April 9, 2021

WEEKLY HEADINGS

THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

What a difference a year makes! As we enter the second quarter, enthusiasm for a sustainable reopening is mounting whereas last year, economies across the globe were bracing for what would become the height of the virus-induced lockdowns. To address our latest views, please join us for our upcoming Quarterly Coordinates webinar this Monday, April 12 at 4:15 EDT titled *Resilience is in Our DNA—And in the Markets*. We selected this title as we reflected upon all the changes brought about by the pandemic and the ongoing displays of resilience by the economy, the markets, and each and every one of us. While we hope you can join us on the call, we thought we would address our outlook for US equities as a prelude of what's to come in light of the S&P 500 crossing the 4,000 milestone for the first time in history. While milestones are important, it is more essential to assess the underlying near term and long-term fundamental factors of the equity market.

Key Takeaways

Important To Put Index Milestones Into Perspective

Bull Markets Rarely End In The Midst Of A Strong Economy

Shareholder Friendly Actions Should Support Equity Rally

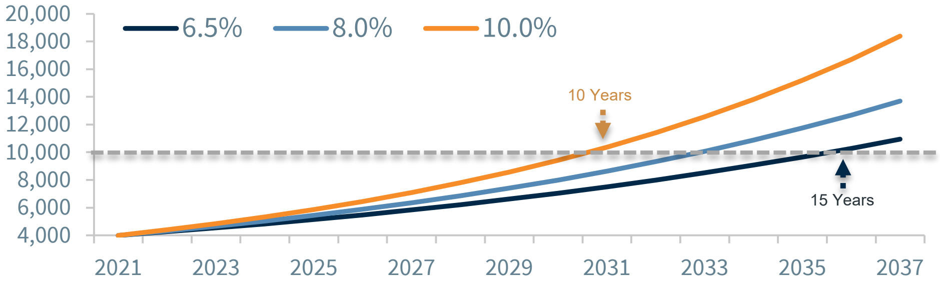
- **Bottom Line–Positive Near and Long Term |** The S&P 500 crossed over the 4,000 level for the first time in history last week.* What does that really mean? Well, besides being a round momentous number, it represented another all-time record high for the S&P 500—one of many set already this year. It also accentuates how powerful this equity market rally has been from the COVID induced lows last year as the S&P 500 has rallied ~86%—from around 2,200 on March 23, 2020 to the current 4,000+ level.
  - **Milestones in Perspective |** These big round numbers may be helpful for long-term investors to put the market in perspective. For example, given that it took almost 23 years for the S&P 500 to go from 1,000 (in 1998) to 4,000 (last week), how long do you think it will take for the S&P 500 to reach the monumental 10,000 point milestone?
  - **Answer |** What is a surprise to many is the S&P 500 could potentially accomplish this feat in the next 10 to 15 years because of the power of compounding. If the S&P 500 grows its price by 6.5% annually, it will take ~15 years; if it grows ~10% annually, it could take just 10 years. Just for reference, the S&P 500 has grown its price by ~9.2% annually over the last 40 years!
  - **Long-Term Optimistic |** Given low interest rates, continued productivity gains, the dynamism of the US economy and a technology revolution still in its early stages, there remain plenty of tailwinds for the equity market. That is why we believe the 4,000 level is just one step in the journey of the S&P 500 reaching the grand level of 10,000 over the next 10 to 15 years.

