

# DoubleLine Market Commentary

November 2025

## Overview

November began with markets souring on AI-focused tech companies despite some upbeat earnings reports, as concerns arose over capital expenditure requirements for AI buildout. The longest U.S. government shutdown in history ended following the passage of a new funding bill on Nov. 12. Despite the end of the shutdown, markets remained unfazed as official economic data releases were still sparse. The U.S. dollar weakened by 0.35% on the month, as measured by the U.S. Dollar Index, which fell to \$99.46 from \$99.80 month-over-month (MoM). (Figure 1) The S&P 500 Index returned 0.25% on the month versus 0.0% 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 0.62% as U.S. Treasury yields broadly fell across the curve.

The Federal Open Market Committee (FOMC) did not meet in November. In the interim, investors looked to the public statements of Federal Reserve officials for guidance on the economy and possibility of a December rate cut. In particular, New York Fed Bank President John Williams' speech on Nov. 21 supported market expectations for a December cut. As of Nov. 30, the market had priced in a 25-basis-point cut for the December meeting, based on the Bloomberg World Interest Rate Probability function.

Despite the end of the federal shutdown, November's nonfarm payroll numbers were not expected to be released until December. In response, the market continued to focus on alternative measures such as the ADP report, which came in weaker than expected with a decline of 32,000 jobs in November, below a consensus estimate of 10,000 jobs added. The ISM Manufacturing PMI decreased to 48.2 from 48.7 MoM (a number below 50 signals contraction), below a consensus estimate of 49.0. The ISM Services PMI increased to 52.6 from 52.4 and above a consensus estimate of 52.0. The release of the October Consumer Price Index report was canceled due to the shutdown, and November's report is scheduled to be released on Dec. 18.

Eurozone inflation ticked up slightly MoM in November to 2.2% annualized from 2.1%, according to Eurostat's initial flash estimate. The S&P Global Eurozone Manufacturing Purchasing Managers' Index (PMI) decreased MoM to 49.6 from 50.0 while the services PMI print rose to 53.6 from 53.0, reaching its highest level since May 2023. In a keynote address at the European Banking Conference in Frankfurt on Nov. 21, European Central Bank President Christine Lagarde stated that Europe's economic prosperity is "geared towards a world that is gradually disappearing," adding that "Europe's old growth model" had become outdated as its dependence on exports had become a "vulnerability." The market widely expects the central bank to hold rates steady at a range of 2.00% to 2.50% at its upcoming December meeting.

## Total Return by Asset Class | As of November 30, 2025

Denominated in U.S. Dollars

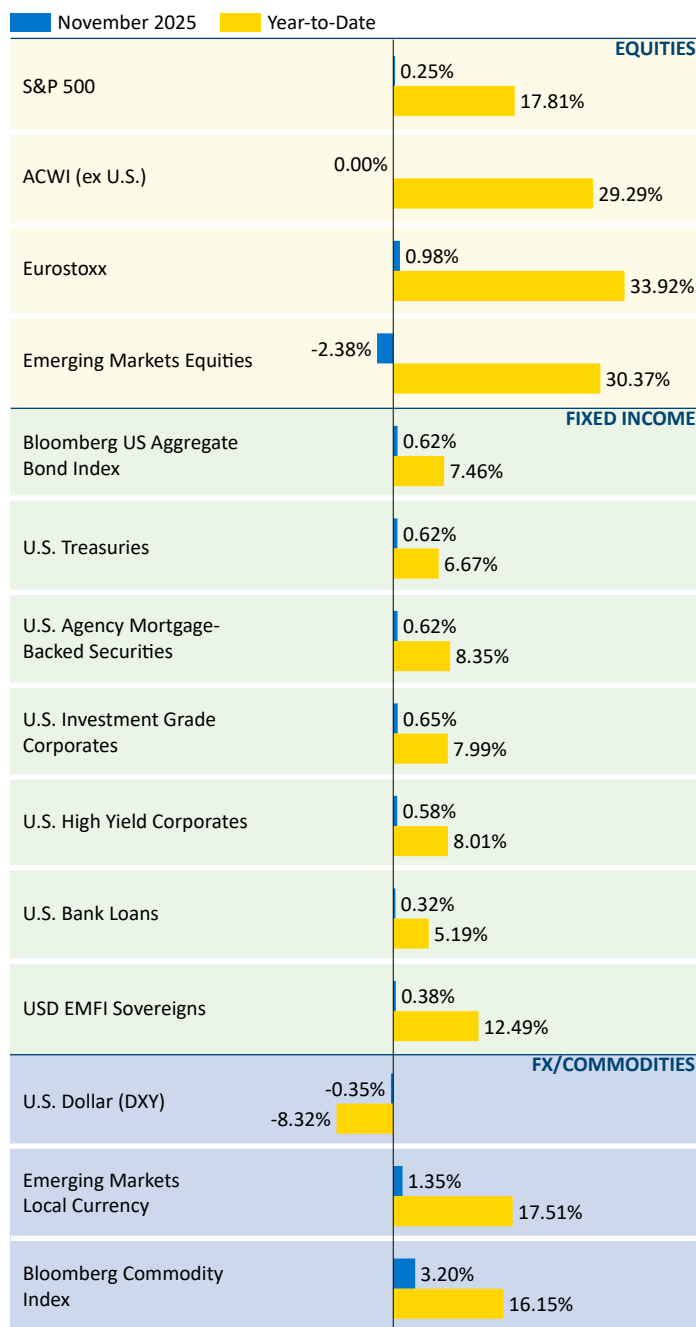


Figure 1

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 Corporate 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, Emerging Markets Local Currency - J.P. Morgan Government Bond Index Emerging Markets Global Diversified, Bloomberg Commodity Index.

In China, manufacturing and services PMI data was mixed MoM in November, with the China Manufacturing PMI up to 49.2 from 49.0 while the China Services PMI decreased to 49.5 from 50.1. October credit expansion, reported in November, was the weakest in more than a year, with data showing that aggregate financing increased \$115 billion on the month. Despite credit weakness, the People's Bank of China left its benchmark lending rate unchanged in November for the sixth consecutive month, suggesting reduced urgency to deliver monetary easing following a recent trade truce between Beijing and Washington.

