To all the mothers, grandmothers, aunts, sisters, and caretakers – the Investment Strategy Team wishes you a Happy Mother's Day!

Please Join Us For Our Upcoming Webinar On Monday, May 10 At 4:15 EDT: http://go.rjf.com/05-10-21

May 7, 2021

THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

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WEEKLY HEADINGS

Key Takeaways

- The Disconnect Between Price & Earnings Recoveries
- Pricing Pressures Accompanying The Recovery
- An Ever Growing Dependence On Technology

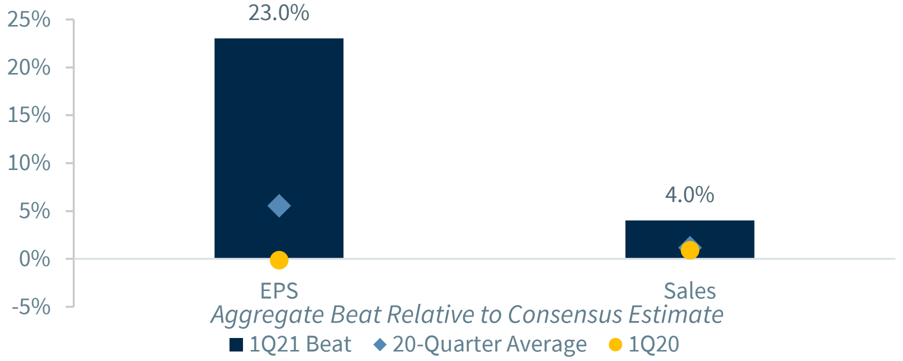
With more than 300 billion emails sent per day**, it is hard to believe that email has only been in existence for 50 years. While there have been countless improvements and innovations made to the system since its origination, the communication method itself has become an integral part of our daily lives, especially as many of us still work from home! As for the financial markets, the primary way corporations communicate their results, outlook, and analysis of critical trends and risks with shareholders is through earnings conference calls, and with more than 90% of the S&P 500's market capitalization now reported, it is prudent to evaluate some of the messages firms have sent. At this juncture last year, these calls were not nearly as valuable due to the heightened uncertainty caused by the COVID-19 pandemic, but this year, the transcripts are critical in calibrating our equity market outlook.

- **Waiting For A Reply From The Market |** Our expectation for an above-average earnings season has come to fruition with the strongest quarterly year-over-year earnings growth since 1Q10, sales and earnings beats near record levels, and consensus earnings estimates for 2021 and 2022 being revised 5.6% and 3.1% higher respectively*. Despite these improving trends, the S&P 500 has rallied only 1.5% since the unofficial start of earning season. This lack of market response suggests that these results were already priced in, and that near-term risks (e.g., tax hikes, political tensions) are weighing on investors' minds.
- **Catalysts For Earnings Rebound Could Be Copied |** In reviewing the transcripts for numerous companies across various industries, the catalysts supporting the earnings rebound were similar. The key drivers mentioned are the same fundamental reasons we've maintained for our long-term positive view: (1) the US economy moving toward a sustainable reopening, (2) the robust pace of vaccinations and (3) record breaking fiscal stimulus. In addition, other messages that regularly appeared include:
  1. **Pandemic Deepened The Attachment To Technology |** With heightened levels of cash on balance sheets, many companies outlined either planned or already completed tech-oriented capital expenditures. Whether it be improving the online customer experience, providing more exact delivery times for packages, or expanding payment options, it is clear that "technology will be a powerful engine" for the recovery and future growth as "technology needs continue to evolve at a rapid pace."
  2. **Consumer Dependence On Deliveries |** While e-commerce was a growing trend prior to the pandemic, the lockdowns led to an increase in online orders as consumers sought items unavailable at their local stores or simply desired to avoid brick and mortar retail locations for health reasons. Earnings calls across various industries showed that "digital is a significant growth opportunity," with some firms hoping to maintain their sizable gains in digital households. Package carriers reinstating "next-day service guarantees" due to customers placing a "high value on the reliability" only accentuates on-line importance.
  3. **Companies Subscribing To The ESG Movement |** There has been no shortage of companies making headlines for initiatives related to ESG principles, and the 1Q21 earnings calls only added to the list as pharmaceutical companies expressed concerns over patient access and pricing in all communities, retailers adding transparency about board composition, hotel chains highlighting shifts towards renewable energy sources, and tech companies stressing the lowering of their carbon footprint.
  4. **COVID-19 Impact Still In The Subject Line For Some Companies |** With the hope for a sustainable reopening becoming a reality, investors turned to 'reopening' companies with expectations that the rebound would most benefit these stocks. Our concern: a price-to-earnings disconnect as many of these stocks have recovered much of their price declines without the accompanying bounce back in revenues and earnings. For example, hotel chains are facing a lack of visibility in bookings with some 30% or more below pre-COVID revenues, airlines are missing business travelers with some commenting that margins may not be recovered until 2023, and cruise lines are yet to resume operations in the US.
  5. **May Not Be Able To Transmit Price Increases To Consumers |** We've anticipated the base effects of the recovery resulting in a transitory rise in inflation, and many of the largest companies within the S&P 500 identified issues related to backlogs, supply chain disruptions, and rising commodity costs. While some industries may have more leverage than others, the Consumer Staples sector may have difficulty passing on their input price increases to consumers as necessary "temporary COVID-19 spending" on items such as cleaning supplies, sanitizer, paper towels and toilet paper wanes.

