THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

A picture is worth a thousand words. And the satellite images and social media posts revealing the scale and sudden intensity of Russia's military deployments and equipment miles from Ukraine's border speak volumes. Russia is amassing troops as it demands that Ukraine never become a NATO member and that NATO's presence in Eastern Europe be reduced to 1997 levels. With the US unwilling to concede to this proposal, the diplomatic talks between Russia and the US and its allies have lacked a clear path forward, and the uncertainty is causing volatility in the equity markets. While President Biden has vowed to give "diplomacy every chance to succeed" to defuse the tensions with Russia, we discuss the economic and financial market consequences should the situation escalate. 5

Key Takeaways

A Diplomatic Resolution Remains Our Base Case

Higher Oil Prices Would Impact The Global Economy

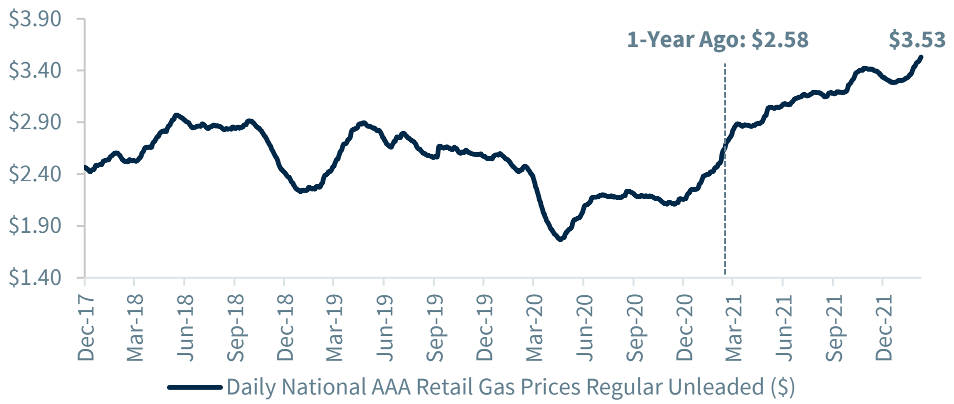
Energy Prices Could Force The Fed To Be More Aggressive

- **Impact Of Geopolitical Events Is Typically Limited |** Over the last three decades, the equity market has witnessed its fair share of geopolitical events. From terrorist bombings (e.g., Manchester Arena Bombing) to missile crises (e.g., North Korea's first intercontinental ballistic missile (ICBM) testing) to the beginning of wars (e.g., War in Iraq), these historic moments have sadly resulted in tragic deaths and destruction. But as horrifying as some of these events have been, the equity market seems to have a short memory. In fact, despite near-term volatility, the S&P 500 has rallied 4.6%, on average, in the six months following such crises dating back to 1990 and is positive ~81% of the time. In general, Fed policy and economic conditions tend be the more long-term drivers of the economy and financial markets rather than isolated geopolitical events. However, given that it could have economic and market ramifications, we caution a Russian decision to conduct a significant military operation may pose a near-term downside risk to the global economy and cause market volatility to persist.
- **Higher Energy Prices A Potential Risk |** While we remain optimistic that a diplomatic resolution and/or de-escalation (base case) will ultimately result, this is not a certainty with tensions high. A favorable outcome would reduce the current geopolitical risk premium built into oil prices (at least $5-$10) and return oil closer to our year-end target of $80.* But President Biden remains adamant that Ukraine will be defended, and that sanctions such as blocking energy sales will be deployed as a counter to Russia's militant action. With oil prices already at multi-year highs due to misaligned supply/demand dynamics, further tension could place further upside risk potential (north of $100) that could negatively impact both the US and global economy.
  - **The Fed's Focus On Inflation |** The Fed's next meeting is less than a month away, and the release of the January minutes confirmed what investors already knew to be true: inflation has been persistent longer than anticipated. And with the combination of inflation at forty-year highs and recent economic data surprising to the upside (e.g., jobs report, industrial production, retail sales), the Fed will begin raising rates at the March 15-16 FOMC meeting.* But if energy prices surge from already elevated levels, it could delay the peak in inflation and force the Fed to raise interest rates more aggressively.
  - **Downside Risk To Consumer Spending |** Tight labor market conditions have led nominal average hourly earnings to rise at the fastest pace in decades (+5.7% year-over-year), but not so much in real, inflation-adjusted terms (-1.7% year-over-year). Case in point, the average price per gallon of regular gasoline has risen by ~$1 over the last twelve months ($3.53 vs $2.58). On an annualized basis, that translates to almost $180 billion deduction in discretionary consumer spending. While gasoline expenditures are a small portion of overall household spending, the aggregate increase is significant and will disproportionately impact low-income earners. Since consumer spending is a leading catalyst for economic growth, any strains could pose a downside risk. In fact, oil prices have risen ~50% on average ahead of the last five recessions exclusive of the COVID-induced recession, signaling a strong correlation between the commodity's price and economic output.
  - **Europe's Exposure To Russia's Energy Exports |** While the US can rely on its own companies for drilling, Europe is heavily dependent upon Russia as its energy source. In fact, half of Russia's oil and ~75% of Russia's natural gas are imported to the European market (mainly Germany). The euro zone economy is already more fragile than that of the US, growing only 0.3% (quarter-over-quarter) in 4Q21, so any additional spike in energy prices could be even more detrimental to consumer spending and to the economy as a whole. This is another factor in our preference for US equities over European equities.

