

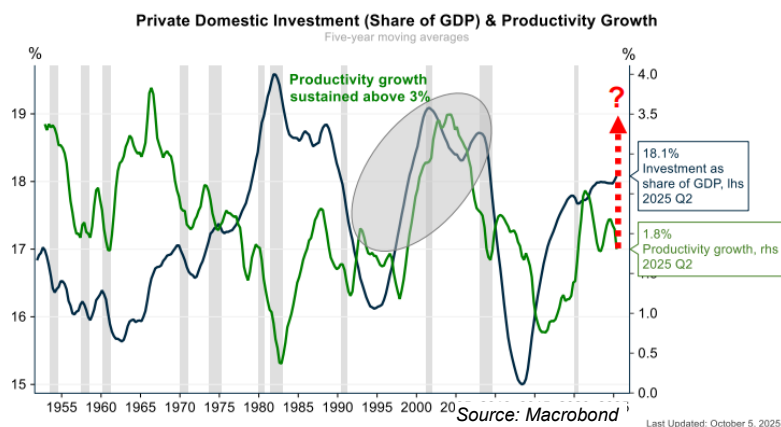
The AI-Capex Race and the Economic Implications

WEEKLY VIEW FROM THE DESK | October 6, 2025

[LINK TO WEEKLY RETURNS TABLE](#)

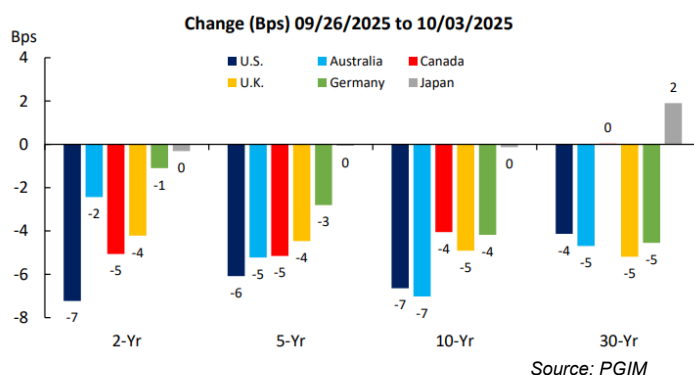
MACRO

- Monday's announcement of deal between OpenAI and Advanced Micro Devices provides another reminder that the boom in artificial intelligence capex appears to be on a parabolic trajectory. At this point, the leading tech companies are on pace to invest nearly \$400B this year on the infrastructure needed to build and train AI models. With an estimated cumulative total of up to \$7T globally by 2030, the expected capex is set to be among the largest on an industrial scale in history. The size of the investments also provide context to our [recently published economic scenarios](#), which places a greater weight on the right tail of the distribution relative to the left side.
- With U.S. real GDP growth of about 1.5% in Q2 2025, data center related capex accounted for about 35% of that growth, and that share may climb to more than 50% through the second half. When factoring in growth multipliers and spillovers, AI capex investments have the potential to rival the productivity boom from the late 1990s.
- Indeed, anecdotal studies suggest a median productivity uplift of about 30% in instances where generative AI has been deployed, and when applied to the current productivity baseline of 1.8%, that could amount to a productivity increase of 50 bps. The Congressional Budget Office indicated that a sustained uplift of that magnitude could reduce its projected debt-to-GDP from 156% over its extended baseline to 113% over the same timeframe.
- The surge in AI-related capex eventually points to the ongoing sustainable-boom or looming-bust debate, and we see several points on each side. In terms of the boom, the demand is being driven by highly profitable firms with low leverage and dominant market positions. Furthermore, initial signs indicate the potential for rapidly accelerating adoption on a global scale considering a low marginal cost of deployment amidst the fixed assets already in place. Finally, the geopolitical race for AI supremacy will only intensify over time with the U.S. and China likely vying for the lead.
- On the flip side, at this point, AI-related revenues are still only a fraction of the capex thus far, questions linger about stranded assets given the investments, and potential spillover effects to constituents include electricity prices and potential labor force displacement.



DEVELOPED MARKET RATES

- Developed market yields generally declined by less than 10 bps last week, including those in the U.S. [as they usually do](#) during partial shutdowns of the Federal government. Online markets are indicating a potential shutdown lasting 11-35 days as the most likely outcome in terms of a timeframe.
- Despite the relative quiet on the trading and data front, there were some interesting anecdotal observations from last week. A significantly large call buying program was executed last week, implying an expectation for the U.S. 10-year yield to potentially drop below 4%. The buyer reportedly spent \$200M in premium to set the position.
- In the MBS market, mortgage volatility continues to decrease as spreads tightened modestly. Origination has slowed after a recent rate decline, helping firm up the market.



