September 13, 2019

THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

WEEKLY HEADINGS

This week, I had the pleasure of presenting our market outlook to clients at an event held at the Brookfield Zoo in Chicago, IL. As I journeyed through the park, I realized that aspects of the day-to-day operations at the zoo and several of the animals seemed applicable to the state of the economy and financial markets today.

Key Takeaways

Fed 'Poised' to Extend Economic Expansion

Positive Earnings Growth to 'Feed' the Equity Market

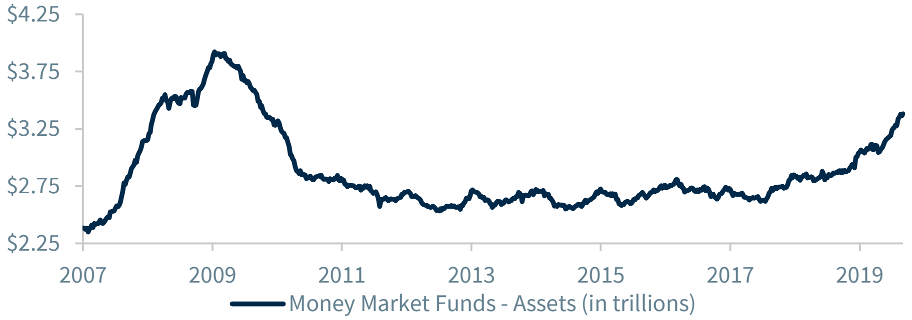
There is 'Protective Glass' Between Equities & the Sleeping Bear Market

- **It's a Zoo!** | Today, this familiar phrase is used to connote noisy, crowded, disorderly and chaotic situations. However, as I trekked through the park, I could not help but surmise that this zoo was the complete opposite of this description. The animals were beautiful, the exhibits were well maintained, and the staff was well-organized and professional. Similarly, contrary to how many pundits and even our president have described the Federal Reserve (Fed) as "behind the curve" or "out of touch," I believe the Fed has acted prudently in navigating the longest expansion in US history (123 months). In fact, just like the Brookfield Zoo, the Fed is a well organized, smooth operation that is exercising patience as it awaits further economic data from around the globe, staying true to their stated objectives, and not succumbing to pressure from the financial markets. Our base case is that the Fed will cut interest rates 25 basis points (bps) at next week's meeting.* And while the debate will rage on regarding whether the Fed is done or will need to cut rates several more times, the bottom line is that the Fed will do enough to assure that the economic expansion continues for the foreseeable future.
- **The 'Bison' Bull Market** | As an optimistic CIO, my favorite animal is a bull. At this zoo, my option was to visit one of their male bison, also referred to as a bull. What makes a bison so unique is its impressive size (bulls can weigh upwards of 2,000 pounds and measure six feet tall!) and its remarkable strength (bulls have thick skulls and broad, curved horns to defend themselves). These are the same two characteristics that set this current equity bull market apart from the average bull market: size and strength. The current equity bull market is the second longest in our history (126 months) but the strongest from a total return perspective at this point of the cycle (454% since its March 9, 2009 inception).
- **Feeding Frenzy** | The 'favorite food' propelling equities higher during the current bull market has been earnings, as S&P 500 earnings have increased ~250% since the start of the bull market. With the S&P 500 less than 1% off of its all time high despite uncertainty surrounding trade and elevated global growth fears, earnings will have to accelerate in order to fuel the market to new levels. While full-year earnings have been revised down ~5% year-to-date for both 2019 and 2020, consensus earnings expect positive growth of 2% and 10% in 2019 and 2020, respectively. With depressed global sovereign yields and attractive equity valuations (19.7 LTM P/E), this positive earnings growth should support a move in the equity market to new all-time highs. From a sector perspective, stronger earnings growth within the cyclical sectors (Technology, Communication Services) support our overall preference of cyclical over defensive sectors.
- **Don't Wake the Sleeping Bear** | As a superstitious person, I made sure to keep quiet as I passed by the sleeping grizzly bear. While we expect the equity market rally to continue and for the bear to remain asleep for at least the next 12 months, it is worth noting the pounding an equity investor may have to absorb if we are incorrect and enter a recession-induced bear market sooner than expected.* Over the last 50 years, market declines coinciding with a recession have seen the S&P 500 drop ~36% over ~16 months, on average.* For now, we believe the protective glass between the equity market and a bear market includes a positive economic backdrop, rebounding corporate earnings, attractive valuations, favorable corporate activity (e.g., increasing dividends & buybacks) and supportive Q4 seasonality. Like a giraffe, we will continue to stretch our necks to look over the horizon in order to anticipate if, and when, any of these favorable conditions begin to deteriorate.
- **Hefty 'Humps'** | As I observed the large humps on the camels' backs, I recalled they serve the purpose of storing food for long journeys throughout the dessert. For the financial markets, the growing 'hump' of money market mutual fund balances, currently at the highest levels since 2009 (at ~$3.4 trillion) may serve to support the equity rally. While some of these funds are likely set aside to cover short-term liquidity needs, the elevated levels lead us to believe that cautious investors have built a sizable amount of 'sideline' funds that they could redeploy to sustain the rally. Given the lackluster returns afforded by money market funds, pullbacks in the equity market could be mitigated by investors redeploying some of these funds. With our favorable equity outlook, we view modest pullbacks as buying opportunities for long term investors.

