US Directional Equity Dashboard

As of April 30, 2024

Commentary

- While the emergence of a multiples-focused modality as we have observed in the last two months is not always indicative of a better environment for traditional value sectors, that was precisely what took place in April.

- While we continue to see "expensive" valuation language at recent and long-term highs, the narratives of early April were heavily affected by concern that the Israel-Gaza War would escalate into a broader regional conflict involving two nuclear powers.

- We think the sector-related market action in April had more to do with risk-conscious / risk-off positioning and idiosyncratic technology stock results than any kind of broad-based value rotation, even though we think lofty valuations create outsized risk for negative surprises of any kind.

- With much of the escalation risk in the rear-view mirror, however, we think market narratives are now in a period of retrenchment. Continued clamoring for dovish central bank policy has found this a fertile environment, consistent with our view that the sensitivity of incumbent US officials to anything approaching recessionary pressures will be extremely high.

Signal Values as of April 30, 2024

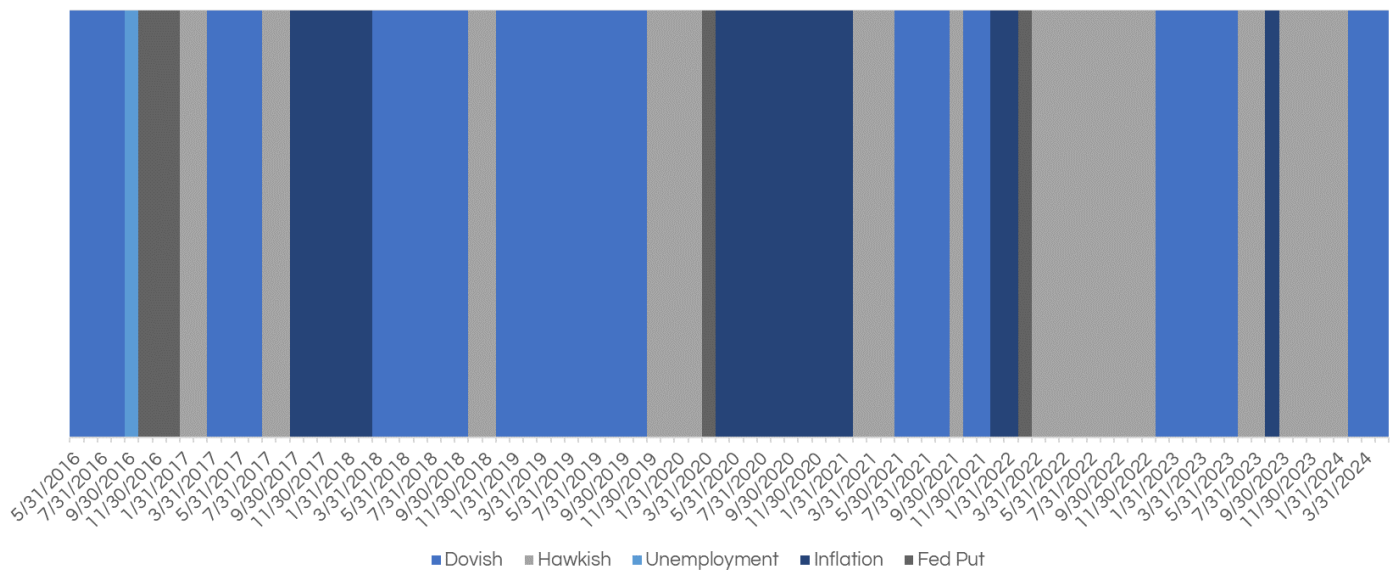| Signal Category	Signal State	Direction
Central Bank Policy	Dovish	Bullish
Stock Story Types	Valuation-Focused	Neutral (New)
Cheap Narrative	Neutral	Neutral
Expensive Narrative	Neutral	Neutral
Cheap vs. Expensive	Expensive	Bearish
Fading Expensive Narrative	Neutral	Neutral
Rising Expensive Narrative	Rising	Bearish
Bullish Narrative	Neutral	Neutral
Bearish vs. Bullish	Neutral	Neutral
Aggregate View		Neutral

