THOUGHTS OF THE WEEK

Larry Adam, Chief Investment Officer, Private Client Group

Follow Larry Adam on Twitter: @LarryAdamRJ

WEEKLY HEADINGS

The lights are on, and the stadiums are packed which means football is finally back! While the college season has already started, the defending champions from Los Angeles kicked off the start of the professional league with a loss to Buffalo. Whether it be the crowd noise, tailgating, camaraderie, or impressive displays of athleticism, football has something for everyone. In addition to football, this fall will be eventful for the team of monetary policymakers at the Federal Reserve (Fed). Quarterbacked by Chairman Powell, the Fed will draft the route for tightening policy as it is steadfast on moving the chains on inflationary pressures. While there are still some yards to cover before the peak terminal interest rate is reached, the Fed is full of veterans who are continuously assessing the economic field.

Key Takeaways

Anticipating Improvements In The August Inflation Reports

Retailers Are Discounting As They Offload Inventories

The Streak Of Declining Gas Prices Continues

- **Bottom Line – Lining Up A Play Against Inflation |** The markets are awaiting the August inflation reports (CPI released Tuesday September 13 & PPI released Wednesday September 14), and our scouting report is projecting signs of improvement. Why? There is a full line-up of indicators reflecting easing inflationary pressures—even a few from the stickier areas of inflation.

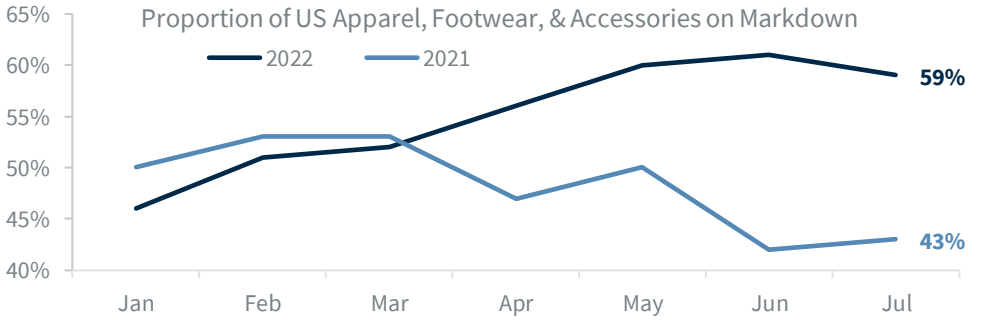
1. **Fact Not Fantasy, Money Supply Is Normalizing |** The year-over-year pace of money supply growth peaked at nearly 27% in February of last year as unprecedented levels of fiscal stimulus throughout the pandemic significantly increased the amount of money in circulation.* Since then, the pace has rapidly slowed and is now just over 5% and trending lower.
2. **Stronger Dollar Moved The Goal Posts For Imports |** The dollar is at the strongest level versus the euro, pound, and yen since 2002, 1985, and 1990, respectively, which has drastically cheapened the cost of imported goods.*
3. **Promotional Activity Now In The Field Of Play |** During the pandemic, goods were hard to find, let alone find on sale. But now, retailers are discounting as they offload bloated inventories that are 20-40% above pre-pandemic levels. For example, the proportion of apparel, footwear, and accessories that was on markdown in July was ~60% versus 43% a year ago.
4. **Shipping Costs Have Snapped Backed |** In September 2021, trans-pacific shipping costs (route from Shanghai to Los Angeles) peaked at over $12k per container. Following the biggest weekly drop in ocean freight rates this week (-14%), the cost today is ~$4.8k. A slowing of freight costs, a big expense in determining how much goods are sold for, is a positive sign.
5. **Supply Chains Off The Sidelines |** COVID-induced global lockdowns and the Ukraine/Russia conflict prolonged global supply chain disruptions. However, the New York Fed's Global Supply Chain Pressure Index declined for the fourth consecutive month in August to reach its lowest level since January 2021 as both delivery times and backlogs improved.*
6. **Lower Gas Prices Are A Game Changer |** The national average price at the pump has fallen for 86 consecutive days and more than $1.25 from the peak. This is the longest streak of declines and third largest price drop since 2015!
7. **Semiconductor Prices Stop Piling On The Pressure |** Semiconductor prices have fallen over 10% from the January peak and are likely to improve in the years ahead as governments and companies across the globe invest heavily in chip manufacturing. In fact, Apple's proprietary chips are one reason why it was able to hold product prices steady in the US.
8. **Car Prices Break From The Inflationary Huddle |** The Manheim Used Vehicle Value Index has declined for three consecutive months (and six out of the last seven months) and is at the lowest level since September of last year.
9. **Commodity Prices Not Causing Unnecessary Roughness |** As the pace of global growth slows, the prices for many economically-sensitive commodities have declined—such as copper down 26% from its peak.
10. **Consumers Will Stop Fumbling With Higher Food Prices |** While the food component of CPI remains elevated, there are some early signs of easing prices. The UN Food Price Index has declined for five consecutive months to the lowest level since January, with wheat and corn down 35% and 15% from their recent peaks, respectively.
11. **Rents No Longer A Glaring Interference |** Rent prices have historically lagged the direction of housing prices (which have started to see a deceleration in price gains), but real-time data suggests that rent growth is already easing. In fact, Zillow Observed Rent (based on a national averages) has decelerated from over 17% to 13% (year-over-year) since February.

