

Overview

The third quarter of 2025 began with a potential budget crisis and ended with a government shutdown. The One Big Beautiful Bill Act became law on July 4, with the bill including provisions that the Congressional Budget Office estimates will add \$340 billion to the fiscal deficit annually for the next 10 years. U.S. equity markets continued to rally across the period as White House trade rhetoric generally remained softer and AI-related companies announced robust earnings and guidance. The quarter concluded with the federal government shutting down after Republicans and Democrats were unable to reach the votes needed to pass a funding bill, primarily due to disagreements over extensions to the Affordable Care Act and reversal of Medicaid cuts.

The U.S. dollar halted its descent in the period, with the U.S. Dollar Index beginning the quarter at 96.9 and ending at 97.8. U.S. equities, as measured by the S&P 500 Index, returned 3.65% on the month and 8.12% on the quarter versus a 3.64% month-over-month (MoM) and 7.05% quarter-over-quarter gain for non-U.S. equities, as measured by the MSCI All Country World Index ex U.S. (Figure 1) U.S. fixed income, as measured by the Bloomberg US Aggregate Bond Index, returned 1.09% and 2.03%, respectively, as the U.S. Treasury yield curve bull steepened across the period. (Figure 2) The lower rate movement along the curve was in part a response to the Federal Reserve cutting the federal funds rate at the end of September as well as renewed expectations for future cuts.

The Fed's cut of 25 basis points (bps), bringing the range to 4.00% to 4.25%, was the first move by the agency since a 25-bp cut in December. At his Jackson Hole Economic Symposium speech in August, Fed Chair Jerome H. Powell noted increased risks to the labor market and the need to weigh those risks against above-trend inflation readings. This dovish pivot in rhetoric boosted the market's confidence in a rate cut at the following month's Federal Open Market Committee (FOMC) meeting. At the end of September, the market was predicting one to two more 25-bp cuts in 2025, based on the Bloomberg World Interest Rate Probability function, with the second cut fully priced in for the January FOMC meeting.

U.S. Treasury Curve

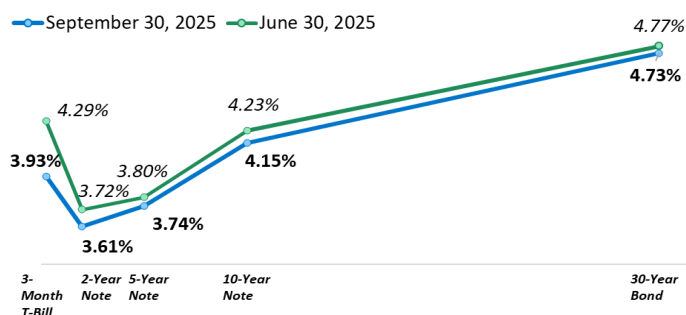


Figure 2

Source: DoubleLine, Bloomberg

Total Return by Asset Class | As of September 30, 2025

Denominated in U.S. Dollars

	August 2025	3Q2025	Year-to-Date	
EQUITIES				
S&P 500	3.65%	8.12%	14.83%	
ACWI (ex U.S.)	3.64%	7.05%	26.69%	
Eurostoxx	3.90%	4.52%	31.95%	
Emerging Markets Equities	7.17%	10.92%	28.17%	
FIXED INCOME				
Bloomberg US Aggregate Bond Index	1.09%	2.03%	6.13%	
U.S. Treasuries	0.85%	1.51%	5.36%	
U.S. Agency Mortgage-Backed Securities	1.22%	2.43%	6.76%	
U.S. Investment Grade Corporates	1.50%	2.60%	6.88%	
U.S. High Yield Corporates	0.82%	2.54%	7.22%	
U.S. Bank Loans	0.44%	1.77%	4.63%	
USD EMFI Sovereigns	1.24%	3.57%	9.20%	
FX/COMMODITIES				
U.S. Dollar (DXY)	0.00%	0.93%	-9.87%	
Bloomberg Commodity Index	2.15%	3.65%	9.38%	

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, Bloomberg Commodity Index.

The September nonfarm payrolls report was not released due to the government shutdown. As a result, the market put more focus on alternative data prints like the ADP report, which came in much weaker than expected, showing a MoM decline of 32,000 jobs in September. The ISM Manufacturing PMI increased MoM to 49.1 from 48.7, still in contractionary territory (a number below 50) and near the level where it began the quarter. The ISM Services PMI decreased to 50.0 from 52.0, trailing a consensus estimate of 51.7. August retail sales data (released in September) was stronger than expected at a 0.6% MoM increase versus a 0.2% consensus estimate, marking the third straight month of expansion. August's Consumer Price Index print (also released in September) came in at 2.9% year-over-year, up from 2.7% the prior month.

Eurozone annual inflation came in at 2.2% in September, according to Eurostat's initial flash estimate, up from 2.0% MoM and matching the highest reading since April. The S&P Global Eurozone Manufacturing Purchasing Manufacturers' Index (PMI) decreased MoM to 49.8 from 50.7, moving back into contractionary territory, where the reading had been since mid-2022. The S&P Global Eurozone Services PMI rose to 51.3 from 50.5. The European Central Bank (ECB) held rates at 2.0% over the quarter following a cut in June. At a Sept. 30 meeting in Helsinki, ECB President Christine Lagarde said, "We are well placed to respond if the risks to inflation shift, or if new shocks emerge that threaten (our) target," suggesting the ECB's position is not fixed. Investors have lowered their expectations for further easing.

In China, manufacturing and services data was mixed in September. The China Manufacturing PMI increased MoM to 49.8 from 49.4 while the China Services PMI decreased to 50.0 from 50.3. On the quarter, both readings were also mixed, the manufacturing number ticked lower, and the services number ticked higher. The People's Bank of China (PBOC) held rates steady across the quarter, in line with market expectations. PBOC Governor Pan Gongsheng stated at a Sept. 22 news briefing, "Looking ahead, we will comprehensively use a variety of monetary policy tools based on macroeconomic conditions and changes in the situation." The statement was seen by analysts as the central bank trying to reassure markets that the PBOC will use its tools to try to ensure ample liquidity, drive down funding costs and support the economy.