In Japan, November manufacturing and services PMI data, as reported by S&P Global, was up MoM to 48.7 from 48.2 and 53.2 from 53.1, respectively. Bank of Japan (BOJ) board member Asahi Noguchi stated in a speech near the end of the month that the BOJ can resume interest rate hikes as risks from U.S. tariffs subside but must do so at a "measured, step-by-step pace." He added that keeping real interest rates too low for too long could be detrimental to the economy, weakening the yen and fueling unwelcomes rises in inflation. The Japan 30-year bond yield rose to 3.35% from 3.06% at the end of October, with market participants attributing the move to Japanese Prime Minister Sanae Takaichi's cabinet approving an economic stimulus package. The central bank's last meeting of the year will take place in December, with market participants divided on whether the BOJ will hike or maintain interest rates.

Overall, despite the uncertainty caused by a lack of official economic data, markets continued to move apace in November. Market participants are still searching for clarity on multiple fronts, including an upcoming challenge to the legality of the U.S. tariff regime, and whether recent credit events are one-offs or the start of broader credit weakness. Additionally, the market seems to have coalesced around Kevin Hassett, director of the National Economic Council, as the likely replacement for Fed Chair Jerome H. Powell, whose term ends in May. Around the globe, countries continue to take diverging views on how to handle their fiscal budgets, resulting in many countries' 30-year bond yields rising. Eyes will be focused on Chair Powell's post-FOMC meeting comments on Dec. 10 and the employment figures released on the 16th as the markets look for hints on future Fed policy in the new year.

## U.S. Government Securities

In November, U.S. Treasuries were supported by softer economic data, cautious rhetoric from Federal Reserve officials and continued uncertainty surrounding inflation and federal policy heading into year's end. The Bloomberg US Treasury Index returned 0.62% on the month, bringing year-to-date (YTD) performance to 6.67%. Treasury yields declined modestly across most maturities on the month. The yield curve steepened slightly, with the spread between the two- and 10-year yields (2s10s) widening 2 basis points (bps) to 52 bps, and the spread between the five- and 30-year yields (5s30s) widening 10 bps to 106 bps. Treasury Inflation-Protected Securities (TIPS) gained 0.18% on the month but lagged nominal Treasuries by 0.44%, leaving TIPS ahead by 0.78% YTD.

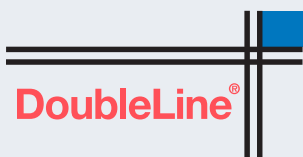
Federal officials remained divided in November over the near-term policy path. With the government shutdown delaying release of official economic data for most of the month, Fed Chair Jerome H. Powell emphasized uncertainty and pushed back against the view that another rate cut in December was assured. In addition, several regional Fed presidents advocated a pause to assess the impact of prior policy easing. Conversely, in support of a rate cut, Fed Vice Chair Philip Jefferson and New York Fed Bank President John Williams pointed to a cooling labor market and noted that inflation excluding tariff effects continued to move toward the Fed's 2.0% target. Due to a lack of clear public consensus, market pricing for a December cut fluctuated widely through the month but ended with the odds supporting a cut.

Economic signals in November leaned softer. Alternative labor indicators pointed to slowing hiring momentum, and announced layoffs increased. Later in the month, release of September's delayed employment report provided limited insight given its pre-government shutdown time frame. Funding conditions gradually improved from late-October stress but remained elevated enough to reinforce the Fed's rationale for ending quantitative tightening on Dec. 1.

## U.S. Treasury Yield Curve (%)

	Oct. 31, 2025	Nov. 30, 2025	Change
<b>3 Month</b>	3.80	3.80	0.00
<b>6 Month</b>	3.80	3.76	-0.04
<b>1 Year</b>	3.68	3.59	-0.09
<b>2 Year</b>	3.57	3.49	-0.08
<b>3 Year</b>	3.58	3.49	-0.09
<b>5 Year</b>	3.69	3.60	-0.09
<b>10 Year</b>	4.08	4.01	-0.07
<b>30 Year</b>	4.65	4.66	0.01

Source: Bloomberg



# DoubleLine Market Commentary

November 2025

## Agency Residential and Agency Commercial Mortgage-Backed Securities

Market participants in November continued to digest recent economic data in the wake of the October rate cut by the Federal Reserve. The U.S. Treasury curve steepened on the month as front-end yields declined while longer-term yields were largely unchanged to slightly higher. Agency residential mortgage-backed securities (RMBS), as measured by the Bloomberg US MBS Index, returned 0.62%. The Bloomberg US Credit and Bloomberg US Treasury indices returned 0.62% as well while the Bloomberg US Agency Commercial MBS (CMBS) Index outperformed with a 0.71% return.

Agency RMBS option-adjusted spreads (OAS), as measured by the Bloomberg US MBS Index, widened month-over-month (MoM) by 2 basis points (bps) to 29 bps. Agency CMBS OAS, as measured by the Bloomberg US Agency CMBS Index, widened similarly by 2 bps to 34 bps. Spreads for current-coupon Agency RMBS were unchanged at 124 bps.

Aggregate prepayment activity cooled MoM, impacted by four fewer business days. The 30-year mortgage rate, as measured by the Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index, increased 6 bps to 6.23%.

November gross issuance of Agency RMBS was \$123.8 billion, up from \$119.9 billion MoM. Net issuance for Agency RMBS increased to \$24.0 billion from \$1.2 billion. Paydowns on the Federal Reserve's MBS portfolio decreased \$1.9 billion MoM to \$14.4 billion.

## Non-Agency Residential Mortgage-Backed Securities

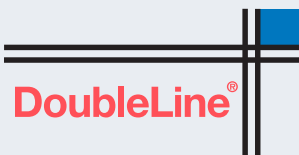
Performance of non-Agency residential mortgage-backed securities was positive across subsectors in November, largely driven by strong housing market fundamentals and a broader rally in interest rates due to a potential further easing of Federal Reserve policy.

