QUARTERLY COORDINATES

THE VIEW FROM THE MOUNTAINTOP

Q4 2021 | OUTLOOK

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RAYMOND JAMES®

UPDATE: TOPICS TO BE ADDRESSED

1 Introduction | The Best Views Come After The Hardest Climb

2 Economy | A Fiscal Stimulus Stout Rope Restrained The Unprecedented Tumble In Economic Growth

3 Fixed Income | The Fed’s Balance Sheet Will Likely Plateau

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7 Asset Allocation | Investors Should Undergo Preparation For Their Financial Future

1 Introduction

The Best Views Come After The Hardest Climbs

INSIGHT:

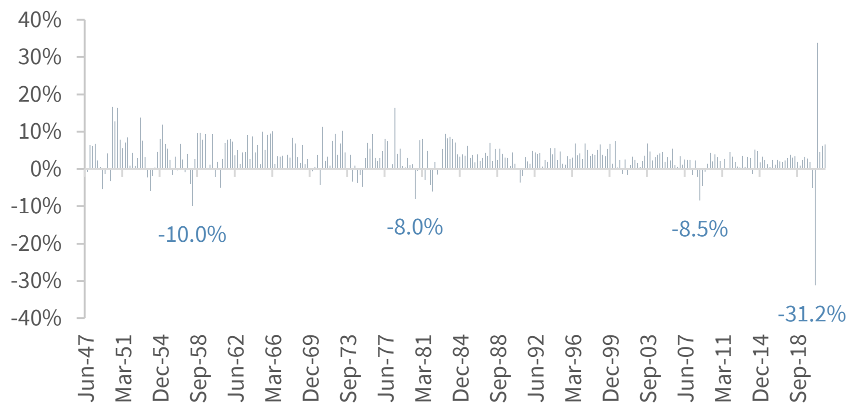
Due to policymaker intervention and scientists developing multiple vaccines in record time, we’ve been able to overcome the worst days of the pandemic and reach peak levels of economic growth and corporate earnings.

BOTTOM LINE:

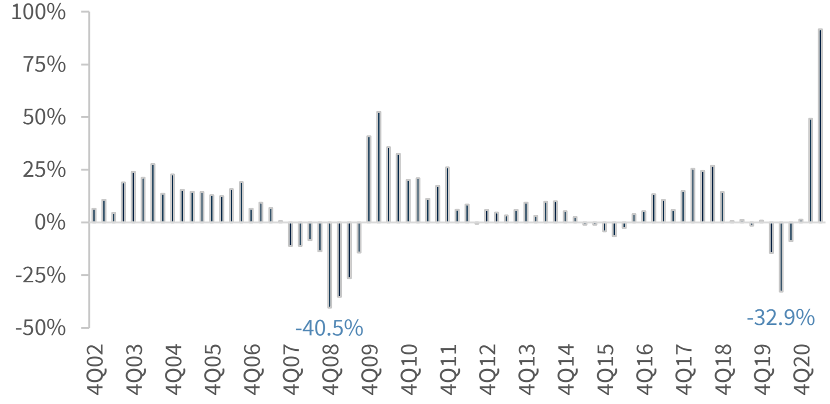
We’ve achieved a durable reopening, and despite the understanding that the pandemic will transition to an endemic, we believe that consumers and businesses alike have learned to adapt throughout this crisis, and that we will not return to the drastic lockdowns implemented last year.

VIEW FROM THE BOTTOM

Worst Quarter of GDP Growth on Record



Third Worst Quarter of EPS Growth



Source: FactSet. All data as of 9/30/2021.

46

US States Implemented Stay-At-Home Orders/Advisories

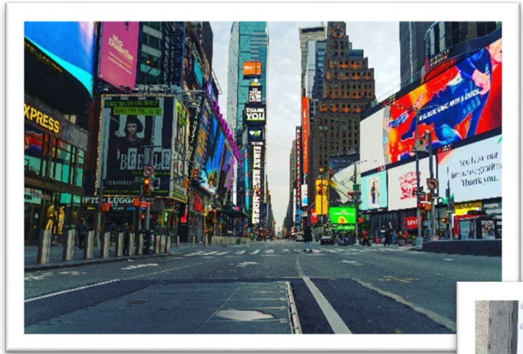
The Consumer Confidence Index Fell

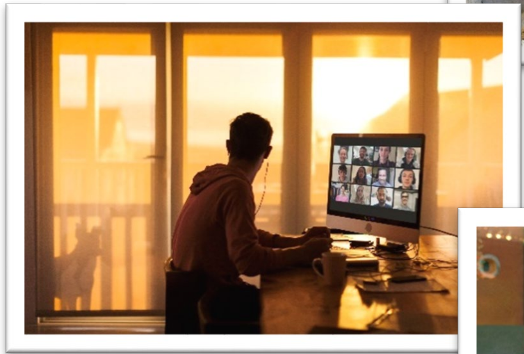
33+

Points In April 2020, The Largest Monthly Decline On Record

20M+

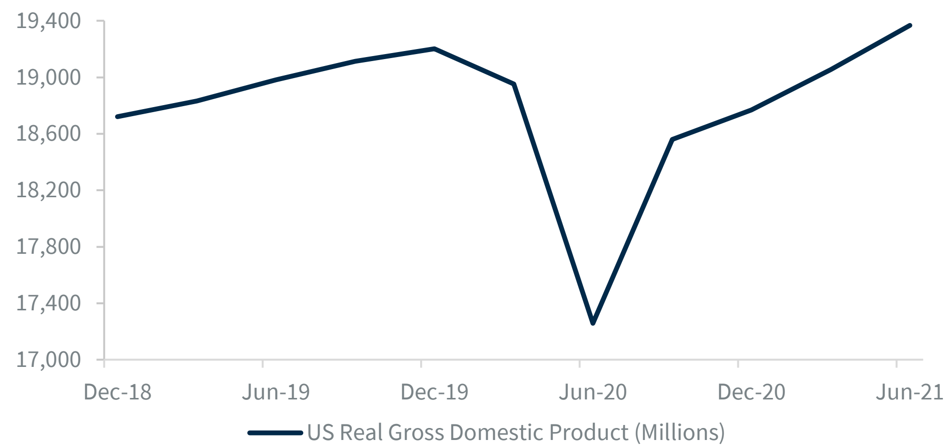
Jobs Were Lost In April 2020, More Than 10x The Record Set In 1945



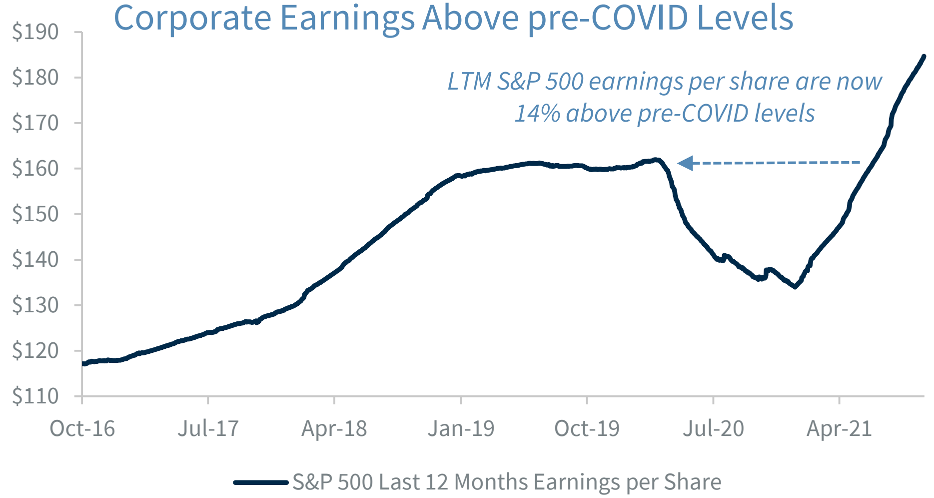


VIEW FROM THE TOP

Economy Quickly Recovered Lost Activity



Corporate Earnings Above pre-COVID Levels



Source: FactSet. All data as of 9/30/2021.

$2T

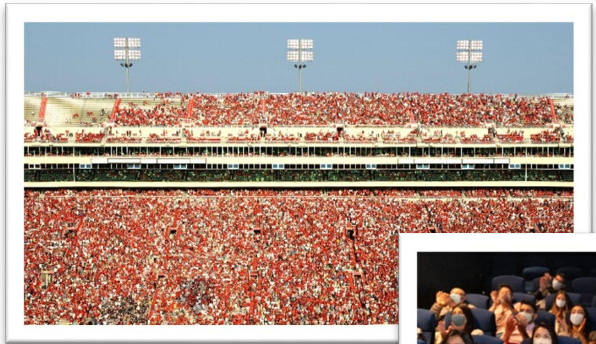
In Excess Disposable Income Was Realized Due To Fiscal Stimulus

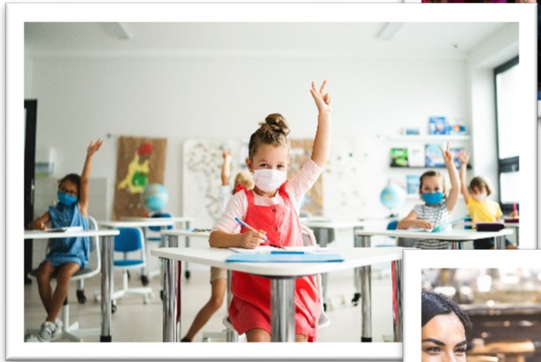
In March, The Year-Over-Year Change In Household Net Worth Reached A Record

23%

95%

The Best Start To A Bull Market In History





SOLVING THE MYSTERIES OF THE MARKET

THE MARKET IS FACING A NUMBER OF PEAKS GOING FORWARD

- While the market will face a number of peaks going forward, a number of tailwinds remain.

Still Supportive

Peak Monetary Policy

Although we expect the Fed to begin tapering in the back-end of this year, we do not expect the Fed to hike rates until 2023.

Peak Reopening

With Delta- related cases seemingly decreasing, real time indicators are beginning to accelerate.

Peak Fiscal Policy

Immediate fiscal stimulus is set to decline, but elevated levels of fiscal spending will remain supportive of future growth.

Above Average

Peak Earnings Growth

Though expected to moderate, earnings growth is expected to remain elevated into 2022.

Peak GDP Growth

While GDP growth is expected to slow in 2022, the pace of growth will remain 2x potential and the second strongest over the last 20 years.

Peak Equity Appreciation

While equity price appreciation is moderating, we expect the trajectory of the equity market to continue higher.

Very Good News

Peak Inflation/Oil

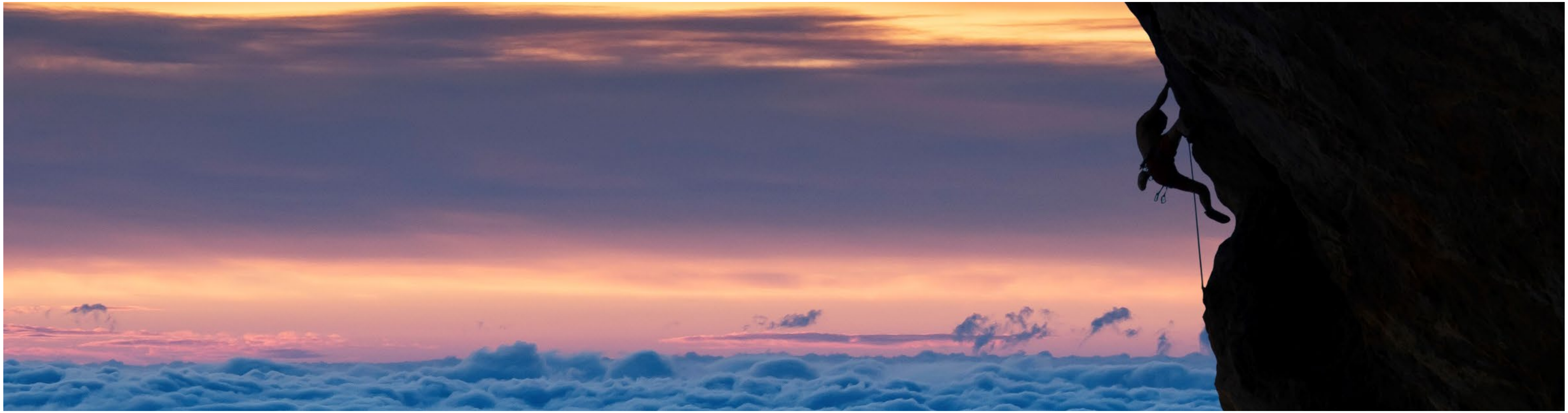
After COVID impacts and supply chain constraints, inflation is expected to moderate back to the Fed's target of 2% in 2022 and 2023.

Peak Supply Constraints

Increased investment should alleviate supply chain bottlenecks going forward.

Peak COVID Cases

Following the Delta variant and as vaccinations continue to increase, peak COVID cases are likely behind us.



2 ECONOMY

A Fiscal Stimulus Stout Rope Restrained The Unprecedented Tumble In Economic Growth

INSIGHT:

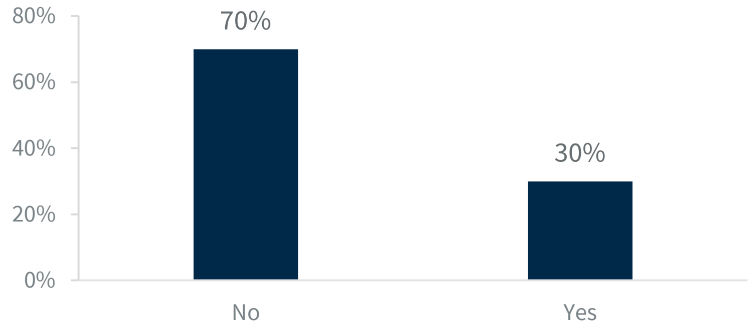
Unprecedented amounts of fiscal stimulus helped struggling businesses and households when they needed it most. But with economic activity and mobility indicators near or at pre-pandemic levels, the days of exorbitant fiscal stimulus are coming to an end.

BOTTOM LINE:

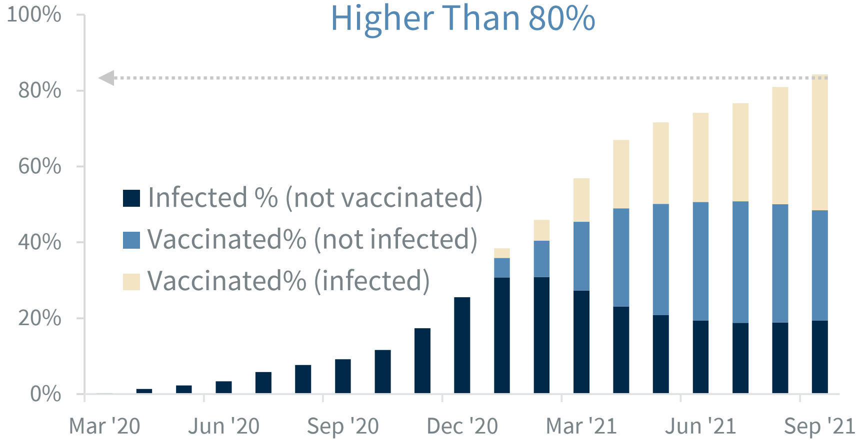
The gradually filling of the record 10+ million job openings, increasing wages, the rebuilding of depleted inventories, and boosting of business capital expenditures will more than offset the reduction in fiscal aid and should support above-trend economic growth into next year.

VIEW FROM THE TOP—TRANSITION FROM PANDEMIC TO ENDEMIC

Will Potential COVID-19 Variants Significantly Disrupt the Economy Over the Next 12-Months?



US Immunity Might Already Be Higher Than 80%



On The Transition Of The Pandemic To Endemic:

*"I think on the back end of this Delta surge of infection around the country, after we get through this, this may be the last major wave of infection and **we're going to start a transition from the pandemic phase of this virus** – at least here in the US – to a more endemic phase where the coronavirus becomes a persistent threat but you're not seeing levels of infection quite the same way that you've seen them in the past year and a half."*

-Former FDA Chief Dr. Scott Gottlieb

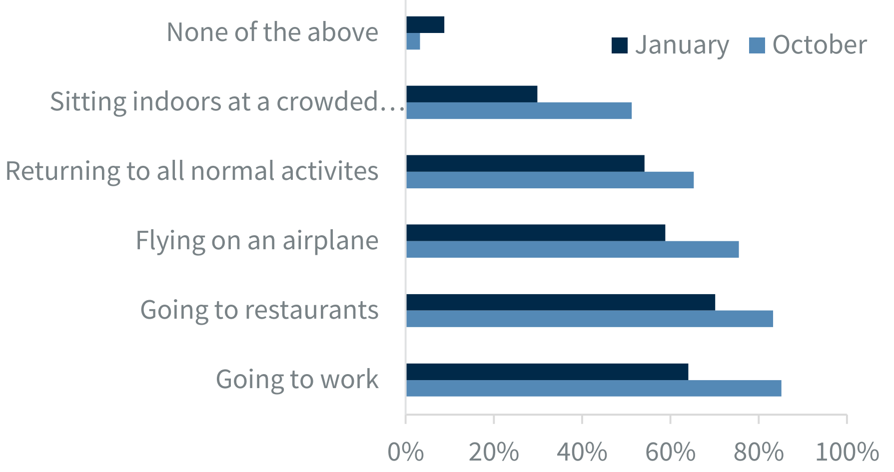
On Merck's Oral Treatment:

"This is a landmark moment in our fight against COVID. This is a pill that you can take at home within five days of developing symptoms for COVID and it dramatically reduces risk for hospitalization and death. Many will compare it to Tamiflu but it is likely far better than that even both in terms of its effectiveness, and its practicality of use."

