



Investors rotate and stocks gyrate.

Monthly snapshot

- Major global equity markets saw mixed performance in July amid several bouts of volatility. Developed equities garnered an overall positive return, outperforming their emerging-market counterparts, which recorded a modest aggregate loss for the month. In the U.S., softening inflation data, and dovish comments from the Federal Reserve (Fed) following its monetary policy meeting, bolstered hopes that the central bank will begin to reduce interest rates as soon as September. Investors rotated out of the mega-cap technology stocks that have led the U.S. equity market rally thus far in 2024, into shares of small-cap companies.
- Global fixed-income assets recorded positive returns in July. U.S. Treasury yields moved higher for all maturities, with the exception of 1- and 2-month bills. (Bond prices move inversely to yields).
- We think that a 25-basis point (0.25%) interest-rate reduction from the Fed in September still seems likely, with an additional cut perhaps occurring in December.

Major global equity markets saw mixed performance in July amid several bouts of volatility. Developed equity markets garnered an overall positive return, outperforming their emerging-market counterparts, which recorded a modest aggregate loss for the month. In the U.S., softening inflation data, and dovish comments from the Fed following its monetary policy meeting, bolstered hopes that the central bank will begin to reduce interest rates as soon as September. Investors rotated out of the mega-cap technology stocks that have led the U.S. equity market rally thus far in 2024, into shares of small-cap companies, which typically outperform large caps in declining interest-rate environments. Late in the month, the tech-heavy Nasdaq Composite Index and the broad-market S&P 500 Index recorded their steepest one-day declines in nearly two years. Consequently, the Cboe Volatility Index (VIX)—dubbed the “fear gauge” as it measures the constant 30-day volatility of the U.S. equity market—surged to a three-month high.

The Far East was the strongest-performing region among developed equity markets for the month, led by Japan. In a reversal of a recent upward trend, the Nordic countries recorded negative returns and were the worst developed-market performers, hampered mainly by a significant downturn in Denmark. The Jordan + Egypt + Morocco region comprised the top-performing emerging market in July. The Gulf Cooperation Council (GCC) countries—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE)—also performed well due primarily to notable strength in the UAE and Qatar. In contrast, the Far East was the primary emerging-market laggard due to weakness in Taiwan and China. Eastern Europe’s underperformance was attributable mainly to a downturn in Poland.¹

Global fixed-income assets, as measured by the Bloomberg Global Aggregate Bond Index, gained 1.1% in July. Mortgage-backed securities (MBS) were the strongest performers within the U.S. fixed-income market, followed by high-yield bonds, U.S. Treasury securities, and investment-grade corporate bonds. Treasury yields moved higher for all maturities during the month, with the exception of 1- and 2-month bills. (Bond prices move inversely to yields.) Yields on 2-, 3-, 5- and 10-year Treasury notes fell 0.42%, 0.36%, 0.33%, and 0.17%, respectively, in July. The spread between 10- and 2-year notes narrowed from -0.35% to -0.20% over the month, and the yield curve remained inverted.²

¹ All equity market performance statements are based on the MSCI ACWI Index.

² According to the U.S. Department of the Treasury. As of 31 July 2024.

Key measures: July 2024

Equity

Dow Jones Industrial Average	4.51%	↑
S&P 500 Index	1.22%	↑
NASDAQ Composite Index	-0.73%	↓
MSCI ACWI Index (Net)	1.61%	↑

Bond

Bloomberg Global Aggregate Index	2.76%	↑
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Volatility

Chicago Board Options Exchange Volatility Index	16.36	↑
PRIOR MONTHLY: 12.44		

Oil

WTI Cushing crude oil prices	\$77.91	↓
PRIOR MONTHLY: \$81.54		

Currencies

Sterling vs. U.S. dollar	\$1.28	↑
Euro vs. U.S. dollar	\$1.08	↑
U.S. dollar vs. yen	¥150.46	↓

