Monthly Market Commentary

January 2025

Overview

January marked the inauguration of President Donald Trump and a shift in policy from the outgoing Biden administration. Expectations for the sequencing of tax cuts, tariffs and foreign policy changes were altered, with tariffs leading the charge. The U.S. Dollar Index fluctuated over the month, falling from a peak of 109.96 on Jan. 13 to a low of 107.34 on Jan. 27 as President Trump threatened 25% tariffs on Mexico and Canada and an additional 10% tariff on China. The S&P 500 Index returned 2.78% on the month, though the ride wasn't a smooth one, largely due to the emergence of Chinese ChatGPT rival DeepSeek causing some AI-related stocks to drop precipitously. *(Figure 1)* U.S. Treasury rates were relatively unchanged in the period, with the two-year and 10-year declining 4 basis points (bps) and 3 bps, respectively, while the 30-year rose 1 bp. Despite the roiling market news, the Bloomberg US Aggregate Bond Index remained relatively steady and ended the month up 0.53%. Outside of the U.S., central bank policy diverged, including the European Central Bank (ECB) lowering the deposit rate by 25 bps to 2.75% and the Bank of Japan (BOJ) hiking interest rates by 25 bps to 0.5%, the highest level in 17 years.

The first Federal Open Market Committee meeting of 2025 was one of the most predictably uneventful meetings in recent history, with the upper bound of the federal funds rate left unchanged at 4.50%, in line with market expectations. In his post-meeting remarks, Federal Reserve Chair Jerome H. Powell predicted a 25-bp cut in June or July and a second 25-bp cut by year-end. Chair Powell noted two catalysts that could change the pause on cuts: an unexpected weakening in labor markets and inflation falling more quickly than anticipated. He said that he believes markets are still restrictive, and the Fed will continue to wait for economic data before making changes.

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

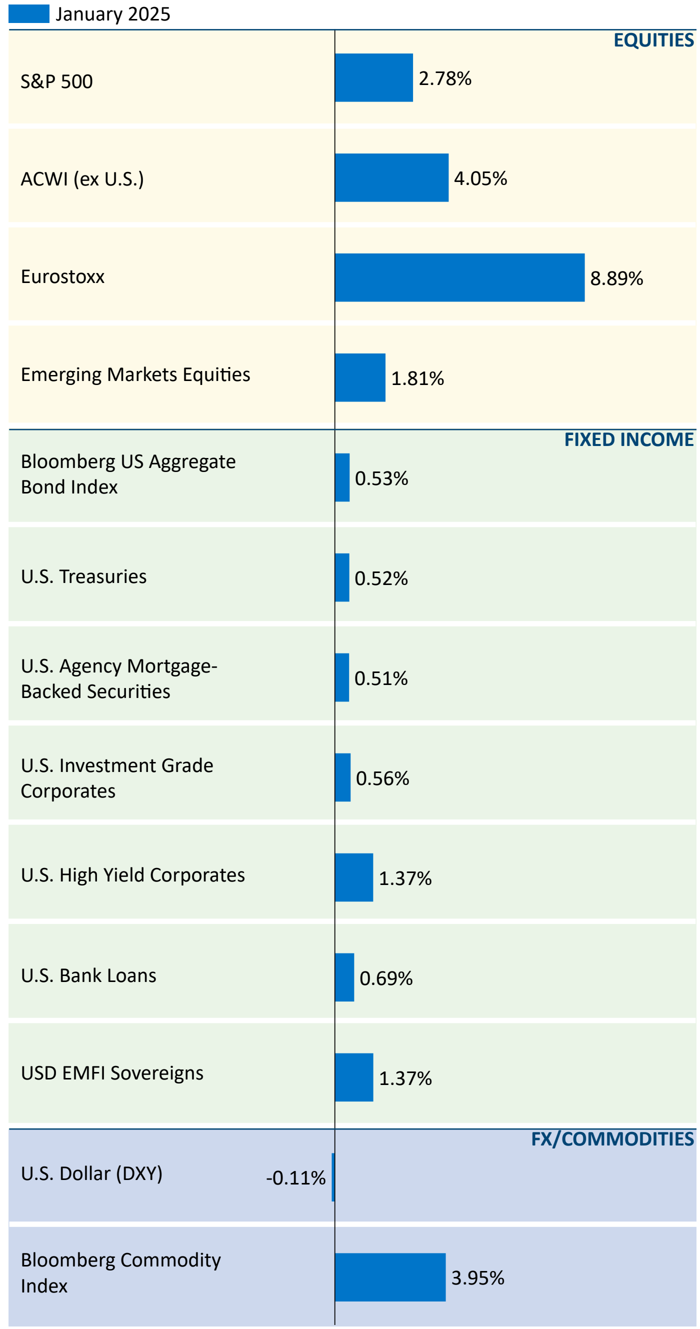


Figure 1
Source: DoubleLine, Bloomberg

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

The U.S. economy added 143,000 jobs in January, according to the nonfarm payrolls report, below consensus estimates of 175,000 jobs, though the three-month moving average of private payroll gains rose to 209,000, the highest level since February 2023. The U-3 unemployment rate declined month-over-month (MoM) in January to 4.0% from 4.1%. The Job Openings and Labor Turnover Survey data for December came in weaker than expected as job openings decreased MoM to 7.6 million from 8.2 million and below a consensus estimate of 8 million. The ratio of job vacancies to unemployed job seekers ticked down to 1.1x but remained in line with the pre-pandemic average from 2017 to 2019, pointing to a labor market coming back into balance. The quits rate remained unchanged at 2.0%, near November's post-pandemic low of 1.9%.

Other economic data was mixed. The ISM Manufacturing PMI increased MoM in January to 50.9 from 49.2, above a 50.0 consensus estimate and the first time in expansionary territory (a number above 50) since October 2022. ISM Services PMI fell to 52.8 from 54.0, below a consensus estimate of 54.0. December headline retail sales grew 0.5% MoM, according to Bloomberg data, versus a 0.6% consensus estimate. The Conference Board Leading Economic Index declined in line with expectations in December at negative 0.1% and remained unchanged at negative 3.5% year-over-year. In addition, the initial estimate for U.S. fourth quarter real gross domestic product (GDP) showed the economy grew at 2.3% quarter-over-quarter (QoQ) annualized, trailing a consensus estimate of 2.6%.

In Europe, the ECB's 25-bp cut to the deposit rate in January marked the fifth such reduction since an easing cycle began in June. The cut was expected by markets amid a persistent combination of weak European growth and near-target inflation. In the fourth quarter, seasonally adjusted QoQ GDP was flat in the eurozone and increased 0.1% in the European Union, according to preliminary flash estimates from Eurostat and the European Commission, respectively. The S&P Global Eurozone Manufacturing Purchasing Managers' Index (PMI) increased MoM in January to 46.6 from 45.1, an eight-month high but still in contractionary territory. The S&P Global Eurozone Services PMI ticked lower to 51.3 from 51.6.

