THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Key Takeaways

Belief That The Current Rate Of Earnings Beats Can Continue

Reopening Sectors Have Rallied But Earnings Lag

Forward Guidance May Offer Insights On Inflation & Capex

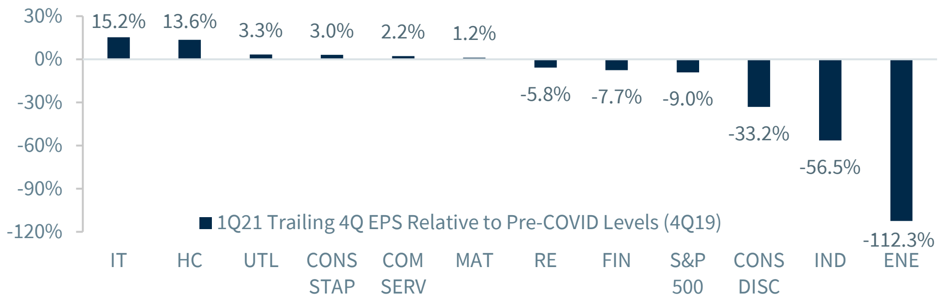
This Tuesday was National Scrabble Day! The timeless board game that is sold in more than 120 countries in nearly 30 languages revolves around forming words from a pre-determined pool of lettered tiles. As the game relates to our equity market outlook, the only word on our mind this week is *earnings*, since we have touted that earnings, rather than multiple expansion, would be critical in helping the S&P 500 score points this year. We're hopeful the 1Q21 earnings season will be the first step toward achieving our 2021 earnings estimate of $190, which is not only above the consensus estimate of $175, but would also translate to the best year of earnings growth since 2010. At a minimum, strong earnings will be needed to support the second best start to a year (S&P 500: +11.5% YTD) since 1998. However, a more optimistic tone around earnings may serve as a *bonus* and upside to our base case, therefore we'll *spell out* our expectations and dynamics to watch throughout earnings season.

- **Beats Have Been Beyond Words |** Expectations are elevated for the 1Q21 earnings season as the S&P 500's 26.6% earnings growth estimate is expected to make this the best quarter of earnings growth since 3Q18; however, if the trend over the last 20 quarters for an aggregate EPS 'beat' of 6.8% continues, it would be the best quarter since 3Q10. Given the underlying strength of the US economy, which has rebounded more quickly than expected due to factors such as improvements on the vaccine front, we believe it is a feasible feat, and necessary to reach our earnings estimate, which is ~9% higher than consensus.
- **Putting In A Good Word For Tech-Oriented Sectors |** In aggregate, we expect S&P 500 earnings to reach pre-COVID levels in the third quarter of this year on a trailing four-quarter basis. However, there has been significant dispersion in the earnings recovery at the sector level. While many of the 'reopening' sectors have outperformed as of late, the earnings of these sectors continue to lag. For example, the trailing four-quarter earnings per share for both the Energy and Industrials sectors are expected to remain 112% and 56% below pre-COVID levels, respectively, and are not expected to recover their earnings until 2022 at the earliest. Meanwhile, we've stood by some of our preferred sectors that outperformed during the worst of the pandemic on the basis of more resilient earnings. Specifically, the Information Technology and Communication Services sectors have already returned to pre-COVID earnings levels, and by the end of this year, their earnings should be 27% and 13% above these levels on a trailing four-quarter basis, respectively. In addition, these two sectors have posted among the top three highest aggregate earnings beats over the last 20 quarters, with Tech and Comm Services beating EPS estimates by 7.7% and 7.9%, respectively.*
- **Financials First On The Board |** Coming into the quarter, the Financials sector was expected to see the strongest earnings growth of any sector (+80.3%).* With a number of the 'Big Banks' kicking off the 1Q21 earnings season results this week, bottom line EPS results have exceeded estimates by a staggering 43%. While some of the EPS beat is attributable to substantial COVID-related reserves being released, operations such as trading activity and investment banking were robust. As strong Financials results benefit aggregate S&P 500 earnings, 1Q21 index earnings were revised $1.50 (4%) higher following the reported results.
- **Actions Will Speak Louder Than Words For Small Cap |** Small-cap equities have outperformed large-cap equities by over 38% since the March lows last year, but that was on the prospect of superior earnings growth, with the Russell 2000 expected to grow its earnings by over 500% in Q1 and 140% in 2021. However, within the small cap space, selectivity remains critical. In 2020, 48% of Russell 2000 companies had negative earnings, and this number is expected to remain elevated at 38%, 32% and 26% in 1Q21 and full-year 2021 and 2022, respectively. These figures are vastly higher than the S&P 500, which had 17% of its companies post negative earnings in 2020, with projections of only 5.1%, 3.4% and 0.2% for 1Q21 and full-year 2021 and 2022, respectively.
- **Get The Word On Margins, Capex, & Supply Chains |** This earnings season should be the complete opposite of Q1 last year in regards to management guidance and commentary. Last year, due to the pandemic-induced uncertainty, a majority of S&P 500 companies were unable to provide guidance. This earnings season, with the US economy gaining momentum and nearing a return to normality, guidance will not only be expected, but will provide us with more color as we calibrate our optimistic earnings outlook. In addition to revenue guidance, commentary regarding potential pricing pressures and plans for excess capital will be in focus. Some industries are still plagued by lingering supply chain disruptions which may increase their input prices while other firms have surpluses related to combating the pandemic. The manner in which these bottlenecks and inventories are addressed may provide some timely insights regarding the trajectory of inflation and net margins, which are expected to trend back above their five year averages. In addition, with record cash on balance sheets, we expect firms to outline increasing plans for capex (e.g., investment in new technologies) or shareholder friendly actions (e.g., dividends and buybacks).

