QUARTERLY COORDINATES

Economic & Financial Market Forecasts in the Wake of COVID-19

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RAYMOND JAMES®

MID-YEAR OUTLOOK: AGENDA

1 Market Volatility

Monitoring Risks O’er The Ramparts

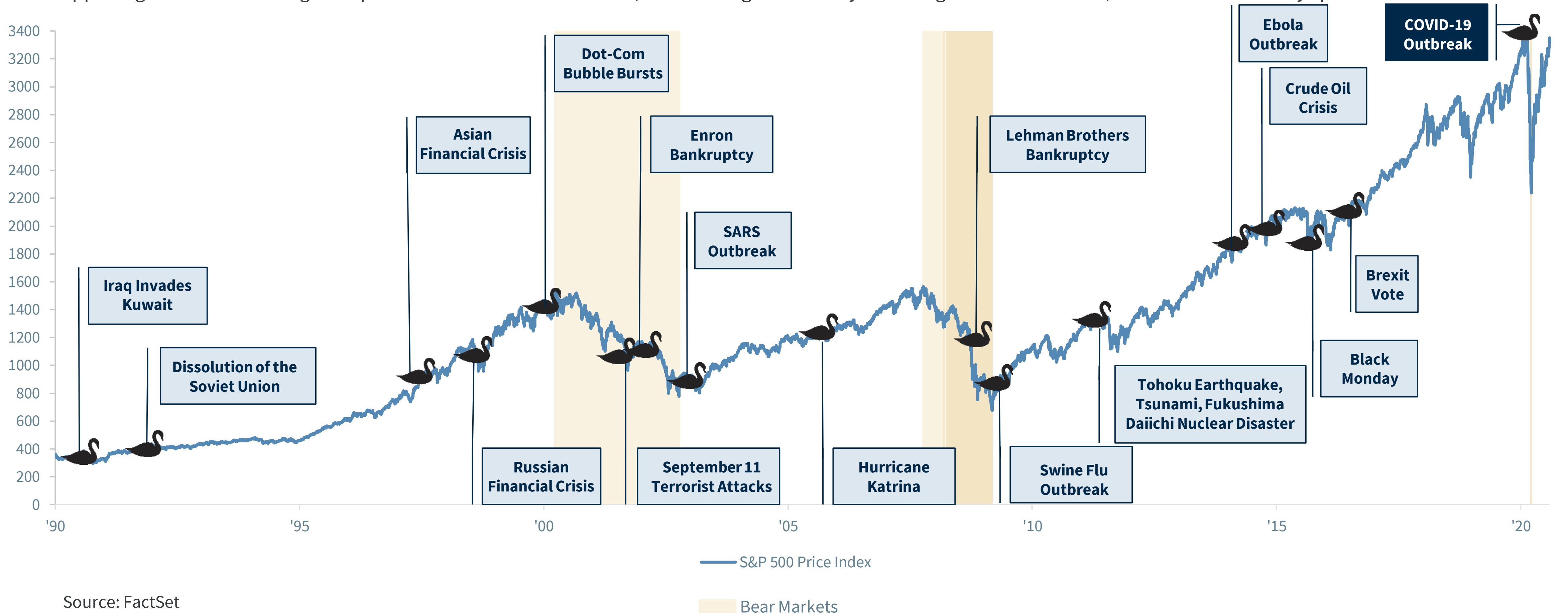
INSIGHT:
The COVID-19 outbreak was a ‘Black Swan’ event that resulted in historic levels of market volatility. The critical lockdowns led to an unprecedented halt in economic activity, but as restrictions were lifted, optimism replaced fear. From the anticipated rebound to the possible development of a vaccine, a lot of positive news has been priced into the market. With many risks still outstanding, it is important for investors to cautiously assess potential areas of opportunity.

BOTTOM LINE:
A number of risks remain and we expect volatility to remain elevated over the next 12 months. Between the upcoming election, escalating US/China tensions, a potential second wave of COVID-19, and a possible setback in vaccine development, there is no shortage of volatility-inducing catalysts.

WHAT IS A BLACK SWAN EVENT?

‘BLACK SWANS’ ARE TYPICALLY OUTSIDE ANYONE’S SCOPE INITIALLY, BUT CAN OFTEN BE RATIONALIZED WITH THE BENEFIT OF HINDSIGHT

- While the individual events can be debated, what holds true is that the US stock market has faced a number of ‘surprising’ events over the last 30 years alone. While some happenings are less shocking than pandemics or natural disasters, and although some may take longer to recover from, the market has always persevered.



Source: FactSet

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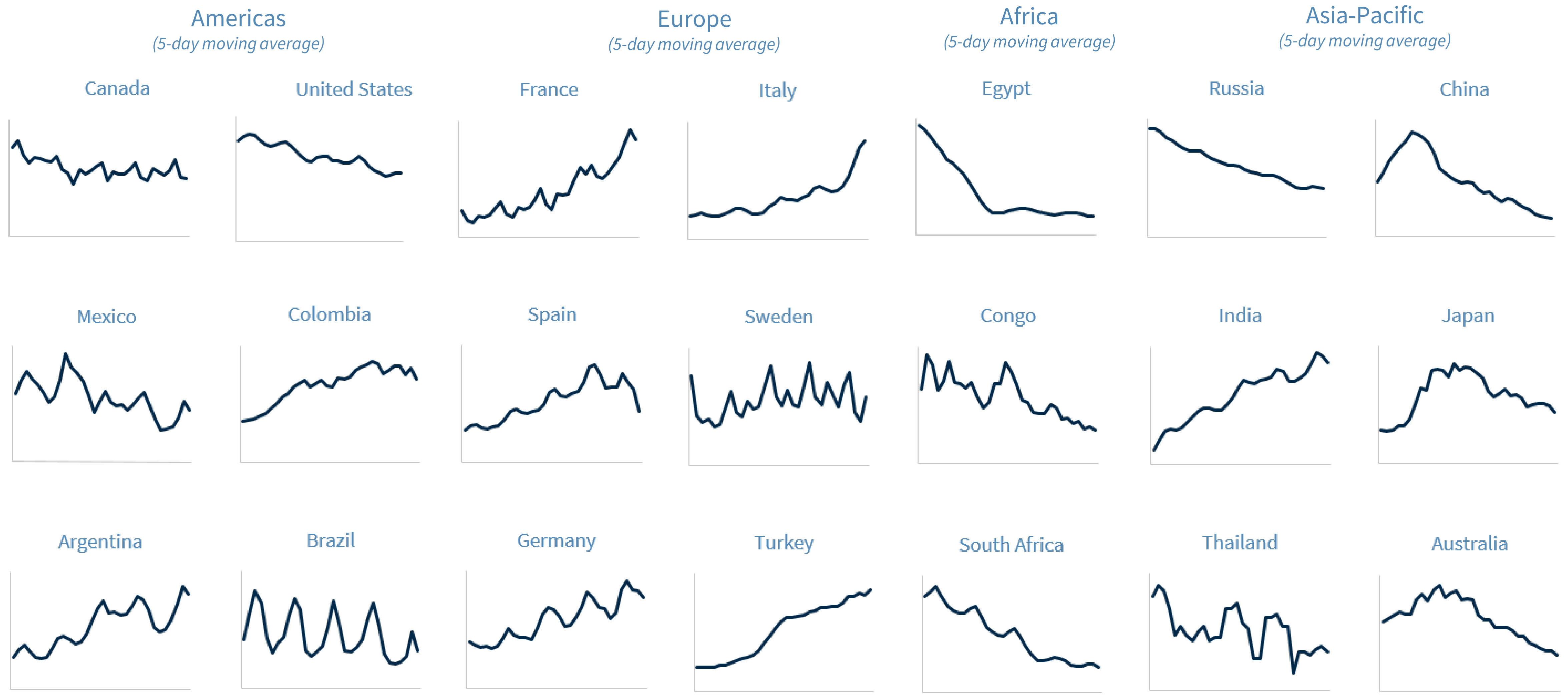
COVID-19 UPDATE: DAILY NEW CASE TRENDS WORLDWIDE

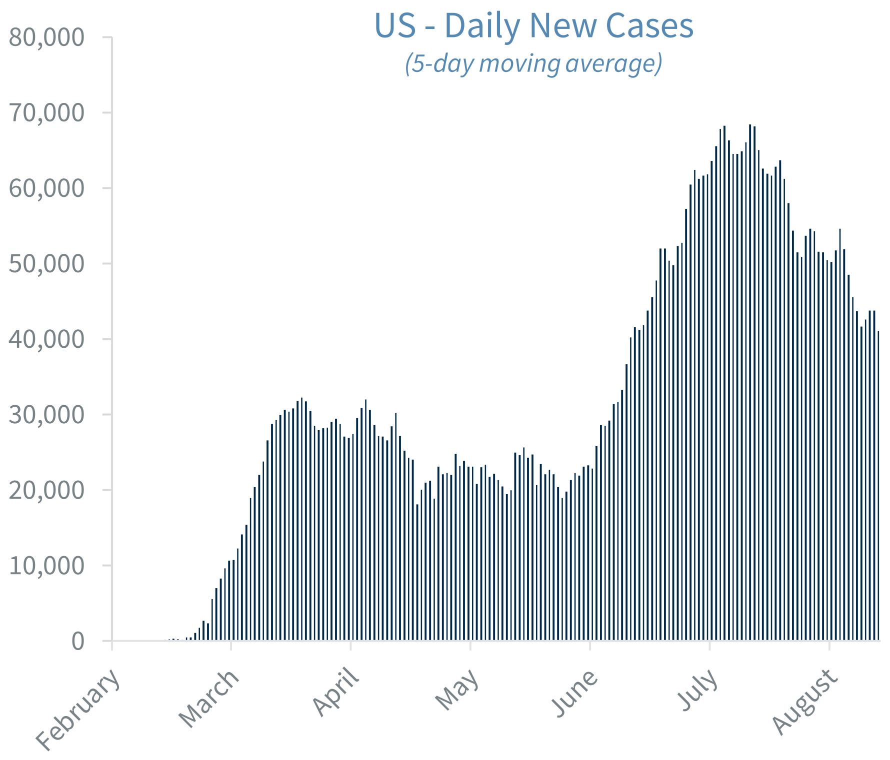


Source: FactSet, as of 8/26/2020

COVID-19 UPDATE: SHIFTING PATTERNS IN THE US

DAILY NEW CASES IN THE US SEEM TO BE PLATEAUING, BUT LOOKING UNDERNEATH THE SURFACE…

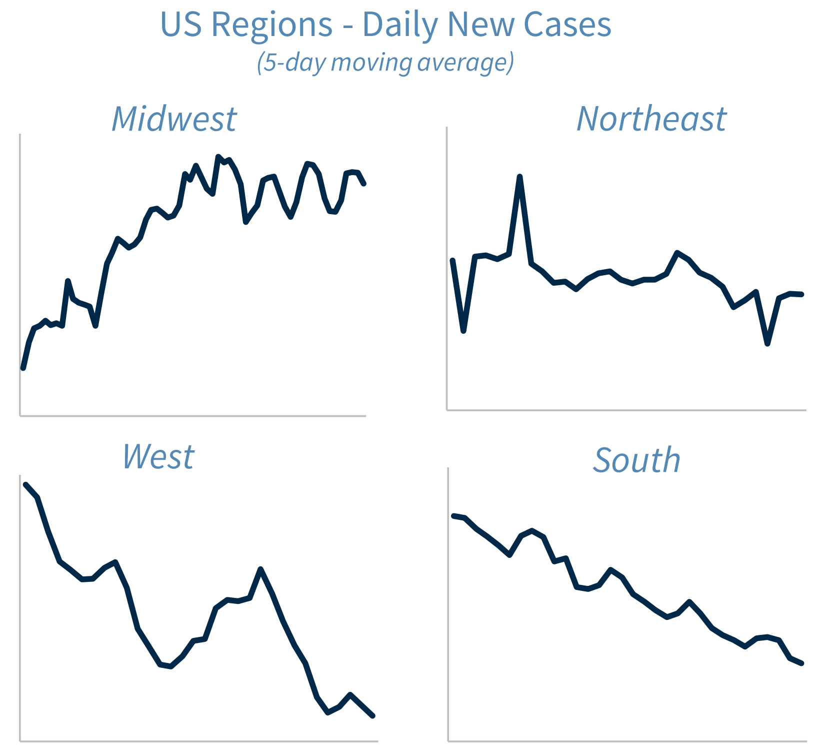
- The number of COVID-19 daily new cases in the US seem to have slowed and hopefully peaked.
- However, looking at individual regions reveal a concerning trend. Hard-hit South and West regions are experiencing a decline in new cases while the Midwest is experiencing a new increase in cases.



Source: FactSet, as of 8/26/2020

"What I'm concerned about is … that some of the other states, the Ohios, Indianas, Tennessees, Kentuckys that are starting to have that very early indication that the percent of cases regarding the number of tests that you have, that it's going up"

- Dr. Anthony Fauci on 7/28/2020



Source: FactSet, as of 8/26/2020; last 30 days pictured.

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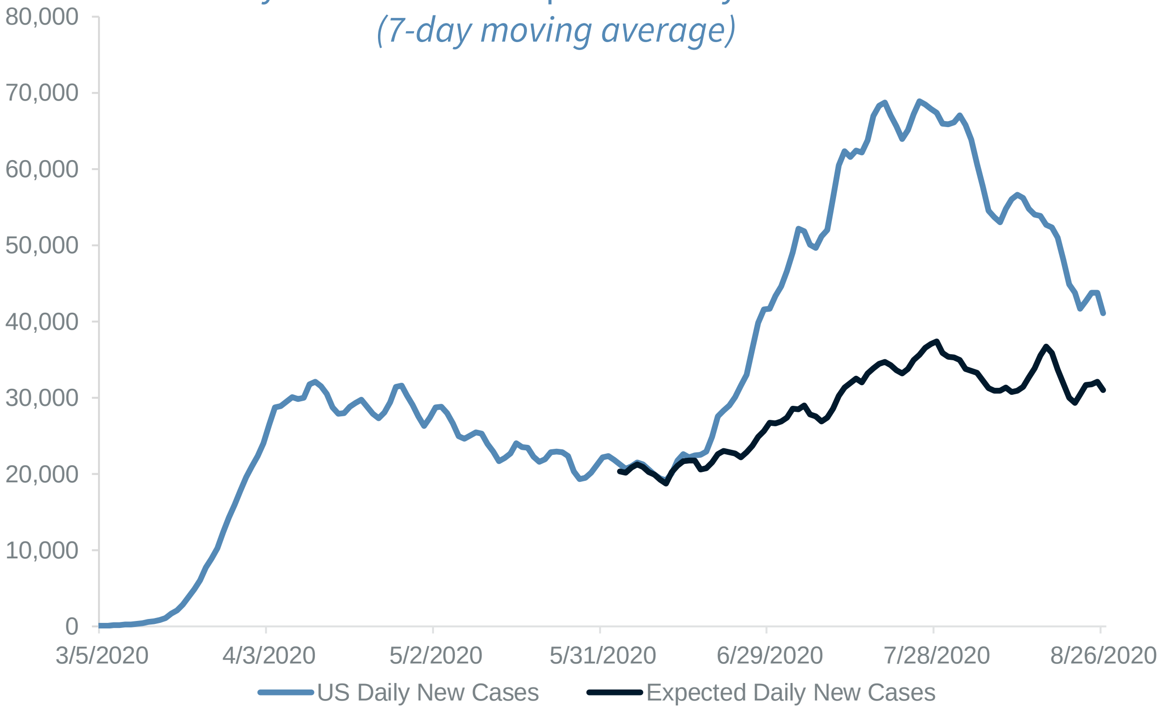
COVID-19 UPDATE: POSITIVITY RATE ANALYSIS

DOES MORE TESTING MEAN MORE CASES? YES, BUT…

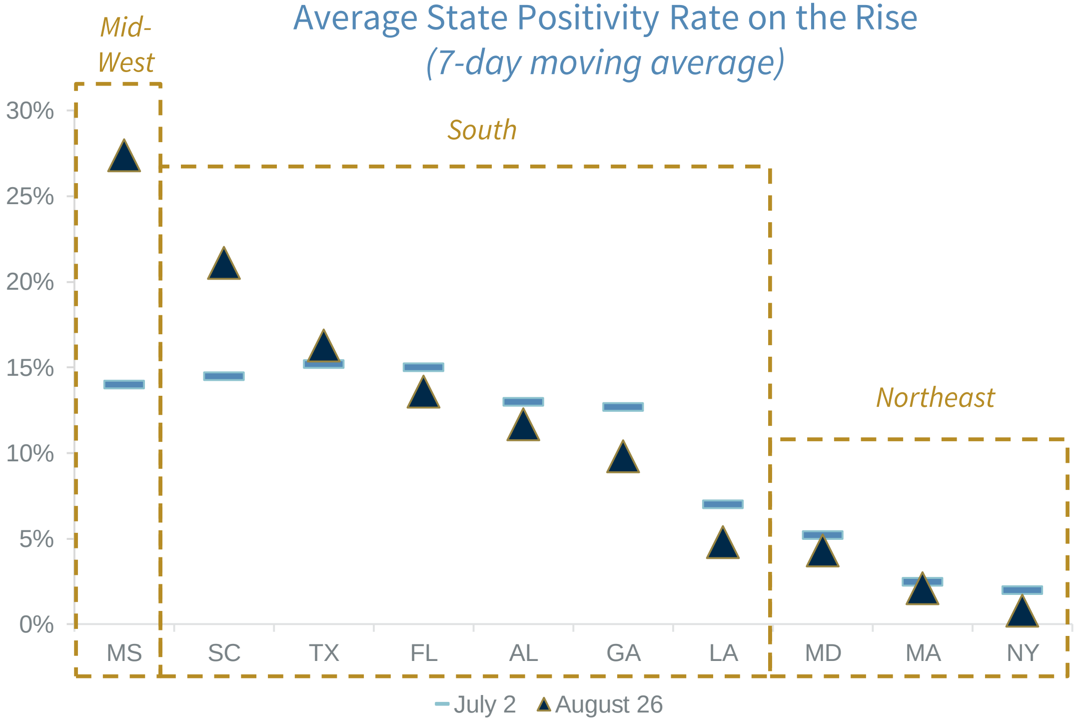
- The number of COVID-19 tests have nearly doubled in the last two months, from ~450,000 tests/day to almost ~800,000 tests/day. However, instead of doubling, the number of daily new cases more than tripled in the same time frame.
- The discrepancy is due to a significant increase in the positivity rate in many states, with the overall positivity rate in the US increasing to ~6.0%.