In China, both manufacturing and services data slowed in January. The Caixin China General Manufacturing PMI declined MoM to 50.1 from 50.5; the Caixin China General Services PMI modestly fell to 51.0 from 52.2. Stimulus efforts continued in January with millions of government workers across the country receiving a surprise wage increase in an effort by Beijing to boost spending and support a slowing economy. The payout was a one-time shot to the economy, as reported by Reuters, of between $12 billion and $20 billion.

Markets have been broadly driven by the tariff threats from President Trump and continue to wait for the policy picture to develop. With corporate profits growing, manufacturing and services PMI in expansionary territory and unemployment stable, U.S. markets continue to march higher. Risk-asset valuations, economic fundamentals, the direction of monetary policy by the Fed and implementation of President Trump's policy agenda should factor prominently in the outlook for the remainder of the year.

U.S. Government Securities

The Bloomberg US Treasury Index returned 0.52% in January, with Treasury yields experiencing a round trip over the month. Yields extended their December climb into early January, driven by robust economic data, a rising global interest-rate environment and shifting expectations about the incoming Trump administration. However, softer inflation data and White House policy announcements later in the month drove yields lower, leaving them down modestly on the month. Short- and intermediate-term yields fell slightly, with the two- and five-year yields declining 4 basis points (bps) and 5 bps, respectively. The 10-year yield declined 3 bps to close at 4.54%. The 30-year yield rose 1 bp to 4.79%, reflecting a modest steepening at the long end of the curve.

U.S. Treasury Yield Curve (%)

	12/31/2024	1/31/2025	Change
3 Months	4.31	4.28	-0.03
6 Months	4.27	4.30	0.03
1 Year	4.14	4.15	0.01
2 Years	4.24	4.20	-0.04
3 Years	4.27	4.24	-0.03
5 Years	4.38	4.33	-0.05
10 Years	4.57	4.54	-0.03
30 Years	4.78	4.79	0.01

Source: Bloomberg

The 10-year yield briefly tested 4.80% in early January, its highest level since April, supported by strong manufacturing and services data, a robust labor market, and expectations of rising inflation risk and term premiums amid tariff talk and Treasury supply concerns. Later in the month, policy announcements from the new administration, including proposed 25% tariffs on Mexico and Canada, and energy market deregulation, introduced fresh volatility into the market. Deregulation efforts to boost domestic oil production helped ease near-term inflation concerns while tariff risks heightened uncertainty about longer-term inflation and growth outlooks. Those factors drove yields lower and the curve flatter. Toward month-end, news of DeepSeek's AI research sparked a tech-led equity selloff as investors sought safe-haven assets, which extended the rally in Treasuries.

January's Federal Open Market Committee meeting reaffirmed the Federal Reserve's cautious stance, emphasizing patience on the inflation front, with the Fed taking a wait-and-see stance amid uncertainties surrounding fiscal policies and tariff implications.

Agency Residential and Agency Commercial Mortgage-Backed Securities

Agency residential mortgage-backed securities (RMBS) started the year with a positive return amid declining volatility. Agency RMBS, as measured by the Bloomberg US MBS Index, returned 0.51% in January in line with the Bloomberg US Treasury Index's return of 0.52% and Bloomberg US Credit Index's 0.56% but underperformed the Bloomberg US Agency Commercial MBS (CMBS) Index's 0.71%.

Agency RMBS spreads tightened on the month; option-adjusted spreads (OAS), as measured by the Bloomberg US MBS Index, tightened 9 basis points (bps) to an OAS of 34 bps. Moving in a similar direction, Agency CMBS OAS, as measured by the Bloomberg US Agency CMBS Index, tightened 3 bps to 33 bps. In contrast, spreads for current-coupon Agency RMBS widened 3 bps to 1.38%.

Aggregate prepayment speeds decreased further in January, driven by negative housing seasonal factors, as day count and driving mortgage rates remained 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, rose 10 bps to 6.95%.

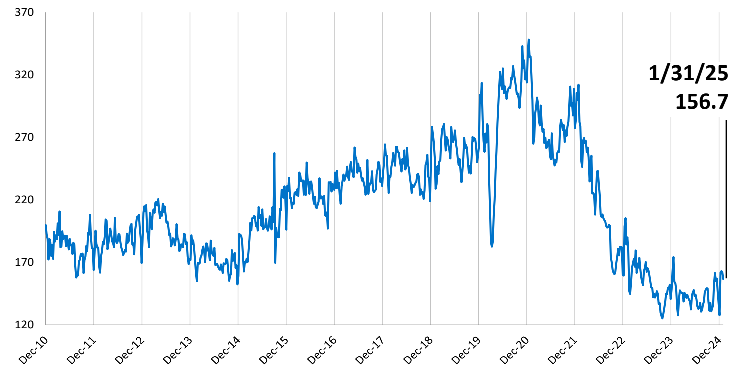
Gross issuance of Agency RMBS increased MoM to $99.4 billion from $96.3 billion; net issuance also increased to $30.1 billion from $21.2 billion. Gross issuance of Agency CMBS decreased MoM to $11.3 billion from $16.8 billion. Paydowns on the Federal Reserve's MBS portfolio decreased to $14.3 billion from $15.7 billion.

For more on mortgage market activity, please see the following page.

MBA U.S. Refinancing Index | As of January 31, 2025

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

MBA Purchase Index | As of January 31, 2025



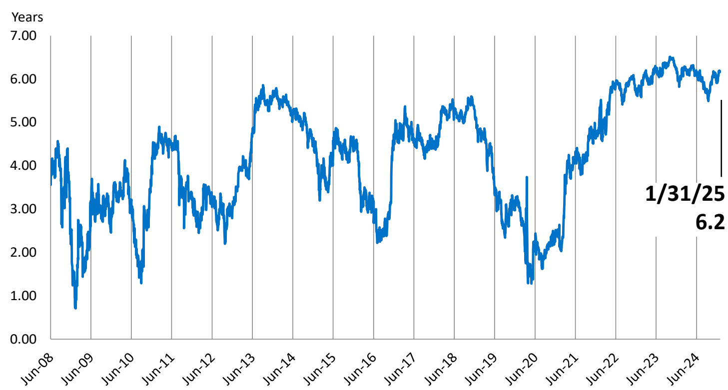
Source: Bloomberg. Base = 100 on 1/14/2011. Seasonally Adjusted

Freddie Mac Commitment Rate - 30 Year | As of January 30, 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 January 31, 2025



