LOOMIS | SAYLES

JULY 2023

Investment Outlook

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The journey toward a downturn phase in the credit cycle is typically more like a brisk walk than a sprint.

We do not see excessive leverage built up in any one major sector of the economy at present. Instead, rapid central bank tightening appears to be putting pressure on all sectors and slowing economic growth broadly. Over the next six months, we anticipate rising unemployment rates in most countries. We believe the resulting loss of consumption due to job losses would catalyze a downturn.

At this juncture, we believe a mild downturn is ahead. However, we do not know how restrictive monetary policy will become or how long tight financial conditions could last. Strong year-to-date performance across assets suggests a soft landing is occurring. In our view, market optimism may be masking what could be ahead.

Investment Themes:

KEY TAKEAWAYS

PAGE 3 Macro Drivers

We do not expect policymakers to react swiftly at the onset of a downturn while inflation is projected to be above target in most economies through at least mid-2024.

PAGE 4 Corporate Credit

We think corporate credit spreads look very tight for this point in the cycle. However, yield levels, which represent the cost of borrowing, are very high.

PAGE 5 Government Debt & Policy

The Federal Reserve (Fed) delivered tremendous fiscal and monetary support during the GFC and pandemic global downturns. In our view, it is different this time because inflation, not deflation, has become a threat to longer-term economic stability.

PAGE 6 Currencies

We believe short-term rate differentials should ultimately drive the direction of the US dollar. However, the dollar could also rally in a downturn, even if the Fed becomes less restrictive and other central banks stay tight.

PAGE 7 Equities

Valuation expansion, macro headwinds and weakening fundamentals may present a challenging setup for equities.

PAGE 8 Potential Risks

A cautious asset allocation stance with a tilt toward fixed income is warranted, in our view, given macroeconomic headwinds and a corporate profits recession appearing to take hold.

PAGE 8 Asset Class Outlook

We are constructive on duration and neutral on credit. We would look to add growth equity exposure on weakness.

Macro Drivers

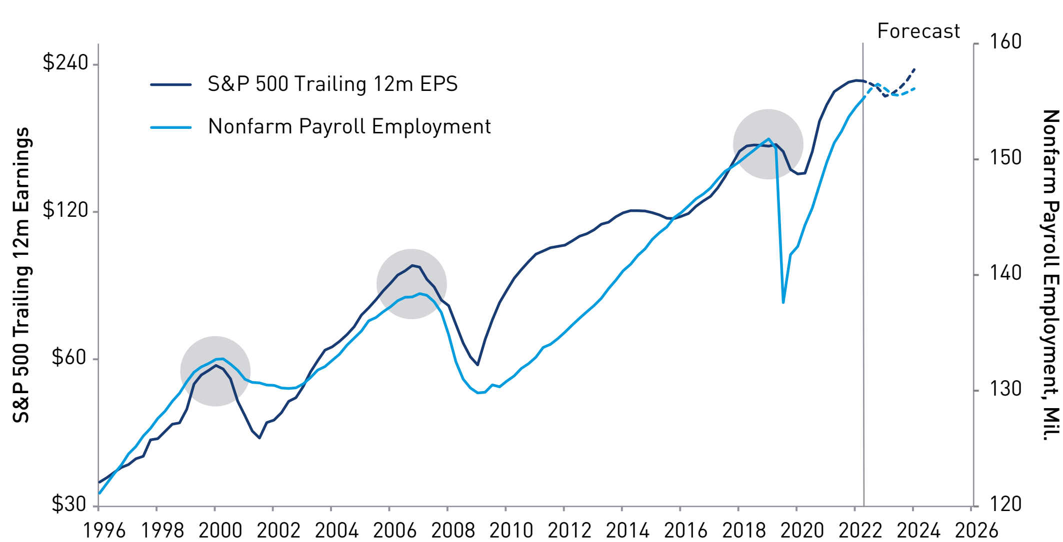
Global corporate profits (measured by the MSCI ACWI Index) will likely continue slipping through year-end. The dip has been shallow in recent quarters, but we believe it will deepen throughout the second half of 2023.

