

# Fixed Income Insights

MONTHLY REPORT | JULY 2025

US EDITION

## Dollar weakness helps drive more yield divergence

Dollar weakness dominated returns across asset classes in Q2, and YTD, in a trend reversal of the period since Covid, allowing European central banks to ease further. Shorter Bunds & gilts led returns, with European credits also favoured. Long gilts and Treasuries stabilised in June, as strong relative value versus equities suggests high yields are drawing LDI support.

### Macro and policy backdrop – Fed caution persists, awaiting tariff outcomes

Noisy economic data and tariff uncertainties keep the Fed on hold, as European central banks exploit benign inflation data and currency strength to ease further. (pages 2-3)

### Yields, curves & spreads – Curve steepening stalls in US but trend remains intact

Long yields stabilised but curve steepening & wider US spreads are still the main narratives. Short inflation breakevens fell on benign data. EM spreads resume downtrend. (pages 4-5)

### IG credit & MBS – Tariff crisis, what crisis? Credit spreads largely unwind April spike

Short-dated IG credits continue to outperform. Weak dollar boosts UK & Euro credits. (page 6)

### High yield credit analysis – CCC returns rebound strongly, as risk appetite returns

Helped by equities, HY credits show little overall impact from tariff turbulence in Q2. (page 7)

### SI bond analysis – Duration & sector weights drive SI Corp relative performance

Duration largely explains divergent relative performance between Choice/ExFFe and PAB; for Green Corp, it was the underweight in industrials and overweight in electric utilities. (page 8)

### Performance – Dollar weakness dominates Q2 and YTD returns, led by Bunds

Q2 returns driven by fx moves & weak USD. Longs underperformed on steeper curves. Some stabilisation in gilts and Treasuries. Credit recovers quickly from tariff woes. (pages 9-10)

**Appendix (from page 11)** Global bond market returns, historical bond yields, bond market durations and market values and foreign exchange returns.

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Chart 1: US 7-10yr breakevens remain stable near 2% and may ease Fed fears about sticky inflation. Fed Chairman Powell stressed stable inflation expectations will be important in allowing further Fed easing.

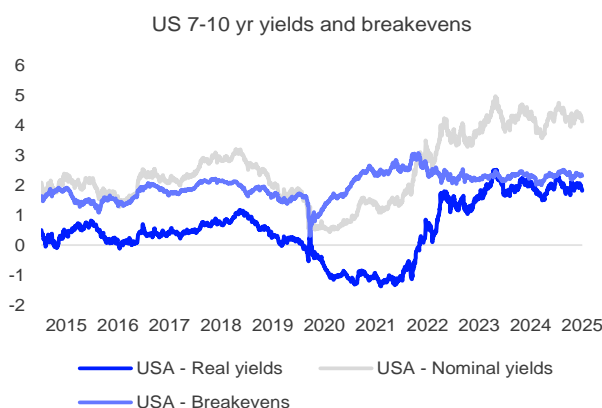
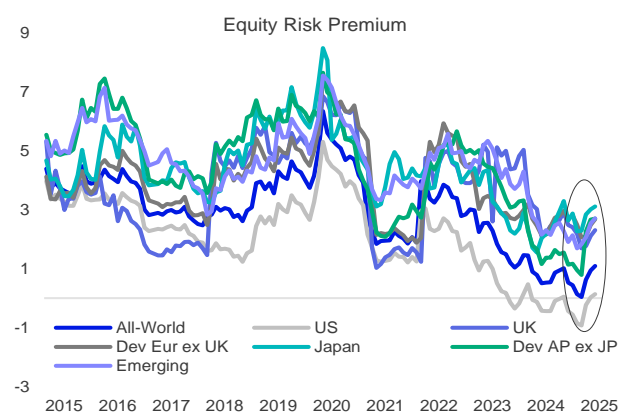


Chart 2: US equities trade on a risk premium close to zero vs Treasuries - a significantly higher rating than other equity markets. This shows the relative value in Treasuries with yields above 4% in 10 yrs and beyond.



Source: FTSE Russell and Datastream. Other data as of June 30, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

# Macroeconomic Backdrop – Growth and Inflation Expectations

Disentangling underlying US growth from distorted GDP data is another Fed challenge, alongside sticky inflation above target. There are signs of labour hoarding in the US as levels of unemployment remain subdued, despite the fall in job openings since 2022, and recession signals from the inverted 10s/2s curve are not confirmed in loan delinquency rates.

Growth forecasts project convergence in US and European growth, mainly due to a sharp US slowdown, after negative GDP growth in Q1 on the pre-tariff surge in imports. The Atlanta Fed’s Nowcast projects 2.9% Q2 growth, with a collapse in inventories (-2.2%) offset by strong net exports (+3.5%). Consumer spending may give a better idea of underlying growth.

Inflation data has been replaced by growth as the main focus of European central banks, unlike the US, where tariffs will have a broader impact, pending final outcomes on levels. May inflation data was benign, with tariff effects absent on apparel and autos and lower fuel prices, leaving US CPI at 2.3% y/y, and the core PCE deflator at 2.6%, well above the 2% target. May data may reflect companies pricing off pre-tariff inventory. Much depends on US consumer demand and how far service inflation is affected.

The number of job openings in the US labour market has dropped sharply since 2023, as Chart 3 shows, but unlike earlier business cycles, there has been no accompanying spike in the unemployment rate. There may be some evidence of labour hoarding in this, since unemployment has risen sharply in earlier cycles as soon as job openings began to decline.

Although delinquency rates on US credit card loans have risen, business loan delinquencies remain subdued, as Chart 4 shows. Apart from Covid, which was a lockdown-imposed recession, previous US recessions were preceded by both an inverted 10s/2s curve, and a sharp increase in credit card and business loan delinquencies, which is not yet evident, even if 10s/2s inverted.

Chart 1: Growth forecasts carry higher uncertainty than normal, with final tariff levels still unresolved. But overall, the shape remains one of slower US growth converging towards European growth, but without recessions.

Latest Consensus Real GDP Forecasts (Median, %, June 2025)			
	2024	2025	2026
US	2.8	1.4	1.5
UK	0.9	1.0	1.2
Eurozone	0.7	1.0	1.1
Japan	0.8	0.5	0.7
China	4.9	4.5	4.2
Canada	1.3	1.2	0.9

Chart 3: Despite the sharp drop in job openings since March 2022, when Fed tightening began, unemployment has risen more slowly than previous cycles. This may be evidence of labour hoarding by employers.



Chart 2: May inflation data showed the impact of lower energy prices, though this is likely to unwind in June, and US inflation still remains.

