THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Today is National School Principal's Day! We are always grateful for our nation's educators, but with more than 50 million children out of school due to COVID-19, we are especially thankful for their efforts to provide students with distance learning. The unprecedented nature of the virus has challenged the school of economic and investment thought, and the unknown magnitude and duration has posed obstacles in formulating a concrete outlook. We rely upon the 'history' of the market and the 'science' of evaluating economic indicators, but this period of uncertainty has pushed us to 'think outside the box,' and add an element of creativity to our investment views. As any teacher knows, great students ask great questions, but the same could be said of any thoughtful investor. When it comes to the equity market, investors are questioning if the recent rally is inconsistent with the economic downturn and wondering what catalysts have the potential to propel it further in the long term.

Key Takeaways

The S&P 500 Is Not A 'Copycat' Of The US Economy

The Federal Reserve 'Gets An "A" For Effort' & Execution

Vaccine Developer Will Win 'Valedictorian'

- **Knowledge Is Power: The Stock Market Is Not The Economy |** Simply put: a robust economy drives earnings growth, and earnings growth propels equity prices and vice versa. But in understanding the recent market rally, it is important to recall that the equity market is a forward-looking indicator. In fact, history suggests the market bottoms ~4 months before a recession ends. So this rally is looking at the prospects for the economy four months hence in August—a time period that could experience steady improvement. Taking this a step further, there are several other factors that articulate how the S&P 500 is not the US economy.
  - **Size** | S&P 500 companies only represent 500 of the more than 28 million companies in the US economy. In addition, small businesses make up 48% of people employed and the industries where small business employment dominates—agriculture, construction, real estate and entertainment— have been hampered by the lockdown.
  - **International Sales** | Approximately 40% of S&P 500 revenues come from overseas whereas small businesses get little, if any revenues from overseas. As a result, if China is coming back to full strength, followed by Europe, than the large multi-national companies in the S&P 500 will have a head-start in seeing their businesses turnaround.
  - **Sector Composition** | The three largest sectors of the S&P 500—Information Technology, Health Care, and Communication Services—represent 52% of the index's market capitalization and have been more resilient to the lockdown. In comparison, the US economy has only a 17% weighting to those sectors and more exposure to more sensitive areas like business services, real estate, and manufacturing that have all been hit hard by the shutdown.
  - **The New Consumer** | When you hear the negative headlines about the shutdowns of department stores, leisure, home furnishings, casinos, auto manufacturers, hotels, and homebuilders, remember that they make up ~1% of the S&P 500. So while these are a big part of our daily lives, they are a very small portion of the S&P 500. In the Consumer Discretionary sector, e-commerce and home improvement companies, which have been more resilient, make up over half (~57%) of the sector.
  - **Favorable Financing** | Due to the size and quality of the average constituent in the index—~90% of the S&P 500 is rated investment grade—these companies have more favorable financing dynamics than small businesses.
- **Catalysts To Help The Market 'Make The Grade' |** When market volatility was at record highs and the S&P 500 was down ~34%, we compiled a list of four market catalysts that we believed could help the S&P 500 rally and move back toward the 3,000 level. With favorable developments in three of the four catalysts already driving the market higher, the upward ascent is likely to slow.

✓+ **1. Fed At The 'Top Of Its Class'** | From quantitative easing to substantial lending, the Federal Reserve's accomplishments are well known. In an effort to further ease the markets this week, Chair Powell stated that current interest rate levels will be maintained until the economy is better positioned to reach the employment and inflation goals set forth by the Fed. He also signaled that the Fed will likely take more action as needed when additional concerns come to light.

✓+ **2. Wheels In Congress 'Go Round & Round'** | Congress has passed ~$2.7 trillion in fiscal stimulus, which has helped to mitigate the downside risk to the economy. Although the budget deficit is expected to widen to 15%+, current discussions surrounding the need for additional state aid lead us to believe that this won't prohibit our elected officials from taking further action.

