

# Quarterly Coordinates 2Q25



Lawrence V. Adam III, CFA, CIMA®, CFP®  
Chief Investment Officer

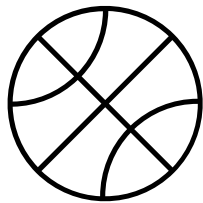
**RAYMOND JAMES**

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# MAJOR PROFESSIONAL SPORTS DRAFTS

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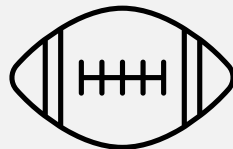
DRAFT SEASON IS UPON US



**League**      **WNBA**

**Date**        **Apr 14**

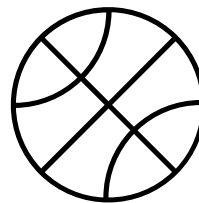
**Location**    **Manhattan, NY**



**NFL**

**Apr 24-26**

**Green Bay, WI**



**NBA**

**Jun 25-26**

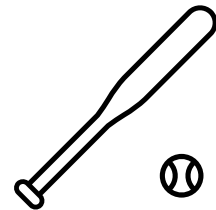
**Brooklyn, NY**



**NHL**

**Jun 27-28**

**Los Angeles, CA**



**MLB**

**Jul 13**

**Atlanta, GA**

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## UPDATE: ADDRESSING SIX QUESTIONS TO OUR VIEWS

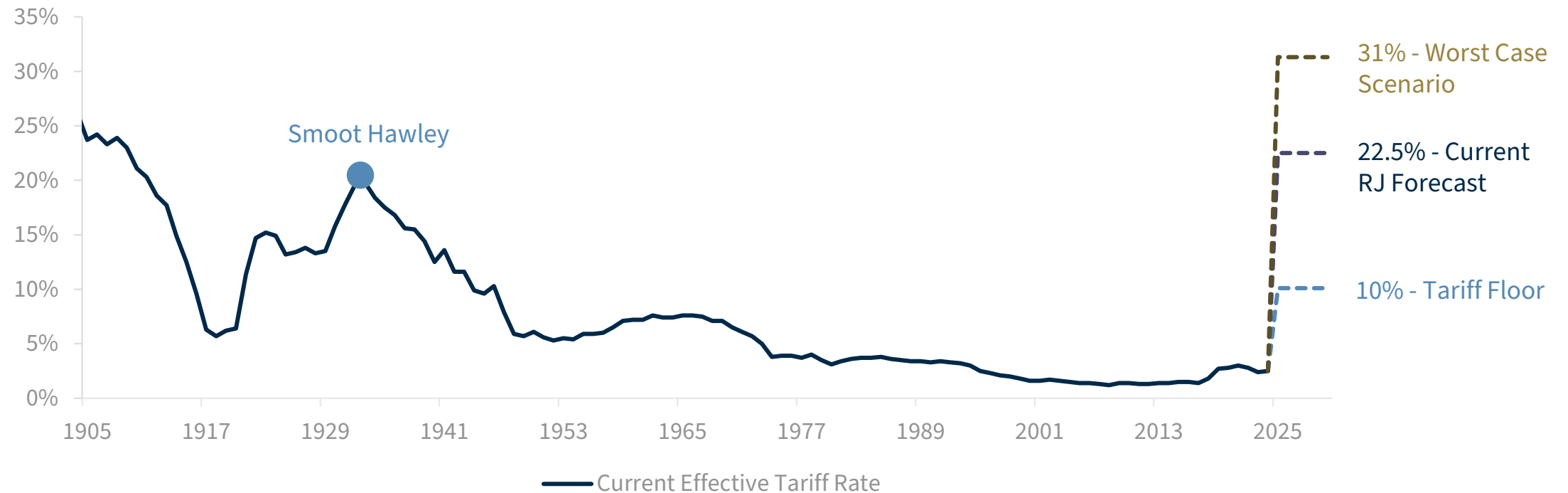
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- 1** Politics | Is The Commissioner Changing the Rules?
- 2** Economy | Is the US Economy Heading Toward a Recession?
- 3** Equity | Does The Equity Market Earn the First Pick?
- 4** Sector and Regional Calls | Are There Any Trades on the Horizon?
- 5** Fixed Income | Who is Mr. Irrelevant?
- 6** Asset Allocation | How to Grade the Impact of the Draft?

## POTENTIAL IMPACTS FROM WASHINGTON ON THE HORIZON

### INTERPRETING THE NEW COMMISSIONER'S (TRUMP ADMINISTRATION) IMPACT ON OUR VIEWS

The Most Aggressive Tariff Rate in Over 100 Years



Source: Bloomberg, data as of 4/4/2025.

## SOFTENING, NOT COLLAPSING GROWTH EXPECTED

### DETERMINING THE 'SPEED' AND 'STRENGTH' OF THE ECONOMY

#### Key Takeaways From Tariffs Thus Far

1

#### **10% the Floor on Tariffs**

VATs and non-trade barriers difficult to determine and reduce

2

#### **Trump Tone Worse Than Expected**

Trump classified it as “National Security Risk,” retaliation remains a key risk

3

#### **22.5% Tariff Level Not the Ceiling**

Retaliation unknown, sectoral tariffs (semis, drugs, minerals) not yet included

4

#### **China Amongst Biggest Losers**

China (due to stacking and de minimus), Europe, and Vietnam are all biggest losers

5

#### **Canada/Mexico Biggest Winners**

No tariffs on all USMCA compliant goods, room for 25% tariffs on other goods to come down

#### Announced Tariff Rates are Not Consistent With Reality

**Announced  
Tariff Rate**

=

**Trade Deficit with  
Respective Country**

**Total Amount of Imports  
From that Country**

Source: Bloomberg, data as of 4/4/2025.

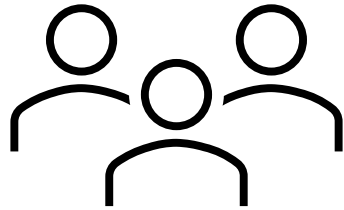
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## POTENTIAL IMPACTS FROM WASHINGTON ON THE HORIZON

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INTERPRETING THE NEW COMMISSIONER'S (TRUMP ADMINISTRATION) IMPACT ON OUR VIEWS

### Department of Government Efficiency (DOGE)



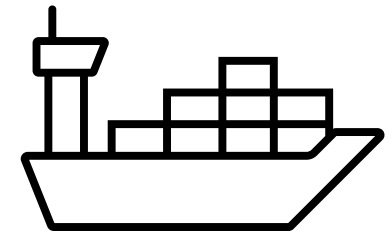
*DOGE will continue to drive headlines, but in aggregate, we expect it to only have a limited impact on the overall deficit. Instead, it will likely cause more regional impacts to areas like Washington DC, Virginia and Maryland.*

### Debt Ceiling/ Government Spending



*If the debt limit isn't raised by the 'X' date, the government will run out of borrowing and could theoretically default on its debt. The CBO estimates that this will occur in August or September, depending on tax receipts.*

### Global Growth Changes

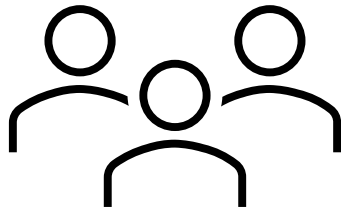


*Increased fiscal stimulus in both China and Europe (specifically increased defense spending) was supportive; however, global countries will likely be harder hit by tariffs as they are more reliant on global trade.*

## POTENTIAL IMPACTS FROM WASHINGTON ON THE HORIZON

### INTERPRETING THE NEW COMMISSIONER'S (TRUMP ADMINISTRATION) IMPACT ON OUR VIEWS

#### Deregulation



*It is estimated that the Biden administration added \$1.5 trillion in new regulations (~6% of GDP), far outpacing the \$27 billion added during the first Trump administration. Further deregulation will support the economy.*

#### Tax Extensions



*The 2017 tax cuts are set to expire at the end of the year. While it is our base case that they are extended, if any additional taxes are added it would provide a boost to consumer and corporate spending.*

#### Potential Tailwinds from Tax Changes

- 1 Expensing R&D**  
Would support capex and bring manufacturing back to the US
- 2 Social Security Exemption**  
Would eliminate taxes on Social Security benefits
- 3 Eliminate Tax on Tips**  
Would be supportive of consumer spending – particularly lower income
- 4 SALT Expansion**  
Would help boost spending amongst upper income cohorts

Source: FactSet, data as of 4/4/2025.

**TARIFF IMPACT ON ECONOMIC GROWTH AND INFLATION**

## IMPACT FROM TARIFFS ON ECONOMIC GROWTH AND INFLATION FORECASTS

	<b>RULE OF THUMB</b>	<b>BEGINNING OF YEAR</b>	<b>UPDATED FORECAST</b>
<b>ECONOMIC GROWTH</b>	<i>For each ~1% increase in the effective tariff rate, we could see a reduction in GDP of 0.1 percentage points.</i>	<b>+2.4%</b>	<b>+1.0%</b>
<b>INFLATION</b>	<i>For each 1% increase in the effective tariff rate, we could see an increase in core PCE of 0.1 percentage points.</i>	<b>+2.4%</b>	<b>3.5%</b>

Source: FactSet, Data as of 4/4/2025.



