THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Key Takeaways

US Economy 'Running The Route' To Recovery

Equity Market 'Rooting For The Home Team'

Big Tech Stars 'Shine' In 4Q20 Earnings Season

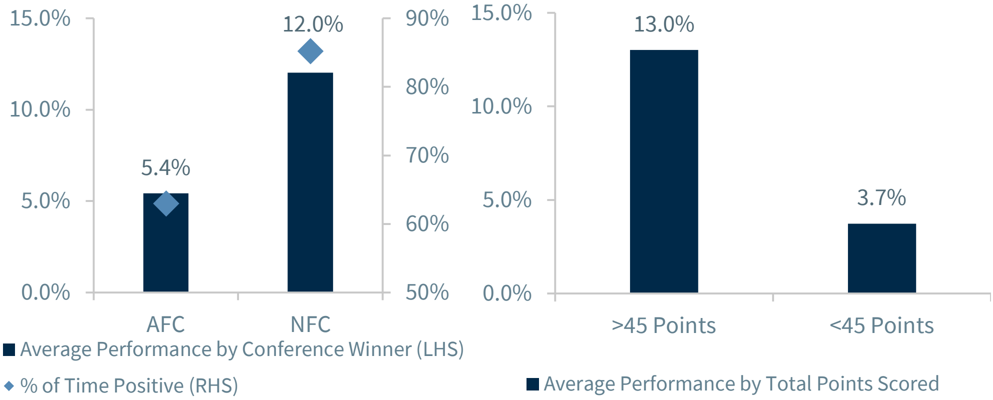
Raymond James Stadium is ready to be the host site for the Big Game, with at least 100 million fans expected to tune in to see which city—Tampa Bay or Kansas City—has the will to win. Even before kickoff, Sunday's match-up is one for the record books! First, Tampa Bay is the first team to play in the championship game at their home stadium. Second, the 18 year, 45 day age difference is the largest ever between the two starting quarterbacks. And third, either Tom Brady will become the first quarterback to win the championship in three different decades, or Patrick Mahomes will become the youngest quarterback with multiple victories. No matter the outcome, you can count on elite perseverance, discipline, and team work being on display—the same qualities needed for a successful investment strategy! Ahead of the showdown on Sunday, we draw a few additional parallels between the game's terminology and the state of the economy and financial markets.

- **Economic Growth Still Under Further Review |** This week, the release of several data points supports the notion that the economy is 'running the route' toward normality. For example, the ISM Services Index rose to the highest level since November 2018 and the services employment subsector finally rose back to pre-pandemic levels, suggesting that services' hiring is set to accelerate. While this is a positive for the labor market, improving economic activity may lead investors to question whether accommodative fiscal and monetary policy remains necessary. Ultimately, we expect policy officials to wait for 'clear and irrefutable evidence' of a sustainable improvement in economic activity before reversing accommodative policy calls. As a result, we expect the Fed to leave interest rates unchanged through at least 2023 (with no tapering to the pace of QE purchases this year) and Congress to pass an ~ $1.5 trillion rescue package in the coming weeks before turning its sights to a recovery package. Continued accommodative fiscal and monetary policy should remain supportive of overall economic growth and risk assets.
- **Scientists Still The Most Valuable Players |** Over the last several weeks, mutations in the virus's sequence have appeared, some of which have reduced the efficacy rates of the vaccines presently in use. Currently, scientists remain confident that existing vaccines and technologies remain poised to combat these new strains that have proven to be more transmissible (United Kingdom strain) and/or able to pierce prior immunity (South Africa & Brazil strains). While risks such as a more deadly strain that forces consumers to 'sit on the sidelines' remain viable, we have confidence that the scientists who have worked under insurmountable pressure over the last year will be able to alter inoculation (e.g., boosters, time between doses) so that the level of protection against infection is as elevated as possible as to not negatively impact the recovery in economic activity.
- **Fantasy Football Perspective |** Unquestionably, our positive outlook for the US equity market is based on improving economic fundamentals, a substantial rebound in earnings growth, an accommodative Federal Reserve, and lower for longer interest rates. While not statistically significant, sometimes investors want to 'ride the wave' of interesting historical trends. So if you have not decided which team to root for, history suggests that the best equity market performance has occurred when Tampa Bay's conference defeats Kansas City's conference in a high scoring game (more than 45 total points scored) with a point differential of more than seven points. Furthermore, while Tampa Bay and Kansas City have won the Vince Lombardi Trophy only once and twice before respectively, the S&P 500's average performance in the year following the game is in Tampa Bay's favor (34.1% versus 9.1%). So no offence to our friends and followers in Kansas City, but we will be cheering for the 'home team.'
- **Big Stars Showed Up To Play This Earnings Season |** The 4Q20 earnings season is well past 'halftime,' with more than 80% of the S&P 500 market capitalization having reported. Some of the 'big time players' on the S&P 500's 'roster' (e.g., Alphabet, Apple, Amazon, Microsoft, Facebook) made some 'big time plays' to move the earnings growth 'chains' for this 'underdog' season. If other 'players' (e.g., Walmart, Home Depot) are able to 'shine' in the final minutes, earnings growth may turn positive and put some more 'points on the board' ahead of the 2021 earnings seasons. Sectors such as Technology have put earnings growth at the 'edge of the goal line,' with the 'early season' consensus expectation of a -8% year-over-year decline in earnings growth already revised higher to -1.3%. So far, 94% of tech companies are beating earnings expectations (the highest of any sector) with an average upside surprise of ~18%, far outpacing the sector's 20-quarter average of 7.2% and the current S&P 500 'score' of 15.1%.*

