THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Key Takeaways

Congress To Put The "Rescue" Stimulus 'Pieces Together'

Second Wave Vaccines May 'Connect' Us All Sooner

2021 Earnings Rebound To Complete The 'Picture'

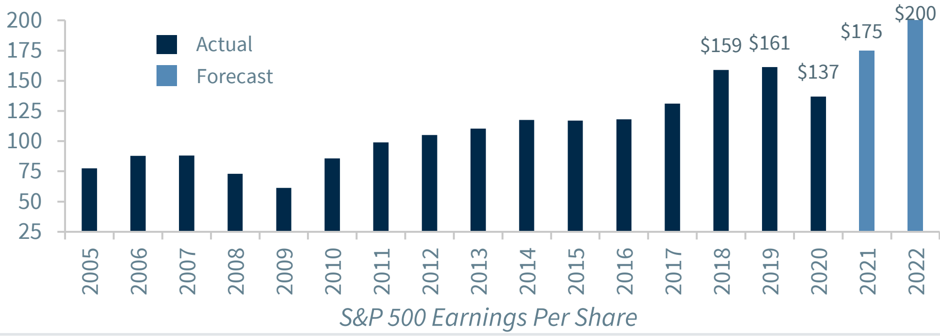
Today is National Puzzle Day! Whether it be a crossword, a jigsaw, or a word search, puzzles test our memory, concentration, cognitive function, and problem solving skills. During the height of the COVID-19 induced lockdowns, puzzles also served as a source of entertainment and a welcomed distraction from the events of the world. In fact, in the early months of the outbreak puzzle makers reported that sales jumped over 300% from the year prior, and some were unable to keep up with the demand*. As your Investment Strategy Team, we are always trying to 'put the pieces together' to form a clear economic and financial market 'picture,' and with valuations at the highest level since 2000 (LTM P/E 27.1x), investors may feel 'puzzled' about how to navigate the equity market in the months ahead. Ultimately, focusing on the state of the economic recovery, vaccine dissemination, and corporate earnings provides the key 'pieces' needed to move the market higher.

- **Stimulus May Put Recovery In The Right Spot |** President Biden has put forth his proposal for an initial $1.9 trillion "rescue" stimulus package with plans for a second "recovery" deal in the future. Enhanced stimulus checks, boosted unemployment aid, child care and child tax credits, rental assistance, subsidies for health insurance premiums, aid for states and schools, testing funding, and a $15 minimum wage are among the most notable components of his proposal. Given the lack of consensus and the slim majority held by the Democratic Party, our Washington Policy Analyst, Ed Mills**, believes the negotiations will yield a compromise "rescue" bill of ~$1 trillion that will be passed in mid-March to accommodate the expiration of previously enhanced unemployment benefits on March 14. However, he believes alternative outcomes faced by Democratic leadership revolve around 'acting fast' versus ' acting big.' Acting fast could be passed earlier (although a smaller package) as there appears to be bipartisan support for vaccine funding, stimulus checks, and school funding. Acting big could delay passage (and probably be done by reconciliation) but would likely include such things as additional state and local government aid and paid sick leave. With 4Q20 GDP (4.0%) falling below consensus estimates, near-term weakness in the economy could initiate more urgency for passage which is why next week's manufacturing and employment data will be closely watched.
- **Single Dose Vaccine May Help Us All Connect Sooner |** As the Fed reiterated this week, the economic recovery is dependent upon not only the course of the virus but also the vaccination progress. One silver lining is that some of the data trends, such as new cases and hospitalizations, appear to have peaked and are steadily improving. However, for a full return to normality, vaccinations for the majority of the population need to occur swiftly. From an accessibility and flexibility perspective, there are a few reasons for optimism. First, President Biden's original pledge of 100 doses in his first 100 days has been increased to 150 million as production and distribution capabilities expand. Purchasing 100 million doses of each of the high-efficacy Pfizer and Moderna vaccines is a positive. Second, more experience should allow state administrators to improve communications and streamline the distribution process of the vaccine at the local level to maximize daily inoculations. Third, while additional vaccines such as AstraZeneca and Johnson & Johnson have a lower efficacy rate than Modern and Pfizer, they will provide further accessibility (assuming emergency use authorization (EUA) is granted by the FDA) for people to receive some level of protection and hopefully avoid hospitalization. Our base case has included a second wave of vaccines, and while the efficacy rates vary, we expected that the immunization timeline could be accelerated by several months (potentially shifting from the fall to the summer). The bottom line is that more effective distribution and additional second wave vaccine options keep our expectation of a return to normality for the US economy (and likely the rest of the world) around midyear. The biggest unknown and threat to this timeline remains the potential deterioration in vaccine effectiveness against the new mutations of the virus.
- **Broad-Based Earnings Rebound The Missing Piece |** For the S&P 500, 4Q20 earnings season has far exceeded expectations, with earnings beating their estimates by 13.5% since earnings season started two weeks ago. This momentum cannot be understated as it gives more confidence that there is potential upside risk to our already above-consensus 2021 and 2022 S&P 500 earnings forecasts of $175 and $200, respectively. With price-to-earnings (P/E) multiples unlikely to increase further after two consecutive years of expansion, strong earnings are necessary to move the equity market higher to our year-end target of 4,025. After four straight quarters of negative earnings growth, resulting in 2020 S&P 500 earnings declining by ~15%, earnings should significantly rebound in 2021, up ~27.5%. More importantly, earnings growth is likely to be broad-based with ten of the eleven sectors producing positive growth (versus four in 2020). Ultimately, a sustainable economic reopening is needed, especially for cyclical sectors like Industrials, Consumer Discretionary, and Financials, to allow for this expected broad-based earnings rebound.