US Directional Equity Dashboard

As of April 30, 2024

This model examines the Density and Narrative Strength / Attention of certain archetypal narratives relating to Central Bank Policy. We classify the dominant narrative among five such archetypes, which we believe reflect different states of common knowledge that both respond to and influence investor behavior. Present archetypes include Dovish, Hawkish, Inflation-Focused, Unemployment-Focused and Fed Put. Historical subsequent period results for directional S&P 500 exposure and historical states for the model are presented below.
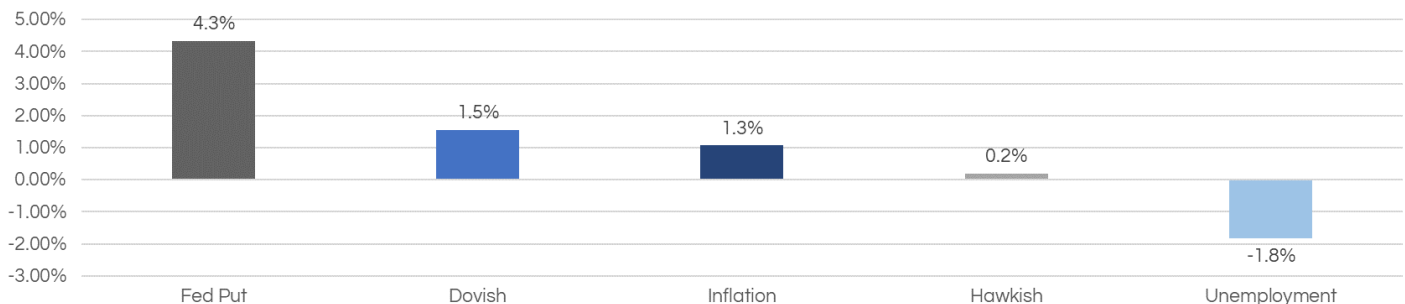
CURRENT STATE	DOVISH (BULLISH)

HISTORICAL SIGNAL TRIGGER PERIODS

Legend: Dovish, Hawkish, Unemployment, Inflation, Fed Put

HISTORICAL MONTHLY S&P RETURNS BY STATE

State	Return
Fed Put	4.3%
Dovish	1.5%
Inflation	1.3%
Hawkish	0.2%
Unemployment	-1.8%

US Directional Equity Dashboard
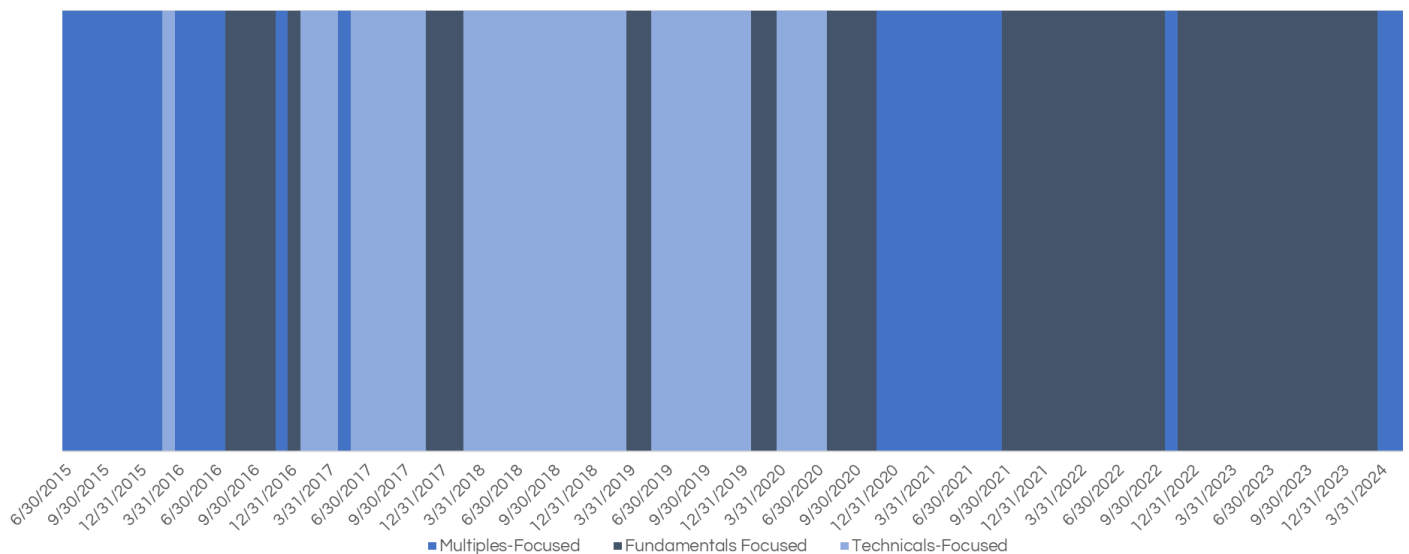
As of April 30, 2024

