WEEKLY HEADINGS

THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

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Yesterday was National Battery Day, and if the catastrophic winter storm that caused power outages across the state of Texas didn't already give us a renewed appreciation for electricity, the critical need for batteries in the distribution process for vaccines surely has. Whether it be for the forklifts in the warehouses, the ground transportation at airports, or the refrigerated trucks and mobile storage units, the use of batteries is paramount when it comes to providing protection against the COVID-19 virus. And it is this exact, gradual process of the US achieving herd immunity that we believe will 'recharge' the services sector and truly 'turn the switch' on for the US economic rebound. But as the macroeconomic backdrop improves, worries that inflation will 'surge' higher will be fueled. The expression "knowledge is power" often holds true when it comes to investment strategy, so we offer our insights on how to position your portfolio in light of our inflation and interest rate expectations in the months ahead.

Key Takeaways

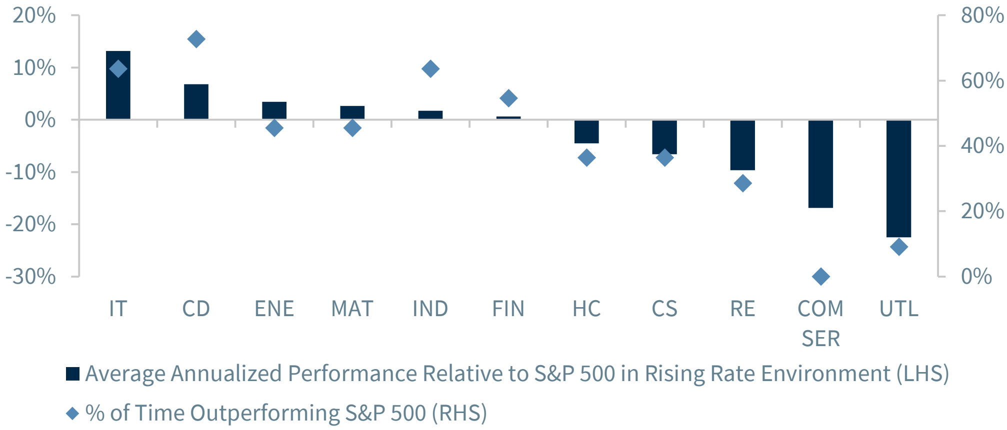
- Rising Investor Fear That Inflation Will 'Surge' Higher
- 'High Voltage', Prolonged Inflation Not Our Base Case
- Power Of Equities Under Varying Inflation 'Currents'