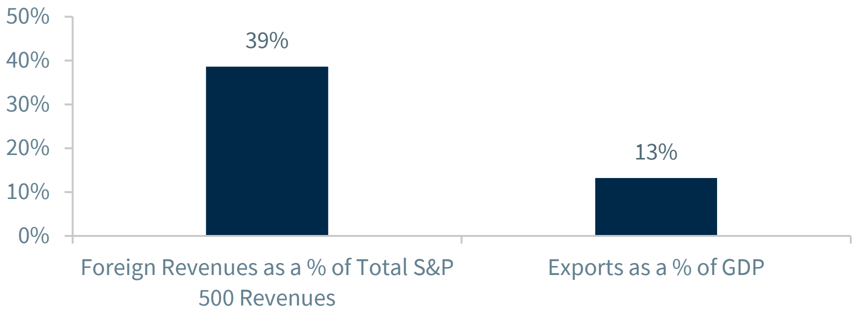
✓ **3. Biotech & Big Pharma 'Put Their Thinking Caps On'** | A reliable therapeutic or vaccine would accelerate the return to economic and social normalcy. This week's favorable data from the Remdesivir trials helped fuel equity gains as investors were optimistic that this and other medical advancements will become a reality to help combat the virus.

I **4. Nightly News 'Needs A Recess'** | News outlets are still captivated by the COVID-19 outbreak—still comprising ~90% of the news coverage. Further declines in the coverage would likely be a sign we are returning to normalcy with an opened economy.

CHART OF THE WEEK

Doing Our Homework: The S&P 500 Is Not The US Economy

S&P 500 companies are much more dependent on overseas revenues than small businesses. Therefore, expectations of Asian and European countries gradually reopening their economies and leading to a rebound in sales has contributed to the market rally.



*See Charts of the week on page 3.
**Raymond James Equity Research

ECONOMY

- The ISM Manufacturing Index fell in April to 41.5 vs. the median forecast of 37.0, but largely because of virus-related supply chain disruptions, which lengthened supplier delivery times. New orders, production, and employment fell sharply.*
- The Conference Board's Consumer Confidence Index fell to 86.9 in the initial estimate for April, vs. 118.8 in March and 132.6 in February. Within the report, the Present Situation Index fell 90 points, the largest decline on record, while 'expectations' rose.
- Real GDP fell at a 4.8% annual rate in the advance estimate for 1Q20, reflecting sharp declines in consumer spending (-7.6%) and business fixed investment (-8.6%).* Second quarter figures are expected to be worse, as one in six American workers filed a claim for unemployment benefits over the six weeks ending April 25. Personal spending fell 7.5% in March (-3.8% y/y), reflecting sharp declines in motor vehicles, gasoline, clothing, and restaurants (partly offset by increased sales at grocery stores).
- **Focus of the Week:** The Employment Report is generated from two separate surveys, and we're likely to see some distortions in April. A furloughed individual (zero hours, but not laid off) should be classified as "unemployed on temporary layoff" in the household survey and as having a job in the establishment survey (if paid at any point in the survey period).

May 4 – May 8

MON: Motor Vehicle Sales (Apr), Factory Orders (Mar)

TUE: ISM Non-Manufacturing (Apr), Trade Balance (Mar)

WED: ADP Payroll (Apr)

THU: Jobless Claims

FRI: Employment Report

FUTURE EVENTS: 5/12 Consumer Price Index (Apr), 5/12 Producer Price Index (Apr), 5/15 Retail Sales (Apr)