CHART OF THE WEEK

The Big Game Superstition

Although not statistically significant in forming our outlook, history suggests the equity market favors Tampa Bay's conference in a high scoring game with a large point differential!



*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- The January ISM surveys remained relatively strong, with robust growth in new orders and a pickup in employment. Both reports noted COVID-related supply chain disruptions and increased input cost pressures (these surveys do not cover prices of finished goods, but anecdotal information suggests a limited ability to raise prices).*
- Next week, the Consumer Price Index is expected to be boosted by a jump in gasoline prices in January, while core inflation should remain low (partly from restraint on rents). Consensus expectations are for core CPI to fall modestly to +1.5% YoY (from +1.6% YoY).
- **Focus of the Week**: The unemployment rate fell to 6.3% (from 6.7%), partly reflecting seasonal issues, but the figures understates the weakness in labor market conditions (as many have dropped out of the labor force).*

February 8 – February 12

- MON
- TUE: JOLTS Job Openings
- WED: Consumer Price Index (CPI)
- THU
- FRI: UM Consumer Sentiment Survey
- FUTURE EVENTS: 2/15 President's Day (Markets Closed); 2/17 Producer Price Index (PPI); 2/17 Retail Sales

US EQUITY

- The S&P 500 has rebounded, looking like it will shake off last week's short term pullback of -3.5% in 3 days. We still view a February pause as likely (historically a seasonally softer month of the year), and use the recent highs and lows as initial technical resistance and support levels to monitor (~3700-3900 range). While the S&P 500 index has not moved much lately, there have been much wider differences beneath the surface. There are many opportunities to accumulate favored stocks as many have pulled back near support levels, particularly in the more 'recovery-oriented' areas.
- **Focus of the Week:** 53% of S&P 500 companies have reported Q4 earnings thus far (~80% of the S&P 500 market capitalization), and in aggregate results have been strong with 81% of companies beating bottom-line estimates by an ~15% surprise. The strong Q4 results bode well for equities in 2021.* An earnings recovery is expected this year, and consensus estimates continue to trend upward. This is supportive of equity market momentum, along with our above-consensus S&P 500 earnings estimate of $175 (base case). Price reactions to results, on the other hand, continue to be generally negative with the average price change being -0.9%. Since earnings season began, the technology-oriented areas have generally outperformed (on strong earnings) while the 'recovery' areas have consolidated. We view this as normal, following very strong gains since early November in those areas, which has created some buying opportunities in our view.

