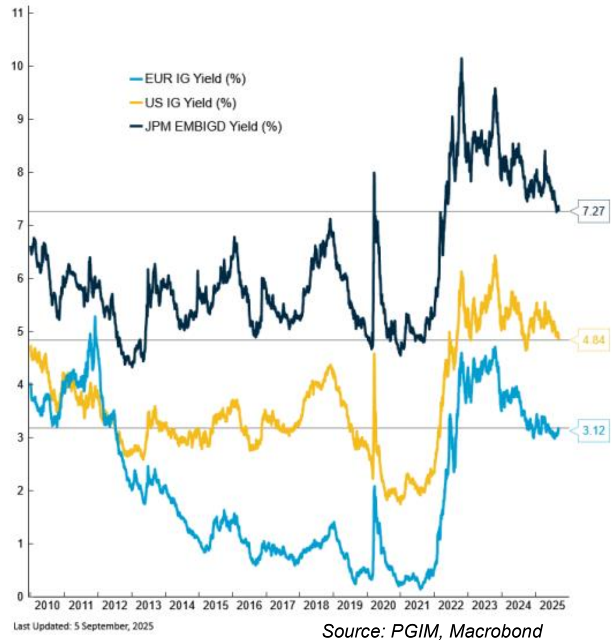
Fed Cuts Set to Support with Attendant Risks

WEEKLY VIEW FROM THE DESK | September 15, 2025

LINK TO WEEKLY RETURNS TABLE

MACRO

- As we take stock of the year thus far and the months ahead, we've adjusted our 12-month macroeconomic scenarios to account for the various crosscurrents at play. Although we continue to see **"Muddle Through"** conditions as our base case in the U.S. (40% probability), EU (45%), and China (60%), the probabilities have declined in each region, and we've refined some of our accompanying scenarios.
- Our benign "Muddle Through" base case consists of Fed rate cuts—at first into the estimated neutral level of about 3%—and potentially into accommodative territory by the end of 2026 (Fed Chair Powell's term in mid-March of next year). When combined with dovish tilts by other major global central banks, the policy trajectory should reduce recession risks, while supporting front-end rates and risk assets.
- The mounting likelihood of aggressive Fed easing—even amid sticky inflation—increases the probability of an **"Overheating"** scenario in the U.S. (25%) with potential spillover to the global economy (probabilities of 20% and 10% for Europe and China, respectively).
- Indeed, the balance of risks within our scenarios focuses on the Fed's potential dovish reaction function, which, over time, could elicit rising risk premia and destabilize risk assets. However, the time span between receding recession risks and the point of economic overheating is uncertain and could be prolonged. Our **"Recession"** probability for each of the three regions remains relatively low at 15%.
- From a market perspective, our base case also assumes that credit spreads remain near their current, tight levels. The resulting upside/downside dynamic warrants caution and a preference for positions focused on front-end carry. From a credit lens, DM corporate and EM sovereign credit spreads are priced for a benign macro environment and positive excess returns in our base case. Indeed, all-in yields remain historically attractive (see accompanying chart). However, our bearish tail scenarios are thicker than the markets' current expectations.



Source: PGIM, Macrobond

DEVELOPED MARKET RATES

- In terms of duration under our base case, we expect Fed rate cuts to support positive excess returns on the U.S. 10-year note amid risks that are broadly balanced. We also see positive, yet more incremental, excess returns on the German 10-year bund.
- While expectations are coalescing around a 25 bps cut to the Fed funds rate this week, several other potential developments warrant monitoring. For example, the "dots" in the summary of economic projections could show meaningful declines in 2026 and 2027.
- It is also possible for more dissentions amongst FOMC voting members—the last time there were three dissenting members was in 1998. The Senate confirmed Stephen Miran's appointment to the Fed board prior to the start of this week's Fed meeting. The Fed's QT initiative may also conclude in Q4 with the Fed likely to reinvest mortgages running off of the balance sheet into Treasuries.
- Agency MBS valuations have firmed in recent weeks, but the market is beginning to anticipate Fed easing through the end of this year into the end of 2026. Lower volatility may persist, which would benefit the sector. MBS carry remains intact vs. intermediate USTs, even with snug spread profiles, as the Fed resumes its easing cycle.