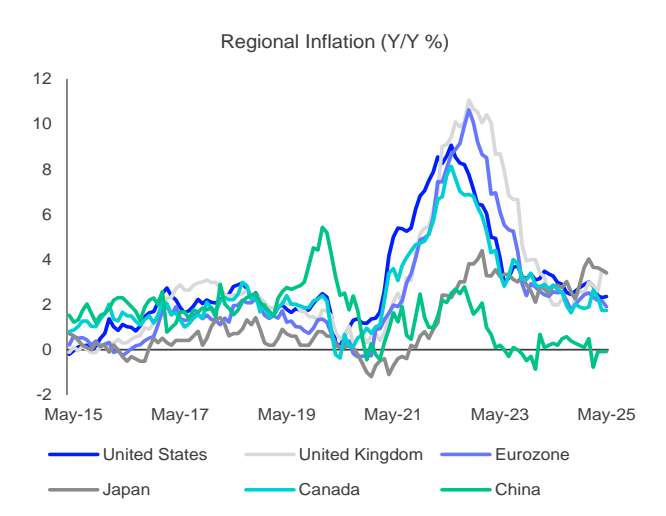
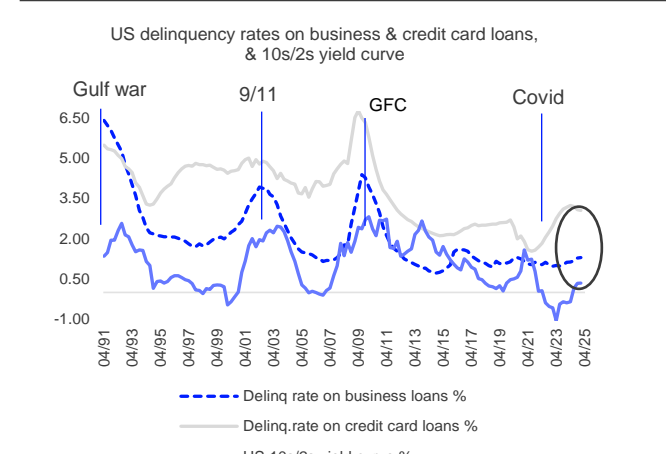


Chart 4: Delinquency rates on business and credit card loans rose sharply before the GFC, 9/11 and Gulf war recessions, and the yield curve inverted, but not before the Covid lockdown-imposed recession.



# Financial Conditions and Monetary Policy Settings

Static or slowly falling house prices continue in the US, awaiting more sizeable Fed rate cuts, as in the UK. Bigger Fed rate cuts could unleash a real boost to the housing market, if affordability improves, with housing starts way below GFC levels. The dollar bear market continues in both risk-on and risk-off phases in 2025, with the Euro and sterling main beneficiaries. Stronger currencies give European central banks more scope to ease rates, while inflation and global supply pressures remain subdued.

Chart 1 shows how real housing price growth has slowed, including the US, following the post-Covid boomlet. High mortgage rates have reduced housing affordability sharply in the US particularly, and this has been compounded by the tightening in underwriting standards. China remains in a protracted bear market, after the over-build in 2017-19. With US consumers locked into low coupon mortgages, there is no incentive to refinance mortgages either, so housing market turnover is very low, unless or until the Fed cuts rates more substantially.

The US dollar struggled throughout Q2, despite rate differentials strongly in its favour. The dollar fell both during the risk-off phase in March/April, when its traditional safe-haven role was unsupportive, and the risk rally in May/June, during the tariff pause. The Euro and sterling remain the main beneficiaries of dollar weakness, increasing scope for rate cuts in Europe.

Fed caution on rates continues, with the weaker dollar and stronger equity market offsetting the impact of higher short rates and bond yields. Final outcomes on tariff rates may pave the way for a July easing, even if inflation remains above target. The BoE moved closer to a rate cut in June as one of the internal BoE PC members voted for one (David Ramsden) with the vote 6-3 for unchanged rates. Lower dollar denominated import prices improve the prospects for a UK rate cut in August.

There remains little pressure on global supply chains for tradeable goods, despite potential tariff impact on supply chains, increased geopolitical tensions in the middle east, higher oil prices and concerns about closure of the Straits of Hormuz (Chart 4) The surge in trade in Q1 in advance of the tariff increases may delay the impact on supply chains, should there be subsequent re-routing.

Chart 1: US real house price growth has stalled out since the Fed began raising rates in March 2022, after the post-Covid min-boom. With US mortgage rates still high, housing affordability remains a key issue.

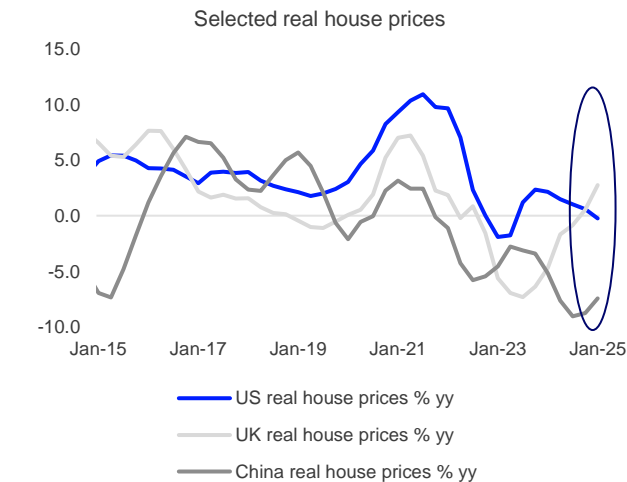
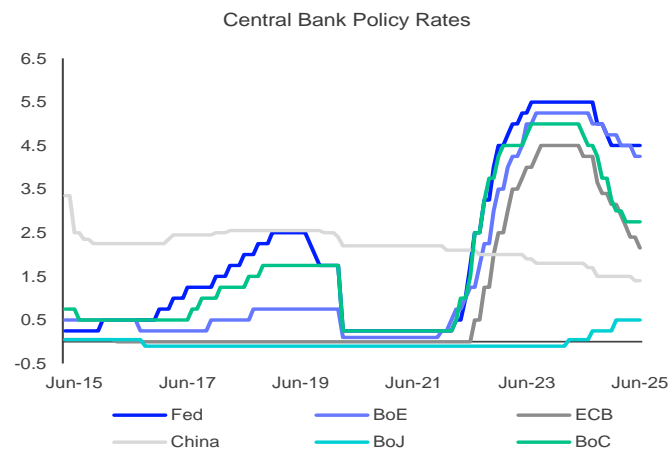


Chart 3: The Fed's policy hold in June was well discounted, though the BoE vote on rates (6-3) was closer than expected, and bodes well for an August cut. The ECB continues to take advantage of low inflation to ease further.



Source: LSEG, and US Fed. All data as of June 30, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Chart 2: Despite rate differentials in its favour, the dollar continued to weaken in Q2, with the Euro and sterling major beneficiaries. The renminbi has made more modest gains, as tariff discussions continue.

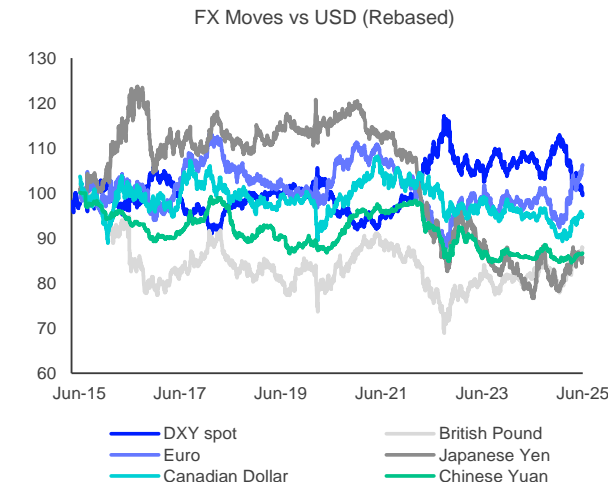
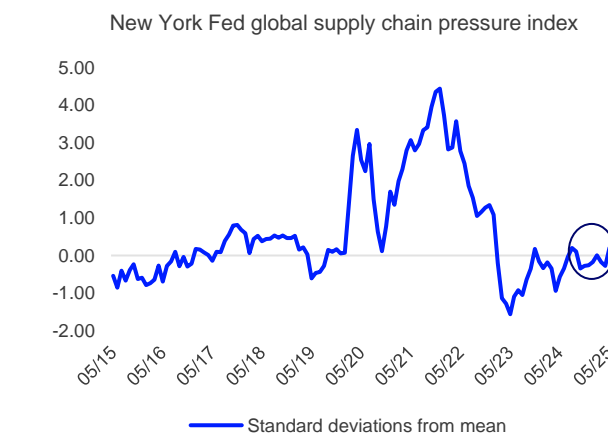


Chart 4: Global supply chains show little impact to date of rising geopolitical tensions in the middle east, despite June increases in oil prices. Thus, the NY Fed measure remains near its long-term mean.



