JUNE 12, 2026

WEEKLY HEADINGS

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Changing of the Guard! New Fed Chairman Kevin Warsh will preside over his first FOMC meeting on June 16–17, stepping in at a complex moment—with inflation at a three-year high as oil prices remain elevated, labor market risks easing with job growth averaging ~140k YTD versus only 10k last year, and hawkish voices on the Fed gaining traction. Policymakers are still expected to hold rates steady as they assess next steps. While quarterly meetings typically carry added weight given the updated Summary of Economic Projections and the 'dot plot', this one stands out even more. Markets have yet to gauge Warsh's communication style, raising the stakes. How he delivers the decision in his first post-meeting press conference, signals policy into year-end and 2027, and addresses Fed independence will help define his tenure. Below, we outline what to watch and our updated Fed views.

KEY TAKEAWAYS

Inflation Has Been Above The Fed's 2.0% For Over Five Straight Years

The Fed's 'Dot Plot' Is Likely To Signal No Rate Cuts In 2026

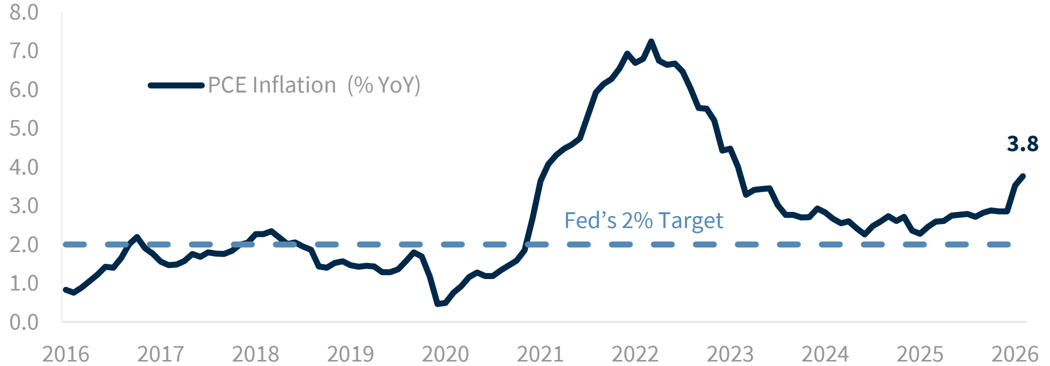
Fed Independence Will Be An Early Test For Warsh

- **The Kevin Warsh Era Begins |** Warsh steps in at a challenging moment: inflation is running nearly 2% above target, the labor market is gradually firming, and markets are pricing in nearly one rate hike by year-end. He brings a clear vision—favoring less frequent communication, renewed focus on the Fed's core mandate (price stability and full employment), and reduced reliance on non-traditional tools like balance sheet expansion (e.g., quantitative easing). At the margin, he may introduce modest changes, such as scaling back post-meeting press conferences, though broader shifts will take time. For now, markets are focused on his communication style—how he shapes the policy statement and signals his approach to leading the Fed. Also worth watching is the role Jerome Powell takes on, as he remains at the Fed after his term as chairman ended—the first time that's happened in ~80 years.
- **Updated Projections Still Coming |** While Warsh has been critical of the Fed's forward guidance, an updated Summary of Economic Projections (SEP) will still accompany the June meeting. Markets will be focused on any shifts in the Fed's growth, inflation, and rate outlook. In March, the 'dot plot' pointed to one cut in 2026 and another in 2027, but the case for easing this year has faded. Growth remains resilient—supported by fiscal tailwinds and strong business investment—and the labor market continues to firm, with three-month average job gains of +188k, the fastest since March 2024. Inflation, however, remains the key concern. After raising its year-end core PCE forecast to 2.7% in March, another upward revision in the SEP looks likely. We also expect the Fed to drop its easing bias and no longer signal a 2026 rate cut, *in line with our view*. We'll also be watching closely for any shift in the median longer-run neutral rate—a level that neither supports or restricts economic growth—currently estimated at 3.1%.
- **Fed Independence To Endure |** Fed independence will be an early test for Warsh. While he pledged to keep policy independent during his Congressional testimony, some market skepticism remains about whether political pressure—particularly from President Trump—or his evolving policy lean could blur that line. With the macro backdrop no longer supportive of rate cuts, Warsh has an opportunity to establish credibility and create distance from the White House. Notably, President Trump even urged him to be "totally independent" and "just do your own thing" at his swearing-in—underscoring the spotlight on this issue. For now, markets remain focused on the near-term rate path, but the Fed's institutional guardrails are firmly in place. By design, the chair is just one of twelve voting members—seven governors and five regional Fed presidents—with influence driven by consensus-building, not authority. One person, one vote. Legal challenges have also reaffirmed the Fed's unique independence—if anything, recent tests have strengthened, not weakened, the institution.
- **No Rate Cut In 2026, But 2027 Still In Play |** Heading into 2026, we expected the Fed to retain an easing bias, with one additional rate cut late in the year. That below-consensus view—markets were pricing in two or more *cuts*—was based on a softer labor market and continued disinflation. But both have shifted. The labor market has firmed, with jobless claims near multi-decade lows, hiring stabilizing, and unemployment at 4.3%. At the same time, the Iran conflict has pushed inflation to multi-year highs, and forward-looking indicators—PPI and ISM price components—point to renewed pressure. As a result, we no longer expect a rate *cut* in 2026. Does that mean the next move is a *hike*? We don't think so. Markets are pricing in nearly two hikes over the next 12 months, which we see as too aggressive. A de-escalation in the US-Iran conflict should ease energy prices (our year-end forecast is ~$70-$75/barrel), allowing disinflation to reassert itself. Longer term, AI-driven productivity, technological gains, and moderated wage growth (~3.4% YoY) should help contain inflation—setting the stage for the Fed to resume easing in 2027. The takeaway: the easing cycle is delayed, not derailed, supporting growth, anchoring rates, and providing a constructive backdrop for earnings and equities.

