LOOMIS | SAYLES

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Investment Outlook

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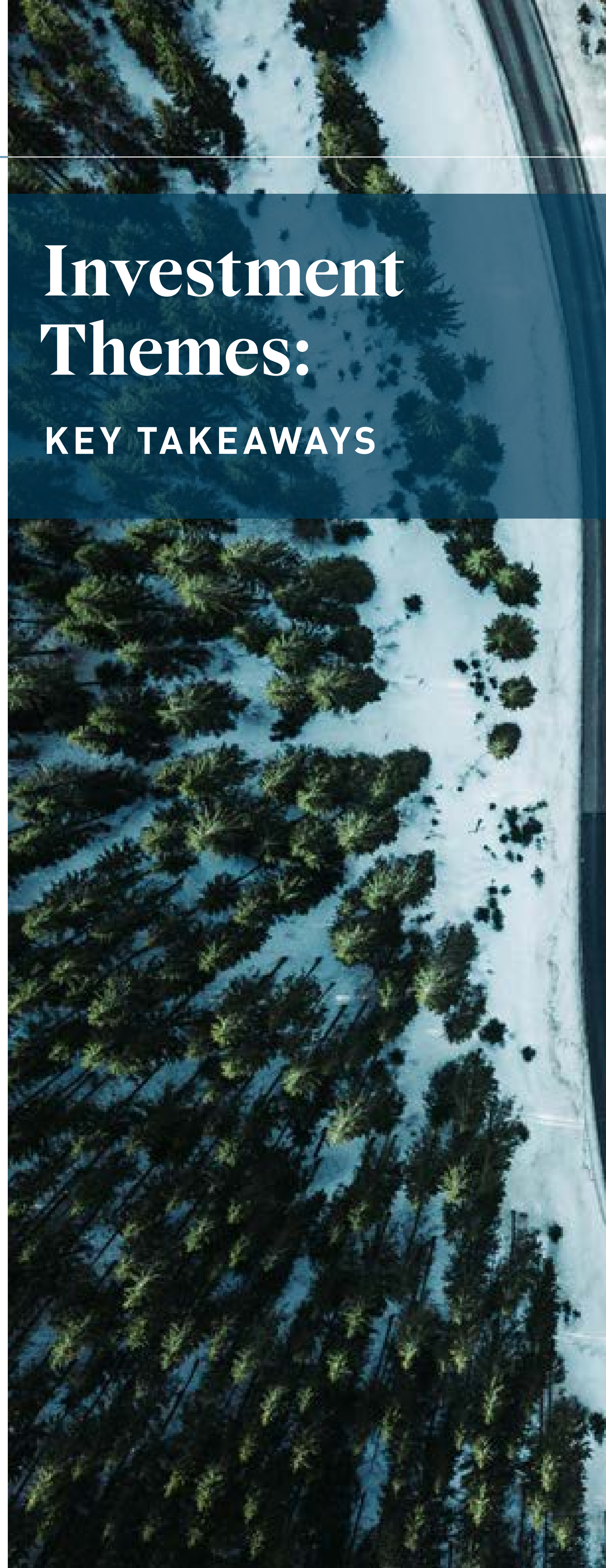
We anticipate a volatile start to 2023, which could provide investment opportunities.

The global economic cycle appears to be transitioning from late expansion to downturn. But articulating the downturn's starting point is proving very difficult.

On one hand, areas of strength include corporate earnings growth, which has been decelerating but is positive in most regions. Also, we have seen only a marginal move higher in global unemployment rates, despite slowing economic growth and aggressive monetary policy tightening. But ultimately, we expect the lagged effect of monetary policy to prevail and put additional downward pressure on earnings and economic growth.



Investment Themes:

KEY TAKEAWAYS

While we see indications of inflation having peaked, the battle has not been won. We believe the Federal Reserve (Fed) would welcome signs of labor market weakness.

Corporate fundamentals are starting to weaken but remain in decent shape broadly speaking.

A pivot toward rate cuts would likely require a recession, consistent downside inflation surprises and evidence of labor market slack.

Bouts of risk aversion could lead to strong performance for the US dollar, but country-specific catalysts could help drive returns in certain currencies.

Large-cap corporate earnings, which have been a key driver of the expansion and job growth, could turn meaningfully lower and even contract.

Taking advantage of market dislocations during heightened volatility could be an effective way to potentially generate alpha in this late cycle regime.

Our recommended allocation expresses a cautious view. We believe in an opportunistic investment approach for 2023, especially when market volatility shifts valuations.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

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Macro Drivers

Labor market resilience has helped keep the US economy from slipping into recession.

- Inflation pressures will likely keep central bankers uncomfortable throughout the first half of 2023. For example, the Bank of Japan (BoJ) and notably the European Central Bank (ECB) are likely to get incrementally more hawkish.
- The Fed is set to deliver another hike in February, likely 25 basis points, but it could pause thereafter should inflation continue to head lower.
- Supply chain bottlenecks were a primary driver of inflation during the pandemic, but that issue is largely in the past.
- Slower economic growth and less robust labor markets are needed to help get inflation under control globally.
- Slowing job gains and eventual layoffs could prevent the wage-price spiral from taking hold more aggressively. Striking the right balance won't be easy in our view, and a downturn could be unavoidable.
- While corporations have been adding jobs of late, we are on the lookout for a shift in hiring patterns.