CHART OF THE WEEK

Waiting For A Reply From The Equity Market

The S&P 500's response to the 1Q21 earnings season has been muted, despite earnings and sales beats that are near their respective record levels and are far outpacing their respective previous 20-quarter averages.



*See Charts of the week on page 3.

** Source: Bloomberg

ECONOMY

- The ISM surveys showed somewhat slower growth in April, but remained very strong by historical standards, with ongoing production constraints and labor challenges leading to inventory reductions and higher input cost pressures.*
- Jobless claims fell below 500,000 – a pandemic low – although the level remains very high by pre-pandemic standards.
- The trade deficit hit a record high in March, led by strong domestic demand for goods and slower global economic recoveries.
- Nonfarm payrolls rose by 266,000 in the initial estimate for April, well below forecasts (median forecast: +980,000)*. However, payrolls rose by 1.089 million prior to seasonal adjustment, in line with a typical (pre-pandemic) April. The unemployment rate edged up slightly to 6.1% (from 6.0% in March), reflecting increased labor force participation (61.7%, up from 61.5% in March).
- **Focus of the Week**: The Consumer Price Index is expected to have risen 3.5% y/y in April, but that reflects a rebound from the low levels of a year ago (during more broad shutdowns). Retail sales are likely to have gained further in April, led by strength in autos.

May 10- May 14

MON

TUE JOLTS Job Openings

WED Consumer Price Index (CPI)

THU

FRI Retail Sales

FUTURE EVENTS 5/20 Leading Economic Indicators
5/21 Markit PMI

US EQUITY

- With over 90% of the S&P 500's market cap reported, the historic Q1 earnings season is approaching an end. So far 87% of companies have beaten earnings estimates by an aggregate 23% rate—the largest surprise since 2Q20. Q1 earnings growth is expected to finish at 46% (more than double the 21.6% growth estimate when earnings season began)*. Despite strong Q1 results, the 3-day average price reaction for Technology companies has been disappointing. We do not like this signal, as this is the second consecutive quarter of good results but sloppy price action. Our interpretation is that relative performance may continue to struggle for now, as the market focuses on buying value (and using growth as the source of capital). Fundamentals remain strong and overall technical trends remain supportive, so we are not negative on Technology—but it may not regain market leadership just yet.
- **Focus of the Week:** Value looks like it will continue its outperformance vs. growth. After relative strength trends consolidated, value was able to hold technical support at its prior relative strength break out. On the flip side, growth failed to overtake resistance at its prior relative strength breakdown. Value remains relatively undervalued at an 8% discount to its 15-year average and also provides more fundamental leverage to the economic recovery. As such, we recommend continuing to build value exposure in portfolios.

