THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

WEEKLY HEADINGS

Key Takeaways

Fed Decides To 'Steer Away' From Negative Interest Rates

Congress Will Put The 'Pedal To The Metal' To Pass More Aid

States To 'Put The Brakes On' If Second Wave Occurs

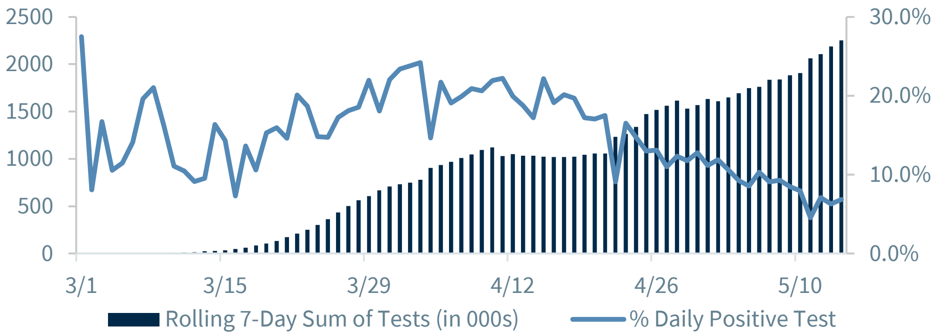
Formula 1 celebrated the 70th anniversary of its first World Championship this week! More than four million spectators attended last year, many of whom were looking forward to commemorating the start of the landmark season this past March. Unfortunately, like many other events, COVID-19 forced Formula 1 to postpone its events for the foreseeable future. Similarly, investors have been forced to 'shift gears' as well. Entering the year, the US economy and equity market were sitting in the favorable 'pole position.' However, as the year has progressed, investors have experienced harsh 'G-forces' as the economy and markets have had to corner, accelerate and then brake digesting all the COVID-19 effects. While there are many laps to go before we reach the 'finish line' of the outbreak, we remain confident that policymakers and elected officials will take the necessary and appropriate measures and actions to help our economy safely reach the chequered flag of recovery.

- **The Fed Does Not Have A 'One Track' Mind |** Upon the first signs that COVID-19 would be detrimental to the US economy, the Federal Reserve took a full speed ahead approach. After implementing two emergency rate cuts, establishing facilities to improve credit market functionality, instating a $2.3 trillion lending program in support of the Payroll Protection Program (PPP), and expanding the size and scope of quantitative easing, many were wondering if the Fed was 'running on fumes' and would resort to reducing interest rates below zero. This week, Chair Powell expressed that the entire committee (FOMC) is in favor of 'steering away' from negative interest rates, as the move could directly harm bank profitability and indirectly cause a lending shortage during the time the economy needs it most. Instead, the Fed has proceeded with its plans to purchase investment-grade debt. The Fed stands ready to purchase $750 billion (~12.5% of the $6 trillion corporate bond market) of individual corporate bonds or ETFs in order to provide liquidity for a market that has seen record levels of issuance.* In the months ahead, the measures taken this week should be further evidence that the Fed will act by any means necessary to get the economy back on the right track.
- **Fiscal Policy Going 'Full Throttle' |** Congress' initial actions in response to the COVID-19 outbreak showed they too had the need for 'speed.' In three phases, $2.2 trillion of loans and direct aid was approved in hopes of alleviating the economic harm faced by individuals, businesses of all sizes, hospitals, and state and local governments. Once it became evident that the aid provided would be insufficient, Congress agreed on a supplementary $484 billion package to help small businesses and 'hotspot' areas combat the virus. But still, Congress knows its race to limit the economic downturn is far from over. This week, negotiations for a second multi-trillion dollar stimulus package continued with many items being readily agreed upon (e.g., healthcare response, increasing broadband internet access, amending PPP restrictions). However, many partisan points of concern remain and both sides seem to be 'driving' a hard bargain. For example, Democrats are in favor of more direct payments to individuals (i.e., $1,200 per person and dependents) and funds for mortgage relief and renters' assistance while Republicans want to focus on liability protection for businesses. For this reason, we believe the next round of aid may be slower to come about (likely in June), but that ultimately Congress will put the 'pedal to the metal' in order to address the needs of the nation, especially in an election year.
- **Coming Out of the Economic 'Pit Stop'|** Although only 10 states have met all three criteria set forth by the Trump Administration, 33 have embarked on a phased path toward reopening their economies. Governors across the nation have relaxed stay-at-home orders, and begun a gradual process of reopening essential manufacturing facilities, non-essential or low-contact businesses, and parks for outdoor activities. The hope that the phased approach to reopening will occur smoothly has contributed to the equity market's ~28% rally from the March low. However, it is important for investors to realize the risks associated with this process. First, although states may have re-started their engines, the psychological impact of the virus may stop the true return to 'normality' from accelerating too quickly. This could be especially prescient for particular industries (e.g., restaurants, retailers, travel, events) that rely on consumers being in larger crowds or high-contact areas. Second, our nation's political leaders and medical experts realize that we may need to put the 'brakes' on if a second wave of cases occurs. Georgia, South Carolina, and Alabama were among the first states to reopen, and other states are closely monitoring their case counts, hospitalization counts, and death tolls in order to determine if their roadmaps to recovery are appropriate. Given that these states opened up ~fourteen days ago, the next few days' statistics will be critical to monitor as the average incubation period is ~14 days. Ultimately, there seems to be a collective understanding that this is a task that cannot be 'raced' through, but investors should be mindful that any setbacks in the reopening process could cause some 'turbulent' market volatility.*

