

2023—the recession that never was. Few economists or strategists saw 2023 playing out the way it did in financial markets and the fourth quarter of the year did not disrupt that narrative. While economies slowed around the globe and geopolitical events remained top of mind, central bankers appeared close to declaring victory over the inflation that has ravaged the landscape since the COVID-19 pandemic. In particular, the U.S. has defied expectations for an economic slowdown and a more meaningful increase in the unemployment rate following 11 increases in Federal Funds for a total of 525 basis points (bps) since March of 2022. The consensus is that the Federal Reserve (Fed) has pulled off the elusive “soft landing.” As this consensus built over the course of the quarter, financial markets responded in kind with rallies in risk assets as well as risk-free rates. We are optimistic that we have seen the peak in interest rates this cycle, but caution that the impact of monetary policy acts on the economy with variable lags and unpredictability. We will be paying close attention to the incoming data in the weeks and months ahead.

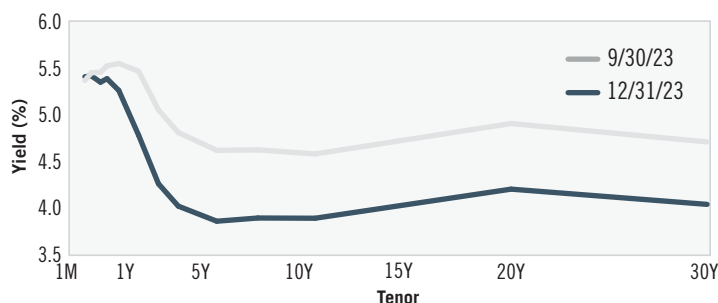
Meanwhile, the ever-evolving situation with Russia and Ukraine was superseded by the October 7th terrorist attack in Israel and the associated response by the Israeli government during the quarter. Any further escalation of the conflict could prove disruptive to the improving global inflation picture. Though the geopolitical environment remains complicated and difficult to forecast, most disruptions tend to be absorbed over relatively short time periods. Political activity will ramp as we enter 2024, with research from Wall Street highlighting that 2024 will see the largest proportion of the world population in history head to the polls.

Financial market performance was strong during the quarter. We have seen significant progress on headline inflation readings as supply chains healed, demand shifted from goods to services, and energy prices rebalanced. Core readings of inflation, while still stubbornly above targets, are annualizing towards levels that are consistent with central bank goals. 2024 seems likely to deliver the first interest rate cuts from policymakers across developed markets, though they will likely be desynchronized. The

Fed’s latest summary of economic projections still shows meaningful deviation from market expectations for the timing and magnitude of rate cuts next year. All of the above will likely create interesting investment opportunities for investors in the coming quarters.

With the positive tone in both risk- and risk-free assets, fixed income sectors had positive total returns in the fourth quarter. Spread sectors outperformed U.S. Treasuries and spreads tightened. Within spread sectors, longer duration and risk asset classes outperformed. The U.S. Treasury curve shifted lower during the quarter and further inverted along most of the curve. The 2-year Treasury yield decreased 80 bps, the 5-year Treasury yield decreased by 76 bps, the 10-year Treasury yield decreased by 69 bps, and the 30-year Treasury yield moved 67 bps lower.

U.S. TREASURY YIELD CURVE



Source: Bloomberg LP. As of December 31, 2023.

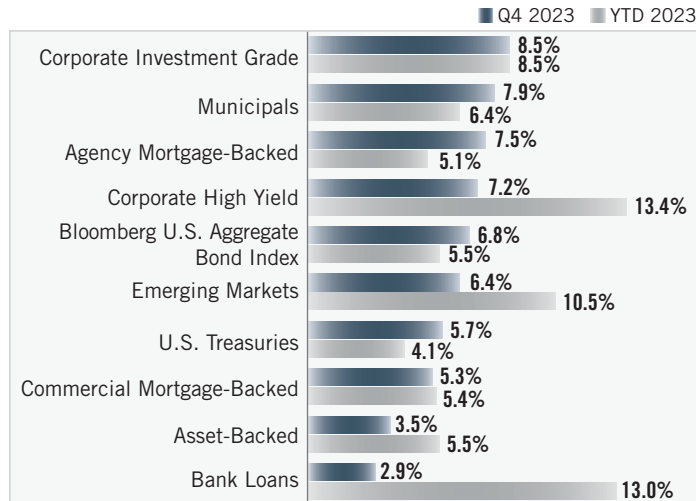
We continue to see value being restored across most of the fixed income sectors in which we invest. Yields remain elevated and bond prices are broadly discounted. We expect the Fed will be successful in returning inflation to acceptable levels over time. We continue to watch data releases to inform our views on the global economic trajectory.