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

Conditional Prepayment Rates (CPR)											
2024-2025	February	March	April	May	June	July	August	September	October	November	December	January
Fannie Mae (FNMA)	4.7	5.4	6.0	6.5	6.1	6.6	6.6	6.4	8.1	6.2	6.0	5.2
Ginnie Mae (GNMA)	6.8	6.9	7.3	7.9	7.5	8.6	10.0	10.9	12.9	9.3	8.4	7.7
Freddie Mac (FHLMC)	4.5	5.2	5.8	6.3	6.0	6.4	6.6	6.5	8.5	6.2	5.9	5.2

Bloomberg U.S. MBS Index	11/30/2024	12/31/2024	1/31/2025	Change
Average Dollar Price ($)	89.73	87.99	88.18	0.19
Duration (Years)	5.91	6.17	6.20	0.03

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

Bloomberg U.S. Index Returns (%)	11/30/2024	12/31/2024	1/31/2025
Aggregate	1.06	-1.64	0.53
MBS	1.33	-1.65	0.51
Corporate	1.34	-1.94	0.55
Treasury	0.78	-1.54	0.52

Non-Agency Residential Mortgage-Backed Securities

Performance of non-Agency residential mortgage-backed securities (RMBS) was positive across subsectors in January. Performance was largely driven by a rally in yields across the short and intermediate sections of the U.S. Treasury curve and credit spread tightening due to favorable supply-demand factors. A positive outlook on housing fundamentals contributed to strong investor demand for non-Agency RMBS.

Credit fundamentals were mixed versus December remittance, as delinquencies and prepayments were mixed while mortgage rates increased. The Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index rose 10 basis points month-over-month (MoM) to 6.95% at the end of January.

January marked $12.6 billion in new issuance, according to BofA Global Research, up approximately $4.5 billion MoM with activity concentrated in non-qualified mortgages.

Housing supply has continued to steadily increase in recent months despite a rise in mortgage rates, contributing to a 0.12% MoM decrease and 4.33% year-over-year (YoY) increase in November home prices, the most recent month for which data was available for the S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index. Furthermore, existing-home sales increased 2.2% in December, the most recent month for which data was available as measured by the National Association of Realtors Existing-Home Sales Report. YoY sales increased nationwide.

Non-Agency Commercial Mortgage-Backed Securities

In January, the primary non-Agency commercial mortgage-backed securities (CMBS) market priced $12.17 billion of deals across 12 transactions. *(Figure 2)* Conduit benchmark last-cash-flow bonds rated AAA tightened 6 basis points (bps) to 0.90% compared to duration-matched U.S. Treasuries. Bonds rated BBB- tightened 52 bps to 4.30% compared to duration-matched Treasuries.

Trends in November month-over-month (MoM) price movements in commercial real estate (CRE) sectors continued in December, the latest month for which data was available, except for an uptick in apartment prices after a decline in November. Overall, the RCA U.S. All-Property Commercial Property Price Index was down 0.75% MoM, after marking a 0.81% gain in November, and down 1.33% year-over-year (YoY). CRE transaction volume in December was up 40% YoY to $55.6 billion. *(Figures 3 and 4)*

Private-Label New Issuance ($ Billions)	Monthly		Quarter-to-Date	
	Deals	Volume	Deals	Volume
Conduit	2	$1.83	2	$1.83
Single Asset, Single Borrower	6	$6.04	6	$6.04
Commercial Real Estate CLO	4	$4.30	4	$4.30
Other	0	–	0	–
Private-Label Total	12	$12.17	12	$12.17

Private-Label New Issuance ($ Billions)	Year-to-Date		Comparable to YTD 2023	
	Deals	Volume	Volume	% of YTD 2023
Conduit	2	$1.83	$3.00	61%
Single Asset, Single Borrower	6	$6.04	$2.70	224%
Commercial Real Estate CLO	4	$4.30	$1.13	382%
Other	0	–	–	–
Private-Label Total	12	$12.17	$6.82	178%

Figure 2
Source: DoubleLine, J.P. Morgan as of January 31, 2025

Property Type	MoM Price Change (%)	YoY Price Change (%)
Apartment	0.78%	-4.65%
Retail	2.15%	2.79%
Industrial	-1.61%	1.24%
Office - Central Business District	0.61%	-9.52%
Office - Suburban	-2.46%	-2.19%
National All-Property	-0.75%	-1.33%

Figure 3
Source: Real Capital Analytics as of December 31, 2024

RCA U.S. CPPI Indexes | As of December 31, 2024

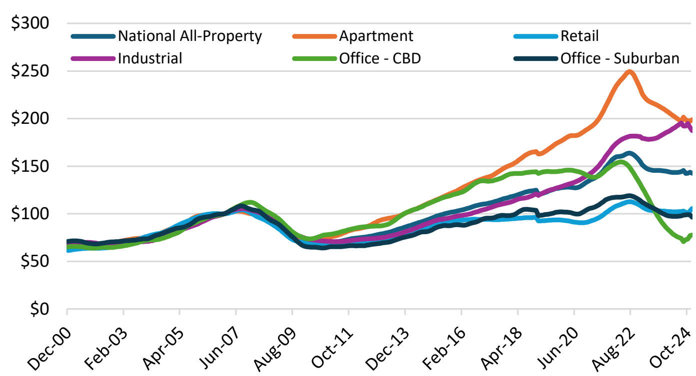


Figure 4
Source: Real Capital Analytics

The 30-day-plus delinquency rate for non-Agency CMBS was basically flat MoM in January at 6.56% while the YoY rate fell to 1.90% from 4.66%. (*Figure 5*) The percentage of loans that were seriously delinquent (60 days or longer, in foreclosure, real estate owned or non-performing) decreased 14 bps MoM to 6.17%. Delinquencies in the heavily watched office segment experienced the biggest MoM decrease in the past five years, declining 78 bps to 10.23%, while other sectors remained relatively stable.

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

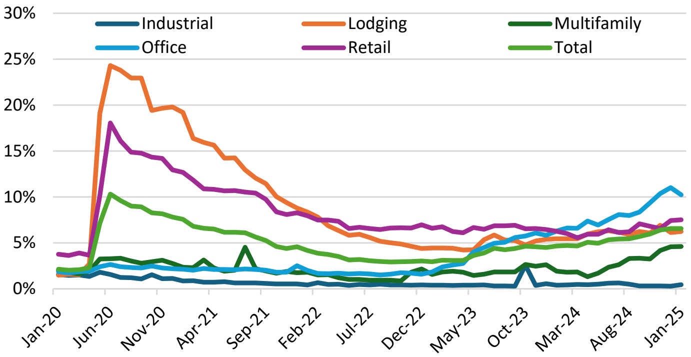


Figure 5
Source: Trepp

Asset-Backed Securities

The asset-backed securities (ABS) market delivered positive returns in January as U.S. Treasury yields broadly rallied over the period. The Federal Reserve paused its rate-cutting cycle and opted to hold the federal funds rate steady at the January Federal Open Market Committee meeting, citing sticky inflation and a resilient labor market. Short-duration and high-credit-quality ABS, such as those held in the Bloomberg US ABS Index, returned 0.32% while more off-the-run sectors, such as those held in the ICE BofA U.S. Fixed-Rate Miscellaneous ABS Index, returned 0.68%. The broader fixed-income market, as measured by the Bloomberg US Aggregate Bond Index, returned 0.53%.