Daily New Cases vs. Expected Daily New Cases
(7-day moving average)



Source: FactSet, as of 8/26/2020

Average State Positivity Rate on the Rise
(7-day moving average)



Source: FactSet, as of 8/26/2020

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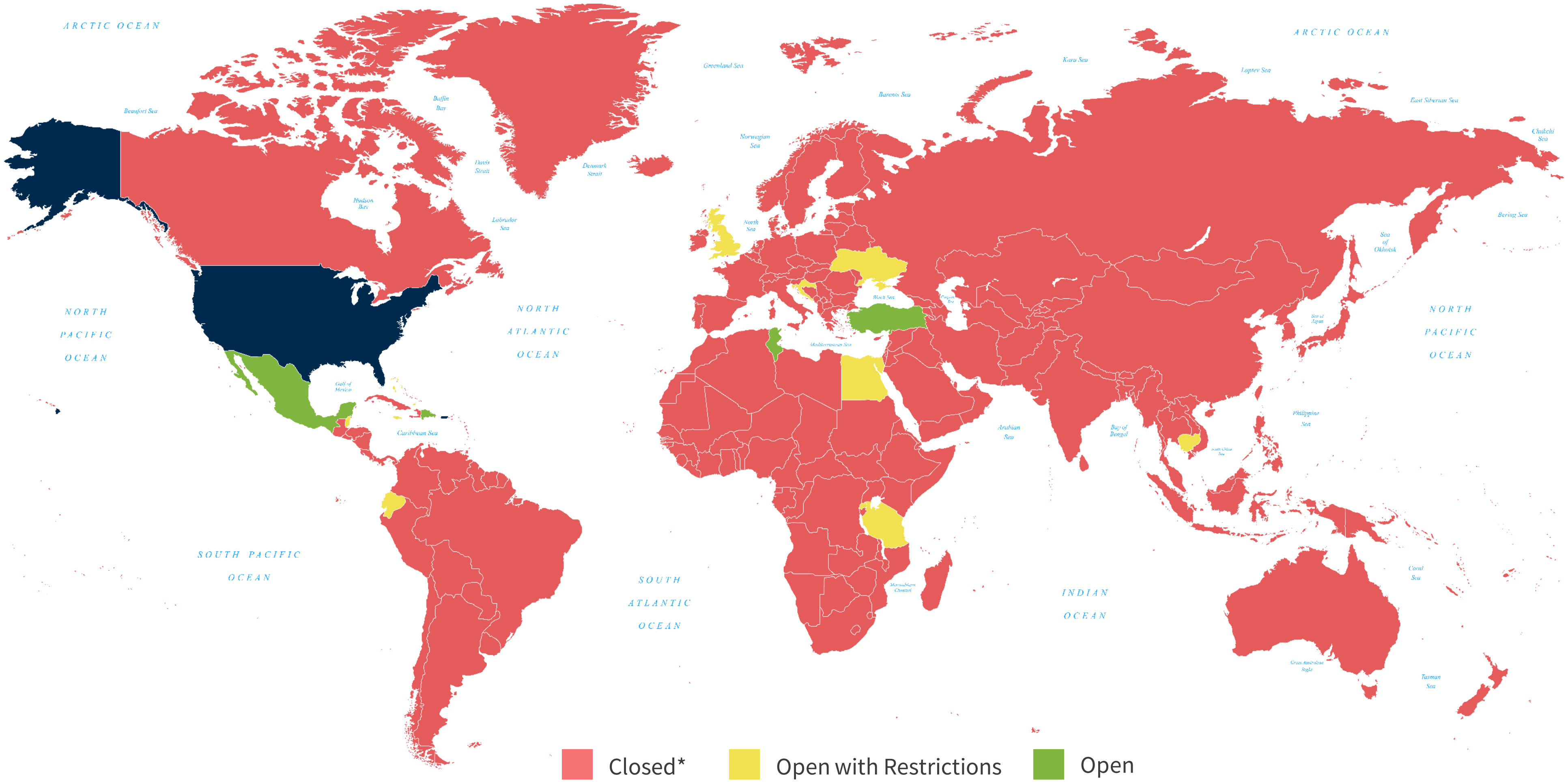
COVID-19 UPDATE : WHERE US CITIZEN ARE ALLOWED TO TRAVEL



Source: Government embassies, US Department of State, Bureau of Consular Affairs, as of 7/31/2020

*some exceptions apply

FINDING A CURE FOR COVID-19

COVID-19 IS ON PACE TO BECOME ONE OF THE LEADING CAUSES OF DEATH IN 2020

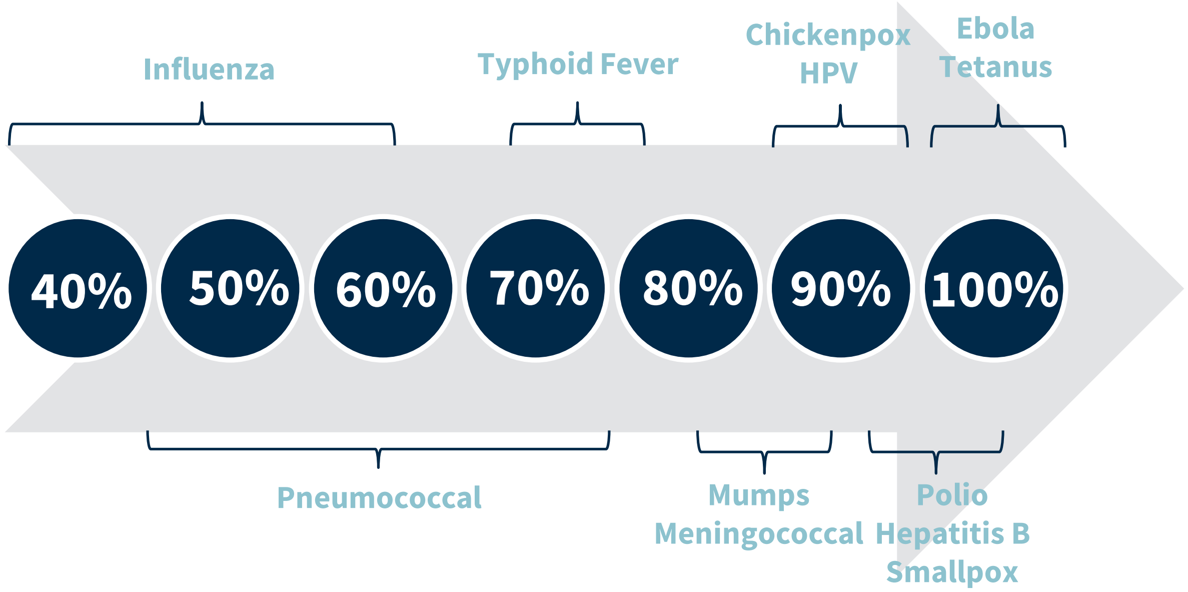
- In the US, COVID-19 has resulted in ~180,000 deaths and is now the third leading cause of death.
- As scientists seek to develop a vaccine in order to mitigate this outcome, the key unknown remains the ultimate efficacy. The number of existing strains and mutation rate of the virus will impact the dosages needed and the duration of defense against infection.

Leading Causes of Death

1. **Heart Disease:** 655,381
2. **Cancer:** 599,274
3. **COVID-19:** ~180,000
4. **Unintentional Injury:** 167,127
5. **Chronic Lower Respiratory Disease:** 159,486
6. **Stroke:** 147,810
7. **Alzheimer's Disease:** 122,019
8. **Diabetes:** 84,946
9. **Flu & Pneumonia:** 59,120
10. **Nephritis:** 51,386

Source: CDC, 2018 Final Data

Vaccine Efficacy



Sources: CDC, FDA, NIH, & WHO

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VOLATILITY-INDUCING CATALYSTS—NOVEMBER ELECTIONS

MARKETS CONTINUE TO SHOW A RISING PROBABILITY OF A DEMOCRATIC SWEEP IN NOVEMBER

- Markets currently reflect an ~82% probability that Democrats will maintain the House, while only a 41% probability (and declining over recent months) that Republicans will maintain the Senate.
- As a result, markets now see a Democratic sweep as the most likely scenario in November.

Will Donald Trump Win Reelection in 2020?

46%

Democratic House Republican Senate

57%

Democratic House Democratic Senate

31%

Source: RJ Investment Strategy Sentiment Survey

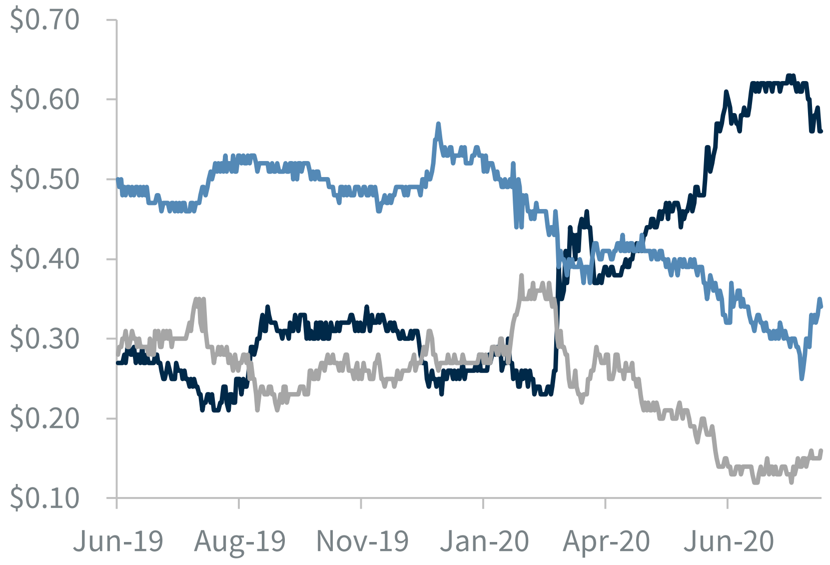
Who Will Win the Presidency?

Which Party Will win the 2020 Presidential Election?

Democratic Republican

Source: Bloomberg, as of 8/13/2020

What Will Be the Composition of Congress?



D House, D Senate D House, R Senate R House, R Senate

Source: Bloomberg, as of 8/13/2020

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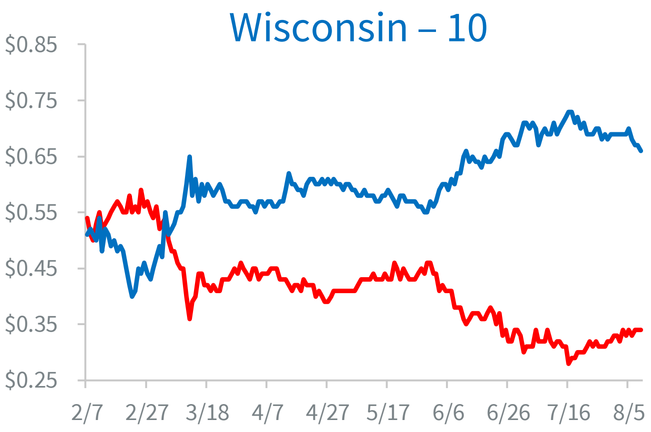
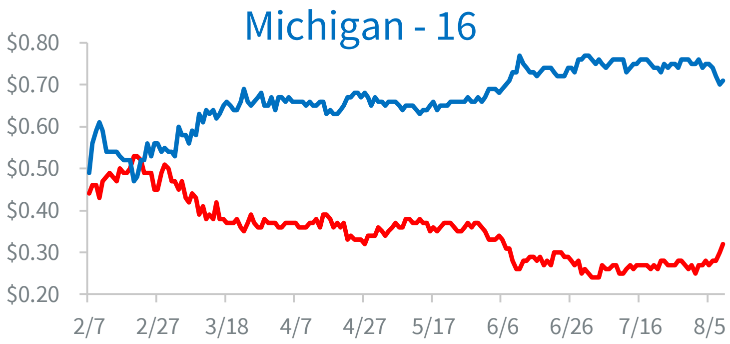
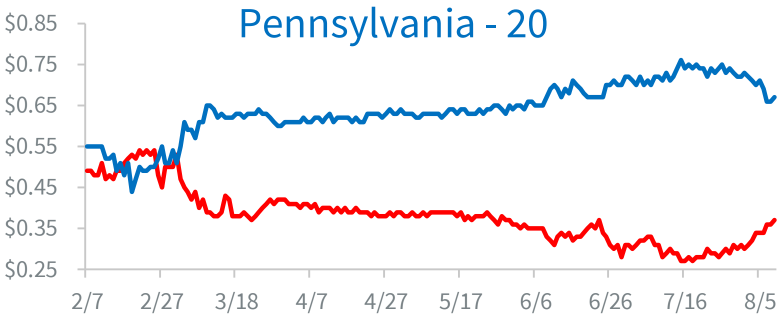
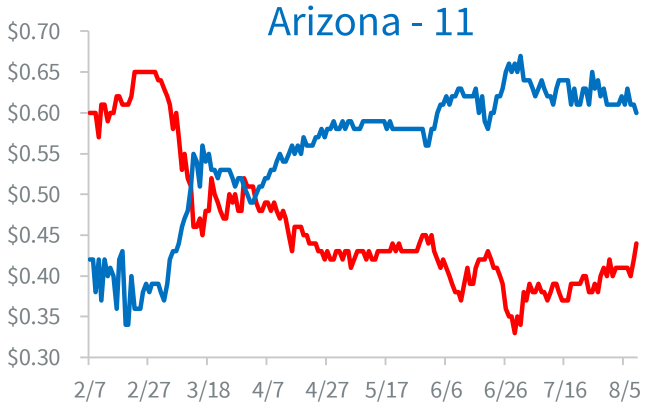
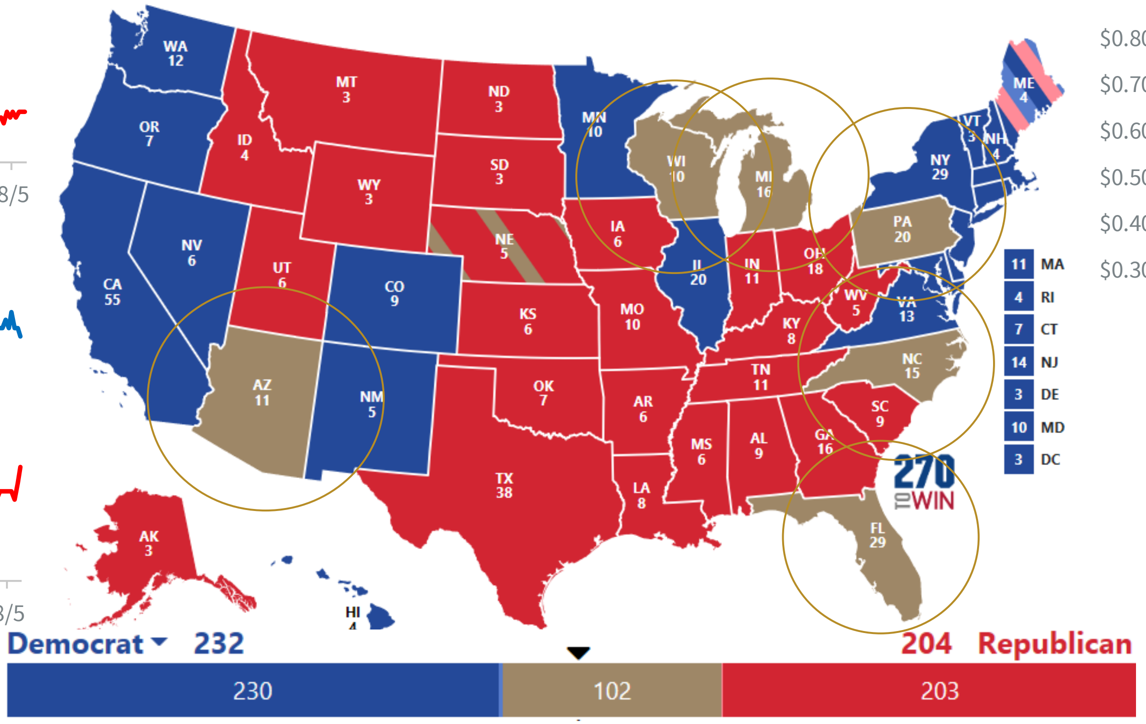
2020 ELECTION UPDATE

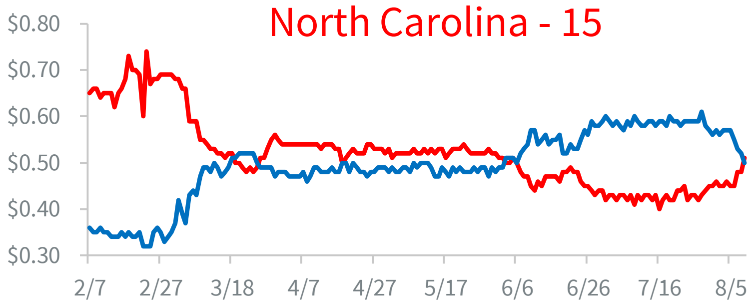


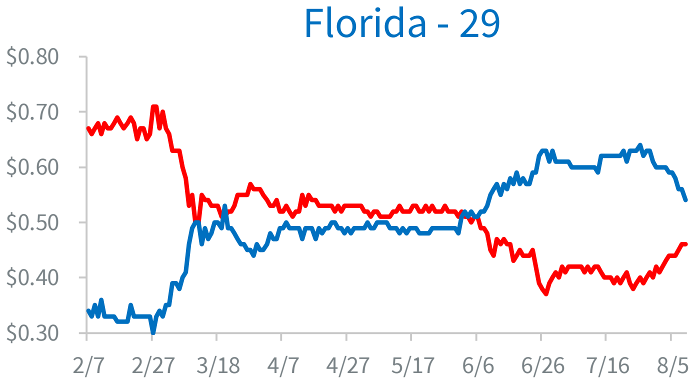












Source: Bloomberg, as of 8/9/2020

VOLATILITY-INDUCING CATALYSTS—NOVEMBER ELECTIONS

RECESSIONS HAVE HISTORICALLY ENDED PRESIDENTIAL REELECTION BIDS

- If the economy has experienced a recession in the two years leading up to a reelection, that president has lost every time dating back to 1945.
- However, as the recession was short term in nature, and President Trump still has elevated approval ratings on both the economy and within the Republican party, he maintains a chance to buck this trend.

Recessions Hamper Re-Election Bids

No Recession Two Years Before Election

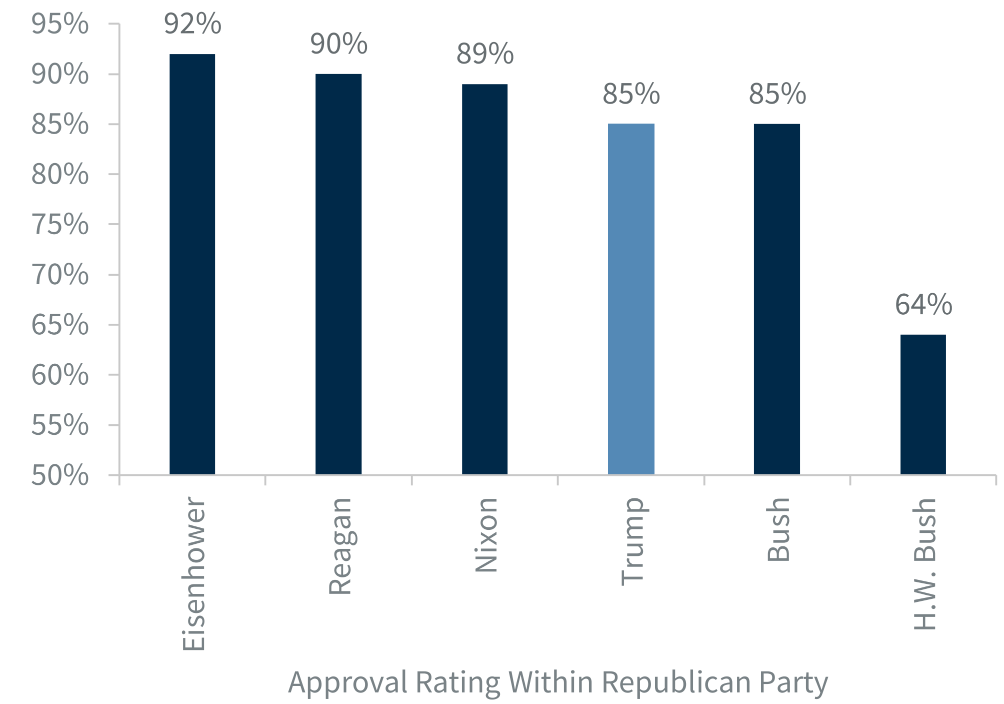
President	Recession	Reelected
Obama	No	✔
Bush	No	✔
Clinton	No	✔
Reagan	No	✔
Nixon	No	✔
LBJ	No	✔
Eisenhower	No	✔
Truman	No	✔

