DoubleLine Market Commentary

June 2025

Overview

The second quarter of 2025 was marked by rising policy uncertainty, slowing growth and heightened geopolitical tension, yet markets demonstrated resilience.

U.S. equity markets experienced a brief correction midquarter but rebounded into June, driven by robust earnings guidance and expectations of late-year easing of the federal funds rate by the Federal Reserve.

While the month ended on a generally positive note, June began with turbulence as President Donald Trump and tech CEO Elon Musk feuded over the Republican "One Big Beautiful Bill." The budget legislation, which some opponents say would expand the deficit while cutting benefits, made progress throughout the month as GOP lawmakers tried to have the bill approved for the president's signature July 4.

On the geopolitical front, Israel proactively struck Iran, causing a short-term market selloff that quickly rebounded after a ceasefire agreement brokered by the U.S. What seemed to drive markets, however, was renewed optimism over trade deals between the U.S. and its trading partners after the initial "Liberation Day" tariff announcement on April 2, most notably, a 90-day pause on China tariffs.

The U.S. dollar, as measured by the U.S. Dollar Index, fell across the quarter to 96.9 from 104.2. U.S. equities, as measured by the S&P 500 Index, returned 5.09% on the month and 10.94% on the quarter versus a 3.44% month-over-month (MoM) gain and 12.27% quarter-over-quarter (QoQ) gain for non-U.S. equities, as measured by the MSCI All Country World Index ex U.S.

U.S. fixed income, as measured by the Bloomberg US Aggregate Bond Index, returned 1.54% MoM and 1.21% QoQ as the U.S. Treasury yield curve steepened across the quarter. *(Figure 1)*

Total Return by Asset Class | As of June 30, 2025
Denominated in U.S. Dollars

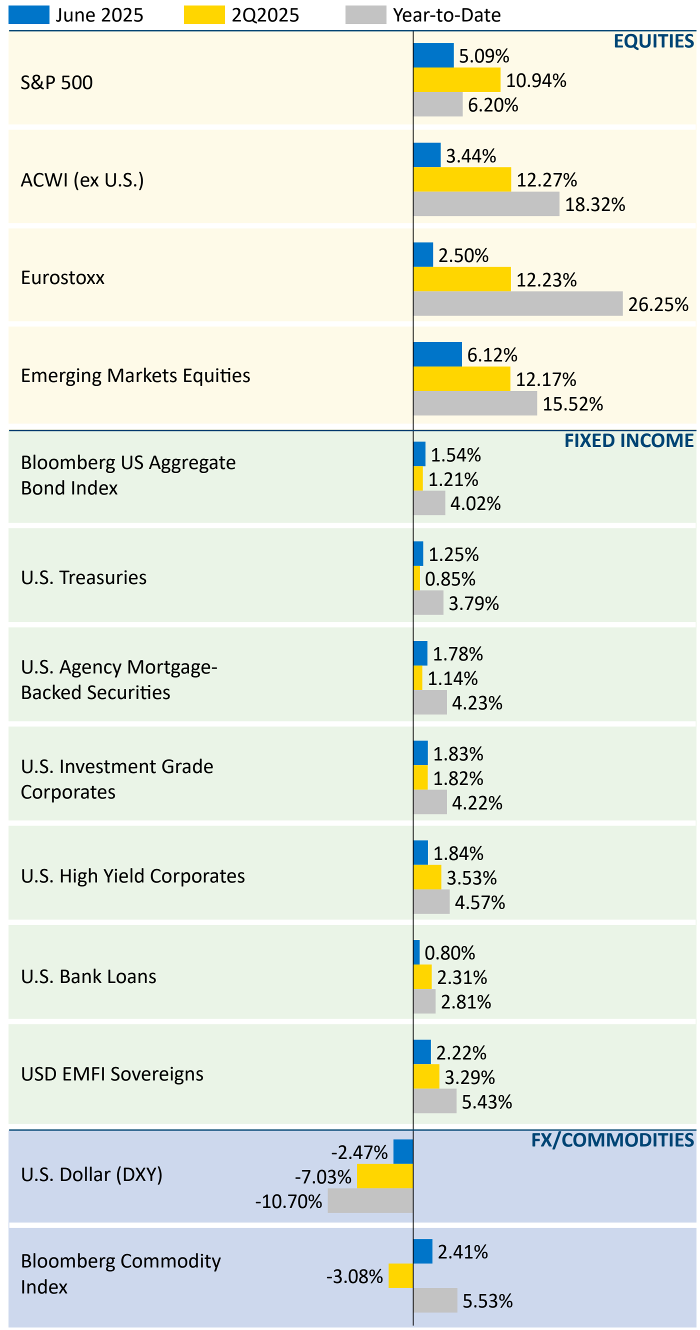


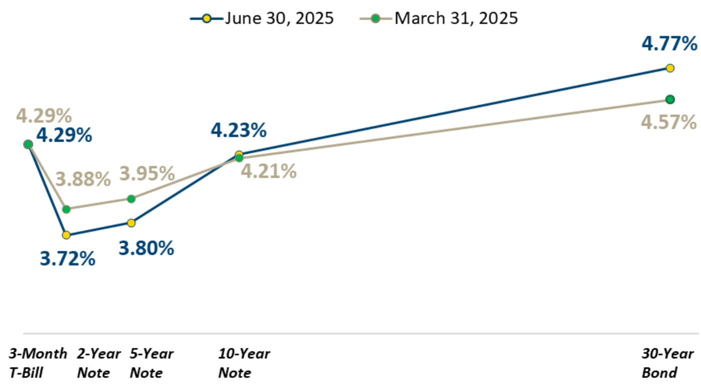
Figure 1
Source: DoubleLine, Bloomberg

Indices used in this chart: S&P 500 Index, MSCI ACWI ex U.S., Euro Stoxx 50, Emerging Markets Equities - MSCI EM Index, Bloomberg US Aggregate Bond Index, U.S. Treasuries - Bloomberg US Treasury Index, U.S. Agency MBS - Bloomberg US MBS Index, U.S. Corporate IG - Bloomberg US Credit Index, U.S. Corporate HY - Bloomberg US Corporate High Yield Index, U.S. Bank Loans - Morningstar LSTA US Leveraged Loan TR USD, USD EMFI Sovereign - Bloomberg EM USD Aggregate Sovereign Index, U.S. Dollar Index, Bloomberg Commodity Index.

On the month, the two-year yield declined 18 basis points (bps), the 10-year fell 17 bps, and the 30-year yield decreased 16 bps.

On the quarter, the two-year yield was down 16 bps, and the five-year yield fell 15 bps while the 10-year yield increased 2 bps, and the 30-year yield rose 20 bps. *(Figure 2)* The steepening yield curve was indicative of weaker economic sentiment and concerns about the administration's ability to finance its proposed policies.

U.S. Treasury Yield Curve



Source: DoubleLine, Bloomberg

The Fed remained on hold in June and the quarter by leaving the federal funds rate at 4.25% to 4.50%. The agency's previously announced plan to reduce quantitative tightening started April 1 as the Fed reduced its monthly balance-sheet runoff of Treasury bonds to $5 billion from $25 billion. The Fed also released its June Summary of Economic Projections, which revised future real gross domestic product down and inflation up. At month-end, the market was predicting two to three rate cuts of 25 bps each in 2025, as tracked by the Bloomberg World Interest Rate Probability function, with the first projected to occur at the Fed's September meeting.

In June, the nonfarm payrolls report showed 147,000 jobs were added MoM, above a consensus estimate of 106,000, bringing the three-month moving average of private payroll gains to 115,000. The U-3 unemployment rate moved lower MoM to 4.1% from 4.2%. The June ISM Manufacturing PMI print remained in contractionary territory (a number below 50) but increased to 49.0 from 48.5, hitting its highest level of the quarter and above a consensus estimate of 48.8. The ISM Services PMI increased to 50.8 from 49.9 the prior month, beating a consensus estimate of 50.6. May retail sales data, released in June, came in softer than expected at negative 0.9% versus a consensus estimate of negative 0.6%. The Conference Board Leading Economic Index also declined 0.1% in May, matching expectations, and was down 4.0% year-over-year.

Eurozone annual inflation ticked up slightly MoM in June to 2.0% from 1.9%, according to Eurostat's initial flash estimate. The S&P Global Eurozone Manufacturing Purchasing Managers' Index (PMI) increased MoM to 49.5 from 49.4, marking its highest level since August 2022 despite remaining in contractionary territory. The S&P Global Eurozone Services PMI rose to 50.5 from 49.7. The European Central Bank (ECB) cut rates by 25 bps in June to 2.0%, its eighth cut of the current cycle and second of the quarter. A key policy rate of 2.0% combined with 2.0% inflation could bring a pause or end to the current ECB cutting cycle.

In June, the China Manufacturing PMI increased MoM to 49.7 from 49.5 while the China Services PMI increased to 50.5 from 50.3. The People's Bank of China held its second quarterly meeting of 2025 in June and struck a less dovish tone than at its March meeting, stating that the Chinese economy was "showing positive momentum, with sustained recovery in sentiment."