- Monetary policy tightening is already slowing economic activity with borrowing rates for consumers and corporations on the rise. We anticipate more weakness ahead as the full impact of restrictive policy is realized.
- Corporate profit margins should remain under pressure now that pricing power appears to be fading. One positive takeaway, in our view, is less consumer price inflation. A negative is declining profitability.
- We firmly believe that profits drive the credit cycle. And we project that both services and manufacturing industries are likely to experience a material slowdown in demand during the next few quarters.
- As aggregate demand slows and margins continue to shrink, job losses are likely to mount. We think the US unemployment rate is headed toward 4.0% by year-end and most likely higher in 2024.
- We anticipate a similar dynamic to take place in Europe, where some countries, such as Germany, are already in the downturn phase of the credit cycle.
- A loss of jobs typically impacts consumption of goods and services, which is a key growth driver for advanced economies. An additional headwind to economic growth is a decline in corporate capital expenditures, which we expect while demand is broadly under pressure.
- We forecast the peak-to-trough drawdown in US real GDP to be around 0.75%. That would be quite mild relative to the average drawdown of 2.5% for recessions since World War II.

WE SEE A SHALLOW DECLINE IN CORPORATE PROFITS AND LAYOFF ANNOUNCEMENTS RELATIVE TO THE PAST THREE CYCLES

If Fed policy remains restrictive well into 2024, then our mild downturn forecast could prove too optimistic.

Sources: S&P Global Q1 2023, Bureau of Labor Statistics 31 May 2023, Loomis Sayles forecast begins Q2 2023 through Q4 2024.



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Corporate Credit

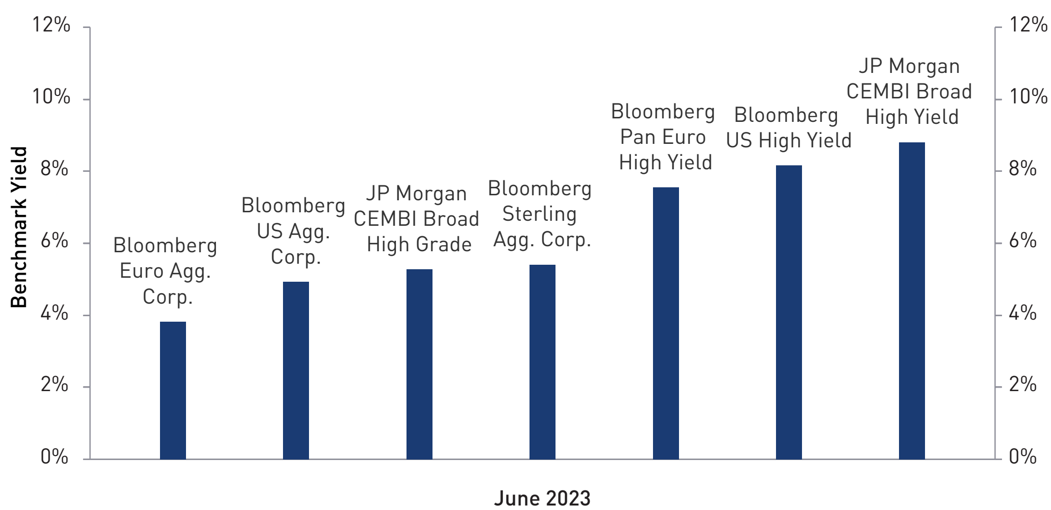
In this late-cycle environment, yields on corporate credit benchmarks can be a more accurate representation of market risk than spreads.

- In the event of a downturn, we expect spreads to widen out rapidly as systemic risk impacts all credits. We are preparing to deploy capital in markets if dislocations between price and fair value arise.
- Our quantitative and fundamental frameworks suggest that corporate health is set to deteriorate from here. While we believe the direction of travel is clear, the depth of the fallout is not.
- Our risk premium framework, which estimates the potential for positive excess return, suggests credit is likely to outperform US Treasurys over the next six months.[1] While odds of positive excess return appear high, they are down compared to six months ago.
- The same quantitative-based risk premium framework currently estimates a high yield default rate of just 2.0%. While expected defaults seem low, estimates have been consistently rising.
- Our survey-based framework, which uses the views of the Loomis Sayles credit research team, indicates that key fundamentals like profit margins, credit outlook and pricing power are likely to remain under pressure for the next six months.
- Loomis Sayles high yield strategists anticipate a default rate closer to 4.0% if a downturn materializes in the US. We have high conviction that spreads will move higher as the downturn approaches.

CURRENT INDEX YIELD LEVELS LOOK ATTRACTIVE, ESPECIALLY WITH A MUTED DEFAULT RATE ESTIMATE RELATIVE TO PAST CYCLES

Corporate credit's yield advantage relative to government bonds could potentially drive positive excess return.

Sources: Refinitiv Datastream, S&P Global, Bloomberg, JP Morgan, as of 21 June 2023.



The chart presented above is shown for illustrative purposes only.** Some or all of the information on this chart may be dated, and, therefore, should not be the basis to purchase or sell any securities. The information is not intended to represent any actual portfolio currently managed by Loomis Sayles. Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.

