WEEKLY HEADINGS

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What a difference a month makes! President Trump's tariff maneuvers sent financial markets on a rollercoaster. The shock from his aggressive trade policies triggered a surge in volatility, briefly pushing the VIX above 50—an extremely rare event. In early April, this uncertainty drove risk assets sharply lower, with the S&P 500 falling 19% from its February peak—just shy of the 20% threshold that defines a bear market. But markets quickly rebounded as Trump paused reciprocal tariffs for 90 days and significantly slashed tariffs on Chinese goods. These moves reignited investor confidence, lifting the S&P 500 into positive territory—up +1.1% YTD and above our year-end target of 5,800. This turnaround raises a key question: Where do we go from here? Below, we outline four reasons why we are *not* changing our views and believe that caution is warranted in the months ahead.

KEY TAKEAWAYS

Equity Rally Starting To Feel Stretched As Investor Sentiment Makes A U-Turn

Do *Not* Overlook Valuations: S&P 500's P/E Is Looking Pricey

Looking Ahead, Sector Differentiation Is Likely To Play A Greater Role

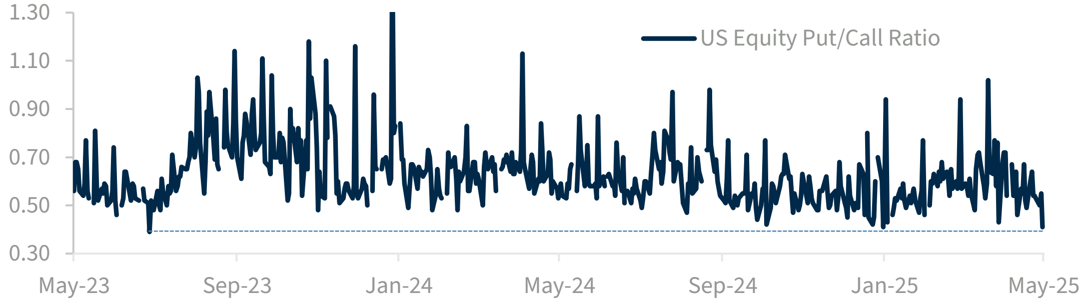
- **Too Early To Sound The All-Clear |** Despite encouraging signs from this week's de-escalation between the US and China, it is too soon to declare victory. The temporary pauses (e.g., with reciprocal tariffs and with China) have eased fears of a worst-case economic scenario, but downside risks remain. Our baseline forecast puts the average effective tariff rate in the 15–17% range—its highest level in nearly a century. While economic momentum has remained steady, as reflected by solid private domestic final purchases (+3% QoQ), we expect conditions to cool as the year progresses. Unresolved policy uncertainty and elevated tariffs are likely to slow job growth (though it should remain positive) and soften consumer spending. Our economist expects the US to narrowly avoid recession, but with tariffs projected to end the year nearly 5x higher than where they began, growth is set to slow. Although markets have welcomed the White House's tariff reversals, it has *not* altered our view that GDP growth will be ~1% in 2025—the weakest since the COVID downturn in 2020.
- **Valuations Are Still Stretched |** Following the 19% rally off the April 8 lows, equity valuations now appear stretched by historical standards. The S&P 500's trailing 12-month P/E ratio stands near 24x—placing it in the 91st percentile over the last 20 years. Meanwhile, the PEG ratio, which factors in expected earnings growth, is even more elevated, sitting in the 99th percentile. From these levels, we see limited room for further multiple expansion—and possibly some contraction—due to several factors. First, as discussed earlier, overall economic growth is slowing. Second, inflation risks may be re-emerging, highlighted by Walmart's recent warning about upcoming price increases. Third, the 10-year Treasury yield has marched back towards 4.5%, a level that has historically pressured equity valuations. Lastly, market expectations have shifted to just two Fed rate cuts this year. Given these headwinds, earnings will need to take the lead in driving equity gains from here. That would be in line with historical patterns, as valuation multiples typically compress during the third year of a bull market.
- **Headwinds For Earnings Remain |** At the onset of the trade war, we used a 15% tariff rate as a baseline—anticipating that the initial aggressive tariffs would eventually be negotiated lower. Based on this, we proactively reduced our 2025 S&P 500 earnings estimate from $270 to around $250–255. The reason for this adjustment was twofold: reduced economic activity weighs on sales growth, and rising tariff costs compress margins. While 1Q25 earnings were solid (S&P 500 EPS: +14% YoY), most results only covered the period through March 31—before "Liberation Day" on April 2—so they largely reflect pre-tariff conditions. More telling are the forward-looking revisions: since the start of Q2, consensus estimates for the rest of the year have been revised down by ~4%. Although the China trade truce is a positive step, it hasn't meaningfully changed our outlook. The average effective tariff rate is only drifting modestly lower toward our assumed 15%, a level *not* seen since the early 20th century. With persistent economic headwinds, we remain confident in our $250–255 EPS forecast. The current consensus of $264 is still about 4% above our estimate, suggesting further consensus downward revisions are likely.
- **Technical Backdrop Has Become Less Favorable |** The technical backdrop has flipped dramatically following one of the most volatile months in recent memory. After sentiment collapsed in the wake of the tariff rollout, the S&P 500's swift recovery has seen momentum indicators, such as the 14-day Relative Strength Index shift from deeply oversold conditions (14-day RSI<20) back near overbought territory (14-day RSI>70). After the put/call ratio soared to elevated levels just after "Liberation Day", it has now fallen to a 1.5-year low—signaling a sharp shift in investor sentiment away from bearishness. The equity market is also now entering a seasonally weaker stretch, as the S&P 500 historically tends to drift sideways during the summer months. With technical indicators no longer offering a bullish tailwind, we expect equities to trade in a choppy, range-bound fashion in the near term. Simply put, the easy money has likely already been made.