As the markets digest economic and geopolitical developments, we continue to believe active sector and issuer selection is critical to take advantage of market volatility as it arises. Our approach to fixed income—the approach we have implemented for over three decades—enables us to scan the bond market for the most attractive investment opportunities and is, in our view, ideally suited for the current environment.

FIXED INCOME SECTOR PERFORMANCE

All spread sectors posted positive total returns during the period.

FIXED INCOME SECTOR PERFORMANCE



Past performance is no guarantee of future results. Performance as of December 31, 2023. Sources: J.P. Morgan: Emerging Markets (EMBI Global); Bloomberg U.S. High Yield 2% Index: Corporate High Yield; Credit Suisse: Bank Loans; Bloomberg Municipal Bond Index: Municipals; Bloomberg U.S. Aggregate Bond Index: All other sectors.

The following sections reflect the views of the individual sector specialists.

INVESTMENT GRADE CORPORATES

In the fourth quarter, investment grade corporates posted their third-best quarter dating back to 1990 with an 8.5% total return (Q2 2009—Global Financial Crisis and Q2 2020—COVID-19.) Spreads shot 22 bps tighter to 99 bps, through 100 for the first time since January 2022. Spreads moved from the 43rd percentile down to the 24th (1990-present). Valuations are challenging in aggregate, but at the absolute extremes for industrials (58% of the index), which ended the year in the second percentile historically. Financials are less constrained at the 41st percentile

historically, but the long-duration focused institutional buyer that accounts for much of today's demand is unlikely to make a major shift in allocation to capture this disparity. We find financials attractive here and expect to outperform on carry, but acknowledge that there is no obvious catalyst for a compression trade.

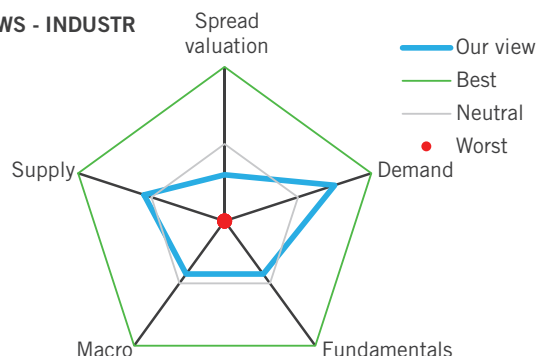
Fortunately, while we have trepidations on the valuations, we are confident in the fundamentals. Metrics were broadly stable both in the fourth quarter and for the full year, and earnings are expected to rebound in 2024 after softness in the last twelve months. Interest coverage is trending lower as interest rates reset coupons higher, but the average credit has over 10x coverage, and with an average maturity north of 11 years, it will take years for the cost of capital to reset higher. Issuer behavior has been encouraging, especially for the lowest end of the investment grade ratings spectrum. The fear of an impending recession and higher rates has discouraged both large-scale M&A and aggressive shareholder returns. In late October, Ford became the largest rising star on record, boosting the full-year rising star total north of \$120 billion—easily a new record—and well above the fallen angel total of less than \$25 billion. Upgrades should fall sharply from here, but the list of potential downgrades remains short.

Demand clearly outstripped supply in the fourth quarter with seasonally modest issuance, steady flows, and rebalancing from institutional buyers. We believe buyers were keen to lock in these yields considering the impending Fed pivot. The most notable imbalance is on the long end of the curve where 10s/30s spreads are flat.

Outlook: Heading into 2024, the expectation is that supply moderates again, which would support the asset class. However, we would anticipate these tight valuations to start to temper demand as well, leading to a more balanced environment than we just experienced.

INDUSTRIALS: STRONG YIELD-DRIVEN DEMAND BUT VERY TIGHT STARTING SPREADS VERSUS LONG-TERM

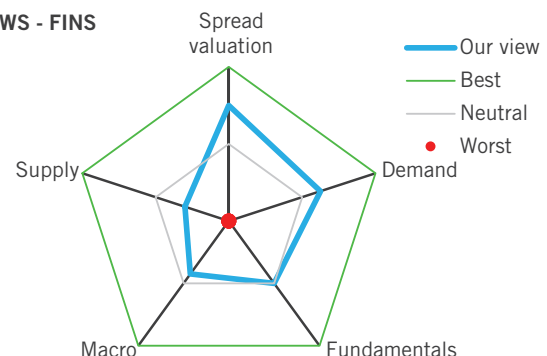
KEY VIEWS - INDUSTR



Source: Barclays Research. As of December 8, 2023.

