THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

WEEKLY HEADINGS

Sunday Night Lights! Miami's Hard Rock Stadium is ready to rumble as the host site for Super Bowl LIV, and fans across the US will tune in to see which team has the will to win. Between the touchdown celebrations, electrifying musical performances, and comical yet costly commercials (a 30-second commercial is valued at $5.6 million!), the 'Big Game' provides entertainment for fans of all ages. This is true even for football enthusiasts like me, whose teams have already suffered the agony of defeat. As the National Football League prepared for the first kickoff of its 100th season this past September, we remarked that many of lessons learned from the sport (i.e., perseverance, discipline, team work) also serve as crucial investment principles. But ahead of the final showdown this Sunday, we cannot help but note that some of the game's terminology also translates to the economy and financial markets.

Key Takeaways

'Final Ruling' Should Be Wuhan Virus Seen As A Minor Setback

Why The Equity Market Wants 'Nothing But The Niners'

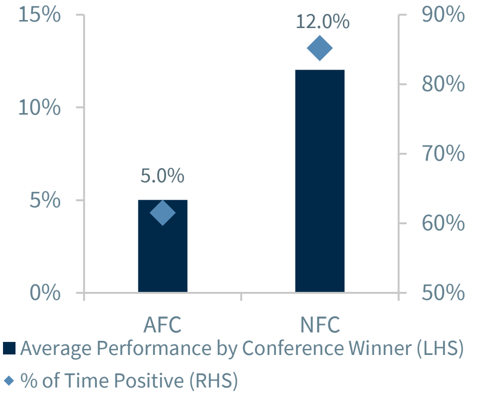
Info Tech 'Shows Up To Play' In 'First Half' Of Earnings Season

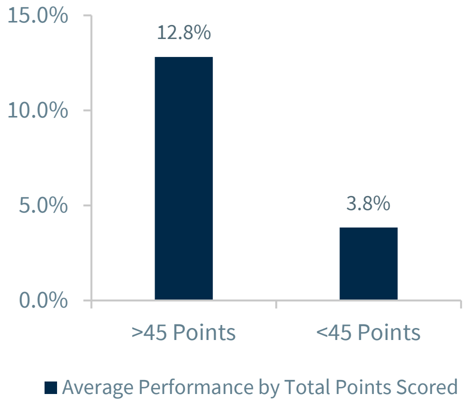
- **Global Growth 'Under Further Review'** | The catalyst for the market decline and uptick in volatility earlier in the week was attributable to the spread of the coronavirus. While the extent and impact of this new strain of coronavirus is somewhat uncertain, we are hopeful that the traceability of the virus to the Wuhan region, the relatively low mortality rate relative to previous serious strands (e.g., SARS, MERS), and the proactive response taken by China will help protect the health and safety of the global population and minimize the number of lives lost. Pandemics can be detrimental to an economy due to reduced business activity and travel, and although the Chinese government has taken measures to extend their crucial Chinese Lunar New Year holiday season, the ultimate impact to GDP remains 'under further review.' However, with global growth widely expected to accelerate in 2020, we expect the 'final ruling' to be that the Wuhan virus was only a minor setback.
- **US Consumer Wins 'Most Valuable Player'** | The preliminary reading of 4Q19 GDP was 2.1%, which translates to a growth rate of 2.3% for 2019. While full-year growth was slightly above our forecast of 2.2%, it is worth noting that this is the slowest annual pace since 2016. Personal consumption expenditures rose 1.8% in the final quarter of the year, and although lower than the 'standout performance' in the second and third quarters (4.6% and 3.2%, respectively), this does not signal that the US consumer is 'sitting on the sidelines.' In fact, the personal consumption expenditures component of GDP has now posted 40 consecutive quarters of positive growth – certainly a streak for the 'record books.' The big game celebration may provide a boost for Q120 spending too, as the National Retail Federation expects an all-time high of $17.2 billion to be spent on this year's festivities. This is a 16.2% increase from 2019 and the highest year-over-year increase over the last decade.
- **'Fantasy' Football Perspective** | Unquestionably, our positive outlook for the US equity market has been based on strong economic fundamentals, a rebound in earnings growth, an accommodative Federal Reserve and lower for longer interest rates. But while *not* statistically significant, sometimes you may want to 'ride the wave' of interesting historical trends. So if you have not decided on which team to pull for, history suggests that the best equity market performance has occurred when the National Football Conference team (the San Francisco 49ers) defeats the American Football Conference team (the Kansas City Chiefs) in a high scoring game (more than 45 total points scored) with a point differential of more than 7 points. Furthermore, when the San Francisco 49ers have won (five times), the S&P 500 has been up on average 19.4% during the year versus when the Kansas City Chiefs have won (one time), the S&P 500 was down 0.5%. So no offense to our friends and followers in Kansas City, but we're rooting for the 49ers to notch their sixth championship title by a landslide!
- **'Big Stars Show Up To Play' This Earnings Season** | We're past 'halftime' for the 4Q19 earnings season, with ~65% of the S&P 500 market capitalization having reported. Some of the 'big time players' on the S&P 500's 'roster' (e.g., Apple, Amazon, Microsoft, Facebook) made some 'big time plays,' helping to 'score' positive year-over-year earnings growth (0.2%). If other stars (e.g., Google) are able to shine next week, earnings growth could put more 'points on board.' We maintain our high expectations for the Info Tech sector. Thus far, ~97% of tech companies have beat earnings expectations, with the average 10.0% beat rate far outpacing the sector's 20-quarter average of 6.3% as well as the current S&P 500 average of 4.9%.