## SOFTENING, NOT COLLAPSING GROWTH EXPECTED

### REASONS THE US ECONOMY CAN AVOID A RECESSION

Economy Was on Solid Footing Heading into  
Tariff Turbulence

**Withholding Taxes**

**Jobless Claims**

**ISM New Orders/Backlogs**

**Motor Vehicle Sales**

**Real-Time Indicators**

### Other Intangible Factors

Legacies

Midterm Elections  
Upcoming

250<sup>th</sup> Anniversary of the  
United States Celebration

### Building Factors of Consumer Support

1

#### **Falling Gasoline Prices**

Oil prices near \$60/bbl will help to offset  
tariff related impacts

2

#### **Labor Market Remains Healthy**

Should support consumer spending going  
forward

3

#### **Interest-Rate Sensitive Areas**

Housing and other interest rate-sensitive  
areas to get a boost

4

#### **Temporary Factors Subside**

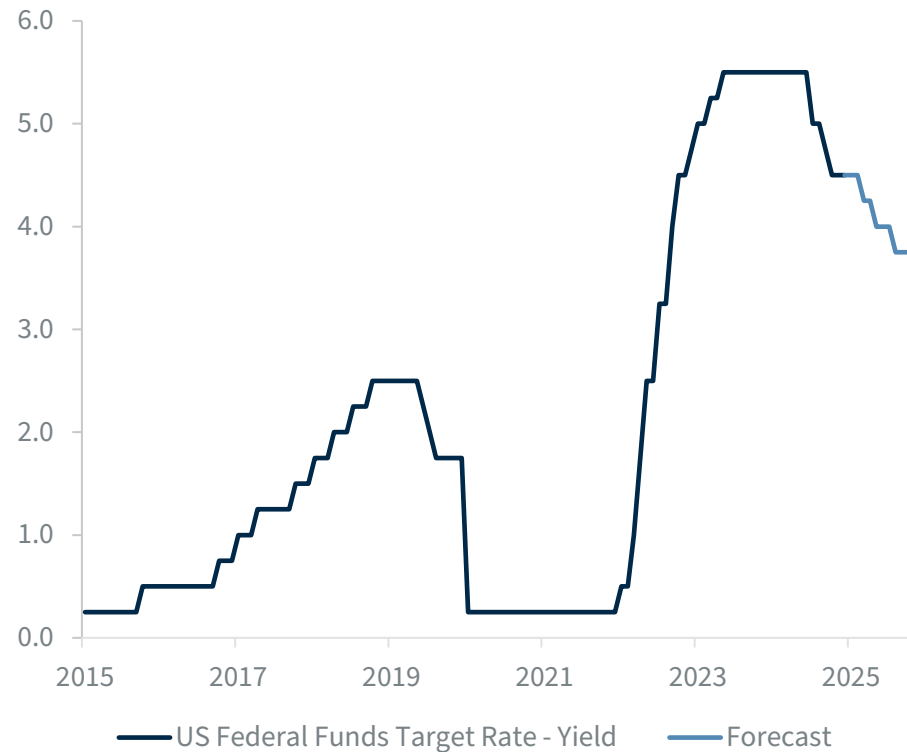
Warmer weather and easing of flu  
season supportive of spending

Source: Bloomberg, data as of 4/4/2025.

# IS THE US ECONOMY HEADED FOR A RECESSION?

## THE FED CAN PROVIDE A BACKDROP OF SUPPORT

### Building Factors of Consumer Support



Source: FactSet, Data as of 4/5/2025.

3

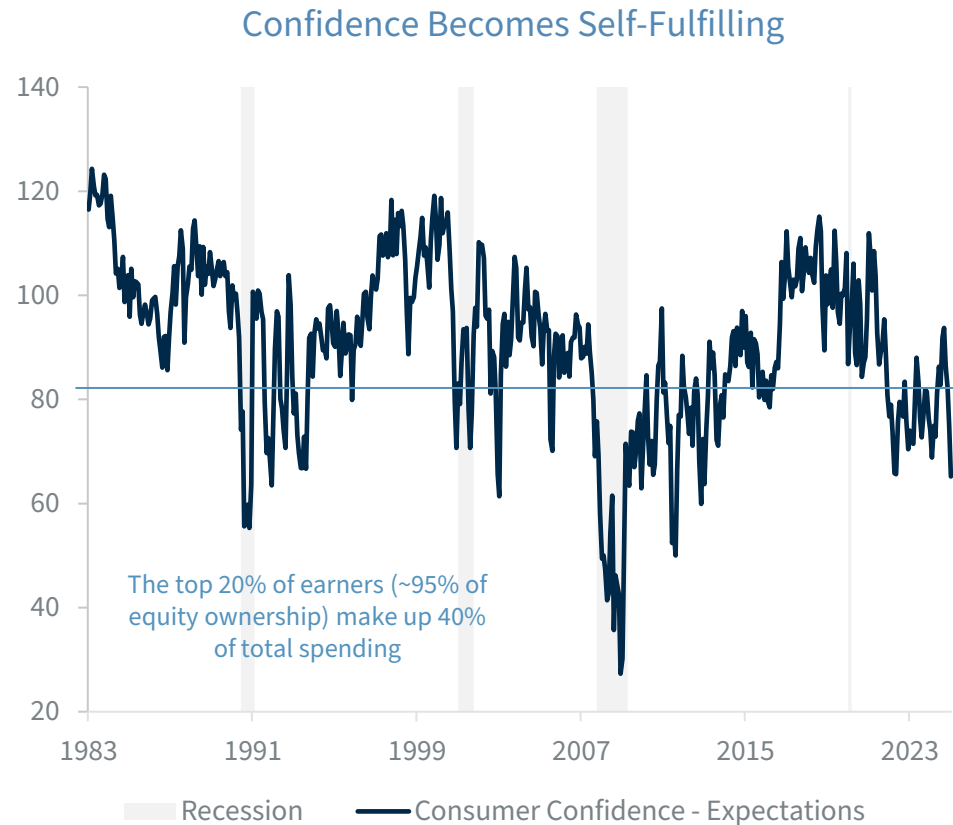
Number of Fed Rate  
Cuts in 2025

### Five Downward Pressures to Inflation – Key Differences from 2022 Inflation Surge

- 1 Slowing Economic Activity**  
Tariffs to hit consumer demand
- 2 Wage Growth Easing**  
Slowing labor market to lead to downward pressure to wages
- 3 Falling Energy Prices**  
Falling energy prices should help to tamp down headline inflation
- 4 Easing Money Supply**  
Muted growth in money supply to suppress inflationary pressure
- 5 Excess Savings Depleted**  
Consumers have depleted all their excess savings following COVID

## KEY RISKS TO OUR FORECASTS

### WHY THE ECONOMY COULD GO INTO RECESSION



Source: FactSet, Data as of 4/4/2025.

50%

Probability of  
Recession in 2025

### Why a Recession Would Likely be Short-Lived

1

#### No Excesses in the Economy

Corporate and consumer debt levels at healthy levels.

2

#### Consumers Remain on Solid Footing

Consumer debt service ratio remains healthy vs. historical standards.

3

#### Labor Market is Healthy

Elevated levels of job openings should limit layoffs in downturn.

4

#### Corporate Fundamentals Solid

Should help to soften hit to both employment and capex.

5

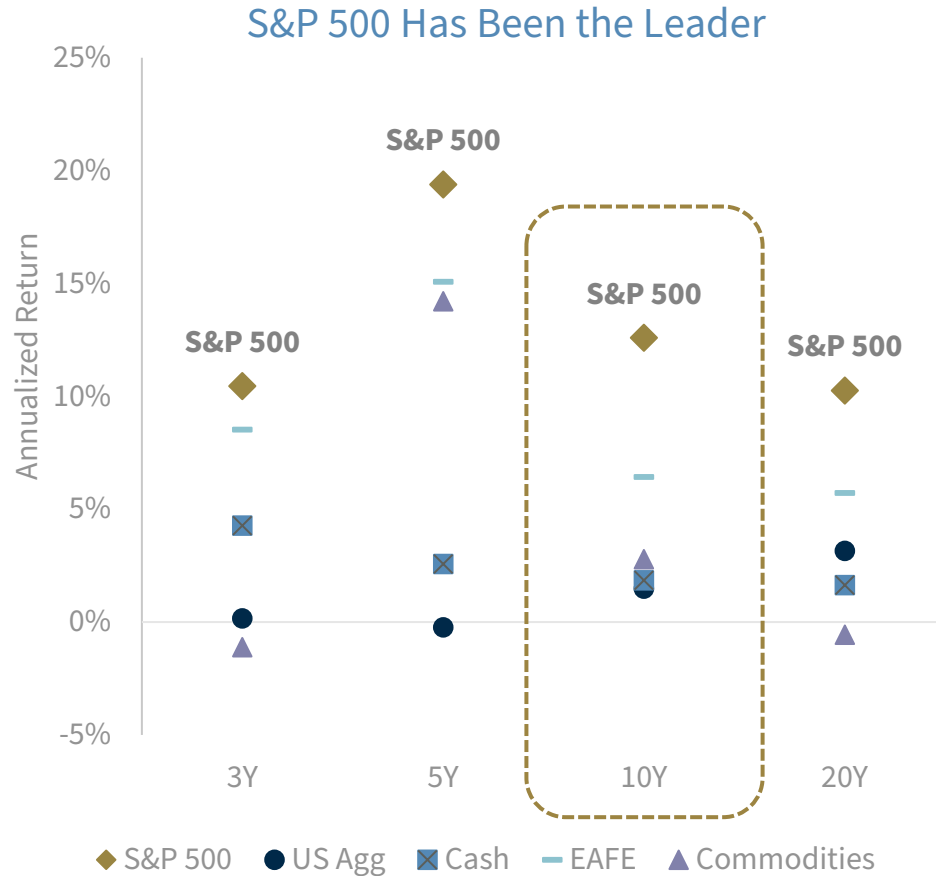
#### Government Spending Positive

Additional spending remaining in government spending packages.

