



KICKIN' THE SAND OUT OF YOUR SHOES

Thank You for Joining
The Webinar Will Start at 4:00 PM ET

RAYMOND JAMES



Kickin' the Sand Out of Your Shoes

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SEVEN THINGS WE LEARNED THIS SUMMER

- 1** Services Spending | The Summer of ‘Revenge Travel’
- 2** Technical Recession | Are We Actually in One?
- 3** Peak Inflation is Behind Us | Are We Out of the Woods?
- 4** Stronger Dollar | Impact on Inflation Going Forward
- 5** Fed Pivot? | The Fed Conundrum
- 6** Politics in Focus | A Look Into Upcoming Midterm Elections
- 7** Fixed Income Topic | Yield Curve Inversion
- 8** Resilient Equity Market | Price Recovery and Resilient Earnings

THE 'SUMMER OF REVENGE TRAVEL'

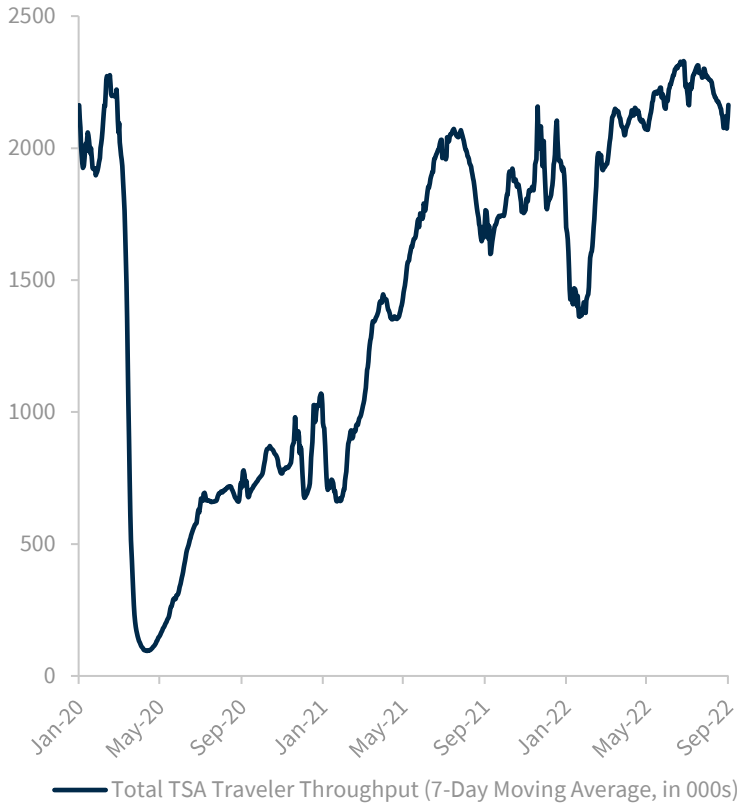
WE HOPE THAT YOU WERE ABLE TO TAKE SOME TIME AWAY WITH FAMILY AND FRIENDS THIS SUMMER



THE 'SUMMER OF REVENGE TRAVEL'

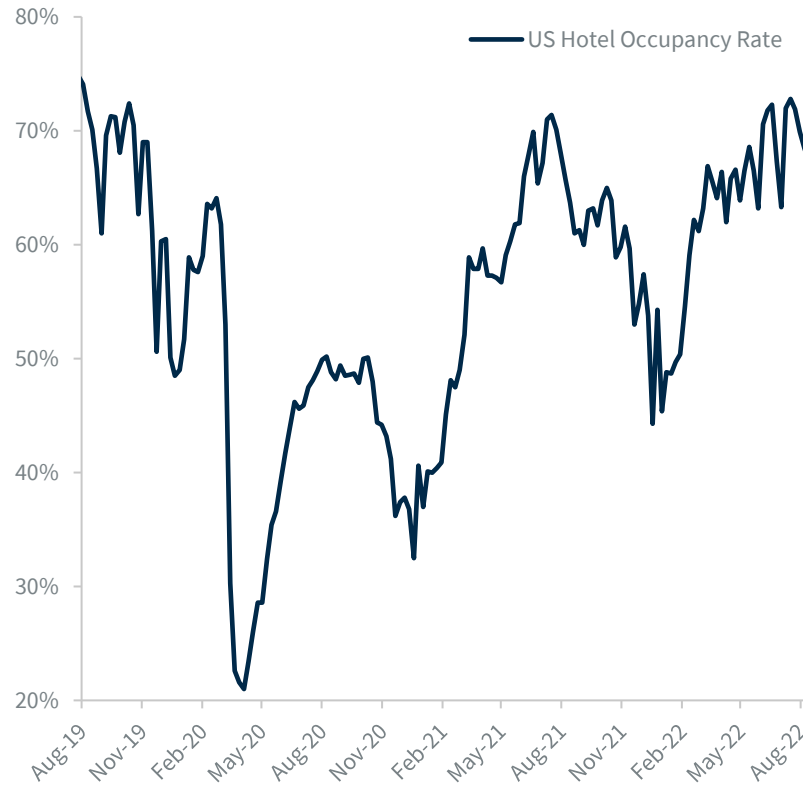
A FED TIGHTENING CYCLE IS SUPPOSED TO SLOW DEMAND, BUT THE CONSUMER JUST WANTED TO TRAVEL

TSA Screenings Rise to Multi-Year High



Source: FactSet, Data as of 9/2/2022.

Hotel Occupancy Increasing



Travel Headlines

Events are thriving in 2022, ticket sales surpassing pre-pandemic levels

Global air travel picks up 65% in Q3

StubHub Reveals 25% Increase in Ticket Sales Over 2019 Summer Season

Air travel hits pandemic record despite airline chaos

2022 US Open Breaks All-Time Attendance Records

ARC Data: International Ticket Sales Up 50% Over 2021 for June

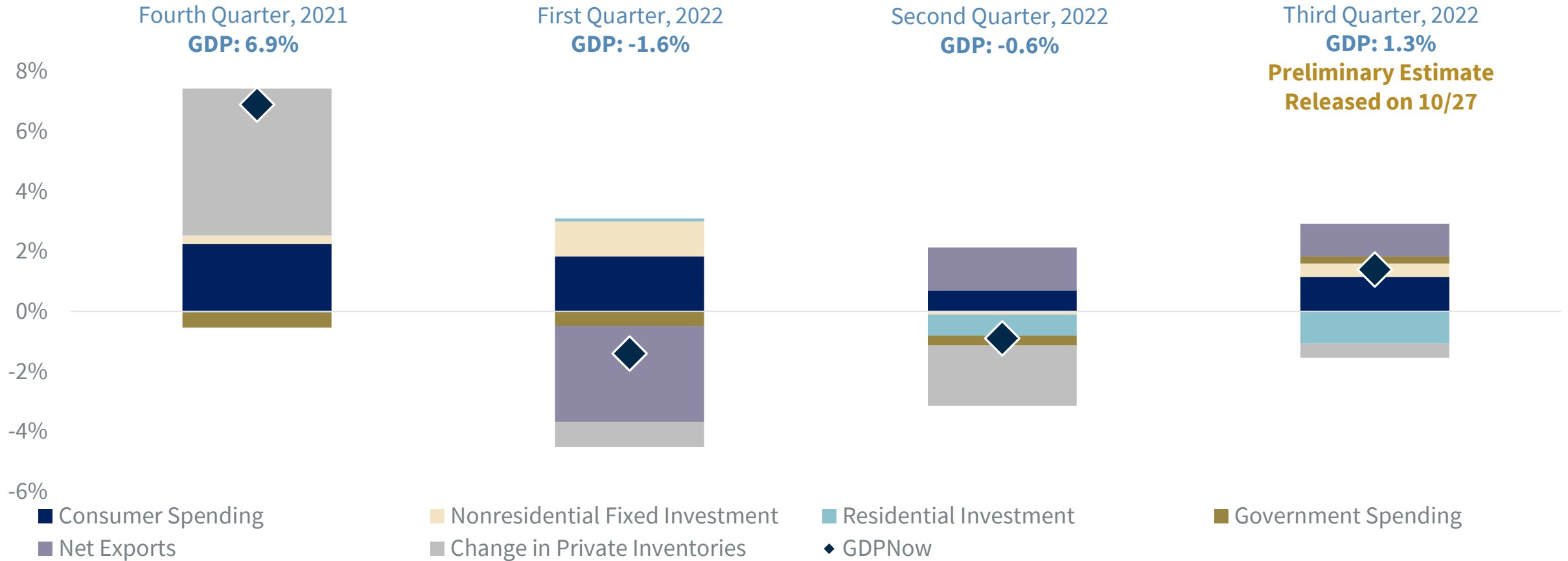
NFL ticket sales rise with new record in sight

Travel Businesses Are Booming Once Again, Square Data Finds

Concert Ticket Prices Soar on Consumer Demand, Not Just Inflation

ARE WE IN A 'REAL' RECESSION? BENEATH THE SURFACE

WHAT DROVE THE NEGATIVE QUARTERS OF GDP? IT WAS NOT DOMESTIC DEMAND.



Source: FactSet, Data as of 9/2/2022.

OTHER HISTORICAL INSTANCES SIMILAR TO TODAY

TWO QUARTERS OF NEGATIVE GROWTH WITHOUT RECESSION HAS OCCURRED ONLY ONE OTHER TIME

One Other Instance When GDP Declined Two Quarters but No Called Recession -> 1947



Source: FactSet, Data as 9/2/2022. Y-axis is truncated in left hand chart from -35%.

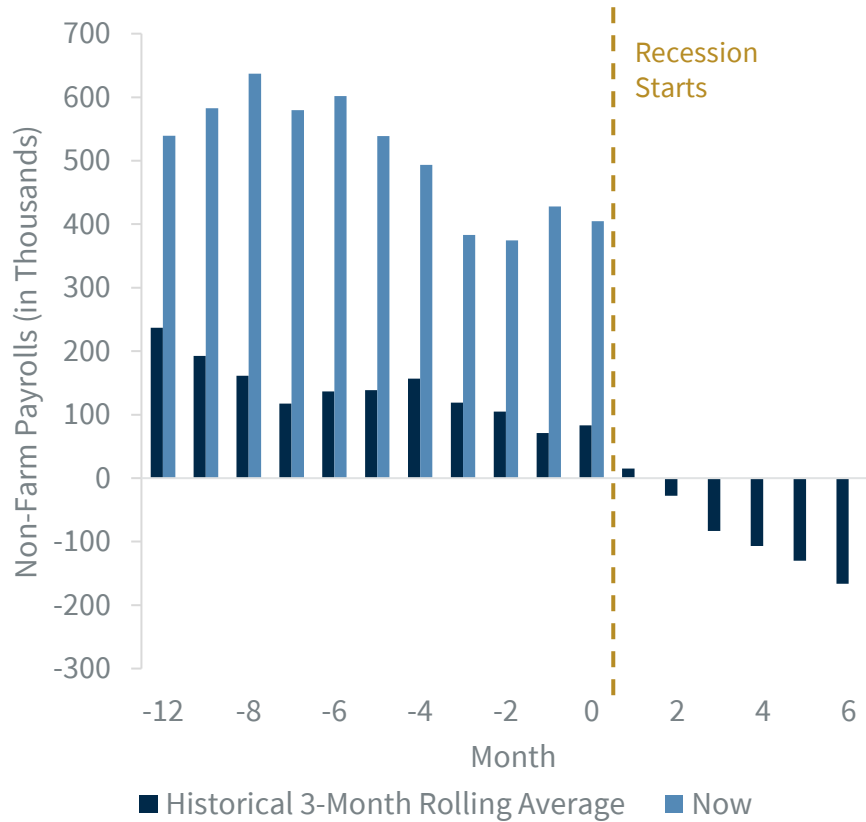
Strong Parallels Between Today and 1947

- 1 Record Budget Deficit to Pay for WWII
Budget Deficit Surged to 30% as a % of GDP
Current Peak: ~14%
- 2 Money Supply Growth at Record High
M2 Money Supply Up ~18% YoY
Current Peak: ~27% YoY
- 3 Surge in Inflation Post WWII Spending
Inflation Increased ~18% YoY in 1946
Current Peak: ~9% YoY
- 4 Job Growth Remained Positive
Six-Month Payrolls Strongly in Positive Territory
Current Rate: +380k
- 5 Inventories and Trade Weigh on Growth
Inventories & Trade Subtracted ~3-4% from GDP
Current: Detracting 2-3% annualized

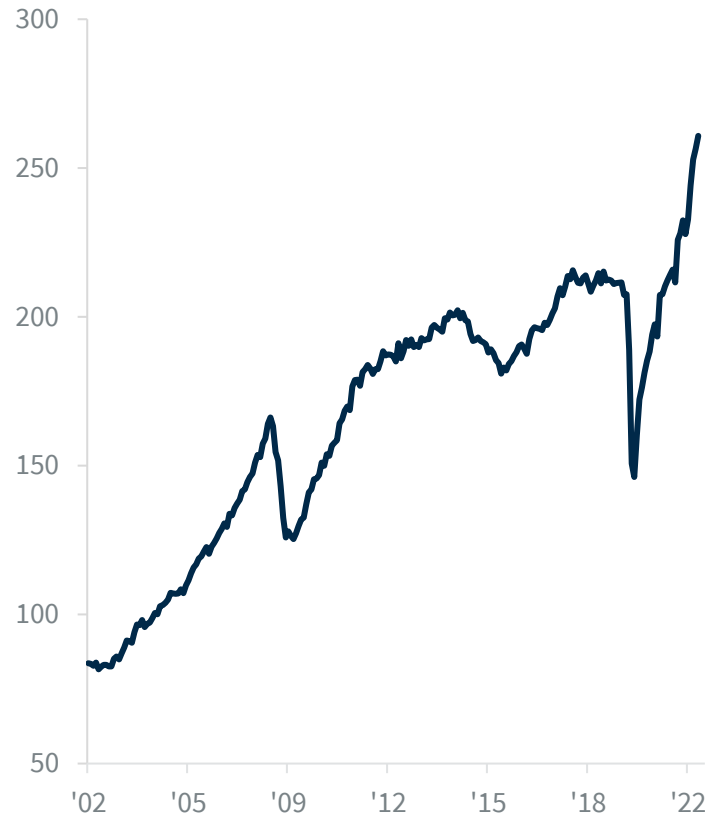
WHY WE DON'T BELIEVE WE ARE IN RECESSION TODAY

EUGENIO, COULD YOU GIVE US THREE REASONS WHY THE US ECONOMY SHOULD BE ABLE TO AVOID A RECESSION IN 2022?

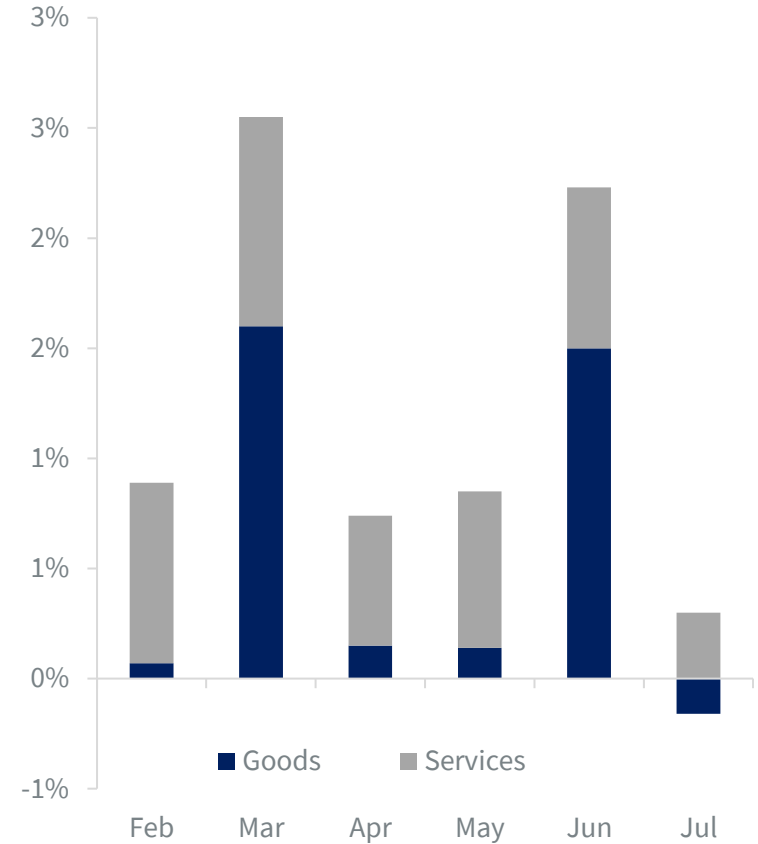
Labor Before and After a Recession



Exports at All-Time-Highs



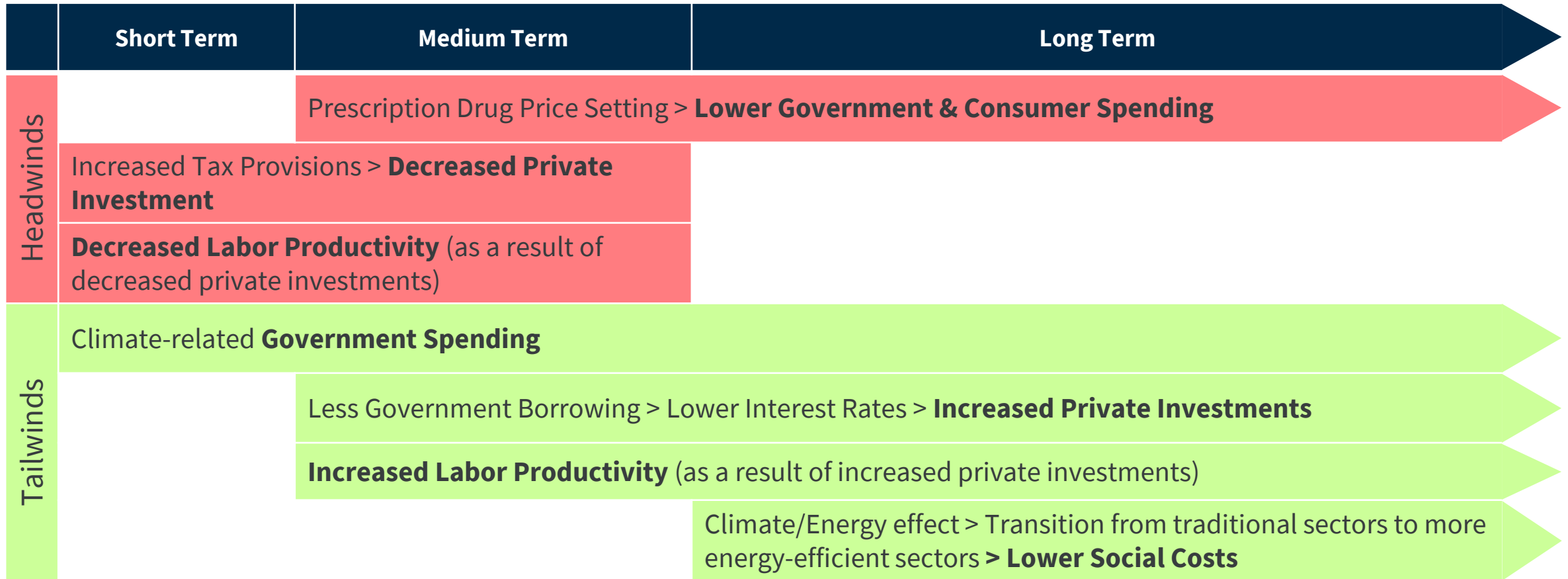
Personal Consumption Expenditures



Source: FactSet, Data as 9/11/2022.