For insights on our projected path for inflation and more, please join us for our next Investment Strategy Webinar titled 'Kickin' The Sand Out Of Your Shoes' on Monday, September 12 at 4 PM EDT. To register visit: https://go.rjf.com/WEB922

CHART OF THE WEEK

Promotional Activity Now In The Field Of Play

Retailers have bloated inventories and are offering up discounts to offload them. In fact, the proportion of apparel, footwear, and accessories that was on markdown in July was ~60% compared to 43% a year ago.



*See Charts of the week on page 3.

RAYMOND JAMES

ECONOMY

- The Services PMI increased from 56.7 to 56.9 in August, with employment climbing into expansion territory, 50.2, after being in contraction, at 49.1, in July.* Initial Jobless Claims declined for the fourth consecutive week to the lowest level since May. For the Federal Reserve, these two reports showed that there is still some work ahead to slow down wage pressures in the US economy.
- Exports of goods and services in July increased to $259.3 billion, while imports declined to $329.9 billion. This decline in imports helped decrease the trade deficit by $10.2 billion during the month. This will add strength to the third quarter GDP number.
- **Focus of the Week:** Next week's CPI release should confirm that inflation peaked in June. With energy prices down almost 10% in August, we expect inflation to remain high at 8.2%, but lower than June's peak of 9.0%. Similarly, the Producer Price Index (PPI) should decline on a year-over-year basis. While the headline numbers for CPI and PPI are expected to be lower, markets will be watching the Core numbers closely, as those are yet to turn the corner. We expect Retail Sales to increase by 0.3% after remaining flat in July, but the focus will be on the Control Group, which is used to estimate personal consumption expenditures in calculating GDP.

September 12 – September 16

MON

TUE
CPI
Hourly Earnings
NFIB Small Business Index

WED
PPI

THU
Export/Import Price Index
Retail Sales; Business Inventories
Industrial/Manufacturing Production

FRI
Michigan Sentiment

FUTURE EVENTS
9/20 Housing Starts; Building Permits
9/21 FOMC Meeting
9/22 Leading Indicators

US EQUITY

- Following the sharp pullback from the 200-DMA over the last few weeks, the market has been able to find some footing around the 3,900 area. Overall, we believe the 3,900 level is a critical junction for the market, and if held, it will raise the odds that the lows are in. However, if the 3,900 level fails to hold, the market could revisit mid-3,700s and possibly see a formidable test of the June lows.
- 3Q 2022 earnings growth is expected to be the slowest YoY growth in 2022 at 4.3%.* While the challenging economic environment and lower earnings expectations present headwinds to the market, we believe that equities will bottom (or may have already bottomed) before the economy and fundamentals finish declining. Historically, the market bottoms 2-6 months prior to the end of the recession while earnings continue to move lower and do not bottom until ~9 months after the end of the recession.
- **Focus of the Week:** Technical indicators will be useful as they will be impacted by the daily sentiment while the debate between the bulls and bears continues. We will also watch the US dollar closely. The US dollar has been strong lately, which has been a headwind for equities, as over the last year the S&P 500 price has seen an inverse correlation of 0.80 to the performance of the US dollar.*

