

FEBRUARY 13, 2026

# WEEKLY HEADINGS

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*Happy Galentine's Day!* As we head into the long weekend, we're greeted by a trio of distinctly American celebrations—each marking a different kind of connection. Today honors the power of female friendships: the Galentines who show up, cheer on, and stand by one another through every season. Tomorrow, Valentine's Day turns the focus to romance, celebrating those closest to our hearts. And on Monday, we pause to celebrate Presidents' Day reflecting on the leadership and legacy of former leaders. Markets often follow a similar rhythm—moving through phases of resilience, shifting leadership, and renewed opportunity. We've seen this play out in recent months, as performance has broadened beyond mega-cap tech into areas that had long been overlooked. Below, we outline some of the key shifts shaping today's economy and financial markets and share our perspective on how these trends may continue to evolve in the months ahead.

## KEY TAKEAWAYS

Despite Recent Concerns, Economic Growth Is Set To Accelerate In 2026

Market Broadening Has Been Led By Some 'Unloved' Sectors

Improving Fundamentals Have Supported EM Equities

- **The 'Loves Me, Loves Me Not' Economy** | January job growth surprised to the upside, with 130k jobs added—the strongest monthly gain in more than a year. However, after revisions, 2025 marked the slowest non-recessionary pace of job growth since 2003 as job openings fell to a 5-year low and the Employment Cost Index slowed to its weakest pace since mid-2021. Consumer signals softened as well: December retail sales were flat, and credit-card delinquencies rose to their highest level since early 2011, raising questions about the economy's trajectory.  
*Our View:* Demographic and immigration trends suggest the economy now needs fewer new jobs to stay in balance—roughly 75k per month by our estimate. Even so, several indicators point to a near-term pickup from the recent softer pace. Consistent with January's improvement in the ISM Manufacturing Index, cyclical areas are beginning to stabilize. Manufacturing added jobs for the first time in 14 months. A firmer labor backdrop, alongside resilient credit-card spending, healthy leisure demand, rising household net worth, and larger tax refunds, supports our view that consumer spending will remain resilient and economic growth will accelerate to 2.4% in 2026.
- **Market Broadening: Some Recent 'Unloved' Sectors Leading the Charge** | The S&P 500 Equal Weight Index hit its 13<sup>th</sup> record high YTD this week and is outperforming the cap-weighted index by 4.9%—its widest gap since 1992. Notably, some of the market's most overlooked sectors have led the way. Energy and Consumer Staples are among the top-performing sectors YTD, with both reaching all-time highs. Small caps have also come out strong, posting their best start to a year since 2021. In contrast, the tech-heavy NASDAQ is ~6% below recent highs—highlighting the ongoing rotation happening beneath the surface.  
*Our View:* With some sectors now looking stretched, we are cautious that the recent outperformance may prove temporary. Consumer Staples now trade at their highest valuation since 2000. Small-cap earnings estimates, after rising sharply, are beginning to roll over just as valuations sit at their widest premium to large caps in five years. Instead, we favor select cyclical areas where earnings visibility remains strong. Continued investment in AI should support both Technology and Industrials, and despite recent underperformance, tech earnings' estimates have been revised ~10% higher over the past three months. Meanwhile, resilient consumer trends point to a potential rotation from staples back toward Consumer Discretionary. Sector selectivity and a focus on fundamentals remain key.
- **'Cupid's Arrow' Aims At Emerging Markets** | EM equities are among the top-performing regions YTD, up ~12% in USD terms and handily outpacing both US stocks and other developed markets. That strength has many investors asking whether the rally still has room to run.  
*Our View:* Investors have long approached emerging markets with caution, citing uneven fundamentals, political risk, and higher volatility. But we think the asset class deserves a fresh look—especially given how under-allocated many investors remain. While recent performance has been strong, the gains are increasingly supported by improving fundamentals. Earnings revisions have picked up meaningfully this year, rising 10% year to date, led by markets such as Korea and Taiwan that continue to benefit from the global AI trend. And while EM performance has historically been closely tied to China—the largest weight in the index—leadership has broadened across other key emerging economies. We expect that diversification to continue, helping create a more durable foundation for EM returns going forward.
- **Energy Sector 'Feeling The Love', But Can It Last?** | Rising geopolitical tensions—especially between the US and Iran—have put a risk premium back into energy markets, driving oil prices toward \$65 a barrel. Alongside the broader rotation away from mega-cap tech, this has renewed investor interest in energy stocks, pushing the S&P 500 Energy sector (+21% YTD) into the ranks of this year's top performers.  
*Our View:* While fears of supply disruptions have lifted oil prices, we don't expect these levels to last. Historically, once geopolitical tensions ease, the added risk premium tends to fade. With global supply projected to exceed demand for a sixth straight year, we expect oil prices to drift lower, ending the year closer to the \$55-\$60 range. And despite the recent rally in energy stocks, the sector has seen the steepest earnings downgrades in late 2025. That reinforces our view that an underweight position in Energy remains appropriate.

