THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Key Takeaways

- 'Jazzed Up' Stimulus Seeks To Save Small Businesses
- US Consumers Will Not Go 'Parading' Back Into Crowds
- Info Tech & Health Care Poised To 'Hit A High Note'

If it were not for the COVID-19 outbreak, the city of New Orleans would be in the midst of celebrating its 50th Jazz & Heritage Festival. It takes something extraordinary to keep the Big Easy from hosting this iconic musical and cultural event; not even the devastation from Hurricane Katrina could cause its postponement. Unfortunately, the economic and human toll that this pandemic has spread has forced the cancellation of this Jazz Fest for the first time in its five decade history. In an ideal world, the eventual reopening of the US economy and global economy will hopefully have all of us cheering "laissez les bon temps rouler" (*let the good times roll*). However, while we expect the US economy, in aggregate, to experience a "U" shaped recovery, we cannot ignore the fact that this prolonged shutdown has inherently impacted sectors, industries and companies differently. Therefore, as we 'fine tune' our insights for the underlying recovery, we believe it will exhibit more of "K" shape.

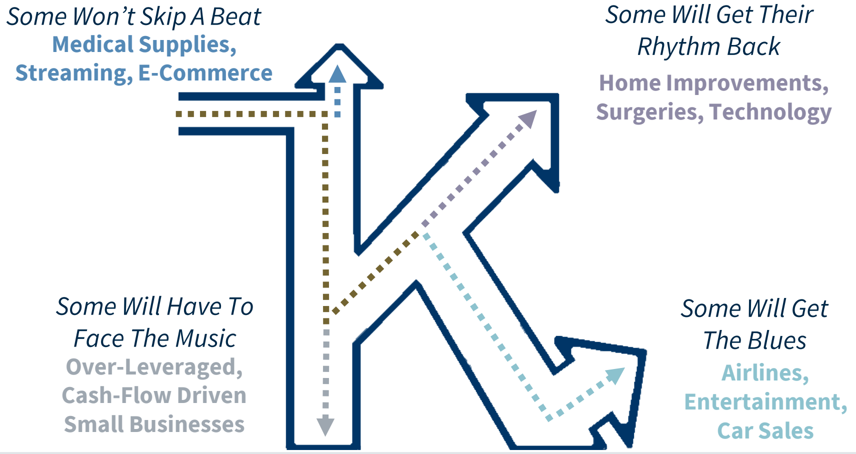
- **Some Will Have To 'Face The Music'** | Congress and the Federal Reserve have both sought to ease the detrimental impacts felt by small businesses. The Phase 3 stimulus bill was the initial measure taken to launch $350 billion in loans to business owners seeking to meet payrolls and cover overhead expenses. As it became clear the funds would be exhausted, the Fed announced $600 billion in supplementary lending as well as term financing for institutions supporting the Payroll Protection Program (PPP). Even still, it was clear the need far exceeded the aid provided, leading Congress to expedite the passage of a supplemental package that provides an additional $310 billion. Despite this substantial level of relief, some small businesses, particularly those that are highly leveraged, may still have to file for bankruptcy. Across the ~28 million small businesses, only ~1.7 million loans have been originated, and the average loan size of ~$206,000 suggests that the mom-and-pop shops have not been major recipients. We wish all businesses could outlast the outbreak, but regrettably, not all will be able to 'hit the right note.'
- **Some Will 'Get The Blues'** | Even after all states have fully reopened, psychological barriers will prevent certain industries from joining the initial rebound parade. With more than 90% of all citizens practicing social distancing since March, not all consumers will be quick to board airplanes, dine in crowded restaurants, or purchase tickets to cheer on sports teams in packed stadiums. This will be especially true in the absence of a vaccine or in the event that therapeutic developments are stalled. After sheltering at home for many weeks, we'd like to think that the bells to reopen would be music to everyone's ears, but the fears surrounding COVID-19 will remain. There is also the realization that the 26+ million workers that have been forced to file for unemployment will need to return to work before considering major discretionary spending, such as the purchase of a new vehicle. As a result, while these companies will likely see their business recover, it will take some time to develop.
- **Some Will 'Get Their Rhythm Back'** | Sectors of the economy that are not as reliant on consumers being in large crowds or within close proximity of one another will be quick to benefit from pent up demand once restrictions are lifted. Many individuals have postponed expenses such as elective surgeries, and many more will likely seek to 'jazz up' their homes after spending so much time there over the last several weeks. This prolonged time away from the workplace has also led people to realize the importance of technological upgrades given the increasing demand for speed, power, storage and applications.
- **And Some 'Won't Skip A Beat'** | The essential businesses or subsectors of our economy that have remained open during the outbreak have and will continue to grow. E-commerce has allowed households to obtain necessary items while remaining safe at home, streaming services have provided entertainment without the risk of being in a crowd, and videoconferencing has made telework and connecting with friends and loved ones a reality. The need for medical supplies and devices has been well-documented. As a result, these companies should continue to benefit even as we return to more normal economic conditions.

