

WEEKLY HEADINGS

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Hello Summer! The summer solstice—the longest day of the year—this Sunday marks the official start of the fun-filled season. But beyond longer days and vacation time, it may also signal a turning point in the US-Iran conflict. The signing of the peace agreement marks a meaningful shift. The conflict—and its impact on oil prices—has dominated headlines over the past three months. Higher oil prices have pushed inflation to a three-year high, reshaping the Fed's rate outlook. While policymakers typically look through temporary, geopolitically driven shocks, this episode comes at a challenging time. Repeated supply disruptions have kept inflation above the Fed's 2.0% target for more than five years, drawing the attention of new Fed Chair Warsh. Below, we outline how a US-Iran deal—and a potential decline in oil prices—could influence the US economy, the rate outlook, and financial markets in the months ahead.

KEY TAKEAWAYS

Lower Oil Prices Will Bring Timely Relief For Consumers As Summer Travel Begins

The Fed's Hawkish Tilt Suggests It's Focused On More Than Just Elevated Energy Prices

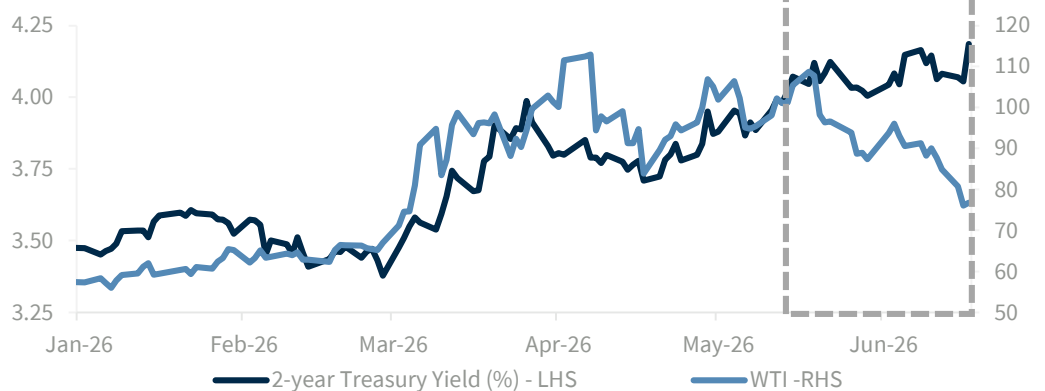
Lower Oil Prices Point To A Peak In Energy-Driven Inflation

- **Oil Prices Will Continue To 'Cool Down'—But It May Take Time** | WTI crude has fallen sharply from April's peak near \$113/barrel to below \$80 this week—a nearly 30% drop that signals a meaningful unwind of geopolitical risk. Markets are beginning to anticipate a reopening of the Strait of Hormuz and are taking comfort that the region's oil infrastructure has emerged largely intact. But the harder phase now begins: restoring supply. Three key hurdles must be cleared before Persian Gulf exports—currently around six million barrels/day—can move back toward pre-war levels that were three times higher at ~20 million barrels/day. First, Iranian naval mines need to be removed. Second, shipping crews must return. And third, shuttered oilfields need to restart production. Our base case is that full normalization may not occur until late July at the earliest. As supply gradually recovers and global inventories begin to stabilize, that should put additional downward pressure on prices—potentially driving WTI toward our year-end target of ~\$70/barrel.
- **Falling Oil Prices Will Provide Consumer 'Relief'** | Despite higher gasoline prices and broader inflation pressures, the US consumer has remained remarkably robust this year. Retail sales rose at their fastest pace since January 2023 in May, while real-time activity metrics—such as restaurant bookings and department store spending—have steadily moved higher versus last year. That said, early cracks are beginning to emerge. With inflation still elevated and the boost from large tax refunds fading, sentiment has fallen to a record low, real wage growth has turned negative for two consecutive months, and the personal savings rate has dropped to its lowest level since 2022. Lower gasoline prices should provide timely relief—particularly for lower-income consumers—as the summer travel season begins. With consumption driving ~70% of GDP, a still-resilient consumer should continue to support economic growth and underpin our positive view on the consumer discretionary sector.
- **Fed Delivers 'Scorching' Rate Outlook** | New Fed Chair Kevin Warsh put his stamp on his first FOMC meeting, sharply slimming the statement to just 130 words, offering no forward guidance, and delivering a more hawkish than expected message focused squarely on inflation. While Warsh announced the creation of five task forces—including one focused on the Fed's inflation framework—he emphasized that the current 2% target is unlikely to change. In addition, the median 2026 dot shifted to 3.8%, signaling a *hike* by year-end versus the *cut* expected in March. Nine members now project at least one hike this year, up from none previously. In a break from tradition, the chair did not submit a forecast. This hawkish pivot suggests policymakers are focused on more than just elevated energy prices—it reflects a strong labor market and resilient growth, supported in part by fiscal tailwinds and a global AI-driven capex cycle. Lower oil prices should ease inflation pressures on the margin, giving the Fed breathing room as it assesses whether disinflation resumes—whether from falling energy prices or AI-driven productivity gains—in the months ahead. That makes upcoming inflation prints more important than ever.
- **Lower Oil Prices Will 'Keep A Lid' On Yields** | Treasury yields moved sharply higher following the onset of the US-Iran conflict, largely tracking the surge in oil prices and the repricing of the Fed's higher rate outlook. Since then, the pullback in oil has led to only a modest retracement in rates, with the 10-year still hovering near a one-month low around 4.46% after peaking at 4.67% on May 19. Yields also reacted sharply to the Fed's hawkish dot plot—with the policy-sensitive 2-year jumping more than 15 bps, its largest Fed-day move since March 2008. While lower oil prices point to a peak in energy-driven inflation, the bond market will need clearer evidence of broader disinflation before yields can move meaningfully lower, especially given healthy growth and a firm labor market. For now, that keeps rates anchored at elevated levels. But with the new Fed chair re-establishing inflation-fighting credibility, we see limited upside for yields. That's constructive for equities, as the S&P 500 has historically faced resistance when the 10-year yield pushes into the 4.50%-4.75% range.

