

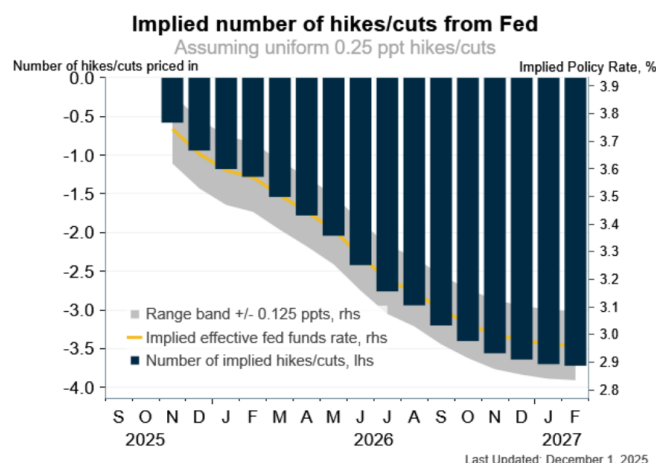
# A Set of Expectations with Year End in Sight

WEEKLY VIEW FROM THE DESK | December 1, 2025

[LINK TO WEEKLY RETURNS TABLE](#)

## MACRO

- Although the calculus around the upcoming Fed decision has been muddled by the now-concluded federal shutdown and the accompanying data void, market pricing (~85%) has solidified around a rate cut at next week's FOMC meeting. However, we're expecting a "hawkish cut" that could be reflected by a non-unanimous decision and further dispersion across the dot plot in the summary of economic projections. That said, we continue to see the policy rate heading to neutral (3.0-3.25%) by the end of Chair Powell's term in May.
- Another Fed-related point pertains to the market pricing after May 2026—which is only indicating one additional 25 bp rate cut into the sub-3.0% area (see accompanying chart)—particularly with Kevin Hassett, Director of the National Economic Council, emerging as the frontrunner for the next Fed chair. A scenario where Hassett becomes Fed Chair and follows the administration's desire for more accommodative monetary policy increases the probability of the Fed funds rate heading towards 2.0-2.5% by the end of 2026.
- In such an outcome, our key economic risk in 2026 (currently a 25% probability) is one of "overheating" economic conditions where real GDP growth and core PCE inflation rise to 3.0% and 4.0%, respectively, on a four-quarter basis. The key variable within that scenario would be President Trump's political risk appetite for further inflation with prices already at elevated levels.
- As the prolonged situation in Ukraine carries on (amongst other geopolitical hotspots), the potential for a reversion to the "old normal" of regional spheres of influence rises. The characteristics of a more fragmented and contested world could include: looser structural anchors on growth, inflation, and risk premia; higher interest rates as well as steeper yield curves; less exorbitant privilege from continued dollar primacy; long periods of bull markets that are punctuated by sudden stops; and evolving geopolitical differentiation with Latin America as one of the possible beneficiaries.



## DEVELOPED MARKET RATES

- The ongoing lift across the JGB yield curve—with the 10-year yielding the most since 2008 and the 2-year JGB yield climbing above 1% for the first time in 17 years—likely foreshadows a rate hike on December 19. If the hike materializes sooner than many previously expected, it will mark a historical anomaly with a potential BoJ hike and a Fed cut in the same month.
- The primary question with a potential BoJ hike, which could help stabilize the yen (see accompanying chart), is whether it is pulled forward from an expected hike in January. If that is the case, it is possible that the policy rate (currently 0.50%) remains on hold throughout 2026. However, further macro resilience in Japan could prompt an acceleration of policy towards the BoJ's estimated neutral range of 1-2.5% next year.
- The U.S. MBS sector is trading directionally, benefiting when rates rally and vice versa. Lower volatility (as seen in the MOVE Index) has supported mortgage performance. At this point, mortgages do not appear particularly cheap but are generating positive carry.