CHART OF THE WEEK

Testing Capabilities Allowing States To Re-Start Their Engines

Testing capabilities have improved, which has allowed states to cautiously begin their phased reopening process. Well over 2 million tests were administered this week and the percentage of positive tests fell to ~7%, an improvement from last week.



*See Charts of the week on page 3.

ECONOMY

- Fed Chairman Jerome Powell noted the unprecedented speed and scope of the current downturn, saying it was "significantly worse than any recession since World War II." The Fed's policy response was quick and forceful, but according to Powell, "may not be the final chapter, given that the path ahead is both highly uncertain and subject to significant downside risks."
- Retail sales fell 16.4% in the initial estimate for April, following an 8.3% decline in March, with sharp declines in restaurants, clothing stores, department stores, auto dealerships, and gasoline stations. Industrial production fell 11.2%, with manufacturing output down 13.8%. The University of Michigan's Consumer Sentiment Index improved to 73.7 in mid-May, vs. 71.8 in April.
- Jobless claims edged lower in the week ending May 9, to 2.98 million, but were still elevated.* Prior to seasonal adjustment, 33.5 million claims have been filed in the last eight weeks, 20% of the labor force (or one in five workers).
- The Consumer Price Index fell 0.8% in April (+0.3% YoY), reflecting lower prices for gasoline, apparel, car rentals, airfares, and hotel lodging, offset only partly by higher food prices at grocery stores. Ex-food & energy, the CPI fell 0.4% (+1.4% YoY).*
- **Focus of the Week:** Next week, the FOMC minutes from the April 28-29 policy meeting may shed a little light on the Fed's thinking about the pandemic's impact on the economy and risks going forward. Residential construction figures are expected to have weakened in April. Leading Economic Indicators should post another large decline, reflecting the sharp decline in the factory workweek, the elevated level of jobless claims, and the low level of ISM New Orders.

May 18 – May 22

MON	Homebuilder Sentiment (May)	WED	FOMC Minutes	FRI	
TUE	Building Permits	THU	Jobless Claims Leading Economic Indicators	FUTURE EVENTS	5/25 Memorial Day (Markets Closed) 5/27 Fed Beige Book 6/1 ISM Manufacturing Index

US EQUITY

- As the S&P 500 has paused in recent weeks (following a 31% move higher in 26 days), participation beneath the surface has become increasingly narrow. Once the index was unable to break above its recent highs on Tuesday, this less supportive technical backdrop contributed to a 6% selloff toward the lows of its recent range (from where the S&P 500 was able to rebound).
- Favored sectors to buy during the pullback remain Technology, Health Care, and Communication Services, many of which had become extended in the short term. These three sectors grew earnings by 5% in Q1 on average, whereas the S&P 500 saw a -13.5% earnings contraction. Technology and Health Care are seeing the best fundamental momentum, only expecting a -11.5% earnings contraction on average in Q2 compared to the S&P 500 at -41.8%. Valuation on a P/E to growth basis is also fairly attractive with Technology and Health Care at just 1.35x and 1.15x, respectively (based on two-year estimated earnings growth).*
- **Focus of the Week:** Expect volatility to continue (given the high degree of uncertainty and economic damage). In the short term, the first level of technical support to monitor is 2,736, followed by ~2,630 if unable to hold. In fact, the 2,630 level represents a 10% pullback from the recent peak on April 29, which is very normal historically as equities attempt to rebuild upside momentum out of recessionary bear markets. Remember that bear markets are typically very fast and violent, whereas bull markets last for years. Thus, we would use pullbacks as opportunities to accumulate favored stocks and sectors for the long term.