FINANCIALS: WIDE STARTING SPREADS BUT SUPPLY TO INCREASE ABOUT 12% YEAR-OVER-YEAR

KEY VIEWS - FINS



Source: Barclays Research. As of December 8, 2023.

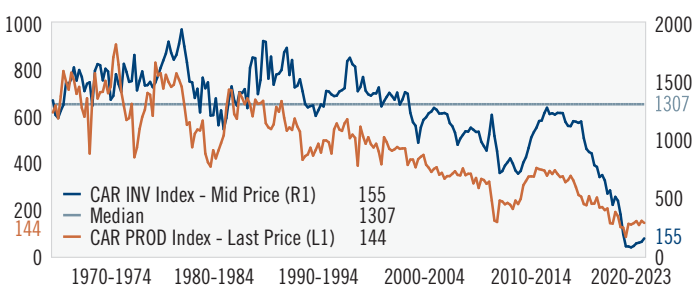
SECURITIZED PRODUCT

As Treasury rates rallied significantly during the fourth quarter amid hopes for a soft landing, the demand for securitized product was very strong. As a result, investors embraced credit risk in the consumer and housing sectors. Credit spreads for all securitized products tightened significantly versus U.S. Treasuries, generating positive excess spread versus risk-free assets. Even the much-maligned commercial real estate sector tightened in spreads as the prospect of lower rates bode well for future refinancings. As a result of the above, the total returns for the securitized sectors of the Bloomberg Aggregate Index were an impressive 3.48% for asset-backed securities (ABS), 5.25% for commercial mortgage-backed securities (CMBS), and 7.48% for agency mortgage-backed securities (MBS) for the quarter.

From a technical perspective, ABS supply was strong and steady throughout the quarter, ending the year by slightly eclipsing 2022 issuance levels. Primarily driven by the interest rate rally, the CMBS new issuance machine picked up significantly during the quarter and exceeded 2022's fourth-quarter issuance. However, overall 2023 supply was down approximately 54% from 2022 issuance levels. The lack of non-agency residential mortgage-backed securities (RMBS) supply coupled with a strong housing market has been a positive technical for this sector.

The U.S. consumer's fundamentals remained positive during the quarter, with job openings still plentiful (1.34 openings per unemployed), a low unemployment rate (3.7%), and strong wage gains for the lower-income quintile. According to the Bank of America Institute, median household savings and checking balances by income level continue to exceed 2019 levels, indicating dry powder on the sidelines. While credit card spending has trended higher, credit card utilization rates remain below pre-pandemic levels. Delinquency levels, which had climbed higher than pre-pandemic levels for lower-income consumers, leveled off during the fourth quarter. Auto inventory levels are below production levels (see below). Inventory levels remaining below production levels bode well for recovery values on defaulted loans.

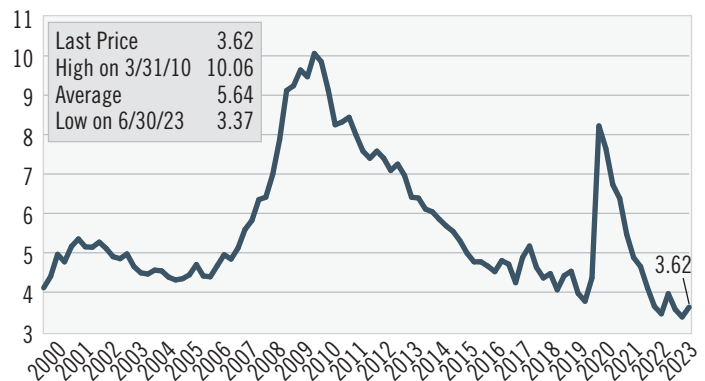
AUTO INVENTORIES VS. PRODUCTION



Source: Bloomberg LP. Data as of June 30, 2023.

The housing sector continues to perform. Mortgage rates rallied back somewhat but remain 200 bps higher than 20-year averages. Despite affordability headwinds from higher rates, mortgage credit fundamentals are still very solid. Within the residential housing market, national home price appreciation shows another 5% growth for 2023 despite the headwinds. Only 2% of mortgaged properties have negative equity. The monthly supply of existing homes is also still historically low, creating a floor for any potential price declines, while mortgage delinquency rates remain near all-time lows. The fourth quarter was positive from an agency MBS index price level, while non-agency RMBS continues to offer relative value versus the more technically driven agency MBS market. RMBS valuations continue to be bolstered by strong technicals (60% less supply YTD), while high levels of homeowner equity and stringent underwriting supports the asset class's credit performance.

