

THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Welcome to pro football’s draft—the most anticipated three-day event ahead of the upcoming season! This year’s draft for the 105th football season is buzzing with excitement as teams revealed their first-round draft picks last night. There will be no shortage of coverage on the remaining six rounds as experts analyze every move the 32 pro football teams make in the coming days. And just like the sports experts make predictions and try to handicap how this year’s draft will impact each team over the coming season, economists and financials markets will be evaluating several big events next week. In the spirit of the draft, here are our top five picks for events that have the potential to be market moving:

Key Takeaways

Powell’s Press Conference
Next Week Will Be Key

All Eyes On The Quarterly
Refunding Announcement

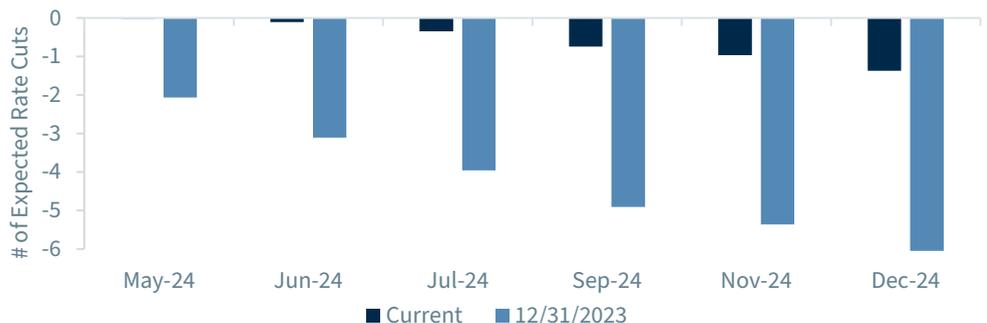
Will The Labor Market’s
Resilience Continue?

- Powell’s Press Conference Could Bring Fireworks** | Ongoing economic strength and hotter than expected inflation caused the market to dial back expectations for near-term rate cuts, with the Fed’s first rate cut pushed back to November. Some market pundits are even speculating there may be no rate cuts this year. The Fed is widely expected to hold rates steady at its May 1 meeting; all eyes will be on Chair Powell at his 2:30 pm press conference. To be sure, the latest data did not instill confidence that inflation is moving sustainably toward the 2.0% target. Powell will likely stick to his ‘data dependence’ script, reiterating that rates are likely at their peak, but may need to remain restrictive for a little longer. However, Powell will need to navigate questions regarding this week’s slower growth/hotter inflation flagged in the GDP report and whether the three rate cuts penciled into the March dot plot are still relevant. We are also expecting more details on the Fed’s balance sheet reduction plans.
- All Eyes On The Quarterly Refunding Announcement** | The Treasury Department will announce its borrowing requirements for the upcoming quarter on April 29 and detail the composition of issuance (i.e., the split between bills and coupons to be issued) on May 1 ahead of the Fed meeting. The sharp increase in debt issuance in recent years has captured the market’s attention as the swing buyer of Treasuries has shifted from the Fed to price-sensitive buyers (i.e., households and mutual funds). Tax receipts have rolled in ahead of last year’s pace, which has left the Treasury’s operating account flush with cash (\$955B), which suggests less need for bill issuance in the coming quarter. Additionally, the Treasury Department noted in the last refunding that further increases in Treasury notes and bond auctions would likely not be needed. The good news: investor appetite for Treasuries has remained healthy. The bad news: net Treasury supply to fund the ongoing ~\$2T deficits leaves plenty for the market to absorb.
- Will Earnings Growth Deliver To Keep The Rally Going?** | With 49% of the S&P 500 market cap having reported thus far, the 1Q24 earnings season has been lackluster. S&P 500 earnings are on pace to rise ~1.6% YoY with earnings and sales beats in line with historical averages. Mega-cap tech remains a standout, with a composite of MAGMAN’s earnings expected to rise 44% YoY, while the rest of the Index is expected to decline 2.3%. Next week will mark the second busiest week of the 1Q24 earnings season, with 175 S&P 500 companies, representing 28% of market cap set to report. Importantly, two mega-cap tech names (Apple, Amazon) report on Thursday. As valuations are trading near the upper end of their 20-year range, earnings will need to be the catalyst to drive the market higher from current levels.
- Manufacturing And Service Activity Improving?** | Last month, ISM Manufacturing rose into expansion territory (a level >50) for the first time since October 2022. The Index (released on Wed) is expected to moderate slightly but still show that manufacturing activity improved for the second consecutive month. This supports our view that manufacturing activity has bottomed, which favors the Industrials sector. ISM Services (released on Friday) is expected to rise for the first time in three months and remain in expansion territory for the 15th consecutive month. This is important, as the services sector makes up a larger portion of the economy relative to manufacturing. In all, these figures reflect an economy that is expanding, albeit at a more modest pace.
- Will The Labor Market’s Resilience Last?** | The labor market, and therefore the consumer, has been the MVP of the economy up until this point. The US labor market has added 276k jobs on average over the last three months (the fastest pace since March 2023). If the unemployment rate remains below 4% for an additional month, it will tie the second longest consecutive streak below 4.0% (27 months) on record. Despite this, there are signs of a slowing labor market. The employment subsectors within ISM Manufacturing and Services readings are both in contraction territory and the number of job openings is near the lowest level since March 2021. The jobs report (released on Friday) will provide an update on the strength of the labor market. While job growth is expected to remain healthy at 175k jobs added, the pace of gains is expected to slow to a five-month low. Ultimately, the pace of job gains is likely to slow over the coming months.