Signal Reference—Stock Story Types

This model examines the Density and Narrative Strength / Attention of certain linguistic archetypes of investment theses promoted in financial media and by sell side research houses. We think there are three such archetypes: multiples-focused, technicals-focused or fundamentals-focused. That is, analysts and commentators tend to describe why investments are attractive or unattractive using one or more of those linguistic sets. We think the market's varying tendency to frame investment outcomes in terms of each of these archetypes is indicative of risk appetites.
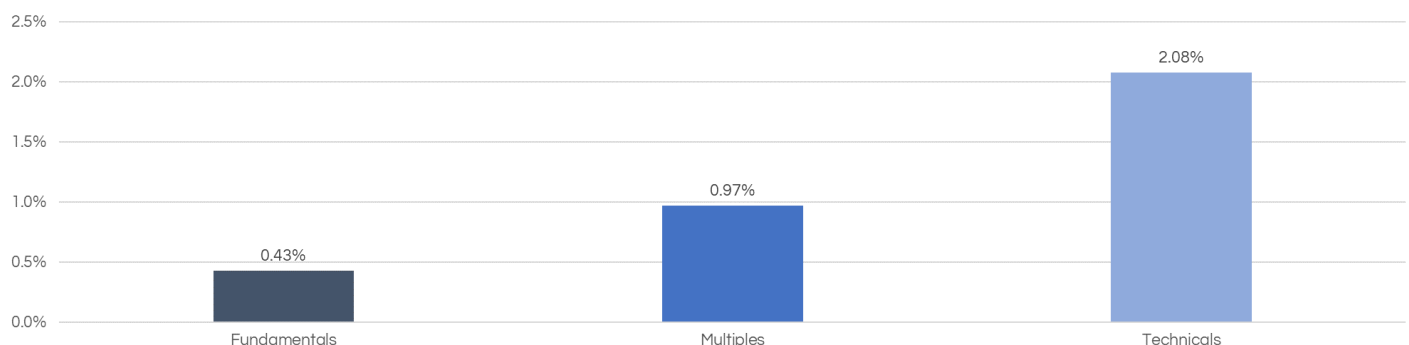
Current State	Valuation-Focused (Neutral)

Historical Signal Trigger Periods

Multiples-Focused ■ Fundamentals Focused ■ Technicals-Focused

Historical Monthly S&P Returns by State

- Fundamentals: 0.43%
- Multiples: 0.97%
- Technicals: 2.08%

Important Disclosures: *These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.*

US Directional Equity Dashboard

As of April 30, 2024

Signal Reference—Extreme Cheap Narrative

This model examines the Density and Narrative Strength / Attention of narratives describing the stock market in general as being inexpensive, cheap or a "good value." We believe that extreme values for these language patterns may be predictive of marginal investor buying behaviors and above average forward-looking excess returns for equity markets, sectors and individual securities. **The signal indicates <u>LONG</u> S&P 500 exposure on an extreme value.**