CHART OF THE WEEK

2-Year Treasury Yield Remains Elevated Even As WTI Retreats

The 2-year Treasury yield remains elevated despite the recent pullback in oil prices. This largely reflects the market's repricing of the Fed's higher rate outlook amid resilient economic growth and a firm labor market.



Source: FactSet, Data as of 6/17/2026

Economy

- Retail sales were stronger than expected in May (+0.9% MoM), and control group sales—an input in GDP calculations—was up 0.7% MoM. With CPI up 0.5% MoM, real consumer demand remains resilient and should support second-quarter real GDP estimates.
- May Industrial Production rose less than expected (+0.1% MoM), but an upward revision to April softened the weakness. Manufacturing production was flat in May and revised lower for February through April, tempering the earlier picture of manufacturing strength.
- Housing starts plunged 15.4% in May to the lowest annualized pace since May 2020, driven by a 41.6% collapse in multifamily starts. Similarly, homebuilder sentiment weakened further in June, with the NAHB Housing Market Index falling to 35 and remaining below 40 for a 14th consecutive month. Overall housing activity remains constrained by affordability and supply with mortgage rates firmly >6%.
- **Focus of the Week:** Next week is a slower week in terms of economic data releases, with focus on the Fed's favored inflation metric—the PCE Price Index. We expect May headline PCE to have seen a MoM increase of 0.4%, bringing the yearly pace up to 4.0%. As we expect energy costs to have made up most of the increase in headline, we expect a softer core print of 0.2% MoM and 3.3% YoY.

June 22 – June 26



MON



WED

New Home Sales



FRI

Wholesale Inventories



TUE

S&P Global PMIs



THU

1Q26 GDP (Final Est.)
PCE
Durable Orders



FUTURE
EVENTS

6/30 JOLTS
7/2 Employment Report

Equity

- Positive sentiment following the US-Iran peace deal was partially offset by hawkish FOMC commentary leaving the S&P 500 up 1% WTD and 9% YTD in 2026. Historically, the S&P 500 has gained between ~8-10% per year on average since 1950. However, 'average' performance is actually quite rare. In fact, since 1950 the S&P 500 has returned between 8-10% in only four years (or 5% of instances). Similarly, despite a strong start for equities YTD, we remain constructive in 2H26 on the back of the positive earnings backdrop. While volatility may remain elevated near term, our year-end price target represents a slightly above average 12% return for the year.
- The recent broadening in market performance supports our constructive outlook on equities moving forward. Over the past two months, returns were primarily driven by a 42% gain in Tech, with additional support from similar secular growth sectors, including Comm. Services (+23%) and Consumer Discretionary (+18%). However, these growth sectors have underperformed meaningfully month-to-date, while both cyclical and defensive sectors have assumed leadership. While we remain optimistic on tech-related sectors, this broader participation across the equity market is a healthy development and should help sustain the current bull market.
- **Focus of the Week:** Market attention is likely to shift back toward AI-related fundamentals next week, with Micron's earnings in focus given the significant year-to-date outperformance of memory stocks.