PEAK EARNINGS EQUAL PEAK EMPLOYMENT

Rising employment lifts demand for goods and services. When layoffs accelerate, the relationship tends to work in reverse. Corporate profits fall as layoffs begin and at that point, a downturn is more likely.

Sources: S&P Global, Bureau of Labor Statistics. Data as of 13 December 2022.

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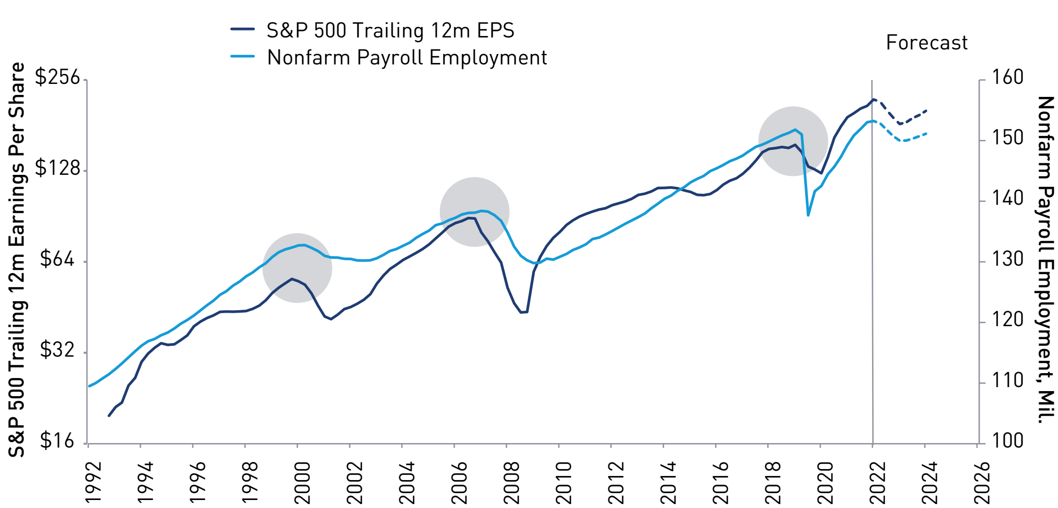

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Credit

Credit spreads appear tight at this late stage of the cycle, but benchmark yields could offer compelling compensation.

- The Loomis Sayles US credit, risk premium framework suggests underlying fundamentals are currently solid. Our tool suggests the possibility of earning positive excess returns during the next six months is above median.
- We believe losses due to credit rating downgrades within the US investment grade corporate sector should remain historically low. The Loomis Sayles High Yield Sector Team expects the US high yield default rate to rise from its December 2022 level of 1.4% toward 4.0% by late 2023 in the event of an economic downturn. While a large increase, a 4.0% default rate would be relatively low compared to past downturns.
- A weakening global economy is likely to usher in more volatility throughout the first two quarters of 2023, but that can bring opportunity for bottom up security selection.
- Risk aversion, driven by macroeconomic developments, will likely ebb and flow, impacting many credits. Therefore, we would seek to invest if disconnects between current market value and fair value emerge.
- Bumpy markets throughout 2023 could offer multiple opportunities to invest in global credit for the long term.

GLOBAL CREDIT BENCHMARK YIELDS

We see relatively attractive income-generating opportunities in global credit markets.

Sources: Refinitiv Datastream, Bloomberg, JP Morgan, S&P Global. Data as of 13 December 2022.

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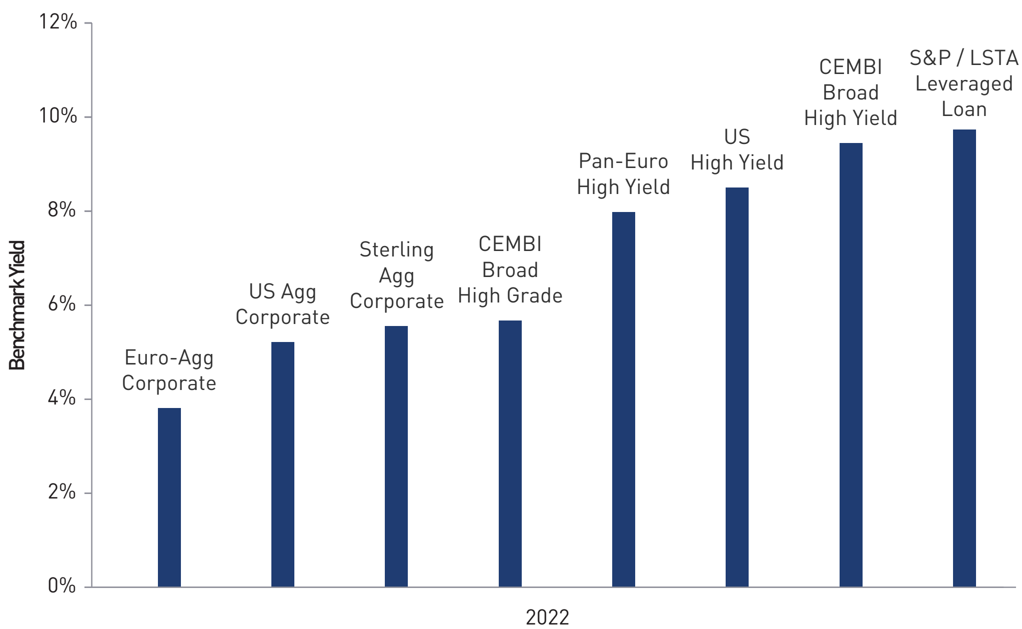

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Government Debt & Policy

Fiscal and monetary authorities across the world want to see inflation lower, perhaps even at the expense of growth.

