PGIM

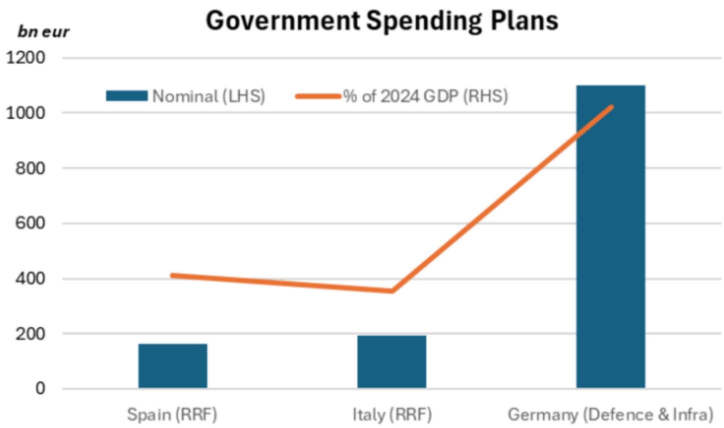
The Feasibility of Europe's Fiscal Pivot

WEEKLY VIEW FROM THE DESK | June 30, 2025

LINK TO WEEKLY RETURNS TABLE

MACRO

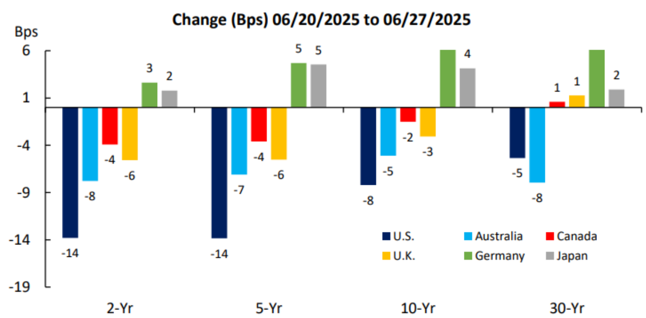
- Last week's news of increased NATO spending is the latest step in a fiscal pivot, but it remains to be seen if the political will exists to deliver the reforms. Germany is often regarded as a key player in the pivot, but we see recent developments as establishing a floor under growth, rather than lifting the ceiling due to lack of reforms.
- The new NATO spending targets highlight the gap between stated commitments and actual spending capabilities, which raises the prospect for a significant new fiscal package in Europe. It also places a focus on countries with strained fiscal conditions, such as France, which has a debt-to-GDP ratio that is poised to rise from ~110% to 120% by 2027. However, political fragmentation and weak compliance with EU fiscal rules suggests limited political space for meaningful fiscal consolidation efforts.
- On the monetary policy side, the ECB recently completed its framework review with a key message that inflation is likely to be more uncertain and volatile, leading to periods with more sustained deviations from target. As such, the ECB needs to be "appropriately" forceful and persistent, needs to achieve balance between commitment and agility, and provide clearer escape clauses for new tools.



Source: European Commission; Press Reports; Macrobond

DEVELOPED MARKET RATES

- The accompanying chart shows the most recent U.S. yield curve dynamics as front-end rates rallied on comments from Fed participants. When observing the recent moves, we view short rates as potentially nearing the bottom of the range while the long bond may be near the top of the range. We believe a similar case applies in Germany as well.
- The aforementioned Fed comments placed focus on upcoming Fed meetings with the probability for a July rate cut hovering in the 20% area. The probability rises into September when the market is pricing in slightly more than a 25 bps rate cut.
- MBS spreads tightened by 3-4 bps last week as they benefitted from lower rates and decreased volatility. As rates rallied, demand from convexity accounts increased. Fannie and Freddie Bonds in 30 years led the tightening, while Ginnie Mae's and 15-year bonds lagged.