[1] Our risk premium analysis is based on historical data and does not predict future results. Therefore, the use of this type of information to make investment decisions has inherent limitations. There is no guarantee that future experience will be similar. The analysis is limited to certain periods. We make no representation that the experience of any other periods is comparable.

Government Debt & Policy

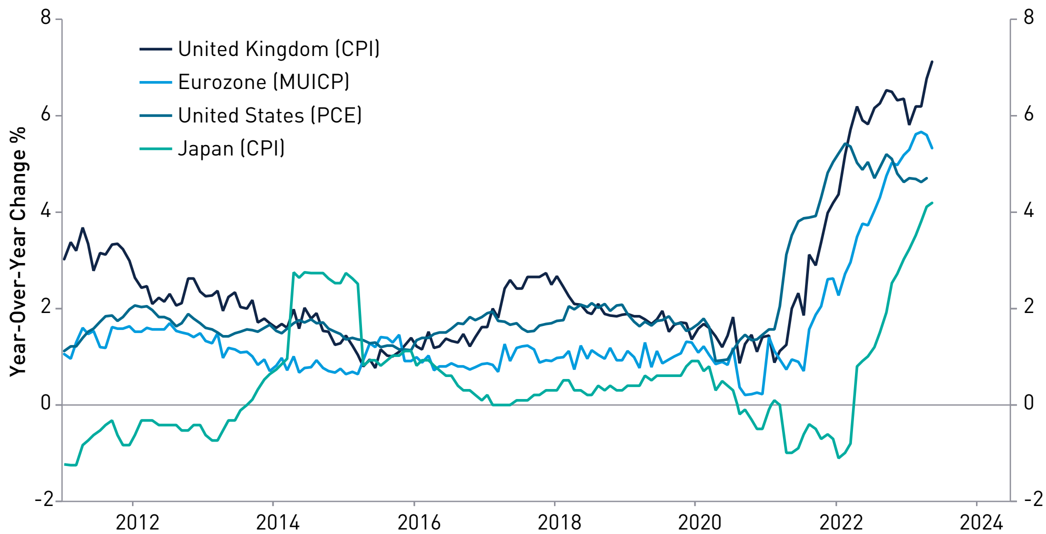
Market expectations for central bank rate cuts may prove to be overly optimistic.

- Inflation will likely remain a challenging global issue for policymakers during at least the next six months. We believe central bankers will remain resolute in restoring price stability and meeting their targets.
- Some market practitioners have suggested that central bankers could adjust inflation targets modestly higher to accommodate this new macro environment. We do not subscribe to that view. In fact, our own internal measure of global supply-chain bottlenecks has normalized to pre-pandemic levels.
- While our expectations for the downturn phase of the cycle are not overly bearish, we do see risks to the view. Central bank and developed economy balance sheets do not appear to be in a position to haphazardly stimulate.
- If inflation remains well above target, we could see monetary policy in restrictive territory for an extended period—perhaps throughout 2024.
- We believe central banks may tolerate a certain level of rising unemployment if that is what it takes to get inflation back under control and to target.
- Politics can complicate the fiscal side of the equation. However, over the long run, governments typically see price stability as essential.

INFLATION REMAINS CONSIDERABLY ABOVE PRE-PANDEMIC RANGES GLOBALLY

The pace of central bank tightening is likely to slow, but the hiking phase may not be over.

Source: Refinitiv Datastream, National Sources, Latest monthly data as of 30 June 2023.



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Currencies

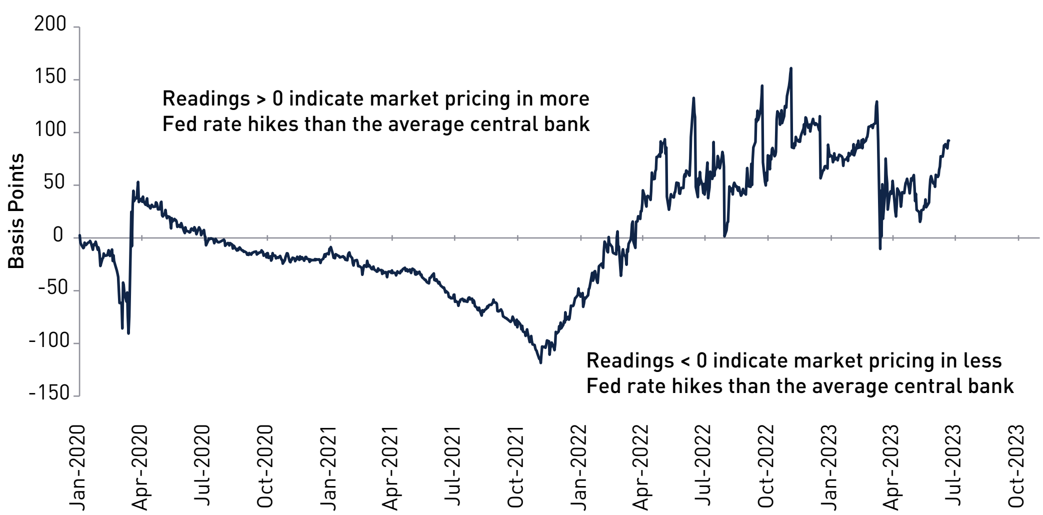
Downturn phases of the credit cycle are most often associated with the US dollar outperforming foreign currencies.

