THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Key Takeaways

Shareholders Encouraging Firms To Take Climate Action

Greenwashing On The Minds Of SEC Regulators

Favorable Environmental Scores A Positive For Info Tech

Yesterday was Earth Day, and with more than 1 billion people across 192 countries participating in the celebrations each year, the holiday is the largest secular observance in the world! While the COVID-induced lockdowns were implemented to save lives, the human impact on the environment was realized during this time too, as pollution and water quality improved and rare wildlife reemerged, at times in some unexpected places (e.g., pink dolphins off the coast of Hong Kong, wild coyotes in the streets of San Francisco). These realizations benefitted the already surging wave of ESG (Environmental, Social, and Governance) investing that we highlighted in our Ten Themes presentation, and we stand by our expectation that this wave will not crest any time soon. With ESG investing garnering a substantial amount of attention since the start of the year, we want to focus on some of the progress we have seen in regard to the *environmental* component in honor of Earth Day.

- **Companies Planting Seeds For A Better Tomorrow |** Headlines related to corporate climate initiatives have seemingly been released on a daily basis, with announcements not limited to certain sectors or industries. Some firms are finding ways to reduce their carbon footprint (e.g., Amazon purchasing 100,000 custom electric delivery vehicles and using them to deliver ~20 million packages in 2020), some are phasing out products that are not environmentally-friendly (e.g., GM eliminating gasoline and diesel light-duty cars and SUVS by 2035), some are transitioning into new business segments that are better aligned with climate goals (e.g., Exxon Mobil investing $3 billion through 2025 to launch a new lower carbon emissions technology business unit), and some are committing to projects to benefit the environment rather than their profits (e.g., Verizon's goal of planting 20 million trees by 2030). The reasons firms are undertaking these actions vary (e.g., reputation, cost savings), but regardless, shareholders are encouraging both transparency and action. At the end of the 2020 proxy season, 90% of S&P 500 companies had published some type of ESG report, up from 20% a decade ago. As it relates solely to the environmental component, ~200 firms have referenced 'climate change' in their conference calls over the last six months, a number that had been consistently below 50 until 2019.
- **Biden Administration Renewing The Focus On Climate Change |** Since inauguration, the Biden administration has taken steps to acknowledge our nation's impact on the environment and climate change. They include the US rejoining the Paris Climate Accord, a freeze on the Department of Labor regulation that discouraged the inclusion of ESG-related investments in retirement plans, the US Treasury appointing a climate czar, and the proposed $2.25 trillion infrastructure plan including environmentally conscious components (e.g., retrofitting of buildings, solar technologies, electric vehicle charging stations). On Earth Day, President Biden pledged to reduce US emissions by at least 50% by 2030—more than double the target previously set under the 2015 Paris Climate Agreement. The virtual summit he held on Earth Day included 40 world leaders proactively discussing concrete climate action, and countries such as China, India, Japan, and Canada all outlined plans to reduce their carbon footprint as well.
- **ESG Forcing Regulators To Reshape The Compliance Habitat |** The SEC has issued five public statements addressing the entirety of the ESG investment landscape since late February. Regulators have found inconsistencies in ESG-related proxy voting claims and insufficient levels of compliance for properly disclosing details for ESG investments. In the months ahead, we anticipate the SEC will take specific action to address the high degree of autonomy given to fund managers and rating agencies as it relates to ESG, in an effort to address 'greenwashing,' or false advertising of alignment with green values. Regulators may take cues from the actions by European Union authorities that have passed regulations outlining criteria for ESG disclosures made by investment managers, and are currently debating their own taxonomy in order to properly classify sustainable business activities.
- **ESG Investing Leaving Its Footprint On The Markets |** Net inflows into ESG funds totaled $51 billion in 2020—more than double the 2019 total and more than 10x the 2018 total. Just this month, a new ETF geared toward carbon transition readiness was launched, and it saw a staggering $1.25 billion in inflows in its first trading day. But note that the fund's top five holdings mirror that of both the MSCI USA Extended ESG Focus Index and that of the S&P 500.* In fact, the five tech-oriented giants, Apple, Microsoft, Amazon, Alphabet, and Facebook account for ~20% of each index. As a result, the growing interest in ESG investing may serve as an additional catalyst for fund flows into one of our favorite sectors—Information Technology—as their environmental component scores are often more favorable relative to other sectors. But it is important to note that ESG principles aren't limited to just equities, as the fixed income market is anticipating $1 trillion of ESG oriented bonds to be issued this year, which is even more remarkable given that cumulative green bond issuance since 2007 reached $1 trillion just last year.*