CHART OF THE WEEK

The Number Of Expected Fed Rate Cuts Dwindle

The Fed’s pivot party is over. Stronger growth and hotter than expected inflation has resulted in a massive repricing in Fed rate cut expectations since the beginning of the year.



ECONOMY

- New Home Sales (+8.8% MoM) defied expectations and bounced back in March after a steep drop in February. Meanwhile, Pending Home Sales increased by 3.4% MoM, pointing to improving conditions for existing home sales which have lagged lately.
- 1Q24 real GDP grew at a quarterly annualized rate of 1.6%, falling short of consensus of 2.5% and closer to our forecast of 1.9%.^{*} The weaker print was a consequence of very strong imports, very weak exports, and relatively weak government expenditures. However, consumer spending and investments remained relatively strong, which is supportive of our view of a soft landing.
- Although the PCE price index inched up from 2.5% to 2.7% YoY, core PCE (excl. food and energy) remained unchanged at 2.8% YoY.^{*}
- **Focus of the Week:** Next week will see important employment reports released, starting with the Job Openings and Labor Turnover/Separations on Wednesday, which we expect to weaken but remain at historically high levels. Next, the employment report will be released on Friday, and we expect 175,000 jobs to have been added to the US economy.

April 29 – May 3

MON

FHFA Home Price Index
Case-Shiller Home Price Index
Consumer Confidence

TUE

WED

JOLTS
ISM Manufacturing
FOMC Meeting

THU

Unit Labor Costs (Q1)
Trade Balance

FRI

Employment Report
ISM Services

FUTURE EVENTS

5/6 Senior Loan Officer Survey
5/7 Consumer Credit
5/10 Michigan Sentiment

EQUITY

- The 1Q24 earnings season is off to a mixed start thus far as expected 1Q24 earnings growth was revised down to just 1.6%.^{*} S&P 500 net margin is expected to decline 20 bps QoQ primarily driven by a non-operating M&A charge in the pharmaceutical space.^{*} Although very bifurcated by company, S&P 500 companies are beating EPS estimates by ~8% in aggregate, a strong improvement from ~5% in 4Q23 as the rolling recovery broadens throughout sectors.
- On Wednesday evening, Meta reported 1Q24 earnings results that broadly beat 1Q estimates. However, the firm also aggressively raised capex guidance related to the buildout of AI infrastructure without providing a clear timeline on monetization of AI. This led the Communication Services sector to post its worst daily performance since October 2023 as markets were left in flux on expected returns from such a large investment cycle. As we move through the rest of earnings season, it will be critical for AI beneficiaries to provide tangible monetization guidance to justify their capital allocation strategies.
- **Focus of the Week:** By the end of next week, we will have received earnings results and forward guidance from 28% of the S&P 500 market cap including AMZN and AAPL on Tuesday and Thursday respectively. Additionally, markets will be seeking reassurance that disinflationary progress is on track from Fed Chair Jerome Powell after the FOMC meeting on Wednesday.

