WEEKLY HEADINGS

THOUGHTS OF THE WEEK

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Don't give up yet! This Sunday, January 19, is National Quitter's Day, the day when most resolutioners start to throw in the proverbial towel. But rest assured, we will never abandon our goal of providing you with clear, concise views on the US economy and various asset classes. The act of setting resolutions is usually done with a high degree of optimism regarding what the new year can bring, but as the days pass, motivation begins to waiver, willpower is tested, and even the best of intentions get overwhelmed. Coming off the strongest year for US equities and bonds since 2013 and 2002, respectively, investors entered 2020 with elevated optimism that has not yet been challenged. We caution against complacency as geopolitical, political, economic and earnings risks cannot be ignored. But whether it be a New Year's resolution or a long-term financial objective, the tips and tricks for reaching success are the same for both.

Key Takeaways

Investors Need 'Discipline' In Times of Heightened Volatility

'Mistakes' Will Happen But Learn From Them

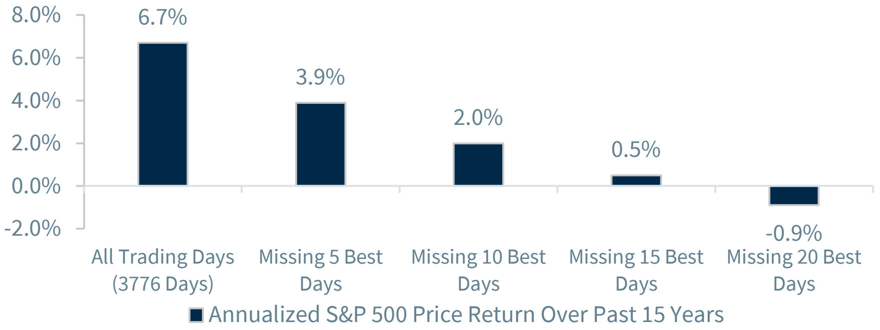
'Tracking The Progress' And Trends This Earnings Season

- **A Goal Without A Plan Is A Wish |** Research has shown that concrete goals with clear steps and actions for how they can be achieved have the greatest probability of becoming reality. It is only natural for investors to wish for new markets highs and dream of another decade with no days in recession, but when it comes to evaluating economic data and achieving specific financial objectives, the strategies must be well-founded rather than left to chance. We constantly assess the state of the US economy across our 'real time' leading indicators (e.g., withholding taxes, jobless claims, etc.) and find that the economy remains on a healthy trajectory. In addition, we advocate for investors to have a well-thought out financial plan that includes a diversified asset allocation, an appropriate level of risk, and suitable investment vehicles. For investors, the discipline required to remain committed to a plan in times of volatility is just as important as their initial investment strategy. With relatively more expensive markets compared to last year, expect elevated headline-induced volatility related to trade wars, impeachment, growth concerns, and geopolitical tensions. Avoid the urge to make emotionally-driven portfolio decisions, as history suggests that those ill-fated decisions lead to subpar performance. For example, recurring errors related to market timing can be detrimental to a portfolio in the long run. In fact, an equity investor who missed only the top ten best days over the past 15 years would have underperformed the S&P 500 by ~470 basis points on an annualized basis.
- **A Setback Is A Setup For A Comeback |** Anyone trying to stick to a resolution knows that slip-ups can happen, but these short-term setbacks don't have to be viewed in only a negative light. For the equity market, pullbacks can be healthy tests for the market and can provide investors with buying opportunities. In 2019, the S&P 500 only experienced two 5%+ pullbacks, which was half of the historical average of four. So far this year, financial markets have remained relatively calm despite potentially market moving events (i.e., US-Iran tensions, impeachment trial, and trade developments) which is evidenced by the Volatility Index (VIX) remaining below the 15.0 level for all but two of the trading days. Technical indicators such as the Relative Strength Index (RSI) help indicate when investor complacency is excessive and is a signal of a growing probability of a pullback. At current levels, RSI is above the key 'overbought' threshold, and although breaching this level does not always lead to an immediate decline, it is a warning signal that investors need to be cautious in the near term.*
- **Strength in Numbers |** Studies suggest that sharing your resolutions with someone else, or having an accountability partner to accompany you in your efforts will lead to a greater likelihood of success. Your financial advisor is the perfect person to assume this role, as he or she has the best understanding of your full financial picture. From periodically reviewing your accounts to helping guide your investment decisions, your advisor is able to help you keep your portfolio on the right path.
- **Keep Track of Progress |** The 4Q19 earnings season is underway! The consensus forecasts S&P 500 earnings growth to decline ~1% year-over-year; but if earnings beat by historical averages (~3-4%), earnings growth should find its way into positive territory. As a result, an earnings recession (two straight quarters of negative earnings growth) could be avoided. With ~60% of the S&P 500 market cap set to report over the next two weeks, we will track the overall trends as well as the magnitude of beats and the forward guidance for each sector as we anticipate an acceleration of earnings growth as we progress through 2020. For example, thus far, 20 S&P 500 Technology companies have issued positive EPS guidance for the fourth quarter, which is the second highest number since 2006, and confirms our bias for this sector. Keeping tabs of current and future earnings growth will be critical as earnings growth, rather than P/E expansion, will drive performance this year.

