
3Q22 OUTLOOK
QUARTERLY COORDINATES
DECIPHERING THE MARKET'S DIFFICULT MESSAGE
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UPDATE: TOPICS TO BE ADDRESSED

1. **Introduction** | Deciphering The Market's Difficult Message
2. **Economy** | The Fed Can Avoid Economic Ruin
3. **Commodities** | The Straw That Could Break The Global Economy's Back
4. **Fixed Income** | Aggressive Fed Expectations Flooding The Bond Market
5. **Equities** | Dry Times Bring Us Back To The Basics
6. **International** | Extending The Reign of US Equities
7. **Asset Allocation** | Viewing Your Portfolio Through The 'Eye of Horus'

1 Introduction

Deciphering The Market's Difficult Message

INSIGHT:

The Ukraine crisis, China's zero-tolerance COVID policy, and persistent elevated inflation were unexpected, and have contributed to the worst start to a year in decades for both equities and bonds.

BOTTOM LINE:

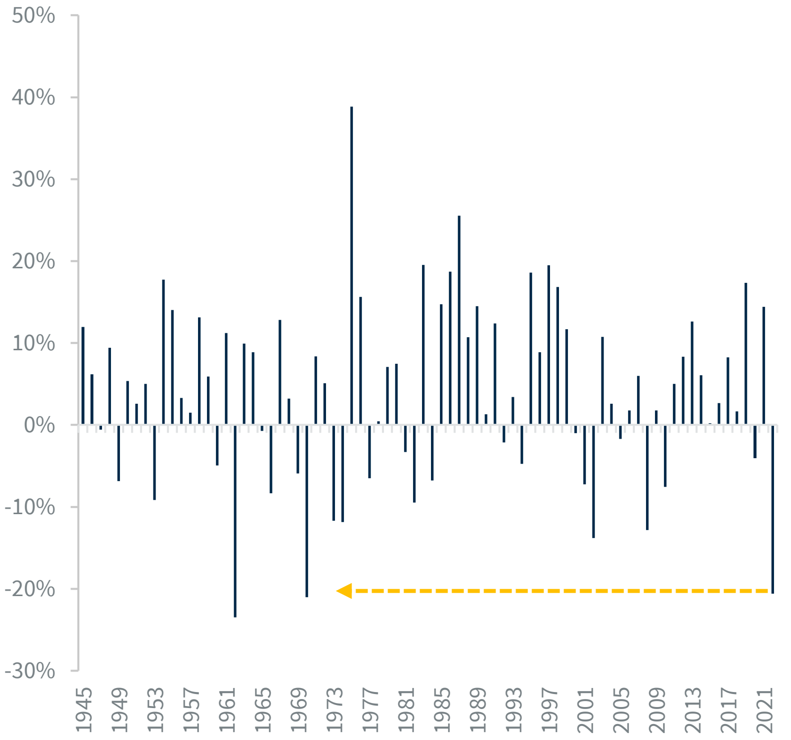
While volatility will likely persist in the near term, there is still potential upside for the economy and equity market as we enter the second half of the year.

DECIPHERING MARKET MESSAGES

THE MESSAGE OF THE MARKET HAS BEEN UNPRECEDENTED

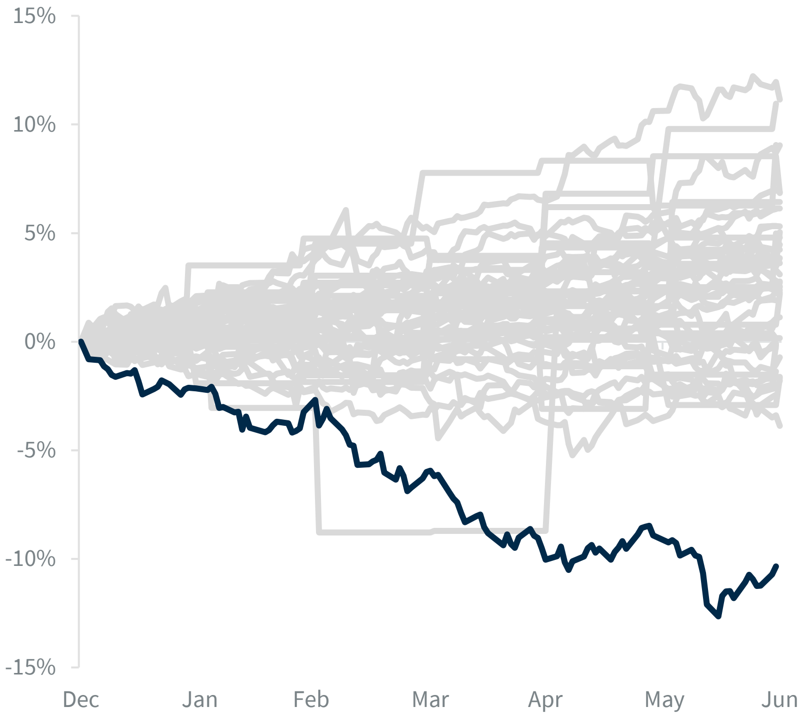
- Some of the worst performance we have seen in history year-to-date.

S&P 500: Worst Start Since 1970



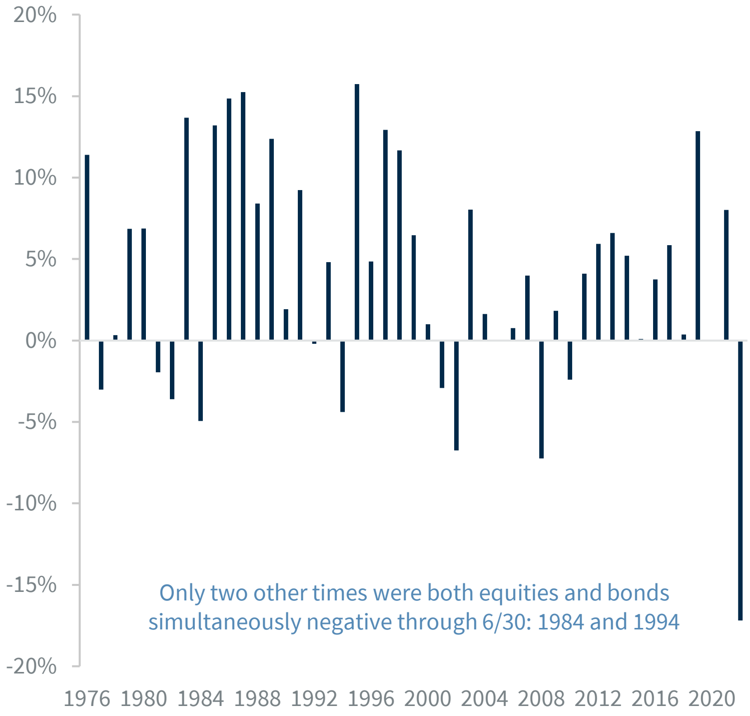
S&P 500 Price Return Through June 30 By Year

Bonds: Worst Start to a Year on Record



Bloomberg Agg Total Return Through June 30 by Year

Even Diversification Benefits Limited



60/40 Portfolio Performance by Year

Source: FactSet, Data as of 6/30/2022.

DECIPHERING MARKET MESSAGES

WHY THE SURPRISINGLY POOR START TO THE YEAR? MORE ‘BLACK SWANS.’

- China’s zero-tolerance COVID policy and the Russia/Ukraine conflict had significant economic ramifications.

Shutdowns Hamper Economic Growth

Russia/Ukraine Uncertainty Remains

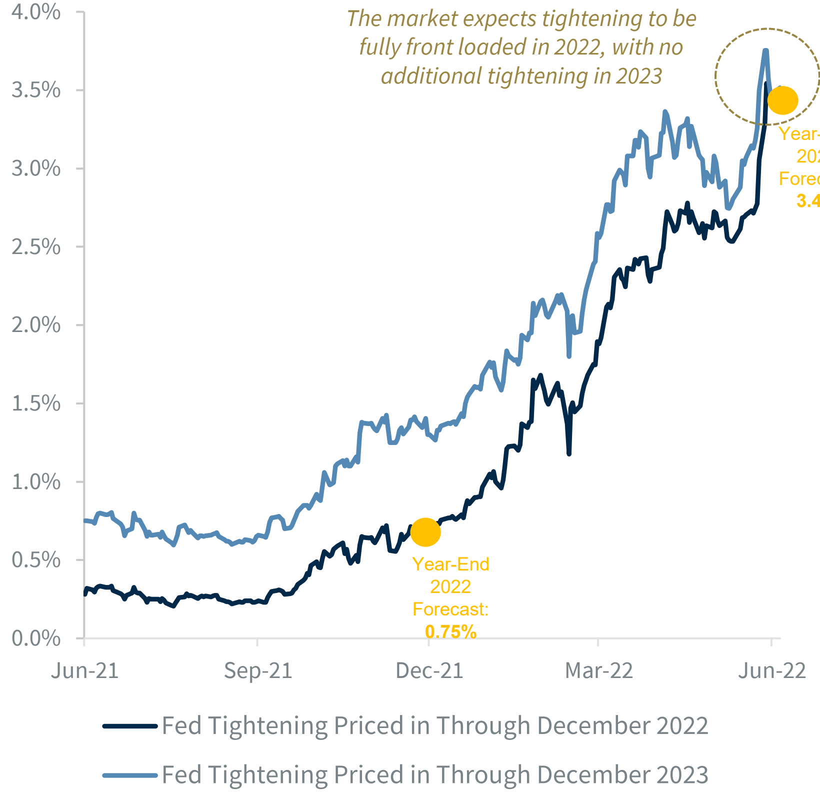
DECIPHERING MARKET MESSAGES

WHY THE SURPRISINGLY POOR START TO THE YEAR? A SEA CHANGE IN EXPECTATIONS.

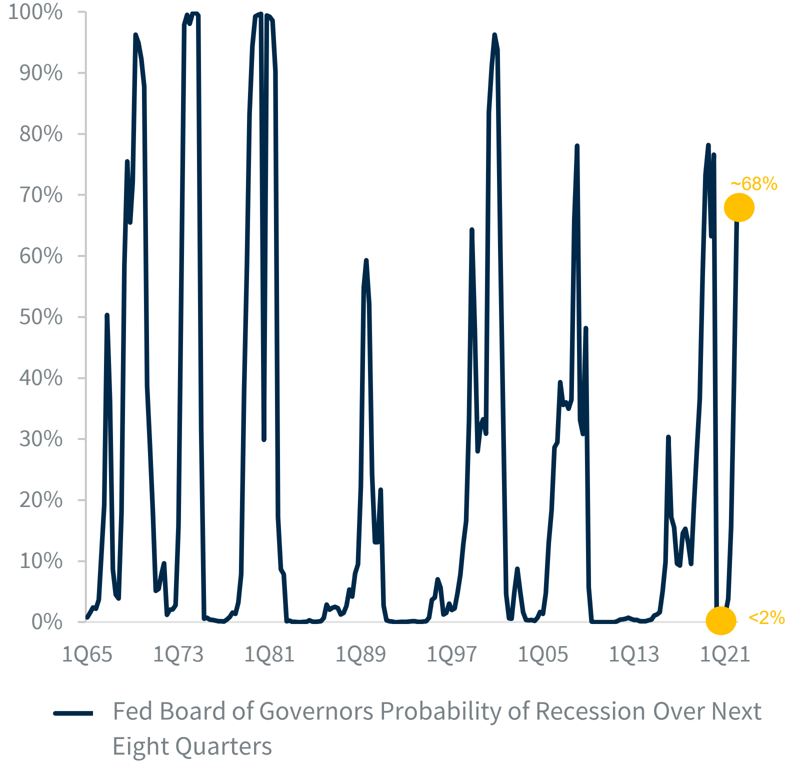
- The domino effect of Ukraine/Russia, oil prices, inflation, Fed tightening and economic concerns.

Oil Prices and Inflationary Pressures Elevated

Fed Expectations Soaring



Probability of Recession Growing According to Federal Reserve Model



Source: FactSet, Data as of 6/30/2022.

2 ECONOMY

The Fed Can Avoid Economic Ruin

INSIGHT:
The consumer is well positioned due to strong job growth, wage gains, and abundant savings, and it is evident in the real-time activity metrics. However, the Federal Reserve (Fed) has sent a clear message that it will aggressively raise interest rates in order to tame inflation, which has sparked recession fears.

BOTTOM LINE:
The front-loaded tightening cycle poses a risk to the interest rate sensitive areas of the economy (e.g., housing) and the probability of a recession is growing. However, we expect inflation pressures will dissipate in the months ahead which could prevent a monetary policy error.

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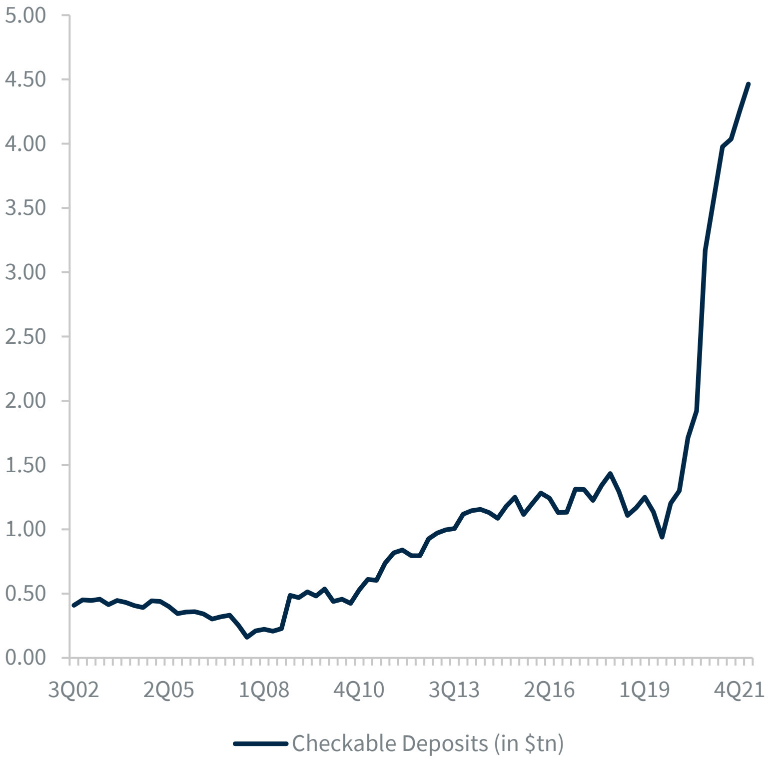
OUR CALL: NO RECESSION YET...

IT IS HARD TO SEE THE ECONOMY GOING INTO A RECESSION THIS YEAR

- A robust labor market, healthy balance sheets and tailwinds from reopening make a recession this year unlikely.

Job Creation (Withholding Taxes)

Elevated Cash Positions



Reopening A Positive

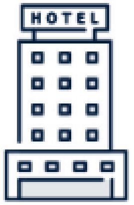
TSA Screenings

at a post-COVID high 2.5 million

Restaurant Bookings

up 7% from pre-COVID levels

Hotel Occupancy



at a post-COVID high 71%

Weddings

2.5 million expected this year – the most since 1984

Concerts

70M+ tickets sold year-to-date, 36% above 2019 levels

Road Warriors

record 42M drivers over the Fourth of July weekend

Source: FactSet, Data as of 6/30/2022.

2023 COULD BE ANOTHER STORY

INCREASED PROBABILITY OF A MILD RECESSION. WHY?

- The probability of a recession for 2023 is rising due to rapid Fed tightening and the potential for a self-fulfilling prophecy.

~2%
2022 GDP Est.

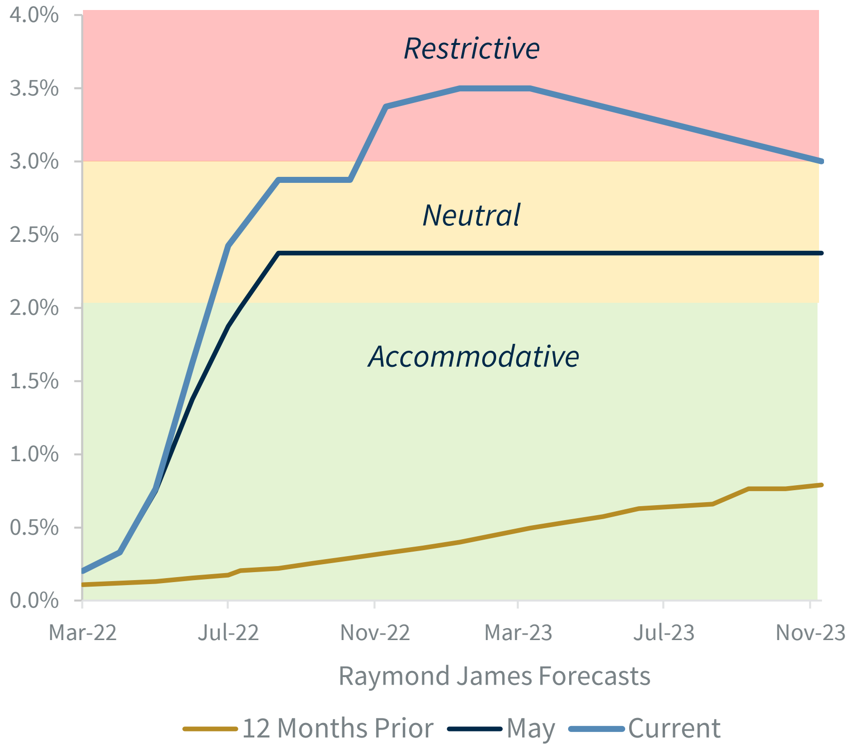
RJ Probability of 2023 Recession

35%
Probability of No Recession

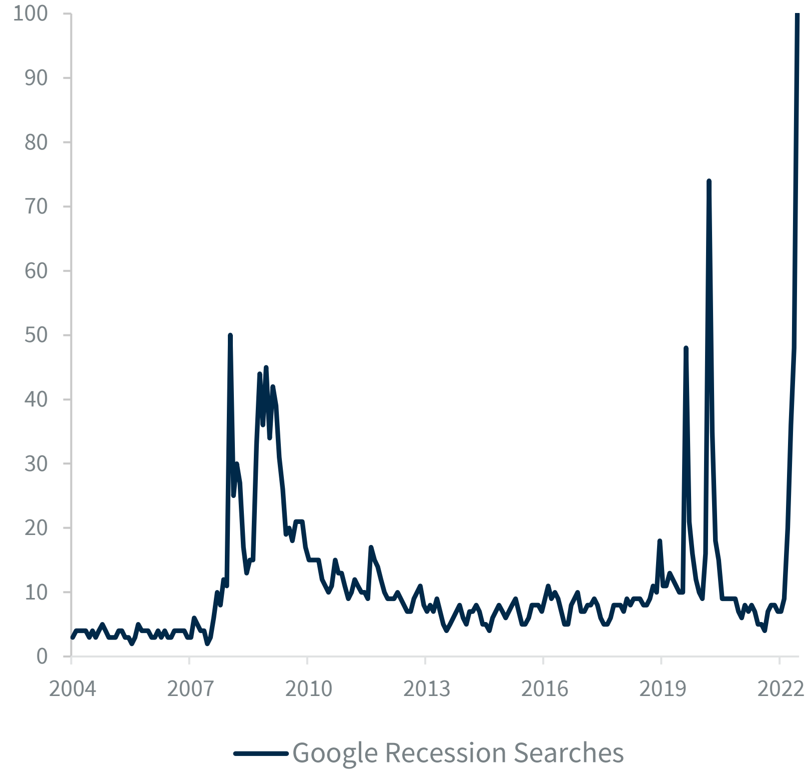
60%
Probability of Mild Recession

5%
Probability of Severe Recession

Fed Funds Rate Potential Move to 'Restrictive' State



Growing Risk of Self-Fulfilling Prophecy Recession



Source: FactSet, Data as of 6/29/2022.