CHART OF THE WEEK

Super Bowl Superstition

Although not statistically significant in forming our outlook, history suggests the equity market favors the National Football Conference team (San Francisco 49ers) in a high scoring game with large point differential!





*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- Real GDP rose at a 2.1% annual rate in the advance estimate for 4Q19 (2.3% YoY), matching the median forecast. As expected, consumer spending growth moderated (following two strong quarters), business fixed investment continued to weaken, and residential homebuilding improved. The inventory drawdown subtracted 1.1% from GDP growth, while net exports added 1.5%.*
- The Federal Open Market Committee (FOMC) left the federal funds target range unchanged at 1.50%-1.75%, but made technical adjustments to the Interest on Excess Reserves Rate (IOER) and the reverse repo rate (up 5 basis points each) to better position the effective federal funds rate in the middle of the target range. The Fed extended support for money markets to April. In his post-FOMC press conference, Chair Powell noted some disruptions in the global economy from the Wuhan coronavirus.
- Durable goods orders jumped 2.4% in December, reflecting a rebound in defense aircraft, but ex-defense orders were weak. The Consumer Confidence Index picked up in the initial estimate for January, mostly reflecting greater optimism about job prospects.*
- **Focus of the Week:** ISM Manufacturing can be noisy in January, and while the headline Index is expected to remain in contraction territory (a level below 50), it is expected to rise to the highest level (consensus: 48.5) in five months. ISM Non-Manufacturing is expected to remain in expansion territory (consensus forecast: 55.1) consistent with a moderate pace of economic growth for the US economy as the services sector remains strong. Job growth is expected to have remained moderate last month (consensus 147k) and remain around the recent trend of job growth (six-month moving average 169k). The unemployment rate is expected to remain at 3.5%, the lowest level since 1969 suggesting continued strength in the labor market.

February 3 – February 7

MON ISM Manufacturing Survey (Jan)

TUE Factory Orders (Dec)

WED ADP Payroll (Jan)
Trade Balance
ISM Non-Manufacturing Survey

THU Jobless Claims

FRI Employment Report

FUTURE EVENTS 2/13 Consumer Price Index (Jan)
2/14 Retail Sales (Jan)
Industrial Production (Jan)

US EQUITY

- The pullback in equities on coronavirus concerns comes at a time when investor sentiment had gotten very complacent (i.e., low put/call ratio and VIX) and stocks had reached overbought levels. The market was in need of a pause or consolidation period to digest its recent strength, and the coronavirus is now acting as the catalyst. Looking back at prior epidemics, short-term volatility tends to increase (causing some near-term noise), but the economic and market impact ultimately have been short-lived.*
- **Focus of the Week:** Q4 earnings season has been generally supportive so far with the highlight being large Technology companies beating the high bar set leading into results.* S&P 500 Q4 earnings estimates have risen to 0.2% growth (from -1.7% when earnings season began), and will likely finish closer to 1-2% if the Q1-Q3 trend holds. We believe S&P 500 earnings are set to re-accelerate into 2020 and use a base case 2020 earnings estimate of $174 (9% higher than current 2019 consensus earnings).

