DoubleLine®

DoubleLine Market Commentary

May 2025

Overview

May began with a Federal Reserve still concerned with the broader implications of tariffs that were unveiled April 2 and then amended on an ad hoc basis. While Fed officials were contending with concern over sticky inflation from broad-based tariffs, the Trump administration on May 12 announced a 90-day pause on China tariffs, which sent the U.S. equity market, as measured by the S&P 500 Index, up 3.27% on the day. This marked shift in tone from the White House ultimately drove risk assets higher for the month. At the same time, Republican lawmakers continued work on the "One Big Beautiful Bill," a budget plan projected to increase the federal deficit and that includes provisions to raise the debt ceiling. On May 16, Moody's downgraded the U.S. government from Aaa to Aa1, citing large annual fiscal deficits and growing interest costs, and removed the last Aaa rating from a major rating organization. The U.S. dollar, as measured by the U.S. Dollar Index, declined to 99.3 from 99.5 on the month, bringing its year-to-date measure to negative 8.44%. The S&P 500 returned 6.29% versus 4.68% for non-U.S. equities, as measured by MSCI All Country World Index ex U.S. *(Figure 1)* U.S. fixed income, as measured by the Bloomberg US Aggregate Bond Index, returned negative 0.72% as U.S. Treasury yields rose across the curve. The nearly parallel shift higher in the curve reflected delayed expectations for Fed cuts to the federal funds rate.

On May 7, the Federal Open Market Committee (FOMC) held rates steady in the 4.25% to 4.50% range. One of the committee's concerns was reignited inflation, according to official meeting minutes, with some FOMC members noting reports that "firms generally were planning to partially or fully pass on tariff-related cost increases to customers," including firms not directly subject to tariffs. Inflation concerns coupled with some positive economic data caused investors to shift expectations from four cuts of 25 basis points (bps) each to two cuts by the end of 2025, according to the Bloomberg World Interest Rate Probability function, the first of which is projected to occur at the October FOMC meeting. The second estimate for first quarter gross domestic product was revised by the U.S. Bureau of Economic Analysis in May to negative 0.2% from negative 0.3%, boosted by the front-loading of imports prior to tariff implementations. The Personal Consumption Expenditures (PCE) Price Index came in softer at 2.1% year-over-year in April, released in May, while core PCE, which excludes seasonally volatile components such as food and energy, was up 2.5%. Despite hard data showing a decline in inflation, expectation that tariff-related inflation would be reflected in the following months led markets to anticipate a more hawkish interest-rate outlook by the Fed.

Total Return by Asset Class | As of May 31, 2025
Denominated in U.S. Dollars

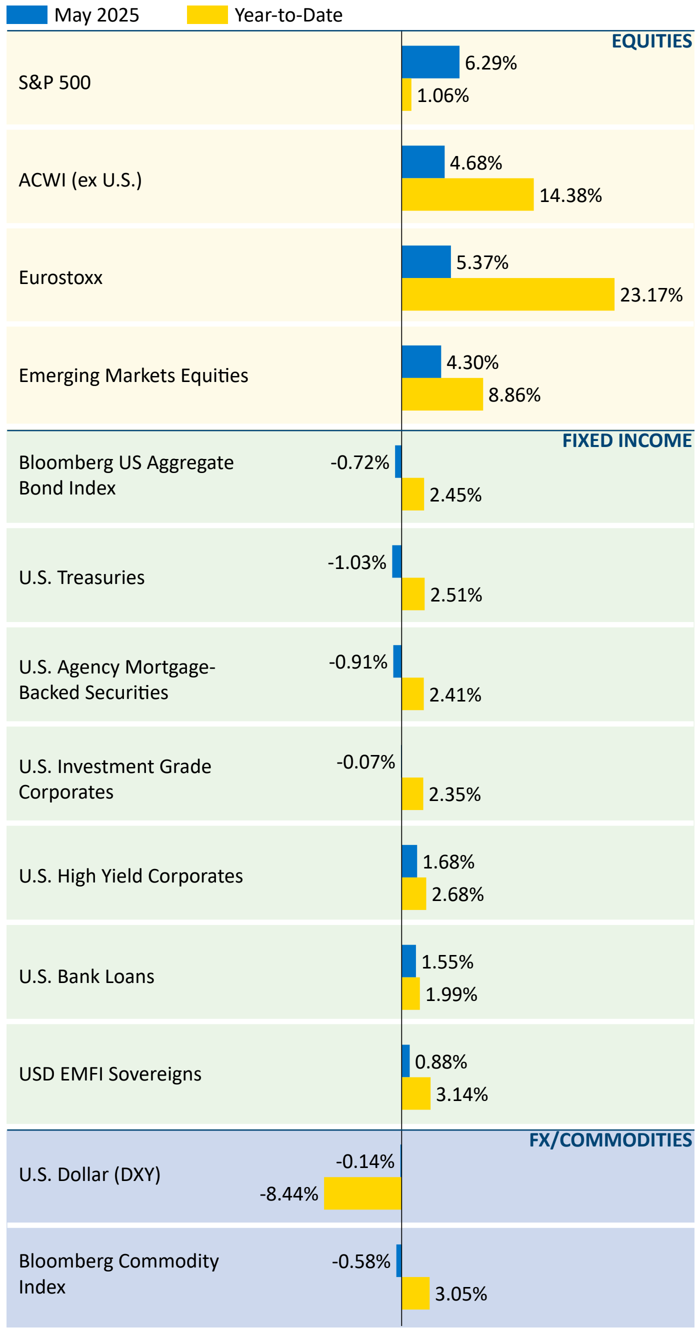


Figure 1
Source: DoubleLine, Bloomberg

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.

