WEEKLY HEADINGS

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Let the countdown begin! The long and winding road to one of the most unusual presidential elections in history is coming to an end—with Election Day now just 11 days away. There have certainly been many twists and turns over the last three months—from President Biden dropping out of the race, to a new Democratic nominee and two assassination attempts on former President Trump. And yet, the race to the White House (and the composition of Congress) still appears to be a toss-up. While there may be a few more twists before all is said and done, it is important to keep perspective—particularly when it comes to making investment decisions as historically, the market has looked through any election related volatility. With that said, this unique election cycle and potential policy shifts ahead have raised some key questions for investors. Below we delve into some of the biggest questions facing the markets and the economy in the weeks and months ahead:

KEY TAKEAWAYS

Gridlock In Congress Remains The Most Likely Scenario

Macro Fundamentals Remain The Long-Term Driver Of The Market

Avoid Knee-Jerk Reactions To Portfolios Based On Election Outcomes

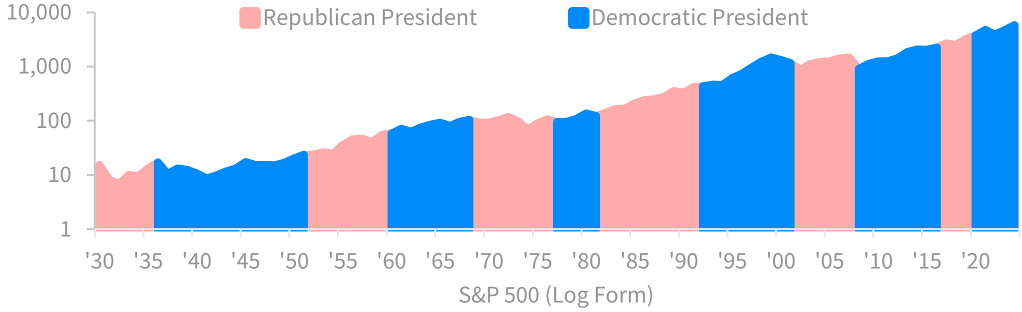
- **What Is The Most Likely Outcome Of The Election? |** We view the race as a toss-up, with each of the seven swing states within the margin of error. However, regardless of who wins the White House, the most likely scenario is a split Congress. In fact, our political analyst is forecasting a 75% probability of Republicans flipping the Senate and a 65% probability that Democrats flip the House. If this happens, it will be the first time in history that both chambers of Congress flipped but remained split following an election. Why is a split Congress important? Because the system of checks and balances reduces the probability of one party enacting sweeping policy changes. That is why, for now, we are not expecting major changes in corporate taxes, regulations, and new 'outsized' spending initiatives.
- **Will An Unknown Outcome Hamper Equities? |** History suggests a mixed bag. There are only two instances in modern history when the election was not called on election night—2000 and 2020. In 2020, the S&P 500 looked past the uncertainty and was up ~11% from election night until the Georgia Senate run-off in January—powered by the positive tailwinds post the COVID vaccine announcement. 2000 was a different story, with the S&P 500 down ~5% from election night until Democratic candidate Al Gore conceded the race 36 days later. While the election may have been a factor, the weakness was largely due to the unwind of the dot-com bubble. In fact, the Tech sector was down ~17% over that time period, while the S&P 500 ex-Tech was flat. The point: while fears of a contested election or prolonged legal battles may be unnerving and lead to short-term volatility, macro factors (e.g., economic/earnings growth) will remain the long-term driving force.
- **The Two Biggest Risks To Monitor—Taxes And Tariffs |** With the 2017 Tax Cuts expiring at year end tax policy will be a focal point in 2025. With a split government, any lack of compromise leads to a sunsetting of the tax cuts that will (according to a Brookings Institute study) cost the average household as much as ~$1,900/year, negatively impacting consumer spending and the economy. Tariffs are another wild card—particularly as Trump has called for 60% tariffs on China and 10% on the rest of the world. Put into effect, our economist calculates that these tariffs (which can be unilaterally put in place by the president) could cost the average household ~$1.9k. But the question is whether these tariffs will go into effect immediately or serve as a starting point for negotiations with China and the EU. Aggressive tariffs could be a drag on growth and potentially result in higher inflation. The point: there are big policy uncertainties that could impact the economy next year that we need to watch.
- **Should We Worry About The National Debt And Deficit? |** Sadly, yes, it is a concern as the long-term fiscal outlook is troubling with the national debt nearing $36 trillion with trillion-dollar deficits forecasted through at least 2034. And that is before the generous tax and spending plans put forth by both candidates. But, from a market perspective, there is no near-term reason to panic. Why? First, while the level of debt may be growing, the Treasury has found willing buyers (retail investors) and demand remains healthy (bid-to-cover >2.0). Second, despite media headlines to the contrary, the historically elevated deficit could improve in the near term—thanks to solid economic growth, healthy withholding tax collections and the booming stock market (which will lift capital gains revenue next year). Another thing to consider historically, with a mixed Congress, the party that does not win the presidency tends to find fiscal discipline post the election. That is why we expect 'shutdown risk,' especially around the potential raising of the debt ceiling, to increase significantly next year as the opposing party looks for concessions to curb spending.

