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Investment & Planning Insights Second Quarter 2025

Experienced financial guidance **for your unique journey**

We are pleased to offer this quarter's "Investment and Planning Insights" newsletter summarizing our team's current views and opinions on relevant economic, geopolitical, estate/financial planning, and capital market events. Please contact us if you would like to discuss this in greater detail. As always, thank you for your business.

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Economic Summary

The first quarter of 2025 witnessed a notable downturn in US markets, **marking the S&P 500's worst quarter since Q3 2022**. Initial optimism that propelled US equities to early highs at the start of the year gave way to mounting concerns about economic growth, the potential impact of tariffs, and a shift in investor sentiment regarding the previously dominant technology sector. The S&P 500 also saw its largest monthly decline since December 2022 in March, underscoring the significant change in sentiment during the quarter.

Notably, the S&P 500 experienced its sharpest monthly decline in March since December 2022, underscoring a marked shift in investor sentiment as the quarter progressed.

Backward-looking "hard" economic data demonstrated some resilience throughout the quarter. Monthly nonfarm payroll figures were relatively healthy, while the unemployment rate edged up to 4.5%. Industrial production, housing starts, and existing home sales all surprised to the upside.

However, forward-looking "soft" economic data painted a more cautious picture. Consumer and business sentiment surveys revealed increasing anxieties about the future, as the threat of widespread tariffs and policy uncertainty weighed on confidence. The absence of a perceived "Trump put," with administration officials downplaying a focus on the stock market, further dampened investor spirits. Fund manager surveys reflected a shift in sentiment among investors regarding the US market outlook, as US stock allocations declined.

Against this backdrop, **the Federal Reserve left interest rates unchanged but continued to signal expectations for two rate cuts later in the year**.

In contrast to the struggles faced by US equities, **European equity markets showed incredible strength in the first quarter**. Several factors underpinned Europe's positive performance. Germany announced a €500 billion fiscal stimulus package, coupled with an €800 billion EU defense spending plan, which boosted defense stocks and attracted record inflows into European equity funds. The weakening US dollar also provided a tailwind. Both German and UK major indices reached all-time highs, reflecting a potential shift away from the narrative of US exceptionalism.

Furthermore, European central banks actively moved to support growth, with the ECB cutting its deposit rate by 25bps and other central banks adopting a more dovish stance to counter sluggish economic activity and the potential fallout from US trade tensions. While concerns about funding the ambitious defense spending plans and potential export risks remain, European markets displayed a strong and independent trajectory in the first quarter.

Notes
Source: FactSet

Capital Market Summary

Equity markets saw heightened volatility in the first quarter. Despite the S&P 500 briefly touching new record highs early in the quarter, these gains were ultimately eroded, culminating in the index experiencing a 4.3% decline for the quarter. Sector performance favored defensive sectors, such as Energy (9.5%), Health Care (6.5%), and Consumer Staples (5.2%). Consumer Discretionary (-14.0%) and Information Technology (-12.8%) were the biggest laggards. The oft-heralded "Magnificent 7" were notable underperformers, collectively falling into bear market territory.

International developed and emerging market equities charted a different course, advancing by (7.0%) and (3.0%) respectively.

Treasury markets experienced a sharp rally as investors sought lower-risk investments. The 10Y US Treasury declined ~35 basis points to 4.20%. Meanwhile, gold surged to its highest levels in decades.

	Q1 2025	Last 12 Months
S&P 500	-4.3%	8.4%
Int'l Developed Equities (MSCI EAFE)	7.0%	6.4%
Emerging Markets (MSCI EM)	3.0%	8.7%
US Investment Grade Bonds (Bloomberg US Corporate)	2.3%	5.8%
US High Yield (Bloomberg US High Yield Corporate)	1.0%	7.9%
US Municipal Bonds (Bloomberg Municipal Bond)	-0.2%	1.3%

Notes
Index returns provided by Bloomberg Finance LP., 3/31/2025.
Please review the Disclosures on pages 21-22 for additional information
References to the indexes listed above are included for illustrative purposes only, as an index is not a security in which an investment can be made and an index does not reflect any of the costs associated with buying and selling individual securities or any other fees, expenses, or charges. The performance shown above does not represent the performance for any Bearing Point clients. Past performance is no guarantee of future results.

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Tariffs & Trade Wars

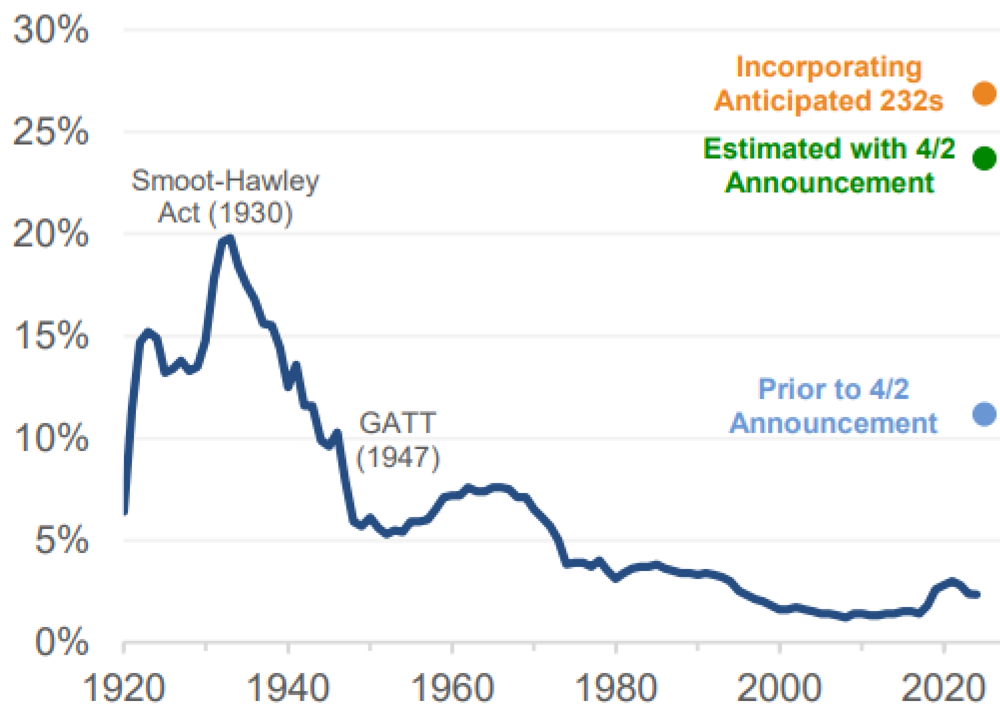
The early months of Trump 2.0 have been marked by sweeping changes in trade policy, signaling a significant shift in direction. This situation feels reminiscent of 2018 when Trump raised tariff rates, but the tariffs currently in effect and under consideration are far more extensive and could have a more profound effect.

