

Advisory Blog

Timely insights on the issues that matter most to advisors and their clients

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[Artificial Intelligence from a Value Perspective: Enabling the Evolution of Compute Power](#)

By: Aaron Dunn, CFA | & Bradley Galko, CFA | April 24, 2024

KEY POINTS

1. AI opportunity expands beyond the growth darlings that were the immediate and primary beneficiaries over the past year.
2. Utilities experienced the largest historical relative underperformance to the broader market in 2023; in our view, the reward relative to risk is now quite compelling for a sector that is experiencing an inflection in fundamentals.
3. We believe renewables, such as solar and wind, combined with battery storage, will play an increasing role in behind-the-meter power solutions.

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[CCC-Rated Bonds Lose Their Luster as High Yield Continues to Shine](#)

By: [Stephen C. Concannon, CFA](#) | & [Will Reardon](#) | April 22, 2024

KEY POINTS

1. CCC-rated and distressed bonds are underperforming in April after leading the high-yield market in total return in 2023 and in the first quarter of 2024. This comes as the high-yield market continues to outperform higher-quality fixed income alternatives.¹
2. The CCC-rated segment of the ICE BofA U.S. High Yield Index returned -2.66% over the month-to-date period through April 16, 2024 relative to -1.63% for the single-B segment.²
3. The ICE BofA U.S. High Yield Index is outperforming the Bloomberg U.S. Aggregate Index by more than 300 basis points over the year-to-date period through April 16, 2024 amid resilient economic growth, sticky inflation and sharply higher U.S. Treasury yields in April.

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[200 Years of Data Affirm Our Long-Term Confidence in the 60/40 Portfolio](#)

By: [Jitania Kandhari](#) | April 15, 2024

KEY POINTS

1. The 60/40 portfolio experienced a rollercoaster ride, down 17.5% in 2022 and up 17.2% in 2023.¹
2. Whenever U.S. inflation exceeded 2.4%, there was an increase in the median correlation between stock and bond returns.
3. Two hundred years of historical analysis suggests there is an 80% probability of positive returns in the two years following a year of negative returns for both stocks and bonds.

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[Bigger Bite of Corporate Taxes Would Sting Beyond Businesses' Bottom Lines](#)

By: [Eaton Vance on Washington](#) | April 9, 2024

Corporations would face more pressure to succeed and thrive if the U.S. Treasury Department increases corporate income taxes by nearly \$2.8 trillion, or 56%. While the additional funding aims to improve the lives of lower earners, hiking corporate taxes could slow the economy and reduce some opportunities by burdening businesses already struggling to pay for innovation and growth initiatives. A major tax hike may impede businesses from investing in technology and equipment to improve efficiency and generate higher revenue, which could boost wages and create new jobs.

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In-depth review of asset class and economic activity via impactful charts and analysis.

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[Treasury Wants Lion's Share of High-Income Taxpayers' Retirement Savings](#)

By: Eaton Vance on Washington | March 26, 2024

High-income taxpayers are again feeling the squeeze as the U.S. Treasury Department seeks to modify rules relating to retirement plans by preventing "excessive accumulations" in tax-favored retirement accounts and slamming backdoor Roth contributions in an effort to raise \$23.6 billion between 2025 and 2034. These provisions were originally proposed to help fund the Build Back Better Act, which sought to invest \$390 billion in childcare and universal preschool initiatives.

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[Where's the Trickle Down? Gender Diversity in Corporate Pipeline Lags the Boardroom](#)

By: Yijia Chen, CFA | March 15, 2024

As March is Women's History Month, it's timely that we review women's headway moving up the corporate ranks and the progress of gender diversity initiatives worldwide.

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[What Biden's Tax Proposal Means for the Wealthiest Taxpayers](#)

By: [Eaton Vance on Washington](#) | March 14, 2024

Proposed tax increases in President Biden's budget proposal for fiscal year 2025, which includes \$4.9 trillion in higher revenue over ten years through costly tax increases on wealthy individuals and businesses, would hike U.S. tax rates and increase revenues to 20.3% of gross domestic product (GDP) by 2034, the highest rate in the nation's history. The proposed tax code includes new and higher taxes on wealthy individuals, higher-income families, and employers, including complicated tax credits, exemptions and deductions.