And Now.... Turning to the First Pick in  
the Investment Strategy Draft

## AND WITH THE FIRST PICK UP THE 2025 DRAFT, WE SELECT EQUITIES

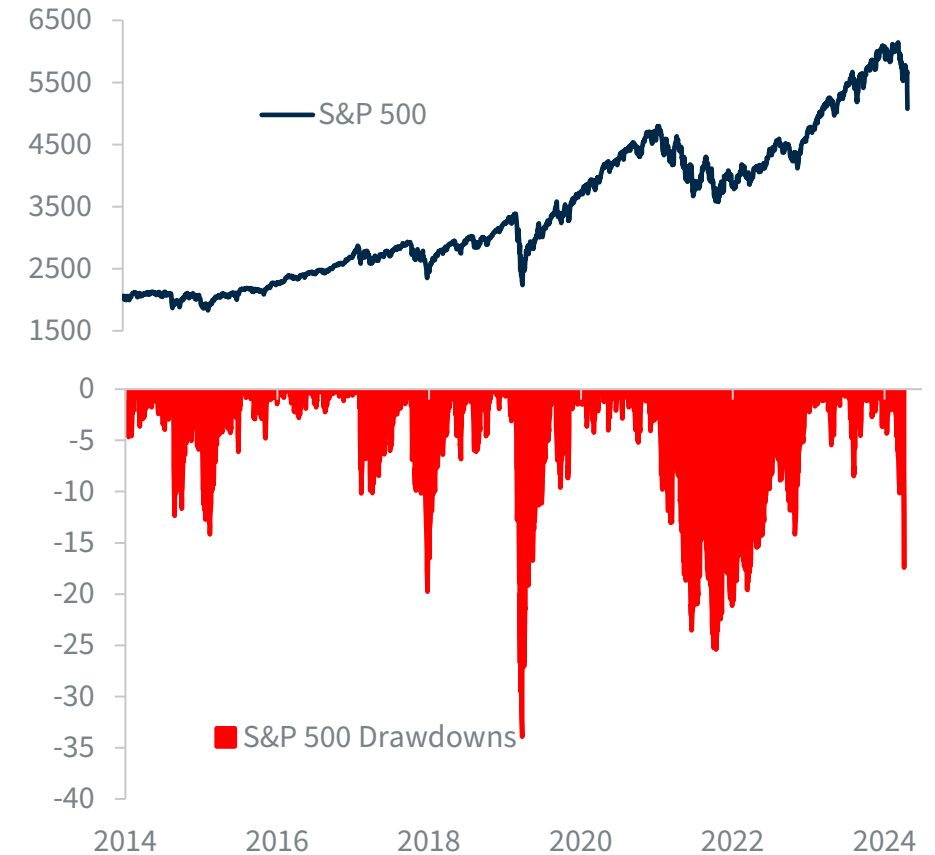
US EQUITIES POSSESS THE BEST LONG-TERM PROSPECTS FOR BUILDING WEALTH



**+11%**

10-Year Annualized  
Outperformance of  
the S&P 500 Over  
Bonds

**But You Have to Withstand the Interim Bumps**



Source: FactSet, Data as of 4/4/2025.

# FUNDAMENTAL IMPACT FROM TARIFFS ON EARNINGS

## DOWNSIDE IMPACT FROM TARIFFS ON EARNINGS

**\$250-\$255**

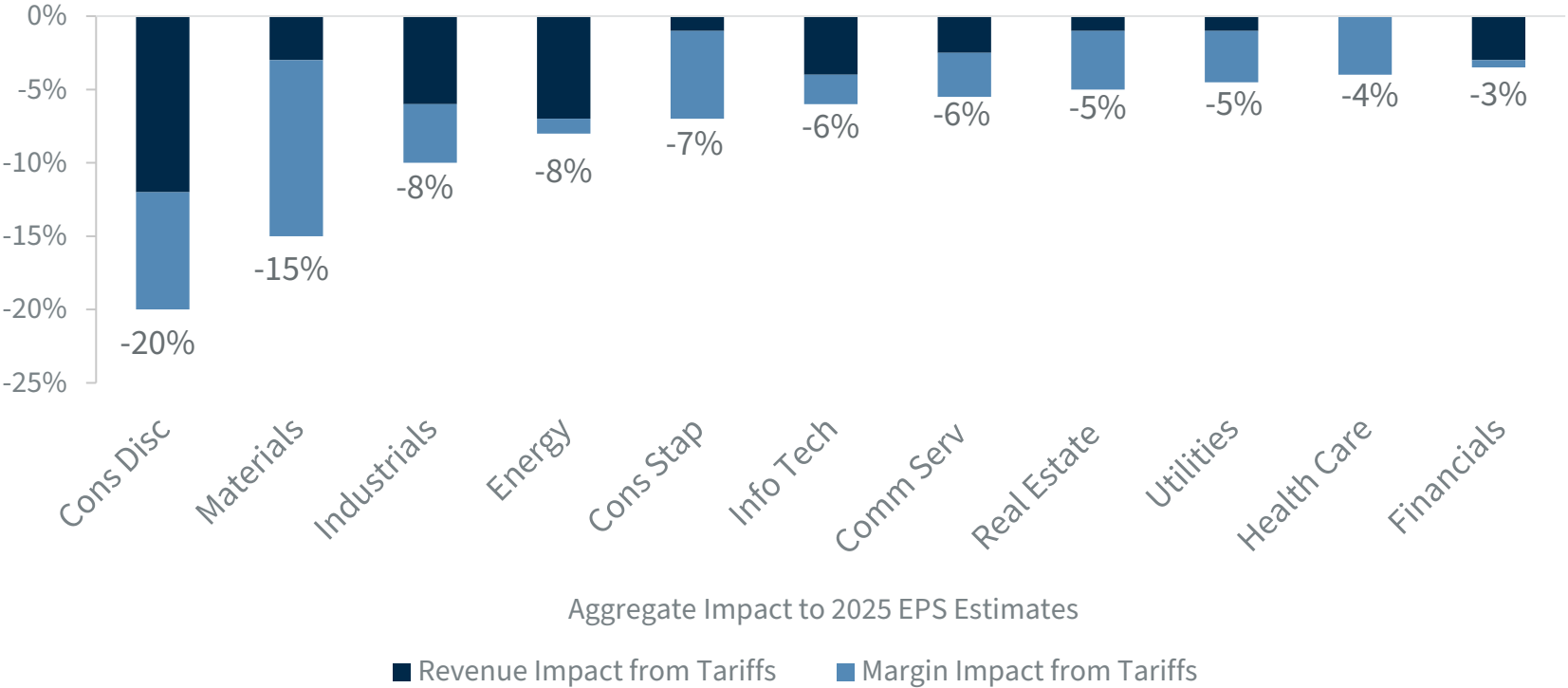
2025 S&P 500 EPS  
Forecast

### Cyclical Sectors To See Hardest Hit To Earnings

**Two Major  
Impacts to EPS**

Tariff/Cost Impact  
(Margins)

Demand Destruction  
(Sales Growth)



Source: FactSet, Data as of 4/4/2025.

## POTENTIAL MARKET SCENARIOS

TARIFFS WILL LIKELY HAVE A HEIGHTENED IMPACT ON THE ECONOMY AND EQUITY MARKET COMPARED TO PREVIOUS EXPECTATIONS

### Forecasts at Start of Year

**BULL** ~7,000  
(30% probability) \$280 EPS

**Economic** Reacceleration  
**Margin Expansion** Above Expectations  
**Sentiment Keeps Multiple Elevated**  
Favorable **Regulatory/Tax** Landscape

**BASE** ~6,375  
(50% probability) \$270 EPS

**Economic** Soft Landing  
2 Fed **Rate Cuts**  
Slight **Margin Expansion**  
**Disinflation** Continues

**BEAR** ~5,400  
(20% probability) \$250 EPS

**Inflation** Reaccelerates  
**Growth** Weakens  
**Hawkish** Policy Response  
**Tariffs** Weigh on Margins  
Weakening **Credit Markets**  
Strengthening **Dollar**

### Updated Forecasts

**BULL** ~6,375  
(20% probability) \$270 EPS

Successful **Tariff Negotiations**  
Favorable **Regulatory/Tax** Landscape  
**Fundamentals** Remain Intact  
**Disinflation** Continues

**BASE** ~5,800  
(50% probability) \$255 EPS

**Positive Economic Growth**  
3 Fed **Rate Cuts**  
**Margins Compress** Slightly  
**Disinflation** Continues

**BEAR** ~4,650  
(30% probability) \$220 EPS

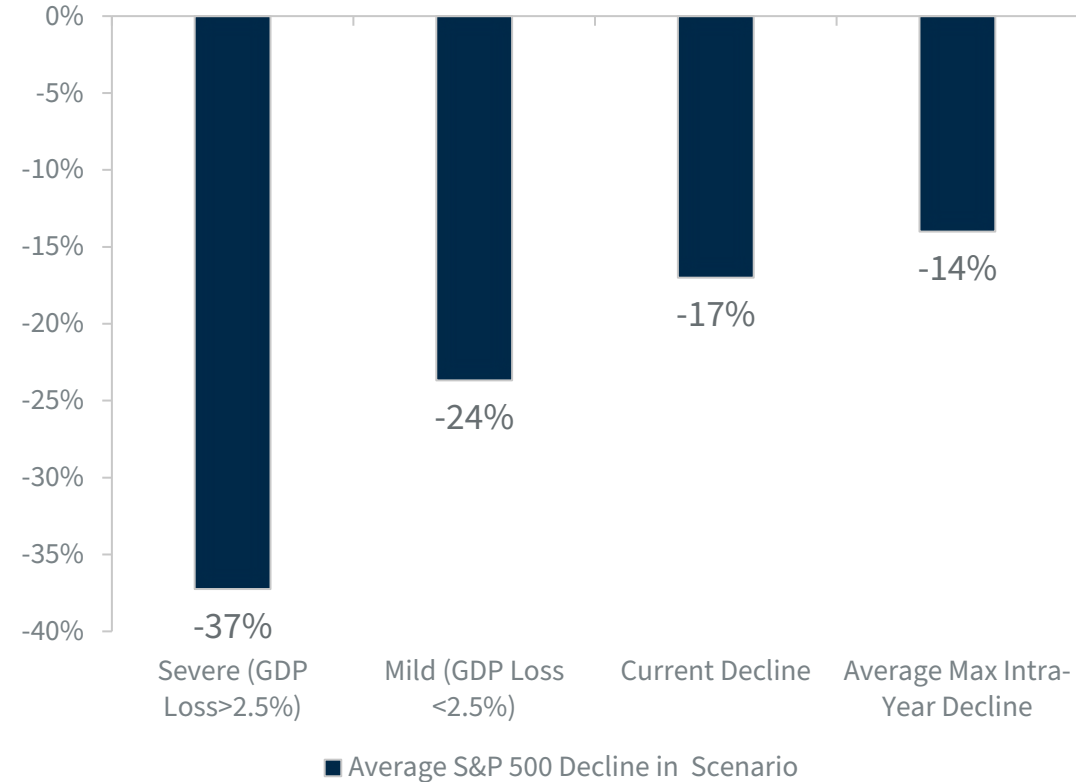
**Elevated Tariffs** Remain in Place  
Significant **Margin Erosion**  
**Confidence** Remains Weak  
**Recession** in US and Abroad  
Weakening **Credit Markets**

Source: FactSet, Data as of 4/4/2025.

