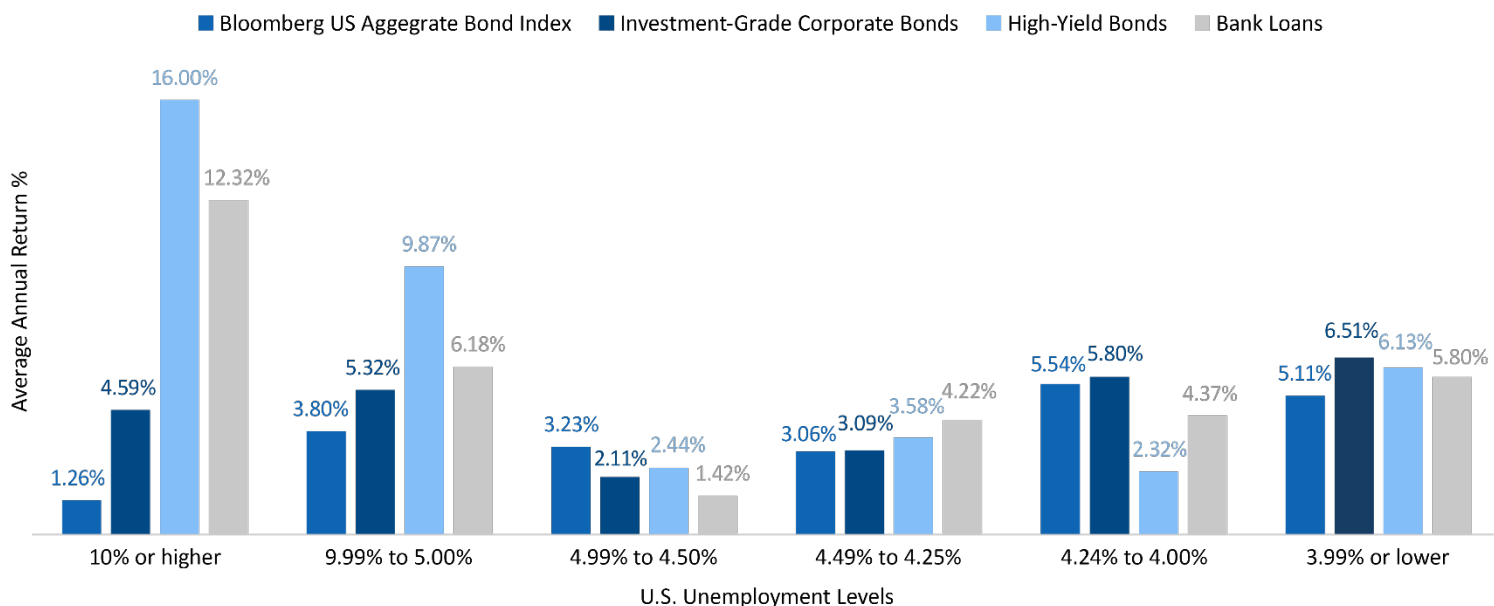


UNEMPLOYMENT AND CORPORATE DEBT

Even with a pandemic collapse, global conflicts, and trade war, investors have yet to see in recent years a prolonged spike in the U.S. unemployment rate. But historically, when the unemployment rate hit certain ranges, corporate debt has provided a great complement to fixed-income portfolios. Since the year 2000—except for when unemployment ranged between 4.50% and 4.99% (which has happened only 10% of the time)—investors would have been better served by allocating fixed-income assets to corporate debt or having corporate debt as a complement to an index fund that tracks the Bloomberg US Aggregate Bond Index.

Fixed-Income Average Annual Returns 12 Months After Various Unemployment Levels



Past performance does not guarantee future results. Investing involves risk, including loss of principal. Source: Morningstar and FRED as of 7/31/25. The Bloomberg US Aggregate Bond Index measures the performance of U.S. investment-grade taxable corporate, fixed-rate, and government-related fixed-income securities. 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 Morningstar LSTA US LL TR 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. A floating rate fund invests in bonds and debt instruments whose interest payments fluctuate with an underlying interest-rate level.