CIO View

Investment Traffic Lights

November 3, 2026
Marketing material

DWS

Our monthly market analysis and positioning



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IN A NUTSHELL

- Renewed escalation in the Gulf, concerns about France's fiscal position and growing unease about the AI universe's voracious appetite for capital rattled markets significantly in October.
- Yet this should not overshadow resilient economic data and the prospect that central banks may soon be able to stop tightening the screws.
- We therefore remain constructive on most asset classes, although a year-end rally is far from guaranteed this time around.

1 / Market overview

1.1 A turbulent October on many fronts

Once again, investors betting on a year-end rally needed strong nerves in October. Or, to put it more optimistically: those who see no reason to change their medium-term assumptions can now take advantage of seemingly more attractive entry levels in some market segments. For all the turbulence on the surface, the underlying economic environment has held up well. The U.S. recently surprised with strong preliminary third-quarter gross-domestic-product (GDP) figures: despite weak sentiment among lower-income households, the economy grew by an annualized 3.4% quarter-on-quarter, helped by robust AI investment. Eurozone GDP also surprised to the upside, expanding by 0.4% quarter-on-quarter (unlike the U.S. figure above, this is not annualized). Purchasing managers' indices in the region also remain in expansionary territory, i.e., above 50. The same cannot be said of China, where the data remain rather weak.[1]

Despite these solid fundamentals, other topics dominated the headlines. Renewed escalation in the Gulf with Houthi attacks on Saudi Arabia, turmoil in the Eurozone triggered by France, and fresh concerns about the substantial financing needs of the companies driving the AI boom caused considerable disruption across markets in October. The Philadelphia Semiconductor Index (SOX) fell by 15%, while the European banking sector lost almost 12% over the month. One of the few bright spots was the strong performance of government bonds. Demand for them was likely driven primarily by two factors: a somewhat more favorable medium-term outlook from the Fed and ECB, and their status as perceived safe-haven[2] assets. Corporate bonds, however, displayed similar nervousness to equities, with risk premiums widening sharply, particularly among lower-rated bonds. In the U.S. technology sector, the interaction between equities and bonds has meanwhile become increasingly pronounced: widening credit spreads and particularly rising credit default swap (CDS) premiums are having a significantly greater impact on those companies' share prices than in the past.

1.2 Rotation in equities amid tech sell-off; precious metals offer little protection

There was hardly an asset class that escaped significant moves in October. Starting with equities, doubts about the balance between the costs and benefits of the near-unrestrained expansion of AI infrastructure left the Nasdaq 100 among the weaker

[1] All data in this article is sourced from Bloomberg Finance L.P. as of 11/2/26 if not stated otherwise.
[2] Financial safe havens are investments or assets that are expected to retain or increase in value during times of market turbulence.

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performers, down 5.3%. At the individual stock level, the extent of the volatility was even more striking. Intel, for example, lost almost half of its market capitalization in October. Yet not all stocks suffered. The significantly less AI-heavy S&P 500 Equal Weight Index and S&P 500 Value Index both posted gains, underlining the rotation taking place within the equity market. For the same reason, European equities likely outperformed their U.S. counterparts, with the Stoxx Europe 600 gaining 2%, although the picture was less favorable on a currency-adjusted basis as the euro lost 1.5% against the U.S. dollar.

Government bond yields reached several historic highs at the beginning of the month. French 10-year yields surged above 5%, while their U.S. counterparts rose above 5.3%. Oil prices were another driver, with Brent gaining 14% in October to USD 114 per barrel, bringing it close to another annual high. Gas prices, meanwhile, comfortably reached new highs. In Europe and Asia, liquefied natural gas (LNG) now costs three times as much as at the beginning of the year and as much as twelve times the current price in the U.S. and Canada. This is likely to significantly dampen confidence in Europe's security of supply ahead of the winter. October was already a gloomy month for precious-metal investors, with gold losing 7% and silver falling 18%.

