An Overview of European Leveraged Loans

Q4 2019

Introduction

The European leveraged loan market has developed considerably in the past several years, growing from a nascent corner of credit into a large and liquid asset class. Despite this growth, we believe that the asset class is under-represented in institutional portfolios. Within the European leveraged credit market, institutional capital has favored high-yield bonds relative to leveraged loans based on the belief that the former is more liquid, a view with which we disagree. As a result, there appears to be an imbalance between the amount of institutional capital invested in the European loan market and the amount that market fundamentals call for, based on the sizes of each market.

We believe European loans – those that are either domiciled in European countries or denominated in European currencies – provide several benefits to an institutional portfolio. Benefits may include, but are not limited to potential downside protection in the form of seniority and security within the capital structure; high current income, especially relative to investment grade fixed income sectors in Europe; attractive risk-adjusted total returns; and diversification to equities and other fixed income investments. For these reasons, we believe performing European loans deserve a dedicated allocation within diversified institutional portfolios as an attractive complement to traditional asset classes.

Importantly, we believe experience, scale, and a local presence are necessary to invest in the European loan market today. In the pages to follow, our reasoning for this view should become clear as we explore the following topics:

1. The growth and evolution of the European loan market
2. Technical market forces
3. Market liquidity
4. The investment case for European loans
5. Concerns with covenant-light ("cov-lite") loans

Attributes of a Leveraged Loan[1]

A leveraged loan is a senior secured floating-rate corporate debt instrument that is a typically rated below-investment grade. Leveraged loans are senior in an issuer's capital structure with a first-lien claim on the borrower's assets as part of a collateral package backing the loan. Unlike a fixed-rate bond, a loan typically pays a floating coupon, issued at a fixed spread above a floating base rate (e.g. EURIBOR). Finally, leveraged loans can be either directly originated by a single lender or small club of lenders or broadly syndicated to multiple lenders. For the purpose of this paper, we will focus on the broadly syndicated loan market in Europe.

This paper represents Bain Capital Credit's view as of the date of this document and is subject to change.

[1] See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.

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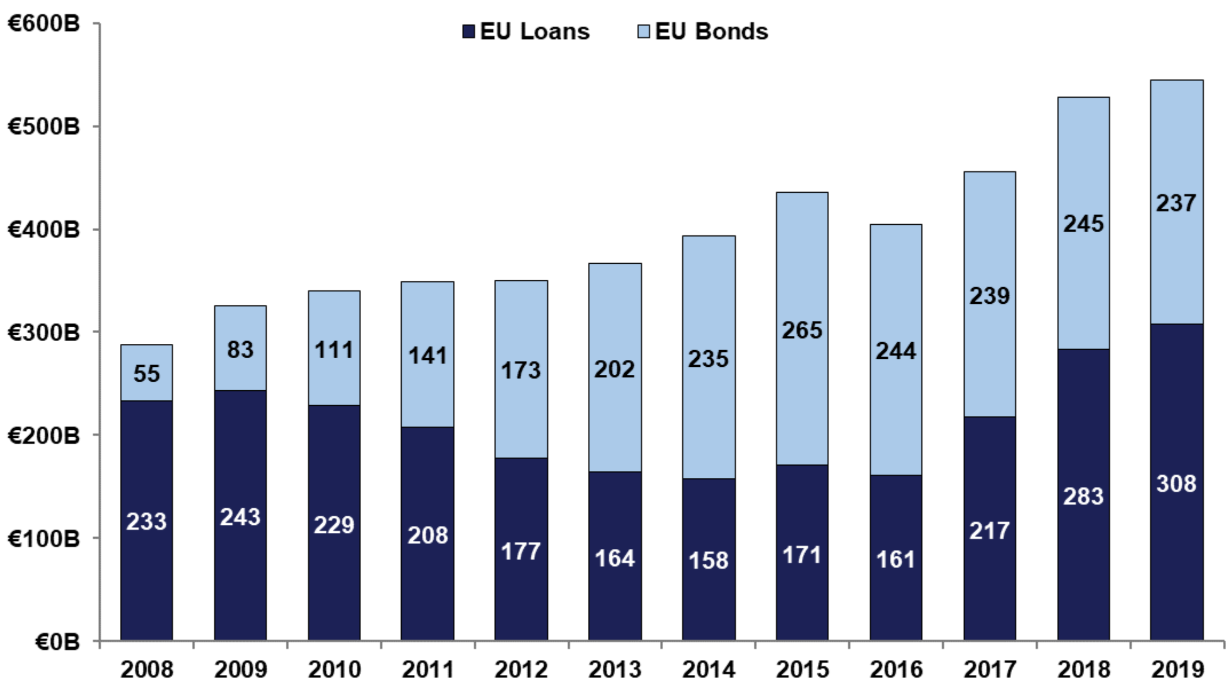
Market Growth and Evolution

The European leveraged loan market has experienced measured growth over the past two decades and has matured as an asset class in terms of its size, liquidity, and borrower base. As shown in the following chart, from 2008 to 2019, the outstanding par value of the European sub-investment grade ("sub-IG") credit market nearly doubled in size, resulting in what today is a broadly diversified ~€550 billion market. Further, we believe European loan market data understates the true market size and trading activity, primarily due to lack of reporting in some instances, but captures broader trends and general characteristics of the market. The growth in sub-IG credit in Europe has facilitated the funding needs of borrowers and has supported increased average trading volumes and diversification for both bonds and loans. Today, the loan market encompasses a diverse array of many countries and industries.

