Global Credit Perspectives
1Q 2018

Overview

Yields on 10- and 30-year Treasuries have climbed roughly 50 and 40 basis points (bps), respectively, since mid-December 2017. Investors responded to average hourly earnings surprising to the upside by taking yields higher; the concern is that the U.S. economy is on the verge of overheating, and the Federal Reserve (Fed) will need to hike interest rates more aggressively than initially projected in the middle of 2018. The 10- and 30-year Treasury yield charts below highlight how rapid the recent rise has been; the March 21 Fed meeting had little effect on their trajectory. At this juncture we believe recessionary fears are overblown (see **Figure 1**).

Figure 1 U.S. Treasury Yields
Percent, As of 03/16/2018

Source: Bloomberg

While yields have risen rapidly in the U.S., investors need to consider whether the yield spike is an anomaly and where there are now opportunities.

A LOOK AT INFLATION

To address whether the yield spike is an anomaly, we suggest returning to the Phillips curve. The Phillips curve describes the historically inverse relationship between the unemployment rate and inflation—and ultimately rising rates. The tradeoff runs in both directions. Inflation is approximated by the Fed's preferred core personal consumption expenditures deflator (PCE).

A recent thoughtful analysis by the Institute of International Finance (IIF) indicates that when accounting for the impact of currency and oil prices, a continued decline in the unemployment rate would only create a small increase in the core PCE. This is one of the factors that have contributed to the current environment of low-inflationary growth.

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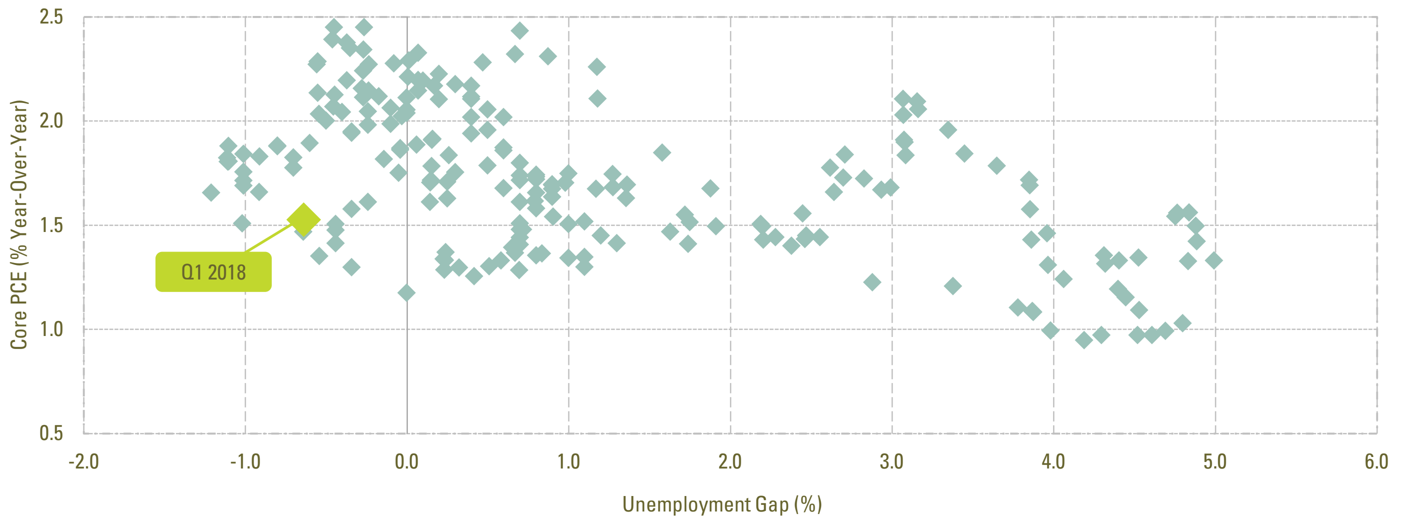
Figure 2 U.S. Phillips Curve Since 1999 Based on Core PCE
As of 02/31/2018



T-statistics are based on Newey-West standard errors.
Source: Haver, IIF

Figure 3 Modeling Core Inflation in the G-3
Q1 2000 - Q1 2017

	U.S.	JAPAN	EURO ZONE		
Constant	1.85	-0.10	1.37	1.61	2.23
	32.3	-1.6	22.6	18.0	16.8
Unemployment Gap	-0.14	-0.38	-0.17	-0.16	-0.09
	-6.0	-5.1	-2.9	-4.1	-2.3
FX (same year)	0.00	-0.01	0.02	0.00	0.00
	-0.4	-2.3	2.4	0.5	-0.3
FX (one year lag)	-0.01	-0.02	0.01	0.01	-0.01
	-1.4	-5.0	1.2	1.0	-0.8
FX (two year lag)	-0.02	-0.02	-0.01	-0.02	-0.02
	-4.1	-4.0	-1.5	-2.7	-5.3
Oil (same year)	0.00	0.00	0.00	0.00	0.00
	2.9	-3.3	0.2	-1.9	-1.3
Oil (one year lag)	0.00	0.00	0.00	0.00	0.00
	-0.1	-2.3	2.4	-0.2	1.1
Oil (two year lag)	0.00	0.00	0.00	0.00	0.00
	1.0	-2.6	2.9	1.0	2.0
R2	0.76	0.82	0.70	0.80	0.84

T-statistics are based on Newey-West standard errors.
Source: Haver, IIF

RISING TREASURY YIELDS

In our view, the price decline in Treasury yields is due to fears of an overheating economy. However, **Figure 4** suggests that sentiment may be premature. Furthermore, the Fed remained committed to modest tightening at its March 21 meeting; had it switched to a more aggressive pace this year, we would have been more concerned about an imminent recession. Instead, this moderate pace should take out some of the remaining market excesses (see **Figure 4**).

