

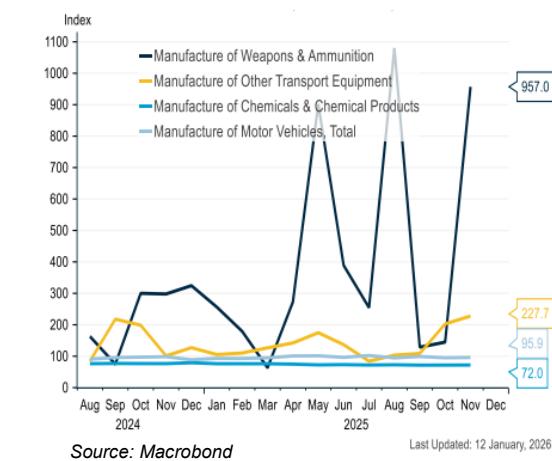
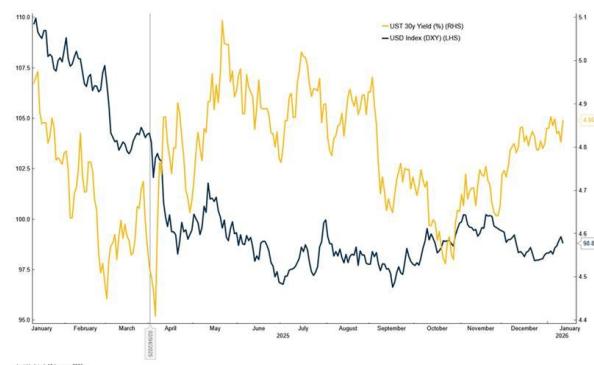
A Test for Central Bank Innocence

WEEKLY VIEW FROM THE DESK | January 12, 2026

[LINK TO WEEKLY RETURNS TABLE](#)

MACRO

- One of the key macro themes that opened our [2026 Global Economic Outlook](#) pertains to the era of fiscal dominance and the end of central bank innocence. That theme was put on full display over the weekend after the U.S. Department of Justice (DoJ) served the Federal Reserve with grand jury subpoenas on Friday, prompting a response from Fed Chair Powell on Sunday evening. While the subpoenas relate to Powell's testimony on renovations to Fed office buildings, his statement on Sunday stated that "the threat of criminal charges is a consequence of the Federal Reserve setting interest rates based on our best assessment of what will serve the public."
- While the market reactions on Monday were muted (see the accompanying chart of the dollar and U.S. 30-year yields), from a longer-term perspective, the DoJ developments indicate the potential fraying of institutional norms. As a result, global investors may apply a higher-risk premium to U.S. assets, indicating the potential for weaker equity prices, a weaker dollar, and a steeper Treasury curve. It may also lead to rallies in gold and other safe-haven assets. We also believe that the Fed will hold the Fed funds rate steady at its January meeting.
- The escalating tension regarding the Fed likely raises the hurdle for the next Fed Chair to establish monetary-policy credibility and to sustain the perception of independence. However, it remains to be seen if further near-term action is taken towards the Fed given that Powell's term ends in mid-May and the U.S. Supreme Court is still presiding over the case regarding Lisa Cook, a current Fed Board member. A Supreme Court ruling on tariff implementation under IEEPA is also pending.
- The Fed developments followed several recently announced policy initiatives, including caps on credit card interest rates, proposed purchases of \$200B in MBS, and potential restrictions on institutional ownership of single-family homes.
- The fiscal dominance theme is also evolving in Europe amidst signs that weakness in German manufacturing may be bottoming out. The accompanying chart shows the sharp increase in new manufacturing orders in the defense and transport sectors, which could support German economic growth of 1% in 2026 and add 0.1-0.2 percentage points to Euro Area growth this year.



DEVELOPED MARKET RATES

- In addition to the challenge to the Fed's credibility, the back end of the bund and JGB curves have also posed a bear-steepening threat to U.S. Treasuries. While it's too early to say that JGBs are stabilizing, that appears to be the case with bunds. If U.S. monetary policy stays the course and heads to a low 3% area, that may create an attractive buying point across the U.S. curve out to the long bond. Rates may look even more attractive if Fed leadership brings the Fed funds rate towards 2% over a sustained basis.
- The Administration's proposal to purchase \$200B of mortgage securities prompted a rally across the MBS sector last week with fast money accounts reportedly buying \$3-4B in MBS. While origination volume has yet to respond, the increase in dollar prices suggest that primary mortgage rates are falling, possibly below the key 6% threshold.

