THOUGHTS OF THE WEEK

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WEEKLY HEADINGS

Key Takeaways

Vaccine News Was A 'Gift' To Countries Across The Globe

'Wishing' For Unemployment To Fall To Pre-Pandemic Lows

Tech Outperformance Could 'Light The Way' For Equities

On Thanksgiving Day, we expressed gratitude for all of the gifts and blessings that investors have received from the US economy and the financial markets in the midst of this turbulent year. Between record setting monetary and fiscal stimulus action and equities notching post-COVID record highs on the heels of the quickest vaccine development in history, we had quite the list despite the chaotic impact that the pandemic has had on the global economy and the financial markets! With COVID-19 claiming the lives of nearly 1.8 million people worldwide and forcing many of our holiday gatherings to be held virtually, it has been more difficult than usual to embrace the holiday spirit. But if we truly allow ourselves to get caught up in the excitement of gift giving and gift receiving, we have a few ideas for what we hope to unwrap in 2021. No matter your reason for celebrating this holiday season, these are the presents we believe investors would be happy to receive in the new year:

1. **One Reliable Vaccine |** We've been wishing for one reliable, widely available vaccine since the start of the pandemic earlier this year, knowing that the inoculation of a majority of our population would bring 'joy to the world' as we return to normality and reconnect with friends and family in-person once again. While there are multiple effective vaccines being disseminated at this time, we hope that additional vaccines will prove to be effective, that public trust regarding the vaccine remains intact, and that all production goals and distribution schedules are able to be satisfied.
2. **Two Parties Coming Together |** A Phase 4 fiscal stimulus 'gift' was 'delivered' to the US economy before year end, but this wish for both political parties to put the health and prosperity of citizens and businesses ahead of partisan issues remains. The Georgia runoff elections may result in divided government (Democratic House, Republican Senate), and while this alleviates the concern of major policy shifts, it may lead to prolonged negotiations at a time the economic recovery needs the most assistance.
3. **Three Percent Mortgage Rates |** Mortgage rates below 3% may have buyers 'prancing' to purchase a new 'home for the holidays.' The COVID-19 induced lockdowns sparked homeowners to revaluate their living space, whether it be refinancing their current home, completing necessary renovations, or purchasing a new home in the lower for longer interest rate environment.
4. **Four Percent Unemployment |** The COVID-19 pandemic caused the unemployment rate to spike from a 50-year low of 3.5% to a record high 14.7%. The unemployment rate falling back toward the 4% threshold should be achievable if the economy is able to fully, sustainably reopen, which would surely make the labor market's 'spirits bright.'
5. **Five Golden Rings |** The weather outside may be frightful, but receiving five golden rings would be so delightful. This pricey present is even more valuable given that gold prices have rallied more than 24% this year.
6. **Six Percent Increase In Personal Consumption |** With personal consumption accounting for ~70% of the US economy, a 6% increase in consumer spending would bring 'good tidings' to GDP and bolster the strength of the economic recovery.
7. **Seven Continents With Positive GDP Growth |** Seven continents with positive GDP growth would help the global economy rebound 'up, up, and away' from the severely depressed levels caused by the pandemic.
8. **Eighth Year Of Tech Outperformance |** The eighth year of 'hot' Tech sector outperformance would 'light the way' for the equity markets, so we have to 'believe' in the 'magic' of long-term growth catalysts like 5G!
9. **Nine Handle For Investment-Grade Spreads |** The nine handle on investment-grade spreads would have them 'jingle all the way' back below pre-pandemic lows. Record setting intervention by the Fed has helped spreads decline from the March peak.
10. **Ten Percent Price Return For The S&P 500 |** A 10% price return for the S&P 500 would keep US stocks 'dashing' to new record highs. The full economic recovery expected by the end of 2021 may help this big 'wish' come true.
11. **All Eleven S&P 500 Sectors Posting Positive Performance |** All eleven S&P 500 sectors with 'piping' performance would have investors 'rocking around' the recovery rally. We hope that the economic recovery will be supportive of all sectors and industries.
12. **Twelve Months Of Positive Payrolls |** A year of positive job creation would have the recovery bells 'ringing' and the carolers 'singing.' Twelve months of positive payrolls is just what the labor market needs to reduce the unemployment rate back to pre-pandemic levels. Job creation would also lead to more robust consumer spending!