CHART OF THE WEEK

Putting In A Good Word For Tech-Oriented Sectors

The Info Tech and Communication Services sectors will have both returned to pre-COVID earnings levels on a trailing four-quarter basis.



ECONOMY

- The Consumer Price Index rose 0.6% in March (+2.6% y/y), reflecting a 9.1% increase in gasoline prices (+22.5% y/y). Ex-food & energy, CPI rose 0.3% (+1.6% y/y). In the report on import prices, inflation in prices of finished goods remained moderate.
- Retail sales jumped 9.8% in the advance estimate for March (+27.7% y/y), reflecting a rebound from February's bad weather.*
- The Fed's Beige Book noted that "national economic activity accelerated to a moderate pace" from late February to early April.
- The UM Consumer Sentiment Index rose, but less than expected (86.5 v 89.6 exp.) due to concerns about inflation expectations.
- **Focus of the Week**: Next week, the economic calendar thins. Home sales figures should rebound sharply in March from weather-related weakness in February. The March Index of Leading Economic Indicators should be up about 1.2%.

April 19 – April 23

MON	
TUE	
WED	
THU	Leading Economic Indicators
FRI	Markit PMI
FUTURE EVENTS	4/27 Consumer Confidence 4/28 Biden Address to Congress 4/29 1Q21 GDP

US EQUITY

- The strong economic data in Q1 is being reflected in a strong start to Q1 earnings season. Full Q1 S&P 500 earnings growth estimates have already begun to rise higher—up to 26.6% from 21.6% in the first few days. It is still early, but companies already reporting have beaten estimates by 38% in aggregate, driven by a 43% earnings surprise from the Financials thus far. For the S&P 500, these early reports suggest significant upside to Q1 estimates, likely to follow the trend of the past three quarters—that being historically high surprise rates of 23.5%, 19%, and 14.8% (vs. the 15-year avg. of 4.7%). Forward estimates for all quarters of 2021 and 2022 continue to trend higher, supporting our above-consensus earnings estimates for 2021 and 2022 of $190 and $220, respectively.
- **Focus of the Week:** Earnings season will ramp up next week as 82 S&P 500 companies are scheduled to report.

