WEEKLY HEADINGS

THOUGHTS OF THE WEEK

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It's National Teacher Appreciation Week! Although, I am sure I am not the only one who thinks that the dedication and patience of those who educate our youngest generation deserve more than just one week of praise and gratitude. In our role as your Investment Strategy team, we view ourselves as life-long students of the financial markets – and we study more subjects than you'd imagine! Formulating our outlook requires *reading* beyond the headlines, understanding the *science* of the economy, learning the *history* of the market, incorporating *mathematics* as we calculate our forecasts, and hopefully having an *art* in the way we articulate our views. But today, we will take on one of the many responsibilities of a teacher as we grade the current environment for equity investors.

Key Takeaways

Supportive Dynamics For Equities Have Moderated

Income-Oriented Investors Are Enticed By Higher Yields

Record Cash On Balance Sheets May Lead To Record Buybacks

- **Bottom Line – 2022 May Not Be As Easy As 'ABC' For Equity Investors |** Equity investors had become accustomed to above-average returns. The S&P 500 finished 2021 up 28%, with every sector notching positive performance (a rarity!). This was driven by favorable dynamics such as a rebounding economy, an ultra-accommodative Fed, record low interest rates and robust earnings growth.* Transitioning into this year, these supportive factors have moderated, with the uncertainty surrounding the Fed's tightening and Russia's invasion of Ukraine subjecting investors to more volatility year-to-date than the entire year prior. Despite the S&P 500 being down 13% year-to-date, it is still too early to dub this year a failure as upside potential exists.

B- **Economy: Taking Notes On The Fed's Outlook |** The combination of inflation, the war in Ukraine, and rising interest rates has led to a lowering of growth expectations for 2022 (RJ 2022 GDP Estimate: ~2%). But despite these headwinds, Chair Powell reiterated the strength of the US economy this week, and we agree on the premise that there is still strength in personal consumption and fixed investment. Both factory orders and durable goods orders showed signs of strength this week—indicative of continued capital expenditures and additive consumption in the months ahead. Also bolstering aggregate consumer spending is a strong job market (428k jobs added in April, record job openings), and with more people working and receiving modest bumps in wages, spending as we reopen the economy should remain robust.*

A- **Earnings: Not Quite The Valedictorian |** Q1 earnings growth has slowed but still has the potential to reach double-digits (currently +9%).* The percentages of companies beating estimates on the top and bottom line remain above the 20-quarter average, and margins are holding steady—which is notable given pricing pressures. If there were any room for improvement, it would be the more docile forward guidance, as some growth expectations have been dampened due to the Ukrainian conflict and lingering supply chain issues. However, this has not stopped full year earnings estimates from rising 2.2% since the start of the year, a stark contrast from the typical average downward revision of ~3% at this juncture.

B **Valuations: Making The Grade |** For longer-term investors, fundamentals suggest that the current environment may be an attractive buying opportunity. Since the end of 2019, earnings growth has far outpaced price growth (40.9% versus 27.9%), and the next twelve-month P/E multiple has subsequently fallen to the lowest level since the pandemic began. However, there may be an exception for income-oriented investors as higher yields provide more competition for equities—the 10-year Treasury yield (at ~3.1%) now exceeds the dividend yield of the S&P 500 (~1.6%) by 150 bps.*

A **Corporate Activity: The Teacher's Pet |** After a record-setting 2021, US companies are on pace to buyback a historic $1 trillion of stock this year. And with record cash on their balance sheets, many companies have announced new repurchase programs or accelerated previous plans during the recent volatility. Other firms have decided to increase their dividends. In fact, dividend growth for the S&P 500 is forecasted at 7.5% this year – the second-best growth rate since 2014.

C **Seasonality: Hoping To Avoid A Copycat |** Despite the recent selloff, this bull market is still relatively young. If history proves prescient, returns may be more muted in the months ahead, especially as we move into the third year of the bull market (which began this past March) that traditionally sees more volatility and muted performance relative to the first two years. In addition, the beginning of a Fed hiking cycle and the impending midterm elections have historically accompanied increased volatility and more muted gains. However, neither dynamic has typically brought an end to the equity bull market. Finally, the next six months (May through October) is historically the weakest six-month period for the S&P 500.* While we hope that the current equity market can defy these trends to the upside, history is not on its side.