Figure 1: European Loan & High-Yield Bond Par Value[2]



[2] Data as of 31 October 2019. Source: Credit Suisse. EU loan data represents the Credit Suisse Western European Leveraged Loan Index, All Denominations ("CS WELL Index"). EU bond data for the Credit Suisse Western European High Yield Index, All Denominations ("CS WEHY Index"). See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.

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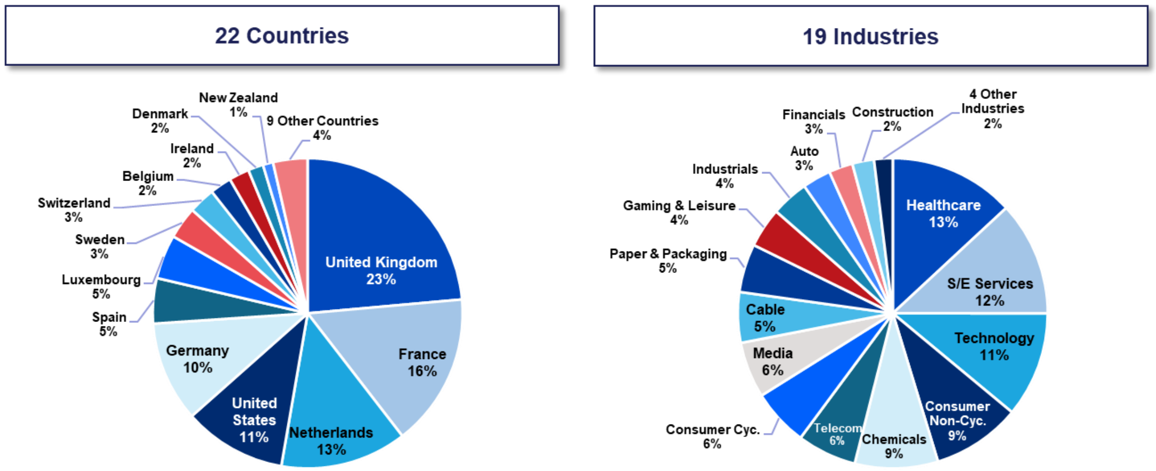
Figure 2: Current European Loan Market Diversity[3]



	December 2010		October 2019	
	EU Loans	EU Bonds	EU Loans	EU Bonds
# of Issuers	308	179	393	362
Par Value (€B)	€229	€111	€308	€237
Market Value (€B)	€204	€108	€301	€232

Based on available data, it is clear that the European market matured and evolved significantly within the last decade. Total outstanding debt, traded volume, and settlement volume of the European loan market all increased considerably in recent years. For instance, based on IHS Markit data from Q2 2012 through Q2 2019, quarterly secondary trading volume of European performing loans increased at an annual rate of 13%, with the majority of growth happening between Q2 2017 and Q2 2019. Total reported loan sales, a measure of trading liquidity, for the European market is at its highest trailing-twelve-month volume since 2010, and we expect this upward trend to continue as investors become more comfortable and familiar with the asset class.[4]

Technical Market Forces

Similar to the US market in the early 2000s, the growth in the European loan market's size and number of issuers has increased the amount of opportunities for non-bank lenders. Given the various regulations and certain lending guidelines, banks often pass on deals that do not fit within strict quantitative risk thresholds. Institutional loan investors – including pension funds, insurance companies, collateralized loan obligations (CLOs), commingled credit funds, separately managed accounts (SMAs), and other non-bank participants

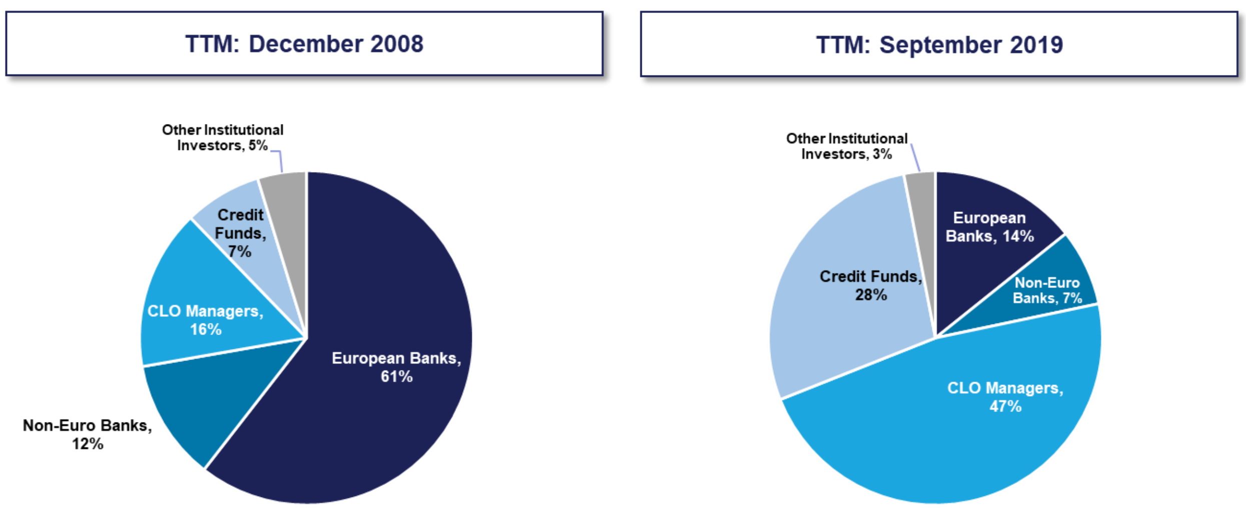
[3] Data as of 30 September 2019. Source: Credit Suisse. EU loan data represents the CS WELL Index. EU bond data represents the CS WEHY Index. See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.
[4] Source: IHS Markit data, Refinitiv EMEA Secondary Loan Trading Volume Survey Q2 2019.