FIXED INCOME

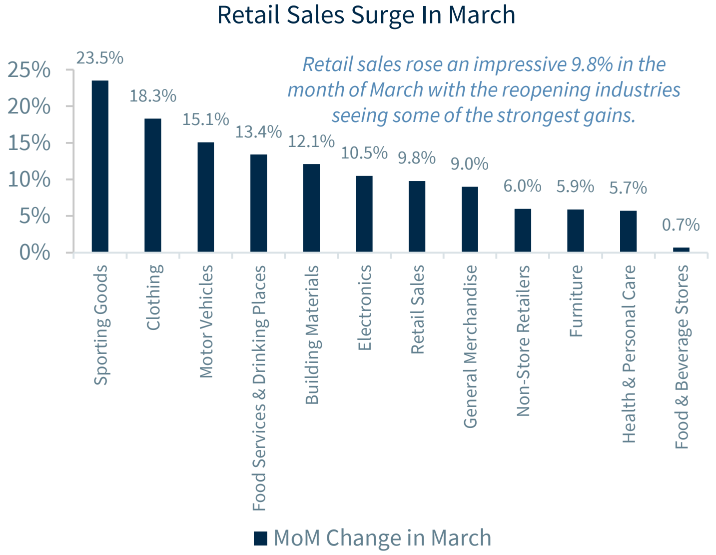
- The Treasury plans to auction off $373 billion in securities in April, a short-lived record amount as they are expected to auction off $395 billion worth of securities in May. However, we don't expect the ballooned size of the auctions to impact the market in the short term as demand, both domestically and internationally, is resilient and very capable of absorbing the pre-announced auctions.
- **Focus of the Week:** Despite the higher than expected CPI release this week, Treasury rates have fallen.* Prior to the release, the 10-year Treasury rate was 1.66%. The initial reaction saw a drop in price but by day's end the 10-year Treasury yield was down 5bp. As of this writing, the 10-year rate is down 7bp versus where it was before the CPI release. There are many factors that impact yields and though inflation has been a recent headline topic, we believe inflation expectations have already been built into this market.