The Japan Manufacturing PMI increased MoM in June to 50.4 from 49.4, according to S&P Global data, while the Japan Services PMI increased to 51.7 from 51.0. This marked the first increase in the manufacturing PMI since May 2024 and the third straight monthly increase for the services PMI. Despite inflation hitting a two-year high in May, Bank of Japan (BOJ) Governor Kazuo Ueda's recent remarks suggest the BOJ is in wait-and-see mode on monetary policy. The BOJ maintained its policy rate of 50 bps in the second quarter, after hiking by 25 bps in January, and will face another decision at its upcoming July meeting.

Heading into the second half of the year, investors face a complex landscape shaped by changing trade policy, geopolitical instability, uneven central bank responses and mixed U.S. consumer spending. We have remained cautiously optimistic. While downside risks persist, the fundamental backdrop has encouraged a more nuanced approach to investing.

U.S. Government Securities

The U.S. Treasury market rebounded from May's dip, with the Bloomberg US Treasury Index returning 1.25% in June, bringing second quarter return to 0.85% and year-to-date return to 3.79%. U.S. Treasury yields moved lower across the curve in June, reversing some of the increases marked earlier in the quarter. Over the quarter, however, yields finished higher at the long end while front-end yields declined. As a result, the yield curve steepened further, with the spread between the two- and 10-year yield widening to 50 basis points (bps) by quarter-end. The spread between the five- and 30-year yield broke above 100 bps toward the end of the month before closing just below 100 bps.

U.S. Treasury Yield Curve (%)

	Mar. 31, 2025 (%)	May 30, 2025 (%)	Jun. 30, 2025 (%)	Monthly Change (bps)	Quarterly Change (bps)
3 Month	4.29	4.33	4.29	-4	0
2 Year	3.88	3.90	3.72	-18	-16
5 Year	3.95	3.96	3.80	-16	-15
10 Year	4.21	4.40	4.23	-17	2
30 Year	4.57	4.93	4.77	-16	20

Source: Bloomberg

Economic data released in June remained mixed. Nonfarm payrolls came in strong, but prior months were revised lower. Consumer confidence weakened amid geopolitical conflict and fiscal uncertainty. Inflation came in slightly above expectations but remained below early year peaks. Growth momentum appeared to slow modestly, with downward revisions to first quarter gross domestic product and weaker discretionary spending indicators. Amid a resilient labor market and concern over the inflationary impact of tariffs, the Federal Reserve left rates unchanged at its June meeting and maintained a median forecast of two interest rate cuts in 2025, though the distribution of projections skewed more hawkish. Fed Chair Jerome H. Powell reiterated the agency's intention to follow a data-dependent approach, noting progress on inflation had been slower than hoped. Conversely, Governors Christopher Waller and Miki Bowman signaled a willingness to cut as early as July if inflation resumes a downward trajectory. Market pricing as of June reflected roughly one cut by September and two to three by year-end, consistent with softening growth and dovish signals from select Fed officials. June's front-end rally, coupled with long-end underperformance, underscored investor caution about long-term deficits even as the Fed moves closer to cutting rates.

Agency Residential and Agency Commercial Mortgage-Backed Securities

Easing geopolitical tension and renewed hope for Federal Reserve rate cuts spurred a risk-on environment in June. Agency residential mortgage-backed securities (RMBS), as measured by the Bloomberg US MBS Index, returned 1.78% on the month, underperforming the Bloomberg US Credit Index's return of 1.83% but outperforming the Bloomberg US Agency Commercial MBS (CMBS) Index's 1.20% and Bloomberg US Treasury Index's 1.25%. For the second quarter, the US MBS Index underperformed the US Credit and Agency CMBS indices but outperformed the US Treasury Index.

Agency RMBS spreads tightened on the month and were volatile over the quarter as option-adjusted spreads (OAS) widened 7 basis points (bps) in April before ending the quarter only 1 bp wider at 38 bps, according to the Bloomberg US MBS Index. Agency CMBS OAS, as measured by the Bloomberg US Agency CMBS Index, tightened 1 bp on the month and quarter to 38 bps. Spreads for current-coupon Agency RMBS tightened 8 bps on the month but widened 3 bps on the quarter to 147 bps.

Aggregate prepayment speeds declined in June, driven by a 10-bp rise in driving mortgage rates and lower day count, partly offset by positive housing seasonal factors. The 30-year mortgage rate, as measured by the Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index, decreased 12 bps month-over-month (MoM) but widened 12 bps on the quarter to 6.77%.

Gross issuance of Agency RMBS increased MoM to $109.2 billion, bringing gross issuance for the quarter to $304.2 billion. Net issuance of Agency RMBS also increased MoM to $25.1 billion from $15.7 billion; quarterly net issuance was $40.5 billion. Gross issuance of Agency CMBS increased slightly MoM to $10.9 billion, bringing quarterly issuance to $33.0 billion. Paydowns on the Federal Reserve's MBS portfolio was up MoM to $17.9 billion from $17.7 billion.

For charts and tables on mortgage market activity, please see the following page.

Non-Agency Residential Mortgage-Backed Securities

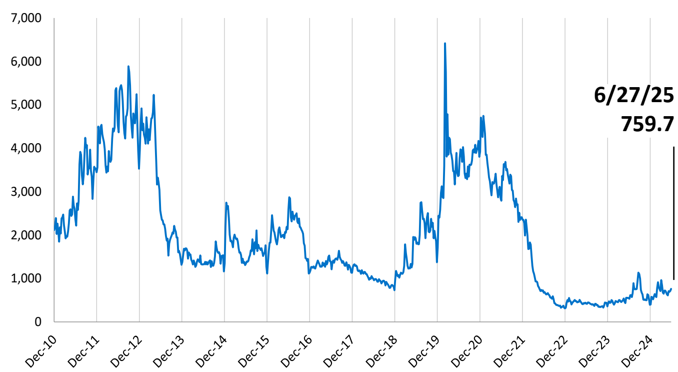
Performance of non-Agency residential mortgage-backed securities (RMBS) was positive across subsectors in June, largely driven by credit spread tightening due to a favorable supply-demand dynamic and a rally in U.S. interest rates across tenors. In addition, a positive outlook on housing fundamentals contributed to strong investor demand for non-Agency RMBS on the month. Performance was also generally positive across subsectors in the second quarter, with the exception of legacy RMBS, as the U.S. Treasury yield curve steepened across the period.

DoubleLine Market Commentary

June 2025

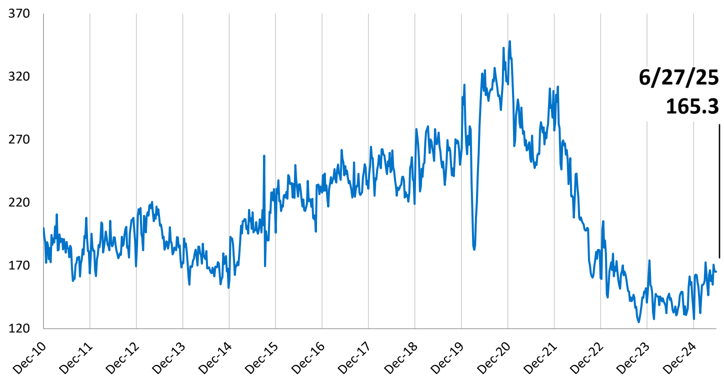
Mortgage Market Activity

MBA U.S. Refinancing Index | As of June 27, 2025



Source: Bloomberg. Base = 100 on 3/16/1990. Seasonally Adjusted

MBA Purchase Index | As of June 27, 2025



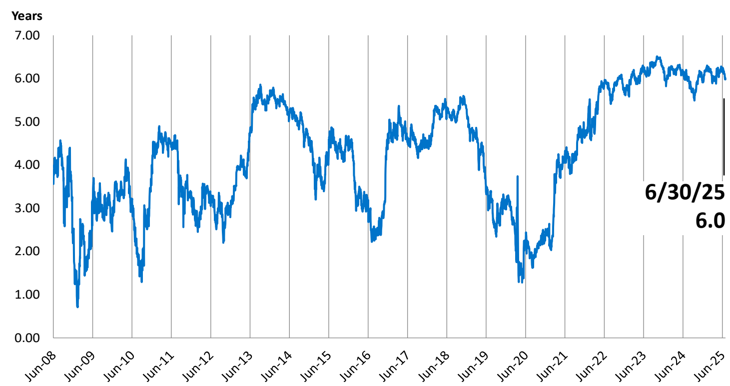
Source: Bloomberg. Base = 100 on 1/14/2011. Seasonally Adjusted

Freddie Mac Commitment Rate - 30 Year | As of June 26, 2025

Source: Bloomberg, DoubleLine

As of 1/4/2024, new methodology for gathering this data was implemented. Instead of surveying lenders, the Primary Mortgage Market Survey® results are now based on actual applications from lenders across the country submitted to Freddie Mac when a borrower applies for a mortgage.