FISCAL IMPACT TO OUR FORECASTS

EUGENIO, HOW HAS RECENT LEGISLATION (I.E., INFLATION REDUCTION ACT, CHIPS ACT) IMPACTED YOUR ECONOMIC FORECASTS?



Source: Raymond James Investment Strategy

INFLATION REDUCTION ACT: INFLATION IMPACT

NET IMPACT SLIGHTLY DEFLATIONARY, BUT NOT STATISTICALLY DIFFERENT FROM ZERO



Drug Pricing Reform

IRS Funding

Corporate Minimum Tax (macro-level)

Energy & Climate Reforms (micro-level)

Corporate Tax Minimum (micro-level)

ACA Subsidy Expansions (macro-level)

Energy & Climate Reforms (macro-level)



Student Loan Forgiveness (Short-Term Effects)

Political Decision (Potential Litigation in Court)

↓ *If passed*

Targets Lower-Income Individuals

Increases Income for
Those Benefitting

Decreases Income for Those Who
Have to Start Paying in January

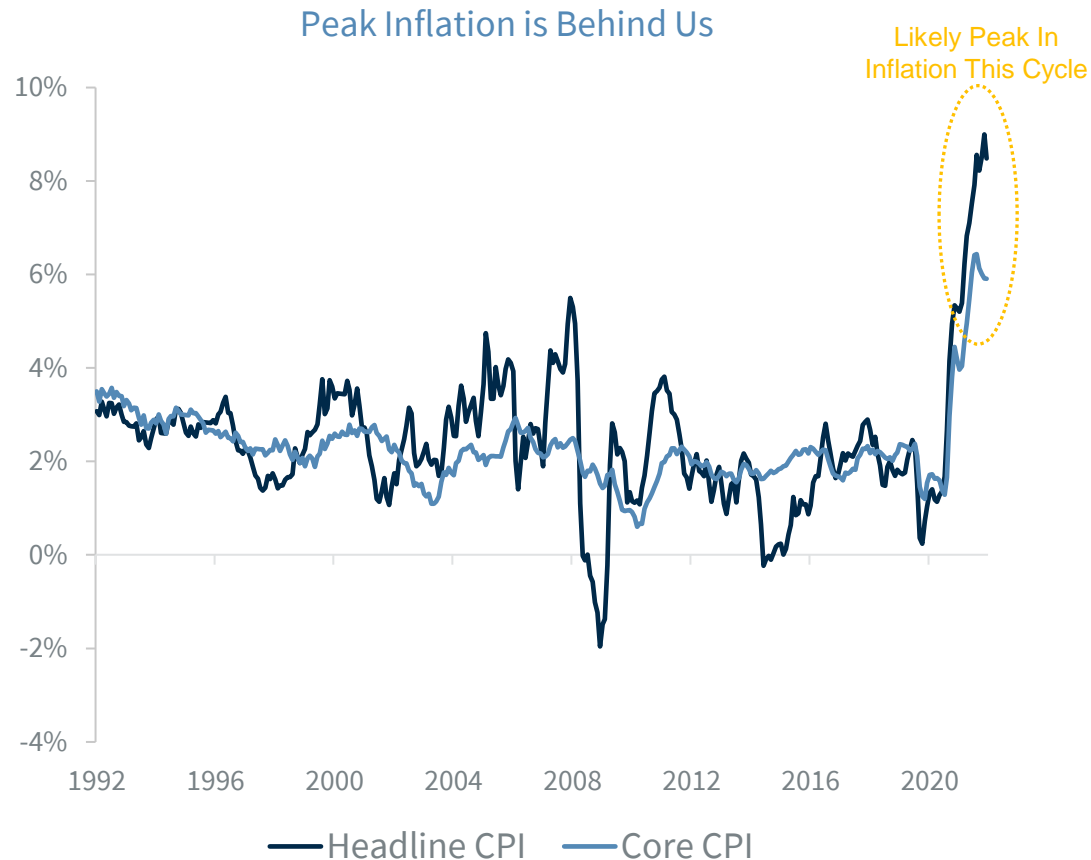
CHIPS Act (Very Long-Term Effects)

- Companies taking advantage of incentives
- Increase in Employment
- Potential Increase in Wage Pressures

Source: Raymond James Investment Strategy

DEEP DIVE INTO INFLATION

SIGNS THAT INFLATION PEAKED IN THE EARLY SUMMER AND IS NOW COOLING



Source: FactSet, Data as 9/2/2022.

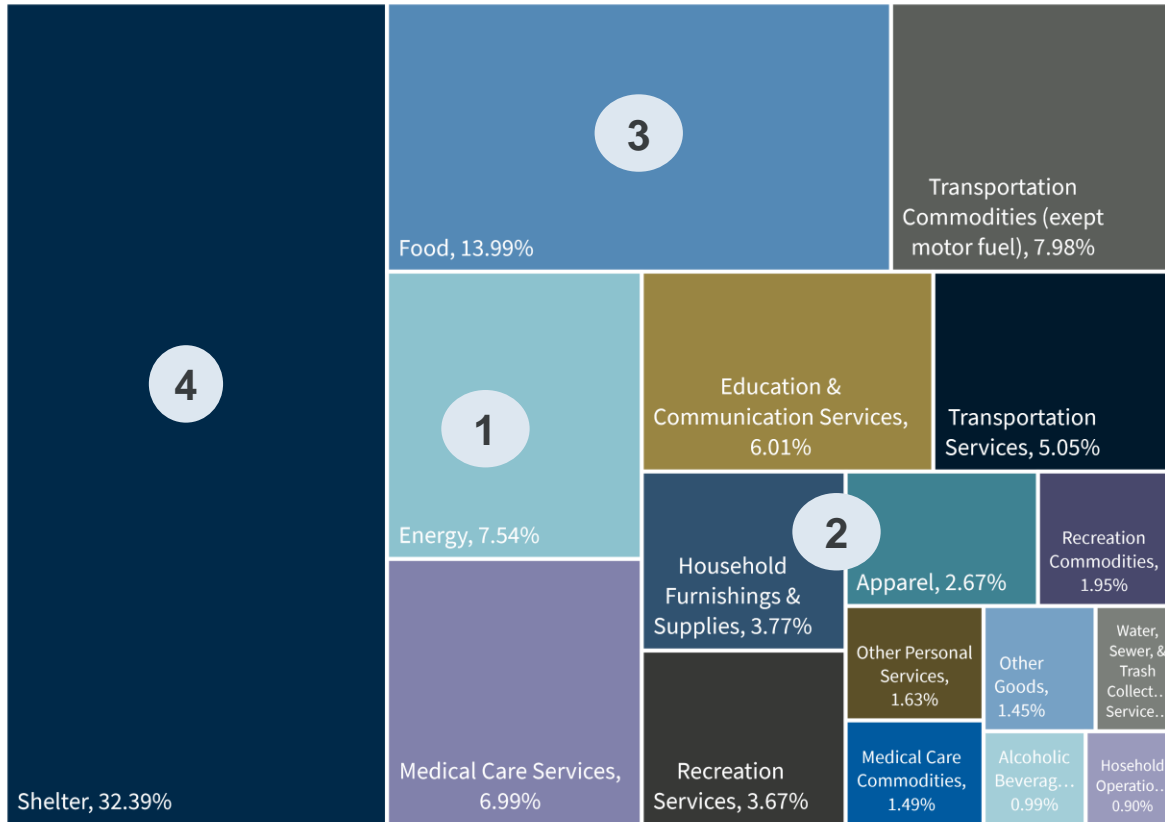
Sharp Easing in Inflation Indicators

- 1 July **Headline CPI** Slowed Month-Over-Month for the First Time Since May 2020
- 2 July Y/Y **Core CPI** Slowed for Fourth Straight Month
- 3 July **PPI** Posted the Largest Month-Over-Month Decline Since April 2020
- 4 July **PCE** Comes in Below Consensus, Rose at Slowest Pace (+0.1%) Since Nov 2020
- 5 Crude **Oil** Entered Bear Market Territory; **Gas** Prices Fell Back Below \$4/gal
- 6 **ISM Prices Paid** Fell to the Lowest Level Since 2020

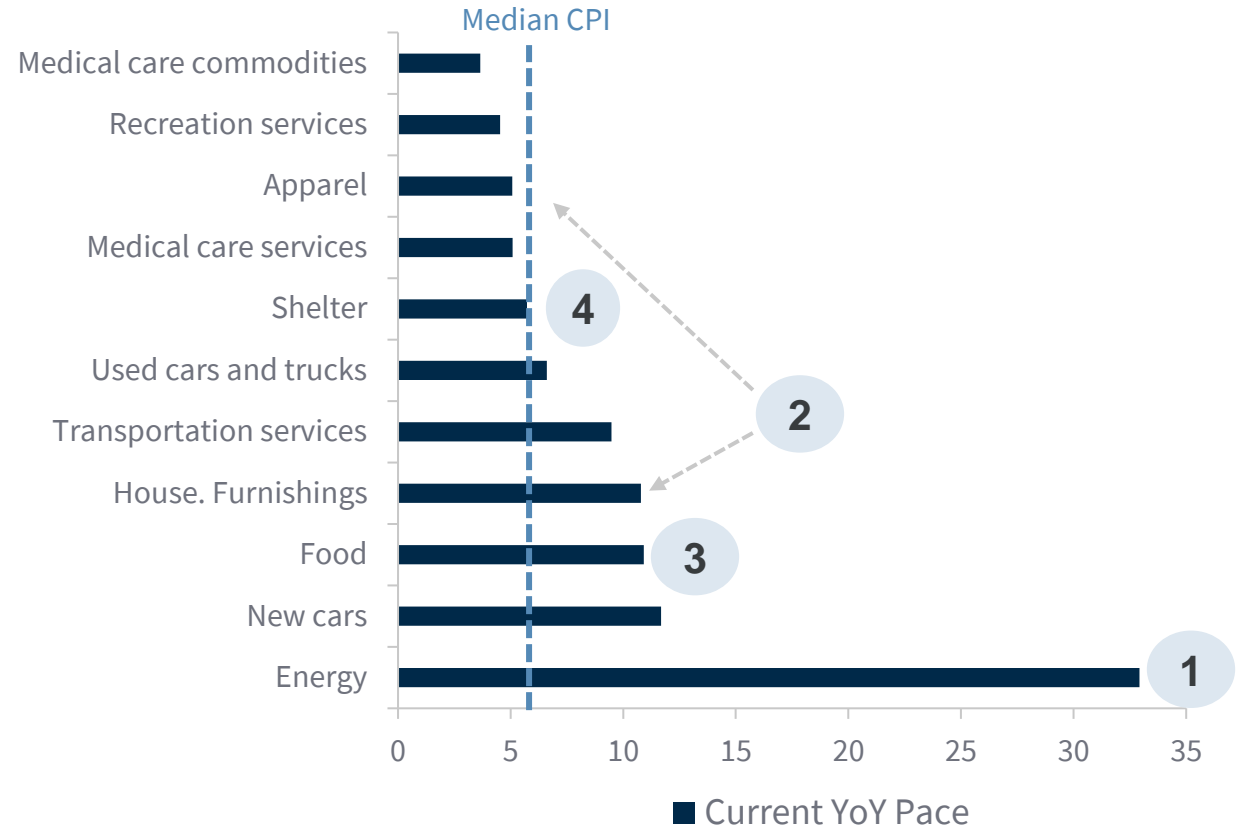
WHILE THERE ARE SIGNS OF EASING—INFLATION REMAINS BROAD BASED

WHILE PEAK INFLATION IS BEHIND US , INFLATION REMAINS BROAD BASED

Weighting of CPI Components



Components of Inflation

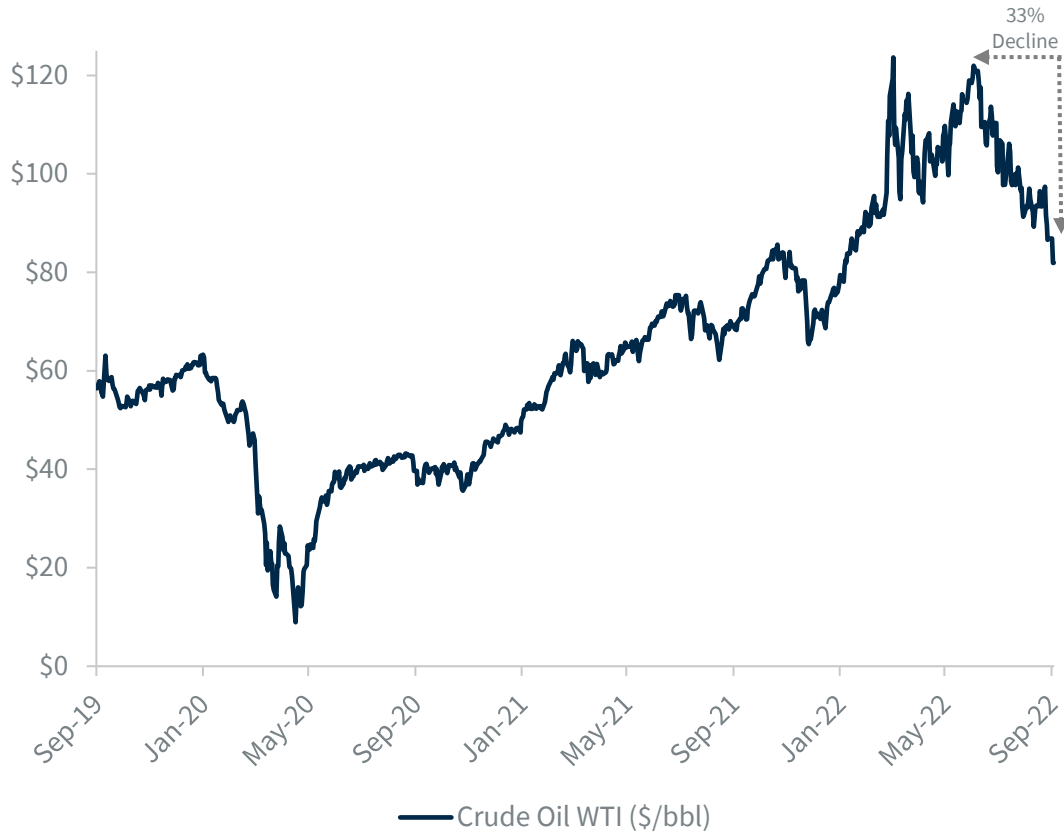


Source: FactSet, Data as 9/2/2022.

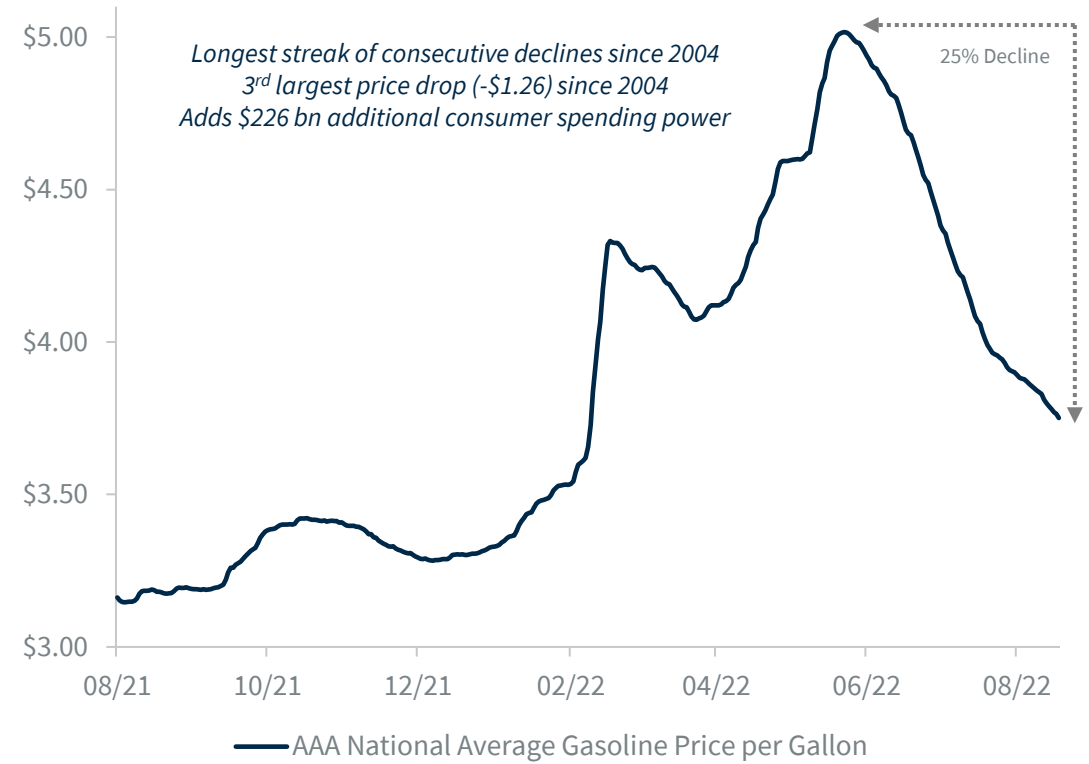
SIGNS OF EASING—OIL

ENERGY PRICES HAVE FALLEN AS HAVE GASOLINE PRICES

Crude Oil Prices Decline from Multi-Year High



Gasoline Prices Fall For 78 Consecutive Days, Down \$1 From Peak

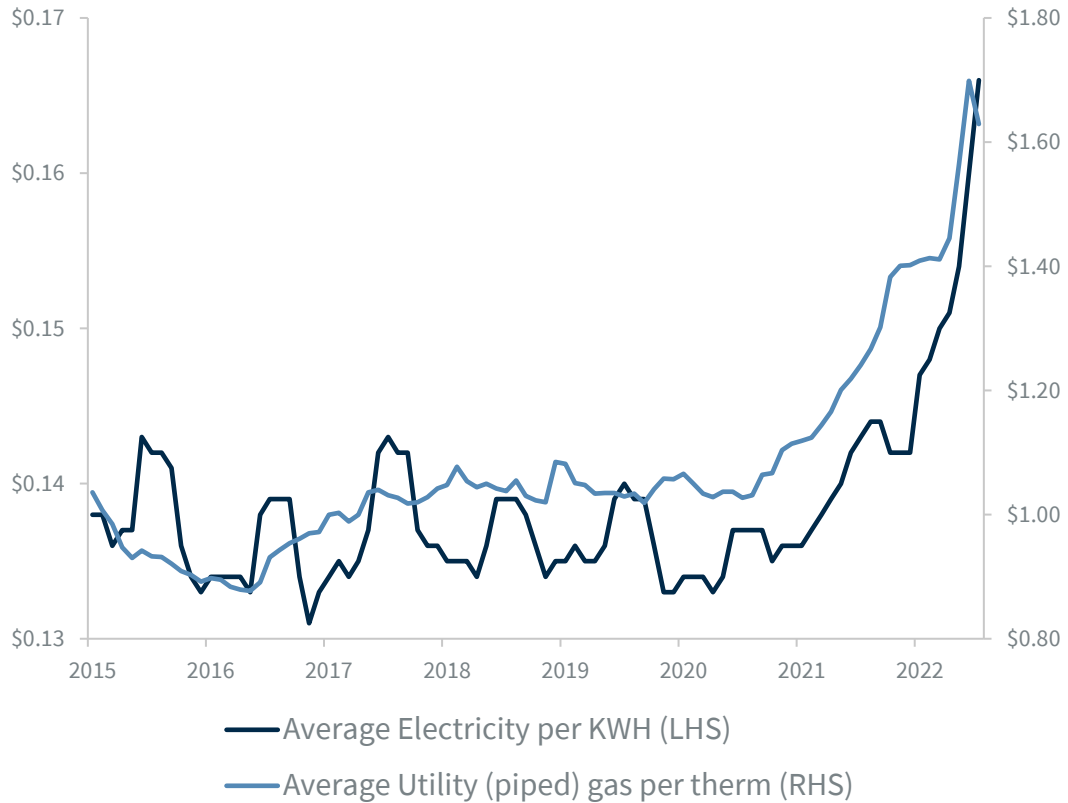


Source: FactSet, Data as 9/2/2022.

