PGIM

More Muddling May Continue Benefitting Bonds

WEEKLY VIEW FROM THE DESK | December 15, 2025

LINK TO WEEKLY RETURNS TABLE

MACRO

- As we look ahead to 2026, our global base case scenarios generally remain intact with some updated probabilities across the distribution. We continue to see a modal "Muddle Through" scenario for the U.S. (still 40%), the Euro Area (raised from 45% to 55%), and China (increased from 60% to 65%).
- In the U.S., our base case assumes that growth of 1.7% remains close to trend amid AI-related capex and the resiliency of high-end consumers, while the Fed funds rate gradually progresses towards neutral of ~3.0-3.25% as the labor market continues to cool while elevated inflation remains sticky. The November payroll report supported the cooling labor market narrative, particularly with a three-month average payroll growth of only 22,000, which may put a rate cut on the table for the January FOMC meeting.
- In Europe, we also expect near-trend growth (~1.4%) as rising real incomes and fiscal support underpin the consumer, while exports and investment remain challenged. A mild, but extended, period where inflation undershoots the ECB's 2% target may prompt the ECB to implement another 25 bps rate cut to bring the deposit rate to the lower side of neutral at 1.75%.
- Although we raised our base-case probability for China, we continue to see risks to our modal scenario tilted to the upside considering productivity gains, policy easing, and potential for U.S. economic overheating. The main downside risk in China is through U.S.-China trade tensions.
- Given the familiarity of our scenarios, we also continue to believe that they will support positive fixed income performance over the coming year (click here to see YTD performance across the global fixed income sectors). More specifically, we'll aim for carry positioning in spread sectors, and we see more value across global interest-rate complexes.

US	Probability	
	Old	New
Muddle Through	40%	40%
Mild Stagflation	10%	5%
Overheating	25%	25%
Productivity Boost	10%	15%
Recession	15%	15%

Europe	Probability	
	Old	New
Muddle Through	45%	55%
Mild Stagflation	10%	5%
Overheating	20%	15%
Productivity Boost	10%	10%
Recession	15%	15%

China	Probability	
	Old	New
Muddle Through	60%	65%
Mild Stagflation	5%	5%
Overheating	10%	5%
Productivity Boost	10%	15%
Stagnation	15%	10%

Source: PGIM

DEVELOPED MARKET RATES

- In the U.S. rates market, the end of the year has been defined by falling volatility and tight trading ranges as the prolonged government shutdown paralyzed the rates market. Indeed, the 10-year yield traversed a narrow ~20 bps range and essentially ended the quarter where it began. The curve continued its steepening trend after several quarters of meandering and closed the year at its steepest levels since 2021.
- Considering the pronounced declien in realized volatility, there are several factors that could prompt renewed volatility going forward, including changes in Fed personnel and the resumption of federal economic data. With that context, option allocations may be the preferred method of expressing conviction around duration exposure.
- Elsewere, we will be closely watch the upcoming Bank of Japan policy meeting given the indications that it may hike rates this week. Expectation of an earlier-than-expected hike has recently pushed JGB yields to cycle highs.
- Despite historically tight MBS spreads, mortgages still offer strong carry, especially when properly hedged versus intermediate Treasuries. At this point, we're properly sizing allocations across accounts and focusing on lower coupons for convexity and production coupons for carry, while staying underweight on more callable high coupons.

IG CORPORATES

- In the U.S., the IG index was unchanged YTD despite market volatility. Credit curves flattened modestly in the first three quarters of the year and then steepened slightly in Q4 due to increased supply from tech issuers. In addition, A-rated credits outperformed BBB-rated credits, mainly driven by financials.
- Industry-Level Highlights: financials were a modest outperformer in Q4, as banks continued to report strong earnings/fundamentals. Healthcare and tobacco also outperformed due to lower exposure to tariffs and/or recession risks. Meanwhile, chemicals, cable & satellite, utilities, and tech underperformed. Notably, the tech sector widened by 12 bps in Q4 due to increased capex and issuance.
- Four key factors kept the index unchanged in 2025 YTD: 1) a resilient economy; 2) supportive yields, with yields on 10-year maturities above 4%; 3) sound technicals—gross issuance totaled $1.6T and net issuance totaled $600B, skewed to maturities of <10 years; and 4) credit fundamentals remaining "good enough," with ~10% of EPS growth and M&A was conservatively financed in Q4.