Fixed Income

- At its first meeting under Chair Warsh, the Fed held rates steady at 3.50%–3.75% while signaling a more hawkish stance. A short, heavily edited meeting statement removed the Fed's easing bias and emphasized price stability, while the dot plot—absent projections from Warsh—revealed a split committee. Half of the 18 participants penciled in at least one rate hike this year. In his press conference, Warsh reinforced a restrained approach, avoiding forward guidance while announcing the launch of task forces to review key Fed policies. Markets responded by pulling forward rate hike expectations, with a rate hike now expected in October. This drove the two-year yield sharply higher near 4.20% while the 10-year held just below 4.50%, leading to a further flattening of the Treasury curve.
- Nvidia returned to the bond market for the first time in five years with an upsized \$25 billion offering, drawing strong demand across maturities from three to 30 years. The bonds were 2.5x to 3.8x covered, highlighting continued appetite for high-quality tech credit and underscoring the growing role of the sector in overall issuance. The deal ties Oracle, Meta, and Salesforce as the second-largest of the year, with tech accounting for six of the top ten offerings. Even as many of these firms remain cash-rich, rising AI-related capex and historically low financing costs are driving continued use of debt markets, which investors are absorbing with ease.
- **Focus of the Week:** Flash PMIs, PCE, and comments from other members of the FOMC highlight next week.

Washington Policy

- President Trump has signed a memorandum of understanding to wind down the Iran conflict. It is expected to bring a formal 60-day ceasefire extension, reopen the Strait of Hormuz in phases, and continue talks on Iran's nuclear program and sanctions relief. The framework appears deliberately broad, with the hardest issues similarly deferred into the next 60 days. The Strait of Hormuz is likely to begin reopening as soon as the deal is signed, but trade flows and oil prices will likely take longer to normalize. Importantly, the deal seems to give Iran a clearer long-term role in controlling traffic through the Strait, including the ability to charge fees for passage. We expect that talks will muddle through the 60-day period, but incentives to resume active hostilities in the short term remain low.

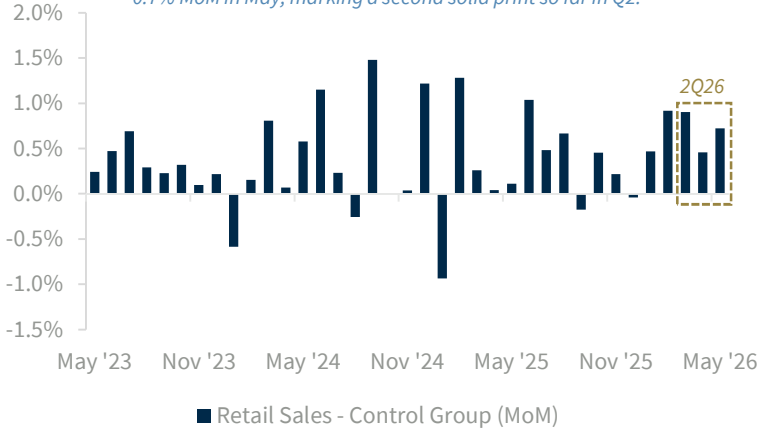
Energy

- As households and businesses around the world adjust their fuel consumption patterns amid historically elevated prices, the IEA estimates that global oil demand in 2Q26 is down ~5 million barrels/day, or nearly 5%, vs. the year-ago quarter. Assuming stabilization in the second half, we project global demand down ~1% on a full-year basis—the first decline since lockdown-impacted 2020. While 1% may not seem like a significant drop, it's steeper than the decline in 2008—as the financial crisis was reverberating worldwide.
- As useful as it is to gauge this year's demand destruction, here is the more important question: how much of it will be permanent? Our initial guesstimate: one-fourth. While demand is poised to rebound in 2027, we expect only ~0.5% growth from the 2025 baseline. As an example of long-term demand destruction, consider an auto buyer who chose an electric vehicle over a conventional one in response to high prices at the pump. That EV is set to stay on the road for the next decade, regardless of what happens with oil prices from here on out. Likewise, a chemical plant that's shifting from petroleum to natural gas feedstock is also a change that's here to stay. On the other hand, airlines that suspended certain routes due to excessive jet fuel costs are likely to resume them in the coming months.

Charts of the Week

Resilient Consumer Thus Far In Q2

Control group retail sales, an input into GDP calculations, rose 0.7% MoM in May, marking a second solid print so far in Q2.