## CHART OF THE WEEK

### Stretched Valuations for the Consumer Staples Sector

Following the recent rally in Consumer Staples, the LTM PE for the sector is currently trading at nearly 27x—the sector's highest PE level in at least 20 years.



Source: FactSet

## Economy

- Retail sales were flat MoM in December, with control group sales down 0.1% MoM, while October and November were revised lower for both components. The broad-based weakness points to softer Q4 GDP estimates, particularly if the trade deficit widens further.
- January employment growth surprised to the upside, with payrolls rising by 130,000 and the unemployment rate edging down to 4.3%. Annual BLS benchmark revisions saw total number of jobs added in 2025 decline from 584,000 to 181,000.
- Headline CPI rose 0.2% in January (2.4% YoY), helped by a 1.5% decline in energy. Core CPI increased 0.3%, driven by a 1.4% jump in transportation services. The near-term inflation path will depend on energy's reversal and whether shelter continues to moderate.
- **Focus of the Week:** A busy calendar awaits investors in the holiday-shortened week ahead. First, markets will receive the advance estimate of 4Q25 real GDP, where we expect the economy to expand at a 2.0% quarterly annualized pace, supported by resilient consumer spending. On the same day (Friday), the PCE Price Index—the Fed's preferred inflation gauge—is scheduled for release. We expect a 0.3% month-over-month increase and an unchanged 2.8% year-over-year print.

### February 16 – February 20

<b>MON</b>	President's Day ( <i>markets closed</i> )	<b>WED</b>	Industrial Production FOMC Minutes	<b>FRI</b>	PCE 4Q25 GDP (1st est.)
<b>TUE</b>	NAHB Housing Market Index	<b>THU</b>	Pending Home Sales Trade Balance	<b>FUTURE EVENTS</b>	2/24 Consumer Confidence 2/27 PPI

## Equity

- The S&P 500 has declined by 2% over the last month. However, moves have been much larger beneath the surface. In fact, the average S&P 500 constituent has moved an average of 11% on an absolute basis over the same time period, as the rotation in performance had an offsetting effect at the index level. Rotations in the equity market are common and aligned with our view that we should expect elevated dispersion in performance as we progress throughout this bull market—particularly as AI-related impacts have led to winners and losers in performance by sector.
- Equity broadening has been a key theme YTD. Notably, nearly 20% of S&P 500 stocks are now trading at their respective 52-week highs, which ranks in the 98<sup>th</sup> percentile over the last 25 years. Historically, this has been a positive signal for S&P 500 performance, with the index gaining 9% on average in the year following these levels and while posting positive returns 86% of the time. Similarly, we remain constructive on equities in the year ahead as performance and earnings broaden further beyond Tech-related sectors.
- **Focus of the Week:** Next week, we'll be focused on earnings results from Walmart, the largest US retailer, to gain further insight into consumer spending as well as input cost trends and corresponding pricing actions.