CHART OF THE WEEK

Timing the Market

A disciplined investment strategy should help investors avoid making emotionally-driven decisions. Repeated attempts to time the market may be detrimental to a portfolio, as missing the top performance days has led to substantial underperformance over the last 15 years.



*See Charts of the week on page 3.

ECONOMY

- Retail sales rose 0.3% in the advance estimate for December, roughly in line with consensus expectations.* This brought the year-over-year (YoY) pace to 5.8%, which is the strongest since August 2018. Digging into the internals, the retail sales control group (a direct GDP input) grew at the fastest pace (0.5% month-over-month (MoM)) since July reflecting continued consumer strength.
- Jobless claims fell to 204,000 in the week ending January 11, the third lowest reading of the current cycle and lowest since 1969. Continued strength in the labor market should further support consumer spending and thereby economic growth.*
- **Focus of the Week:** The Index of Leading Economic Indicators was flat in November, following three consecutive monthly declines. As this Index historically peaks ~13 months prior to a recession, which is not our base case scenario, we will be looking for the Index to rebound to the upside (current consensus estimate 0.1% MoM) when it is reported next Thursday.

January 20 – January 24

MON MLK Holiday (Market Closed)

TUE

WED Chicago Fed National Activity (Dec)

THU Leading Economic Indicators
Jobless Claims
ECB Monetary Policy Decision

FRI

FUTURE EVENTS 1/29 FOMC Policy Statement
1/30 Real GDP
2/3 ISM Manufacturing Index (Jan)

US EQUITY

- The banks 'kicked off' earnings season with generally supportive results thus far; however, the group has continued to consolidate its relative strength with the move lower in interest rates in recent days being the primary headwind for the sector. We remain overweight the Financials sector, and would use the pullback as an opportunity to accumulate.
- The Technology sector will be another key area to watch, as the group has gotten extended in price (18% above its 200 day moving average (DMA) - a two standard deviation move over the past 10 years). Valuation multiples have expanded considerably over the past year, so it will be important for these companies to meet or exceed expectations in their earnings results.
- The Consumer Discretionary and Industrials sectors have lagged lately, despite the risk-on market tone. Q4 earnings estimate revisions have been worse than Q1-Q3, which has likely weighed on relative performance trends. However, this could end up providing a 'low bar' for results given our expectation of a solid consumer and improved manufacturing trends in 2020.
- **Focus of the Week:** The market advance has continued and momentum remains strong. While the bullish undertone to the market remains, we would be selective with new purchases as the S&P 500 is extended. The Index has not experienced a 1% daily move in three months, investor complacency has set in (put/call ratio and VIX low), and valuation multiples have expanded to elevated levels.* As such, we would not be surprised to see a pause or consolidation in the short term. The intermediate-term technical backdrop remains solid, and contributes to our view that pullbacks are likely to be light. We view initial technical support at 3260, followed by the upward trending 50 DMA at 3172 (-4% from current levels).