CHART OF THE WEEK

Broad-Based Earnings Rebound The Missing Piece

Following two years of multiple expansion, pushing the LTM P/E to the highest level since 2000, earnings will be needed to push the market higher. We expect S&P 500 earnings to rise to $175 in 2021 (27.5% growth over 2020) and $200 in 2022.



*National Public Radio "With People Stuck At Home, Jigsaw Puzzle Sales Soar"
**Raymond James Equity Research

ECONOMY

- Real GDP rose at a 4.0% annual rate in the advance estimate for the fourth quarter 2020* and was 2.5% lower than a year ago.
- Consumer spending rose at a 2.5% annual rate, restrained by the pandemic's impact on holiday shopping. The Consumer Confidence Index showed weaker evaluations of "current conditions," but increased optimism for the future.*
- **Focus of the Week**: Next week, there is more than the usual uncertainty in the Employment Report. The unemployment rate should hold steady at 6.7%, but that understates the weakness in the job market (as many unemployed workers have exited the labor force). The January ISM surveys should reflect moderate strength, although the headline figures are likely to remain exaggerated by the pandemic's impact on supplier delivery times.

February 1 – February 5

MON	ISM Manufacturing	WED	ISM Services	FRI	Unemployment Report
TUE		THU	Durable Goods Orders	FUTURE EVENTS	2/9 JOLTS Job Openings 2/10 Consumer Price Index (CPI)

US EQUITY

- Volatility has picked back up over the past two weeks, disrupting the glide higher for equities that has largely been in place since positive vaccine news in November.* While the S&P 500 remains near highs there have been larger drawdowns beneath the surface. For example, some of the more cyclical areas—Energy, Financials, Materials—have underperformed since earnings season began, whereas some of the more tech-oriented areas have gained strength. We view this as a natural 'cooling off' of momentum.
- **Focus of the Week:** Q4 earnings season continues to be solid, albeit at an expectedly reduced surprise rate. 81% of companies have beaten their earnings estimates, by an aggregate of 13.5% (down from the historically elevated 21% average in Q2 and Q3).* Fundamentals remain very bifurcated at the sector and company level with roughly 1/2 of companies reporting earnings growth y/y. Median earnings growth among these companies is 22% y/y, whereas the median earnings contraction for the other 1/2 of companies is -21%. The strongest results have come from Financials and Technology.

FIXED INCOME

- Short-term fixed income demand continues, constricting cash alternative yields. Spread opportunities exist in select corporate offerings and to a lesser degree in CDs if stronger credit backing is desired. Where liquidity is unnecessary, pegging duration in the 4-5 year range will create a significant income difference on a relative basis.
- **Focus of the Week:** Following the sharp rally in municipal bonds (3% over the last three months), municipal valuations are now more expensive as the relative spread between municipal and Treasury yields has fallen below historical averages.* The current market reflects low supply and overbought new issues as the tax-advantage characteristics of municipal bonds make them attractive given the possibility of tax increases in the future. While tactical moves have become more difficult given the elevated valuations within the municipal space, if investors are looking to add exposure to the sector, they should concentrate on maturities in the 10-15 year range but with structured calls that keep durations in the range of 4 to7 years.