The Bottom Line | Following one of the strongest 25-day rallies on record, caution is warranted. Tariff-related headwinds for both the economy and corporate earnings are still unfolding, valuations remain elevated, and technical indicators have turned less supportive. With investor sentiment becoming increasingly optimistic, the market appears more vulnerable to any negative surprises on the earnings or macroeconomic front. Our year-end target of 5,800 implies limited upside, making sector differentiation a key driver of outperformance.

CHART OF THE WEEK

Equity Put/Call Ratio Flags Sharp Shift In Sentiment

Investor sentiment has shifted dramatically as shown by the sharp swing in the equity put/call ratio. Investors have become much more optimistic on the equity market, leaving it vulnerable to a disappointment.



Source: FactSet

RAYMOND JAMES

Economy

- Headline CPI for April rose a lower-than-expected 0.2% MoM, bringing the YoY rate (+2.3%) down to its lowest since February 2021, while core CPI held steady at 2.8% YoY. This supports the Fed's paused stance, though tariff uncertainty clouds the inflation outlook.
- PPI fell 0.5% MoM in April (vs. expected +0.2%)—its biggest drop since April 2020. The 0.7% MoM drop in services outweighed modest strength in core goods prices. Overall, this was a good report that showed little inflationary flow through.
- April Retail Sales rose just 0.1% MoM, missing expectations of +0.3%. However, March sales were revised up from 1.4% to 1.7%, offsetting much of the weakness. Underlying details point to cautious consumer behavior, as the 'control group' retail sales fell 0.2%.
- Consumer Sentiment Index fell again and is down ~30% YTD, while both inflation expectations hit 30-year highs. However, the final May survey will likely improve on both fronts as the preliminary data collected through May 13, not reflecting US/China negotiations.
- **Focus of the Week:** On Monday, the Leading Economic Index is expected to decline by 0.65% MoM, marking its fifth consecutive monthly drop. While Existing Home Sales are forecasted to rise slightly, New Home Sales are expected to decline. However, the broader housing data trend continues to show strength in the new home market and weakness in the existing home segment.

