

# Monthly CHECKPOINTS

BNY INVESTMENT INSTITUTE

January 2026

*US General Public*

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# BNY INVESTMENT INSTITUTE

Drawing upon the breadth and expertise within BNY Investments, the Investment Institute generates thoughtful insights on macroeconomic trends, investable markets and portfolio construction.



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Source: BNY Investment Institute as of December 31, 2025. Investment Institute consists of BNY Advisors' macroeconomic research, asset allocation, manager research and operational due diligence teams. BNY Advisors is the brand name under which BNY Mellon Advisors, Inc. conducts its investment advisory business. CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA® Institute.

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# THEMES

# 01

# Complementing Equity with Infrastructure

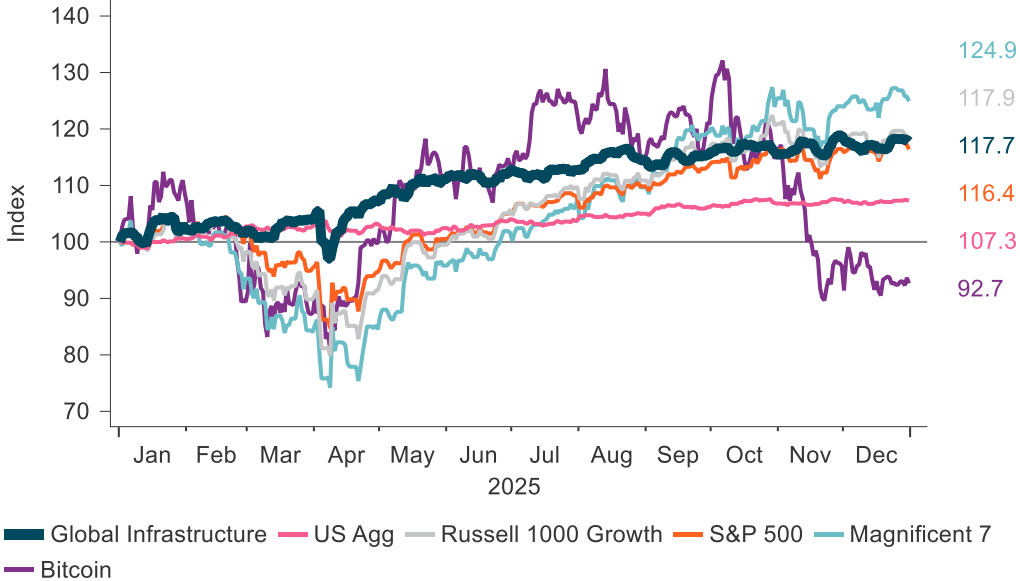
Our base case for 2026 sees growth above trend and consensus and expect inflation to remain above target (see Vantage Point for details). An environment of stronger growth and modest price pressures should be conducive for risk assets. Notably, 2025 provided a textbook case study on the importance of diversification. We maintain our favorable view on infrastructure for equity exposure but greater stability, income benefits, and diversification.

**Correlation Matrix of Selected Assets**  
Trailing 1-year based on monthly returns

	1	2	3	4	5	6
1.Global Infrastructure	1.00					
2. Bitcoin	0.33	1.00				
3. Magnificent 7	0.19	0.58	1.00			
4. S&P 500	0.15	0.40	0.92	1.00		
5. Russell 1000 Growth	0.17	0.58	0.96	0.96	1.00	
6. US Agg	-0.22	-0.52	-0.33	-0.05	-0.15	1.00

Data as of December 31, 2025

**Selected Assets Performance in 2025**  
Rebased, 100 = 1/1/2025



Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. The views presented should not be construed as investment or portfolio construction recommendations, nor a recommendation to buy or sell any security or asset class. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results.

# Growth vs Value During Inflation Regimes

The effective tariff rate remains below that of the announced tariff rate. We think, as the effective rate closes in on the announced rate, there is scope for further goods price pressure.

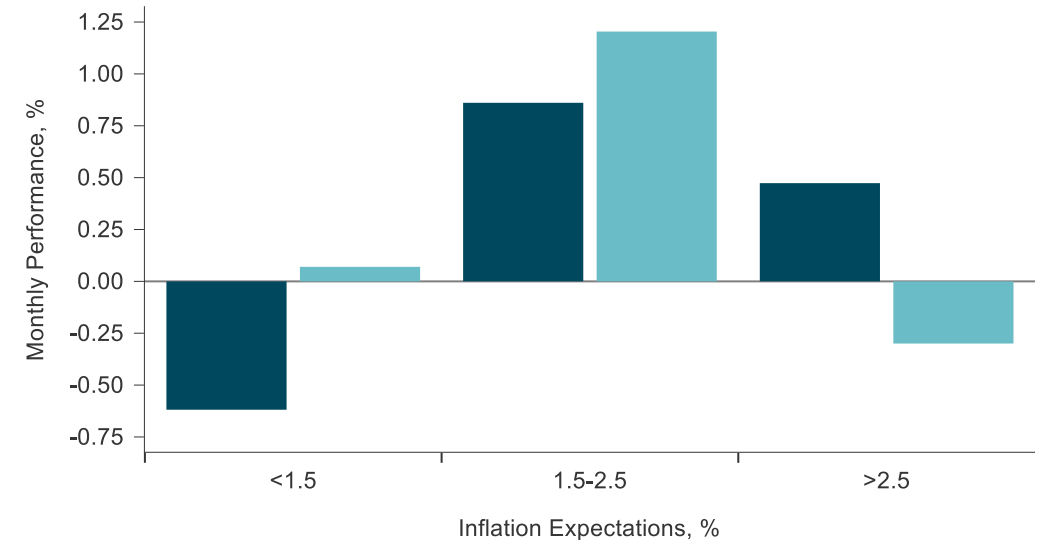
## US Core Inflation Decomposition



Data as of December 31, 2025

## US Equity During Different Inflation Regime

Trailing 25-years

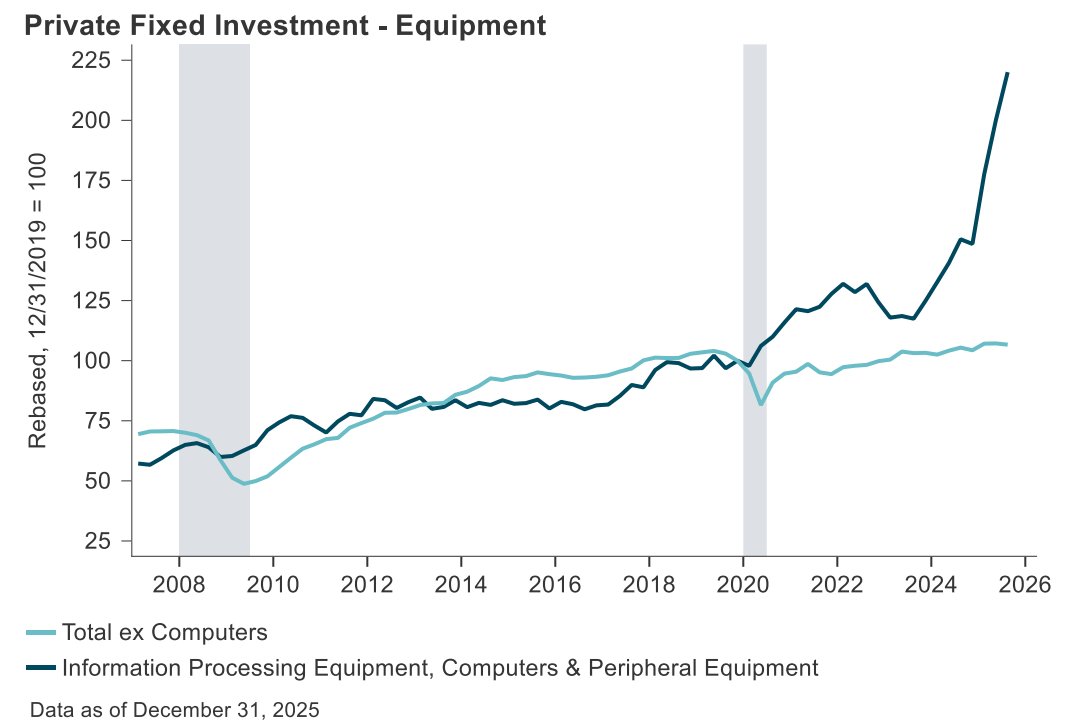
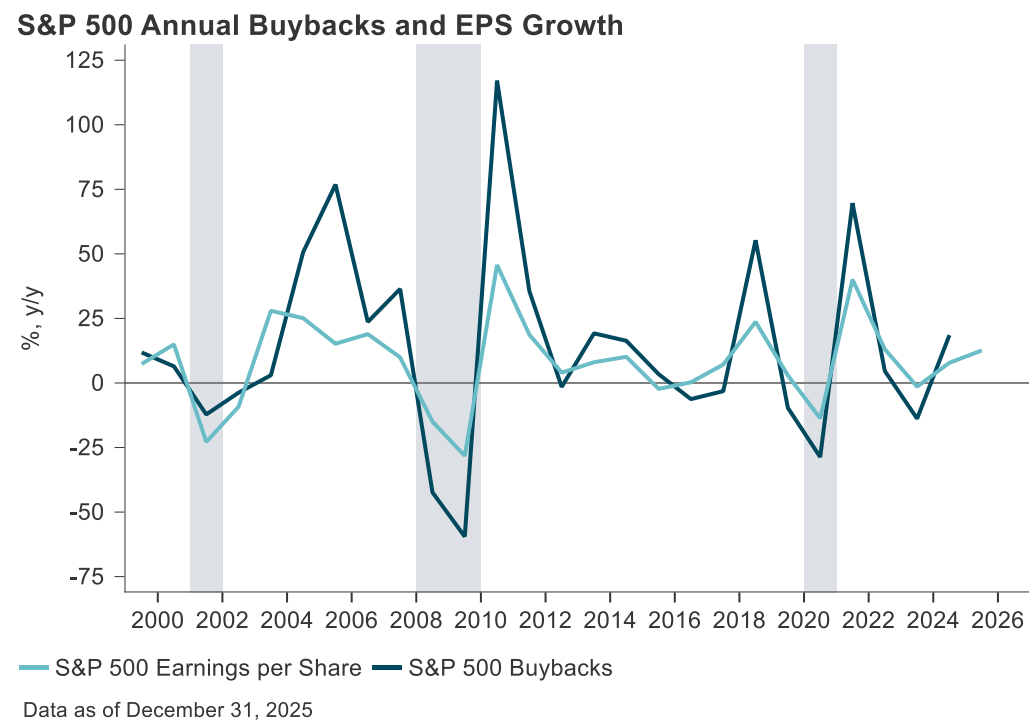


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# Firm Behavior Amidst Uncertainty

Non-tech equipment spending remains largely flat compared to pre-COVID. But abating uncertainty, resilient cash flows, and incentives from the OBBBA could see higher CAPEX towards domestic equipment investment. A rotation towards CAPEX will likely reduce the pace of buybacks but continues to underscore the resiliency of U.S. equities.

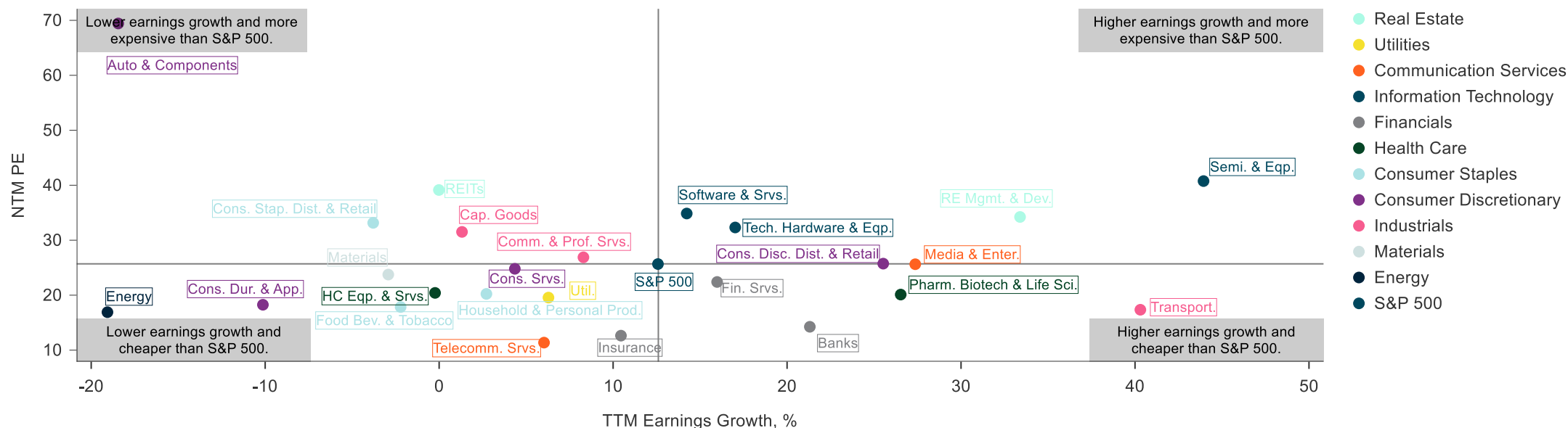


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# Resilient Financials Earnings

The recent developments in the credit space have sparked questions regarding the broader corporate sector. While challenging to say with certainty given the lack of transparency, our view is that a credit bust is odds against. First, at the aggregate level, the US corporate sector has de-levered since the global financial crisis (GFC). Second, non-bank loans to the domestic sector have been trending downwards since the pandemic. Third, total loans to the domestic sector are currently at a 25-year low. Notably, financial services and banks have been growing earnings faster than the broader market but remains cheaper (lower right quadrant on the chart).

## S&P 500 Industry - Forward Price-Earnings & 12-month Trailing Earnings Growth



Data as of December 31, 2025

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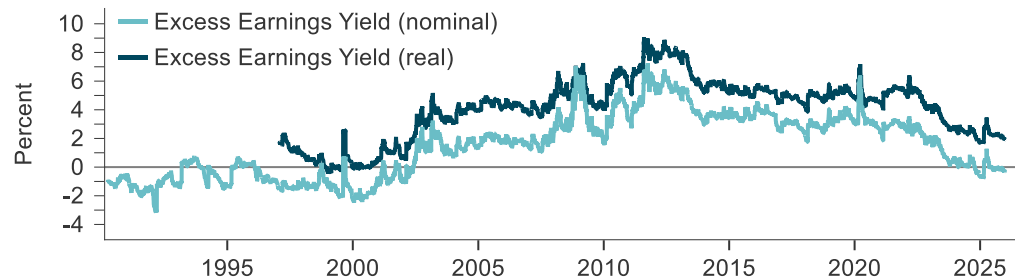


# Case Study

Valuations are starting to move into extreme territory (i.e., negative excess earnings yield) but case studies suggest the peak is likely yet to come.