Duration of Bloomberg US MBS Bond Index | As of June 30, 2025



Source: Bloomberg. Base = 100 on 1/14/2011. Seasonally Adjusted

Conditional Prepayment Rates (CPR)												
2024-2025	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**
Fannie Mae (FNMA)	6.6	6.6	6.4	8.1	6.2	6.0	5.2	5.1	6.5	7.3	7.3	7.1
Ginnie Mae (GNMA)	8.6	10.0	10.9	12.9	9.3	8.4	7.7	7.2	9.6	11.2	10.4	8.8
Freddie Mac (FHLMC)	6.4	6.6	6.5	8.5	6.2	5.9	5.2	5.1	6.5	7.6	7.5	7.3

Bloomberg U.S. MBS Index	4/30/2025	5/30/2025	6/30/2025	Change
Average Dollar Price ($)	89.87	88.75	90.07	1.32
Duration (Years)	6.05	6.15	5.98	-0.18

Bloomberg U.S. Index Returns (%)	4/30/2025	5/30/2025	6/30/2025
Aggregate	0.39	-0.72	1.54
MBS	0.29	-0.91	1.78
Corporate	-0.03	-0.01	1.87
Treasury	0.63	-1.03	1.25

Source: eMBS, Barclays Capital
FHLMC Commitment Rate Source: Bloomberg
As of June 30, 2025

Credit fundamentals were mixed versus May remittance as prepayments were mixed while delinquencies and mortgage rates decreased. The Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index fell 12 basis points (bps) month-over-month (MoM) but was up 12 bps on the quarter to 6.77%.

New issuance was up approximately $0.9 billion MoM to $14.1 billion, according to BofA Global Research, with activity concentrated in non-qualified mortgages (non-QMs). New issuance decreased approximately $1.4 billion quarter-over-quarter to $38.1 billion, with activity also largely concentrated in non-QMs.

While housing supply has steadily increased in recent months, home prices have remained supported by ever-increasing pent-up demand. Home prices were up 0.75% MoM and 3.42% year-over-year (YoY) in April, the most recent month for which data was available for the S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index. Existing-home sales increased 0.8% MoM in May, the most recent month for which data was available as measured by the National Association of Realtors Existing-Home Sales Report. YoY sales increased in the Northeast and Midwest but declined in the South and West.

Non-Agency Commercial Mortgage-Backed Securities

In June, the primary non-Agency commercial mortgage-backed securities (CMBS) market priced $8.01 billion of deals across 13 transactions, bringing second quarter totals to $27.69 billion and 42, respectively. *(Figure 3)* Conduit benchmark last-cash-flow bonds rated AAA tightened 1 basis point (bp) month-over-month (MoM) to 0.87% compared to duration-matched U.S. Treasuries. Bonds rated BBB- tightened 9 bps to 5.33% compared to duration-matched Treasuries.

MoM price movements on commercial real estate (CRE) in May were more muted compared to April activity, with industrial property the only subsector to increase (+0.02%) while central business district office declined the most (-2.62%). The RCA U.S. All-Property Commercial Property Price Index was down 0.47% MoM and 2.35% year-over-year (YoY) in May, the latest month for which data was available. CRE transaction volume was $27.7 billion, up 6% MoM but down 11% YoY. *(Figures 4 and 5).*

The 30-day-plus delinquency rate for non-Agency CMBS ticked up 5 bps MoM to 7.13% in June, closing out the quarter up 48 bps. *(Figure 6 on following page)*

Property Type	MoM Price Change (%)	YoY Price Change (%)
Apartment	-0.72	-1.25
Retail	-0.20	2.97
Industrial	0.02	-2.83
Office - Central Business District	-2.62	-5.15
Office - Suburban	-0.31	-0.18
National All-Property	-0.47	-2.35

Figure 4
Source: Real Capital Analytics, as of May 31, 2025

RCA U.S. CPPI Indexes | As of May 31, 2025

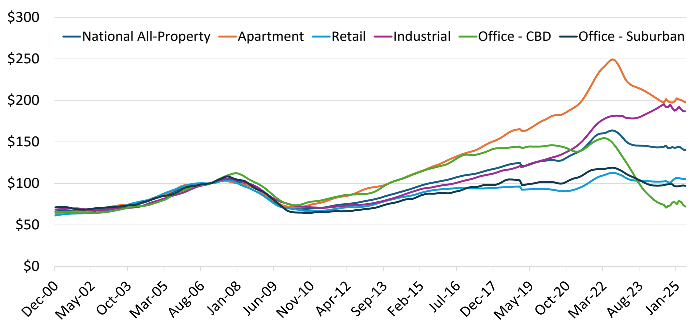


Figure 5
Source: Real Capital Analytics

The percentage of loans that were seriously delinquent (60 days or longer, in foreclosure, real estate owned or non-performing) was up 26 bps MoM and 53 bps for the quarter to 6.85%. Delinquencies in the heavily watched office segment continued their uptrend, up 49 bps MoM to 11.08%

Private-Label New Issuance ($ Billions)	Monthly		Quarter-to-Date		Year-to-Date		Comparable to YTD 2024	
	Deals	Volume	Deals	Volume	Deals	Volume	Volume	% of YTD 2024
Conduit	1	$0.70	7	$4.56	19	$14.88	$13.11	114%
Single Asset, Single Borrower	11	$5.99	27	$15.32	56	$41.85	$31.01	135%
Commercial Real Estate CLO	1	$0.93	8	$7.03	16	$15.38	$3.13	491%
Other*	0	0.39	0	$0.78	0	$1.13	–	–
Private-Label Total	13	$8.01	42	$27.69	91	$73.24	$47.25	155%

Figure 3
Source: DoubleLine, J.P. Morgan, as of June 30, 2025. *In this row, only dollar volume is provided, not the number of deals.

30-Day-Plus Delinquency Rates | As of June 30, 2025

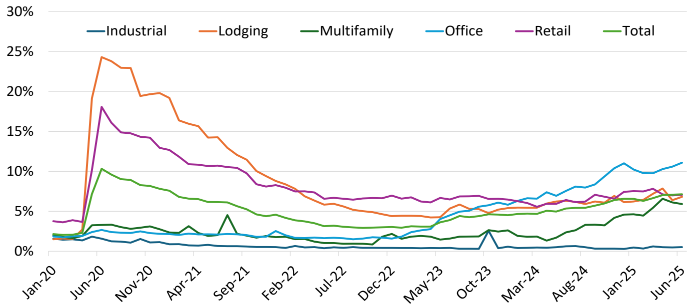


Figure 6
Source: Trepp

Asset-Backed Securities

The asset-backed securities (ABS) market delivered positive returns in June but lagged the broader fixed-income market as risk assets rallied, driven by increased expectations for interest rate cuts by the Federal Reserve. Short-duration and high-credit-quality ABS, such as those held in the Bloomberg US ABS Index, returned 0.87% while more off-the-run subsectors, such as those held in the ICE BofA U.S. Fixed-Rate Miscellaneous ABS Index, returned 0.97%. The broader fixed-income market, as measured by the Bloomberg US Aggregate Bond Index, returned 1.54%, helped by its relatively long duration. For the second quarter, the ABS market generally delivered positive returns, supported by its short duration amid a volatile period due to tariff policy uncertainty and geopolitical tension. The ABS indices returned 1.38% and 1.49%, respectively, while the aggregate index returned 1.21%.

Primary market issuance totaled $29.6 billion during the month, bringing the quarterly total to $76.4 billion and year-to-date total to $165.1 billion.

The best-performing ABS subsectors on the month were aviation securitizations, which experienced modest spread tightening. The data infrastructure and whole business securitization (WBS) subsectors also performed well. Despite generating positive returns, consumer-related assets such as timeshare securitizations were the laggards. Aircraft, data infrastructure and WBS subsectors were the best performers on the quarter while timeshare and railcar-related assets were the laggards.

Investment Grade Credit

The Bloomberg US Credit Index was up 1.83% in June and 1.82% in the second quarter. IG credit spreads, as tracked by the index, tightened slightly as stronger-than-expected economic data and a slowing of headlines around trade tension provided stability for risk assets as the quarter progressed. IG credit spreads tightened 4 basis points (bps) to 79 bps on the month, outperforming duration-matched U.S. Treasuries by 36 bps.

IG credit spreads tightened 10 bps on the quarter, outperforming duration-matched Treasuries by 100 bps.

On the month, long-duration credit returned 3.03%, outperforming intermediate-duration credit's 1.30% and short-duration credit's 0.72%. On the quarter, intermediate-duration credit returned 2.09%, outperforming short-duration credit's 1.47% and long-duration credit's 1.25%.