FIXED INCOME

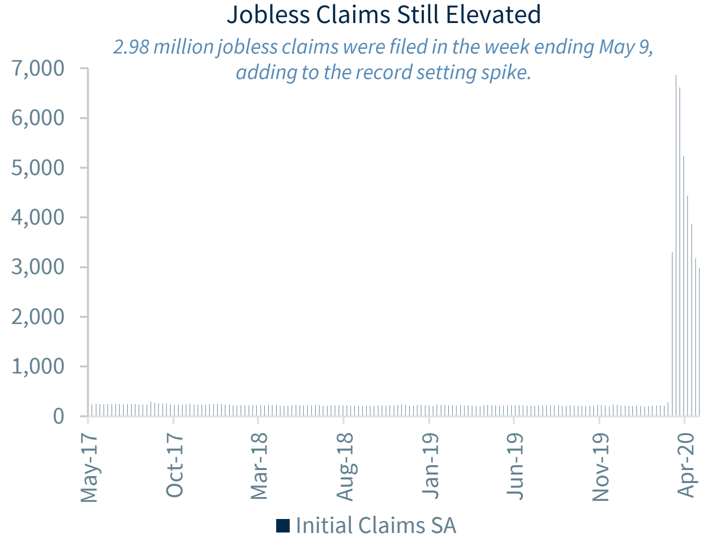
- Powell has been adamant about exploring negative interest rates only as a last resort. Similarly, no other committee member has backed the potential for negative interest rates. Despite growing rumblings on the Street, it is clear that the Fed is in charge and dictating direction, which makes negative rates a very unlikely occurrence in the near future. The severity of COVID-19 continues to be a main component to how much or how little credence will be attached to stories like this.*
- **Focus of the Week:** The Fed and Treasury did its best work by announcing the programs designed to return liquidity and stability to the credit market, which have worked better than they did during the Great Recession. Liquidity has returned and the new issue market is once again flourishing. Record deal flow of investment-grade bonds along with a number of deals in the high-yield space have been a bit of a welcomed surprise. This is also evident by the recent spread contraction. Spreads have retracted coming down significantly from their highs. This will likely temper the amount of actual government purchases.