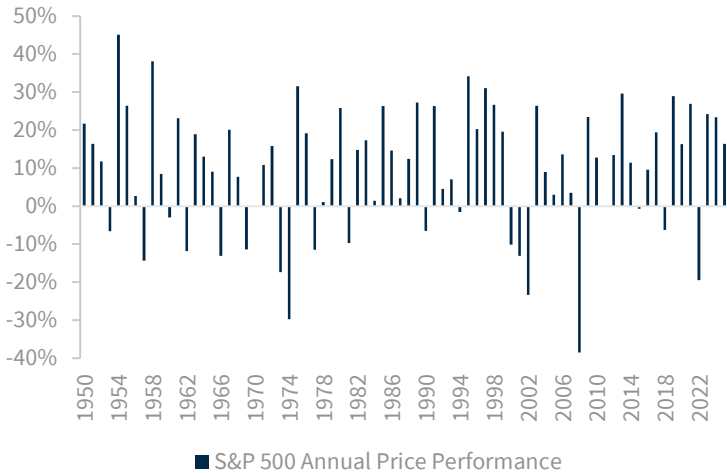
Housing Starts Plunge

Housing starts plunged 15.4% MoM in May to the lowest annualized pace in six years.



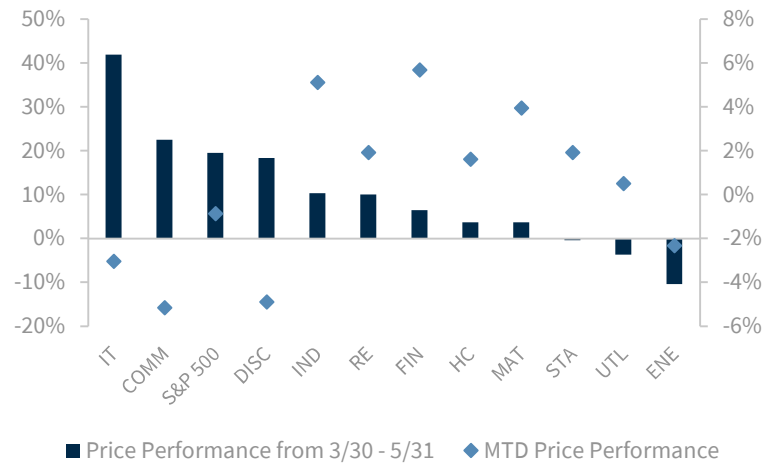
'Average' Year is Quite Rare

The S&P 500 has gained between 8-10% (consistent with historical averages) in only four years since 1950.



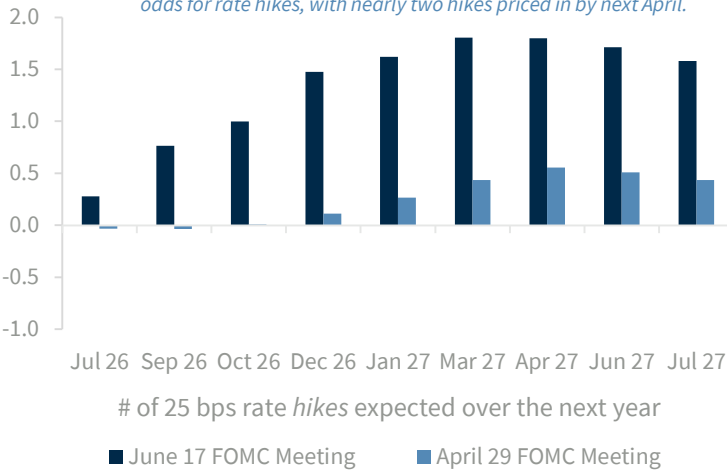
June Rotation

While secular growth sectors have stalled MTD, sectors that have lagged since the March lows have assumed leadership.



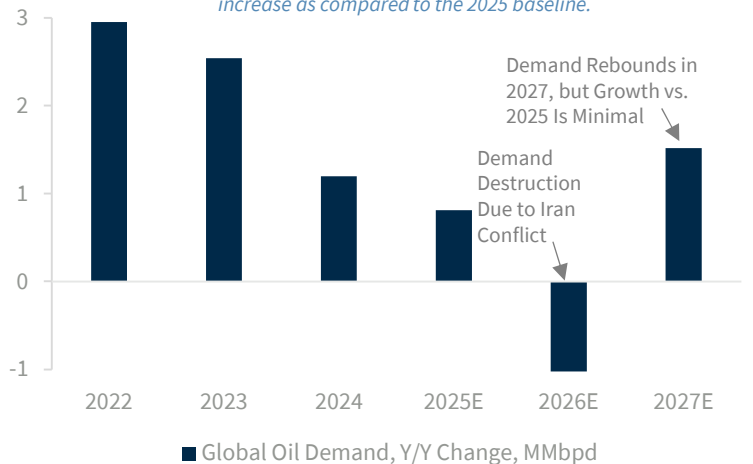
Markets Pull Forward Rate Hike Expectations

Following Warsh's first FOMC meeting as chair, markets increased odds for rate hikes, with nearly two hikes priced in by next April.