- There is potential for the European Central Bank (ECB) and Bank of England (BoE) to continue hiking policy rates even if the Fed pauses, because inflation has been a bigger concern for those economies.
- The ECB and BoE are not as far along in their tightening cycles as the Fed, yet inflation is relatively higher in both of those economies.
- We expect the indices used to measure US dollar performance, such as the DXY index, Bloomberg dollar index and the Fed's trade-weighted dollar index, to continue trading with a firm tone until the Fed makes it clear that the tightening cycle has concluded.
- We expect most foreign currencies to underperform the dollar given our view of the credit cycle and the coming downturn phase. We see potential for select idiosyncratic opportunities, but believe it is hard to beat risk-free rates currently on US-dollar-based Treasurys.
- Emerging market local-currency bonds could be a place to earn carry over high grade US fixed income, and potential strong currency performance. We think select markets could do well, even if the US dollar indices rally.
- Preferred local-currency markets currently include Mexico, Brazil, South Africa and Indonesia. These markets are favored given long-term prospects for consistent structural improvement.

THE FED APPEARS MORE LIKELY TO TIGHTEN, OR AT LEAST HOLD STEADY, COMPARED TO THE AVERAGE CENTRAL BANK

The US dollar's relative "safe haven" status could be beneficial if economic growth dips and investors turn risk averse.

Source: Bloomberg (chart captures market pricing for 23 different emerging and developed market central banks relative to the Fed), as of 30 June 2023.



Equities

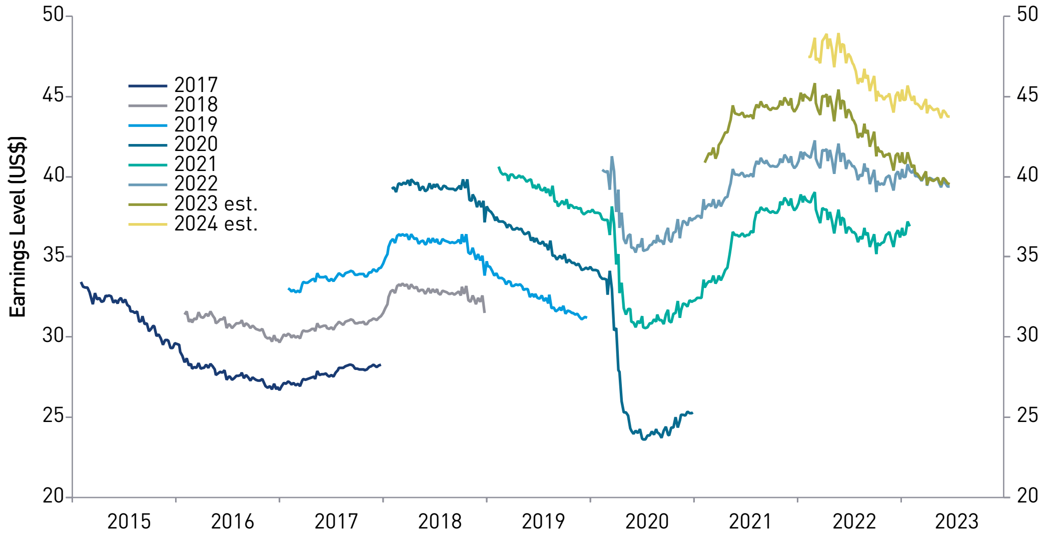
Consensus earnings expectations indicate flat global earnings growth in 2023. We anticipate a modest contraction.

