Markets will be closed Monday, January 19, in honor of Martin Luther King Jr. Day.

WEEKLY HEADINGS

Larry Adam, *Chief Investment Officer*
Follow Larry on Linkedin or on X

Full Speed Ahead! 2026 is already coming out of the gate quickly. In just the first two weeks, we've seen a flurry of headlines—rapid-fire policy proposals, legal uncertainties, and fast-moving geopolitical developments—all with the potential to influence the economy and financial markets. But as attention-grabbing as these stories are, they don't always give us the full picture. In a 24/7 news cycle, separating signal from noise is harder than ever. Investors are bombarded with real-time updates, shifting sentiment, and headline-driven narratives. Yet successful investing means looking past the noise and focusing on the fundamentals that truly drive markets and their potential impact. So, this week, we're stepping back from the whirlwind. We break down some of the biggest headlines dominating the financial news cycle—and offer the context investors need to understand what's really going on.

KEY TAKEAWAYS

Stay Focused On The Fundamentals, Not JustThe Headlines

SCOTUS IEEPA Ruling Likely To Change The Process, Not The Result of Tariffs

Equities Enter Earnings Season With the Most Elevated P/E in 20 Years

- **Headline: Trump Orders Defense Stocks To Halt Dividends And Buybacks, Creating A Headwind For The Defense Sector**
  Reality: *Coming into the year, we were overweight Industrials, expecting continued capital investment to drive earnings—led by defense contractors, where EPS growth is projected to rise 52% YoY. While the call for a halt in defense dividends and buybacks introduced some near-term volatility, the reality is that the industry has not been a major dividend or buyback player. In fact, defense companies only had a 1.1% dividend yield in 2025 and repurchased only 0.7% of their market cap over the past year—both well below S&P 500 levels. Far more important is the president's subsequent proposal for a $1.5t FY27 defense budget (vs. $900b in FY26), which further supports the sector's earnings trajectory. With earnings remaining solid, the backdrop continues to favor both the defense industry and Industrials more broadly.*
- **Headline: Strong S&P 500 Earnings Will Propel Stocks Higher In 2026**
  Reality: *An acceleration in earnings should provide a solid tailwind for equities in 2026 and underpins our positive broad equity outlook this year. The challenge, however, is that much of this strength is already priced in—leaving a high bar for earnings to beat expectations. Take 4Q for example. Earnings estimates were revised up 0.7% in the 12-weeks leading into earnings season—the strongest upward revision since 2Q21. With valuations in the 95th percentile vs. history (and the highest P/E multiple heading into an earnings season over the last 20 years), this elevated bar raises the risk of near-term volatility. Case in point: with elevated valuations in the Financials sector, the pedestrian results from the big banks led the sector to log its largest two-day (Tues. and Wed.) underperformance (~4%) vs. the S&P 500 in nine months.*
- **Headline: President Trump Calls For A One-Year Cap Of 10% On Credit Card Interest Rates**
  Reality: *Affordability concerns have emerged as a key midterm election theme. In response, President Trump—despite questions about whether he has the authority—proposed a one-year 10% cap on credit card interest rates that is far below today's 20+% average rate. While lower rates would intuitively ease household burdens and support demand, a cap set this low would likely create unintended consequences. Banks would likely tighten lending standards for higher-risk borrowers, pushing vulnerable consumers toward costlier, less-regulated alternative forms of unsecured debt, like payday loans or buy now pay later programs. As a result, reduced credit availability could restrain spending and growth, as weaker borrowers cut back—offsetting much of the intended relief from lower credit card interest rates.*
- **Headline: SCOTUS Ruling On Tariffs Is A Game Changer**
  Reality: *While the betting markets expect the Supreme Court to rule that President Trump exceeded his authority by imposing country-level tariffs under IEEPA, that outcome would not mean that tariffs are going away. In practice, the process may change, but the result will not—tariffs are likely to remain a key policy initiative of this administration. President Trump has multiple other authorities—Sections 122, 301, and 338, among others—that can be rapidly deployed to reinstate similar measures. The more nuanced point, however, would be the timing. With the midterm elections approaching and affordability front and center, a ruling against the tariffs could give the administration some flexibility. For example, it could strategically slow walk the replacement process or choose to adopt a lighter-touch approach, potentially softening or rolling back some of the tariff levies to bolster consumer sentiment ahead of the midterm elections.*
- **Headline: Economy Is Doing Well, But Confidence Still Depressed**
  Reality: *The US economy continues to expand at a solid pace, with growth accelerating 4.3% in 3Q—the fastest pace since 4Q21. Although official data for 4Q remains limited, the Atlanta Fed GDPNow model points to even stronger 5.3% growth in 4Q. The economy's resilience is notable given sluggish hiring and consumer sentiment near a record low. What's driving it? First, as reflected in holiday spending and this week's retail sales, the US consumer continues to spend despite depressed sentiment. Second, record levels of AI-related investments are beginning to pay off, with 3Q productivity rising at its fastest pace since 2Q20. These factors, along with another expected Fed rate cut, support our outlook for solid 2.2% growth in 2026.*