HIGH YIELD VALUATION OPPORTUNITY

A moderate pace of rate increases, a still growing economy despite the concerns around tariffs, and valuations in high yield that now have moved to fair value relative to the state of economy are all encouraging.

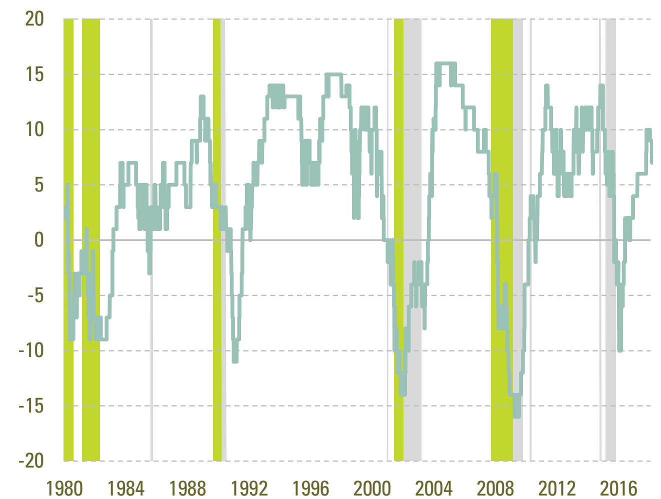
This valuation move to fair value is particularly constructive for the high yield asset class. The fact that this move happened in just six months represents a tactical opportunity to add significantly to high yield risk. We anticipate subdued defaults and ample issuance over the next 12 months.

INVESTMENT OPPORTUNITIES ABOUND

The back up in Treasury yields has also created simultaneous tactical opportunities in longer-dated U.S. Treasuries, local- and hard-currency emerging market debt, and, importantly, high yield corporate spreads. We believe current valuations on local-currency emerging market debt, in particular, reflect significant mispricing and, therefore, offer an attractive entry point for investors. In terms of tactical high-quality sources of duration, we think that U.S. Treasuries continue to offer relative value to other markets, such as Germany, the U.K., and Japan.

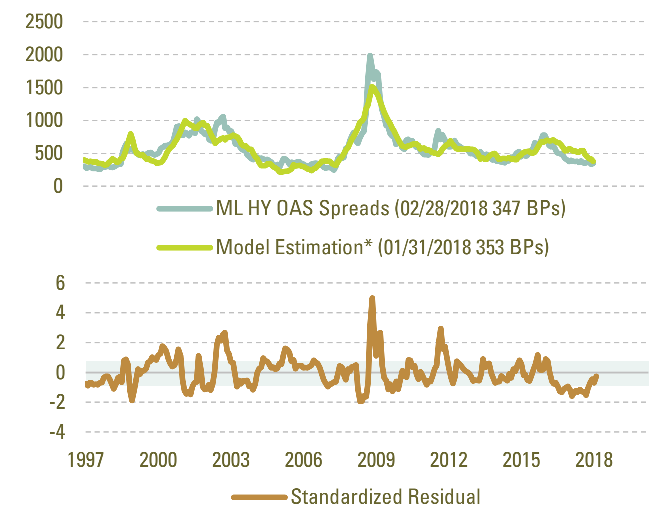
We believe long exposure to emerging markets and lower-quality credit assets, as well as tactical positions in longer-duration U.S. Treasuries efficiently capitalize on the price risk of unfounded fears of rising rates and excessive inflation. Our view is supported by the independent analysis of inflation coupled with our proprietary recession indicators.

Figure 4 U.S. Recession Indicator
As of 02/23/2018



*Based on 16 components including interest rates, high yield spreads, business confidence, and activity, corporate profits, equity, and lumber price.
Shaded gray: indicator is negative. Shaded green: U.S. recessions
Source: Macrobond, Bank of America Merril Lynch

Figure 5 High Yield Valuations Have Moved to Fair Value
Basis Points, As of 02/28/2018



Based on Fed loan survey, industrial production, capacity utilization, 12-month trailing default rate, and 5-year treasury.
Source: Merrill Lynch

Index Summary AS OF MARCH 31, 2018

INVESTMENT GRADE

- Given this segment's interest-rate sensitivity in a rising rate environment, we generally avoid high-quality corporate credit, save for a tactical allocation to U.S. investment grade credit in the banking sector. We do not maintain exposure to investment grade European credit.