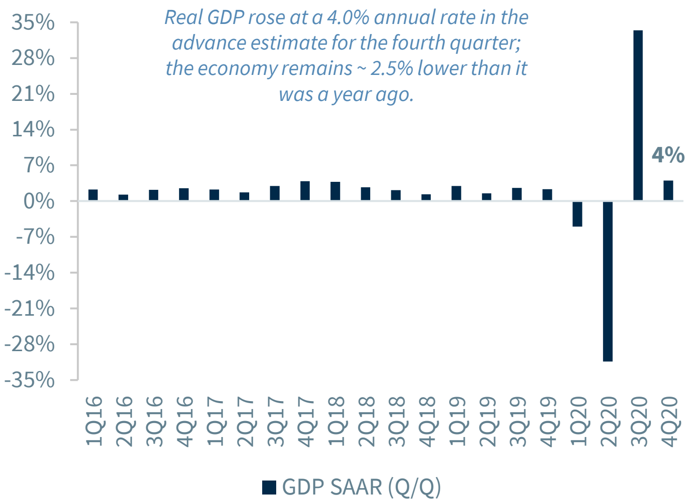
COVID-19 & POLITICS

- The US has now recorded more than 25,599,000 identified cases and more than 429,000 identified deaths related to the coronavirus. More than 300,092,000 tests have been administered, with 12,560,619 occurring over the last week for an average of 1,794,374 administered per day. The seven-day average daily case count is 159,986, down 17.1% from 192,954 last week.* The seven-day average positivity rate is now 8.9%, down from last week, but still above the goal of 5%, and ideally fewer, tests returning positive to signal adequate testing capacity. January concludes as the deadliest month of the entire pandemic, with the seven-day daily average fatality count at 3,257, up 7.0% from last week's 3,043. Hospitalizations, on the other hand, have declined by 10.3%, with the current seven-day average hospitalizations at 112,399. We expect continued improvement as vaccinations ramp up.
- President Biden's goal of "100 million doses in 100 days" seems more than attainable. With ~1.25 million doses per day administrated over the past week alone, Biden's long-stated goal that initially seemed ambitious now seems well within grasp. According to Moderna and Pfizer, these two companies alone will be able to deliver enough vaccine to immunize the entire US population by October. This feat could be accomplished by late July if authorization is granted for the single-shot JNJ vaccine, which reported 66% efficacy in Phase 3 trials. We caution against forecasting herd immunity in the next few months. For example, vaccines are not even authorized for individuals under the age of 16, so virtually everyone else may need to be vaccinated to approach herd immunity. Public polling of Americans shows that is unlikely. New SARS-CoV-2 variants (particularly those emerging in South Africa and Brazil) are concerning. We are becoming more concerned about the long-term efficacy prospects for COVID-19 vaccines/candidates against newly emerging strains with several Spike protein mutations. New vaccine variants may need to be developed regularly in the long term.
- **Focus of the week:** The Senate is nearing a power sharing agreement that will formally allow Democrats to take control of the chamber and leadership in Senate Committees that will set the legislative agenda in the months ahead to advance the Biden administration's priorities. This week saw a reminder of the fragile state of the Democratic majority with news of the short hospitalization of Sen. Patrick Leahy (D-VT). The previous 50-50 split chamber in 2001 only lasted 5 months – a factor that could have immense impact on the scope of Biden's domestic agenda. We are closely monitoring the debate on a new round of fiscal stimulus, for which the path forward is not yet clear. A 'go big' tactic could see extended negotiations into March that adjust the targeting for individual stimulus payments and state and local aid to advance a larger set of programs which we believe could be in the $1 trillion range. Alternatively, a faster approach could be to split up individual pieces such as vaccine funding and individual payments into a separate package, and negotiate the rest down the line. Either way, markets should see support in the weeks ahead on expectations of further stimulus, boosted by Fed Chair Powell's comments this week downplaying inflation risk and continuing a warning of greater potential damage from a stalling recovery which may put additional pressure on lawmakers to act.

