INVESTMENT OUTLOOK

JANUARY 2022

RISKS AND UNCERTAINTY ARE CURRENTLY ON THE RISE. ANOTHER GLOBAL WAVE OF COVID-19 IS UPON US. CENTRAL BANKS APPEAR TO BE TURNING HAWKISH IN THE FACE OF PERSISTENT INFLATION PRESSURE. BUT WE STILL SEE REASON TO BELIEVE THE GLOBAL EXPANSION WILL STAY ON TRACK.

Consumer demand remains healthy. Corporate health appears strong and we anticipate solid fundamentals and profit growth in 2022. Wage growth will likely draw participants back into the workforce, improving labor market health. On balance, we think risk assets could offer opportunity in 2022 as long as investors can stomach potential volatility.

MACRO & MARKET COMMENTARY

INFLATION SPOTLIGHT

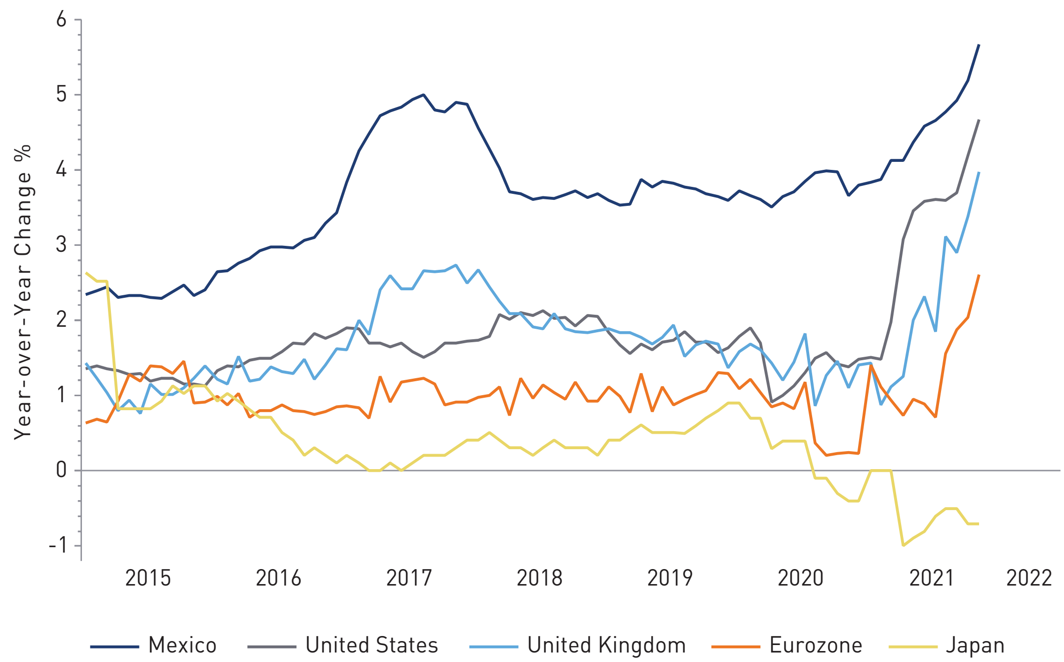
Inflation will likely govern the magnitude of central bank tightening next year.

- We believe cyclical forces and COVID-19-related distortions will help keep inflation elevated through the next four quarters while employment indicators continue to improve.
- In our view, supply chain disruptions are largely a function of demand for goods exceeding supply. We expect supply and demand to balance out later in 2022, which should lead to a moderation in goods prices.
- Companies will likely keep hiring and ramping up production to build back depleted inventories. We think demand for labor will remain elevated and we expect wage growth to run near 4.0%, hotter than the levels seen after the global financial crisis.
- Rising wages can lead to increased demand for goods, which can become a self-perpetuating cycle. However, we feel that relationship is unlikely to gain traction near term because wage growth in real terms is still negative. In other words, nominal wage gains have not kept pace with consumer price inflation.
- When supply chain disruptions clear, we would expect core PCE[1] to find a range between 2.0% and 2.5%.

CORE INFLATION

Source: Refinitiv Datastream, National Sources, latest monthly data available at 31 December 2021.

IF SUPPLY CHAIN DISRUPTIONS CLEAR IN 2022,
CORE INFLATION SHOULD MODERATE FROM VERY ELEVATED LEVELS



[1] *PCE: Personal Consumption Expenditures Price Index, a measure of inflation.*

MACRO DRIVERS

The global expansion is likely to remain on track.

- Global growth forecasts (and US growth forecasts) could soften if COVID-19-related disruptions escalate during the winter season.
- It appears vaccines will remain effective in preventing hospitalizations and deaths due to the omicron variant. The variant's spread appears likely to alter consumer behavior, but we don't anticipate material "demand destruction."
- Demand for goods and services remains robust despite higher price levels. Companies have been able to effectively pass through higher input costs to end users. We expect this trend to continue, which should help support corporate profit margins.
- Our aggregate credit market outlook is bright. We expect more credit rating upgrades than downgrades.
- We believe central banks are unlikely to overtighten policy, which would keep financial conditions from becoming too restrictive. The global economy could remain in the expansion phase of the credit cycle for a few years in such a regime.

MACROECONOMIC INDICATORS: BASE CASE EXPECTATIONS

Source: Loomis Sayles, as of 31 December 2021.

