THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

WEEKLY HEADINGS

Key Takeaways

Hopes Policymaker Action Will 'Expedite' The Recovery

Investors View Earnings Beats As A 'Special Delivery'

Not All States Successful In 'Handling' COVID-19

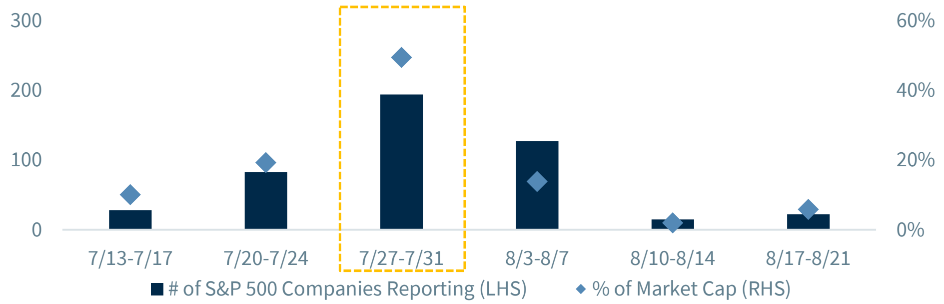
Sunday is the 245th anniversary of the United States Postal Service system. While the motto "neither snow nor rain nor heat nor gloom of night stays these couriers from the swift completion of their appointed rounds" has been accurate, add COVID-19 as another challenge that the Postal Service has overcome. Since the virus outbreak began, mail carriers have worked tirelessly to accommodate the ~60% surge in packages as consumers shifted to online shopping while still being able to deliver our mail. They could also find themselves squarely involved in the upcoming election with the likelihood of an increase in mail-in ballots. Similar to mail carriers, our outlook is formulated with a critical look at the 'route' ahead to determine what may 'expedite' or 'delay' our expectations. Deliveries next week include the busiest week of earnings, a Fed meeting, prospects of a fiscal cliff, key economic data, and tentative Congressional hearings. Below is a 'first class' view of what to anticipate.

- **Tracking The Status Of The Economy |** The Federal Reserve is scheduled to meet next week, with financial markets awaiting Chair Powell's commentary on the status of the economic recovery, the potential for additional intervention, and the possible duration of interest rates being held at zero. The Fed's outlook will be disseminated during a week riddled with economic data, with durable goods orders and consumer confidence released just ahead of the meeting and with the preliminary estimate for 2Q20 GDP (RJ estimate: -30% to -35%—the worst quarter of GDP in the post-WWII era) reported just one day after. After reaching a record $7.2 trillion, the Fed's balance sheet has started to shrink in recent weeks, but we project this trend will reverse and the balance sheet will grow to ~$8 trillion by year end given that many of the Fed's established facilities are still underutilized.
- **Doubts On When A Stimulus Package Will Be Signed, Sealed, & Delivered |** With relief deadlines quickly approaching (e.g., additional $600 unemployment benefit on July 31, Payroll Protection Program (PPP) loan applications on August 8), Congress may have to deliver its phase 4 stimulus package in a last-minute 'overnight' deal to avoid a substantial drop-off in COVID-19 related relief or negotiations could stretch into August (mild market disappointment). Each party is firm on certain issues (e.g., liability relief for Republicans), but we are optimistic that the needs of households, businesses, and state and local governments will lead to compromise. Ultimately, we anticipate a $1.5 to $2 trillion package that includes an extended unemployment benefit (albeit at a lower level), new parameters for PPP loans and forgiveness, and state aid targeted toward education and health care.
- **Tech Leaders To Push The Envelope In Congressional Hearing |** Although it may be postponed to the week of August 3 in remembrance of Representative John Lewis, the chief executives of Alphabet, Amazon, Apple, and Facebook are tentatively scheduled to testify before Congress next week as the broad-based antitrust investigation of 'big-tech' market power continues. Combined, the four companies account for ~$4.8 trillion, equivalent to ~17% of the S&P 500. Each company faces its own unique issues (e.g., data privacy, treatment of facility workers, freedom of speech), but the overarching concerns are excessive market dominance and impermeable barriers to entry for potential competitors. Technology remains one of our top sectors due to the long-term growth catalysts (e.g., anticipated rollout of 5G), but stronger regulatory rhetoric (actual policy a low probability) against tech-oriented companies in an election year could potentially serve as a near-term headwind for the sector.
- **Investors Sorting Through Earnings Results |** Next week will be the busiest week of the 2Q20 earnings season, with ~195 S&P 500 companies representing nearly half of the index's market capitalization set to report results. Only 29% of the market capitalization has reported thus far, but 77% of the companies have beaten earnings per share estimates which is above the previous 20-quarter average of 72%.* Due to the prolonged shutdowns, the bar for earnings had been lowered, with estimates for the quarter revised down 48% over the past six months. Therefore, investors have treated companies beating their bottom line estimates as a 'special delivery,' with those companies outperforming the broader index by 95 basis points in the day following their announcements. On the other hand, companies that missed earnings expectations have underperformed by ~45 basis points over this same time period. With the economic recovery likely to remain uneven at the company and sector level, better than expected earnings growth and clear, positive forward guidance will be rewarded.
- **Not All States Earn A Stamp Of Approval |** While a substantial number of states are experiencing an uptick in cases, it is only ~8 states that are simultaneously experiencing a rise in the positivity rate, meaning that the rise in cases is not a mere reflection of more testing capabilities. Some hospitals within these states (e.g., FL, ID, LA) have reached full capacity, causing health officials and political leaders to reestablish restrictions and implement mask mandates. If the surge in certain states cannot be contained, statewide lockdowns may become a reality and the speed and magnitude at which the economy will recover will be impacted.

