January 8, 2021

WEEKLY HEADINGS

THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

We notched a 9.0 in 2019, an 8.5 in 2020, and now we're hoping to score a perfect 10 as we present our Ten Themes for 2021 this Monday, January 11 at 4:15 PM. Our Ten Themes presentation is a collection of what we deem to be the most critical economic and financial market insights for investors in the upcoming year, and we've selected the Olympic Games as the perfect backdrop for our explanation of these topics. The quintessential athletic events are a fitting metaphor for the current times, as the games were cancelled in the midst of the pandemic last summer and are now rescheduled to begin on a date (July 23) that we hope coincides with the sustainable reopening of many parts of the world. As we utilize the Summer Games as the framework for our Ten Themes, each theme will be tied to an Olympic sport. As a preview of what is to come, we'll use the sport of weightlifting to articulate our view for the equity market this year.

Key Takeaways

Expectations For A 'Powerful' Earnings Rebound In 2021

First Year Of The Bull Market Is Historically An 'Easy Lift'

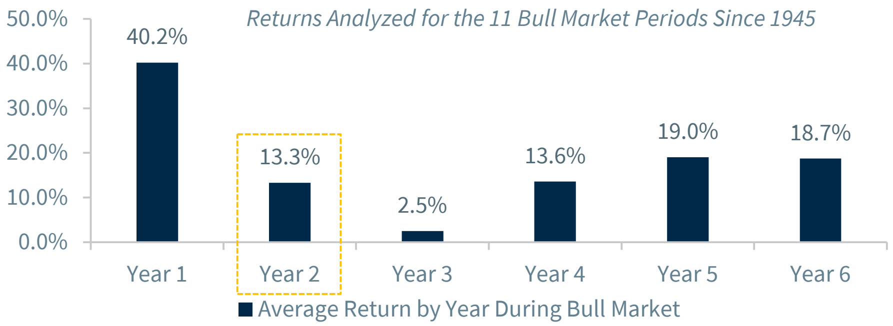
Pre-Recession GDP Levels May 'Weigh On' Equity Returns

- **Investors Throw Their Weight Behind High Return Expectations |** Equity market momentum has carried into 2021, with the S&P 500, Dow Jones Industrial Average, NASDAQ, and Russell 2000 all setting record highs this week. The S&P 500 has now rallied 20.6% over the last six months—a return that ranks in the 96th percentile over the last 30 years. Between our expectation for improving, sustainable economic activity, additional fiscal policy now that the Democratic Party has gained control of the Senate, and still accommodative policy from the Federal Reserve (Fed), we believe the S&P 500 is capable of reaching 4,025 by year end, representing a 5.7% price return from current levels). However, investors need to dial back heightened return expectations as we do not anticipate 2021 to repeat the returns experienced in 2019 (31.5%) and 2020 (18.4%) for several reasons:
  - **Earnings Will Do The Heavy Lifting |** The rise in the P/E multiple from 2019 through 2020 was the largest two-year contiguous expansion since at least 2000, increasing ~55% over this time period.* While we remain positive on equities over the next 12 months, further P/E expansion is unlikely given our expectations for a modest rise in interest rates, a slight uptick in inflation, and the potential for the Fed discussing tapering quantitative easing purchases by year end. As a result, a 'powerful' earnings rebound will be needed to 'raise the bar' for equities. Improving economic activity should 'push' S&P 500 earnings to $175 in 2021, representing a 27% increase over 2020 levels. While positive earnings growth should support higher equity prices in the year ahead, it is important to note that since 2000, annual EPS growth of 15%+ has led to the S&P 500 experiencing below average returns on a price return basis (6% versus 8.2% average).
  - **First Year Of The Bull Market Is The Easiest Lift |** The S&P 500 has rallied 72.4% since the start of the bull market on March 23, setting a 'personal record' as the best start to a bull market in the post-World War II era. While bull markets tend to last six years on average, the first year is historically the best before the equity market starts to 'bend' under the 'weight' it has been carrying. Since 1945, the first year of a bull market has appeared to be the 'easy lift,' rising ~40% on average. Moving forward, the 'strength' is tested, with the returns for the 2nd and 3rd years of a bull market slowing to 13.3% and 2.5% on average, respectively. With many positive factors already priced into the market, we suspect the current bull market could follow a similar trajectory.
  - **Pre-Recession Economic Levels May Not Be The Best Platform |** Since 1945, the US economy has needed ~18 months, on average, to recover economic losses during a recession. Despite the recent recession being the steepest since the Great Depression, we expect the economy to recover all of its losses and return to pre-recession GDP levels by the end of the second quarter or early third quarter—consistent with history. While the US economy recovers its losses and enters the expansionary phase of the business cycle, this feat has historically not led to above average forward returns for the equity market. In the 9 months leading up to the full recovery, the S&P 500 has rallied ~14% on average and been positive 90% of the time. However, 9 months after the full recovery (i.e., expansionary phase), the S&P 500 has only 'muscled-out' a ~3% return and has been positive only 55% of the time. If history repeats itself, the index may struggle to maintain its momentum in the latter half of the year.
  - **Economic Data No Longer Lifting Off Weak Levels |** Much of equity rally has been predicated on the expected strong recovery in economic activity. While the December jobs report was disappointing, with the US economy losing 140k jobs and ending the streak of monthly job gains that started in May, the ISM Manufacturing Index rose above 60 for the first time since August 2018, suggesting that the US manufacturing sector is on solid footing. However, this level has historically not been a strong tailwind for the equity market in the proceeding months. In fact, after rising above the 60 threshold, the S&P 500 has rallied only ~2% on average over the next 12-month period and been positive only 64% of the time.*