FIXED INCOME

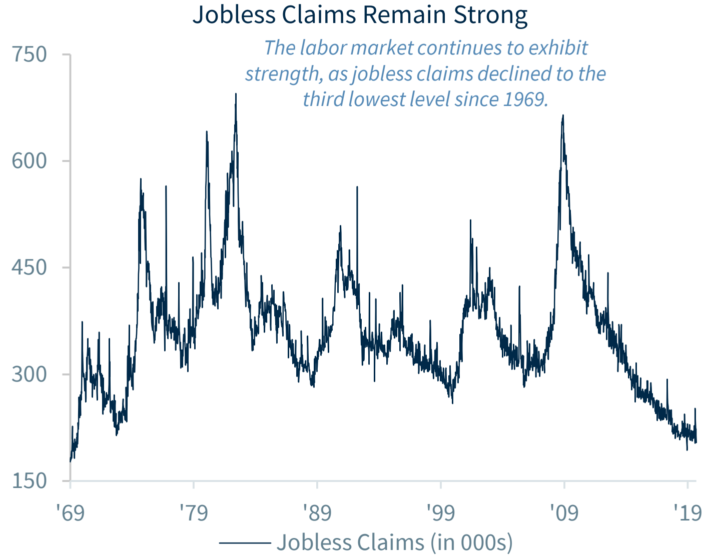
- The yield curve remains solidly in positive territory (24 bps) but has flattened since the start of the year, which was the steepest level (35 bps) since October 2018.* The flattening of the curve has been driven primarily by the longer-end, as 10-year Treasury yields have declined 11 bps since the start of the year on increased geopolitical risk (e.g., Iran) and muted inflation figures.
- **Focus of the Week:** The bond market appears to have adopted a wait-and-see approach with trade talks and more focus on inflation (or the lack of it) and economic data. Very few economic releases are scheduled for next week due to the Martin Luther King Holiday. Expect quiet trading with rates remaining in a very tight trading range barring any unforeseen geopolitical event.