– are generally far more flexible than banks and may choose to lend to a company based on a more complete analysis. Furthermore, over the past decade, leveraged buyouts (LBOs) have become more prevalent across Europe. Private equity sponsors often prefer to work with more flexible lenders, and, as a result, non-bank lenders now comprise a much larger market share.

The shift away from banks as the primary buyer of US new-issue leveraged loans took place over several years and fell below 50% in 2000.[5] Progress was much slower in Europe, as the ratio of banks in the European new-issue loan market did not fall below 50% until 2014, lagging the US market by 14 years.[6] This trend continued, as CLOs and credit funds amassed an increasing share of primary market demand in recent years. Amid a global low interest rate environment, institutional asset allocators, in their search for yield, have helped drive demand for European loans since the financial crisis. Negative and near-zero interest rates in most developed economies have led pensions, insurance companies, and other institutional investors to rotate their traditional fixed-income allocations into sub-IG credit.

The current buyers of European leveraged loans are primarily long-term investors searching for floating-rate, senior secured exposure. With the retreat of banks from the market, European CLO formation and interest from institutional buyers have filled this void.

Figure 3: Primary Market by Investor Type[7]



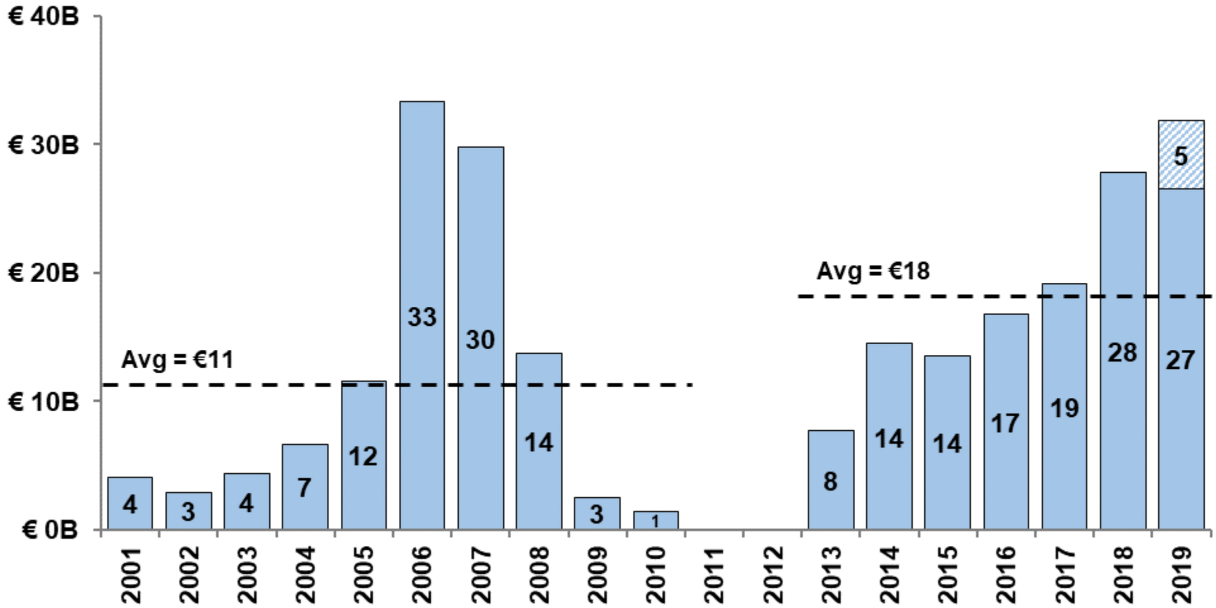
We believe that the growing institutional demand for leveraged loans will continue in Europe, as it has in the US, and that the rise in institutional investors has introduced an element of stability to the market with a positive effect on spreads. One key differentiator of European loans relative to both US loans and global high-yield bonds is the lack of retail investors, which typically drive higher levels of volatility due to the ease of buying and selling shares in listed funds with daily liquidity (i.e., UCITS-compliant funds, mutual funds, etc.). Compared to the US market, retail participation in European loans is minimal, which insulates the asset class from short-term technical sell-offs such as what occurred in Q4 2018.

Similar to the development of the US leveraged loan market, which experienced a decrease in buyer concentration leading up to the Global Financial Crisis (GFC), we expect continued market share growth for CLOs and credit funds in the European loan market. In the wake of the GFC, the CLO market developed

[5] Source: LCD Quarterly Leveraged Lending Review Q3 2019.
[6] Source: LCD Quarterly European Leveraged Lending Review Q3 2019.
[7] Data as of 30 September 2019. Source: LCD Quarterly European Leveraged Lending Review Q3 2019. TTM refers to trailing twelve months.

more conservative guidelines and terms, which restarted more stable issuance, and post-crisis European CLOs (2013-present) have averaged €18 billion in annual new issuance versus €11 billion for pre-crisis CLOs (2001-2010), as shown in the following chart.

