5%	1.5%	1.3%	1.3%	1.3%	1.0%	1.0%	1.0%
Z-Score (vs. 2015-19 Trend)	0.8	0.4	0.6	1.1	0.7	0.8	1.2	1.2	1.3	1.2	0.8	0.9	0.9	0.8	0.9	0.9	1.0	1.1	1.5	1.4	1.5	1.8	1.4	1.4	1.4	1.0	1.0	1.0	0.8	0.8	0.8	0.7	0.7	0.7	0.5	0.5	0.5
Directional Accuracy (t10yrs; Luck = 50%)	63%	65%	65%	65%	68%	68%	68%	70%	70%	70%	70%	70%	70%	68%	68%	68%	70%	70%	70%	73%	73%	73%															
Average Absolute Forecast Error (t10yrs)	113bps	115bps	116bps	116bps	117bps	118bps	119bps	119bps	119bps	118bps	118bps	118bps	118bps	118bps	118bps	119bps	119bps	119bps	119bps	119bps	119bps	119bps															
Headline CPI YoY	**4.7%**	**4.2%**	**3.9%**	**3.2%**	**4.0%**	**4.6%**	**5.2%**	**4.8%**	**4.7%**	**4.6%**	**4.5%**	**4.5%**	**3.9%**	**3.7%**	**3.9%**	**4.2%**	**4.5%**	**4.2%**	**4.4%**	**4.8%**	**4.9%**	**4.8%**	**4.6%**	**5.1%**	**5.5%**												
Z-Score (vs. 2015-19 Trend)	-0.4	-0.6	-0.6	-0.9	-0.6	-0.4	-0.2	-0.3	-0.4	-0.4	-0.4	-0.4	-0.6	-0.7	-0.6	-0.5	-0.4	-0.5	-0.5	-0.3	-0.3	-0.3	-0.4	-0.2	-0.1												
42 Macro	4.8%	4.0%	3.8%	3.6%	4.4%	4.7%	5.0%	5.1%	4.9%	4.8%	4.2%	4.3%	4.4%	3.8%	3.9%	4.1%	4.5%	4.6%	4.6%	4.7%	4.9%	4.9%	5.0%	4.9%	5.5%	5.6%	5.6%	5.7%	5.5%	5.4%	5.2%	5.2%	5.2%	5.3%	5.1%	5.0%	5.1%
Z-Score (vs. 2015-19 Trend)	-0.3	-0.7	-0.7	-0.8	-0.5	-0.4	-0.3	-0.2	-0.3	-0.3	-0.6	-0.5	-0.5	-0.7	-0.7	-0.6	-0.5	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.3	-0.1	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3
Directional Accuracy (t10yrs; Luck = 50%)	73%	74%	74%	74%	74%	74%	74%	73%	74%	75%	76%	76%	75%	75%	75%	76%	77%	77%	77%	78%	78%	77%	76%	75%	75%												
Average Absolute Forecast Error (t10yrs)	31bps	31bps	31bps	32bps	32bps	32bps	32bps	32bps	32bps	32bps	32bps	32bps	32bps	33bps	33bps	32bps	32bps	32bps	32bps	32bps	32bps	33bps	32bps	32bps	32bps												
Bloomberg Consensus	4.8%	4.0%	3.9%	3.6%	5.0%	5.0%	4.9%	4.9%	4.7%	4.6%	4.0%	4.1%	4.3%	3.8%	3.9%	4.0%	4.2%	4.3%	4.4%	4.4%	4.7%	4.9%	5.1%	5.1%	5.1%	5.5%	5.4%	5.4%	5.4%	5.4%	5.4%	5.5%	5.5%	5.5%	5.0%	5.0%	5.0%
Z-Score (vs. 2015-19 Trend)	-0.3	-0.6	-0.7	-0.8	-0.2	-0.2	-0.3	-0.3	-0.3	-0.4	-0.6	-0.6	-0.5	-0.7	-0.7	-0.6	-0.5	-0.5	-0.5	-0.5	-0.4	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
Directional Accuracy (t10yrs; Luck = 50%)	66%	66%	66%	66%	66%	65%	64%	64%	65%	66%	67%	67%	67%	67%	67%	68%	68%	68%	69%	68%	69%	69%	68%	68%	68%												
Average Absolute Forecast Error (t10yrs)	35bps	35bps	35bps	35bps	36bps	36bps	36bps	36bps	36bps	36bps	36bps	37bps	37bps	37bps	37bps	37bps	37bps	37bps	36bps	36bps	37bps	37bps	37bps	36bps	36bps												

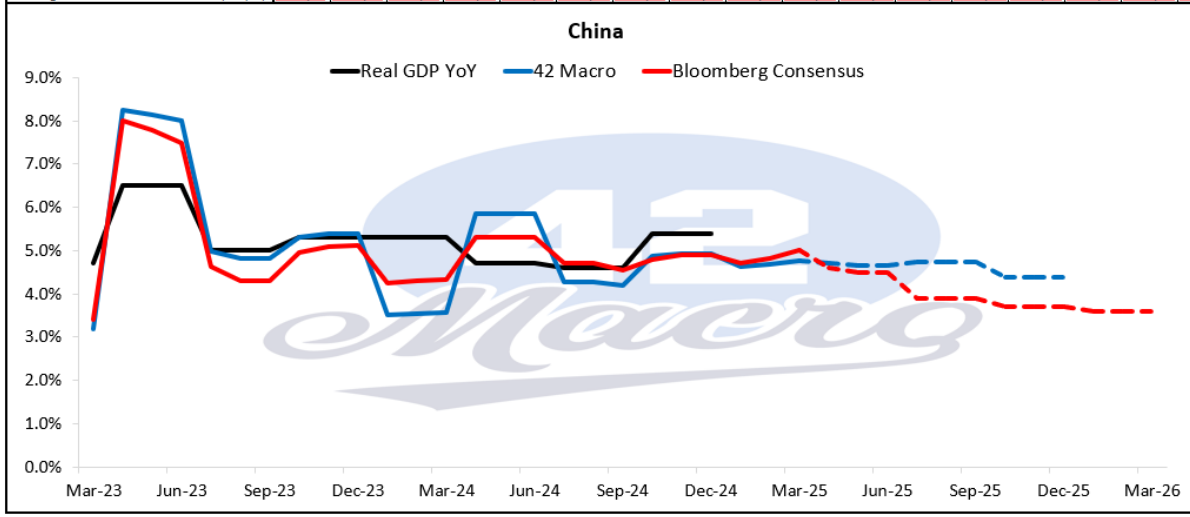


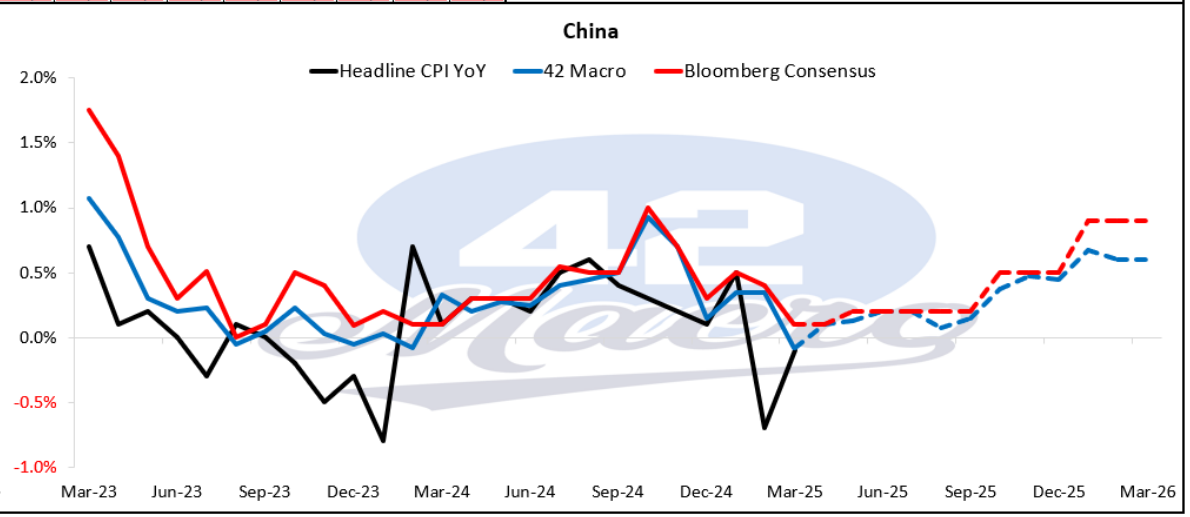


 Bottom-Up Macro Regime characteristics:
G = GOLDILOCKS = growth ↑ and inflation ↓; R = REFLATION = growth ↑ and inflation ↑;
I = INFLATION = growth ↓ and inflation ↑; and D = DEFLATION = growth ↓ and inflation ↓.
The 42 Macro GRID Model applies a proprietary methodology to smooth and nowcast quarterly GDP data on a monthly frequency.

China GRID Model: The April Composite PMI Data Were Supportive Of Our Growth Forecasts

