



*Hosted by
Larry Adam*

10 THEMES FOR 2025

- 1** **Optimism Overload:**
Family Feud May Steal the Show
- 2** **US Economy:**
Deal or No Deal
- 3** **Monetary Policy:**
The Newlywed Game
- 4** **Fixed Income:**
Jeopardy
- 5** **US Equities:**
Is the Price or P/E Right?
- 6** **Sectors:**
Are You Smarter than a Fifth Grader?
- 7** **Mid-Cap Equities:**
Hollywood Squares
- 8** **International Equities:**
The Weakest Link
- 9** **Risk Management:**
'Minute to Win It' a Thing of the Past
- 10** **Asset Allocation:**
Playing the Wheel of Fortune



1

Optimism Overload

Family Feud May ‘Steal’ The Show

INSIGHT:

Heading into 2025, consumer, business, and investor confidence has soared, particularly since the election. However, this confidence masks some underlying risks. The sequence, timing, and magnitude of new policies will directly impact the economy.

BOTTOM LINE:

Volatility, currently at historically low levels, will likely increase in the upcoming year. We caution investors from becoming overly complacent as the market is set up for disappointments.

OPTIMISM TENDS TO BE ELEVATED BEFORE THE GAME BEGINS

CONSUMER AND BUSINESS OPTIMISM IS ELEVATED AHEAD OF THE TRUMP ADMINISTRATION

Small Business Confidence



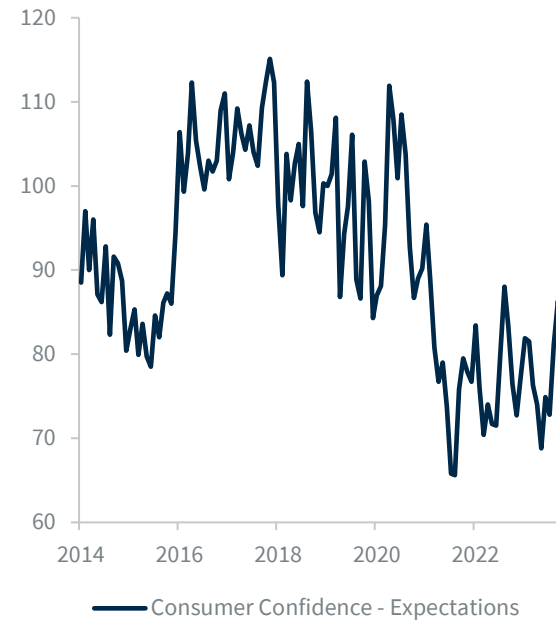
Small Business Optimism posted the largest monthly increase since 1980

CEO Confidence



CEO Confidence rose to the highest level since 2Q22 and saw biggest quarterly jump since 1Q21

Consumer Confidence



Expectations in Consumer Confidence rose to the highest level since 4Q21

Investor Confidence



The % of consumers expecting stock prices to rise over the next 12 months is at a record high

Source: FactSet, Data as of 12/15/2024.

EVENTS THAT COULD SWING OPTIMISM

POTENTIAL HEADLINES TO SWING THE ECONOMY

Potential **Positive** Headlines

**Resolution Found Between
Russia/Ukraine and Israel War**

DOGE Significantly Cuts Deficit

Regulatory Rollback

TINA 2, But This Time US Stocks

Mexico Helps with Immigration to Avoid Tariffs

**US Growth Continues to Surpass Growth Expectations;
Tax Cut Expectations Add to Consumer Spending Spree**

Potential **Negative** Headlines

AI Investment Slows

Contentious Congress Won't Cut Taxes Further

Difficult Labor Market Strikes Those Unemployed

Tariffs Induced Inflation Mounts

Consumer Spending Fatigue Finally Kicks In

Geopolitical Risk Spikes

Economic Development Begins to Slowdown

INVESTOR OVER OPTIMISM

NAME A FAMOUS INVESTMENT QUOTE THAT DISCUSSES THE IMPACT OF OVEROPTIMISM ON THE EQUITY MARKET?

TOP FIVE ANSWERS ARE ON THE BOARD

**"If everybody is thinking alike,
then somebody isn't thinking."
— George Patton**

**"In investing, what is comfortable
is rarely profitable."
— Rob Arnott**

**"Bull markets are born on
pessimism, grow on skepticism,
mature on optimism, and die on
euphoria." — Sir John Templeton**

**"The intelligent investor is a realist
who sells to optimists and buys
from pessimists."
— Benjamin Graham**

**"Be fearful when others are greedy
and greedy only when others are
fearful." — Warren Buffett**



2 US Economy

Deal or No Deal

INSIGHT:

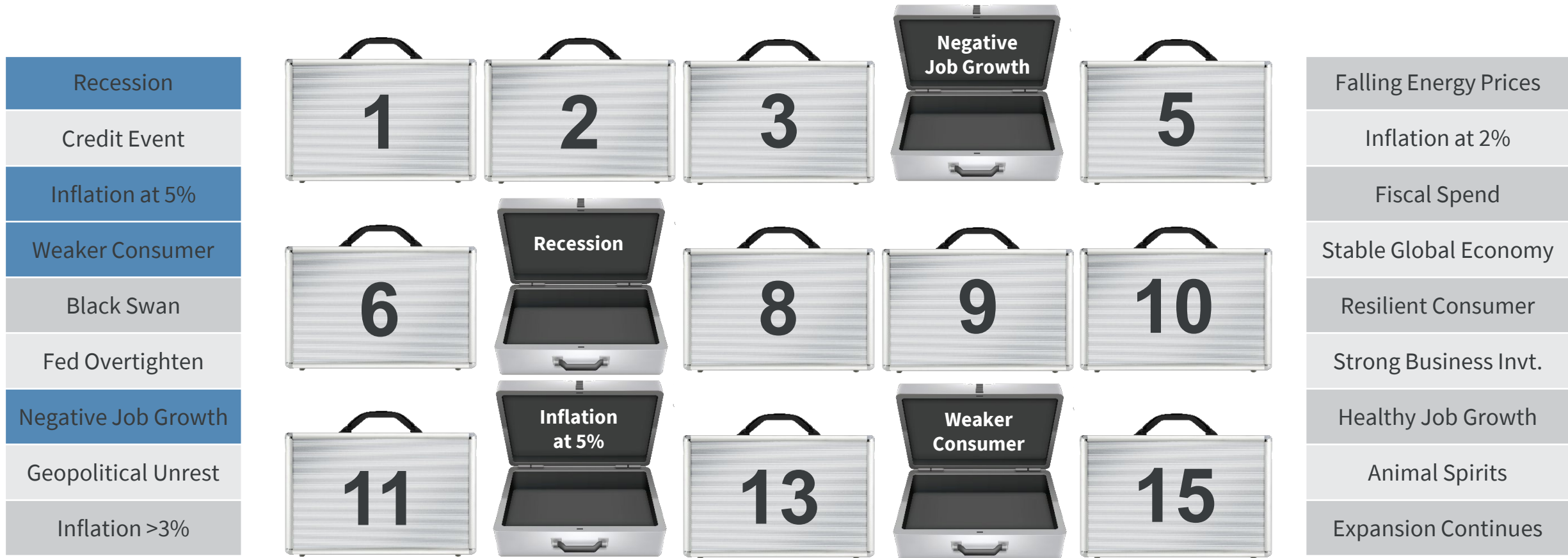
While economic growth is likely to moderate in 2025, we expect to achieve the fifth consecutive year of positive growth (RJ 2025 GDP forecast: 2.4%). We think the recessionary ‘bad cases’—such as a Fed-induced over-tightening cycle, a crash in consumer spending, and plummeting business spending—have been taken off the board.

BOTTOM LINE:

A resilient consumer, healthy job growth, and corporate and government spending all remain supportive of the economic expansion. Assuming the Fed cooperates, the US economy should remain a standout compared to other developed market economies.

DEAL OR NO DEAL

MOST OF THE NEGATIVES HAVE BEEN TAKEN OFF THE BOARD

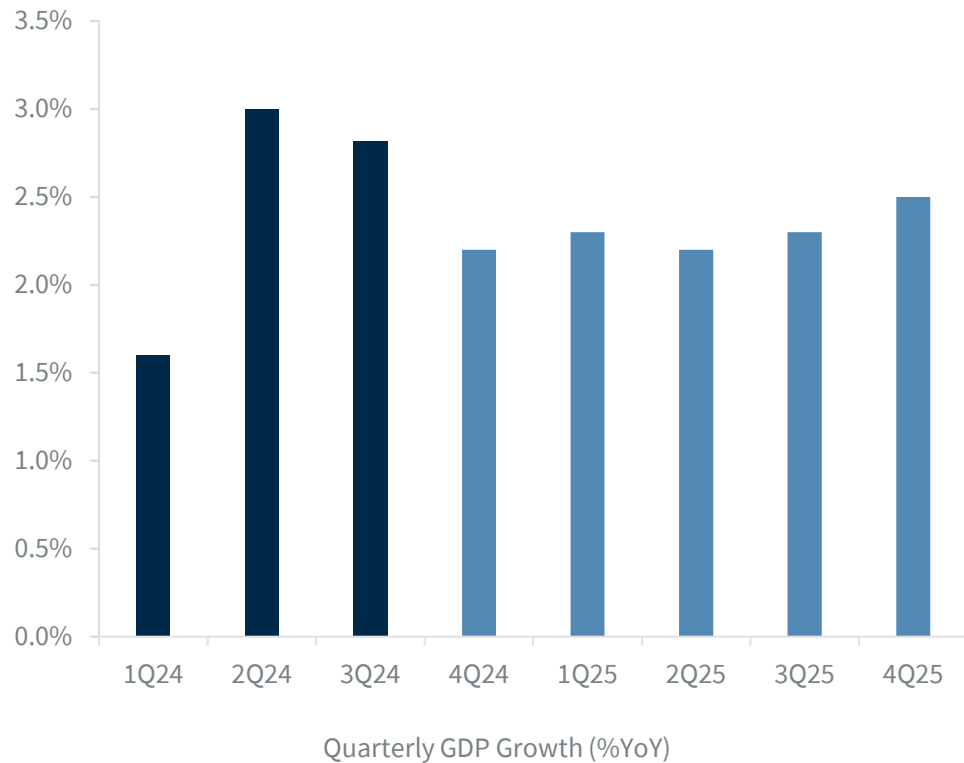


Source: RJ Investment Strategy

WHAT IS THE 'BANKER'S OFFER' FOR THE 2025 ECONOMY?

