

### Highlights

- Financial assets had another good year in 2025. Higher risk exposures continued to be rewarded, although valuations became stretched. Government bonds underperformed.
- The Fed cut rates by 75 b.p. at its last three meetings in response to a softening labor market. Policy rates are now closer to neutral removing a restraint from the economy.
- In an audacious move, U.S. forces captured Venezuela's president and brought him to the U.S. for trial. The raid will have lasting implications for Venezuela, Latin America, the U.S., and global geopolitics.

### Markets

GIA	Average Quality	Returns (%)			
		4Q25 Gross	4Q25 Net	12 Months Gross	12 Months Net
<b>Core Plus Composite</b>	<b>(A+)</b>	<b>1.23</b>	<b>1.15</b>	<b>8.00</b>	<b>7.62</b>
<b>Global Investment Grade Composite</b>	<b>(A-)</b>	<b>1.11</b>	<b>1.01</b>	<b>8.69</b>	<b>8.26</b>
<b>Global Credit Plus Composite</b>	<b>(BBB+)</b>	<b>1.21</b>	<b>1.09</b>	<b>9.16</b>	<b>8.61</b>
<b>Global High Yield Composite</b>	<b>(BB-)</b>	<b>1.39</b>	<b>1.24</b>	<b>10.58</b>	<b>9.92</b>
<b>Emerging Market Corporate Debt Composite</b>	<b>(BB+)</b>	<b>1.29</b>	<b>1.14</b>	<b>9.42</b>	<b>8.77</b>
<i>Benchmark Bonds</i>					
Bloomberg U.S. Agg. Index	(AA)	1.10		7.30	
Treasury	(AA+)	0.90		6.32	
Corporate	(A-)	0.84		7.77	
Mortgage	(AA+)	1.71		8.58	
Government/Credit	(AA)	0.90		6.88	
ICE BofA U.S. Corporate & Yankees	(A-)	0.81		7.86	
ICE BofA U.S. Corporate	(A-)	0.77		7.78	
ICE BofA U.S. High Yield	(B+)	1.35		8.50	
ICE BofA Global High Yield Constrained Index (USD)	(BB-)	1.16		10.75	
ICE BofA EM Corporate Plus	(BBB)	1.13		8.86	
ICE BofA Global Gov't ex-US	(AA-)	-0.32		-1.14	
JPM Emerging Markets EMBI GD	(BB+)	3.29		14.30	
JPM CEMBI Broad Diversified	(BBB-)	1.29		8.73	
JPM GBI-EM Global Diversified	(BBB+)	3.34		19.26	
<i>Benchmark Equities</i>					
S&P 500	NA	2.35		16.39	
Nasdaq Composite	NA	2.56		20.36	
Russell 2000	NA	1.86		11.29	
MSCI EAFE	NA	4.54		27.89	
MSCI Europe	NA	5.72		31.93	
MSCI Japan	NA	3.08		22.04	
MSCI Emerging Markets Equity	NA	4.33		30.58	

\* Please refer to the respective factsheets for the long-term composite and benchmark returns for each strategy.

## Markets

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The fourth quarter brought more unsettling events including a government closure that disrupted the collection and dissemination of economic data, a Federal Reserve determined to cut rates despite elevated inflation and healthy economic indicators, a hopeful ceasefire in Gaza but an intransigent battle in Ukraine, more trade uncertainty, especially with key countries like China, and bellicose threats against Venezuela that resulted in an audacious capture of the president. While markets experienced some volatility, in the end, global equities had another impressive quarter and year. Bonds turned in a solid performance, precious metals were strong, and other commodities were mixed. For the quarter and year, the S&P 500 returned 2.65% and 20.51% respectively (including dividends) while the Nasdaq returned 2.72% and 21.08%. These indexes posted impressive 22.57% and 31.15% annual returns over the past three years. In bonds, the Bloomberg U.S. Aggregate returned 1.10% for the quarter and 7.30% for the year with U.S. treasuries returning 0.90% and 6.32%, U.S. corporates 0.84% and 7.77% and U.S. MBS 1.71% and 8.58% for the quarter and year respectively. Gold was a star performer for the year delivering 0.11% for the quarter and an eye-popping 55.53% in 2025. Meanwhile, oil had a discouraging year, declining 6.59% and 14.40% for the quarter and year respectively.