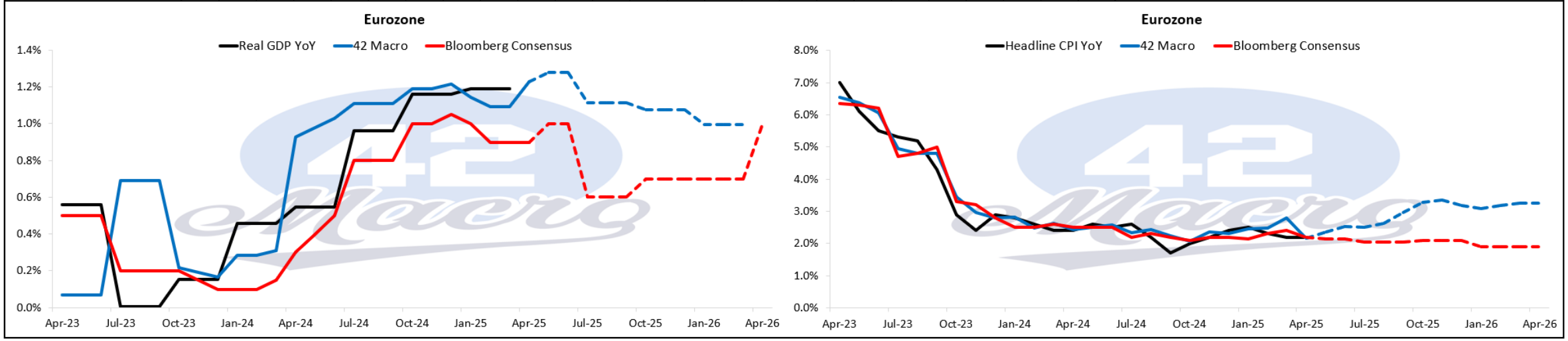
China	ar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Bottom-Up Macro Regime	G	G	G	G	D	D	D	R	G	G	G	G	G	I	D	I	I	I	I	G	G	G	G	G	G	G	D	I	R	G	G	I	I	I	I	I
42 Macro	D	G	G	G	D	D	D	G	R	G	D	D	I	R	R	G	I	I	I	R	R	G	D	D	D	D	D	I	I	I	I	I	I	I	I	I
Hit Rate (t10yrs; Luck = 25%)	42%	42%	42%	43%	43%	44%	45%	45%	45%	46%	46%	46%	46%	46%	46%	46%	46%	47%	47%	47%	47%	48%	48%	48%	48%											
Bloomberg Consensus	G	G	G	G	D	D	D	G	R	G	D	D	I	R	R	R	I	I	I	R	R	G	D	D	G	D	D	I	I	I	I	I	I	I	I	I
Hit Rate (t10yrs; Luck = 25%)	56%	56%	57%	58%	58%	59%	59%	59%	59%	60%	60%	60%	59%	59%	59%	59%	60%	60%	60%	60%	60%	61%	60%	59%	59%											
Real GDP YoY	**4.7%**	**6.5%**	**6.5%**	**6.5%**	**5.0%**	**5.0%**	**5.0%**	**5.3%**	**5.3%**	**5.3%**	**5.3%**	**5.3%**	**5.3%**	**4.7%**	**4.7%**	**4.7%**	**4.6%**	**4.6%**	**4.6%**	**5.4%**	**5.4%**	**5.4%**														
Z-Score (vs. 2015-19 Trend)	-5.7	-0.7	-0.7	-0.7	-4.9	-4.9	-4.9	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0	-5.7	-5.7	-5.7	-6.0	-6.0	-6.0	-3.8	-3.8	-3.8	-3.8	-3.8	-3.8											
42 Macro	3.2%	8.2%	8.1%	8.0%	5.0%	4.8%	4.8%	5.3%	5.4%	5.4%	3.5%	3.5%	3.6%	5.9%	5.9%	5.9%	4.3%	4.3%	4.2%	4.9%	4.9%	4.9%	4.6%	4.7%	4.8%	4.7%	4.7%	4.7%	4.8%	4.8%	4.8%	4.4%	4.4%	4.4%			
Z-Score (vs. 2015-19 Trend)	-11.9	5.1	4.8	4.3	-5.9	-6.4	-6.4	-4.8	-4.5	-4.5	-10.7	-10.7	-10.6	-3.0	-3.0	-3.0	-8.2	-8.2	-8.5	-6.2	-6.1	-6.1	-7.1	-6.9	-6.6	-6.8	-7.0	-7.0	-6.6	-6.6	-6.6	-7.9	-7.9	-7.9	-8.1	-8.1	-8.1
Directional Accuracy (t10yrs; Luck = 50%)	54%	54%	54%	54%	57%	57%	57%	57%	57%	57%	59%	59%	59%	59%	59%	59%	59%	59%	59%	62%	62%	62%	64%	64%	64%											
Average Absolute Forecast Error (t10yrs)	100bps	101bps	102bps	103bps	103bps	103bps	103bps	103bps	103bps	103bps	105bps	106bps	107bps	108bps	109bps	110bps	110bps	110bps	110bps	110bps	111bps	111bps	111bps	112bps	112bps											
Bloomberg Consensus	3.4%	8.0%	7.8%	7.5%	4.6%	4.3%	4.3%	5.0%	5.1%	5.1%	4.3%	4.3%	4.3%	5.3%	5.3%	5.3%	4.7%	4.7%	4.5%	4.8%	4.9%	4.9%	4.7%	4.8%	5.0%	4.6%	4.5%	4.5%	3.9%	3.9%	3.9%	3.7%	3.7%	3.7%	3.6%	3.6%	3.6%
Z-Score (vs. 2015-19 Trend)	-11.8	5.2	4.4	3.3	-7.2	-8.5	-8.5	-6.0	-5.5	-5.4	-8.6	-8.5	-8.3	-4.8	-4.8	-4.8	-7.0	-7.0	-7.6	-6.6	-6.2	-6.2	-7.0	-6.5	-5.9	-7.4	-7.7	-7.7	-9.9	-9.9	-9.9	-10.7	-10.7	-10.7	-11.0	-11.0	-11.0
Directional Accuracy (t10yrs; Luck = 50%)	57%	57%	57%	57%	60%	60%	60%	60%	60%	60%	62%	62%	62%	62%	62%	62%	65%	65%	65%	65%	65%	65%	67%	67%	67%											
Average Absolute Forecast Error (t10yrs)	59bps	60bps	61bps	62bps	62bps	62bps	63bps	63bps	63bps	63bps	64bps	65bps	65bps	66bps	66bps	66bps	66bps	66bps	66bps	67bps	67bps	68bps	68bps	68bps	69bps											
Headline CPI YoY	**0.7%**	**0.1%**	**0.2%**	**0.0%**	**-0.3%**	**0.1%**	**0.0%**	**-0.2%**	**-0.5%**	**-0.3%**	**-0.8%**	**0.7%**	**0.1%**	**0.3%**	**0.3%**	**0.2%**	**0.5%**	**0.6%**	**0.4%**	**0.3%**	**0.2%**	**0.1%**	**0.5%**	**-0.7%**	**-0.1%**											
Z-Score (vs. 2015-19 Trend)	-1.8	-2.6	-2.5	-2.7	-3.1	-2.6	-2.7	-3.0	-3.4	-3.1	-3.8	-1.8	-2.6	-2.3	-2.3	-2.5	-2.0	-1.9	-2.2	-2.3	-2.5	-2.6	-2.0	-3.7	-2.9											
42 Macro	1.1%	0.8%	0.3%	0.2%	0.2%	0.0%	0.1%	0.2%	0.0%	-0.1%	0.0%	-0.1%	0.3%	0.2%	0.3%	0.3%	0.4%	0.5%	0.5%	0.9%	0.7%	0.2%	0.4%	0.4%	-0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.4%	0.5%	0.5%	0.7%	0.6%	0.6%
Z-Score (vs. 2015-19 Trend)	-1.6	-2.2	-3.0	-3.2	-3.1	-3.6	-3.4	-3.1	-3.5	-3.6	-3.5	-3.6	-2.9	-3.2	-3.0	-3.1	-2.8	-2.7	-2.6	-1.9	-2.3	-3.2	-2.9	-2.9	-3.6	-3.3	-3.3	-3.2	-3.2	-3.4	-3.2	-2.8	-2.7	-2.7	-2.3	-2.5	-2.5
Directional Accuracy (t10yrs; Luck = 50%)	54%	55%	55%	56%	56%	55%	55%	54%	55%	54%	53%	52%	52%	52%	53%	54%	54%	54%	53%	53%	53%	54%	55%	55%	54%											
Average Absolute Forecast Error (t10yrs)	32bps	33bps	33bps	32bps	33bps	33bps	33bps	33bps	33bps	33bps	33bps	33bps	33bps	33bps	33bps	33bps	33bps	33bps	32bps	33bps	33bps	33bps	32bps	33bps	33bps											
Bloomberg Consensus	1.8%	1.4%	0.7%	0.3%	0.5%	0.0%	0.1%	0.5%	0.4%	0.1%	0.2%	0.1%	0.1%	0.3%	0.3%	0.3%	0.6%	0.5%	0.5%	1.0%	0.7%	0.3%	0.5%	0.4%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.5%	0.5%	0.5%	0.9%	0.9%	0.9%
Z-Score (vs. 2015-19 Trend)	-0.6	-1.2	-2.6	-3.3	-2.9	-3.9	-3.7	-2.9	-3.1	-3.7	-3.5	-3.7	-3.7	-3.3	-3.3	-3.3	-2.8	-2.9	-2.9	-2.0	-2.6	-3.3	-2.9	-3.1	-3.7	-3.7	-3.5	-3.5	-3.5	-3.5	-3.5	-2.9	-2.9	-2.9	-2.2	-2.2	-2.2
Directional Accuracy (t10yrs; Luck = 50%)	48%	48%	47%	48%	47%	47%	47%	46%	47%	46%	46%	45%	45%	46%	46%	46%	47%	46%	45%	44%	44%	45%	45%	46%	46%											
Average Absolute Forecast Error (t10yrs)	38bps	39bps	39bps	39bps	39bps	39bps	39bps	39bps	40bps	40bps	40bps	40bps	40bps	40bps	40bps	40bps	39bps	39bps	39bps	39bps	39bps	39bps	38bps	39bps	39bps											





Eurozone GRID Model: The April Composite PMI Data Were Mixed Regarding Our Growth Forecasts