	3/31/17		1/31/2018		2/28/2018		3/31/2018	
SPREAD/YIELD SUMMARY (basis points/%)	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD
BofA Merrill Lynch (BAML) Global Corporate Index	123	2.69	89	2.72	97	2.89	112	2.94
BAML AA Global Corporate Index	74	2.06	51	2.20	57	2.321	68	2.34
BAML A Global Corporate Index	102	2.43	73	2.55	80	2.706	93	2.74
BAML BBB Global Corporate Index	156	3.06	112	2.97	122	3.159	139	3.24
BAML U.S. Corporate Index	124	3.35	91	3.49	101	3.738	117	3.81

PERFORMANCE SUMMARY (%)	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
BAML Global Corporate Index	-0.79	-0.79	6.59	3.30	2.57	3.91
BAML AA Global Corporate Index	-0.28	-0.28	5.79	2.77	1.59	2.78
BAML A Global Corporate Index	-0.89	-0.89	6.02	3.00	2.22	3.09
BAML BBB Global Corporate Index	-0.76	-0.76	7.35	3.73	3.22	5.58
BAML U.S. Corporate Index	-2.20	-2.20	2.68	2.35	3.03	5.36

STRUCTURED CREDIT

- We believe that valuation anomalies persist within structured credit, and therefore continue to own U.S. structured credit through an allocation to U.S., RMBS, with smaller positions in European RMBS, particularly in the U.K. and Spanish housing markets.

	3/31/17		1/31/2018		2/28/2018		3/31/2018	
SPREAD/YIELD SUMMARY (basis points/%)	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD
BAML U.S. Mortgage-Backed Securities Index	24	2.81	23	3.16	28	3.338	30	3.27
BAML U.S. Fixed Rate CMBS Index	106	3.01	77	3.32	81	3.492	88	3.47

PERFORMANCE SUMMARY (%)	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
BAML U.S. Mortgage-Backed Securities Index	-1.21	-1.21	0.74	1.11	1.79	3.45
BAML U.S. Fixed Rate CMBS Index	-1.13	-1.13	1.40	1.65	2.20	4.84

GLOBAL HIGH YIELD & LEVERAGED LOANS

- After remaining cautious of U.S. high yield debt in late 2017, we have tactically increased exposure after spreads widened following the selloff in the Treasury market.

	3/31/17		1/31/2018		2/28/2018		3/31/2018	
SPREAD/YIELD SUMMARY (basis points/%)	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD
BAML Global High Yield Index	402	5.54	317	5.17	338	5.539	361	5.69
BAML BB Global High Yield Index	269	4.13	205	3.96	228	4.329	255	4.51
BAML B Global High Yield Index	413	5.75	359	5.71	374	6.044	414	6.37
BAML CCC & Lower Global High Yield Index	1007	11.67	823	10.37	835	10.688	821	10.47
BAML U.S. High Yield Index	392	5.88	329	5.80	347	6.162	372	6.35
BAML European High Yield Index	357	3.15	256	2.41	286	2.756	315	2.95
Credit Suisse Leveraged Loan Index	444	6.27	391	6.39	396	6.62	396	6.62

PERFORMANCE SUMMARY (%)	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
BAML Global High Yield Index	-0.22	-0.22	6.68	6.42	5.05	8.10
BAML BB Global High Yield Index	-0.48	-0.48	7.43	6.10	5.26	8.14
BAML B Global High Yield Index	-0.06	-0.06	5.75	6.01	4.50	6.89
BAML CCC & Lower Global High Yield Index	0.71	0.71	5.80	9.32	6.07	10.03
BAML U.S. High Yield Index	-0.91	-0.91	3.69	5.18	5.01	8.12
BAML European High Yield Index	1.93	1.93	20.14	9.07	5.05	6.22
Credit Suisse Leveraged Loan Index	1.58	1.58	4.64	4.33	4.17	5.36

EMERGING MARKETS

- We remain constructive on emerging markets, and our exposure is tilted toward Latin American markets, particularly Brazil. We also have local-currency positions in Asian commodity-producing markets, such as Indonesia.

	3/31/17		1/31/2018		2/28/2018		3/31/2018	
SPREAD/YIELD SUMMARY (basis points/%)	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD
JP Morgan (JPM) CEMBI Broad	252	5.07	203	5.02	222	5.3	242	5.37
JPM EM Bond Index Global Diversified	331	5.69	290	5.61	309	5.95	324	5.98
JPM GBI-EM Broad Diversified		6.59		6.13		6.10		6.03

PERFORMANCE SUMMARY (%)	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
JPM CEMBI Broad	-1.78	-1.78	3.34	5.48	3.86	6.80
JPM EM Bond Index Global Diversified	-1.25	-1.25	3.33	5.05	4.19	7.05
JPM GBI-EM Broad Diversified	4.31	4.31	13.74	6.13	-0.03	3.89

Investment Grade

The BofA Merrill Lynch ("BAML") Global Corporate Index returned -0.79% in the first quarter while its yield widened by 30 bps to 2.90% and closed the quarter with a spread of 112 bps. For the trailing 12-month period, the index returned a solid 6.59%. Lower-quality investment grade bonds, BBBs, returned -0.76% for the quarter and 7.35% for the trailing 12-month period, in line with AA and A-rated corporate bonds, which returned -0.28% and -0.89% for the quarter, respectively, and 5.79% and 6.02% for the year. In local currency, European corporates returned -0.29 bps for the quarter and 0.71% for the trailing one year, according to the Bloomberg Barclays Pan-Euro Corporate Index.