# ECONOMIC OUTLOOK KEY FOR EQUITIES

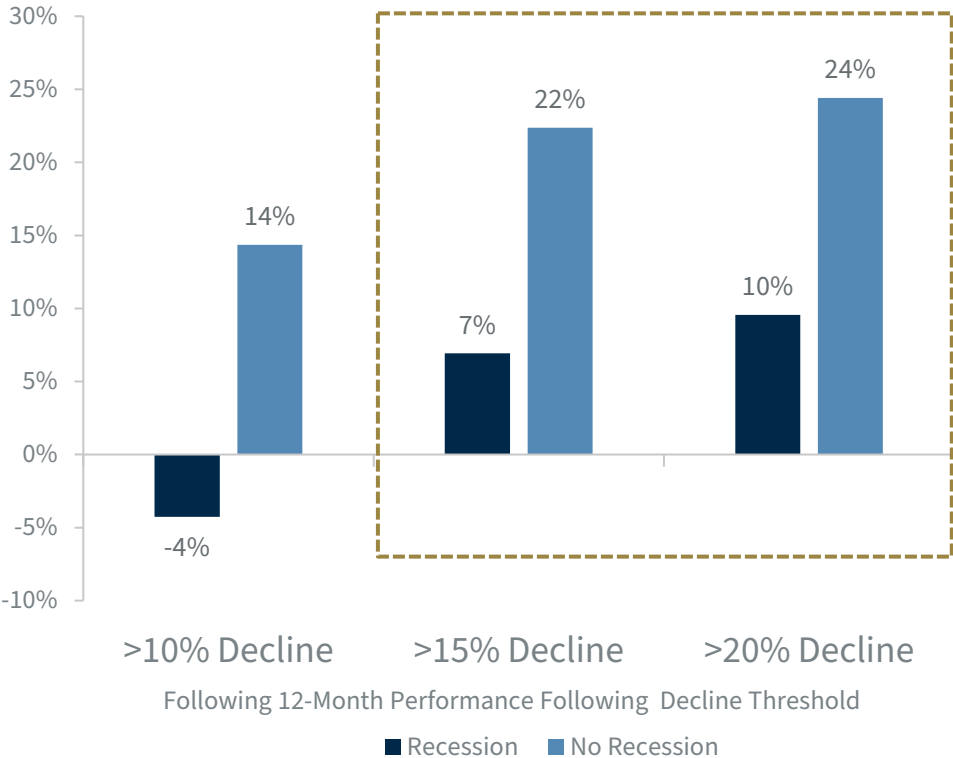
## DETERMINING A RECESSION IS CRITICAL FOR THE EQUITY MARKET

Market Pricing in a ~75% Chance of a Mild Recession



Source: Bloomberg, data as of 4/4/2025.

No Recession Critical For Forward Returns



Source: FactSet, data dates back to 1975.



# US EQUITY MARKET COULD HAVE IMMEDIATE POSITIVE IMPACT

AFTER THE RECENT DECLINE, S&P 500 HAS POTENTIALLY ROBUST UPSIDE

## Market Typically Rallies After Slow Start

	Performance Through April 4 <sup>th</sup> (declines of >10%)	Rest of Year Return
2020	-23.0%	50.9%
2001	-16.4%	4.1%
1939	-16.1%	13.1%
1933	-14.7%	69.0%
2025	-13.7%	??
1932	-13.1%	-2.0%
1938	-12.4%	42.2%
Average Return Through Year End		29.5%

Source: FactSet, Data as of 4/4/2025.

## Other Signs of Capitulation

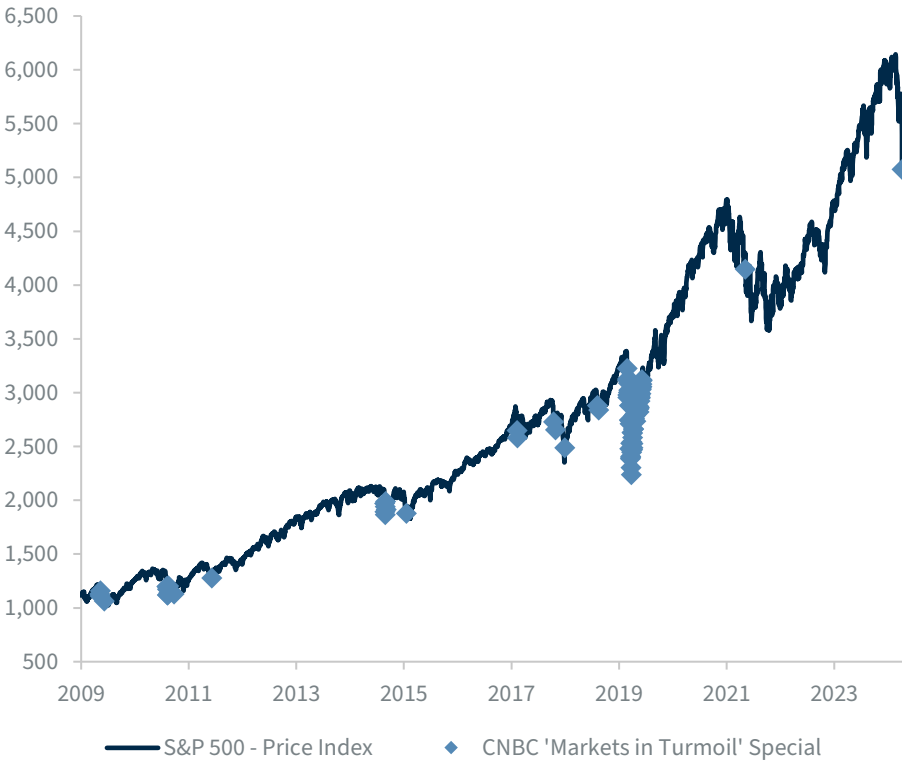
Record Put Volumes

VIX>40

RSI in Oversold Territory

Near Record Bearish Investors

## Markets in Turmoil a Contrarian Indicator

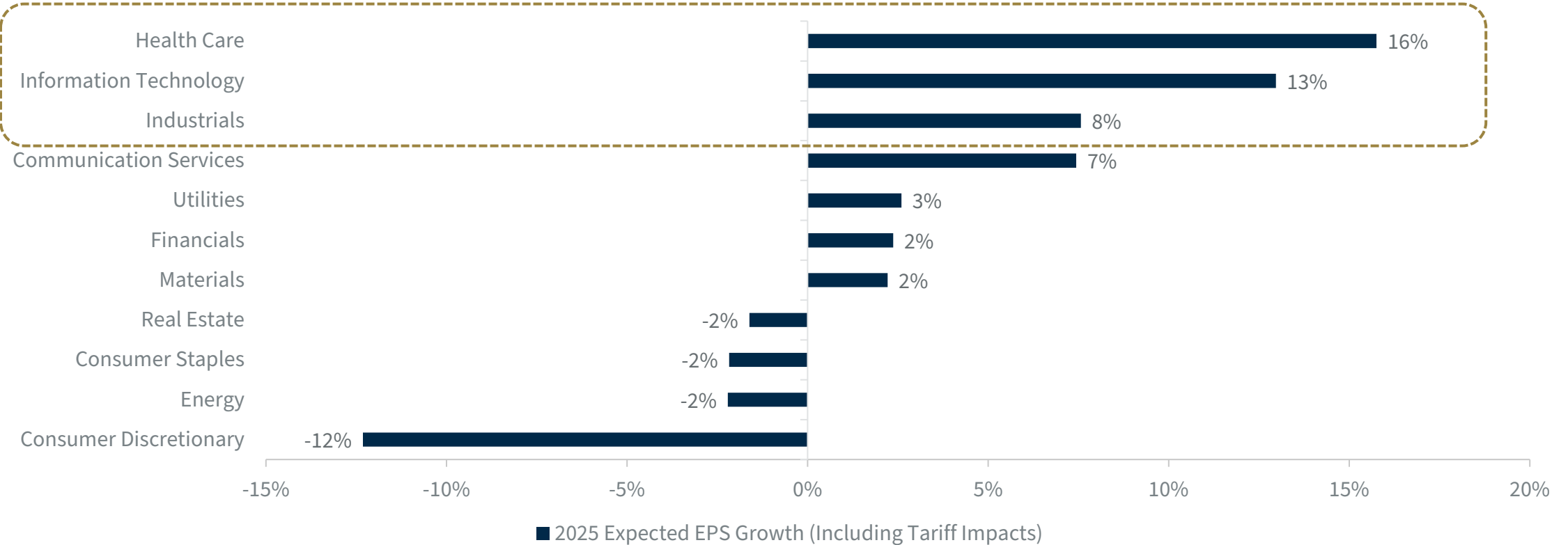


Source: FactSet, Data as of 4/4/2025 and dates back to 2010.

## NO SECTOR OR REGIONAL 'TRADES' IN OUR POSITIONING

THE BEST WAY TO BUILD A TEAM (AND PORTFOLIO) IS TO RETAIN YOUR GOOD PLAYERS

### Follow the Fundamentals – Strong Earnings Growth



Source: FactSet, Data as of 4/4/2025.