Bloomberg US Credit Index
As of June 30, 2025

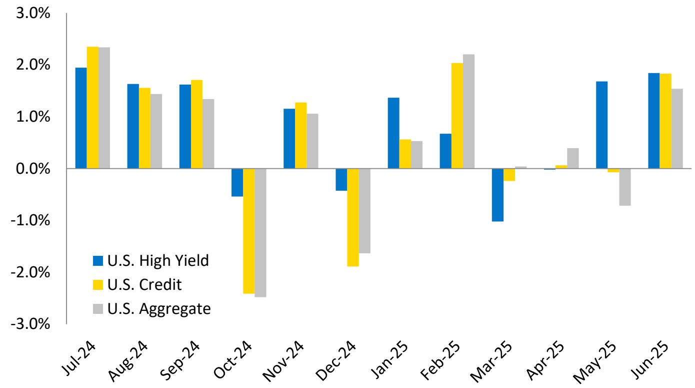
	Total Return by Rating Category (%)			
	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
US IG Credit Index	1.83	1.82	4.22	6.83
AAA	1.11	1.51	4.05	6.13
AA	1.72	1.32	3.85	5.78
A	1.85	1.80	4.24	6.68
BBB	1.95	2.00	4.32	7.30

Source: Barclays Live

The best-performing subsectors on the month were other industrial, energy and transportation. The worst performers were finance companies, communications and banking. The best performers on the quarter were real estate investment trusts, banking and finance companies. The worst performers were other industrial, communications and transportation.

U.S. dollar-denominated IG new issuance on a gross basis was $149.1 billion on the month, as reported by Barclays, up 31% year-over-year (YoY), and $39.1 billion on a net basis, up 16% YoY. On the quarter, gross issuance was $426 billion, up 5% YoY, and net issuance was $32 billion, down 72% YoY.

Performance of Select Barclays Indices
July 2024 through June 2025



Source: Barclays Live

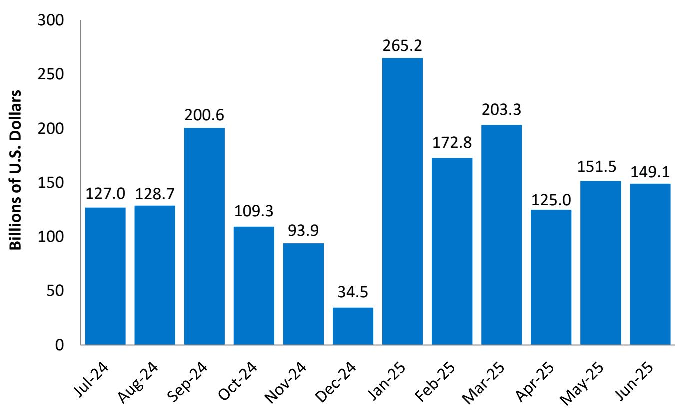
IG fund inflow was $29.9 billion on the month, according to EPFR Global as reported by J.P. Morgan, up 14% YoY, and $3.9 billion on the quarter, down 95% YoY.

Collateralized Loan Obligations

U.S. collateralized loan obligation (CLO) spreads stayed range-bound throughout June, and the J.P. Morgan CLO Total Return Index rose 0.58% on the month, bringing second quarter return to 1.80% and year-to-date (YTD) return to 2.89%.

U.S. CLO primary issuance remained elevated in June but volume fell 25% month-over-month (MoM) with $15.4 billion pricing across 33 deals. Primary supply for the quarter totaled $51.3 billion via 109 deals, keeping pace with 2024 issuance. YTD issuance reached $99.9 billion via 206 deals, compared to $101.3 billion via 214 deals a year ago. Resets remained in vogue, with 48 transactions pricing on the month for $24.5 billion, the highest monthly reset volume YTD by volume and deal count. In the secondary market, investment grade (IG) volume fell 30% MoM to $13.6 billion and below-IG volume fell 37% to $5.1 billion, per Trade Reporting and Compliance Engine data. The monthly supply of bids wanted in competition declined 38% MoM to $3.6 billion after three months of near-record highs.

Total Fixed-Rate Investment Grade Supply
As of June 30, 2025

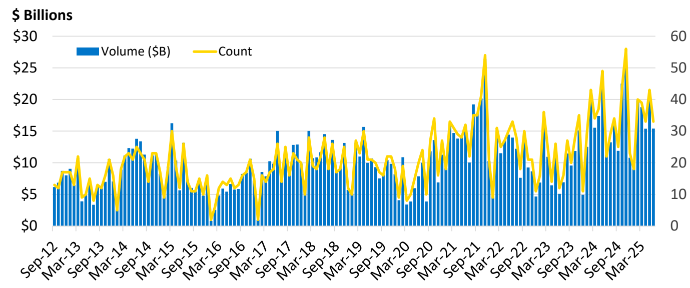


Source: Barclays Live

CLO credit fundamentals remained relatively stable on the month despite some negative shifts in broader bank loan distress metrics. After three consecutive months of improvement, the rolling three-month downgrade-upgrade ratio worsened MoM to 3.08 from 2.03. The last 12-month U.S. leveraged loan default rate by principal amount rose 37 basis points (bps) MoM to 1.11%, as a large French telecom company joined the list, hitting the highest level since April 2024. The dual-track default rate, which includes distressed transactions, also worsened, ending the month 10 bps higher at 4.46%.

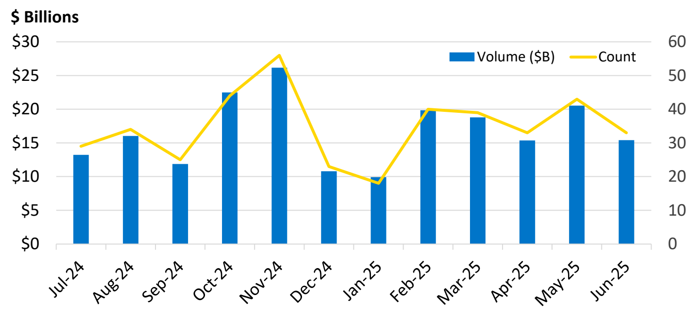
Market-based metrics held firm in June, buoyed by the positive momentum of the Morningstar LSTA US Leveraged Loan PR USD Index, which continued its rally since falling post-"Liberation Day." The index was up 37 bps MoM to $97.07 and well above the recent bottom of $94.41 on April 9. The ratio of performing leveraged loans priced below $80, referred to as the distressed ratio, also eased to 3.06% from 3.23% in May and 3.21% at the start of the quarter.

CLO New Issuance | September 2012 to June 2025



Source: LCD-CLO Global Databank

Last 12 Months Issuance | July 2024 to June 2025



Source: LCD-CLO Global Databank

Bank Loans

The bank loan market continued to show strength in June with a return of 0.80%, as measured by the Morningstar LSTA US Leveraged Loan TR USD Index, benefiting from delayed tariff implementation and easing geopolitical tension. For the second quarter, bank loans returned 2.32%, taking year-to-date return to 2.81%. The weighted average bid price of the Morningstar LSTA US Leveraged Loan PR USD Index was up month-over-month to $97.07 from $96.70, well above the $96.31 at the start of the quarter, just before President Donald Trump's "Liberation Day" tariff announcements. The bank loan market ended the month with a spread to maturity of 399 basis points and a yield to maturity of 8.42%. The elevated yield of the asset class continues to compare favorably to other areas of fixed income.

June performance was driven by credit compression, with lower-quality segments of the market outperforming higher-quality segments. Loans rated CCC and B outperformed the Morningstar LSTA US Leveraged Loan TR USD Index, rising 1.11% and 0.87%, respectively, while second-lien loans were up 0.90%. Loans rated BB and BBB underperformed the index, rising 0.72% and 0.62%, respectively. For the quarter, loans rated B rose 2.46%, outperforming the index and loans rated CCC (+2.31%) and BB

(+2.13%). The rally pushed the percentage of names trading above par to 41.11% at month-end, up from 26.55% in May and 10.30% in March. On the flip side, the market's distressed ratio (the percentage of bank loans trading below $80) shrunk to 3.06% from 3.23% in May and 3.21% at the start of the quarter. *(Figure 7)*

Distressed Ratio | January 2024 to June 2025

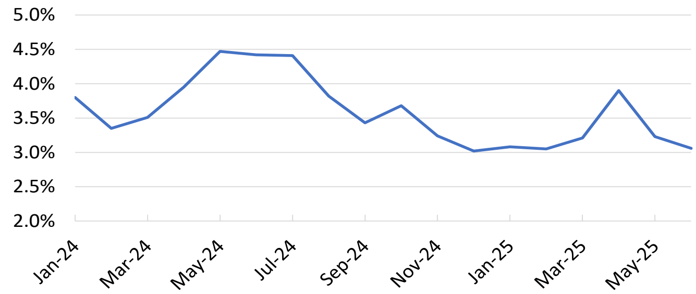


Figure 7
Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

The default rate by issuer count rose to 1.11% on the month from 0.74% in May and 0.82% at the start of the quarter. *(Figure 8)* The principal driver was the default of a European telecom company that is undergoing a voluntary debt restructuring. It is the largest default since 2018. Separately, three companies engaged in liability management exercises (LMEs). Including LMEs, the default rate was 4.46%. The headline default rate remains below the post-pandemic high of 1.75% in July 2023. Credit rating downgrades continued to outpace upgrades, with the three-month downgrade-upgrade ratio increasing month-over-month (MoM) in June to 3.08x from 2.03x, suggesting defaults are likely to rise from current levels.