May 19 – May 23

MON	Leading Economic Index
TUE	
WED	
THU	Jobless Claims Existing Home Sales
FRI	New Home Sales
FUTURE EVENTS	5/26 Memorial Day (markets closed) 5/29 GDP (2nd Est.) 5/30 PCE

Equity

- As negative news flow regarding the impacts of tariffs on the economy and corporate fundamentals has subsided, the S&P 500 is now in positive territory for 2025 after being down as much as 15% YTD. While the progress on trade negotiations is welcome news and likely rules out the worst-case scenario, the recovery in equities while earnings estimates deteriorate has led to valuations becoming extended. In fact, the S&P 500 NTM PEG is now at 2.3x, the highest level since the peak in 2020 and in the 99th percentile vs. history, which could lead to a more challenging path forward from here—particularly if forward estimates continue to soften.
- In addition to elevated valuations, technicals are becoming stretched as well. The 14D Relative Strength Index (RSI) for the S&P 500 is now at 68, approaching the overbought level of 70. Additionally, the equity Put to Call ratio is now at 0.41, the lowest level since July 2023. Even if the worst-case scenario for equities is off the table, markets may be becoming overly complacent to the risks ahead. This highlights our cautious near-term stance on the equity market, particularly as the S&P 500 is above our year-end target of 5,800.
- **Focus of the Week:** Next week is retail week with earnings results from Target, Home Depot, Lowe's, TJX, Ralph Lauren, and Ross Stores. While consumer spending has proved to be resilient in aggregate during 1Q25 earnings, we'll be focused on the timing of potential pricing increases in response to tariffs and the consumer demand outlook during 2025.

Fixed Income

- Treasury yields continued to march higher despite positive news on the inflation front. While downside surprises were welcomed, the market viewed it as old news as tariff-related price increases are likely to lift inflation later this year. Instead, investor attention shifted to the tax bill and the hefty price tag associated with making tax cuts permanent, which is estimated at $4 to $5 trillion over the next decade. With the majority of the tax cuts likely to be deficit financed, the bond market is getting jittery—putting upward pressure on bond yields, particularly the 30-year Treasury which nudged up to the 5% level again. However, the velocity of the yield move (+17-33 bps across the curve MTD) has pushed yields near oversold territory, suggesting the yields may be due for a pullback.
- Credit spreads retraced most of the widening that began in mid-February, with the 90-day trade truce between the US and China fueling the latest leg lower. The improvement in risk sentiment drove High Yield and Investment Grade spreads down to 308 and 91 bps, respectively. However, the spread narrowing has likely gone too far given the significant headwinds on the horizon.
- **Focus Of The Week:** In a relatively quiet data week before the Memorial Day holiday, preliminary PMIs, heavy Fedspeak early in the week, and developments on the tax bill are poised to drive fixed income markets.

Washington Policy

- The US and China have agreed to reduce their tariffs for 90 days. US tariffs have been reduced from 145% to 30% (10% + the 20% fentanyl-related tariff), and Chinese tariffs have been brought down from 125% to 10%. Both sides have also moved to de-escalate on provisions such as Chinese export controls on some rare earths. During the 90 days, the two countries will continue to hold follow-up negotiations. We expect volatility as part of this process, especially given that the final decision rests with President Trump.
- President Trump signed an executive order on drug pricing this week that would attempt to move toward a most favored nation (MFN) drug pricing for Americans. After peeling back the rhetoric and looking at the substance, our view is this EO is not a material event. In President Trump's first term, he made a lot of headlines but had little impact on pricing from government regulations or legislation. President Trump has tools available to him to impact drug pricing, but whether he will use them remains to be seen.