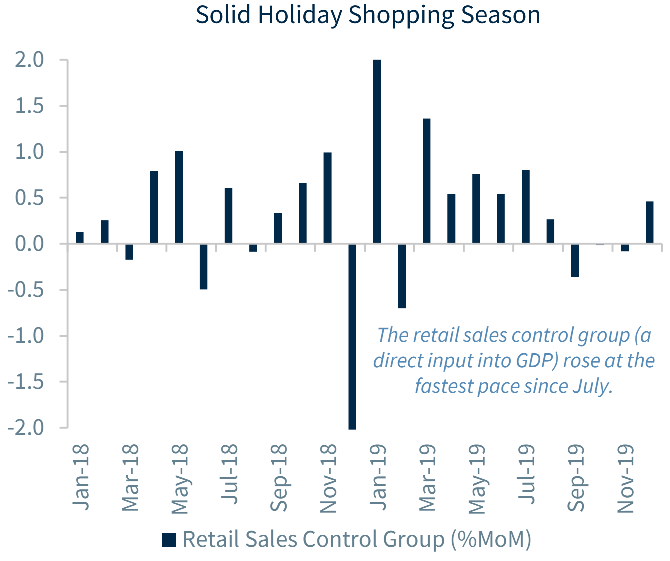
INTERNATIONAL, POLITICAL & COMMODITIES

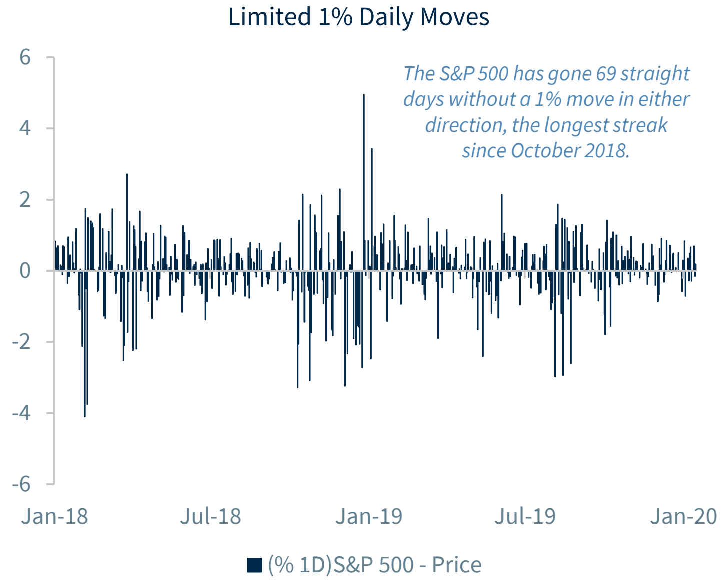
- Despite looming fears of new tariff threats that are keeping European manufacturing in a recession, the euro zone seems to be stabilizing, and therefore the European Central Bank is expected to keep policy unchanged during their January 23 meeting.
- As geopolitical tensions ease, oil prices have come back down from their highs of early January, but remain considerably stronger than they were six weeks ago.* Even without any future supply disruptions, the supply picture is already broadly bullish: the larger US producers are exhibiting restraint in capital allocation, and US well productivity improvements are slowing down; OPEC plus Russia's production cuts include especially strong Saudi discipline; Venezuela's domestic crisis shows no signs of ending.
- Senator Sanders largely avoided the 'frontrunner treatment' in this week's debate that has proven to be the Achilles heel of other candidates. However, the race to win the Iowa caucuses is extremely fluid and has a history of breaking late. Nationally, Biden remains the favorite, which will limit some market reaction to the race unless this dynamic significantly shifts. Voting kicks off on February 3 with the Iowa caucuses, before New Hampshire, Nevada, and South Carolina and Super Tuesday on March 3.
- While the market will be digesting the finalized phase one of the US/China trade agreement, the debate will move toward the ability to build upon this agreement in subsequent negotiations; the willingness and ability of China to implement the promised reforms (a key issue that has proven to be a false start previously); and the impact of the upcoming election on US/China relations.
- The biggest criticism of the deal is that it does little on many of the structural issues that the Trump administration has previously raised, some of which continue down a separate path and threatens the decoupling of the US and China (especially with technology). On a more positive note, the deal locks into place commitments to normalize the economic relationship between the two countries. Top-line takeaways from the text's release confirm $200b in additional purchases from established 2017 levels spread across manufactured goods, agricultural goods, energy, and services.
- **Focus of the Week:** This year marks the 50th anniversary of the World Economic Forum meeting (January 21-24), with a theme titled 'Stakeholders for a Cohesive and Sustainable World'. Many top global politicians and policymakers will be in attendance including President Trump, who has picked up an invitation from the Chinese delegation to talk with the founder of controversial telecom infrastructure provider Huawei to help kick start phase two trade discussions between the United States and China.

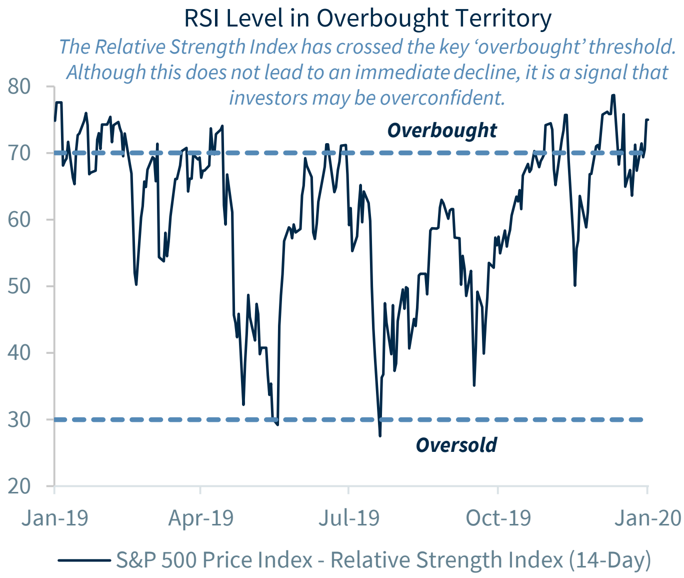
*See Charts of the week on page 3.