Bank Loan Default Rate | January 2023 to June 2025

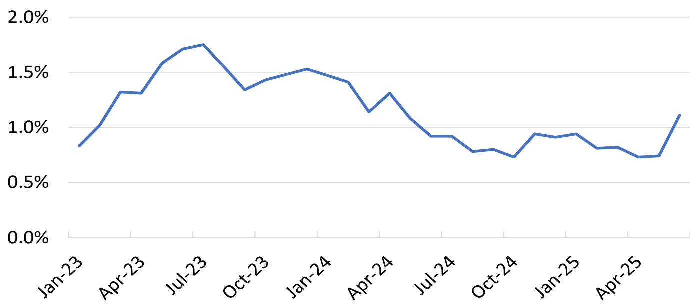


Figure 8
Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

With the strong market backdrop, new issue roared to life in June. Total transaction volume of $65.4 billion was up MoM from $32.1 billion but down from $143.7 billion in June 2024. While a majority of new-issue activity was for refinancing and repricing transactions, nonrefinancing deals accounted for 42% of total volume, up from 13% a year ago. Quarterly volume of $104.9 billion was down significantly from the same period a year ago, which marked $405.1 billion.

High Yield

The Bloomberg US Corporate High Yield (HY) Index returned 1.84% in June as markets continued to rally on receding geopolitical tension and positive trade developments. Yields fell 40 basis points (bps) to 7.06%, per the index, while spreads tightened 25 bps to 290 bps. For the second quarter, the index returned 3.53% while yields and spreads declined 67 bps and 57 bps, respectively.

Bloomberg US Corporate High Yield Index
As of June 30, 2025

	Total Return by Rating Category (%)			
	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
US High Yield Index	1.84	3.53	4.57	10.28
BB	1.75	3.44	4.98	8.91
B	1.93	3.62	4.38	9.46
CCC	2.31	4.01	3.55	16.69

Source: Bloomberg, DoubleLine

The HY 12-month, par-weighted default rate was unchanged month-over-month at 0.43%, as reported by J.P. Morgan, similar to a 0.36% mark at the end of 2024. For reference, the 25-year average is 3.00%. When including distressed exchanges, the default rate increased 8 bps to 1.41%, compared to 1.47% at the end of 2024. The 25-year default average including distressed exchanges is 3.40%.

Monthly upgrade volume ($18.2 billion) lagged downgrade volume ($52.9 billion), as reported by J.P. Morgan, bringing the year-to-date (YTD) ratio to 1.1x compared to 1.6x for full-year 2024. By number, June upgrades (15) also fell short of downgrades (28), bringing the YTD number ratio to 0.9x compared to 1.2x for full-year 2024. For the quarter, upgrade volume ($60.2 billion) similarly lagged downgrade volume ($100.6 billion), resulting in a ratio of 0.6x. By number, the ratio of 0.6x (38 upgrades versus 60 downgrades) fell short of the strong first quarter ratio of 1.1x.

HY new-issue volume reached $36.7 billion in June, as reported by J.P. Morgan, the highest monthly tally since September 2021, pushing second quarter volume to $77.3 billion. This compares to May's $32.0 billion and a 2024 monthly average of $24.1 billion. Refinancing was responsible for 79% of proceeds on the month and 72% YTD.

June marked a healthy $4.2 billion in inflow on the heels of May's $6.6 billion, according to Lipper as reported by J.P. Morgan. Quarterly flow was effectively flat, impacted by April's outflow amid trade policy uncertainty. YTD inflow reached $7.1 billion, which compares to a 2024 inflow of $16.3 billion.

Commodities

The commodity market rallied in June following a challenging environment earlier in the quarter when geopolitical conflict and tariff uncertainty dominated headlines. The Bloomberg Commodity Index rallied 2.03% in June but was down 4.12% for the second quarter. The S&P GSCI managed a solid return of 4.10%, driven by the index's higher sensitivity to the energy sector, but was down 3.85% on the quarter.

The best-performing subsector on the month, as tracked by the S&P GSCI, was energy (+7.98%), with WTI crude up 8.99% and Brent crude up 7.58%. The rally was driven by the military escalation in the Middle East and potential threat to global oil supplies. Natural gas declined 2.31% on higher-than-expected inventories. Industrial metals rose 4.63%, with aluminum (+6.46%) the best performer. Precious metals were slightly higher during the month (+0.41%), with gold down 0.23% and silver up 8.54%. Agriculture commodities were the worst-performing subsector (-3.89%). Coffee experienced the worst drawdown, falling 11.80%, as Brazil, the world's top producer, continued to experience above-average rainfall and increased its new crop estimates.

During the quarter, the two positive subsectors were precious metals (+3.98%) and industrial metals (+1.17%) while energy (-7.52%) and agriculture (-6.29%) both fell.

Emerging Markets Fixed Income

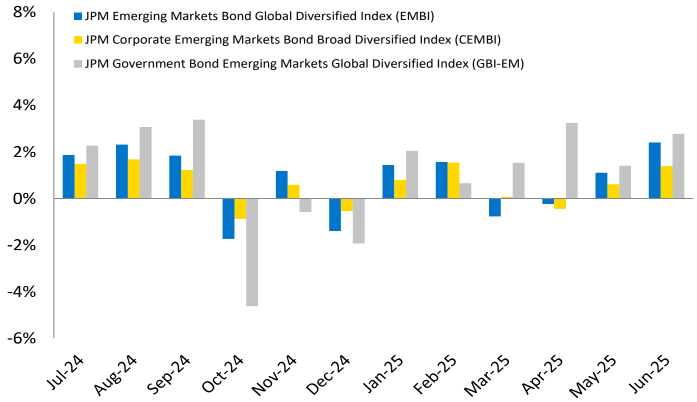
Emerging markets (EM) sovereign and corporate bonds posted positive returns in June, capping off a second quarter of positive performance for both asset classes. The J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD), which tracks sovereign bonds, returned 2.41% on the month and 3.32% on the quarter. The J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD), which tracks corporate bonds, returned 1.39% and 1.57%, respectively. The credit spread for the EMBI GD tightened 12 basis points (bps) on the month and 27 bps on the quarter. The credit spread for the CEMBI BD tightened 6 bps and stayed flat, respectively.

For the month and quarter, performance across all regions was positive for both indices. For the month, Africa was the best performer and the Middle East was the laggard in both indices. For the quarter, Africa was the best performer and the Middle East was the laggard in the EMBI GD; Europe was the best performer and Africa the laggard in the CEMBI BD.

The investment grade subindex underperformed the high yield subindex in both indices for the month. For the quarter, IG underperformed HY in the EMBI GD; IG outperformed HY in the CEMBI BD.

J.P. Morgan Emerging Markets Bond Index Performance

July 31, 2024 to June 30, 2025



Source: J.P. Morgan

Risk appetite for 2025 will likely be driven by the path of global growth and inflation, with central banks' focus on the pace of monetary easing to manage these challenges. Other factors include the potential impact and uncertainty in the U.S. tariff policy/trade wars and immigration policy; China's fiscal and monetary stimulus measures; and geopolitical tensions, including but not limited to events in the Middle East, Ukraine and Taiwan Strait.

International Sovereign

Global government bonds, as measured by the FTSE World Government Bond Index, returned 1.86% in June and 4.58% in the second quarter, driven mainly by foreign currency appreciation against the U.S. dollar. The dollar, as measured by the U.S. Dollar Index, fell sharply over the month and quarter as turbulence in U.S. trade policy weakened investor confidence and markets increased bets for interest rate cuts by the Federal Reserve.

The euro strengthened against the dollar on the month and quarter, mainly driven by dollar weakness. The European Central Bank (ECB) cut its benchmark policy rate by 25 basis points in April and June, lowering it to 2.00%, as policymakers braced for potentially slower growth and lower inflation in the eurozone as a result of U.S. tariff plans. ECB President Christine Lagarde suggested at the central bank's June meeting that the ECB is nearing the end of its rate-cutting cycle.

The Japanese yen remained roughly unchanged against the dollar on the month but strengthened sharply on the quarter. Despite signs of rising inflation, the Bank of Japan (BOJ) held interest rates steady and cut its economic growth outlook due to uncertainty over global trade tension. Meanwhile, yields on Japan's long-dated bonds surged following a series of weak debt auctions as investor demand waned amid concerns about debt sustainability. Bonds rallied in June after the BOJ announced a plan to slow the pace of its reduction in bond purchases starting next year.

Infrastructure

Infrastructure assets delivered positive returns and outperformed the broader fixed-income market in June as risk assets rallied, driven by increased expectations for interest rate cuts by the Federal Reserve. The Bloomberg US Aggregate Bond Index and Bloomberg US Corporate Index returned 1.54% and 1.87%, respectively. The indices were up 1.21% and 1.82%, respectively, in the second quarter, a volatile period for fixed income assets due to tariff policy uncertainty and geopolitical tension.

The best-performing infrastructure subsectors on the month were industrial corporate bonds, which benefited from their long duration profiles in a period when yields fell on the long end of the U.S. Treasury curve. Data infrastructure asset-backed securities (ABS) also experienced strong performance. Despite generating positive returns, emerging markets infrastructure exposures were the laggards. The best performers on the quarter were electric utility and industrial corporate bonds, which benefited from a strong rally in the belly of the Treasury yield curve. Similar to June, data infrastructure ABS also performed well. Despite generating positive returns, railcar ABS were the laggards.