Current State	Neutral

Historical Signal Trigger Periods
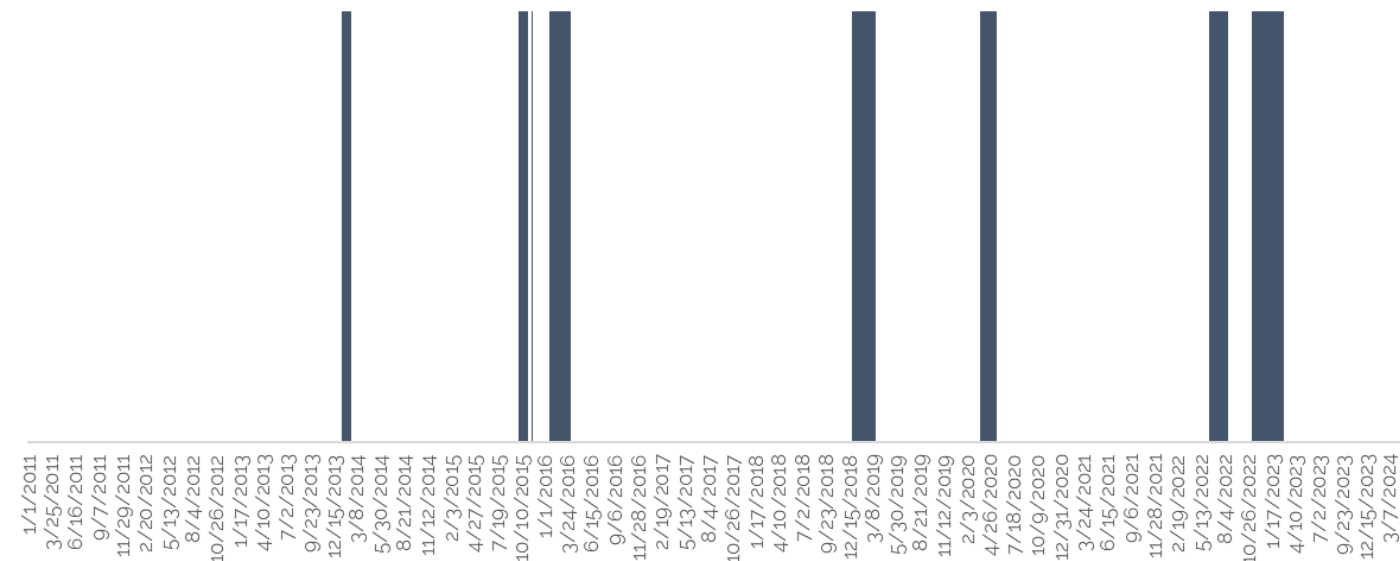
Most Recent >30 Day Triggers	Active Period S&P Return	Ann. Active Period S&P Return
11/10/2022—2/28/2023	5.00%	17.39%
06/10/2022—8/12/2022	6.64%	44.32%
03/24/2020—05/14/2020	27.83%	460.27%
12/28/2018—03/14/2019	13.40%	81.46%

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US Directional Equity Dashboard
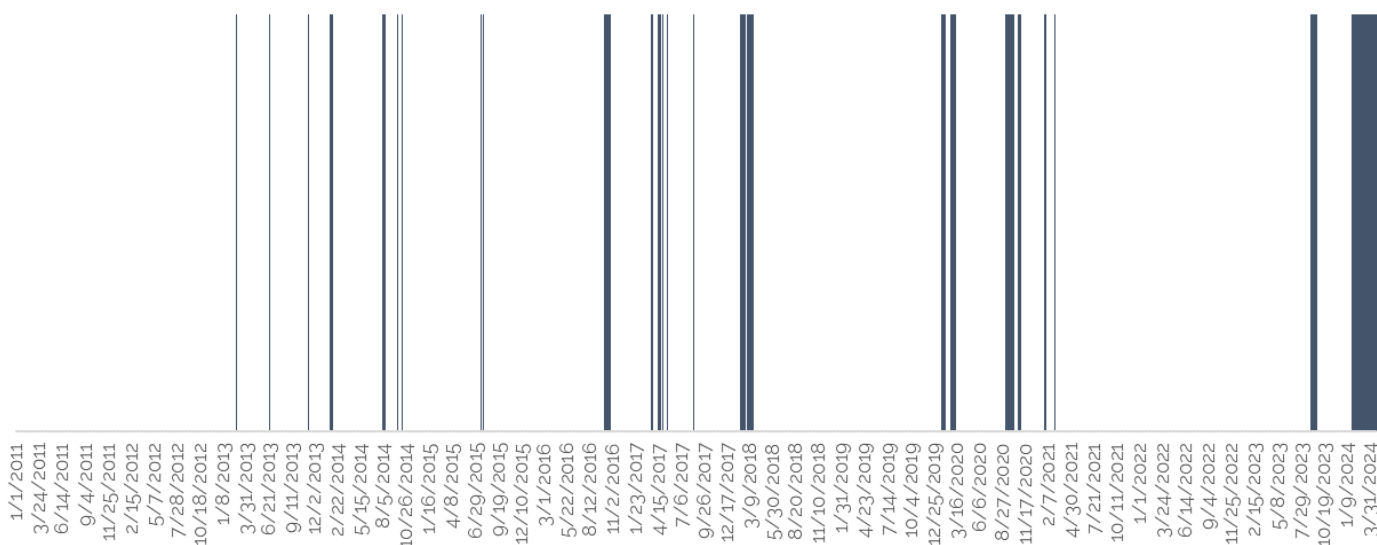
As of April 30, 2024