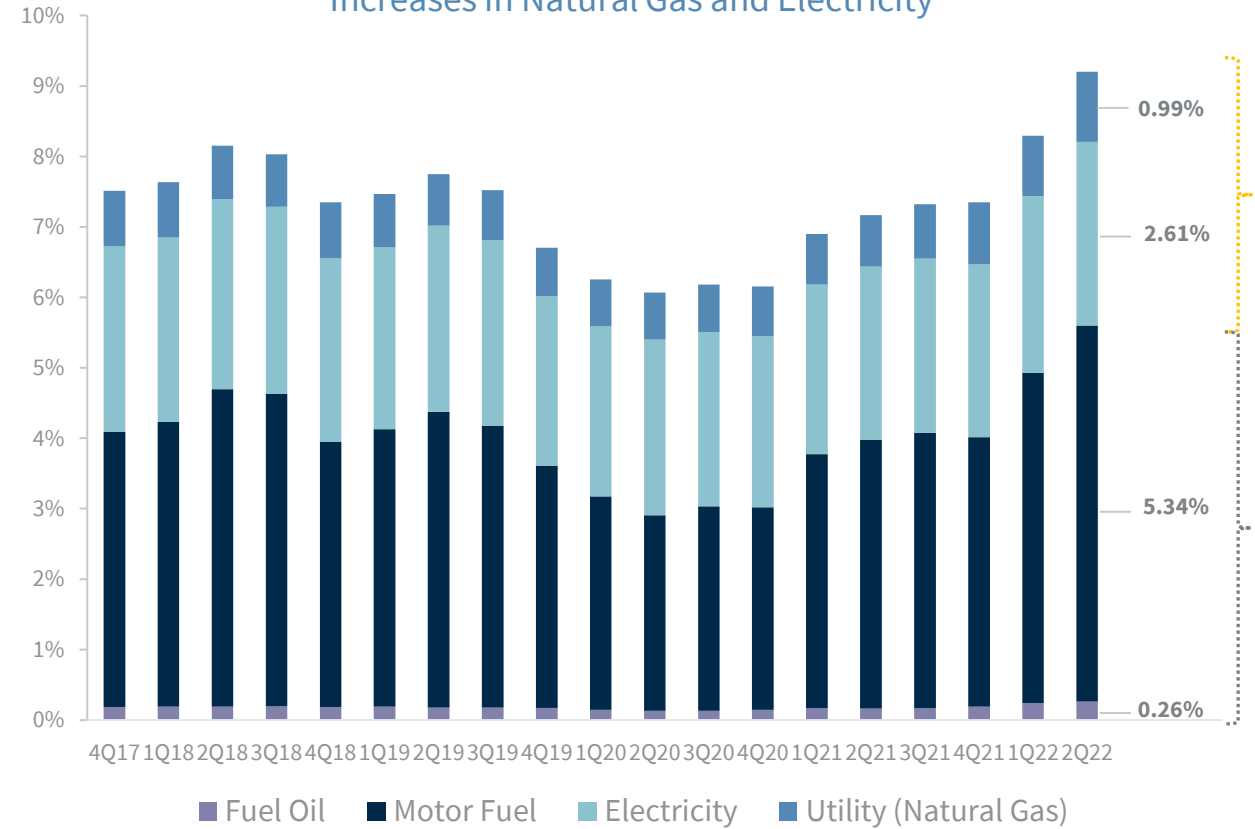
ENERGY INFLATION OUTLOOK

ENERGY DROP TO HAVE A LARGER THAN TYPICAL DOWNWARD IMPACT ON INFLATION

Electricity & Natural Gas Spending to Increase



Decline in Gasoline and Fuel Prices Should Offset Increases in Natural Gas and Electricity

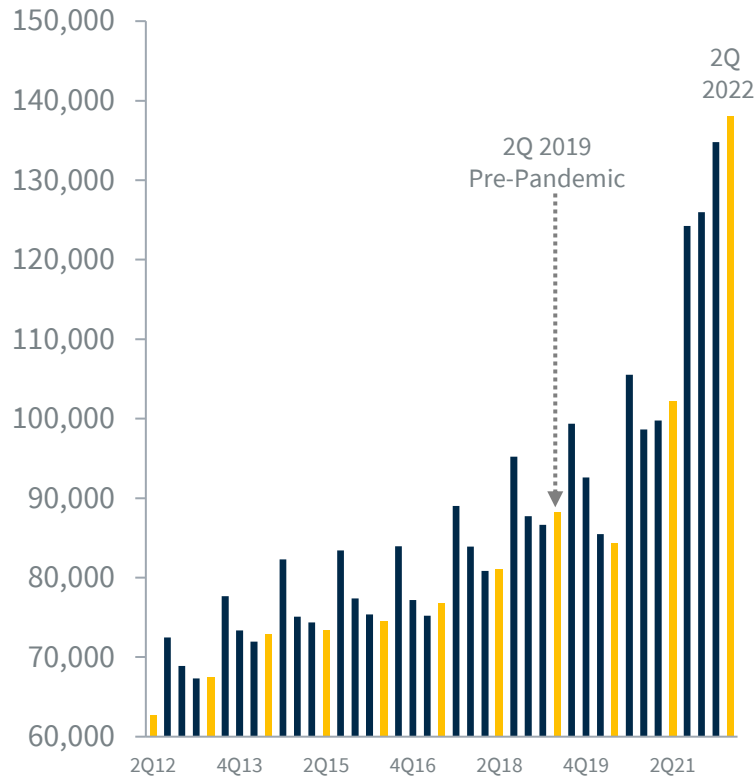


Source: FactSet, Data as 9/2/2022.

INVENTORY NORMALIZATION REDUCING PRICE PRESSURES

RETAILERS STRUGGLE TO REIN IN INVENTORY LEVELS

Retailer Inventory Levels Elevated



Source: FactSet, Data as of 8/30/2022. Key retailers: Walmart, Target, Costco, TJ Maxx, and Amazon.

CEO Commentary Points to Inventories in Focus

The cost of food and fuel, the heavier mix of sales and food and consumables, and **excess inventory** and general merchandise categories were among the most challenging items for us at the time.

- Walmart

Pressure from **excess inventory** has presented the biggest challenge to our team this year.

- Target

As we sold through our **higher-cost inventory layers**, product margin rate was pressured.

-Lowe's

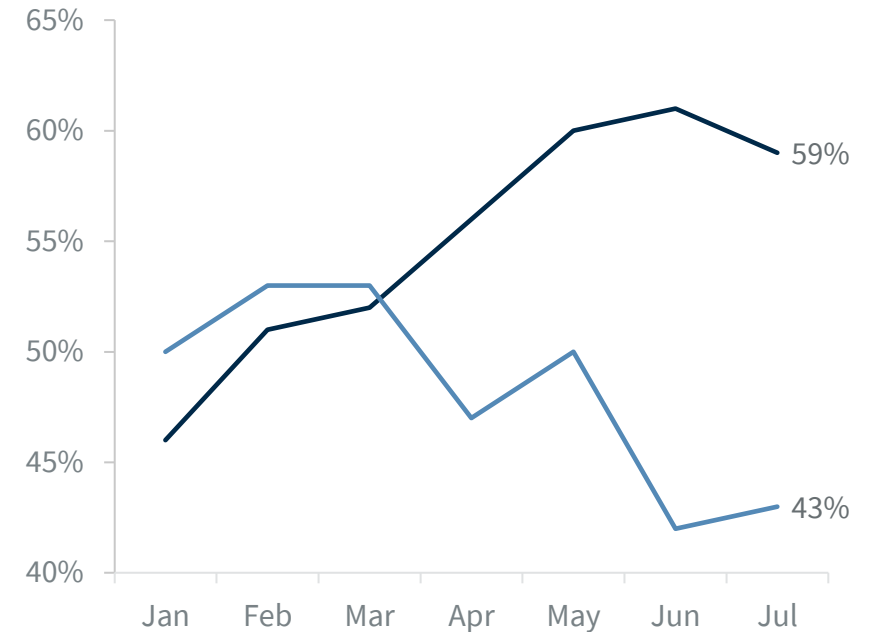
Inventory levels at Dollar Tree are up 59.7% in dollars. Total units per store **are up approximately 20% to pre-pandemic Q2 2019 levels**, but are expected to normalize as we go through the back half of the year.

-Dollar Tree

At the end of the second quarter, **inventories** were \$26.1 billion, **up \$7.2 billion** compared to the second quarter of 2021. **Inventory turns** were 4.5 times, down from 5.7 times last year.

- Home Depot

Uptick In Promotional Activity



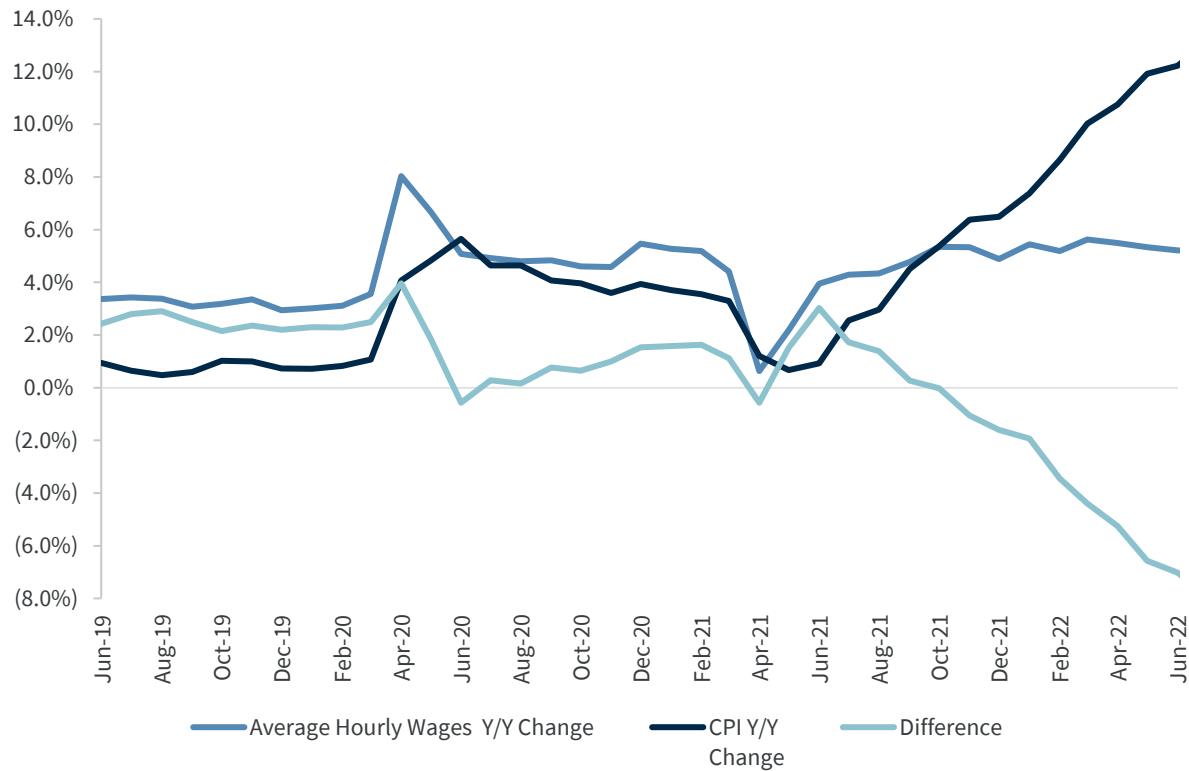
Proportion of US Apparel, Footwear, & Accessories on Markdown

— 2022 — 2021

THE SHIFT FROM GOODS TO SERVICES SHOULD LEAD TO DOWNSIDE IN GOODS PRICING

BOBBY, HAS THE INVENTORY SITUATION IMPROVED RELATIVE TO EARLIER THIS YEAR?

CPI's Faster Growth vs. Wage Growth Continues to Disperse
Hindering Affordability...



...this is **starting to lead to deflation**. Discounting Intensifying (TVs Discounted Across Retail)

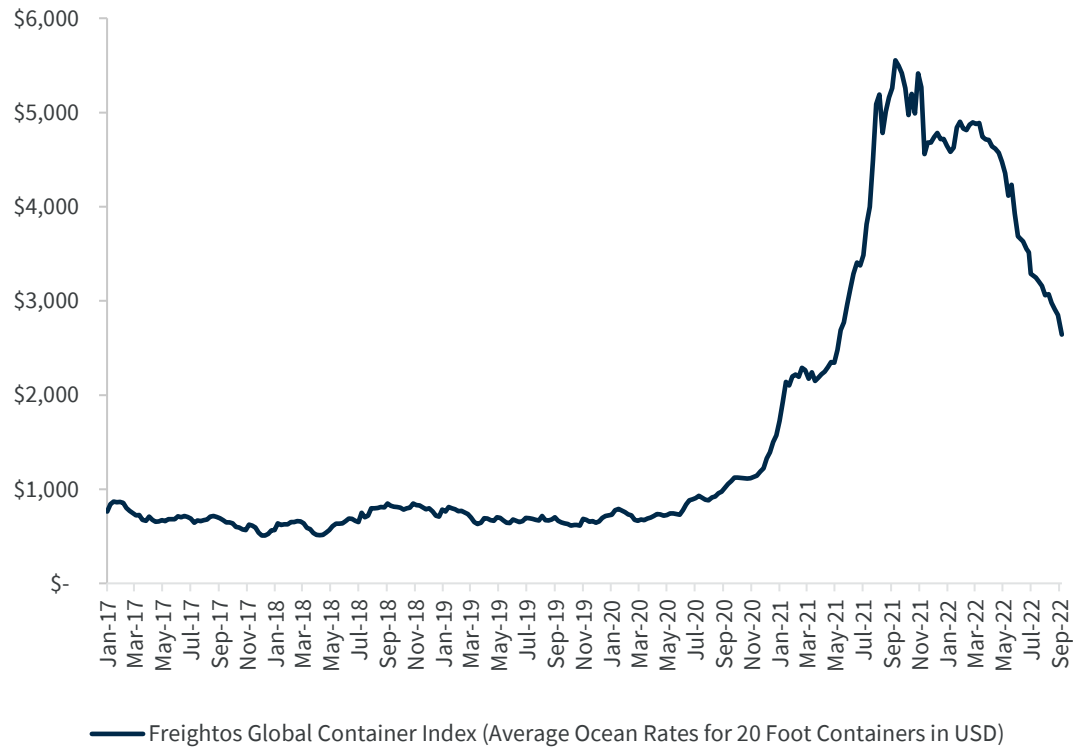


Source: Bureau of Labor Statistics and Raymond James Equity Research

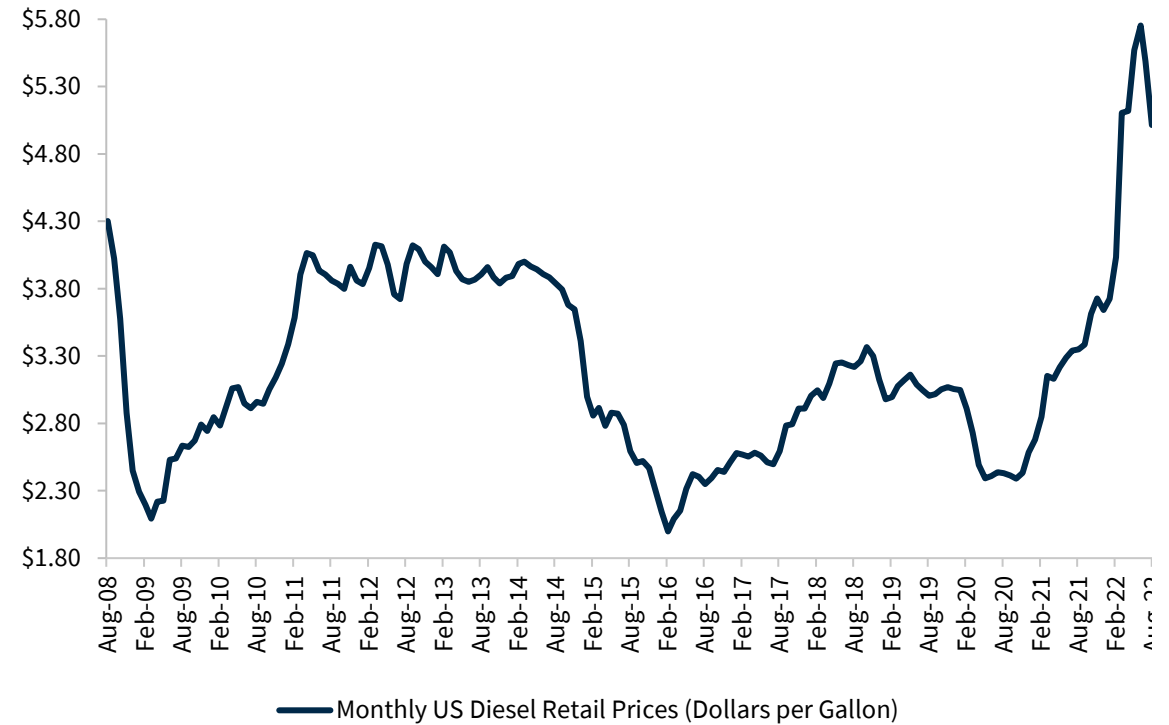
A PICK-UP IN PROMOTIONAL ACTIVITY

BOBBY, GIVEN THE LEVEL OF INVENTORIES, DO WE EXPECT MORE DISCOUNTS IN THE MONTHS AHEAD?

Global Container Spot Rates Falling



Diesel Fuel Prices Starting to Decrease



Source: Freightos, EIA, and Raymond James Equity Research

A PICK-UP IN PROMOTIONAL ACTIVITY

WITH THE HEALTH OF THE CONSUMER BEING QUESTIONED BY MANY MARKET PUNDITS, HOW HAVE THE REVENUES AND MARGINS OF RETAILERS BEEN IMPACTED?