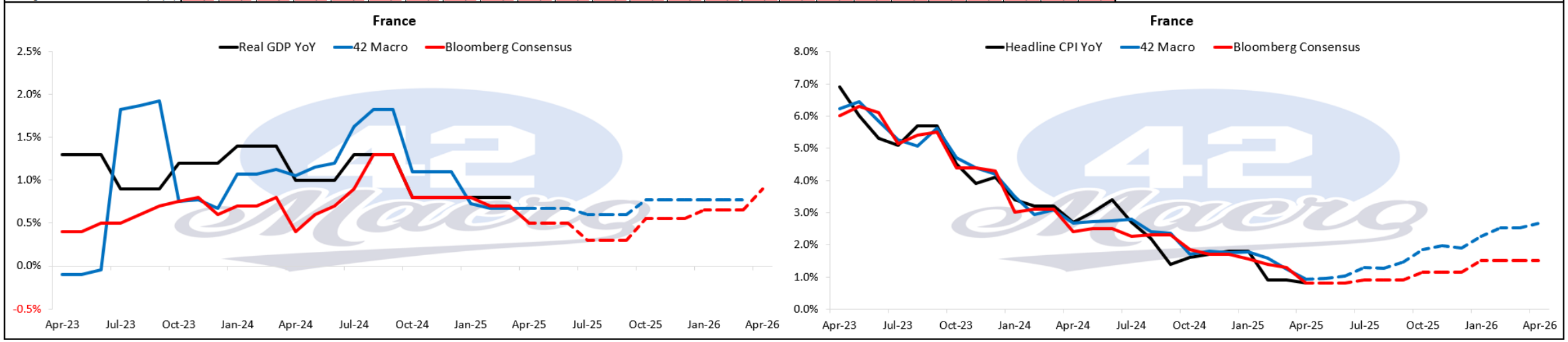
Eurozone	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Bottom-Up Macro Regime	D	D	D	D	D	D	G	G	G	G	R	G	G	G	R	R	G	G	G	G	R	R	R	G													
42 Macro	D	D	D	G	G	G	D	D	D	G	G	G	G	R	G	G	G	G	G	G	R	I	I	I	G	G	G	I	I	I	I	I	I	D	D	I	
Hit Rate (t10yrs; Luck = 25%)	62%	62%	62%	62%	62%	61%	60%	59%	58%	59%	58%	58%	58%	58%	57%	57%	58%	58%	59%	60%	61%	60%	59%	59%													
Bloomberg Consensus	G	D	D	D	D	D	D	D	D	D	D	G	G	G	G	G	G	G	G	G	G	G	I	I	I	G	G	D	D	D	R	R	R	R	R	R	R
Hit Rate (t10yrs; Luck = 25%)	58%	59%	60%	61%	61%	61%	60%	59%	58%	58%	58%	58%	58%	59%	58%	58%	58%	59%	60%	61%	61%	61%	60%	60%													
Real GDP YoY	0.6%	0.6%	0.6%	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%	1.0%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%													
Z-Score (vs. 2015-19 Trend)	-2.9	-2.9	-2.9	-4.0	-4.0	-4.0	-3.7	-3.7	-3.7	-3.1	-3.1	-3.1	-2.9	-2.9	-2.9	-2.1	-2.1	-2.1	-1.7	-1.7	-1.7	-1.6	-1.6	-1.6													
42 Macro	0.1%	0.1%	0.1%	0.7%	0.7%	0.7%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.9%	1.0%	1.0%	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.2%	1.3%	1.3%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%	
Z-Score (vs. 2015-19 Trend)	-3.7	-3.7	-3.7	-2.3	-2.3	-2.3	-3.4	-3.4	-3.5	-3.2	-3.2	-3.1	-1.8	-1.7	-1.5	-1.4	-1.4	-1.4	-1.2	-1.2	-1.1	-1.3	-1.4	-1.4	-1.1	-1.0	-1.0	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4	-1.6	-1.6	-1.6	
Directional Accuracy (t10yrs; Luck = 50%)	73%	73%	73%	70%	70%	70%	68%	68%	68%	68%	68%	68%	68%	68%	68%	70%	70%	70%	73%	73%	73%	70%	70%	70%													
Average Absolute Forecast Error (t10yrs)	96bps	96bps	96bps	96bps	96bps	97bps	96bps	96bps	96bps	96bps	95bps	95bps	96bps	96bps	96bps	96bps	96bps	96bps	95bps	95bps	94bps	93bps	93bps	92bps													
Bloomberg Consensus	0.5%	0.5%	0.5%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.4%	0.5%	0.8%	0.8%	0.8%	1.0%	1.0%	1.1%	1.0%	0.9%	0.9%	0.9%	1.0%	1.0%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	1.0%
Z-Score (vs. 2015-19 Trend)	-2.3	-2.3	-2.3	-2.9	-2.9	-2.9	-2.9	-3.0	-3.1	-3.1	-3.1	-3.0	-2.7	-2.5	-2.3	-1.6	-1.6	-1.6	-1.2	-1.2	-1.1	-1.2	-1.4	-1.4	-1.4	-1.2	-1.2	-2.1	-2.1	-2.1	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.2
Directional Accuracy (t10yrs; Luck = 50%)	68%	68%	68%	68%	68%	68%	65%	65%	65%	63%	63%	63%	65%	65%	65%	65%	65%	65%	68%	68%	68%	68%	68%	68%													
Average Absolute Forecast Error (t10yrs)	95bps	95bps	94bps	94bps	93bps	93bps	93bps	92bps	92bps	92bps	91bps	91bps	91bps	91bps	91bps	91bps	91bps	90bps	90bps	89bps	88bps	88bps	87bps	86bps													
Headline CPI YoY	7.0%	6.1%	5.5%	5.3%	5.2%	4.3%	2.9%	2.4%	2.9%	2.8%	2.6%	2.4%	2.4%	2.6%	2.5%	2.6%	2.2%	1.7%	2.0%	2.2%	2.4%	2.5%	2.3%	2.2%	2.2%												
Z-Score (vs. 2015-19 Trend)	8.1	6.9	6.1	5.8	5.7	4.5	2.6	1.9	2.6	2.5	2.2	1.9	1.9	2.2	2.1	2.2	1.6	1.0	1.4	1.6	1.9	2.1	1.8	1.6	1.6												
42 Macro	6.6%	6.4%	6.1%	5.0%	4.8%	4.8%	3.5%	3.0%	2.8%	2.8%	2.5%	2.6%	2.4%	2.5%	2.6%	2.3%	2.4%	2.2%	2.1%	2.4%	2.3%	2.5%	2.5%	2.8%	2.2%	2.4%	2.5%	2.5%	2.6%	3.0%	3.3%	3.4%	3.2%	3.1%	3.2%	3.3%	3.3%
Z-Score (vs. 2015-19 Trend)	7.9	7.7	7.2	5.7	5.4	5.4	3.5	2.9	2.6	2.6	2.1	2.4	2.1	2.2	2.3	1.9	2.1	1.8	1.6	2.0	1.9	2.1	2.1	2.6	1.7	2.0	2.2	2.2	2.4	2.9	3.3	3.4	3.1	3.0	3.1	3.2	3.2
Directional Accuracy (t10yrs; Luck = 50%)	69%	70%	71%	71%	71%	71%	71%	72%	72%	71%	71%	70%	70%	70%	70%	70%	69%	69%	68%	68%	67%	67%	67%	66%	66%												
Average Absolute Forecast Error (t10yrs)	25bps	25bps	26bps	26bps	26bps	26bps	26bps	27bps	27bps	27bps	27bps	27bps	27bps	27bps	27bps	27bps	27bps	27bps	27bps	27bps	27bps	26bps	26bps	27bps	27bps												
Bloomberg Consensus	6.4%	6.3%	6.2%	4.7%	4.8%	5.0%	3.3%	3.2%	2.8%	2.5%	2.5%	2.6%	2.5%	2.5%	2.5%	2.2%	2.3%	2.2%	2.1%	2.2%	2.2%	2.2%	2.3%	2.4%	2.2%	2.2%	2.2%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	1.9%	1.9%	1.9%	1.9%
Z-Score (vs. 2015-19 Trend)	7.5	7.4	7.3	5.2	5.3	5.6	3.2	3.1	2.6	2.1	2.1	2.3	2.1	2.1	2.1	1.7	1.9	1.7	1.6	1.7	1.7	1.6	1.9	2.0	1.7	1.6	1.6	1.5	1.5	1.5	1.6	1.6	1.6	1.3	1.3	1.3	1.3
Directional Accuracy (t10yrs; Luck = 50%)	53%	54%	55%	56%	56%	56%	56%	57%	56%	56%	55%	55%	55%	54%	53%	53%	53%	53%	52%	52%	51%	50%	50%	49%	49%												
Average Absolute Forecast Error (t10yrs)	28bps	28bps	29bps	29bps	29bps	30bps	30bps	30bps	30bps	30bps	30bps	30bps	30bps	30bps	30bps	30bps	30bps	31bps	31bps	30bps	30bps	30bps	30bps	30bps	29bps												



G = GOLDILOCKS = growth ↑ and inflation ↓; R = REFLATION = growth ↑ and inflation ↑;
I = INFLATION = growth ↓ and inflation ↑; and D = DEFLATION = growth ↓ and inflation ↓.
The 42 Macro GRID Model applies a proprietary methodology to smooth and nowcast quarterly GDP data on a monthly frequency.

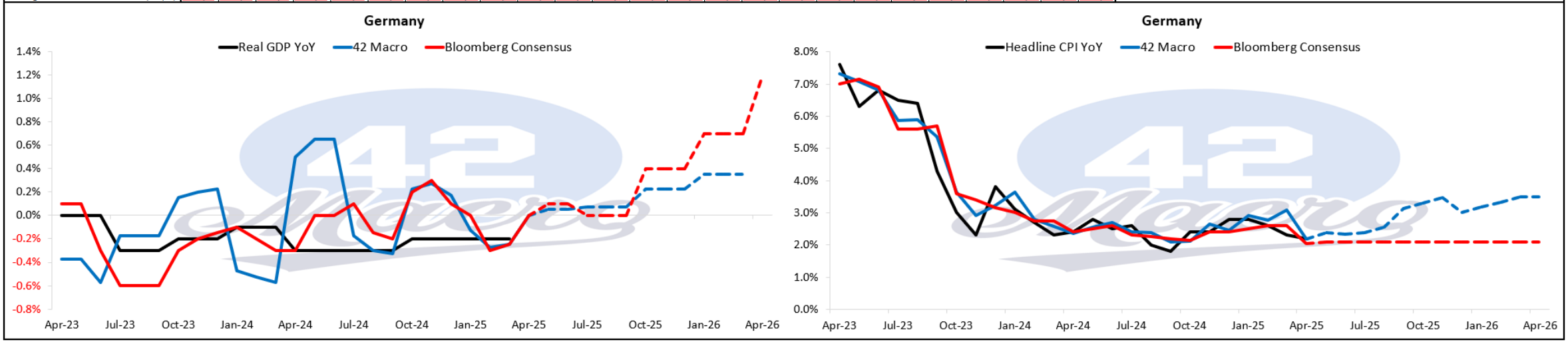
France GRID Model: The April Composite PMI And March Industrial Production Data Were Supportive Of Our Growth Forecasts

France	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Bottom-Up Macro Regime	G	G	G	D	D	I	G	G	G	G	G	G	D	D	I	I	G	G	D	D	I	I	I	I													
42 Macro	G	G	G	G	G	G	D	D	D	G	G	G	D	G	G	R	G	G	D	D	D	I	D	D	D	D	D	I	I	I	R	R	R	I	I	I	
Hit Rate (t10yrs; Luck = 25%)	53%	54%	55%	55%	55%	55%	54%	53%	53%	53%	53%	53%	54%	53%	53%	53%	53%	54%	54%	54%	54%	54%	53%	53%													
Bloomberg Consensus	G	D	D	G	G	G	G	G	D	D	D	G	D	D	D	G	G	G	D	D	D	D	D	D	D	D	D	I	I	I	R	R	R	R	R	R	R
Hit Rate (t10yrs; Luck = 25%)	45%	45%	45%	45%	45%	45%	46%	46%	45%	45%	45%	46%	46%	47%	47%	47%	48%	48%	48%	48%	48%	47%	46%	45%													
Real GDP YoY	1.3%	1.3%	1.3%	0.9%	0.9%	0.9%	1.2%	1.2%	1.2%	1.4%	1.4%	1.4%	1.0%	1.0%	1.0%	1.3%	1.3%	1.3%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%													
Z-Score (vs. 2015-19 Trend)	-0.5	-0.5	-0.5	-1.1	-1.1	-1.1	-0.6	-0.6	-0.6	-0.3	-0.3	-0.3	-0.9	-0.9	-0.9	-0.5	-0.5	-0.5	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2													
42 Macro	-0.1%	-0.1%	0.0%	1.8%	1.9%	1.9%	0.8%	0.8%	0.7%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%	1.6%	1.8%	1.8%	1.1%	1.1%	1.1%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	
Z-Score (vs. 2015-19 Trend)	-2.9	-2.9	-2.9	0.7	0.8	0.9	-1.3	-1.3	-1.5	-0.7	-0.7	-0.6	-0.8	-0.6	-0.5	0.3	0.7	0.7	-0.7	-0.7	-0.7	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-1.6	-1.6	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	
Directional Accuracy (t10yrs; Luck = 50%)	67%	67%	67%	67%	67%	67%	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%	67%	67%	67%	66%	66%	66%													
Average Absolute Forecast Error (t10yrs)	107bps	108bps	108bps	109bps	110bps	110bps	110bps	110bps	110bps	111bps	111bps	111bps	111bps	111bps	111bps	111bps	111bps	111bps	111bps	112bps	112bps	111bps	111bps	111bps													
Bloomberg Consensus	0.4%	0.4%	0.5%	0.5%	0.6%	0.7%	0.8%	0.8%	0.6%	0.7%	0.7%	0.8%	0.4%	0.6%	0.7%	0.9%	1.3%	1.3%	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%	0.5%	0.5%	0.5%	0.3%	0.3%	0.3%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.9%
Z-Score (vs. 2015-19 Trend)	-2.2	-2.2	-2.0	-2.0	-1.8	-1.5	-1.4	-1.3	-1.8	-1.5	-1.5	-1.3	-2.2	-1.8	-1.5	-1.1	-0.1	-0.1	-1.3	-1.3	-1.3	-1.3	-1.5	-1.5	-2.0	-2.0	-2.0	-2.5	-2.5	-2.5	-1.9	-1.9	-1.9	-1.7	-1.7	-1.7	-1.1
Directional Accuracy (t10yrs; Luck = 50%)	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%													
Average Absolute Forecast Error (t10yrs)	98bps	98bps	98bps	97bps	97bps	97bps	96bps	96bps	96bps	96bps	96bps	97bps	97bps	97bps	97bps	97bps	97bps	96bps	96bps	95bps	95bps	95bps	94bps	94bps													
Headline CPI YoY	6.9%	6.0%	5.3%	5.1%	5.7%	5.7%	4.5%	3.9%	4.1%	3.4%	3.2%	3.2%	2.7%	3.0%	3.4%	2.7%	2.2%	1.4%	1.6%	1.7%	1.8%	1.8%	0.9%	0.9%	0.8%												
Z-Score (vs. 2015-19 Trend)	7.5	6.3	5.5	5.2	6.0	6.0	4.4	3.7	3.9	3.0	2.8	2.8	2.2	2.5	3.0	2.2	1.5	0.5	0.8	0.9	1.0	1.0	-0.1	-0.1	-0.2												
42 Macro	6.2%	6.5%	5.9%	5.3%	5.1%	5.6%	4.7%	4.4%	4.2%	3.5%	3.0%	3.1%	2.7%	2.7%	2.8%	2.8%	2.4%	2.4%	1.7%	1.8%	1.8%	1.8%	1.6%	1.3%	0.9%	1.0%	1.0%	1.3%	1.3%	1.5%	1.9%	2.0%	1.9%	2.3%	2.5%	2.5%	2.7%
Z-Score (vs. 2015-19 Trend)	7.1	7.4	6.6	5.8	5.6	6.3	5.1	4.6	4.4	3.4	2.7	2.9	2.3	2.4	2.4	2.5	1.9	1.9	1.0	1.1	1.1	1.1	0.8	0.4	-0.1	0.0	0.1	0.5	0.4	0.7	1.2	1.4	1.3	1.7	2.1	2.1	2.3
Directional Accuracy (t10yrs; Luck = 50%)	64%	64%	65%	65%	64%	64%	65%	66%	65%	66%	66%	66%	67%	67%	67%	66%	66%	66%	65%	65%	64%	64%	65%	65%	65%												
Average Absolute Forecast Error (t10yrs)	23bps	23bps	23bps	23bps	24bps	24bps	24bps	24bps	24bps	24bps	24bps	24bps	24bps	24bps	24bps	24bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps												
Bloomberg Consensus	6.0%	6.3%	6.1%	5.2%	5.4%	5.5%	4.4%	4.4%	4.3%	3.0%	3.1%	3.1%	2.4%	2.5%	2.5%	2.3%	2.3%	2.3%	1.9%	1.7%	1.7%	1.6%	1.4%	1.3%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	1.2%	1.2%	1.2%	1.5%	1.5%	1.5%	1.5%
Z-Score (vs. 2015-19 Trend)	6.9	7.3	7.1	5.8	6.1	6.2	4.7	4.7	4.6	2.8	2.9	2.9	2.0	2.1	2.1	1.8	1.8	1.8	1.2	1.0	1.0	0.8	0.6	0.5	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	0.2	0.2	0.2	0.7	0.7	0.7	0.7
Directional Accuracy (t10yrs; Luck = 50%)	52%	52%	53%	53%	54%	54%	55%	55%	55%	55%	55%	55%	55%	56%	55%	55%	54%	53%	52%	51%	50%	49%	51%	51%	51%												
Average Absolute Forecast Error (t10yrs)	25bps	25bps	25bps	25bps	25bps	26bps	25bps	26bps	26bps	26bps	26bps	26bps	26bps	26bps	27bps	27bps	27bps	28bps	28bps	28bps	28bps	27bps	28bps	28bps	28bps												



