DoubleLine®

Monthly Commentary

Second Quarter 2017

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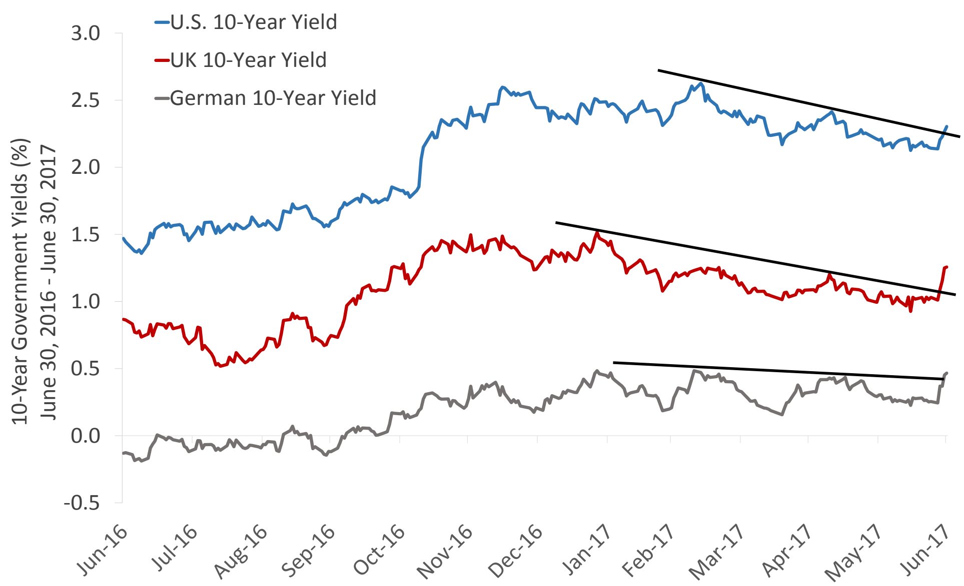
Overview

A few main themes dominated headlines at the close of the second quarter: changes to Federal Reserve (Fed) monetary policy, the direction of U.S. Treasury rates, and persistent low volatility across several asset classes. For the most part, however, the first half of the year was a continuation of the latter half of 2016 as more credit sensitive sectors such as convertible bonds, high yield (HY) and emerging market (EM) debt continued to outperform. Although sectors such as mortgage-backed securities (MBS) and U.S. Treasuries (UST) were the laggards, they too maintained a positive total return.

10-Year Government Yields
June 30, 2016 to June 30, 2017



Source: DoubleLine, Bloomberg

As anticipated, the Fed was all the talk during the second quarter after another successful rate hike during June brought the benchmark target to between 1.00% and 1.25%. After two successful hikes through the first half of the year, it appears that the Fed has finally been able to meet their own expectations after years of disappointing the market. According to Bloomberg's World Interest Rate Probability (WIRP) function, the implied probability of another hike by year-end is just over 50%. We believe the true probability is accurately reflected in the futures market as it will be difficult for the Fed to hike once more by year-end. Aside from subpar Gross Domestic Product (GDP) which came in at 1.4% during the first quarter, the Fed will have to fight falling inflation, which appears to have peaked for the year barring any exogenous shocks to the base effects. Headline Consumer Price Index (CPI) fell to 1.9% year-over-year (YoY) during May after reaching a high of 2.7% in February 2017. Core CPI fell to 1.7% YoY after reaching a high of 2.3% in January 2017. Flat-to-weaker energy prices will likely keep a lid on any higher inflation expectations through the second half of the year.

The UST curve continued to flatten for most of the second quarter as it has for most of the year. The benchmark 2s10s spread began the year at 125 basis points (bps) but later fell as low as 79 bps ahead of the Fed's rate hike. Meanwhile, the 2-year UST ended the quarter at 1.38%, an 8-year high, validating the notion that short-term interest rates have been in a secular rising interest rate environment for the better part of five years. Most notably, price action on the 10-year UST is worth keeping an eye on through the second half of the year as the 10-year yield broke out to the upside during the last week of June to end the month at 2.30%. The move coincided with a jump in global developed sovereign yields as stronger growth and talk of less accommodative policy in Europe led to a 21 bps spike in 10-year German Bund yield and a 23 bps spike in 10-year UK Gilt yields during the last week of June. The 10-year German Bund and 10-year UK Gilt ended the quarter at 0.47% and 1.26%, respectively. All told, it is clear that pressure remains to the upside for yields as we move into the second half of the year.