US EQUITY

- The big theme this week has been the rotation playing out beneath the surface, as the year's laggards generally outperformed significantly while the year's leaders paused. For example, the top 100 S&P 500 performers year-to-date thru Friday are only up 0.1% this week, whereas the worst 100 performers were up 18.3%. Additionally, small caps have gained 10.4% this week, finally showing some outperformance vs. large caps. We view this as healthy as participation is broadening out.
- The best earnings reactions have come generally from the more tech-oriented names, as the average Technology stock has beaten earnings estimates by 8.4% and rallied 2.7% on the results.* This is important given the Technology sector's market leadership and large weighting within the S&P 500. With Q1 earnings season at the halfway point, the S&P 500 is now expected to see a 16% earnings contraction for the full quarter. Many companies have withdrawn guidance (due to uncertainty), however, the consensus earnings estimate is now for a -35% earnings contraction in Q2, followed by directional improvement in Q3, Q4, and into 2021. Our 2020 S&P 500 earnings estimate remains $130 (-20% growth YoY), followed by $160 in 2021 (+23% YoY) in our base case outlook.
- **Focus of the Week:** Record monetary and fiscal stimulus are outweighing the dramatic economic impact in the short term, as investors discount the eventual recovery. But while the 31% rally over the past 26 days has been impressive, valuation has become lofty considering the challenges and uncertainty of the trajectory and timeline of the economic recovery. The S&P 500 now trades at a forward P/E of 20.3x (vs 19.1x at the 2/19 market peak) and is facing multiple resistance levels.* Therefore, our short-term bias is to the downside. We expect more attractive risk/reward opportunities to present themselves in the coming months, and thus would reserve some buying power to take advantage of such periods.

FIXED INCOME

- The Fed reiterated that rates will remain low for longer. In addition, the Fed is not apt to make any significant changes to policy until the current situation has a more clear path for the US economy, which may take a while. Chairman Powell indicated that the Fed, Treasury and Congress would likely need to provide more support to the markets in the coming weeks and months.
- **Focus of the Week:** A more distinct line is being drawn between high-quality credits and those credits on the cusp or inside the high-yield space.* The former are trading much tighter while there is more dislocation and wider spreads on the later. BBB credits are increasingly vulnerable to future downgrades. Municipal yields are trading on the higher end of the week's range. For example, the 10-year AAA maturity yields 1.43%, 19 bps higher for the week and 60 bps higher than the 3-month yield low.

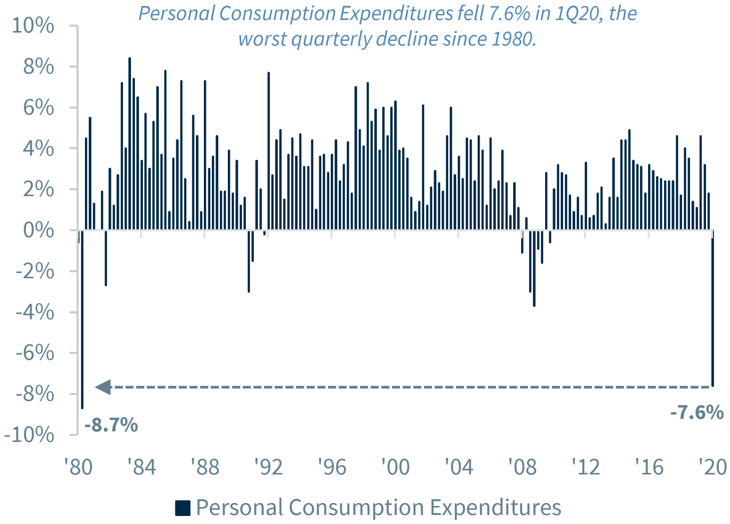
POLITICAL & COMMODITIES

- This week, the US surpassed 1 million identified coronavirus cases, but new cases are growing at a slower rate. Testing capacity is finally ramping up surrounding the president's release of his Blueprint this week. This week, over 1.5 million tests were conducted averaging 220,700 tests per day, and the national positive to total testing percentage averaged about 13%, down 4% since last week. We are not at our target of under 10% and ideally closer to the 5% that we believe would allow for adequate testing, made possible by no less than 250,000 tests per day or ideally 3,000,000+ per week, but it is trending in the right direction. Additionally, we believe that contact tracing infrastructure has room to grow before we will be able to test, trace, and isolate effectively.
- Fiscal support for state and local governments will be the driving force for the next Congressional relief package, and we ultimately believe there will be bipartisan support in the House and Senate for state/local government funding on some scale. The deteriorating fiscal situations currently faced by state/local governments will compound the rising unemployment rate if government employees are let go or furloughed, and the worsening unemployment levels are already shown to be highly concentrated in the swing states of Michigan and Pennsylvania which will be critical to President Trump's re-election chances. The timing may be of concern to markets over the next several weeks as Congress continues to push back the timeline for fully reconvening lawmakers in DC. However, should negotiations materially advance and a bill comes together, we believe Congress will be able to continue emergency voting procedures for at least another round of emergency fiscal relief.
- **Focus of the Week:** With oil prices having bounced only slightly from 20-year lows, industry conditions are such that capital spending programs are at ultra-depressed levels.* Based on the already announced budgets from the world's top 50 oil and gas producers, it is clear that spending is below the previous trough level of 2016. On average, 2020 budgets point to a year-over-year spending drop of 17%, erasing all of the post-2016 recovery. Given that the oil price crash was less than two months ago, even more spending cuts will be coming in the weeks ahead, as management teams prioritize protecting balance sheets.