- **Near-Term Optimistic |** We remain optimistic that the S&P 500 will end 2021 at 4,180. The *ABC's* of our thinking include:
  - **Accelerating Economic Growth |** With fiscal stimulus greater than expected at the beginning of the year, continued easy monetary policy, and an accelerating reopening of the economy, consensus estimates for GDP have been revised higher from 4.0% to 5.9% since December.* Given that bull markets rarely end in the midst of strong economic conditions, the improving health of the economy remains supportive of the upward trajectory of equities.
  - **Balance Sheet Expansion By The Fed |** As the adage goes, "Don't Fight The Fed!" The FOMC minutes confirmed that the Fed will maintain its accommodative stance for the foreseeable future, as the economy still falls short of the committee's long-term goals of 2% inflation and maximum employment. As such, the continued expansion of the Fed's balance sheet and its desire to keep interest rates lower for longer should support the equity market's momentum.*
  - **COVID Containment |** With nearly 20% of the population fully vaccinated and the daily doses administered rising to over 3+ million per day, the potential of getting to herd immunity by the end of July (our base case) would stave off arguably one of the largest risks to the equity market—the ongoing health crisis.
  - **Dividends & Buybacks Increasing Again |** Record cash on firm balance sheets should allow for shareholder friendly actions moving forward. Increased buybacks (share repurchases hit a record high in March), stronger dividend growth (~4% expected in 2021), elevated mergers & acquisitions and strong capex activity should be tailwinds for equities over the next 12 months.
  - **Earnings Growth Rebound |** We expect S&P 500 earnings of $190 and $220 in 2021 and 2022 respectively, foreseeing upside to current consensus estimates. The $190 2021 forecast represents ~38% EPS growth—the strongest earnings growth since 2010.* The rebound should be broad-based, including many of the industries most impacted by the pandemic.
  - **False Narratives In The Headlines |** Contrary to headlines, rising interest rates, healthy levels of inflation, and an eventual Fed rate hike are not necessarily market negatives. In fact, the annualized performance for the S&P 500 has been above average under each of these dynamics as long as economic growth remains robust—which we believe will occur.

CHART OF THE WEEK

10,000 S&P 500 A Distinct Possibility?

If the S&P 500 price grows at a 10% annualized rate, it would hit 10,000 in ~10 years. If it were to rise at a 6.5% annualized rate, it would hit 10,000 in ~15 years.



S&P 500 Level Based off of Annualized Return

*See Charts of the week on page 3.

ECONOMY

- The ISM Services Index rose to 63.7 in March, the highest level on record.* The report showed business activity, new orders, and employment rising at a faster pace, while supplier delivery times lengthened further and input price pressures continued to rise.
- In its revised World Economic Outlook, the IMF raised expectations for global growth, led by stronger expectations for the US.
- The FOMC minutes from the mid-March policy meeting showed most Fed officials anticipating a transitory increase in inflation, while "the economy remained far from the FOMC's longer-run inflation and employment goals."
- **Focus of the Week**: Next week, focus will be on the Consumer Price Index, which should show y/y inflation rising to 2.4%, reflecting a rebound from the low figures of a year ago. Looking ahead, the CPI should be up more than 3% y/y in April.

April 12 – April 16

MON	WED Fed Beige Book	FRI UM Consumer Sentiment Survey
TUE Consumer Price Index (CPI)	THU Retail Sales	FUTURE EVENTS 4/22 Leading Economic Indicators 4/23 Markit PMI

US EQUITY

- The S&P 500 has been able to continue its advance after a break out to new highs last week. Underlying participation in the move has been broad with roughly one third of S&P 500 stocks trading to new highs with the index. There has also been a technology-oriented tone to the strength for the first time in a while, as the Technology sector and 'Big 5 index' (Apple, Microsoft, Amazon, Google, and Facebook) were able to break out to new highs. These five stocks make up 22% of the S&P 500 and have generally consolidated relative strength from the pandemic in aggregate over the past several months. Strength was also exhibited by Industrials, Consumer Discretionary, and Financials, supporting our pro-cyclical stance to portfolio positioning—a healthy allocation to the 'recovery areas' while also maintaining a healthy allocation to technology-oriented areas.
- **Focus of the Week:** The next major catalyst for stocks is Q1 earnings season, which unofficially begins next week with several banks. Now beginning to lap last year's economic shutdown, earnings growth is set to become robust (consensus estimates reflect 21.3% S&P 500 earnings growth in Q1). We also believe the strong macro data in Q1 supports a high level of earnings beats and upside to estimates, continuing the historically elevated trend of the past three quarters. In fact, 84% of the 'early Q1 reporters' have beaten estimates so far by 10% (above the 15-year averages of 69% and 4.7% respectively). The best estimate revisions into earnings season have come from Energy, Financials, Materials, and Technology—a pro-cyclical mix that supports our stance on portfolio positioning.