2 / Outlook and changes

Expectations were high going into the third-quarter reporting season. On top of that, parts of the market are hoping that a historical pattern will repeat itself in 2026: stronger U.S. markets following the U.S. midterm elections. The historical correlation is there, but the causation is less clear, particularly given the current U.S. administration's tendency to take unprecedented political steps that could test historical market patterns. This is one reason why we believe that markets might take a bit longer to fully digest the election results.

High market expectations also meant that there was little room for many positive surprises. Moreover, concerns about AI capex and monetization have left some U.S. tech heavyweights nursing double-digit losses, in some cases in the 20% range, on the day they reported. While geopolitical tensions remain high, particularly in the Gulf, keeping oil prices elevated, we remain confident about the overall macroeconomic picture, which has recently surprised to the upside.

2.1 Fixed Income

Government bond yields in most developed markets are entering the final two months of the year at relatively high levels. At the same time, the European Central Bank (ECB) and U.S. Federal Reserve (the Fed) delivered more dovish statements than expected at their October meetings, highlighting that financial conditions were already tightening and potentially even slowing new investment in data centers, as the Fed's Kevin Warsh pointed out. For both the U.S and the Eurozone, however, we believe that a rate hike in December is still a possibility. In short, this means that for government bonds, we believe higher yields and safe-haven demand support selective duration. For corporate bonds, we think that wider spreads have created pockets of better value, while lower-quality and AI-exposed credit remain vulnerable.

Government Bonds

U.S. Treasuries, in our view, remain attractive after the sharp rise in yields, with our strongest conviction remaining in the 2-year sector. Muted personal consumption expenditures (PCE) and a softer labor market laid the groundwork for the October Fed pause, although sticky inflation, elevated oil prices and geopolitical risks leave open the possibility of a December hike. Cleaner positioning from institutional investors and historically attractive Treasury valuations support maintaining our positive stance. For **German Bunds,** we like both 2- and 10-year maturities, with increased conviction in 10-year Bunds as attractive yields combine with safe-haven demand amid French political uncertainty, geopolitical risks and concerns around AI-related growth. We have reduced our forecast for **French bonds (via the** yield spread over Bunds), as we don't foresee any near-term developments that could increase investors' confidence in France's fiscal outlook. We continue to consider **Gilts** attractive as high nominal and real yields provide compelling carry and the market appears to be pricing in more than four hikes, which we consider excessive. Persistently high energy prices increase the risk of a November Bank of England (BoE) hike, but restrictive policy and softer underlying inflation argue against a prolonged tightening cycle. While we continue to view **covered bonds** as relatively resilient and expect them to outperform most other spread products in a risk-off

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environment, the case for outperformance versus Bunds has become less compelling, not least because French covered bonds make up a quarter of the benchmark.

Corporate Bonds

We now view European investment grade (IG) corporate bonds even more positively, as October's rates-driven sell-off created a more attractive tactical entry point. Resilient fundamentals, reduced issuance during earnings season and potential normalization of interest-rate volatility are supportive, although France and AI-related risks remain key headwinds.

U.S. IG credit remains neutral as strong technicals and healthy fundamentals are balanced by tight valuations and elevated uncertainty. Heavy Technology, Media and Telecommunications (TMT) and hyperscaler issuance is testing technicals, while higher rates and substantial AI-related financing needs warrant continued selectivity in our view. We upgraded European high yield (HY) corporate bonds to +1 as we think recent spread widening has created more attractive valuations. We see current levels as sufficient compensation for fundamental weakness, geopolitical uncertainty and risks from higher rates. U.S. HY credit remains neutral despite more attractive yields. Persistent outflows and stress in CCC-rated bonds, TMT, cable and data-center credits offset better valuations, supporting a continued preference for higher-quality issuers able to withstand higher-for-longer rates.

Emerging Markets

We keep our neutral view on emerging-market (EM) sovereigns despite them proving resilient during the recent developed-market stress, supported by solid fundamentals and positive rating trends. Tighter financial conditions, weaker growth prospects and geopolitical risks around the U.S. midterms limit the scope for near-term spread tightening.

