



**RAYMOND JAMES®**

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# Q2

## Quarterly Market Review

### Second Quarter 2021

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# Quarterly Market Review

Second Quarter 2021

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the impact of globally diversified portfolios and features a quarterly topic.

## Overview:

Market Summary

World Stock Market Performance

World Asset Classes

US Stocks

International Developed Stocks

Emerging Markets Stocks

Select Market Performance

Select Currency Performance  
vs. US Dollar

Real Estate Investment Trusts (REITs)

Commodities

Fixed Income







Global Fixed Income

Impact of Diversification

Inflation: An Exchange Between  
Eugene Fama and David Booth

# Quarterly Market Summary



















## Index Returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate		US Bond Market	Global Bond Market ex US
<b>2Q 2021</b>	<b>STOCKS</b>					<b>BONDS</b>	
	<b>8.24%</b>	<b>5.65%</b>	<b>5.05%</b>	<b>10.17%</b>		<b>1.83%</b>	<b>0.35%</b>
							
<b>Since Jan. 2001</b>							
Avg. Quarterly Return	2.4%	1.7%	3.1%	2.6%		1.2%	1.1%
Best Quarter	22.0% 2020 Q2	25.9% 2009 Q2	34.7% 2009 Q2	32.3% 2009 Q3		4.6% 2001 Q3	4.6% 2008 Q4
Worst Quarter	-22.8% 2008 Q4	-23.3% 2020 Q1	-27.6% 2008 Q4	-36.1% 2008 Q4		-3.4% 2021 Q1	-2.7% 2015 Q2

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg Barclays US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Barclays Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved. Bloomberg Barclays data provided by Bloomberg.

# Long-Term Market Summary

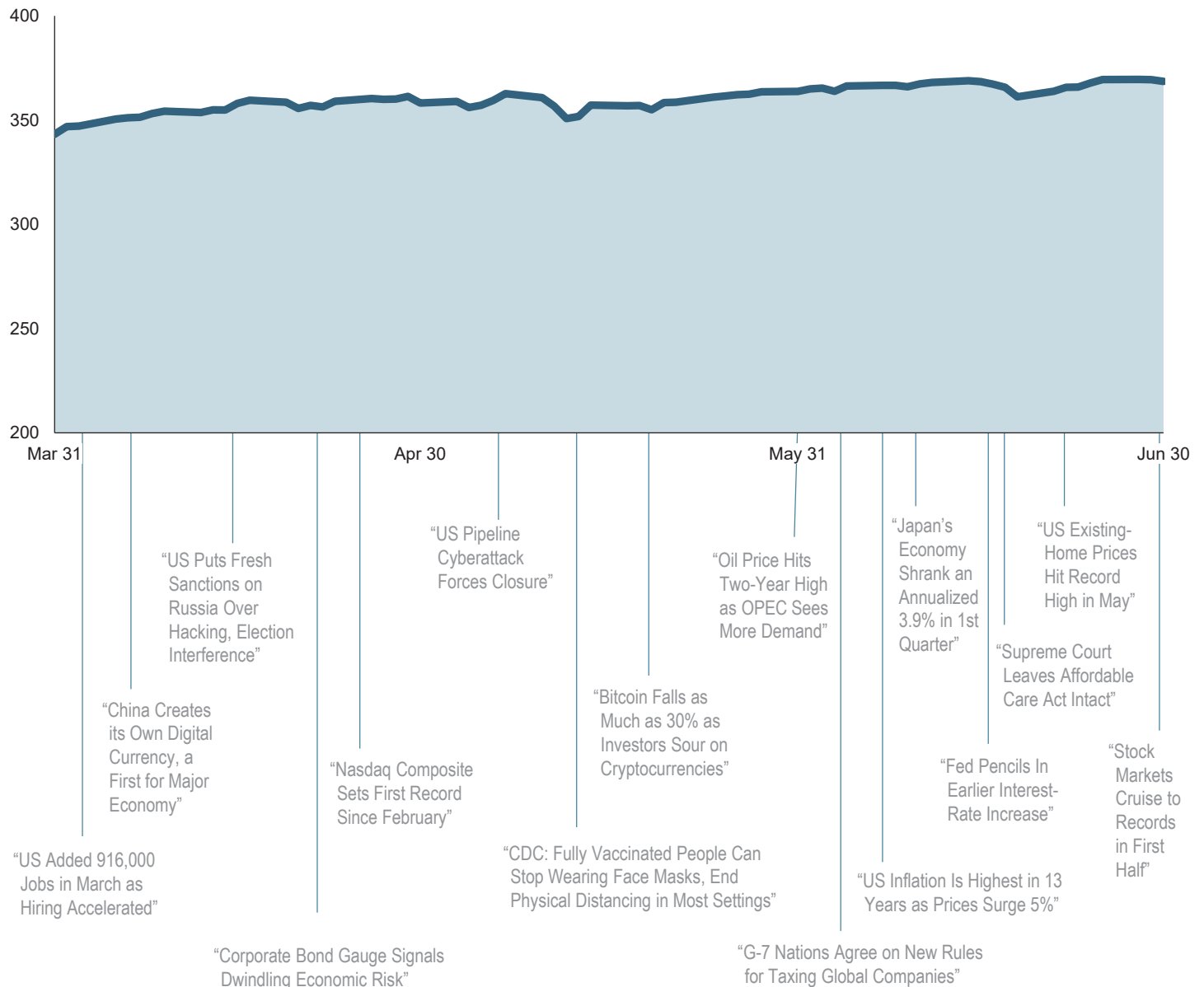
Index Returns as of June 30, 2021

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>1 Year</b>	<b>STOCKS</b>				<b>BONDS</b>	
	44.16% 	33.60% 	40.90% 	34.83% 	-0.33% 	0.05% 
<b>5 Years</b>						
	17.89% 	10.36% 	13.03% 	4.62% 	3.03% 	2.80% 
<b>10 Years</b>						
	14.70% 	5.70% 	4.28% 	6.85% 	3.39% 	4.12% 

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# World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2021