FIXED INCOME

- Environmental, Social and Governance (ESG) investing is gaining focus from corporations, municipalities and governments. There is no singular regulatory body or governance overseeing this new but growing market sector, though we anticipate that we will see more investor interest as the market develops. There appears to be little (if any) pricing difference between ESG bonds and vanilla bonds for large, high quality, intermediate maturing issues in the US. Europe and other international ESG bonds tend to have higher prices vs. vanilla issues probably due to the greater importance those societies are currently placing on ESG issues.
- **Focus of the Week:** The CPI data release next Tuesday (4/13) could have a big impact on the fixed income market as the expectation for rising inflation has been one of the key investor uncertainties impacting short-term investor behavior as of late.

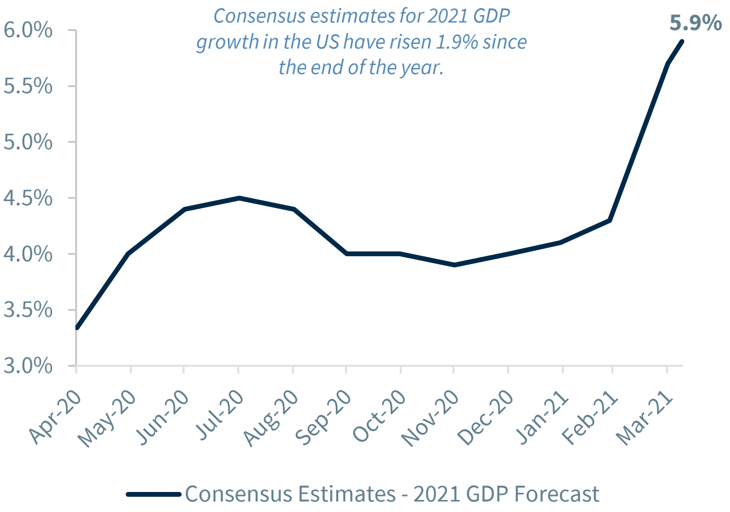
COVID-19 & POLITICS

- The US has now identified more than 30,926,300 cases and more than 559,100 deaths attributed to the coronavirus. Over the past week, daily average case counts increased by 8.4% to 62,167; daily average hospitalizations increased by 3.4% to 35,484; and daily average fatalities decreased by 7.7% to 880. Deaths are typically a lagging indicator and with many of our most vulnerable populations vaccinated we hope the impact will not be as severe following this surge. Our seven-day average positivity rate stands at 5.1%—above our long-stated goal of a maximum 5% of tests, and ideally fewer returning positive to signal adequate supply.
- More than 40% (>105M) of eligible American adults have received at least one dose of the COVID-19 vaccine, with 3M vaccinations occurring daily in the US on average.* President Biden announced that every US adult will be eligible for vaccination by April 19. In an effort to avoid future mix-ups, the HHS department put Johnson & Johnson in charge of Emergent's Baltimore contract manufacturing plant after 15M doses of their single-dose vaccine were ruined, and moved to stop the facility from making AstraZeneca's vaccine. AZ's pediatric COVID vaccine trial has been paused by UK regulators to investigate blood clots as a rare possible side effect. The European Medicines Agency has indicated it believes the benefits of the vaccine outweigh the risks, however, it will require AZ to include a label warning on their vaccine. Novavax (NVAX) announced it has initiated clinical trial crossover in its South Africa and UK-based trials (US/Mexico crossover planned), meaning patients who initially received the placebo will receive the vaccine and patients who initially received the vaccine will receive the placebo (or, in the case of the South Africa trial, an additional booster) in an unblinded fashion. Neither NVAX nor AZ's vaccine have been authorized in the US.
- **Focus of the week:** A rule interpretation by the Senate parliamentarian that may allow Democrats to revise the current budget resolution to pass an additional piece of legislation via simple majority could accelerate the timeline for an infrastructure package this year. As the fiscal year expires on 9/30/21, this could place pressure on Congress to strike a deal before this expiration. We continue to expect that Democrats will use the reconciliation procedures to pass an infrastructure package, and expect headlines to focus on the support of individual Senators in the near term as a means of building leverage in negotiations. Our general observation is that significant additional fiscal spending is highly likely this year. We believe the most likely scenario calls for about $3-4 trillion in new programs, with approximately half paid for with tax changes. As it relates to the corporate tax changes, we view companies that pay closest to the statutory rate (most exposed to rate changes) and companies who pay materially below the statutory rate (especially companies that pay less than 15% effective federal taxes) as the most at-risk from tax changes enacted via reconciliation. Compromise is going to be required and many of these provisions will be fluid, but overall we expect there will be a sprint in DC through the spring to have many of the details agreed on by the July 4 recess.