IG CORPORATES

- In the U.S., IG corporate spreads were unchanged at 85, last week. Concerns over escalation in the Israel-Iran conflict were short-lived following the U.S. bombing of key nuclear sites in Iran, as both sides signed a ceasefire agreement. Given these developments, stocks rose and the WTI was down over 13% on the week.
- On the domestic side, front-end Treasury yields fell as Trump re-kindled his disagreement with Chair Powell by threatening to announce his likely more dovish successor as early as September.
- Issuance totaled $35B across 23 deals last week. Generally, deals were 3.6x over-subscribed and came with a 0.8 bp concession (on average). This week, we expect $10B-$15B in issuance. Notably, five deals had issuance in 30-year tranches, none of which were M&A driven. In addition, demand remains strong. J.P. Morgan estimated about $3B of net inflows into the market last week.
- M&A Activity: On the margins, we may be seeing more confidence from management teams leading to more aggressive decision making—all within their ratings and leverage targets. For example, Home Depot announced a $5.3 billion acquisition of GMS (a specialty building products distributor). Note: Home Depot is still deleveraging from an $18B acquisition last year.
- Money Center Bank Updates: Last week, the Federal Reserve's Board voted to issue a proposal to lower the enhanced Supplementary Leverage Ratio (SLR), allowing big banks to hold more Treasuries. This will likely result in slightly lower issuance by money center banks.
- The Federal Reserve also released the results of stress tests on large banks. Per Vice Chair for Supervision, Michelle W. Bowman, "large banks remain well capitalized and resilient to a range of severe outcomes." The positive results will mean reduced capital requirements for money center banks.
- In Europe, EUR IG spreads tightened 4 bps (OAS+93), driven by relief following the calming of tensions in the Middle East. In addition, financials marginally outperformed corporates.

- Positive market technicals continue to drive the market. The primary market remained active with a little over €13B of issuance, which included multi-tranche deals from Total and Honda. Issuance was well-absorbed, with solid over-subscription rates and minimal concessions.
- Despite the positive technicals, spreads are tight. To date, cash spreads are just 5-10 bps off the YTD tights. This suggests that the market has priced in positive news amidst the elevated geopolitical tension, as well as concerns about the health of the U.S. consumer and fiscal sustainability. While the controversial Section 899 has been removed from Trump's Tax bill, trade uncertainty remains as the pause on reciprocal tariffs ends on July 9th.

LEVERAGED FINANCE

- The HY market rallied last week, generating its strongest weekly performance in two months, driven by easing geopolitical tensions, dovish Fed rhetoric, and mixed economic data. All credit tiers were positive, with CCCs posting the strongest gains, and BBs outperforming Bs. Among sectors, consumer products, health care, and paper were the strongest, while telecom, energy, and aerospace, were the softest.
- Inflows were positive for the ninth consecutive week, with $3.5B flowing into the market—the largest weekly inflow in 18 months. Last week's flows brought the nine-week tally to $14.6B, surpassing the $12.8B of outflows in April. Primary issuance remained active, with $8.9B across 10 deals coming to market, mostly for refinancing.
- Bank loans rallied by the most in six weeks, supported by steady retail inflows, solid primary issuance, and resilient CLO activity. Following last week's gains, the percentage of loans trading at or above par rose to 38%. Retail investors added over $300M to the loan market last week, marking the ninth consecutive week of inflows totaling $3B. Meanwhile, 22 deals totaling $18.6B sold in the primary market, bringing the YTD volume to $436.1B ($102B net).
- European HY bonds and loans were flat and slightly wider, respectively, as the market absorbed its largest weekly issuance volume on record. Issuers placed €12.1B across 11 bond and 19 loan transactions as dealers sought to take advantage of favorable market conditions ahead of the summer slowdown. Most of the proceeds were for refinancing, further adding to a solid technical environment in both markets.

EMERGING MARKETS

- EM hard currency spreads tightened last week and are now at their YTD tights. Retail flows were positive and supportive. Notably, there was a fair amount of new issuance last week across the ratings spectrum, which was absorbed quite easily. UMS issued $4.5B of new cash bonds alongside a front-end tender announcement. Per issued $3B of a 10- and 30-year. Colombia was downgraded to BB with a negative outlook by S&P. Given the supportive backdrop, we are modestly increasing our spread risk. In an apparent cash rich world, the yield on the index of 7.56% attracts attention as allocators seek to de-risk U.S. exposure.
- EMFX bounced strongly last week amid an apparent fading of geopolitical risk and some better news on trade deals. Europe and LatAm both outperformed. U.S. Treasury yields declined, which also added to the positive tone. HUF, EGP, PLN, and TWD were among the outperformers. CNH, TRY, BRL, MYR, and THB underperformed. We continue to run mainly relative-value risk and our conviction remains that the USD is likely on a longer-term gradual declining path.
- In EM local rates, lower crude prices, a weaker USD, and a rally in U.S. 10-year Treasuries contributed to a positive tone, pushing yields to their lowest level since February 2022. Turkey local bonds were the biggest outperformers. A lower inflation print helped Brazil and other oil-sensitive names such as Indonesia, Thailand, and CE3. Interest rate swaps outperformed the local bonds in almost every country. Central bank decisions in Mexico, Colombia, Thailand, Czech, and Hungary were in line with market expectations and, despite the communication being slightly hawkish, top-down macro forces led to a bull flattening of the swap curves. With a few Fed governors tilting dovish and the oil market fading, direction of travel for EM rates seems to be lower, particularly in the belly of the curves of high yielding countries.
- EM corporate spreads were slightly wider, but total return was strong. New issues did well despite the pickup in issuance. The recent USD weakness supports fundamentals, and the risk of a recession is lower. As a result, we are looking to take risk modestly higher.

