

RAYMOND
JAMES

INVESTMENT
MANAGEMENT

2024 *Outlook*

From Fatigue to FOMO

Navigating extreme sentiment shifts in 2024

Matt Orton, CFA® – Raymond James Investment Management
Chief Market Strategist

February 5, 2024

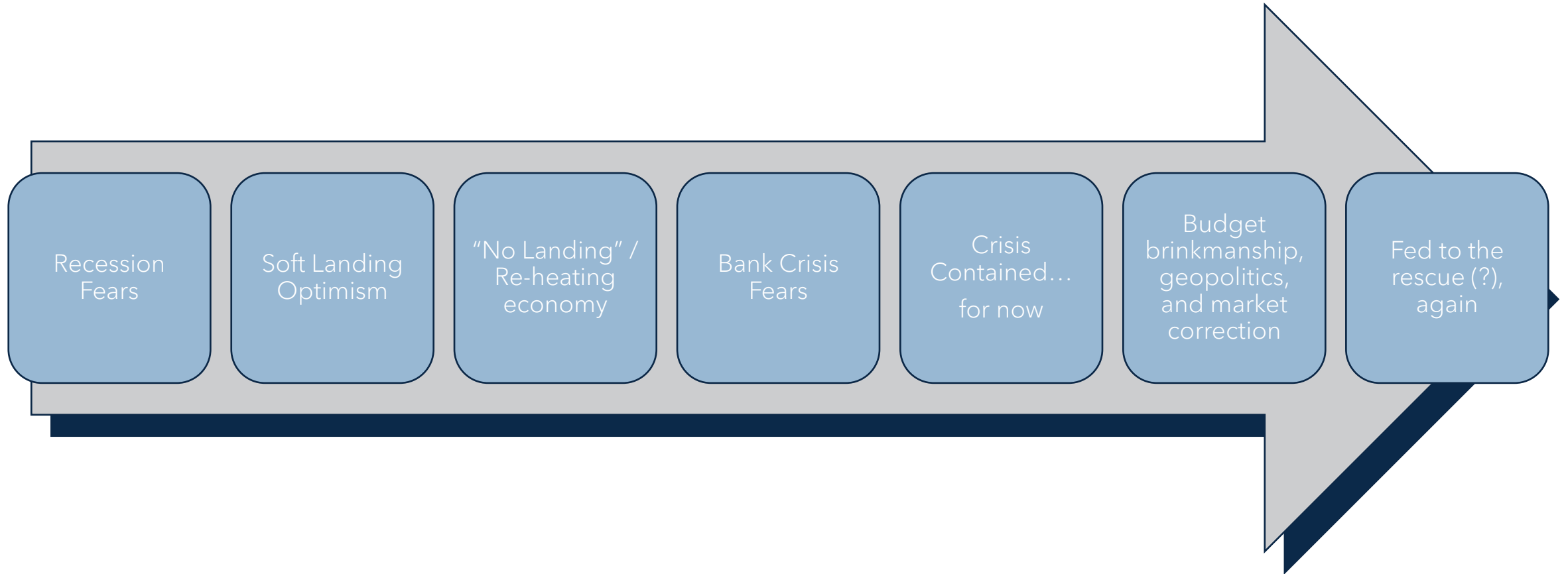
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The market is F.I.N.E.

This acronym stands for **F**rustrated, **I**nsecure, **N**eurotic, and **E**motional. We were on what felt like a rollercoaster in 2023 – throughout the year, we cycled through a meaningful number of very distinct narratives. Perhaps that contributed to the depressed sentiment that spurred the year-end rally.



Key themes for 2024

Get comfortable being uncomfortable

- Fed vs. Inflation? Market expectations vs. reality
- Strong economic backdrop; are we priced for perfection?
- Labor markets and potential changes to consumption patterns

Macro uncertainties, micro opportunities

- Small cap reversal?
- Anomalies in the income market
- Selectivity in Emerging Markets

Dive into mega-trends

- Secular growth tailwinds critical for earnings growth
- Reshoring & reinvestment, aging population with more chronic diseases, energy transition, GenAI

Get comfortable being uncomfortable

- Fed vs. Inflation? Market expectations vs. reality
- Strong economic backdrop; are we priced for perfection?
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Inflation is rapidly normalizing

*Core PCE is coming in much closer to the Fed's 2% target...
Core Personal Consumption Expenditure Index (PCE)*



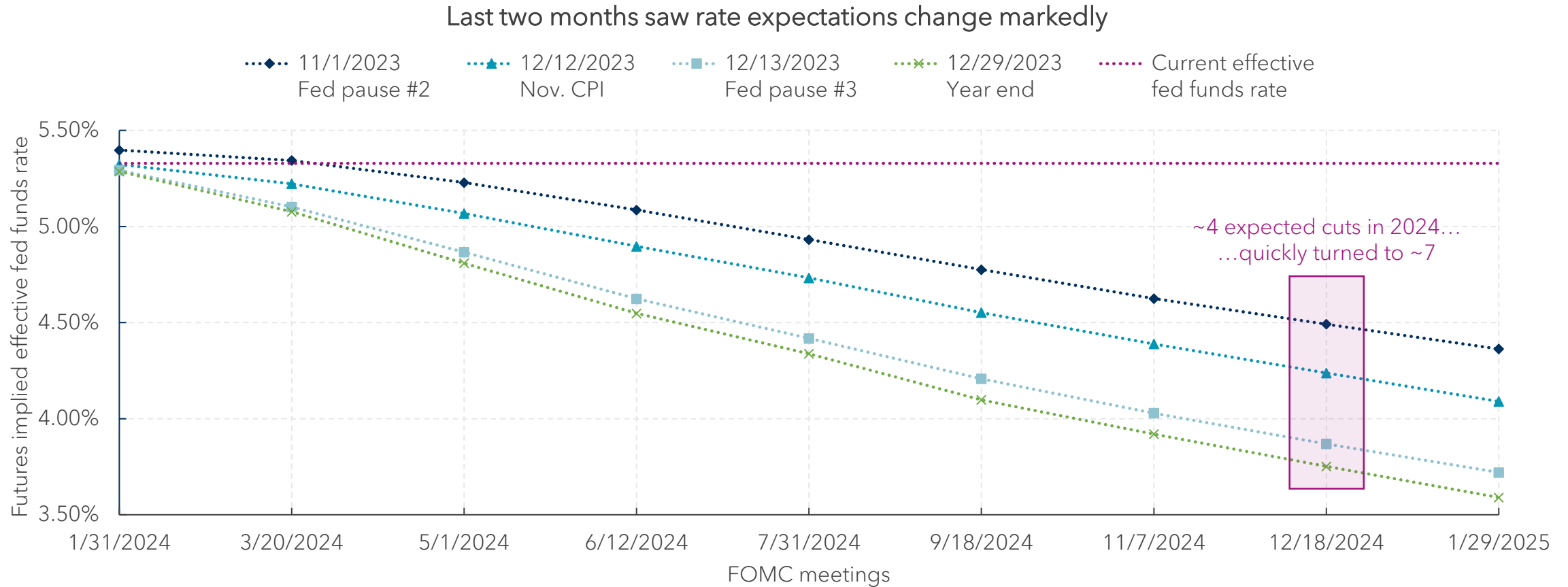
*...and near-term inflation expectations have turned over
UMich Expected Change in Prices During the Next:*



Source: Bloomberg, University of Michigan; as of 1/19/2024.

...but the market has gotten ahead of itself

Last two months of 2023 saw rate expectations change markedly
Futures implied effective fed funds rate

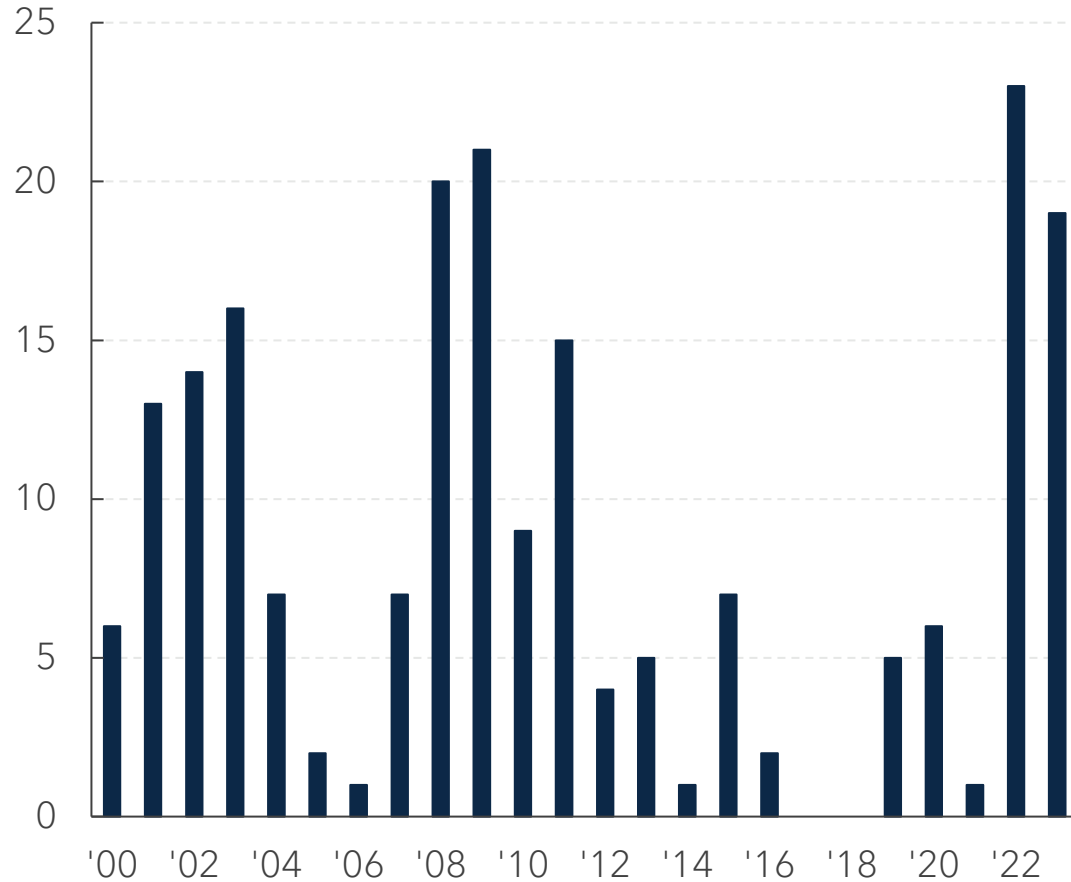


Source: Bloomberg; as of 1/19/2024.

Rates are *incredibly* volatile

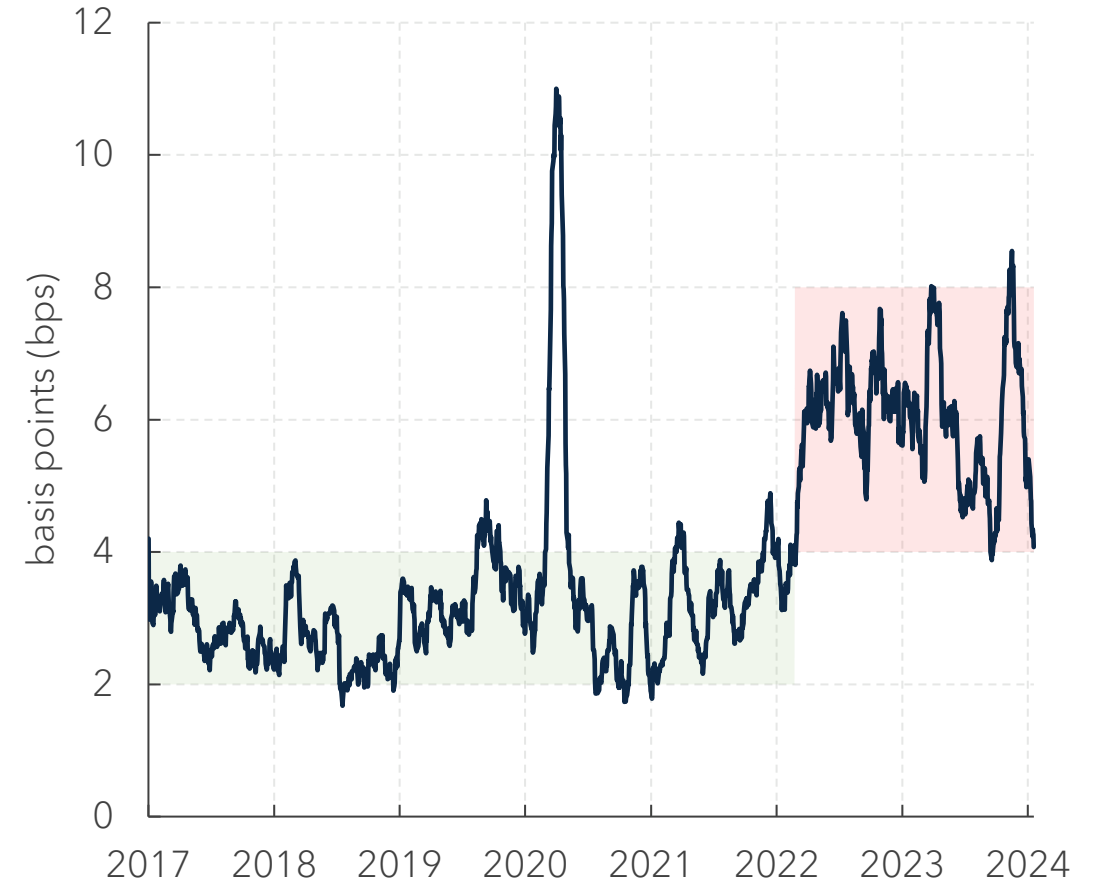
Rate vol elevated like other crisis periods

Number of weeks where the 10yr yield moved 20bps or more



We're securely in a higher rate vol regime...could this reverse?