## IG CORPORATES

- U.S. IG corporate spreads tightened as volatility declined, returning the Index to its starting point for the year of 80 bps. BBB-rated bonds led the compression, followed by A-rated and AA-rated bonds. Most IG bonds tracked by PGIM moved ~5 bps tighter. Outperformance was led by wider trading sectors—e.g., BDCs and autos—which tightened by 10-15 bps.
- Last week's issuance totaled just \$3B due to the holiday-shortened week, with roughly half of the supply in longer-dated securities. Deals were 4.6x oversubscribed and concessions (on average) were minimal. For December, supply is expected to be between \$40B-\$50B, with the heaviest issuance coming to market in the first week of the month.
- In the EUR IG market, spreads closed last week 3 bps tighter. Secondary spreads improved off the back of lighter issuance. This was combined with significant month-end buying from index funds, after a record-setting month of corporate issuance in November. In addition, the UK budget passed without incident last week. We believe that the potential political backlash regarding the condition of the UK's finances is unlikely to be market moving.

### JPY: Real Effective Exchange Rate



- In the primary markets, we expect issuance to slow in December. Post-issuance technicals will determine if the market tightens further into year-end.

## LEVERAGED FINANCE

- U.S. HY bond spreads rallied last week, led by higher-quality issuers, as light new supply, month-end rebalancing, and an improved macro picture drove a risk-on sentiment. Performance was positive across ratings tiers, with Bs outperforming BBs and CCCs. Among sectors, chemical, super retail, and consumer products were the top performers, while cable & satellite, paper, and telecom, were the weakest on positive performance.
- Retail fund inflows resumed after four weeks of net outflows, with \$705M returning to the asset class, pushing YTD net inflows to \$17B. Meanwhile, only one primary market deal totaling \$1.5B priced, bringing the month's volume to over \$24B and capping off the busiest November since 2021.
- The U.S. loan market edged higher overall, with higher quality overcoming the negative performance of CCCs, underscoring the ongoing bifurcation in the BSL market. While only three primary market deals priced last week, this week is shaping up to be busier, with as many as 16 deals launching. Although the market typically shuts down in the weeks prior to Christmas, recent years have seen activity continue right up until then, which we expect this year.
- European high yield bonds tightened while loans were relatively flat, reflecting a beta move consistent with other risk assets. The primary market was quiet due to Thanksgiving in the U.S., with only one deal pricing in each market. For 2026, we expect gross and net issuance in European high yield to be low, with less M&A and AI-related issuance, and many previous maturity concerns already addressed through refinancing. Technicals remain solid, with the market holding a cautiously constructive tone—i.e., historically tight spreads coexisting with elevated dispersion.

## EMERGING MARKETS

- EM hard currency spreads were marginally tighter last week, with some dispersion in the B-and-below names. Outperformers included Venezuela, Ukraine, Ecuador, Bolivia, and most of the Sub-Saharan African issuers. Aside from geopolitics, the common theme was recent upgrades and investors reaching for yield. China activity data were weak. Balancing tail risks with attractive idiosyncratic stories and selective relative value opportunities, it seems appropriate to maintain risk levels and to focus on identifying bottom-up stories.
- EMFX gained last week, with LatAm outperforming. Commodities rebounded amid the broad risk-on tone on the back of the increased odds of a Fed rate cut in December. While high carry FX rebounded last week led by COP, ZAR, HUF, and BRL, the Fed's moves over the next couple of months will determine whether there are more gains ahead. We remain relative value focused with a very small USD short bias.
- EM local market yields were slightly lower last week, with Turkey, Brazil, South Africa, and Poland outperforming. Colombia and Indonesia underperformed. In the swap space, Brazil and Poland rallied between 15-20 bps and Korea sold off by 13 bps. With only one month remaining in the year and ahead of FOMC, we expect EM local markets to be noisy. Additionally, profit taking in many consensus positions can't be ruled out. Our bias is to add to underperforming markets in coming weeks.
- EM corporate spreads were unchanged last week. The big mover was Vanke, with bonds dropping into the 20s as the company looks to extend certain domestic maturities. Concerns are rising that Vanke's default could put further pressure on China's property market. The New World perpetual issues continued to trade well with confirmation that they will go into the CEMBI. Tullow bonds declined further, with a default looking increasingly likely. Braskem Idesa remained well bid with expectations that Grupo Inbursa may equitize some of its bond holdings, and Petrobras unveiled a \$109B capex plan.