*See Charts of the week on page 3.

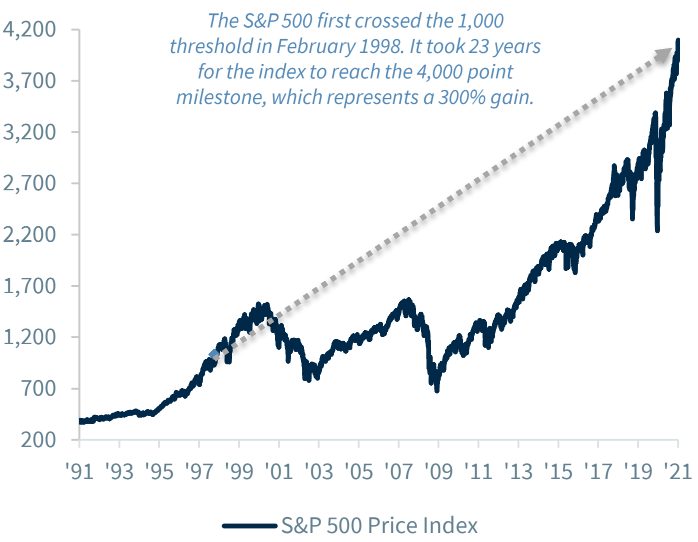
Charts of the Week

Rising Consensus Estimates For 2021 GDP

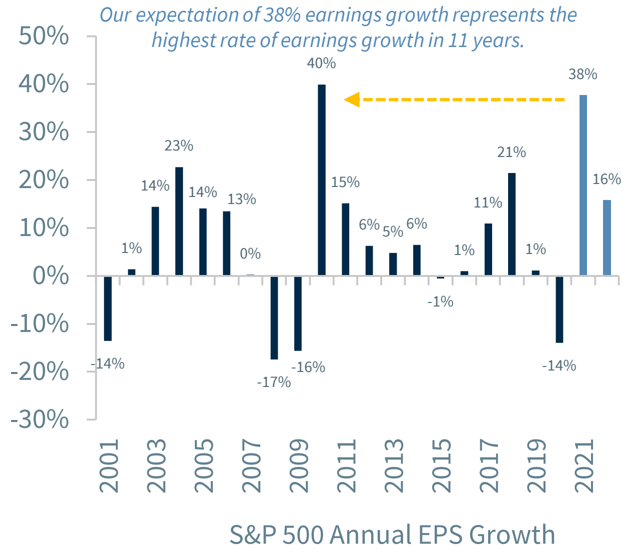


ISM Services Index At The Highest Level On Record

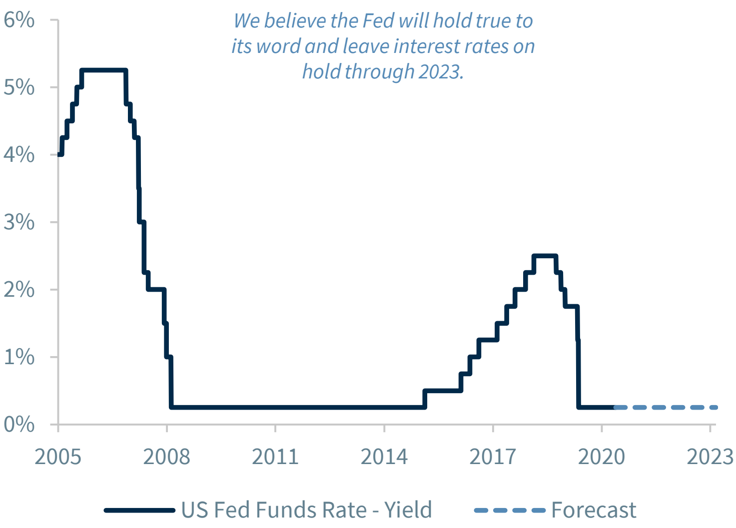
S&P 500 Crosses 4,000 Milestone For First Time In History