CHART OF THE WEEK

Big Earnings Delivery Next Week

Next week will be the busiest week of the 2Q20 earnings season, with ~200 S&P 500 companies representing nearly half of the index's market capitalization set to report results.



*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- The Index of Leading Economic Indicators increased 2% in June following a 3.2% increase in May, but was below the anticipated 2.8% reading.* In addition, jobless claims rose for the first time in 16 weeks to 1.4 million, and the NY Fed Weekly Economic Index declined for the first time in 11 weeks.* These three indicators suggest that the economic recovery may be losing momentum.
- **Focus of the Week:** Real GDP is expected to have fallen at a 30-35% annual rate in the advance estimate for 2Q20. This release will include annual benchmark revisions covering the last five years (no changes in methodology).The Federal Open Market Committee (FOMC) should leave monetary policy unchanged. Officials won't release revised economic projections until the mid-September FOMC meeting, but Chair Powell will provide an assessment of current economic conditions in his post-meeting press conference.

July 27 – July 31

MON	Durable Goods Orders (Jun)
TUE	Consumer Confidence (Jul)
WED	Advanced Economic Indicators (Jun) FOMC Policy Statement
THU	Real GDP (2Q20 adv. estimate) Jobless Claims
FRI	Personal Income Consumer Sentiment
FUTURE EVENTS	8/3 ISM Manufacturing Survey 8/5 ISM Non-Manufacturing Survey 8/7 Employment Report

US EQUITY

- The S&P 500 is now positive on the year, although performance beneath the surface continues to paint a different picture.* The average S&P 500 stock is down ~7% year-to-date while the Nasdaq composite is up ~15%. Sector performance during the S&P 500 index's breakout above its recent range this week was very fragmented. The wide gaps in daily leaders and laggards fits with a market in 'stalled mode' in our view. For example, there was a rare occurrence on Monday where the S&P 500 was up over 0.75% but decliners led advancers. When this has happened historically, performance in the next week or two has been choppy.
- Q2 earnings are coming in above depressed expectations. 29% of S&P 500 companies have reported so far with 77% beating on the bottom line and 69% beating on the top line. This has resulted in S&P 500 Q2 expected earnings being revised 3% higher, led by the Health Care sector. Additionally, the average price reaction following all results has been a solid +0.4%, and we anticipate wide swings at the individual stock level due to elevated uncertainty in the current environment.
- **Focus of the Week:** Despite some positives, we believe the market is still in a somewhat range-bound mode for the short term with sector swings beneath the surface. The market is focused on fiscal stimulus and good earnings reports right now, but there are also concerns out there (stalled reopening process, geopolitical tensions, election). That said, we remain positive over the longer term and would use weakness to accumulate favored sectors (Tech, Health Care, Communication Services, Consumer Discretionary).