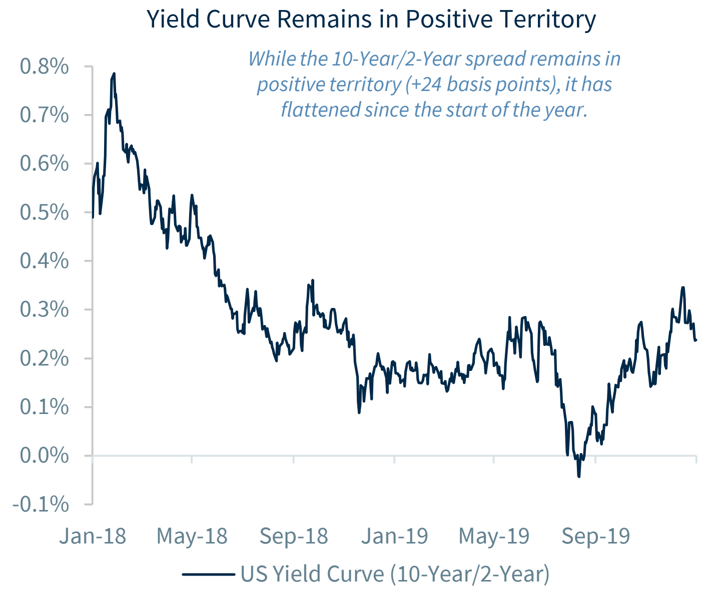
Charts of the Week

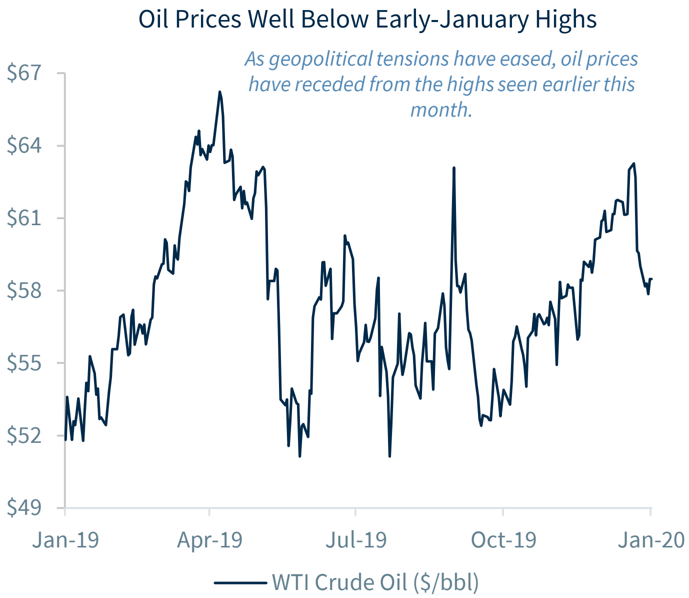












Asset Class Performance | Distribution by Asset Class and Style (as of January 16)

Weekly Returns (as of January 16)

US Equities (S&P indices)	Value	Blend	Growth
Large Cap	1.4%	1.7%	1.9%
Mid Cap	2.2%	2.2%	2.0%
Small Cap	2.4%	2.9%	3.3%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	0.3%	1.1%	0.7%
Mid Cap	0.4%	1.5%	2.0%
Small Cap	0.2%	1.6%	1.9%

Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	0.0%	0.1%	0.2%
Invest. Grade	0.0%	0.1%	0.2%
High Yield	0.2%	0.2%	0.8%

