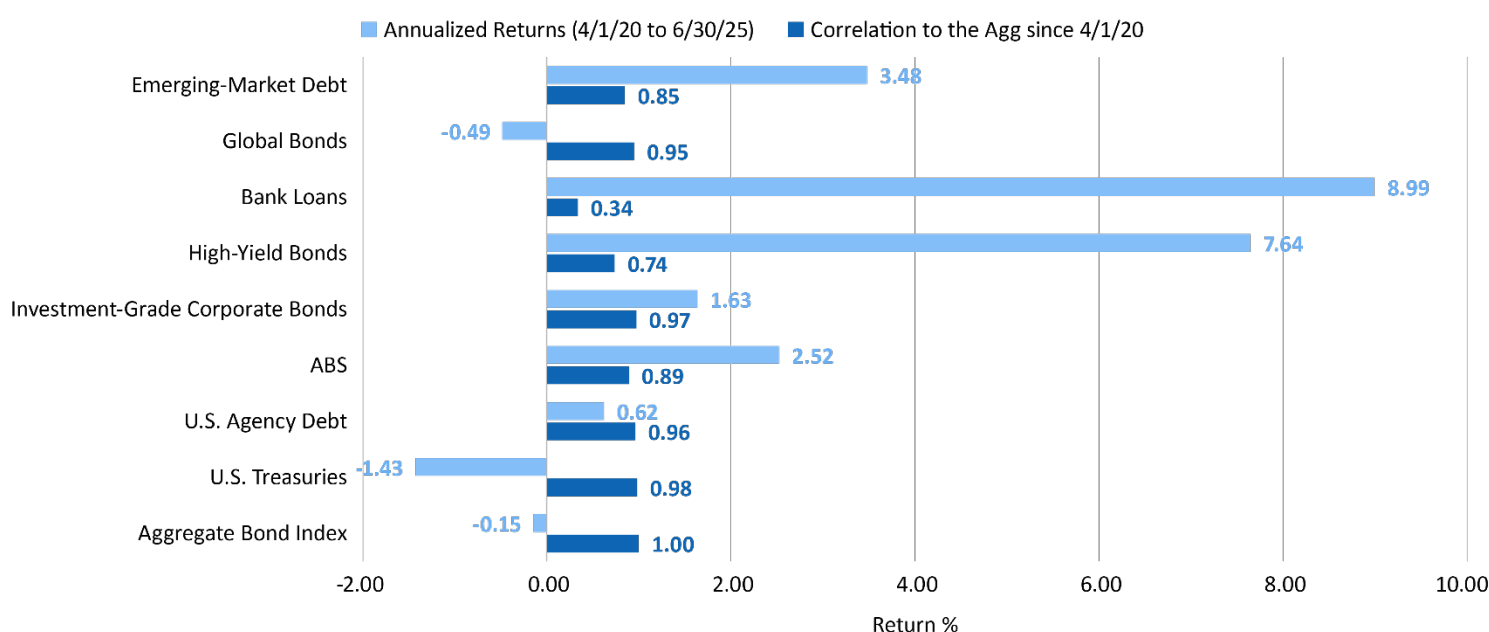


THE CASE FOR FIXED-INCOME DIVERSIFICATION

In the world of fixed income, non-core sectors have generally outperformed core sectors since 2020 by having a lower correlation to broad investment-grade bonds, which has resulted in reduced volatility and additional return. The two best-performing fixed-income asset classes in the past five-plus years have been non-core corporate bond sectors: high-yield bonds and bank loans. Not only have they been two of the best diversifying fixed-income asset classes since 2020, but they have also generated “equity-like” returns annually.

Non-Core Fixed-Income Sectors Have Outperformed Core Sectors Since 2020



Past performance does not guarantee future results. Indexes are unmanaged, and it is not possible to invest directly in an index. Investing involves risk, including loss of principal. Source: Morningstar, annualized returns from 4/1/2020 to 6/30/25. The Bloomberg US Aggregate Bond Index (Agg) measures the performance of U.S. investment-grade taxable corporate, fixed-rate, and government-related fixed-income securities. U.S. Treasuries represent the Bloomberg US Treasury Index, which is made up of U.S. government bonds of various durations. U.S. agency debt represents debt instruments issued by U.S. government agencies and government-sponsored enterprises. Asset-backed securities (ABS) represent the Bloomberg US ABS Index, a broad-based benchmark that measures the investment-grade, US dollar-denominated, fixed-rate taxable bond market. The index only includes ABS securities. ABS is a type of financial investment that is collateralized by an underlying pool of assets. Investment-grade bonds represent the Bloomberg US Corporate Bond Index, which measures the investment grade, fixed-rate, taxable corporate bond market. Investment grade refers to the quality of a company's credit. To be considered an investment-grade issue, the company must be rated at “BBB” or higher. High-yield bonds represent the Bloomberg US Corporate High Yield Bond Index, which measures the USD-denominated, high-yield, fixed-rate corporate bond market. High-yield bonds are bonds that pay higher interest rates because they have lower credit ratings than investment-grade bonds. Bank loans represent the S&P/UBS US Leveraged Loan Index, which is designed to track the performance of institutional leveraged loans. Bank loans (or floating-rate loans) are financial instruments that pay a variable or floating interest rate. Global bonds represent the FTSE World Government Bond Index, which measures the performance of fixed-rate, local currency, investment-grade sovereign bonds from over 20 countries. Emerging-market debt represent the Bloomberg Emerging Markets USD Aggregate Bond Index, which measures the performance of hard currency emerging markets (EM) debt, including fixed and floating-rate U.S. dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers.