Investment Outlook

By Craig Burelle, VP, Macro Analyst

KEY TAKEAWAYS

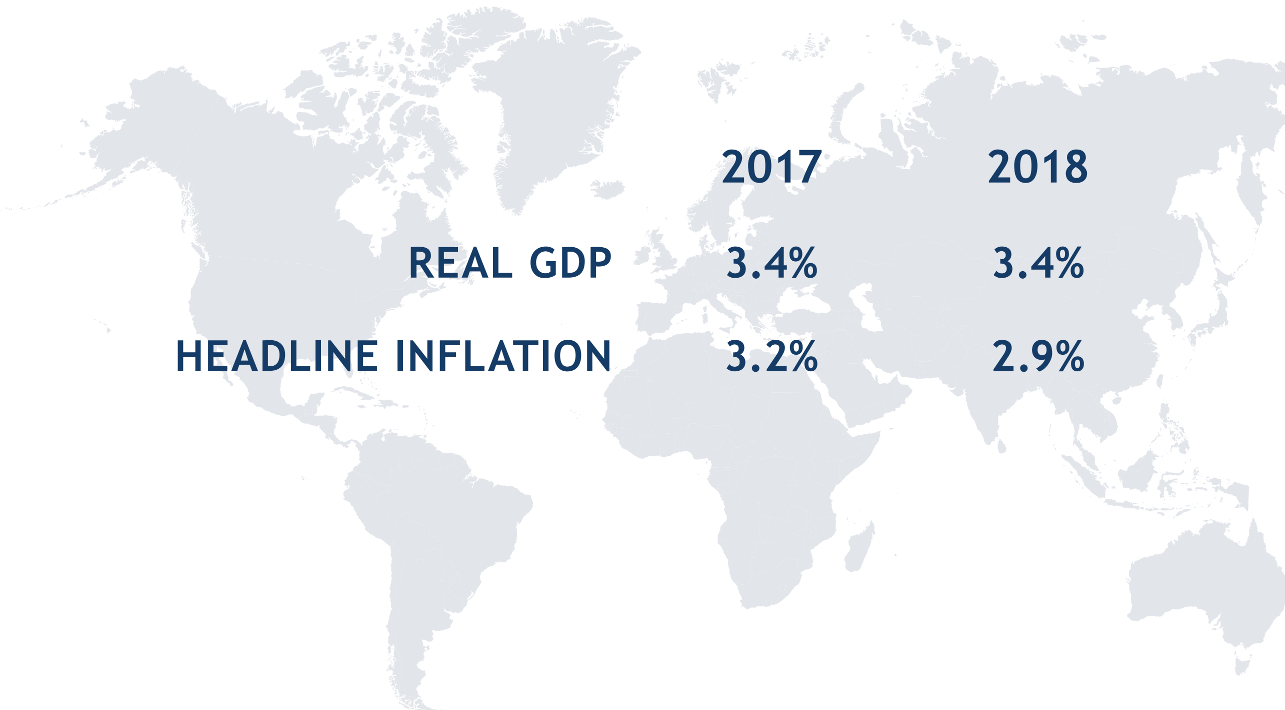
- Global economic growth is expected to accelerate in 2017 and level off at the same rate in 2018.
- EM profit and economic growth are running ahead of DM, and we believe this trend can continue.
- We believe central bank transparency reduces the risk of a policy surprise.
- Measured changes in monetary policy and improving corporate fundamentals have created a favorable environment for risk assets, which we believe can continue.

Investor confidence in the global outlook for monetary policy, economic growth and inflation has kept volatility contained. Can it continue? We think the risk of a destabilizing policy error is low if central banks remain cognizant of global financial conditions.

Growth and Inflation to Remain Stable Moving into 2018

When we look around the world, we see very few catalysts that could significantly increase the pace of global real economic growth, which has ranged from 3.1% to 3.5% in the past five years. The weakest point within that range was last year, when a collapse in oil prices crushed the energy sector and related industries. Looking out through year-end, we see global real GDP climbing to 3.4% annual growth and stabilizing at that level through 2018. This year and next, emerging market (EM) growth is expected to outpace developed market (DM) growth at 4.8% versus 1.8% annually.

GLOBAL GROWTH AND INFLATION



	2017	2018
REAL GDP	3.4%	3.4%
HEADLINE INFLATION	3.2%	2.9%

Source: Loomis Sayles
Views are as of 6/22/2017 and are subject to change at any time without notice. Forecasts reflect the subjective judgments and assumptions of the author only, and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. Other industry analysts and investment personnel may have different views and opinions.