CHART OF THE WEEK

First Year Of The Bull Market Is Historically The Easiest Lift

The first year of a bull market is historically the best, with returns following a downward trajectory in the two years thereafter. Since we reach the anniversary of the bull market in March, returns may be more muted in the latter half of the year.



*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- Headline figures in the December ISM surveys were stronger than anticipated, but boosted partly by longer supplier delivery times (which are reflective of the COVID-19 surge, not underlying strength in demand).* New orders remained strong.
- In December nonfarm payrolls fell by 140,000, reflecting a pandemic-related 372,000 decease in jobs at restaurants and bars and a 51,000 decline in state and local government (otherwise, private-sector payrolls would have risen by 277,000).*
- **Focus of the Week**: Next week, the December retail sales report is expected to be weak. Unit motor vehicle sales increased, but the pandemic restrained holiday sales. The Consumer Price Index should reflect higher gasoline prices in December, but core inflation is expected to remain low, dominated by a more moderate trend in rent. The Producer Price Index is likely to reflect supply chain pressures related to the pandemic.

January 11 – January 15

MON		WED	Consumer Price Index (Dec) Fed Beige Book	FRI	Producer Price Index (Dec) Retail Sales (Dec)
TUE	Small Business Optimism (Dec) JOLTS (Nov)	THU	Jobless Claims	FUTURE EVENTS	1/18 MLK Day (Markets Closed) 1/28 Real GDP (4Q20. adv. Est.)

US EQUITY

- Equity markets continue their advance to begin the new year, as investor focus remains on the potential for vaccines to allow a reopening as 2021 progresses along with higher odds of increased stimulus as a result of the Democratic sweep. The outcome is a net positive for potential economic growth this year, and consequently enhances the reflation trade already underway. The small caps are likely to extend their momentum, as increased fiscal stimulus and infrastructure spending benefit these US-centric companies. It also likely extends rotation within the S&P 500, as interest rates and the yield curve break out to new recovery highs. **Focus of the Week:** Believe it or not, Q4 earnings season begins next Friday with several of the large banks. Consensus earnings estimates reflect a -11.7% contraction y/y, however results are likely to finish higher following much stronger Q2 and Q3 earnings seasons. We do not expect a beat rate as strong as Q2 and Q3 (24% and 18% respectively), but the 5-year average earnings surprise is 5.6%, and we would not be surprised for that to be surpassed given sustained momentum in the economic recovery. As we move into 2021, we use a $175 estimate for S&P 500 earnings, above the current consensus estimate of $166, due to our positive expectation on the economic and fundamental recovery in the year ahead. Given elevated valuation multiples, earnings growth will need to be the driver of 2021 market returns in our view.