-Managing Director of Equity Research – Biotechnology Steven Seedhouse, Ph.D.

COVID-19 Near The Bottom of Concerns

COVID-19 No Longer Disrupting Economic Activity



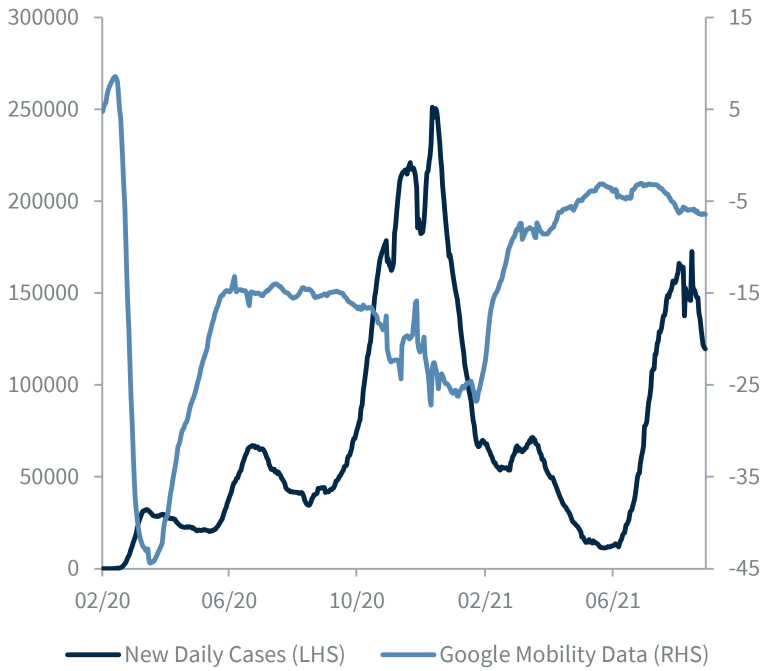
Source: Investment Strategy Quarterly Sentiment Survey and JP Morgan Asset Management.

RESILIENCE REFLECTED IN REAL-TIME ACTIVITY METRICS

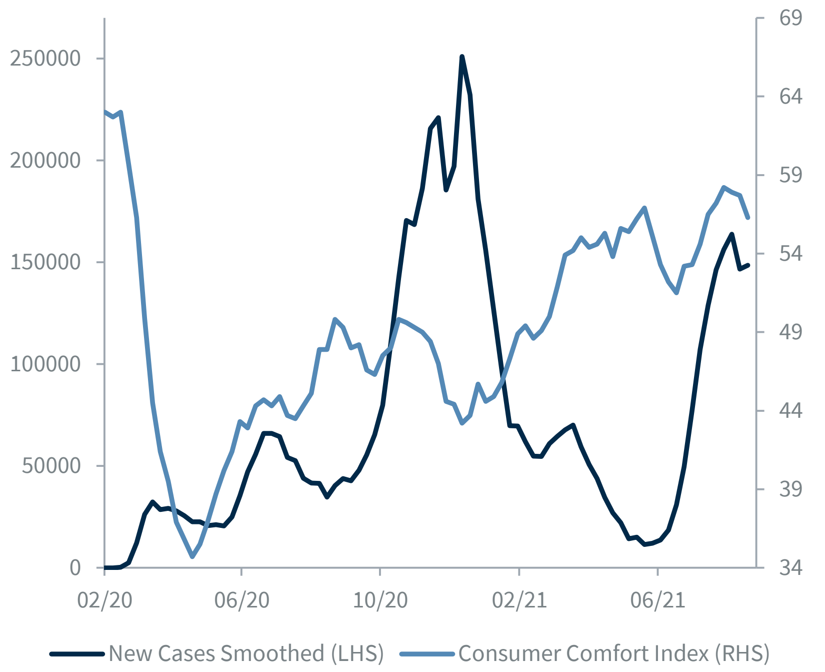
THE ECONOMY AND US CONSUMER REMAINED RESILIENT AMID THE DELTA WAVE

- Unlike previous periods of rising/elevated cases, the US economy remained resilient throughout the Delta wave.
- This is evident as mobility did not sharply decline, consumer confidence remained buoyant and credit card spending continued to move higher and rose above pre-COVID levels.

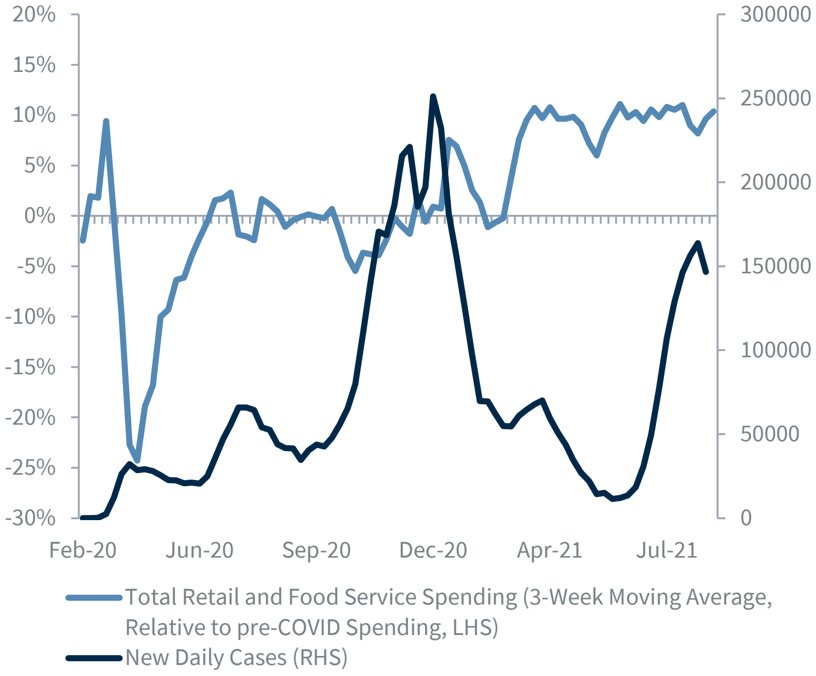
Mobility Metrics Remain Resilient



Buoyant Confidence Amidst Delta Wave



Credit Card Spending Above pre-COVID Levels



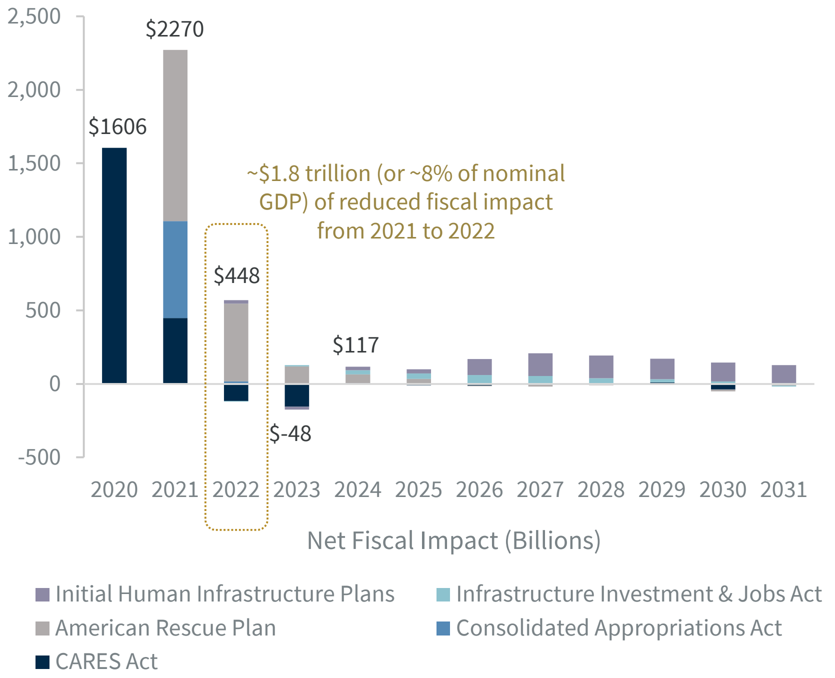
Source: FactSet. All data as of 9/30/2021.

1 WILL THE FISCAL CLIFF HALT THE EXPANSION?

THE NET FISCAL IMPACT IS SET TO SLOW MARKEDLY INTO 2022

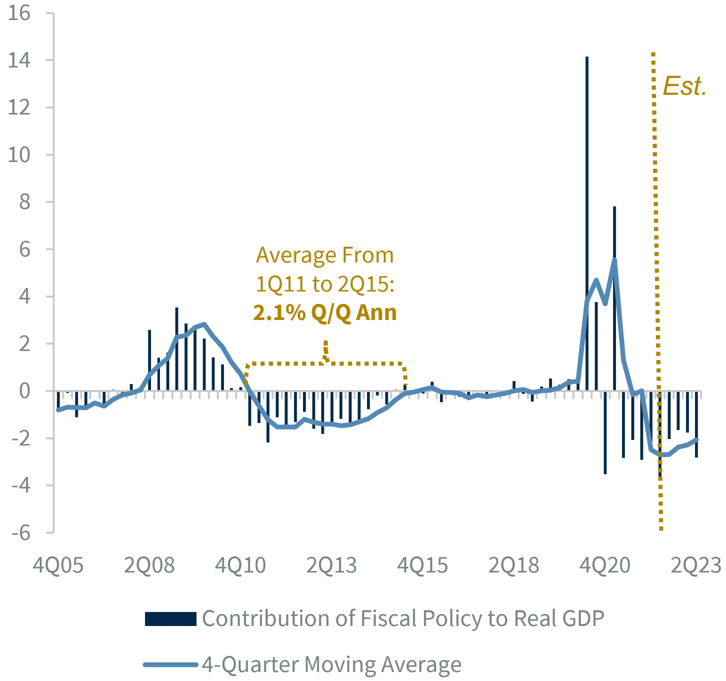
- The amount of immediate fiscal stimulus is expected to slow markedly next year, which will be a drag to economic growth through 2023.
- After the government shutdown and debt ceiling were delayed until early December, we ultimately expect a government shutdown to be avoided, the debt ceiling to be raised and Democrats to agree on an additional fiscal stimulus package of ~$2 trillion.

Fiscal Cliff Ahead



Source: CBO. Data as of 9/30/2021.

Fiscal Policy to be a Headwind to Growth



Source: Bloomberg, Data as of 9/30/2021

Where We Stand in Washington

Senate Reaches Deal to Extend Debt Ceiling Increase Until December

Dow jumps over 500 points as lawmakers reach temporary debt-limit fix

Manchin says his spending limit is $1.5 trillion

Sinema says lack of infrastructure vote 'inexcusable' and erodes trust within Democratic party

'People Will Be Disappointed': Top Democrats Concede $3.5 Trillion Budget Bill Will Shrink

Stocks Rise After Debt-Limit Extension Deal

Source: FactSet, Data as of 6/30/2021

WILL THE SUPPLY CHAIN HOLD BACK GROWTH?

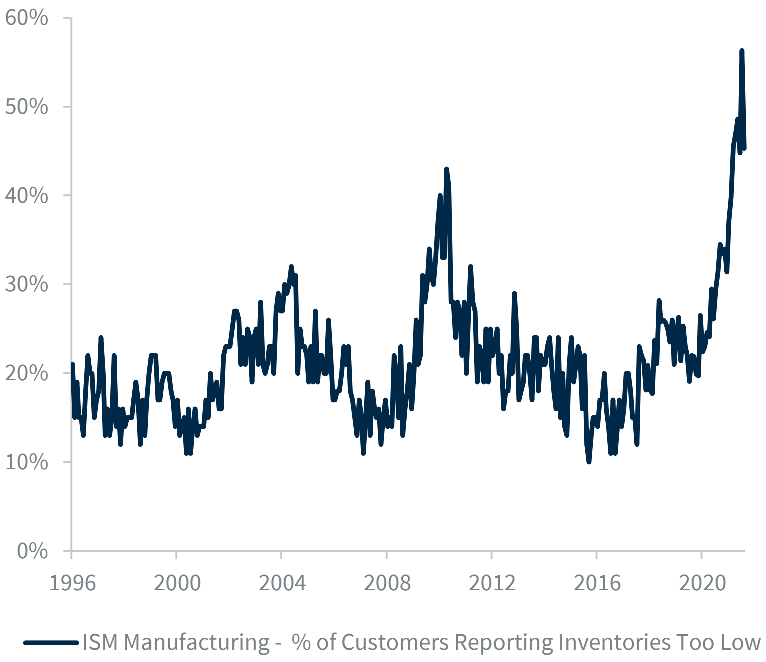
SUPPLY CHAIN BACKLOGS CONTINUE TO WEIGH ON NEAR-TERM ECONOMIC GROWTH

- Evidenced by shipping costs and the number of ships anchored off of the LA/Long Beach port, supply chain issues remain a key concern.
- However, we expect businesses to be nimble in alleviating these concerns; additional investment and the rebuilding of inventories should be a significant tailwind for economic growth going forward.

Supply Chain Issues a Headwind

Source: Bloomberg. Data as of 9/10/2021.

Inventory Rebuild Needed



Source: FactSet, Data as of 9/30/2021

Business Investment Supportive of Growth

Costco Addresses Supply Chain Pains By Chartering Their Own Ships

In $20bn push, Intel hopes to make US chip-making great again

Ford Plans to Manufacture Its Own Batteries for Electric Vehicles

Tech giants are rushing to develop their own chips — here's why

Nike can turn its snarled supply chain to its advantage to boost its direct-to-consumer business

Tesla Flexes Innovative Muscle By Manufacturing Own Chips During Supply Crunch

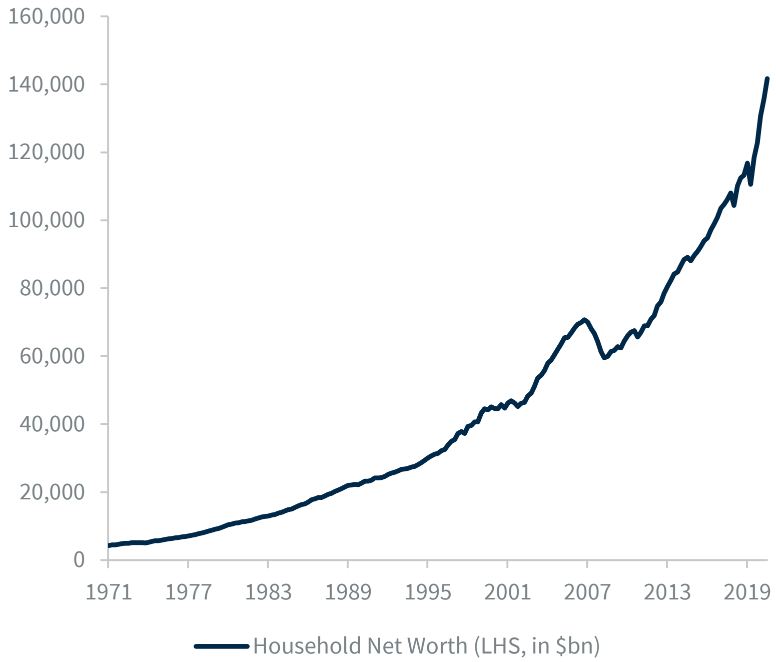
Source: FactSet, Data as of 9/30/2021

3 CAN THE CONSUMER CONTINUE TO DRIVE SPENDING?

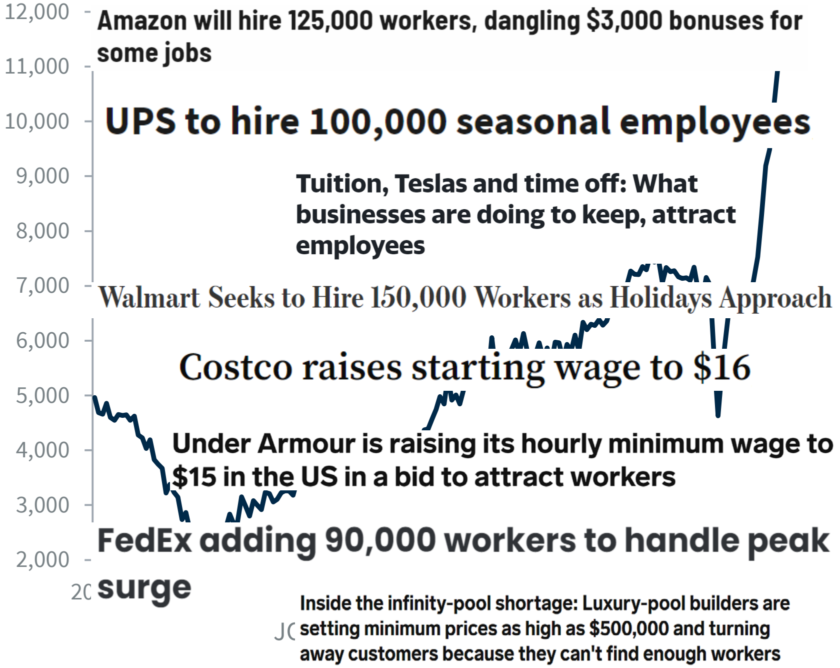
THE CONSUMER WILL REMAIN STRONG AND BE THE PRIMARY DRIVER OF ECONOMIC GROWTH GOING FORWARD

- Record net worth, continued improvement in the labor market, rising wages and elevated confidence all remain supportive of consumer spending.
- As a result, consumer spending (with holiday shopping in particular in the fourth quarter) will remain the primary driver of above-trend economic growth over the next 12 months.