In recent weeks, the growing uncertainty has led to a ~10% correction in the S&P 500. A multitude of questions surround the future, challenging investors, economists, policymakers, and business leaders as they attempt to forecast what lies ahead.

How Aggressive are Trump 2.0 Tariffs

The tariffs Trump has implemented in his second term are far more substantial than those introduced during his first administration. The 20% tariff on all Chinese imports, along with 25% on goods from Canada and Mexico, have already driven the effective tariff rate to its highest point since the 1970s. And with the latest round of tariffs announced on April 2nd, a 10% universal tariff along with reciprocal tariffs, the overall rate will be pushed up to ~25%, the highest in over a century.

US Effective Tariff Rate[1]



Notes

1. Census Bureau, US International Trade Commission, Evercore ISI calculations

Tariffs & Trade Wars (cont'd)

What is the Impact on the Economy?

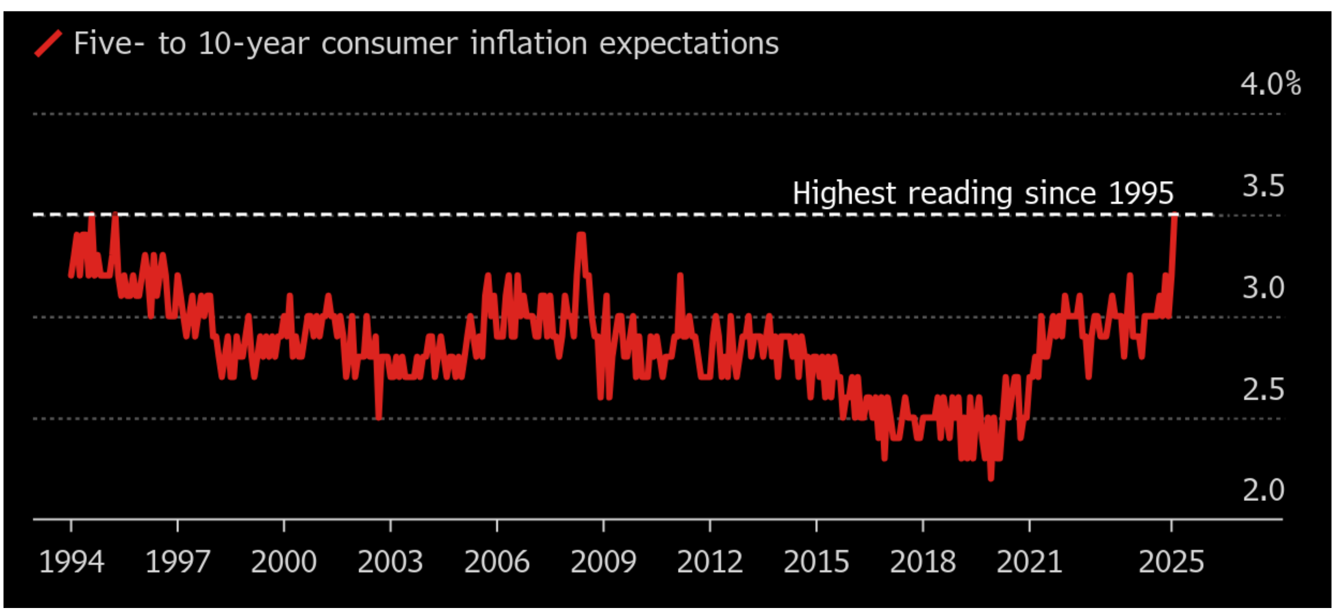
Through tariffs, Trump and his administration hope to accomplish several objectives: boost and protect American manufacturing, raise revenue for the federal budget, and gain leverage in trade negotiations.

While the long-term success of these measures remains a topic of debate amongst economists, there is widespread consensus that in the short-term, the economy will feel pain. Inflation expectations have jumped to 30-year highs as consumers expect higher prices. Moreover, with consumer spending likely to dip as a result, GDP growth is projected to slow. Yale's Budget Lab projects that U.S. households could face up to $2,000 in additional costs, while analysis from the Tax Foundation estimates GDP to shrink by 0.8%.

To mitigate economic damage, the Federal Reserve could potentially step in and lower interest rates, encouraging businesses and individuals to borrow and spend. However, lower rates risk exacerbating inflation, already a worry due to expected tariff-driven price increases for U.S. households.

Rising expectations for a Fed cut, along with shifting economic sentiments, drove Treasury yields lower. The 10-year Treasury yield has fallen to 4.05% following the announcement, a substantial decline from 4.8% in January.

US Long-Term Inflation Views[2]



Notes
1. Bloomberg
2. Bloomberg, University of Michigan

Tariffs & Trade Wars (cont'd)

How Will Companies Respond?

The list of impacted nations following the latest announcements is extensive, and it means that there is no safe haven for manufacturers.