- In 2026, yields are likely to remain supportive, and as previously noted, most strategists forecast some softening in technicals and fundamentals in 2026, expecting wider spreads (100-110 bps) as M&A and AI capex drive increased issuance.
- The EUR IG market outperformed its U.S. counterpart, tightening by about 20 bps over the year. Notably, financials returned to pre Russia-Ukraine War spread levels as YTD flows into the Euro IG market have been positive at around €50B, with only two negative weeks-mostly due to issuance.
- Issuance expectations for next year are around $750B (gross) and $200B (net), with the wild card being U.S.-originated supply and M&A activity by European banks. That stated, the EUR market is now large enough for multi-tranche deals, and U.S. companies are issuing euros for net investment hedging reasons.

LEVERAGED FINANCE

- Another overall strong earnings season and a resilient technical environment helped drive HY spreads to near-historic tights in Q4 2025. Revenue growth for HY companies during the Aug-Nov 2025 earnings season was positive, but earnings growth was negative. With HY technicals and fundamentals solid, attention remains on monetary easing, with the market pricing in a Fed Funds rate of 3.5% by in March 2026, and 3.4% by the end of Q2 2026.
- QTD performance across credit tiers is mixed, with CCC's turning negative for the period and BBs outperforming Bs. Sector performance is mostly positive, with gaming, capital goods, and food & beverage & tobacco the top performers, and paper, cable & satellite, and chemicals the weakest on negative performance. Issuance slowed from Q3, but remains robust, i.e., the surplus continues, running $8.1B in Q4. Retail flows remain positive at $1.9 for the quarter and $18.4B YTD.
- The U.S. bank loan market remains solid, but dispersion has become more pronounced with demand focused on mid-to high-quality issues. Demand is underscored robust CLO issuance, while retail flows turned negative. The primary market has slowed as year-end approaches, with only $150B pricing thus far in Q4, with nearly 70% backing repricing or refinancing.
- European HY bond spreads are unchanged QTD, while loans edged wider. Both markets remain resilient, supported by strong technicals—limited net new supply, high yields, supportive fund flows, shorter duration, and continued CLO formation. Absent broader risk-off move, we expect these market conditions prevail, and keep spreads in their current range in into Q1 2026.

EMERGING MARKETS

- A mix of top-down and bottom-up drivers helped EMD to outperform other asset classes thus far in 2025. These include a combination of: 1) global/U.S. growth outperformance relative to expectations; 2) EM growth resilience based on fundamentals and EM trade dynamics; 3) a reversal of USD strength; 4) healthy global liquidity, resulting in investor reach for yield; 5) DM/EM rate cuts; and 6) a reframing of the new world order.
- A common theme throughout 2025 has been the dispersion of returns, with higher yielding/lower-rated issuers outperforming. The global backdrop, the extent to which slowing growth is still "good enough," and whether the relative EM growth continues to attract flows all matter. However, country-specific drivers should dominate in 2026. In a context where the Fed is able to cut rates and the U.S. fiscal outlook does not result in a massive steepening of the U.S. Treasury curve, EM hard currency returns should still offer opportunities in the high-single digit range with the appropriate identification of bottom-up alpha opportunities.
- After stellar performance in 2025, we have turned cautious on EM local rates. Looking ahead to Q1 2026, we expect to earn carry with very little price appreciation. Unlike the directional long duration theme in 2025, we expect more relative value alpha opportunities in 2026. We expect EM local yield curve to remain steep and vulnerable to steepening pressure from the DM yield curves.
- Within EMFX, we continue to expect a weakening in USD but for it to be more broad-based heading into 2026. We remain relative value focused (long high-carry currencies and short low-carry currencies) with a small, short USD bias. Within EM corporates, the medium- and longer-term return and information ratios look very attractive, and we prefer to remain invested.

SECURITIZED PRODUCTS

- In CMBS, valuations for most property types stabilized, with 2025 price appreciation marginally positive across property types, while CRE is expected to continue rising. Elevated SASB supply has kept spreads attractive with floating-rate execution still 15-50 bps wider YTD. We continue to favor high quality SASB with strong structural protections as well as shorter spread duration conduit opportunities given the flat/inverted term curve and relative value vs. intermediate corporates.
- In RMBS, housing values remain supported by tight inventories and strong demographics, despite historically high mortgage rates. Mortgage credit remains strong, although rising DQ levels among lower tier borrowers persists. Non-QM's remain the most scalable opportunity to gain mortgage credit exposure. While constructive on CRT credit, we're focusing elsewhere over the short-term due to the recent spread rally.
- In CLOs, U.S. fundamentals remain strong, but tails risks persist with 10% of BSL market showing stressed IC ratios. European fundamentals are strained, having deteriorated in recent quarters. Senior CLO tranches continue to offer attractive relative value. Spreads remain inside long-term averages but marginally wide of YTD tights. We expect mixed valuations near term, creating entry points at wider levels.
- In ABS, the marginal consumer remains pressured, taking on more debt to maintain spending. Global ABS structures remain robust: spreads are compressed while credit quality tiering is pronounced; we are positioned toward top-tier originators at current valuations. We are constructive on select, higher-quality issuers across the stack within auto, consumer loan, and commercial sectors offering favorable relative value.

