THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

In a world filled with challenges there is no truer phrase than "Save one life, you're a hero. Save a hundred lives, you're a nurse." And if we need any more reasons to celebrate and honor our nurses, this past Wednesday was National Nurses Day and next Tuesday will be 200 years since the birth of Florence Nightingale—the originator of modern nursing. The "Lady with the Lamp" was a dutiful caregiver and relentless advocate for improved sanitary conditions and proper medical supplies in hospitals. There is no doubt that Nightingale's principles and the tireless work of nurses have helped to combat COVID-19 and save the lives of tens of thousands. And for that, we say thank you! While the trend of new COVID-19 cases appears to be flattening (and hopefully begins to decline soon) in the US, ~43 states will be at least partially re-opening their economies by this Sunday. As we enter this next phase of re-opening, it is important to take the 'pulse' of where the economy and markets stand.

Key Takeaways

Policymakers Tried To 'Remedy' Economic Fallout

Questioning If State Budgets Are In 'Stable Condition'

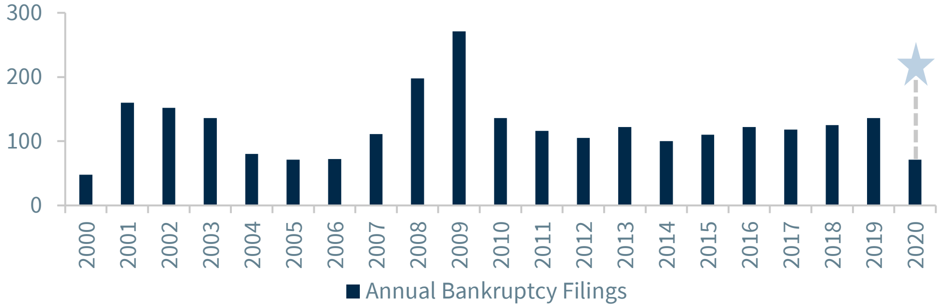
'Follow-Up' On Forward Guidance Will Be Critical

- **Nursing The US Economy Back To Health |** The US economy was in 'good shape' prior to the COVID-19 outbreak, experiencing the longest economic expansion in US history—129 months. But the virus has caused the economy to 'flat line' with both consumer spending and the labor market suffering. Prolonged shutdowns have forced 33.5 million people to file unemployment claims (~21% of the total US workforce) and caused the unemployment rate to spike from its 50-year low of 3.5% to 14.7%. However, 'critical care' has been administered by both the Federal Reserve and Congress. Between interest rate cuts, record levels of lending, stimulus checks, and more, policymakers have hopefully set the foundation for an eventual economic recovery by year end. Despite these efforts, not all patients of the economy will recover at the same pace and magnitude and we reiterate our belief that the US economy will experience a "K" shaped recovery. While most industries will eventually recover, there are some companies—small/mid sized companies that are over-leveraged and ill prepared for an extended shutdown—that will likely have a 'difficult pill to swallow' and not recover. For example, year-to-date, 71 companies with more than $50 million in liabilities have filed for bankruptcy. If this trend continues, the total could sadly rise to ~210 or more by the end of the year, which would mark the highest level since 2009. While there may not be a 'remedy' that provides relief for all industries, we maintain hope that further Fed action and additional aid packages will soothe the negative economic impacts until the recovery gains momentum.
- **Just What The Doctor Ordered—State Stimulus |** The reduction in economic activity and consumer spending has hampered state revenues as sales taxes have shrunk. The financial distress faced by states suffering the worst of the outbreak has called into question whether state budgets are in 'stable condition.' Fixed income investors are particularly concerned, as state bankruptcies would surely have negative 'side effects' on the municipal bond market. We do not believe any state will declare bankruptcy. The reasons: laws and the long standing interpretation of the US Constitution currently prohibit states from filing for bankruptcy, the credit profiles of states are remarkably strong (94% rated Aa1 or better), and states, if needed, have the ability to increase taxes or raise capital through the municipal bond market. However, the reports released by the Congressional Budget Office indicating that states will experience $110 billion and $350 billion shortfalls in 2020 and 2021, respectively, cannot be ignored. In order to prevent states, let alone particular counties or cities, from 'feeling under the weather,' we expect Congress will mitigate the situation with a Phase 4 stimulus package within the next few weeks. While the proposed amount of aid is still under discussion (potentially $1 trillion+), it is highly likely that bipartisan negotiations will lead to substantial relief that will appease the needs of state and local officials as they seek to suppress the virus and ensure the health and safety of their states' residents.
- **Examining Earnings & Future Guidance |** Heading into 2020, earnings growth was expected to be positive for all four quarters. However, the escalation of COVID-19 to a global pandemic has since reversed this trend, leading earnings growth expectations to be negative in each quarter, with the first and second quarters falling 13% and 41%, respectively. For the most part, no sector, overall, has been 'immune' to the detrimental impacts of the virus. 'Vital' signs have been weak with only 64% of companies beating earnings estimates (versus the 20-quarter average of 73%), more than 100 companies pulling their forward guidance, and almost 50 companies cutting or suspending their dividends.* With the equity market trading near the highest valuations in twenty years, investors appear to be ignoring the substantial reduction in earnings growth this year because of expectations for a 'healthy' bounce back in earnings growth (current consensus 20%+) in 2021. 'Follow-up' on forward-looking guidance once companies return to standard operations and production (hopefully during the summer as the economy re-opens more fully) will be the 'prescription' that gives more visibility into 2021. From our vantage point, earnings visibility remains the 'fittest' for Technology, Communication Services and Health Care—our favorite sectors.