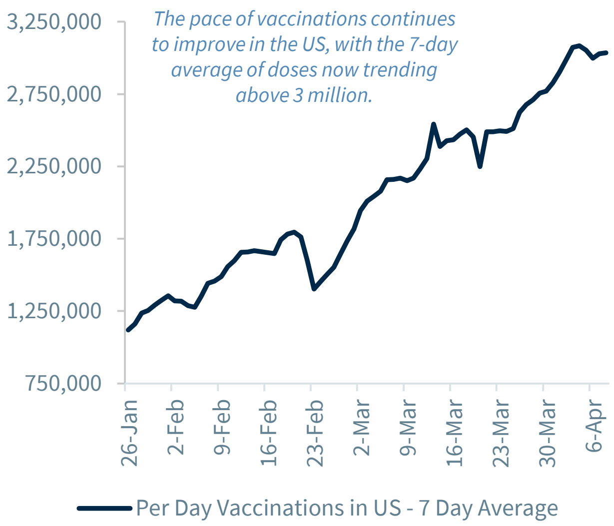
High Expectations For Earnings Growth



Fed States Rates Will Be On Hold



Pace Of Vaccinations Still Improving



Asset Class Performance | Distribution by Asset Class and Style (as of April 8)**

Weekly Returns (as of April 8)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	0.8%	1.9%	3.1%
Mid Cap	0.7%	1.0%	1.8%
Small Cap	-0.6%	-0.5%	-0.4%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	1.0%	1.6%	0.3%
Mid Cap	1.2%	1.2%	1.5%
Small Cap	1.4%	0.7%	1.7%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.4%	0.5%
Invest. Grade	0.1%	0.3%	0.4%
High Yield	0.3%	0.5%	0.9%

Year-to-Date Returns (April 8)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	13.2%	9.3%	5.7%
Mid Cap	15.1%	10.8%	3.2%
Small Cap	22.1%	13.8%	6.1%