MUNICIPALS

- While tax-exempt munis underperformed other fixed income asset sectors (e.g., IG and HY corporates, and Treasuries) YTD, we note that higher supply (+15% YoY) was pulled forward due to anticipated tax law changes in the OBBBA) and increased issuance from universities, which is not expected to be repeated in 2026.
- In addition, tax-exempt munis and Treasuries saw steeper curves (~70 bps) this year, with the 10s/30s portion of the muni curve steepening by 140 bps, and more than 20 bps compared to Treasuries. Looking forward, this should offer decent long-end relative value.

THE RETURNS TABLE AS OF DECEMBER 12, 2025

	Duration	YTM	OAS	Yield / OAS change (bps) WTD	MTD	QTD	YTD	Prior year	Total return (%) WTD	MTD	QTD	YTD	Prior year
Sovereign rates													
U.S. 2-Year	1.87	3.52	---	-4	3	-9	-72	-67	0.14	0.06	0.81	4.56	4.66
U.S. 5-Year	4.50	3.74	---	3	15	0	-64	-44	-0.07	-0.52	0.64	6.54	5.83
U.S. 10-Year	8.07	4.19	---	5	17	3	-39	-14	-0.35	-1.25	0.51	7.48	5.56
U.S. 10-Year Breakeven	--	2.28	---	1	4	-9	-6	-5	---	---	---	---	---
U.S. 10-Year TIPS	4.33	1.89	---	4	13	11	-34	-11	-0.29	-0.89	0.03	8.57	6.60
U.S. 20-Year	12.78	4.81	---	6	18	11	-5	19	-0.72	-2.24	-0.65	4.42	1.47
U.S. 30-Year	15.82	4.85	---	5	18	11	6	30	-0.90	-2.76	-1.15	3.07	-0.69
U.S. SOFR	---	---	---	-26	-45	-57	-82	-95	0.08	0.15	0.83	4.19	4.44
UK 10-Year	7.39	4.52	---	4	8	-18	-5	15	-0.18	-0.35	2.18	5.26	3.86
Germany 10-Year	8.32	2.86	---	6	17	15	49	65	-0.45	-1.25	-0.70	-0.94	-2.16
Switzerland 10-Year	9.38	0.30	---	14	15	12	3	2	-1.17	-1.36	-1.09	0.30	0.25
Japan 10-Year	8.16	1.95	---	1	14	30	86	90	0.04	-0.94	-1.70	-4.84	-5.23
Australia 10-Year	8.03	4.73	---	4	21	43	37	46	-0.23	-1.28	-2.25	1.95	1.53
Canada 10-Year	8.06	3.44	---	3	30	26	22	30	-0.11	-2.04	-1.37	1.84	1.45
Major fixed income multi-sector indices		**YTW**											
Global Aggregate Unhedged	6.41	3.55	28	0	-1	-1	-7	-6	0.03	-0.21	-0.23	7.66	6.00
Global Aggregate Hedged	6.41	3.55	28	0	-1	-1	-7	-6	-0.16	-0.60	0.40	4.46	3.77
U.S. Aggregate	6.06	4.38	27	0	-2	-1	-6	-5	-0.20	-0.68	0.56	6.73	5.57
Euro-Aggregate (Unhedged)	6.26	3.00	44	0	-2	-4	-18	-16	-0.33	-0.79	-0.06	0.95	0.01
Japanese Aggregate	8.37	1.82	0	0	0	0	0	0	0.07	-0.62	-1.61	-5.53	-5.77
Major fixed income credit indices		**YTW**											
Mortgage-Backed (Agency)	5.71	4.73	24	1	-5	-6	-18	-17	-0.19	-0.47	1.01	7.84	6.68
Global IG Corporate Bonds	5.98	4.39	80	0	-3	2	-9	-5	-0.02	-0.25	0.24	9.72	8.11
U.S. IG Corporate Bonds	6.93	4.87	78	1	-2	4	-2	3	-0.30	-0.77	0.26	7.16	5.62
European IG Corporate	4.56	3.21	78	0	-5	-1	-24	-21	-0.26	-0.41	0.05	2.80	2.18
U.S. High Yield Bonds	3.10	6.70	275	11	6	8	-12	17	-0.13	-0.01	0.73	8.00	7.13
European High Yield Bonds	2.99	5.30	280	-1	-8	-1	-38	-31	-0.13	0.03	0.26	4.44	4.34
U.S. Leveraged Loans	0.3	8.07	453	-1	-12	2	-22	-14	0.13	0.40	0.91	5.65	5.87
European Leveraged Loans	0.3	7.36	473	-4	-12	4	1	3	0.19	0.23	0.53	3.85	4.14
EM Hard Currency Sovereigns	6.58	6.86	255	-2	-14	-28	-70	-65	0.03	0.13	2.68	13.56	11.62
EM Corporates	4.46	6.42	241	-2	-9	8	0	0	0.07	0.01	0.82	8.22	7.47
EM Currencies	---	5.72	---	0	0	0	-2	-2	0.26	0.51	0.89	12.24	10.75
EM Local Rates	5.34	5.94	6	0	0	0	0	0	-0.25	-0.03	1.04	7.65	7.20
CMBS	3.85	4.49	75	-1	-1	0	-5	-7	0.03	-0.31	0.91	7.29	6.85
ABS	2.85	4.16	53	-1	-2	4	9	9	0.06	-0.10	0.84	5.50	5.41
CLOs	4.00	4.78	132	0	0	0	-8	-8	0.10	0.19	0.95	5.17	5.44
Municipal Bonds	6.25	3.61	---	1	3	-5	-13	9	-0.04	-0.16	1.31	3.99	2.88