Current State	High (Bearish)

Historical Signal Trigger Periods

Most Recent Triggers	Active Period S&P Return	Ann. Active Period S&P Return
02/01/2024—Present	2.76%	11.69%
09/05/2023—09/30/2023	-5.37%	-53.91%
09/04/2020—11/04/2020	-0.13%	-0.75%
02/25/2020—03/20/2020	-28.42%	N/A

US Directional Equity Dashboard

As of April 30, 2024

This model examines the relative deviation of the Density and Narrative Strength / Attention of narratives describing the stock market as being cheap and expensive, respectively, relative to their historical norms. In short, we believe that the *relative dominance* of cheap archetypal language over expensive archetypal language may be predictive of investor risk-taking behaviors above and beyond the raw value of the density and influence of cheap language itself. **The signal indicates LONG or INCREASED S&P 500 exposure on an extreme value differential in favor of Cheap language.**

Current State	Neutral

Historical Signal Trigger Periods
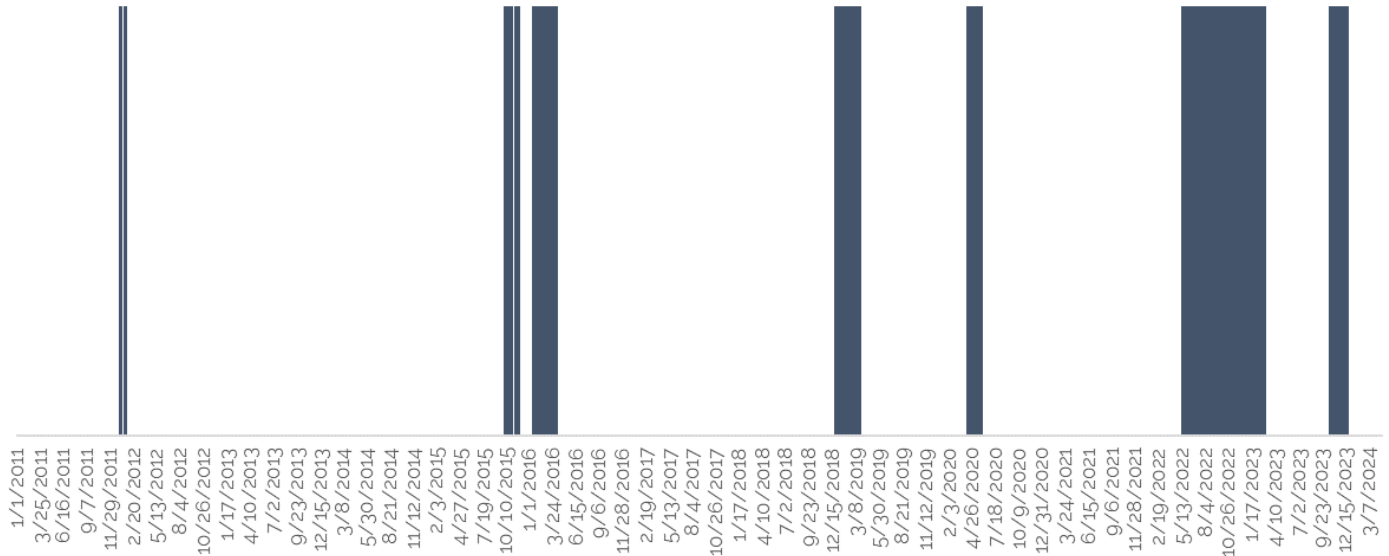
Most Recent >30 Day Triggers	Active Period S&P Return	Ann. Active Period S&P Return
10/23/2023—12/31/2023	10.92%	71.68%
05/13/2022—03/08/2023	0.45%	0.54%
04/08/2020—06/05/2020	20.53%	217.34%
12/26/2018—03/29/2019	21.23%	111.15%

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# US Directional Equity Dashboard

As of April 30, 2024

This model examines the rate of change of the Density and Narrative Strength / Attention of narratives describing the stock market as being expensive. In short, we believe that sharp rates of change in the use of archetypal language in favor of cheapness may be predictive of investor risk-taking behaviors above and beyond the raw value of the density and influence of cheap language itself. **The signal indicates INCREASED S&P 500 exposure on a rapid shift away from Expensive archetypal language.**