Sources: Bloomberg, FactSet, Lipper

Global commodity prices, as measured by the Bloomberg Commodity Total Return Index, fell 4.0% during the month. The West Texas Intermediate (WTI) and Brent crude oil prices declined 4.5% and 4.9%, respectively, amid concerns that China's slowing economy could hamper demand for oil in the second half of this year. The New York Mercantile Exchange (NYMEX) natural gas price tumbled 21.6% over the month due to relatively large inventories in the U.S., as well as worries that expected cooler weather in the Midwestern and Western U.S. in August could reduce demand for natural gas-generated electricity. The gold spot price rose 5.7% in July as rising geopolitical tensions in the Middle East led investors to seek "safe-haven" investments. Wheat prices were down 8.1% for the month due to relatively strong harvests (increasing supply) in the U.S., as well as a decline in exports from the country.³

As widely expected, the Federal Open Market Committee (FOMC) left the federal-funds rate unchanged in a range of 5.25% to 5.50% following its meeting on 30-31 July, but appeared to be open to a rate cut in September. In a statement announcing the rate decision, the FOMC commented, "Inflation has eased over the past year but remains somewhat elevated. In recent months, there has been some further progress toward the Committee's 2 percent inflation objective." The Fed's characterization of inflation as "somewhat elevated" represented a more dovish tone. The FOMC reaffirmed its dual mandate of achieving both maximum employment and price stability, noting, "The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate." This language was a departure previous statements that the FOMC members were "highly attentive" to the risk of inflation.

At the end of July, the CME Group's FedWatch Tool implied an 88% chance that the central bank will implement a 25-basis-point rate cut following its meeting on 17-18 September, and indicated that the probability of further 25-basis-point cuts at the November and December meetings were 66% and 65%, respectively.⁴ The FedWatch Tool provides a gauge of the markets' expectations of potential changes to the federal-funds target rate while assessing potential Fed monetary policy actions at Federal Open Market Committee (FOMC) meetings.

On the geopolitical front, Israel took responsibility for the death of Fuad Shukr, a senior military commander for Iran-backed Lebanese militia Hezbollah, in retaliation for the bombing of a soccer field in the Israeli-controlled Golan Heights on 27 July, which resulted in the deaths of 12 children and teenagers. Additionally, Iran and Hamas blamed Israel for the assassination of Hamas political leader Ismail Haniyeh in Iran on 30 July. The events ignited concerns that the ongoing Israel-Hamas military conflict may lead to a wider war in the Mideast.

³ According to market data from The Wall Street Journal.

⁴ According to CME Group. 31 July 2024.

Economic data

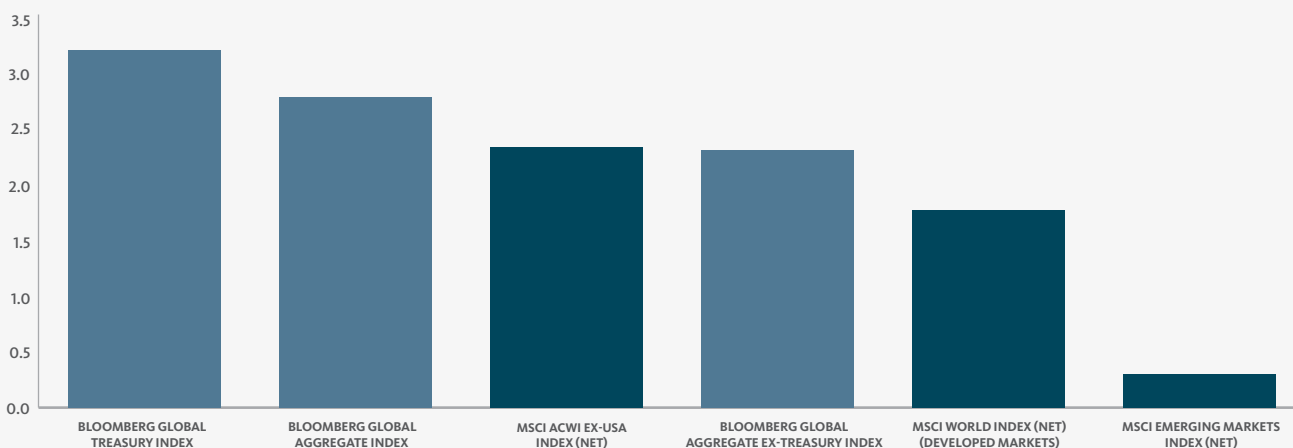
U.S.