In sum, the collective actions taken by policymakers will position the US economy for a "U" shaped rebound in regard to the overall economy and GDP figures. But in the near term, not all industries and businesses will return to operations at the same pace and magnitude. Given the dichotomy in the rebound potential of companies across the economy, selectivity is important. The upper side of the "K" is biased toward Technology and Health Care, which have been two of our favorite sectors.

CHART OF THE WEEK

Fine Tuning Our Insights On The Shape Of The Economic Recovery

Prolonged shutdowns across the nation have inherently impacted particular sectors, industries, and companies differently. While we maintain our view that the US economy in its entirety will experience a "U" shaped recovery, we believe the underlying recovery will more closely resemble the shape of the letter "K."



*See Charts of the week on page 3.
**Raymond James Equity Research

RAYMOND JAMES

ECONOMY

- Durable goods orders fell 14.4% in the initial estimate for March, reflecting massive cancellations in civilian aircraft orders. Ex-transportation, orders fell much less than anticipated, down only 0.2%. The UM Consumer Sentiment Index was little changed from the mid-April assessment, but remained sharply lower than in March.* Looking ahead, sentiment is expected to be driven by the pacing of re-opening across states and whether that goes too fast or too slow.
- Jobless claims fell to 4.43 million in the week ending April 17, down from recent weeks but still extremely elevated.* Prior to seasonal adjustment, 24.4 million people have filed claims in the past four weeks – that's nearly 15% of the labor force.
- Short-term interest rates are as low as they can go and asset purchases are unlimited, so the Fed is not expected to do much at the April FOMC meeting, but we can expect Chair Powell to continue to suggest that the Fed will continue accommodative policy.
- **Focus of the Week:** COVID-19 has affected data collection, so there will be more noise and uncertainty in advance of the GDP estimate. However, weakness in many sectors in March appears significant enough to push the Q1 growth number into negative territory. Q2 GDP figures, to be released in late July, will be much worse. The Conference Board's initial consumer confidence reading is biased toward the first half of the month and should see a sharp drop in April, as well as a downward revision to March. Personal income and spending figures for March should be weak. The ISM Manufacturing Index should fall further in April.

April 28 – May 1

MON	
TUE	Consumer Confidence (Apr)
WED	ADP Payroll (Apr) Real GDP (1Q20, adv. est.) FOMC Policy Statement
THU	Jobless Claims Chicago Business Barometer
FRI	ISM Manufacturing Survey (Apr) Construction Spending
FUTURE EVENTS	5/5 ISM Non-Manufacturing 5/8 Nonfarm Payrolls 5/8 Unemployment Rate

US EQUITY

- The S&P 500 rally paused over the past week, after recovering roughly half of its -34% plunge from 2/19 to 3/23. With the index just under its 50-day moving average (following a 27% move off the lows) and an additional level of resistance at 2,880, we would not be surprised to see equities pull back in the short term.* We also believe that market bottoms are a process, as it would be very unusual for the S&P 500 to simply V-bottom back to previous highs. It is more normal in recessionary bear markets to have a ' grind it out phase' where the market can rebuild itself internally for a more durable path higher. Thus, we would reserve some buying power to accumulate on pullbacks. Initial downside technical support is 2,644 with more support at 2,538 and 2,455.
- **Focus of the Week:** Q1 earnings season is moving along with ~23% of S&P 500 companies having reported thus far. The market response to results has been generally positive, ex-Financials.* The banks have had to take on large loan loss provisions which has added to their earnings impact in the current environment. Some of the best earnings reactions have come from Technology-oriented stocks, as supportive results were needed following very stable estimate revisions heading into earnings season (along with strong relative performance this year). Overall, the S&P 500 is now expected to see a 14.4% earnings contraction in Q1, with the majority of weakness coming from the Energy, Consumer Discretionary, Financials, Industrials, and Materials sectors. These stocks have, accordingly, felt the brunt of the weakness in this bear market. Whereas, sectors with the most stable estimate revisions - i.e., Health Care, Technology, and Consumer Staples - have seen some of the best performance.