FIXED INCOME

- Treasury yields rose to YTD highs as sticky inflation cast doubt on the Fed's need to lower interest rates this year, with the market now penciling in less than 40 bps of rate cuts in 2024—down substantially from the 150 bps of cuts expected at the beginning of the year. Despite the weaker than expected GDP print, 2-year Treasury yields rose to 5% (the October 2023 high was 5.2%) and the 10-year yield climbed to 4.7%, confirming the market remains very sensitive to upward inflation surprises.^{*} While yields have not moved lower as we expected given the recent upside surprises to growth and inflation this year, the sharp reset in interest rates leaves the market vulnerable to a correction lower if economic data begins to disappoint.
- Yields modestly backed up to absorb the \$183B in Treasury issuance this week. The results of the 2-, 5-, and 7-year auctions were mixed. The 2-year met with strong demand and the highest foreign demand since June 2023. In contrast, demand at the 5- and 7-year auctions was lukewarm. There was a sharp uptick in direct bidders (i.e., those buying for their own account) at the auction—suggesting that price-sensitive buyers (e.g., households and mutual funds) were finding current yields attractive.
- **Focus of the Week:** Next week brings several potentially market-moving events for bonds. The Treasury Department will release its quarterly borrowing needs along with its funding decisions (i.e., the split between coupon and bill issuance) in advance of the FOMC meeting. While the Fed will likely hold rates steady at 5.50% (we're now at the second longest pause period since the 1970s), all eyes will be watching what Fed Chair Powell has to say in the press conference following the meeting.

POLITICS

- Congress passed the defense supplemental bill after months of debate, with Biden signing the package (providing \$95 billion in military aid to Ukraine, Israel, and Taiwan alongside other key national security items) into law this week. Unprecedented direct strikes by Iran into Israel in mid-April served as a key catalyst forcing House consideration of the package. We would highlight that an estimated \$50 billion of the support will flow directly to the US defense industrial base, per the Pentagon.
- The supplemental package contains a provision requiring the divestment of TikTok from Chinese ownership within 12 months or a ban on the app's US operations. The bill was grounded in national security and privacy concerns related to the app's data collection practices, influence in the US, and ties to the Chinese government. We will be watching for legal challenges to the bill—however, unique provisions limiting the judicial review of any potential lawsuits to DC courts will increase the probability that the bill is upheld by the courts. Our expectation is that China will not permit divestment and that TikTok will not operate in the US by mid-2025.