Investment grade credit outperformed again for the quarter, although the stronger result was on “carry” as spreads widened slightly. For the year, IG credit outperformed on the back of sturdy financial metrics and persistent fund inflows. The investment grade corporate bond index, the ICE BofA U.S. Corporate Index (COA0), was up 0.77% for the quarter. Full year returns were 7.78%, which exceeded government bonds 6.19% and represented 128 b.p. of duration adjusted excess returns. Corporate option adjusted spreads (OAS) widened by 3 b.p. to 78 b.p., while the yield to worst of the index rose by 4 b.p. from 4.78% to 4.82%. Borrowing remained healthy as issuers took advantage of tighter spreads and steady investor demand. New credit issuance totaled \$347.9 billion, which brought the year-to-date borrowing to nearly \$1.82 trillion, the highest full-year total since 2021.

The high yield market also delivered solid performance after a rocky start in Q1 ahead of the tariff announcements. Ultimately, creditworthiness held up and fund flows were supportive. The ICE BofA U.S. High Yield Index (HOA0) was up 1.35% for the quarter and 8.50% for the year. At quarter-end, the spread to worst was narrower by 2 b.p. from 296 b.p. to 294 b.p. The yield to worst declined to 6.47% compared to 6.66% in September. Fund flows stayed healthy as absolute yields remained attractive, and defaults were modest. Specifically, investors added \$2.4 billion during the quarter, bringing the year's total to \$18.9 billion about \$2.6 billion more than 2024. The default rate, including distressed exchanges, increased to 1.88% from 1.39% at the end of September (0.99% not including distressed exchanges), well below the 3.3% historical average. While defaults remain well-behaved, they did rise during the fourth quarter, affected by the widely anticipated Saks Global Enterprises' missed coupon payment at the end of the year. The new issue market remained healthy for a typically slow quarter with \$65.4 billion of gross issuance adding to the year's \$332.0 billion, a 15% increase over 2024.

Emerging markets hard currency bonds had a strong quarter as spreads tightened further and funds continued to flow at an accelerating clip. Local currency markets also benefited due to elevated interest rates and appreciating currencies. Argentina, which suffered last quarter after an electoral defeat in one province, rebounded nicely as other provinces backed the Milei Administration. Two significant countries, Brazil and China, delivered middling performance with a large Brazilian corporate experiencing financial setbacks and China getting wrapped up in new trade disputes. The Emerging Market Bond Index – Global Diversified (EMBIGD), a dollar denominated sovereign index, was up 3.29% for the quarter and 14.30% for the full year. Similarly, the JPM Corporate Emerging Markets Broad Diversified Index (CEMBI BD) rose 1.29% over the last three months and 8.73% year-to-date. The year's performance champion was the JPM Global Bond Index – Emerging Markets Global Diversified (GBI-EM Global Diversified), a local markets index, which returned an impressive 3.34% for the quarter and a healthy 19.26% for 2025 aided by robust currency appreciation.

## Portfolios

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Our *Core Plus Composite* consists of portfolios that can hold securities rated below investment grade but are managed against a Core fixed income benchmark. The Composite outperformed the Bloomberg U.S. Aggregate Index, net of fees, by 5 b.p. for the quarter and was ahead by 32 b.p. over the last twelve months. Credit markets continued to perform well during the fourth quarter, although spreads widened marginally. The return champion was mortgaged-backed securities where spreads tightened. Government bonds turned in the weakest performance. The Composite was overweight credit, including high yield and emerging markets. The quarterly outperformance was mostly due to the portfolios' security selection in investment grade credit and an underweight to government bonds. Over the last twelve months, credit sectors outperformed government bonds. The portfolios held overweight exposure to credit, including high yield and emerging markets, which contributed most of the outperformance.

Our *Global Investment Grade Composite* consists of portfolios holding investment grade credit related securities of developed and developing nations, including quasi-sovereign companies. The Composite is measured against the ICE BofA U.S. Corporate and Yankees Index. The Composite outperformed the benchmark, net of fees, by 20 b.p. during the quarter and was ahead by 40 b.p. over the last twelve months. Investment grade spreads widened marginally, although BBB rated corporate bonds continued to outperform. The Composite was overweight BBB-rated names. In addition, the Composite held exposure to emerging market corporates that benefited from robust investor flows during the quarter. Over the last twelve months, the same exposures helped generate most of the outperformance, especially in the long end where spreads compressed despite rates staying high.