Currencies

We reduced EUR/USD from +1 to Neutral as French political uncertainty weighs on the euro, while concerns around the U.S. AI investment outlook offset some of the dollar support from higher U.S. real yields. We keep USD/JPY at -1, as higher U.S. yields support the dollar in the near term, but a potentially more hawkish Bank of Japan and structurally short yen positioning continue to support the medium-term case for the Japanese yen (JPY).

2.2 Equities

We will provide a full update on our regional and sector preferences in the December Traffic Lights, which will be published shortly after our strategic market outlook meeting later this month. For now, our preferred region remains Japan, while within Europe, we favor only small- and mid-caps. At the sector level, industrials, utilities, banks and information technology remain our favorites. Within information technology, however, it is the sub- and sub-subsectors that count and are driving the rotation: hardware, software, semiconductors, hyperscalers and their suppliers, to name the most obvious ones.

The third-quarter earnings season is essentially delivering everything that was expected of it. Or maybe even more, as estimates for 2026 corporate profits have been revised upward over the course of the reporting season, for both tech and non-tech companies, which should provide a positive tailwind. However, the high expectations are proving to be a headwind in the tech space. Investors are having second thoughts about the speed of the AI expansion. As Jensen Huang, CEO of Nvidia, remarked at an internal Nvidia all-hands meeting in November 2025: "If we delivered a bad quarter, it's evidence there's an AI bubble. If we delivered a great quarter, we are fueling the AI bubble."[3] Applied to the third-quarter reporting season, the dilemma is clear: if hyperscalers raise their capital-expenditure (capex) plans further, investors may worry that they are fueling a bubble and creating potential overcapacity. If capex plans are cut, however, investors are unlikely to be happy either, as that could weigh on future sales growth. For now, capex is still expected to increase in 2027 compared with 2026, resulting in combined negative free cash flow of over USD 200 billion[4] for the hyperscalers. That is an impressive number, but so are the revenue growth rates in their cloud and AI businesses: in some cases revenues have doubled year-on-year, while quarter-on-quarter growth has also accelerated. Meanwhile, we have increasing conviction that 2027 will be

[3] Geoff Weiss, "Nvidia crushed its quarter – and CEO Jensen Huang said in a leaked all-hands that 'the market did not appreciate it,'" *Business Insider*, November 20, 2025.
[4] Based on consensus estimates for Microsoft, Amazon, Alphabet, Meta, Oracle and SpaceX. DWS, Bloomberg Finance L.P.; 11/2/26

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the year of peak AI capex. But even this forecast might be jeopardized if Anthropic's initial public offering (IPO) proves unsuccessful or if financing becomes too expensive or otherwise scarce.

While we remain optimistic about the proliferation of AI, we believe markets may reassess the sector's risk-return profile in the coming months. On the one hand, investors continue to be impressed by current growth rates, as further evidenced by Anthropic's IPO prospectus. On the other hand, they are becoming increasingly impatient for commercially successful AI use cases to emerge and increasingly critical of the amount of external financing hyperscalers require.

From an equity perspective, we may already have seen most of the potential "damage," as the reporting season is slowly winding down. However, the remainder of the year could still bring further negative developments for hyperscaler credit, with investors looking more closely at credit metrics and movements in CDS spreads. Volatility is therefore likely to persist, despite the significant sector rotation we have already witnessed in recent months.

2.3 Alternatives

Gold

We remain broadly constructive on gold despite the recent pullback, which briefly pushed prices below the USD 4,000/ounce level on a couple of days in October. Central-bank demand, reserve diversification and geopolitical risk continue to provide structural support, although higher real yields and a stronger dollar may limit upside in the near term. Recent pullbacks might also reflect liquidity issues, with certain funds suffering losses in the heavy market rotation we saw in October. We still see a very supportive backdrop taking shape for gold in 2027. We expect the Fed to reach the neutral rate during the first half of 2027 and may even see the Fed cut rates should the job market falter during the second half of the year. We also expect a divided U.S. government after the 2026 midterm elections. While this could limit new spending initiatives, we expect the fiscal deficit to remain elevated, which should continue to support gold.