- We believe the robust equity market performance during the past six months reflects a highly-optimistic outlook amid what we believe is a very challenging macro environment for companies.
- Corporations appear to be losing pricing power and we expect economic growth to continue slowing. We suspect top-line growth will be tougher to generate and further profit margin compression is likely ahead.
- In our view, MSCI All Country World Index earnings should show an outright decline of nearly 5.0% in 2023. That contraction would be relatively muted compared to past economic downturns.
- The US information technology sector has been a leadership group year to date. We would not be surprised if that continues, even in an equity market correction, given the high-quality nature of those businesses and their balance sheets.
- Overall equity market performance has started to broaden recently to include small-cap companies and less defensive sectors. However, we are reluctant to fully embrace the trend at this late stage of the credit cycle.
- Our stance on equities is similar to that of credit markets: remain invested and be ready to take advantage of potential market dislocations from fair value when volatility returns.
- We currently favor US large caps, information technology and growth style equities. We are cautious on financials overall and emerging markets as a region.

EARNINGS ESTIMATES HAVE BEEN SLIDING AND THERE ARE LIKELY MORE DOWNWARD REVISIONS TO COME

In our view, the consensus global earnings rebound of plus 10.0% for next year is very optimistic.

Source: Refinitiv Datastream, IBES, data as of 22 June 2023.



Any opinions or forecasts contained herein reflect the current subjective judgments and assumptions of the Macro Strategies team only, and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. This information is subject to change at any time without notice.
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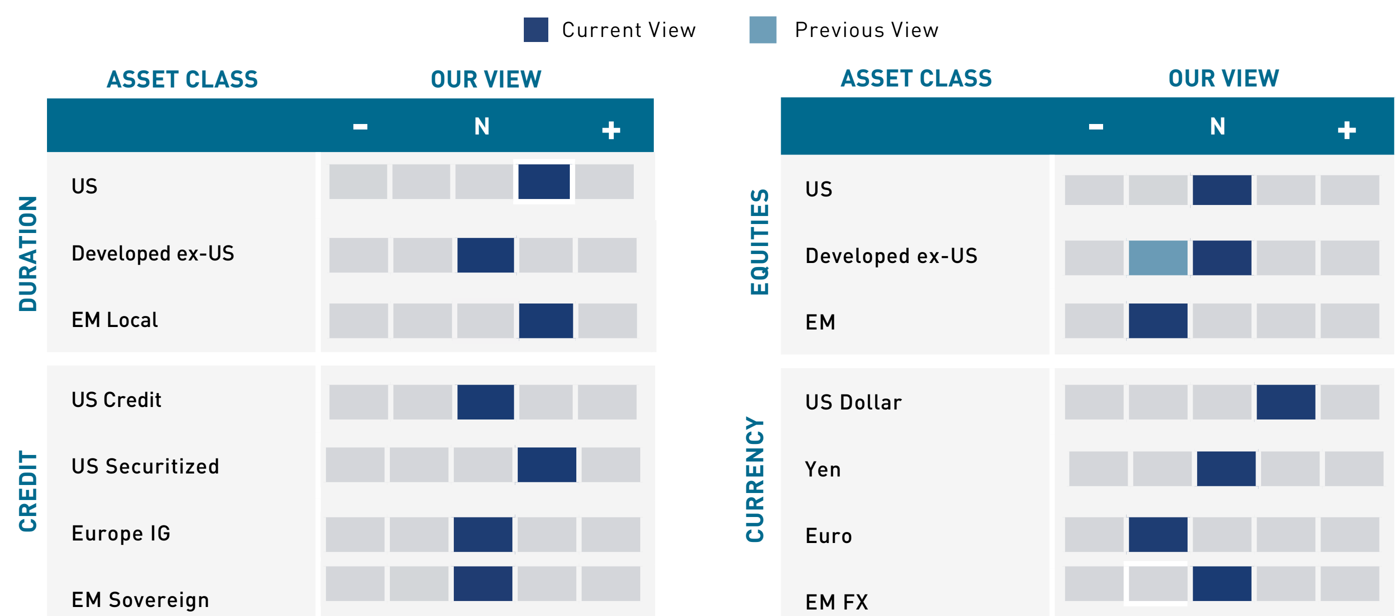
Potential Risks

A cautious asset allocation stance with a tilt toward fixed income is warranted in our view given macroeconomic headwinds and a corporate profits recession appearing to take hold.

- Our core view is that the global economy is in a vulnerable position and therefore at risk of entering the downturn phase of the credit cycle. One risk to our base case is if a soft landing scenario actually unfolds, in which case we are currently too bearish.
- Most asset valuations appear to be reflecting a soft landing scenario already. We believe the probability of a soft landing is around 20% and therefore find markets optimistically priced.
- We anticipate a profits recession but there is a risk that corporates find a way to manage through challenges and continue growing earnings despite economic weakness and higher interest rates.
- Inherent in the downturn scenario is a rising unemployment rate. If unemployment does not head toward 4.0% by year-end, then we would not expect a downturn to play out in 2023.
- In the past, the US government has successfully fenced off financial sector woes, but we do not expect that trend to continue. Stimulus out of fiscal authorities would likely come as a shock given inflation issues countries are facing.
- We would be surprised if monetary policy pivots toward rate cuts in the face of a modest recession this year.
- Market performance suggests conditions are quite rosy. We are more cautious.