The Department of Labor reported that the consumer-price index (CPI) dipped 0.1% in June, following a flat reading in May. The 3.0% year-over-year advance in the index, down from the 3.3% annual rise in May, was below expectations. Gasoline prices fell 3.8% in June and 2.5% year-over-year, respectively. Housing costs rose 0.2% for the month and posted an increase of 5.2% versus the same period in 2023. The 3.3% rolling 12-month rise in core inflation in June, as measured by the CPI for all items less food and energy, was down 0.1 percentage point from the annual rise for the previous month, and represented the smallest year-over-year increase since April 2021.

According to the initial estimate from the Department of Commerce, U.S. GDP increased at a greater-than-expected annualised rate of 2.8% in the second quarter of 2024—doubling the 1.4% rise in the first quarter of the year. The largest contributors to GDP growth for the second quarter included consumer spending, private inventory investment (a measure of the changes in values of inventories from one time period to the next), and nonresidential fixed investment (purchases of both nonresidential structures and equipment and software). The government attributed the higher GDP in the second quarter relative to the previous three-month period to upturns in private inventory investment and consumer spending.

Major Index Performance in July 2024 (Percent Return)

● Fixed Income ● Equities



Sources: FactSet, Lipper

U.K.

The Office for National Statistics (ONS) reported that inflation in the U.K., as measured by the CPI, edged up 0.1% in June, down from the 0.3% increase in May. The CPI's 2.0% year-over-year advance matched the annual upturn for the previous month. The largest contributors to the 12-month rise in inflation included alcohol and tobacco, health care, and restaurants and hotels. These more than offset declines in costs for housing and household services, and furniture and household goods. Core inflation, which excludes volatile food prices, rose at an annual rate of 3.5% in July, matching the year-over-year increase in May.⁵

According to the second estimate of the ONS, U.K. GDP grew 0.4% in May (the most recent reporting period), following stagnant growth in April. The economy expanded 0.9% for the three-month period ending May 31. Output in the services sector increased 1.1% over the three-month period, while production output was flat and construction fell 0.7%.⁶

Eurozone

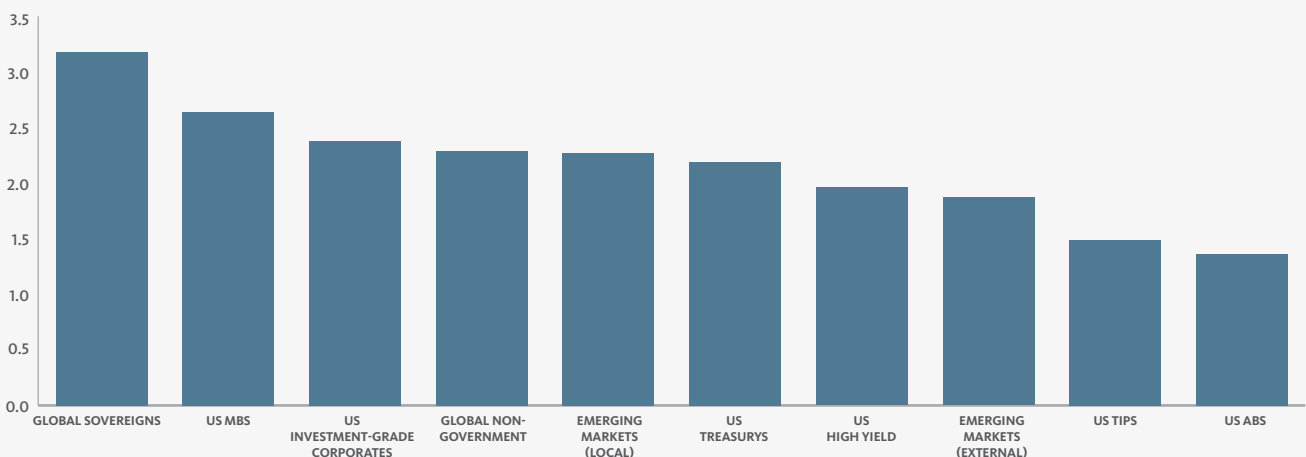
Eurostat pegged the inflation rate for the eurozone at 2.5% for the 12-month period ending in June, marginally from the 2.5% annual increase in May. Costs in the services sector rose 4.1% for the period, unchanged from the annual gain in May. Prices for food, alcohol and tobacco were up 2.4% year-over-year in June, down from the 2.6% annual rate for the previous month. Non-energy industrial goods increased 0.7% over the previous 12 months, matching the annual rise in May, while energy prices ticked up 0.2% following a 0.3% year-over-year decline in May. Core inflation, which excludes volatile energy and food prices, rose at an annual rate of 2.9% in June, matching the year-over-year upturn in May.⁷