FIXED INCOME

- Last week we suggested that if the COVID-19 numbers got worse, it may get more difficult to reopen the economy, which in turn, could push the 10-year note yield back down below 0.60%, potentially testing the low set in March. While we haven't taken out the March low of 0.543% yet, we did breach the 0.60% level on Wednesday for only the second time since April.* This 'breaks the range' that has been established for the last few weeks and could be a predictor that future trouble for the recovery is ahead.
- **Focus of the Week:** During next week's FOMC meeting, the Fed may not take any action on the fed funds rate, but it might have a lot to say about the direction of the economy and how accommodative it plans to be in the future. Much of the proposed spending from the CARES Act hasn't really occurred, and the Fed's balance sheet has declined in recent weeks, so look for the market to pay close attention to Fed Chairman Jerome Powell's news conference. Chairman Powell will likely talk about current Fed policy, and continue to call on Congress to act with additional stimulus if it plans to save the US economy in 2020.

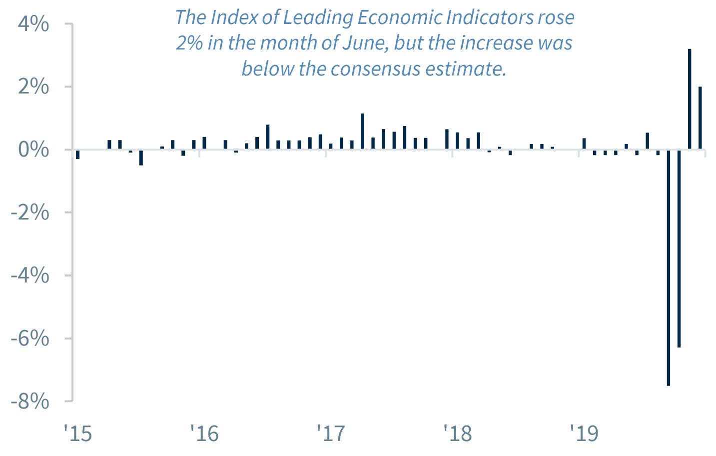
POLITICAL & COMMODITIES

- This week, case spread has somewhat plateaued, but it has done so at a much higher level than our nation anticipated. The US has recorded over 4 million identified cases and the identified fatalities from the virus are nearing 150,000.* The US has now tested over 48 million Americans for the virus, and of these tests, 8.5% returned positive results, consistent with last week's 8.5% statistics but far higher than the 4% reported in early June. Although our national testing capacity has ramped up the volume of testing, the out-of-control case growth prevents us from obtaining an adequate positivity rate. We have now had several single-day case counts of over 70,000, an unprecedented number prior to the past couple of weeks; on July 17, over 77,000 cases were recorded in a single day. Hospitalizations and fatalities are unfortunately catching up with the recent rapid spread; this week, we lost an average of 834 Americans per day to the deadly virus compared to 696 last week. We continue to believe another nationwide shutdown is unlikely, but states and local governments are rolling back optimistic reopening plans in efforts to flatten the growing curve.
- As states, local governments, and individual schools grapple with the decision to reopen this fall, they must weigh children's education and wellbeing with the dangers of catalyzing spread among children, teachers, families, and, ultimately, the rest of the US. Schools should reopen as soon as they can safely do so, but the timing and necessary mitigation measures remain unclear. As of now, individual districts are creating plans according to local case dynamics and needs, with many schools opting to remain online.
- **Focus of the Week:** The next fiscal stimulus package is shaping up to be a modest market positive with a focus on further fiscal support for the economy and consumers. Republicans are likely to limit the next round to $1 trillion, but we anticipate the price tag to move up in bipartisan negotiations closer to $1.5-$2 trillion. The fate of the $600 unemployment bonus continues to be a significant hurdle, and a rework may pass Congress as a standalone bill separate from the comprehensive 'phase 4' package ahead of the July 31 benefit expiration. There are discussions of limiting the benefit to match 100% of pre-pandemic wages, but we view a compromise of a lower unemployment add-on (likely in the $300-$400 range) along with a second round of stimulus checks (income thresholds to be determined) as the more likely solution. Small businesses will be offered further support through an option for an additional loan with demonstrated revenue impact and streamlined forgiveness for loans under $150,000 is looking increasingly likely. Other notable inclusions are state aid in the form of education funding, additional funding for testing and treatment, and liability protections. We are likely to see more brinksmanship in the next two weeks as White House officials and Congressional leaders negotiate on a final bipartisan package, but we ultimately continue to see a package signed into law by early August.