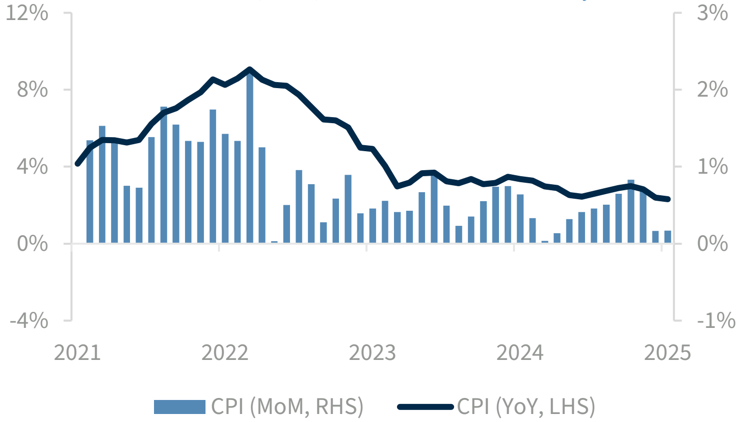
Commodities

- Given that food accounts for 13% of US consumer spending, lower food prices can play a meaningful role in disinflation. Good news on this front: April CPI data showed the steepest monthly drop since 2020—down 0.4%—in the 'food at home' category. While food prices were still up 2.0% versus a year ago, this is a bit slower than the overall CPI. Cooling in food prices might run contrary to consumer perceptions that inflation is still everywhere, which reflects the media's outsized attention to the few food products whose prices are much higher than a year ago: eggs, candy, and coffee, which together comprise only 7% of a typical household's grocery bills.
- Food is also a category of spending where import tariffs play a minor role. In fact, the US is the world's largest agricultural exporter. If anything, the recent decline in trade with China has pressured commodities such as soybeans and pork. Zooming in on US food imports, the vast majority come from Mexico and Canada, which still have preferential treatment under the USMCA.

Charts of the Week

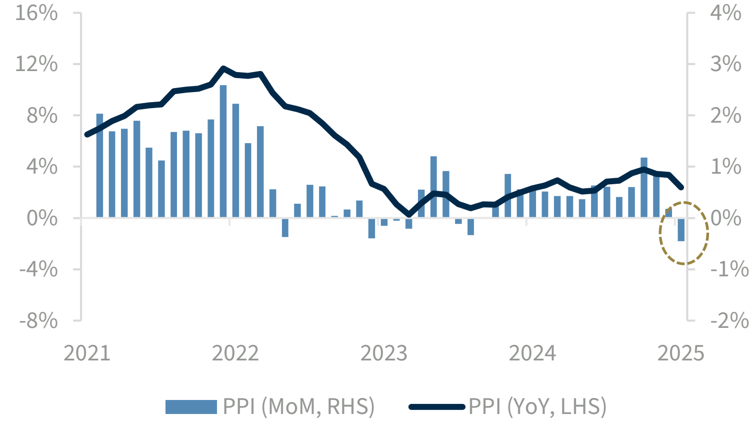
Inflation: Consumer Prices

Headline CPI for April rose a lower-than-expected 0.2% MoM, bringing the YoY rate (+2.3%) down its lowest since February 2021.



Inflation: Producer Prices

PPI fell 0.5% MoM in April (vs. expected +0.2% MoM)—its biggest drop since April 2020.

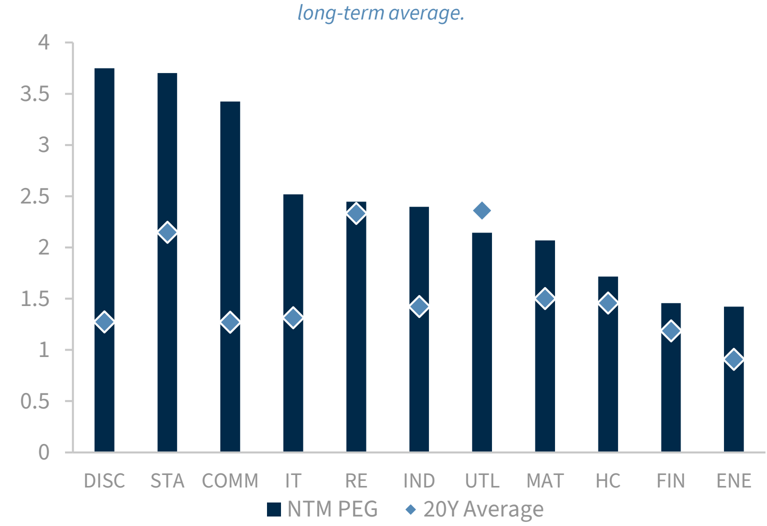


Valuations Becoming Extended

The Forward PEG ratio for the S&P 500 is trading at the highest level since 2020.