FIXED INCOME

- Although the market is nearing oversold, optimism surrounding potential stimulus approval could push intermediate to long yields slightly higher before we see a reversal. Municipal supply is down year-to-date (ytd) versus last year (lack of supply & strong demand) while corporate supply (jumped on two large weekly issues) has now pushed higher versus 2020 ytd. Corporate spreads (ytd) are 2bp wider so yields have kept step with Treasury rate increases (10-yr Treasury +22bp ytd) while municipals have gotten more expensive moving from 73% to 60% of the10-year Treasury rate, which is very expensive relative to the historic average range of 80-90%.*
- **Focus of the Week:** From a tactical standpoint, we currently see more value in the municipal (muni) market at the longer end of the curve. We would take advantage of strong bids on the short end the muni curve (e.g., less than 30-month paper), and reallocate muni allocations further out on the curve around the 3-6 year timeframe.

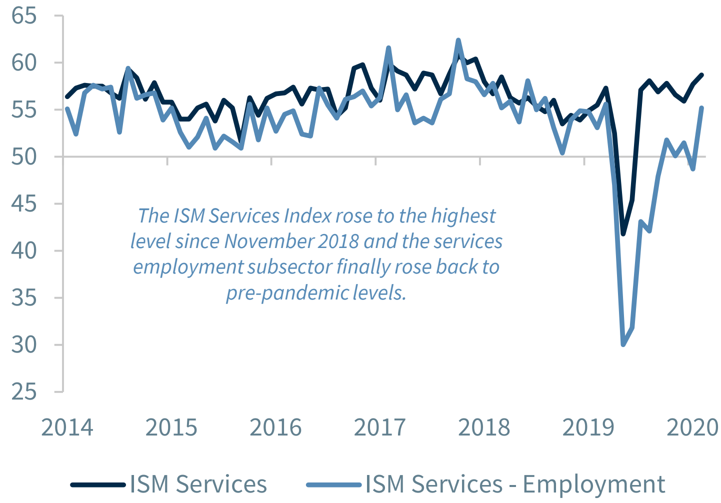
COVID-19 & POLITICS

- January concluded as the deadliest month of the pandemic in the US to date, when more than 95k Americans lost their lives to the deadly virus. Although the seven-day average fatality rate remains above 3k per day, it has nonetheless ticked downward by 6.6% compared to last week's 3,257. Meanwhile, average daily case counts and hospitalizations continue to decline.* Additionally, the seven-day positivity rate fell from 8.8% last week to 7.8% this week, still above our long-stated goal of a maximum of 5%, and ideally fewer, tests resulting positive to signify adequate testing capacity.
- JNJ, Novavax, AstraZeneca, and Gamaleya (Russia's Sputnik V vaccine) all released or published new data for their COVID vaccines in the past week. Generally speaking, all four vaccines are efficacious and will be used to various extents worldwide. JNJ in particular is seeking emergency use authorization imminently in the US, AstraZeneca is already authorized in UK, and Novavax will begin to receive authorizations around the world in the coming weeks or months. Unfortunately, emerging variants (particularly the variant predominant in South Africa and likely also a separate variant in Brazil) appear to evade vaccine efficacy to a degree. Whereas efficacy against original variants is 94-96%** for the Pfizer, Moderna, and Novavax vaccines (72%** for JNJ), efficacy against the variants drops to 60%** and 57%** for Novavax and JNJ respectively (only two where data are available against new variants). Companies are already indicating 2nd generation vaccines are being designed/manufactured and booster shots will be tested to see if immunity to the new variants can be enhanced. This development gives us some degree of caution with respect to a smooth 'reopening' in the second half of 2021, as variant concerns could slightly delay the 'return to normal.'
- **Focus of the week:** Congress is activating a procedural tactic that will allow lawmakers to 'go big' on the next fiscal relief package with a simple majority vote, which is likely to deliver a package in the $1.5 trillion range by mid-March, in our view. Look for direct aid to individuals, money for vaccinations, unemployment support, and small business loan funding to be top priorities. A significant policy discussion we are following is the inclusion of a phased-in $15 minimum wage, which is seeing a strong push by progressive Democrats to be included in the next package, but remains an open question due to procedural constraints that limit bills passed under special procedure to adjustments in federal revenue and spending. The more significant political battle in the weeks ahead may be among Democrats on policy priorities given the slim majorities in both the House and Senate. However, the overall consensus among Democrats is that a large-scale package is preferable to more targeted relief, and we expect Democrats to find a path to agreement to avoid a fiscal cliff-like scenario in March tied to the expiration of several pandemic relief programs.