The May nonfarm payrolls report showed 139,000 jobs were added month-over-month (MoM), above a consensus estimate of 129,000, while the previous two months' numbers were revised lower by 95,000, with the three-month moving average of private payroll gains settling at 133,000. The U-3 unemployment rate was unchanged at 4.2%. The May ISM Manufacturing PMI slid further into contractionary territory (a number below 50) to 48.5 from 48.7, below a consensus estimate of 49.5. ISM Services PMI came in lower than expected at 49.9, down MoM from 51.6 and below a consensus estimate of 52.0. April retail sales data, released in May, was stronger than expected, up 0.06% MoM, while March was revised higher to 1.68% from 1.40%.

Eurozone annual inflation came in at 1.9% in May, down MoM from 2.2%, according to Eurostat's initial flash estimate. The S&P Global Eurozone Manufacturing Purchasing Managers' Index (PMI) increased MoM to 49.4 from 49.0, a 33-month high despite remaining in contractionary territory. Eurozone Services PMI moved lower to 48.9 from 50.1. Market participants were widely expecting an eighth rate cut of 25 bps by the European Central Bank in June, which would bring the main deposit rate to a range of 2.00% to 2.25%, the lowest level since late 2022.

China Manufacturing PMI increased MoM in May to 49.5 from 49.0 while China Services PMI decreased to 50.3 from 50.4. The People's Bank of China reduced the one-year loan prime rate to 3.0% from 3.1% on the month, the first reduction in seven months, prompted by the trade war with the U.S. In Japan, May data was mixed as Japan Manufacturing PMI increased MoM to 49.4 from 48.7, according to S&P Global data, while Japan Services PMI decreased to 51.0 from 52.4. Japan 30- and 40-year government bond yields hit record highs during the month, reaching 3.19% and 3.68%, respectively.

With the U.S. softening its tone on trade, global risk assets rallied on optimism and hopes of continued dealmaking. Even the downgrading of the U.S. government's credit rating couldn't put a damper on risk assets. U.S. inflation and trade policy concerns are still elevated, however. Looking forward, the focus will be on tariff negotiations as well as the state of the One Big Beautiful Bill in the Senate.

U.S. Government Securities

The U.S. Treasury market reversed course in May, with the Bloomberg US Treasury Index down 1.03%, erasing April's gains and reducing year-to-date performance to 2.51%. The loss was driven by a parallel upward shift in Treasury yields across the curve, led by a more pronounced move on the front end. The two-year yield rose 29 basis points (bps) to 3.90% while both the five- and 10-year yields increased 24 bps to 3.96% and 4.40%, respectively. Notably, the 30-year yield broke above 5% on May 21 before retracing later in the month. The 5% threshold is seen as an important level by analysts and investors, as it points to questions about the strength of the U.S. economy.

U.S. Treasury Yield Curve (%)

	4/30/2025	5/30/2025	Change
3 Months	4.29	4.33	0.04
6 Months	4.17	4.31	0.14
1 Year	3.85	4.10	0.25
2 Years	3.60	3.90	0.30
3 Years	3.60	3.86	0.26
5 Years	3.73	3.96	0.23
10 Years	4.16	4.40	0.24
30 Years	4.68	4.93	0.25

Source: Bloomberg

Despite the upward move in yields, the curve's shape remained relatively stable. The spread between the two- and 10-year yields narrowed slightly to 49.7 bps, the spread between the five- and 30-year yields steepened modestly by 1.6 bps to 96.5 bps, and the spread between the two- and 30-year yields narrowed 4.3 bps to 102.7 bps.

May's market dynamics were shaped mostly by growing investor sensitivity to the U.S. fiscal trajectory as opposed to macroeconomic data. On the macro front, the U.S. economy remained resilient, supported by positive labor and inflation prints, and this environment reinforced the Federal Reserve's cautious stance as it awaits the impact of tariffs on the economy.

On May 16, Moody's downgraded the U.S. sovereign credit rating from Aaa to Aa1, aligning it with ratings already assigned by S&P and Fitch. According to Moody's, the downgrade was driven by persistent fiscal deterioration; a rising interest burden; and concern over the structural deficit, especially if the 2017 tax cuts are extended by Congress. The announcement came amid budget reconciliation efforts in Congress, where tax and spending proposals have heightened uncertainty around future deficits. While the Moody's downgrade did not trigger forced selling, it did refocus investor attention on U.S. fiscal sustainability. This renewed scrutiny pushed long-end Treasury yields above key resistance levels, with markets demanding greater compensation for holding duration amid deteriorating fiscal fundamentals.

Agency Residential and Agency Commercial Mortgage-Backed Securities

Fixed-income market volatility continued in May as investors attempted to digest the impact of the Trump administration's evolving trade policy and Moody's downgrade of the U.S. credit rating from Aaa to Aa1. Agency residential mortgage-backed securities (RMBS), as measured by the Bloomberg US MBS Index, returned negative 0.91%, underperforming the Bloomberg US Credit Index's negative 0.07% and Bloomberg US Agency Commercial MBS (CMBS) Index's return of negative 0.47% but outperforming the Bloomberg US Treasury Index's negative 1.03%.

Agency RMBS option-adjusted spreads (OAS), as measured by the Bloomberg US MBS Index, tightened modestly by 2 bps to 42 bps. Agency CMBS OAS, as measured by the Bloomberg US CMBS Index, tightened 6 bps to 39 bps. Spreads for current-coupon Agency RMBS tightened 4 bps to 155 bps.

Aggregate prepayment speeds decreased slightly in May as the effect of a higher driving mortgage rate was 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, increased 8 bps to 6.89%.