Bottom Line | Presidential elections can spark intense emotions, but it is important to maintain perspective. While politics is an important consideration, it ranks eighth in the 10-factor framework we employ to develop our asset class views. Fundamentals, such as economic growth, earnings growth, valuations, and Fed policy far outweigh politics. With the economy on track for a soft landing, corporate fundamentals on solid footing and the Fed easing, the macro-backdrop remains positive for equities—regardless of the election. Importantly, regardless of the party in power—Republican or Democrat—or whether we have a unified or split government, both the economy and equity markets have, for the most part, thrived and moved higher.

CHART OF THE WEEK

Politics Is Only A Small Part Of The Puzzle

The equity market has moved higher throughout history, regardless of which party controlled the White House. Fundamentals (such as economic and earnings growth) outweigh the impacts from politics.



Source: FactSet

RAYMOND JAMES

Economy

- The Leading Economic Index was lower than expected (-0.5% MoM) and The Conference Board indicated that the September result "continued to signal uncertainty for economic activity ahead", which is consistent with our view of a slowing economy.
- Existing home sales in August declined to 3.84 million, the lowest level since October 2010. However, lower interest rates going forward and the sustained year-over-year increase in home prices will continue to be the most important risks for the Federal Reserve. On the other hand, new home sales beat consensus estimates and increased to 738,000—the highest level since May 2023.
- **Focus of the Week:** Next week will bring important employment reports. Starting with the Job Openings and Labor Turnover/Separations report on Tuesday, the market is expecting the number of job openings to fall to 7.9 million. Next will be the employment report on Friday where we expect the economy to add 120k jobs in October. Additionally, we expect the preliminary release of 3Q24 GDP to be 2.4%, lower than the AtlantaFed's 3.4% estimate, based on potential downward revisions to retail sales.

October 28 – November 1

MON

TUE S&P/Case-Shiller Home Prices, JOLTS, Consumer Confidence

WED 3Q24 GDP (1st Est.), Pending Home Sales

THU PCE, 3Q24 Employment Cost Index, BOJ Meeting

FRI Employment Report, ISM Manufacturing

FUTURE EVENTS
- 11/4 Durable/Factory Orders
- 11/5 Election Day, ISM Services
- 11/7 FOMC Meeting

