PGIM

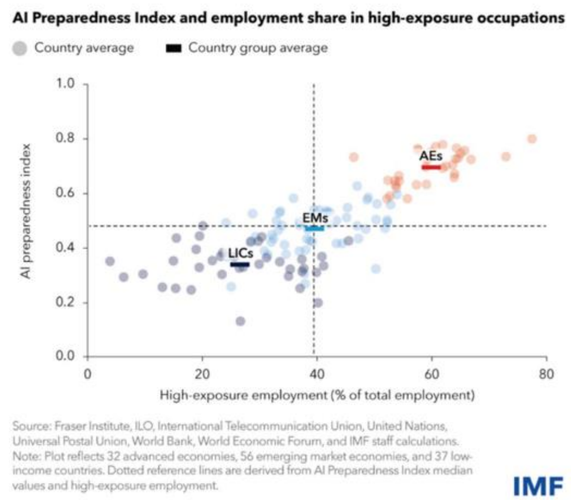
The AI Labor Effect: Augmentation to Displacement

WEEKLY VIEW FROM THE DESK | October 27, 2025

LINK TO WEEKLY RETURNS TABLE

MACRO

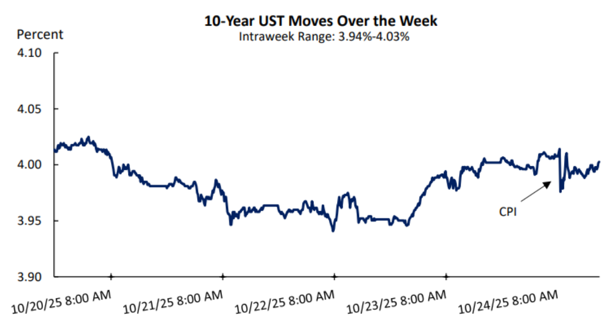
- While the future state and utility of artificial intelligence will continue to unfold over the coming years, this week's focus on the labor implications starts with some broad economic assumptions (see here for additional insights). The AI capex impact on U.S. GDP growth amounted to about 60 bps in the first half of 2025 (about 35% of topline growth), and we expect that tailwind to continue for at least the next 12 months. As a result, we will likely raise our modal U.S. 2026 GDP growth forecast from 1.3%. A sustained boom—as well as its effects on labor markets and political narratives—could also lift productivity, trend growth, and the U.S. debt trajectory.
- AI's impact on labor conditions continues to generate headlines with a potentially ironic effect on inflation. With about 40% of global jobs exposed to AI, one of the first-order effects for the most exposed U.S. sectors, such as technology and data processing, is faster productivity growth vs. the pre-existing trend—i.e., at this point, AI is augmenting the productivity in those positions, rather than displacing workers. That is also leading to accelerating wage growth—and possibly contributing to sticky inflation conditions—within those sectors that are most affected by AI adoption.



- However, workers early in their careers in vulnerable sectors are absorbing a bigger hit. For example, the jump in the unemployment rate for tech workers in the 20- to 30-year cohort is much sharper than the industry's overall rate. Some studies have found that early career employment in the most exposed occupations fell by 13% relative to other sectors.
- The broader distributional effects of AI will also continue emerging across energy prices, wealth accumulation, and consumer spending, i.e., segmented populations will likely become more so. That effect may hold globally as well considering that developing countries have a high share of jobs that can be automated with AI with relatively little preparedness (see accompanying chart).
- As the U.S. midterm elections—and the 2028 presidential election—approach, the policy backlash against AI also warrants monitoring. These policy responses could take several forms, such as worker retraining, algorithm levies, anti-trust actions, and/or nationalization.

DEVELOPED MARKET RATES

- Pivoting to the U.S. yield curve, at this stage, we see the potential for wide trading ranges with lower rate floors. Indeed, the 2-year note could drop into the low 2% area on flat payrolls and non-threatening inflation, while it could linger in the high 3% area on a payroll recovery, sticky inflation, and moderate policy sentiment within the Fed. We see a 10-year mid-point of 4.1% by the end of the year—a range of 3.4% to 4.6%—and 4.0% by the end of 2026, which remains in an elevated context vs. a 10-year German bund in the 2.6% area. Indeed, the U.S. 10-year yield could return to the 4.6% area if the gap between rapid growth in consumption and sluggish payroll growth is resolved with improvement in the latter.



- Considering the lower floors on U.S. rates, we remain cautiously bullish as the market may have substantial room to rally if investors sense an economy heading towards stall speed. However, we generally continue to fade extreme rate moves in either direction as we keep an open mind regarding the future path of U.S. economic growth.
- The stable rate environment supported tighter MBS spreads last week, especially in intermediate coupons. MBS spreads continued tightening (2–4 bps), with spreads at the lower end of the three-year range. In doing so, we observed more balanced positioning in belly and premium coupons with deleveraging across the stack likely complete for now.