In response to the 2018 tariff wars, many companies strategically shifted production away from China, with Vietnam and India being common destinations. However, these countries are now also subject to tariffs, potentially undermining those moves.

Establishing new industrial capacity involves lengthy lead times. The ambiguity surrounding long-term policy disrupts supply chain planning and hinders large-scale investments. As such, companies will be wary of committing to new facilities while this cloud of uncertainty hangs.

What's Next?

Understanding the full implications of the current trade policy is a bit challenging. Even with the estimates we provided, a lot of uncertainty remains. How much of the threatened tariffs will be imposed? How much retaliation will we see? Will Trump provide exceptions in the future?

Up to this point, the uncertainty and the constantly evolving headlines around tariffs have, in many ways, been more damaging than the tariffs themselves. The Trump administration must strike a delicate balance – implementing trade policies that fulfill their objectives without triggering a stagflationary shock that could slow economic growth while driving up inflation.

Markets will likely experience continued volatility until clearer signals emerge. However, volatility is often a temporary disruption, while fundamental drivers such as interest rates and corporate earnings remain the key forces shaping economic and market activity. Additionally, longer-term trends—such as advancements in Artificial Intelligence—will play an increasingly significant role in influencing capital markets. Rather than seeing volatility as a setback, we view it as an opportunity. Our focus remains on analyzing shifts in economic leadership and policy direction to strategically position ourselves for future growth.

The Evolving Landscape of AI: Where We Are, What Lies Ahead, and Risks to Monitor

Over the past two years, artificial intelligence has moved from novelty to necessity—touching nearly every industry and beginning to redefine business models across sectors. What began with the release of breakthrough language models like ChatGPT has accelerated into a broader transformation that continues to ripple through the enterprise, infrastructure, and investment landscape.

What's Likely Behind Us

The initial wave of hype surrounding AI capabilities, valuations, and use cases is beginning to normalize. We've seen an AI arms race to develop faster and more powerful large language models (LLMs), fueling a surge in capital investment among the world's largest and most well-capitalized technology companies.

This early phase was dominated by spending on training—building foundational models at scale—which led to dramatic returns for companies supplying the "picks and shovels" of AI, most notably Nvidia, whose GPUs became essential infrastructure.

Now, the market focus is shifting from training to inference—the real-time application of these models in business and consumer workflows. This is where value creation moves downstream, opening the door for software platforms, application-layer companies, and sector leaders who can harness AI's power to enhance productivity and decision-making.

From an investment perspective, this likely ushers in a new phase of leadership. We anticipate the next set of winners may include software firms building the next "killer apps," data-rich incumbents able to monetize AI within their ecosystems, and operationally nimble companies integrating these tools.

The Evolving Landscape of AI: Where We Are, What Lies Ahead, and Risks to Monitor (cont'd)

Where We Stand Today

2025 marks a clear transition point in AI's evolution. Up until now, most use cases centered around discrete, easily automated tasks: drafting emails, summarizing content, transcribing meetings, and generating code snippets. Useful, yes—but not transformative.

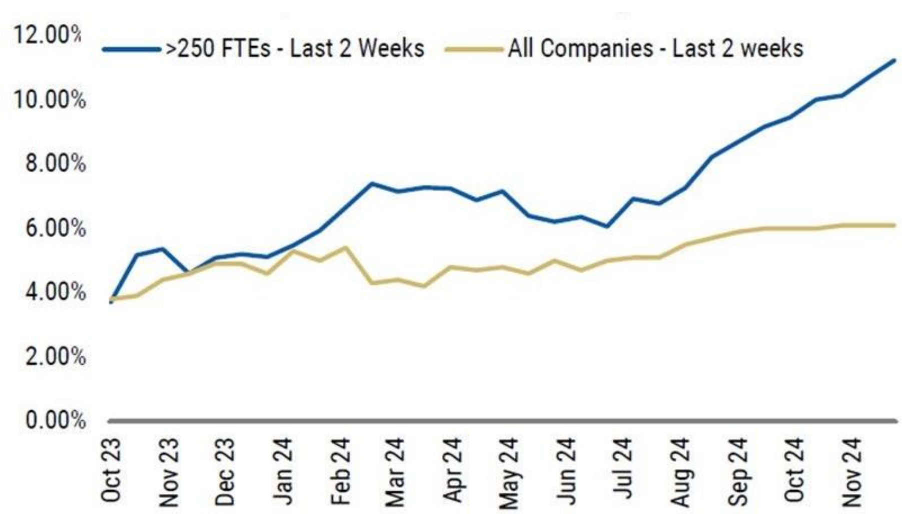
That's beginning to change.

We are now entering the era of Agentic AI—intelligent systems that go beyond reactive prompts to proactively initiate and complete complex workflows. These models can reason, plan, and execute multi-step processes with minimal human input. They will be embedded into many of the corporate ecosystems we interact with on a daily basis.

The implications are substantial. As AI becomes more integrated into corporate tech stacks, the potential for real productivity gains—and revenue-driving applications—increases dramatically. While still early, CIO surveys show rising AI investment, with many large enterprises now viewing it as core to their strategic roadmap over the next 12–24 months.

It's also worth noting that we remain early in the adoption curve. Recent surveys indicate enterprise AI usage sits around the mid-teens for large organizations and below 10% for small to mid-sized businesses (see chart below). As that base expands, the ripple effect on productivity and innovation could be significant.

AI Adoption – US Corporate Average vs Companies > 250 Employees ("AI Used In Last 2 Weeks")[1]



Notes

1. Morgan Stanley Thematics 1/6/25

The Evolving Landscape of AI: Where We Are, What Lies Ahead, and Risks to Monitor (cont'd)

Risks and Key Hurdles Going Forward

While the opportunity is immense, several risks deserve ongoing attention:

1. Infrastructure

Datacenter capacity, energy availability, and high-performance chips remain constrained. Lead times for certain GPUs and high-efficiency cooling systems are significant and will provide a headwind to ongoing rapid acceleration.