Long-Term Path for Stable Growth and Inflation Remains Intact

Headline inflation is expected to increase in 2017, mostly due to the year-over-year rebound in oil prices. We expect nearly flat crude oil prices heading into next year, which should allow global headline inflation to settle back into the 2.9% range next year. Certain high-frequency economic indicators, such as manufacturing PMIs, look a bit vulnerable, so a patch of temporary weakness should not be completely ruled out in the near term. However, the longer-term path for stable growth and inflation remains intact, which suggests this fairly slow but steady global expansion can continue. DM monetary policymakers have been removing accommodation much slower than in past cycles, remembering full well the measures it took to get the current synchronized global recovery on track.

As the credit cycle progresses, we expect only modest upward pressure on long-term US yields. A flatter US Treasury curve is expected as yields at the front end of the curve rise faster and by more than those at the long end. In this environment, we believe return prospects for risk assets will continue to look favorable relative to DM government bonds.

Central Banks Remain Data-Dependent, Assessing Global Financial Conditions

The Federal Reserve (Fed) has been the first mover among central banks, tapering quantitative easing measures and raising short-term policy rates in response to the strengthening US economy. We believe the Fed will continue raising interest rates and begin to allow set amounts of US Treasurys and agency mortgage-backed securities to roll off the balance sheet each month, but at a pace and level that do not disrupt financial conditions or derail the economic expansion. The Fed has only hiked four times in the past 18 months, including the June 2017 hike. We believe the pace of US hikes could pick up a bit this year and next since the domestic economy is on firmer footing, but the pace should still be slower than past expansions.

Globally, other major central banks are also inching toward less accommodative policies, an indication that economic conditions have improved; however, if the Fed, the European Central Bank (ECB), Bank of Japan and Bank of England remove accommodation too aggressively, they could disrupt the current goldilocks economic scenario and global financial market stability. But central bank communication with market participants has rarely been more transparent or frequent, which helps investors feel confident that surprises are unlikely. The ECB looks next in line to further limit monetary accommodation. Real GDP has rebounded nicely in Europe over recent quarters and inflation has come closer to the ECB's 2.0% objective. Despite these improvements, we believe changes to the current ECB policy mix will play out over time, not in the short term.

Economic Backdrop and Prudent Monetary Policy Support Equities

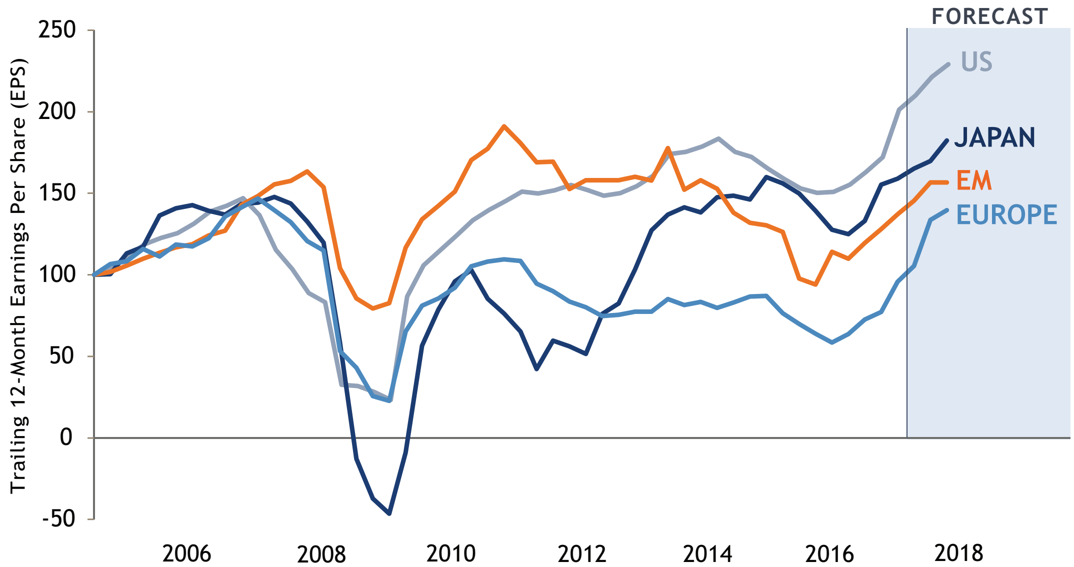
The major central banks have indicated monetary policy decisions will continue to be data-dependent, allowing policy to ebb and flow with economic activity. This degree of caution on the policy front paired with improving corporate fundamentals has led to a favorable environment for risk assets, which we believe can continue.