SECURITIZED PRODUCTS

- CMBS AAA conduit and subordinate tranches tightened. SASBs were mixed, with AAA floating-rate primary spreads unchanged, but AAA secondaries and subordinate tranches tighter. CRE CLO spreads were all flat. Four transactions priced—two SASBs, one conduit, and one UK SASB. The SASB and CRE CLO pipelines continue to build as spreads retrace from April widening. At $75B YTD, CMBS issuance is nearly 70% greater than the year-ago volume, largely driven by SASB transactions.
- In RMBS, non-QM widened further across the capital stack on supply-related pressures while CRTs tightened on strong demand and lack of new issuance. Non-QM issuance remains heavy, with $3.4B across 10 deals pricing, bringing non-QM YTD issuance to $77B. Home prices are up by about 1.93% YTD through April, and we expect HPA to be around 3% in 2025, with an uneven performance in some regions.
- The U.S. CLO primary market remained active, with $15.9B across 33 transactions, including 10 new issues, 17 resets, and six refinancings. In Europe, issuance resumed with approximately €2.9B across seven deals—four new issues and three resets—coming to market. Spreads in the U.S. held steady and are expected to remain range-bound with a bias toward widening, while European spreads softened, especially at the top of the capital structure.
- ABS spreads were range-bound in light primary activity following heavy issuance the week prior. The U.S. pipeline is expected to remain light over the next two weeks. The ABS premium over U.S. corporates was unchanged at 38 bps. FICO's new scoring model will factor in buy-now-pay-later (BNPL) loans. This is a long-overdue leap in credit visibility for lenders, but a double-edged sword for consumers, as it can build or chip away at credit scores.

MUNICIPALS

- Munis underperformed Treasuries last week. Despite a rally in broader rates, munis finished the week with rates little-changed. M/T yield ratios on the 5-year, 10-year, and 30-year, whilst modestly higher on the week, now sit well above their one-year averages at 72%, 78%, and 94%, respectively.
- The primary pressure point for the market is supply, which is running 15%-20% ahead of last year. However, we're starting to see supply moderate as demand finished its ninth consecutive week of positive flows (+$9.5B YTD). This week, demand is expected to exceed supply, with +$35B of reinvestment competing for $2.5B worth of issuance on a holiday-shortened week.
- A key area of uncertainty is the changes to healthcare that will ultimately be included in the reconciliation bill.

