

*A New Chapter At The Fed.* Leadership transitions at the Federal Reserve are rare. Only seven individuals have served as Fed chair since the 1970s, underscoring how infrequent turnover is at the Fed's top job. That rarity is why investors pay close attention when a new chair is appointed—especially when the incoming leader brings a different perspective. Kevin Warsh has been a vocal critic of Fed policy and communication in recent years. With his 'official' confirmation by the Senate to succeed Chair Jerome Powell—an outcome that appeared uncertain just weeks ago—the Fed is entering a new era. This transition raises important questions about the future of monetary policy and the challenges ahead as markets adjust to new leadership. Below, we review Powell's legacy and his steady guidance through unprecedented times and outline key challenges Warsh will face as he takes the helm.

## KEY TAKEAWAYS

Powell Will Be Remembered As The Most Consensus-Driven Fed Chair

Warsh Inherits A Fed That Has Missed Its Inflation Target For Over Five Years

Warsh Likely To Be Tested On His Inflation Resolve And Political Independence

**I. Looking Back On Powell's Legacy** | Jerome Powell served two full terms (2018–2026) as Fed chair, guiding the economy successfully through extraordinary shocks—including a generation pandemic, two geopolitical conflicts that drove energy price spikes, a regional banking crisis, and a reshaping of global trade that pushed tariffs to their highest levels since the 1940s. In the final stretch of his tenure, Powell also faced intense political pressure and will break with historical precedent by remaining on the Federal Reserve Board after stepping down as chair—the first such instance in 80 years. Despite these challenges, Powell will likely be remembered for his steady, consensus-driven leadership, marked by the lowest average dissents per meeting of any Fed chair. While his post-pandemic “transitory” inflation call remains a notable blemish, Powell's legacy will ultimately be defined by his steadfast defense of Fed independence.

**II. Three Near-Term Challenges For Warsh** | With Powell's term ending, Kevin Warsh starts as the next Fed chair today. As an outspoken critic of the Fed, he brings an ambitious reform agenda—including shrinking the Fed's balance sheet, curbing reliance on non-traditional monetary policy tools like Quantitative Easing, streamlining communications, and reassessing inflation metrics and legacy models. However, he is stepping in at a particularly challenging moment. Right out of the gate, Warsh's immediate tests will include:

- **Tackling Rising Inflation**—Warsh inherits a Fed that has overshot its inflation target for more than five years and now price pressures are reaccelerating. Between last year's tariff shock and renewed energy price spikes tied to Middle East tensions, headline inflation has climbed to a three-year high of 3.8%. Recent data have been somewhat distorted—held down by collection issues during last year's government shutdown and temporarily lifted by higher gasoline prices—but the underlying trend remains firm. In fact, the three-month annualized pace is now running over 7%, pointing to potentially more persistent inflation pressures. With the broader economy still resilient—supported by tax refunds, lower corporate taxes, and an AI-driven capex boom—the risk of entrenched inflation is rising. Getting ahead of it will be one of Warsh's most immediate—and critical—tests.

- **A Deeply Fractured Fed**—Warsh will assume leadership of an increasingly divided Federal Reserve, complicating his efforts to forge consensus on rate decisions and alignment around a new policy framework. Case in point: At the April FOMC meeting, four members dissented—with one voting for a rate cut and three opposing statement language that signaled an easing bias—highlighting meaningful internal disagreement. Adding to the challenge, Powell's decision to remain on the Board of Governors introduces an unusual dynamic. While Powell plans to maintain a “low profile” and has no intent to act as a “Shadow Fed chair,” his continued presence may still complicate Warsh's efforts to consolidate authority, build support, and avoid the perception of a dual power dynamic within the Fed.

