THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Key Takeaways

- Pullbacks Are Part Of The Fabric Of The Market
- Timing The Market Is A Difficult If Not Impossible Feat
- Rebalancing Is Critical In Maintaining Risk Profile

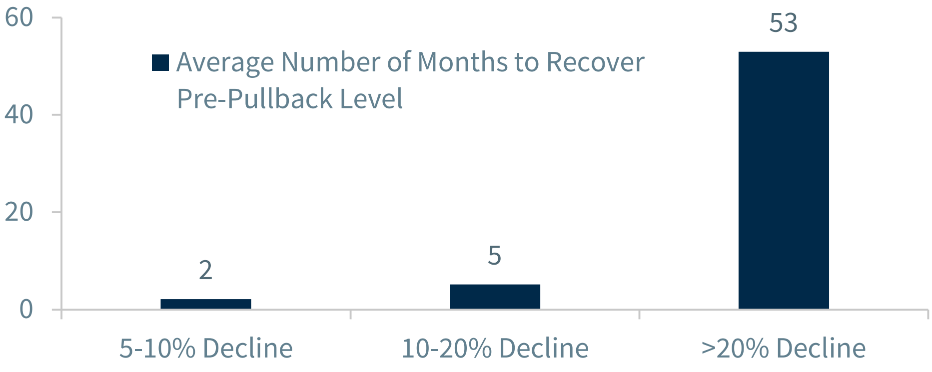
From school bells to the bells of New York Stock Exchange—the ringing of bells often signifies the beginning and/or conclusion of an event. Unfortunately, there is no distinctive bell to signify the beginning of a meaningful equity market rally or pullback. Keep in mind that few foresaw the swift COVID-induced 34% decline last year and even fewer saw the unprecedented ~100% rally since last March. In fact, this S&P 500 bull market is the best on record at this juncture, outperforming all previous bull market runs by at least ~40%. While timing the stock market precisely is a challenging, if not impossible feat, there are techniques investors can employ to maximize their long-term performance, which are discussed below. As calls for a potential pullback ring louder from many pundits, it is essential to put volatility into perspective and address what steps you should or should not take when one occurs.

- **Time Does Not Toll The Bell |** Pullbacks, like rallies, are part of the fabric of the market, the pattern of which is not always predictable. As a result, getting a pullback is normal and may very well be 'overdue'— we have not had a 5% or more retreat in the S&P 500 in ten months—the third longest streak over the last 25 years and nearly four times the previous historical average. Additionally, from an historical basis, the S&P 500 typically experiences ~three to four 5%+ pullbacks per year and we have not had one year-to-date! So, using history as a guide, it should be no surprise if we get a modest pullback of that magnitude in the equity market over the next few months or so—in fact, history says we should expect it. Larger pullbacks in the 10-20% range are less likely, but do occur—usually less than one per year (19 instances over the last 25 years). However, pullbacks of more than 20% are even less likely unless we have a major disruption in our optimistic economic outlook. Specifically, the five 20%+ pullbacks experienced over the last 25 years have all coincided with a recession—which is not our base case.
- **The Investment Strategies That Ring True |** In the near term, another factor that makes us cautious is investor complacency and there are some signs brewing: the percentage of portfolio stock allocations is at a three-year high, the percentage of portfolio cash allocations is at the third lowest level in 20 years, and the percentage of analyst 'Buy' ratings on individual stocks has reached an 18-year high. While the equity market often likes to humble investors who get overly confident with contrarian moves to the downside in the short term, it is important to maintain a long-term view of the equity market. We continue to view pullbacks as a buying opportunity because of strong fundamentals: continued above-trend economic growth into 2022, upside risk to consensus earnings estimates for 2022, increasing dividends and buybacks, and attractive valuations relative to bonds. If we do experience a pullback, we do not expect it to be substantial from a duration or magnitude perspective. Our advice is to focus on the factors you can control: creating a financial plan that provides proactive guidance as to how to adjust positioning in light of pullbacks and diversifying. Patience, discipline, and rebalancing are three key words to consider in volatile times.
  - **No Cause For Alarm With A Plan In Place |** As much as we advise against attempting to time the market, we also discourage investors from allowing emotions to dictate portfolio decisions. Often times, the two go hand-in-hand, and historical returns reveal just how detrimental emotionally-driven, panicked selling can be. In fact, an investor who missed the 20 best trading days (of the total 5,030 trading days) over the past 20 years would have posted an annualized price return of -0.1%. In comparison, an investor who remained invested and participated in all the trading days would have had an annualized price return of 6.6%. Even more insightful, these '20 best trading days' occurred within two weeks of a 5%+ pullback 90% of the time, reflecting that 'panic selling' in the midst of bouts of volatility is likely to underperform the broader market over time.
  - **Saved By The Diversification Bell |** While pullbacks are a natural, healthy occurrence in the equity market, they can be uncomfortable, especially if you do not have a well thought out financial strategy. But once the appropriate asset allocation parameters are established, rebalancing is a fundamental dynamic needed to help achieve investment goals consistent with a predetermined level of risk. Our proprietary study shows rebalancing (either monthly, quarterly or annually) is vital.* For example, since 1980, a 'rebalanced' 60% equity/40% bond portfolio earns relatively the same amount of return as the S&P 500 while experiencing much less risk. Why? In times of crisis (e.g., the tech bubble, Great Financial Crisis, COVID) the stability of bonds provided a ballast and the ability to rebalance opportunistically into depressed equity markets.