CHART OF THE WEEK

An Elevated Bar For 4Q25 Earnings Season

With the S&P 500 entering earnings season at its highest P/E in two decades, the elevated bar heightens the risk of near-term volatility.

Source: FactSet

Economy

- Headline CPI rose 0.3% MoM in December (+2.7% YoY), as expected, while core CPI increased by 0.2% MoM (+2.6% YoY), slightly below forecasts. Notably, food prices rose at their fastest monthly pace (+0.7%) since August 2022. Meanwhile, headline and core PPI both rose 0.2% MoM in November, matching expectations. While the disinflationary path continues, it will be uneven due to tariff effects.
- The housing market painted a mixed picture this week. New home sales were virtually flat MoM, while existing home sales rose at their fastest monthly pace (+5.1%) since early 2024. However, both showed cooling price pressures: the median price of new homes sold (392k) fell to its lowest since July 2021, while the median price of existing homes rose at the slowest annual pace since June 2023.
- **Focus of the Week:** In a relatively light week for economic data, several key reports—initially delayed by the government shutdown—will be released. Construction spending for September and October is due Wednesday. On Thursday, the second estimate of 3Q25 GDP will be released, along with the PCE price index for October and November.

January 19 – January 23

MON MLK Jr. Day *(markets closed)*

TUE

WED Pending Home Sales
Construction Spending (Sep/Oct)

THU 3Q25 GDP (2nd Est.)
PCE Price Index (Oct/Nov)
BOJ Meeting

FRI Michigan Sentiment (Final)

FUTURE EVENTS
1/26 Durable Orders
1/28 FOMC Meeting

Equity

- The long-awaited broadening of performance has finally emerged to start 2026—at least for now—with investors rotating into last year's laggards such as Energy, Materials, and Consumer Staples. Currently, 70% of S&P 500 companies are trading above their respective 50-day moving averages, the strongest breadth reading since August 2025. This wider participation, extending beyond AI-related names, has enabled the S&P 500 Equal Weight Index to outperform the S&P 500 by 2.2% year-to-date—the best start since 2021.
- However, this improvement in market participation has not yet been matched by fundamentals. In fact, seven of the eleven S&P 500 sectors expect EPS growth of 1% or less in 4Q25. As a result, forward guidance will be essential as earnings season progresses, since a more diversified pickup in earnings growth in the coming quarters will be necessary to support a sustained shift in market leadership.
- **Focus of the Week**: Next week, the focus of earnings season shifts to Industrials via earnings results from 3M, CSX, and GE Aerospace.