MORTGAGE BANKERS ASSOCIATION NATIONAL DELINQUENCY SURVEY



Source: Bloomberg LP. As of January 2, 2024.

Though new issue deal flow picked up during the fourth quarter, the CMBS sector is still facing challenging headwinds, with Real Capital Analytics reporting that commercial real estate (CRE) has depreciated 8% from a year ago. (Note: Data points provided by Real Capital Analytics are based on repeat sales.) Apartment, office, and retail properties have depreciated 12%, 15%, and 7%, respectively, on a year-over-year basis. The primary drivers for the revaluations include a supply/demand imbalance for apartments, the work-from-home phenomenon, slowed consumer spending, and the significant move higher in interest rates. However, given the strong rate rally over the fourth quarter, the 10-year Treasury rate sits just 37 bps higher than at the end of 2022. The CRE market needs lower rates to justify some of the current valuations, and a lack of CRE turnover in 2023 has resulted in less asset price transparency. Currently, the CRE loan origination market is frozen, so many borrowers have asked for and received

maturity extensions and, in return, have contributed some equity to the deal. Going forward, the CMBS sector is going to see a lot more loan modifications as borrowers and lenders try to bridge the gap to late 2024 and 2025 when rates are expected to be lower.

As mentioned above, credit spreads rallied significantly during the quarter, in some cases reaching levels that street analysts were predicting for the end of 2024. Securitized product spreads appear attractive versus their investment grade corporate peers with similar maturities. Though interest rates rallied significantly, yield opportunities still appear attractive, especially on the front end of the yield curve. In ABS, investors had an insatiable demand for credit risk as the most leveraged components of capital structures saw the most investor interest. Agency MBS has become less attractive versus investment grade corporate debt after the late 4Q rally. Non-agency RMBS still appears undervalued given its risk return profiles and the favorable technical setup. Within CRE, spreads of the senior tranches of most CMBS deals tightened for the quarter, but the more credit-sensitive junior tranches remained flat. Looking ahead, given current credit spreads, we believe spreads can continue to rally during the first quarter of 2024 under current economic conditions.

TAX-EXEMPT MUNICIPAL BONDS

Municipals finished the fourth quarter with a positive return—the municipal bond market as represented by the Bloomberg Municipal Bond Index returned 7.9%, bringing the year-to-date (YTD) return to 6.4%. Total return performance for the year was strongly correlated with duration, with the long end returning 9.35%, while the 1-year returned 3.39%.

Yields were significantly lower by the end of the quarter, declining more in the short end and resulting in a steeper yield curve. The slope of the 2s30s tax-exempt curve steepened to 90 bps from 69 bps. The 2-year yield decreased by 113 bps, the 5-year by 113 bps, the 10-year by 117 bps, and the 30-year by 92 bps. We ended the fourth quarter at \$364 billion in issuance—some 2% less than this time last year. Monthly issuance was \$39 billion, \$35 billion, and \$23 billion for October, November, and December, respectively.

Muni fund flows remained negative in December, with \$1.7 billion in outflows. Fund outflows are now \$16.1 billion year-to-date. Notably, more than \$12.4 billion has come into municipal ETFs for 2023.

Outlook: January is typically a seasonably favorable month for munis with limited supply and solid investor demand. While muni/Treasury ratios are historically low relative to their 1, 5, and 10-year averages, we do not expect material changes given the strong technical conditions.

U.S. CORPORATE HIGH YIELD

The high yield market returned 7.05% and spreads tightened 72 bps in the fourth quarter as improving inflation data enabled a surprise dovish Fed pivot in December. Early in the quarter, U.S. Treasury Yields rose as stronger economic data caused investors to worry that interest rates would remain higher for longer. However, benign inflation data allowed the Fed to pause for the third consecutive month and rate cut expectations for 2024 increased with the first forecasted cut moved forward to March. Also contributing to the rally was the continued resilience of the U.S. economy and better-than-expected earnings. The sharp move lower in U.S. Treasury yields drove the outperformance of BB-rated bonds in the quarter due to their longer duration. Retail and media outperformed due to resilient consumer spending and a better outlook for economic growth. Wireless outperformed due to its significantly above-market duration. E&P and drillers underperformed due to weaker commodity prices, while airline bonds underperformed due to their low duration.

