THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

WEEKLY HEADINGS

Key Takeaways

Tech Sector Was The 'Teacher's Pet' During Rally

'Studying' The Historical Impact Of Corporate Tax Hikes

Big-Pharma 'Doing Their Homework' On Vaccine Safety

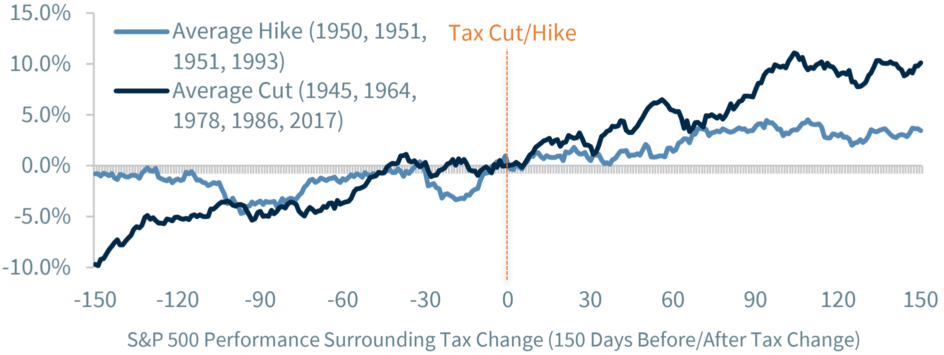
School is back in session! Whether it be virtual or in-person, we hope all students had a safe, terrific first week back in the classroom. We also wish a positive, productive academic year to our teachers, all of whom have gone above and beyond to adjust lessons plans in adherence with COVID-19 related guidelines in an effort to ensure that the next generation of thought leaders receives a quality education during this unprecedented time. Any teacher knows that one of the best ways to keep students engaged is to ask questions, and from my own experience as a graduate professor at Loyola University Maryland I know its not only a way to assess learning but also a way to spark curiosity and conversation. For investors, the S&P 500's recent 7% pullback, the upcoming presidential election, and the announcement of a pause in a late-stage vaccine clinical trial have all sparked concern, so we're taking the opportunity to address these very important questions that have come to light this week.

- **Is This A Repeat Of The Dot Com Bubble? |** The S&P 500 posted its best summer since 2009, but lost steam heading into Labor Day Weekend, and as of Tuesday, had declined ~7% in just three trading days. Heading into this pullback, the Technology sector was the market's 'teacher's pet' as it outpaced the broad S&P 500 by 28%.* But just as Tech led the rally, it also declined the most—falling more than 11% over the same three day period. The speed and magnitude of the decline had investors questioning if history would repeat itself, setting up the recent tech-oriented run-up for a painful reversal akin to the Dot Com bubble bursting in 2000. However, there are several factors that differentiate the current state of the Tech sector from the Dot Com Era.
  - Valuations for the Tech sector are elevated from a historical perspective (NTM 26x vs. 20-year average of 18x), but they are well-below the 2000 peak of 57x and are justifiable given the earnings outlook. The sector is expected to see earnings growth of 5% and 14% in 2020 and 2021 respectively—one of only two sectors expected to see positive earnings growth this year. Lower interest rates should also be supportive, given that today's 10-year Treasury yield of 0.68% is well below the 6.4% yield in 2000.
  - Today's leading tech firms have stronger fundamentals and multiple revenue streams (hardware, software, services, cloud, content, etc.) rather than being one trick ponies focused on a single product or service. Furthermore, the leaders continue to find new applications for existing technologies and invest in future technologies to remain competitive.
  - In 2000, tech companies were predominately focused on business demand, compared to today where they are at least equally focused on consumer demand as a growth driver. The roll-out of 5G should also serve as a catalyst for both of these markets.
  - **Bottom Line:** Info Tech and Communication Services remain two of our favorite sectors, as they are supported by strong fundamentals and long-term growth catalysts even in the aftermath of the COVID-19 outbreak. For these reasons, we'd encourage investors to use pullbacks as potential buying opportunities.
- **Will Biden's Corporate Tax Policy Hurt The Equity Market? |** With ~50 days to Election Day and former VP Biden maintaining his poll lead, investors have questioned (assuming a Democratic sweep) the equity market impact of Biden's call for a partial reversal of the 2017 corporate tax cuts (an increase from 21% to 28%). Intuitively, an increase would be a headwind for equities, as it reduces profitability and dampens earnings growth. In fact, our analysis suggests that the proposed higher tax rate, if implemented next year, would cut earnings by ~10%. However, after 'hitting the books' and studying the impact of the last four corporate tax hikes in the post-World War II era, we found that the S&P 500 rallied ~8% in the 150 days following the increase and was positive 100% of the time. In addition, none of the tax hikes caused a recession in the year following their implementation.
  - **Bottom Line:** Assuming our elected officials have 'studied' the health of the economy, we cannot unequivocally hypothesize that higher corporate tax rates will lead to a market decline. Other dynamics such as monetary policy, fiscal policy, the economic recovery, earnings growth and investor sentiment may ultimately dictate the direction of the equity market.
- **Is AstraZeneca's Trial Pause An Early Sign Of Trouble For Vaccine Development? |** AstraZeneca announced a 'pause' in their Phase III clinical trial to investigate a potential adverse reaction. While disappointing, it is important to remember that late stage trials are designed to assess the safety and effectiveness of a vaccine across a large, diverse population. A 'pause' is not unusual in trials and there is a reasonable probability that after an independent safety review, the trial will resume in the next week or so.
  - **Bottom Line:** This specific vaccine is one of three currently in Phase III trials, but there are over a dozen other potential candidates supported by a record level of research funding that should hopefully result in a successful outcome. Our biotech analyst, Steve Seedhouse**, believes there is an 80% to 90% probability that a limited-use vaccine will become available by year end.