- **Not Expecting The Inflation Fuse To Blow |** Investors have started to price in an uptick in future inflation, as breakeven inflation rates have gradually moved to multi-year highs. While there are multiple dynamics pushing inflation higher—such as record money supply growth, widening fiscal deficits, supply-chain bottlenecks and surging commodity prices—it is essential to note that this is a welcomed development. The reason: it is a sign the economy is healing from the pandemic that drove prices lower during the intense days of the COVID-crisis in March and April. More important, these price increases will likely prove transitory in the near term as we do not foresee a sustainable move above 2% for core inflation for a prolonged period of time. Given that the economy remains ~2.5% below pre-pandemic levels, wage pressures remain muted with the US labor market well below full-employment, and rent prices (a significant component of core inflation) contained, there is limited 'conductivity' for a long lasting surge in inflation. This is consistent with the 'powers that be' at the Federal Reserve (Fed), as the January FOMC Minutes reiterated that the economy remains "far from the Committee's longer-term goals" and that it will look beyond any transitory increases in inflation above its stated goal of 2%. As a result, we expect the Fed to leave its current accommodative monetary policy stance for the foreseeable future and do not expect it to implement an interest rate hike until 2023 at the earliest.
- **Performance Grid Under Varying Inflation Currents |** Despite the equity market being near record highs, we remain optimistic long term as this current bull market is only ~one month away from celebrating its first anniversary (good news: the average bull market lasts ~6 years). Positive factors include accommodative fiscal and monetary policy that are likely to lead to the best year of economic growth since 2000 (~4.0% GDP growth forecasted for 2021) and the best earnings growth (27%) since 2009. Will inflation short circuit this rally? The short answer is no and, in fact, it may help the rally. When analyzing how the S&P 500 performed under varying levels of core inflation, equities performed above-average in an environment where core inflation was between 1-4%. These levels of inflation are generally considered 'healthy' when they coincide with improving economic activity. The reason: companies that have pricing power can lift their prices while simultaneously benefitting from productivity efficiencies which helps boost earnings growth. In contrast, during more economically challenging periods such as deflation or hyperinflation (core inflation >5%), commodities outperform equities.* Given our expectation for core inflation to be ~2%, we analyzed the performance of the S&P 500 sectors when core inflation was in the range of 1-3%. Since 1990, the average performance relative to the S&P 500 on a year-over-year basis has been strongest for the Technology, Health Care, and Consumer Discretionary sectors (outperformance of 6.8%, 2.3%, and 2.0%, respectively)—all of which are our preferred sectors.
- **Possibility Of Amped Up Interest Rates |** With interest rates rising for the right reasons—improving economic growth and a 'healthy' rise in inflation—the 10-year Treasury yield has climbed to the highest level since last February. Sector performance is sensitive to a rise in yields. With our view that the the 10-year Treasury yield will rise to 1.50% by year end 2021 (from the current 1.30% level), several of our preferred sectors should benefit. Since 1990, during rising rate environments, the more cyclical sectors have outperformed. The average annualized outperformance relative to the S&P 500 and the percentage of time it outperforms the S&P 500 is largest for the Tech, Consumer Discretionary and Industrials sectors—three of our preferred sectors. Higher dividend yielding sectors like Utilities, Real Estate and Consumer Staples tend to underperform.

CHART OF THE WEEK

Performance Grid During Rising Rate Environments

The average annualized outperformance and percentage of time it outperforms the S&P 500 is notably the largest for the Information Technology and Consumer Discretionary sectors when interest rates are rising.



*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- Retail sales jumped 5.3% in January, boosted partly by the seasonal adjustment, but likely reflecting the extension of pandemic support. Excluding autos, building materials, and gasoline, unadjusted sales were up 5.6% from a year earlier.*
- Industrial production rose 0.9% in January (-1.8% y/y), with manufacturing output up 1.0% (-0.8% y/y).
- The Producer Price Index jumped 1.3% in January (1.7% y/y), reflecting supply chain constraints and a rebound in prices that were restrained due to the pandemic. Ex-food & energy, the index for unprocessed intermediate goods jumped 8.9% (24.9% y/y).
- **Focus of the Week**: Next week, the Index of Leading Economic Indicators is expected to have risen ~0.5% in January, led by the increase in building permits, with an increase in jobless claims the only significant negative contribution.

February 22 – February 26

MON Index of Leading Economic Indicators

WED Chair Powell's Testimony to Congress

FRI Personal Consumption Expenditure (PCE)

TUE Consumer Confidence

THU 4Q20 GDP (2nd Estimate)

FUTURE EVENTS 3/1 ISM Manufacturing
3/3 ISM Services
3/5 Unemployment Report

US EQUITY

- Q4 earnings season is winding down, as 79% of S&P 500 companies and 88% of its market cap have reported. In aggregate, results have been well ahead of expectations with 79% of companies beating estimates by 15.2%.* Earnings are now positive on a y/y basis, and full quarter earnings growth should finish at roughly 2% y/y in our view. Forward estimates also continue to trend higher with the best forward revisions coming from Energy, Financials, Communication Services, and Technology which have also been some of the best performing sectors year-to-date. These trends support our barbell approach to portfolio positioning—a balance between areas operating best through the pandemic and areas with the most leverage to the recovery.
- **Focus of the Week:** Technically, the S&P 500 has seen a slight consolidation recently with rolling pullbacks beneath the surface. Also, as the S&P 500 index moved to new highs, the percentage of stocks above their 50 day moving average made a lower high. This can often be a precursor to a consolidation period and raises the odds of a pause or pullback (even if minor). We view consolidations as normal and healthy, particularly given the strong gains in recent months and solid longer-term technical backdrop (87% of stocks above their 200 DMA) and we recommend accumulating favored areas as these rolling pullbacks occur beneath the surface.