## Fixed Income

- Treasury volatility picked up this week as markets were whipsawed by conflicting signals—soft retail sales data, a stronger-than-expected monthly jobs report, and a heavy slate of issuance. After briefly breaking above the upper end of its recent 4.0%-4.20% trading range last month, renewed concerns about the health of the economy pulled the 10-year yield down to 4.07% while the 2-year touched 3.40%—its lowest level since September 2022—following the soft CPI report. Treasuries are up 1% MTD and have outperformed the S&P 500, led by gains at the long end of the curve. Notably, Treasuries also performed well as equities sold off on AI disruption fears.
- Despite recent equity market jitters, corporate credit spreads have remained relatively stable with IG and HY spreads only marginally wider on the week at +2 and +9 bps, respectively. However, as mega-cap tech names tap the market to fund ambitious capex plans—tech sector spreads have moved ~20 bps wider from their September lows. Historically, tech spreads have traded below the broader index, but blockbuster hyperscaler issuance—totaling \$133b since last September—has pushed them to their widest level relative to the index since 2007. That said, tech only represents ~10% of the IG index, so the impact on broader market pricing has been limited.
- **Focus of the Week:** Durable goods and PCE provide fresh data while the FOMC minutes shed light on the Fed's January pause.

## Washington Policy

- Congress failed to resolve the standoff over Homeland Security funding before adjourning for recess. Senate Democrats blocked a DHS funding bill Thursday, setting the stage for a funding lapse that will begin early Saturday morning. The lapse will affect TSA, FEMA, the Coast Guard, and other DHS components. While public effects may not be felt immediately, we expect travel-related pressures to grow.
- Congress took a step toward a broader housing reform package, which includes more than two dozen provisions aimed at boosting housing supply, modernizing federal programs, and expanding affordable housing. The combination of the House's bipartisan support and the Senate's earlier work on a companion bill increases the odds of a negotiated deal on housing legislation later this spring, likely focused on zoning reform, state and local incentives, manufactured housing, and likely institutional ownership limits.
- Assistant Attorney General for Antitrust Gail Slater announced her departure after less than a year in office, injecting fresh uncertainty into US antitrust enforcement at a time when major 'Big Tech,' media, and live entertainment merger reviews are under review.

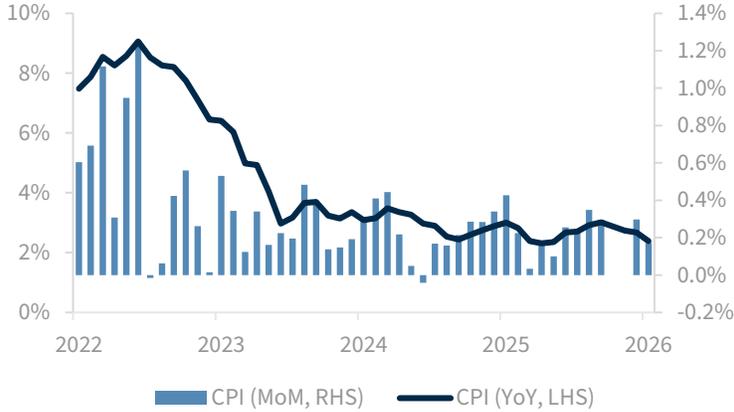
## International

- Six weeks into 2026, the US dollar continues to bounce around within the trading range it's been in since mid-2025. The Dollar Index (DXY) is down slightly year-to-date, erasing its uptick from the second half of 2025. With the Fed's easing cycle close to completion—we expect only one rate cut in 2026—interest rate differentials should remain little-changed over the next 6 to 12 months. For the USD to meaningfully depreciate from current levels would require a fresh catalyst, i.e., something unexpected.
- While the USD is down YTD against every other major currency, there is plenty of variability. The Swedish krona and Swiss franc have gained the most YTD—both are traditionally regarded as safe-haven currencies in times of heightened geopolitical risk. The euro is at its highest level since shortly before Russia's invasion of Ukraine, though a sustainable move above the \$1.20 level is unlikely without a Russia/Ukraine peace deal. The Japanese yen has been especially volatile: after touching an 18-month low in January, the yen bounced after verbal government intervention and rose again after Prime Minister Takaichi's landslide victory in the February 8 election.