Credit fundamentals were mixed versus October remittance, as delinquencies were mixed while prepayments and mortgage rates increased. The Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index rose 6 basis points month-over-month (MoM) to 6.23%.

November marked \$18.6 billion in new issuance, down approximately \$1.1 billion MoM, according to BofA Global Research, with issuance concentrated in non-qualified mortgages.

Despite a marginal increase in mortgage rates, housing activity has trended upward, along with housing supply, slowing home price appreciation. Home prices declined 0.50% MoM to a 1.37% year-over-year (YoY) increase in September, the most recent month for which data was available for the S&P Cotality Case-Shiller 20-City Composite Home Price NSA Index. Existing-home sales increased 1.2% in October, 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, Midwest and South but decreased in the West.

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



# DoubleLine Market Commentary

November 2025

## Mortgage Market Activity

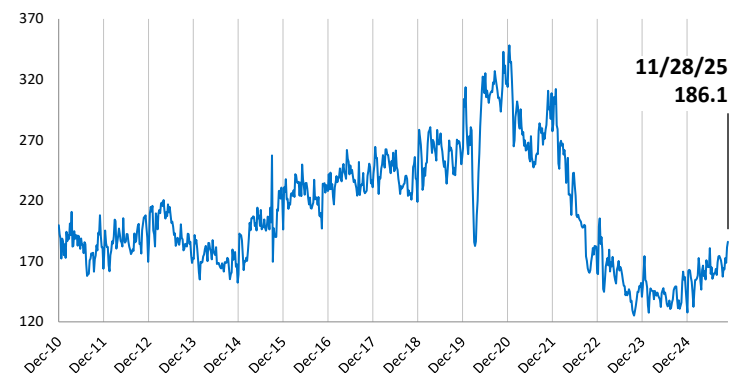
### MBA U.S. Refinancing Index | As of November 30, 2025



Source: Bloomberg

Base = 100 on 3/16/1990, Seasonally Adjusted

### MBA Purchase Index | As of November 28, 2025



Source: Bloomberg

Base = 100 on 1/14/2011. Seasonally Adjusted

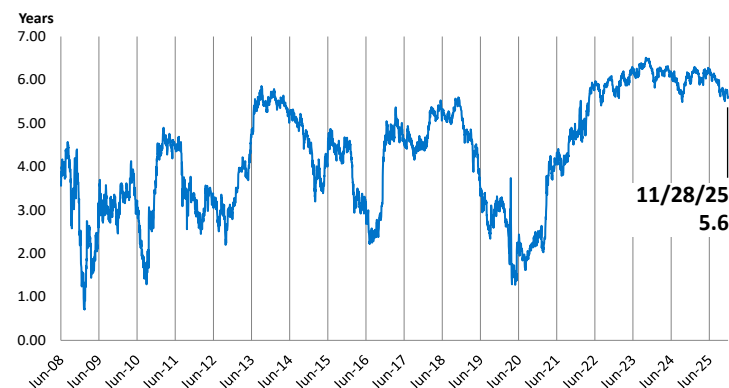
### Freddie Mac Commitment Rate - 30 Year | As of November 27, 2025



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 November 28, 2025



Source: Bloomberg

Base = 100 on 1/14/2011, Seasonally Adjusted

## Conditional Prepayment Rates (CPR)

2024-2025	December	January	February	March	April	May	June	July	August	September	October	November
Fannie Mae (FNMA)	6.0	5.2	5.1	6.5	7.3	7.3	7.1	7.4	7.2	7.8	10.1	8.1
Ginnie Mae (GNMA)	8.4	7.7	7.2	9.6	11.2	10.4	8.8	9.1	9.7	11.2	14.4	11.9
Freddie Mac (FHLMC)	5.9	5.2	5.1	6.5	7.6	7.5	7.3	7.6	7.4	8.2	11.1	8.8

Bloomberg U.S. MBS Index	Sept. 30, 2025	Oct. 31, 2025	Nov. 30, 2025	Change
Average Dollar Price (\$)	91.47	91.99	92.28	0.29
Duration (Years)	5.76	5.65	5.61	-0.04

Source: eMBS, Barclays Capital

FHLMC Commitment Rate Source: Bloomberg

As of November 30, 2025

Bloomberg U.S. Index Returns (%)	Sept. 30, 2025	Oct. 31, 2025	Nov. 30, 2025
Aggregate	1.09	0.62	0.62
MBS	1.22	0.86	0.62
Corporate	1.50	0.38	0.65
Treasury	0.85	0.62	0.62

### Non-Agency Commercial Mortgage-Backed Securities

In November, the primary non-Agency commercial mortgage-backed securities (CMBS) market priced \$16.01 billion of deals across 18 transactions. (Figure 2) Conduit benchmark last-cash-flow bonds rated AAA tightened 1 basis point (bp) to 0.80% compared to duration-matched U.S. Treasuries. Bonds rated BBB- widened 1 bp to 4.57% compared to duration-matched Treasuries.

Private-Label New Issuance (\$ Billions)	Monthly		Quarter-to-Date	
	Deals	Volume	Deals	Volume
<b>Conduit</b>	4	\$2.33	11	\$5.05
<b>Single Asset, Single Borrower</b>	9	\$9.56	22	\$18.65
<b>Commercial Real Estate CLO</b>	5	\$4.12	7	\$6.32
<b>Other*</b>	0	—	0	—
<b>Private-Label Total</b>	18	\$16.01	40	\$30.02

Private-Label New Issuance (\$ Billions)	Year-to-Date		Comparable to YTD 2024	
	Deals	Volume	Volume	% of YTD 2024
<b>Conduit</b>	44	\$29.64	\$30.74	96
<b>Single Asset, Single Borrower</b>	119	\$84.81	\$65.78	129
<b>Commercial Real Estate CLO</b>	29	\$27.55	\$8.47	325
<b>Other*</b>	0	\$1.60	\$0.55	289
<b>Private-Label Total</b>	164	\$143.60	\$105.55	136

Figure 2

Source: DoubleLine, J.P. Morgan, as of November 30, 2025

\*In this row, only dollar volume is provided, not the number of deals.