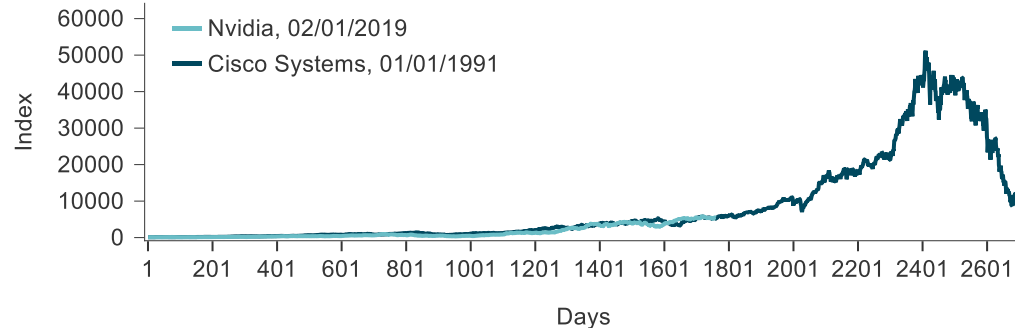
## S&P 500 - Excess Earnings yield

Earnings yield less 10-year Treasury (nominal or real) yield



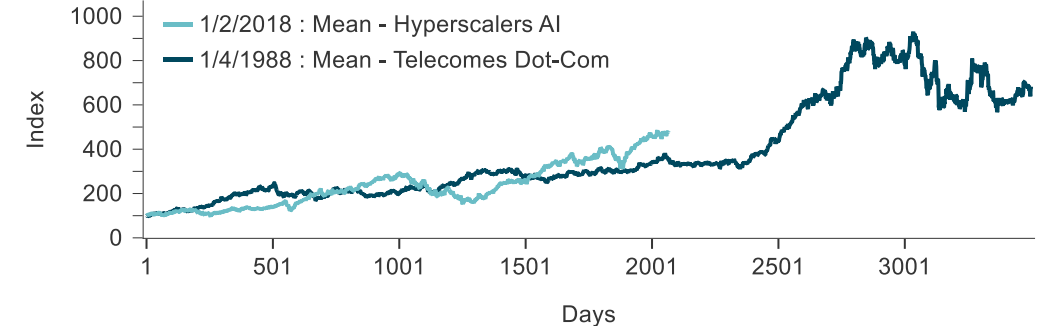
Data as of December 31, 2025

## NVIDIA vs Cisco



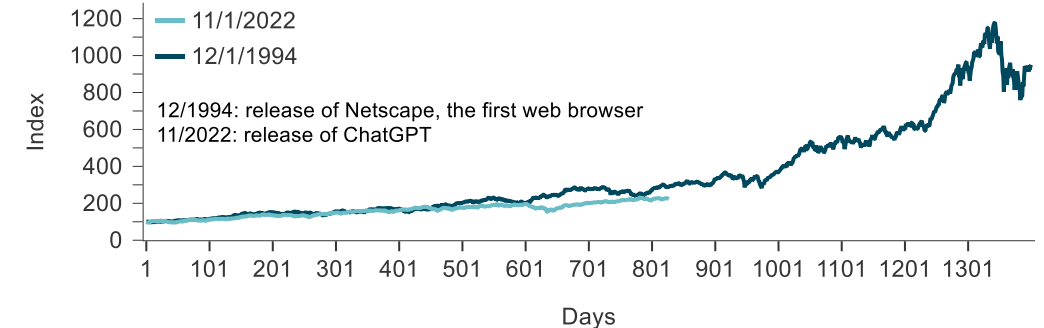
Data as of December 31, 2025

## Telecoms vs Hyperscalers



Data as of December 31, 2025

## Nasdaq-100 Index

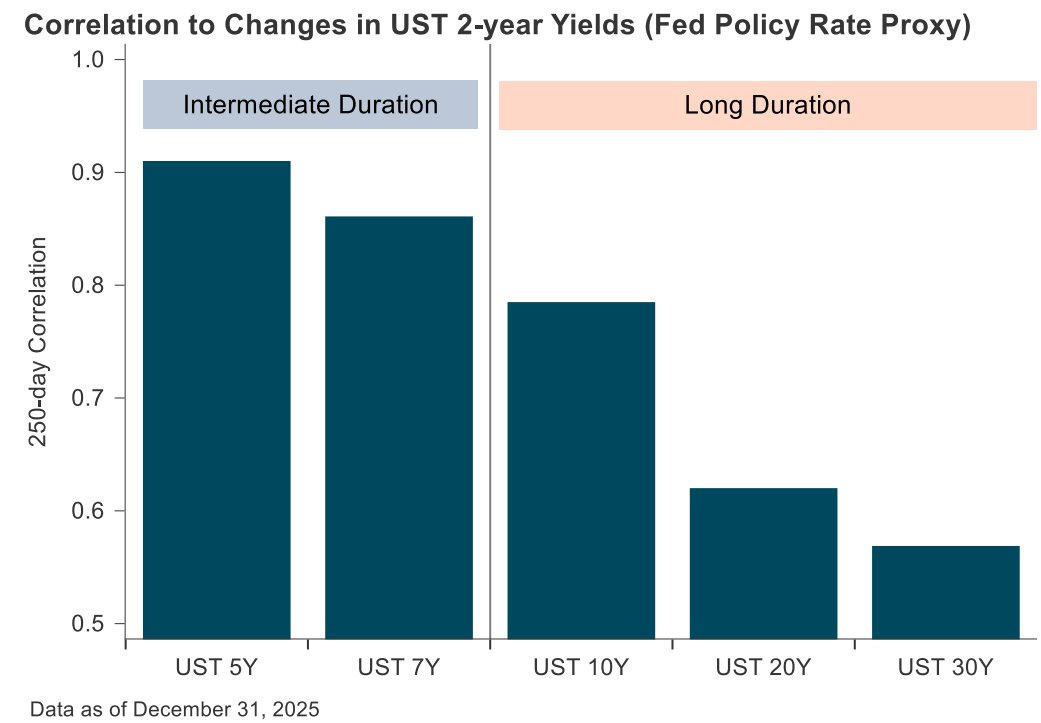
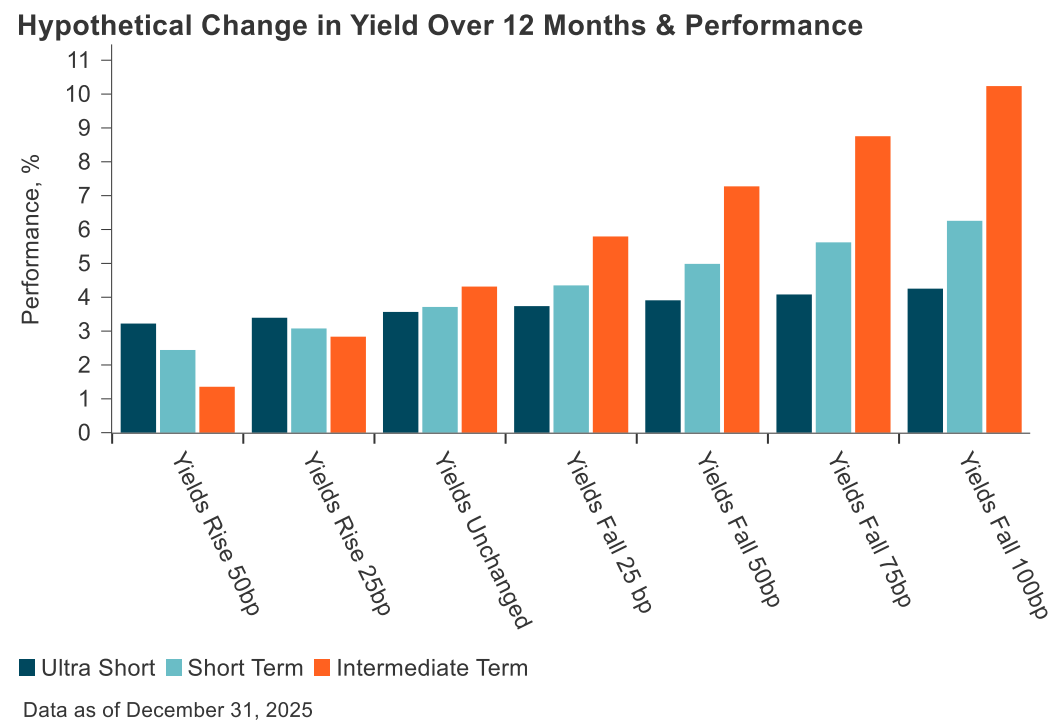


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# Falling Cash Rates

Fed loosening will lower cash rates. Higher yields make a better entry point into the belly of the curve where correlation with changes in Fed policy rate expectations is highest. We think fiscal concerns and recovery in growth put upward pressure on 10-year yields. Intermediate duration is relatively attractive.

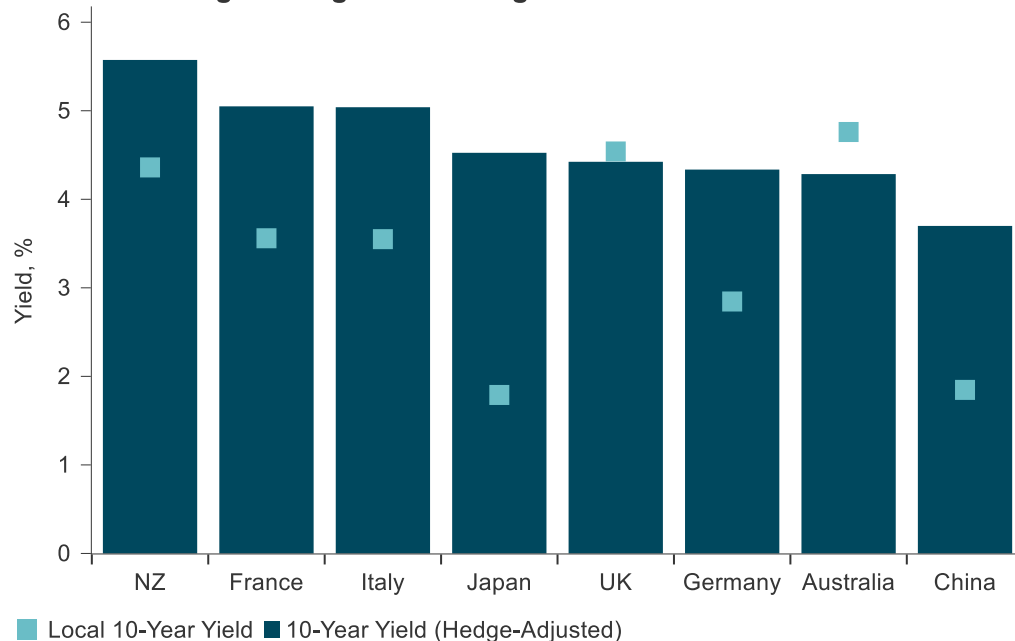


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# Capturing Differences in Interest Rates

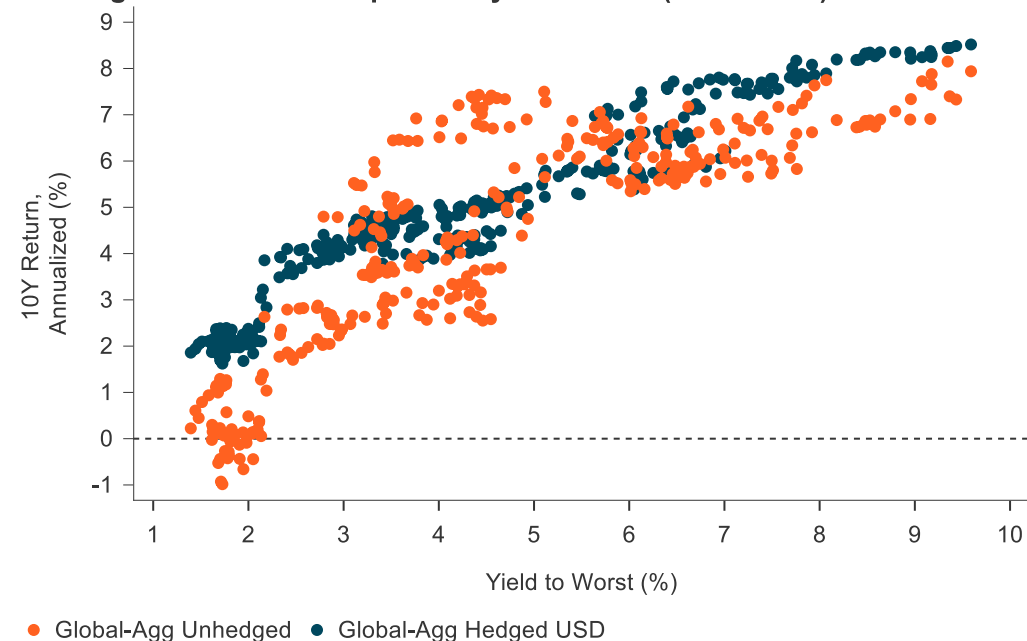
After a decade of yield scarcity, government bond yields have moved higher across the board. Moreover, USD hedged exposure boosts income and, potentially, even total return by exploiting relatively higher short-term US interest rates (even after expected Fed cuts). Historically, it also helped lower the dispersion of the strong positive relationship of elevated yields with ex-ante performance. We continue to favor (USD-hedged) yields over spreads.

Global Sovereigns Hedged & Unhedged



Data as of December 31, 2025

Starting Yield and Subsequent 10-year Return (since 1990)



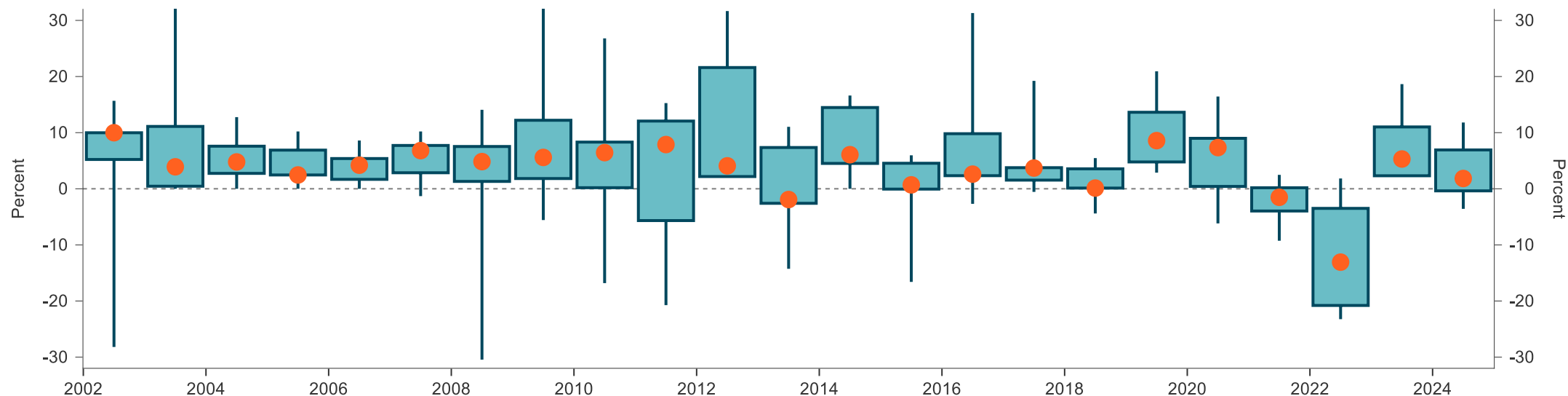
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# Case for Active Duration

Uncertainty has slowly abated, albeit remains elevated. We expect differentiated global economic performance from targeted U.S. trade policies and geopolitics, effectively, leading to differentiated monetary policy cycles and, ultimately, higher dispersion in fixed income returns across geographies. These different pieces of the puzzle - growth, inflation, and policy, and its asynchrony globally - may result in a macro environment particularly conducive to active management.

## Historical Return Range



● United States, rhs ■ Box Represents G7 Total Return Range; Horizontal Line Represents Global Range, lhs

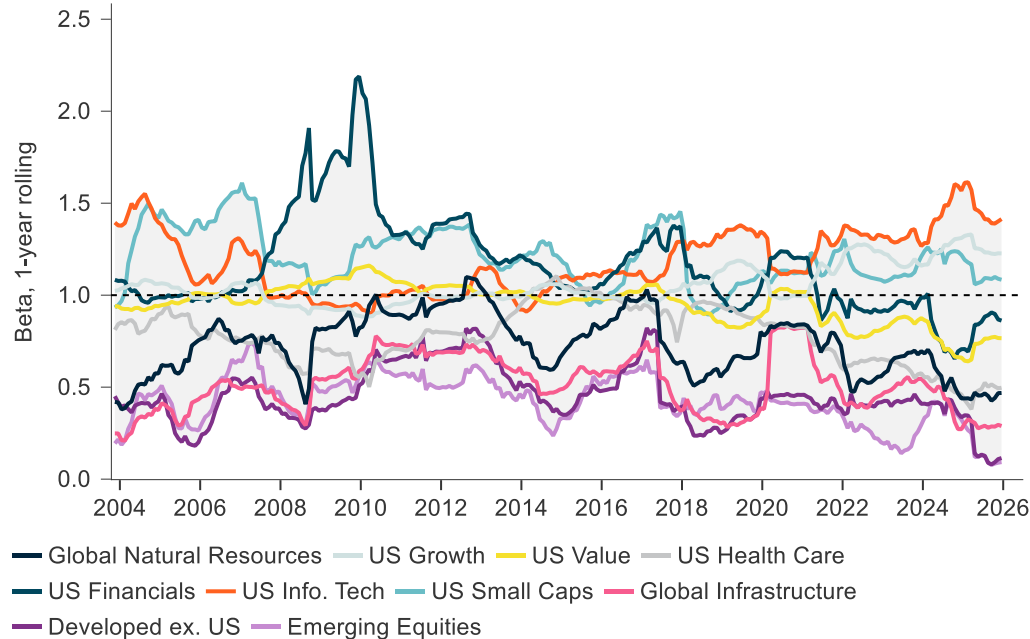
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# Well Diversified Approach

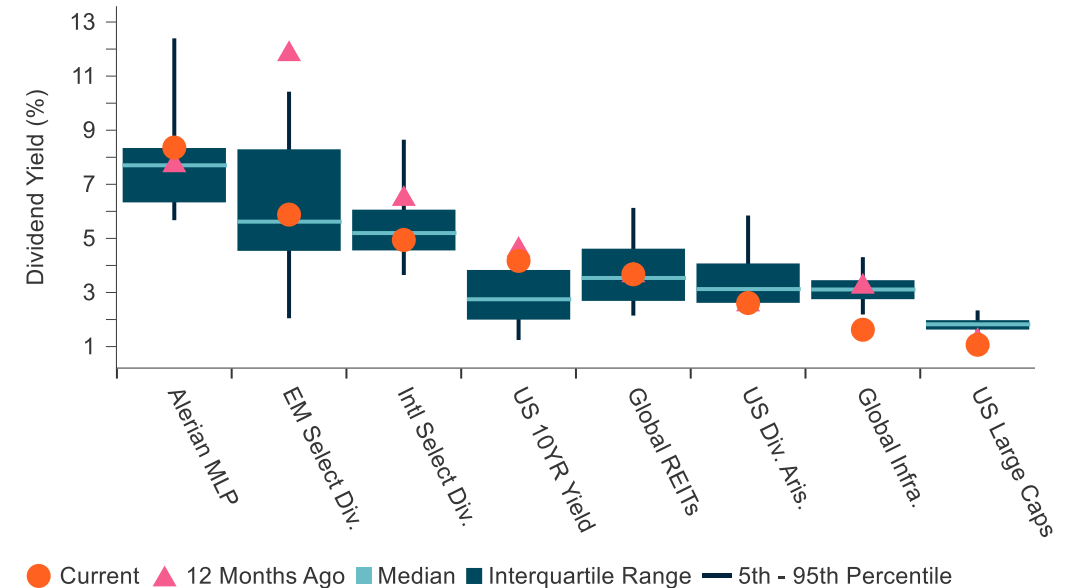
Policy uncertainty remains elevated, but global stimulus is a significant offset. Risks of deterioration in the near-term macro data persist from the lagged effects of the tariff shock but 2026 is optimistic from monetary and fiscal loosening. The AI theme is expected to continue, but with more scrutiny from investors. Cyclical considerations and concentration risks may introduce volatility, which warrants a well-diversified approach across geographies.

