THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

As we prepare to celebrate the long Memorial Day Weekend, the Investment Strategy Group would like to remember, honor, and thank all of the members of our armed forces who bravely lost their lives in service of our country. Given the improving state of our nation's battle versus the COVID-19 pandemic, we hope everyone is able to spend quality time with loved ones and we wish you and your family a healthy and restful holiday. Memorial Day serves as the 'unofficial' start to summer as the temperature heats up, school ends, and vacation season begins. While the volume of miles driven has historically spiked between now and Labor Day (the 'unofficial' end of summer), the easing of restrictions and inability to travel last year will likely turn our country into Resort USA! But with more people vacationing, do not lose focus on the markets as there are significant market moving events in the offing.

Key Takeaways

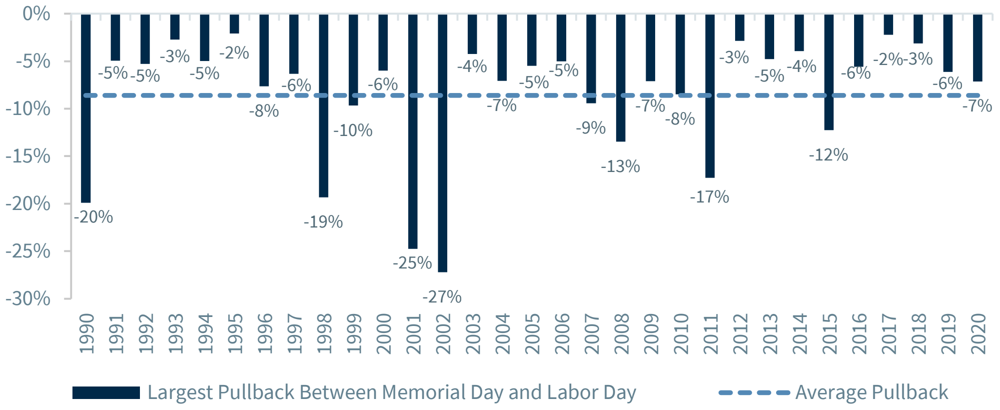
- Misconceptions With 'Sell In May Go Away' Expression
- The S&P 500's History Of A Summer Slowdown
- Keeping An Eye On A Multitude Of Events This Summer

- **Sell In May And Go Away? |** As many investors prepare to take a long overdue vacation, some are questioning if their equity portfolios should do the same given the bull market's 85%+ rally from the March 2020 lows, and due to the historically weak seasonal summer equity performance. The old adage of 'sell in May and go away' (defined as the S&P 500's performance between Memorial Day and Labor Day) has held some truth over longer time periods, with the S&P 500 posting a paltry, below-average return of ~0.9% since 1990; but it has shown to be less prescient in recent years as it has posted an average return of ~2.2% over the last ten years. While the returns have been predominantly positive, volatility has tended to heat up as the S&P 500 has suffered an average 8.6% drawdown since 1990 and at least a 5% pullback ~70% of the time at some point during the summer. Pullbacks should be expected this summer as the index sits less than 1% below its record high and has yet to experience a 5% decline so far this year. However, we would not panic with this uptick in volatility because longer term, our positive view of the equity market remains intact. Six developments that could dictate market direction over the summer include:
  1. **Hope Our Head Is Not In The Clouds With Vaccination Target |** Despite the decline in daily vaccinations since mid-April, the US is still on track to achieve its goal of 70% fully inoculated by the end of July—which assumes 1.5 million vaccinations/day. With the economy reopening, the biggest risk remains any vaccine evading variants and the potential need for booster shots.
  2. **Fed May Make Waves With Policy Shifts |** Between the Federal Open Market Committee (FOMC) Meetings in June and July, and the Jackson Hole Summit slated for August, the Fed has many opportunities to discuss plans for adjusting policy in light of the recovery. The Fed will have to simultaneously keep inflation fears at bay while beginning the tapering discussion (tapering likely to begin in Q4) to maintain its credibility. We continue to agree with the Fed that inflation is transitory, not persistent.
  3. **Sun May Not Set On Inflation Fears Just Yet |** Low inventories and supply chain bottlenecks should ease in the upcoming months to allow inflationary pressures to peak in 3Q and subside by year end. However, near-term inflation increases may further fuel investor fears that it will be prolonged, not transitory. Gasoline prices persistently above $3/gallon pose a risk.
  4. **A Bipartisan Path To Infrastructure Stimulus May Be Scorched |** While other measures such as repurposing stimulus funds are being discussed, the lack of a bipartisan agreement may force President Biden to take the route of budget reconciliation to accomplish his infrastructure agenda. From a tax perspective, among other things, we believe the market is pricing in a 25% corporate tax rate and 28% capital gains rate. If it comes in lower, equities should see a short-term rally and vice versa.
  5. **Job Reports Will Feel The Heat |** With over 8 million workers still unemployed as a result of the pandemic, the labor market has substantial ground to recover to its pre-virus state. Job report releases, one of which occurs just before the July 4 weekend, may weigh heavily on overall investor sentiment and economic prospects, especially following the disappointing April results. While there are some nuances such as unemployment benefits, child care issues, and a mismatch of skills and available jobs, our economist Scott Brown expects the trend in nonfarm payrolls to be relatively strong, averaging 500k+ in the months ahead.
  6. **2Q21 Earnings Results Should Shine |** The S&P 500's year-over-year earnings growth is estimated to reach 59% in the 2Q—the best since at least 2002. As was the case during 1Q21 earnings season, elevated expectations are priced into the market, so it will take the continuation of above-average earnings and sales beats (both expected) for further equity upside potential.