Fixed Income

- Treasury yields held firm amid a benign inflation report, heavy issuance, Fedspeak and mounting political pressure on the Fed. The 10-year yield has been hovering near the upper end of its 4.00%-4.20% range, continuing its streak of muted volatility. Despite expectations for further steepening, the Treasury curve has been flattening. As growth expectations gently lift the 2-year yield, the 30-year yield dropped below its 200-day moving average to its lowest level since the Fed's December rate cut, as strong demand at 10- and 30-year Treasury auctions and an increase in safe-haven buying alleviated pressure on the long end.
- Municipal bonds are up 0.9% this month and on track for a sixth straight monthly gain as the sector looks poised for its longest winning streak since 2019. Over the past three decades, January has been one of the sector's best months, averaging a 73 bp return. After back-to-back years of record issuance, supply is expected to remain a technical headwind in 2026. However, investor demand has been firm: ICI reported $2.68b in combined weekly mutual fund and ETF inflows—the largest since October and the 37th consecutive week of positive flows. Additionally, reinvestment cash from principal and interest payments could come close to matching, or even outpace, new supply early in 2026, offering another potential layer of demand support.
- **Focus of the Week:** Pressure on the Fed is likely to remain in the spotlight. On Wednesday, the Supreme Court is set to hear arguments in the case involving Fed Governor Lisa Cook, who is challenging her removal from the Fed Board.

Washington Policy

- Policy and economic developments over the past week underscore a key theme: public policy as a key market force is here to stay for 2026. The DOJ's investigation into Fed Chair Powell will refocus attention on Fed independence, but we do not expect it to greatly affect the selection or confirmation of the next Chair.
- Trump's call to cap credit card rates at 10% should be met with skepticism given the need for congressional action; nonetheless, the rate cap push—plus support for measures like the Credit Card Competition Act—keeps the banking sector exposed to headline risk.
- The administration limited chip duties to select advanced chips for re-export and paused critical minerals tariffs amid ongoing negotiations. This helps ease tensions with China while meeting statutory deadlines and preserving the option to impose tariffs later.

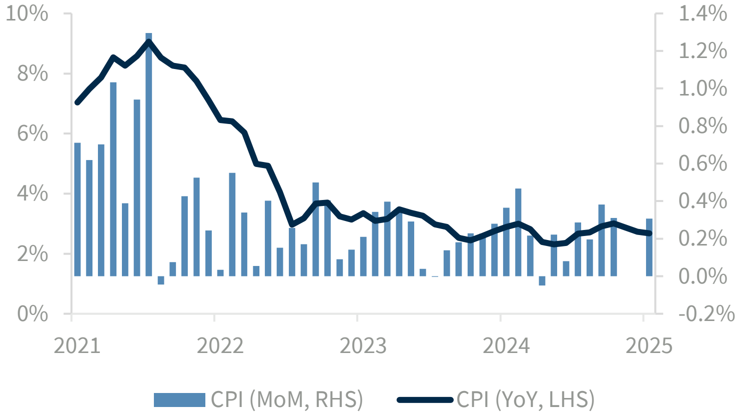
International

- Iran is in the midst of its most severe political crisis since the 1979 revolution. As with any Mid-East turmoil, the oil market's risk premium has widened, with prices touching a two-month high. Iran accounts for 3% of global oil supply, of which half is exported. While oil is flowing normally for now, there are three possible scenarios for disruptions to emerge. First, a strike or protest-related violence could temporarily prevent oil from being pumped or loaded onto tankers. This is plausible but wouldn't be needle-moving. Second, there could be intervention by the US or another country—at the moment, we see this as unlikely. Third, and most impactfully—but also least likely—Iran's military could respond to #2 by blockading the Strait of Hormuz, disrupting up to one-fifth of global supply.
- While there is no way to gauge the likelihood of transformative political change in Iran, a hypothetical shift to a more democratic system could stimulate foreign investment, including for the oil industry. As it stands, foreign investment equates to a mere 0.3% of Iran's GDP, the lowest level over the past two decades. Iran has a surprisingly diversified economy—for example, it produces nearly as many cars as France—but the history of tense relations with Europe, not to mention the US, translates into a high level of risk from the standpoint of western multinationals, even setting aside sanctions. In the event of meaningful reform, some sanctions could be lifted.