Sector PEG Ratios

Forward PEG ratios for 10 of 11 sectors are trading above the long-term average.

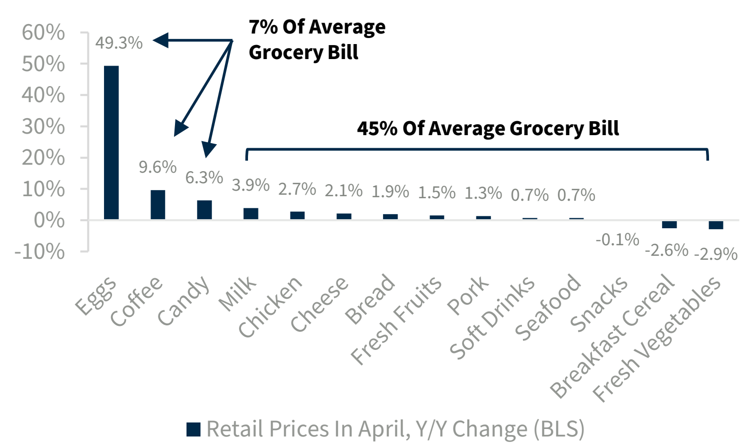


Treasury Yields Eye October 2023 Levels

The 30-year Treasury yield approached 5%, a level last breached during the bond rout in October 2023, as the tax bill rollout reignited deficit concerns.

Food Inflation Is Less Than You May Be Thinking

Food products that generate headlines comprise only 7% of grocery bills. For other products, price increases are modest or even negative.



Source for charts: FactSet, as of 5/15/2025.

Asset Class Performance | Distribution by Asset Class and Style (as of May 15)**

Weekly Returns (as of May 15)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	2.3%	4.5%	6.4%
Mid Cap	2.8%	3.6%	5.7%
Small Cap	3.2%	3.4%	3.6%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	2.2%	4.1%	3.9%
Mid Cap	1.6%	2.8%	2.4%
Small Cap	1.8%	3.0%	3.5%

Fixed Income (Bloomberg indices)

	1-3 YR	Medium	Long
Treasury	0.1%	-0.2%	-0.4%
Invest. Grade	0.1%	0.2%	0.2%
High Yield	0.6%	0.8%	1.5%

Year-to-Date Returns (as of May 15)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	2.8%	1.1%	-0.4%
Mid Cap	0.7%	2.0%	5.9%
Small Cap	-5.9%	-5.6%	-5.4%