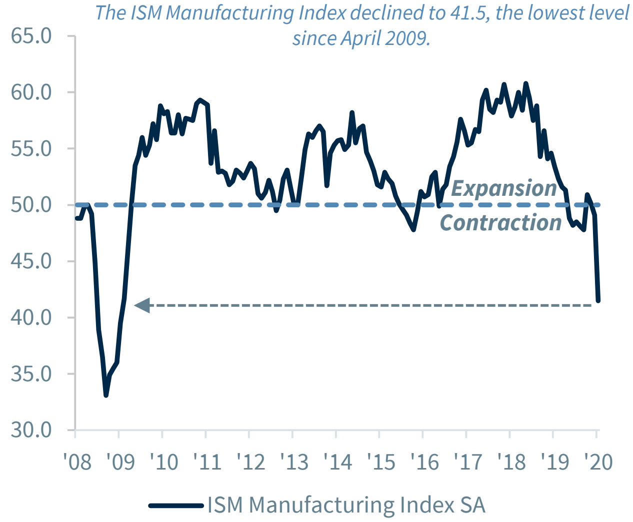
*See Charts of the week on page 3.
**Raymond James Equity Research

Charts of the Week

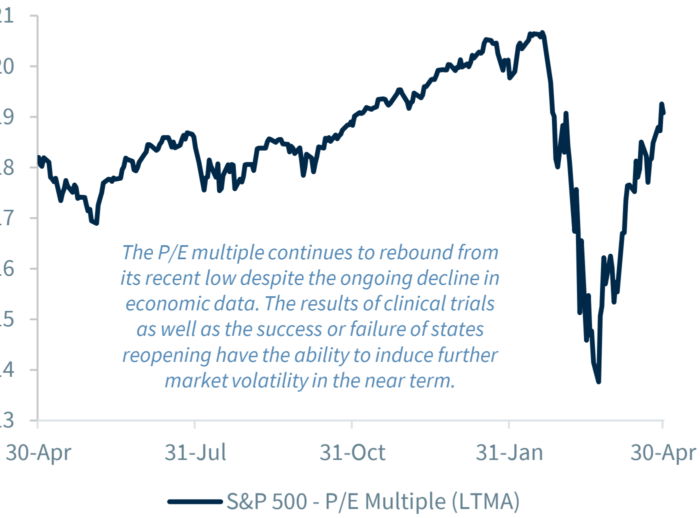
Personal Consumption Sharply Contracts



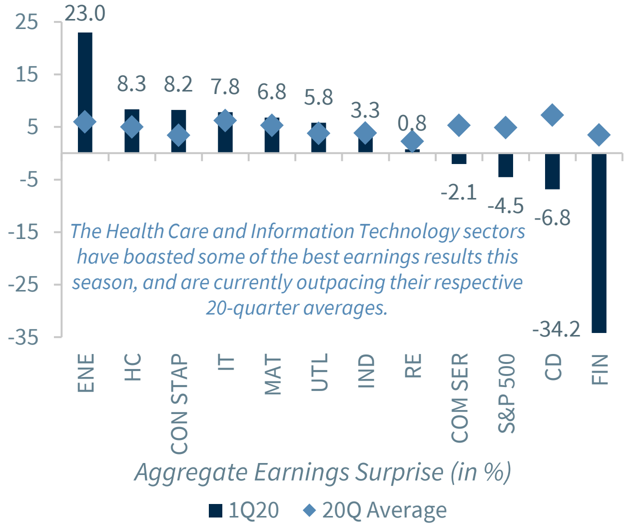
ISM Manufacturing Index Contracts Further



