WEEKLY HEADINGS

THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

Key Takeaways

- Stick to the Asset Allocation 'Game Plan'
- Consumer Spending Should 'Defend' Against Recession
- US the 'Top Draft Pick' for Regional Equities

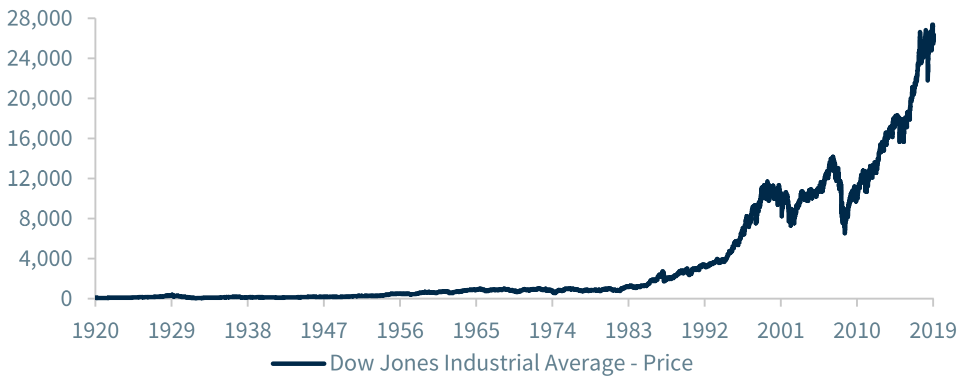
Last night, the Chicago Bears hosted the Green Bay Packers as the National Football League (NFL) celebrated the start of its 100th season! Since its founding, the NFL has transformed from a ten team regional league to the highest revenue generating sports league in the US with 32 teams worth a combined $91 billion (larger than 88% of the S&P 500 constituents)! For perspective, the Dow Jones Industrial Average was at a level of 88 in September 1920, whereas today it stands at 26,728 (an average annualized return of ~8%), and the S&P 500 was not even in existence. Many of the NFL's Hall of Famers have remarked on the life lessons they learned from the game (e.g., perseverance, discipline, team work), but there are some key investment lessons that can be learned from football too:

- **Stick to the Game Plan |** The best coaches (Don Shula, Vince Lombardi, Bill Walsh, Bill Belichick, etc.) have one thing in common: they provide a game plan that puts their players in the best position to succeed. That is also exactly what successful investors have in common: a well thought out asset allocation that best suits their risk profile. By having a game plan, you should have a well-conceived response when financial markets inevitability do not move as planned. For example, conservative investors should maintain a higher allocation to income-producing investments so that their portfolio generates enough cash flow and is not subject to significant fluctuations during more volatile times. Conversely, investors with higher risk tolerance can maintain higher allocations to more volatile securities (such as equities) because they have a longer time horizon that will allow these 'players' to develop. Successful coaches also account for clock management, field position, and momentum when determining their next calculated move. At this juncture (i.e., the longest economic expansion in US history and heightened political and economic risks), now is not the time to be overly aggressive with portfolio allocations. Many investors are 'ahead' given the 'super' performance of both bonds and equities over the last ten years, and they should remain disciplined with their game plan instead of throwing a 'Hail Mary!'
- **Defense Wins Championships |** While offense may win fans, it is defense that wins championships. Historically, many championship teams like the Chicago Bears (Da Bears), Pittsburgh Steelers (Steel Curtain), and Baltimore Ravens (my team!) focused on defense. Heightened economic and trade uncertainty has caused volatility to increase, and downside preservation for portfolios has become more important. In equity portfolios, we prefer the 'home field advantage' as our focus remains on US equities over international equities. We favor large-cap equities over small-cap equities based on better earnings prospects and 'healthier' balance sheets. In fixed income, we prefer -rade bonds over high-yield bonds.
- **When the Crowd Gets Loud |** There is a lot of noise coming from the crowd as presidential tweets, China trade, European politics, and Middle East tensions continue to drive the Global Economic Policy Index to near record highs. We encourage investors to 'keep their head in the game' and focus on the basic fundamentals of the economy, earnings, and valuations. While economic headwinds are building (e.g. ,ISM manufacturing in contraction), our expectation is that strong consumer spending, a synchronized global easing cycle, and a president motivated by reelection should help the economy avert a recession over the next 12 months. Given record levels of negative yielding debt overseas, low (but still positive) rates in the US have reduced the upside potential for bonds longer term. In this low rate environment, US equity valuations are attractive, especially if S&P 500 earnings approach the consensus ~$176 estimate for 2020.
- **Not For Long |** According to the NFL Players Association, the average career length of an NFL player is ~3.3 years. Due to this brevity, many have repurposed the NFL acronym to signify 'not for long.' Just as NFL players are only as good as their last play, we recognize that we are only as good as our last investment call. That is why we 'train' constantly and employ all the investment tools available to help provide a consistent 'winning formula.' Hopefully, our hard work and commitment will allow us to become the George Blanda (Hall of Famer who played a record 26 seasons) of investment strategy! We hope you enjoy the games this 'kick-off' weekend!