CHART OF THE WEEK

Inflation Is Moving Further Away From Fed's 2% Target

Inflationary pressures tied to the Iran conflict have pushed the Fed's preferred inflation measure to its highest level since May 2023. With inflation running above target for more than five years, policymakers are starting to lose patience.



Source: FactSet, Data as of 6/11/2026

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Economy

- Headline CPI increased as expected (+0.5% MoM), pushing the yearly rate to 4.2%, the highest since April 2023. However, core CPI was slightly softer than expected (2.9% YoY), suggesting that the energy-driven surge in headline inflation is not yet spilling over broadly.
- The Producer Price Index was hotter than expected (+1.1% MoM, +6.5% YoY), driven by a sharp increase in goods prices, especially energy commodities. The report reflected continued upstream price pressures that could complicate the disinflation outlook.
- The Michigan Sentiment Index improved in June, rising to 48.9, while inflation expectations eased for both the 1-yr and 5-yr horizons. The decline in expectations is positive, but the reading could be revised as the preliminary survey coincided with lower gasoline prices.
- **Focus of the Week:** In the holiday-shortened week ahead, housing market conditions will be in focus with the release of the NAHB Index (Mon.), Building Permits/Starts (Tue.), and Pending Home Sales (Wed.). While mortgage applications posted their largest weekly jump since February last week, we expect limited recovery in the sector as 30-yr mortgage rates remain firmly above 6.5%. Consumer strength will also be gauged in Wednesday's May Retail Sales report, with Control Group sales expected to rise a solid 0.5% MoM.

June 15 – June 19

MON NAHB Housing Market Index; Industrial Production; BOJ Meeting

TUE Building Permits/Housing Starts; Import/Export Price Indices

WED Retail Sales; Pending Home Sales; FOMC Meeting

THU BOE Meeting; Leading Economic Index

FRI *Juneteenth – markets closed*

FUTURE EVENTS
6/25 GDP, PCE
6/26 Michigan Sentiment Survey (final)

