

## Shock, Then Repricing

MACRO INSIGHT | BROAD MARKETS FIXED INCOME TEAM | April 2026

### Monthly Review

March was defined by a sharp escalation in geopolitical risk and a corresponding repricing across rates, energy, and credit markets. The ongoing conflict involving Iran remained the dominant macro driver, shifting investor focus away from prior themes such as AI-driven disruption toward inflation risk, growth implications, and potential supply shocks in global energy markets.

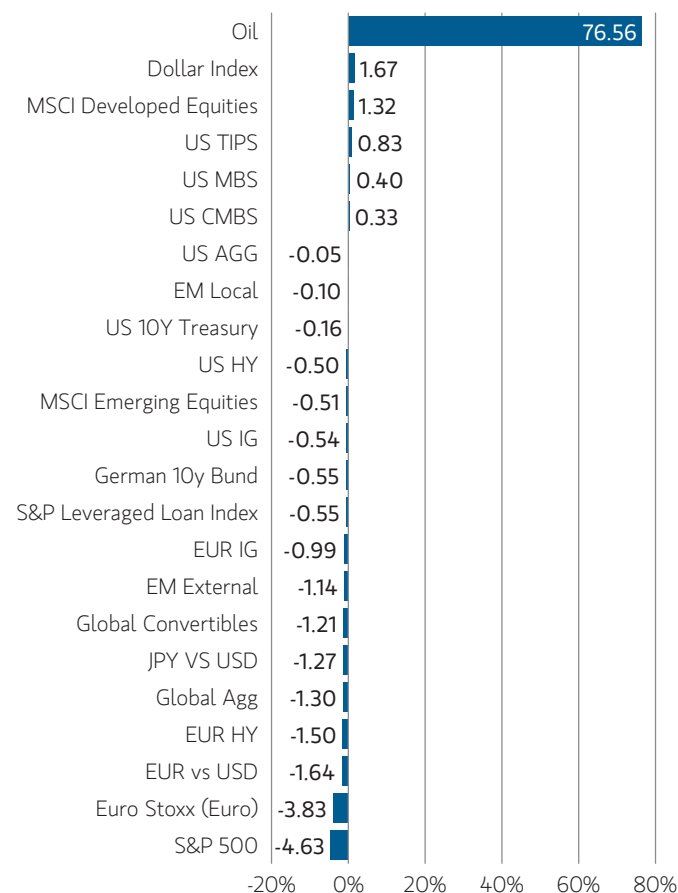
The most immediate transmission channel was energy. Oil prices rose materially during the month, reaching levels around \$110 per barrel, with intramonth spikes higher, as markets priced the risk of disruption to key shipping routes such as the Strait of Hormuz and potential damage to Gulf energy infrastructure. This repricing embedded a meaningful geopolitical risk premium into energy markets and raised concerns about second-order effects on inflation and growth.

Rates markets experienced a significant and broad-based repricing. Global 10-year yields rose sharply, with the U.S. 10-year increasing 38 basis points (bps) to 4.32%, the UK up 68bps to 4.92%, and Germany up 36bps to 3.00%. This move was accompanied by a bear flattening of curves, with U.S. 2s10s flattening by 4bps and 5s30s flattening by 14bps, reflecting a shift in expectations toward tighter policy and higher term premia. Inflation expectations also moved higher, with U.S. 10-year breakevens rising 5bps to 2.31%, reinforcing the inflationary implications of elevated energy prices.

This repricing reflected a sharp shift in central bank expectations. The market removed pricing for multiple Fed cuts, while European policy expectations turned more

DISPLAY 1

### Asset Performance Year-to-Date (%)



Note: USD-based performance. Source: Bloomberg. Data as of March 31, 2026. The indexes are provided for illustrative purposes only and are not meant to depict the performance of a specific investment. **Past performance is no guarantee of future results.** See pages 6-7 for index definitions.

hawkish, with the European Central Bank now pricing a more restrictive stance and the Bank of England facing renewed pressure given its inflation backdrop and energy exposure. As a result, positioning built around steep curves and carry-driven strategies was disrupted, leading to adjustments across portfolios.

