THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Leap days occur every four years to synchronize our calendar with the actual time it takes for Earth to orbit the sun—365.2421 days to be exact. The difference may seem small, but a quarter of a day annual imbalance adds up so leap days exist to 'correct' the timing of this rotation. Financial markets experienced their own 'correction' this week, as the spread of the coronavirus 'adjusted' prolonged depressed levels of market volatility and heightened levels of complacency. The removal of overly bullish sentiment is healthy for the equity market, but the escalation of the virus presents a unique near-term downside risk catalyst for risk assets. The spread of the coronavirus is accompanied by a multitude of fears (e.g., human fatalities, contagion fears, slowing global growth), so we 'leap at the opportunity' to incorporate our thoughts on the virus into our investment views.

Key Takeaways

- Expectations For Fed Action 'Leap' Higher On Virus Fears
- Selectivity Is Critical Should You 'Leap' Into Equity Market
- Yields Fall To Record Lows As Investors 'Leap' To Safety

- **We Cannot 'Leap To Conclusions' About Future Fed Action |** We have already seen accommodative monetary policies from China in the form of liquidity injections and interest rate cuts, and other central banks around the globe will likely follow suit should the economic situation in their country or region deteriorate. However, we believe that the markets may be underestimating the Fed's data-dependent nature as expectations for a March interest rate cut spiked to 100% this week with growing expectations the Fed may cut as many as four times this year. At this time, we believe these elevated expectations are too aggressive given the continued strength in the labor market and consumer spending.* While we have no doubt that the Fed will respond proactively if the economy weakens, we are seeing limited, if any, signs of domestic weakness thus far. We will keep a close eye on both consumer and business confidence as any weakness could serve as a harbinger of a more significant economic slowdown. One other potential policy tool at the President's disposal is to incrementally cut/suspend Chinese tariffs in the near term to boost corporate and investor sentiment and support global trade. Our base case is that the US economy will not enter a recession in 2020 and that the substantial amount of monetary easing being put into the global economic pipeline by other foreign central banks will lead to a healthy rebound in growth during the second half of the year.
- **'Look Before You Leap' Into The Equity Market |** When the initial outbreak of the coronavirus occurred in January, the financial markets were complacent, expecting a quick "V" shaped recovery similar to that of previous viral outbreaks. In fact, despite a rise in the number of coronavirus cases in China, the S&P 500 went on to notch new record highs (and approach our 3,400 year-end target), valuations swelled (LTM PE 20.5x) and the Volatility Index fell below 14.0. However, once the number of cases outside China moved sharply higher, sentiment changed and the S&P 500 experienced its first 10.0%+ correction since December, 2018 and the fastest 10% decline from record highs in history (six days!).* In recent times, we viewed such pullbacks as buying opportunities, emphasizing solid fundamentals that remained supportive of the equity market (e.g., strong economic data, shareholder-friendly corporate actions and attractive valuations given low interest rates). We were particularly confident during last year's trade-related pullbacks as we had an unwavering conviction that President Trump would secure a deal to avoid an economic slowdown and boost his re-election prospects. Unfortunately, the potential complications surrounding the coronavirus are more unpredictable and make us more cautious. Despite the low mortality rate for the virus (RJ estimate: 1%), the rise in the number of cases outside of China (e.g., Europe, South Korea, Iran, etc.) and the growing potential of an outbreak in the US (one in three odds) will continue to raise doubts about the resiliency of US economic and corporate earnings growth. While ~38% of S&P 500 companies have mentioned the coronavirus in their earnings transcripts, more time is needed to gauge the true impact, which will likely continue to induce volatility. It remains our base case that the virus will peak late Q1/early Q2 and that an economic and earnings rebound will ensue. As a result, we reiterate our year-end 3,400 S&P 500 target but suggest patience in committing new capital to the equity market.
- **Bond Prices Move 'Leaps And Bounds' |** The market impact of the coronavirus has led to a 'flight to safety,' with Treasuries rallying and once again exhibiting the benefits of having a diversified portfolio. The 30-year and 10-year Treasury bonds have surged over 12% and 5%, respectively, since the outbreak began as yields plummeted to record lows (10-year Treasury yield: 1.16% & 30-year Treasury yield: 1.68%). However, if and when virus fears fade, this sharp rally is likely to reverse itself.

CHART OF THE WEEK

Coronavirus Fears 'Take A Quantum Leap'

The spread of the coronavirus to other countries (e.g., South Korea, Japan, Italy, Iran) caused investors to abandon the initial hope for a quick "V" shaped recovery following the initial outbreak induced decline.