Global Oil Demand's 2026 Drop Is The First Since COVID

While demand is poised for a rebound in 2027, we expect only a modest increase as compared to the 2025 baseline.

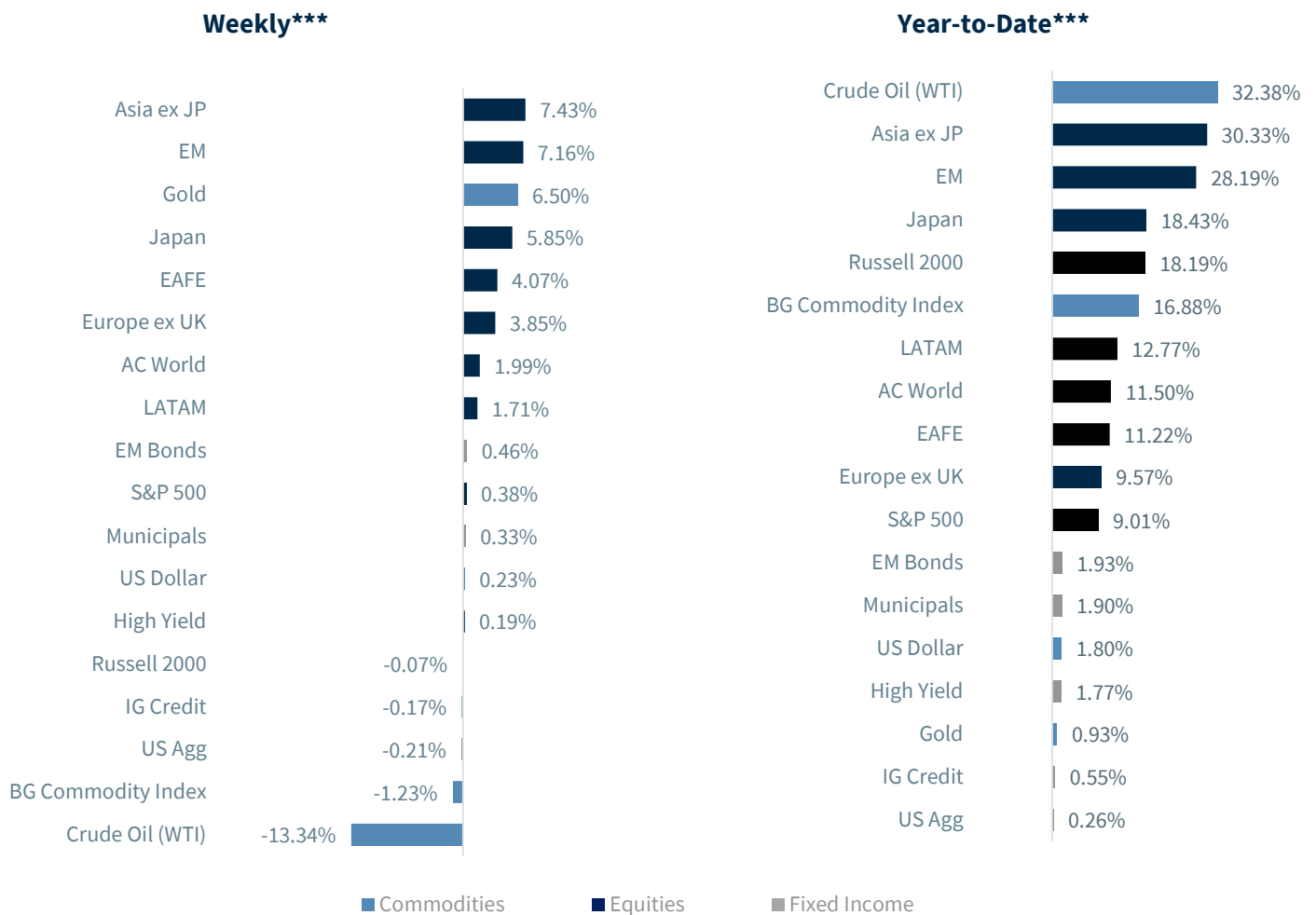


Source for charts: FactSet, as of 6/17/2026.