CHART OF THE WEEK

Climate Change Included In Company Releases

Shareholders have encouraged firms to be transparent on ESG topics. As a result nearly 200 companies have referenced 'climate change' in their conference calls over the last six months, a number that had consistently been below 50 until 2018.

*See Charts of the week on page 3.

ECONOMY

- The Index of Leading Economic Indicators and the Chicago Fed National Activity Index both rebounded strongly in March, from bad weather in February – but beyond the weather, both were consistent with strong growth in the near term.*
- Jobless claims fell by 39,000, to 547,000, in the week ending April 17, still high by pre-pandemic standards, but trending lower.*
- **Focus of the Week**: Next week, the FOMC is expected to leave short-term interest rates and the monthly pace of asset purchases unchanged. The advance estimate of 1Q21 GDP growth is expected to be quite strong (somewhere between a 5.5% and 6.5% annual rate), likely held back by slower inventory growth and a wider trade deficit. Private Domestic Final Sales (which is made up of consumer spending, business fixed investment, and residential fixed investment) should be a lot stronger.

April 26 – April 30

MON Durable Goods Orders

TUE Consumer Confidence

WED Biden Address to Congress
OPEC Meeting

THU 1Q21 GDP

FRI Personal Consumption Expenditures (PCE)

FUTURE EVENTS 5/3 ISM Manufacturing
5/7 Employment Report

US EQUITY

- So far, 15% of S&P 500 companies (and 20% of the S&P 500's market cap) have reported Q1 earnings results. Results have been very strong overall, as 86% of S&P 500 companies have beaten estimates by an aggregate 24% surprise.* For reference, the 15-year average earnings surprise has been 4.7% and the highest earnings surprise on record (2Q20) was 23.5%. As a result, full Q1 earnings growth estimates are up to 28.3% (from 21.6% when earnings season began). We expect continued upside surprises and remain above consensus for 2021 and 2022 S&P 500 earnings estimates—$190 and $220, respectively (vs. consensus at $178 and $202).
- **Focus of the Week:** Reports are set to ramp up meaningfully in the next two weeks as 36% of S&P 500 companies report next week and 27% the following week. Many large technology companies report earnings next week and while performance was muted to strong results in Q420, the consolidation of relative strength over the past several months could lower the bar this time around.

FIXED INCOME

- As the prominence of sustainable investing grows, it is important to note that data suggests sustainable investing may not impact performance. US comparisons show little variance in yield and the rating agencies hold typical rating criteria alike for ESG and/or non-ESG bonds. Many corporations and municipalities have practiced sustainable methods and values for years and ESG awareness will bring these attributes to higher visibility.
- US Treasury yields continued to decline, with the 10-year yield falling to 1.56% and the 30-year yield sliding to 2.22%. The stabilization in the Treasury market in recent weeks has been beneficial for emerging market bonds, which have outperformed as of late. The cyclical upswing in global growth combined with rising commodity prices and expectations of a weaker US dollar should continue to support this higher-yielding fixed income sector.
- **Focus of the Week:** The highlight of next week will be Powell's press conference. This meeting will not include any new economic projections, so the market will be looking for any hints on the Fed's anticipated timeline for scaling back its asset purchases. Since Powell has already stated that tapering will commence before any rate lift-off, an announcement could come before year end.