- Yields across developed and emerging markets ratcheted higher in 2022 driving government borrowing costs up substantially. The path forward may be differentiated by various central bank expectations.
- The Fed could pause on hikes in early 2023. As a result, we believe US Treasury yields may have already hit their cycle peak. The ECB, on the other hand, just delivered more-hawkish-than-expected views for 2023. Consequently, yields in the eurozone could continue higher even if Treasurys do not follow.
- Even if government bond yields have stopped rising, we do not expect a significant retreat. In our view a return to yields seen at the start of 2022 is highly unlikely in 2023.
- After months of enforcing a zero-COVID-19 program that stymied growth, China has loosened restrictions on citizens. The initial phase of reopening is likely to be chaotic as COVID cases will likely surge, but we believe China may bounce back with around 5% real growth in 2023.
- Excessive inflation limits the monetary and fiscal response to the next downturn. We do not think investors should expect a wide sweeping rescue, particularly if the downturn begins in mid-2023.

S&P GLOBAL MANUFACTURING PMI INDICATORS

The more cyclical areas of the global economy, like manufacturing, are already in contraction. A downturn could be around the corner if services-related industries follow that trend.

Source: Refinitiv Datastream. Data as of 13 December 2022.

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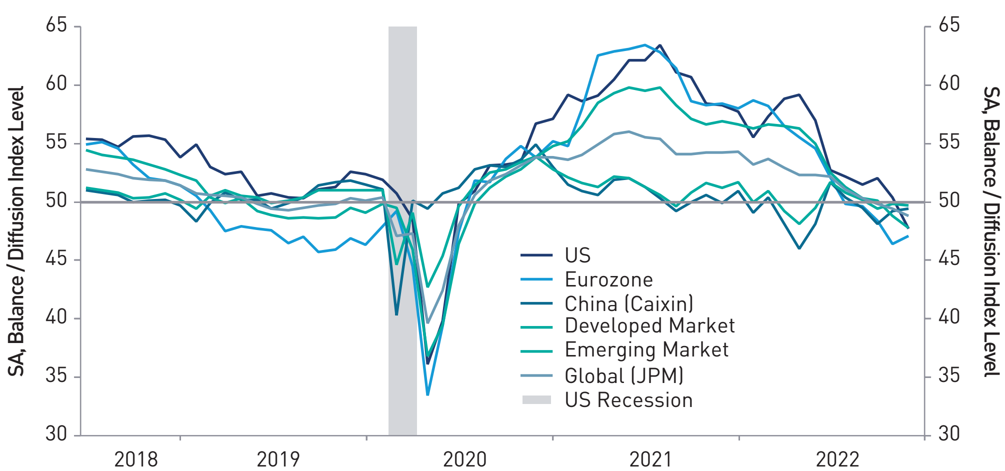

PMI stands for Purchasing Managers' Index. Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.

Currencies

A steadfast ECB could counterbalance US dollar strength as the Fed's hiking cycle comes to a pause, while hiking continues in Europe.

- Concern of a downturn is prevalent. If one develops, we would expect "safe-haven" flows to ensue and contribute to US dollar strength.
- The Fed's rapid tightening cycle could pause in early 2023. This could take some upward pressure off the dollar, especially if other developed market central banks remain engaged in hiking.
- With the UK's 2022 political drama settled, a case for pound sterling stability can be made. A step toward eventual tighter policy by the BoJ could drive a less volatile yen in 2023.
- With nearly all central banks striking a hawkish tone, the one-way bullish US-dollar trend could be challenged. Investors can be selective and identify idiosyncratic opportunities across countries.
- We expect oil prices to remain firm. The Canadian dollar and Norwegian krone could do well given these expectations. Latin America is currently a preferred region to add foreign exchange exposure in our view, particularly in Mexico, Brazil and Colombia.

LOOMIS SAYLES BROAD FX INDEX

Foreign currencies may not broadly outperform the US dollar in early 2023. However, valuations have been relatively attractive and the macro backdrop could shift in favor of a broad foreign currency rebound in the second half of 2023.