Equity

- The back up in rates has led to a minor shift in sentiment similar to what we observed in 1H24 within the market internals. As rates declined following weaker inflation and employment data in the late summer, equity performance broadened from secular growth to defensives, value cyclicals, and small caps. This rotation has taken a pause as investors rotate back to secular growth stocks which are more insulated from changes in interest rates. We believe this trend continues as markets await further conviction on the path of rates.
- One of the key themes of the 3Q24 earnings season thus far has been a discerning consumer spending environment within the Consumer Discretionary sector. While the sector's fundamentals in aggregate are largely driven by mega-cap constituents, legacy consumer companies are painting a much different picture. The Consumer Discretionary sector is expected to grow EPS by 2% Y/Y in 3Q24. However, if we were to exclude the largest mega-cap contributor, EPS is expected to decline by 2% Y/Y. We remain underweight Consumer Discretionary until we have better visibility to a trough in earnings via improved forward guidance.
- **Focus of the Week:** Next week is the main event of the 3Q24 earnings season with 167 companies representing 44% of the S&P 500 reporting results highlighted by mega caps (MSFT, AMZN, AAPL, META, GOOG). Markets will be focused on AI monetization progress as well as 2025 capex forecasts to measure expected timelines for returns on AI investment.

Fixed Income

- Treasury yields extended their post-FOMC climb with the 10-year yield rising 11 bps WTD to 4.19%. After five consecutive months of gains, the US Aggregate Bond Index is on track for its biggest monthly loss since April. The sell-off briefly pushed the 10-yr Treasury yield through its 200-day moving average (4.18%) and the daily relative strength indicator above 70—signaling bonds are oversold. This would suggest that yields may find some support around current levels. With volatility elevated and the election around the corner, the market will need a catalyst (e.g., weaker jobs report) for yields to move lower again. One thing for certain is that sentiment has turned quite bearish over the last few weeks, which could catch the market offsides again should data start to disappoint.
- Higher US rates spilled over internationally, with the non-US rates markets coming under pressure this week despite softening economic data in their respective markets and central banks that are more advanced in their easing cycle—suggesting that positioning unwinds may have been a factor behind the recent moves. Strong US economic data and shifting rate differentials have been a key factor behind the recent surge in the US dollar which is on track to deliver its best monthly performance in two years.
- **Focus of the Week:** Next week will be busy, with the October jobs report the key focal point. All eyes will be on the monthly payrolls on Friday particularly after last month's strong beat, probable revisions and the temporary distortions from the recent hurricanes and strikes. Nominal coupon Treasury supply also resumes with $183 billion in 2-, 5-, and 7-year notes on tap. On Monday, the Treasury Department announces its 1Q25 borrowing needs, followed by the maturity breakdown on Wednesday. No changes to coupon issuance is expected (good news for the bond market), but we will be alert to any guidance provided on the Treasury's future funding needs particularly given concerns about the deficit and the Fed's balance sheet plans.

Politics

- We have seen a shift in polling and sentiment that appears to favor former President Donald Trump. However, we continue to view the race for the White House as a toss-up. Key factors include the momentum in swing states, favorability and right track/wrong track data, fundraising, and polling numbers. We are raising our odds that Republicans retake control of the Senate to 75% (+5%) and lowering our odds that Democrats retain control to 25% (-5%). In the House, we raised our odds that Democrats retake control to 65% (+5%) and lowered our odds that Republicans retain control to 35% (-5%). We are maintaining our 30% odds of a GOP sweep and 20% likelihood of split government under Trump. We are raising our odds of a split government under Harris to 30% (+5%) and lowering odds of a Democratic sweep to 20% (-5%)—making a GOP sweep or a split government under Harris our two most likely scenarios.

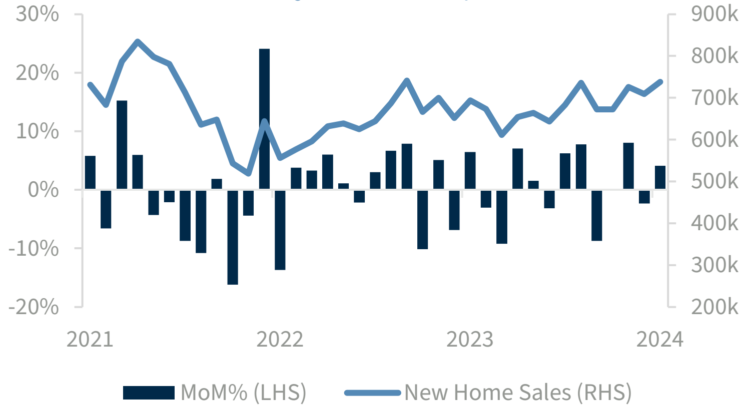
Energy

- This week came news that Arkansas may have 5 to 19 million tons of lithium resources, which equates to 38 to 146 years of global lithium demand. Lithium is a key component of many tech products, including electric vehicles (EV). The lithium resource base is in what's known as the Smackover Formation, which extends to neighboring states. Although some media outlets are treating it as a brand-new discovery, the Smackover Formation has been widely recognized in the industry as a promising opportunity for lithium development, and several companies are already engaged in operations there.