Market Pricing of Fed Funds

	Level	Change Per Meeting		
Date	09/12	09/12	09/05	Delta
Jan-25	4.38	0.00		
Mar-25	4.38	0.00		
May-25	4.38	0.00		
Jun-25	4.38	0.00		
Jul-25	4.38	0.00		
Sep-25	4.11	-0.26	-0.27	0.01
Oct-25	3.91	-0.21	-0.19	-0.02
Dec-25	3.67	-0.23	-0.23	-0.01
Jan-26	3.55	-0.13	-0.14	0.01
Mar-26	3.41	-0.13	-0.15	0.01
Apr-26	3.34	-0.07	-0.10	0.02
Jun-26	3.20	-0.14	-0.15	0.01
Jul-26	3.13	-0.07	-0.08	0.01
Sep-26	3.04	-0.09	-0.09	0.01
Oct-26	3.00	-0.04	-0.04	0.00
Dec-26	2.96	-0.04	-0.03	-0.01

As of 09/12/2025
Note: Shaded is implied from Fed Funds Futures
Source: PGIM

IG CORPORATES

- In the U.S., IG corporate spreads ranged between 83 and 73 bps in the QTD. Our short-term scenarios look positive for IG, with a high probability of further spread tightening. By maturity, the long end of the IG curve has outperformed the front-end, and previously underperforming areas—e.g., BBB-rated bonds, intermediate bonds, and utilities—have posted positive gains.

- Second quarter earnings releases show strong margins (~30%), stable leverage (~3x), ample debt coverage (9x). In addition, earnings growth is projected to be between 10% and 12% in 2026. In terms of technicals, negative net issuance since Q1 has continued to support the U.S. IG market.
- In Europe, IG spreads moved back towards their YTD tights, ending last week at OAS +80. Euro IG looks more attractive relative to U.S. dollar IG for non-domestic investors, supporting continued inflows. In addition, regulatory changes in some European countries are expected to further increase flows into risk assets.
- After French PM Bayrou lost his vote of confidence last week, President Macron swiftly appointed his defense minister, Sébastien Lecornu, to advance the French budget. French government bonds consequently rallied, and French bank paper outperformed on the week. In terms of fundamentals, while risks due to French politics are acknowledged, they do not appear to pose immediate threats to market stability.

LEVERAGED FINANCE

- A strong earnings season and a resilient technical environment helped drive HY spreads to near-historic tights in Q3 2025. Revenue and earnings growth for HY companies during the May-Aug 2025 earnings season were positive, as companies appeared to be passing through tariff costs to consumers.
- Quarter-to-date performance across credit tiers is positive, with CCCs outperforming BBs, and BBs outperforming Bs. Sector performance is positive, with media, metals, and retail the top performers, and paper, chemicals, and technology the weakest. The supply surplus continues, running $9.9B in Q3, while retail flows remained positive at $4.4B. At $82.1B Q3 gross issuance is robust, with nearly 90% of proceeds going to refinancing.
- The U.S. bank loan market remains solid, with robust earnings and resilient demand driving spreads to, or below, all-time tights for mid- to high-quality issuers. Demand is underscored by strong earnings, steady inflows, and robust CLO issuance. In the primary market, $279B priced thus far in Q3, with nearly 90% backing repricing or refinancing.
- European HY bond spreads have tightened QTD, with solid technicals continuing to be the primary driver of demand for mid- to high-quality issues. Meanwhile, bank loans edged wider despite steady inflows, limited supply, and ongoing CLO formation. Both are at the tight end of their respective three-year range.
- HY bond issuance of approximately €23B thus far in Q3 2025 is 15% greater than the year-ago period, and heavily weighted toward refinancing. For loans, QTD issuance of €21.7B is 50% greater than the year-ago period, and heavily weighted toward refinancing, as well.