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[The India Opportunity](#)

By: [Kristian Heugh](#) | & [Anil Agarwal](#) | March 11, 2024

KEY POINTS

1. We see strong tailwinds for growth over the next decade, including India's young population and ongoing policy reforms that support a strong infrastructure.
2. While underrepresented in equity indexes, India has consistently demonstrated stand-out performance, outperforming the S&P 500 Index over 1-, 5-, 10-, and 20-year periods.¹
3. India offers a broad opportunity set for bottom-up stock picking and long-term investors.

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[Indonesia's Economic Achievements and Strategic Position Are Likely to Draw Global Investors](#)

By: [Steven Quattri](#) | March 7, 2024

KEY POINTS

1. Indonesia is the second-fastest-growing, trillion-dollar economy in the world, with estimated average growth of 5% annually for the next five years.
2. Under former President Jokowi, Indonesia's inflation fell from 7.2% to 2.6% as infrastructure investments halved logistics costs and enhanced efficiency.¹
3. Indonesia just crossed the \$5,000 GDP per capita threshold typically associated with accelerating growth in key consumption categories.

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[Not Your Parents' Dividends](#)

By: *Charles Gaffney* | *February 28, 2024*

KEY POINTS

1. 56 companies in the S&P 500 have already announced dividend increases in 2024, by a median of 6%.¹
2. For decades, large, global-branded companies were among the headline performers for dividend-paying companies.
3. A new wave of companies has begun distributing dividends and rewarding shareholders. We think it's about time.

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[Making a Compelling Case for Core and Core Plus Strategies](#)

By: *Vishal Khanduja, CFA* | & *Brian S. Ellis, CFA* | *February 20, 2024*

A decade of extremely low interest rates followed by the Federal Reserve's aggressive policy normalization created a challenging environment for bond investors over the last two years. We see the environment for fixed income improving greatly from here for these reasons:

KEY POINTS

1. **Income:** Starting yields are near post-financial crisis highs and have been a reliable indicator of future returns.
2. **Total Return:** The Fed has signaled a pivot from its restrictive stance, which has historically been a compelling time to increase duration in fixed income allocations.
3. **Diversification:** Correlations between bonds and risk assets should normalize as the Fed cuts interest rates.

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[Election Cycle is Very Likely to Impact Stocks](#)

By: *Aaron Dunn, CFA* | & *Bradley Galko, CFA* | *February 14, 2024*

KEY POINTS

1. During presidential election years over most of the last century, on average both U.S. large- and small-cap value have outperformed their growth peers.
2. Value vs. Growth's dominance in election years also correlates with U.S. gross domestic product (GDP) growth and detraction.
3. Incumbent candidates and parties keen to win reelection seek to make voters feel financially secure when heading to the polls.

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[Three Ways High Earners Can Take Advantage of the Tax Cut and Jobs Act \(TCJA\) Before It Sunsets](#)

By: *Eileen Tam* | February 12, 2024

While we do not anticipate any meaningful changes in U.S. tax laws this year, high earners should consider three ways to prepare for the Tax Cut and Jobs Act (TCJA) to sunset in 2025. The TCJA enacted in 2018 benefited many affluent taxpayers by more than doubling the gift and lifetime exemptions, slashing tax rates for the highest bracket from 39.6% to 37%, and significantly reducing the impact of the alternative minimum tax (AMT).¹ Acting now may lead to potential significant savings.

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[How Bracket Creep, Capital Gains and the Election May Impact what Taxpayers Owe the Government](#)

By: *Jeremy Milleson* | February 8, 2024

The brackets of March Madness can consume both diehard fans and casual followers of college basketball. Old rivalries are stoked, and friendly wagers are made among friends, neighbors and coworkers. This annual rite of spring seems perfectly timed to set a cheerful tone—it may even be therapeutic. Just a few weeks after the tournament concludes, a different set of brackets takes center stage in the lives of U.S. taxpayers.

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[Brazilian Economy Boosted by Reasonable Government Legislations and Tight Monetary Policy](#)

KEY POINTS

- 1. A year into President Lula's term, the political and economic situation in Brazil is better than many had expected.
- 2. The economy will likely grow more than expected as interest rates continue to fall.
- 3. We believe Brazil remains cheap compared to other emerging markets with lower inflation and rates acting as a tailwind for growth.

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