Equity

- Equity volatility picked up this week—initially moving lower on a brief re-escalation in Middle East tensions and hotter inflation data, before rebounding later in the week as optimism around a potential Iran deal improved sentiment. Notably, the Tech sector slipped into correction territory (down more than 10% from recent highs) for the sixth time in this bull market (since October 2022). That said, tech weakness outside of earnings season is not unusual. Investor focus tends to shift from strong company fundamentals during earnings to the broader macro backdrop in between. Over the past decade, the Tech sector has gained roughly 5% on average during earnings season, compared to just 0.8% outside of it.
- Surprisingly, despite the market now pricing in rate hikes over the next 12 months, small-cap equities are outperforming large caps by 10% YTD, the strongest YTD outperformance at this juncture since 2001. Despite this outperformance we continue to favor large caps over small, as large caps tend to have more diversified revenue streams, greater supply chain flexibility, and a lower cost of capital. Additionally, with the Russell 2000 now trading at a premium to the S&P 500, the risk/reward formula is more favorable for large caps.
- **Focus of the Week:** Equity broadening was a key theme this week, with eight out of 11 S&P 500 sectors in positive territory. After building equity concentration towards tech-related sectors in recent months, we will look to see if this broadening can continue as this would be supportive of the market over the medium term.

Fixed Income

- Oil holding near $90/bbl has helped keep rates steady, with the 10-year Treasury yield hovering around 4.50%. Markets have also scaled back expectations for Fed rate hikes, with futures now pricing in one to two hikes over the next year—down from nearly two at the start of the week. While geopolitical tensions remain elevated, tentative hopes for US-Iran de-escalation have helped steady sentiment. Notably, 2- to 4-year inflation breakevens—closely watched by Fed Governor Waller—have declined to their lowest levels (~2.4%) since prior to the onset of the Iran war, suggesting expectations are anchored and supportive of the Fed's ability to remain patient.
- Corporate credit spreads have been stable, but there is some pressure building beneath the surface. CCC-rated spreads—the lowest tier of speculative grade credit—have widened ~180 bps since February, reaching their highest level since April 2025. In contrast, higher quality credit remains resilient: investment grade spreads have held in a narrow 72-75 bps over the past month, while BB-rated bonds—the highest credit tier within high yield—shows little sign of stress. The divergence suggests that higher rates are starting to pressure more vulnerable borrowers, even as issuers continue to benefit from healthy demand and a still-supportive economic backdrop.
- **Focus of the Week:** All eyes are on the first FOMC meeting under Kevin Warsh, where he is set to deliver his first remarks as Fed Chair.

Washington Policy

- Following this week's brief flareup in military action, the US and Iran appear to be closing in on a deal. This was the latest case study of a cycle that's been visible since the ceasefire first took effect on April 7: talks stall, military action flares up, but both sides pull back from all-out war. We continue to believe that the White House and Iran ultimately want a durable off-ramp out of the conflict. That said, both sides are reticent to appear weak, making it difficult to make the concessions that would be needed to get the deal over the finish line. Rhetorically at least, the White House appears more optimistic about a near-term deal than the Iranian side. Once a deal ends up being reached, it is likely to be limited in scope, but we expect it to provide for a reopening of the Strait of Hormuz. This would open the door to a gradual recovery in shipping traffic, though there are logistical hurdles that may slow down the process.