Lastly, we continue to keep an eye on the lack of volatility across risk assets as the quiet summer months could give investors a false sense of calm. The CBOE Volatility Index (VIX), which measures the volatility across the S&P 500, fell to all-time lows during June

Overview

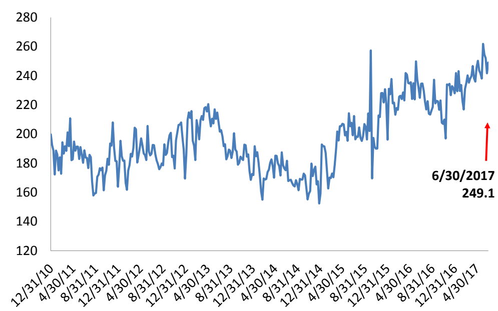
and ended the month near levels not seen since 2007. While we do not forecast a recession in the immediate future, further delays and disappointments in economic policy, rising bond yields and subpar growth are all events that could lead to investor uncertainty. Although Fed Chair Janet Yellen does not expect “another financial crisis in our lifetime,” we believe any market dislocations and mispricings can be opportunities over the long term.[1]

1. Source: Fox Business, “Yellen: I 'don't believe' we'll see another financial crisis in our lifetime.”

Agency Mortgage-Backed Securities

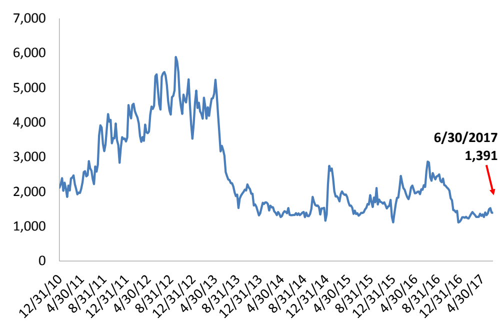
- Overall aggregate prepayment speeds increased by roughly 7% month-over-month (MoM) and by roughly 15% QoQ. Higher speeds were primarily attributed to higher seasonal housing turnover over this time; however, the trend continues to be range bound with aggregate conditional prepayment rate (CPR) across all agencies only increasing by about 1 CPR. Lower coupon collateral has shown the highest increase in speeds, which is likely due to those coupon cohorts having less burnout than their higher coupon counterparts. According to First Tennessee, based on current mortgage rates, loan balances, FICO scores, and loan-to-value (LTV), only about 13% of 30-year borrowers and 8% of 15-year borrowers have at least a 50 bps incentive to refinance their mortgage loans.[2]
- 30-year Freddie Mac Commitment Rates ended the quarter at 3.88%, a decline of about 25 bps since last quarter. Based on Mortgage Bankers Association (MBA) data, purchasing activity has increased, but refinancing activity has been stagnant as it has been for most of 2017.

Mortgage Bankers Association (MBA) Purchase Index
As of June 30, 2017



Source: Bloomberg

MBA Refinance Index
As of June 30, 2017



Source: Bloomberg

- Total gross issuance for the month was roughly $115 billion, $320 billion for the quarter, and $666 billion on a year-to-date (YTD) basis. Overall issuance levels have been fairly consistent and steady, consistent with overall prepayment trends. The slight increase MoM is likely tied to higher seasoning turnover in the housing markets.
- 30-year current coupon spreads against 10-year yields have tightened in since the beginning of the year. Based on the Bloomberg Barclays U.S. MBS Index, the Agency RMBS sector had a -0.40% return for the month of June, 0.87% for the second quarter of 2017, and 1.35% on a YTD basis. The sector ended the quarter with a duration of 4.72 years, which is roughly where we ended 2016.

Non-Agency MBS

- Spreads tightened 15 to 20 bps during the second quarter, moving in line with the spread compression across securitized products. Levels were also supported by continued improvement in collateral performance, a negative net supply technical, and resolution of Lehman settlements. Wells Fargo as trustee of 20 legacy deals (Bank

Conditional Prepayment Rates (CPR)

2017	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Fannie Mae (FNMA)	15.0%	20.0%	18.9%	17.9%	17.0%	15.1%	10.7%	8.6%	10.6%	9.7%	11.5%	12.3%
Freddie Mac (FHLMC)	14.8%	19.8%	18.6%	17.7%	16.6%	14.7%	10.4%	8.6%	13.6%	12.5%	14.5%	15.4%
Ginnie Mae (GNMA)	19.9%	23.8%	22.5%	21.7%	21.2%	18.5%	13.1%	11.8%	10.2%	9.6%	11.3%	12.1%

Bloomberg Barclays Capital U.S. MBS Index	4/30/2017	5/31/2017	6/30/2017	MoM Change
Average Dollar Price	$103.61	$104.03	$103.38	$0.42
Duration	4.74	4.53	4.72	-0.21

Bloomberg Barclays Capital U.S. Index Returns	4/30/2017	5/31/2017	6/30/2017
Aggregate	0.77%	0.77%	-0.10%
MBS	0.65%	0.62%	-0.40%
Corporate	1.00%	1.08%	0.26%
Treasury	0.69%	0.65%	-0.16%

Source: eMBS, Barclays Capital

2. FICO = Fair, Isaac and Company

of America shelves), held back $94 million in reserves from investors when the bonds were redeemed in June for potential litigation expenses. This action by Wells Fargo could potentially affect spread levels going forward for deals with exposure to trustee litigation.