CHART OF THE WEEK

Valuations: Making The Grade

Income-oriented investors may be enticed by higher yields, which is causing more competition for equities. In fact, the 10-year Treasury yield (at ~3.1%) now exceeds the dividend yield of the S&P 500 (~1.6%) by ~ 150bps, the largest amount since 2011.

 *See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- As expected, the FOMC raised the target range for the federal funds rate by 50 bp (to 0.75-1.00%), indicated that it anticipates "ongoing increases" at future meetings, and announced the start of balance sheet reduction ($47.5bln now and $95bln in 3 mos).*
- Job openings rose to a record 11.5 million in March, while 4.5 million workers quit their jobs.* The ISM Manufacturing and Services Indexes both fell back in April, with details indicating strong demand, supply constraints, and elevated inflation pressures. The ADP Employment Report showed increased hiring and retention problems for small firms. Unit motor vehicle sales rose 6.6% in April (vs. March) but remained 21.9% below the level of a year earlier (reflecting supply constraints in production). Nonfarm payrolls rose by 428,000 in the advance estimate for April, about as expected, while the unemployment rate held steady at 3.6%.
- **Focus of the Week:** Next week, the economic focus will likely be on the April CPI report. A decline in gasoline prices (relative to March) will be amplified by the seasonal adjustment, leading to a more modest gain in the headline figure, while the sharp gains from a year ago will start falling off of the 12-month calculation.

May 9 – May 13

MON	Wholesale Inventories	WED	CPI Treasury Budget	FRI	Michigan Sentiment Export/Import Price Index
TUE	NFIB Small Business Index	THU	Initial Claims PPI	FUTURE EVENTS	5/17 Retail Sales; Business Inventories 5/18 Housing Starts 5/19 Leading Indicators

US EQUITY

- Market uncertainty remains elevated as reflected in its daily price action. After the best daily S&P 500 price change (2.99%) in almost two years on Wednesday, Thursday's -3.6% decline was one of the worst.
- Inflationary pressures are hitting S&P earnings in aggregate, making the inflationary trend ahead all-the-more paramount for equities.* Sales growth remains strong, but higher costs are taking a toll on margins, resulting in a recent downtick over the last week in S&P 500 earnings estimates. A moderation in inflation would support both earnings and valuation in our view.
- **Focus of the Week:** With these factors in mind, we expect the market to remain choppy in a potentially sideways trend for now. A meager bounce that fails at obvious resistance, followed by another new low, will raise the odds for a downtrend (rather than sideways). Investors should focus on high quality names and be selective with purchases- using the downdrafts as opportunity to accumulate. Technical resistance resides at ~4,310, followed by 4,373 (50 DMA) and 4,490 (200 DMA); while technical support should be monitored at 4,061 and 3,980.

FIXED INCOME

- The Federal Reserve (Fed) delivered exactly what the markets were expecting at the FOMC meeting, a 50 bps rate hike, the launch of QT and a pledge to get inflation under control.* While Powell acknowledged that 50 bps hikes were on the table at the next two meetings, the market reacted strongly to his comments that the Fed was not actively considering a 75 bps hike at this time. After digesting the news overnight, Treasury yields saw a dramatic reversal which sent yields on Treasurys with maturities longer than five years above the 3% threshold.* Real yields have also rocketed higher, with the 10-year climbing to a pre-pandemic high of 0.18%. With inflation pressures still running extremely hot, the market is now anticipating a peak fed funds rate of around 3.5%, substantially higher than what the Fed considers neutral (~2.4%), a level that neither stimulates or restrains growth.
- **Focus of the Week:** Next week's inflation report will be the key focus. We expect bond market volatility to remain elevated until we see signs of a clear deceleration in the inflation rate or a moderation in excess demand. While the market is concerned the Fed may tighten too much and tip the economy into a recession, we think the Fed will remain nimble as it navigates this challenging period. Meanwhile, yields at these levels are the most attractive they have been in years for income investors.