During the quarter, the Fed raised its policy rate by 25 bps at Jay Powell's first meeting as the new Federal Reserve Chair. The upper bound begins 2018 at 1.75% with expectations there will be an additional two rate hikes this year as board members acknowledge some signs of inflation are taking hold in the economy, and a slight possibility there could be one additional rate hike. In addition, the Fed will continue to reduce the size of its balance sheet at an increasing pace in the first quarter of 2018, and through the balance of the year, thus continuing to tighten monetary conditions.

Global corporate bond issuance for the first quarter came in at $535 billion, with over 1,752 issues, according to Bloomberg data. Meanwhile there was $1.25 trillion of global loans issued in the quarter, and $132.18 billion of corporate high yield issuance during the same time period. In sum, a strong quarter of issuance across the credit-quality spectrum (see **Figure 6**).

Historically, based on spreads and yields, investment grade valuations across geographies are trading back to fair value as yields moved out during the first quarter—as illustrated in our proprietary models—leading to a slightly more constructive bias looking forward. Based on our views, investors should remain vigilant, bearing interest-rate risk through their investment grade credit exposure, given shifting monetary policy across the globe.

In addition, investors should continue to focus on the longer-term trend of deteriorating quality within the investment grade credit universe to appropriately understand the risk they are bearing when allocating to the asset class. Since the early 1970s, the investment grade credit universe has seen a continual degredation of quality as management teams have felt increasingly comfortbable operating with a more aggressive balance sheet, which has generally entailed a focus on enhancing shareholder value through share repurchases and dividends (see **Figure 7**).

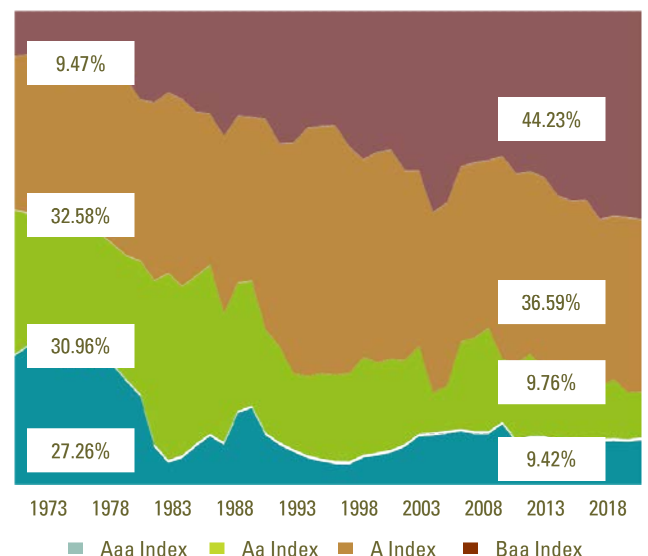
By evaluating our proprietary valuations along with with synchronized global growth, tightening labor markets, corporate and individual tax reform in the U.S., and continued normalization of the Fed's balance

Figure 6 Global Credit Bond Issuance
As of 03/31/2018

MANAGER	VOLUME	ISSUES
JP Morgan	36,560.89	249
Bank of America Merrill Lynch	31,626.59	225
Barclays	27,291.73	176
Goldman Sachs	26,903.02	145
Citi	25,487.47	220
Wells Fargo	19,755.35	119
Deutsche Bank	18,536.98	138
Morgan Stanley	17,945.28	159
BNP Paribas	17,430.69	139
HSBC	15,354.67	141
Mizuho Financial	14,623.78	157
Credit Suisse	13,374.66	130
RBC Capital Markets	12,415.21	111
Mitsubishi UFJ Financial Group	12,003.24	119
Societe Generale	10,875.91	84
Sumitomo Mitsui Financial	9,007.45	100
Credit Agricole CIB	7,684.91	63
UniCredit	7,142.39	52
Banco Santander	6,341.33	61
Toronto Dominion Bank	5,889.36	65
Bank of China	5,674.22	46
Credited - 335 Managers	510,797.18	1,521
Total	535,607.97	1,752