CHART OF THE WEEK

Bankruptcies May Be A Difficult Pill To Swallow

If the current pace of bankruptcy filings for companies with more than $50 million in liabilities continues, there could be as many as 210 filings by the end of the year – the highest level since 2009.



*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- The April Employment Report was flawed, but signaled a sharp deterioration in labor market conditions. Nonfarm payrolls fell by 20.5 million, nearly erasing all of the increase since the financial crisis and the 2001 recession. The unemployment rate was reported at 14.7%, but would have been around 20% if not for a classification issue.*
- The ISM Non-Manufacturing Index fell to 41.8 in April, vs. 52.5 in March, but the headline figure was boosted 7.1 points by a virus-related increase in supplier delivery times (not a sign of strength).* Business activity, new orders, and employment all fell sharply.
- Unit motor vehicle sales fell 24.5% in April (following a 32.2% decline in March) to an 8.6 million seasonally adjusted annual rate, vs. 11.4 million in March and 16.8 million in February.
- **Focus of the Week:** Retail sales are expected to have fallen sharply again in April, reflecting more widespread social distancing measures. The Consumer Price Index should post a sharp decline, reflecting lower prices for gasoline, lodging, and air travel. Industrial production is likely to post another large decline in April. The mid-May University of Michigan Consumer Sentiment Index may begin to show some signs of stabilization (albeit at a low level).

May 11 – May 15

MON

TUE Small Business Optimism (Apr)
Consumer Price Index (Apr)

WED Producer Price Index (Apr)

THU Jobless Claims

FRI Retail Sales (Apr)
Industrial Production (Apr)

FUTURE EVENTS 5/20 FOMC Minutes
5/21 Leading Economic Indicators
5/25 Memorial Day (Markets Closed)