Across Major Retailers in 2Q Both Sales & Non-GAAP EBIT
Were Relatively In Line With Consensus (albeit lowered expectations)

	Sales			EBIT		
	Actual 2Q22 Revenue	Consensus 2Q22 Revenue	Actual vs. Consensus	Actual 2Q22 EBIT	Consensus 2Q22 EBIT	Actual vs. Consensus
Retailer 1	\$5,104	\$4,668	9.3%	\$203	\$160	26.6%
Retailer 2	\$2,138	\$2,028	5.4%	\$366	\$329	11.3%
Retailer 3	\$152,859	\$150,994	1.2%	\$7,123	\$6,437	10.7%
Retailer 4	\$3,112	\$3,065	1.5%	\$453	\$435	4.2%
Retailer 5	\$9,426	\$9,403	0.2%	\$913	\$900	1.5%
Retailer 6	\$43,792	\$43,360	1.0%	\$7,212	\$7,118	1.3%
Retailer 7	\$3,903	\$3,892	0.3%	\$525	\$520	1.0%
Retailer 8	\$27,476	\$28,123	-2.3%	\$4,228	\$4,234	-0.1%
Retailer 9	\$6,769	\$6,790	-0.3%	\$505	\$508	-0.4%
Retailer 10	\$2,665	\$2,746	-2.9%	\$313	\$315	-0.5%
Retailer 11	\$3,671	\$3,702	-0.8%	\$795	\$812	-2.1%
Retailer 12	\$10,329	\$10,273	0.5%	\$374	\$390	-4.0%
Retailer 13	\$26,037	\$26,032	0.0%	\$321	\$533	-39.8%
	Average:		1.0%	Average:		0.7%

Low-End Focused Retailers Have Begun to Experience
Changes to Shopping Habits

As the quarter progressed, we saw additional signs of our core customers shopping more intentionally and closer to need, as well as an increase in trade down activity. For example, during Q2, customers appeared to be making trade-offs of some of their food choices, contributing to an increase in private brand penetration within our consumables business. We also saw growth in the number of higher-income households shopping with us, which we believe reflects more consumers choosing Dollar General as they seek value.”

-Dollar General Todd J. Vasos, CEO & Director

“There are signs of trade down to our stores, and we are focused on the value proposition for both banners in this environment. Like many retailers, we are seeing a shift in consumable preferences as many shoppers are gravitating to needs-based consumables, which is impacting our margin through product mix.”

-Dollar Tree Michael A. Witynski, President, CEO & Director

“As the year has progressed, we've seen more pronounced consumer shifts and trade-down activity. As an example, instead of deli meats at higher price points, customers are increasing purchases of hot dogs as well as canned tuna or chicken. Private brand penetration has also inflected higher. And in food category, specifically the private brand growth rate doubled compared to Q1 levels. We'll continue to manage pricing for customers in a way that preserves our price gaps and allows us to earn market share profitably.”

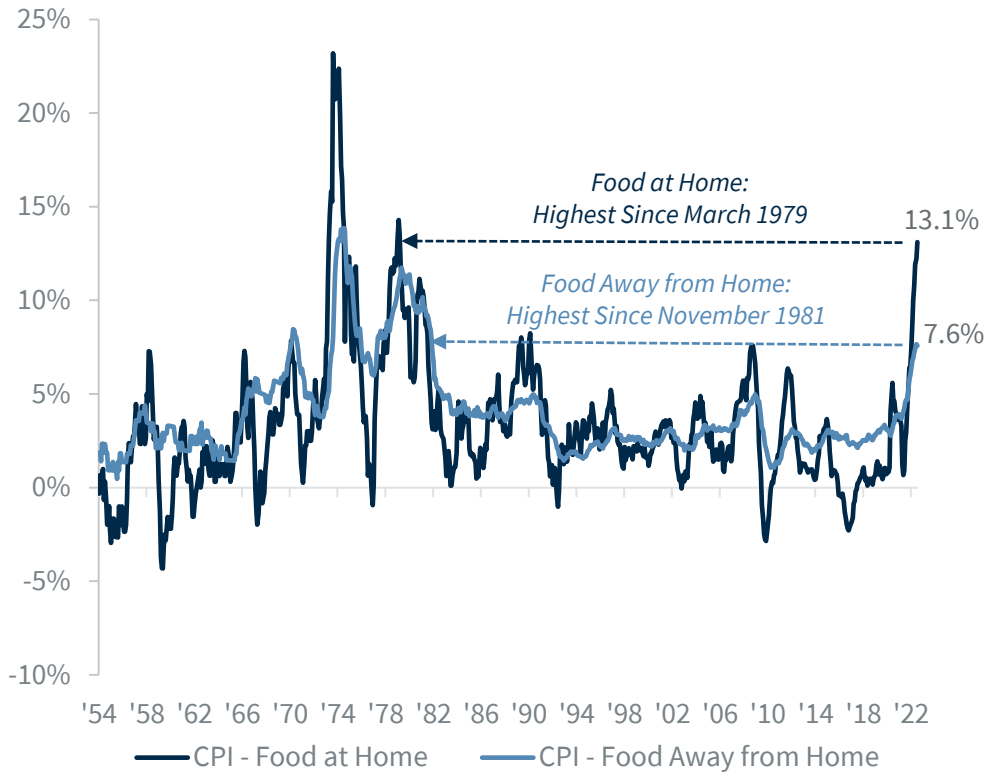
-Walmart John David Rainey, Executive VP & Chief Financial Officer

Source: Company Reports and Raymond James Equity Research.

FOOD PRICES REMAIN ELEVATED BUT SET TO DECLINE

FOOD PRICES REMAIN ELEVATED, BUT SIGNS OF COOLING MAY BE STARTING TO APPEAR

Food Costs Continue To Soar



Early Signs Of Easing Prices

Soybean Oil



-26.1% from Peak

Wheat



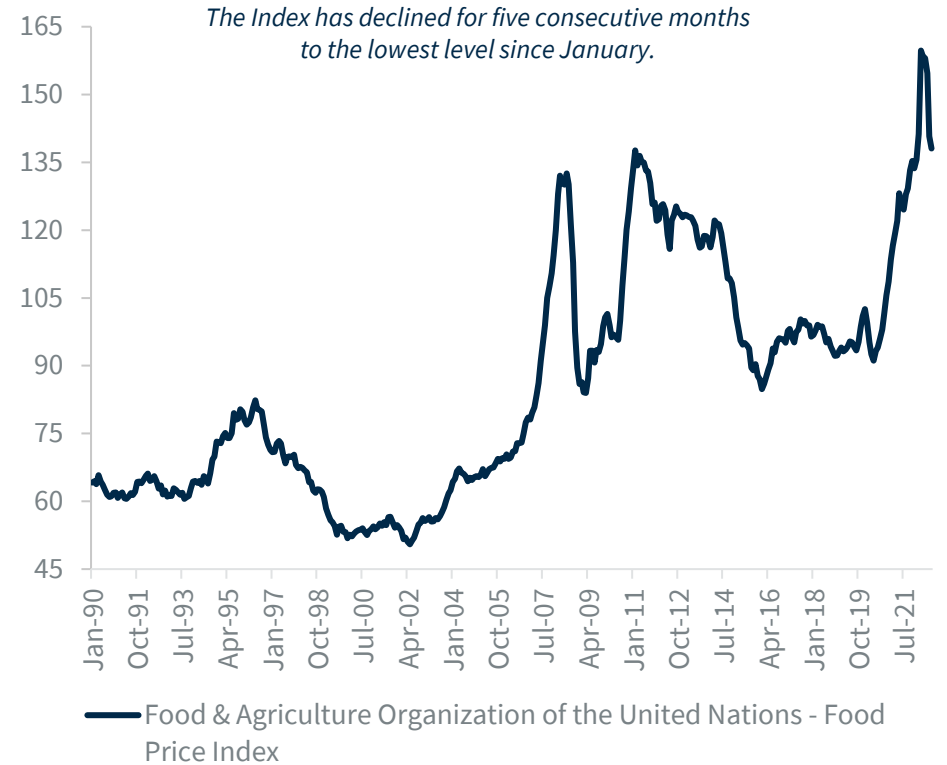
-32.2% from Peak

Corn



-13.2% from Peak

UN Food Price Index On The Decline

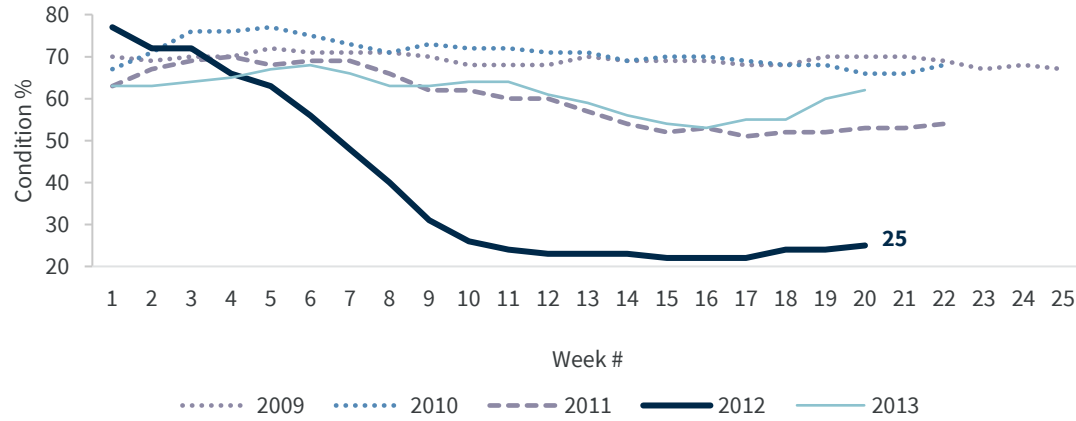


Source: FactSet, Data as of 9/2/2022.

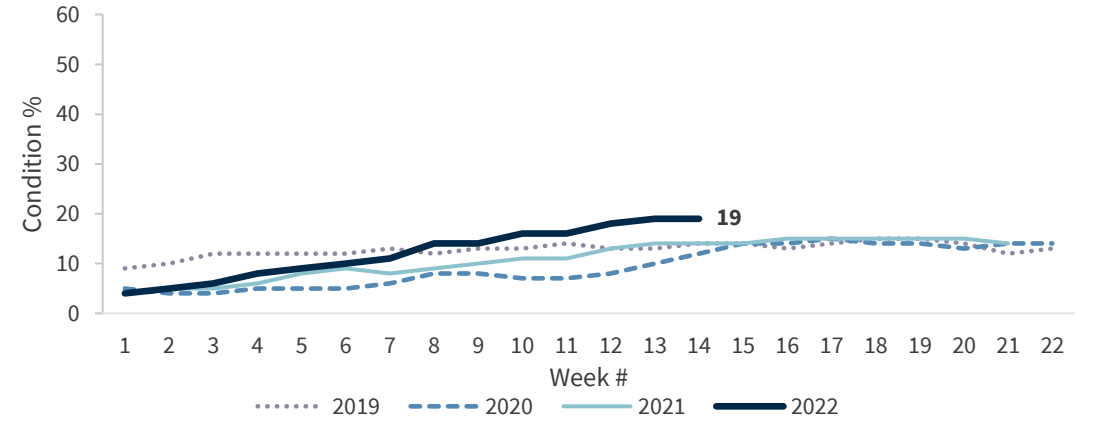
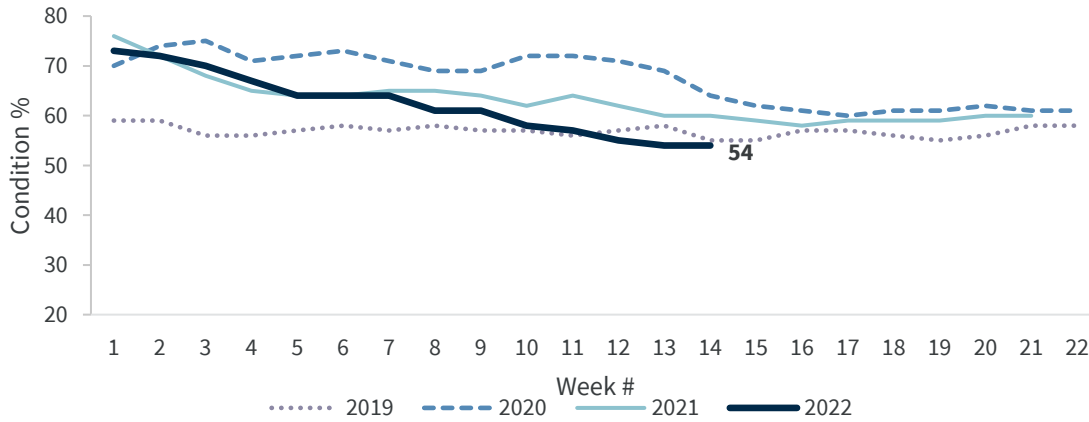
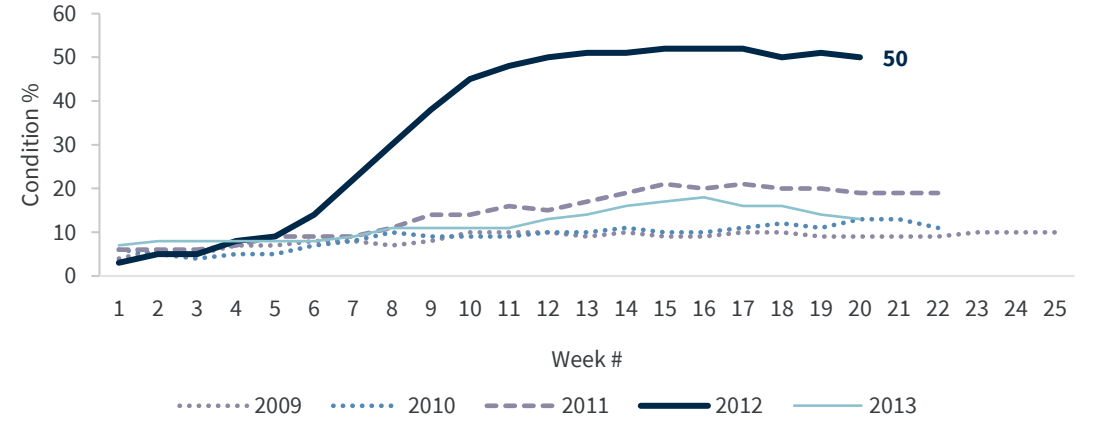
FOOD PRICES REMAIN ELEVATED BUT SET TO DECLINE

BRIAN, ARE THERE SIGNS OF IMPROVEMENT ACROSS THE COMMODITY MARKET, EVEN IN THE MIDST OF DROUGHTS?

USDA Corn Crop Condition - % Good to Excellent



USDA Corn Crop Condition - % Poor to Very Poor

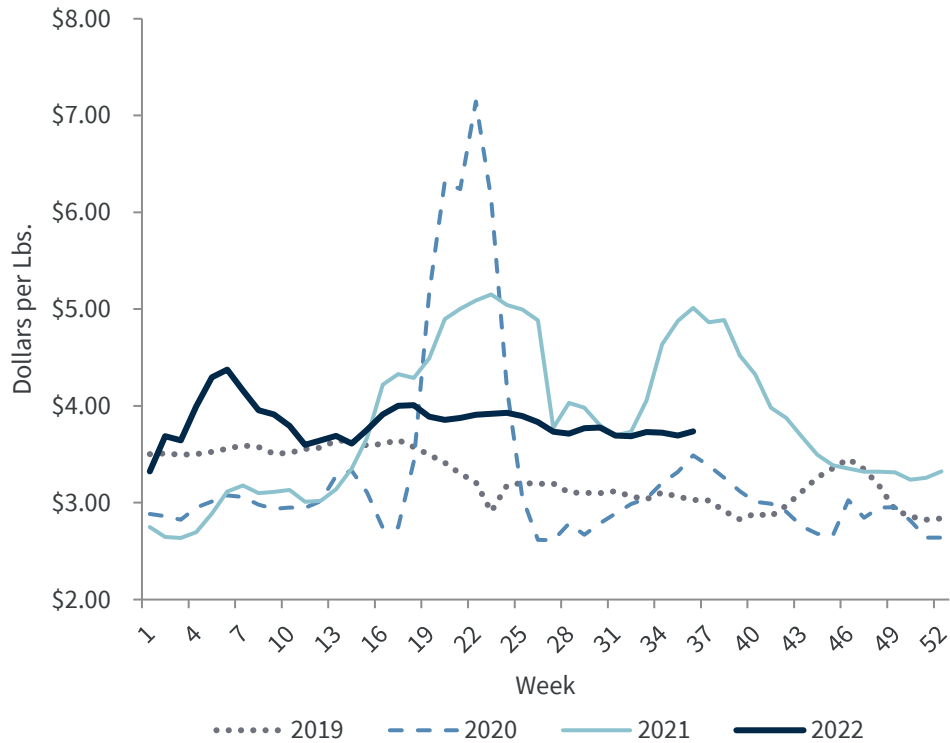


Source: USDA, Raymond James Equity Research

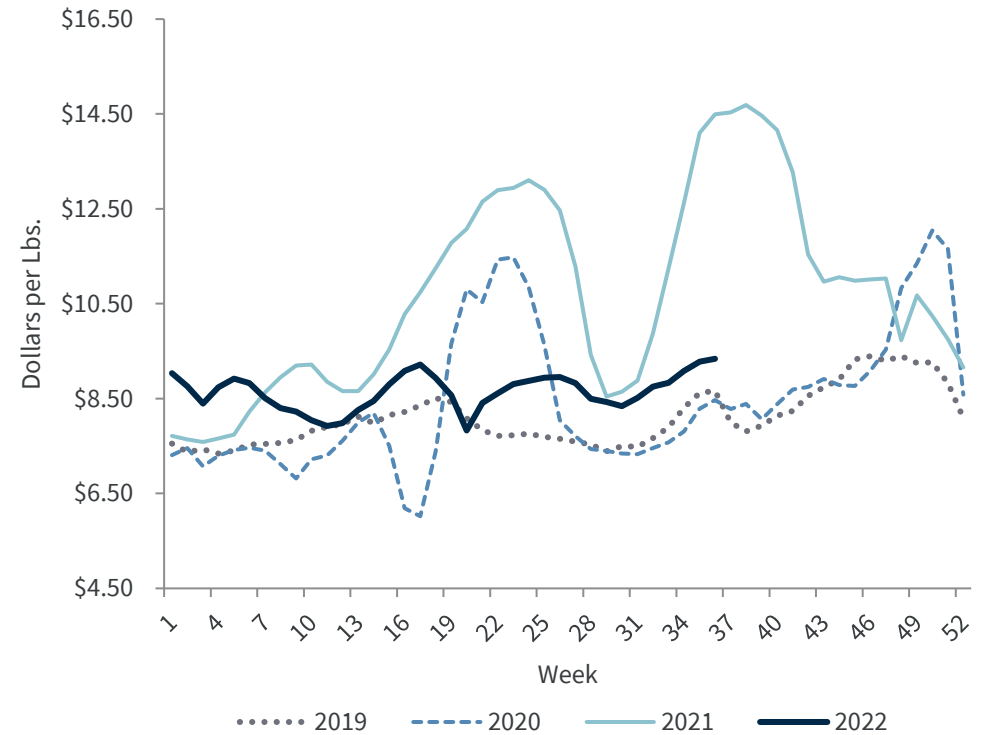
FOOD PRICES REMAIN ELEVATED BUT SET TO DECLINE

PRICE IMPROVEMENTS FOR MAJOR PROTEIN SOURCES

USDA Beef Sirloin (Choice)



USDA Beef Ribeye (Choice)