RAYMOND JAMES 2025 ECONOMIC FORECASTS

Updated Growth Forecast – Resilience Continues



2.7%

2024 US GDP
Forecast

2.4%

2025 US GDP
Forecast

Drivers of Future Economic Growth

- 1 Healthy Consumer Spending**
US Consumer Makes Up ~70% of US Economy
- 2 Reindustrialization Fiscal Policy**
~75% of Recent Fiscal Stimulus Bills Still Left to be Spent
- 3 AI Investment**
Capex From Mega-cap Tech Companies Rose to \$211bn (+35% YoY) Over Last 12 Months
- 4 Deregulation in Focus**
After ~\$2 trillion in New Regulation Under Biden, Regulatory Rollback Under Trump Is Supportive
- 5 Fed Continues on Path of Easing**
Interest-Rate Sensitive Areas of the Economy See a Boost

Source: RJ Economics, Data as of 12/15/2024.



3 Monetary Policy

The 'Newlywed' Game

INSIGHT:

A continuation in the disinflationary process (at a slower pace), combined with healthy but slowing job growth should keep the Fed on the path of easing rates. However, wildcards remain, as the potential inflationary impact of tariffs could impact the trajectory of monetary policy.

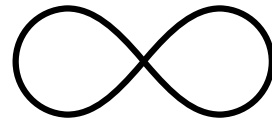
BOTTOM LINE:

We expect the Fed to cut rates twice in 2025. As the soft landing remains intact, the economy and risk assets should do well regardless of the number of times the Fed cuts rates.

MARRYING THE FED'S TWO DYNAMICS

FINDING THE BALANCE BETWEEN MODERATING INFLATION AND A RESILIENT LABOR MARKET/ECONOMY

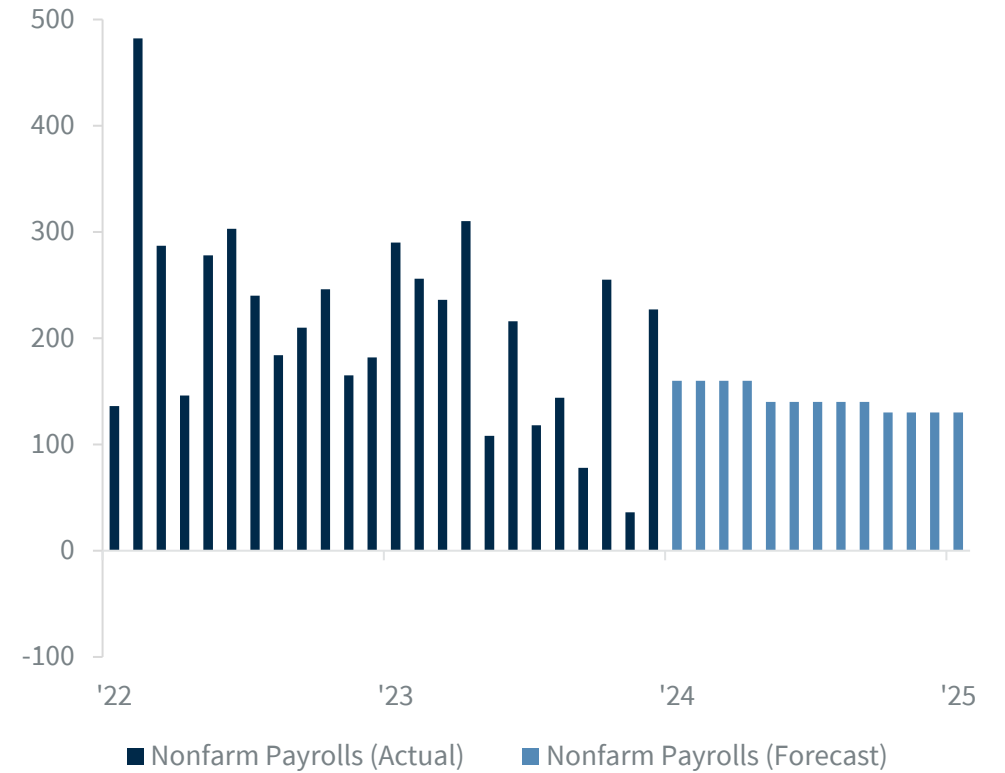
Inflation Remains on a Downward Path?



~4.0%

Fed Funds Rate
Forecast by Year-
End 2025

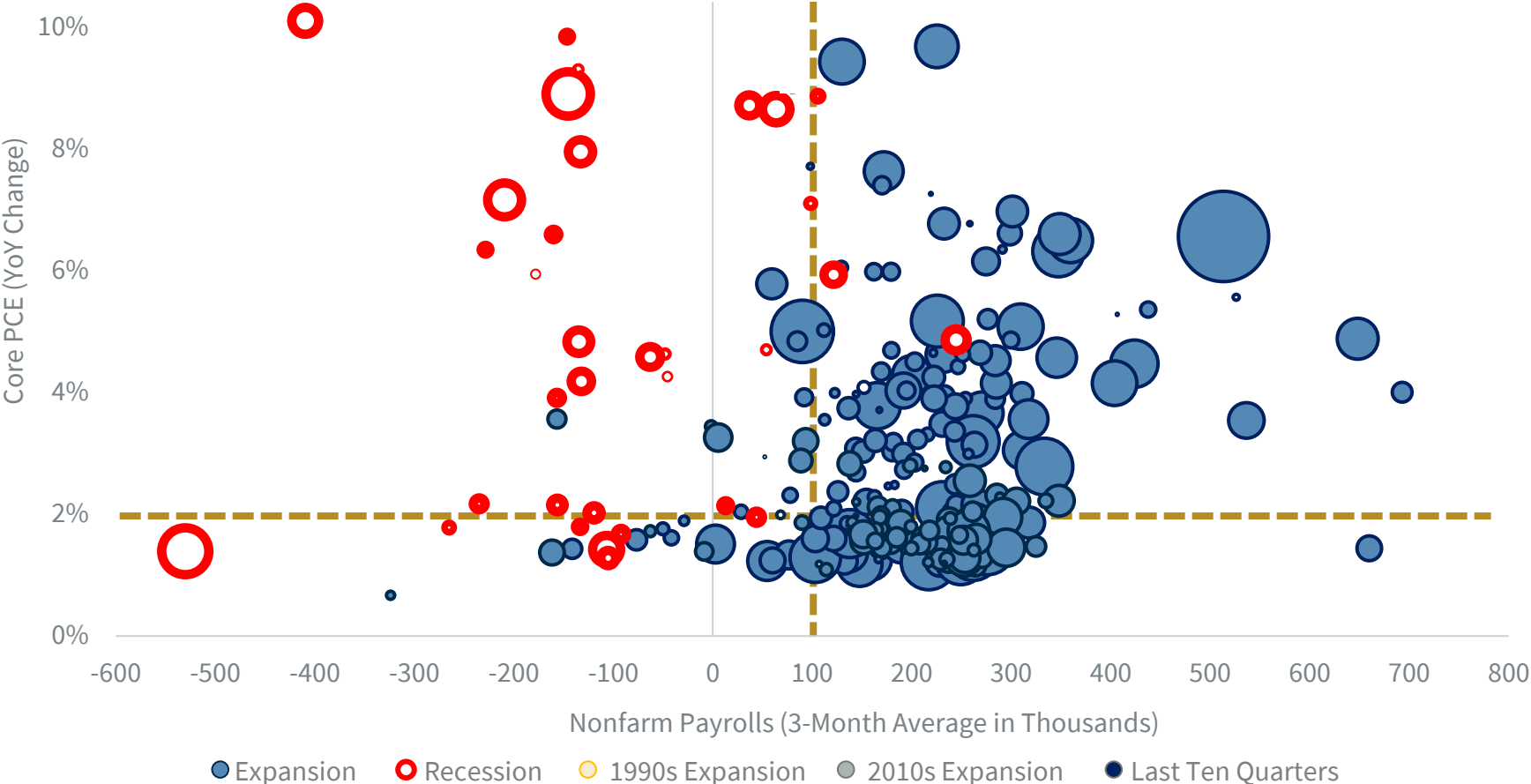
Employment to Remain Positive



Source: FactSet, Data as of 12/10/2024.