## NO SECTOR OR REGIONAL 'TRADES' IN OUR POSITIONING

DESPITE RECENT UNDERPERFORMANCE, TECH FUNDAMENTALS REMAIN HEALTHY

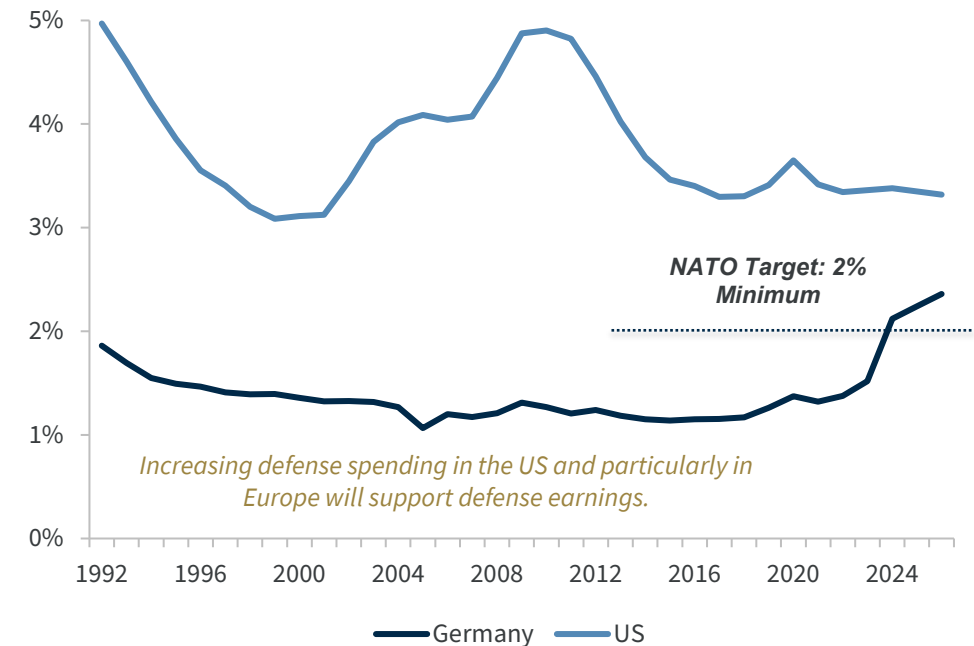
### Reasons We Still Favor Tech

- Healthy EPS Growth
- Robust Margins
- Less Expensive Valuations
- AI Enthusiasm
- Returning Cash to Shareholders

Technology Should Recover  
*DeepSeek Is Not Its Achilles Heel*



Industrials Remain a Long-Term Play



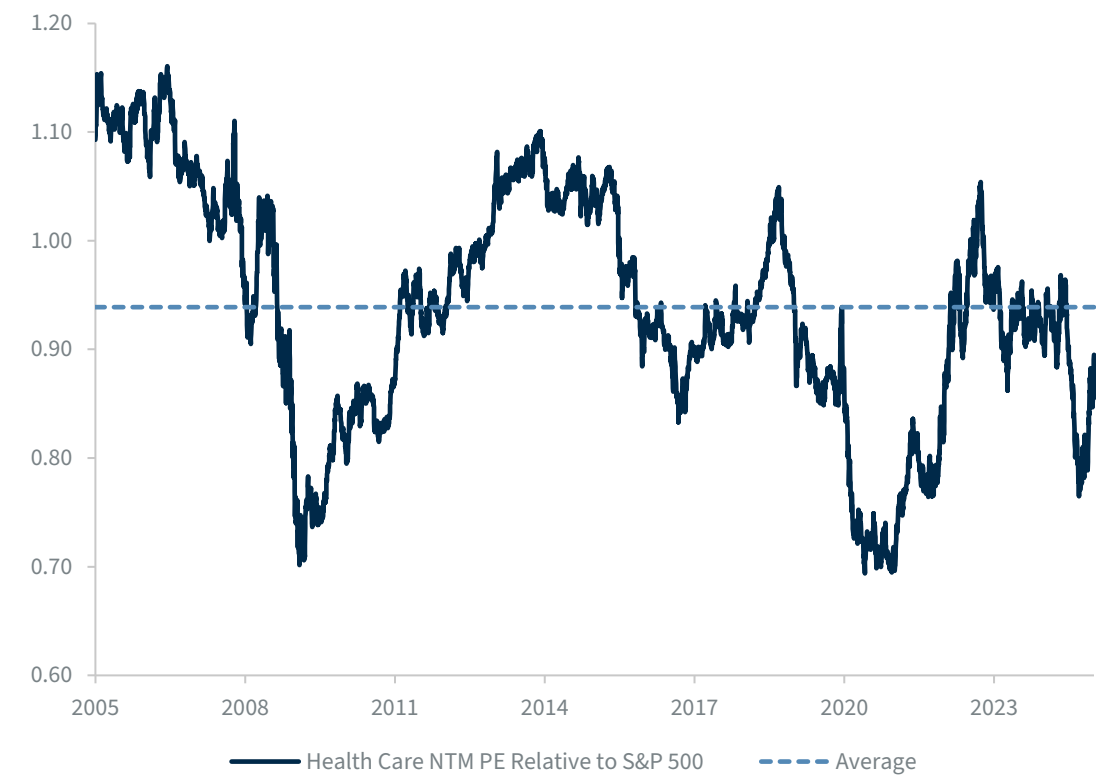
Defense Spending, % of GDP (SIPRI, NATO)

Source: FactSet, Data as of 4/4/2025. MAGMAN refers to Microsoft, Apple, Google, Meta, Amazon, and NVIDIA—six of the current largest technology companies listed on the NASDAQ. The foregoing is not a recommendation to buy or sell those stocks.

# NO SECTOR OR REGIONAL 'TRADES' IN OUR POSITIONING

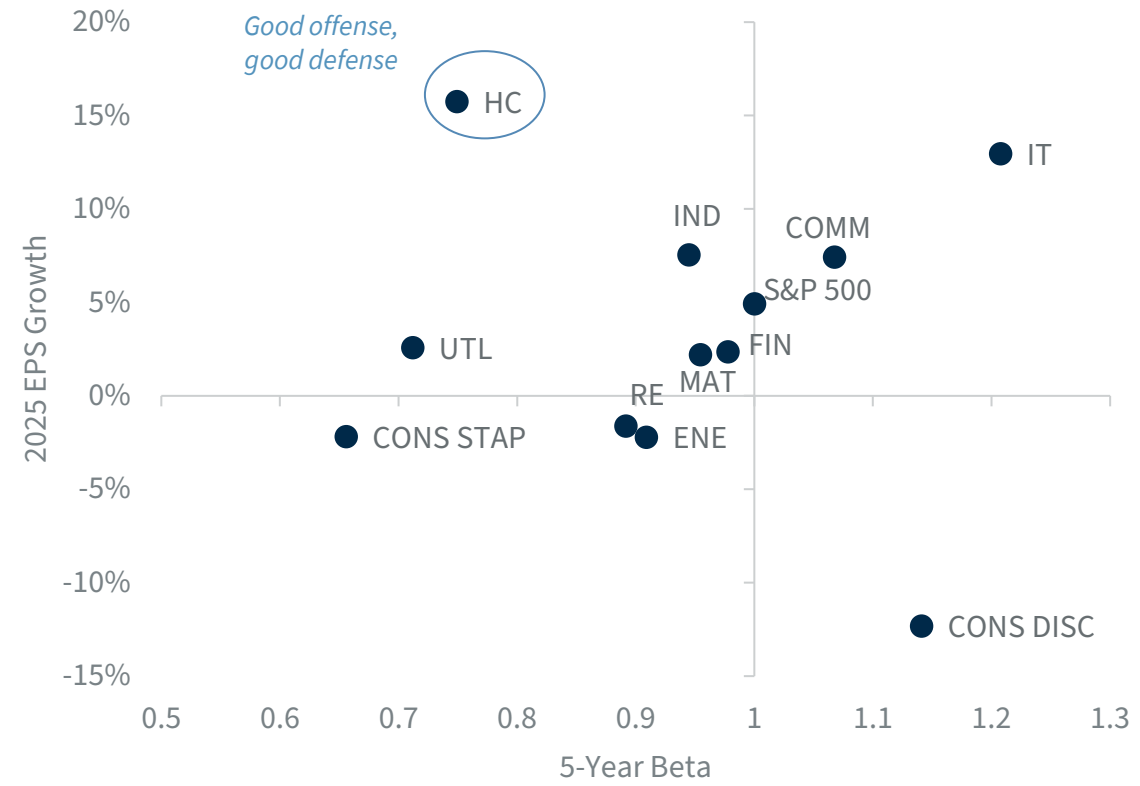
## HEALTH CARE THE BEST DEFENSIVE PERFORMER

Health Care Trading at a Discount



Source: FactSet, Data as of 4/4/2025.

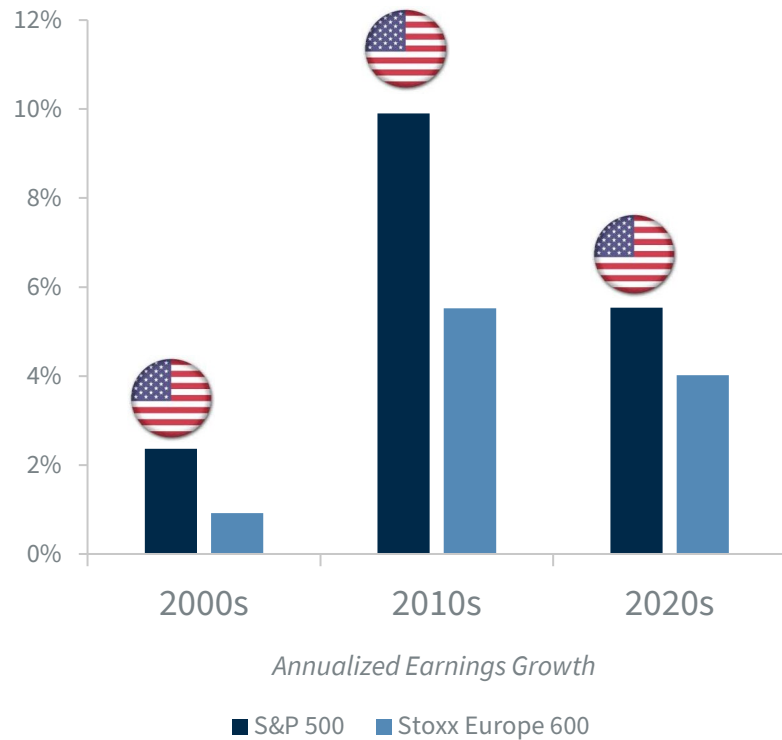
Health Care a 'Two-Way' Player  
May be the 'Sleeper Pick'