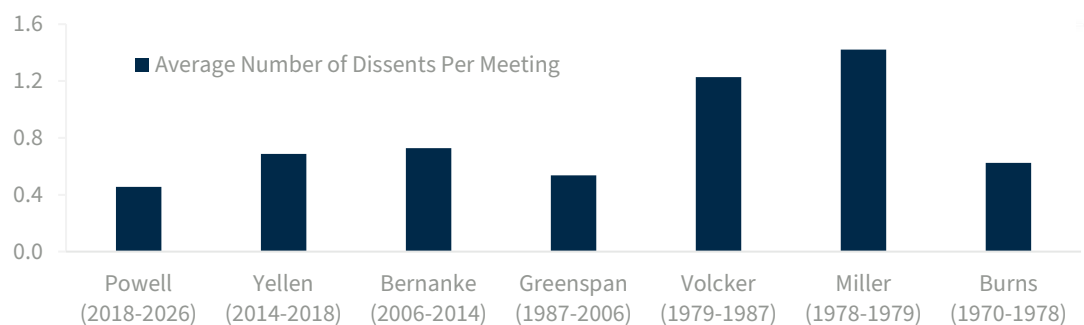
- **Pressure To Cut Rates**—Warsh will face an early test of Fed independence as he navigates persistent White House pressure to lower interest rates. While he has argued that AI-driven productivity gains could help cool inflation over time, it may be a tough sell to the broader FOMC while inflation remains elevated due to Iran-related energy price shocks. At the same time, Warsh may need to rein in more hawkish voices on the committee that could favor signaling a tighter stance as inflation pressures build and stimulus from the One Big Beautiful Bill and AI-related investment cushions economic risks. The key question is how long Warsh's honeymoon period lasts before political scrutiny ramps up—especially with midterm elections approaching.

**Bottom Line** | As Warsh prepares to take the helm at the Fed, how he navigates these crosscurrents will define the early days of his tenure. Markets are quick to test new Fed chairs, and Warsh will likely need to prove both his resolve to contain inflation and his independence from White House pressure. That tension could fuel added volatility in the months ahead, especially as investors assess proposed policy shifts that may face internal resistance at the Fed. Still, we expect near-term inflation pressures to ease in 2H26, allowing the Fed to cut rates once by year-end or early 2027.

## CHART OF THE WEEK

### Powell Led The Most Consensus-Driven Fed

*Powell will be remembered as the most consensus driven Federal Reserve chair in modern history. During his eight-year tenure, there were an average of just 0.46 dissents per FOMC rate setting meeting.*



Source: St. Louis Fed, Data as of 4/30/2026

## Economy

- Core CPI was stronger than expected (+0.4% MoM), even as headline CPI was in line with expectations (+0.6% MoM). While the acceleration was boosted by a one-time adjustment to shelter costs, it will keep the Fed cautious given upside risks to inflation.
- PPI increased twice as much as expected (+1.4% MoM), with the YoY rate rising to 6.0%. While energy pushed goods inflation higher, the more concerning detail was a broad increase in final demand services, which could complicate the inflation outlook if sustained.
- Retail sales rose +0.5% MoM, driven by gasoline station sales. If we exclude gasoline stations, sales increased just 0.3%, while control group sales moderated, suggesting consumer spending remains resilient but may contribute less to Q2 GDP than in the first quarter.
- **Focus of the Week:** Next week's focus turns to the housing market, with the NAHB Housing Index on Monday, Pending Home Sales on Tuesday, and Housing Starts/Building Permits on Thursday. With the average 30-year mortgage rate having climbed back above 6.4% from its nearly four-year low in February, we don't expect much improvement in these reports.

### May 18 – May 22

<b>MON</b>	NAHB Housing Market Index	<b>WED</b>	FOMC Minutes	<b>FRI</b>	Leading Economic Index Michigan Sentiment (Final)
<b>TUE</b>	Pending Home Sales	<b>THU</b>	Jobless Claims Housing Starts Building Permits	<b>FUTURE EVENTS</b>	5/26 Consumer Confidence 5/28 PCE