IG CORPORATES

- In the U.S., the IG corporate index tightened 1 bp, with most underlying spreads unchanged or 1-2 bps tighter. By sector, autos outperformed (5-6 bps tighter) due to good sales results in September and potential tariff relief. In terms of deals, Occidental Petroleum bonds tightened by 15 bps after a \$9.7B sale of OxyChem to Berkshire Hathaway was announced last week. A portion of the proceeds from the sale (\$6.5B) will be used to reduce debt.
- Last week's issuance dropped off dramatically to ~\$16B, but demand remained robust. Deals were 3.2x oversubscribed and came with a 1-bp concession (on average). On the retail side, inflows exceeded \$10B. Meanwhile, dealers bought about \$800M, primarily in short term paper, but were net sellers across the rest of the IG curve.
- The EUR IG Index moved 2 bps tighter last week to end at OAS+77. Primary markets issued just over €11B on the week. Deals continued to price with little to no concessions as issuers opted to take 30 to 45 bps off initial price talks (IPT). Next week (and for the rest of October), supply will be subdued as issuers enter their earnings blackout period.

- The market is largely indifferent to the French political situation unless it escalates further. The current gridlock is expected to persist, and any legislative election would likely maintain the status quo. While the OAT-Bund spread widened by 7-8 bps, the impact on the corporate market has been minimal. French banks were only 2-3 bps wider last week. In addition, there is strong support for non-bank corporates. For example, Engie (a multinational French utility) issued corporate hybrid bonds. These bonds managed to tighten by 50 bps despite political uncertainty.

LEVERAGED FINANCE

- U.S. HY bond spreads widened modestly under the pressure of continued heavy issuance, though the technical environment held firm overall. HY absorbed its fifth consecutive week of over \$9B of issuance—its most active stretch since April 2021. Last week's volume of \$11.2B across 14 deals brought September's issuance to \$58.8B, the third busiest month on record. Meanwhile, retail demand resumed, with \$1.2B of inflows last week, which brings YTD flows to \$15.8B.
- All credit tiers saw positive returns, with BBs outperforming on a risk-adjusted basis, while CCCs saw the most gains. Industry performance was mixed, with cable, consumer products, and telecom edging positive, while air transportation, paper, and financials were the softest on slightly negative performance.
- U.S. loans gained slightly for the week as the primary market took a notable breather while secondary activity was muted. The percentage of loans trading at, or above, par eased to a six-week low of 35%. Only \$5.8B across five transactions syndicated last week, well below the three-week average of \$28B. Flows were positive for a third consecutive week and robust CLO issuance continued.
- European HY bonds and leveraged loans remained stable, with CCCs tightening, but BBs and Bs edging wider. Although the primary market remained active—€4B in HY bonds and €8B in loans, and both markets seeing approximately €1B each of new money—the pace of issuance was not enough to offset ongoing inflows and strong CLO issuance. Also, with approximately 60% of the European loan market trading at or above par, repricing is likely to be a theme over the coming weeks.

EMERGING MARKETS

- EM hard currency spreads tightened modestly last week, with outperformance in single-Bs. From an idiosyncratic perspective, Argentina underperformed on concerns around FX policy and other electoral noise, but the bonds bounced back mid-week on indications that U.S. support is forthcoming. Pemex outperformed after it was upgraded to BB+ by Fitch. Romania, which issued 4B euro, lagged. There was also new issue from single-B-or-lower issuers Kenya, Egypt, and Bahrain. If the broader narrative remains supportive, we expect to continue to see strong performance, but risks remain. Balancing tail risks with attractive idiosyncratic stories and selective relative value opportunities, it seems appropriate to continue with risk and focus on identifying bottom-up stories.
- EMFX rebounded last week, with Europe and Asia outperforming. EGP, IDR, HUF, TRY, and ZAR all had strong weeks. Lower Treasury rates allowed lower-carry currencies to post positive returns. THB was an exception as the currency lost ground after the government announced that taxes on gold trading are likely to increase. MXN was another laggard on the back of U.S. labor market softness. While the USD has remained rangebound, we believe there is scope for it to weaken over the medium-term if the Fed cuts quicker and/or more than what is currently priced in.
- In EM local rates, the Index rose modestly. Brazil came under pressure and the curve bear steepened after Lula requested a study to eliminate bus fares. A higher-than-expected inflation print in Turkey caused a mild selloff in local bonds. Mexico and Peru yields also rose. Colombia and Indonesia outperformed.
- EM corporate spreads widened slightly amid a noticeable shift from broadly constructive to cautious on lower-rated issuers, especially in Turkey and Argentina. The idiosyncratic noise has been elevated with the Ambipar fraud and the Turkish investigation of the Ciner group. Turkish corporates were wider last week with the renewable names significantly underperforming. Brazil corporates tightened after underperformance the prior week, with the view on Braskem changing from a Novonor-driven reprofiling to the banks and Petbra taking over the company. In terms of new issues, the activity has slowed given the turmoil in the market and we have no appetite for participating unless there is a significant concession.