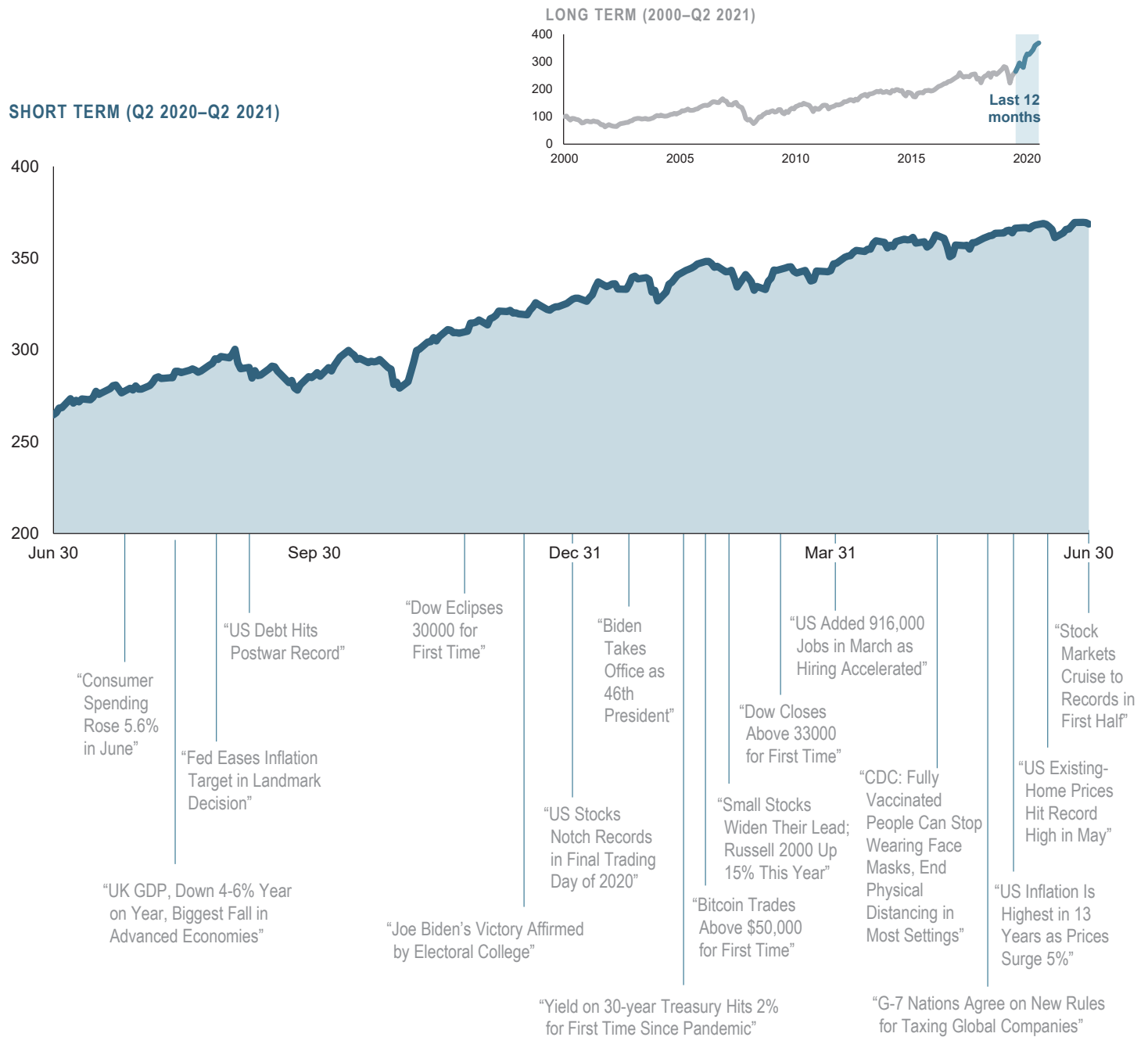


*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2021, all rights reserved.  
 It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

# World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2021, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

# World Asset Classes

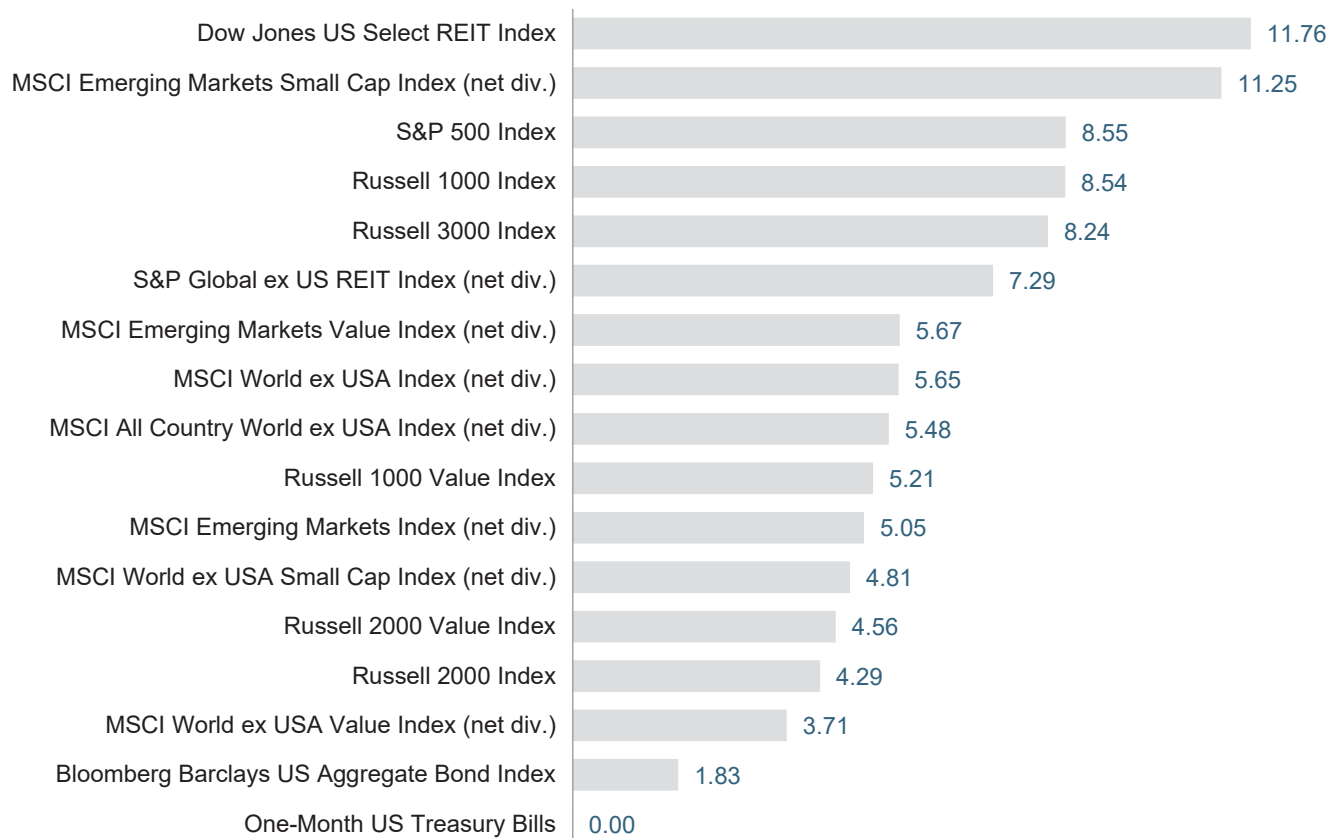
## Second Quarter 2021 Index Returns (%)

Equity markets around the globe posted positive returns in the second quarter. Looking at broad market indices, US and non-US developed markets outperformed emerging markets for the quarter.