CHART OF THE WEEK

Length of Time to Recover Pullback Losses Varies

Investors need to have a longer-term investment horizon when setting their investment allocations to account for any potential equity volatility. While the S&P 500 typically takes only 2 months, on average, to recover from a 5-10% decline, it typically takes 3-5 years to recover from a 20% or more decline.



Source: FactSet, pullbacks range over the last 25 years

* Investment Strategy

RAYMOND JAMES

ECONOMY

- The unemployment rate declined to a new post-COVID low in July (to 5.4% from 5.9%), and the labor force participation moved higher during the month.* While the Delta variant poses some risk to the near-term outlook, current job growth remains strong. Nonfarm payrolls (+943,000) rose more than the median forecast (+870,000) in July, marking the fastest pace of monthly job gains since August 2020 and the second consecutive month of 900k+ job gains. For the Fed, if the current trajectory in payrolls is maintained, it implies that the tapering in bond purchases may potentially come sooner and be steeper than current expectations.
- The ISM Manufacturing Index edged down to 59.5 in July (vs. 60.6 in June). The ISM Services Index rose to 64.1 (vs. 60.1). Both surveys were consistent with strong growth, ongoing supply chain issues, input cost pressures, and hiring difficulties.*
- July unit Motor Vehicle Sales slowed to their slowest pace in a year, down 19.4% in the last three months.*
- The trade deficit widened to a record $75.7 billion in June, reflecting further strength in imports.
- **Focus of the Week:** Next week, the focus is expected to be on the Consumer Price Index. Higher gasoline prices will add to the CPI in July, but we should see a more moderate increase (relative to recent months) in CPI ex-food and energy.

August 9 - August 13

MON	JOLTS Job Openings	WED	Consumer Price Index (CPI)	FRI	UM Consumer Sentiment
TUE		THU	Producer Price Index (PPI)	FUTURE EVENTS	8/17 Retail Sales 8/18 FOMC Minutes

US EQUITY

- Earnings season continues to be strong with 87% of the S&P 500 beating consensus estimates with an aggregate surprise of 17% (~90% of the S&P 500 market cap has already reported).* Consensus earnings estimates for 2021 continue to rise (up 4.1% since the beginning of 2Q21 earnings season) with the more cyclical sectors seeing the highest revisions to earnings as defensive sectors lag.
- **Focus of the Week:** The Delta variant continues to be a major influence on day-to-day trading; however, until a variant proves to be resistant to current vaccines—which we do not believe the current variant is, we think the waves of rising cases and corresponding market volatility (more specifically on 'reopen areas') should be purchased. We continue to recommend investors be pragmatic with new purchases in the near term, as pullbacks are normal (9% pullbacks in bull market years on average) and the calendar becomes more of a headwind (Aug-Oct seasonally softer period of year), but still remain constructive on equities long term.*

FIXED INCOME

- The Treasury stated on Wednesday that it expects to reduce auction sizes starting in November. As this has been highly anticipated by market participants, no immediate impact is likely; however, the timing is interesting given it will likely occur at the same time that the Fed is expected to begin dialing back its asset purchases. If these adjustments happen simultaneously, it could begin to ease some of the supply/demand imbalances in the market. Investment grade corporate and municipal issuance both remain strong. Municipal issuance through July is matching last year's pace ($255bn in 2021 vs $258bn in 2020), while exceeding the pace of 2017-2019. IG corporate issuance just passed $900bn, and while lagging last year's pace, it is exceeding the prior year's issuance by 29%. Even with strong issuance from most markets, demand is currently outpacing supply which is a headwind to higher rates.*
- **Focus of the Week:** Regardless of interest rate levels, the need for a wealth-preserving fixed income allocation remains, so adherence to the right ratio of total return and wealth preservation assets should remain. With the low levels of interest rates, we suggest keeping durations moderate to short and sticking with intermediate maturities. Given the slope of the curve, intermediate term may offer the best risk/reward dynamics as the curve flattens past 10 years and short-term bonds offer very little yield.