US EQUITY

- Q1 earnings season has confirmed the bifurcation of stocks, with wide disparity in performance and fundamentals between clear 'haves' and 'have nots' in the current environment. For example, the Tech-oriented and non-cyclical sectors are set to grow earnings by 3.2% on average in Q1. Contrarily, the cyclical sectors are set to experience an earnings contraction of -34.7% on average in Q1 and -81.6% in Q2. This fundamental impact is reflected in performance as well with areas like Technology and Health Care breaking out to new relative highs, while areas like Financials and Industrials break to new relative lows.
- The S&P 500 has remained very resilient in spite of drastically bad economic data, as massive amounts of stimulus (fiscal and monetary) is outweighing, for now, the economic impact and uncertainty brought about by COVID-19. At a 20.3x forward P/E multiple, we believe the market is not fully appreciating the economic challenges still out there.* For an economy that is not going to be operating at full capacity, odds are high that equities will experience a downdraft at some point. Technically, the S&P 500 is firmly in a pause phase, grinding roughly sideways over the past few weeks. We therefore would be patient and selective with purchases at current levels.
- **Focus of the Week:** 2,955 remains the first area of technical resistance to watch. Above 2,955 is a band of resistance in the 3,000-3,025 range followed by more resistance at 3,136. On the flip side, we view technical support at 2,721, 2,538, and 2,455 but would also keep an eye on 2,663 (38% retracement of the rally) and 2,573 (50% retracement of the rally).

FIXED INCOME

- Corporations, municipalities and government entities of all credit rating levels are motivated to do everything in their power to raise cash to weather the storm.* They are doing it through drawing down lines of credit as well as through stock issues. Municipal governments are a prime example of those entities that don't have a solvency problem, but a revenue problem.
- **Focus of the Week:** While the Fed has the authority to buy corporate bonds, they aren't rushing out to add them to the balance sheet. They would rather make loans with corporate bonds as collateral vs. the outright purchase, but this is something to watch closely as we push open the doors.

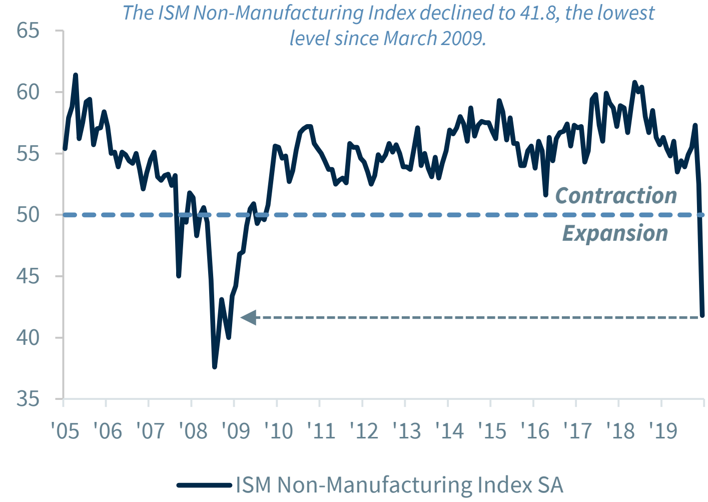
POLITICAL & COMMODITIES

- The US averaged over 247,000 tests per day this week, 11% of which returned positive (down 2% since last week), closing in on our suggested minimum capacity of 250,000 tests per day with under 10% positive. We reiterate our ideal goal of 3,000,000 tests per week with a 5% positivity rate that would constitute adequate and reliable testing capacity. As states have begun relaxing stay-at-home orders, Americans weigh concerns for their own safety against their longing to return to normal life. Unfortunately, we believe these concerns are warranted. Although our nation's efforts slowed the spread of the virus, they did not eliminate the spread; the number of new cases per day seems to be plateauing at around 20,000 – 30,000 rather than declining. Testing has improved, but has further room to grow, and we do not believe our nation's contact tracing infrastructure is where it needs to be to facilitate a large scale test, trace, and isolate strategy. We continue to caution that opening areas with persisting spread could lead to a resurgence that could be devastating to our economy and public health.
- Approximately 3.8 billion people worldwide have been covered by lockdowns, at one time or another from late January through the present. Of that total, 3.1 billion live in jurisdictions that as of this week have already implemented some economic reopening steps, including 38 US states plus Puerto Rico. While there will be no 'flip the switch' moment when oil demand gets back to pre-COVID levels, we think that the impact peaked in April, and it should subside through the rest of the year.*
- **Focus of the Week:** We expect negotiations on a Phase 4 broad-scale fiscal relief package to significantly pick up in Congress over the next week as the House is reportedly nearing a release of a Democrat-led bill, which could come as early as today. A vote in the House could follow as early as next week. We ultimately expect Congress to produce a $1 trillion+ package later this month, but the timing may extend longer than the market currently expects, as has been the case throughout the COVID-19 crisis on the legislative front. The details of the House-led bill remain broad, but the Democratic priorities for the next phase include significant assistance for state/local governments (Speaker Pelosi has suggested $1 trillion in aid), additional hazard pay for front-line workers, rental assistance, and expanded unemployment benefits (among others). Although Republicans are signaling reluctance to quickly advance another spending bill, liability protections for businesses returning to operations and payroll tax cuts lead the list of their priorities, and the potential need for additional small business funding may hasten negotiations in the coming weeks.