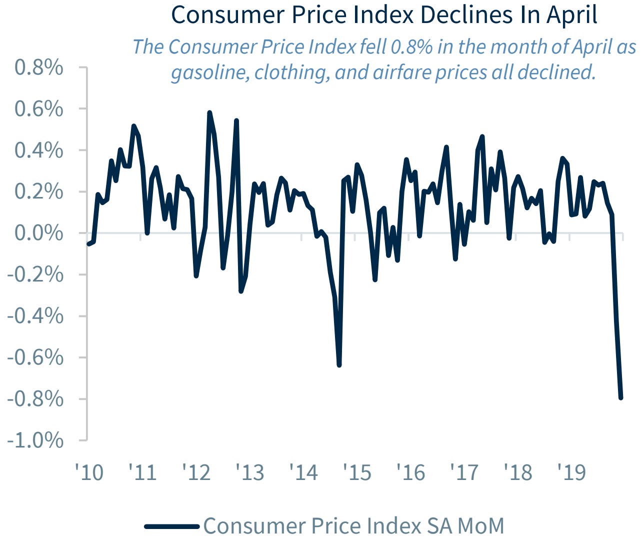
POLITICAL & COMMODITIES

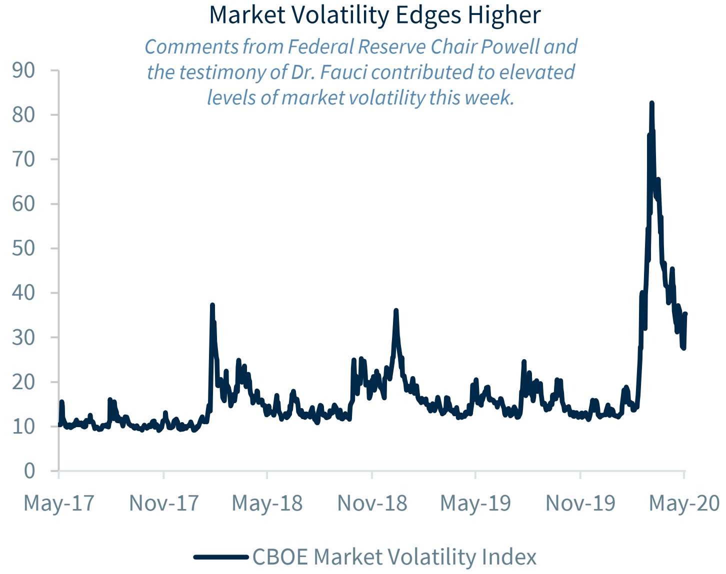
- The next stimulus may include targeted state/local government support, additional healthcare funding, certain business liability protections, tweaks/more funding for the Small Business Administration's Paycheck Protection Program (PPP), and possibly another round of individual direct payments – but likely not until sometime in June. While COVID-19 developments remain the near-term focus, we caution that US/China relations are trending negative and are at risk for a return to confrontation later this year. The combination of the economic disruption from the spread of the virus and election year politics may lay the groundwork for the return of the Trump trade war playbook, possibly re-emerging as a market headwind in the second half of this year.
- The initial recovery in oil prices over the past month or so reflects, above all, the timing of economic reopening decisions by governments. The demand picture in the rest of 2Q and the second half of the year should continue to improve as the various countries move along their reopening roadmaps, but to be clear, it would not be realistic for demand to fully normalize in 2021. Not only will demand in 2021 still be affected by the post-crisis economic damage (high unemployment, business bankruptcies, etc.), but the pandemic has also caused a structural shift in travel patterns around the world. This includes more telecommuting and distance learning, as well as less travel (especially less flying) for both leisure and business purposes.
- **Focus of the Week:** Testing has improved with over 2,180,000 tests administered in the US this week or about 312,577 per day. Of these tests, around 7.5% returned positive results, a 3.5% improvement from last week's metric. These results are now below the 10% maximum positive to total testing benchmark that we recommended, and moving closer toward our suggested goal of 5% positive to total tests and approximately 3,000,000 tests per week. Despite testing improvements, the rest of our nation's statistics suggest that states must continue to remain cautious against a resurgence.**

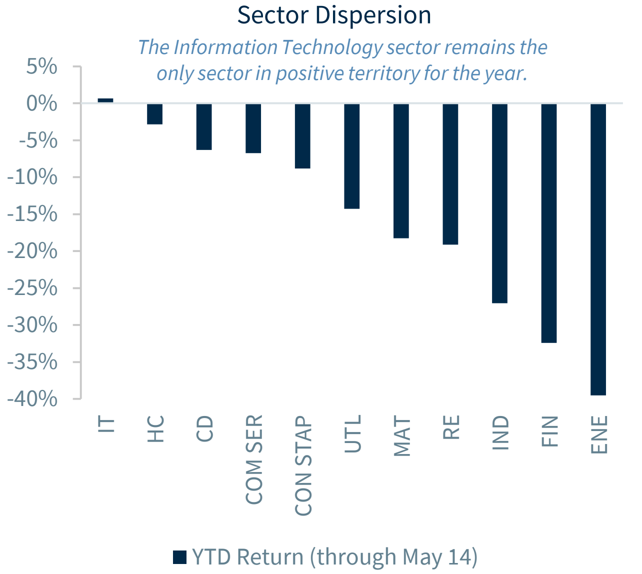
*See Charts of the week on page 3.
** Raymond James Equity Research

