Due to the Thanksgiving holiday, Weekly Headings will not be published next week, November 26th. Have a safe and happy holiday!

November 19, 2021

WEEKLY HEADINGS

THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

Happy Turkey Day! For many, this will be their first holiday celebration in-person since the pandemic began—something to be thankful for! Thanksgiving is the time to reflect on all we are grateful for, and given the strides the economy and markets have made over the last year, we have a cornucopia of blessings to count! Between the economic expansion and the S&P 500 up ~27% year-to-date, there is quite a long list. Below are our top ten:

Key Takeaways

Economic Momentum Will Carry Into 2022

Low Interest Rate Environment A Positive For Equities

All Eleven S&P 500 Sectors Positive Year-To-Date

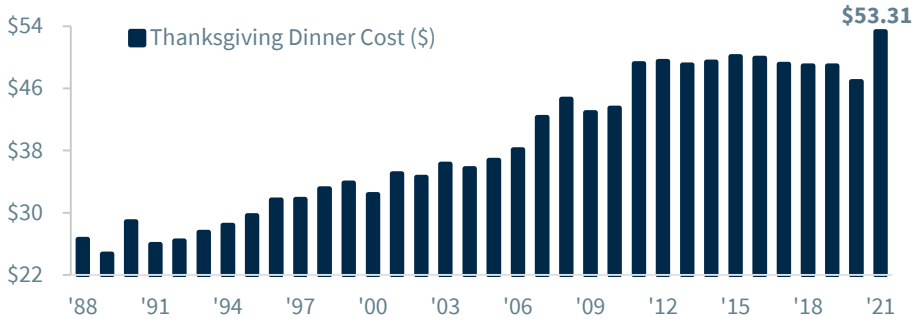
- **#1: Vaccines & Therapeutics Brought To The Table |** While COVID has not been eradicated (yet!), we are grateful for the scientists who developed vaccines and life-saving therapeutics at warp speed and the medical professionals who have administered over 444 million vaccine doses to help achieve a sustainable reopening and transition from the pandemic to the endemic state of the virus.
- **#2: Economic Growth Trotting At The Best Pace Since 1984 |** A sustainable reopening allowed the US economy to recover all of the economic activity lost during the COVID-induced recession. Our forecast for ~5-6% GDP growth in 2021—which is up sharply from our estimates at the beginning of the year—would mark the best year of growth since 1984.* While the Delta variant caused a short-term setback, consumer spending—which represents ~71% of GDP—should accelerate in the months ahead as reflected by real-time activity metrics nearing or at pre-pandemic levels.
- **#3: Labor Market Feasting On Job Gains |** With a record number of workers 'quitting' their jobs, the 'Great Resignation' headlines signify the confidence of workers. Overall, the job market remains healthy with an impressive ~6 million jobs added year-to-date and a still record number of job openings (~10.4 million) remaining.*
- **#4: Harvesting The Best Wage Growth Since 1982 |** With the competition for labor growing fierce, companies have rolled out incentives in order to attract workers, which has led to the best wage growth since 1982.
- **#5: Record Net Worth Levels The Gravy On Top |** Between the current record-breaking equity market rally and substantial home price appreciation (housing prices up ~20% year-over-year), US household net worth has reached peak levels.
- **#6: Low Rates The Right Stuff(ing) |** While some of the ultra-accommodative policy of the Fed is being removed by the start of tapering its asset purchases, the Fed remains dovish and patient in regard to its rhetoric around raising interest rates. While the economic rebound has caused sovereign yields to rise from historic lows, they remain at historically low levels, especially with real (inflation-adjusted) rates negative. Mortgage rates near 3% remain supportive of the housing market.
- **#7: Multi-Year Lows For Spreads As Sweet As Apple Pie |** Credit spreads remain near multi-year lows, which has benefitted some sectors, such as high yield (up 4.4% year-to-date).* With overall corporate bond yields at historic lows, corporations continue to repair their balance sheets with lower cost debt.
- **#8: Doesn't Get Any Butter Than This Bull Market |** Up more than 110% since the March lows of last year, it is no surprise that the current equity market rally is the best start to a bull market on record. In fact, it is outpacing the next best run by ~35%.* Historically low volatility, a paltry 5% intra-year decline year-to-date (third lowest in last 40 years) is the cherry on top!
- **#9: Earnings Growth Helps Equities Gobble Up New Record Highs |** As Q3 earnings season comes to an unofficial end, quarterly earnings growth is up ~40% on a year-over-year basis. While this is below the 92% peak reached in the second quarter, it is still far outpacing the historical average and will help contribute to the best year of earnings growth in at least 20 years.* The resiliency of corporate earnings has helped the S&P 500 notch 66 record highs YTD—the most since 1995!
- **#10: All Sectors Floating Higher As Energy Leads The Parade |** All eleven S&P 500 sectors are in positive territory year-to-date, led by Energy (~56%). While this is only the fifth time that all sectors have been positive at this juncture over the last 15 years, it is the strongest from a magnitude perspective—with the sectors up, on average, ~27%.*