U.S. Equities

U.S. equities continued to rally in June, supported by progress on international trade discussions. The S&P 500 Index gained 5.09% while the tech-heavy Nasdaq Composite Index was up 6.64%. The Dow Jones Industrial Average (DJIA) rose 4.47% while the Russell 2000 Index, which tracks small-capitalization stocks, gained 5.43%. U.S. equities surged in the second quarter, with the S&P 500 (+10.94%), Nasdaq (+17.97%), DJIA (+5.46%) and Russell 2000 (+8.50%) all up. Growth stocks outperformed the broader market on the month, with the Russell 1000 Growth Index up 6.38%, outperforming the 3.42% of the Russell 1000 Value Index, which tracks value stocks. During the quarter, growth stocks rallied 17.84% while value stocks rose 3.79%.

Nine of the 11 GICS sectors generated positive returns in June. Technology was the best performer (+9.79%) followed by communication services (+7.25%) and energy (+4.75%). Staples (-1.59%) and real estate (-0.17%) were the two sectors that declined. For the quarter, the best performers were technology (+22.90%), industrials (+12.94%) and communication services (+12.83%). The worst performers were energy (-8.47%), health care (-7.18%) and real estate (-1.44%).

Global Equities

Global equities continued to rally in June, with the MSCI All Country World Index (ACWI) rising 4.53%, ending the second quarter up 11.68%. Despite escalation of geopolitical volatility in the Middle East, risk assets found comfort in the progress on trade discussions. U.S. equities, as measured by the S&P 500 Index, outperformed the broader market during the month, rising 5.09%, and were up 10.94% on the quarter. A broader measure of U.S. equities, the S&P 500 Equal Weight Index, was up 3.43% and 5.46%, respectively. The Nasdaq Composite Index increased 6.64% on the month and 17.97% on the quarter, supported by strong positive performance from information technology stocks. The Russell 2000 Index, which tracks small-capitalization stocks, was up 5.43% and 8.50%, respectively.

European equities generated positive returns but underperformed the MSCI ACWI on the month, with the STOXX Europe 600 Index up 2.40%. The positive equity performance was broad-based, with German, French, Italian, U.K. and Spanish stocks posting gains. European equities outperformed the broader market on the quarter, up 12.38%.

Asian equities also delivered positive returns for the month and quarter, with Japanese, Chinese, Hong Kong, South Korean and Taiwanese equities up. Korean equities were the best performer on the quarter, rising 35.10%. Emerging markets equities, as measured by the MSCI Emerging Markets Index, outperformed the broader market, up 6.12% on the month and 12.17% on the quarter.

	June 2025	May 2025	2Q 2025
Global and U.S. Equities (%)			
MSCI All Country World Index	4.53	5.81	11.68
S&P 500 Index	5.09	6.29	10.94
S&P 500 Equal Weight Index	3.43	4.35	5.46
Nasdaq Composite Index	6.64	9.65	17.97
Dow Jones Industrial Average	4.47	4.16	5.46
Russell 2000 Index	5.43	5.34	8.50
Eurozone (%)			
Stoxx Europe 600 (Eurozone)	2.40	5.01	12.38
DAX (Germany)	3.26	6.61	17.37
CAC 40 (France)	2.75	3.85	9.84
FTSE MIB (Italy)	3.16	8.45	17.12
IBEX 35 (Spain)	2.74	6.53	17.85
FTSE 100 Index (U.K.)	1.93	4.68	9.60
Asia (%)			
Nikkei 225 (Japan)	6.53	4.43	18.29
Shanghai Stock Exchange Composite (China)	4.15	3.26	5.60
Hang Seng Index (Hong Kong)	3.98	4.76	4.88
KOSPI (South Korea)	16.28	8.89	35.10
TAIEX (Taiwan)	6.91	13.54	23.28
AORD (Australia)	3.78	4.81	15.47
Emerging Markets (%)			
MSCI Emerging Markets Index	6.12	4.30	12.17
Ibovespa (Brazil)	6.47	0.94	12.24
MSCI India Index	3.48	1.38	9.88

Source for the above market chart data: Bloomberg

DoubleLine®

Agency – Refers to mortgage-backed securities (MBS) whose principal and interest are guaranteed by a U.S. government agency such as Fannie Mae (FNMA) or Freddie Mac (FHLMC).

Australia All Ordinaries (AORD) Index – This index tracks the share prices of the 500 largest companies listed on the Australian Securities Exchange (ASX). The market capitalization of the AORD companies amounts to more than 95% of the value of all shares listed on the ASX.

Basis Points (bps) – Basis points (or basis point (bp)) refer to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01% or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarized as: 1% change = 100 basis points; 0.01% = 1 basis point.

Below Investment Grade/Non-Investment Grade – Term indicating a security is rated below investment grade (IG). These securities are seen as having higher default risk or being prone to other adverse credit events. They typically pay higher yields than higher-quality bonds in order to make them attractive. They are less likely than IG bonds to pay back 100 cents on the dollar.

Bid Wanted in Competition (BWIC) – Formal request for bids on a package of securities that is submitted by an institutional investor to a number of securities dealers. The dealers are being invited to submit bids on the listed securities.

Bloomberg Commodity (BCOM) Index – This index is calculated on an excess return basis and reflects the price movements of commodity futures. It rebalances annually, weighted two-thirds by trading volume and one-third by world production, and weight caps are applied at the commodity, sector and group levels for diversification. The roll period typically occurs from the sixth to 10th business day based on the roll schedule.

Bloomberg Emerging Markets (EM) USD Aggregate Sovereign Index – This index tracks fixed- and floating-rate, U.S. dollar-denominated debt issued by EM governments. Country eligibility and classification as an emerging market is rules based and reviewed annually using World Bank income group and International Monetary Fund country classifications.

Bloomberg US Agency Commercial Mortgage-Backed Securities (CMBS) Index – This index measures the U.S. market of Agency conduit and fusion CMBS deals.

Bloomberg US Aggregate Bond Index – This index (the "Agg") represents securities that are SEC registered, taxable and U.S. dollar denominated. It covers the U.S. investment grade, fixed-rate bond market, with 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 Asset-Backed Securities (ABS) Index – This index is the ABS component of the Bloomberg US Aggregate Bond Index, a flagship measure of the U.S. investment grade, fixed-rate bond market. The ABS index has three subsectors: credit and credit cards, autos and utility.

Bloomberg US Corporate High Yield (HY) Index – This index measures the U.S. dollar-denominated, HY, fixed-rate corporate bond market. Securities are classified as HY if the respective middle ratings of Moody's, Fitch and S&P are Ba1, BB+ or BB+ or below. The Bloomberg US HY Long Bond Index, including bonds with maturities of 10 years or greater, and the Bloomberg US HY Intermediate Bond Index, including bonds with maturities of 1 to 9.999 years, are subindices of the Bloomberg US Corporate HY Bond Index.

Bloomberg US Corporate Index – This index measures the investment grade, fixed-rate taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg US Credit Index – This index measures the investment grade, U.S. dollar-denominated fixed-rate, taxable corporate and government-related bond markets. It is composed of the Bloomberg US Corporate Index and a noncorporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Bloomberg US Mortgage-Backed Securities (MBS) Index – This index measures the performance of investment grade, fixed-rate mortgage-backed pass-through securities of the government-sponsored enterprises (GSEs): Federal Home Loan Mortgage Corp. (Freddie Mac), Federal National Mortgage Association (Fannie Mae) and Government National Mortgage Association (Ginnie Mae).

Bloomberg US Treasury Index – This index measures U.S. dollar-denominated, fixed-rate nominal debt issued by the U.S. Treasury with a remaining maturity of one year or more. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Bloomberg World Interest Rate Probability (WIRP) – Statistical function developed by Bloomberg that uses fed funds futures and options to assess the probability of future Federal Open Market Committee (FOMC) decisions. It seeks to calculate the chances of a rate hike at each of the FOMC meetings using futures trading data.

Brent Crude Oil – Major trading classification of sweet light crude oil that serves as a benchmark price for purchases of oil worldwide. Brent is known as a light, sweet oil because it contains 0.24% sulfur, making it "sweet," and has a low density, making it "light."

China Manufacturing Purchasing Managers Index (PMI) – This index, compiled by the China Federation of Logistics & Purchasing (CFLP) and China Logistics Information Center (CLIC), provides an early indication each month of economic activities in the Chinese manufacturing sector. Every month, questionnaires are sent to over 700 manufacturing enterprises all over China. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

China Services Purchasing Managers Index (PMI) – This index, compiled by the China Federation of Logistics & Purchasing (CFLP) and China Logistics Information Center (CLIC), provides an early indication each month of economic activities in the Chinese services sector. Every month, questionnaires are sent to services enterprises all over China.

Collateralized Loan Obligation (CLO) – Single security backed by a pool of debt.

Conduit Loans – Type of loans, also known as commercial mortgage-backed securities (CMBS) loans, that are commercial real estate loans pooled together with similar commercial mortgages and sold on the secondary market. On the secondary market, conduit loans are divided into tranches based on risk, return and loan maturity.