CHART OF THE WEEK

Studying The Impact Of Corporate Tax Hikes

In the post-World War II era, corporate tax hikes have not led to a major decline in equity markets. In fact, the performance of the S&P 500 after a tax hike is only slightly lower than the performance after a tax cut. Tax hikes have historically been timed to not coincide or precede a recession.



*See Charts of the week on page 3.

**Raymond James Equity Research

ECONOMY

- The Consumer Price Index rose 0.4% in August (+1.3% YoY), also up 0.4% ex-food & energy (1.7% YoY).* The report reflected some increases in prices that were depressed earlier in the pandemic, but no broad-based pickup in the underlying inflation trend.
- Jobless claims held steady at 884,000 for the week ending September 5, still trending higher than the worst week that we saw during the 2008-09 financial crisis.* The Producer Price Index rose 0.3% in August, down 0.2% from a year ago. Ex-food, energy, and trade services, the PPI also rose 0.3%, up just 0.3% YOY). Details indicated some pipeline inflation pressures as the economy recovers, but very little on a year-over-year basis.
- The Small Business Optimism Index increased 1.4 points in August to 100.2, from a low of 90.9 in April (it was 104.5 in February).
- **Focus of the Week:** Next week, retail sales are likely to post a moderate gain for August. Industrial production may improve further. Building permits are forecasted to strengthen. Similarly, Leading Economic Indicators have been recovering for three months straight and may continue to improve from the steep drop in March and April.

September 14 – September 18

MON	WED: Retail Sales (Aug) FOMC Policy Statement Powell Press Briefing	FRI: Leading Economic Indicators (Aug) UM Consumer Sentiment (Mid-Sep)
TUE: Industrial Production (Aug)	THU: Jobless Claims Building Permits (Aug)	FUTURE EVENTS: 9/16 Retail Sales (Aug) 9/30 Real GDP (2Q20, 3rd Est)

US EQUITY

- The S&P 500 experienced a 7% pullback in three days.* We view this as a normal digestion of the market's recent strong gains, particularly in some of the more tech-oriented areas that were in need of a 'breather.' We have been noting investor complacency for a while now, as reflected in very low put/call ratios. The current pullback was able to relieve some of that complacency, and the put/call ratio is now in line with its average of the past 12 months.
- **Focus of the Week:** We do not believe this is the time to make major shifts to Value or Small Cap as those areas can remain below benchmark weightings until technical momentum improves. Fundamental strength has been the driving force for Growth vs. Value and Large vs. Small over the past year or so. This trend of better relative earnings growth for Growth vs. Value and Large vs. Small remains in place, and as such we would stick with large-cap growth for now.