Asset Class Outlook

We are constructive on duration and neutral on credit. We would look to add growth equity exposure on weakness.



Second Quarter Review

INDEX RETURNS BY SECTOR
as of 30 June 2023

INDEX				
US BROAD MARKET	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US AGGREGATE BOND	-0.36	-0.84	2.09	-0.94
BBG US GOVERNMENT/CREDIT	-0.32	-0.93	2.21	-0.70

The broad fixed income market produced modestly negative returns in the second quarter of 2023, after positive performance in the prior two quarters. The market appeared to internalize the Fed's message that the fed funds rate will likely remain elevated for longer than previously expected. This expectation for higher short-end rates led to a general sell-off within the broader fixed income markets.

US GOVERNMENTS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US TREASURYS	-0.75	-1.38	1.59	-2.13
3-MONTH T-BILLS	0.46	1.22	2.35	3.74
2-YEAR TREASURY	-0.63	-0.89	0.56	-0.54
5-YEAR TREASURY	-1.33	-1.69	0.66	-2.14
10-YEAR TREASURY	-1.15	-1.91	1.78	-3.55
30-YEAR TREASURY	0.21	-2.36	3.49	-9.68
BBG US TIPS	-0.34	-1.42	1.87	-1.40
BBG US AGENCY	-0.48	-0.44	1.64	-0.40

US Treasurys had a negative return this quarter. Rates on shorter maturities rose more than rates on the longer end of the yield curve. Duration effects contributed to comparatively weaker performance for Treasurys with longer maturities.

US MUNICIPALS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US MUNICIPALS	1.00	-0.10	2.67	3.19

Municipal bonds experienced a negative return, though not to the magnitude of the broader fixed income market. The outperformance relative to the broader fixed income market could be attributed to market technicals, as issuance continues to slow even further from last year's subdued pace.

US SECURITIZED	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG MBS	-0.43	-0.64	1.87	-1.52
BBG ABS	-0.27	-0.12	1.74	1.18
BBG CMBS	-0.85	-0.60	1.20	-1.71

The securitized market had negative returns in the second quarter. ABS outperformed other securitized market segments owing to its shorter duration (which generally outperformed this quarter) and less pessimism in the market on collateral performance (stabilization in defaults and used car values). CMBS continued to underperform the overall securitized market even after its notable underperformance in the first quarter due to the fundamental weaknesses in the commercial real estate sector.

Data Sources: Bloomberg indices from Bloomberg 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 30 June 2023

INDEX CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US INVESTMENT GRADE	0.41	-0.29	3.21	1.55
AAA	0.25	-0.99	3.99	-0.84
AA	0.25	-0.69	3.22	-0.02
A	0.25	-0.40	2.90	0.80
BBB	0.60	-0.10	3.47	2.52
BBG EUROPEAN INVESTMENT GRADE *-LOCAL CURRENCY RETURNS*	-0.44	0.43	2.18	0.14
AAA	-0.40	0.89	0.86	-1.84
AA	-0.68	-0.07	1.22	-1.67
A	-0.51	0.24	1.80	-0.66
BBB	-0.35	0.64	2.63	1.03
BBG STERLING INVESTMENT GRADE *-LOCAL CURRENCY RETURNS*	-1.23	-3.42	-1.03	-6.91
AAA	0.10	-4.03	-3.06	-10.86
AA	-0.76	-4.08	-2.38	-8.91
A	-1.23	-3.69	-1.21	-7.94
BBB	-1.34	-3.08	-0.65	-5.66

Similar to the broad fixed income market, US corporate bonds fell modestly this quarter and underperformed compared to their Euro area counterparts. Note that higher-quality securities, with their typically longer durations, underperformed lower-quality bonds in the US due to duration effects. Sterling corporates underperformed other developed markets as the market digested new highs in core CPI in the UK.