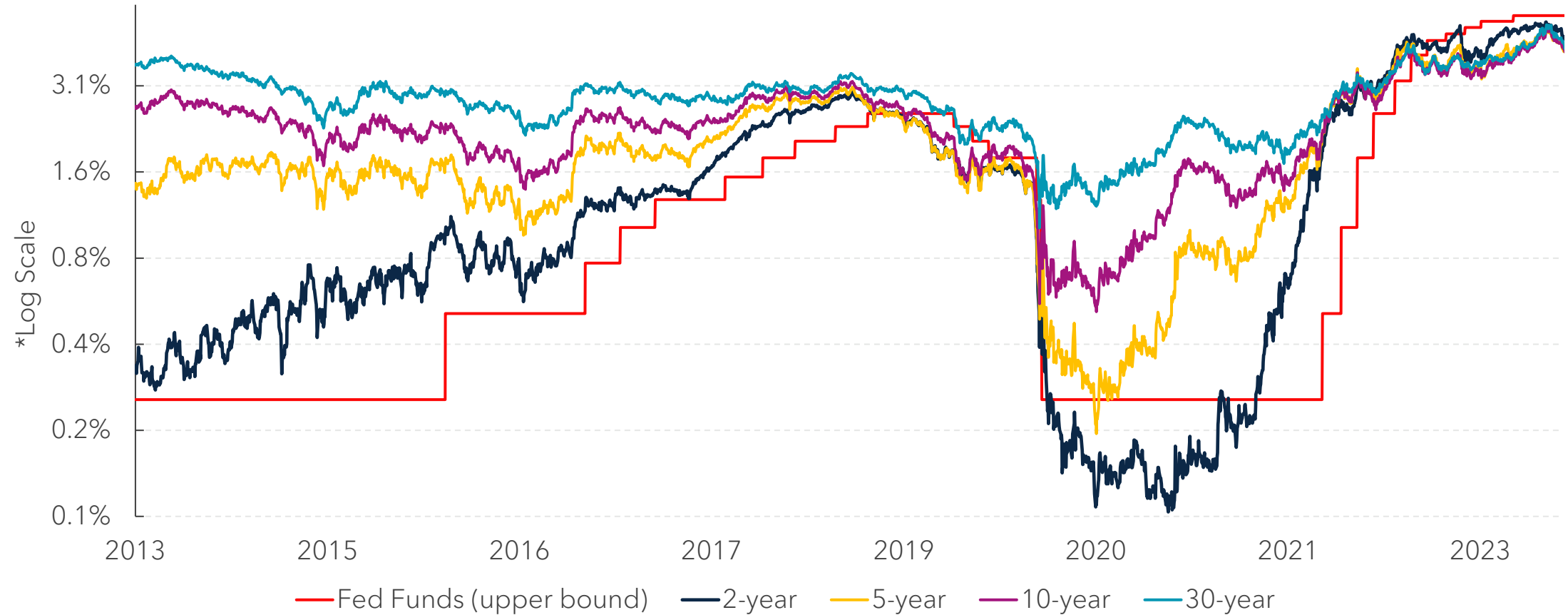
30-day moving average of 2-day moves in the 10yr yield



Source: Bloomberg; as of 1/19/2024.

Spectacularly wrong

Surging rates should have broken more things...
U.S. Treasury yields across various maturities



Source: Bloomberg; as of 1/19/2024.

Money market flows endemic of macro environment

\$1.2 Trillion flowed into money market funds during 2023...
Money market fund assets (\$tn)



There's twice as much money in MM funds than the Russell 2000
Money market funds as a % of index market caps

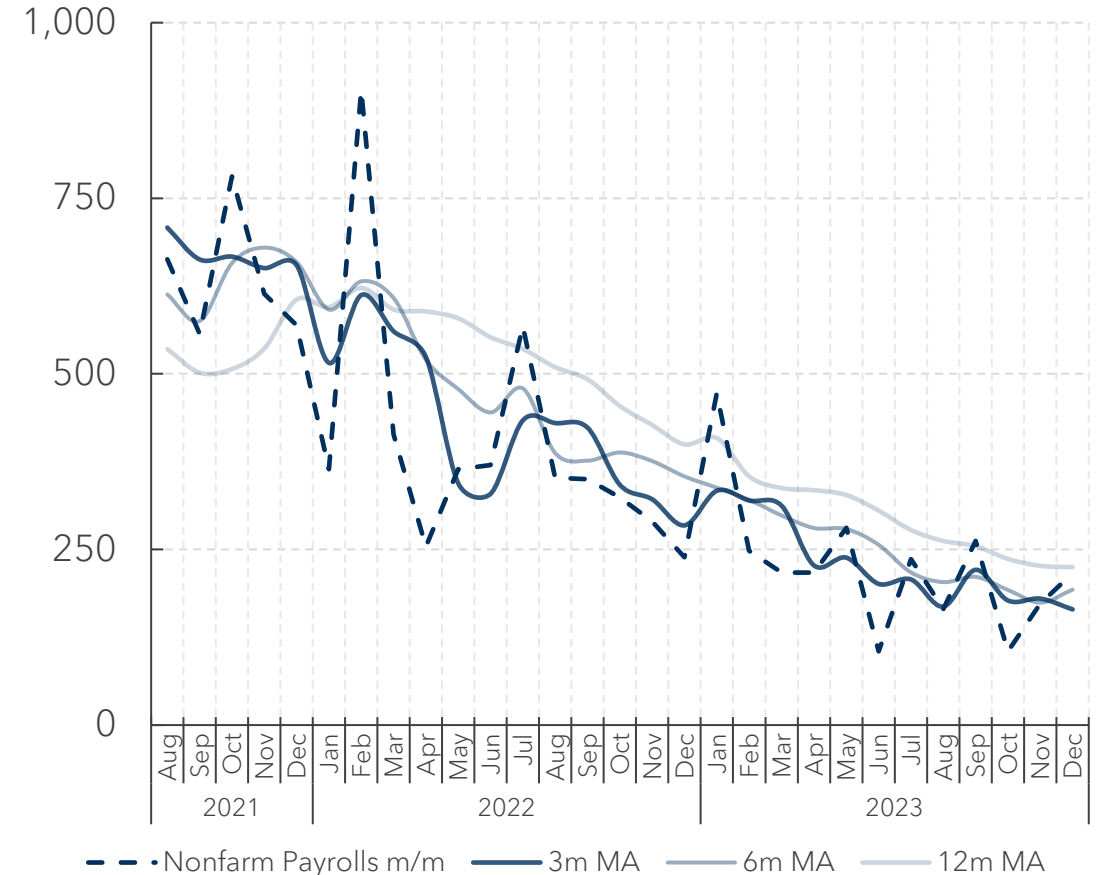
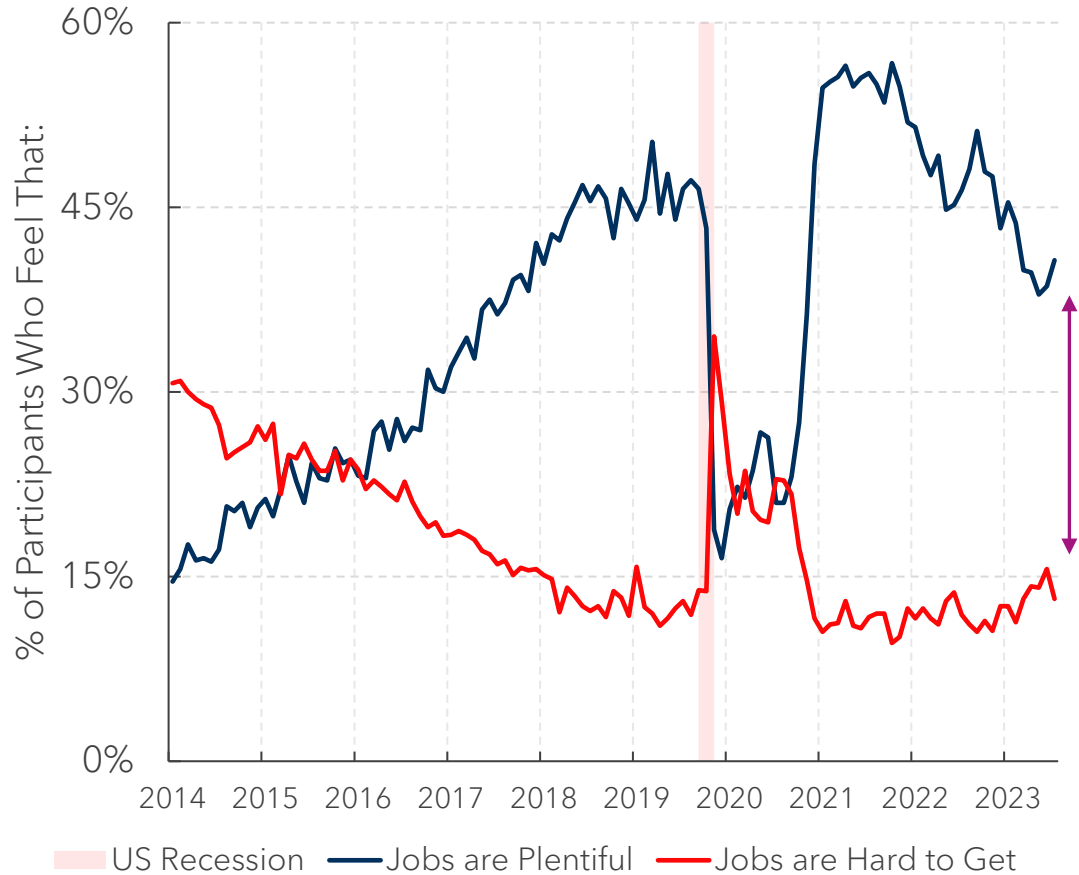


Source: Bloomberg, Investment Company Institute (ICI); as of 1/19/2024.

The jobs market is a double-edged sword

*Jobs aren't as easy to find, but they're still not hard to get...
Conference Board national employee survey results*

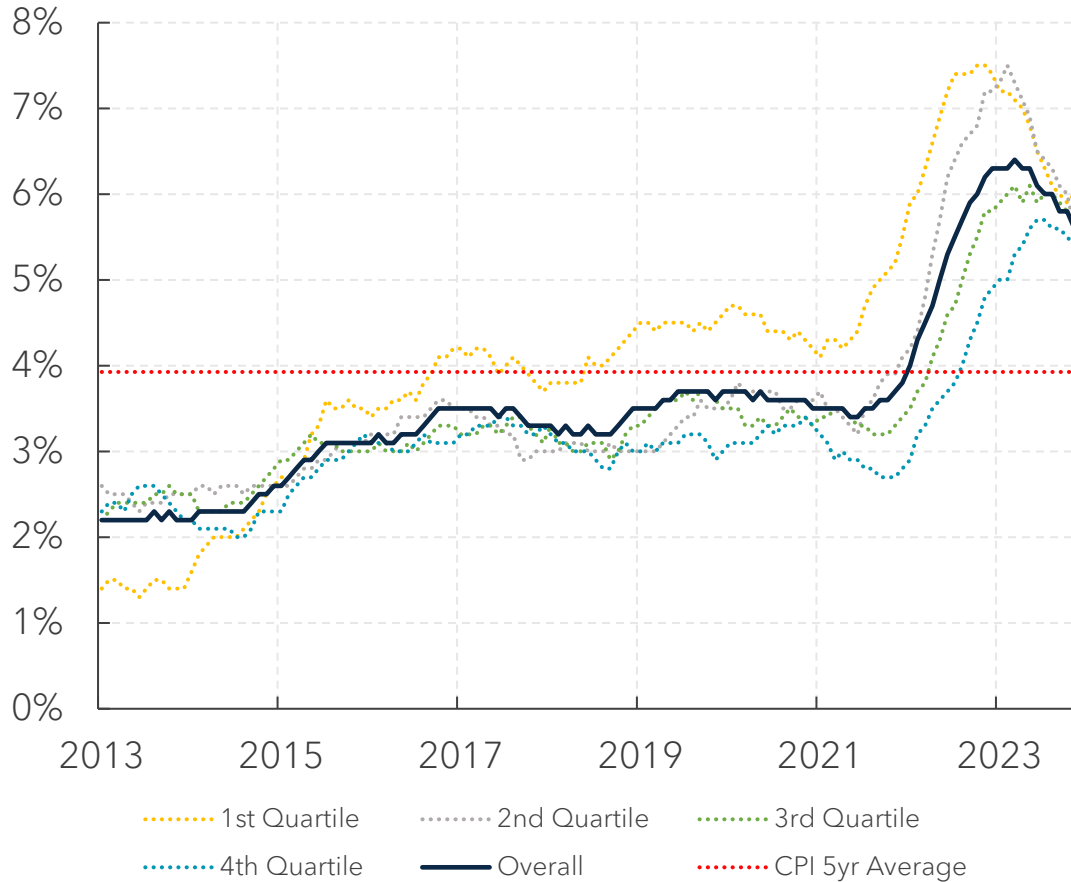
*...and the pace of jobs growth is slowing, but remains strong
U.S. employees on nonfarm payrolls total m/m change*