CHART OF THE WEEK

100 Years of the Dow

In September of 1920, the Dow Jones Industrial Average was at a level of 88. Today it stands at 26,728, which is an average annualized return of ~8%!



*See Charts of the week on page 3.

ECONOMY

- The ISM surveys were mixed in August as the ISM Manufacturing Index declined into contraction territory (driven in part by weakness in new orders and production subsectors) for the first time in three years, but the ISM Services Index rose to the highest level in four months. This reflects the current dichotomy of the US economy, as the manufacturing sector is hampered by the slowdown in global growth and trade uncertainty while the services sector remains robust.
- The August Employment Report disappointed. Nonfarm payrolls rose by 130,000 (median forecast: +160,000), despite a 25,000 boost from temporary hiring for the 2020 census. Private-sector payrolls rose by 96,000, leaving the three-month average at 129,000 (vs. +215,000 in 2018). Average hourly earnings rose 0.4% (+3.2% y/y), up 0.5% for production workers (+3.5% y/y). Elevated wage pressures will only add to the debate for Fed members of whether or not to cut interest rates at the September 17-18 FOMC policy meeting. Officials are likely to remain split, but the factors that led the Fed to cut in late July remain (e.g. slowing global economic growth and trade uncertainty).
- **Focus of the Week:** The August Consumer Price Index (Thursday) is expected to reflect a dip in gasoline prices, but core inflation should remain moderate on a year-over-year basis. Following three strong months, retail sales (Friday) are likely to have risen more moderately in August (unit motor vehicle sales were about flat and gasoline prices fell).

September 9 – September 13

MON
Consumer Credit
CPI (China)
Economic Index (Eurozone)

TUE
Small Business Index
Industrial Production (France/Italy)

WED
Wholesale Inventories
PPI

THU
ECB Meeting
Jobless Claims
CPI

FRI
Retail Sales
Business Inventories
Consumer Sentiment

FUTURE EVENTS
9/18 FOMC Meeting
9/23 Manufacturing PMI

US EQUITY

- After trading between its 50 and 200 day moving averages (DMA) since the beginning of August, the S&P 500 decisively broke above its 50 DMA of 2,945 to close the session at 2,976 on the heels of news that the US and China agreed to additional trade talks in Washington in early October and solid economic data (strong ISM services report).
- While the market will continue to fluctuate with incoming trade headlines, the equity market continues to be supported by positive earnings growth, favorable valuations, attractive dividend yields (particularly relative to sovereign yields) and supportive seasonality, as the fourth quarter is historically the strongest quarter of the year for equities.
- **Focus of the Week:** The next level of upside resistance will be found in the 2,995 and 3,027 range, while broad-based support remains in the 2,728-2,808 range (June low/200 DMA). Barring a surprise with either trade or the Fed in the coming weeks, the market will likely be bound within these levels. Tactical investors/traders should remain patient for now. Long-term investors can continue to accumulate during weak periods.

FIXED INCOME

- On the back of a more conciliatory tone in trade talks between the US and China (as more talks are scheduled for early October) and positive services data in the US, longer-term sovereign yields rose sharply (particularly the 30-year Treasury bouncing off its key long-term support level) during the week. This brought the yield curve between the 10-year and 2-year maturities out of an inversion and into positive territory for the first time in two weeks.
- Given that the US remains one of the few developed markets where interest rates are positive (global negative yielding debt recently topped $17 trillion), US yields will likely remain depressed due to increased demand from foreign buyers.
- **Focus of the week:** The key focus of investor attention will be on the ECB meeting next week. Draghi raised the possibility of restarting the asset purchase program. This could trigger further rate declines and add to the already diverse rate climate between the US and Europe. US Treasuries are arguably being influenced more by global rates than by the US economy.

