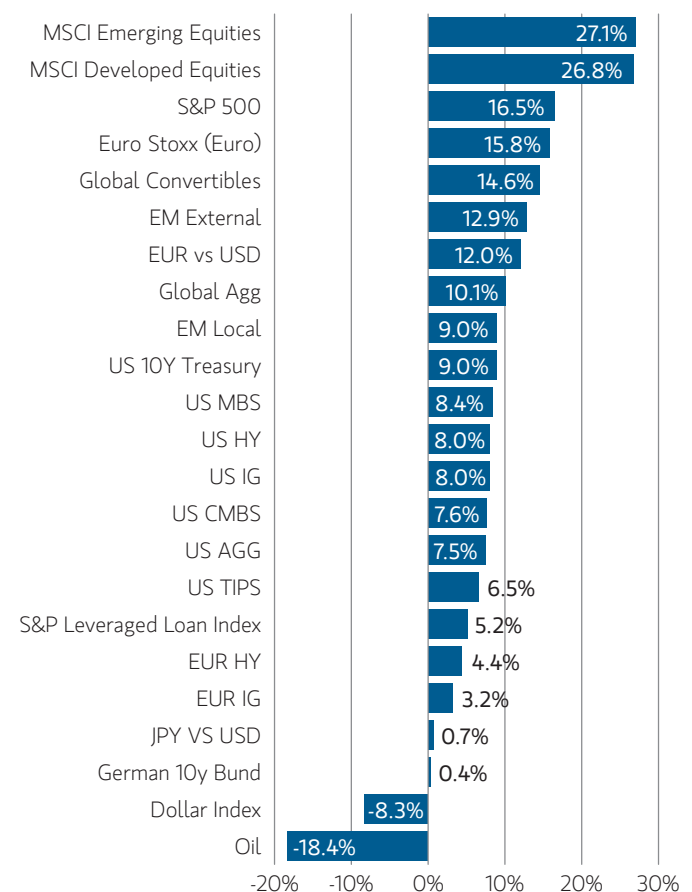


November appeared uneventful on the surface, but beneath the calm, global government bond markets were quietly recalibrating. Across the G7, yields moved sideways as investors absorbed familiar late-cycle signals, incremental data, and routine political noise. Yet one market consistently set itself apart: U.S. Treasuries, which managed to finish the month modestly lower in yield even as Bunds, Gilts, and JGBs drifted slightly higher. The true narrative, however, centered on the evolution of expectations around the Federal Reserve—where conviction, hesitation, and ultimately clarity unfolded in rapid succession.

Outside the U.S., markets behaved like they were catching their breath. Most developed-market curves nudged higher in yield, reflecting localized supply dynamics and steady central-bank communication rather than any major macro shock. In contrast, Treasuries quietly reclaimed the leadership position within G7 rates, supported by a month that began with confidence in a December Fed cut, detoured into doubt as data went dark, and ended with a decisive turn once the backlog of indicators finally arrived.

The path of Fed expectations shaped the entire month. Early November opened with a mildly dovish tone, and markets priced a December cut with confidence as softer labor trends and steady disinflation kept the late-cycle narrative intact. But the U.S. government shutdown abruptly halted the release of more than a dozen key indicators—from CPI and payrolls to retail sales and PCE—creating a rare data vacuum. In the absence of

**DISPLAY 1**  
**Asset Performance Year-to-Date**



Note: USD-based performance. Source: Bloomberg. Data as of November 30, 2025. 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 8-10 for index definitions.

hard evidence confirming further cooling, investors grew increasingly cautious; cut probabilities dropped below 30%, and Treasury yields hovered near local highs.<sup>1</sup>

Everything shifted once the shutdown ended. As agencies released clusters of delayed data, the macro picture snapped back into focus. Across labor, consumption, activity, housing, and prices, the message was consistent: the economy was cooling in an orderly manner and inflation continued to soften. No single release turned the tide, but the cumulative weight of the information restored conviction. Within days, December cut odds surged back into the 80s, forward rate expectations eased, and the 10-year Treasury rallied toward 4.00%.

In retrospect, November was defined less by large market moves than by the transition it marked. After weeks of trading on partial information, investors finally received the confirmation needed to lean into a more accommodative policy path. By month-end, the market was prepared not just for a December cut, but for the broader easing cycle expected to carry into 2026.