CHART OF THE WEEK

Prices At The Pump Could Pose A Downside Risk To Consumer Spending

The average price per gallon of regular gasoline has risen by ~$1 over the last twelve months ($3.53 vs $2.58). On an annualized basis, that translates to an almost $180 billion deduction in consumer discretionary spending.



Source: Bloomberg

*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- Minutes of the January 25-26 Federal Open Market Committee meeting suggested that Fed officials saw no need to raise short-term interest rates sharply. Officials generally expect inflation to moderate over the course of this year. However, the minutes noted that, compared to the start of the previous tightening cycle, the economy is much stronger, the labor market is notably tighter, and inflation is substantially higher. They also acknowledged interest rates could rise faster if inflation does not decline as anticipated.
- Retail sales rose 3.8% in January, up 13.0% y/y and up 23.3% from two years ago.* Industrial production rose 1.4% in January (+4.1% y/y), reflecting a record 9.9% rise in the output of utilities (cold weather). Manufacturing output rose 0.2% (+2.7% y/y). The Producer Price Index rose 1.0% in January, up 9.7% y/y. PPI is expected to moderate but remain elevated in the near term.
- **Focus of the Week**: Consumer confidence is expected to slip in February, reflecting stock market volatility and ongoing inflation concerns. Personal income for January should reflect the end of the extended child tax credit, but spending should be strong.

February 21 – February 25

MON	Market Closed
TUE	Consumer Confidence (Feb)
WED	
THU	Jobless Claims (2/19) Real GDP 4Q21 2nd estimate New Home Sales
FRI	Durable Goods (Jan) Personal Income and Spending (Jan) Consumer Sentiment (Feb)
FUTURE EVENTS	3/1 ISM Manufacturing Survey 3/2 Fed Beige Book 3/3 ISM Service Survey

US EQUITY

- Q4 earnings season is close to an end with ~85% of the S&P 500's market cap having reported thus far. It has been a solid earnings season with 77% of companies beating earnings estimates by an aggregate 8.7% (both above historical averages), but also continue to moderate (as expected) from previous quarters.
- The S&P 500's oversold rally stalled at 4,590 and is currently pulling into the midpoint of its recent ~4,600 – 4,200 trading range on Russia/Ukraine concerns. This uncertainty comes at a time when the Fed backstop is being removed— where negative headlines are likely to incur more market volatility—and supports our belief that the market is likely stuck in a trading range that may take a while to play out.
- **Focus of the Week:** When markets are in an uncertain phase, sharp downside moves can develop on short notice. Regardless, absent a catalyst for recession or long-lasting elevated inflation, should a deeper draw-down develop, it should not be long lasting.