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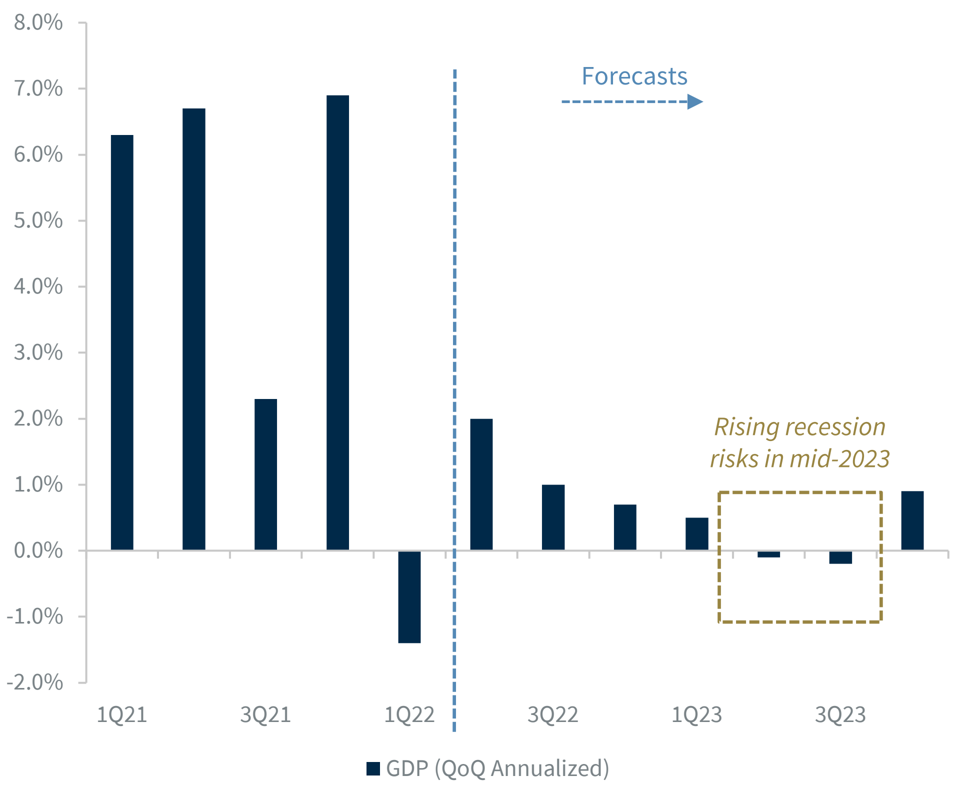
A VERY MILD 2023 RECESSION

PUTTING A POTENTIAL RECESSION INTO CONTEXT

- If the US economy does enter a recession next year, we forecast it to be the shallowest in the post-WWII era.

Quarterly Forecasts of US Economic Growth

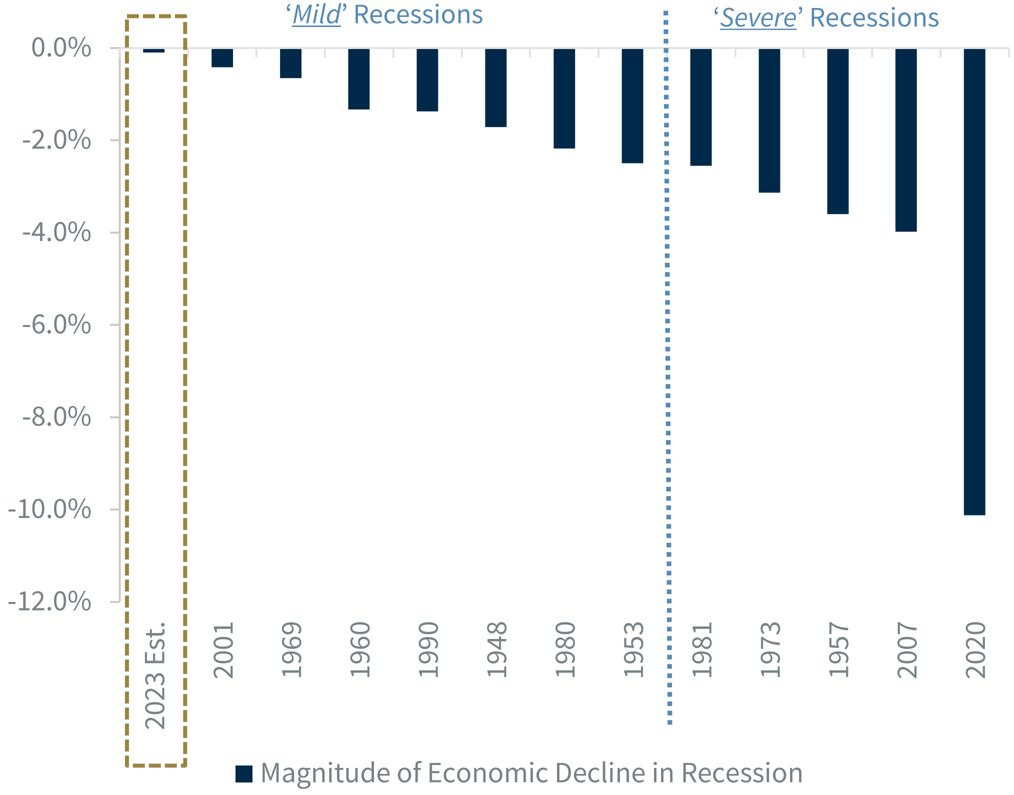


Source: FactSet, Raymond James Investment Strategy, Data as of 6/30/2022.

0.1%

Cumulative Forecasted Economic Decline

Would Mark the Mildest Recession in History



Source: FactSet, Data as of 6/30/2022.

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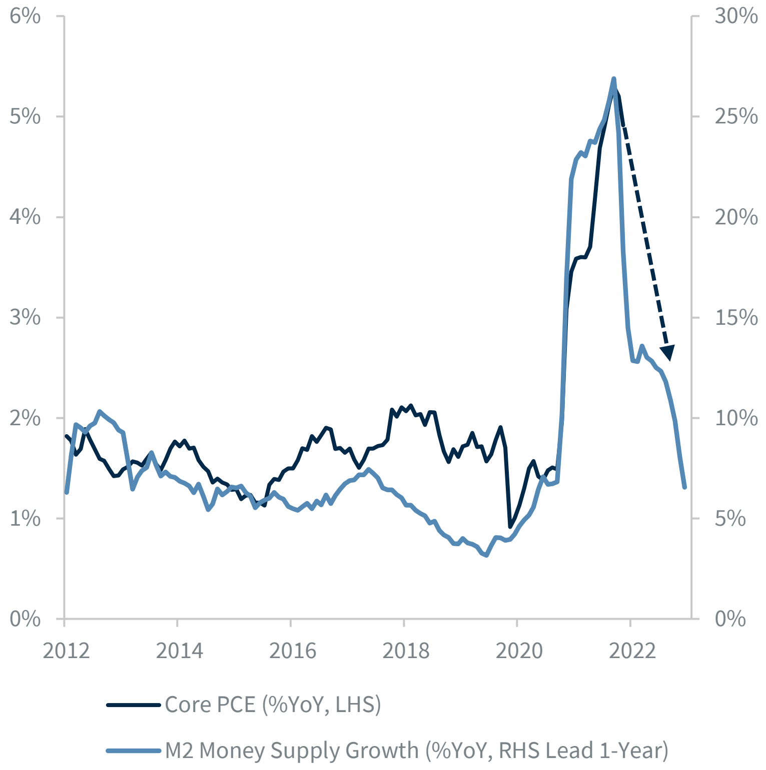
THE POTENTIAL GAME CHANGER: INFLATION DECELERATING

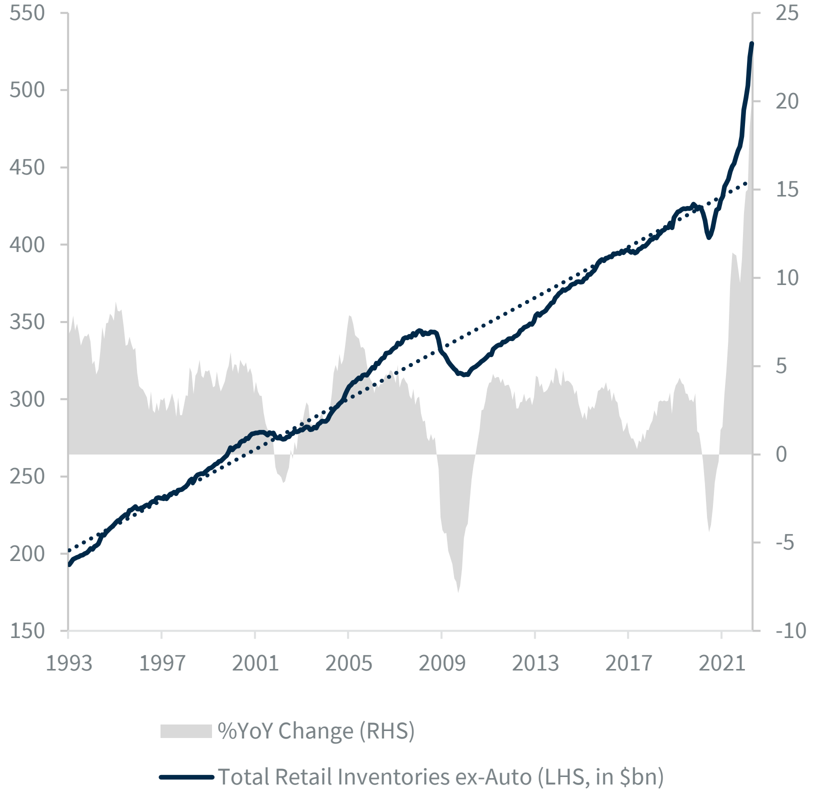
'SEVEN SIGNS' TO BELIEVE INFLATIONARY PRESSURES 'COOL' AND POSSIBLE PATH TO LESS AGGRESSIVE FED

- There are a number of signs that suggest that inflationary pressures are beginning to cool.

1 Normalizing Money Supply Growth



2 Unprecedented Inventory Growth



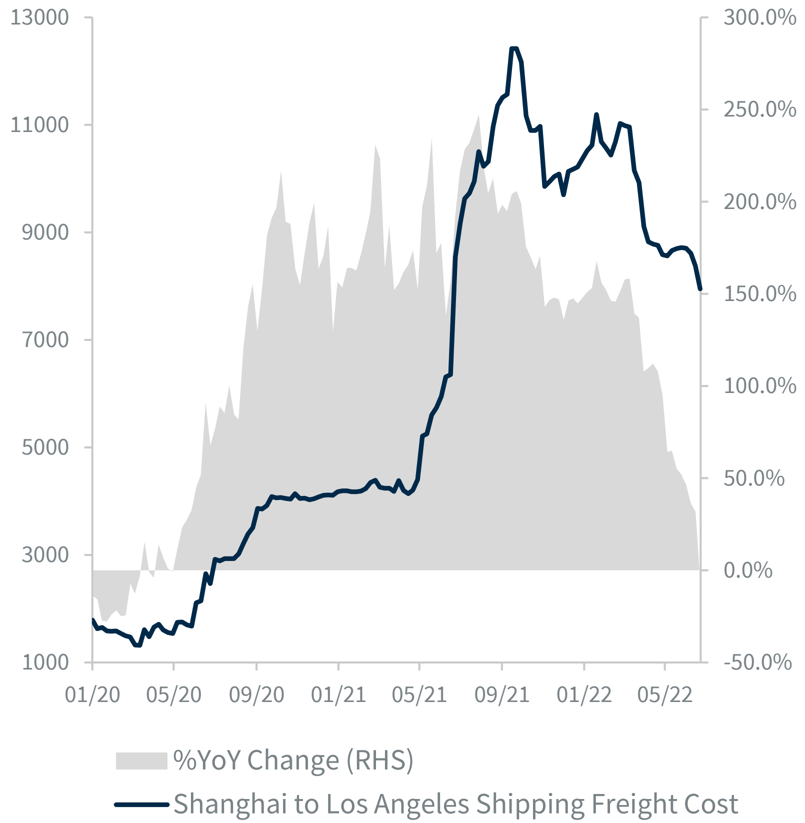
3 Auto Prices Set to Come Down

Source: FactSet, Data as of 6/30/2022.

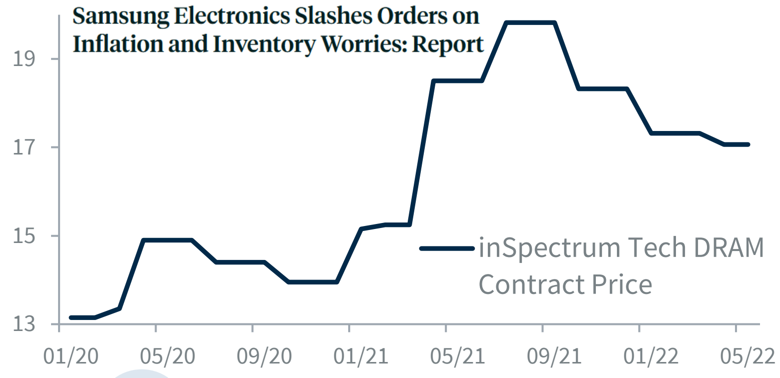
THE POTENTIAL GAME CHANGER: INFLATION DECELERATING

SEVEN SIGNS TO BELIEVE INFLATIONARY PRESSURES ‘COOL’

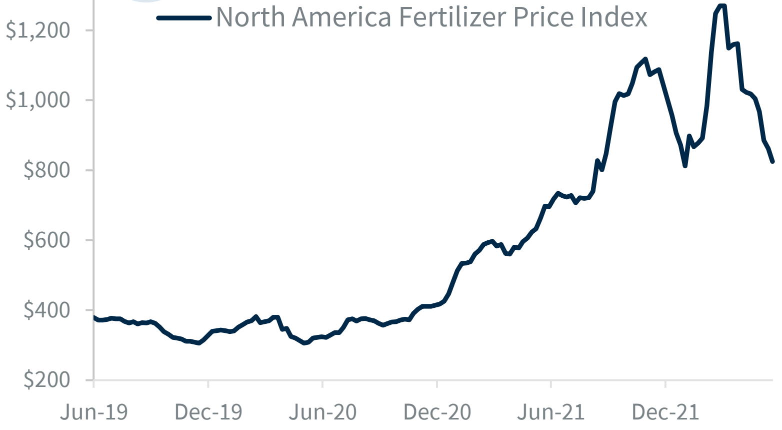
4 Falling Freight Costs



5 Semiconductor Prices Peaking



6 Falling Fertilizer Prices



7 Economically Sensitive Commodities Falling

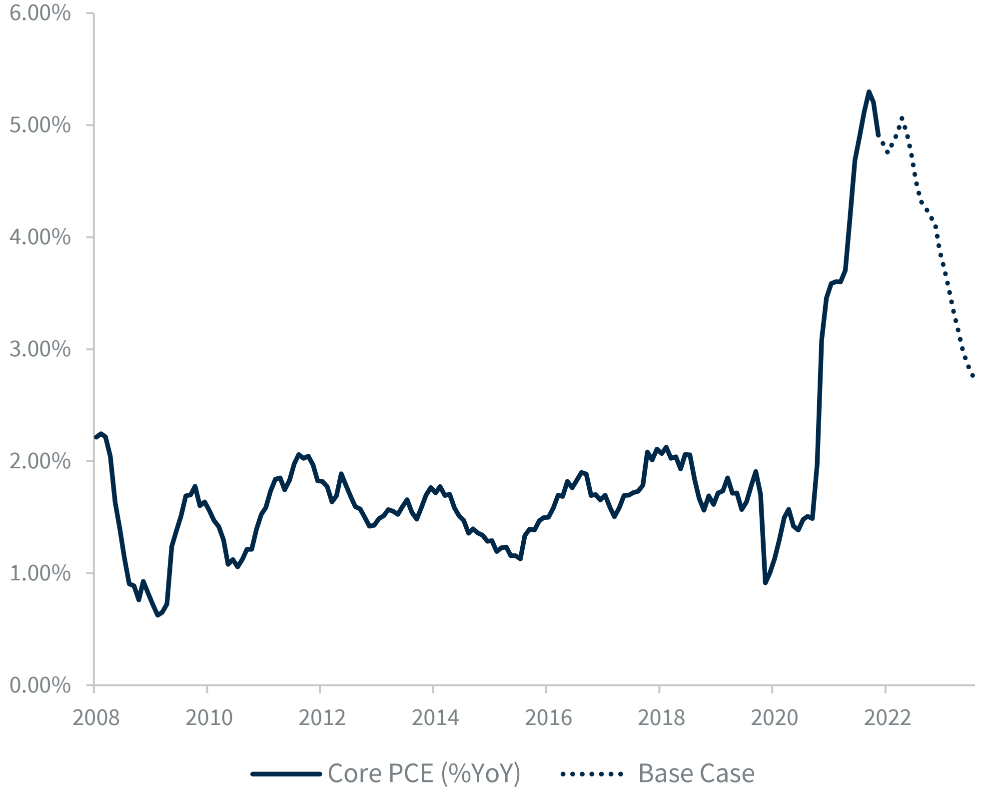
Source: FactSet, Data as of 6/30/2022.

THE POTENTIAL GAME CHANGER: INFLATION DECELERATING

INFLATION EXPECTED TO DECELERATE

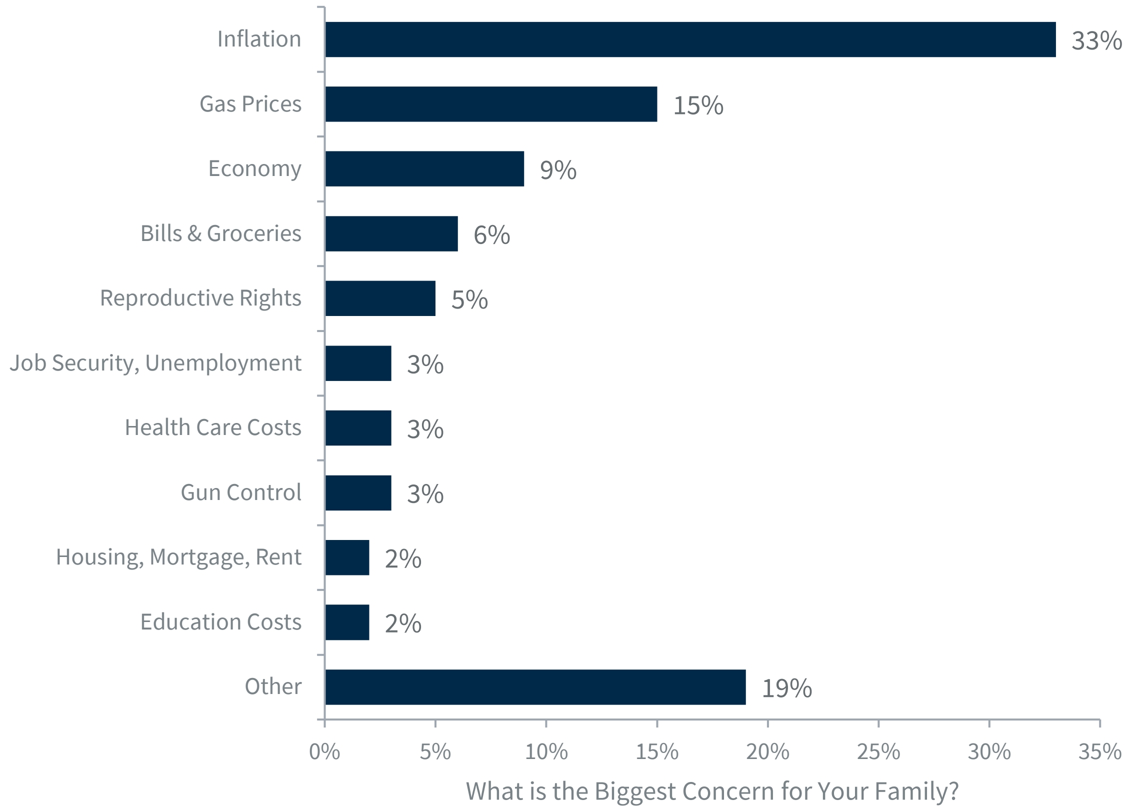
- As a result of those factors, and additional political pressure, we expect inflation to normalize toward the 3% level in 2023.