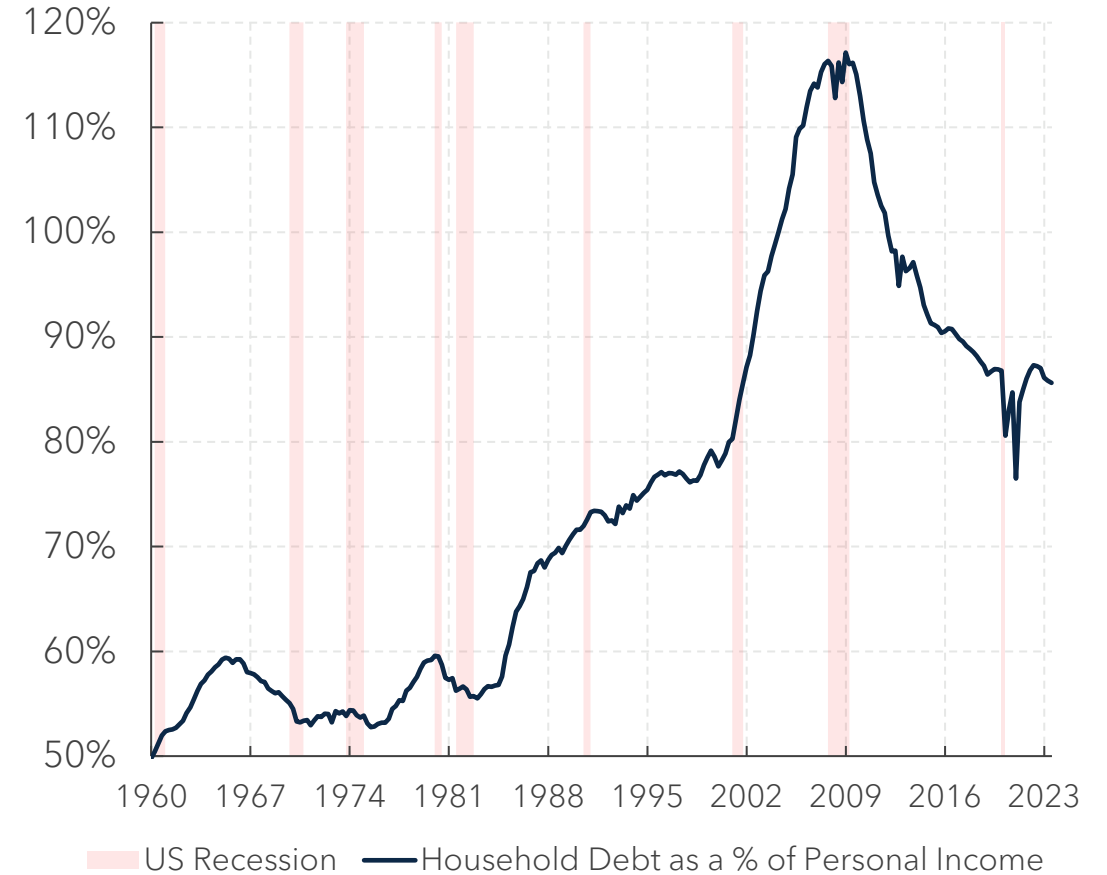
Jobs plentiful and jobs hard to get are the result of a survey by the Conference Board every month that samples approximately 3000 U.S. households. Nonfarm Payrolls is aggregated by the Bureau of Labor Statistics (BLS) who record payroll from a sample of nonagricultural businesses. Source: Conference Board, Bureau of Labor Statistics, Bloomberg; as of 1/19/2024.

The consumer is doing alright

*Wage growth has been strong across all income groups...
% wage growth by income quartile*



*Debt levels may have jumped but remain on a downward path...
Household Debt as a % of Personal Income*

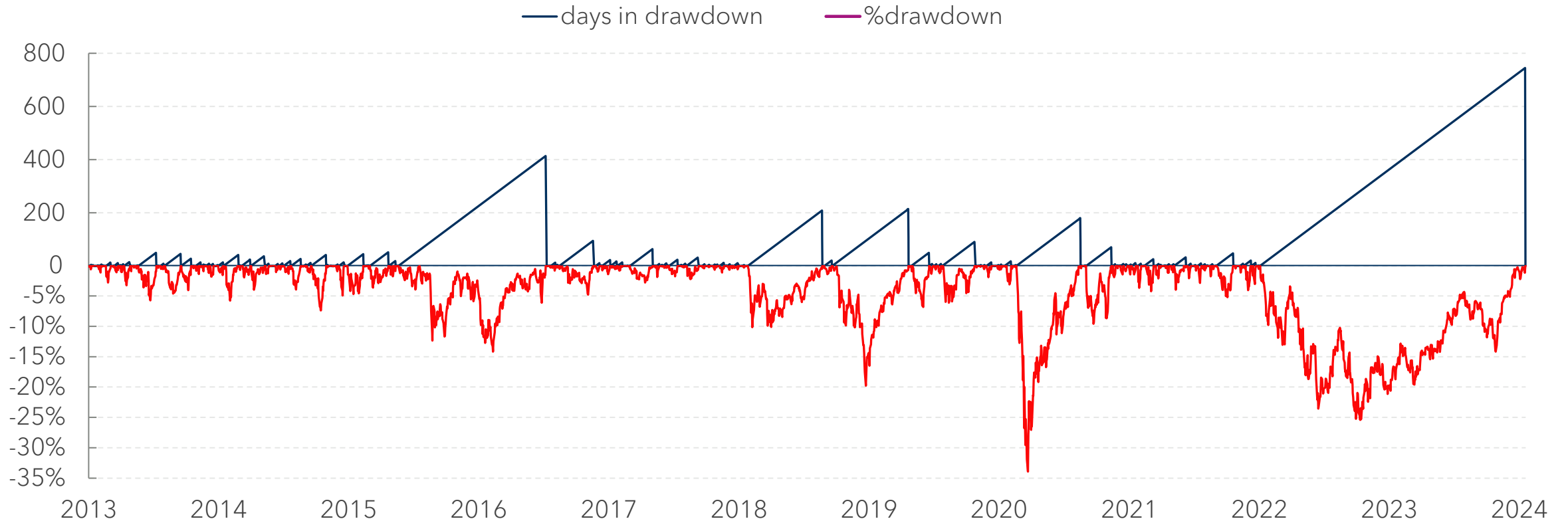


Macro uncertainties, micro opportunities

- Small cap reversal?
- Anomalies in the income market
- Selectivity in Emerging Markets

We're at all time highs, but it took a lot of work to get here

After 745 days, the 25% drawdown has been undone
S&P 500 drawdowns, last 10 years



Source: Bloomberg; as of 1/19/2024.

You need to calm down...

Don't fear an all time high, embrace it
S&P 500 returns following an all time high, post-10% drawdown

ATH	drawdown	next 3m	next 6m	next yr	next 3yrs
Sep-50	-14.02%	2.47%	9.72%	20.37%	20.83%
Mar-54	-14.82%	6.18%	15.14%	36.57%	63.92%
Nov-55	-10.59%	-6.44%	-0.09%	-0.30%	13.83%
Sep-58	-21.63%	8.70%	11.39%	14.06%	32.14%
Jan-61	-13.85%	6.65%	9.01%	11.32%	25.80%
Sep-63	-27.97%	1.57%	7.43%	13.28%	6.94%
May-67	-22.18%	1.42%	-1.71%	4.86%	-21.14%
May-68	-10.11%	0.57%	10.36%	2.50%	2.40%
Mar-72	-36.06%	0.05%	2.52%	5.02%	-23.06%
Jul-80	-48.20%	10.10%	10.98%	7.67%	36.70%
Nov-82	-27.11%	0.25%	14.31%	14.54%	32.45%
Jan-85	-14.38%	3.12%	10.91%	18.43%	43.74%
Jul-89	-33.51%	1.67%	-2.30%	5.63%	21.56%
May-90	-10.23%	-10.87%	-12.24%	5.90%	24.22%
Feb-91	-19.92%	-0.12%	5.66%	13.04%	27.65%
Dec-97	-10.80%	8.18%	13.68%	20.73%	39.92%
Nov-98	-19.34%	4.78%	9.81%	18.21%	-5.02%
Nov-99	-12.08%	-2.28%	1.95%	-2.61%	-35.63%
May-07	-49.15%	-6.40%	-6.67%	-8.62%	-28.81%
Mar-13	-56.78%	2.80%	8.25%	18.38%	31.53%
Jul-16	-14.16%	0.78%	6.16%	13.49%	41.02%
Aug-18	-10.16%	-8.42%	-2.86%	-0.19%	55.50%
Apr-19	-19.78%	2.45%	2.49%	-4.58%	49.77%
Aug-20	-33.92%	7.00%	15.46%	29.81%	29.80%
Jan-24	-25.43%	?	?	?	?
mean	-23.05%	1.42%	5.81%	10.73%	20.25%
median	-19.78%	1.62%	7.84%	12.18%	26.72%

Source: Bloomberg; as of 1/19/2024.

There's plenty to be optimistic about
Catalysts to support the market going forward



Supportive economic backdrop indicative of soft-landing outcome



Earnings growth inflecting across multiple sectors supportive to future market gains



Tight labor market and wage growth should support the consumer



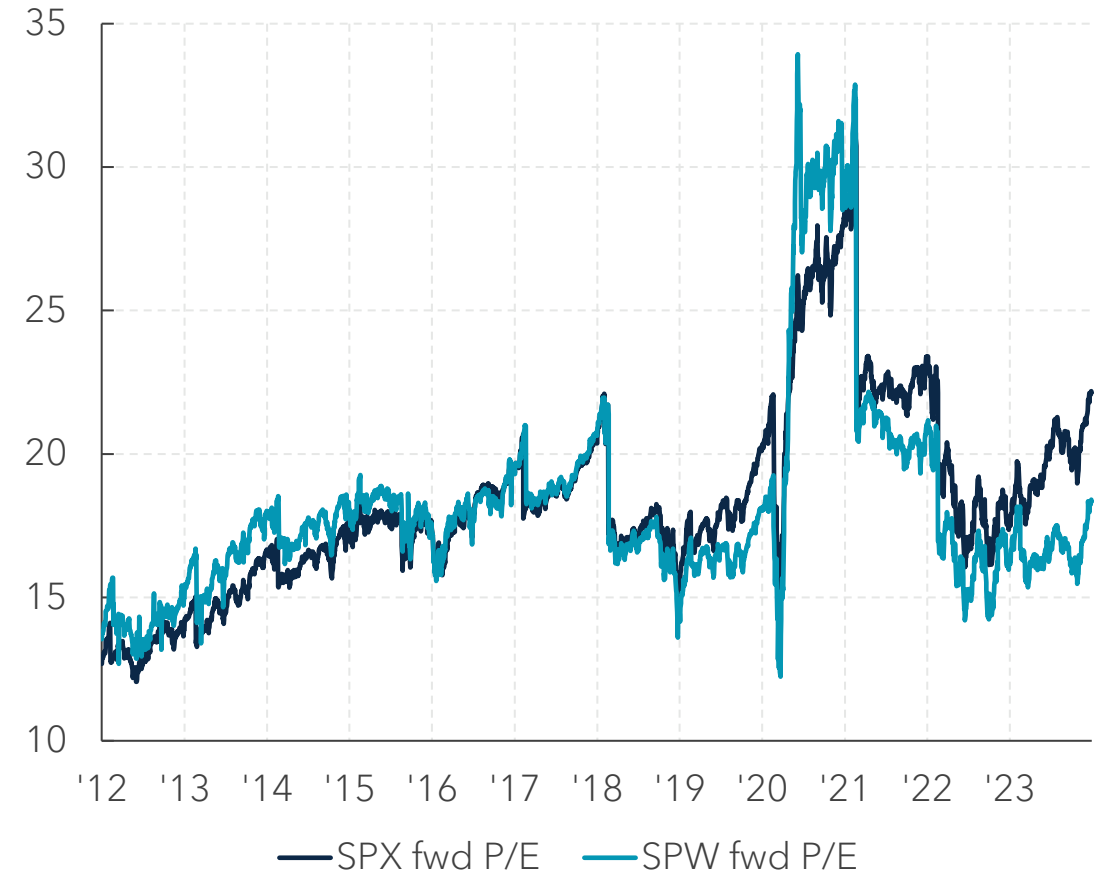
Timing and degree of rate cuts might be uncertain, but the rate hiking cycle has come to a close

The problem with indices

*Magnificent 7 account for nearly 30% of benchmark...
Weight of largest 7 companies in S&P 500*