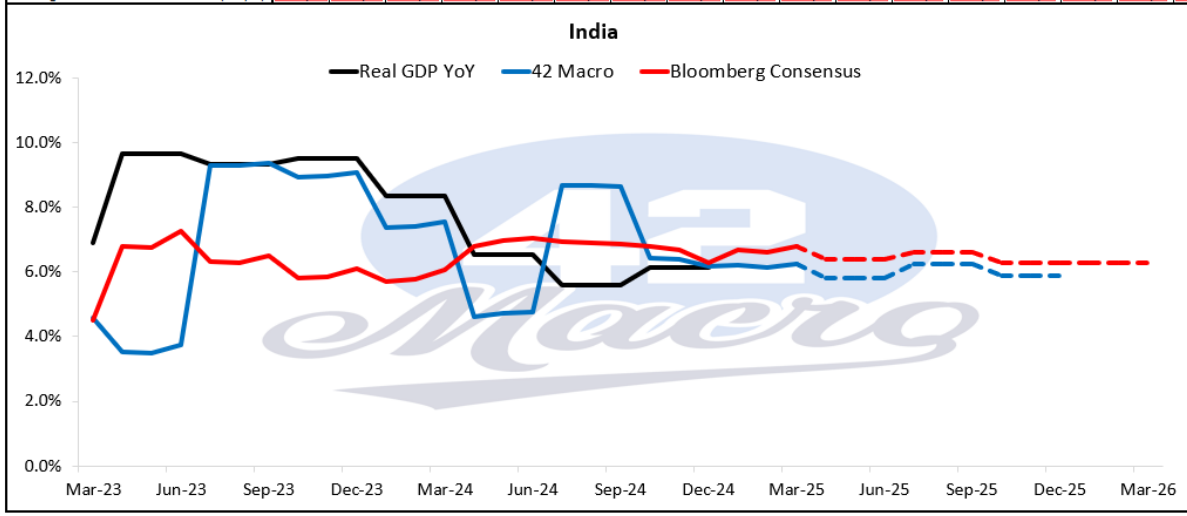
Germany GRID Model: The April Composite PMI Data Were Unsupportive Of Our Growth Forecasts

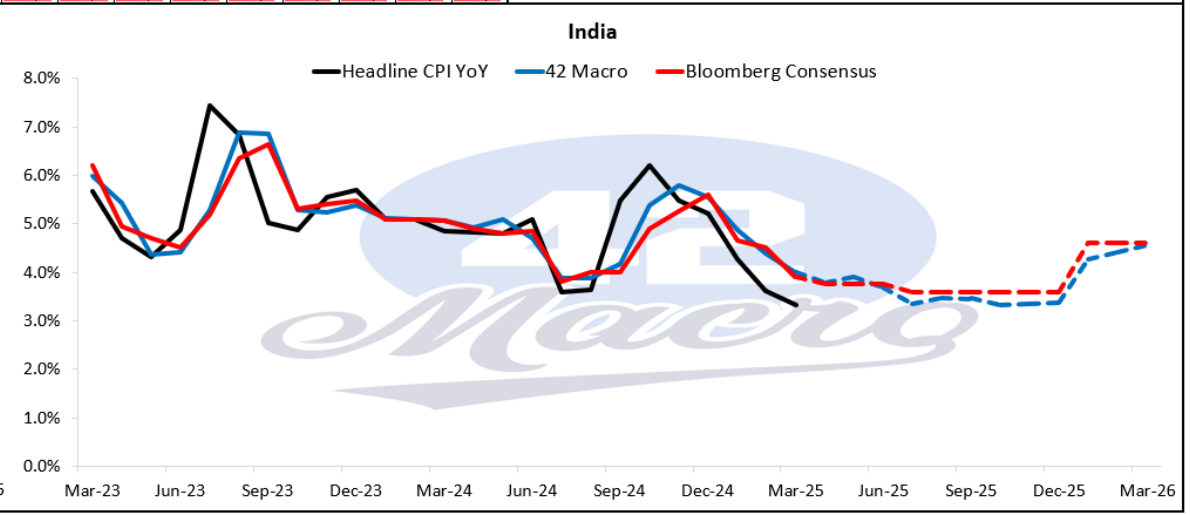
Germany	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Bottom-Up Macro Regime	D	D	D	D	I	D	G	G	G	R	R	G	D	I	I	I	I	I	G	R	R	R	R	R													
42 Macro	G	G	G	G	G	G	G	G	G	G	D	D	G	G	R	I	D	D	G	R	R	I	I	I	G	G	G	R	R	R	R	R	G	G	G	R	
Hit Rate (t10yrs; Luck = 25%)	54%	53%	53%	53%	53%	52%	52%	53%	53%	53%	52%	51%	51%	50%	50%	50%	50%	50%	51%	52%	53%	52%	51%	51%													
Bloomberg Consensus	G	G	D	D	D	D	G	G	G	G	G	D	D	G	G	G	D	D	G	R	R	I	I	I	I	G	G	G	G	G	G	G	G	G	G	G	G
Hit Rate (t10yrs; Luck = 25%)	52%	52%	53%	53%	53%	53%	54%	55%	55%	54%	54%	53%	54%	53%	53%	53%	53%	53%	53%	54%	55%	54%	53%	53%													
Real GDP YoY	0.0%	0.0%	0.0%	-0.3%	-0.3%	-0.3%	-0.2%	-0.2%	-0.2%	-0.1%	-0.1%	-0.1%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%													
Z-Score (vs. 2015-19 Trend)	-2.0	-2.0	-2.0	-2.4	-2.4	-2.4	-2.3	-2.3	-2.3	-2.2	-2.2	-2.2	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3													
42 Macro	-0.4%	-0.4%	-0.6%	-0.2%	-0.2%	-0.2%	0.2%	0.2%	0.2%	-0.5%	-0.5%	-0.6%	0.5%	0.7%	0.7%	-0.2%	-0.3%	-0.3%	0.2%	0.3%	0.2%	-0.1%	-0.3%	-0.3%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.4%	0.4%	0.4%	
Z-Score (vs. 2015-19 Trend)	-3.1	-3.1	-3.4	-2.8	-2.8	-2.8	-2.3	-2.2	-2.2	-3.3	-3.3	-3.4	-1.7	-1.5	-1.5	-2.8	-3.0	-3.0	-2.2	-2.1	-2.2	-2.7	-2.9	-2.9	-2.5	-2.4	-2.4	-2.4	-2.4	-2.4	-2.2	-2.2	-2.2	-2.0	-2.0	-2.0	
Directional Accuracy (t10yrs; Luck = 50%)	66%	66%	66%	63%	63%	63%	63%	63%	63%	61%	61%	61%	58%	58%	58%	57%	57%	57%	59%	59%	59%	61%	61%	61%													
Average Absolute Forecast Error (t10yrs)	82bps	82bps	82bps	82bps	82bps	82bps	83bps	83bps	83bps	83bps	83bps	84bps	84bps	84bps	84bps	84bps	84bps	84bps	84bps	83bps	83bps	83bps	83bps	83bps													
Bloomberg Consensus	0.1%	0.1%	-0.3%	-0.6%	-0.6%	-0.6%	-0.3%	-0.2%	-0.2%	-0.1%	-0.2%	-0.3%	-0.3%	0.0%	0.0%	0.1%	-0.2%	-0.2%	0.2%	0.3%	0.1%	0.0%	-0.3%	-0.3%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.4%	0.4%	0.4%	0.7%	0.7%	0.7%	1.2%
Z-Score (vs. 2015-19 Trend)	-2.2	-2.2	-2.8	-3.2	-3.2	-3.2	-2.8	-2.6	-2.6	-2.5	-2.6	-2.8	-2.8	-2.3	-2.3	-2.2	-2.6	-2.6	-2.0	-1.9	-2.2	-2.3	-2.8	-2.7	-2.3	-2.2	-2.2	-2.3	-2.3	-2.3	-1.7	-1.7	-1.7	-1.3	-1.3	-1.3	-0.5
Directional Accuracy (t10yrs; Luck = 50%)	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	66%	66%	66%	68%	68%	68%	70%	70%	70%	69%	69%	69%													
Average Absolute Forecast Error (t10yrs)	78bps	78bps	78bps	79bps	79bps	79bps	79bps	78bps	78bps	78bps	78bps	77bps	77bps	77bps	77bps	76bps	76bps	76bps	76bps	76bps	76bps	75bps	75bps	75bps													
Headline CPI YoY	7.6%	6.3%	6.8%	6.5%	6.4%	4.3%	3.0%	2.3%	3.8%	3.1%	2.7%	2.3%	2.4%	2.8%	2.5%	2.6%	2.0%	1.8%	2.4%	2.4%	2.8%	2.8%	2.6%	2.3%	2.2%												
Z-Score (vs. 2015-19 Trend)	8.5	6.7	7.4	7.0	6.9	4.1	2.4	1.4	3.4	2.5	2.0	1.4	1.6	2.1	1.7	1.8	1.0	0.8	1.6	1.6	2.1	2.1	1.8	1.4	1.3												
42 Macro	7.3%	7.1%	6.8%	5.9%	5.9%	5.4%	3.7%	2.9%	3.2%	3.7%	2.8%	2.6%	2.4%	2.6%	2.7%	2.4%	2.4%	2.1%	2.1%	2.7%	2.5%	2.9%	2.8%	3.1%	2.2%	2.4%	2.3%	2.4%	2.6%	3.1%	3.3%	3.5%	3.0%	3.2%	3.3%	3.5%	3.5%
Z-Score (vs. 2015-19 Trend)	9.0	8.7	8.3	6.9	7.0	6.1	3.6	2.6	3.0	3.6	2.4	2.1	1.7	2.0	2.2	1.8	1.8	1.4	1.4	2.2	1.9	2.6	2.4	2.8	1.5	1.8	1.7	1.8	2.0	2.9	3.1	3.4	2.7	2.9	3.2	3.4	3.4
Directional Accuracy (t10yrs; Luck = 50%)	64%	65%	64%	65%	65%	65%	66%	67%	68%	67%	67%	67%	66%	66%	66%	66%	67%	67%	68%	68%	67%	67%	68%	67%	67%												
Average Absolute Forecast Error (t10yrs)	33bps	33bps	33bps	33bps	34bps	34bps	35bps	35bps	35bps	35bps	35bps	35bps	35bps	35bps	35bps	35bps	35bps	36bps	36bps	36bps	36bps	35bps	35bps	35bps	35bps												
Bloomberg Consensus	7.0%	7.2%	6.9%	5.6%	5.6%	5.7%	3.6%	3.4%	3.2%	3.0%	2.8%	2.8%	2.4%	2.5%	2.6%	2.3%	2.3%	2.2%	2.2%	2.4%	2.4%	2.5%	2.6%	2.6%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Z-Score (vs. 2015-19 Trend)	8.5	8.7	8.3	6.4	6.4	6.6	3.5	3.3	2.9	2.7	2.3	2.3	1.8	2.0	2.1	1.7	1.6	1.5	1.4	1.8	1.8	2.0	2.1	2.1	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Directional Accuracy (t10yrs; Luck = 50%)	58%	58%	58%	58%	58%	58%	59%	60%	59%	60%	61%	60%	59%	59%	59%	58%	59%	59%	59%	59%	58%	57%	57%	56%	56%												
Average Absolute Forecast Error (t10yrs)	37bps	38bps	37bps	38bps	38bps	39bps	40bps	40bps	41bps	41bps	40bps	40bps	40bps	40bps	40bps	40bps	40bps	41bps	41bps	40bps	40bps	40bps	40bps	40bps	39bps												