IG CORPORATES

- The U.S. IG corporate market was supported by strong equity performance and low-rate volatility last week. That stated, the Trump Administration's hands-on approach to corporate America increases uncertainty and makes low-probability events more relevant for IG investors.
- We note the following—Aerospace & Defense: the Administration proposed limits on buybacks/dividends for government contract eligibility and raising the defense budget. Credit Card Rate Cap: The unexpected GOP proposal caused 5-10 bps of widening for credit card companies. Private Equity/Home Ownership: Proposed limits for private investors in homebuilders/homes, with some REITs seeing spreads 10 bps wider. Company-Specific Moves: Intel spreads tightened by 10 bps after a positive meeting with Trump, and refiners outperformed after the Venezuela summit.
- Last week, issuance totaled ~\$77B, with 2/3rds coming from financials, especially European banks. Deals were 4.0x oversubscribed and came with a 1.6 bp average concession. Demand remains strong with continued inflows into IG. While only 11% of issuance was at the back-end of the IG curve, M&A activity is picking up. Nearly \$150B in potential deals are rumored to come from sectors such as Metals & Mining (Rio Tinto/Glencore) and Pharmaceuticals (Merck/ Eli Lilly). These deals are pushing spreads wider for the companies involved.

- The EUR IG Index closed last week tighter at an OAS +77 bps, despite the glut of supply in secondary spreads. Issuance in the primary market was just over €35B, somewhat evenly split between corporates and financials. Supply was well absorbed with deals oversubscribed, and attrition rates were low despite most deals pricing with minimal concessions. That stated, there are fears that bank supply in EUR might underwhelm as large cap banks choose to issue in USD in order to de-risk funding plans. This week, we anticipate €20-25B in issuance.

LEVERAGED FINANCE

- U.S. HY bonds were off to a strong start to 2026, shrugging off sudden geopolitical tensions and instead focusing on firm U.S. economic growth trends and seasonal tailwinds. With robust technicals intact, the market is well situated to absorb this week's \$11.7B of coupons, calls, and maturities. CCCs were last week's top ratings performer, while Bs outperformed BBs. Among sectors, paper, consumer products, and cable were the top performers, while food & drug retail, food & beverage & tobacco, and aerospace were the weakest.
- After a two-week lull, the primary market roared back to life with \$9.7B pricing across 13 deals, including \$2.4B of CCC-rated paper—the highest CCC volume since July 2025. Meanwhile, retail fund inflows resumed with \$278M entering the market after three weeks of outflows.
- The U.S. loan market edged higher last week with a slower-than-expected \$20B of issuance that included very little new money. That said, \$30B billion across 23 deals were added to the pipeline, albeit only \$4.5B of which is new money. Meanwhile, 64% of loans are now trading above par—an 11-month high. The market remains highly bifurcated with strong demand focused on high-quality loans and little appetite for riskier, discounted issues. We believe investors are waiting for more M&A-driven deals expected later in the year.
- European high yield spreads tightened by 13 bps to 269 bps—the tightest since October 2017—on compression and a rally in previous underperformers. Loans were flat at 469 bps, but this number is distorted by high stress levels in loans. In the primary market, four loan deals priced, while bond issuance was slow. The bond pipeline is not expected to pick up until March.