⁵ According to the ONS. 17 July 2024.

⁶ According to the ONS. 11 July 2024.

⁷ According to Eurostat. 17 July 2024.

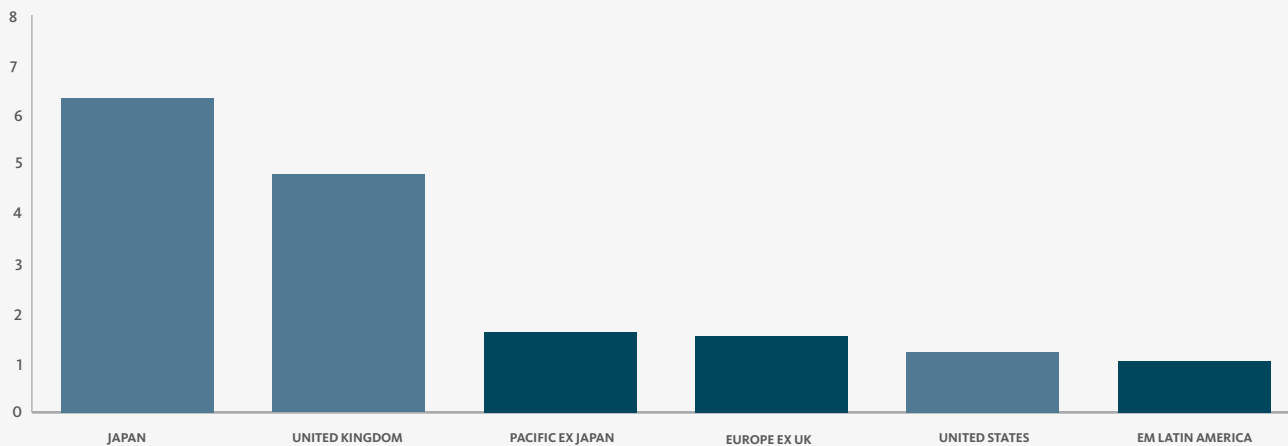
Fixed-Income Performance in July 2024 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Fixed-Income Performance Exhibit" in the Index descriptions section for more information.

Regional Equity Performance in July 2024 (Percent Return)

● Countries ● Regions



Sources: FactSet, Lipper. See “Corresponding Indexes for Regional Equity Performance Exhibit” in the Index descriptions section for more information.

Eurostat also reported that eurozone GDP edged up 0.3% in the second quarter of 2024, matching the growth rate in the first quarter, and grew 0.6% year-over-year. The economies of Ireland, Lithuania, and Spain were the strongest performers for the second quarter, expanding 1.2%, 0.9%, and 0.8%, respectively. Conversely, GDP in Latvia and Sweden declined by corresponding margins of 1.1% and 0.8% during the month.⁸

Central banks

At a news conference following the FOMC meeting, Fed Chair Jerome Powell said that a rate reduction in September “could be on the table. It’s just a question of seeing more good data.” Powell acknowledged that the FOMC members even discussed reducing the federal-funds rate during the current meeting before voting to keep the benchmark rate steady. He also said that the central bank has “made no decisions about future meetings.” Powell noted that the U.S. labour market is robust but not overheated. “I don’t think the labour market in its current state is a likely source of significant inflationary pressures, so I would not like to see material further cooling in the labour market,” he stated.