The capital markets were fairly active to start the calendar year, with roughly $30.0 billion of new issuance. Spreads were flat to modestly tighter across ABS subsectors on the month. The best-performing ABS subsectors were aircraft securitizations, benefiting from modest spread tightening driven by strong investor demand. Longer-duration assets such as whole business securitizations also performed well. Despite delivering positive returns, the laggard ABS subsectors were timeshare and railroad-related assets.

Investment Grade Credit

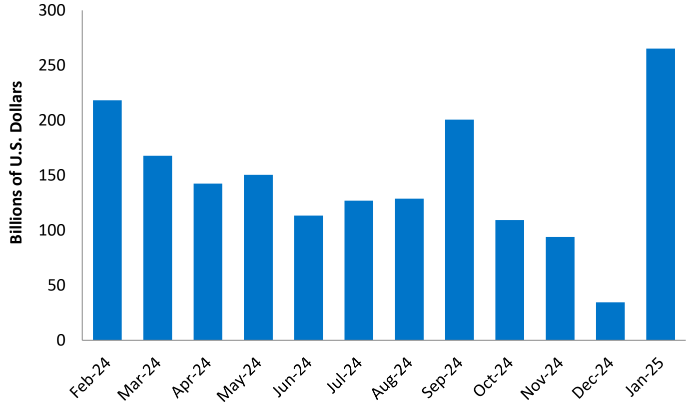
The Bloomberg US Credit Index returned 0.56% in January as markets reacted to economic data showing solid growth trends and softer inflation prints. U.S. investment grade (IG) credit spreads, as measured by the index, tightened 2 basis points (bps) to 75 bps, outperforming duration-matched U.S. Treasuries by 14 bps.

Bloomberg US Credit Index
As of January 31, 2025

	Total Return by Rating Category (%)			
	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
US IG Credit Index	0.56	0.56	0.56	2.79
AAA	0.52	0.52	0.52	2.47
AA	0.47	0.47	0.47	1.55
A	0.55	0.55	0.55	2.41
BBB	0.60	0.60	0.60	3.44

Source: Barclays Live

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

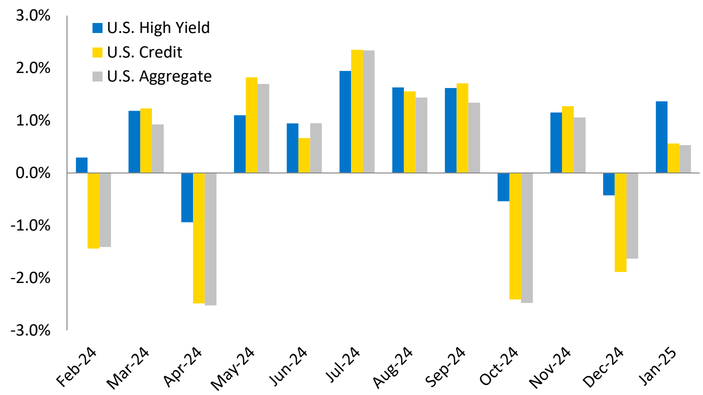


Source: Barclays Live

Total returns were driven by slight decreases in Treasury yields in the intermediate portion of the curve. Intermediate IG credit returned 0.62% versus short-duration IG credit's 0.50% and long-duration IG credit's 0.43%.

The best-performing sectors were other financial, banking and brokerage/asset managers/exchanges. The worst performers were electric, natural gas and other industrial.

Performance of Select Bloomberg Indices
February 2024 through January 2025



Source: Barclays Live

U.S. dollar-denominated IG new issuance on a gross basis was $265.2 billion, according to Bloomberg, down 2% year-over-year (YoY), and $160.6 billion on a net basis, down 7% YoY.

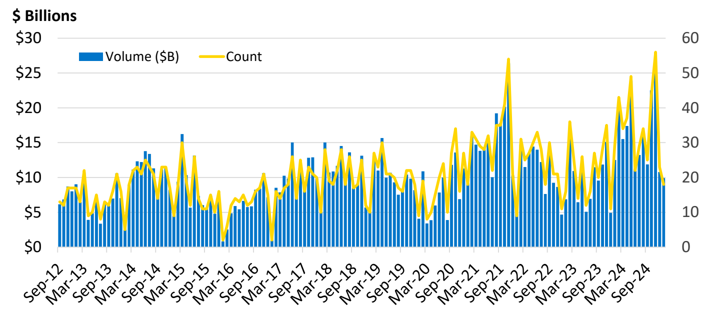
IG fund inflow was $15.1 billion, according to EPFR Global as reported by J.P. Morgan, down 42% from $26.2 billion in January 2024.

Collateralized Loan Obligations

The U.S. collateralized loan obligation (CLO) market started the year off on steady footing, with the J.P. Morgan CLO Total Return Index up 0.68% in January. Market-based metrics were also up on the month alongside the Morningstar LSTA US Leveraged Loan PR USD Index, which gained 0.29%. Despite broader price improvements, the share of performing index loans priced below $80, referred to as the distressed ratio, rose 6 basis points (bps) to 3.08% month-over-month (MoM).

The CLO issuance machine continued its steady churn, with a preference toward refinancing (refi) and reset transactions over new issue, as spreads continued to test tighter levels. January marked 32 refi and 34 reset transactions, totaling $13.5 billion and $18.0 billion, respectively, and another $9.9 billion by way of 18 new-issue deals.

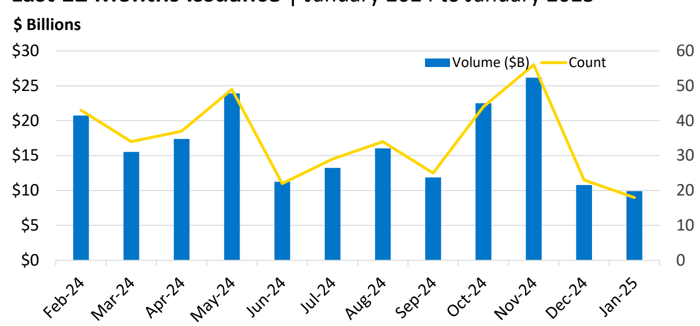
CLO New Issuance | September 2012 to January 2025



Source: LCD-CLO Global Databank

In the secondary market, CLO bids wanted in competition increased 38% MoM to $5.1 billion. Investment grade (IG) trading volume climbed 28% to $11.2 billion, fueled by CLOs rated AAA, per Trade Reporting and Compliance Engine data, while below-IG volume fell 22% to $4.3 billion.