EMERGING MARKETS

- EM hard currency sovereign spreads were flat week-over-week, impacted by [events in Venezuela](#) and the absorption of over \$72B of new issue supply, primarily in IG. Most ratings buckets were wider, with the exception of the CCC and non-rated buckets, which saw meaningfully positive returns. Venezuela/PDVSA bonds were up 8-10 points on the more pro-U.S. leadership change and expectations of a pushed forward restructuring timeline. Lebanon, another distressed and defaulted complex, was also higher, now trading in the mid to high-20s. Some higher-yielding LatAm names also did relatively well as the fallout from Venezuela is seen to be positive for the region.
- The widening in EM IG was almost entirely a function of the near record-breaking first week of January issuance. There were some large deals from KSA (\$11.5B across curve), UMS (\$9B multi tranche), Israel (\$6B multi-tranche), Chile (\$ and euro), and Hungary and Poland also issuing around 3B euro each. Most deals were oversubscribed from various investor types and came with a concession. There was some indigestion of the 30-year supply, but most of it performed relatively well.
- EMFX overall declined but was mixed regionally, with LatAm gaining while Europe and Asia lagged last week. High carry currencies outperformed, with Colombia and Brazil among the top performers. The worst performers included Czech Republic as CPI came in softer-than-expected and the market continued to price out hikes. Hungary and Poland also underperformed. We believe that with only a 5% chance of a Fed cut now being priced for January, the scope for rates moving higher is limited, which should keep dollar upside capped. We remain relative-value focused, with high-carry longs against low-carry shorts.
- In EM corporates, it was an eventful, but risk-on, first full week of the year, with high yield outperforming. While the macro was focused on Venezuela and U.S nonfarm payrolls, the record corporate issuance was absorbed and traded well. We are waiting for confirmation that Braskem paid its coupons, with various news reports and advisors suggesting that the company wants a consensual process. The bonds traded up 3-4 points in the last couple of weeks, and we expect reprofiling discussions to start towards middle of next month once the IG4 acquisition has been completed. Telefonica Chile bonds moved up a few points on news that Millicom is interested in acquiring the company.

SECURITIZED PRODUCTS

- CMBS conduit AAA and subordinate secondary spreads were tighter by as much as 5 bps. Tiering by quality in SASB increased, with AAA floaters pricing in the 130-135 bps range, while fixed-rates tightened as much as 20-35 bps and subordinate tranches also tightened. New issue AAA CRE CLOs were tighter at 140-145 while subordinate tranches edged wider. Five deals came to market, including two SASBs, two CRE CLOs, and one agency.
- In RMBS, new issue non-QM spreads tightened as much as 15 bps on strong demand while subordinate tranches tightened 5-10 bps across the stack, with 4-5 times oversubscriptions on new issues. We expect further tightening this week on the announced \$200B MBS purchase program. Second-liens rallied as much as 10 bps with further near-term compression expected on heavy demand. CRTs opened the year stronger than expected—roughly \$1B in trading (approx. 50% above the 3-month avg.)—with spreads tightening as much as 10 bps across the stack on strong demand. RMBS issuance was off to a heavy start, with nine deals totaling \$4.3B pricing.
- U.S. CLO spreads tightened across the curve last week, driven by strong demand and the President's recent announcement on mortgage policy. Benchmark AAAs rallied as much as 2 bps, while secondary BBBs were as much as 20 bps tighter, but anchored resets were unchanged and wide of syndicated levels. The benchmark to non-benchmark basis tightened around 7 bps. European CLO spreads tightened, especially among mezzanine tranches. Both primary markets are expected to pick up considerably in the coming weeks.
- ABS spreads were tighter on strong demand, with senior spreads as much as 10 bps tighter, BBBs as much as 20 bps tighter, and BBs as much as 40 bps tighter. In the primary market, \$3B priced with most deals clearing at or tighter than price guidance. Indeed, investors shrugged off President Trump's proposed 10% APR cap on credit cards for one year starting January 20. We note that the U.S. Executive branch cannot enforce the proposal without Congressional approval, and that the executive order would likely face legal challenges as regulators lack authority to set such caps independently.

MUNICIPALS

- Tax-exempt munis had a strong start to the year, posting total returns of 0.73% and outperforming U.S. Treasuries (-0.07%), U.S. Corporates (-0.11%), and the Taxable Municipal Index (0.09%). The Municipal Market Data (MMD) curve jumped 11-13 bps on the front-end of the curve, 15 bps in the belly, and 4 bps on the long end. In addition, M/T yield ratios are now at or near their 90-day lows across the curve.
- Last week, strong demand from reinvestment activity and limited supply drove yields lower. This week's calendar is estimated to be ~\$10B, and ~\$40B is projected for the month. While net supply is expected to be positive in January (+\$5B), net supply will turn negative in February (-\$4B) due to demand.