Value performance was mixed in the US, with small value outperforming small growth but large value underperforming large growth. Value underperformed growth in non-US developed markets and outperformed in emerging markets.

Small caps underperformed large caps in the US and non-US developed markets but outperformed in emerging markets.

REIT indices outperformed equity market indices in the US and non-US developed markets.



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# US Stocks

## Second Quarter 2021 Index Returns

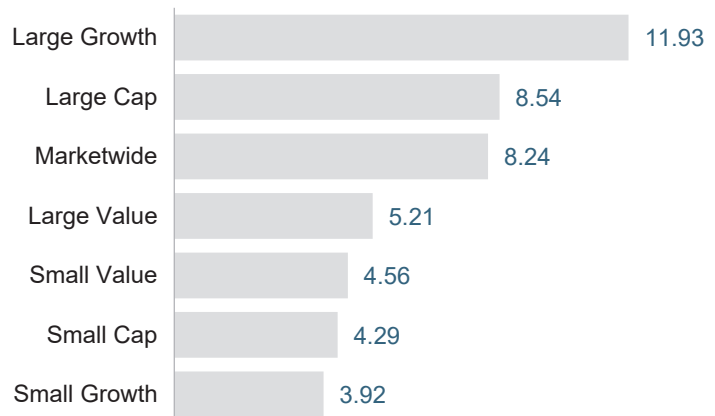
The US equity market posted positive returns for the quarter and outperformed non-US developed markets and emerging markets.

Value underperformed growth in large cap stocks but outperformed growth in small cap stocks.

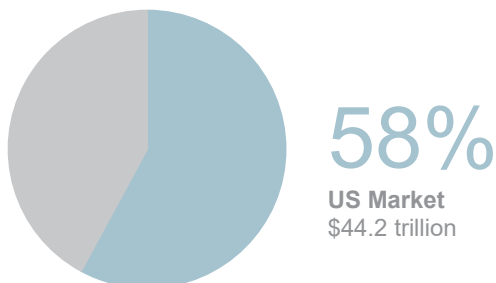
Small caps underperformed large caps.

REIT indices outperformed equity market indices.

### Ranked Returns (%)



### World Market Capitalization—US



### Period Returns (%)

Asset Class	YTD	1 Year	3 Years*	* Annualized	
				5 Years*	10 Years*
Large Growth	12.99	42.50	25.14	23.66	17.87
Large Cap	14.95	43.07	19.16	17.99	14.90
Marketwide	15.11	44.16	18.73	17.89	14.70
Large Value	17.05	43.68	12.42	11.87	11.61
Small Value	26.69	73.28	10.27	13.62	10.85
Small Cap	17.54	62.03	13.52	16.47	12.34
Small Growth	8.98	51.36	15.94	18.76	13.52

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Cap Value (Russell 1000 Value Index), Large Cap Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Cap Value (Russell 2000 Value Index), and Small Cap Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. Frank Russell Company is source and owner of trademarks, service marks, and copyrights related to Russell Indexes. MSCI data © MSCI 2021, all rights reserved.



# International Developed Stocks

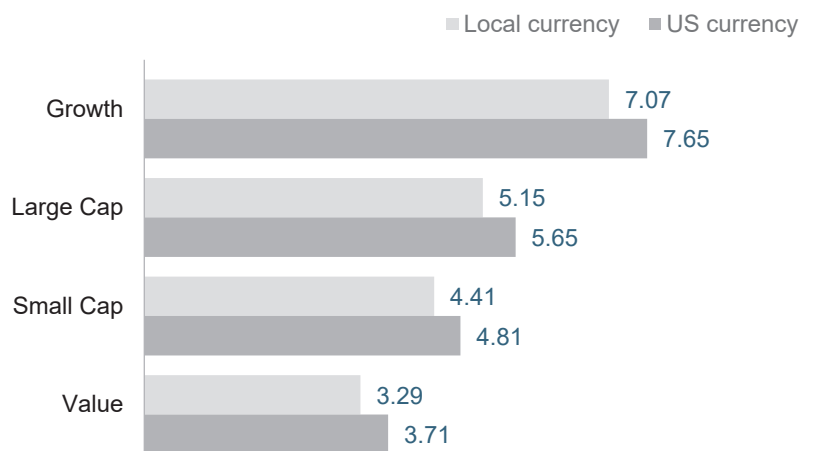
## Second Quarter 2021 Index Returns

Developed markets outside the US posted positive returns for the quarter, underperforming US equities but outperforming emerging markets.

Value underperformed growth.

Small caps underperformed large caps.

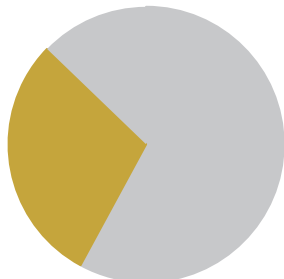
### Ranked Returns (%)



### World Market Capitalization— International Developed

29%

International  
Developed Market  
\$22.3 trillion



### Period Returns (%)

\* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Value	12.35	35.85	4.22	8.07	3.87
Large Cap	9.92	33.60	8.57	10.36	5.70
Small Cap	9.92	42.28	8.92	11.88	7.66
Growth	7.26	31.08	12.56	12.35	7.35

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# Emerging Markets Stocks

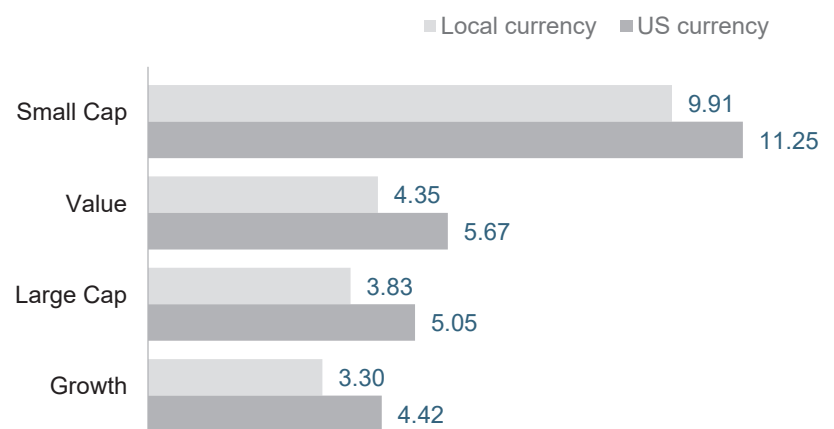
## Second Quarter 2021 Index Returns

Emerging markets posted positive returns for the quarter, underperforming the US and non-US developed equity markets.

Value outperformed growth.

Small caps outperformed large caps.