The American Farm Bureau Federation indicated in its annual report that the cost ($53.31) of a Thanksgiving Day dinner for ten people (plus leftovers of course!) is up ~14% from last year.** While our budgets may not be thankful for this pricier feast, I think we are all willing to pay a price to be surrounded by our nearest and dearest for the holiday once again! We wish you and your families a very Happy Thanksgiving, and we hope you have many reasons to be thankful this year and all the years to come.

CHART OF THE WEEK

Talking Turkey About Turkey Prices

The American Farm Bureau Federation indicated in its annual report that the cost ($53.31) of a Thanksgiving Day dinner for ten people (plus leftovers of course!) is up ~14% from last year. The centerpiece of dinner, the turkey, has increased ~24% from last year's price.



*See Charts of the week on page 3.

** Source: Bloomberg

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ECONOMY

- Industrial production rose 1.6% in October, following a hurricane-related 1.3% decline in September. Manufacturing output rose 1.3% (+4.9%) led by an 11.0% rebound in motor vehicle production (-3.6% y/y).
- The Index of Leading Economic Indicators rose 0.9% in October, reflecting a large contribution from the drop in jobless claims.
- Retail sales rose more than expected in October, up 1.7% (+16.3% y/y). Department store sales were up 2.2% (+27.6% y/y) and sales of electronics and appliances rose 3.8% (+18.4% y/y), suggesting earlier holiday shopping this year (likely a response to concerns about supply chains).
- **Focus of the Week:** Next week, the economic data reports (jobless claims, revised 3Q21 GDP, October durable goods orders, personal income and spending, new home sales, and UM consumer sentiment) bunch up on Wednesday. FOMC minutes may show some differences of opinion among Fed officials regarding the appropriate pace of tapering.

November 22 – November 26

MON Existing Home Sales

TUE Markit PMI

WED Durable Goods Orders
Personal Consumption Expenditures
FOMC Minutes

THU Thanksgiving Holiday (Markets Closed)

FRI

FUTURE EVENTS
11/30 Consumer Confidence
12/1 Fed Beige Book
12/3 Employment Report

US EQUITY

- S&P 500 companies are wrapping up what has been a very strong Q3 earnings season. The key takeaways, echoed by major retailers this week, are persistent supply and labor challenges; however they have not outweighed the very strong demand backdrop—effectively elongating the recovery with delayed sales (rather than lost). S&P 500 sales were able to grow 3.9% q/q and 17.7% y/y on solid margins, resulting in 1.5% earnings growth q/q (well above the -7% earnings contraction expected) and 40% y/y.
- **Focus of the Week:** Technically, following a roughly 9.5% run higher from early October to early November (through earnings season), the S&P 500 has hovered near highs over the past couple of weeks. Overall technical trends remain strong and seasonal patterns into year end are supportive. We maintain our balanced, but pro-cyclical stance (between technology-oriented and more recovery-oriented areas) to portfolio positioning and recommend using consolidation in favored stocks as opportunity.

FIXED INCOME

- While US consumers are worried about supply chain issues and inflation, that hasn't stopped them from spending. This week's retail sales report showed demand remains strong, even after accounting for recent price increases. This bodes well for the upcoming holiday shopping season. The stronger than expected retail sales report saw bond yields edge modestly higher, with the 10-year yield climbing back to around 1.60%.
- **Focus of the Week**: The FOMC minutes, personal consumption expenditures data, and the expected Fed Chair announcement will be the key focus points for the market next week. With the tapering announcement behind us and no new dot plot forecasts, the market will be paying attention to the Fed's discussion around recent inflation trends, which have been running hotter than expected as of late. Uncertainty leading up to the Fed Chair announcement may cause some market jitters next week, but ultimately we expect Powell to be reappointed.