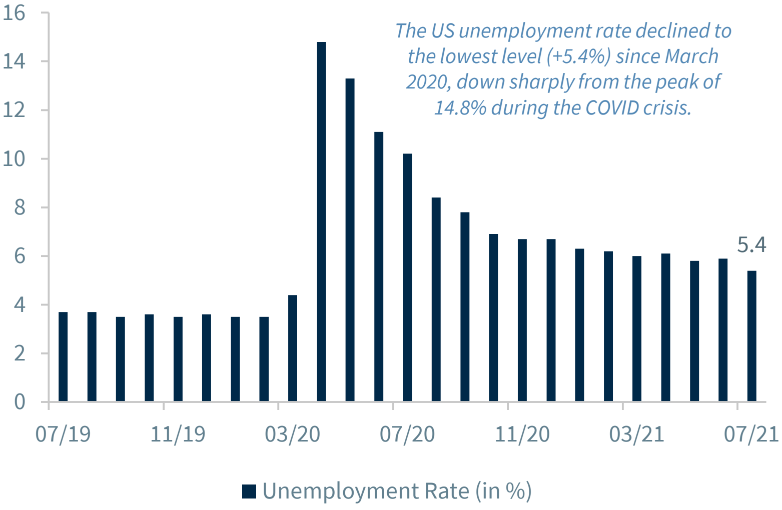
COVID & POLITICS

- **COVID-19:** Cases, and hospitalizations to a lesser degree, are skyrocketing as the Delta variant continues to spread across the country. The bad news is Delta is much more transmissible; the good news is that it appears Delta burns hot and fast and we could reach a peak in the next few weeks. While things will get worse before they get better, we remain skeptical that we will see large-scale lockdowns over large parts of the US. Hospitalizations are also unlikely to hit their January nationwide peaks; while certain states are seeing some hospitals beginning to get overwhelmed, these are largely areas with lower vaccination rates and we don't anticipate this being a major nationwide problem. Breakthrough cases in vaccinated individuals have caused concern, although these are a very small number of overall cases. Evidence continues to indicate the effectiveness of vaccines against COVID-19 in terms of infection, hospitalizations, and deaths. Overall, we believe cases will peak in the US in the next 2-3 weeks, but the reality is that we will likely continue this cycle with new variants until enough people are vaccinated or infected. Some areas are implementing a vaccine requirement for indoor activities; notably, NYC Mayor Bill de Blasio announced that proof of vaccination will be required to participate in certain activities, such as going to gyms, restaurants, and plays. We anticipate other major cities run by Democratic politicians will likely follow suit though areas run by Republicans will continue to push back against these mandates.
- **Politics:** With the bipartisan infrastructure bill on track for completion in the Senate, attention turns to the FY22 budget resolution that we currently expect to allow Congress to advance another $2-2.5T in spending with revenue offsets later this year. The $3.5T topline number for the budget resolution is a ceiling, not a floor, and indications are that moderate Democrats will seek to scale back the overall spending level in a final package – more likely toward our expected range. For markets, a key consideration will be the aim to fully offset the cost of this add-on package, for which all options remain on the table, exact details of which will be clearer around the post-Labor day time period. Two important themes to monitor in the months ahead are the ability of Democrats to find common ground on the overall size and scope of the reconciliation package and the advancement of the overall package around fiscal cliffs. The end of the eviction moratorium, student loan assistance, enhanced unemployment support, mortgage forbearance, and the December end of the Child Tax Credit will place pressure on Congress to act. However, this will require the agreement of virtually all Democrat lawmakers, which poses risks tied to key fiscal deadlines this fall.

*See Charts of the week on page 3.