FIXED INCOME

- The Treasury struggled to find buyers for the 3-year note at this quarter's refunding, and it became apparent that it wasn't a maturity problem, but a demand problem, because the 10-year note auction suffered the same fate. Demand as measured by the bid-to-cover ratio, which measures how many investors wanted to buy the auction vs. how many were sold, was a meager 2.23 times. This compares to the average of the last five auctions at almost 2.5 times. The indirect bid, which among other things, measures the interest from foreign central banks, came in at only 58.3% vs. the average of the last five auctions of 62.16%. If you are the Treasury, there is no reason to panic, but it is worth paying attention when you struggle to find buyers, even with higher yields.
- **Focus of the Week:** Next week all eyes will be on Wednesday's FOMC meeting, not with the expectation of a rate move, but for what the Fed Chairman may offer at his press briefing that traders may find interesting. His last two briefings have given the market a lot to think about, especially as it pertains to forward guidance and inflation targets above 2%. Look for the market to zero in on those specific topics as well as any reference to yield curve control and fiscal support.

ENERGY, COVID-19 & POLITICS

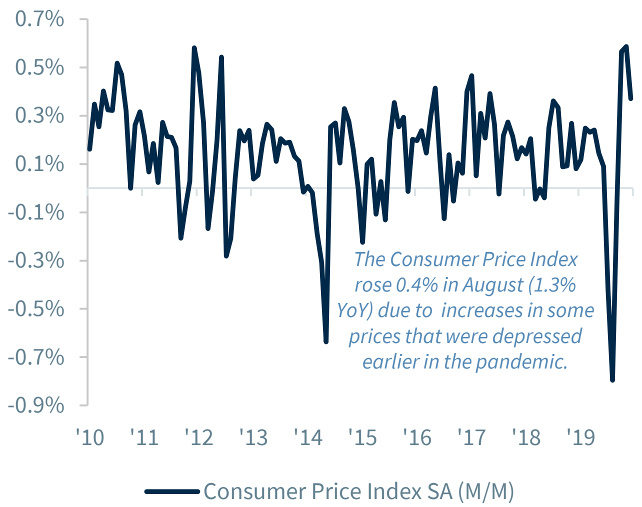
- Oil prices erased their gains from August this week, falling to the low end of their summertime range. What explains this sudden selloff? Both equities and commodities markets are questioning what will happen this winter in the Northern Hemisphere.* During the winter, it remains a possibility that regional and city-level lockdowns may be needed, on a case-by-case basis. This reflects the reality that cold weather facilitates COVID transmission, all else being equal. Our biotech analyst, Steve Seedhouse**, envisions that large-scale vaccine availability for the general population in major economies will materialize in the spring and summer of 2021, too late to help in the winter. Thus, fuel demand – especially vis-à-vis long-distance travel, which has been the slowest to recover over the past six months – is likely to have a tough 4Q20 and 1Q21, and these concerns have contributed to the recent selloff in oil.
- The US made steady progress in flattening the COVID case curve this week. The 7-day average positivity rate is now 5.2%, a slight decline from last week's 5.5% and close to but still above our 5% target.* Although the country is generally making progress, raising hope that we may have a safer fall than summer, this progress is not all-encompassing. For example, some colleges have reported case surges since reopening. Additionally, places around the world such as India are experiencing surges in case counts. Thus, we continue to encourage individuals to remain vigilant in mitigation measures to continue flattening the curve.
- The path forward for Congressional fiscal relief remains uncertain following this week's introduction of a pared-down package in the Senate totaling around $500 billion that includes an extension of small business lending, education funding, employer liability protections, postal service funding, and extended unemployment insurance. Senate Republicans are resetting their negotiating position in this week's bill, and more work will need to be done to garner the necessary bipartisan support to advance a final bill. The Senate Republican bill has moved up to $300 in weekly unemployment assistance from the original $200 proposed in July. However, a second round of stimulus checks, a lack of employee job protections for industries receiving federal assistance, and the scaling back of Fed/Treasury lending programs in the current bill will need to be overcome before negotiations meaningfully progress.
- **Focus of the Week:** For the moment, politics appear to be taking the lead over policy, a dynamic that could persist barring an outside event as elections near. On the election front, polls are showing the presidential race tightening in key swing states post-Labor Day, as expected. However, Biden's lead over Donald Trump is substantially higher in national polls compared to Hillary Clinton's at this stage in the 2016 race. Biden is also performing significantly better than Clinton on candidate favorability – a factor which may maintain consistency in his support in the weeks ahead.