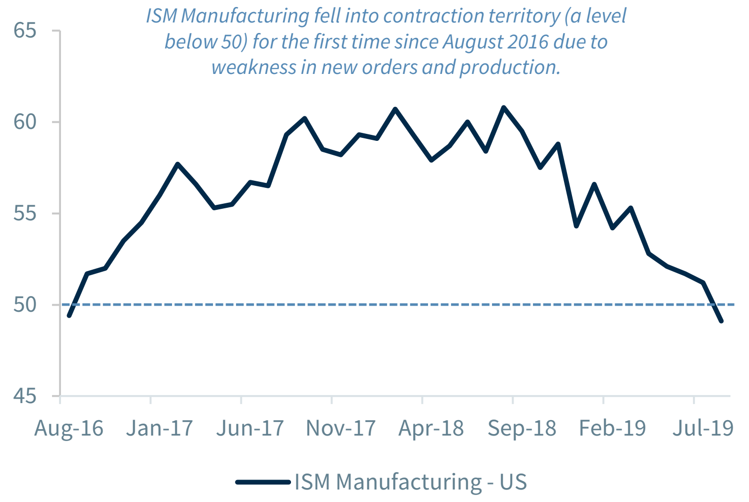
INTERNATIONAL & POLICY

- The resumption of high-level trade talks between the US and China in early October is a near-term positive given the opportunity for progress, but the fundamental backdrop of the two sides 'fighting while embracing' is due to continue into the fall. This puts off the next round of discussions until after tariffs are due to jump to 30% on $250 billion Chinese imports on October 1 – a further potential hit to market sentiment if they are implemented as scheduled.
- It's unclear what progress can be made in October/November in order to avert or delay the more significant tariffs slated to hit more consumer-sensitive items beginning December 15. Both the US and China appear to be preparing for a protracted battle rather than a reconciliation in the short/medium-term, and political dynamics that encourage President Trump to continue to apply significant pressure on China increase the chances that meaningful resolution to the trade dispute will be a post-2020 event.
- The Brexit saga continues in the UK. Parliament has shown its hand by pushing for legislation that would bar a no-deal Brexit. It also has not yet agreed in sufficient numbers to accede to the prime minister's wish for an election in October. The latter is still a plausible outcome, but only when further legislative constraints on a no-deal have been completed. The UK remains horribly split, both in the general population and in Parliament. This highlights a soft Brexit compromise as the most sensible route, an outcome which would lead to UK domestic assets (including the pound) trading higher. However there are many barriers to this and further inevitable twists and turns upcoming.
- Carrie Lam, Hong Kong's Chief Executive, recently withdrew the controversial extradition bill that had sparked widespread protests. This has been heralded as an olive branch and an attempt by the Chinese government (which is clearly pulling the strings here) to calm the situation. This should help support regional Chinese assets.
- **Focus of the week:** Investors will be watching both US/China trade and Brexit developments closely over the next week for indications of positive progress, which may in turn fuel a continuation of the rally in risk assets.

*See Charts of the week on page 3.