In Japan, September manufacturing and services data was also mixed. The S&P Global Japan Manufacturing PMI decreased MoM to 48.5 from 49.7 while the S&P Global Japan Services PMI increased to 53.3 from 53.1. Both readings were down on the quarter. August inflation data for Japan (released in September) moved lower MoM to 2.7% from 3.1%, as measured by the Japan CPI Nationwide Ex Fresh Food YoY Index, the third straight month of deceleration. The Bank of Japan maintained its policy rate of 50 bps across the quarter, with its next meeting in October.

Heading into the last quarter of the year, investors face a complex landscape shaped by changing trade policy, geopolitical instability, uneven central bank responses and mixed U.S. consumer spending. In the U.S., the labor market is beginning to stall, putting the Fed's dual mandate of price stability and maximum employment in conflict. Around the globe, administrations continue to struggle with rightsizing their fiscal policy, as budget rationalization clashes with ever-growing demands for government benefits. We remain cautious given worsening fiscal concerns combined with record high valuations, encouraging a more nuanced approach to portfolio construction

U.S. Government Securities

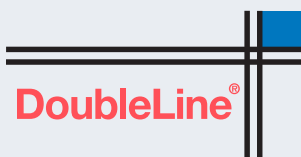
The Bloomberg US Treasury Index returned 0.85% in September and 1.51% for the third quarter, lifting year-to-date (YTD) performance to 5.36%. Nominal U.S. Treasury yields declined across most maturities on the month, led by the long end of the Treasury curve. After August's pronounced steepening, the curve partially reversed that move in September, with the spread between the two- and 10-year yields (2s10s) narrowing to 54 basis points (bps) and the spread between the five- and 30-year yields (5s30s) narrowing to 99 bps. Despite the narrowing, the curve ended the quarter steeper than at midyear. Nominal Treasuries outperformed U.S. Treasury Inflation-Protected Securities during the month while TIPS maintained a modest lead for the quarter, leaving TIPS ahead by roughly 150 bps YTD.

U.S. Treasury Yield Curve (%)

	Jun. 30, 2025 (%)	Aug. 29, 2025 (%)	Sep. 30, 2025 (%)	Monthly Change (bps)	Quarterly Change (bps)
3 Month	4.29	4.14	3.93	-21	-36
2 Year	3.72	3.62	3.61	-1	-11
5 Year	3.80	3.70	3.74	4	-6
10 Year	4.23	4.23	4.15	-8	-8
30 Year	4.77	4.93	4.73	-20	-4

Source: Bloomberg

On the month, political and fiscal uncertainty remained elevated. Congress had failed to reach a funding agreement by Sept. 30, leaving a government shutdown imminent. Persistent political pressure on the Federal Reserve contributed to higher term premiums and cautious positioning at the long end of the curve. For the quarter, the curve ended slightly steeper and overall rate levels lower than at midyear, reflecting the Fed's pivot toward supporting growth amid a softening labor market heading into the end of the year.



Agency Residential and Agency Commercial Mortgage-Backed Securities

Agency residential mortgage-backed securities (RMBS) returned 1.22% in September and 2.43% in the third quarter, as measured by the Bloomberg US MBS Index. The asset class outperformed the Bloomberg US Treasury Index's return of 0.85% and Agency Commercial MBS (CMBS) Index's 0.45% on the month but underperformed the Bloomberg US Credit Index's 1.44%. On the quarter, the US MBS Index outperformed the Agency CMBS and US Treasury indices but underperformed the US Credit Index.

Agency RMBS option-adjusted spreads (OAS) tightened 4 basis points (bps) on the month and 6 bps on the quarter to 31 bps, according to the Bloomberg US MBS Index. Spreads for current-coupon Agency RMBS tightened 10 bps and 21 bps, respectively, to 126 bps. Agency CMBS OAS, as measured by the Bloomberg US Agency CMBS Index, decreased 4 bps and 6 bps, respectively, to 32 bps.

Aggregate prepayment speeds increased in September, impacted by a 30-bp rally in driving mortgage rates, which was partially offset by negative housing seasonal factors; day count was unchanged month-over-month (MoM). The 30-year mortgage rate, as measured by the Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index, decreased 26 bps on the month and 47 bps on the quarter to 6.30%.

Net issuance of Agency RMBS declined MoM to \$12.4 billion from \$23.2 billion while gross issuance declined to \$107.6 billion from \$110.3 billion. Net issuance declined more due to a lag between rate-rally-driven paydowns and refinance issuance from paid-off loans. Year-to-date net issuance reached \$125.4 billion, down from \$140.4 billion in the same period last year. Gross issuance of Agency CMBS was \$15.7 billion on the month and \$39.2 billion on the quarter.

Non-Agency Residential Mortgage-Backed Securities

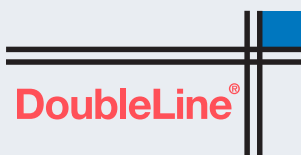
Performance of non-Agency residential mortgage-backed securities was positive across subsectors in September, largely driven by a broad rally in interest rates due to easing Federal Reserve policy and credit spread tightening supported by strong housing fundamentals. Performance was also positive across subsectors in the third quarter as yields rallied at every tenor of the U.S. Treasury curve.

Credit fundamentals were mixed versus August remittance, as prepayments were mixed, delinquencies increased, and mortgage rates decreased. The Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index fell 26 basis points (bps) month-over-month (MoM) and 47 bps quarter-over-quarter (QoQ) to 6.30% at the end of September.

New issuance was up approximately \$3.9 billion MoM to \$18.8 billion, according to BofA Global Research, with activity concentrated in non-qualified mortgages (non-QMs). For the quarter, new issuance was up approximately \$2.5 billion QoQ to \$46.9 billion, with activity largely concentrated in non-QMs.