### Beta vs. S&P 500



Data as of December 31, 2025

### Dividend Yield Across Assets



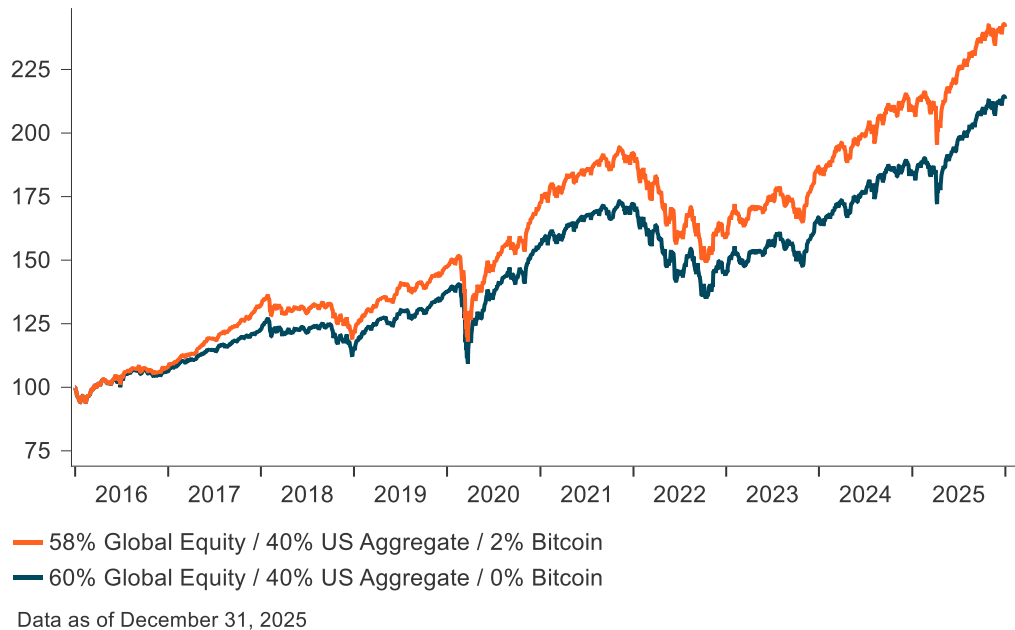
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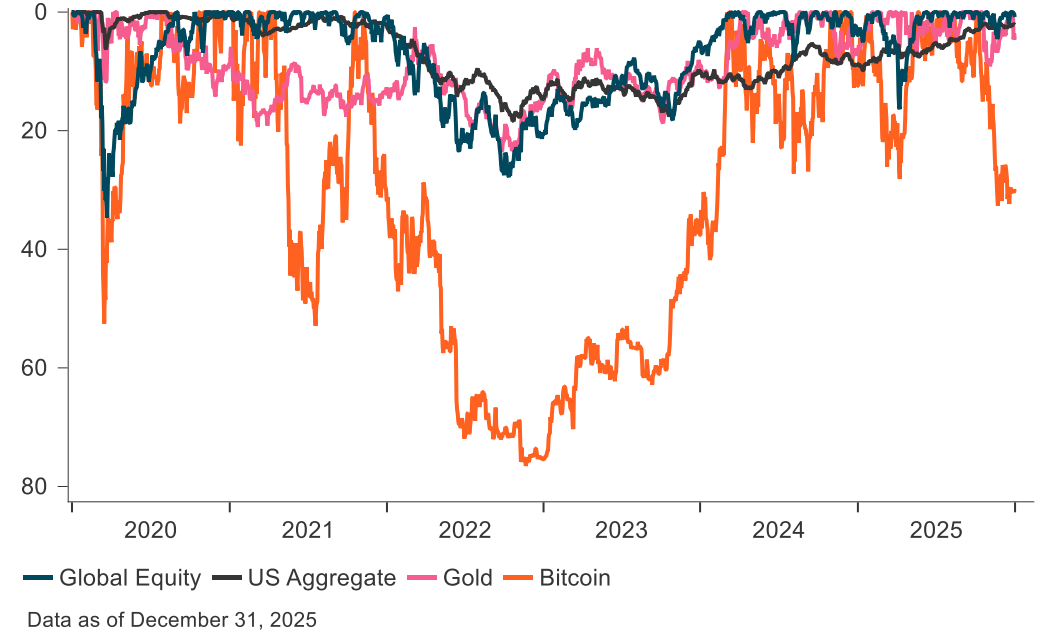
# Digital Allocations

Paul Atkins, former co-chair of Token Alliance, was appointed chair of the SEC, marking a major shift toward favorable regulation for digital assets and fueling another surge in Bitcoin's price. While digital assets have offered strong returns, they remain highly risky—about five times as volatile as equities—due to regulatory uncertainty, extreme price swings, and emerging cybersecurity threats like quantum computing.

**Impact of a 2% Bitcoin Allocation on a 60/40 Portfolio**  
Simulation of \$100 invested on December 31, 2015



**Traditional Assets vs. Bitcoin**  
Drawdown in Percent



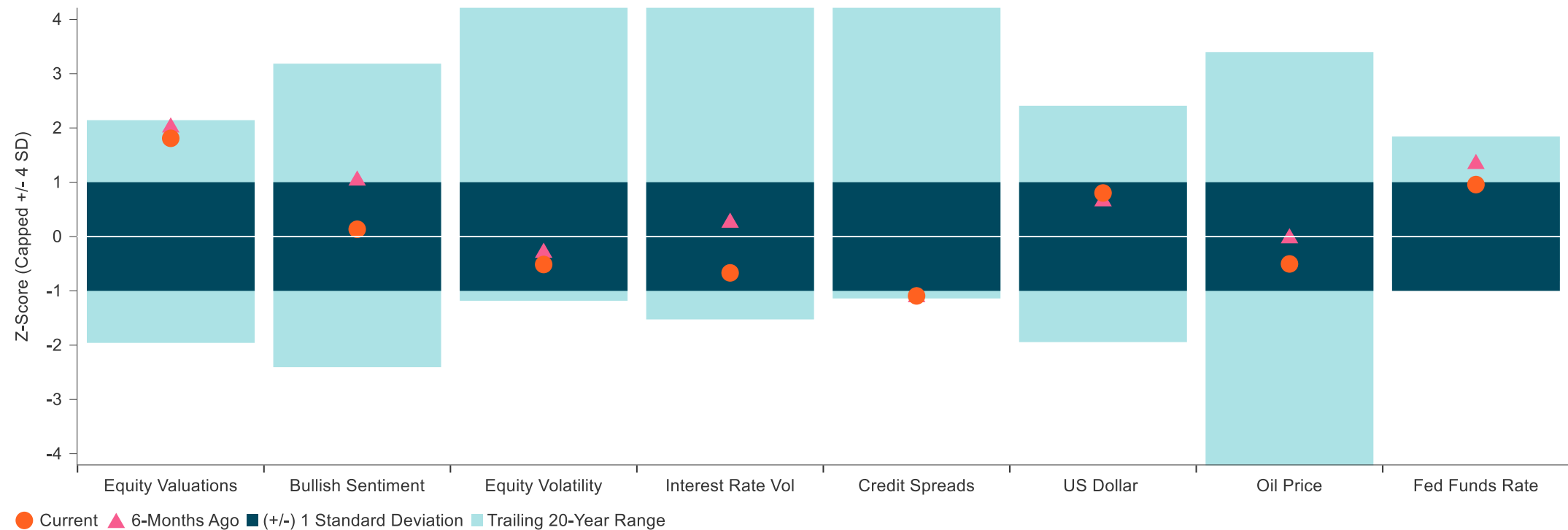
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MACRO

02

# Key Market Indicators

## Market Indicators



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# Data Tracker Heatmap

## Macro Data Tracker

Theme	Indicator	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Growth	GDPNow Forecast	2.8	2.5	3.1	2.7	2.7	2.5	2.9	-1.5	-2.8	2.4	3.8	2.9	2.3	3.5	3.9	3.9	3.9	
	Industrial Production	-0.9	0.5	-0.6	-0.3	-0.2	1.0	-0.3	1.0	-0.1	0.1	-0.2	0.5	0.4	-0.3	0.1	-0.1	0.2	
	Housing Starts (M)	1.3	1.4	1.4	1.4	1.3	1.5	1.4	1.5	1.4	1.4	1.3	1.4	1.4	1.3				
Inflation	PCE YoY	2.6	2.4	2.3	2.5	2.6	2.7	2.6	2.7	2.4	2.3	2.5	2.6	2.6	2.7	2.8			
	Core PCE YoY	2.8	2.9	2.8	3.0	3.0	3.0	2.8	3.0	2.7	2.6	2.8	2.8	2.9	2.9	2.8			
	CPI YoY	2.9	2.6	2.4	2.6	2.7	2.9	3.0	2.8	2.4	2.3	2.4	2.7	2.7	2.9	3.0	2.8	2.7	
	Core CPI YoY	3.2	3.3	3.3	3.3	3.3	3.2	3.3	3.1	2.8	2.8	2.8	2.9	3.0	3.1	3.0	2.8	2.6	
	Inflation Expectations: 1Y	1.5	1.6	1.7	2.1	2.4	2.4	2.8	3.4	3.5	3.3	3.0	2.7	3.0	3.0	2.9	2.6	2.4	
Consumer	Retail Sales	0.9	-0.3	0.9	0.7	0.6	0.8	-0.9	0.0	1.5	-0.1	-0.8	1.0	0.6	0.5	0.1	0.0		
	Personal Income	0.2	0.2	0.4	0.5	0.4	0.4	0.6	0.5	0.7	0.7	-0.5	0.2	0.5	0.4	0.4			
	Savings Rate	5.3	5.2	4.8	5.0	4.9	4.3	5.1	5.2	5.1	5.5	4.9	4.6	4.3	4.1	4.0			
	Confidence	101.9	105.6	99.2	109.6	112.8	109.5	105.3	100.1	93.9	85.7	98.4	95.2	98.7	97.8	95.6	95.5	92.9	89.1
	Sentiment	66.4	67.9	70.1	70.5	71.8	74.0	71.7	64.7	57.0	52.2	52.2	60.7	61.7	58.2	55.1	53.6	51.0	52.9
Employment	NFP (K, net chg.)	88.0	71.0	240.0	44.0	261.0	323.0	111.0	102.0	120.0	158.0	19.0	-13.0	72.0	-26.0	108.0	-105.0	64.0	
	Initial Jobless Claims (K)	234.0	228.0	259.0	221.0	225.0	205.0	222.0	224.0	224.0	229.0	248.0	228.0	227.0	236.0	235.0	229.0	192.0	192.0
	Unemployment Rate	4.2	4.2	4.1	4.1	4.2	4.1	4.0	4.1	4.2	4.2	4.2	4.1	4.2	4.3	4.4	4.4	4.4	
	Sahm Rule	0.5	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.2	0.2	0.4	
Earnings	S&P 500 Earnings Growth	10.2	10.7	10.0	9.3	10.3	10.2	9.9	9.6	9.2	7.2	5.6	6.0	7.2	8.1	8.4	9.2	10.6	11.3
Yield Curve	UST 2s10s (bp)	-20.0	0.0	15.0	12.0	5.0	33.0	36.0	25.0	34.0	57.0	52.0	52.0	43.0	64.0	56.0	51.0	55.0	71.0
Recession	Recession Probability	56.3	61.8	57.1	42.1	33.6	29.4	23.2	27.0	30.2	30.5	28.3	28.7	29.0	28.9	27.4	26.5	25.1	

Data as of December 31, 2025

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# Consumer Indicators

US Consumer Dashboard



Data as of December 31, 2025

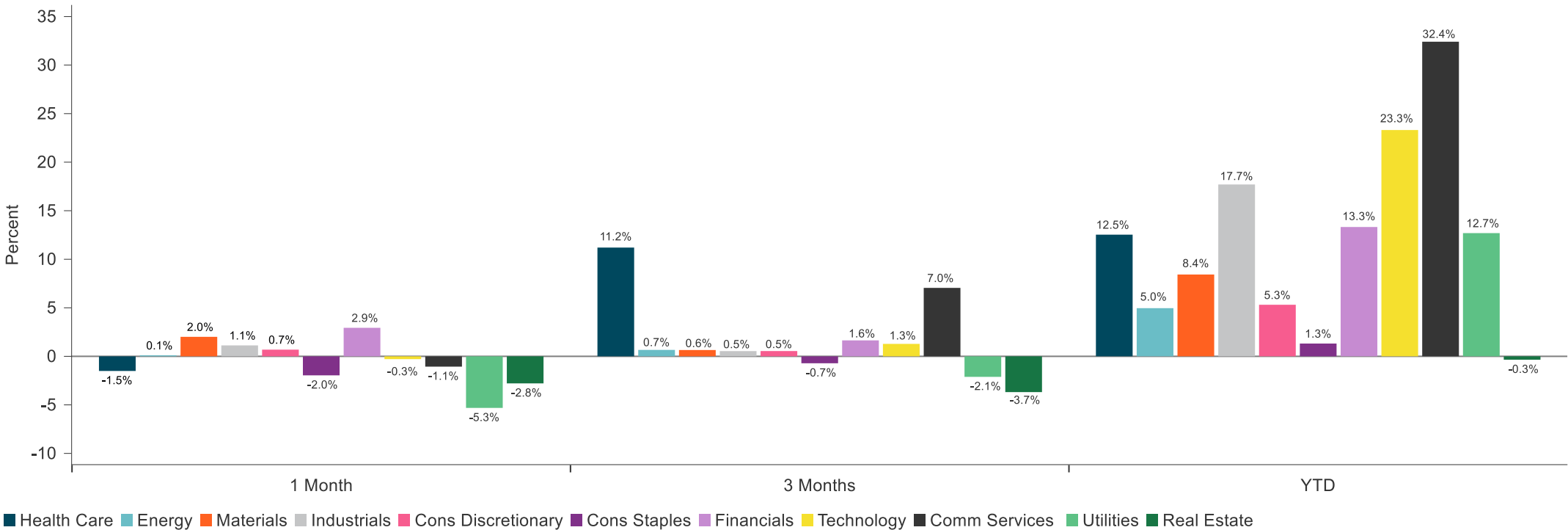
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EQUITIES

03

# Sector Performance

## S&P 500 Sector Returns

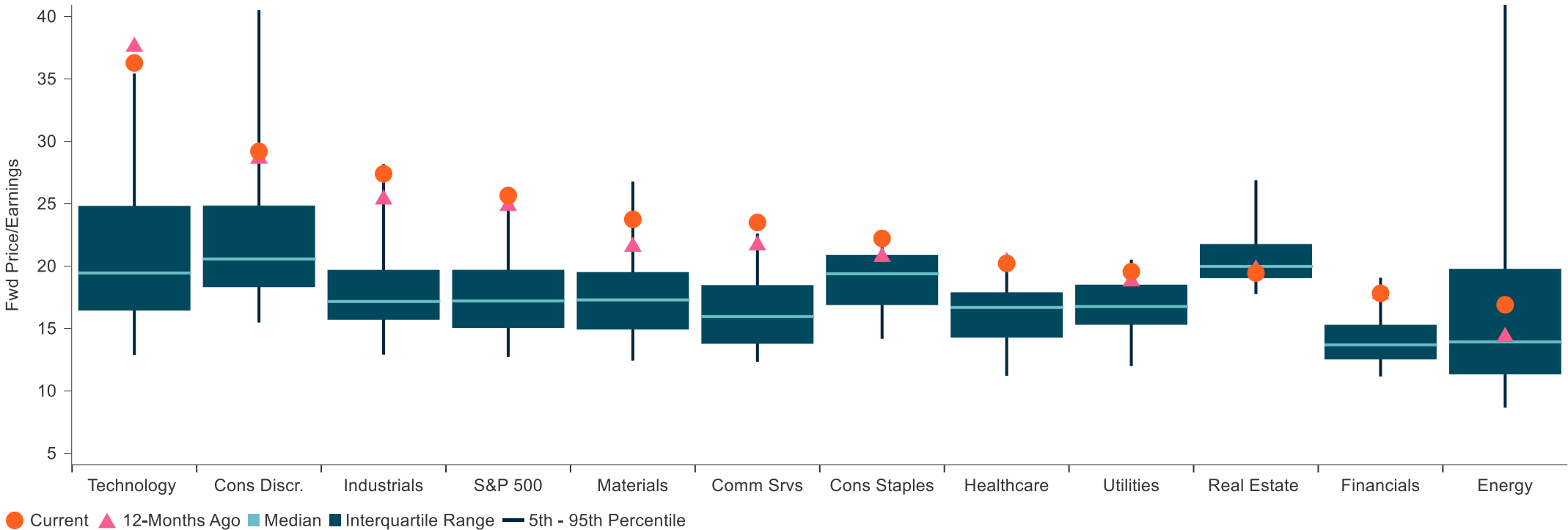


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# Sector Valuations

**S&P 500 Sector Valuations**  
Sorted highest to lowest based on current

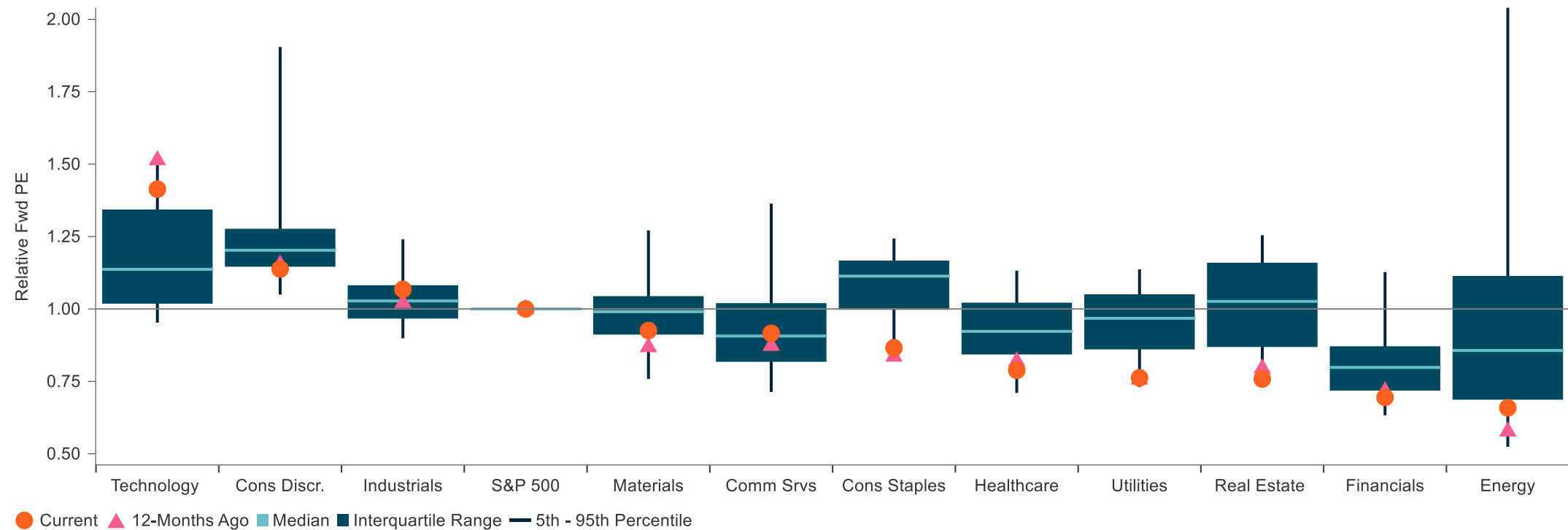


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# Relative Sector Valuations