FIXED INCOME

- The Treasury curve has flattened as the longer duration yields have fallen sharply. The consequential flight to quality is unlikely to abate as the virus contamination parameters are widening and the Chinese death toll is rising. The most significant note from this week's FOMC meeting was the change in language that household spending went from a "strong pace" to a "moderate pace."
- **Focus of the Week:** Fear often brings a flight-to-quality sentiment and investors move toward high credit quality with duration. The Wuhan virus has brought about this week's Treasury rally dropping the 5-, 7- and 10-year Treasuries by 11 bps in yield. The 3-month Bill/10-year Treasury spread has been declining year-to-date (YTD) from 37 bps to negative territory, bringing the curve back to inversion. Similarly, the 2-year/10-year Treasury spread YTD has gone from 35 bps to 17 bps.*

INTERNATIONAL, POLITICAL & COMMODITIES

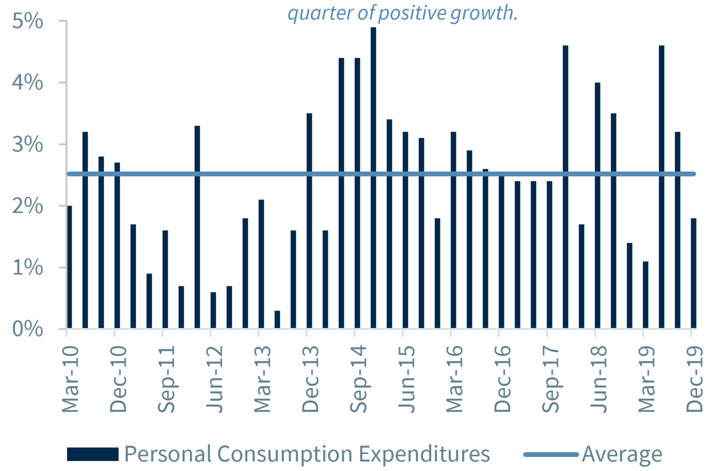
- Voting kicks off in the Democratic primary on February 3, and Bernie Sanders has a legitimate shot at winning two or three of the first four primary contests to kick off the delegate race. February will serve as a critical time frame as 38% of the total delegates will have been allocated to candidates by early March. While Vice President Biden remains the current favorite to capture the nomination, early wins by Sanders may heighten worries around Biden's ability to maintain front-runner status and inspire a second look at moderate alternatives such as Bloomberg, Buttigieg, and Klobuchar. This may elevate market concern over the momentum of Sanders, similar to the volatility seen with the rise of Senator Warren in 2019.
- A vote in the European Parliament confirmed what all pan-European observers already knew: the UK will legislatively exit the European Union at 11pm London time on Friday 31 January. However, the Brexit debate is not yet over with a transition period set for at least the rest of this year while detailed trade negotiations continue between the two sides. There remains considerable scope for disagreement on these discussions and therefore a range of scenarios for the final Brexit trade reality remains.
- The coronavirus outbreak in the world's second-largest oil-consuming country is creating oil demand headwinds, especially with the government-imposed city quarantines and travel restrictions.* While it is too early to quantify the demand impact in China and the region more broadly, a look-back at the SARS outbreak of 2003 suggests a transitory situation: in the case of SARS, it lasted roughly one quarter. Meanwhile, Libya's main pipeline has been shut down by the forces of militia leader Gen. Haftar, cutting off the bulk of the country's oil exports. It is anyone's guess how long this supply disruption will last - same as with the virus outbreak - but it may well be the case that the two issues ultimately cancel each other out.
- **Focus of the Week:** The number of cases of the Wuhan coronavirus continue to increase, and the market may underappreciate the duration of this crisis in China. We believe this situation is likely to go on in China for weeks or months, which could extend volatility in the US. Additionally, we believe the travel advisories are likely to continue for the next few months. Numerous industries have production facilities in China - all of which could see stoppages in production lasting weeks or months that will no doubt impact the amount of product rolling out of factories. While there are obvious industries like coffee shops and fast food, everything is impacted as people are not leaving their homes and this will weigh on Chinese economic growth.

*See Charts of the week on page 3.