Current State	Neutral

Historical Signal Trigger Periods
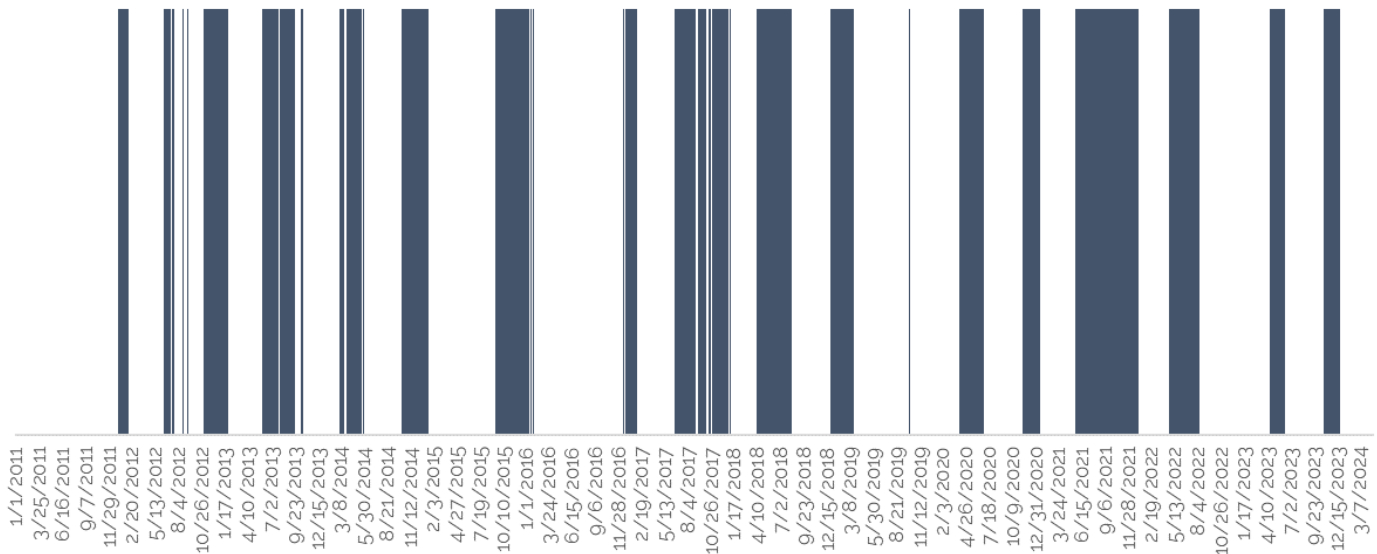
Most Recent >30 Day Triggers	Active Period S&P Return	Ann. Active Period S&P Return
11/02/2023—12/31/2023	12.29%	102.47%
04/24/2023—06/14/2023	5.36%	44.26%
04/27/2022—8/11/2022	1.18%	4.07%
05/24/2021—01/04/2022	16.38%	27.91%

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US Directional Equity Dashboard

As of April 30, 2024

Signal Reference— Rising Expensive Narrative

This model examines the rate of change of the Density and Narrative Strength / Attention of narratives describing the stock market as being expensive. In short, we believe that sharp rates of change in the use of archetypal language in favor of cheapness may be predictive of investor risk-taking behaviors above and beyond the raw value of the density and influence of cheap language itself. **The signal indicates REDUCED S&P 500 exposure on a rapid shift toward Expensive archetypal language.**

Current State	Rising (Bearish)