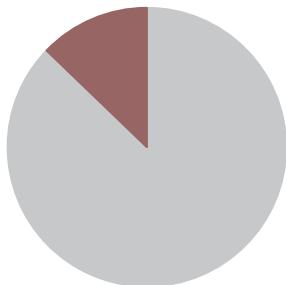
### Ranked Returns (%)



### World Market Capitalization— Emerging Markets

13%

Emerging  
Markets  
\$9.8 trillion



### Period Returns (%)

\* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Small Cap	19.78	63.75	12.31	11.86	4.55
Value	10.01	41.59	7.81	9.70	1.80
Large Cap	7.45	40.90	11.27	13.03	4.28
Growth	5.04	40.08	14.44	16.14	6.63

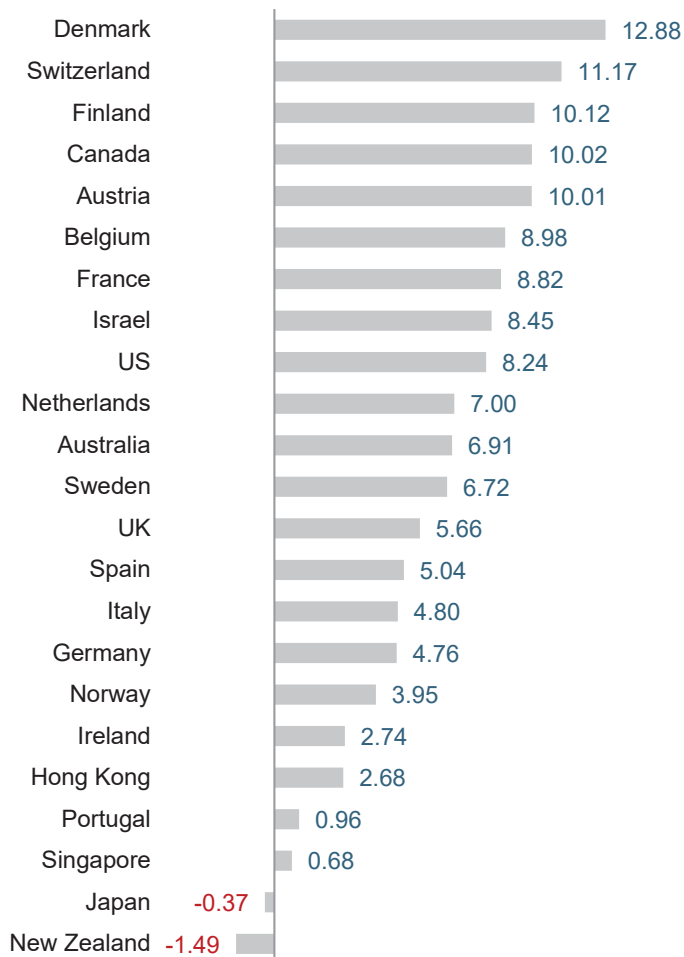
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# Select Market Performance

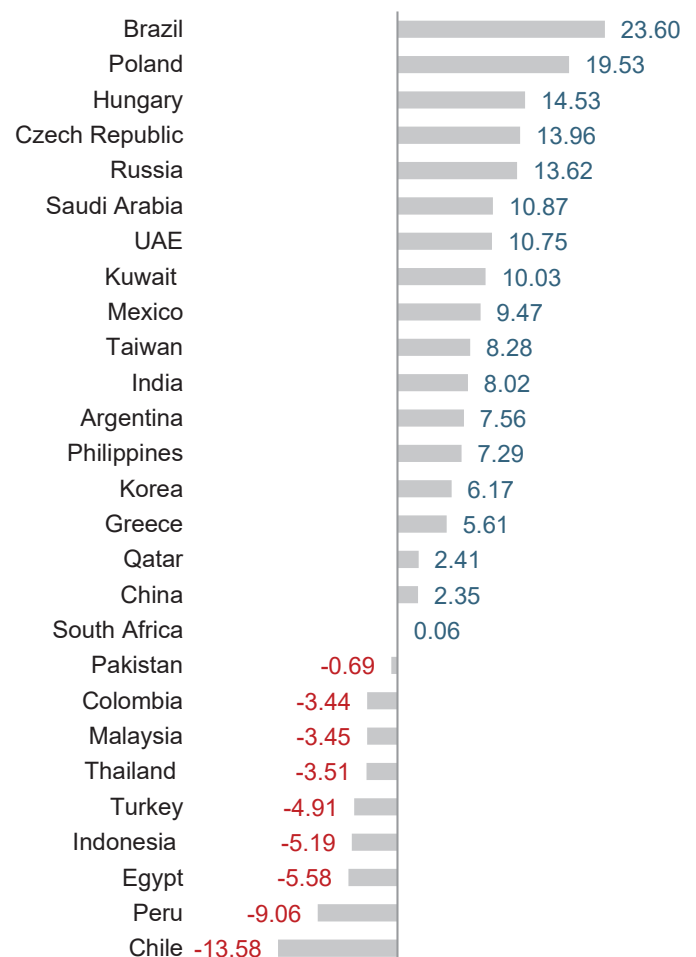
## Second Quarter 2021 Index Returns

In US dollar terms, Denmark and Switzerland recorded the highest country performance in developed markets, while New Zealand and Japan posted the lowest returns for the quarter. In emerging markets, Brazil and Poland recorded the highest country performance, while Chile and Peru posted the lowest performance.

### Ranked Developed Markets Returns (%)



### Ranked Emerging Markets Returns (%)



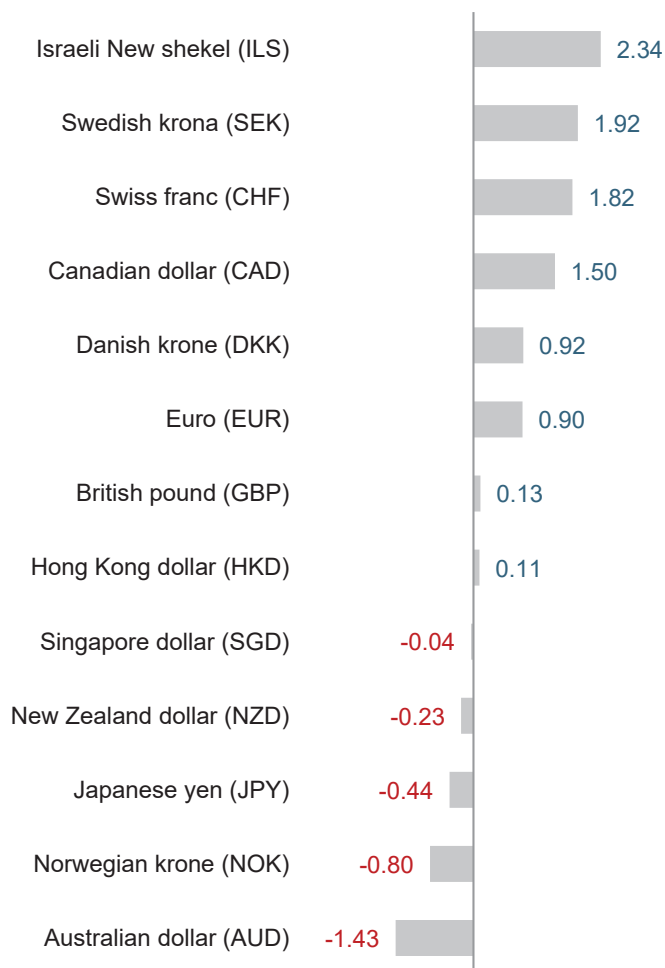
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. MSCI Index returns are in USD net of dividend withholding taxes. Country returns are the country component indices of the MSCI All Country World ex USA IMI for all countries except the United States, where the Russell 3000 index is used instead. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