	EXPANSION (Base Case)
GLOBAL GROWTH	Not synchronized
SUPPLY/DEMAND IMBALANCE	Gradually reaches Fed's 2% target
REACH FULL EMPLOYMENT	End 2022/Improving participation
FED LIFTOFF	Q2 2022
YIELDS	Rise gradually
RISK APPETITE	Remains healthy
US DOLLAR VIEW	Range-bound

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GOVERNMENT POLICY

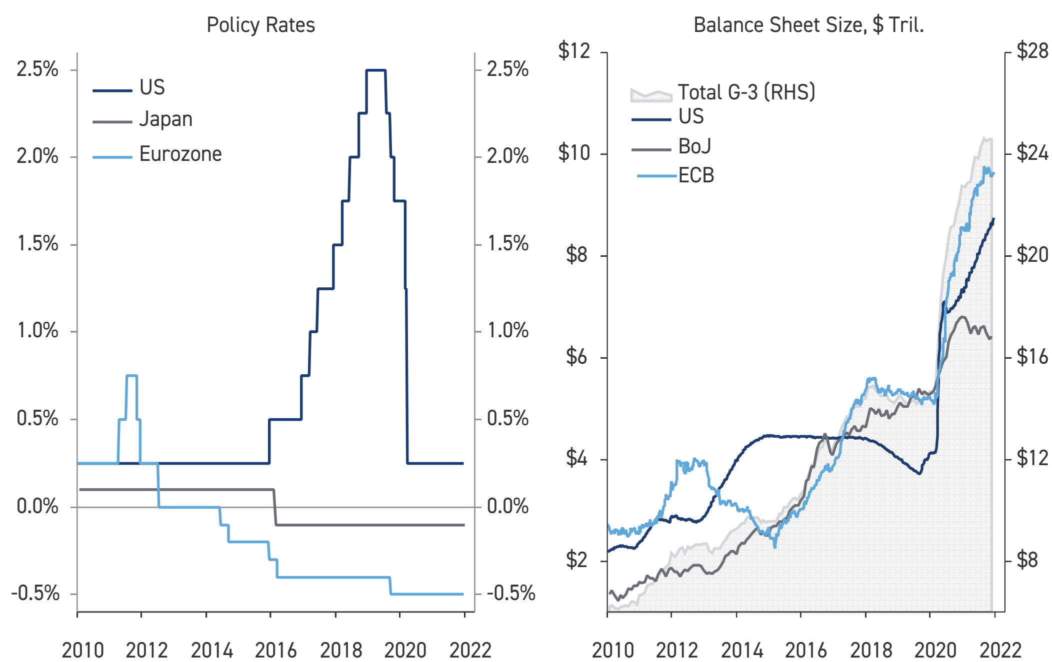
Monetary policy will likely become less accommodative, but remain far from restrictive.

- Many economies have begun the transition from pandemic to endemic conditions. In our view, fiscal stimulus will not be an economic growth driver in 2022. In many countries, less fiscal stimulus could represent a drag on 2022 growth rates.
- The global economy has made rapid progress through the current credit cycle. In our view, central banks are likely to follow suit, with a faster timeline for rate hikes compared to the last cycle.
- Now that inflation has surpassed the Fed's inflation target, we think the Fed will deliver four 25-basis-point rate hikes in 2022, starting near the end of the first quarter. The tapering of asset purchases should conclude in March, before the Fed's anticipated liftoff.
- We do not currently expect market dislocations due to Fed action because the central bank's communication has been targeted and clear.
- We believe the Bank of England will continue raising rates at a modest clip throughout the year. The European Central Bank may commence a rate-hiking cycle in 2023. We have much less conviction in the Bank of Japan's ability to lift off and begin hiking its policy rate.
- Several emerging market central banks have already hiked policy rates to fight inflation. We believe the emerging market tightening cycle may be closer to the end than the beginning.

PREPARE FOR FED LIFTOFF AND BALANCE SHEET STABILIZATION

G-3 CENTRAL BANK MONETARY POLICY

Source: Refinitiv Datastream, data as of 28 December 2021.