Recession Two Years Before Election

President	Recession	Reelected
H.W. Bush	Yes	✖
Carter	Yes	✖
Ford	Yes	✖

Source: Bloomberg, as of 6/15/2020

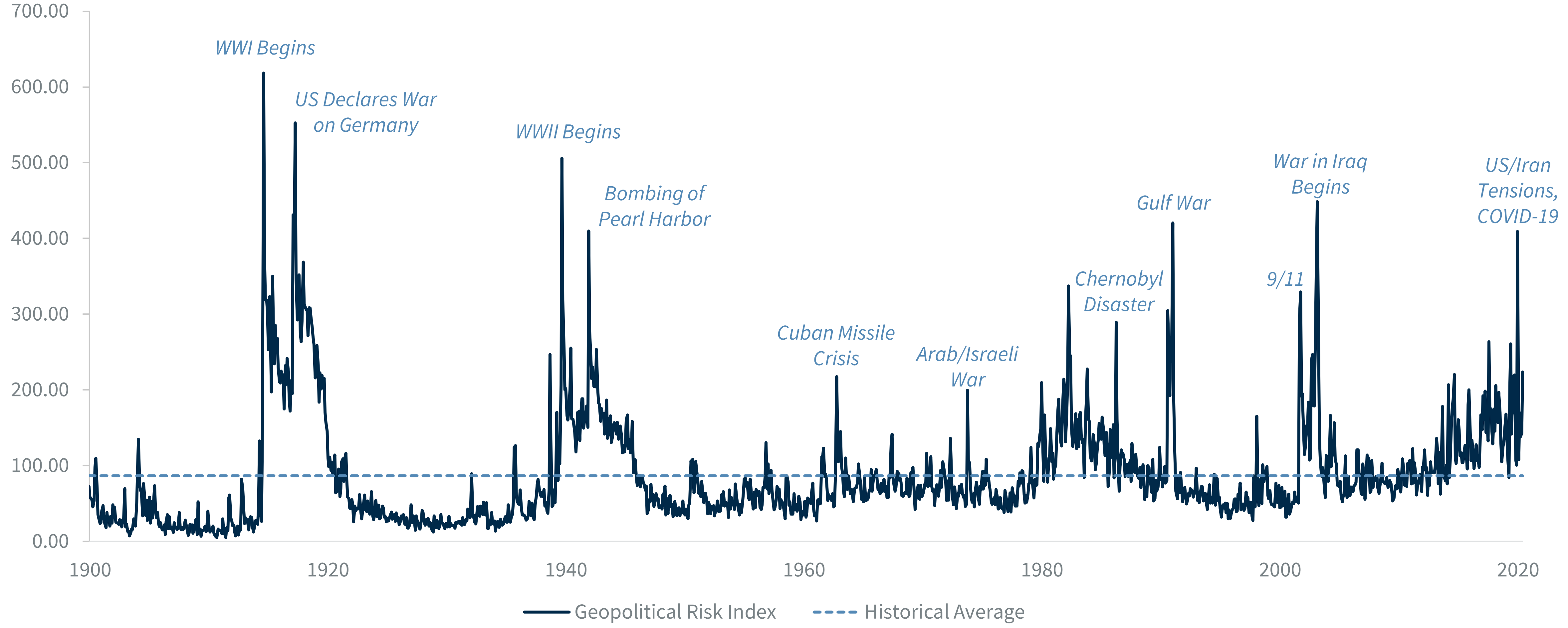
Presidential Approval Rating Through First Term



Source: Gallup, as of 7/1/2020

VOLATILITY-INDUCING CATALYSTS—GEOPOLITICAL RISKS ELEVATED

LED BY COVID AND THE ESCALATION OF TENSIONS BETWEEN THE US AND IRAN, GEOPOLITICAL RISK HAS BEEN ELEVATED IN 2020



Source: Federal Reserve

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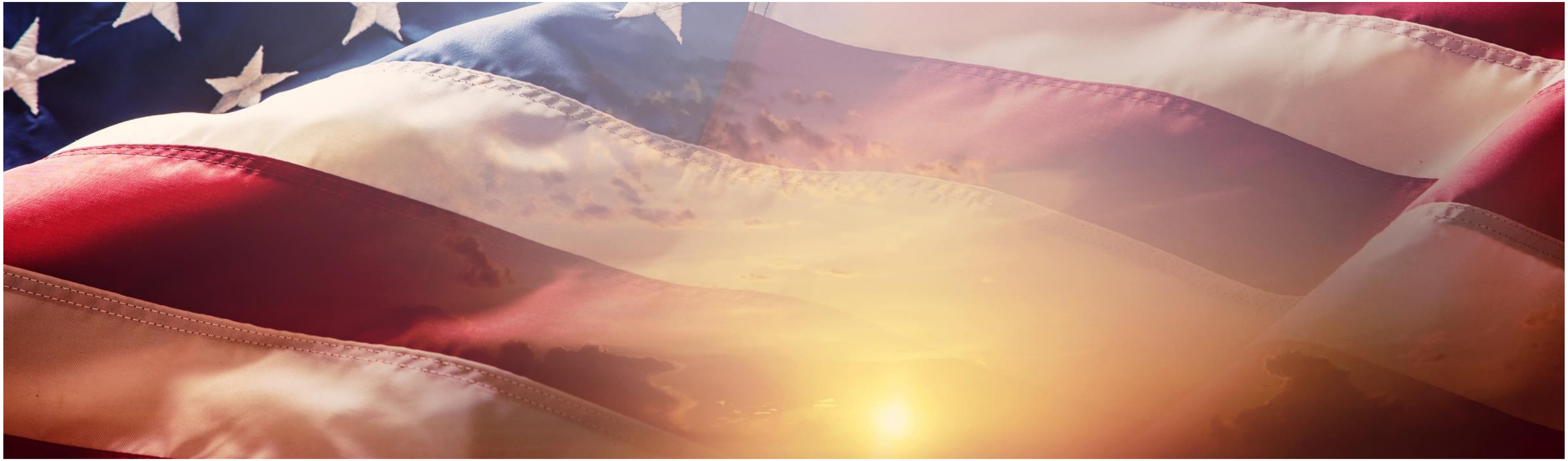


2 ECONOMY

Dawn's Early Light Of An Economic Recovery

INSIGHT:
The scale of the lockdowns has resulted in the shortest, deepest recession in post-World War II history, but whether it be wars, pandemics, financial crises, or bursting bubbles the US economy has always persevered.

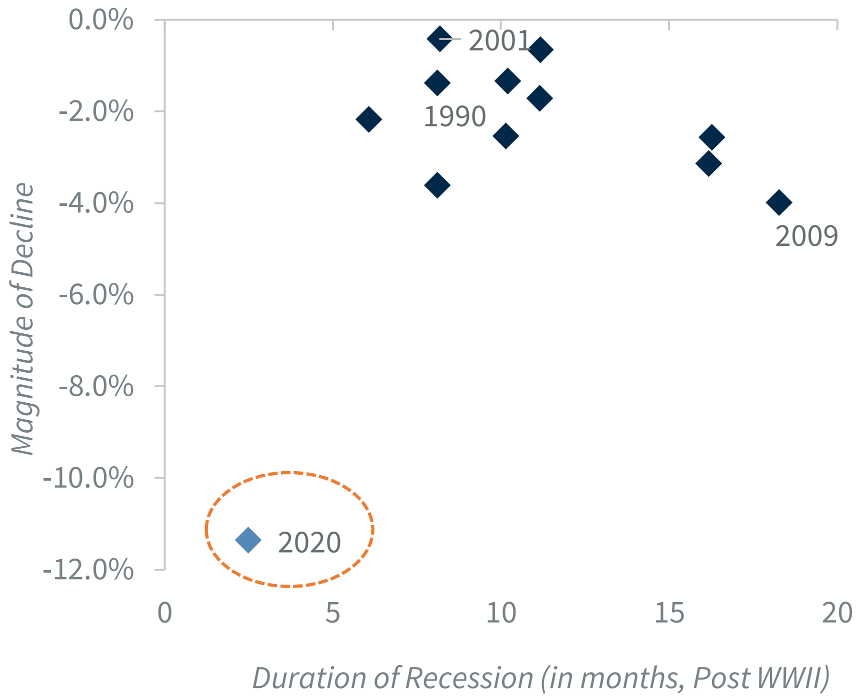
BOTTOM LINE:
Real-time activity metrics suggest the 'bottom' occurred in April. As states gradually, successfully ease restrictions, pent-up consumer demand combined with policymaker action should lead to an historic rebound. We expect a K-shaped recovery, as some industries were inherently favored during the shutdowns, some will quickly regain traction, some will take longer to bounce back due to psychological barriers, and some may unfortunately be forced to file for bankruptcy.

THE END OF THE RECESSION?

THE SHARPEST, YET SHORTEST, RECESSION IN HISTORY APPEARS TO BE OVER

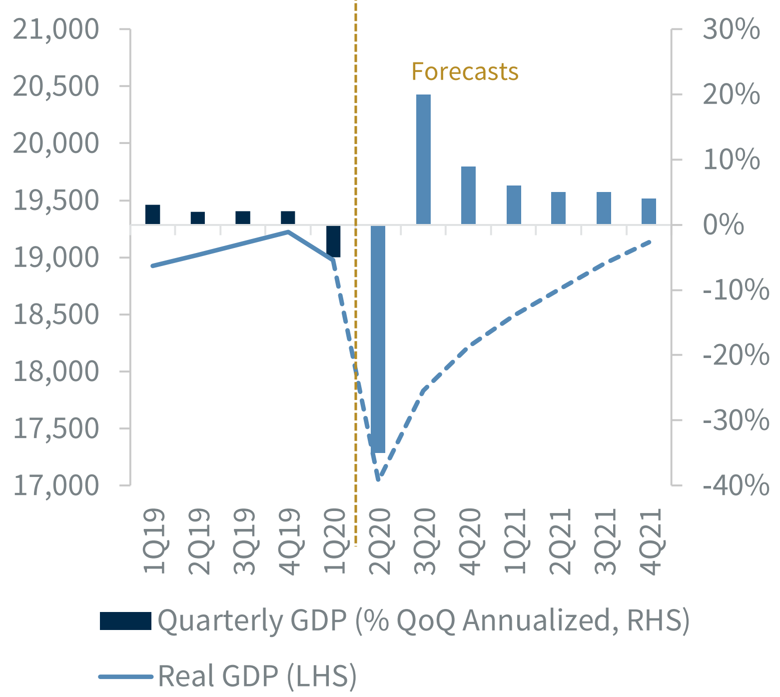
- The COVID-driven recession led the US economy to post the sharpest recession in the post WWII era.
- However, as economic data suggests the bottom is behind us, economic growth is likely to accelerate in 2H20 and 2021.

Sharpest and Shortest Decline in History



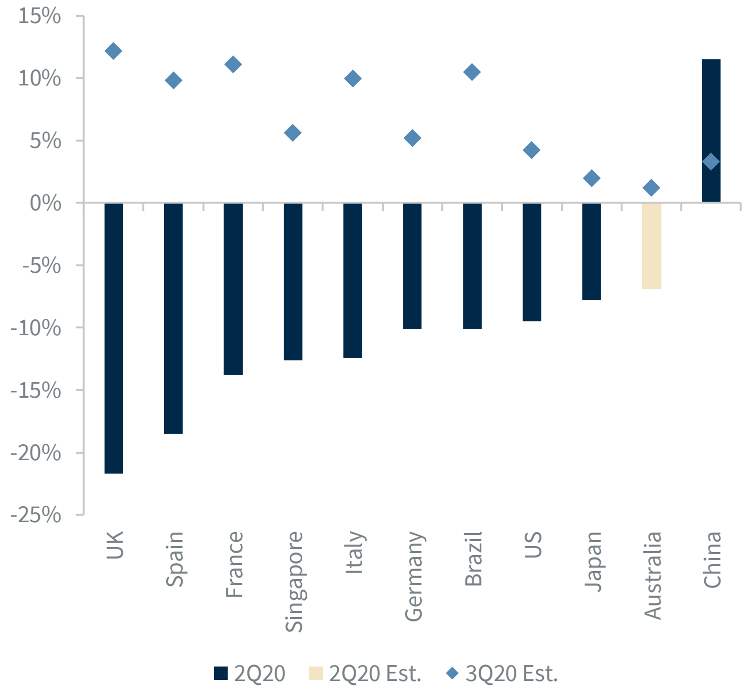
Source: FactSet

Sharp Acceleration in Growth in 2H20 & 2021



Source: FactSet, Raymond James estimates

Global Growth to Follow Similar Pattern



Source: FactSet, Raymond James estimates

MANY MILES OF RECOVERY STILL TO GO

DUE TO FACTORS SUCH AS CAPACITY LIMITS AND THE PSYCHOLOGICAL IMPACT OF THE VIRUS, IT WILL TAKE MANY INDUSTRIES SOME TIME BEFORE THEY TRULY ARE 'BACK TO NORMAL'

- The virus also caused unemployment claims to surge to historic highs, leaving many consumers with reduced spending capabilities until they return to the workplace.

What Will You Be Comfortable Doing By The End of This Year?

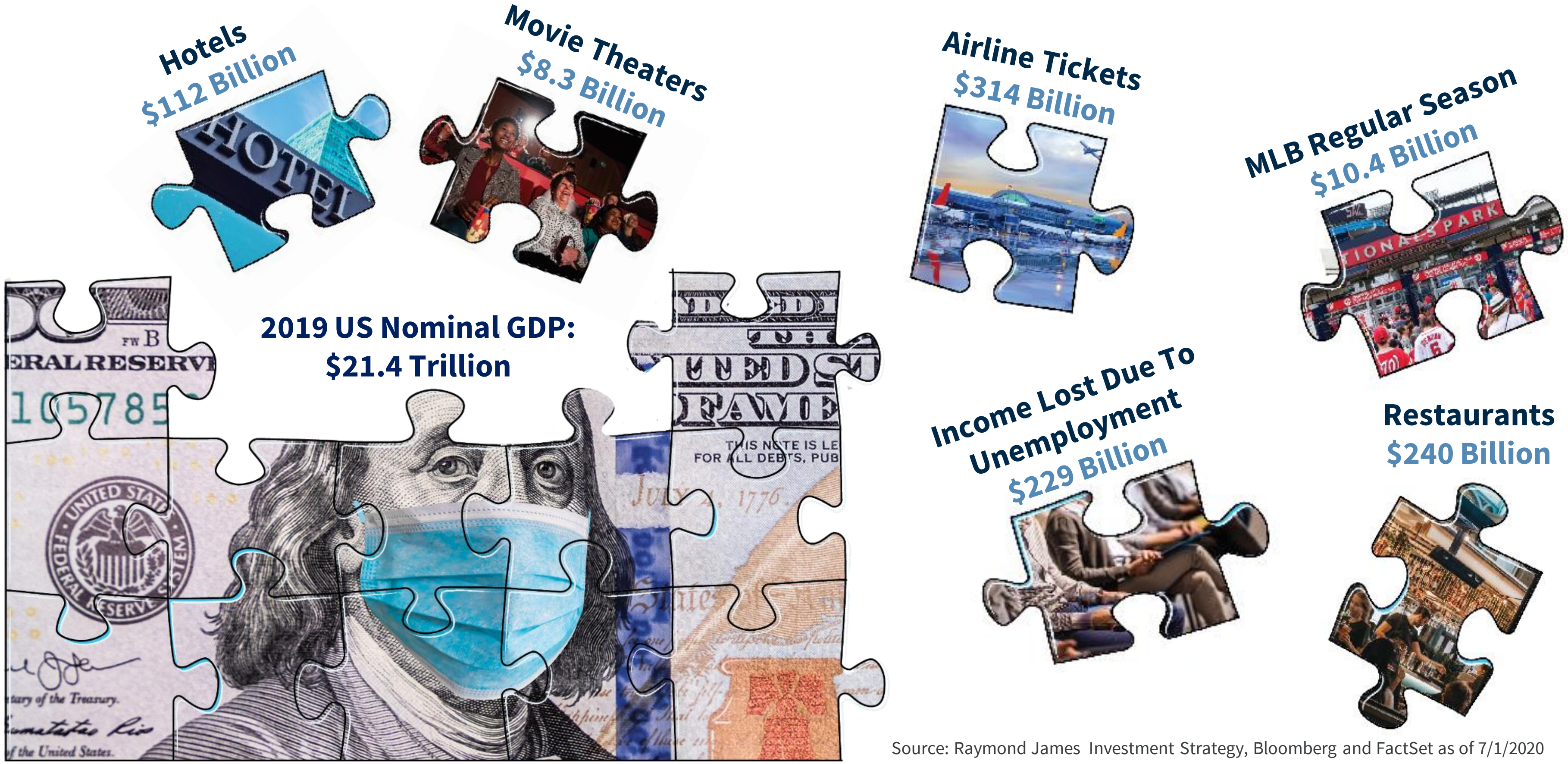
8%
Go To a Crowded Sporting Event

20%
Get On a Plane

25%
Go To a Restaurant

31%
Go To Work

Source: RJ Investment Strategy Sentiment Survey



Source: Raymond James Investment Strategy, Bloomberg and FactSet as of 7/1/2020

THE ECONOMIC ROADMAP UNDER THE SURFACE

Medical Supplies, E-Commerce, Streaming

on average, viewers were streaming

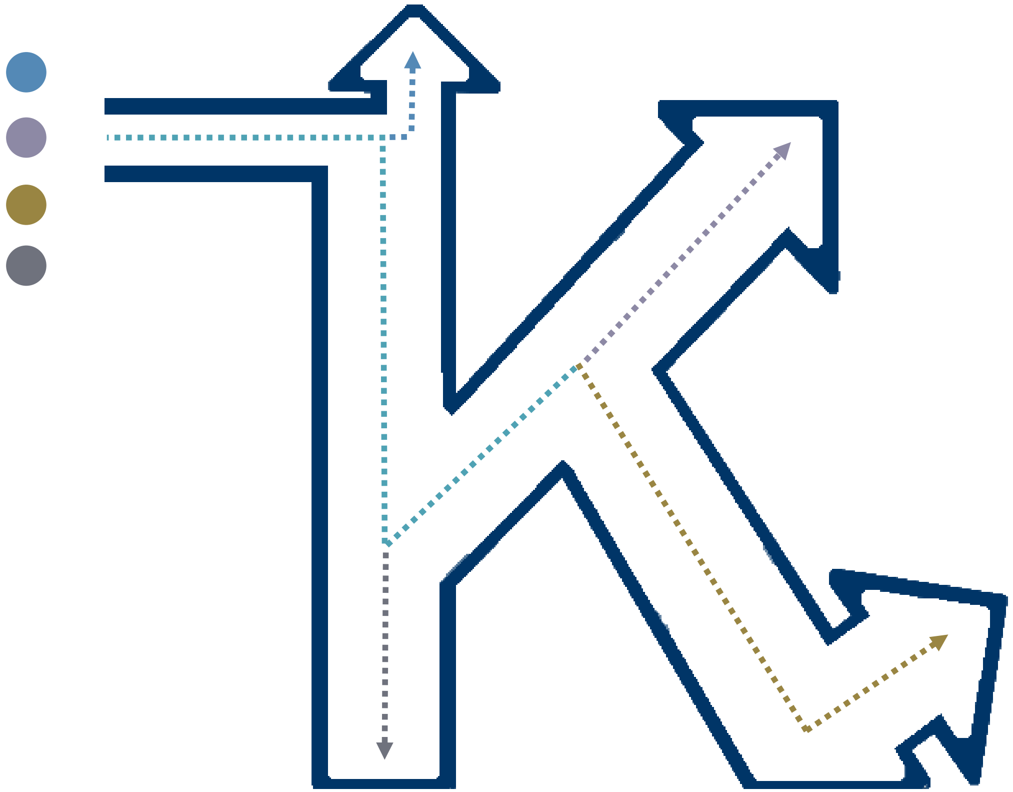
8

hours of content during the lockdown, double the pre-COVID level

Over-Leveraged, Cash-Flow Driven Small Businesses

60%

of businesses report sales volumes <75% of pre-COVID levels



-4.6%

2020 GDP Target

+3.4%

2021 GDP Target

Home Improvements, Surgeries, Technology

78%

of homeowners wish to make home improvements with the average list having ~6 projects

Airlines, Entertainment, Car Sales

33%

of respondents said finance constraints due to COVID-19 would “greatly influence” their decision to buy a vehicle

Source: Bloomberg, National Retail Federation, Institute for Business Value, OnePoll