FIXED INCOME

- The lowest tier credits are affected more dramatically and the entire space is exhibiting wider spreads. Some of this has to do with the downward moves in yield in the Treasury market and investors seeking a higher quality return since the crisis.*
- **Focus of the Week:** The AAA municipal curve is almost the same yield as it was on February 15, commonly known as the Pre-Crisis period. Corporate A-rated paper is trading at narrower spreads and BBB-rated paper is closer to pre-crisis levels, indicating that the bond market has recovered from the COVID-19 shock.

POLITICAL & COMMODITIES

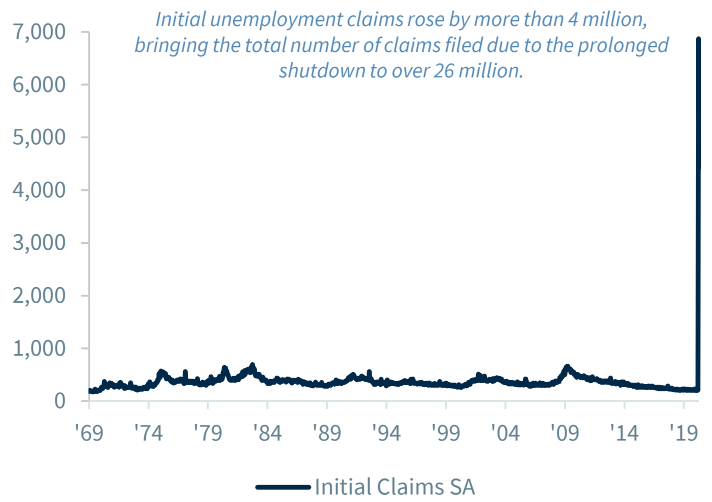
- Lawmakers approved an additional aid package of almost $500 billion this week, and we expect attention will quickly turn to a new round of negotiations on a more comprehensive package which may provide additional support to markets over the coming weeks. Bipartisan interest is growing for another round of significant fiscal relief legislation similar to the scope of the CARES Act legislation, which could see consideration of expanded emergency funding for state/local governments, hazard pay for essential workers and frontline first responders, tax incentives for affected sectors, infrastructure measures, and expanded individual support (increased SNAP benefits/potentially another round of direct payments). Further, we expect proposals to support the energy industry given this week's energy market volatility. The timing on an additional package may be drawn out, but the dire fiscal situation faced by state/local governments will ultimately be a catalyst for the advancement of additional relief measures.
- The number of new cases continues to decelerate as states and regions spark conversation about the gradual shift back to normal life. The total number of tests administered exceeded 1,223,000 for an average of over 174,000 per day. Again, these numbers are not where they need to be for Americans to feel comfortable phasing back into the public sphere. Our target numbers to signal adequate testing include at least 250,000 tests per day or, preferably, 3,000,000 per week, and an average ratio of positive to total tests of at most 5%. So, although testing has improved, leaders must remain vigilant in balancing public health concerns with their longings to loosen restrictions as jumping the gun prematurely could lead to a devastating resurgence.
- **Focus of the Week:** This past week, the price of West Texas Intermediate (WTI) crude oil briefly turned negative for the first time in history.* The cause: too much oil trying to get into storage tanks in Oklahoma. Storage around the world is becoming saturated, and the problem is especially severe at the Cushing hub in Oklahoma, where the WTI price is set. Longer term, the sustainable solution to the oil glut is straightforward: demand needs to recover. At least 20% of pre-COVID global demand is currently offline, mainly due to the lockdowns and stay-at-home orders. Approximately 3.6 billion people worldwide are covered by lockdowns, though 2.4 billion of them have seen some easing of the restrictions already. The expectation is for COVID's oil demand impact to peak in 2Q, and then subside in the summer and especially towards the end of the year.