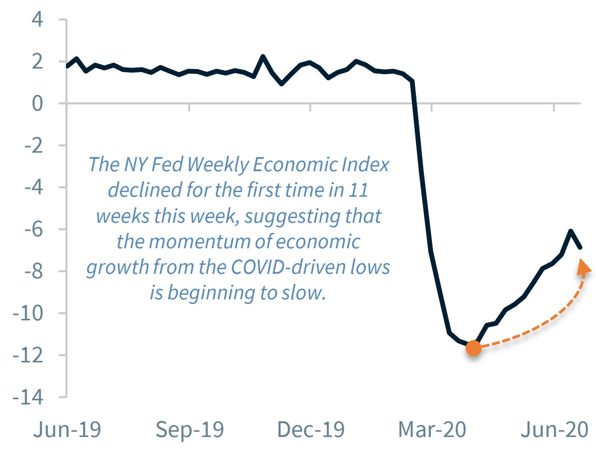
*See Charts of the week on page 3.

Charts of the Week

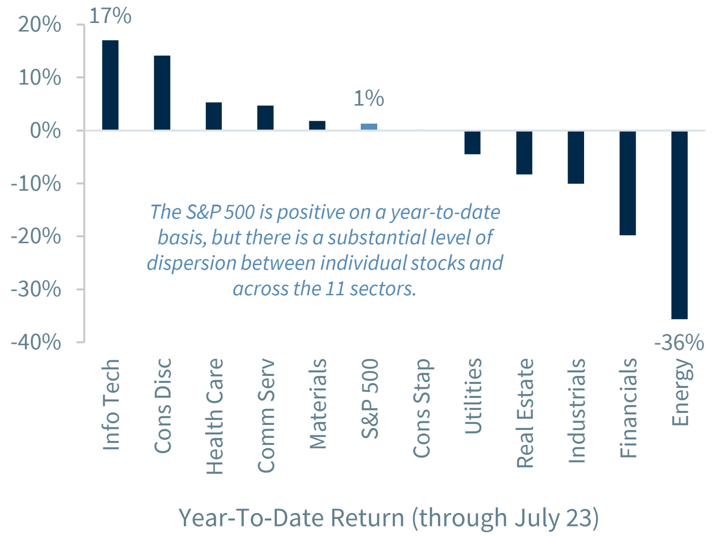
Leading Economic Indicators Rise In June



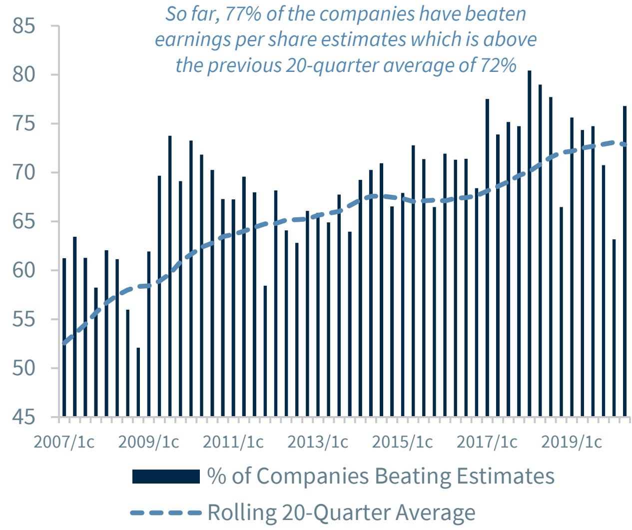
NY Fed Weekly Economic Index Declines



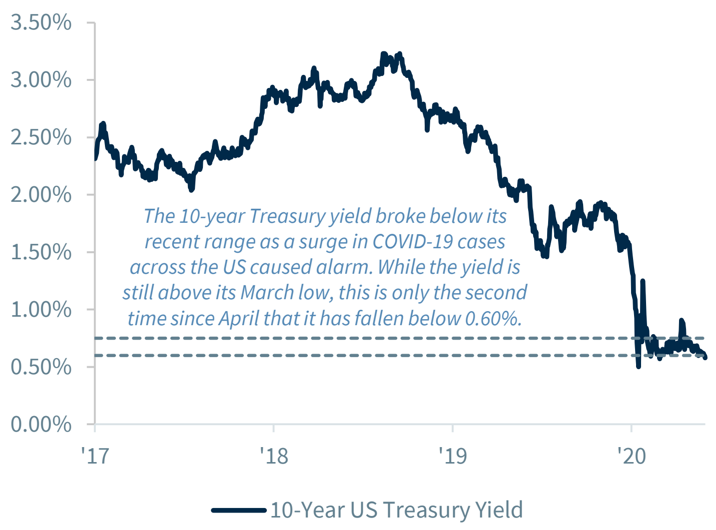
S&P 500 Positive On A Year-To-Date Basis