Rising housing inventory has outpaced an increase in housing affordability due to falling mortgage rates and weakness in new-home construction as home prices have continued to decline in recent months. Home prices were down 0.29% MoM but were up 1.82% year-over-year (YoY) in July, 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 decreased 0.2% in August, 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 Midwest and South but fell in the Northeast and West.

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



DoubleLine Market Commentary

September 2025

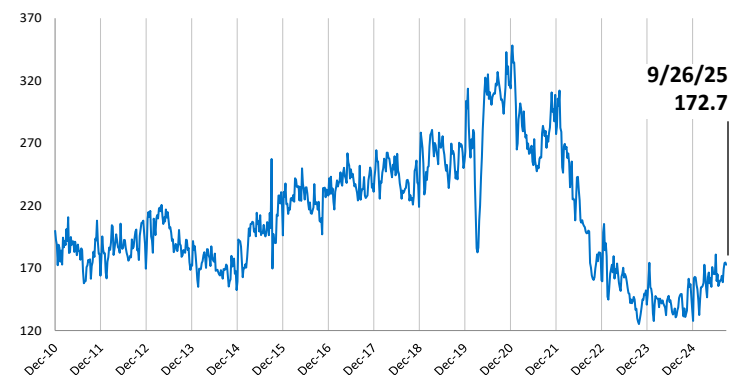
Mortgage Market Activity

MBA U.S. Refinancing Index | As of September 26, 2025



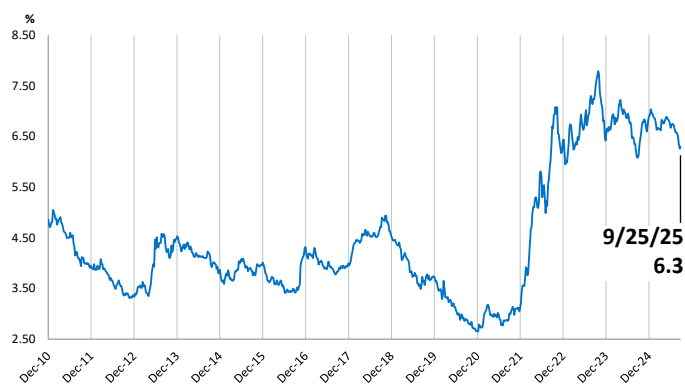
Source: Bloomberg. Base = 100 on 3/16/1990. Seasonally Adjusted

MBA Purchase Index | As of September 26, 2025



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

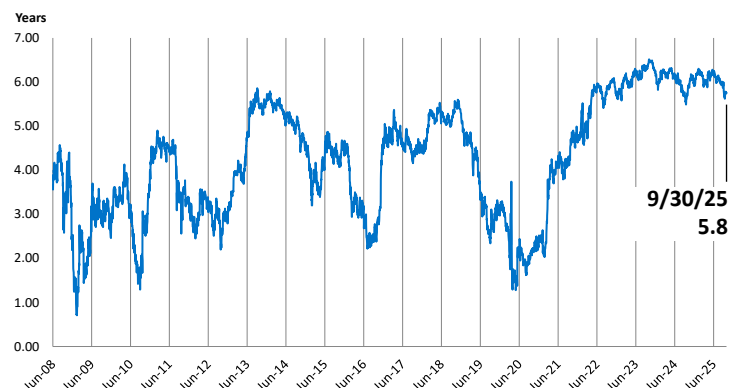
Freddie Mac Commitment Rate - 30 Year | As of September 25, 2025



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 September 30, 2025



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

Conditional Prepayment Rates (CPR)

2024-2025	October	November	December	January	February	March	April	May	June	July	August	September
Fannie Mae (FNMA)	8.1	6.2	6.0	5.2	5.1	6.5	7.3	7.3	7.1	7.4	7.2	7.8
Ginnie Mae (GNMA)	12.9	9.3	8.4	7.7	7.2	9.6	11.2	10.4	8.8	9.1	9.7	11.2
Freddie Mac (FHLMC)	8.5	6.2	5.9	5.2	5.1	6.5	7.6	7.5	7.3	7.6	7.4	8.2

Bloomberg U.S. MBS Index	7/31/2025	8/29/2025	9/30/2025	Change
Average Dollar Price (\$)	89.45	90.63	91.47	0.84
Duration (Years)	6.01	5.91	5.76	-0.15

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

Bloomberg U.S. Index Returns (%)	7/31/2025	8/31/2025	9/30/2025
Aggregate	-0.26	1.20	1.09
MBS	-0.40	1.61	1.22
Corporate	0.07	1.01	1.50
Treasury	-0.39	1.06	0.85

Non-Agency Commercial Mortgage-Backed Securities

In September, the primary non-Agency commercial mortgage-backed securities (CMBS) market priced \$15.72 billion of deals across 22 transactions, bringing third quarter totals to \$39.36 billion and 60, respectively. (Figure 3) Conduit benchmark last-cash-flow bonds rated AAA widened 24 basis point (bps) month-over-month (MoM) to 0.98% compared to duration-matched U.S. Treasuries. Bonds rated BBB- widened 34 bps to 4.52% compared to duration-matched Treasuries.