Source: Refinitiv Datastream. Data as of 13 December 2022.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JP Morgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

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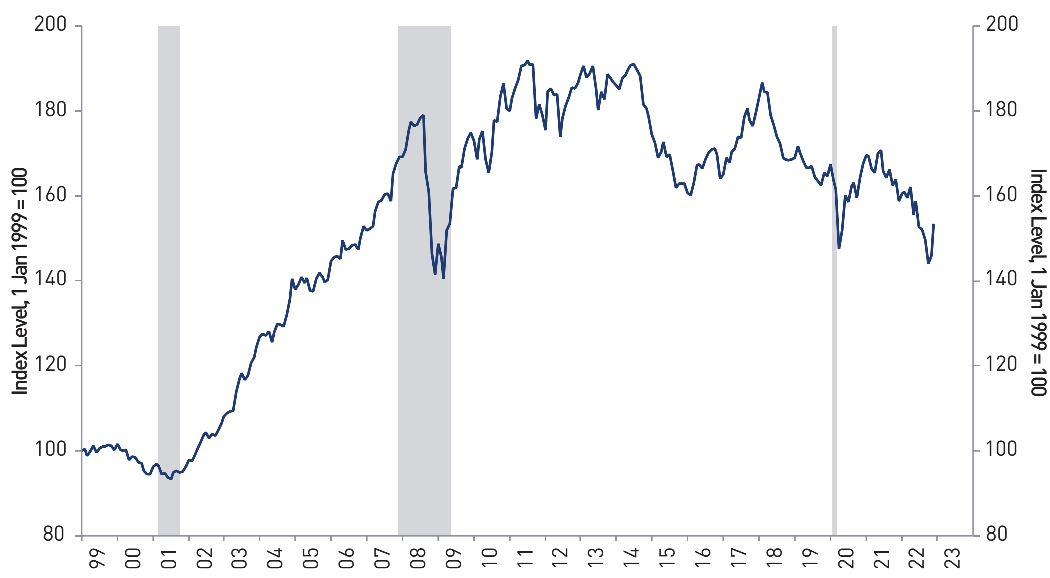


The Loomis Sayles Broad FX Index is a combined basket of 23 developed and emerging market currencies. Total return is calculated by adding weekly spot level change to income earned by holding one-month forward contracts in each currency. ***The chart presented above is shown for illustrative purposes only.*** *Some or all of the information on this chart may be dated, and, therefore, should not be the basis to purchase or sell any securities. The information is not intended to represent any actual portfolio currently managed by Loomis Sayles. Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.*

Equities

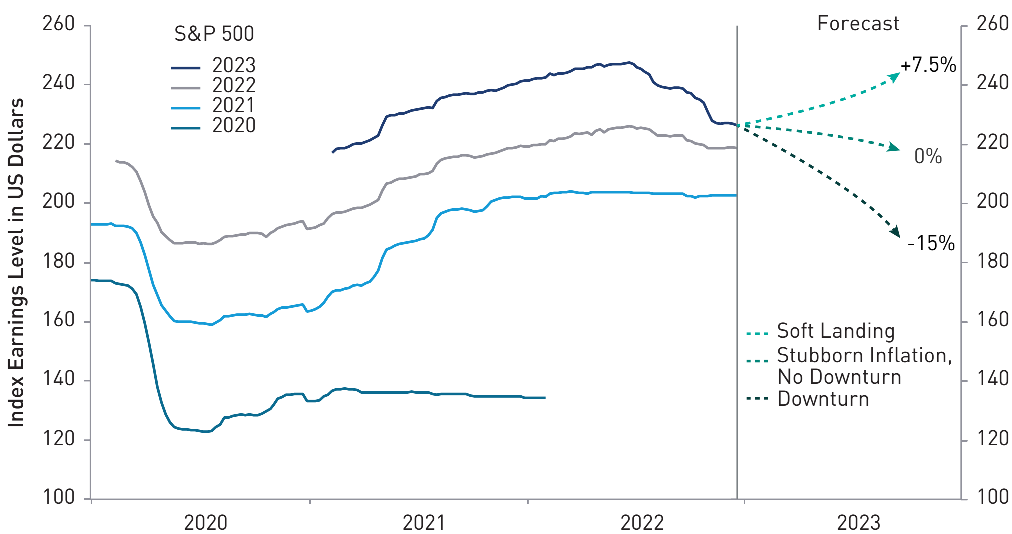
Tighter financial conditions, slowing nominal GDP and declining profit margins will likely lead S&P 500 consensus earnings estimates lower for calendar year 2023.

- Global equity price-to-earnings multiples are unlikely to expand until central banks begin to ease restrictive monetary policy—an unlikely shift anytime soon.
- Equity markets could struggle to make headway until there is more clarity on the economy and a path for earnings growth in the second half of 2023.
- We believe the first half of 2023 will be a delicate dance where central banks work to lower inflation by slowing the economy, which likely means a hit to corporate fundamentals—including revenue growth and profit margins.
- Companies have done well pushing higher prices through to end users, but as inflation slows, often so does pricing power. With less pricing power, we could see profit margins drifting lower but not collapsing.
- A global economic slowdown and weaker operating environment for corporations appears to have already been priced in to equity markets. A downturn, where central banks continue to fight inflation by raising, or at least holding steady, policy rates, has not been fully priced in our view.

CONSENSUS EARNINGS ESTIMATES

In the event of a downturn, we would expect S&P 500 corporate profits to decline approximately 15%, a slightly deeper contraction than a median downturn.

Source: Refinitiv Datastream, I.B.E.S. Data as of 13 December 2022.