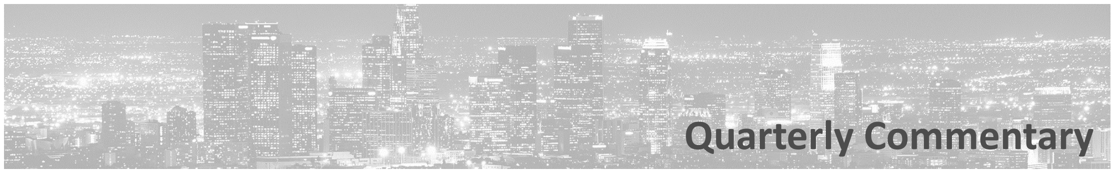
- In June, $6.2 billion of legacy non-Agency MBS traded on bid lists. Trading volume in the second quarter was down 18% with hedge funds the primary source of the decline. Subprime securities continue to make-up a majority of activity.
- Prepayment speeds were up between 2 CPR and 4 CPR except subprime which were flat during the quarter. Prime securities had a 5% decline in liquidation severity. Liquidation timelines were relatively unchanged; however, New York and New Jersey continue to extend and now stand at over 80 months. Modification rates which are measured as a percentage of delinquent loan balance declined to 1.5% from over 2% at the beginning of the quarter.

Commercial MBS

- June private-label CMBS issuance increased 19% MoM with five conduit deals totaling $5 billion and nine single-asset single-borrower (SASB) deals totaling $4.6 billion pricing. YTD through June 2017, private-label CMBS issuance is 30% higher than the same period in 2016. New issue, floating rate SASB paper remained well bid by investors in June, with AAA spreads tightening by an average of 3 bps through the most recently priced floating rate SASB in May to LIBOR+77, and BBB-s tightening by an average of 26 bps to LIBOR+179.
- Secondary Pension & Investment trading totaled $19.4 billion in June, increasing 4% MoM and in line with the 2017 monthly average of $19.7 billion through May month-end. Secondary cash spreads tightened with AAA last cash flows (LCF) tightening by 3 bps to swaps +90 bps and BBB- tightening by 15 bps to swaps +355 bps. CMBX spreads , as measured by the Markit CMBX Index, were mixed with 2012-2016 AAA's tightening by an average of 3 bps, while BBBs widened by an average of 21 bps.
- The private label CMBS universe increased by $1.5 billion or 0.3% to $444.2 billion in June, however net issuance is still down 8.3% YTD. This marked the first month of positive net issuance since December 2016, prior to the implementation of risk retention requirements. The conduit universe fell to $334.5 billion, down $2.1 billion MoM; however the SASB universe increased to $103.9 billion, up $3.5 billion MoM. Following a 5 bps drop in May, the CMBS delinquency rate increased 28 bps to 5.8% in June – the largest monthly bp increase in over five years. The delinquency rate has increased in 13 of the last 15 months.

Asset-Backed Securities

- Gross new issuance for June in Asset-Backed Securities (ABS) was up bringing YTD totals close to $132 billion.
- The rapid pace of spread compression seemed to slow over the month of June as a surge of new deals entered the market before the end of the quarter.
- Investor demand remains strong across the spectrum of ABS deals as evidenced by robust trading activity in both traditional and more esoteric sectors. Within the traditional ABS sector, both autos and student loans have been well bid with increased activity in shorter maturity paper. Within more off-the-run sectors, whole business securitizations continue to benefit from rising valuations as both primary and secondary markets have been well received. Marquee whole business names, such as Domino's Pizza, also marketed their new ABS deals in June.
- Consumer debt deals have recently exhibited more stable performance numbers in the second quarter of the year as delinquencies experienced a moderate drop. However, annualized loss rates and severities remain higher on average.
- The Bloomberg Barclays U.S. ABS Index returned -0.07% for the month of June and 0.60% for the second quarter of 2017.



U.S. Government Securities

- According to the Bloomberg Barclays U.S. Treasury Index, the UST market posted a modest loss of 0.16% in June 2017, pushing the second quarter return down to 1.19%.
- The benchmark 10-year yield touched a high point of 2.41% on May 10th before moving downward until it reached the low of 2.12% on June 14th. The 2-year yield closed at a YTD high of 1.38% on June 30th. The 30-year yield closed at 2.83% on June 30th.