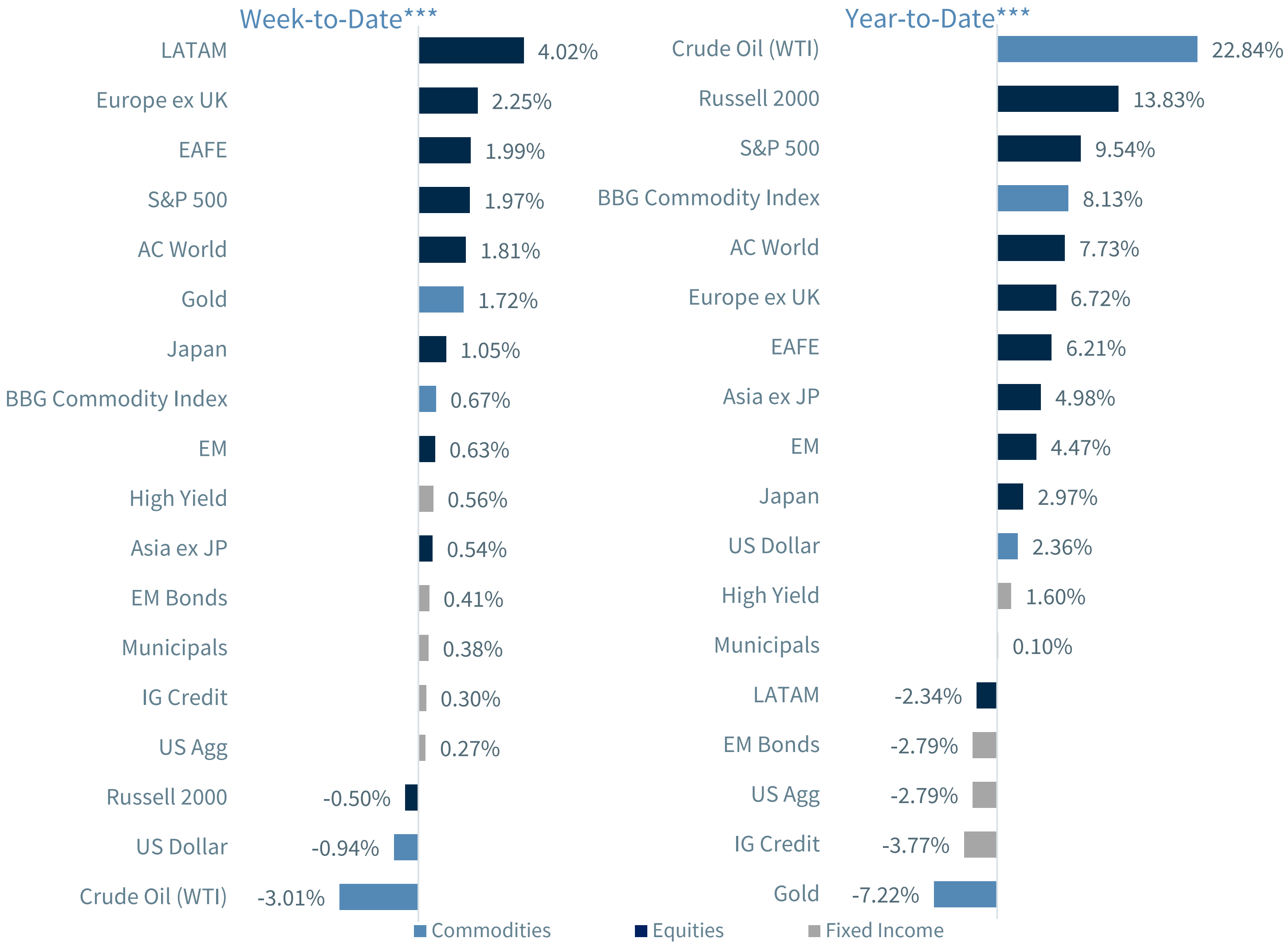
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	9.5%	8.6%	5.6%
Mid Cap	9.2%	9.7%	8.2%
Small Cap	10.9%	13.1%	12.8%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-2.0%	-6.0%
Invest. Grade	0.1%	-1.7%	-3.1%
High Yield	2.7%	1.7%	-0.1%

Asset Class Performance | Weekly and Year-to-Date (as of April 8)**



**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 8

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4097.2	2.0	3.2	9.5	51.5	18.5	17.1	14.2
DJ Industrial Average	33503.6	1.1	1.6	9.5	43.0	11.8	13.8	10.5
NASDAQ Composite Index	13829.3	2.6	4.4	7.3	70.9	25.9	23.3	17.4
Russell 1000	4438.9	1.9	3.2	9.3	60.6	17.3	16.7	14.0
Russell 2000	5573.4	(0.5)	1.0	13.8	94.8	14.8	16.4	11.7
Russell Midcap	7778.7	1.0	2.5	10.8	73.6	14.7	14.7	12.5

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	498.5	(0.2)	0.8	9.9	64.2	14.5	14.6	9.5
Industrials	841.6	0.8	1.2	12.7	62.6	13.3	14.3	12.4
Comm Services	251.5	3.2	5.3	13.8	61.9	20.9	11.6	10.9
Utilities	329.7	1.4	1.4	4.2	15.5	12.5	9.6	11.4
Consumer Discretionary	1395.3	3.0	4.1	7.3	66.4	21.6	19.2	17.9
Consumer Staples	708.3	1.5	1.3	2.4	22.9	12.7	8.3	11.7
Health Care	1359.7	0.2	(0.0)	3.1	25.8	15.7	13.1	15.5
Information Technology	2466.5	3.7	5.8	7.9	66.3	31.9	29.4	21.2
Energy	366.2	(3.6)	(1.0)	29.5	47.6	(5.8)	(1.1)	(1.7)
Financials	578.9	1.1	2.4	18.8	60.6	11.1	16.7	12.3
Real Estate	251.8	0.4	2.0	11.2	23.7	13.3	8.5	10.4