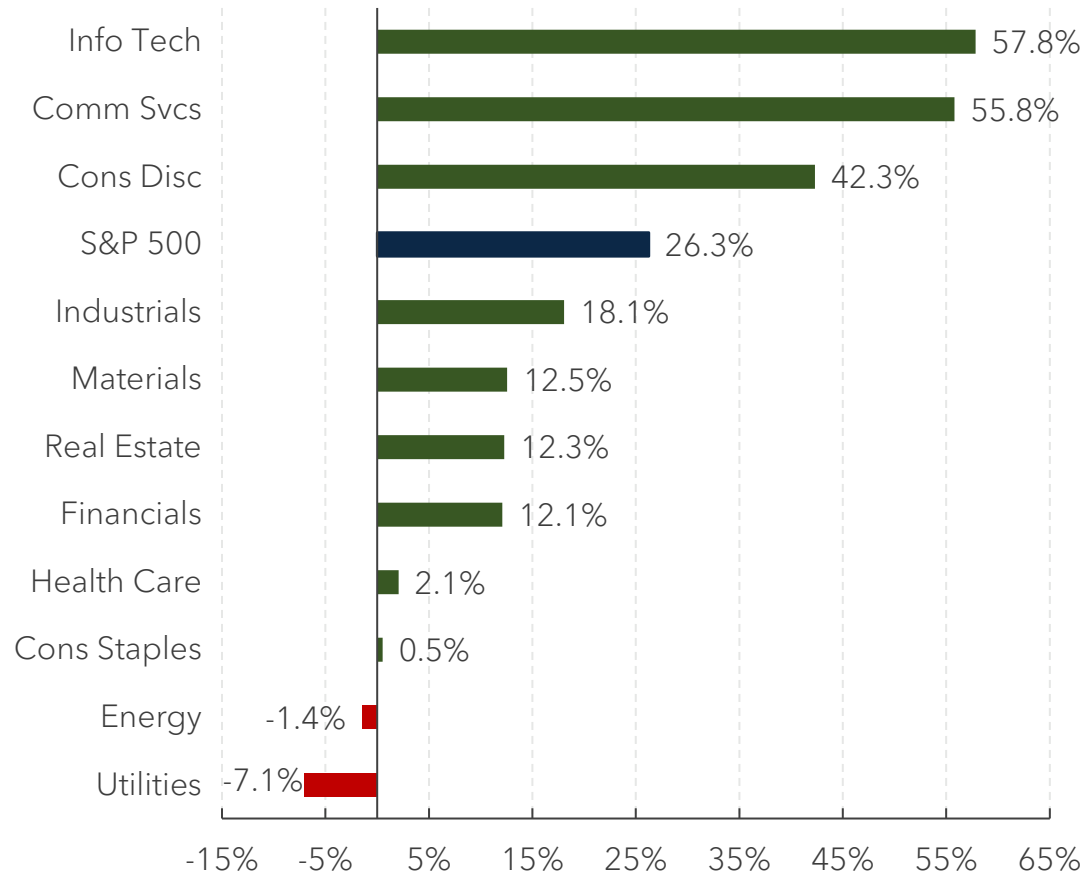
*...and this concentration skews valuation at the index level
S&P 500 index vs. S&P 500 equal weight fwd. P/E*



Source: Bloomberg; as of 12/31/2023.

Diversification opportunities ahead

Sector dispersion was incredibly elevated in 2023
S&P 500 2023 sector returns



Markets have been concentrated; is that so bad?
S&P 500 Return contribution, 2024 YTD

S&P 500 return contribution YTD (as of 1/19/24)

	Avg Weight	Total Return	Contribution	% of S&P 500 Return
NVDA	3.24%	20.13%	0.62%	40.26%
MSFT	7.07%	6.02%	0.42%	27.27%
META	2.01%	8.33%	0.17%	11.04%
AMD	0.60%	18.19%	0.11%	7.14%
AVGO	1.20%	1.54%	0.10%	6.49%
Top 5	14.12%	1.37%	1.42%	92.21%

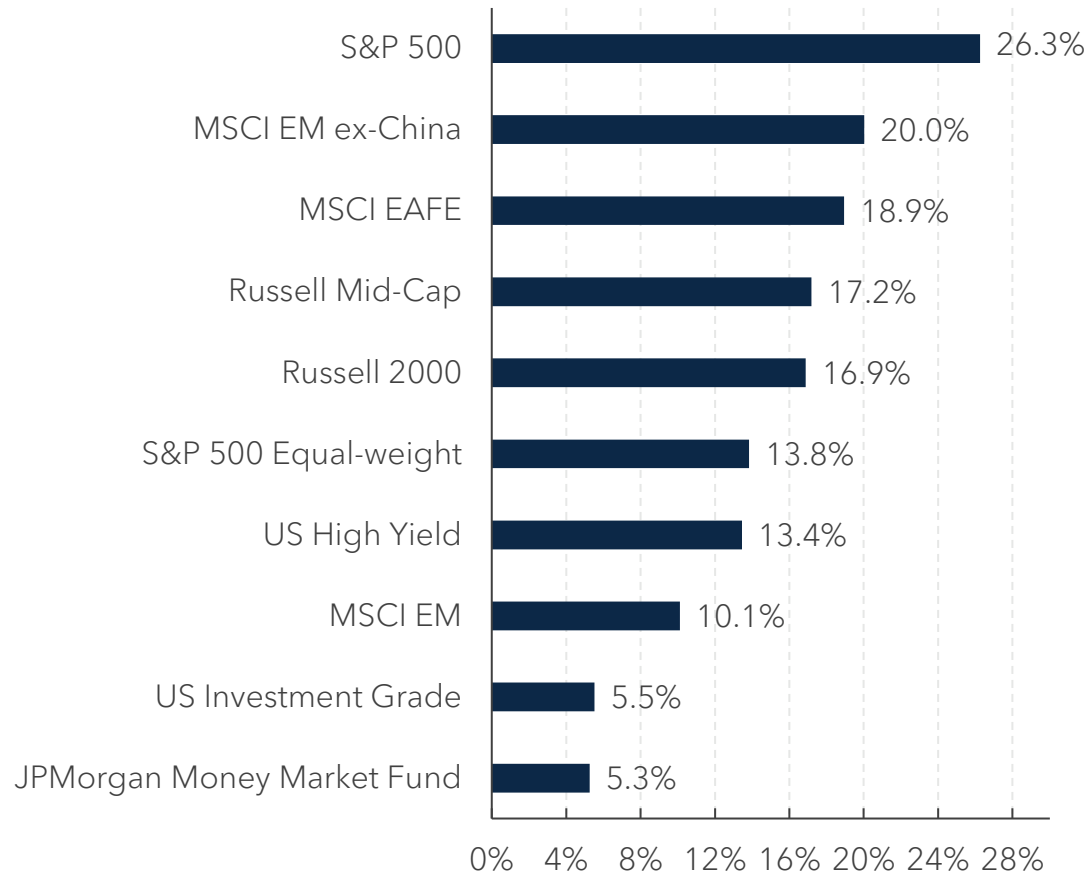
S&P 500 return contribution (2023)

	Avg Weight	Total Return	Contribution	% of S&P 500 Return
MSFT	6.49%	58.19%	3.37%	12.81%
AAPL	7.11%	49.00%	3.10%	11.79%
NVDA	2.48%	239.02%	2.81%	10.65%
AMZN	3.01%	80.88%	1.96%	7.46%
META	1.60%	194.13%	1.67%	6.36%
TSLA	1.63%	101.72%	1.07%	4.07%
GOOGL	1.96%	58.32%	0.98%	3.71%
GOOG	1.71%	58.83%	0.86%	3.28%
Mag 7	25.99%	22.54%	15.83%	60.13%

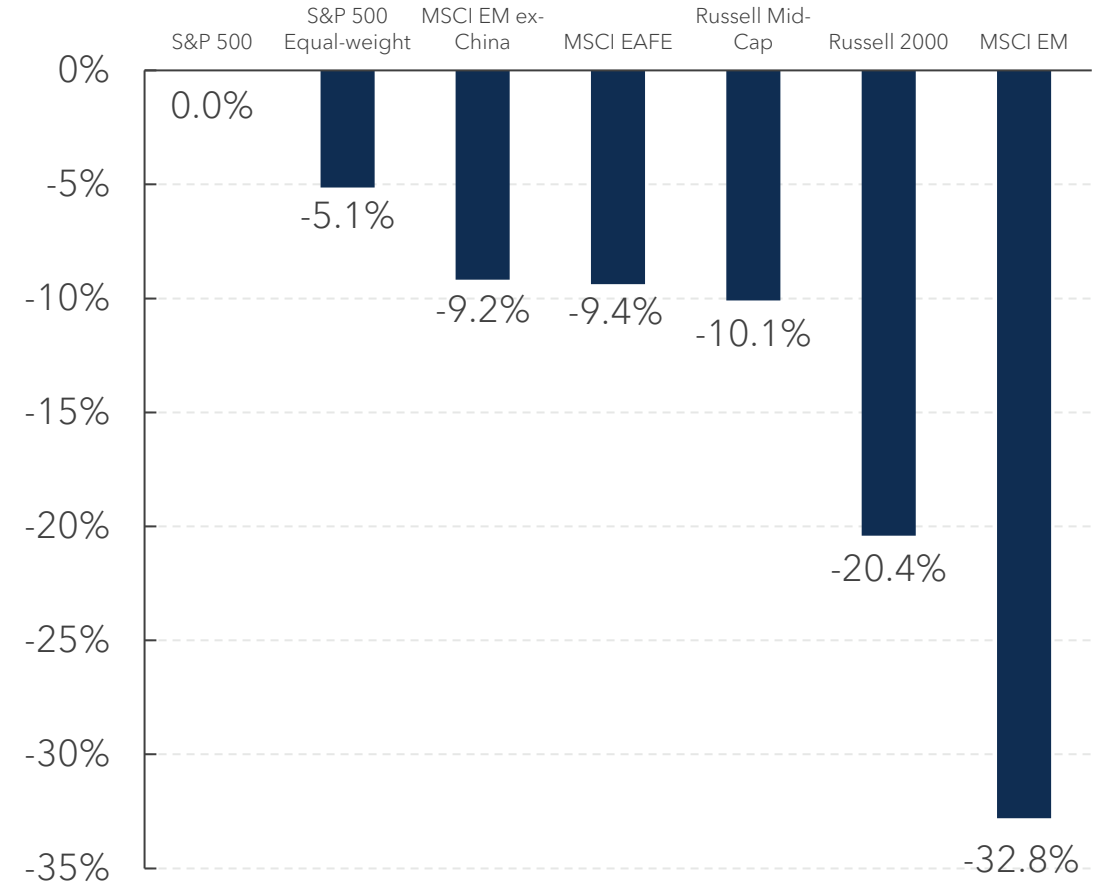
Source: Bloomberg, as of 1/19/24.

Diversification still working

*The easy money has been made – selectivity will matter
2023 returns across various asset classes*



*Other major indices are still markedly below their all time highs
Index % below all time high*



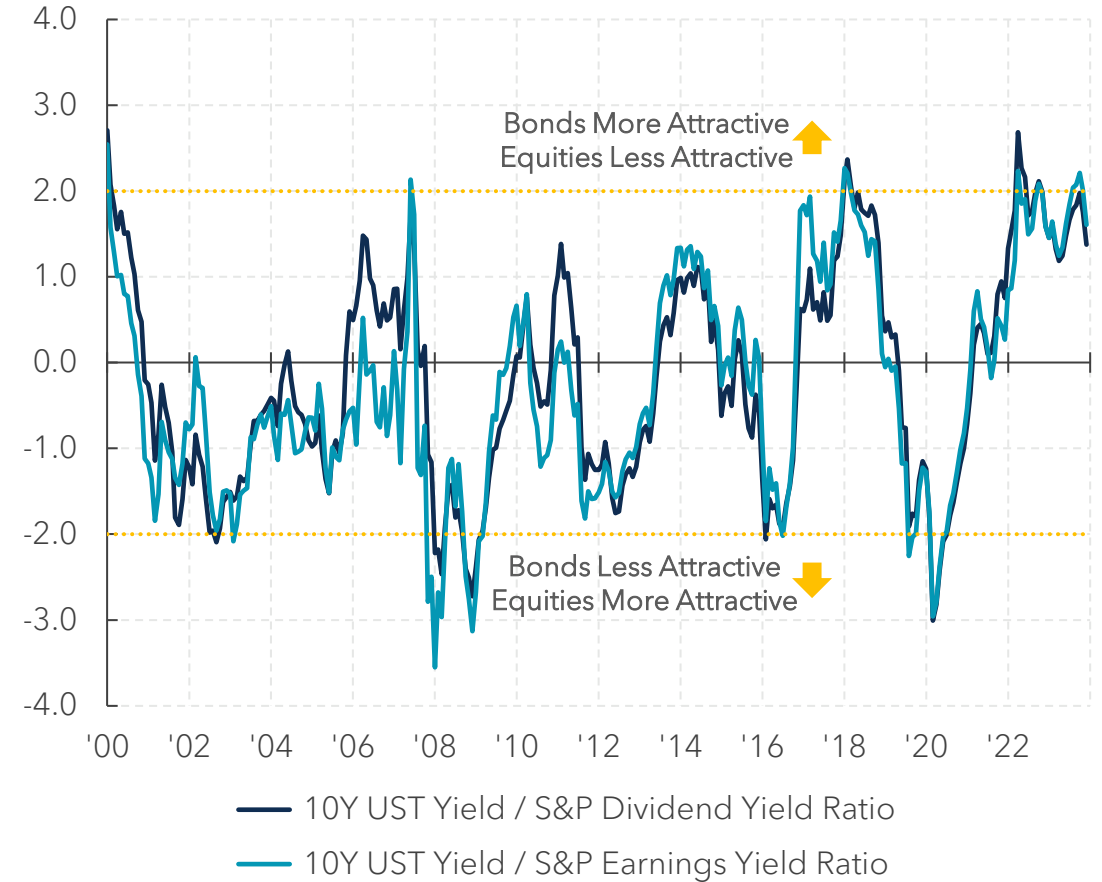
Source: Bloomberg; as of 1/19/2024.