Net Worth at Record Highs



Record Job Openings to Drive Wage Gains



Holiday Shopping to Boost Spending

E-commerce holiday sales projected to grow 11% to 15%, compared to 2020 season

Deloitte: Holiday Retail Sales Expected to Increase 7-9%

Vail Resorts says pass sales are up 67% compared to pre-COVID 2019

Holiday-Travel Bookings Are Growing Tight, Driving Up Prices

People are booking Christmas vacations earlier than ever before

Mastercard SpendingPulse forecasts 7.4% U.S. holiday retail sales growth this year

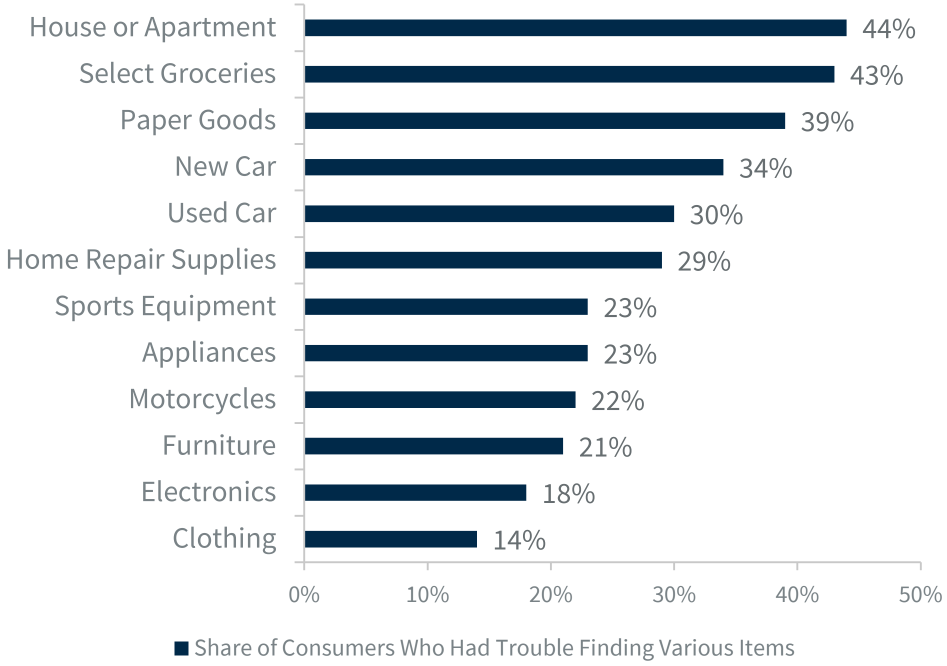
Source: FactSet. Data as of 9/30/2021.

SENSITIVE US CONSUMER

CONSUMERS HAVE SHOWN SOME RESISTANCE TO BOTH RISING PRICES AND WAIT TIMES FOR ITEMS

- A larger share of consumers have reported having issues finding various items due to supply chain issues and rising demand.
- Consumers are showing a level of sensitivity to these issues, as 53% of adults said that they did not purchase an item because they deemed it too expensive and 42% of adults elected not to purchase an item because the delivery time was too long.

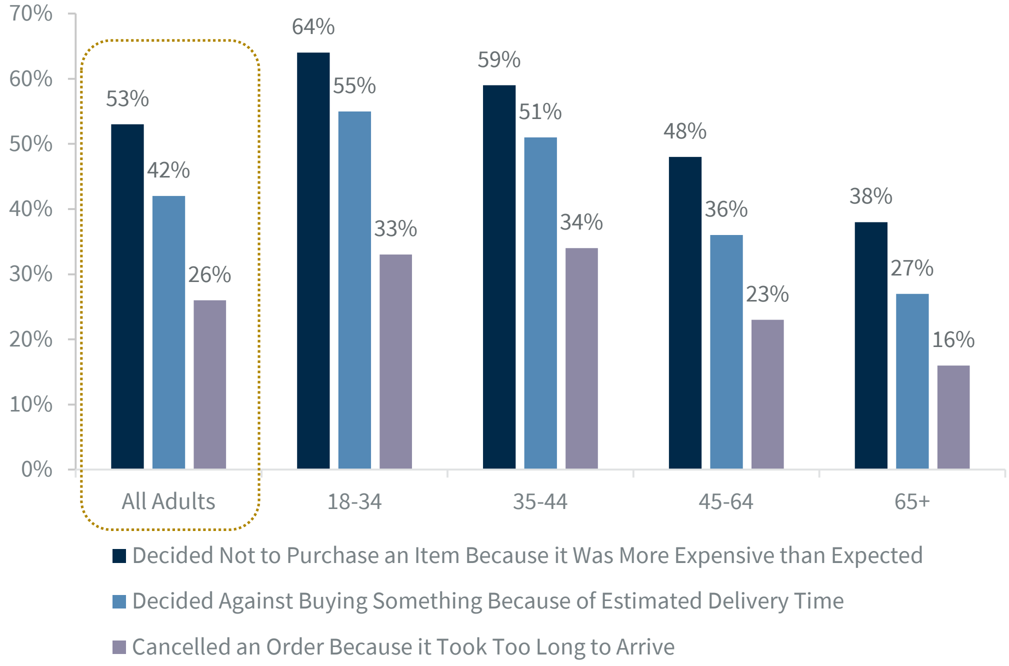
Supply of Goods Not Meeting Demand



87%

Of Survey Participants Saw Inflation Increasing

US Consumers Exhibiting Sensitivity to Factors



Source: Morning Consult. Data as of 9/25/2021.

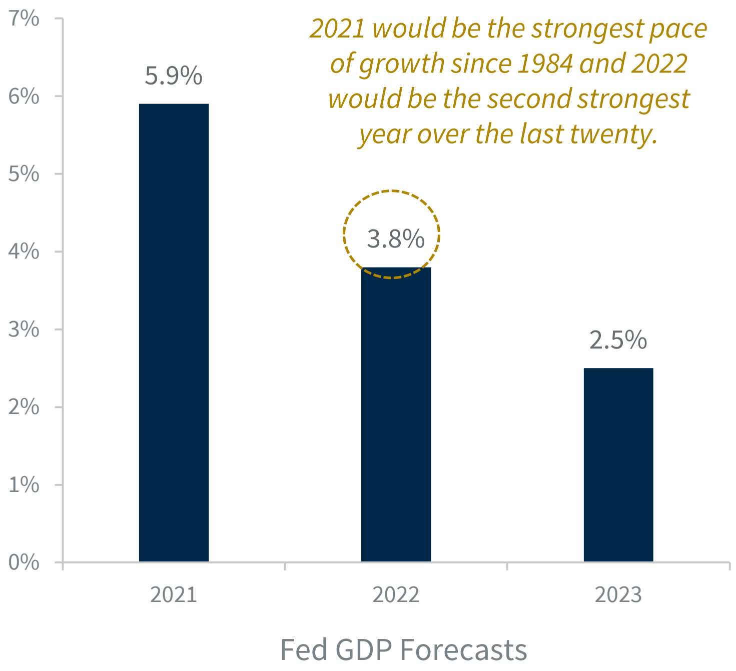
FED FORECASTS PAINT A PRETTY 'LANDSCAPE'

THE FEDERAL RESERVE'S FORECASTS PAINT A SOLID PICTURE FOR THE US ECONOMY

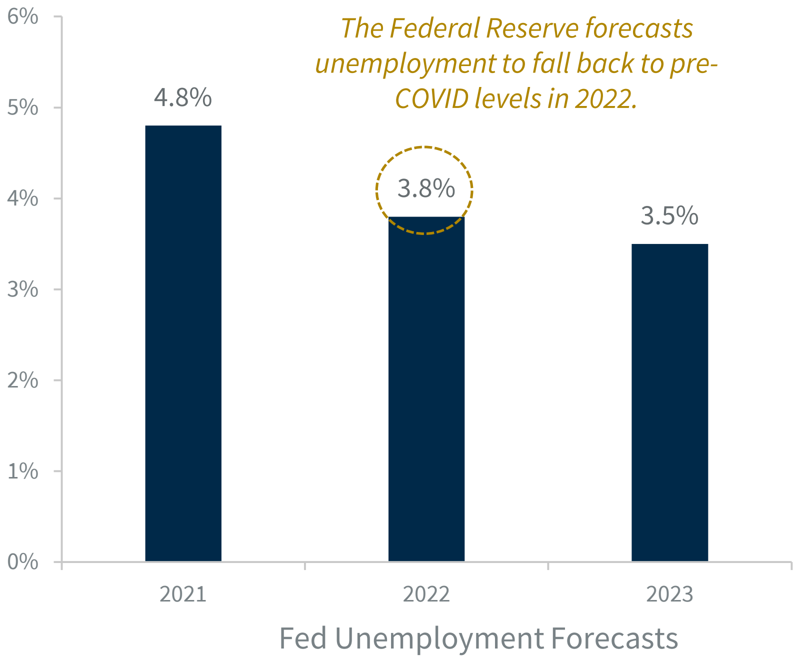
- At the September FOMC meeting, the Fed forecasts suggest that it expects growth to remain above potential through 2023, unemployment to fall back to pre-COVID levels in 2022 and inflation to fall back toward its 2% target in 2022 and 2023.
- This should allow growth to remain strong, but also for the Fed to remain accommodative on balance going forward.

3.3%
2022 GDP
Growth Est.

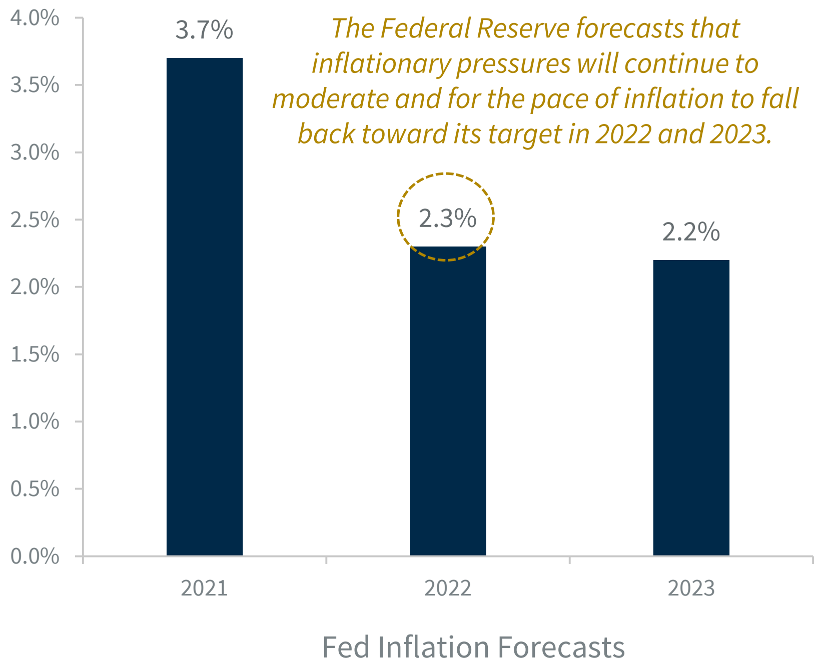
GDP to Remain Above Potential



Unemployment Forecasts Improving



Hotter Inflation; But Likely to Moderate



Source: Federal Reserve. Data as of 9/30/2021.

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3 Fixed Income

The Fed's Balance Sheet Will Plateau

INSIGHT:
The US economy achieving a sustainable reopening has eased pressures on the Fed to continue extraordinarily accommodative monetary policy. The Fed has been transparent that bond purchase tapering will begin soon, and we expect this emergency program to be reduced this quarter.

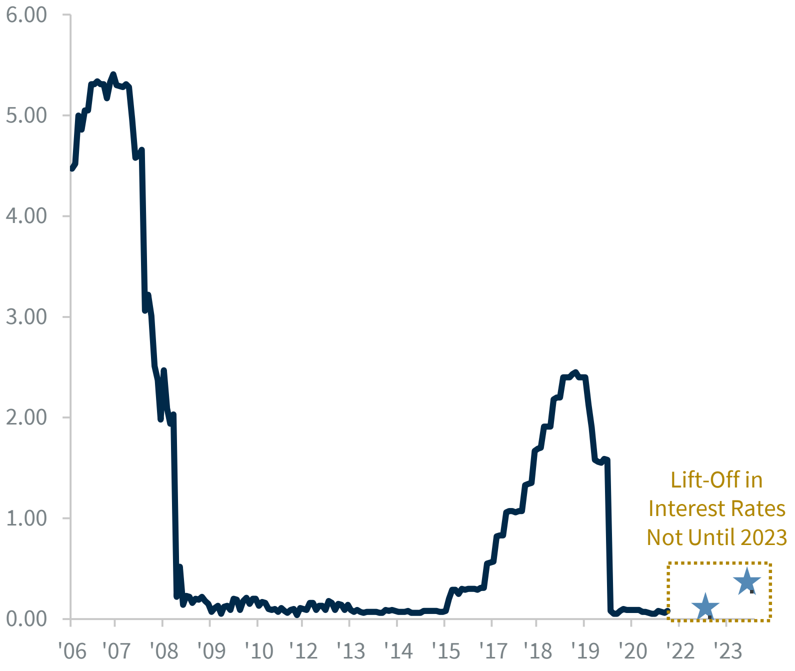
BOTTOM LINE:
The Fed has clearly delineated between tapering and tightening (raising interest rates), but less issuance by the government should avoid a drastic spike in yields. The 10-year Treasury yield will move higher due to healthy economic growth, but the increase will be limited due to solid demand from foreign buyers, pension funds, and retirees.

FEDERAL RESERVE IS IN NO HURRY TO RAISE INTEREST RATES

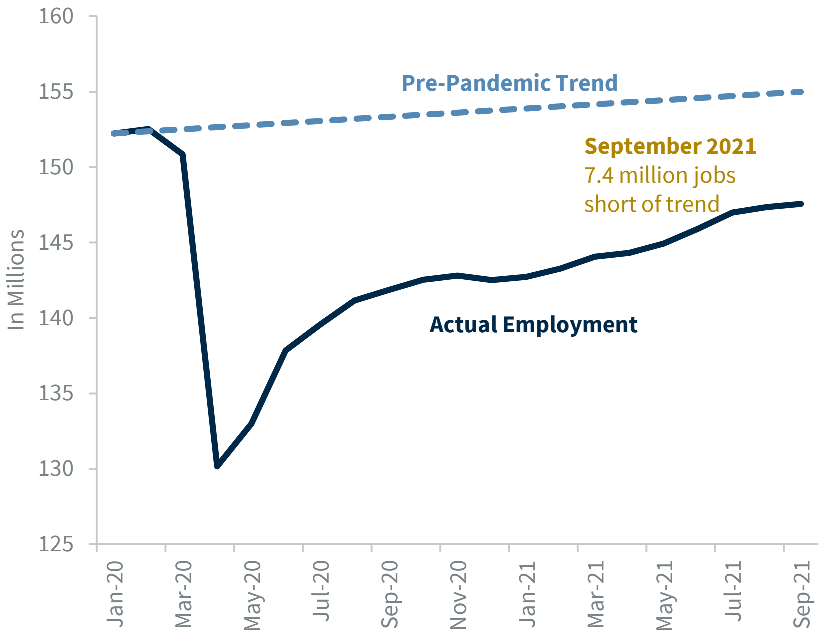
ECONOMY STILL IN RECOVERY MODE

- While growth remains above trend, the Federal Reserve is in no hurry to tap on the brakes to restrain economic activity. The fed funds rate is expected to remain steady while the economy transitions to a durable, sustainable recovery. We don't expect a rate hike until 2023.
- The Fed still anticipates inflation pressures will recede when supply chain disruptions start to fade. While labor market conditions have improved, they still have a long way to go to reach pre-pandemic levels.

Rate Lift-Off Not Imminent



Labor Market Still Recovering



Fed Forecasts Lower Inflation

Source: FRED, FactSet as of 9/27/21.