Gross issuance of Agency RMBS increased month-over-month to $105.2 billion from $90.4 billion. Net issuance also increased, going to $16.4 billion from negative $0.3 billion. Monthly issuance of Agency CMBS was $11.4 billion in April, the latest full month for which data was available. Paydowns on the Federal Reserve's MBS portfolio was up $0.9 billion to $17.6 billion in May.

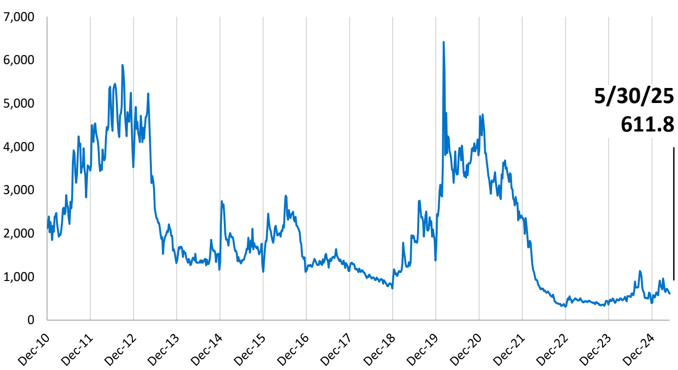
For charts and tables on mortgage market activity, please see the following page.

Non-Agency Residential Mortgage-Backed Securities

Performance of non-Agency residential mortgage-backed securities was generally positive across subsectors in May, with the exception of prime jumbo and single-family rental securitizations. Performance was largely driven by a broader relief rally for risk assets as anxieties surrounding U.S. trade policy were somewhat alleviated by the announcement of a U.S.-China trade truce.

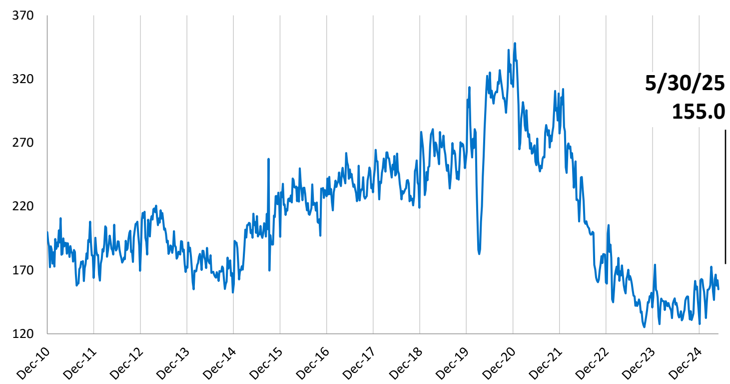
Credit fundamental factors were mixed versus April remittance as delinquencies and prepayments were mixed, and mortgage rates increased. The Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index rose 8 bps month-over-month (MoM) to 6.89%.

MBA U.S. Refinancing Index | As of May 30, 2025



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

MBA Purchase Index | As of May 30, 2025



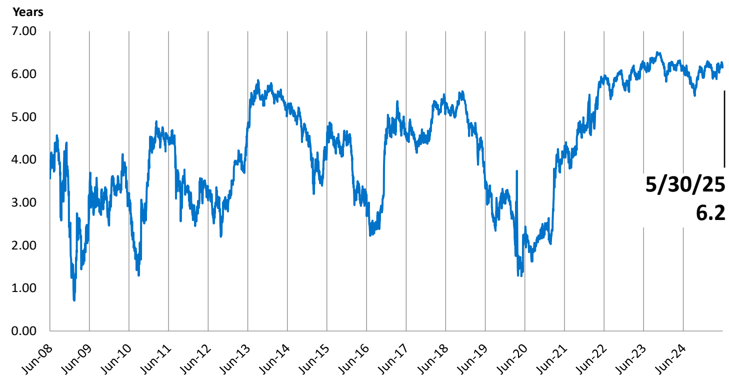
Source: Bloomberg. Base = 100 on 1/14/2011. Seasonally Adjusted

Freddie Mac Commitment Rate - 30 Year | As of May 29, 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 May 30, 2025



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

Conditional Prepayment Rates (CPR)												
2024-2025	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**
Fannie Mae (FNMA)	6.1	6.6	6.6	6.4	8.1	6.2	6.0	5.2	5.1	6.5	7.3	7.3
Ginnie Mae (GNMA)	7.5	8.6	10.0	10.9	12.9	9.3	8.4	7.7	7.2	9.6	11.2	10.4
Freddie Mac (FHLMC)	6.0	6.4	6.6	6.5	8.5	6.2	5.9	5.2	5.1	6.5	7.6	7.5

Bloomberg U.S. MBS Index	3/31/2025	4/30/2025	5/30/2025	Change
Average Dollar Price ($)	89.90	89.87	88.75	-1.12
Duration (Years)	5.95	6.05	6.15	0.10

Source: eMBS, Barclays Capital
FHLMC Commitment Rate Source: Bloomberg
As of May 31, 2025

Bloomberg U.S. Index Returns (%)	3/31/2025	4/30/2025	5/30/2025
Aggregate	0.04	0.39	-0.72
MBS	-0.02	0.29	-0.91
Corporate	-0.29	-0.03	-0.01
Treasury	0.23	0.63	-1.03

May marked $13.2 billion in new issuance, up approximately $2.4 billion MoM, according to BofA Global Research, with issuance concentrated in non-qualified mortgages.

While housing supply has steadily increased to its highest level in nearly five years, ever-increasing pent-up housing demand pushed home prices up 1.11% MoM and 4.07% year-over-year (YoY) in March, 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 decreased 0.5% in April, the most recent month for which data was available as measured by the National Association of Realtors Existing-Home Sales Report. YoY sales decreased in the Midwest, South and West but were flat in the Northeast.