FIXED INCOME

- The stronger than expected PPI report solidified expectations for a March lift-off on rates. While the market was hopeful the Fed's January policy meeting minutes might provide some additional clarity, the minutes didn't shed any new insights regarding the pace or timing of the Fed's balance sheet reduction plans or suggest that a 50 basis point hike was imminent. This led to a modest re-steepening in the yield curve as the fears of a 50 basis point hike recede and is helping 10-year T-yields consolidate around 2.0%. *
- The credit sensitive sectors of the bond market remain near the wider end of their recent ranges as the market prepares for the onset of the Fed's tightening cycle. With corporate fundamentals remaining solid and default rates low, the higher yields and wider spreads offered in the credit sensitive sectors are starting to look more compelling as a tactical opportunity.
- **Focus of the Week:** Next week's economic calendar contains several key releases (i.e., PMI, core personal consumption expenditures and the University of Michigan Inflation Expectations) that will shed some light on the inflation outlook. While inflation is expected to remain elevated for the next few months, the market will be looking for any signs that inflation is starting to peak.

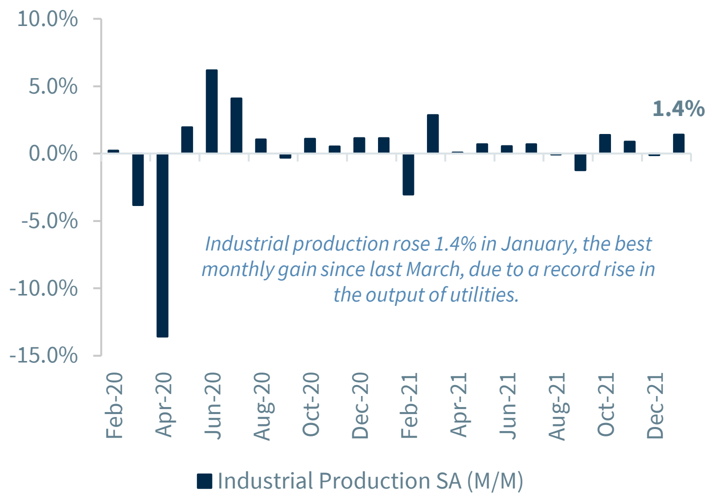
POLITICS & ENERGY

- **Politics:** After last week's comments by White House National Security Advisor Jake Sullivan providing the strongest warnings from the White House that Russia could stage a significant military operation against Ukraine on short notice, we continue to see a highly unpredictable situation with significant risk to the downside in the near term. Public comments by Russia's Putin and Russian Foreign Minister Sergey Lavrov following a phone call with President Joe Biden last weekend suggest diplomatic efforts at finding an off-ramp will continue, but the length of time Russia is willing to devote to these efforts remains unclear before a decision is made to pursue other strategies along the lines of military action. Headlines pointed to potentially de-escalatory signals coming from the Russian government at the start of the week, but we caution that on the ground developments will be the more reliable indicators in the days and weeks ahead. So far, there has not been a material change to the pace and scope of Russia's military positioning near Ukraine's border. Analysts also note that the public, long-running nature of the current military buildup sets up a scenario where surprise and concealed operations could begin with little or no notice, similar to how events played out with Russia's actions against Crimea in 2014. Any small number of developments could serve as a pretext for Russia to escalate pressure, creating a scenario where the current standoff simmers in the background, generally elevating market risks.
- **Energy:** As the Russia/Ukraine situation remains uncertain, and there is a potential scenario of oil exports from Russia being suddenly cut off in the event of war, the good news is that there is a 'Plan B' in place. Under the International Energy Program agreement of 1974 – signed in the aftermath of the Arab oil embargo – the International Energy Agency would activate its emergency stockpile arrangements. All IEA members (other than net exporters Canada, Mexico, and Norway) are obligated to have at least 90 days of net petroleum imports in reserve. This includes, for example, the US Strategic Petroleum Reserve. The agreement has been invoked three times in the past: 1991 (Gulf War), 2005 (Hurricanes Katrina and Rita), and 2011 (Libyan civil war). Acting through unanimous consent of members, the IEA can authorize collective action via emergency release of petroleum stockpiles – government-managed, private sector, or both – in whatever quantities are needed to manage during the supply disruption. To be clear, this would not prevent oil prices from spiking higher, but it would prevent or at least alleviate physical shortages of fuel in Europe. Alongside the emergency arrangements, the IEA would coordinate with OPEC, and potentially some non-OPEC oil exporters, to bring extra supply onto the market.