Charts of the Week

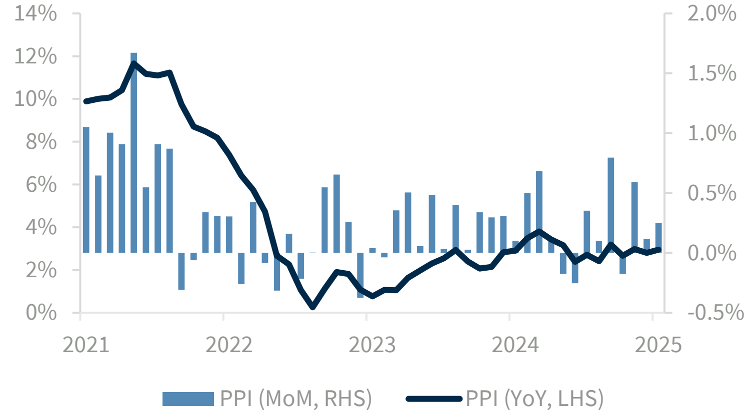
Inflation: Consumer Prices

Headline CPI rose 0.3% MoM in December, keeping the yearly rate virtually unchanged at 2.7%.



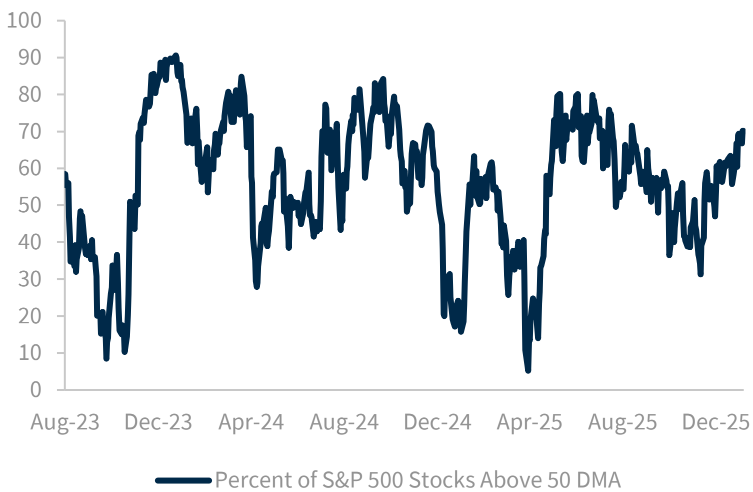
Inflation: Producer Prices

As expected, headline PPI rose 0.2% MoM, with the yearly rate ticking back up to 3.0%.



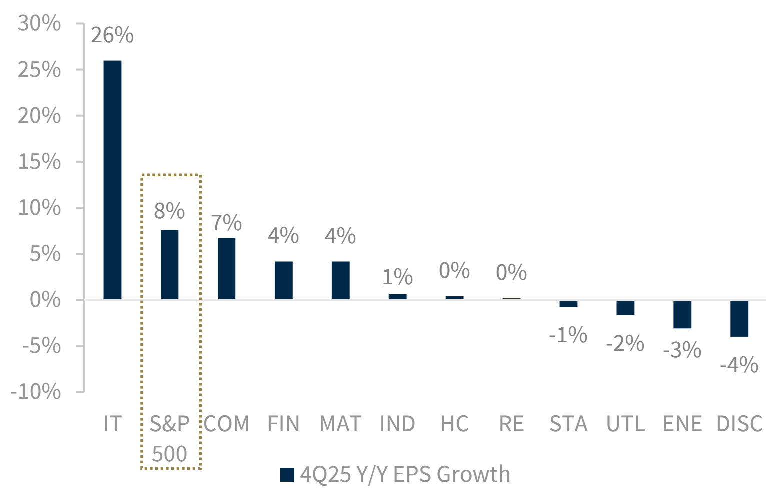
Improving Breadth To Start 2026

70% of S&P 500 stocks are trading above their respective 50 DMA – the highest level since August 2025.