Charts of the Week

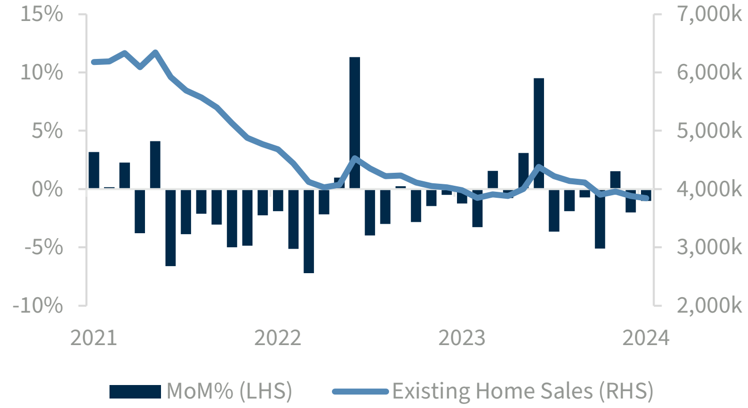
New Home Sales

New home sales beat consensus estimates and increased to 738,000—the highest level since May 2023.



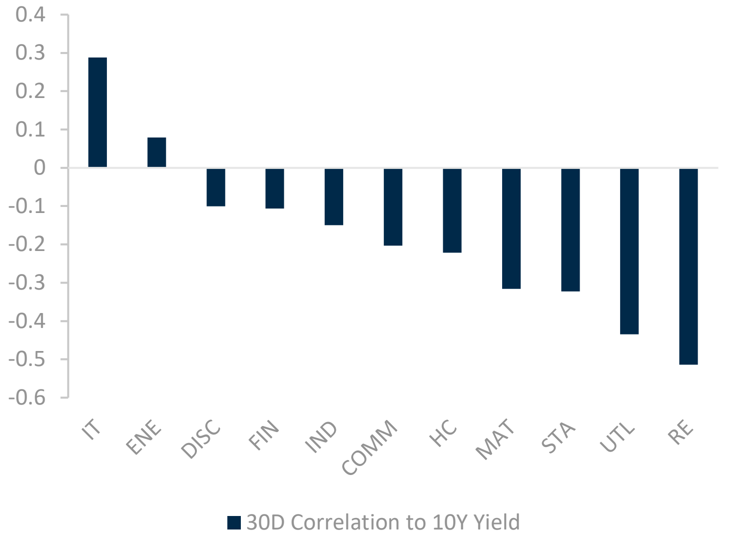
Existing Home Sales

Existing home sales in August declined to 3.84 million, the lowest level since October 2010.