CORPORATES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
BBG US HIGH YIELD	1.67	1.75	5.38	9.06
BB	1.26	0.89	4.36	8.07
B	1.69	1.90	5.44	9.91
CCC	3.13	4.18	9.35	9.43
BBG PAN-EURO HIGH YIELD *-LOCAL CURRENCY RETURNS*	0.45	1.85	4.79	8.72
BB	0.36	1.67	4.23	8.20
B	0.68	2.51	6.46	10.49
CCC	1.60	1.90	3.92	6.92

High yield bonds generated positive returns and were among the best performing fixed income securities this quarter. Lower-quality names typically have lower durations, and this factor helped the sector's performance. Also contributing to the outperformance was improved risk appetites, particularly notable in the last two weeks of the quarter.

Data Sources: Bloomberg indices from Bloomberg 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 30 June 2023

INDEX				
BANK LOANS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
MORNINGSTAR LSTA US LEVERAGED LOAN	2.26	3.15	6.48	10.71
BB	1.95	2.81	4.95	11.58
B	2.52	3.25	7.19	11.32
CCC	2.08	4.39	8.47	4.13

Bank loans also performed well this quarter. Bank loans generally have floating coupons as opposed to fixed coupons. The income return from upward adjustments to the ongoing market rate increased substantially and has provided outsized returns year-to-date through June.

DEVELOPED COUNTRIES	1 MONTH	3 MONTH	6 MONTH	1 YEAR
CITIGROUP WGBI *-LOCAL CURRENCY RETURNS*	-0.38	-0.73	2.17	-2.76
CITIGROUP NON-USD WGBI	-0.11	-0.26	2.41	-3.11
UNITED STATES	-0.74	-1.35	1.83	-2.32
CANADA	-0.20	-1.47	1.37	1.68
JAPAN	0.30	0.51	3.90	0.27
AUSTRALIA	-2.51	-4.05	1.34	0.34
UNITED KINGDOM	-0.35	-6.22	-3.82	-16.51
EUROPEAN GBI	-0.28	0.04	2.61	-4.75
FRANCE	-0.52	-0.17	2.02	-5.37
GERMANY	-0.69	-0.36	1.68	-5.95
IRELAND	-0.20	0.00	2.61	-5.23
ITALY	0.40	0.86	4.67	-2.17
SPAIN	-0.32	-0.21	2.20	-4.57

The negative return experienced by the broader US fixed income market was broadly shared across the developed world. Only Japan and a select few peripheral European countries provided positive returns. The UK was the clear underperformer as investors reacted to the country's core CPI showing no signs of peaking.

EMERGING MARKET BONDS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
JP MORGAN EMBIG *-SOVEREIGN/QUASI-SOVEREIGN, USD*	1.93	1.53	3.81	6.85
JP MORGAN CEMBI BROAD DIVERSIFIED *-CORPORATES, USD*	1.08	1.37	3.64	5.66
JP MORGAN GBI-EM GLOBAL DIVERSIFIED *-GOVERNMENTS, LOCAL CURRENCY*	1.57	2.75	5.73	10.38

Emerging market bonds, denominated in local currency and dollar-denominated debt, also gained this quarter. There was little dispersion between corporates and sovereign US-dollar-denominated debt, while local-market debt had a relatively better performance.

Data Sources: Bloomberg indices from Bloomberg 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 30 June 2023

INDEX CURRENCY MARKETS	1 MONTH	3 MONTH	6 MONTH	1 YEAR
DOLLAR BLOC				
CANADIAN DOLLAR	2.51	2.07	2.36	-2.79
AUSTRALIAN DOLLAR	2.48	-0.31	-2.19	-3.46
NEW ZEALAND DOLLAR	1.71	-2.13	-3.54	-1.91
WESTERN EUROPE				
EURO	2.06	0.65	1.91	4.05
NORWEGIAN KRONE	3.27	-2.45	-8.69	-8.29
SWEDISH KRONA	0.55	-3.64	-3.42	-5.31
SWISS FRANC	1.69	2.20	3.23	6.64
BRITISH POUND	2.11	2.97	5.13	4.31
EMERGING EUROPE & AFRICA				
CZECH KORUNA	1.87	-0.59	3.60	8.37
HUNGARIAN FORINT	1.46	2.61	9.28	10.68
POLISH ZLOTY	4.20	6.22	7.66	10.30
RUSSIAN RUBLE	-9.01	-12.98	-16.94	-39.35
SOUTH AFRICAN RAND	4.65	-5.58	-9.61	-13.64
TURKISH NEW LIRA	-20.19	-26.27	-28.08	-35.81
ASIA				
JAPANESE YEN	-3.44	-7.93	-9.14	-5.95
CHINESE RENMINBI	-2.00	-5.24	-4.90	-7.64
INDONESIAN RUPIAH	0.00	0.01	3.84	-0.63
MALAYSIAN RINGGIT	-1.15	-5.39	-5.63	-5.53
PHILIPPINE PESO	1.75	-1.52	0.95	-0.42
SINGAPORE DOLLAR	-0.06	-1.59	-0.95	2.82
SOUTH KOREAN WON	0.65	-1.21	-3.97	-1.44
LATIN AMERICA				
ARGENTINE PESO	-6.72	-18.60	-31.00	-51.23
BRAZILIAN REAL	5.65	5.80	10.34	9.85
CHILEAN PESO	0.91	-0.85	6.09	14.44
COLOMBIAN PESO	6.70	10.82	16.32	-0.40
MEXICAN PESO	3.29	5.38	13.87	17.48
PERUVIAN NEW SOL	1.24	3.81	5.00	5.56