Fixed income looks attractive!

10-Year U.S. Treasury Yield and S&P 500 Dividend Yield
Daily Data Since 1994



Bond and Equity Relative Yield Comparison
Trailing 3-Year Z-Scores¹ of 10-Year U.S. Treasury Yield / Equity Yield Ratios



¹Z-score is a statistical measure that describes a value's relationship to the mean of a group of values and is assessed in terms of standard deviations from the mean.
Source: Bloomberg; as of 12/31/2023.

Investment Playbook

- Use downside opportunistically
- Lean into small caps
- Selectivity at the forefront
- Leverage mega-trends to find new opportunities

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S&P 500 earnings and multiples

Bottom-up analyst expectations are reasonable for 2024

S&P 500 EPS vs. P/E multiples

Price / Earnings

	17	17.5	18	18.5	19	19.5	20	20.5	21
270	4590	4725	4860	4995	5130	5265	5400	5535	5670
260	4420	4550	4680	4810	4940	5070	5200	5330	5460
250	4250	4375	4500	4625	4750	4875	5000	5125	5250
240	4080	4200	4320	4440	4560	4680	4800	4920	5040
230	3910	4025	4140	4255	4370	4485	4600	4715	4830
220	3740	3850	3960	4070	4180	4290	4400	4510	4620
210	3570	3675	3780	3885	3990	4095	4200	4305	4410
200	3400	3500	3600	3700	3800	3900	4000	4100	4200
190	3230	3325	3420	3515	3610	3705	3800	3895	3990

S&P 500 EPS

Source: Bloomberg, as of 12/31/2023.

Catalysts for earnings growth rebound

History suggests earnings typically recovery stronger than they fall, as downturns usually remove excess capacity and result in leaner cost structures and improved margin profiles.

Rotate towards:

- Contrarian plays: Healthcare, energy, dividend growth
- Small-caps: Selectivity
- Industrials: Reshoring, Infrastructure, Defense
- Emerging Markets: India
- Developed Markets: Japan

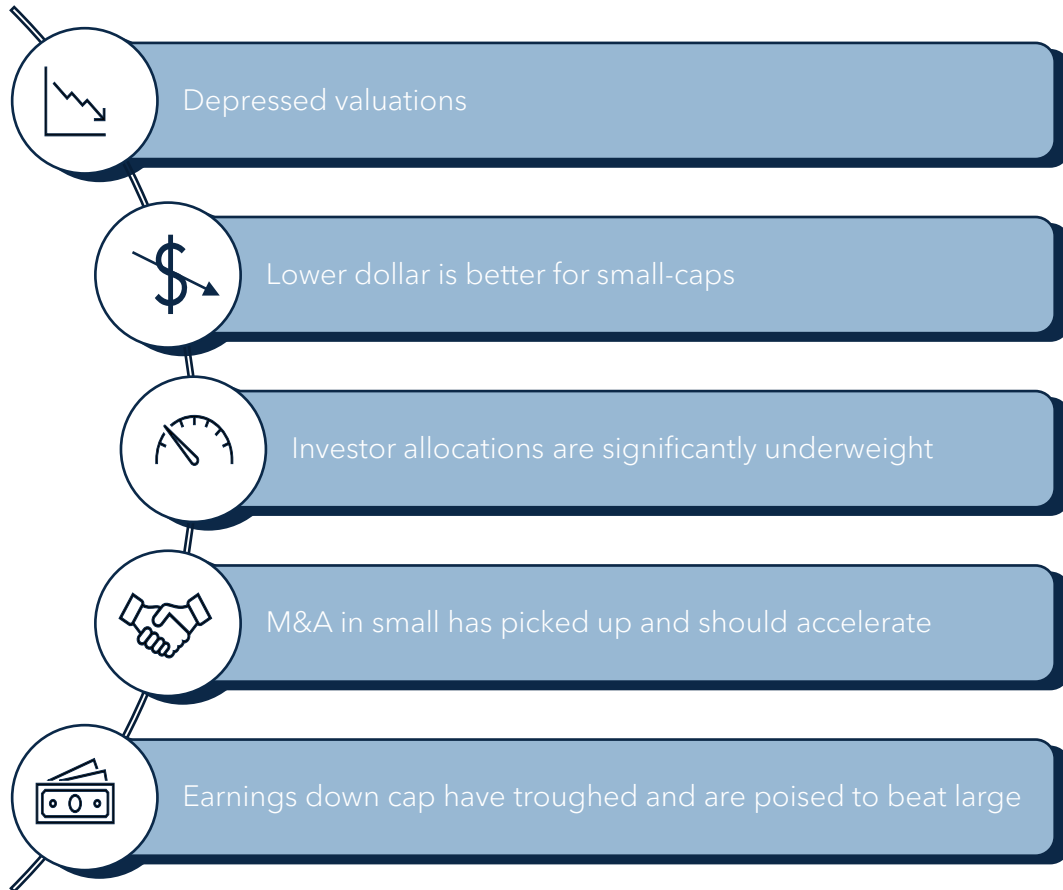
Rotate away/fade:

- Homebuilders
- Airlines
- Hotels & Leisure
- Non differentiated retailers
- Emerging Markets: China

Everything is (no longer) going wrong for small-caps

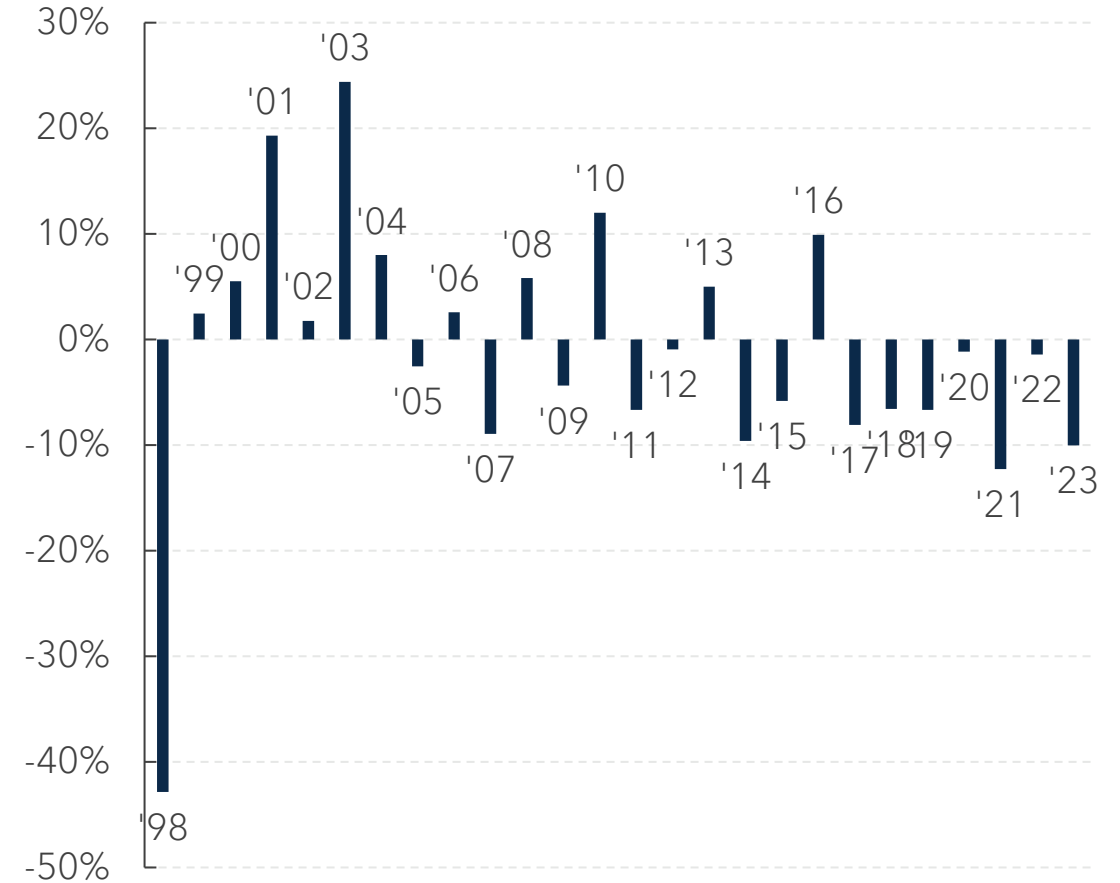
But not everything is doom & gloom

Some macro factors have improved and are supportive of small



Small has underperformed large consistently in past decade

Annual returns, Russell 2000 less Russell 1000



Source: Bloomberg; as of 12/31/2023.

Small caps still attractive after year-end rally

Small caps still have room to run

Performance of Russell 2000 over last 3 years (as of 1/19/2024)

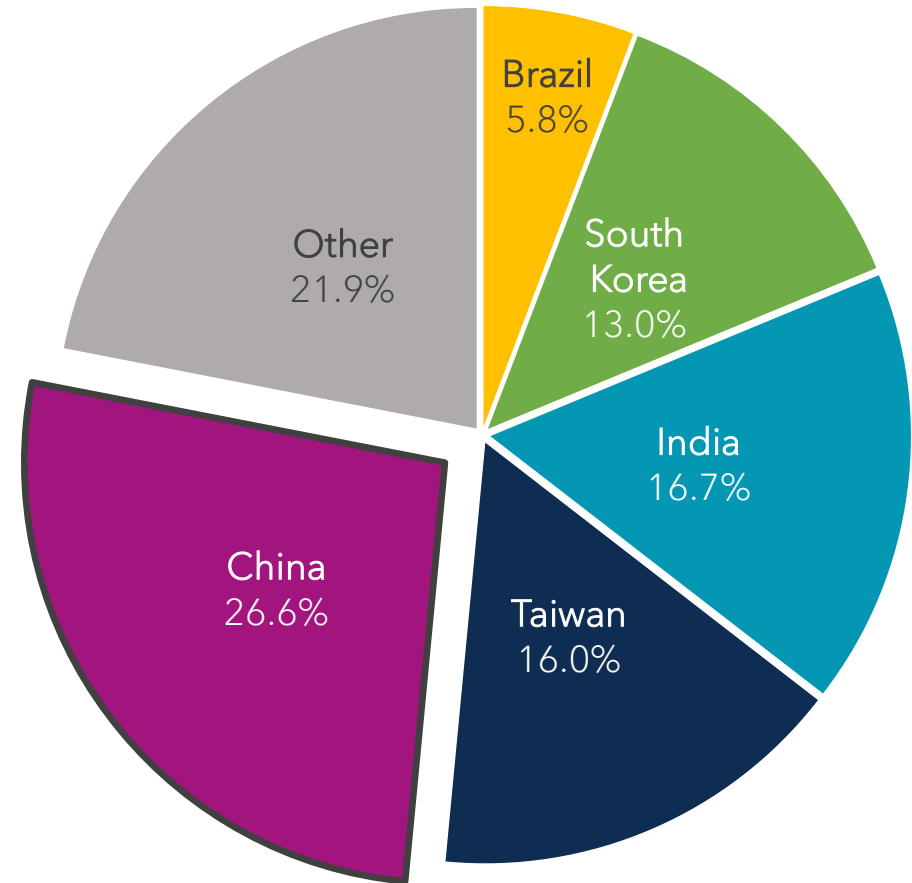
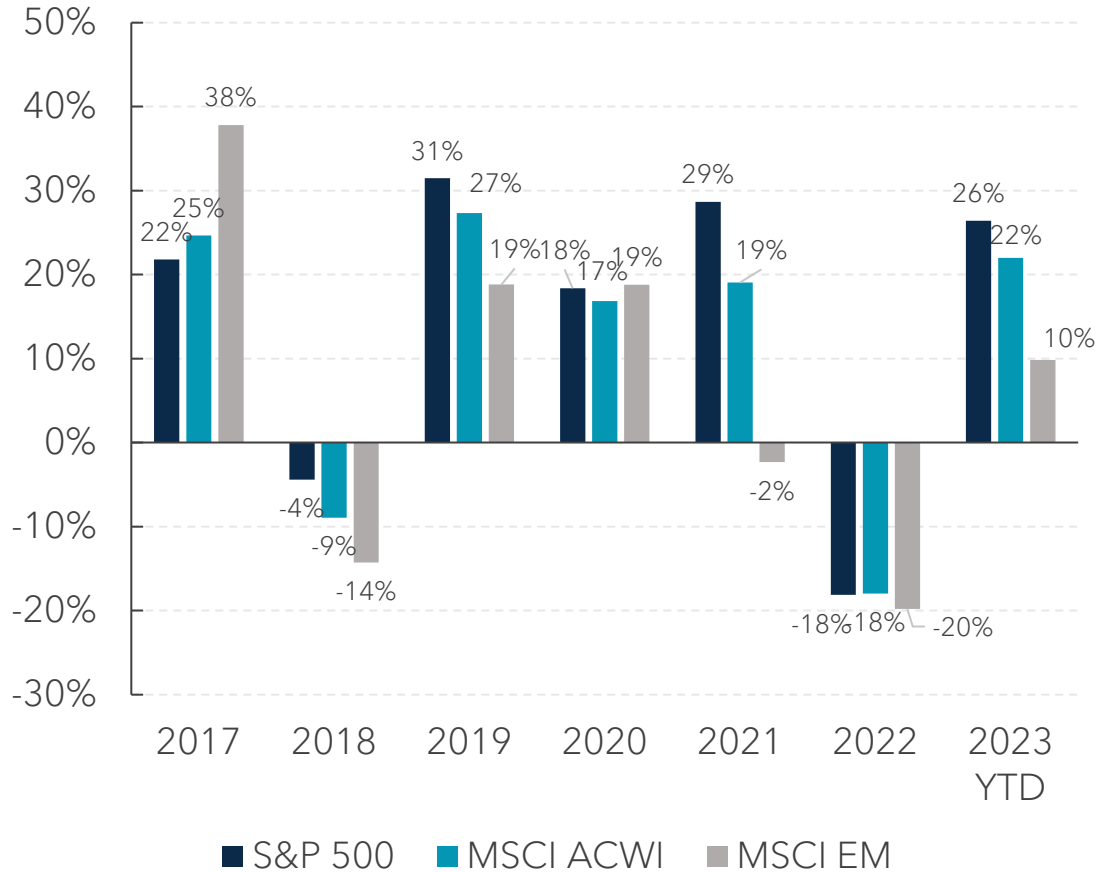


Source: Bloomberg; as of 1/19/2024.