FIXED INCOME

- Momentum continues to drive the fixed income market. Thursday's initial jobless claims and the large upward revision to last week's claims number is an example where an economic release should have potentially pushed the bond market higher (lower in rates), yet inflationary fears continue to provide upward pressure to interest rates.* We anticipate the upward momentum trend in rates to continue at least in the near term.
- **Focus of the Week:** The momentum for the 10-year Treasury yield may carry rates higher in the near term, but despite the increased media attention over a 10bp-20bp increase in rates, the overall environment still is generally low interest rates, high amounts of sidelined cash (pent-up demand)* and low inflation (same rationale with inflation—1.6%, 1.9%, even 2% is higher inflation but not 'high' inflation). Short-term weakness is anticipated in the Treasury market with plenty of meaningful headwinds to keep interest rates or inflation from extending too much.

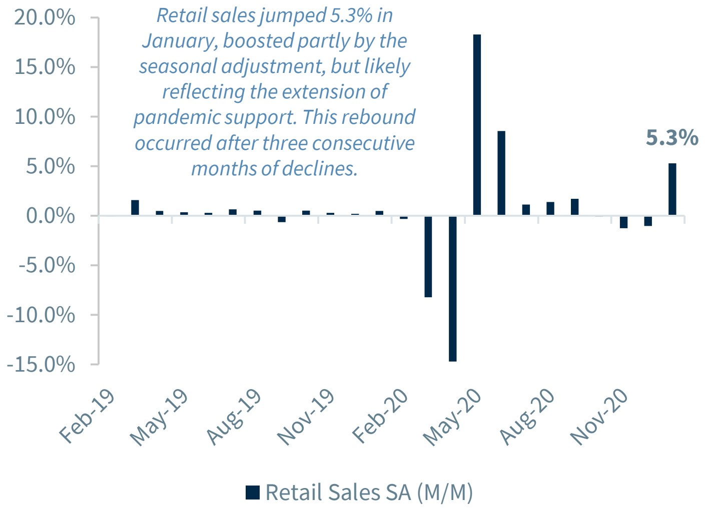
COVID-19 & POLITICS

- The US has now accumulated more than 27,828,100 identified cases and more than 490,700 identified deaths related to the coronavirus. However, statistics continue to trend in the right direction. Our average daily identified case count over the past seven days was 77,676, a 25.7% decline from the week prior; average identified daily fatalities were 2,700, a 9.0% decline from the week prior; and average daily hospitalizations were 67,916, a 17.6% improvement compared to the previous week.* Meanwhile, we have now administered more than 338.6 million tests, and the seven-day average positivity rate stands at 5.2%. Although this remains slightly above our long-stated goal of 5% tests, and ideally fewer, returning positive to signal adequate supply for our nation's demand, it is nonetheless a sign of continued improvement. In the wake of ongoing improvements, we must remember that progress could always change trajectories in the wrong direction; however, we remain hopeful.
- As the next stimulus bill continues to advance in Congress and the Biden administration selects staff for key policy roles, it is worthwhile to gauge the direction of the Biden administration's China policy which we expect to be a lower priority, but a potentially highly impactful market theme for the years ahead. Last week, President Biden and China's Xi Jinping held their first phone call almost a month into Biden's presidency – a stark contrast to President Trump's first contact with China's leader shortly after becoming president-elect in 2016 and another clear signal of the current domestic focus of the administration. Overall, we expect continued confrontation on technology policy and increased emphasis on defense/human rights issues that become a more dominant theme in the bilateral relationship, likely introducing new areas of friction on top of existing tensions. However, there will be new opportunities for cooperation, specifically on climate policy, which we expect could lead to targeted tariff adjustments in support of renewable energy objectives. The risks ahead are a greater than expected 'bite' to Biden's policy actions that leads to more adversarial posturing or a geopolitical crisis that heightens confrontation – factors that should continue to be top of mind for the market as Biden's policy agenda takes shape.
- **Focus of the week:** The current daily rate of vaccine doses administered in the US is ~1.6 million per day. Doses are being administered essentially at the pace at which they become available; vaccine supply is the rate limiting step at this point. So far, ~12% of the population has received at least one dose while 5% have been fully vaccinated (two doses). By our estimation, vaccine supply from Moderna and Pfizer needs to approximately double, plus additional supply from J&J needs to be made available in order to meet the goal of having enough vaccine for everyone in the US by end of July. Regarding J&J, the FDA is meeting February 26 to discuss emergency use authorization, which we expect will follow shortly after the meeting. J&J has indicated it intends to have 100 million doses by the end of June but availability of doses will be skewed toward the latter portion of that timeline.