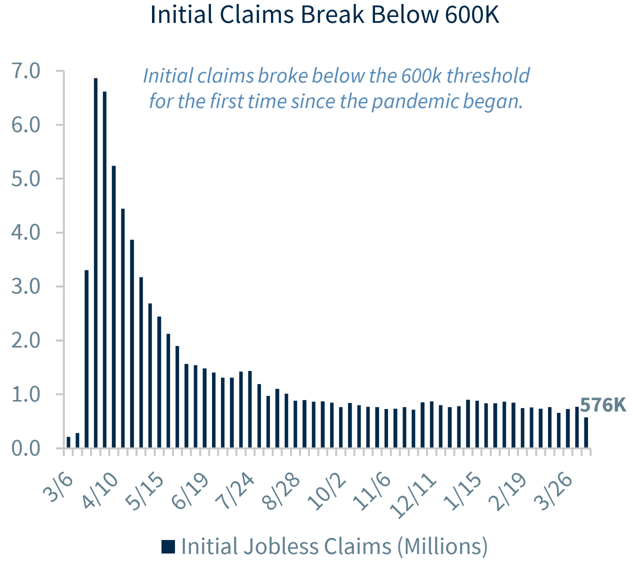
COVID-19 & POLITICS

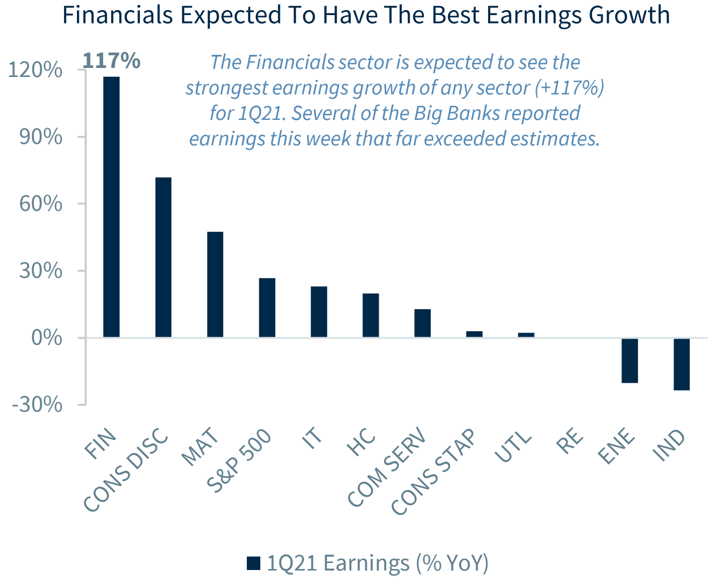
- **Domestic COVID-19:** The US has counted 31,422,228 identified cases and 564,405 identified fatalities due to the coronavirus. This week, the US identified 69,953 cases each day on average, a 10.3% bump from last week; 36,941 hospitalizations each day on average, a 6.3% bump compared to last week; and 713 fatalities each day on average, a 7.1% bump week-over-week. Although deaths are a lagging indicator and are likely to continue to rise following an increase in case count, we hope this surge will not have the same impact on our nation's mortality rates, and the healthcare system overall, as prior surges due to the fact that 79.6% of adults in the US age 65 and older have received at least one vaccine. Over the past week, 3.35 million doses were administered each day on average. More than 123.9 million Americans (37.3%) have received at least one vaccine and 76.7 million (23.1%) are fully vaccinated. Despite a pause on J&J's vaccine this week related to six cases of blood clotting and platelet issues, the US remains well poised to have ample vaccine supply in the coming weeks*—Biden has promised that all American adults will be eligible to receive a vaccine by April 19. So, progress in our vaccine rollout remains robust, even with the setback; we continue to watch to see if the rate of vaccinations can outpace ongoing variant spread, relaxed mitigation measures, and still-high rates of vaccine hesitancy.
- **Global COVID-19:** After five consecutive weeks of worsening, global COVID infections over the past week reached the highest level since mid-January, averaging more than 600,000 per day. There are three regional hotspots we are watching closely, and all three correspond to one of the new virus variants. Europe is in its third wave, with the UK-origin B.1.1.7 variant having spread since December across the continent, encompassing everything from France in the west to Ukraine in the east. With this in mind, Europe currently accounts for nearly half of the approximately one billion people in lockdown globally; however, partially as a result of the strict measures, the third wave is starting to subside. South America's second wave was precipitated in February by the Brazil-origin P1 variant. Brazil is currently reporting more daily COVID deaths than any country, and the effect is also felt elsewhere in the region. India's second wave is even newer, visible only since mid-March, but given the scale of the population, it is unsurprising that India is currently reporting more daily infections than any country. The main culprit appears to be the so-called 'double mutant' B.1.617 variant, and a similar worsening of metrics in neighboring Pakistan and Bangladesh confirms that it is a regional trend. To the extent that there is good news, it is on the vaccination front. As of the past week, a majority of the G20 major economies surpassed 10 vaccine doses per 100 people. However, the pace varies a great deal: the UK and US are well in the lead, above 50 doses, whereas most of Europe, Brazil, and China are between 10 and 20 doses. Moreover, substantial vaccination is no guarantee that the pandemic subsides, as is illustrated by Turkey, which ranks third-best among the G20 on vaccinations, yet has the fastest rate of infections.
- **Geopolitics:** Geopolitical tensions in key hotspots should be monitored in the weeks ahead, particularly between Ukraine-Russia and Taiwan-China, which could be the first test of the Biden administration's foreign policy crisis response. Typically, foreign adversaries test new administrations early, and we saw a consequential foreign policy moment during the first 100 days of the Trump presidency with a US missile strike on Syria in response to actions taken by the Syrian government. The Biden administration has yet to face its first international 'crisis', but the risk of miscalculation is high in these regions, which would likely trigger a US response. We ultimately expect any market impact to be short-lived, as attention continues to focus on the economic recovery and additional federal spending set to come from Washington later this year.