U.S. Treasury Yield Curve

	5/31/2017	6/30/2017	Change
3 month	0.97%	1.01%	0.04%
6 month	1.07%	1.13%	0.06%
1 year	1.15%	1.23%	0.08%
2 year	1.28%	1.38%	0.10%
3 year	1.43%	1.55%	0.12%
5 year	1.75%	1.89%	0.14%
10 year	2.20%	2.30%	0.10%
30 year	2.86%	2.83%	-0.03%

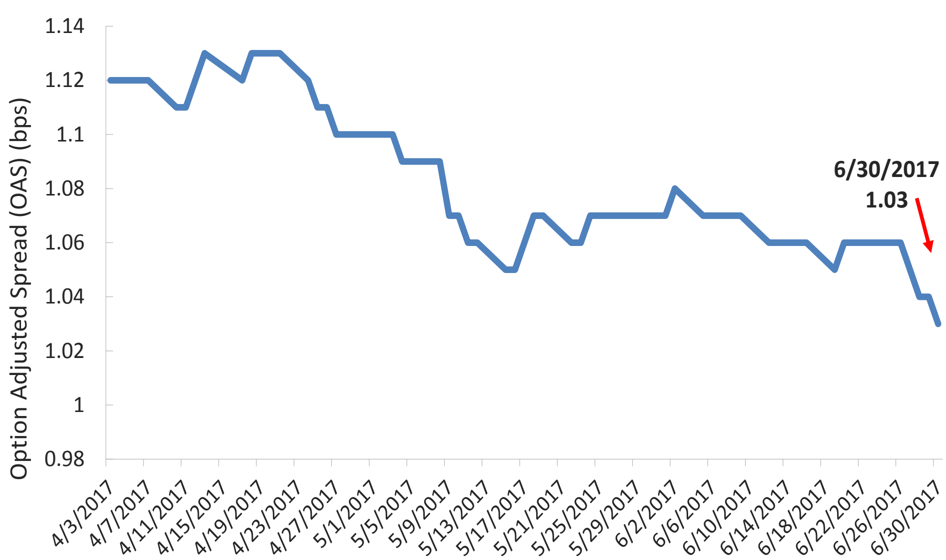
Source: Bloomberg

- Yields rebounded during final week of June led by steeper increases in gilt and bund yields amid signs the Bank of England (BoE) and the European Central Bank (ECB) are moving toward raising interest rates. The U.S. 10-year yield spread versus the UK 10-year shrank to YTD lows, and the U.S.-German yield spread sinking to its lowest since November.
- The yield spread between the long end of the 30-year bond and the short end of the 2-year note (2s30s) flattened significantly in June, falling from above 110 bps to around 94 bps, the lowest level since 2007.
- Treasury Inflation-Protected Securities (TIPS) breakevens fell to YTD lows on June 20th, extending steep declines triggered by weak May CPI and retail sales data on June 14th; the 5-year breakeven closed at 1.57%, the lowest since election day.
- Top performing days include May 17th, when 10-year yield fell 10 bps in a day. It was triggered by a New York Times report, which sparked concerns whether Trump is guilty of obstruction of justice by asking former FBI director Comey to drop an investigation into former national security advisor Michael Flynn. This concern drove investors to seek safe haven in treasuries. The worst performing day was June 27th, when 10-year yield rose about 7 bps. The sharp sold-off came after ECB President Mario Draghi's comment was interpreted as hawkish, as he acknowledged "reflationary forces" and highlighted willingness to look through "temporary factors" that weighed on inflation.

Investment Grade Credit

- U.S. Investment Grade (IG) Credit has been supported by strong technicals and improved fundamentals. The market ended the month up 0.26%, as spreads tightened by 4 bps to a YTD low of 103 bps over UST. In the second quarter, spreads tightened by 9 bps, with excess returns of 0.99% and total returns of 2.35%. For the month, several sectors were negatively impacted by sector specific issues. The decline in energy prices pushed returns in the Energy sector down 0.32% for the month. The Supermarket and Retail real estate investment trust (REIT) sectors were

Bloomberg Barclays U.S. Credit Index Option-Adjusted Spread
June 30, 2016 to June 30, 2017



Source: DoubleLine, Bloomberg

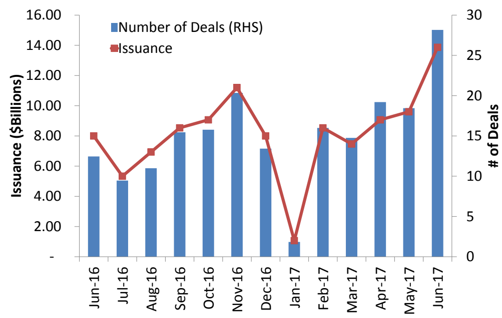
impacted by Amazon's bid for Whole Foods, ending the month down 0.65% and 0.11%, respectively. For the quarter, all sectors posted positive returns.