Oil

We currently hold a Neutral stance on oil, as recent diplomatic efforts to reach a deal between the U.S. and Iran have yielded signs of goodwill from both sides. There appears to be some scope for negotiations to extend beyond the initial Memorandum of Understanding (MOU) from June, as Iran's negotiating team has been granted permission to discuss additional issues, while the U.S. appears willing to allow more time for a deal to be negotiated. Nevertheless, the situation remains fluid, and a renewed escalation could put oil infrastructure and Middle Eastern production at risk, potentially driving oil prices higher again. Once the conflict ends, however, we expect the oil market to revert to its pre-conflict supply surplus. We still anticipate that oil supply will normalize faster than refined-product supply, given the damage to refining facilities globally.

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3 / Past performance of major financial assets

Total return of major financial assets year-to-date and past month



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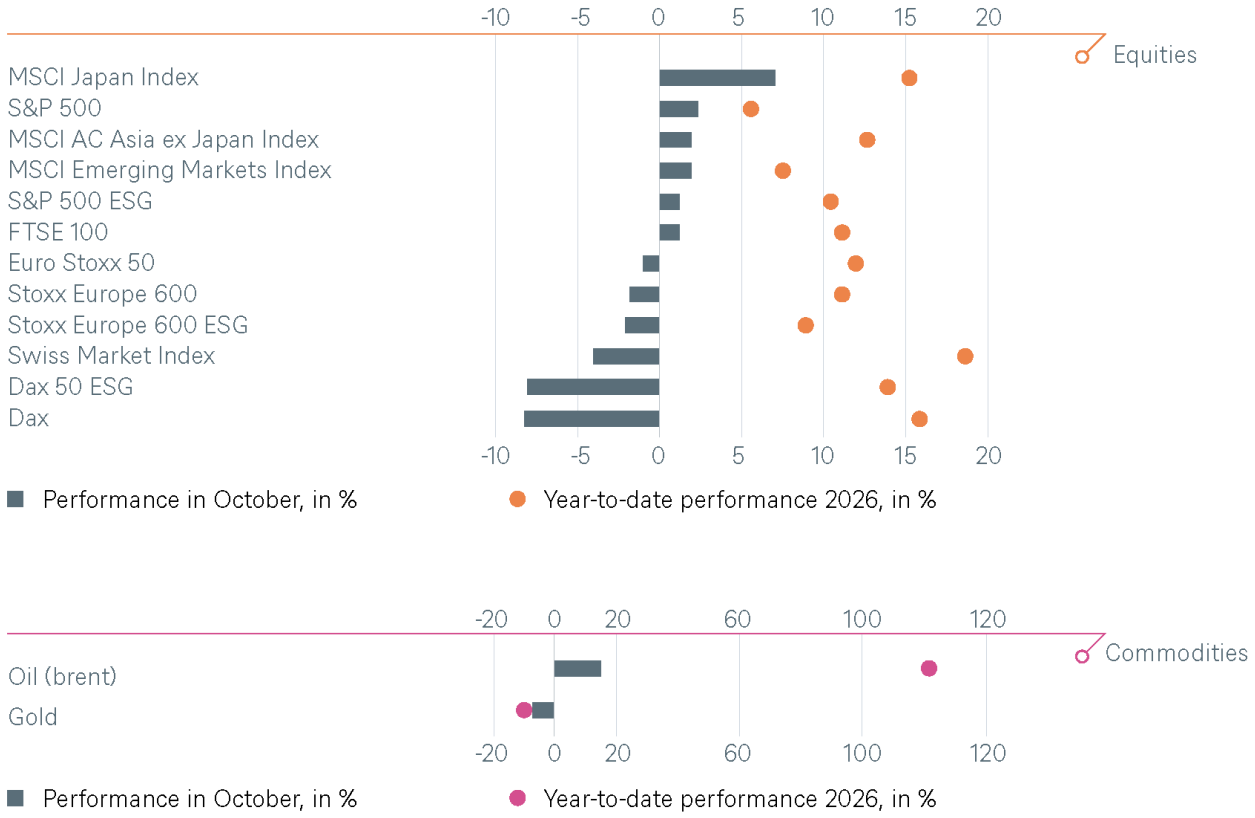

Past performance is not indicative of future returns.
Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 10/30/26

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4 / Tactical and strategic signals

The following exhibit depicts our short-term and long-term positioning.