Private-Label New Issuance (\$ Billions)	Monthly		Quarter-to-Date	
	Deals	Volume	Deals	Volume
Conduit	7	\$4.63	14	\$9.14
Single Asset, Single Borrower	13	\$9.09	40	\$23.80
Commercial Real Estate CLO	2	\$1.53	6	\$5.85
Other*	0	\$0.47	0	\$0.47
Private-Label Total	22	\$15.72	60	\$39.36

Private-Label New Issuance (\$ Billions)	Year-to-Date		Comparable to YTD 2024	
	Deals	Volume	Volume	% of YTD 2024
Conduit	33	\$24.58	\$23.94	103%
Single Asset, Single Borrower	97	\$66.16	\$49.22	134%
Commercial Real Estate CLO	22	\$21.23	\$6.57	323%
Other*	0	\$1.60	\$0.25	640%
Private-Label Total	152	\$113.57	\$79.98	142%

Figure 3

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

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

All commercial real estate (CRE) property types experienced small MoM price movements in August, the latest month for which data was available for the RCA U.S. All-Property Commercial Property Price Index. The biggest mover was office, central business district, with prices down 1.67% after a spike of 5.29% in July. Overall, the index was up 1.43% MoM but down 0.67% year-over-year (YoY), both metrics continuing trends of recent months. CRE transaction volume for the month was \$36.0 billion, down 8% YoY. (Figures 4 and 5)

Property Type	MoM Price Change (%)	YoY Price Change (%)
Apartment	-0.22	-1.45
Retail	1.15	3.63
Industrial	1.65	2.41
Office - Central Business District	-1.67	6.37
Office - Suburban	0.34	-1.92
National All-Property	1.43	-0.67

Figure 4

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

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

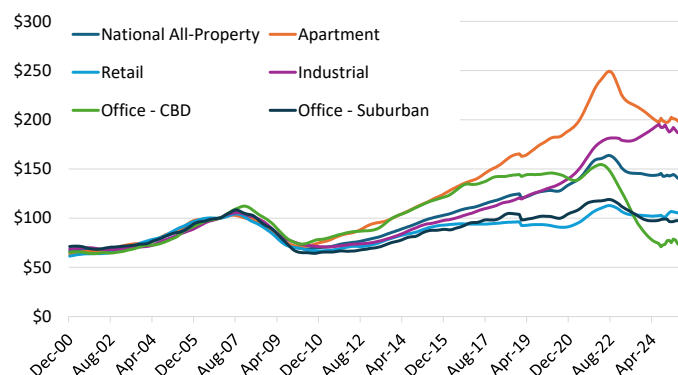


Figure 5

Source: Real Capital Analytics

The 30-day-plus delinquency rate for non-Agency CMBS ticked down 6 bps MoM to 7.23% in September, a rise of 10 bps across the quarter. (Figure 6) The percentage of loans that were seriously delinquent (60 days or longer, in foreclosure, real estate owned or non-performing) was down 13 bps MoM and 10 bps on the quarter to 6.75%. Delinquencies in the heavily watched office segment dropped 53 bps MoM to 11.13%. The biggest MoM mover among property types was lodging, down 73 bps to 5.81%. The overall YoY delinquency rate decreased 32 bps MoM to 1.53%.

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

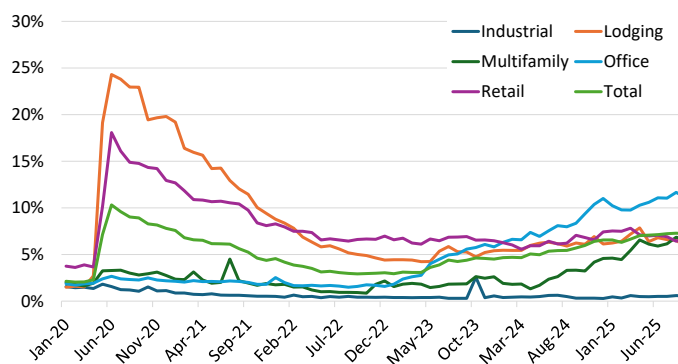


Figure 6

Source: Trepp

Asset-Backed Securities

The asset-backed securities (ABS) market delivered positive returns in September but lagged the broader fixed-income market as the Federal Reserve cut the federal funds rate by 25 basis points at the close of the month. Also impacting ABS performance was movement on the U.S. Treasury curve as weakening employment data drove long-term yields lower. Short-duration and high-credit-quality ABS, such as those held in the Bloomberg US ABS Index, returned 0.55% while more off-the-run sectors, such as those held in the ICE BofA U.S. Fixed-Rate Miscellaneous ABS Index, returned 0.36%. The broader fixed-income market, as measured by the Bloomberg US Aggregate Bond Index, returned 1.09%, helped by its relatively long duration. In the third quarter, the ABS market generally delivered positive returns as Treasury yields rallied across the curve, driven by softer-than-expected economic data and increased expectations for interest rate cuts by the Fed. The ABS indices returned 1.64% and 1.59%, respectively, in the period while the aggregate index was up 2.03%.

Primary market issuance totaled \$33.3 billion on the month and \$92.2 billion on the quarter, bringing the year-to-date total to \$257.3 billion, basically flat versus the same period last year.

The best-performing ABS subsectors on the month were aviation securitizations, as underlying collateral fundamentals continued to improve. The worst performers were consumer-related assets such as timeshare and home improvement securitizations. As in September, the best performers on the quarter were aircraft securitizations. The worst performers were railcar-related assets.

Investment Grade Credit

A fall in long-term U.S. Treasury yields across the third quarter as well as spread tightening, supported by solid corporate spreads and an economic backdrop that provided a tailwind for risk assets, drove investment grade (IG) corporate credit performance. The Bloomberg US Corporate Index was up 1.50% in September and 2.60% for the quarter. U.S. IG corporate spreads, as measured by the index, tightened 5 basis points (bps) to 74 bps on the month, outperforming duration-matched U.S. Treasuries by 48 bps. On the quarter, spreads tightened 9 bps, outperforming duration-matched Treasuries by 98 bps.

On the month, long-duration corporates returned 3.17%, outperforming the 0.72% for intermediate-duration corporates and 0.44% for short-duration corporates. On the quarter, long-duration corporates' return of 3.79% outperformed intermediate-duration corporates' 2.04% and short-duration corporates' 1.43%.

The best-performing subsectors on the month were other industrial, transportation and insurance. The worst performers were finance companies, banking and real estate investment trusts (REITS).