While we would love for investors to receive all of the gifts on our holiday wish list, even a few could result in 2021 being a better, brighter year. But in addition to our hopes for the US economy and financial markets, we want to send our best wishes for a new year of health, happiness, and good fortune to you and your families.

CHART OF THE WEEK

Making The Labor Market's Spirits Bright Once Again

The COVID-19 pandemic caused the unemployment rate to spike from a 50-year low of 3.5% to a record high 14.7%. The unemployment rate falling back toward the 4% threshold could be achievable if the economy is able to fully, sustainably reopen.

*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- Personal income fell 1.1% in November, reflecting a further reduction in pandemic assistance.* Private-sector wage and salary income rose a moderate 0.5% (2.8% y/y) – up 0.1% from the February (pre-pandemic) level. Personal spending fell 0.4% (-1.3% y/y), reflecting reduced holiday shopping and travel. Excluding food & energy, the PCE Price Index, the Fed's chief inflation gauge, was up 1.4% year-over-year (vs. the Fed's long-term goal of 2%).*
- Durable goods orders rose 0.9% in November, up 1.4% excluding transportation. Shipments of nondefense capital goods ex-aircraft, a rough proxy for business fixed investment, rose 0.4%, following a strong 2.6% rise in October.
- **Focus of the Week**: The December Employment Report, which includes annual benchmark revisions to the household survey (unemployment rate, labor force participation) is likely to reflect seasonal distortions (more delivery workers than a typical December, fewer retail employees, fewer declines in education), but should be consistent with slower overall job growth.

January 4 – January 8

MON	Consumer Spending (Nov)	WED	ADP Payroll (Dec) FOMC Minutes	FRI	Employment Report (Dec)
TUE	ISM Manufacturing Survey (Dec)	THU	ISM Service Survey (Dec) Jobless Claims	FUTURE EVENTS	1/18 MLK Day (Markets Closed) 1/28 Real GDP (4Q20. adv. Est.)

US EQUITY

- 2020 was an unpredictable year for equities as the S&P 500 plummeted -34% in response to the COVID-19 pandemic-induced shutdowns, but has since recovered 67% from the March lows.* Though the index is recovering swiftly, performance among individual sectors has been varied. Sectors that were well positioned for the 'new normal' (Tech +43.5% year-to-date) significantly outperformed those that were not equipped to operate under COVID mitigation measures (Energy –33.1% year-to-date).*
- **Focus of the Week:** Our base case **S&P 500 target for 2021 is 4,025 ($175 EPS, 23x P/E).** We use $175 in earnings, above the current consensus estimate of $167, due to our positive expectation on the economic and fundamental recovery in the year ahead. We believe it is important to maintain a healthy allocation to the areas operating best through the pandemic, while also accumulating areas with the greatest leverage to the economic recovery. Thus, our current overweight sector recommendations are Technology, Communication Services, Health Care, Consumer Discretionary, and Industrials. We are also constructive on small caps due to their leverage to the economic recovery, attractive valuations, and expected higher earnings growth in 2021.

FIXED INCOME

- As with many aspects of 2020, fixed income experienced an unprecedented and historic year. The FOMC reinstated a Zero Interest Rate Policy (ZIRP) while simultaneously implementing massive amounts of Quantitative Easing (QE), pushing yields lower across all major fixed income products. These policies combined with strong demand for high-quality investments has kept yields at or near historic lows for most of the year. In early March, the benchmark 10-year Treasury yield fell below 1.00% for the first time ever before bottoming at 0.52% in early August.*
- **Focus of the Week:** Looking forward to 2021, expect the 'lower for longer' theme to continue. The FOMC is forecasting they will maintain ZIRP through 2023 and QE for as long as necessary. Other global central banks will likely follow a similar path. These forces alone are strong enough, but add in aging demographics and inflation which has struggled to reach the 2% level for years and we see more headwinds than tailwinds on the path toward significantly higher yields. **Our 2021 target for the 10-year Treasury is ~1.5%.**