Source: Bloomberg

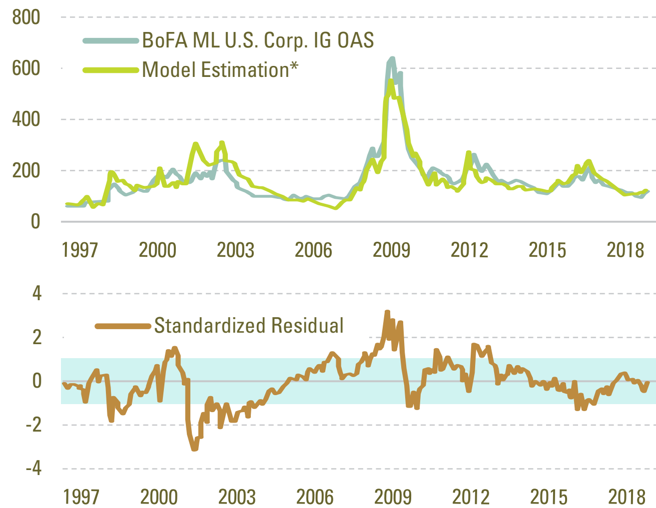
Figure 7 Quality Analysis of Barclays Credit Index
1973 – 2018, As of 04/01/2018



Source: Bloomberg Barclays Indices, Barclays Research

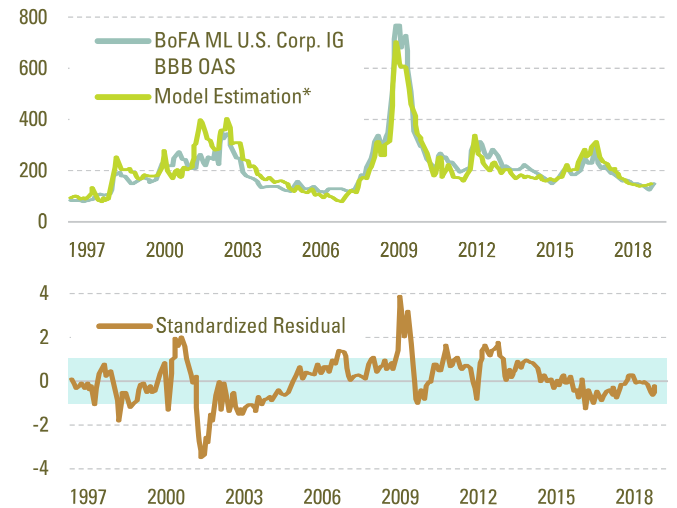
sheet, we think there is an arguement in favor of prudence within the investment grade corporate credit asset class. Despite the recent spread widening during the quarter, investment grade investors will be faced with the potential for inflationary impulses as the Fed appears to be intent on raising the policy rate, the potential for the European Central Bank (ECB) to signal changes to its quantitative easing program, and a

Figure 8 BoFA ML U.S. Corporate Investment Grade Bond Spreads Model
Basis Points, As of 03/31/2018



*Based on 3-month tbill rate, industrial production, SP500, VIX index, and predicted default rate.
Source: Bank of America Merrill Lynch

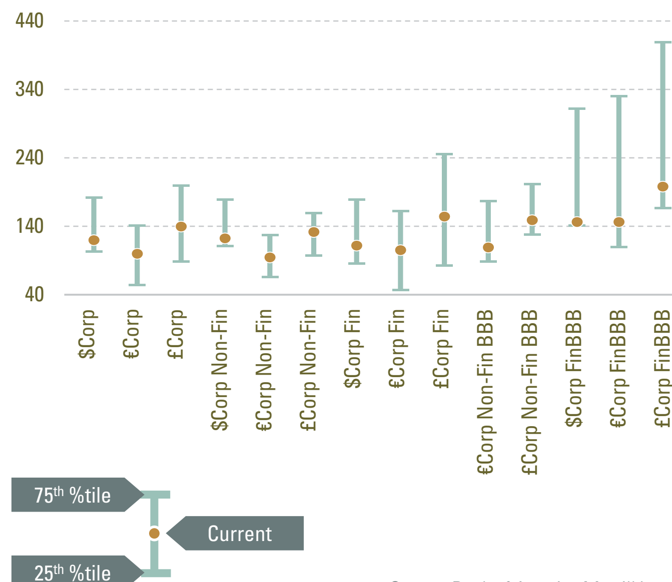
Figure 9 BoFA ML U.S. Corporate Investment Grade BBB Bond Spreads Model Basis Points, As of 03/31/2018



*Based on 3-month tbill rate, industrial production, SP500, VIX index, and predicted default rate.
Source: Bank of America Merrill Lynch

continued recovery in commodity markets. Short-dated floating rate corporate bonds may provide investors the ability to side-step some of the aforementioned risks while allowing the underlying security to participate if interest rates should rise.

Figure 10 OAS
25th percentile – 75th percentile – current



Source: Bank of America Merrill Lynch

Structured Credit

OVERVIEW

The first quarter of 2018 was characterized by synchronized global growth, subdued global inflation, and a more hawkish tone from major central banks around the world. China continued with slowing credit growth while balancing its growth stabilization, and Europe saw growth momentum slowing down. Fundamentals of credit risk transfer (CRT) last cash flows, non-agency reperforming loan (RPL) bonds, Freddie-K mezzanine bonds, and BBB-rated commercial mortgage-backed securities (CMBS) continued to generate strong performance. Given the relatively healthy state of consumer balance sheets, solid housing market fundamentals, an expected gradual approach to Fed tightening, benign financial conditions, and stable global growth, we are still constructive on structured credits in 2Q 2018, but we remain cautious due to the tight spreads across the sector and the geopolitical risk of an intensified trade tension between U.S. and China.