*See Charts of the week on page 3.

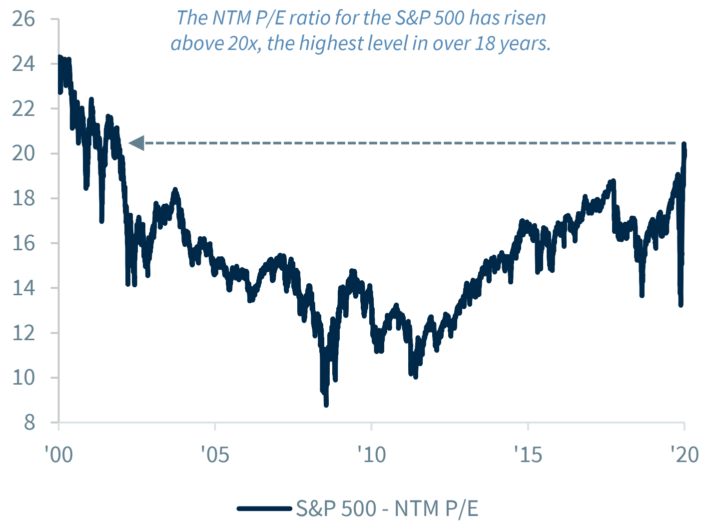
Charts of the Week

ISM Non-Manufacturing Index Contracts Sharply

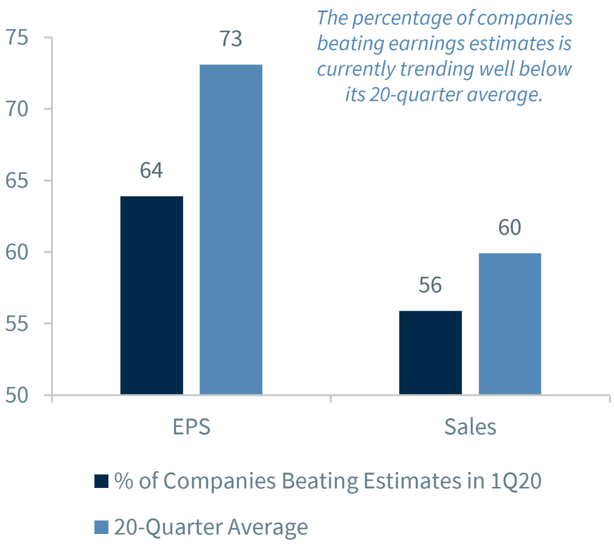


Unemployment Rate Reaches Record High

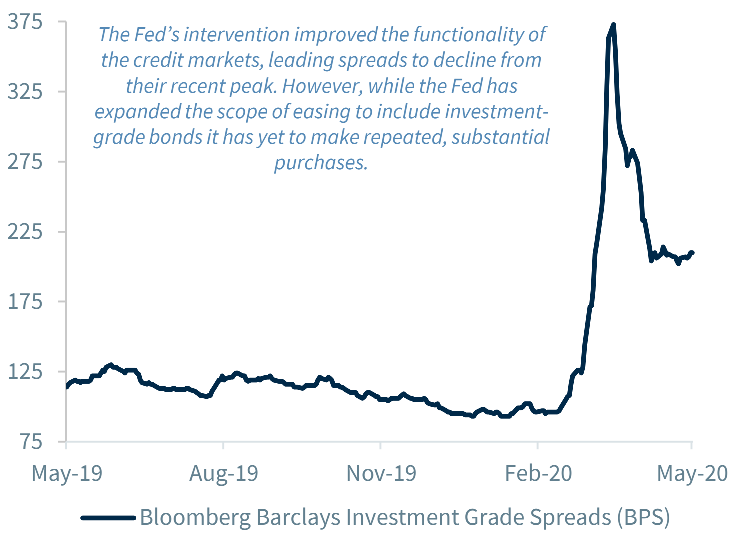
P/E Multiple Moving Higher



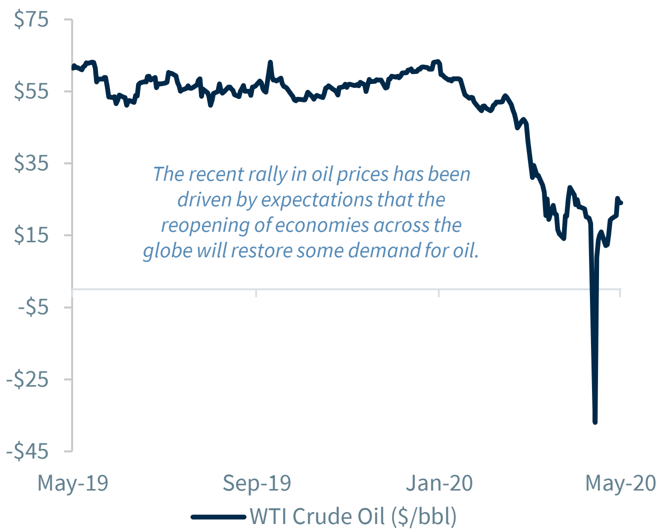
Percentage Of Companies Beating Estimates



Corporate Spreads Remain Steady



Oil Prices Rally As Economies Reopen



Asset Class Performance | Distribution by Asset Class and Style (as of May 7)**

Weekly Returns (as of May 7)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-3.0%	-0.8%	0.9%
Mid Cap	-3.1%	-0.9%	1.9%
Small Cap	-5.2%	-2.1%	0.4%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-1.4%	-1.1%	-2.3%
Mid Cap	-0.6%	-0.5%	-2.0%
Small Cap	-0.7%	-1.1%	-1.1%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.2%	0.0%
Invest. Grade	0.2%	0.0%	-0.2%
High Yield	0.0%	0.4%	0.9%

Year-to-Date Returns (May 7)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-20.9%	-10.4%	-0.5%
Mid Cap	-25.0%	-17.3%	-5.8%
Small Cap	-31.5%	-22.7%	-14.3%

International Equities (MSCI indices)