# Global Yields, Curves and Breakevens

Chart 1: Yields fell from key resistance levels in June, as geopolitical tensions drove a mini-flight to safety, despite higher oil prices. Further ECB easing helped Bunds. JGBs recovered a little after May's sell-off.

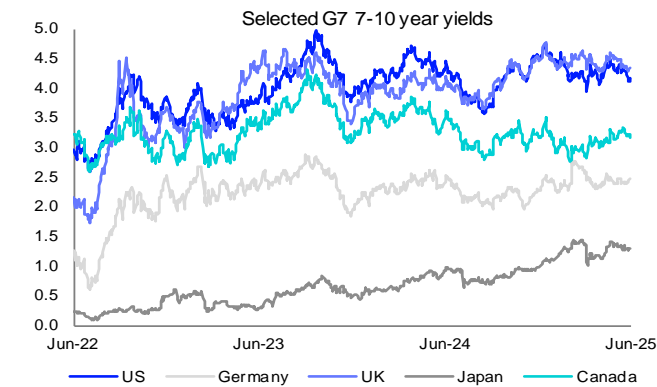


Chart 2: 7-10yr real yields have stabilised, and are in the 1-2% range, apart from Japan, where they are negative. Pension fund surpluses in many DB schemes globally make these attractive real yield levels.

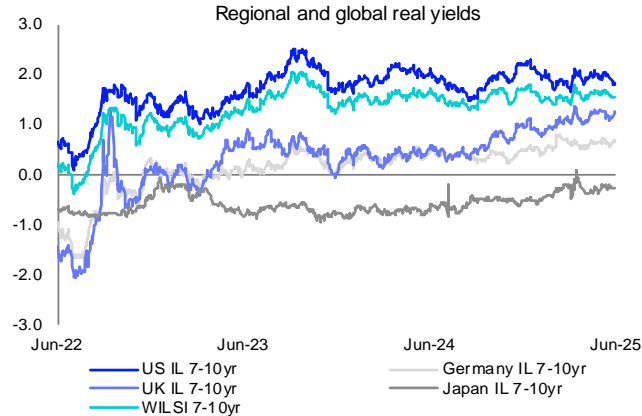


Chart 3: Curves stabilised in June, as central banks paused policy easing, ex ECB, and 10 year yields fell a little over the month. The US curve steepened less than others in 2025, due to the Fed holding rates.

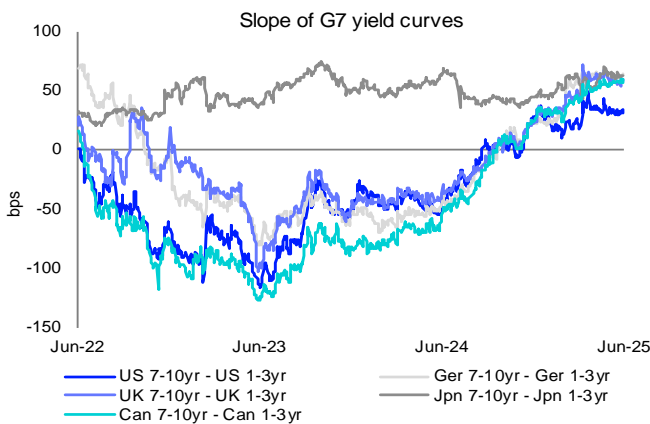


Chart 4: Long end curve steepening also stabilised somewhat in June, even in JGBs, after the sharp sell-off in May. But curve steepening in longs is more marked than in mediums on fears over debt sustainability.

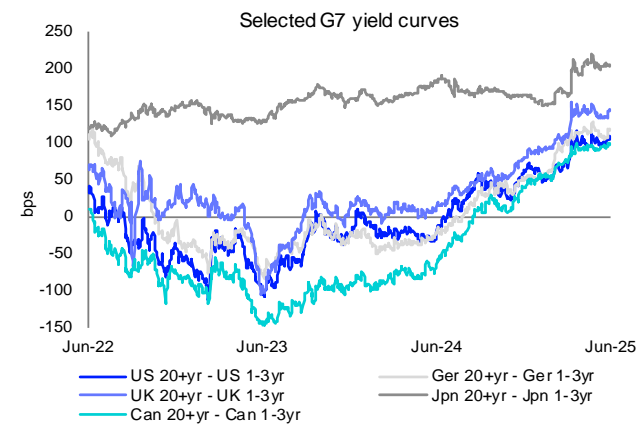


Chart 5: Inflation breakevens are broadly stable globally and fell with inflation in Japan in June. Lower energy prices helped inflation rates fall back for May, though this may be reversed in June data.

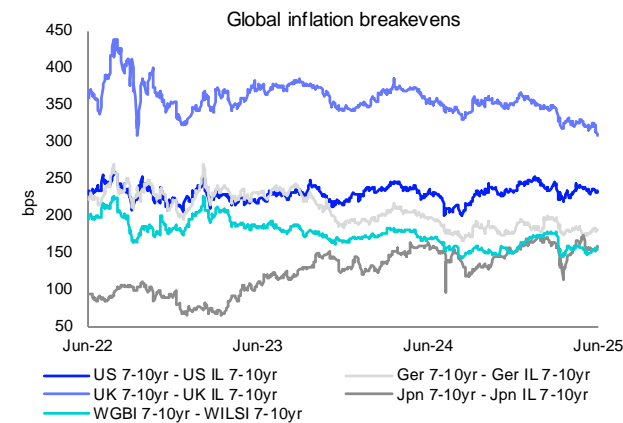
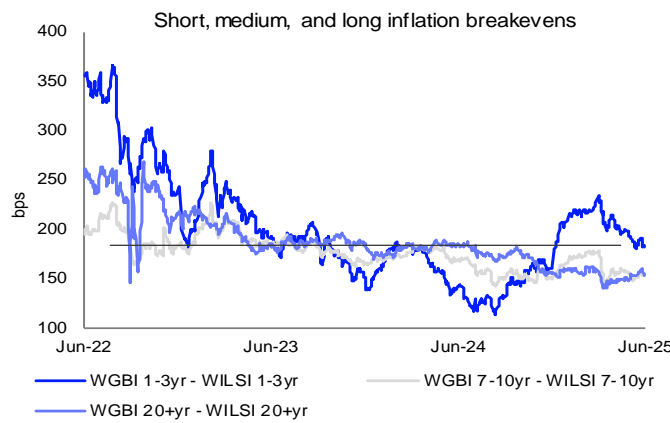


Chart 6: The Q1 tariff-related spike in short-dated breakevens has unwound during the tariff pause, helped by lower oil prices. Medium and longer dated breakevens remain stable at, or below, the 2% level.



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# Yield Spreads and Credit Spread Analysis

Chart 1: US sovereign spreads edged lower late in June, as geopolitical tensions rose sharply, but widened a little overall in Q2, after the Fed failed to match easing moves elsewhere, particularly versus Europe.