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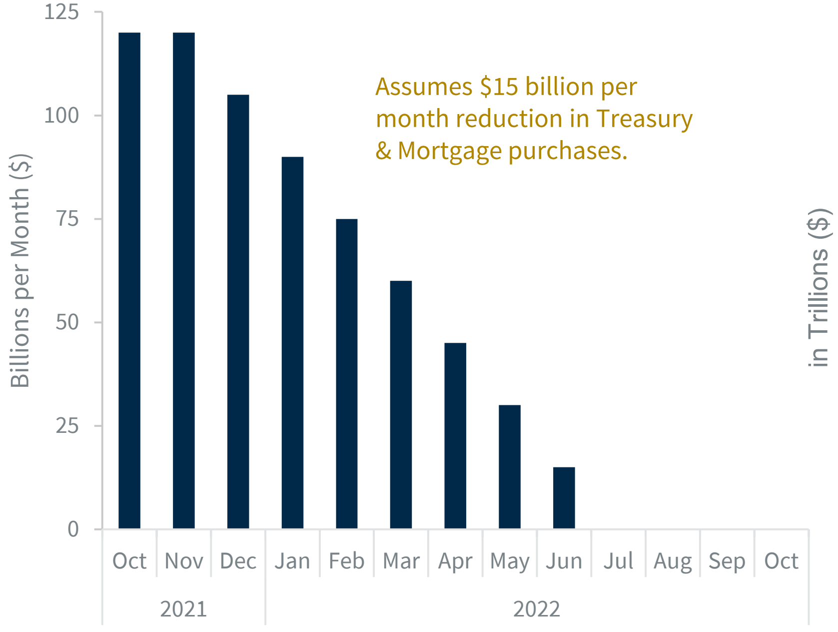
BUT… IS INCHING CLOSER TO TAPERING

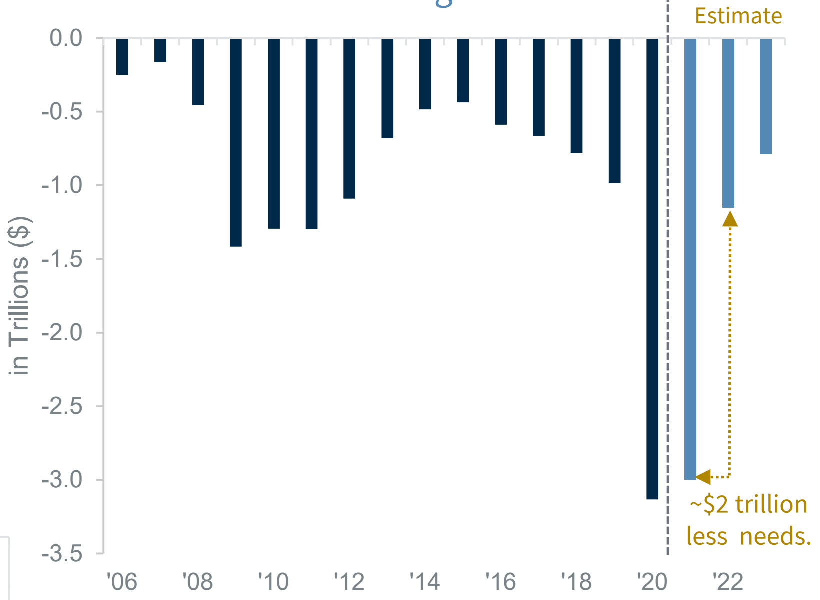
FED TAPERING HAS BEEN WIDELY EXPECTED

- With the economy recovering, the market expected the Fed to begin unwinding its asset purchases using a similar playbook to its 2013 tapering. While the taper schedule is unknown, Chairman Powell recently hinted that tapering could end in mid-2022.
- A slightly faster taper schedule could place some upward pressure on bond yields in the coming months; however, we do not expect rates to move sharply higher as they did in 2013.

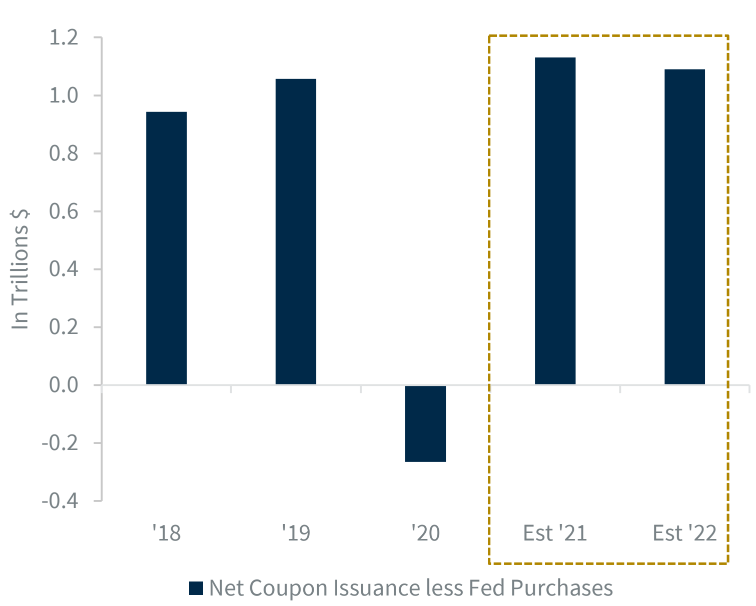
Base Case Taper Scenario



Federal Budget Deficit



Marginal Impact on Treasury Supply Outlook



Source: FactSet, Federal Reserve, Raymond James as of 9/27/2021.

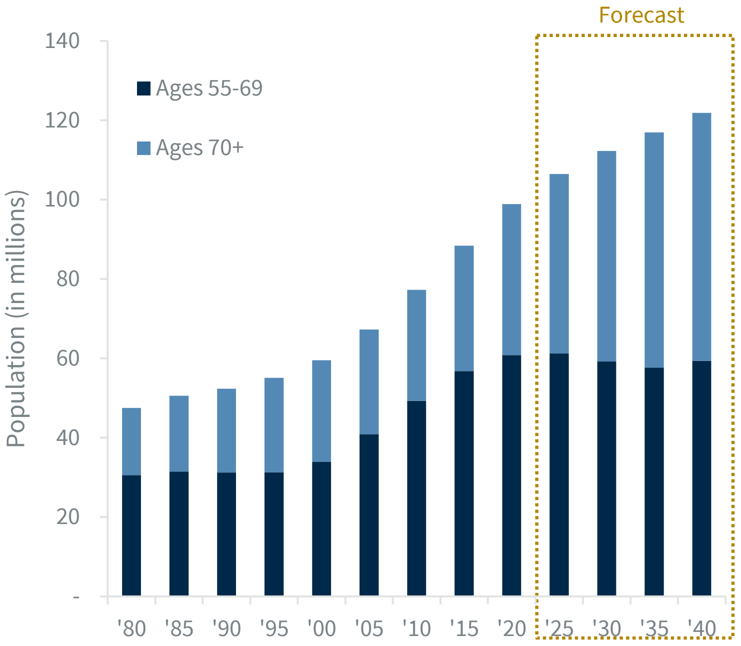
Estimates: CBO as of July 2021

DEMOGRAPHIC FACTORS RESTRAIN UPWARD PRESSURE ON INTEREST RATES

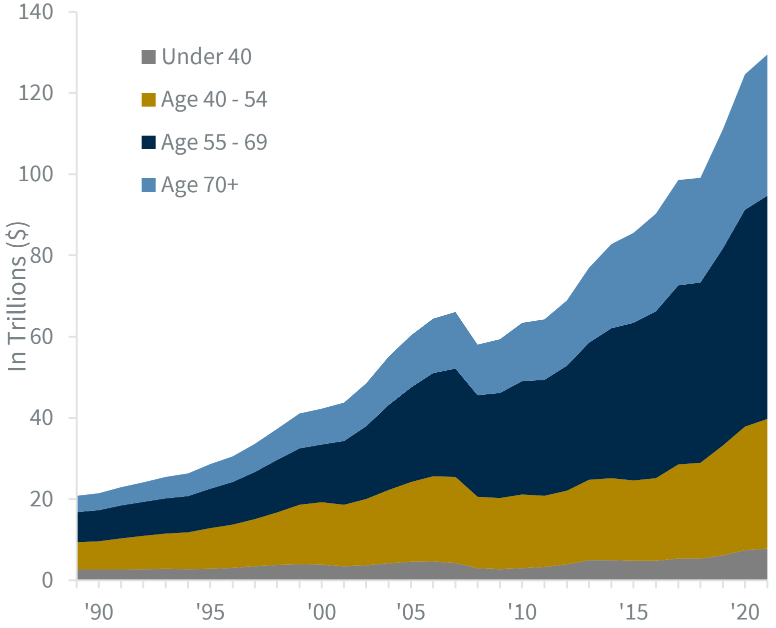
DEMOGRAPHICS DRIVE LONGER-TERM TRENDS IN US TREASURY MARKET

- The US population is aging at a rapid rate. In 1980, the older population represented nearly 20% of the total population. Today, it represents nearly 30% and will rise even further in the coming years.
- The older population owns nearly $90 trillion of wealth, which represents more than 70% of the total net wealth of the nation. This has created strong demand for US Treasurys as this segment of the population tends to demand more safety and liquidity with their investments. As these trends show no signs of abating, the strong demand is likely to keep a lid on how high US Treasury yields can climb.

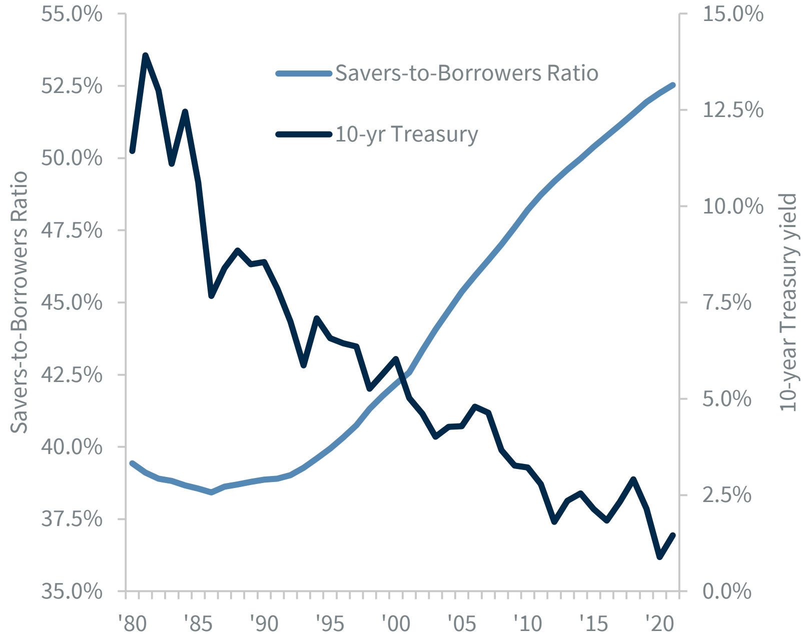
Rapidly Aging Population



Net Worth Skewed to Older Population



Strong Demand for Treasurys



Source: US Census Bureau, FactSet. Data as of 9/27/2021.

Population data: Savers: Aged 55 and older, Borrowers: Ages 20-34

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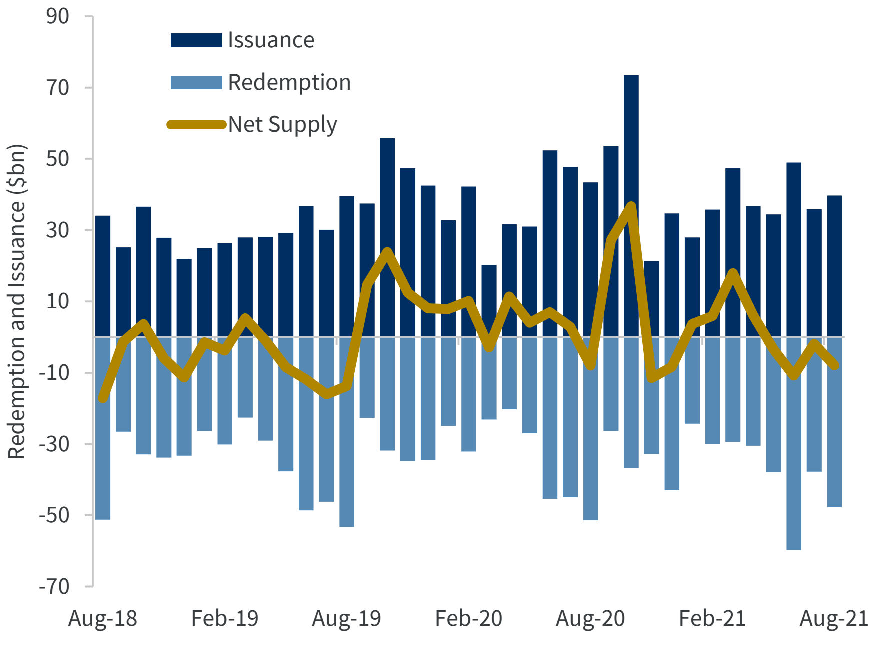
FIXED INCOME SECTOR INSIGHTS

THE LOW RATE ENVIRONMENT REMAINS CHALLENGING FOR FIXED INCOME INVESTORS

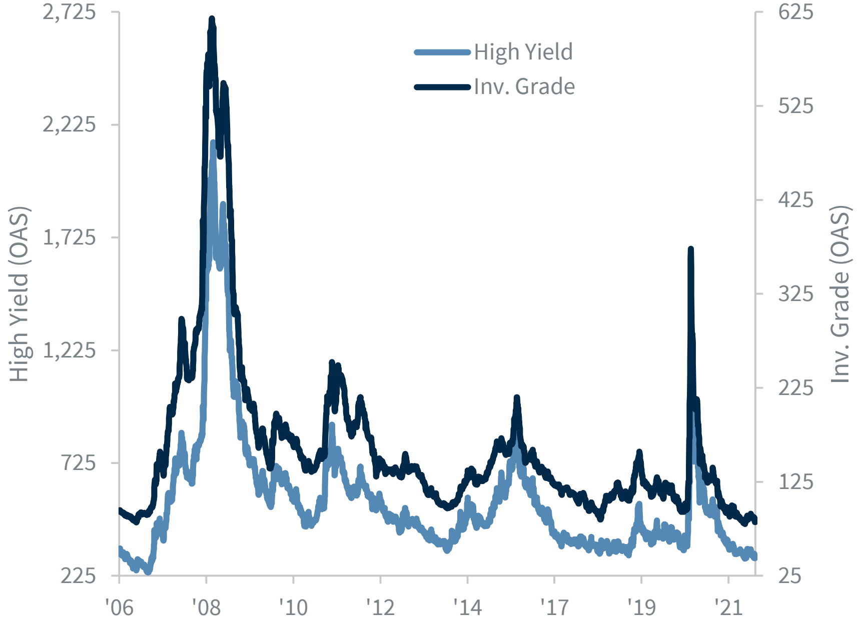
- While credit fundamentals (i.e., corporate earnings, declining default rates and strong economic growth) remain positive, higher-yielding fixed income alternatives come with significantly more risk. We prefer taking risk in equity markets, where there is greater upside potential.
- For now, the record supply of investment grade and high-yield corporates has been easily absorbed by the market as investors continue to reach for yield in this low rate environment. Supply/demand dynamics have been favorable for municipal bonds, along with steady demand for the sector.

Net Negative Supply Favors Munis



Source: Bloomberg as of 8/31/2021

Historically Tight Credit Spreads



Source: FactSet as of September 2021.

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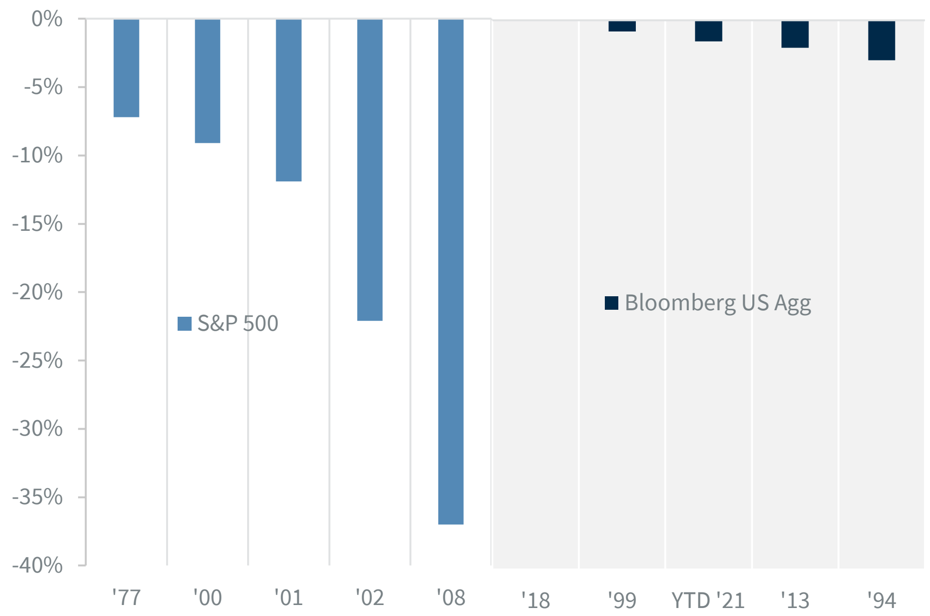
BONDS PROVIDE BALLAST AGAINST EQUITY RISK

CORE BONDS CONTINUE TO PLAY AN ESSENTIAL ROLE IN A DIVERSIFIED PORTFOLIO

- While the low interest rate environment does not provide much income for investors, core bonds continue to play an important role in a portfolio as a stabilizer when risk assets (i.e., equities) come under pressure.
- Bonds have historically generated positive total returns when stocks decline. Fixed income investments have less upside potential than stocks, but they also provide much less downside risk.