## NO SECTOR OR REGIONAL 'TRADES' IN OUR POSITIONING

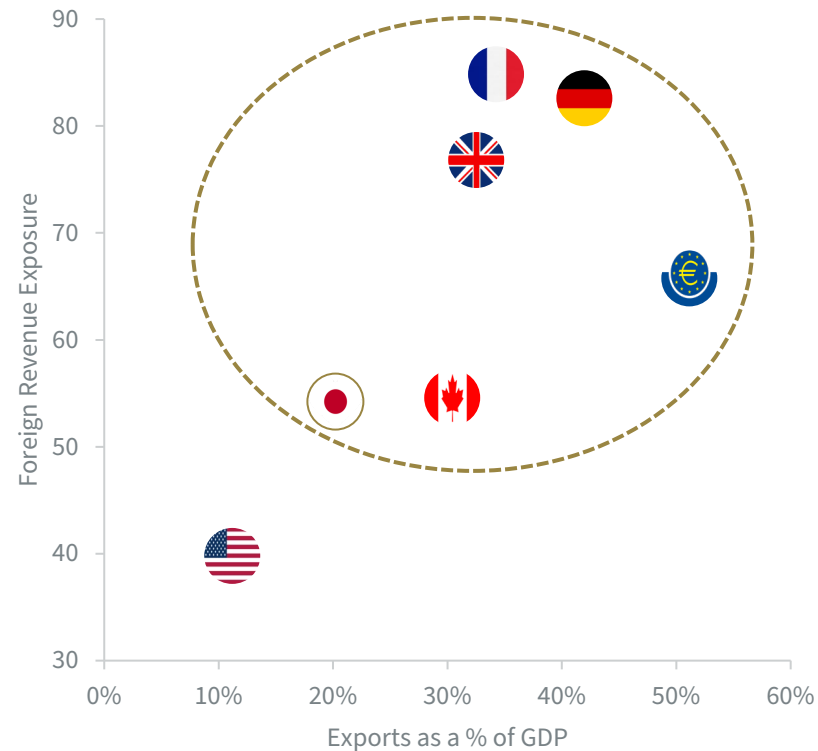
### FUNDAMENTALS SUPPORT THE US OVER OTHER DEVELOPED MARKETS

#### Stronger Long Term Better EPS Growth in Every Decade



Source: FactSet, Data as of 4/4/2025.

#### US Less Exposed to Impacts in Foreign Trade



#### Irreversible Trends US Positioned For Long Term

##### Education

21 of the top 30 global universities are located in the United States. Four in Europe.

##### Taxes

The top ten countries with the highest tax rates are in Europe; the US ranks 29<sup>th</sup> (~30%).

##### Trade and Tariff Exposure

~60% of the top 100 global companies are found in the US.

##### Investment in US

~50% of global venture capital is Invested within the United States.

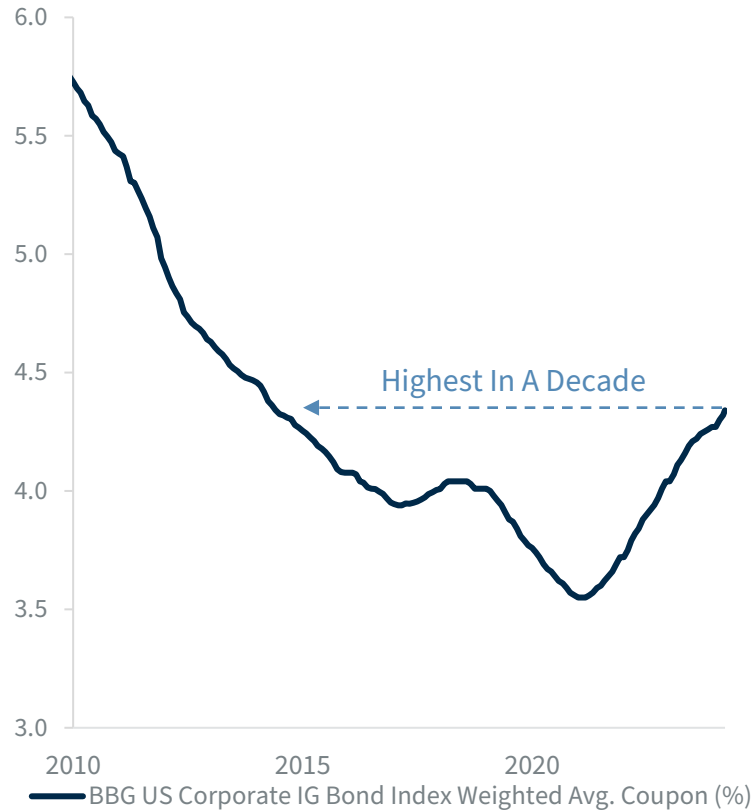
##### AI Momentum

US has granted 12x more AI-related patents than Europe.

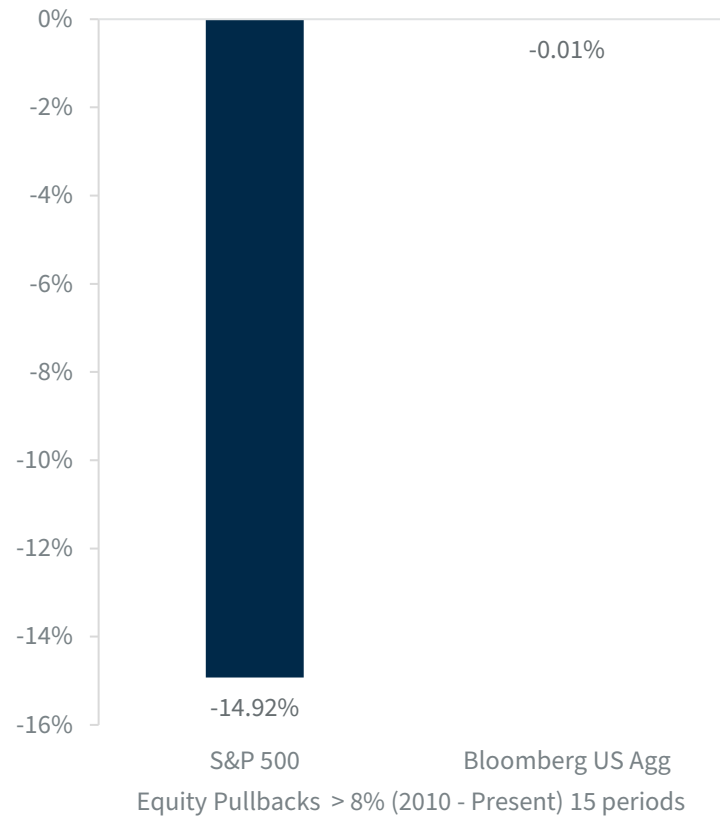
## MR. NOT SO IRRELEVANT—THE BOND MARKET

ITS NOT ALWAYS THE MOST GLAMOUROUS PICK THAT HELPS BALANCE YOUR PORTFOLIO

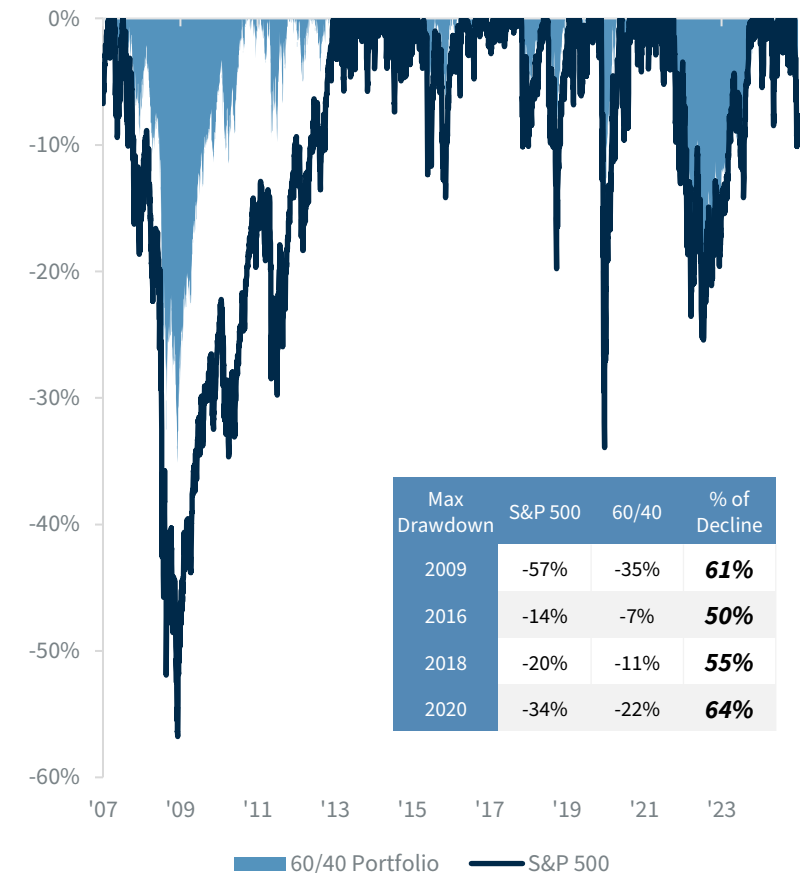
### Bonds Provide Healthy Income



### Bonds Provide Diversification



### Bonds Can Balance Risk



Source: FactSet, Data as of 4/4/2025.

## UPDATED MARKET SCENARIOS

ITS NOT ALWAYS THE MOST GLAMOUROUS PICK THAT HELPS BALANCE YOUR PORTFOLIO

### Pre-Tariffs Bond Scenarios

**BEAR**

20% Probability

**>5.0%**

**Growth** Reaccelerates >3%  
**No** Fed Rate Cuts  
**Inflation** Reaccelerates > 3%  
**Worsening** Budget Deficit/**Weak** Auctions

**BASE**

60% Probability

**4.50%**

**Growth** Remains ~2.4%  
**Two** Fed Rate Cuts  
**Disinflation** Continues/ **Modest** Tariffs  
**Status Quo** Deficit/**Healthy** Bond Auctions

**BULL**

20% Probability

**<4.0%**

**Growth** Falls Below 2%  
**Fed Cuts** More Than Two Times  
**Inflation** Falls Below 2% on Lighter Tariffs  
**Improved** Debt Issuance/**Lower** Deficit

### Updated Bond Scenarios

**BEAR**

20% Probability

**>4.75%**

**Growth** Reaccelerates >3%  
**No** Fed Rate Cuts  
**Inflation** Reaccelerates > 3%  
**Worsening** Budget Deficit/**Weak** Auctions

**BASE**

60% Probability

**4.25%**

**Growth** Falls Sub-Trend, No Recession  
At Least **Three** Fed Rate Cuts  
Inflation Increase Seen As **Temporary**  
**Status Quo** Deficit/**Healthy** Bond Auctions