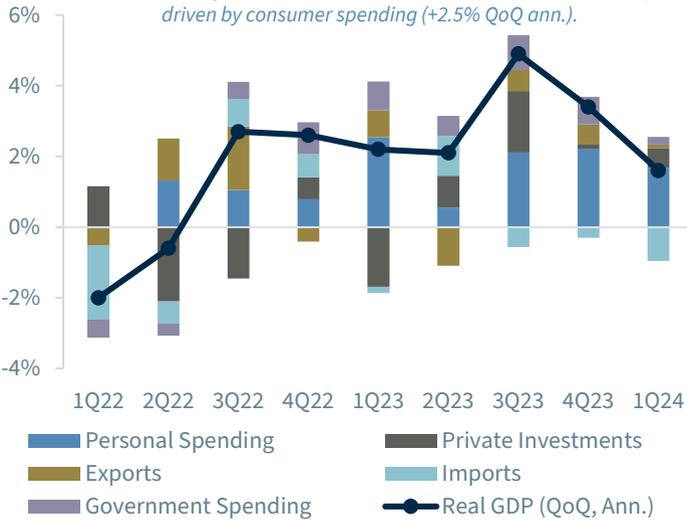
COMMODITIES

- With a YTD gain of ~15%, copper stands out as one of the best-performing commodities, metals or otherwise. This week, copper futures approached \$10,000/metric ton, a level that has not been seen since the peak of the global inflationary spiral in 2022.^{*} Why? From a demand standpoint, a series of megatrends—electric vehicle adoption, data center buildout, power grid modernization—are bolstering the need for copper. However, the more specific reason for the price escalation in recent months has to do with supply: namely, the closure earlier this year of the Cobre mine in Panama. The closure, per a decision from a local court, relates to a contractual dispute between the Canadian mining company and Panama's government. Panama is not among the world's largest copper-producing countries—a list that is topped by Chile, but Cobre happens to be one of the largest open-pit copper mines.

Charts of the Week

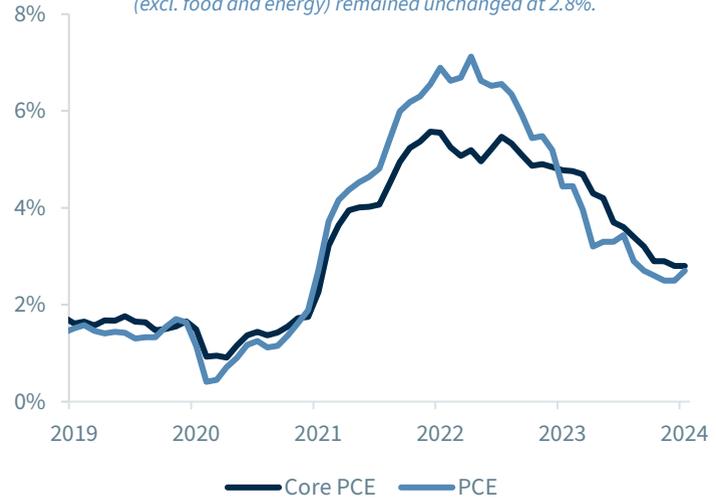
Contributions to GDP

1Q24 real GDP grew at a quarterly annualized rate of 1.6%, mainly driven by consumer spending (+2.5% QoQ ann.).



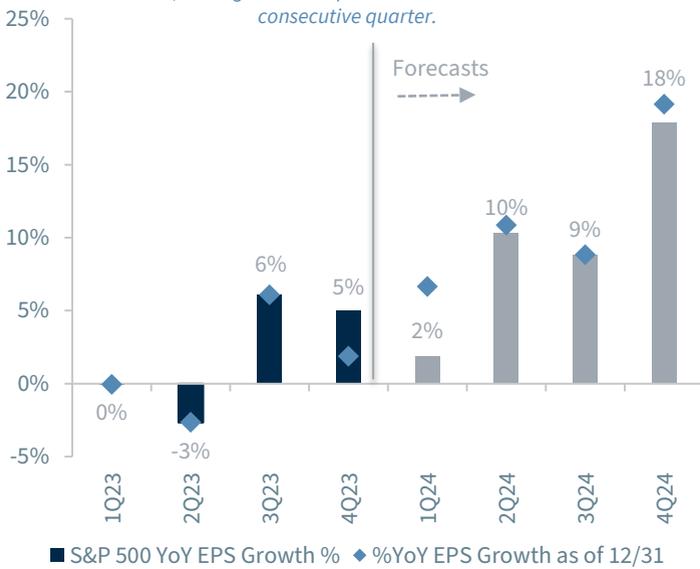
PCE Price Index

The PCE price index inched up to 2.7% YoY, while core PCE (excl. food and energy) remained unchanged at 2.8%.