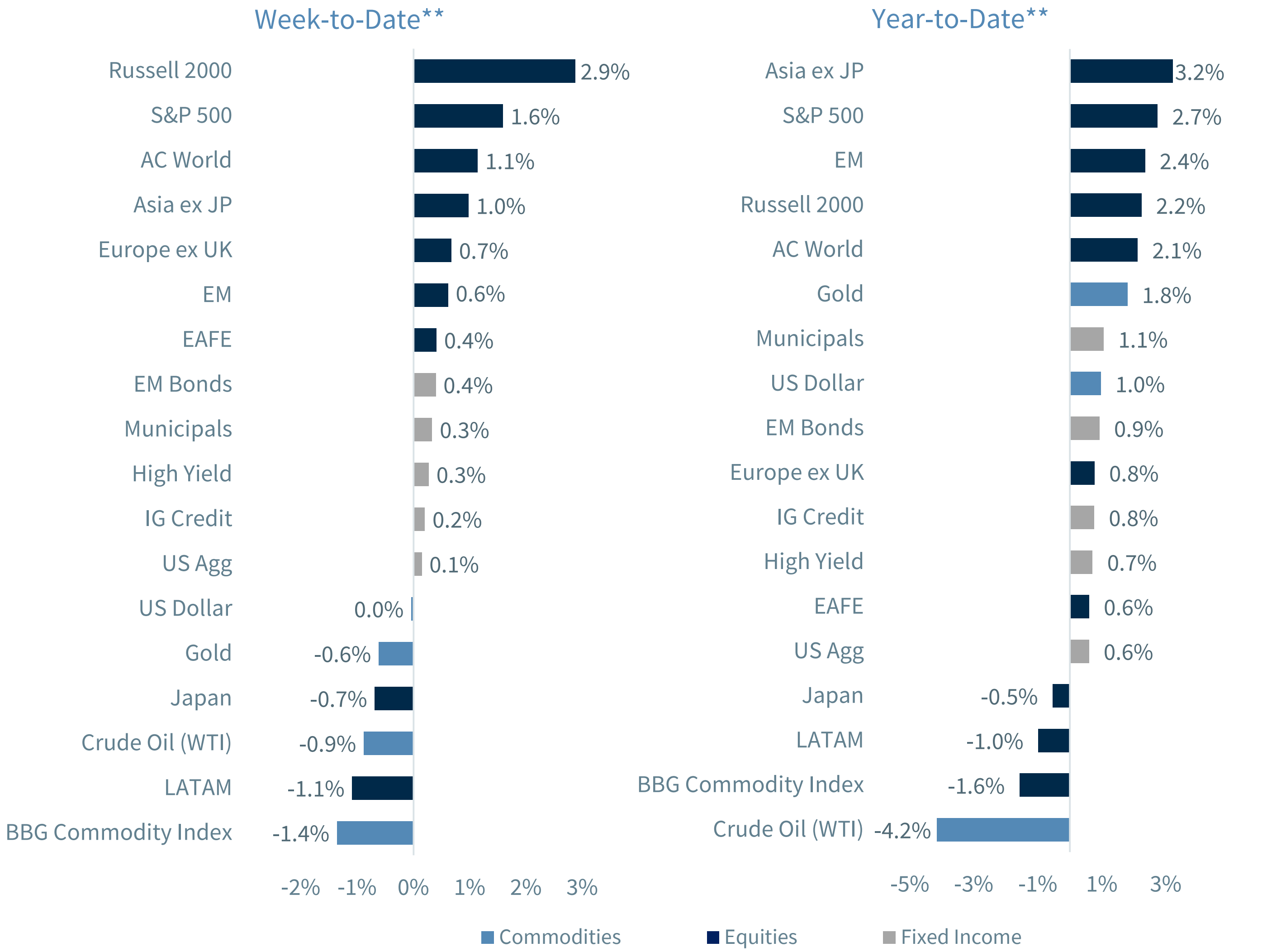
Year-to-Date Returns (as of January 16)

US Equities (S&P indices)	Value	Blend	Growth
Large Cap	1.2%	2.9%	4.4%
Mid Cap	1.6%	2.6%	4.2%
Small Cap	0.6%	2.2%	3.8%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	1.6%	2.5%	2.6%
Mid Cap	1.3%	2.3%	3.0%
Small Cap	0.7%	1.7%	2.3%

Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	0.1%	0.3%	1.0%
Invest. Grade	0.1%	0.4%	0.6%
High Yield	0.6%	0.7%	1.6%

Asset Class Performance | Weekly and Year-to-Date (as of January 16)



**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 January 16

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3316.8	1.3	2.7	2.7	29.4	15.6	10.8	15.8
DJ Industrial Average	29297.6	1.2	2.7	2.7	21.0	19.3	12.6	16.1
NASDAQ Composite Index	9357.1	1.7	4.3	4.3	33.0	19.9	13.1	19.0
Russell 1000	3525.4	1.4	2.9	2.9	31.4	15.0	11.5	13.5
Russell 2000	4237.9	2.4	2.2	2.2	25.5	8.6	8.2	11.8
Russell Midcap	6273.6	2.0	2.6	2.6	30.5	12.1	9.3	13.2