2. Open vs. Closed-Source Models

The recent launch of DeepSeek R1, a powerful open-source model, has intensified debate around openness and cost of training. While transparency encourages innovation, it also raises security concerns as increasingly capable models become freely accessible.

3. Geopolitics and Trade Controls

Export controls on advanced chips signal a broader bifurcation of global AI ecosystems. Tariffs, de-globalization, and cyber threats could disrupt innovation and capital allocation.

4. Profitability Risk

Despite meaningful progress, AI profitability remains limited. If AI use cases remain confined to productivity enhancements without tangible revenue growth, investor enthusiasm could dampen.

The Evolving Landscape of AI: Where We Are, What Lies Ahead, and Risks to Monitor (cont'd)

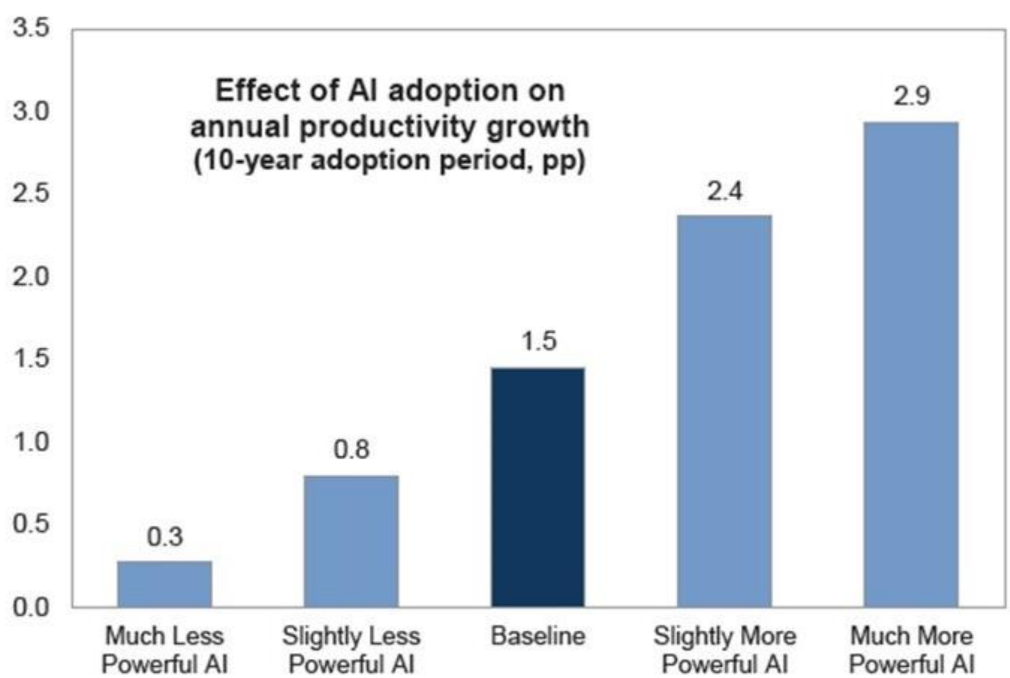
Looking Ahead

We continue to view AI as one of the most important investment themes of the next decade. As the excitement gives way to implementation, we expect leadership to broaden beyond infrastructure and hardware toward software, services, and traditional sectors that demonstrate meaningful adoption and profitability.

In our view, we are still in the early innings of the AI story. The long-term impact on productivity is compelling. As shown in the below chart, AI adoption is expected to add 1.5% per year to global productivity growth—a meaningful tailwind in a world where population growth is slowing and productivity gains are increasingly vital to GDP expansion.

Our focus remains on identifying high-quality, industry-leading companies positioned to benefit from this shift, particularly those selling at a reasonable valuation.

Estimated Effect of AI Adoption on Productivity Growth[1]