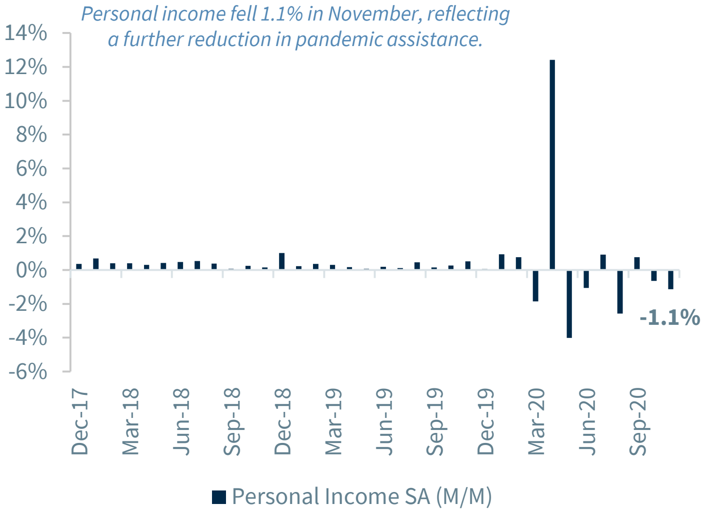
COVID-19, ENERGY & POLITICS

- As we approach 2021, the US has counted more than 20 million identified COVID cases and more than 350,000 identified COVID fatalities since the start of the pandemic, although data reporting discrepancies related to the holidays may impact these numbers. We have now administered over 250 million tests, 11,265,820 of which occurred over the past seven days for an average of 1,609,403 tests administered daily. Our seven-day positivity rate stands at 11.3%, still well above our goal of a maximum of 5% of tests, and ideally fewer, returning positive to signal adequate supply to meet demand. More than 124,600 Americans are currently hospitalized with COVID-19 as December has been the deadliest month of the pandemic in the US.* Meanwhile, vaccines provide hope for the new year. More than 2,127,000 Americans have already received COVID vaccines and inoculations are ongoing. Although short-term levels remain elevated, we have hope that vaccines will substantially improve statistics over the coming months.
- The Energy sector in 2020 underperformed the S&P 500 for the ninth year out of the past eleven due to the COVID-19 pandemic which caused the most severe collapse in oil demand in modern times. With the 2020 calamity in the rearview mirror, will 2021 be better? In a word, yes, but the speed and magnitude of oil price recovery will hinge on the pace at which large populations around the world will get access to vaccines. Supply presents fewer question marks: US and other non-OPEC production is set to remain in decline while OPEC+Russia output should rebound in parallel with demand. We forecast hefty inventory draws in both 2021 and 2022 – which, by definition, is bullish for prices. **We forecast WTI crude ending 2021 at more than $60/barrel.**
- **Focus of the week:** Additional support for the economy is on its way with the passage and signing of the $900 billion aid package, including small business aid, extension of unemployment insurance programs, individual payments, and healthcare/vaccine distribution funding. The latest package will serve as a bridge through the winter months into the spring, at which point we expect attention will turn to a new fiscal support package under a Biden administration. The March timeframe will see the expiration of unemployment insurance, small business loans, and airline worker protections, which we expect will raise pressure on Congress to take additional action. We further expect efforts by the Biden administration to include post-COVID recovery measures in the next bill, such as infrastructure spending, but the scope and size of a 2021 package is largely dependent on the outcome of Georgia's special election runoffs on January 5. We continue to view both of the Georgia Senate races as tossups, and are watching to see if the debate over $2,000 individual payments has an impact on the final in-person vote. About 50% of the total vote in the Georgia Senate races from November has already been cast through early voting, which may limit last-minute swings in the two races.