Figure 4: Net New Issuance of European CLOs (€B)[8]

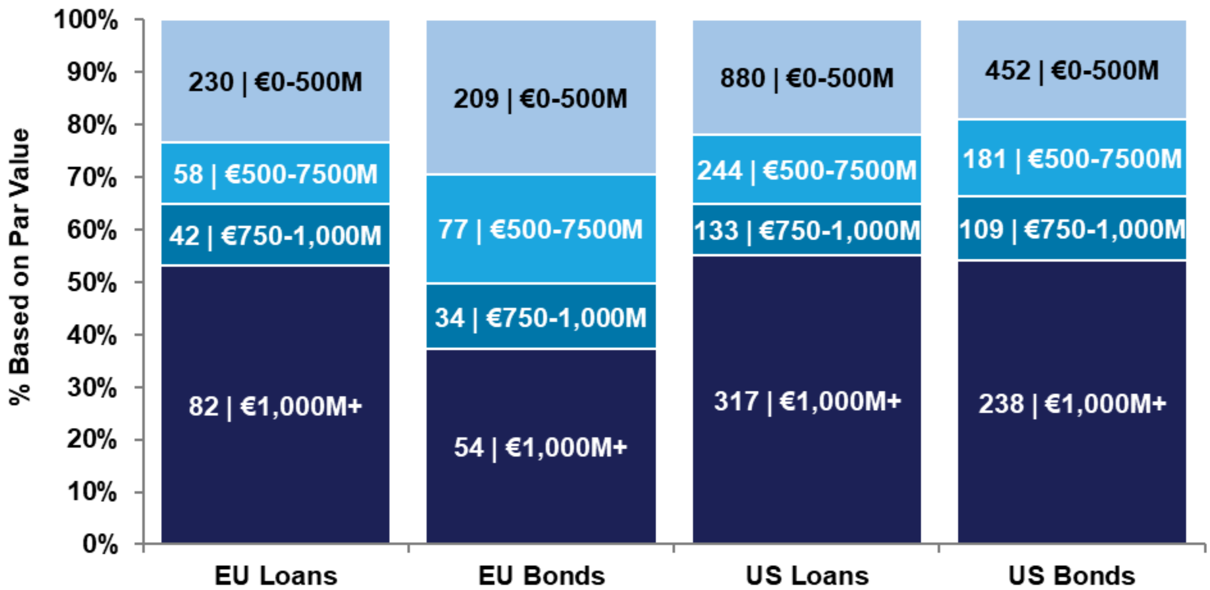


Market Liquidity

One way that we gauge markets' trading liquidity is by observing the distributions of tranche sizes within each market. Generally, larger tranches of debt trade more easily than smaller tranches given the increased capacity for a greater number of lenders to invest and subsequently trade their positions. Applying this logic to European and US leveraged credit markets, the European high-yield bond market exhibits a distinctive skew toward smaller debt tranches, suggesting that it may be the least liquid market relative to European loans, US loans, and US high-yield bonds. Contrary to common belief, the following chart illustrates that the European loan market is both more liquid than the European high-yield market and more aligned with the US market, in that the majority of outstanding par value represents large tranche sizes greater than €1 billion. The European high-yield market, on the other hand, has the lowest exposure to large tranches and the highest exposure to small tranches (<€500 million).

[8] Data as of 31 October 2019. Source: J.P. Morgan CLO Issuance Package. The shaded 2019 issuance represents incremental new issuance from annualizing year-to-date volume. The 2013-present average issuance does not include the pro forma incremental 2019 issuance. Net new issuance reflects CLO issuance, excluding refinancing and reset activity.

Figure 5: Leveraged Credit Tranche Size Distributions[9]



Another factor influencing liquidity in the European loan market is settlement times. The average settlement time for US loans improved in recent years and is currently shorter than the average in the European loan market. However, data from IHS Markit and the Loan Market Association (LMA) suggest that demands for faster settlement of European loans have forced settlement times lower in the asset class, a trend we expect to continue.

Within the past decade, ClearPar, a loan settlement platform owned by IHS Markit, streamlined many of the manual processes associated with paper loan documents, and the LSTA created standardized documentation and guidelines to improve settlement times for US loans. Today, nearly all US leveraged loans settle through an electronic platform, but the adoption of electronic settlement platforms in Europe lags the US, with several major European banks still using paper documents to settle trades.

In the context of the European sub-IG market, we believe that the inherent faster settlement time of bonds versus loans has misguided investors' perception of the liquidity in both markets. Settlement is merely an operational function that is predicated on the condition that a trade has already been executed. Using tranche size as a proxy for liquidity, in Europe, loans are more likely to trade than high-yield bonds, particularly when broader market liquidity is scarce. Therefore, investors are actually better off receiving settlement 46 days after a trade, in the case of loans, than receiving no trade execution at all with bonds.[10]

Typical buyers of European loans are long-term investors that generally have more flexibility to buy and hold loans than a retail fund with daily liquidity. In addition, a skilled lender with an established market presence should be able to achieve faster settlement than the market averages. We believe that various ongoing efforts to rectify certain liquidity issues will lead to a material improvement in settlement times for

[9] Data as of 31 October 2019. Source: Credit Suisse. EU loans represent the CS WELL Index; EU bonds represent the CS WEHY Index; US loans represent the Credit Suisse Leveraged Loan Index ("CS USLL Index"); and US bonds represent the Credit Suisse High Yield Index ("CS USHY Index"). In this analysis, a tranche represents the sum of an issuer's pari passu debt facilities. See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.
[10] Source: IHS Markit ClearPar. T+46 represents the average of quarterly settlement times for European loans between Q4 2012 and Q2 2019.