- The technical setup continued to be positive for U.S. IG Credit. $12 billion flowed in to the asset class in June, this after the second largest monthly inflow in May of $33 billion. $153 billion has flowed in to the asset class YTD, surpassing total flows for 2016. Much of this can be explained by the global grab for yield, especially from the euro-zone and Asian investor base, as the U.S. continues to offer higher yields.
- The latest data on fundamentals showed an improvement with revenue and EBITDA up in the first quarter 2017.[3] As measured by the Bank of America U.S. Corporate Index, revenue growth accelerated to 3.7% YoY and EBITDA grew 3.4% YoY. This was the strongest revenue growth since the third quarter 2014. Estimates for the second quarter remain positive, with EBITDA and revenue growth expected to be up 12.52% and 4.58%, respectively, while net debt is expected to grow by 0.65%.

Collateralized Loan Obligations

- June was the strongest month of issuance for 2017 with $15.02 billion across 26 deals. This brings issuance YTD to $51.16 billion. At the start of the year, the CLO market expected to issue roughly $60-70 billion. At this time last year, the first half of 2016 only saw $26.23 billion in issuance.

U.S. CLO Monthly Issuance
June 2016 - June 2017



Source: S&P Capital IQ
*RHS = Right Hand Side

- The refinance and reset market was just as robust with 42 deals refinancing or resetting. We expect the refinance and reset activity to remain strong through July as deals are trying to settle by their July 2017 payment date.
- Secondary trading slowed as we entered the summer season. Despite the start of the summer slowdown, spreads held in and were relatively unchanged for the year.

Bank Loans

- The S&P/LSTA Leveraged Loan Index posted a return of 0.76% in the second quarter, with coupon-clipping returns in April and May offset by a decline of 0.04% in June, which snapped a 15-month streak of positive returns. The weighted average bid of the Index retreated 31 bps in June and declined 20 bps in the second quarter.
- CCC-rated names performed well in April and May, but there was a reversal in risk appetite in June, and CCC-rated names closed the month down 1.46%. For the quarter, CCC-rated loans rose 0.70% - not notably different from the 0.76% return of the Index as a whole. The default rate remains subdued at 1.49% for the trailing 12-month period.
- The June sell-off was led by the Oil and Gas sector, which declined 3.92% as a result of lower oil prices. After showing positive returns in April and May, Retailers struggled in June, declining 1.49% with continued concerns around online competition. The best performing sector in the second quarter was Beverage & Tobacco, which rose 4.27%.
- The loan market's strong technical backdrop in April and May reversed in June as inflows into loan funds slowed notably. Inflows averaged just $38 million per week during the four weeks through June 28th, with outflows in the last two weeks.

High Yield

- During June, high yield bonds were pressured by declining commodity prices and some name-specific headwinds, leading prices to fall modestly and total returns to be flat. Based on the Citi High-Yield Cash-Pay Capped Index, lower quality issues underperformed higher quality ones for both the month and the quarter ended June 30. At the sector level, Oilfield Services and Independent Exploration

3. EBITDA = Earnings Before Interest, Taxation, Depreciation and Amortization

& Production were the most negative for the month and quarter. Transportation and Leisure outperformed during the month, while Pharmaceuticals, General Industrials and Transportation outperformed for the quarter.

- According to JP Morgan, the par-weighted U.S. HY default rate increased 19 bps MoM to 1.50% but is still down from 3.57% since the start of the year. A big reason for the steep decline this year is the removal of $34.8 billion of debt from the last twelve-month calculation that defaulted during the first half last year compared with only adding $9.5 billion YTD. Recovery rates for high yield bonds over the last 12 months increased to 44.0% at the end of June and have improved markedly in 2017 (+12.9% since year-end 2016 and +18.8% since year-end 2015). Notably, recovery rates are now +2.8% above their 25-year annual average of 41.2%. For context, high-yield bonds recovered 31.1% in 2016, 25.2% in 2015, 48.1% in 2014, and 52.7% in 2013, according to JP Morgan.