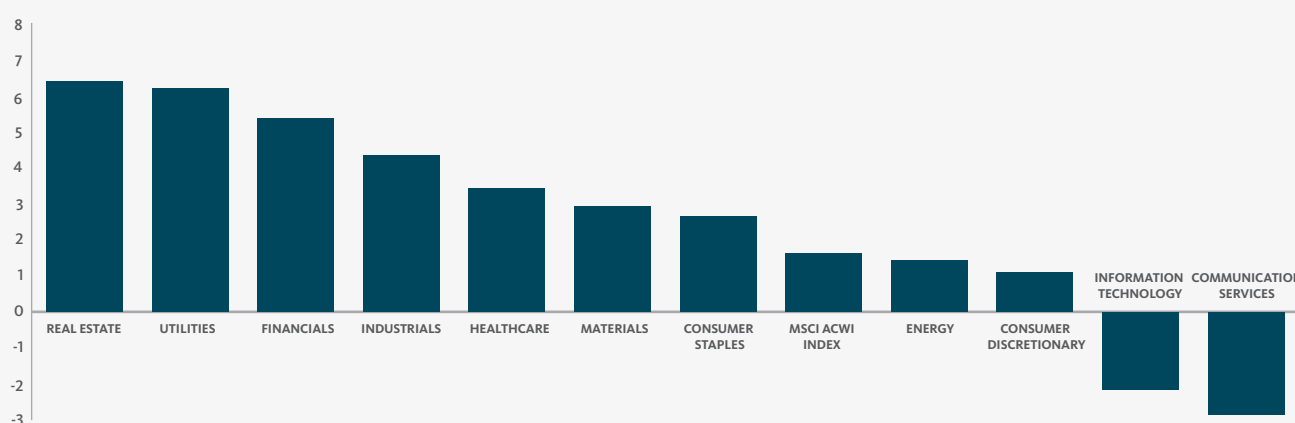
By a slim 5-4 margin, the Bank of England (BOE) voted to reduce the Bank Rate by 25 basis points to 5.00% at its meeting on July 31. Four BOE Monetary Policy Committee (MPC) members voted to maintain the Bank Rate at 5.25%. In its announcement of the rate decision, the MPC commented, “It is now appropriate to reduce slightly the degree of policy restrictiveness. The impact from past external shocks has abated and there has been some progress in moderating risks of persistence in inflation. Although GDP has been stronger than expected, the restrictive stance of monetary policy continues to weigh on activity in the real economy, leading to a looser labour market and bearing down on inflationary pressures.”

⁸ According to Eurostat. 30 July 2024.

The European Central Bank (ECB) left its benchmark interest rate unchanged at 4.25% following its meeting on July 24, but hinted that there could be a rate cut in September. The ECB reduced its benchmark interest rate by 25 basis points in early June—its first cut since 2019. During a news conference following the meeting, ECB President Christine Lagarde commented, “So the question of September and what we do in September is wide open.” In a statement announcing the rate decision, the ECB’s Governing Council noted, “While some measures of underlying inflation ticked up in May owing to one-off factors, most measures were either stable or edged down in June. In line with expectations, the inflationary impact of high wage growth has been buffered by [corporate] profits.”

The Bank of Japan (BOJ) raised its benchmark interest rate a range of 0.0%-0.1% to 0.25%—the highest level since 2008— after its meeting on July 29-30, BOJ Governor Kazuo Ueda indicated that the central bank could implement another rate hike before the end of 2024. During a news conference following the announcement of the rate increase, Ueda said, “If data shows economic conditions are on track, and if such data accumulates, we would of course take the next step.” In response to the rate hike and Ueda’s hawkish comments, the U.S. dollar fell below 150 Japanese yen for the first time since March of this year.

Global Equity Sector Performance in July 2024 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Components (as defined by SEI).

SEI's view

Today's equity market dynamics remind us that diversifying exposures across geographies, sectors, factors and individual companies are as important as ever for investors, and we remain committed to this foundational principle. This is particularly acute for passive investors who, at this stage of the cycle (concentrated and expensive), may want to begin diversifying into actively managed strategies. We continue to view both concentration and valuation as concerning for U.S. equity investors. We believe the current size and future growth expectations of the top names set the bar exceedingly high even for the most stellar companies in the most transformative industries.