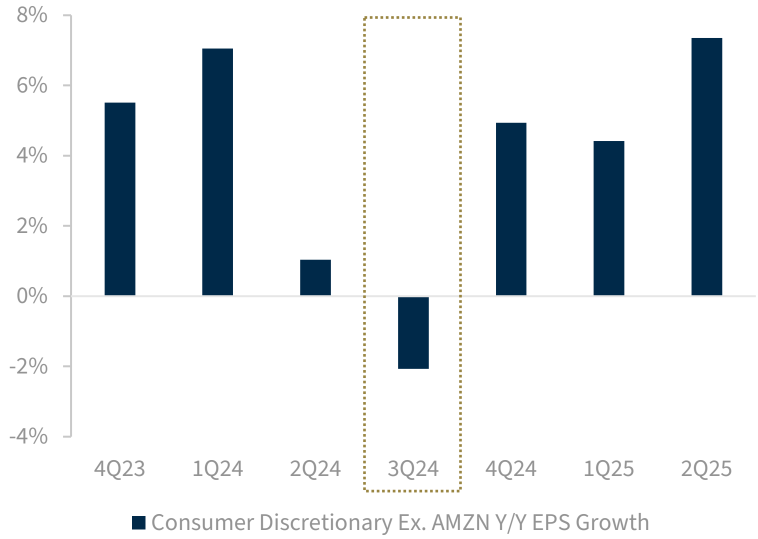
Technology Insulated From Higher Rates

Technology has shown a positive correlation to interest rates as investors focus on secular growth trends in times of rising rates.



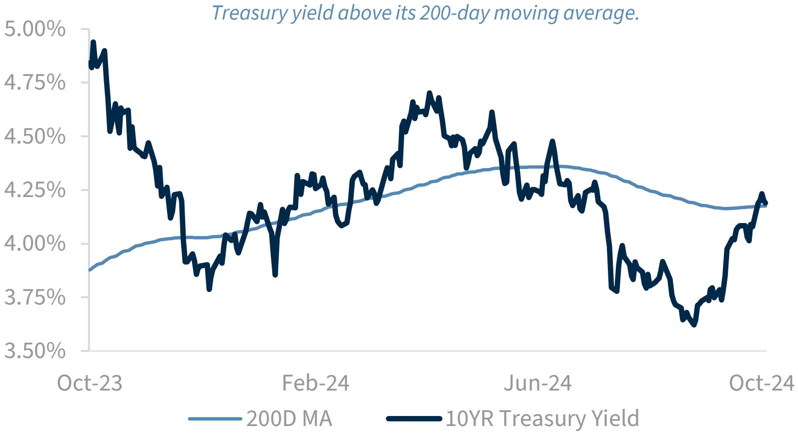
Discretionary EPS Growth Turns Negative

Consumer Discretionary excluding AMZN is expected to have negative EPS growth in 3Q24 reflecting a discerning consumer.



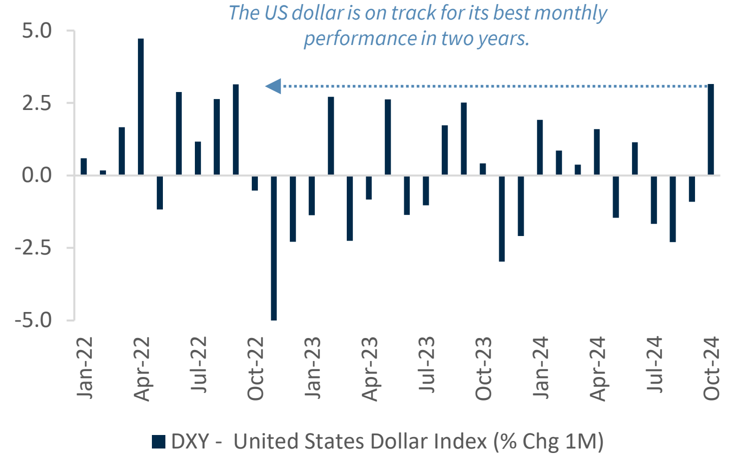
Treasury Yields Bounce Off Key Technical Level

The recent bond market sell-off has briefly pushed the 10-year Treasury yield above its 200-day moving average.



US Dollar Rebounds

The US dollar is on track for its best monthly performance in two years.



Asset Class Performance | Distribution by Asset Class and Style (as of October 24)**

Weekly Returns (as of October 24)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-1.4%	-0.6%	0.1%
Mid Cap	-1.4%	-1.2%	-0.7%
Small Cap	-2.7%	-2.7%	-2.7%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-1.0%	-0.5%	0.1%
Mid Cap	-1.6%	-1.1%	-0.3%
Small Cap	-1.8%	-2.0%	-2.0%

Fixed Income (Bloomberg indices)

	1-3 YR	Medium	Long
Treasury	0.1%	-0.5%	-0.9%
Invest. Grade	-0.1%	-0.5%	-0.8%
High Yield	0.0%	-0.4%	-0.8%