CHART OF THE WEEK

A Summer Slowdown

Since 1990, the S&P 500 has suffered an average drawdown of 8.6% at some point between Memorial Day and Labor Day. Despite these intra-period declines, the S&P 500 has posted a ~0.9% average return during these summer months.



*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- Durable goods orders fell 1.3% in April, reflecting a 6.2% decline in motor vehicle orders, but ex-transportation, orders advanced 1.0%, while orders for nondefense capital goods ex-aircraft jumped 2.3% (following a 1.6% rise in March).
- Initial jobless claims continued to trend lower (406,000 vs. 425,000 exp.) in the last week of May, reaching another pandemic low.*
- The Conference Board's Consumer Confidence Index was little changed at 117.2 in May.* Evaluations of current job conditions continued to improve, now back to pre-pandemic levels, but respondents were less optimistic about the next six months.
- **Focus of the Week**: Next week, the ISM surveys should remain consistent with strong growth, but at a somewhat more moderate pace. The May Employment Report is likely to show about a 700,000 increase in nonfarm payrolls, with a decline in the unemployment rate (from 6.1% in April). However, the report will be subject to some seasonal issues, which may add noise, so investors should focus on the three-month average gain in payrolls.

May 31- June 4

MON Memorial Day (markets closed)

TUE ISM Manufacturing Index

WED

THU ISM Services Index

FRI Employment Report

FUTURE EVENTS 6/1 JOLTS Job Openings
6/10 Consumer Price Index (CPI)

US EQUITY

- Equities continue to trade in a range bound manner following a pause in the rate of ascent since mid-April.* This is a normal period of consolidation, but it does make the market somewhat more vulnerable to negative headlines, the latest being inflation.
- **Focus of the Week:** We prefer large value over large growth (although certain momentum indicators allow for short-term outperformance in growth) and recommend accumulating small caps as they are in a basing period. Globally, we favor the US while waiting for an opportunity in Europe and being selective in emerging markets as China remains weak. Additionally, we see the pullback in the equal-weight Consumer Discretionary sector as buyable.