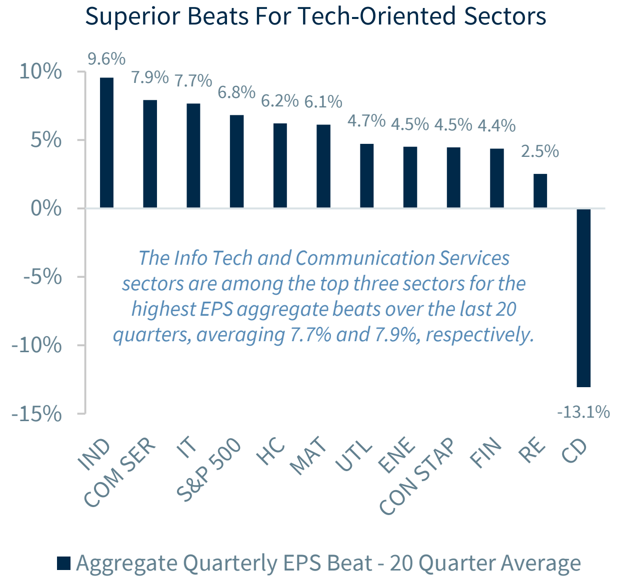
*See Charts of the week on page 3.

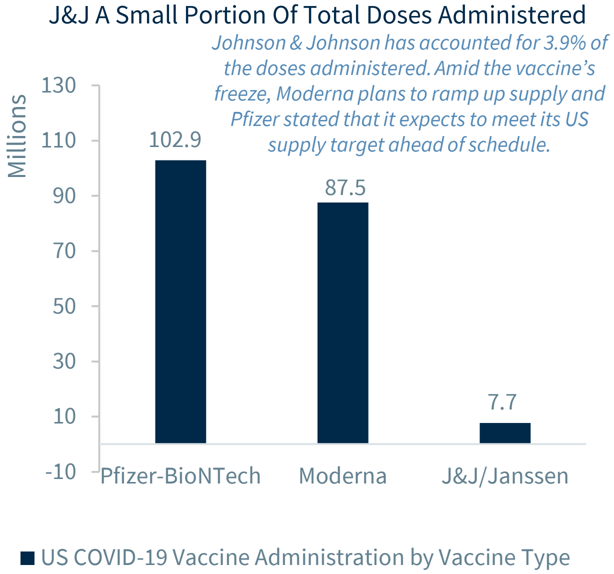
Charts of the Week











RAYMOND JAMES

Asset Class Performance | Distribution by Asset Class and Style (as of April 15)**

Weekly Returns (as of April 15)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	1.2%	1.9%	2.6%
Mid Cap	1.5%	1.9%	2.8%
Small Cap	0.7%	0.7%	0.6%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	0.4%	1.2%	-0.3%
Mid Cap	0.4%	1.1%	-0.2%
Small Cap	0.7%	0.8%	-0.3%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.2%	0.7%
Invest. Grade	0.0%	0.3%	0.5%
High Yield	0.0%	0.1%	0.4%

Year-to-Date Returns (April 15)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	14.5%	11.4%	8.5%
Mid Cap	16.8%	13.0%	6.1%
Small Cap	23.0%	14.6%	6.8%