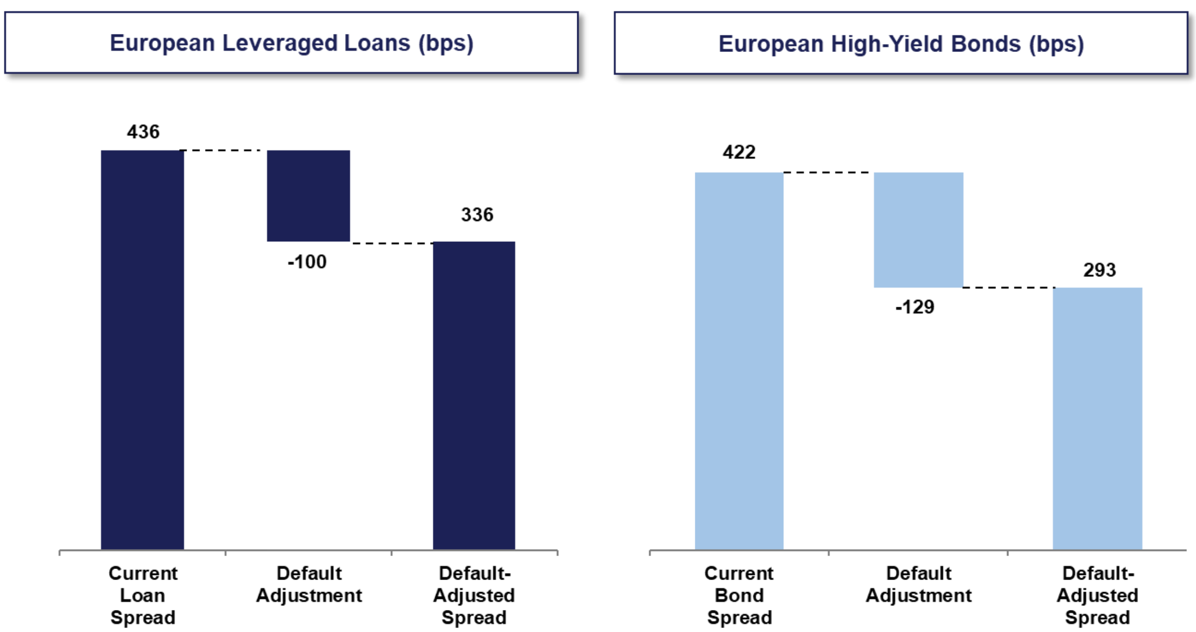
European loans in the medium term. As long as market participants continue to demand increased automation, consistency, and efficiency, we believe loan market liquidity will continue to improve.

The Investment Case for European Loans Today

- **Downside Protection**: Leveraged loans offer attractive relative value versus both high-yield and investment grade bonds. Spreads for European loans and high-yield bonds are currently quite similar, notwithstanding the senior position held by loans. In the event of a default, the senior secured first-lien loan holders have a first-in-line claim to the borrower's assets (security) and a priority claim above the unsecured debt (seniority). An issuer's collateral package may include hard assets – like accounts receivable, inventories, property, plant & equipment, and cash – as well as intangibles, such as patents and trademarks.

  From a lender's perspective, protecting against the loss of capital is a priority. Illustrated in the following chart, European loans and bonds had similar default rates between 2003 and 2018, but loans exhibited significantly higher recovery rates (59% vs. 42%, respectively) over the period. Although current spreads for loans and bonds are similar on a standalone basis, once the respective markets' historical losses are considered, European loans generally command a compelling spread premium over European bonds.

Figure 6: Default Loss-Adjusted Spreads[11]



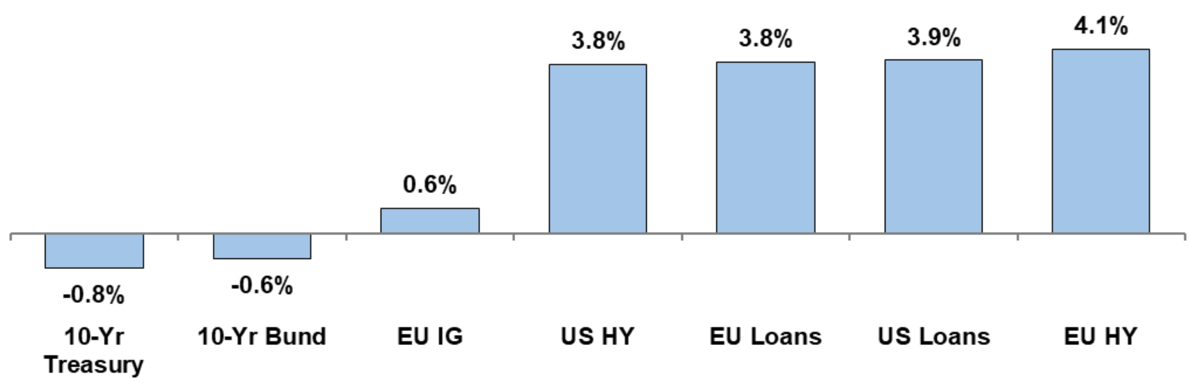
[11] Current market data as of 31 October 2019. Default data as of 31 December 2018. Source: Credit Suisse. Shows the CS WELL Index for loans and the CS WEHY Index for bonds. Loan spread calculated as 3-year discount margin. Default adjustment for loans assumes 2.4% average default rate and 58.8% recovery rate since 2003. Default adjustment for bonds assumes 2.2% default rate and 42.0% recovery rate since 2003. See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.

Furthermore, whereas there is just one bankruptcy regime in the US market, there are several throughout Europe. As a result, distressed transactions tend to restructure out of court more frequently in Europe than in the US where the occurrence of default is more transparent. For this reason, private equity sponsors in Europe are generally highly incented to resolve credit issues with lenders, and we feel that this dynamic translates to an attractive alignment of interests between the sponsor, issuer, and lenders.

- **High Current Income & Floating Rate**: We believe leveraged loans have differentiated features that offer investors stable and attractive income streams in both high and low interest rate environments. In a low interest rate environment like there is in Europe today, many new-issue loans are structured with floors greater than or equal to zero. A floor is a mechanism that sets the coupon's base rate at the greater of the actual reference rate (e.g. EURIBOR) and the stated floor, which provides income protection from negative rate policies in place in Europe today.