### Charts of the Week

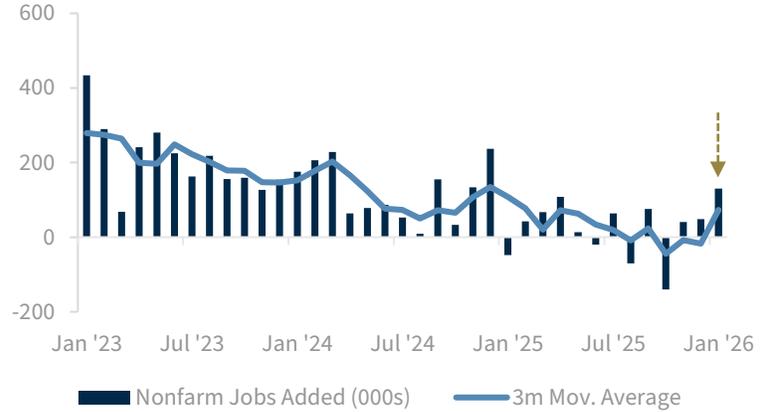
#### Headline Inflation Cools

Headline CPI rose 0.2% in January, pushing the yearly rate down to an eight-month low of 2.4%.



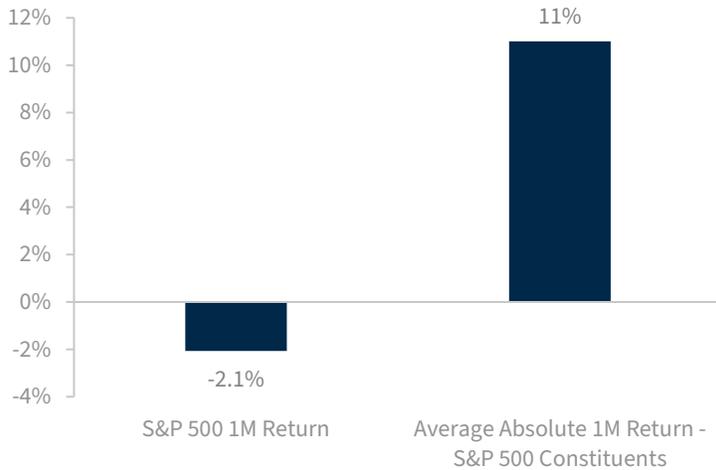
#### Employment Growth Surges

January employment growth surprised to the upside, with payrolls rising by 130,000.



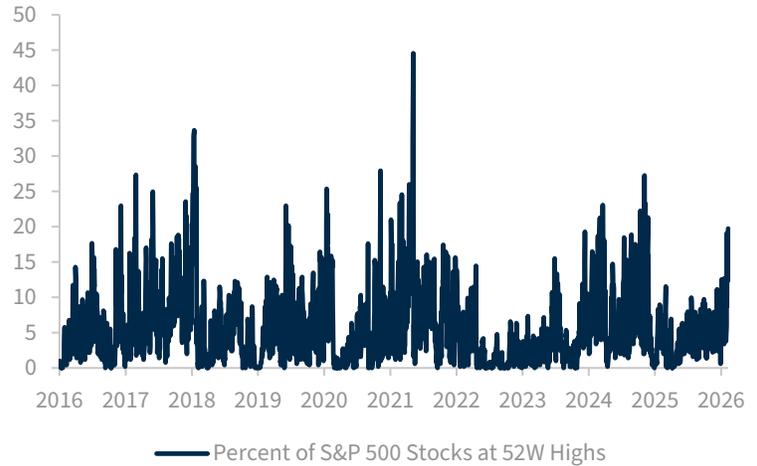
#### Elevated Dispersion

While the S&P 500 is down 2% over the last month, S&P 500 constituents moved an average 11% on an absolute basis.



#### Market Breadth Has Improved

Nearly 20% of S&P 500 stocks are trading at 52-week highs—the highest level since late 2024.