**Sector Valuations Relative to S&P 500**  
Sorted highest to lowest based on current



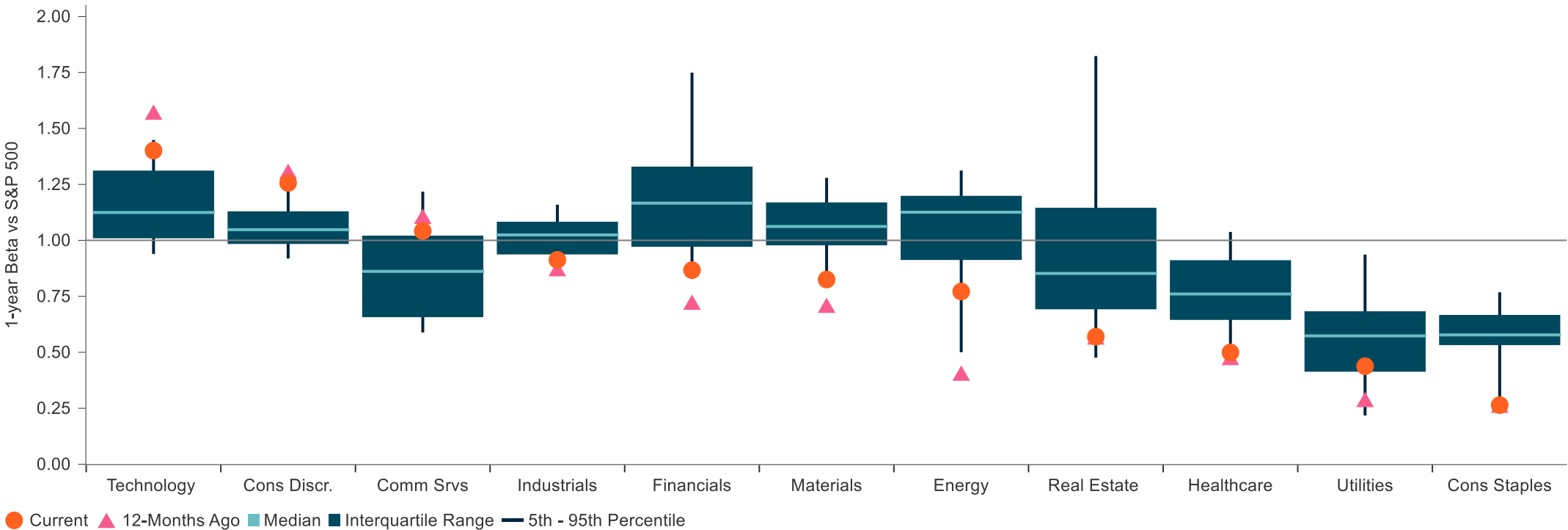
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# Sector Beta to Market

## S&P 500 Sector Beta vs Market

Sorted highest to lowest based on current

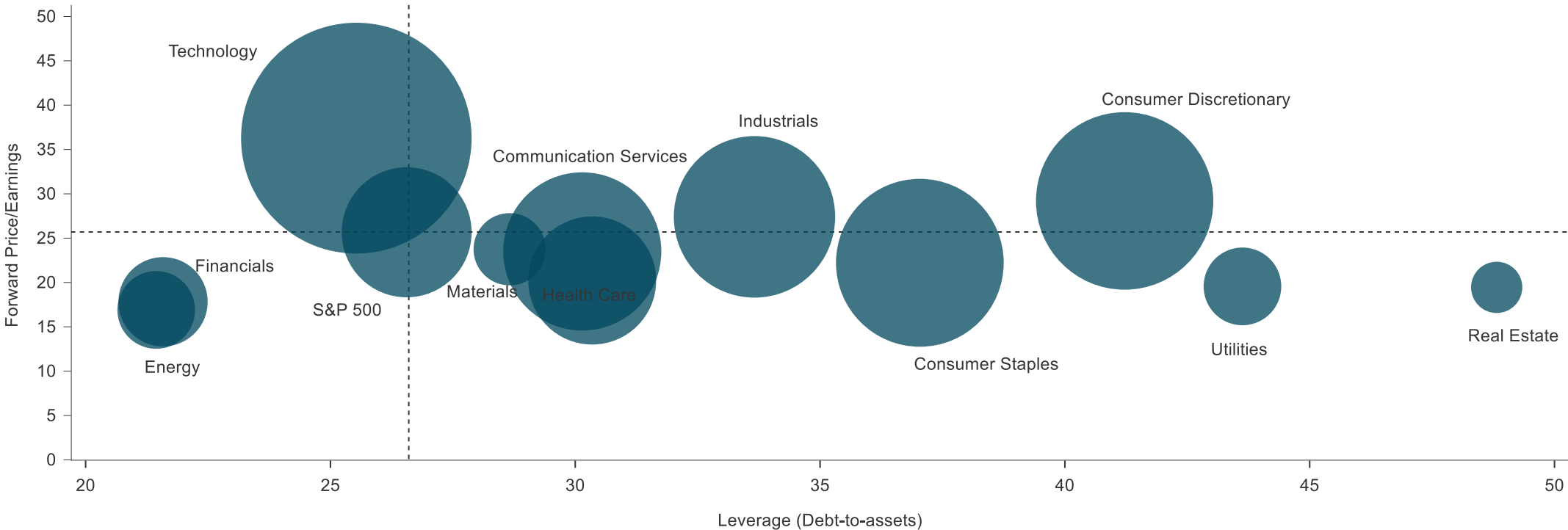


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# Sector Fundamentals

**S&P 500 Sector Valuations & Leverage**  
Bubble size represents return-on-equity (ROE)



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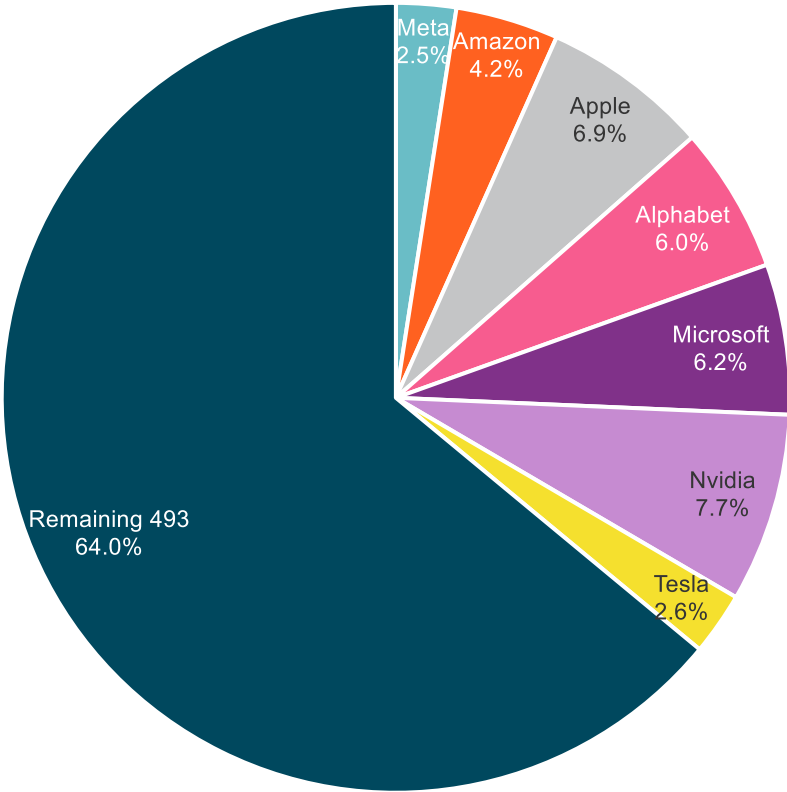
# Magnificent 7

Year-to-Date Performance



Data as of December 31, 2025

Weight in S&P 500

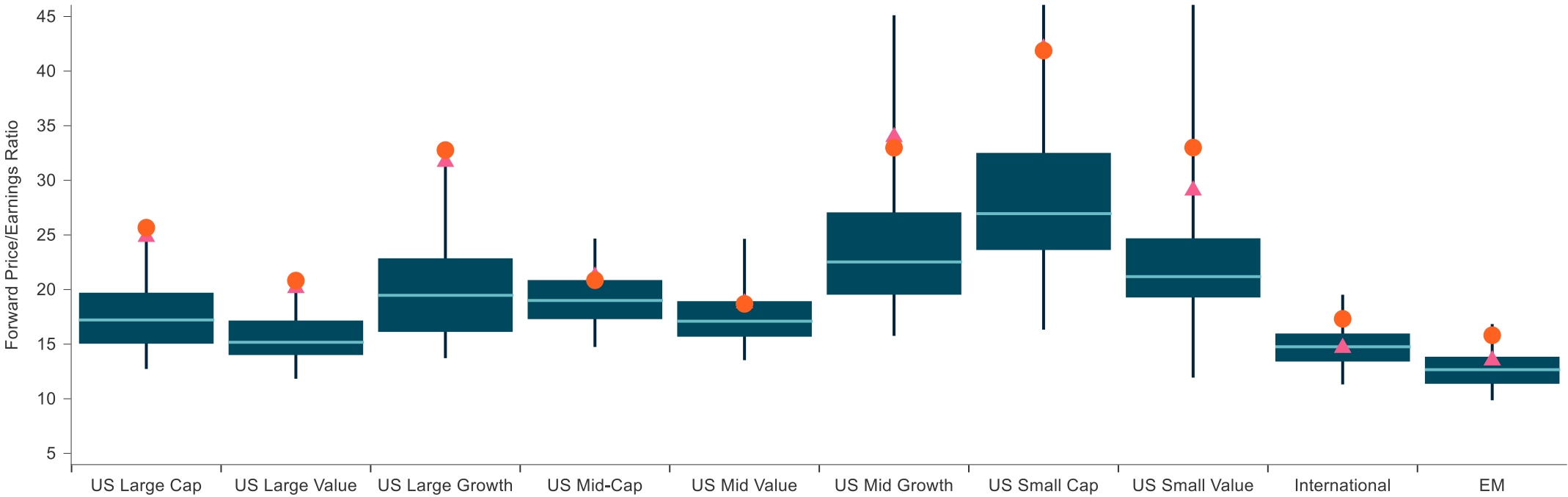


Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. Magnificent 7 refers to the following seven stocks: Nvidia, Meta, Tesla, Amazon, Alphabet, Apple, and Microsoft. The holdings listed should not be considered recommendations to buy or sell a security.

# Valuations

## Asset Class Valuations



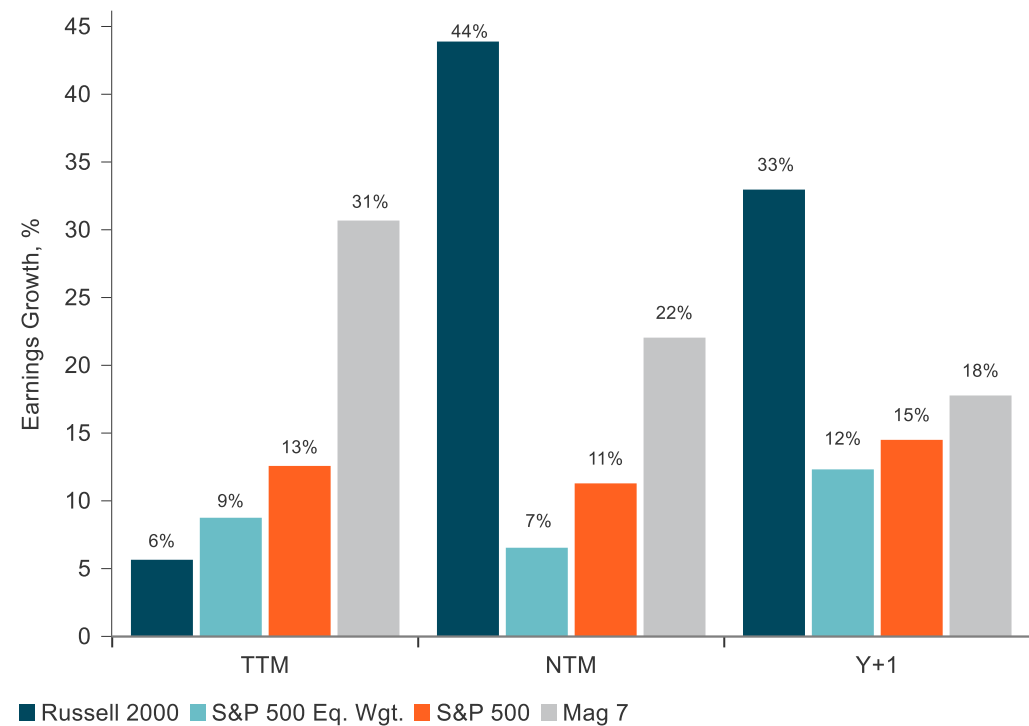
● Current ▲ 12 Months Ago ■ Median ■ Interquartile Range — 5th - 95th Percentile

Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. Asset class valuations show current valuations relative to trailing 20-years as of date in chart above.

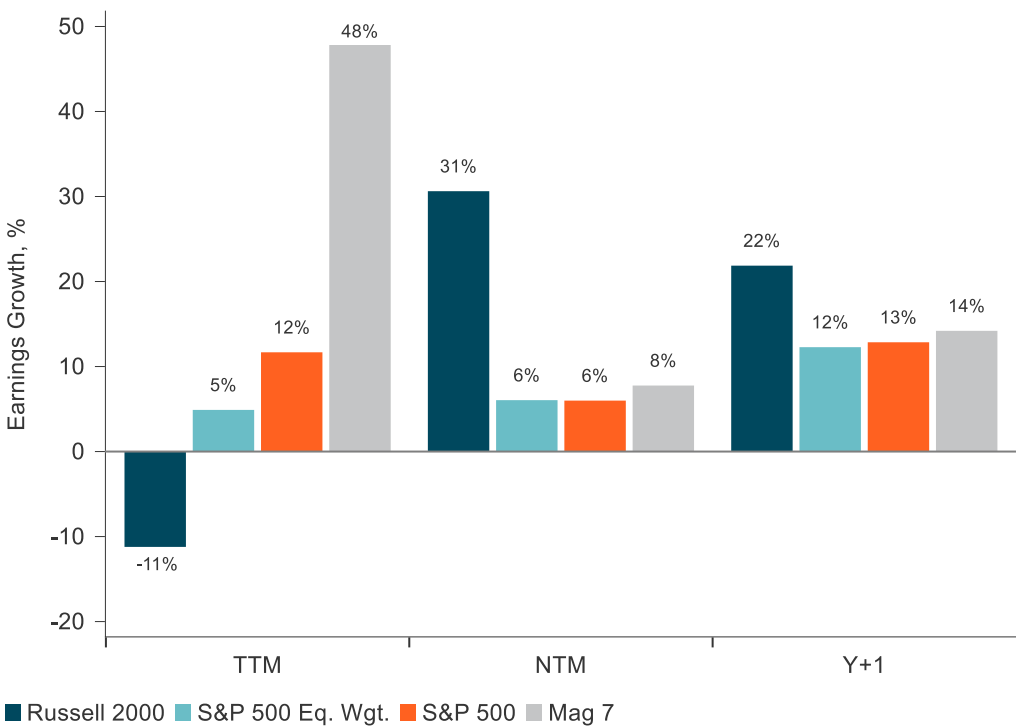
# Earnings Growth

Earnings Growth Across Market Cap  
Current



Data as of December 31, 2025

Earnings Growth Across Market Cap  
6-months Ago

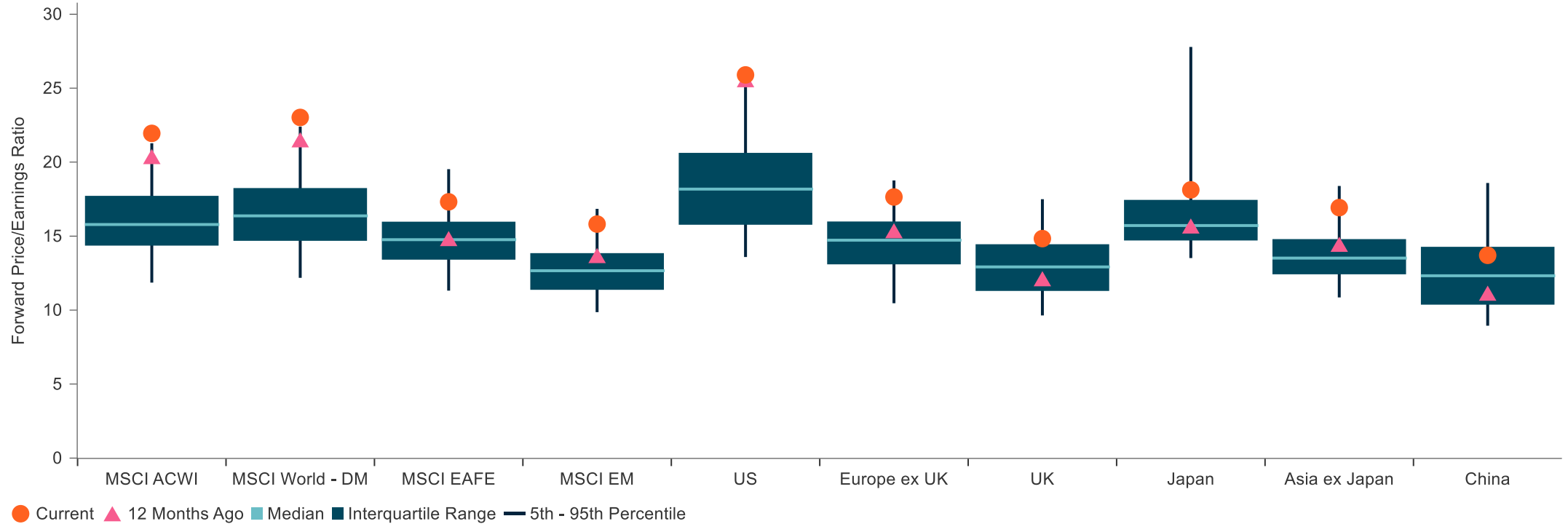


Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. TTM: trailing 12-months. NTM: next 12-months. Y+1: year after next. Mag 7 includes: Nvidia, Microsoft, Meta, Amazon, Alphabet, Apple, and Tesla.