U.S. RMBS

Mortgage credit fundamentals remain robust, with legacy borrower credit profiles continuously deleveraging and new mortgage origination pristine as a result of conservative underwriting standards. We are constructive on the non-agency mortgage-backed security (MBS) market, as well as the CRT MBS market as its floating-rate nature will hedge against a rising-rate environment and provide attractive carry. In addition, supported by good performance and bond deleveraging, CRT bonds have seen frequent ratings upgrades, which could further tighten spreads. Non-agency MBS new issuance hit a full-year total of $15 billion in 1Q 2018, but is still outpaced by the pay down of legacy non-agency RMBS bonds. The new issuance of CRT, prime 2.0, and RPL deals should continue to increase in 2018.

CMBS

First quarter CMBS issuance reached $43 billion with agency CMBS issuance at $23 billion, outpacing non-agency CMBS at $20 billion. A more hawkish Fed, advanced credit cycles, structural challenges in retail, and significant construction in the high-end, multi-family sector all mandate caution in CMBS investment. Commercial real estate price appreciation slowed down to the low single-digit area with lower cap rates. With the repayment rate for legacy 2006 vintage CMBS conduit at 80%, the biggest maturity wall is behind us. We believe the mezzanine tranches of the Freddie Mac multi-family K program, with high-quality collateral and conduit CMBS BBBs of 2014 vintage with embedded property value appreciation and operating income growth, currently offer attractive opportunities.

ABS

Total asset-backed securities (ABS) issuance exceeded $65 billion in 1Q 2018. Due to higher short-term rates, the ABS market offers a decent yield pickup for short-duration bonds and relative stability versus comparable corporate credits. We see some opportunities in private student loan ABS, auto rental ABS, and whole business securitization ABS.

CLO

Issuance within the U.S. collateralized loan obligation (CLO) market totaled $69 billion, slower than the same period in 2017. There are some pockets of value in AAA and BB tranches, but the CLO market faces headwinds of deteriorating corporate credit fundamentals and potential increase in supply of CLOs as a result of repealing the risk retention rule. Increased demand for floating-rate bonds should offset those headwinds.

EUROPEAN RMBS

Both Spanish and U.K. residential mortgage-backed securities (RMBS) performed well, driven by solid fundamentals, borrower deleveraging, ratings upgrades, increasing buyer demand with reinvestment needs, and a lack of new issue supply. European ABS issuance totaled €20 billion during 1Q 2018. There is an increased likelihood that the ECB will begin tapering its ABS purchases. However, we do not expect the ABS market to be seriously affected, as the ECB only purchased less than €26 billion since inception of its asset purchase program; asset managers remain the dominant buyer in this market.

Global High Yield & Leveraged Loans

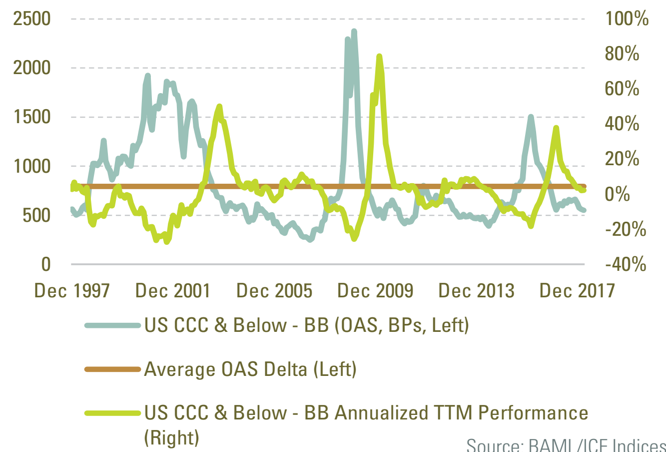
The Intercontinental Exchange (ICE) BofAML US High Yield Index returned -0.91% for the quarter, with CCC-rated credits outpacing the BB-rated issuers by just over 200 bps. The ICE BofAML Global High Yield Index returned -0.22% for the quarter in dollar terms, with lower-rated issues also outperforming the BB-rated segment of the index. Nominal yields on the 10-year Treasury increased to a high of 2.95% in mid-February—from a low of 2.45% in early January—before ending the quarter at 2.75%. The backup in Treasury yields likely led to the divergence in performance between the higher duration, higher-quality components of the index versus the lower duration, lower-quality issues in the index (see **Figure 11**).

Consistent with the concept of a duration-driven selloff is the simultaneous outperformance of CCC-rated high yield bonds versus BBs, and the outperformance of leveraged loans versus high yield bonds, which, despite declines in covenant quality, are generally structurally senior to high yield bonds. The CS Leveraged Loan Index returned 1.58% for the quarter compared to a -0.91% return for the U.S. high yield index.