FIXED INCOME

- 10-year Treasury yields continued to drift lower as the market lacked a catalyst to break out of its recent trading range*. Treasury Secretary Janet Yellen's comments that interest rates may need to rise to prevent the economy from overheating didn't have a lasting impact on the market as she was quick to walk back her earlier remarks. Though news headlines may lead investors to think otherwise, the Fed has not swayed from being accommodative and it has not indicated that this will change.
- **Focus of the Week:** Evaluation of the base effect, supply chain disruptions and pent-up demand suggest transitory inflation exists but it will fade as the recovery roots. 10-year breakeven rates, which measure the market's expectation for inflation over the next decade, rose to 2.47%-the highest level since 2013. The move in breakeven rates has been a tailwind for Treasury Inflation Protected Securities (TIPS), which have handily outperformed like-duration Treasurys as of late. However, some caution may be warranted as breakeven rates are now well above the Fed's 2.0% average inflation target and real yields are still deeply in negative territory.

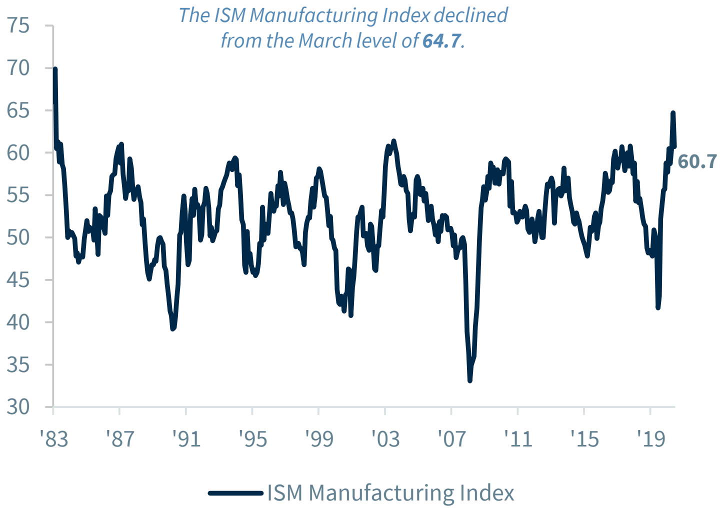
COVID-19 & POLITICS

- **Domestic COVID-19:** So far 148.6 million Americans have received at least one dose of the COVID vaccine, while 107.3 million are fully vaccinated. The Biden administration hopes to vaccinate a large number of adolescents age 12-15 years old pending a hoped-for approval of Pfizer's vaccination for younger populations in the near future. While progress remains promising, vaccine hesitancy remains prevalent; the number of US adults receiving their first dose continues to decline as our daily average doses administered stands at 2.13 million, down from 3.3 million+ just a few weeks ago*. Still, we remain cautiously optimistic and anticipate sustained improvements as vaccinations continue, barring further disruption from variants and other possible roadblocks.
- **Global COVID-19:** How many COVID infections does India have? The reality is, it is impossible to know – testing in many rural communities is limited, so the official numbers of 350k to 400k per day over the past week cannot be very precise. However, even based on those numbers it is obvious that India is, far and away, the epicenter of the COVID pandemic, with global case count increases totaling 800k to 900k per day, higher than the previous peak from January. India's struggle with the B.1.617 virus variant has resulted in a staggering 40-fold increase in reported daily infections since February. The crisis has expanded beyond India to the rest of South Asia: Pakistan, Bangladesh, and Nepal. Governments in these countries are trying to alleviate pressure on the healthcare system the only way that is readily available: by curtailing economic activity. As a result, the South Asia region currently has 1.2 billion people in lockdown: an astonishingly high number that accounts for more than half of the worldwide total of 2.0 billion. Meanwhile, countries beyond South Asia – at least 24 as of last week, including the US and UK – have imposed restrictions on flights from India: a total ban, a partial ban (for example, applying to non-citizens), or a mandatory quarantine.
- **Politics:** Looking ahead to this summer, we expect the Biden administration may face its first diplomatic challenge in the US-China relationship with the expected advancement of a package of bipartisan bills to boost US economic competitiveness and address human rights issues/geopolitical concerns in the pacific. The package is likely to invest billions of dollars over the next five years in domestic tech research and development – an overall positive for US economic growth. However, we expect China to push back on policies such as US support for Taiwan, Hong Kong, and addressing human rights issues in the Xinjiang region of China – a broad set of challenges on top of the currently-strained economic relationship. We see an underappreciated risk of tensions with China continuing to deteriorate over the next few years driven by domestic political pressures and an expanded set of challenges with an emphasis on China's regional ambitions under the Biden administration.