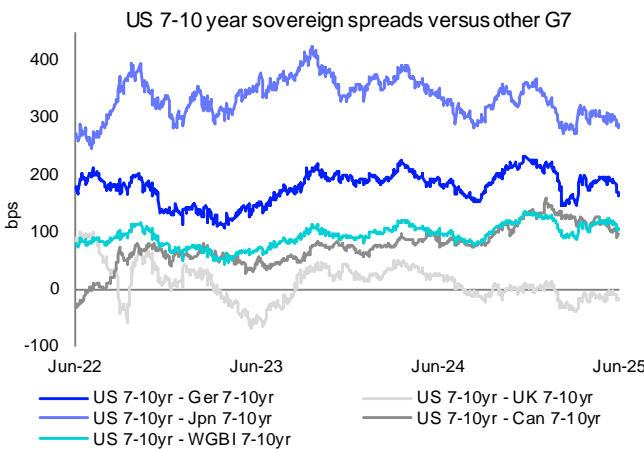


Chart 2: Italian spreads resumed their convergence as tariff fears eased and equities rallied since April, and made new lows versus Bunds and Spain in June, after the latest ECB rate cut to 2.0% (deposit rate).

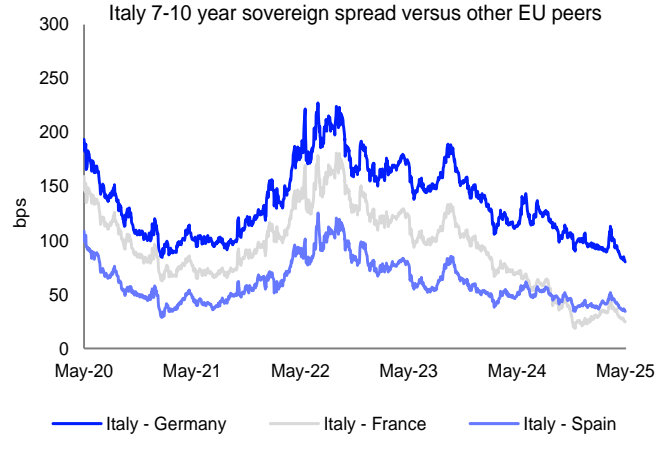


Chart 3: The trend to tighter EM spreads vs DM remains largely intact, with spreads close to lows in many cases & negative vs the US and UK. Spreads held near lows despite the G7 switch to easing since June 2024.

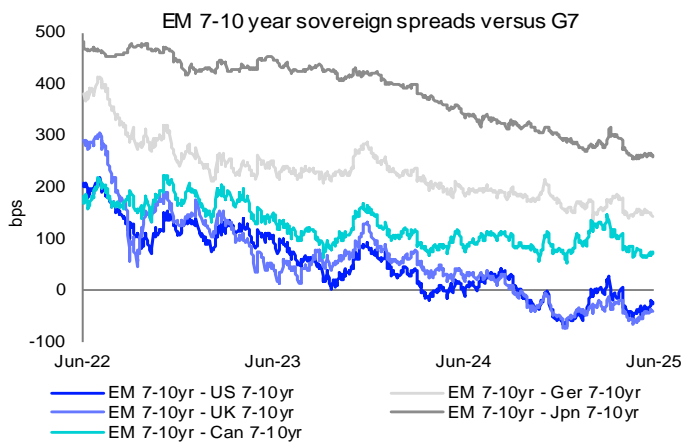


Chart 4: Chinese 7-10 year spreads remained near lows vs Japan and Germany, after PBoC easing in May. Spreads are negative against all major markets apart from JGBs, and near historic lows in some cases.

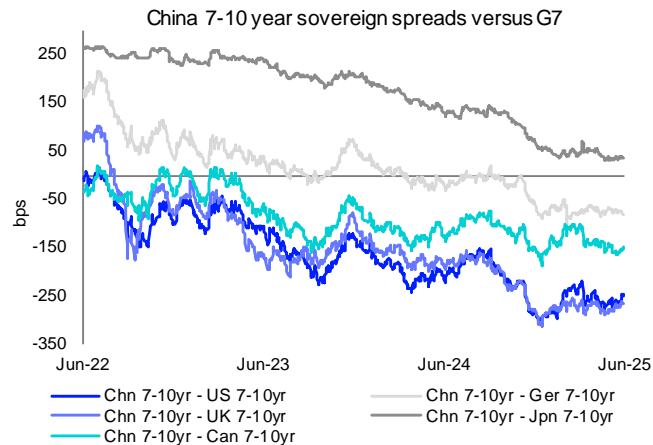


Chart 5: The tariff-related spike in credit spreads proved short-lived, and spreads are near the lows reached in Q1. The strong equity market and risk rally since April were the main drivers, despite tariff risks continuing.

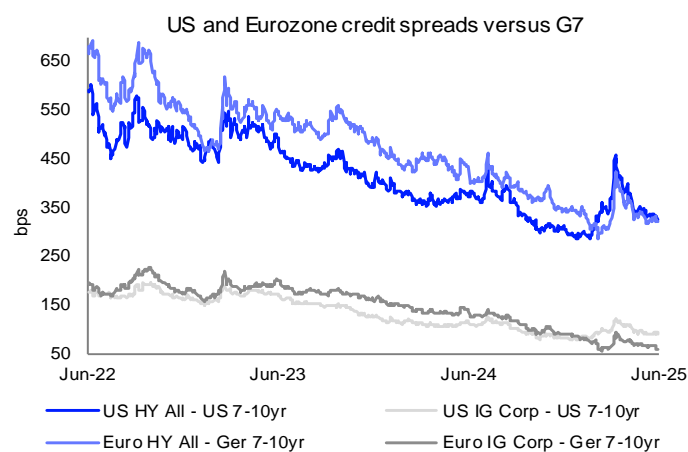
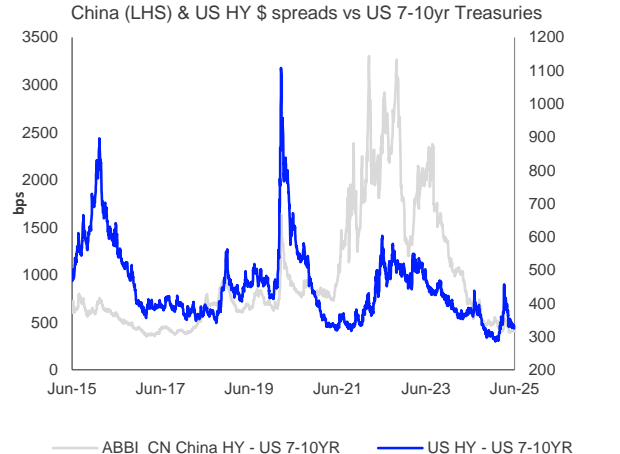


Chart 6: China HY spreads tightened with US HY, in US dollars, as the tariff-related spike unwound, and equities rallied. PBoC easing in May helped, given the high property share in Chinese HY issuance.



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# Investment Grade Credit and RMBS analysis

Chart 1: IG credits show little impact from the tariff turbulence in April, with yields unwinding the brief spike in all markets. US and UK yield differentials have increased after further easing by ECB and PBoC.