IG CORPORATES

- U.S. IG corporate spreads tightened by 3 bps last week on strong earnings. Roughly 87% of companies in the S&P 500 that reported last week beat estimates, moving the blended growth rate above 9%. By market value, ~50% of the S&P 500 is expected to report this week. In terms of sectors, spread tightening was led by autos (10-15 bps tighter) on strong earnings; chemicals (7-12 bps tighter) after Dow Chemical beat earnings expectations; and Energy (3-5 bps tighter) amid Russian sanctions. Meanwhile, Cable lagged, widening 3-5 bps.
- Last week's issuance totaled $10B vs. expectations of $20B in supply. This marked the fourth consecutive week of lower-than-expected issuance. Deals were 3.7x oversubscribed with concessions of 1.5 bps (on average). Retail demand exceeded $8B, and dealers net sold $1.9B of paper. Supply this week is estimated to be around $25B.

- Euro IG credit spreads tightened last week and sit just 3 bps wide of the U.S. IG index. Primary activity was relatively light (€13B of supply) and was skewed towards financials (inclusive of a €1.75B deal from Bank of America). This week's supply is estimated to total €10B. In single-name news, BNP Paribas' senior non-preferred curve was 5 bps wider on the week due to an adverse court ruling related to human rights abuse in Sudan, raising concerns of a potentially costly settlement.

LEVERAGED FINANCE

- U.S. HY bond spreads tightened last week amid light new issuance, slowing outflows, and some early positive earnings. Higher quality continues to outperform the riskier credit segments. New issuance was at an eight-week low, with October's issuance on pace for a six-month low. This has caused investors to seek out paper in the secondary market. Broadly, the market has viewed recent negative credit events as idiosyncratic and not systemic as overall credit fundamentals remain solid.
- Total returns were mixed across sectors, with healthcare, hotel, and gaming among the best performers. The energy sectors also performed well, led by oil-intensive names on the back of potential Russian sanctions. Paper, cable, and containers lagged. Outflows slowed from the prior week, with the asset class posted $98M in outflows even as ETFs posted $872M in inflows. YTD inflows for high yield funds total $17.6B. Primary market activity remained slow, with only $3.5B across five deals coming to market.
- U.S. loans gained last week, with BBs outperforming Bs. The spread differential between the two credit segments is notably wide, with much higher spreads for Bs reflecting the greater risk, dispersion, and diversity within that group. Outflows from loan funds continue, with $781M moving out of the asset class last week. However, YTD inflows remain strong at $7.4B and the CLO bid remains strong so we don't expect to see any meaningful technical pressure from recent outflows. Meanwhile, new issue market remains busy, with $10.3B pricing last week.
- European HY bonds were tighter last week, with risk-on sentiment reemerging. Chemicals notably underperformed amid ongoing debate around whether the sector's issuers are cyclical or secular. The market saw strong issuance, but technicals remain strong due to redemptions and coupon payments. We remain cautiously constructive and are adding risk in higher-quality credits following the recent selloff and are reducing exposure to more speculative situations.

EMERGING MARKETS

- EM hard currency spreads tightened last week as macro data, expectations of U.S./China trade progress, and country-specific factors drove performance. Last week's outperformers included Venezuela on continued U.S. pressure for regime change and Ecuador on reduced social protest concerns. The outcome of the weekend's Argentina's mid-term election was also positive for markets, with Argentina spreads tightening significantly Monday after President Milei's party performed better than expected. There was supply in Dominican Republic (BB rated), Kazakhstan (BBB rated) and a local liability management exercise in Uruguay.
- EMFX was essentially flat last week, with LatAm outperforming. Despite U.S. rates declining slightly and U.S. CPI coming in below expectations, there was little USD selling and low-carry currencies underperformed. Top performing currencies included CLP, BRL, ZAR, and TRY. The USD was slightly lower Monday on the back of positive U.S./China headlines around an extension of the 90-day trade truce that ends November 10 and expectations that China will delay export controls on rare-earths.
- In EM local rates, Index yields were flat. South Africa and Brazil outperformed while Colombia, Thailand, and Mexico underperformed. In five-year swaps, Brazil rallied on the back of a better-than-expected inflation print. CE-3 and Asian rates were under pressure amid the spike in oil prices. EM corporate spreads were slightly tighter amid a recovery in high yield sentiment. Brazil corporates consolidated although Raizen gave back some of the gains from last week. Orbia earnings were as expected but Moody's downgraded the company to Ba1. Coke Femsa earnings were largely credit neutral but there are growing signs of Mexican consumer stress.