Historical Signal Trigger Periods
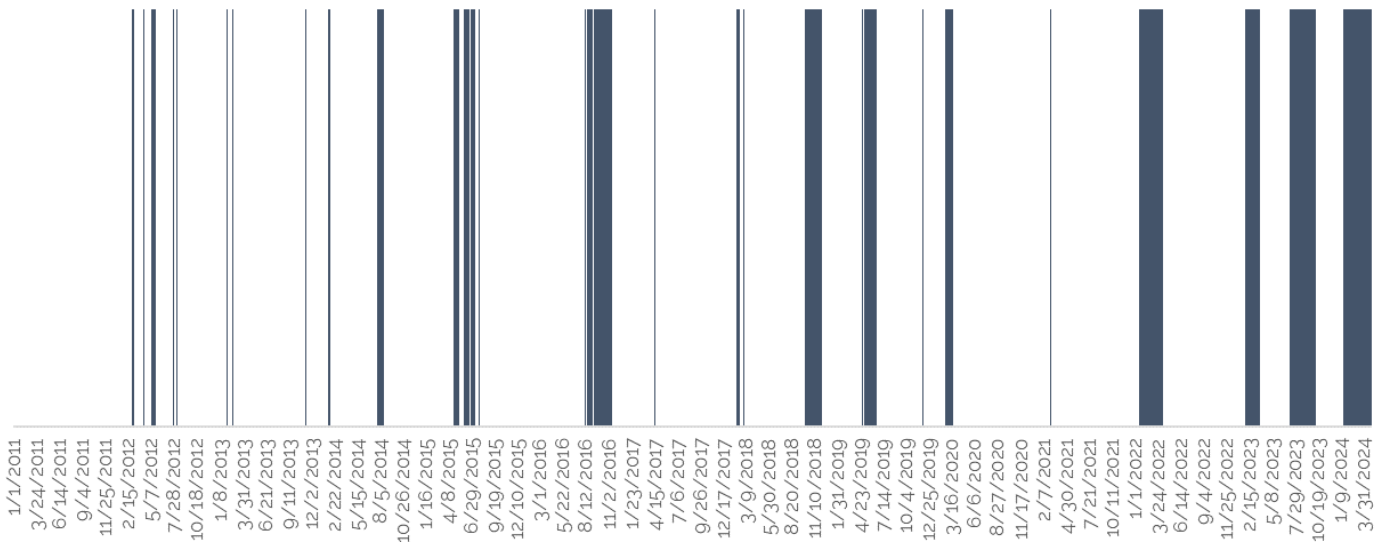
Most Recent >30 Day Triggers	Active Period S&P Return	Ann. Active Period S&P Return
01/22/2024—Present	2.79%	10.55%
07/11/2023—10/12/2023	-4.98%	-18.00%
02/03/2023– 03/24/2023	5.24%	45.22%
01/18/2022—04/13/2022	-3.77%	-15.06%

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US Directional Equity Dashboard

As of April 30, 2024

Signal Reference— Bearish vs. Bullish

This model examines the relative deviation of the Density and Narrative Strength / Attention of narratives describing using the tropes and linguistic patterns of bullish and bearish archetypes, respectively, relative to their historical norms. We believe that the *relative dominance* of bearish over bullish archetypes may be indicative of a narrative structure saturated by pessimism in ways that create upside asymmetry to individual assets and risky assets more broadly. **The signal indicates LONG or INCREASED S&P 500 exposure on an extreme value differential in favor of Bearish language.**

Current State	Neutral

Historical Signal Trigger Periods
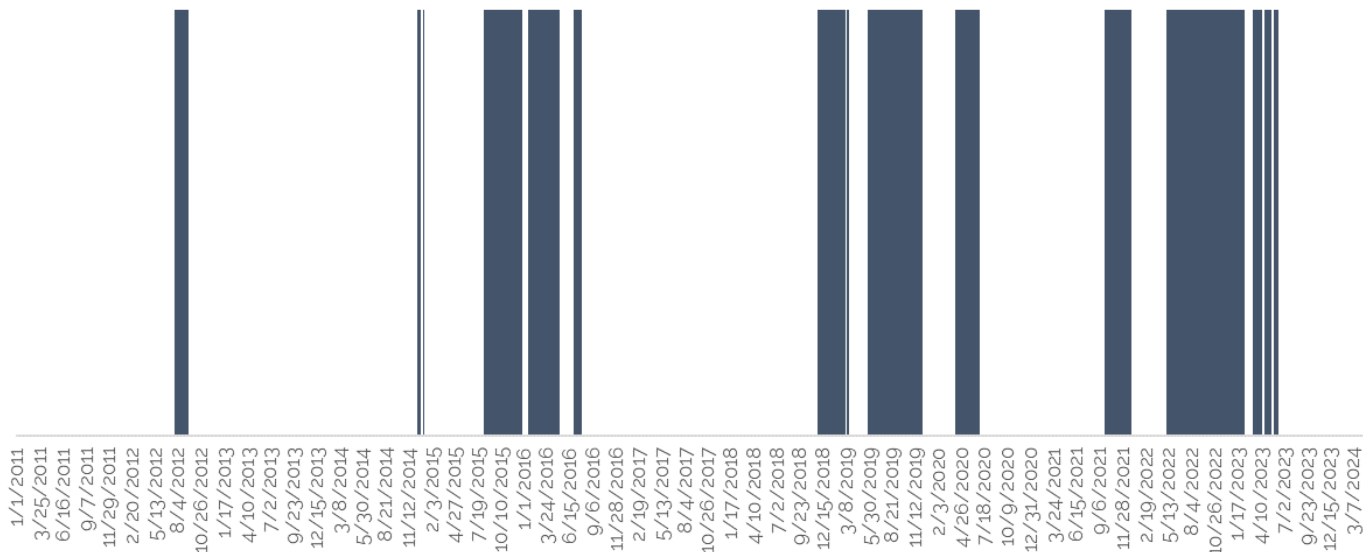
Most Recent >30 Day Triggers	Active Period S&P Return	Ann. Active Period S&P Return
05/10/2022—02/09/2023	0.40%	0.53%
09/27/2021– 12/29/2021	7.96%	34.62%
04/06/2020—07/02/2020	26.38%	164.11%
05/29/2019—12/06/2019	12.74%	25.61%