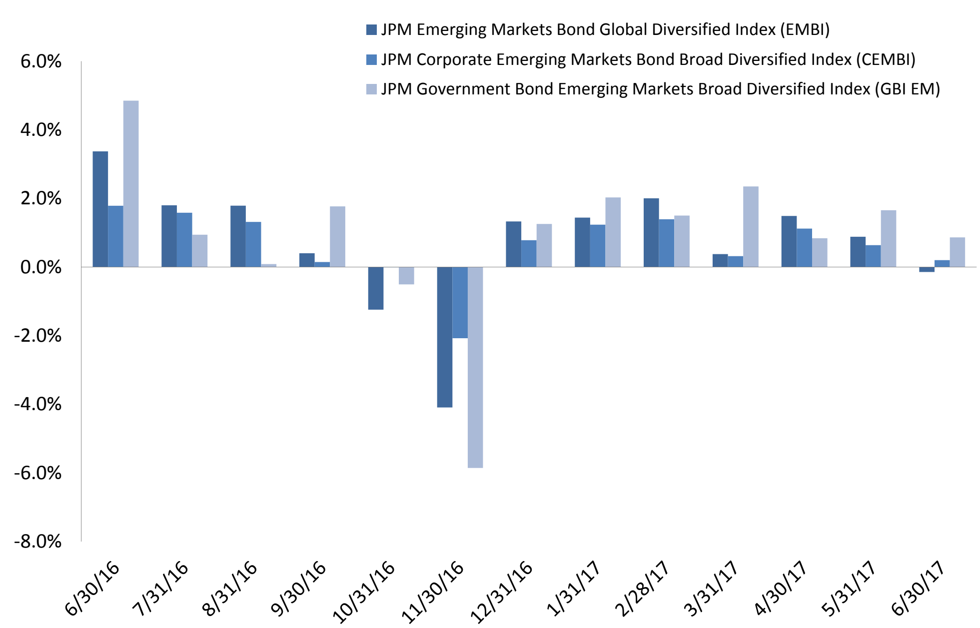
Commodities

- In the second quarter 2017, the broad commodity market declined by 3.2% and 5.7%, as measured by the Bloomberg Commodity Index (BCOM) and the S&P Goldman Sachs Commodity Index (GSCI), respectively. Livestock was the sole positive performing sector for the quarter, increasing by 10.8% as Lean Hogs rallied 14.4%.
- The worst performing sector was Energy, which declined 10.4% with Brent crude, West Texas Intermediate (WTI) crude and RBOB Gasoline all down by nearly 11.0%.[4]
- Precious Metals were down 2.0% with Silver down 9.7% and Gold down 1.0%. Industrial Metals declined 1.3% as only one metal (copper + 1.2%) in the complex of five was positive for the quarter. Agriculture declined 0.3% with the best and worst performers being Kansas wheat and sugar, with returns of 17.8% and -18.8%, respectively.

Emerging Markets

- EM sovereign and corporate external bonds posted positive performance in the second quarter of 2017. Despite a backdrop of heightened geopolitical tension, a sharp drop in oil and iron ore prices, and increasingly hawkish sentiment from many developed market central banks, external conditions remained generally favorable for the EM fixed income asset class with continued investor appetite for higher-yielding emerging market debt.
- Technicals remained supportive on the back of continued inflows into the asset class, despite robust debt issuance, which was mostly used for refinancing, tender or call exercises.
- The JP Morgan EMBI Global Diversified Index's return was driven primarily by accrued interest and a flattening of the UST curve, with

JP Morgan Emerging Markets Bond Index Performance
June 30, 2016 to June 30, 2017



Source: JP Morgan

4. RBOB = Reformulated Gasoline Blendstock for Oxygenate Blending

the spread over UST remaining flat during the quarter at 310 bps.

- At the regional level, Latin America continues to lead YTD and quarter-to-date (QTD) performance across both the EM dollar denominated sovereign and corporate indices.
- Factors that may affect risk appetite for the remainder of the year include rising developed market yields, a slowdown in global growth, German elections, early Italian elections, and Brexit negotiations, as well as policy risk stemming from the U.S., Europe and China.

International Sovereign

- Global government bonds posted positive returns in the second quarter of 2017, driven primarily by foreign currency gains versus the U.S. Dollar (USD). The end of the quarter saw a rise in global government bond yields on signs that developed market central banks, such as the ECB, BoE and Bank of Canada, were in the process of following the Fed in tightening monetary policy.
- The USD, as indicated by the U.S. Dollar Index (DXY), fell during the quarter. U.S. economic data, including first quarter GDP, retail sales and inflation, were generally subdued, and the U.S. administration's tax and fiscal reform agenda continued to stall.
- European government rates broadly increased in the quarter, and the Euro rose against the USD and most other G-10 currencies. While the ECB kept interest rates unchanged and maintained its quantitative easing (QE) program, positive economic data and the easing of political uncertainty increased speculation the ECB will begin discussing tapering of stimulus measures. The French elections in May saw centrist candidate Emmanuel Macron defeat anti-euro candidate Marine Le Pen in another setback to the global populist movement following the Dutch elections in March.
- The Bank of Japan (BoJ) kept monetary policy broadly unchanged during the quarter, and the Yen fell broadly against other G-10 currencies given the divergence of monetary policy between the BoJ and other developed market central banks.
- British Prime Minister Theresa May lost her parliamentary majority in the snap election that she had unexpectedly called, adding to uncertainty surrounding Brexit.