Credit markets remained relatively resilient in aggregate, though spreads moved wider and dispersion increased. U.S. investment grade (IG) spreads widened modestly by 5bps to 89bps OAS, supported by strong technicals including fund inflows and low dealer inventories. In contrast, Euro investment grade underperformed more materially, widening 14bps to 97bps OAS, reflecting greater macro sensitivity and weaker supply dynamics. Within IG, widening was more pronounced in lower-quality segments, with BBB spreads widening 6bps in the U.S. and 17bps in Europe.

At the same time, dispersion within IG remained elevated. M&A activity in sectors such as food & beverage and healthcare/pharmaceuticals contributed to idiosyncratic spread moves, while AI-related concerns continued to weigh on parts of the market. Some individual issuers tightened by 10–20bps during March, though these names generally remain 20–40bps wider year-to-date, underscoring that improvements have been selective rather than broad-based.

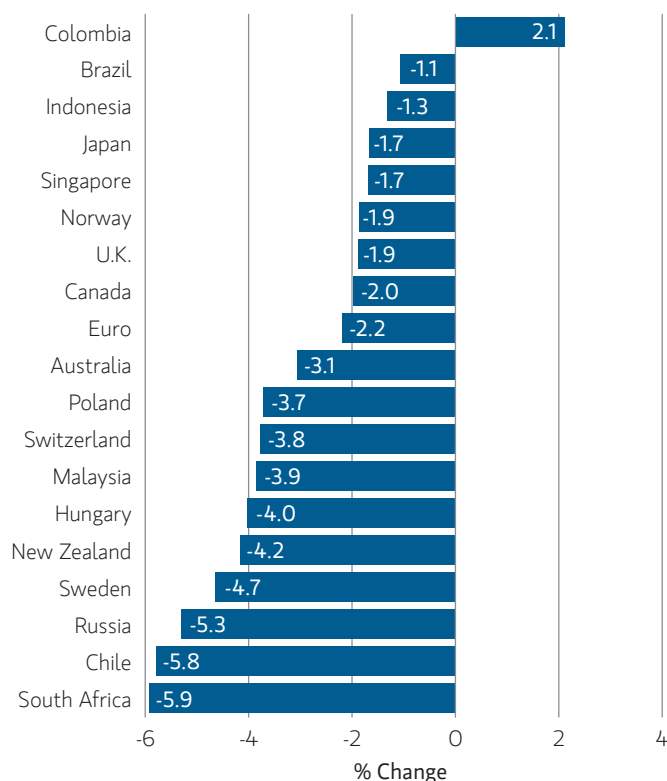
High yield markets experienced greater volatility. U.S. high yield spreads widened 26bps to 317bps, while Euro high yield widened 53bps to 332bps, with dispersion across sectors driven by both macro and idiosyncratic factors. Energy outperformed amid higher oil prices, while more cyclical sectors such as airlines lagged. Lower-quality segments underperformed meaningfully, with CCC spreads widening over 100bps in both regions.

In leveraged loans, performance stabilized following earlier weakness, particularly within software, which had been under pressure due to AI-related concerns. CLO issuance remained robust, with Q1 volumes tracking toward annualized levels consistent with the prior year, even as retail outflows persisted and managers reduced exposure to more vulnerable sectors.

Securitized markets experienced volatility primarily driven by rates. Agency MBS yields rose sharply (up ~56bps), while spreads widened modestly before partially retracing.

## DISPLAY 2 Currency Monthly Changes versus USD

(+ = appreciation)



Note: Positive change means appreciation of the currency against the USD. Source: Bloomberg. Data as of March 31, 2026.

Credit-sensitive securitized sectors saw more contained moves, with AAA spreads widening only 4–6bps, broadly returning to levels seen at the start of the year. Despite rate-driven volatility, funding conditions remained orderly.

Emerging markets reflected the broader macro repricing. EM external spreads widened ~25bps, with larger moves in high yield (+42bps) and regional dispersion across Africa (+55bps) and Europe (+44bps). Local rates also sold off meaningfully, with front-end yields in some markets rising 75–150bps, while currencies broadly weakened against the U.S. dollar, which appreciated ~2.4% over the month.