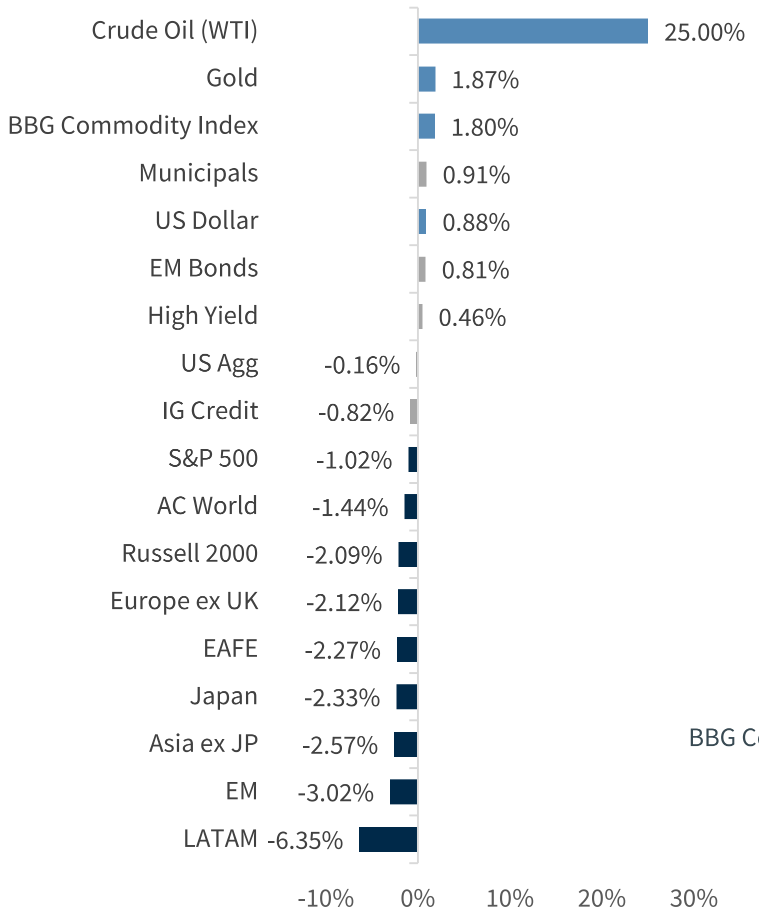
	Dev. Mkt	World	Emerg. Mkt
Large Cap	-16.9%	-11.7%	-13.4%
Mid Cap	-17.5%	-16.4%	-16.5%
Small Cap	-18.6%	-20.1%	-17.2%

Fixed Income (Bloomberg Barclays indices)

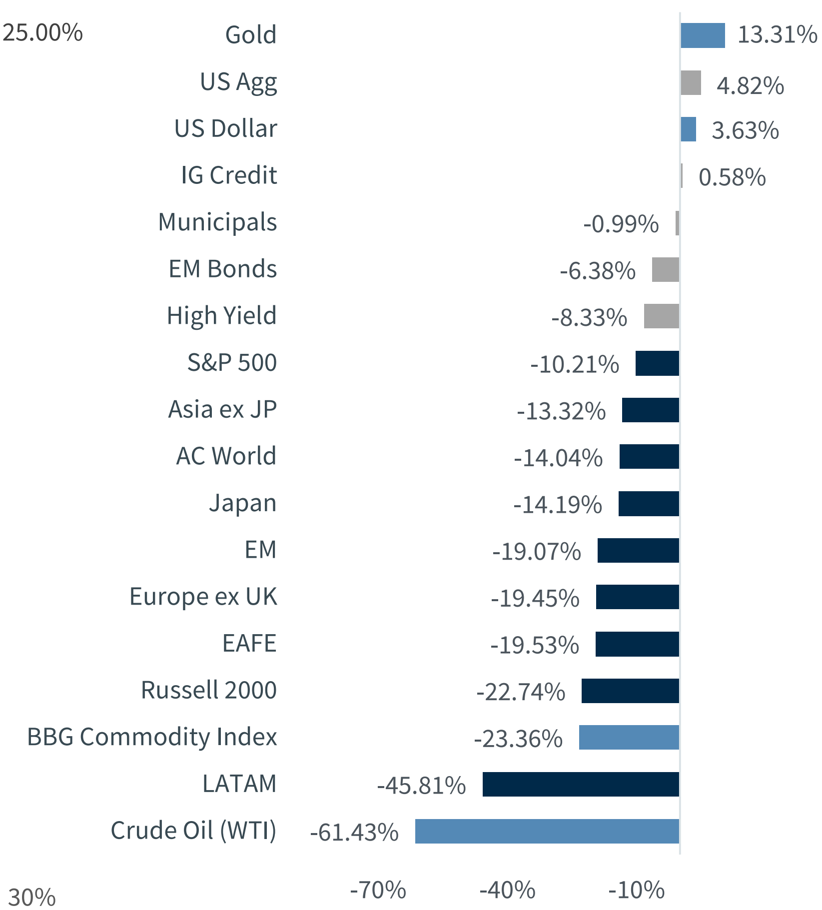
	1-3 YR	Medium	Long
Treasury	0.6%	7.2%	12.7%
Invest. Grade	1.3%	0.7%	0.6%
High Yield	-9.6%	-8.7%	-3.2%