Apartment and industrial property types experienced price increases in October, the latest month for which data was available for the RCA U.S. All-Property Commercial Property Price Index, while all other commercial real estate (CRE) subsectors experienced decreases. The overall index was up 1.43% month-over-month (MoM) and 2.90% year-over-year (YoY), continuing the trend of recent months in both time frames. CRE transaction volume was \$32.9 billion, down 22% YoY. (Figures 3 and 4)

Property Type	MoM Price Change (%)	YoY Price Change (%)
<b>Apartment</b>	1.50	0.75
<b>Retail</b>	-0.46	6.00
<b>Industrial</b>	1.03	1.07
<b>Office - Central Business District</b>	-0.89	5.92
<b>Office - Suburban</b>	-0.85	0.98
<b>National All-Property</b>	1.43	2.90

Figure 3

Source: Real Capital Analytics, as of October 31, 2025

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

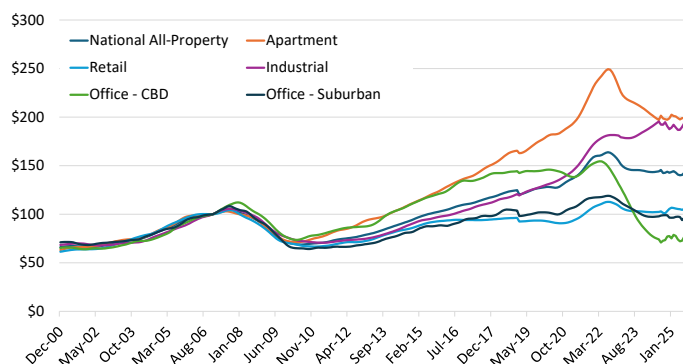


Figure 4

Source: Real Capital Analytics

The 30-day-plus delinquency rate for non-Agency CMBS declined 20 bps MoM to 7.26%. (Figure 5) The percentage of loans that were seriously delinquent (60 days or longer, in foreclosure, real estate owned or non-performing) was up 1 bp to 7.00%. Delinquencies in the heavily watched office segment pulled back a little, falling 20 bps to 11.56%. All property subsectors experienced delinquency rate decreases except for industrial and lodging. The biggest mover was retail, down 44 bps to 6.45%. The overall delinquency rate decreased YoY to 0.86%.

### 30-Day-Plus Delinquency Rates | As of November 30, 2025

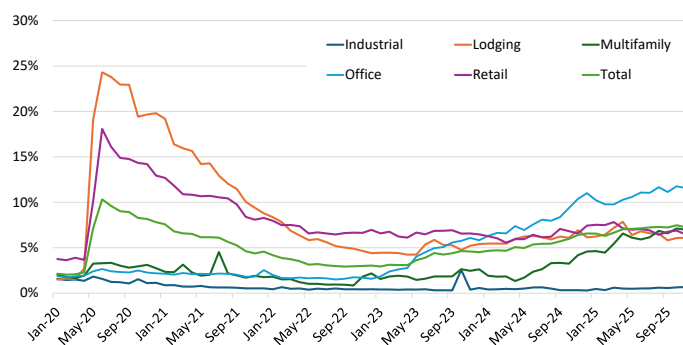


Figure 5

Source: Trepp

## Asset-Backed Securities

The asset-backed securities (ABS) market delivered positive returns in November but lagged the broader fixed-income market in a period when U.S. Treasury yields ended the month lower for the most part following the release of delayed labor market data. Short-duration and high-credit quality ABS, such as those held in the Bloomberg US ABS Index, returned 0.56% while more off-the-run sectors, such as those held in the ICE BofA U.S. Fixed-Rate Miscellaneous ABS Index, returned 0.53%. The broader fixed-income market, as measured by the Bloomberg US Aggregate Bond Index, returned 0.62%, with index performance supported by its relatively longer duration.

Primary market activity totaled \$37.2 billion, bringing the year-to-date total to \$332.2 billion. Spreads were flat across ABS subsectors on the month. The best-performing subsectors were aviation securitizations, as utilization rates remained strong and collateral values held firm. Longer-duration assets, such as whole business securitizations, also performed well, benefiting from the decline in Treasury rates. Despite delivering positive returns, the worst-performing subsectors were shorter-duration exposures such as consumer-related securitizations.

## Investment Grade Credit

The U.S. investment grade (IG) corporate credit market was impacted in November by a mixture of supply factors and decreasing risk appetite. The Bloomberg US Credit Index was up 0.65%, and IG corporate spreads, as measured by the index, widened 2 basis points (bps) to 80 bps, underperforming duration-matched U.S. Treasuries by 2 bps.

A fall in intermediate tenor Treasury yields drove IG corporate performance on the month. Intermediate-duration corporates returned 0.71%, outperforming 0.54% for long-duration corporates and 0.48% for short-duration corporates. The best-performing sectors were other financial, consumer noncyclical and banking. The worst performers were basic industry, electric and technology.

U.S. dollar-denominated IG new issuance was \$143.9 billion on a gross basis, up 53% year-over-year (YoY), according to Barclays, and \$45.5 billion on a net basis, versus negative \$2.5 billion. IG fund inflow was \$39.1 billion, according to EPFR Global as reported by J.P. Morgan, compared to \$55.4 billion last month and \$34 billion a year ago. IG inflow year-to-date was \$319.4 billion, down 13% from \$367.9 billion YoY.