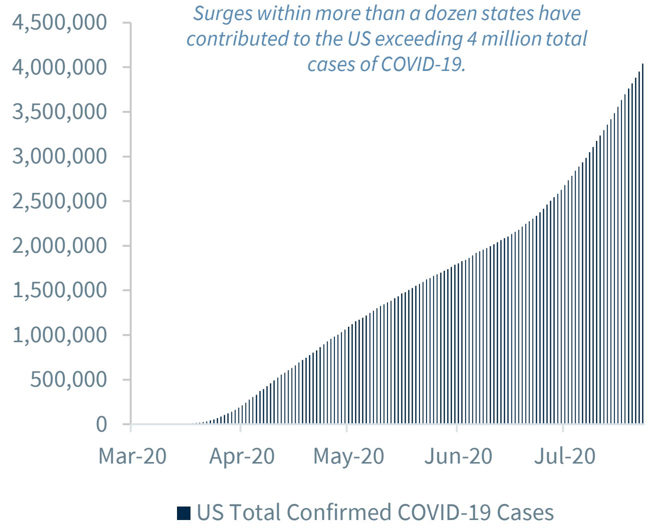
Earnings Beats Above Average



10-Year Treasury Yield Moving Lower



US Reaches 4 Million Case Milestone



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

Weekly Returns (as of July 16)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	1.4%	0.8%	0.2%
Mid Cap	1.5%	1.7%	2.2%
Small Cap	1.9%	1.5%	1.2%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	0.1%	0.7%	2.7%
Mid Cap	0.5%	1.2%	2.5%
Small Cap	1.1%	1.7%	3.0%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.0%	0.3%
Invest. Grade	0.1%	0.5%	0.7%
High Yield	1.1%	1.6%	2.7%

Year-to-Date Returns (July 16)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-12.0%	1.7%	14.5%
Mid Cap	-14.0%	-4.5%	9.7%
Small Cap	-21.1%	-10.0%	0.5%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-7.6%	-0.1%	2.7%
Mid Cap	-7.9%	-4.2%	-0.7%
Small Cap	-9.3%	-7.9%	0.3%