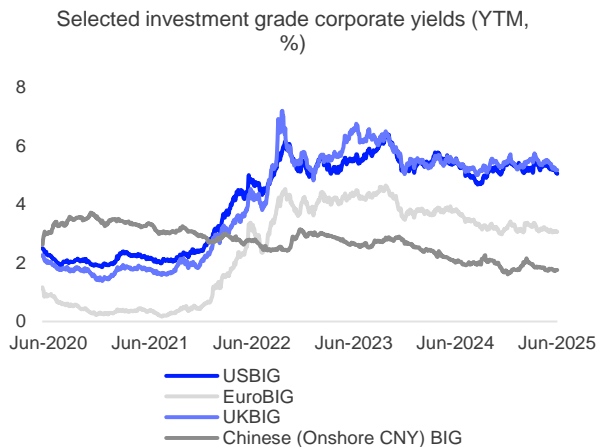


Chart 2: US IG returns now lag other markets, as the weak dollar boosted returns in other markets for a dollar-based investor. UK returns recovered strongly since the gilt related collapse in September 2022.

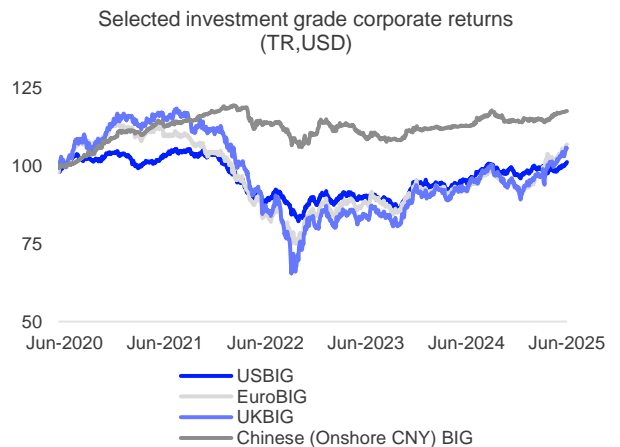


Chart 3: The energy sector and asset-backed retain a longer term performance lead but banks show strong performance since the Fed raised rates. Electric utilities recovered as AI boosted demand.

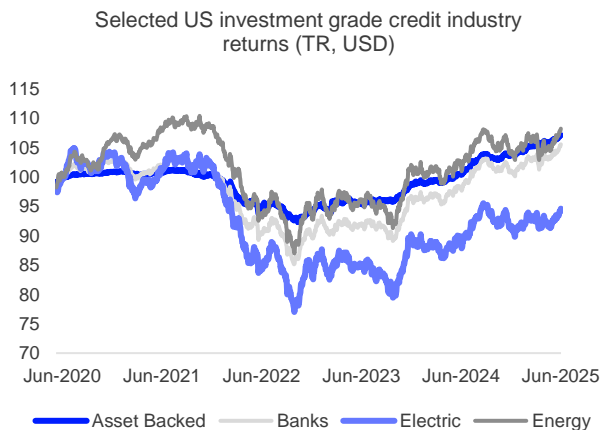


Chart 4: BBB credits continue to outperform and suffered little impact from tariff turbulence. Higher quality credits remain subdued by the Fed's higher for longer policy on rates.

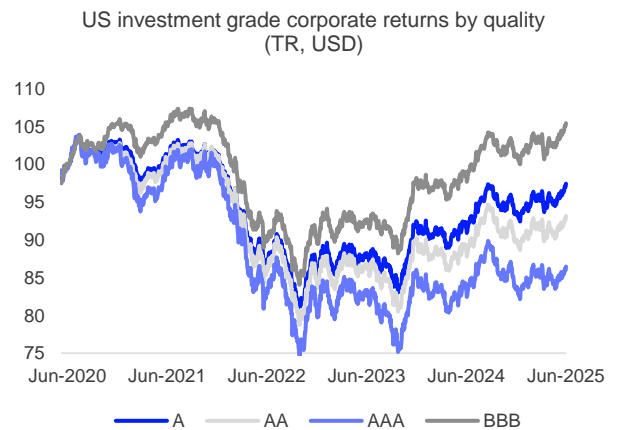


Chart 5: Duration has remained the investor's enemy in credit since the early days of Covid, and the steepening of the curve in 2024-25 has weighed on longer dated credits, with shorter credits outperforming.

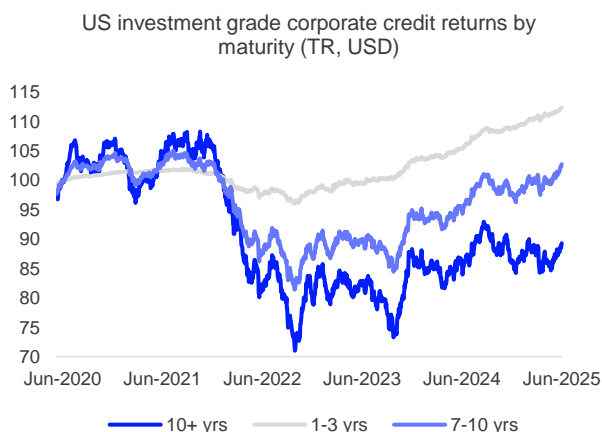
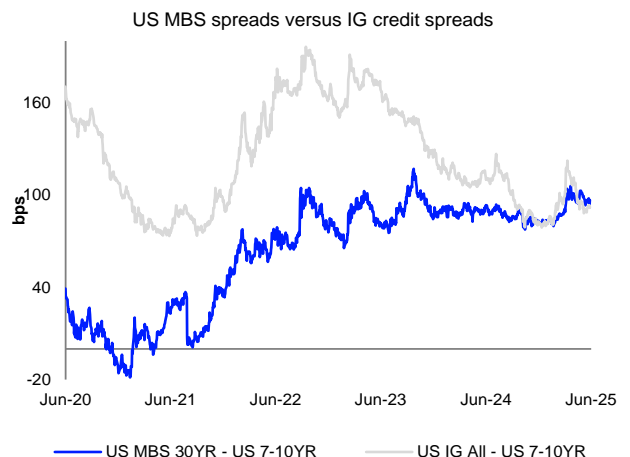


Chart 6: IG credit spreads widened more than MBS on the tariff shock unsurprisingly. But they have now dipped below MBS spreads again, despite the agency-guarantee on MBS.



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# High Yield Credit Analysis

Chart 1: Sterling HY continues to show the strongest returns for a US dollar-based investor and Euro returns also recovered strongly versus US HY on the impact of a much weaker US dollar.

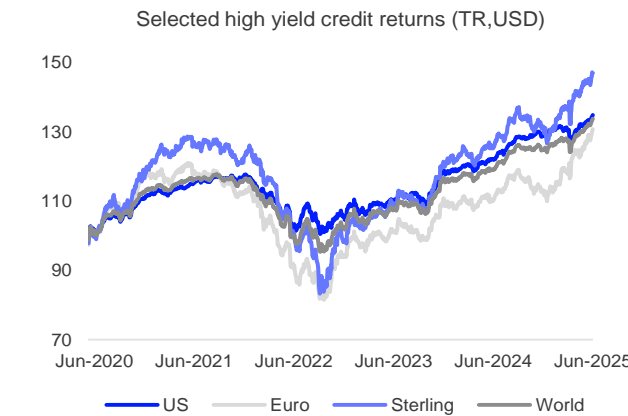


Chart 2: The tariff dip in CCC-rated HY credits has almost disappeared, as HY showed strong correlation with the equity market rally. BB returns are less volatile, and BB the largest US HY sector (52.6% of the index).