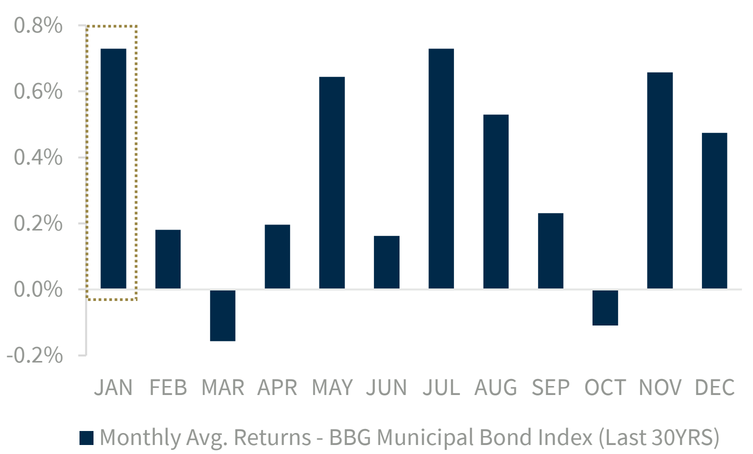
Concentrated Earnings Growth

7 of 11 sectors expect EPS growth of 1% or below in 4Q25.



Seasonality Supports Munis' Strong Start To The Year

Over the past 30 years, January has delivered an average return of 73 bps, tied with July as the strongest month for municipals.



Foreign Investment In Iran Is At Multi-Decade Lows

If Iran's crisis were to result in transformative political change, it could stimulate foreign investment, including for the oil industry.

Source for charts: FactSet, as of 1/15/2026.

Asset Class Performance | Distribution by Asset Class and Style (as of January 15)**

Weekly Returns (as of January 15)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	1.4%	0.4%	-0.5%
Mid Cap	2.0%	1.8%	1.2%
Small Cap	2.9%	2.7%	2.6%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	2.8%	0.9%	1.8%
Mid Cap	2.0%	1.8%	2.5%
Small Cap	2.1%	2.4%	1.6%

Fixed Income (Bloomberg indices)

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

Year-to-Date Returns (as of January 15)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	4.2%	1.7%	-0.5%
Mid Cap	5.5%	5.0%	3.4%
Small Cap	7.8%	7.8%	7.8%

International Equities (MSCI indices)

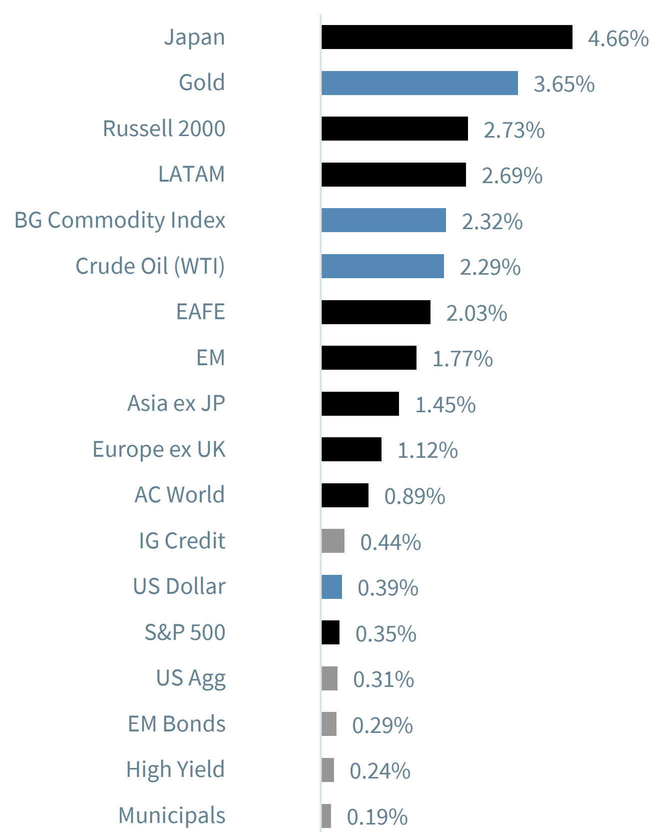
	Dev. Mkt	World	Emerg. Mkt
Large Cap	4.5%	2.4%	5.9%
Mid Cap	4.1%	4.3%	4.8%
Small Cap	4.6%	6.1%	3.6%

