Bad News is Good News.

2024 GLOBAL MARKET OUTLOOK FROM WINSLOW CAPITAL MANAGEMENT

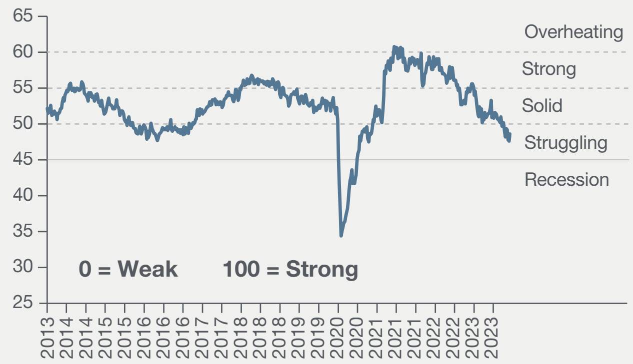
1. Advantaged Demographics
2. Advantaged Profitability for Large Cap Stocks
3. Generative AI Driving Advantaged Productivity and Growth for a Range of Large Cap Growth Stocks

Bad news on the global economy is good news on inflation. And good news on inflation is poised to be wind in the sails of U.S. stocks, as it means interest rates have peaked and a soft landing can be followed by a reacceleration in economic growth toward the end of 2024.

New York Life Investments

With a potential soft-landing in site, there's hope for an economic growth resurgence in 2024, reshaping the investment landscape and reflecting consumers' anticipation of a more stable financial future.

Company Surveys



Source: Evercore ISI Company Surveys. Data shown for the 10-year period from December 2013 through November 2023.

U.S. Consumer Inflation Expectations - 1 Yr Ahead

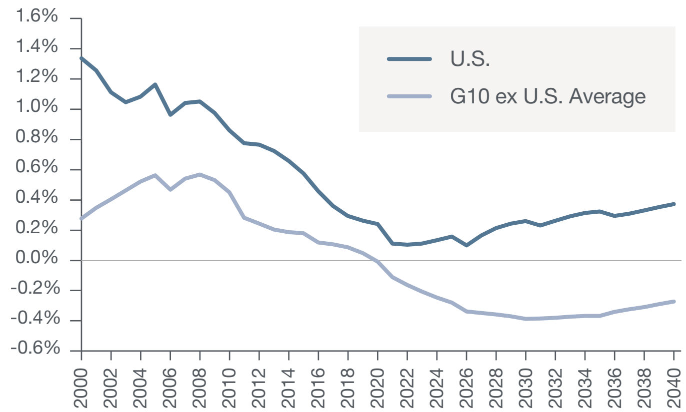
Source: University of Michigan and Evercore ISI. Data shown for the 10-year period from October 2013 through September 2023.

We believe 2024 will be an exciting year for U.S. stocks but the bigger story may be that **it is just the beginning of the most exciting 10-year outlook for U.S. equities this century for three reasons:**

1 Advantaged Demographics

U.S. working age population growth is accelerating which will add to overall economic growth while helping to temper inflation. Further, the U.S. will enjoy a wide advantage in demographic growth versus other developed countries. Both of these factors should bode well for the U.S. dollar.

Growth of Working Age Population (20-64)



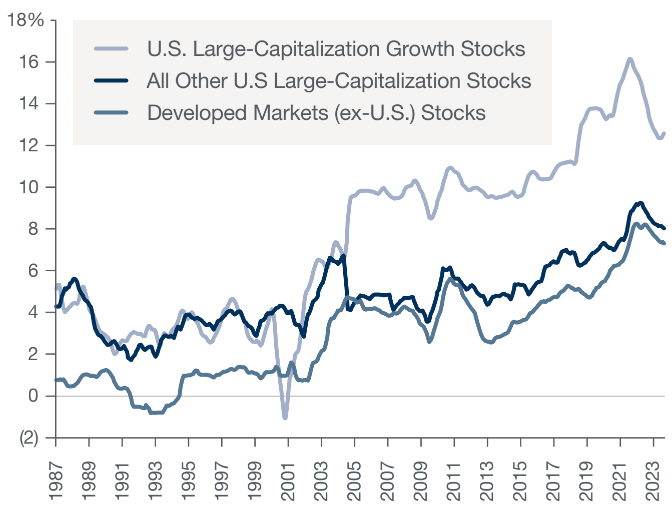
Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, Online Edition. Rev. 1. G10 is defined as Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, U.K. and U.S. Data shown for the period 12/31/1980 (start of available data) to 12/31/2000. Data includes projected periods. Different assumptions could result in materially different results.

2 Advantaged Profitability for Large Cap Stocks

Led by large cap growth companies, U.S. companies have exponentially expanded their cash flow productivity to the delight of shareholders. Most notably, free cash flow margins for the U.S. large cap growth cohort have increased from 4% to 14% this century and we believe they are poised to rise further post COVID-related supply chain challenges and inflation. While there has been some improvement in the margins of value companies and international companies, it has been more measured.

The advent of this stark difference in profitability between growth and value companies marked the end of value leadership in the U.S. market.

Growth Stocks vs. Other U.S. & Developed Market Stocks



Source: Empirical Research Partners Analysis. Measured in aggregate; data smoothed on a trailing three-month basis. Data for the period January 1987 to September 2023.

3 Generative AI Driving Advantaged Productivity and Growth for a Range of Large Cap Growth Stocks

Generative Artificial intelligence (AI) will be a growth and productivity game changer while likely keeping a lid on inflation. This 'Age of Generative AI' has already produced a few first order winners. And as AI workloads explode driving the need for outsourced compute workloads, companies with large cloud businesses will be huge winners. In fact, only 15% of compute workloads are currently outsourced and this could rise to 85% over time while compute demand itself is exploding. It could still be early in the growth curve for select large cap growth companies.

The next wave of winners will be the large market share, dominant franchises that can use AI across their business to expand revenue opportunities and reduce cost through automation. The leading companies are already seeing strong results. For example, a large healthcare service provider is seeing better patient interactions using AI-enabled responses. Further, the company is using AI to develop medical and clinical insights that can be delivered to primary care physicians on a real-time basis, helping them proactively manage patient health. As a large healthcare market leader, the company is already pulling ahead of the pack.

In sharp contrast to a negative near-term news cycle, we see the data supporting a better decade ahead for investors with U.S. large cap growth once again set to disproportionally benefit through innovation and scaling AI across their large customer bases – all while generating the strongest profit margins in the world. With differentiated growth and profits ahead, we believe U.S. large cap growth companies remain in the pole position.

Endnotes:

Source: Jefferies, Equity Research, December 3, 2023.

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A word on risk

All investments carry a certain degree of risk and there is no assurance that an investment will provide positive performance over any period of time. It is important to review investment objectives, risk tolerance, tax liability and liquidity needs before choosing an investment style or manager. Equity investments are subject to market risk or the risk that stocks will decline in response to such factors as adverse company news or industry developments or a general economic decline.

In addition, growth stocks or growth investing may fall out of favor and underperform value stocks and other investing styles over any period of time. Certain sectors or growth stocks may shift characteristics over a long market cycle and may not perform in line with stated benchmarks.

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