FIXED INCOME

- This week's move was toward the 'risk-on' trade. The 10-year Treasury yield has moved from 0.91% to 1.07% and will likely continue on the risk-on path pushing the 10-year yield slightly higher before retracing.* On the other hand, the 2-year has been, and will continue to be, tightly range bound between 0.11% and 0.18%.
- **Focus of the Week:** High-quality spread products will see a slight widening in spread, reaching back toward averages which they have fallen below. High-yield products will continue to see tightened spreads as the quest for some sort of yield continues. Even a Democratic sweep in DC seems to lack the punch that will push progressive sentiment far enough to induce significant volatility.

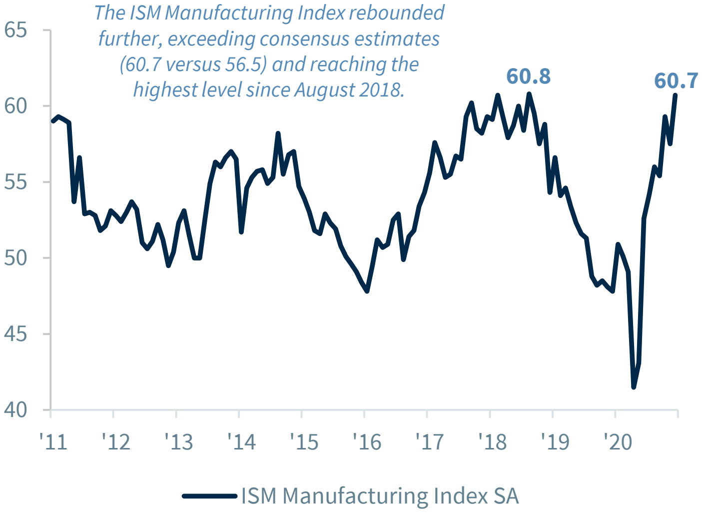
COVID-19, ENERGY & POLITICS

- The US has now counted more than 22 million identified cases and more than 375,000 deaths related to the coronavirus.* There were more than 218,000 cases per day on average over the past week, a 21.4% increase compared to the week prior (though data reporting gaps related to the holidays could impact numbers). More than 132,000 Americans are currently hospitalized with the virus, while more than 18,000 Americans died of COVID over the past seven days alone. Our current positivity rate stands at 13.4%, still well above our long-stated goal of a maximum of 5%, and ideally less, tests returning positive to signal adequate testing capacity. While the short-term outlook remains grim, many Americans hoped that vaccines could swiftly put the pandemic to rest.
- Yet, the vaccines that Moderna and Pfizer have made available are taking longer than expected to get into arms. Although more than 17 million doses have been distributed, only around five million have actually been vaccinated. So, as we have said before, vaccines are certainly a reason to celebrate and provide optimism that we could turn a corner in the new year, however, we must continue to manage expectations; it is unlikely that these life-saving vaccines will reach the general public for several months.
- Adding to a vaccine-fueled rally from November/December, oil prices posted additional gains this past week, with WTI topping the $50/Bbl level, after Saudi Arabia laid out plans to voluntarily cut another 1.0 million bpd of supply for February and March. This extra action by Saudi reflects the fact that the demand side of the equation remains in flux amid widespread travel restrictions due to more transmissible COVID strains that emerged from the UK and South Africa. There is no avoiding the difficult winter period, with COVID-related demand headwinds and lockdowns not going away anytime soon.
- **Focus of the week:** Democrats are in position to control the White House, Senate, and the House of Representatives following the result of the Georgia Senate runoff where both Democratic candidates appear to have defeated the Republican incumbents. This would complete a Democratic sweep and usher in a new set of priorities, bound to have an impact on the economy and market. The very thin Democratic majority margins in the House and Senate will effectively moderate the direction of policy changes, but Democrats do have tools to enact impactful policies in the areas of taxation and spending. We expect Democrats to use budget reconciliation in 2021 to enact tax changes and implement other portions of their agenda with a simple majority vote as allowed under reconciliation rules (i.e., paid sick leave, child care, and/or infrastructure spending). While Biden has largely avoided polarizing cabinet/agency picks, there are many significant positions that have not been filled. Democratic control of the Senate ensures that Biden's selections will see a vote in the Senate, with significant impact on regulatory agencies. In the near term, policy uncertainty may elevate volatility, but heightened expectations in the longer term of recovery-supporting measures and an increase in federal spending will continue to support positive market sentiment.