# Global Valuations

## Regional Valuations

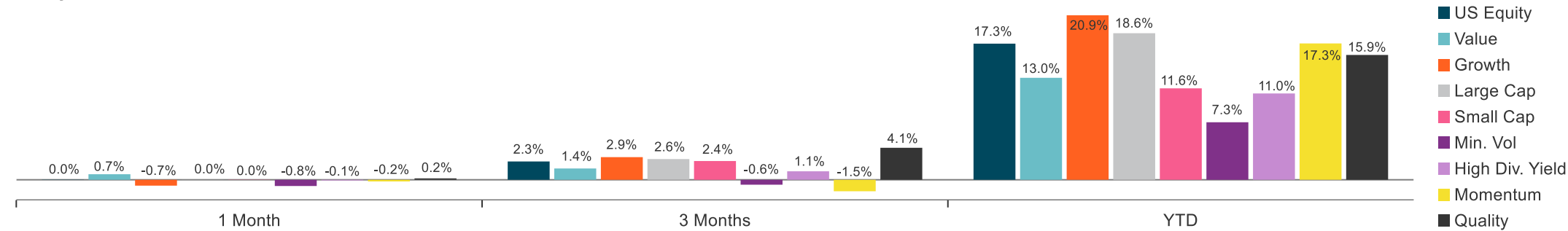


Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. Regional valuations show current valuations relative to trailing 20-years as of date in chart above.

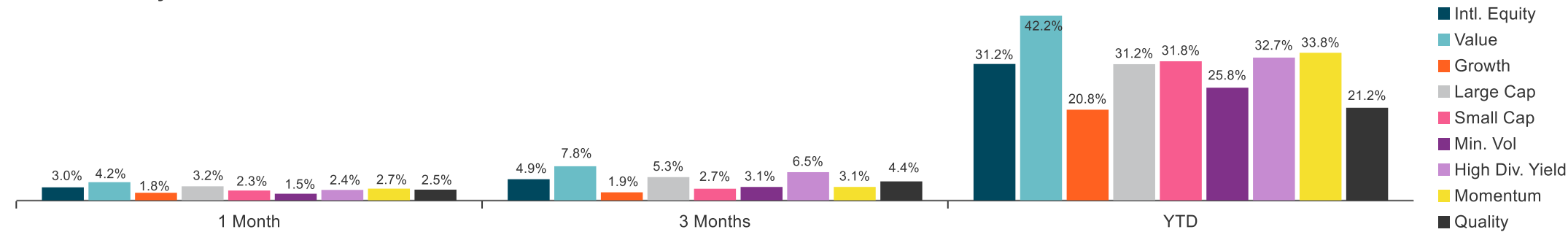
# Equity Styles

## US Style Returns



Data as of December 31, 2025

## International Style Returns



Data as of December 31, 2025

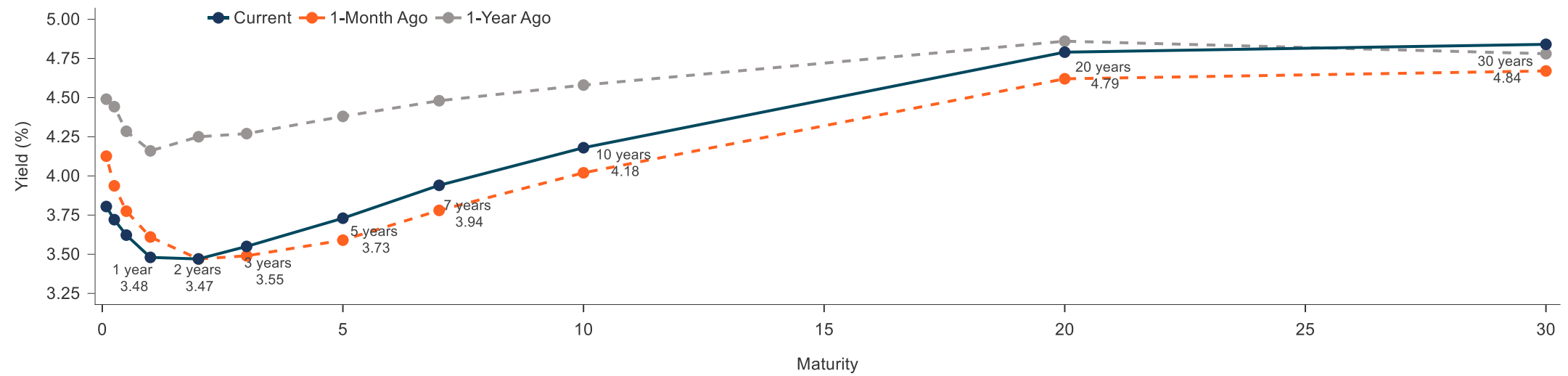
Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix.

FIXED INCOME

04

# US Yield Curve

US Treasury Yield Curve



Nominal Yield (%)	1 Month	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year	20 Year	30 Year
Current	3.74	3.67	3.59	3.48	3.47	3.55	3.73	3.94	4.18	4.79	4.84
1-Month Ago	4.05	3.88	3.74	3.61	3.47	3.49	3.59	3.78	4.02	4.62	4.67
1-Year Ago	4.40	4.37	4.24	4.16	4.25	4.27	4.38	4.48	4.58	4.86	4.78

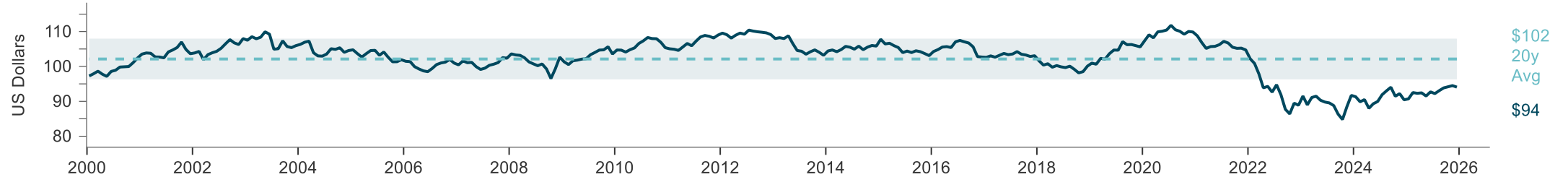
Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix.

# Components of Return

## Bloomberg US Agg Weighted Average Bond Price

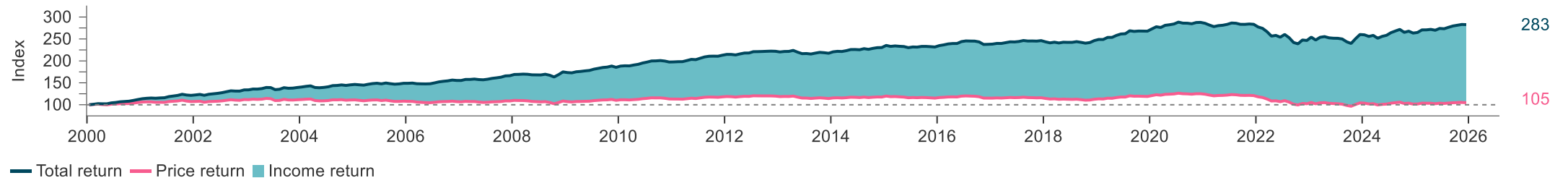
Teal shaded region indicates +1 and -1 Standard Deviation



Data as of December 31, 2025

## Bloomberg US Agg Bond Index Return Components

Teal region indicates the portion of total return derived from income return



Data as of December 31, 2025

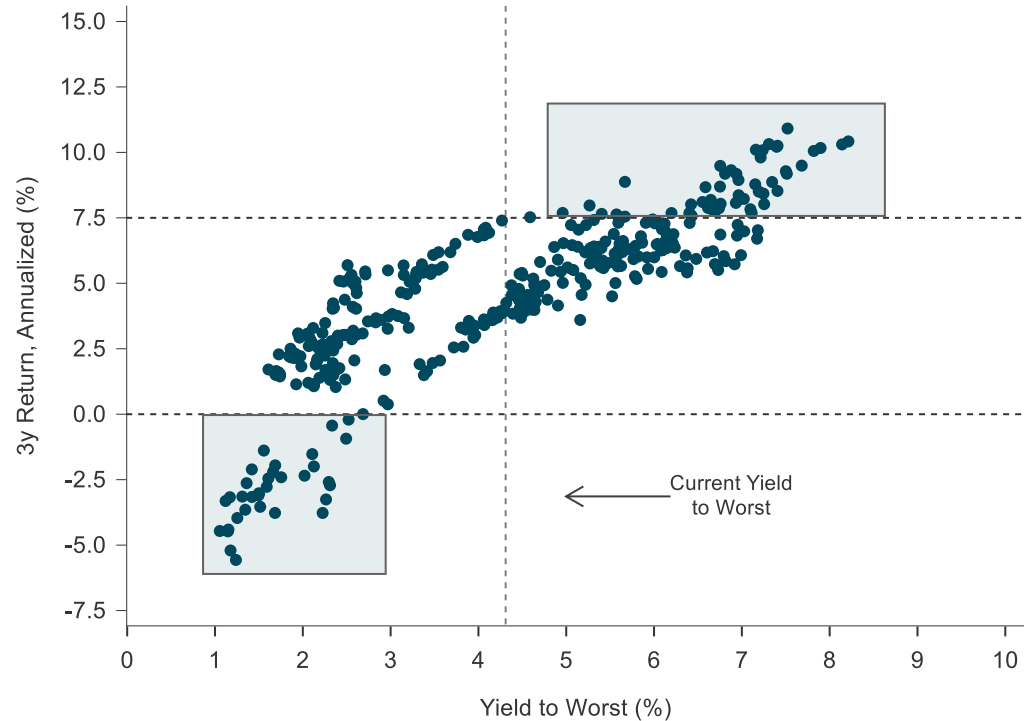
Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix.



# US Agg Valuations

## US Agg Broad Bond Index Valuations

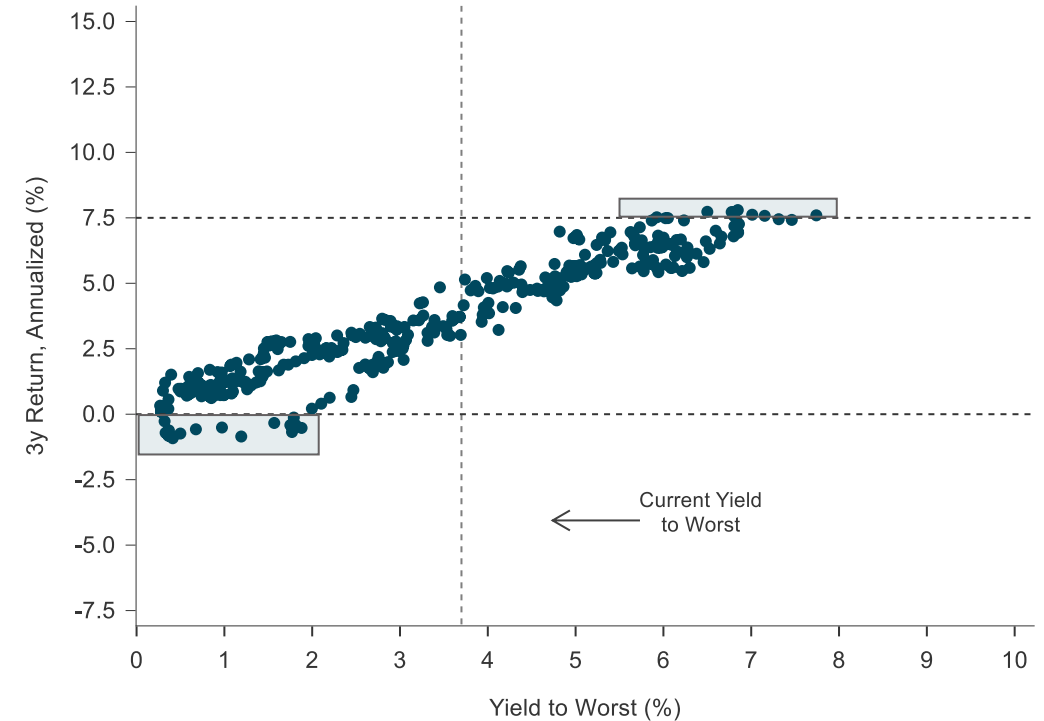
Starting yield and subsequent 3-year return, annualized, since March 1993



Data as of December 31, 2025

## US Agg (1-3 Years) Bond Index Valuations

Starting yield and subsequent 3-year return, annualized, since March 1993



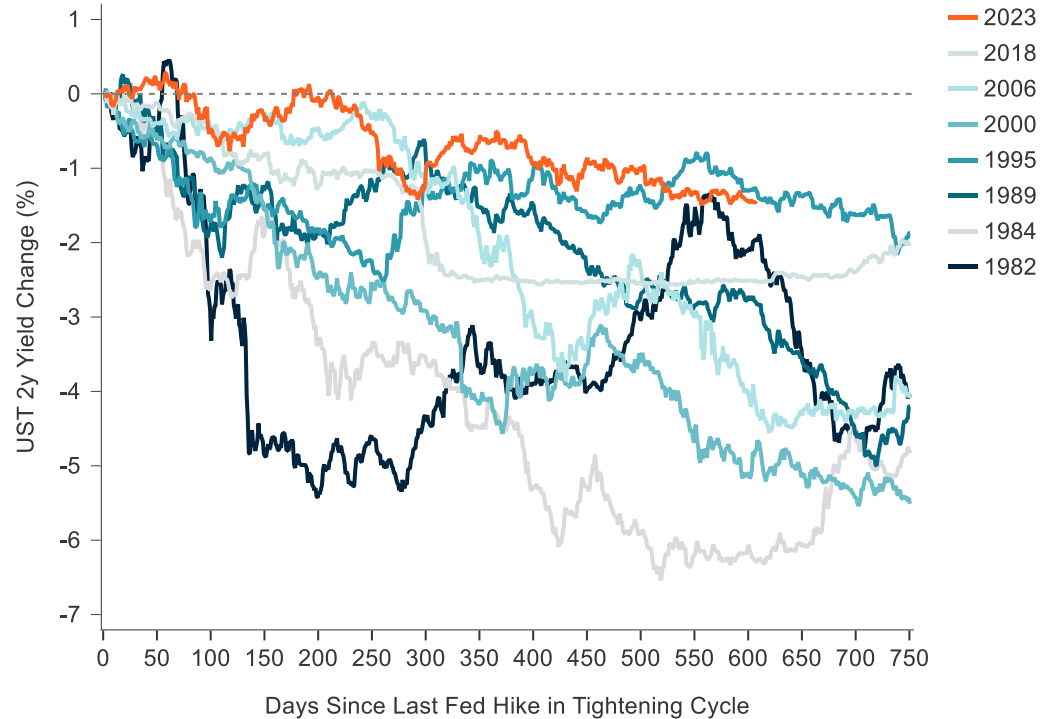
Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. Light teal shades denote 3-year annualized performance greater than 7.5% and negative 3-year annualized performance. 7.5% represents the approximate upper bound performance average for the US Aggregate 1-3 Years Bond Index.