  In periods with rising interest rates, leveraged loans tend to have a distinct advantage over fixed income asset classes. While this may not be a likely scenario in the near term, for fixed-rate assets such as investment grade bonds, there is significant risk that increasing interest rates will erode prices and detract from total returns in our view. Due to the floating-rate nature of loan coupons, loans typically outperform fixed-rate bonds in periods of rising rates. Even before factoring in potential upside from a rise in rates, loans typically offer attractive yields relative to government bonds and investment grade credit and more stable yields relative to other sub-IG credit assets.

Figure 7: Yields (Hedged to EUR) in a Broader Context[12]

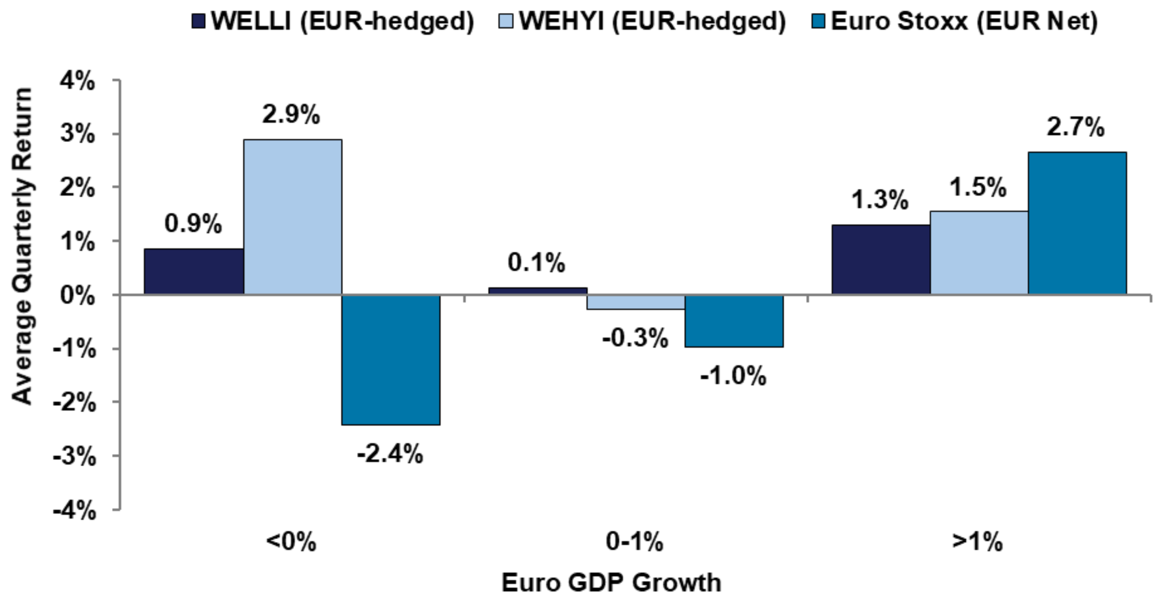


- **Strong Performance through the Economic Cycle**: In the following chart, we analyze the historical performance of loans, high-yield bonds, and stocks during various economic growth scenarios in Europe. In periods of high (>1%) growth, equities tend to outperform leveraged credit on average, as we would expect, since equity returns benefit from both growth and investor optimism. Aside from these periods, the power of coupon in loans and bonds generally drives strong risk-adjusted returns relative to the stock market. Importantly, in periods of both moderate (0-1%) and low (<0%) growth, credit outperforms equities on average. Loans average positive returns, while equities average negative

[12] Data as of 30 September 2019. "10-Yr Bund" is the bid price of the German Bund. "EU IG" is the J.P. Morgan iBoxx EUR Corporates benchmark spread. "EU Loans" is the yield to maturity of the S&P European Leveraged Loan Index ("ELLI"). "EU HY" is the yield to worst of the CS WEHY Index. US yields have been hedged to European terms based on Bain Capital Credit's analyzed annual hedge cost of (2.45%). "US 10-Yr Treasury" is the bid price of the US Treasury. "US High Yield" is the yield to worst of the CS USHY Index. "US Loans" is the yield (3-year life) of the CS USLL Index. See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.

returns in both scenarios. During such periods, equities generally perform poorly, while credit coupon payments fully or partially offset price declines. In addition, lower growth periods tend to offer greater price dispersion in credit markets, which we believe provides more opportunities for bottom-up credit selection and active portfolio management.

Figure 8: Strong Performers through the Cycle[13]



- **<u>Attractive Risk/Reward Profile</u>**: From the perspective of an asset allocator, an investment's risk-adjusted return is critical. In Europe, similar to in the US market, loans exhibited higher returns per unit of risk relative to both high-yield bonds and equities over the long term. Specifically, since 1998, European loans delivered 60% of the volatility exhibited in the European high-yield bond market while capturing 74% of the return.[14] The relative stability, high current income, and senior lender position of leveraged loans have led to outperformance relative to both high-yield and stock markets on a risk-adjusted basis.

[13] Data as of 30 September 2019. Shows GDP growth from December 1996 – September 2019. Source: Factset and Bain Capital Credit analysis. N represents the number of quarters GDP growth was within range. N=11 at <0%; N=6 at 0-1%; N=70 at >1%. WELLI (EUR-hedged) refers to the CS WELL Index (EUR-hedged), and WEHYI (EUR-hedged) refers to the CS WEHY Index (EUR-hedged. See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.

[14] Data as of 31 October 2019. EU loans represent the CS WELL Index (hedged to EUR), and EU high yield represents the CS WEHY Index (hedged to EUR). Percentages represent simple division of annualized volatility and returns.