Charts of the Week

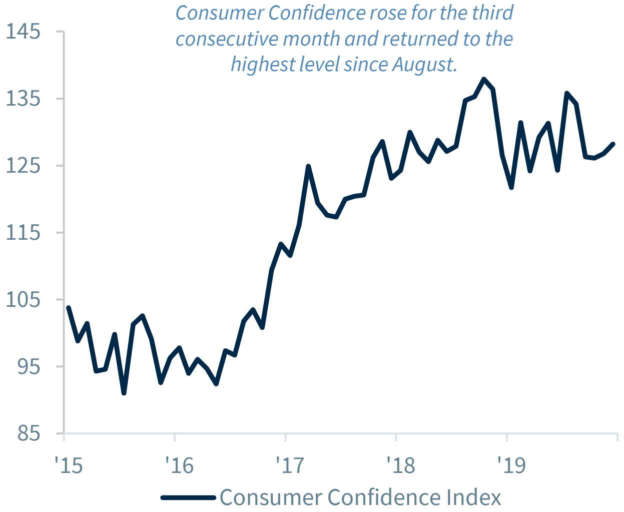
Resilient Consumer Spending Growth

Personal consumption expenditures growth was slower than the previous two quarters and the 10-year average, but it marks the 40th consecutive quarter of positive growth.



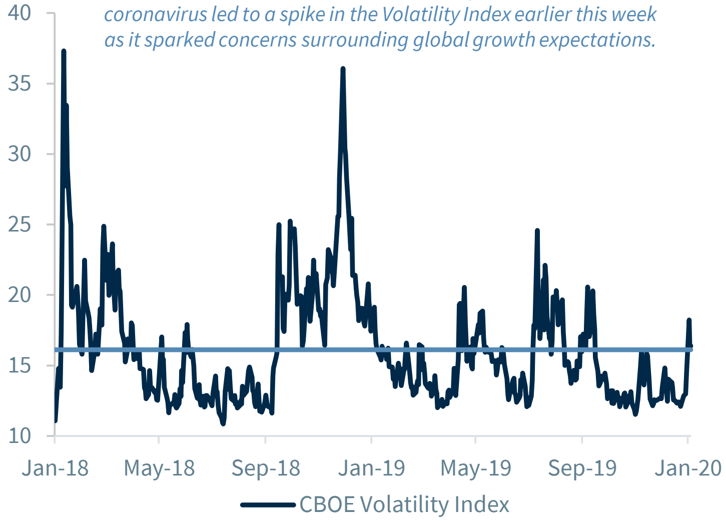
Consumer Confidence Climbs Higher

Consumer Confidence rose for the third consecutive month and returned to the highest level since August.



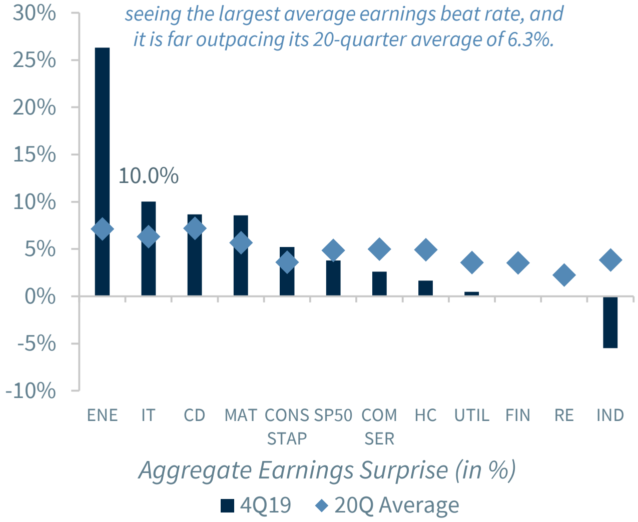
Coronavirus Revives Volatility

After several months of below average volatility, the coronavirus led to a spike in the Volatility Index earlier this week as it sparked concerns surrounding global growth expectations.