## Equity

- Despite hotter inflation data and the market now leaning towards rate hikes, the S&P 500 has reached new highs and crossed the 7,500 milestone for the first time. However, strength has not been broad-based but rather concentrated in a narrow group of stocks. In fact, the S&P 500 Equal Weight Index relative to the S&P 500 has now reached its lowest level over the last 20 years. Additionally, despite fresh record highs, more S&P 500 constituents are notching 52-week lows than 52-week highs, and more companies are trading below their respective 50-day moving average than above—highlighting the lack of broad-based participation.
- While narrow performance in a select group of AI-beneficiaries increases pressure on AI to keep delivering, fundamentals thus far have justified the bifurcated performance. Consensus expects 22% Y/Y EPS growth for the S&P 500 in 2026 compared to 14% Y/Y for the Equal Weight Index. As long as fundamentals continue to skew higher for the S&P 500 (driven primarily by higher AI exposure), we believe the performance gap between the S&P 500 and the S&P 500 Equal Weight Index is justified.
- **Focus of the Week:** Earnings season is set to ramp up next week with earnings results from NVIDIA (the largest company by market cap in the S&P 500) as well as many retailers including Walmart, Target, TJX, Home Depot, and Lowe's.

## Fixed Income

- Treasury yields rose across the curve as firm consumer and wholesale inflation data, alongside oil prices back above \$100, reinforced near-term inflation pressures. The 2-year climbed above 4% as the market is now pricing in a full 25 bps rate hike by March 2027, while the 10-year reached a YTD high of 4.54%, and the 30-year climbed to 5.1%. Still, yields remain rangebound in a broader context, and outside the very front end, which is lower due to Fed cuts last year, the curve is largely unchanged from a year ago. In fact, the 10-year yield is essentially unchanged over that period—underscoring that recent moves haven't broken the underlying, rangebound trend.
- While rising yields have weighed on recent bond returns; they are also improving the longer-term opportunity for investors. With the 10-year Treasury yield modestly above the top of our 4.25%–4.50% forecast range after a ~60 bps rise since the onset of the Iran war, income across sectors has become more compelling. For example, investment grade corporates now yield 5.18%, ranking in the top 14% of daily observations over the past 15 years while spreads remain near historic tights at 74 bps—below 99% of observations. Those higher starting yields offer the ability to lock-in high quality income, while helping to provide a cushion against further rate volatility.
- **Focus of the Week:** During a relatively light week of economic data, attention turns toward Wednesday's FOMC meeting minutes.

## Washington Policy

- Presidents Trump and Xi held their long-awaited meeting in Beijing on Thursday and Friday. It is one of several expected meetings between the leaders this year, which will reduce the incentives for major deliverables to come out of this specific meeting. Readouts so far have largely been in line with expectations, with a heavy emphasis placed on maintaining stability in the bilateral relationship. A grand bargain on trade is unlikely to be realized, but we are watching for announcements on the “Board of Trade”—i.e., promoting “managed trade” between the two countries in non-national security sensitive sectors. While headlines on Taiwan have dominated, Xi's emphasis on the issue is to be expected, given that 1) the issue did not come up in their last meeting in Busan 2) the domestic political importance in China and 3) the meeting taking place in Beijing. We do not expect major changes on Taiwan policy coming out of the summit, but will be watching for any language on arms sales (and whether the US will pause on selling arms to Taiwan).