	Level	Total return (%) WTD	MTD	QTD	YTD	Prior year
Equity / volatility indices						
S&P 500 Index	6,827	-0.6	-0.3	2.3	17.5	14.3
DAX	24,186	0.7	1.5	1.3	21.5	18.4
Stoxx 600	578	-0.1	0.3	4.0	17.8	15.2
Nikkei 225	50,837	0.7	1.2	13.1	29.8	30.1
Shanghai Composite	3,889	-0.3	0.1	0.4	19.0	15.4
MSCI ACWI Index	1,009	-0.2	0.4	2.7	22.1	18.4
FTSE 100	9,649	-0.2	-0.7	3.8	22.1	20.1
MOVE Index	69	2.9	0.4	-11.1	-29.9	-16.2
VIX Index	16	2.1	-3.7	-3.3	-9.3	13.1

	Spot	Change (%) WTD	MTD	QTD	YTD	Prior year
FX / commodities						
EUR / USD	1.2	0.8	1.2	0.1	13.4	12.2
USD / JPY	155.8	0.3	-0.2	5.3	-0.9	2.1
GBP / USD	1.3	0.3	1.0	-0.6	6.8	5.5
EUR / CHF	0.9	-0.3	0.2	0.0	-0.6	0.0
USD / CHF	0.8	-1.1	-1.0	-0.1	-12.3	-10.8
USD (DXY)	98.4	-0.6	-1.1	0.6	-9.3	-8.0
Oil	57.4	-4.4	-2.1	-7.9	-19.9	-18.0
Gold	4299.6	2.4	1.4	11.4	63.8	60.4

Past performance is not a guarantee or a reliable indicator of future results. See Notice for important disclosures and full index names. All investments involve risk, including possible loss of capital. 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.

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

For Professional Investors only. Past performance is not a guarantee or a reliable indicator of future results and an investment could lose value. All investments involve risk, including the possible loss of capital.

PGIM Fixed Income operates primarily through PGIM, Inc., a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended, and a Prudential Financial, Inc. ("PFI") company. Registration as a registered investment adviser does not imply a certain level or skill or training. PGIM Fixed Income is headquartered in Newark, New Jersey and also includes the following businesses globally: (i) the public fixed income unit within PGIM Limited, located in London; (ii) PGIM Netherlands B.V., located in Amsterdam; (iii) PGIM Japan Co., Ltd. ("PGIM Japan"), located in Tokyo; (iv) the public fixed income unit within PGIM (Hong Kong) Ltd. located in Hong Kong; and (v) the public fixed income unit within PGIM (Singapore) Pte. Ltd., located in Singapore ("PGIM Singapore"). PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom. Prudential, PGIM, their respective logos, and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide.

These materials are for informational or educational purposes only. The information is not intended as investment advice and is not a recommendation about managing or investing assets. In providing these materials, PGIM is not acting as your fiduciary. PGIM Fixed Income as a general matter provides services to qualified institutions, financial intermediaries and institutional investors. Investors seeking information regarding their particular investment needs should contact their own financial professional.