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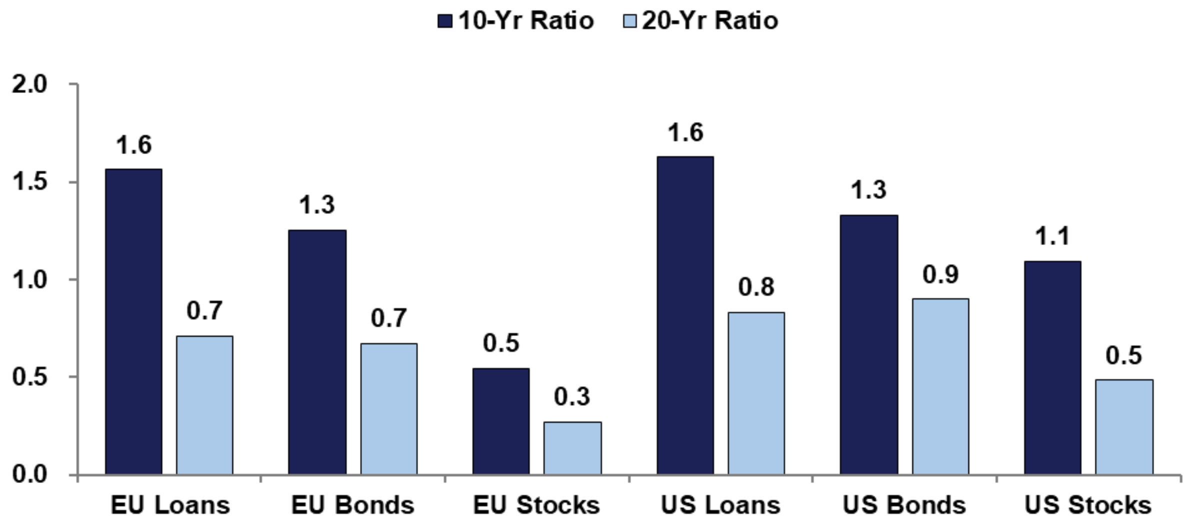
Figure 9: Loans' Superior Risk-Adjusted Returns[15]



- **Diversification Benefits**: We believe that diversification into European loans can mitigate portfolio volatility while enhancing geographic diversity of the overall portfolio. For institutional investors that have an existing allocation to traditional equity and credit asset classes, European loans are an attractive diversifier and complement in our view.

Figure 10: European Loans' Low Correlations to Other Assets[16]

	EU Loans	EU HY	EU IG	EU Stocks	US Loans	US HY	US IG	US Stocks
10-Yr Correlation	1.00	0.80	-0.01	0.59	0.86	0.72	-0.14	0.56
20-Yr Correlation	1.00	0.77	-0.05	0.46	0.88	0.72	0.05	0.48

In terms of portfolio fit and sizing, an allocation to European loans may vary and is highly investor dependent. European loans and bonds offer complementary properties to one another, which diversify nicely within a credit portfolio. Both are higher yielding debt instruments issued by sub-IG issuers, but the assets differ in several ways, namely by duration, reference rate, liquidity, seniority, callability, etc. We believe European liquid performing loans also complement illiquid strategies – such as private equity, distressed debt, and direct lending – particularly from a cash management perspective. For instance, an investor with a long-term allocation to direct lending strategies may desire a non-cash

[15] Data as of 31 October 2019. Risk-adjusted returns measured by annualized returns divided by annualized volatility. EU loans represent the CS WELL Index (hedged to EUR). EU bonds represent the CS WEHY Index (hedged to EUR). EU stocks represent the Euro Stoxx Index Net (EUR). US loans represent the CS USLL Index (USD). US bonds represent the CS USHY Index (USD). US stocks represent the S&P 500 Index (USD). See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.
[16] Data as of 31 October 2019. Source: Credit Suisse, ICE Data Indices, LLC. EU loans represent the CSWELL Index (hedged to EUR). EU HY represents the CSWEHY Index (hedged to EUR). EU IG represents the ICE Euro Broad Market Index (EMU0) (hedged to EUR). EU stocks represents the Euro Stoxx Index Net (EUR). US loans represents the CS USLL Index (USD). US HY represents the CS USHY Index (USD). US IG represents the ICE US Corporate/Government Index (B0A0) (USD). US stocks represents the S&P 500 Index (USD). See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.

asset with high yield and low volatility to invest unfunded commitments. In this manner, we believe European loans can be an attractive cash management tool.

Addressing the Concern with Cov-Lite Loans

Leveraged lending in Europe has historically been a bank-centric market, and banks tend to be more conservative in their lending practices. Until the end of 2013, more than 90% of the European loan market was "covenant-heavy," meaning loan documents featured maintenance or financial covenants to assist lenders in their regular assessment of borrowers' financial health.[17] At the time, most issuers were smaller, privately-held companies with limited sources of capital. Therefore, lenders likely required these maintenance covenants to provide recourse in the event a borrower faced financial troubles. Counterintuitively, we believe that covenant-heavy lending agreements actually triggered a higher total default rate following the GFC. The existence of covenants often creates multiple near-term triggers that can push a company into a restructuring.