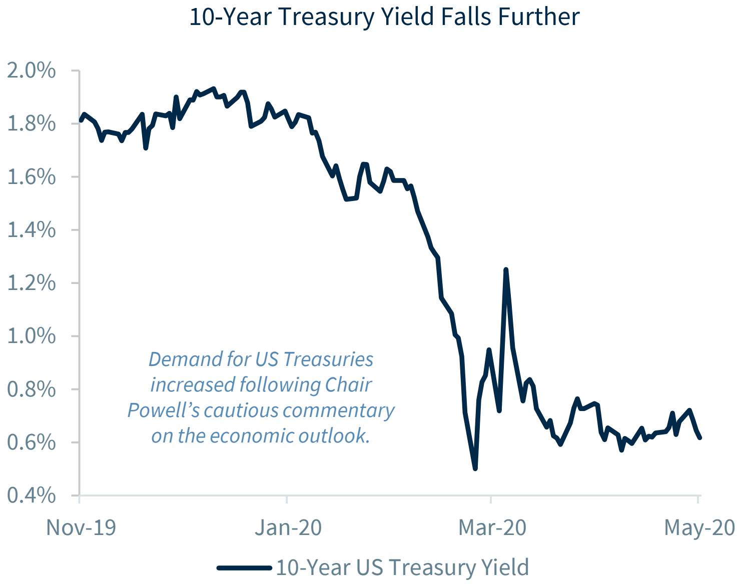
Charts of the Week

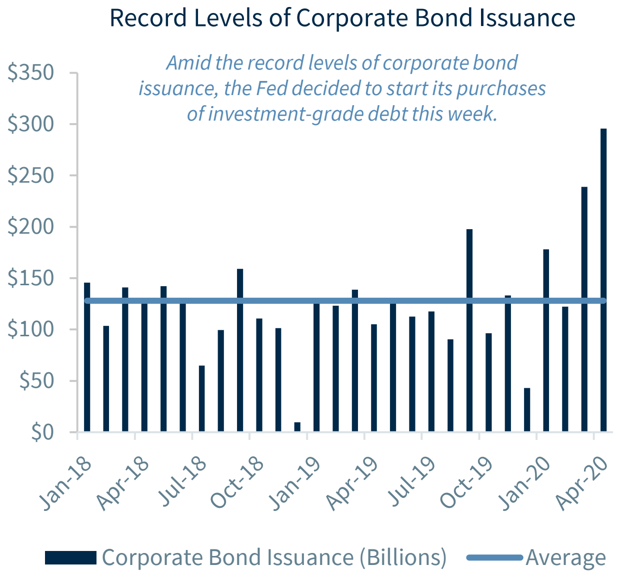












RAYMOND JAMES

Asset Class Performance | Distribution by Asset Class and Style (as of May 14)**

Weekly Returns (as of May 14)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-1.9%	-1.0%	-0.4%
Mid Cap	-3.1%	-2.2%	-1.1%
Small Cap	-5.6%	-3.5%	-1.9%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-1.7%	-0.8%	0.5%
Mid Cap	-1.8%	-1.9%	0.0%
Small Cap	-1.7%	-2.6%	-0.1%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.0%	0.2%
Invest. Grade	0.1%	0.0%	0.0%
High Yield	-0.6%	-0.3%	-1.3%

Year-to-Date Returns (May 14)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-22.4%	-11.3%	-0.9%
Mid Cap	-27.3%	-19.1%	-6.8%
Small Cap	-35.3%	-25.4%	-16.0%

International Equities (MSCI indices)