Bloomberg US Corporate Index

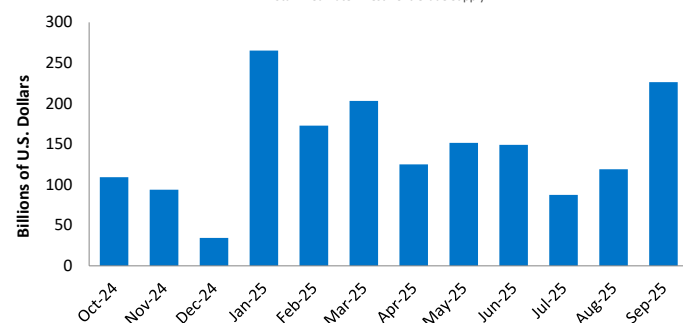
As of September 30, 2025

Total Return by Rating Category (%)	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
US IG Credit Index	1.50	2.60	6.88	3.63
AAA	2.09	2.64	6.29	0.04
AA	1.61	2.37	6.24	2.06
A	1.46	2.52	6.85	3.31
BBB	1.52	2.71	7.03	4.26

Source: Barclays Live

Total Fixed-Rate Investment Grade Supply

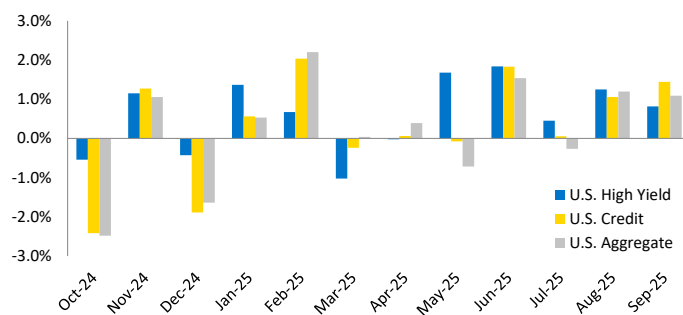
As of September 30, 2025



Source: Barclays Live

Performance of Select Barclays Indices

October 2024 through September 2025



Source: Barclays Live

On the quarter, the best performers were natural gas, electric and energy. The worst performers were finance companies, banking and REITS.

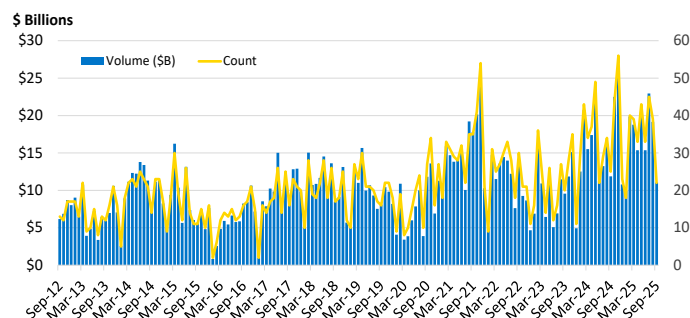
U.S. dollar-denominated IG new issuance in September on a gross basis was \$226.3 billion and \$109.9 billion on a net basis, as reported by Barclays, up 13% and 23% year-over-year (YoY), respectively. On the quarter, gross issuance was \$433 billion, and net issuance was \$121 billion, down 5% and 41% YoY, respectively. IG fund inflow was \$44.7 billion on the month, flat YoY, according to EPFR Global as reported by J.P. Morgan, and \$155.4 billion on the quarter, up 38% YoY.

Collateralized Loan Obligations

The U.S. collateralized loan obligation (CLO) market experienced healthy returns in September and the third quarter, with the J.P. Morgan CLO Total Return Index up 0.53% and 1.61%, respectively, pushing yearly return to 4.54%. CLO spreads across the capital stack marked modest tightening, suggesting persistent demand for senior risk and a willingness to reach for yield in mezzanine tranches.

U.S. CLO issuance marked a deceleration on the month with \$11.0 billion pricing across 22 deals, the lowest monthly tally since January. Despite the slowdown, the third quarter was the busiest quarter of the year with \$53.1 billion across 106 deals. Year-to-date (YTD) issuance remained on a record annual pace at \$153.0 billion across 312 deals, 7% ahead of last year's pace by dollar amount. Refinancing (refi) and reset transactions continued to dominate the technical landscape in September, with \$11.4 billion in refis across 22 deals and \$24.0 billion in resets across 28 deals, pushing YTD dollar totals to \$85.2 billion and \$177.8 billion, respectively.

CLO New Issuance | September 2012 to September 2025

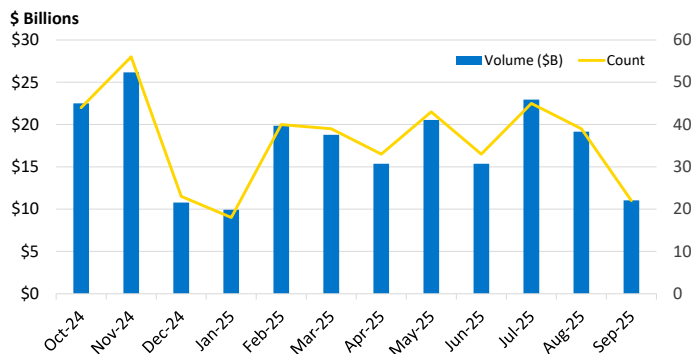


Source: LCD-CLO Global Databank

The secondary market had a busy month with investment grade (IG) trading volume surging 27% month-over-month (MoM) to \$12.9 billion, per Trade Reporting and Compliance Engine data, while below-IG trading rose 11% to \$4.4 billion. The monthly supply of bids wanted in competition jumped 70% MoM to \$4.9 billion, signaling active portfolio management and healthy liquidity.

CLO credit metrics showed some signs of weakness in September. Concentrations of CLOs rated CCC worsened despite the rolling three-month downgrade-upgrade ratio improving MoM to 1.83x from 2.96x. The last 12-month U.S. leveraged loan default rate by principal amount climbed 31 basis points (bps) MoM as two companies filed for Chapter 11 bankruptcy, ending the month at 1.47%, up from 1.11% at the start of the quarter and its highest level since January 2024. Alternatively, the dual-track default rate, which includes distressed transactions, declined 5 bps to 4.32% with only one new liability management exercise and three others rolling off the calculation. Weighted average spread metrics declined 3 bps MoM on average, as the weighted average nominal spread on index loans tightened to 320 bps, the lowest level since January 2010.