FIXED INCOME

- Duration risk has been a headwind for bond returns in recent months as growth and inflation concerns have lifted Treasury yields off their lows. While credit spreads have continued to grind tighter, the reflation narrative has been a drag on the performance of investment-grade bonds due to their higher interest-rate sensitivity. High-yield bonds and bank loans have generally fared better as they tend to be more correlated to equities. While we are mindful that credit spreads trade at historically low levels, spreads are likely to remain tighter than average given the strong fundamental backdrop for credit. We are more cautious on TIPS after the move in breakeven inflation rates over the last few months, which are now pricing in an average of 2.6% inflation over the next five years.
- **Focus of the Week:** Longer-maturity US Treasury yields continue to consolidate, with the 10-year Treasury falling back to ~1.61%.* Given the inflation hype in the headlines, one would think Treasury yields would move higher in reaction. However, it is worth noting that much of the move in the Treasury market occurred well in advance of the actual spike in the inflation readings—an example of how the market anticipates.

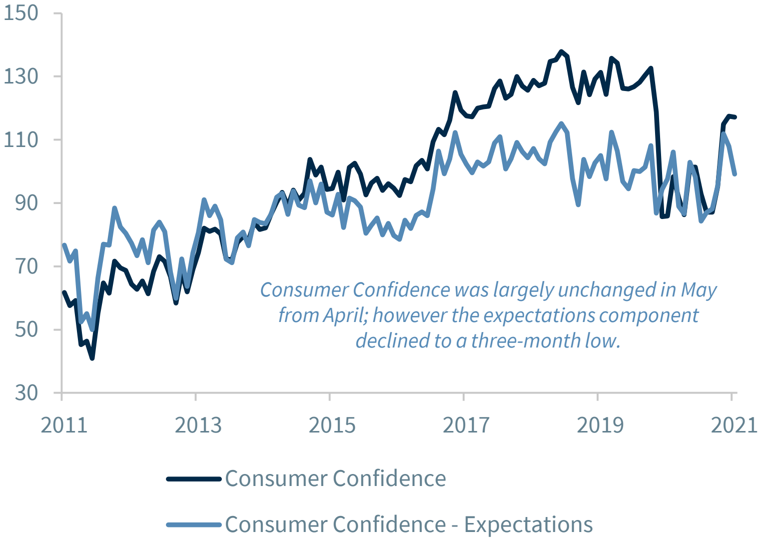
COVID-19 & POLITICS

- **Domestic COVID-19:** The US has now counted more than 33,195,300 identified cases and more than 592,500 identified deaths attributed to the coronavirus pandemic. This week, daily new cases averaged 22,139, a 23.0% drop compared to the week prior and a 54.9% drop from May 1. Also, US daily average hospitalizations and deaths attributed to the virus declined by 14.7% and 17.8%, respectively. This progress is substantial, and it is heavily attributable to the ongoing vaccination process. Now, 165.1 million Americans (49.7% of the population) have received at least one dose, while 131.9 million (39.7% of the population) are fully vaccinated. While these promising statistics are gradually allowing Americans to return to some semblance of normal, vaccine hesitancy and the potential for complicating variants remain potential roadblocks for progress in the future.
- **Global COVID-19:** To many of our US readers, it might feel like COVID is in the rearview mirror. Looking from a global perspective, it becomes abundantly clear that the pandemic remains very real. Over the past week, the worldwide case count increase averaged ~600k per day. Although this is down 25% from the all-time highs in late April, it is higher than the levels of February or March. Insofar as there was improvement during May, India's subsiding second wave played the main role, but India still has by far the fastest rate of increase among the G20 major economies, followed by Japan and Argentina. As we think about places where infections are near record levels, Taiwan and Malaysia are front-and-center. Both of these are major technology sector hubs, so there is read-through for various supply chains. Though still on a small scale in absolute terms, Taiwan's outbreak is stunning for its intensity: more cases added in the past week than during the entire pandemic up until this month. Malaysia, meanwhile, has entered a two week shutdown as its daily infections have increased significantly.* What do all of the aforementioned places have in common? They all have low vaccination rates, making their populations inherently more vulnerable to the newer variants of the virus.*
- **Politics:** A $928bn counteroffer by Republicans to President Biden's $1.7tn revised infrastructure proposal raises the overall floor of the likely final infrastructure package, and moves us closer to a final package with around $1tn in deficit spending, in our view. Our base case remains that an infrastructure bill in the $2-3tn range will advance without Republican support, further supported by President Biden's budget set to be released Friday detailing around $6tn in funding for FY22, compared to $4.8tn to FY21. The scope of the funding will make it easier for Republicans to attack the administration on the deficit impact, making a partisan path to infrastructure more likely. As these pieces come into place, the debt limit will have to be raised later this fall, which will almost certainly have to be done via a reconciliation simple majority vote. We view this as the clearest opportunity to advance an infrastructure bill on a simple majority basis with a clear catalyst. We have also discussed that the administration was looking at ways to limit volatility around the effective date of a capital gains increase, and it appears that the opening to these negotiations by the administration will be with having the tax applied retroactively. If discussions trend toward a lower capital gains rate than the 39.6% rate initially proposed, the odds rise that the decrease would be paired with a retroactive effective date.