*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- The coronavirus has had a big impact on the Chinese economy and will have some effect on the US economy, but that's unlikely to show up in the near-term data reports. The greater concern is the risk of community spread (a wider spread of the virus here). Nancy Messonnier, M.D., Director of the National Center for Immunization and Respiratory Diseases, said that "it's not so much a question of if this will happen anymore but rather more a question of exactly when this will happen and how many people in this country will have severe illness." If this were to occur, it would likely have a further negative impact on US economic data.
- The Conference Board's Consumer Confidence Index was little changed in the advance estimate for February, although the figure for January was revised lower and the survey missed much of the recent concern about the coronavirus.*
- **Focus of the Week:** The ISM Manufacturing Index is expected to show the factory sector remaining in contraction in February. The ISM Non-Manufacturing Index should remain consistent with moderate growth in the overall economy. The Fed's Beige Book could provide some clues ahead of the March 17-18 Federal Open Market Committee meeting (stock market weakness, related to the coronavirus, has raised market expectations of a rate cut).

March 2 – March 6

MON	ISM Manufacturing Survey	WED	ISM Non-Manufacturing Survey Fed Beige Book	FRI	Employment Report
TUE	Super Tuesday	THU	Factory Orders Jobless Claims	FUTURE EVENTS	3/11 Consumer Price Index 3/12 Producer Price Index 3/13 Consumer Sentiment

US EQUITY

- A weak Services PMI on Friday, along with the growing spread of the coronavirus into more countries triggered one of the sharpest five day price changes of the past 20 years at -11.7%. In fact, there have only been two worse five day pullbacks in the past 10 years - close to the lows of the EU debt crisis (Aug 2011) and the manufacturing recession (Aug 2015). Also, fear gauges such as the VIX and put/call ratio have spiked to levels often consistent with the market approaching short-term lows. What we would like to see is late day buying (recent days have seen late day selling), which would suggest the conviction of buyers is coming back.
- The correction has taken out a lot of the excesses of the market (in terms of valuation, complacency, and rate of ascent over the past several months). For example after nearly reaching our next 12 month S&P 500 target price of 3,400 last week, there is now 15% upside in our base case scenario over the next 12 months (more attractive risk/reward proposition). It is hard to know which support levels will hold with the market cascading lower and uncertainty surrounding the magnitude and duration of the coronavirus so high. However, the S&P 500 is trading near numerous levels of support (in the 2800-2900 range currently) and tactical indicators are oversold enough to see a short-term bounce in the near term. The S&P 500 has pulled back 15% from the peak, now trading close to a 17x P/E (attractive risk/reward proposition for the long term).
- **Focus of the Week:** Once the selling pressure abates, it is very likely that the market takes weeks or months to digest the correction. Historically, it is very normal for the S&P 500 to exhibit a sharp bounce (once finding a bottom) before fluctuating sideways on the news flow, as investors gain more information over the magnitude and duration of the issue at hand. This sounds like a reasonable path in the current environment considering the virus headlines will be with us for a while (our Healthcare Policy Analyst believes we should know if the US is affected by a widespread outbreak in the next 1-3 weeks).

FIXED INCOME

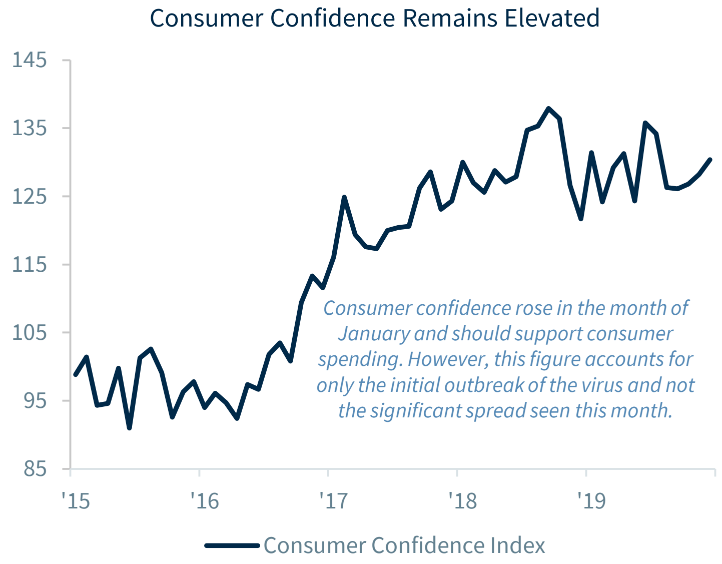
- Since last Friday, the yield on the 2-year note has dropped to 0.88% and the yield on the 10-year note has dropped to 1.16%, which took out the previous low yield on the 10-year note set in July of 2016.* The main cause of this drop is the fear associated with the spread and lack of containment of the coronavirus. Without a vaccine or containment, it is almost a matter of how low can yields go before investors throw in the towel? While the answer is unknown at this time, investors in this week's 2-year and 5-year auctions weren't as aggressive buying the new levels as they were in previous auctions, suggesting that unless the Fed intervenes, yields don't seem to have the same appeal as they did earlier in the week. That's not to say that the longer the coronavirus remains in focus, yields won't continue to fall, it likely means that the velocity of that move may be limited.
- **Focus of the Week:** While spreads on products other than Treasuries have widened, they haven't widened enough to create a value proposition to add risk. The general thought would be that if we saw credit spreads widen at a faster pace than Treasury yields are falling, adding risk may be appropriate. At the present time, that condition doesn't exist. The expectation is for yields to move back up when the virus is contained, and the normalized level for the 10-year is closer to 1.75% than 1.16%.