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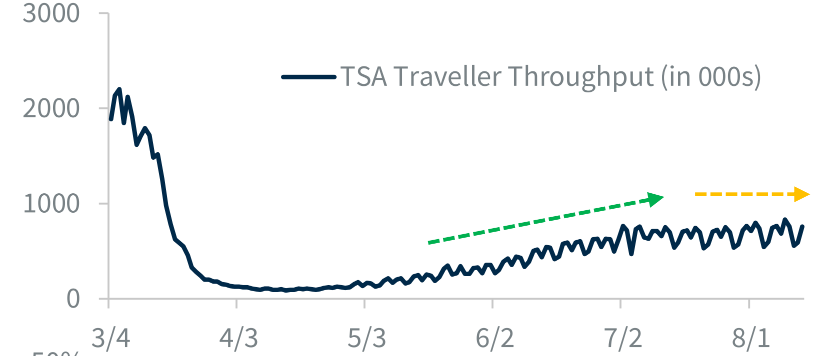
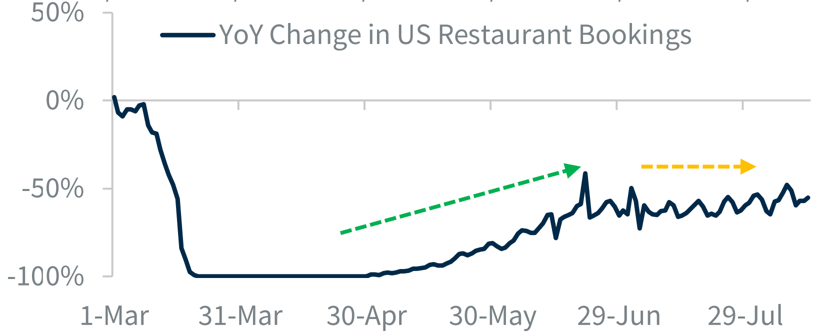
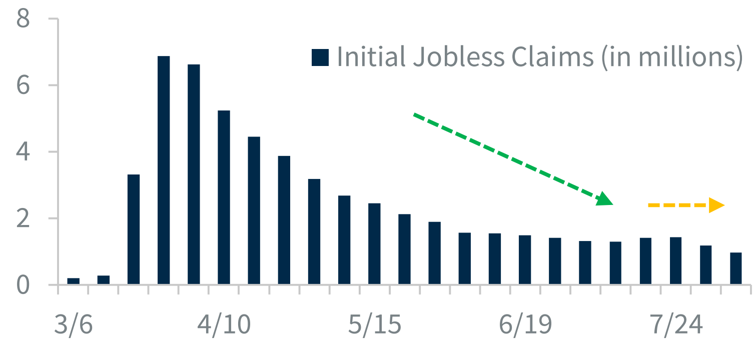
REAL-TIME ACTIVITY LEVEL UPDATE

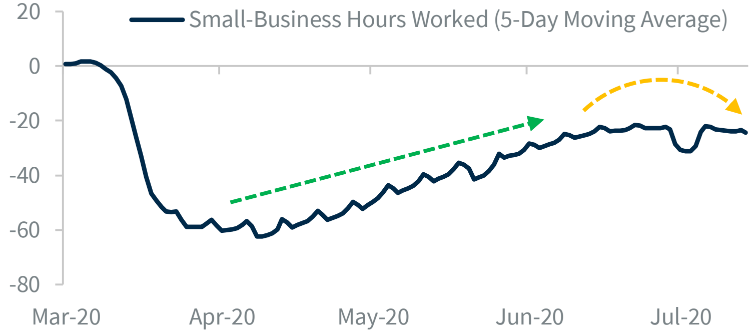
WHILE REAL-TIME ECONOMIC INDICATORS HAS SUGGESTED LOST MOMENTUM, CONSUMER METRICS ARE PICKING UP STEAM

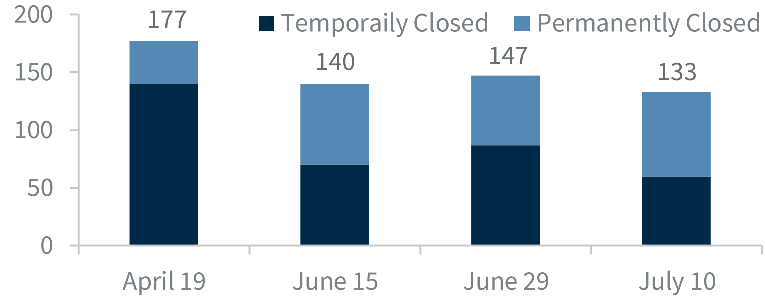
Mobility Metrics	Consumer	Business











Total US Businesses Closed (in 000s)

Other Indicators	Other Indicators	Other Indicators
Hotel Bookings, Driving Levels	Credit Card Spending, Consumer Sentiment	Business Applications, Job Openings

Source: FactSet, as of 8/15/2020

3 Policy Makers' Responses

Stimulus Sparks Continue To Fly

INSIGHT:

The immediate and unprecedented monetary and fiscal stimulus actions undertaken by the Federal Reserve (Fed) and Congress mitigated the downside risks to the economy and helped prevent the worst case scenario from occurring.

BOTTOM LINE:

The Fed has continued to exercise non-traditional easing tactics, and a number of the established programs are yet to be utilized to their full capacity. Congress is expected to pass additional relief, not only as an emergency response, but in support of the economic recovery.

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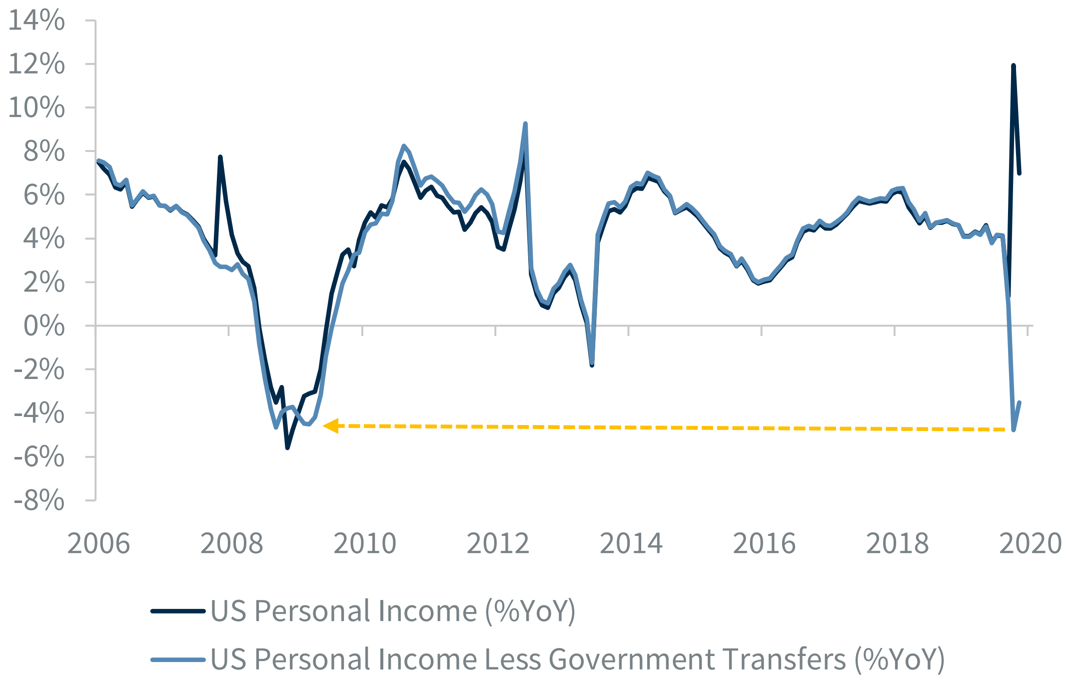
REAL-TIME ACTIVITY LEVEL UPDATE

CONGRESS IS CURRENTLY NEGOTIATING AN ADDITIONAL ROUND OF STIMULUS, AS MORE IS REQUIRED

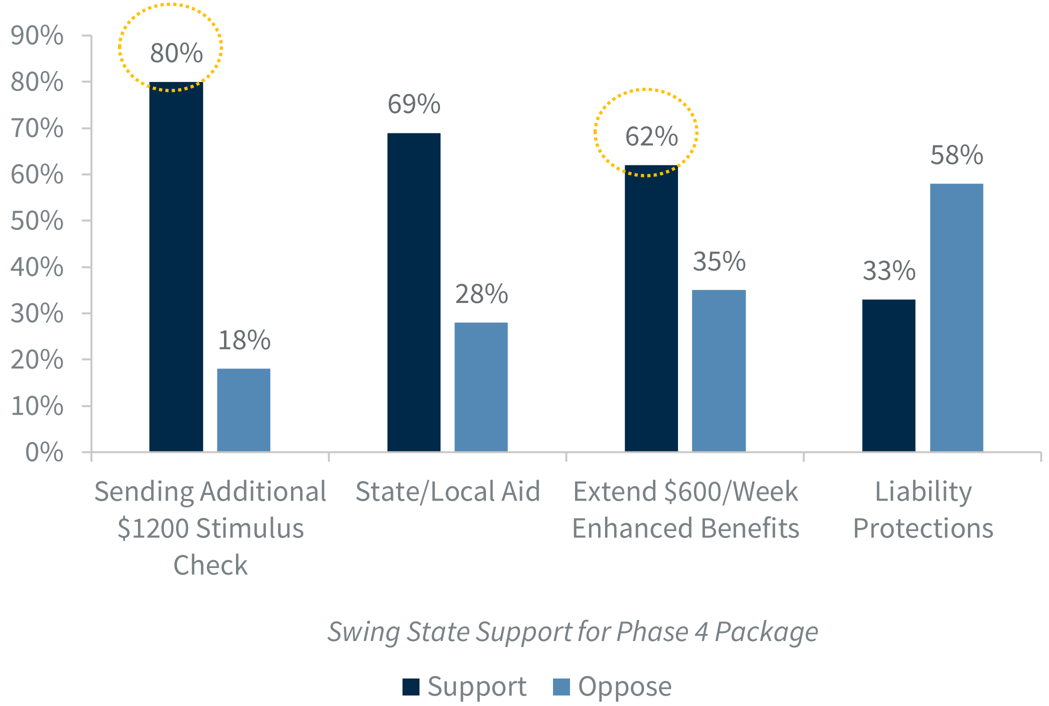
- The expiring $600/week booster in unemployment insurance and the $1,200 stimulus check has been supportive of personal incomes, as US personal income is up 7% YoY with this stimulus but is down 4% YoY without it.
- There is also public support in the swing states, as 80% and 62% support additional stimulus checks and unemployment insurance, respectively.

Government Stimulus Has Boosted Personal Income



Source: FactSet, as of 8/2/2020

Strong Support for Further Stimulus



Source: Bloomberg

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POTENTIAL PATH TO POLICY

House Democrats $3+ Trillion	$1.5-2 Trillion	Senate Republicans $1Trillion
	Individual/Household Benefits	
$600 Benefit Through January 2021	**Unemployment Claims** $300-400 Weekly Benefit	$200 Benefit Through September; 70% of Pre-Pandemic Wages Thereafter (Capped at $500)
$1,200 Second Check; Child Benefit Raised to $1,200 (Maxed at 3)	**Stimulus Checks** Checks Late Aug – Early Sept	$1,200 Second Check; Child Benefit Remains $500
	Business Benefits	
Enforceable Business Infection-Control Plans with Retaliation Clause to Protect Employees	**Limited Liability** Major Bargaining Chip	Limited Liability Protections for Businesses, Schools, & Hospitals
$200 Billion Second Funding Round of PPP Loans with Rehiring Clauses & Designated Use Criteria	**Payroll Protection Program** Second Round With Restrictions	$190 Billion Second Funding Round of PPP Loans with Employee Cap and Revenue Impact Restrictions
	State & Local Governments	
$1 Trillion in New Funding	**State & Local Aid** Targeted Use Funding	Flexibilities on the Previously Allotted $150 Billion
	Schools	
$430 Billion Including Funding for Child-Care Facilities	**School Funding** Targeted Use Funding	$105 Billion Predominantly for Primary & Secondary Schools

Source: Raymond James Equity Research

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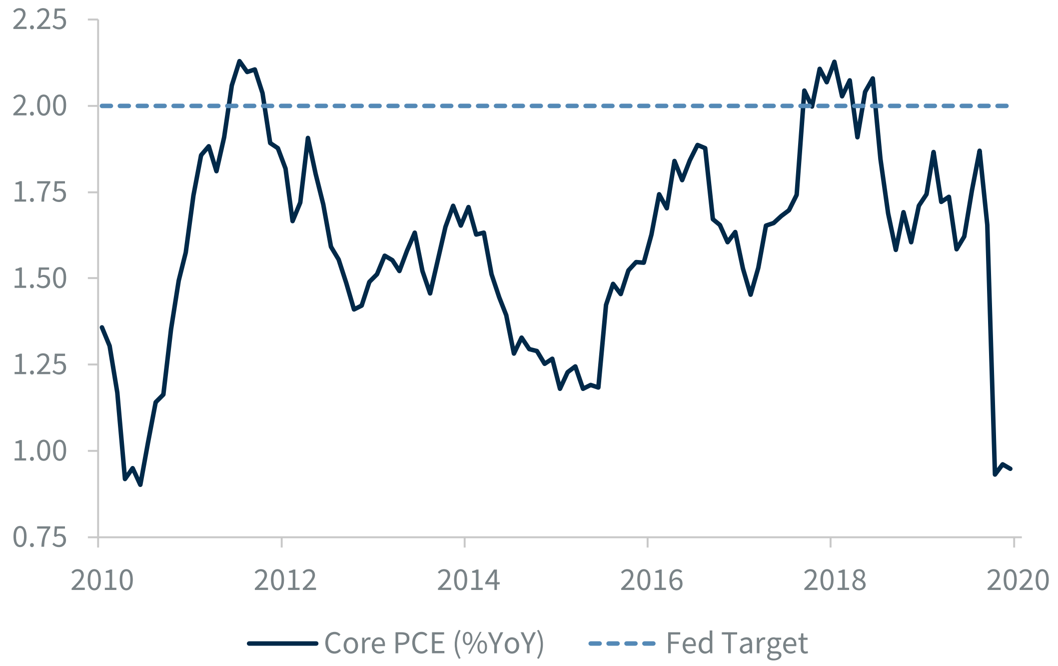
FED LIKELY TO KEEP RATES ON HOLD FOR FORESEEABLE FUTURE

AS CONDITIONS REMAIN A LONG WAY FROM THE FED'S DUAL MANDATE, THE FED WILL REMAIN ACCOMMODATIVE WITH POLICY

- Inflation continues to move lower, and is now at the lowest level since 2011. As inflation remains significantly below the Fed's target of 2%, the Fed will likely keep rates low for the foreseeable future.
- This is also consistent with the labor market, as the unemployment rate remains far from full employment.

Inflation Well-Below Target at Multi-Year Lows



Source: FactSet, as of 8/1/2020

Labor Market Far From Full Employment

Source: FactSet, as of 8/15/2020

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4 Fixed Income

US Treasurys Earned Their Stripes

INSIGHT:

Fears surrounding the virus's impact on global growth led the demand for US Treasurys to spike. While the economic recovery should push yields higher, the upside is limited as the Fed, retirees, buyers from overseas, and institutions will keep demand steady.

BOTTOM LINE:

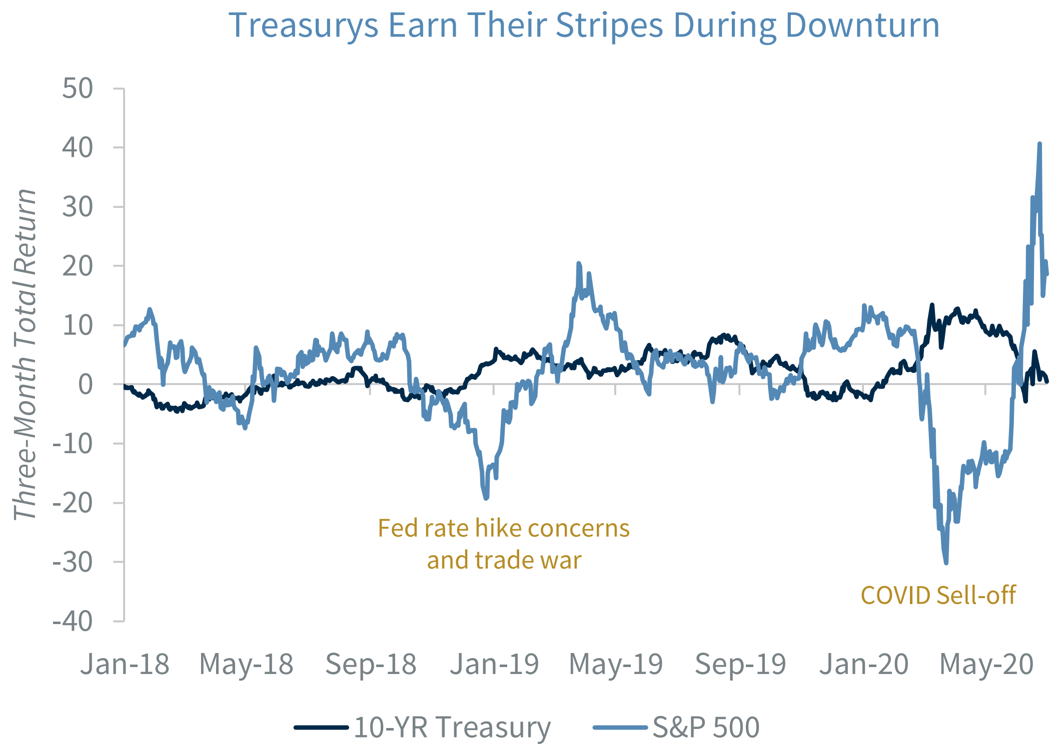
The Fed expanded the scope of its purchases to include a substantial portion of investment-grade debt and municipal bonds, which should lead spreads to narrow further. We continue to favor these sectors over high-yield bonds which will be subject to heightened risks given the expected uptick in defaults and exposure to Energy and brick-and-mortar retailers.

TREASURYS EARN THEIR STRIPES

DESPITE THE RISK ASSET RALLY IN 2Q20, TREASURY YIELDS REMAIN NEAR RECORD LOWS

- After falling to record lows in 1Q20 as a result of the COVID-19 crisis, Treasury yields continue to hover near record lows.
- Treasurys ‘earned their stripes’ during the first half of the year, as they proved to be a solid diversifier during periods of elevated volatility, and also remained supportive during the risk asset rally in 2Q.

Source: FactSet, as of 8/15/2020



Source: FactSet, as of 8/15/2020

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A BALANCING ACT FOR TREASURY YIELDS WEIGHTED TO THE UPSIDE

INTEREST RATES ARE LIKELY TO RISE INTO YEAR END, BUT THE RISE WILL LIKELY BE CONTAINED

- Due to improving economic data and elevated issuance to finance fiscal deficits, we expect Treasury yields to rise modestly into year end (1.00% 10-year Treasury forecast). However, the rise in yields should be contained due to balancing factors.