CREDIT

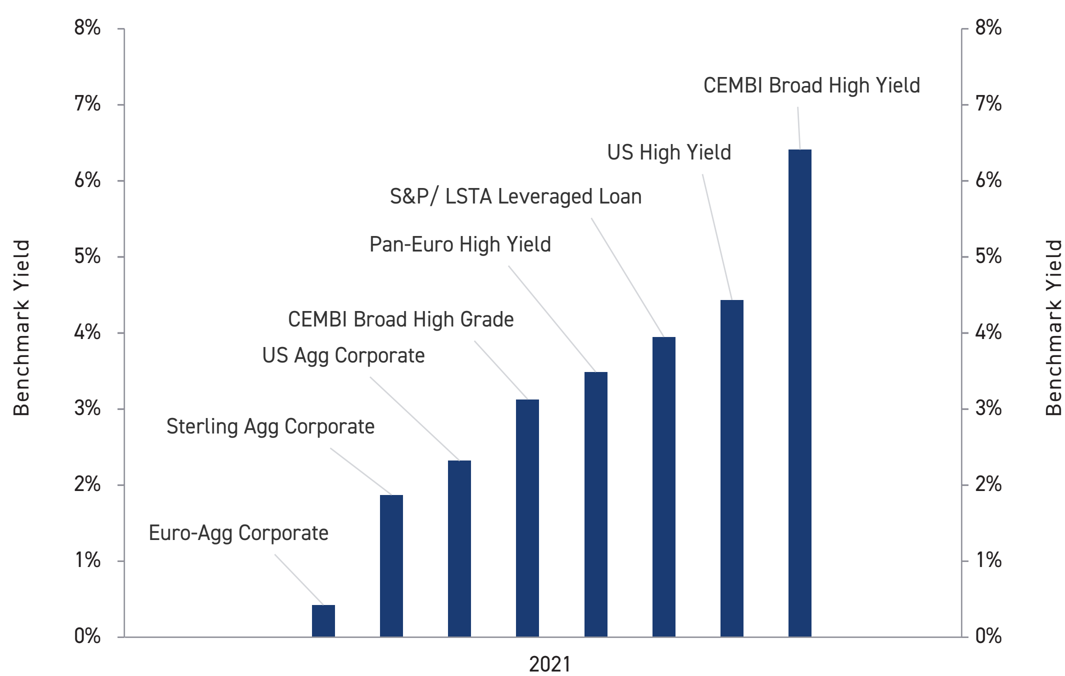
Credit investors can seek to harvest carry in this environment, though long-duration assets may face headwinds.

- We expect US and global credit to help deliver positive excess return potential over like-duration government bonds in 2022.
- With its long-duration profile, investment grade credit may struggle to produce positive total returns in a rising rate environment. However, we see scope for modest spread tightening once COVID-19-related risk aversion fades.
- We believe high yield credit can offer value given the sector's current nominal yield and shorter-duration profile relative to investment grade. In our view, defaults and downgrades should detract little from potential returns.
- Floating-rate high yield bank loans could benefit from rising rates in 2022. We believe the credit market continues to offer solid credit quality.
- Emerging market credit valuations have improved relative to other asset classes. However, we have less confidence in emerging market corporate health relative to the US and Europe due to political instability.
- We would view sporadic corrections in US and euro zone credit opportunistically, as we expect macroeconomic conditions and bottom-up fundamentals to remain supportive of credit markets.

WE PREFER HIGH-YIELDING DEVELOPED MARKET SECTORS

GLOBAL CREDIT BENCHMARK YIELDS

Source: Refinitiv Datastream, Bloomberg Barclays, JP Morgan, data as of 28 December 2021.



Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.

Past market performance is no guarantee of future results.

CURRENCIES

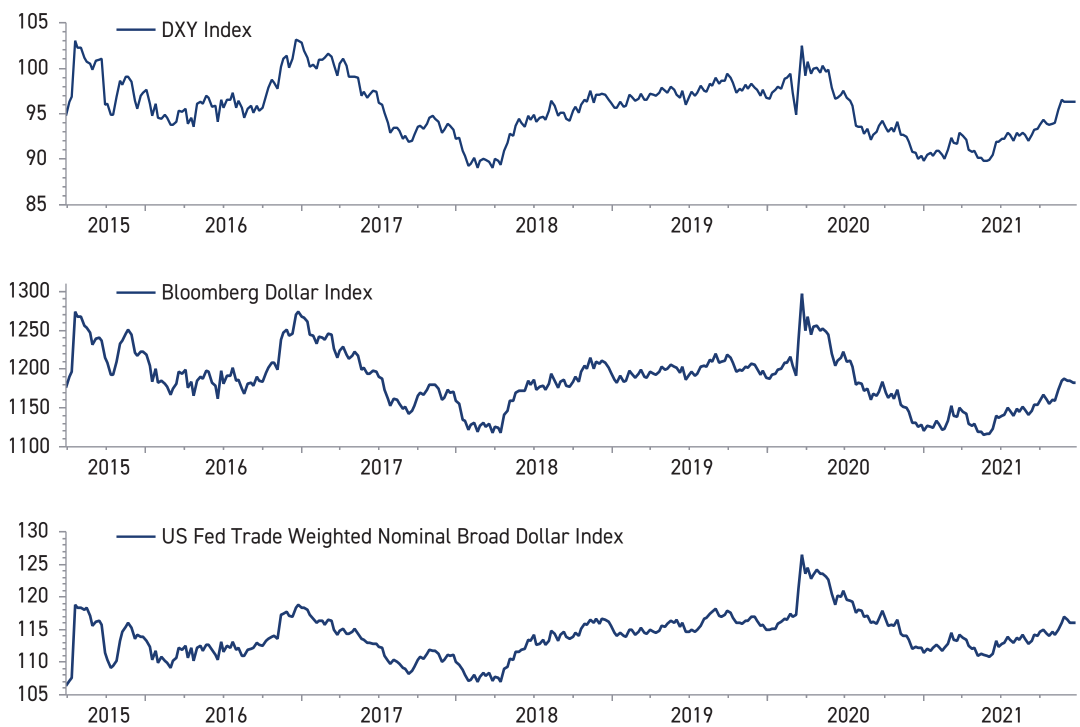
Non-US-dollar currencies may appear cheap, but risks remain.