THE HARMONIOUS RELATIONSHIP BETWEEN INFLATION AND JOB GROWTH

RECESSION VS. EXPANSION PERIODS



Recession Periods

70% **87%**

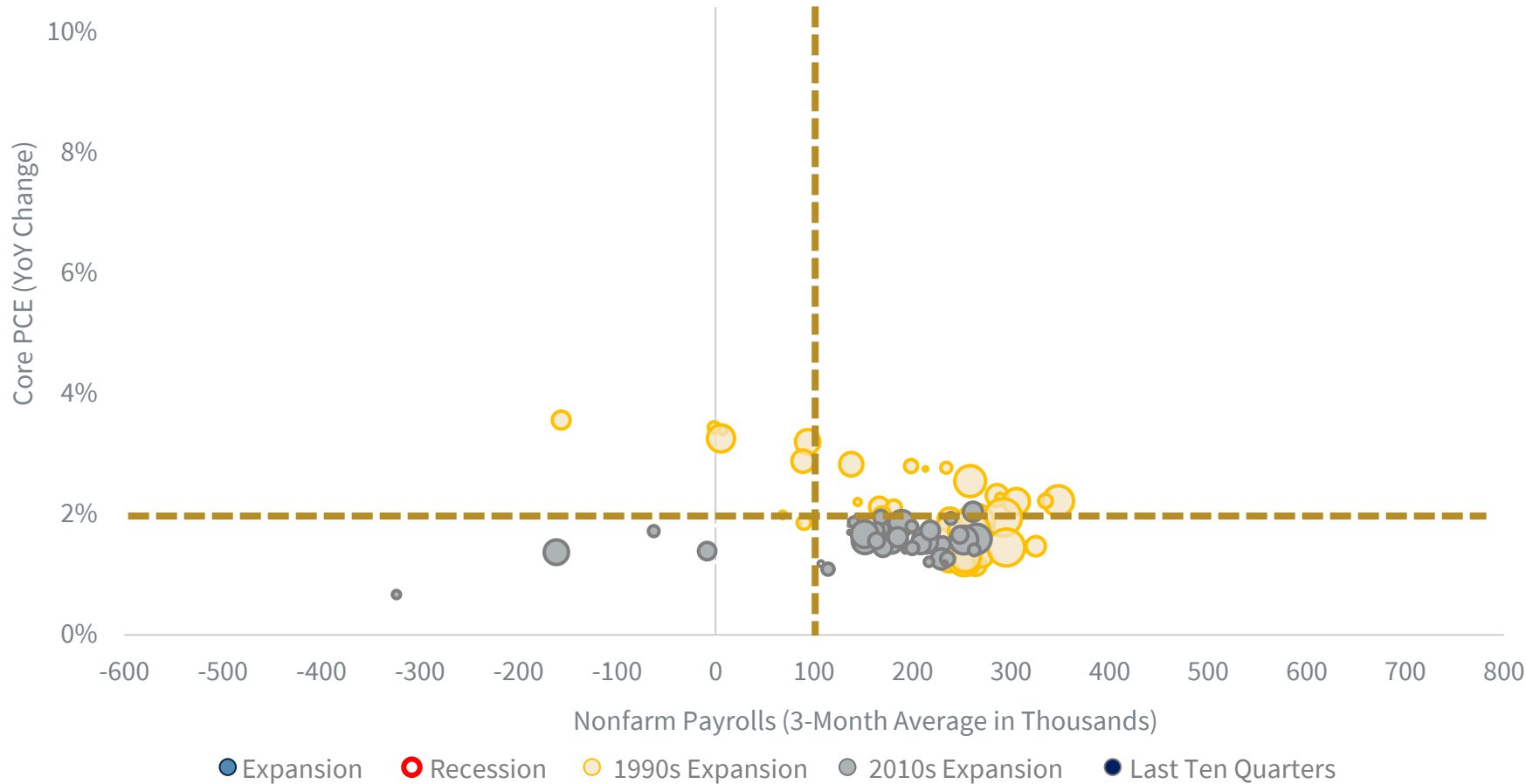
**Of the Time
Inflation
Above 2%**

**Of the Time
Employment Growth
Below 100,000**

Source: RJ Economics, FactSet, as of 1/2/2025

THE HARMONIOUS RELATIONSHIP BETWEEN INFLATION AND JOB GROWTH

RECESSION VS. EXPANSION PERIODS



Recession Periods

70% Of the Time Inflation Above 2%

87% Of the Time Employment Growth Below 100,000

Expansion Periods

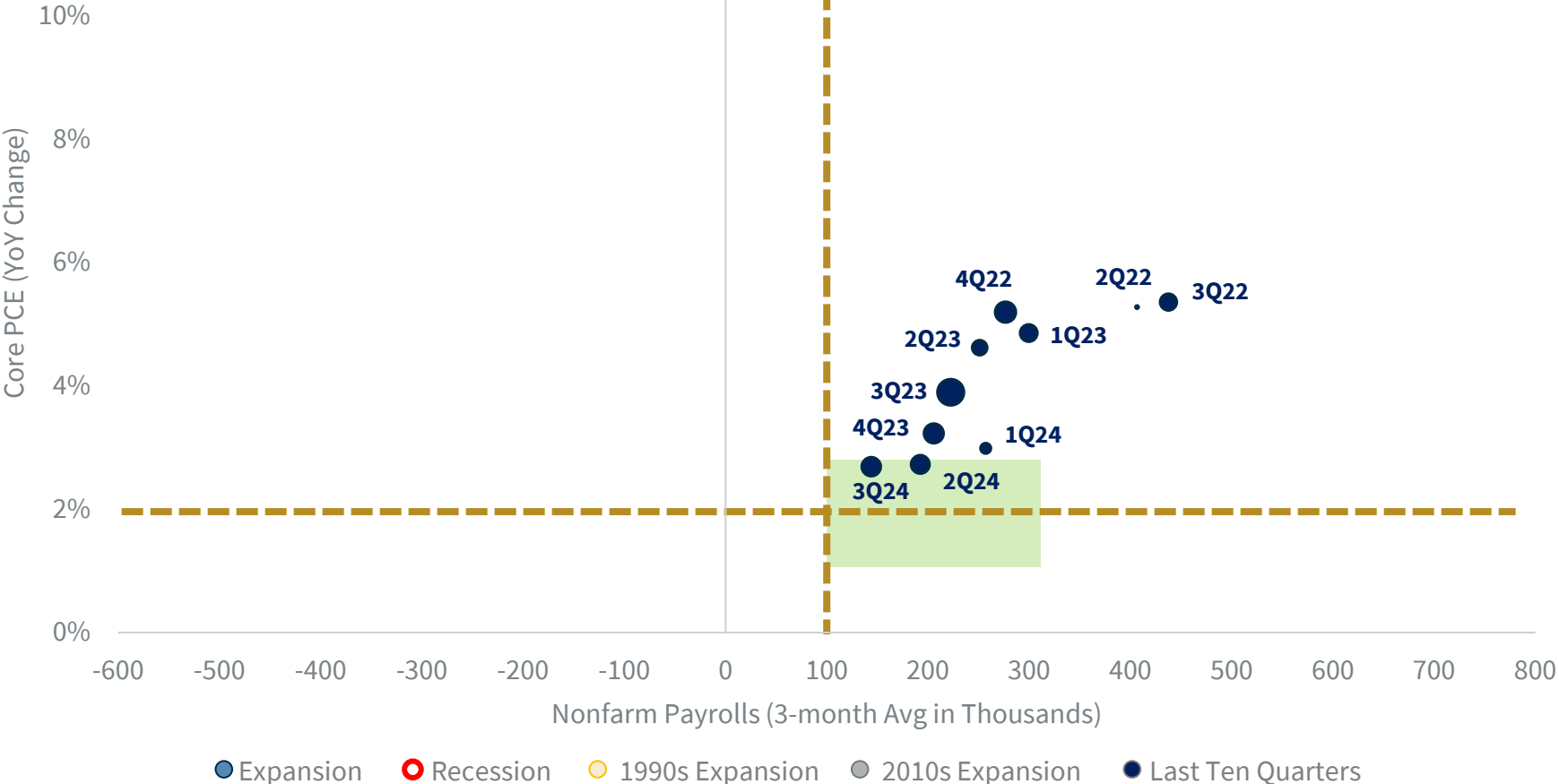
40 Quarters 2Q91 - 1Q01

42 Quarters 3Q09 - 4Q19

Source: RJ Economics, FactSet, as of 1/2/2025

THE HARMONIOUS RELATIONSHIP BETWEEN INFLATION AND JOB GROWTH

RECESSION VS. EXPANSION PERIODS



Recession Periods

70% **87%**

Of the Time
Inflation
Above 2%

Of the Time
Employment Growth
Below 100,000

Expansion Periods

40 **42**

Quarters
2Q91 - 1Q01

Quarters
3Q09 - 4Q19

Source: RJ Economics, FactSet, as of 1/2/2025



4

Fixed Income

Jeopardy: Mastering the Yield Board

INSIGHT:

Treasury yields continue to balance conflicting dynamics. The end of quantitative tightening, strong demand, and the reinstatement of the debt ceiling provide downside to yields, while stronger economic growth, elevated debt levels, and tariffs give upside risk to yields. Ultimately, we expect yields to be range-bound in 2025.

BOTTOM LINE:

We believe longer-term interest rates will be range-bound for much of the year and end up only slightly higher by year end (2025 Year-end 10-year Treasury yield: 4.50%).

RAYMOND JAMES JEOPARDY

FIXED INCOME	EQUITIES	ECONOMY
\$800		
\$1000		

\$800

UPSIDE TARIFF-DRIVEN INFLATION, UPSIDE RISK TO GROWTH, AND POTENTIALLY INCREASED GOVERNMENT SPENDING

What could drive interest rates higher?

10-Year Treasury Yield Year-end Target

4.50%

\$1000

THE END OF QUANTITATIVE TIGHTENING, STRONG AUCTION DEMAND, THE REINSTATEMENT OF THE DEBT CEILING, AND INCREASED VOLATILITY

What could drive interest rates lower?

Source: RJ Economics, FactSet, as of 1/2/2025

POTENTIAL MARKET SCENARIOS

OUTLINING POTENTIAL SCENARIOS FOR MARKETS IN 2025 – RANGE-BOUND MARKET EXPECTED

Trajectory Scenarios for Treasury Yields in 2025

BEAR
(20% Probability)

>5.0%

GDP Growth
GDP accelerates to >3%;
Fed stops cutting rates

Inflation
Inflation reaccelerates
to >3%; Aggressive
tariffs additive

**Demand/
Deficit**
Government deficit
worsens; Treasury
auctions struggle

BASE
(60% Probability)

4.50%

GDP growth ~2.4%; Fed
cuts two times in 2025

Disinflationary trend
continues to 2%; Modest
tariff pressures

Status quo on the deficit;
Treasury bond demand
remains healthy

BULL
(20% Probability)