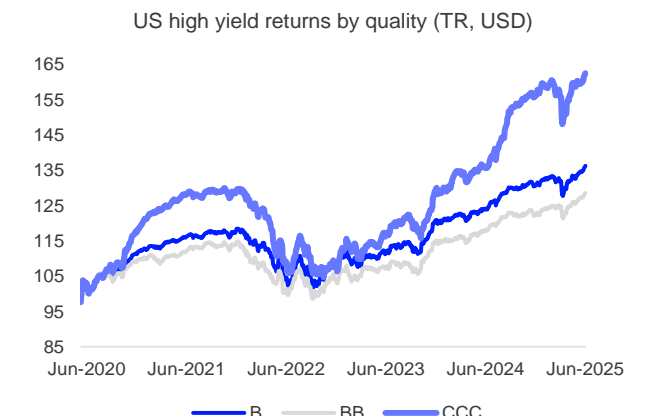


Chart 3: CCC credit spreads remain above pre-tariff levels, but have tightened sharply during the tariff pause. CCC has only a 10.7% weight in the HY index. It is dominated by BB (52% weight) & B (37% weight).

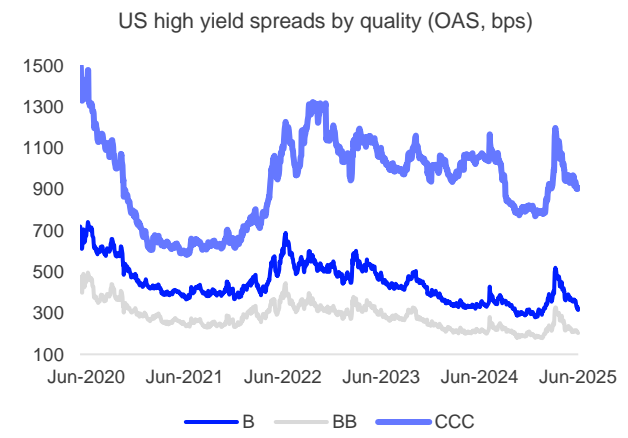


Chart 4: Energy – with an 11% weight – retains its performance lead in US HY, followed by other finance and manufacturing. Bank issues have recovered from the US regional bank crisis in 2023.

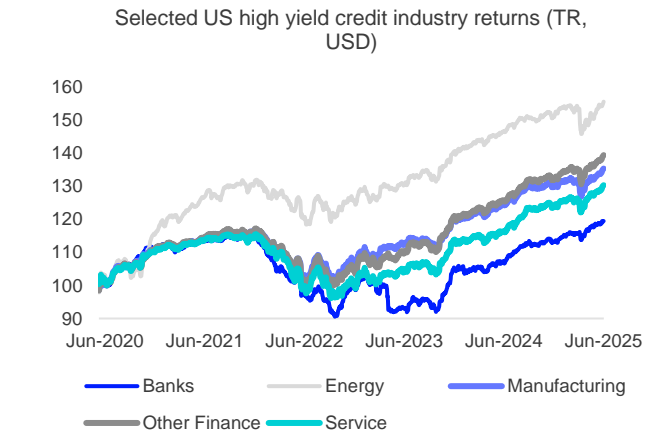


Chart 5: Duration of BB issues fell more than CCC and B issues since US rates began to rise in March 2022. But the performance of HY sectors has been driven more by investor risk appetite and equities.

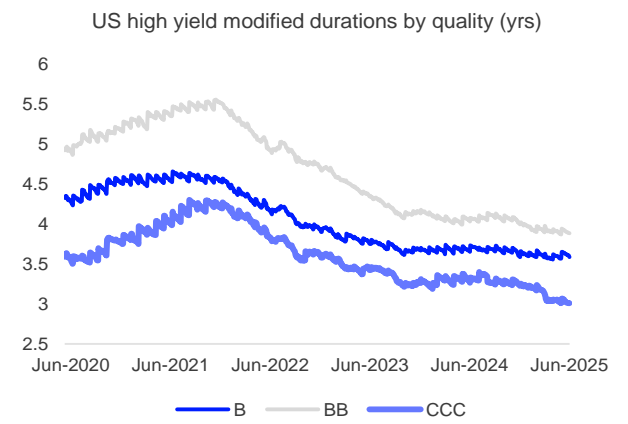
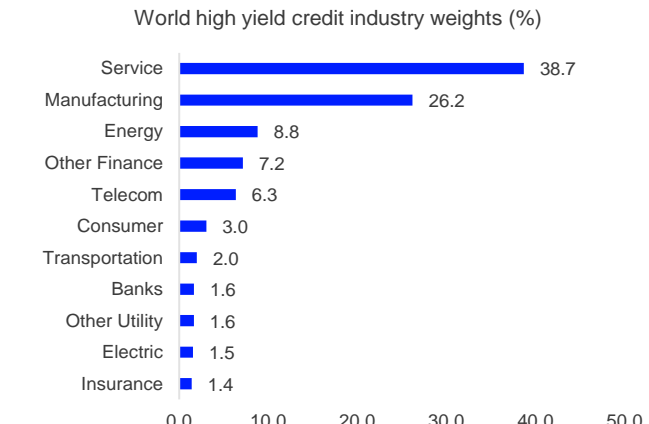


Chart 6: Reflecting US HY weights, service and manufacturing issues dominate the world market index, with energy the 3<sup>rd</sup> largest sector. Banks and insurance have tiny weights compared to their IG weights.



# SI Sovereign Bond Analysis

Chart 1: Despite a higher volatility, SI Sovereign performance was positive across the board in Q2 as sovereign yields fell on lower growth expectations and softer inflation. 1-year performance was also positive.

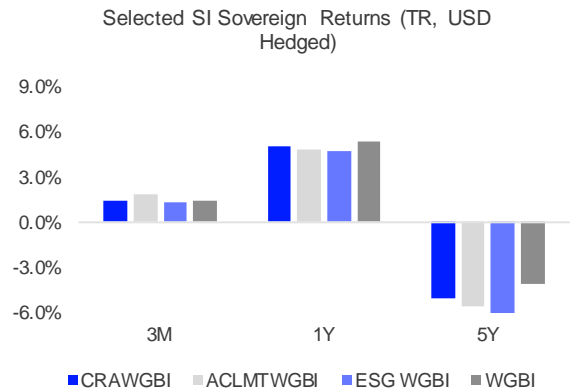


Chart 2: SI corporate performance was also positive in Q2 and, despite widening in April, spreads have narrowed in May and June. SI corporates have now outperformed SI sovereigns over 3M, 1Y and 5Y.

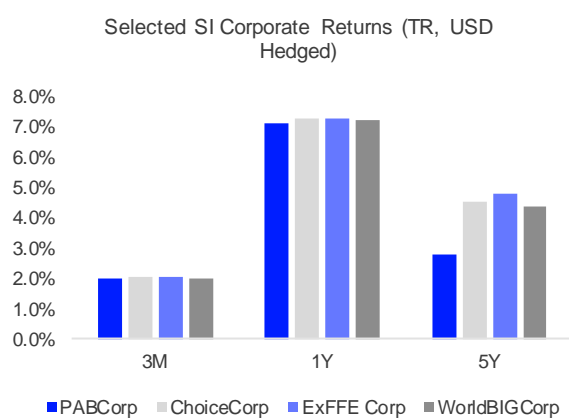


Chart 3: SI sovereigns have underperformed WGBI over 5Y, initially due to their higher duration, as sov yields rose, but more recently due to SI sov yields declining by less vs WGBI. ESG WGBI underperformed.

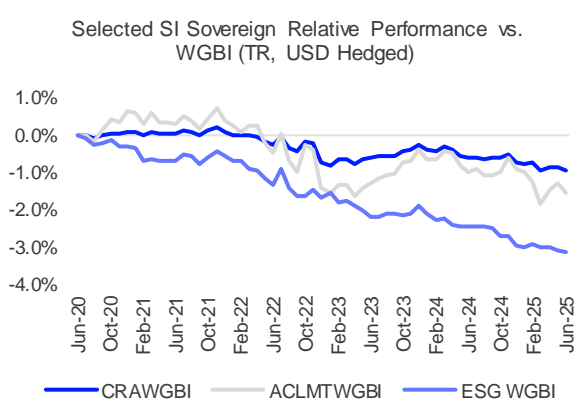


Chart 4: Within SI corporates, duration largely explains divergent relative performance between Choice/ExFFE and PAB. For Green Corp, it was due to an underweight in industrials and overweight in electric utilities.