- We anticipate uneven but positive growth in most major countries. We expect the broad dollar indices to trade in a range near term.
- We believe strong risk appetite and cyclical improvement in the global economy will eventually encourage investors to move into non-dollar assets and contribute to broad dollar weakness. For now, we are taking a selective approach to foreign currency exposure.
- We currently see opportunities to add non-dollar exposure in developed Europe and some emerging markets within Latin America and Asia.
- We believe country selection within emerging markets remains critical. The fundamental backdrop for each country will likely progress or decline at a different rate. In our view, political risk remains a key consideration for many emerging markets, but most notably for China.
- We think high-yielding non-dollar asset valuations have reached favorable levels in absolute and relative terms, but broad dollar weakness is needed for a sustainable rally.

IF MARKET EXPECTATIONS FOR FED RATE HIKES INCREASE, FURTHER NEAR-TERM DOLLAR GAINS ARE POSSIBLE

US DOLLAR INDEX LEVELS

Source: Bloomberg, Federal Reserve, JP Morgan, data as of 28 December 2021.



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EQUITIES

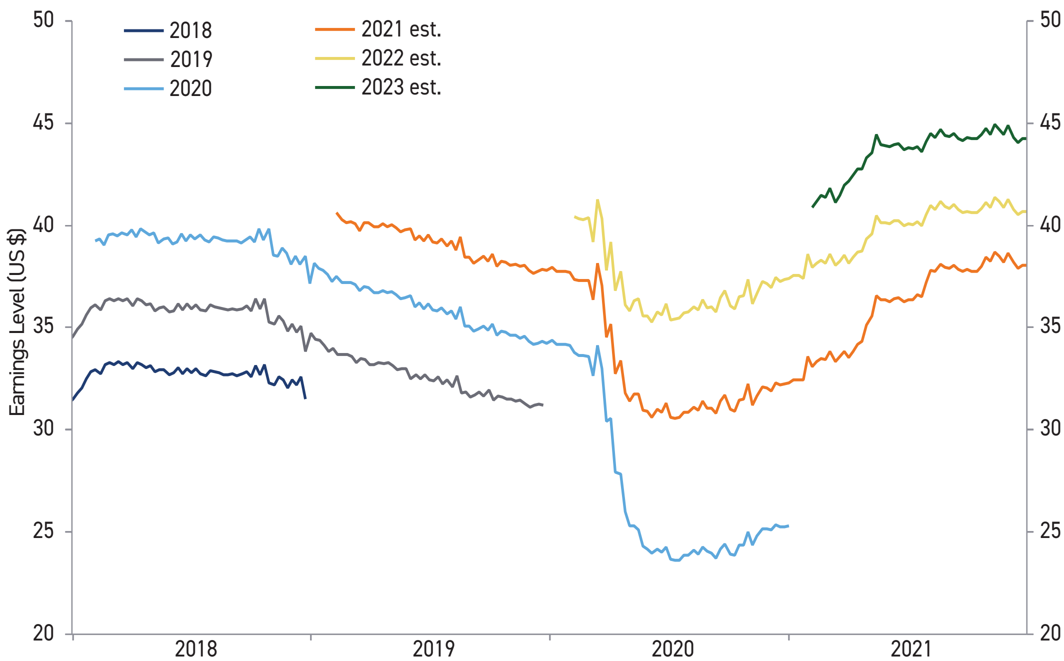
Earnings growth will likely propel global equity markets higher.

- We think US equity markets have upside potential based on earnings growth. Less accommodative monetary policy and higher discount rates will likely drive price-to-earnings multiple compression.
- Solid nominal GDP growth could help domestic large-cap earnings growth exceed 10% in 2022. In our view, consensus earnings growth expectations are probably too conservative and we expect upward revisions.
- Equity markets generally offer stronger absolute return potential than fixed income. A rising rate environment is not likely to derail this dynamic, especially versus long-duration fixed income assets.
- We expect high-growth equities that trade at historically elevated price-to-earnings multiples to stay under pressure if interest rates rise. Growth and value styles may deliver similar returns after growth's multi-year stretch of outperformance.
- With a notable expansion underway, we currently prefer cyclical exposure in financials, industrials and energy over defensive sectors such as staples and utilities.

EARNINGS GROWTH COULD HELP DRIVE PERFORMANCE AS THE GLOBAL EXPANSION CONTINUES

CONSENSUS ESTIMATES FOR MSCI ALL COUNTRY WORLD EARNINGS PER SHARE BY CALENDAR YEAR

Source: Refinitiv Datastream, IBES, data as of 28 December 2021.



POTENTIAL RISKS

Ongoing COVID-19 spread, excessive inflation pressure and policy errors present increasing downside risks to growth and risk assets.