FIXED INCOME

- This week, the European Central Bank (ECB), Bank of Canada (BOC) and the Reserve Bank of Australia (RBA) delivered jumbo-sized rate hikes to combat soaring price pressures. The ECB's move was its largest rate hike since the creation of the European Union in 1992. This has put renewed pressure on bond markets globally.*
- The Fed's aggressive rate stance has sent the dollar soaring ~14% this year to a 20-year high. Moves of this magnitude are not unprecedented; however, the strength of the US dollar is sending ripple effects across the world. While the headline news likes to concentrate on the weakness in the euro, as it is the second most widely traded currency pair, the reality is the dollar's strength has been broad based. We've seen some epic moves this year, with the pound falling to a 40-year low, the yen depreciating nearly 25% YTD, and several Asian countries have been quietly intervening in the foreign exchange markets to slow the decline in their respective currencies. These moves are indicative of stress building in the financial markets.
- **Focus of the Week:** The market is expecting the Fed to deliver another 75 basis point hike at its September 21 policy meeting, with consensus leaning toward a ~4.0% peak in the fed funds rate by early next year. Next week's inflation data should provide some additional clarity on the ultimate destination of rates.

POLITICS & ENERGY

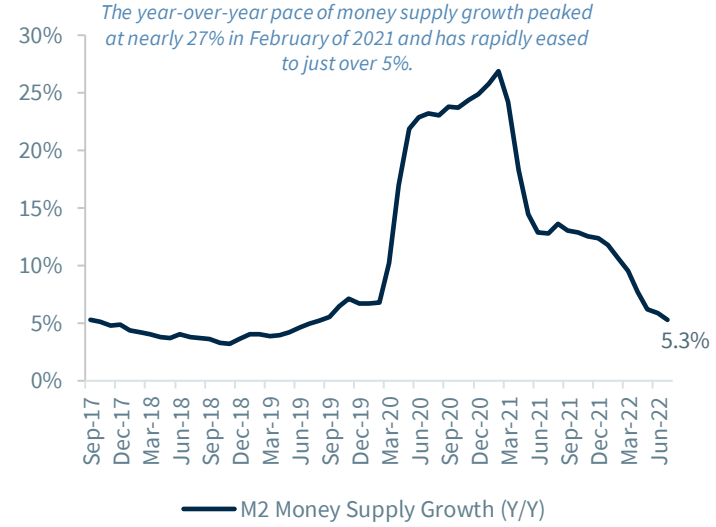
- **Politics:** Europe is now considering further action through the European Commission to cap Russian gas prices and to limit the consumption of energy across the continent through limiting electricity use and various tax measures. The ripple effects of Europe's energy outlook are already being felt across the pond and are driving energy considerations in Washington. These factors may serve as tailwinds for Senator Joe Manchin's (D-WV) energy permitting bill, which he is seeking to tie to the continuing resolution (CR) that Congress must pass to continue funding the government past September 30. The bill would speed up the environmental review process for energy projects, including fossil fuel infrastructure. The progressive wing of Congress—with Senator Bernie Sanders (I-VT) leading the charge—has signaled opposition to the bill, and Senator Sanders told reporters today that he and 59 House Democrats would vote against the funding measure if the energy permitting bill was included in the package. We are watching the CR for an initial attempt to advance a permitting deal but expect the year-end NDAA (National Defense Authorization Act) to be more of a legislative vehicle for the bill's successful passing, tying into a broader theme of heightened focus on energy security.
- **Energy:** If anyone had any residual doubts about Russia's strategy of weaponizing natural gas supply, this week the Kremlin spokesman said the quiet part out loud: "The problems pumping gas came about because of the sanctions western countries introduced against our country and several companies". Translation: cutting off natural gas supply is retaliation for Europe's support of Ukraine. It is important to underscore that this is not effective as a political strategy: sanctions continue to be ratcheted up, and weapons deliveries to Ukraine are as robust as ever. The Kremlin clearly miscalculated the ability of the global Liquified Natural Gas (LNG) market, plus some demand curtailment, to displace Gazprom (EU natural gas storage is currently at 80%). That said, the latest step of fully shutting down the Nord Stream 1 pipeline (after having curtailed shipments previously) boosted European gas prices by 30% this week. The only near-term solution is for European governments to provide direct subsidies to consumers and businesses struggling with high energy bills. Longer term, it is only a matter of time before Europe fully disentangles from Russian gas, which will improve European energy security while permanently wiping out Gazprom's access to the European market.

*See Charts of the week on page 3.