Cotation Assistee en Continu (CAC) 40 – This stock market index tracks the 40 largest French stocks on the Euronext Paris based on market capitalization, trading activity, size of balance sheet and liquidity.

Deutscher Aktien Index (DAX) – This blue-chip stock market index comprises the 40 major German companies trading on the Frankfurt Stock Exchange.

Distressed Exchange – A bank loan distressed exchange is an out-of-court negotiation where a company facing financial difficulties proposes to exchange existing debt for new debt, often with a reduced principal amount or modified terms, to avoid bankruptcy.

Dow Jones Industrial Average (DJIA) – This index tracks 30 large publicly owned companies trading on the New York Stock Exchange and the Nasdaq. It is price-weighted, unlike stock indices, which use market capitalization. Furthermore, the DJIA does not use a weighted arithmetic mean.

Duration – A commonly used measure of the potential volatility of the price of debt securities in response to a change in interest rates prior to maturity. Securities with longer duration generally have more volatile prices than securities of comparable quality with shorter duration.

Euro Stoxx 50 Index – This index of 50 eurozone stocks provides a blue-chip representation of supersector leaders in the eurozone.

Fannie Mae (FNMA) – The Federal National Mortgage Association (Fannie Mae) is a government-sponsored enterprise (GSE) chartered by Congress in 1938 during the Depression to stimulate home ownership and provide liquidity to the mortgage market. Its purpose is to help moderate- to low-income borrowers obtain financing for a home.

Federal Funds Rate – Target interest rate, set by the Federal Reserve at its Federal Open Market Committee (FOMC) meetings, at which commercial banks borrow and lend their excess reserves to each other overnight. The Fed sets a target federal funds rate eight times a year, based on prevailing economic conditions.

Freddie Mac (FHLMC) – The Federal Home Loan Mortgage Corp. (Freddie Mac) is a stockholder-owned, government-sponsored enterprise (GSE) chartered by Congress in 1970 to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle-income Americans. Freddie Mac purchases, guarantees and securitizes mortgages to form mortgage-backed securities (MBS).

Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index – This index tracks the 30-year fixed-rate mortgages component of the Freddie Mac Primary Mortgage Market Survey (PMMS), which tracks the most-popular 30- and 15-year fixed-rate mortgages, and 5-1 hybrid amortizing adjustable-rate mortgage products among a mix of lender types.

FTSE Milano Indice di Borsa (FTSE MIB) – This benchmark index for the Borsa Italian, the Italian stock exchange, comprises the 40 largest and most-liquid stocks on the exchange.

FTSE 100 Index – This index tracks the 100 companies with the highest market capitalization on the London Stock Exchange.

FTSE World Government Bond Index (FTSE WGBI) – This broad index measures the performance of fixed-rate, local-currency, investment grade sovereign bonds. It is a widely used benchmark that comprises sovereign debt from more than 20 countries that is denominated in a variety of currencies.

Ginnie Mae (GNMA) – The Government National Mortgage Association (Ginnie Mae) is a federal government corporation that guarantees the timely payment of principal and interest on mortgage-backed securities (MBS) issued by approved lenders. Ginnie Mae's guarantee allows mortgage lenders to obtain a better price for MBS in the capital markets.

Global Industry Classification Standard (GICS) – Hierarchical industry classification system, created by Morgan Stanley Capital International and S&P Dow Jones Indices in 1999, comprising four tiers going from broadest to narrowest to classify companies by industry: sectors, industry groups, industries and subindustries. The 11 GICS sectors are: energy, materials, industrials, consumer discretionary, consumer staples, health care, financials, information technology, real estate, communication services and utilities.

Gross Domestic Product (GDP) – Market value of all final goods and services produced within a country in a given period. GDP is considered an indicator of a country's standard of living.

Growth Stock – Any share in a company that is anticipated to grow at a rate significantly above the average growth for the market. These stocks generally do not pay dividends. This is because the issuers of growth stocks are usually companies that want to reinvest any earnings they accrue in order to accelerate growth in the short term. When investors invest in growth stocks, they anticipate that they will earn money through capital gains when they sell their shares.

Hang Seng Index – This free-float-capitalization-weighted index tracks a selection of companies on the Stock Exchange of Hong Kong. The index has four subindices: finance, utilities, properties, finance, and commerce and industry.

High Yield (HY) – Bonds that pay higher interest rates because they have lower credit ratings than investment grade (IG) bonds. HY bonds are more likely to default, so they must pay a higher yield than IG bonds to compensate investors.

Ibovespa Index – This gross return index is weighted by trade volume and comprises the most-liquid stocks on Brazil's Sao Paulo Stock, Commodities and Futures Exchange (known as "B3").

ICE BofA U.S. Fixed-Rate Miscellaneous Asset-Backed Securities (ABS) Index – A subset of the ICE BofA U.S. Fixed-Rate ABS Index, including all ABS collateralized by anything other than auto loans, home equity loans, manufactured housing, credit card receivables and utility assets. The ICE BofA U.S. Fixed-Rate ABS Index tracks the performance of U.S. dollar-denominated, investment grade (IG), asset-backed securities publicly issued in the U.S. domestic market. Qualifying securities must have an IG rating based on an average of Moody's, S&P and Fitch.

Indice Bursatil Espanol (IBEX) – This official index of the Spanish Continuous Market comprises the 35 most-liquid stocks traded on the market.

Investment Grade (IG) – Rating that signifies a municipal or corporate bond presents a relatively low risk of default. Bonds below this designation are considered to have a high risk of default and are commonly referred to as high yield (HY) or "junk bonds." The higher the bond rating the more likely the bond will return 100 cents on the U.S. dollar.

ISM Manufacturing PMI – This index (which used to be called the ISM Manufacturing Purchasing Managers Index) is compiled by the Institute for Supply Management and tracks the economic health of the manufacturing sector. The index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and employment environment. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

ISM Services PMI – This index (which used to be called the ISM Non-Manufacturing Purchasing Managers Index) is compiled by the Institute for Supply Management and tracks the economic health of the services (formerly nonmanufacturing) sector. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

J.P. Morgan Collateralized Loan Obligation (CLO) Total Return Index – This index is a total return subindex of the J.P. Morgan Collateralized Loan Obligation Index (CLOIE), which is a market value-weighted index consisting of U.S. dollar-denominated CLOs.

J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD) – This index is a uniquely weighted version of the CEMBI, which is a market capitalization-weighted index consisting of U.S. dollar-denominated emerging markets corporate bonds. It limits the weights of index countries with larger debt stocks by only including specified portions of those countries' eligible current face amounts of debt outstanding.

J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD) – This index is a uniquely weighted version of the EMBI, which tracks emerging markets (EM) bonds and comprises sovereign debt and EM corporate bonds. It limits the weights of index countries with larger debt stocks by only including specified portions of those countries' eligible current face amounts of debt outstanding.

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

Jumbo Loan – Type of financing, also known as a jumbo mortgage, that exceeds the limits set by the Federal Housing Finance Agency (FHFA). Unlike conventional mortgages, a jumbo loan is not eligible to be purchased, guaranteed or securitized by the government agencies Fannie Mae or Freddie Mac. Designed to finance luxury properties and homes in highly competitive local real estate markets, jumbo mortgages come with unique underwriting requirements and tax implications.

Korea Composite Stock Price Index (KOSPI) – This index comprises all common stocks traded on the stock market division of the Korea Exchange. It is the representative stock market index in South Korea, like the S&P 500 Index in the U.S.

Last Cash Flow (LCF) – Last revenue stream paid to a bond over a given period.

Legacy RMBS – Name for private-label, aka non-Agency, residential mortgage-backed securities (RMBS) issued before the shift to stricter post-Global Financial Crisis (GFC) guidelines. RMBS issued post-GFC are referred to as "RMBS 2.0."

Liability Management Exercise (LME) – Strategic process used by companies to manage, modify or optimize outstanding debt, often as an alternative to bankruptcy or traditional restructuring. LMEs involve techniques such as debt exchanges, maturity extensions, tender offers and covenant modifications.

Morningstar LSTA US Leveraged Loan Index – This market capitalization-weighted index tracks the U.S. leveraged loan market.

DoubleLine®

Morningstar LSTA US Leveraged Loan PR USD Index – This index (formerly the S&P/LSTA Leveraged Loan Price Index) tracks the prices of institutional weighted loans based on market weightings, spreads and interest payments.

Morningstar LSTA US Leveraged Loan TR USD Index – This index (formerly the S&P/LSTA Leveraged Loan Index) tracks the market-weighted performance of institutional weighted loans based on market weightings, spreads and interest payments.

Mortgage Bankers Association (MBA) Purchase Index – This index, a component of the MBA's Weekly Application Survey, includes all mortgage applications for purchases of single-family homes. The index covers the entire market, including all products, and conventional and government loans.

Mortgage Bankers Association (MBA) Refinance Index – This index, a component of the MBA's Weekly Application Survey, tracks the number of mortgage refinance applications. The index is used to help predict mortgage activity and loan prepayments based on the number of mortgage refinance applications submitted.