## SECURITIZED PRODUCTS

- CMBS conduit AAA and subordinate spreads were marginally tighter. SASB AAA floaters were flat while fixed-rates and subordinate tranches tightened. CRE CLOs held steady, with AAA new issues at +140 bps. Five transactions priced—two SASBs, two conduits, and one agency.
- In RMBS, heavy non-QM and second-lien new issuance eased slightly during the holiday-shortened week, with AAAs pricing at T+140 bps for top-tier and T+145 for second-tier issuers. Demand remains strong in the 140-145 range, although spreads remain pressured near-term by elevated issuance and ongoing market volatility. CRTs were unchanged in light volumes. Eight deals totaling \$2.9B priced, with non-QM's \$2B across five transactions dominating.
- U.S. CLO spreads were mostly flat with BBBs and BBs edging wider. Benchmark AAAs held firm in the 120 context, while non-benchmarks widened as much as 13 bps. European CLOs were mostly unchanged, with slight widening down the stack. The U.S. primary market saw \$7.3B across 15 deals, while €1.5B across four deals priced in Europe. The U.S. saw six new issues, six resets, and three refis, while Europe saw three new issues and one reset.
- ABS spreads were generally unchanged and the primary market took a notable breather during the holiday-shortened week. We expect heavy new issuance volumes in the U.S. to resume this week and remain elevated into year-end, but decline in Europe and Australia. Thus, we're cautious over the short-term.

## MUNICIPALS

- The tax-exempt muni market outperformed Treasuries last week as the 5-year, 10-year, and 30-year M/T yield ratios widened modestly by 0.5%, 0.8%, and 0.9%, respectively. In addition, issuance was light due to the U.S. holiday.
- Supply in December is estimated to total ~\$30B. This will test the market, especially as several prepaid gas deals (i.e., from Goldman Sachs, TD Bank, New York Life, and Bank of America) are anticipated. This week's calendar is expected to be heavy with supply totaling \$16B, marking one of the largest issuance weeks of the year. Technicals are likely to remain supportive as \$33B in reinvestment will help net supply turn negative in December.