SECURITIZED PRODUCTS

- Primary SASB floating-rate AAA and subordinate tranches tightened, while fixed rates held firm with benchmark office names. AAA conduits and CRE CLO spreads were both unchanged, although subordinate conduit tranches edged wider. Five primary market deals priced—two SASB, one conduit, agency, and CRE CLO, respectively. The SASB pipeline remains robust and the uptick in CRE CLO issuance continues on tightening spreads.
- In RMBS, non-QM spreads tightened on renewed demand, while second-lien spreads were flat and CRTs were range bound in elevated secondary trading driven by FNMA's tender offer. Elevated issuance continued, with nine primary deals totaling \$3.5B pricing, bringing September and YTD volumes to \$18B and \$132B, respectively. September's volume includes a monthly record for non-QM and second liens.
- Benchmark AAA U.S. CLO spreads continued to tighten, while mezzanine tranches softened further under the weight of elevated supply. The benchmark vs. non-benchmark basis further compressed as demand for non-benchmark profiles continues. Primary issuance was \$13.2B across 29 deals in the U.S. and €4.2B priced across nine deals in Europe. The U.S. saw 13 resets, six new issues, and 10 refi's, while Europe saw three new issues, six resets.
- ABS spreads were mixed—unchanged at the top of the stack, but wider at the bottom, especially among non-prime sectors. While primary order books have been weaker, deals are generally clearing in the context of price guidance. We believe the market will have a better sense of performance as heavy new supply prices over the coming weeks. With the uptick in U.S. issuance already in the pipeline, elevated primary activity in Europe and Australia is expected to continue.

MUNICIPALS

- Last week, the muni curve bear flattened, with the front-end underperforming Treasuries. 5-year, 10-year, and 30-year M/T yield ratios ended the week at 62%, 71%, and 89%, respectively. While last week's primary deals generally had strong performance, short maturities continued to lag. This week, issuance is expected to reach ~\$14B. Absent major catalysts, we expect technicals to remain supportive. Roughly \$21B in reinvestment flows are expected for the month of October.
- In our portfolios, we maintain a cautious stance regarding exposure to local governments given escalating tensions between local governments and the White House. Notably, \$18B in loans to New York and \$2B to Chicago have been halted in the shutdown.