Fixed Income (Bloomberg indices)

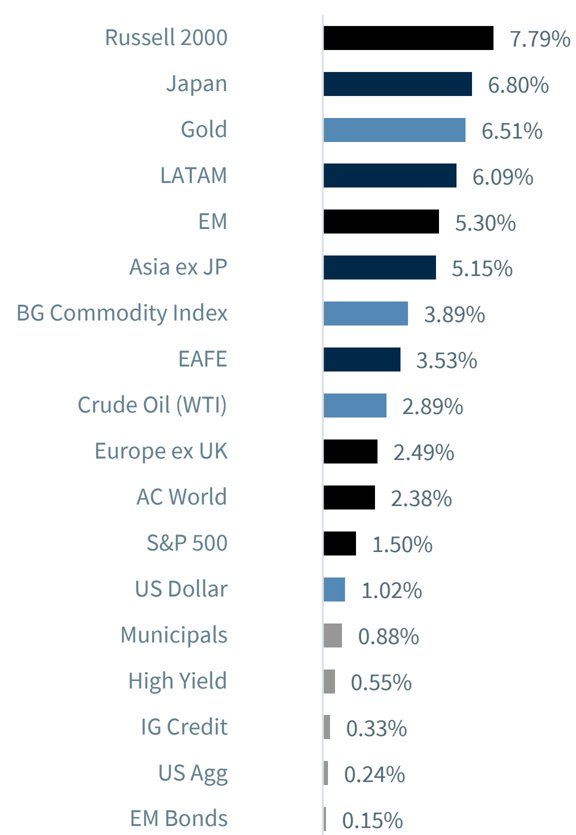
	1-3 YR	Medium	Long
Treasury	0.1%	-0.1%	0.0%
Invest. Grade	0.1%	0.1%	0.1%
High Yield	0.4%	0.5%	0.8%

Asset Class Performance | Weekly and Year-to-Date (as of January 15)**

Weekly***



Year-to-Date***



Commodities Equities Fixed Income

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

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

Weekly Data**

US Equities

Index	Price	Weekly	MTD	1 Year	3 Year	5 Year	10 Year
S&P 500	6944.5	0.4	1.5	18.2	21.9	14.7	15.9
DJ Industrial Average	49442.4	0.4	2.9	14.4	12.9	9.9	11.9
NASDAQ Composite Index	23530.0	0.2	1.2	20.6	28.5	12.6	18.0
Russell 1000	7293.8	0.4	1.7	17.4	22.7	13.6	14.6
Russell 2000	6646.9	2.7	7.8	12.8	13.7	6.1	9.6
Russell Midcap	10361.9	1.8	5.0	10.6	14.4	8.7	11.0