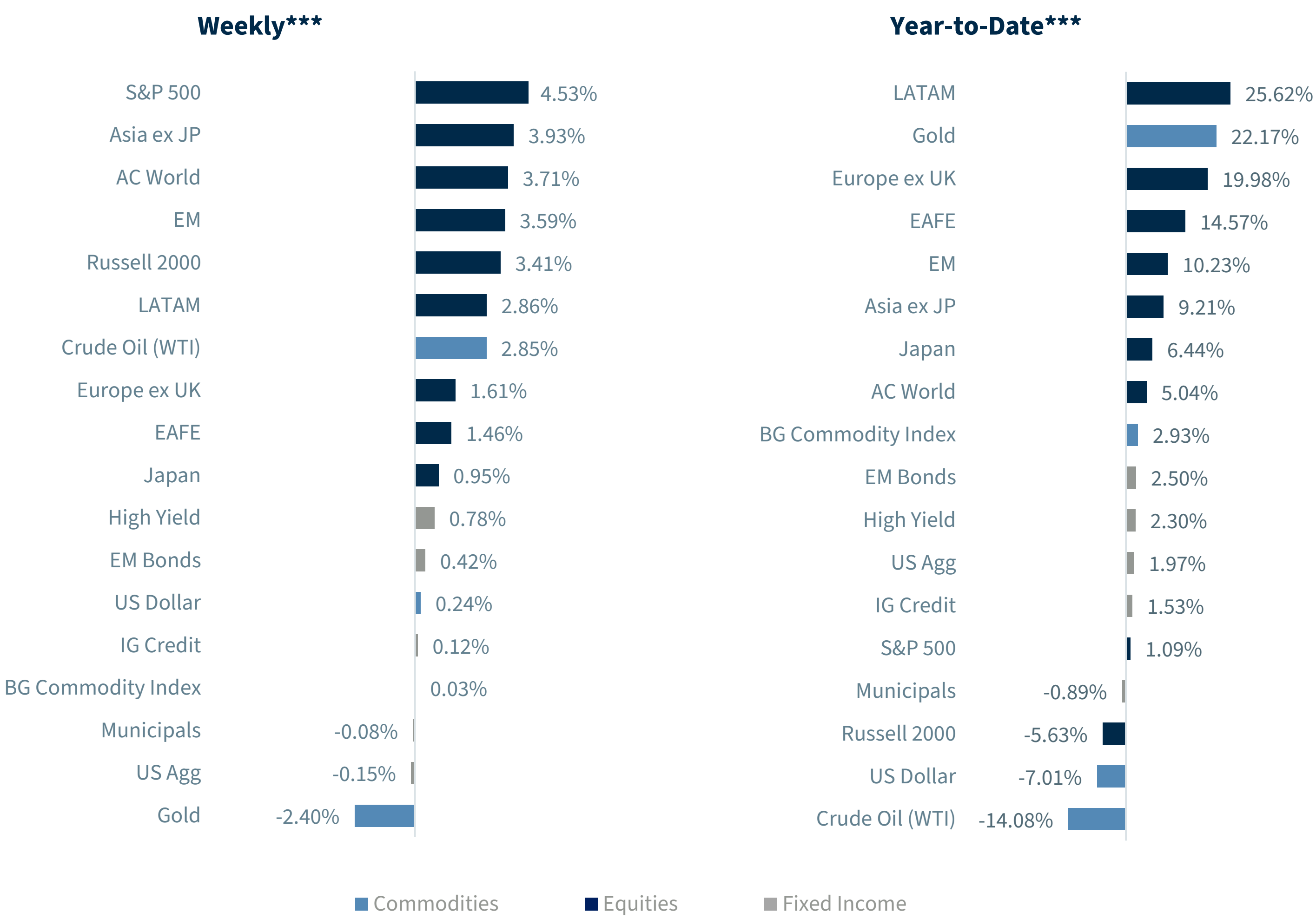
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	6.5%	2.9%	7.3%
Mid Cap	8.1%	4.1%	7.1%
Small Cap	5.3%	-0.2%	-0.3%

Fixed Income (Bloomberg indices)

	1-3 YR	Medium	Long
Treasury	1.6%	3.0%	2.7%
Invest. Grade	2.1%	2.4%	2.6%
High Yield	2.9%	2.3%	1.2%

Asset Class Performance | Weekly and Year-to-Date (as of May 15)**



**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**

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	5916.9	4.5	6.3	1.1	13.0	15.4	17.4	12.8
DJ Industrial Average	42322.8	2.3	4.1	(0.5)	6.1	9.5	12.3	8.8
NASDAQ Composite Index	19112.3	6.6	9.5	(1.0)	14.2	17.4	16.2	14.2
Russell 1000	6228.3	4.5	6.5	1.1	11.9	11.9	15.4	12.0
Russell 2000	5205.8	3.4	6.7	(5.6)	0.9	3.3	9.9	6.3
Russell Midcap	9200.3	3.6	6.7	2.0	7.3	7.1	13.0	8.8