Emerging Markets have been challenged for some time

*Emerging Markets have underperformed in most years...
Annual performance of S&P 500, MSCI EM, and MSCI ACWI*

*...mostly because they have a China problem
Country weights within MSCI Emerging Markets Index*



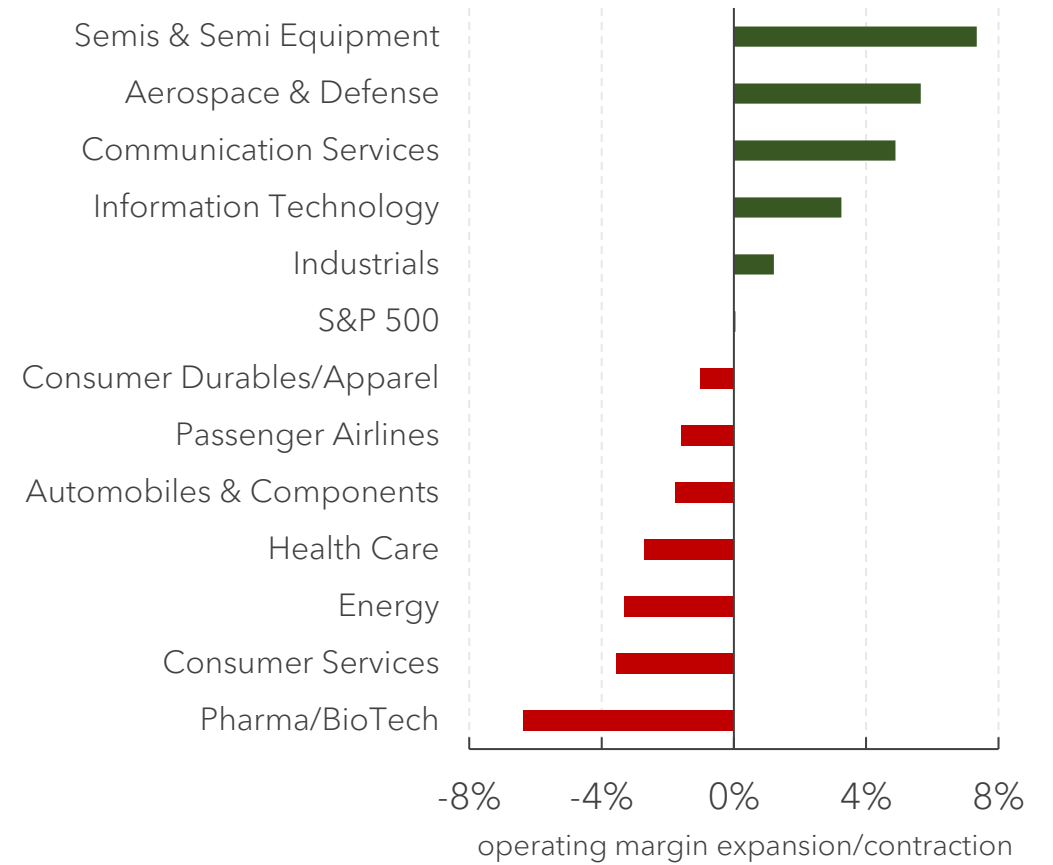
Country weights sourced from MSCI.
Source: MSCI, Bloomberg; as of 12/31/2023.

Follow opportunities for margin expansion

*Index-level margins have been much better than expected...
S&P 500 net income margin*



*...but there are some large differences at the sector level
Key industry operating margin expansion/contraction 3Q22 to 4Q24e*



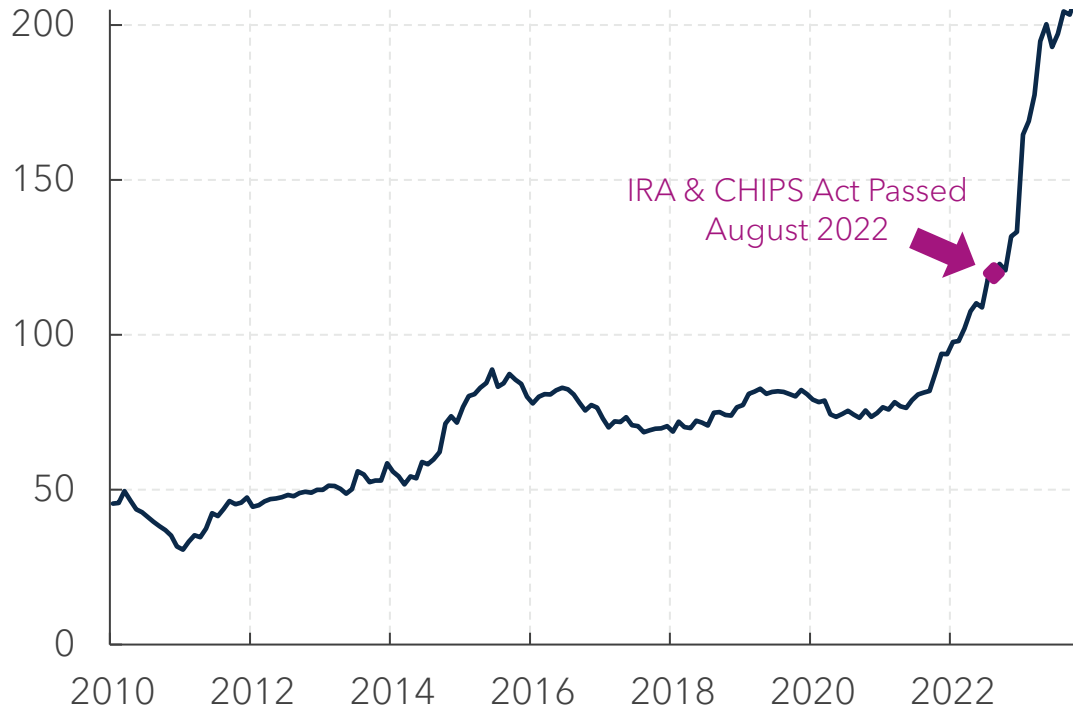
Source: Bloomberg, as of 12/31/2023.

Dive into mega-trends

- Secular growth tailwinds critical for earnings growth
- Reshoring & reinvestment, aging population with more chronic diseases, energy transition, GenAI

Reshoring and reinvestment

U.S. CHIPS & IRA Acts to continue to fuel growth
U.S. Manufacturers Construction Spending (\$B)



Global capex has been suppressed from historical levels
Capex as a % of Sales

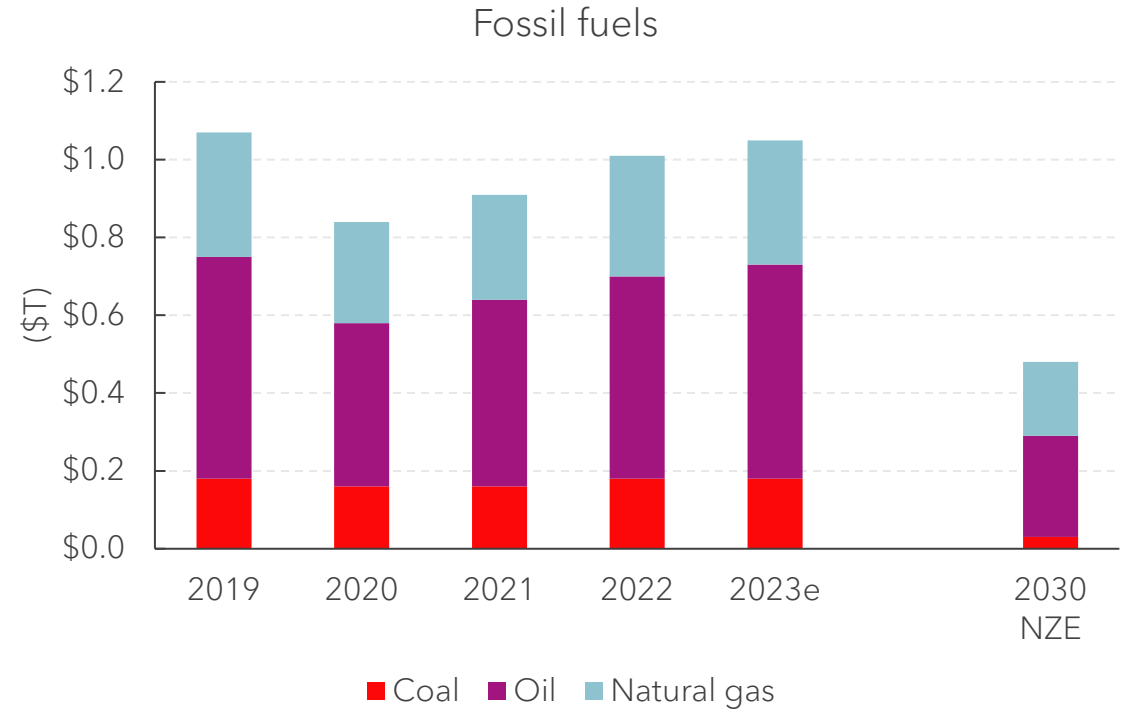
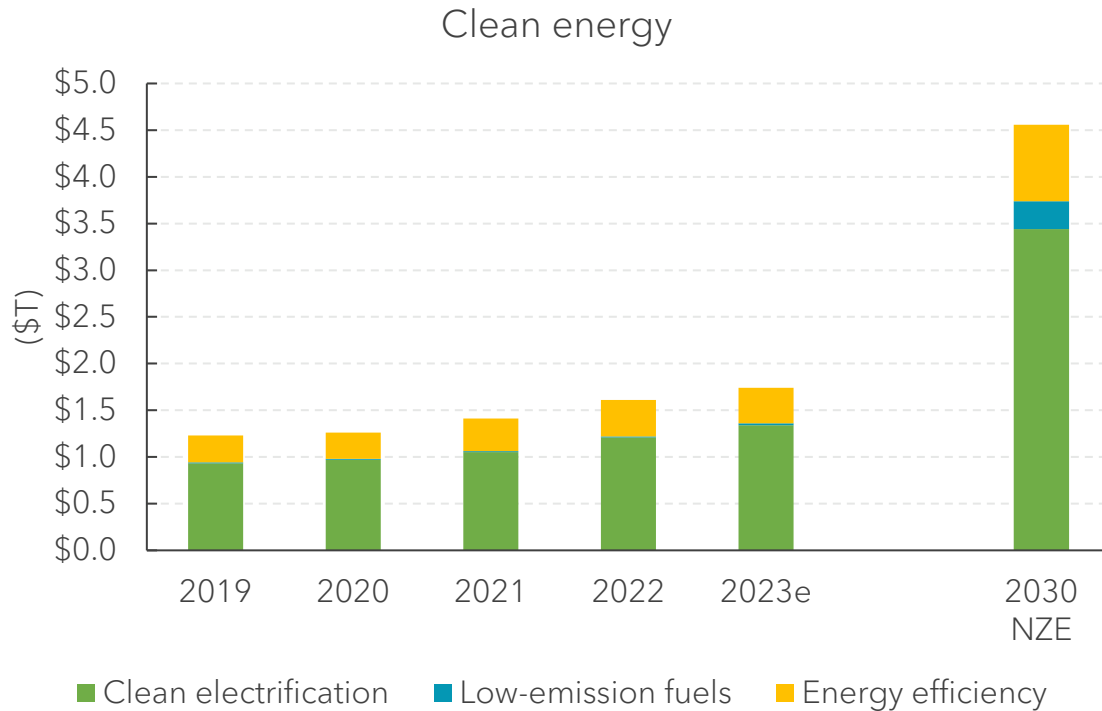


Matt's areas of Interest:
 Aerospace & Defense Global Industrials Indian Infrastructure

Source: Bloomberg, as of 12/31/2023.