*See Charts of the week on page 3.

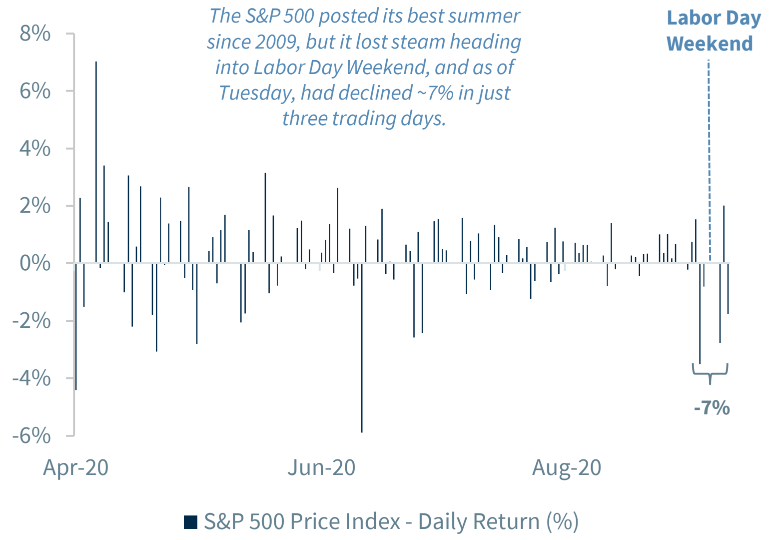
Charts of the Week

Initial Claims Still Above Financial Crisis Levels

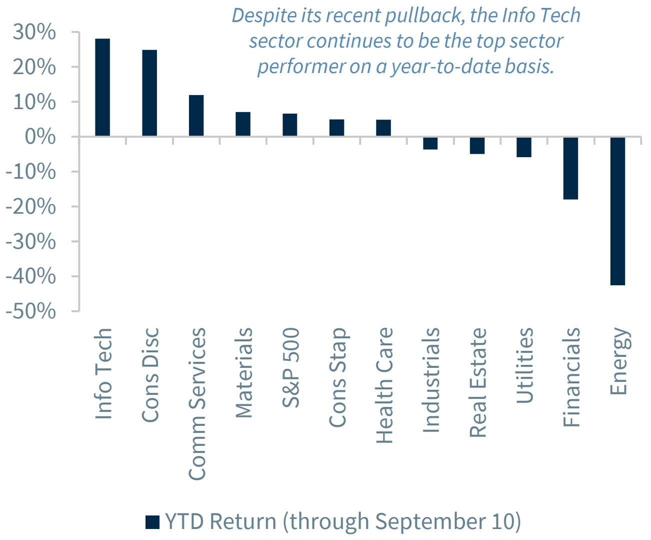
CPI Rises In August



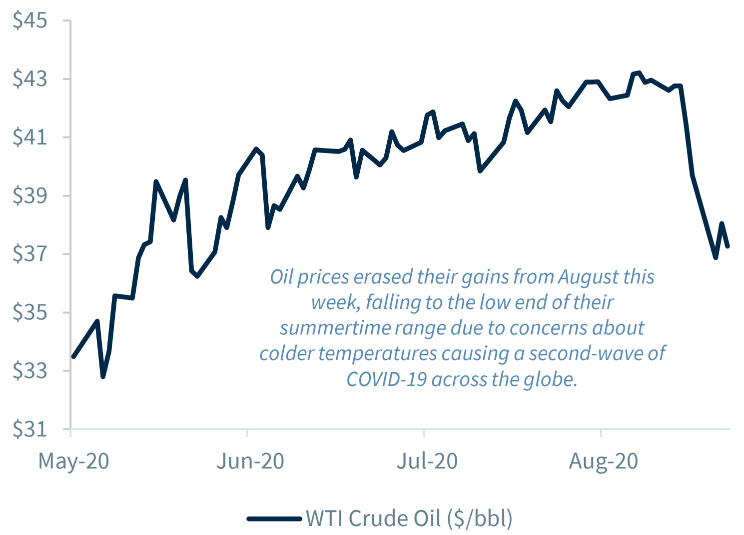
S&P 500 Posts 7% Pullback In Three Days



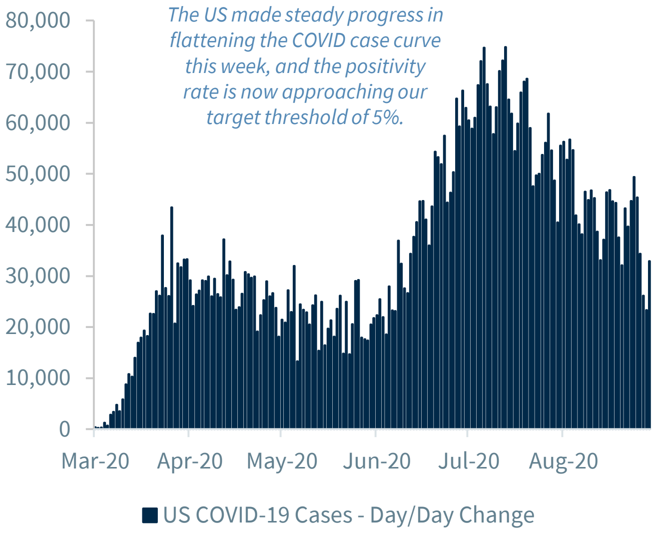
Info Tech Still Outperforming Year-To-Date



Oil Prices Reflecting Second-Wave Concerns



US COVID-19 Daily Case Count Declining



Asset Class Performance | Distribution by Asset Class and Style (as of September 10)**

Weekly Returns (as of September 10)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-2.2%	-3.4%	-4.5%
Mid Cap	-2.2%	-2.8%	-3.8%
Small Cap	-2.7%	-2.4%	-2.0%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	0.2%	-2.4%	-2.3%
Mid Cap	0.2%	-1.6%	-1.6%
Small Cap	0.3%	-1.5%	-1.7%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	-0.1%	-0.6%
Invest. Grade	0.0%	-0.3%	-0.5%
High Yield	-0.2%	-0.4%	-1.0%

Year-to-Date Returns (September 10)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-11.5%	5.1%	21.5%
Mid Cap	-12.7%	-3.8%	8.9%
Small Cap	-19.9%	-8.8%	1.8%