Bottom Five Years of Annual Market Performance
since 1977



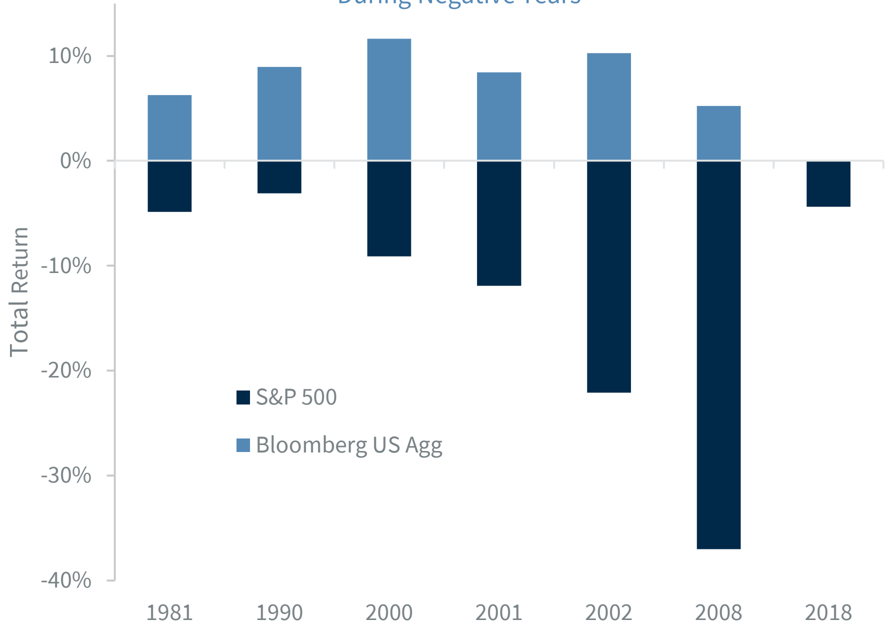
1.75%

2022

Year-End

Target

Bonds Offset Equity Losses
During Negative Years



Source: FactSet. Data as of 9/30/2021

4 Equities

Bull Market Should Have The Endurance To Withstand Higher Altitudes

INSIGHT:
A secure macroeconomic backdrop, above-trend earnings growth, rising dividends, and low interests should support the continuation of the bull market. The gradual resolution of supply chain shortages, pricing pressures, and labor misalignments should also create upside potential.

BOTTOM LINE:
The S&P 500 avoided a 5% pullback for over 10 months, but concerns related to politics, the Delta variant, China regulation, and surging commodity prices were a reminder that the market may experience temporary periods of volatility. But given the supportive long-term fundamentals, these moments should be short-lived and may prove to be buying opportunities.

CLIMBING THE WALL OF WORRY

FOLLOWING THE SHARP RISE IN THE EQUITIES, THE MARKET WILL NEED TO 'CLIMB THE WALL OF WORRY'

- There are a number of outstanding risks to the equity market, but we believe the trajectory for the market remains higher.

Worries	Our Take
Elevated Equity Valuations	While equity valuations may look 'rich' from an historical basis, we believe they are appropriate given depressed interest rates and the current stage of the bull market. Additionally, positive shareholder-friendly activity (dividends and buybacks) remain healthy.
Peak Earnings Growth	Earnings growth is set to slow in 2022, but it is important to make the distinction that peak earnings growth does not mean peak earnings. We expect EPS to rise 10% in 2022, which is nearly double the historical annual EPS growth.
Slowing GDP Growth	GDP growth is set to slow from ~6% in 2021 to 3-4% in 2022. However, this remains a robust economic environment and is favorable for equities, as the S&P 500 has historically rallied ~12% on average when GDP growth is between 2-4%.
Fed Tightening	The Fed is expected to begin tapering asset purchases at year end, however tapering is not tightening. We do not expect the Fed to raise rates until 2023. Historically, the S&P 500 rises ~11%, on average, in the one year leading up to the first hike.
Income/Corporate Tax Hikes	While corporate and individual tax hikes would likely dampen the outlook for earnings growth of equities going forward, the equity market has historically been resilient and rallied following these tax hikes.
Rising Rates	Interest rates are rising on the back of a robust macroeconomic framework. With interest rates rising for the 'right' reasons (stronger growth), this should be supportive of earnings and the equity market overall.
Compressing Margins	Margins are likely to decrease slightly due to rising input costs, supply chain disruptions and wage pressures. As margins were at a record high in 2Q21, they have room to narrow and still remain healthy. Productivity gains remain supportive. Additionally, the direction of margins has not been a strong predictor of future equity performance.

Source: FactSet. Data as of 9/30/2021.

THE START OF THE CLIMB FOR THE EQUITY BULL MARKET

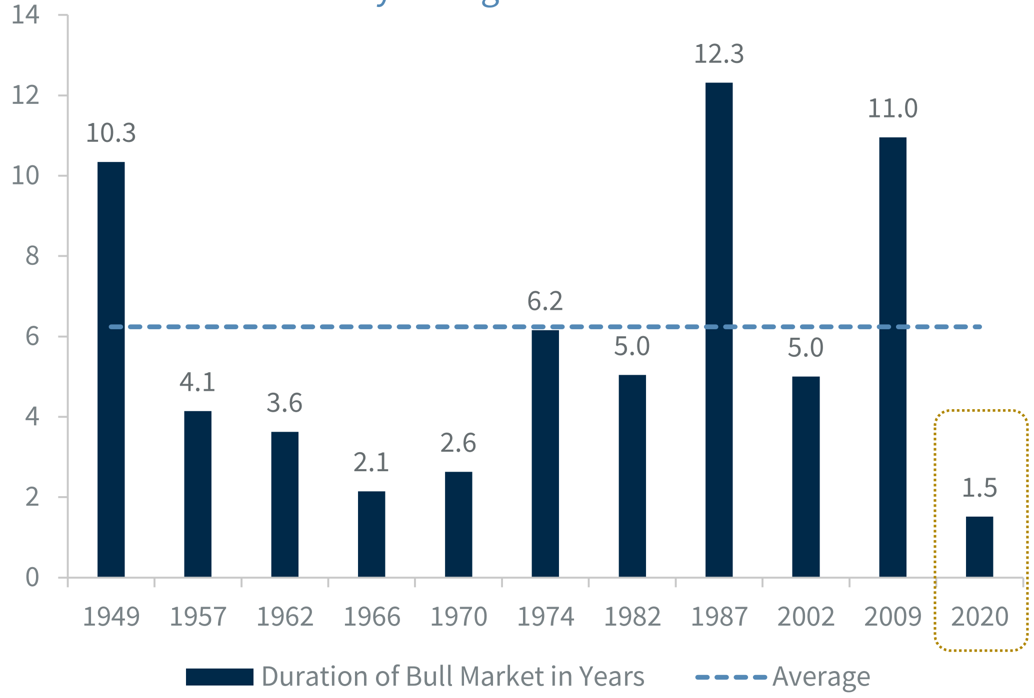
FROM A HISTORICAL PERSPECTIVE, WE REMAIN IN THE EARLY INNINGS OF THE BULL MARKET

- From an historical perspective, bull markets typically last ~6 years on average. This suggests that we remain in the early innings of the current bull market as it is only 1.5 years old.
- In the near term, seasonality is supportive as the fourth quarter is typically the strongest quarter of the year.

4,900

2022 S&P 500 Target

Early Innings of the Bull Market

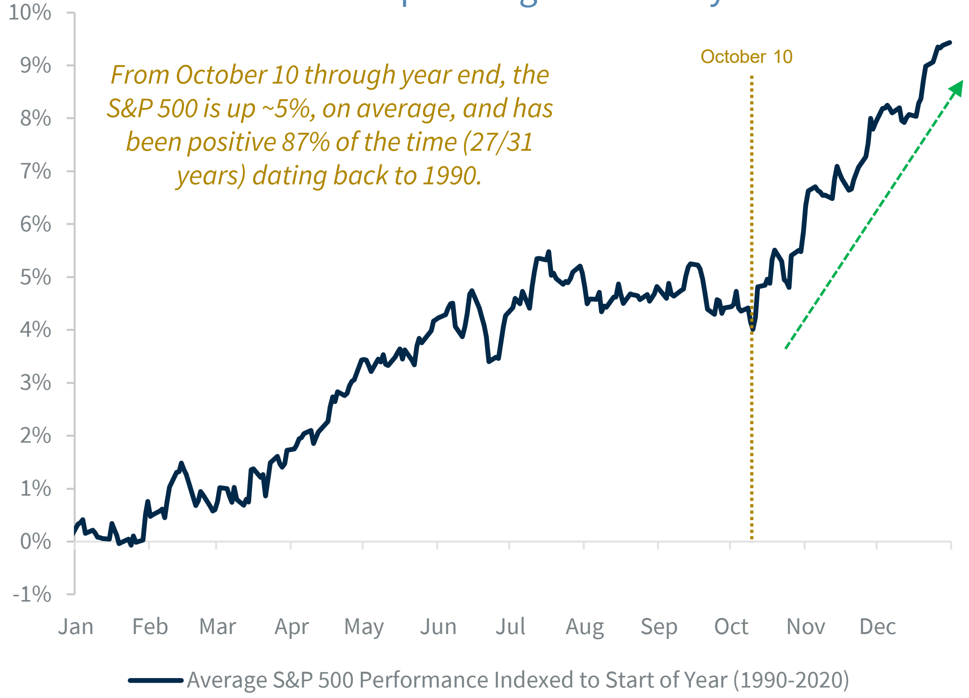


Source: FactSet. Data as of 9/30/2021.

+95%

Best Start to A Bull Market On Record

Positive Upcoming Seasonality



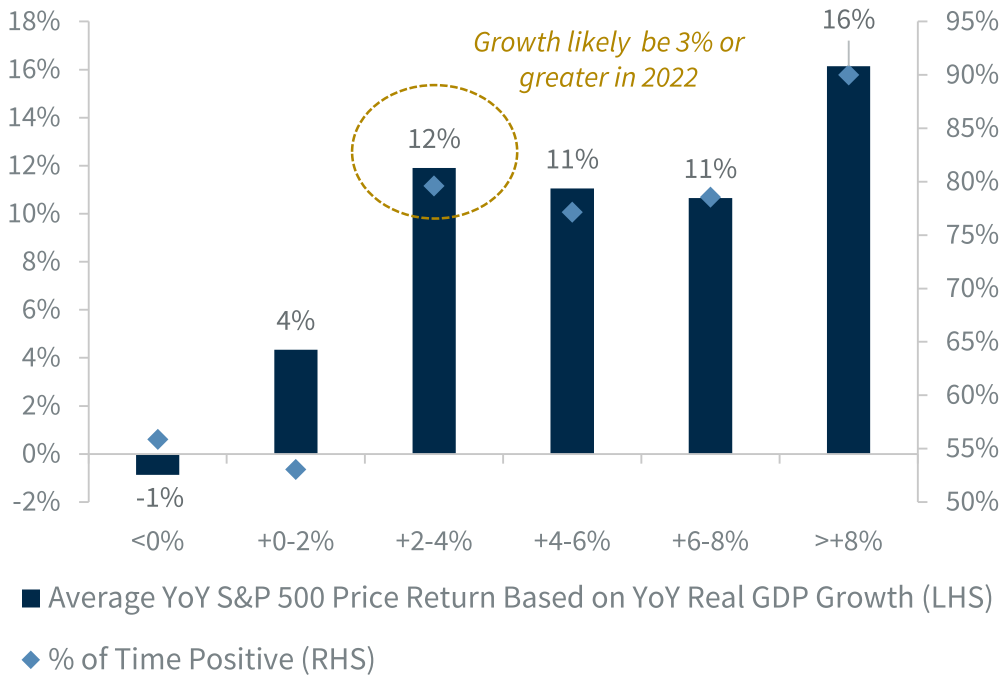
Source: FactSet. Data as of 9/30/2021.

ECONOMIC GROWTH AND EARNINGS THE BEDROCK FOR EQUITIES

ECONOMIC GROWTH AND EARNINGS WILL CONTINUE TO DRIVE THE S&P 500 GOING FORWARD

- While economic growth is expected to moderate to ~ 3.3% in 2022, it remains supportive of the equity market. In fact, when US GDP growth is between 2-4%, the equity market is up ~12%, on average, and is positive ~80% of the time.
- Additionally, as we expect earnings to continue to move higher, this is supportive of the continuation of the upward trend in equities.

Elevated GDP Growth Supportive of Equities

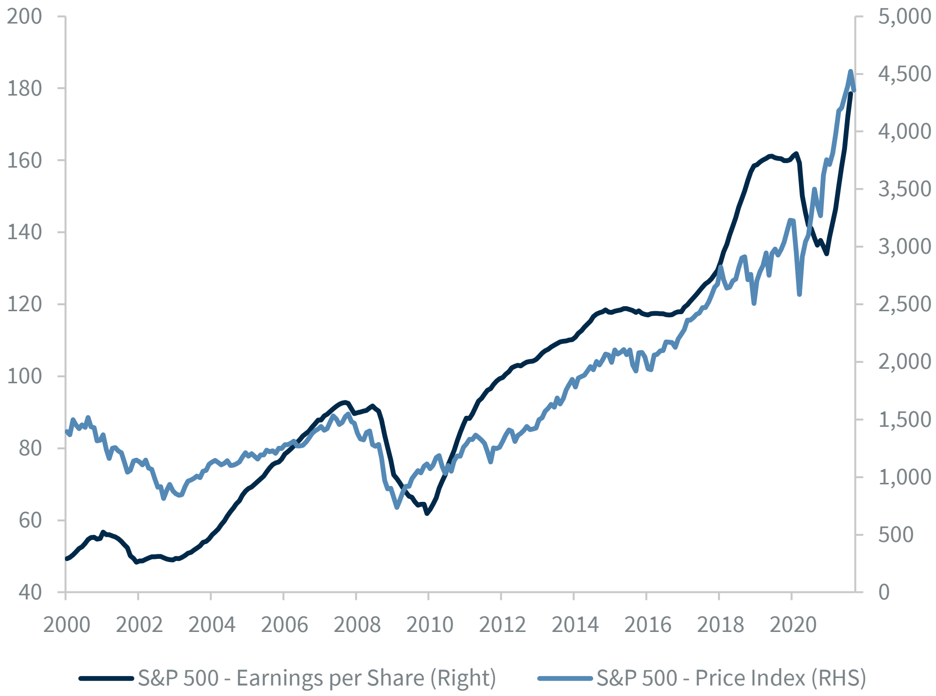


Source: FactSet. Data as of 9/30/2021.

+10%

Expected
2022 S&P 500
EPS Growth

Earnings Remain the Bedrock of the Equity Market



Source: FactSet. Data as of 9/30/2021.

EARNINGS LIKELY TO CONTINUE TO PROPEL THE MARKET HIGHER

EARNINGS WILL CONTINUE TO PROPEL THE EQUITY MARKET HIGHER FROM CURRENT LEVELS

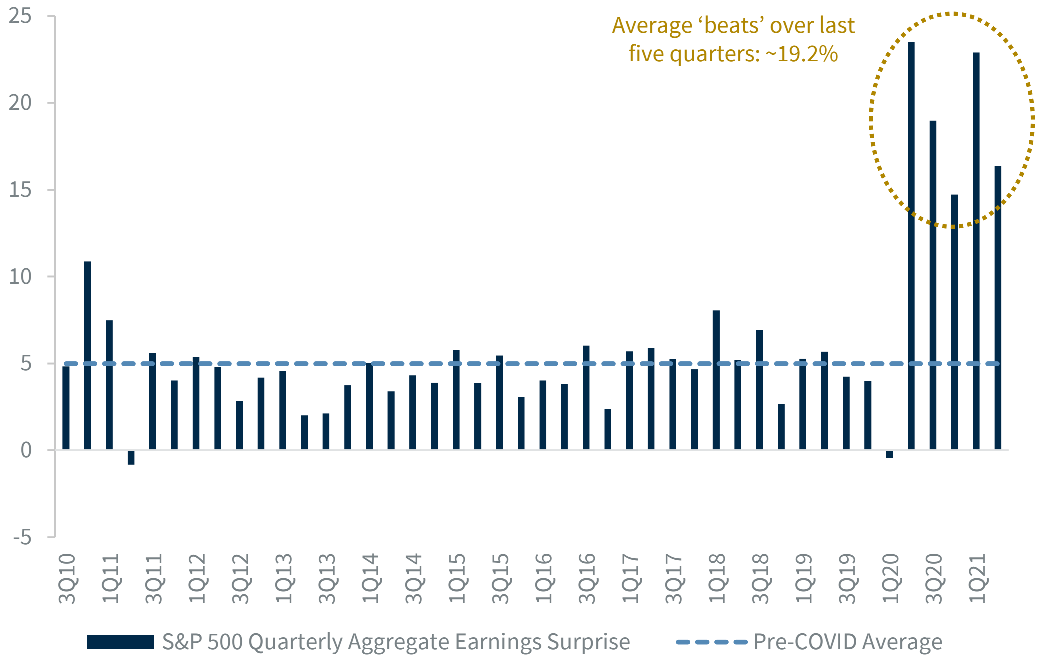
- While earnings are expected to move higher from current levels, the magnitude of earnings 'beats' is likely to moderate.
- This should limit the upside to positive forward EPS revisions going forward.