Non-Agency Commercial Mortgage-Backed Securities

In May, the primary non-Agency commercial mortgage-backed securities (CMBS) market was active, pricing $14.75 billion of deals across 18 transactions. *(Figure 2)* Conduit benchmark last-cash-flow bonds rated AAA tightened 8 basis points (bps) to 0.88% compared to duration-matched U.S. Treasuries. Bonds rated BBB- tightened 46 bps to 5.42% compared to duration-matched Treasuries.

Private-Label New Issuance ($ Billions)	Monthly		Quarter-to-Date	
	Deals	Volume	Deals	Volume
Conduit	4	$2.45	6	$3.86
Single Asset, Single Borrower	9	$7.41	14	$9.33
Commercial Real Estate CLO	5	$4.89	7	$6.10
Other*	0	–	0	$0.39
Private-Label Total	18	$14.75	27	$19.69

Private-Label New Issuance ($ Billions)	Year-to-Date		Comparable to YTD 2024	
	Deals	Volume	Volume	% of YTD 2024
Conduit	18	$14.19	$9.14	155%
Single Asset, Single Borrower	42	$35.86	$26.87	133%
Commercial Real Estate CLO	15	$14.46	$2.23	649%
Other*	0	$0.74	–	–
Private-Label Total	75	$65.25	$38.24	171%

Figure 2
Source: DoubleLine, J.P. Morgan, as of May 31, 2025.
*In this row, only dollar volume is provided, not the number of deals.

The RCA U.S. All-Property Commercial Property Price Index was down 1.52% month-over-month (MoM) and 1.83% year-over-year (YoY) in April, the latest month for which data was available. Both MoM and YoY prices continued trends of past months. Commercial real estate transaction volume was $26.1 billion, flat YoY. *(Figures 3 and 4)*

Property Type	MoM Price Change (%)	YoY Price Change (%)
Apartment	-0.84	-1.33
Retail	-0.45	3.23
Industrial	-1.34	-2.05
Office - Central Business District	-4.74	-4.24
Office - Suburban	0.20	0.18
National All-Property	-1.52	-1.83

Figure 3
Source: Real Capital Analytics, as of May 31, 2025

RCA U.S. CPPI Indexes | As of April 30, 2025

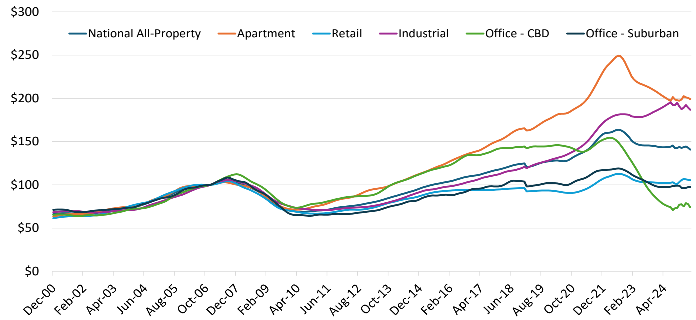


Figure 4
Source: Real Capital Analytics

The 30-day-plus delinquency rate for non-Agency CMBS ticked up 5 bps MoM in May to 7.08%. *(Figure 5)* The percentage of loans that were seriously delinquent (60 days or longer, in foreclosure, real estate owned or non-performing) was up 5 bps to 6.59%. Delinquencies in the heavily watched office segment continued their uptrend, rising 31 bps to 10.59%. All other property types, however, experienced delinquency decreases, including the lodging subsector, with delinquencies down 146 bps to 6.39%. The overall YoY delinquency rate increased to 2.11%.

30-Day-Plus Delinquency Rates | As of May 31, 2025

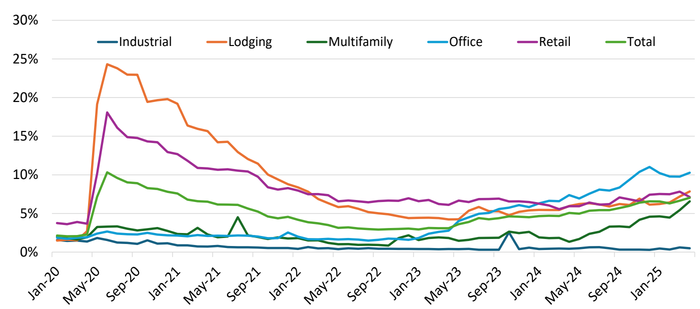


Figure 5
Source: Trepp

Asset-Backed Securities

The asset-backed securities (ABS) market delivered positive returns in May, helped by the relatively short duration of the asset class. Fixed-income market volatility continued from the previous month, driven by the Trump administration's evolving trade policy and rising fiscal concerns following the downgrade of the U.S. credit rating by Moody's. U.S. Treasury yields rose broadly across the curve in May. Short-duration and high-credit-quality ABS, such as those held in the Bloomberg US ABS Index, returned 0.02% while more off-the-run sectors, such as those held in the ICE BofA U.S. Fixed-Rate Miscellaneous ABS Index, returned 0.10%. The broader fixed-income market, as measured by the Bloomberg US Aggregate Bond Index, returned negative 0.72%.

Primary market activity picked up in May with new issuance of $32.2 billion, the highest monthly supply of the year. Spreads were modestly tighter across ABS subsectors on the month. The best-performing ABS subsectors were aviation securitizations, as these assets experienced modest spread tightening. Hard-asset securitizations, such as data infrastructure and whole business securitizations, also generated strong returns. The worst-performing subsectors were renewable securitizations, as weaker collateral fundamentals weighed on their performance.

Investment Grade Credit

The U.S. investment grade (IG) market, as measured by the Bloomberg US Credit Index, returned negative 0.07% in May despite spread tightening as U.S. Treasury yields rose across almost all tenors of the curve. IG credit spreads tightened by 17 basis points (bps) to 83 bps, outperforming duration-matched Treasuries by 118 bps.