Year-to-Date Returns (as of OCtober 24)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	17.1%	22.4%	26.4%
Mid Cap	15.0%	15.3%	16.0%
Small Cap	8.5%	10.7%	12.9%

International Equities (MSCI indices)

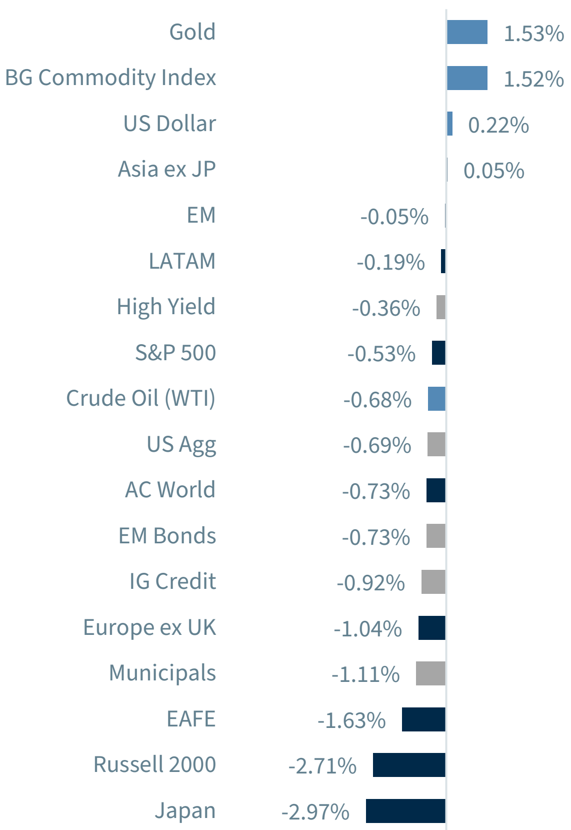
	Dev. Mkt	World	Emerg. Mkt
Large Cap	12.5%	20.8%	18.5%
Mid Cap	9.5%	13.5%	10.8%
Small Cap	8.9%	10.9%	11.9%

Fixed Income (Bloomberg indices)

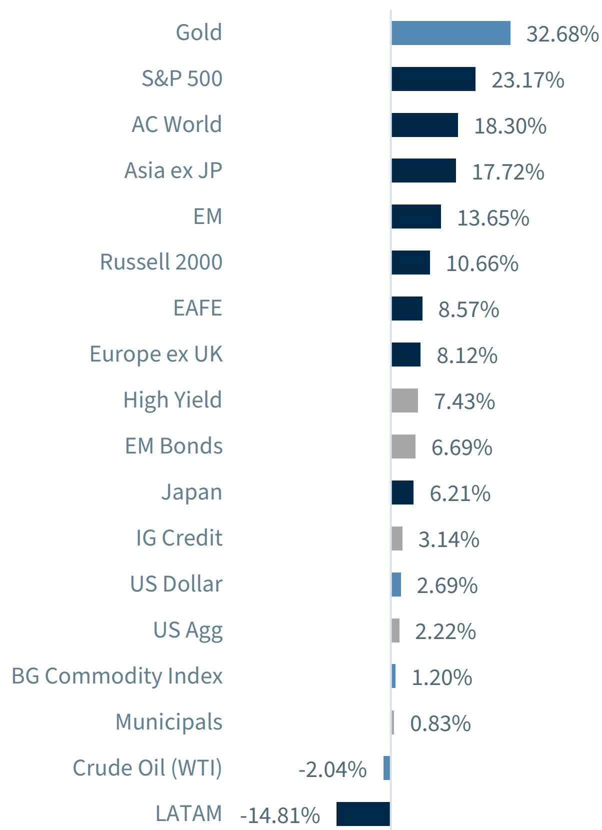
	1-3 YR	Medium	Long
Treasury	4.4%	2.1%	0.5%
Invest. Grade	4.5%	4.4%	3.9%
High Yield	8.3%	7.5%	6.2%