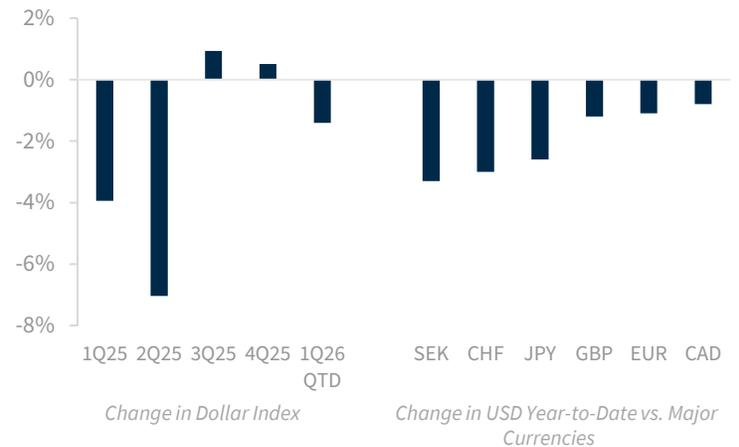
#### Supply Pressures Push Tech Sector Spreads Wider

Heavy tech issuance has pushed tech spreads to their widest level relative to the broader index since 2007.



#### The US Dollar Has Been Range-Bound Since Mid-2025

The USD's slight decline YTD erased its uptick from the second half of 2025. The strongest gainers YTD are the Swedish krona and Swiss franc.