Potential Path of Inflation



Source: FactSet, Data as of 6/30/2022.

Political Incentive to Drive Prices Lower



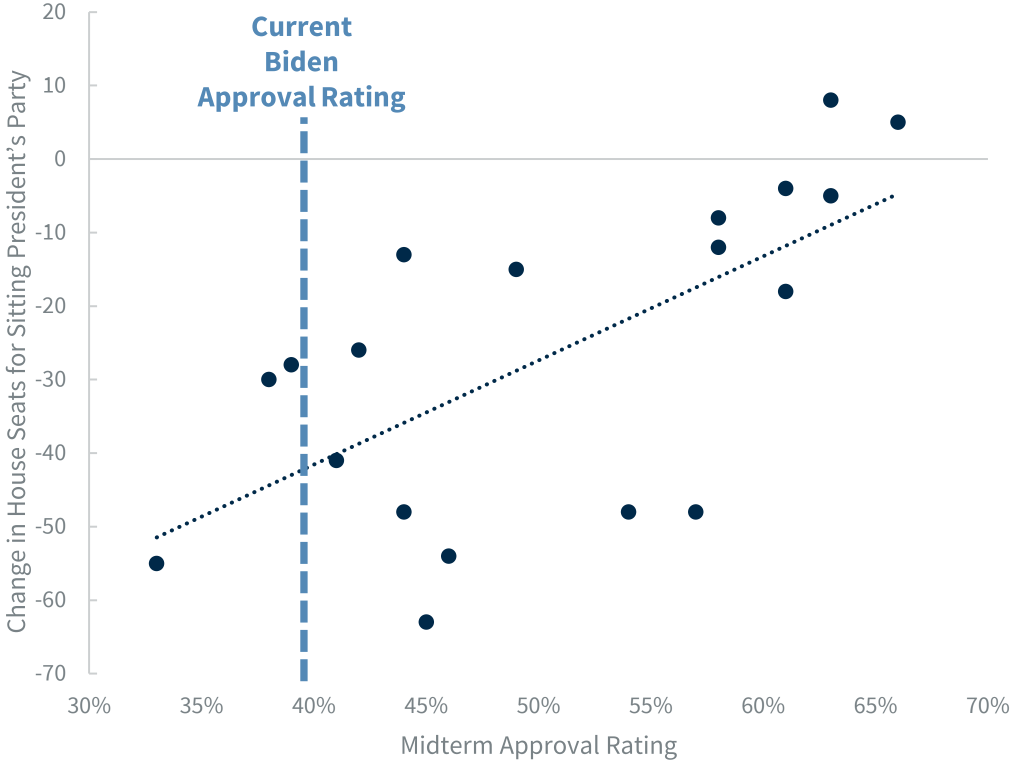
Source: Bloomberg Finance LP, Data as of 7/6/2022.

AN INFLATIONARY IMPACT ON THE MIDTERM ELECTIONS

ELEVATED INFLATION REMAINS TOP FOCUS OF VOTERS

- Inflation has been a major headwind for the Biden administration. Republicans are likely to take control of the House and Senate in midterm elections.

Depressed Approval Rating Hurts Incumbent Party in Midterms



Source: FactSet, Data as of 6/30/2022.

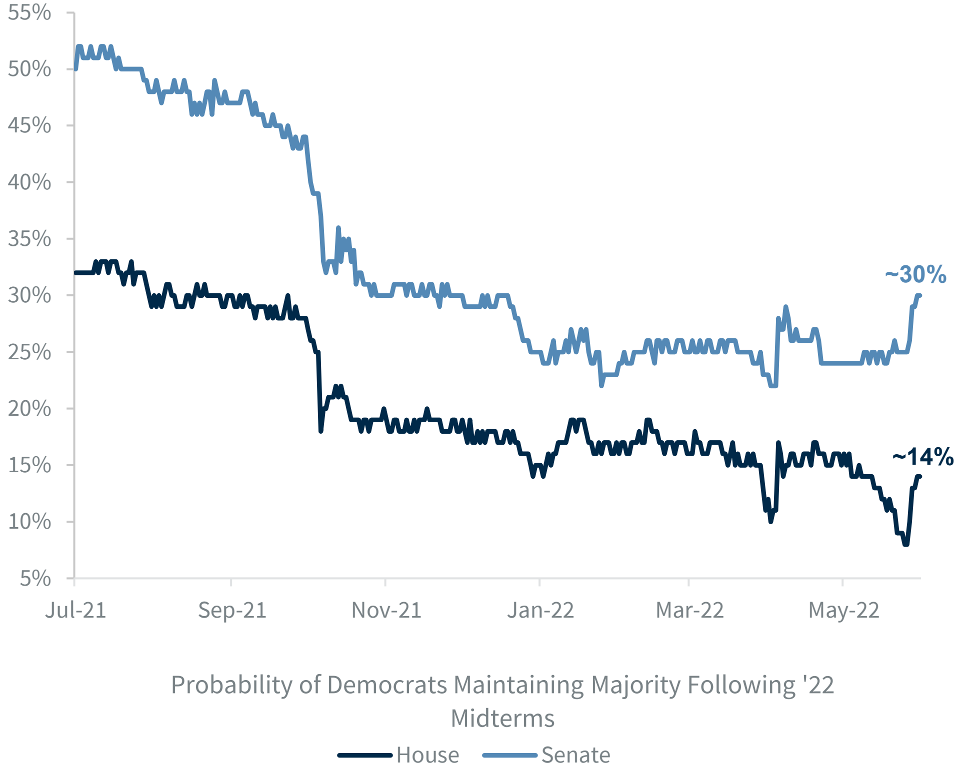
26

Number of House Seats Lost, on Average, During Midterm Election

85%

Of Americans Believe that the US is on the Wrong Track

Political Incentive to Drive Prices Lower



Source: Bloomberg Finance LP, Data as of 6/30/2022.

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3 Commodities

The Straw That Could Break The Global Economy's Back

INSIGHT:
Gas prices have been near multi-year highs for most of the year. Given the high inverse correlation between the price of gasoline and consumer confidence, spending could retreat and create a self-fulfilling prophecy recession.

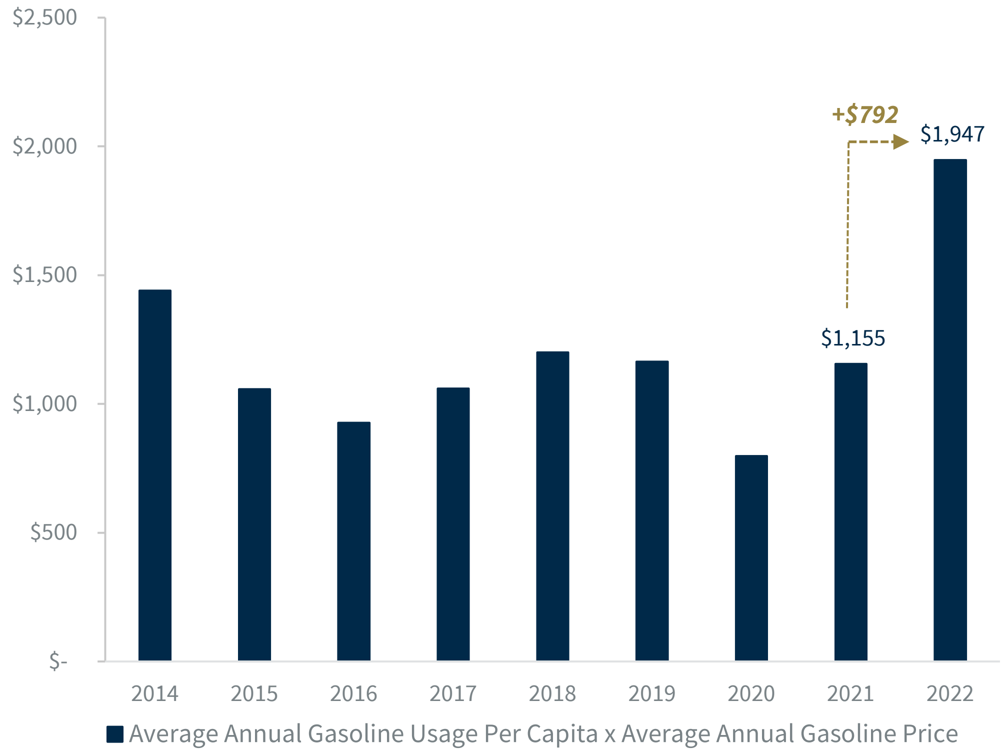
BOTTOM LINE:
Controlling energy pricing pressures is a global challenge, but the Biden administration knows it must act ahead of the midterm elections. Increased production by the US and OPEC will help prices moderate; however, peace in Ukraine is needed to bring oil prices back to pre-invasion levels.

RISING OIL PRICES HITTING THE ECONOMY

HIGHER ENERGY PRICES ARE HITTING THE ECONOMY THROUGH THE CONSUMER

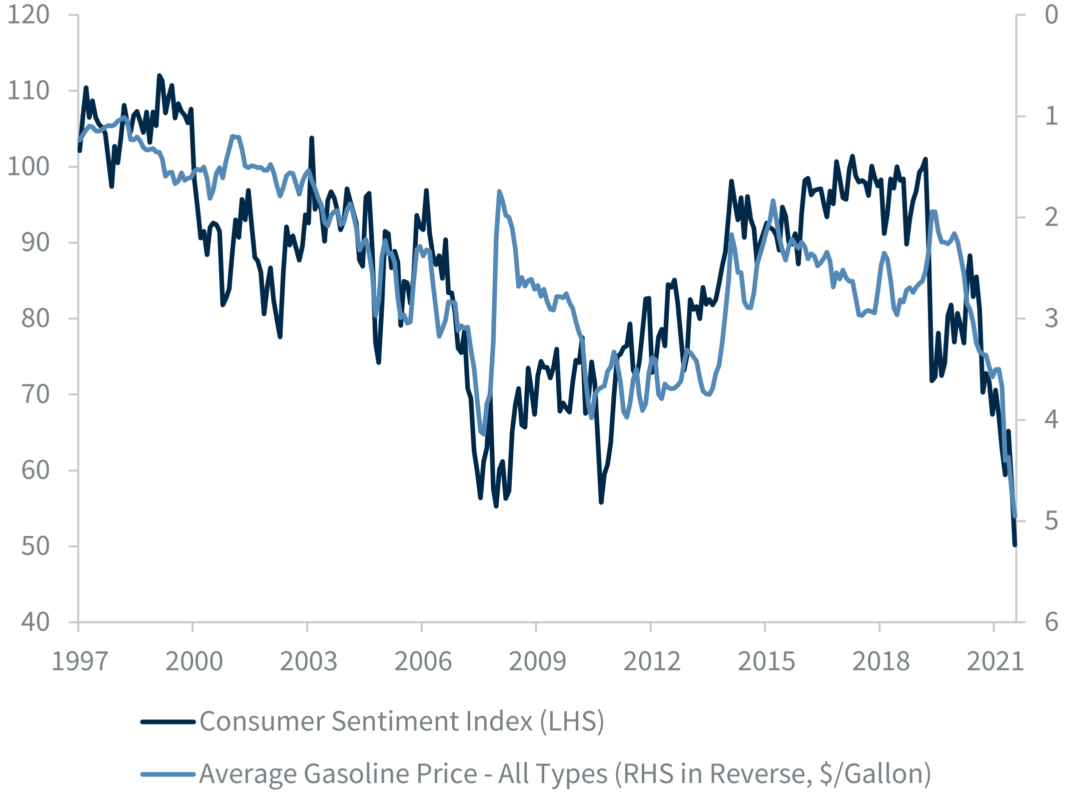
- The rise in gasoline prices has hampered consumer sentiment and hit ex-energy spending capacity.

Higher Oil Prices Reduce Spending Capacity



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

Consumer Sentiment and Gas Prices



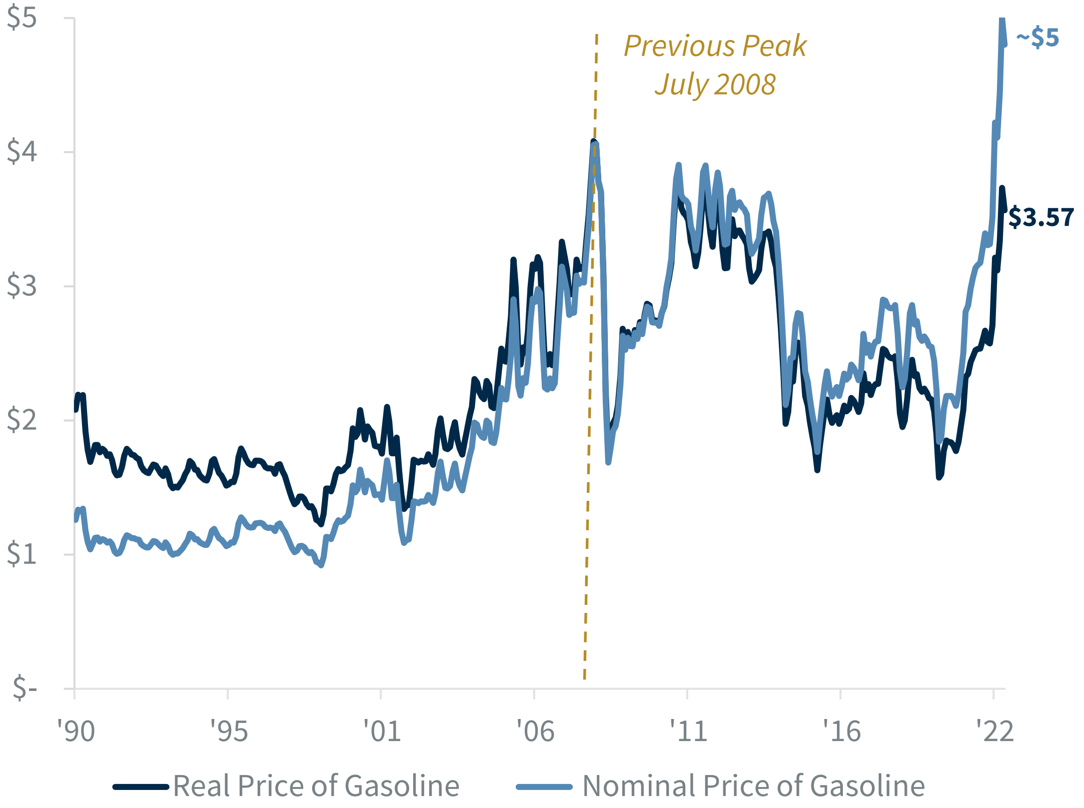
Source: FactSet, Data as of 6/30/2022.

RISING OIL PRICES HITTING THE ECONOMY

FAST RISE IN OIL PRICES TOUGH TO DIGEST, EVEN IF NOT AT RECORD ‘INFLATION-ADJUSTED’ PRICE

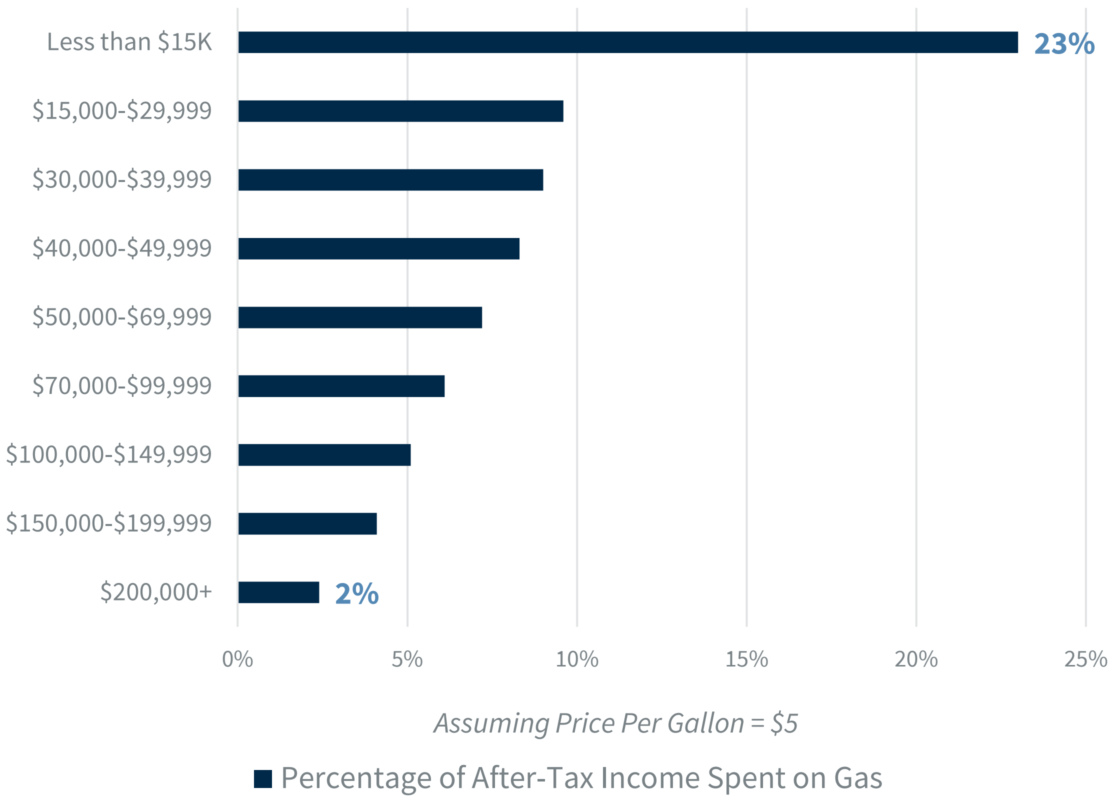
- Higher gasoline prices have hit consumers at the lower end of the income spectrum particularly hard.

Gasoline Not at Record Adjusted for Inflation*



Source: FactSet, Data as of 6/30/2022. *June/July Investment Strategy Inflation Estimates

Low-End Consumer Particularly Impacted



Source: FactSet, Data as of 6/30/2022.

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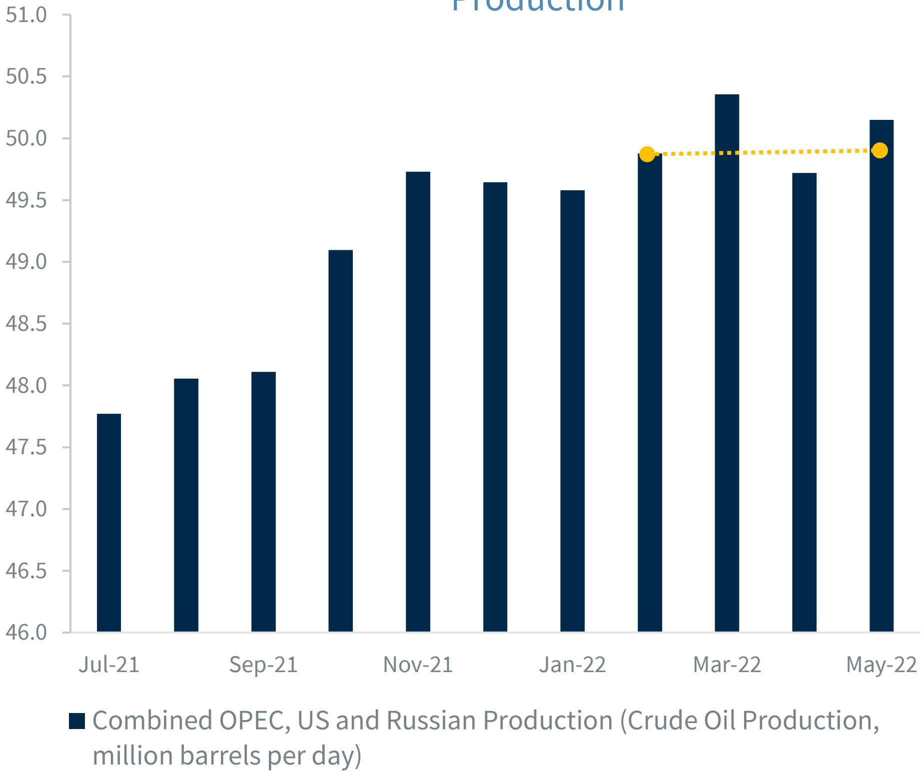
WHY WE DO NOT EXPECT A SIGNIFICANT RISE IN PRICES FROM HERE

WHAT COULD CONTAIN, OR EVEN LOWER, OIL PRICES

- A rise in US/OPEC production, or a resolution to the Russia/Ukraine conflict would help to alleviate elevated energy prices.