# Select Currency Performance vs. US Dollar

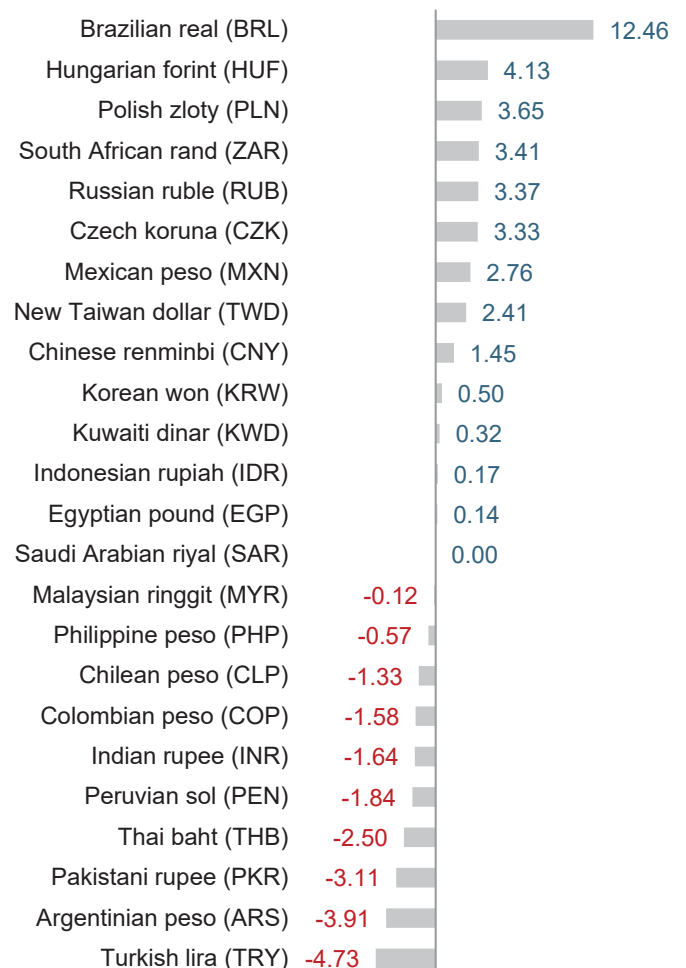
Second Quarter 2021

In developed markets, several currencies appreciated vs. the US dollar, but some, notably the Australian dollar, depreciated. In emerging markets, most currencies appreciated vs. the US dollar, but some, notably the Turkish lira, depreciated.

## Ranked Developed Markets Returns (%)



## Ranked Emerging Markets Returns (%)



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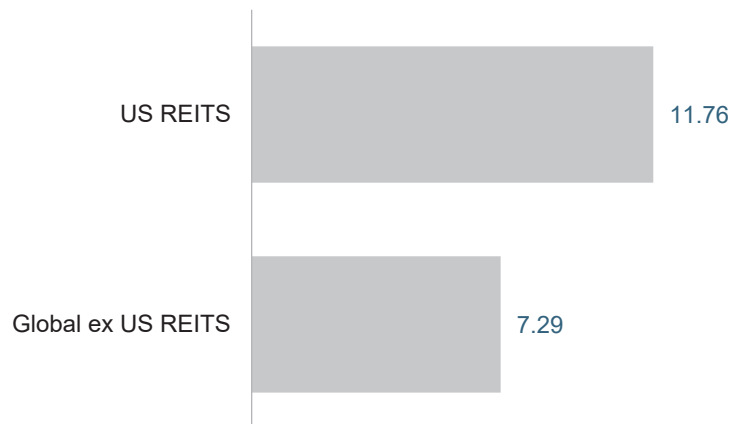
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# Real Estate Investment Trusts (REITs)

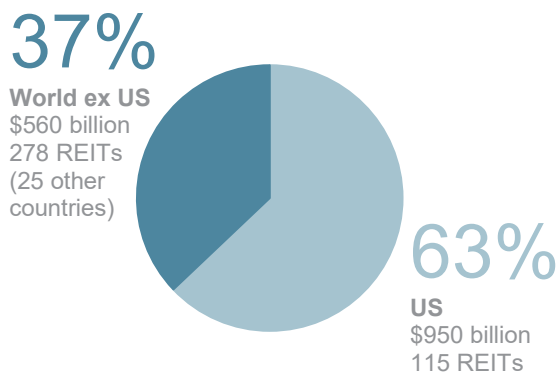
## Second Quarter 2021 Index Returns

US real estate investment trusts outperformed non-US REITs during the quarter.

### Ranked Returns (%)



### Total Value of REIT Stocks



### Period Returns (%)

Asset Class	YTD	1 Year	3 Years*	* Annualized	
				5 Years*	10 Years*
US REITS	22.94	39.98	8.13	5.16	8.67
Global ex US REITS	9.68	31.93	4.63	4.11	5.00