**CORPORATE CREDIT:** Corporate credit delivered a varied month; Investment Grade (IG) spreads widened on elevated supply and softer sentiment, high yield retraced early volatility supported by net negative supply, and convertibles underperformed as thematic risk-off tone weighed on equity-linked structures even as issuance remained strong.

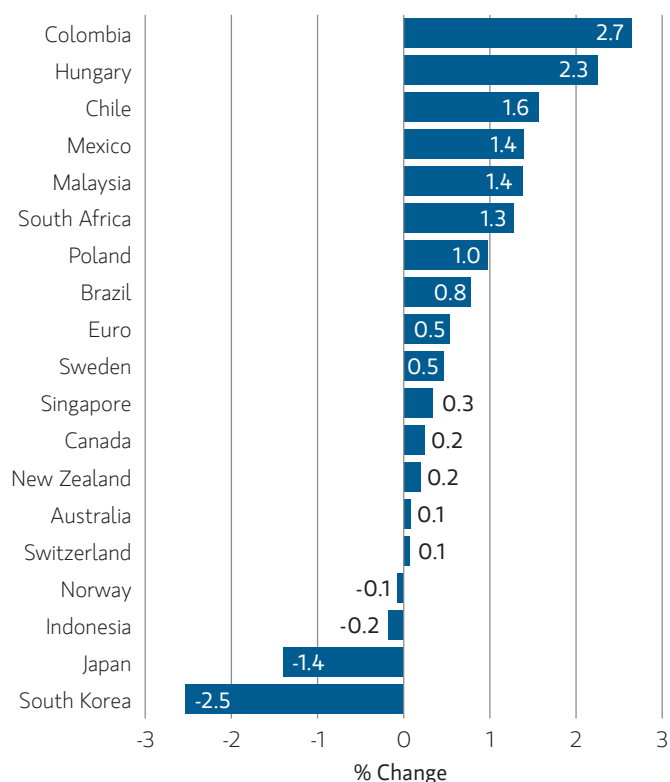
**SECURITIZED PRODUCTS:** Agency Mortgage-Backed Securities (MBS) spreads held steady at historically wide levels, while securitized credit modestly outperformed on stronger carry and steady fundamentals across Residential MBS, Asset-Backed Securities (ABS), and higher-quality Commercial MBS.<sup>2</sup>

**MUNICIPAL BONDS (TAXABLE AND TAX-EXEMPT):** Taxable municipals posted solid results in line with broader high-quality fixed income, supported by constructive technicals and stable credit conditions, while tax-exempts lagged after an extended period of outperformance.

## DISPLAY 2

### Currency Monthly Changes versus USD

(+ = appreciation)



Note: Positive change means appreciation of the currency against the USD. Source: Bloomberg. Data as November 30, 2025.

<sup>1</sup> Source: Bloomberg, November 30, 2025

<sup>2</sup> Source: Bloomberg, November 30, 2025

The views and opinions expressed are those of the Portfolio Management team as of December 2025 and are subject to change based on market, economic and other conditions. **Past performance is not indicative of future results.**

**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)
(SPREAD OVER USTS)				
United States	4.01	-6		
United Kingdom	4.44	3	43	10
Germany	2.69	6	-132	12
Japan	1.81	14	-220	21
Australia	4.51	22	50	28
Canada	3.15	3	-87	9
New Zealand	4.25	19	24	26
EUROPE (SPREAD OVER BUNDS)				
France	3.41	-1	72	-7
Greece	3.29	3	60	-3
Italy	3.40	2	71	-4
Portugal	3.01	1	32	-4
Spain	3.16	2	48	-3
EM	10-YR LOCAL YIELD (%)	MTD CHANGE (BPS)	SPREAD (BPS)	MTD CHANGE (BPS)
EM External Spreads			244	9
EM Corporate Spreads			202	13
EM Local Yields	5.89	-1		
(SPREAD OVER USTS)				
Brazil	13.41	-36	940	-29
Colombia	12.52	90	851	96
Hungary	7.00	21	298	27
Indonesia	6.30	24	228	30
Malaysia	3.46	-4	-56	2
Mexico	8.91	7	490	13
Peru	5.92	-14	190	-8
Poland	5.14	-19	112	-13
South Africa	8.49	-36	447	-30
CREDIT			SPREAD (BPS)	MTD CHANGE (BPS)
U.S. IG			80	2
EUR IG			83	6
U.S. HY			269	-12
EUR HY			272	-1
SECURITIZED				
Agency MBS			124	0
U.S. BBB CMBS			603	-2

Positive Neutral Negative

Source: Bloomberg, JPMorgan. Data as of November 30, 2025.