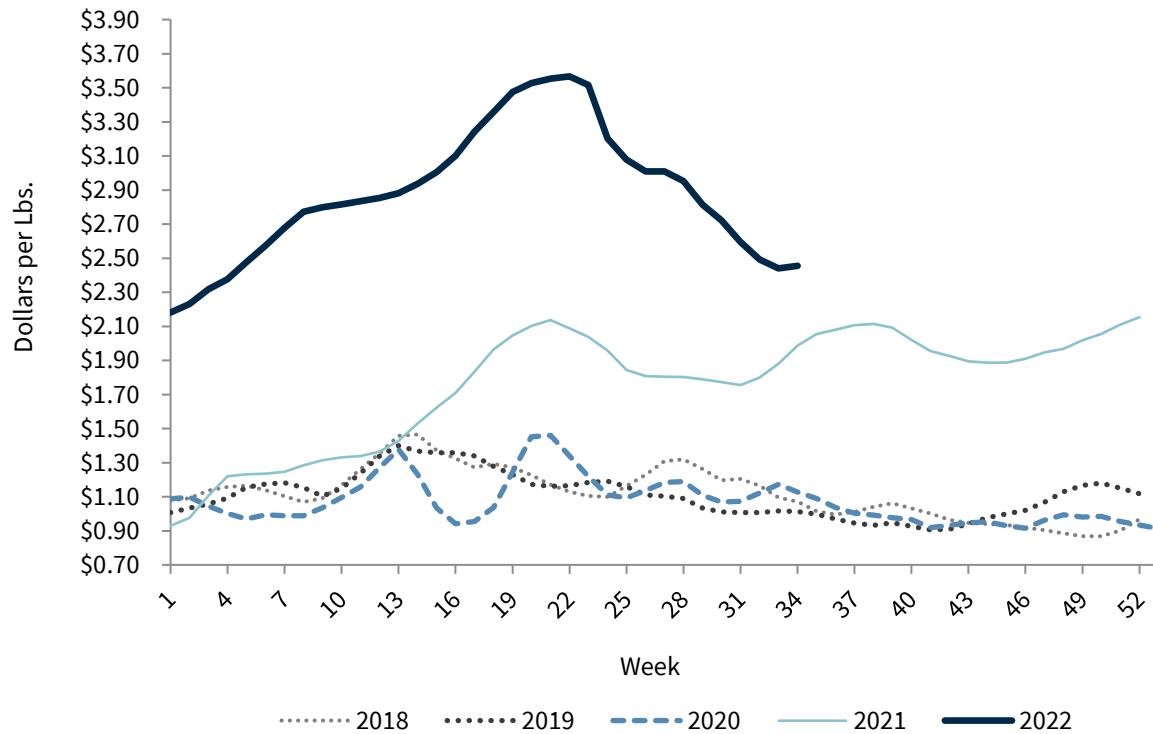


Source: USDA, Raymond James Equity Research

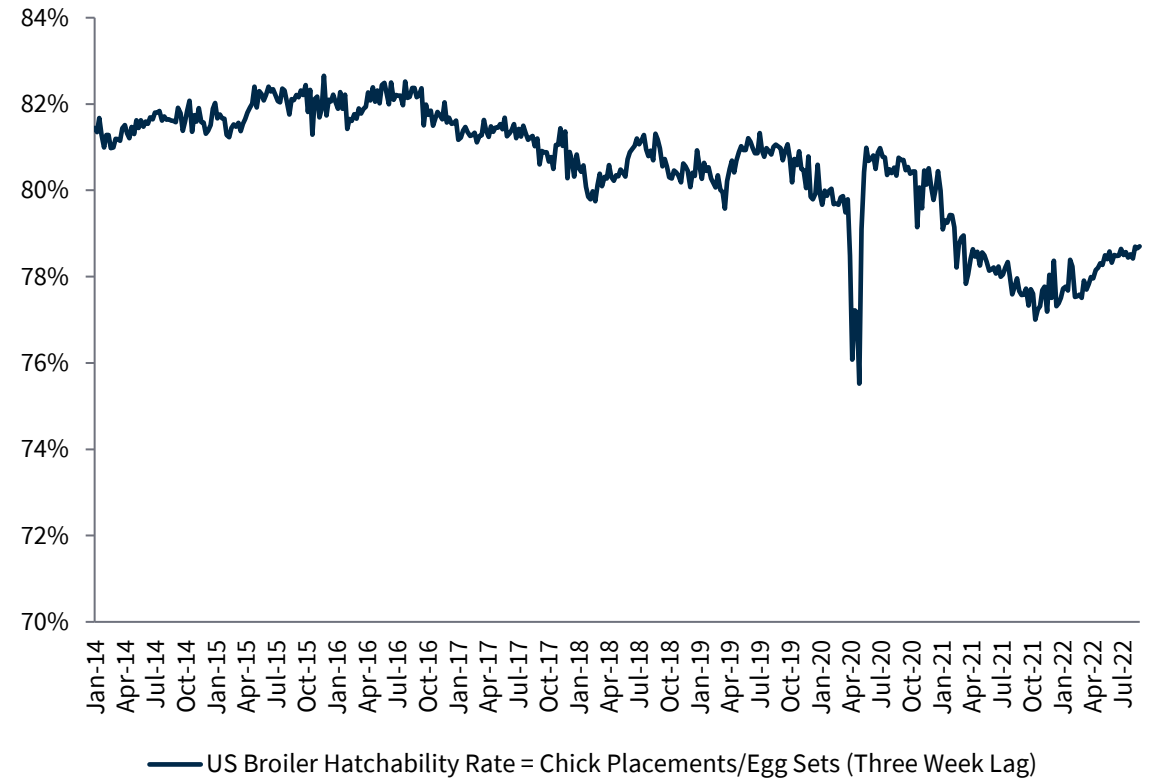
FOOD PRICES REMAIN ELEVATED BUT SET TO DECLINE

PRICE IMPROVEMENTS FOR MAJOR PROTEIN SOURCES

Boneless/Skinless Chicken Breast Prices



Gradual Improvements in Hatch Rates

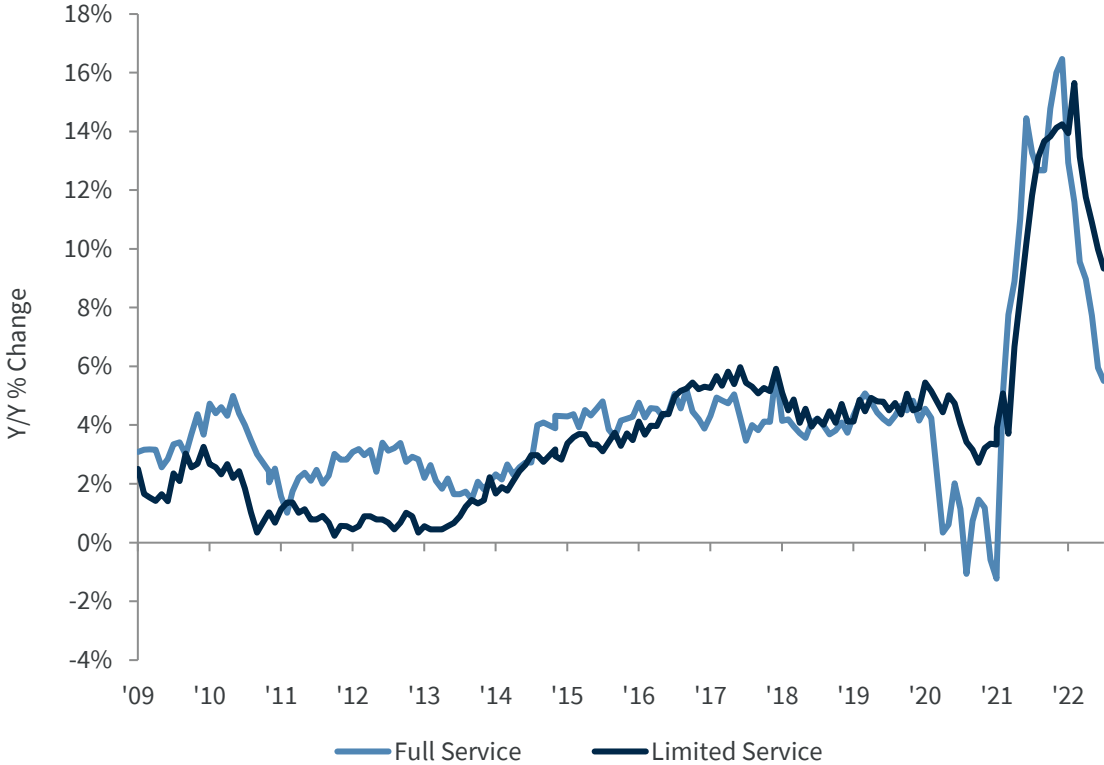


Source: USDA, Raymond James Equity Research

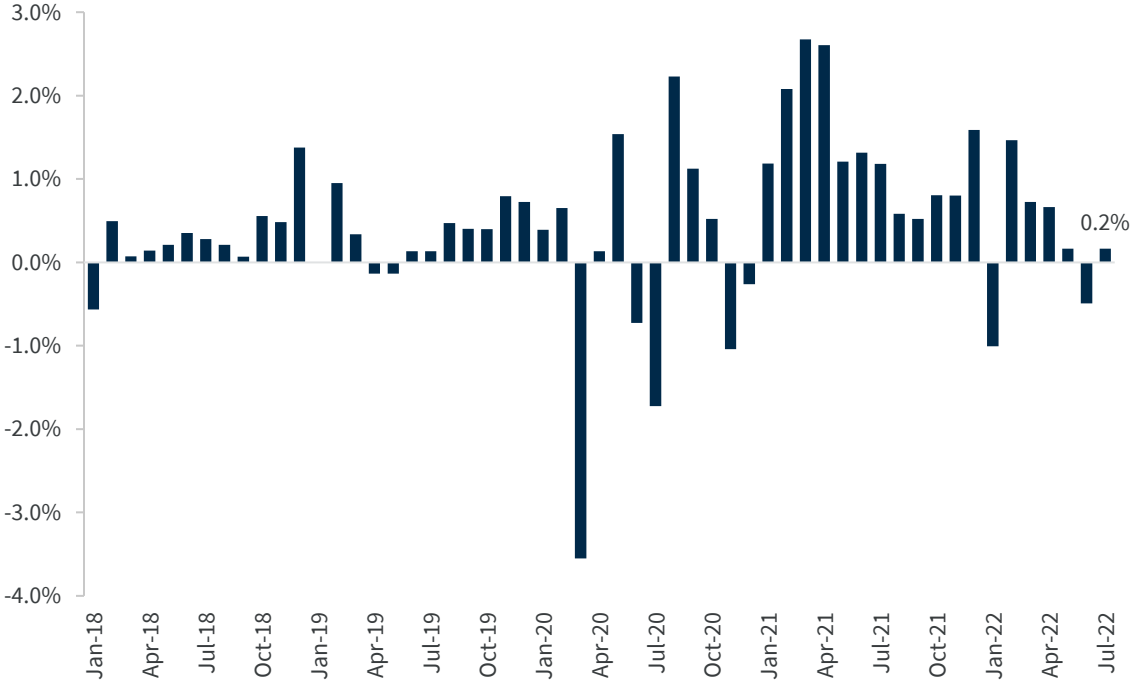
FOOD PRICES REMAIN ELEVATED BUT SET TO DECLINE

BRIAN, BEYOND COMMODITIES, HAS THE LABOR SITUATION IMPROVED WITHIN THE FOOD AND RESTAURANT INDUSTRIES?

Hourly Wage Inflation (Year/Year)
Full Service versus Limited Services – Non-Supervisory Workers



Average Hourly Wage (Month/Month)
Full Service



Source: US BLS, Raymond James Equity Research

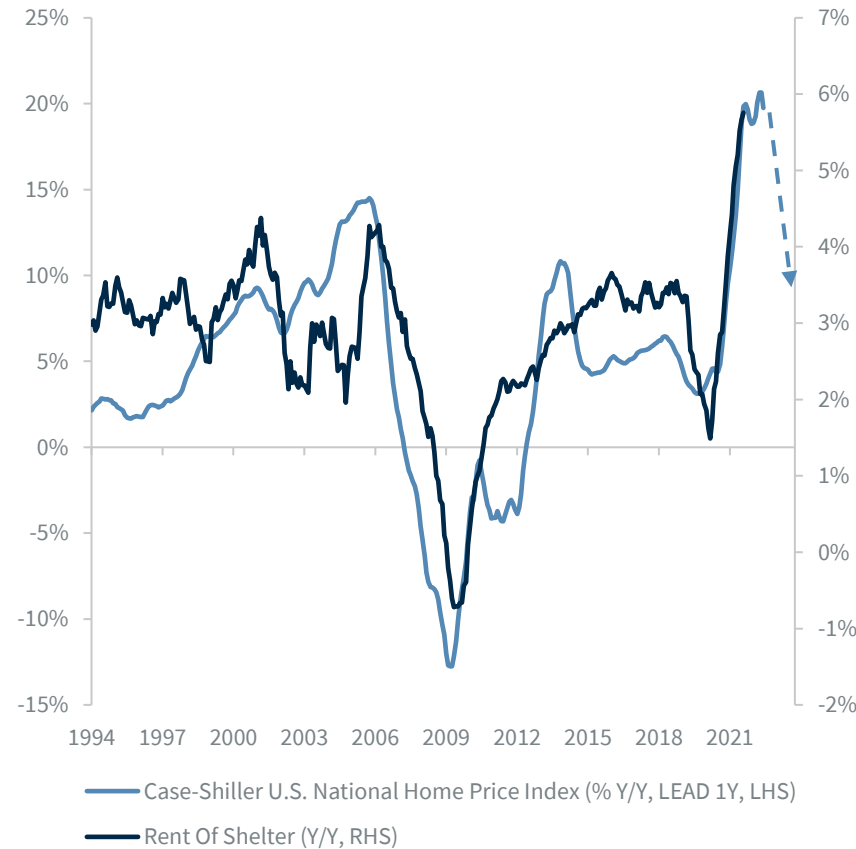
RENT GROWTH REMAINS ELEVATED, BUT SIGNS OF NORMALIZATION AHEAD?

HOUSING PRICE GROWTH BEGINNING TO NORMALIZE RAPIDLY

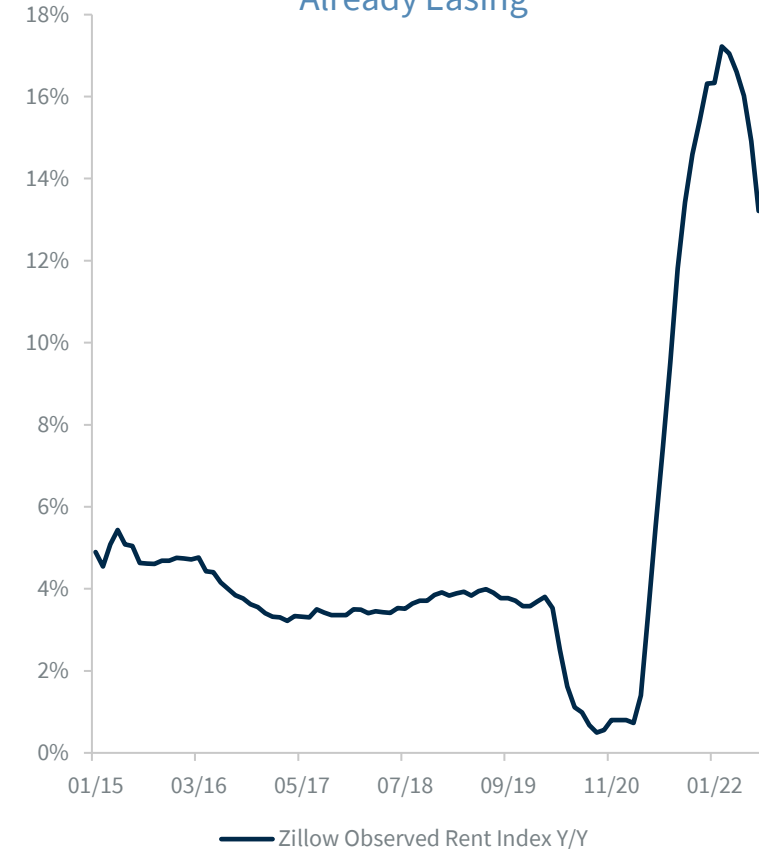
Housing Market Rapidly Slowing

- 1 **Existing Home Sales** Decline to the Lowest Level Since 2014
- 2 **Mortgage Applications** Decline to the Lowest Level Since November 2016
- 3 **Housing Inventory** Rises to the Highest Level Since October 2020
- 4 % of Homes With **Price Cuts** Rises to the Highest Level Since at Least 2019
- 5 **Traffic of Prospective Buyers** Declines to the Lowest Level Since March 2015
- 6 **Cancellation Rates** Rise to the Highest Level Since at Least 2018

Rents Typically Act on a Lag



Real-Time Data Suggests Rent Growth Already Easing



Source: FactSet, Data as of 9/2/2022.