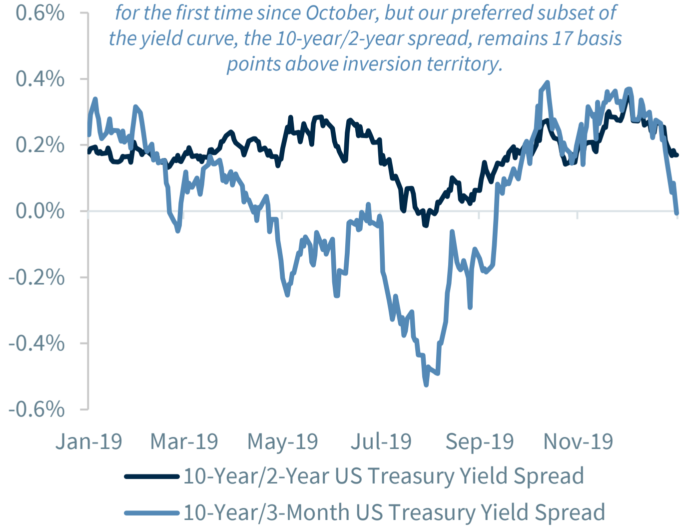
Magnitude of Earnings Beats

Ex-energy, the Information Technology sector is seeing the largest average earnings beat rate, and it is far outpacing its 20-quarter average of 6.3%.



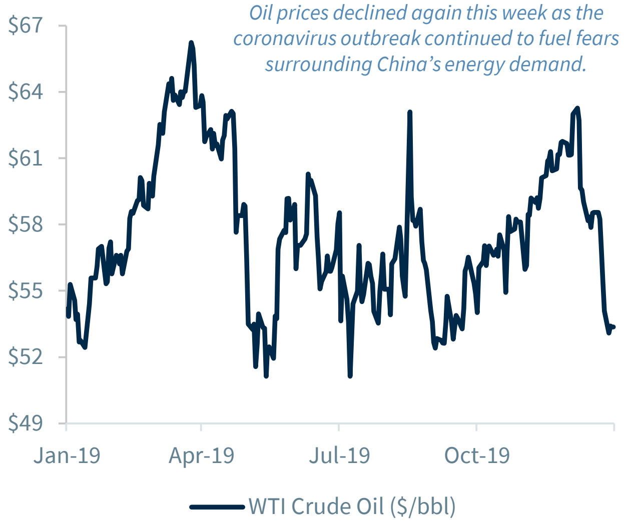
Yield Curve Spreads Narrowing

The 10-year/3-month US Treasury yield spread has inverted for the first time since October, but our preferred subset of the yield curve, the 10-year/2-year spread, remains 17 basis points above inversion territory.



Oil Prices Decline On Demand Concerns

Oil prices declined again this week as the coronavirus outbreak continued to fuel fears surrounding China's energy demand.



Asset Class Performance | Distribution by Asset Class and Style (as of January 30)**

Weekly Returns (as of January 30)

US Equities (Russell indices)	Value	Blend	Growth
Large Cap	-1.4%	-1.2%	-1.0%
Mid Cap	-1.8%	-1.6%	-1.4%
Small Cap	-2.6%	-2.2%	-1.8%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	-1.8%	-1.6%	-3.7%
Mid Cap	-1.7%	-1.8%	-3.2%
Small Cap	-2.2%	-2.2%	-3.7%

Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	0.0%	0.8%	1.7%
Invest. Grade	0.2%	0.5%	0.8%
High Yield	-0.3%	-0.5%	0.0%

Year-to-Date Returns (as of January 30)

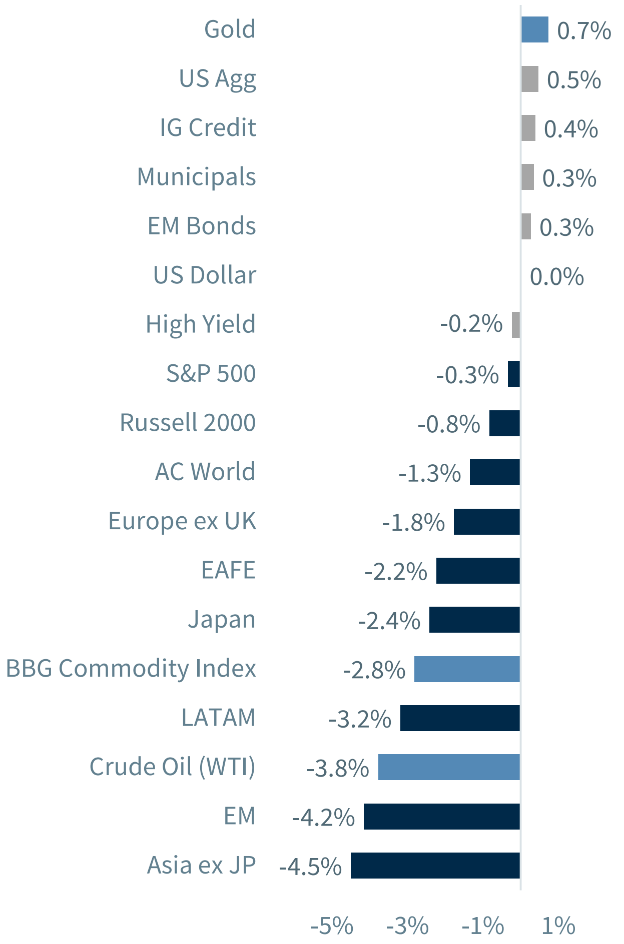
US Equities (Russell indices)	Value	Blend	Growth
Large Cap	-0.4%	1.9%	4.1%
Mid Cap	-0.3%	1.0%	3.0%
Small Cap	-3.4%	-1.2%	1.0%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	-0.6%	0.8%	-2.7%
Mid Cap	-0.7%	0.4%	-1.0%
Small Cap	-1.8%	-1.2%	-1.7%