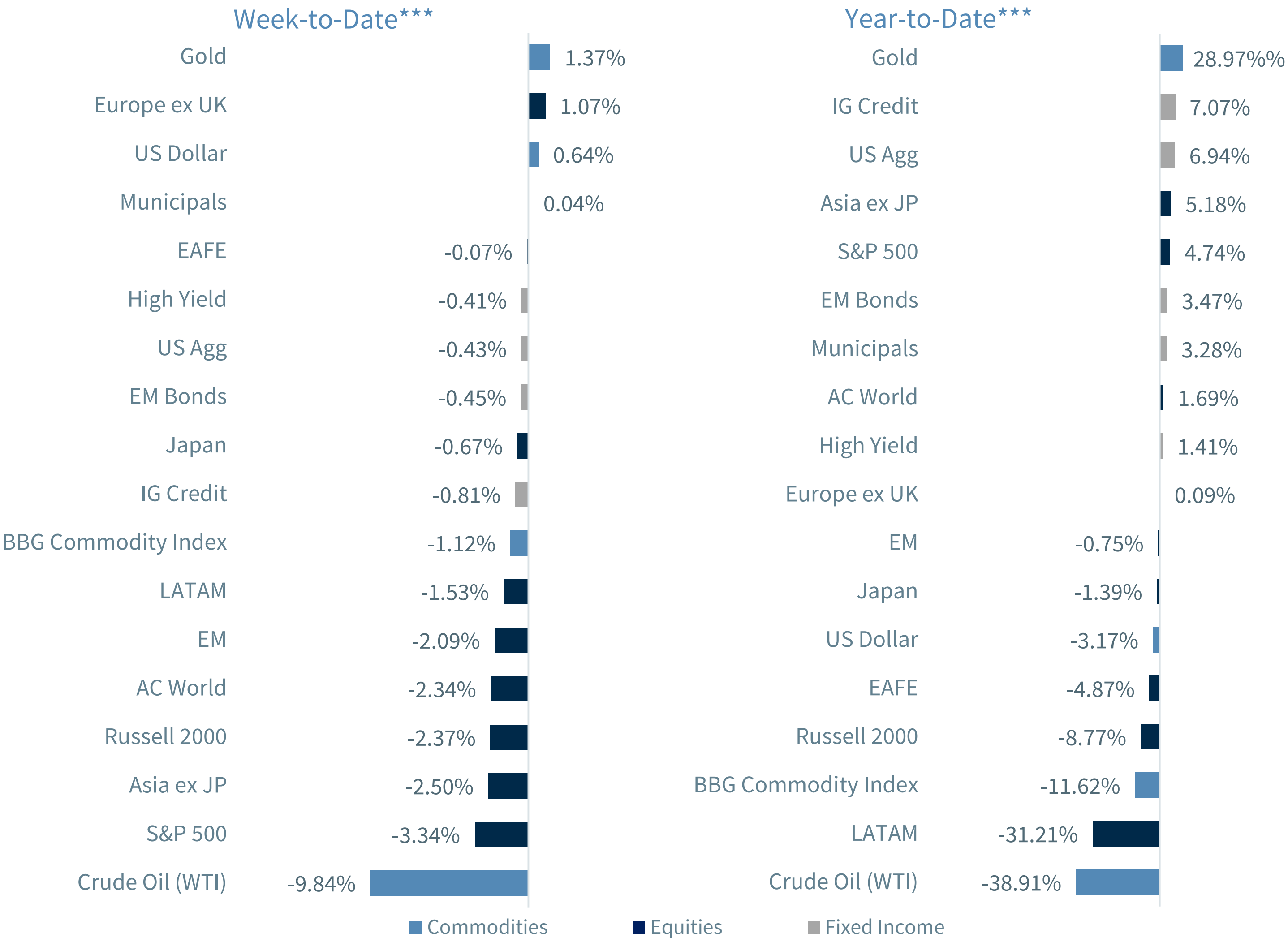
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-8.1%	2.3%	3.4%
Mid Cap	-6.7%	-3.4%	0.0%
Small Cap	-6.9%	-6.4%	3.6%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.6%	7.5%	12.6%
Invest. Grade	3.1%	5.8%	7.3%
High Yield	-1.2%	0.5%	14.3%

Asset Class Performance | Weekly and Year-to-Date (as of September 10)**



**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 September 10

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3339.2	(3.3)	(4.6)	4.7	14.2	12.9	13.6	14.0
DJ Industrial Average	27534.6	(2.7)	(3.1)	(3.5)	2.3	8.1	11.0	10.2
NASDAQ Composite Index	10919.6	(4.7)	(7.3)	21.7	35.1	19.7	17.9	17.1
Russell 1000	3560.0	(3.4)	(4.8)	5.1	22.5	14.6	14.3	15.2
Russell 2000	3747.1	(2.4)	(3.4)	(8.8)	6.0	5.0	7.7	11.5
Russell Midcap	5811.4	(2.8)	(3.4)	(3.8)	8.7	8.8	9.8	13.1

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	402.9	(0.3)	1.9	6.1	14.8	7.8	10.9	9.7
Industrials	644.9	(1.4)	(1.7)	(4.9)	0.3	5.7	10.2	11.8
Comm Services	198.3	(4.9)	(5.1)	10.2	18.1	12.8	10.3	10.0
Utilities	296.4	(1.6)	(0.8)	(7.5)	(2.8)	5.6	11.2	10.6
Consumer Discretionary	1200.7	(3.0)	(4.2)	22.6	25.9	20.8	16.8	18.6
Consumer Staples	658.0	(2.1)	(1.9)	3.7	8.7	8.4	9.7	11.9
Health Care	1211.4	(2.2)	(3.8)	3.2	17.8	10.2	10.3	15.5
Information Technology	1999.0	(4.9)	(8.0)	25.2	43.7	27.6	26.2	21.0
Energy	243.0	(6.9)	(8.7)	(44.6)	(42.8)	(16.6)	(9.0)	(2.2)
Financials	406.3	(2.3)	(2.1)	(19.1)	(10.0)	2.8	7.9	9.7
Real Estate	221.0	(2.0)	(1.6)	(6.3)	(5.2)	6.1	9.0	10.5