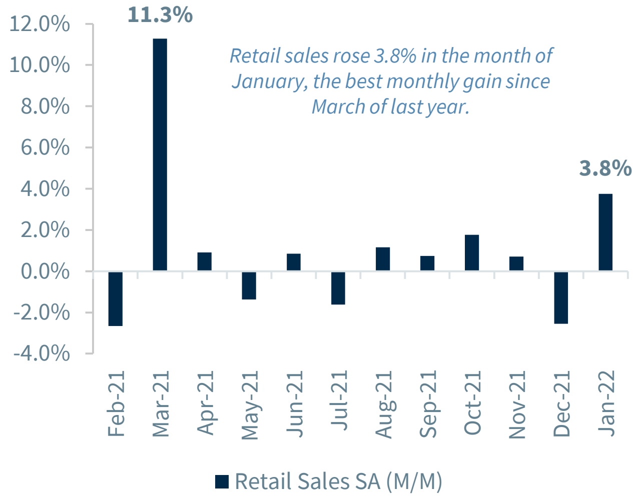
*See Charts of the week on page 3.

Charts of the Week

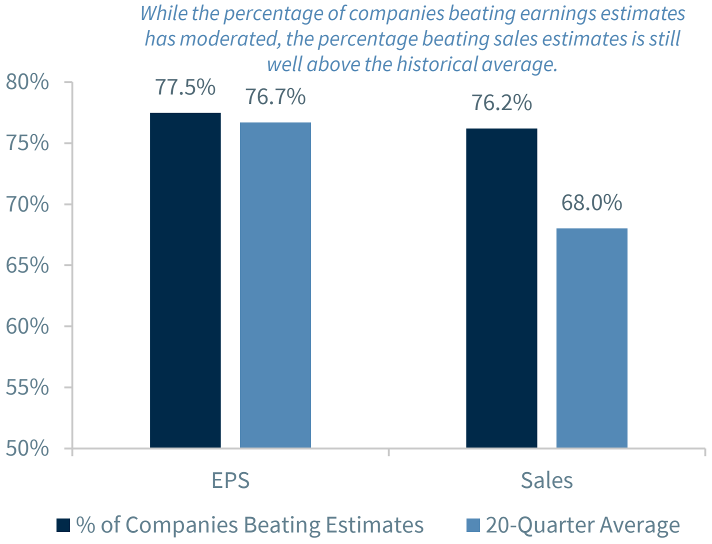
Utilities Output Boosts Industrial Production