THE RETURNS TABLE As of October 3, 2025

Sovereign Rates	Duration	YTM	OAS	Yield/ OAS Change (BPS)				Total Return (%)			
				WTD	QTD	YTD	Prior Year	WTD	QTD	YTD	Prior Year
U.S. 2-Year	1.90	3.58	---	-7	-3	-67	-13	0.19	0.09	3.81	3.71
U.S. 5-Year	4.51	3.72	---	-5	-3	-67	9	0.30	0.12	6.00	3.40
U.S. 10-Year	7.95	4.12	---	-6	-3	-45	27	0.54	0.23	7.18	2.06
U.S. 10-Year Breakeven	--	2.34	---	-4	-3	0	13	---	---	---	---
U.S. 10-Year TIPS	4.43	1.78	---	-1	0	-45	14	0.25	0.06	8.61	3.99
U.S. 20-Year	12.63	4.68	---	-5	-3	-18	44	0.79	0.30	5.41	-2.05
U.S. 30-Year	15.75	4.71	---	-4	-2	-7	53	0.79	0.27	4.55	-4.54
U.S. SOFR	---	---	---	2	-6	-31	-67	0.08	0.04	3.37	4.57
UK 10-Year	7.55	4.69	---	-6	-1	12	67	0.51	0.11	3.12	-0.17
Germany 10-Year	8.52	2.70	---	-5	-1	33	55	0.41	0.11	-0.13	-1.47
Switzerland 10-Year	9.58	0.20	---	4	2	-7	-16	-0.37	-0.15	1.25	2.33
Japan 10-Year	8.52	1.66	---	1	2	57	84	0.03	-0.03	-3.22	-4.97
Australia 10-Year	8.10	4.33	---	-5	4	-3	32	0.61	-0.04	4.26	2.65
Canada 10-Year	8.14	3.19	---	-4	0	-4	9	0.39	0.03	3.28	3.09
MAJOR FI MS INDICES											
Global Aggregate Unhedged	6.50	3.46	29	0	-1	-6	-10	0.63	0.13	8.05	3.44
Global Aggregate Hedged	6.50	3.46	29	0	-1	-6	-10	0.35	0.15	4.20	3.35
U.S. Aggregate	6.10	4.34	27	0	-1	-7	-9	0.46	0.24	6.39	3.43
Euro-Aggregate (Unhedged)	6.37	2.87	47	-1	-1	-15	-21	0.35	0.12	1.13	1.26
Japanese Aggregate	8.45	1.61	1	0	0	1	0	0.03	-0.03	-4.01	-5.41
MAJOR FI CREDIT INDICES											
Mortgage-Backed (Agency)	5.64	4.68	28	-1	-3	-15	-13	0.52	0.36	7.15	4.01
Global IG Corporate Bonds	6.06	4.29	76	-1	-1	-12	-22	0.60	0.20	9.68	5.90
U.S. IG Corporate Bonds	7.05	4.78	73	-1	-1	-7	-14	0.57	0.29	7.19	4.18
European IG Corporate	4.58	3.04	77	-2	-2	-25	-38	0.31	0.16	2.92	3.71
U.S. High Yield Bonds	3.15	6.68	268	3	1	-19	-30	0.23	0.11	7.34	7.63
European High Yield Bonds	2.97	5.20	281	4	0	-37	-78	0.14	0.14	4.31	6.43
U.S. Leveraged Loans	0.3	7.89	446	-4	-5	-29	-40	0.03	-0.03	4.66	6.95
European Leveraged Loans	0.3	7.18	469	2	0	-3	-7	-0.05	-0.05	3.25	5.49
EM Hard Currency Sovs.	6.66	7.02	280	-2	-4	-45	-77	0.48	0.47	11.03	9.12
EM Corporates	4.48	6.32	236	3	2	-5	-24	0.14	0.12	7.47	6.60
EM Currencies	---	5.94	---	0	0	-2	-1	0.45	0.11	11.37	7.11
EM Local Rates	5.36	5.92	6	0	0	0	0	0.19	0.10	6.65	6.22
CMBS	3.86	4.48	75	0	0	-5	-19	0.32	0.14	6.47	5.13
ABS	2.78	4.17	50	1	1	6	-13	0.24	0.10	4.73	4.78
CLOs	3.90	4.69	132	-1	0	-8	-14	0.10	0.04	4.22	5.82
Municipal Bonds	6.33	3.64	---	-2	-2	-10	37	0.33	0.21	2.86	1.30

Equity/Volatility	Level	Total Return (%)				Prior Yr	FX/Commodities	Spot	% Change			
		WTD	QTD	YTD					WTD	QTD	YTD	Prior Year
S&P 500 Index	6,716	1.1	0.4	15.3	19.4		EUR/USD	1.2	0.3	0.1	13.4	6.4
DAX	24,379	2.7	2.1	22.5	28.2		USD/JPY	147.5	-1.4	-0.3	-6.2	0.4
Stoxx 600	570	2.9	2.2	15.8	14.3		GBP/USD	1.3	0.6	0.3	7.7	2.7
Nikkei 225	45,770	1.5	1.9	16.7	20.9		EUR/CHF	0.9	0.0	-0.1	-0.7	-0.7
Shanghai Composite	3,883	1.4	0.0	18.5	19.4		USD/CHF	0.8	-0.3	-0.1	-12.3	-6.7
MSCI ACWI Index	993	1.7	0.9	19.9	20.2		USD (DXY)	97.7	-0.4	-0.1	-9.9	-4.2
FTSE 100	9,491	2.3	1.6	19.5	18.6		Oil	60.9	-7.4	-2.4	-15.1	-17.4
MOVE Index	70	-6.5	-10.8	-29.6	-31.3		Gold	3886.5	3.4	0.7	48.1	46.3
VIX Index	17	8.9	2.3	-4.0	-18.7							

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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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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 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. 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 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.