$225

2022 S&P 500

Target Earnings

Significant Earnings Beats Unlikely Going Forward

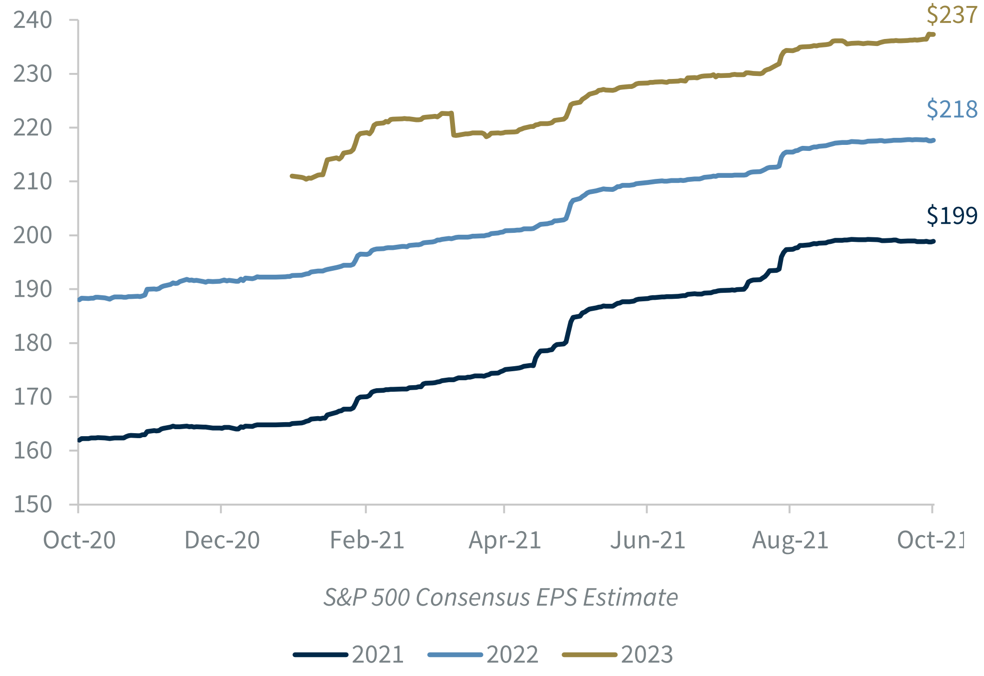


Source: FactSet. Data as of 9/30/2021.

+5%

Historical Magnitude Of Average EPS Beat

Upside to Forward Earnings Expectations Unlikely



Source: FactSet. Data as of 9/30/2021.

FAVOR CYCLICAL OVER DEFENSIVE SECTORS

WE FAVOR CYCLICAL OVER DEFENSIVE SECTORS AS THE ECONOMIC EXPANSION CONTINUES

- Due to stronger earnings growth and improving economic activity, we favor cyclical over defensive sectors.
- We are currently overweight Industrials, Communication Services, Financials, Consumer Discretionary and Energy.

Overweight Cyclical Sectors

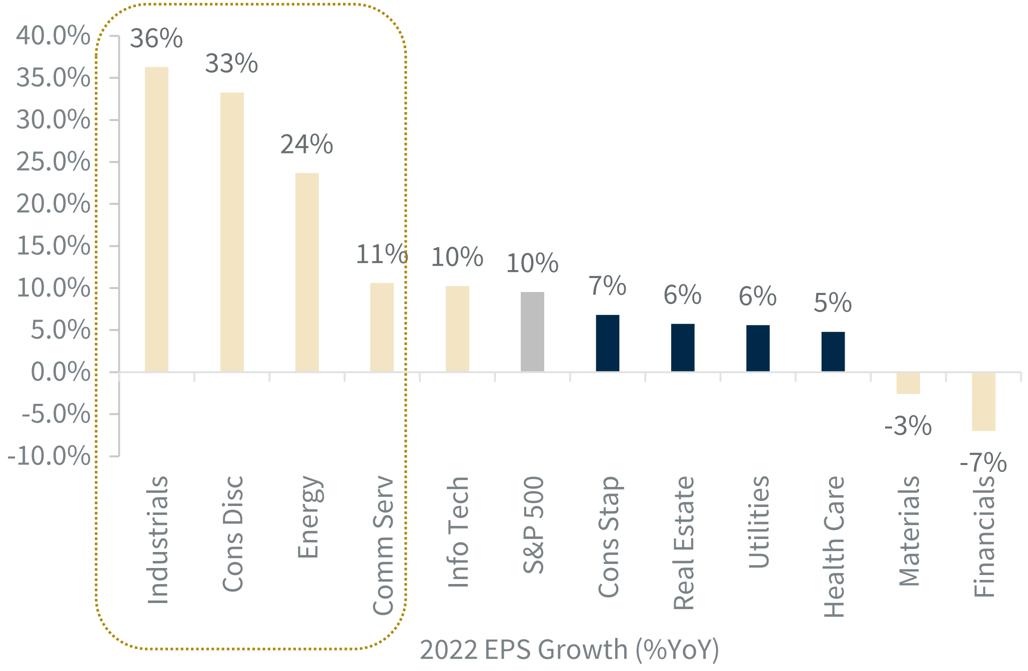
Overweight	Equal Weight	Underweight
Consumer Discretionary	Health Care	Consumer Staples
Financials	Materials	Utilities
Communication Services	Information Technology	Real Estate
Energy		
Industrials		

Cyclical Sector

Defensive Sector

Source: Raymond James Equity Portfolio & Technical Strategy

More Balanced EPS Growth Going Forward



Source: FactSet. Data as of 9/30/2021.

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CLIPPING THESE SECTORS TO OUR CARABINER

FIVE OVERWEIGHT SECTORS HEADING INTO THE FOURTH QUARTER

- We are overweight the Communication Services, Consumer Discretionary, Financials, Industrials and Energy sectors.

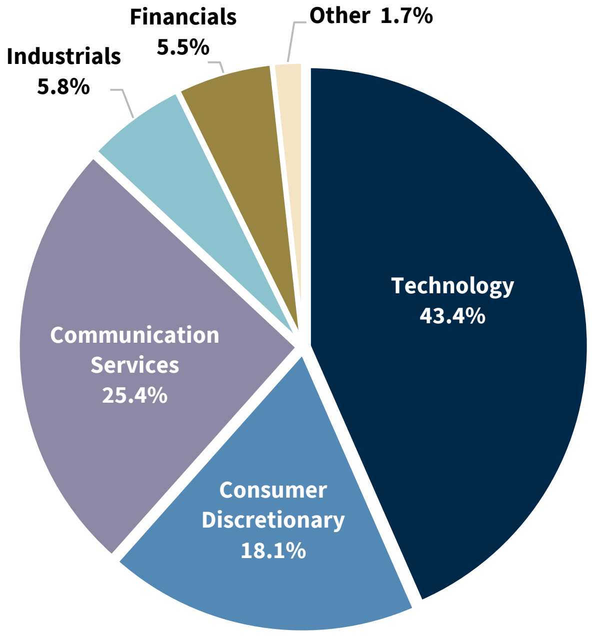
	Communication Services	Consumer Discretionary	Financials	Industrials and Energy
Reasons for Optimism	1. Increased streaming supportive of the sector. 2. Sustainable long-term 5G investment will benefit the sector. 3. Rising advertising spending supportive of the sector.	1. Record net worth and improving employment support spending. 2. Growth in e-commerce to continue. 3. Expected to see second strongest 2022 EPS growth of any sector.	1. Nearly cheapest S&P 500 sector. 2. Strong capital market activity (e.g., IPOs, M&A, structured finance, etc.) a benefit. 3. Rising interest rates/steepening yield curve supportive.	1. Both Energy and Industrials should benefit from stronger growth. 2. Both Energy and Industrials should benefit from infrastructure package. 3. Energy companies see strongest free cash flow since 2007.

TECH ISN'T JUST TECH

IT IS IMPORTANT TO ACKNOWLEDGE THAT THE TECH SECTOR IS NOT THE SAME TECH SECTOR OF THE PAST

- While tech companies remain the largest weighting within the US equity market, it is important to highlight that the sector is not the same one that was susceptible to the boom/bust cycles of the past. In fact, most tech companies are fairly well diversified.
- From analyzing transcripts and survey metrics, investment in tech will likely remain a driver of business investment going forward.

Tech Much More Diversified than Just 'Tech'



Source: FactSet. *Other includes Health Care, Consumer Staples and Energy. Breakdown of top 10 companies in the NASDAQ 100.

We also continue to advance what we believe is industry-leading digital merchandising... .This quarter, we added 360-degree interior views from the driver's side and the back seat of the vehicle and continued to advance vehicle hotspots, which are call-outs to help the customer understand key vehicle features.

-CarMax

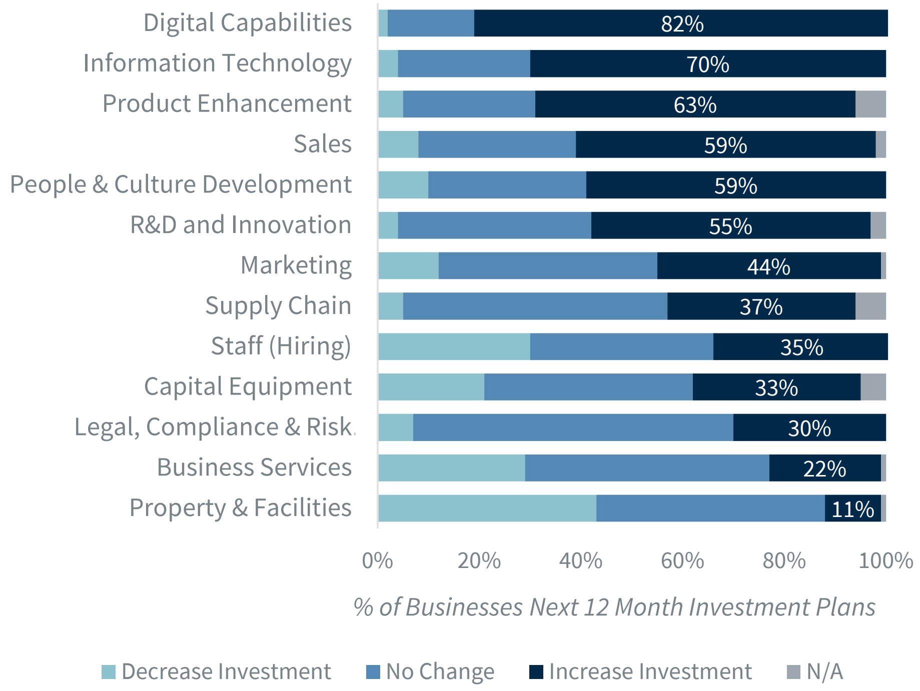
Several key technology projects are also slated for completion this fall, including the modernization of multiple sortation, transportation management and safety systems, which will help to increase Ground's network capacity.

-FedEx

To Go sales continue to benefit from the ongoing evolution of our digital platform. This platform makes it simpler for our guests to visit, order, pay and pick up, all while making it easier for our teams to execute at the highest level, both in the dining room and off-premise.

-Darden Restaurants

Tech Investment Plans Increasing



Source: FactSet. Data as of 9/30/2021.

5 International

Economic Growth & Strong Earnings Make The US The Trailerblazer Of The Pack

INSIGHT:
The strong economic recovery and magnitude of earnings has favorably positioned the US as the world bounces back from the pandemic.

BOTTOM LINE:
However, an acceleration in the vaccination and re-opening in other parts of the world could lead to potential short-term trading opportunities. But given the complexities of some markets (e.g., China regulation), it may be prudent to pursue active management.

STILL FAVOR DOMESTIC EQUITIES OVER INTERNATIONAL EQUITIES

WE CONTINUE TO FAVOR THE US OVER INTERNATIONAL EQUITIES

- The US continues to boast the highest profitability ratios compared to both developed and emerging markets.
- This trust in the US markets can be seen as 11 out of the 15 top global brands are domiciled in the US.

Profitability Ratios Favor The US
(5-Year Average)

	US	Europe	Japan	Emerging Markets
Return on Assets	**3.2**	1.3	1.4	2.1
Return on Equity	**18.0**	10.5	8.6	12.1
Return on Invested Capital	**8.3**	4.3	5.0	6.8
Gross Margin	**31.9%**	25.5%	26.0%	24.0%
Net Margin	**10.0%**	6.7%	5.8%	8.9%

Source: FactSet. Data as of 9/30/2021

Majority of Largest Global Brands are in the US

1. Google	2. PayPal	3. Microsoft	4. YouTube	5. Amazon
6. Sony	7. Adidas	8. Netflix	9. VISA	10. Samsung
11. Nike	12. Nestle	13. MasterCard	14. Disney	15. Colgate

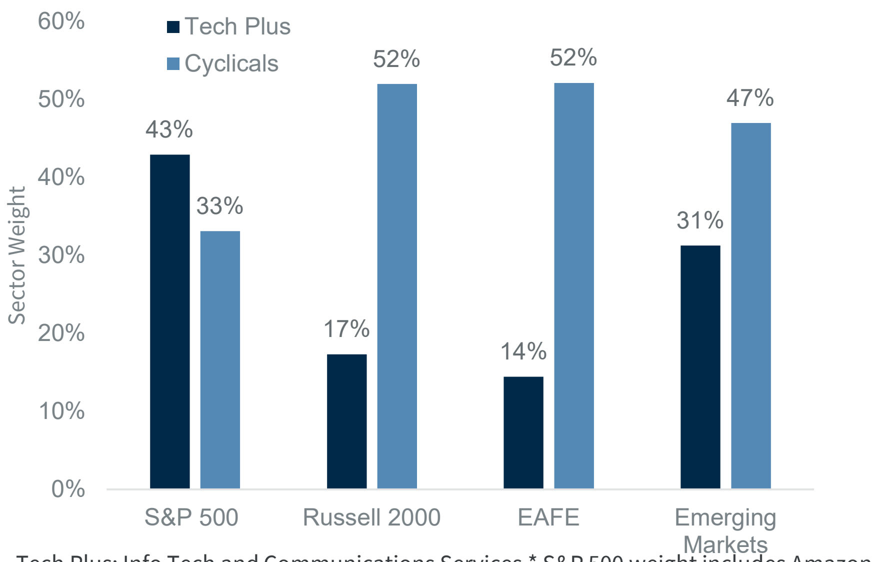
Source: Morning Consult Survey

SMALL CAP AND INTERNATIONAL SERVE A SIMILAR PURPOSE IN PORTFOLIOS

US SMALL CAP VS. DEVELOPED

- We continue to favor US equities with a tilt toward large cap, but it is important to have a diversified portfolio. Small cap and international indices are a good complement to large cap as they have less exposure to Technology and more to cyclical sectors.
- However, US small cap has an EPS growth almost 6x higher for 2022, and therefore is likely to outperform its international peers. Additionally, Europe and Japan have more exposure to China (which continues to struggle with regulatory reform), higher energy prices, and potential inflationary pressures.