STRONGER DOLLAR IMPACT ON INFLATION

THE STRONGER DOLLAR WILL HAVE AN IMPACT ON INFLATION GOING FORWARD

Euro Falls Below Parity With the Dollar



Dollar Strengths

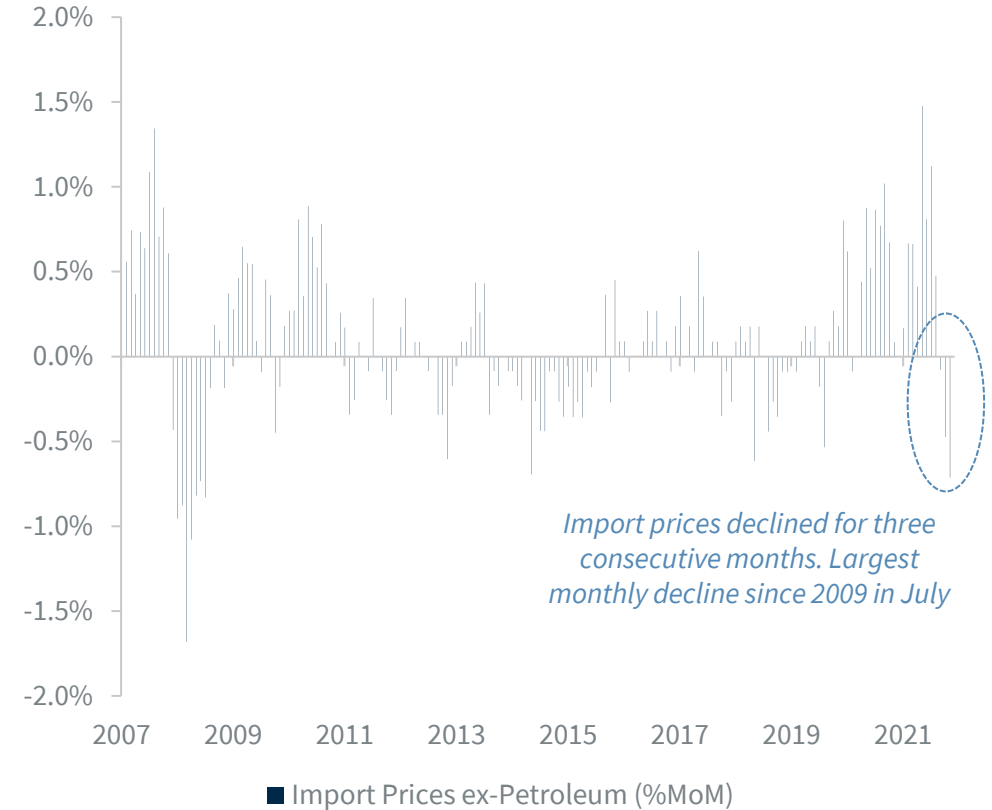
More Resilient
Economy

More
Aggressive
Central Bank

Relatively Less
Inflation

Stable
Currency

Greater Purchasing Power for US Consumers

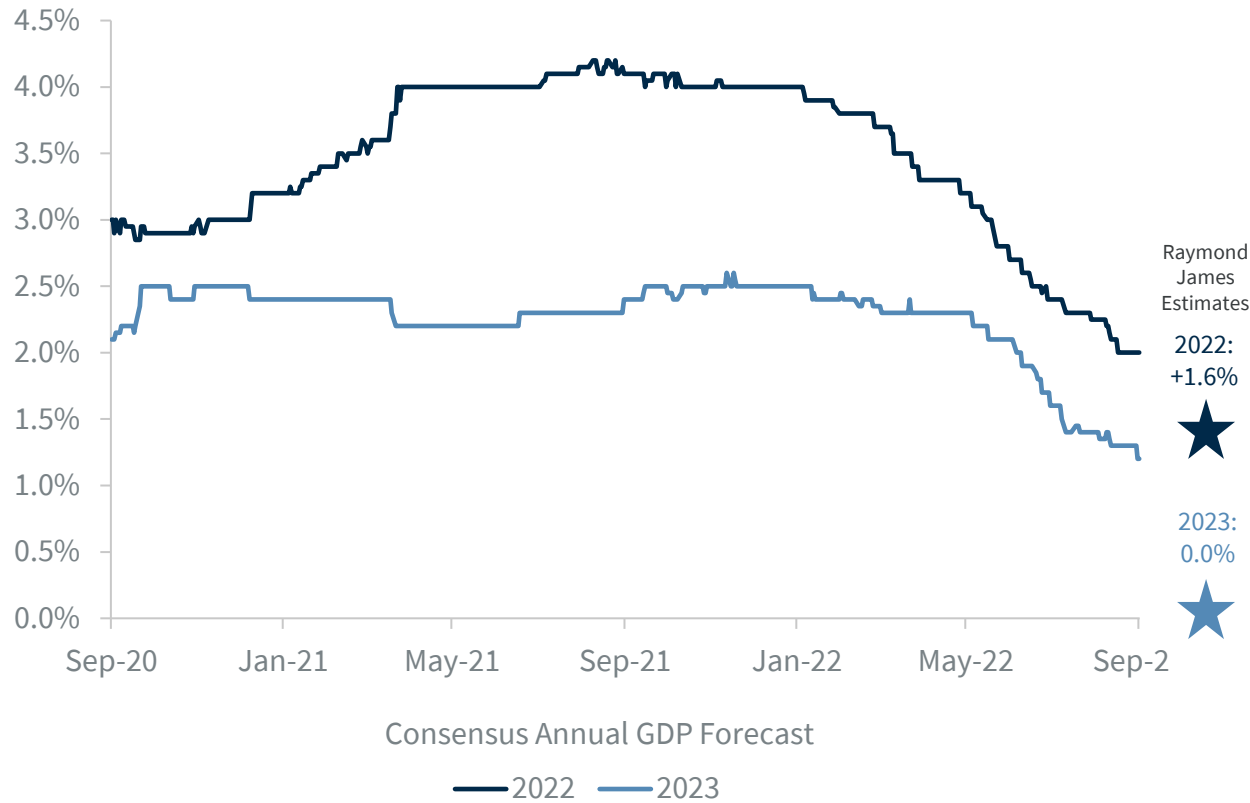


Source: FactSet, Data as 9/2/2022.

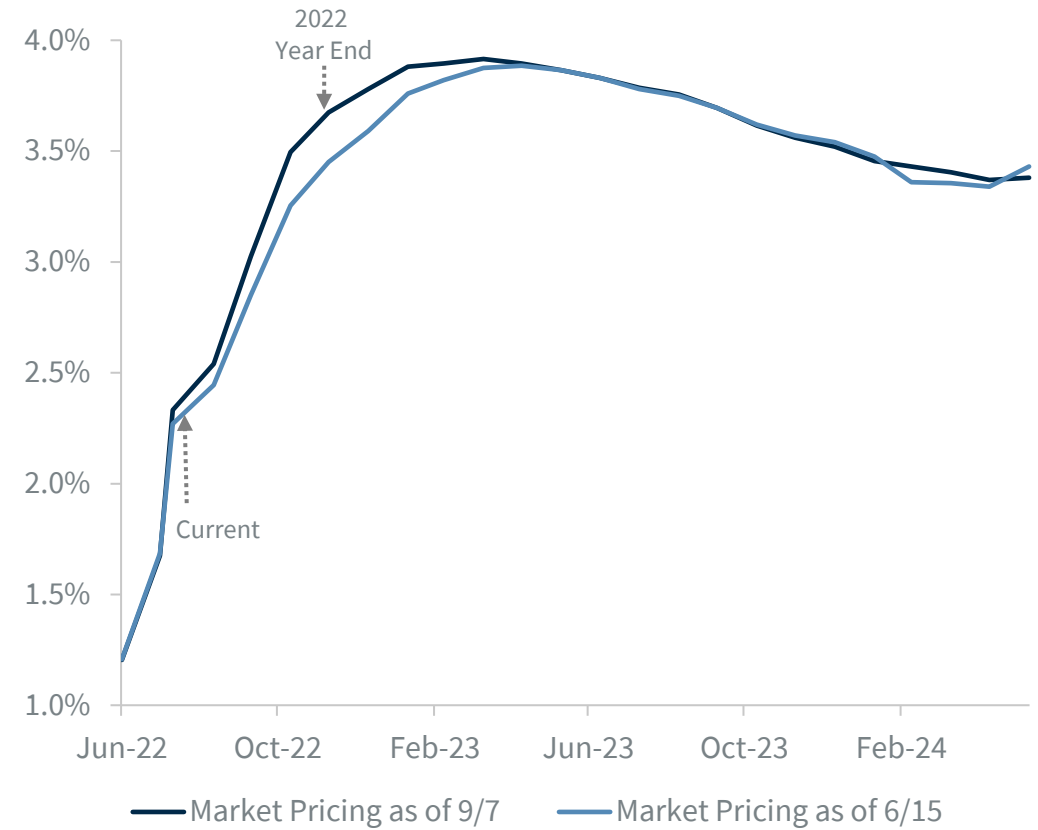
THE FED CONUNDRUM

THE FED CONUNDRUM – ELEVATED BUT COOLING INFLATION, SLOWING GROWTH, A MARKET EXPECTING RATE HIKES

Consensus Growth Forecasts Continue to Fall



Market Anticipating Fed Peak at Below 4%

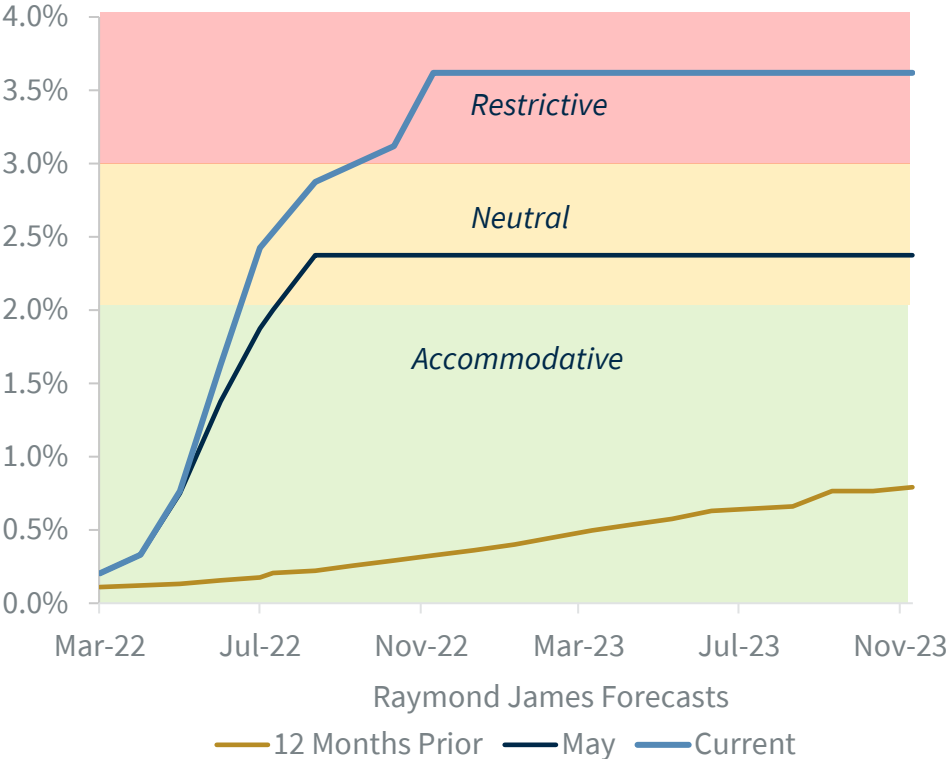


Source: FactSet, Data as of 9/7/2022.

FED FORECASTS

EUGENIO, HOW DO YOU SEE THE FED PROCEEDING REGARDING INTEREST RATE HIKES? WILL THE PEAK IN RATES OCCUR THIS YEAR?

Fed Funds Rate Potential Move to 'Restrictive' State



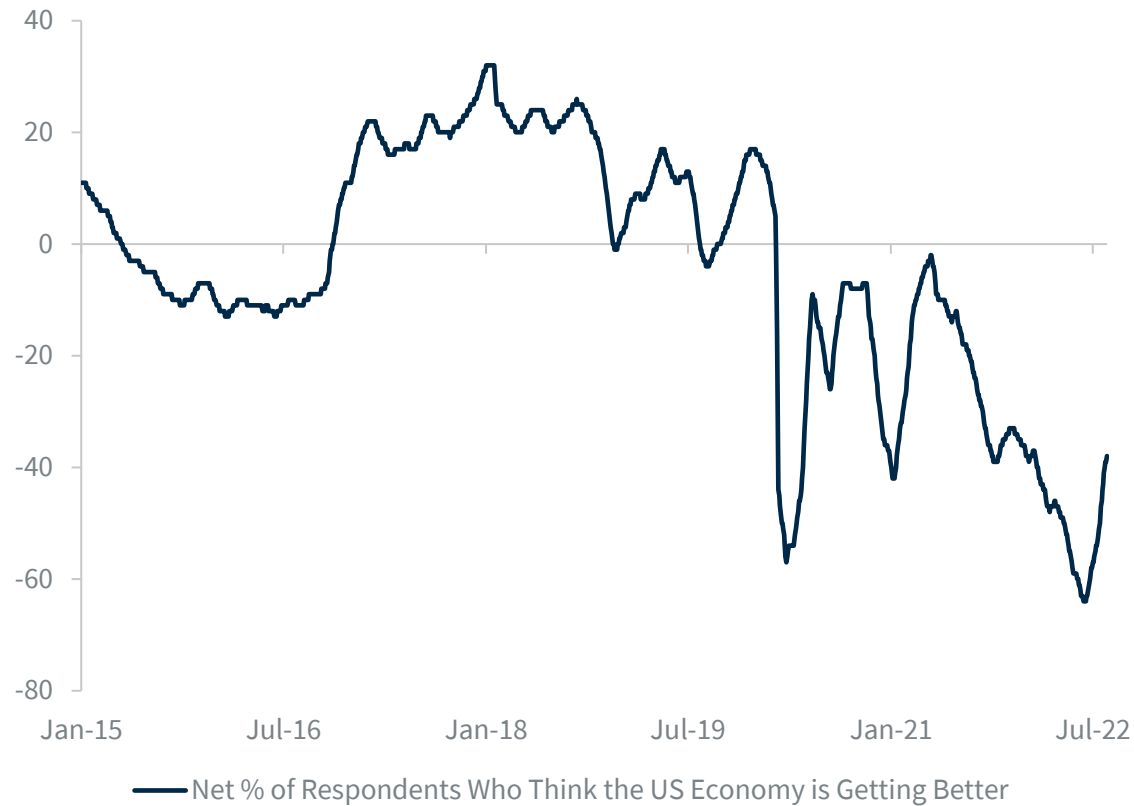
Personal Consumption Expenditures Deflator



Source: FactSet, Data as 9/9/2022.

MOMENTUM SHIFTING IN THE MIDTERM ELECTION

Economic Expectations Improving



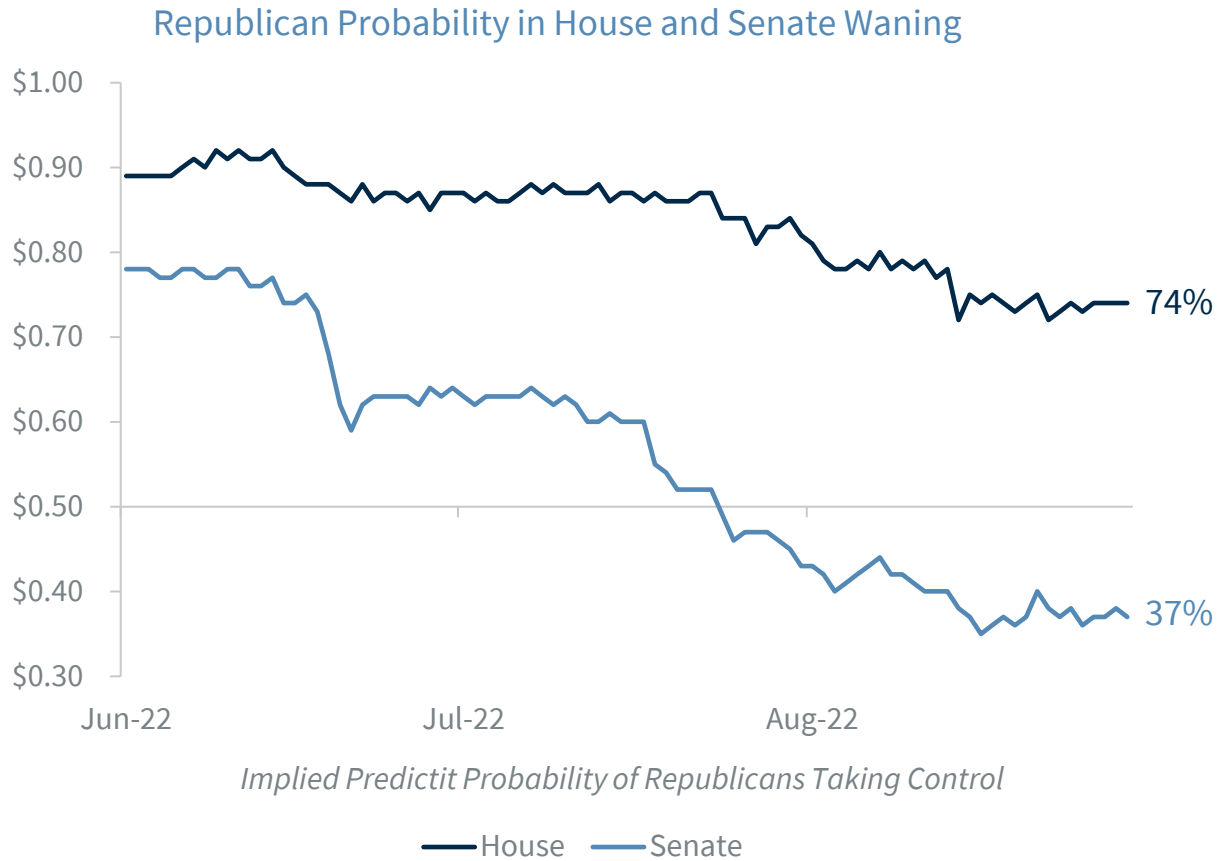
Biden Approval Rating Improving



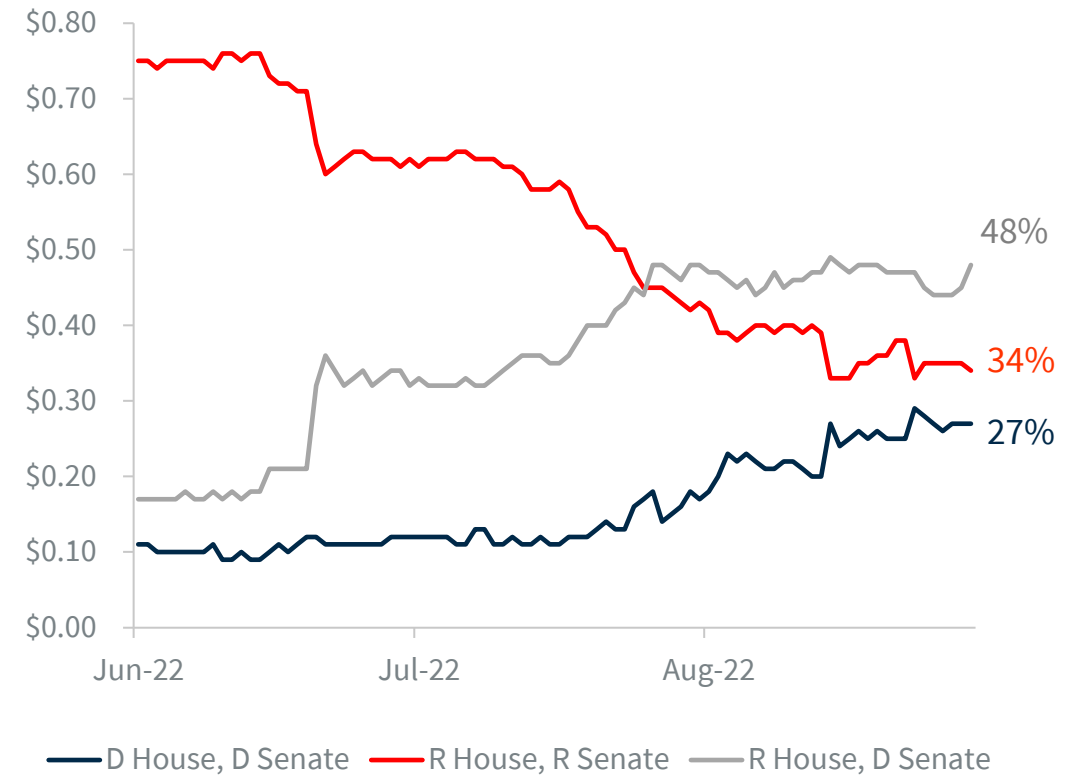
Source: FactSet, Data as of 8/30/2022.