CHART OF THE WEEK

High Cash Reserves

At ~$3.4 trillion, mutual fund money market fund balances are the highest level since 2009. Any short-term pullback may be mitigated by investors seeking to redeploy cash.



*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- As expected, lower gasoline prices held the Consumer Price Index to a modest gain in August (0.1% MoM, 1.7% YoY). However, core inflation came in slightly hotter than expected (0.3% vs. 0.2% MoM) and is now rising at the fastest YoY pace (2.4%) since 2009 due in part to a sharp increase in medical care prices (+3.5% YoY). It is important to note that core CPI has run at a much faster pace than the Fed's preferred measure of inflation (core PCE, currently +1.6% YoY) over recent months.*
- **Focus of the Week:** Next week (Tuesday and Wednesday), the Fed will hold its September FOMC meeting at which it is expected to lower the federal funds target range another 25 bps following its two-day policy meeting. We know from the FOMC minutes, that officials were divided on cutting rates at its July meeting. Those divisions may prove to be even more pronounced. Some Fed officials see the economy at (or beyond) full employment with wage pressures on the rise. Others are likely to see the need for another insurance move to guard against the downside risks from trade policy uncertainty and a weaker global economy. The Fed was also worried about the low trend in inflation in late July (as measured by PCE), but core inflation rose in August on a year-over-year basis. The Fed rarely counters market expectations, which have a rate cut of 25 bps almost fully priced in.

September 16 – September 20

MON	
TUE	Industrial Production (August)
WED	FOMC Policy Statement Powell Press Conference Building Permits
THU	Jobless Claims Leading Indicators BOE Monetary Policy Decision
FRI	
FUTURE EVENTS	9/27 Durable Goods Orders 10/3 ISM Non-Manufacturing Survey 10/4 Employment Report

US EQUITY

- Following its break out last week, the S&P 500 has been able to hold above the 50 day moving average (DMA) and push to within 0.5% of new highs. The previous highs of 3,027 are now the next level of resistance. With short term stochastics and the percentage of stocks above their 10 and 20 DMAs reaching overbought levels, we would not be surprised to see some consolidation before pushing higher. The short-term technical improvement over recent weeks lowers the odds for a move to (or below) the 200 DMA (2,817) for now. Nearby support on the downside is the 50 DMA at 2,950.
- Over the intermediate term, we are still guarded but with a positive bias. Our reasons for caution include a low probability of meaningful trade progress, a sluggish earnings trend, and weak seasonality in September. However, our positive bias results from the dovish Fed, a belief that a worst case is avoided on trade tensions, and that the services side of the economy remains strong.
- **Focus of the Week:** This week, we saw a sharp rotation into value-related stocks as they outperformed growth. The degree of the shift to value may have staying power, but needs to be monitored in the near term for signs it is sustainable. Prior to 2017, sharp spikes in value outperformance led to at least short term relative outperformance; however since then, spikes in value outperformance did not lead to sustainable relative gains. Thus, we would not rush into value, but we will be watching it closely.