Leveraged loan issuers had 63% variable rate debt as a percent of total debt in 2016, up from 40% in 2013. At the end of 2017, this was down to 57%. The increased London Interbank Offered Rate (LIBOR) has largely been explained by supply and structural changes that are largely non-credit related, but regardless of the reason for rising LIBOR, the increase will lift the cost of debt for variable-rate issuers. Issuers have also been shifting to shorter-tenor LIBOR, opting for 1-month instead of 3-month LIBOR for coupon calculations, muting the impact of rising rates. While loan coupons for high yield issuers have been increasing, earnings before interest, taxes, depreciation, and amortization (EBITDA) growth likely supports debt service, although the trend in interest coverage is likely to modestly deteriorate (see **Figure 12** and **Figure 13**).

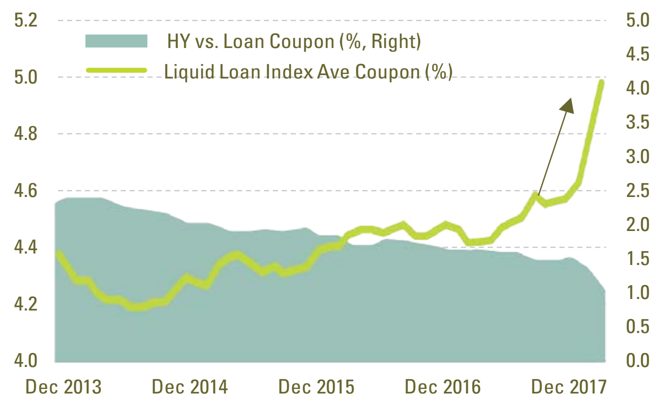
Economic fundamentals suggest the U.S. is entering the later stages of the cycle, signaling that lower-rated issues may not continue to outperform the more highly rated components of the index (**Figure 11**). The outlook for high yield is constructive for the remainder of the year with an approximately 2% default rate expected for 2018, as well as a Fed that will likely take a more gradual approach to monetary policy tightening in the face of a flatter Phillips curve. We have added to our U.S. high yield position with the view that the rise in Treasury yields has led to more attractive valuations. Opportunities still exist in capital structures within the healthcare, telecom, and energy sectors, and our preference is for more senior, shorter-dated issues within the opportunity set. We maintain a higher-quality portfolio with a preference for the more liquid segment of the U.S. high yield universe as opposed to highly leveraged capital structures with shorter-term funding needs.

Figure 11 US CCC & Below vs. BB OAS and TTM Relative Performance of CCC & Below vs. BB
Since Inception, As of 03/31/2018



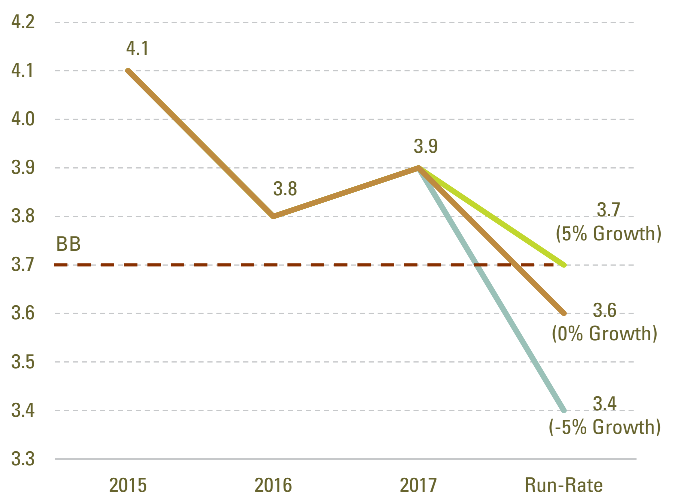
Source: BAML/ICE Indices

Figure 12 Rising Rates Lifting Loan Coupons
Since Inception, Published on 03/21/2018