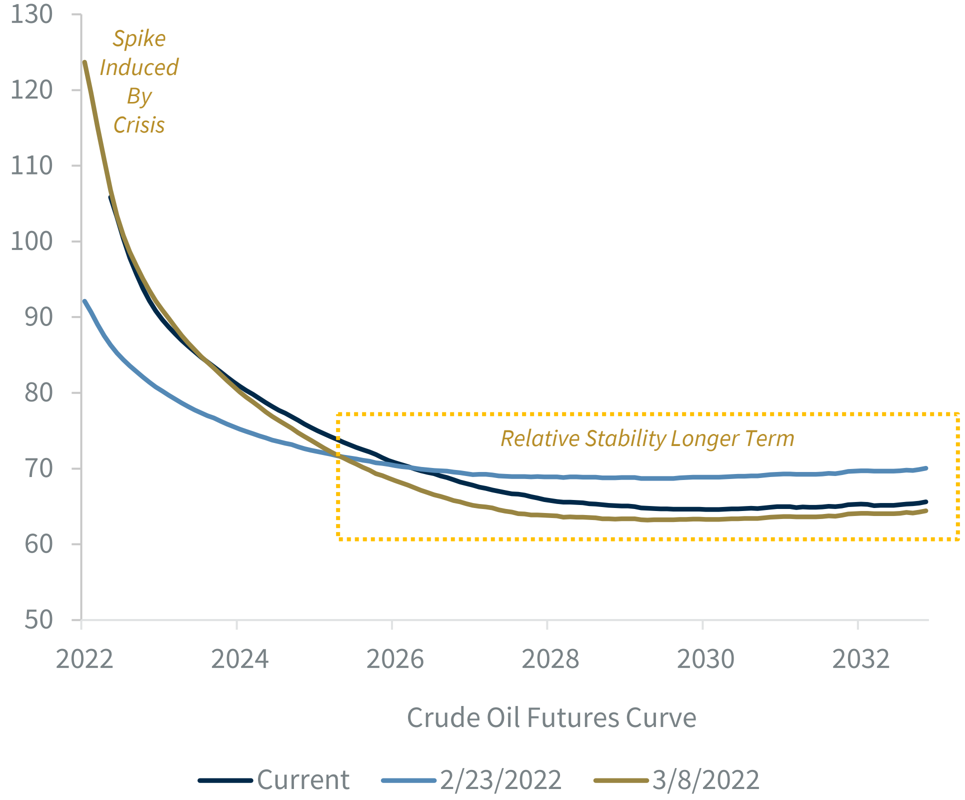
US and OPEC Production Keeping Pace With Lost Russian Production



$105

2022 Year-End Oil Price Target

War Premium Built Into Price



Source: FactSet, Bloomberg Finance LP, Data as of 6/30/2022.

4 Fixed Income

Aggressive Fed Expectations Flooding The Bond Market

INSIGHT:
Elevated inflation and expectations for Fed tightening have caused the 10-year Treasury yield to reach the highest level in over a decade.

BOTTOM LINE:
In time, inflationary pressures should ease, and interest rates should recede. The current yields for Treasurys and investment-grade debt are attractive, and strong state finances and favorable supply dynamics make municipal bonds compelling too.

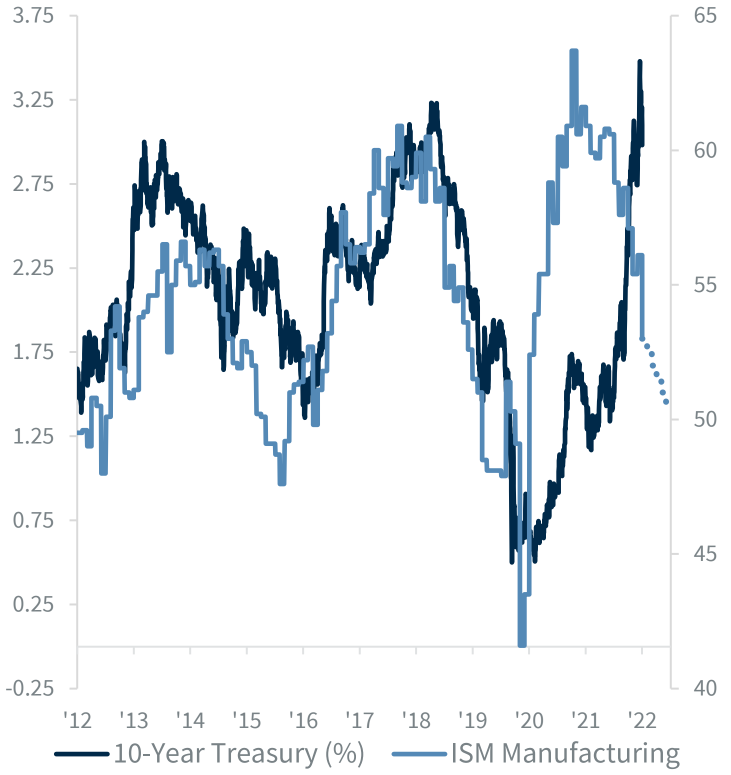
WORST OF THE BOND ROUT IS LIKELY BEHIND US

3 REASONS WHY WE THINK THE 10-YEAR TREASURY YIELD HAS PEAKED

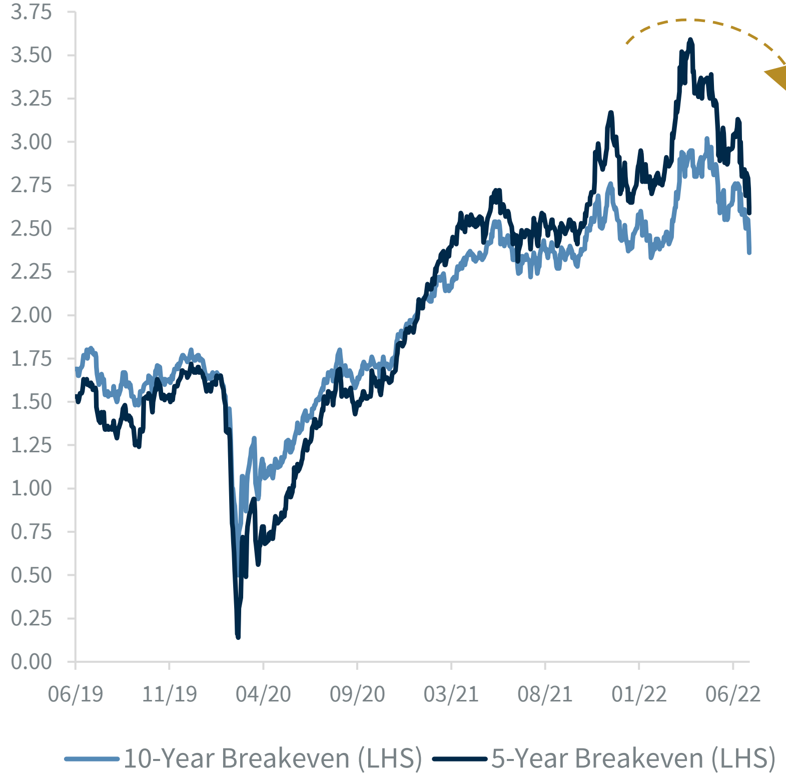
- Tighter financial conditions are slowing the economy and inflation pressures are starting to ease.

2.85%
Year-End Target

Growth Expectations are Decelerating



Inflation Expectations are Rolling Over



10-Year Peaks Near Peak Fed Funds Rate

Source: FactSet, Data as of 6/30/2022.

RATE RESET BOOSTS THE APPEAL OF BONDS

THE MASSIVE INTEREST RATE RESET HAS MADE BONDS CONSIDERABLY MORE ATTRACTIVE

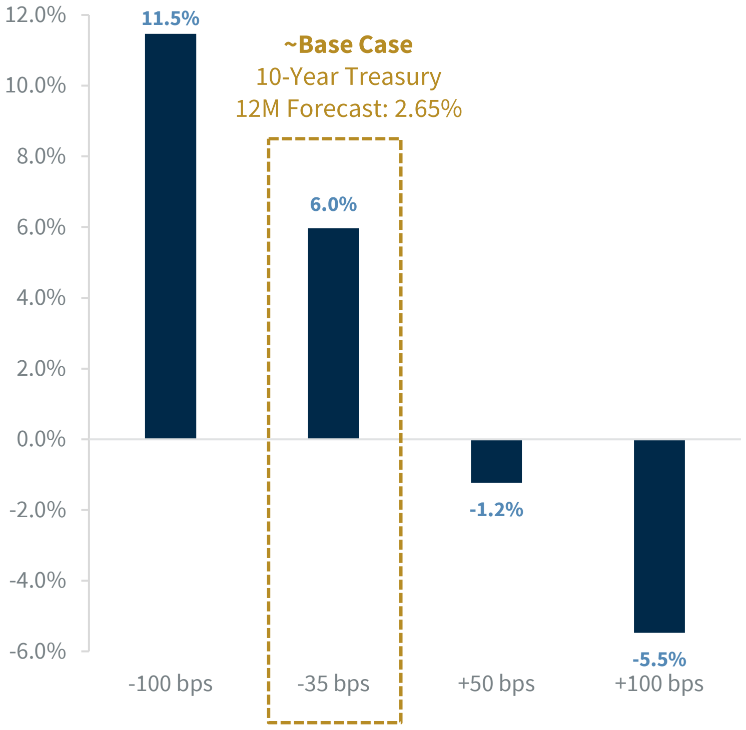
- The sharp rise in yields has provided a long-awaited opportunity to generate reasonable income.

Treasury Yields Were Unattractive at Year End

10-Year Treasury Yield	Instantaneous BPS Move From 12/31 Yield	Total Return
1.0%	-50	5.7%
1.5%	0	1.5%
2.0%	50	-2.7%
2.5%	100	-7.0%
3.0%	150	-11.2%
3.5%	200	-15.4%
4.0%	250	-19.7%

Most Generous Yields in Over a Decade

Potential Total Return* Over Next 12 Months



* Assumes 3.0% Starting Yield on 10-Year Treasury and Parallel Shift in Yield Curve

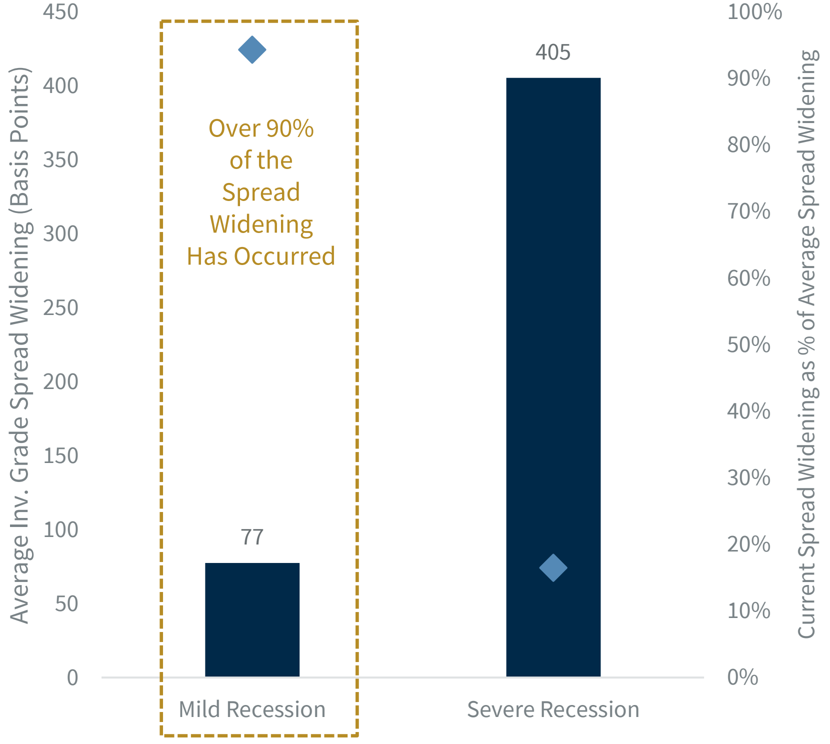
Source: FactSet, Data as of 6/27/22.

INVESTMENT GRADE BONDS ARE MORE ATTRACTIVE

INVESTMENT GRADE BONDS ARE PRICED FOR A MILD RECESSION, HIGH YIELD CREDIT IS NOT

- Historic losses in fixed income credit has reset yields and spreads to more attractive levels. However, not all sectors are priced for a mild recession.

Investment-Grade Spreads are Priced for Mild Recession



Spreads have widened 73 bps from recent low

15-Year Standard Deviation

10.0

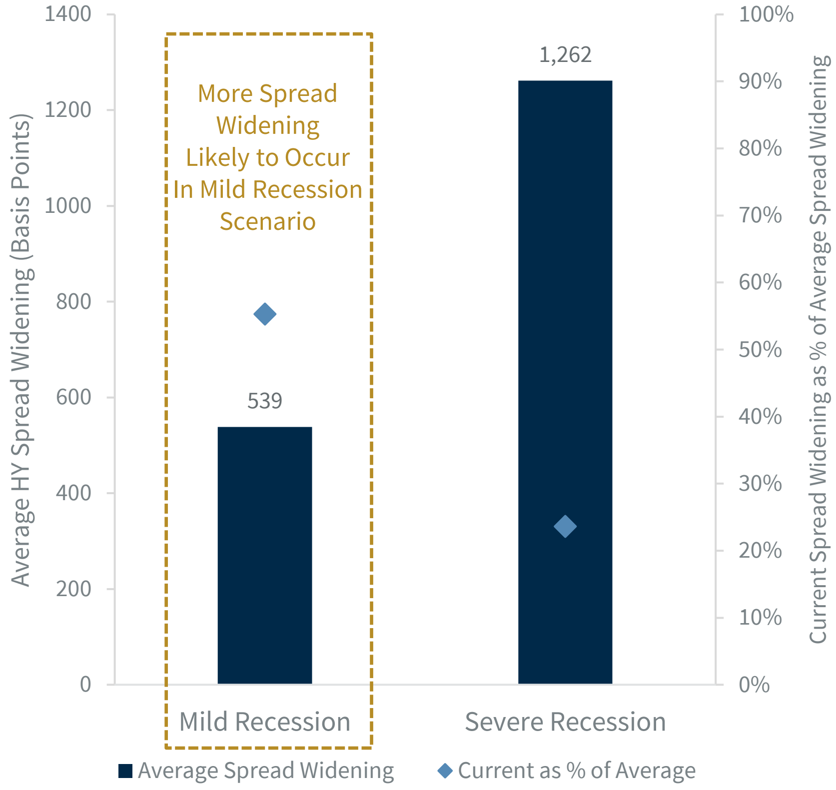
High Yield

15-Year Standard Deviation

6.3

Inv. Grade

High-Yield Spreads Could Widen Further



Spreads have widened 298 bps from recent low

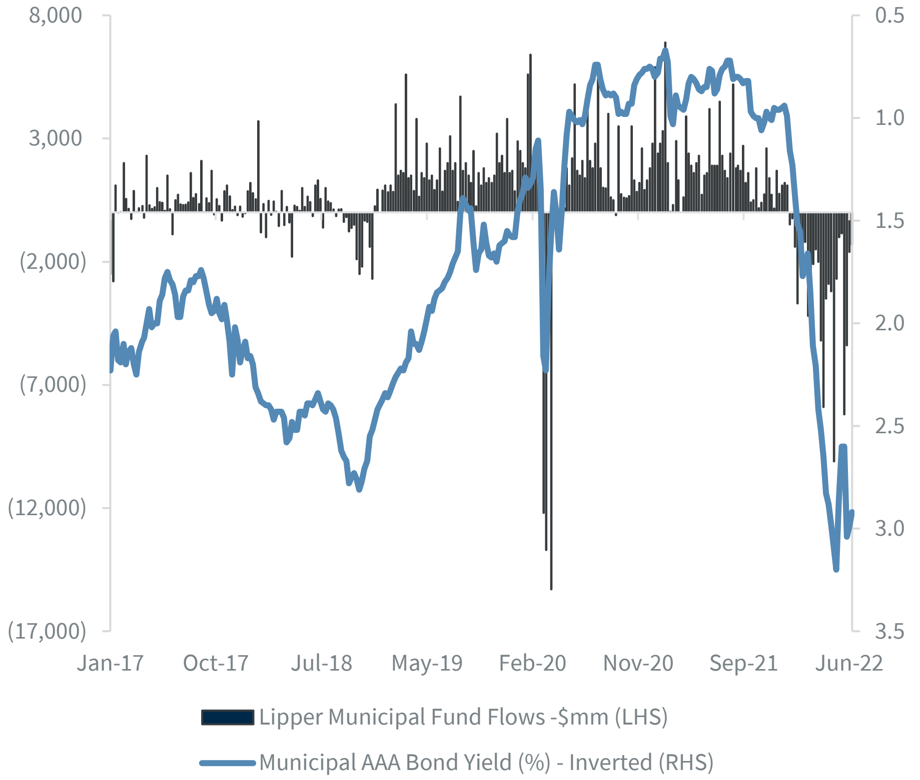
Source: FactSet, Data as of 6/30/2022.

ATTRACTIVE ENTRY POINT FOR MUNI BONDS

MUNICIPAL BONDS HAVE BEEN CAUGHT UP IN FED RATE SHOCK

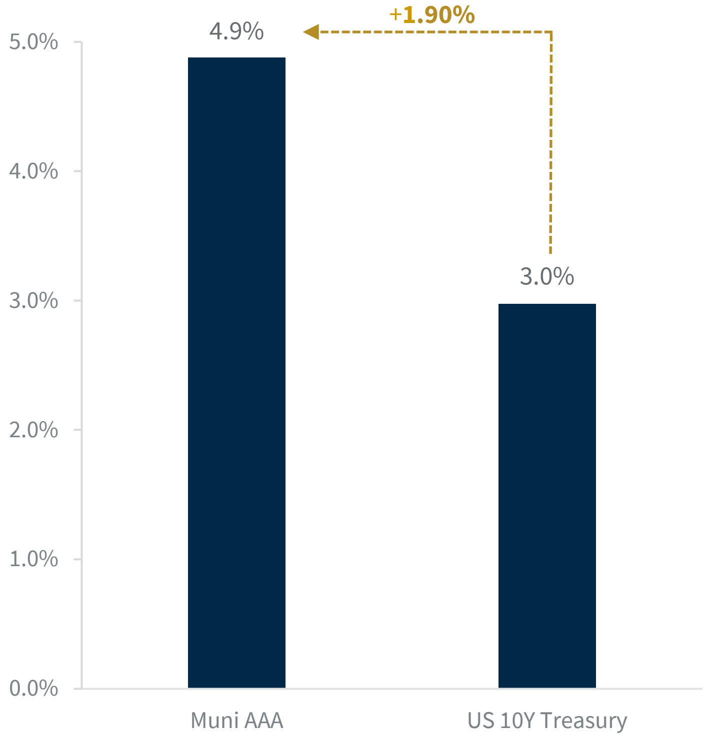
- Strong fundamentals and attractive valuations are providing a favorable entry point for investors, despite a rocky start to 2022.