## Bloomberg US Corporate Index

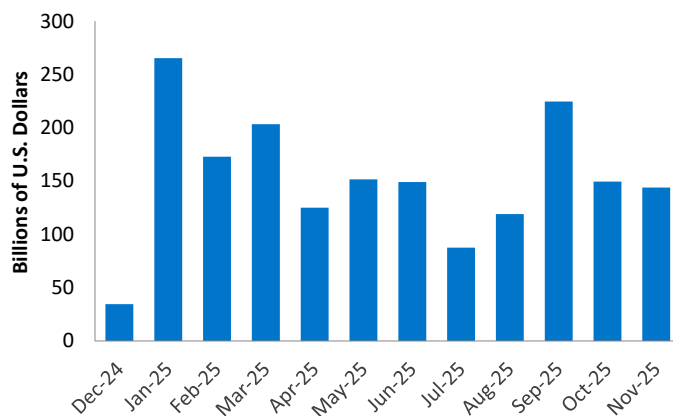
As of November 30, 2025

Total Return by Rating Category (%)	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
<b>US IG Credit Index</b>	0.65	1.04	7.99	5.90
<b>AAA</b>	0.80	1.16	7.52	3.96
<b>AA</b>	0.65	1.00	7.31	4.91
<b>A</b>	0.68	1.15	8.08	5.95
<b>BBB</b>	0.62	0.93	8.02	6.05

Source: Barclays Live

## Total Fixed-Rate Investment Grade Supply

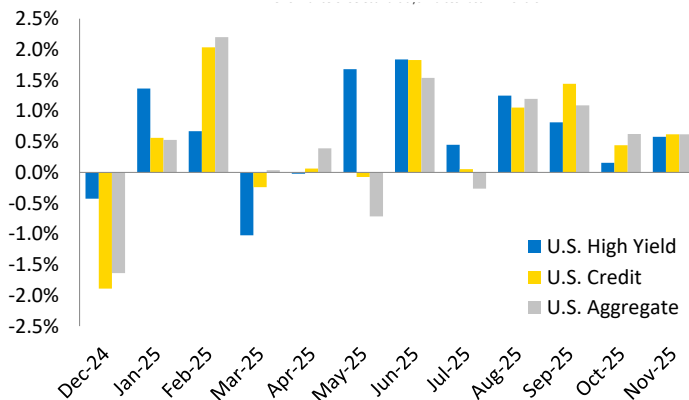
As of November 30, 2025



Source: Barclays Live

## Performance of Select Barclays Indices

December 2024 through November 2025



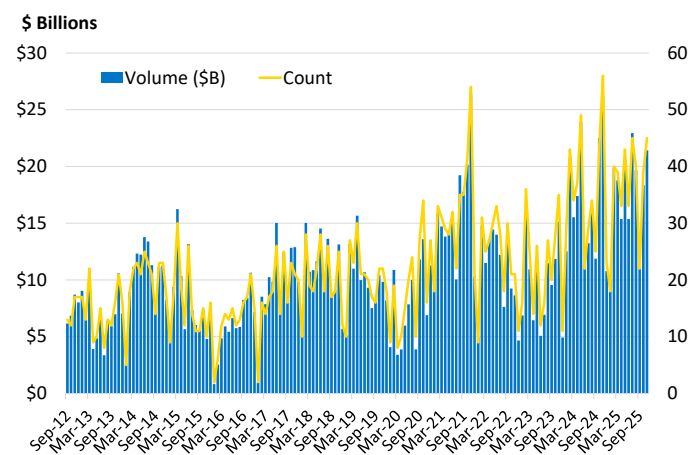
Source: Barclays Live

### Collateralized Loan Obligations

The U.S. collateralized loan obligation (CLO) market once again experienced a healthy monthly return in November, with the J.P. Morgan CLO Total Return Index up 0.38%, bringing year-to-date (YTD) return to 5.33%.

U.S. CLO primary issuance remained strong, with \$21.4 billion pricing across 45 deals, a 17% increase in volume from October. YTD new-issue supply reached \$193.2 billion via 397 deals, edging out last year's pace by 1% and on track for a record annual total. Refinancing (refi) and reset activity remained robust, with \$6.2 billion in refinancings (17 deals) and \$14.7 billion in resets (31 deals). This brought YTD refi volume to \$102.4 billion via 254 transactions and reset volume to \$218.8 billion via 432 transactions, both well ahead of 2024's pace. YTD gross new-issue, refi and reset volume reached \$514.4 billion, already surpassing the full-year record total of 2024.

#### Last 12 Months Issuance | December 2024 to November 2025

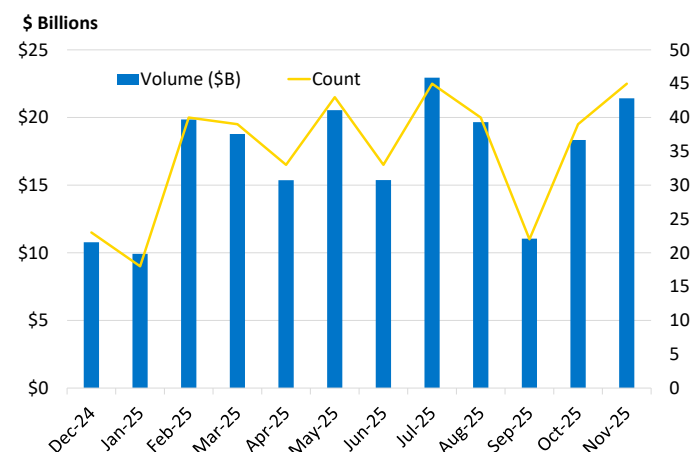


Source: LCD-CLO Global Databank

CLO secondary trading volume remained elevated. While the supply of bids wanted in competition fell 27% month-over-month (MoM) to \$4.0 billion, and investment grade (IG) trading volume fell 6% to \$15.8 billion, below-IG volume rose 44% to \$4.9 billion, per Trade Reporting and Compliance Engine (TRACE) data. Total TRACE volume reached \$20.7 billion, the 10th highest monthly total on record.

CLO collateral metrics were slightly improved in November. The average junior overcollateralization cushion for broadly syndicated loan CLOs improved as defaults and concentrations rated CCC eased. This activity was supported by the rolling three-month ratio of downgrades to upgrades improving MoM to 1.73x from 2.19x, reflecting a modest easing in negative rating momentum. Weighted average spread metrics declined 1 basis point (bp) on average, as loan repricings continued.

#### CLO New Issuance | September 2012 to October 2025



Source: LCD-CLO Global Databank

The last 12-month U.S. leveraged loan default rate by principal amount eased 21 bps to 1.25% amid one new Chapter 11 filing and three issuers rolling off the calculation. The dual-track default rate, which includes distressed exchanges, followed suit easing 49 bps to 3.68%, the lowest mark since November 2023.