Last 12 Months Issuance | October 2024 to September 2025



Source: LCD-CLO Global Databank

CLO market-based metrics, including net asset value and market value overcollateralization, worsened in September alongside the Morningstar LSTA US Leveraged Loan PR Index, which fell \$0.13 MoM, ending the quarter at \$97.06, down just one cent from where it began. However, the ratio of performing leveraged loans priced below \$80, referred to as the distressed ratio, fell 4 bps on the month and 19 bps on the quarter to 2.88%.

Bank Loans

The bank loan market rose 0.44% in September, per the Morningstar LSTA US Leveraged Loan TR USD Index, as 0.63% of interest income was partially offset by negative 0.19% of price movement, the product of a collapse in trading levels of an automotive aftermarket supplier. The weighted average bid price of the Morningstar LSTA US Leveraged Loan PR USD Index declined \$0.13 to \$97.06, down 1 basis point (bp) from \$97.07 at the start of the third quarter. While a Federal Reserve cut and healthy market appetite for risk benefited fixed income assets and equities on the month, bank loans broadly lagged the returns of other asset classes. A similar dynamic held true in the quarter as bank loans returned 1.77%. Year-to-date (YTD), bank loans were up 4.63%. The bank loan market ended the month with a spread to maturity of 393 bps and a yield to maturity of 8.25%. Further cuts to the federal funds rate will compress bank loan yields but benefit free cash flow for the underlying companies.

Distressed Ratio | January 2024 to September 2025

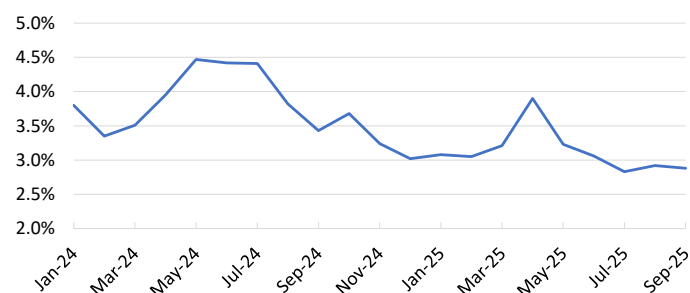


Figure 7

Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

Bank Loan Default Rate | January 2023 to September 2025



Figure 8

Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

The risk-on tone was evident in monthly returns by rating class, with the 0.97% for loans rated CCC outperforming the 0.49% for loans rated BB and 0.35% for loans rated B. The percentage of the market bid above par fell to 36.77% from 41.32% month-over-month (MoM) and 41.11% quarter-over-quarter (QoQ); 81.01% of the market traded above \$98 at the end of September. Returns were more balanced by rating QoQ, with B loans up 1.85%, CCC loans up 1.70% and BB loans up 1.59%.

There were two conventional payment defaults in September, taking the default rate up to 1.47% from 1.15% MoM and 1.11% QoQ. (Figure 7) Including distressed exchanges, the September default rate was 4.32%. The market distressed ratio, defined as loans trading below \$80, fell 4 bps MoM and 19 bps QoQ to 2.88%. (Figure 8) Downgrades continued to outpace upgrades on the month, portending a higher future default rate, but the rolling three-month downgrade-upgrade ratio ended September at 1.83x, its lowest mark since April 2024.

The new-issue market was active in September, with \$128.5 billion of total volume, down slightly from \$131.1 billion in September 2024. The bulk of new issue was related to repricing or refinancing transactions, with just 26% for other purposes. For the quarter, \$403.9 billion was up markedly from \$226.2 billion in versus the same period a year ago. With interest rates moving lower, bank loan funds marked \$878 million in net outflow on the month, taking YTD outflow to \$4.7 billion.

High Yield

The U.S. high yield (HY) corporate credit market posted its sixth consecutive month of gains in September as investors absorbed a Federal Reserve rate cut as well as near-record new issuance. The Bloomberg US Corporate HY Index returned 0.82%, raising third quarter return to 2.54%. Yields fell 5 basis points (bps) to 6.70%, and spreads tightened 5 bps to 267 bps on the month, per the index, while yields fell and spreads tightened 36 bps and 23 bps, respectively, on the quarter.

The 12-month, par-weighted HY default rate was basically flat on the month at 0.49%, as reported by J.P. Morgan, up from 0.36% at the end of 2024. For reference, the 25-year average is 2.90%.

Bloomberg US Corporate High Yield Index

As of September 30, 2025

	Total Return by Rating Category (%)			
	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
US High Yield Index	0.82	2.54	7.22	7.41
BB	0.82	2.31	7.40	6.88
B	0.83	2.28	6.76	7.10
CCC	0.98	4.37	8.07	10.52

Source: Bloomberg, DoubleLine

When including distressed exchanges, the default rate decreased 6 bps to 1.39%, compared to 1.47% at the end of 2024. The 25-year default average including distressed exchanges is 3.30%.

Monthly upgrade volume (\$26.4 billion) outpaced downgrade volume (\$24.6 billion), as reported by J.P. Morgan, bringing the year-to-date (YTD) ratio to 1.2x compared to 1.6x for full-year 2024. By number, upgrades (17) trailed downgrades (20), bringing the YTD ratio to 1.0x compared to 1.2x for full-year 2024. On the quarter, upgrade volume (\$157.9 billion) similarly outpaced downgrade volume (\$123.4 billion), resulting in a ratio of 1.3x. By number, the quarterly ratio of 1.0x improved from the second quarter's 0.7x.