Since the GFC, the global loan market has changed in several ways. For one, there has been substantial growth in two segments of the market: 1) unlevered institutional capital and 2) CLOs. As previously discussed, these two buyer segments have taken market share away from banks, which now hold a small fraction of outstanding loans. Second, on the supply side, LBO sponsors began to prefer the use of loan-only capital structures to finance buyouts, which fueled growth and pulled market share from high-yield bonds. Lastly, as loan issuance expanded and the size of issuers increased, a deep secondary market developed. In other words, we find it is easier for lenders to control risk exposure through a secondary sale than it was several years ago. These factors contributed to the growth in cov-lite issuance in our view. Today, cov-lite structures comprise approximately 85% of outstanding European loans and are standard within the syndicated loan market.[18]

Cov-lite has become standard practice in the market, which we believe may reduce recoveries in the future, but may also lead to fewer companies defaulting. As such, we believe credit selection will be paramount. Importantly, we have long considered document analysis a key component of a complete investment process alongside fundamental research. Combining these two elements is our preferred strategy to minimize defaults and maximize recoveries, and we believe this is a sound approach to risk mitigation, which can enable funds to be opportunistic in times of volatility.

[17] Source: LCD, an offering of S&P Global Market Intelligence.
[18] Source: LCD, an offering of S&P Global Market Intelligence. Data represents the S&P European Leveraged Loan Index as of 31 October 2019. See "Endnotes" for important definitions, disclosures, and information regarding returns, indices, and performance calculation methodologies.

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Conclusion

We believe European loans are an attractive long-term, strategic allocation and that the asset class deserves more attention than it receives today. European loans have benefited from long-term growth and positive technicals over the last decade. The asset class provides investors with high current income, potential downside protection, and portfolio diversification. Importantly, we believe manager selection is crucial when investing in the European loan market. Provided certain inefficiencies and complexities of the market, we believe investors benefit from partnering with an experienced and proven loan manager with a strong local presence as well as deep relationships with arrangers, sponsors, issuers, advisers, and other parties in the region. In addition, we believe loan managers with supplemental credit resources dedicated to direct lending, restructuring, CLOs, and trading add valuable perspectives and insights that enhance a manager's ability to source, underwrite, and manage European loans. Due to the diversified issuer base and disparate local economies, we believe skilled loan managers also add value through company and industry selection.

Leveraged loans make up over half of the sub-IG European credit market, yet long-term institutional investors are underweight the loan market for reasons that do not align with our investment rationale. We believe a sub-IG European credit allocation should be split more evenly across loans and bonds, similar to the outstanding market supply. However, recognizing that institutional portfolios can look quite different from one another, allocating to this asset class may differ from investor to investor, as there is not just one approach. European loans may fit into portfolios to serve as a complement to various existing exposures, such as illiquid alternatives, US credit, fixed-rate credit, investment grade credit, etc. European loans may be a dedicated long-term credit allocation in some portfolios, or investors may find more appeal in the asset class as a liquid, low-volatility, higher-yield cash substitute that funds long-term commitments to illiquid drawdown strategies (e.g., direct lending, private equity). While the European market continues to mature and evolve, we believe investors should consider an allocation to European leveraged loans today as part of their broader portfolios in order to enhance potential downside protection, yield, liquidity, and diversification.

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Performance Calculations Methodologies
Annualized returns are computed based on the change in value during the period of a theoretical investment made at the beginning of the period. The change in value of a theoretical investment is measured by comparing the aggregate ending value of Limited Partners with the aggregate beginning value adjusted for cash flows related to capital contributions or withdrawals during the period. Returns are geometrically linked on a monthly basis.

Indices Information

1. The Credit Suisse High Yield Index (CS USHY Index) is designed to mirror the investable universe of the $US-denominated high yield debt market. The highest Moody’s/S&P ratings are Baa1/BB+ or Ba1/BBB+. Issues must be $US-denominated straight corporate debt, including cashpay, zero-coupon, stepped-rate and pay-in-kind (PIK) bonds. Floating-rate and convertible bonds and preferred stock are not included.
2. The Credit Suisse Leveraged Loan Index (CS USLL Index) tracks the investable market of the U.S. dollar denominated leveraged loan market. It consists of issues rated “5B” or lower, meaning that the highest rated issues included in this index are Moody’s/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.
3. The Credit Suisse Western European High Yield Index, All Denominations (CS WEHY Index) is designed to mirror the investible universe of the Western European high yield debt market, with issues denominated in $US, Euro and British Pounds.
4. The Credit Suisse Western European Leveraged Loan Index, All Denominations (CS WELL Index) represents the investable universe of non-$US-denominated Western European loan market, with fully funded term loans denominated in Western European currencies, a minimum tenor of at least

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one year and a Moody's/S&P rating of Baa1/BB+, Ba1/BBB+ or lower; if unrated, the minimum initial spread must be 125 bps over LIBOR (or equivalent).

5. The S&P European Leveraged Loan Index (ELLI) is a multi-currency index that covers the European leveraged loan market back to 2003 and currently calculates on a weekly basis.
6. The iBoxx corporate index returns are designed to replicate the investment grade and high yield fixed income markets.
7. The S&P 500 Index (S&P 500) is a market capitalization-weighted index of common stocks of large capitalization companies. Companies in the S&P 500 Index have market capitalizations of at least $5 billion.
8. The Euro STOXX Index (Euro Stoxx) is a market capitalization-weighted stock index of large, blue-chip European companies operating within eurozone nations.
9. The ICE Euro Broad Market Index (EMU0) is designed to replicate the investment grade and high yield fixed income markets in Europe.
10. The ICE US Corporate/Government Index (B0A0) is designed to replicate the investment grade and high yield fixed income markets in the US.
11. "EURIBOR" is the average interbank interest rate at which European banks are prepared to lend to one another.
12. The returns of the indices are provided solely as an illustration of the market and economic conditions generally prevailing during the periods shown. Indices are not investments, are not professionally managed and do not reflect deductions for fees or expenses. It is not possible to invest directly in an index. Investors pursuing a strategy similar to an index may experience higher or lower returns and will bear the cost of fees and expenses that will reduce returns.