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	0.1	0.0	0.0	0.5	1.1	1.6	1.1	0.6
2-Year Treasury (%)	0.1	(0.0)	(0.0)	3.0	3.5	2.4	1.7	1.2
10-Year Treasury (%)	0.7	(0.6)	0.1	12.6	11.0	6.2	4.6	4.3
Barclays US Corporate High Yield	6.0	(0.4)	(0.3)	1.4	3.9	4.7	6.3	6.7
Bloomberg Barclays US Aggregate	1.2	(0.4)	0.1	6.9	7.6	5.0	4.3	3.8
Bloomberg Barclays Municipals		0.0	(0.0)	3.3	3.7	4.0	4.0	4.0
Bloomberg Barclays IG Credit	2.0	(0.8)	0.1	7.1	9.1	6.4	6.2	5.4
Bloomberg Barclays EM Bonds	4.0	(0.4)	0.2	3.5	5.6	4.6	6.3	5.8

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	37.3	(6.1)	(12.5)	(39.0)	(35.0)	(7.7)	(4.1)	(6.9)
Gold ($/Troy Oz)	1966.3	1.3	0.5	29.8	31.2	13.5	12.1	4.7
Dow Jones-UBS Commodity Index	71.5	(1.1)	(2.5)	(11.6)	(9.2)	(5.5)	(4.3)	(6.2)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	93.3	0.6	1.3	(3.2)	(5.1)	0.7	(0.5)	1.2
US Dollar per Euro	1.2	0.3	(0.7)	5.8	7.5	(0.4)	1.1	(0.7)
US Dollar per British Pounds	1.3	(3.1)	(3.9)	(2.9)	4.1	(0.8)	(3.6)	(1.8)
Japanese Yen per US Dollar	106.2	(0.1)	0.1	(2.3)	(1.0)	(0.5)	(2.5)	2.3

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	565.5	(2.3)	(3.3)	1.7	11.0	8.3	10.3	9.6
MSCI EAFE	1897.2	(0.1)	(0.6)	(4.9)	3.5	2.2	5.4	5.8
MSCI Europe ex UK	2085.2	1.1	0.4	0.1	8.7	3.5	6.5	6.8
MSCI Japan	3341.9	(0.7)	0.0	(1.4)	8.2	4.5	6.9	6.5
MSCI EM	1085.3	(2.1)	(1.4)	(0.7)	10.5	2.6	9.1	3.5
MSCI Asia ex JP	710.2	(2.5)	(1.9)	5.2	16.6	4.9	10.5	6.3
MSCI LATAM	1971.3	(1.5)	1.9	(31.2)	(23.7)	(9.7)	3.1	(4.2)
Canada S&P/TSX Composite	12295.6	(1.6)	(2.0)	(5.1)	(2.1)	2.6	3.6	3.0

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

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

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

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

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DATA SOURCE

FactSet, as of 9/11/2020

DOMESTIC EQUITY DEFINITION

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

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

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

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

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

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

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

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

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

FIXED INCOME DEFINITION

AGGREGATE BOND | **Bloomberg Barclays US Agg Bond Total Return Index:** The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

HIGH YIELD | **Bloomberg Barclays US Corporate High Yield Total Return Index:** The index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

CREDIT | **Bloomberg Barclays US Credit Total Return Index:** The index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

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

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

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

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

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

VIX | The CBOE Volatility Index, known by its ticker symbol VIX, is a popular measure of the stock market's expectation of volatility implied by S&P 500 index options.

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

INTERNATIONAL EQUITY DEFINITION

EMERGING MARKETS EASTERN EUROPE | **MSCI EM Eastern Europe Net Return Index:** The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS ASIA | **MSCI EM Asia Net Return Index:** The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS LATIN AMERICA | **MSCI EM Latin America Net Return Index:** The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS | **MSCI Emerging Markets Net Return Index:** This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

PACIFIC EX-JAPAN | **MSCI Pacific Ex Japan Net Return Index:** The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

JAPAN | **MSCI Japan Net Return Index:** The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

FOREIGN DEVELOPED MARKETS | **MSCI EAFE Net Return Index:** This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

EUROPE EX UK | **MSCI Europe Ex UK Net Return Index:** The index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. With 337 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

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

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Investment Strategy

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

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

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

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

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

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

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

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

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

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

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

RAYMOND JAMES

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

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

RAYMONDJAMES.COM