Municipal markets also adjusted to the higher rate environment, with intermediate ratios moving closer to historical averages, while the long end remained relatively well supported.

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**DISPLAY 3**
**Major Monthly Changes in 10-Year Yields and Spreads**

COUNTRY	10-YR YIELD LEVEL (%)	MONTH CHANGE (BPS)	10-YR SPREAD (BPS)	MONTH CHANGE (BPS)
<b>(SPREAD OVER USTS)</b>				
United States	4.32	<b>38</b>		
United Kingdom	4.92	<b>68</b>	60	<b>30</b>
Germany	3.00	<b>36</b>	-131	<b>-2</b>
Japan	2.35	<b>23</b>	-196	<b>-15</b>
Australia	4.97	<b>32</b>	66	<b>-6</b>
Canada	3.47	<b>35</b>	-84	<b>-3</b>
New Zealand	4.72	<b>40</b>	41	<b>2</b>
<b>EUROPE (SPREAD OVER BUNDS)</b>				
France	3.72	<b>51</b>	72	<b>14</b>
Greece	3.85	<b>58</b>	85	<b>22</b>
Italy	3.91	<b>64</b>	90	<b>28</b>
Portugal	3.45	<b>45</b>	45	<b>9</b>
Spain	3.51	<b>44</b>	50	<b>8</b>
<b>EM</b>	<b>10-YR LOCAL YIELD (%)</b>	<b>MTD CHANGE (BPS)</b>	<b>SPREAD (BPS)</b>	<b>MTD CHANGE (BPS)</b>
EM External Spreads			261	<b>25</b>
EM Corporate Spreads			206	<b>17</b>
EM Local Yields	6.35	<b>54</b>		
<b>(SPREAD OVER USTS)</b>				
Brazil	14.01	<b>46</b>	969	<b>8</b>
Colombia	12.83	<b>-58</b>	851	<b>-96</b>
Hungary	7.13	<b>72</b>	281	<b>34</b>
Indonesia	6.83	<b>42</b>	252	<b>4</b>
Malaysia	3.63	<b>14</b>	-69	<b>-24</b>
Mexico	9.29	<b>63</b>	497	<b>25</b>
Peru	7.00	<b>115</b>	269	<b>77</b>
Poland	5.87	<b>95</b>	156	<b>57</b>
South Africa	9.31	<b>119</b>	499	<b>81</b>
<b>CREDIT</b>			<b>SPREAD (BPS)</b>	<b>MTD CHANGE (BPS)</b>
U.S. IG			89	<b>5</b>
EUR IG			97	<b>14</b>
U.S. HY			317	<b>26</b>
EUR HY			332	<b>53</b>
<b>SECURITIZED</b>				
Agency MBS			125	<b>15</b>
U.S. BBB CMBS			588	<b>10</b>

Positive Neutral Negative

Source: Bloomberg, JPMorgan. Data as of March 31, 2026.

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## Broad Markets Fixed Income Global Asset Allocation and Outlook

### Developed Market Rate/Foreign Currency

#### (LONG DURATION, CURVE STEEPENERS)

February's duration rally proved short-lived, as March saw a sharp reversal driven by a repricing of inflation and policy expectations following the escalation of the conflict in the Middle East. While markets initially reacted defensively, the persistence of elevated energy prices shifted the focus acutely towards a stagflation risk, leading to a broad selloff in rates. Despite the spike in volatility, funding markets, cross-currency basis and market depth have remained orderly.

We believe the market is over pricing the inflation shock and central bank hawkishness and underpricing the growth shock. We used the spike in volatility and yields to extend duration across selective DM and EM government markets and are now at a long duration stance across our portfolios. Global yields have moved materially higher — with the U.S. 10-year yield breaking recent ranges and real yields approaching 2%. Expectations for rate cuts have been scaled back meaningfully, while in Europe the market now prices a more restrictive policy path from the ECB. Elevated oil prices and the risk of sustained energy-driven inflation remain key risks for the global duration outlook, although inflation markets continue to suggest that any near-term increase is likely to be transitory.