Asset Class Performance | Weekly and Year-to-Date (as of May 7)**

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 7

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	2881.2	(1.0)	(1.0)	(10.2)	2.0	8.4	8.9	12.3
DJ Industrial Average	23875.9	(1.9)	(1.9)	(16.3)	(8.0)	4.4	5.9	8.7
NASDAQ Composite Index	8979.7	1.0	1.0	0.1	12.8	13.7	12.7	14.8
Russell 1000	3052.4	(0.8)	(0.8)	(10.4)	0.1	8.7	8.7	11.6
Russell 2000	3188.4	(2.1)	(2.1)	(22.7)	(16.4)	(0.8)	2.9	7.7
Russell Midcap	5024.5	(0.9)	(0.9)	(17.3)	(10.0)	3.5	4.8	9.8

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	322.6	(1.2)	(1.2)	(15.9)	(4.0)	0.8	2.4	7.9
Industrials	520.2	(4.1)	(4.1)	(23.9)	(17.2)	(1.3)	3.7	9.5
Comm Services	171.5	0.5	0.5	(5.0)	5.5	5.9	5.8	10.0
Utilities	279.5	(3.8)	(3.8)	(14.1)	(1.4)	5.7	8.5	10.7
Consumer Discretionary	936.5	(2.0)	(2.0)	(4.7)	1.6	10.8	10.9	15.7
Consumer Staples	582.4	(2.5)	(2.5)	(9.1)	2.8	3.9	6.1	10.9
Health Care	1151.3	(0.9)	(0.9)	(2.5)	14.0	11.4	8.5	15.0
Information Technology	1642.5	2.2	2.2	2.4	24.0	22.1	20.1	18.3
Energy	282.5	(2.4)	(2.4)	(37.2)	(37.5)	(14.1)	(10.8)	(1.1)
Financials	361.7	(4.3)	(4.3)	(28.6)	(18.5)	(0.9)	4.1	8.0
Real Estate	203.0	(3.6)	(3.6)	(14.7)	(4.7)	4.6	5.5	10.5

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 (%)	0.1	0.1	0.1	3.0	5.2	2.6	1.7	1.3
10-Year Treasury (%)	0.6	(0.0)	(0.0)	12.7	19.1	7.3	4.7	5.0
Barclays US Corporate High Yield	8.1	0.5	0.5	(8.3)	(3.5)	2.1	3.6	6.2
Bloomberg Barclays US Aggregate	1.3	(0.2)	(0.2)	4.8	10.4	5.2	3.9	3.9
Bloomberg Barclays Municipals		0.9	0.9	(1.0)	2.6	3.5	3.3	4.0
Bloomberg Barclays IG Credit	2.8	(0.8)	(0.8)	0.6	8.8	5.4	4.6	5.2
Bloomberg Barclays EM Bonds	5.7	0.8	0.8	(6.4)	(0.1)	2.3	3.7	5.6

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	23.4	18.6	21.6	(61.7)	(61.9)	(20.3)	(16.9)	(11.0)
Gold ($/Troy Oz)	1704.1	0.1	0.1	12.5	33.0	11.5	7.5	3.5
Dow Jones-UBS Commodity Index	62.0	1.8	1.8	(23.4)	(21.5)	(9.2)	(9.7)	(7.0)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	99.9	0.9	0.9	3.6	2.3	0.4	1.1	1.7
US Dollar per Euro	1.1	(1.6)	(1.6)	(4.0)	(3.7)	(0.6)	(0.9)	(1.6)
US Dollar per British Pounds	1.2	(2.6)	(2.6)	(7.3)	(5.9)	(1.8)	(4.2)	(1.8)
Japanese Yen per US Dollar	106.6	(0.3)	(0.3)	(1.9)	(3.5)	(1.8)	(2.3)	1.6