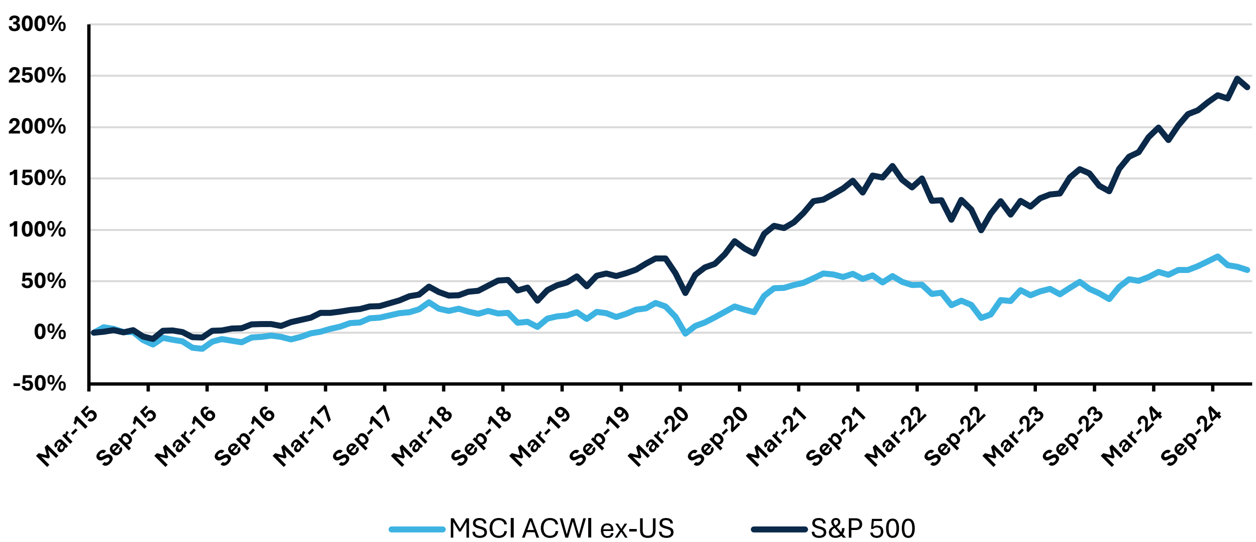
Notes

1. Goldman Sachs

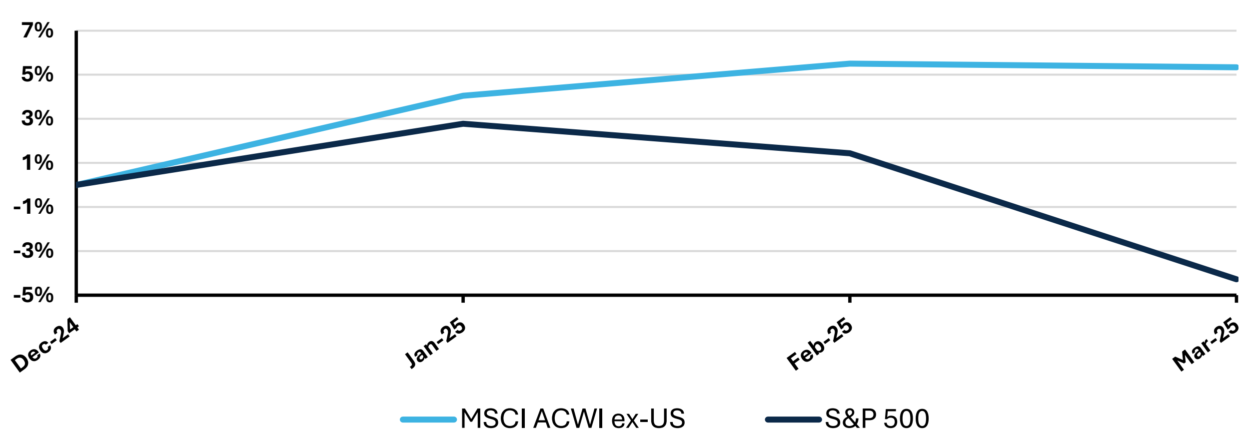
Green Shoots in International Markets

After many years of underperformance relative to U.S. equities, international stock markets are showing renewed strength year to date, sparking fresh interest from investors. For much of the past decade, U.S. stocks, particularly in the technology sector, have outpaced their global counterparts, leading many investors to concentrate their portfolios domestically and question if international diversification is worthwhile. For the first time in several years foreign stocks have significantly outperformed their US counterparts year-to-date with the All-Country World Index ex-US returning 5.4% year-to-date while the S&P 500 has returned -4.3%[1].

US Equities Underperformed Global Equities Over the Last Decade (2015 – 2024)[1]



But Global Equities Have Outperformed in 2025 Thus Far (12/31/2024 – 3/31/2025[1]



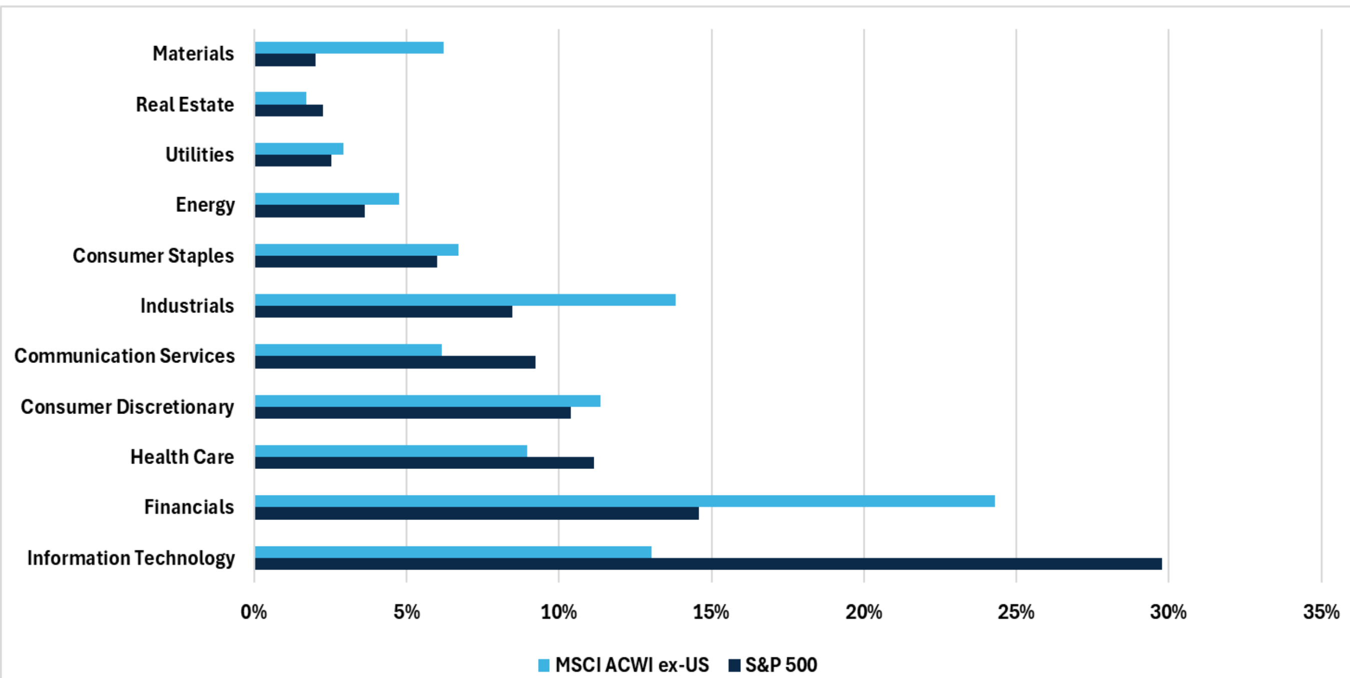
Notes

1. Bloomberg

Green Shoots in International Markets (cont'd)

Foreign stocks have been unloved and under-owned in investor portfolios in recent years and have been waiting for a catalyst to bring them back to the attention of investors. The catalyst arrived this year as tariff/trade war tensions flared up and US technology stocks dealt with their worst volatility since 2022. Compared to the US stock market, international stocks tend to be much less concentrated in the technology sector and more so in value-oriented financial and industrial sectors. These sectors are well aligned with the themes of the reindustrialization of European industry and defense that has accompanied recent trade tensions.