The rise in yields drove IG market performance, as short- and intermediate-duration credit, which both returned 0.12%, outperformed long-duration credit's negative 0.50%.

The best-performing subsectors were finance companies, energy and real estate investment trusts. The worst performers were other industrial, insurance and electric.

U.S. dollar-denominated IG new issuance on a gross basis was $150.8 billion, flat year-over-year (YoY), according to Barclays, and $23.8 billion on a net basis, down 33% YoY.

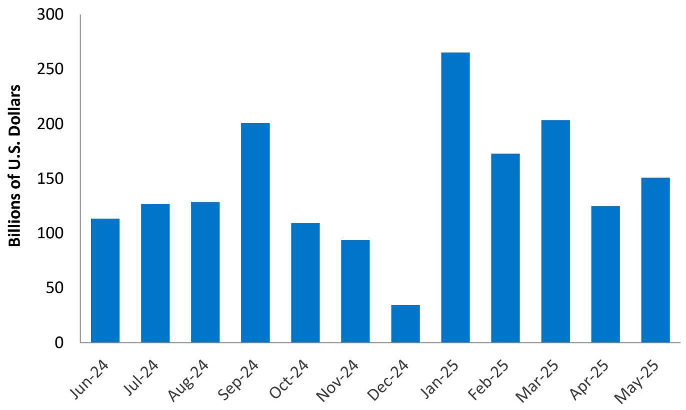
IG fund inflow was $15.4 billion on the month, according to EPFR Global as reported by J.P. Morgan, compared with inflow of $20 billion a year ago. IG inflow year-to-date was $39.6 billion, down 74% YoY from $153.3 billion.

Bloomberg US Credit Index
As of May 31, 2025

	Total Return by Rating Category (%)			
	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
US IG Credit Index	-0.07	-0.01	2.35	5.61
AAA	-0.61	0.39	2.90	5.89
AA	-0.59	-0.39	2.09	4.76
A	-0.22	-0.06	2.34	5.41
BBB	0.26	0.05	2.33	5.92

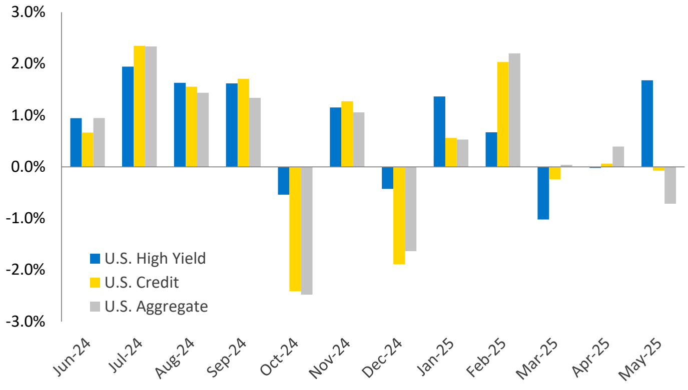
Source: Barclays Live

Total Fixed-Rate Investment Grade Supply
As of May 31, 2025



Source: Barclays Live

Performance of Select Barclays Indices
June 2024 through May 2025



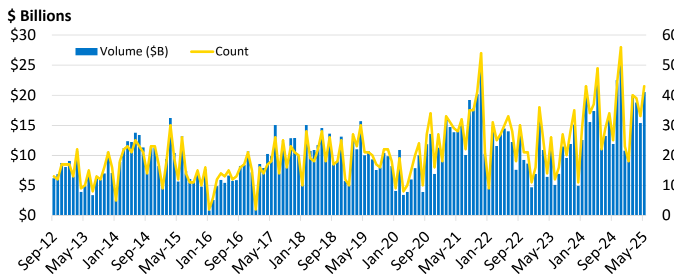
Source: Barclays Live

Collateralized Loan Obligations

U.S. collateralized loan obligation (CLO) spreads continued to find their footing in May, experiencing tightening across the entire capital stack. The J.P. Morgan CLO Total Return Index rose 0.98%, bringing year-to-date (YTD) return to 2.30%.

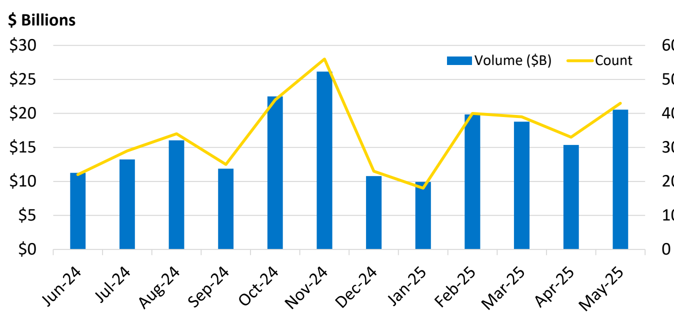
U.S. collateralized loan obligation primary issuance experienced the highest monthly new-issue activity of the year as $20.5 billion priced across 43 deals. Five refinancing (refi) and 27 resets also priced, totaling $2.2 billion and $12.1 billion, respectively. YTD primary issuance hit $84.5 billion via 173 deals, lagging last year's dollar volume by 6%. YTD refi volume totaled $45.3 billion via 110 transactions, and reset volume totaled $83.8 billion via 158 transactions, well ahead of the aggregate YTD refi-reset volume at the same time last year.

CLO New Issuance | September 2012 to May 2025



Source: LCD-CLO Global Databank

Last 12 Months Issuance | June 2024 to May 2025



Source: LCD-CLO Global Databank

In the secondary market, the monthly supply of CLO bids wanted in competition (BWIC) and broader trading volume fell from April's record highs. CLO BWIC volume dropped 22% to $5.8 billion. Investment grade (IG) trading volume fell 25% to $19.4 billion, per FINRA's Trade Reporting and Compliance Engine (TRACE) data, while below-IG volume rose 117% to $8.1 billion. Total TRACE volume of $27.5 billion in May was the third largest monthly amount on record, with below-IG volume marking its highest mark since September 2021.