SECURITIZED PRODUCTS

- CMBS conduit AAA spreads were 1 bp tighter on the week while subordinate tranches stabilized at wider levels, with single-As at +240. SASB increased tiering by quality, with generic AAA floaters pricing at +135-140 and fixed-rate profiles 20-30 bps tighter. CRE CLO spreads were tighter down the stack, with AAA new issue at +145. Last week saw six transactions price (three SASB, two CRE CLO, and one agency). Valuations for most property types have stabilized, and we expect 2025 price appreciation to be flat across property types. Near term rent growth will likely remain soft but should improve as supply headwinds abate in property sectors such as multifamily and industrial.
- In RMBS, non-QM spreads held steady amid muted new issuance. Notably, tiering widened. Second-lien spreads held steady amid limited new issuance. CRTs remained range-bound, with the new STACR dealing pricing Friday with strong demand for A1 and M2, though the M1 cleared wider at S+110-15 bps wider than secondary. Four deals totaling $2.5B priced, bringing YTD volume to $165B—12% above full-year 2024 level. Home prices were up 2.4% year-to-date through July, though the market shows signs of cooling as inventory builds and days on market increase. We expect HPA to be around 0-1% in 2025, with an expectation of uneven performance in some regions.
- Benchmark AAA U.S. CLO spreads continued to tighten, while mezzanine tranches were mixed. Investors are becoming increasingly focused on underlying credit fundamentals, particularly in the more seasoned portfolios. For senior tranches, we expect decompression to begin as non-benchmark spreads are the first to move marginally wider, followed by benchmark managers. This trend is already visible in secondary markets, is likely to influence primary issuance. For now, we prefer benchmark names with shorter spread durations, as the term curve remains flat. We expect upcoming opportunities for non-benchmark deals, especially in mezzanine tranches.
- ABS spreads were mixed-unchanged at the top of the stack, but wider at the bottom, especially among non-prime sectors. Primary order books have been weaker, with mixed pricing results depending on the sector/issuer. We are cautious on the consumer as it pertains to ABS fundamentals, particularly in non-prime sectors. We are constructive on select, higher quality issuers across the capital stack within auto, unsecured consumer, and commercial sectors offering favorable relative value.

MUNICIPALS

- Last week, the muni curve continued to flatten, underperforming Treasuries on the front end of the curve. Supply totaled $16B, the 5th largest issuance week YTD. Demand was healthy, with inflows totaling $1B, driven by ETFs. However, demand for short term maturities was muted.
- Issuance this week is estimated to be just $6B, due to this week's Fed meeting and limited data releases. Recent Credit Resolutions: Illinois, one of the largest issuers in the tax-exempt muni market has been upgraded, and LA Department of Water and Power (LADWAP) was put on stable outlook after arson was proven to be the cause of the wildfires in January.
- Looking ahead, we expect the momentum from lower rates, the Fed's easing cycle, healthy inflows (including reinvestment in November and December), and attractive valuations on the long end will continue to drive positive returns in the muni space.