# Interest Rate & Last Fed Hike

## US Treasury 2-year Yields

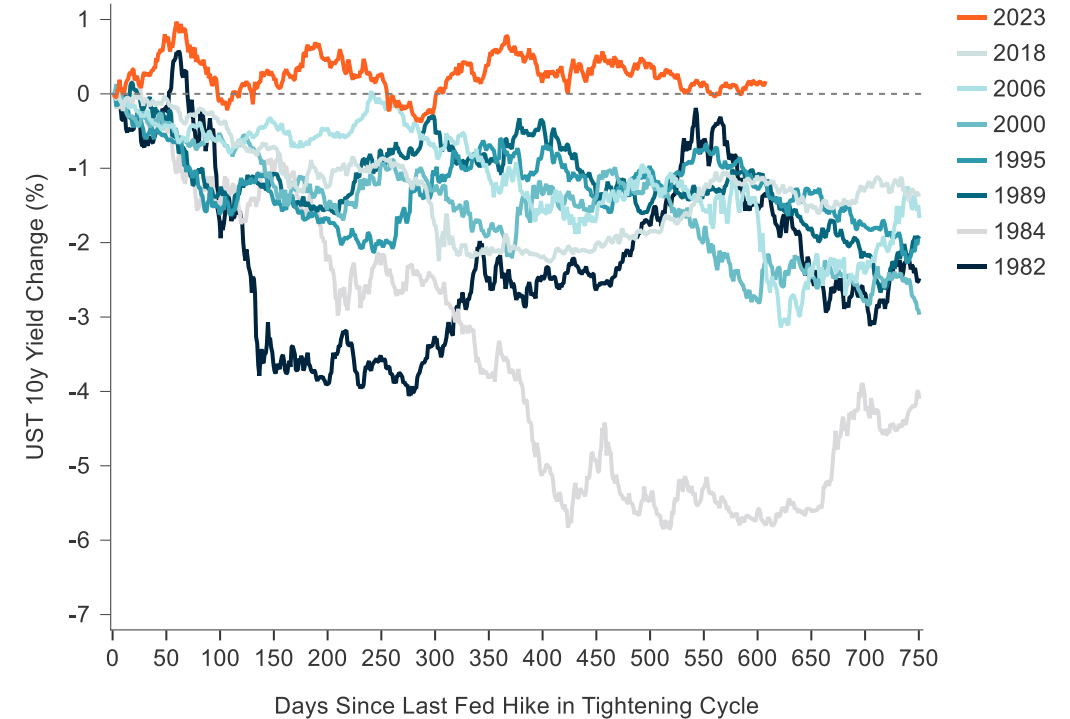
After last Fed hike



Data as of December 31, 2025

## US Treasury 10-year Yields

After last Fed hike

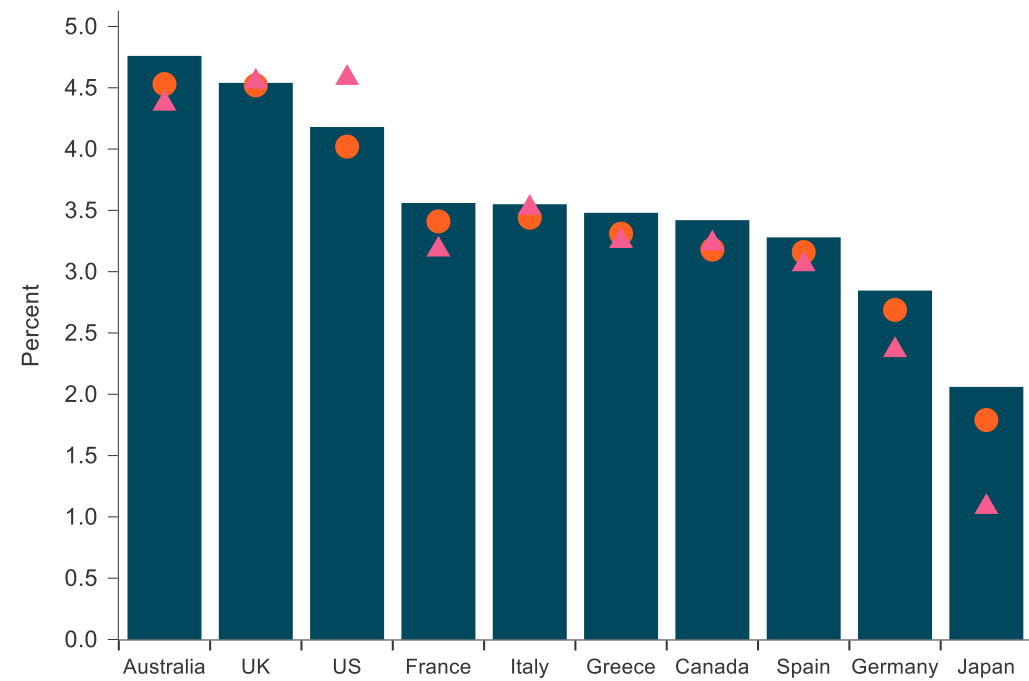


Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix.

# Bonds Without Borders

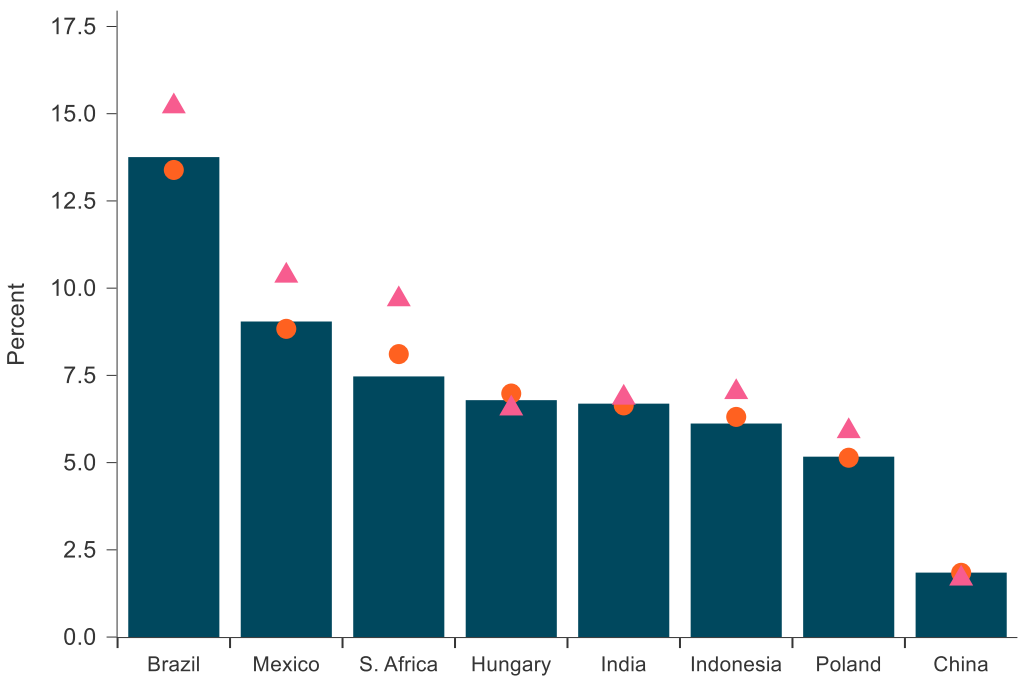
Developed Markets Bond Yields



▲ 12-months Ago ● 1-month Ago ■ Latest Yield

Data as of December 31, 2025

Emerging Markets Bond Yields



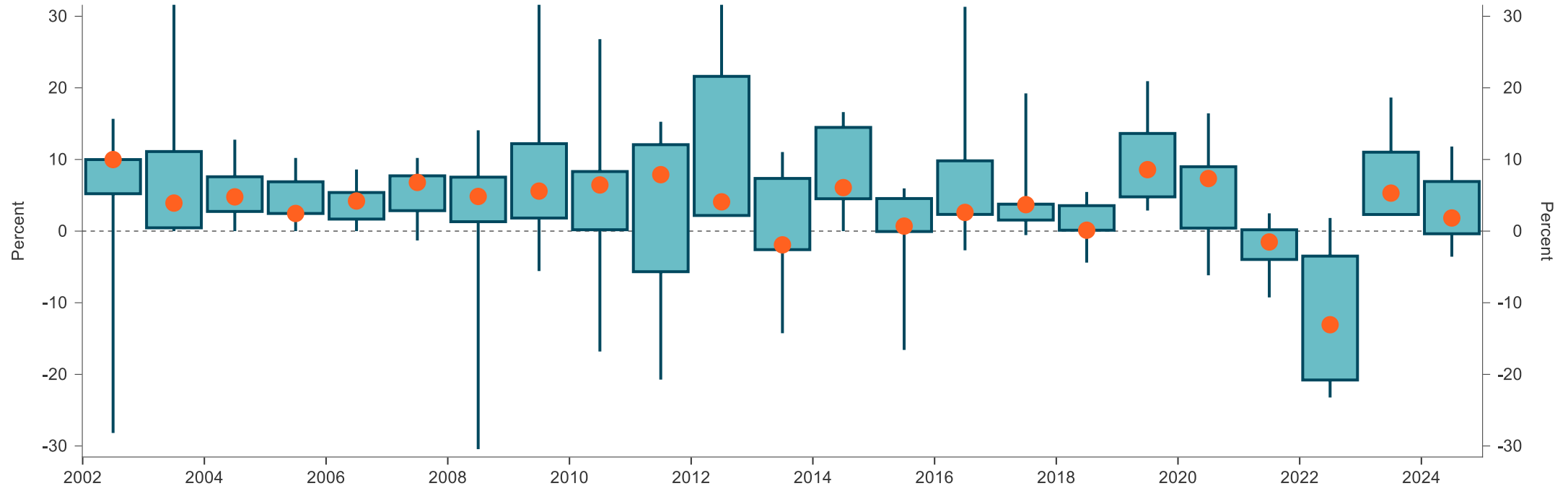
▲ 12-months Ago ● 1-month Ago ■ Latest Yield

Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix.

# Bonds Without Borders

## Historical Return Range



● United States, rhs ■ Box Represents G7 Total Return Range; Horizontal Line Represents Global Range, lhs

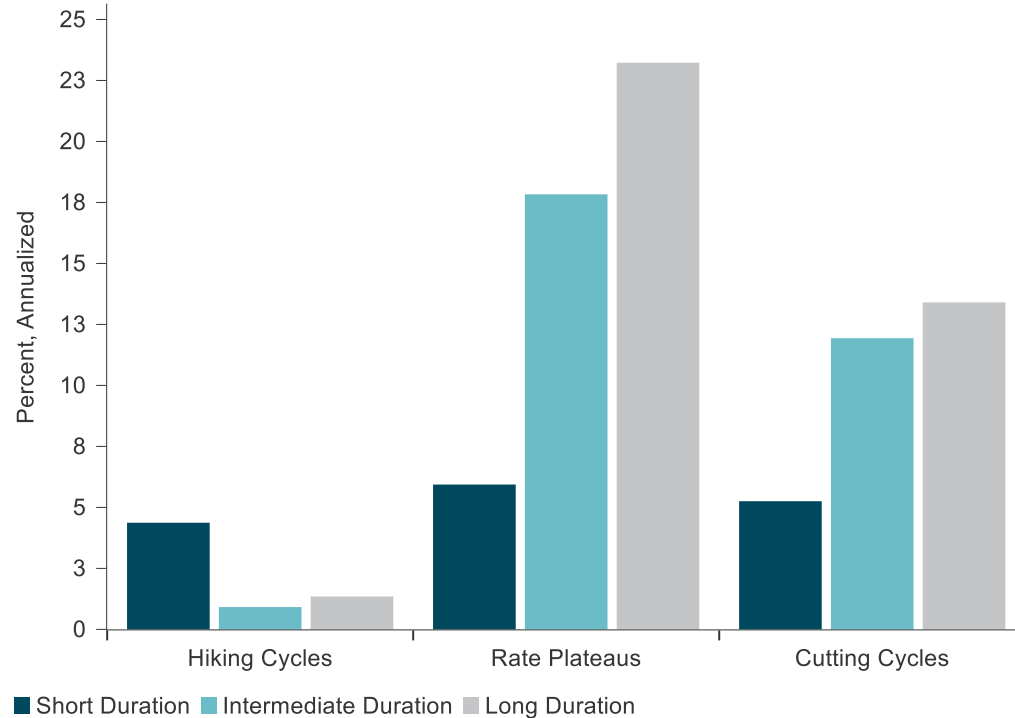
Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix.

# Bonds & Monetary Policy Cycles

## US Federal Reserve

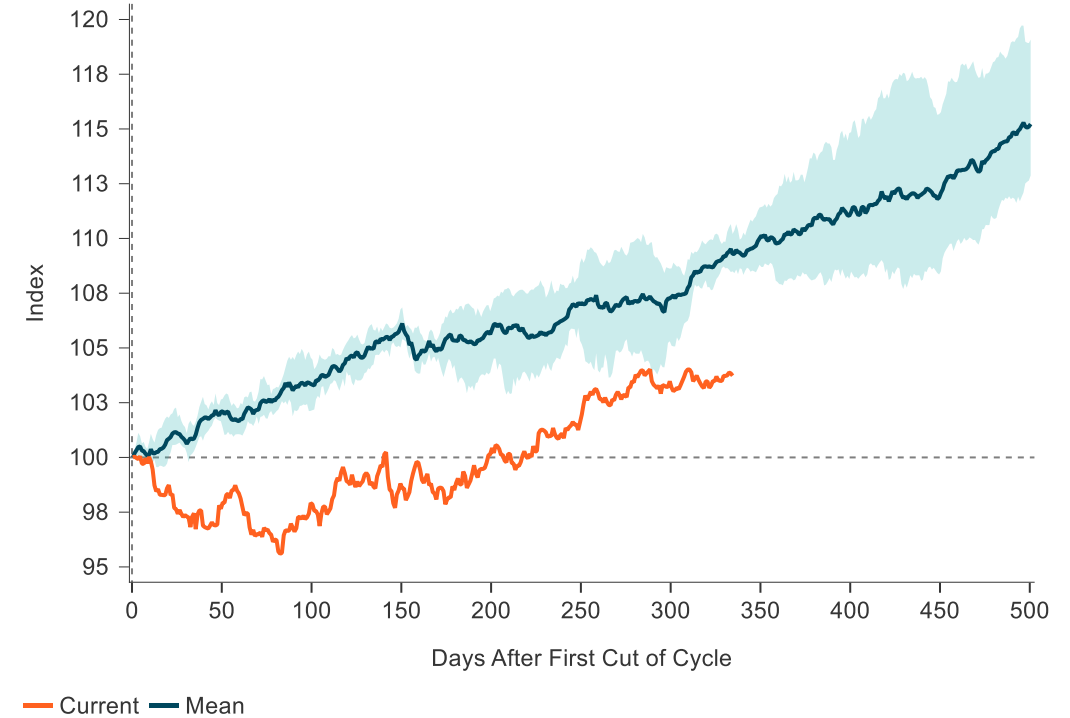
Previous 5 monetary policy cycle; excluding cycle that begun in year 2022



Data as of December 31, 2025

## Bloomberg US Aggregate Bond Index

After first rate cut (previous 5 monetary policy cycles)



Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. Monetary policy cycle defined as cycle that commences with two consecutive rate hikes. The 1998 rate cut excluded as a cycle in this slide as it did not precede two consecutive rate hikes. Rate cuts measure 6-month performance after initial rate cut, annualized.

# Fixed Income Performance Quilt

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix.

Rank	2018	2019	2020	2021	2022	2023	2024	YTD
1	US Trsy Bills 1.9%	US Long Trsy 14.8%	US Long Trsy 17.7%	US TIPS 6.0%	US Trsy Bills 1.3%	US HY 13.4%	US Leveraged Loan 9.0%	EMLC 16.6%
2	Global Agg (hdg.) 1.8%	US HY 14.3%	US TIPS 11.5%	US HY 5.3%	US Leveraged Loan -0.8%	US Leveraged Loan 13.3%	US HY 8.2%	US HY 8.6%
3	US Int. Trsy 1.4%	US IG 13.8%	US IG 9.4%	US Leveraged Loan 5.2%	US Int. Trsy -7.8%	EMLC 11.4%	US Trsy Bills 5.3%	US MBS 8.6%
4	US Muni 1.3%	EMLC 12.2%	Global Agg 9.2%	US Muni 1.5%	US Agencies -7.9%	US IG 8.2%	US IG CMBS 5.0%	Global Agg 8.2%
5	US IG CMBS 1.0%	US TIPS 8.8%	US Trsy 8.0%	US Trsy Bills 0.1%	US Muni -8.5%	Global Agg (hdg.) 7.1%	Global Agg (hdg.) 3.4%	US IG 7.8%
6	US MBS 1.0%	US Agg 8.7%	US IG CMBS 7.6%	US IG CMBS -0.9%	EMLC -10.3%	US Muni 6.4%	US Agencies 3.1%	US IG CMBS 7.8%
7	US Trsy 0.9%	US Leveraged Loan 8.6%	US Agg 7.5%	US MBS -1.0%	US IG CMBS -10.9%	Global Agg 5.7%	US Int. Trsy 2.4%	US Agg 7.3%
8	US Agencies 0.5%	US IG CMBS 8.3%	US HY 7.1%	US IG -1.1%	US HY -11.2%	US Agg 5.5%	US IG 2.0%	US TIPS 6.9%
9	US Leveraged Loan 0.4%	Global Agg (hdg.) 8.2%	US Int. Trsy 5.8%	US Agencies -1.3%	Global Agg (hdg.) -11.2%	US IG CMBS 5.3%	US TIPS 1.8%	US Int. Trsy 6.5%
10	US Agg 0.0%	US Agencies 7.6%	Global Agg (hdg.) 5.6%	Global Agg (hdg.) -1.4%	US MBS -11.8%	US Agencies 5.2%	US Agg 1.3%	US Agencies 6.4%
11	Global Agg -1.2%	US Muni 7.5%	US Muni 5.2%	US Agg -1.5%	US Trsy -12.5%	US Trsy Bills 5.2%	US MBS 1.2%	US Trsy 6.3%
12	US TIPS -1.5%	US Trsy 6.9%	EMLC 4.8%	US Int. Trsy -1.7%	US TIPS -12.6%	US MBS 5.0%	US Muni 1.1%	US Leveraged Loan 5.9%
13	US Long Trsy -1.8%	Global Agg 6.8%	US MBS 3.9%	US Trsy -2.3%	US Agg -13.0%	US Int. Trsy 4.3%	US Trsy 0.6%	US Long Trsy 5.6%
14	US HY -2.1%	US MBS 6.4%	US Leveraged Loan 3.1%	US Long Trsy -4.6%	US IG -15.3%	US Trsy 4.1%	Global Agg -1.7%	Global Agg (hdg.) 4.9%
15	US IG -2.1%	US Int. Trsy 5.2%	US Agencies 2.7%	Global Agg -4.7%	Global Agg -16.2%	US TIPS 3.8%	EMLC -2.2%	US Trsy Bills 4.3%
16	EMLC -4.8%	US Trsy Bills 2.4%	US Trsy Bills 0.9%	EMLC -7.8%	US Long Trsy -29.3%	US Long Trsy 3.1%	US Long Trsy -6.4%	US Muni 4.2%













Data as of December 31, 2025

# PORTFOLIO CONSTRUCTION

05

# Time in the Market

Hypothetical \$100,000 investment in 1989 (common inception)

S&P 500 Index			US Agg Bond Index		
Fully Invested		\$4,140,155	Fully Invested US Agg		\$542,723
Missed Top 5 Days		\$2,557,142	Missed Top 5 Days		\$504,525
Missed Top 10 Days		\$1,841,845	Missed Top 10 Days		\$476,914
Missed Top 20 Days		\$1,067,543	Missed Top 20 Days		\$431,540
Missed Top 30 Days		\$670,530	Missed Top 30 Days		\$397,365
Missed Top 40 Days		\$442,122	Missed Top 40 Days		\$364,951
Data as of December 31, 2025 Based on data since 1989			Data as of December 31, 2025 Based on data since 1989		

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. For illustrative purposes only.