*See Charts of the week on page 3.

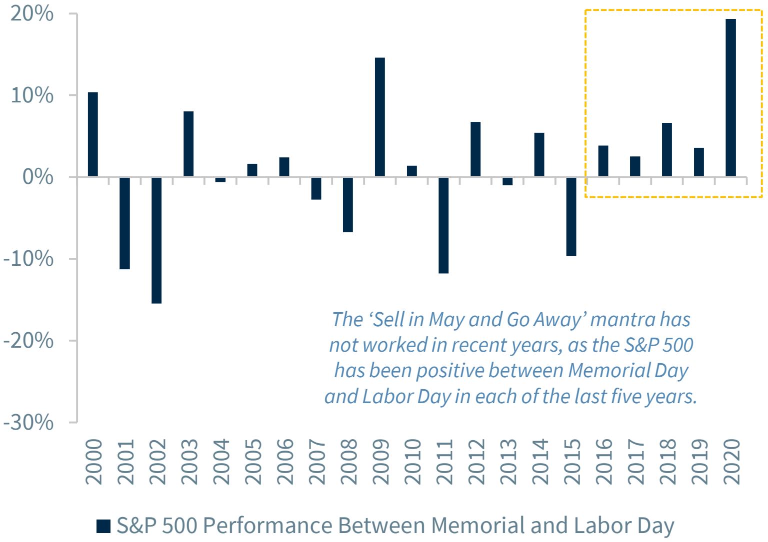
Charts of the Week

Consumer Confidence Flatlines; Expectations Decline



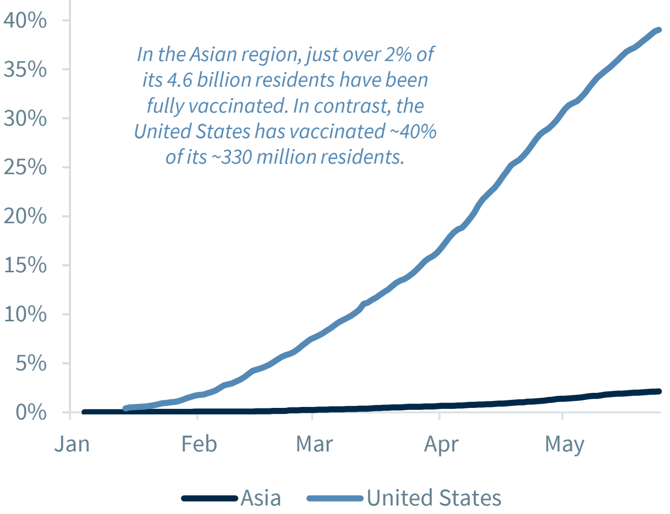
Initial Claims Still Trending Lower

Equity Returns Slow As Bull Market Ages

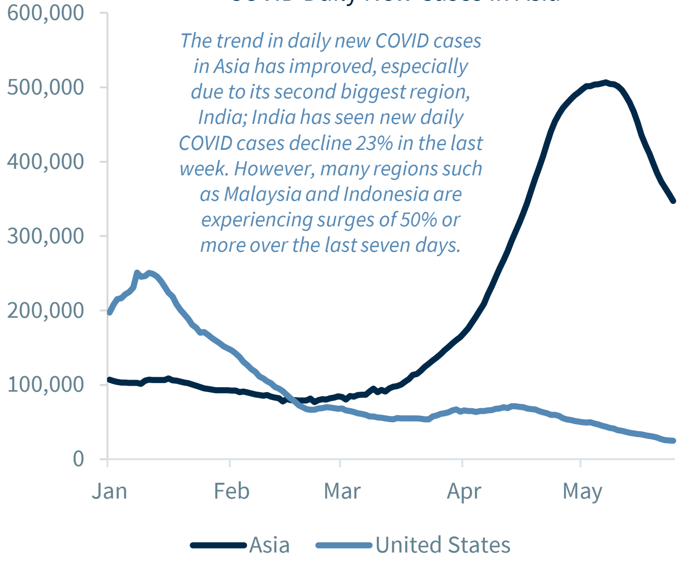


10-Year Treasury Yield Falls Below Key Technical Level

Fully Vaccinated Population in Asia and United States



COVID Daily New Cases in Asia



Asset Class Performance | Distribution by Asset Class and Style (as of May 27)**

Weekly Returns (as of May 27)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	1.3%	1.1%	0.9%