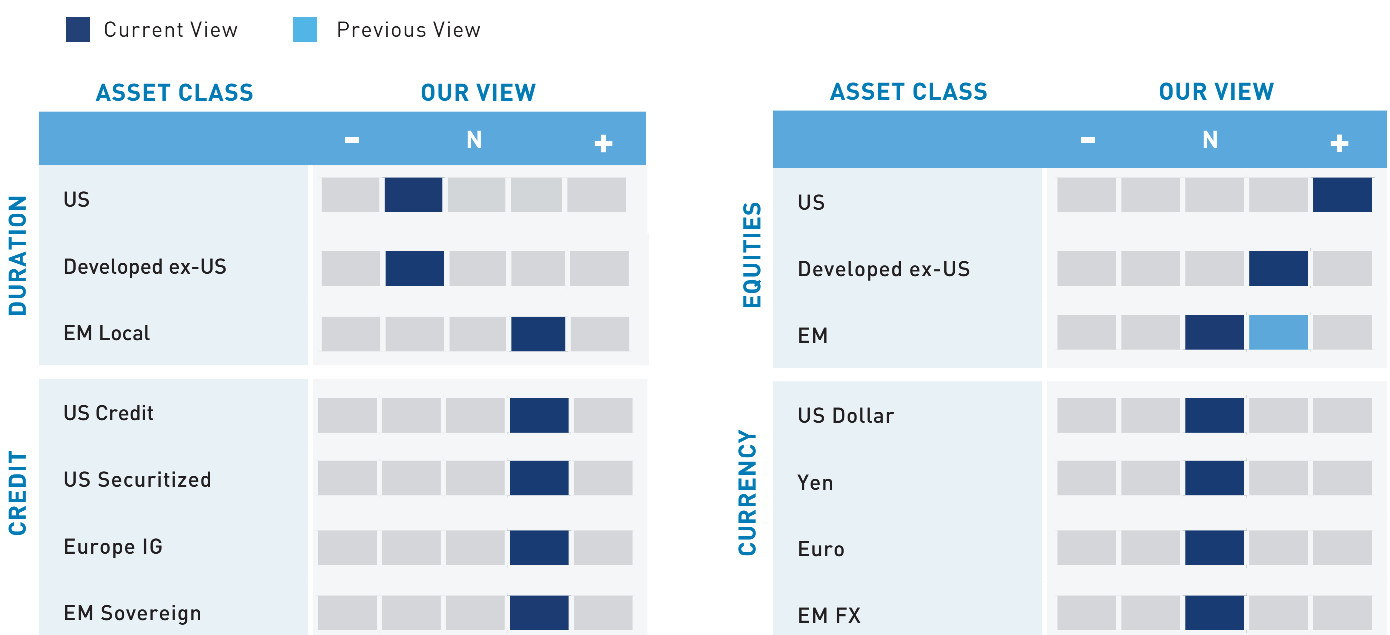
- Upticks in COVID-19 cases can dent consumer confidence and alter consumption patterns. We expect those critical growth drivers to remain on track, but new variants present a downside risk to the outlook if the spread and hospitalizations can't be contained.

- Inflation risk appears two-sided currently. On the one side, if supply chain disruptions subside and reduce inflation pressure, central banks could be hiking in a slowing economy. In that case, monetary policy could become too tight and put the expansion at risk. On the other hand, if supply chain disruptions subside and inflation does not ease toward central bank targets, central banks might tighten at a much faster pace than markets are currently expecting.

- We are watching for hawkish shifts in monetary policy or central bank rhetoric, which often lead to risk asset corrections as valuations adjust to tighter policy expectations.

- While most economies can function effectively if emergency policy measures are removed, we believe an aggressive pivot toward fiscal austerity in 2022 could derail the expansion.

ASSET CLASS OUTLOOK



Fourth Quarter Review

INDEX RETURNS BY SECTOR
as of 31 December 2021

INDEX				
US BROAD MARKET	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US AGGREGATE BOND	-0.26	0.01	0.06	-1.54
BBG US GOVERNMENT/CREDIT	-0.32	0.18	0.22	-1.75

The broad fixed income market posted tepid returns in the final quarter of 2021. The US' strong economic recovery was largely offset by concerns about sustained elevated inflation, the rise of the omicron variant and a potential slowdown in China's growth. These factors led to flat performance for the fixed income market.

US GOVERNMENTS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US TREASURYS	-0.51	0.18	0.26	-2.32
3-MONTH T-BILLS	0.00	0.01	0.02	0.04
2-YEAR TREASURY	-0.23	-0.53	-0.43	-0.57
5-YEAR TREASURY	-0.33	-0.90	-1.04	-2.80
10-YEAR TREASURY	-0.40	0.67	0.60	-3.60
30-YEAR TREASURY	-2.06	4.70	5.10	-4.62
BBG US TIPS	0.32	2.36	4.16	5.96
BBG US AGENCY	-0.31	-0.58	-0.52	-1.32

The US Treasury market posted marginally positive returns for the quarter. The belly of the yield curve underperformed shorter and longer maturities. Inflation continued to rise and has challenged the "transitory" inflation thesis, which led to a rise in two- to five-year maturity yields as the market priced in an initial Fed rate hike in 2022.

US MUNICIPALS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US MUNICIPALS	0.16	0.72	0.45	1.52

Municipal bonds outperformed the broad fixed income market. Most major sectors have benefited from various federal stimulus programs, which led to more credit rating upgrades than downgrades throughout 2021.