Corporate profits rebounded globally earlier this year and have since broadly exceeded market expectations. The continued profits recovery is an important supporting factor for current equity market valuations, which are not inexpensive, but not overly stretched either. In what is still a fairly low-growth environment, we have seen the information technology sector show global performance leadership year to date and over the past quarter. Energy and financial earnings, which were depressed one year ago, also showed impressive year-over-year growth for many companies. Commodity prices have been under pressure recently and we do not expect a strong rebound, which should boost profit margins for companies that use commodities as inputs to their manufacturing process. However, if oil prices fall back below $40 per barrel, we could once again see contagion sweep through energy and related sectors, including financials, which is a key risk to our positive view.

GLOBAL EARNINGS
Trailing 12-Month EPS

Source: Bloomberg History and Consensus Forecast, Thomson Reuters Eikon, data before extraordinary items as of 6/22/2017, forecast through Q1 2018.

Forecasts contained herein are the product of Bloomberg, and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. Other industry analysts and investment personnel may have different views and opinions.



The S&P 500® Index had been alone in making new 52-week highs earlier this year, but the MCSI Emerging Markets, Japan and Europe indices recently followed suit. Many global equity indices are now trending upward, which indicates a global bull market with technical and fundamental backing. The continued earnings recovery is supporting higher index levels, and we could see equities advance further without an increase in price-to-earnings multiples. The S&P 500 has significantly outperformed global peers over the past five years; however, global equities have outperformed year to date now that global earnings have bested US earnings in some cases. We think that trend may continue if the fundamental improvement we expect comes through for global companies.

Fixed Income Buoyed by Fairly Benign Rate Outlook and Profit Rebound

Based on our moderate outlook for global growth and inflation, we see a benign path for interest rates in most countries. Although yields are generally headed higher, we do not expect a material repricing of the global government bond market. As a result, we believe global and domestic investment grade credit indices with relatively longer duration can still achieve modest excess returns over the next 12 months. The rebound in corporate profitability since the start of the year has been another catalyst for investment grade and high yield credit markets. Fundamental improvement in corporate health and stable economic conditions have kept credit spreads near historic lows and volatility in most risk markets subdued.

We believe credit spreads can remain tight and profits can continue to recover as long as the global economy continues to chug along. Tighter financial conditions in China may slow growth a bit, which could lead to additional capital flight, but the world's second-largest economy seems to be on fairly solid footing overall. EM economies, a key driver of global growth, are also benefiting from the stable economic environment and still-easy financial conditions. EM hard currency US-dollar-denominated sovereign bond spreads have tightened much like other credit indices but still provide a higher yield than many DM government bonds. The spread between EM inflation and DM inflation is at the lowest level in more than 30 years, a sign of the strides EM countries have made in terms of improving economic stability. With further progress expected, albeit at a slow pace, EM local currency government bonds have a favorable return profile and remain one of the highest-yielding asset classes.

All things considered, the current global economic and monetary policy backdrop is creating a favorable environment for risk taking and although expected forward returns are not high, we believe modestly positive outcomes can be achieved.

Second Quarter Review

By Craig Burelle, VP, Macro Analyst

INDEX RETURNS BY SECTOR
as of June 30, 2017

US BROAD MARKET	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG BARC US AGGREGATE BOND	-0.10	1.45	2.27	-0.31
BBG BARC US GOVERNMENT/CREDIT	0.03	1.69	2.66	-0.41

Better-than-expected corporate profits growth and a steady economic backdrop supported most US risk assets throughout the quarter. Option-adjusted spreads (OAS) on high-quality fixed income indices like the US Aggregate and US Government/Credit tightened while the US yield curve flattened as short-end yields rose and longer-maturity yields moved slightly lower.

US GOVERNMENTS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG BARC US TREASURYS	-0.16	1.19	1.87	-2.32
3-MONTH T-BILLS	0.09	0.21	0.31	0.50
2-YEAR TREASURY	-0.07	0.12	0.38	-0.30
5-YEAR TREASURY	-0.45	0.66	1.12	-2.63
10-YEAR TREASURY	-0.73	1.31	2.11	-5.56
30-YEAR TREASURY	0.62	4.26	5.61	-8.79
BBG BARC US TIPS	-0.95	-0.40	0.85	-0.63
BBG BARC US AGENCY	-0.05	0.90	1.66	-0.20

The Fed delivered a widely expected 25-basis point fed funds rate hike in mid-June, which markets took in stride. Yields at the very front end of the curve, from the 1-month bill to the 2-year note, rose between 10 and 25 basis points, while yields in the belly of the curve, from the 5- to 10-year maturities, declined a bit. The bid for long-duration assets remained fairly steady throughout the quarter, which led to a strong rally in 30-year Treasurys. Inflation protection was not a sought-after feature during the quarter, which led US TIPS to underperform nominal Treasurys.