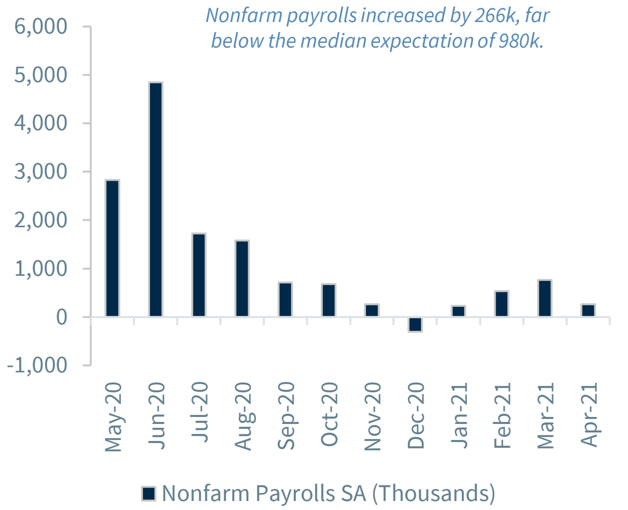
*See Charts of the week on page 3.

Charts of the Week

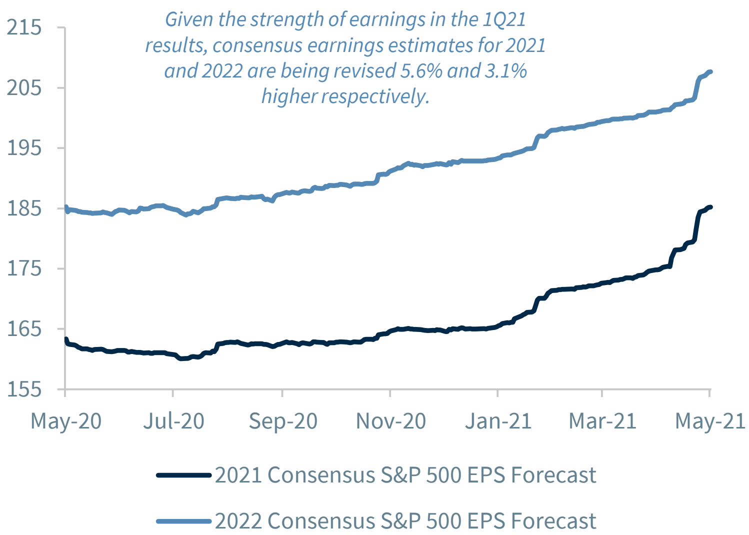
ISM Manufacturing Index Declines From Recent Peak



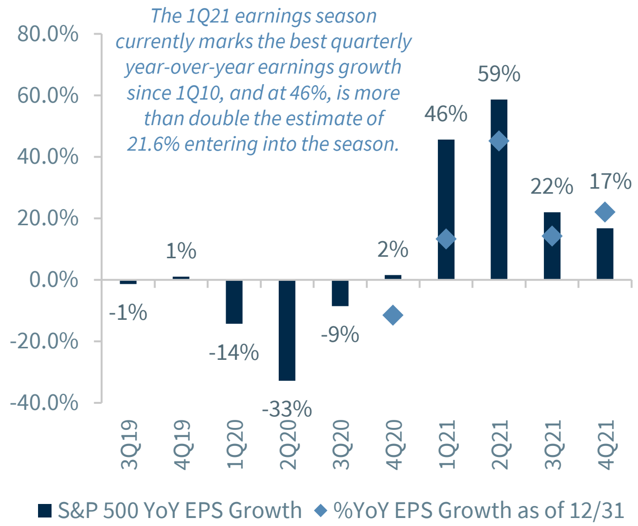
Job Gains Well Below Consensus Estimates