Equity Sectors

Sector	Price	Weekly	MTD	1 Year	3 Year	5 Year	10 Year
Materials	618.6	3.0	7.8	15.1	7.5	7.5	12.1
Industrials	1403.6	3.5	6.9	24.3	19.3	15.1	14.8
Comm Services	457.6	0.0	1.2	32.5	39.7	17.5	14.4
Utilities	443.2	3.9	2.2	16.9	10.4	10.1	10.8
Consumer Discretionary	1979.8	(0.7)	2.7	6.8	23.1	9.2	14.5
Consumer Staples	914.3	4.8	5.8	12.5	8.1	9.0	9.2
Health Care	1830.6	(0.8)	1.4	13.7	6.8	7.9	10.9
Information Technology	5646.2	0.2	(0.6)	23.9	36.2	21.3	25.4
Energy	732.4	2.6	6.6	7.6	5.6	22.4	10.0
Financials	903.4	(2.8)	(0.7)	11.4	16.5	14.0	14.3
Real Estate	260.0	3.1	3.5	7.7	5.4	6.4	7.3

Fixed Income

Index	Yield	Weekly	MTD	1 Year	3 Year	5 Year	10 Year
3-Month Treasury Bill (%)	3.6	0.1	0.1	4.3	4.9	3.3	2.2
2-Year Treasury (%)	3.6	(0.1)	(0.0)	4.8	3.9	1.5	1.6
10-Year Treasury (%)	4.2	0.2	0.0	8.7	2.2	(2.1)	0.6
Bloomberg US Corporate HY	7.0	0.2	0.5	8.6	8.9	4.5	6.9
Bloomberg US Aggregate	4.3	0.3	0.2	7.8	3.8	(0.2)	1.9
Bloomberg Municipals	--	0.2	0.9	5.9	3.4	1.0	2.3
Bloomberg IG Credit	4.8	0.4	0.3	8.4	5.0	0.2	3.3
Bloomberg EM Bonds	5.8	0.3	0.1	11.3	8.2	1.8	4.3

Commodities

Index	Price	Weekly	MTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	59.1	2.3	2.9	(24.9)	(9.6)	2.4	7.2
Gold ($/Troy Oz)	4623.7	3.7	6.5	70.1	34.0	20.4	15.5
Bloomberg Commodity Index	114.0	2.3	3.9	9.4	0.7	7.2	4.5

Currencies

Currency	Price	Weekly	MTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	99.3	0.4	1.0	(9.0)	(0.9)	1.8	0.0
Euro	1.2	(0.6)	(1.2)	12.6	2.3	(0.8)	0.6
British Pound	1.3	(0.4)	(0.5)	9.2	3.1	(0.3)	(0.7)
Japanese Yen	158.5	(1.1)	(1.1)	(1.4)	(7.0)	(8.1)	(3.0)

International Equities

Index	Price	Weekly	MTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	1038.4	0.9	2.4	24.8	20.0	11.9	13.6
MSCI EAFE	2994.3	2.0	3.5	36.4	16.5	9.8	10.1
MSCI Europe ex UK	3341.9	1.1	2.5	37.7	16.9	10.7	11.0
MSCI Japan	5126.6	4.7	6.8	37.5	18.8	7.9	9.5
MSCI EM	1478.2	1.8	5.3	44.0	16.1	4.7	10.7
MSCI Asia ex JP	960.2	1.5	5.2	43.7	15.8	4.0	10.6
MSCI LATAM	2870.7	2.7	6.1	58.3	14.8	10.2	11.2
Canada S&P/TSX Composite	23774.6	2.0	4.2	33.2	17.5	13.0	10.6

**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 heightened political and/or economic instability. These risks are greater in emerging markets.

ENERGY COMMODITIES | Investing in energy commodities is generally considered speculative, with high levels of volatility, limited market regulation, and emerging markets risk. Oil prices are influenced by OPEC decisions and tend to be economically sensitive. Natural gas prices are influenced by weather.

MINING COMMODITIES | Investing in mining commodities is generally considered speculative, with high levels of volatility, limited market regulation, and emerging markets risk. Prices of precious metals such as gold are influenced by central bank decisions. Prices of industrial metals such as copper tend to be economically sensitive.