US MUNICIPALS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG BARC US MUNICIPALS	-0.36	1.96	3.57	-0.49

Municipal bond total returns were broadly positive across all US states and territories during the quarter; however, historically, the aggregate index total return tends to be driven by the same three states, California, New York and Texas, which collectively represented over 42% of the index at quarter-end. The best-performing state, South Carolina, earned a 3.3% total return for the quarter, while the worst-performing state, New Hampshire, still earned a 1.1% total return.

US SECURITIZED	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG BARC MBS	-0.40	0.87	1.35	-0.06
BBG BARC ABS	-0.07	0.60	1.14	0.63
BBG BARC CMBS	-0.34	1.31	2.18	-0.33

The CMBS ERISA-Eligible Index, which has the longest duration among securitized benchmarks at 5.4 years, posted the highest total return and an excess return of 34 basis points. The US MBS was the second-best-performing index from a total return perspective, but failed to earn a positive excess return as spreads widened a bit during the quarter. Asset backed securities, which have a fairly short duration at just 2.3 years, earned positive total and excess returns for the quarter.

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

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

INDEX RETURNS BY SECTOR
as of June 30, 2017

INDEX				
CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG BARC US INVESTMENT GRADE	0.31	2.54	3.80	2.28
AAA	0.67	3.57	4.44	-0.15
AA	0.17	1.84	2.79	0.19
A	0.30	2.44	3.46	1.15
BBB	0.33	2.73	4.25	3.76
BBG BARC EUROPEAN INVESTMENT GRADE *-LOCAL CURRENCY RETURNS*	-0.56	0.36	0.62	1.25
AAA	-1.28	-0.75	-1.02	-2.46
AA	-0.88	-0.43	-0.48	-0.75
A	-0.63	0.15	0.23	0.63
BBB	-0.42	0.69	1.19	2.25
BBG BARC STERLING INVESTMENT GRADE *-LOCAL CURRENCY RETURNS*	-1.24	0.55	2.47	6.49
AAA	-2.28	-1.45	0.35	0.93
AA	-1.35	-0.39	1.29	3.85
A	-1.44	0.25	2.29	6.07
BBB	-1.04	1.03	2.93	7.53

The long-duration characteristic of the US Investment Grade Corporate Index was supportive over the quarter given the rally in long-dated US Treasurys. Corporate profits continued to grow, which improved the overall picture of corporate health, another positive catalyst for performance. European corporates also benefited from a profits recovery across the continent, but the backdrop for duration was more mixed than in the US. Sterling Aggregate corporates have the longest duration among the high-quality credit indices, making them the most susceptible to yield curve fluctuations. A modest rise in yield across the UK curve pressured the Sterling Aggregate, but not enough to push the index into negative territory for the quarter. All three of the high-quality corporate benchmarks earned positive excess returns of over 100 basis points.

CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG BARC US HIGH YIELD	0.14	2.17	4.93	12.70
BB	0.47	2.68	4.79	9.83
B	-0.12	1.71	4.28	12.44
CCC	-0.45	1.85	6.59	20.77
BBG BARC PAN-EURO HIGH YIELD *-LOCAL CURRENCY RETURNS*	0.12	1.88	3.88	9.31
BB	0.13	1.85	3.89	8.47
B	-0.10	1.63	3.21	10.17
CCC	1.03	3.34	7.27	17.81

High yield corporates also benefited from better-than-expected profit growth in the US and Europe. The stable-to-slightly improving economic backdrop provided additional support to high yield as well as generally muted volatility among risk assets globally. US corporates continued to show performance leadership relative to Europe and built on year-to-date gains, but European high yield still performed well, led by BB-rated credits, which represent nearly 70% of the total index.