Muted Inflation

Aging Demographics

Elevated Foreign Demand

Accommodative Fed

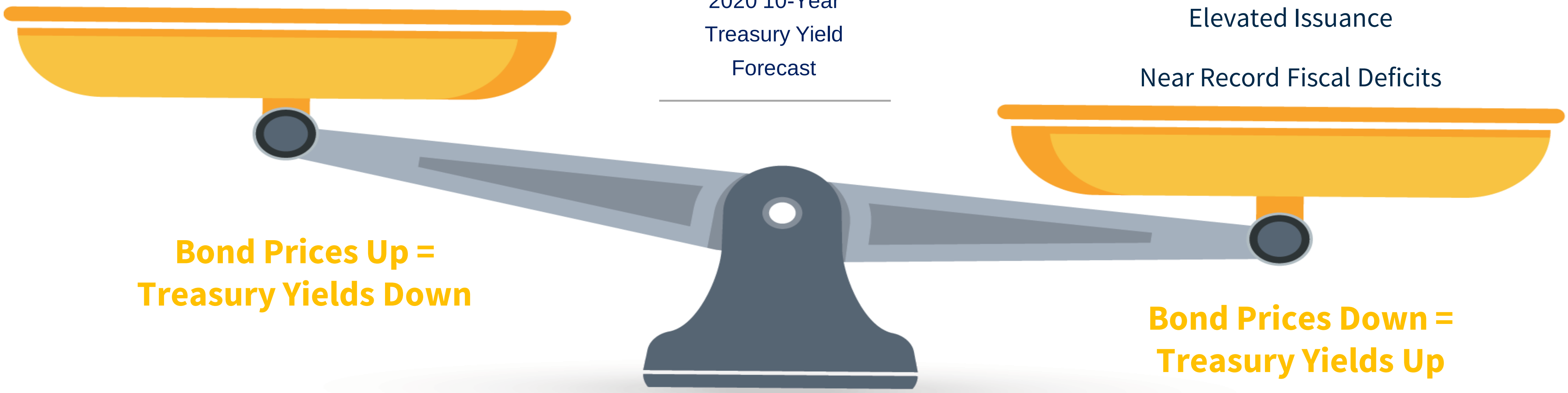
1.0%

2020 10-Year Treasury Yield Forecast

Improving Economic Data/Growth

Elevated Issuance

Near Record Fiscal Deficits



Bond Prices Up = Treasury Yields Down

Bond Prices Down = Treasury Yields Up

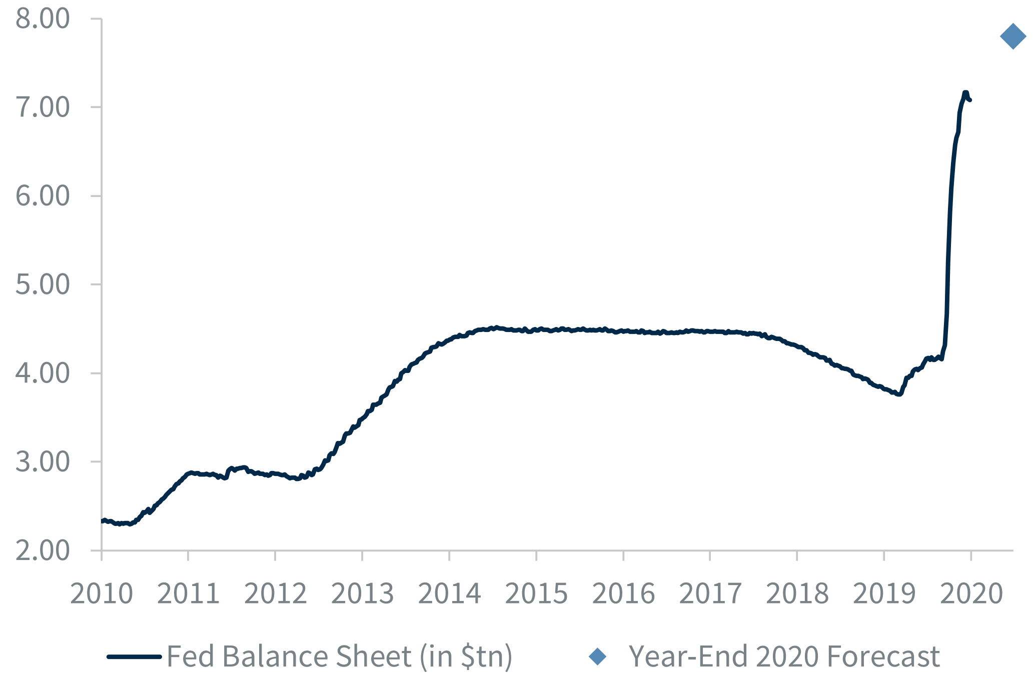
Source: Raymond James Investment Strategy

FED AND CONGRESS ACTED SWIFTLY AND AGGRESSIVELY

THE MAGNITUDE OF THE MONETARY STIMULUS HAS BEEN ARGUABLY MORE POWERFUL

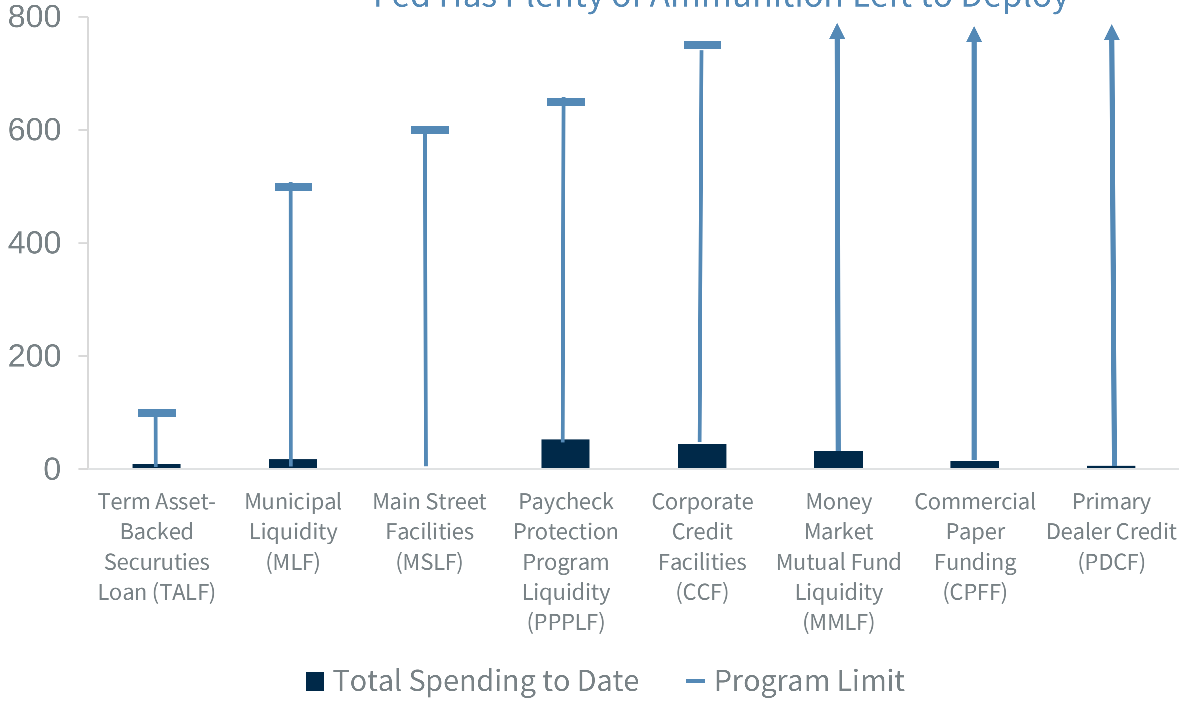
- At the early signs of economic weakness, the Fed brought interest rates to zero with two swift emergency rate cuts, announced an unlimited amount of purchases through quantitative easing measures, and widened the scope of its purchases to include municipal and corporate bonds.
- To date, the Fed has spent little of the full capacity of its programs.

Balance Sheet Likely to Rise Further



Source: FactSet, as of 7/1/2020

Fed Has Plenty of Ammunition Left to Deploy



Source: FactSet, data as of 6/20/2020

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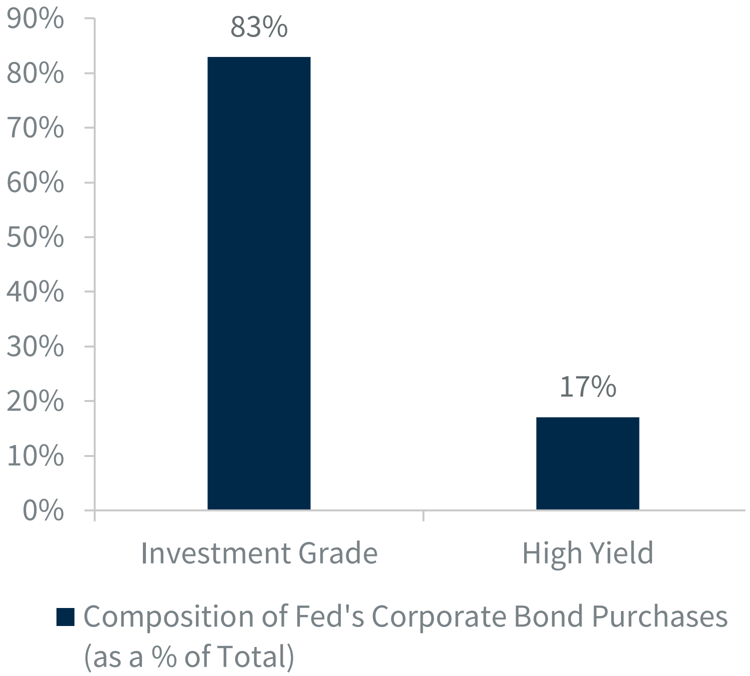
FAVOR INVESTMENT GRADE OVER HIGH-YIELD BONDS

WITHIN THE CREDIT SPACE, WE CONTINUE TO FAVOR INVESTMENT GRADE OVER HIGH YIELD

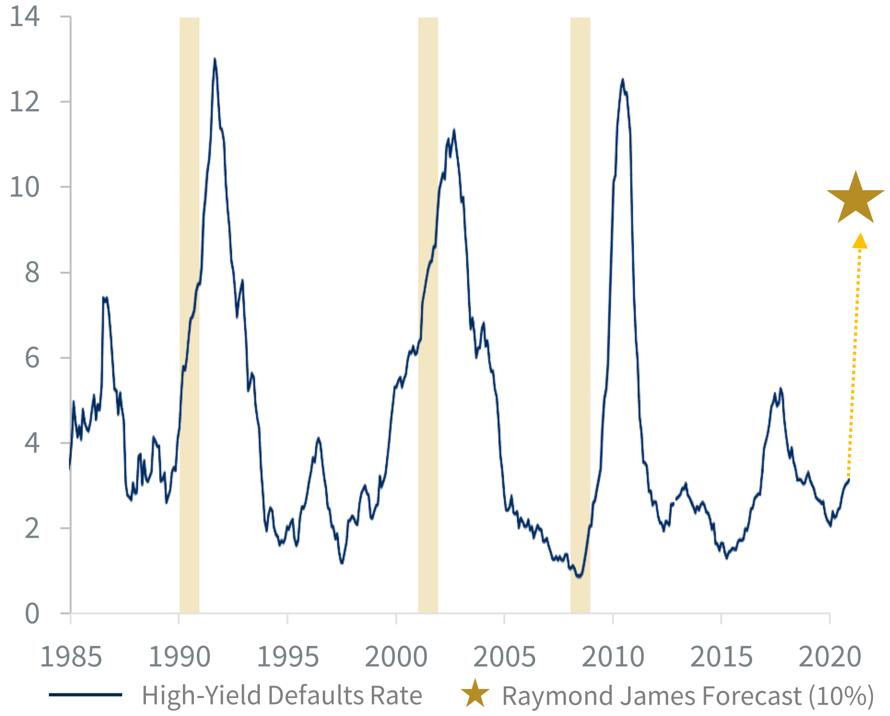
- Fed corporate bond purchases have been tilted toward investment grade, as investment grade makes up ~83% of its corporate bond purchases.
- Additionally, high-yield bonds are likely to face headwinds from rising default rates, and elevated exposure to at risk areas such as Energy and brick and mortar retailers.

Fed Purchases Tilted Towards IG



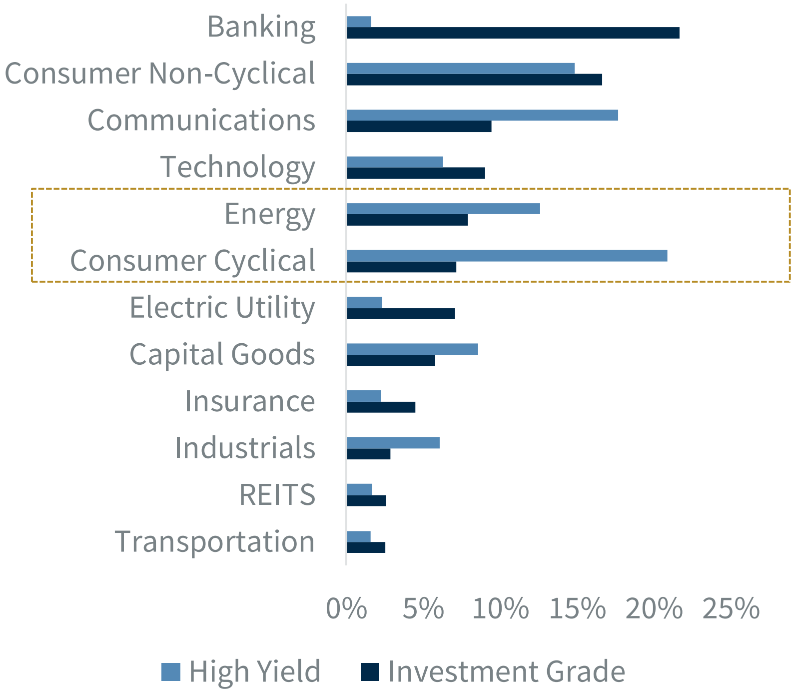
Source: Bloomberg, as of 6/15/2020

High-Yield Defaults to Increase



Source: Bloomberg, as of 7/1/2020

Sector Composition Hampers High Yield



Source: FactSet, as of 7/1/2020

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RARE OPPORTUNITY FOR MUNICIPAL BONDS

RECENT VOLATILITY BRINGS ATTRACTIVE ENTRY-POINT FOR MUNICIPAL BONDS

- While they have narrowed, municipal yields remain significantly elevated to Treasurys from an historical basis.
- As municipal bonds have a significantly higher credit quality relative to corporate bonds, we expect default rates to remain low despite rising budget deficits and increased volatility.

Municipal Yields Remain Elevated Relative to Treasurys

Source: Bloomberg, as of 7/1/2020

Municipal Bonds Have Higher Credit Quality

Source: FactSet

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5 Equities

We Pledge Our Allegiance To US Equities

INSIGHT:
Substantial stimulus measures, yields remaining lower for longer, states reopening their economies, and promising vaccine trials have contributed to valuations rising to the highest levels since the early 2000s.

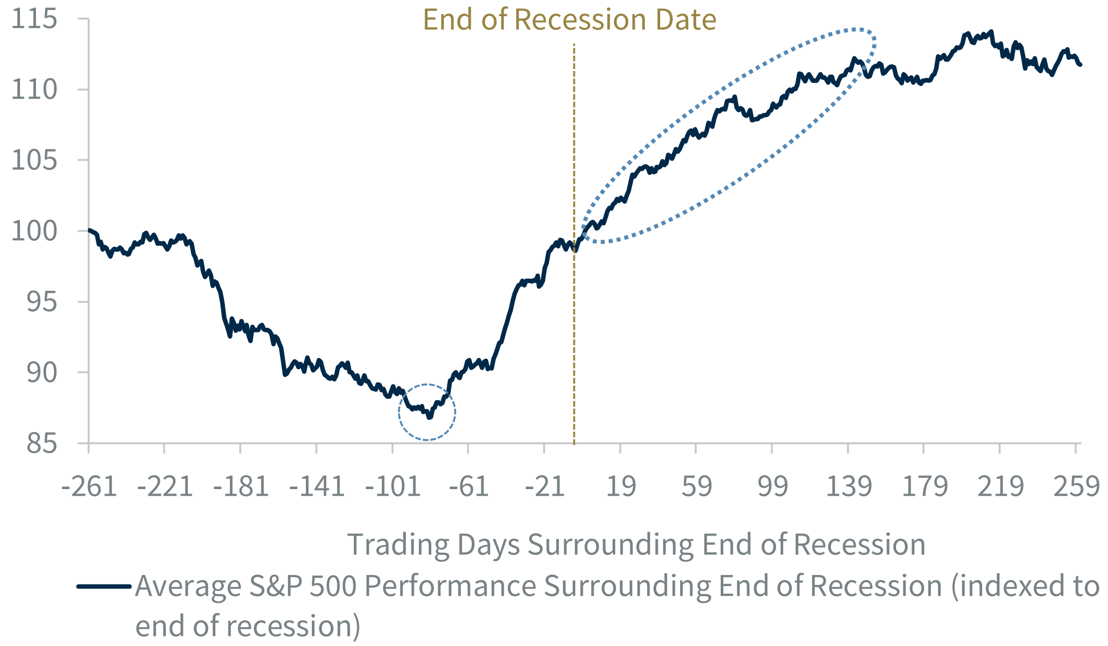
BOTTOM LINE:
Despite the recent rally, the post-recessionary period should continue to be supportive of equities over the next 12 to 24 months. The US economy has begun its robust recovery, and more cyclical and/or growth-oriented sectors should stand to benefit.

REASONS WHY WE ARE BULLISH LONGER TERM

EQUITIES TYPICALLY RALLY STRONGLY COMING OUT OF RECESSION

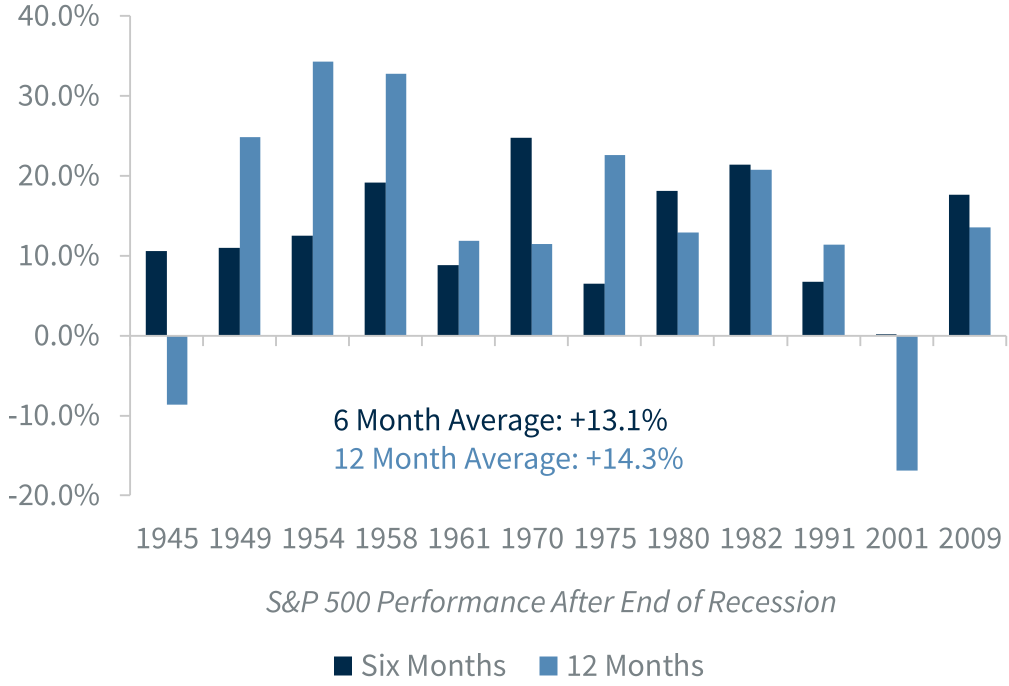
- The sharp current rally is not unusual, as equities typically bottom ~3-4 months before the end of the recession.
- The market typically rallies following the end of the recession, as equities are up~14% on average in the 12 months following the end of the recession on average, dating back to 1945.