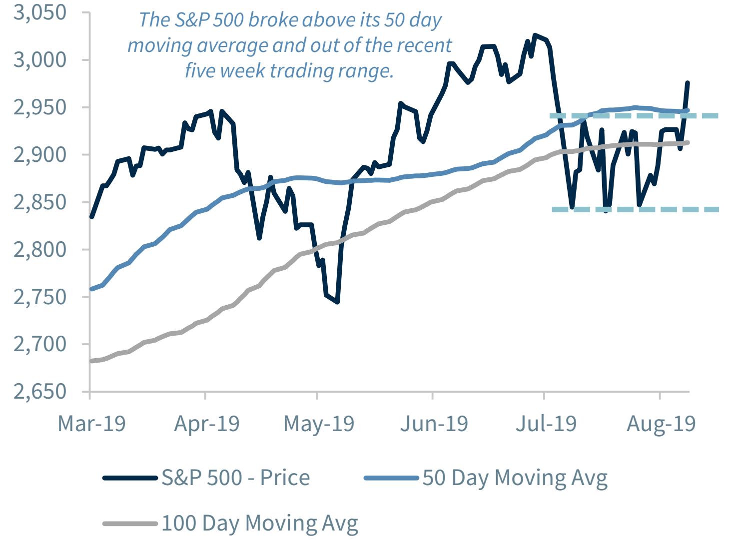
Charts of the Week

ISM Manufacturing in Contraction Territory

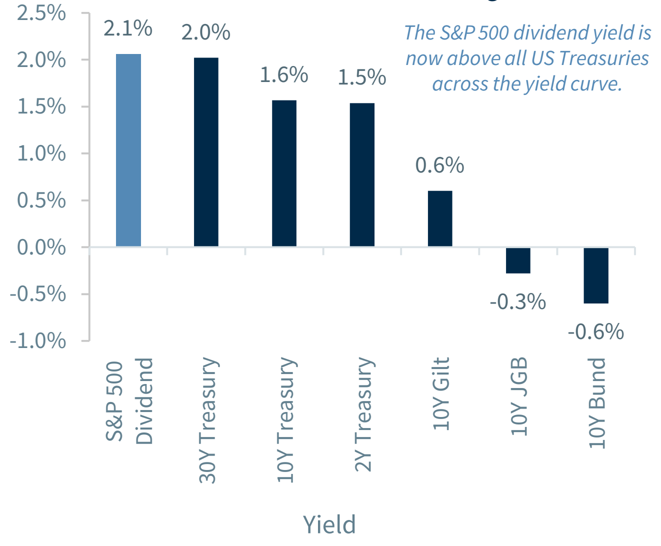


Pace of Job Gains Slows in August

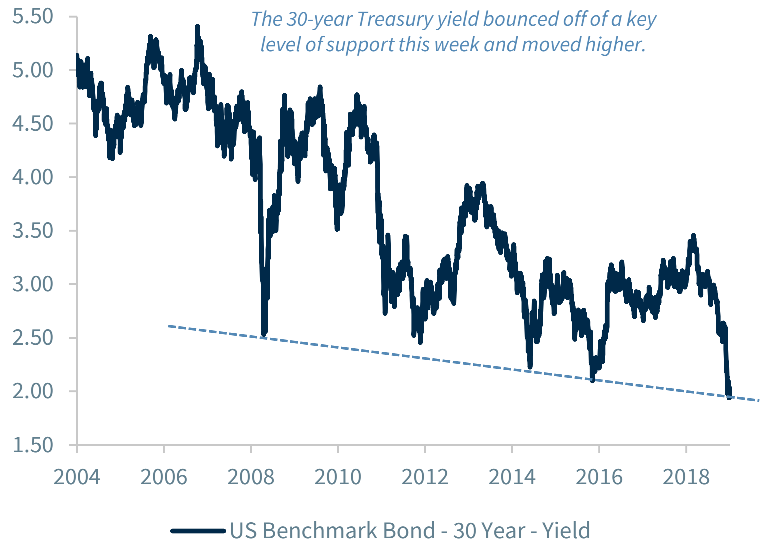
S&P 500 Breaking Out of its Recent Range



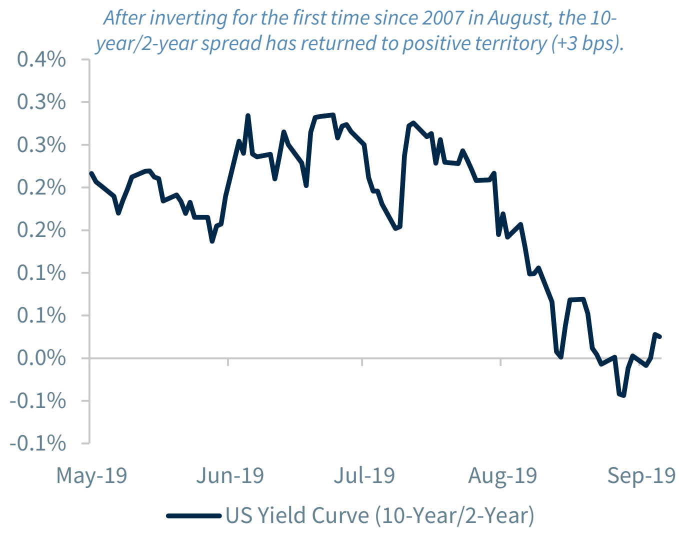
S&P 500 Dividend Yield vs. Sovereign Yields



30-Year Treasury Yield Bounces off of Support



10-Year/2-Year Spread Back to Positive



Asset Class Performance | Distribution by Asset Class and Style (as of September 5)

Weekly Returns (as of September 5)

U.S. Equities (S&P indices)

	Value	Blend	Growth
Large Cap	1.9%	1.7%	1.6%
Mid Cap	2.1%	1.7%	1.4%
Small Cap	1.9%	1.5%	1.1%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	1.5%	1.6%	1.6%
Mid Cap	1.6%	1.6%	0.8%
Small Cap	1.2%	1.2%	0.9%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-0.2%	-0.5%
Invest. Grade	0.0%	-0.2%	-0.3%
High Yield	0.0%	0.1%	0.5%