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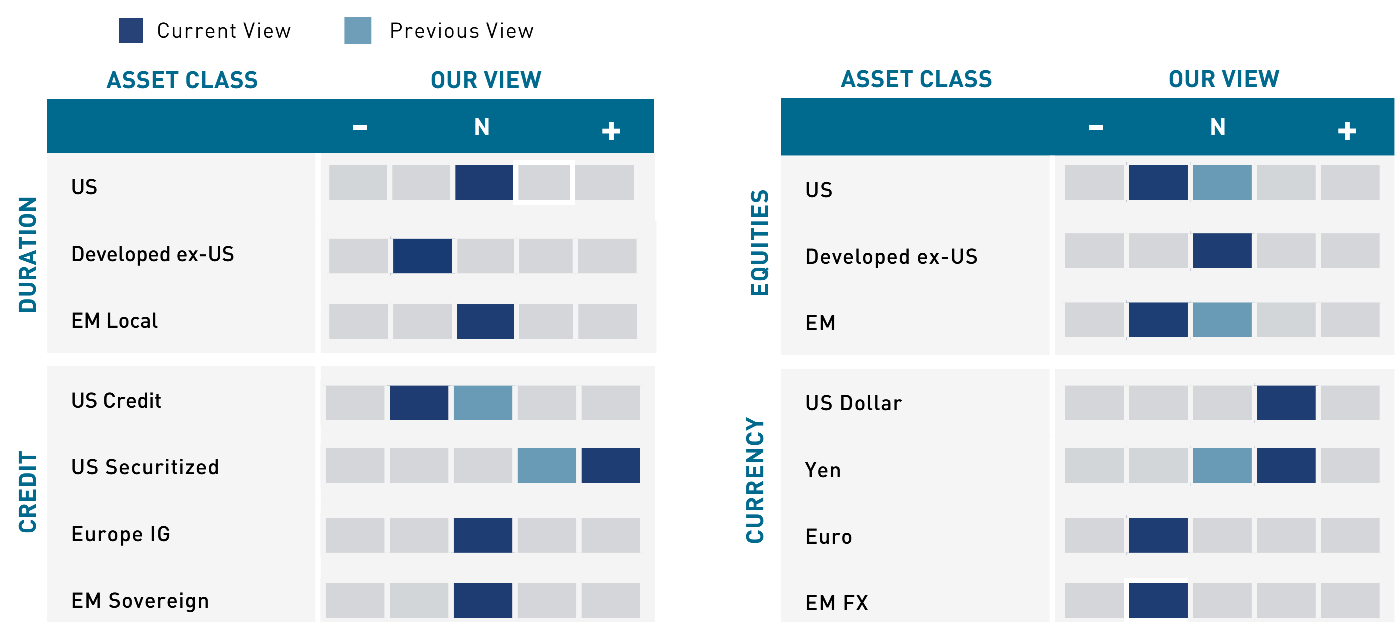
Potential Risks

Many are anticipating a mild global downturn, but we see significant upside and downside risks to that view.

- Two key pillars of the macro economy, corporate profits and the labor market, may keep the expansion alive despite stubborn inflation. We cannot see a downturn taking hold without meaningful job losses, rising unemployment rates and a profits recession.
- Corporate health is still in decent shape despite central bank tightening and higher interest rates. While not entirely likely, a soft landing remains possible if deterioration in corporate fundamentals is limited while inflation cools faster than anticipated.
- Sentiment is generally negative across economists and market strategists. Therefore, any positive developments within the economic, policy or geopolitical landscape could spark a risk-asset recovery.
- Downside risks are anchored to stubborn inflation that does not decline fast enough to align with central-bank targets. Central banks could tighten into a recession in order to restore long-term price stability.
- Holding policy rates higher for longer to stamp out inflation represents another potential hit to asset valuations. Unemployment could head toward 6.0% while corporate profits likely plunge.

Asset Class Outlook

Our recommended allocation expresses a cautious view. We believe in an opportunistic investment approach for 2023, especially when market volatility shifts valuations.



Fourth Quarter Review

INDEX RETURNS BY SECTOR
as of 31 December 2022

INDEX				
US BROAD MARKET	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US AGGREGATE BOND	-0.45	1.87	-2.97	-13.01
BBG US GOVERNMENT/CREDIT	-0.48	1.80	-2.84	-13.58

After three challenging quarters of significant losses, in the final quarter of 2022 the broad fixed income market clawed back some of the ground it lost. This was largely attributed to the end of the Fed's hiking cycle possibly being in sight. The Fed decelerated its pace of hikes with its December rate increase.

US GOVERNMENTS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US TREASURYS	-0.52	0.72	-3.66	-12.46
3-MONTH T-BILLS	0.38	0.90	1.36	1.51
2-YEAR TREASURY	0.13	0.51	-1.09	-4.11
5-YEAR TREASURY	-0.43	1.18	-2.78	-9.74
10-YEAR TREASURY	-1.15	0.62	-5.24	-16.33
30-YEAR TREASURY	-2.49	-2.63	-12.72	-33.29
BBG US TIPS	-1.02	2.04	-3.21	-11.85
BBG US AGENCY	-0.05	0.70	-2.01	-7.87

US Treasurys modestly rebounded in the fourth quarter. Despite the significant rise in the short end of the curve, shorter maturities provided positive quarterly returns. The already high interest rates provided meaningful carry return that balanced out the fall in bond prices.