Equities Tend to Rally Early in Expansion Phase



Source: FactSet, as of 8/13/2020

Equities Rally Strongly Out of Recession



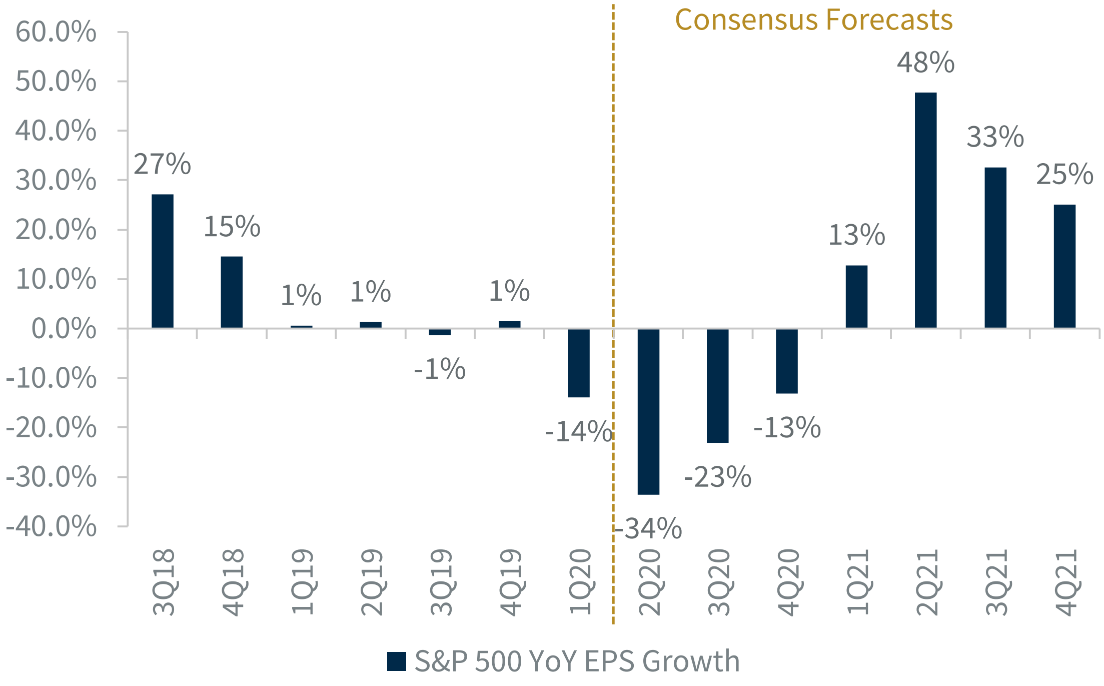
Source: FactSet, as of 8/13/2020

REASONS WHY WE ARE BULLISH LONGER TERM

EQUITIES WILL ALSO BE SUPPORTED BY IMPROVING EARNINGS GROWTH AND ELEVATED CASH LEVELS

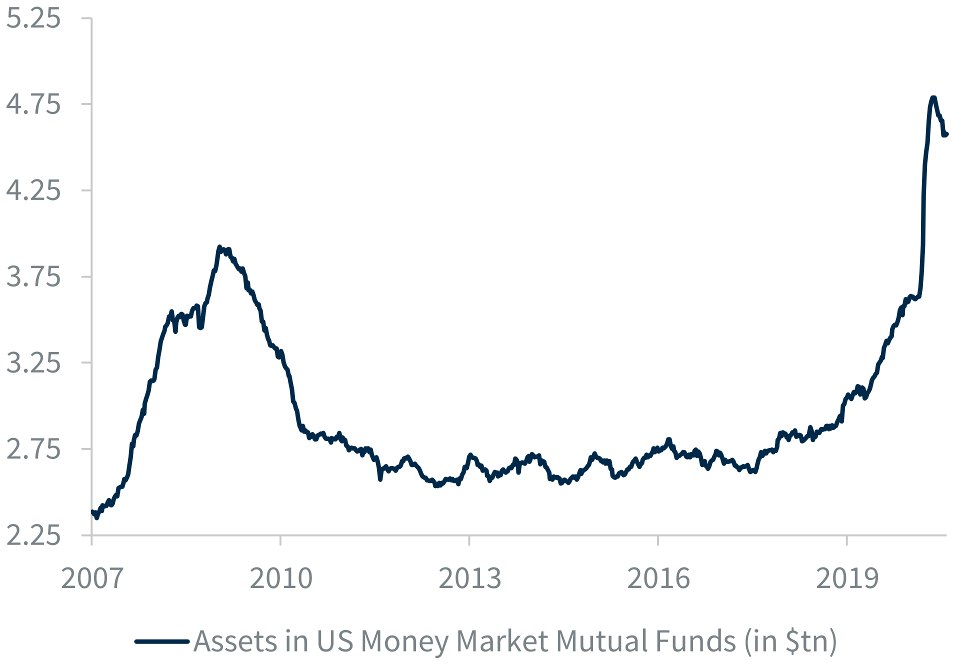
- Earnings growth is likely to accelerate along with the rebound in economic activity. Currently, earnings growth is expected to rise 29% in 2021.
- Additionally, the amount of cash on the sidelines (in money market mutual funds) remains near record highs at ~$4.6 trillion. Elevated levels of cash should be supportive of equity markets going forward.

Earnings to Rebound With Economic Growth



Source: FactSet, as of 8/13/2020

Money Market Assets Near Record High



Source: FactSet, as of 8/13/2020

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NEAR-TERM CAUTIOUS ON THE MARKET

WHILE WE REMAIN POSITIVE LONGER TERM, WE ARE CAUTIOUS ON THE EQUITY MARKET NEAR TERM

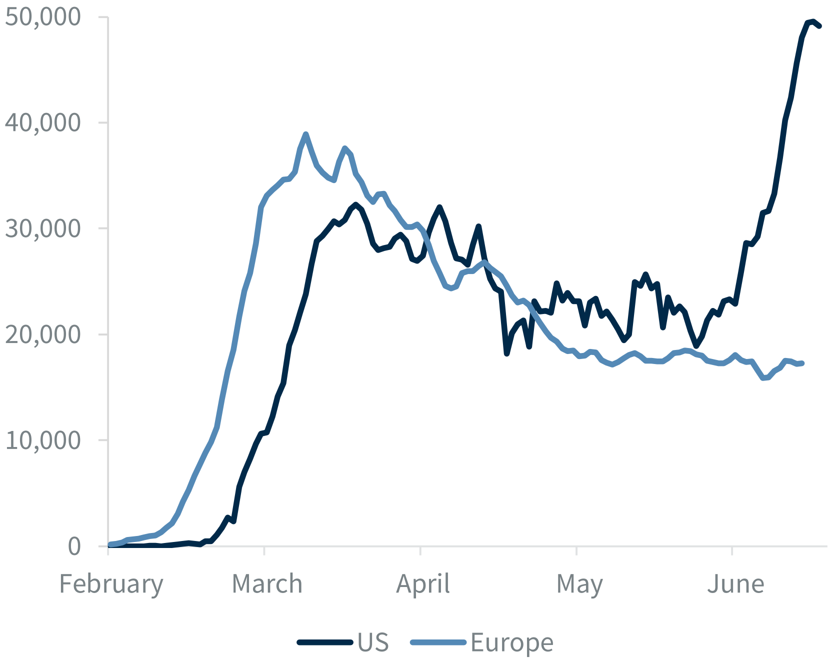
- Following the sharp rally in the equity market in the second quarter, next 12-month valuations for the S&P 500 are at the highest level since 2001.
- Additionally, rising probabilities for a potential second wave of COVID-19 and elevated political risks will likely be headwinds for the market over the near term.

Valuations at Multi-Year Highs

Source: Bloomberg, as of 6/15/2020

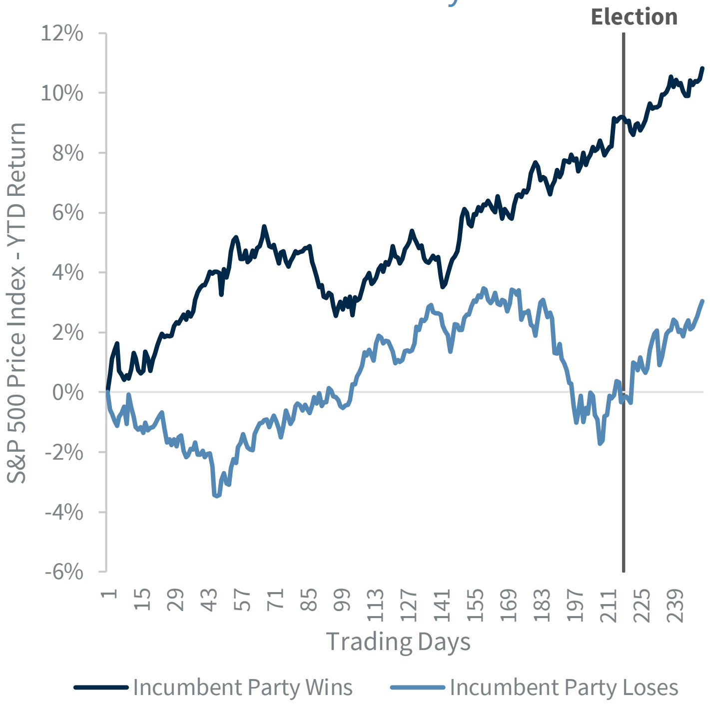
Potential Impact of COVID Second Wave

COVID-19 Daily New Cases (5-day moving average)



Source: Bloomberg, as of 7/6/2020

Political Uncertainty Within Market



Source: Factset, as of 6/24/2020

RATIONALE FOR OVERWEIGHT SECTORS

OVERWEIGHT FOUR SECTORS HEADING INTO 2H20

- Info Tech, Communication Services, Health Care and Consumer Discretionary are our four favorite sectors heading into 2H20.




	Info Tech	Health Care	Communication Services	Consumer Discretionary
Reasons for Optimism	1. Software-related fixed investment growing ~8% annually. 2. Largest cash stockpile for shareholder friendly actions. 3. Spending for 5G and the potential for broadband in infrastructure should bring spending to the sector. 4. Will benefit from work-from-home.	1. Aging demographics to support overall Health Care sector. 2. Historically cheap on a relative basis to the S&P 500. 3. Increased spending for PPE and hospital supplies is supportive. 4. Potential for a COVID-19 vaccine should boost biotech.	1. Will be supported by increased broadband and 5G spending. 2. On a historical PE basis, the sector is attractive relative to the S&P 500. 3. Combination of both growth and defensive characteristics are attractive in current environment. 4. EPS growth stronger than S&P 500.	1. Additional round of fiscal stimulus supportive of consumer spending. 2. Sector weighting benefits trends to online shopping. 3. Debt payments as a % of disposable income at record lows. 4. Rising consumer confidence supportive of future spending.

Source: Raymond James Investment Strategy

FAVORITE SECTORS TURNING MORE POSITIVE ON A FUNDAMENTAL BASIS

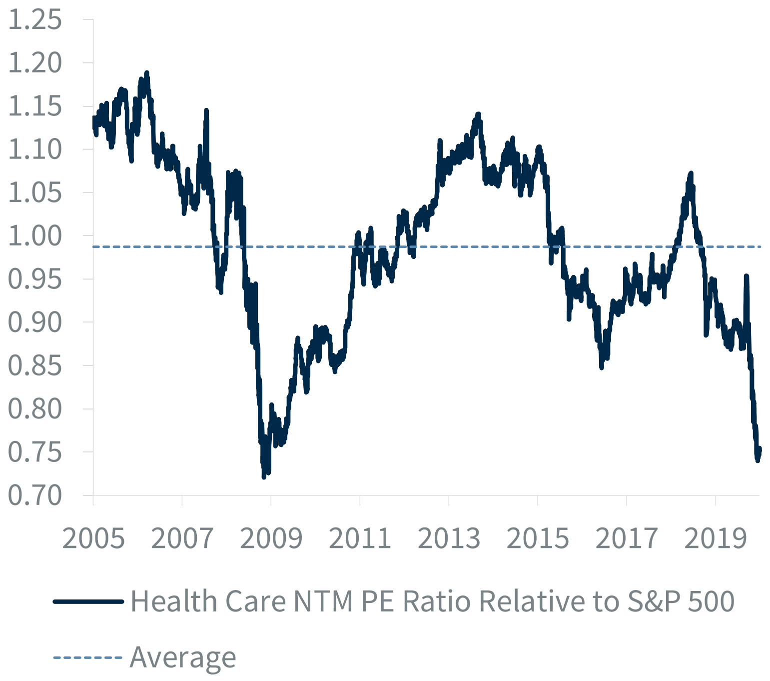
DESPITE OUTPERFORMANCE, OUR SECTORS HAVE BECOME FUNDAMENTALLY MORE ATTRACTIVE

- Information Technology, Health Care and Communication Services (three of our favorite sectors) have been three of the best performing sectors year-to-date.
- Despite this, all have turned fundamentally more attractive on a next twelve-month relative PE basis to the S&P 500 and all are below historical averages.

Info Tech Relative PE Near Historical Averages

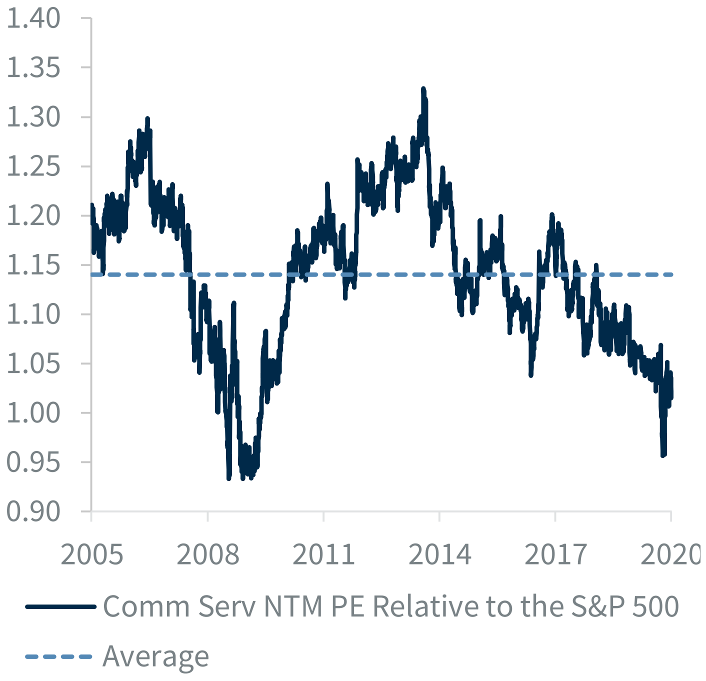
Source: Bloomberg, as of 7/2/2020

Health Care PE Near Multi-Year Lows



Source: Bloomberg, as of 7/2/2020

Comm Services Also Declining



Source: Bloomberg, as of 7/2/2020

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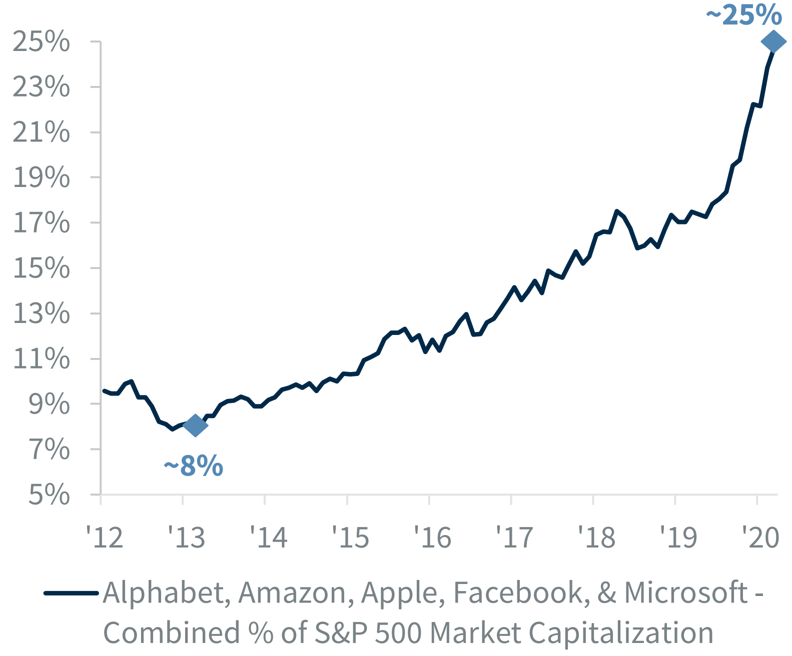
POWER OF THE TECH SECTOR

THE INFO TECH SECTOR (AS WELL AS TECH-ORIENTED NAMES) HAVE REMAINED RESILIENT THROUGHOUT THE COVID-19 PANDEMIC.

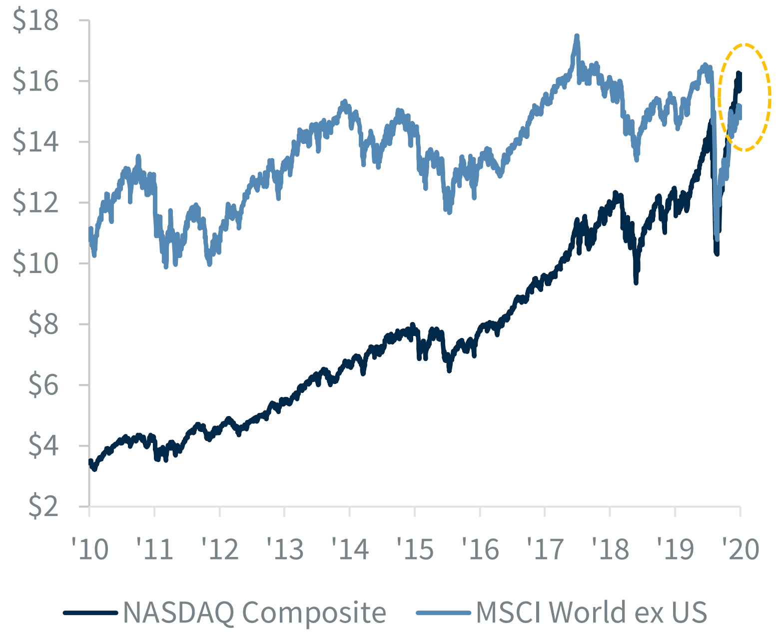
- The current top five holdings of the S&P 500 are all tech-oriented companies (Alphabet, Amazon, Apple, Facebook, & Microsoft), and their combined share of the index's market capitalization has more than tripled from 2013.
- The Info Tech sector is up 21.4% year-to-date, and has powered the market capitalization of the NASDAQ above that of the MSCI World ex US Index.

Share of S&P 500 Market Cap Continues To Grow



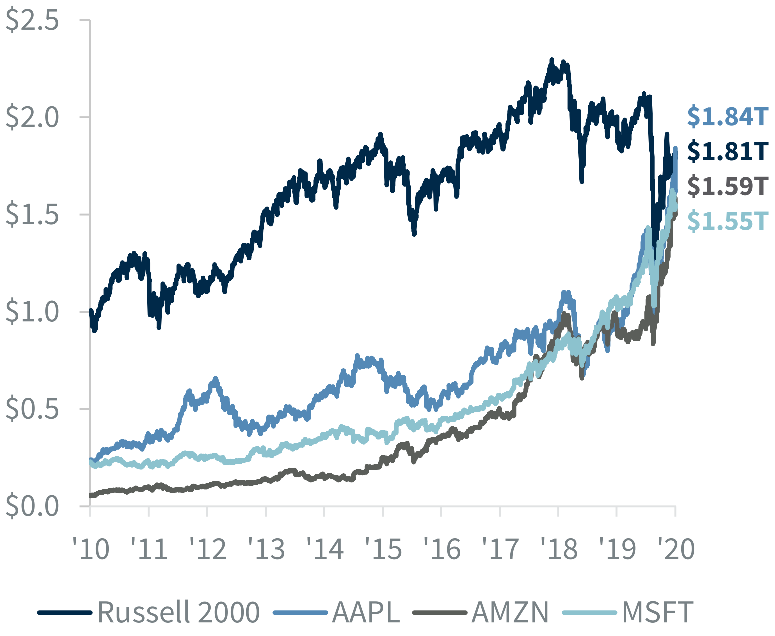
Source: FactSet, as of 8/2/2020

NASDAQ Composite Exceeds MSCI World ex US Index By More Than ~$1.5 Trillion



Source: FactSet, as of 8/2/2020

Apple Market Capitalization Now Exceeds The Russell 2000's



Source: FactSet, as of 8/2/2020

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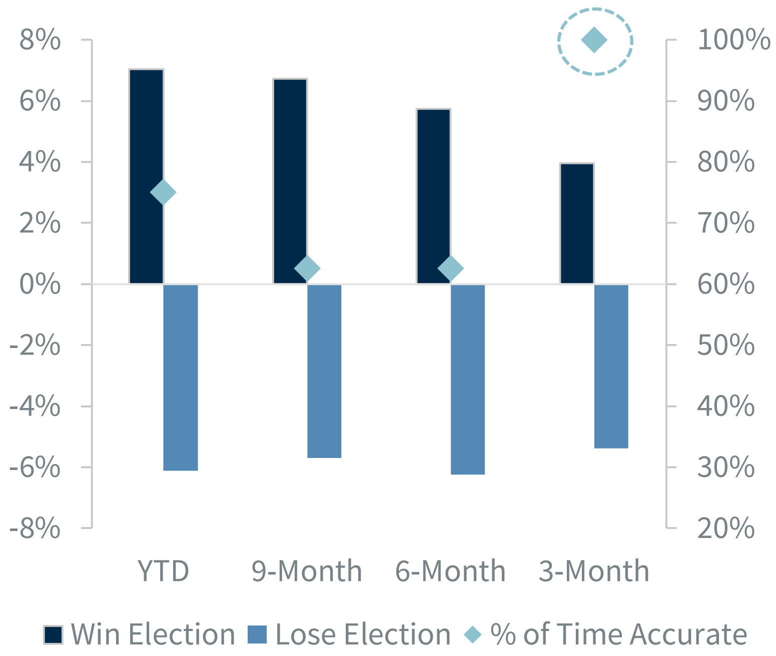
EQUITY MARKET PREDICTABILITY

STOCK MARKET ON THE MIND OF VOTERS HEADING INTO THE PRESIDENTIAL ELECTION.

