

INVESTMENT STRATEGY QUARTERLY QUICKVIEW

OCTOBER 2021

THEMES



Fiscal Policy Beyond the Pandemic

To counter the economic effects of the COVID-19 pandemic, lawmakers approved \$5.2 trillion in fiscal stimulus in 2020 and 2021 and at the end of August, the national debt stood at \$28.4 trillion. However, the government is not like a household and our children and grandchildren do not have to pay off the national debt. The key issue is whether we can meet interest payments on the debt and whether we can roll over existing debt as it matures. While we don't have to balance the budget, we should eventually try to get our fiscal house in order. Achieving this could involve increased tax enforcement and debate about spending reductions, including entitlement reform.



Emerging Markets: An Uneven Recovery

The global economy has recovered strongly from the pandemic, however, growth has been uneven. Advanced economies have led the recovery while emerging markets have faced considerable challenges. However, we believe that emerging markets offer strong long-term potential and diversification benefits, and while emerging markets have lagged as of late, we expect rising vaccination rates and a strong global recovery to turn the growth differential back in their favor.



Biden's Agenda: Defining Fall Policy Sprint

The political agenda is packed this fall with top-priority items such as passing the bipartisan infrastructure deal, negotiating a budget reconciliation package, funding the government for the next fiscal year, raising the US statutory borrowing limit ('debt ceiling'), and settling key defense and foreign policy decisions. These items coupled with a variety of must-pass deadlines creating a series of fiscal cliffs, could cause a fairly volatile several months in DC.



Q&A: COVID-19 Update

The COVID-19 Delta variant resulted in a new wave of cases in the US and created many questions around the impact of the Delta variant on the economy and supply chains; how the US compares to other nations in vaccination and pandemic responses; the effectiveness of vaccines against Delta; and possible future impacts of potential new variants – all of which are answered in our Q&A Covid-19 Update.

For more information, refer to the full [Investment Strategy Quarterly](#).

Economic Snapshot

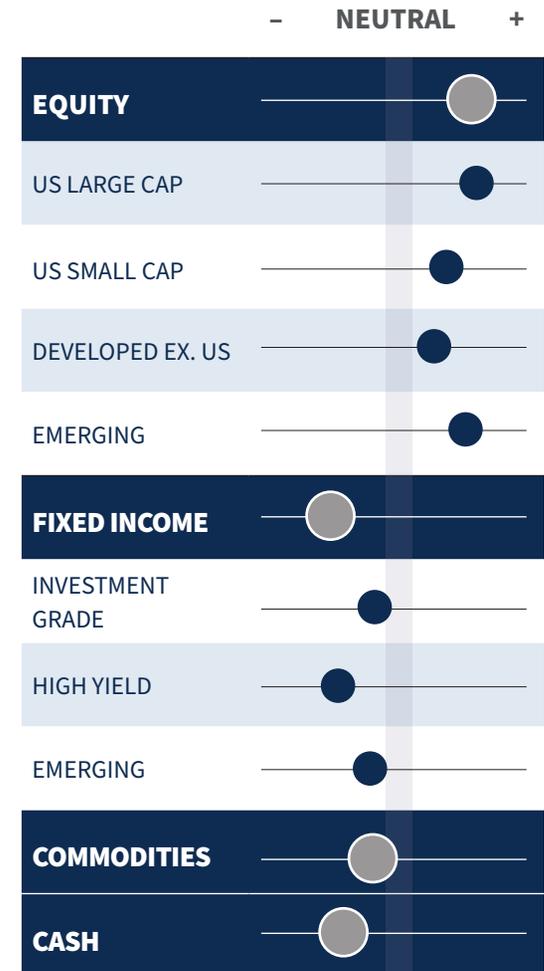
Economic Indicator

FAVORABLE	GROWTH
	EMPLOYMENT
	CONSUMER SPENDING
	BUSINESS INVESTMENT
	MANUFACTURING
	HOUSING AND RESIDENTIAL CONSTRUCTION
	THE DOLLAR
NEUTRAL	REST OF THE WORLD
	INFLATION
	MONETARY POLICY
	LONG-TERM INTEREST RATES
	FISCAL POLICY

From **Scott Brown, Ph.D.**,
Chief Economist, Raymond James

Tactical Outlook

(9-12) months



The tactical asset allocation outlook above reflects the Raymond James Investment Strategy Committee's recommendations for current positioning. Your financial advisor can help you interpret each recommendation within this material relative to your individual asset allocation policy, risk tolerance and investment objectives.

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Capital Markets Snapshot

EQUITY	AS OF 9/30/2021*	3Q 2021 RETURN**	12-MONTH RETURN**
DOW JONES INDUSTRIAL AVERAGE	33,843.92	-1.91%	21.82%
S&P 500 INDEX	4,297.50	0.23%	28.09%
NASDAQ COMPOSITE INDEX	14,448.58	-0.38%	29.38%
MSCI EAFE INDEX	2,281.29	-0.35%	26.29%
RATES	AS OF 9/30/2021	AS OF 12/31/2020	AS OF 9/30/2020
FED FUNDS TARGET RANGE	0-0.25	0-0.25	0-0.25
3-MONTH LIBOR	0.13	0.24	0.23
2-YEAR TREASURY	0.29	0.13	0.13
10-YEAR TREASURY	1.53	0.93	0.69
30-YEAR MORTGAGE	3.01	2.67	2.88
PRIME RATE	3.25	3.25	3.25
COMMODITIES	AS OF 9/30/2021*	3Q 2021 RETURN	12-MONTH RETURN
GOLD	\$1,757.00	-0.82%	-7.31%
CRUDE OIL	\$75.03	2.12%	86.55%

*Price Level
**Total Return

DISCLOSURE:

Data is provided by the Investment Strategy Group. This material is for informational purposes only and should not be used or construed as a recommendation regarding any security. All expressions of opinion reflect the judgment of the Investment Strategy Committee and are subject to change.

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Past performance is not indicative of future results. The performance mentioned does not include fees and charges which would reduce an investor's returns. Fixed income securities are subject to interest rate risk. Generally, when interest rates rise, bond prices fall, and vice versa. Specific sector investing can be subject to different and greater risks than more diversified investments. Investing in small-cap and mid-cap stocks generally involves greater risks, and, therefore, might not be appropriate for every investor. High-yield (below investment-grade) bonds are not suitable for all Investors. When appropriate, these bonds should only comprise a modest portion of your portfolio. Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

INDEX DESCRIPTIONS: Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns. Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The returns noted do not include fees and charges which will affect an investor's return.

Sector Snapshot

	SECTOR	S&P WEIGHT
OVERWEIGHT	CONSUMER DISCRETIONARY	12.3%
	FINANCIALS	11.0%
	COMMUNICATION SERVICES	11.4%
	INDUSTRIALS	8.0%
	ENERGY	2.5%
EQUAL WEIGHT	INFORMATION TECHNOLOGY	27.9%
	HEALTH CARE	13.5%
	MATERIALS	2.5%
UNDERWEIGHT	REAL ESTATE	2.7%
	CONSUMER STAPLES	5.8%
	UTILITIES	2.5%