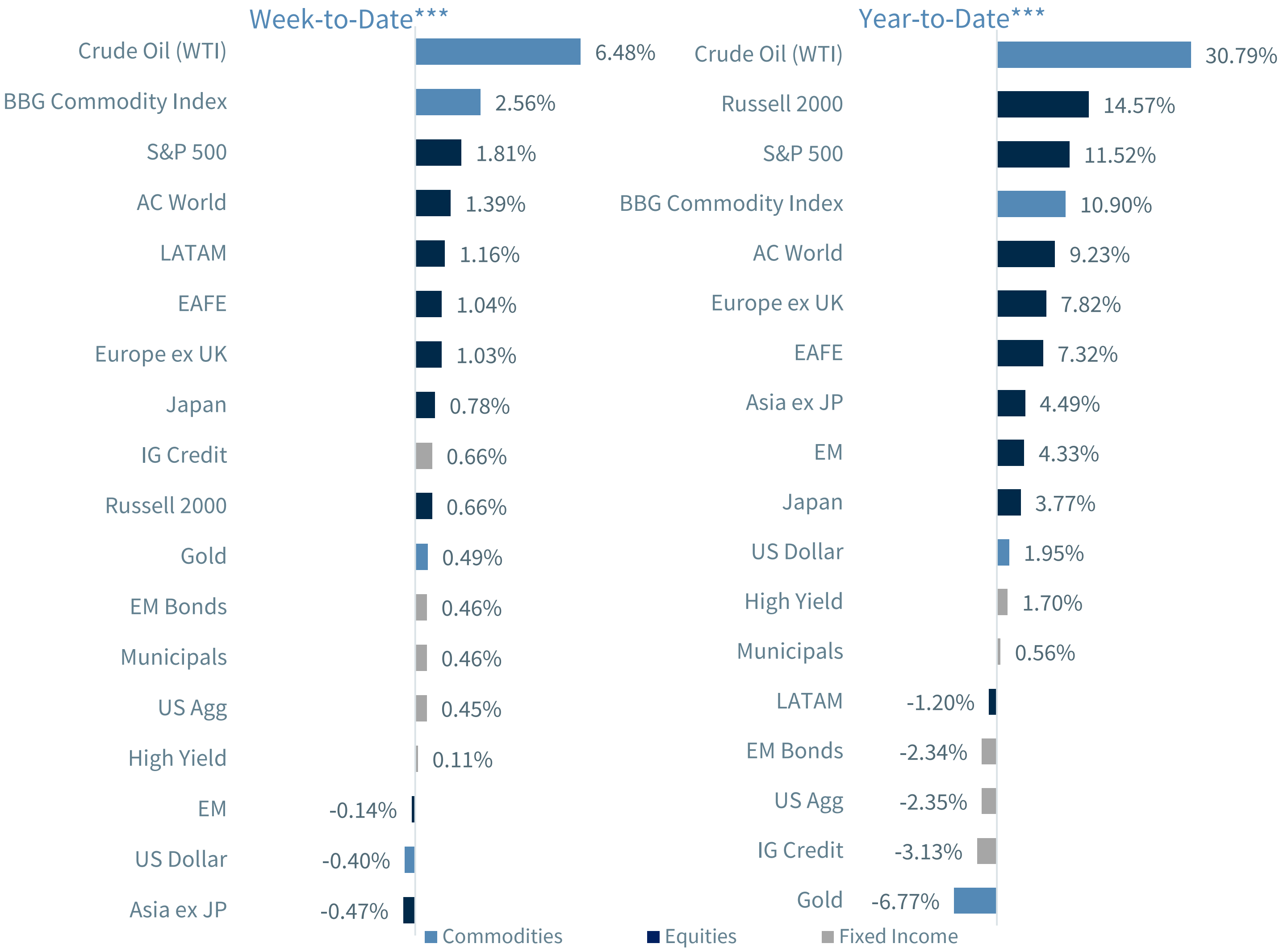
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	10.0%	9.9%	5.3%
Mid Cap	9.6%	10.9%	8.0%
Small Cap	11.6%	14.1%	12.5%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-1.8%	-5.4%
Invest. Grade	0.1%	-1.4%	-2.7%
High Yield	2.7%	1.8%	0.3%

Asset Class Performance | Weekly and Year-to-Date (as of April 15)**



**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 April 15

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4170.4	1.8	5.0	11.5	52.4	18.4	17.2	14.5
DJ Industrial Average	34036.0	1.6	3.2	11.2	44.8	11.8	13.7	10.7
NASDAQ Composite Index	14038.8	1.5	6.0	8.9	67.3	25.4	23.2	17.6
Russell 1000	4522.8	1.9	5.2	11.4	60.6	17.3	16.7	14.0
Russell 2000	5609.4	0.7	1.7	14.6	94.8	14.8	16.4	11.7
Russell Midcap	7927.0	1.9	4.5	13.0	73.6	14.7	14.7	12.5