Curve dynamics have also shifted, with recent moves characterized by bear flattening following earlier steepening. We are now neutral on curves, having exited steepening exposures.

Positioning reflects a preference for relative value across regions. Our longs in U.S. real yields and Canada are offset by short positions in Japan, where normalization dynamics and weaker technicals continue to differentiate the market. Positioning in Japan remains modest but reflects asymmetric risks to yields relative to other developed markets.

In foreign exchange, we remain cautiously constructive on high-carry non-oil importing currencies. While geopolitical stress and higher oil prices have supported the U.S. dollar in the near term, we expect this strength to be episodic rather than structural. We continue to express a positive view on select high-beta FX, particularly in markets that are more insulated from the terms-of-trade and growth implications of higher energy prices. These positions are expressed primarily against the euro and the U.S. dollar.

### Emerging Market Debt

#### (OVERWEIGHT)

Emerging market (EM) sovereign and corporate debt remains an attractive opportunity for 2026, even as recent geopolitical developments and the associated rise in energy prices have introduced a more volatile macro backdrop. The spike in geopolitics led market volatility has been another reminder of how EM is not a monolithic allocation but requires careful country selection. While dispersion across countries has increased, broader EM funding conditions have remained orderly, and capital flows continue to differentiate among issuers rather than retreat indiscriminately. In this environment, carry and income remain central drivers of expected returns, though macro developments are playing a more prominent role in near-term performance.

Elevated real yields, and credible reform momentum across several countries continue to underpin a supportive backdrop. Valuations — particularly in local markets — remain attractive, and many EM currencies are still undervalued relative to the U.S. dollar. However, recent market moves have highlighted increased sensitivity to global rates and energy dynamics, with front-end yields rising in several markets and currencies experiencing periods of volatility and intervention.

The rise in oil prices has further increased divergence across the asset class, benefiting commodity exporters while posing headwinds for energy importers. As a result, dispersion across countries remains high, reinforcing the importance of policy discipline and country selection. We continue to favor markets with credible monetary frameworks, improving fundamentals, and attractive real yield differentials versus developed markets, while remaining mindful of geopolitical risks, commodity sensitivity, and evolving global policy expectations.

### Corporate Credit

#### (MORE UNDERWEIGHT IG, SMALL OVERWEIGHT HY)

Our base case remains cautiously constructive for credit, even as uncertainty has increased following the escalation of the conflict in the Middle East. This view is supported by improved valuations, with spreads having decompressed from year-to-date tights, alongside expectations for low but positive economic growth and a correspondingly benign default environment. While geopolitical risks remain elevated, emerging signs of U.S. engagement aimed at de-escalation, combined with supportive fiscal policy, continue to underpin growth, employment, and consumption.

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Investment grade spreads widened modestly during March, with U.S. IG moving to approximately the high-80bps range and Euro IG to the mid- to high-90bps range. While spreads remain below long-run averages, the recent widening has improved entry points, and valuations are broadly supported by strong corporate fundamentals and resilient demand for yield. At the same time, there remains limited evidence of a reactive shift in monetary policy to offset Middle East-driven inflation risks, despite markets pricing a more hawkish path for 2026.

Corporate balance sheets remain healthy as we move further into a late-cycle phase characterized by increasing M&A activity, AI- and infrastructure-related capex, and elevated shareholder distributions. This environment reinforces the importance of sector and security selection. Robust demand for the “all-in” yields offered by investment grade credit should help absorb the expected increase in issuance — particularly from non-financial corporates funding M&A and capex — though this also contributes to greater dispersion across issuers.

Given elevated geopolitical uncertainty, evolving policy expectations, and increasing idiosyncratic risk — particularly in sectors exposed to AI disruption — we have less conviction in material spread tightening from current levels. As a result, we expect carry and security selection to remain the primary drivers of return rather than broad-based multiple expansion. Regionally, we continue to prefer Europe over the U.S., supported by relatively more balanced supply dynamics and policy support.

We maintain a modest overweight to select high-yield issuers in both the U.S. and Europe. Fundamentals remain supportive, with improved average credit quality, low default rates, and manageable leverage. While spreads have widened modestly and volatility has increased, the higher carry, shorter spread duration, and continued dispersion across sectors create attractive opportunities for selective positioning. Recent market moves have reinforced the importance of quality bias and disciplined risk selection, but defaults are still expected to remain contained, supporting ongoing investor demand.