After peaking in the first quarter, credit quality has shown signs of stabilizing as stronger economic growth has translated into profit improvement. Gross leverage declined after rising in the prior four quarters, while the cash-to-debt ratio rebounded after three quarters of decline. Interest coverage continued to drop as companies felt more of the impact of higher rates, but the pace of deterioration moderated. While there were more downgrades than upgrades in the quarter, the recent improvement in fundamentals provides a more favorable outlook for 2024. The default rate increased slightly on an issuer basis but declined on a par basis as larger companies have been better able to manage the higher interest rate environment due to better access to capital and a greater ability to cut costs and sell assets.

Technicals were strong as the new issue calendar remained soft, large rising stars reduced the supply of bonds, and inflows turned meaningfully positive. After being a headwind for most of the year, fund flows benefited from the improved appetite for risk as funds received \$8.1 billion in the quarter. New deals remain primarily for refinancing as higher interest rates and minimal M&A activity continue to weigh on the primary market.

Outlook: Benign inflation data and resilient economic growth have increased the odds of a soft landing and contributed to expectations for earlier and more aggressive rate cuts. However, the path of inflation and interest rates and their impact on economic growth are still key risks that will impact credit spreads. During the quarter, we added to attractive shorter-maturity issues and exited certain unsecured debt positions as the market rallied.

EUROPEAN CORPORATE HIGH YIELD

The European high yield market gained 5.90% and spreads tightened 56 bps in the fourth quarter on improving inflation data and expectations for more aggressive central bank rate cuts than previously anticipated. Additionally, corporate earnings continued to positively surprise, and technicals were favorable. For the quarter, CCC, B and BB-rated credits returned 5.64%, 6.57%, and 4.56%, respectively. The index ended December with a spread of 357 bps and a yield of 6.66%.

By industry, cable, E&P, and food/beverage outperformed for the quarter. Cable and E&P benefited from asset sales to reduce debt at major issuers. Food/beverage outperformed behind resilient revenues and margin improvement. Underperforming industries included packaging, building products, and drillers. Packaging underperformed due to weak earnings and refinancing pressures. Building products underperformed on concerns around slower growth and the outlook for construction spending. Drillers underperformed due to liquidity difficulties at a large issuer.

New issue supply slowed further to €10.4 billion, down from €13.4 billion in the third quarter and €16 billion in the second. Overall, 2023 issuance was up 79% with €57 billion, though this was 32% below the 10-year average. BB-rated issues continued to comprise the majority of issuance, increasing their weighting from 50% to 71%. For the first time since 2009, there were no CCCs issued during the year. Corporate hybrids accounted for a record 17% of issuance in 2023, while senior secured issuance declined slightly from 59% to 50%. Retail funds gained €930 million during the quarter and €2.1 billion for the year.

Distress and default rates in Europe increased slightly during the quarter. The 12-month par default rate increased to 2.5% from 1.7% in September and the issuer default rate increased from 2.1% to 3.4%, according to CreditSights. The distressed ratio by issuer decreased 150 bps to 12%.

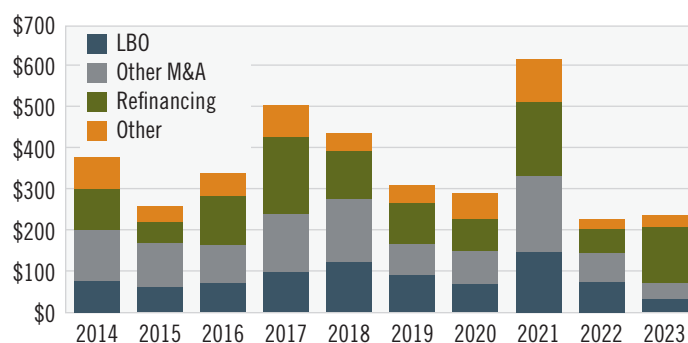
Outlook: We continue to remain cautious on current valuations after spreads tightened 145 bps in 2023. While inflation has been moving lower, growth is slowing, and interest rates remain high. We expect the environment to remain volatile and will continue to opportunistically add risk-on selloffs and take profits on rallies. During the quarter, we added higher-quality duration early in the period and added to other positions on earnings-driven weakness.