Our *Global Credit Plus Composite* consists of portfolios holding investment and non-investment grade credit-related securities. The Composite is measured against a benchmark consisting 85% of the ICE BofA U.S. Corporate and Yankees Index and 15% of the ICE BofA U.S. Cash Pay High Yield Index. The Composite outperformed the benchmark, net of fees, by 20 b.p. during the quarter and was ahead by 65 b.p. over the last twelve months. The portfolio was underweight investment grade credit in favor of high yield and emerging markets. Both high yield and emerging markets outperformed investment grade, in part because of the steepening yield curve. In addition, security selection in investment grade generated a positive excess return contribution, as did security selection in high yield. Over the last twelve months, the Composite benefited from the outperformance of higher yielding sectors.

Our *Global High Yield Composite* consists of portfolios investing in global high yield securities including in developed and emerging markets denominated in U.S. dollars and other developed market currencies. The Composite is measured against the ICE BofA Global High Yield Constrained Index. For the quarter, the Composite outperformed the benchmark by 8 b.p. net of fees, although it was behind by 83 b.p. over the last twelve months. The Composite was overweight emerging markets which outperformed and delivered the bulk of the excess return. The benchmark has exposure to Euros and other developed market currencies which appreciated meaningfully during the first half of the year. The Composite has a partial currency hedge which contributed modestly to performance during the quarter. Over the last twelve months, the currency's contribution to performance exceeded 2.7%. The underperformance over that period can be attributed almost entirely to being only a partially hedge. Excluding currency, the portfolio's holdings outperformed the benchmark due to better performance of U.S. high yield than Euro high yield.

Our *Emerging Market Corporate Debt Composite* consists of portfolios investing in dollar denominated emerging market credit securities, primarily from corporate issuers. The Composite is measured against the ICE BofA U.S. Emerging Markets Corporate Plus Index (EMUB). During the quarter, the Composite outperformed the benchmark by 1 b.p., net of fees, although it was behind by 9 b.p. over the last twelve months. Emerging market indexes include investment grade and non-investment grade holdings. The Composite was overweight non-investment grade securities which outperformed. In addition, the Composite retained an underweight exposure to Asia which underperformed. Over the last twelve months the Composite was overweight Brazil which underperformed due to credit concerns related to a few large corporate entities.

## Economy

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During much of the fourth quarter, economists and investors navigated without the benefit of government-generated economic data. Once available, the data affirmed some of the changes that featured prominently over the first nine months. Specifically, the employment picture deteriorated with hiring below previous expectations and a rising unemployment rate. First quarter advanced inventory purchases to beat tariffs reduced subsequent trade and many companies curtailed capex out of caution over the impact of new policies on their industry. A sector that evaded caution was technology, led by artificial intelligence. AI received walls of money even though the financial return case for the technology continues to evolve.

Reacting to deterioration in the labor market, the Fed cut rates by 75 b.p. at its last three meetings of 2025. While available inflation data came in as expected, year-over-year inflation remained well above the Fed's target. Still, the Fed's actions brought the policy rate closer to neutral removing a constraint on the economy. The central bank's likely policy decisions in 2026 remain uncertain, although most economists expect any change to be downward. In the meantime, the yield curve steepened substantially, indicating bond investors remain apprehensive about inflation. Should long-term rates remain elevated, they may dampen activity in the housing market.

On balance, we believe factors favoring growth likely outweigh those depressing it. Lofty financial market valuations suggest investors believe the economy will continue to perform. We believe a positive growth outlook is warranted, although friction in the labor market and stubbornly elevated prices may temper the pace.

Meanwhile, despite the global trade conflict, economic activity away from the U.S. is relatively good. Many European economies are showing signs of vibrancy, and the European Central Bank has successfully reduced rates without igniting an uptick in inflation. Emerging economies are also bucking the trade disruption behind an improving Chinese economy, firm commodity prices, and growing domestic consumption.

## Scenarios

We propose three scenarios for the U.S. economy over the next 6 months:

1. Our most likely case has the U.S. economy growing at a slower yet positive pace of about 1.5% to 2.0% over the next six months. Despite crosscurrents, the economy's momentum appears to be supported by capital investment and real wage growth. In addition, the Fed's policy shift from restrictive to neutral should help consumers financing their durable goods purchases. Growth improvements abroad should provide additional support to the U.S. economy in 2026. PROBABILITY 60%
2. A second scenario has the economy slowing to a rate of 0.0% to -0.5% at an annual rate during the next six months. In this scenario, investment momentum wanes and the unemployment rate rises. Consumers become disenchanted with the direction of the economy and postpone purchases. In addition, the Fed is slow to recognize the economy's vulnerability and keeps rates too elevated to counteract the sluggishness. PROBABILITY 15%
3. A third scenario has the economy expanding at a stronger pace of 2.5% to 3.0% at an annual rate during the next six months. In this scenario, capital investment surges, taking advantage of further deregulation and policy incentives. Furthermore, productivity improves keeping inflation under control and the Fed can reduce rates to strengthen the labor market. Lower interest rates boost borrowing and reactivate sensitive industries like housing providing a lift to confidence. PROBABILITY 25%