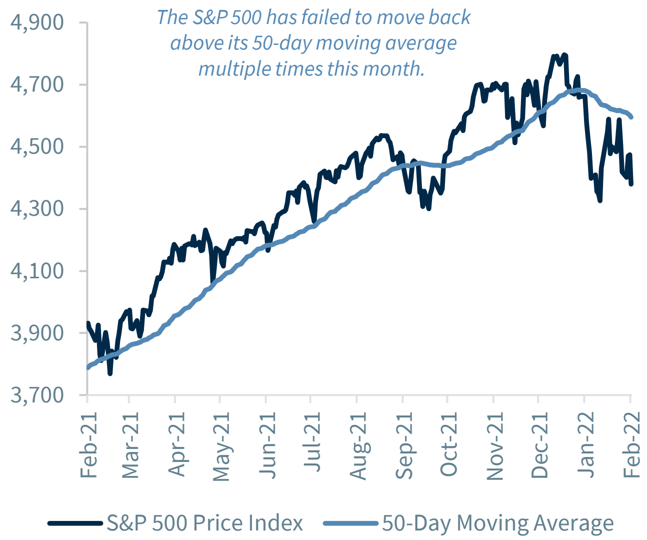
Retail Sales Surprise To The Upside



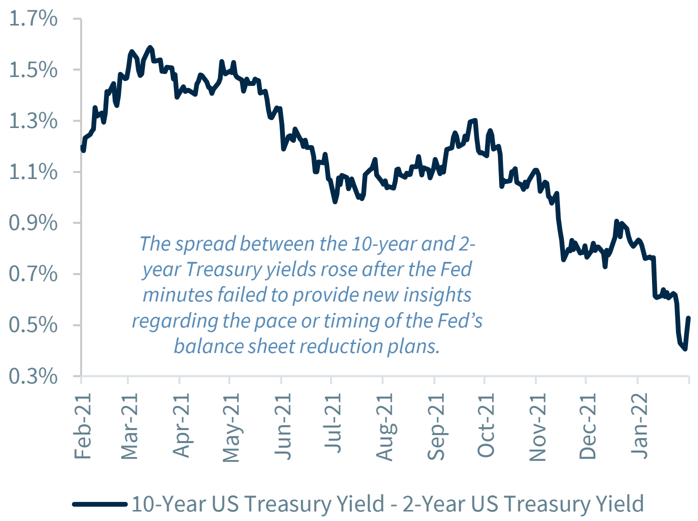
Percentage Of Companies Beating Sales Estimates Elevated



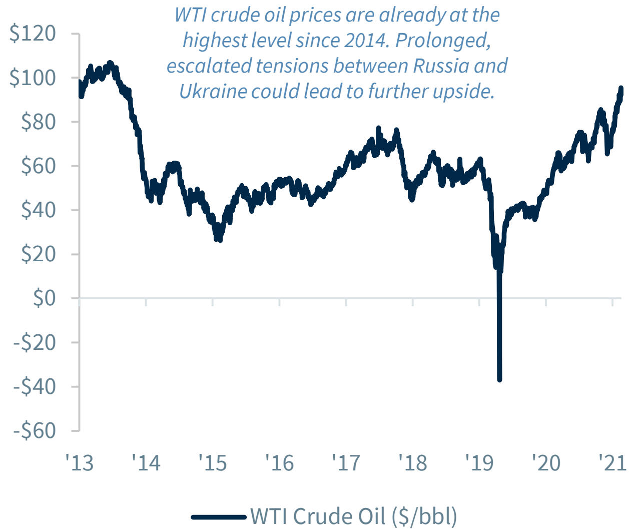
S&P 500 Falls Below 50-Day Moving Average



10-Year/2-Year Spread Rises After Fed Minutes Released



Oil Prices At Multi-Year Highs



* Index definitions can be found on the disclosure pages

Asset Class Performance | Distribution by Asset Class and Style (as of February 17)**

Weekly Returns (as of February 17)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-2.0%	-2.8%	-3.5%
Mid Cap	-1.9%	-2.6%	-4.0%
Small Cap	0.0%	-1.1%	-2.2%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-1.7%	-2.3%	-0.6%
Mid Cap	-1.3%	-1.7%	-0.2%
Small Cap	-1.8%	-1.5%	-1.5%

Fixed Income (Bloomberg indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.7%	0.8%
Invest. Grade	0.2%	0.1%	0.1%
High Yield	-0.2%	-0.8%	-1.5%

Year-to-Date Returns (as of February 17)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-3.4%	-8.3%	-12.6%
Mid Cap	-4.8%	-8.4%	-14.8%
Small Cap	-5.1%	-9.6%	-14.0%