US SECURITIZED	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG MBS	-0.09	-0.37	-0.27	-1.04
BBG ABS	-0.16	-0.57	-0.52	-0.34
BBG CMBS	-0.16	-0.64	-0.67	-1.16

The securitized market posted slightly negative returns in the quarter, though mortgage-backed securities (MBS) outperformed. Within the asset-backed securities (ABS) market, the consumer sector underperformed the commercial sector primarily due to widening spreads within private student loans and prime auto lease bonds.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

All returns in US dollars, unless noted. ***Past performance is no guarantee of future results.***

INDEX RETURNS BY SECTOR
as of 31 December 2021

INDEX				
CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US INVESTMENT GRADE	-0.08	0.23	0.23	-1.04
AAA	-0.32	1.12	0.78	-2.26
AA	-0.27	0.59	0.50	-1.46
A	-0.17	0.13	0.01	-1.93
BBB	0.03	0.23	0.34	-0.22
BBG EUROPEAN INVESTMENT GRADE -LOCAL CURRENCY RETURNS	-0.11	-0.66	-0.58	-0.97
AAA	-0.49	-1.03	-0.97	-3.58
AA	-0.28	-0.63	-0.74	-1.57
A	-0.16	-0.65	-0.65	-1.44
BBB	-0.05	-0.66	-0.50	-0.57
BBG STERLING INVESTMENT GRADE -LOCAL CURRENCY RETURNS	-1.22	0.58	-0.47	-3.26
AAA	-4.49	2.22	-1.31	-9.21
AA	-2.18	0.94	-0.45	-4.75
A	-1.42	0.89	-0.23	-3.94
BBB	-0.87	0.29	-0.60	-2.40

Euro-area investment grade debt posted negative returns for the quarter, while its US and Sterling counterparts fared better. Higher-quality assets in the US and UK outperformed lower-quality assets during the period, bucking the recent trend.

CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US HIGH YIELD	1.87	0.71	1.60	5.28
BB	1.82	0.75	1.84	4.61
B	1.96	0.84	1.45	4.85
CCC	1.90	0.54	1.30	8.59
BBG PAN-EURO HIGH YIELD -LOCAL CURRENCY RETURNS	1.00	0.00	0.63	4.21
BB	0.75	-0.29	0.14	2.83
B	1.33	0.51	1.34	5.51
CCC	1.85	0.53	1.84	8.87

US high yield corporate credit posted another quarter of positive returns. While credit spreads briefly spiked when news of the omicron variant broke, risk appetite bounced back and spreads made an almost-full recovery. Similar to the investment grade space, the US outperformed euro-area high yield bonds.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

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INDEX RETURNS BY SECTOR
as of 31 December 2021

INDEX				
BANK LOANS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
S&P/LSTA LEVERAGED LOAN	0.64	0.75	1.86	5.20
BB	0.58	0.68	1.51	3.12
B	0.63	0.85	2.01	5.22
CCC	1.08	0.12	2.21	12.45

As is typical, the performance of the high yield bank loan market was highly correlated with that of the US high yield bond market this quarter. Bank loans produced another quarter of positive returns and performed in line with junk-rated bonds.

DEVELOPED COUNTRIES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
CITIGROUP WGBI -*LOCAL CURRENCY RETURNS*	-0.96	0.02	-0.08	-2.57
CITIGROUP NON-USD WGBI	-1.22	-0.15	-0.28	-2.79
UNITED STATES	-0.56	0.27	0.23	-2.30
CANADA	1.33	1.38	0.76	-2.88
JAPAN	-0.28	-0.15	-0.01	-0.22
AUSTRALIA	-0.22	-1.43	-1.17	-3.10
UNITED KINGDOM	-3.01	2.78	0.70	-5.44
EUROPEAN GBI	-1.66	-0.57	-0.55	-3.54
FRANCE	-1.82	-0.28	-0.37	-4.15
GERMANY	-1.72	0.19	0.08	-2.70
IRELAND	-1.36	-0.62	-0.68	-4.12
ITALY	-1.43	-1.51	-1.39	-3.09
SPAIN	-1.43	-0.73	-0.26	-3.10

Most countries in the Citigroup World Government Bond Index (WGBI) lost value during the quarter, though the UK, Canada and the US were notable exceptions. These countries have larger index weights compared to the smaller countries with negative returns, which led to a flat return for the overall index.

EMERGING MARKET BONDS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
JP MORGAN EMBIG -*SOVEREIGN/QUASI-SOVEREIGN, USD*	1.43	0.02	-0.52	-1.51
JP MORGAN CEMBI BROAD DIVERSIFIED -*CORPORATES, USD*	0.40	-0.61	-0.36	0.91
JP MORGAN GBI-EM GLOBAL DIVERSIFIED -*GOVERNMENTS, LOCAL CURRENCY*	0.38	-0.88	-1.11	-2.92

Local-currency EM government bonds produced negative returns for the quarter, mostly due to the US dollar's continued rally. US dollar-denominated sovereign credit bonds performed better and posted a flat return, while corporate credit modestly sold off.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

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INDEX RETURNS BY SECTOR
as of 31 December 2021