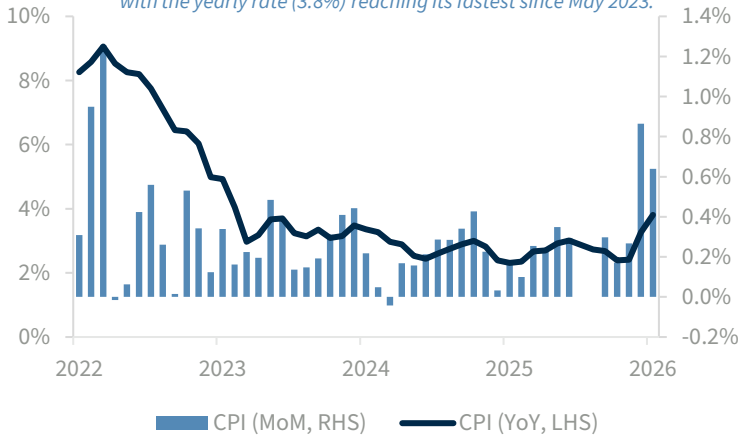
## Commodities

- Although grocery costs account for only 8% of US consumer spending, they play a disproportionate role in how consumers perceive inflation. April CPI data showed a YoY increase of 2.9% in grocery costs—the fastest since August 2023—which, along with gasoline at four-year highs, goes a long way toward explaining why consumer confidence is near all-time lows.
- Zooming in, certain products are driving the overall increase. The prime example: meats, which account for one-seventh of a typical household's grocery basket, are up 8.8%. To be even more precise, the #1 culprit is beef—up 14.8% amid screwworm outbreaks among cattle herds in Mexico—whereas pork and poultry showed mild price hikes. Prices of coffee and vegetables also jumped, though these account for smaller portions of the basket. On the flip side, eggs—the subject of relentless headlines in early 2025, despite being only 1% of the basket—plummeted 39.2%. What happened in the egg market is a long-standing pattern across commodities: high prices led to overinvestment (too many hen flocks), while demand weakened. While a similar scenario may eventually emerge in the beef market, consumers should expect crop prices to rise in the near term—reflecting Iran-related cost escalation in fertilizer, fuel, and packaging.

## Charts of the Week

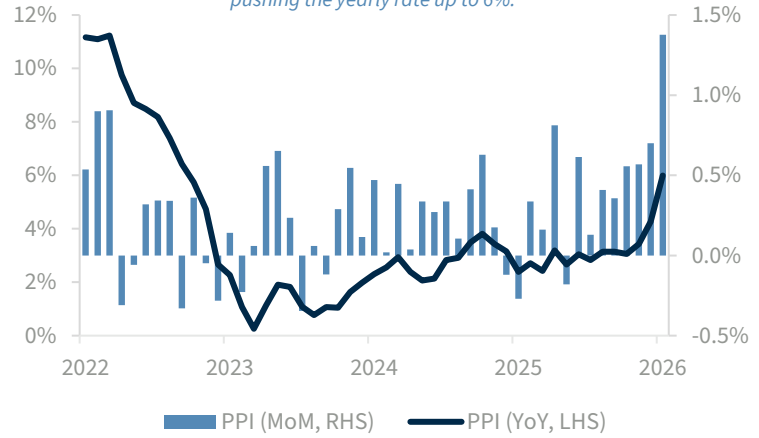
### Inflation: Consumer Prices

Energy prices boosted headline CPI for the 2<sup>nd</sup> month in a row, with the yearly rate (3.8%) reaching its fastest since May 2023.



### Inflation: Producer Prices

Driven by energy, headline PPI surged in April (+1.4% MoM), pushing the yearly rate up to 6%.



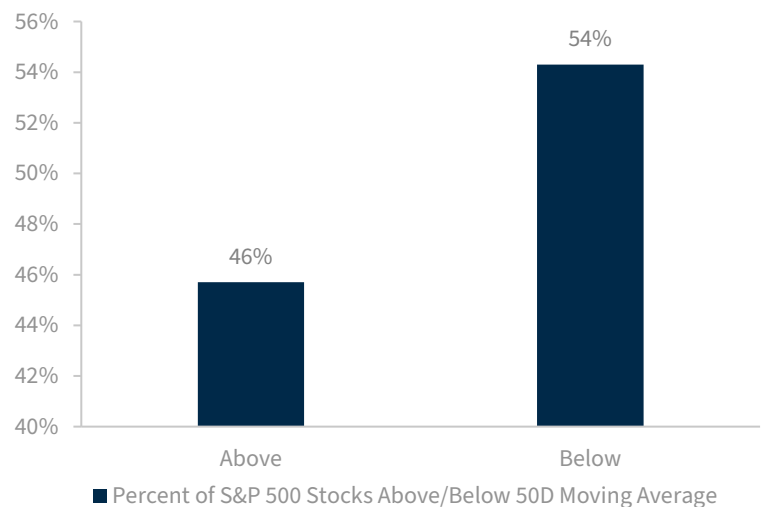
### Equal Weight Sets Fresh Relative Lows

The S&P 500 Equal Weight Index has reached the lowest level relative to the S&P 500 over the last 20 years.