THE RETURNS TABLE As of June 27, 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	1.91	3.75	---	-16	-14	-49	-96	0.32	1.02	2.60	5.35
U.S. 5-Year	4.51	3.83	---	-13	-12	-55	-47	0.70	1.46	4.43	5.93
U.S. 10-Year	7.95	4.28	---	-10	7	-29	-1	0.85	0.51	4.54	4.14
U.S. 10-Year Breakeven	--	2.30	---	-4	-7	-3	4	---	---	---	---
U.S. 10-Year TIPS	4.26	1.96	---	-6	12	-27	-7	0.60	0.24	5.47	5.09
U.S. 20-Year	12.52	4.84	---	-7	24	-2	30	0.88	-2.12	1.96	-0.61
U.S. 30-Year	15.70	4.84	---	-6	27	5	41	0.92	-3.10	1.17	-2.84
U.S. SOFR	---	---	---	10	-2	-10	-95	0.08	1.06	2.16	4.84
UK 10-Year	7.65	4.50	---	-3	-17	-6	37	0.33	2.47	2.36	2.36
Germany 10-Year	8.35	2.59	---	7	-15	23	14	-0.57	1.89	0.80	0.80
Switzerland 10-Year	9.82	0.43		6	-11	16	-13	-0.57	1.23	-0.91	2.21
Japan 10-Year	8.50	1.43	---	4	-5	35	36	-0.31	-1.60	-1.60	-1.60
Australia 10-Year	8.51	4.13	---	-5	-26	-23	-28	0.55	3.58	4.50	7.34
Canada 10-Year	8.39	3.31	---	0	34	8	-17	0.28	-1.80	3.49	3.49
MAJOR FI MS INDICES											
Global Aggregate Unhedged	6.53	3.50	32	-1	-2	-3	-9	0.98	4.24	6.99	8.41
Global Aggregate Hedged	6.53	3.50	32	-1	-2	-3	-9	0.33	1.43	2.62	5.75
U.S. Aggregate	6.08	4.56	32	-1	-3	-2	-7	0.68	0.85	3.65	5.22
Euro-Aggregate (Unhedged)	6.39	2.80	52	-4	-4	-10	-23	-0.12	1.68	0.77	4.53
Japanese Aggregate	8.64	1.38	0	0	0	0	0	0.01	-0.14	-2.52	-2.27
MAJOR FI CREDIT INDICES											
Mortgage-Backed (Agency)	5.89	4.98	36	-3	-1	-7	-11	0.83	0.83	3.91	5.60
Global IG Corporate Bonds	5.97	4.49	90	-1	-8	1	-14	1.01	4.04	6.99	8.85
U.S. IG Corporate Bonds	6.92	5.06	85	0	-9	5	-9	0.67	1.34	3.68	5.90
European IG Corporate	4.58	3.09	93	-4	-5	-9	-26	-0.02	1.70	1.69	5.85
U.S. High Yield Bonds	3.22	7.10	292	-7	-55	5	-22	0.81	3.27	4.30	10.08
European High Yield Bonds	2.97	5.57	321	-11	-25	3	-50	0.06	1.72	2.28	8.13
U.S. Leveraged Loans	0.3	8.11	461	-10	-37	-14	-47	0.38	2.21	2.83	7.41
European Leveraged Loans	0.3	7.04	463	6	-31	-9	-25	-0.06	1.33	2.33	6.59
EM Hard Currency Sovs.	6.45	7.56	321	-6	-29	-5	-75	1.09	3.05	5.27	9.36
EM Corporates	4.25	6.78	270	3	5	29	0	0.55	1.44	3.90	7.60
EM Currencies	---	5.15	---	-1	-2	-3	-3	1.25	7.01	10.36	10.98
EM Local Rates	5.26	6.01	6	0	0	0	-1	0.34	2.60	4.26	7.51
CMBS	3.93	4.74	84	-1	-3	4	-13	0.63	1.66	4.27	7.33
ABS	2.64	4.43	56	-1	-4	12	-1	0.39	1.25	2.80	6.12
CLOs	3.73	4.87	138	0	-5	-3	-11	0.11	1.52	2.62	6.02
Municipal Bonds	6.68	3.97	---	-3	12	23	25	0.20	-0.23	-0.45	1.03

		Total Return (%)			
Equity/Volatility	Level	WTD	QTD	YTD	Prior Yr
S&P 500 Index	6,173	3.5	10.4	5.6	14.1
DAX	24,033	2.9	8.4	20.7	32.0
Stoxx 600	544	1.4	3.7	9.9	9.7
Nikkei 225	40,151	4.7	12.9	1.7	4.1
Shanghai Composite	3,424	2.2	3.6	3.4	20.0
MSCI ACWI Index	915	3.3	11.3	9.9	16.1
FTSE 100	8,799	0.3	3.6	9.9	11.5
MOVE Index	88	-2.4	-13.2	-11.0	-8.1
VIX Index	16	-20.9	-26.8	-5.9	33.3

		% Change			
FX/Commodities	Spot	WTD	QTD	YTD	Prior Year
EUR/USD	1.2	1.7	8.3	13.2	9.5
USD/JPY	144.7	-1.0	-3.5	-8.0	-10.0
GBP/USD	1.4	2.0	6.2	9.6	8.5
EUR/CHF	0.9	-0.7	-2.1	-0.4	-2.7
USD/CHF	0.8	-2.3	-9.6	-11.9	-11.1
USD (DXY)	97.4	-1.3	-6.5	-10.2	-8.0
Oil	65.5	-12.6	-8.3	-8.6	-19.8
Gold	3274.3	-2.8	4.8	24.8	40.7

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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

NOTICE: IMPORTANT INFORMATION

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

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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