Small Cap/International Has Larger Cyclical Exposure Relative to Large-Cap US

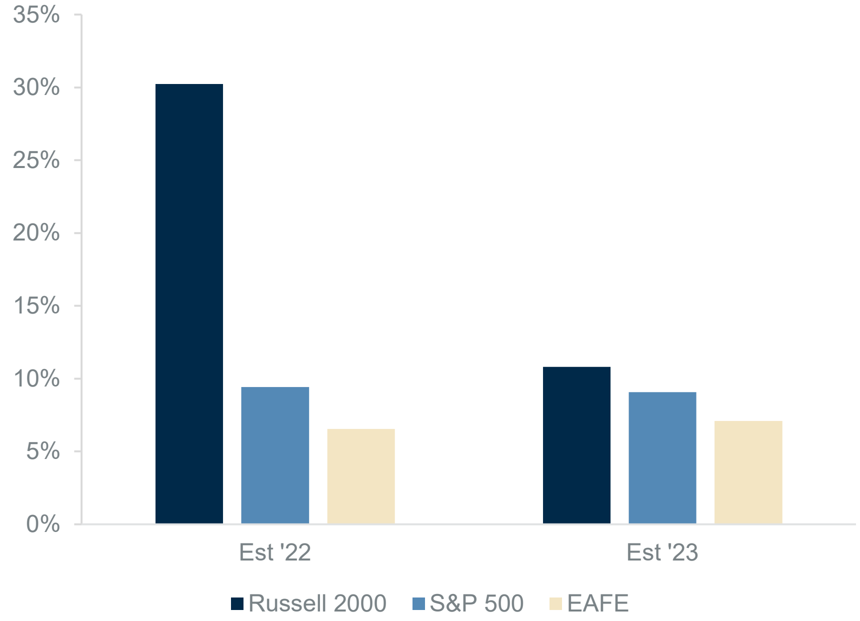


Tech Plus: Info Tech and Communications Services * S&P 500 weight includes Amazon
Cyclicals: Cons. Disc, Financials, Industrials, Energy and Real Estate
Source: FactSet, S&P Global, Russell and MSCI. Data as of 9/30/2021.

US Small Cap > Developed Equities

1. Stronger EPS Growth
2. Stronger US economy
3. Lower Gas Prices
4. Lower Monetary Policy Risk
5. Less Exposure to China

Stronger EPS Growth in Small Cap

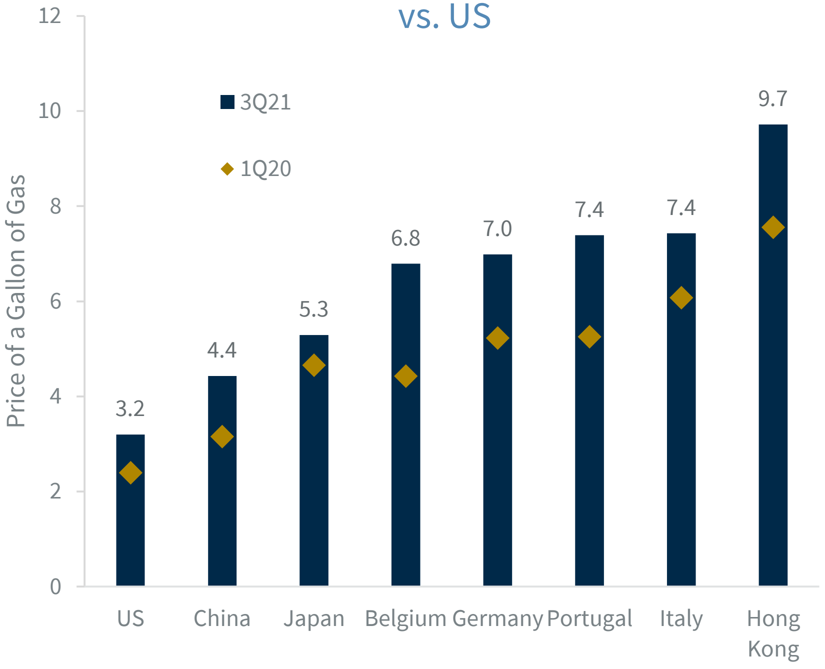


FAVOR SMALL CAP OVER INTERNATIONAL

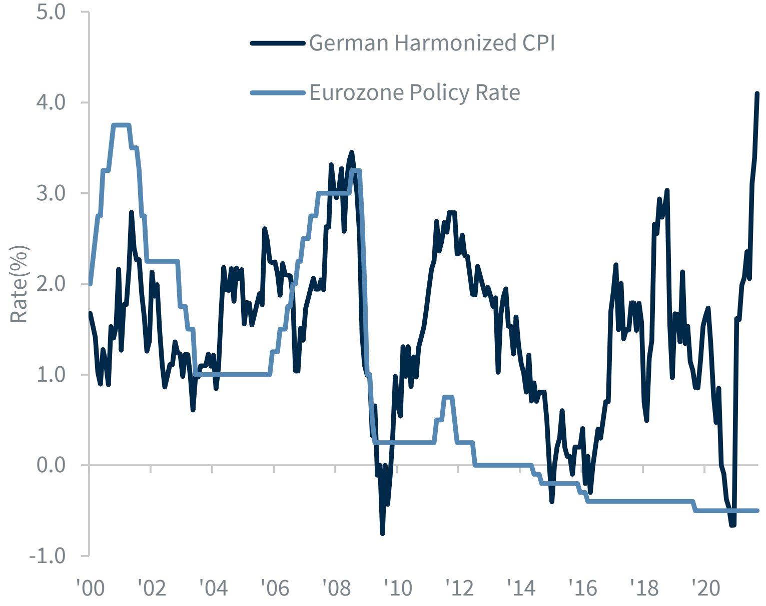
US SMALL CAP VS. DEVELOPED

- Rising gas prices and elevated inflation is more of a risk in Europe. The reason for this is the ECB has a single mandate (inflation) unlike the dual mandate of the Fed (inflation, employment), so elevated inflation may lead to a more hawkish ECB relative to the US.
- Additionally, small-cap US equities have less exposure to China relative to other international regions.

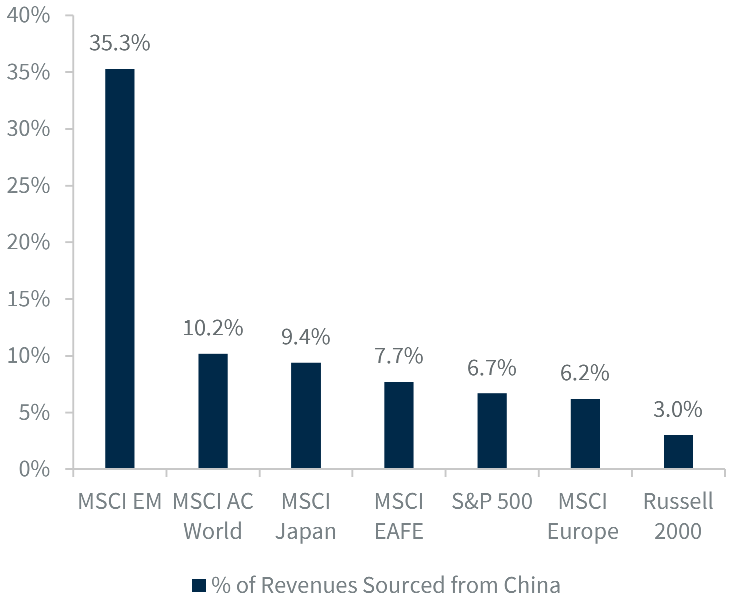
Rising Gas Prices a Larger Risk in International vs. US



Single Inflation Mandate for ECB Leads to Potential for More Hawkish Action



Less Exposure to China



Source: FactSet. Data as of 9/30/2021.

6

Commodities

Economic Growth Packed Sizable Returns In Commodities' Backpacks

INSIGHT:

Healthy economic growth fueled positive returns for most commodities, particularly oil. Increased production is a positive for economic growth, and there are heightened incentives for the development for alternative energy sources.

BOTTOM LINE:

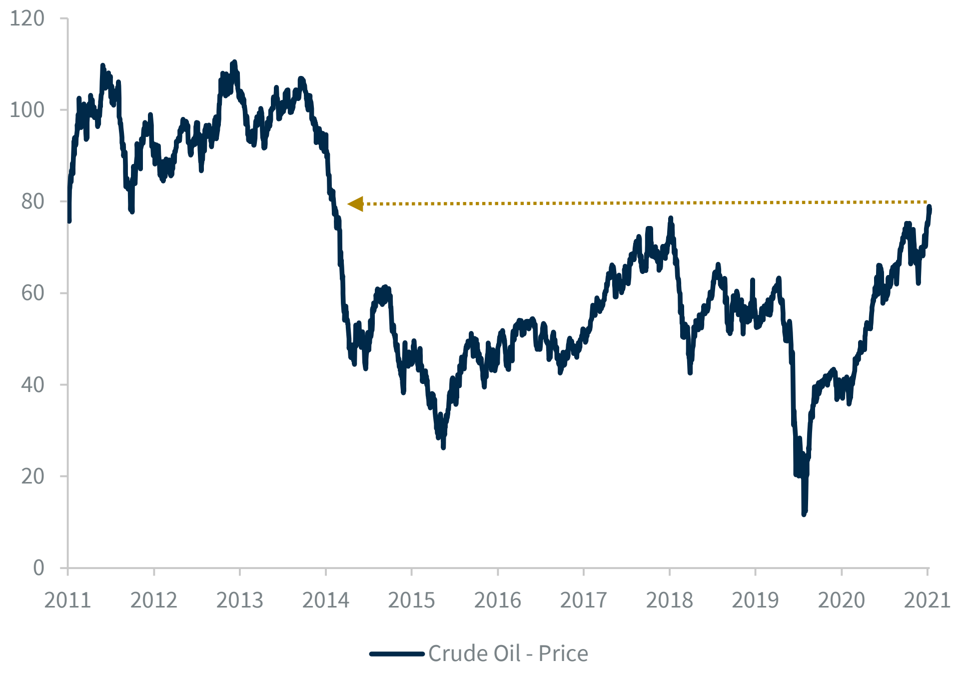
As supply and demand near equilibrium, moves in oil prices should be tempered. However, we'd call for caution if prices move sustainably higher as rising gasoline prices could impact consumer spending and pose a risk to our economic outlook.

STRONGER DEMAND HAS BEEN A TAILWIND FOR CRUDE OIL

CRUDE OIL HAS MOVED SIGNIFICANTLY HIGHER TO MULTI-YEAR HIGHS ON THE BACK OF STRONGER DEMAND

- On a year-to-date basis, crude oil is up ~60% and is back to the highest level since 2014.
- This surge in prices is due to strong economic growth, the reopening of the global economy, both US producer and OPEC production discipline, declining inventories and weather related (e.g., hurricanes) impacts.

Crude Oil Prices Rise to Seven-Year High



Source: FactSet. Data as of 10/6/2021.

+5.5%

Global Oil Demand Growth in 2021, The Strongest Since 1987

Factors Boosting Crude Oil Prices

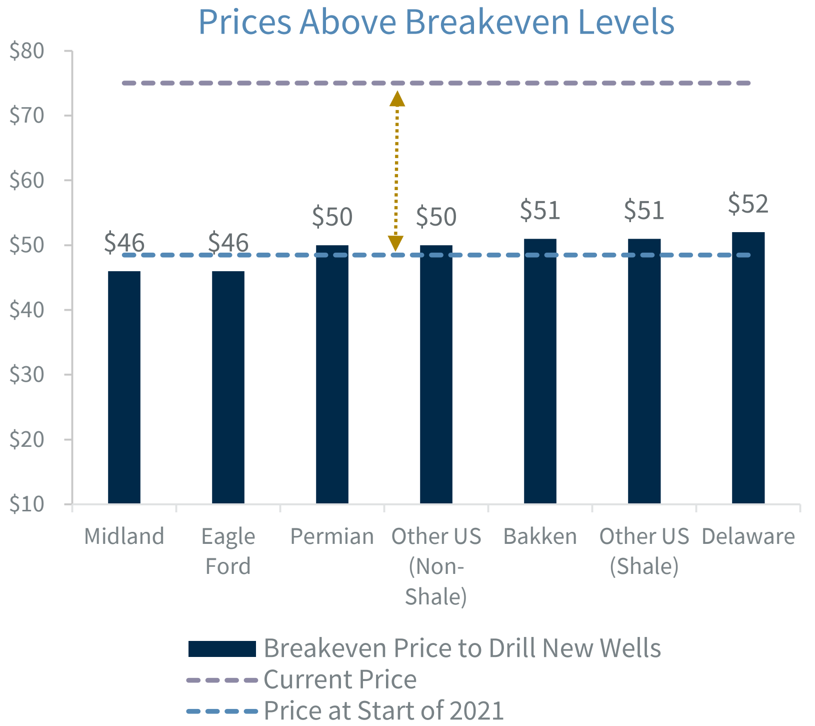
Factor	Rationale
Strong Economic Recovery	The US is likely to post the best annual growth since 1984 in 2021. As a result, crude oil demand rose at the fastest pace since at least 1987.
Reopening of Economies	96% of the 94 most populous countries are open, compared to just over 50% in May.
OPEC Commitment	OPEC lowered production levels to the lowest level in at least twenty years.
US Producer Discipline	Despite seeing the strongest free cash flow growth since 2007, US producers cut capex by ~42% in 2020 and 2021 combined.
Inventory Drawdowns	After posting the largest 15-month decline on record, US oil inventories are at a seven-year low.
Weather Impacts	The Texas winter freeze, and hurricanes Ida and Laura put upward pressure on oil prices.

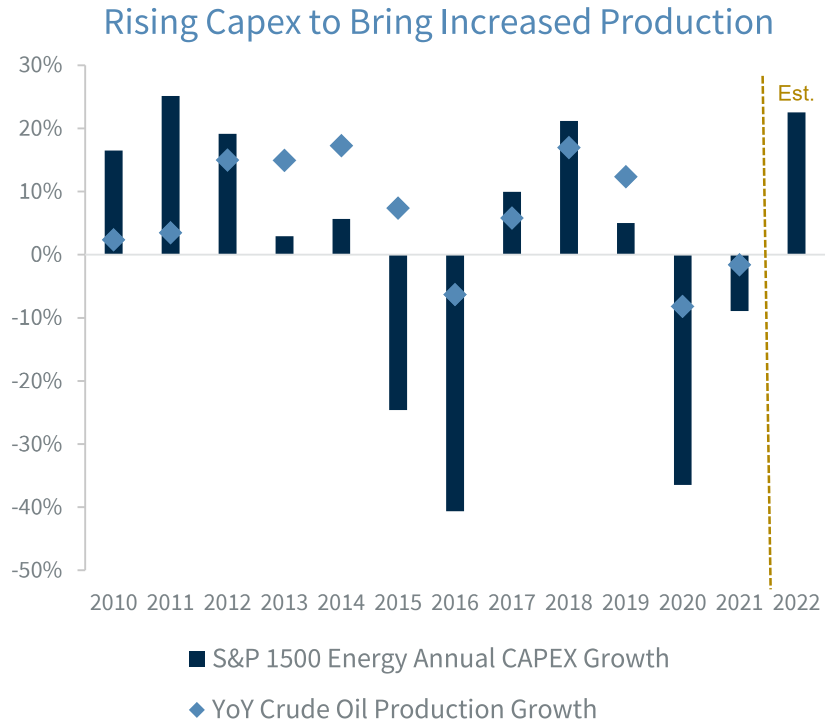
Source: FactSet. Data as of 10/5/2021.

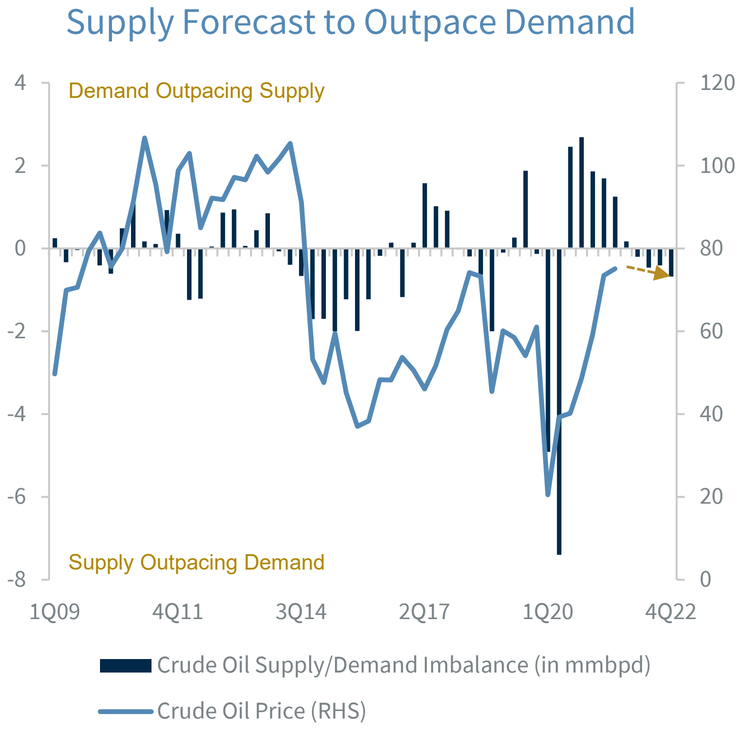
LIMITED UPSIDE FOR CRUDE OIL GOING FORWARD

WE EXPECT RISING PRODUCTION TO LIMIT THE UPSIDE FOR CRUDE OIL PRICES GOING FORWARD

- The rise in crude oil prices has brought the price of crude above breakeven levels in all major shale regions. Since this increases the profitability of drilling oil, we expect US producers to increase production through 2022.
- This increase in production should increase supply, as the EIA estimates that the crude oil market will be over-supplied on balance through 2022.