Last 12 Months Issuance | January 2024 to January 2025



Source: LCD-CLO Global Databank

CLO credit fundamentals were mixed. The last 12-month U.S. leveraged loan default rate by principal amount ended the month basically flat at 0.94% following the bankruptcy filing of a hotel management company and one issuer rolling off the calculation. Alternatively, the dual-track default rate, which includes distressed transactions, fell 12 bps to 4.58%.

Ratings-based metrics were also mixed, with Moody's-based metrics improving and S&P's worsening as the rolling three-month downgrade-upgrade ratio increased for the fifth consecutive month, rising MoM to 3.95x, the highest reading since July 2020, from 3.00x. In addition, weighted average spread tests continued to decline, down 4 bps on average.

Bank Loans

The bank loan market returned 0.69% in January, per the Morningstar LSTA US Leveraged Loan TR USD Index, driven largely by interest income, with market prices little changed. The asset class has posted 15 consecutive months of positive return, starting in November 2023, as higher SOFR rates have juiced interest income in a period without significant price volatility. At month-end, 65.5% of bank loans were trading above par, largely consistent with the past several months, and this capped price-appreciation potential for many names in the secondary market while driving a continued wave of refinancings and repricings. On a trailing 12-month basis, bank loans have returned 8.97%, per the Morningstar index. The bank loan market ended the month with a yield to maturity of 8.37% and a spread to maturity of 3.93%. The asset class's elevated yield continues to compare favorably to other areas of fixed income.

The market exhibited a preference for riskier loans in January, with loans rated CCC returning 0.96%, outperforming loans rated B and BB, which returned 0.67% and 0.66%, respectively. The constructive tone was consistent with other risk markets, as January showed strong returns in both U.S. equities and high yield corporate credit. The distressed ratio, which measures loans trading below $80, ended the month at 3.08%, virtually unchanged from 3.02% month-over-month (MoM). *(Figure 6)* However, there was an improvement in the number of loans trading in the $80-$90 range, which declined MoM to 3.80% from 4.41%.

Distressed Ratio | January 2024 to January 2025

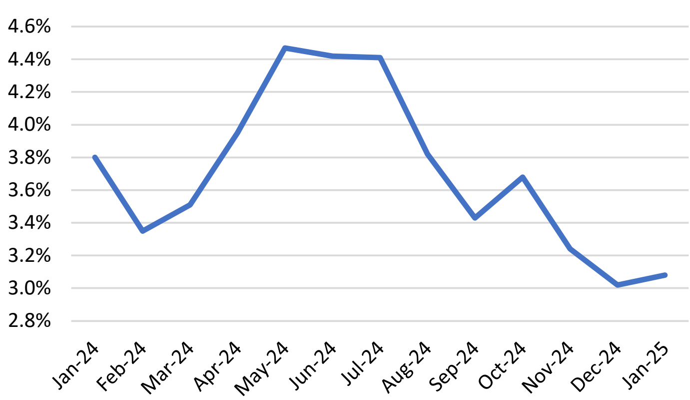


Figure 6
Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

Defaults started the year slowly, with just one missed payment and one distressed exchange in January. *(Figure 7)* The default rate ended the month at 0.94%, little changed MoM, while the dual-track default rate including discount exchanges was still elevated at 4.58%. Meanwhile, downgrades continued to outpace upgrades. The rolling three-month downgrade-upgrade ratio spiked MoM to 3.95x from 3.00x, moving to its highest level since July 2020 and potentially presaging a higher default rate.

Bank Loan Default Rate | January 2023 to January 2025

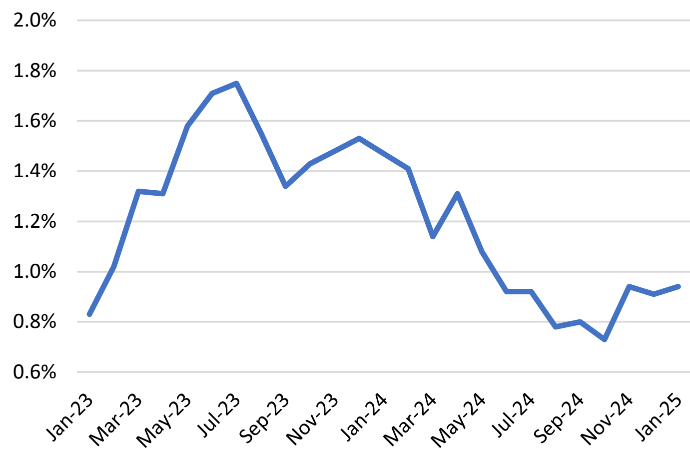


Figure 7
Source: DoubleLine, Leveraged Commentary & Data

With so many names trading at or above par, the new-issue market was open and active in January. Total new-issue volume was $211.7 billion, up from $192.9 billion in December and $164.5 billion a year ago. The bulk of this activity was for repricings, which accounted for 65% of total volume, while refinancings and extensions made up an additional 19%. As a result of all the refinancing activity, nominal spreads contracted to 3.38%, the lowest level in over four years. Non-refinancing transactions remained a small percentage of total new issue at just 16%, but the absolute volume of mergers and acquisitions (M&A) rebounded to $19.1 billion, the highest level since September. M&A volume is expected to continue to move higher in the months ahead.

High Yield

The Bloomberg US Corporate High Yield (HY) Index returned 1.37% in January amid a rally in risk assets supported by positive corporate earnings. Index yields decreased 29 basis points (bps) on the month to 7.20%, and spreads tightened 26 bps to 2.61%.

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

	Total Return by Rating Category (%)			
	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
US High Yield Index	1.37	1.37	1.37	9.68
BB	1.28	1.28	1.28	7.60
B	1.42	1.42	1.42	8.84
CCC	1.54	1.54	1.54	17.63

Source: Bloomberg, DoubleLine

The HY 12-month, par-weighted default rate declined 6 bps to 0.30%, according to J.P. Morgan, a steep decline from 2.08% at the start of 2024. For reference, the 25-year average is 3.00%. When including distressed exchanges, the default rate declined 4 bps to 1.43%, compared to 2.85% at the start of 2024. The 25-year default average including distressed exchanges is 3.40%.

Monthly upgrade volume ($27.8 billion) was outpaced by downgrade volume ($31.0 billion), according to J.P. Morgan. The upgrade-downgrade dollar ratio continued to decrease, falling to 0.9x in January from the fourth quarter's 1.4x. By number, January upgrades (13) trailed downgrades (20), and similar to the dollar ratio, January's 0.7x ratio was down from the fourth quarter's 0.9x.