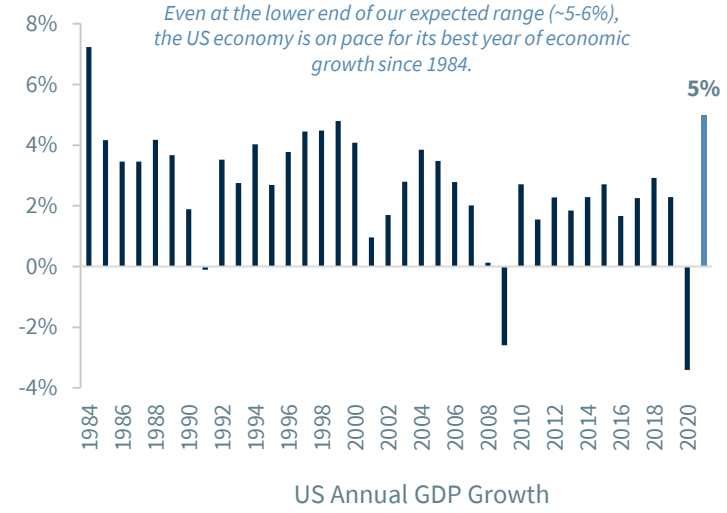
COVID, SUPPLY CHAINS, & POLITICS

- **COVID:** COVID cases have seen a recent uptick of about 20% and numbers will probably worsen over the holiday season before we see improvement. Pfizer asked the FDA for emergency use authorization (EUA) of its COVID oral antiviral pill, Paxlovid, (taken in combination with ritonavir), for the treatment of mild to moderate COVID-19 in patients at increased risk of hospitalizations or death, and the Biden administration is planning to procure 10M courses of treatment for $5B. Merck previously also submitted for EUA of its oral antiviral treatment, molnupiravir, with the FDA's Antimicrobial Drugs Advisory Committee meeting to discuss the drug on November 30. We expect both therapies to be authorized, which could potentially help mitigate hospitalizations and deaths so that these numbers do not rise to their previous peaks; in the long term, these treatments could ultimately get us closer to an 'end' of the pandemic as we know it. On the booster front, Pfizer and Moderna have both asked the FDA to authorize booster doses in all adults; several states and localities (New York City, Arkansas, California, Colorado, and New Mexico) have ignored CDC and FDA guidance by already rolling out boosters to the general adult population. It is expected that the FDA and CDC will follow suit in the days to come, with the CDC's Advisory Committee on Immunization Practices (ACIP) holding a meeting on November 19 to discuss the matter. Over 31M people have already received boosters and authorization would likely augment that number.
- **Supply Chains:** While supply chain logjams continue to dominate the headlines, we are seeing more signs of progress in addressing the logistical issues. The reopening of Asian factories has been an understated, yet important part of the supply chain story. As we have moved past peak shipping season, there have been significant declines in container shipping rates. The Baltic Dry Index, which tracks the cost of shipping commodities across 23 different shipping routes, is down nearly 50% since early October, and costs for the important Shanghai to Los Angeles shipping route, have fallen nearly 20% from their peak back in September. Port activity is also improving. The Executive Director at the port of Los Angeles reported seeing a 25% drop in the number of import containers sitting on docks and a 29% decline in the number of containers dwelling 9 days or longer since late October. Clearing the shipyard will allow those container ships docked offshore to accelerate unloading their goods. Walmart's CEO has also shared that the company secured property near the port of LA to help its drivers pick up containers more efficiently, speeding up the time it takes to get their goods to the end consumer. While supply chain disruptions are creating some margin headwinds for retailers, many companies have been effective in navigating the challenges. This suggests to us that we may be nearing peak bottlenecks.
- **Politics:** Government funding is set to expire on 12/3, which may elevate the prospects of a government shutdown, although a temporary extension is more likely. Treasury's latest guidance is that the US can sustain government financing through 12/15, but lawmakers are no closer to deciding on a path forward. The mid-December date may place pressure on Congress to finalize a reconciliation package with a debt limit provision, which could be used to unite both sides on passage of the reconciliation bill.