4.1 Fixed income

Rates	1 to 3 months	through Sep 2027
U.S. 2yr Interest Rate	🟢	🟡
U.S. 10yr Interest Rate	🟢	🟢
U.S. 30yr Interest Rate	🟡	🟢
Germany 2yr Interest Rate	🟡	🟡
Germany 10yr Interest Rate	🟢	🟡
Germany 30yr Interest Rate	🟡	🟡
Japan 2yr Interest Rate	🟡	🟡
Japan 10yr Interest Rate	🟡	🟡
UK 2yr Interest Rate	🟢	
UK 10yr Interest Rate	🟢	🟢
UK 30yr Interest Rate	🟢	

Spreads	1 to 3 months	through Sep 2027
EUR IG Corp.	🟢	🟡
U.S. IG Corp.	🟡	🟢
EUR HY Corp.	🟢	🟡
U.S. HY Corp.	🟡	🟢
EM Sovereigns	🟡	🟢
Italy 10yr[1]	🟡	🟢
Asia Credit	🟡	🟡

Securitized / specialties	1 to 3 months	through Sep 2027
U.S. taxable municipal bonds[2]	🟡	🟢

Currencies	1 to 3 months	through Sep 2027
EUR vs. USD	🟡	🟡
USD vs. JPY	🔴	🔴

4.2 Equities

Regions	1 to 3 months[3]	through Sep 2027
United States[4]	🟡	🟢
Europe[5]	🟡	🟢
Eurozone[6]	🟡	🟢
Germany[7]	🟡	🟢
Switzerland[8]	🟡	🟡
United Kingdom (UK)[9]	🟡	🟢
Emerging markets[10]	🟡	🟢
Asia ex Japan[11]	🟡	🟢
Japan[12]	🟢	🟢

Sectors	1 to 3 months[2]
Utilities[13]	🟢
Industrials[14]	🟢
IT[15]	🟢
Banks[16]	🟢
Financial Services[17]	🔴
Consumer Staples[18]	🔴

Style	1 to 3 months
European small caps[19]	🟢

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4.3 Alternatives

Alternatives	1 to 3 months	through Sep 2027
Commodities[20]	🟡	🟢
Oil (Brent)	🟡	🔴
Gold	🟡	🟢
Carbon		🔴
Infrastructure (listed)	🟢	🟢
Infrastructure (non-listed)		🟡
Real estate (listed)	🟢	🟢
Real estate (non-listed) APAC[21]		🟡
Real estate (non-listed) Europe[21]		🟡
Real estate (non-listed) United States[21]		🟡

[1] Spread over German Bunds. [2] Spread over U.S. Treasuries [3] Relative to the MSCI AC World Index (only for the tactical signals),[4] S&P 500, [5] Stoxx Europe 600, [6] Euro Stoxx 50, [7] Dax, [8] Swiss Market Index, [9] FTSE 100, [10] MSCI Emerging Markets Index, [11] MSCI AC Asia ex Japan Index, [12] MSCI Japan Index, [13] MSCI AC World Utilities Index, [14] MSCI AC World Industrials Index, [15]MSCI AC World Information Technology Index. [16]MSCI ACWI Banks Index, [17]MSCI ACWI Diversified Financial Services Index [18] MSCI ACWI Consumer Staples Index [19]Stoxx Europe Small 200 relative to the Stoxx Europe 600, [20] Relative to the Bloomberg Commodity Index, [21]Long-term investments.
Tactical signals are as of October 5, 2026

Tactical view (1 to 3 months)

The focus of our tactical view for fixed income is on trends in bond prices.