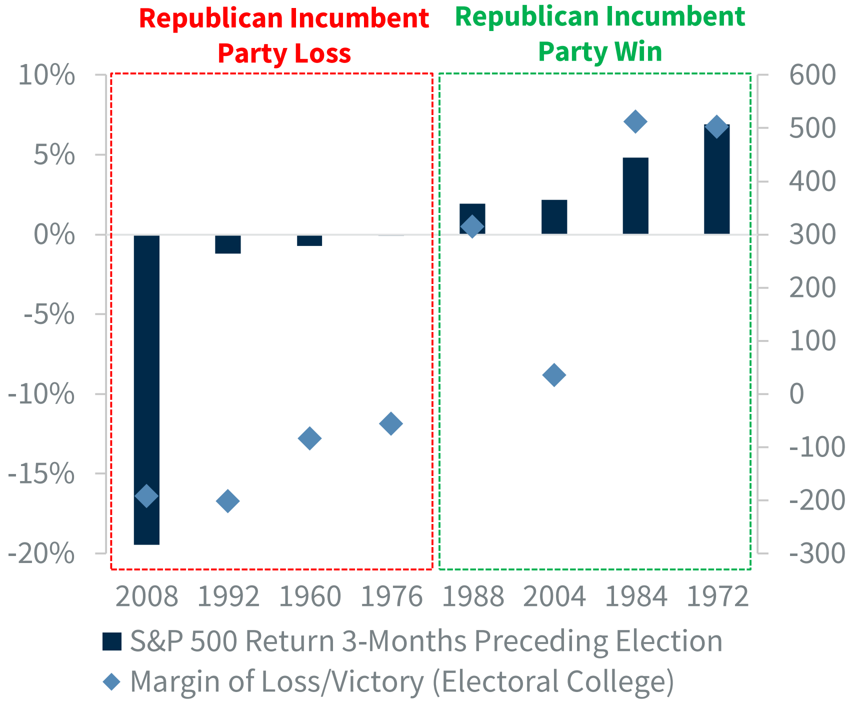
- The performance of the S&P 500 in the three months preceding the election has accurately predicted the outcome for the last eight Republican incumbents.
- The three months preceding an incumbent's election defeat are often plagued by market volatility as well.

Performance Leading Up to Election With Republican Incumbent Party



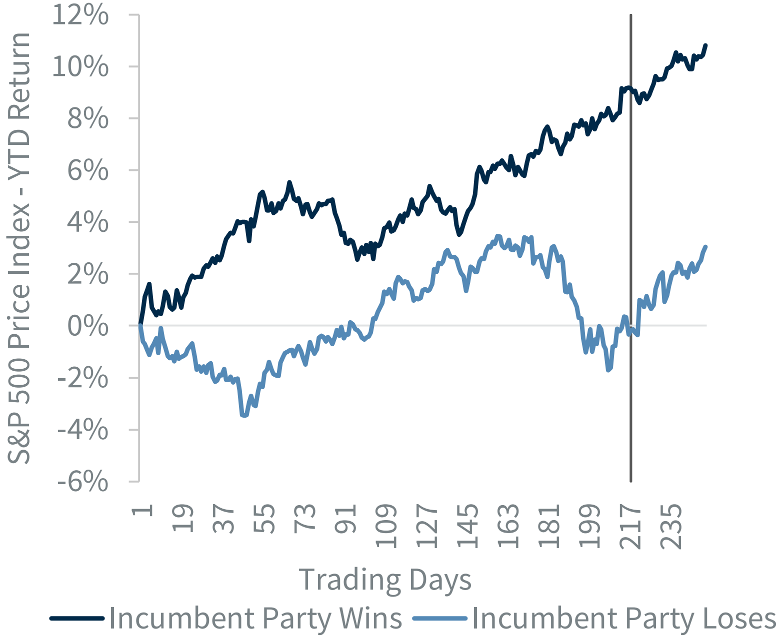
Source: FactSet, as of 8/2/2020

3-Month Return & Margin of Victory/Defeat



Source: FactSet, as of 8/2/2020

Elevated Volatility If Incumbent Loses



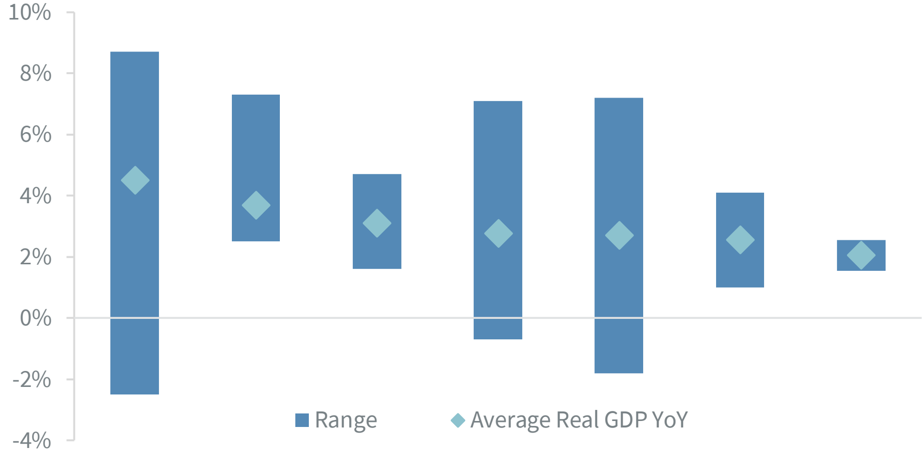
Source: FactSet, as of 8/2/2020

THE DYNAMICS OF WASHINGTON DC ON THE ECONOMY AND EQUITY MARKET

HEADLINE VS. DETAILED ANALYSIS OF THE WASHINGTON EFFECT

- It is important to look beyond the simple average of performance of various political compositions in Washington as the volatility in observations and the lack of occurrences can impact the reliability of the results.
- While the composition of Washington is important, it is only one factor in our analysis. Other important factors include the business cycle, Fed policy, earnings growth, trends and valuations.

Annualized GDP Under Various Government Compositions



President	D	D	R	R	R	R	D
Senate	D	R	R	D	R	D	D
House	D	R	R	D	D	R	R
Occurrence	28%	11%	11%	30%	11%	3%	6%

Source: Raymond James Investment Strategy / all data is post World War II

S&P 500 Performance Under Various Government Compositions

President	D	D	R	R	D	R	R
Senate	R	D	R	R	D	D	D
House	R	R	D	R	D	D	R
Occurrence	11%	6%	11%	11%	28%	30%	3%

Source: Raymond James Investment Strategy / all data is post World War II

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DOUBLE VISION OF FAVORITE SECTORS

Sectors Trade Outside of Political Perspective

CLINTON 1/20/1993 - 1/20/2001	BUSH 1/20/2001 - 1/20/2009	OBAMA 1/20/2009 - 1/20/2017	TRUMP 1/20/2017 - 5/31/2020
Technology 82.0%	Energy 8.8%	Consumer Discretionary 32.6%	Technology 34.0%
Health Care 40.0%	Consumer Staples 1.3%	Technology 28.3%	Health Care 16.9%
Financials 34.9%	Materials 1.2%	Health Care 20.2%	Consumer Discretionary 16.8%
Industrials 25.8%	Utilities -2.9%	Industrials 18.6%	S&P 500 11.8%
S&P 500 25.3%	Industrials -3.0%	Real Estate 17.8%	Utilities 9.5%
Energy 18.4%	Health Care -3.1%	S&P 500 17.7%	Real Estate 7.4%
Consumer Discretionary 17.1%	Consumer Discretionary -3.8%	Financials 16.1%	Consumer Staples 6.7%
Consumer Staples 15.5%	S&P 500 -3.9%	Materials 14.5%	Materials 4.8%
Comm Services 15.2%	Comm Services -5.8%	Consumer Staples 14.4%	Comm Services 4.5%
Utilities 10.0%	Technology -6.7%	Comm Services 8.0%	Industrials 3.4%
Materials 4.2%	Financials -7.2%	Utilities 7.9%	Financials 2.0%
		Energy 4.6%	Energy -11.7%

Bursting of Tech Bubble

Great Financial Crisis

ENERGY outperformed as the Iraq war caused oil to rally from $20/bbl to $140/bbl, not because of new polices.

TECHNOLOGY soared on investor speculation of the power of the internet and New Economy.

HEALTH CARE outperformed despite fears of Clinton's Universal Health Care Plan, which was abandoned.

FINANCIALS underperformed despite deregulation (repeal of Glass-Steagall) and robust housing market.

HEALTH CARE outperformed despite the passing of the Affordable Care Act.

TECHNOLOGY outperformed despite the president's countless threats toward big tech companies.

FINANCIALS underperformed despite Trump's deregulation (rollback of Dodd-Frank).

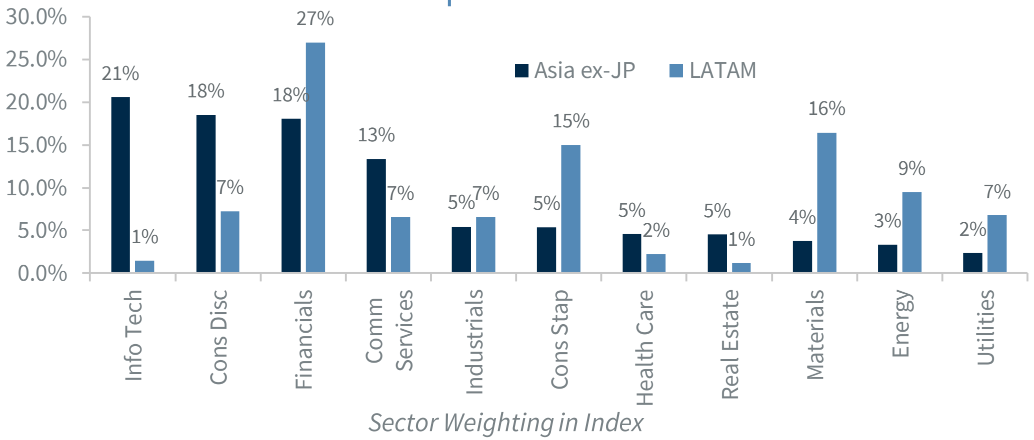
ENERGY underperformed despite deregulation and record production.

*All returns are annualized

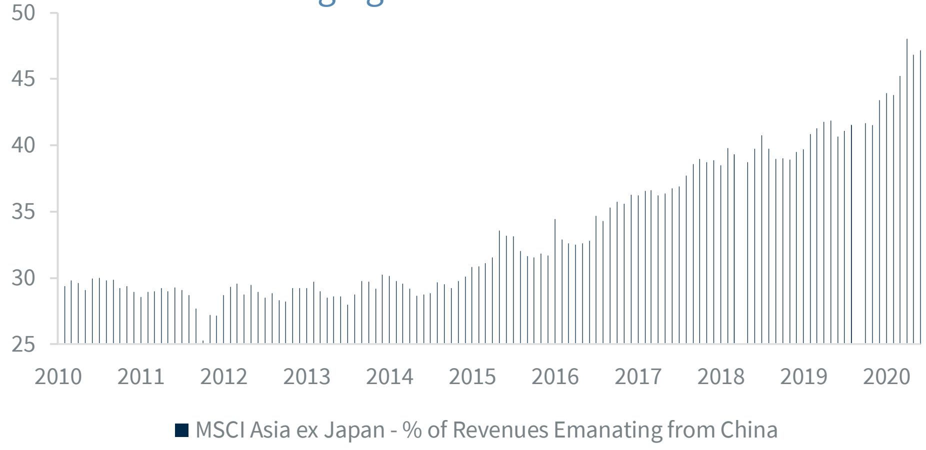
Source: Investment Strategy

ASIAN EMERGING MARKETS – LONG-TERM TAILWINDS

Favorable Sector Composition Relative to LATAM



Half of Emerging Markets Revenues Are From China



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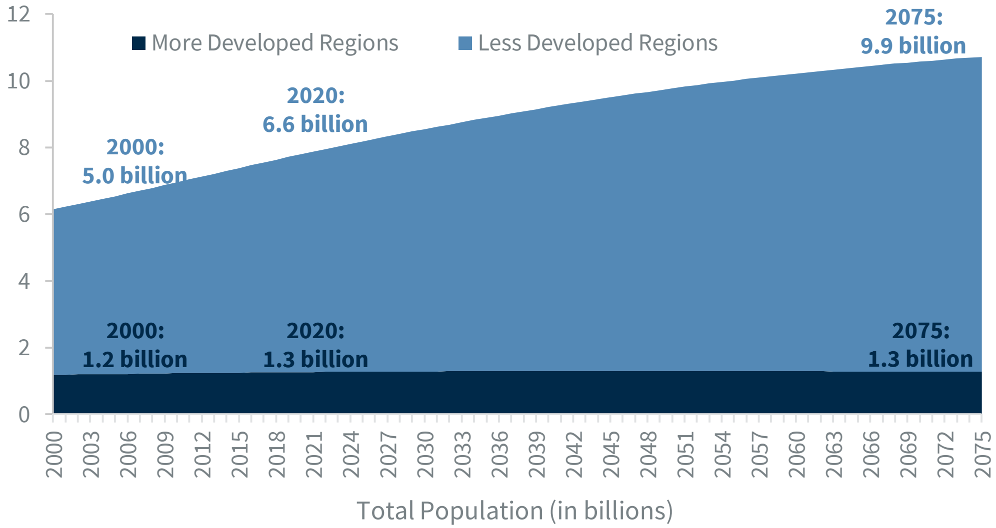
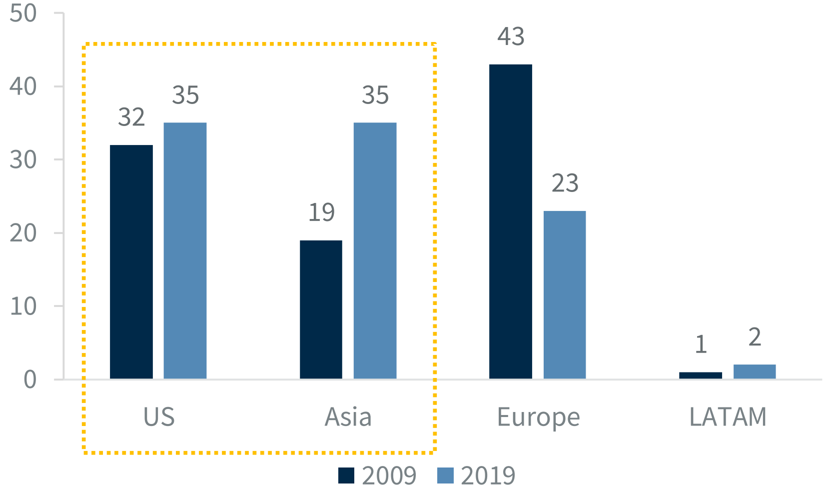
Reasons to Be Optimistic on Asian Emerging Markets

Favorable Demographics



Domicile of Fortune 100 Companies



Sources: FactSet, as of 7/1/2020

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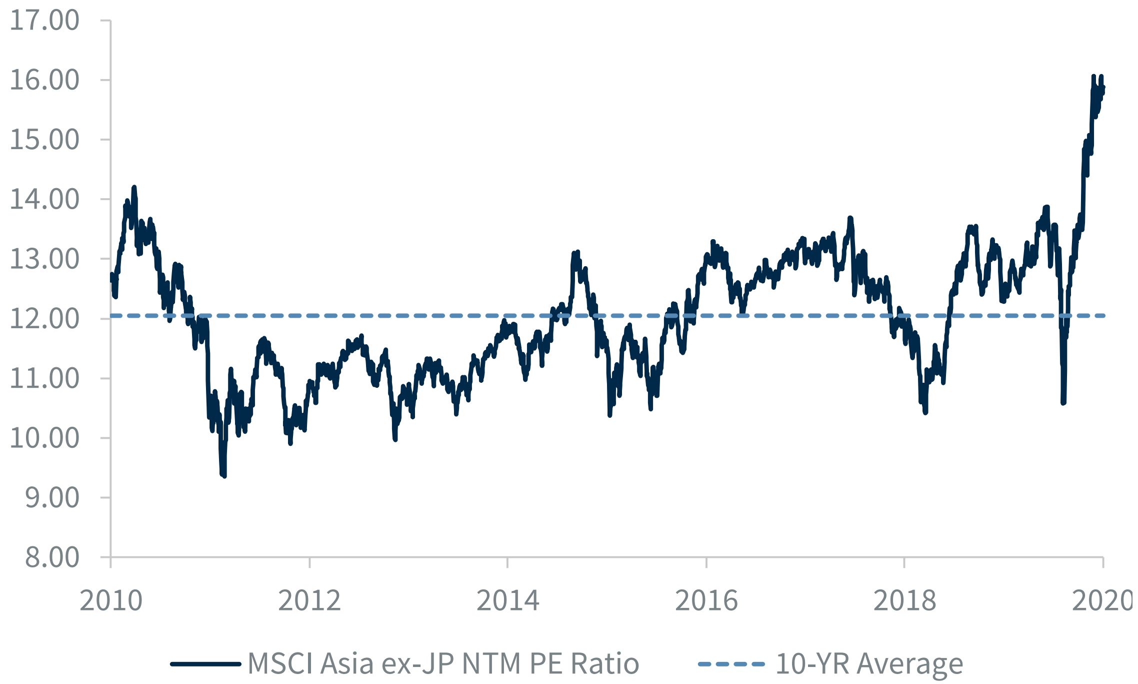
ASIAN EMERGING MARKETS – LONG-TERM TAILWINDS

EM ASIA EQUITIES BRING ATTRACTIVE VALUATIONS

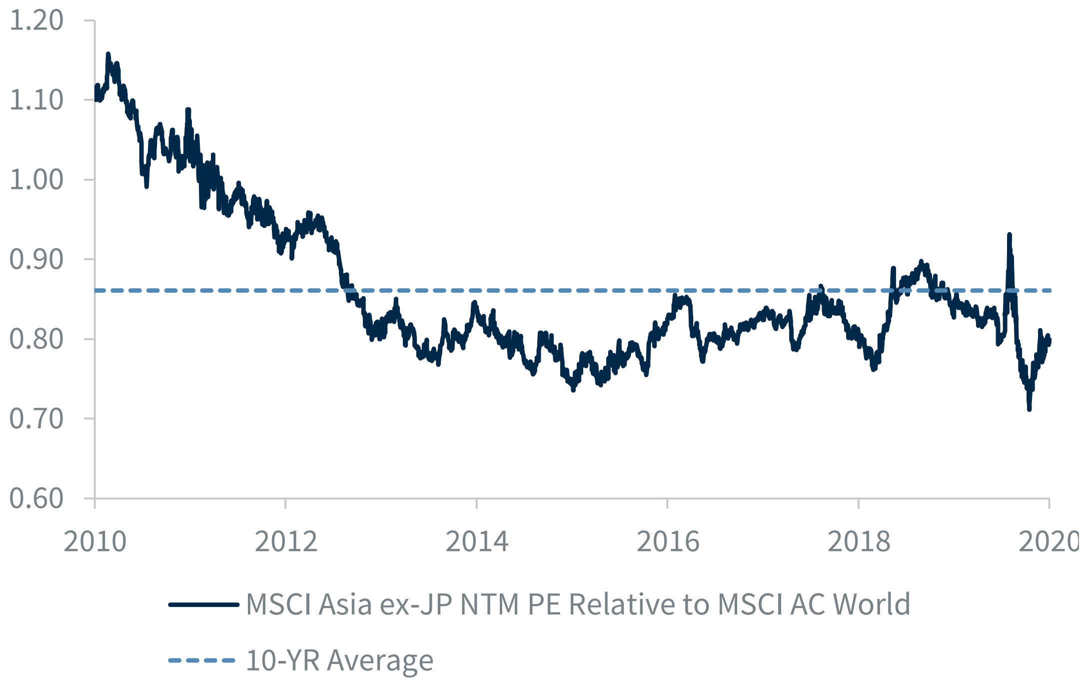
- On an absolute basis, EM equities (similar to equities around the globe) look expensive relative to historical averages.
- However, EM equities look attractive relative to global equities as they are trading at a 20% discount relative to global equites.

EM Equities Expensive on an Absolute Basis



Source: FactSet, as of 8/13/2020

EM Equities Remain Attractive on Relative Basis



Source: FactSet, as of 8/13/2020

6 Dollar & Commodities

Oil Prices At The Liberty Of Global Demand

INSIGHT:
Oil demand should begin to normalize as economies across the globe reopen, with the fallout from the COVID-19 outbreak having peaked during the shutdowns. The production cut agreement between OPEC and Russia as well as reduced supply within the US should also help oil prices rebound.

BOTTOM LINE:
Oil prices reached record lows due to weakened global demand and excess supply amid the Saudi-Russia price war. While it will take time for demand to return to pre-COVID-19 levels, the gradual improvement should be supportive of oil prices over the next 12 months.