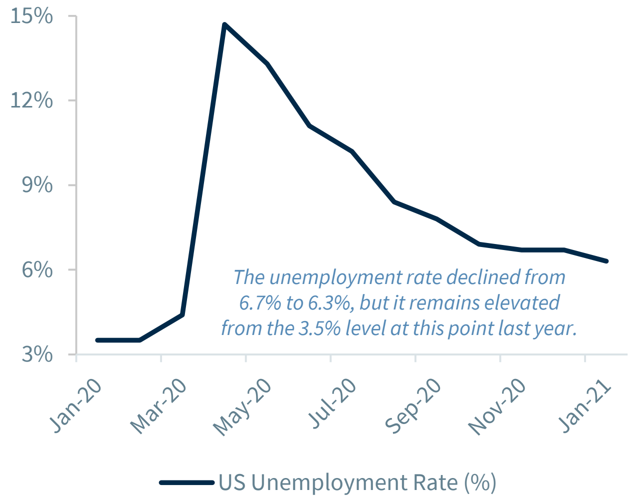
*See Charts of the week on page 3.
** Raymond James Equity Research

Charts of the Week

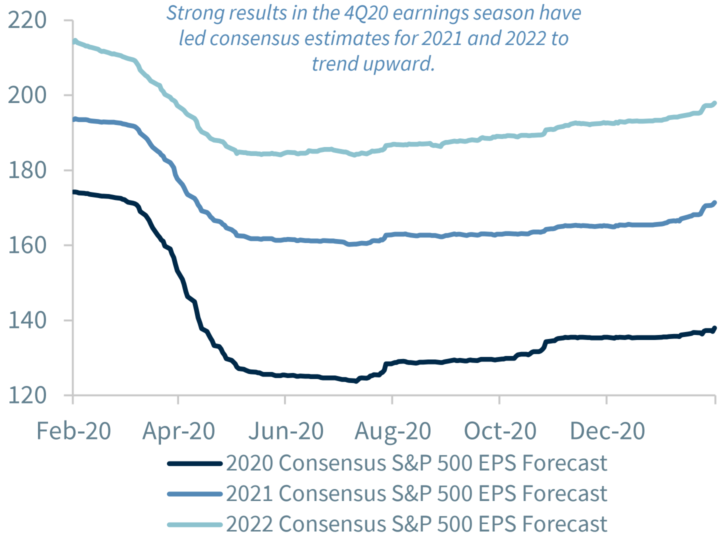
ISM Services (Non-Manufacturing) Index Extends Rebound