INDEX				
CURRENCY MARKETS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
DOLLAR BLOC				
CANADIAN DOLLAR	1.12	0.34	-1.89	0.70
AUSTRALIAN DOLLAR	1.91	0.50	-3.13	-5.60
NEW ZEALAND DOLLAR	0.06	-1.06	-2.25	-4.98
WESTERN EUROPE				
EURO	0.28	-1.81	-4.12	-6.93
NORWEGIAN KRONE	2.47	-0.79	-2.43	-2.71
SWEDISH KRONA	-0.34	-3.23	-5.56	-9.13
SWISS FRANC	0.66	2.06	1.33	-3.03
BRITISH POUND	1.75	0.43	-2.16	-1.01
EMERGING EUROPE & AFRICA				
CZECH KORUNA	2.85	0.03	-1.69	-1.85
HUNGARIAN FORINT	-0.84	-4.32	-8.67	-8.48
POLISH ZLOTY	1.79	-1.33	-5.51	-7.48
RUSSIAN RUBLE	-0.80	-2.58	-2.05	-0.36
SOUTH AFRICAN RAND	-0.32	-5.45	-10.36	-7.80
TURKISH NEW LIRA	1.30	-33.15	-34.55	-44.07
ASIA				
JAPANESE YEN	-1.66	-3.29	-3.45	-10.28
CHINESE RENMINBI	0.13	1.40	1.59	2.69
INDONESIAN RUPIAH	0.49	0.42	1.73	-1.42
MALAYSIAN RINGGIT	0.91	0.48	-0.41	-3.50
PHILIPPINE PESO	-1.19	-0.01	-4.28	-5.81
SINGAPORE DOLLAR	1.23	0.64	-0.27	-1.99
SOUTH KOREAN WON	-0.07	-0.42	-5.28	-8.63
LATIN AMERICA				
ARGENTINE PESO	-1.75	-3.89	-6.83	-18.09
BRAZILIAN REAL	0.86	-2.38	-10.87	-6.77
CHILEAN PESO	-2.67	-4.92	-13.81	-16.46
COLOMBIAN PESO	-2.88	-6.68	-8.04	-15.94
MEXICAN PESO	4.49	0.54	-2.89	-3.00
PERUVIAN NEW SOL	1.60	3.32	-3.39	-9.58

While the US dollar generally strengthened during the quarter, several currencies were able to post positive returns, particularly within emerging Asia. The Turkish lira lost 33% of its value in the quarter as Turkey's central bank continued to cut interest rates in spite of increasing inflation.

Data Sources: Bloomberg indices from Bloomberg Live; currency returns, JPMorgan and Citigroup indices from Bloomberg; bank loans from S&P Global Market Intelligence.

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GLOBAL EQUITY MARKETS
as of 31 December 2021

INDEX TOTAL RETURNS (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
S&P 500®	11.03	28.58	25.92	18.40
MSCI ALL COUNTRY WORLD	6.77	18.96	20.85	14.91
MSCI EUROPE	5.72	16.90	15.49	10.75
MSCI JAPAN	-3.94	2.03	12.01	8.86
MSCI EMERGING MARKETS	-1.24	-2.22	11.26	10.22

The S&P 500 Index outperformed other major regional equity indices, closing the quarter with an 11% gain. Other developed market countries performed well; however, emerging market equities delivered modestly negative returns.

US EQUITY MARKETS
as of 31 December 2021

INDEX TOTAL RETURNS (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
RUSSELL 1000®	9.78	26.34	26.06	18.35
GROWTH	11.64	27.48	33.88	25.21
VALUE	7.77	25.05	17.54	11.12
RUSSELL MIDCAP®	6.44	22.49	23.15	15.03
GROWTH	2.85	12.68	27.30	19.75
VALUE	8.54	28.22	19.51	11.17
RUSSELL 2000®	2.14	14.76	19.91	11.97
GROWTH	0.01	2.82	21.05	14.47
VALUE	4.36	28.15	17.89	9.03

Within US equities, large-cap stocks outperformed small-cap stocks by a fairly significant margin. Among large caps, growth stocks tended to outperform value stocks, primarily driven by some very large tech companies. However, value outperformed growth among mid-cap and small-cap stocks, likely due to the expected rise in interest rates.

Data Source: FactSet. All returns quoted in US dollars. Performance for one and multi-year periods is annualized. Sorted by index quarterly returns. Due to rounding, sector totals may not equal 100%. ***Past performance is no guarantee of future results.***

S&P 500 SECTORS
as of 31 December 2021

SECTOR PERFORMANCE ATTRIBUTION (%)				
INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
REAL ESTATE	17.54	46.20	22.66	14.87
INFORMATION TECHNOLOGY	16.69	34.56	42.77	32.20
MATERIALS	15.20	26.96	24.06	15.07
CONSUMER STAPLES	13.31	18.63	18.80	11.75
UTILITIES	12.93	17.63	14.31	11.75
CONSUMER DISCRETIONARY	12.84	24.43	28.50	21.40
HEALTHCARE	11.17	26.14	20.01	17.58
INDUSTRIALS	8.64	20.97	20.25	12.79
ENERGY	7.97	54.67	4.66	-6.60
FINANCIALS	4.57	35.04	20.60	13.26
COMMUNICATION SERVICES	-0.01	21.57	25.83	10.94

Dispersion among the S&P sectors was relatively low in the quarter, as many sectors delivered double-digit returns. Only communication services produced a negative return.

Data Source: FactSet. All returns quoted in US dollars. Performance for one and multi-year periods is annualized. Sorted by index quarterly returns. Due to rounding, sector totals may not equal 100%. ***Past performance is no guarantee of future results.***

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Disclosure

All data as of 31 December 2021, unless otherwise noted.

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Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.

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Commodity, interest and derivative trading involves substantial risk of loss.