### Dispersion Beneath the Surface

While the S&P 500 has reached new highs, the majority of stocks are trading below their 50 DMA.



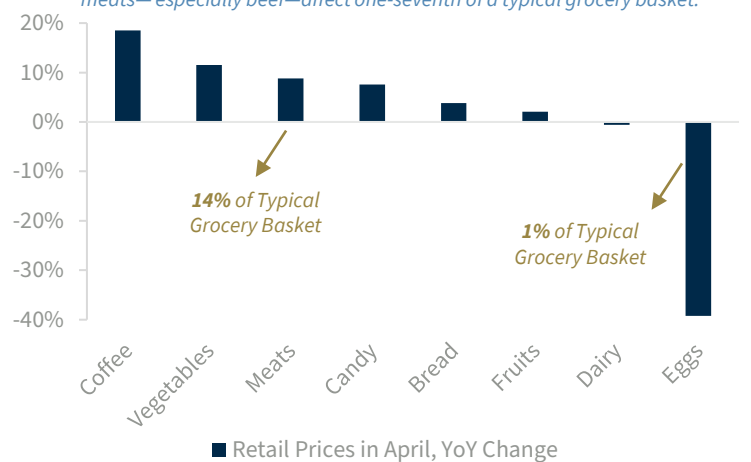
### 10-Year Yield Little Changed From A Year Ago

Despite its recent rise, the 10-year Treasury yield remains within its multi-year range and sits almost exactly where it was a year ago.



### Meat Prices Are Playing A Key Role In Food Inflation

While the prices of some food products are flat to down, higher prices for meats—especially beef—affect one-seventh of a typical grocery basket.