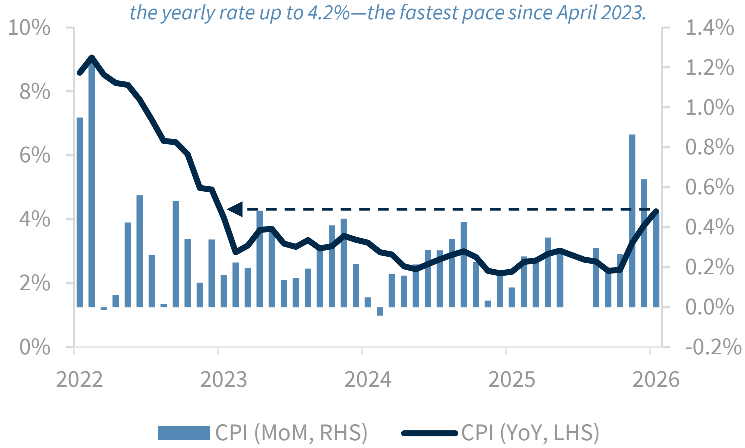
International

- After three months of watching from the sidelines as inflationary pressures mounted, this week brought the first rate hike of 2026 from a G7 central bank. The fact that the European Central Bank (ECB) became the first to make this move is unsurprising, bearing in mind the ECB's single mandate—price stability. The ECB's 25 bps hike took its policy rate to 2.25%, a level last seen in June 2025. The euro zone's economic backdrop is mixed: while unemployment of 6.3% is near a record low, the IMF projects 2026 GDP growth of only 1.1%, weighed down by Germany and France. Meanwhile, headline inflation of 3.2% has been above the ECB's 2% target for three months.
- The Bank of Canada (BOC) held its policy rate steady at 2.25%, where it's been since October 2025. Canada's economic picture is also mixed. After three declines over the preceding four months, payroll additions surged in May to 88k—the highest level since December 2024. However, unemployment of 6.6% is not far from its post-COVID highs. Headline inflation is 2.8%. With GDP down 0.2% in 4Q25 and flat in 1Q26, the BOC remains in wait and see mode. Betting markets point to a ~50% probability of a BOC hike by year-end.

Charts of the Week

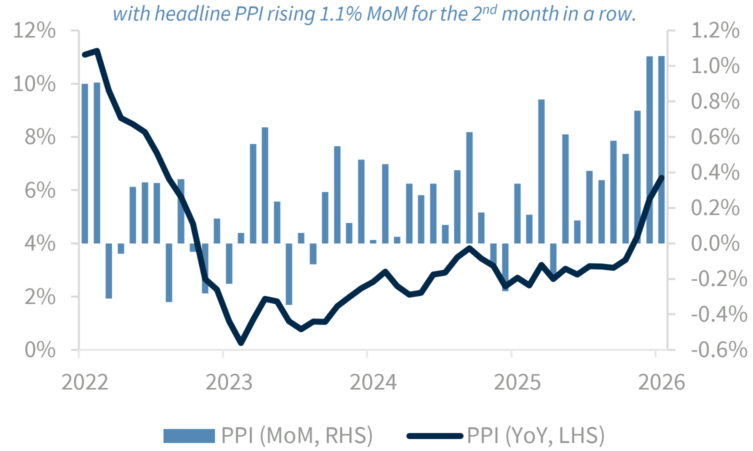
Inflation: Consumer Prices

Driven by energy prices, headline CPI rose 0.5%MoM, pushing the yearly rate up to 4.2%—the fastest pace since April 2023.



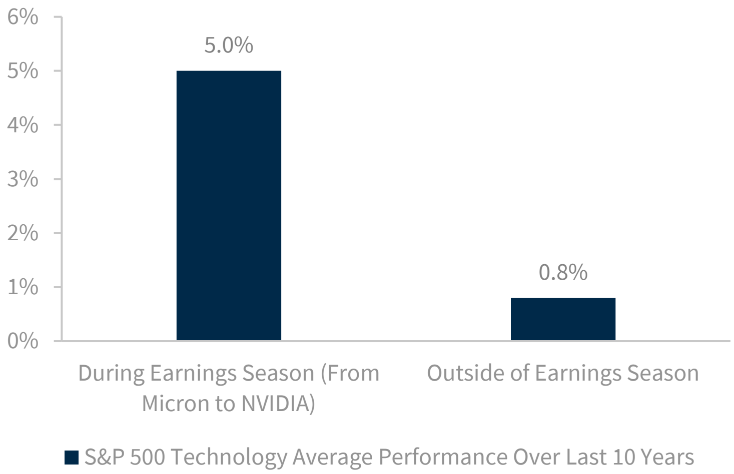
Inflation: Producer Prices

The surge in energy prices was also evident in the PPI release, with headline PPI rising 1.1% MoM for the 2nd month in a row.



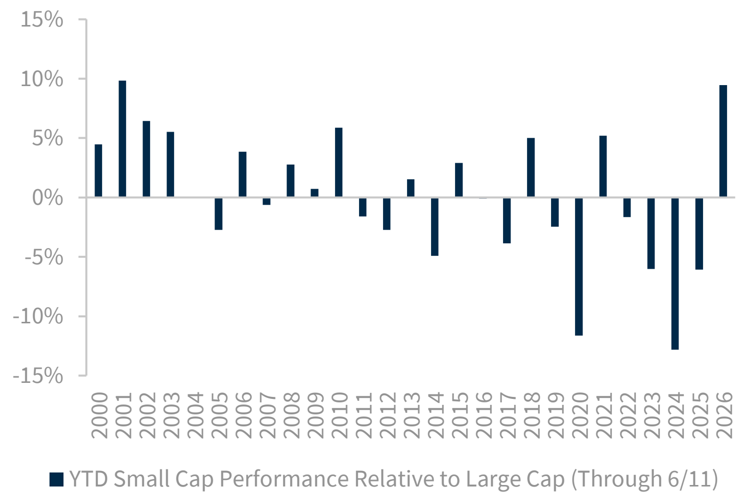
Muted Performance Without Catalysts

Technology has gained 5% on average during earnings season versus 0.8% outside of earnings season over the last 10 years.