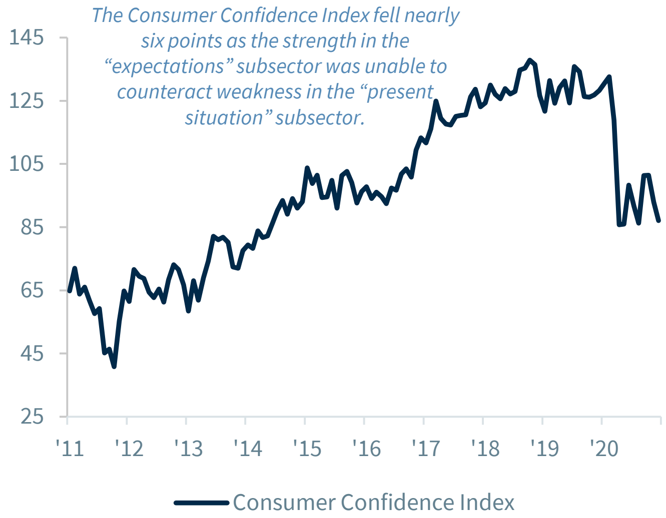
*See Charts of the week on page 3.

Charts of the Week

4Q20 GDP Below Consensus Estimates

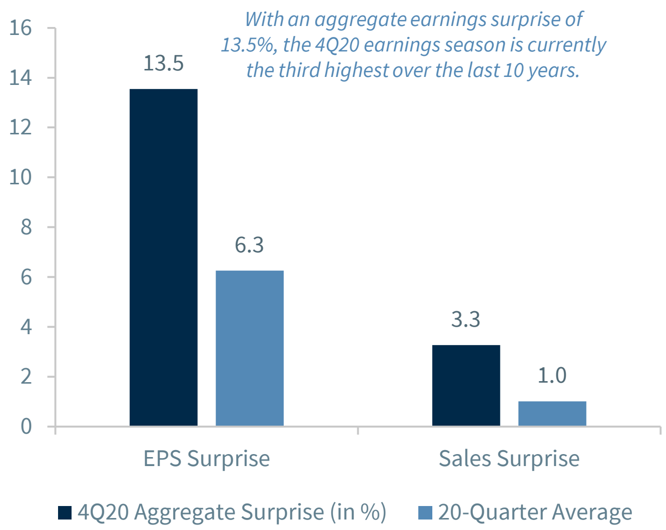


Consumer Confidence Slips On Near-Term Outlook



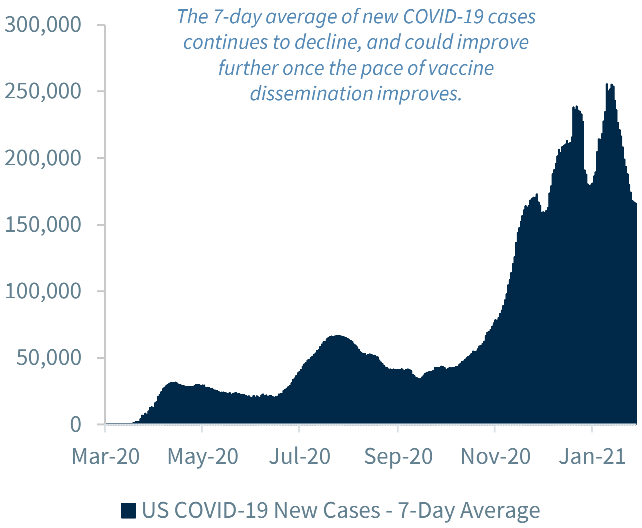
Market Volatility Remains Elevated

4Q20 Aggregate Earnings Surprise



Muni Spreads Continue to Narrow

7-Day Case Average Starting to Decline



Asset Class Performance | Distribution by Asset Class and Style (as of January 28)**

Weekly Returns (as of January 28)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-2.3%	-1.8%	-1.4%
Mid Cap	-2.5%	-2.6%	-2.9%
Small Cap	-1.1%	-1.6%	-2.1%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-1.9%	-2.0%	-3.5%
Mid Cap	-1.6%	-2.3%	-2.7%
Small Cap	-1.7%	-1.9%	-2.2%

Fixed Income (Bloomberg Barclays indices)

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

Year-to-Date Returns (January 28)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	0.8%	1.1%	1.3%
Mid Cap	1.6%	1.4%	1.1%
Small Cap	6.7%	6.7%	6.7%