September's HY new-issue volume of \$58.8 billion (\$121.9 billion for the quarter), as reported by J.P. Morgan, was the highest monthly figure since March 2021 and third busiest month on record. This compares to \$25.7 billion in August and a 2024 monthly average of \$24.1 billion. Refinancing was responsible for 73% of September's activity and 72% of deal volume YTD.

HY marked its fifth consecutive month of strong inflow in September, according to Lipper as reported by J.P. Morgan, totaling \$1.7 billion after an inflow of \$1.1 billion in August. Quarterly and YTD inflow was \$5.0 billion and \$14.9 billion, respectively. 2024 marked inflow of \$16.3 billion.

Commodities

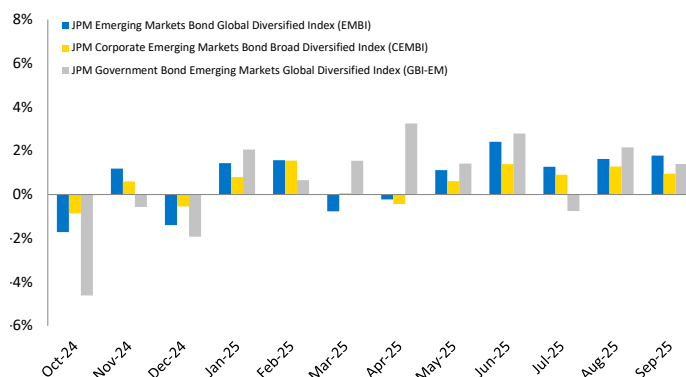
The commodity market posted positive returns in September and the third quarter, supported by elevated geopolitical uncertainty and easing monetary policy from the Federal Reserve. The Bloomberg Commodity (BCOM) Index was up 1.79% on the month and 2.56% on the quarter. The S&P GSCI managed a positive return of 0.29% on the month, held back by the index's higher sensitivity to the energy sector than the BCOM, but was up 2.98% on the quarter.

The best-performing subsector on the month, as tracked by the S&P GSCI, was precious metals (+10.53%), with gold up 10.16% and silver up 14.53%. Gold achieved all-time highs during the month while silver climbed to the highest level since 2011. Energy (-0.55%) declined on news that OPEC+ is planning further production increases before year-end. WTI and Brent crude were down 2.06% and 1.63%, respectively. Gas oil had the best performance in the energy subsector, rising 3.87%. Industrial metals rose 2.83%, with zinc (+5.53%) the best performer. Agriculture commodities were the worst-performing subsector (-3.66%). Cocoa experienced the worst drawdown, falling 12.46%. During the quarter, the three positive subsectors were precious metals (+16.15%), industrial metals (+2.76%) and energy (+0.89%) while agriculture (-2.78%) declined.

Emerging Markets Fixed Income

Emerging markets (EM) sovereign and corporate bonds generated positive returns across the third quarter, supported by a rally in interest rates and a move tighter in spreads. The J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD), which tracks sovereign bonds, returned 1.78% in September and 4.75% on the quarter. The J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD), which tracks corporate bonds, returned 0.95% and 3.18%, respectively. The credit spread for the EMBI GD tightened 14 basis points (bps) on the month and 39 bps on the quarter. The credit spread for the CEMBI BD tightened 14 bps and 32 bps, respectively.

J.P. Morgan Emerging Markets Bond Index Performance October 31, 2024 to September 30, 2025



Source: J.P. Morgan

Performance across all regions was positive on the month and quarter, with Africa the best performer in both indices in both time periods. On the month, Asia was the laggard in the EMBI GD; Europe was the laggard in the CEMBI BD. On the quarter, Asia was the laggard in both indices. The investment grade (IG) subindex outperformed the high yield (HY) subindex in both indices on the month. On the quarter, the HY subindex outperformed in both indices.

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 drivers could include the effects of a 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 0.61% in September and 0.16% in the third quarter.

The dollar, as measured by the U.S. Dollar Index, was unchanged in September and strengthened against most G-10 peers over the quarter, bucking a dollar weakness trend in the first half of the year. While data showing stronger-than-expected U.S. economic growth helped to buoy the dollar, disappointing jobs data led U.S. Treasury yields lower over the quarter as investors bet that the Federal Reserve would begin lowering interest rates to address labor market weakening. Policymakers cut interest rates by 25 basis points at the end of September and signaled the potential for more easing, although Fed Chair Jerome H. Powell struck a more cautious tone on further cuts.

The euro strengthened against the dollar on the month but weakened on the quarter, largely reflecting moves in the dollar. The European Central Bank (ECB) left interest rates unchanged over the quarter, maintaining the benchmark policy rate at 2.00%, in line with market expectations. Data in September showed that eurozone inflation rose to 2.1% in August, slightly above the ECB's 2% target.

The Japanese yen weakened sharply against the dollar on the month and quarter. The Bank of Japan held interest rates steady at 0.5% over the quarter, in line with expectations, though two dissents at the central bank's September meeting underscored growing pressure for rate hikes. Political uncertainty in Japan escalated, meanwhile, as the ruling Liberal Democratic Party prepared for an emergency leadership vote in October to replace Prime Minister Shigeru Ishiba after he resigned in September following a series of electoral setbacks.

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 1.40% in September and 2.80% in the third quarter. Interest return contributed 1.44% to index return over the quarter, price return contributed 1.00%, and foreign exchange contributed 0.37%.

EM currency performance against the dollar was choppy over the quarter, weakening in July but strengthening in August and September. The decline in U.S. Treasury yields over the period 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, Colombia was the best-performing region on the quarter, returning 11.13%. The performance was fueled by a rally in the peso after the government repurchased some of Colombia's global bonds to help ease its debt burden. South Africa was the second best performer, with a return of 10.21%, driven by a rally in the rand and a slide in local yields underpinned by improving macroeconomic fundamentals and political dynamics. India was the worst performer, returning negative 2.94% as the rupee came under pressure after President Donald Trump imposed additional tariffs in August on Indian exports.