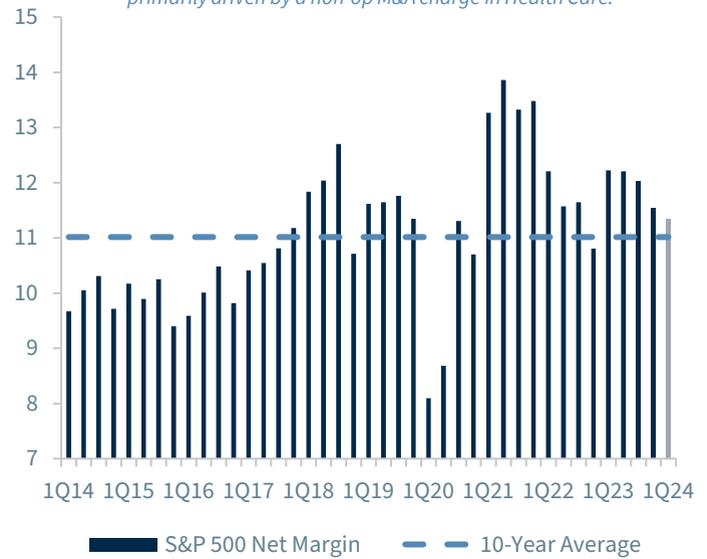
EPS Growth Expected to Decelerate in 1Q

S&P 500 Y/Y EPS growth is expected to decelerate for the 3rd consecutive quarter.



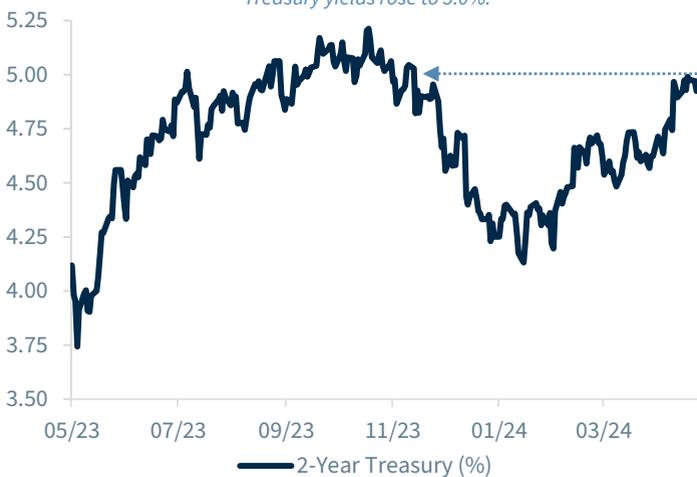
Margins Decline

S&P 500 net margin is expected to decline ~20 bps Q/Q primarily driven by a non-op M&A charge in Health Care.



2-Year Treasury Yields Climb To 5.0%

Despite the weaker than expected GDP print, 2-year Treasury yields rose to 5.0%.



Copper Prices Surge

With a YTD gain of ~15%, copper stands out as one of the best-performing commodities.