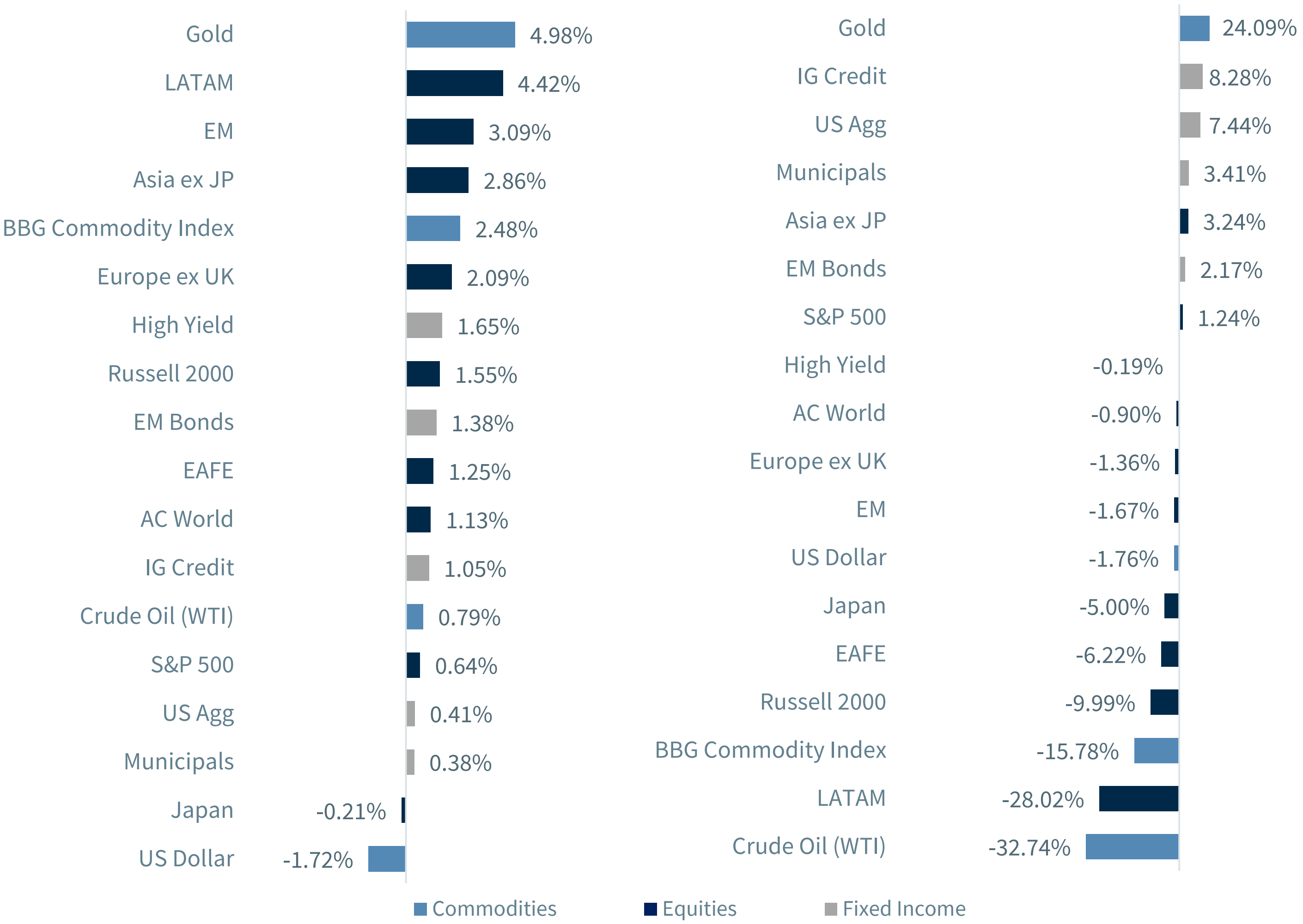
Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.6%	7.4%	13.5%
Invest. Grade	2.9%	5.5%	7.2%
High Yield	-3.0%	-1.0%	10.9%

Asset Class Performance | Weekly and Year-to-Date (as of July 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 July 23

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3235.7	0.6	4.5	1.2	9.8	11.5	11.3	13.7
DJ Industrial Average	26652.3	(0.3)	3.3	(6.6)	(2.5)	7.3	8.5	9.8
NASDAQ Composite Index	10461.4	(0.1)	4.0	16.6	26.8	17.8	15.2	16.5
Russell 1000	3453.2	0.8	4.7	1.7	7.5	10.6	10.5	14.0
Russell 2000	3703.5	1.5	3.4	(10.0)	(6.6)	2.0	4.3	10.5
Russell Midcap	5786.4	1.7	5.1	(4.5)	(2.2)	5.8	6.8	12.3

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	388.0	1.7	9.4	1.8	6.5	6.1	8.4	9.5
Industrials	611.8	1.2	5.3	(10.1)	(5.6)	3.4	8.0	11.3
Comm Services	188.5	(1.5)	5.0	4.7	14.9	10.7	8.5	10.3
Utilities	308.3	3.0	7.5	(4.5)	4.9	8.1	11.3	11.3
Consumer Discretionary	1118.9	0.3	6.4	14.1	16.0	17.0	13.9	18.0
Consumer Staples	637.4	1.5	6.2	0.2	6.2	7.0	7.5	11.7
Health Care	1238.3	1.8	6.2	5.3	18.3	11.7	8.8	16.3
Information Technology	1872.4	0.1	1.8	17.0	31.8	25.3	23.0	19.7
Energy	285.8	1.2	(0.5)	(35.7)	(35.9)	(12.7)	(8.2)	(0.6)
Financials	404.3	0.8	5.0	(19.8)	(11.8)	1.6	5.6	9.6
Real Estate	216.8	1.1	0.3	(8.3)	(2.6)	6.1	7.2	10.8