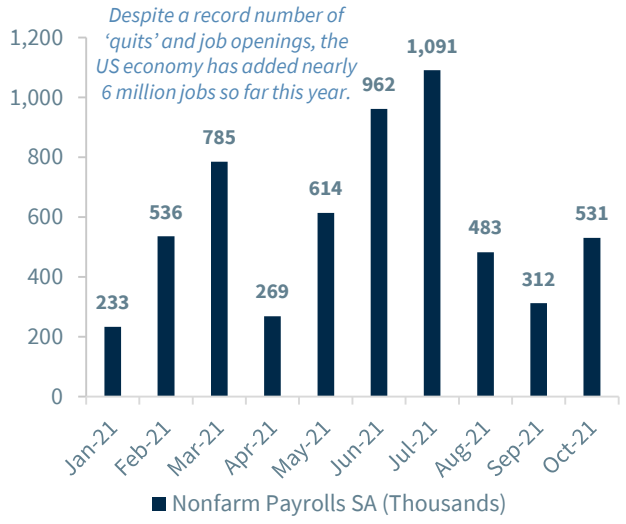
*See Charts of the week on page 3.

Charts of the Week

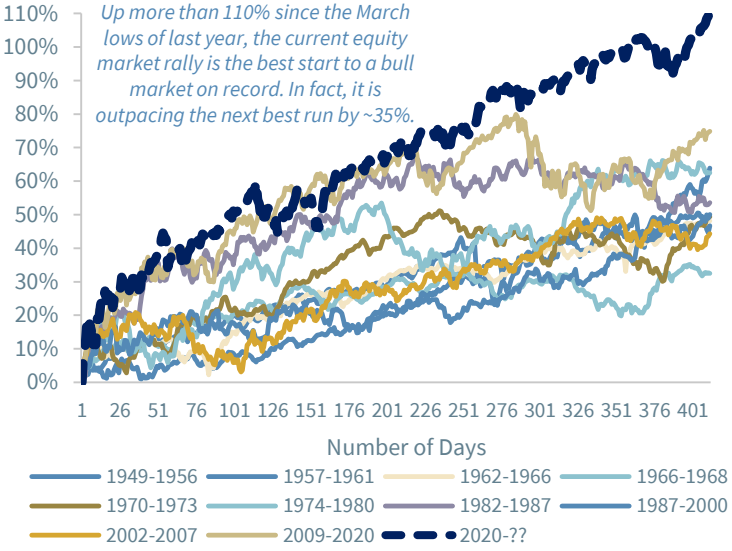
On Pace For The Best Year Of Economic Growth Since 1984



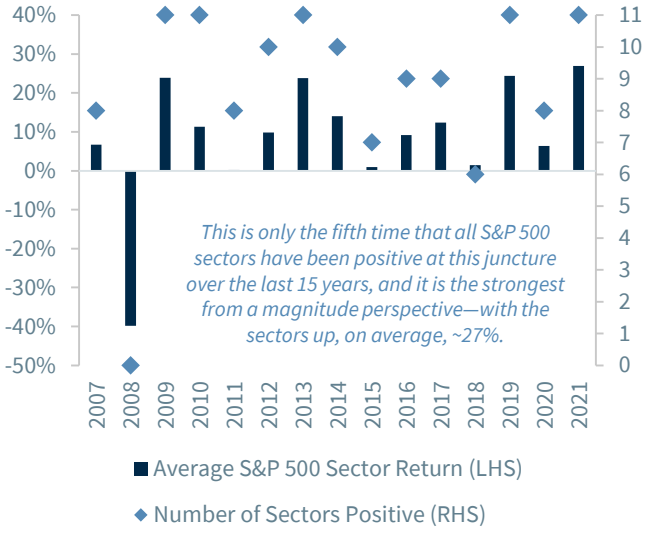
Nearly 6 Million Jobs Added Year-To-Date