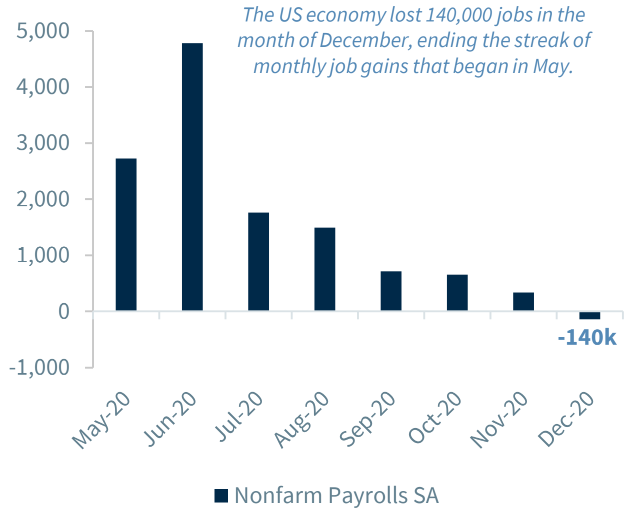
*See Charts of the week on page 3.

Charts of the Week

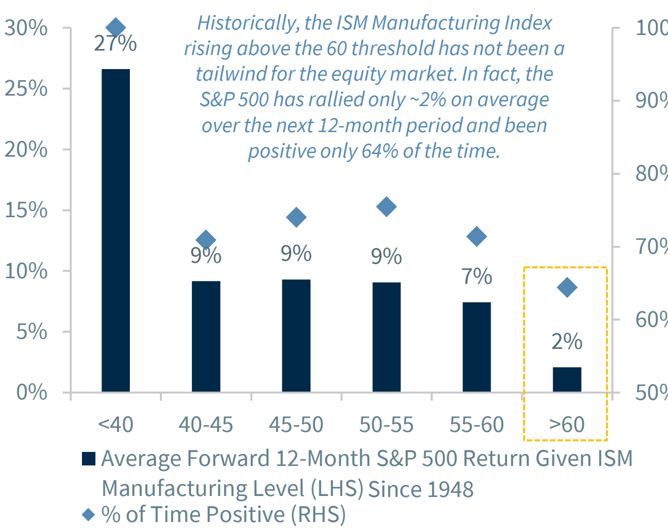
ISM Manufacturing Exceeds Expectations



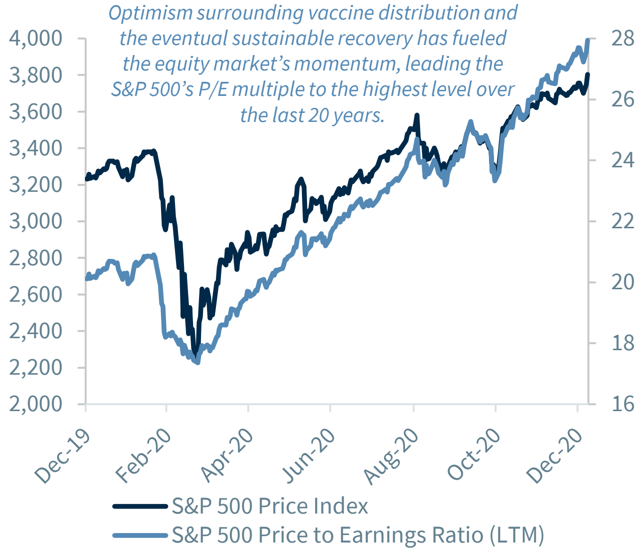
US Economy Loses Jobs In December



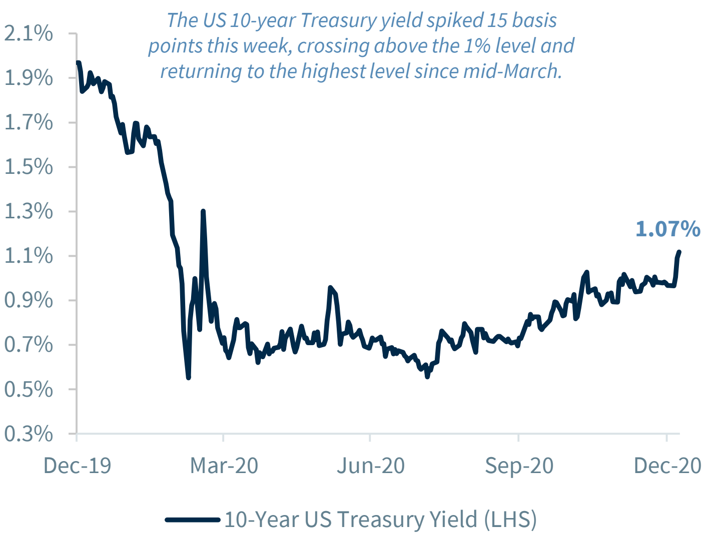
Current ISM Levels May Lead To Muted Returns



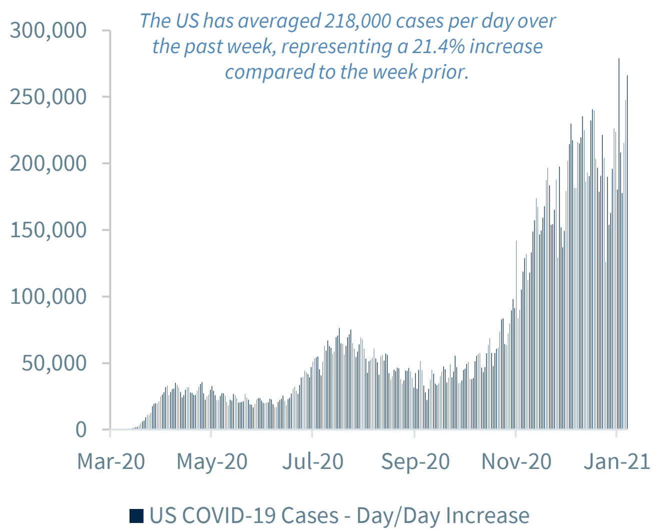
P/E Expansion Has Driven The S&P 500 Higher



10-Year Yield Crosses 1% Threshold



Colder Months Bringing More COVID-19 Cases



Asset Class Performance | Distribution by Asset Class and Style (as of Janaury7)**

Weekly Returns (as of January 7)

US Equities (Russell indices)	Value	Blend	Growth
Large Cap	2.9%	1.5%	0.3%
Mid Cap	3.3%	2.9%	2.2%
Small Cap	7.0%	6.2%	5.4%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	2.4%	1.7%	2.7%
Mid Cap	1.9%	2.6%	2.8%
Small Cap	1.9%	3.9%	2.6%

Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	0.0%	-0.5%	-1.5%
Invest. Grade	0.0%	-0.5%	-0.8%
High Yield	0.2%	0.2%	0.2%