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

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INDEX RETURNS BY SECTOR
as of June 30, 2017

INDEX				
BANK LOANS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
S&P/LSTA LEVERAGED LOAN	-0.04	0.76	1.91	7.42
BB	0.06	0.67	1.33	5.01
B	0.11	0.94	2.09	7.90
CCC	-1.46	0.70	5.76	24.38

During the quarter, the high yield loan index earned positive total returns, and performance remained highly correlated with that of the high yield corporate bond market. The bank loan index benefited from the recovery in US corporate profits as well as a stable economic backdrop.

DEVELOPED COUNTRIES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
CITIGROUP WGBI -*LOCAL CURRENCY RETURNS*	-0.45	0.58	0.40	-2.87
CITIGROUP NON-USD WGBI	-0.61	0.26	-0.36	-3.19
UNITED STATES	-0.16	1.18	1.85	-2.31
CANADA	-1.43	0.55	1.05	-2.36
JAPAN	-0.31	0.08	-0.42	-4.34
AUSTRALIA	-1.17	1.12	2.38	-0.99
UNITED KINGDOM	-2.16	-1.43	0.18	-1.10
EUROPEAN GBI	-0.55	0.54	-0.98	-3.33
FRANCE	-0.72	1.57	-0.75	-3.94
GERMANY	-1.17	-1.13	-1.87	-4.47
IRELAND	-0.51	0.77	-0.58	-1.26
ITALY	0.15	1.06	-0.94	-3.12
SPAIN	0.08	1.02	0.22	-0.45

Most government bond markets posted modestly positive total returns for the quarter as growth remained stable and inflationary pressure stayed fairly muted across developed economies. However, an eventual shift toward less accommodative monetary policy globally came into focus during late June, particularly in the German and UK markets as well as Canada and Japan to some extent. The 10- to 25-basis point rise in yields seems small; however, the absolute level of yields was quite low at the beginning of the quarter. Other European markets outside of Germany, where yields are higher, posted fairly strong rallies despite the talk of less accommodation.

EMERGING MARKET BONDS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
JP MORGAN EMBIG -*SOVEREIGN/QUASI-SOVEREIGN, USD*	-0.26	2.21	6.20	5.52
JP MORGAN CEMBI BROAD DIVERSIFIED -*CORPORATES, USD*	0.20	1.98	5.01	6.81
JP MORGAN GBI-EM GLOBAL DIVERSIFIED -*GOVERNMENTS, LOCAL CURRENCY*	0.67	2.38	5.69	6.68

Once again, investors reached for yield, and it paid to do so in EM credit and government markets. The relatively higher-yielding local currency government bonds within the GBI-EM Index offered attractive returns, particularly with a stable to slightly weaker US dollar during the quarter. Sovereigns denominated in US dollars provided a higher yield than US Treasurys without local currency risk. EM corporate profits bounced back as well, which improved the fundamental backdrop of the CEMBI, which tracks corporate bonds.

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

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INDEX RETURNS BY SECTOR
as of June 30, 2017

INDEX				
CURRENCY MARKETS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
DOLLAR BLOC				
CANADIAN DOLLAR	4.13	2.73	3.68	-0.31
AUSTRALIAN DOLLAR	3.49	0.79	6.67	3.19
NEW ZEALAND DOLLAR	3.50	4.67	5.75	2.79
WESTERN EUROPE				
EURO	1.62	7.27	8.64	2.88
NORWEGIAN KRONE	1.07	3.02	3.52	0.20
SWEDISH KRONA	3.04	6.39	7.99	0.33
SWISS FRANC	1.03	4.67	6.38	1.89
BRITISH POUND	1.05	3.78	5.55	-2.15
EMERGING EUROPE & AFRICA				
CZECH KORUNA	2.53	11.02	12.39	6.67
HUNGARIAN FORINT	1.43	7.23	8.91	5.16
POLISH ZLOTY	0.45	7.30	13.09	6.46
RUSSIAN RUBLE	-4.03	-4.54	3.94	8.52
SOUTH AFRICAN RAND	0.33	2.59	5.09	12.64
TURKISH NEW LIRA	0.20	3.28	0.08	-18.26
ASIA				
JAPANESE YEN	-1.43	-0.89	4.07	-8.18
CHINESE RENMINBI	0.55	1.57	2.42	-1.96
INDONESIAN RUPIAH	-0.04	-0.02	1.09	-0.81
MALAYSIAN RINGGIT	-0.28	3.08	4.49	-6.10
PHILIPPINE PESO	-1.38	-0.53	-1.46	-6.70
SINGAPORE DOLLAR	0.51	1.52	5.13	-2.11
SOUTH KOREAN WON	-2.13	-2.24	5.58	0.68
LATIN AMERICA				
ARGENTINE PESO	-3.17	-7.46	-4.50	-9.52
BRAZILIAN REAL	-2.44	-5.59	-1.73	-2.86
CHILEAN PESO	1.33	-0.53	1.04	-0.08
COLOMBIAN PESO	-4.14	-5.56	-1.39	-4.03
MEXICAN PESO	2.76	3.34	14.39	0.88
PERUVIAN NEW SOL	0.79	0.11	3.42	1.25