Fund Outflows Exacerbating Muni Moves



Source: FactSet, Data as of 6/30/2022.

Attractive Tax-Equivalent Yields*



*Tax-Equivalent Yield Based on Highest Tax Bracket

5 Reasons to Favor Munis

1. Attractive Tax-Exempt Yields
2. State & Local Governments are in Great Financial Health
3. Summer Seasonal Net-Negative Supply a Technical Tailwind
4. Default Risk is Much Lower than Corporate Bonds
5. Less Credit Risk than Other Fixed Income Sectors

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5 Equities

Dry Times Bring Us Back To The Basics

INSIGHT:

Recession fears are lingering, but even if the economic expansion ceases, the equity market has already discounted the pullback historically seen during a mild recession.

BOTTOM LINE:

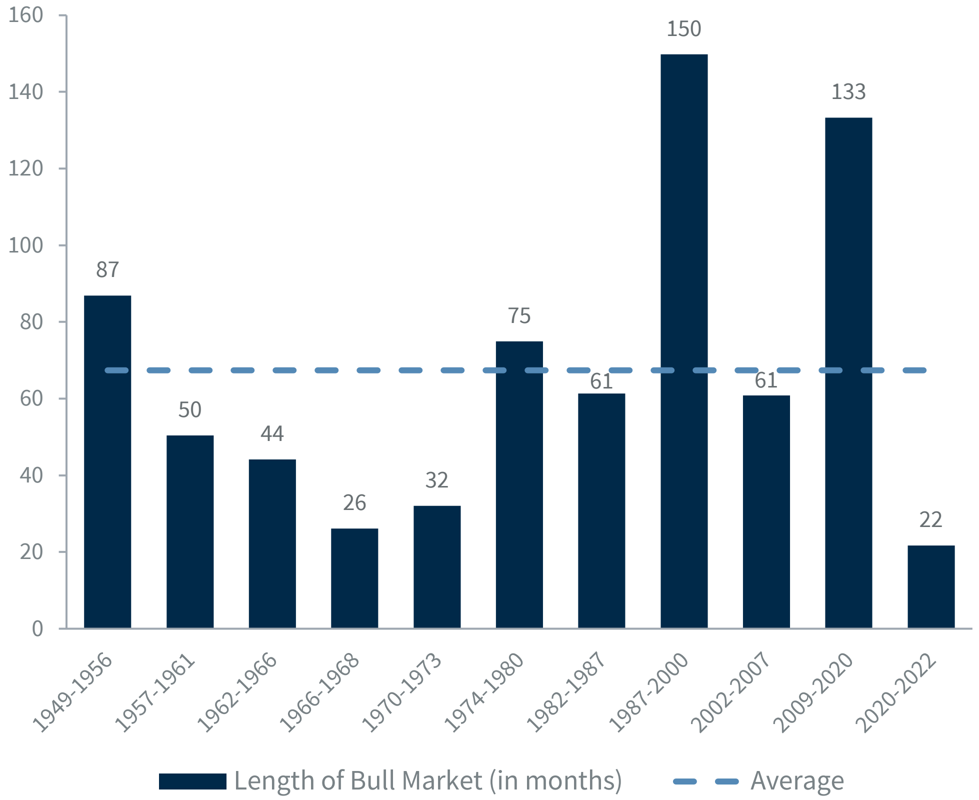
Historically, investing in the equity market following a selloff of this magnitude has benefitted long-term investors. Attractive valuations, still strong earnings growth, increased dividends, and robust buyback activity indicate that there is upside potential for equities.

CHALLENGING START TO 2022

HISTORICALLY BAD START FOR EQUITY MARKET

- In the midst of the bear market (ending the shortest bull market on record), there has been indiscriminate selling with stocks down across the board.

End to Shortest Bull Market on Record

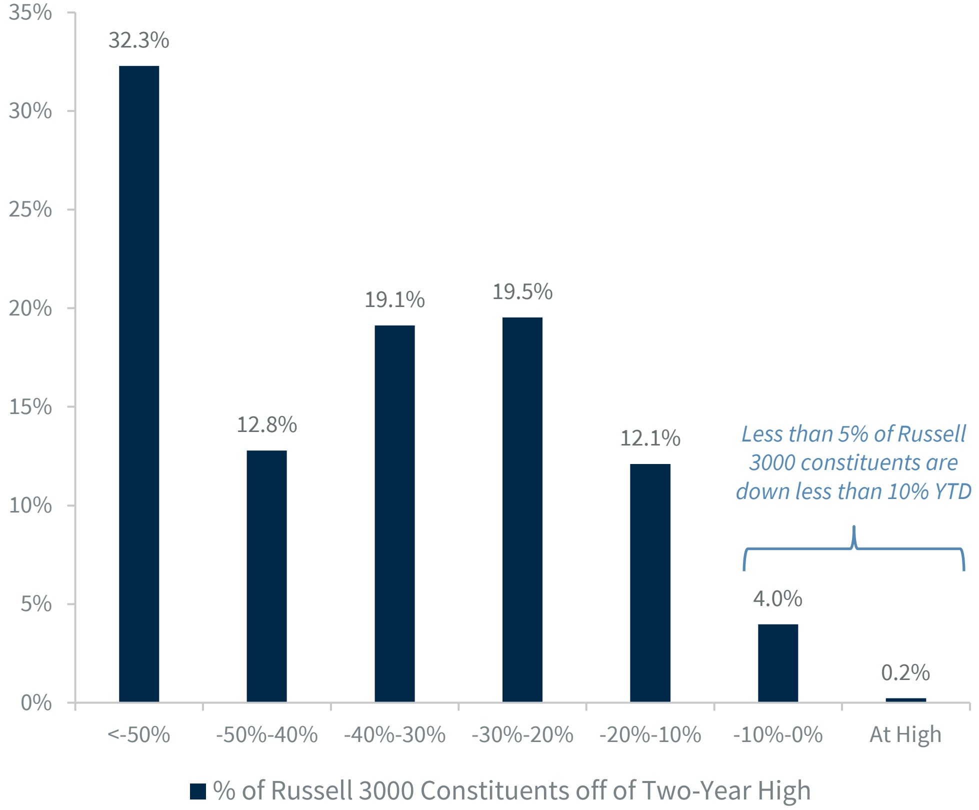


22 Months

Shortest Bull Market on Record

Source: FactSet, Data as of 6/30/2022.

Indiscriminant Selling



Source: FactSet, Data as of 6/30/2022.

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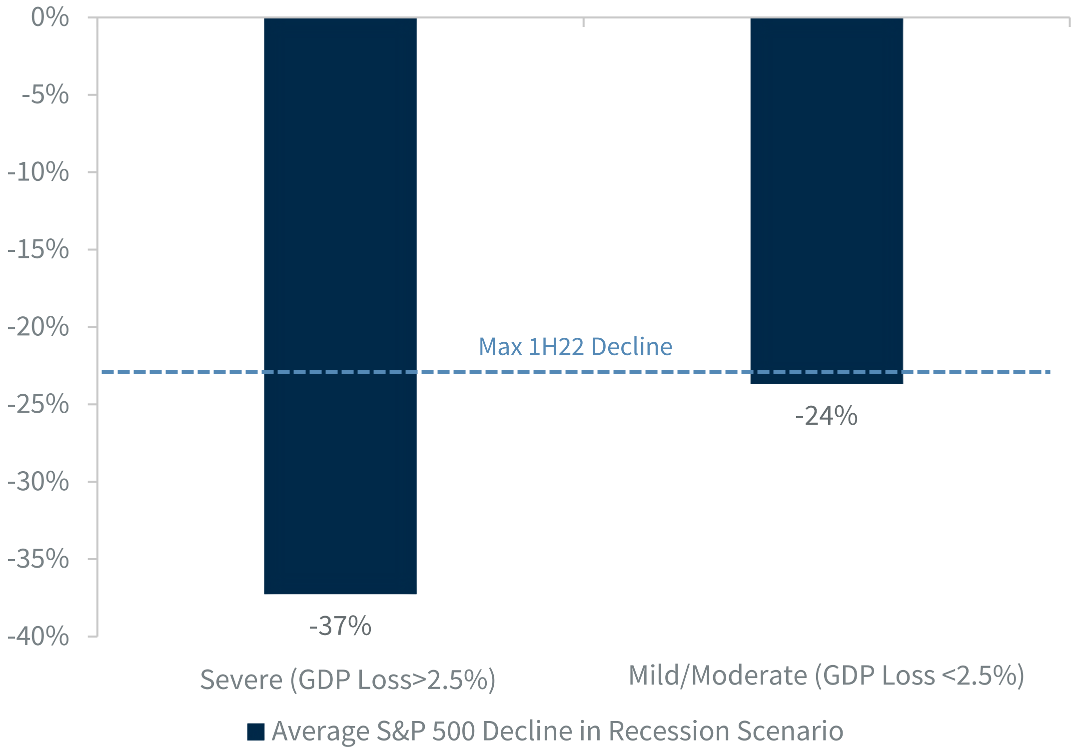
WHERE DOES THE MARKET GO FROM HERE?

HISTORICAL DYNAMICS SUGGEST THE EQUITY MARKET HAS AT LEAST PRICED IN A MILD RECESSION; UPSIDE IF SOFT LANDING

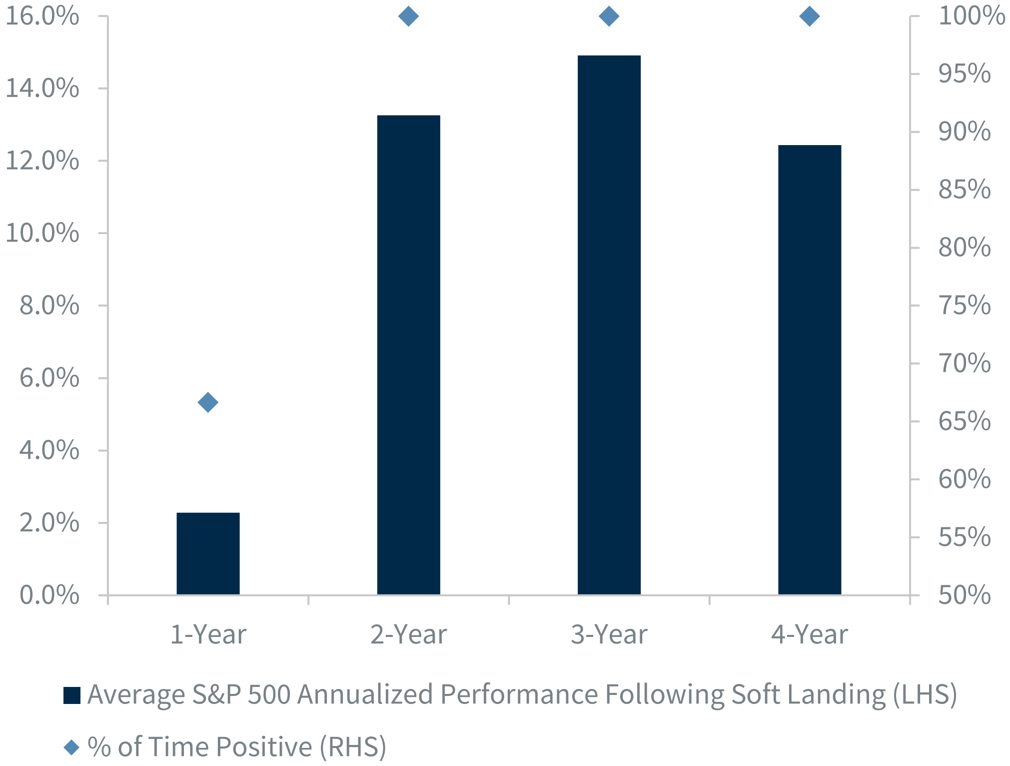
- With the S&P 500 down 24% at the lows from the recent high, the market has fully priced in a mild/moderate recession.

Market Has Priced in a Potential Recession



Source: FactSet, Data as of 6/30/2022. Data dates from 1945 and encompasses 12 recessions.

Positive Performance Following Soft Landing



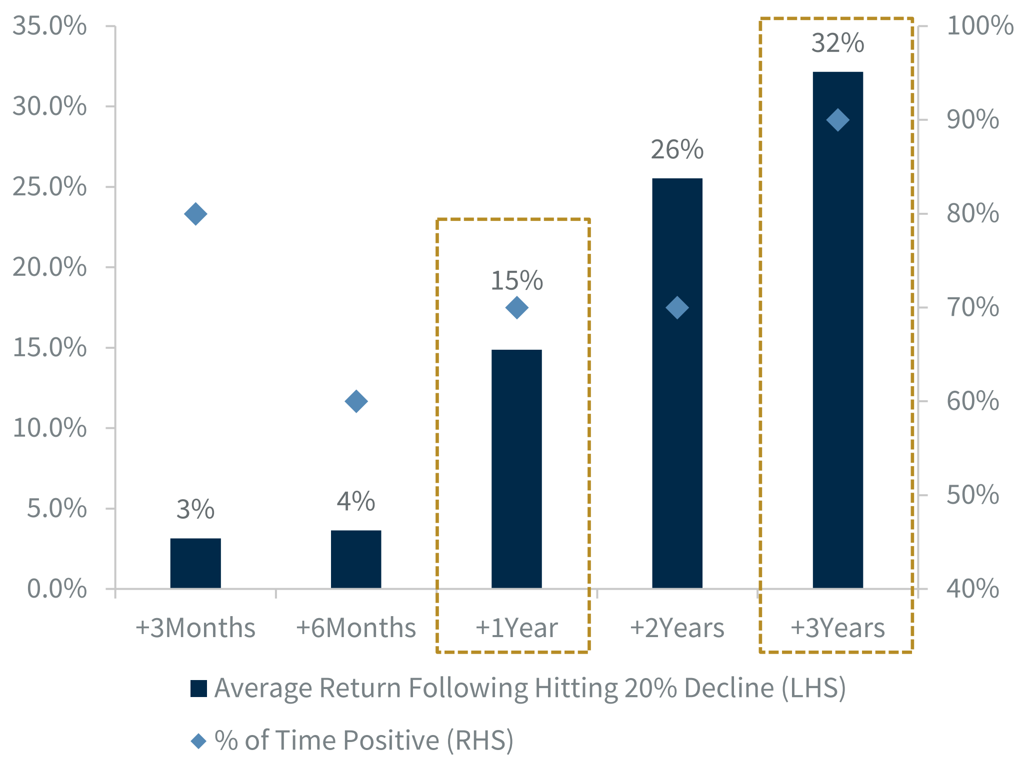
Source: FactSet, Data as of 6/30/2022. Data dates from 1945 and takes into account three soft landings

WHERE DOES THE MARKET GO FROM HERE?

HISTORICAL DYNAMICS SUGGEST THE EQUITY MARKET WILL BE HIGHER IN THE NEXT 12 MONTHS

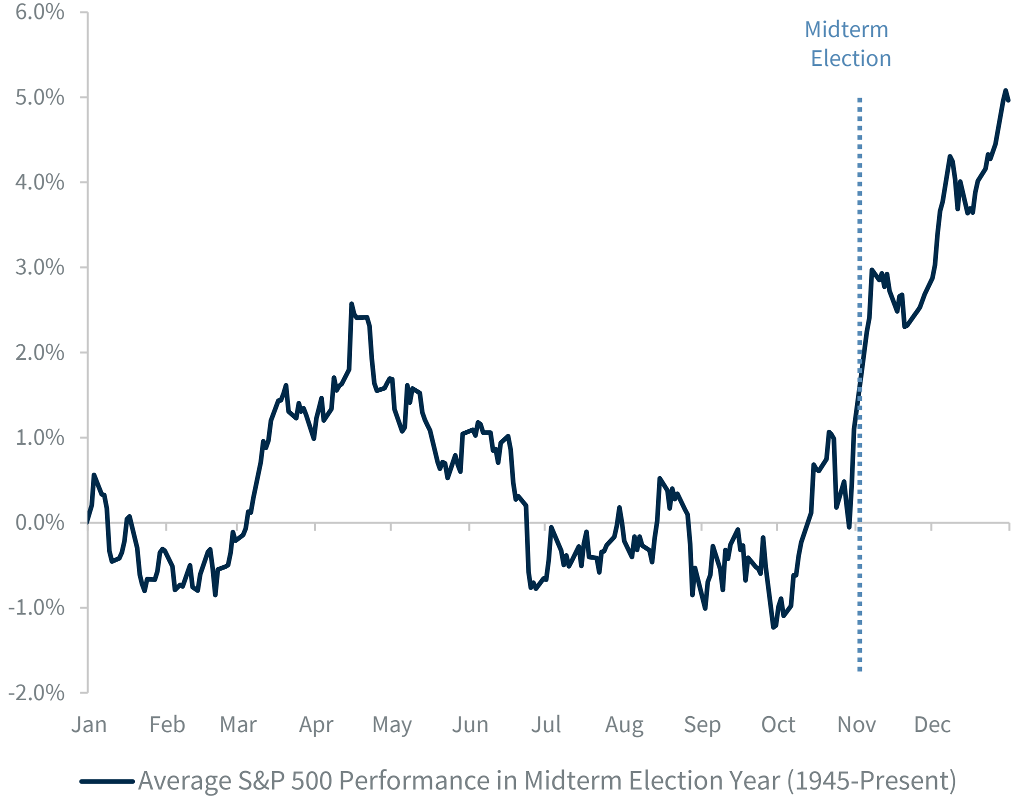
- Depressed sentiment, forward performance following a bear market and political dynamics suggest the market will be higher in the next 12 months.

Positive Performance Following a Bear Market



Source: FactSet, Data as of 6/30/2022. Data dates from 1945 and takes into account 11 observations.