FIXED INCOME

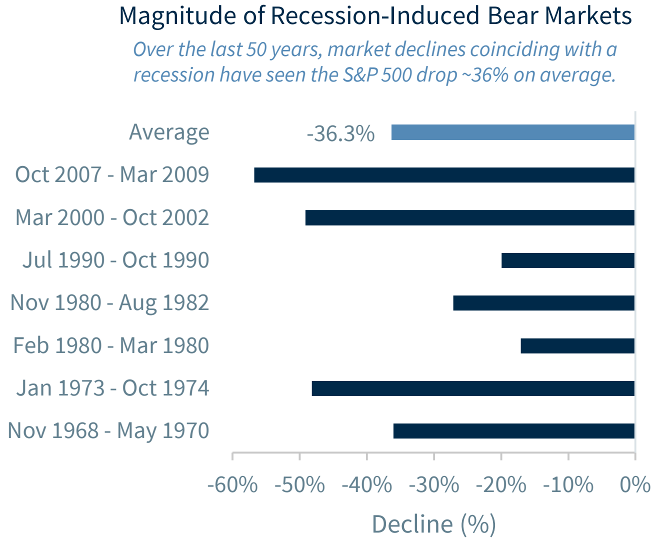
- The European Central Bank (ECB) announced a 10 bps cut on its deposit facility bringing it to -0.50%. The ECB also announced an open-ended restart to its asset purchase program (purchasing €20 billion per month). This move will likely keep European interest rates low or move them even lower which will indirectly put more pressure on the Fed to keep our markets competitive.
- On the back of better than expected economic data, improving trade relations between the US and China, a moderate fall in expectations for future Fed rate cuts, and stretched technicals (14-Day RSI of the 10-year Treasury rose into over bought territory, a level above 70), the 10-year Treasury yield rose 33 bps over the past six trading days to the highest level in three months.* This is the largest six-day increase in yields since the 2016 presidential election and is in the 99th percentile over the past 10 years.
- **Focus of the week:** The key focus of investor attention next week will be the the September FOMC meeting. While a 25 bps cut has been fully priced in, the forward guidance will be key as the market is currently pricing in 80 bps of cuts over the next 12 months.

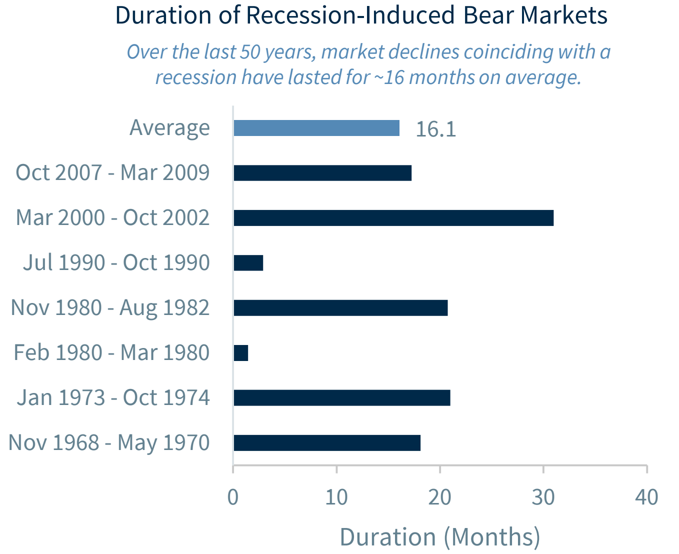
INTERNATIONAL, POLICY, AND COMMODITIES

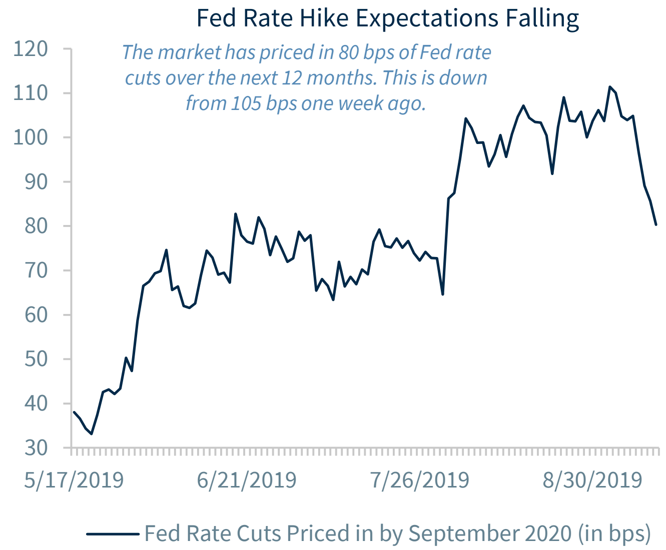
- Crude oil traded in a whipsaw nature this week due multiple factors. Earlier in the week, crude oil rallied to a three month high as Saudi Arabia announced its third oil minister in three years. This boosted prices as it provided further evidence of preparations for the long-awaited IPO of Saudi Aramco (the national oil company) and suggested a continuation of Saudi production discipline for the foreseeable future. Despite this, crude oil declined sharply later in the week following John Bolton's sudden departure as President Trump's national security advisor. John Bolton had been a noted hawk within the Trump administration, so his departure lowered the probability of an armed conflict with geopolitical foes such as Iran and North Korea (thereby reducing geopolitical risk) and brought the potential for reduced sanctions on Iran. Also pushing crude oil lower was reduced demand expectations from the EIA and OPEC's decision to leave its production quota unchanged.
- The capital inflow liberalization for accredited institutional investors buying Chinese stocks is unlikely to have a short-term radical impact on tactical Chinese inflows, hence the lack of an immediate move in Chinese assets. Still, another sign that general reform and change efforts by the Chinese government are still heading in the right direction.
- Positive economic data, a sharp rise in global sovereign yields (the amount of negative yielding global debt declined from $17 trillion to $14.6 trillion) and the restart of trade negotiations between the US and China lowered market volatility, and negatively impacted investor's demand for less risky assets such as gold, which has declined 3.5% since its September 4 peak.*
- **Focus of the week:** The trade war between the US and China continues to remain a key focus for investors. While the conflict had escalated in recent weeks, this week saw a thawing as China announced it would loosen restrictions on US agricultural purchases and the Trump administration announced it would delay the increase in tariffs (from 25% to 30%) on $250 billion worth of imported Chinese good by two weeks. These measures showed goodwill from both sides, and the longer China issues drag on for this administration, the more likely it is that Trump will pivot to another 'deal' to notch a foreign policy win in the lead up to 2020.