Sector Weights: US vs International[1]



It is going to take more than a quarter of outperformance for investors to fully embrace the rally, but years of underperformance have left foreign stocks much less expensive on a relative basis to their US counterparts and far less concentrated. This year's shift in performance and improving business sentiment internationally reaffirms that global diversification does have a place in investor portfolios and can offer both diversification benefits and attractive long-term growth potential.

Notes
1. State Street Global Advisors (as of 2/28/2025)

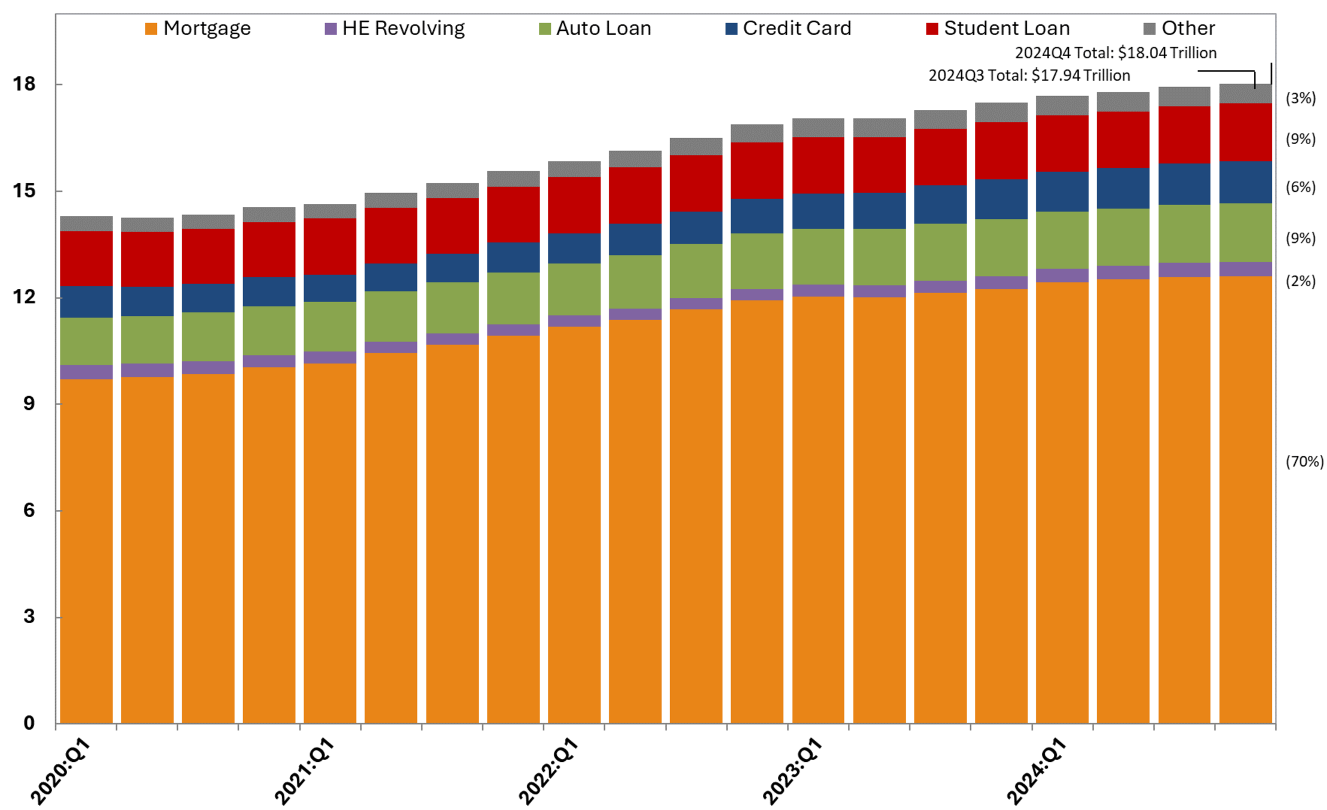
The Consumer Pulse Check

Consumer spending is often regarded as the lifeblood of economic health. When consumers open their wallets, businesses thrive, jobs are created, and incomes grow, driving a cycle of higher demand and economic activity.

Which is why recent consumer data has investors questioning the health of the economy. Despite higher interest rates, US households have continued to accumulate more debt, while savings rates have sharply declined from their COVID peaks. Even more troubling is the fact that the percentage of credit card accounts making just the minimum payment has hit record highs[1]. In essence, Americans are accumulating larger balances while making smaller payments. Furthermore, the prospects of interest rate cuts remains distant, meaning that borrowing costs will likely stay elevated for the foreseeable future. And unlike the pandemic era, the current administration will be far more reluctant to provide any stimulus checks.

While not currently a significant concern, these factors certainly warrant closer attention in the months ahead.