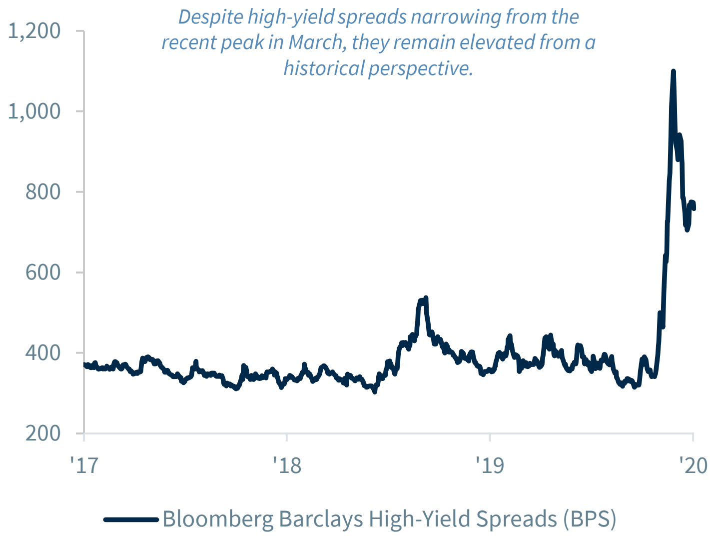
P/E Multiple Moving Higher



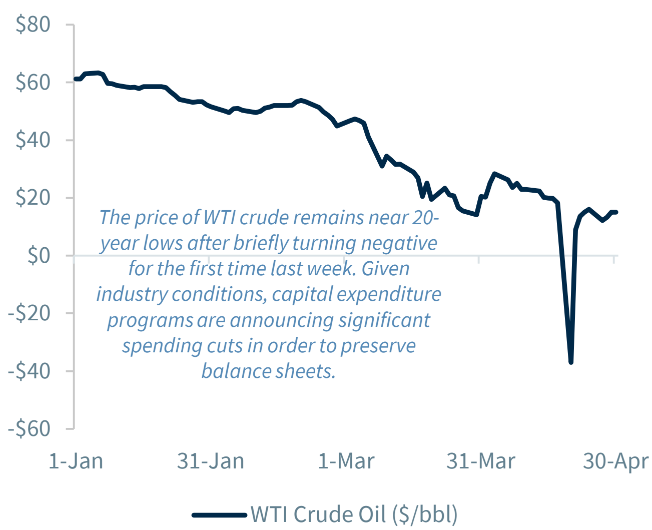
Aggregate Earnings Surprise By Sector



High-Yield Spreads Still Elevated



Oil Prices Remain Near 20-Year Lows



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

Weekly Returns (as of April 30)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	4.4%	4.4%	4.3%
Mid Cap	6.5%	5.7%	4.6%
Small Cap	9.8%	8.0%	6.5%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	2.2%	3.4%	3.0%
Mid Cap	3.3%	4.5%	2.9%
Small Cap	3.7%	5.9%	3.3%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.1%	-0.1%
Invest. Grade	0.2%	0.4%	0.5%
High Yield	0.2%	0.4%	1.3%

Year-to-Date Returns (April 30)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-18.5%	-9.7%	-1.4%
Mid Cap	-22.6%	-16.6%	-7.5%
Small Cap	-27.7%	-21.1%	-14.7%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-15.8%	-10.7%	-11.4%
Mid Cap	-17.0%	-16.0%	-14.8%
Small Cap	-18.0%	-19.2%	-16.3%