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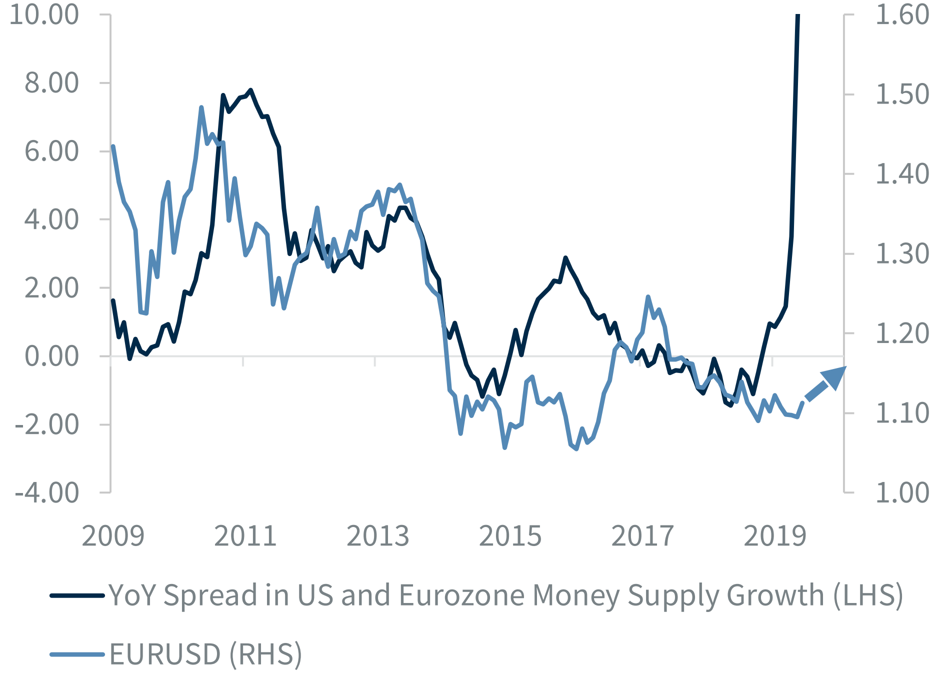
A PANORAMIC VIEW OF THE DOLLAR AND OIL

DOLLAR HEADWINDS GOING FORWARD

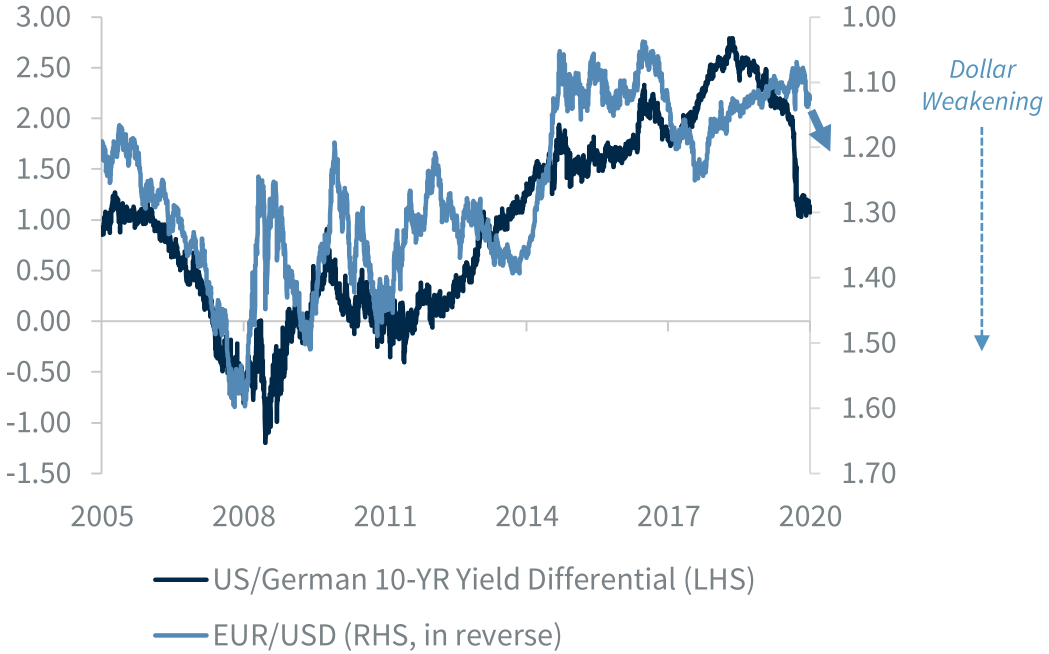
- Rising money supply growth as a result of Fed accommodative policy will likely weigh on the dollar.
- Additionally, falling interest rate differentials should limit further dollar strength going forward.

Rising Money Supply a Headwind for Dollar Strength



Source: FactSet, as of 7/1/2020

Yield Curve Differentials Narrowing

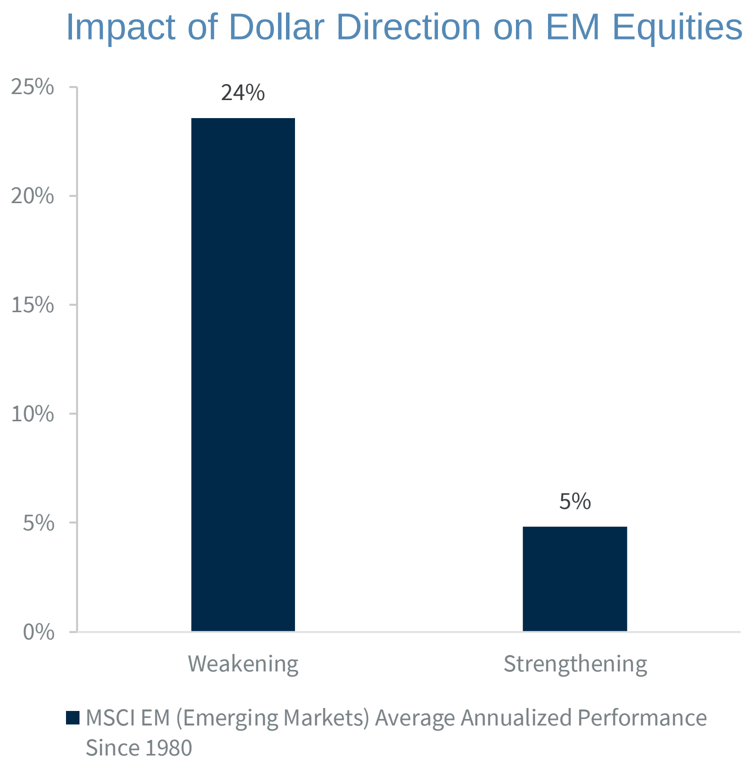


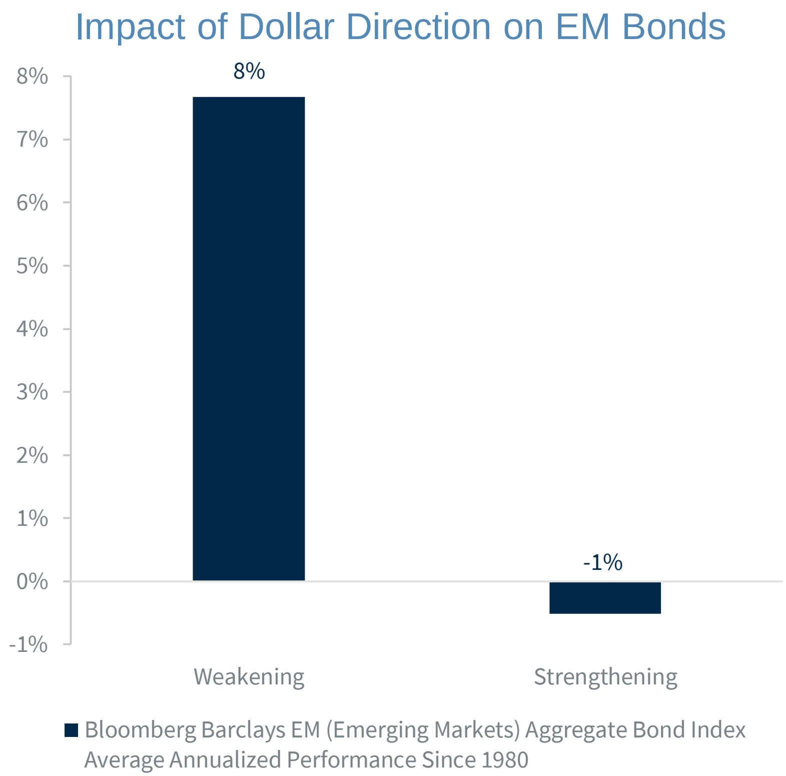
Source: FactSet, as of 7/1/2020

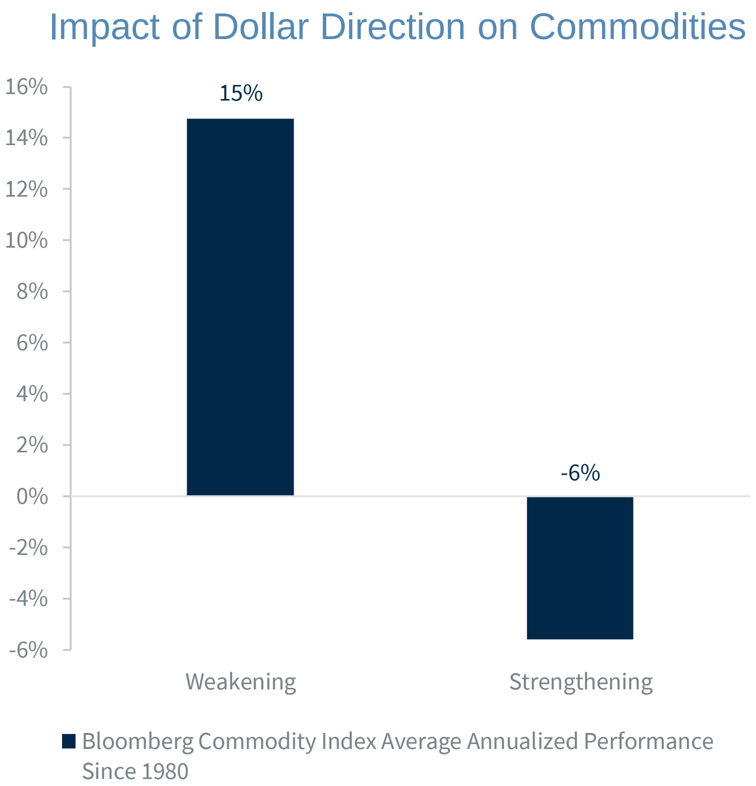
A PANORAMIC VIEW OF THE DOLLAR AND OIL

THE IMPACT OF THE US DOLLAR ON VARIOUS ASSET CLASSES

- Given their negative correlation to the US dollar, EM equities, EM bonds, and commodities should benefit from our expectation of a slight weakening in the dollar over the next 12 months.







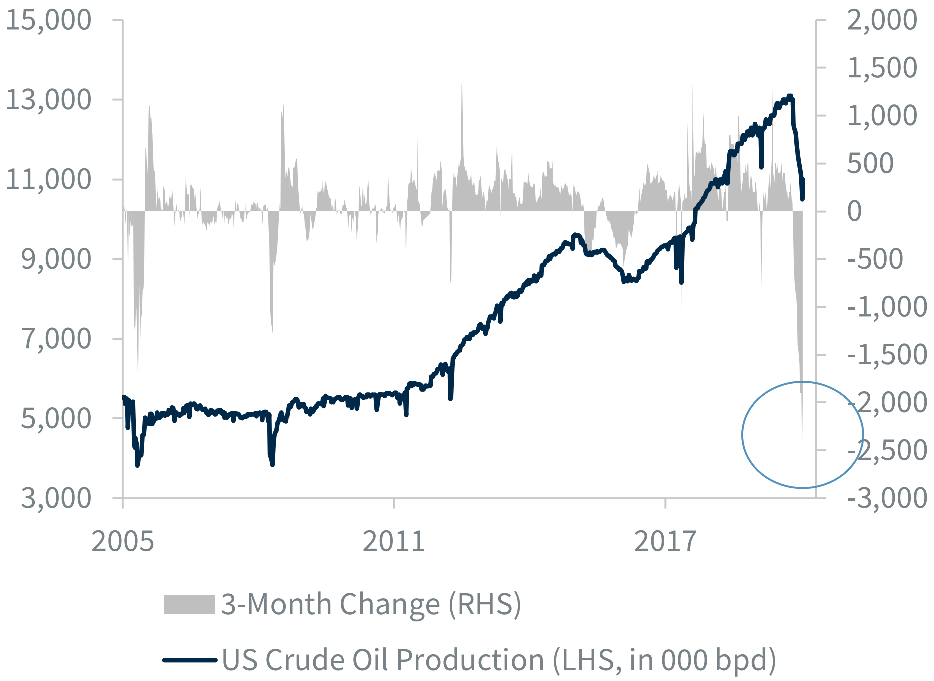
Sources: FactSet, as of 7/1/2020

LIMITED UPSIDE FOR CRUDE OIL AT CURRENT LEVELS

CRUDE OIL HAS RALLIED AS ECONOMIC ACTIVITY HAS RECOVERED AND US PRODUCTION CAME OFFLINE

- Given the decline in crude oil prices in 1Q20, US production has fallen sharply over the past three months, as 2.5 million barrels per day of production has come offline over that time period.
- However, as prices have rallied, oil rigs counts will likely recover as well, which should lead to an uptick in production and limit the rise in prices.

US Production Slows Dramatically

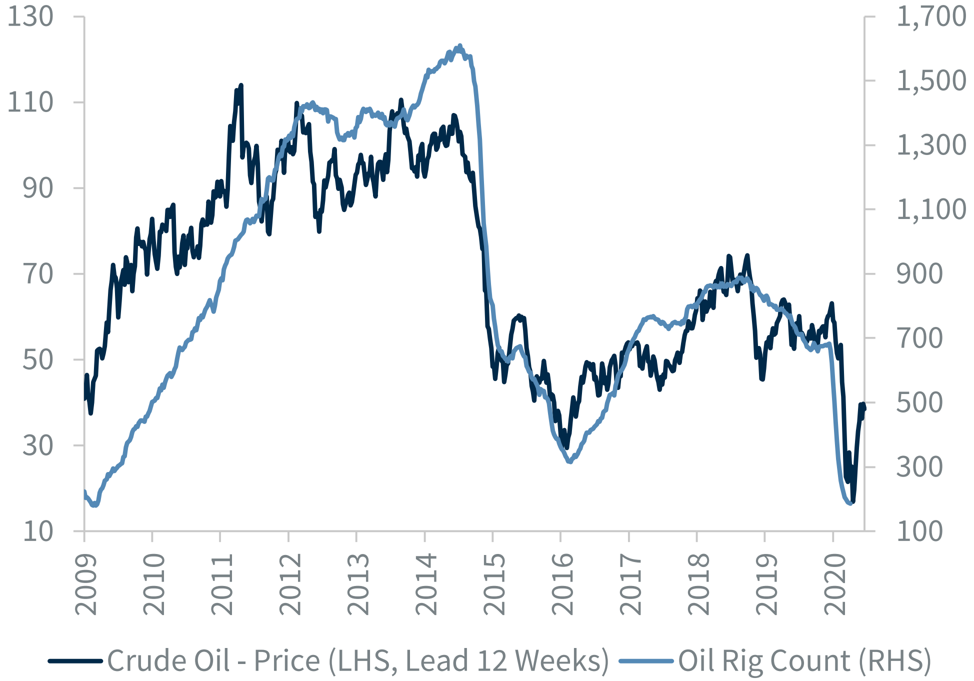


Source: FactSet, as of 7/1/2020

$38

Year-End 2020 WTI Forecast

Rig Count Declines to 2009 Levels



Source: FactSet, as of 7/1/2020

7 Asset Allocation

Shooting For The Stars

INSIGHT:

The COVID-19 outbreak was not the first volatility inducing event in US stock market history, and it will surely not be the last. Events such as this prove that the principles of asset allocation and selectivity are a perfect union, that can help your portfolio endure times of heightened uncertainty.

BOTTOM LINE:

Portfolio decisions should account for both long-term investment goals and risk tolerance, ultimately seeking an allocation that maximizes return for a given amount of risk.

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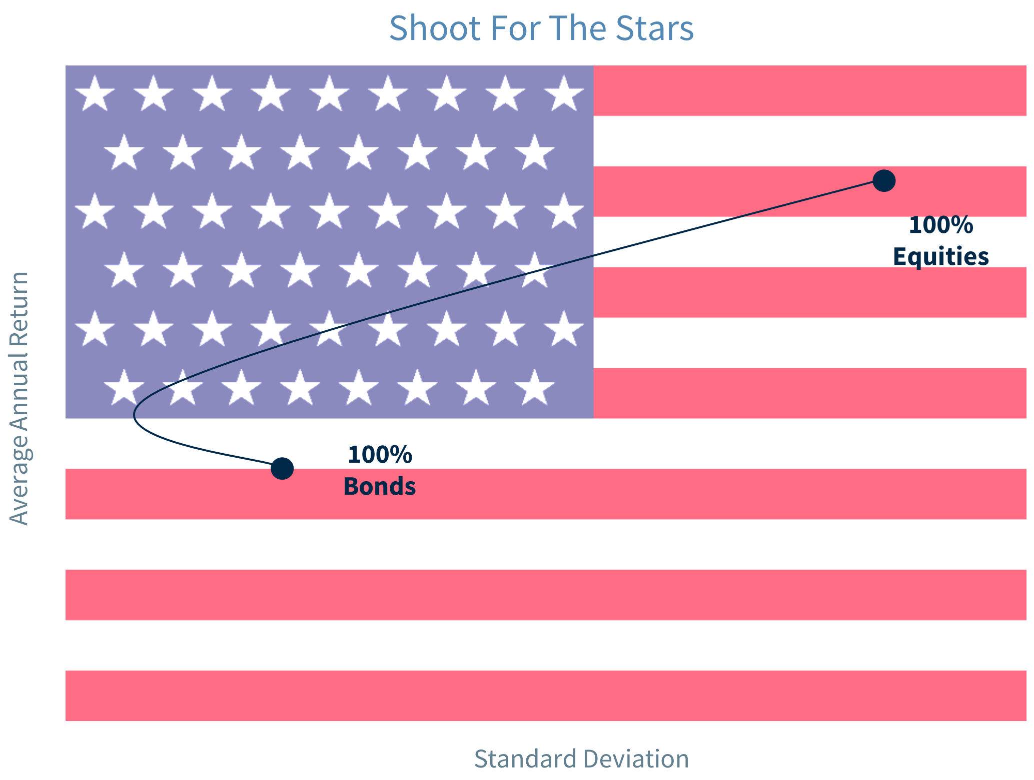
2020 LESSONS OF ASSET ALLOCATION



Source: Raymond James Investment Strategy

10 Things investors should remember

1. **Take care of yourself**
2. **Stay calm and do not panic**
   Do not make emotionally charged, panic decisions
3. **Stick to your plan**
   You and your advisor created the right allocation for you in calmer times don't abandon it now
4. **Make sure you are properly diversified and know what you own**
5. **Remember your time horizon**
6. **Have cash on hand for short-term liquidity needs**
7. **Talk with your advisor & *Shoot For The Stars***
   Review your risk tolerance
   Rebalance your portfolio if applicable
   Tax-loss harvesting if appropriate
8. **Dollar-cost average**
9. **It's about percentages, not points.**
   1,000 points on the Dow is now ~4%, while 1,000 points in 2009 was ~14%
10. **Remain long-term optimistic**
    We have had both volatility and viral outbreaks before

SOCIAL MEDIA

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ON TWITTER

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Larry Adam

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INTERNATIONAL INVESTING | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. Investing in emerging markets can be riskier than investing in well-established foreign markets.

SECTORS | Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

OIL | Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

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

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

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

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

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FIXED INCOME DEFINITION

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

US DOLLAR | The U.S. Dollar Index is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.

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

US INDEXES AND EQUITY SECTORS DEFINITION

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

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

INTERNATIONAL EQUITY DEFINITION

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

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

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

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

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

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

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

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

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

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

COMMODITIES DEFINITION

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

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

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DATA SOURCES:

FactSet and Bloomberg.

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