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# Commodities

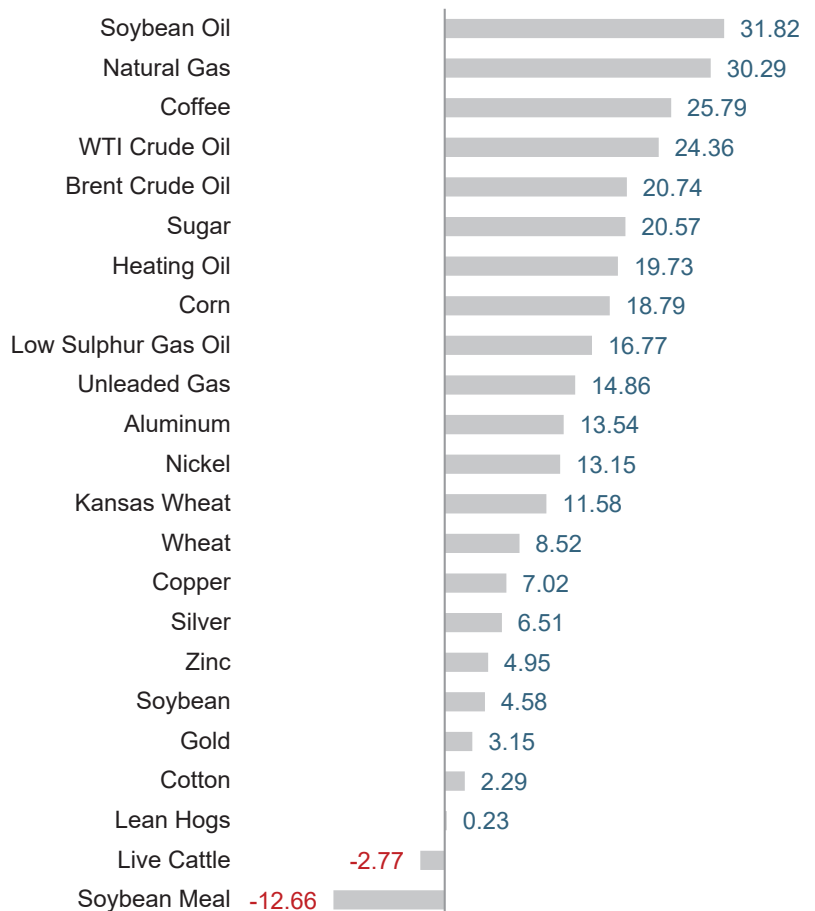
## Second Quarter 2021 Index Returns

The Bloomberg Commodity Index Total Return returned 13.3% for the second quarter of 2021.

Soybean Oil and Natural Gas were the best performers, returning 31.82% and 30.29%, respectively.

Soybean Meal and Live Cattle were the worst performers, declining 12.66% and 2.77%, respectively.

### Ranked Returns (%)



### Period Returns (%)

\* Annualized

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Commodities	13.30	21.15	45.61	3.90	2.40	-4.44

# Fixed Income

## Second Quarter 2021 Index Returns

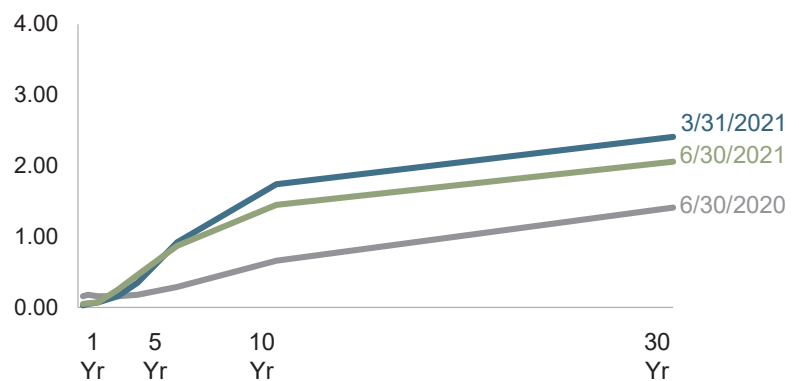
Changes in interest rates in the US Treasury fixed income market were generally mixed during the second quarter of 2021. The yield on the 5-Year Treasury note decreased 7 basis points (bps) to 0.88%. The yield on the 10-Year T-note decreased 28 bps to 1.46%. The 30-Year Treasury bond yield declined 35 bps to 2.04%.

On the short end of the yield curve, the 1-Month US Treasury bill yield remained unchanged at 0.05%, and the 1-Year T-bill yield increased 2 basis point to 0.10%. The 2-Year Treasury note increased 10 bps to 0.25%.

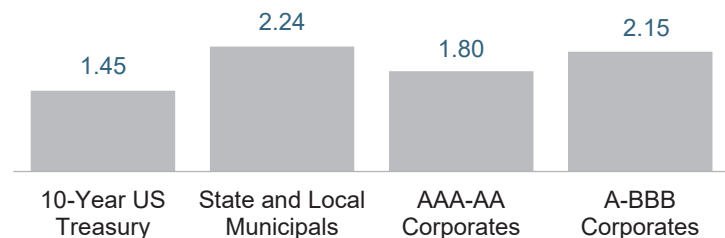
In terms of total returns, short-term corporate bonds gained 0.70%. Intermediate-term corporate bonds returned 1.70%.

The total return for short-term municipal bonds was 0.30%, while intermediate-term munis returned 0.80%. Revenue bonds outperformed general obligation bonds.

### US Treasury Yield Curve (%)



### Bond Yields across Issuers (%)



### Period Returns (%)

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
						*Annualized
Bloomberg Barclays US Government Bond Index Long	6.43	-7.82	-10.42	7.97	3.18	6.62
Bloomberg Barclays US TIPS Index	3.25	1.73	6.51	6.53	4.17	3.40
Bloomberg Barclays US High Yield Corporate Bond Index	2.74	3.62	15.37	7.45	7.48	6.66
Bloomberg Barclays US Aggregate Bond Index	1.83	-1.60	-0.33	5.34	3.03	3.39
Bloomberg Barclays Municipal Bond Index	1.42	1.06	4.17	5.10	3.25	4.28
FTSE World Government Bond Index 1-5 Years	0.31	-2.08	2.08	2.31	1.27	-0.13
FTSE World Government Bond Index 1-5 Years (hedged to USD)	0.07	-0.30	0.11	2.82	1.92	1.88
ICE BofA 1-Year US Treasury Note Index	0.02	0.09	0.22	2.01	1.47	0.90
ICE BofA US 3-Month Treasury Bill Index	0.00	0.02	0.09	1.34	1.17	0.63

One basis point (bps) equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA US Corporates, BBB-A rated. Bloomberg Barclays data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2021 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2021 ICE Data Indices, LLC. S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# Global Fixed Income