Infrastructure

- Risk appetite remained strong in during the quarter as investors sought to add risk amid a period of brisk new issuance. Infrastructure debt in the U.S. Corporate market generally focused on utility, power and transport assets. International infrastructure related corporate issues were very diverse with assets representing the sectors of power, energy storage, electric transmission/distribution and transportation assets. After coming off a quiet first quarter, structured product transactions secured by infrastructure assets saw a sharp increase in new issuance. Transactions involving civil aviation, renewable energy and maritime shipping all had several transactions completed during the quarter.
- Despite the robust new issue volume, Investor demand for infrastructure-related debt transactions steadily rose with many transactions being multiple times oversubscribed and often witnessing meaningful spread tightening post new issue launch.
- Fixed income assets, including infrastructure debt, experienced both rate and spread volatility during the month of April. Geopolitical concerns in Asia and the Middle East caused an increased demand for "safer" assets. With this said, MoM, both interest rates and credit spreads in infrastructure debt assets tightened. The most pronounced spread tightening was observed in transactions where infrastructure assets had long term contracts with strong off-takers.
- Infrastructure news dominated the headlines in May as the rhetoric in Washington and at the state and municipal levels all indicated that financing of these assets is critical. On the back of this news, California Senate voted to raise the gas tax with the increased proceeds being

earmarked toward transportation improvements

- During June, Infrastructure Week in Washington led off with a proposal to privatize air traffic control and further focused on prioritizing transport infrastructure. Unfortunately, aside from these points, there were few further details on specific infrastructure mandate.

U.S. Equities

- The U.S. stock market continued to grind higher in the second quarter, hitting a new all-time high late in June. The quarter saw significant shifts in leadership at a sector level.
- Through early June, the Technology sector outpaced the rest of the market, led by high-profile secular growth companies such as Google and Facebook. June saw a sharp rotation out of Technology, with Financials and Healthcare the strongest sectors in the month of June. Entering June, the Financials sector had given up much of its post-election “Trump bump”. With interest rates putting in a local bottom, Financials became the new leadership group in the last week of June.
- With the price of oil continuing its decline, the Energy sector lost approximately 6.5% in the quarter. Continuing the trend of the first quarter, the sector was the weakest in both June as well as in the second quarter.
- The contrast between the weakness in Energy share prices and the broader market hitting new highs is particularly noteworthy given the contribution of Energy to S&P earnings growth: According to FactSet, nearly half of S&P 500 earnings in the second quarter will be attributable to the Energy sector. S&P earnings are expected to grow 6.5% and 9.9% in the second quarter and full year 2017, respectively. However, without the contribution from Energy earnings, the S&P earnings would be up a more modest 3.6% and 7.0%, respectively.

Global Equities

- Global equities, as measured by the Morgan Stanley Capital International All-Country World Index (MSCI ACWI), returned 0.49% in June and 4.43% for the quarter. European equities underperformed the broader market in local currency in June with the Eurostoxx 50 returning -2.93%. For the quarter, European equities posted positive returns with the Eurostoxx 50 up 0.34%, DAX up 0.10%, CAC up 2.23%, FTSEMIB up 2.33% and IBEX up 1.24%. In USD terms, European equities produced substantial returns with the EUR rallying 7.3% vs. USD during the quarter. UK equities underperformed during the quarter with the FTSE 100 up 0.98%.
- Asian equities outperformed in June with the Nikkei returning 2.05%, Shanghai Composite returning 2.97%, and Kospi returning 1.90%. For the quarter, Asian equities were mixed, with the Nikkei up 6.06%, Shanghai Composite down -0.23%, and Kospi up 10.73%.
- EM equities produced positive returns in June with the MSCI EM Index returning 1.04%, posting a 6.35% return in the second quarter. Russian equities declined in June with the MSCI Russia Index down -3.59% and ending the quarter down -9.8% on weaker oil prices. Brazilian equities, as measured by the Ibovespa, rallied 0.30% in June ending the quarter -3.21%. Indian equities, as measured by the SENSEX, returned -0.26% in June, ending the quarter up 4.91%.

Bloomberg Barclays U.S. Credit Index—The US Credit component of the U.S. Government/Credit Index. This index consists of publically-issued U.S. 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 US Credit Index is the same as the former US Corporate Investment Grade Index.

Bloomberg Barclays U.S. MBS Index—An index that measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of the Government-Sponsored Enterprises (GSEs): Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Commodity Index (BCOM) - An index calculated on an excess return basis that 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.

Chicago Board Options Exchange (CBOE) Volatility Index - An index that represents the cash-pay securities of the Citigroup High-Yield Market Capped Index, a modified version of the High Yield Market Index, by delaying the entry of fallen angel issues and capping the par value of individual issuers at $5 billion par amount outstanding.