*See Charts of the week on page 3.

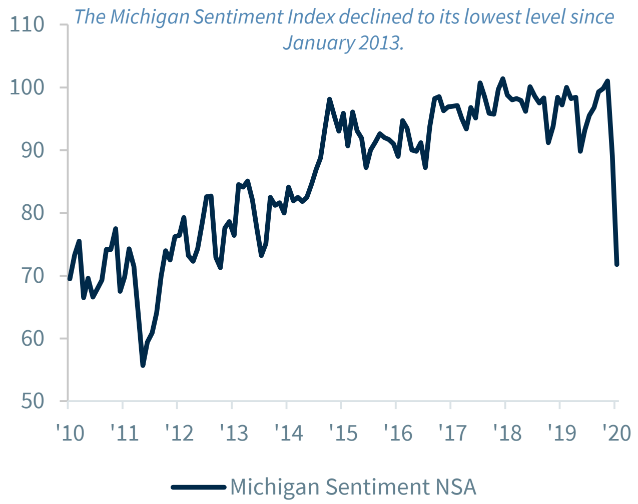
**Raymond James Equity Research

Charts of the Week

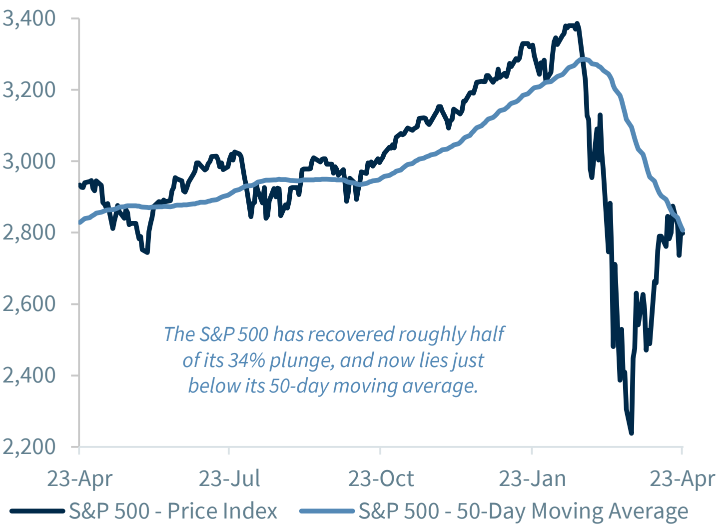
Initial Claims Climb Higher



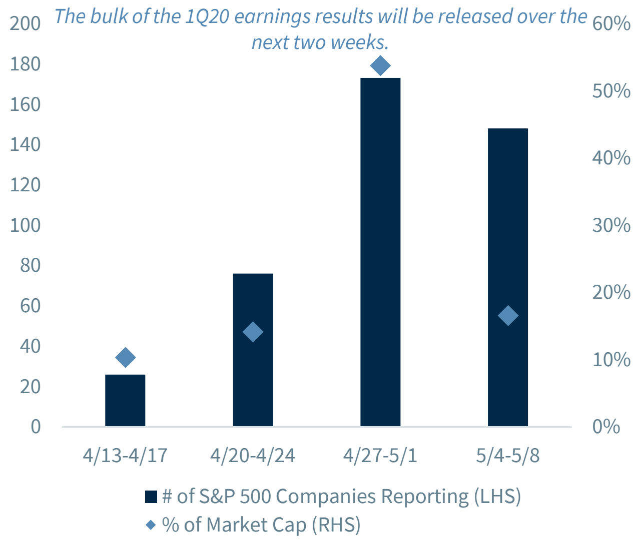
Consumer Sentiment Contracts Sharply



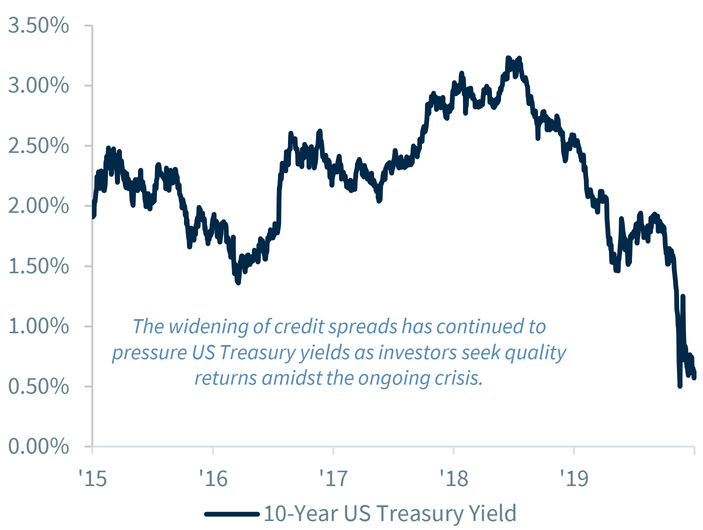
S&P 500 Just Below 50-Day Moving Average



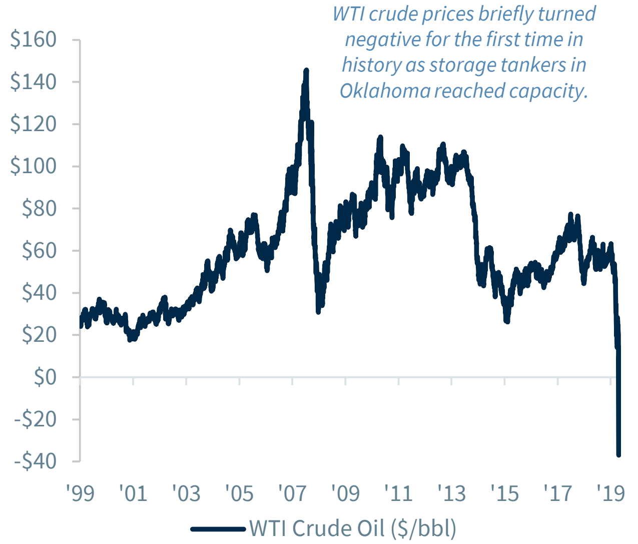
Earnings Season Still Underway



10-Year Treasury Yield Remains Near Record Lows



Oil Prices Turn Negative Intra-Week



Asset Class Performance | Distribution by Asset Class and Style (as of April 23)**

Weekly Returns (as of April 23)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-3.1%	-2.6%	-2.2%
Mid Cap	-3.1%	-2.6%	-2.0%
Small Cap	-2.0%	-1.2%	-0.6%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-0.9%	-2.0%	-0.9%
Mid Cap	-0.2%	-1.2%	0.9%
Small Cap	0.2%	-0.6%	0.4%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.0%	0.4%
Invest. Grade	0.0%	0.0%	0.1%
High Yield	-1.2%	-1.7%	-1.9%

Year-to-Date Returns (April 23)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-21.9%	-13.5%	-5.5%
Mid Cap	-27.3%	-21.1%	-11.6%
Small Cap	-34.2%	-26.9%	-19.9%

International Equities (MSCI indices)