## Market Outlook

Investors' quandary related to balancing elevated valuations and economic uncertainty became more acute as 2025 ended. The economy outperformed early expectations, although fissures appeared in the labor market and inflation remained stubbornly elevated. As we begin the new year, the outlook gets blurred further by an anticipated growth boost from capital investment that may well be offset by diminishing consumer confidence. In addition, the Fed's policy path may remain cautious as price pressures remain elevated. Ultimately, economic momentum appears strong enough to forecast a positive rate of growth, although at a more moderate pace than last year. In this environment, we believe financial markets continue to deliver positive returns, but at lower absolute levels.

In terms of positioning, our strategies remain underweight government bonds and securitized instruments, although we continue to reduce the underweight in mortgage-backed securities. In credit, we are slightly underweight investment grade, offset by exposure to investment grade emerging markets. Our plus sectors, high yield and emerging markets corporate debt, remain overweight.

## Commentary – About Venezuela

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In an audacious move on the evening of January 2, 2026, U.S. forces entered Venezuela, captured President Nicolas Maduro, and brought him to the U.S. for trial on drug trafficking and other charges. During prior months, the U.S. had amassed a formidable naval force in the Caribbean, gunned down drug shipment vessels, and offered free passage to President Maduro. As the drug interdiction episodes unfolded, few people thought the “end game” would be the physical extraction of a sitting head of state. Clearly, the raid will have repercussions for Venezuela, Latin America, the U.S., and the global geopolitical balance.

### History

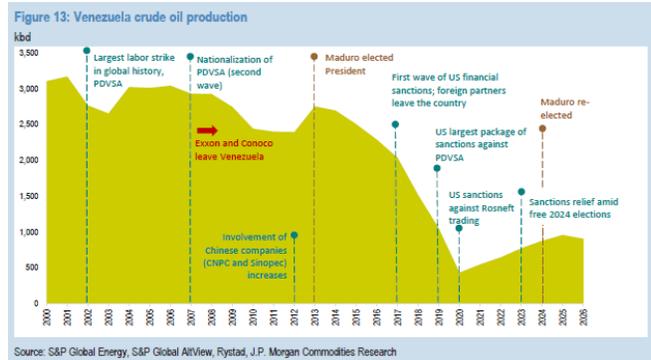
Venezuela has a turbulent political history. During most of the 20<sup>th</sup> century military leaders exerted power and the country experienced various successful coups in the 1940s and 1950s. Periods of democracy interspersed with periods of military rule prevented the country from establishing durable institutions and democratic governance. Venezuela's vast oil reserves began to be exploited early in the 20<sup>th</sup> century and by the 1970s the country was producing about 3 million barrels per day via concessions granted to most of the world's oil majors. In 1976, the oil industry was nationalized, and all foreign companies were forced to become minority partners in the fields they were operating. The country's national oil company Petroleos de Venezuela, S.A. (PDVSA) became the majority owner and the de facto manager, with the Ministry of Petroleum (previously Ministry of Mines and Energy), of Venezuela's hydrocarbons policy.

In 1992, following episodes of domestic protests and violence related to high inflation and economic malaise, Hugo Chavez attempted a coup. He was unsuccessful, arrested, and jailed for about two years. After his release he founded a political party and was eventually elected president in 1998. He took power in early 1999. Chavez, an avowed socialist, aligned himself with other authoritarian leftist regimes like Cuba, Nicaragua, Bolivia, and Russia. After adopting a new constitution, he started eroding democratic guardrails by taking control of the military, the judiciary, and the levers of economic power. Following the autocrat playbook, he deployed thugs to harass citizens and took control of the media. Soon enough, he expropriated private property, including from the remaining oil companies, he nationalized the electric utilities, and he centralized the production and distribution of food, medicine, and other daily necessities.

Chavez died of cancer in March 2013 and was unable to take possession for his 4<sup>th</sup> presidential term. Vice President Nicolas Maduro took over and ruled until his capture on January 2, 2026. President Maduro's administration was fraught with accusations of corruption, drug dealing, and electoral fraud. In fact, most Venezuelans believe Mr. Maduro was defeated in the country's July 2024 presidential elections and he remained in power illegitimately.