India GRID Model: The April Composite PMI Data Were Supportive Of Our Growth Forecasts

India	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Bottom-Up Macro Regime	G	G	G	I	I	I	G	G	R	I	D	D	D	D	I	D	D	I	R	R	G															
42 Macro	G	D	D	G	R	R	I	D	D	D	D	D	D	D	D	G	G	G	I	I	I	D	D	G	D	D	D	G	G	G	D	D	D			
Hit Rate (t10yrs; Luck = 25%)	51%	50%	50%	49%	49%	48%	48%	47%	47%	46%	47%	47%	48%	48%	48%	47%	47%	47%	47%	47%	47%															
Bloomberg Consensus	D	G	G	I	I	I	I	D	D	D	D	D	G	G	G	G	D	D	I	I	I	D	D	G	D	D	D	G	G	G	G	G	G	G	G	G
Hit Rate (t10yrs; Luck = 25%)	51%	52%	53%	54%	55%	56%	55%	54%	54%	54%	55%	56%	55%	55%	54%	53%	53%	53%	53%	53%	53%															
Real GDP YoY	6.9%	9.7%	9.7%	9.7%	9.3%	9.3%	9.3%	9.5%	9.5%	9.5%	8.4%	8.4%	8.4%	6.5%	6.5%	6.5%	5.6%	5.6%	5.6%	6.2%	6.2%	6.2%														
Z-Score (vs. 2015-19 Trend)	0.0	1.7	1.7	1.7	1.5	1.5	1.5	1.6	1.6	1.6	0.9	0.9	0.9	-0.2	-0.2	-0.2	-0.8	-0.8	-0.8	-0.4	-0.4	-0.4														
42 Macro	4.6%	3.5%	3.5%	3.8%	9.3%	9.3%	9.4%	8.9%	9.0%	9.1%	7.4%	7.4%	7.5%	4.6%	4.7%	4.8%	8.7%	8.7%	8.7%	6.4%	6.4%	6.2%	6.2%	6.2%	6.3%	5.8%	5.8%	5.8%	6.2%	6.2%	6.2%	5.9%	5.9%	5.9%			
Z-Score (vs. 2015-19 Trend)	-2.5	-3.5	-3.5	-3.3	2.3	2.3	2.4	1.9	1.9	2.1	0.3	0.4	0.5	-2.4	-2.3	-2.3	1.7	1.7	1.6	-0.6	-0.6	-0.8	-0.8	-0.9	-0.8	-1.2	-1.2	-1.2	-0.8	-0.8	-0.8	-1.1	-1.1	-1.1			
Directional Accuracy (t10yrs; Luck = 50%)	68%	66%	66%	66%	64%	64%	64%	62%	62%	62%	63%	63%	63%	64%	64%	64%	63%	63%	63%	63%	63%	63%														
Average Absolute Forecast Error (t10yrs)	225bps	228bps	232bps	235bps	233bps	231bps	229bps	227bps	226bps	224bps	223bps	222bps	221bps	221bps	220bps	220bps	220bps	220bps	220bps	219bps	218bps	216bps														
Bloomberg Consensus	4.5%	6.8%	6.8%	7.3%	6.3%	6.3%	6.5%	5.8%	5.8%	6.1%	5.7%	5.8%	6.1%	6.8%	7.0%	7.1%	6.9%	6.9%	6.9%	6.8%	6.7%	6.3%	6.7%	6.6%	6.8%	6.4%	6.4%	6.4%	6.6%	6.6%	6.6%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
Z-Score (vs. 2015-19 Trend)	-4.3	-0.4	-0.5	0.4	-1.2	-1.3	-0.9	-2.1	-2.0	-1.6	-2.3	-2.2	-1.7	-0.4	-0.1	0.0	-0.2	-0.2	-0.3	-0.4	-0.6	-1.3	-0.6	-0.7	-0.4	-1.1	-1.1	-1.1	-0.7	-0.7	-0.7	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3
Directional Accuracy (t10yrs; Luck = 50%)	63%	63%	63%	63%	63%	63%	63%	60%	60%	60%	63%	63%	63%	60%	60%	60%	60%	60%	60%	60%	60%	60%														
Average Absolute Forecast Error (t10yrs)	163bps	165bps	166bps	167bps	168bps	169bps	169bps	171bps	172bps	174bps	176bps	177bps	179bps	177bps	175bps	172bps	171bps	169bps	167bps	167bps	167bps	167bps														
Headline CPI YoY	5.7%	4.7%	4.3%	4.9%	7.4%	6.8%	5.0%	4.9%	5.6%	5.7%	5.1%	5.1%	4.9%	4.8%	4.8%	5.1%	3.6%	3.7%	5.5%	6.2%	5.5%	5.2%	4.3%	3.6%	3.3%											
Z-Score (vs. 2015-19 Trend)	1.2	0.4	0.1	0.6	2.7	2.2	0.7	0.6	1.1	1.3	0.8	0.8	0.6	0.5	0.5	0.8	-0.5	-0.4	1.1	1.7	1.1	0.9	0.1	-0.5	-0.7											
42 Macro	6.0%	5.4%	4.4%	4.4%	5.3%	6.9%	6.9%	5.3%	5.2%	5.4%	5.1%	5.1%	5.1%	4.9%	5.1%	4.7%	3.9%	3.9%	4.2%	5.4%	5.8%	5.5%	4.9%	4.4%	4.0%	3.8%	3.9%	3.7%	3.3%	3.5%	3.5%	3.3%	3.3%	3.4%	4.3%	4.4%	4.6%
Z-Score (vs. 2015-19 Trend)	1.6	1.1	0.1	0.1	1.0	2.5	2.5	1.0	0.9	1.0	0.8	0.8	0.7	0.6	0.8	0.4	-0.4	-0.4	-0.1	1.1	1.4	1.2	0.6	0.1	-0.3	-0.5	-0.4	-0.6	-0.9	-0.8	-0.8	-0.9	-0.9	-0.9	0.0	0.1	0.3
Directional Accuracy (t10yrs; Luck = 50%)	67%	67%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	69%	69%	69%	68%	69%	70%	70%	70%	69%	70%	70%	70%	71%											
Average Absolute Forecast Error (t10yrs)	50bps	50bps	50bps	49bps	51bps	51bps	52bps	52bps	51bps	51bps	51bps	51bps	51bps	51bps	50bps	50bps	50bps	50bps	49bps	48bps	48bps	49bps	49bps	50bps												
Bloomberg Consensus	6.2%	5.0%	4.7%	4.5%	5.2%	6.4%	6.6%	5.3%	5.4%	5.5%	5.1%	5.1%	5.1%	4.9%	4.8%	4.9%	3.8%	4.0%	4.0%	4.9%	5.3%	5.6%	4.7%	4.5%	3.9%	3.8%	3.8%	3.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	4.6%	4.6%	4.6%
Z-Score (vs. 2015-19 Trend)	2.0	0.7	0.4	0.2	0.9	2.2	2.5	1.0	1.1	1.2	0.8	0.8	0.8	0.6	0.5	0.5	-0.6	-0.4	-0.4	0.6	1.0	1.4	0.3	0.2	-0.5	-0.6	-0.6	-0.6	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	0.3	0.3	0.3
Directional Accuracy (t10yrs; Luck = 50%)	50%	50%	50%	50%	51%	51%	51%	51%	52%	53%	53%	53%	53%	54%	55%	55%	56%	56%	55%	55%	54%	54%	54%	55%	55%											
Average Absolute Forecast Error (t10yrs)	69bps	68bps	67bps	68bps	69bps	68bps	68bps	68bps	66bps	66bps	65bps	65bps	65bps	65bps	64bps	63bps	63bps	62bps	62bps	62bps	60bps	59bps	59bps	60bps	60bps											