## Leveraged Loans

### (UNDERWEIGHT)

We expect heavier net supply and rising dispersion in leveraged loans. While CLO demand remains a key technical support, the asset class is increasingly characterized by greater selectivity, with managers

adjusting allocations in response to evolving macro conditions and sector-specific risks. At the same time, retail flows have been more mixed, contributing to a more uneven technical backdrop.

Sector dispersion remains elevated. While software and technology-linked issuers have shown signs of stabilization following earlier weakness, structural concerns around AI-driven disruption continue to influence positioning, with CLO managers reducing exposure to the sector. More economically sensitive sectors are showing signs of strain, particularly in an environment of rising input costs and macro uncertainty.

Given the recent repricing of central bank expectations and higher rate volatility, the relative attractiveness of floating-rate assets has diminished. As a result, we maintain an underweight to the asset class, with a preference for selective exposure where fundamentals remain resilient and valuations adequately compensate for increased dispersion and macro risk.

## Securitized Products

### (OVERWEIGHT)

Agency mortgage-backed securities (MBS) and non-agency residential mortgage-backed securities (RMBS) remain a high-conviction overweight for 2026. While agency MBS experienced periods of widening during March amid the broader rates selloff, securitized spreads remained relatively resilient overall, demonstrating stability even as volatility increased across rates markets. Agency MBS continue to offer attractive spread pickup relative to both historical levels and other core fixed income sectors, providing compelling relative value versus investment grade corporates and cash alternatives.

Recent market moves have been driven primarily by rates rather than credit fundamentals. Agency MBS yields increased materially alongside higher Treasury yields, while spread widening remained contained and partially retraced. More broadly, securitized funding markets have remained orderly, reinforcing the sector’s defensive characteristics within spread products despite elevated macro volatility.

Technical factors continue to play an important role in performance. Demand for high-quality collateral remains supported by money manager interest in carry, alongside a measured and predictable pace of Federal Reserve balance sheet runoff that has limited net supply pressure. The recent increase in yields has also improved entry points, allowing for selective addition of risk where valuations have become more attractive.

Non-agency RMBS continues to offer an attractive opportunity set, underpinned by stable home prices, low loan-to-value ratios, and historically low delinquency rates. Supply-demand dynamics remain favorable, with limited new issuance and minimal refinancing risk given the high proportion of borrowers locked into low mortgage rates.

Within CMBS, fundamentals remain resilient, particularly in higher-quality segments. Improving sentiment and stable property-level performance support selective

opportunities in hospitality, logistics, storage, and high-quality multifamily assets. Dispersion across property types and geographies continues to increase, reinforcing the importance of selectivity and a focus on single-asset, single-borrower (SASB) structures.

We also remain constructive on Danish covered bonds, where defensive characteristics, strong legal frameworks, and attractive USD-hedged yields continue to support relative value.

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## Risk Considerations

**Diversification** neither assures a profit nor guarantees against loss in a declining market.

There is no assurance that a portfolio will achieve its investment objective. Portfolios are subject to **market risk**, which is the possibility that the market values of securities owned by the portfolio will decline and that the value of portfolio shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g., natural disasters, health crises, terrorism, conflicts, and social unrest) that affect markets, countries, companies, or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g., portfolio liquidity) of events. Accordingly, you can lose money investing in a portfolio. **Fixed-income securities** are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. **Longer-term securities** may be more sensitive to interest rate changes. Certain **U.S. government securities** purchased by the strategy, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. It is possible that these issuers will not have the funds to meet their payment obligations in the future. **Public bank loans** are subject to liquidity risk and the credit risks of lower-rated securities. **High-yield securities (junk bonds)** are lower-rated securities that may have a higher degree of credit and liquidity risk. **Sovereign debt securities** are subject to default risk. **Mortgage- and asset-backed securities** are sensitive to early prepayment risk and a higher risk of default and may be hard to value and difficult to sell (liquidity risk). They are also subject to credit, market, and interest rate risks. The **currency market** is highly volatile. Prices in these markets are influenced by, among other things, changing supply and demand for a particular currency; trade; fiscal, money and domestic or foreign exchange control programs and policies; and changes in domestic and foreign interest rates. Investments in **foreign markets** entail special risks such as currency, political, economic and market risks. The risks of investing in **emerging market** countries are greater than the risks generally associated with foreign investments. **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, and correlation and market risks. **Restricted and illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). Due to the possibility that prepayments will alter the cash flows on **collateralized mortgage obligations (CMOs)**, it is not possible to determine in advance their final maturity date or average life. In addition, if the collateral securing the CMOs or any third-party guarantees are insufficient to make payments, the portfolio could sustain a loss.