CLO market-based metrics, including net asset value and market value overcollateralization, experienced some weakness in November alongside the Morningstar LSTA US Leveraged Loan Price Index, which fell \$0.21 to \$96.46. The share of performing leveraged loans priced below \$80, known as the distressed ratio, also worsened for the second consecutive month, rising MoM to 4.06% from 3.39%, the highest level since July 2024.

### Bank Loans

A risk-off tone permeated the bank loan market in November, as concerns about private lending cast a negative pall over riskier loans. The bank loan market returned 0.36% in November, per the Morningstar LSTA US Leveraged Loan TR USD Index, as interest income of 0.61% was partially offset by 0.25% of price degradation. Year-to-date, the index was up 5.23%. The weighted average bid price of the Morningstar LSTA US Leveraged Loan PR USD Index declined \$0.21 to \$96.46, the lowest month-end level since April. November was the fourth consecutive month of declining secondary prices. The bank loan market ended the month with a spread to maturity of 399 basis points (bps), up month-over-month (MoM) from 394 bps, and a yield to maturity of 8.06%. The asset class continues to offer elevated yields relative to other areas of fixed income, although yields could move lower if the Federal Reserve continues to cut interest rates.

Returns were bifurcated in November, with lower-rated bank loans underperforming the TR USD index. Loans rated CCC declined 1.61%, and second-lien loans returned negative 0.06%. Loans rated BB and B outperformed the index, up 0.49% and 0.44%, respectively. Investors hugged high-quality positions, and the percentage of the market trading above par rose to 49.25% from 42.06% MoM. On the flip side, the distressed ratio, the percentage of loans trading below \$80, rose to 4.06% from 3.39%. (Figure 6)

### Distressed Ratio | January 2024 to November 2025

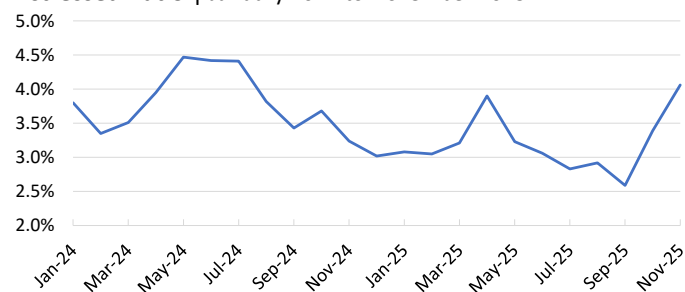


Figure 6

Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

There were two new defaults in November, one bankruptcy filing and one liability management exercise. The headline default rate declined MoM to 1.25% from 1.46%. (Figure 7) Including out-of-court restructurings, the default rate would have been 3.68%, below 4% for the first time since December 2023. The three-month ratio of downgrades to upgrades remained elevated at 1.73x, but this metric has remained persistently above 1x, which could mean a higher future default rate. On the other hand, riskier borrowers will benefit from reduced interest burdens as a result of Fed rate cuts.

With the softer market tone, new issue slowed to \$45.0 billion on the month, down from \$48.1 billion in October and \$100.3 billion in November 2024. A principal cause of the year-over-year decline was lower repricing volume, which was \$19.5 billion this November versus \$74.3 billion last year. Excluding all forms of refinancing, volume was just \$13.1 billion, as the mergers and acquisitions market remained somewhat subdued.

### Bank Loan Default Rate | January 2023 to November 2025

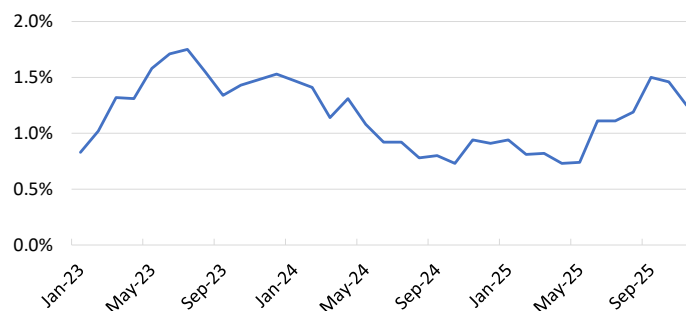


Figure 7

Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

### High Yield

The U.S. high yield (HY) corporate credit market in November absorbed evolving expectations around December's Federal Open Market Committee meeting, the longest U.S. government shutdown in history and solid corporate earnings. The Bloomberg US Corporate HY Index returned 0.58%, up 8.01% year-to-date (YTD), with yields decreasing 21 basis points (bps) to 6.57% and spreads narrowing 12 bps to 269 bps.

### Bloomberg US Corporate High Yield Index

As of November 30, 2025

	Total Return by Rating Category (%)			
	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
<b>US High Yield Index</b>	0.58	0.74	8.01	7.55
<b>BB</b>	0.66	1.09	8.58	7.87
<b>B</b>	0.74	0.68	7.49	7.16
<b>CCC</b>	-0.19	-0.48	7.55	7.65

Source: Bloomberg, DoubleLine

The HY 12-month, par-weighted default rate increased 15 bps to an 18-month high of 0.79%, as reported by J.P. Morgan, up from 0.36% at the end of 2024. For reference, the 25-year average is 2.90%. When including distressed exchanges, the default rate increased 42 bps to 1.82%, compared to 1.47% at the end of 2024. The 25-year default average including distressed exchanges is 3.30%.

Monthly upgrade volume (\$27.8 billion) significantly lagged downgrade volume (\$42.3 billion), as reported by J.P. Morgan, bringing the YTD ratio to 1.2x compared to 1.6x for full-year 2024. By number, November upgrades (22) slightly lagged downgrades (23), bringing the YTD number ratio to 1.0x compared to 1.2x for full-year 2024.

HY new-issue volume picked up once again in November to \$24.9 billion, as reported by J.P. Morgan, which followed \$18.7 billion for October. This compares to a 2024 monthly average of \$24.1 billion. Refinancings were 56% of proceeds in November and 70% of deal volume YTD.

For the first time in six months, HY reported a monthly outflow in November, totaling \$500 million, according to Lipper as reported by J.P. Morgan. This followed an inflow of \$2.1 billion in October. YTD inflow declined to \$17.0 billion. 2024 inflow totaled \$16.3 billion.