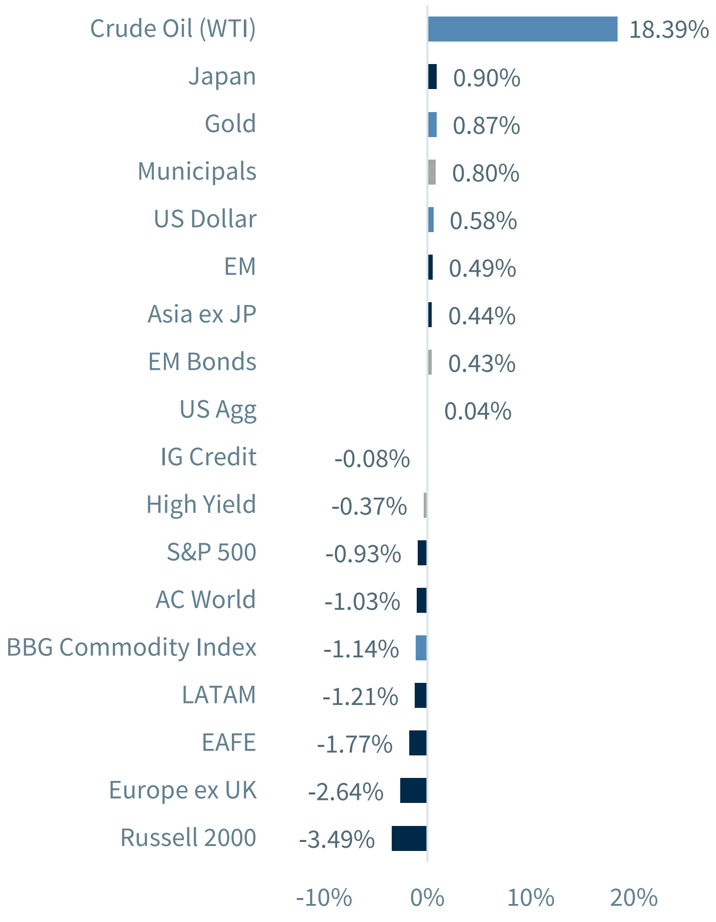
	Dev. Mkt	World	Emerg. Mkt
Large Cap	-18.3%	-12.4%	-13.0%
Mid Cap	-18.9%	-18.0%	-16.5%
Small Cap	-20.0%	-22.2%	-17.3%

Fixed Income (Bloomberg Barclays indices)

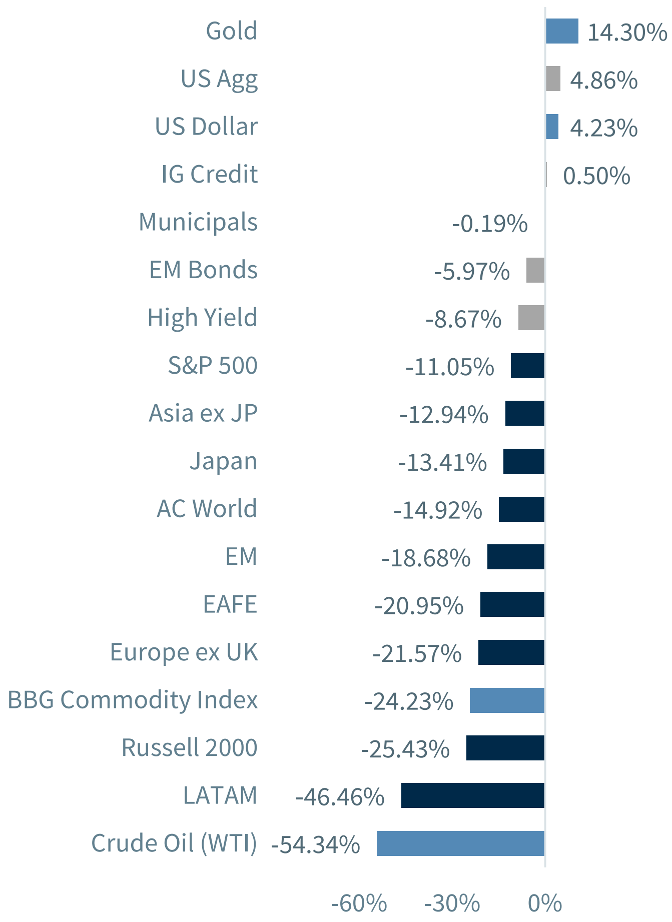
	1-3 YR	Medium	Long
Treasury	0.6%	7.2%	12.9%
Invest. Grade	1.4%	0.8%	0.6%
High Yield	-10.1%	-8.9%	-4.5%

Asset Class Performance | Weekly and Year-to-Date (as of May 14)**

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).

Weekly Data**

Data as of May 14

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	2852.5	(0.9)	(1.9)	(11.1)	2.7	8.2	8.3	12.0
DJ Industrial Average	23625.3	(1.0)	(3.0)	(17.2)	(7.5)	4.2	5.3	8.3
NASDAQ Composite Index	8943.7	(0.4)	0.6	(0.3)	15.6	13.4	12.1	14.3
Russell 1000	3019.3	(1.0)	(1.8)	(11.3)	0.1	8.7	8.7	11.6
Russell 2000	3075.6	(3.5)	(5.5)	(25.4)	(16.4)	(0.8)	2.9	7.7
Russell Midcap	4912.4	(2.2)	(3.1)	(19.1)	(10.0)	3.5	4.8	9.8