Source: Raymond James Equity Research. Data as of 9/30/2021.

OLYMPICS' IMPACT ON COMMODITIES

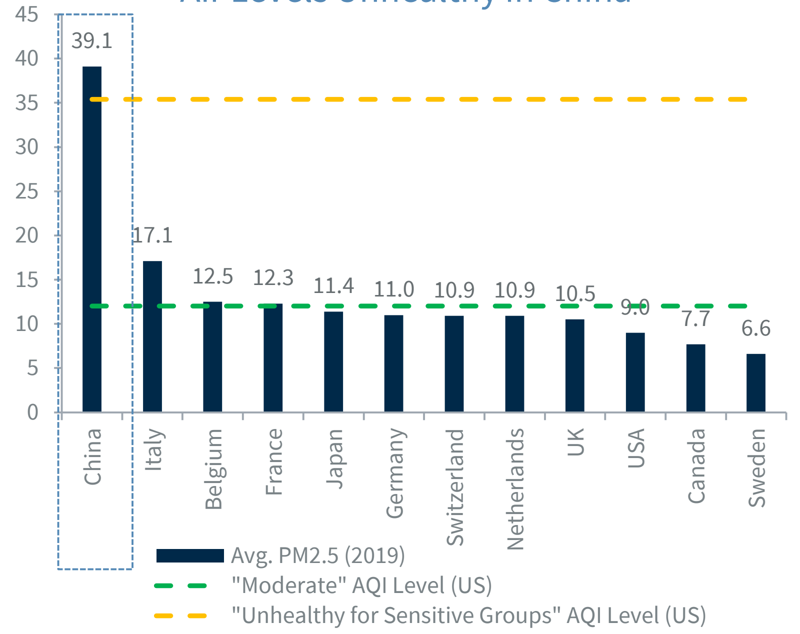
THE OLYMPICS MAY PLAY A MAJOR IMPACT ON COMMODITY DEMAND IN 2022

- As the host country for the 2022 winter Olympics, China in enacting measures (e.g., shutting factories, cutting coal consumption) to curb pollution ahead of the Olympics in an attempt to clean up air quality for the games.
- This could have a major impact on commodities, as China is the largest consumer of many major commodities in the world.

$75

2022 Crude Oil Price Target

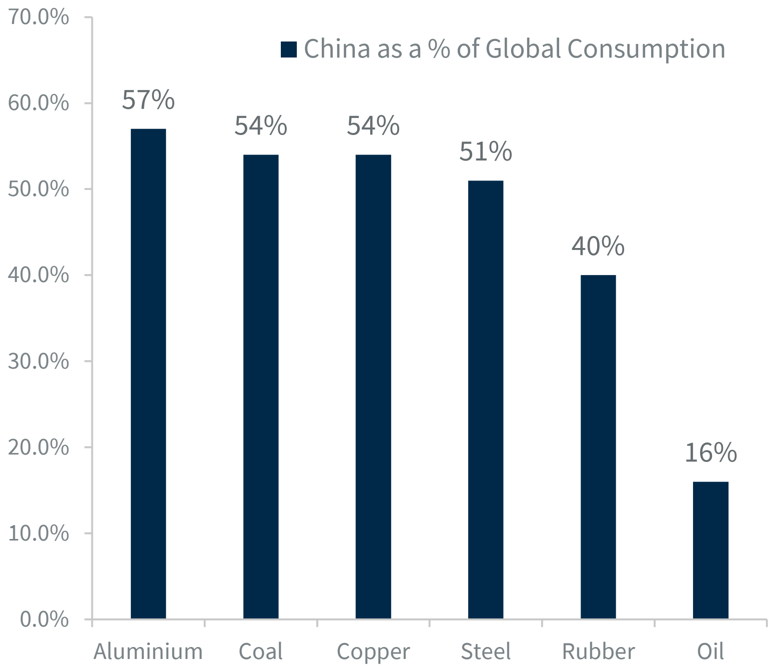
Air Levels Unhealthy in China



Source: FactSet. Data as of 9/30/2021. PMI 2.5 refers to the number of particles per million in the air, which is a standard measure of air quality globally.

Olympic Initiatives to Quell Pollution

China a Major Player in Commodity Markets



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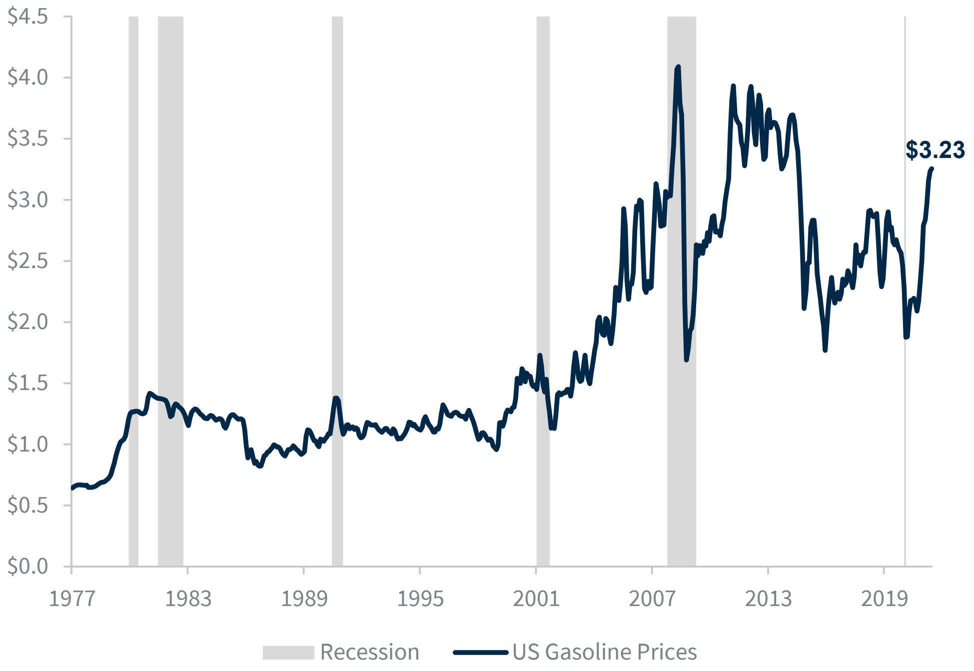
RISING CRUDE OIL PRICES A RISK

RISING CRUDE OIL PRICES COULD BE AN ECONOMIC RISK GOING FORWARD

- If crude oil were to continue moving sustainably higher, this could be a major economic risk going forward.
- This is evident as gasoline prices have surged into most recessions over the last 50 years, and the change in gasoline prices is strongly correlated with consumer inflation expectations.

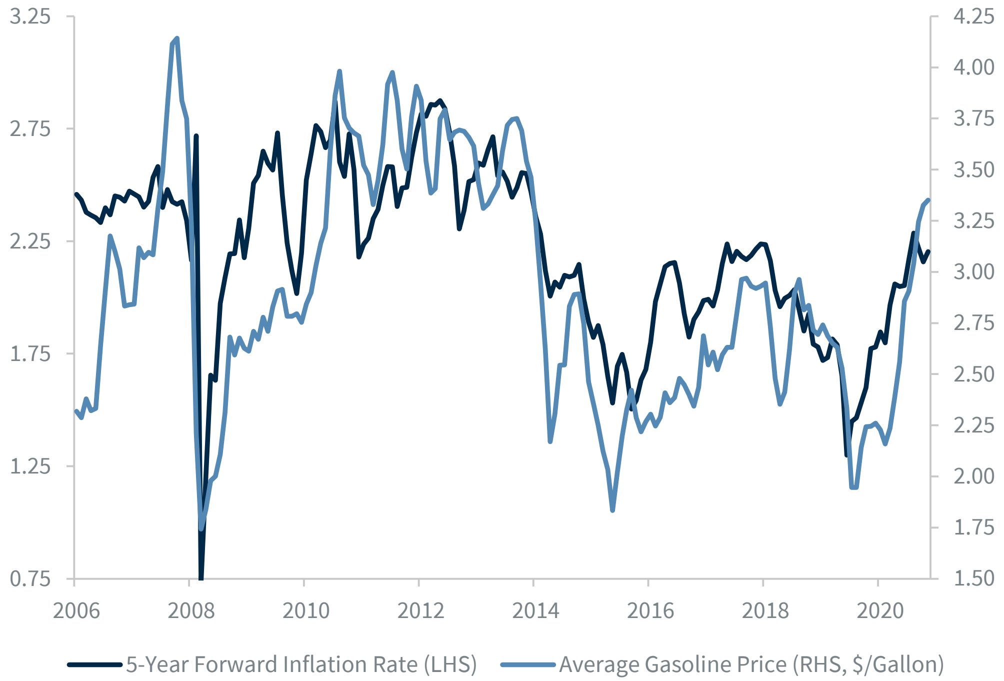
Rising Gas Prices Typically Precede Recessions



$4.11

Previous (2008) Record National Average Gasoline Price Per Gallon

Gasoline Prices Drive Consumer Inflation Expectations



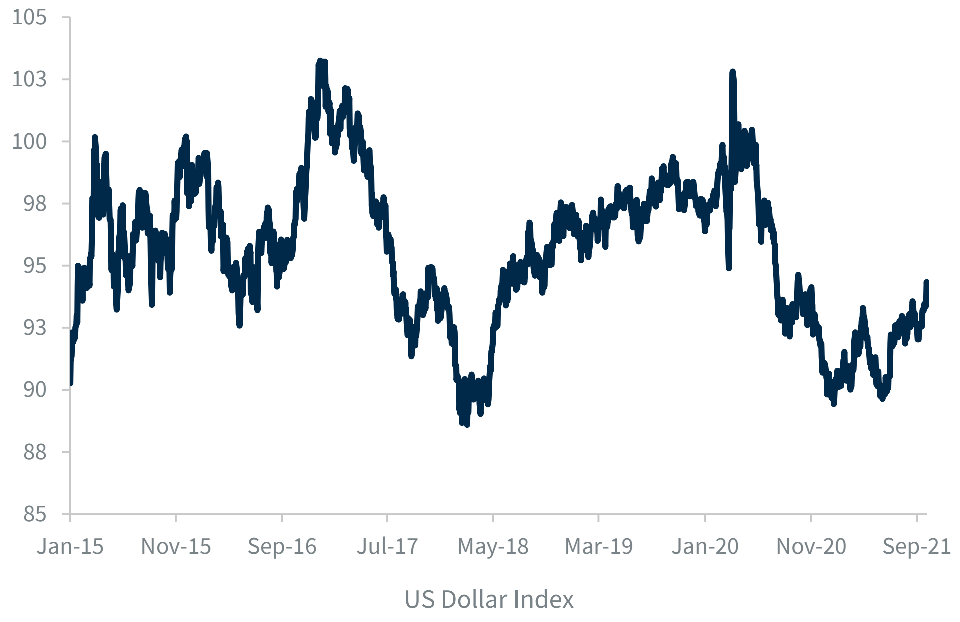
Source: FactSet, Data as of 9/30/2021.

LIMITED UPSIDE FOR THE US DOLLAR

LONGER-TERM DYNAMICS CONTINUE TO FAVOR A WEAKER DOLLAR

- Sentiment swings after the Fed's updated projections gave the US dollar a short-term boost. The recent strength in the US dollar should start to fade as the rest of the world recovers from the pandemic.
- Significantly stronger money supply growth in the US versus other regions such as Europe, should lead to dollar weakening going forward. Widening fiscal budget deficits should lead to dollar weakness relative to current levels.

Range-Bound US Dollar



1.20

Year-End 2022
EUR/USD Target

Key Drivers of US Dollar	Impact	Rationale
Current Account Deficit	⊖	A historically wide current account deficit will likely weigh on the USD
Budget Deficit	⊖	Elevated budget deficit will be a headwind for the dollar
Relative Growth Outlook	○	The growth premium between the US and other DM economies is narrowing
Relative Interest Rates	○	Interest rate differentials favor the dollar, but further gains will be limited
Risk Appetite	⊖	Strong risk appetite will see low demand for safe-haven currencies
Investor Positioning	○	Market sentiment has turned more bullish on the US dollar

⊖ Negative ○ Neutral ⊕ Positive

Source: FactSet. Data as of 9/30/2021.

7 Asset Allocation

Investors Should Undergo Preparation For Their Financial Future

INSIGHT:
The COVID-19 pandemic was a Black Swan event with substantial economic and financial repercussions. Even though we've recovered, it is important to remember that volatility, no matter the duration or magnitude, has and always will be part of the fabric of the equity market.

BOTTOM LINE:
Investors should clearly identify objectives, accurate assess risk tolerance, deduce insurable or preventable risks, and determine asset allocation parameters that can guide a portfolio toward the stated goals.

PREPARING TO REACH YOUR INVESTMENT SUMMIT

Pre-Climb Check List

- ☑ Visualize Goals

- ☑ Improve Conditioning

- ☑ Pack For Inclement Weather

- ☑ Evaluate The Best Route (& Alternatives!)

Investing Check List

- ☑ Identify Investment Objectives

- ☑ Assess How Much Risk Can Be Endured

- ☑ Consider Insuring Against Life-Altering Events

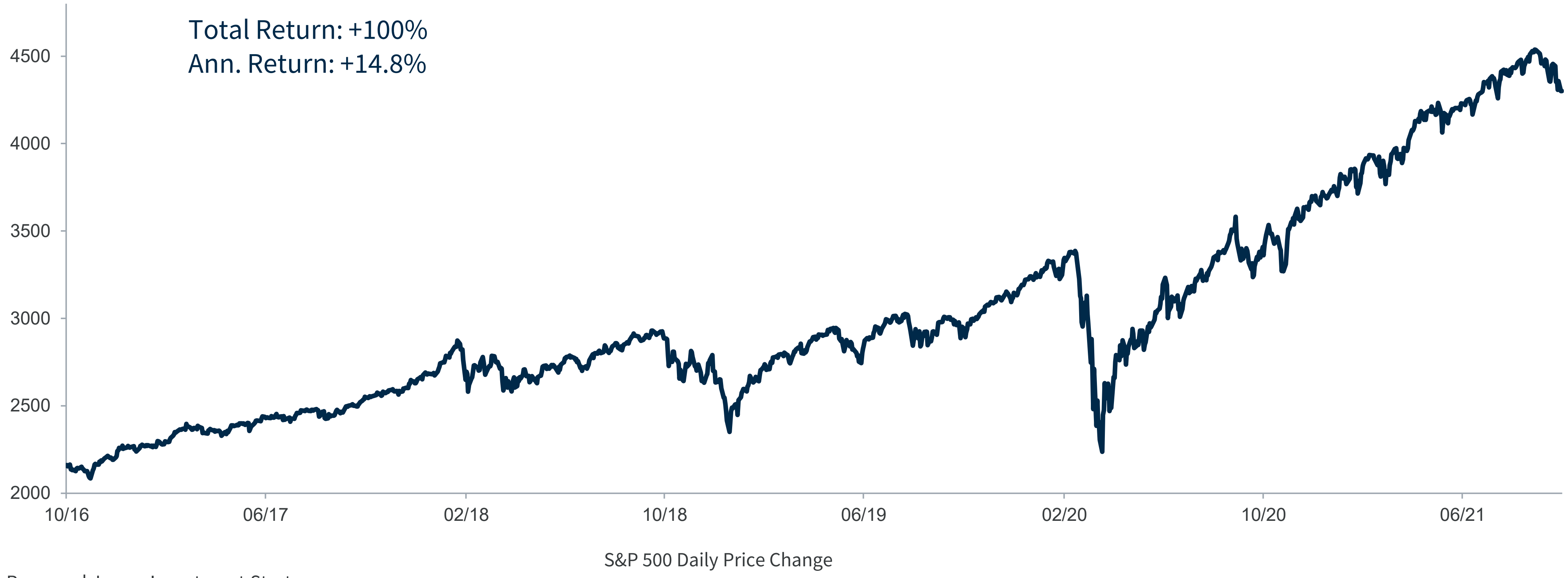
- ☑ Determine Asset Allocation Parameters

THE IMPORTANT BUILDING BLOCKS TO ASSET ALLOCATION

TIME HORIZON IS IMPORTANT

TIME HORIZON REMAINS A KEY ELEMENT FOR INVESTING

- When looking at the market on a short time horizon (e.g., daily basis), it is difficult to assess the trends of the market.
- However, when investors lengthen their time horizon, it is easier to determine the trajectory of the market. Longer-term investors can avoid the avalanche of daily ‘noise’ and focus on their long-term goals and objectives.



Source: Raymond James Investment Strategy

UPCOMING WEBINARS

NOVEMBER 15 | 4:15 PM

Monthly Investment Strategy Webinar

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

DECEMBER 13 | 4:15 PM

Monthly Investment Strategy Webinar

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

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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.

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.

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.

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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.

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 BARCLAYS COMMODITY INDEX | Bloomberg Barclays 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.

BLOOMBERG BARCLAYS EMERGING MARKETS AGGREGATE BOND INDEX | The Bloomberg Barclays 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.

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DATA SOURCES:

FactSet.

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