Energy transition

The energy transition sums to \$195.7tn of estimated costs between now and 2050
 Annual investment required to meet Net Zero Emissions by 2050

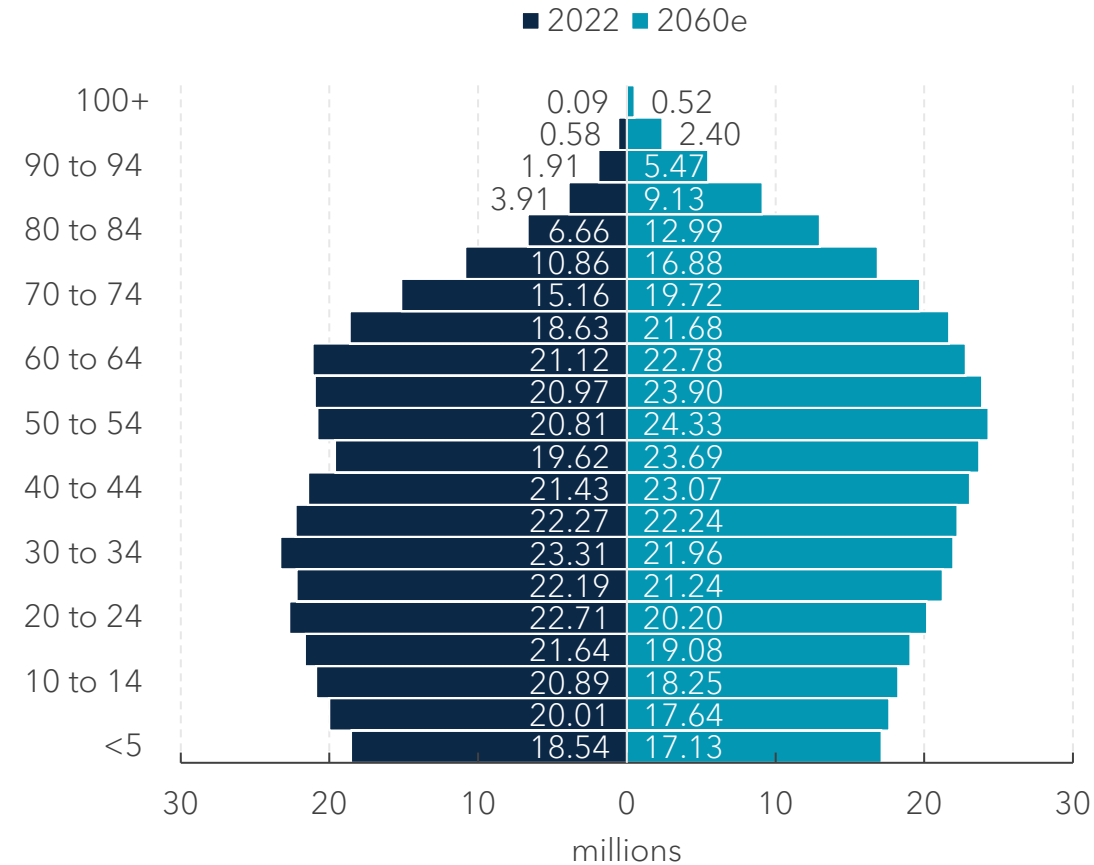


Takeaways:
 M&A to pickup Oil Equipment and Services

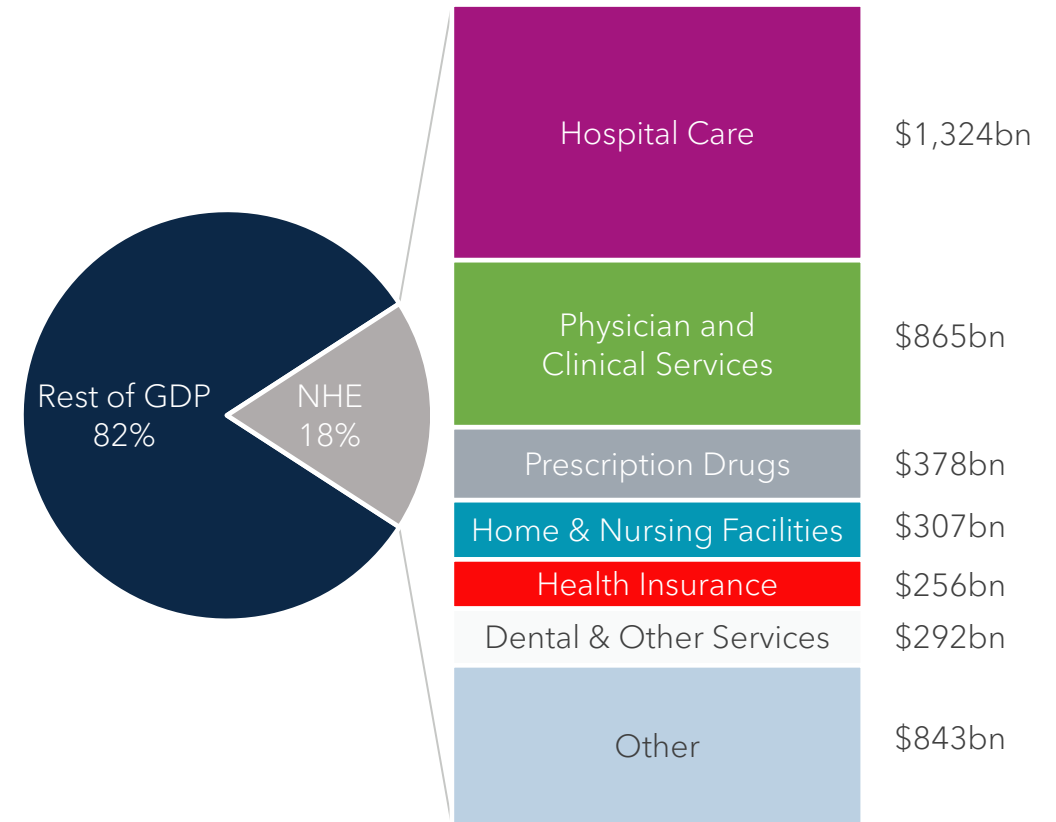
Source: [iea.org](https://www.iea.org), as of 3/20/2023.
 Overview and key findings - World Energy Investment 2023 - Analysis - IEA

Demographics are supportive of Healthcare long-term

The U.S. is getting a lot older, with a lot more chronic diseases
U.S. age demographics, 2022 vs. 2060 estimates



U.S. healthcare spending is nearly 20% of GDP
U.S. National Healthcare Expenditure spending disaggregated (2021)

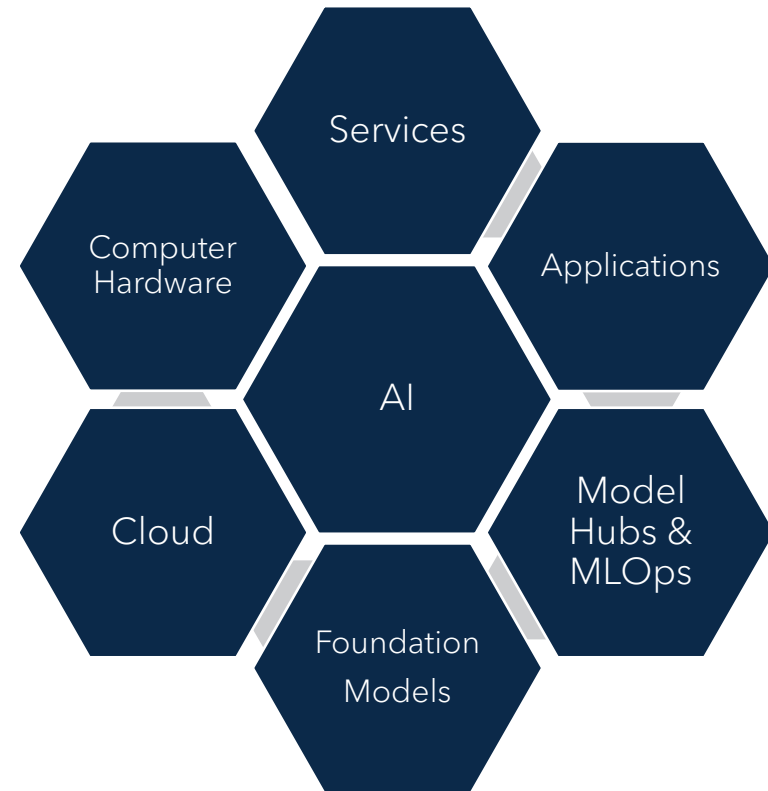
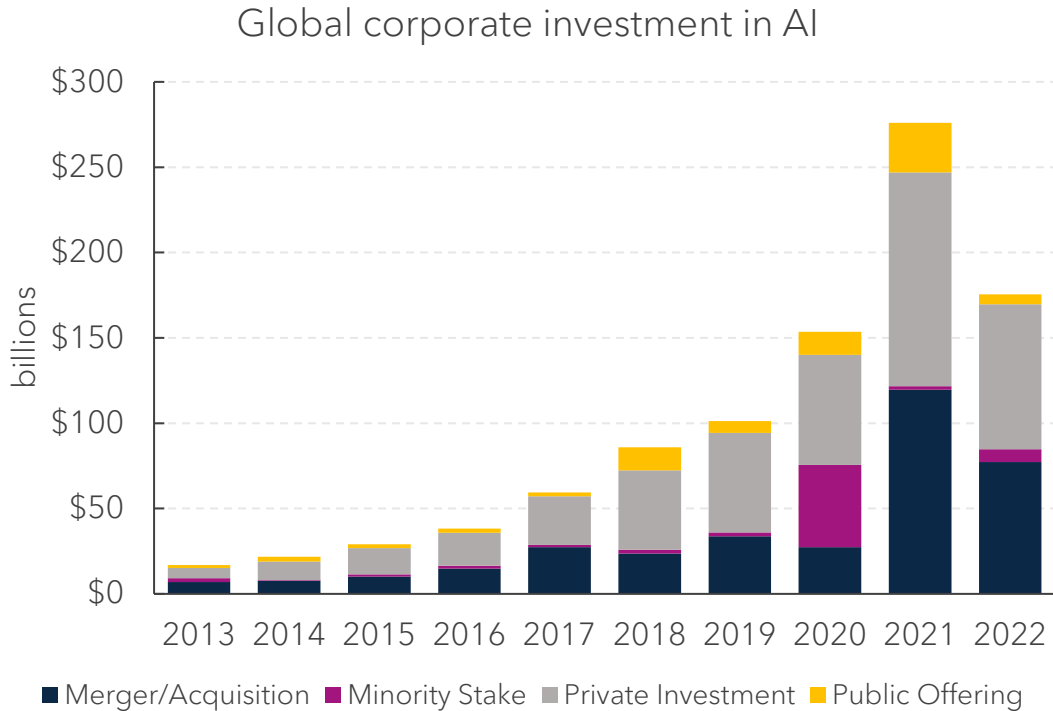


Source: US Census as of 7/1/23, and cms.gov as of 11/30/2023.
 Census: <https://www.census.gov/data/tables/2023/demo/popproj/2023-summary-tables.html>
 Cms: <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet>

Generative AI

"for every dollar invested in hardware, companies will need to invest five to ten dollars in software." -HBS 2021

Significant opportunities across the generative AI value chain



Takeaways:

- Pickup in cyber and software
- Bifurcation in semis
- The big can keep getting bigger.

Reams Unconstrained



Reams Asset Management (Scout's fixed-income division) believes volatility is a key performance driver in the fixed-income market, is usually higher than perceived, and is often mispriced.

Our mission is to provide the highest quality investment-management expertise and unmatched client service in all product areas over the long term.

- The Unconstrained Fixed Income Product seeks to maximize risk-adjusted total return by systematically pursuing relative value opportunities throughout all sectors of the fixed income market.
- The firm's disciplined investment philosophy and process are used to identify and evaluate relative value opportunities and the "best ideas" are selected for use in Unconstrained portfolios.