- 🟢 Positive view
- 🟡 Neutral view
- 🔴 Negative view

Strategic view through October 2027

- The focus of our strategic view for sovereign bonds is on bond prices.
- For corporates, securitized/specialties and emerging-market bonds in U.S. dollars, the signals depict the option-adjusted spread over U.S. Treasuries. For bonds denominated in euros, the illustration depicts the spread in comparison with German Bunds. Both spread and sovereign-bond-yield trends influence the bond value. For investors seeking to profit only from spread trends, a hedge against changing interest rates may be a consideration.
- The colors illustrate the return opportunities for long-only investors.
  - 🟢 Positive return potential for long-only investors
  - 🟡 Limited return opportunity as well as downside risk
  - 🔴 Negative return potential for long-only investors

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Glossary

The Bank of England (BoE) is the central bank of the United Kingdom.

The Bank of Japan (BoJ) is the central bank of Japan.

A barrel (bbl) is the commonly used unit to measure crude oil. One barrel is about 159 liters.

The Bloomberg Commodity Index (BCOM) traces 23 commodities and reflects commodity futures price movements.

Brent crude is a grade of crude oil dominant in the European market.

Bunds is a commonly used term for bonds issued by the German federal government with a maturity of 10 years.

Capital expenditures (capex) are funds used by a company to acquire, maintain, or upgrade long-term physical assets such as property, buildings, or equipment.

Carry (of an asset) refers to the net return or cost of holding an asset over time, typically derived from income such as interest or dividends minus any associated financing or holding costs. A carry trade is an investment strategy that seeks to capture this carry by exploiting differences in yields or interest rates between assets, typically by funding at a lower rate and investing in assets with higher returns.

Corporate bond is a bond issued by a company to raise financing for business activities.

Correlation is a measure of how closely two variables move together over time.

Covered bonds are securities similar to asset-backed securities (ABS) which are covered with public-sector or mortgages loans and remain on the issuer's balance sheet.

Credit default swaps (CDS) is a financial derivative that allows an investor to swap or offset their credit risk with that of another investor.

Credit spread is the difference between the yield (return) of two different debt instruments with the same maturity but different credit ratings.

The Dax is a blue-chip stock-market index consisting of the 40 major German companies trading on the Frankfurt Stock Exchange.

Dovish refers to the tone of language used to describe a situation and the associated implications for actions. For example, if the Federal Reserve Bank refers to inflation in a dovish tone, it is unlikely that they would take aggressive (contractionary) actions.

Duration is a measure expressed in years that adds and weights the time periods in which a bond returns cash to its holder. It is used to calculate a bond's sensitivity towards interest-rate changes.

Emerging markets (EM) are economies not yet fully developed in terms of, amongst others, market efficiency and liquidity.

The Euro Stoxx 50 is an index that tracks the performance of blue-chip stocks in the Eurozone.

The European Central Bank (ECB) is the central bank for the Eurozone.

Eurozone is the group of European Union member states that have adopted the euro as their common currency and legal tender.

Federal Reserve Bank is a regional bank of the Federal Reserve System, the central banking system of the United States. There are twelve in total.

Fiscal policy describes government spending policies that influence macroeconomic conditions. Through fiscal policy, the government attempts to improve unemployment rates, control inflation, stabilize business cycles and influence interest rates in an effort to control the economy.

Free Cash Flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures. It shows how much cash a company is able to generate after deducting the money required to maintain or expand its asset base.

The FTSE 100 is an index that tracks the performance of the 100 major companies trading on the London Stock Exchange.

Gilts are bonds that are issued by the British Government.

The gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Hawk refers to a policymaker or investor who favors restrictive monetary policy, often to control inflation.

High-yield bonds are issued by below-investment-grade-rated issuers and usually offer a relatively high yield.

Hyperscalers are large cloud service providers, which can provide services such as computing and storage at enterprise scale.

Inflation is the rate at which the general level of prices for goods and services is rising and, subsequently, purchasing power is falling.

Initial public offering (IPO) is the first public sale of a company's shares on a securities exchange.