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	382.1	1.8	(1.0)	(1.0)	20.5	8.4	7.2	8.8
Industrials	711.8	1.3	3.6	3.6	27.4	11.4	11.0	13.3
Comm Services	189.4	1.3	4.5	4.5	29.3	6.6	8.4	10.7
Utilities	336.5	3.2	2.5	2.5	29.6	14.8	10.2	12.1
Consumer Discretionary	1002.9	0.3	1.7	1.7	22.4	16.0	14.3	17.3
Consumer Staples	654.9	1.5	1.3	1.3	27.2	10.5	8.2	12.1
Health Care	1217.0	1.7	2.5	2.5	21.3	16.0	10.2	14.6
Information Technology	1693.7	2.0	5.2	5.2	53.2	28.4	22.1	18.1
Energy	451.7	(1.1)	(1.0)	(1.0)	2.4	(3.1)	(1.1)	2.9
Financials	513.1	(0.1)	0.5	0.5	24.4	11.7	12.4	11.9
Real Estate	245.4	3.3	2.1	2.1	26.0	12.6	7.7	13.8

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	1.5	0.0	0.1	0.1	2.2	1.6	1.0	0.6
2-Year Treasury (%)	1.6	0.0	0.0	0.0	3.3	1.6	1.1	1.1
10-Year Treasury (%)	1.8	0.5	1.0	1.0	10.2	3.8	1.8	4.1
Barclays US Corporate High Yield	5.9	0.3	0.7	0.7	11.3	6.2	6.3	7.4
Bloomberg Barclays US Aggregate	2.2	0.4	0.6	0.6	9.3	4.1	2.9	3.7
Bloomberg Barclays Municipals		0.4	1.1	1.1	8.2	4.7	3.5	4.4
Bloomberg Barclays IG Credit	2.8	0.6	0.8	0.8	14.9	6.0	4.4	5.5
Bloomberg Barclays EM Bonds	4.7	0.5	0.9	0.9	12.4	6.0	6.1	6.6

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	58.5	(0.9)	(4.4)	(4.4)	12.3	3.8	3.8	(2.8)
Gold ($/Troy Oz)	1554.6	0.2	2.6	2.6	20.3	9.3	4.0	3.3
Dow Jones-UBS Commodity Index	79.6	(1.0)	(1.6)	(1.6)	(0.8)	(3.5)	(5.1)	(5.4)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	97.3	(0.1)	1.0	1.0	1.3	(1.3)	1.0	2.3
US Dollar per Euro	1.1	0.4	(0.7)	(0.7)	(2.2)	1.7	(0.6)	(2.5)
US Dollar per British Pounds	1.3	0.1	(1.4)	(1.4)	1.6	2.7	(2.9)	(2.2)
Japanese Yen per US Dollar	110.1	0.5	1.3	1.3	1.2	(1.2)	(1.3)	1.9

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	576.9	1.1	2.1	2.1	24.4	13.0	9.8	9.3
MSCI EAFE	2048.7	0.6	0.6	0.6	18.9	9.4	6.7	5.8
MSCI Europe ex UK	2145.0	0.7	0.8	0.8	22.6	10.7	7.2	6.0
MSCI Japan	3418.6	(0.3)	(0.5)	(0.5)	14.7	8.0	8.2	5.9
MSCI EM	1140.6	1.0	2.4	2.4	16.4	11.4	6.5	4.1
MSCI Asia ex JP	710.4	1.4	3.2	3.2	18.2	12.6	7.3	6.4
MSCI LATAM	2886.1	(1.1)	(1.0)	(1.0)	5.6	9.5	4.8	(0.5)
Canada S&P/TSX Composite	13406.0	1.4	2.5	2.5	15.7	4.1	4.1	4.1

DISCLOSURES

All expressions of opinion reflect the judgment of the author(s) and the Investment Strategy Committee, 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.

Diversification and asset allocation do not ensure a profit or protect against a loss.

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, generally offer a fixed rate of return and guaranteed principal value.

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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.

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