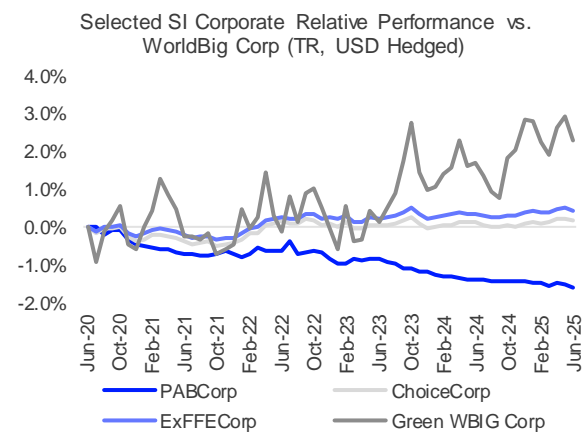


Chart 5: Diverging monetary policies meant yields for Adv Climate, Climate Risk-Adjusted WGBI and ESG WGBI have been higher vs WGBI. Since Dec 2024, only Adv Climate yield has been lower.

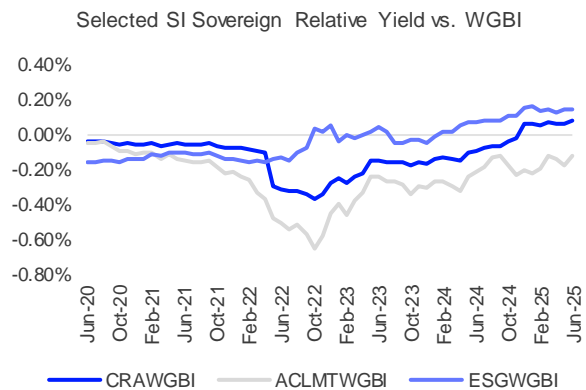
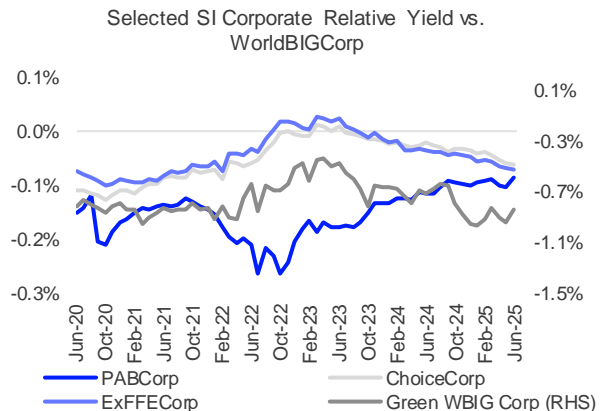


Chart 6: Except PAB Corp, SI corporates have seen their yields fall vs WorldBIG Corp since Q2 2024. PAB Corp's positive active duration suggests it has benefitted from a higher term premium since 2023.



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# Conventional Government Bond Returns – 3M and YTD % (USD & LC, TR)

Dollar weakness dominated both Q2 and YTD returns for a dollar-based investor, with currency moves overpowering the impact of yield moves, apart from long JGBs, which lost 2%. Bunds and gilts gained 8-11% in Q2, and up to 15% YTD, with the best returns in shorter maturities. China and EM bonds made more modest gains of 2-6% in Q2, with smaller FX gains.

Only long JGBs and Treasuries show negative returns in USD, of 2%, in Q2 and YTD. This reflects curve steepening and 10% losses in long JGBs. The dollar showed losses of 9 to 13% against the Euro and sterling YTD, despite improved rate differentials.

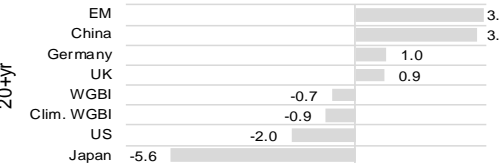
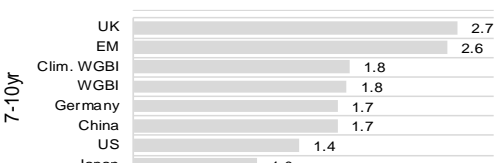
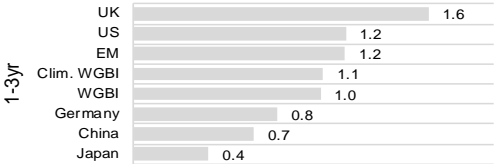
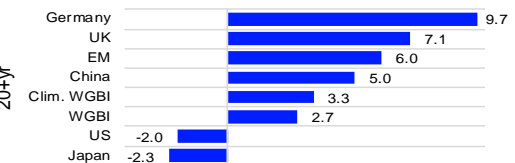
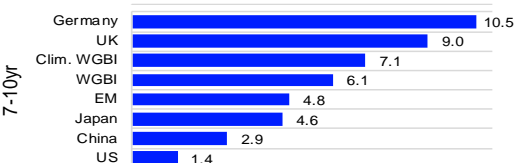
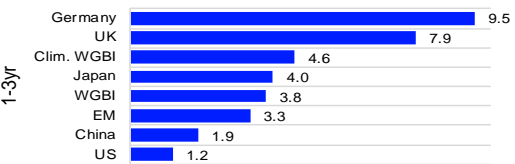
The renminbi and other EM currencies benefitted less than the Euro and sterling against the US dollar in Q2, however, as fears about tariffs persisted and the dollar drew some support versus the renminbi from further PBoC rate cuts in Q2.

WGBI and Climate-WGBI returns were dampened by the high weighting of US Treasuries (45% in the WGBI) and the dollar, but the Climate-WGBI outperformed on the lower US weight, with returns of 8-11% YTD, for a dollar investor, versus 4-9% in the WGBI.

## CONVENTIONAL GOVT BONDS

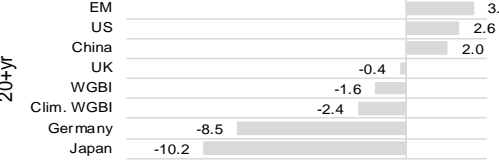
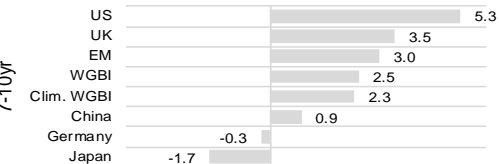
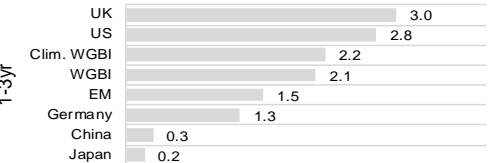
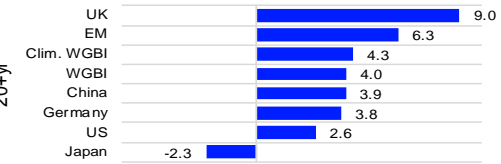
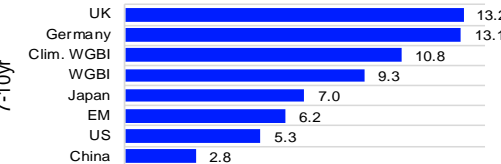
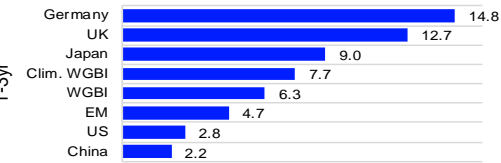
3M USD