Asset Class Performance | Weekly and Year-to-Date (as of October 24)**

Weekly***



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**

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	5809.9	(0.5)	0.9	23.2	38.8	10.2	15.9	13.5
DJ Industrial Average	42374.4	(2.0)	0.1	12.4	27.9	5.9	9.6	9.7
NASDAQ Composite Index	18415.5	0.2	1.2	22.7	40.1	6.8	17.6	15.2
Russell 1000	6101.3	(0.6)	1.0	22.4	35.7	10.8	15.6	13.1
Russell 2000	5514.6	(2.7)	(0.5)	10.7	26.8	1.8	9.4	8.8
Russell Midcap	9097.7	(1.2)	0.6	15.3	29.3	5.8	11.3	10.2

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	596.1	(2.9)	(1.9)	12.0	28.1	5.9	12.8	9.2
Industrials	1147.6	(2.2)	0.2	20.4	39.4	10.9	13.7	11.6
Comm Services	313.0	0.1	(0.4)	28.3	36.1	6.0	14.1	10.0
Utilities	414.3	0.1	1.0	31.9	43.0	10.1	8.2	9.9
Consumer Discretionary	1602.7	0.9	(0.1)	13.7	33.4	2.6	11.9	13.1
Consumer Staples	879.3	0.0	(0.8)	17.8	26.1	8.7	9.8	9.4
Health Care	1740.7	(2.0)	(3.0)	10.9	19.0	6.0	12.2	10.6
Information Technology	4508.4	0.1	2.4	33.4	54.7	18.5	26.9	22.9
Energy	690.5	(1.0)	2.1	10.6	6.6	20.7	14.4	4.7
Financials	783.9	(1.0)	4.0	26.8	48.9	7.1	12.9	11.9
Real Estate	277.9	(0.1)	(0.8)	13.9	40.0	1.2	5.7	8.1

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	4.7	0.1	0.3	4.4	5.5	3.7	2.4	1.7
2-Year Treasury (%)	4.1	(0.1)	(0.5)	3.4	5.7	0.9	1.1	1.1
10-Year Treasury (%)	4.2	(0.9)	(3.1)	0.5	9.1	(4.1)	(1.8)	0.5
Bloomberg US Corporate HY	7.5	(0.4)	(0.5)	7.4	16.6	3.0	4.5	4.9
Bloomberg US Aggregate	4.6	(0.7)	(2.1)	2.2	10.5	(1.9)	(0.1)	1.5
Bloomberg Municipals	--	(1.1)	(1.4)	0.8	9.6	(0.3)	1.1	2.3
Bloomberg IG Credit	5.1	(0.9)	(2.1)	3.1	13.4	(1.7)	0.7	2.6
Bloomberg EM Bonds	6.5	(0.7)	(1.4)	6.7	17.0	(0.4)	1.0	3.0

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	70.2	(0.7)	3.0	(2.0)	(16.2)	(5.7)	4.5	(1.4)
Gold ($/Troy Oz)	2748.9	1.5	3.4	32.7	38.4	15.2	12.8	8.4
Bloomberg Commodity Index	99.8	1.5	(0.5)	1.2	(4.5)	(1.3)	4.7	(1.5)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	104.1	0.2	3.3	2.7	(2.1)	3.6	1.3	2.0
Euro	1.1	(0.3)	(3.3)	(2.3)	1.9	(2.5)	(0.6)	(1.6)
British Pound	1.3	(0.3)	(3.4)	1.7	6.4	(2.0)	0.2	(2.1)
Japanese Yen	151.9	(1.2)	(5.8)	(7.2)	(1.3)	(9.2)	(6.5)	(3.3)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	845.7	(0.7)	(0.6)	18.3	34.0	6.7	12.1	10.1
MSCI EAFE	2360.2	(1.6)	(4.3)	8.6	24.1	3.6	7.2	6.1
MSCI Europe ex UK	2643.6	(1.0)	(4.2)	8.1	25.5	3.6	8.5	7.0
MSCI Japan	3847.8	(3.0)	(5.8)	6.2	19.5	2.1	5.6	6.7
MSCI EM	1134.5	(0.0)	(3.1)	13.6	26.9	(1.3)	4.7	4.3
MSCI Asia ex JP	738.4	0.1	(3.1)	17.7	29.3	(1.2)	5.5	5.5
MSCI LATAM	2169.2	(0.2)	(3.0)	(14.8)	5.0	8.2	0.8	1.1
Canada S&P/TSX Composite	17728.7	(0.6)	2.3	17.1	29.3	5.0	8.4	5.4