US MUNICIPALS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US MUNICIPALS	0.29	4.10	0.50	-8.53

Municipal bonds saw a large bounce-back in returns this quarter. This can be attributed to resilient credit fundamentals, continued light issuance and the benefit of higher carry as a result of the selloff in the first nine months of the year.

US SECURITIZED	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG MBS	-0.44	2.14	-3.32	-11.81
BBG ABS	0.66	0.81	-0.55	-4.30
BBG CMBS	0.04	1.02	-2.87	-10.91

The securitized market experienced its first positive quarterly return for 2022. Mortgage-backed securities outperformed the broader securitized market primarily due to its longer duration.

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INDEX RETURNS BY SECTOR
as of 31 December 2022

INDEX CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US INVESTMENT GRADE	-0.44	3.63	-1.61	-15.76
AAA	-1.39	2.56	-4.64	-20.32
AA	-0.82	2.80	-3.14	-17.29
A	-0.41	3.31	-2.04	-15.15
BBB	-0.39	4.07	-0.92	-15.90
BBG EUROPEAN INVESTMENT GRADE *-LOCAL CURRENCY RETURNS*	-1.77	1.09	-2.00	-13.65
AAA	-2.18	1.53	-2.67	-15.29
AA	-1.91	0.21	-2.85	-11.46
A	-1.91	0.86	-2.42	-13.35
BBB	-1.64	1.39	-1.56	-14.08
BBG STERLING INVESTMENT GRADE *-LOCAL CURRENCY RETURNS*	-1.73	6.88	-5.94	-19.27
AAA	-3.40	4.20	-8.04	-27.11
AA	-2.46	5.83	-6.68	-20.92
A	-1.91	6.50	-6.81	-20.40
BBB	-1.43	7.42	-5.04	-17.97

Corporate credit bonds experienced a rebound. While sterling corporates generally outperformed other developed markets in the fourth quarter, they still underperformed overall for the entirety of 2022. Investors' risk appetite clearly increased throughout the quarter as riskier, lower-quality bonds outperformed in each regional market.

CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US HIGH YIELD	-0.62	4.17	3.50	-11.19
BB	-0.45	4.31	3.56	-10.80
B	-0.81	4.93	4.24	-10.26
CCC	-0.90	0.51	0.08	-16.29
BBG PAN-EURO HIGH YIELD *-LOCAL CURRENCY RETURNS*	-0.88	4.70	3.75	-11.13
BB	-0.81	4.81	3.81	-10.73
B	-0.82	5.01	3.78	-11.37
CCC	-1.69	2.11	2.89	-13.31

Junk-rated bonds generated a positive return in the fourth quarter. Both US and European high yield bonds outperformed their investment grade counterparts, suggesting that investors became relatively more comfortable holding lower-quality securities.

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INDEX RETURNS BY SECTOR
as of 31 December 2022

INDEX				
BANK LOANS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
S&P/LSTA LEVERAGED LOAN	0.44	2.74	4.14	-0.60
BB	0.82	3.91	6.45	2.97
B	0.38	2.77	3.98	-1.10
CCC	-0.86	-2.08	-3.77	-12.03

Bank loans generally outperformed high yield bonds throughout all of 2022 primarily due to their floating-rate coupons, which significantly lowers bank loan duration risk. While bank loans underperformed the high yield bond market in the fourth quarter, the asset class produced mostly positive returns.

DEVELOPED COUNTRIES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
CITIGROUP WGBI *-LOCAL CURRENCY RETURNS*	-2.16	-0.66	-4.82	-13.76
CITIGROUP NON-USD WGBI	-3.26	-1.54	-5.39	-14.66
UNITED STATES	-0.72	0.49	-4.08	-12.61
CANADA	-1.52	-0.08	0.30	-10.30
JAPAN	-1.64	-2.56	-3.50	-7.43
AUSTRALIA	-2.86	-0.02	-0.98	-12.50
UNITED KINGDOM	-4.88	1.36	-13.19	-27.09
EUROPEAN GBI	-4.70	-2.23	-7.17	-18.52
FRANCE	-4.91	-2.58	-7.25	-19.01
GERMANY	-4.36	-3.00	-7.50	-17.86
IRELAND	-5.12	-2.96	-7.63	-19.36
ITALY	-4.51	-0.85	-6.53	-17.27
SPAIN	-4.31	-2.09	-6.62	-17.67

With the exception of the US and UK, countries in the Citigroup World Government Bond Index (WGBI) lost value this quarter. Generally, the larger economies within the euro zone performed worse than average while the periphery countries outperformed. Japan was also a comparative underperformer this quarter largely due to the loosening of its yield curve control measures.

EMERGING MARKET BONDS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
JP MORGAN EMBIG *-SOVEREIGN/QUASI-SOVEREIGN, USD*	0.38	7.44	2.93	-16.45
JP MORGAN CEMBI BROAD DIVERSIFIED *-CORPORATES, USD*	1.54	4.72	1.95	-12.26
JP MORGAN GBI-EM GLOBAL DIVERSIFIED *-GOVERNMENTS, LOCAL CURRENCY*	0.69	3.76	4.40	-5.91

Emerging market debt was one of the best-performing asset classes within fixed income this quarter. US-dollar-denominated debt outperformed local debt due to significant spread compression relative to US Treasurys. EM corporates also performed well.