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	542.2	1.8	2.4	2.9	(4.6)	3.6	13.3	7.5
Industrials	1202.8	4.6	8.3	8.3	14.7	17.1	21.1	11.4
Comm Services	345.2	5.2	7.3	1.4	17.8	21.1	16.0	10.7
Utilities	410.6	1.2	2.7	7.8	15.3	7.7	11.7	9.9
Consumer Discretionary	1727.9	7.5	10.1	(5.4)	19.3	14.3	13.8	12.3
Consumer Staples	895.0	(0.1)	(0.7)	5.8	11.3	6.5	11.7	8.7
Health Care	1519.4	(2.7)	(7.1)	(4.7)	(9.2)	2.2	7.2	7.7
Information Technology	4573.0	8.1	12.1	(0.5)	17.1	25.4	23.8	21.7
Energy	652.0	4.7	6.0	0.9	(5.8)	5.9	24.0	4.8
Financials	851.7	2.9	5.1	6.5	23.5	17.4	21.9	12.1
Real Estate	258.3	0.2	0.0	2.7	10.7	2.2	9.7	6.8

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Month Treasury Bill (%)	4.3	0.1	0.2	1.6	4.9	4.5	2.7	1.9
2-Year Treasury (%)	4.0	(0.1)	(0.6)	1.9	5.1	2.6	0.9	1.3
10-Year Treasury (%)	4.4	(0.4)	(2.0)	2.7	3.5	(0.5)	(3.8)	0.3
Bloomberg US Corporate HY	7.7	0.8	1.3	2.3	8.6	7.6	6.6	5.0
Bloomberg US Aggregate	4.8	(0.2)	(1.2)	2.0	4.2	1.6	(0.9)	1.5
Bloomberg Municipals	--	(0.1)	0.1	(0.9)	0.6	2.8	0.8	2.2
Bloomberg IG Credit	5.3	0.1	(0.7)	1.5	4.3	3.0	0.5	2.5
Bloomberg EM Bonds	6.6	0.4	0.2	2.5	7.1	5.7	2.3	3.0

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	61.6	2.9	5.9	(14.1)	(21.6)	(17.7)	15.9	0.3
Gold ($/Troy Oz)	3226.6	(2.4)	(2.8)	22.2	34.7	21.3	12.9	10.2
Bloomberg Commodity Index	101.7	0.0	0.7	2.9	(2.2)	(7.5)	10.5	(0.4)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	100.9	0.2	1.4	(7.0)	(3.3)	(1.2)	0.1	0.8
Euro	1.1	(0.8)	(1.6)	8.0	3.0	2.5	0.7	(0.2)
British Pound	1.3	(0.2)	(0.6)	6.0	5.0	2.8	1.8	(1.7)
Japanese Yen	145.8	(0.6)	(2.2)	7.8	6.5	(3.9)	(6.0)	(2.0)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	876.4	3.7	5.3	5.0	12.6	14.1	15.2	9.6
MSCI EAFE	2547.3	1.5	2.3	14.6	10.6	13.0	13.2	6.0
MSCI Europe ex UK	2896.7	1.6	2.9	20.0	10.6	15.1	15.2	7.0
MSCI Japan	4136.9	0.9	0.6	6.4	8.4	11.8	9.6	5.8
MSCI EM	1173.5	3.6	5.6	10.2	11.4	8.7	8.5	4.1
MSCI Asia ex JP	763.1	3.9	6.4	9.2	13.5	8.9	7.7	4.7
MSCI LATAM	2274.5	2.9	4.1	25.6	(2.8)	8.1	15.2	2.8
Canada S&P/TSX Composite	18504.1	2.5	4.3	4.7	16.2	8.8	12.1	5.5

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

Disclosures

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

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

INTERNATIONAL INVESTING | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and heightened political and/or economic instability. These risks are greater in emerging markets.

ENERGY COMMODITIES | Investing in energy commodities is generally considered speculative, with high levels of volatility, limited market regulation, and emerging markets risk. Oil prices are influenced by OPEC decisions and tend to be economically sensitive. Natural gas prices are influenced by weather.