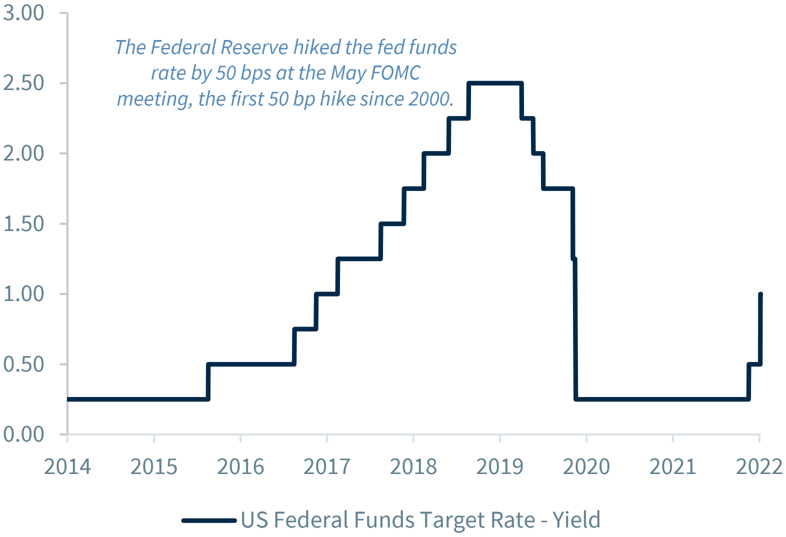
POLITICS & ENERGY

- **Politics:** DC continues to debate the path forward on a variety of legislative and executive initiatives. Student loan forgiveness has moved to the top of the agenda, following a meeting between President Biden and members of the House. We believe the most likely forgiveness is in the $10,000 range (with an income cap), lower-income borrowers having interest frozen on their loans, and a push for Congress to expand relief to graduates of community colleges and historically black colleges and universities. On the China front, the US Trade Representative took the first steps this week to examine some of the Trump-era tariffs on Chinese goods, where the tariffs are set to expire later this year. Our expectation is that many of these tariffs are likely to stay in place, but a new exclusion process could be developed to remove a portion of the tariffs. Separately, Congress continues to negotiate the details of a US/China competition bill, the hallmark of which includes $50+ billion in support for the semiconductor industry as well as tax incentives to onshore or near-shore manufacturing and critical supply chains. Finally, the push to revive the Biden Build Back Better reconciliation bill seems to have hit yet another Manchin roadblock, as the West Virginia Senator is looking for a bipartisan energy package to replace the domestic spending priorities of President Biden.
- **Energy:** The European Union has proposed an embargo on Russian petroleum. This decision – if and when approved by the member states – represents the strongest governmental action taken thus far against Russia's energy sector, within the broader context of the most severe economic sanctions in modern history. By way of background, the EU imported four million barrels per day (bpd) of Russian petroleum before the war. The implementation of the EU embargo will extend through the end of 2022. This will give EU businesses sufficient time to conclude or unwind their supply contracts with Russian energy companies and replace them with non-Russian supply (mainly from the Middle East and Africa). By the same token, the transition period provides Russia with time to reorient its exports as well (to countries such as China, India, and Turkey). To be crystal clear: just because the EU stops using four million bpd of Russian petroleum does not mean that Russia will be exporting four million bpd less. However, Russia's export revenue will take a hefty hit from having to offer a lower price point to entice the shrinking pool of available buyers, as more of its exports will need to be shipped in tankers rather than via pipelines. In the very long run, the solution for European energy security will be wide-ranging adoption of electric vehicles. This will require a massive buildout of charging infrastructure.

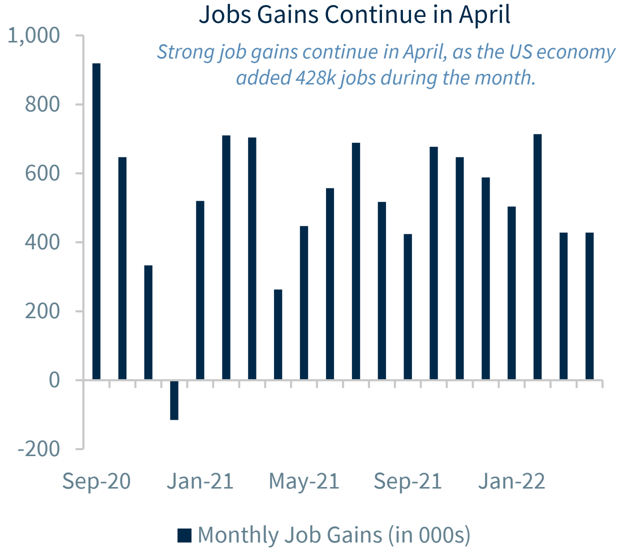
*See Charts of the week on page 3.