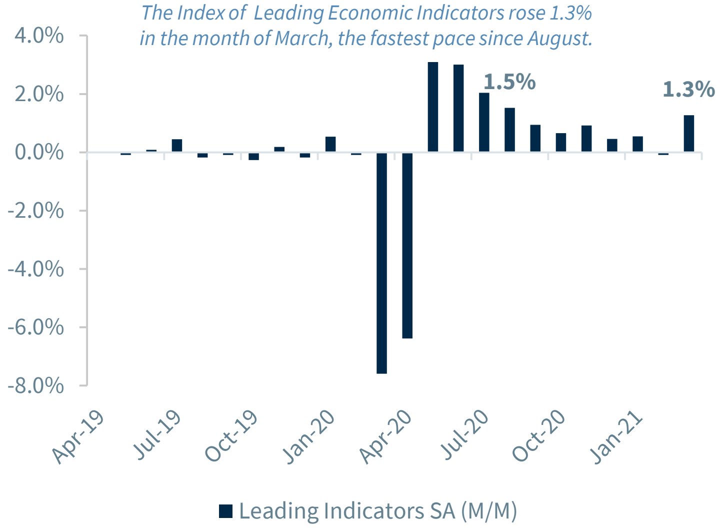
COVID-19 & POLITICS

- **Domestic COVID-19:** The US has now identified more than 31,865,300 cases and identified more than 569,400 deaths attributed to the coronavirus. Meanwhile, the vaccine rollout presses on despite the J&J setback last week.* More than 216 million doses have been administered in the US, with more than 134.4 million Americans (40.5%) receiving at least one dose and 87.6 million Americans (26.4%) becoming fully vaccinated. On April 19 all American adults became officially eligible for COVID vaccines. However, as supplies ramp up, vaccine hesitancy becomes a growing obstacle to the vaccine rollout. Experts predict that, within the next two to four weeks, the US will have vaccinated all American adults who are enthusiastic about receiving the vaccine. As supply begins outpacing demand, swaying hesitant and resistant Americans will become increasingly important, but also challenging – and the recent J&J recall has only exacerbated skepticism. We continue to monitor the race between vaccines slowing the spread and relaxed mitigation protocols, 'COVID fatigue,' vaccine hesitancy, and variants working against recovery.
- **Global COVID-19:** For the past two weeks, far and away the world's number-one COVID hotspot has been India, with eight consecutive days of infections above the 200,000 level. Prime Minister Modi's speech on Tuesday stressed lockdowns as a last resort, but many state leaders are taking a more aggressive approach. Six of India's states are currently in lockdown, with an aggregate population of more than 400 million. That means India has roughly as many people in lockdown currently than all of Europe.
- **Geopolitics:** Nuclear talks between Iran and major powers are making progress, even after the apparent sabotage of an Iranian nuclear facility earlier this month. The next meeting is scheduled for next week. Whereas the European Union, Russia, and China are largely on the same page with regard to restoring the original agreement from 2015, the US is pushing for more tangible action by Iran, particularly slowing down the pace of uranium enrichment.
- **Politics:** Reports on Thursday emerged that Biden's 'phase two' infrastructure plan, the American Families Plan, will include a hike in the capital gains rate on incomes above $1 million. The rate of 39.6% on capital gains is a sign that the administration will also propose raising the regular top marginal tax rate back to 39.6%. Inclusive of a 3.8% ACA net investment tax, the effective capital gains tax rate could be as high as 43.4% before state taxes. However, we do not at this stage expect this initial proposal to be a firm plan (at least on capital gains). We could see compromise on the overall rate, the income threshold, or the effective date and any phase-in period. The tax portion of Biden's agenda has been an area of bipartisan focus as infrastructure/tax legislation is formulated in Congress. This could be an opportunity for the Biden administration to demonstrate bipartisanship and compromise with Republicans on the capital gains/top tax rate. However, it is important to keep in mind that proposals on broad scale bills such as Biden's infrastructure agenda will be heavily debated and adjusted, which raises the chances that we see some sort of moderation in the proposed capital gains tax between now and the passage of a final bill.