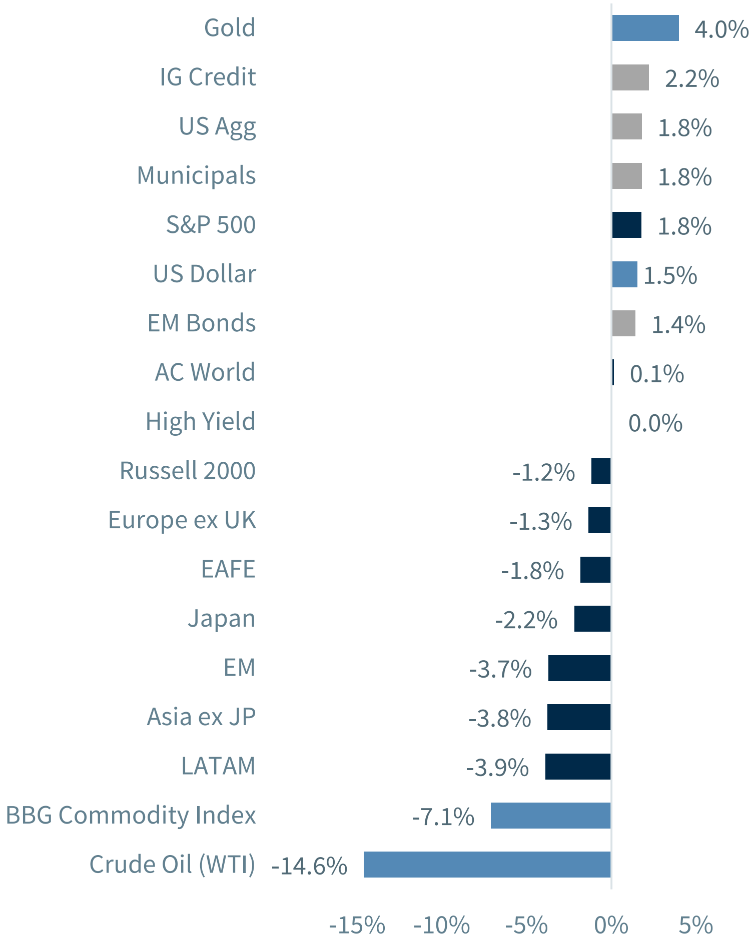
Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	0.1%	1.6%	3.4%
Invest. Grade	0.5%	1.3%	2.0%
High Yield	0.2%	0.0%	1.5%

Asset Class Performance | Weekly and Year-to-Date (as of January 30)**

Week-to-Date***



Year-to-Date***



Commodities Equities Fixed Income

**Weekly performance calculated from Thursday close to Thursday close.

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

RAYMOND JAMES

Weekly Data**

Data as of January 30

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3283.7	(1.2)	1.8	1.8	25.0	15.2	10.8	15.8
DJ Industrial Average	28859.4	(1.0)	1.1	1.1	15.4	19.3	12.6	16.1
NASDAQ Composite Index	9298.9	(1.1)	3.6	3.6	29.5	19.9	13.1	19.0
Russell 1000	3490.9	(1.2)	1.9	1.9	31.4	15.0	11.5	13.5
Russell 2000	4096.2	(2.2)	(1.2)	(1.2)	25.5	8.6	8.2	11.8
Russell Midcap	6172.2	(1.6)	1.0	1.0	30.5	12.1	9.3	13.2