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## DEFINITIONS

**Basis point (bp):** One basis point = 0.01%.

## INDEX DEFINITIONS

The indexes shown in this report are not meant to depict the performance of any specific investment, and the indexes shown do not include any expenses, fees, or sales charges, which would lower performance. The indexes shown are unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

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The **Bloomberg Euro Aggregate Corporate Index (Bloomberg Euro IG Corporate)** is an index designed to reflect the performance of the euro-denominated investment-grade corporate bond market.

The **Bloomberg Global Aggregate Corporate Index** is the corporate component of the Bloomberg Global Aggregate index, which provides a broad-based measure of the global investment-grade fixed income markets.

The **Bloomberg US Corporate High Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt.

The **Bloomberg US Corporate Index** is a broad-based benchmark that measures the investment grade, fixed-rate, taxable, corporate bond market.

The **Bloomberg US Mortgage-Backed Securities (MBS) Index** tracks agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon, and vintage. Introduced in 1985, the GNMA,

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FHLMC and FNMA fixed-rate indexes for 30- and 15-year securities were backdated to January 1976, May 1977, and November 1982, respectively. In April 2007, agency hybrid adjustable-rate mortgage (ARM) pass-through securities were added to the index.

**Consumer Price Index (CPI)** is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care.

**Euro vs. USD**—Euro total return versus U.S. dollar.

**German 10YR bonds**—Germany Benchmark 10-Year Datastream Government Index; **Japan 10YR government bonds**—Japan Benchmark 10-Year Datastream Government Index; and **10YR US Treasury**—US Benchmark 10-Year Datastream Government Index.

The **ICE BofAML European Currency High-Yield Constrained Index (ICE BofAML Euro HY constrained)** is designed to track the performance of euro- and British pound sterling-denominated below investment-grade corporate debt publicly issued in the Eurobond, sterling.

The **ICE BofAML US Mortgage-Backed Securities (ICE BofAML US Mortgage Master) Index** tracks the performance of US dollar-denominated, fixed-rate and hybrid residential mortgage pass-through securities publicly issued by US agencies in the US domestic market.

The **ICE BofAML US High Yield Master II Constrained Index (ICE BofAML US High Yield)** is a market value-weighted index of all domestic and Yankee high-yield bonds, including deferred-interest bonds and payment-in-kind securities. Its securities have maturities of one year or more and a credit rating lower than BBB-/Baa3 but are not in default.

The **ISM Manufacturing Index** is based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders, and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys.

**Italy 10-Year Government Bonds**—Italy Benchmark 10-Year Datastream Government Index.

The **JP Morgan CEMBI Broad Diversified Index** is a global, liquid corporate emerging markets benchmark that tracks US-denominated corporate bonds issued by emerging markets entities.

The **JPMorgan Government Bond Index**—emerging markets (**JPM local EM debt**) tracks local currency bonds issued by emerging market governments. The index is positioned as the investable benchmark that includes only those countries that are accessible by most of the international investor base (excludes China and India as of September 2013).

The **JPMorgan Government Bond Index Emerging Markets (JPM External EM Debt)** tracks local currency bonds issued by emerging market governments. The index is positioned as the investable benchmark that includes only those countries that are accessible by most of the international investor base (excludes China and India as of September 2013).