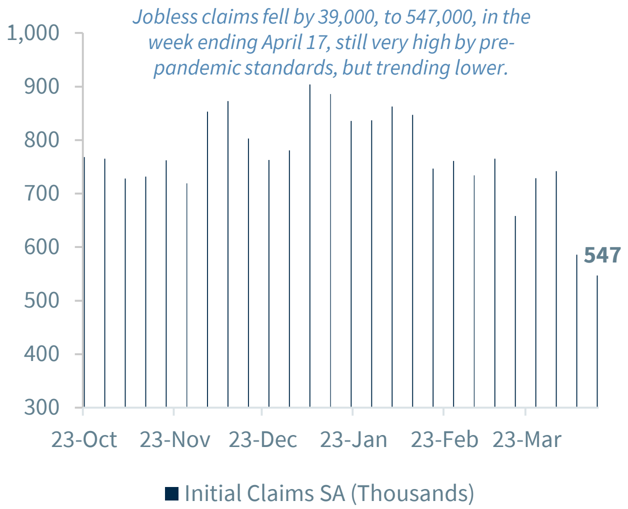
*See Charts of the week on page 3.

Charts of the Week

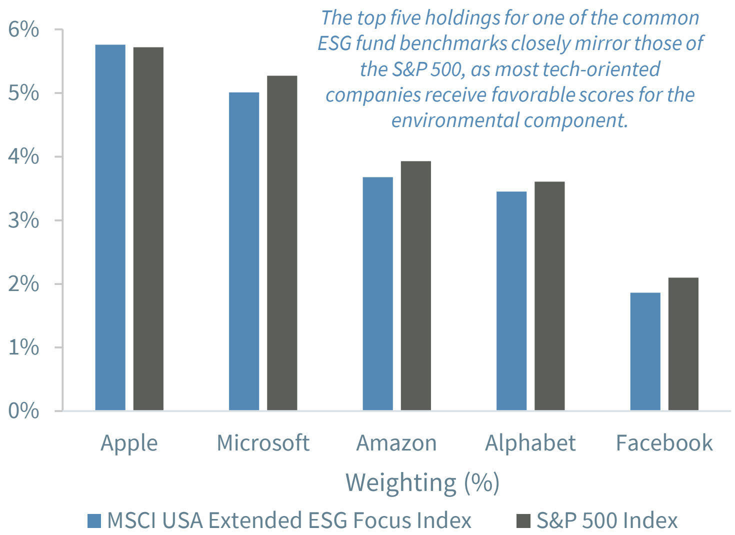
Leading Economic Indicators Signal Strength In Recovery