Mid Cap	1.7%	1.7%	1.7%
Small Cap	3.2%	3.0%	2.7%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	0.9%	1.0%	1.3%
Mid Cap	1.3%	1.5%	2.3%
Small Cap	0.9%	1.9%	2.8%

Fixed Income (Bloomberg Barclays indices)

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

Year-to-Date Returns (May 27)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	18.4%	12.0%	6.1%
Mid Cap	20.8%	14.4%	3.1%
Small Cap	27.8%	15.5%	4.2%

International Equities (MSCI indices)

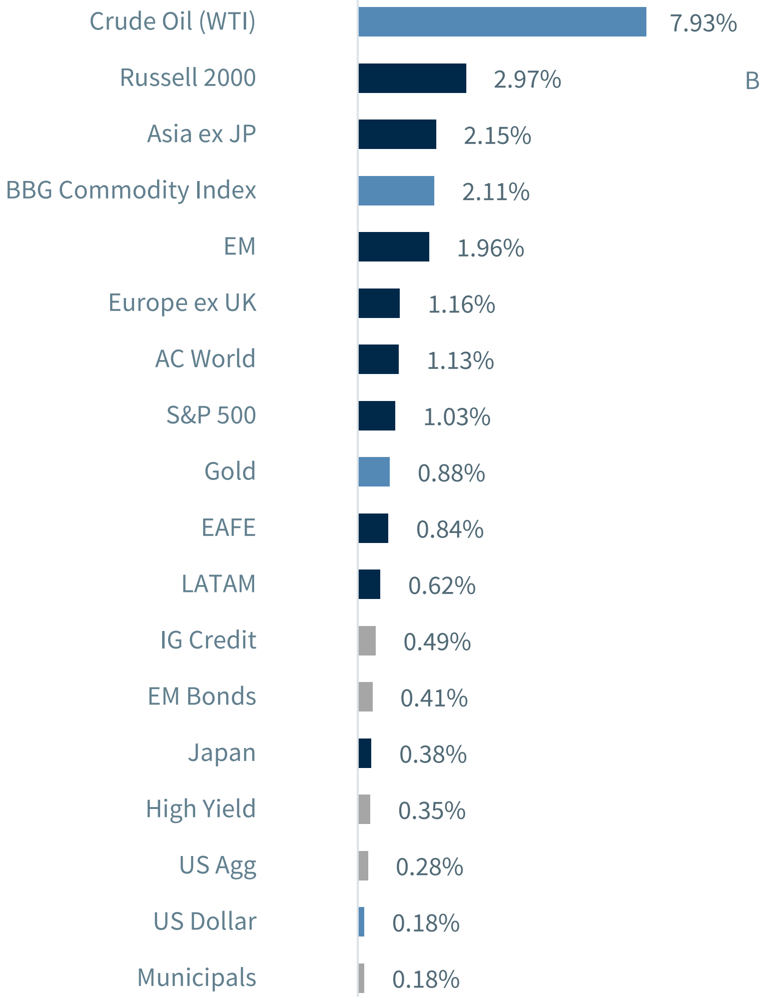
	Dev. Mkt	World	Emerg. Mkt
Large Cap	11.7%	10.6%	4.7%
Mid Cap	9.8%	12.2%	11.0%
Small Cap	11.6%	15.0%	16.4%