The US dollar had a choppy quarter and ended the period little changed. As a result, individual currency returns varied widely. The Turkish lira performed poorly as a result of volatility from the recent presidential election and disappointment about the central bank's first rate hike under new leadership. Colombia and Poland had some of the most notable returns as core CPI finally appeared to peak in those two countries.

Data Sources: Bloomberg indices from Bloomberg 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.***

GLOBAL EQUITY MARKETS
as of 30 June 2023

INDEX TOTAL RETURNS (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
S&P 500®	8.74	19.51	14.54	12.26
MSCI ALL COUNTRY WORLD	6.35	17.06	11.46	8.60
MSCI EUROPE	3.13	22.50	11.32	5.80
MSCI JAPAN	6.45	18.54	6.06	3.50
MSCI EMERGING MARKETS	1.04	2.21	2.71	1.31

While the fixed income markets had a more difficult time digesting the idea of a higher fed funds rate for longer, it seems the equity market was able to look through this and it produced markedly positive returns for the quarter. This is likely because the market is still pricing a cutting cycle to begin in 2024, which could provide more certainty to the discount rates on free cash flows.

US EQUITY MARKETS
as of 30 June 2023

INDEX TOTAL RETURNS (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
RUSSELL 1000®	8.58	19.28	14.03	11.87
GROWTH	12.81	26.99	13.68	15.08
VALUE	4.07	11.49	14.24	8.07
RUSSELL MIDCAP®	4.76	14.86	12.45	8.43
GROWTH	6.23	23.03	7.60	9.68
VALUE	3.86	10.46	14.97	6.81
RUSSELL 2000®	5.21	12.26	10.78	4.19
GROWTH	7.05	18.45	6.07	4.21
VALUE	3.18	5.98	15.36	3.53

Within US equities, large cap stocks were the outperformers compared to mid and small caps. This phenomenon is likely due to a select few very large tech companies that were able to benefit from the rampant interest in artificial intelligence (AI) that swept through the market this quarter. Growth stocks also benefited from this theme and the markets seemingly increased certainty about the terminal fed funds rate.

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.***

S&P 500 SECTORS
as of 30 June 2023

SECTOR PERFORMANCE ATTRIBUTION (%)

INDEX	3 MONTH	1 YEAR	3 YEAR	5 YEAR
INFORMATION TECHNOLOGY	17.20	41.68	20.39	22.14
CONSUMER DISCRETIONARY	14.58	24.85	9.07	9.97
COMMUNICATION SERVICES	13.06	17.28	7.26	8.76
INDUSTRIALS	6.52	25.29	17.92	10.50
FINANCIALS	5.33	11.98	16.52	7.68
MATERIALS	3.31	15.12	15.89	9.70
HEALTHCARE	2.95	5.41	11.70	11.80
REAL ESTATE	1.86	-4.08	6.25	6.55
CONSUMER STAPLES	0.45	6.26	11.79	11.00
ENERGY	-0.89	18.76	35.42	6.60
UTILITIES	-2.53	-3.68	8.43	8.23

Information technology, communication services and consumer discretionary were noticeable leaders this month. They also benefited from the AI frenzy. Nearly all sectors produced positive returns on the market's increased risk appetite.

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 and views are as of 30 June 2023, unless otherwise noted.

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Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.

Investing involves risk including possible loss of principal.

Commodity, interest and derivative trading involves substantial risk of loss.

Index Definitions

***Bloomberg 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 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 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 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 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 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 Mortgage-Backed Securities -MBS Index** is a component of the Bloomberg 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 Asset-Backed Securities -ABS Index *is a component of the Bloomberg 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 Commercial Mortgage-Backed Securities -CMBS ERISA-Eligible Index *is a component of the Bloomberg US Aggregate Index and the ERISA-eligible component of the Bloomberg 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 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 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 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 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 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.*

Morningstar LSTA US 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.*