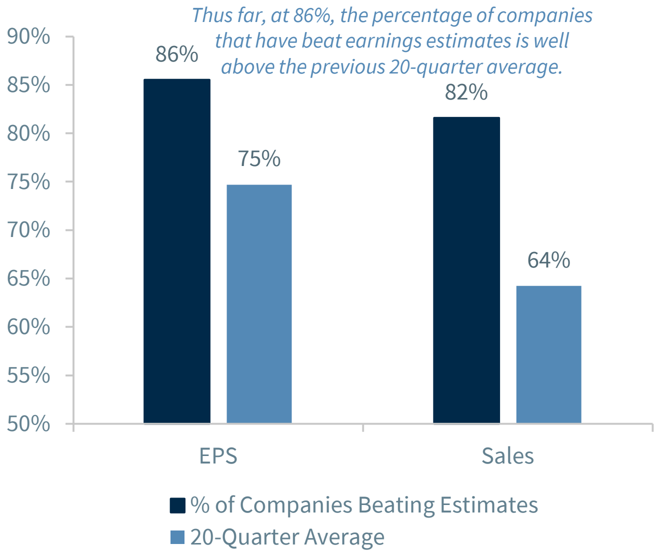
Initial Claims Trending Lower



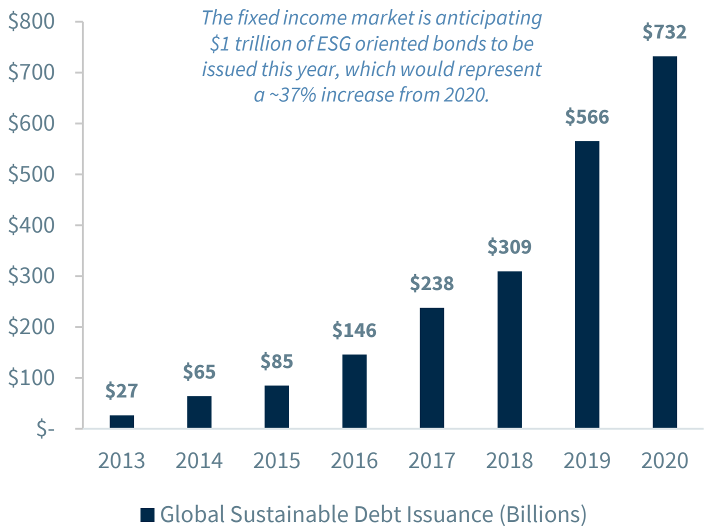
High Weightings for Tech-Oriented Giants



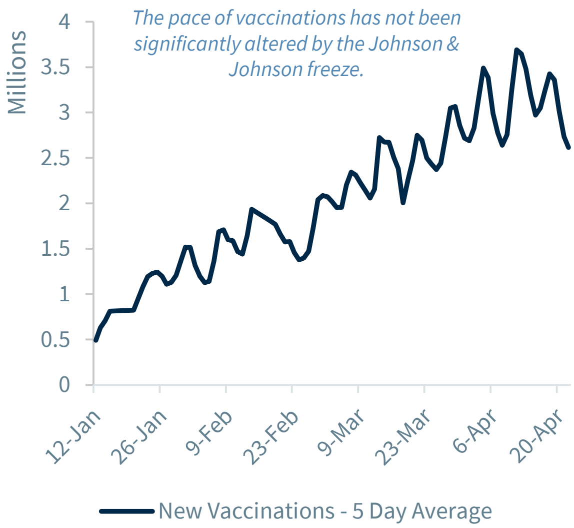
Trend of Above Average Beats Still Intact



ESG Bond Issuance On The Rise



US Vaccinations Press On Amid J&J Freeze



Asset Class Performance | Distribution by Asset Class and Style (as of April 22)**

Weekly Returns (as of April 22)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-0.4%	-0.9%	-1.4%
Mid Cap	-0.3%	-0.5%	-0.8%
Small Cap	-1.5%	-1.1%	-0.7%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	0.0%	-0.7%	-0.4%
Mid Cap	-0.5%	-0.3%	1.0%
Small Cap	-0.5%	-0.4%	1.4%

Fixed Income (Bloomberg Barclays indices)

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

Year-to-Date Returns (April 22)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	14.1%	10.4%	7.0%
Mid Cap	16.5%	12.5%	5.2%
Small Cap	21.2%	13.3%	6.1%