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# US Directional Equity Dashboard

As of April 30, 2024

Signal Reference— Bullish Narrative

This model examines the rate of change of the Density and Narrative Strength / Attention of narratives describing bull cases for individual assets or the market in general. We believe that bull case language tends to gain influence after the case has been demonstrated in market performance—thus, it is the relative absence of bull case narratives that we expect to be moderately predictive of above average returns. **The signal indicates INCREASED S&P 500 exposure on a low density/influence of Bullish archetypal language.**

Current State	Neutral

Historical Signal Trigger Periods
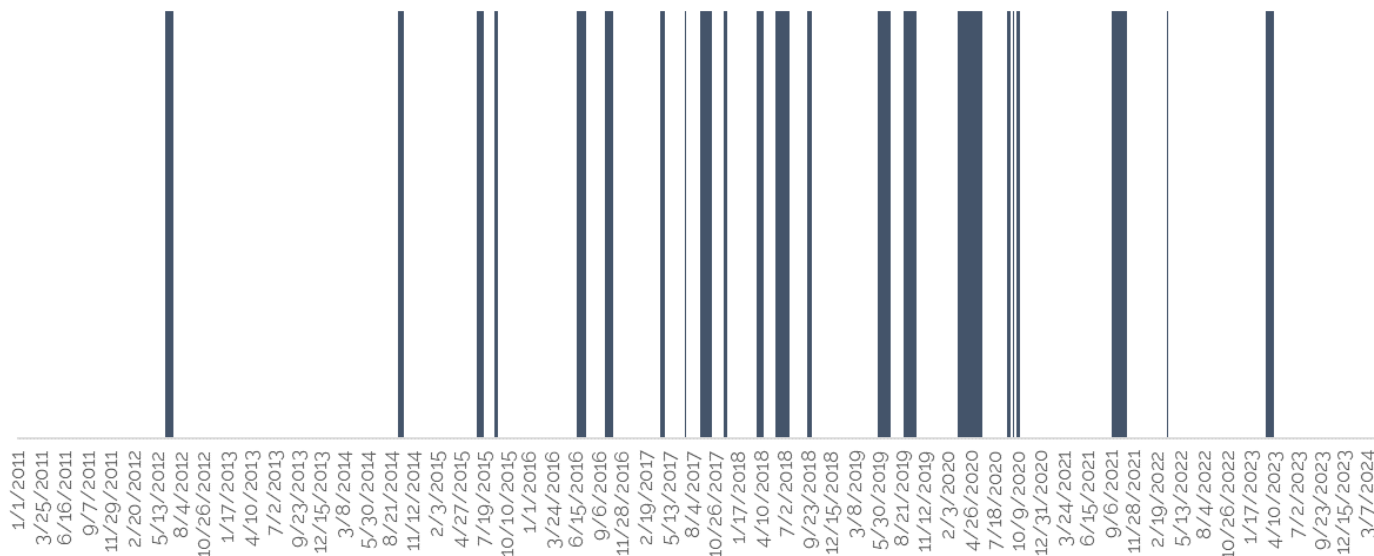
Most Recent >30 Day Triggers	Active Period S&P Return	Ann. Active Period S&P Return
09/15/2021—11/03/2021	4.36%	39.25%
03/13/2020—06/05/2020	29.39%	202.32%
08/30/2019—10/15/2019	2.58%	21.87%
05/31/2019—07/12/2019	8.33%	97.22%