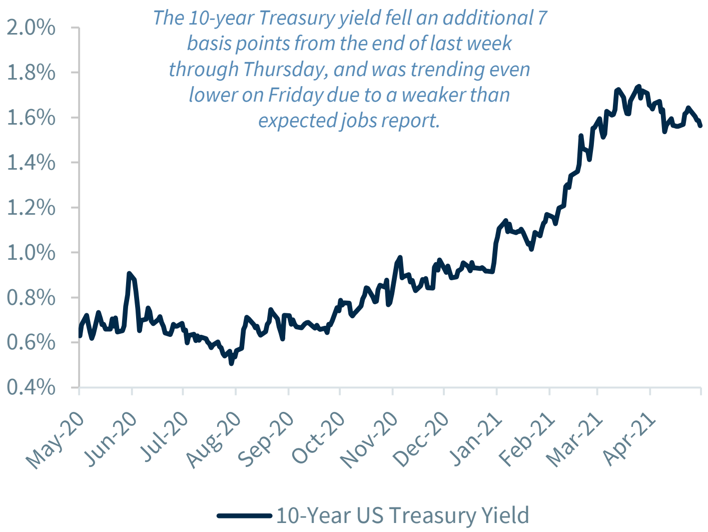
2021 & 2022 Earnings Estimates On The Rise



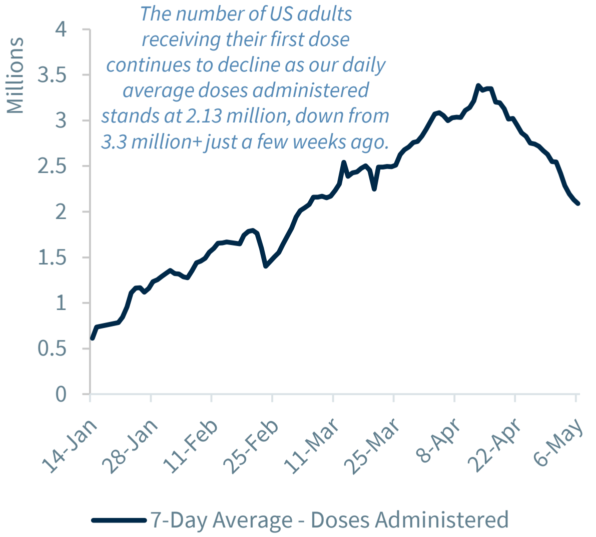
1Q21 Earnings Far Exceed Expectations



10-Year Yield Falls Despite Strong Economic Releases



Pace of Vaccinations Slowing From Recent Peak



Asset Class Performance | Distribution by Asset Class and Style (as of May 6)**

Weekly Returns (as of May 6)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	1.1%	-0.7%	-2.4%
Mid Cap	0.4%	-1.5%	-5.3%
Small Cap	0.4%	-2.3%	-5.3%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	0.7%	-0.3%	-1.7%
Mid Cap	0.2%	-0.9%	-1.3%
Small Cap	-0.3%	-1.2%	-1.7%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.3%	0.7%
Invest. Grade	0.1%	0.3%	0.5%
High Yield	0.3%	0.2%	0.6%

Year-to-Date Returns (May 6)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	18.0%	11.7%	5.9%
Mid Cap	20.1%	13.1%	0.7%
Small Cap	25.7%	13.8%	2.9%