Asset Class Performance | Distribution by Asset Class and Style (as of June 17)**

		US Equities (Russell indices)			International Equities (MSCI indices)			Fixed Income (Bloomberg indices)		
		Value	Blend	Growth	Dev. Mkt	World	Emerg. Mkt	1-3 YR	Medium	Long
Weekly Returns (as of June 17)	Large Cap	0.5%	0.3%	0.1%	3.6%	1.9%	6.7%	0.1%	-0.4%	-0.3%
	Mid Cap	0.0%	0.0%	0.0%	3.0%	1.0%	5.1%	-0.2%	-0.2%	-0.2%
	Small Cap	-0.7%	-0.1%	0.5%	2.8%	1.4%	4.4%	0.1%	0.2%	0.5%
Year-to-Date Returns (as of June 17)	Large Cap	15.2%	8.8%	3.1%	12.4%	11.9%	31.1%	1.6%	-0.8%	-0.7%
	Mid Cap	15.2%	12.3%	2.9%	10.5%	11.7%	24.6%	0.8%	0.3%	0.1%
	Small Cap	18.7%	18.2%	17.7%	10.8%	15.6%	18.8%	1.9%	1.8%	1.9%

Asset Class Performance | Weekly and Year-to-Date (as of June 17)**



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

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

Weekly Data**

US Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	7420.1	2.1	(2.0)	9.0	25.5	20.5	13.6	15.5
DJ Industrial Average	51492.6	3.2	0.9	7.1	22.0	14.5	8.8	11.3
NASDAQ Composite Index	26021.7	3.4	(3.5)	12.0	33.3	23.8	12.9	18.4
Russell 1000	7761.7	2.1	(1.9)	8.8	28.8	23.3	13.3	15.4
Russell 2000	7251.9	2.9	0.0	18.2	43.1	20.3	6.6	11.2
Russell Midcap	11002.8	2.3	0.4	12.3	22.4	18.5	8.2	11.7

Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	649.8	5.2	1.8	14.0	20.6	10.3	6.8	10.4
Industrials	1516.9	5.9	3.7	16.2	27.7	21.3	14.0	14.1
Comm Services	464.7	0.6	(5.7)	3.1	28.7	30.0	13.2	12.4
Utilities	449.3	1.1	0.1	5.0	13.9	13.2	9.6	9.3
Consumer Discretionary	1874.8	1.4	(6.3)	(2.5)	10.9	13.8	6.9	12.9
Consumer Staples	932.3	(2.0)	1.4	9.0	7.9	9.0	8.1	8.3
Health Care	1751.3	(1.4)	0.8	(2.2)	15.0	6.3	5.6	9.9
Information Technology	6701.5	3.7	(4.5)	18.2	43.6	30.7	22.6	26.5
Energy	829.6	(6.2)	(2.9)	22.4	27.1	14.1	19.8	9.1
Financials	897.0	3.5	4.8	(0.7)	9.4	19.2	10.4	13.6
Real Estate	281.9	(1.9)	(0.1)	13.9	13.2	10.3	3.7	7.1

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Month Treasury Bill (%)	3.7	0.1	0.2	1.7	4.0	4.8	3.6	2.3
2-Year Treasury (%)	4.2	(0.1)	(0.2)	0.3	3.0	3.9	1.6	1.5
10-Year Treasury (%)	4.5	0.5	(0.3)	(0.7)	3.7	2.2	(1.6)	0.1
Bloomberg US Corporate HY	7.4	0.5	0.1	1.8	7.1	8.8	4.3	5.9
Bloomberg US Aggregate	4.8	0.3	(0.1)	0.3	4.6	4.0	0.1	1.6
Bloomberg Municipals	--	0.3	0.5	1.9	7.0	3.7	1.0	2.2
Bloomberg IG Credit	5.2	0.5	(0.1)	0.6	5.3	5.3	0.4	2.7
Bloomberg EM Bonds	6.0	0.8	0.5	1.9	9.1	8.6	2.0	3.6

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude (\$/bl)	76.0	(15.6)	(13.0)	32.4	3.7	1.9	1.4	4.7
Gold (\$/Troy Oz)	4381.4	6.0	(4.6)	0.9	28.6	30.5	19.8	13.0
Bloomberg Commodity Index	128.2	(2.2)	(5.1)	16.9	20.1	6.8	7.3	3.7

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	100.1	0.1	1.2	1.8	1.3	(0.7)	1.7	0.6
Euro	1.16	0.3	(0.7)	(1.3)	0.5	2.0	(0.6)	0.3
British Pound	1.34	(0.1)	(0.6)	(0.4)	(0.9)	1.5	(0.8)	(0.6)
Japanese Yen	160.33	0.1	(0.7)	(2.2)	(9.4)	(4.1)	(7.2)	(4.2)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	1121.1	3.2	(0.8)	11.5	28.1	20.1	11.7	13.5
MSCI EAFE	3158.2	4.2	1.4	11.2	24.7	16.8	9.5	10.4
MSCI Europe ex UK	3492.4	4.2	2.0	9.6	22.0	16.7	9.3	11.3
MSCI Japan	5628.1	5.5	1.8	18.4	36.5	18.6	10.0	10.6
MSCI EM	1782.7	7.1	2.0	28.2	52.5	23.5	8.6	11.3
MSCI Asia ex JP	1180.7	7.1	1.9	30.3	54.0	24.5	8.7	12.0
MSCI LATAM	3008.5	5.1	(0.6)	12.8	37.8	13.0	10.1	8.9
Canada S&P/TSX Composite	25051.8	2.9	1.0	10.8	32.3	20.7	11.8	9.7