The HY market priced 27 bonds for $23.0 billion on the month, according to J.P. Morgan, compared to a 2024 monthly average of $24.1 billion. Refinancing was the primary use of proceeds at 67% of volume, down from the 75% rate for all of last year.

January marked $1.5 billion in inflow, according to Lipper as reported by J.P. Morgan, after December's $3.7 billion outflow broke a seven-month run of inflow.

Commodities

The broad commodity market rallied in January on the back of positive risk sentiment and improvement in the global growth outlook. The Bloomberg Commodity Index rose 3.58%, and the S&P GSCI spiked 2.94%.

The rally in commodities was broad based, with all five sectors in the S&P GSCI up on the month. The best-performing sector was precious metals (+6.61%), boosted by silver (+10.34%) and gold (+6.28%). Agriculture increased 3.55%, with coffee surging 18.17% and cocoa slumping 5.89%. Energy rallied 2.22%, with Brent crude (+2.56%) and WTI crude (+2.42%) up. The laggard sector was industrial metals (+1.08%), with copper increasing 2.75% while zinc declined 8.88%.

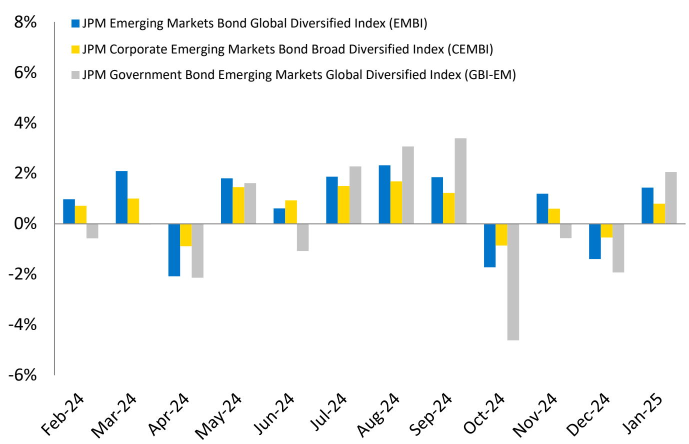
Emerging Markets Fixed Income

Emerging markets (EM) sovereign and corporate bonds posted positive returns in January. The J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD), which tracks sovereign bonds, returned 1.44%. The J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD), which tracks corporate bonds, returned 0.80%. The credit spread for the EMBI GD tightened 9 basis point (bps) while the credit spread for the CEMBI BD widened 6 bps.

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

Risk appetite for the remainder of 2025 will likely be driven by expectations around central banks' monetary policy in developed markets, which seem largely economic data dependent. Other factors to watch include China's stimulus measures, inflation surprises and geopolitical risks such as China-Taiwan tension, the Israel-Hamas war, the Russia-Ukraine war and U.S. policy in the wake of the November elections.

J.P. Morgan Emerging Markets Bond Index Performance
February 29, 2024 to January 31, 2025



Source: J.P. Morgan

International Sovereign

Global government bonds, as measured by the FTSE World Government Bond Index, returned 0.46% in January, mainly driven by foreign currency appreciation against the U.S. dollar.

The dollar weakened slightly over the month, as measured by the U.S. Dollar Index, posting mixed performance against G-10 peers. U.S. Treasury yields and the dollar moved sharply higher at the start of the month as markets priced in fewer interest-rate cuts in response to a strong jobs report. Bonds then rallied following data showing the Consumer Price Index rose less than forecast in December, fueling bets that the Federal Reserve would keep cutting rates this year. The Fed maintained the federal funds rate at the January Federal Open Market Committee meeting, with Fed Chair Jerome H. Powell signaling a patient approach to further easing. Market volatility returned in the final days of the month after President Donald Trump vowed to impose tariffs on U.S. trade partners.

The euro strengthened slightly against the dollar over the month. Data showed eurozone inflation rose to 2.4% in December, marking a third consecutive monthly rise, which was seen as lessening chances that the European Central Bank would cut its deposit rate more aggressively to address weak economic growth. Data also showed eurozone gross domestic product growth stagnated in the fourth quarter. The ECB lowered the deposit rate by 25 basis points to 2.75% at its January meeting.

The Japanese yen strengthened against the dollar over the month amid rising expectations that the Bank of Japan (BOJ) would resume normalizing monetary policy, which it did at its January meeting by raising short-term interest rates to 0.5% from 0.25%. Policymakers signaled the possibility of further rate increases if wage and price growth hit forecasts. The rate move helped to reduce the long-running interest-rate differential with the U.S., which has underpinned yen weakness against the dollar.

Infrastructure

Infrastructure assets generated positive performance in January, outperforming the broader fixed-income market, as measured by the Bloomberg US Aggregate Bond Index return of 0.53%, in a month when U.S. Treasury yields rallied across the short and intermediate sections of the curve. The Federal Reserve paused its rate-cutting cycle and opted to hold the federal funds rate steady at the January Federal Open Market Committee meeting, citing sticky inflation and a resilient labor market.

The best-performing infrastructure subsectors on the month were renewable asset-backed securities, as these assets experienced modest spread tightening. Wirelines and midstream industrial corporate bonds also performed well. The only subsector down on the month was emerging markets infrastructure exposures due to modest spread widening.

U.S. Equities

U.S. equities rallied in January amid volatility impacted by speculation over economic policies of the incoming Trump administration and news reports on China company DeepSeek's AI research. The S&P 500 Index rose 2.78%, the Dow Jones Industrial Average climbed 4.78%, and the Nasdaq Composite Index increased 1.66%. A broad measure of U.S. equities, as measured by the S&P 500 Equal Weight Index, gained 3.50% while the Russell 2000 Index, which tracks small-capitalization stocks, rallied 2.62%. The Russell 1000 Value Index (+4.63%), which tracks value stocks, outpaced the Russell 1000 Growth Index (+1.98%), which tracks growth stocks.

The rally in U.S. equities was relatively broad based, with only one sector, information technology (-0.69%), posting a negative return. The best-performing sectors were health care (+6.79%), financials (+6.56%) and communications (+5.84%).

Global Equities

Global equities started the year on a strong note in January, with the MSCI All Country World Index (ACWI) posting a positive return for the month. U.S. equities, as measured by the S&P 500 Index, generated positive return but underperformed the MSCI ACWI. The market-cap-weighted index was dragged down by negative performance in the heavily weighted information technology sector, which also impacted the tech-heavy Nasdaq Composite Index. The S&P 500 Equal Weight Index and Dow Jones Industrial Average outperformed global equities during the month.