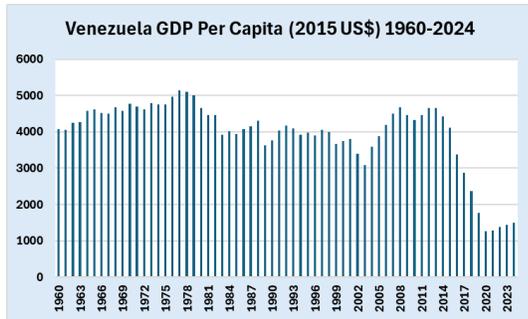
## Current Economic Conditions

Despite efforts by various administrations to diversify the country's economy, Venezuela remained completely dependent on oil. Estimates indicate over 90% of the country's exports are tied to oil and more than 50% of the government's revenues depend on hydrocarbon extraction and sales. When Chavez took over Venezuela was producing over 3 million barrels of oil per day. After 26 years of mismanagement, corruption, and underinvestment, the country is barely producing 1 million per day. Furthermore, massive budget deficits caused rampant inflation, food shortages, and lack of bare necessities.



Source: JP Morgan Global Markets Strategy November 24, 2025

Economic sanctions imposed by the U.S. and other western nations played a role in constraining economic activity. However, the decline commenced under the Chavez administration and accelerated since then given rampant corruption, mismanagement, and lack of capital. Furthermore, restrictions on personal freedom and the usurpation of property led millions to emigrate, especially those with wealth and professional skills. Estimates put the exodus from the country at around 8 to 9 million people, or a quarter of the population. It is remarkable that despite losing a quarter of the population, Venezuela's real GDP per capita declined by nearly 60% since Chavez and Maduro took over. IMF 2025 estimates for nominal GDP per capita place Venezuela behind perennially impoverished countries like Honduras and Bolivia, despite possessing enormous mineral wealth. As a useful comparison, in 2000, around the time Chavez took office, Venezuela had GDP per capita of nearly USD \$4,800, while the U.S. had about USD \$36,000. In the IMF's 2025 rank, the U.S. appears at USD \$89,600 while Venezuela declined to USD \$3,100.



## Political Outlook

In July 2024, Venezuela held a presidential election. Despite an overwhelming victory in a primary held in late 2023, the nation's most recognized opposition politician, Maria Corina Machado, was not allowed to run. The country's supreme court, already controlled by the Maduro administration, upheld a previously imposed ban on fabricated fraud and tax evasion charges. Instead, she supported, and helped orchestrate, the candidacy of a well-respected politician named Edmundo Gonzalez. All evidence, including from the Electoral Council's vote counting technology, and many international electoral watch groups showed Gonzalez won in a landslide. Maduro refused to recognize the results, claiming they were fraudulent and forced the Electoral Council to declare him the winner without providing evidence. The U.S. was joined by many other countries in refusing to recognize Maduro as the legitimately elected president of Venezuela. Ignoring civilian protests and external pressure, Maduro declared himself winner and promptly set out to arrest Gonzalez. Gonzalez fled to Spain and Machado was forced into hiding.

The Trump Administration appears to have endorsed a "transitional administration" under the leadership of Delcy Rodriguez, Maduro's Vice President. Another avowed socialist, Rodriguez appears to be acquiescing to Trump's demands regarding the management of the country's oil and other matters. It is still unclear if Rodriguez and other Maduro government officials, including military personnel, are acting out of expediency and self-preservation or a genuine desire to shift course. Either way, the leaders are known to be corrupt, involved in narco trafficking and willing to use violence to

retain power. An ideal outcome would be to lay the groundwork for a new and free election in which the people can elect a person they truly want to lead to country's restoration.

## **Geopolitics**

After years of global “jockeying,” the world’s ideological superpowers attempted to exert their influence on other countries to gain political and economic benefits. Through loans, coercion, and often corrupt practices, countries like China, Russia, Cuba, and Iran extended their spheres of influence and dominion over other nations’ economies. In Latin America, Venezuela became an ideal target with its mineral wealth and financial dependency.

Maduro’s capture and the transitional administration’s capitulation to Trump’s terms severed arrangements the world perceived to be settled. While much is left to be played out, the U.S. raid made a forceful statement about hemispheric influence and control. Although leaders of Colombia, Brazil, and other Latin American nations expressed their displeasure, it was evident they understood the implications of a geopolitical reset. Exiled Venezuelans were jubilant with Maduro’s arrest, and citizens of countries hosting them applauded the possibility that they could return to their country.