The **JP Morgan Emerging Markets Bond Index Global (EMBI Global)** tracks total returns for traded external debt instruments in the emerging markets and is an expanded version of the EMBI+. As with the EMBI+, the EMBI Global includes US dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least \$500 million.

The **JP Morgan GBI-EM Global Diversified Index** is a market-capitalization weighted, liquid global benchmark for US-dollar corporate emerging market bonds representing Asia, Latin America, Europe, and the Middle East/Africa.

**JPY vs. USD**—Japanese yen total return versus US dollar.

The **Markit iTraxx Europe Index** comprises 125 equally weighted credit default swaps on investment grade European corporate entities, distributed among 4 sub-indices: Financials (Senior & Subordinated), Non-Financials and HiVol.

The **Nikkei 225 Index (Japan Nikkei 225)** is a price-weighted index of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange.

The **MSCI AC Asia ex-Japan Index (MSCI Asia ex-Japan)** captures large- and mid-cap representation across two of three developed markets countries (excluding Japan) and eight emerging markets countries in Asia.

The **MSCI All Country World Index (ACWI, MSCI global equities)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets. The term "free float" represents the portion of shares

outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in US dollars and assumes reinvestment of net dividends.

**MSCI Emerging Markets Index (MSCI emerging equities)** captures large- and mid-cap representation across 23 emerging markets (EM) countries.

The **MSCI World Index (MSCI developed equities)** captures large and mid-cap representation across 23 developed market (DM) countries.

**Purchasing Managers Index (PMI)** is an indicator of the economic health of the manufacturing sector.

The **Refinitiv Convertible Global Focus USD Hedged Index** is a market weighted index with a minimum size for inclusion of \$500 million (US), 200 million (Europe), 22 billion Yen, and \$275 million (Other) of Convertible Bonds with an Equity Link.

The **Russell 2000® Index** is an index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **S&P 500® Index (US S&P 500)** measures the performance of the large-cap segment of the US equities market, covering approximately 75 percent of the US equities market. The index includes 500 leading companies in leading industries of the U.S. economy.

**S&P CoreLogic Case-Shiller US National Home Price NSA Index** seeks to measure the value of residential real estate in 20 major US metropolitan areas: Atlanta, Boston, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Las Vegas, Los Angeles, Miami, Minneapolis, New York, Phoenix, Portland, San Diego, San Francisco, Seattle, Tampa and Washington, D.C.

The **S&P/LSTA US Leveraged Loan 100 Index (S&P/LSTA Leveraged Loan Index)** is designed to reflect the performance of the largest facilities in the leveraged loan market.

The **S&P GSCI Copper Index (Copper)**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the copper commodity market.

The **S&P GSCI Softs (GSCI soft commodities) Index** is a sub-index of the S&P GSCI that measures the performance of only the soft commodities, weighted on a world production basis. In 2012, the S&P GSCI Softs Index included the following commodities: coffee, sugar, cocoa, and cotton.

**Spain 10-Year Government Bonds**—Spain Benchmark 10-Year Datastream Government Index.

The **Thomson Reuters Convertible Global Focus USD Hedged Index** is a market weighted index with a minimum size for inclusion of \$500 million (US), 200 million euro (Europe), 22 billion yen, and \$275 million (Other) of convertible bonds with an equity link.

**U.K. 10YR government bonds**—U.K. Benchmark 10-Year Datastream Government Index. For the following Datastream government bond indexes, benchmark indexes are based on single bonds. The bond chosen for each series is the most representative bond available for the given maturity band at each point in time. Benchmarks are selected according to the accepted conventions within each market. Generally, the benchmark bond is the latest issue within the given maturity band; consideration is also given to yield, liquidity, issue size and coupon.

The **US Dollar Index (DXY)** is an index of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of US trade partners' currencies.

The **Chicago Board Options Exchange (CBOE) Market Volatility (VIX) Index** shows the market's expectation of 30-day volatility.

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

**A separately managed account may not be appropriate for all investors. Separate accounts managed according to the particular strategy may include securities that may not necessarily track the performance of a particular index. Please consider the investment objectives, risks and fees of the Strategy carefully before investing. A minimum asset level is required. For important information about the investment managers, please refer to Form ADV Part 2.**

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