MSCI All Country World Index (MSCI ACWI) – This market capitalization-weighted index is designed to provide a broad measure of stock performance throughout the world. It comprises stocks from 23 developed countries and 24 emerging markets.

MSCI All Country World Index (MSCI ACWI) ex U.S. – This market capitalization-weighted index is designed to provide a broad measure of stock performance throughout the world. It comprises stocks from 22 of 23 developed countries and 24 emerging markets.

MSCI Emerging Markets Index (MSCI EMI) – This index captures large- and midcapitalization representation across 24 emerging markets countries. With 1,440 constituents, the index covers approximately 85% of the free-float-adjusted market cap in each country.

MSCI India Index – This index measures the performance of the mid- and large-capitalization segments of the Indian market. With 131 constituents, the index covers approximately 85% of the Indian equity universe.

Nasdaq Composite Index – This index ("the Nasdaq") comprises the more than 3,400 common stocks and similar securities (e.g., American depository receipts (ADRs), tracking stocks, limited-partnership interests) listed on the Nasdaq exchange. The index, which includes U.S. and non-U.S. companies, is highly followed in the U.S. as an indicator of the stock performance of technology companies and growth companies.

National Association of Realtors Existing-Home Sales Report – This report tracks sales and prices of existing single-family homes for the nation overall, and gives breakdowns for the West, Midwest, South and Northeast regions of the country. These figures include condos and co-ops in addition to single-family homes.

Nikkei 225 Index – This price-weighted index ("the Nikkei") comprises 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.

Non-Performing Loan (NPL) – Loan in which the borrower is in default due to the fact that they have not made the scheduled payments for a specified period. Although the exact elements of non-performing status can vary depending on the specific loan's terms, "no payment" is usually defined as zero payments of either principal or interest.

Non-Qualified Mortgage (Non-QM) – Any home loan that doesn't comply with the Consumer Financial Protection Bureau's existing rules on qualified mortgages (QM). Usually this type of alternative mortgage loan accommodates people who are not able to prove they are capable of making the mortgage payments. Just because it is a non-QM mortgage loan does not necessarily mean high risk or subprime mortgage risk, and in many cases these non-QM mortgage loans require a high FICO score but simply do not check all the boxes associated with a QM loan. Non-QM loans for mortgages are protected by the lender against any type of lawsuit should the borrower become unable to afford the loan.

Option-Adjusted Spread (OAS) – Measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option. Typically, an analyst uses U.S. Treasury yields for the risk-free rate. The spread is added to the fixed-income security price to make the risk-free bond price the same as the bond.

Par – Short for "par value," par can refer to bonds, preferred stock, common stock or currencies, with different meanings depending on the context. Par most commonly refers to bonds, in which case, it means the face value, or value at which the bond will be redeemed at maturity.

Private Label – Refers to debt-issued securities that are not issued by the government-sponsored enterprises (GSEs). "Agency" refers to debt-issued securities that are issued by the GSEs.

Quantitative Tightening (QT) – Reverse of quantitative easing (QE); a central bank that acquired financial assets under QE undertakes steps to reduce its balance sheet.

RCA Commercial Property Price Index (CPPI) – This index describes various nonresidential property types for the U.S. (10 monthly series from 2000). It is a periodic same-property, round-trip investment, price-change index of the U.S. commercial investment property market. The dataset contains 20 monthly indicators.

RCA U.S. All-Property Commercial Property Price Index (CPPI) – This index is a component of the suite of price indices that comprise the RCA CPPI.

Real Estate Owned (REO) – Property owned by a lender, such as a bank, that has not been successfully sold at a foreclosure auction. A lender – often a bank or quasi-governmental entity such as Fannie Mae or Freddie Mac – takes ownership of a foreclosed property when it fails to sell at the amount sought to cover the loan.

Re-Performing Loan (RPL) – A mortgage that became delinquent because the borrower was behind on payments by at least 90 days, but it is "performing" again because the borrower has resumed making payments.

Russell 1000 Growth (RLG) Index – This index measures the performance of the large-capitalization growth segment of the U.S. equity universe. It includes Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. Growth stocks are shares in a company that are anticipated to grow at a rate significantly above the average growth for the market.

Russell 1000 Value (RLV) Index – This index measures the performance of the large-capitalization value segment of the U.S. equity universe. It includes Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values. Value stocks are shares of a company that appear to trade at a lower price relative to the company's fundamentals.

Russell 2000 Index – This market capitalization-weighted index comprises 2,000 small-cap U.S. companies and is considered a bellwether index for small-cap investing.

S&P CoreLogic Case-Shiller 20-City Composite Home Price Not Seasonally Adjusted (NSA) Index – This index measures the value of residential real estate in 20 major U.S. metropolitan areas: Atlanta; Boston; Charlotte; Chicago; Cleveland; Dallas; Denver; Detroit; Las Vegas; Los Angeles; Miami; Minneapolis; New York City; Phoenix; Portland, Oregon; San Diego; San Francisco; Seattle; Tampa; and Washington, D.C.

S&P 500 Equal Weight Index (EWI) – This index is the equal-weight version of the widely used S&P 500 Index. The S&P 500 EWI includes the same constituents as the capitalization-weighted parent index, but each company in the S&P 500 EWI is allocated a fixed weight, or 0.2% of the index, at each quarterly rebalance.

S&P 500 Index – This unmanaged capitalization-weighted index of the stocks of the 500 largest publicly traded U.S. companies is designed to measure performance of the broad domestic economy through changes in the aggregate market value of the 500 stocks, which represent all major industries.

S&P Global Eurozone Manufacturing Purchasing Managers' Index (PMI) – This index measures the performance of the manufacturing sector derived from a survey of 3,000 manufacturing firms and includes national data for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. The PMI is based on five individual indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stock of items purchased (10%), with the delivery times index inverted to move in a comparable direction. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

S&P Global Eurozone Services Purchasing Managers' Index (PMI) – This index is based on original survey data from a representative panel of around 2,000 private service sector firms. National data is included for Germany, France, Italy, Spain and the Republic of Ireland. These countries account for an estimated 78% of eurozone private-sector services output. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

S&P GSCI – This index (formerly the Goldman Sachs Commodity Index) measures investment in the commodity markets and commodity market performance over time.

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

Spread – Difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. The spread can be measured between debt instruments of differing maturities, credit ratings or risk.

Spread to Maturity (STM) – Measure of return from a floating-rate note relative to that from its index or reference rate, such as the Secured Overnight Financing Rate (SOFR), calculated by discounting future cash flows on a bond basis.

Stoxx Europe 600 Index – This index has a fixed number of 600 components representing large, mid- and small-capitalization companies among 17 European countries, covering approximately 90% of the free-float market cap of the European stock market (not limited to the eurozone).

Summary of Economic Projections (SEP) – Four times a year, the Federal Reserve releases a summary of Federal Open Market Committee (FOMC) participants' projections for gross domestic product (GDP) growth, the unemployment rate, inflation and the appropriate policy interest rate. The summary also provides information regarding policymakers' views on the uncertainty and risks attending the outlook. The projections provide information on the values that participants view as the most likely to prevail in the current year and the subsequent two years as well as over the longer run. The FOMC chair presents information about these projections in the press conference following the FOMC meeting for which they were prepared.

TAIEX Index – This index tracks companies traded on the Taiwan Stock Exchange. The index covers all listed stocks excluding preferred, full-delivery and newly listed stocks, which are listed for less than one calendar month.

Tenor – Length of time remaining before a financial contract expires. It is sometimes used interchangeably with the term maturity, although the terms have distinct meanings. Tenor is used in relation to bank loans, insurance contracts and derivative products.

Trade Reporting and Compliance Engine (TRACE) – Financial Industry Regulatory Authority (FINRA)-developed vehicle that facilitates the mandatory reporting of over-the-counter secondary market transactions in eligible fixed-income securities.

U-3 Unemployment Rate – Officially recognized rate of unemployment, compiled and released monthly by the U.S. Bureau of Labor Statistics, measuring the number of unemployed people as a percentage of the labor force.

U.S. Dollar Index (DXY) – A weighted geometric mean of the U.S. dollar's value relative to a basket of six major foreign currencies: the euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc.

Value Stock – Share of a company that appears to trade at a lower price relative to the company's fundamentals, such as dividends, earnings or sales, making it appealing to value investors.

West Texas Intermediate (WTI) Crude Oil– Specific grade of crude oil and one of the main three benchmarks, along with Brent and Dubai Crude, in oil pricing. WTI is known as a light sweet oil because it contains 0.24% sulfur, making it "sweet," and has a low density, making it "light." It is the underlying commodity of the New York Mercantile Exchange's (NYMEX) oil futures contract and is considered a high-quality oil that is easily refined.

Whole Business Securitization (WBS) – Transaction in which an issuance of notes is secured by a pool of income-generating assets (other than financial assets such as loans or receivables) that make up substantially all the revenues of a business.

Yield to Maturity (YTM) – The total return anticipated on a bond if the bond is held until it matures. Yield to maturity is considered a long-term bond yield but is expressed as an annual rate.

You cannot invest directly in an index.

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