# Equity & Bonds

## US Equity & Bond Returns since 1978

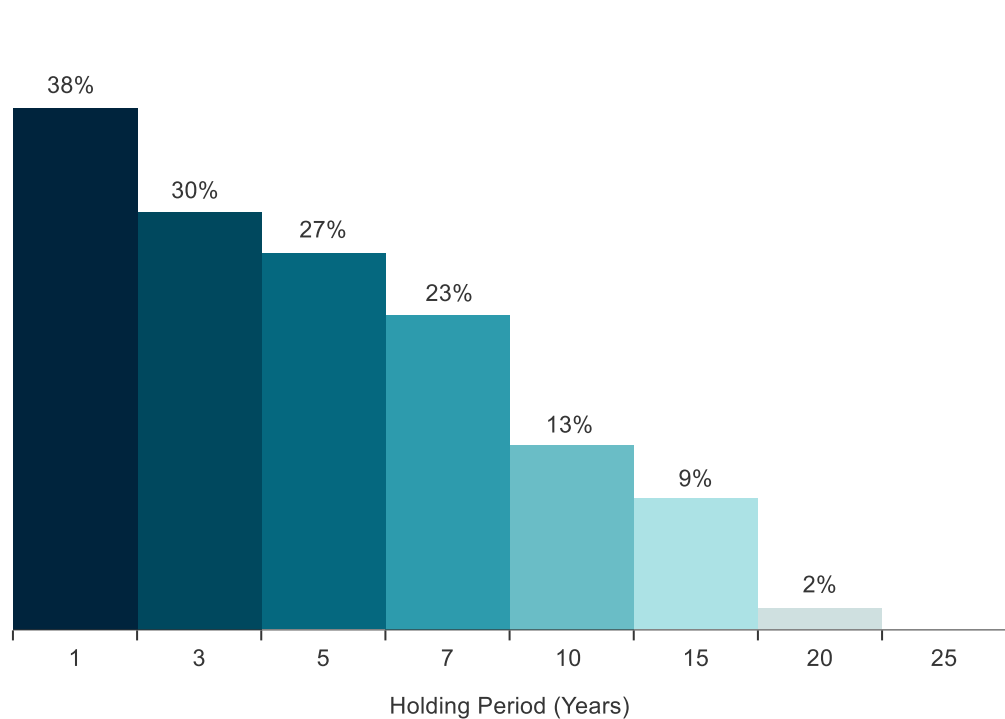


Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. Equity defined as S&P 500 index and bonds defined as Bloomberg US Aggregate Bond index.

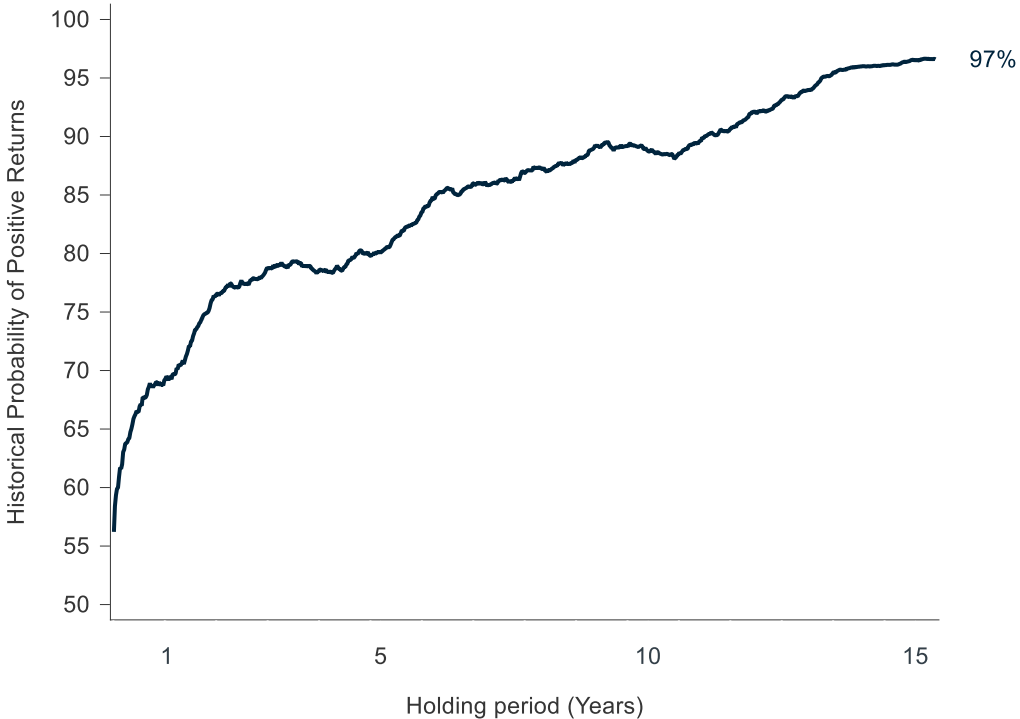
# Equity & Bonds

**Odds of Bonds Beating Equities based on Holding Period**  
Total returns of 10-year US Government Bond & S&P 500



Data as of December 31, 2025

**Probability of Positive Returns from S&P 500**  
Probability of positive returns based on holding period



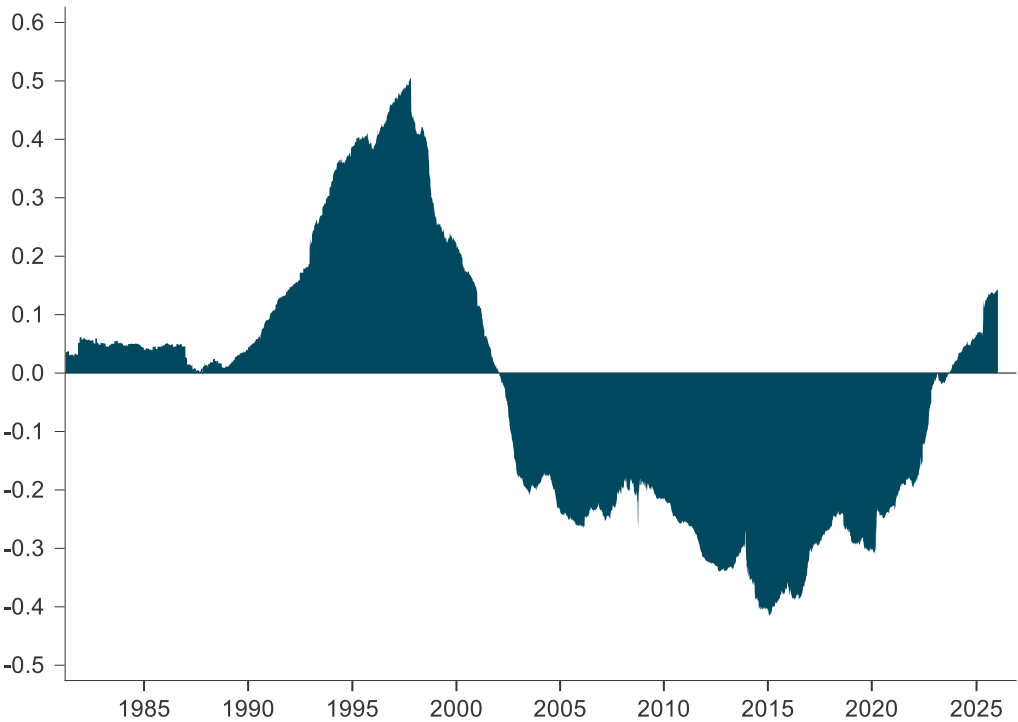
Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. For illustrative purposes only.

# Stock-Bond Correlation

## Stock-Bond Rolling 5-year Correlation

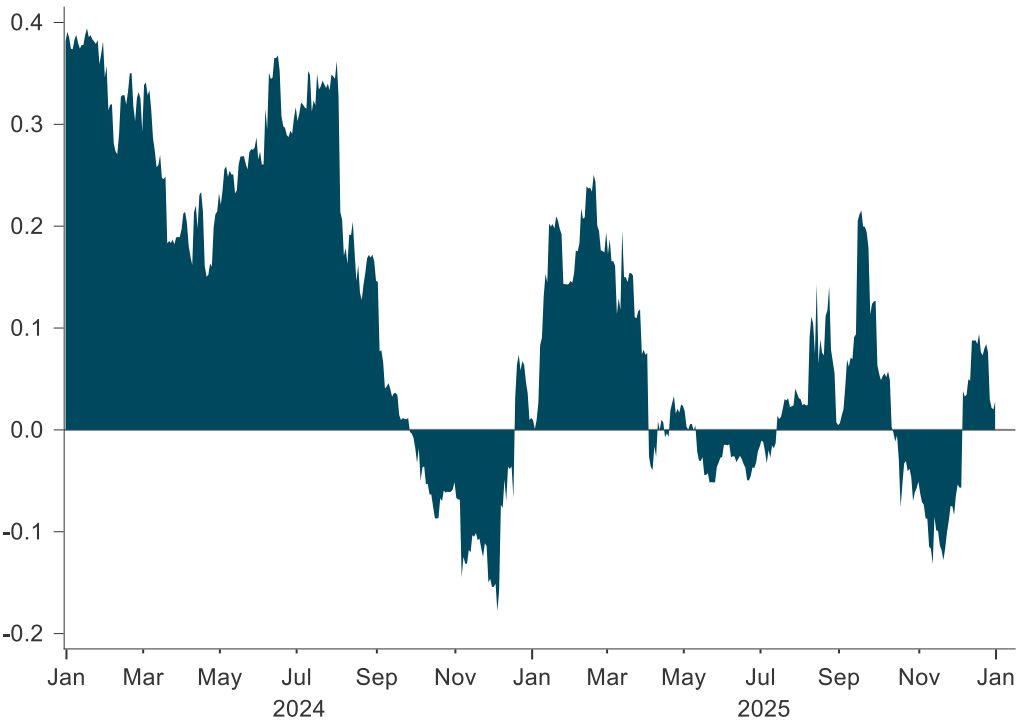
Stocks: S&P 500; Bonds: US Agg



Data as of December 31, 2025

## Stock-Bond Rolling 90-day Correlation

Stocks: S&P 500; Bonds: US Agg



Data as of December 31, 2025

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. For illustrative purposes only.

# Asset Class Performance Quilt

Source: BNY Investment Institute, Macrobond. **The performance quoted represents past performance which is no guarantee of future results.** Current performance may differ from figures shown. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any product. An investor cannot invest directly in the index. See full definition of indices in back labeled Appendix.

Rank	2018	2019	2020	2021	2022	2023	2024	YTD
1	USD 4.4%	US Crude WTI 34.5%	Gold 24.2%	US Crude WTI 58.7%	Commodity 16.1%	S&P 500 26.3%	Gold 26.6%	Gold 65.0%
2	Global Treasury ex US 3.6%	S&P 500 31.5%	MSCI EM 18.7%	S&P 500 28.7%	USD 8.2%	MSCI ACWI 22.8%	S&P 500 25.0%	MSCI EM 34.4%
3	Municipal Bond IG 1.4%	MSCI ACWI 27.3%	S&P 500 18.4%	Commodity 27.1%	US Crude WTI 4.2%	MSCI EAFE 18.9%	MSCI ACWI 18.0%	MSCI EAFE 31.9%
4	US Treasury 0.9%	MSCI EAFE 22.7%	MSCI ACWI 16.8%	MSCI ACWI 19.0%	Gold -0.4%	Gold 13.8%	Global High Yield 10.7%	MSCI ACWI 22.9%
5	US Leveraged Loan 0.4%	MSCI EM 18.9%	MSCI EAFE 8.3%	MSCI EAFE 11.8%	US Leveraged Loan -0.8%	Global High Yield 13.7%	US Leveraged Loan 9.0%	S&P 500 17.9%
6	Global Agg Corp IG -1.0%	Gold 18.8%	Global Agg Corp IG 8.3%	USD 6.4%	Hedge Funds -4.4%	US Leveraged Loan 13.3%	MSCI EM 8.1%	Commodity 15.8%
7	Gold -1.1%	Global High Yield 13.3%	US Treasury 8.0%	US Leveraged Loan 5.2%	Municipal Bond IG -6.4%	MSCI EM 10.3%	USD 7.1%	EM USD Debt 11.1%
8	EM USD Debt -2.5%	EM USD Debt 13.1%	Hedge Funds 6.8%	Hedge Funds 3.7%	Global Treasury ex US -10.1%	Global Agg Corp IG 9.1%	EM USD Debt 6.6%	Global High Yield 10.0%
9	Global High Yield -2.7%	Global Agg Corp IG 12.5%	EM USD Debt 6.5%	Global High Yield 2.5%	Global High Yield -11.0%	EM USD Debt 9.1%	Commodity 5.4%	Hedge Funds 7.2%
10	S&P 500 -4.4%	US Leveraged Loan 8.6%	Global High Yield 5.7%	Municipal Bond IG 0.9%	US Treasury -12.5%	Global Treasury ex US 8.0%	Hedge Funds 5.3%	Global Agg Corp IG 7.1%
11	Hedge Funds -6.7%	Hedge Funds 8.6%	Municipal Bond IG 5.1%	Global Agg Corp IG -0.8%	MSCI EAFE -14.0%	Municipal Bond IG 5.2%	MSCI EAFE 4.3%	US Treasury 6.3%
12	MSCI ACWI -8.9%	Commodity 7.7%	Global Treasury ex US 3.7%	EM USD Debt -1.7%	Global Agg Corp IG -14.1%	US Treasury 4.1%	Global Treasury ex US 4.2%	US Leveraged Loan 5.9%
13	Commodity -11.2%	Global Treasury ex US 7.4%	US Leveraged Loan 3.1%	Global Treasury ex US -1.7%	EM USD Debt -15.3%	Hedge Funds 3.1%	Global Agg Corp IG 3.7%	Municipal Bond IG 5.6%
14	MSCI EAFE -13.4%	Municipal Bond IG 6.9%	Commodity -3.1%	MSCI EM -2.2%	MSCI ACWI -18.0%	USD -2.1%	Municipal Bond IG 0.9%	Global Treasury ex US 2.0%
15	MSCI EM -14.2%	US Treasury 6.9%	USD -6.7%	US Treasury -2.3%	S&P 500 -18.1%	Commodity -7.9%	US Treasury 0.6%	USD -9.4%
16	US Crude WTI -24.8%	USD 0.2%	US Crude WTI -20.5%	Gold -3.8%	MSCI EM -19.7%	US Crude WTI -10.7%	US Crude WTI 0.1%	US Crude WTI -19.9%

Data as of December 31, 2025

# APPENDIX

## REPRESENTATIVE INDICES

**10Y German Bund:** Average yield of a range of German government bonds all adjusted to the equivalent of a ten-year maturity

**10Y Japanese Bond:** Average yield of a range of Japanese government bonds all adjusted to the equivalent of a ten-year maturity

**10Y UK Gilt:** Average yield of a range of UK government bonds all adjusted to the equivalent of a ten-year maturity

**10Y US Treasuries:** Average yield of a range of Treasury securities all adjusted to the equivalent of a ten-year maturity

**2Y US Treasuries:** Average yield of a range of Treasury securities all adjusted to the equivalent of a two-year maturity

**A:** Bloomberg US Agg A Total Return Value Unhedged USD

**AA:** Bloomberg US Agg Aa Total Return Value Unhedged USD

**AAA:** Bloomberg US Agg Aaa Total Return Value Unhedged USD

**ABS:** The index measures the performance of ABS component of the U.S. Aggregate index which measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

**Alerian MLP:** The Alerian MLP Index is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs).

**BB:** Bloomberg Ba US High Yield TR Index Value Unhedged USD,

**BBB:** Bloomberg US Agg Baa Total Return Value Unhedged USD

**B-CCC:** Bloomberg US Corporate B - Ca Capped Index TR Index Unhedged USD

**Bloomberg Commodity Index:** The Dow Jones UBS Commodity index is designed to provide diversified commodity exposure with weightings based on the commodity's liquidity and economic significance

**CMBS:** The Bloomberg US CMBS Investment Grade Index measures the market of US Agency and US Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mn.

**EM Aggregate:** The Bloomberg EM USD Aggregate Index includes USD denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

**EM Local Currency Government 10% Country Capped:** The Bloomberg EM Local Currency Government 10% Country Capped Index is a country-constrained version of the flagship Emerging Markets Local Currency Government Index, which is designed to provide a broad measure of the performance of local currency Emerging Markets (EM) debt.

**EM Sovereigns Local:** The Bloomberg EM Local Currency Government Total Return Index measures the general performance of locally issued FIXED INCOME securities by Emerging Market governments.