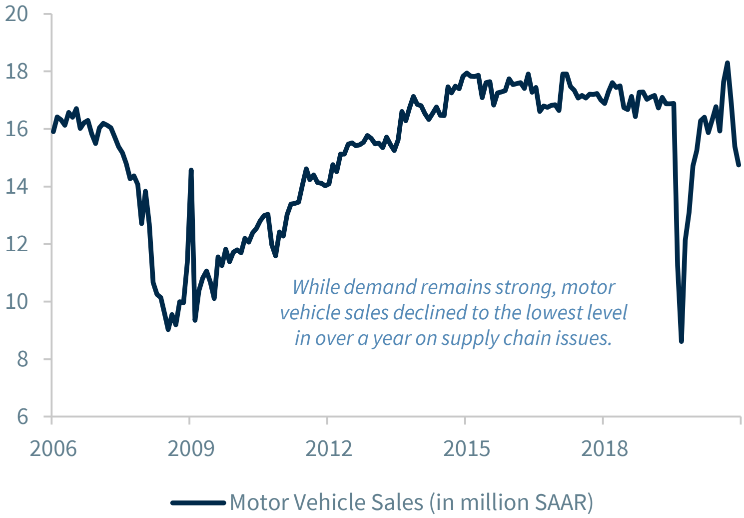
Charts of the Week

Unemployment Rate Declines to Post-COVID Low

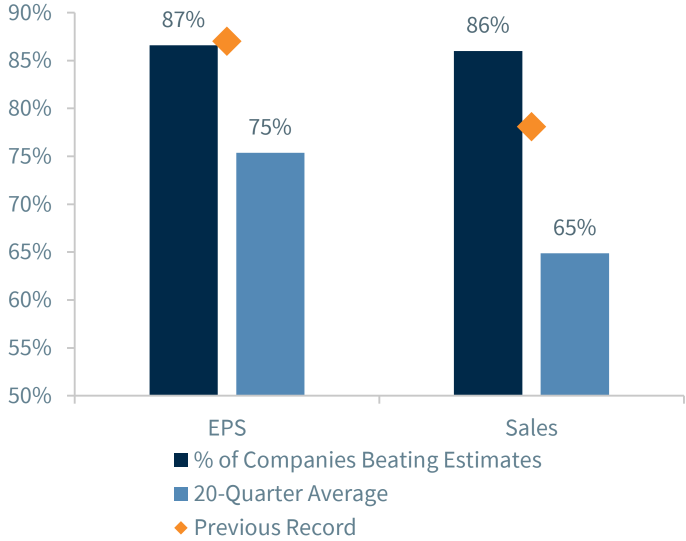


ISM Services Index Hits a Record High in July

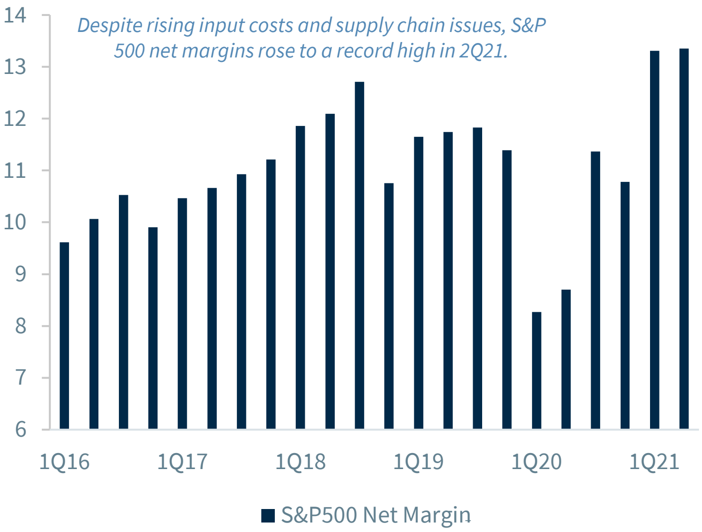
Supply Chain Issues Hamper Vehicle Sales



Beat Rates Near Record Highs



S&P 500 Margins at Record Highs



10-Year Treasury Yield Falls to Multi-Month Low

* Index definitions can be found on the disclosure pages

Asset Class Performance | Distribution by Asset Class and Style (as of August 5)**

Weekly Returns (as of August 5)

US Equitie (Russell indices)

	Value	Blend	Growth
Large Cap	-0.1%	0.3%	0.6%
Mid Cap	-0.1%	0.3%	1.0%
Small Cap	-0.7%	-0.2%	0.4%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	1.0%	0.4%	0.3%
Mid Cap	0.9%	0.6%	0.3%
Small Cap	0.7%	0.3%	0.3%