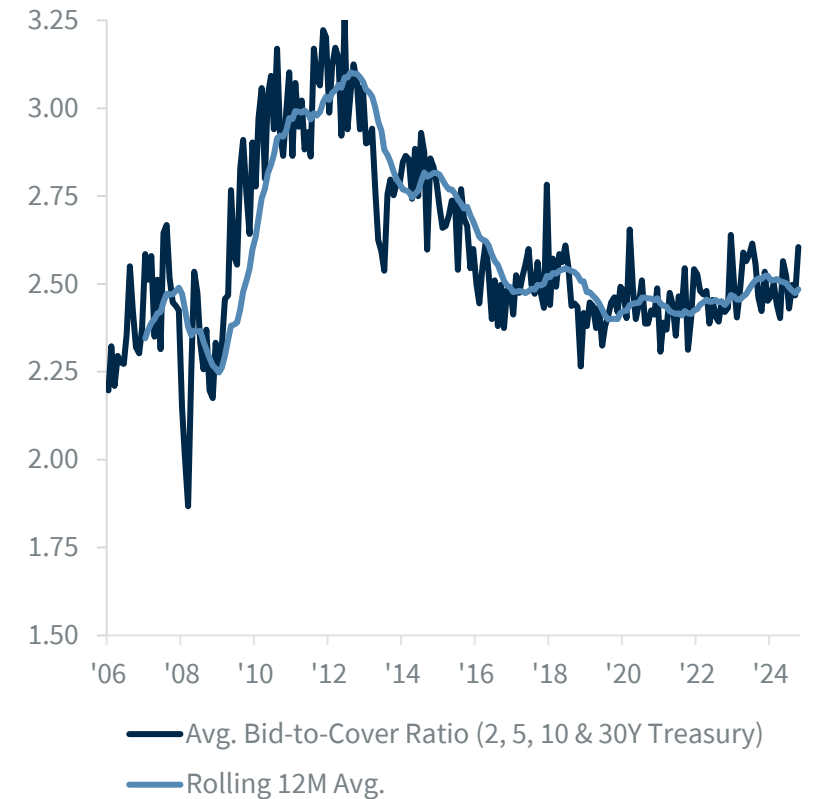
<4.0%

Economic growth falls
<2%; Fed cuts more
than two times in 2025

Inflation falls to or
below Fed's 2% target;
Lighter tariffs

Deficit and debt issuance
improves; Increased
demand for Treasury bonds

Bid/Cover Ratios Still Solid



Source: FactSet, Data as of 12/31/2024.



5 Equities

Is the Price or P/E Right?

INSIGHT:

After back-to-back years of 25% gains, fundamentals for the equity market remain solid. However, with limited room for additional P/E expansion ahead, investors should dial back their return expectations in 2025. Earnings will need to be the driver of market performance going forward.

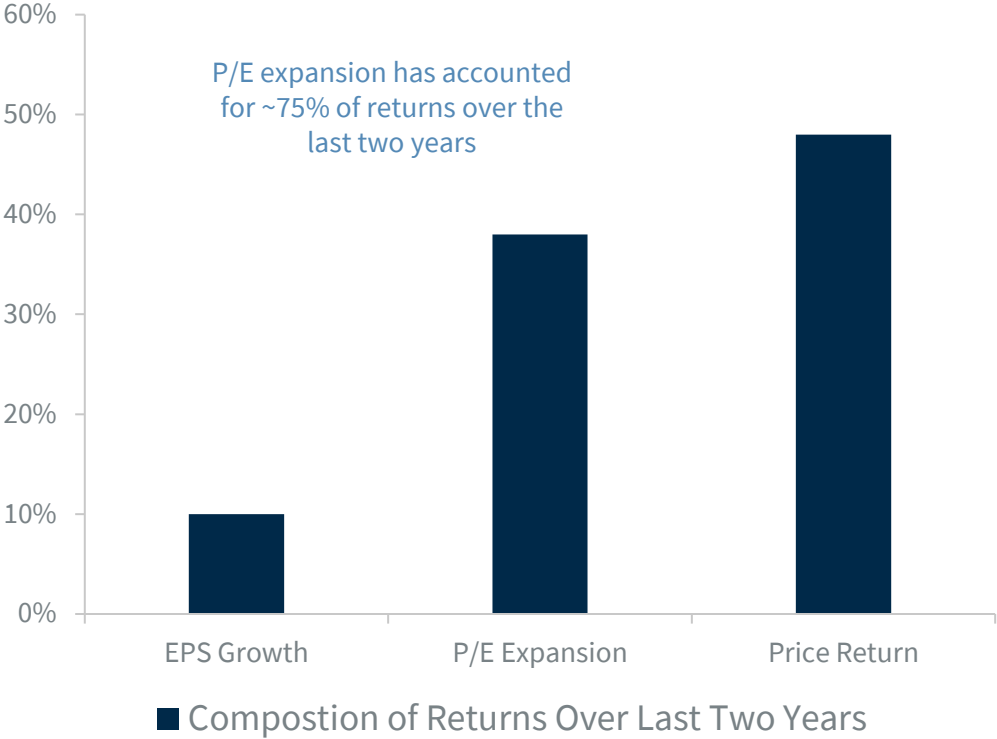
BOTTOM LINE:

We expect the S&P 500 to rise to 6,375 by the end of the year – driven in large part by earnings growth. However, volatility will likely be elevated throughout the year.

P/E EXPANSION HAS BEEN THE DRIVER OF THE MARKET UNTIL NOW

MULTIPLE EXPANSION HAS DRIVEN THE MARKET THE LAST TWO YEARS, HOWEVER THAT MAY CHANGE GOING FORWARD

P/E Expansion Has Been the Driver of Returns



Limited Room for Additional P/E Expansion



Source: FactSet, Data as of 12/15/2024.

REASONS FOR DISCERNMENT

EARNINGS WILL BE THE DRIVER OF PERFORMANCE IN 2025

\$270
EPS

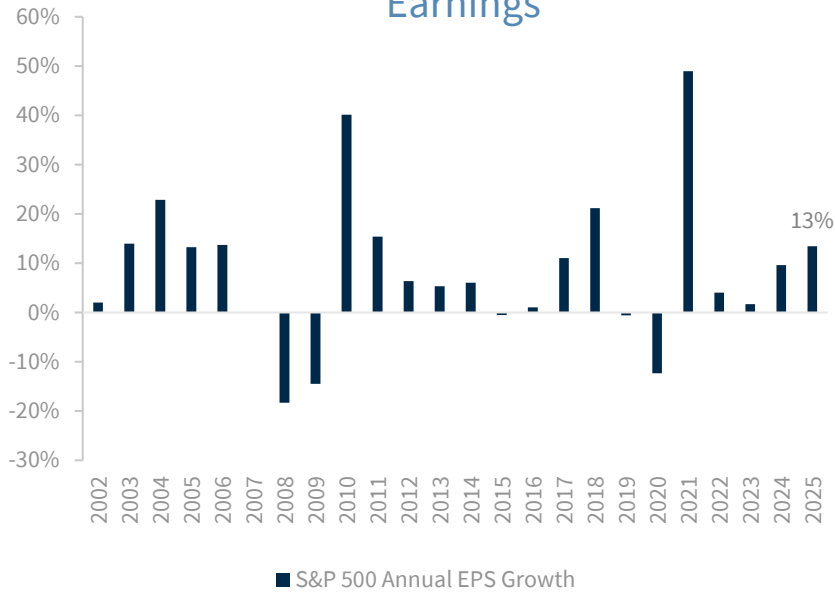
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23.5x
P/E

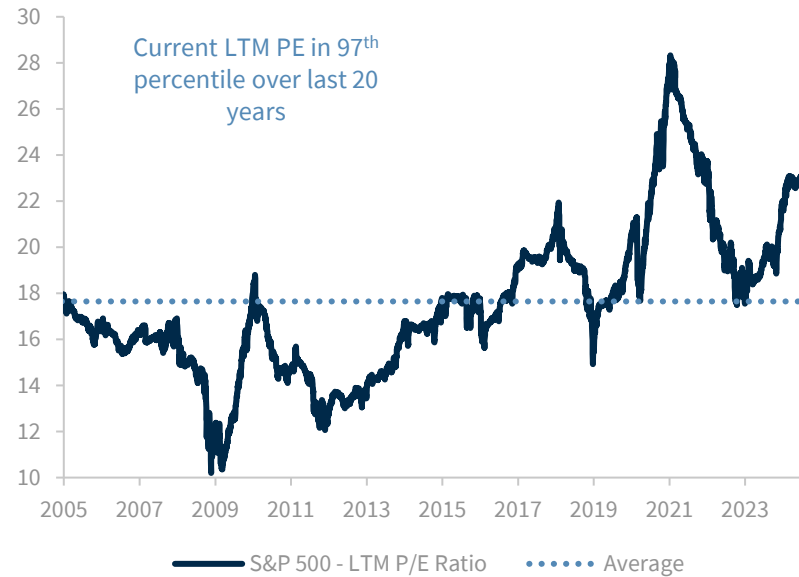
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6,375
2025 Target

Strong Growth Supports Elevated Earnings



Valuations Near Upper End of Range



Muted Upside for Price Target—
May Lead to Increased Volatility

5%
Pullbacks
*3-4 Times
Per Year*

Source: FactSet, Data as of 12/15/2024.

POTENTIAL MARKET SCENARIOS

OUTLINING POTENTIAL SCENARIOS FOR MARKETS IN 2025 – HISTORY SUGGESTS DIALED BACK RETURNS

Equity Market Scenarios for 2025

BULL
(30% probability)

~7,000
\$280 EPS

Economic Reacceleration
Margin Expansion Above Expectations
Sentiment Keeps Multiple Elevated
Favorable **Regulatory/Tax** Landscape

BASE
(50% probability)

~6,375
\$270 EPS

Economic Soft Landing
Two Fed **Rate Cuts**
Slight **Margin Expansion**
Disinflation Continues

BEAR
(20% probability)

~5,400
\$250 EPS

Inflation Reaccelerates
Hawkish Policy Response
Tariffs Weigh on Margins
Weakening **Credit Markets**
Strengthening **Dollar**

Muted Returns Consistent With Bull Market and Political Landscape



Average S&P 500 Performance by Presidential Year (since 1928)

— Fifth Year — First Year

2%

Average Performance
in Third Year of Bull
Market

8%

Average Performance
Following Two
Straight Years of
20+% Gains

2%

Average Performance
Following Year of 55+
Record Highs

Source: FactSet, Data as of 12/15/2024.



6 Equity Sectors

Are You Smarter Than a 5th Grader?

INSIGHT:

In an environment with stretched valuations, focusing on longer-term themes with a favorable macro backdrop and solid earnings growth will remain important. Technology, Industrials, and Health Care are our favorite sectors in 2025.