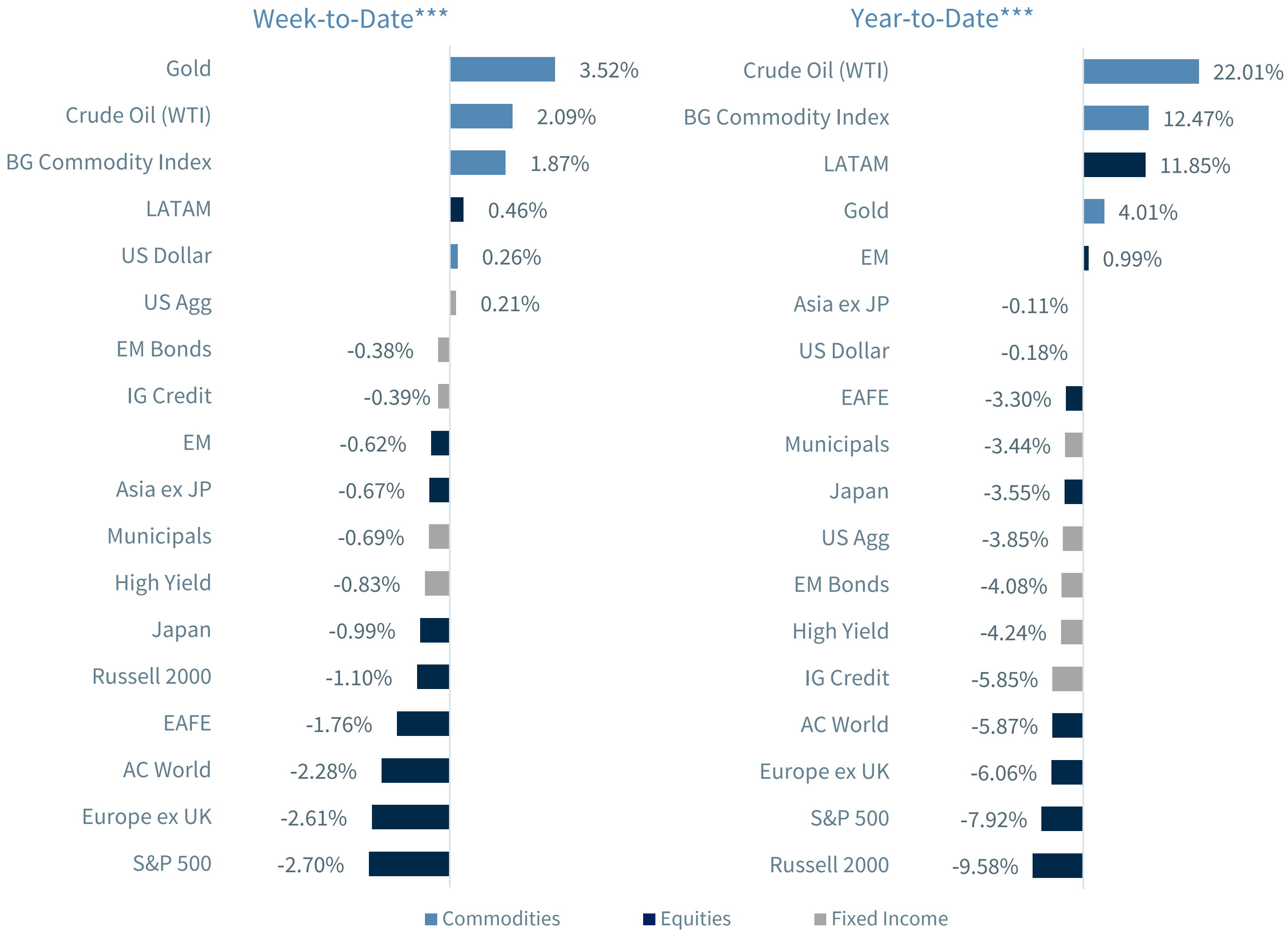
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-2.4%	-5.7%	1.1%
Mid Cap	-5.6%	-6.5%	-1.3%
Small Cap	-5.8%	-6.4%	-3.8%

Fixed Income (Bloomberg indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-2.6%	-4.0%
Invest. Grade	-1.3%	-3.2%	-4.4%
High Yield	-1.5%	-3.9%	-9.2%

Asset Class Performance | Weekly and Year-to-Date (as of February 17)**



**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 February 17

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4380.3	(2.7)	(2.9)	(7.9)	13.0	18.4	15.3	14.6
DJ Industrial Average	34312.0	(2.6)	(2.3)	(5.6)	8.5	9.8	10.7	10.2
NASDAQ Composite Index	13716.7	(3.3)	(3.7)	(12.3)	(1.8)	22.4	18.6	16.6
Russell 1000	4657.5	(2.8)	(2.8)	(8.3)	20.3	20.5	16.6	15.3
Russell 2000	5040.3	(1.1)	0.0	(9.6)	(1.2)	12.0	9.7	11.3
Russell Midcap	7794.9	(2.6)	(1.1)	(8.4)	13.9	16.1	12.8	13.4