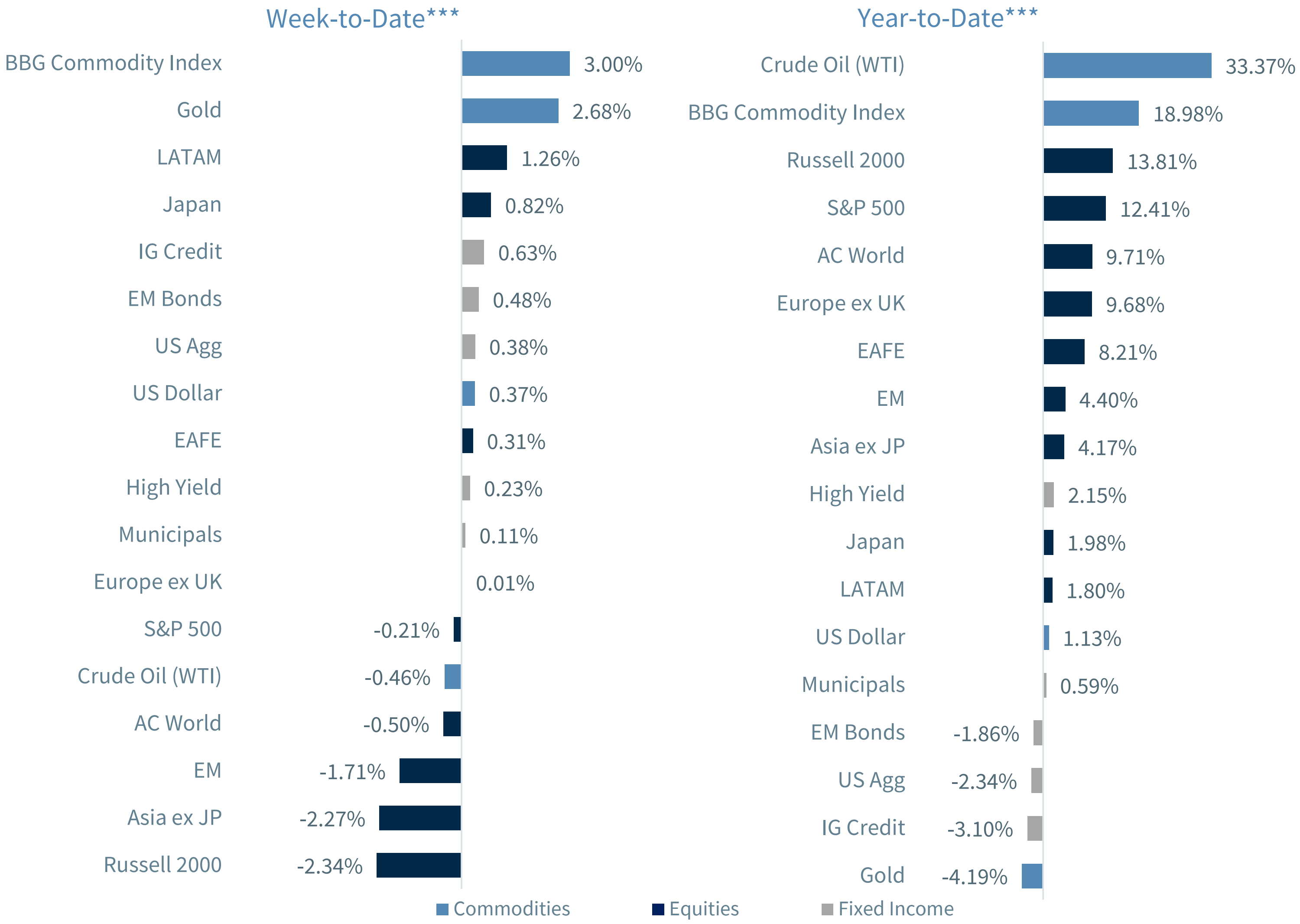
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	10.7%	10.1%	4.4%
Mid Cap	9.3%	11.1%	9.4%
Small Cap	11.0%	14.2%	14.0%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-1.7%	-5.4%
Invest. Grade	0.2%	-1.2%	-2.5%
High Yield	3.3%	2.2%	1.5%

Asset Class Performance | Weekly and Year-to-Date (as of May 6)**



**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 May 6

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4201.6	(0.2)	0.5	12.4	50.0	18.6	17.6	14.4
DJ Industrial Average	34548.5	1.4	2.0	12.9	46.0	12.5	14.3	10.6
NASDAQ Composite Index	13632.8	(3.2)	(2.4)	5.8	54.0	23.6	23.6	17.0
Russell 1000	4533.5	(0.7)	0.1	11.7	49.5	19.2	17.8	14.2
Russell 2000	5570.5	(2.3)	(1.1)	13.8	74.9	15.2	16.5	11.6
Russell Midcap	7931.1	(1.5)	(0.5)	13.1	59.6	16.7	15.6	12.7