BANK LOANS

Bank loans returned 2.8% for the fourth quarter amid positive third-quarter earnings results, supportive technicals, and dovish comments from the Fed—the cherry on top of a strong year of performance driven by a lack of new issuance

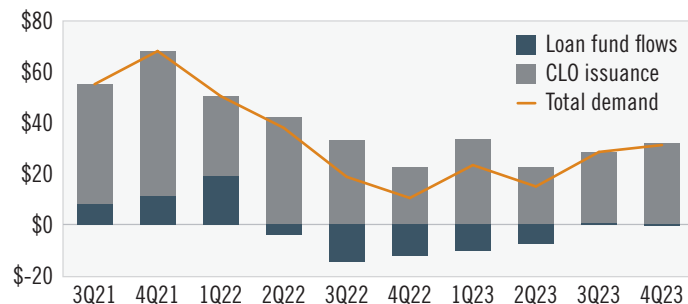
supply, economic resilience, and cooling inflation numbers. The 13.32% total return for 2023 is the best year for bank loans since 2009 and the second-strongest year ever.

After a rocky start in October, fixed rate and risk assets pivoted to a risk-on tone in November and December as the macroeconomic outlook grew rosier. That said, bank loans underperformed high yield and equities as market expectations for a more accommodative monetary policy in 2024—i.e., potential rate cuts—gained momentum.

INSTITUTIONAL LOAN VOLUME (\$B)

Source: Pitchbook LCD. Data through December 31, 2023.

This risk-on tone helped improve demand in the quarter, with retail loan fund flows turning positive in the second half of 4Q, while collateralized loan obligation (CLO) issuance stayed steady at \$31.9 billion—the second-highest quarterly volume level for 2023. Though 4Q loan volumes were higher than those of the first two quarters of the year, they still lagged behind 3Q's, which were supported by a welcome wave of post-Labor Day M&A deals. Overall, 2023 saw the lowest levels for new-issue supply (excluding refinancings) since 2009. Refinancings continued to comprise the bulk of volume for the quarter and now make up 58% of the annual total. All this created a positive technical for the asset class, particularly as competitive transactions from high yield and private credit continued to eat away at the overall size of the broadly syndicated loan market.

U.S. LEVERAGED LOAN MARKET—MEASURABLE INVESTOR DEMAND (\$B)

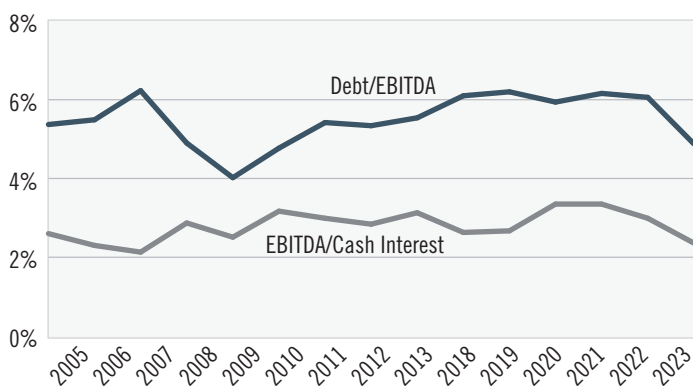
Source: Pitchbook LCD; Morningstar Direct. Data through December 31, 2023. Fund flows data includes monthly reporters.

Regarding CLOs, their liability spreads have tightened, which may be good news for the refinancing and reset market. 40% of CLO vehicles reportedly reached the end of their reinvestment periods by the end of last year, narrowing access for refinancings, but as liability spreads tighten, those CLO deals could reset, come to market, and benefit demand. That said, loan prices have also rallied, which may hurt the CLO arbitrage—it remains to be seen how these mixed dynamics will impact that market this year.

Overall, we think this current constructive technical backdrop—characterized by low levels of supply, decent demand levels, and a shrinking market due to increased competition from high yield and private credit—helps set a positive tone for loans going into 2024.

The risk-on tone has also caused prices to rally, with loans bid at par or above rising to 38.4% of the market and accelerating repricing transactions. The rally now puts 75.4% of the market at 98 cents or higher. On the other hand, loans bid at 80 cents or less declined to 4.54%. We started the year at SOFR+646 and now sit on spreads inside of post-Global Financial Crisis levels (+530 bps) and near non-recessionary spread levels (mid-to-high 400 bps). Even in a mild recession, the starting yield-to-maturity of 10.1% for bank loans provides plenty of cushion against volatility, including an increase in defaults, loan losses, and even the start of Fed rate cuts in 2024.

NON-ADJUSTED LARGE CORPORATE LBO DEBT/EBITDA AND EBITDA/CASH INTEREST COVERAGE RATIOS



Source: Pitchbook LCD; Morningstar Direct. Data as of December 31, 2023.