## Second Quarter 2021 Yield Curves

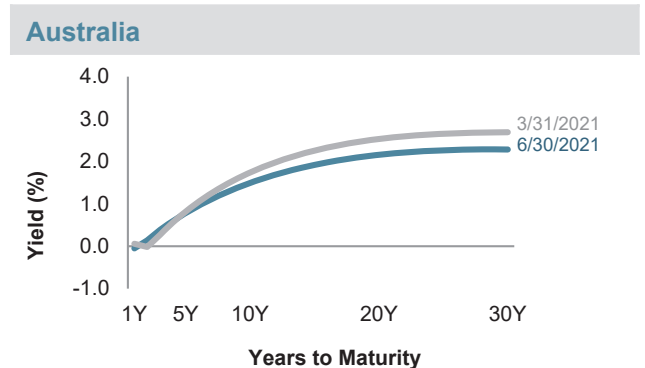
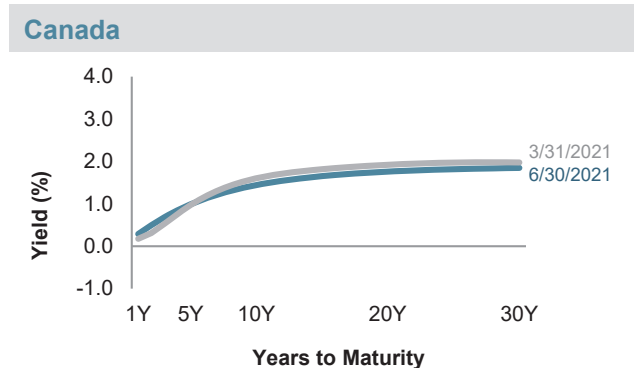
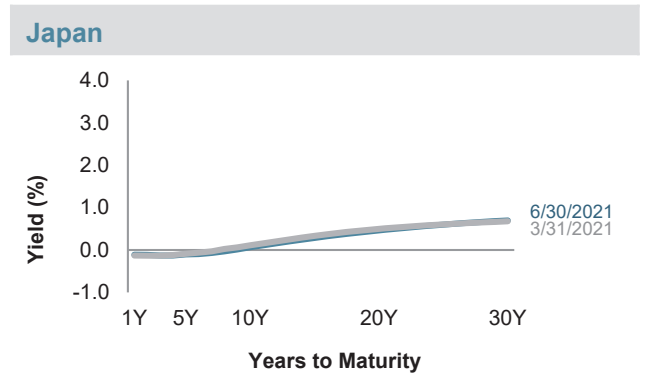
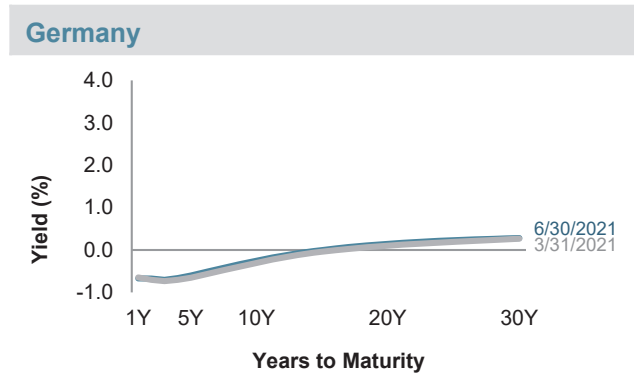
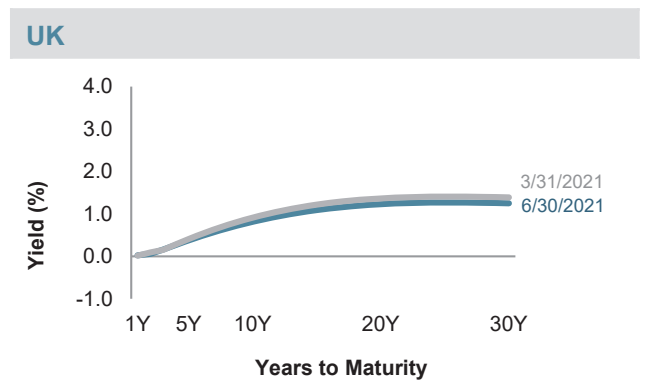
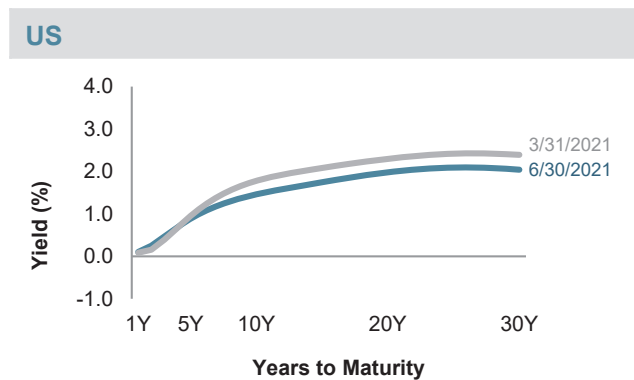
Changes in government bond yields in the global developed markets were mixed for the quarter.

Term premiums were mixed in developed markets.

Short- and intermediate-term nominal interest rates were negative in Japan and Germany.

Changes in Yields (bps) since 3/31/2021

	1Y	5Y	10Y	20Y	30Y
US	1.8	-6.5	-31.9	-31.8	-35.0
UK	0.8	-3.1	-9.9	-13.8	-13.8
Germany	-2.2	5.4	5.1	4.4	1.5
Japan	1.9	-1.5	-4.4	-3.7	2.2
Canada	11.1	1.8	-16.0	-16.1	-12.8
Australia	-11.0	-3.2	-24.7	-37.3	-40.5



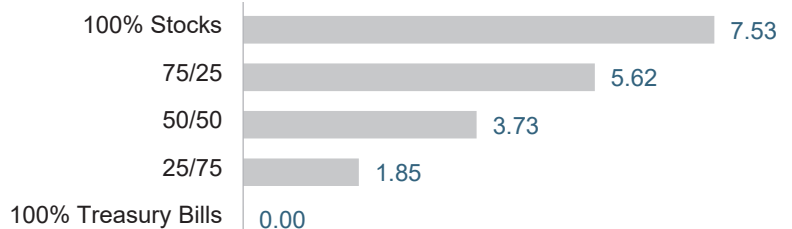


# Impact of Diversification

Second Quarter 2021

These portfolios illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

## Ranked Returns (%)

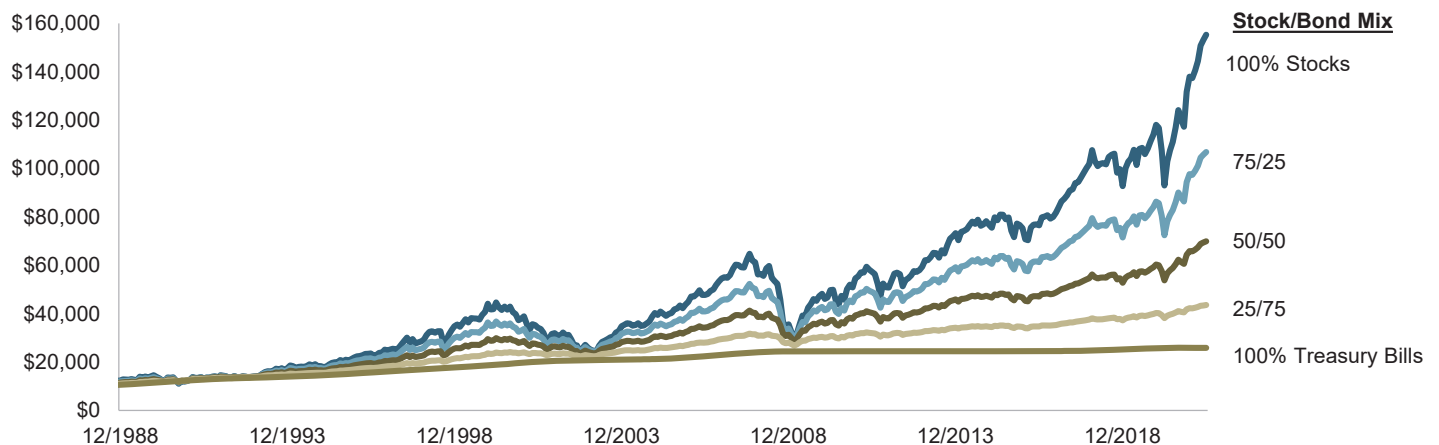


## Period Returns (%)

\* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*	10-Year STDEV <sup>1</sup>
100% Stocks	12.56	39.87	15.14	15.20	10.48	14.03
75/25	9.32	28.96	11.84	11.73	8.12	10.52
50/50	6.15	18.71	8.40	8.20	5.67	7.00
25/75	3.05	9.08	4.85	4.64	3.14	3.49
100% Treasury Bills	0.01	0.06	1.21	1.06	0.55	0.23

## Growth of Wealth: The Relationship between Risk and Return



1.STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio.