EMERGING MARKETS

- EM hard currency spreads have continued to tighten throughout Q3 (with high yield outperforming) amid global growth resilience, EM export strength, expectations of Fed rate cuts, U.S. dollar weakness, and reduced tail risks. EM fund inflows have picked up and are positive after successive years of outflows. While macro uncertainty remains elevated, it appears supportive for EMD as all-in yields remain high even as spreads are nearing the tighter end of their range.
- Within EMFX, high-carry currencies have continued to outperform low-carry currencies, with LatAm outperforming thus far in Q3. We remain relative-value focused (long high carry versus short low carry) with a small, short USD bias. In EM local rates, the tailwind from lower U.S. yields continues to benefit many local markets. The Index yield has declined throughout Q3, but some high yielders (such as South Africa, Mexico, Colombia, and Indonesia) have rallied much more. Due to stretched valuations, we are cautiously constructive on EM rates. Unless the Fed accelerates the rate cutting cycle, it's hard for many low yielding markets to outperform the forward curves.
- EM corporate spreads have now fully retraced the tariff-related widening and are almost unchanged for the year. Going forward, we believe that mid- to high-single digit annualized returns are possible from carry, roll-down, and some spread compression in higher-quality high yield as technicals remain supportive.

SECURITIZED PRODUCTS

- In CMBS, valuations for most property types have stabilized and we expect price appreciation to be flat for the year—likely no V-shaped recovery given long-term rate expectations. Elevated SASB supply has kept spreads reasonable, and we see value in high-quality deals with structural protections. In conduit, we favor shorter spread duration opportunities given the flat/inverted term curve and relative value vs intermediate corporates.
- In RMBS, overall mortgage credit remains strong, although rising delinquency levels in weaker borrowers remains. As non-QMs remain the most scalable opportunity to gain mortgage credit exposure, we favor less negatively convex collateral subtypes. We are adding AAA, second-lien/HELOC deals in the mid-100s and IG stack across benchmark shelves.
- CLO while bank loan defaults are easing, they remain historically elevated. Senior CLO tranches continue to offer attractive relative value compared to many fixed income asset classes. We are currently seeing the most value in senior tranches, while selectively adding higher-quality mezzanine tranches. While collateral fundamentals remain solid overall, tail risks remain, with 10% of the BSL market showing stressed interest coverage ratios.
- In ABS, the marginal consumer remains pressured, taking on more debt due to inflation and above-trend consumption. 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

- YTD, munis remain at historically cheap levels, particularly on the long, with the 5-year, 10-year, and 30-year M/T yield ratios ending last week at 60%, 71%, and 90%, respectively. Heavy issuance and lack of back-end support from retail and banks resulted in a 2s30s muni curve that is 115 bps steeper YTD. However, there has been a sharp reversal in September, with the muni curve flattening by 18 bps.
- MTD, muni rates have outperformed Treasuries. Moreover, historically high rates have made munis attractive in absolute terms and relative to Treasuries. While this may have resulted in some tightening of credit spreads on the margin, spreads have room to compress further.