Charts of the Week

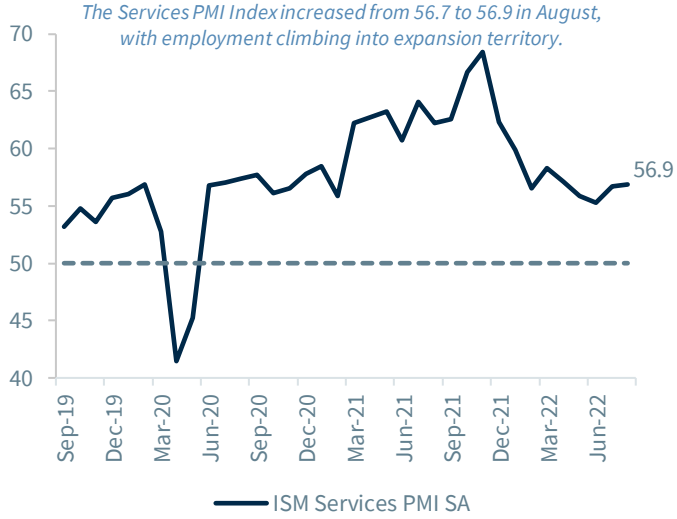
Money Supply Growth Normalizing

The year-over-year pace of money supply growth peaked at nearly 27% in February of 2021 and has rapidly eased to just over 5%.



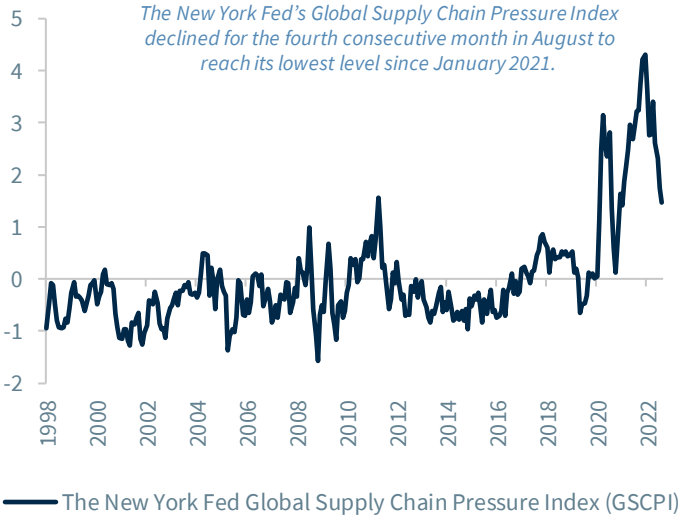
ISM Services Continues Expansionary Streak

The Services PMI Index increased from 56.7 to 56.9 in August, with employment climbing into expansion territory.



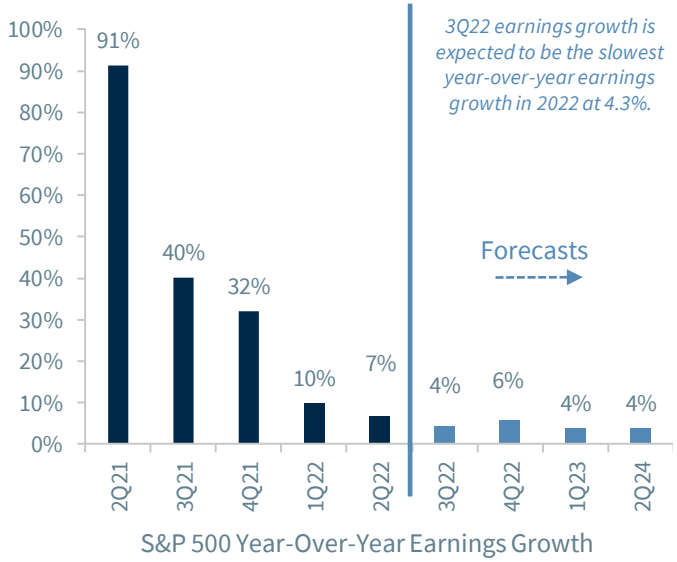
Global Supply Chains Easing

The New York Fed's Global Supply Chain Pressure Index declined for the fourth consecutive month in August to reach its lowest level since January 2021.