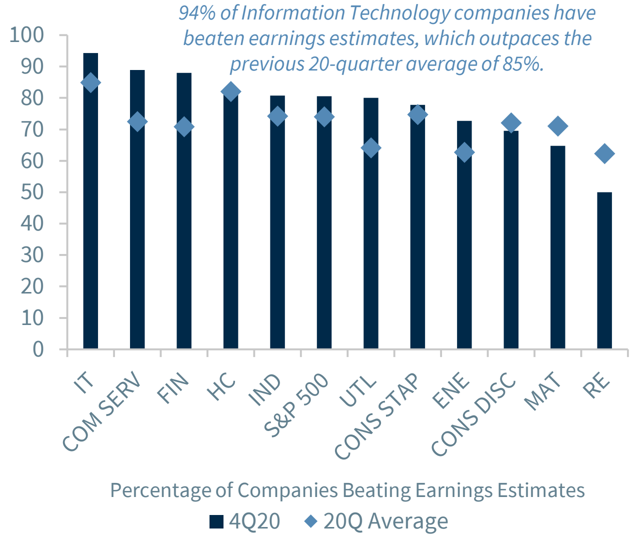
Unemployment Rate Falls Further



Earnings Estimates Elevated by 4Q20 Results

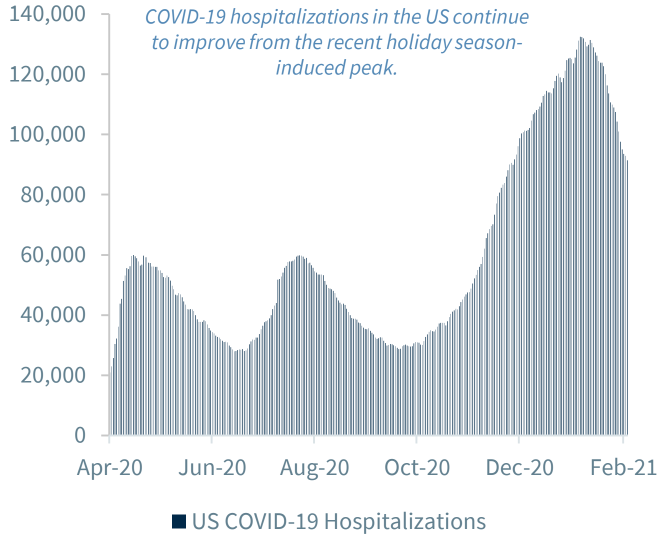


Tech Companies Exceeding Earnings Estimates



Treasury Yield Curve Steepening

US COVID-19 Hospitalizations Decline



Asset Class Performance | Distribution by Asset Class and Style (as of February 4)**

Weekly Returns (as of February 4)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	2.4%	2.5%	2.5%
Mid Cap	2.7%	3.0%	3.6%
Small Cap	4.0%	4.6%	5.1%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	1.2%	2.1%	2.9%
Mid Cap	1.8%	2.6%	2.0%
Small Cap	2.4%	3.2%	2.8%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-0.1%	-0.8%
Invest. Grade	0.0%	0.0%	-0.2%
High Yield	0.3%	0.4%	1.1%

Year-to-Date Returns (February 4)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	3.2%	3.5%	3.9%
Mid Cap	4.3%	4.5%	4.7%
Small Cap	10.9%	11.6%	12.2%

International Equities (MSCI indices)

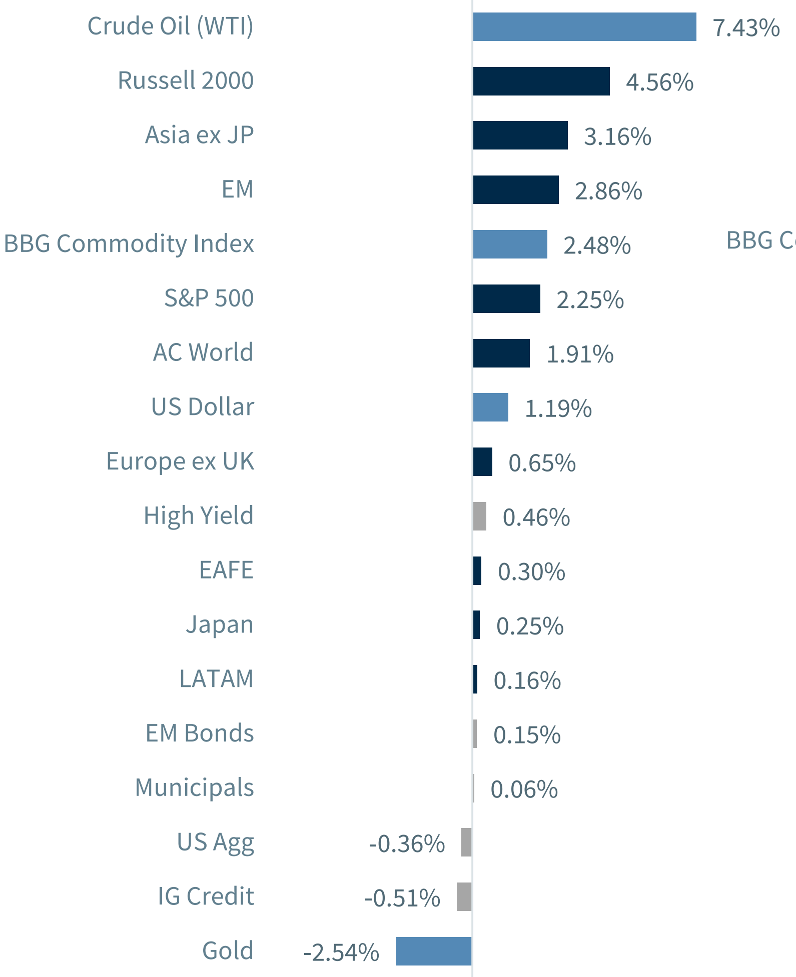
	Dev. Mkt	World	Emerg. Mkt
Large Cap	2.4%	3.8%	9.1%
Mid Cap	3.4%	4.0%	4.0%
Small Cap	3.7%	7.0%	5.1%