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	481.8	(1.4)	(1.4)	(14.0)	(4.0)	4.2	4.8	8.3
MSCI EAFE	1617.9	(2.3)	(2.3)	(19.5)	(11.4)	(1.5)	0.1	4.9
MSCI Europe ex UK	1692.0	(2.1)	(2.1)	(19.4)	(9.8)	(1.9)	0.5	5.9
MSCI Japan	2913.6	(2.3)	(2.3)	(14.2)	(4.6)	1.9	2.3	4.7
MSCI EM	896.9	(3.0)	(3.0)	(19.1)	(12.6)	(0.1)	0.1	2.5
MSCI Asia ex JP	594.4	(2.6)	(2.6)	(13.3)	(8.0)	2.6	2.0	5.2
MSCI LATAM	1563.4	(6.4)	(6.4)	(45.8)	(39.3)	(13.0)	(7.5)	(5.3)
Canada S&P/TSX Composite	10576.6	0.4	0.4	(13.1)	(9.3)	(1.6)	(0.3)	2.4

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

DISCLOSURES

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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.

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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 and Bloomberg.

DOMESTIC EQUITY DEFINITION

LARGE GROWTH | **Russell 1000 Growth Total Return Index:** This index represents a segment of the Russell 1000 Index with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This index includes the effects of reinvested dividends.

MID GROWTH | **Russell Mid Cap Growth Total Return Index:** This index contains stocks from the Russell Midcap Index with a greater-than-average growth orientation. The stocks are also members of the Russell 1000 Growth Index. This index includes the effects of reinvested dividends.

SMALL GROWTH | **Russell 2000 Growth Total Return Index:** This index represents a segment of the Russell 2000 Index with a greater-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

LARGE BLEND | **Russell 1000 Total Return Index:** This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

MID BLEND | **Russell Mid Cap Total Return Index:** This index consists of the bottom 800 securities in the Russell 1000 Index as ranked by total market capitalization. This index includes the effects of reinvested dividends.

SMALL BLEND | **Russell 2000 Total Return Index:** This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

LARGE VALUE | **Russell 1000 Value Total Return Index:** This index represents a segment of the Russell 1000 Index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This index includes the effects of reinvested dividends.

MID VALUE | **Russell Mid Cap Value Total Return Index:** This index contains stocks from the Russell Midcap Index with a less-than-average growth orientation. The stocks are also members of the Russell 1000 Value Index. This index includes the effects of reinvested dividends.

SMALL VALUE | **Russell 2000 Value Total Return Index:** This index represents a segment of the Russell 2000 Index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

FIXED INCOME DEFINITION

AGGREGATE BOND | **Bloomberg Barclays US Agg Bond Total Return Index:** The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

HIGH YIELD | **Bloomberg Barclays US Corporate High Yield Total Return Index:** The index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

CREDIT | **Bloomberg Barclays US Credit Total Return Index:** The index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

MUNICIPAL | **Bloomberg Barclays Municipal Total Return Index:** The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

DOW JONES INDUSTRIAL AVERAGE (DJIA) | The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

NASDAQ COMPOSITE INDEX | The **Nasdaq Composite Index** is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange.

S&P 500 | The **S&P 500 Total Return Index:** The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

BLOOMBERG BARCLAYS CAPITAL AGGREGATE BOND TOTAL RETURN INDEX | This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components).

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

INTERNATIONAL EQUITY DEFINITION

EMERGING MARKETS EASTERN EUROPE | **MSCI EM Eastern Europe Net Return Index:** The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS ASIA | **MSCI EM Asia Net Return Index:** The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS LATIN AMERICA | **MSCI EM Latin America Net Return Index:** The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS | **MSCI Emerging Markets Net Return Index:** This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

PACIFIC EX-JAPAN | **MSCI Pacific Ex Japan Net Return Index:** The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

JAPAN | **MSCI Japan Net Return Index:** The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

FOREIGN DEVELOPED MARKETS | **MSCI EAFE Net Return Index:** This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

EUROPE EX UK | **MSCI Europe Ex UK Net Return Index:** The index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. With 337 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

MSCI EAFE | The **MSCI EAFE** (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

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