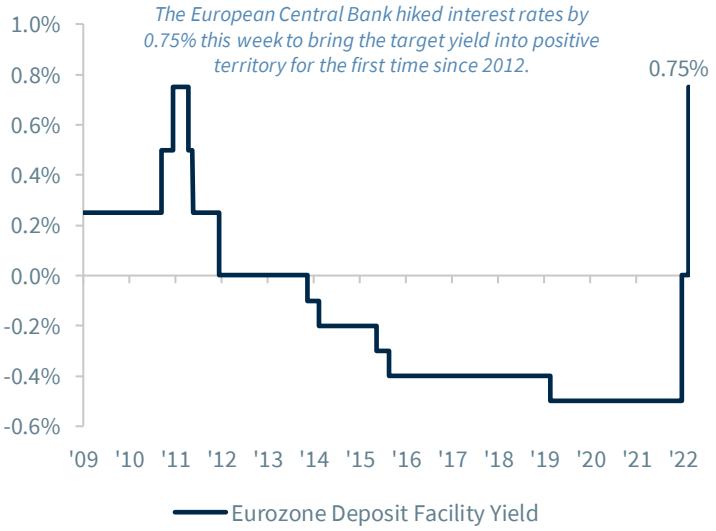
3Q22 Earnings Growth Expectations Slowing

3Q22 earnings growth is expected to be the slowest year-over-year earnings growth in 2022 at 4.3%.



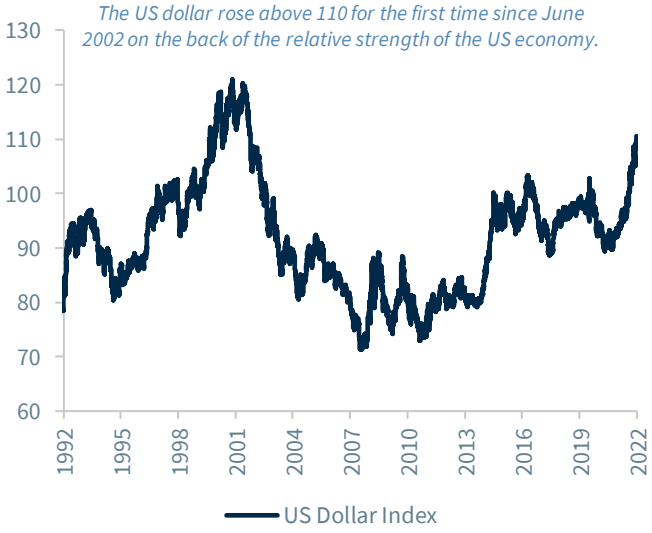
ECB Announces 75 Basis Point Interest Rate Hike

The European Central Bank hiked interest rates by 0.75% this week to bring the target yield into positive territory for the first time since 2012.



The Dollar's Strength Continues

The US dollar rose above 110 for the first time since June 2002 on the back of the relative strength of the US economy.



* Index definitions can be found on the disclosure pages

Asset Class Performance | Distribution by Asset Class and Style (as of September 8)**

US Equities (Russell indices)

	Value	Blend	Growth
Weekly Returns (as of September 8)			
Large Cap	1.4%	1.2%	0.9%
Mid Cap	2.1%	2.4%	3.0%
Small Cap	0.8%	1.3%	1.9%
Year-to-Date Returns (as of September 8)			
Large Cap	-8.3%	-15.8%	-22.4%
Mid Cap	-10.2%	-14.9%	-23.5%
Small Cap	-12.3%	-17.0%	-21.9%

International Equities (MSCI indices)