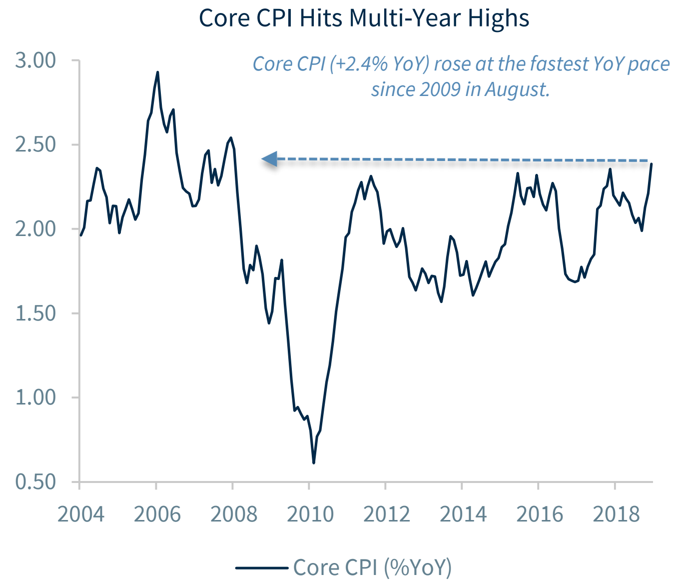
*See Charts of the week on page 3.