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	546.5	3.8	4.9	20.5	76.6	17.2	16.0	10.7
Industrials	881.2	1.6	2.3	18.1	74.3	15.4	15.1	12.8
Comm Services	256.3	(1.4)	(0.5)	16.0	53.3	22.8	12.2	11.0
Utilities	334.4	(0.5)	(1.3)	5.8	24.3	12.3	9.9	11.1
Consumer Discretionary	1407.9	(1.7)	(1.9)	8.3	53.4	20.7	19.0	17.7
Consumer Staples	724.9	1.7	1.6	5.1	27.5	15.8	8.9	11.5
Health Care	1434.3	1.2	1.6	8.9	26.7	17.3	14.4	15.4
Information Technology	2421.4	(2.7)	(1.3)	6.0	51.2	28.5	30.0	20.7
Energy	397.1	4.0	6.9	40.7	52.3	(6.0)	(0.4)	(0.3)
Financials	623.9	2.7	3.7	28.1	80.5	13.8	17.4	13.4
Real Estate	261.5	(1.5)	(2.1)	15.6	33.8	14.2	9.0	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 (%)	0.2	0.0	0.0	(0.0)	0.1	2.7	1.5	1.1
10-Year Treasury (%)	1.6	0.7	0.5	(5.4)	(6.5)	5.8	2.0	3.6
Barclays US Corporate High Yield	4.8	0.2	0.2	2.2	19.6	7.1	7.7	6.4
Bloomberg Barclays US Aggregate	1.5	0.4	0.3	(2.3)	0.6	5.3	3.2	3.4
Bloomberg Barclays Municipals		0.1	0.1	0.6	7.1	5.2	3.5	4.4
Bloomberg Barclays IG Credit	2.2	0.6	0.5	(3.1)	6.3	7.2	5.0	4.9
Bloomberg Barclays EM Bonds	3.9	0.5	0.3	(1.9)	12.2	6.1	5.2	5.5

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	64.7	1.9	1.9	33.8	171.0	(2.5)	7.7	(4.0)
Gold ($/Troy Oz)	1813.2	2.9	2.6	(3.9)	7.2	11.5	7.1	2.0
Dow Jones-UBS Commodity Index	92.9	3.0	2.8	19.0	51.1	1.1	2.2	(5.3)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	91.0	0.4	(0.4)	1.1	(9.1)	(0.6)	(0.6)	2.0
US Dollar per Euro	1.2	(0.4)	0.2	(1.4)	11.7	0.4	1.1	(1.8)
US Dollar per British Pounds	1.4	(0.4)	0.3	1.6	12.4	0.9	(0.8)	(1.7)
Japanese Yen per US Dollar	109.1	0.1	(0.2)	5.6	2.9	(0.0)	0.4	3.1

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	704.1	(0.5)	0.4	9.7	50.3	14.1	15.0	10.0
MSCI EAFE	2295.8	0.3	1.3	8.2	46.1	7.4	10.3	6.1
MSCI Europe ex UK	2510.4	0.0	1.0	9.7	53.5	9.5	11.8	6.5
MSCI Japan	3895.0	0.8	1.8	2.0	35.5	6.6	10.6	7.4
MSCI EM	1340.8	(1.7)	(0.5)	4.4	52.8	8.6	13.7	4.3
MSCI Asia ex JP	874.7	(2.3)	(1.1)	4.2	50.5	10.2	15.4	7.0
MSCI LATAM	2458.8	1.3	3.6	1.8	58.8	(1.6)	5.9	(2.7)
Canada S&P/TSX Composite	15824.6	0.2	1.0	10.7	30.1	7.0	7.1	3.6

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

DISCLOSURES

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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.

Utilizing an ESG investment strategy may result in investment returns that may be lower or higher than if decisions were based solely on investment considerations.

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 5/7/2021

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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