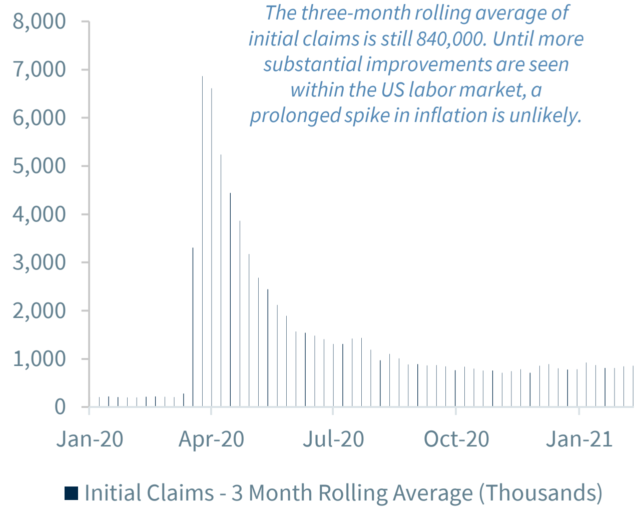
*See Charts of the week on page 3.

Charts of the Week

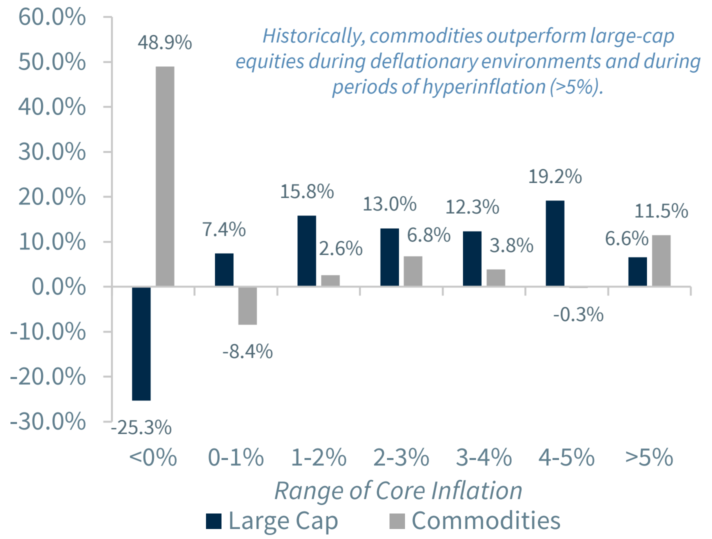
Retail Sales Rebound In January



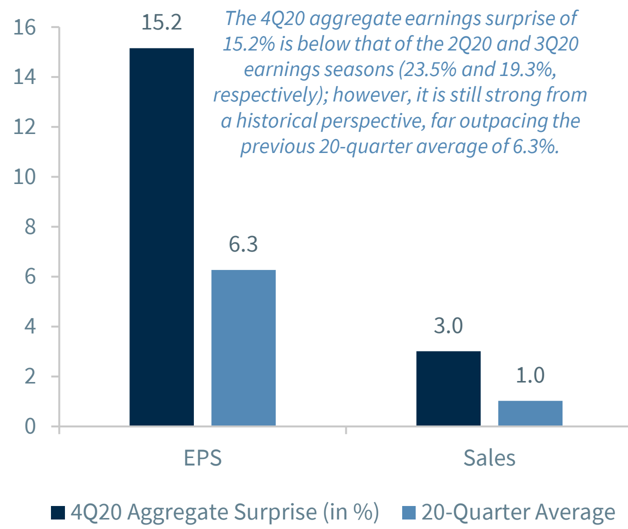
Labor Market Improvements Slowing



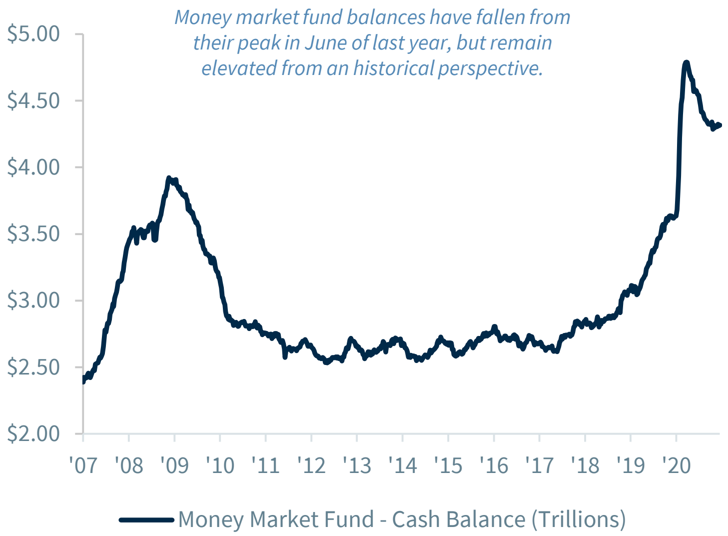
Equity Returns During Varying Inflation Environments



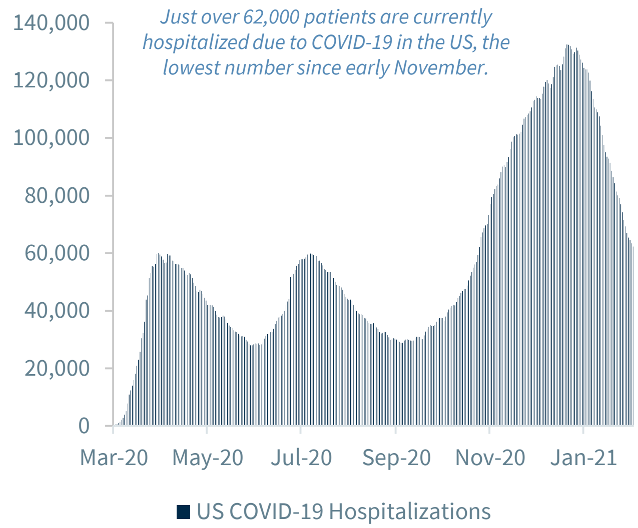
Earnings & Sales Beats Above Average



Money Market Fund Balances Still Elevated



US COVID-19 Hospitalizations Declining



Asset Class Performance | Distribution by Asset Class and Style (as of February 18)**

Weekly Returns (as of February 18)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	0.3%	-0.2%	-0.6%
Mid Cap	-0.3%	-0.6%	-1.1%
Small Cap	-1.7%	-2.9%	-4.1%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	0.7%	0.1%	-0.1%
Mid Cap	-0.4%	-0.5%	0.0%
Small Cap	-0.7%	-1.4%	1.4%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-0.4%	-1.2%
Invest. Grade	0.0%	-0.3%	-0.6%
High Yield	0.1%	0.0%	-0.3%

Year-to-Date Returns (February 18)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	5.5%	4.9%	4.4%
Mid Cap	6.9%	6.9%	6.9%
Small Cap	13.1%	12.4%	11.8%