THE RETURNS TABLE As of October 24, 2025

				Yield/ OAS Change (BPS)				Total Return (%)			
Sovereign Rates	**Duration**	**YTM**	**OAS**	**WTD**	**QTD**	**YTD**	**Prior Year**	**WTD**	**QTD**	**YTD**	**Prior Year**
U.S. 2-Year	1.84	3.48	---	2	-13	-76	-60	0.03	0.48	4.22	4.58
U.S. 5-Year	4.46	3.61	---	1	-14	-78	-43	0.01	0.86	6.78	5.80
U.S. 10-Year	7.91	4.00	---	-1	-15	-57	-21	0.12	1.49	8.53	6.11
U.S. 10-Year Breakeven	--	2.30	---	3	-7	-4	0	---	---	---	---
U.S. 10-Year TIPS	4.40	1.70	---	-3	-8	-53	-21	0.38	1.09	9.73	7.35
U.S. 20-Year	12.65	4.56	---	-1	-14	-30	1	0.27	2.15	7.36	3.59
U.S. 30-Year	15.88	4.59	---	-1	-14	-19	12	0.28	2.60	6.97	2.21
U.S. SOFR	---	---	---	6	0	-25	-59	0.08	0.28	3.62	4.53
UK 10-Year	7.53	4.43	---	-10	-27	-13	19	0.79	2.22	5.29	3.47
Germany 10-Year	8.48	2.63	---	4	-9	26	36	-0.33	0.82	0.57	0.15
Switzerland 10-Year	9.53	0.12	---	-1	-6	-15	-31	-0.07	0.45	1.86	3.34
Japan 10-Year	8.48	1.65	---	3	1	57	70	-0.18	0.19	-3.02	-4.04
Australia 10-Year	8.06	4.14	---	4	-16	-22	-31	-0.28	1.48	5.85	7.59
Canada 10-Year	8.10	3.08	---	-1	-10	-14	-16	0.11	0.95	4.23	5.10
MAJOR FI MS INDICES											
Global Aggregate Unhedged	6.46	3.39	29	-1	0	-6	-8	-0.19	0.20	8.13	5.80
Global Aggregate Hedged	6.46	3.39	29	-1	0	-6	-8	0.08	0.96	5.05	5.14
U.S. Aggregate	6.07	4.22	27	-1	-1	-7	-9	0.17	1.20	7.41	6.39
Euro-Aggregate (Unhedged)	6.35	2.82	47	-1	0	-14	-14	-0.23	0.69	1.70	1.84
Japanese Aggregate	8.45	1.60	0	0	0	0	0	0.07	0.13	-3.86	-4.50
MAJOR FI CREDIT INDICES											
Mortgage-Backed (Agency)	5.51	4.54	26	-1	-4	-17	-21	0.17	1.40	8.25	7.39
Global IG Corporate Bonds	6.06	4.21	79	-3	1	-10	-13	0.10	0.65	10.17	8.25
U.S. IG Corporate Bonds	7.06	4.69	75	-3	1	-5	-8	0.31	1.25	8.21	7.15
European IG Corporate	4.54	2.99	78	-4	-1	-24	-26	-0.03	0.57	3.34	3.82
U.S. High Yield Bonds	3.12	6.69	281	-11	14	-6	-8	0.40	0.24	7.48	8.24
European High Yield Bonds	3.01	5.32	300	-14	19	-17	-46	0.25	-0.16	4.00	5.46
U.S. Leveraged Loans	0.3	7.94	458	-4	7	-17	-17	0.23	0.06	4.75	6.29
European Leveraged Loans	0.3	7.32	488	-7	19	16	20	0.22	-0.40	2.89	4.45
EM Hard Currency Sovs.	6.67	6.91	280	-9	-4	-46	-64	0.69	1.56	12.23	12.13
EM Corporates	4.46	6.30	247	-3	13	6	-1	0.26	0.47	7.85	7.77
EM Currencies	---	6.02	---	0	0	-2	-1	0.03	-0.12	11.12	8.43
EM Local Rates	5.33	5.88	6	0	0	-1	0	0.04	0.58	7.16	7.52
CMBS	3.85	4.39	77	0	2	-3	-15	0.03	0.78	7.15	7.16
ABS	2.77	4.10	54	0	5	10	-3	0.07	0.59	5.24	5.82
CLOs	4.02	4.62	134	0	1	-6	-11	0.08	0.26	4.45	5.65
Municipal Bonds	6.15	3.55	---	-1	-11	-19	-8	0.28	1.31	3.98	4.21

		Total Return (%)			
Equity/Volatility	Level	WTD	QTD	YTD	Prior Yr
S&P 500 Index	6,792	1.9	1.6	16.7	18.4
DAX	24,240	1.7	1.5	21.8	24.7
Stoxx 600	576	1.7	3.2	17.0	14.8
Nikkei 225	49,300	3.6	9.7	25.7	31.7
Shanghai Composite	3,950	2.9	1.8	20.7	23.6
MSCI ACWI Index	1,001	1.8	1.7	21.0	20.7
FTSE 100	9,646	3.1	3.3	21.6	20.8
MOVE Index	69	-12.3	-11.5	-30.2	-45.9
VIX Index	16	-21.2	0.6	-5.6	-14.2

		% Change			
FX/Commodities	Spot	WTD	QTD	YTD	Prior Year
EUR/USD	1.2	-0.2	-0.9	12.3	7.4
USD/JPY	152.9	1.5	3.4	-2.8	0.7
GBP/USD	1.3	-0.9	-1.0	6.4	2.6
EUR/CHF	0.9	0.0	-1.0	-1.6	-1.3
USD/CHF	0.8	0.3	-0.1	-12.3	-8.1
USD (DXY)	99.0	0.5	1.2	-8.8	-4.9
Oil	62.3	8.3	-0.1	-13.1	-11.5
Gold	4113.1	-3.3	6.6	56.7	50.3

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Sources: Bloomberg except EMD (J.P. Morgan), HY (ICE BofAML), Bank Loans (S&P), and CLOs (Palmer Square). European returns are unhedged in euros unless otherwise indicated. An investment cannot be made directly in an index

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Source(s) of data (unless otherwise noted): PGIM as of October 2025.

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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 RELATED DATA "AS IS," MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE ICE DATA INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THEIR USE, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND PGIM FIXED INCOME OR ANY OF ITS PRODUCTS OR SERVICES.

U.S. Senior Secured Loans: The iBoxx USD Leveraged Loan index family represents the main sections of the USD leveraged loan market. Index constituents are derived using selection criteria such as loan type, minimum size, liquidity, credit ratings, initial spreads and minimum time to maturity.

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.

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 ELMI+) 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 investibility 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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