Year-to-Date Returns (as of September 5)

U.S. Equities (S&P indices)

	Value	Blend	Growth
Large Cap	17.8%	20.4%	22.7%
Mid Cap	14.1%	16.3%	18.4%
Small Cap	11.3%	11.4%	11.7%

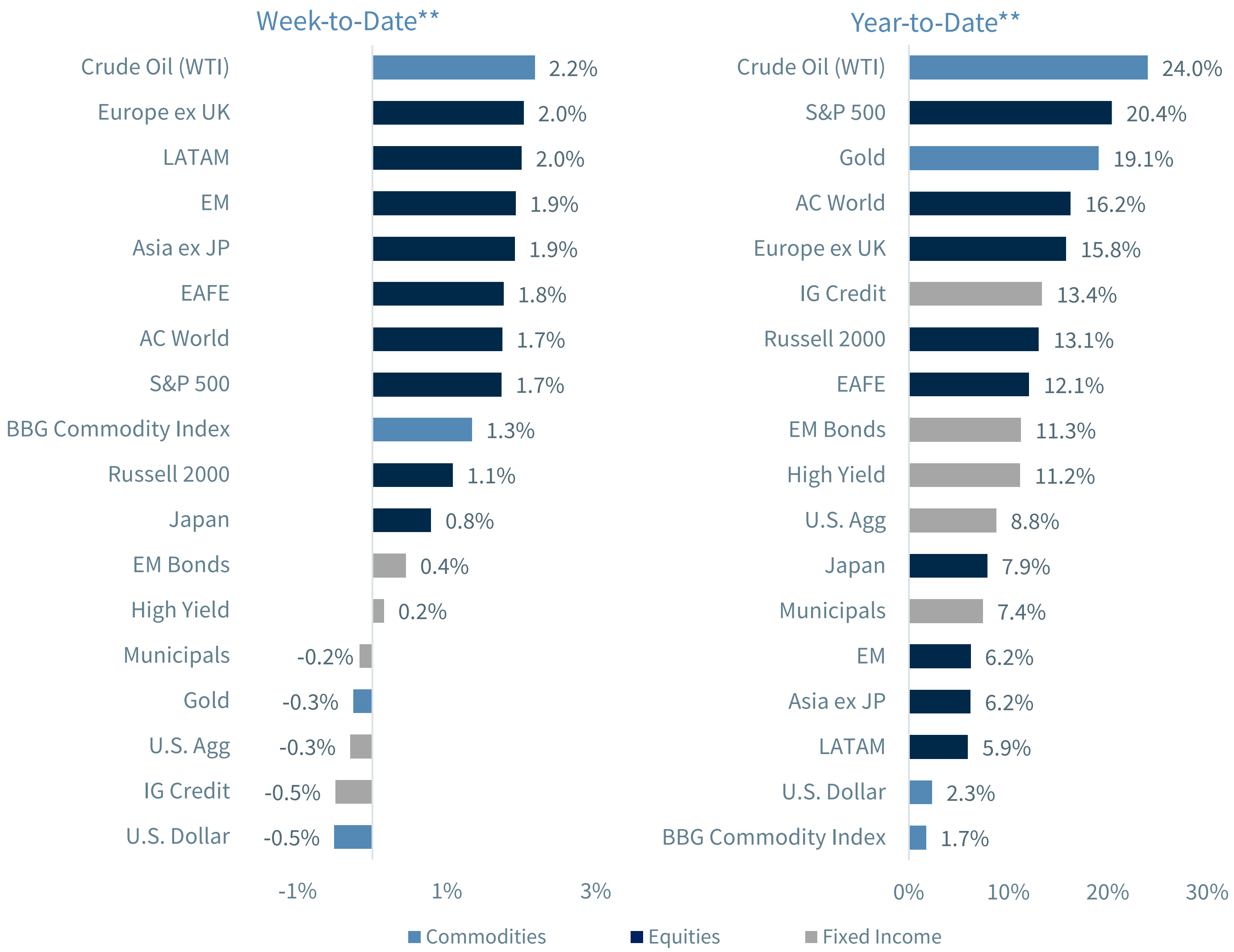
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	13.8%	16.9%	8.5%
Mid Cap	14.2%	17.1%	5.4%
Small Cap	12.6%	13.9%	4.1%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	1.7%	6.6%	11.9%
Invest. Grade	4.1%	9.0%	12.9%
High Yield	5.8%	10.8%	18.7%