US Total Household Debt[1]



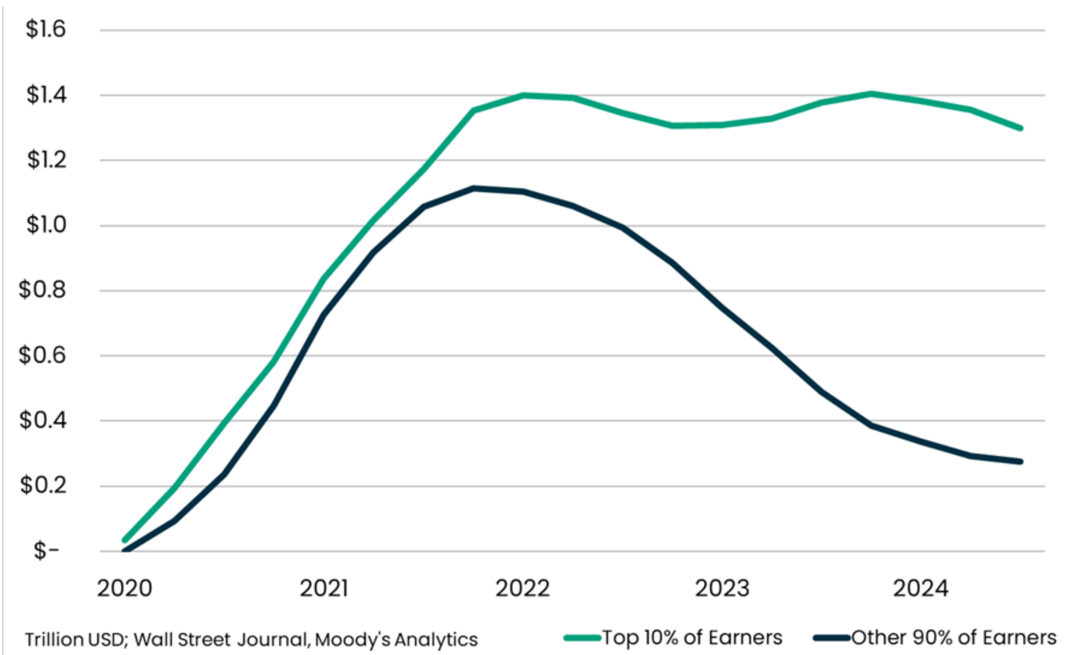
Notes

1. New York Fed Consumer Credit Panel/Equifax

The Consumer Pulse Check (cont'd)

Although consumer data across the broader population is showing signs of weakening, the wealthiest 10% of American households continue to fare remarkably well. This group is especially notable, as they account for nearly half of all consumer spending in the U.S[1]. This imbalance underscores the economy's increasing dependence on the spending habits of the high-net worth consumer.

Cumulative Excess Savings by Income[2]



One reason for the ongoing resilience of high-end consumers is that their wealth is heavily tied to rising equity prices and increasing property values, with a larger portion of their assets concentrated in these markets. However, this reliance on asset appreciation comes with its risks—if equity or property prices were to experience a downturn, it could severely impact the financial well-being of even the wealthiest households.

While there's no immediate cause for alarm, it's important to acknowledge that the foundation on which this resilience stands could be fragile. As asset prices fluctuate, the wealth of these high-net-worth individuals could also be affected, and with it, their spending habits.

Notes

1. The Wall Street Journal – The US Economy Depends More Than Ever on Rich People (2/23/2025)
2. Ever.Ag, The Wall Street Journal, Moody's Analytics

Portfolio Positioning

After two years of rarified air for the S&P 500 and U.S. equities, 2025 has ushered in a renewed sense of uncertainty around inflation, interest rates, and corporate earnings. Much of this stems from the evolving tariff landscape, as discussed in this letter, combined with ongoing geopolitical instability. The S&P 500 entered an official correction, declining more than 10% from peak to trough. Notably, the market leadership of recent years—namely big tech, AI, and high-growth names—has seen the sharpest pullbacks, while previously lagging segments such as value stocks, international equities, and defensive sectors have held up more resiliently.

Despite this volatility and growing concerns about the economic outlook, interest rates have remained elevated, with the 10-year Treasury ending the quarter at 4.20%. The Federal Reserve has stayed on hold, though market expectations suggest they may resume their rate-cutting campaign later this year, with two 0.25% cuts currently anticipated.

As we've cited many times before, market leadership often rotates during times of volatility and transition between economic cycles. While we may not be fully in a new cycle just yet, we continue to believe the next cycle's leadership will look different from the mega-cap growth dominance of the past. Our focus remains on identifying and allocating capital to emerging areas of opportunity tied to long-term secular growth themes such as AI infrastructure, genomics, reshoring/industrial automation, and cybersecurity while keeping a close eye on where new leadership may be forming.

As discussed last quarter, current interest rate levels create a more balanced risk-reward profile between equities and fixed income, and we believe this supports more reasonable long-term return expectations. With a relatively clean slate from a tax perspective—and following substantial gains in equities over the past several years—we've used this environment as an opportunity to rebalance portfolios where appropriate, with an eye toward both risk management and maintaining dry powder for attractive future opportunities.

Portfolio Positioning (cont'd)

Within equities, we've continued to broaden exposure, placing greater emphasis on sectors such as industrials and financials, which we believe are well-positioned for the current environment. On the fixed income side, we remain focused on high-quality credits, have taken steps to extend duration modestly, and see value in government and inflation-protected bonds.

Our investment philosophy remains grounded in identifying high-quality businesses trading at reasonable valuations. We seek companies with strong balance sheets, consistent free cash flow, high returns on equity, and a demonstrated commitment to shareholder value creation, including disciplined capital allocation and share repurchases. We focus on businesses with compelling long-term growth prospects that can perform across a range of economic environments. On the fixed income side, we maintain an emphasis on income generation and capital preservation, favoring high-quality credits and structures that align with our return and risk objectives. At the portfolio level, we prioritize clarity and conviction—knowing what we own, why we own it, and being prepared to act when compelling opportunities arise. We remain disciplined yet opportunistic, always on the lookout for the next "fat pitch."