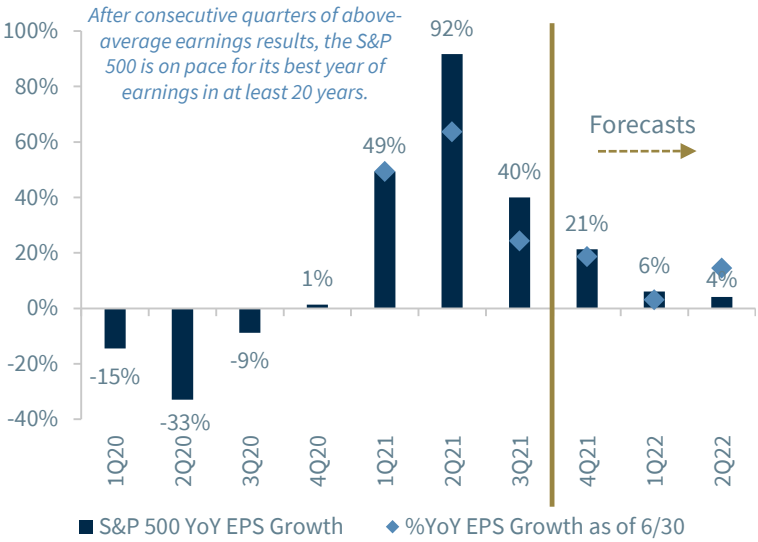
This Bull Market Stands Alone



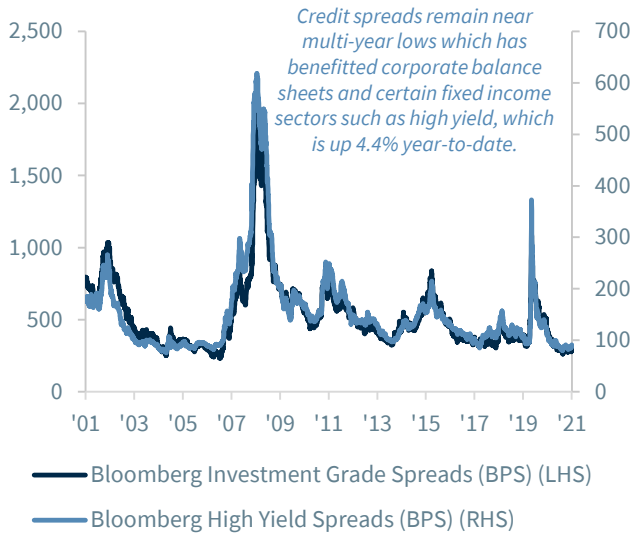
All Sectors Positive On A Year-To-Date Basis



Earnings Growth Has Helped The S&P 500 Reach New Highs



Spreads Have Remained Near Multi-Year Lows



* Index definitions can be found on the disclosure pages

Asset Class Performance | Distribution by Asset Class and Style (as of November 18)**

US Equities (Russell indices)

	Value	Blend	Growth
Weekly Returns (as of November 18)			
Large Cap	-0.7%	1.1%	2.7%
Mid Cap	-0.3%	0.0%	0.4%
Small Cap	-1.8%	-1.9%	-1.9%
Year-to-Date Returns (November 18)			
Large Cap	22.6%	25.7%	28.4%
Mid Cap	26.9%	24.0%	18.7%
Small Cap	32.1%	20.7%	10.3%