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

Disclosures

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INTERNATIONAL INVESTING | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and heightened political and/or economic instability. These risks are greater in emerging markets.

ENERGY COMMODITIES | Investing in energy commodities is generally considered speculative, with high levels of volatility, limited market regulation, and emerging markets risk. Oil prices are influenced by OPEC decisions and tend to be economically sensitive. Natural gas prices are influenced by weather.

MINING COMMODITIES | Investing in mining commodities is generally considered speculative, with high levels of volatility, limited market regulation, and emerging markets risk. Prices of precious metals such as gold are influenced by central bank decisions. Prices of industrial metals such as copper tend to be economically sensitive.

SECTORS | Sector investments are companies focused on a specific economic sector and are presented here for illustrative purposes only. Sectors, including Tech, are subject to varying levels of competition, economic sensitivity, and political and regulatory risks. Investing in any individual sector involves limited diversification.

CURRENCIES | Currency investing is generally considered speculative, with high levels of volatility and limited market regulation. These risks are greater in emerging markets.

FIXED INCOME | Fixed-income securities (or bonds) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. A credit rating of a security is not a recommendation to buy, sell or hold the security and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning Rating Agency. Ratings and insurance do not remove market risk since they do not guarantee the market value of the bond.

MUNICIPAL BONDS | Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Please consult an income tax professional to assess the impact of holding such securities on your tax liability.

US TREASURIES | US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value.

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

PRODUCER PRICE INDEX | The Producer Price Index (PPI) is a measure of wholesale inflation, while the Consumer Price Index measures the prices paid by consumers.

CONSUMER PRICE INDEX | The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

CONSUMER SENTIMENT INDEX | The University of Consumer Sentiment Survey (MCSI) is a monthly survey measuring US consumer confidence regarding personal finances, business conditions, and buying conditions. It serves as a key leading economic indicator, forecasting consumer spending by interviewing approximately 600–1,000 households.

ISM MANUFACTURING INDEX | The ISM Manufacturing Index, or Purchasing Managers' Index (PMI), is a crucial monthly report on US economic activity based on surveys of manufacturing supply executives. It gauges sector health by tracking new orders, production, employment, supplier deliveries, and inventories. A reading above 50 indicates expansion; below 50 signals contraction.

ISM SERVICES INDEX | The ISM Services Index, now officially known as the Services PMI (Purchasing Managers' Index), is a monthly economic indicator released by the Institute for Supply Management. It measures the performance of the US service sector—which constitutes nearly 80% of the economy—based on surveys of over 400 purchasing managers across 60+ industries, such as finance, retail, and healthcare.

IMPORT/EXPORT PRICE INDICES | The Import and Export Price Indices are economic indicators that measure the average change in prices of goods and services imported into a country from foreign sources, or exported from the US, respectively. These indices act as key metrics for inflation, tracking how changing international costs affect domestic consumers, businesses, and economic policy.

NAHB HOUSING MARKET INDEX | The NAHB/Wells Fargo Housing Market Index (HMI) is a monthly survey gauging home builder sentiment on the U.S. single-family housing market, serving as a leading economic indicator. It measures builder perceptions of current sales, sales expectations for the next six months, and buyer traffic.

PENDING HOME SALES INDEX | The Pending Home Sales Index (PHSI), released monthly by the National Association of Realtors (NAR), is a leading indicator of housing activity that tracks signed real estate contracts for existing single-family homes, condos, and co-ops.

NEW HOME SALES INDEX | The New Home Sales report, released monthly by the US Census Bureau and the Department of Housing and Urban Development (HUD), tracks the number of newly constructed, privately-owned single-family homes sold across the US. As a key leading economic indicator, it measures new, signed sales contracts rather than closings.

LEADING ECONOMIC INDEX | The Leading Economic Index (LEI) is a monthly composite statistic published by The Conference Board that predicts future shifts in the business cycle, typically looking six to nine months ahead. It combines 10 forward-looking economic components, such as stock prices, building permits, and manufacturing orders, to signal upcoming economic expansions or recessions before they become evident in the overall economy.