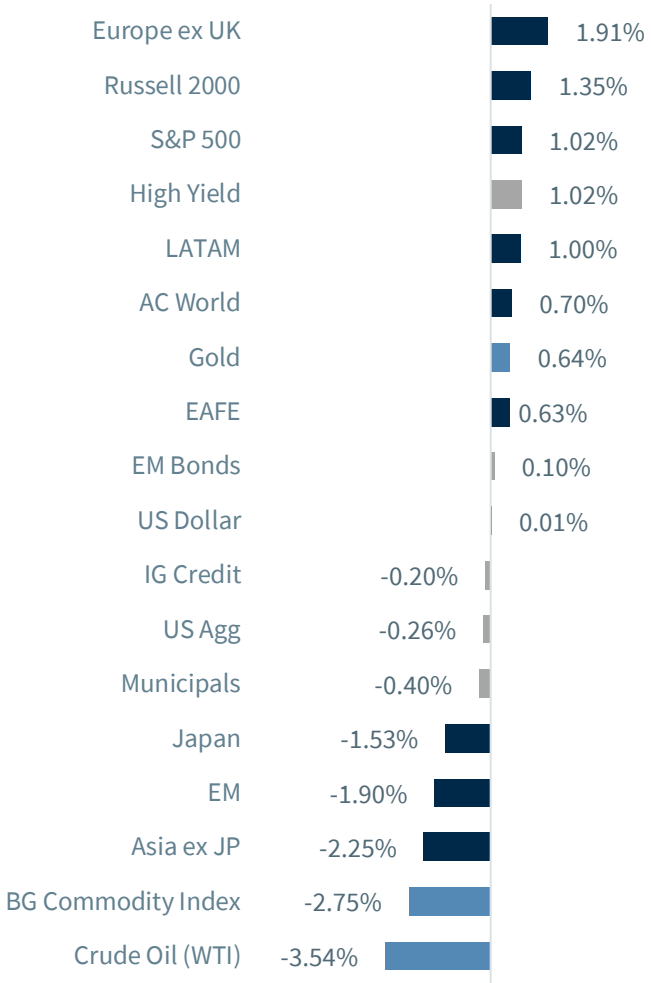
	Dev. Mkt	World	Emerg. Mkt
Weekly Returns (as of September 8)			
Large Cap	1.1%	0.7%	-1.7%
Mid Cap	1.3%	1.7%	-0.3%
Small Cap	0.9%	1.3%	0.1%
Year-to-Date Returns (as of September 8)			
Large Cap	-7.8%	-13.9%	-15.5%
Mid Cap	-12.7%	-13.8%	-11.3%
Small Cap	-13.2%	-13.4%	-10.1%

Fixed Income (Bloomberg indices)

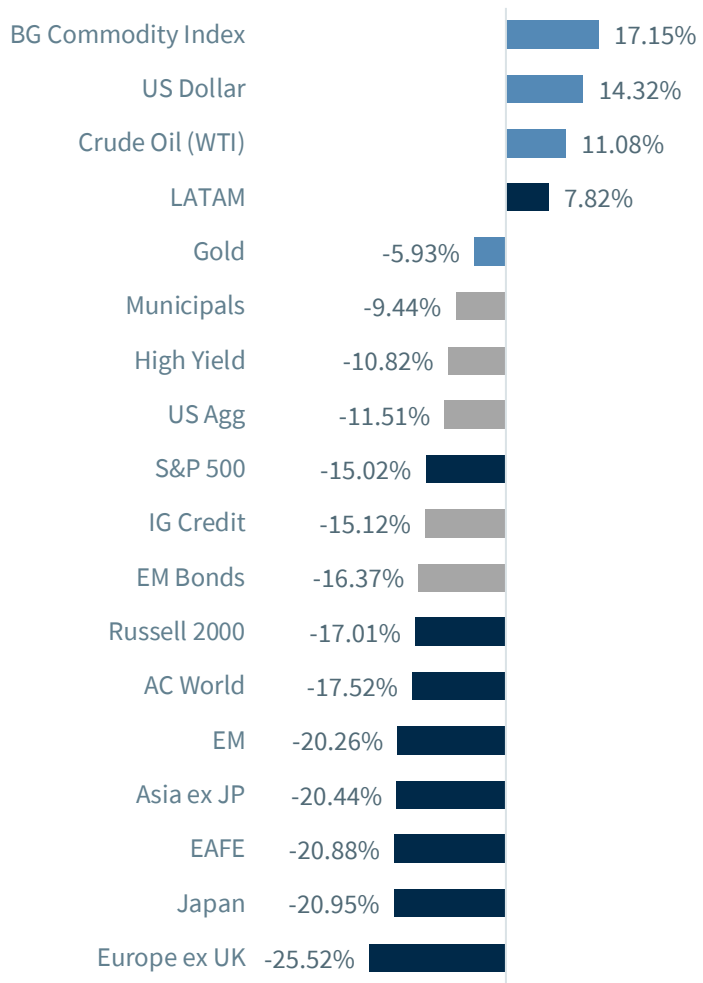
	1-3 YR	Medium	Long
Weekly Returns (as of September 8)			
Treasury	0.1%	0.0%	-0.3%
Invest. Grade	0.1%	0.0%	-0.1%
High Yield	0.7%	1.0%	0.7%
Year-to-Date Returns (as of September 8)			
Treasury	0.5%	-8.4%	-13.6%
Invest. Grade	-3.4%	-9.1%	-13.1%
High Yield	-4.6%	-10.2%	-20.1%

Asset Class Performance | Weekly and Year-to-Date (as of September 8)**

Week-to-Date***



Year-to-Date***



Commodities | Equities | Fixed Income

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

***Assumes all asset classes are priced in US dollars unless otherwise noted. Ranked in order of performances (best to worst).