Charts of the Week

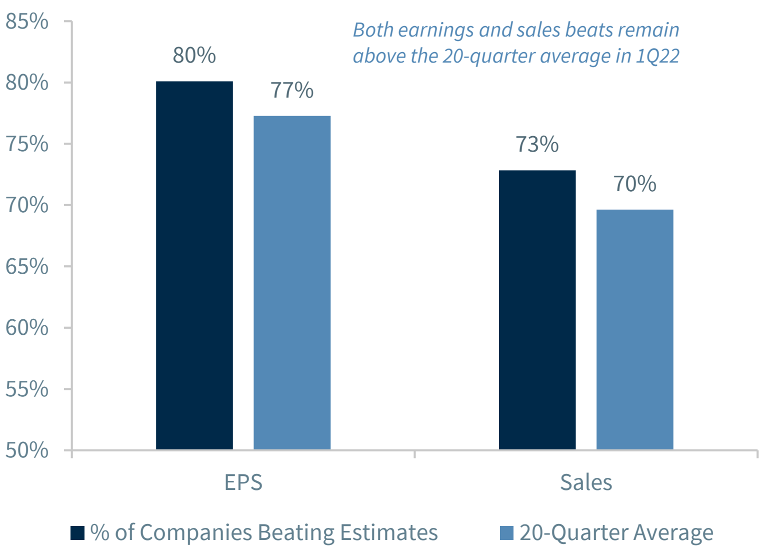
Fed Hikes 50 bps at May FOMC Meeting



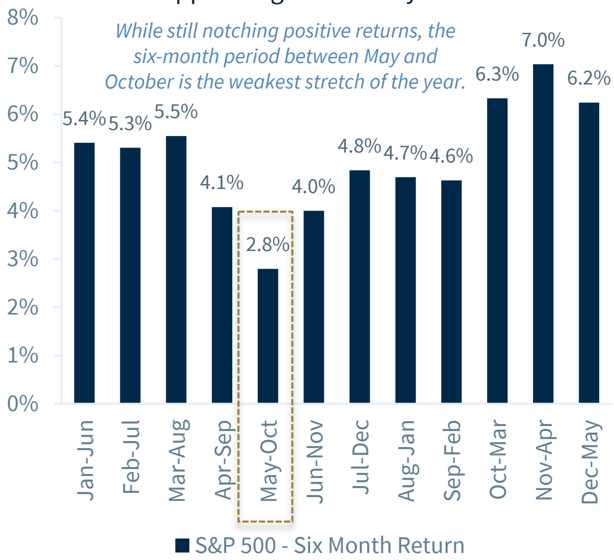
Jobs Gains Continue in April



Earnings and Sales Beats Remain Strong



Disappointing Seasonality Ahead



S&P 500 Valuations Normalize

10-Year Treasury Surges Above 3%

* Index definitions can be found on the disclosure pages

Asset Class Performance | Distribution by Asset Class and Style (as of May 5)**

Weekly Returns (as of May 5)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-2.0%	-3.4%	-4.8%
Mid Cap	-2.0%	-2.7%	-4.4%
Small Cap	-1.7%	-2.4%	-3.2%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-0.7%	-2.4%	0.5%
Mid Cap	-1.0%	-1.9%	-0.8%
Small Cap	-1.6%	-1.9%	-0.8%

Fixed Income (Bloomberg indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-0.6%	-1.7%
Invest. Grade	-0.1%	-0.6%	-1.1%
High Yield	-0.2%	-1.0%	-1.9%

Year-to-Date Returns (as of May 5)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-5.4%	-13.4%	-20.4%
Mid Cap	-6.7%	-12.7%	-23.3%
Small Cap	-9.1%	-16.4%	-23.6%

International Equities (MSCI indices)