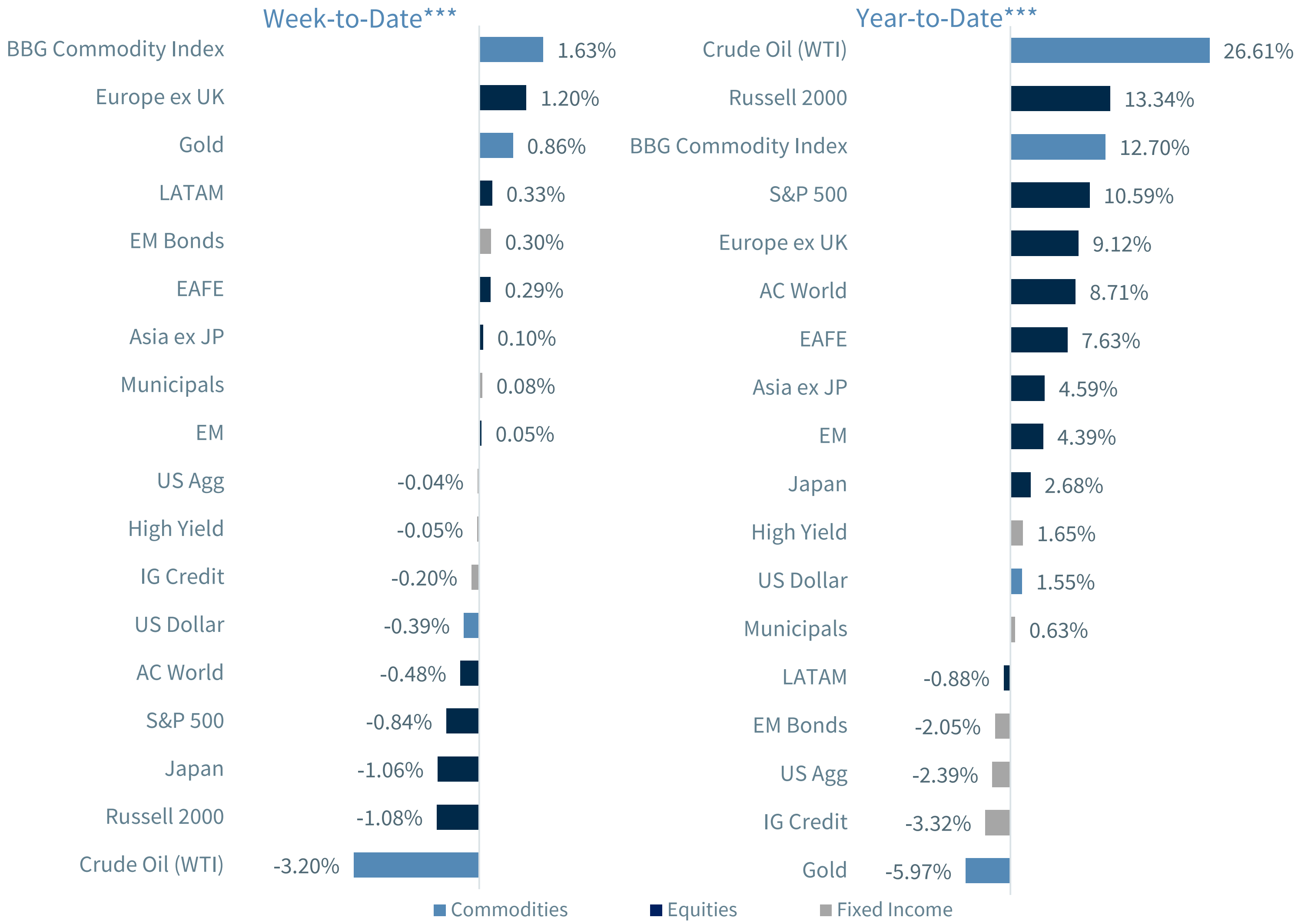
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	10.0%	9.1%	4.9%
Mid Cap	9.1%	10.6%	9.0%
Small Cap	11.1%	13.6%	14.1%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-1.8%	-5.3%
Invest. Grade	0.1%	-1.4%	-2.7%
High Yield	2.8%	1.8%	0.5%

Asset Class Performance | Weekly and Year-to-Date (as of April 22)**



**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 22

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4135.0	(0.8)	4.2	10.6	50.2	17.9	16.9	14.3
DJ Industrial Average	33815.9	(0.6)	2.5	10.5	44.0	11.4	13.4	10.5
NASDAQ Composite Index	13818.4	(1.6)	4.3	7.2	62.7	24.5	23.0	17.2
Russell 1000	4482.8	(0.9)	4.3	10.4	60.6	17.3	16.7	14.0
Russell 2000	5548.6	(1.1)	0.6	13.3	94.8	14.8	16.4	11.7
Russell Midcap	7890.7	(0.5)	4.0	12.5	73.6	14.7	14.7	12.5