Outlook: We're still of the view that we'll likely face a slowdown, making credit selection especially critical as credit quality potentially deteriorates. We aim to avoid borrowers that can't cover debt service in a high-interest rate environment—a particularly relevant concern as over 25% of loan market obligors now have less than 1.5x debt service coverage, a figure that's sharply up from 9% in mid-2021.

An accelerated accommodation cycle is another potential risk for loans this year. Though our risk positioning is higher going into 2024, we remain under-risked relative to the market considering the many events—economic slowdown, higher inflation, geopolitics, and other black swan events—that may bring back a risk-off environment.

EMERGING MARKETS DEBT

EM Sovereign Debt: EM debt returned 9.26% in the final quarter of 2023, bringing the full-year return to 10.45% in a remarkable turn following a negative return in the third quarter (-2.63%), especially given that the overall year-to-date return was barely positive entering the fourth quarter. The fourth quarter began on the back foot with a third consecutive negative monthly return in October for the EMBIG index at -1.45%, but was followed by two hugely positive months in November and December at 5.79% and 4.80%.

As developed market (DM) central bank rate expectations from the Fed and European Central Bank (ECB) shifted lower during the quarter, a global grab for risk assets combined with a rally in U.S. Treasury rates drove EM returns as the EMBIG index spread gapped lower by 43 bps to finish the year at 317 bps—the lowest level since November 2021. Meanwhile, U.S. Treasury 10-year yields fell 69 bps to close the year at 3.88%, the same level as last year's close, after peaking at just below 5.0% on October 19, 2023.

Country highlights: The Africa region led returns at 13.24% for the quarter, paced by Egypt (19%), Kenya (17%) and Nigeria (15%). Other top-performing countries included Venezuela, where trading sanctions were lifted and bonds were up 80%, Argentina, which was up 38% on the back of a favorable election result that will hopefully lead to some economic policy repair and reform, along with Pakistan (34%), Colombia (14%) and the Dominican Republic (13%).

EM Corporate Debt: EM corporate debt returns were also strong at 5.52% for the quarter, but lagged the sovereign index by 374 bps in large part due to the much shorter duration of the index at 4.23 years versus 6.90 years on the sovereign index.

Also, with CEMBI-BD index spreads starting from a lower level, overall index spread tightening was only 16 bps compared to 43 bps for the EMBIG index. Overall, EM corporates finished with a solid 9.08% return for the full year. Within that sector, investment grade and high yield performed similarly in 4Q23, but high yield outperformed investment grade by 360 bps for the full year (11.17% to 7.57%).

EM Local Market Debt: EM local market debt returns were 8.07% in 4Q23 but still lagged the sovereign debt index by 119 bps. However, for the full year, EM local market debt

outperformed sovereign hard currency debt for the second consecutive year with a total return of 12.70%. Colombia and Hungary, up over 15%, were the top performers, while Egypt (-36%) and Turkey (-4%) were the worst performers and only ones in the red.

Outlook Themes:

- > Election-heavy year: Of most interest will be Mexico in June, the Dominican Republic and Panama in May, Indonesia and El Salvador in February, Taiwan in January, India in April/May, South Africa in May/August, and Turkey in March. Beyond EM, the U.S. Presidential election is another wildcard that will impact the global and EM outlook.
- > Slowing U.S. and China economies and sub-par global growth: According to IMF forecasts, which are indicative of consensus expectations, global growth is expected to decline slightly to 2.9%, with the United States slowing from 2.1% in 2023 to 1.5% in 2024. DM growth is pegged to be flat at 4.0%, with China's growth slowing from around 5.0% to mid- to low-4%.
- > Central banks are widely expected to ease policy across EM and DM, but with respect to the Fed and ECB, perhaps too much is priced in, in our view.

The strong year-end 2023 rally took away some of the 2024 return potential. However, with a backdrop of slowing global growth, but no hard landing, and easing central bank policy across DM and EM, we expect EM yield carry and lower U.S. Treasury rates to offset wider spreads, resulting in positive mid- to high-single-digit returns of 7-9%.