Fixed Income (Bloomberg Barclays indices)

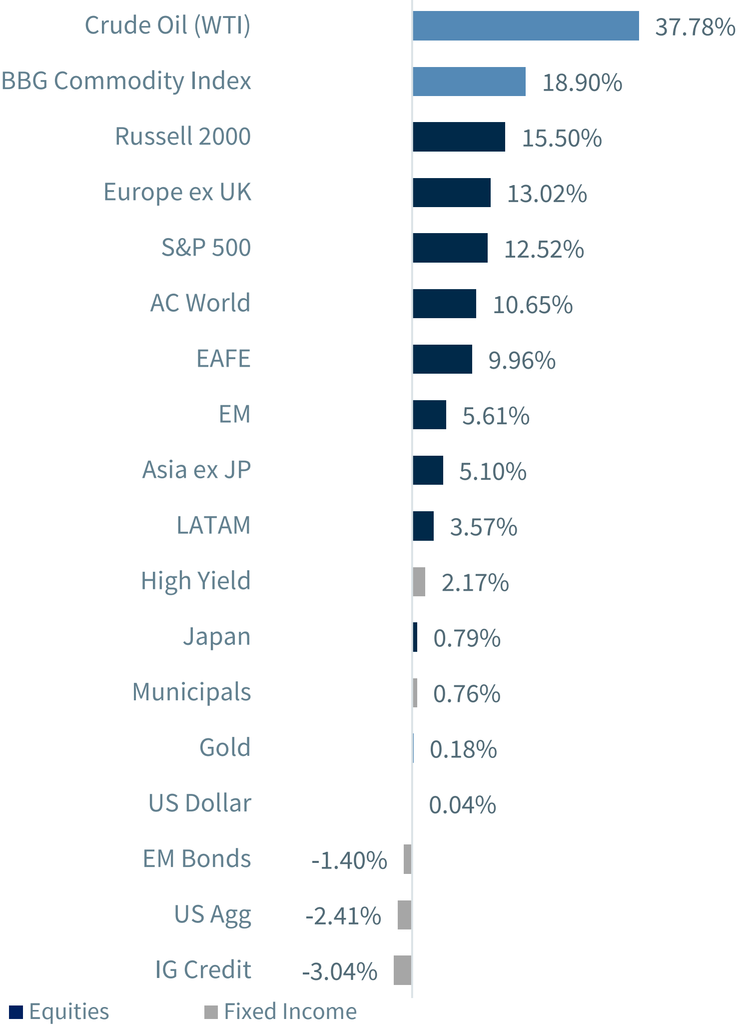
	1-3 YR	Medium	Long
Treasury	0.0%	-1.6%	-5.6%
Invest. Grade	0.3%	-1.0%	-2.3%
High Yield	3.5%	2.3%	1.1%

Asset Class Performance | Weekly and Year-to-Date (as of May 27)**

Week-to-Date***



Year-to-Date***



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

***Assumes all asset classes are priced in US dollars unless otherwise noted. Ranked in order of performances (best to worst).