Fixed Income (Bloomberg Barclays indices)

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

Year-to-Date Returns (August 5)

US Equitie (Russell indices)

	Value	Blend	Growth
Large Cap	18.3%	18.3%	18.3%
Mid Cap	20.5%	18.0%	13.1%
Small Cap	22.1%	13.8%	6.0%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	15.7%	15.7%	1.6%
Mid Cap	14.2%	16.2%	11.9%
Small Cap	16.1%	17.0%	21.6%

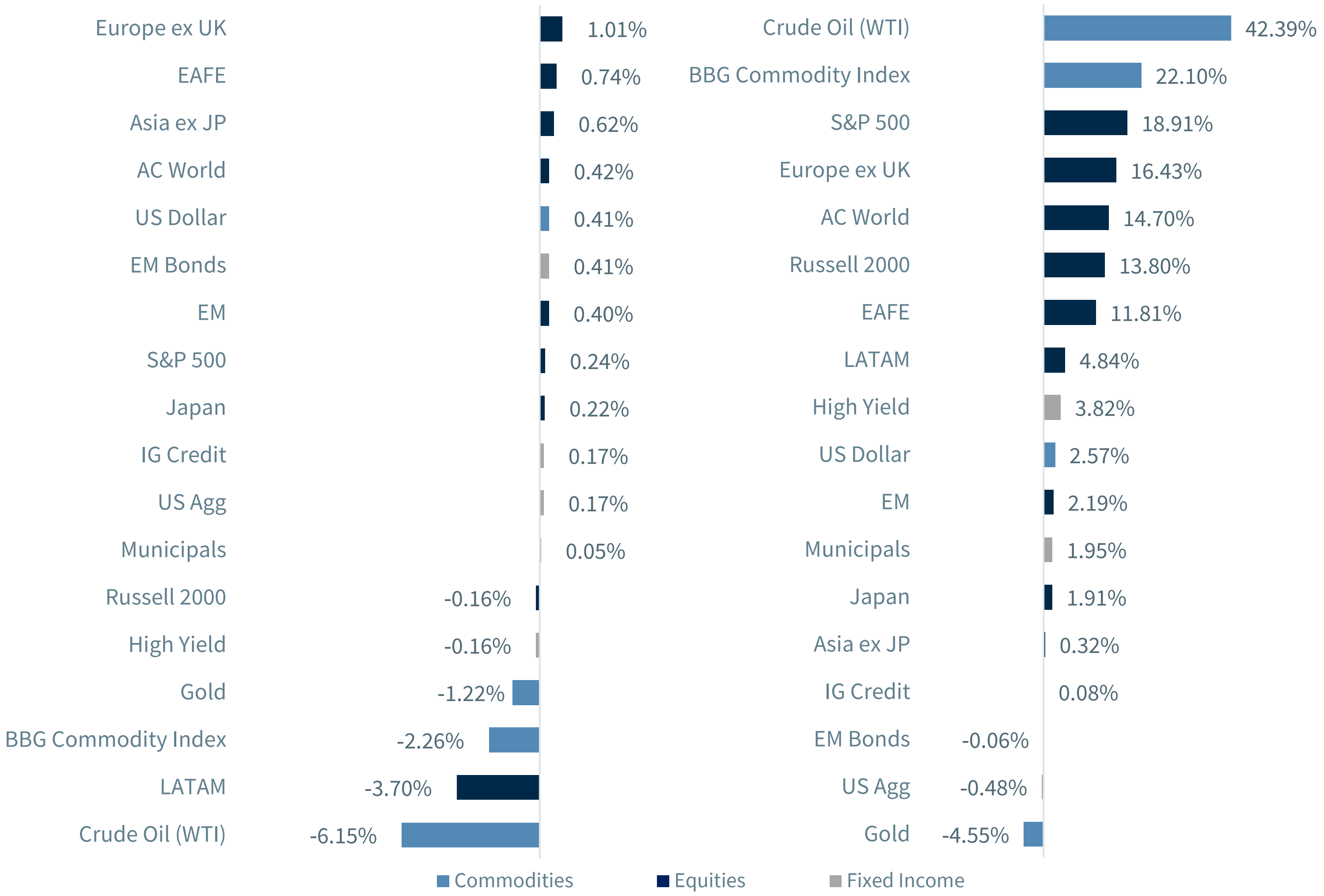
Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-0.9%	-2.0%
Invest. Grade	0.3%	0.2%	0.0%
High Yield	4.5%	3.6%	7.1%