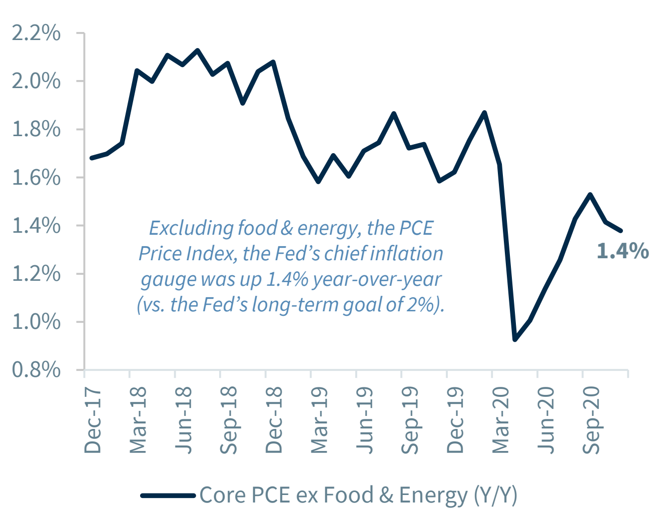
*See Charts of the week on page 3.

Charts of the Week

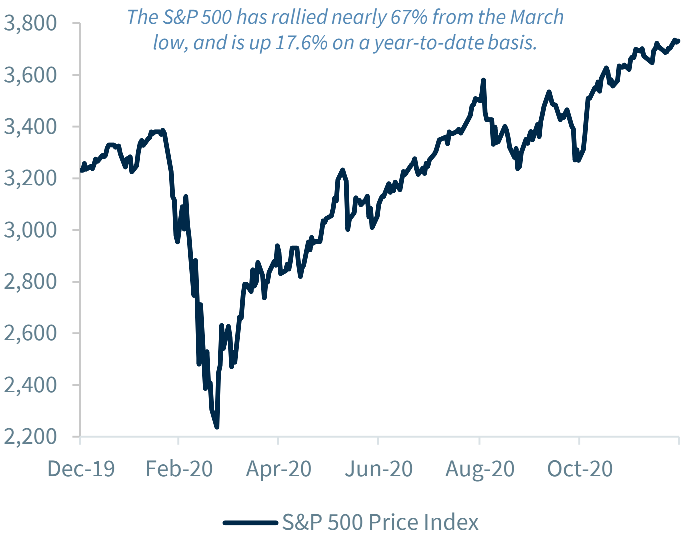
Personal Income Declines In November



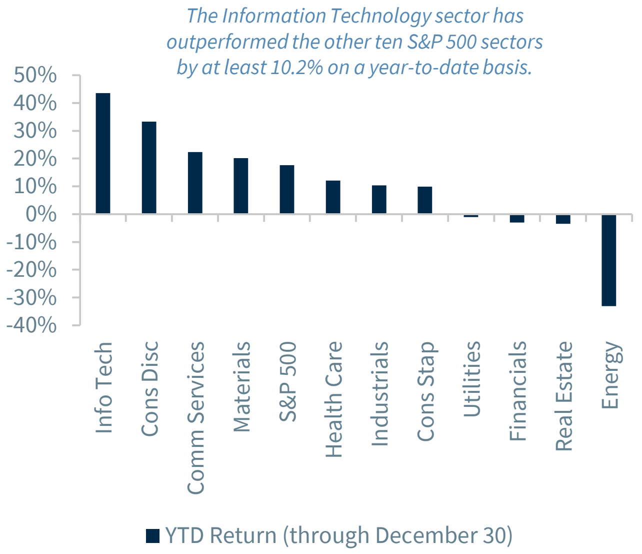
PCE Price Index Still Below The Fed's Target