SECTORS | Sector investments are companies focused on a specific economic sector and are presented here for illustrative purposes only. Sectors, including Tech, are subject to varying levels of competition, economic sensitivity, and political and regulatory risks. Investing in any individual sector involves limited diversification.

CURRENCIES | Currency investing is generally considered speculative, with high levels of volatility and limited market regulation. These risks are greater in emerging markets.

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.

MUNICIPAL BONDS | Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Please consult an income tax professional to assess the impact of holding such securities on your tax liability.

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.

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

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

US DOLLAR INDEX | The Index is an index of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the dollar gains strength compared to other currencies.

FHFA HOUSE PRICE INDEX | The FHFA House Price Index® (FHFA HPI®) is a collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American.

PENDING HOME SALES INDEX | The Pending Home Sales Index (PHSI) is a leading economic indicator from the National Association of Realtors (NAR) that tracks signed real estate contracts for existing homes (single-family, condos, co-ops) that haven't closed yet, predicting future home sales activity by about one to two months.

ISM MANUFACTURING INDEX | The ISM Manufacturing Index (or PMI) is a key monthly economic indicator from the Institute for Supply Management (ISM), surveying US purchasing managers on production, new orders, employment, inventories, and supplier deliveries, with a reading above 50 signaling expansion and below 50 indicating contraction in the manufacturing sector.

ISM SERVICES INDEX | The ISM Services Index (now called the Services PMI) is a key economic indicator from the Institute for Supply Management (ISM) that tracks the health of the US service sector (around 80% of the economy) by surveying purchasing managers in over 400 non-manufacturing firms monthly.
PCE PRICE INDEX | The PCE (Personal Consumption Expenditures) Price Index measures changes in prices for goods and services bought by U.S. consumers.

Disclosures

DATA SOURCE | FactSet, Bloomberg as of 1/15/2026

DOMESTIC EQUITY DEFINITION

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

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

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

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

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

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

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

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

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

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

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

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

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

COMMODITY INDEX DEFINITION

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

FIXED INCOME DEFINITION

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

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

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

Disclosures

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

BLOOMBERG US CONVERTIBLE LIQUID BOND INDEX | The index tracks the performance of USD-denominated convertible securities, specifically bonds and convertible preferred stock, issued in the US market with a minimum amount outstanding of $350 million.

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

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

BLOOMBERG WIRP FUTURES MODEL | The Bloomberg World Interest Rate Probability (WIRP) function calculates the implicit forecast for rates after each meeting over the next year for the biggest developed world central banks, based on pricing in futures and overnight index swaps markets.

BLOOMBERG TREASURY INDEX | The Bloomberg US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index. The Index is a component of the US Aggregate, US Universal, Global Aggregate and Global Treasury Indices. The index includes securities with remaining maturity of at least one year.

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.

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.

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

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

Disclosures

INTERNAL 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 CIRO disclosure requirements.

INVESTMENT STRATEGY

Larry Adam
Chief Investment Officer
T 410.525.6217
larry.adam@raymondjames.com

Eugenio J. Alemán, Ph.D.
Chief Economist
T 727.567.2603
eugenio.aleman@raymondjames.com

Matt Barry
Senior Investment Strategist
T 410.525.6228
matt.barry@raymondjames.com

Giampiero Fuentes
Economist
T 727.567.5776
giampiero.fuentes@raymondjames.com

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

Pavel Molchanov
Senior Investment Strategist
T 704.940.6398
pavel.molchanov@raymondjames.com

Kyle Noonan
Investment Strategy Analyst
T 410.525.6231
kyle.noonan@raymondjames.com

Mike Payne
Investment Strategy Analyst
T. 410.525.6232
mike.payne@raymondjames.com

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

Lindsay Smith
Investment Strategy Analyst
T 727.567.3335
lindsay.smith@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