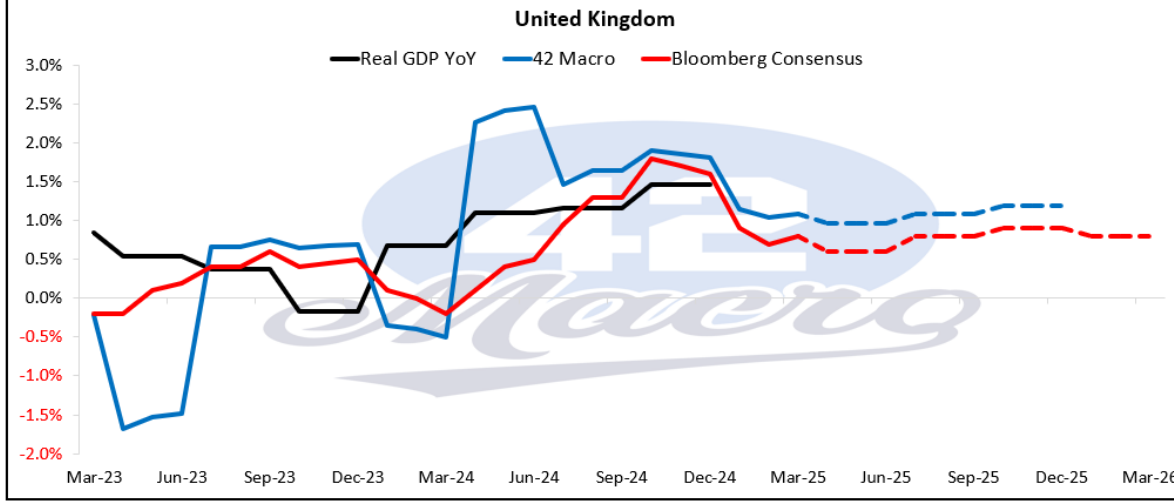


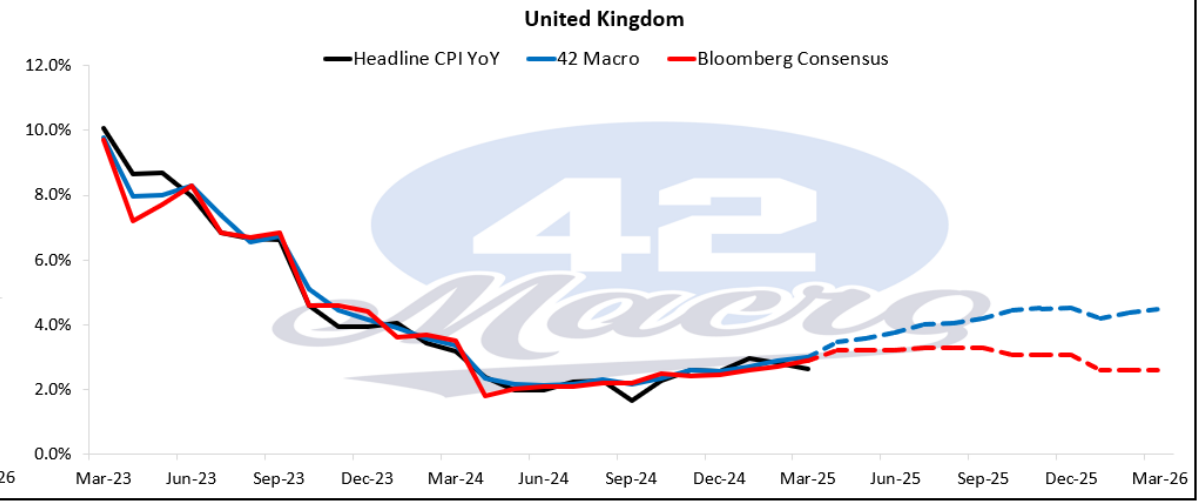


 Bottom-Up Macro Regime characteristics:
G = GOLDILOCKS = growth ↑ and inflation ↓; R = REFLATION = growth ↑ and inflation ↑;
I = INFLATION = growth ↓ and inflation ↑; and D = DEFLATION = growth ↓ and inflation ↓.
The 42 Macro GRID Model applies a proprietary methodology to smooth and nowcast quarterly GDP data on a monthly frequency.

UK GRID Model: The April Composite PMI Data Were Supportive Of Our Growth Forecasts

United Kingdom	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Bottom-Up Macro Regime	D	D	D	D	D	D	D	D	D	G	G	G	G	G	G	G	R	G	R	R	R															
42 Macro	D	D	D	G	G	G	D	G	D	D	D	D	G	G	G	D	I	I	R	R	R	I	I	I	I	I	I	R	R	R	R	R	R			
Hit Rate (t10yrs; Luck = 25%)	56%	57%	58%	58%	58%	58%	58%	57%	57%	56%	55%	54%	54%	54%	55%	55%	55%	55%	56%	57%	58%															
Bloomberg Consensus	D	G	G	G	G	G	G	G	D	D	D	D	D	G	G	R	R	R	R	R	R	I	I	I	I	I	I	R	R	R	G	G	G	D	D	D
Hit Rate (t10yrs; Luck = 25%)	58%	58%	58%	58%	57%	57%	56%	55%	55%	54%	53%	53%	52%	52%	53%	53%	53%	52%	53%	53%	54%															
Real GDP YoY	**0.8%**	**0.5%**	**0.5%**	**0.5%**	**0.4%**	**0.4%**	**0.4%**	**-0.2%**	**-0.2%**	**-0.2%**	**0.7%**	**0.7%**	**0.7%**	**1.1%**	**1.1%**	**1.1%**	**1.2%**	**1.2%**	**1.2%**	**1.5%**	**1.5%**	**1.5%**														
Z-Score (vs. 2015-19 Trend)	-2.1	-2.6	-2.6	-2.6	-3.0	-3.0	-3.0	-4.0	-4.0	-4.0	-2.4	-2.4	-2.4	-1.6	-1.6	-1.6	-1.5	-1.5	-1.5	-0.9	-0.9	-0.9														
42 Macro	-0.2%	-1.7%	-1.5%	-1.5%	0.7%	0.7%	0.8%	0.6%	0.7%	0.7%	-0.4%	-0.4%	-0.5%	2.3%	2.4%	2.5%	1.5%	1.6%	1.6%	1.9%	1.9%	1.8%	1.1%	1.0%	1.1%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%			
Z-Score (vs. 2015-19 Trend)	-4.6	-7.8	-7.5	-7.4	-2.7	-2.7	-2.5	-2.7	-2.7	-2.6	-4.9	-5.0	-5.2	0.8	1.2	1.3	-0.9	-0.5	-0.5	0.0	-0.1	-0.2	-1.6	-1.8	-1.7	-2.0	-2.0	-2.0	-1.7	-1.7	-1.7	-1.5	-1.5	-1.5			
Directional Accuracy (t10yrs; Luck = 50%)	70%	70%	70%	70%	68%	68%	68%	68%	68%	68%	65%	65%	65%	65%	65%	65%	65%	65%	65%	68%	68%	68%														
Average Absolute Forecast Error (t10yrs)	125bps	126bps	128bps	129bps	129bps	129bps	129bps	129bps	130bps	130bps	131bps	131bps	132bps	133bps	133bps	134bps	134bps	134bps	135bps	135bps	135bps	135bps														
Bloomberg Consensus	-0.2%	-0.2%	0.1%	0.2%	0.4%	0.4%	0.6%	0.4%	0.5%	0.5%	0.1%	0.0%	-0.2%	0.1%	0.4%	0.5%	1.0%	1.3%	1.3%	1.8%	1.7%	1.6%	0.9%	0.7%	0.8%	0.6%	0.6%	0.6%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%
Z-Score (vs. 2015-19 Trend)	-3.7	-3.7	-3.1	-3.0	-2.6	-2.6	-2.2	-2.6	-2.5	-2.4	-3.1	-3.3	-3.7	-3.1	-2.6	-2.4	-1.5	-0.8	-0.8	0.2	0.0	-0.2	-1.6	-2.0	-1.8	-2.2	-2.2	-2.2	-1.8	-1.8	-1.8	-1.6	-1.6	-1.6	-1.8	-1.8	-1.8
Directional Accuracy (t10yrs; Luck = 50%)	63%	60%	60%	60%	58%	58%	58%	58%	58%	58%	55%	55%	55%	55%	55%	55%	55%	55%	55%	58%	58%	58%														
Average Absolute Forecast Error (t10yrs)	109bps	109bps	108bps	108bps	107bps	107bps	107bps	107bps	107bps	108bps	108bps	109bps	109bps	110bps	110bps	111bps	111bps	111bps	110bps	110bps	110bps	110bps														
Headline CPI YoY	**10.1%**	**8.7%**	**8.7%**	**8.0%**	**6.9%**	**6.7%**	**6.6%**	**4.6%**	**3.9%**	**3.9%**	**4.0%**	**3.4%**	**3.2%**	**2.4%**	**2.0%**	**2.0%**	**2.2%**	**2.3%**	**1.7%**	**2.3%**	**2.6%**	**2.6%**	**3.0%**	**2.8%**	**2.6%**											
Z-Score (vs. 2015-19 Trend)	8.0	6.6	6.7	6.0	5.0	4.8	4.7	2.9	2.3	2.2	2.3	1.8	1.5	0.8	0.4	0.4	0.6	0.7	0.1	0.7	1.0	1.0	1.3	1.2	1.0											
42 Macro	9.8%	8.0%	8.0%	8.3%	7.4%	6.5%	6.7%	5.1%	4.5%	4.1%	3.9%	3.6%	3.3%	2.4%	2.2%	2.1%	2.2%	2.3%	2.2%	2.4%	2.6%	2.6%	2.7%	2.9%	3.0%	3.5%	3.6%	3.7%	4.0%	4.0%	4.2%	4.4%	4.5%	4.5%	4.2%	4.4%	4.5%
Z-Score (vs. 2015-19 Trend)	8.1	6.3	6.4	6.7	5.7	4.9	5.1	3.5	2.9	2.6	2.3	2.0	1.8	0.8	0.6	0.6	0.6	0.8	0.6	0.8	1.0	1.0	1.1	1.3	1.4	1.9	2.0	2.2	2.4	2.5	2.6	2.8	2.9	2.9	2.6	2.8	2.9
Directional Accuracy (t10yrs; Luck = 50%)	60%	61%	62%	61%	61%	62%	61%	61%	61%	62%	61%	61%	61%	61%	61%	62%	63%	63%	63%	63%	63%	63%	63%	63%	62%											
Average Absolute Forecast Error (t10yrs)	24bps	24bps	24bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	25bps	24bps	24bps	24bps	24bps	24bps											
Bloomberg Consensus	9.7%	7.2%	7.7%	8.3%	6.9%	6.7%	6.9%	4.6%	4.6%	4.4%	3.6%	3.7%	3.5%	1.8%	2.0%	2.1%	2.1%	2.2%	2.2%	2.5%	2.4%	2.5%	2.6%	2.7%	2.9%	3.2%	3.2%	3.2%	3.3%	3.3%	3.3%	3.1%	3.1%	3.1%	2.6%	2.6%	2.6%
Z-Score (vs. 2015-19 Trend)	7.9	5.5	6.0	6.6	5.1	5.0	5.1	2.9	2.9	2.7	2.0	2.1	1.9	0.2	0.4	0.5	0.5	0.6	0.6	0.9	0.8	0.8	1.0	1.1	1.3	1.6	1.6	1.6	1.7	1.7	1.7	1.4	1.4	1.4	1.0	1.0	1.0
Directional Accuracy (t10yrs; Luck = 50%)	57%	57%	58%	58%	58%	59%	58%	58%	57%	57%	57%	56%	56%	56%	55%	55%	54%	55%	54%	55%	54%	53%	53%	52%	52%											
Average Absolute Forecast Error (t10yrs)	23bps	24bps	24bps	25bps	24bps	24bps	25bps	24bps	25bps	25bps	25bps	25bps	25bps	26bps	26bps	26bps	26bps	26bps	26bps	26bps	26bps	25bps	26bps	25bps	26bps											

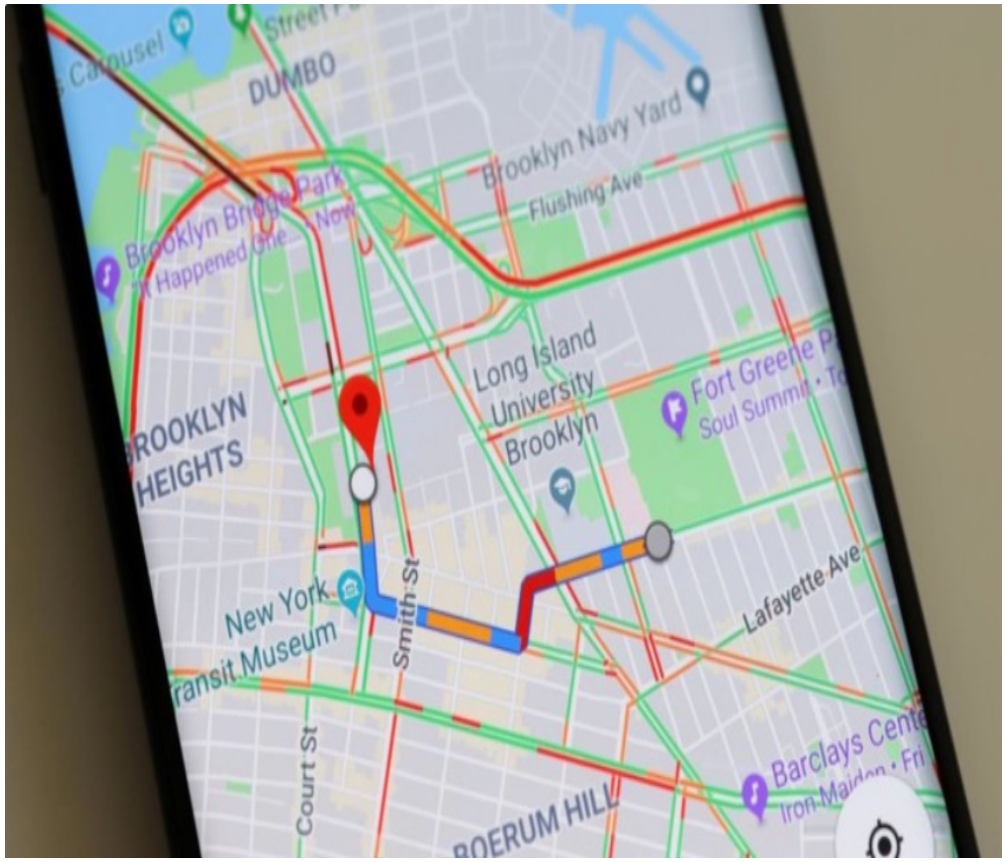




The 42 Macro Risk Management Process Is Orthogonal And Likely Additive To Your Investment Process