Weekly Data**

Data as of September 8

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	4006.2	1.0	1.3	(15.0)	(9.9)	12.2	12.2	13.0
DJ Industrial Average	31774.5	0.4	0.8	(12.6)	(9.3)	5.8	7.8	9.1
NASDAQ Composite Index	11862.1	0.7	0.4	(24.2)	(22.4)	13.5	13.3	14.2
Russell 1000	4238.2	1.2	1.3	(15.8)	(13.0)	12.1	11.6	13.0
Russell 2000	4590.0	1.3	0.2	(17.0)	(17.9)	8.6	6.9	10.0
Russell Midcap	7175.7	2.4	2.0	(14.9)	(14.8)	9.4	9.2	11.6

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	482.2	3.4	2.0	(14.2)	(6.5)	12.7	9.3	9.9
Industrials	792.8	1.1	1.2	(10.3)	(7.1)	8.8	8.4	11.7
Comm Services	183.5	(1.5)	(0.5)	(31.0)	(35.5)	3.7	6.2	5.3
Utilities	389.4	2.2	3.7	9.4	13.8	10.5	10.5	11.6
Consumer Discretionary	1265.9	2.8	3.7	(20.9)	(13.5)	10.4	13.5	14.6
Consumer Staples	760.9	(0.4)	0.3	(3.8)	3.9	9.5	9.2	10.6
Health Care	1504.7	2.0	3.7	(7.5)	(3.4)	14.5	11.5	14.6
Information Technology	2352.0	(0.1)	(0.5)	(22.5)	(14.8)	19.3	20.1	18.4
Energy	597.9	0.2	(2.1)	45.6	74.5	16.7	9.3	4.4
Financials	564.3	2.7	3.1	(12.0)	(8.0)	9.8	9.5	12.6
Real Estate	266.3	1.5	1.9	(16.5)	(9.5)	5.7	8.8	9.2

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Months Treasury Bill (%)	2.6	0.1	0.1	0.5	0.5	0.5	1.1	0.6
2-Year Treasury (%)	3.5	0.1	0.0	(3.5)	(4.1)	(0.3)	0.6	0.6
10-Year Treasury (%)	3.3	(0.3)	(1.2)	(13.6)	(14.3)	(3.6)	(0.4)	0.5
Bloomberg US Corporate HY	8.4	1.0	0.4	(10.8)	(10.4)	1.1	2.6	4.5
Bloomberg US Aggregate	4.1	(0.3)	(0.9)	(11.5)	(12.1)	(2.2)	0.3	1.3
Bloomberg Municipals	--	(0.4)	(0.9)	(9.4)	(9.4)	(1.1)	1.0	2.2
Bloomberg IG Credit	5.0	(0.2)	(1.1)	(15.1)	(15.6)	(2.4)	0.8	2.2
Bloomberg EM Bonds	7.2	0.1	(0.6)	(16.4)	(18.2)	(3.8)	(0.6)	2.0

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	83.5	(3.5)	(6.7)	11.1	20.5	13.9	12.0	(1.4)
Gold ($/Troy Oz)	1720.2	0.6	(0.3)	(5.9)	(4.1)	4.3	4.9	(0.1)
Bloomberg Commodity Index	116.2	(2.8)	(4.5)	17.1	20.2	14.3	6.5	(2.3)