RED WAVE WEAKENING

PROBABILITY OF REPUBLICAN SWEEP HAS DIMINISHED



Split Congress Now Seen as Most Likely Outcome

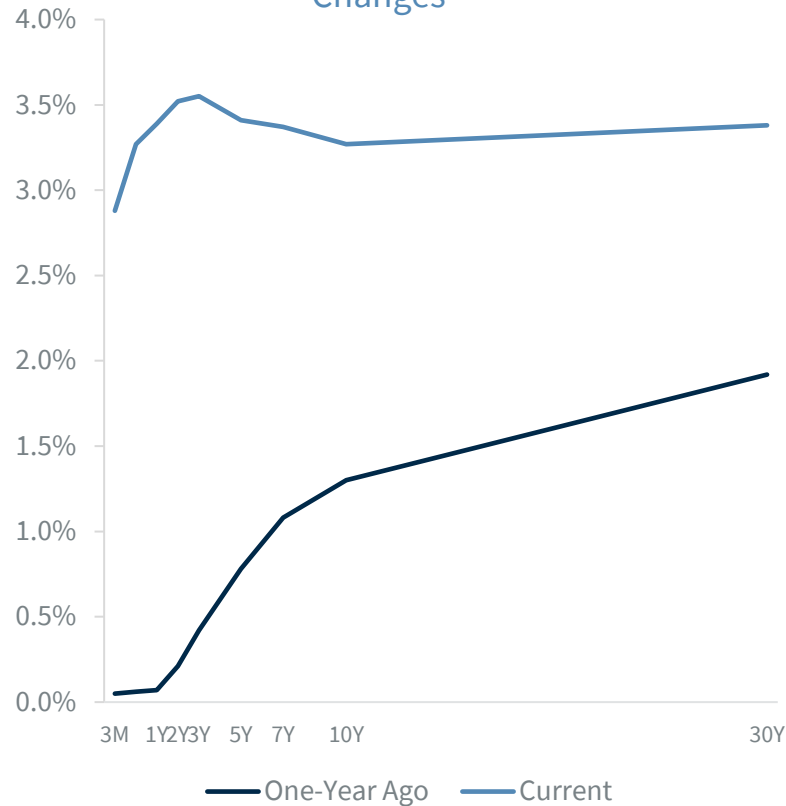


Source: FactSet, Data as of 9/2/2022.

YIELD CURVE INVERSION IN FOCUS

YIELD CURVE INVERSION ACCELERATED OVER SUMMER MONTHS

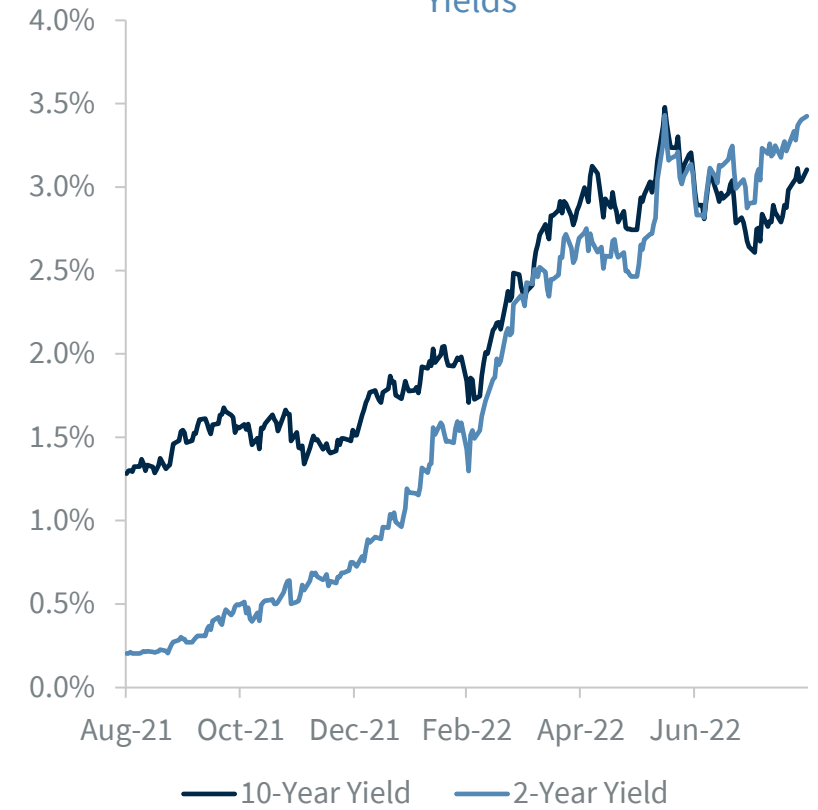
Treasury Curve Shape Dramatically Changes



Yield Curve Most Inverted Since 2000



Flattening Driven by Rise in Short-Duration Yields

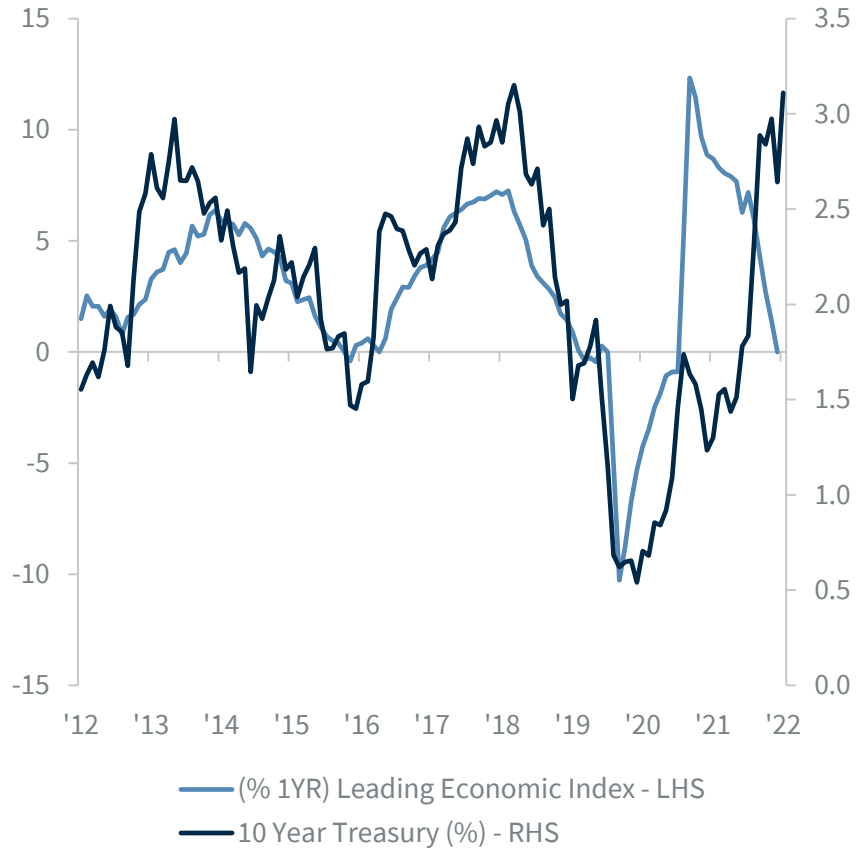


Source: FactSet, Data as of 9/2/2022.

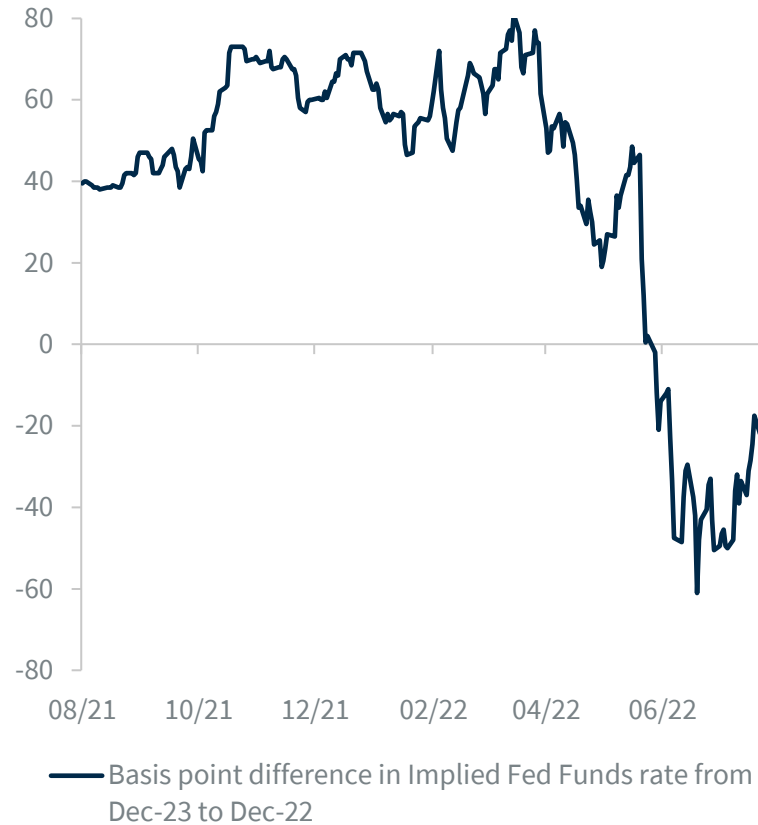
GETTING CLOSER TO THE END OF THE CYCLE

TRACEY, HOW DOES AN INVERTED YIELD CURVE AND AGGRESSIVE FED SHAPE YOUR BOND OUTLOOK?

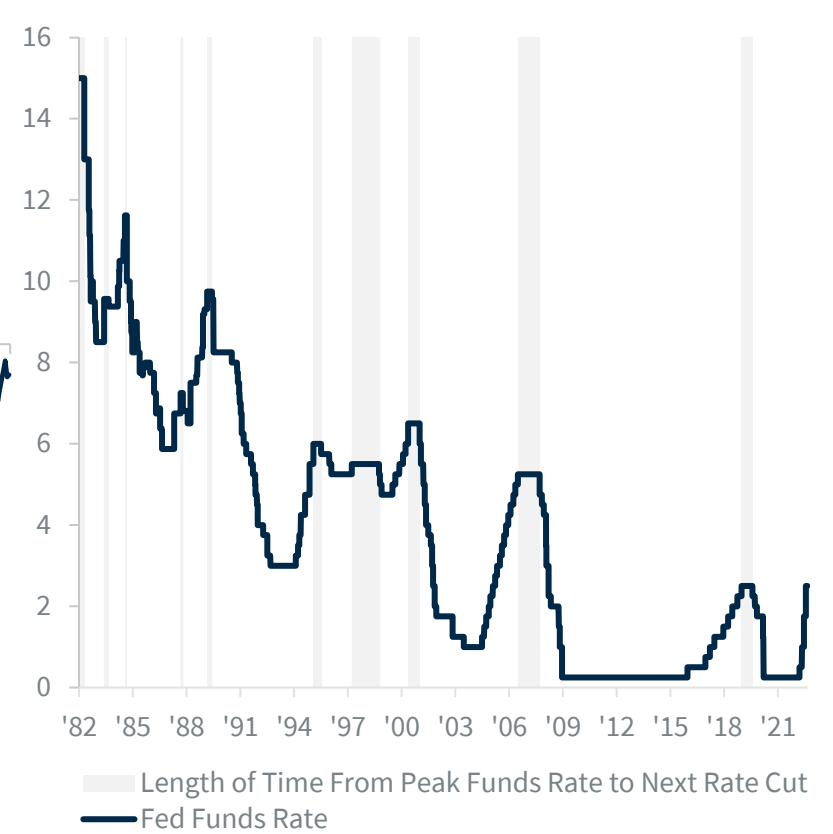
Leading Indicators Flag Growth Slowdown



Powell Pushes Back on a Policy Pivot



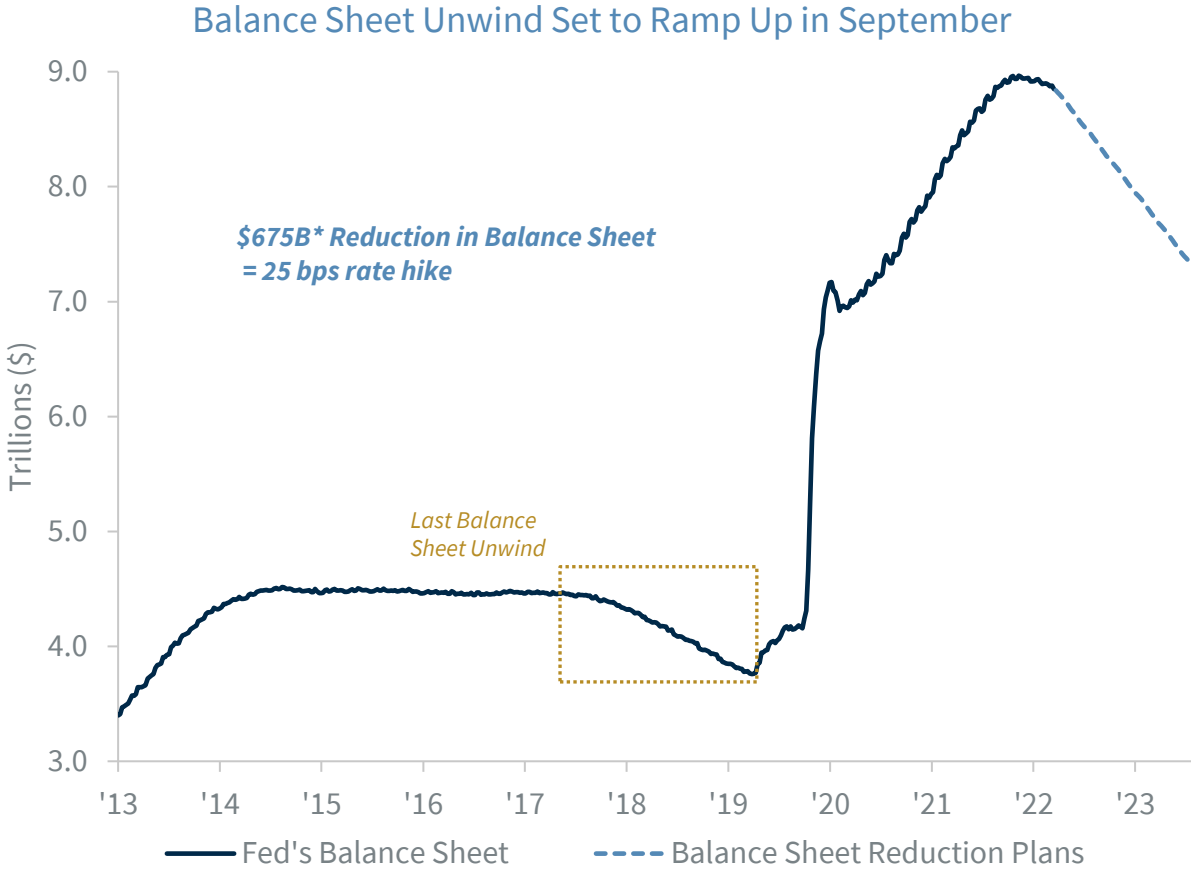
Pause Between Cycles is Not Too Long



Source: FactSet, Data as of 8/30/2022

QUANTITATIVE TIGHTENING SET TO RAMP UP

TRACEY, WHAT OTHER FACTORS COULD IMPACT THE BOND MARKET IN THE COMING MONTHS?



* Kansas City Fed estimates

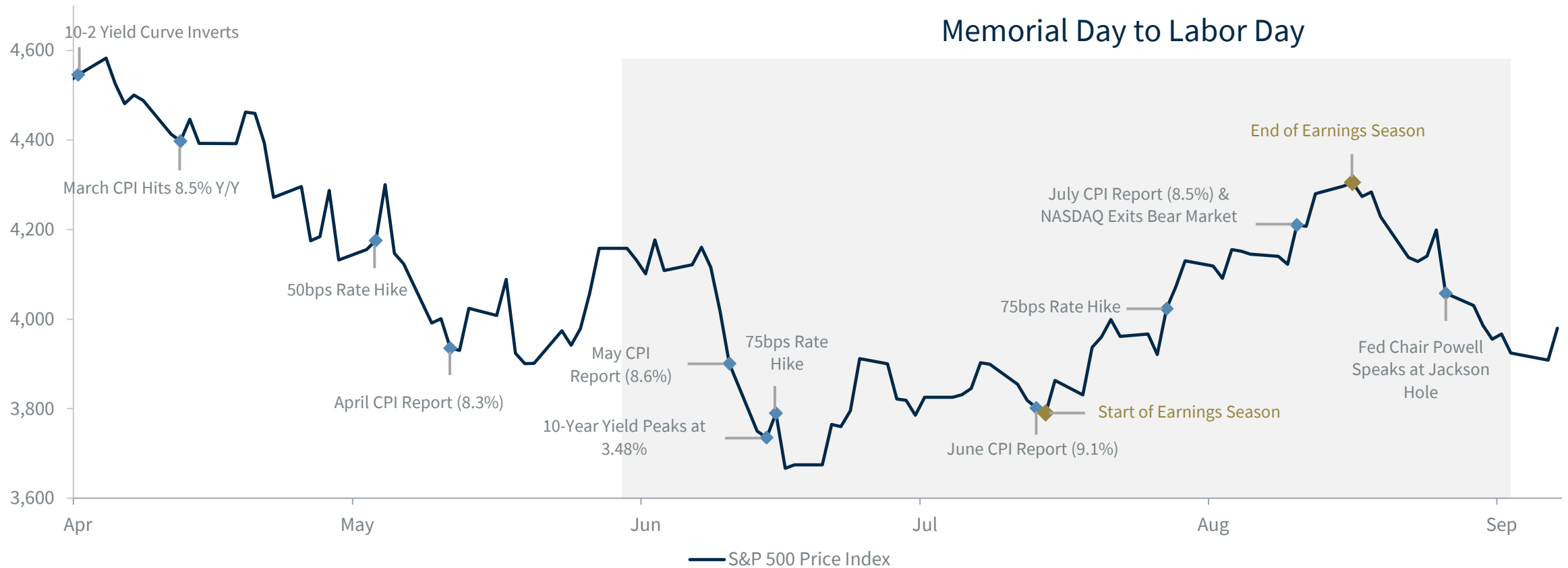
Source: FactSet, Data as of 8/24/2022

5 Reasons Why This QT Period is Different

- 1** It's Occurring During the Most Aggressive Tightening Cycle in Last 20-Years
- 2** Fed Will Be Conducting a Significantly Faster Pace of Balance Sheet Reduction
- 3** Quantitative Tightening is Occurring Across Multiple Markets (i.e., Canada, UK, Australia and possibly the ECB)
- 4** Treasury Market Liquidity is More Challenged
- 5** Bond Volatility is Significantly More Elevated

ROUNDBOUT TRADING OVER SUMMER MONTHS

Choppy Trading Over Summer Months

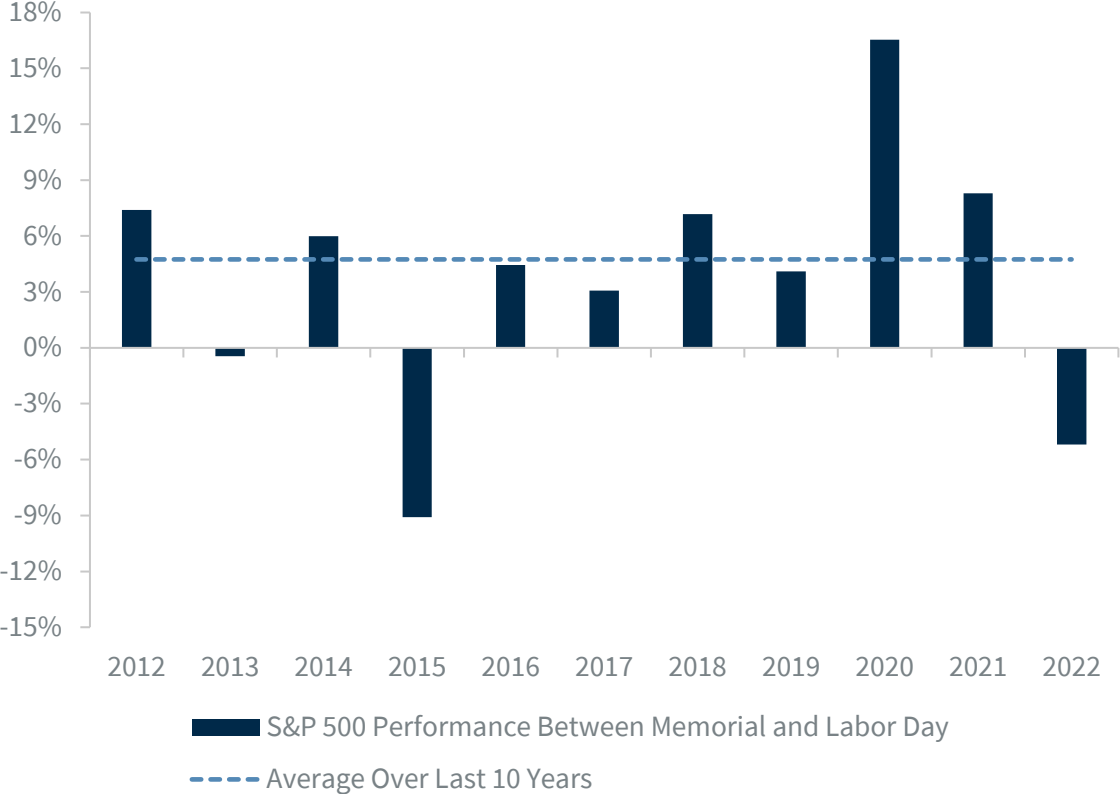


Source: FactSet, Data as 9/7/2022.