How Investors Generally Manage Risk:
Responding To Failed Predictions

How 42 Macro Manages Risk:
Responding To Bayesian Observations



 Investors broadly failed to predict the most important catalyst of each of the past five years:
2019: COVID-19 in 2020; **2020:** vaccine-and-stimulus-fueled jump condition from COVID to a booming economy in 2021;
2021: jump condition to a ~40yr high in inflation in 2022; **2022:** jump condition from a technical recession to a booming US economy in 2023; and
2023: jump condition from a deflationary regional banking crisis and a ~40yr high in the Fed Funds Rate to a boom in asset markets in 2024.

Why The 42 Macro Risk Management Process Works

- **Regime Segmentation:** *"I knew which shifts in the environment caused asset classes to move around, and I knew that those relationships had remained essentially the same for hundreds of years. There were only two big forces to worry about: growth and inflation. Each could be rising or falling, so I saw that by finding four different investment strategies – each one of which would do well in a particular environment (rising growth with rising inflation, rising growth with falling inflation, and so on) – I could construct an asset allocation mix that was balanced to do well over time while being protected against unacceptable losses."*
  –Ray Dalio, Principles pg. 70

- **Bayesian Inference:** *"Subjective confidence in a judgment is not a reasoned evaluation of the probability that this judgment is correct. Confidence is a feeling, which reflects the coherence of the information and the cognitive ease of processing it. It is wise to take admissions of uncertainty serious, but declarations of high confidence mainly tell you that an individual has constructed a coherent story in his mind, not necessarily that the story is true."*
  –Danny Kahneman & Amos Tversky, Thinking, Fast and Slow pg. 212

- **Volatility as a Leading Indicator for Price:** *"You cannot beat the market, says the standard market doctrine. Granted. But you can sidestep its worst punches."*
  –Benoit Mandelbrot, The (Mis)Behavior of Markets pg. 249

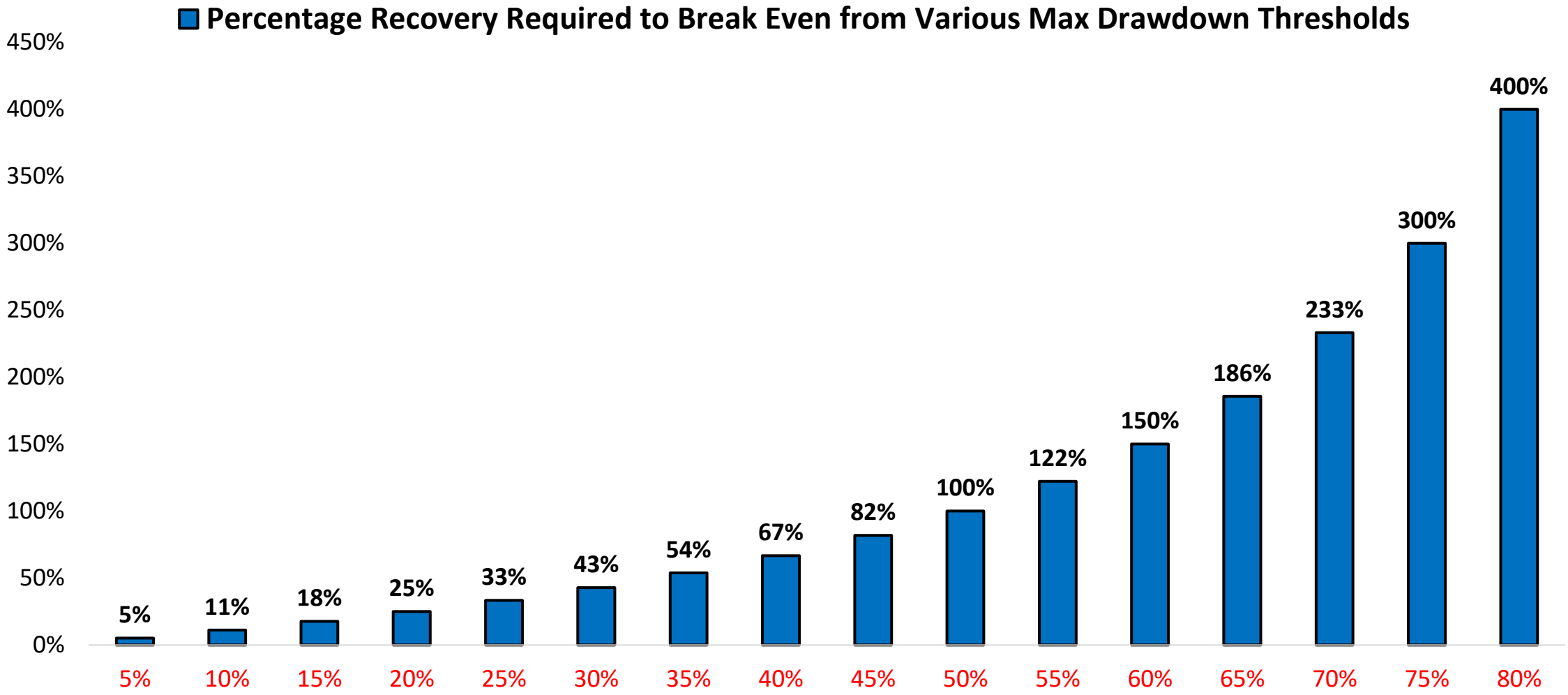
Common Behavioral Heuristics That Prevent Investors From Achieving Their Strategic Investment Objectives, Part I

- **Action Bias:** The action bias describes our tendency to favor action over inaction. Source: https://thedecisionlab.com/biases/action-bias
- **42 Macro Solution:** Clear risk management signals that communicate DO NOTHING when there is no change in signal and TAKE ACTION only when the signal changes.
- **Availability Heuristic:** The availability heuristic describes our tendency to use information that comes to mind quickly and easily when making decisions about the future. Source: https://thedecisionlab.com/biases/availability-heuristic
- **42 Macro Solution:** Our Quantitative Risk Management Summary and Fundamental Research Summary, each refreshed daily.
- **Confirmation Bias:** The confirmation bias describes our underlying tendency to notice, focus on, and give greater credence to evidence that fits with our existing beliefs. Source: https://thedecisionlab.com/biases/confirmation-bias
- **42 Macro Solution:** Consistently performing research on the full distribution of probable economic outcomes, as evidenced by the Modal Outcome, Left Tail Risk, and Right Tail Risk sections of our monthly Macro Scouting Reports, and reviewing every meaningful economic release in our daily Leadoff Morning Note – bullish or bearish.
- **Disposition Effect:** The disposition effect refers to our tendency to prematurely sell assets that have made financial gains, while holding on to assets that are losing money. Source: https://thedecisionlab.com/biases/disposition-effect
- **42 Macro Solution:** The Top-Down and Bottom-Up Risk Management Overlays featured in our KISS Portfolio Construction Process help investors block out countercyclical noise to maximize upside capture in bull markets and minimize downside capture in bear markets.
- **Hindsight Bias:** The hindsight bias describes our tendency to look back at an unpredictable event and think it was easily predictable. Source: https://thedecisionlab.com/biases/hindsight-bias
- **42 Macro Solution:** Consistent and thorough discussions regarding the then-consensus narratives and positioning dynamics of past market cycles, as well as backtesting each of our quantitative risk management signals and econometric models on a rolling out-of-sample basis.
- **Hyperbolic Discounting:** Hyperbolic discounting is our inclination to choose immediate rewards over rewards that come later in the future, even when these immediate rewards are smaller. Source: https://thedecisionlab.com/biases/hyperbolic-discounting
- **42 Macro Solution:** Avoiding frameworks that [often erroneously] attempt to predict every wiggle in the stock market like dealer flows, CTA positioning, etc.
- **Illusion of Explanatory Depth:** The illusion of explanatory depth describes our belief that we understand more about the world than we actually do. Source: https://thedecisionlab.com/biases/the-illusion-of-explanatory-depth
- **42 Macro Solution:** The 10 principal component features in our Macro Weather Model, refreshed daily, remind investors that the narrow scope of oft-esoteric topics being discussed on Twitter/X, TikTok, and other social media platforms are not the only drivers of asset markets.

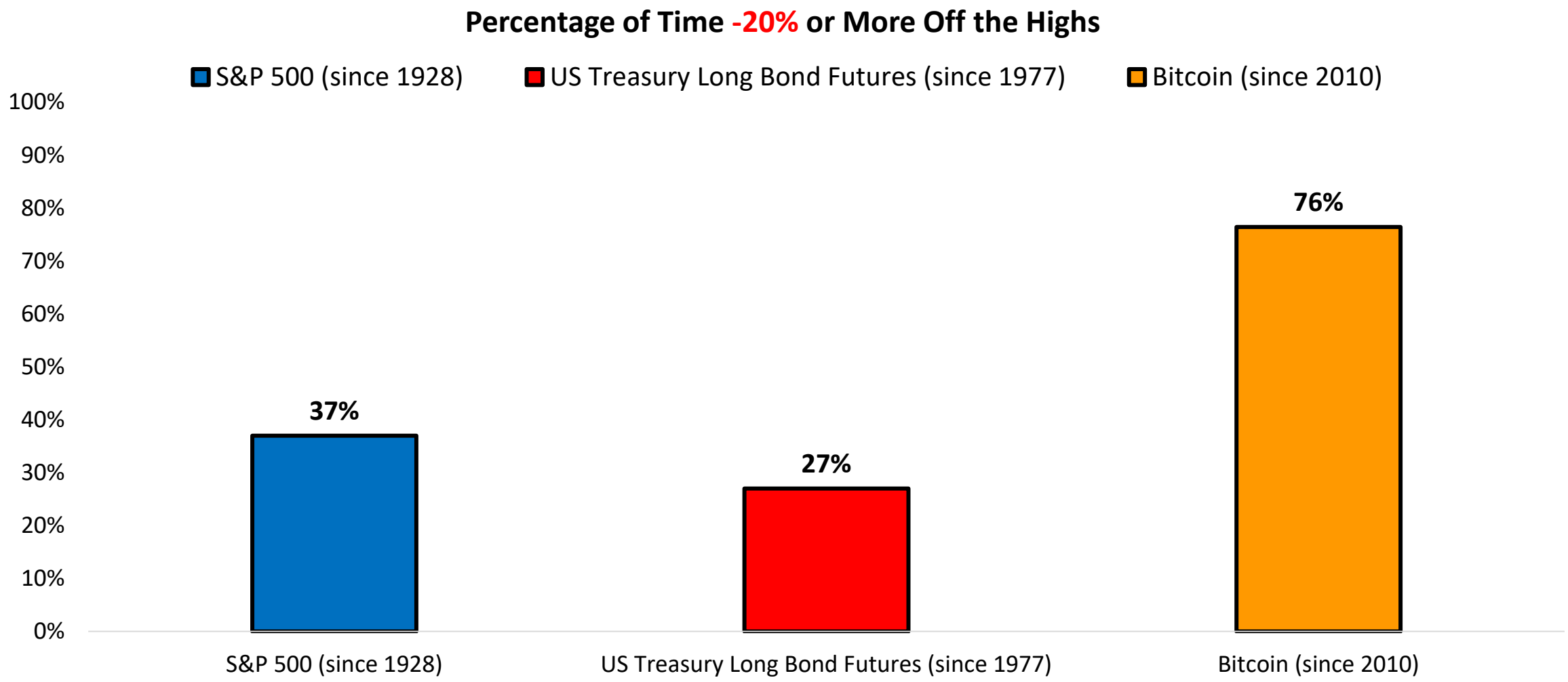
Common Behavioral Heuristics That Prevent Investors From Achieving Their Strategic Investment Objectives, Part II