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	109.7	0.0	0.9	14.3	18.4	3.7	3.7	3.2
Euro	1.0	0.2	(1.0)	(12.4)	(15.7)	(3.4)	(3.7)	(2.5)
British Pound	1.1	(0.3)	(1.3)	(15.2)	(16.4)	(2.3)	(2.7)	(3.3)
Japanese Yen	144.0	(2.7)	(3.7)	(20.0)	(23.4)	(9.5)	(5.6)	(5.9)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	612.3	0.7	(0.1)	(17.5)	(15.8)	7.8	7.4	9.0
MSCI EAFE	1800.5	0.6	(2.0)	(20.9)	(21.9)	1.4	1.5	5.0
MSCI Europe ex UK	1911.7	1.9	(1.1)	(25.5)	(25.2)	1.6	1.4	5.7
MSCI Japan	3001.9	(1.5)	(4.0)	(21.0)	(26.2)	0.9	1.4	6.0
MSCI EM	957.2	(1.9)	(3.7)	(20.3)	(24.7)	1.0	0.1	2.7
MSCI Asia ex JP	614.4	(2.3)	(4.1)	(20.4)	(25.4)	1.9	0.9	4.9
MSCI LATAM	2145.5	1.0	0.9	7.8	0.1	(1.8)	(1.6)	(1.4)
Canada S&P/TSX Composite	14786.4	1.4	0.4	(8.5)	(6.4)	5.5	5.3	4.7

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

DISCLOSURES

All expressions of opinion reflect the judgment of the author(s) and the Investment Strategy Committee, and are subject to change. This information should not be construed as a recommendation. The foregoing content is subject to change at any time without notice. Content provided herein is for informational purposes only. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. Past performance is not a guarantee of future results. Indices and peer groups are not available for direct investment. Any investor who attempts to mimic the performance of an index or peer group would incur fees and expenses that would reduce returns. No investment strategy can guarantee success. Economic and market conditions are subject to change. Investing involves risks including the possible loss of capital.

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.

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.

DESIGNATIONS

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP® and CERTIFIED FINANCIAL PLANNER™ in the U.S.

Investments & Wealth Institute™ (The Institute) is the owner of the certification marks "CIMA" and "Certified Investment Management Analyst." Use of CIMA and/or Certified Investment Management Analyst signifies that the user has successfully completed The Institute's initial and ongoing credentialing requirements for investment management professionals.

CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

DATA SOURCE | FactSet, as of 9/8/2022

DOMESTIC EQUITY DEFINITION

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

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

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

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

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

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

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

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

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

FIXED INCOME DEFINITION

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

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

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

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

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

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

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

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

INTERNATIONAL EQUITY DEFINITION

EMERGING MARKETS EASTERN EUROPE | **MSCI EM Eastern Europe Net Return Index:** The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe.

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

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

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

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

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

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

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

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

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

INTERNATIONAL DISCLOSURES

FOR CLIENTS IN THE UNITED KINGDOM | For clients of Raymond James Financial International Limited (RJFI): This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in the FCA rules or persons described in Articles 19(5) (Investment professionals) or 49(2) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)or any other person to whom this promotion may lawfully be directed. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

FOR CLIENTS OF RAYMOND JAMES INVESTMENT SERVICES, LTD.: This document is for the use of professional investment advisers and managers and is not intended for use by clients.

FOR CLIENTS IN FRANCE | This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in "Code Monetaire et Financier" and Reglement General de l'Autorite des marches Financiers. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

FOR CLIENTS OF RAYMOND JAMES EURO EQUITIES | Raymond James Euro Equities is authorised and regulated by the Autorite de Controle Prudentiel et de Resolution and the Autorite des Marches Financiers.

FOR INSTITUTIONAL CLIENTS IN THE EUROPEAN ECONOMIC AREA (EE) OUTSIDE OF THE UNITED KINGDOM | This document (and any attachments or exhibits hereto) is intended only for EEA institutional clients or others to whom it may lawfully be submitted.

FOR CANADIAN CLIENTS | This document is not prepared subject to Canadian disclosure requirements, unless a Canadian has contributed to the content of the document. In the case where there is Canadian contribution, the document meets all applicable IIROC disclosure requirements.

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

Eugenio J. Alemán, PhD
Senior Vice President, Chief Economist
T. 727.567.2603
eugenio.aleman@raymondjames.com

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

Giampiero Fuentes, CFP®
Economist
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

Tracey Manzi, CFA
Senior Investment Strategist
T. 727.567.2211
tracey.manzi@raymondjames.com

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

Andrew Rath
Investment Strategy Analyst
T. 401.525.6233
andrew.rath@raymondjames.com

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

Matthew Ziyadeh
Investment Strategy Analyst
T. 727.567.8984
matthew.kurayaziyadeh@raymondjames.com

RAYMOND JAMES

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

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

RAYMONDJAMES.COM