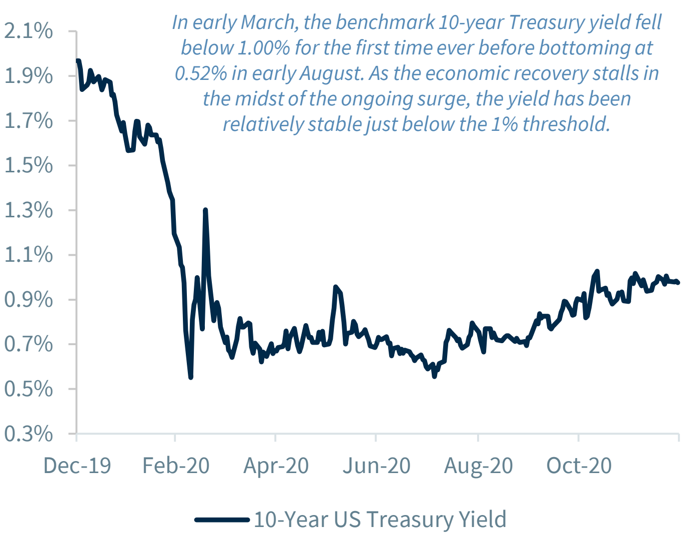
S&P 500 Has Rallied ~67% From The March Low



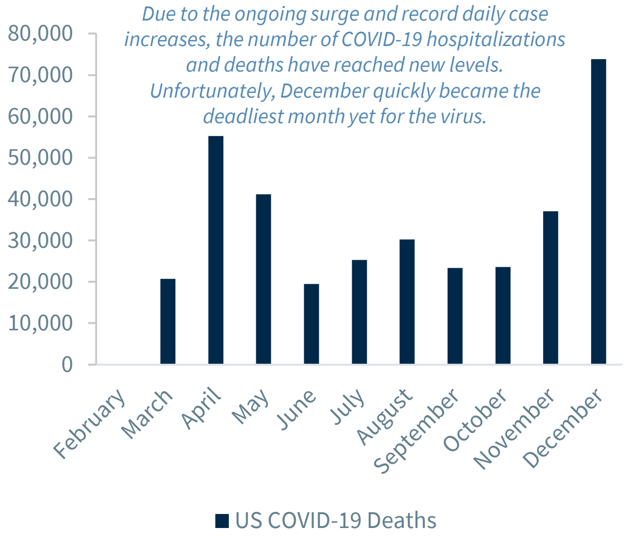
Tech Sector The Standout Year-To-Date



10-Year Yield Still Below Pre-Pandemic Levels



December The Deadliest Month for COVID-19



Asset Class Performance | Distribution by Asset Class and Style (as of December 30)**

Weekly Returns (as of December 30)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	0.7%	0.8%	1.0%
Mid Cap	0.5%	-0.2%	-1.3%
Small Cap	-0.3%	-1.3%	-2.2%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	1.6%	1.3%	2.1%
Mid Cap	1.6%	0.7%	2.0%
Small Cap	1.9%	0.5%	2.6%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.0%	0.1%	0.3%
Invest. Grade	0.1%	0.3%	0.4%
High Yield	0.4%	0.5%	0.8%

Year-to-Date Returns (December 30)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	2.0%	20.3%	38.1%
Mid Cap	4.4%	16.7%	35.7%
Small Cap	4.6%	20.3%	35.4%