BOTTOM LINE:

Innovations in Technology and Health Care, along with continuing government spending and reshoring connected to Industrials, will be strong tailwinds for these sectors in 2025.

LOOKING INTO OUR FAVORITE SECTORS

TECHNOLOGY, INDUSTRIALS, AND HEALTH CARE ARE OUR FAVORITE SECTORS

Technology



Industrials



Health Care



Thematic

Continued AI Investment
Technological Advances

Beneficiary of Government Spending
Replenishing Defense Stockpiles

Aging Demographics
Post-Election Certainty

Fundamental

Earnings Growth Outpacing Market
Highest Margin of Any Sector

Bottoming in EPS Revisions
Core Capital Goods Orders at Record

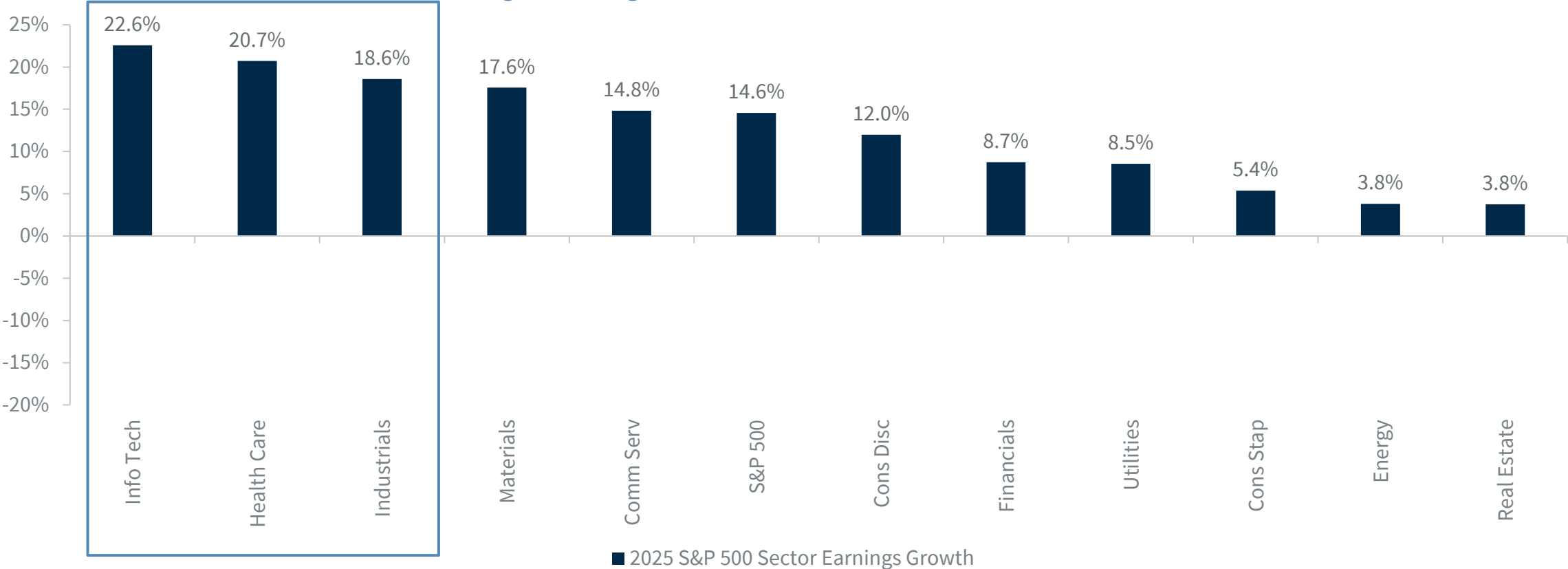
Undervalued Sector on PEG Basis
Accelerating Earnings

Source: FactSet, Data as of 12/15/2024.

BACK TO FUNDAMENTALS

WITH VALUATIONS STRETCHED, FOLLOWING THE EARNINGS GROWTH WILL BE CRITICAL

Stronger Earnings Growth Tracks With Our Favorite Sectors



Source: FactSet, Data as of 12/15/2024.



7 Mid-Cap Equities

Squaring Up the Market's Sweet Spot

INSIGHT:

While large-cap equities have been the dominant performer over recent years, mid-cap equities will likely provide a balanced approach in 2025. Solid earnings growth, attractive valuations, and insulation to tariffs are all supportive of mid-cap equities.

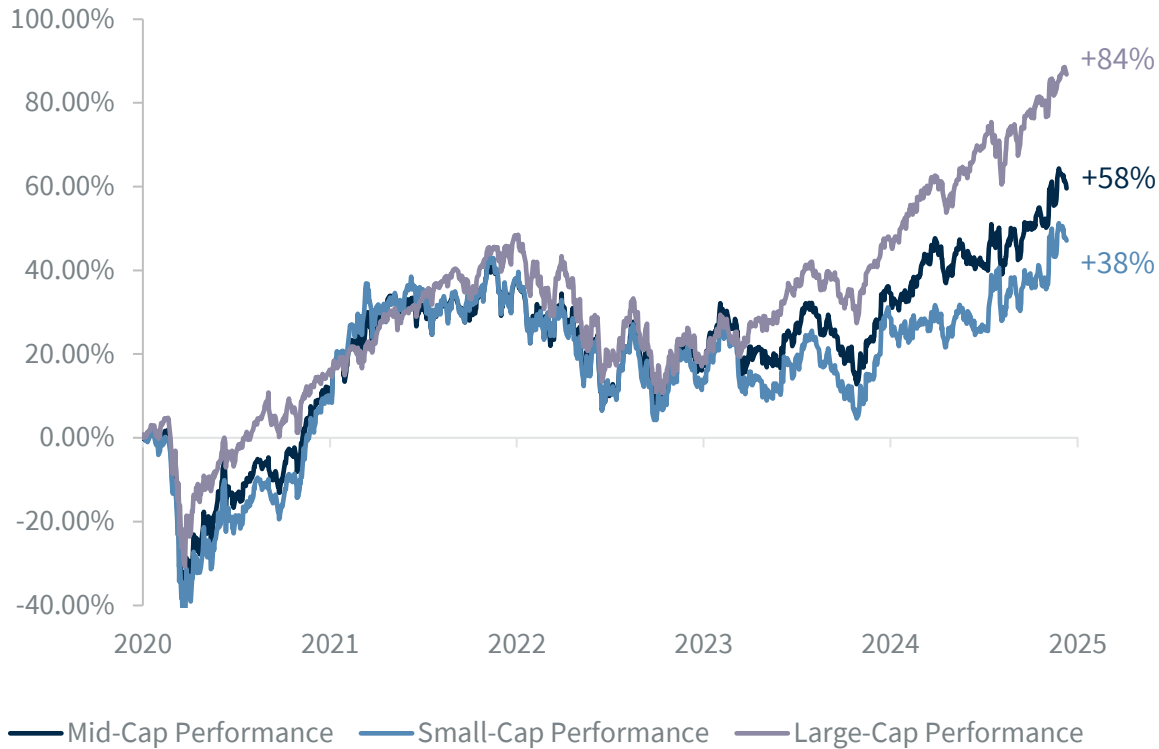
BOTTOM LINE:

Relative to small-cap equities, mid-cap equities are a fundamentally more solid approach to play a potential broadening in equity performance in 2025.

MID CAP LOOKING MORE FAVORABLE IN 2025

FACTORS MAKING MID CAP MORE APPEALING FOR INVESTORS

Looking for Broadening Beyond Large Cap



	Consensus EPS Growth	LTM PE	% of Revenue Domestically
Large Cap	13%	25.3x	59%
Mid Cap	13%	18.6x	76%
Small Cap	18%	19.3x	80%

Source: FactSet, Data as of 12/31/2024.



8 International Equities

The Weakest Link

INSIGHT:

US equities have been the strong outperformer relative to global equities over recent years. Since US economic and earnings growth should remain superior to international in 2025, we expect US equity outperformance to continue.

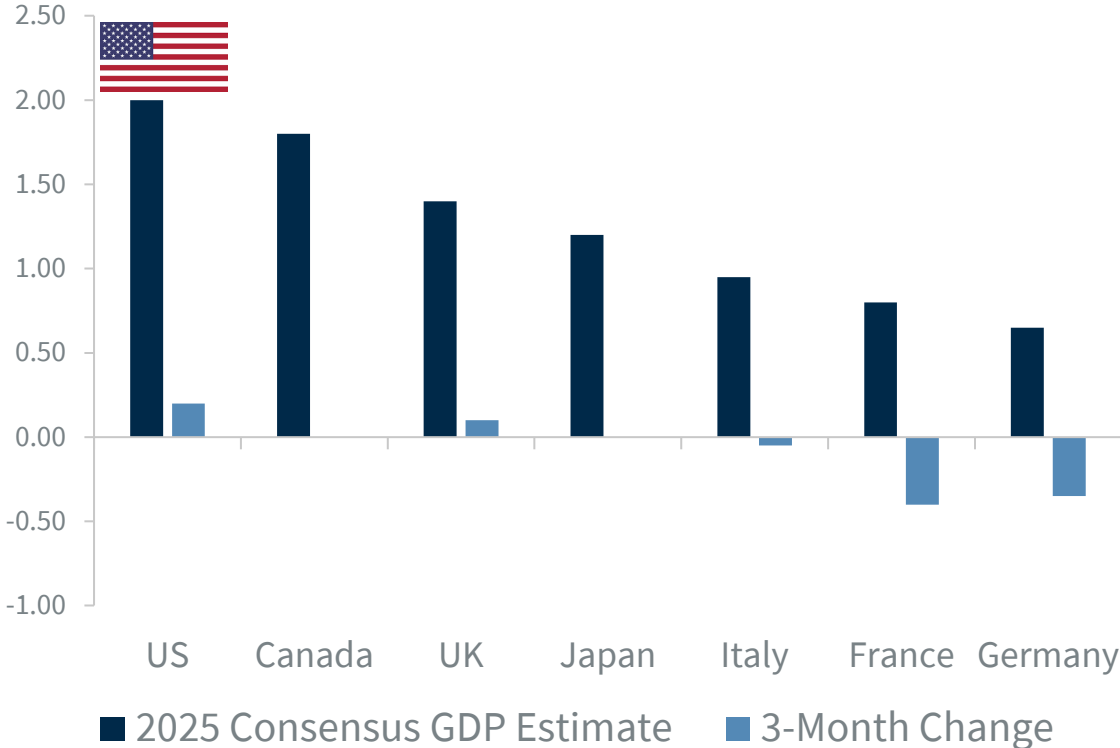
BOTTOM LINE:

We continue to prefer US equities over international in 2025. However, within DM, Japan should outperform Europe as an improving economy should support the Japanese equity market.