The Fed kept interest rates steady for its eighth consecutive meeting at the end of July. We think that a 25-basis point reduction in September still seems likely, with an additional cut perhaps occurring in December. Despite the recent slowdown, inflation remains somewhat elevated, with core CPI running 3.3% year-over-year. The labour market still appears to be on the tight side, and nominal wage growth remained relatively high through the first quarter; real wages, however, are finally rising owing to the lower inflation rate. We expect nominal wages to continue to post more moderate gains in the third quarter.

The eurozone economy appears to be accelerating modestly following a year of stagnation and mild recession, but the recovery still appears rather tentative. We think that the recent strengthening of the euro against the U.S. dollar, were it to be sustained, improves the chances of another rate cut by the European Central Bank (ECB) in September. The outcomes of the recent parliamentary election in the European Union (EU) and the National Assembly election in France aren't expected to prevent a modest easing of policy rates, as long as inflation continues to moderate. It may, however, limit the decline in longer-term sovereign bond yields, as investors price in the impact of higher-for-longer fiscal deficits, especially in France. SEI emphasises that a return to 0% and negative policy rates in the eurozone is highly unlikely in the years ahead, even against a recessionary backdrop.

We expect a positive cyclical and structural macroeconomic environment to prompt a strong recovery in commodities for the second half of 2024. The asset class peaked in mid-2022 along with global inflation rates and has suffered as the disinflation trend took hold around the globe. More recently, we have seen surprising production discipline from OPEC+, AI-influenced demand, and central bank gold purchases influencing year-to-date returns. We believe that seasonality factors will add to the positive momentum in this space as summer travel demands remain robust and weather related volatility provides asymmetric upside pressures.

We think that a 25-basis point interest-rate reduction from the Fed in September still seems likely, with an additional cut perhaps occurring in December.