Note: 50% BB/50% B weighted
Source: Credit Suisse

Figure 13 Leveraged Loan Interest Coverage Trends (x)
Published on 03/21/2018



Source: Credit Suisse, Capital IQ

Emerging Markets

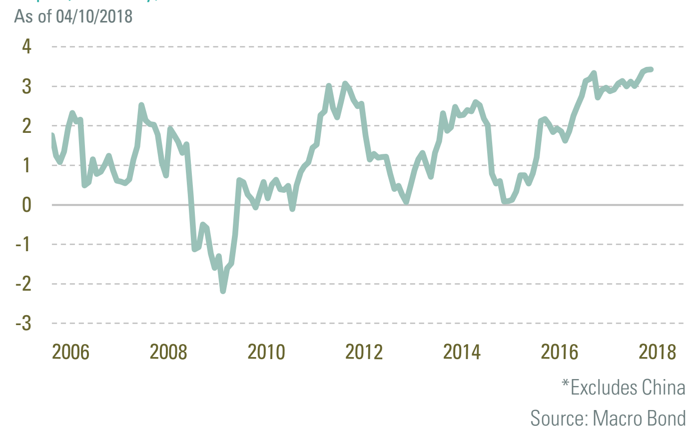
CORPORATE MARKET

The JP Morgan CEMBI Broad Index returned -1.25%, the worst quarterly performance since 4Q 2016, with concerns of higher rates and inflation impacting hard-currency markets. The interest-rate sensitive investment grade market returned -1.4% with the selloff in U.S. Treasuries and high yield returned -0.5%. Spreads at the end of the quarter were 244 bps (+13 bps) for the CEMBI Broad Index, 169 bps (+11 bps) for investment grade and 361 bps (+5 bps) for high yield. There was only one default during the quarter, which was in Asia, leaving the overall default rate at 0.4%; forecasts are for 2.4% default rate in 2018. Primary issuance for the quarter was $125 billion, $4 billion ahead of 2017's pace driven by more issuance from the high yield segment, $50.8 billion in 1Q 2018 versus $42.6 billion 1Q 2017. By region, Asia continues to be the largest market, issuing $75 billion during the first quarter; however, this was in line with 1Q 2017. The jump in issuance came from Middle East & Africa region, issuing $17 billion during the quarter, a $7 billion increase compared to 1Q 2017. There were 42 debut emerging market corporate issuers in the quarter with 30 coming from Asia. As we have highlighted in the past, emerging market corporates—broadly speaking—are not as attractive relative to other segments of the global fixed income market. While fundamentals continue to improve, the risk will be the path of U.S. Treasuries given tight valuations. We continue to believe the valuation opportunity in the CEMBI universe lies in Latin America, specifically the Brazilian oil and gas and banking and beef sectors, which should benefit from improvement to the Brazilian economy. Given the sovereign links with some of these companies, we will be closely following the direction of the October 2018 presidential elections. Technicals for Latin America are also supportive, with net issuance forecasted to be negative for 2018.

Figure 14 J.P. Morgan CEMBI Broad Div. Brazil Spread to Worst - J.P. Morgan CEMBI Broad Div. Spread to Worst
As of 04/11/2018

Source: JP Morgan and Bloomberg

Figure 15 Emerging Countries* - Real 10 Year Bond Yield Spread to G3 (U.S., Japan, Germany)
As of 04/10/2018

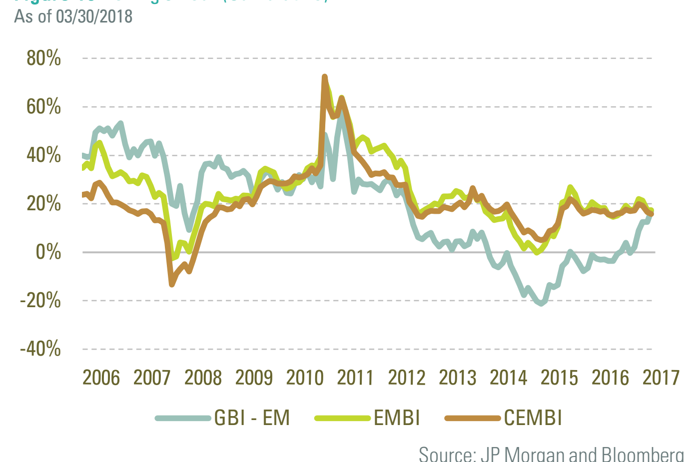


*Excludes China
Source: Macro Bond

SOVEREIGN MARKET

Local-currency sovereign bonds, as measured by the JPM GBI-EM Broad Diversified Index, outperformed the hard-currency JP Morgan EMBI Index with the latter returning 4.31% versus -1.25%. As we have been highlighting, the valuation anomaly in emerging markets has been in the local-currency sovereign market following several years of relative underperformance. An underappreciated catalyst for emerging market growth and prosperity has been dollar stability, which creates a positive feedback loop of higher commodity prices, increased domestic profitability, and lower inflation. These factors remain in place, which is partly why we believe emerging market local-currency bonds continue to offer attractive real yields especially relative to G3 yields. In the hard-currency universe, we see some attractive opportunities in both cash bonds and credit default swap (CDS) markets in Latin America.

Figure 16 Rolling 3 Year (Cumulative)
As of 03/30/2018



Source: JP Morgan and Bloomberg

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Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule, and a minimum amount outstanding of $250 million. The BAML Global High Yield Index tracks the performance of USD, CAD, GBP, and EUR denominated below investment grade corporate debt publicly issued in the major domestic or eurobond markets. The BAML BB Global High Yield Index is a subset of the BAML Global High Yield Index including all securities rated BB1 through BB3, inclusive. The BAML Single-B Global High Yield Index is a subset of The BofA Merrill Lynch Global High Yield Index including all securities rated B1 through B3, inclusive. The BAML CCC & Lower Global High Yield Index is a subset of The BofA Merrill Lynch Global High Yield Index including all securities rated CCC1 or lower. 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The unique diversification scheme ensures that weights among the index countries are more evenly distributed by reducing the weight of large countries and redistributing the excess to the smaller-weighted countries with a maximum weight per country of 10%. The S&P/LSTA U.S. Leveraged Loan 100 Index is designed to reflect the performance of the largest facilities in the leveraged loan market. The Bloomberg Barclays Global Aggregate Corporate Index measures global investment grade, fixed-rate corporate debt. It is a multi-currency benchmark that includes bonds from developed and emerging market issuers within the industrial, utility, and financial sectors. Indices are unmanaged and not available for direct investment. All data current as of the date at the top of the page unless otherwise noted. 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