## THE RETURNS TABLE AS OF NOVEMBER 28, 2025

	Duration	YTM	OAS	WTD	Yield / OAS change (bps)				WTD	MTD	Total return (%)			
					MTD	QTD	YTD	Prior year			QTD	YTD	Prior year	
Sovereign rates														
U.S. 2-Year	1.91	3.49	---	-2	-8	-12	-75	-66	0.06	0.43	0.75	4.50	4.82	
U.S. 5-Year	4.54	3.60	---	-2	-9	-15	-79	-45	0.12	0.73	1.17	7.10	6.27	
U.S. 10-Year	8.12	4.02	---	-5	-6	-14	-56	-16	0.40	0.99	1.78	8.84	6.40	
U.S. 10-Year Breakeven	--	2.23	---	-2	-8	-14	-10	-3	---	---	---	---	--	
U.S. 10-Year TIPS	4.35	1.76	---	-4	0	-2	-47	-14	0.30	0.39	0.92	9.54	7.47	
U.S. 20-Year	12.87	4.63	---	-5	0	-8	-23	17	0.68	0.48	1.63	6.81	2.50	
U.S. 30-Year	15.96	4.66	---	-5	1	-7	-12	30	0.81	0.25	1.65	5.99	0.30	
U.S. SOFR	---	---	---	19	-10	-12	-37	-47	0.08	0.31	0.67	4.03	4.46	
UK 10-Year	7.43	4.44	---	-10	3	-26	-13	20	0.79	0.10	2.54	5.62	3.69	
Germany 10-Year	8.37	2.69	---	-1	6	-2	32	60	0.14	-0.24	0.56	0.32	-1.49	
Switzerland 10-Year	9.43	0.15	---	2	5	-3	-12	-5	-0.31	-0.39	0.28	1.69	1.53	
Japan 10-Year	8.25	1.81	---	3	14	16	72	77	-0.24	-0.92	-0.77	-3.94	-4.28	
Australia 10-Year	7.92	4.51	---	5	22	22	15	18	-0.44	-1.40	-0.99	3.27	3.78	
Canada 10-Year	8.12	3.15	---	-5	3	-4	-8	6	0.39	0.01	0.69	3.96	4.35	
Major fixed income multi-sector indices		YTW												
Global Aggregate Unhedged	6.41	3.44	29	-1	1	0	-5	-6	0.69	0.23	-0.02	7.89	6.03	
Global Aggregate Hedged	6.41	3.44	29	-1	1	0	-5	-6	0.27	0.21	1.00	5.09	4.58	
U.S. Aggregate	6.05	4.27	30	-1	1	1	-4	-3	0.38	0.62	1.25	7.46	6.08	
Euro-Aggregate (Unhedged)	6.31	2.86	45	-3	-1	-2	-16	-20	0.23	-0.08	0.73	1.75	0.98	
Japanese Aggregate	8.26	1.71	0	0	0	0	0	0	-0.08	-1.23	-1.00	-4.94	-4.95	
Major fixed income credit indices		YTW												
Mortgage-Backed (Agency)	5.53	4.61	29	0	2	-1	-13	-11	0.33	0.62	1.49	8.35	6.90	
Global IG Corporate Bonds	6.03	4.29	83	-4	3	5	-6	-6	0.84	0.54	0.49	10.00	8.29	
U.S. IG Corporate Bonds	6.99	4.76	80	-4	2	7	0	3	0.68	0.65	1.04	7.99	6.41	
European IG Corporate	4.57	3.11	83	-3	6	4	-19	-25	0.18	-0.24	0.46	3.23	3.08	
U.S. High Yield Bonds	3.06	6.57	269	-32	-12	2	-18	3	0.80	0.58	0.74	8.01	7.73	
European High Yield Bonds	2.99	5.23	288	-16	-3	7	-30	-51	0.48	0.17	0.24	4.42	5.25	
U.S. Leveraged Loans	0.3	8.06	465	0	11	14	-10	4	0.17	0.21	0.51	5.22	5.87	
European Leveraged Loans	0.3	7.35	485	2	-1	16	13	33	0.14	0.50	0.30	3.61	4.18	
EM Hard Currency Sovereigns	6.64	6.84	270	-4	7	-14	-56	-67	0.59	0.41	2.55	13.35	11.90	
EM Corporates	4.50	6.36	250	1	14	17	10	0	0.19	0.24	0.80	8.21	7.62	
EM Currencies	---	5.55	---	0	0	0	-3	-1	0.80	0.51	0.38	11.67	10.28	
EM Local Rates	5.36	5.90	6	0	0	0	0	0	0.23	0.44	1.07	7.68	7.35	
CMBS	3.85	4.38	76	0	-1	1	-4	-8	0.19	0.75	1.22	7.62	7.28	
ABS	2.88	4.13	55	-1	0	6	11	10	0.18	0.56	0.94	5.61	5.72	
CLOs	4.03	4.64	132	0	-1	0	-8	-9	0.10	0.39	0.76	4.97	5.50	
Municipal Bonds	6.18	3.58	---	-1	1	-8	-16	14	0.15	0.23	1.47	4.15	2.74	

	Level	Total return (%)						Change (%)					
		WTD	MTD	QTD	YTD	Prior year		Spot	WTD	MTD	QTD	YTD	Prior year
Equity / volatility indices							FX / commodities						
S&P 500 Index	6,849	3.7	0.2	2.6	17.8	15.7	EUR / USD	1.2	0.7	0.5	-1.2	12.0	9.9
DAX	23,837	3.2	-0.5	-0.2	19.7	22.7	USD / JPY	156.2	-0.1	1.4	5.6	-0.6	3.1
Stoxx 600	576	2.6	1.0	3.6	17.3	17.5	GBP / USD	1.3	1.0	0.6	-1.6	5.7	4.3
Nikkei 225	50,254	3.3	-4.1	11.8	28.3	33.6	EUR / CHF	0.9	0.1	0.4	-0.3	-0.8	0.0
Shanghai Composite	3,889	1.4	-1.6	0.3	18.9	21.1	USD / CHF	0.8	-0.5	-0.1	1.0	-11.4	-8.9
MSCI ACWI Index	1,005	3.6	0.0	2.3	21.6	19.3	USD (DXY)	99.5	-0.7	-0.3	1.7	-8.3	-6.2
FTSE 100	9,721	1.9	0.4	4.5	23.0	21.5	Oil	58.7	0.6	-3.8	-6.0	-18.2	-14.7
MOVE Index	69	-12.5	3.5	-11.5	-30.2	-29.5	Gold	4239.4	4.3	5.9	9.9	61.5	60.7
VIX Index	16	-30.2	-6.3	0.4	-5.8	17.6							

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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.

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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

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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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