Fixed Income (Bloomberg Barclays indices)

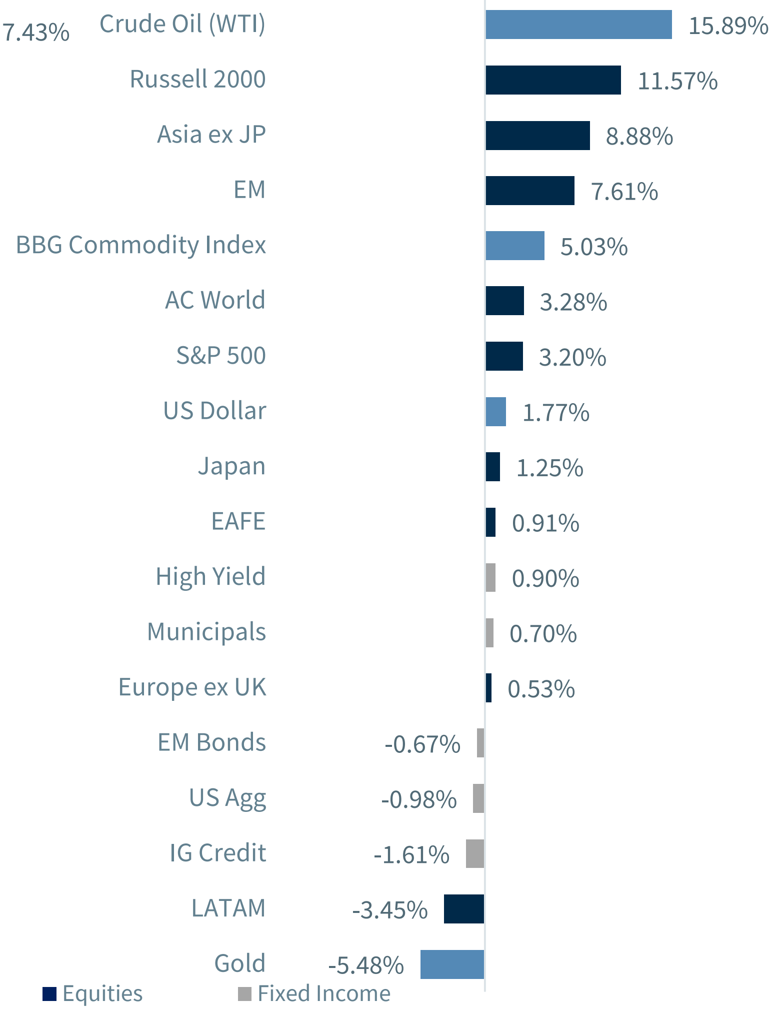
	1-3 YR	Medium	Long
Treasury	0.0%	-0.4%	-2.0%
Invest. Grade	0.1%	-0.4%	-0.8%
High Yield	1.2%	0.9%	1.3%