CLO fundamental factors were largely unchanged on the month. A lone bankruptcy filing had little impact on the last 12-month U.S. leveraged loan default rate by principal amount, which rose 1 basis point (bp) to 0.74% as another issuer rolled off the calculation. The dual-track default rate, which includes distressed transactions, was also relatively unchanged, ending the month 2 bps lower at 4.36% despite four new issuers undergoing the process.

Forward-looking stress indicators eased on the month across rating and pricing measures. While negative rating actions persisted, the rolling three-month ratio of downgrades to upgrades improved for the third consecutive month to 2.03x from 2.73x. Market-based metrics, including net asset value and market value overcollateralization, improved alongside the Morningstar LSTA US Leveraged Loan PR USD Index, which rose 0.97%, bringing YTD price return to negative 0.65%. The share of performing index loans priced below $80, referred to as the distressed ratio, also improved, falling to 3.23% from 3.90%.

Bank Loans

The bank loan market continued to rally in May, recovering from a tariff-policy-driven sell-off in April to return 1.55%, as measured by the Morningstar LSTA US Leveraged Loan TR USD Index, the best monthly figure since December 2023. On a year-to-date (YTD) basis, the bank loan market returned 1.99%. The index ended the month with a weighted average bid price of $96.70, according to the Morningstar LSTA US Leveraged Loan PR USD Index, up from $95.77 in April and $96.31 at the end of March, before President Donald Trump's "Liberation Day" tariff announcements. Prices are still below levels at the start of the year. The bank loan market ended May with a yield to maturity of 8.55% and a spread to maturity of 411 basis points.

The May rally was driven by the lower-credit-quality portions of the market. Loans rated CCC returned 2.98%, a pronounced recovery that took YTD returns positive. Second-lien loans were up a similarly impressive 2.59%. Loans rated B rose 1.57%, largely matching the index return, while loans rated BB lagged with a gain of 1.39%. At a subsector level, all returns were positive, with the best performers being household and personal products, automobiles and components, and retailing. The laggards were food and staple retailing, energy and semiconductors.

The strong month led to a growing population of names trading at a premium to par, 26.55% at month-end, up from 3.73% in April. On the flip side, the market's distressed ratio (the percentage of bank loans trading below $80) declined month-over-month (MoM) to 3.23% from 3.90%. *(Figure 6)* The headline default rate remained contained at 0.74% *(Figure 7)*, well below historical levels, with just one bankruptcy on the month. Meanwhile, there were four out-of-court restructuring transactions, and in the trailing 12 months, such transactions accounted for 71% of total restructurings. Factoring them in, the default rate would have been 4.36%. Downgrades continued to outpace upgrades, with a rolling three-month downgrade-to-upgrade ratio of 2.03x, which could portend a higher future default rate.

Distressed Ratio | January 2024 to May 2025

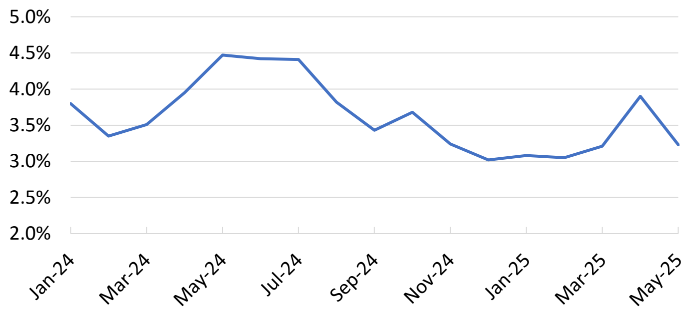


Figure 6
Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

Bank Loan Default Rate | January 2023 to May 2025

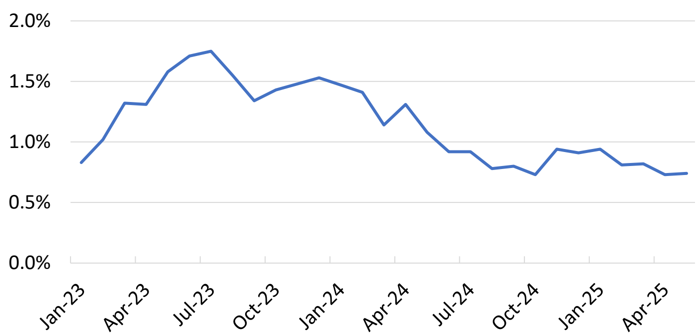


Figure 7
Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

The new-issue market showed signs of life after a moribund April. Primary volume of $27.7 billion was up MoM from a subdued $7.5 billion but still down markedly from $52.0 billion a year ago. YTD volume was down 24% year-over-year, but merger and acquisition volume was up 45%. With more names trading near par, the new-issue market is likely to remain active.

High Yield

The Bloomberg US Corporate High Yield (HY) Index returned 1.68% in May (up 2.68% year-to-date (YTD)) as the HY market continued to rally on continued de-escalation of the trade war. Yields fell 44 basis points (bps) to 7.46% while spreads tightened 69 bps to 315 bps.

Bloomberg US Corporate High Yield Index
As of May 31, 2025

	Total Return by Rating Category (%)		
	One Month	Year-to-Date	Last 12 Months
US High Yield Index	1.68	2.68	9.32
BB	1.53	3.18	8.16
B	1.66	2.41	8.42
CCC	2.43	1.21	14.68

Source: Bloomberg, DoubleLine

The HY 12-month, par-weighted default rate increased 12 bps to 0.43%, according to J.P. Morgan, similar to the 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 1.33%, compared to 1.47% at the end of 2024. The 25-year default average including distressed exchanges is 3.40%.