Post Midterm Election Bounces Common



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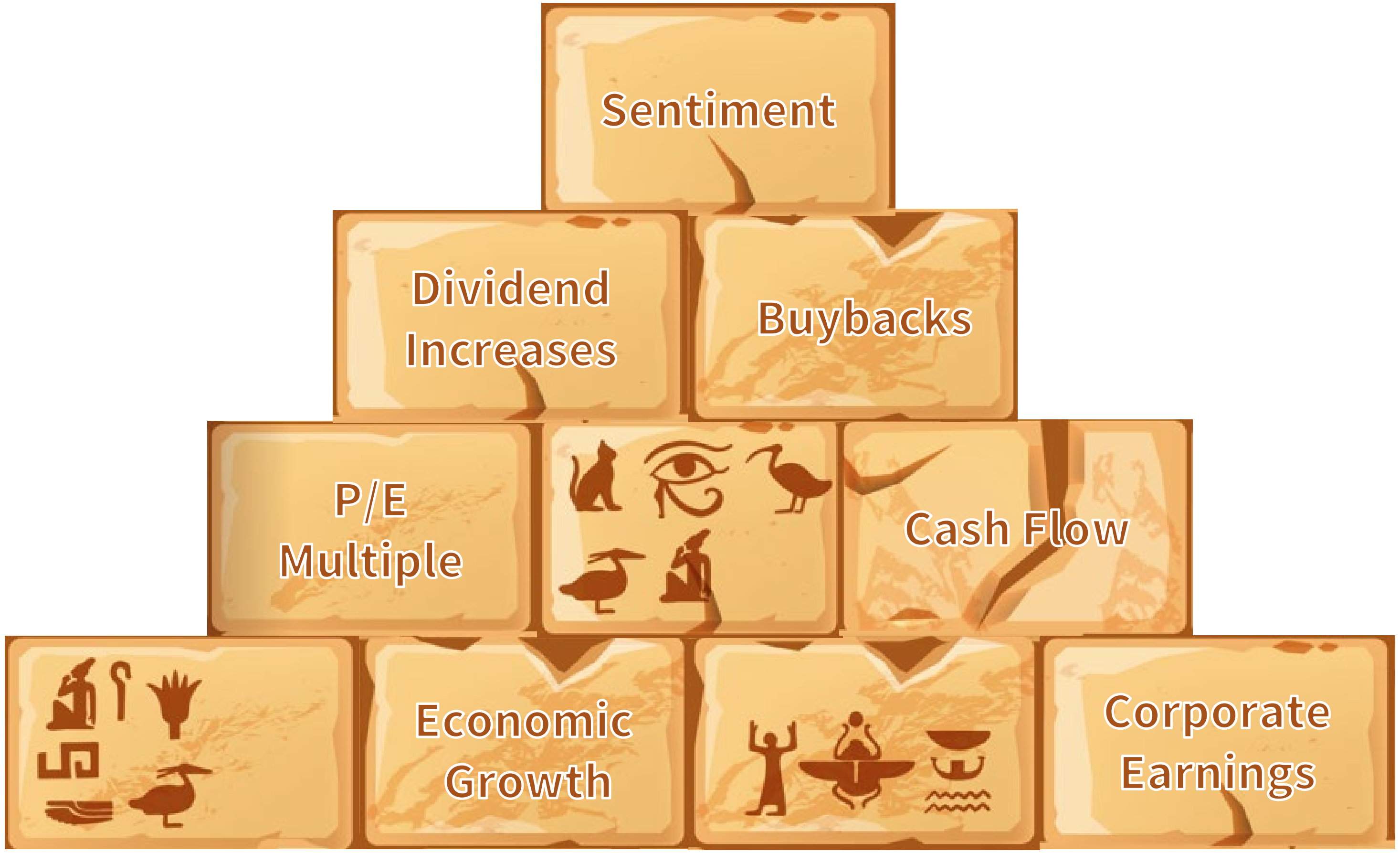
BACK TO FUNDAMENTALS FOR THE EQUITY MARKET

JUST LIKE THE GREAT PYRAMIDS OF EGYPT, FUNDAMENTALS ARE THE BUILDING BLOCKS THAT CONSTRUCT THE EQUITY MARKET



4,180

Year-End 2022
S&P 500 Target

4,400

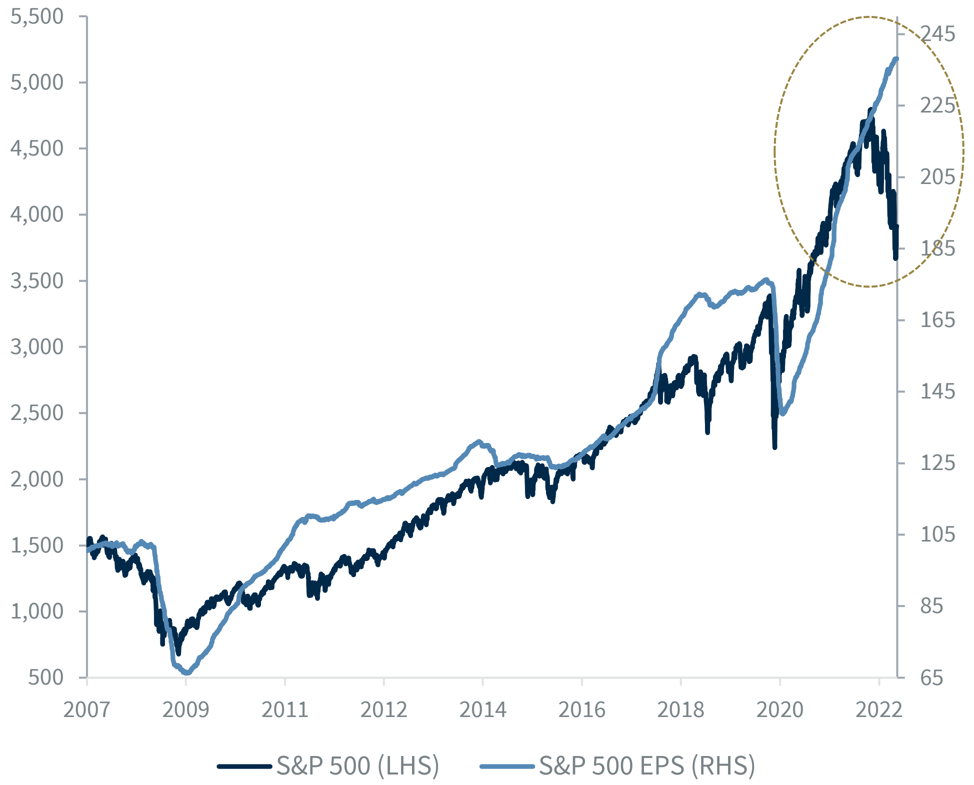
Mid-Year 2023
S&P 500 Target

EARNINGS HOLD THE KEY GOING FORWARD

WHY WE REMAIN OPTIMISTIC IN OUR EARNINGS TARGET

- While EPS estimates have been resilient amidst the falling prices, strong nominal growth suggest earnings should be resilient going forward.

Widening Gap Between Earnings and Price



$228

2022 ***Consensus***

S&P 500 EPS

Target

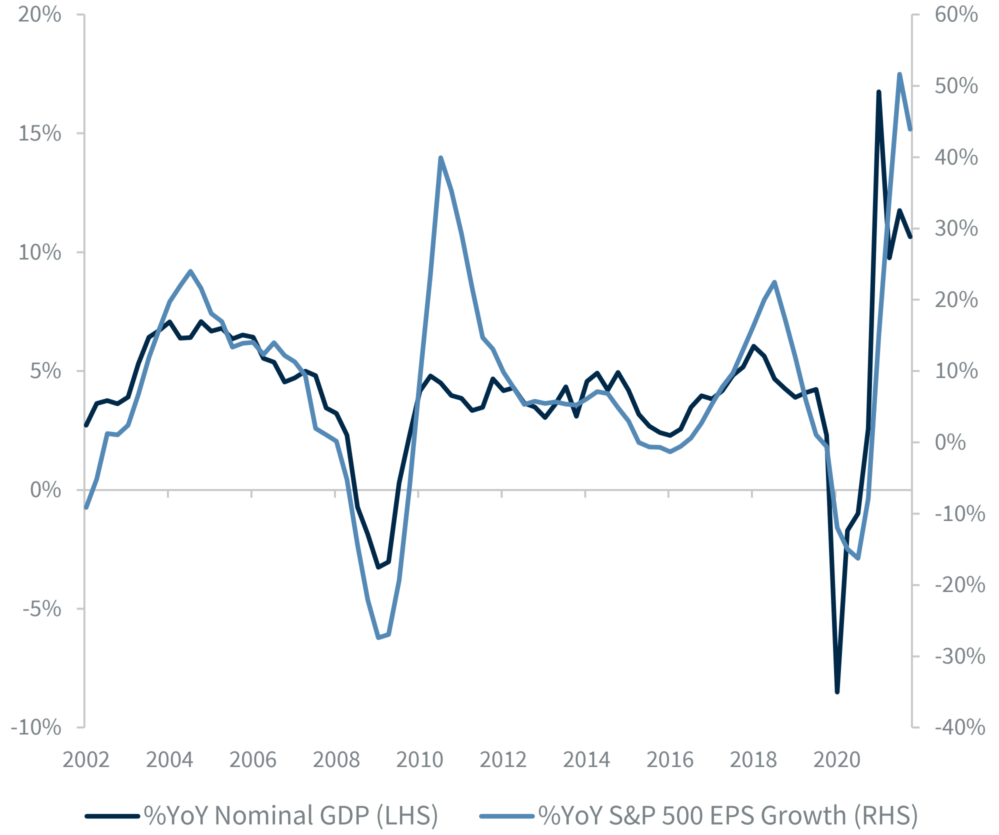
$220

2022 ***RJ***

S&P 500 EPS

Target

Earnings Follow Nominal GDP



Source: FactSet, Data as of 6/30/2022.

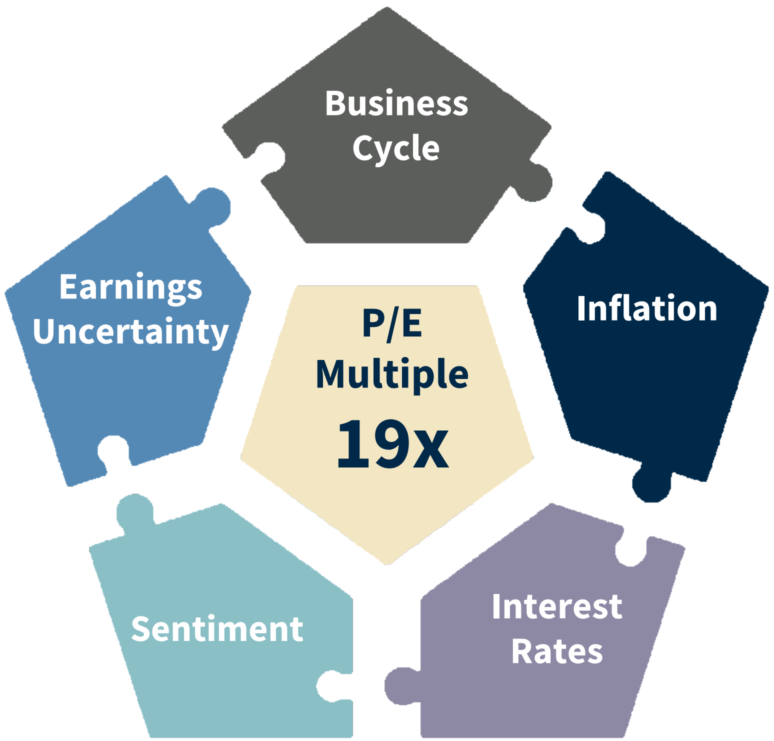
HOW WE DETERMINE A FAIR MULTIPLE

WHAT GOES INTO DETERMINING OUR P/E MULTIPLE

- A moderation in interest rates and inflation should be supportive of P/E expansion over the next 12 months.

P/E Multiple Near Multi-Year Low

Factors to Determine P/E Model



Inverse Relationship Between 2-Year Yield & The S&P 500

Source: FactSet, Data as of 6/30/2022.

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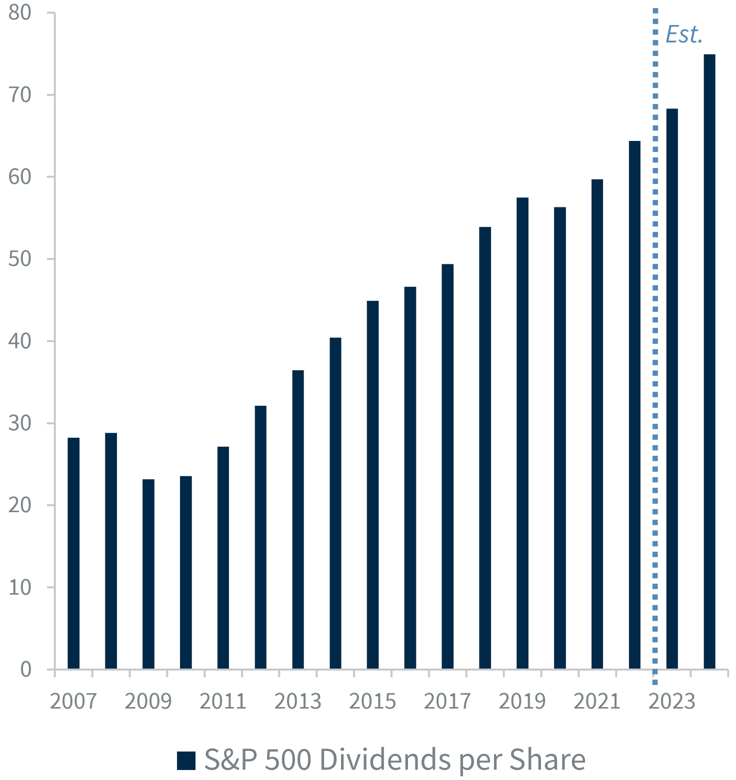
CORPORATE ACTIVITY SUGGESTS A MOVE HIGHER IN EQUITIES

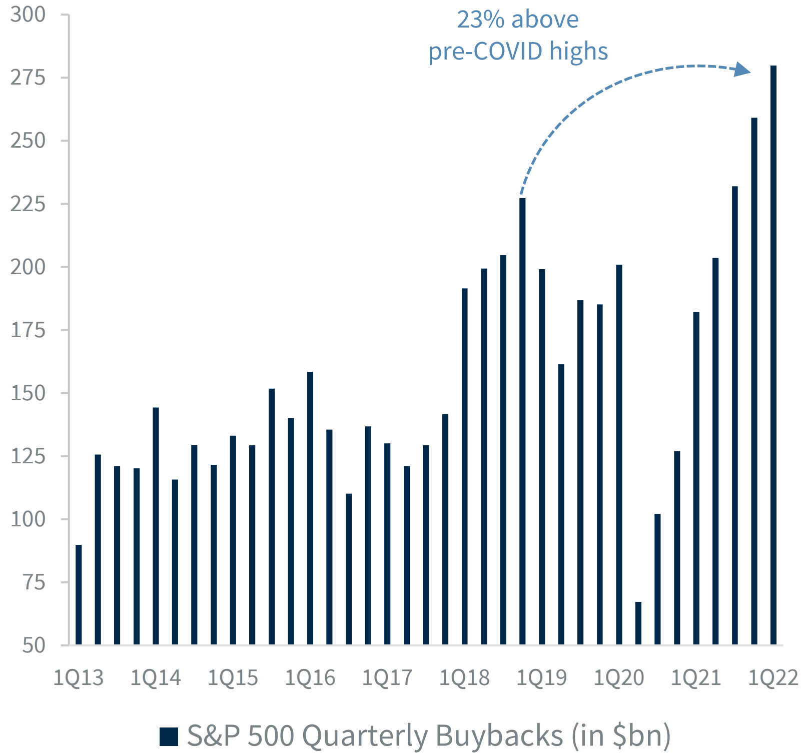
CORPORATE ACTIVITY SUPPORTIVE OF EQUITY MARKETS

- Improving dividends and robust buybacks are supportive of the equity market over the next 12 months.

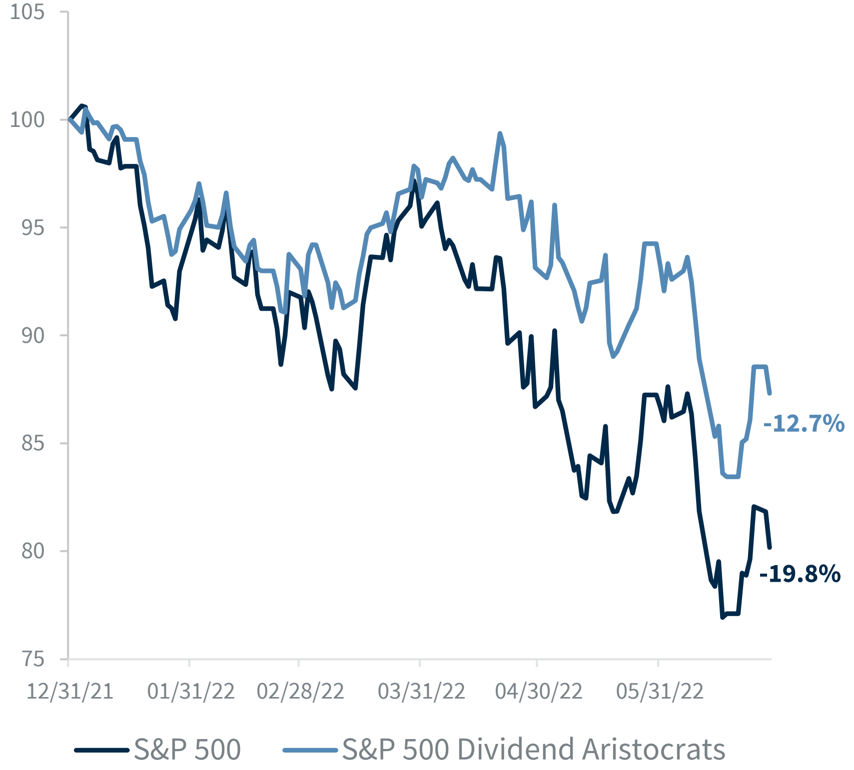
Dividends to Move Higher



Buybacks to Remain Supportive



Dividend Aristocrats Outperforms Year-To-Date



Source: FactSet, Data as of 6/30/2022.

SELECTIVITY CRITICAL IN SECTOR SELECTION

SELECTIVITY IS CRITICAL IN SECTOR SELECTION

- Given uncertainty in earnings and economic growth prospects, selectivity is as critical as ever in sector selection.
- Due to attractive valuations and strong free cash flow, we are currently overweight the **Financials, Energy,** and **Health Care** sectors.

Overweight Tilted Towards Cyclical Sectors

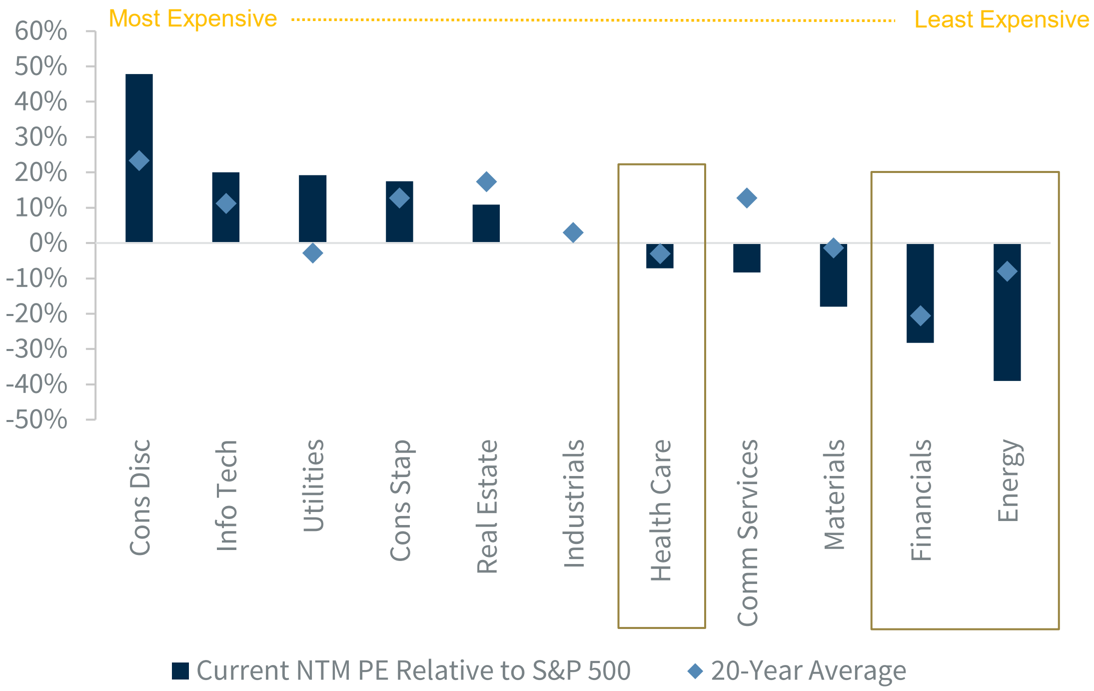
Overweight	Equal Weight	Underweight
Financials	Communication Services	Consumer Staples
Energy	Materials	Utilities
Health Care	Information Technology	
	Consumer Discretionary	
	Industrials	
	Real Estate	

Cyclical Sector

Defensive Sector

Source: Raymond James Equity Portfolio & Technical Strategy

Looking for Value in Our Favorite Sectors



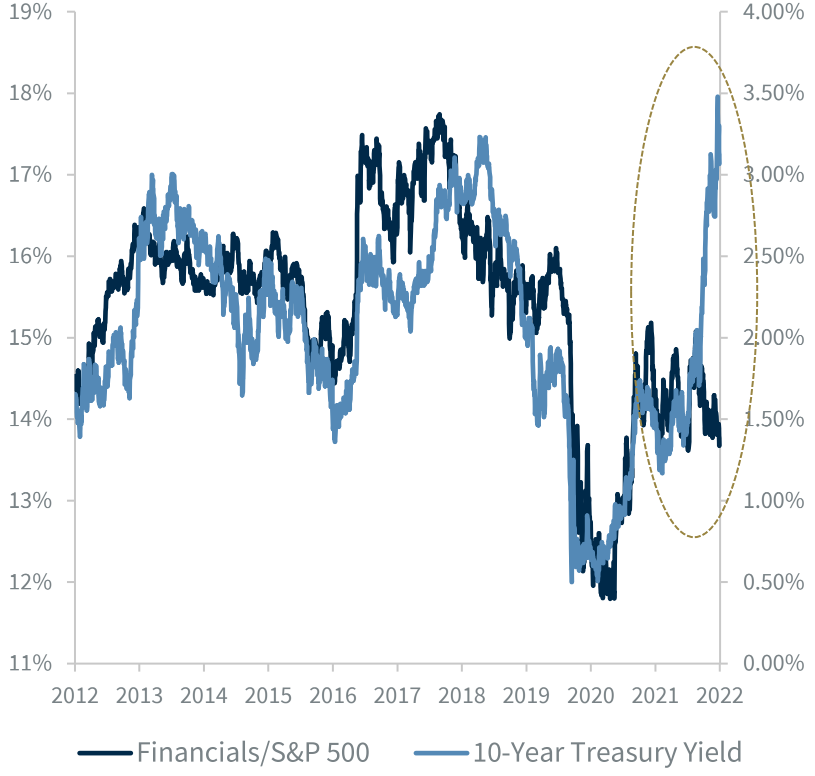
Source: FactSet, Data as of 6/30/2022.