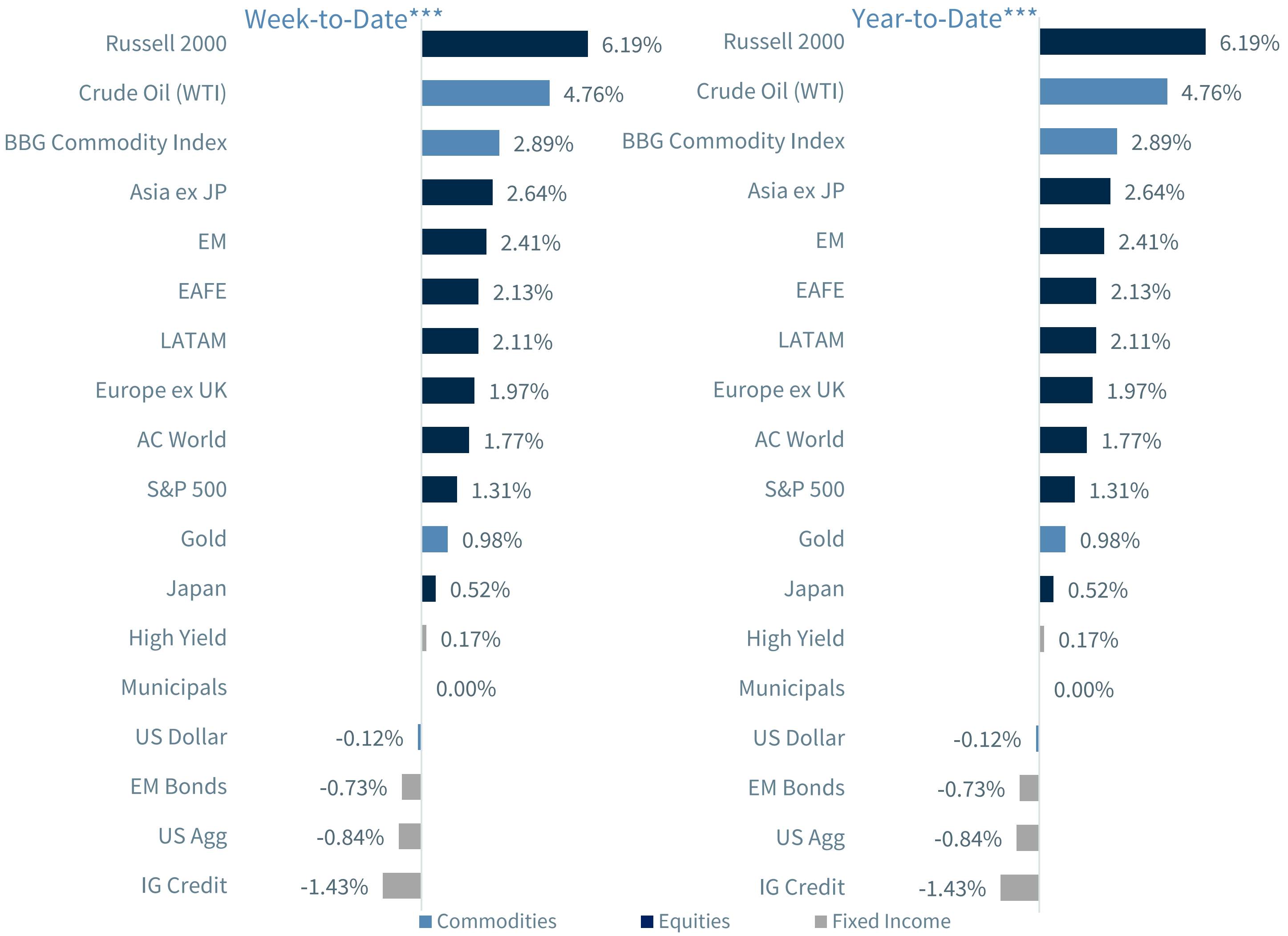
Year-to-Date Returns (January 7)