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Index Definitions

Bloomberg US Aggregate Bond Index *represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index 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 Government/Credit Index *includes securities in the government and credit indices. The government index includes treasuries -i.e., public obligations of the US Treasury that have remaining maturities of more than one year and agencies -i.e., publicly issued debt of US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government. The credit index includes publicly issued US corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.*

Bloomberg US Treasury Index *includes public obligations of the US Treasury with at least one year until final maturity, excluding certain special issues such as state and local government series bonds -SLGs, US Treasury TIPS and STRIPS.*

Bloomberg US Treasury Inflation Protected Securities Index *consists of inflation-protection securities issued by the US Treasury that have at least one year to maturity and at least $250 million par amount outstanding.*

Bloomberg US Agency Index *includes agency securities that are publicly issued by US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government -such as USAID securities.*

Bloomberg US Municipal Index *is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds -including all insured bonds with a Aaa/AAA rating, and prerefunded bonds.*

Bloomberg Mortgage-Backed Securities -MBS Index *is a component of the Bloomberg Aggregate Index covering mortgage-backed pass-through securities of Ginnie Mae -GNMA, Fannie Mae -FNMA and Freddie Mac -FHLMC. The MBS Index is formed by grouping the universe of over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates.*

Bloomberg Asset-Backed Securities -ABS Index *is a component of the Bloomberg US Aggregate Index including pass-through, bullet and controlled amortization structures. The ABS Index includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche. Constituents must have an average life of at least one year and a deal size of at least 500 million.*

Bloomberg Commercial Mortgage-Backed Securities -CMBS ERISA-Eligible Index *is a component of the Bloomberg US Aggregate Index and the ERISA-eligible component of the Bloomberg CMBS Index. This index, which includes investment grade securities that are ERISA eligible under the underwriter's exemption, is the only CMBS sector that is included in the US Aggregate Index.*

Bloomberg US Corporate Index *contains publicly issued US corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements. To qualify, bonds must be SEC-registered. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both US and non-US corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government.*

Bloomberg Euro-Aggregate Corporate Index *consists of bonds issued in the euro or the legacy currencies of the 16 sovereign countries participating in the European Monetary Union -EMU. All issues must be investment grade-rated, fixed-rate securities with at least one year remaining to maturity. The Euro-Aggregate Index excludes convertible securities, floating rate notes, perpetual notes, warrants, linked bonds, and structured products.*

Bloomberg Sterling Aggregate Corporate Index *is a broad-based benchmark that measures the investment grade, fixed-rate, taxable, corporate sterling-denominated bond market. Inclusion is based on the currency of the issue, not the domicile of the issuer. The index includes publically issued securities from industrial, utility, and financial companies that meet specified maturity, liquidity and quality requirements.*

Bloomberg US Corporate High-Yield Index *covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets -sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch are excluded, but Canadian and global bonds -SEC registered of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds -PIKs, as of October 1, 2009 are also included.*

Bloomberg Pan-European High-Yield Index *covers the universe of fixed-rate, sub-investment grade debt denominated in euros or other European currencies -except Swiss francs. Securities must be rated high-yield -Ba1/BB+ or lower by at least two of the following rating agencies: Moody's, S&P, Fitch. Excludes emerging markets.*

S&P/LSTA Leveraged Loan Index*, is a market value-weighted index designed to measure the performance of the US leveraged loan market based upon market weightings, spreads and interest payments.*

Citigroup World Government Bond Index -WGBI *measures the performance of fixed-rate, local currency, investment grade sovereign bonds. The WGBI is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies. The WGBI provides a broad benchmark for the global sovereign fixed income market.*

JPMorgan Emerging Markets Bond Index Global -EMBIG *tracks total returns for US dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds.*

JPMorgan Corporate Emerging Markets Bond Index -CEMBI Broad Diversified *tracks total returns of US dollar-denominated debt instruments issued by corporate entities in emerging markets countries. The CEMBI Broad is the most comprehensive corporate benchmark followed by the CEMBI, which consists of an investable universe of corporate bonds.*

JPMorgan Government Bond Index—Emerging Markets -GBI-EM Global Diversified *provides a comprehensive measure of local currency denominated, fixed rate, government debt issued in emerging markets.*

Standard & Poor's 500 -S&P 500® Index *is a market capitalization-weighted Index of approximately 500 common stocks chosen for market size, liquidity, and industry group representation to measure broad US equity performance. S&P 500® is a registered service mark of McGraw-Hill Companies, Inc.*

MSCI All Country World *is a market cap weighted index of stocks from developed and emerging markets providing a broad measure of global equity-market performance.*

MSCI Europe *is a free float-adjusted market cap index measuring equity market performance of the large and mid cap segments across European developed markets.*

MSCI Japan *is a free float-adjusted market cap index measuring equity market performance of the large and mid cap segments of the Japanese market.*

MSCI Emerging Markets Index *is a free float-adjusted market cap index measuring equity market performance of emerging markets.*

Russell 1000® Index *measures the performance of the large cap segment of the US equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership.*

Russell 1000® Growth Index *measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.*

Russell 1000® Value Index *measures the performance of the large cap value segment of the US equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.*

Russell Midcap® Index *measures the performance of the mid cap segment of the US equity universe. The Russell Midcap is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.*

Russell Midcap® Growth Index *measures the performance of the mid cap growth segment of the US equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values.*

Russell Midcap® Value Index *measures the performance of the mid cap value segment of the US equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.*

Russell 2000® Index *measures the performance of the small cap segment of the US equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.*

Russell 2000® Growth Index *measures the performance of the small cap growth segment of the US equity universe. It includes those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.*

Russell 2000® Value Index *measures the performance of small cap value segment of the US equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.*

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