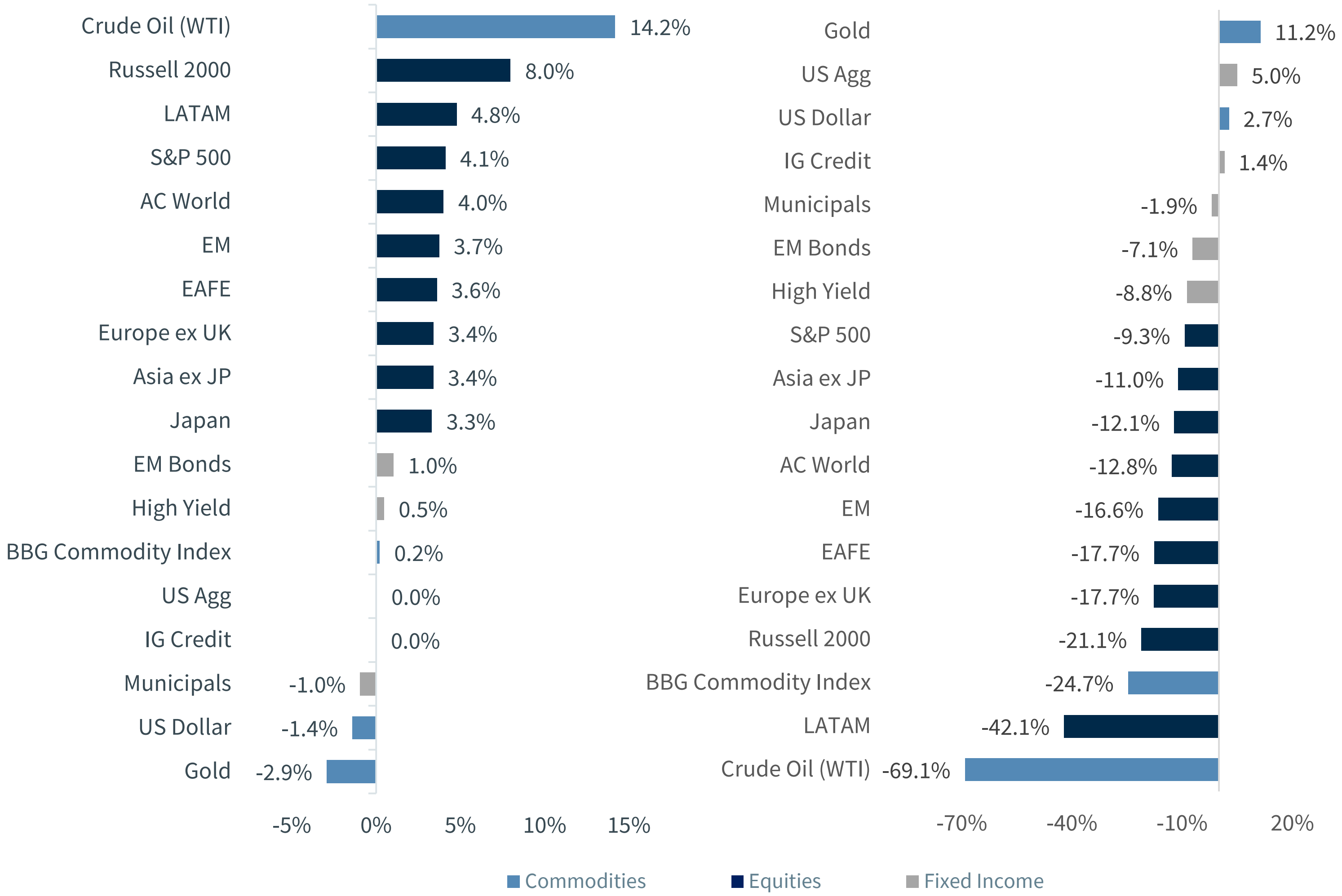
Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.6%	7.0%	12.7%
Invest. Grade	1.1%	0.7%	0.8%
High Yield	-9.6%	-9.1%	-4.1%

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

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 April 30

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	2912.4	4.1	0.0	(9.3)	0.9	9.0	9.1	11.7
DJ Industrial Average	24345.7	3.5	0.0	(14.7)	(8.5)	5.1	6.4	8.3
NASDAQ Composite Index	8889.6	4.6	0.0	(0.9)	9.8	13.7	12.5	13.7
Russell 1000	3079.2	4.4	13.2	(9.7)	0.1	8.7	8.7	11.6
Russell 2000	3257.3	8.0	13.7	(21.1)	(16.4)	(0.8)	2.9	7.7
Russell Midcap	5070.9	5.7	14.4	(16.6)	(10.0)	3.5	4.8	9.8