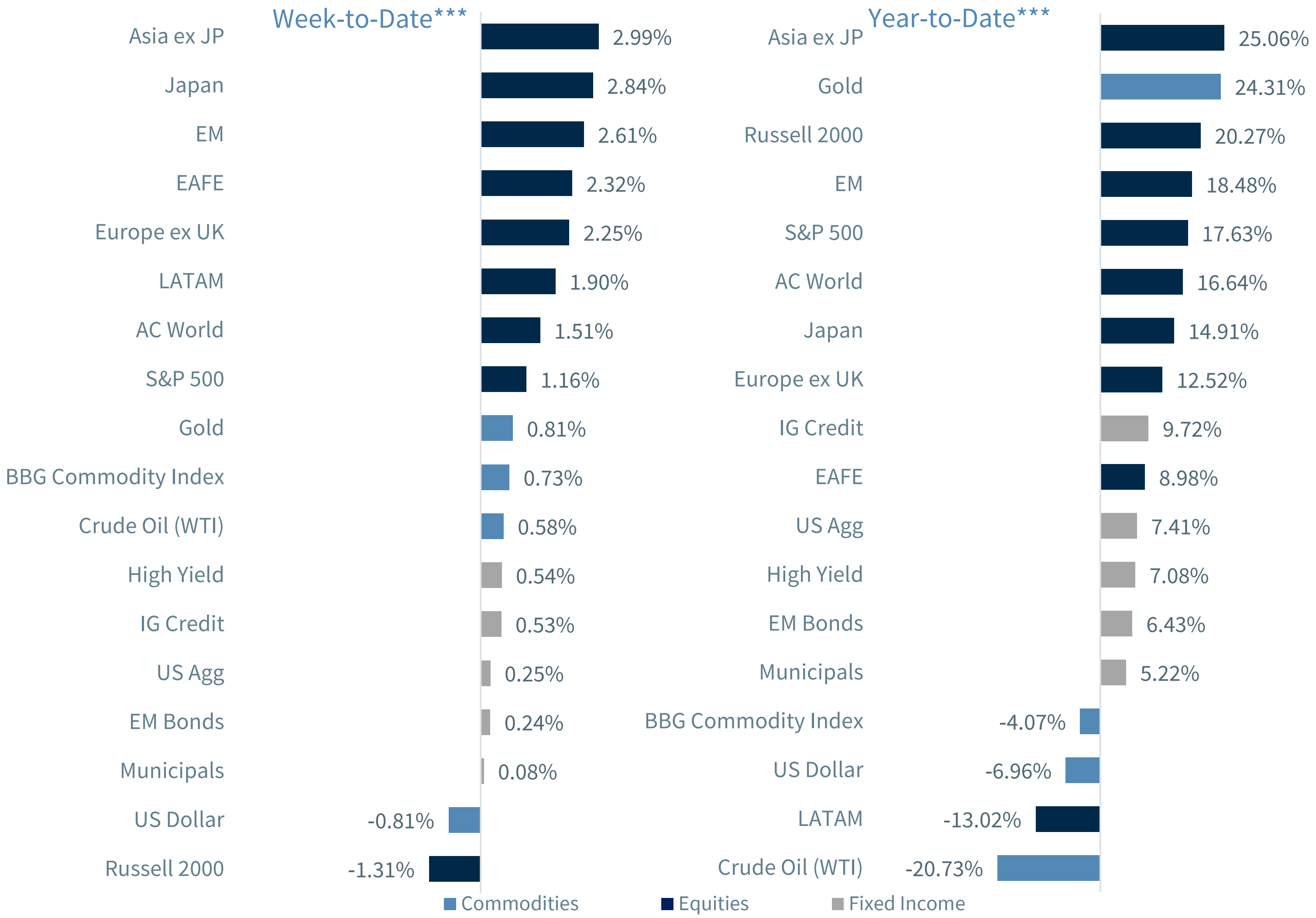
International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	1.1%	14.9%	20.5%
Mid Cap	4.4%	13.0%	12.4%
Small Cap	5.8%	14.5%	20.2%

Fixed Income (Bloomberg Barclays indices)

	1-3 YR	Medium	Long
Treasury	0.7%	7.2%	10.5%
Invest. Grade	3.7%	7.4%	9.4%
High Yield	3.9%	5.8%	24.6%

Asset Class Performance | Weekly and Year-to-Date (as of December 30)**



**Weekly performance calculated from Wednesday close to Wednesday 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 December 30

U.S Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	3732.0	1.2	3.2	17.6	18.0	13.9	14.8	13.8
DJ Industrial Average	30409.6	0.9	2.6	6.6	6.8	7.1	11.5	10.1
NASDAQ Composite Index	12870.0	0.8	5.5	43.4	43.9	23.0	20.5	17.1
Russell 1000	4055.6	0.8	3.7	20.3	19.4	13.7	14.2	14.3
Russell 2000	4920.8	(1.3)	8.9	20.3	13.6	7.1	10.3	11.1
Russell Midcap	7018.0	(0.2)	4.3	16.7	14.4	10.3	11.8	12.7