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	512.3	(0.1)	3.6	13.0	70.3	13.9	13.9	9.7
Industrials	849.6	(0.4)	2.1	13.8	68.7	12.3	13.9	12.5
Comm Services	247.6	(1.6)	3.7	12.1	54.6	20.1	11.7	10.8
Utilities	338.9	0.0	4.2	7.1	17.0	13.7	10.9	11.6
Consumer Discretionary	1408.0	(1.5)	5.0	8.3	56.5	21.1	18.9	17.8
Consumer Staples	715.2	0.5	2.4	3.6	22.3	14.6	9.2	11.5
Health Care	1431.2	1.9	5.3	8.7	27.0	16.6	13.4	15.8
Information Technology	2470.2	(1.9)	6.0	8.1	62.4	30.5	29.6	21.0
Energy	355.4	(3.5)	(3.9)	25.8	46.7	(9.3)	(3.1)	(1.9)
Financials	577.3	(1.2)	2.1	18.5	65.3	10.1	15.1	12.5
Real Estate	262.5	1.6	6.4	16.0	30.6	15.7	9.8	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	1.6	1.2
10-Year Treasury (%)	1.5	0.1	1.8	(5.3)	(7.1)	5.9	2.3	3.8
Barclays US Corporate High Yield	4.8	(0.0)	0.8	1.7	19.9	6.8	7.6	6.5
Bloomberg Barclays US Aggregate	1.5	(0.0)	1.0	(2.4)	0.1	5.3	3.3	3.5
Bloomberg Barclays Municipals		0.1	1.0	0.6	6.6	5.3	3.6	4.5
Bloomberg Barclays IG Credit	2.2	(0.2)	1.4	(3.3)	5.1	7.0	5.0	5.1
Bloomberg Barclays EM Bonds	3.9	0.3	1.5	(2.0)	13.6	5.5	5.2	5.5

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	61.4	(2.7)	3.8	27.1	350.4	(3.5)	7.0	(5.8)
Gold ($/Troy Oz)	1787.8	1.7	5.7	(5.3)	4.5	10.2	7.5	1.7
Dow Jones-UBS Commodity Index	88.0	1.6	5.4	12.7	45.0	(0.7)	1.2	(6.6)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	91.3	(0.4)	(2.0)	1.6	(9.0)	0.4	(0.8)	2.1
US Dollar per Euro	1.2	0.4	2.3	(1.7)	11.0	(0.7)	1.4	(1.9)
US Dollar per British Pounds	1.4	0.4	0.4	1.3	12.3	(0.4)	(0.8)	(1.8)
Japanese Yen per US Dollar	108.0	(0.7)	(2.3)	4.6	0.2	0.1	(0.6)	2.8

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	698.3	(0.5)	3.8	8.7	51.9	13.5	14.1	9.9
MSCI EAFE	2288.6	0.3	3.9	7.6	48.2	7.0	9.5	6.1
MSCI Europe ex UK	2507.2	1.2	5.3	9.1	54.2	8.9	11.0	6.6
MSCI Japan	3923.1	(1.1)	1.0	2.7	40.7	6.8	9.8	7.8
MSCI EM	1341.4	0.1	2.0	4.4	54.6	7.6	12.7	3.9
MSCI Asia ex JP	878.6	0.1	1.8	4.6	52.8	9.7	14.3	6.7
MSCI LATAM	2401.3	0.3	4.6	(0.9)	52.8	(4.3)	4.9	(3.4)
Canada S&P/TSX Composite	15221.1	(1.5)	1.8	9.2	33.2	7.1	6.5	3.1

**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 4/23/2021

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.

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.

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.

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.

MSCI USA Extended ESG Focus Index | **The MSCI USA Extended ESG Focus Index** is based on MSCI USA Index, its parent index, which includes securities across the U.S. equity markets. The Index is designed to maximize exposure to positive environmental, social and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI USA Index. The index is constructed by selecting constituents from MSCI USA Index through an optimization process that aims to maximize exposure to ESG factors for a target tracking error budget set to 50bps under certain constraints. The index is sector-diversified and targets companies with high ESG ratings in each sector. Tobacco, Controversial Weapons, Producers of or ties with Civilian Firearms, Thermal Coal and Oil Sands are not eligible for inclusion.

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