RATIONALE FOR OUR OVERWEIGHT SECTORS

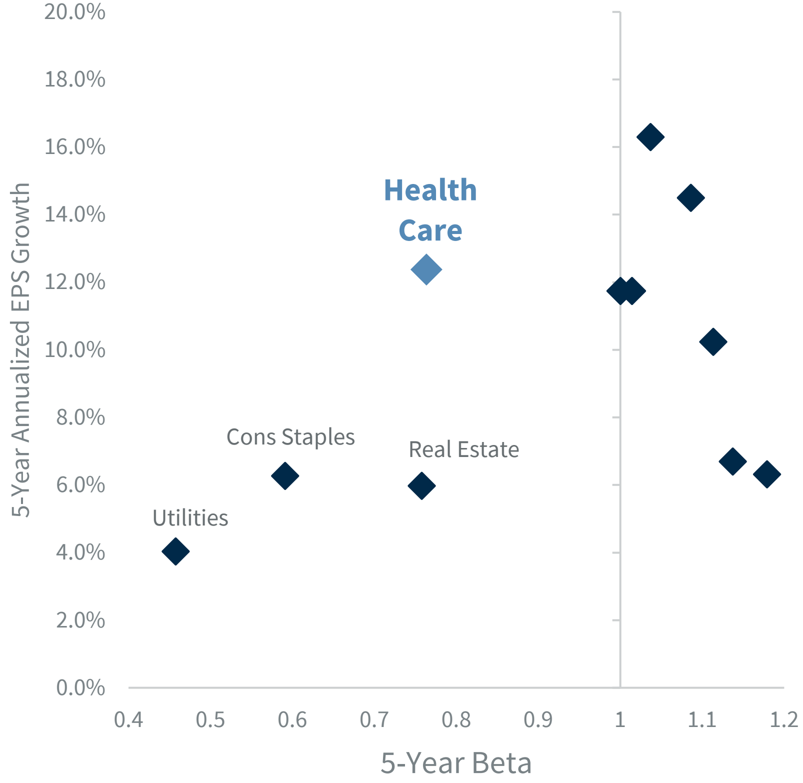
FUNDAMENTALS SUGGEST UPSIDE FOR OUR FAVORITE SECTORS

- Elevated yields, lower beta and strong free cash flow are all reasons we favor the Financials, Health Care and Energy sectors.

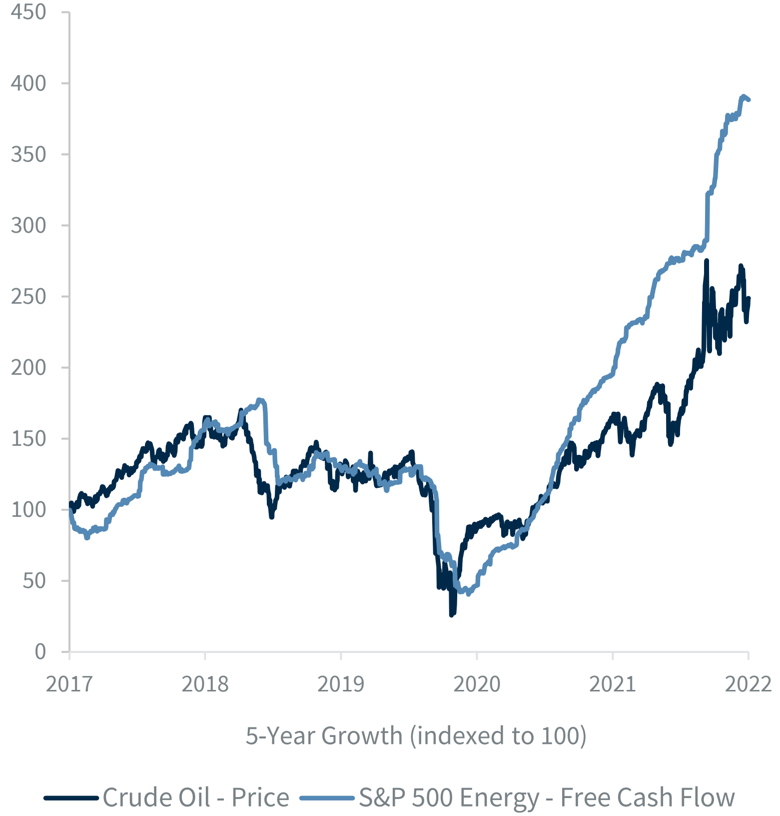
Upside for Financials With Yields



Lower Beta/Strong Earnings in Health Care



Energy Free Cash Flow Outpacing Price



Source: FactSet, Data as of 6/30/2022.

6 International

Extending The Reign of US Equities

INSIGHT:
The Russia/Ukraine crisis has disproportionately impacted Europe's economy, as it is particularly dependent on Russia for energy imports.

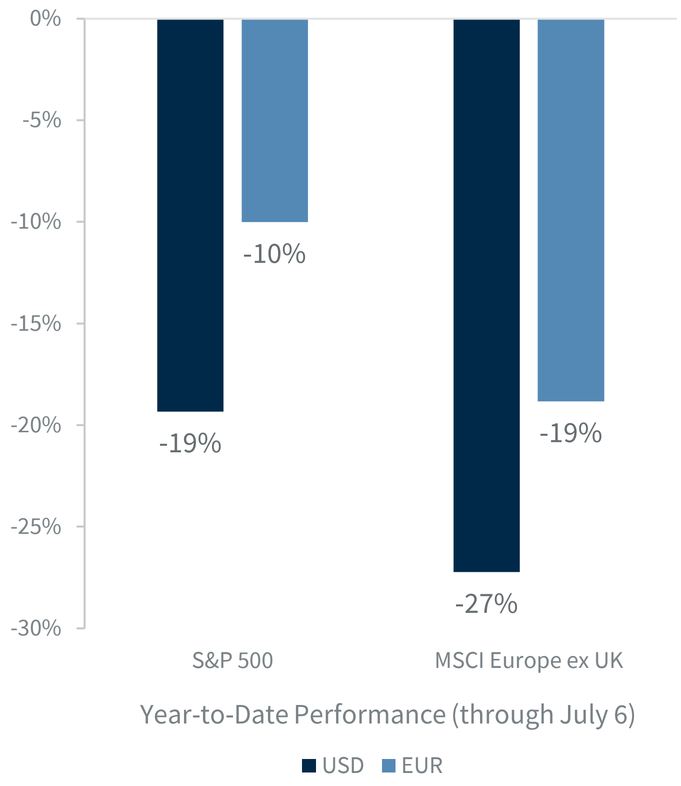
BOTTOM LINE:
As Europe grapples with slower job growth and higher energy costs, the US boasts stronger earnings growth and is a lower beta region on a relative basis. While we continue to favor US equities, attractive valuations and a moderation in the dollar should benefit Asian emerging markets.

RECESSION RISK HIGHER IN EUROPE

WE CONTINUE TO FAVOR THE US OVER INTERNATIONAL MARKETS

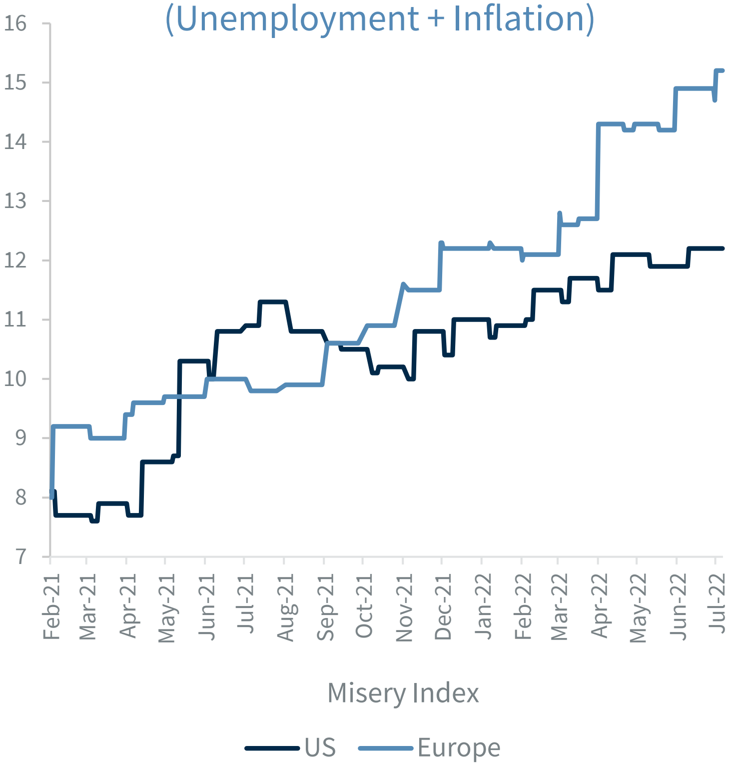
- Higher recession probabilities and greater exposure to the Russia/Ukraine war in Europe are a few reasons why we favor the US over Europe.

US Equity Outperformance



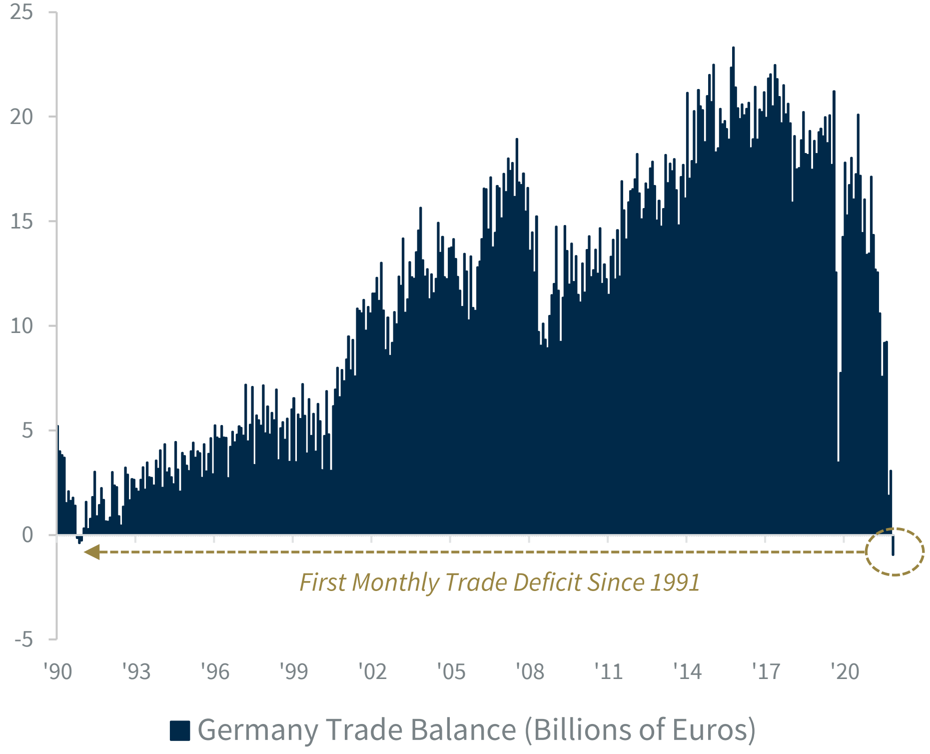
Source: FactSet, Data as of 7/7/2022.

Misery Worse in Europe (Unemployment + Inflation)



Source: Bloomberg, Data as of 6/30/22.

Germany's Trade Balance Turned Negative



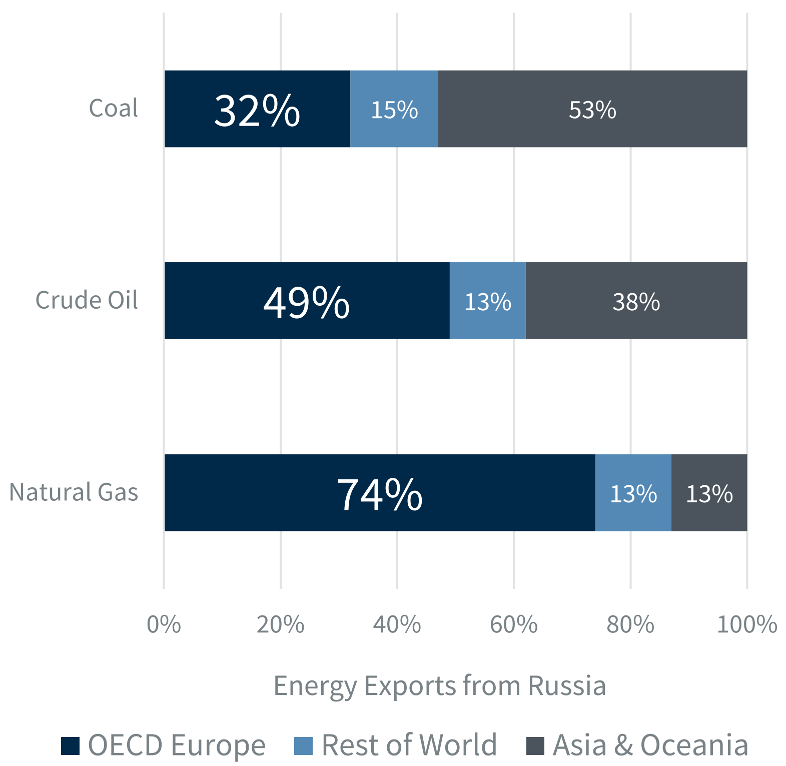
Source: Bloomberg, Data as of 6/30/22.

THE US EQUITY REIGN CONTINUES

WE CONTINUE TO FAVOR THE US OVER INTERNATIONAL MARKETS

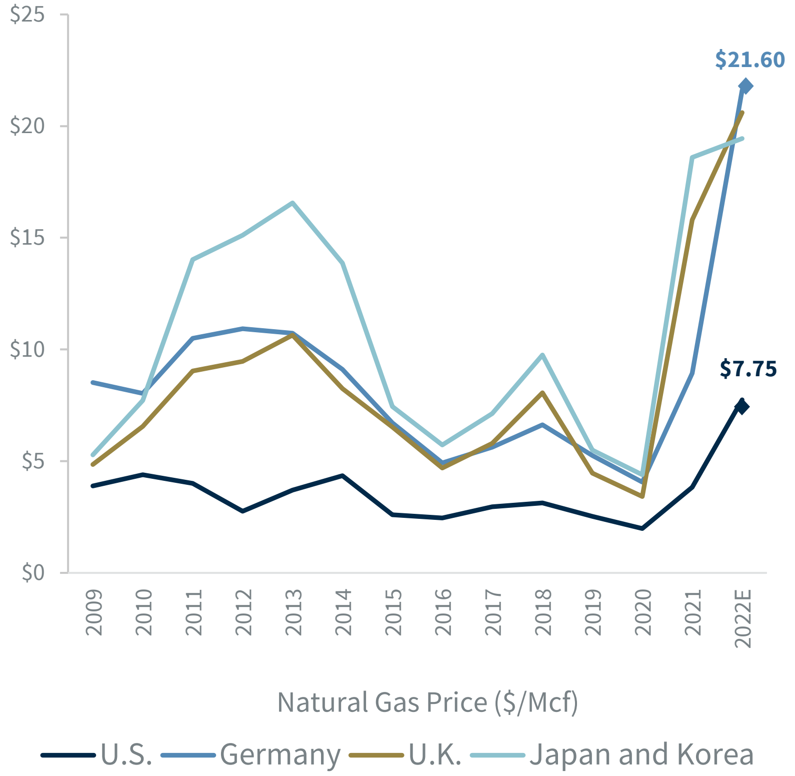
- Higher recession probabilities and greater exposure to the Russia/Ukraine war in Europe are a few reasons why we favor the US over Europe.

Europe Is Dependent On Russian Energy



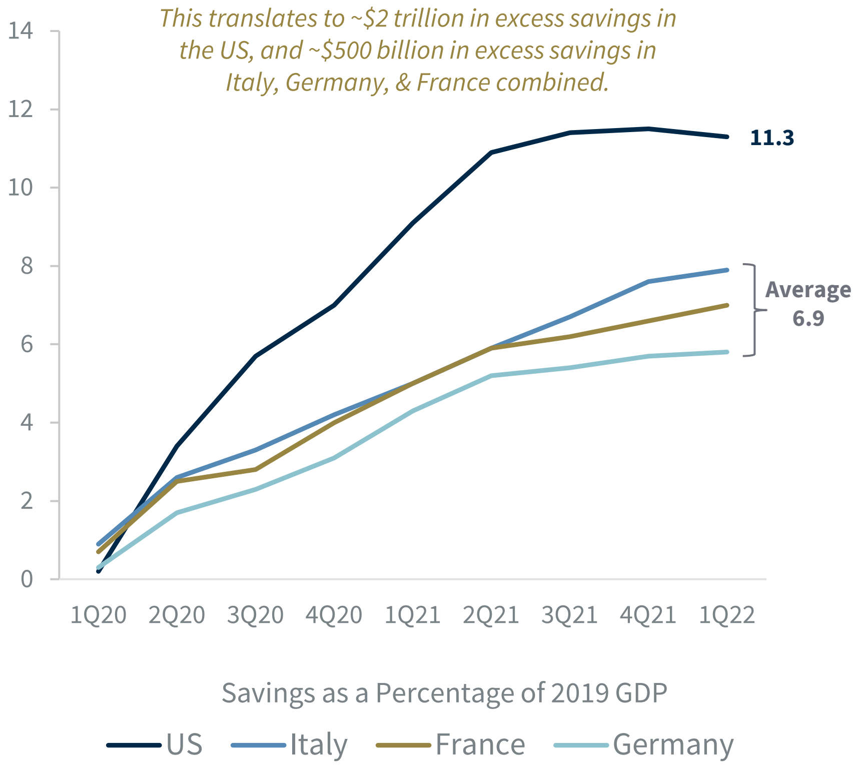
Source: FactSet, Data as of 7/7/2022.

Natural Gas Prices Have Soared



Source: Bloomberg, Data as of 6/30/22.

US Consumer Better Positioned For Higher Costs



Source: Bloomberg, Data as of 6/30/22.