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INDEX RETURNS BY SECTOR
as of 31 December 2022

INDEX				
CURRENCY MARKETS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
DOLLAR BLOC				
CANADIAN DOLLAR	-1.05	2.03	-5.02	-6.77
AUSTRALIAN DOLLAR	0.37	6.45	-1.30	-6.20
NEW ZEALAND DOLLAR	0.84	13.39	1.70	-6.97
WESTERN EUROPE				
EURO	2.87	9.21	2.11	-5.85
NORWEGIAN KRONE	0.42	11.04	0.45	-10.05
SWEDISH KRONA	0.66	6.34	-1.96	-13.18
SWISS FRANC	2.29	6.76	3.31	-1.25
BRITISH POUND	0.21	8.17	-0.78	-10.71
EMERGING EUROPE & AFRICA				
CZECH KORUNA	3.70	11.19	4.60	-3.03
HUNGARIAN FORINT	5.24	15.61	1.28	-13.09
POLISH ZLOTY	2.57	13.24	2.45	-7.77
RUSSIAN RUBLE	-17.46	-18.94	-26.98	1.32
SOUTH AFRICAN RAND	0.97	6.15	-4.46	-6.46
TURKISH NEW LIRA	-0.51	-0.97	-10.75	-28.89
ASIA				
JAPANESE YEN	5.30	10.39	3.51	-12.23
CHINESE RENMINBI	2.81	3.15	-2.89	-7.86
INDONESIAN RUPIAH	1.05	-2.18	-4.30	-8.45
MALAYSIAN RINGGIT	0.92	5.30	0.10	-5.40
PHILIPPINE PESO	1.52	5.24	-1.35	-8.50
SINGAPORE DOLLAR	1.63	7.15	3.81	0.71
SOUTH KOREAN WON	4.18	13.09	2.63	-6.05
LATIN AMERICA				
ARGENTINE PESO	-5.56	-16.83	-29.31	-42.00
BRAZILIAN REAL	-1.70	2.56	-0.45	5.59
CHILEAN PESO	5.04	13.81	7.87	0.10
COLOMBIAN PESO	-0.38	-5.02	-14.37	-15.91
MEXICAN PESO	-1.19	3.27	3.17	5.28
PERUVIAN NEW SOL	1.31	4.65	0.54	5.13

With the US dollar pulling back this quarter, non-US currencies were finally able to post positive returns in the fourth quarter. Expectations of a slowing in the Fed's pace of rate hikes helped the FX market find reprieve.

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GLOBAL EQUITY MARKETS
as of 31 December 2022

INDEX TOTAL RETURNS (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
S&P 500®	7.56	-18.11	7.63	9.39
MSCI ALL COUNTRY WORLD	9.88	-17.96	4.47	5.73
MSCI EUROPE	19.42	-14.53	1.92	2.47
MSCI JAPAN	13.26	-16.31	-0.62	0.59
MSCI EMERGING MARKETS	9.79	-19.74	-2.33	-1.02

Similar to fixed income, equities only posted positive returns in the fourth quarter. European equities were the outperformer. Positive developments in the Russia-Ukraine war, as well as favorably warm weather to start the winter, kept the energy crisis contained, allowing for a sharp rebound in equities.

US EQUITY MARKETS
as of 31 December 2022

INDEX TOTAL RETURNS (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
RUSSELL 1000®	7.24	-19.13	7.32	9.10
GROWTH	2.20	-29.14	7.76	10.92
VALUE	12.42	-7.54	5.93	6.64
RUSSELL MIDCAP®	9.18	-17.32	5.86	7.07
GROWTH	6.90	-26.72	3.84	7.61
VALUE	10.45	-12.03	5.80	5.70
RUSSELL 2000®	6.23	-20.44	3.09	4.11
GROWTH	4.13	-26.36	0.65	3.49
VALUE	8.42	-14.48	4.68	4.11

Looking at US equities in terms of market capitalization in the fourth quarter, mid-cap stocks outperformed though the dispersion was not terribly large. Value outperformed growth, as continued rising interest rates gave value stocks a comparative tailwind.

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S&P 500 SECTORS
as of 31 December 2022

SECTOR PERFORMANCE ATTRIBUTION (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
ENERGY	22.81	65.72	19.34	7.89
INDUSTRIALS	19.23	-5.57	8.26	7.32
MATERIALS	15.05	-12.27	10.39	7.40
FINANCIALS	13.61	-10.53	5.90	6.42
HEALTHCARE	12.80	-1.95	11.94	12.53
CONSUMER STAPLES	12.72	-0.62	9.30	8.83
UTILITIES	8.64	1.61	6.30	9.58
INFORMATION TECHNOLOGY	4.74	-28.16	11.63	15.88
REAL ESTATE	3.82	-26.13	1.85	5.92
OMMUNICATION SERVICES	-1.38	-39.93	-3.33	0.47
CONSUMER DISCRETIONARY	-10.18	-37.03	1.46	6.19

In terms of sectors, energy outperformed in the final quarter. Unlike previous quarters in 2022, plenty of other sectors joined it to produce positive returns. Consumer discretionary was the obvious laggard, as investors have become increasingly concerned about falling real wages and a recession in 2023.