The overall index carry is high relative to where it has been in recent years at 7.21% at year-end, with EM high yield at 10.47%. Meanwhile, we think rates have room to move lower into a 3.50-3.75% range versus the year-end level of

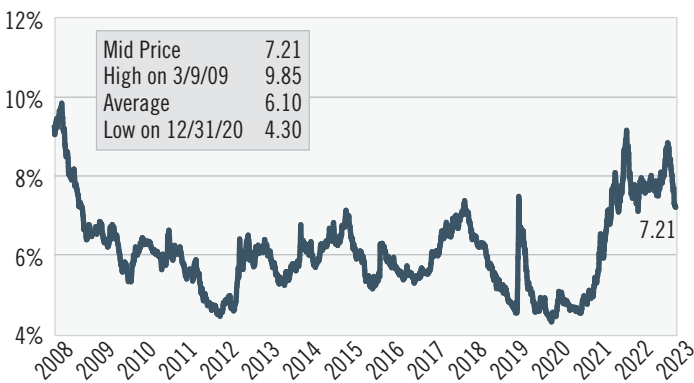
3.88%. At 317 bps at year-end, the EMBIG index spread is in the upper quartile for the post-Global Financial Crisis period. We therefore see more downside risk to spread valuations, though we are not calling for a dramatic widening. More specifically, we see greater opportunity in EM high yield, which still holds better relative value compared to EM investment grade.

Sovereign defaults should remain modest in 2024, with Pakistan and Bolivia at high risk. Argentina and Ecuador are likely to muddle through with pressure increasing in 2025 as debt servicing costs ramp up. Egypt is at risk, but with support from regional allies and multi-laterals, we think it continues to pay. Sri Lanka and Ghana made progress in 2023 toward debt restructuring, and we hope they can complete the process in 2024. Ukraine remains mired in war with Russia and additional aid, especially from the United States, is still in doubt, resulting in a less constructive view on our part.

On supply, sell-side forecasts generally call for slightly higher amounts of sovereign and corporate issuance, but with net supply still shrinking. For corporate issuance, forecasts call for a net negative supply. Light supply over the last year helped balance against steady retail mutual fund outflows from the asset class. Lower-quality B and CCC-rated issuers have been closed out of the new issue market for some time, and we remain concerned that this trend is likely to continue.

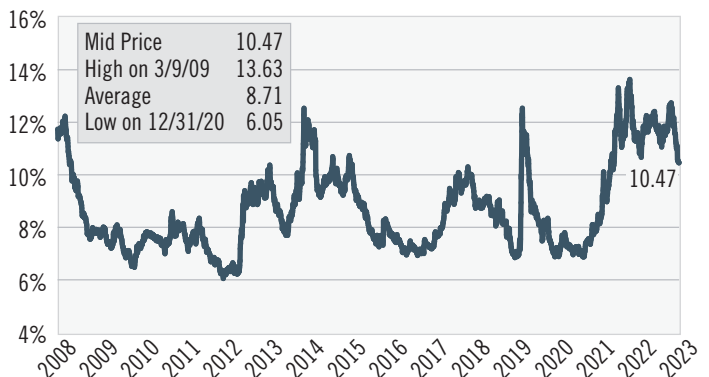
On China, we think there is downside risk to the 2024 consensus GDP growth forecast of 4.5% due to divisive trade relations with the U.S, high debt levels, distressed shadow banking and real estate sectors, and various crackdowns on segments of the economy that have significantly impacted foreign direct investment.

HARD CURRENCY YIELDS: J.P. MORGAN EMBIG INDEX



Source: Bloomberg LP. Data as of December 20, 2023.

HARD CURRENCY YIELDS: J.P. MORGAN EMBIG HIGH YIELD INDEX



Source: Bloomberg LP. Data as of December 20, 2023.

Authored by:

The Newfleet Multi-Sector Team

Newfleet leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

Bloomberg U.S. Aggregate Bond Index measures the U.S. investment grade fixed rate bond market. **Bloomberg Municipal Bond Index** is a market capitalization-weighted index that measures the long-term tax-exempt bond market. **J.P. Morgan GBI-EMGD** tracks total returns for local currency debt instruments issued by emerging markets sovereign and quasi-sovereign entities to which international investors can gain exposure. **J.P. Morgan CEMBI Index** tracks U.S. dollar-denominated debt issued by emerging market corporations. **J.P. Morgan EMBI Global Index** tracks the total return for the U.S. dollar-denominated emerging markets debt, including Brady bonds, Eurobonds, and loans. The **Credit Suisse Leveraged Loan Index** is a market-weighted index that tracks the investable universe of the U.S. dollar denominated leveraged loans. The **Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index** is a market capitalization-weighted index that measures fixed rate non-investment grade debt securities of U.S. and non-U.S. corporations. No single issuer accounts for more than 2% of market cap. The indexes are calculated on a total return basis. The indexes are unmanaged, returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment.

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