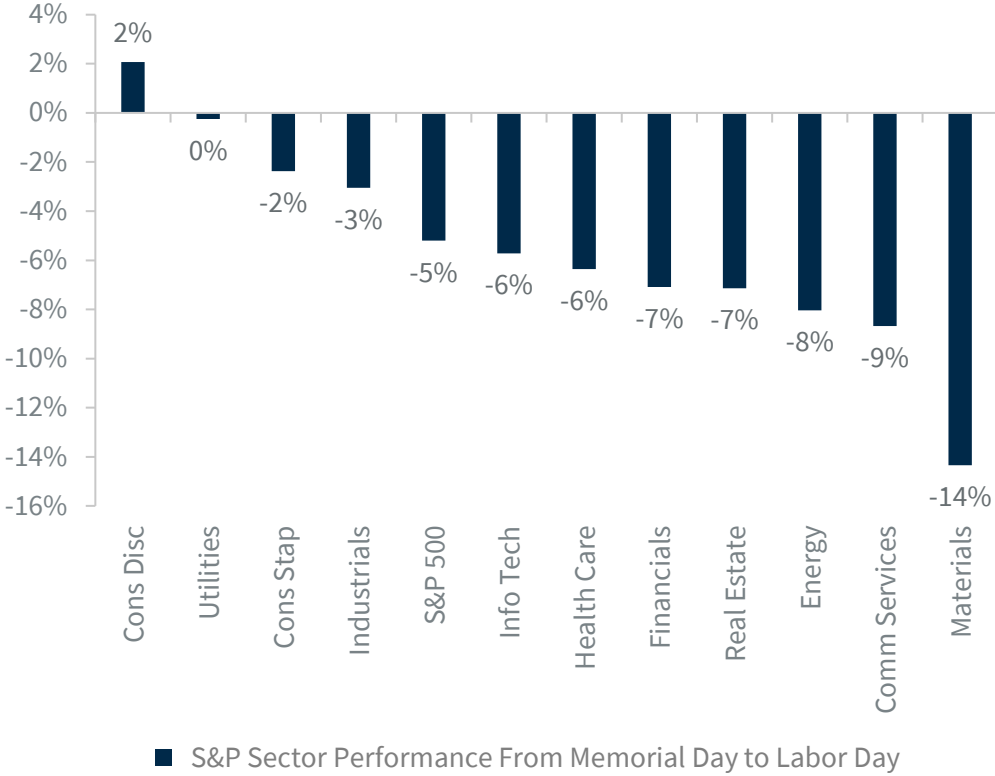
CHOPPY TRADING OVER SUMMER MONTHS

VOLATILE TRADING OVER SUMMER MONTHS

First Negative Summer in Seven Years



Sector Performance Over Summer Months

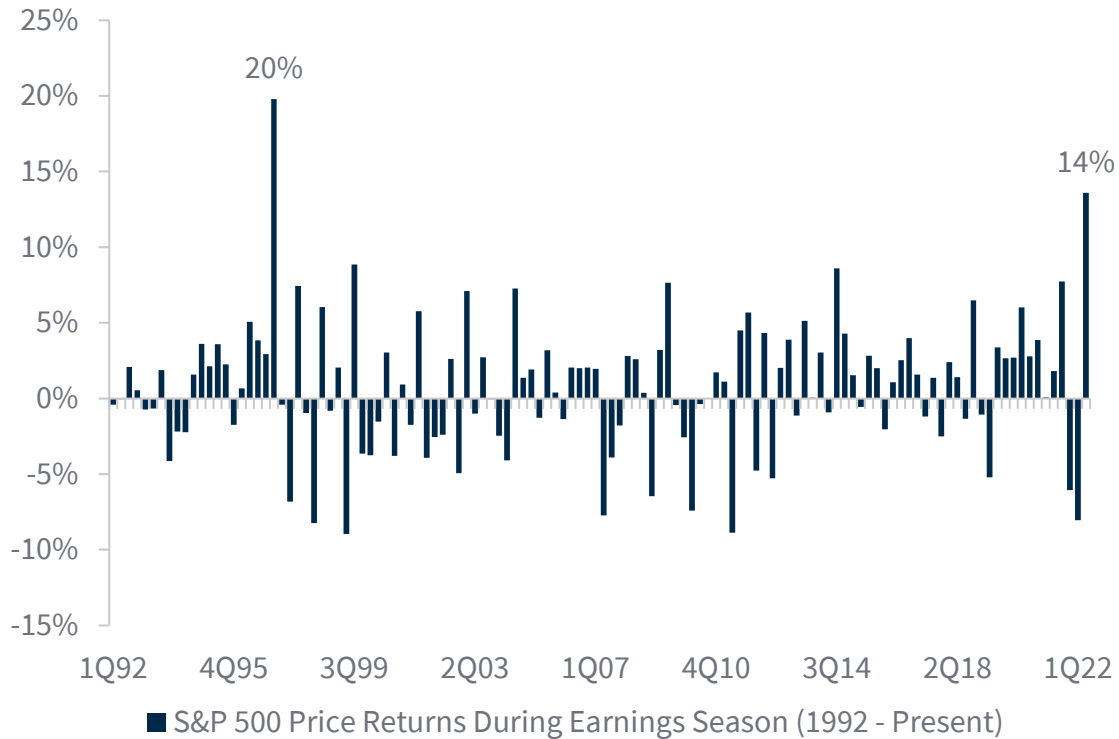


Source: FactSet, Data as 9/7/2022.

SIX THINGS WE LEARNED FROM EARNINGS SEASON

BETTER THAN EXPECTED EARNINGS A TAILWIND FOR THE MARKET

Strongest Price Performance During Earnings Season in Over 25 Years



Source: FactSet, Data as 9/7/2022.

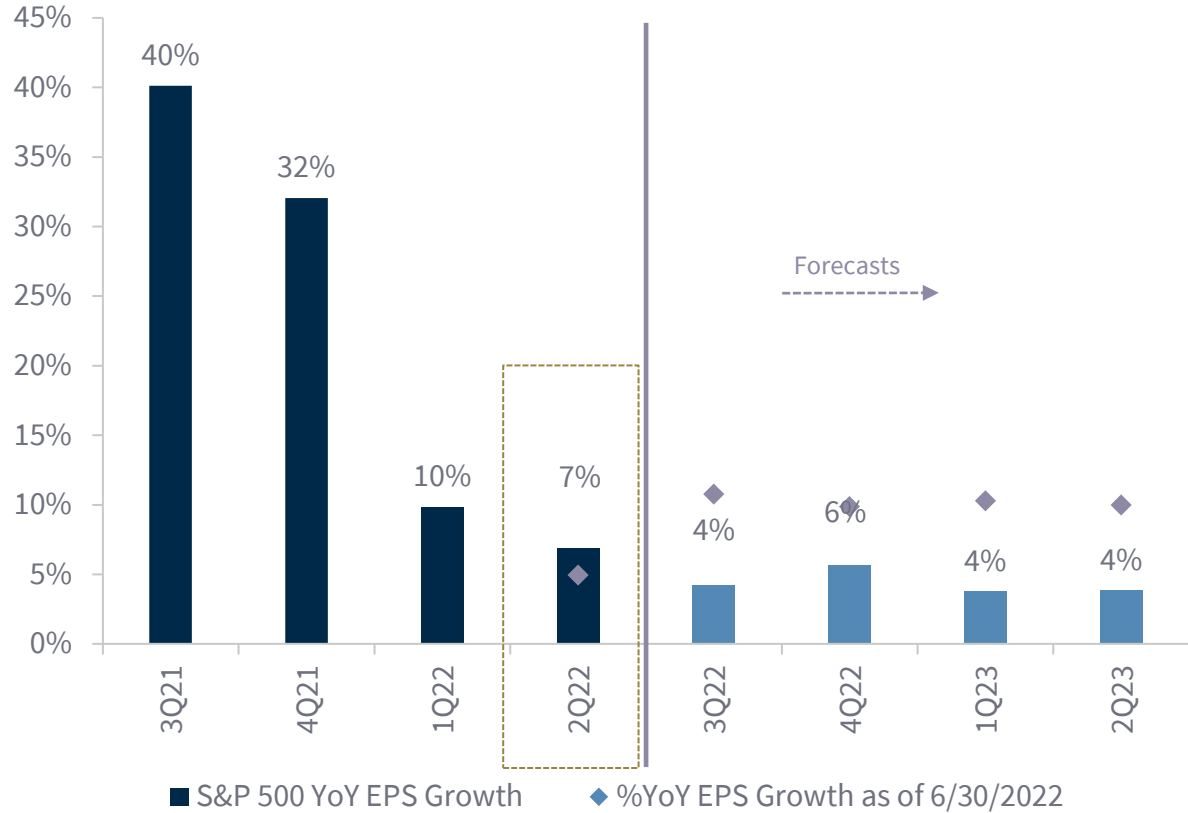
Six Things We Learned From Earnings Season

- 1** 2Q22 S&P 500 EPS Growth of 6.9%, Above Expectations of 4.9%
- 2** Only Fifth Time Earnings Growth Was Positive While GDP Negative (Over Last 35 Years)
- 3** -3.3% Earnings Growth ex-Energy; Earnings up 14.1% ex-Financials
- 4** Consumer Remains Healthy—Spending on Services Robust, Goods Spending Sluggish
- 5** Key Word Assessment: Recession Mentions Down, Rising Dollar Impact, Hiring Still an Issue
- 6** Significant Dispersion in Earnings Beneath the Surface – Tech, Retail

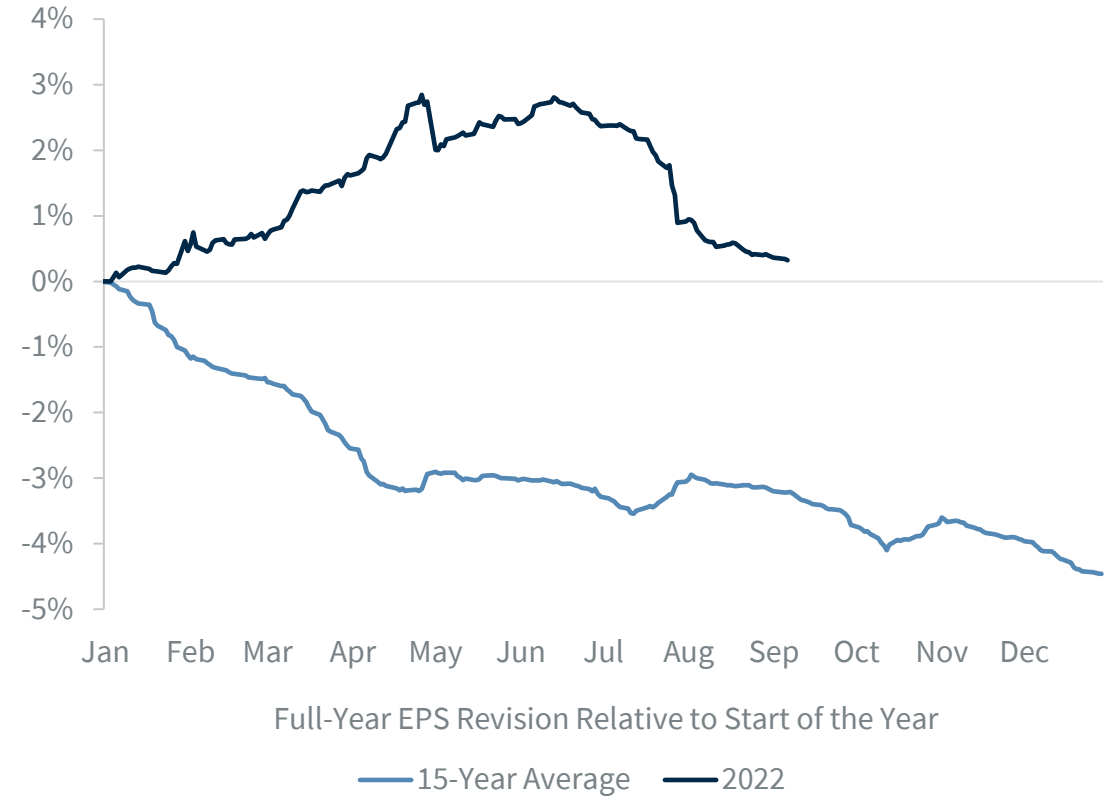
EARNINGS A CATALYST TO MOVE HIGHER

2Q22 EARNINGS SEASON NOT NEARLY AS BAD AS FEARED

Forward Earnings Estimates Revised Lower



2022 Estimates Remain Above Level at Start of Year



Source: FactSet, Data as 9/7/2022.

IMPORTANT RELEASES THROUGH THE END OF THE YEAR

Economic

9/13 Consumer Price Index	11/4 Nonfarm Payrolls
9/14 Producer Price Index	11/10 Consumer Price Index
9/15 Retail Sales	11/15 Producer Price Index
9/27 Consumer Confidence	11/16 Retail Sales
9/29 2Q22 GDP (Final)	11/23 Consumer Sentiment
9/30 PCE & Consumer Sentiment	11/29 Consumer Confidence
<hr/>	
10/7 Nonfarm Payrolls	11/30 3Q22 GDP (Second Estimat)
10/12 Producer Price Index	12/1 PCE
10/13 Consumer Price Index	12/2 Nonfarm Payrolls
10/14 Retail Sales	12/9 Producer Price Index
10/25 Consumer Confidence	12/13 Consumer Price Index
10/27 3Q22 GDP (Initial)	12/15 Retail Sales
10/28 PCE & Consumer Sentiment	12/21 Consumer Confidence
<hr/>	
	12/22 3Q22 GDP (Final)
	12/23 PCE & Consumer Sentiment

Monetary Policy

9/21 FOMC Meeting
10/19 Beige Book
11/2 FOMC Meeting
11/30 Beige Book
12/14 FOMC Meeting

Political Events

9/16 Xi/Putin Meeting
9/30 Government Funding Deadline
11/7 UN Climate Change Conference
11/8 US Midterm Elections
11/15 G-20 Summit

Corporate

10/10 3Q22 Earnings Season Unofficial Start

Source: FactSet, Data as 9/2/2022.

UPCOMING WEBINARS

OCTOBER 10 | 4:00 PM

4Q22 Market Outlook

This presentation will discuss our outlook for the economy and major asset classes (including updated targets) as we end 2022 and move into 2023.

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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.

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.

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.

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.

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.

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.

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.

[LOGISTICS MANAGERS INDEX](#) | The Logistics Managers Index (LMI) is a tracking metric of logistics activity in the United States.

[GLOBAL SUPPLY CHAIN PRESSURE INDEX](#) | Global Supply Chain Pressure Index | a barometer developed by the New York Federal Reserve, to attempt to integrate commonly used metrics to provide a comprehensive summary of potential disruptions affecting global supply chains.

[EIA](#) | The U.S. Energy Information Administration (EIA) is a principal agency of the U.S. Federal Statistical System responsible for collecting, analyzing, and disseminating [energy](#) information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment.

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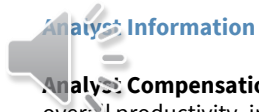
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FactSet.

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RJL (Canada) Definitions: Strong Buy (SB1) The security is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six to 12 months. **Outperform (MO2)** The security is expected to appreciate and outperform the S&P/TSX Composite Index over the next 12-18 months. **Market Perform (MP3)** The security is expected to perform generally in line with the S&P/TSX composite Index over the next 12 months and could potentially be used as a source of funds for more highly rated securities. **Underperform (MU4)** The security is expected to underperform the S&P/TSX Composite Index or its sector over the next six to 12 months and should be sold. **Suspended (S)** The security's rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable or to comply with applicable regulations or firm policies in certain circumstances or may otherwise have a perceived conflict of interest. When a security's research coverage has been suspended, the previous rating and price target are no longer in effect for this security, and they should not be relied upon.

	Coverage Universe Rating Distribution*				Investment Banking Relationships			
	RJA		RJL		RJA		RJL	
Strong Buy and Outperform (Buy)	588	63%	203	80%	144	24%	51	25%
Market Perform (Hold)	333	35%	48	19%	37	11%	4	8%
Underperform (Sell)	18	2%	3	1%	2	11%	0	0%
Total Number of Companies	939	100%	254	100%	183		55	

* Columns may not add to 100% due to rounding.

* Total does not include companies with a suspended rating.

RJA Suitability Ratings (SR)

Moderate Risk/Provide Income (M/INC) Larger capitalization, lower volatility (beta) equities of companies with sound financials, consistent earnings, and dividend yields meaningfully above that of the S&P 500. Many securities in this category are structured with a focus on providing a consistent dividend or return of capital. **Moderate Risk/Wealth Accumulation (M/ACC)** Larger capitalization equities of companies with sound financials, consistent earnings growth, the potential for long-term price appreciation, and often a dividend yield. **Moderately Aggressive Risk/ Provide Income (MA/INC)** Generally equities of companies that are structured with a focus on providing a dividend meaningfully above that of the S&P 500. These companies typically feature sound financials, positive earnings, and the potential for long-term price appreciation. **Moderately Aggressive Risk/Wealth Accumulation (MA/ACC)** Generally equities of companies in fast growing and competitive industries with less predictable earnings (or losses), potentially more leveraged balance sheets, rapidly changing market dynamics, and potential risk of principal. **Aggressive Risk/Provide Income (A/INC)** Generally equities of companies that are structured with a focus on providing a meaningful dividend but may face less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and meaningful risk of loss of principal. Securities of companies in this category may have a more volatile income stream from dividends or distributions of capital. **Aggressive Risk/Wealth Accumulation (A/ACC)** Generally equities of companies with a short or unprofitable operating history, limited or less predictable revenues, high risk associated with success, high volatility (beta), potential significant financial or legal issues, and the meaningful risk of loss of principal.

RJL Suitability Ratings

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