Monthly upgrade volume ($28.8 billion) just outpaced downgrade volume ($27.4 billion), according to J.P. Morgan, bringing the YTD ratio to 1.3x, compared to 1.6x for full-year 2024. By number, March upgrades (18) also were just ahead of downgrades (16), bringing the YTD number ratio to 1.0x, compared to 1.2x for full-year 2024.

HY new-issue volume jumped to an eight-month high of $32.0 billion from just $8.6 billion in April, according to J.P. Morgan. This compares to a 2024 monthly average of $24.1 billion. Refinancing was 69% of proceeds in May and 70% of deal volume YTD.

May marked $5.6 billion of inflow, according to Lipper as reported by J.P. Morgan. It was the largest inflow since November 2023 and followed a revised outflow of $10.9 billion in April. YTD inflow hit $2.0 billion, down from $16.4 billion in the same period a year ago.

Commodities

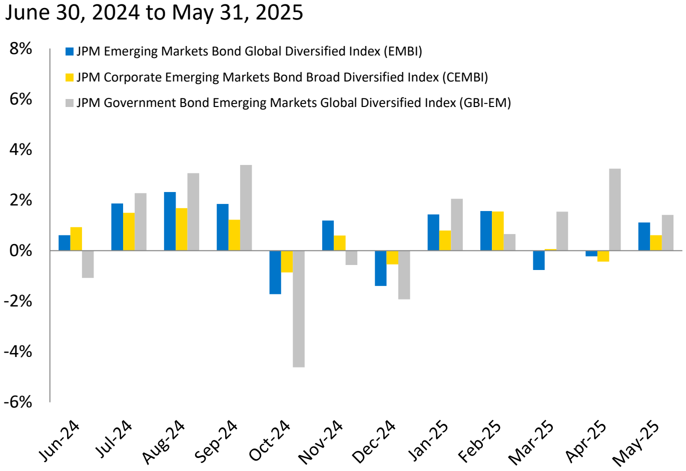
The commodity market in May continued to navigate a challenging environment, marked by ongoing volatility and mixed performance across sectors. The Bloomberg Commodity Index experienced a slight downturn, falling 0.93%, yet maintained a modest gain of 1.24% year-to-date (YTD). In contrast, the S&P GSCI managed a modest positive return of 1.23% but remained down 4.14% YTD.

The best-performing subsector, as tracked by the S&P GSCI, was energy (+2.62%), with WTI crude up 5.13% and brent crude up 3.50%. The rally was driven by lower supply expectations due to wildfires in Canada and lower OPEC production combined with rising geopolitical tensions. Natural gas declined 4.85% as continued mild weather pushed prices lower. Industrial metals rose 2.53% as the U.S. administration stepped back on its trade policy, notably including a 90-day pause on tariffs against China. Copper was the best-performing metal (+4.46%). Precious metals were slightly lower on the month (-0.85%) with gold down 0.97%. Agriculture commodities were the worst-performing subsector (-3.14%). Coffee experienced the worst drawdown, falling negative 14.55% as Brazil, the world's top producer, reported record exports and expectations for a good upcoming crop.

Emerging Markets Fixed Income

Emerging markets (EM) sovereign and corporate bonds posted positive returns in May. The J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD), which tracks sovereign bonds, returned 1.12%. The J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD), which tracks corporate bonds, returned 0.61%. The credit spread for the EMBI GD tightened 34 basis points (bps) while the credit spread for the CEMBI BD tightened 23 bps.

J.P. Morgan Emerging Markets Bond Index Performance
June 30, 2024 to May 31, 2025



Source: J.P. Morgan

Performance across all regions was positive for both indices. Africa was the best performer in the EMBI GD; Europe was the best performer in the CEMBI BD. The Middle East was the laggard in both indices. The high yield subindex outperformed the investment grade subindex in both indices.

Risk appetite for 2025 will likely be driven by the path of global growth and inflation and, by extension, global central banks' pace of monetary easing, with an emphasis on the speed and depth of the Federal Reserve's interest-rate cutting cycle. Other factors include the potential impact and uncertainty in regard to U.S. tariff policy/trade wars and immigration policy; China's fiscal and monetary stimulus measures; and geopolitical tensions, including events in the Middle East, Ukraine and Taiwan Strait.

International Sovereign

Global government bonds, as measured by the FTSE World Government Bond Index, returned negative 0.65% in May, impacted by rising global government bond yields.

U.S. policy uncertainty drove U.S. dollar volatility over the month, with the greenback, as measured by the U.S. Dollar Index, ending the period weaker against most G-10 peers. The dollar initially strengthened in May as the U.S. and China agreed to temporarily lower tariffs. The easing of trade tensions led investors to fade their expectations for Federal Reserve interest-rate cuts, pushing U.S. Treasury yields higher across the curve. The dollar reversed course, however, as markets increasingly focused on U.S. fiscal risks. Issues stoking investor concern included legislators advancing a federal budget proposal projected to significantly add to the government's debt burden and Moody's downgrading the U.S.'s credit rating. This worry over debt sustainability spread to other developed markets, fueling a broader sell-off in global government bonds.

The euro ended the month slightly stronger against the dollar, largely supported by fluctuations in the greenback. The European Commission downgraded its forecast for eurozone growth as trade relations between the European Union and the U.S. remained volatile. President Donald Trump threatened to apply 50% tariffs on the bloc in June before delaying the start date to July to allow more time for negotiation on a trade deal.