European equities broadly outperformed the MSCI ACWI, with the STOXX Europe 600 Index up 7.11%. The strong equity performance was broad based, with German, French, Italian, Spanish and U.K. stocks outperforming. Asian equities delivered mixed performance, with Chinese equities down on the month while Japan, Hong Kong and Taiwan equities produced positive returns but underperformed the broader market. South Korean equities outperformed. Emerging markets equities, as measured by the MSCI Emerging Markets Index, underperformed with significant regional dispersion.

Global and U.S. Equities (%)	January 2025	December 2024	2024
MSCI All Country World Index	3.38	-2.33	18.03
S&P 500 Index	2.78	-2.39	25.00
S&P 500 Equal Weight Index	3.50	-6.28	12.98
Nasdaq Composite Index	1.66	0.56	29.60
Dow Jones Industrial Average	4.78	-5.13	14.99
Russell 2000 Index	2.62	-8.26	11.53

Eurozone (%)	January 2025	December 2024	2024
Stoxx Europe 600 (Eurozone)	7.11	-2.50	2.54
DAX (Germany)	9.43	-0.23	11.65
CAC 40 (France)	8.58	0.03	-5.61
FTSE MIB (Italy)	7.34	0.64	11.73
IBEX 35 (Spain)	7.91	-2.28	12.26
FTSE 100 Index (U.K.)	5.65	-2.88	7.49

Asia (%)	January 2025	December 2024	2024
Nikkei 225 (Japan)	0.73	-0.50	8.68
Shanghai Stock Exchange Composite (China)	-1.98	0.14	13.02
Hang Seng Index (Hong Kong)	0.92	3.45	23.58
KOSPI (South Korea)	6.50	-7.17	-19.93
TAIEX (Taiwan)	2.24	2.72	22.79
AORD (Australia)	5.58	-8.07	1.96

Emerging Markets (%)	January 2025	December 2024	2024
MSCI Emerging Markets Index	1.81	-0.09	7.97
Ibovespa (Brazil)	11.00	-6.46	-29.55
MSCI India Index	-3.47	-2.75	12.47

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.

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.”

Caixin China General Manufacturing Purchasing Managers’ Index – This index, published monthly by S&P Global, is compiled from responses to questionnaires sent to purchasing managers on a panel of over 500 private and state-owned manufacturers. The panel is stratified by detailed sector and company workforce size as measured by contribution to gross domestic product. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

Caixin China General Services Purchasing Managers’ Index – This index, published monthly by S&P Global, is compiled from responses to questionnaires sent to purchasing managers on a panel of over 400 private and state-owned services companies. The panel is stratified by detailed sector and company workforce size as measured by contribution to gross domestic product. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

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

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

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

Conference Board Leading Economic Index (LEI) – This index tracks a group of composite indices (manufacturers’ orders, initial unemployment insurance claims, etc.) as a means of gauging the strength of a particular industry or the economy.

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.

DoubleLine®

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

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.

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.

Job Openings and Labor Turnover Survey (JOLTS) – Conducted by the U.S. Bureau of Labor Statistics, JOLTS involves the monthly collection, processing and dissemination of job openings and labor turnover data. The data, collected from sampled establishments on a voluntary basis, includes employment, job openings, hires, quits, layoffs, discharges and other separations. The number of unfilled jobs – used to calculate the job openings rate – is an important measure of the unmet demand for labor, providing a more complete picture of the U.S. labor market than by looking solely at the unemployment rate.

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

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

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

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

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

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

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

Leveraged Commentary & Data (LCD) – A unit of S&P Global Market Intelligence, LCD provides in-depth coverage of the leveraged loan market through real-time news, analysis, commentary and proprietary loan data.

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.

Prime – Classification of borrowers, rates or holdings in the lending market that are considered to be of high quality. This classification often refers to loans made to high-quality "prime" borrowers that are offered "prime" or relatively low interest rates.

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.

Quits Rate – Number of quits during the entire month as a percentage of employment. This metric is tracked in the U.S. Bureau of Labor Statistics' monthly Job Opening and Labor Turnover Survey (JOLTS). A trending increase is a sign of an expanding job market while a trending decrease is a sign of a tightening job market.

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.

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.

DoubleLine®

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

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

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

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

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

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

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

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

Secured Overnight Financing Rate (SOFR) – Benchmark interest rate for U.S. dollar-denominated derivatives and loans that replaced the London Interbank Offered Rate (LIBOR). Interest rate swaps on more than $80 trillion in notional debt switched to the SOFR in October 2020. This transition is expected to increase long-term liquidity but also result in substantial short-term trading volatility in derivatives.

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.

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

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

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

Weighted Average Rating Factor (WARF) – Used by credit rating companies to indicate the credit quality of a portfolio. This measure aggregates the credit ratings of a portfolio's assets into a single rating.

Weighted Average Spread (WAS) – Par-weighted average spread (generally above SOFR) of the performing floating-rate securities in a portfolio (typically loans).

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

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

You cannot invest directly in an index.

DoubleLine®

Important Information Regarding This Material

Issue selection processes and tools illustrated throughout this presentation are samples and may be modified periodically. These are not the only tools used by the investment teams, are extremely sophisticated, may not always produce the intended results and are not intended for use by non-professionals.

Yield to maturity (YTM) does not represent return. YTM provides a summary measurement of an investment's cash flows, including principal received at maturity based on a given price. Actual yields may fluctuate due to a number of factors such as the holding period, changes in reinvestment rates as cash flows are received and redeployed, receipt of timely income and principal payments. DoubleLine views YTM as a characteristic of a portfolio of holdings often used, along with other risk measures such as duration and spread, to determine the relative attractiveness of an investment.

DoubleLine has no obligation to provide revised assessments in the event of changed circumstances. While we have gathered this information from sources believed to be reliable, DoubleLine cannot guarantee the accuracy of the information provided. Securities discussed are not recommendations and are presented as examples of issue selection or portfolio management processes. They have been picked for comparison or illustration purposes only. No security presented within is either offered for sale or purchase. DoubleLine reserves the right to change its investment perspective and outlook without notice as market conditions dictate or as additional information becomes available. This material may include statements that constitute "forward-looking statements" under the U.S. securities laws. Forward-looking statements include, among other things, projections, estimates, and information about possible or future results related to a client's account, or market or regulatory developments.

Important Information Regarding Risk Factors

Investment strategies may not achieve the desired results due to implementation lag, other timing factors, portfolio management decision-making, economic or market conditions or other unanticipated factors. The views and forecasts expressed in this material are as of the date indicated, are subject to change without notice, may not come to pass and do not represent a recommendation or offer of any particular security, strategy, or investment. All investments involve risks. Please request a copy of DoubleLine's Form ADV Part 2A to review the material risks involved in DoubleLine's strategies. Past performance is no guarantee of future results.

Important Information Regarding DoubleLine

To receive a copy of DoubleLine's current Form ADV (which contains important additional disclosure information, including risk disclosures), please contact DoubleLine's Client Services.