Investment grade (IG) refers to a credit rating from a rating agency that indicates that a bond has a relatively low risk of default.

The Japanese yen (JPY) is the official currency of Japan.

Liquefied natural gas is the name given to liquefied processed natural gas cooled to -161 to -164 °C.

Liquidity refers to the degree to which an asset or security can be bought or sold in the market without affecting the asset's price and to the ability to convert an asset to cash quickly.

The MSCI AC Asia ex Japan Index captures large- and mid-cap representation across 2 of 3 developed-market countries (excluding Japan) and 8 emerging-market countries in Asia.

The MSCI AC World Communication Services Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Communications Services sector.

The MSCI AC World Consumer Discretionary Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Consumer Discretionary sector.

The MSCI AC World Consumer Staples Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Consumer Staples sector.

The MSCI AC World Energy Index captures large- and mid-cap securities across 23 developed-markets classified in the Energy sector.

The MSCI AC World Financials Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Financials sector.

The MSCI AC World Health Care Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Health Care sector.

The MSCI AC World Index captures large- and mid-cap companies across 23 developed- and 24 emerging-market countries.

The MSCI AC World Industrials Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Industrials sector.

The MSCI AC World Information Technology Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Information Technology sector.

The MSCI AC World Materials Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Materials sector.

The MSCI AC World Real Estate Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Real Estate sector.

The MSCI AC World Utilities Index captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Utilities sector.

The MSCI Emerging Markets Index captures large- and mid-cap representation across 23 emerging-market countries.

The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese market.

The Nasdaq-100 is an equity index which contains the 100 biggest common stocks listed on the Nasdaq Stock Market.

The neutral real interest rate is the official interest rate, adjusted for inflation, which is estimated to allow an economy to grow at its trend rate.

In economics, a nominal value is not adjusted for inflation; a real value is.

Personal Consumption Expenditures (PCE) Price Index is a U.S. inflation measure based on prices of goods and services consumed by households.

The Philadelphia Semiconductor Index, commonly referred to as SOX, is a modified market-capitalization-weighted stock index that tracks the performance of 30 of the largest U.S.-traded companies primarily involved in the design, manufacture, and sale of semiconductors.

Purchasing Managers' Index (PMI) is a survey-based indicator of business activity in manufacturing, services, or the broader economy.

Rating is a standardized assessment of an issuer's or debt instrument's creditworthiness, typically provided by agencies such as Moody's, S&P, and Fitch.

In economics, a real value is adjusted for inflation.

The risk premium is the expected return on an investment minus the return that would be earned on a risk-free investment.

The Russell 2000 Index is an index that captures the 2,000 smallest stocks of the Russell-3000 index, which again comprises 3,000 small- and mid-cap U.S. listed stocks.

The S&P 500 is an index that includes 500 leading U.S. companies capturing approximately 80% coverage of available U.S. market capitalization.

The S&P 500 Equal Weight Index includes the same companies as the S&P 500 but gives each company an equal weight, rather than weighting companies by their market capitalization.

The S&P 500 Value Index measures the performance of companies in the S&P 500 that exhibit stronger value characteristics, based on measures such as valuation ratios.

A semiconductor is a material with electrical conductivity between that of a conductor and an insulator.

The spread is the difference between the quoted rates of return on two different investments, usually of different credit quality.

The Stoxx Europe 600 is an index representing the performance of 600 listed companies across 18 European countries.

The Stoxx Europe Small 200 is an index representing the performance of 200 small capitalization companies across 17 European countries.

The Swiss Market Index (SMI) is Switzerland's most important equity index, consisting of the 20 largest and most liquid large- and mid-cap stocks.

Treasuries are U.S. government debt securities, including Treasury bills, notes, bonds, and inflation-protected securities.

The U.S. Federal Reserve, often referred to as "the Fed," is the central bank of the United States.

Volatility is the degree of variation of a trading-price series over time. It can be used as a measure of an asset's risk.

Yield refers to the income generated by an investment, such as interest or dividends, usually expressed as an annual percentage of its value.

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