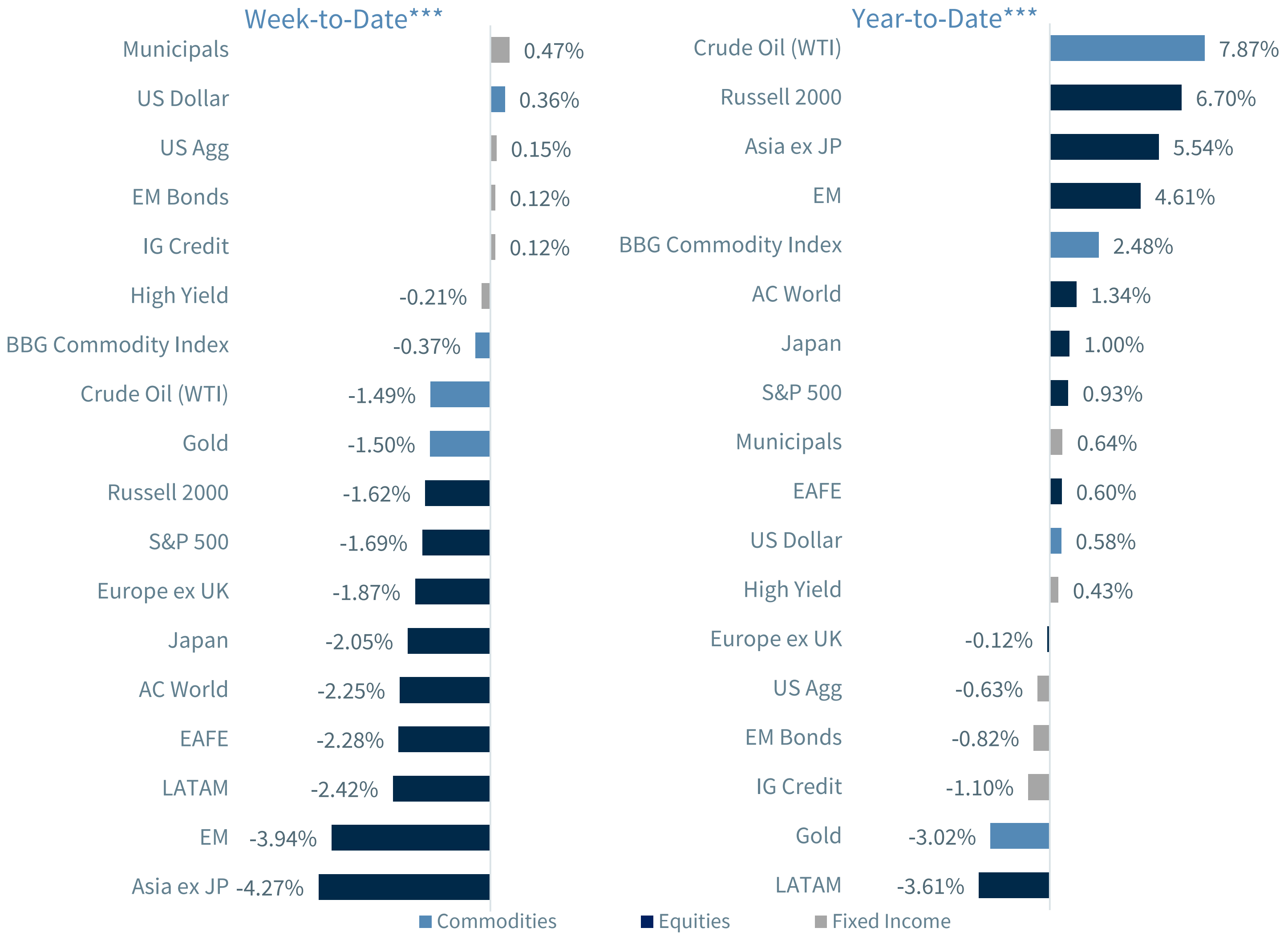
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	1.2%	1.7%	6.1%
Mid Cap	1.5%	1.4%	2.0%
Small Cap	1.2%	3.6%	2.2%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-0.3%	-1.2%
Invest. Grade	0.0%	-0.3%	-0.6%
High Yield	0.9%	0.4%	0.3%