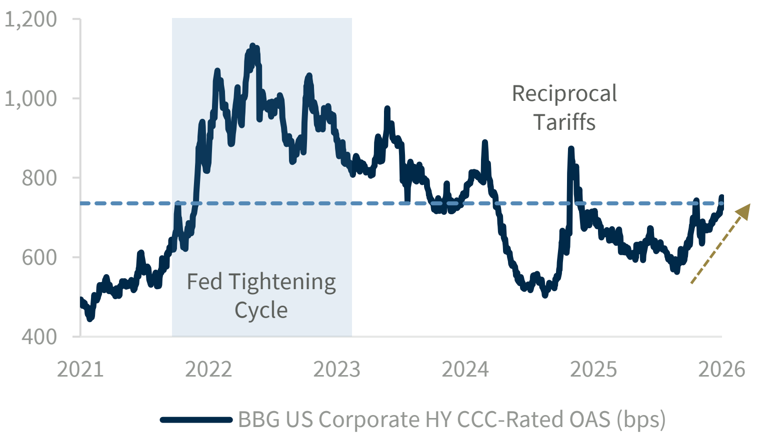
Historic Run or Small Caps

The Russell 2000 is outperforming the S&P 500 by 10% YTD – the strongest YTD outperformance at this juncture since 2001.



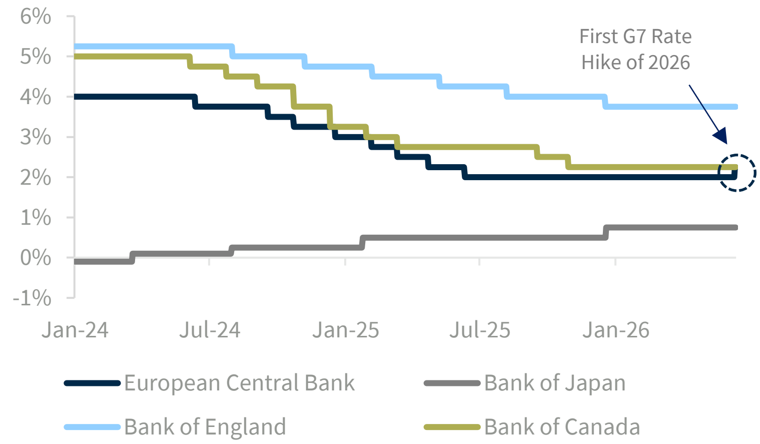
CCC-Rated Spreads Widen To Highest Since April 2025

While higher-quality spreads have remained steady, spreads on highly speculative debt have widened above recent averages.



The ECB Is The First G7 Central Bank To Hike Rates YTD

While the ECB hiked by 25 bps this week, the BOC held steady. Next week may also bring a split decision: a hike by the BOJ but no change from the BOE.



Source for charts: FactSet, as of 6/11/2026.

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Asset Class Performance | Distribution by Asset Class and Style (as of June 11)**

Weekly Returns (as of June 11)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	-0.4%	-2.3%	-4.1%
Mid Cap	-0.4%	-0.7%	-1.7%
Small Cap	0.4%	-0.5%	-1.2%

International Equities (MSCI indices)

	Dev. Mkt	World	Emerg. Mkt
Large Cap	-1.3%	-2.8%	-5.5%
Mid Cap	-0.6%	-1.2%	-2.7%
Small Cap	-1.6%	-1.1%	-4.0%

Fixed Income (Bloomberg indices)

	1-3 YR	Medium	Long
Treasury	0.1%	0.1%	0.2%
Invest. Grade	0.1%	0.1%	0.1%
High Yield	0.0%	0.0%	-0.8%

Year-to-Date Returns (as of June 11)

US Equities (Russell indices)