Asset Class Performance | Weekly and Year-to-Date (as of September 5)



**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 5

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	2976.0	1.7	1.7	20.4	5.2	13.2	10.8	15.8
DJ Industrial Average	26728.2	1.2	1.2	14.6	2.9	19.3	12.6	16.1
NASDAQ Composite Index	8116.8	1.9	1.9	22.3	1.5	19.9	13.1	19.0
Russell 1000	3162.8	1.7	1.7	20.5	2.5	12.6	9.9	13.5
Russell 2000	3754.6	1.1	1.1	13.1	(12.9)	7.9	6.4	11.6
Russell Midcap	5726.9	1.6	1.6	21.5	0.5	10.1	7.9	13.5

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	355.7	0.5	0.5	14.1	(1.9)	7.2	4.4	9.4
Industrials	646.6	1.7	1.7	21.0	1.6	10.6	9.1	13.9
Comm Services	170.2	2.2	2.2	23.8	12.4	3.3	5.5	10.1
Utilities	318.2	0.8	0.8	21.1	19.8	12.1	11.5	12.4
Consumer Discretionary	963.0	2.5	2.5	24.4	6.0	16.1	13.6	18.4
Consumer Staples	625.5	0.8	0.8	22.2	15.9	6.8	9.0	12.6
Health Care	1050.5	0.4	0.4	6.2	0.2	9.7	9.0	14.4
Information Technology	1428.9	2.6	2.6	32.7	11.3	23.6	18.3	17.7
Energy	431.0	2.2	2.2	4.4	(18.2)	(2.4)	(6.5)	3.7
Financials	453.9	1.9	1.9	16.5	(1.6)	13.3	9.7	11.1
Real Estate	245.4	1.2	1.2	29.9	22.1	9.7	10.3	16.1

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Month Treasury Bill (%)	2.0	0.0	0.0	1.6	2.3	1.4	0.9	0.5
2-Year Treasury (%)	1.5	(0.1)	(0.1)	3.0	4.2	1.4	1.2	1.1
10-Year Treasury (%)	1.6	(0.5)	(0.5)	11.9	14.9	2.1	3.5	4.2
Barclays US Corporate High Yield	6.3	0.2	0.2	11.2	6.8	6.2	5.0	8.5
Bloomberg Barclays US Aggregate	2.2	(0.3)	(0.3)	8.8	10.1	3.0	3.4	3.9
Bloomberg Barclays Municipals		(0.2)	(0.2)	7.4	8.7	3.3	3.9	4.5
Bloomberg Barclays IG Credit	2.9	(0.5)	(0.5)	13.4	13.2	4.6	4.6	5.8
Bloomberg Barclays EM Bonds	4.9	0.4	0.4	11.3	12.9	4.7	4.8	7.1

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	56.3	2.2	2.2	24.0	(18.1)	8.2	(9.6)	(1.9)
Gold ($/Troy Oz)	1525.5	(0.3)	(0.3)	19.1	27.0	4.8	3.8	4.3
Dow Jones-UBS Commodity Index	78.0	1.3	1.3	1.7	(5.6)	(2.0)	(9.0)	(4.4)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
U.S. Dollar Index	98.4	(0.5)	(0.5)	2.3	3.4	0.9	3.3	2.3
U.S. Dollar per Euro	1.1	0.3	0.3	(3.4)	(5.0)	(0.4)	(3.1)	(2.5)
U.S. Dollar per British Pounds	1.2	1.2	1.2	(3.2)	(4.9)	(2.5)	(5.5)	(2.8)
Japanese Yen per U.S. Dollar	107.1	0.9	0.9	(2.4)	(4.1)	0.9	0.4	1.4

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	519.5	1.7	1.7	16.2	3.3	10.1	6.4	9.4
MSCI EAFE	1873.8	1.8	1.8	12.1	0.9	6.5	2.7	5.9
MSCI Europe ex UK	1963.8	2.0	2.0	15.8	2.6	7.8	3.2	6.1
MSCI Japan	3123.7	0.8	0.8	7.9	(2.2)	6.0	5.1	5.6
MSCI EM	1003.0	1.9	1.9	6.2	1.1	6.6	1.0	4.5
MSCI Asia ex JP	620.3	1.9	1.9	6.2	(1.6)	7.2	3.2	6.4
MSCI LATAM	2652.7	2.0	2.0	5.9	15.4	5.9	(3.3)	0.8

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

Found a shorter version for the CFP: 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