MICHIGAN CONSUMER SENTIMENT INDEX | The Michigan Consumer Sentiment Index (MCSI) is a monthly survey-based economic indicator measuring US consumer confidence regarding their personal finances, business conditions, and buying power. It is a leading indicator for predicting consumer spending, which drives the majority of the US economy.

Disclosures

DATA SOURCE | FactSet, Bloomberg as of 6/17/2026

DOMESTIC EQUITY DEFINITION

DOW JONES INDUSTRIAL AVERAGE (DJIA) | The Dow Jones Industrial Average (DJIA) is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

NASDAQ COMPOSITE INDEX | The Nasdaq Composite Index is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange.

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

S&P 500 EQUAL WEIGHT INDEX | The S&P 500 Equal Weight Index: The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

LARGE GROWTH | Russell 1000 Growth Total Return Index: This index represents a segment of the Russell 1000 Index with a greater- than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This index includes the effects of reinvested dividends.

MID GROWTH | Russell Mid Cap Growth Total Return Index: This index contains stocks from the Russell Midcap Index with a greater-than-average growth orientation. The stocks are also members of the Russell 1000 Growth Index. This index includes the effects of reinvested dividends.

LARGE BLEND | Russell 1000 Total Return Index: This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

SMALL GROWTH | Russell 2000 Growth Total Return Index: This index represents a segment of the Russell 2000 Index with a greater- than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

MID BLEND | Russell Mid Cap Total Return Index: This index consists of the bottom 800 securities in the Russell 1000 Index as ranked by total market capitalization. This index includes the effects of reinvested dividends.

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

LARGE VALUE | Russell 1000 Value Total Return Index: This index represents a segment of the Russell 1000 Index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This index includes the effects of reinvested dividends.

MID VALUE | Russell Mid Cap Value Total Return Index: This index contains stocks from the Russell Midcap Index with a less-than-average growth orientation. The stocks are also members of the Russell 1000 Value Index. This index includes the effects of reinvested dividends.

SMALL VALUE | Russell 2000 Value Total Return Index: This index represents a segment of the Russell 2000 Index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

COMMODITY INDEX DEFINITION

BLOOMBERG COMMODITY INDEX (BCOM) | The Bloomberg Commodity Index is a broadly diversified commodity price index distributed by Bloomberg Index Services Limited.

FIXED INCOME DEFINITION

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

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

CREDIT | Bloomberg US Credit Total Return Index: The index measures the investment grade, US dollar-denominated, fixed- rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Disclosures

MUNICIPAL | Bloomberg Municipal Total Return Index: The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

BLOOMBERG US CONVERTIBLE LIQUID BOND INDEX | The index tracks the performance of USD-denominated convertible securities, specifically bonds and convertible preferred stock, issued in the US market with a minimum amount outstanding of \$350 million.

BLOOMBERG CAPITAL AGGREGATE BOND TOTAL RETURN INDEX | This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components).

BLOOMBERG EMERGING MARKET BOND INDEX | The Bloomberg USD Emerging Market Composite Bond Index is a rules-based, market-value-weighted index engineered to measure USD fixed-rate sovereign and corporate securities issued from emerging markets. The index includes both investment-grade and below-investment-grade securities.

BLOOMBERG WIRP FUTURES MODEL | The Bloomberg World Interest Rate Probability (WIRP) function calculates the implicit forecast for rates after each meeting over the next year for the biggest developed world central banks, based on pricing in futures and overnight index swaps markets.

BLOOMBERG TREASURY INDEX | The Bloomberg US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index. The Index is a component of the US Aggregate, US Universal, Global Aggregate and Global Treasury Indices. The index includes securities with remaining maturity of at least one year.

INTERNATIONAL EQUITY DEFINITION

EMERGING MARKETS EASTERN EUROPE | MSCI EM Eastern Europe Net Return Index: The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe.

EMERGING MARKETS ASIA | MSCI EM Asia Net Return Index: The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

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

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

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

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

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

FOREIGN DEVELOPED MARKETS | MSCI EAFE Net Return Index: This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

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

MSCI ACWI | The MSCI All Country World Index (ACWI) is a stock index designed to track broad global equity-market performance. The index is comprised of the stocks of about 3,000 companies from 23 developed countries and 26 emerging markets.

MSCI ACWI EX US | The MSCI All Country World Index (ACWI) is a stock index designed to track broad global equity-market performance. The index is comprised of the stocks of about 3,000 companies from 23 developed countries and 26 emerging markets.

CANADA S&P/TSX COMPOSITE | The S&P/TSX Composite Index is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada's primary stock exchange, the Toronto Stock Exchange.

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