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 (%)	0.1	0.0	0.0	(0.0)	0.3	2.6	1.5	1.2
10-Year Treasury (%)	1.6	0.5	1.1	(6.0)	(6.6)	5.1	1.8	3.9
Barclays US Corporate High Yield	4.8	0.6	0.7	1.6	24.5	7.0	8.1	6.5
Bloomberg Barclays US Aggregate	1.6	0.3	0.6	(2.8)	1.1	4.9	3.2	3.5
Bloomberg Barclays Municipals		0.4	0.5	0.1	6.5	5.1	3.5	4.6
Bloomberg Barclays IG Credit	2.2	0.3	0.9	(3.8)	8.8	6.5	5.0	5.2
Bloomberg Barclays EM Bonds	4.0	0.4	0.7	(2.8)	14.6	5.0	5.4	5.5

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	59.6	(2.9)	0.7	23.3	138.7	(1.3)	8.4	(6.1)
Gold ($/Troy Oz)	1755.5	1.7	3.8	(7.0)	6.5	9.7	7.2	1.8
Dow Jones-UBS Commodity Index	84.4	0.7	1.1	8.1	33.7	(1.0)	1.3	(7.0)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	92.1	(0.9)	(1.3)	2.4	(8.1)	0.7	(0.5)	2.1
US Dollar per Euro	1.2	1.2	1.2	(2.8)	9.5	(1.0)	0.8	(1.9)
US Dollar per British Pounds	1.4	(0.7)	(0.5)	0.4	10.9	(0.8)	(0.5)	(1.8)
Japanese Yen per US Dollar	109.3	(1.2)	(1.1)	5.8	0.5	0.7	0.2	2.5

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	692.6	1.8	2.9	7.7	52.9	14.0	14.7	9.9
MSCI EAFE	2262.7	2.0	2.5	6.2	46.8	7.2	10.2	6.0
MSCI Europe ex UK	2460.3	2.3	3.0	6.7	51.8	8.9	11.3	6.5
MSCI Japan	3934.4	1.0	1.2	3.0	40.1	7.4	11.4	8.1
MSCI EM	1343.4	0.6	2.1	4.5	57.5	7.9	13.5	3.9
MSCI Asia ex JP	882.2	0.5	2.2	5.0	57.5	10.3	15.1	6.9
MSCI LATAM	2372.1	4.0	3.1	(2.3)	47.3	(4.7)	5.7	(3.7)
Canada S&P/TSX Composite	15279.8	1.3	2.8	10.3	38.1	8.1	7.5	3.1

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

DISCLOSURES

All expressions of opinion reflect the judgment of the author(s) and the Investment Strategy Committee, and are subject to change. This information should not be construed as a recommendation. The foregoing content is subject to change at any time without notice. Content provided herein is for informational purposes only. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. Past performance is not a guarantee of future results. Indices and peer groups are not available for direct investment. Any investor who attempts to mimic the performance of an index or peer group would incur fees and expenses that would reduce returns. No investment strategy can guarantee success. Economic and market conditions are subject to change. Investing involves risks including the possible loss of capital.

The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Diversification and asset allocation do not ensure a profit or protect against a loss.

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.

DESIGNATIONS

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

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

CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

DATA SOURCE

FactSet, as of 4/9/2021

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.

INTERNATIONAL DISCLOSURES

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

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

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

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

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

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

Investment Strategy

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

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

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

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

Kailey Bodine
Investment Strategy Analyst
T. 727.567.8494
kailey.bodine@raymondjames.com

Giampiero Fuentes
Investment Strategy Manager
T. 727.567.5776
giampiero.fuentes@raymondjames.com

J. Michael Gibbs
Managing Director, Equity Portfolio & Technical Strategy
T. 901.579.4346
michael.gibbs@raymondjames.com

Joey Madere, CFA
Senior Portfolio Analyst
T.901.529.5331
joey.madere@raymondjames.com

Anne B. Platt
Vice President, Investment Strategy
T. 727.567.2190
anne.platt@raymondjames.com

Richard Sewell, CFA
Senior Portfolio Analyst
T.901.524.4194
richard.sewell@raymondjames.com

RAYMOND JAMES

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863

RAYMONDJAMES.COM