THE RETURNS TABLE As of September 12, 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	1.87	3.56	---	5	-16	-69	-8	0.00	0.96	3.67	3.62
U.S. 5-Year	4.49	3.63	---	5	-16	-75	17	-0.08	1.46	6.17	3.10
U.S. 10-Year	8.02	4.07	---	-1	-16	-51	39	0.30	2.31	7.45	1.15
U.S. 10-Year Breakeven	--	2.37	---	0	9	3	31	---	---	---	---
U.S. 10-Year TIPS	4.46	1.70	---	-1	-24	-54	9	0.28	3.28	9.26	4.64
U.S. 20-Year	12.74	4.65	---	-6	-13	-21	58	0.96	2.76	5.59	-3.90
U.S. 30-Year	15.94	4.68	---	-8	-9	-10	69	1.58	2.66	4.87	-7.04
U.S. SOFR	---	---	---	0	-3	-7	-91	0.09	0.90	3.12	4.62
UK 10-Year	7.62	4.67	---	3	18	11	89	-0.11	-0.45	2.06	2.06
Germany 10-Year	8.58	2.71	---	5	11	35	57	-0.40	0.06	0.06	0.06
Switzerland 10-Year	9.63	0.22	---	-2	-18	-5	-19	0.27	1.80	1.13	2.27
Japan 10-Year	8.42	1.59	---	2	16	50	73	-0.09	-1.08	-1.08	-1.08
Australia 10-Year	8.29	4.22	---	-12	5	-15	36	1.12	0.39	4.64	1.32
Canada 10-Year	8.20	3.19	---	-8	-9	-4	27	0.73	1.37	5.23	5.23
MAJOR FI MS INDICES											
Global Aggregate Unhedged	6.49	3.43	29	-1	-3	-6	-10	0.20	0.71	8.04	3.07
Global Aggregate Hedged	6.49	3.43	29	-1	-3	-6	-10	0.21	1.23	4.07	3.06
U.S. Aggregate	6.08	4.29	28	-2	-5	-6	-10	0.41	2.28	6.40	2.87
Euro-Aggregate (Unhedged)	6.34	2.88	48	-3	-4	-14	-20	-0.07	0.05	0.89	1.40
Japanese Aggregate	8.49	1.56	1	0	0	1	0	-0.02	-1.38	-3.93	-5.16
MAJOR FI CREDIT INDICES											
Mortgage-Backed (Agency)	5.54	4.62	29	-3	-8	-14	-10	0.56	2.76	7.10	3.23
Global IG Corporate Bonds	6.05	4.27	79	-3	-10	-10	-28	0.38	1.99	9.54	5.85
U.S. IG Corporate Bonds	7.04	4.74	74	-3	-9	-6	-23	0.59	2.86	7.15	4.04
European IG Corporate	4.55	3.07	80	-5	-12	-22	-42	-0.03	0.75	2.57	4.21
U.S. High Yield Bonds	3.10	6.64	270	-3	-20	-17	-56	0.27	2.31	6.98	8.43
European High Yield Bonds	2.95	5.26	289	-14	-32	-29	-92	0.22	1.56	3.89	6.98
U.S. Leveraged Loans	0.3	7.81	446	-1	-13	-29	-51	0.16	1.52	4.53	7.34
European Leveraged Loans	0.3	7.12	466	-1	3	-6	-10	0.12	0.69	3.09	5.63
EM Hard Currency Sovs.	6.59	7.06	289	-9	-33	-36	-99	0.81	4.70	10.69	9.80
EM Corporates	4.41	6.31	243	-7	-22	3	-41	0.41	3.08	7.24	7.24
EM Currencies	---	5.92	---	0	0	-2	-1	0.53	0.76	11.28	8.15
EM Local Rates	5.34	5.87	6	0	0	-1	0	0.26	1.82	6.32	6.09
CMBS	3.88	4.45	78	0	-6	-2	-19	0.00	1.83	6.40	4.82
ABS	2.69	4.13	49	0	-7	5	-15	0.09	1.58	4.55	4.67
CLOs	3.89	4.62	133	0	-3	-7	-14	0.11	1.16	3.89	5.89
Municipal Bonds	6.29	3.58	---	-20	-38	-16	23	1.48	3.06	2.70	1.78

		Total Return (%)			
Equity/Volatility	Level	WTD	QTD	YTD	Prior Yr
S&P 500 Index	6,584	1.6	6.4	13.0	19.2
DAX	23,698	0.4	-0.9	19.0	28.0
Stoxx 600	555	1.0	2.8	12.5	12.1
Nikkei 225	44,768	4.1	10.6	13.5	23.9
Shanghai Composite	3,871	1.6	13.4	18.0	46.2
MSCI ACWI Index	972	1.7	6.3	17.2	20.6
FTSE 100	9,283	0.8	6.7	16.8	16.6
MOVE Index	73	-14.0	-18.7	-25.7	-25.2
VIX Index	15	-2.8	-11.8	-14.9	-13.5

		% Change			
FX/Commodities	Spot	WTD	QTD	YTD	Prior Year
EUR/USD	1.2	0.1	-0.4	13.3	6.0
USD/JPY	147.7	0.2	2.5	-6.1	4.1
GBP/USD	1.4	0.3	-1.3	8.3	3.3
EUR/CHF	0.9	-0.1	0.0	-0.6	-0.8
USD/CHF	0.8	-0.2	0.4	-12.2	-6.4
USD (DXY)	97.6	-0.2	0.7	-10.1	-3.8
Oil	62.7	1.3	-3.7	-12.6	-9.1
Gold	3643.1	1.6	10.3	38.8	42.4

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 September 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.

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