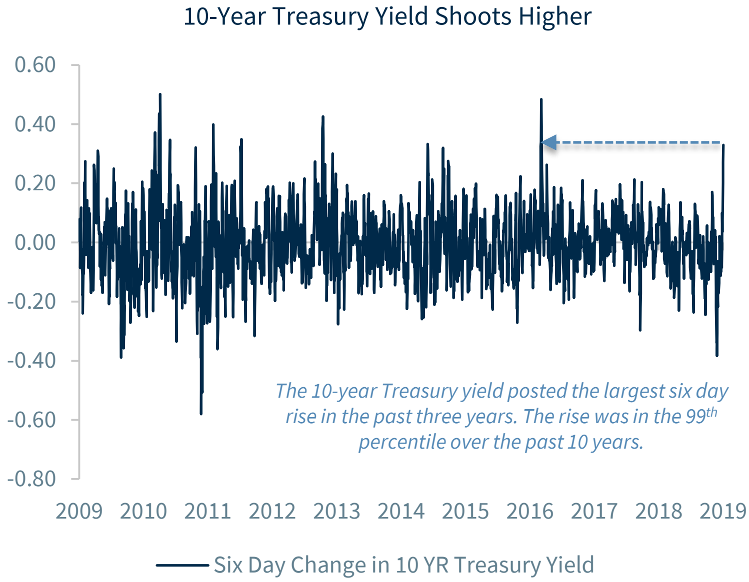
Charts of the Week

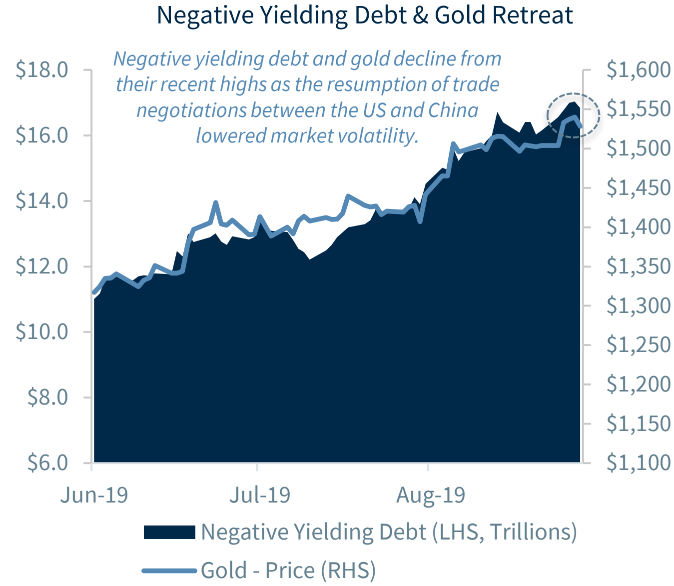












Asset Class Performance | Distribution by Asset Class and Style (as of September 12)

Weekly Returns (as of September 12)

U.S. Equities (S&P indices)	Value	Blend	Growth
Large Cap	2.5%	1.1%	-0.1%
Mid Cap	4.1%	2.7%	1.4%
Small Cap	6.2%	4.8%	3.4%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	1.6%	1.2%	1.1%
Mid Cap	1.5%	1.2%	1.0%
Small Cap	1.3%	2.1%	0.8%

Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	0.0%	-1.1%	-2.1%
Invest. Grade	-0.3%	-0.8%	-1.2%
High Yield	0.2%	0.2%	0.2%

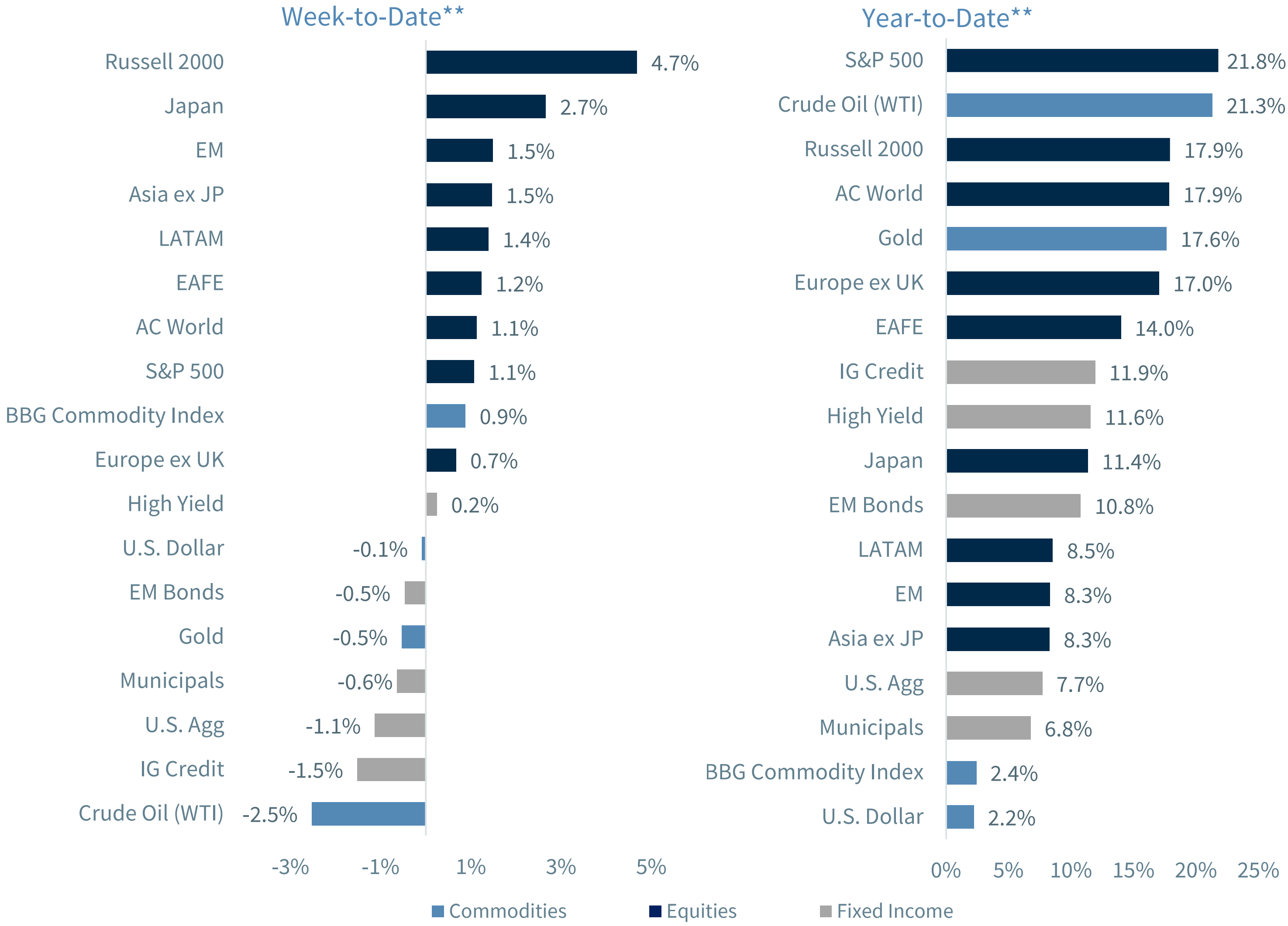
Year-to-Date Returns (as of September 12)