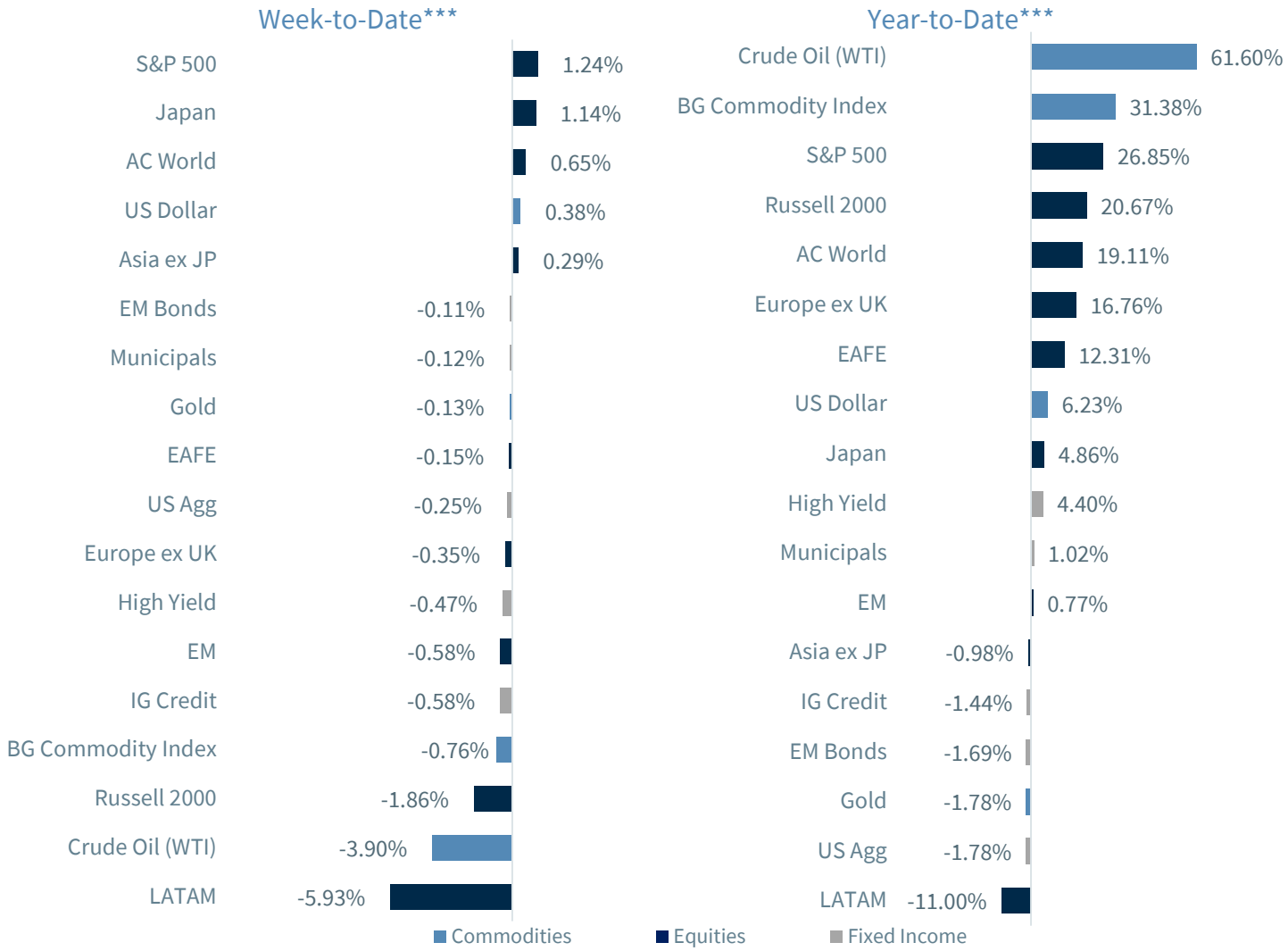
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Weekly Returns (as of November 18)			
Large Cap	0.4%	1.0%	-0.3%
Mid Cap	0.4%	0.2%	-0.1%
Small Cap	-0.1%	-0.8%	-0.1%
Year-to-Date Returns (November 18)			
Large Cap	20.9%	21.5%	1.3%
Mid Cap	16.7%	21.2%	13.0%
Small Cap	18.9%	22.2%	23.8%

Fixed Income (Bloomberg indices)

	1-3 YR	Medium	Long
Weekly Returns (as of November 18)			
Treasury	0.0%	0.1%	-0.2%
Invest. Grade	0.0%	-0.2%	-0.3%
High Yield	-0.3%	-0.4%	-1.1%
Year-to-Date Returns (November 18)			
Treasury	0.0%	-2.8%	-4.5%
Invest. Grade	-0.1%	-1.2%	-2.0%
High Yield	5.3%	4.1%	8.1%

Asset Class Performance | Weekly and Year-to-Date (as of November 18)**



**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).

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Weekly Data**

Data as of November 18

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4704.5	1.2	2.3	26.8	33.8	21.9	18.8	16.8
DJ Industrial Average	35871.0	(0.1)	0.1	17.2	21.9	12.1	13.7	11.8
NASDAQ Composite Index	15993.7	1.8	3.2	24.1	35.5	30.1	24.6	20.0
Russell 1000	5062.8	1.1	2.0	25.7	43.5	22.0	19.2	16.3
Russell 2000	5874.1	(1.9)	3.0	20.7	50.8	16.5	15.5	13.5
Russell Midcap	8638.6	(0.0)	1.6	24.0	45.4	19.9	16.5	14.8