These materials represent the views and opinions of the author(s) regarding the economic conditions, asset classes, securities, issuers or financial instruments referenced herein. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorized, and any reproduction of these materials, in whole or in part, or the divulgence of any of the contents hereof, without prior consent of PGIM Fixed Income is prohibited. Certain information contained herein has been obtained from sources that PGIM Fixed Income believes to be reliable as of the date presented; however, PGIM Fixed Income cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. PGIM Fixed Income has no obligation to update any or all of such information; nor do we make any express or implied warranties or representations as to the completeness or accuracy.

Any forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fee. These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services and should not be used as the basis for any investment decision. PGIM Fixed Income and its affiliates may make investment decisions that are inconsistent with the recommendations or views expressed herein, including for proprietary accounts of PGIM Fixed Income or its affiliates.

Investing in the **bond market** is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. **Mortgage- and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government agency or private guarantor, there is no assurance that the guarantor will meet its obligations. **High yield, lower-rated securities** involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. Investing in **foreign-denominated and/or -domiciled securities** may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio. **Commodities** contain heightened risk, including market, political, regulatory and natural conditions, and may not be suitable for all investors. **Diversification** does not ensure against loss.

In the **United Kingdom**, information is issued by PGIM Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR.PGIM Limited is authorised and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number 193418). In the **European Economic Area** ("EEA"), information is issued by PGIM Netherlands B.V., an entity authorised by the Autoriteit Financiële Markten ("AFM") in the Netherlands and operating on the basis of a European passport. In certain EEA countries, information is, where permitted, presented by PGIM Limited in reliance of provisions, exemptions or licenses available to PGIM Limited including those available under temporary permission arrangements following the exit of the United Kingdom from the European Union. These materials are issued by PGIM Limited and/or PGIM Netherlands B.V. to persons who are professional clients as defined under the rules of the FCA and/or to persons who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II). In **Switzerland,** information is issued by PGIM Limited, London, through its Representative Office in Zurich with registered office: Kappelergasse 14, CH-8001 Zurich, Switzerland. PGIM Limited, London, Representative Office in Zurich is authorised and regulated by the Swiss Financial Market Supervisory Authority FINMA and these materials are issued to persons who are professional or institutional clients within the meaning of Art.4 para 3 and 4 FinSA in Switzerland. In certain countries in **Asia-Pacific**, information is presented by PGIM (Singapore) Pte. Ltd., a regulated entity with the Monetary Authority of Singapore under a Capital Markets Services License to conduct fund management and an exempt financial adviser. In **Japan,** information is presented by PGIM Japan Co. Ltd., registered investment adviser with the Japanese Financial Services Agency. In **South Korea**, information is presented by PGIM, Inc., which is licensed to provide discretionary investment management services directly to South Korean investors. In **Hong Kong**, information is provided by PGIM (Hong Kong) Limited, a regulated entity with the Securities & Futures Commission in Hong Kong to professional investors as defined in Section 1 of Part 1 of Schedule 1 of the Securities and Futures Ordinance (Cap.571). In **Australia**, information is issued by PGIM (Australia) Pty Ltd ("PGIM Australia") for the general information of its wholesale clients (as defined in the Corporations Act 2001). PGIM Australia is an Australian financial services ("AFS") licence holder (AFS licence number 544946). In **Canada**, pursuant to the international adviser registration exemption in National Instrument 31-103, PGIM, Inc. is informing you that: (1) PGIM, Inc. is not registered in Canada and is advising you in reliance upon an exemption from the adviser registration requirement under National Instrument 31-103; (2) PGIM, Inc.'s jurisdiction of residence is New Jersey, U.S.A.; (3) there may be difficulty enforcing legal rights against PGIM, Inc. because it is resident outside of Canada and all or substantially all of its assets may be situated outside of Canada; and (4) the name and address of the agent for service of process of PGIM, Inc. in the applicable Provinces of Canada are as follows: in **Québec**: Borden Ladner Gervais LLP, 1000 de La Gauchetière Street West, Suite 900 Montréal, QC H3B 5H4; in **British Columbia**: Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC V7X 1T2; in **Ontario**: Borden Ladner Gervais LLP, 22 Adelaide Street West, Suite 3400, Toronto, ON M5H 4E3; in **Nova Scotia**: Cox & Palmer, Q.C., 1100 Purdy's Wharf Tower One, 1959 Upper Water Street, P.O. Box 2380 -Stn Central RPO, Halifax, NS B3J 3E5; in **Alberta**: Borden Ladner Gervais LLP, 530 Third Avenue S.W., Calgary, AB T2P R3.

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.

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.

2025-10314