Asset Class Performance | Weekly and Year-to-Date (as of August 5)**

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 August 5

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4429.1	0.2	0.8	18.9	35.2	18.1	17.4	16.3
DJ Industrial Average	35064.3	(0.1)	0.4	14.6	28.9	11.2	13.6	11.8
NASDAQ Composite Index	14895.1	0.8	1.5	15.6	35.4	23.9	23.3	19.4
Russell 1000	4785.3	0.3	0.8	18.3	38.0	18.6	17.6	15.4
Russell 2000	5557.0	(0.2)	0.5	13.8	52.0	11.5	14.3	12.3
Russell Midcap	8248.4	0.3	0.7	18.0	42.6	15.8	14.8	13.7

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	520.5	(0.9)	(1.3)	15.3	36.7	14.3	13.6	11.6
Industrials	871.5	(0.4)	(0.2)	17.2	42.3	13.1	13.7	14.7
Comm Services	275.4	0.3	0.8	24.9	44.2	23.6	12.0	12.8
Utilities	343.0	1.5	2.4	9.4	16.3	12.0	9.6	11.8
Consumer Discretionary	1454.8	(1.7)	1.1	12.1	25.7	19.0	19.0	19.3
Consumer Staples	735.0	(0.4)	(0.5)	7.2	16.6	12.9	8.7	12.2
Health Care	1550.6	0.9	0.8	18.2	27.0	16.3	14.2	17.6
Information Technology	2722.0	1.0	1.1	19.4	37.3	30.3	30.1	23.2
Energy	370.8	(2.2)	(0.6)	32.9	38.3	(8.6)	(2.2)	0.0
Financials	616.1	0.8	1.5	27.1	55.7	12.2	16.1	15.4
Real Estate	292.7	1.3	0.9	30.2	35.0	15.8	10.5	13.0

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	1.2	1.1	0.6
2-Year Treasury (%)	0.2	0.0	(0.0)	0.0	0.0	2.6	1.5	1.1
10-Year Treasury (%)	1.2	0.5	0.1	(2.0)	(4.9)	6.9	2.3	3.4
Barclays US Corporate High Yield	4.7	(0.2)	(0.2)	3.8	9.9	7.1	6.9	6.8
Bloomberg Barclays US Aggregate	1.4	0.2	0.0	(0.5)	(0.7)	5.7	3.2	3.3
Bloomberg Barclays Municipals		0.1	0.0	1.9	3.1	5.4	3.4	4.1
Bloomberg Barclays IG Credit	2.0	0.2	(0.0)	0.1	1.1	7.9	5.1	5.0
Bloomberg Barclays EM Bonds	3.9	0.4	0.4	(0.1)	2.9	6.4	4.6	5.2

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	69.1	(6.5)	(6.5)	42.9	63.6	0.3	10.6	(2.3)
Gold ($/Troy Oz)	1800.8	(1.6)	(1.4)	(4.6)	(12.1)	14.0	6.1	0.8
Dow Jones-UBS Commodity Index	95.3	(2.3)	(1.0)	22.1	33.9	3.9	2.6	(4.8)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	92.2	0.4	0.1	2.6	(0.7)	(1.0)	(0.8)	2.1
US Dollar per Euro	1.2	(0.4)	(0.2)	(3.2)	(0.4)	0.7	1.4	(1.8)
US Dollar per British Pounds	1.4	(0.3)	0.2	1.9	6.0	2.3	1.3	(1.6)
Japanese Yen per US Dollar	109.7	0.1	(0.0)	6.3	3.9	(0.4)	1.5	3.4

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	732.6	0.4	1.2	14.7	32.4	14.7	14.7	11.9
MSCI EAFE	2358.5	0.7	1.6	11.8	29.1	9.2	10.5	7.9
MSCI Europe ex UK	2646.7	1.0	1.6	16.4	32.4	12.1	12.9	9.3
MSCI Japan	3885.7	0.2	1.7	1.9	23.0	7.6	9.8	7.9
MSCI EM	1300.1	0.4	1.8	2.2	20.4	9.4	10.8	5.1
MSCI Asia ex JP	834.8	0.6	1.8	0.3	18.4	10.7	12.1	7.4
MSCI LATAM	2513.4	(3.7)	0.2	4.8	27.1	0.4	4.0	(1.1)
Canada S&P/TSX Composite	16326.5	0.3	0.4	16.9	23.5	7.4	6.8	5.3

**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 8/6/2021

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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