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	512.9	2.9	3.7	13.1	71.4	14.5	14.5	10.0
Industrials	853.2	1.4	2.6	14.3	68.9	13.2	14.1	12.7
Comm Services	251.7	0.1	5.4	13.9	57.2	20.6	11.8	10.9
Utilities	338.8	2.8	4.2	7.1	17.7	14.1	10.1	11.6
Consumer Discretionary	1429.0	2.4	6.6	9.9	62.0	22.4	19.3	18.2
Consumer Staples	712.7	0.6	1.9	3.1	20.5	12.8	8.6	11.5
Health Care	1404.8	3.4	3.3	6.6	27.0	16.0	13.6	15.7
Information Technology	2518.1	2.1	8.1	10.2	66.3	31.2	29.6	21.6
Energy	368.5	0.7	(0.4)	30.4	58.9	(7.4)	(1.4)	(1.3)
Financials	584.2	0.9	3.4	19.9	66.5	11.1	16.0	12.6
Real Estate	258.3	2.7	4.7	14.2	27.3	14.7	9.2	10.5

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	0.1	1.4	1.1	0.6
2-Year Treasury (%)	0.2	(0.0)	0.0	(0.0)	0.2	2.7	1.5	1.2
10-Year Treasury (%)	1.6	0.7	1.8	(5.4)	(7.0)	5.5	2.0	3.9
Barclays US Corporate High Yield	4.8	0.1	0.8	1.7	18.6	6.8	7.8	6.5
Bloomberg Barclays US Aggregate	1.5	0.4	1.1	(2.4)	0.2	5.1	3.2	3.5
Bloomberg Barclays Municipals		0.5	0.9	0.6	5.8	5.2	3.5	4.6
Bloomberg Barclays IG Credit	2.2	0.7	1.6	(3.1)	5.3	6.8	5.1	5.1
Bloomberg Barclays EM Bonds	4.0	0.5	1.2	(2.3)	12.6	5.2	5.2	5.5

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	63.5	7.0	7.2	31.3	217.9	(2.0)	9.5	(5.3)
Gold ($/Troy Oz)	1757.2	0.1	3.9	(6.9)	2.2	9.4	7.4	1.8
Dow Jones-UBS Commodity Index	86.6	2.6	3.7	10.9	39.7	(1.0)	1.5	(6.6)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	91.7	(0.4)	(1.7)	1.9	(7.8)	0.7	(0.6)	2.1
US Dollar per Euro	1.2	0.6	1.8	(2.2)	9.8	(1.0)	1.2	(1.8)
US Dollar per British Pounds	1.4	0.5	(0.0)	0.9	10.4	(1.1)	(0.5)	(1.7)
Japanese Yen per US Dollar	108.7	(0.5)	(1.6)	5.3	1.2	0.4	(0.0)	2.7

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	702.0	1.4	4.3	9.2	53.3	13.9	14.4	10.1
MSCI EAFE	2285.0	1.0	3.6	7.3	47.5	7.1	9.7	6.3
MSCI Europe ex UK	2483.7	1.0	4.0	7.8	54.7	8.7	11.0	6.7
MSCI Japan	3965.0	0.8	2.0	3.8	38.4	7.5	10.3	8.1
MSCI EM	1341.1	(0.1)	1.9	4.3	54.6	7.6	12.6	4.1
MSCI Asia ex JP	878.0	(0.5)	1.7	4.5	53.0	9.5	14.2	6.9
MSCI LATAM	2394.9	1.2	4.3	(1.2)	50.7	(4.4)	4.7	(3.3)
Canada S&P/TSX Composite	15418.1	0.5	3.3	10.8	38.4	8.1	7.2	3.4

**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 TREASURYS | 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 4/16/2021

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).

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.

MSCI ACWI | The **MSCI All Country World Index** (ACWI) is a stock index designed to track broad global equity-market performance. The index is comprised of the stocks of about 3,000 companies from 23 developed countries and 26 emerging markets.

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