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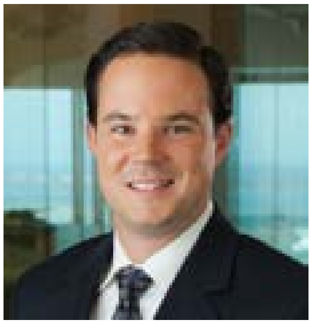
AUTHORS



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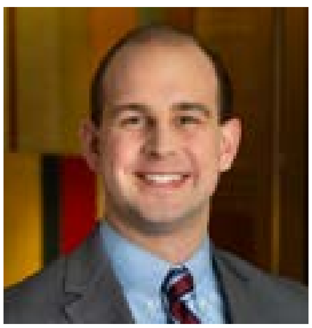

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Disclosure

All data and views are as of 31 December 2022, unless otherwise noted.

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Index Definitions

Bloomberg US Aggregate Bond Index *represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.*

Bloomberg US Government/Credit Index *includes securities in the government and credit indices. The government index includes treasuries -i.e., public obligations of the US Treasury that have remaining maturities of more than one year and agencies -i.e., publicly issued debt of US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government. The credit index includes publicly issued US corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.*

Bloomberg US Treasury Index *includes public obligations of the US Treasury with at least one year until final maturity, excluding certain special issues such as state and local government series bonds -SLGs, US Treasury TIPS and STRIPS.*

Bloomberg US Treasury Inflation Protected Securities Index *consists of inflation-protection securities issued by the US Treasury that have at least one year to maturity and at least $250 million par amount outstanding.*

Bloomberg US Agency Index *includes agency securities that are publicly issued by US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government -such as USAID securities.*

Bloomberg US Municipal Index *is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds -including all insured bonds with a Aaa/AAA rating, and prerefunded bonds.*

Bloomberg Mortgage-Backed Securities -MBS Index *is a component of the Bloomberg Aggregate Index covering mortgage-backed pass-through securities of Ginnie Mae -GNMA, Fannie Mae -FNMA and Freddie Mac -FHLMC. The MBS Index is formed by grouping the universe of over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates.*

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

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Bloomberg Asset-Backed Securities -ABS Index is a component of the Bloomberg US Aggregate Index including pass-through, bullet and controlled amortization structures. The ABS Index includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche. Constituents must have an average life of at least one year and a deal size of at least 500 million.

Bloomberg Commercial Mortgage-Backed Securities -CMBS ERISA-Eligible Index is a component of the Bloomberg US Aggregate Index and the ERISA-eligible component of the Bloomberg CMBS Index. This index, which includes investment grade securities that are ERISA eligible under the underwriter's exemption, is the only CMBS sector that is included in the US Aggregate Index.

Bloomberg US Corporate Index contains publicly issued US corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements. To qualify, bonds must be SEC-registered. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both US and non-US corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government.

Bloomberg Euro-Aggregate Corporate Index consists of bonds issued in the euro or the legacy currencies of the 16 sovereign countries participating in the European Monetary Union -EMU. All issues must be investment grade-rated, fixed-rate securities with at least one year remaining to maturity. The Euro-Aggregate Index excludes convertible securities, floating rate notes, perpetual notes, warrants, linked bonds, and structured products.

Bloomberg Sterling Aggregate Corporate Index is a broad-based benchmark that measures the investment grade, fixed-rate, taxable, corporate sterling-denominated bond market. Inclusion is based on the currency of the issue, not the domicile of the issuer. The index includes publically issued securities from industrial, utility, and financial companies that meet specified maturity, liquidity and quality requirements.

Bloomberg US Corporate High-Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets -sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch are excluded, but Canadian and global bonds -SEC registered of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds -PIKs, as of October 1, 2009 are also included.

Bloomberg Pan-European High-Yield Index covers the universe of fixed-rate, sub-investment grade debt denominated in euros or other European currencies -except Swiss francs. Securities must be rated high-yield -Ba1/BB+ or lower by at least two of the following rating agencies: Moody's, S&P, Fitch. Excludes emerging markets.

S&P/LSTA Leveraged Loan Index, is a market value-weighted index designed to measure the performance of the US leveraged loan market based upon market weightings, spreads and interest payments.

Citigroup World Government Bond Index -WGBI measures the performance of fixed-rate, local currency, investment grade sovereign bonds. The WGBI is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies. The WGBI provides a broad benchmark for the global sovereign fixed income market.

JPMorgan Emerging Markets Bond Index Global -EMBIG tracks total returns for US dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds.

JPMorgan Corporate Emerging Markets Bond Index -CEMBI Broad Diversified tracks total returns of US dollar-denominated debt instruments issued by corporate entities in emerging markets countries. The CEMBI Broad is the most comprehensive corporate benchmark followed by the CEMBI, which consists of an investable universe of corporate bonds.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

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