Asset Class Performance | Weekly and Year-to-Date (as of February 4)**

Week-to-Date***



Year-to-Date***



**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 4

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3871.7	2.3	4.3	3.2	19.6	14.1	17.4	13.8
DJ Industrial Average	31055.9	1.5	3.6	1.5	7.8	6.7	13.6	9.9
NASDAQ Composite Index	13777.7	3.3	5.4	6.9	45.5	23.9	25.0	17.4
Russell 1000	4217.2	2.5	4.4	3.6	19.8	12.5	16.7	13.6
Russell 2000	5473.6	4.6	6.2	11.6	30.2	11.1	16.5	11.8
Russell Midcap	7351.0	3.0	4.7	4.5	17.7	10.1	14.9	12.1

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	454.3	0.1	2.1	(0.3)	23.4	8.5	14.3	8.7
Industrials	748.1	2.2	4.3	(0.1)	9.4	6.5	13.5	11.3
Comm Services	232.2	4.2	6.2	4.9	26.0	14.4	11.1	10.7
Utilities	321.4	1.2	1.7	0.8	(4.3)	12.0	10.1	11.2
Consumer Discretionary	1373.4	2.8	5.0	5.5	36.4	19.1	20.6	18.1
Consumer Staples	669.9	(0.4)	1.6	(3.6)	5.8	7.9	8.7	11.4
Health Care	1344.3	(0.6)	0.2	1.7	15.5	12.1	14.1	15.8
Information Technology	2385.1	2.6	5.1	4.2	38.7	29.0	30.6	20.3
Energy	318.2	3.8	7.3	11.4	(16.0)	(12.4)	(2.3)	(2.5)
Financials	512.2	4.4	6.5	4.8	4.0	4.0	14.8	10.8
Real Estate	235.4	1.8	2.8	3.4	(1.6)	10.2	9.0	9.8

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	2.7	2.7	1.6	1.2
10-Year Treasury (%)	1.1	(0.8)	(0.5)	(2.0)	5.3	7.0	3.0	4.5
Barclays US Corporate High Yield	4.8	0.5	0.6	0.9	7.8	6.5	9.3	6.6
Bloomberg Barclays US Aggregate	1.2	(0.4)	(0.3)	(1.0)	4.8	5.6	3.9	3.8
Bloomberg Barclays Municipals		0.1	0.1	0.7	4.2	5.4	3.7	4.8
Bloomberg Barclays IG Credit	1.9	(0.5)	(0.3)	(1.6)	6.0	7.1	6.3	5.6
Bloomberg Barclays EM Bonds	3.6	0.2	0.2	(0.7)	4.3	5.5	6.8	5.9

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	56.5	8.2	8.2	16.8	13.9	(4.8)	12.3	(4.3)
Gold ($/Troy Oz)	1785.9	(3.7)	(4.2)	(5.4)	14.6	10.3	9.1	2.8
Dow Jones-UBS Commodity Index	82.0	2.5	2.3	5.0	10.6	(2.7)	1.5	(6.7)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	91.5	1.2	1.0	1.8	(6.6)	0.9	(1.1)	1.6
US Dollar per Euro	1.2	(1.2)	(1.4)	(2.1)	8.5	(1.2)	1.4	(1.2)
US Dollar per British Pounds	1.4	(0.5)	(0.5)	(0.1)	4.9	(1.1)	(1.3)	(1.6)
Japanese Yen per US Dollar	105.4	1.1	0.7	2.1	(3.6)	(1.5)	(2.1)	2.5

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	666.8	1.9	3.7	3.3	19.8	10.5	15.2	9.7
MSCI EAFE	2165.7	0.3	2.0	0.9	10.9	3.9	9.9	5.7
MSCI Europe ex UK	2329.7	0.7	2.4	0.5	12.7	5.1	11.0	6.5
MSCI Japan	3902.9	0.2	2.3	1.2	19.1	5.2	11.1	6.6
MSCI EM	1387.6	2.9	4.4	7.6	31.1	7.0	16.5	4.9
MSCI Asia ex JP	916.6	3.2	4.6	8.9	40.1	9.5	18.0	7.7
MSCI LATAM	2364.1	0.2	3.5	(3.5)	(14.0)	(6.0)	9.1	(3.0)
Canada S&P/TSX Composite	14054.1	2.2	4.1	3.5	3.0	4.9	7.1	2.7

**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 2/5/2021

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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