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## Fixed Income Outlook

With global central banks progressing further into the easing cycle, fixed income markets are entering a more nuanced phase. Policy signals have become less uniform, and while inflation continues to trend lower, growth momentum is moderating unevenly across regions. This backdrop reinforces the importance of maintaining flexibility and emphasizing high-quality income as markets adjust to shifting supply-demand dynamics and recalibrating term premia.

Across developed markets, we hold a neutral duration stance while expressing selective curve and cross-market views. In the U.S., we continue to favor steepening structures as long-end valuations remain sensitive to evolving fiscal and supply factors. Regional divergences present opportunity: we remain underweight Canada relative to the U.S. as its easing cycle matures, constructive on Gilts following improved fiscal signals, and see relative value in Australia versus New Zealand. Japan remains the key outlier, where rising term premia and evolving policy expectations support duration shorts and constructive breakeven positioning.

Credit markets enter year-end with solid fundamental footing but limited valuation cushion. In investment grade, carry remains compelling, supported by conservative balance sheets and muted downgrade risk, though heavy issuance and heightened M&A activity argue for selectivity. High yield spreads remain near post-crisis lows, and while earnings resilience provides support, softer labor trends and pressure on lower-income consumers call for disciplined issuer selection. Convertible bonds continue to offer attractive convexity, though elevated deltas underscore the need to emphasize balanced structures with firm bond floors.

Securitized products remain well-positioned, particularly agency MBS and residential mortgage credit, where valuations and fundamentals are constructive and technicals continue to improve. We expect agency spreads to tighten gradually as demand from banks and relative-value buyers strengthens, though full normalization may await the later stages of the Fed's easing cycle. By contrast, we remain cautious in areas tied to consumer stress and in CMBS subsectors facing structural challenges, even as operating performance in higher-quality segments remains resilient.

Taxable municipals continue to offer appealing relative value, supported by stable credit fundamentals, manageable supply, and consistent institutional demand. With policy uncertainty still a key driver of rates, we maintain a slightly shorter-duration posture while taking advantage of compelling absolute yields.

Overall, we expect carry and income to remain the dominant contributors to returns as markets navigate the transition into 2026. With valuations tight in many spread sectors and policy visibility limited, disciplined security selection, diversification, and a renewed focus on quality remain essential.

## Developed Market Rate/Foreign Currency

### MONTHLY REVIEW

Risk assets wavered in early November as concerns over stretched U.S. tech valuations coincided with a more hawkish tilt in Federal Reserve communication. The October FOMC minutes, released mid-month, struck a cautious note on the pace of potential easing, with officials emphasizing uncertainties surrounding the economic outlook. U.S. Treasury yields remained confined to a narrow range, but the curve's steepening trend resumed as long maturities lagged front-end performance. In the latter half of the month, more dovish commentary from several Fed speakers prompted markets to price a December rate cut as the base case. Ultimately, 10-year Treasury yields ended the month just 6 basis points (bps) lower, and risk sentiment stabilized enough for the S&P 500 to finish modestly higher. The data calendar was light, with the delayed September employment report standing out; it showed firmer-than-expected payrolls growth (+119k) but a rise in the unemployment rate to 4.4%.<sup>3</sup>

Across the euro area, PMIs generally remained in expansionary territory, though momentum eased in several national prints. Inflation data came broadly in line with the European Central Bank (ECB's) cautious stance. Toward month-end, European curves steepened again, driven in part by market focus on the Dutch pension transition and related demand dynamics at the ultra-long end. Sovereign spreads continued their slow grind tighter, while swaps underperformed cash bonds, particularly in longer maturities.<sup>4</sup>

Fiscal themes were prominent elsewhere. In Japan, term premia at the super-long end continued to widen

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<sup>3</sup> Source: U.S. Bureau of Labor Statistics, as of November 30, 2025

<sup>4</sup> Source: Bloomberg, as of November 30, 2025

as markets digested Prime Minister Takaichi's stimulus messaging and the prospect of increased issuance, despite the supplementary budget being concentrated in maturities under five years. The selloff in Japanese government bonds intensified following additional hawkish signals from policymakers. In the UK, gilts rallied—led by the long end—after Chancellor Reeves announced sizeable tax increases and the DMO adjusted its remit toward greater short- and medium-dated supply. GBP recovered its earlier underperformance, and softer domestic data reinforced expectations of further BoE easing, with a December cut now nearly fully priced.<sup>5</sup>

In foreign exchange markets, the Bloomberg Dollar Index held within its recent range despite the U.S. equity volatility. EUR and GBP ended modestly higher, while JPY and AUD underperformed.<sup>6</sup> High-carry EM currencies remained resilient even as risk sentiment softened.