U.S. Equities (S&P indices)	Value	Blend	Growth
Large Cap	21.0%	21.8%	22.5%
Mid Cap	18.8%	19.4%	20.0%
Small Cap	17.9%	16.5%	15.2%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	16.0%	18.5%	10.1%
Mid Cap	16.3%	18.7%	6.5%
Small Cap	14.3%	16.2%	5.0%

Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	1.7%	5.5%	9.6%
Invest. Grade	3.8%	8.2%	11.7%
High Yield	6.1%	11.2%	19.1%

Asset Class Performance | Weekly and Year-to-Date (as of September 12)



**Assumes all asset classes are priced in US dollars unless otherwise noted. | Ranked in order of performances (best to worst).

Weekly Data

Data as of September 12

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3009.6	1.2	2.9	21.8	6.3	14.0	10.8	15.8
DJ Industrial Average	27182.5	1.7	3.0	16.5	4.6	19.3	12.6	16.1
NASDAQ Composite Index	8194.5	1.0	2.9	23.5	3.0	19.9	13.1	19.0
Russell 1000	3197.1	1.1	2.8	21.8	2.5	12.6	9.9	13.5
Russell 2000	3914.4	4.3	5.4	17.9	(12.9)	7.9	6.4	11.6
Russell Midcap	5797.5	1.3	2.9	23.1	0.5	10.1	7.9	13.5

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	365.2	2.7	3.2	17.2	0.8	9.1	5.4	9.4
Industrials	662.8	2.5	4.2	24.0	3.3	12.2	9.8	13.7
Comm Services	172.4	1.3	3.5	25.4	10.1	4.0	6.4	9.9
Utilities	318.9	0.3	1.1	21.5	20.8	12.5	12.3	12.4
Consumer Discretionary	970.9	0.8	3.3	25.4	5.7	17.1	14.1	18.2
Consumer Staples	627.4	0.3	1.1	22.5	14.7	7.6	9.3	12.4
Health Care	1056.4	0.6	1.0	6.8	0.4	9.9	9.3	14.3
Information Technology	1430.9	0.2	2.7	33.0	12.1	24.1	18.3	17.4
Energy	444.3	3.2	5.4	7.7	(15.2)	(1.9)	(5.3)	3.5
Financials	467.8	3.1	5.1	20.0	2.9	14.9	10.5	11.2
Real Estate	241.0	(1.7)	(0.4)	27.8	20.4	10.1	11.0	15.1

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	1.9	0.0	0.1	1.7	2.3	1.5	0.9	0.5
2-Year Treasury (%)	1.7	(0.3)	(0.4)	2.7	4.0	1.3	1.1	1.1
10-Year Treasury (%)	1.8	(2.0)	(2.5)	9.6	13.1	1.7	3.4	3.9
Barclays US Corporate High Yield	6.2	0.4	0.5	11.6	7.0	6.4	5.2	8.4
Bloomberg Barclays US Aggregate	2.4	(1.0)	(1.3)	7.7	9.3	2.8	3.3	3.7
Bloomberg Barclays Municipals		(0.6)	(0.8)	6.8	8.3	3.1	3.8	4.4
Bloomberg Barclays IG Credit	3.1	(1.3)	(1.8)	11.9	11.7	4.4	4.6	5.5
Bloomberg Barclays EM Bonds	5.0	(0.4)	0.0	10.8	12.3	4.6	4.9	7.0