US Equities (Russell indices)	Value	Blend	Growth
Large Cap	2.9%	1.5%	0.3%
Mid Cap	3.3%	2.9%	2.2%
Small Cap	7.0%	6.2%	5.4%

International Equities (MSCI indices)	Dev. Mkt	World	Emerg. Mkt
Large Cap	2.4%	1.7%	2.7%
Mid Cap	1.9%	2.6%	2.8%
Small Cap	1.9%	3.9%	2.6%

Fixed Income (Bloomberg Barclays indices)	1-3 YR	Medium	Long
Treasury	0.0%	-0.5%	-1.5%
Invest. Grade	0.0%	-0.5%	-0.8%
High Yield	0.2%	0.2%	0.2%

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



**Weekly performance calculated from Wednesday close to Wednesday 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 January 7

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3803.8	1.3	1.3	1.3	19.7	13.7	16.7	13.9
DJ Industrial Average	31041.1	1.4	1.4	1.4	8.6	7.0	13.4	10.3
NASDAQ Composite Index	13067.5	1.4	1.4	1.4	44.1	22.3	22.7	17.1
Russell 1000	4137.1	1.5	1.5	1.5	21.0	14.8	15.6	14.0
Russell 2000	5211.3	6.2	6.2	6.2	20.0	10.2	13.3	11.2
Russell Midcap	7245.1	2.9	2.9	2.9	17.1	11.6	13.4	12.4

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	484.0	6.2	6.2	6.2	32.9	9.4	16.1	9.7
Industrials	759.5	1.3	1.3	1.3	10.8	7.1	13.9	12.0
Comm Services	220.8	(0.4)	(0.4)	(0.4)	20.7	13.1	12.0	10.0
Utilities	314.3	(1.5)	(1.5)	(1.5)	0.2	10.1	11.2	11.0
Consumer Discretionary	1328.7	2.0	2.0	2.0	35.1	19.3	19.2	17.8
Consumer Staples	686.1	(1.4)	(1.4)	(1.4)	10.8	8.4	9.3	11.7
Health Care	1362.1	2.9	2.9	2.9	17.1	13.3	13.2	16.0
Information Technology	2284.0	(0.3)	(0.3)	(0.3)	42.2	27.2	29.4	20.3
Energy	313.1	9.4	9.4	9.4	(28.2)	(13.8)	(2.4)	(1.8)
Financials	514.2	5.0	5.0	5.0	4.0	5.2	13.6	11.1
Real Estate	219.7	(3.6)	(3.6)	(3.6)	(4.1)	6.6	6.8	9.7

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)	(0.0)	0.5	1.5	1.1	0.6
2-Year Treasury (%)	0.1	(0.0)	(0.0)	(0.0)	3.0	2.6	1.7	1.2
10-Year Treasury (%)	1.1	(1.5)	(1.5)	(1.5)	8.1	6.1	3.7	4.3
Barclays US Corporate High Yield	4.9	0.2	0.2	0.2	7.0	6.0	8.7	6.7
Bloomberg Barclays US Aggregate	1.2	(0.8)	(0.8)	(0.8)	6.3	5.2	4.1	3.8
Bloomberg Barclays Municipals		0.0	0.0	0.0	4.5	4.7	3.7	4.6
Bloomberg Barclays IG Credit	1.9	(1.4)	(1.4)	(1.4)	8.1	6.7	6.3	5.5
Bloomberg Barclays EM Bonds	3.6	(0.7)	(0.7)	(0.7)	5.4	5.2	6.8	5.9