## OUTLOOK

We remain broadly neutral on duration across developed markets excluding Japan, while maintaining targeted cross-market expressions. Within North America, we hold an underweight in Canadian government bonds relative to U.S. Treasuries, reflecting firmer Canadian macro fundamentals and our expectation that the Bank of Canada will adopt a less dovish stance as it approaches the end of its easing cycle. In the Antipodean complex, we continue to see relative value in Australian government bonds versus New Zealand.

Following the more constructive signals from the UK budget, we have also turned positive on Gilts. In the U.S., we retain our long-standing preference for curve steepeners, supported by the ongoing rebuilding of term premium and a maturing policy-easing narrative.

Japan remains an outlier in our DM positioning. We stay long inflation breakevens and have added to duration shorts, reflecting a confluence of bearish factors: evolving monetary policy expectations, ongoing adjustments in the yield curve framework, and expanding term premia.

In FX, we continue to favour a basket of predominantly high-beta currencies versus the U.S. dollar, given supportive carry dynamics and improving relative growth signals.

## Emerging Market Rate/Foreign Currency

### MONTHLY REVIEW

Performance was strong for emerging market (EM) local markets and performance for hard currency assets was also positive, but more modest.<sup>7</sup> The U.S. dollar moderately weakened due to weaker U.S. labor data and increasing expectations of a Fed rate cut in December. The Bank of Mexico cut rates as inflation slowed but also to stimulate growth, as GDP contracted in Q3. The National Bank of Poland also cut rates as inflation dropped below target. U.S. foreign policy has recently increased its focus on Latin America with an increased presence in the Caribbean and attention on Venezuelan politics. Asset class flows continued to be positive for both hard and local currency funds, \$0.8B and \$1.3B, respectively. This brings YTD flows to \$25.2B,<sup>8</sup> which highlights investor interest to diversify their portfolios and seek fixed income solutions outside the U.S.

### OUTLOOK

The outlook for the asset class remains robust as numerous countries implement strong reform agendas. Valuations are appealing, especially for local assets. Many emerging market (EM) currencies are relatively undervalued and are supported against the U.S. dollar which has continued to weaken. Real yield differentials between emerging markets and developed markets (DM) remain favorable. The macroeconomic environment is supportive for the asset class and investors continue to allocate to the asset class. However, the emerging markets landscape is diverse, making it essential to focus on country-specific fundamentals and policy directions.

## Corporate Credit

### MONTHLY REVIEW

Investment-grade credit performance in November was shaped primarily by softer risk sentiment and heavy primary supply. Global IG spreads widened 3 bps as technicals weakened, with both EUR and U.S. markets absorbing substantially higher-than-expected issuance. European IG corporate spreads ended 6 bps wider at +83 bps, underperforming U.S. IG, which widened 2 bps to +80 bps. Elevated non-financial issuance weighed on EUR industrials and utilities, while financials held up better. Subordinated financials and corporate hybrids

<sup>5</sup> Source: Bloomberg, as of November 30, 2025

<sup>6</sup> Source: Bloomberg, as of November 30, 2025

<sup>7</sup> Source: Bloomberg, as of November 30, 2025

<sup>8</sup> Source: JPMorgan Markets, as of November 30, 2025

moved broadly in line with the market, widening 5–6 bps. French and Italian risk marginally outperformed, the latter supported by a sovereign rating upgrade. In the U.S., sector dispersion persisted: utilities lagged, senior bank debt remained resilient, and life insurance, financial services, technology, airlines, and basic industry saw the most widening; consumer non-cyclicals continued to grind tighter. Corporate activity was robust, with M&A dominating headlines. Notable transactions included Deutsche Börse's exclusive talks to acquire Allfunds, Orange's consolidation moves in France and Spain, Veolia's purchase of Clean Earth, and multiple large U.S. deals across consumer health, diagnostics, energy, and packaging. Supply was the key driver of market tone. EUR IG issuance reached EUR 101bn—well above expectations—while U.S. IG issuance hit \$140bn, the largest November on record.<sup>9</sup> Despite strong demand, concessions widened due to the scale of supply, though inflows into the asset class remained solid.