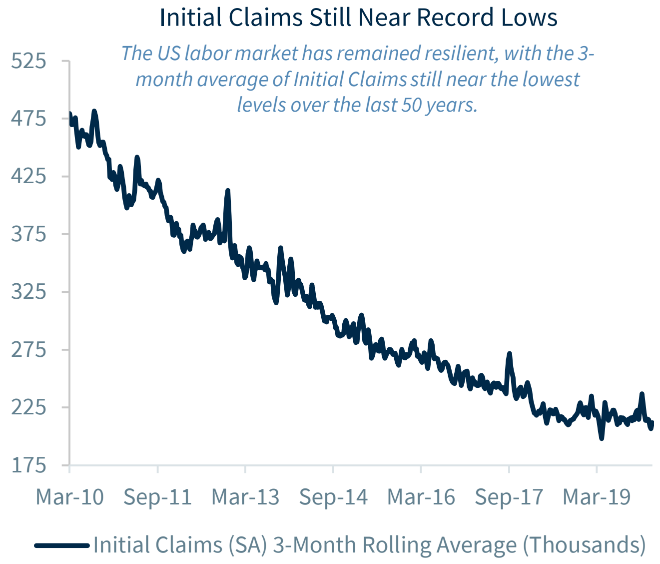
INTERNATIONAL, POLITICAL & COMMODITIES

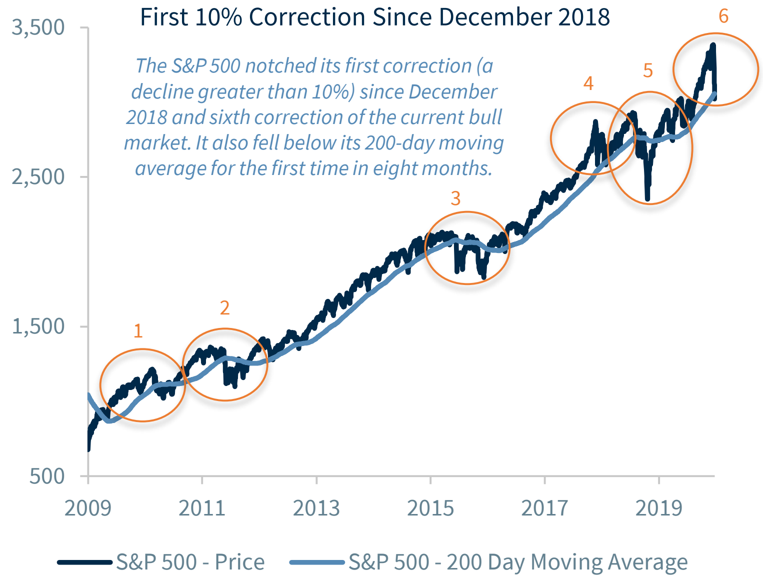
- The CDC confirmed that a northern California person has contracted the coronavirus without traveling outside the US or coming in contact with another patient known to have the infection. This is a sign that community spreading may be occurring in the US. We continue to believe the worst is yet to come in the US and we could see new cases, including community transmission, pop up in the next few weeks. The information learned this week following testimony/press conferences by key officials does nothing to quell our concerns and we expect that the volatility will likely continue.
- **Focus of the Week:** Next week's Super Tuesday nominating contests will shed light onto whether it is too little, too late to halt the momentum of Bernie Sanders as the Democratic front runner. Joe Biden is currently favored to win South Carolina on Saturday, but his first win of the primary cycle right before 15 US states and territories cast votes may not be enough of a momentum boost in the delegate race. Current projections see Sanders with a lead of ~400 delegates after Tuesday compared to his closest challengers (Biden and Bloomberg), partly due to a fractured field that continues to divide the 'moderate' vote. This dynamic will increase pressure on candidates to drop out of the race in order for support to coalesce around a Sanders alternative before the next significant delegate allocations on March 17 (Arizona, Florida, Illinois, and Ohio primaries).