Standardised Performance

		1 year to 31-Jul-24	1 year to 31-Jul-23	1 year to 31-Jul-22	1 year to 31-Jul-21	1 year to 31-Jul-20
Key Measures						
Dow Jones Industrial Average		17.22%	10.62%	-4.14%	34.79%	0.83%
S&P 500 Index		22.15%	13.02%	-4.64%	36.45%	11.96%
NASDAQ Composite Index		23.62%	16.82%	-14.95%	37.53%	32.78%
MSCI ACWI Index (Net)		17.02%	12.91%	-10.48%	33.18%	7.20%
Bloomberg Barclays Global Aggregate Index		5.16%	-1.51%	-12.52%	2.27%	7.95%
Major Index Performance						
Bloomberg Barclays Global Aggregate ex-Treasury Index		5.16%	-1.51%	-12.52%	2.27%	7.95%
Bloomberg Barclays Global Aggregate Index		3.00%	-2.70%	-14.58%	0.78%	7.85%
Bloomberg Barclays Global Treasury Index		1.09%	-3.77%	-16.39%	-0.52%	7.71%
MSCI ACWI ex-USA (Net)		9.75%	13.42%	-15.26%	27.78%	0.66%
MSCI Emerging Markets Index (Net)		6.27%	8.35%	-20.09%	20.64%	6.55%
MSCI World Index (Net)		18.34%	13.48%	-9.16%	35.07%	7.23%
Fixed-Income Performance						
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year U.S. TIPS Index	5.33%	-3.92%	-0.78%	7.52%	7.10%
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index	5.16%	-1.51%	-12.52%	2.27%	7.95%
Global Sovereigns	Bloomberg Barclays Global Treasury Index	1.09%	-3.77%	-16.39%	-0.52%	7.71%
US Investment-Grade Corporates	Bloomberg Barclays U.S. Corporate Investment Grade Index	6.76%	-1.30%	-12.61%	1.42%	12.44%
US Asset-Backed Securities (ABS)	Bloomberg Barclays U.S. Asset-Backed Securities Index	6.45%	1.12%	-4.00%	1.13%	5.13%
US Mortgage-Backed Securities (MBS)	Bloomberg Barclays U.S. Mortgage-Backed Securities Index	4.89%	-4.66%	-6.69%	0.03%	5.43%
US Treasurys	Bloomberg Barclays U.S. Treasury Index	4.14%	-4.01%	-8.69%	-3.01%	11.84%
US High Yield	ICE BofAML US High Yield Constrained Index	11.04%	4.16%	-7.73%	10.75%	2.99%
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index	9.18%	6.37%	-19.28%	4.11%	2.97%
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index	0.08%	14.25%	-18.70%	3.00%	-0.81%
Regional Equity Performance						
United Kingdom	FTSE All-Share Index	13.35%	12.17%	-7.65%	34.15%	-11.84%
EM Latin America	MSCI Emerging Markets Latin America Index (Net)	-9.28%	30.94%	-8.79%	25.31%	-25.15%
Europe ex UK	MSCI Europe ex UK Index (Net)	9.93%	21.74%	-18.89%	33.00%	3.52%
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)	4.03%	6.39%	-10.24%	28.89%	-9.86%
United States	S&P 500 Index	22.15%	13.02%	-4.64%	36.45%	11.96%
Japan	TOPIX, also known as the Tokyo Stock Price Index	16.22%	15.69%	-14.16%	25.04%	0.70%
Global Equity Sector Performance						
MSCI ACWI Index		17.02%	12.91%	7.81%	30.25%	3.89%
MSCI ACWI Consumer Discretionary Index		5.86%	10.98%	-5.31%	50.38%	5.08%
MSCI ACWI Consumer Staples Index		1.88%	5.95%	14.30%	11.08%	3.43%
MSCI ACWI Energy Index		11.02%	13.38%	36.01%	4.88%	-21.56%
MSCI ACWI Financials Index		22.03%	12.38%	14.79%	17.15%	-2.38%
MSCI ACWI Healthcare Index		12.83%	3.94%	10.05%	22.61%	5.34%
MSCI ACWI Industrials Index		16.27%	18.68%	5.13%	26.08%	-0.67%
MSCI ACWI Information Technology Index		31.31%	22.81%	10.15%	54.52%	22.80%
MSCI ACWI Materials Index		3.35%	14.38%	10.18%	46.03%	-7.08%
MSCI ACWI Telecommunication Services Index		20.83%	15.51%	-7.03%	39.54%	7.85%
MSCI ACWI Utilities Index		10.85%	-2.23%	13.34%	0.76%	8.73%
MSCI ACWI Real Estate Index	Real Estate	7.51%	-9.64%	-9.33%	25.22%	-7.91%

Glossary of Financial Terms

Yield is the income returned on an investment, such as the interest received from holding a security. The yield is usually expressed as an annual percentage rate based on the investment's cost, current market value, or face value.

Yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (are (which is used to assess the risk of default of companies or countries). A steeper yield curve represents a greater difference between the yields. A flatter curve indicates that short- and long-term yields are closer together.

An **inverted yield curve** occurs when short-term yields exceed long-term yields. While an inverted yield curve historically has predicted economic recessions, it is an indicator—not a forecast.

The **federal-funds rate** is the interest rate charged to lending institutions on unsecured overnight loans. It is set by the U.S. Federal Reserve's Federal Open Market Committee. The rate is increased when the Federal Reserve wants to discourage borrowing and slow the economy and decreased when the Federal Reserve wants to spur economic growth.

Economic output comprises a quantity of goods or services produced in a specific time period.

Monetary policy refers to decisions by central banks to influence the amount of money and credit in the economy by managing the level of benchmark interest rates and the purchase or sale of securities. Central banks typically make policy decisions based on their mandates to target specific levels or ranges for inflation and employment.

Index Descriptions

All indexes are quoted in gross performance unless otherwise indicated.

The **MSCI ACWI Index** is a market capitalization-weighted index that tracks the performance of over 2,000 companies, and is representative of the market structure of 48 developed and emerging-market countries in North and South America, Europe, Africa, and the Pacific Rim. The index is calculated with net dividends reinvested in U.S. dollars.