THE RETURNS TABLE AS OF JANUARY 9, 2026

	Duration	YTM	OAS	WTD	Yield / OAS change (bps)				Prior year	WTD	MTD	Total return (%)		
					MTD	QTD	YTD	Prior year				QTD	YTD	Prior year
Sovereign rates														
U.S. 2-Year	1.88	3.53	---	6	6	6	6	-73	-0.04	-0.02	-0.02	-0.02	4.76	
U.S. 5-Year	4.50	3.75	---	1	2	2	2	-71	0.03	0.00	0.00	0.00	7.03	
U.S. 10-Year	7.99	4.17	---	-3	0	0	0	-52	0.27	0.19	0.19	0.19	8.77	
U.S. 10-Year Breakeven	--	2.28	---	2	4	4	4	-13	---	---	---	---	---	
U.S. 10-Year TIPS	4.30	1.86	---	-5	-4	-4	-4	-41	0.32	0.04	0.04	0.04	9.33	
U.S. 20-Year	12.72	4.76	---	-6	-3	-3	-3	-23	0.76	0.59	0.59	0.59	6.89	
U.S. 30-Year	15.74	4.81	---	-6	-3	-3	-3	-12	0.95	0.76	0.76	0.76	6.03	
U.S. SOFR	---	---	---	-11	-23	-23	-23	-66	0.07	0.09	0.09	0.09	4.38	
UK 10-Year	7.33	4.37	---	-16	-10	-10	-10	-44	1.23	0.86	0.86	0.86	8.51	
Germany 10-Year	8.65	2.86	---	-4	1	1	1	30	0.62	0.33	0.33	0.33	0.93	
Switzerland 10-Year	9.31	0.27	---	-1	-1	-1	-1	-16	0.10	0.10	0.10	0.10	1.64	
Japan 10-Year	8.21	2.09	---	3	3	3	3	91	-0.18	-0.17	-0.17	-0.17	-5.19	
Australia 10-Year	8.03	4.69	---	-15	-5	-5	-5	20	1.17	0.62	0.62	0.62	3.72	
Canada 10-Year	8.35	3.38	---	-9	-5	-5	-5	4	0.71	0.47	0.47	0.47	3.83	
Major fixed income multi-sector indices														
YTW														
Global Aggregate Unhedged	6.37	3.52	26	-1	-1	-1	-1	-8	-0.03	-0.16	-0.16	-0.16	8.89	
Global Aggregate Hedged	6.37	3.52	26	-1	-1	-1	-1	-8	0.36	0.18	0.18	0.18	5.59	
U.S. Aggregate	6.00	4.32	25	-2	-2	-2	-2	-9	0.35	0.15	0.15	0.15	7.97	
Euro-Aggregate (Unhedged)	6.27	2.94	41	-1	-1	-1	-1	-21	0.54	0.29	0.29	0.29	2.62	
Japanese Aggregate	8.28	1.93	0	0	0	0	0	0	-0.21	-0.21	-0.21	-0.21	-5.87	
Major fixed income credit indices														
YTW														
Mortgage-Backed (Agency)	5.46	4.55	14	-8	-8	-8	-8	-28	0.73	0.49	0.49	0.49	9.62	
Global IG Corporate Bonds	6.01	4.36	79	-1	-1	-1	-1	-10	0.06	-0.10	-0.10	-0.10	11.06	
U.S. IG Corporate Bonds	6.95	4.84	77	-1	-1	-1	-1	-4	0.34	0.10	0.10	0.10	8.55	
European IG Corporate	4.57	3.17	77	-1	-1	-1	-1	-25	0.40	0.27	0.27	0.27	3.99	
U.S. High Yield Bonds	2.99	6.47	257	-11	-9	-9	-9	-18	0.39	0.39	0.39	0.39	8.70	
European High Yield Bonds	2.90	5.08	267	-12	-15	-15	-15	-53	0.49	0.56	0.56	0.56	5.86	
U.S. Leveraged Loans	0.3	8.02	446	-4	-9	-9	-9	-26	0.24	0.29	0.29	0.29	5.92	
European Leveraged Loans	0.3	7.29	469	-1	-5	-5	-5	-5	0.10	0.15	0.15	0.15	3.82	
EM Hard Currency Sovereigns	6.52	6.80	252	0	-2	-2	-2	-67	0.24	0.18	0.18	0.02	14.46	
EM Corporates	4.45	6.34	234	-2	-4	-4	-4	-5	0.23	0.23	0.23	0.23	9.00	
EM Currencies	---	5.94	---	0	0	0	0	-2	-0.20	-0.10	-0.10	-0.10	12.69	
EM Local Rates	5.41	5.87	6	0	0	0	0	-1	0.06	0.09	0.09	0.09	8.28	
CMBS	3.84	4.46	73	-2	-2	-2	-2	-7	0.13	0.01	0.01	0.01	7.90	
ABS	2.85	4.13	51	-1	-1	-1	-1	7	0.08	0.03	0.03	0.03	6.02	
CLOs	3.99	4.79	130	-1	-1	-1	-1	-9	0.15	0.18	0.18	0.18	5.45	
Municipal Bonds	6.13	3.47	---	-12	-12	-12	-12	-30	0.69	0.73	0.73	0.73	5.32	