MINING COMMODITIES | Investing in mining commodities is generally considered speculative, with high levels of volatility, limited market regulation, and emerging markets risk. Prices of precious metals such as gold are influenced by central bank decisions. Prices of industrial metals such as copper tend to be economically sensitive.

SECTORS | Sector investments are companies focused on a specific economic sector and are presented here for illustrative purposes only. Sectors are subject to varying levels of competition, economic sensitivity, and political and regulatory risks. Investing in any individual sector involves limited diversification.

CURRENCIES | Currency investing is generally considered speculative, with high levels of volatility and limited market regulation. These risks are greater in emerging markets.

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.

MUNICIPAL BONDS | Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Please consult an income tax professional to assess the impact of holding such securities on your tax liability.

US TREASURIES | 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.

PRODUCER PRICE INDEX | The Producer Price Index (PPI) is a measure of wholesale inflation, while the Consumer Price Index measures the prices paid by consumers.

CONSUMER PRICE INDEX | The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

PERSONAL CONSUMPTION EXPENDITURES | Personal Consumption Expenditures, or PCE, is a measure of consumer spending. PCE is constructed and reported by the Bureau of Economic Analysis and includes how much is spent on durable and non-durable goods and services. PCE accounts for about two-thirds of domestic spending and is a significant driver of GDP.

MICHIGAN SENTIMENT SURVEY | The Michigan Consumer Sentiment Index is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. The survey is based on telephone interviews that gather information on consumer expectations for the economy.

IMPORT/EXPORT INDICES | The US Import and Export Price Indexes measure the change over time in the prices of goods or services purchased from abroad by US residents (imports) or sold to foreign buyers by US residents (exports).

ISM MANUFACTURING INDEX | The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of US economic activity based on a survey of purchasing managers at more than 300 manufacturing firms.

ISM SERVICES INDEX | The ISM Services Index, also known as the Non-Manufacturing PMI, is a composite index that gauges the health of the US non-manufacturing sector, using data from surveys of purchasing and supply executives, and is released by the Institute for Supply Management (ISM). A reading above 50% indicates expansion while a reading under 50% indicates a contraction.

LEADING ECONOMIC INDEX | The Leading Economic Index (LEI) is a composite index designed to predict future economic trends, typically six to twelve months in advance. It is calculated by combining several independent economic indicators.

RELATIVE STRENGTH INDEX | The Relative Strength Index (RSI) is a momentum indicator used in technical analysis to assess the speed and magnitude of recent price changes of a security. It's used to identify whether a security is overbought or oversold, potentially indicating a future reversal in price

Disclosures

DATA SOURCE | FactSet, Bloomberg as of 5/15/2025

DOMESTIC EQUITY DEFINITION

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.

S&P 500 EQUAL WEIGHT INDEX | The S&P 500 Equal Weight Index: The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

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.

COMMODITY INDEX DEFINITION

BLOOMBERG COMMODITY INDEX (BCOM) | The Bloomberg Commodity Index is a broadly diversified commodity price index distributed by Bloomberg Index Services Limited.

FIXED INCOME DEFINITION

AGGREGATE BOND | Bloomberg 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 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 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.

Disclosures

MUNICIPAL | Bloomberg 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.

BLOOMBERG 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).

BLOOMBERG EMERGING MARKET BOND INDEX | The Bloomberg USD Emerging Market Composite Bond Index is a rules-based, market-value-weighted index engineered to measure USD fixed-rate sovereign and corporate securities issued from emerging markets. The index includes both investment- grade and below-investment-grade securities.

BLOOMBERG WIRP FUTURES MODEL | The Bloomberg World Interest Rate Probability (WIRP) function calculates the implicit forecast for rates after each meeting over the next year for the biggest developed world central banks, based on pricing in futures and overnight index swaps markets.

INTERNAL 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.

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.

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 ACWI EX US | 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.

CANADA S&P/TSX COMPOSITE | The S&P/TSX Composite Index is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada's primary stock exchange, the Toronto Stock Exchange.

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