## Commodities

The commodity market experienced mixed performance in November. The Bloomberg Commodity (BCOM) Index gained 2.90% while the S&P GSCI declined 0.37%, dragged down by its higher sensitivity to the energy sector than the BCOM.

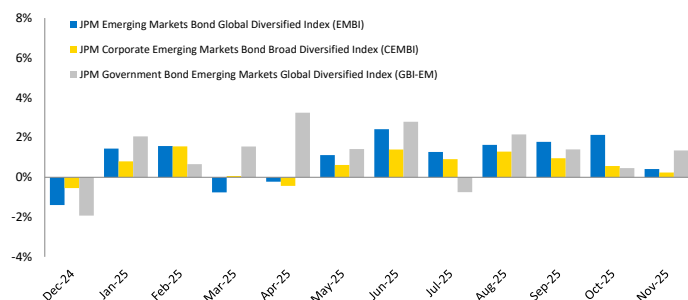
The best-performing subsector during the month, as tracked by the S&P GSCI, was precious metals (+6.60%). Silver was the top performer (+17.24%), and gold rebounded (+5.58%), driven by a weaker U.S. dollar and increased concern for Federal Reserve independence. Industrial metals showed positive returns (+0.79%), with copper the top performer (+2.89%). Agriculture commodities managed positive returns (+0.16%), with sugar the top performer (+5.41%) while cocoa was the worst performer (-12.42%). Energy was the worst-performing subsector (-1.65%), WTI and Brent crude were down 3.88% and 3.26%, respectively, pressured by prospects of a de-escalation of the Russia-Ukraine war. Natural gas surged 12.30% on colder-than-expected winter forecasts.

## Emerging Markets Fixed Income

Emerging markets (EM) sovereign and corporate bonds generated positive returns in November. The J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD), which tracks sovereign bonds, returned 0.41%. The J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD), which tracks corporate bonds, returned 0.24%. The credit spread for the EMBI GD widened 7 basis points (bps); the credit spread for the CEMBI BD widened 14 bps.

### J.P. Morgan Emerging Markets Bond Index Performance

December 31, 2024 to November 30, 2025



Source: J.P. Morgan

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

Risk appetite for the remainder of 2025 will likely be shaped by the trajectory of global growth and inflation, with central banks focused on the pace of monetary easing to address these challenges. Additional factors to watch include the effects of the U.S. government shutdown, uncertainty around U.S. tariff and trade policies as well as immigration policy, China's fiscal and monetary stimulus measures, and escalating geopolitical tensions – particularly in the Middle East, Ukraine and Taiwan Strait.

## International Sovereign

Global government bonds, as measured by the FTSE World Government Bond Index, returned 0.25% in November, mainly driven by foreign currency appreciation against the U.S. dollar.

The dollar, as measured by the U.S. Dollar Index, weakened against most G-10 peers over the month amid shifting expectations for interest rate cuts and a lack of data owing to the U.S. government shutdown. By midmonth, investors had significantly pared back bets for an imminent cut to the federal funds rate after several Federal Reserve officials expressed concerns about inflation, and prior Federal Open Market Committee meeting minutes revealed some officials were skeptical about the need for further easing. But by the end of the month, markets had reversed course, supporting the likelihood of another 25-basis-point cut in December after the release of softening labor data and the rhetoric of some Fed officials turning dovish. The emergence of a dovish candidate as frontrunner for the next Fed chair also steered money markets to price in a December cut, pushing U.S. Treasury yields and the dollar lower.

The euro strengthened against the dollar on the month, largely reflecting the dollar move. With eurozone inflation hovering slightly above the European Central Bank's (ECB) 2% target, the ECB was expected to leave its benchmark policy rate unchanged at 2.00% when it meets in December.

The Japanese yen weakened against the dollar but staged a rally toward the end of the month on mounting speculation that the Bank of Japan (BOJ) might hike interest rates as soon as December. Following a closely watched meeting with newly elected Prime Minister Sanae Takaichi, BOJ Governor Kazuo Ueda reaffirmed his intention to normalize monetary policy by carefully raising its benchmark rate, which has been at 0.5% since January.

## Emerging Markets Local Currency

Emerging markets (EM) local currency government bonds, as measured by the J.P. Morgan Government Bond Index Emerging Markets Global Diversified (GBI-EM GD), returned 1.34% in November, mainly driven by foreign currency appreciation against the U.S. dollar. Foreign exchange return contributed 0.78% to index return, interest return contributed 0.43%, and price return contributed 0.13%.

EM currency performance was largely driven by dollar volatility amid shifting expectations for U.S. interest-rate cuts. Meanwhile, the decline in U.S. Treasury yields on the month boosted the carry appeal of EM local currency bonds, which have posted a positive return year-to-date, per the index.

Within the GBI-EM GD, South Africa was the best performer, returning 4.54%, as policymakers took steps to strengthen macroeconomic fundamentals, including lowering the official inflation target to 3% and reaffirming a fiscal consolidation path. Indonesia was the worst performer, returning negative 0.71% amid worries among global investors about the potential for fiscal loosening after the finance minister was replaced in September following widespread protests. The concerns have triggered a wave of foreign outflow from local debt markets since September.

## Infrastructure

Infrastructure assets delivered strong absolute and relative performance in November, generally outperforming the Bloomberg US Aggregate Bond Index return of 0.62%. Fixed income returns were impacted by U.S. Treasury yields ending the month lower following the release of delayed labor market data.

The best-performing infrastructure subsectors on the month were industrial corporate bonds. These assets benefited from their longer-duration profiles as yields fell across the longer Treasury tenors. Electric and natural gas corporate bonds also performed well. Although no subsectors experienced negative performance, emerging markets infrastructure exposures generated relatively small returns due to modest spread widening.

### U.S. Equities

U.S. equities managed positive returns in November despite intramonth volatility centered around AI stocks. The S&P 500 Index gained 0.25%, bringing year-to-date performance to 17.81%. The tech-heavy Nasdaq Composite Index underperformed the broader market, down 1.45%. The Dow Jones Industrial Average rose 0.48% while the Russell 2000 Index, which tracks small-capitalization stocks, gained 0.96%. Growth stocks underperformed the broader market during the month, with the Russell 1000 Growth Index down 1.81%, underperforming the 2.66% return of the Russell 1000 Value Index, which tracks value stocks.