Asset Class Performance | Weekly and Year-to-Date (as of January 28)**



**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 January 28

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3787.4	(1.7)	0.9	0.9	17.7	11.8	17.2	13.8
DJ Industrial Average	30603.4	(1.8)	(0.0)	(0.0)	6.5	4.8	13.7	10.0
NASDAQ Composite Index	13337.2	(1.4)	3.5	3.5	43.9	21.1	24.2	17.4
Russell 1000	4116.8	(1.8)	1.1	1.1	21.0	14.8	15.6	14.0
Russell 2000	5235.5	(1.6)	6.7	6.7	20.0	10.2	13.3	11.2
Russell Midcap	7137.1	(2.6)	1.4	1.4	17.1	11.6	13.4	12.4

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	453.7	(3.6)	(0.4)	(0.4)	25.0	6.4	16.2	9.1
Industrials	732.3	(2.6)	(2.3)	(2.3)	7.2	4.6	13.8	11.3
Comm Services	222.8	(1.4)	0.6	0.6	20.2	12.4	10.9	10.5
Utilities	317.8	(0.4)	(0.4)	(0.4)	(5.4)	10.7	10.8	11.1
Consumer Discretionary	1335.4	(2.7)	2.5	2.5	36.8	16.8	19.6	18.1
Consumer Staples	673.0	0.2	(3.2)	(3.2)	6.2	6.7	8.7	11.6
Health Care	1352.1	(1.6)	2.3	2.3	15.7	10.4	14.3	16.1
Information Technology	2324.9	(0.9)	1.5	1.5	38.2	26.1	30.4	20.4
Energy	306.9	(3.8)	7.3	7.3	(22.6)	(15.3)	(2.8)	(2.4)
Financials	490.9	(3.3)	0.3	0.3	0.3	1.6	13.9	10.6
Real Estate	231.3	1.2	1.5	1.5	(3.7)	8.6	8.9	9.8

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	0.4	1.5	1.1	0.6
2-Year Treasury (%)	0.1	0.0	0.0	0.0	2.8	2.7	1.6	1.2
10-Year Treasury (%)	1.1	0.5	(1.2)	(1.2)	6.5	6.7	3.4	4.3
Barclays US Corporate High Yield	4.9	(0.2)	0.4	0.4	7.4	6.1	9.1	6.6
Bloomberg Barclays US Aggregate	1.2	0.2	(0.6)	(0.6)	5.3	5.5	4.1	3.7
Bloomberg Barclays Municipals		0.5	0.6	0.6	4.2	5.1	3.8	4.8
Bloomberg Barclays IG Credit	1.9	0.1	(1.1)	(1.1)	6.7	6.9	6.5	5.5
Bloomberg Barclays EM Bonds	3.6	0.1	(0.8)	(0.8)	4.4	5.2	6.8	5.9

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	52.1	(0.4)	7.7	7.7	(2.3)	(7.7)	9.4	(5.1)
Gold ($/Troy Oz)	1853.7	(0.5)	(1.8)	(1.8)	17.8	11.1	10.7	3.5
Dow Jones-UBS Commodity Index	80.0	(0.4)	2.5	2.5	4.8	(4.1)	1.0	(6.8)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	90.5	0.4	0.6	0.6	(7.7)	0.5	(1.7)	1.5
US Dollar per Euro	1.2	(0.2)	(0.9)	(0.9)	10.2	(0.8)	2.1	(1.2)
US Dollar per British Pounds	1.4	(0.0)	0.4	0.4	5.7	(1.1)	(0.9)	(1.4)
Japanese Yen per US Dollar	104.3	0.7	1.0	1.0	(4.4)	(1.3)	(2.5)	2.4

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	654.5	(2.2)	1.3	1.3	17.9	8.5	15.0	9.7
MSCI EAFE	2159.6	(2.3)	0.6	0.6	10.4	2.8	10.0	5.8
MSCI Europe ex UK	2315.5	(1.9)	(0.1)	(0.1)	12.7	3.8	10.8	6.5
MSCI Japan	3893.2	(2.1)	1.0	1.0	18.1	4.2	11.4	6.8
MSCI EM	1350.6	(3.9)	4.6	4.6	25.6	4.8	16.4	4.7
MSCI Asia ex JP	889.6	(4.3)	5.5	5.5	32.9	7.4	17.5	7.4
MSCI LATAM	2361.0	(2.4)	(3.6)	(3.6)	(14.4)	(7.0)	10.5	(3.0)
Canada S&P/TSX Composite	13789.3	(1.4)	1.3	1.3	0.9	2.8	7.0	2.8

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

DISCLOSURES

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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 SOURCE

FactSet, as of 1/29/2021

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.

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