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	453.9	1.4	2.1	20.2	21.1	8.5	12.9	9.0
Industrials	745.0	0.2	0.6	10.4	10.4	7.4	12.1	11.9
Comm Services	219.8	1.1	2.1	22.4	22.7	12.4	11.4	10.0
Utilities	314.1	1.6	(0.9)	(1.1)	(0.6)	9.2	10.9	11.1
Consumer Discretionary	1302.8	2.1	2.5	33.3	33.5	19.8	17.3	17.7
Consumer Staples	690.8	1.0	1.0	9.9	9.9	8.7	8.7	11.7
Health Care	1309.1	1.0	2.7	12.1	12.5	13.0	11.2	15.7
Information Technology	2284.5	1.4	5.4	43.5	44.0	29.0	27.3	20.6
Energy	288.5	(0.2)	5.3	(33.1)	(32.7)	(15.1)	(5.0)	(2.6)
Financials	484.0	0.7	4.9	(3.0)	(2.7)	3.7	10.6	10.7
Real Estate	225.0	1.5	0.1	(3.5)	(2.7)	6.8	6.7	9.9

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	0.1	0.0	0.0	0.5	0.6	1.5	1.1	0.6
2-Year Treasury (%)	0.1	0.0	0.1	3.1	3.1	2.6	1.7	1.2
10-Year Treasury (%)	0.9	0.3	(0.7)	10.5	10.3	6.4	4.2	4.5
Barclays US Corporate High Yield	5.0	0.5	1.9	7.1	7.1	6.2	8.6	6.8
Bloomberg Barclays US Aggregate	1.1	0.3	0.0	7.4	7.3	5.3	4.5	3.9
Bloomberg Barclays Municipals		0.1	0.6	5.2	5.2	4.6	3.9	4.6
Bloomberg Barclays IG Credit	1.8	0.5	0.3	9.7	9.6	7.0	6.8	5.7
Bloomberg Barclays EM Bonds	3.6	0.2	1.4	6.4	6.4	5.5	6.9	6.0

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	48.4	0.5	7.1	(20.8)	(21.5)	(7.1)	5.8	(6.0)
Gold ($/Troy Oz)	1887.6	0.7	7.1	24.6	24.6	13.5	12.2	3.0
Dow Jones-UBS Commodity Index	77.6	0.7	4.3	(4.1)	(4.7)	(4.2)	(0.1)	(7.0)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	89.7	(0.8)	(2.4)	(7.0)	(7.3)	(0.9)	(1.8)	1.2
US Dollar per Euro	1.2	0.9	2.8	9.6	9.8	0.8	2.4	(0.8)
US Dollar per British Pounds	1.4	0.7	1.9	2.7	3.8	0.2	(1.7)	(1.2)
Japanese Yen per US Dollar	103.2	(0.3)	(1.0)	(5.0)	(5.3)	(2.9)	(3.1)	2.4

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	645.3	1.5	4.5	16.6	16.8	10.6	12.7	9.7
MSCI EAFE	2161.5	2.3	5.3	9.0	9.0	5.0	8.0	6.1
MSCI Europe ex UK	2337.9	2.2	5.3	12.5	12.5	6.6	9.0	7.1
MSCI Japan	3855.0	2.8	4.1	14.9	15.2	6.4	9.1	6.9
MSCI EM	1289.0	2.6	7.2	18.5	18.1	6.5	13.3	4.0
MSCI Asia ex JP	840.9	3.0	6.6	25.1	24.6	8.4	13.9	6.8
MSCI LATAM	2466.3	1.9	12.6	(13.0)	(13.1)	(1.3)	9.6	(3.1)
Canada S&P/TSX Composite	13752.8	(0.3)	2.1	2.8	2.6	2.7	5.9	2.7

**Weekly performance calculated from Wednesday close to Wednesday 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 12/31/2020

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.

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 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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