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	55.1	(2.3)	0.1	22.1	(21.7)	6.0	(9.8)	(2.3)
Gold ($/Troy Oz)	1515.2	(0.9)	(0.9)	18.5	26.7	4.6	4.2	4.2
Dow Jones-UBS Commodity Index	78.6	0.7	2.0	2.4	(5.9)	(2.2)	(8.3)	(4.4)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
U.S. Dollar Index	98.3	(0.1)	(0.6)	2.2	3.7	1.1	3.2	2.5
U.S. Dollar per Euro	1.1	(0.1)	0.2	(3.5)	(5.1)	(0.6)	(3.1)	(2.8)
U.S. Dollar per British Pounds	1.2	0.1	1.3	(3.2)	(5.3)	(2.5)	(5.3)	(3.0)
Japanese Yen per U.S. Dollar	107.9	0.8	1.6	(1.7)	(3.0)	1.9	0.1	1.8

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	526.5	1.4	3.1	17.9	4.9	11.0	7.0	9.1
MSCI EAFE	1905.3	1.7	3.5	14.0	2.7	7.6	3.3	5.5
MSCI Europe ex UK	1985.3	1.1	3.2	17.0	3.2	8.7	3.7	5.6
MSCI Japan	3224.4	3.2	4.0	11.4	1.2	6.9	5.9	5.5
MSCI EM	1022.3	2.0	4.0	8.3	4.8	7.7	2.0	4.2
MSCI Asia ex JP	632.1	2.0	3.9	8.3	2.9	8.0	3.9	6.2
MSCI LATAM	2717.2	2.5	4.5	8.5	15.9	7.9	(1.5)	0.5
Canada S&P/TSX Composite	12611.9	0.4	1.2	16.2	3.7	4.5	1.4	4.0

DISCLOSURES

All expressions of opinion reflect the judgment of the author(s), and are subject to change. This information should not be construed as a recommendation. The foregoing content is subject to change at any time without notice. Content provided herein is for informational purposes only. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. Past performance is not a guarantee of future results. Indices and peer groups are not available for direct investment. Any investor who attempts to mimic the performance of an index or peer group would incur fees and expenses that would reduce returns. No investment strategy can guarantee success. Economic and market conditions are subject to change. Investing involves risks including the possible loss of capital.

INTERNATIONAL INVESTING | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

SECTORS | Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

OIL | Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

CURRENCIES | Currencies investing are generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

GOLD | Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

FIXED INCOME | Fixed-income securities (or "bonds") are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise.

US TREASURIES | US Treasury securities are guaranteed by the US government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.

DESIGNATIONS

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP® and CERTIFIED FINANCIAL PLANNER™ in the U.S.

Investments & Wealth Institute™ (The Institute) is the owner of the certification marks "CIMA" and "Certified Investment Management Analyst." Use of CIMA and/or Certified Investment Management Analyst signifies that the user has successfully completed The Institute's initial and ongoing credentialing requirements for investment management professionals.

DATA SOURCES

FactSet and Bloomberg.

DOMESTIC EQUITY DEFINITION

LARGE GROWTH | **Russell 1000 Growth Total Return Index:** This index represents a segment of the Russell 1000 Index with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This index includes the effects of reinvested dividends.

MID GROWTH | **Russell Mid Cap Growth Total Return Index:** This index contains stocks from the Russell Midcap Index with a greater-than-average growth orientation. The stocks are also members of the Russell 1000 Growth Index. This index includes the effects of reinvested dividends.

SMALL GROWTH | **Russell 2000 Growth Total Return Index:** This index represents a segment of the Russell 2000 Index with a greater-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

LARGE BLEND | **Russell 1000 Total Return Index:** This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

MID BLEND | **Russell Mid Cap Total Return Index:** This index consists of the bottom 800 securities in the Russell 1000 Index as ranked by total market capitalization. This index includes the effects of reinvested dividends.

SMALL BLEND | **Russell 2000 Total Return Index:** This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

LARGE VALUE | **Russell 1000 Value Total Return Index:** This index represents a segment of the Russell 1000 Index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This index includes the effects of reinvested dividends.

MID VALUE | **Russell Mid Cap Value Total Return Index:** This index contains stocks from the Russell Midcap Index with a less-than-average growth orientation. The stocks are also members of the Russell 1000 Value Index. This index includes the effects of reinvested dividends.