- **Illusion of Validity:** The illusion of validity is a cognitive bias that describes our tendency to be overconfident in the accuracy of our predictions. Source: https://thedecisionlab.com/biases/illusion-of-validity
- **42 Macro Solution:** An institutional research process that is heavy on observation and light on predictions. When we do make predictions, they are generated by models that apply proven quantitative techniques to time series that span multiple economic and market cycles, while also quantifying and proudly publishing the error rate of each of our econometric models.
- **Negativity Bias:** The negativity bias is a cognitive bias that results in adverse events having a more significant impact on our psychological state than positive events. Source: https://thedecisionlab.com/biases/negativity-bias
- **42 Macro Solution:** Avoiding bear porn at all costs – even to the point of ridiculing it publicly. Asset markets tend to appreciate over time, so our general disposition towards them is "long, until a risk management signal(s) instructs us to book gains".
- **Optimism Bias:** The optimism bias refers to our tendency to overestimate our likelihood of experiencing positive events and underestimate our likelihood of experiencing negative events. Source: https://thedecisionlab.com/biases/optimism-bias
- **42 Macro Solution:** An institutional risk management process that values being the second investor in a confirmed trade more than being first in a trade that may or may not come to fruition.
- **Recency Bias:** The recency bias refers to our tendency to better remember and recall information presented to us most recently, compared to information we encountered earlier. Source: https://thedecisionlab.com/biases/recency-effect
- **42 Macro Solution:** Only making marginal changes to our Fundamental Research Summary when new data builds or erodes our conviction in a theme, rather than making wholesale changes.
- **Salience Bias:** The salience bias describes our tendency to focus on items or information that are more noteworthy while ignoring those that do not grab our attention. Source: https://thedecisionlab.com/biases/salience-bias
- **42 Macro Solution:** Consistently performing research on the full distribution of probable economic outcomes, as evidenced by the Modal Outcome, Left Tail Risk, and Right Tail Risk sections of our monthly Macro Scouting Reports, and reviewing every meaningful economic release in our daily Leadoff Morning Note – bullish or bearish.
- **Sunk Cost Fallacy:** The sunk cost fallacy is our tendency to follow through on something that we've already invested heavily in (be it time, money, effort, emotional energy, etc.), even when giving up is clearly a better idea. Source: https://thedecisionlab.com/dailybiases/the-sunk-cost-fallacy
- **42 Macro Solution:** Proven risk management signals that help investors dispassionately book small losses before they turn into big losses.
- **Zero Risk Bias:** Zero risk bias relates to our preference for absolute certainty. Source: https://thedecisionlab.com/biases/zero-risk-bias
- **42 Macro Solution:** Having enough humility to avoid declarations of certainty and/or extreme confidence regarding our predictions at all cost. No reputable institutional investor speaks with certainty about the future, and you shouldn't either.

The Three Most Important Concepts In Investing: Rule #1 = Don't Lose Money

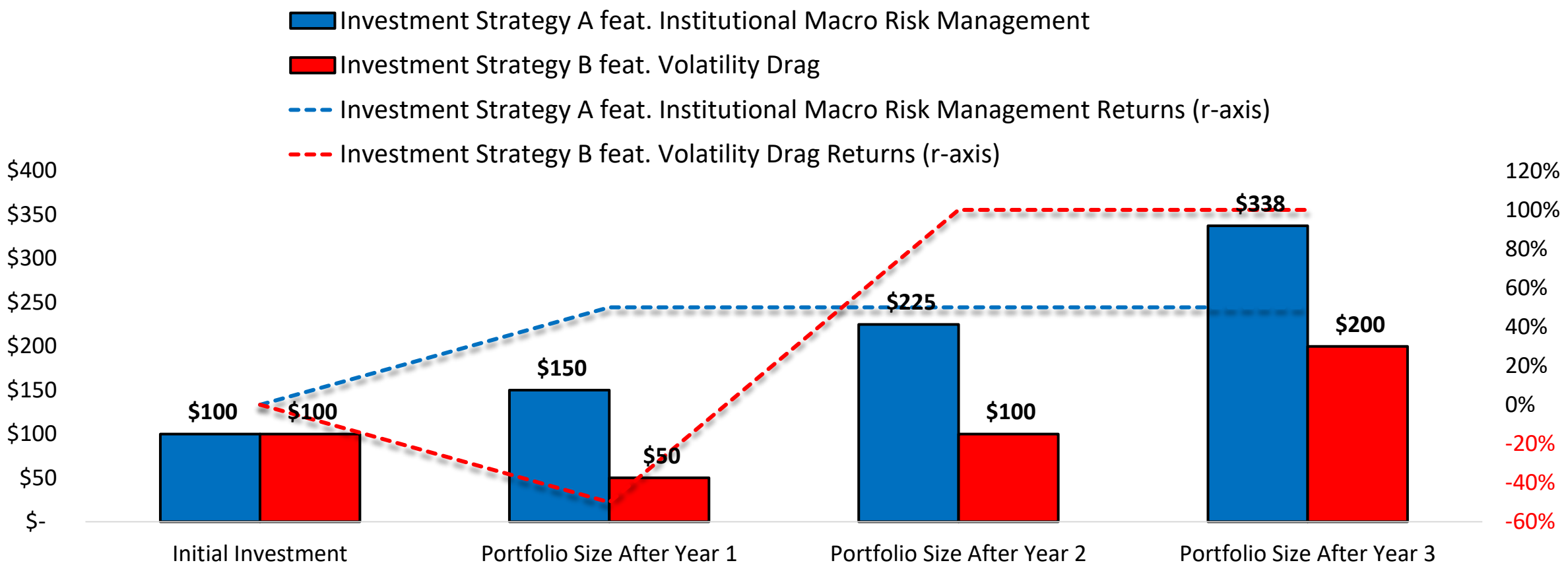


The Three Most Important Concepts In Investing: Rule #2 = Do Not Invest Money You Cannot Afford To Lose

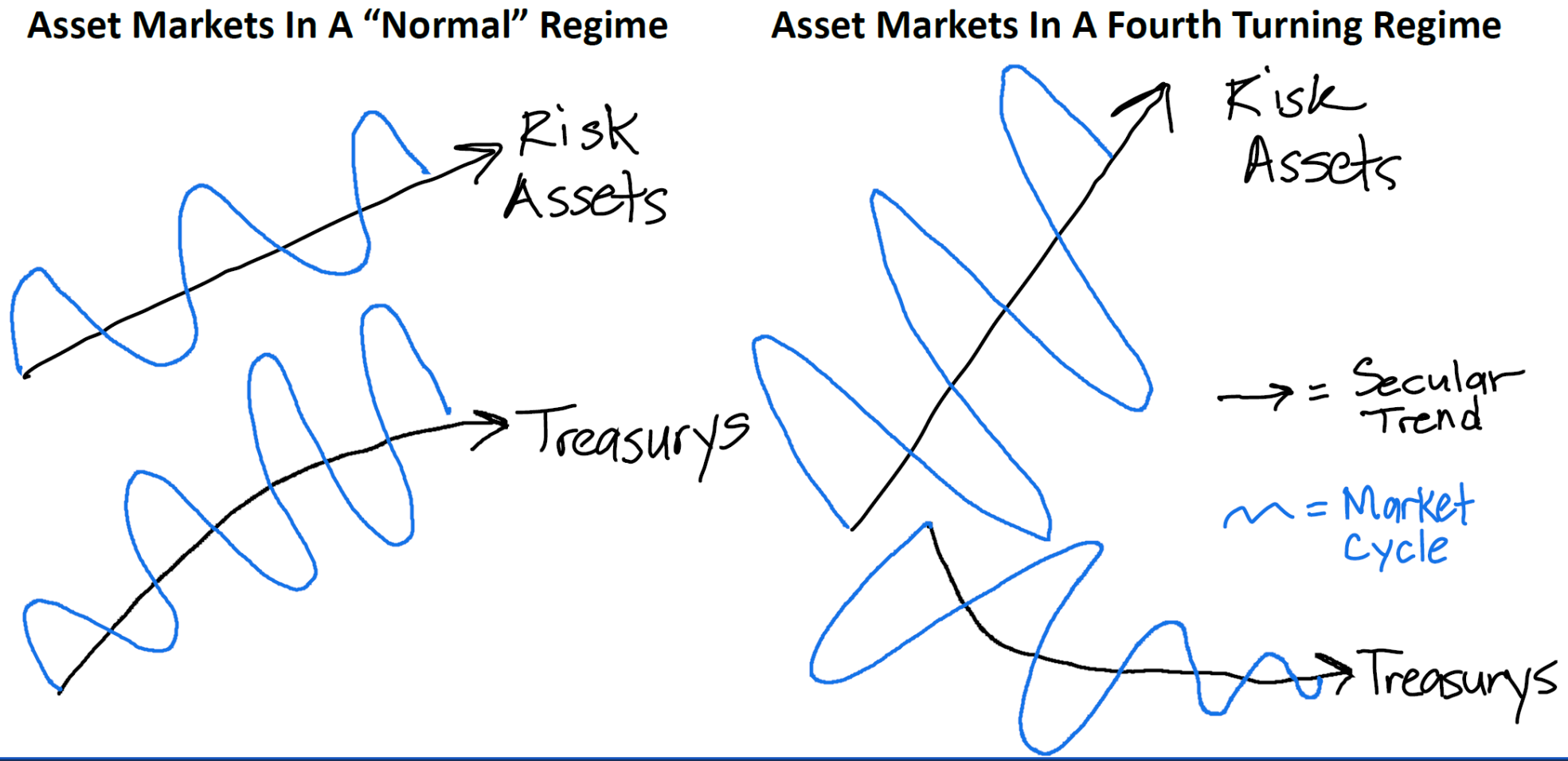


The Three Most Important Concepts In Investing: Rule #3 = The Journey Matters More To Your Financial, Mental, And Physical Health Than The Destination

Both Investment Strategies Feature Identical +50% Average Annual Returns.
Which One Do You Prefer?



Risk Assets Appreciate Faster During Fourth Turnings, But The Drawdowns Are Also Deeper Whenever The Fed And Regulated Financial Institutions Are Not Monetizing Fast Enough



We Are All Frogs Being Boiled Alive In A Pot Of Monetary Debasement And Financial Repression; KISS And Dr. Mo Will Make Your #FrogLife Better

Thanks for reviewing.
Have a great day!

New to 42 Macro research?

Take advantage of the following resources to speed up your learning journey:

KISS Portfolio Construction Process FAQ:

https://app.42macro.com/kiss

Dr. Mo FAQ:

https://app.42macro.com/drmo

42 Macro Glossary:

https://app.42macro.com/glossary

The Macro Class:

https://app.42macro.com/macroclass