**BULL**

20% Probability

**<3.75%**

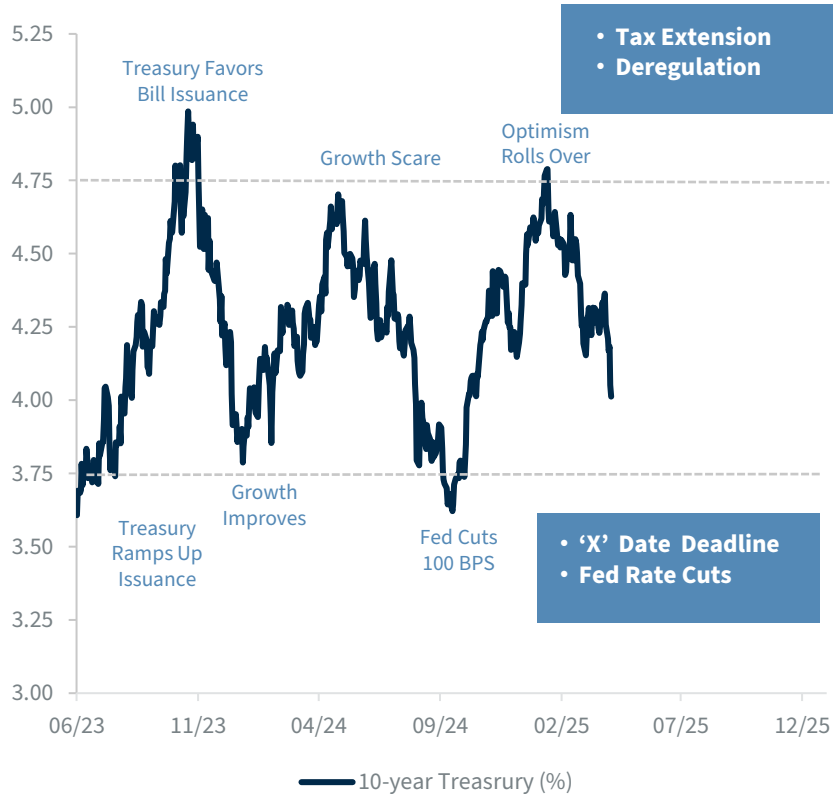
**Economy** Falls Into A Mild Recession  
**Fed Cuts** More Aggressively  
**Weak Demand** Trumps Inflation Uptick  
**Unemployment Rises** Above 4.5%

Source: FactSet, Data as of 4/4/2025.

## MR. NOT SO IRRELEVANT—THE BOND MARKET

ITS NOT ALWAYS THE MOST GLAMOUROUS PICK THAT HELPS BALANCE YOUR PORTFOLIO

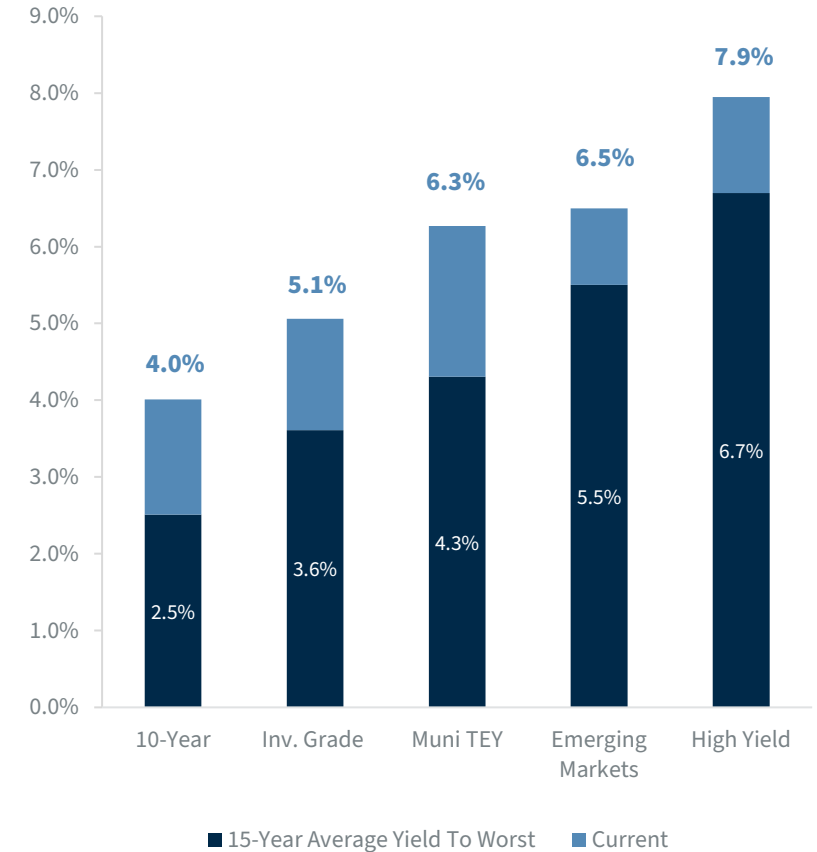
### Treasury Yields Still Range Bound



### Bid/Cover Ratio Healthy



### High Quality Yields Remain Attractive



Source: FactSet, Data as of 4/4/2025.



## GRADING YOUR DRAFT AND PORTFOLIO PERFORMANCE

LONG-TERM PERFORMANCE IS WHAT COUNTS, NOT THE GLITZ AND EXCITEMENT OF THE ANNOUNCEMENT

Proving It On The Field



**Tom Brady**

**199<sup>th</sup> Draft Pick (2000)**  
Future HoF, 5-Time SB MVP



**JaMarcus Russell**

**1<sup>st</sup> Draft Pick (2007)**  
Released in 2009



**Nikola Jokic**

**41<sup>st</sup> Draft Pick (2014)**  
Future HoF, 3-Time MVP



**Anthony Bennett**

**1<sup>st</sup> Draft Pick (2013)**  
Released from NBA in 2017



**Nolan Ryan**

**205<sup>th</sup> Draft Pick (1965)**  
HoF, 8-Time MLB All-Star



**Matt Bush**

**1<sup>st</sup> Draft Pick (2004)**  
Made MLB Debut in 2016



**Nicklas  
Lidstrom**

**53<sup>rd</sup> Draft Pick (1989)**  
HoF, Four NHL Championships



**Andre Veilleux**

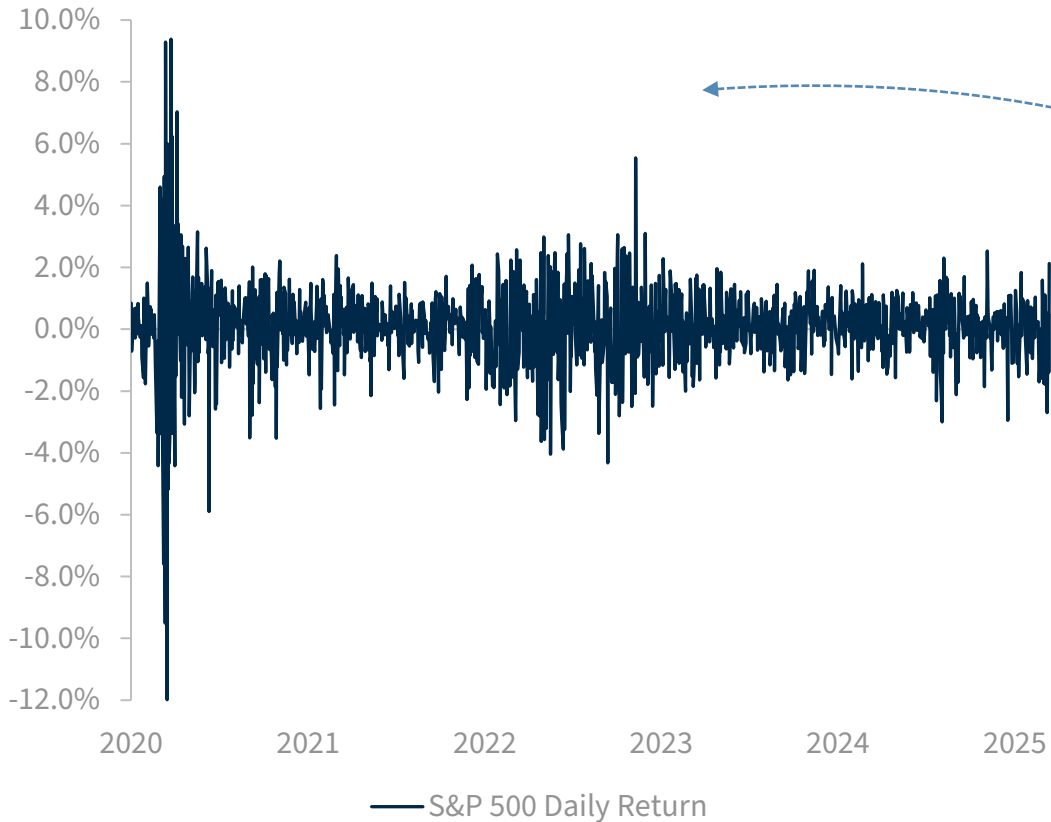
**1<sup>st</sup> Draft Pick (1965)**  
Never played an NHL game