Los Angeles
Tampa
Dubai
Tokyo
London

(813) 791-7333
DoubleLine.com
@DLineCap
DoubleLine-Capital

DoubleLine®

For Investors in Chile

If any products are offered in Chile, they will be offered and sold only pursuant to General Rule 336 of the SVS, an exemption to the registration requirements, or in circumstances which do not constitute a public offer of securities in Chile within the meaning of Article 4 of the Chilean Law No. 18,045 on Securities Markets.

This communication is addressed only to "Qualified Investors" (as defined in SVS General Rule No. 216).

Si algunos valores son ofrecidos dentro de Chile, serán ofrecidos y colocados sólo de acuerdo a la Norma de Carácter General 336 de la SVS, una excepción a la obligación de registro, o en circunstancias que no constituyan una oferta pública de valores en Chile según lo definido por el Artículo 4 de la Ley 18.045 de Mercado de Valores de Chile.

Esta comunicación está dirigida a "Inversionistas Calificados" (según se define en la Norma de Carácter General N° 216 de la SVS).

For Investors in Colombia

DoubleLine no desarrollará ninguna campaña con el propósito de promocionar y comercializar sus productos y servicios en el país sin la respectiva autorización de la Superintendencia Financiera, de conformidad con el párrafo 1.1.7 de la Parte I, Título II, Capítulo II de la Circular Externa 035 de 2019 de la Superintendencia Financiera (Circular Básica Jurídica). DLC no utilizará ningún medio masivo para la promoción de sus productos y servicios en Colombia o a residentes colombianos.

Esta presentación no hace parte de ninguna promoción o campaña publicitaria ni se distribuirá ni se permitirá su distribución por medios masivos ni su reproducción por ningún medio.

Esta presentación no constituye una oferta pública en la República de Colombia. Los productos y servicios se ofrecen en circunstancias que no constituyen una oferta pública de valores bajo las leyes y regulaciones aplicables a la bolsa de valores colombiana.

La oferta de los productos y servicios de DLC se dirige a menos de cien inversionistas identificados especificados. Los productos y servicios de DLC no pueden ser promovidos u ofrecidos en Colombia o a residentes colombianos, a menos que la promoción y oferta se realice de acuerdo con el Decreto 2555 de 2010 y otras regulaciones aplicables relacionadas con la promoción de servicios financieros y/o el mercado de valores en Colombia. DoubleLine ofrece en el exterior los productos que se enumeran en esta presentación.

DoubleLine shall not develop any campaign to promote and commercialize its products and services in the country without the authorization of the Superintendence of Finance, in accordance with paragraph 1.1.7 of Part I, Title II, Chapter II of External Circular 035 of 2019 of the Superintendence of Finance (Circular Básica Jurídica). DLC will not use any mass media for the promotion of its products and services in Colombia or to Colombian residents.

This presentation is not part of any promotion or advertising campaign and will not be distributed or allowed to be distributed by mass media or reproduced by any means.

This presentation does not constitute a public offering in the Republic of Colombia. The products and services are being offered in circumstances that do not constitute a public offering of securities under the laws and regulations applicable to the Colombian stock exchange.

The offering of DLC's products and services is directed to less than one hundred specified identified investors. DLC's products and services may not be promoted or offered in Colombia or to Colombian residents, unless the promotion and offer is made in accordance with Decree 2555 of 2010 and other applicable regulations related to the promotion of financial services and/or the securities market in Colombia. DoubleLine offers abroad the products that are listed in this presentation.

For Investors in Japan (Discretionary Investment Manager (DIM) & Non-Discretionary Investment Manager (Non-DIM)

DoubleLine Investment Management Asia Ltd. ("DoubleLine Asia") is registered with the Kanto Local Finance Bureau as an Investment Advisory and Agency ("IAA") operator in Japan (Registration No. 2986). However, DoubleLine Asia only conducts the agency business under its IAA registration. Under its agency business, DoubleLine Asia is authorized to intermediate in the execution of investment advisory and investment management contracts between its affiliates which are registered investment managers outside of Japan ("Foreign Investment Managers") and discretionary investment managers and trust banks conducting investment management business (together the "Japan DIMs") registered in Japan.

DoubleLine Asia is not permitted to market or solicit any securities or other investment products, nor is it able to provide any direct investment advisory or investment management services in Japan or elsewhere.

While discussions with Japan DIMs may involve its agency business of intermediating investment advisory and investment management arrangements, all discussions with persons other than Japan DIMs are necessarily limited to general information about DoubleLine Asia and its affiliates and nothing herein should be read to suggest a solicitation of products or services inconsistent with such regulatory status.

For Investors in Latin America

This material has not been registered with, or approved or passed on in any way by, any regulatory body or authority in any jurisdiction. This material is for prospective investors only and nothing in this material is intended to endorse or recommend a particular course of action. By receiving this material, the person or entity to whom it has been issued understands, acknowledges and agrees that neither this material nor the contents therein shall be deemed an offer to sell or a solicitation of an offer to buy, or a recommendation of, any security or any other product, strategy or service by DoubleLine or any other third party.

For Investors in the Middle East

This material is communicated by Double Line Middle East Limited ("DLME") located at Unit 21, Level 3, Gate Village Building 4, DIFC, PO Box 113355, Dubai, UAE. DLME is regulated by the Dubai Financial Services Authority ("DFSA"). This material is intended for Professional Clients only as defined in the DFSA rules and must not be communicated to or relied on by any other person.

For Investors in Peru

All content in this document is for information or general use only. The information contained in this document is for reference purposes only and may not be construed as an offer, invitation or recommendation, nor should be taken as a basis to take (or stop taking) any decision.

This is neither an offer or an invitation to offer nor authorizes such sales or invitations in places where such offers or invitations are contrary to the corresponding applicable law.

This communication is not intended for any person who is not qualified as an institutional investor, in accordance with provisions set forth in SMV Resolution Nº 021-2013-SMV-01, and as subsequently amended. No legal, financial, tax or any other kind of advice is hereby being provided.

Todo lo contenido en este documento es sólo para fines informativos o de uso general. La información contenida en este documento es referencial y no puede interpretarse como una oferta, invitación o recomendación, ni debe considerarse como fundamento para tomar (o dejar de tomar) alguna decisión.

La presente no constituye una oferta ni una invitación a ofertar ni autoriza tales ventas o invitaciones en los lugares donde tales ofertas o invitaciones sean contrarias a las respectivas leyes aplicables.

Esta comunicación no está dirigida a ninguna persona que no califique como un inversionista institucional, de conformidad con lo dispuesto en la Resolución SMV Nº 021-2013-SMV-01, así como pueda ser modificada en el futuro. Por medio de la presente comunicación no se le está proveyendo de consejo legal, financiero, tributario o de cualquier otro tipo.