SMALL VALUE | **Russell 2000 Value Total Return Index:** This index represents a segment of the Russell 2000 Index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

FIXED INCOME DEFINITION

AGGREGATE BOND | **Bloomberg Barclays US Agg Bond Total Return Index:** The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

HIGH YIELD | **Bloomberg Barclays US Corporate High Yield Total Return Index:** The index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

CREDIT | **Bloomberg Barclays US Credit Total Return Index:** The index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

MUNICIPAL | **Bloomberg Barclays Municipal Total Return Index:** The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

DOW JONES INDUSTRIAL AVERAGE (DJIA) | The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

NASDAQ COMPOSITE INDEX | The **Nasdaq Composite Index** is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange.

S&P 500 | The **S&P 500 Total Return Index:** The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

BLOOMBERG BARCLAYS CAPITAL AGGREGATE BOND TOTAL RETURN INDEX | This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components).

INTERNATIONAL EQUITY DEFINITION

EMERGING MARKETS EASTERN EUROPE | **MSCI EM Eastern Europe Net Return Index:** The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS ASIA | **MSCI EM Asia Net Return Index:** The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS LATIN AMERICA | **MSCI EM Latin America Net Return Index:** The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS | **MSCI Emerging Markets Net Return Index:** This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

PACIFIC EX-JAPAN | **MSCI Pacific Ex Japan Net Return Index:** The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

JAPAN | **MSCI Japan Net Return Index:** The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

FOREIGN DEVELOPED MARKETS | **MSCI EAFE Net Return Index:** This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

EUROPE EX UK | **MSCI Europe Ex UK Net Return Index:** The index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. With 337 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

MSCI EAFE | The **MSCI EAFE** (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

INTERNATIONAL DISCLOSURES

FOR CLIENTS IN THE UNITED KINGDOM | For clients of Raymond James Financial International Limited (RJFI): This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in the FCA rules or persons described in Articles 19(5) (Investment professionals) or 49(2) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)or any other person to whom this promotion may lawfully be directed. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

FOR CLIENTS OF RAYMOND JAMES INVESTMENT SERVICES, LTD.: This document is for the use of professional investment advisers and managers and is not intended for use by clients.

FOR CLIENTS IN FRANCE | This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in "Code Monetaire et Financier" and Reglement General de l'Autorite des marches Financiers. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

FOR CLIENTS OF RAYMOND JAMES EURO EQUITIES | Raymond James Euro Equities is authorised and regulated by the Autorite de Controle Prudentiel et de Resolution and the Autorite des Marches Financiers.

FOR INSTITUTIONAL CLIENTS IN THE EUROPEAN ECONOMIC AREA (EE) OUTSIDE OF THE UNITED KINGDOM | This document (and any attachments or exhibits hereto) is intended only for EEA institutional clients or others to whom it may lawfully be submitted.

FOR CANADIAN CLIENTS | This document is not prepared subject to Canadian disclosure requirements, unless a Canadian has contributed to the content of the document. In the case where there is Canadian contribution, the document meets all applicable IIROC disclosure requirements.

Investment Strategy

Lawrence V. Adam III, CFA, CIMA®, CFP®
Managing Director, Chief Investment Officer
T. 410.525.6217
larry.adam@raymondjames.com

Matt Barry
Investment Strategy Analyst
T. 410. 525. 6228
matt.barry@raymondjames.com

Scott Brown, PhD
Senior Vice President, Chief Economist
T.727.567.2603
scott.j.brown@raymondjames.com

Kristin Byrnes
Senior Manager
T. 727.567.5587
kristin.byrnes@raymondjames.com

Liz Colgan
Investment Strategy Analyst
T. 410.525.6232
liz.colgan@raymondjames.com

Giampiero Fuentes
Investment Strategy Analyst
T. 727.567.5776
giampiero.fuentes@raymondjames.com

J. Michael Gibbs
Managing Director, Equity Portfolio & Technical Strategy
T. 901.579.4346
michael.gibbs@raymondjames.com

Taylor Krystkowiak
Investment Strategy Analyst
T. 727.567.2211
taylor.krystkowiak@raymondjames.com

Joey Madere, CFA
Senior Portfolio Analyst
joey.madere@raymondjames.com
T.901.529.5331

Anne B. Platt
Vice President, Investment Strategy & Product Positioning
T. 727.567.2190
anne.platt@raymondjames.com

Richard Sewell, CFA
Senior Portfolio Analyst
richard.sewell@raymondjames.com
T.901.524.4194

RAYMOND JAMES

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863

RAYMONDJAMES.COM