U.S. and global high yield performance ultimately strengthened in November, reversing early-month weakness. Spreads widened over the first two weeks as elevated volatility and concerns about stretched valuations weighed on risk assets; U.S. high yield spreads briefly approached 340 bps. Sentiment improved in the second half of the month as volatility eased and Treasury yields declined amid expectations for a December Fed rate cut, allowing spreads to retrace and finish tighter than where they began. Technical conditions remained broadly supportive. Gross issuance was healthy but readily absorbed, while retail demand stayed muted. More than \$33 billion in calls, tenders, maturities, and coupons created net negative supply, and rising-star activity continued to outpace fallen angels—further underpinning market tone.<sup>10</sup>

Global convertible bonds posted weaker performance in November, lagging both global equities and global fixed income.<sup>11</sup> The asset class was pressured by risk-off sentiment in key thematic areas—particularly cryptocurrencies and AI—both of which represent meaningful exposures within the convertible universe. Despite the softer tone, primary market activity remained exceptionally strong. Issuance reached \$15.8 billion in November, with U.S. issuers accounting for roughly 90% of supply. Year-to-date issuance rose to \$153.9 billion, putting

the market on pace to exceed the \$159 billion issued in 2020.<sup>12</sup>

## OUTLOOK

As year-end approaches, we remain cautiously constructive on investment grade credit. Corporate fundamentals are solid, with disciplined leverage and healthy liquidity, and we see limited downgrade or default risk in a moderate-growth backdrop. While November's record EUR and U.S. supply briefly softened technicals, sustained inflows and strong demand suggest the overall technical environment remains supportive, though increasingly issuer- and sector-specific. We maintain a neutral duration stance and continue to favour curve steepeners amid shifting supply–demand dynamics. Carry remains the primary return driver, but tight spreads, heavy issuance pipelines, and elevated M&A activity argue for ongoing selectivity. We favour issuers with robust balance sheets, low cyclicity, and resilient free cash flow profiles, particularly in regions where policy settings are supportive and fiscal risks contained.

As we enter the final month of the year, we retain a cautious but constructive outlook on high yield. Macro conditions remain broadly supportive—U.S. growth is slowing but positive, inflation is tracking close to expectations, and corporate earnings have been resilient. At the same time, pockets of softness persist, including weaker labor indicators, pressure on lower-income consumers, mixed survey data, and elevated valuations in segments tied to AI-driven optimism. Against this backdrop, we expect a regime of slower but positive growth and still-sticky inflation. High yield spreads remain only about 30 bps above post-GFC lows, limiting valuation cushion, yet all-in yields remain historically attractive and should continue to draw capital. Fundamentals remain stable, refinancing risk is manageable, and technicals supportive—but much of the good news is already priced. As a result, selectivity is critical. We continue to emphasize issuers with durable cash flows, manageable leverage, and clear access to capital markets, as well as sectors less exposed to consumer-related weakness.

As we enter the final month of the year, we remain constructive on the fundamental backdrop for global convertible bonds, but with a measured degree of caution.

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<sup>9</sup> Source: Bloomberg, November 30, 2025

<sup>10</sup> Sources: ICE Data Indices, Bloomberg L.P., Morgan Stanley Investment Management. Data as of December 1, 2025.

<sup>11</sup> Source: Bloomberg, November 30, 2025

<sup>12</sup> Source: Bank of America, November 30, 2025



Trade-policy-related volatility has largely subsided, U.S. earnings have held up well, and earlier signs of strain among lower-income consumers have begun to stabilize. Still, third-quarter data—including slowing job growth, mixed survey indicators, and firming consumer prices—reinforce a more tempered macro outlook. We expect a forward environment of slower but positive growth and persistently sticky inflation. Convertibles have generally preserved their asymmetric return profile through recent volatility; deltas declined from elevated levels in November but remain comfortably above 50%,<sup>13</sup> reflecting the asset class's increased equity sensitivity. While this equity-like behavior warrants caution, we continue to see attractive opportunities for selective investors—particularly in balanced structures with solid bond floors, where convexity and downside risk mitigation remain compelling.