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	527.6	(1.6)	(0.5)	(7.3)	15.4	18.0	12.2	10.7
Industrials	838.0	(1.7)	(1.6)	(6.2)	11.8	11.5	10.2	12.4
Comm Services	230.7	(4.1)	(7.9)	(13.6)	(2.9)	15.8	9.1	10.0
Utilities	336.3	(0.9)	(4.1)	(7.2)	10.4	9.6	9.6	10.5
Consumer Discretionary	1427.8	(2.5)	(1.8)	(11.3)	4.8	19.3	17.0	17.0
Consumer Staples	792.5	0.7	0.1	(1.3)	20.2	15.5	10.3	11.9
Health Care	1496.7	(2.7)	(2.2)	(8.8)	12.1	13.6	13.9	15.6
Information Technology	2700.7	(3.6)	(4.9)	(11.5)	13.4	31.8	26.7	20.9
Energy	518.9	0.0	3.8	23.6	55.7	7.1	3.9	2.7
Financials	651.8	(3.6)	0.5	0.5	24.2	16.6	12.2	14.9
Real Estate	280.8	(2.6)	(5.3)	(13.4)	21.9	12.3	11.1	10.8

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	0.2	0.0	0.0	0.0	0.0	0.8	1.1	0.6
2-Year Treasury (%)	1.5	0.3	(0.5)	(1.2)	(1.8)	1.4	1.2	0.8
10-Year Treasury (%)	2.0	0.8	(1.6)	(4.0)	(4.5)	3.5	2.6	2.1
Bloomberg US Corporate HY	5.9	(0.8)	(1.6)	(4.2)	(0.5)	5.4	4.9	5.9
Bloomberg US Aggregate	2.4	0.2	(1.7)	(3.9)	(3.9)	3.1	2.7	2.4
Bloomberg Municipals	--	(0.7)	(0.7)	(3.4)	(2.7)	3.2	3.3	3.1
Bloomberg IG Credit	3.1	(0.4)	(2.6)	(5.9)	(4.9)	4.5	3.8	3.9
Bloomberg EM Bonds	5.0	(0.4)	(1.5)	(4.1)	(4.6)	3.2	3.2	4.3

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	91.8	2.1	4.1	22.0	50.1	18.2	11.3	(1.2)
Gold ($/Troy Oz)	1902.0	3.5	5.9	4.0	7.3	12.9	8.9	1.0
Dow Jones-UBS Commodity Index	111.5	1.9	3.4	12.5	30.9	11.3	4.8	(2.6)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	95.8	0.3	(0.8)	(0.2)	5.3	(0.4)	(1.0)	1.9
Euro	1.1369	(0.9)	1.4	(0.0)	(5.5)	0.3	1.4	(1.5)
British Pound	1.3620	0.0	1.5	0.6	(1.7)	2.0	1.8	(1.5)
Japanese Yen	114.97	0.9	0.2	0.2	(7.9)	(1.3)	(0.4)	(3.6)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	709.4	(2.3)	(1.0)	(5.9)	5.9	15.0	12.4	10.7
MSCI EAFE	2256.6	(1.8)	1.6	(3.3)	3.8	10.2	8.4	7.2
MSCI Europe ex UK	2474.8	(2.6)	0.1	(6.1)	7.4	12.7	10.3	8.5
MSCI Japan	3714.1	(1.0)	1.6	(3.6)	(7.5)	9.0	7.1	7.4
MSCI EM	1242.9	(0.6)	2.9	1.0	(11.9)	9.3	8.6	4.4
MSCI Asia ex JP	787.8	(0.7)	3.1	(0.1)	(16.1)	9.9	9.6	6.7
MSCI LATAM	2378.1	0.5	4.2	11.9	4.6	(2.2)	1.7	(2.4)
Canada S&P/TSX Composite	16678.2	(1.7)	0.4	(0.2)	15.2	10.1	6.0	5.4

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

DISCLOSURES

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

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.

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DATA SOURCE | FactSet, as of 2/18/2022

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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