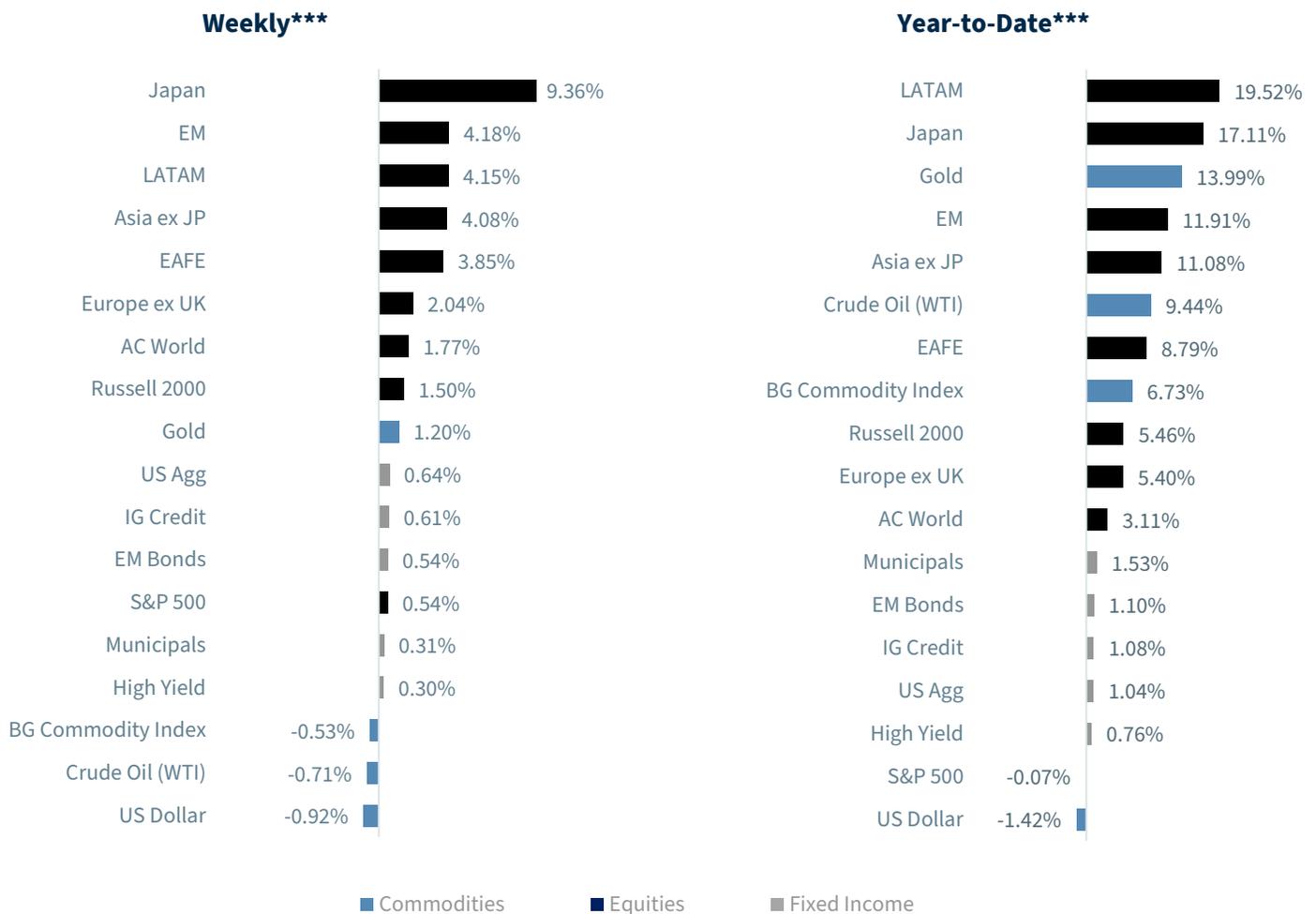


Source for charts: FactSet, as of 2/12/2026. US IG and Tech sector OAS represented by Bloomberg indices.

### Asset Class Performance | Distribution by Asset Class and Style (as of February 12)\*\*

	US Equities (Russell indices)			International Equities (MSCI indices)			Fixed Income (Bloomberg indices)		
	Value	Blend	Growth	Dev. Mkt	World	Emerg. Mkt	1-3 YR	Medium	Long
<b>Weekly Returns (as of February 5)</b>									
Large Cap	0.6%	0.6%	0.6%	2.3%	1.2%	3.5%	0.1%	0.4%	0.9%
Mid Cap	1.4%	1.4%	1.4%	2.7%	1.8%	3.1%	0.1%	0.3%	0.5%
Small Cap	1.3%	1.5%	1.7%	2.4%	2.0%	2.2%	0.2%	0.3%	1.1%
<b>Year-to-Date Returns (as of February 5)</b>									
Large Cap	5.7%	0.0%	-5.1%	6.0%	2.0%	11.8%	0.4%	0.7%	1.0%
Mid Cap	6.8%	4.5%	-2.9%	7.9%	5.3%	9.8%	0.6%	0.8%	0.9%
Small Cap	8.8%	5.5%	2.5%	6.9%	7.4%	8.9%	0.5%	0.7%	1.9%

### Asset Class Performance | Weekly and Year-to-Date (as of February 12)\*\*



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

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

## Weekly Data\*\*

## US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	6832.8	0.5	(1.5)	(0.1)	14.3	20.3	13.3	15.8
DJ Industrial Average	49452.0	1.1	1.1	2.9	11.5	13.4	9.5	12.0
NASDAQ Composite Index	22597.1	0.3	(3.7)	(2.8)	15.0	24.4	9.9	17.9
Russell 1000	7166.5	0.6	(1.4)	(0.0)	15.3	20.7	14.1	15.4
Russell 2000	6501.0	1.5	0.1	5.5	15.8	12.2	6.2	11.2
Russell Midcap	10302.5	1.4	1.4	4.5	9.3	12.5	9.4	12.1

## Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	662.3	4.3	6.1	15.4	21.0	10.7	9.3	12.4
Industrials	1462.0	2.6	4.4	11.4	27.2	21.0	15.7	15.0
Comm Services	444.5	(4.3)	(7.0)	(1.6)	22.4	36.3	14.4	13.0
Utilities	459.3	5.0	4.6	6.0	17.5	13.7	11.1	10.7
Consumer Discretionary	1833.7	(2.7)	(6.5)	(4.9)	1.2	17.7	6.9	13.9
Consumer Staples	997.7	2.5	7.3	15.6	13.6	12.2	11.0	9.8
Health Care	1817.6	0.7	0.8	0.8	8.9	7.4	7.7	11.2
Information Technology	5431.0	2.6	(2.8)	(4.4)	19.2	31.3	18.4	25.1
Energy	829.4	3.3	5.8	21.1	27.0	10.0	24.4	11.2
Financials	858.2	(3.0)	(3.3)	(5.6)	2.2	14.2	12.4	14.3
Real Estate	274.1	5.6	5.9	9.1	8.9	6.7	6.3	8.6

## Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Month Treasury Bill (%)	3.7	0.1	0.1	0.4	4.2	4.9	3.3	2.2
2-Year Treasury (%)	3.5	0.1	0.3	0.4	5.1	4.2	1.6	1.6
10-Year Treasury (%)	4.1	0.9	1.5	1.0	9.1	3.1	(1.7)	0.4
Bloomberg US Corporate HY	7.0	0.3	0.2	0.8	8.1	9.2	4.4	7.1
Bloomberg US Aggregate	4.3	0.6	0.9	1.0	8.2	4.5	0.1	1.9
Bloomberg Municipals	--	0.3	0.6	1.5	5.6	3.6	0.9	2.3
Bloomberg IG Credit	4.8	0.6	0.9	1.1	8.7	5.7	0.5	3.4
Bloomberg EM Bonds	5.7	0.5	0.7	1.1	11.3	8.6	1.8	4.3

## Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude (\$/bl)	62.8	(0.7)	(3.6)	9.4	(12.0)	(7.6)	1.1	7.9
Gold (\$/Troy Oz)	4948.4	1.2	4.3	14.0	69.0	38.2	22.1	14.8
Bloomberg Commodity Index	117.1	(0.5)	(3.0)	6.7	11.0	2.5	6.8	4.5

## Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	96.9	(0.9)	(0.1)	(1.4)	(10.2)	(2.2)	1.4	0.1
Euro	1.19	0.8	(0.1)	1.2	14.6	3.6	(0.4)	0.6
British Pound	1.37	0.9	(0.5)	1.5	9.8	4.2	(0.3)	(0.6)
Japanese Yen	152.67	2.7	1.0	2.7	1.2	(4.9)	(7.2)	(3.0)

## International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	1045.2	1.8	0.1	3.1	22.0	19.7	11.1	13.9
MSCI EAFE	3145.2	3.8	3.4	8.8	35.4	18.3	10.5	11.2
MSCI Europe ex UK	3435.5	2.0	1.1	5.4	32.2	18.0	10.8	11.6
MSCI Japan	5621.0	9.4	9.9	17.1	47.0	21.9	9.2	11.9
MSCI EM	1570.4	4.2	2.8	11.9	45.3	19.1	4.9	11.3
MSCI Asia ex JP	1013.9	4.1	2.7	11.1	44.3	18.3	4.0	11.4
MSCI LATAM	3233.1	4.1	3.6	19.5	66.6	21.0	13.5	12.1
Canada S&P/TSX Composite	23874.2	1.5	1.7	2.4	27.0	16.3	12.0	10.1

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

## Disclosures

All expressions of opinion reflect the judgment of the author(s) and 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.

Investing in small cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor. The prices of small company stocks may be subject to more volatility than those of large company stocks.

**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.

**PERSONAL CONSUMPTION EXPENDITURES** | The Personal Consumption Expenditures (PCE) Price Index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services.

**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.

**NAHB HOUSING MARKET INDEX** | The NAHB Housing Market Index (HMI) is a monthly survey of home builders by the National Association of Home Builders (NAHB) that gauges builder sentiment about the single-family housing market, measuring current sales, future sales (next 6 months), and prospective buyer traffic. A score above 50 indicates a positive outlook, while below 50 suggests negative conditions, with a reading of 50 being neutral.

**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. It's a composite index based on sub-indices like Business Activity, New Orders, Employment, and Supplier Deliveries, with readings above 50 indicating expansion and below 50 signaling contraction.

**EMPLOYMENT COST INDEX** | The Employment Cost Index (ECI) measures the change in the hourly labor cost to employers over time. The ECI uses a fixed "basket" of labor to produce a pure cost change, free from the effects of workers moving between occupations and industries and includes both the cost of wages and salaries and the cost of benefits.

## Disclosures

DATA SOURCE | FactSet, Bloomberg as of 2/12/2026

### 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.

**NIKKEI 225 INDEX** | The Nikkei 225 is Japan's main stock market index, tracking the performance of 225 large, highly traded "blue-chip" companies listed on the Tokyo Stock Exchange (TSE). It's a price-weighted index, meaning higher-priced stocks have a greater impact, similar to the Dow Jones Industrial Average, and serves as a key indicator of the Japanese economy.

**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

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