Chartwell Short Duration BB-Rated High Yield



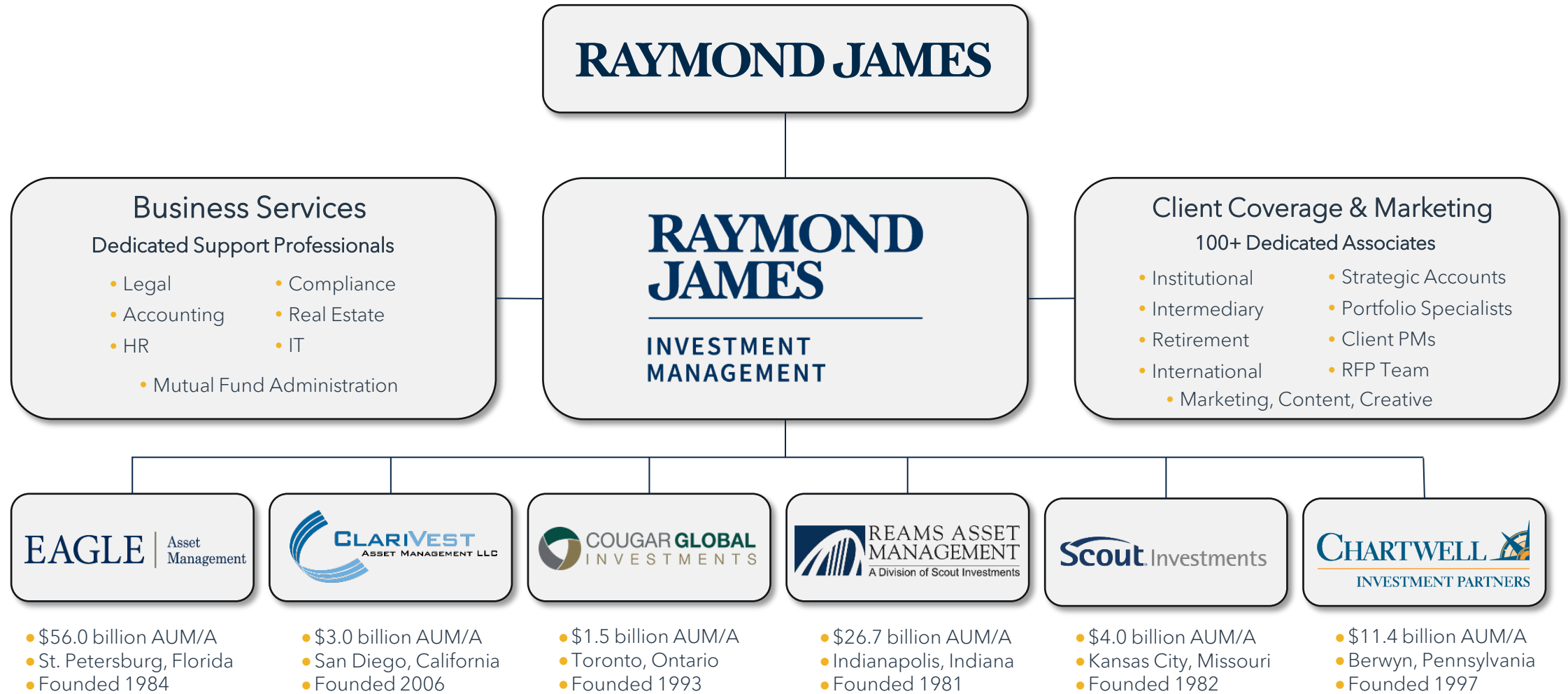
Since its founding in 1997, Chartwell has successfully grown into a 50+ person, boutique investment management firm with approximately \$10.8 billion of assets under management. Located in Berwyn, Pennsylvania, Chartwell is a wholly-owned subsidiary of Raymond James Investment Management (a subsidiary of Raymond James Financial) since 2022.

Chartwell provides U.S. equity and fixed-income strategies accessible via Separate Accounts, CITs, and Mutual Funds.

- The Chartwell Short Duration BB-Rated High Yield Strategy seeks income and long-term capital appreciation by investing primarily in high yield debt securities with an average duration of less than three years.
- Stresses preservation of capital and compounding of income with bonds that we believe trade at attractive relative values.

Appendix

Business Model

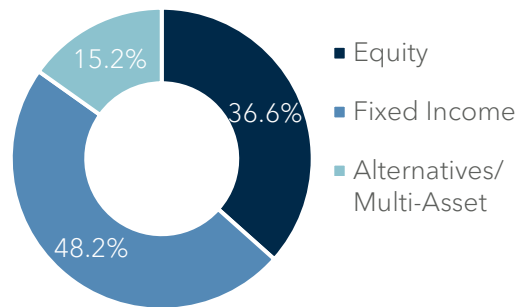


Firm Overview

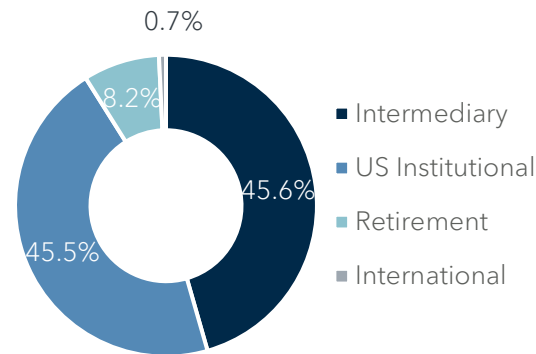
Raymond James Investment Management (RJIM) is a diversified asset management firm providing institutional and individual investors with a suite of equity, fixed income and global tactical allocation products

- Six boutique investment managers with autonomous investment strategies managing over \$83 billion of assets under advisement¹
- RJIM handles business functions, allowing the investment teams to focus on delivering consistent, risk-adjusted returns
- Over 350 employees, including 125+ investment professionals and 100+ client coverage & marketing associates
- Headquartered in St. Petersburg, FL
 - Additional investment offices in Kansas City, San Diego, Waterbury, Indianapolis, Berwyn, and Toronto
 - Client coverage & marketing teams throughout the United States, United Kingdom, and Australia
- Independently operated subsidiary of Raymond James Financial (NYSE: RJF), an S&P 500 company

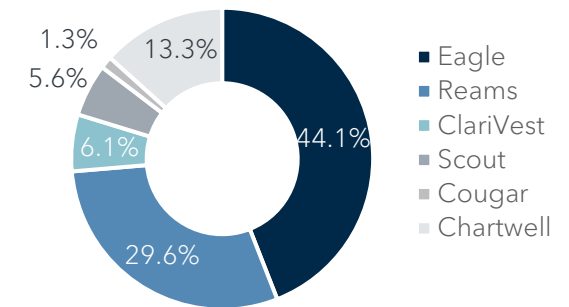
AUA by Asset Class¹



AUA by Client Segment¹



AUA by Affiliate¹



¹Data as of August 31, 2023; Includes all affiliates of RJ IM: Eagle Asset Management, Reams Asset Management, ClariVest Asset Management, Scout Investments, Cougar Global Investments and Chartwell Investment Partners; includes discretionary and non-discretionary accounts.

About Presenter



Matt Orton, CFA

Chief Market Strategist, Head of Advisory Solutions and Market Strategy

Matt Orton is the Head of Advisory Solutions and Market Strategy, overseeing Raymond James Investment Management's client portfolio managers, portfolio specialists, RFP group, and Strategic Accounts channel. In this capacity, he helps align firm resources to best serve the firm's most sophisticated clients. Orton is also responsible for developing and delivering market commentary, strategy, and analysis, appearing on CNBC, Bloomberg TV, Yahoo! Finance, among others. He has been quoted in Barron's, The Wall Street Journal, Bloomberg News, Investments & Pensions Europe, and other financial news publications.

Orton has 13 years of investment experience and joined Raymond James Investment Management from BNP Paribas in New York where he was a Vice President in the Global Equity & Commodity Derivatives group, focusing on hedge fund and asset manager structuring and sales. Prior to that, Orton worked for Goldman Sachs Asset Management within the Quantitative Investment Strategies team where he focused on volatility research.

He earned a Master's of Business Administration with a concentration in Capital Markets and Asset Management from Cornell University and a Bachelor's degree from Vanderbilt University. He is a CFA charterholder.

Affiliated Investment Managers

Affiliate	Strategies	Philosophy
	<ul style="list-style-type: none"> • Small, SMid, Mid Cap Growth • Small, SMid, Mid Cap Core • Equity Income • HNW Fixed Income (Taxable & Tax Free) 	<ul style="list-style-type: none"> • Fundamental • Bottom Up
	<ul style="list-style-type: none"> • Large Cap Equities • Small Cap Equities • International, Emerging Market, and Country Specific Equities 	<ul style="list-style-type: none"> • Behavioral-based • Underappreciated Growth • Capitalize on Investor Biases • Quantitative Tools
	<ul style="list-style-type: none"> • Global Tactical Allocation 	<ul style="list-style-type: none"> • Global Macro • Top Down • Downside Protection
	<ul style="list-style-type: none"> • Institutional Fixed Income • Core, Core Plus, Unconstrained • Low, Intermediate, Long Duration • Liability Driven Investing 	<ul style="list-style-type: none"> • Volatility Driven • Total Return
	<ul style="list-style-type: none"> • Mid Cap • Small Cap 	<ul style="list-style-type: none"> • Fundamental • Alpha oriented • Active trading
	<ul style="list-style-type: none"> • Short Duration Fixed Income • Core, Core Plus, Intermediate Fixed Income • Small, SMid, Mid Cap Value • Small, Mid Cap Growth • Equity Income 	<ul style="list-style-type: none"> • Fundamental • Bottom Up

Appendix

Definitions:

60/40 Portfolio – A portfolio made up of a mixture of stocks and bonds at a rate of 60% to 40%, respectively.

200 DMA - The 200-day moving average calculates the simple average of the closing price of a stock over the most recent 200 trading sessions.

CAPEX - Capital expenditures refer to funds that are used by a company for the purchase, improvement, or maintenance of long-term assets to improve the efficiency or capacity of the company.

Credit Spreads - The spread is used to reflect the additional yield required by an investor for taking on additional credit risk. Credit spreads commonly use the difference in yield between a same-maturity Treasury bond and a corporate bond. As Treasury bonds are considered risk-free due to their being backed by the U.S. government, the spread can be used to determine the riskiness of a corporate bond.

EV/Sales - Enterprise value-to-sales (EV/Sales) is a financial ratio that measures a company's total value (in enterprise value terms) to its total sales revenue.

EPS - Earnings per share (EPS) is a measure of a company's profitability, calculated by dividing quarterly or annual income (minus dividends) by the number of outstanding stock shares.

EV/EBITDA - EV/EBITDA is a ratio that compares a company's Enterprise Value (EV) to its Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA). The EV/EBITDA ratio is commonly used as a valuation metric to compare the relative value of different businesses.

ERP - Equity Risk Premium is the difference between returns on equity/individual stock and the risk-free rate of return.

FED - U.S. Federal Reserve.

FOMC - Federal Open Market Committee.

Forward Returns - An estimate of return expectations in the future.

GARP - Growth at a reasonable price (GARP) is an equity investment strategy that seeks to combine tenets of both growth investing and value investing to select individual stocks.

Hawkish - Policy that favors higher interest rates to keep inflation in check.

Implied Policy Rate - The implied rate is the difference between the interest rate for the futures or forward delivery date and the spot interest rate.

Market Momentum - Market momentum can be used as a measure of overall market sentiment that can support buying and selling with and against market trends. It is one of several indicators that can help an investor to follow price trends.

1yr fwd. PE and 12m Forward P/E - The forward P/E ratio (or forward price-to-earnings ratio) divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company.

P/E - The Price Earnings Ratio (P/E Ratio) is the relationship between a company's stock price and earnings per share (EPS).

P/B - The Price to Book (P/B Ratio) measures the market capitalization of a company relative to its book value of equity.

PMI - Purchasing Manager's Index (PMI) is a survey sent to businesses that span across all North American

Industry Classification System (NAICS) categories to collect information on production levels, new orders,

inventories, deliveries, backlog, and employment. The information collected can be used to forecast the overall

business confidence within the economy and helps determine if it shows an expansionary or contractionary outlook.

P/S - The Price to Sales ratio is a formula used to measure the total value that investors place on the company in comparison to the total revenue generated by the business. It is calculated by dividing the share price by the sales per share.

Quartile - Each of four equal groups into which a population can be divided according to the distribution of values of a particular variable.

Terminal Rate - The terminal federal funds rate is the final interest rate that the Federal Reserve sets as its long-term target for the federal funds rate.

Appendix

All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

Equities:

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

The **US Dollar Index (DXY)** serves as a benchmark for measuring the relative value of the American dollar to a basket of currencies of the US's key trading partners.

The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe

The **MSCI India Index** is designed to measure the performance of the large and mid cap segments of the Indian market.

The **Russell 1000 Index**[®] measures the performance of the 1,000 largest companies in the Russell 3000.

The **Russell 1000 Growth Index**[®] measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index**[®] measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index**[®] measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **Russell 2000 Growth Index**[®] measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index**[®] measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 3000 Index**[®] measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

The **Russell Midcap Index**[®] measures the performance of the 800 smallest companies in the Russell 1000 Index.

The **Russell Midcap Growth Index**[®] measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

The **Russell Midcap Value Index**[®] measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy.

The **S&P 600 Index** tracks the performance of 600 small-cap companies.

The **S&P listed Private Equity Index** comprises the leading listed private equity companies that meet specific size, liquidity, exposure, and activity requirements. The index is designed to provide tradable exposure to the leading publicly-listed companies that are active in the private equity space.

The **VIX Index (CBOE Volatility Index)** is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time, mid-quote prices of S&P 500[®] Index (SPXSM) call and put options

Fixed income:

The **U.S. Treasury Index** is a component of the U.S. Government index.

The Bloomberg **U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

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Appendix

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Investing involves risk, including risk of loss.

Diversification does not ensure a profit or guarantee against loss.

Index or benchmark performance presented in this document does not reflect the deduction of advisory fees, transaction charges, and other expenses, which would reduce performance.

Indexes are unmanaged. It is not possible to invest directly in an index.

Stock markets, especially non-U.S. markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.

The securities of smaller, less well-known companies can be more volatile than those of larger companies.

Growth stocks can perform differently from the market as a whole and from other types of stocks, and can be more volatile than other types of stocks. Value stocks can perform differently from other types of stocks and can continue to be undervalued by the market for long periods of time.

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Prepared by: Matthew B Orton.

Unless otherwise stated, all data are as of December 31, 2023 or most recently available.

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