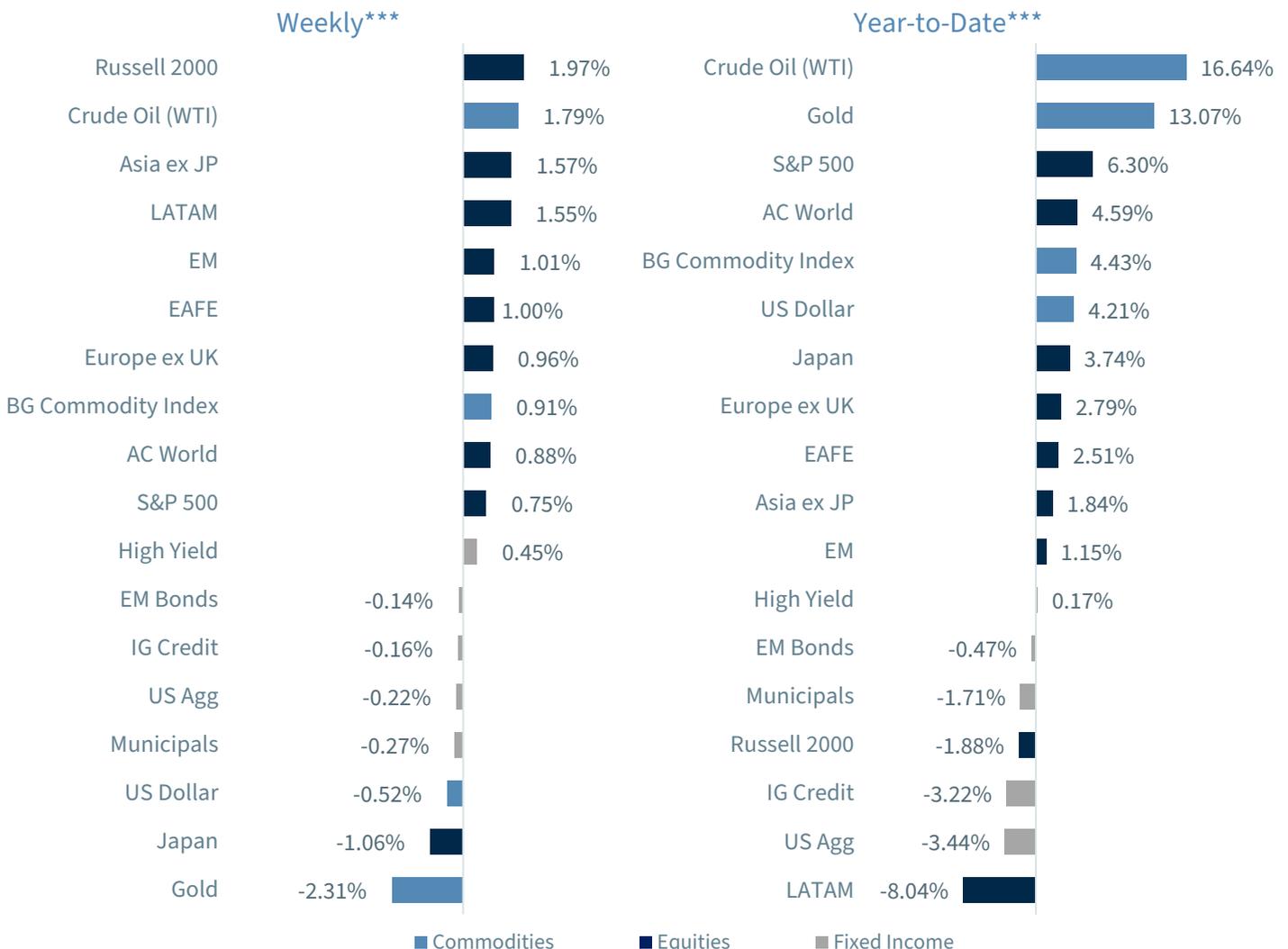


* Index definitions can be found on the disclosure pages

Asset Class Performance | Distribution by Asset Class and Style (as of April 25)**

		US Equities (Russell indices)			International Equities (MSCI indices)			Fixed Income (Bloomberg indices)		
		Value	Blend	Growth	Dev. Mkt	World	Emerg. Mkt	1-3 YR	Medium	Long
Weekly Returns (as of April 25)	Large Cap	2.1%	0.9%	-0.2%	0.9%	0.8%	1.2%	0.1%	-0.1%	-0.4%
	Mid Cap	2.1%	2.0%	1.8%	0.3%	1.3%	0.4%	0.1%	0.1%	-0.1%
	Small Cap	2.8%	2.0%	1.2%	-0.3%	1.2%	0.7%	0.3%	0.5%	-0.4%
Year-to-Date Returns (as of April 25)	Large Cap	5.3%	6.0%	6.5%	8.7%	6.8%	4.8%	1.7%	-2.7%	-5.3%
	Mid Cap	3.4%	3.6%	4.0%	5.4%	4.1%	1.8%	0.4%	-1.3%	-2.9%
	Small Cap	-2.8%	-1.9%	-0.8%	4.3%	2.0%	5.2%	1.5%	0.2%	-2.2%