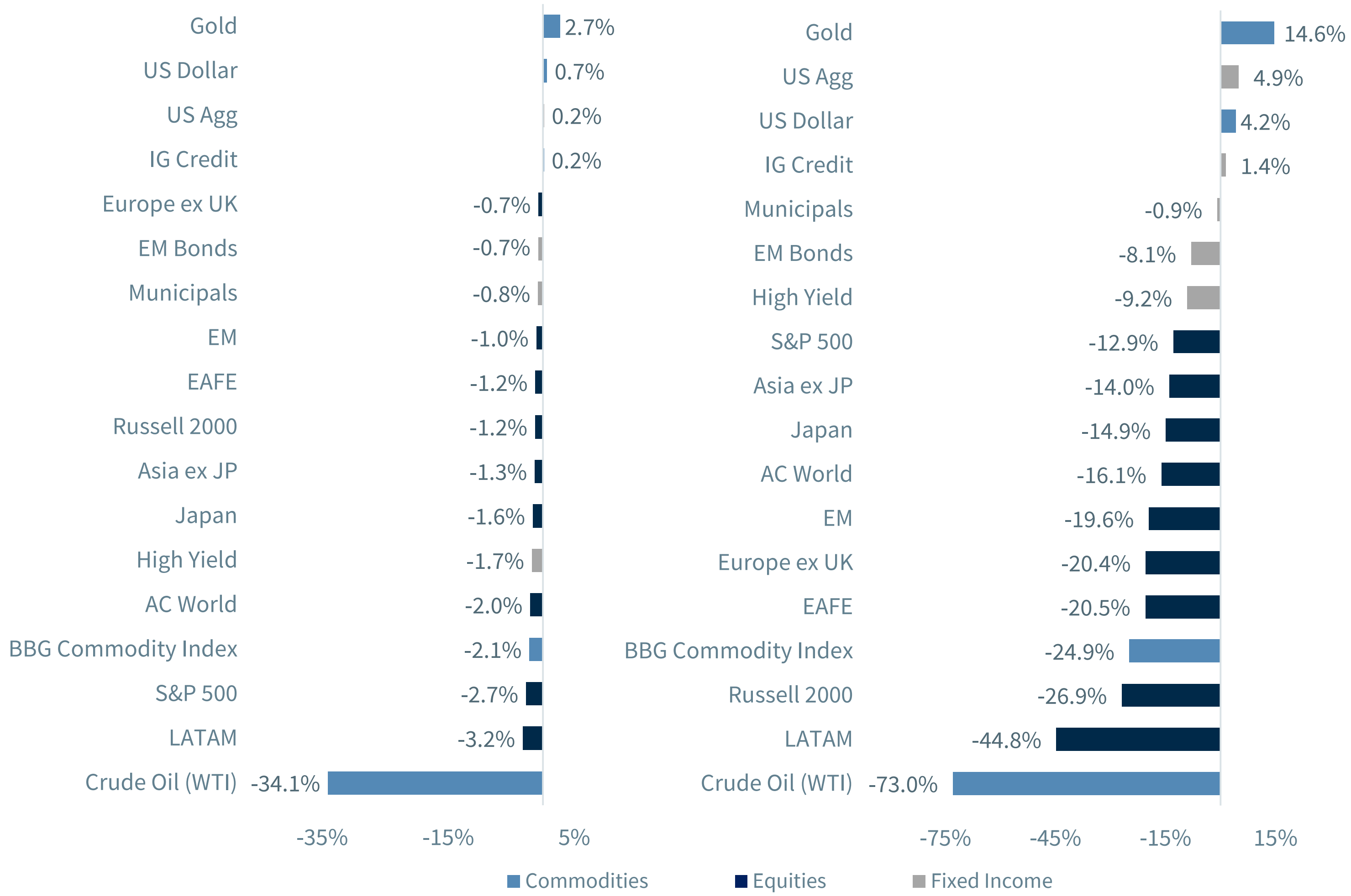
	Dev. Mkt	World	Emerg. Mkt
Large Cap	-17.6%	-13.6%	-14.0%
Mid Cap	-19.6%	-19.7%	-17.2%
Small Cap	-21.0%	-23.8%	-19.0%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.6%	6.8%	12.9%
Invest. Grade	0.8%	0.4%	0.3%
High Yield	-9.8%	-9.4%	-5.4%

Asset Class Performance | Weekly and Year-to-Date (as of April 23)**

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 April 23

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	2797.8	(0.0)	8.4	(12.9)	(2.7)	8.1	8.0	11.0
DJ Industrial Average	23515.3	(0.1)	7.3	(17.6)	(11.8)	4.6	5.4	7.7
NASDAQ Composite Index	8494.8	(0.4)	10.3	(5.3)	4.6	12.8	10.9	12.9
Russell 1000	2950.6	0.1	8.5	(13.5)	(8.0)	4.6	6.2	10.4
Russell 2000	3017.3	3.1	5.3	(26.9)	(24.0)	(4.6)	(0.2)	6.9
Russell Midcap	4801.2	1.2	8.2	(21.1)	(18.3)	(0.8)	1.8	8.8