Citi High-Yield Cash-Pay Capped Index -This index represents the cash-pay securities of the Citigroup High-Yield Market Capped Index, which represents a modified version of the High Yield Market Index by delaying the entry of fallen angel issues and capping the par value of individual issuers at $5 billion par amount outstanding.

Cotation Assistee en Continu 40 (CAC) - The CAC 40 Index which is a French stock market index. It tracks 40 of the largest French stocks on the Paris Bourse, or stock exchange.

Consumer Price Index (CPI) - A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

Deutsche Borse AG German Stock Index (DAX) - The German stock index, which represents 30 of the largest and most liquid German companies that trade on the Frankfurt Exchange.

Energy Select Sector Index - The Energy Select Sector Index includes companies from the following industries: oil, gas & consumable fuels and energy equipment & services.

Eurostoxx 50 Index - A stock index of Eurozone stocks designed by STOXX, an index provider owned by Deutsche Borse Group and SIX group, with the goal of providing a blue-chip representation of Supersector leaders in the Eurozone.

Financial Times Stock Exchange 100 (FTSE 100) - A capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange.

Financial Times Stock Exchange Milano Italia Borsa (FTSE MIB) - The benchmark stock market index for the Borsa Italiana, the Italian national stock exchange, which superseded the MIB-30 in September 2004. The index consists of the 40 most-traded stock classes on the exchange.

Ibovespa - This accumulation index represents the present value of a portfolio begun on 2 January 1968, with a starting value of 100 and taking into account share price increases plus the reinvestment of all dividends, subscription rights and bonus stocks received.

Indice Bursatil Espanol (IBEX) - The official index of the Spanish Continuous Market. The index is comprised of the 35 most liquid stocks traded on the Continuous market. It is calculated, supervised and published by the Sociedad de Bolsas.

Institute for Supply Management Manufacturing Purchasing Managers Index (ISM PMI) - An index made up of data from 300 manufacturing firms collected by the Institute of Supply Management (ISM). It indicates the economic health of the manufacturing sector.

Institute for Supply Management Non-Manufacturing Purchasing Managers Index (ISM PMI) - An index made up of data from 400 non-manufacturing firms collected by the Institute of Supply Management (ISM).

JP Morgan Corporate Emerging Markets Bond Broad Diversified Index (CEMBI) -This index is a market capitalization weighted index consisting of US-denominated Emerging Market corporate bonds. It is a liquid global corporate benchmark representing Asia, Latin America, Europe and the Middle East/Africa.

JP Morgan Government Bond Emerging Markets Broad Diversified Index (GBI EM) -This index is the first comprehensive, global local Emerging Markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.

JP Morgan Emerging Markets Bond Global Diversified Index (EMBI) -This index is uniquely-weighted version of the EMBI Global. 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. The countries covered in the EMBI Global Diversified are identical to those covered by EMBI Global.

Korea Composite Stock Price Index (Kospi) - A market capitalization weighted index of all common stocks traded on the Stock Market Division—previously, Korea Stock Exchange—of the Korea Exchange. It is the representative stock market index of South Korea, similar to the Dow Jones Industrial Average or S&P 500 in the United States.

An investment cannot be made in an index.

Markit CMBX Index (CMBX) - A synthetic tradable index with 6 subindices referencing a basket of 25 commercial mortgage-backed securities offerings issued in 2012.

Morgan Stanley Capital International All Country World Index (MSCI ACWI) -A market-capitalization-weighted index designed to provide a broad measure of stock performance throughout the world, including both developed and emerging markets.

MSCI Emerging Markets (MSCI EM)- An index that covers 23 Emerging Market countries and is designed to capture the large and mid-cap representation across those countries.

MSCI Russia Index - A free-float capitalization-weighted index used to track the equity market performance of Russian securities on the MICEX Stock Exchange.

Nikkei 225 Index - A price-weighted index comprised of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the U.S.

Shanghai Composite Index - A capitalization-weighted index that tracks the daily performance of all A-shares and B-shares listed on the Shanghai Stock Exchange. The index was developed on December 19, 1990 with a base value of 100.

S&P Goldman Sachs Commodity Index (GSCI) - Standard & Poor's Goldman Sachs Commodity Index, or GSCI, is a composite index of commodity sector returns which represents a broadly diversified, unleveraged, long-only position in commodity futures.

S&P 500 Index - Standard & Poor's US 500 Index, a capitalized-weighted index of 500 stocks.

S&P/LSTA Leveraged Loan Index - An index designed to track the market-weighted performance of the largest institutional leveraged loans based on the market weightings, spreads and interest payments.

An investment cannot be made in an index.

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