Asset Class Performance | Weekly and Year-to-Date (as of April 25)**



**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 25

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	5048.4	0.8	(3.9)	6.3	25.9	8.1	13.4	12.6
DJ Industrial Average	38085.8	0.8	(4.3)	1.1	13.6	3.8	7.6	8.8
NASDAQ Composite Index	15611.8	0.1	(4.7)	4.0	32.3	3.6	14.0	14.4
Russell 1000	5318.3	0.9	(3.9)	6.0	29.9	10.5	14.8	12.7
Russell 2000	4923.6	2.0	(6.7)	(1.9)	19.7	(0.1)	8.1	7.6
Russell Midcap	8238.6	2.0	(4.6)	3.6	22.3	6.1	11.1	9.9

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	560.2	(0.1)	(4.3)	4.3	14.2	4.5	11.9	8.8
Industrials	1036.3	1.5	(2.8)	7.9	25.9	8.2	11.8	10.8
Comm Services	275.2	(3.9)	(3.1)	12.3	47.5	4.1	11.3	9.1
Utilities	339.9	3.8	1.9	6.6	(0.9)	3.4	6.3	8.1
Consumer Discretionary	1411.9	1.0	(4.9)	(0.2)	26.4	0.6	9.3	12.2
Consumer Staples	808.0	2.7	(0.6)	6.9	3.7	7.0	9.8	9.0
Health Care	1631.0	1.1	(5.3)	3.1	6.6	6.0	11.7	11.3
Information Technology	3612.4	0.0	(5.4)	6.6	44.4	14.0	22.4	21.5
Energy	738.9	2.9	2.5	16.5	17.5	32.3	13.1	4.5
Financials	680.2	2.6	(2.9)	9.2	28.0	7.0	10.6	11.0
Real Estate	226.5	1.7	(7.8)	(8.9)	2.0	(1.8)	3.7	6.8

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	5.4	0.1	0.4	1.7	5.4	2.8	2.1	1.4
2-Year Treasury (%)	5.0	0.1	(0.4)	(0.2)	1.5	(0.4)	0.8	0.8
10-Year Treasury (%)	4.7	(0.4)	(3.7)	(5.3)	(6.8)	(5.9)	(1.5)	0.4
Bloomberg US Corporate HY	8.3	0.4	(1.3)	0.2	9.0	1.5	3.7	4.3
Bloomberg US Aggregate	5.3	(0.2)	(2.7)	(3.4)	(1.9)	(3.6)	(0.2)	1.2
Bloomberg Municipals	--	(0.3)	(1.3)	(1.7)	1.9	(1.2)	1.3	2.4
Bloomberg IG Credit	5.7	(0.2)	(2.8)	(3.2)	0.5	(3.3)	0.9	2.2
Bloomberg EM Bonds	7.5	(0.1)	(2.0)	(0.5)	6.0	(2.6)	0.7	2.6

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude (\$/bl)	83.6	1.8	0.5	16.6	8.4	10.4	5.1	(1.8)
Gold (\$/Troy Oz)	2342.5	(2.3)	4.7	13.1	16.9	9.6	12.9	6.1
Bloomberg Commodity Index	103.0	0.9	3.5	4.4	(1.5)	5.2	4.9	(2.9)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	105.6	(0.5)	1.0	4.2	3.7	5.1	1.5	2.8
Euro	1.1	0.5	(0.8)	(3.0)	(2.4)	(3.8)	(0.8)	(2.5)
British Pound	1.2	0.4	(1.1)	(2.0)	0.7	(3.4)	(0.7)	(2.9)
Japanese Yen	155.6	(0.6)	(2.7)	(9.4)	(13.9)	(11.4)	(6.4)	(4.1)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	755.6	0.9	(3.4)	4.6	19.8	4.6	10.1	8.8
MSCI EAFE	2265.9	1.0	(3.1)	2.5	9.2	2.9	6.7	4.9
MSCI Europe ex UK	2555.7	1.0	(3.1)	2.8	8.6	3.6	8.4	5.5
MSCI Japan	3801.5	(1.1)	(6.2)	3.7	16.2	1.5	6.4	6.5
MSCI EM	1028.6	1.0	(1.0)	1.1	9.8	(6.0)	2.0	3.2
MSCI Asia ex JP	650.2	1.6	(0.3)	1.8	7.3	(7.5)	1.8	4.3
MSCI LATAM	2421.1	1.5	(4.3)	(8.0)	17.2	7.5	3.1	1.4
Canada S&P/TSX Composite	15967.2	0.8	(1.3)	4.4	7.1	4.6	5.7	4.2