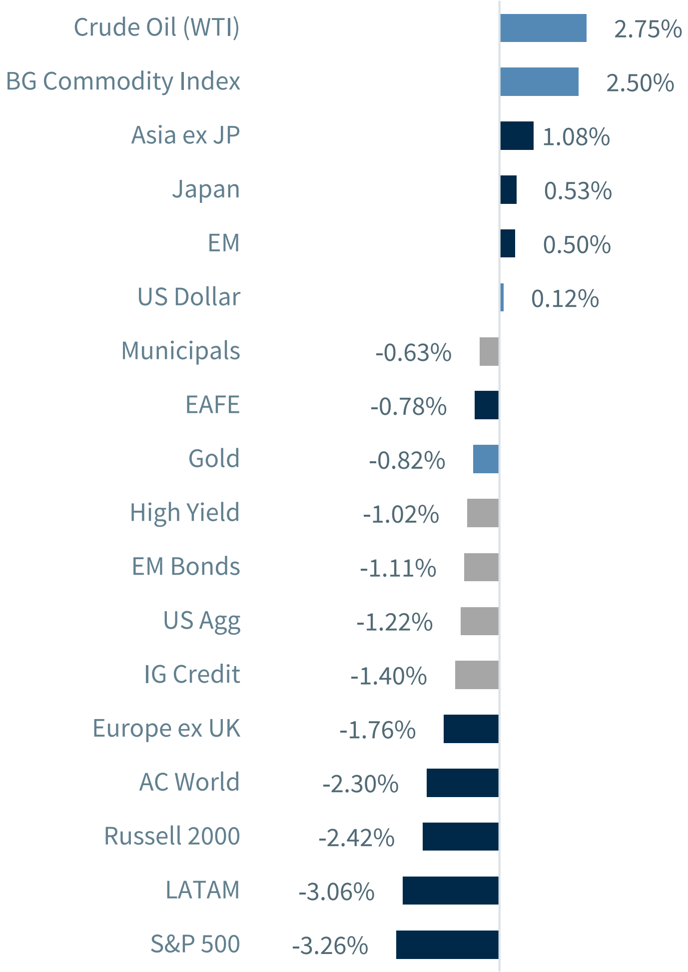
	Dev. Mkt	World	Emerg. Mkt
Large Cap	-5.1%	-11.1%	-11.0%
Mid Cap	-9.4%	-11.2%	-8.6%
Small Cap	-9.7%	-11.1%	-7.2%

Fixed Income (Bloomberg indices)

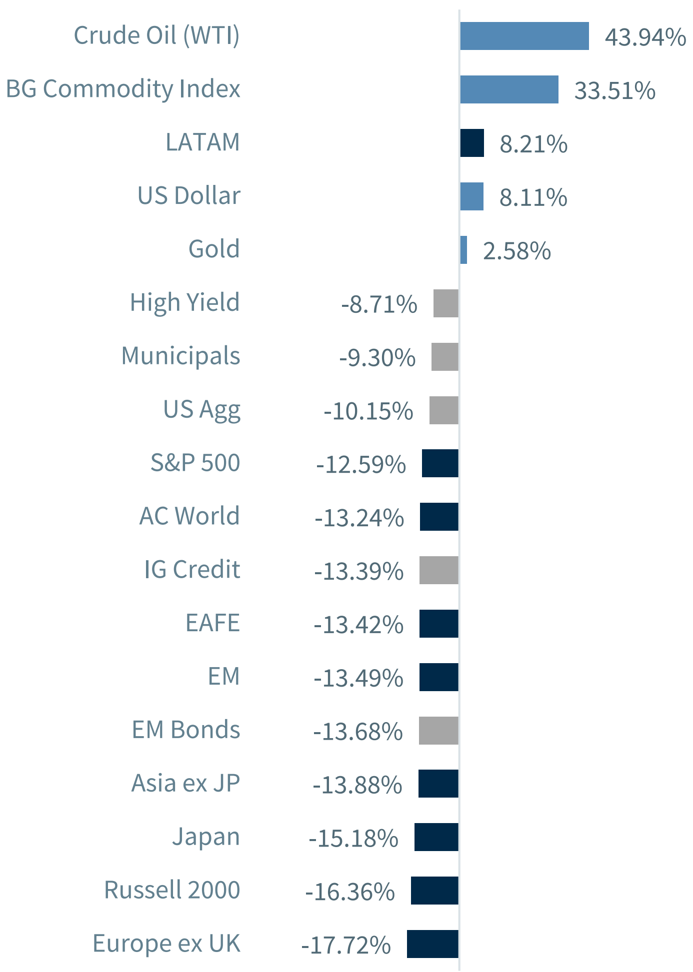
	1-3 YR	Medium	Long
Treasury	0.1%	-7.3%	-12.4%
Invest. Grade	-3.1%	-8.2%	-11.7%
High Yield	-4.3%	-8.1%	-17.9%

Asset Class Performance | Weekly and Year-to-Date (as of May 5)**

Week-to-Date***



Year-to-Date***



Commodities Equities Fixed Income

**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 May 5

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4146.9	(3.3)	0.4	(12.6)	0.9	14.0	13.6	13.9
DJ Industrial Average	32998.0	(2.7)	0.1	(9.2)	(3.6)	7.6	9.5	9.7
NASDAQ Composite Index	12317.7	(4.3)	(0.1)	(21.3)	(9.3)	14.7	15.1	15.3
Russell 1000	4386.4	(3.4)	0.2	(13.4)	(2.1)	13.6	13.4	13.5
Russell 2000	4650.3	(2.4)	0.4	(16.4)	(16.9)	6.7	7.2	10.1
Russell Midcap	7411.4	(2.7)	0.3	(12.7)	(6.1)	10.5	10.7	12.0