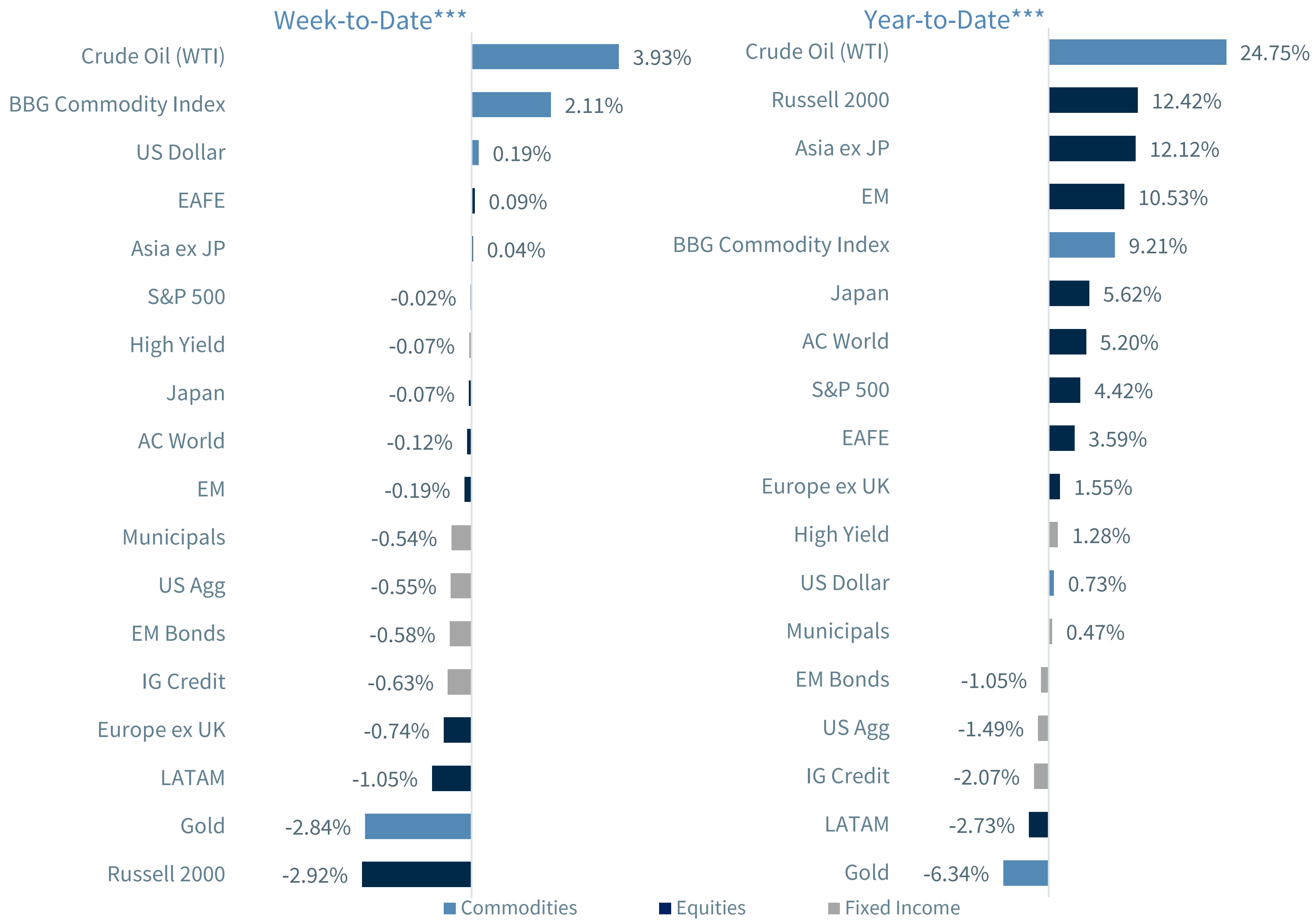
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	4.7%	5.5%	11.7%
Mid Cap	4.1%	5.9%	6.1%
Small Cap	4.5%	8.4%	9.1%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-0.8%	-3.1%
Invest. Grade	0.1%	-0.6%	-1.2%
High Yield	1.5%	1.2%	2.2%

Asset Class Performance | Weekly and Year-to-Date (as of February 18)**



**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 February 18

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3914.0	(0.0)	5.5	4.4	18.2	14.9	17.6	13.6
DJ Industrial Average	31493.3	0.2	5.0	2.9	7.7	7.7	13.9	9.8
NASDAQ Composite Index	13865.4	(1.1)	6.1	7.6	42.5	24.1	25.3	17.2
Russell 1000	4270.3	(0.2)	5.8	4.9	19.8	12.5	16.7	13.6
Russell 2000	5513.2	(2.9)	7.0	12.4	30.2	11.1	16.5	11.8
Russell Midcap	7518.0	(0.6)	7.2	6.9	17.7	10.1	14.9	12.1