Weekly Data**

Data as of May 27

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4200.9	1.0	0.6	12.5	40.6	17.7	17.1	14.5
DJ Industrial Average	34464.6	1.1	1.7	12.6	34.9	11.6	14.0	10.7
NASDAQ Composite Index	13736.3	1.5	(1.6)	6.6	45.9	22.7	22.7	17.2
Russell 1000	4541.0	1.1	0.4	12.0	49.5	19.2	17.8	14.2
Russell 2000	5649.2	3.0	0.4	15.5	74.9	15.2	16.5	11.6
Russell Midcap	8017.9	1.7	0.7	14.4	59.6	16.7	15.6	12.7

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	548.1	1.1	5.4	21.1	62.1	16.6	15.5	10.8
Industrials	887.3	2.5	3.2	19.1	55.7	13.9	15.2	13.1
Comm Services	258.2	2.5	0.2	16.9	43.8	22.8	12.5	11.0
Utilities	328.1	(1.5)	(2.8)	4.2	16.6	12.5	9.5	10.8
Consumer Discretionary	1383.2	1.9	(3.6)	6.4	38.5	19.2	18.5	17.5
Consumer Staples	725.4	(0.4)	1.8	5.2	24.2	15.7	9.1	11.3
Health Care	1433.2	(0.9)	1.6	9.0	24.8	16.3	13.7	15.4
Information Technology	2419.6	0.8	(1.2)	6.0	43.6	27.1	28.7	21.0
Energy	389.5	0.1	5.7	39.1	36.5	(6.7)	(1.2)	(0.6)
Financials	629.9	1.9	4.7	29.5	61.6	13.4	16.9	13.8
Real Estate	268.2	1.3	0.6	18.7	29.4	15.4	10.1	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	1.3	1.1	0.6
2-Year Treasury (%)	0.1	0.0	0.1	0.0	0.2	2.7	1.6	1.1
10-Year Treasury (%)	1.6	0.3	0.4	(5.6)	(7.1)	5.7	2.1	3.5
Barclays US Corporate High Yield	4.8	0.3	0.2	2.2	15.4	7.1	7.4	6.4
Bloomberg Barclays US Aggregate	1.5	0.3	0.2	(2.4)	(0.3)	5.2	3.2	3.3
Bloomberg Barclays Municipals		0.2	0.3	0.8	4.8	5.2	3.5	4.3
Bloomberg Barclays IG Credit	2.2	0.5	0.6	(3.0)	3.9	7.1	5.0	4.9
Bloomberg Barclays EM Bonds	3.9	0.4	0.8	(1.4)	8.2	6.1	5.3	5.4

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	66.9	5.1	5.3	38.3	103.8	(0.5)	6.3	(4.0)
Gold ($/Troy Oz)	1891.5	0.7	7.0	0.2	11.6	13.2	9.2	2.1
Dow Jones-UBS Commodity Index	92.8	2.1	2.7	18.9	48.1	0.7	1.7	(5.6)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	90.0	0.2	(1.4)	0.0	(9.2)	(1.5)	(1.2)	1.8
US Dollar per Euro	1.2	(0.1)	1.4	(0.3)	11.2	1.5	1.9	(1.5)
US Dollar per British Pounds	1.4	0.2	2.5	3.8	16.2	2.1	(0.6)	(1.5)
Japanese Yen per US Dollar	109.7	0.8	0.4	6.3	1.8	0.1	(0.0)	3.1

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	708.9	1.1	1.2	10.6	42.7	14.0	14.7	10.3
MSCI EAFE	2325.3	0.8	3.0	10.0	40.0	8.1	10.2	6.5
MSCI Europe ex UK	2575.8	1.2	4.1	13.0	47.5	11.1	11.8	7.2
MSCI Japan	3847.7	0.4	0.6	0.8	25.9	6.2	10.2	7.7
MSCI EM	1354.3	2.0	0.7	5.6	49.6	8.9	13.9	4.5
MSCI Asia ex JP	881.1	2.2	(0.2)	5.1	50.6	9.9	15.2	7.2
MSCI LATAM	2497.7	0.6	5.4	3.6	42.1	1.3	7.2	(2.6)
Canada S&P/TSX Composite	16372.9	1.2	3.5	13.4	29.5	7.1	7.0	3.7

**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.

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.

GERMAN BUND| A bund, German for "bond," is a debt instrument issued by Germany's federal government that is similar to the US Treasury bond.

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DATA SOURCE

FactSet, as of 5/28/2021

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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