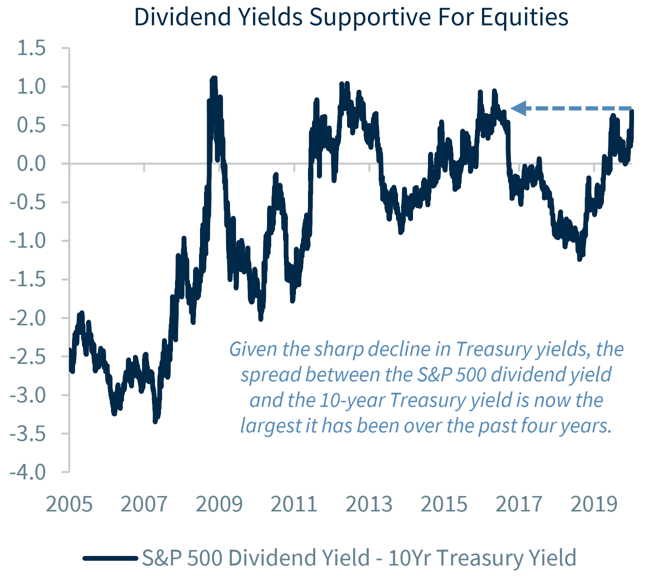
*See Charts of the week on page 3.

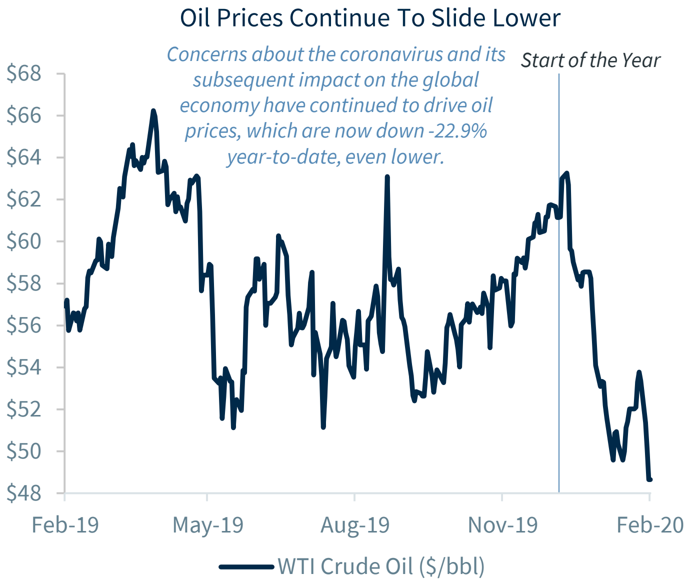
Charts of the Week











Asset Class Performance | Distribution by Asset Class and Style (as of February 27)**

Weekly Returns (as of February 27)

US Equities (Russell indices)	Value	Blend	Growth
Large Cap	-11.3%	-11.7%	-12.1%
Mid Cap	-12.0%	-11.8%	-11.5%
Small Cap	-11.9%	-11.7%	-11.5%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	-7.7%	-9.7%	-5.0%
Mid Cap	-8.0%	-9.6%	-6.2%
Small Cap	-8.4%	-9.9%	-5.7%

Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	0.0%	1.3%	2.1%
Invest. Grade	0.3%	0.4%	0.4%
High Yield	-1.4%	-2.0%	-2.6%

Year-to-Date Returns (as of February 27)