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	308.7	1.6	9.0	(19.5)	(12.6)	0.2	1.9	6.1
Industrials	516.2	1.4	3.5	(24.5)	(20.6)	(0.8)	3.4	8.3
Comm Services	162.9	0.3	8.7	(9.8)	(2.0)	3.1	4.4	8.9
Utilities	294.4	(1.2)	4.5	(9.6)	4.4	7.5	9.1	10.7
Consumer Discretionary	909.0	0.4	14.6	(7.5)	(3.4)	10.5	10.0	14.1
Consumer Staples	595.6	(2.7)	6.5	(7.1)	4.9	4.8	6.3	10.7
Health Care	1151.8	0.2	11.7	(2.5)	16.1	12.5	7.8	14.4
Information Technology	1526.3	(1.5)	8.0	(4.9)	11.9	20.7	18.2	16.1
Energy	264.0	12.0	18.2	(41.4)	(45.7)	(16.3)	(12.4)	(2.8)
Financials	356.0	0.8	3.1	(29.8)	(20.0)	(0.5)	3.8	6.6
Real Estate	204.5	(1.6)	6.3	(14.1)	(4.0)	4.3	4.9	9.9

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	0.1	0.0	0.0	0.5	1.9	1.7	1.1	0.6
2-Year Treasury (%)	0.2	(0.0)	0.0	2.8	5.2	2.4	1.6	1.3
10-Year Treasury (%)	0.6	0.0	0.8	12.9	20.7	7.0	4.3	5.3
Barclays US Corporate High Yield	8.4	(1.2)	4.0	(9.2)	(4.4)	1.9	3.3	5.8
Bloomberg Barclays US Aggregate	1.4	(0.0)	1.7	4.9	11.3	5.1	3.7	4.0
Bloomberg Barclays Municipals		(0.8)	(0.3)	(0.9)	3.6	3.5	3.2	4.0
Bloomberg Barclays IG Credit	2.7	0.1	5.2	1.4	10.5	5.6	4.4	5.4
Bloomberg Barclays EM Bonds	7.0	(0.5)	1.6	(8.1)	(1.6)	1.7	3.2	5.1

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	16.9	(7.9)	(17.7)	(72.4)	(74.5)	(30.2)	(21.5)	(14.9)
Gold ($/Troy Oz)	1736.3	0.4	7.9	14.6	36.8	10.6	7.9	4.3
Dow Jones-UBS Commodity Index	60.8	(2.1)	(1.8)	(24.9)	(25.6)	(10.2)	(9.8)	(7.7)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	100.4	0.4	1.4	4.2	2.9	0.2	0.6	2.1
US Dollar per Euro	1.1	(0.2)	(1.3)	(3.5)	(3.4)	0.4	0.0	(2.1)
US Dollar per British Pounds	1.2	(0.5)	(0.1)	(6.5)	(4.3)	(1.0)	(3.8)	(2.1)
Japanese Yen per US Dollar	107.6	0.0	(0.3)	(1.0)	(3.8)	(0.5)	(2.1)	1.3

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	470.6	0.6	6.5	(16.1)	(8.0)	4.4	4.0	6.9
MSCI EAFE	1602.6	1.3	2.8	(20.5)	(13.9)	(0.2)	(0.3)	3.5
MSCI Europe ex UK	1680.9	2.2	2.9	(20.4)	(12.7)	0.6	0.3	3.9
MSCI Japan	2887.5	0.2	2.0	(14.9)	(5.6)	1.8	1.4	4.5
MSCI EM	891.8	0.8	5.2	(19.6)	(15.6)	0.3	(0.6)	1.4
MSCI Asia ex JP	590.1	0.8	5.4	(14.0)	(10.9)	3.1	1.1	4.4
MSCI LATAM	1595.7	(1.7)	1.5	(44.8)	(40.1)	(12.2)	(7.0)	(6.3)
Canada S&P/TSX Composite	10164.5	2.5	6.5	(16.5)	(14.5)	(3.0)	(1.5)	1.5

**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.

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 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.

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DATA SOURCES

FactSet.

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.

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.

LARGE BLEND | **Russell 1000 Total Return Index:** This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

MID 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).

VIX | The CBOE Volatility Index, known by its ticker symbol VIX, is a popular measure of the stock market's expectation of volatility implied by S&P 500 index options.

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.

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