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

DISCLOSURES

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

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

COMMODITIES | Investing in commodities such as copper is 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.

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 | Currency investing is generally considered speculative because of the significant potential for investment loss. These markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

GOLD | Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

FIXED INCOME | Fixed-income securities (or bonds) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. A credit rating of a security is not a recommendation to buy, sell or hold the security and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning Rating Agency. Ratings and insurance do not remove market risk since they do not guarantee the market value of the bond.

US TREASURYS | US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value.

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 PRICE INDEX | The PCE price index, released each month in the Personal Income and Outlays report, reflects changes in the prices of goods and services purchased by consumers in the United States.

UNIVERSITY OF MICHIGAN CONSUMER SENTIMENT INDEX | The Michigan Consumer Sentiment Index (MCSI) is a monthly telephone survey of how consumers feel about the economy, personal finances, business conditions, and buying conditions.

NAHB HOUSING MARKET INDEX | The National Association of Home Builders (NAHB) Housing Market Index (HMI) rates the relative level of current and future single-family home sales. The data is compiled from a survey of around 900 home builders. A reading above 50 indicates a favorable outlook on home sales; below indicates a negative outlook.

MAGMAN | MAGMAN: Microsoft, Apple, Google, Meta, Amazon, Nvidia. The foregoing is not a recommendation to buy or sell MAGMAN stocks.

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

ISM SERVICES INDEX | The Institute of Supply Management (ISM) Non-Manufacturing Index is an economic index based on surveys of more than 400 non-manufacturing (or services) firms' purchasing and supply executives.

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DATA SOURCE | FactSet, Bloomberg as of 4/25/2024

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.

DUTCH TTF | The Dutch Title Transfer Facility is a virtual trading hub for gas in the Netherlands and is the primary gas pricing hub for the European gas market.

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, supnationals and local authorities.

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.

FHFA HOME PRICE INDEX | The **FHFA House Price Index (FHFA HPI)** is a collection of publicly available house price indexes that measure changes in single-family home values.

S&P/CASE-SHILLER HOME PRICE INDEX | The **S&P CoreLogic Case-Shiller Home Price Indices** are the leading indicators of U.S. residential real estate prices, tracking changes in the value of residential real estate nationally.

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.

EMERGING MARKETS ASIA | MSCI EM Asia Net Return Index: The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS LATIN AMERICA | MSCI EM Latin America Net Return Index: The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS | MSCI Emerging Markets Net Return Index: This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

PACIFIC EX-JAPAN | MSCI Pacific Ex Japan Net Return Index: The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

JAPAN | MSCI Japan Net Return Index: The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

FOREIGN DEVELOPED MARKETS | MSCI EAFE Net Return Index: This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

EUROPE EX UK | MSCI Europe Ex UK Net Return Index: The index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. With 337 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

MSCI EAFE | The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

MSCI ACWI | The MSCI All Country World Index (ACWI) is a stock index designed to track broad global equity-market performance. The index is comprised of the stocks of about 3,000 companies from 23 developed countries and 26 emerging markets.

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 (TSX). It is the equivalent of the S&P 500 index in the United States, and as such is closely monitored by Canadian investors.

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GERMAN BUND | The German bund is a sovereign debt instrument issued by Germany's federal government to finance outgoing expenditures.

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