The **Cboe Volatility Index (VIX)** measures the constant 30-day volatility of the U.S. stock market using real-time, mid-quote prices of S&P 500 Index call and put options. A call option gives the holder the right to buy a stock at a specified price; a put option gives the holder the right to sell a stock at a specified price.

The **Bloomberg Global Aggregate Bond Index** is a market capitalization-weighted index that tracks the performance of investment-grade (rated BBB- or higher by S&P Global Ratings/Fitch Ratings or Baa3 or higher by Moody's Investors Service) fixed-income securities denominated in 13 currencies. The index reflects reinvestment of all distributions and changes in market prices.

The **Bloomberg US High Yield Index** tracks the performance of fixed-rate, publicly issued, non-investment-grade (rated BB+ or lower by S&P Global Ratings and Fitch Ratings or Ba1 or lower by Moody's Investors Service) bonds.

The **Bloomberg US Treasury Index** tracks the performance of fixed-rate, nominal debt issued by the US Treasury.

The **Bloomberg US Mortgage Backed Securities Index** tracks the performance of fixed-rate agency mortgage-backed securities (MBS) guaranteed by the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Freddie Mac (FHLMC).

The **Bloomberg US Corporate Investment Grade Index** tracks the performance of the investment-grade, fixed-rate, taxable corporate bond market.

The **Bloomberg Commodity Total Return Index** comprises futures contracts and tracks the performance of a fully collateralized investment in the index. This combines the returns of the index with the returns on cash collateral invested in 13-week (three-month) U.S. Treasury bills.

Consumer-price indexes measure changes in the price level of a weighted-average market basket of consumer goods and services purchased by households. A consumer price index is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

Corresponding Indexes for Key Measures Exhibit

Dow Jones Industrial Average	The Dow Jones Industrial Average is a widely followed market indicator based on a price-weighted average of 30 blue-chip New York Stock Exchange stocks that are selected by editors of The Wall Street Journal.
NASDAQ Composite Index	The NASDAQ Composite Index is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system, representing a subset of the US equity market.
MSCI ACWI Index	The MSCI ACWI Index is a market-capitalisation-weighted index composed of over 2,000 companies, and is representative of the market structure of 46 developed- and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in US dollars.
Bloomberg Global Aggregate Index	The Bloomberg Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.
Chicago Board Options Exchange Volatility Index (VIX)	The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

Corresponding Indexes for Major Index Performance Exhibit

MSCI ACWI ex-USA Index	The MSCI ACWI ex-USA Index includes both developed- and emerging-market countries, excluding the US.
MSCI Emerging Markets Index	The MSCI Emerging Markets Index is a free float-adjusted market-capitalisation-weighted index designed to measure the performance of global emerging-market equities.
MSCI World Index	The MSCI World Index is a free float-adjusted market-capitalisation-weighted index that is designed to measure the equity market performance of developed markets.
Bloomberg Global Aggregate Index	The Bloomberg Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.
Bloomberg Global Aggregate ex-Treasury Index	The Bloomberg Global Aggregate ex-Treasury Index is an unmanaged market index representative of the total return performance of ex-Treasury major world bond markets.
Bloomberg Global Treasury Index	The Bloomberg Global Treasury Index is composed of those securities included in the Bloomberg Global Aggregate Index that are Treasury securities.

Corresponding Indexes for Fixed-Income Performance Exhibit

US High Yield	ICE BofA U.S. High Yield Constrained Index
Global Sovereigns	Bloomberg Global Treasury Index
Global Non-Government	Bloomberg Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
US Mortgage-Backed Securities (MBS)	Bloomberg U.S. Mortgage Backed Securities Index
US Asset-Backed Securities (ABS)	Bloomberg U.S. Asset-Backed Securities Index
US Treasuries	Bloomberg U.S. Treasury Index
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg 1-10 Year U.S. TIPS Index
US Investment-Grade Corporates	Bloomberg U.S. Corporate Bond Index

Corresponding Indexes for Regional Equity Performance Exhibit

United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex UK	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

Important Information

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. Positioning and holdings are subject to change. All information as of the date indicated.

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