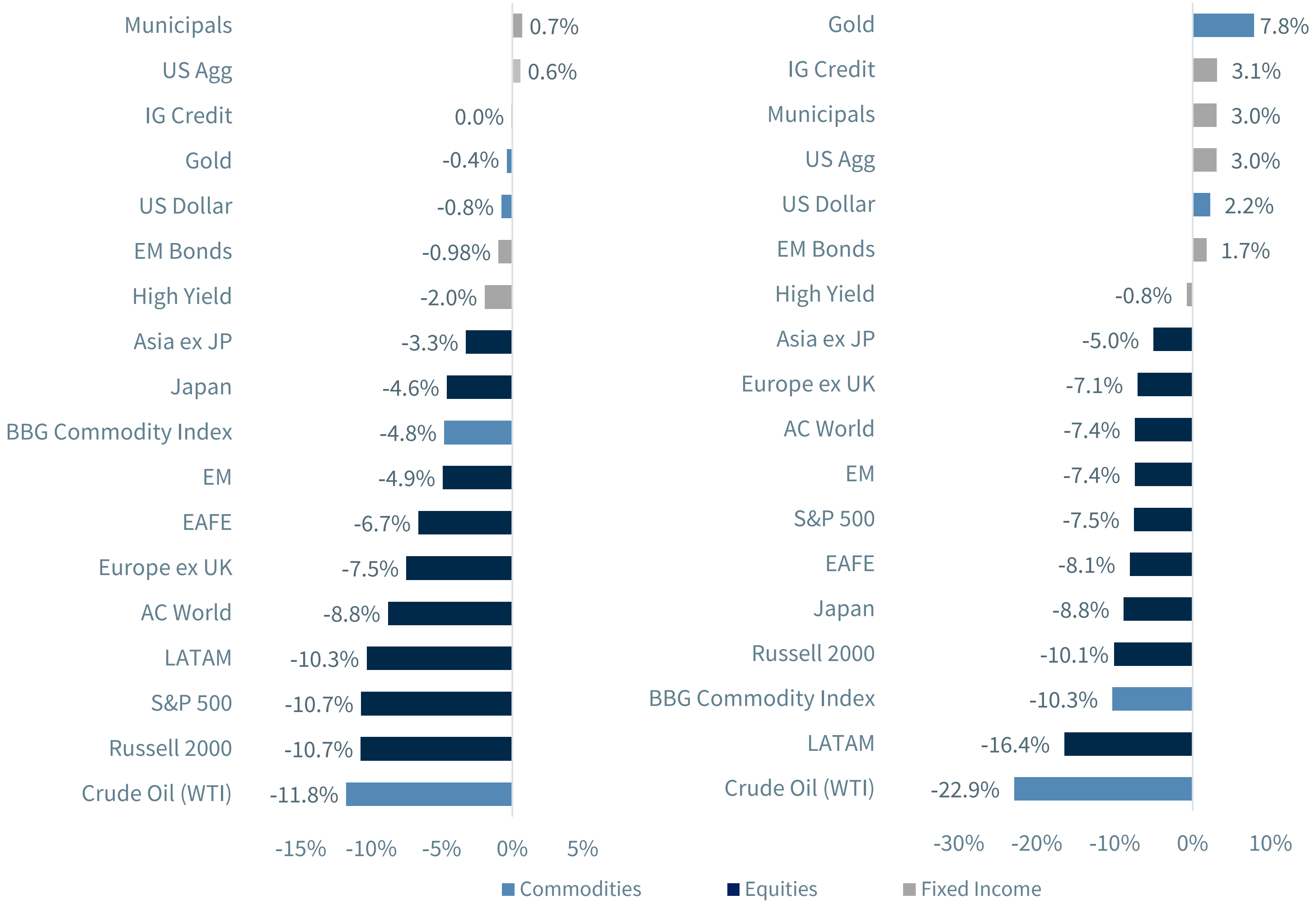
US Equities (Russell indices)	Value	Blend	Growth
Large Cap	-10.2%	-7.3%	-4.6%
Mid Cap	-10.1%	-8.3%	-5.6%
Small Cap	-13.2%	-10.1%	-7.1%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	-6.0%	-6.3%	-4.7%
Mid Cap	-6.5%	-7.1%	-6.3%
Small Cap	-7.6%	-8.6%	-5.7%

Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	0.3%	3.0%	5.8%
Invest. Grade	0.9%	2.0%	2.9%
High Yield	-0.6%	-0.9%	2.1%

Asset Class Performance | Weekly and Year-to-Date (as of February 27)**

Week-to-Date*** Year-to-Date***



**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).

Weekly Data**

Data as of February 27

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	2978.8	(11.7)	(7.5)	(7.5)	8.8	10.1	10.8	15.8
DJ Industrial Average	25766.6	(11.8)	(8.8)	(9.7)	(0.8)	19.3	12.6	16.1
NASDAQ Composite Index	8566.5	(12.1)	(6.4)	(4.5)	13.4	19.9	13.1	19.0
Russell 1000	3170.2	(11.7)	(7.4)	(7.3)	21.4	14.3	12.1	14.0
Russell 2000	3722.6	(11.7)	(7.1)	(10.1)	9.2	7.3	8.2	11.9
Russell Midcap	5596.0	(11.8)	(7.6)	(8.3)	16.9	10.9	9.5	13.5