Infrastructure

Infrastructure assets delivered positive returns and performed in line with the broader fixed-income market in September. The Bloomberg US Aggregate Bond Index and Bloomberg US Corporate Index returned 1.09% and 1.50%, respectively. In the third quarter, infrastructure assets outperformed the broader fixed-income market. The aggregate and corporate indices returned 2.03% and 2.60%, respectively.

The best-performing infrastructure subsectors on the month were aviation asset-backed securities (ABS), supported by improving underlying collateral performance. The worst performers were railcar ABS. The best performers on the quarter were industrial corporate bonds, which benefited from their long-duration profile in a period when yields fell across the longer U.S. Treasury tenors. As in September, the worst performers on the quarter were railcar ABS.

U.S. Equities

U.S. equities edged higher in September, supported by the Federal Reserve resuming its rate-cutting cycle. The S&P 500 Index gained 3.65% while the tech-heavy Nasdaq Composite Index was up 5.68%. The Dow Jones Industrial Average (DJIA) rose 2.00% while the Russell 2000 Index, which tracks small-capitalization stocks, gained 3.11%. U.S. equities also surged in the third quarter, with the S&P 500 (+8.12%), Nasdaq (+11.43%), DJIA (+5.67%) and Russell 2000 (+12.39%) all up. Growth stocks outperformed the broader market on the month, with the Russell 1000 Growth Index up 5.31%, outperforming the 1.49% of the Russell 1000 Value Index, which tracks value stocks. On the quarter, growth stocks rose 10.51% while value stocks increased 5.33%.

Seven of the 11 GICS sectors generated positive returns on the month. Technology was the best-performing sector (+7.63%) followed by communication services (+6.70%) and utilities (+4.16%). Materials (-2.36%), staples (-2.27%) and real estate (-0.56%) were the worst performers. On the quarter, the best performers were technology (+11.51%), consumer discretionary (+10.46%) and communication services (+9.35%). The worst performers were staples (-2.53%), real estate (+2.17%) and materials (+2.60%).

Global Equities

Global equities continued to rally in September, with the MSCI All Country World Index (ACWI) rising 3.66%, ending the third quarter up 7.74% and 18.88% year-to-date. During the quarter, global equities found support from a strong U.S. earnings season, further clarity on U.S. trade policy and the Federal Reserve resuming its rate-cutting cycle. U.S. equities, as measured by the S&P 500 Index, performed in line with the broader market on the month, rising 3.65%, and were up 8.12% on the quarter. A broader measure of U.S. equities, the S&P 500 Equal Weight Index, was up 1.10% and 4.83%, respectively. The Nasdaq Composite Index increased 5.68% on the month and 11.43% on the quarter, supported by strong positive performance from information technology stocks. The Russell 2000 Index, which tracks small-capitalization stocks, was up 3.11% and 12.39%, respectively.

European equities generated positive returns but underperformed the MSCI ACWI during the month, with the STOXX Europe 600 Index up 2.02%. The positive equity performance was broad-based, with German, French, Italian, Spain and U.K. stocks posting gains. European equities underperformed the broader market during the quarter, up 3.47%, per the STOXX Europe 600.

Asian equities also delivered positive returns for the month and quarter, with Japanese, Chinese, Hong Kong, South Korean and Taiwanese equities up. Chinese equities were the best performer on the quarter, rising 14.58%, per the Shanghai Stock Exchange Composite Index. Emerging markets equities, as measured by the MSCI Emerging Markets Index, outperformed the broader market on the month and quarter, up 7.17% and 10.92%, respectively

	September 2025	August 2025	Q3 2025
Global and U.S. Equities (%)			
MSCI All Country World Index	3.66	2.52	7.74
S&P 500 Index	3.65	2.03	8.12
S&P 500 Equal Weight Index	1.10	2.69	4.83
Nasdaq Composite Index	5.68	1.65	11.43
Dow Jones Industrial Average	2.00	3.42	5.67
Russell 2000 Index	3.11	7.14	12.39
Eurozone (%)			
Stoxx Europe 600 (Eurozone)	2.02	3.42	3.47
DAX (Germany)	0.38	1.75	-0.17
CAC 40 (France)	3.14	1.55	3.21
FTSE MIB (Italy)	1.82	5.46	7.78
IBEX 35 (Spain)	4.12	6.35	11.39
FTSE 100 Index (U.K.)	1.46	3.39	5.51
Asia (%)			
Nikkei 225 (Japan)	5.22	6.76	9.07
Shanghai Stock Exchange Composite (China)	0.96	9.14	14.58
Hang Seng Index (Hong Kong)	7.83	2.07	13.48
KOSPI (South Korea)	6.41	-1.55	7.64
TAIEX (Taiwan)	7.16	0.84	13.02
AORD (Australia)	0.77	5.14	6.37
Emerging Markets (%)			
MSCI Emerging Markets Index	7.17	1.46	10.92
Ibovespa (Brazil)	5.56	9.44	7.66
MSCI India Index	0.40	-2.22	-6.75

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.

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 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.

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

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.

Japan CPI Nationwide Ex Fresh Food YoY Index – This index tracks year-over-year overall consumer prices, excluding the volatile fresh food component, on an annual basis.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nikkei 225 Index – This price-weighted index (“the Nikkei”) comprises Japan’s top 225 blue-chip companies on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the U.S.

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

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

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

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

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

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.

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

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

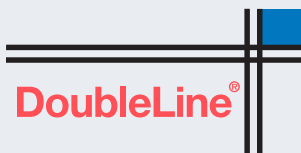
Value Stock – Share of a company that appears to trade at a lower price relative to the company's fundamentals, such as dividends, earnings or sales, making it appealing to value investors.

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

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

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

You cannot invest directly in an index.



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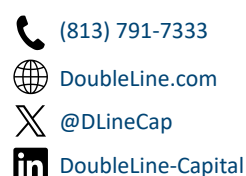
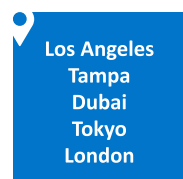
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