	Value	Blend	Growth
Large Cap	14.6%	8.5%	3.0%
Mid Cap	15.2%	12.3%	2.9%
Small Cap	19.5%	18.3%	17.1%

International Equities (MSCI indices)

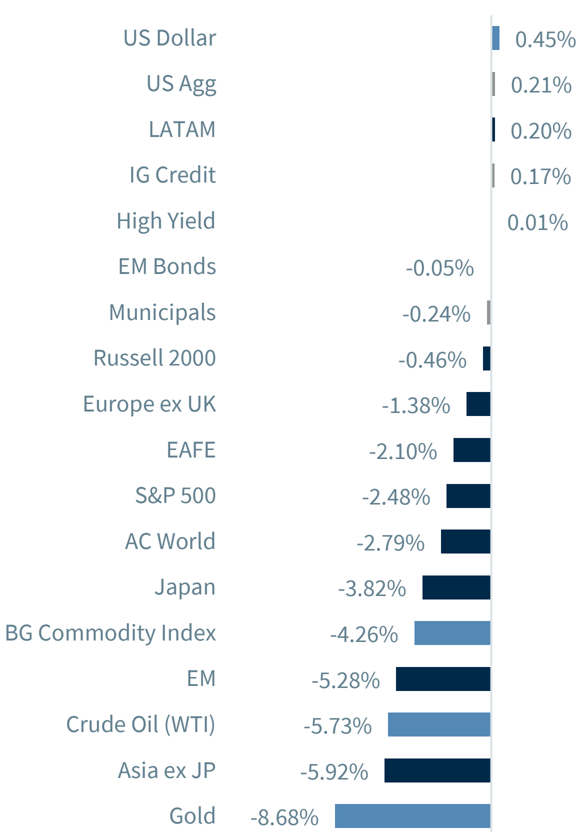
	Dev. Mkt	World	Emerg. Mkt
Large Cap	8.4%	9.8%	22.8%
Mid Cap	7.2%	10.5%	18.6%
Small Cap	7.9%	14.0%	13.8%

Fixed Income (Bloomberg indices)

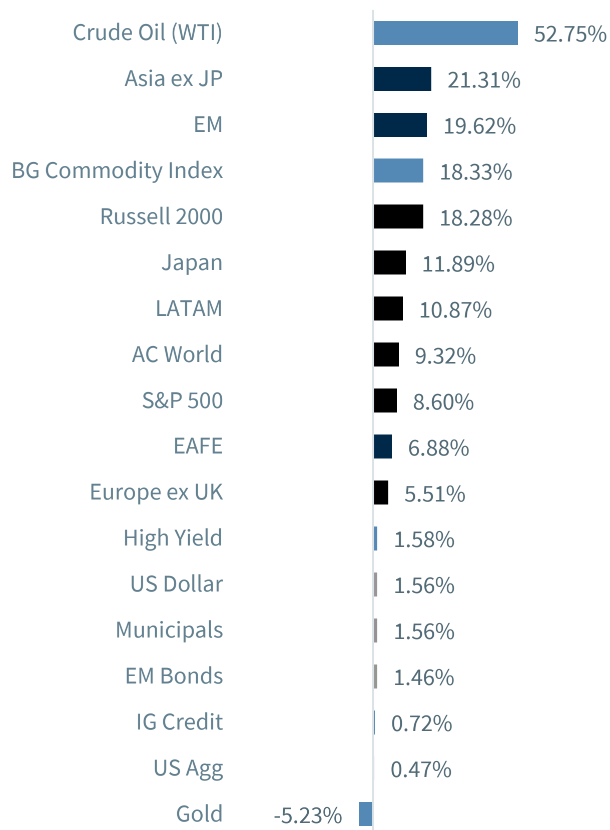
	1-3 YR	Medium	Long
Treasury	1.6%	-0.4%	-0.5%
Invest. Grade	1.0%	0.6%	0.3%
High Yield	1.8%	1.6%	1.4%