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	334.7	(11.9)	(7.3)	(13.1)	(1.8)	2.8	2.9	8.1
Industrials	625.8	(11.4)	(8.3)	(8.7)	(0.7)	5.4	7.1	12.0
Comm Services	170.9	(10.9)	(6.5)	(5.7)	12.5	3.5	5.5	10.1
Utilities	324.6	(8.7)	(6.8)	(0.6)	17.2	11.6	11.1	12.5
Consumer Discretionary	922.9	(11.9)	(6.9)	(6.3)	7.3	11.6	10.5	16.1
Consumer Staples	607.9	(8.3)	(6.2)	(5.8)	12.1	5.5	6.4	11.3
Health Care	1091.0	(9.2)	(5.3)	(7.9)	4.6	9.9	7.3	13.7
Information Technology	1537.1	(13.8)	(8.0)	(4.4)	25.3	21.8	18.2	17.5
Energy	339.3	(17.5)	(15.6)	(24.9)	(27.1)	(10.4)	(7.2)	0.6
Financials	452.3	(12.1)	(8.9)	(11.2)	5.0	5.7	8.9	10.7
Real Estate	233.6	(9.6)	(3.9)	(2.6)	12.6	9.1	7.5	13.2

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	0.2	2.1	1.7	1.1	0.6
2-Year Treasury (%)	1.1	0.6	0.5	1.1	4.0	1.9	1.4	1.1
10-Year Treasury (%)	1.3	2.1	2.1	5.8	14.8	5.3	3.1	4.5
Barclays US Corporate High Yield	6.4	(2.0)	(0.8)	(0.8)	6.8	5.1	5.3	7.3
Bloomberg Barclays US Aggregate	1.9	0.8	1.1	3.0	10.8	4.8	3.4	3.9
Bloomberg Barclays Municipals		0.9	1.2	3.0	9.3	5.3	4.0	4.5
Bloomberg Barclays IG Credit	2.5	0.3	0.8	3.1	15.2	6.5	4.8	5.7
Bloomberg Barclays EM Bonds	4.7	(0.8)	0.2	1.7	10.6	5.7	5.8	6.6

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	46.3	(13.2)	(10.2)	(24.2)	(18.6)	(5.0)	(1.4)	(5.3)
Gold ($/Troy Oz)	1652.0	2.0	4.3	9.1	24.9	9.5	6.4	4.1
Dow Jones-UBS Commodity Index	72.6	(4.8)	(3.0)	(10.3)	(11.1)	(5.9)	(6.8)	(5.9)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	98.5	(1.4)	1.1	2.2	2.4	(0.9)	0.7	2.1
US Dollar per Euro	1.1	1.7	(0.9)	(2.1)	(3.5)	1.2	(0.4)	(2.1)
US Dollar per British Pounds	1.3	(0.0)	(2.3)	(2.8)	(3.5)	1.1	(3.6)	(1.7)
Japanese Yen per US Dollar	110.0	(1.9)	1.5	1.2	(0.8)	(0.6)	(1.7)	2.2

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	521.9	(9.5)	(6.4)	(7.4)	5.9	8.1	6.5	8.9
MSCI EAFE	1867.6	(6.7)	(6.1)	(8.1)	2.9	5.6	3.1	5.7
MSCI Europe ex UK	1975.8	(7.7)	(5.1)	(7.1)	6.8	7.6	3.8	6.2
MSCI Japan	3132.2	(4.3)	(7.6)	(8.8)	1.9	4.4	4.4	5.6
MSCI EM	1030.7	(5.9)	(2.9)	(7.4)	(0.0)	6.0	3.6	3.8
MSCI Asia ex JP	653.5	(4.4)	(0.6)	(5.0)	1.9	7.7	4.8	6.4
MSCI LATAM	2426.8	(10.9)	(11.5)	(16.4)	(12.7)	0.7	1.3	(1.6)
Canada S&P/TSX Composite	12516.3	(6.8)	(3.5)	(2.0)	4.0	2.6	1.9	3.7

**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.

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DATA SOURCES

FactSet.

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.

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