The Japanese yen ended the month slightly weaker against the dollar. Japan's long-term borrowing costs were hit hard by the broad sell-off in global government bonds. Yields on Japan's long-dated bonds surged to record highs following a weak debt auction, which was impacted by waning investor demand amid concerns about debt sustainability and central bank tapering of bond purchases. Bonds rallied after the Finance Ministry signaled it might scale back issuance.

Infrastructure

Infrastructure assets delivered positive returns and outperformed the broader fixed-income market in May. Fixed-income market volatility continued from the previous month, driven by the Trump administration's evolving trade policy and rising fiscal concerns following the downgrade of the U.S. credit rating by Moody's. U.S. Treasury yields rose broadly across the curve in May. The Bloomberg US Aggregate Bond Index and Bloomberg US Corporate Index returned negative 0.72% and negative 0.01%, respectively.

The best-performing infrastructure subsectors were data infrastructure asset-backed securities, benefiting from modest spread tightening. Midstream natural gas companies also performed strongly. The worst-performing subsector was electric utility corporate bonds due to their long-duration exposures in a period of rising interest rates.

U.S. Equities

U.S. equities rebounded in May amid optimism around trade negotiations and a rollback of U.S.-China tariffs. The S&P 500 Index gained 6.29% while the tech-heavy Nasdaq Composite Index was up 9.65%. The Dow Jones Industrial Average rose 4.16% while the Russell 2000 Index, which tracks small-capitalization stocks, gained 5.34%. Growth stocks outperformed the broader market, with the Russell 1000 Growth Index up 8.85%, outperforming the 3.51% return of the Russell 1000 Value Index, which tracks value stocks.

Ten of the 11 GICS sectors generated positive returns in May. Technology was the best-performing sector (+9.93%) followed by industrials (+8.83%) and discretionary (+8.49%). Health care (-5.55%) was the only sector that declined.

Global Equities

Global equities recovered in May, with the MSCI All Country World Index (ACWI) up 5.81%. The rise in risk assets was stimulated by positive sentiment regarding trade discussions and a rollback of U.S.-China tariffs. U.S. equities, as measured by the S&P 500 Index, outperformed the broader market, rising 6.29%. A broader measure of U.S. equities, the S&P 500 Equal Weight Index, was up 4.35%. The Nasdaq Composite Index increased 9.65%, supported by positive performance from information technology stocks. The Russell 2000 Index, which tracks small-capitalization stocks, was up 5.34%.

European equities generated strong returns but underperformed the MSCI ACWI, with the STOXX Europe 600 Index up 5.01%. The strong equity performance was broad-based, with German, French, Italian, U.K. and Spanish stocks posting positive returns.

Asian equities also delivered positive returns, with Japanese, Chinese, Hong Kong, South Korean and Taiwanese equities up on the month. Emerging markets equities, as measured by the MSCI Emerging Markets Index, gained 4.30%.

Global and U.S. Equities (%)	May 2025	April 2025	YTD 2025
MSCI All Country World Index	5.81	0.98	5.55
S&P 500 Index	6.29	-0.68	1.06
S&P 500 Equal Weight Index	4.35	-2.29	1.34
Nasdaq Composite Index	9.65	0.88	-0.73
Dow Jones Industrial Average	4.16	-3.08	0.08
Russell 2000 Index	5.34	-2.31	-6.85

Eurozone (%)	May 2025	April 2025	YTD 2025
Stoxx Europe 600 (Eurozone)	5.01	4.51	21.46
DAX (Germany)	6.61	6.61	31.62
CAC 40 (France)	3.85	2.94	18.16
FTSE MIB (Italy)	8.45	4.69	32.06
IBEX 35 (Spain)	6.53	7.68	36.57
FTSE 100 Index (U.K.)	4.68	2.72	17.63

Asia (%)	May 2025	April 2025	YTD 2025
Nikkei 225 (Japan)	4.43	6.32	4.92
Shanghai Stock Exchange Composite (China)	3.26	-1.80	1.82
Hang Seng Index (Hong Kong)	4.76	-3.71	16.91
KOSPI (South Korea)	8.89	6.69	21.32
TAIEX (Taiwan)	13.54	1.55	2.63
AORD (Australia)	4.81	6.16	8.97

Emerging Markets (%)	May 2025	April 2025	YTD 2025
MSCI Emerging Markets Index	4.30	1.34	8.86
Ibovespa (Brazil)	0.94	4.43	23.24
MSCI India Index	1.38	4.74	2.99

Source for the above market chart data: Bloomberg

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.

Conditional Prepayment Rate (CPR) – Metric (also known as "Constant Prepayment Rate") that indicates a loan prepayment rate at which the outstanding principal of a pool of loans, such as mortgage-backed securities, is paid off. The higher the CPR, the more prepayments are anticipated and thus the lower the duration of the note. This is called "prepayment risk."

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.

Federal Open Market Committee (FOMC) – Branch of the Federal Reserve System that determines the direction of monetary policy specifically by directing open market operations. The FOMC comprises the seven board governors and five (out of 12) Federal Reserve Bank presidents.

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.

G-10 (Group of Ten) – The G-10 comprises 11 industrialized nations that meet on an annual basis, or more frequently as needed, to consult each other, debate and cooperate on international financial matters. The member countries are: Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States.

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.

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."

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

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.

Net Asset Value (NAV) – Net value of an entity calculated as the total value of the entity's assets minus the total value of its liabilities. Most commonly used in the context of a mutual fund or an exchange-traded fund (ETF), the NAV represents the per share/unit price of the fund at a specific date or time.

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.

Overcollateralization (OC) – Provision of collateral that is worth more than enough to cover potential losses in cases of default.

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.

Personal Consumption Expenditures (PCE) Price Index – This index, published by the U.S. Bureau of Economic Analysis, measures price changes in consumer goods and services exchanged in the U.S. economy to reveal underlying inflation trends.

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.

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).

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.

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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