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	554.9	(1.1)	3.9	23.6	29.5	19.6	15.3	12.7
Industrials	897.0	0.2	1.7	21.2	23.7	16.1	13.3	14.6
Comm Services	275.7	1.0	0.2	25.3	31.5	24.4	14.6	12.6
Utilities	338.7	0.4	0.1	9.2	7.6	10.5	11.4	10.8
Consumer Discretionary	1667.6	3.9	5.2	28.7	34.9	27.0	22.4	20.4
Consumer Staples	752.3	(0.6)	1.6	10.5	12.7	12.5	10.9	12.0
Health Care	1557.8	0.4	(0.0)	19.3	24.6	15.5	16.1	17.2
Information Technology	2983.0	2.8	5.3	31.3	42.3	37.3	31.9	23.8
Energy	428.7	(1.3)	(1.0)	56.5	69.4	(0.1)	0.0	1.6
Financials	655.1	(1.5)	(2.0)	35.8	47.2	16.4	14.6	16.9
Real Estate	302.6	0.6	1.4	35.6	35.3	17.1	14.3	12.9

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	0.1	(0.0)	0.0	0.0	0.0	1.0	1.1	0.6
2-Year Treasury (%)	0.5	0.0	0.0	(0.3)	(0.2)	2.3	1.5	1.0
10-Year Treasury (%)	1.6	(0.2)	0.0	(4.5)	(4.7)	6.1	3.2	2.5
Bloomberg US Corporate HY	4.9	(0.5)	0.0	4.4	7.1	7.8	6.7	7.0
Bloomberg US Aggregate	1.7	(0.3)	(0.2)	(1.8)	(1.3)	5.4	3.5	3.0
Bloomberg Municipals		(0.1)	0.5	1.0	2.1	5.2	4.1	3.9
Bloomberg IG Credit	2.3	(0.6)	(0.4)	(1.4)	(0.1)	7.9	5.3	4.8
Bloomberg EM Bonds	4.4	(0.1)	(0.1)	(1.7)	0.2	6.2	4.8	5.2

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	78.4	(3.9)	(6.2)	61.6	86.6	11.4	11.1	(2.2)
Gold ($/Troy Oz)	1861.4	(0.1)	4.3	(1.8)	(0.7)	15.0	9.0	0.8
Dow Jones-UBS Commodity Index	102.5	(0.8)	(0.8)	31.4	38.2	6.9	4.3	(3.4)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	95.5	0.4	1.5	6.2	3.5	(0.3)	(1.1)	2.0
Euro	1.1349	(1.1)	(1.9)	(7.2)	(4.4)	(0.1)	1.4	(1.7)
British Pound	1.3478	0.7	(1.7)	(1.4)	1.3	1.6	1.8	(1.6)
Japanese Yen	114.29	(0.3)	(0.2)	(9.7)	(9.3)	(0.4)	(0.6)	(3.9)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	756.6	0.6	1.6	19.1	26.4	18.3	15.7	12.7
MSCI EAFE	2350.3	(0.1)	0.7	12.3	18.4	12.3	11.1	8.7
MSCI Europe ex UK	2645.0	(0.3)	1.2	16.8	23.3	15.8	13.9	10.4
MSCI Japan	3963.0	1.1	2.2	4.9	11.1	11.1	9.7	9.1
MSCI EM	1273.9	(0.6)	0.8	0.8	8.0	11.8	11.5	6.0
MSCI Asia ex JP	819.8	0.3	1.0	(1.0)	5.5	13.3	12.4	8.6
MSCI LATAM	2088.1	(5.9)	(0.7)	(11.0)	0.0	(4.2)	1.9	(2.4)
Canada S&P/TSX Composite	17115.6	0.3	2.9	24.1	28.1	12.6	7.8	6.2

**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.

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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.

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DATA SOURCE | FactSet, as of 11/19/2021

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.

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.

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.

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.

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 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).

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.

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