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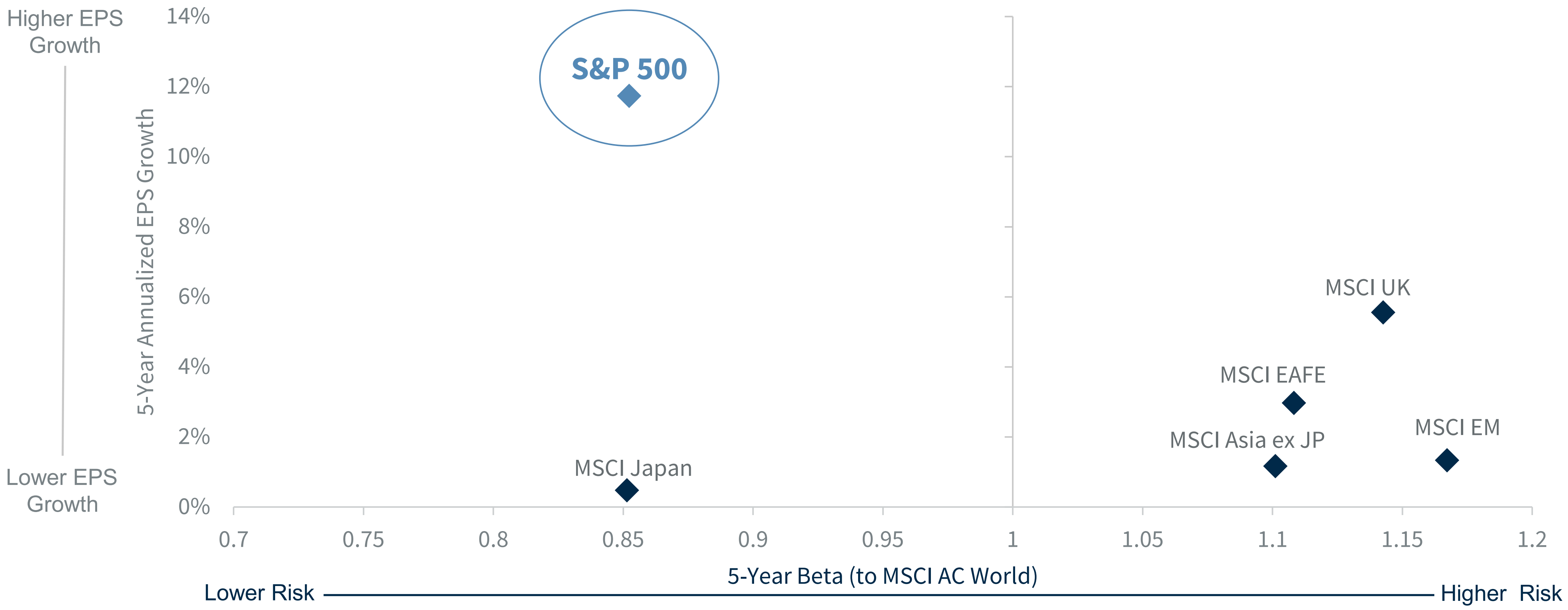
US MORE FUNDAMENTALLY ATTRACTIVE

STRONGER EARNINGS SUPPORT THE US OVER INTERNATIONAL

- Stronger earnings growth and a lower beta support US equities relative to international.

Stronger Earnings and Lower Beta in the US



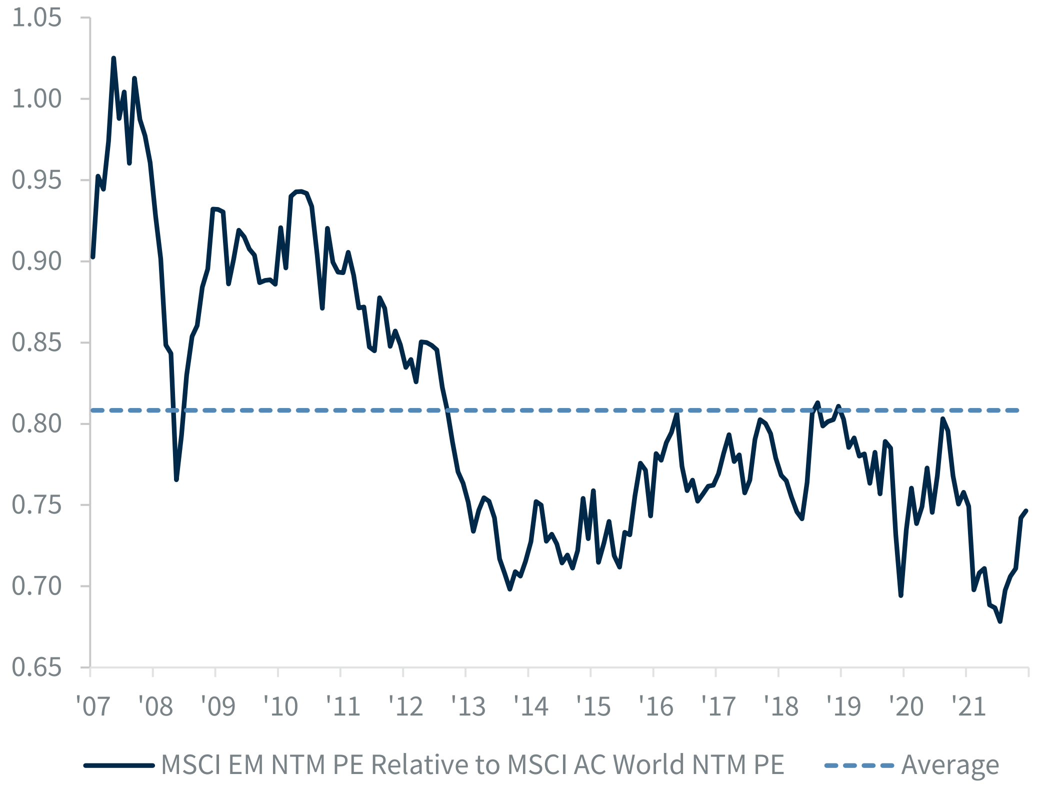
Source: FactSet, Data as of 6/30/2022.

TURNING MORE OPTIMISTIC ON EM ASIA

EM LOOKING FUNDAMENTALLY MORE ATTRACTIVE

- Attractive valuations, a moderation in the dollar and a more favorable outlook in China are reasons to be optimistic on EM.

Attractive Valuations in EM Relative to Global Equities



Source: FactSet, Data as of 6/30/2022.

Five Reasons to be More Optimistic on China

1. Accommodative Central Bank
2. Additional Fiscal Stimulus
3. Political Pressure to Boost Growth
4. Reopening Tailwind
5. Chinese Tech Regulations Likely Past the Worst

7 Asset Allocation

Viewing Your Portfolio Through The Eye of Horus

INSIGHT:

Until inflation abates and the Fed clarifies its policy path, market volatility will continue. Incessant headlines are likely to cause investors to make ill-timed portfolio decisions.

BOTTOM LINE:

Diversification, asset allocation, and a long-term approach remain timeless investing principles. An advisor who understands your investment goals and objectives can be greatly beneficial during periods of economic and financial market uncertainty.

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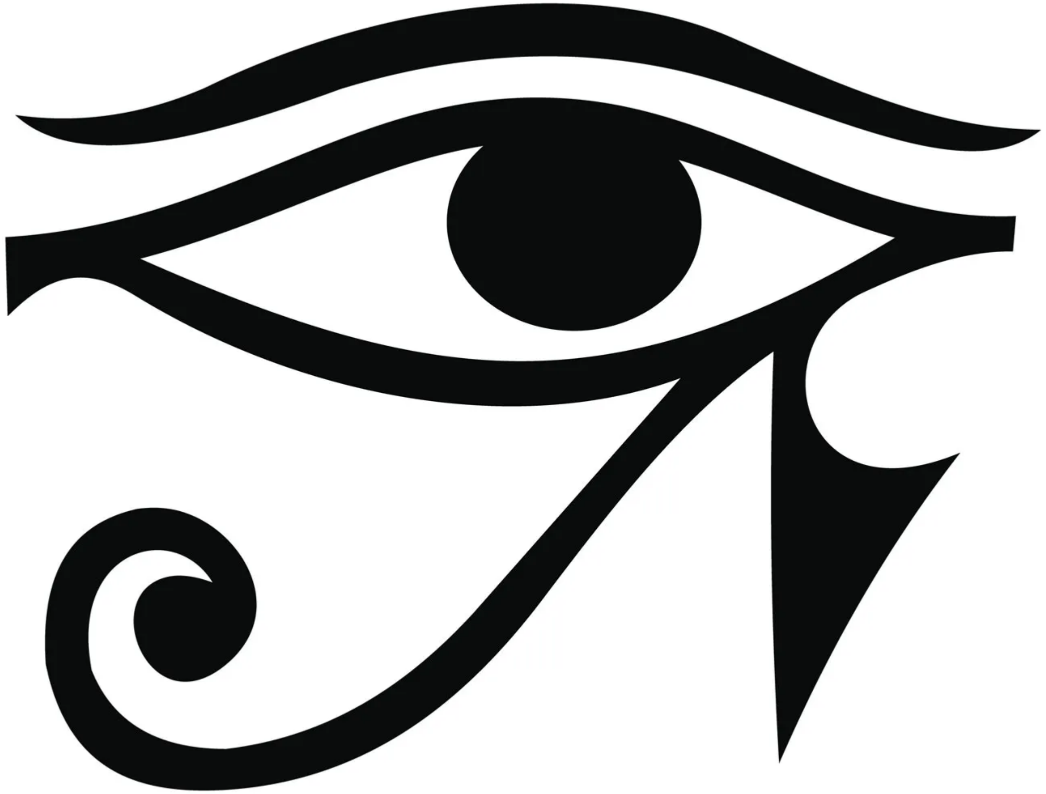
HISTORIC MOVES IN THE BOND MARKETS

THIRD LARGEST DRAWDOWN IN THE HISTORY OF THE BLOOMBERG US BOND AGGREGATE INDEX



Eye of Horus

Prosperity

Protection

Source: FactSet, Data as of 6/30/2022.

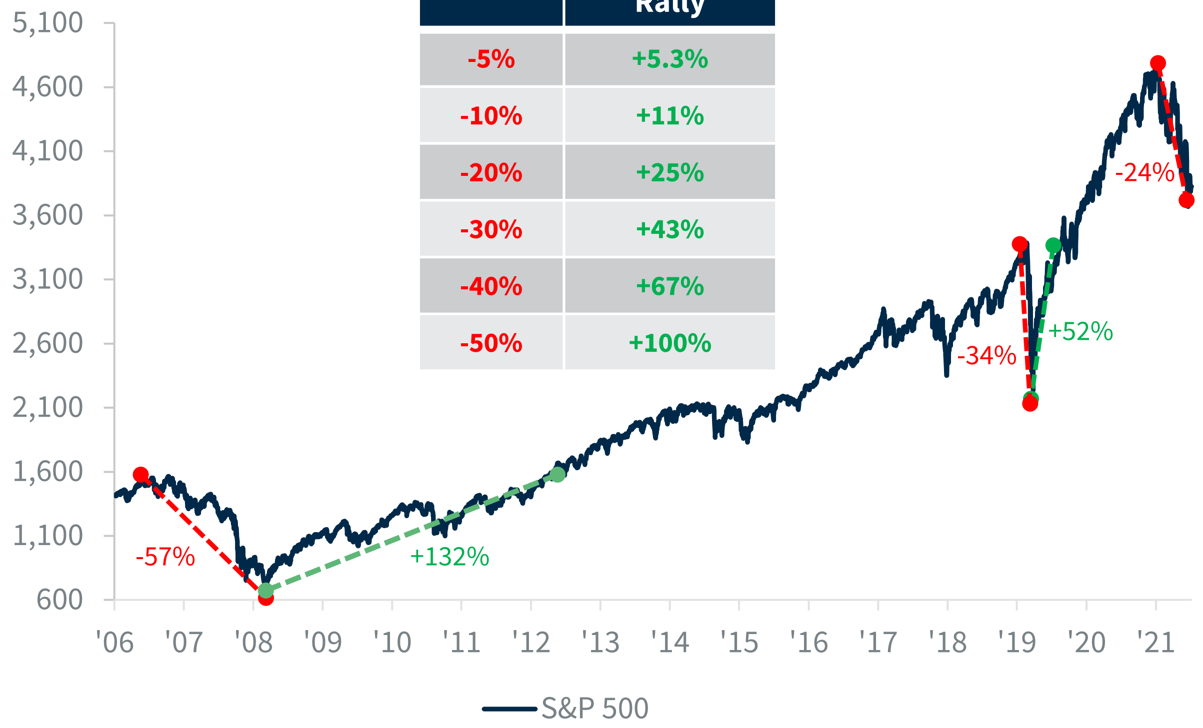
THE IMPACT OF COMPOUNDING

COMPOUNDING IS ONE OF THE MOST UNDERAPPRECIATED DYNAMICS OF INVESTING

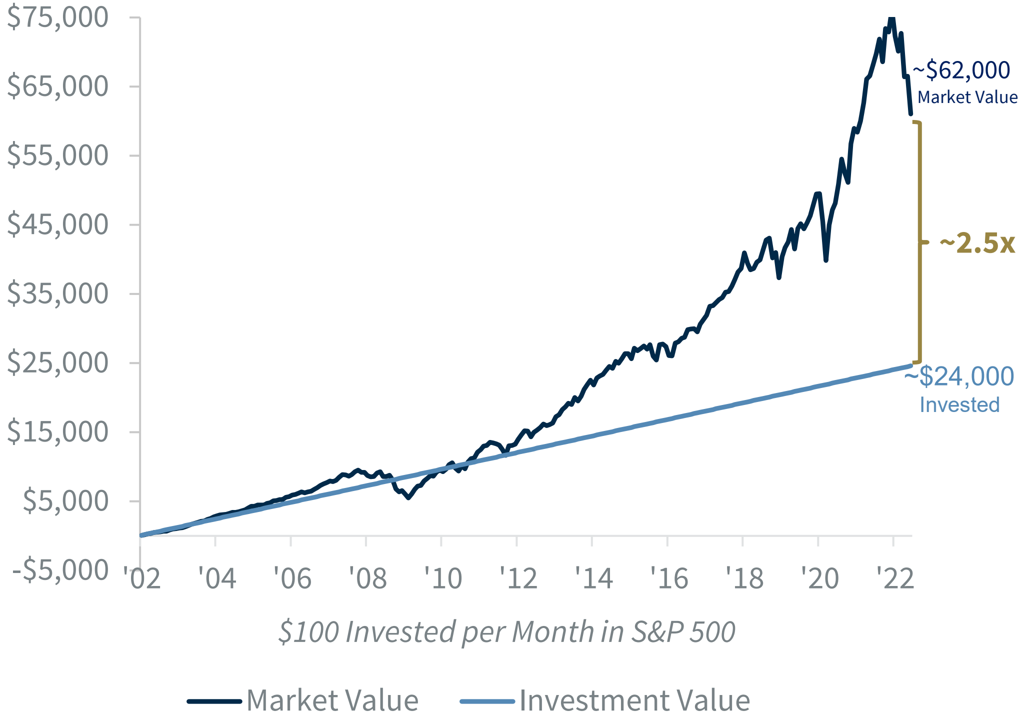
- Compounding works both ways—in down markets (a negative) and rallying markets (a positive).

Recovery Math More Daunting

Decline	Return Rally
-5%	+5.3%
-10%	+11%
-20%	+25%
-30%	+43%
-40%	+67%
-50%	+100%



Power to the Upside



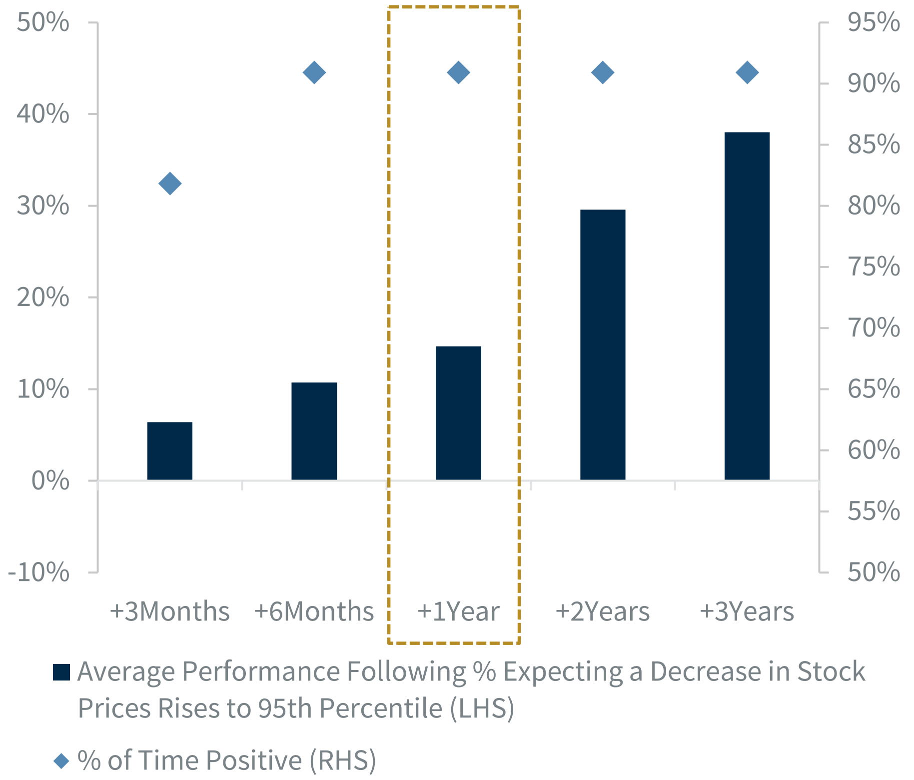
Source: FactSet, Data as of 6/30/2022.

DON'T FOLLOW THE HERD

PESSIMISTIC SENTIMENT HISTORICALLY MORE FAVORABLE

- Depressed sentiment typically leads to positive forward returns.

Positive Performance Following Depressed Sentiment



Source: FactSet, Data as of 6/30/2022.

"Be fearful when others are greedy and greedy when others are fearful."

-Warren Buffet

Weaker Performance Following Positive Sentiment

Source: FactSet, Data as of 6/30/2022.

UPCOMING WEBINARS

SEPTEMBER 12 | 4:00 PM

THERE WILL NOT BE A WEBINAR IN AUGUST

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.

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

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

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

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

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.

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

FIXED INCOME DEFINITION

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

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

CREDIT | **Bloomberg US Credit Total Return Index:** The index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, 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 US dollar gains "strength" (value) when compared to other currencies.

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

US INDEXES AND EQUITY SECTORS DEFINITION

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

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

INTERNATIONAL EQUITY DEFINITION

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

EMERGING MARKETS | **MSCI Emerging Markets Net Return Index:** This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

MSCI EAFE | The **MSCI EAFE** (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

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

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

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

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

LATAM | **MSCI EM Latin America Net Return Index:** The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

ASIA EX-JAPAN | **MSCI Pacific Ex Japan Net Return Index:** The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

JAPAN | **MSCI Japan Net Return Index:** The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

COMMODITIES DEFINITION

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

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

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

BLOOMBERG INDUSTRIAL METALS SUBINDEX | The Index is composed of future contracts on aluminum, copper, nickel, and zinc. The index reflect the return of the underlying commodity future price movements only and is quoted in USD.

Manheim Index | The Manheim Index is increasingly recognized by both financial and economic analysts as the premier indicator of pricing trends in the used vehicle market, but should not be considered indicative or predictive of any individual remarketer's results

North America Feritilizer Price | The Green Markets Weekly North America Fertilizer Price Index is constructed using the fertilizer benchmark prices of US Gulf Coast Urea, US Cornbelt Potash and NOLA Barge DAP. The index is value weighted based on the annual global demand of each nutrient.

Consumer Sentiment Index | The US Index of Consumer Sentiment (ICS), as provided by University of Michigan, tracks consumer sentiment in the US, based on surveys on random samples of US households. The index aids in measuring consumer sentiments in personal finances, business conditions, among other topics.

Lipper Municipal Fund Flows | Lipper U.S. Fund Flows is the premiere source of information relating to weekly investor demand in the fund market.

Misery Index | The misery index is an economic indicator, created by economist Arthur Okun. The index helps determining how the average citizen is doing economically and it is calculated by adding the seasonally adjusted unemployment rate to the annual inflation rate.

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DATA SOURCES:

FactSet.

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