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	326.6	5.8	0.0	(14.8)	(7.2)	1.5	2.9	7.0
Industrials	542.4	5.1	0.0	(20.7)	(15.9)	0.4	4.7	9.0
Comm Services	170.7	4.8	0.0	(5.5)	3.3	5.3	5.2	9.5
Utilities	290.7	(1.2)	0.0	(10.7)	0.8	7.1	9.1	10.7
Consumer Discretionary	955.8	5.1	0.0	(2.7)	1.7	11.6	11.5	15.0
Consumer Staples	597.6	0.4	0.0	(6.8)	3.6	4.8	6.8	10.9
Health Care	1162.0	0.9	0.0	(1.6)	14.5	11.9	8.9	14.6
Information Technology	1608.6	5.4	0.0	0.2	18.1	21.7	19.6	17.1
Energy	289.7	9.8	0.0	(35.7)	(38.3)	(13.7)	(10.8)	(1.6)
Financials	378.3	6.3	0.0	(25.4)	(16.7)	1.0	5.2	7.7
Real Estate	210.6	3.0	0.0	(11.6)	(2.5)	6.1	6.3	10.3

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	0.1	0.0	0.0	0.5	1.9	1.7	1.1	0.6
2-Year Treasury (%)	0.2	0.1	0.0	2.9	5.1	2.5	1.7	1.3
10-Year Treasury (%)	0.6	(0.1)	0.0	12.7	19.8	7.1	4.4	5.2
Barclays US Corporate High Yield	8.2	0.5	0.0	(8.8)	(4.1)	1.9	3.4	5.9
Bloomberg Barclays US Aggregate	1.3	0.0	0.0	5.0	10.8	5.2	3.8	4.0
Bloomberg Barclays Municipals		(1.0)	0.0	(1.9)	2.2	3.3	3.0	3.9
Bloomberg Barclays IG Credit	2.7	0.0	0.0	1.4	9.9	5.6	4.6	5.3
Bloomberg Barclays EM Bonds	6.8	1.0	0.0	(7.1)	(0.8)	2.0	3.4	5.2

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	18.8	17.8	0.0	(69.2)	(70.5)	(27.4)	(20.6)	(14.1)
Gold ($/Troy Oz)	1702.8	(1.9)	0.0	12.4	32.8	10.4	7.6	3.7
Dow Jones-UBS Commodity Index	60.9	0.2	0.0	(24.7)	(24.4)	(10.2)	(10.1)	(7.6)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	99.0	(1.4)	0.0	2.7	1.6	(0.0)	0.9	1.9
US Dollar per Euro	1.1	1.2	0.0	(2.4)	(2.3)	0.2	(0.5)	(1.9)
US Dollar per British Pounds	1.3	1.8	0.0	(4.8)	(3.2)	(0.8)	(3.9)	(1.9)
Japanese Yen per US Dollar	106.9	(0.6)	0.0	(1.6)	(4.0)	(1.4)	(2.2)	1.3

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	489.2	4.0	0.0	(12.8)	(4.4)	5.0	4.9	7.5
MSCI EAFE	1657.7	3.6	0.0	(17.7)	(10.9)	(0.1)	0.3	4.0
MSCI Europe ex UK	1732.6	3.4	0.0	(17.7)	(10.2)	0.0	0.8	4.6
MSCI Japan	2983.1	3.3	0.0	(12.1)	(2.6)	2.8	2.5	4.7
MSCI EM	924.9	3.7	0.0	(16.6)	(11.7)	0.9	0.3	1.8
MSCI Asia ex JP	610.1	3.4	0.0	(11.0)	(7.2)	3.5	2.0	4.7
MSCI LATAM	1670.5	4.8	0.0	(42.1)	(37.1)	(10.9)	(6.3)	(5.8)
Canada S&P/TSX Composite	10641.7	3.7	0.0	(13.4)	(10.9)	(1.7)	(0.6)	1.9

**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. A credit rating of a security is not a recommendation to buy, sell or hold the security and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning Rating Agency. Ratings and insurance do not remove market risk since they do not guarantee the market value of the bond.

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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