Asset Class Performance | Weekly and Year-to-Date (as of June 11)**

Weekly***



Year-to-Date***



Commodities Equities Fixed Income

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

***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	7394.3	(2.5)	(2.4)	8.6	24.3	21.4	13.4	15.4
DJ Industrial Average	50848.8	(1.4)	(0.4)	5.8	18.6	14.5	8.1	11.0
NASDAQ Composite Index	25809.7	(3.8)	(4.3)	11.0	31.6	24.8	12.9	18.1
Russell 1000	7743.5	(2.3)	(2.2)	8.5	28.8	23.3	13.3	15.4
Russell 2000	7259.5	(0.5)	0.1	18.3	43.1	20.3	6.6	11.2
Russell Midcap	11007.5	(0.7)	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	638.3	(0.9)	(0.0)	11.9	17.3	10.8	5.4	10.1
Industrials	1479.9	(0.5)	1.2	13.3	23.2	21.4	12.9	13.7
Comm Services	463.3	(3.8)	(6.0)	2.7	27.5	30.7	13.2	12.6
Utilities	445.0	0.2	(0.9)	3.9	12.1	13.4	9.2	9.2
Consumer Discretionary	1892.4	(1.7)	(5.4)	(1.5)	10.3	15.4	7.2	12.9
Consumer Staples	947.8	3.7	3.0	10.7	8.1	10.3	8.2	8.4
Health Care	1792.0	1.4	3.0	(0.0)	15.6	7.6	6.1	9.9
Information Technology	6651.8	(5.6)	(5.2)	17.3	42.9	32.2	22.7	26.1
Energy	866.3	(2.8)	1.4	27.8	36.5	15.5	20.2	9.6
Financials	873.6	0.8	2.1	(3.4)	4.9	18.6	9.0	13.0
Real Estate	288.4	1.2	1.9	16.1	14.9	11.6	3.9	7.5

Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
3-Month Treasury Bill (%)	3.7	0.1	0.1	1.6	4.0	4.8	3.6	2.3
2-Year Treasury (%)	4.1	0.1	0.0	0.5	3.3	4.0	1.6	1.6
10-Year Treasury (%)	4.5	0.2	0.0	(0.5)	4.2	2.3	(1.6)	0.2
Bloomberg US Corporate HY	7.4	0.0	(0.1)	1.6	6.8	8.9	4.2	5.8
Bloomberg US Aggregate	4.7	0.2	0.1	0.5	5.0	4.1	0.1	1.6
Bloomberg Municipals	--	(0.2)	0.2	1.6	7.0	3.7	0.8	2.2
Bloomberg IG Credit	5.2	0.2	0.1	0.7	5.7	5.5	0.4	2.7
Bloomberg EM Bonds	6.1	(0.1)	0.0	1.5	8.6	8.6	1.9	3.5

Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude ($/bl)	87.7	(5.7)	0.4	52.8	28.7	7.7	4.3	6.0
Gold ($/Troy Oz)	4114.0	(8.7)	(10.4)	(5.2)	23.0	27.7	17.0	12.4
Bloomberg Commodity Index	129.8	(4.3)	(3.9)	18.3	25.8	8.7	6.4	3.9

Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	99.9	0.4	1.0	1.6	1.2	(1.2)	2.0	0.5
Euro	1.15	(1.0)	(1.3)	(1.9)	0.3	2.3	(1.0)	0.2
British Pound	1.33	(0.9)	(1.1)	(0.9)	(1.6)	1.9	(1.2)	(0.7)
Japanese Yen	160.51	(0.3)	(0.8)	(2.3)	(9.8)	(4.6)	(7.3)	(4.0)

International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	1099.5	(2.8)	(2.7)	9.3	24.7	20.4	11.1	13.1
MSCI EAFE	3035.0	(2.1)	(2.6)	6.9	18.6	16.4	8.5	9.7
MSCI Europe ex UK	3363.3	(1.4)	(1.7)	5.5	15.7	16.4	8.3	10.6
MSCI Japan	5317.2	(3.8)	(3.8)	11.9	28.4	17.2	8.8	9.6
MSCI EM	1664.5	(5.3)	(4.9)	19.6	41.1	21.8	6.8	10.3
MSCI Asia ex JP	1099.4	(5.9)	(5.2)	21.3	42.4	22.8	6.9	10.9
MSCI LATAM	2958.0	0.2	(2.2)	10.9	35.8	13.2	9.4	8.7
Canada S&P/TSX Composite	24734.4	(1.5)	(0.3)	9.3	30.7	20.3	11.5	9.5

**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.

SMALL CAPS | 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.

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 6/11/2026

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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