Source: ESPN.com

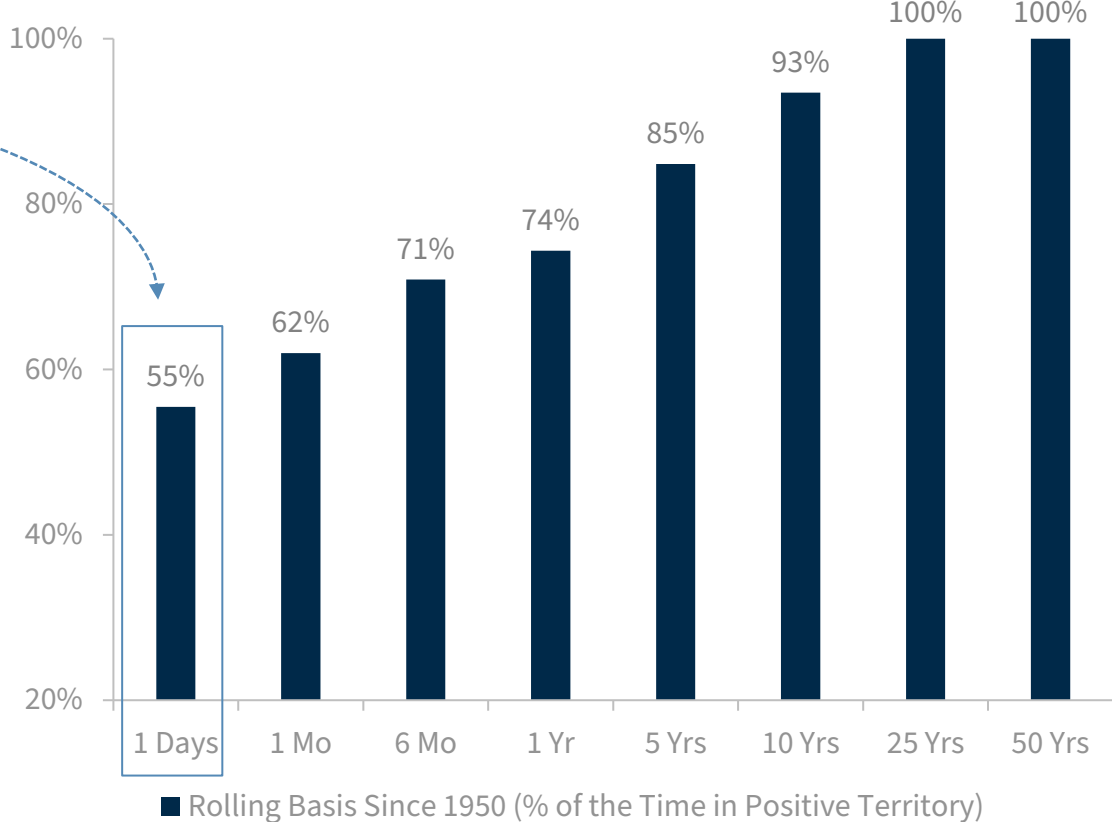
# GRADING YOUR DRAFT AND PORTFOLIO PERFORMANCE

LONG-TERM PERFORMANCE IS WHAT COUNTS, NOT THE GLITZ AND EXCITEMENT OF THE ANNOUNCEMENT

Daily Performance of Equity Market Volatile



Time Horizon Matters When Holding Equities

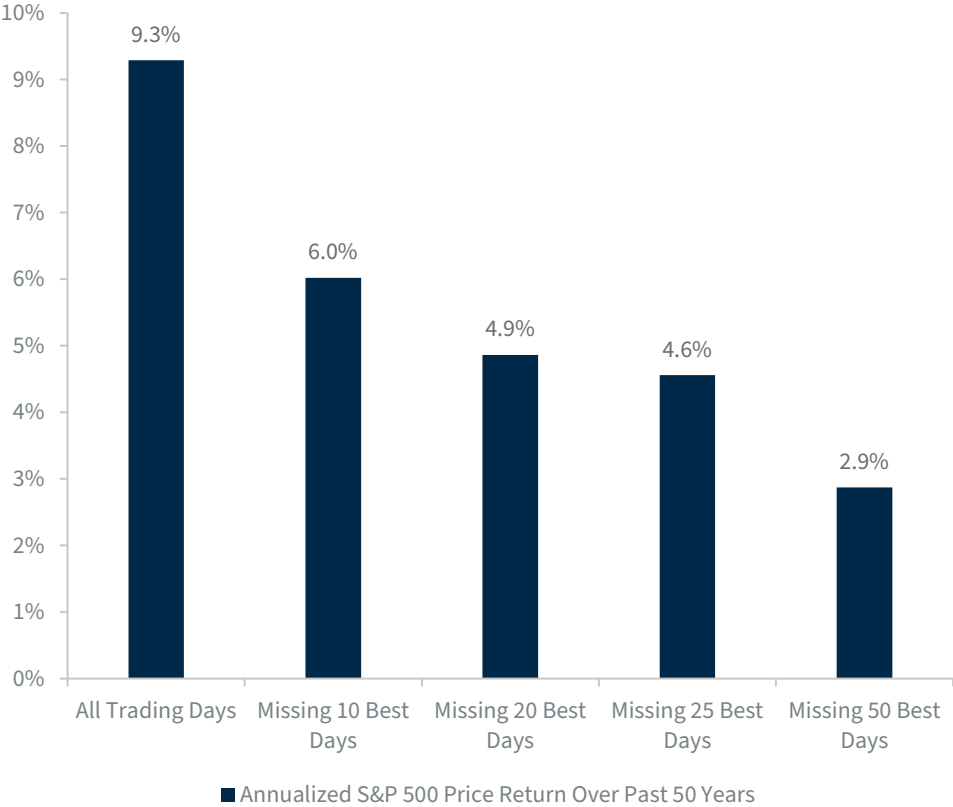


Source: FactSet, Data as of 4/4/2025.

# GRADING YOUR DRAFT AND PORTFOLIO PERFORMANCE

LONG-TERM PERFORMANCE IS WHAT COUNTS, NOT THE GLITZ AND EXCITEMENT OF THE ANNOUNCEMENT

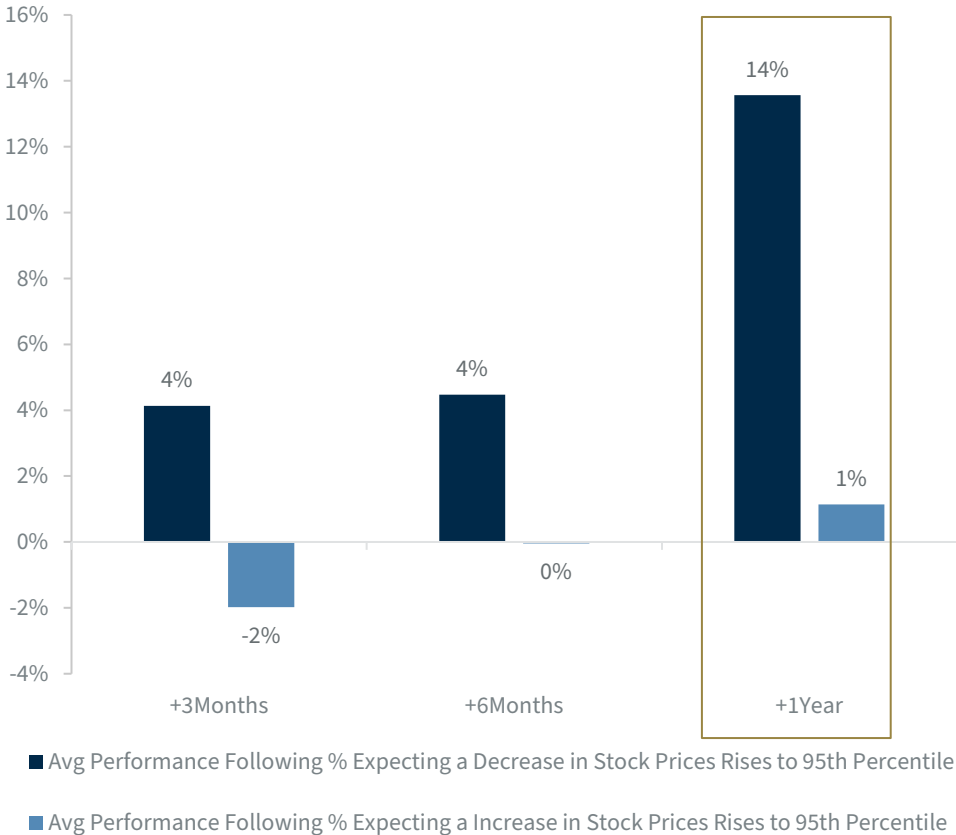
Performance Missing the Best Days



*“Be fearful when others are greedy and greedy when others are fearful.”*  
**-Warren Buffet**

Source: FactSet, Data as of 4/4/2025.

Shift in Sentiment is Supportive



Source: FactSet, Data dated back to 1985.



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## UPCOMING WEBINARS

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**MAY 12 | 4:00 PM ET**

Monthly Webinar

*This presentation will discuss topical ideas and our economic and asset class outlook.*

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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. Investing in emerging markets can be riskier than investing in well-established foreign 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.

**WEST TEXAS INTERMEDIATE** | West Texas Intermediate can refer to a grade or a mix of crude oil, and/or the spot price, the futures price, or the assessed price for that oil; colloquially WTI usually refers to the price of the New York Mercantile Exchange WTI Crude Oil futures contract or the contract itself.

**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.

**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.

**CAPEX** | CAPEX Capital Expenditures are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. CapEx is often used to undertake new projects or investments by a company.

## 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.

**INVESTMENT GRADE** | **Bloomberg US Corporate IG Bond Index:** The index is designed to be a rules-based index that aims to track the Bloomberg US Corporate Bond Index (“Parent Index”), based on liquidity criteria.

**US DOLLAR** | The U.S. Dollar Index is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.

**200 DAY MOVING AVERAGE** | The 200-day moving average is a popular technical indicator which investors use to analyze price trends. It is simply a security's average closing price over the last 200 days

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## US INDEXES AND EQUITY SECTORS DEFINITION

**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.

**RUSSELL 2000** | **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.

## 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** | **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.

**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.

**GERMAN BUND** | A bund is a debt security issued by Germany's federal government, and it is the German equivalent of a U.S. Treasury bond.

**SMALL CAP** | Investing in small-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor. The prices of small company stocks may be subject to more volatility than those of large company stocks.

**LARGE-CAP STOCK** | also known as big caps are shares that trade for corporations with a market capitalization of \$10 billion or more. Large-cap stocks tend to be less volatile during rough markets as investors fly to quality and stability and become more risk-averse

**MSCI AC WORLD EX-US** | The **MSCI AC ex USA** Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 26 Emerging Markets (EM) countries\*. With 2,215 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

**LATAM** | **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.

**ASIA 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.

## COMMODITIES DEFINITION

**BLOOMBERG COMMODITY INDEX** | Bloomberg Commodity Index is a commodity group sub index of the Bloomberg CITR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD.

**WTI** | West Texas Intermediate can refer to a grade or a mix of crude oil, and/or the spot price, the futures price, or the assessed price for that oil; colloquially WTI usually refers to the price of the New York Mercantile Exchange WTI Crude Oil futures contract or the contract itself.

**BLOOMBERG EMERGING MARKETS AGGREGATE BOND INDEX** | The Bloomberg s Emerging Markets Aggregate Bond Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

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## DATA SOURCES:

FactSet.

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