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	1.4	1.7	1.1	0.6
2-Year Treasury (%)	0.1	(0.0)	0.0	3.0	4.0	2.5	1.7	1.2
10-Year Treasury (%)	0.6	0.3	0.7	13.5	15.7	7.1	4.9	4.6
Barclays US Corporate High Yield	6.2	1.6	3.8	(0.2)	3.5	4.3	5.8	6.8
Bloomberg Barclays US Aggregate	1.1	0.4	1.2	7.4	10.1	5.5	4.5	3.9
Bloomberg Barclays Municipals		0.4	1.3	3.4	5.2	4.4	4.1	4.2
Bloomberg Barclays IG Credit	1.9	1.0	3.1	8.3	12.8	7.1	6.4	5.7
Bloomberg Barclays EM Bonds	4.3	1.4	2.6	2.2	5.0	4.8	5.7	6.0

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	41.1	1.2	4.5	(32.9)	(27.4)	(3.6)	(3.1)	(6.3)
Gold ($/Troy Oz)	1878.3	3.9	6.2	24.0	31.8	14.6	11.3	4.7
Dow Jones-UBS Commodity Index	68.1	2.5	4.8	(15.8)	(14.2)	(6.4)	(6.3)	(6.3)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	94.7	(1.7)	(2.8)	(1.8)	(3.1)	0.3	(0.5)	1.4
US Dollar per Euro	1.2	1.4	3.2	3.3	4.0	(0.2)	1.1	(1.0)
US Dollar per British Pounds	1.3	1.1	3.1	(3.8)	2.5	(0.6)	(3.9)	(1.9)
Japanese Yen per US Dollar	107.0	(0.1)	(0.8)	(1.5)	(1.0)	(1.3)	(2.9)	2.1

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	552.5	1.1	5.4	(0.9)	6.7	7.7	8.0	9.5
MSCI EAFE	1875.4	1.3	5.4	(6.2)	0.4	2.3	3.2	6.0
MSCI Europe ex UK	2057.7	2.1	8.0	(1.4)	5.8	3.9	4.5	6.9
MSCI Japan	3220.1	(0.2)	2.1	(5.0)	4.8	3.4	4.1	6.4
MSCI EM	1077.6	3.1	8.9	(1.7)	5.0	3.4	6.0	3.8
MSCI Asia ex JP	699.1	2.9	8.3	3.2	10.0	5.1	7.2	6.5
MSCI LATAM	2067.5	4.4	10.9	(28.0)	(26.1)	(6.0)	0.7	(3.5)
Canada S&P/TSX Composite	11955.6	(0.0)	3.2	(6.1)	(3.3)	1.8	2.3	3.2

**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 SOURCE

FactSet, as of 7/24/2020

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.

MOVE | The MOVE Index is a well-recognized measure of U.S. interest rate volatility that tracks the movement in U.S. Treasury yield volatility implied by current prices of one-month over-the-counter options on 2-year, 5-year, 10-year and 30-year Treasuries.

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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Investment Strategy

Lawrence V. Adam III, CFA, CIMA®, CFP®
Managing Director, Chief Investment Officer
T. 410.525.6217
larry.adam@raymondjames.com

Matt Barry, CFA
Investment Strategy Analyst
T. 410. 525. 6228
matt.barry@raymondjames.com

Scott Brown, PhD
Senior Vice President, Chief Economist
T. 727.567.2603
scott.j.brown@raymondjames.com

Liz Colgan
Investment Strategy Analyst
T. 410.525.6232
liz.colgan@raymondjames.com

Kevin Giddis
Chief Fixed Income Strategist
T 901.578.4769
kevin.giddis@raymondjames.com

Kailey Bodine
Investment Strategy Analyst
T. 727.567.8494
kailey.bodine@raymondjames.com

Giampiero Fuentes
Investment Strategy Analyst
T. 727.567.5776
giampiero.fuentes@raymondjames.com

J. Michael Gibbs
Managing Director, Equity Portfolio & Technical Strategy
T. 901.579.4346
michael.gibbs@raymondjames.com

Joey Madere, CFA
Senior Portfolio Analyst
T.901.529.5331
joey.madere@raymondjames.com

Anne B. Platt
Vice President, Investment Strategy & Product Positioning
T. 727.567.2190
anne.platt@raymondjames.com

Richard Sewell, CFA
Senior Portfolio Analyst
T.901.524.4194
richard.sewell@raymondjames.com

RAYMOND JAMES

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863

RAYMONDJAMES.COM