FUNDAMENTALS SUPPORT THE US IN 2025

US EXCEPTIONALISM IN EARNINGS AND ECONOMIC GROWTH

US Expected to See Strongest Economic Growth



Despite Continued Outperformance, US EPS Growth Expected to Remain On Top in 2025



Source: FactSet, Data as of 12/15/2024.

US DOMINATES IN THE GLOBAL LANDSCAPE

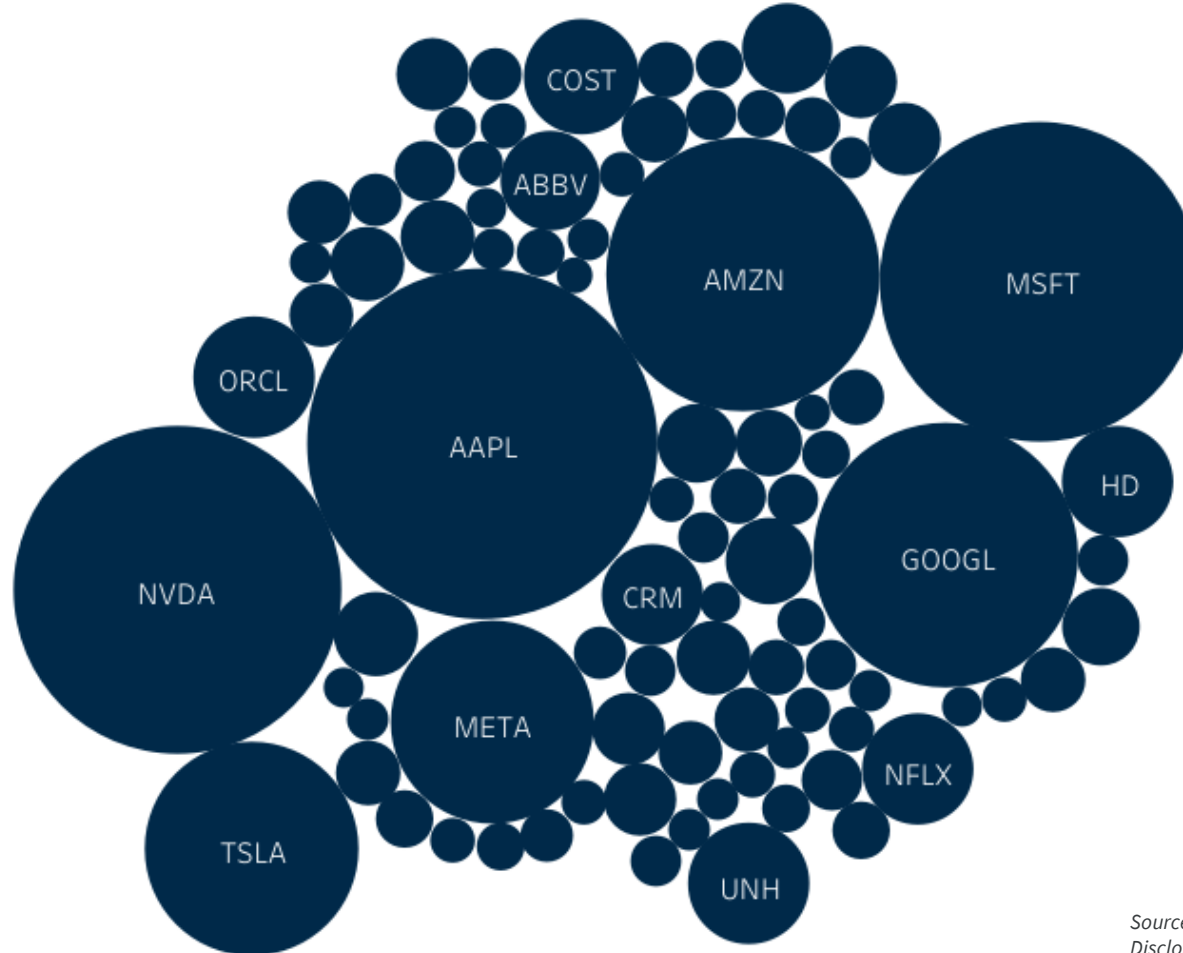
63%

Top 100 Global
Companies Are
US Based

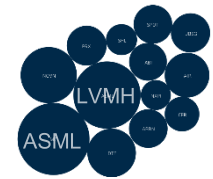
~50%

Of Venture
Capital Money
Invested in US

UNITED STATES



EUROPE



Companies with at least \$50bn in market capitalization, sorted by HQ location

Source: FactSet, as of 12/31/2024

Disclosure: This is not a recommendation to purchase or sell the stocks of the companies pictured/mentioned. Circle size represents the company's market capitalization.



9 Selectivity and Risk Management

'Minute to Win It' Returns a Thing of the Past

INSIGHT:

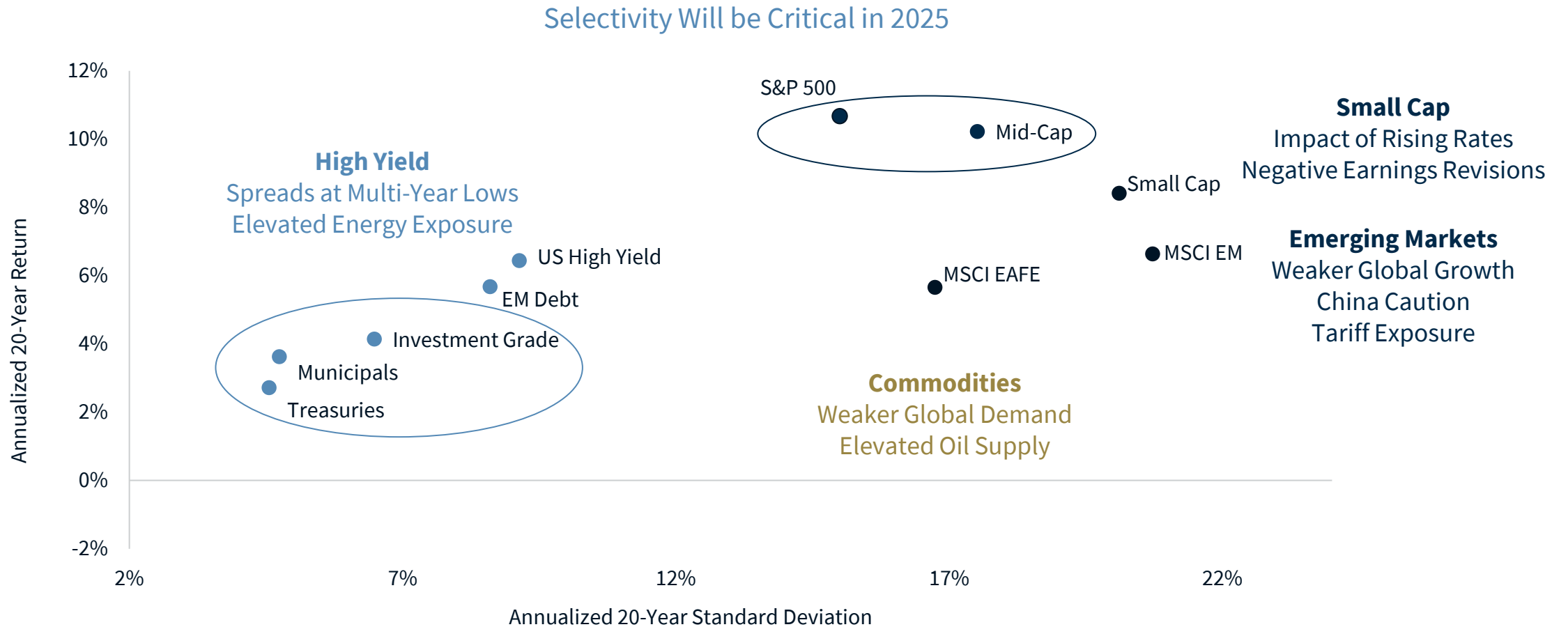
In an environment of stretched valuations—which will likely drive increased volatility and more muted returns—the quick, 'Minute to Win It' gains we've seen over the past two years will be harder to achieve.

BOTTOM LINE:

We caution investors against taking on excessive risk across asset classes. Higher beta asset classes without a solid fundamental backdrop will likely face difficulties in the coming year. 2025 will likely be a year in which active management, especially in commodities, emerging markets, and small caps, proves its worth.