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	50.8	5.1	5.1	5.1	(18.9)	(6.1)	8.8	(5.3)
Gold ($/Troy Oz)	1920.1	1.7	1.7	1.7	22.5	13.4	11.7	3.5
Dow Jones-UBS Commodity Index	80.3	2.9	2.9	2.9	(1.5)	(3.0)	0.9	(6.5)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	89.8	(0.1)	(0.1)	(0.1)	(7.4)	(0.8)	(1.8)	1.0
US Dollar per Euro	1.2	0.2	0.2	0.2	10.0	0.6	2.5	(0.6)
US Dollar per British Pounds	1.4	(0.9)	(0.9)	(0.9)	3.2	(0.0)	(1.4)	(1.4)
Japanese Yen per US Dollar	103.9	0.7	0.7	0.7	(4.3)	(2.8)	(2.5)	2.3

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	657.5	1.8	1.8	1.8	18.7	10.3	14.5	9.9
MSCI EAFE	2192.8	2.1	2.1	2.1	10.6	4.7	9.6	6.3
MSCI Europe ex UK	2364.7	2.0	2.0	2.0	14.0	6.0	10.7	7.4
MSCI Japan	3875.2	0.5	0.5	0.5	15.2	5.5	10.1	6.8
MSCI EM	1322.3	2.4	2.4	2.4	21.4	6.1	15.4	4.3
MSCI Asia ex JP	865.2	2.6	2.6	2.6	28.1	8.2	16.1	7.0
MSCI LATAM	2502.0	2.1	2.1	2.1	(11.8)	(2.4)	11.4	(2.9)
Canada S&P/TSX Composite	14170.9	3.4	3.4	3.4	5.0	3.3	7.7	3.1

**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.

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.

DESIGNATIONS

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP® and CERTIFIED FINANCIAL PLANNER™ in the U.S.

Investments & Wealth Institute™ (The Institute) is the owner of the certification marks “CIMA” and “Certified Investment Management Analyst.” Use of CIMA and/or Certified Investment Management Analyst signifies that the user has successfully completed The Institute's initial and ongoing credentialing requirements for investment management professionals.

DATA SOURCE

FactSet, as of 1/8/2021

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.

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.

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.

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.

MOVE | The MOVE Index is a well-recognized measure of U.S. interest rate volatility that tracks the movement in U.S. Treasury yield volatility implied by current prices of one-month over-the-counter options on 2-year, 5-year, 10-year and 30-year Treasuries.

INTERNATIONAL EQUITY DEFINITION

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

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

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

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

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

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

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

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

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

INTERNATIONAL DISCLOSURES

FOR CLIENTS IN THE UNITED KINGDOM | For clients of Raymond James Financial International Limited (RJFI): This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in the FCA rules or persons described in Articles 19(5) (Investment professionals) or 49(2) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)or any other person to whom this promotion may lawfully be directed. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

FOR CLIENTS OF RAYMOND JAMES INVESTMENT SERVICES, LTD.: This document is for the use of professional investment advisers and managers and is not intended for use by clients.

FOR CLIENTS IN FRANCE | This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in "Code Monetaire et Financier" and Reglement General de l'Autorite des marches Financiers. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

FOR CLIENTS OF RAYMOND JAMES EURO EQUITIES | Raymond James Euro Equities is authorised and regulated by the Autorite de Controle Prudentiel et de Resolution and the Autorite des Marches Financiers.

FOR INSTITUTIONAL CLIENTS IN THE EUROPEAN ECONOMIC AREA (EE) OUTSIDE OF THE UNITED KINGDOM | This document (and any attachments or exhibits hereto) is intended only for EEA institutional clients or others to whom it may lawfully be submitted.

FOR CANADIAN CLIENTS | This document is not prepared subject to Canadian disclosure requirements, unless a Canadian has contributed to the content of the document. In the case where there is Canadian contribution, the document meets all applicable IIROC disclosure requirements.

Investment Strategy

Lawrence V. Adam III, CFA, CIMA®, CFP®
Managing Director, Chief Investment Officer
T. 410.525.6217
larry.adam@raymondjames.com

Matt Barry, CFA
Investment Strategy Analyst
T. 410. 525. 6228
matt.barry@raymondjames.com

Scott Brown, PhD
Senior Vice President, Chief Economist
T. 727.567.2603
scott.j.brown@raymondjames.com

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

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

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