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

Disclosures

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

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

COMMODITIES | Investing in commodities such as copper is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

SECTORS | Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

OIL | Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

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

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

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

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

PRODUCER PRICE INDEX | The Producer Price Index (PPI) is a measure of wholesale inflation, while the Consumer Price Index measures the prices paid by consumers.

CONSUMER PRICE INDEX | The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

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

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

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

IMPORT/EXPORT PRICE INDICES | The US import and export price indexes (MXP) measure the change in prices of goods and services purchased from abroad by US consumers and businesses.

LEADING ECONOMIC INDEX | The Conference Board Leading Economic Index is comprised of ten economic factors that indicate the health of the US economy and anticipate—or "lead"—turning points in the business cycle by around seven months.

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

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

Disclosures

DATA SOURCE | FactSet, Bloomberg as of 10/24/2024

DOMESTIC EQUITY DEFINITION

DOW JONES INDUSTRIAL AVERAGE (DJIA) | The Dow Jones Industrial Average (DJIA) is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

NASDAQ COMPOSITE INDEX | The Nasdaq Composite Index is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange.

S&P 500 | The S&P 500 Total Return Index: The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

S&P 500 EQUAL WEIGHT INDEX | The S&P 500 Equal Weight Index: The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

LARGE GROWTH | Russell 1000 Growth Total Return Index: This index represents a segment of the Russell 1000 Index with a greater- than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This index includes the effects of reinvested dividends.

MID GROWTH | Russell Mid Cap Growth Total Return Index: This index contains stocks from the Russell Midcap Index with a greater-than-average growth orientation. The stocks are also members of the Russell 1000 Growth Index. This index includes the effects of reinvested dividends.

LARGE BLEND | Russell 1000 Total Return Index: This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

SMALL GROWTH | Russell 2000 Growth Total Return Index: This index represents a segment of the Russell 2000 Index with a greater- than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

MID BLEND | Russell Mid Cap Total Return Index: This index consists of the bottom 800 securities in the Russell 1000 Index as ranked by total market capitalization. This index includes the effects of reinvested dividends.

SMALL BLEND | Russell 2000 Total Return Index: This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

LARGE VALUE | Russell 1000 Value Total Return Index: This index represents a segment of the Russell 1000 Index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This index includes the effects of reinvested dividends.

MID VALUE | Russell Mid Cap Value Total Return Index: This index contains stocks from the Russell Midcap Index with a less-than-average growth orientation. The stocks are also members of the Russell 1000 Value Index. This index includes the effects of reinvested dividends.

SMALL VALUE | Russell 2000 Value Total Return Index: This index represents a segment of the Russell 2000 Index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

COMMODITY INDEX DEFINITION

BLOOMBERG COMMODITY INDEX (BCOM) | The Bloomberg Commodity Index is a broadly diversified commodity price index distributed by Bloomberg Index Services Limited.

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.

Disclosures

MUNICIPAL | Bloomberg Municipal Total Return Index: The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

BLOOMBERG CAPITAL AGGREGATE BOND TOTAL RETURN INDEX | This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components).

BLOOMBERG EMERGING MARKET BOND INDEX | The Bloomberg USD Emerging Market Composite Bond Index is a rules-based, market-value-weighted index engineered to measure USD fixed-rate sovereign and corporate securities issued from emerging markets. The index includes both investment- grade and below-investment-grade securities.

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

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

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

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

CANADA S&P/TSX COMPOSITE | The S&P/TSX Composite Index is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada's primary stock exchange, the Toronto Stock Exchange.

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

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