The US dollar generally weakened versus most global currencies during the quarter. However, commodity price weakness bled through to some EM currencies in Asia and Latin America while political risk in Brazil struck the real particularly hard.

The Fed is essentially the only developed market central bank currently hiking interest rates, but markets have begun to speculate that removal of monetary accommodation by the ECB and Bank of England is now in sight. This anticipated shift has set the US dollar on its heels year to date. A slightly weaker US dollar generally supported global financial conditions, a positive catalyst for risk assets, including foreign currencies.

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GLOBAL EQUITY MARKETS
as of June 30, 2017

INDEX TOTAL RETURNS (%)				
INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
S&P 500®	3.09	17.90	9.61	14.63
MSCI ALL COUNTRY WORLD	4.45	19.42	5.39	11.14
MSCI EUROPE	7.73	21.81	0.34	9.44
MSCI JAPAN	6.10	30.97	9.59	17.63
MSCI EMERGING MARKETS	6.38	24.17	1.44	4.33

A better-than-expected corporate profits rebound was a key driver of global equity market performance during the quarter. Global equities have recently outperformed their US counterparts, a development that reflects how fundamentals of global companies have improved somewhat after lagging the US for the past few years. US dollar weakness has also alleviated some pressure on global equities and supported performance.

US EQUITY MARKETS
as of June 30, 2017

INDEX TOTAL RETURNS (%)				
INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
RUSSELL 1000®	3.06	18.03	9.26	14.67
GROWTH	4.67	20.42	11.11	15.30
VALUE	1.34	15.53	7.36	13.94
RUSSELL MIDCAP®	2.70	16.48	7.69	14.72
GROWTH	4.21	17.05	7.83	14.19
VALUE	1.37	15.93	7.46	15.14
RUSSELL 2000®	2.46	24.60	7.36	13.70
GROWTH	4.39	24.40	7.64	13.98
VALUE	0.67	24.86	7.02	13.39

Growth indices have recently outperformed value across the market capitalization spectrum, and that trend continued during the quarter. The technology sector has posted consistently strong earnings growth relative to other sectors, which has helped propel growth indices. Value performance is typically driven by the financial sector, which has undergone fundamental improvement but is also somewhat impaired by low interest rates and the slow but steady economic environment.

S&P 500 SECTORS
as of June 30, 2017

SECTOR PERFORMANCE ATTRIBUTION (%)				
INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
HEALTHCARE	7.10	12.56	11.05	17.89
INDUSTRIALS	4.73	21.93	10.18	16.01
FINANCIALS	4.25	35.54	12.40	18.06
INFORMATION TECHNOLOGY	4.14	33.91	15.95	16.86
MATERIALS	3.17	18.84	4.11	10.88
REAL ESTATE	2.76	0.35	0.12	0.07
CONSUMER DISCRETIONARY	2.35	16.97	12.17	17.44
UTILITIES	2.21	2.47	9.37	11.15
CONSUMER STAPLES	1.56	3.06	10.19	12.63
ENERGY	-6.36	-4.15	-10.65	0.83
TELECOMMUNICATIONS	-7.05	-11.71	4.03	5.92

Growth-related sectors like information technology, healthcare and consumer discretionary were standout leaders last quarter and also show substantial double-digit annualized returns on a three- and five-year basis. Most sectors of the market have delivered positive performance year to date, with the exception of telecommunications and energy, which both have idiosyncratic challenges. Competition and price cutting were detrimental to telecom profitability during the first two quarters of 2017, while the energy sector remained vulnerable to oil price volatility.

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

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Disclosure

All data as of June 30, 2017, unless otherwise noted.

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Index Definitions

Bloomberg Barclays US Aggregate Bond Index *represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.*

Bloomberg Barclays US Government/Credit Index *includes securities in the government and credit indices. The government index includes treasuries -i.e., public obligations of the US Treasury that have remaining maturities of more than one year and agencies -i.e., publicly issued debt of US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government. The credit index includes publicly issued US corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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