It is too early to tell how other nations will react to the Venezuelan incursion. Certainly, the precedent can be used by rogue nations to justify incursions or worse against enemies and neighbors. President Trump’s willingness to deploy military force in Venezuela, Iran, and Syria has sent a forceful message that the U.S. will protect its interests. While this may temper near-term actions by some nations, it is easy to envision a proliferation of skirmishes that become impossible to control. Furthermore, autocratic leaders find ways to retain power longer than democratically elected ones. The U.S. has generally preferred diplomacy over force to further its interests and our adversaries know this.

In an ironic twist, and perhaps purely coincidence, anti-regime demonstrations broke out in Iran and amongst Cuban refugees. Last year we applauded the fall of Syria’s autocratic ruler, Bashar al-Assad. In our Commentary we noted the opportunity the world had to weaken the grip authoritarian leaders had on their citizens. While Venezuela may not be the worst perpetrator of violence against its people, it ranks high in economic decay and the related humanitarian crisis. Many will disagree with the actions taken by the U.S. in Venezuela, but an entire nation will celebrate if the country can be put on a path toward restoration.

January 15, 2026

## Important Information

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## Index Definitions

### **Bloomberg U.S. Aggregate Index**

The Bloomberg U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. 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 U.S. Treasury Index**

This index is the U.S. Treasury component of the U.S. Government index. Public obligations of the U.S. Treasury with a remaining maturity of one year or more.

### **Bloomberg U.S. Government/Credit Index**

The Government/Credit Index includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies. The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

### **Bloomberg U.S. Corporate Index**

This index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers. (Future Ticker: I02765US)

### **Bloomberg U.S. Mortgage-Backed Securities Index**

This index is the U.S. MBS component of the U.S. Aggregate index. The MBS Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

### **ICE BofA U.S. Corporate & Yankees Index**

The ICE BofA U.S. Corporate & Yankees Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market by US and non-US corporations and non-US quasi-governments.

### **ICE BofA U.S. Corporate Index**

The ICE BofA U.S. Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody’s, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody’s, S&P and Fitch foreign currency long term sovereign debt ratings).

**ICE BofA U.S. High Yield Index**

The ICE BofA U.S. High Yield Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market.

**ICE BofA Global High Yield Constrained Index**

ICE BofA Global High Yield Index tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or eurobond markets and issuer exposure is capped at 2%..

**ICE BofA US Emerging Markets Corporate Plus Index (EMUB)**

The ICE BofA US Emerging Markets Corporate Plus Index is a subset of The ICE BofA Emerging Markets Corporate Plus Index including all securities denominated in US dollars.

**ICE BofA Global Government Excluding the U.S. Index (N0G1)**

The ICE BofA Global Government Excluding the U.S. Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency. N0G1 excludes U.S. government bonds.

**Emerging Markets Bond Index Global Diversified (EMBI® Global Diversified):**

The EMBI Global Diversified is a uniquely-weighted version of the EMBI Global. It limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts of debt outstanding. The countries covered in the EMBI Global Diversified are identical to those covered by the EMBI Global.

**JP Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)**

The CEMBI tracks total returns of US dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries. Two variations are available: CEMBI Broad and CEMBI. The CEMBI Broad is the most comprehensive corporate benchmark followed by the CEMBI, which consists of an investable universe of corporate bonds. The CEMBI Broad Diversified limits the weights of those index countries with larger corporate debt stocks by only including a specified portion of these countries' eligible current face amounts of debt outstanding.

**JP Morgan Government Bond Index-Emerging Markets (GBI-EM)**

The GBI-EM is the first comprehensive, global local Emerging Markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure. Variations of the index are available to allow investors to select the most appropriate benchmark for their objectives.

**S&P 500 Index**

An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

**Nasdaq Composite Index**

An index that tracks the change in the total market value of all companies listed on the Nasdaq Stock Market.

**Russell 2000 Index**

An index measuring the performance of the 2,000 smallest companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small cap stocks in the United States.

**MSCI EAFE Index**

The index is a capitalization weighted index that monitors the performance of stocks from Europe, Australasia and the Far East.

**MSCI Europe Index**

The index is a free-float weighted equity index measuring the performance of Europe Developed Markets.

**MSCI Japan Index**

The index is a free-float weighted equity JPY index.

**MSCI Emerging Markets Equity**

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.