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	317.1	(1.7)	(2.9)	(17.3)	(4.6)	0.8	1.9	7.5
Industrials	503.3	(3.1)	(7.1)	(26.3)	(18.5)	(2.0)	2.7	8.7
Comm Services	170.0	(0.9)	(0.4)	(5.8)	7.3	5.8	5.4	9.7
Utilities	281.3	0.9	(2.9)	(13.3)	(1.1)	6.0	8.6	10.5
Consumer Discretionary	932.4	(0.4)	(2.4)	(5.1)	3.8	10.7	10.7	15.3
Consumer Staples	582.1	(0.0)	(2.5)	(9.1)	2.3	4.0	5.7	10.7
Health Care	1159.2	0.7	(0.2)	(1.8)	16.5	12.0	8.1	15.0
Information Technology	1633.8	(0.5)	1.7	1.9	26.9	21.4	19.4	17.8
Energy	273.1	(2.7)	(5.0)	(38.9)	(39.1)	(15.1)	(11.3)	(1.5)
Financials	351.2	(2.9)	(7.0)	(30.6)	(19.3)	(1.4)	3.2	7.5
Real Estate	192.6	(5.1)	(8.5)	(19.1)	(11.3)	3.3	4.2	9.6

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	1.8	1.7	1.1	0.6
2-Year Treasury (%)	0.2	(0.0)	0.1	3.0	5.0	2.5	1.7	1.3
10-Year Treasury (%)	0.6	0.2	0.2	12.9	19.0	7.3	4.8	5.0
Barclays US Corporate High Yield	8.3	(0.4)	0.1	(8.7)	(3.3)	1.8	3.5	6.1
Bloomberg Barclays US Aggregate	1.3	0.0	(0.1)	4.9	10.2	5.1	3.9	3.9
Bloomberg Barclays Municipals		0.8	1.7	(0.2)	3.1	3.7	3.5	4.0
Bloomberg Barclays IG Credit	2.8	(0.1)	(0.9)	0.5	8.8	5.2	4.7	5.2
Bloomberg Barclays EM Bonds	5.6	0.4	1.2	(6.0)	0.5	2.3	3.7	5.4

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	27.6	11.4	43.3	(54.9)	(55.4)	(16.8)	(14.4)	(9.1)
Gold ($/Troy Oz)	1731.6	1.6	1.7	14.3	33.4	12.0	7.2	3.4
Dow Jones-UBS Commodity Index	61.3	(1.1)	0.6	(24.2)	(22.8)	(9.8)	(10.3)	(7.1)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	100.5	0.6	1.5	4.2	3.0	0.4	1.5	1.6
US Dollar per Euro	1.1	0.3	(1.3)	(3.7)	(3.6)	(0.3)	(1.0)	(1.4)
US Dollar per British Pounds	1.2	(0.7)	(3.3)	(7.9)	(5.6)	(1.8)	(5.0)	(1.8)
Japanese Yen per US Dollar	107.0	0.5	0.1	(1.5)	(2.3)	(1.9)	(2.1)	1.5

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	476.5	(1.0)	(2.5)	(14.9)	(3.1)	3.8	4.1	7.9
MSCI EAFE	1588.2	(1.8)	(4.0)	(21.0)	(11.5)	(2.2)	(0.8)	4.5
MSCI Europe ex UK	1646.0	(2.6)	(4.7)	(21.6)	(11.4)	(2.6)	(0.6)	5.2
MSCI Japan	2939.7	0.9	(1.4)	(13.4)	(0.7)	1.7	2.2	4.9
MSCI EM	900.9	0.5	(2.5)	(18.7)	(8.5)	(0.8)	(0.0)	2.1
MSCI Asia ex JP	596.6	0.4	(2.1)	(12.9)	(3.2)	2.0	1.9	5.0
MSCI LATAM	1544.0	(1.2)	(7.5)	(46.5)	(38.8)	(14.5)	(8.0)	(5.8)
Canada S&P/TSX Composite	10291.3	(2.2)	(1.8)	(15.0)	(10.9)	(2.3)	(0.7)	1.9

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

DISCLOSURES

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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 SOURCE

FactSet, as of 5/15/2020

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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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

Kailey Bodine
Investment Strategy Analyst
T. 727.567.8494
kailey.bodine@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