	Level	WTD	MTD	QTD	YTD	Prior year	Total return (%)			Spot	WTD	MTD	Change (%)		
							QTD	YTD	Prior year				QTD	YTD	Prior year
Equity / volatility indices															
S&P 500 Index	6,966	1.6	1.8	1.8	1.8	19.2									
DAX	25,262	2.9	3.1	3.1	3.1	24.3									
Stoxx 600	610	2.3	3.0	3.0	3.0	22.2									
Nikkei 225	51,940	3.2	3.2	3.2	3.2	33.7									
Shanghai Composite	4,120	3.8	3.8	3.8	3.8	31.7									
MSCI ACWI Index	1,035	1.5	2.0	2.0	2.0	24.7									
FTSE 100	10,125	1.8	2.0	2.0	2.0	25.9									
MOVE Index	62	-1.3	-3.8	-3.8	-3.8	-38.3									
VIX Index	14	-0.1	-3.1	-3.1	-3.1	-19.8									
FX / commodities															
EUR / USD							1.2	-0.7	-0.9	-0.9	-0.9	-0.9	13.0		
USD / JPY							157.9	0.7	0.8	0.8	0.8	0.8	-0.2		
GBP / USD							1.3	-0.4	-0.5	-0.5	-0.5	-0.5	8.9		
EUR / CHF							0.9	0.4	0.2	0.2	0.2	0.2	-0.8		
USD / CHF							0.8	1.1	1.1	1.1	1.1	1.1	-12.2		
USD (DXY)							99.1	0.7	0.8	0.8	0.8	0.8	-9.2		
Oil							59.1	3.1	3.0	3.0	3.0	3.0	-20.0		
Gold							4509.5	4.1	4.4	4.4	4.4	4.4	69.1		

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Source(s) of data (unless otherwise noted): PGIM as of January 2026.

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U.S. Investment Grade Corporate Bonds: Bloomberg Barclays U.S. Corporate Bond Index: The Bloomberg Barclays U.S. Investment Grade Corporate Bond Index covers U.S.D-denominated, investment-grade, fixed-rate or step up, taxable securities sold by industrial, utility and financial issuers. It includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. Securities included in the index must have at least 1 year until final maturity and be rated investment-grade (Baa3/ BBB-/BBB-) or better using the middle rating of Moody's, S&P, and Fitch.

European Investment Grade Corporate Bonds: Bloomberg Barclays European Corporate Bond Index (unhedged): The Bloomberg Barclays Euro-Aggregate: Corporates bond Index is a rules-based benchmark measuring investment grade, EUR denominated, fixed rate, and corporate only. Only bonds with a maturity of 1 year and above are eligible.

U.S. High Yield Bonds: ICE BofAML U.S. High Yield Index: The ICE BofAML U.S. High Yield Index covers US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, and at least one year remaining term to final maturity as of the rebalancing date.

European High Yield Bonds: ICE BofAML European Currency High Yield Index: This data represents the ICE BofAML Euro High Yield Index value, which tracks the performance of Euro denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P, and Fitch). Qualifying securities must have at least one year remaining term to maturity, a fixed coupon schedule, and a minimum amount outstanding of €100 M. ICE Data Indices, LLC, used with permission. ICE DATA INDICES, LLC IS LICENSING THE ICE DATA INDICES AND

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European Senior Secured Loans: The index universe of the S&P UBS Western European Leveraged Loan Index is meant to represent assets or activity in Western Europe, and includes loans denominated in EUR, GBP, or USD.

Emerging Markets U.S.D Sovereign Debt: JP Morgan Emerging Markets Bond Index Global Diversified: The Emerging Markets Bond Index Global Diversified (EMBI Global) tracks total returns for U.S.D-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, and Eurobonds. It limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts of debt outstanding. To be deemed an emerging market by the EMBI Global Diversified Index, a country must be rated Baa1/BBB+ or below by Moody's/S&P rating agencies. Information has been obtained from sources believed to be reliable, but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2021, J.P. Morgan Chase & Co. All rights reserved.