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	462.7	0.1	4.1	1.6	24.8	9.2	14.7	8.7
Industrials	756.3	(0.2)	5.6	1.0	8.6	7.2	13.4	11.0
Comm Services	237.9	0.2	8.8	7.4	25.1	16.7	11.4	10.9
Utilities	315.8	(1.2)	0.3	(0.6)	(9.0)	11.3	9.8	11.0
Consumer Discretionary	1373.2	0.5	5.1	5.5	32.8	19.4	20.6	17.5
Consumer Staples	675.8	0.3	2.6	(2.7)	5.0	8.9	8.4	11.3
Health Care	1348.0	(0.6)	0.6	2.0	13.8	12.9	14.1	15.6
Information Technology	2391.3	(1.2)	5.5	4.5	35.8	28.6	30.8	20.2
Energy	339.7	3.2	15.6	20.0	(11.5)	(8.3)	(0.9)	(2.1)
Financials	531.4	2.6	10.6	8.7	6.5	5.7	15.9	10.9
Real Estate	236.5	(1.1)	3.3	3.8	(6.0)	11.2	9.8	9.5

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	0.0	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	2.6	2.7	1.6	1.2
10-Year Treasury (%)	1.3	(1.2)	(1.7)	(3.1)	3.6	6.7	2.6	4.3
Barclays US Corporate High Yield	4.8	(0.1)	0.9	1.3	7.3	6.9	9.5	6.6
Bloomberg Barclays US Aggregate	1.3	(0.6)	(0.8)	(1.5)	3.8	5.6	3.7	3.7
Bloomberg Barclays Municipals		(0.5)	(0.2)	0.5	3.7	5.3	3.7	4.7
Bloomberg Barclays IG Credit	2.0	(0.6)	(0.8)	(2.1)	4.7	7.2	6.2	5.4
Bloomberg Barclays EM Bonds	3.6	(0.6)	(0.2)	(1.1)	3.0	5.7	6.6	5.9

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	60.5	1.7	16.0	25.2	16.2	(0.7)	14.6	(3.3)
Gold ($/Troy Oz)	1773.2	(3.6)	(4.9)	(6.1)	11.5	9.5	7.9	2.5
Dow Jones-UBS Commodity Index	85.2	2.1	6.4	9.2	12.0	(1.1)	2.4	(6.3)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	90.6	0.2	0.0	0.7	(8.9)	0.6	(1.3)	1.6
US Dollar per Euro	1.2	(0.5)	(0.6)	(1.3)	11.5	(1.0)	1.7	(1.2)
US Dollar per British Pounds	1.4	0.9	1.6	2.0	7.0	(0.2)	(0.6)	(1.5)
Japanese Yen per US Dollar	105.8	1.0	1.0	2.5	(3.7)	(0.1)	(1.4)	2.4

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	678.7	(0.1)	5.7	5.2	20.1	11.8	15.6	9.7
MSCI EAFE	2222.1	0.1	4.7	3.6	13.3	5.6	10.7	5.7
MSCI Europe ex UK	2352.8	(0.7)	3.4	1.5	12.5	6.1	11.3	6.3
MSCI Japan	4071.1	(0.1)	6.7	5.6	25.6	7.6	12.7	6.8
MSCI EM	1425.1	(0.2)	7.2	10.5	33.4	8.9	16.9	5.3
MSCI Asia ex JP	943.8	0.0	7.7	12.1	41.5	12.0	18.4	8.3
MSCI LATAM	2381.0	(1.1)	4.3	(2.7)	(11.4)	(5.6)	9.4	(3.2)
Canada S&P/TSX Composite	14366.4	(0.6)	5.4	4.8	2.3	5.7	7.2	2.6

**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.

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DATA SOURCE

FactSet, as of 2/19/2021

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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