**EM Sovereigns USD:** The Bloomberg EM USD Aggregate: Sovereign Index is a subset of the Emerging Markets USD Aggregate Bond Index, only including securities classified as treasuries or sovereigns.

**Emerging Markets Dividends:** The Dow Jones Emerging Markets Select Dividend Index aims to measure the stock performance of 100 leading dividend-paying emerging-market companies, selected by dividend yield subject to screening and buffering criteria.

**Euro Agg:** The Bloomberg EuroAgg Index is a benchmark that measures the investment grade, euro-denominated, fixed-rate bond market, including treasuries, government-related, corporate and securitized issues. Inclusion is based on currency denomination of a bond and not country of risk of the issuer.

**Euro High Yield:** The Bloomberg Pan-European High Yield Index measures the market of non-investment grade, fixed-rate

corporate bonds denominated in the following currencies: euro, pounds sterling, Danish krone, Norwegian krone, Swedish krona, and Swiss franc.

**FTSE 100:** The FTSE 100 Index is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange.

**FTSE NAREIT All Equity REITs:** FTSE NAREIT All Equity REITS Total Return Index is a free float adjusted market capitalization weighted index that includes all tax qualified REITs listed in the NYSE, AMEX, and NASDAQ National Market.

**Global Aggregate:** The Bloomberg Global Aggregate Total Return (USD hedged) Index is a broad-based measure of the global investment-grade fixed income market.

**Global High Yield:** The Bloomberg Global High Yield Index is a broad-based measure of the global high yield market.

**Global Infrastructure:** The S&P Global Infrastructure Index is designed to track 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability.

**Global Investment Grade - Corporates:** This Index reflects the corporate component of the Bloomberg Global Aggregate Index which is designed to provide a broad-based measure of the global investment-grade FIXED INCOME markets.

**Global REITs:** The FTSE EPRA Nareit Global REITs index is a subset of the FTSE EPRA Nareit Global Index, comprising of only the REITs constituents.

**Global Treasury ex US:** The Bloomberg Global Treasury ex US index tracks fixed-rate local currency government debt of investment grade countries excluding the US and represents the Treasury sector of the Global Aggregate Index.

**Gold (USD / Troy Ounce):** Gold London Bullion Market spot price, quoted in USD per Troy Ounce

**Hedge Funds:** The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe.

**International Select Dividends:** The Dow Jones EPAC Select Dividend Index aims to represent the performance of high dividend-paying companies in the EPAC (Europe, Pacific, Asia and Canada) region, which covers developed markets excluding the U.S.

**JPM EMBI Global Diversified:** The J.P. Morgan EMBI Global Diversified Index tracks liquid, US Dollar emerging market fixed and floating-rate debt instruments issued by sovereign and quasi-sovereign entities<sup>1</sup>

**MSCI AC Asia ex Japan:** The MSCI AC Asia ex Japan Index captures large and mid cap representation across 2 of 3 Developed Markets (DM) countries (excluding Japan) and 8 Emerging Markets (EM) countries in Asia.

**MSCI All-Country World:** The MSCI All-Country World is an index that tracks the performance of both Developed and Emerging Market equities.

**MSCI Australia:** The MSCI Australia Index is designed to measure the performance of the large and mid cap segments of the Australia market.

**MSCI Brazil:** The MSCI Brazil Index is designed to measure the performance of the large and mid cap segments of the Brazilian market.

**MSCI Canada:** The MSCI Canada Index is designed to measure the performance of the large and mid cap segments of the Canada market.

**MSCI China:** The MSCI China Index captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs).

## REPRESENTATIVE INDICES

**MSCI EAFE:** The MSCI EAFE Index is an index that tracks the performance of Developed Market equities across Europe, Australasia and the Far East excluding the US and Canada.

**MSCI EM:** The MSCI EM index tracks the performance of Emerging Market Equities.

**MSCI EMU (Euro Area):** The MSCI EMU Index (European Economic and Monetary Union) captures large and mid cap representation across the 10 Developed Markets countries in the EMU.

**MSCI Europe:** The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 414 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

**MSCI France:** The MSCI France Index is designed to measure the performance of the large and mid cap segments of the French market.

**MSCI Germany:** The MSCI Germany Index is designed to measure the performance of the large and mid cap segments of the German market.

**MSCI Greece:** The MSCI Greece Index is designed to measure the performance of the large and mid cap segments of the Greek market.

**MSCI Growth:** Index is designed to reflect the performance of securities exhibiting overall growth characteristics.

**MSCI High Dividend Yield:** Index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

**MSCI India:** The MSCI India Index is designed to measure the performance of the large and mid cap segments of the Indian market.

**MSCI Indonesia:** The MSCI Indonesia Index is designed to measure the performance of the large and mid cap segments of the Indonesian market.

**MSCI Japan:** The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market.

**MSCI Large Cap:** Index is designed to reflect the performance of the large cap segment of the respective market.

**MSCI Mexico:** The MSCI Mexico Index is designed to measure the performance of the large and mid cap segments of the Mexican market.

**MSCI Min. Volatility:** Index is designed to reflect the performance of a minimum variance strategy.

**MSCI Momentum:** Index is designed to reflect the performance of an equity momentum strategy by emphasizing stocks with high price momentum.

**MSCI Poland:** The MSCI Poland Index is designed to measure the performance of the large and mid cap segments of the Polish market.

**MSCI Quality:** Index is designed to reflect the performance of quality growth stocks by identifying stocks with high quality scores based on three fundamental variables: high return on equity, stable y/y earnings growth, and low financial leverage.

**MSCI Small Cap:** Index is designed to reflect the performance of the small cap segment of the respective market.

**MSCI South Africa:** The MSCI South Africa Index is designed to measure the performance of the large and mid cap segments of

the South African market.

**MSCI South Korea:** The MSCI Korea Index is designed to measure the performance of the large and mid cap segments of the South Korean market.

**MSCI Spain:** The MSCI Spain Index is designed to measure the performance of the large and mid cap segments of the Spanish market.

**MSCI Switzerland:** The MSCI Switzerland Index is designed to measure the performance of the large and mid cap segments of the Swiss market.

**MSCI Taiwan:** The MSCI Taiwan Index is designed to measure the performance of the large and mid cap segments of the Taiwan market.

**MSCI Turkey:** The MSCI Turkey Index is designed to measure the performance of the large and mid cap segments of the Turkish market.

**MSCI UK:** The MSCI United Kingdom Index is designed to measure the performance of the large and mid cap segments of the UK market.

**MSCI US:** Index is designed to measure the performance of the large and mid- cap segments of the US market.

**MSCI Value:** Index is designed to reflect the performance of securities exhibiting overall value style characteristics.

**MSCI World - DM:** The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries. With 1,395 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI World Growth:** The MSCI World Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

**MSCI World Value:** The MSCI World Value Index captures large and mid cap securities exhibiting overall value style characteristics across 23 Developed Markets (DM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

**Nasdaq:** The Nasdaq Composite Index is the market capitalization weighted index of approximately 3,000 common equities listed on the Nasdaq stock exchange.

**Oil (WTI, USD / Barrel):** Generic West Texas Intermediate crude oil spot price

**Preferred Stock:** The iShares Preferred and Income Securities ETF seeks to track the investment results of ICE Exchange-Listed Preferred & Hybrid Securities Index

**Russell 1000:** The Russell 1000® Index measures the performance of the large-cap segment of the US equity universe.

**Russell 2000:** The Russell 2000 Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index.

**Russell 3000:** The Russell 3000® Index measures the performance of the largest 3,000 US companies designed to represent approximately 98% of the investable US equity market.

**Sterling Agg:** The Bloomberg Sterling Aggregate Bond Index measures the investment grade, sterling-denominated, fixed-rate bond market, including treasuries, government-related, corporate and securitized issues. Inclusion is based on the currency denomination of a bond, not country of risk of the issuer.

## REPRESENTATIVE INDICES

**S&P 500:** The S&P 500 is an index designed to track the performance of the largest 500 US companies.

**S&P 500 Communication Services:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a telecom services(sector) company using the Global Industry Classification Standard(GICS) system. Industry group includes telecommunication services and media and entertainment.

**S&P 500 Consumer Discretionary:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a consumer discretionary(sector) company using the Global Industry Classification Standard(GICS) system. Industry group includes automobiles and components; consumer durables and apparel; consumer services; and consumer discretionary distribution and retail.

**S&P 500 Consumer Staples:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a consumer staples(sector) company using the Global Industry Classification Standard(GICS) system. Industry group includes consumers staples distribution and retail; food, beverage and tobacco; and household and personal products.

**S&P 500 Energy:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a energy(sector) company using the Global Industry Classification Standard(GICS) system.

**S&P 500 Financials:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a financials(sector) company using the Global Industry Classification Standard(GICS) system. Industry group includes banks; financial services; and insurance.

**S&P 500 Healthcare:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a health care(sector) company using the Global Industry Classification Standard(GICS) system. Industry group includes healthcare equipment and services; pharmaceuticals, biotechnology and life sciences.

**S&P 500 Industrials:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a industrials(sector) company using the Global Industry Classification Standard(GICS) system. Industry group includes capital goods; commercial and professional services; and transportation.

**S&P 500 Materials:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a materials(sector) company using the Global Industry Classification Standard(GICS) system.

**S&P 500 Real Estate:** The S&P 500® Real Estate comprises those companies included in the S&P 500 that are classified as members of the GICS® Real Estate sector. Industry group includes equity real estate investment trusts and real estate management and development.

**S&P 500 Technology:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a information technology(sector) company using the Global Industry Classification Standard(GICS) system. Industry group includes software and services; technology hardware and equipment; and semiconductors and semiconductor equipment.

**S&P 500 Utilities:** The index measures the performance of all those companies held in the S&P 500 index that are classified as a utilities(sector) company using the Global Industry Classification Standard(GICS) system.

**S&P 400 Midcap:** Standard and Poor's Midcap 400 Index is a capitalization-weighted index which measures the performance of the mid-range sector of the U.S. stock market.

**S&P 500 VIX:** The VIX Index is a financial benchmark designed to be an up-to-the-minute market estimate of the expected volatility of the S&P 500® Index, and is calculated by using the midpoint of real-time S&P 500 Index (SPX) option bid/ask quotes.

**US 30Y Fixed-Rate Mortgage:** Bankrate.com 30-year US home mortgage fixed rate national average

**US Agencies:** Bloomberg US Agencies Total Return Unhedged USD measures US dollar-denominated, agency debt.

**US Aggregate:** Bloomberg US Agg Total Return Value Unhedged USD Index is a widely accepted, unmanaged total return index of corporate, government and government-agency debt instruments, mortgage-backed securities and asset-backed securities with an average maturity of 1-10 years.

**US Corporates:** Bloomberg US Corporate Total Return Value Unhedged USD Index tracks the investment grade, fixed-rate, taxable corporate bond market

**US CMBS:** The Bloomberg US CMBS Investment Grade Index measures the investment-grade market of US Agency and US Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mn. The index includes both US Aggregate eligible (ERISA eligible) and non-US Aggregate eligible (non-ERISA eligible) securities.

**US Credit:** The Bloomberg US Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

**US High Yield:** Bloomberg US Corporate High Yield Total Return Index Value Unhedged USD Index tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market.

**US Leveraged Loans:** The Morningstar LSTA US Leveraged Loan Index is a market-value weighted index designed to measure the performance of the US leveraged loan market.

**US Long Credit:** The Bloomberg US Long Credit Index measures the performance of investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related debt with at least ten years to maturity. It is composed of a corporate and a non-corporate component that includes non-US agencies, sovereigns, supranationals and local authorities.

**US MBS:** The Bloomberg US Mortgage Backed Securities (MBS) Index tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

**US Munis:** Bloomberg Municipal Bond Index Total Return Index Value Unhedged USD Index tracks the municipal FIXED INCOME market in the United States.

**US Securitized:** Bloomberg U.S. Securitized: MBS/ABS/CMBS and Covered TR Index Value measures US securitized debt including MBS, ABS, and CMBS.

**US TIPS:** The Bloomberg US Treasury Inflation-Protected Securities Total Return Index tracks the performance of publicly issued, US Treasury inflation-protected securities that have at least one year remaining to maturity and have \$250 million or more of outstanding face value.

**US Treasury:** The Bloomberg US Treasury Index is the US Treasury component of the US Aggregate Index and uses public obligations of the US Treasury with a remaining maturity of one year or more.

**US Treasury Bills:** The Bloomberg US Treasury Bill 3-6 Months Index tracks the market for treasury bills with 3 to 5.9 months to maturity issued by the US government. US Treasury bills are issued in fixed maturity terms of 4-, 13-, 26- and 52-weeks.

**US Treasury Intermediate:** The Bloomberg US Treasury Intermediate Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with maturities of 1 to 9.9 years to maturity.

**US Treasury Long:** The Bloomberg US Treasury: Long Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with 10 years or more to maturity.

**USD:** The US Majors Dollar Index (also referred to as 'DXY') tracks the performance of the USD versus a basket of foreign currencies including the euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona, and Swiss franc.



# Abbreviations

**AE:** Advanced economies

**AR:** Annualized rate

**BOE:** Bank of England

**BOJ:** Bank of Japan

**bp:** Basis points

**CBOE:** Chicago Board Options Exchange

**CFA<sup>®</sup>:** Chartered Financial Analyst<sup>®</sup>

**COFER:** Composition of foreign exchange reserves

**CP:** Commercial paper

**CPI:** Consumer price index

**Div.:** Dividend

**DM:** Developed markets

**EAFE:** Europe, Australasia and Far East

**ECB:** European Central Bank

**EM:** Emerging markets

**EPS:** Earnings per share

**Fed:** Federal Reserve

**FOMC:** Federal Open Market Committee

**FX:** Foreign exchange

**G3:** US, Japan, Euro area

**G4:** US, UK, Germany, Japan

**G7:** US, UK, Germany, Japan, Italy, Canada, France

**GDP:** Gross domestic product

**Global Equities:** MSCI All-Country World Index

**HICP:** Harmonized Index of Consumer Prices

**HY:** high-yield

**IG:** Investment grade

**IIF:** Institute of International Finance

**IMF:** International Monetary Fund

**ISM:** Institute for Supply Management

**LTRO:** Long-term refinancing operation

**m/m (MoM):** Month-over-month

**Min.:** Minimum

**MSCI:** Morgan Stanley Capital Index

**MTD:** Month-to-date

**NFIB:** National Federation of Independent Business

**NFP:** Nonfarm Payrolls

**OAS:** Option adjusted spread

**OIS:** Overnight indexed swap rate

**PB:** Price-to-book ratio

**PBOC:** People's Bank of China

**PCE:** Personal consumption expenditures

**PE:** Price-to-earnings ratio

**PEPP:** Pandemic Emergency Purchase Program

**PMI:** Purchasing managers index

**q/q (QoQ):** Quarter-over-quarter

**QE:** Quantitative easing

**QT:** Quantitative tightening

**SA:** Seasonally adjusted

**SAAR:** Seasonally adjusted annualized rate

**SD:** Standard deviation

**SOFR:** Secured Overnight Financing Rate

**TR:** Total return

**USD:** US dollar

**WTI:** West Texas Intermediate

**y/y (YoY):** Year-over-year

**YTD:** Year-to-date

# Definitions

**CPI:** US Consumer Price Index Urban Consumers (CPI) YoY is an index designed to measure the changes in prices of all goods and services purchased for consumption by US urban households.

**Debt-to-Asset:** Calculated by dividing the total debt of a company by the company's total assets.

**EPS:** Earnings per share (EPS) is a financial metric that measures how much profit a company makes for each share of its common stock. It's calculated by dividing a company's net income by the number of outstanding shares.

**HICP:** The Harmonized Index of Consumer Prices (HICP) is a way to measure inflation in Europe by tracking the average price changes of a basket of consumer goods and services. The HICP is used to compare inflation across countries and is a key indicator for the European Central Bank (ECB) and the European Union (EU)

**LTRO:** A loan product used by the European Central Bank (ECB) to provide low-interest loans to eurozone banks. LTROs are a source of funding for banks that use sovereign debt as collateral. The loans are offered monthly and are typically repaid in three months, six months, or one year.

**NFP:** Nonfarm payroll measures the number of workers in the U.S. except those who work in farming, private households, non-profits, and sole proprietorships or self-employment, as well as those who are active military service members.

**OAS:** The OAS spread is a constant spread that when added to all discount rates from the US treasury curve on the binomial interest rate tree model will make the theoretical value of future cash flows equal to the market price of the instrument.

**OIS:** An overnight index swap (OIS) is an interest rate swap where the OIS leg is set by reference to a daily overnight reference rate.

**PCE:** US Personal Consumption Expenditure (PCE) YoY tracks overall price changes for goods and services purchased by consumers.

**PMI:** PMIs indicate the prevailing direction of economic trends in the manufacturing and service sectors. A level above 50 indicates expansion compared to the prior month and below 50 contraction.

**Price-to-Earnings (PE):** The price-to-earnings (P/E) ratio measures a company's share price relative to its earnings per share (EPS). Often called the price or earnings multiple, the P/E ratio helps assess the relative value of a company's stock.

**ROE:** Return on equity (ROE) is a measure of a company's financial performance. It is calculated by dividing net income by shareholders' equity.

**SOFR:** Secured Overnight Financing Rate (SOFR) is a benchmark interest rate that measures the cost of borrowing money overnight in the United States. It's used as a reference rate to calculate the interest banks pay on loans.

**WARN:** The WARN Act requires employers to give 60-days' notice before a mass layoff, plant closure, or relocation. Employers must notify employees and both state and local representatives. This helps workers prepare for job loss, find new jobs, or train for new opportunities.

**Yield:** Yields shown are the yield to worst of each respective index. Yield to worst represents the lowest yield figure between the yield to maturity, yield to call, or yield to refunding.

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