## Securitized Products

### MONTHLY REVIEW

Agency MBS spreads were unchanged in November at +124 bps versus Treasuries and remain wide relative to history and other core sectors. The Fed continued balance-sheet runoff, with MBS holdings declining by \$16 billion, while banks' holdings were little changed; money managers remained the primary buyers at current valuations.<sup>14</sup> The Agency MBS Index returned 0.62%, modestly trailing Treasuries on a duration-adjusted basis, though year-to-date performance remains strongly ahead. Elevated mortgage rates kept refinancing deeply out-of-the-money, contributing to a modest extension in index duration. Securitized credit modestly outperformed as spreads tightened and carry remained competitive versus corporate credit. Issuance was steady across sectors: ABS supply reached \$39.6 billion, non-agency CMBS \$16.0 billion, and non-agency RMBS \$16.1 billion.<sup>15</sup> RMBS spreads tightened 0–5 bps, supported by positive mortgage fundamentals, strong homeowner equity, and low delinquency rates, though origination volumes remain muted. ABS spreads also improved slightly; while consumer delinquencies continue to drift higher—particularly among lower-income borrowers—they remain manageable for most structures. CMBS spreads tightened 0–5 bps. Weakness persists in Class B office, but logistics, storage, high-quality multifamily, and luxury hotels continue to exhibit solid operating performance. European securitized spreads were little changed, and allocations continued to shift toward relatively more attractive U.S. opportunities.

### OUTLOOK

We remain constructive on U.S. agency MBS valuations and expect spreads to grind tighter over time. Attractive relative value versus both other core fixed income sectors and cash alternatives should continue to draw inflows from money managers and, eventually, banks—particularly as regulatory constraints ease and short-term rates decline. That said, we do not expect the full tightening potential to be realized until the Federal Reserve approaches the end of its rate-cutting cycle in 2026.

In securitized credit, we expect spreads to hold broadly around current levels. The credit curve has flattened materially year-to-date, leaving limited room for further tightening unless agency MBS leads the market inward. While its shorter duration has weighed on relative performance, securitized credit's higher carry has kept returns broadly in line with agency MBS. We anticipate carry to remain the primary return driver in the coming months. Fundamentally, elevated rate levels continue to stress certain borrowers. We expect further erosion in household balance sheets, creating pressure in select consumer ABS segments—particularly among lower-income borrowers. Commercial real estate also faces ongoing challenges despite modest rate relief. By contrast, residential mortgage credit remains our preferred opportunity set and the area where we are most comfortable extending down the credit spectrum.

Overall, we remain positive on agency MBS, which continue to offer compelling value relative to both investment-grade corporates and historical norms.

## Taxable Municipals

### MONTHLY REVIEW

Taxable municipals delivered a 0.64% return in November, bringing year-to-date gains to 8.27% and broadly tracking the performance of other high-quality fixed income sectors. Tax-exempt municipals lagged with a 0.23% monthly return, giving back a portion of recent outperformance. The Treasury curve bull-steepened as markets priced in additional Fed easing amid softer labor-market data; intermediate maturities led taxable muni performance while the long end modestly underperformed following October's strength. Technical conditions remained constructive. November supply totaled approximately \$4.8 billion—below this year's

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<sup>13</sup> Source: Bank of America, November 30, 2025

<sup>14</sup> Source: Bloomberg, November 30, 2025

<sup>15</sup> Source: Bloomberg, November 30, 2025

average but in line with seasonal norms—with index-eligible issuance led by Ascension Health and Cornell University.<sup>16</sup> Demand remained firm as investors sought diversification against widening concerns in corporate credit. Index spreads widened about 3 bps, mirroring the modest widening seen in investment-grade corporates. Overall municipal credit fundamentals remain solid heading into 2026.

## OUTLOOK

We expect monetary policy uncertainty to remain a near-term driver of taxable municipal performance. While

the Fed delivered a second 25 bps cut in November, Committee communication signaled growing disagreement about the pace of future easing. Incoming data—delayed by the government shutdown—will be critical in clarifying the trajectory of labor-market cooling and inflation as policymakers approach year-end.

Spreads are likely to stay range-bound with a mild widening bias should broader credit markets reprice, but the sector continues to offer compelling relative value supported by steady demand, manageable supply, and strong municipal credit fundamentals.

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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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<sup>16</sup> Source: Bloomberg, November 30, 2025

### 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 timeliness, accurateness, or completeness of any data or information relating to any product.

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.

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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, 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.

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