Eight of the 11 GICS sectors generated positive returns in November. Health care was the best performer (+9.31%) followed by materials (+4.39%) and staples (+4.00%). Technology (-4.76%), consumer discretionary (-1.38%) and industrials (-0.85%) were the worst performers.

### Global Equities

Global equities were little changed in November, with the MSCI All Country World Index (ACWI) rising 0.02%, bringing year-to-date performance to 21.59%. U.S. equities, as measured by the S&P 500 Index, rose 0.25%. A broader measure of U.S. equities, the S&P 500 Equal Weight Index, was up 1.90%. The Nasdaq Composite Index declined 1.45%, dragged down by weak performance from information technology stocks. The Russell 2000 Index, which tracks small-capitalization stocks, was up 0.96%.

European equities outperformed the broader global market during the month, with the STOXX Europe 600 Index up 1.67%\*. The Spanish, Italian and U.K. regions were the top performers.

Asian equities generally declined during the month, with South Korean, Japanese and Taiwan equities the worst performers. South Korean equities declined 6.81%. Emerging markets equities, as measured by the MSCI Emerging Markets Index, underperformed the broader global market, down 2.38%.

	November 2025	October 2025	Year-to-Date
<b>Global and U.S. Equities (%)</b>			
MSCI All Country World Index	0.02	2.26	21.59
S&P 500 Index	0.25	2.34	17.81
S&P 500 Equal Weight Index	1.90	-0.95	10.91
Nasdaq Composite Index	-1.45	4.72	21.74
Dow Jones Industrial Average	0.48	2.59	13.88
Russell 2000 Index	0.96	1.81	13.45
<b>Eurozone (%)</b>			
Stoxx Europe 600 (Eurozone)	1.67	0.55	31.57
DAX (Germany)	0.17	-1.66	33.65
CAC 40 (France)	0.74	0.97	27.44
FTSE MIB (Italy)	2.27	-0.95	48.74
IBEX 35 (Spain)	3.28	1.87	64.44
FTSE 100 Index (U.K.)	1.19	1.56	30.01
<b>Asia (%)</b>			
Nikkei 225 (Japan)	-5.41	11.83	29.06
Shanghai Stock Exchange Composite (China)	-0.98	1.98	22.70
Hang Seng Index (Hong Kong)	-0.27	-3.36	32.96
KOSPI (South Korea)	-6.81	17.81	67.07
TAIEX (Taiwan)	-4.19	8.38	28.77
AORD (Australia)	-2.21	-0.74	16.76
<b>Emerging Markets (%)</b>			
MSCI Emerging Markets Index	-2.38	4.19	30.37
Ibovespa (Brazil)	7.28	1.02	53.09
MSCI India Index	1.02	4.46	4.87

Source: Bloomberg

\*Non-U.S. equities are reported in U.S. dollar terms.

**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).

**Asset-Backed Securities (ABS)** – Investment securities, such as bond or notes, that are collateralized by a pool of assets, such as loans, leases, credit card debt, royalties or receivables.

**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.”

**Broadly Syndicated Loan (BSL)** – Any loan to an obligor issued as part of a loan facility with an original loan size (including any first and second lien loans in the facility) greater than \$250 million.

**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.

**Consumer Price Index (CPI)** – This index, compiled by the U.S. Bureau of Labor Statistics, examines the weighted average of the prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by averaging price changes for each item in the basket. Changes in the CPI are used to assess price changes associated with the cost of living. The CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.

**Cotation Assisee 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.

**5s30s** – Shorthand term used in tracking the spread between the five-year U.S. Treasury note (2s) and 30-year Treasury bond (30s). A steep 5s30s curve means long-term rates are much higher than short-term rates, signaling growth. A flat or inverted curve often signals economic slowdown or recession.

**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 Global Diversified (GBI-EM GD)** – This custom-weighted index tracks local currency bonds issued by emerging markets governments, excluding China and India, and has a broader roster of countries than the base GBI-EM, which limits inclusion to countries that are readily accessible and where no impediments exist for foreign investors.

**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.

**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.

**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.

**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 Cotality 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 Global Japan Manufacturing PMI** – This index is a monthly indicator of manufacturing sector performance, based on survey responses from a panel of approximately 400 manufacturers. Survey participants report changes compared to the previous month across several business variables. A reading above 50 signals expansion while below 50 indicates contraction. The headline figure is a weighted composite of five key components: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%).

**S&P Global Japan Services PMI** – This index is a monthly indicator of economic activity in Japan's services sector, based on survey responses from around 400 companies across industries. A reading above 50 signals expansion while below 50 indicates contraction. The main metric is the Services Business Activity Index, reflecting changes in business activity volume and serving as the headline figure.

**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.

**Treasury Inflation-Protected Securities (TIPS)** – Type of Treasury security issued by the U.S. government that is indexed to inflation in order to protect investors from a decline in the purchasing power of their money. As inflation rises, TIPS adjust in price to maintain their real value.

**2s10s** – Shorthand term used in tracking the spread between the two-year U.S. Treasury note (2s) and the 10-year Treasury bond (10s). The inversion of the yields, when the two-year is higher than the 10-year, is seen by some economists as an indicator of impending recession, which has historically happened after the yields de-invert.

**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.

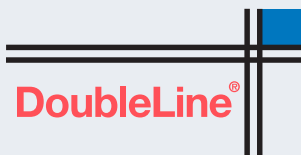
**Value Stock** – Share of a company that appears to trade at a lower price relative to the company's fundamentals, such as dividends, earnings or sales, making it appealing to value investors.

**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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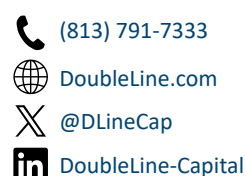
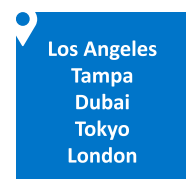
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