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Investment Philosophy

We consider a client's complete financial situation – focusing on all aspects of their balance sheet, regardless of purpose, location or disposition – and then apply academically supported and empirical analysis (with an emphasis on after-tax risk and return parameters), astute capital market strategy (emphasis on understanding the capital market cycle), and the appropriate blend of securities in a tax and fee efficient manner. Unlike centralized investment models, we create portfolios that are not overly diversified, giving our clients the transparency they seek, and a better opportunity to meet their targets. Our investment process is designed to help each client meet their investment objectives and income requirements over time, given acceptable parameters, tying performance to their overall plan.

Outlook & Opportunities

This section summarizes Bearing Point Capital's current views (as of March 31st, 2025) on relative attractiveness of major asset classes. We base these tactical weightings on our view of both relative and absolute attractiveness compared to the historical risk-adjusted return as well as the current opportunity set across capital markets. These suggestions DO NOT take into consideration each individual's unique situation, financial goals, risk & return preferences, tax situation, and/or constraints and therefore may not be applicable to you.

	Asset Class	View	Rationale
Fixed Income & Cash	Cash	**Equal-Weight**	Cash returns remain reasonably attractive despite the FED having begun to cut interest rates over the past six months. We encourage investors to maintain a liquidity reserve to satisfy any short-term liquidity needs that may arise and potentially take advantage of opportunities within the capital markets.
Fixed Income & Cash	Investment Grade Bonds	**Equal-Weight**	After selling off in 2022 and given higher interest rates today, bonds provide reasonable return expectations as we look forward. Our equal-weight recommendation reflects a competitive return profile in absolute terms and when compared to other asset classes for the first time in nearly 16 years.

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	Asset Class	View	Rationale
Fixed Income	Opportunistic Fixed Income	Under-Weight	We have remained underweight high yield bonds given what we view as a poor risk/reward profile. Typically, the time to buy these instruments is at the start of an economic cycle and the time to sell is near the end of a cycle. We have continued to avoid foreign bonds as we believe they contain significant risk. We do not believe US investors are properly compensated for taking on FX risk*.
Equities	US Equities	Equal-Weight	After two banner years for the S&P 500 and U.S. stocks, relative valuations continue to look comparable to fixed income (given equity risk premium). Tariffs and geopolitical issues are likely to continue to create uncertainty in the short-term. Pockets of the equity market including value, international, and smaller company stocks continue to look compelling. We advocate for prudent rebalancing in a tax-aware manner.
Equities	Foreign Equity	Under-Weight	We continue to have an emphasis on domestic over foreign. It is possible the end of this cycle will usher in new leadership – we will be paying close attention. It is worth noting the pendulum may have begun to swing in this direction.
Alternatives	Alternatives -Real Assets	Equal-Weight	Given the ongoing theme of deglobalization coupled with budget deficits and implementation of tariffs, it is quite possible we will be living in a more inflationary environment over the next economic cycle which may bode well for real assets. We prefer exposure through individual REITs, miners, and select energy companies. We prefer a company versus a derivative instrument tied to a commodity.
Alternatives	Alternatives – Hedge / Private Placements	Under-Weight	Given our bias towards transparency, tax-efficiency, and minimization of fees, we have shied away from hedge assets over time. Private placement investments can make sense under certain circumstances. Now is the time to be aware of the massive influx of capital to private credit - creating a poor risk/reward environment in our opinion. In certain cases, we have chosen to buy into publicly traded alternative asset managers as an alternative to private equity / private credit (collect fees rather than pay them!).

Notes
*FX risk, or currency risk, refers to the potential financial loss that can arise from fluctuations in the exchange rates between two or more currencies.

The Planning Corner – Tax Cuts & Jobs Act (TCJA) Update

The Tax Cuts and Jobs Act (TCJA) of 2017 is facing a critical period as many of its key provisions are set to expire at the end of 2025. Please find attached a supplementary document that breaks down the current status for your review.

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Bearing Point Capital

Whether you're in need of individual financial counsel or robust institutional strategies, we've built our business to address the varied needs of our diverse clientele. Our smallest and largest clients deserve our full attention, and we deliver that attentiveness with guidance that's tailored to your unique challenges and objectives. We take the time to get to know your values and long-term goals, carefully crafting plans that support the future you're working toward.

As a focused and experienced group, we provide the resources and expertise of a large firm, with the consideration and service typically found at a small boutique. We develop strategies with an emphasis on mitigating risk and pursuing long-term success, fortified by thorough, objective investment research and selection.

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Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks.

Investing in smaller company stocks can be more speculative than investing in larger, more established, companies. These securities may also trade less frequently and in lower volumes, making their market prices more volatile.

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The **S&P 500 Index** measures the performance of the large-cap segment of the U.S. market. Considered to be a proxy of the U.S. equity market, the index is composed of 500 constituent companies.

The **S&P SmallCap 600** is designed to measure the performance of 600 small-sized companies in the U.S., reflecting this market segment's distinctive risk and return characteristics. Measuring a segment of the market that is typically known for less liquidity and potentially less financial stability than large caps, the index was constructed to be an efficient benchmark composed of small-cap companies that meet investability and financial viability criteria.

The **S&P 500 Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

The **MSCI ACWI Investable Market Index (IMI)** captures large, mid and small cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries*. With 8,640 constituents, the index is comprehensive, covering approximately 99% of the global equity investment opportunity set.

The **MSCI EAFE Investable Market Index (IMI)**, is an equity index which captures large, mid and small cap representation across Developed Markets countries* around the world, excluding the US and Canada. With 2,777 constituents, the index is comprehensive, covering approximately 99% of the free float-adjusted market capitalization in each country.

The **MSCI Emerging Markets Investable Market Index (IMI)** captures large, mid and small cap representation across Emerging Markets countries. The index covers approximately 99% of the free float-adjusted market capitalization in each country.

The **Bloomberg US Corporate Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility, and financial issuers.

The **Bloomberg 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 **Bloomberg US Municipal Index** is a flagship measure of the US municipal tax-exempt investment grade bond market. It includes general obligation and revenue bonds, which both can be pre-refunded years later and get reclassified as such.

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