Diversification does not eliminate the risk of market loss. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.** Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2021, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

# Inflation: An Exchange Between Eugene Fama and David Booth

Second Quarter 2021

David Booth, Executive Chairman and Founder

Eugene Fama, PhD, Nobel laureate, Director, and Consultant

With the economy starting to recover from the COVID-19 pandemic and investor concerns turning increasingly toward inflation, Dimensional Founder David Booth talked with Nobel laureate Eugene Fama about inflation and how investors should think about it in their portfolios. Excerpts from their conversation have been edited for clarity.

## ON PREDICTING INFLATION

**David Booth:** Gene, you are a founding Director of Dimensional and have been involved in our research and corporate governance for more than 40 years. People may not know that you've also done a lot of research on inflation and interest rates.

We always tell people, "We don't try to forecast. We try to be prepared for various outcomes." Inflation is one of those things you want to be prepared for. There's a pickup in inflation risk that wasn't there, say, 10 years ago. Does that cause you to worry?

**Eugene Fama:** Historically what's happened is, when there's a spike, the spike persists for a long time. Inflation tends to be highly persistent once you get it. Once it goes down, it tends to be highly persistent on the downside. You've got to be prepared for that. Predicting next month's inflation may not be very hard because this month's inflation can be a pretty good predictor of next month's inflation, or next quarter's inflation, or even the next six months' inflation. Persistence is a characteristic of inflation.

We haven't been in a period of high inflation, or even moderate inflation, for at least 10 years, so I'm not particularly concerned that inflation will be high soon.

## ON HOW INVESTORS SHOULD THINK ABOUT INFLATION AND THEIR FINANCIAL GOALS

**Booth:** Conditions change, so is there anything about the current environment and the risk of inflation heating up that would cause you to change your portfolio?

**Fama:** I don't think anybody predicts the market very well. Market timing is risky in the sense that you've always emphasized: You may be out of the stock market at precisely the time when it generates its biggest returns. The nature of the stock market is you get a lot of the return in very short periods of time. So, you basically don't want to be out for short periods of time, where you may actually be missing a good part of the return.

I think you take a long-term perspective. You decide how much risk you're willing to take, and then you choose a mix of bonds, stocks, Treasury Inflation-Protected Securities, and whatever else satisfies your long-term goals. And you forget about the short term. Maybe you rebalance occasionally because the weights can get out of whack, but you don't try to time the market in any way, shape, or form. It's a losing proposition.

**Booth:** As you get to the point in life where you actually need to use your portfolio, does that change the kinds of allocations you'd want?

**Fama:** The classic answer to that was, yes, you'd shift more toward short-term hedges, short-term bonds. Once you had enough accumulated wealth that you thought you could make it through retirement, you'd want to hedge away any uncertainty that might disturb that. That's a matter of taste and your willingness to take risk and your plans for the

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people you will leave behind, like your charities or your kids. All of that will influence how you make that decision. But the typical person who thinks they'll spend all their money before they die probably wants to move into less risky stuff as they approach retirement.

**Booth:** The notion of risk is pretty fuzzy. For example, if I decide that I want to hold Treasury bills or CDs when I retire, and you did that 40 years ago, when we started the firm, and you've got that 15% coupon, that's pretty exciting. With \$1 million at 15%, you're getting \$150,000 a year. Today you might get less than 1%.

**Fama:** Right, but I remember when inflation was running at about 15%, so not much better off!

**Booth:** Those are different kinds of risks.

**Fama:** When you approach retirement, you're basically concerned about what your real wealth will look like over the period of your retirement, and you have some incentives to hedge against that. You face the possibility, for example, that if you invest in stocks, you have a higher expected return, but you may lose 30% in a year and that might be devastating for your long-term consumption.

**Booth:** I think part of planning is not only your investment portfolio, but what to do if you experience unexpected events of any kind. We're kind of back to where we start our usual conversation: "Control what you can control." You can't control markets. What you can do is prepare yourself for what you'll do in case bad events happen. Inflation is just one of many risk factors long-term investors need to be prepared for.

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Eugene Fama is a member of the Board of Directors of the general partner of, and provides consulting services to, Dimensional Fund Advisors LP.

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*The MSCI World ex USA Small Cap Index captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With 2,500 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.*

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*This index represents the 1000 largest companies in the Russell 3000 index. This index is highly correlated with the S&P 500 index. This Index includes the effects of reinvested dividends.*

*The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.*

*The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.*

*The MSCI ACWI ex U.S. index is a market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The MSCI All Country World Index Ex-U.S. includes both developed and emerging markets.*

*The Russell 1000 Value index represents a segment of the Russell 1000 index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This Index includes the effects of reinvested dividends.*

*The Russell 2000 index covers 2000 of the smallest companies in the Russell 3000 index, which ranks the 3000 largest U.S. companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This Index includes the effects of reinvested dividends.*

*The MSCI World ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries\*--excluding the United States. With 1,004 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. \* DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. With Net Dividends (Total Return Index): Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.*

*MSCI Emerging Markets (Net Div) is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of December,31, 2010, the MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. MSCI Total Return Index: Measures the price performance of markets with the income from constituent dividend payments. The MSCI Daily Total Return (DTR) Methodology reinvests an index constituent's dividends at the close of trading on the day the security is quoted ex-dividend (the ex-date). With Gross Dividends and With Net Dividends are the two variant calculations of MSCI Total Return Indices.*

*The Dow Jones Global ex-US Select REIT Index is designed to measure the performance of publicly traded REITs and REIT-like securities, excluding those in the US and is a subindex of the Dow Jones Global ex-US Selected Real Estate Securities Index (RESI).*

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*Russell 2000 Value index represents a segment of the Russell 2000 index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value indices will add up to the total market cap of the Russell 2000. This Index includes the effects of reinvested dividends.*

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*The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.*

*The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on the indices' EM country definition, are excluded. The US Corporate High Yield Index is a component of the US Universal and Global High Yield Indices.*

*BBG Barclays US Treasury TIPS index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have \$250 million or more of outstanding face value.*

*The 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, and has more than 25 years of history available. The WGBI provides a broad benchmark for the global sovereign fixed income market. Sub-indices are available in any combination of currency, maturity, or rating.*

*The Bloomberg Barclays Municipal Bond Index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.*

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