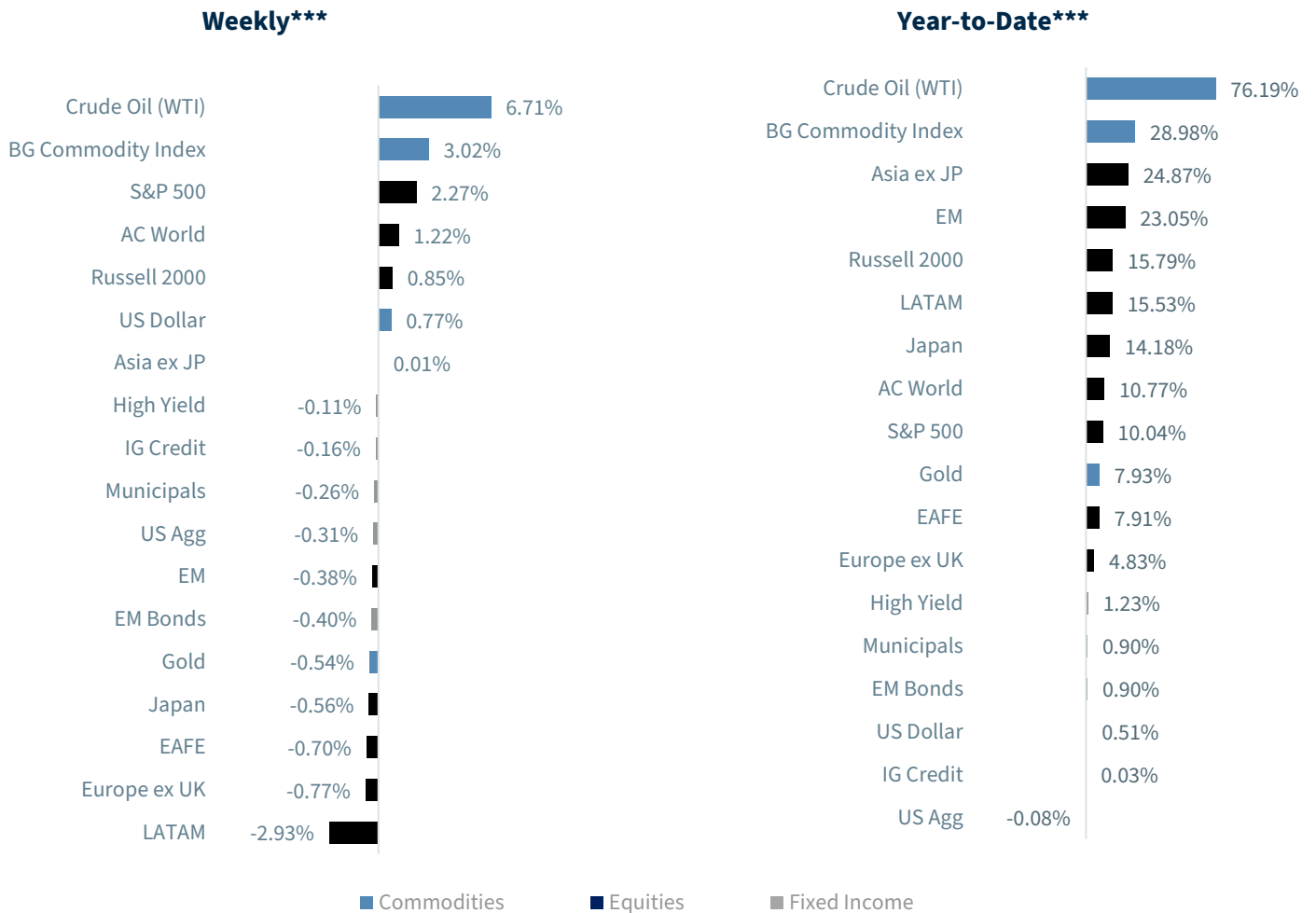


Source for charts: FactSet, as of 5/14/2026.

### Asset Class Performance | Distribution by Asset Class and Style (as of May 14)\*\*

	US Equities (Russell indices)			International Equities (MSCI indices)			Fixed Income (Bloomberg indices)		
	Value	Blend	Growth	Dev. Mkt	World	Emerg. Mkt	1-3 YR	Medium	Long
<b>Weekly Returns (as of May 14)</b>									
Large Cap	1.4%	2.0%	2.6%	0.4%	1.8%	1.0%	0.1%	-0.4%	-0.6%
Mid Cap	0.5%	0.3%	-0.5%	-0.4%	0.0%	-1.3%	0.0%	-0.1%	-0.2%
Small Cap	0.1%	0.8%	1.6%	0.3%	0.1%	-0.4%	0.0%	-0.1%	-0.4%
<b>Year-to-Date Returns (as of May 14)</b>									
Large Cap	12.3%	9.5%	6.6%	7.2%	11.0%	25.2%	1.3%	-0.5%	-1.0%
Mid Cap	12.3%	9.6%	0.6%	8.6%	10.0%	20.2%	0.7%	0.2%	-0.1%
Small Cap	16.3%	15.8%	15.3%	9.1%	13.0%	18.1%	1.5%	1.2%	1.3%

### Asset Class Performance | Weekly and Year-to-Date (as of May 14)\*\*



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

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

## S&P 500 Weekly Data\*\*

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	7501.2	2.3	4.1	10.0	28.9	23.7	14.1	15.8
DJ Industrial Average	50063.5	0.9	0.8	4.2	19.1	14.5	7.8	11.1
NASDAQ Composite Index	26635.2	3.2	7.0	14.6	39.1	29.4	14.7	18.9
Russell 1000	7821.6	2.0	3.7	9.5	30.4	21.5	12.3	15.0
Russell 2000	7115.5	0.8	2.3	15.8	44.4	18.2	5.7	11.0
Russell Midcap	10756.8	0.3	0.8	9.6	25.8	16.2	7.7	11.6