FOCUS ON FUNDAMENTALS IN 2025

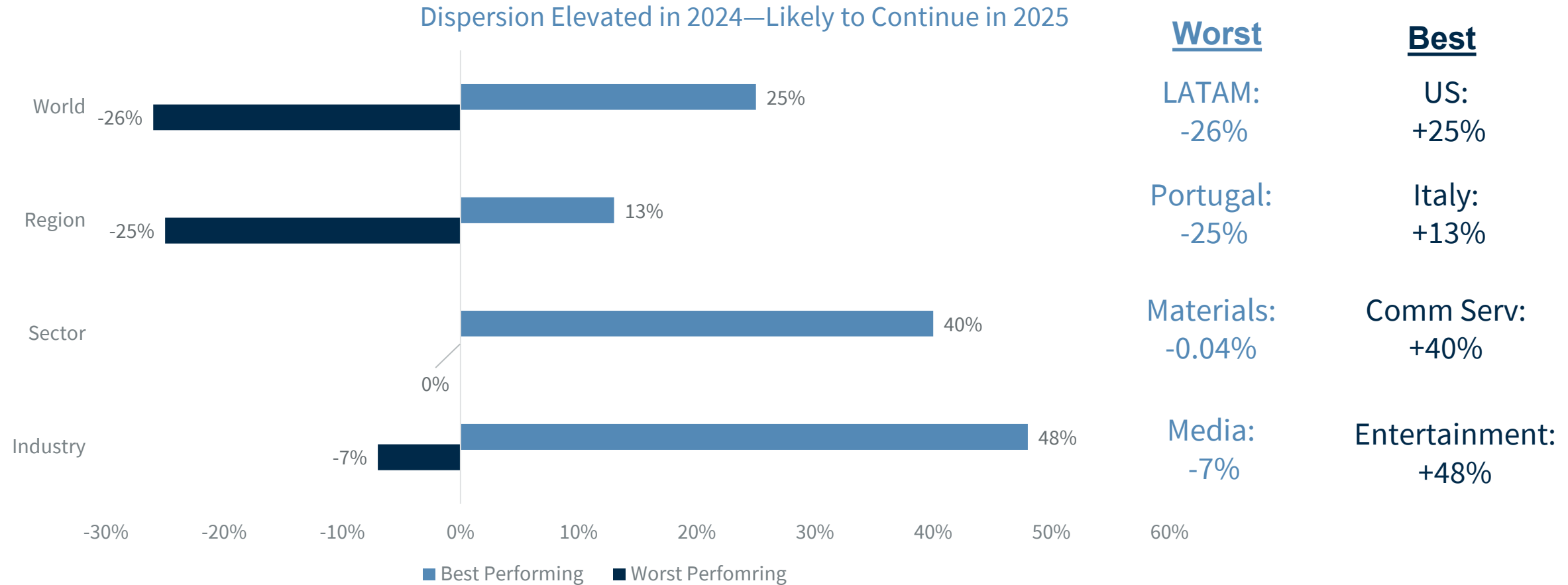
REDUCING RISK WITHIN EACH ASSET CLASS IS IMPORTANT AS VOLATILITY INCREASES



Source: FactSet, Data as of 12/15/2024.

FOCUS ON FUNDAMENTALS IN 2025

A FOCUS ON FUNDAMENTALS WILL BE IMPERATIVE AS DISPERSION GROWS



Source: FactSet, Data as of 12/31/2024.



10

Asset Allocation

Playing the Wheel of Fortune

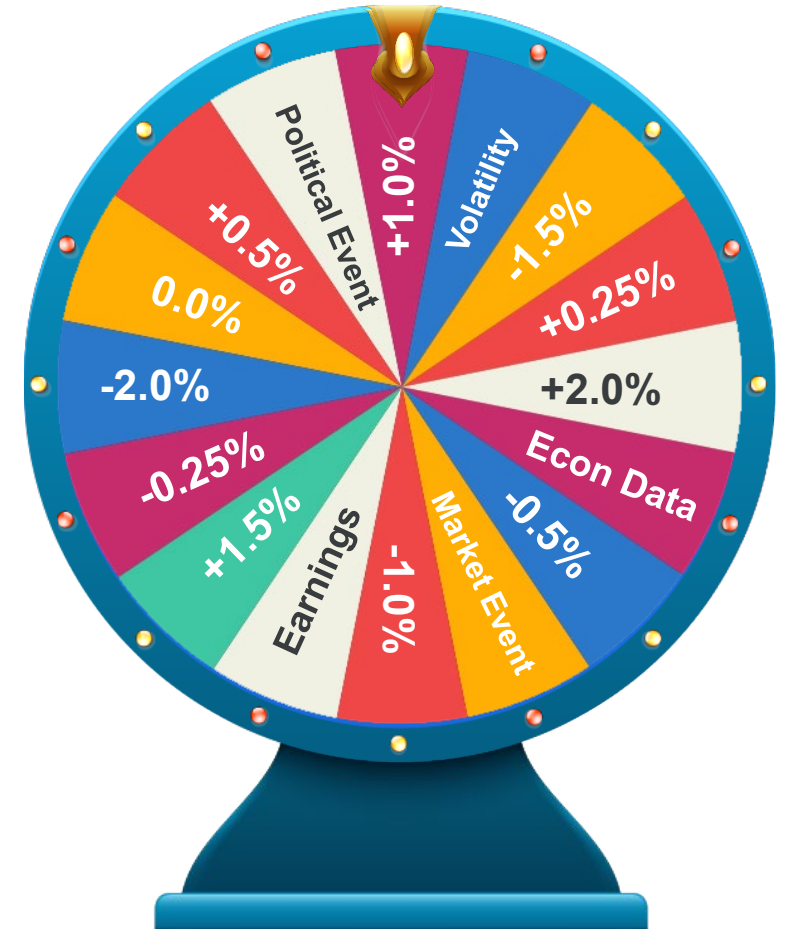
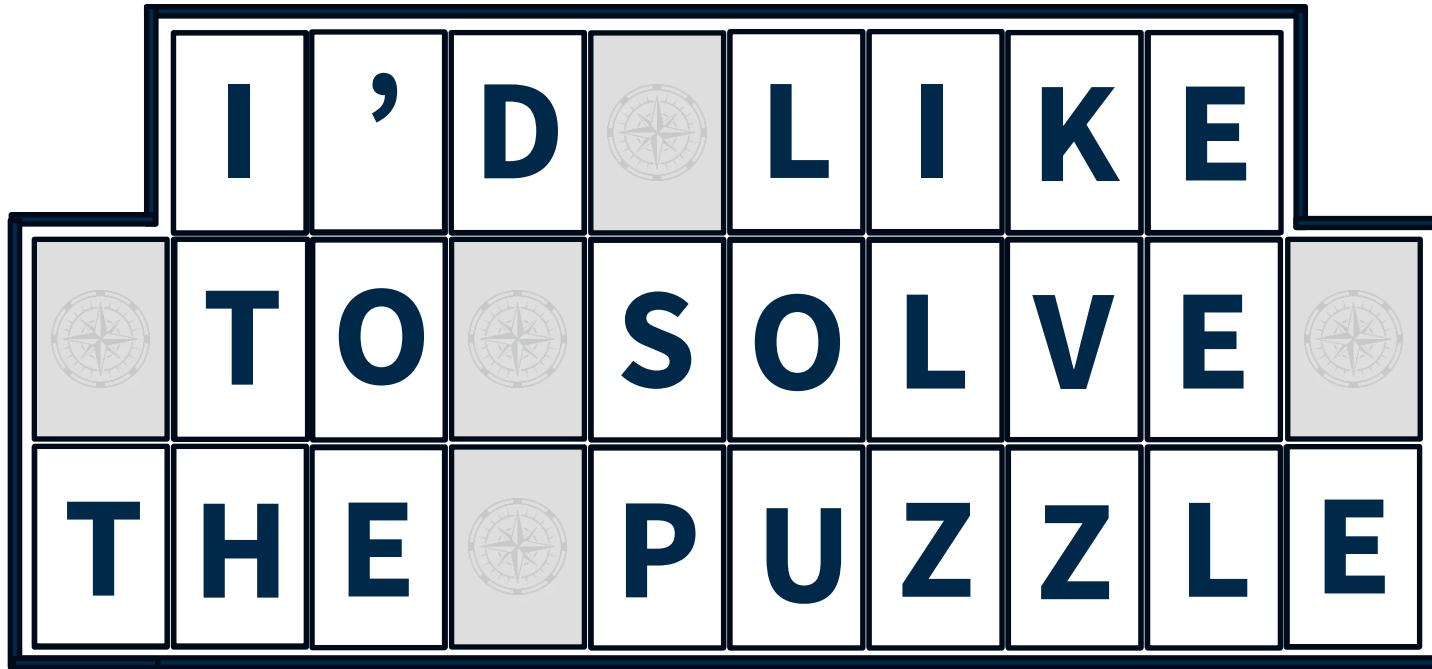
INSIGHT:

Amidst the uncertainty of the coming year, it's important to remember the goal of investing: to build wealth. Sticking to a long-term asset allocation will be critical to deal with the unpredictability of the market in the year ahead.

BOTTOM LINE:

America's wealth has grown to record highs. But don't spin the 'Wheel of Fortune' on your own! Your advisor is like the 'phone-a-friend' or 'lifeline' you can rely on to answer your questions and help guide you to your financial goals.

WHEEL OF ALLOCATION



THE MOST FAMOUS SAYING OF WHEEL OF FORTUNE

Consonants & Vowels: T R N S L H D P K V Z E O I U

Frequency of appearance (%): 12 11 11 10 8 6 5 4 2 1 0.3 30 21 19 7

A QUESTION FOR ASSET ALLOCATION

Why is asset allocation so important?

A: Strategic Decision Making

B: Diversification

C: Risk Management

D: Unpredictability/Patience

50:50

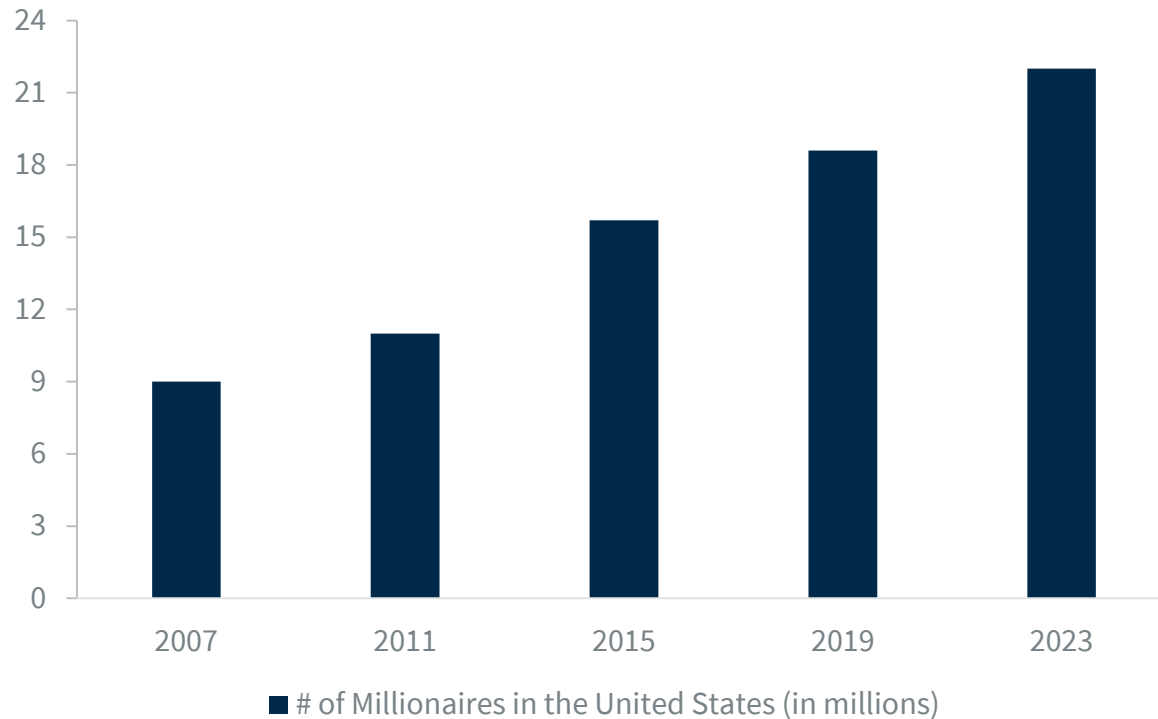


Phone-a-Friend

WHO WANTS TO BE 'MORE' THAN A MILLIONAIRE?