Emerging Markets Local Debt (unhedged): JPMorgan Government Bond Index-Emerging Markets Global Diversified Index: The Government Bond Index-Emerging Markets Global Diversified Index (GBI-EM Global) tracks total returns for local currency bonds issued by emerging market governments.

Emerging Markets Corporate Bonds: JP Morgan Corporate Emerging Markets Bond Index Broad Diversified: The CEMBI tracks total returns of U.S. dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries.

Emerging Markets Currencies: JP Morgan Emerging Local Markets Index Plus: The JP Morgan Emerging Local Markets Index Plus (JPM ELM+) tracks total returns for local currency-denominated money market instruments.

Municipal Bonds: Bloomberg Barclays Municipal Bond Indices: The index covers the U.S.D-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The bonds must be fixed-rate or step ups, have a dated date after Dec. 13, 1990, and must be at least 1 year from their maturity date. Non-credit enhanced bonds (municipal debt without a guarantee) must be rated investment grade (Baa3/BBB-/BBB- or better) by the middle rating of Moody's, S&P, and Fitch.

U.S. Treasury Bonds: Bloomberg Barclays U.S. Treasury Bond Index: The Bloomberg Barclays U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Mortgage Backed Securities: Bloomberg Barclays U.S. MBS - Agency Fixed Rate Index: The Bloomberg Barclays U.S. 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.

Commercial Mortgage-Backed Securities: Bloomberg Barclays CMBS: ERISA Eligible Index: The index measures the performance of investment-grade commercial mortgage-backed securities, which are classes of securities that represent interests in pools of commercial mortgages. The index includes only CMBS that are Employee Retirement Income Security Act of 1974, which will deem ERISA eligible the certificates with the first priority of principal repayment, as long as certain conditions are met, including the requirement that the certificates be rated in one of the three highest rating categories by Fitch, Inc., Moody's Investors Services or Standard & Poor's.

Palmer Square AAA CLO DM Index represents the discount margin of CLO AAA rated tranches in the Palmer Square CLO Senior Index, which is designed to reflect the investable universe of U.S CLO senior original rated AAA and AA debt issued after Jan 1, 2011.

Global Aggregate Bond Index is a measure of global investment grade debt from twenty four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

U.S. Aggregate Bond Index: Bloomberg Barclays U.S. Aggregate Bond Index: The Bloomberg Barclays U.S. Aggregate Index covers the U.S.D-denominated, investment-grade, fixed-rate or step up, taxable bond market of SEC-registered securities and includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. Securities included in the index must have at least 1 year until final maturity and be rated investment-grade (Baa3/ BBB-/BBB-) or better using the middle rating of Moody's, S&P, and Fitch.

Euro Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, euro-denominated, fixed rate bond market, including treasuries, government-related, corporate and securitized issues. Inclusion is based on currency denomination of a bond and not country of risk of the issuer.

Japanese Aggregate Bond Index The Japanese Aggregate Index contains fixed-rate investment-grade securities denominated in Japanese yen and registered as domestic bonds. The index is composed primarily of local currency sovereign debt but also includes government-related, corporate, and securitized bonds.

The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over U.S.D 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately U.S.D 3.4 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

The DAX Index is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The equities use free float shares in the index calculation. The DAX has a base value of 1,000 as of December 31, 1987. As of June 18, 1999 only XETRA equity prices are used to calculate all DAX indices.

The STOXX 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region.

The Nikkei 225 Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949.

Shanghai Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange. The index was developed on December 19, 1990.

MSCI ACWI is a free-float weighted equity index. It was developed with a base value of 100 as of December 31 1987. MXWD includes both emerging and developed world markets.

FTSE 100 is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investability weighting in the index calculation. The index was developed with a base level of 1000 as of December 30, 1983.

MOVE Index is a yield curve weighted index of the normalized implied volatility on 1-month Treasury options. It is the weighted average of volatilities on the CT2, CT5, CT10, and CT30. (weighted average of 1m2y, 1m5y, 1m10y and 1m30y Treasury implied vols with weights 0.2/0.2/0.4/0.2, respectively).

VIX Index is a financial benchmark designed to be an up-to-the-minute market estimate of the expected volatility of the S&P 500® Index, and is calculated by using the midpoint of real-time S&P 500 Index (SPX) option bid/ask quotes.

Bloomberg Commodity Index Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The U.S. Dollar Index indicates the general international value of the USD. The USDX does this by averaging the exchange rates between the USD and major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

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