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	538.3	(1.2)	0.8	(5.0)	1.2	17.2	12.2	11.5
Industrials	812.6	(1.6)	1.0	(8.8)	(5.8)	9.0	9.2	12.3
Comm Services	202.8	(1.3)	2.4	(23.9)	(19.4)	7.7	7.4	7.8
Utilities	363.5	(2.5)	0.5	0.8	13.0	10.7	10.4	11.2
Consumer Discretionary	1245.5	(7.9)	(2.1)	(22.5)	(10.7)	10.3	12.9	14.9
Consumer Staples	800.0	(3.9)	(1.3)	0.2	14.7	13.7	10.2	11.7
Health Care	1516.1	(2.6)	(0.2)	(7.3)	7.5	15.2	13.5	15.5
Information Technology	2481.2	(4.0)	0.1	(18.6)	4.4	22.8	22.9	19.7
Energy	612.8	4.5	7.1	46.5	61.9	14.1	8.6	5.3
Financials	581.2	(2.1)	1.3	(10.0)	(3.8)	10.0	10.2	13.4
Real Estate	283.3	(7.5)	(2.8)	(12.1)	11.8	11.2	11.1	10.4

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	0.6	0.0	0.0	0.1	0.1	0.7	1.1	0.6
2-Year Treasury (%)	2.7	(0.1)	0.1	(3.0)	(3.5)	0.5	0.8	0.7
10-Year Treasury (%)	3.0	(1.7)	(1.2)	(12.4)	(10.6)	(0.2)	0.5	1.0
Bloomberg US Corporate HY	7.2	(1.0)	(0.5)	(8.7)	(5.9)	2.6	3.6	5.1
Bloomberg US Aggregate	3.6	(1.2)	(0.7)	(10.1)	(9.4)	0.2	1.1	1.6
Bloomberg Municipals	--	(0.6)	(0.5)	(9.3)	(8.5)	0.2	1.7	2.4
Bloomberg IG Credit	4.4	(1.4)	(0.8)	(13.4)	(11.5)	0.7	1.9	2.8
Bloomberg EM Bonds	6.4	(1.1)	(0.6)	(13.7)	(13.4)	(1.2)	0.7	2.8

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	108.3	2.8	3.4	43.9	65.0	20.5	18.6	1.0
Gold ($/Troy Oz)	1875.7	(0.8)	(1.9)	2.6	5.1	13.5	8.9	1.3
Bloomberg Commodity Index	132.4	2.5	2.3	33.5	43.6	18.4	9.9	(0.4)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	103.8	0.1	0.8	8.1	13.6	2.1	1.0	2.7
Euro	1.0531	0.1	(0.2)	(7.4)	(12.3)	(2.0)	(0.8)	(2.2)
British Pound	1.2374	(0.5)	(1.4)	(8.6)	(11.0)	(1.9)	(0.9)	(2.6)
Japanese Yen	130.25	0.6	(0.5)	(11.6)	(16.1)	(5.1)	(2.9)	(4.8)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	650.1	(2.3)	(0.5)	(13.2)	(5.2)	9.7	9.7	9.9
MSCI EAFE	1993.2	(0.8)	(1.8)	(13.4)	(9.9)	4.3	4.5	6.3
MSCI Europe ex UK	2134.5	(1.8)	(2.7)	(17.7)	(12.2)	5.5	4.6	7.6
MSCI Japan	3229.9	0.5	(0.6)	(15.2)	(13.7)	3.3	4.1	6.3
MSCI EM	1058.7	0.5	(1.6)	(13.5)	(18.5)	1.9	4.3	3.2
MSCI Asia ex JP	677.2	1.1	(1.3)	(13.9)	(20.7)	2.3	5.1	5.4
MSCI LATAM	2255.6	(3.1)	(2.4)	8.2	0.3	(2.0)	0.9	(1.8)
Canada S&P/TSX Composite	16146.8	(2.0)	(0.3)	(2.5)	7.2	7.8	5.8	5.7

**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 5/5/2022

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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