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	370.2	(2.0)	(4.1)	(4.1)	11.6	6.2	6.6	9.7
Industrials	700.2	(1.1)	1.9	1.9	18.8	10.6	10.7	13.8
Comm Services	185.2	(2.8)	2.2	2.2	27.5	6.4	8.6	10.8
Utilities	351.6	1.6	7.1	7.1	33.6	16.6	11.3	13.1
Consumer Discretionary	983.9	(2.0)	(0.2)	(0.2)	17.0	14.9	13.8	17.5
Consumer Staples	655.5	(0.3)	1.5	1.5	25.4	10.0	8.9	12.4
Health Care	1177.3	(2.9)	(0.7)	(0.7)	15.7	15.6	9.9	14.6
Information Technology	1720.7	0.1	6.9	6.9	50.0	28.4	22.8	19.3
Energy	418.8	(3.7)	(8.2)	(8.2)	(7.0)	(4.8)	(2.6)	2.9
Financials	507.4	(0.7)	(0.6)	(0.6)	20.4	11.4	12.6	12.3
Real Estate	247.0	(0.7)	2.8	2.8	20.9	13.2	8.0	14.5

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	1.6	0.0	0.1	0.1	2.1	1.6	1.0	0.6
2-Year Treasury (%)	1.4	0.2	0.4	0.4	3.6	1.8	1.2	1.1
10-Year Treasury (%)	1.6	1.7	3.4	3.4	12.3	4.8	2.1	4.3
Barclays US Corporate High Yield	6.1	(0.4)	0.0	0.0	9.9	5.9	6.0	7.4
Bloomberg Barclays US Aggregate	2.1	0.7	1.8	1.8	9.9	4.6	3.0	3.8
Bloomberg Barclays Municipals		0.4	1.8	1.8	8.9	5.1	3.5	4.5
Bloomberg Barclays IG Credit	2.6	0.7	2.2	2.2	15.1	6.6	4.4	5.6
Bloomberg Barclays EM Bonds	4.8	0.3	1.4	1.4	11.9	6.1	6.0	6.7

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	52.2	(3.5)	(14.7)	(14.7)	(3.7)	(0.3)	1.8	(3.3)
Gold ($/Troy Oz)	1578.3	1.0	4.2	4.2	20.4	9.8	4.6	3.9
Dow Jones-UBS Commodity Index	75.1	(3.9)	(7.1)	(7.1)	(7.1)	(4.8)	(5.7)	(5.3)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	97.9	0.2	1.5	1.5	2.7	(0.8)	0.6	2.1
US Dollar per Euro	1.1	(0.1)	(1.7)	(1.7)	(3.4)	1.1	(0.4)	(2.3)
US Dollar per British Pounds	1.3	(0.1)	(1.1)	(1.1)	0.2	1.5	(2.7)	(2.0)
Japanese Yen per US Dollar	108.7	(0.6)	0.0	0.0	(0.8)	(1.5)	(1.5)	1.8

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	565.5	(1.8)	0.1	0.1	19.2	12.1	9.4	9.9
MSCI EAFE	1999.0	(1.8)	(1.8)	(1.8)	14.0	8.4	5.7	6.3
MSCI Europe ex UK	2099.5	(1.1)	(1.3)	(1.3)	17.1	10.0	6.3	6.6
MSCI Japan	3361.4	(2.4)	(2.2)	(2.2)	12.6	7.0	7.1	6.4
MSCI EM	1072.8	(4.4)	(3.7)	(3.7)	6.6	8.5	5.1	4.2
MSCI Asia ex JP	662.3	(4.7)	(3.8)	(3.8)	7.3	9.3	5.5	6.6
MSCI LATAM	2801.1	(4.2)	(3.9)	(3.9)	0.9	6.9	5.0	0.2
Canada S&P/TSX Composite	13226.9	(0.7)	2.5	2.5	13.0	4.3	3.6	4.7

**Weekly performance calculated from Thursday close to Thursday close.

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.

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).

VIX | The CBOE Volatility Index, known by its ticker symbol VIX, is a popular measure of the stock market's expectation of volatility implied by S&P 500 index options.

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, CFA
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

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

Kevin Giddis
Chief Fixed Income Strategist
T 901.578.4769
kevin.giddis@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
T.901.529.5331
joey.madere@raymondjames.com

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

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

RAYMOND JAMES

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

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

RAYMONDJAMES.COM