## Equity Sectors

Sector	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
Materials	649.0	0.9	0.7	13.5	23.3	11.8	5.3	10.7
Industrials	1476.5	0.3	(0.0)	12.9	25.9	22.9	12.5	14.0
Comm Services	507.6	0.1	2.0	12.5	47.5	37.0	16.0	13.9
Utilities	455.6	(0.4)	(4.1)	6.0	16.5	12.6	9.7	9.7
Consumer Discretionary	1972.3	(0.7)	1.0	2.5	14.1	20.4	8.5	13.4
Consumer Staples	964.8	1.7	1.3	12.5	12.7	9.0	8.6	8.8
Health Care	1707.3	1.3	0.4	(4.9)	15.9	5.3	5.3	9.8
Information Technology	6760.0	5.7	11.6	19.2	48.6	37.3	24.1	26.8
Energy	886.8	3.8	(2.4)	30.2	40.9	17.6	21.5	10.2
Financials	852.0	(0.5)	(1.6)	(5.9)	2.3	19.1	8.2	12.9
Real Estate	282.7	(0.4)	(0.9)	13.6	15.7	10.7	5.1	7.2

## Fixed Income

Index	Yield	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
1-Month Treasury Bill (%)	3.7	0.1	0.1	1.3	4.1	4.8	3.5	2.3
3-Month Treasury (%)	4.0	(0.1)	(0.1)	0.3	3.5	3.6	1.5	1.5
6-Month Treasury (%)	4.5	(0.6)	(0.5)	(1.0)	5.0	1.4	(1.4)	0.2
Morningstar US Corporate HY	7.3	(0.1)	0.0	1.2	7.4	9.0	4.4	6.0
Morningstar US Aggregate	4.7	(0.3)	(0.1)	(0.1)	5.7	3.5	0.2	1.6
Morningstar Municipals	--	(0.3)	(0.1)	0.9	6.2	3.2	0.9	2.1
Morningstar IG Credit	5.2	(0.2)	0.1	0.0	6.7	4.9	0.6	2.7
Morningstar EM Bonds	6.0	(0.4)	0.2	0.9	9.5	8.3	2.0	3.6

## Commodities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
WTI Crude (\$/bl)	101.2	6.7	(3.7)	76.2	60.2	13.0	9.1	8.2
Gold (\$/Troy Oz)	4685.3	(0.5)	1.2	7.9	47.0	32.4	20.6	13.9
Morningstar Commodity Index	141.5	3.0	0.7	29.0	38.2	11.8	9.0	5.3

## Currencies

Currency	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
US Dollar Index	98.8	0.8	0.8	0.5	(2.2)	(1.3)	1.8	0.4
Euro	1.17	(0.8)	(0.4)	(0.5)	4.2	2.4	(0.8)	0.3
British Pound	1.35	(1.1)	(0.8)	0.3	1.3	2.6	(0.9)	(0.6)
Japanese Yen	158.15	(1.2)	(0.9)	(0.9)	(7.5)	(5.1)	(7.1)	(3.6)

## International Equities

Index	Price	Weekly	MTD	YTD	1 Year	3 Year	5 Year	10 Year
MSCI AC World	1116.1	1.2	3.7	10.8	30.0	22.1	12.1	13.5
MSCI EAFE	3072.9	(0.7)	1.5	7.9	24.4	16.6	9.4	9.9
MSCI Europe ex UK	3355.5	(0.8)	1.3	4.8	19.8	15.4	9.0	10.5
MSCI Japan	5427.8	(0.6)	3.0	14.2	33.2	19.6	10.1	10.1
MSCI EM	1716.7	(0.4)	7.4	23.0	50.0	24.3	8.7	11.0
MSCI Asia ex JP	1134.8	0.0	8.6	24.9	52.2	25.2	8.7	11.8
MSCI LATAM	3100.6	(2.9)	(2.4)	15.5	42.7	16.9	11.6	8.9
Canada S&P/TSX Composite	24957.8	1.2	0.9	8.1	33.4	18.8	12.1	9.6

## Disclosures

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**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.

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**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 5/14/2026

### 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.

## Disclosures

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