THE NUMBER OF MILLIONAIRES HAS GROWN, BUT NOT NECESSARILY THEIR PURCHASING POWER

Number of Millionaires Surging



What Would a Million Dollars in 1999 Be Today Adjusted for Inflation?

~\$2 million

What Would a Million Dollars in 1999 Be Today if Invested in the S&P 500?

~\$9 million

Source: FactSet, Data as of 12/15/2024.

2024 IN REVIEW | GRADING OUR 2024 TEN THEMES

	Themes	Rationale	Grade
1	US Economy: The US economy will experience the mildest recession in history, however growth in aggregate will remain positive for the full year.	Both the US economy and consumer proved to be resilient in 2024, as US economic was positive (+2.7%), but decelerated slightly from the 2.9% pace in 2023.	
2	Monetary Policy: The Fed will cut rates due to slowing inflation and building employment concerns. Market expectations for six cuts are too aggressive.	Inflation continued on a downward path and the unemployment rate increased, leading the Fed to cut interest rates by ~100bps in 2024.	
3	Fixed Income: Higher yields should help to provide positive returns for fixed income investors. Favor investment grade bonds in the credit space.	Despite an increase in yields, broad fixed income assets were slightly positive in 2024 due to higher carry. Investment grade and municipal bonds were positive.	
4	US Equity Market: Despite elevated valuations, US large-cap equities will deliver positive performance in 2024 due to positive earnings growth.	US equities delivered >20% annual returns for the second straight year, as both earnings and the P/E multiple expanded in 2024.	
5	Equity Sectors: Tech will continue to outperform on the back of AI investment. Also favor Industrials (reshoring) and Health Care.	AI investment continued to be a major theme throughout 2024, as the sector was up over 35% for the second straight year. Industrials and Health Care were also positive.	
6	Small-Cap Equities: Small-cap equities will likely benefit from the onset of the Fed cutting cycle, positive earnings growth, and attractive valuations.	On the back of the broadening in equity performance and the onset of the Fed easing cycle, small-cap equities posted double-digit positive performance in 2024.	
7	International Equities: US outperformance over international equities to continue in 2024 due to stronger economic and earnings growth.	US equities (S&P 500) outperformed international by ~20% in 2024, the sixth year out of the last seven years the US outperformed. Both Europe and Japan lagged.	
8	Energy: Oil prices likely to move modestly higher in 2024, but the rise will be capped due to US production. Favor the US Energy sector.	US oil prices were roughly unchanged in 2024 as record US production weighed on prices. Overall, the Energy sector lagged in 2024 – up only 4% for the year.	
9	Increasing Volatility: Due to slowing economic growth and elevated expectations, volatility will likely increase throughout the year.	Due to the resilience of the equity market, US equities experienced only two 5% pullbacks and a max decline of 8% (both below historical averages).	
10	Asset Allocation: While many market pundits are calling for an “everything rally”, a well-structured asset allocation framework remains important.	The 60-40 portfolio was strongly positive in 2024 (+13%). A solid asset allocation strategy still provided meaningful risk-adjusted returns.	
2024 Ten Themes Grade			85%

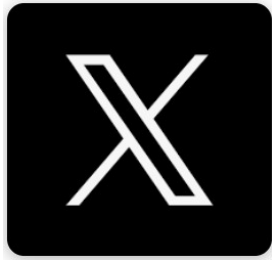
UPCOMING WEBINARS

February 10 | 4:00 pm ET

Market Outlook and Timely Investment Topics

This presentation will discuss recent market and economic trends and impacts.

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INVESTMENT STRATEGY GROUP

Lawrence V. Adam III, CFA, CIMA[®], CFP[®]

Chief Investment Officer

T. 410.525.6217

larry.adam@raymondjames.com

Eugenio J. Alemán, PhD

Senior Vice President, Chief Economist

T. 727.567.2603

eugenio.aleman@raymondjames.com

Matt Barry, CFA

Senior Investment Strategist

T. 410. 525. 6228

matt.barry@raymondjames.com

Matthew Ziyadeh, CFA, CIPM[®]

Investment Strategy Analyst

T. 727. 567. 8984

matthew.kurazyiyadeh@raymondjames.com

Adolfo Cheong

Investment Strategy Analyst

T. 410.525.6256

adolfo.cheong@raymondjames.com

Giampiero Fuentes, CFP[®]

Economist

T. 727.567.5776

giampiero.fuentes@raymondjames.com

Tracey Manzi, CFA

Senior Investment Strategist

T. 727.567.2211

tracey.manzi@raymondjames.com

Anne B. Platt, AWMA[®], AIF[®], RICP[®]

VP, Investment Strategy

T. 727.567.2190

anne.platt@raymondjames.com

Michael Payne

Investment Strategy Analyst

T. 410. 525. 6232

mike.payne@raymondjames.com

Lindsay Smith

Investment Strategy Analyst

T. 727.567.3335

lindsay.smith@raymondjames.com

Kyle Noonan

Investment Strategy Analyst

T. 410.525.6231

kyle.noonan@raymondjames.com

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INTERNATIONAL INVESTING | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. Investing in emerging markets can be riskier than investing in well-established foreign 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.

WEST TEXAS INTERMEDIATE | West Texas Intermediate can refer to a grade or a mix of crude oil, and/or the spot price, the futures price, or the assessed price for that oil; colloquially WTI usually refers to the price of the New York Mercantile Exchange WTI Crude Oil futures contract or the contract itself.

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

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

FIXED INCOME | Fixed-income securities (or “bonds”) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise.

MUNICIPALS | 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. Municipal bond interest is not subject to federal income tax but may be subject to AMT, state or local taxes.

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.

US TREASURY INDEX | An index based on recent auctions of US Treasury bills and is commonly used as a benchmark when determining interest rates, such as mortgage rates.

CAPEX | CAPEX Capital Expenditures are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. CapEx is often used to undertake new projects or investments by a company.

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, supnationals and local authorities.

US DOLLAR | The U.S. Dollar Index is an index (or measure) 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 U.S. dollar gains "strength" (value) when compared to other currencies.

200 DAY MOVING AVERAGE | The 200-day moving average is a popular technical indicator which investors use to analyze price trends. It is simply a security's average closing price over the last 200 days.

US INDEXES AND EQUITY SECTORS DEFINITION

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.

RUSSELL 2000 | **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.

INTERNATIONAL EQUITY DEFINITION

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

EMERGING MARKETS | **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.

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.

GERMAN BUND | A bund is a debt security issued by Germany's federal government, and it is the German equivalent of a U.S. Treasury bond.

SMALL CAP | 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.

LARGE-CAP STOCK | also known as big caps are shares that trade for corporations with a market capitalization of \$10 billion or more. Large-cap stocks tend to be less volatile during rough markets as investors fly to quality and stability and become more risk-averse

MSCI AC WORLD EX-US | The **MSCI AC ex USA** Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 26 Emerging Markets (EM) countries*. With 2,215 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

LATAM | **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.

ASIA 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.

COMMODITIES DEFINITION

BLOOMBERG COMMODITY INDEX | Bloomberg Commodity Index is a commodity group sub index of the Bloomberg CITR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD.

WTI | West Texas Intermediate can refer to a grade or a mix of crude oil, and/or the spot price, the futures price, or the assessed price for that oil; colloquially WTI usually refers to the price of the New York Mercantile Exchange WTI Crude Oil futures contract or the contract itself.

BLOOMBERG EMERGING MARKETS AGGREGATE BOND INDEX | The Bloomberg s Emerging Markets Aggregate Bond Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

ZILLOW OBSERVED RENT INDEX | A measure of the typical home value and market changes across a given region and housing type. It reflects the typical value for homes in the 35th to 65th percentile range. Available as a smoothed, seasonally adjusted measure and as a raw measure.

[ADOBE DIGITAL PRICE INDEX](#) | The Digital Price Index is the most comprehensive measure of inflation in the digital economy, and it's made possible by the ability of Adobe Analytics to turn terabytes of data into useable insights.

[NAR HOUSING AFFORDABILITY INDEX](#) | The Housing Affordability Index measures whether or not a typical family earns enough income to qualify for a mortgage loan on a typical home at the national and regional levels based on the most recent price and income data.

[COX AUTOMOTIVE INDEX](#) | The Cox Automotive/Moody's Analytics Vehicle Affordability Index measures the ability of a household earning the median income to afford the purchase of an average-priced automobile.

[BUSINESS ROUNDTABLE CEO ECONOMIC OUTLOOK](#) | The Business Roundtable CEO Economic Outlook Index is based on a survey — conducted quarterly since the fourth quarter of 2002 — of our member CEOs' plans for hiring and capital spending, and their expectations for sales, over the next six months

[NFIB SMALL BUSINESS OPTIMISM INDEX](#) | The index measures small business owners' views on their future income and investment performance, as well as their expectations for economic growth, unemployment, stocks and inflation.

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

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