3M LCY



YTD USD

YTD LCY



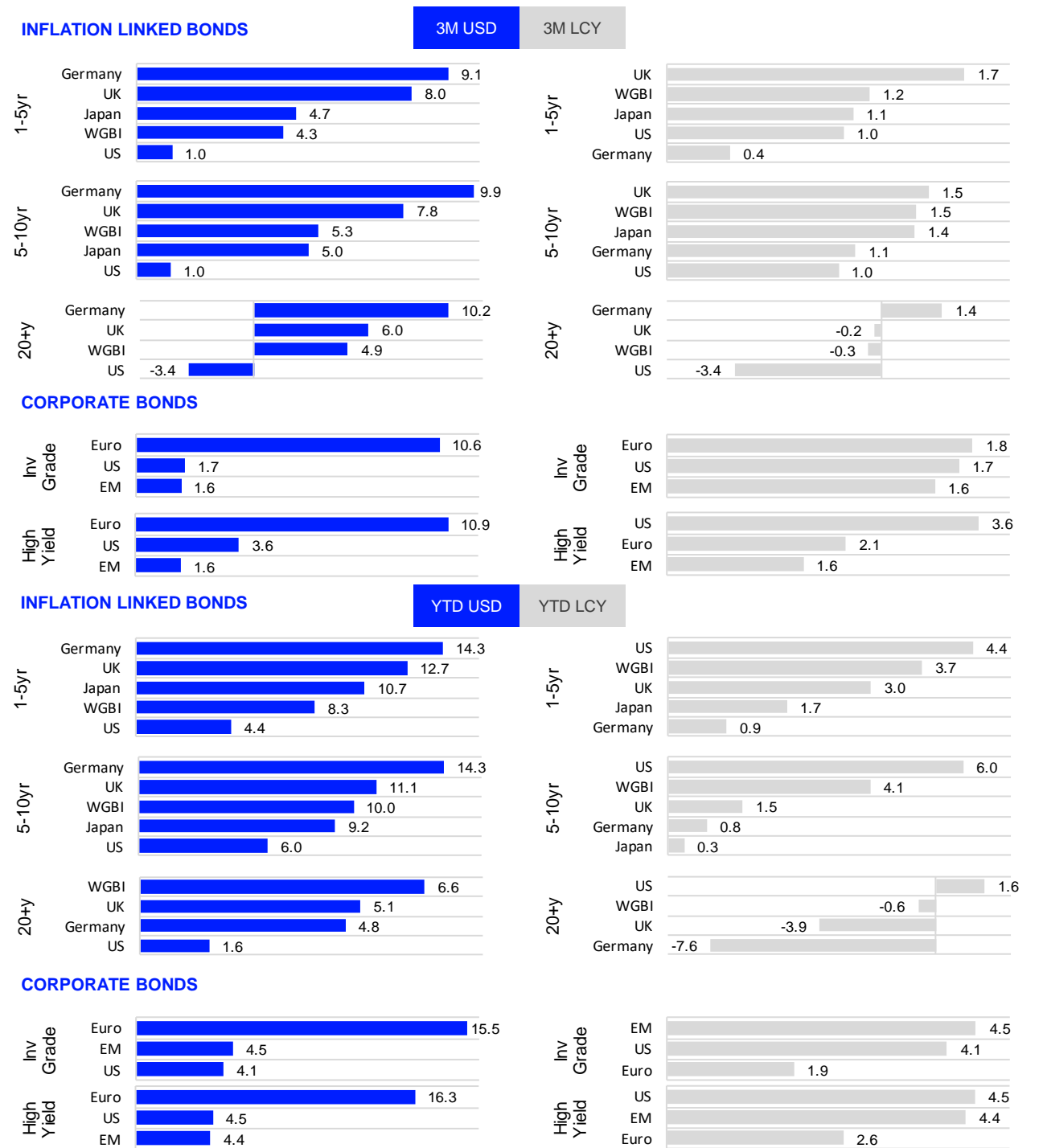
Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

# Global Inflation-Linked Bond Returns – 3M & YTD % (USD, LC, TR)

Inflation-linked returns show a similar pattern to conventionals, with FX moves dominating performance for a dollar-based investor in both Q2 and YTD. Credit returns are much the same with Euro credits up about 16% YTD, and 11% in Q2. Shorts and mediums generally led returns YTD. Long Tips were the only asset class to show negative returns, of 4%, in Q2.

Only long dated inflation-linked Bunds outperformed in Q2, but YTD shorter Bunds led returns, with Euro gains of over 13% the main driver for a dollar-based investor, of 14% returns.

Credit's correlation to equity returns helped drive solid gains in both Q2 and YTD, with similar returns in both IG and HY, led by Euro credits. US and EM credit returns lagged the Euro sector, without the benefit of currency gains for a dollar-based investor.



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# Top and Bottom Bond Returns – 3M & 12M % (USD, TR)

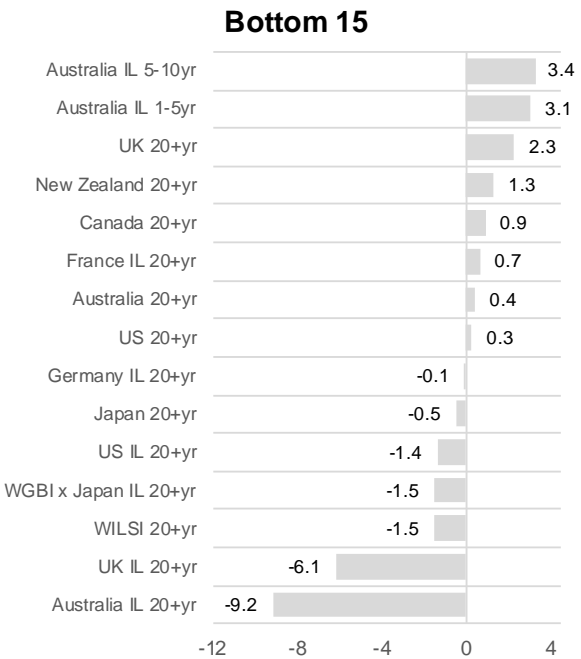
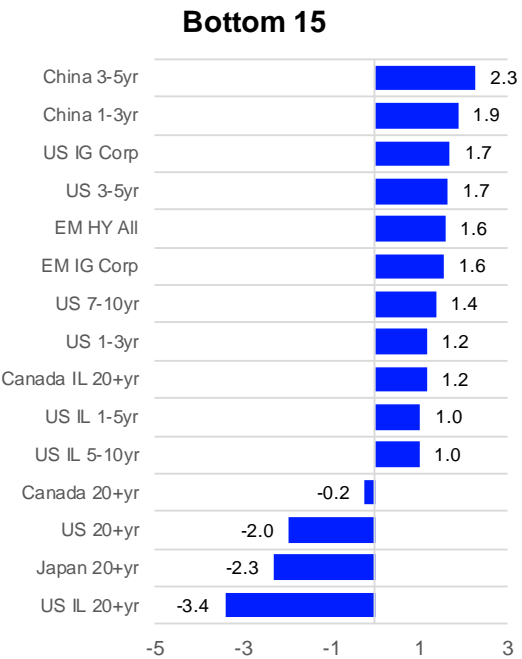
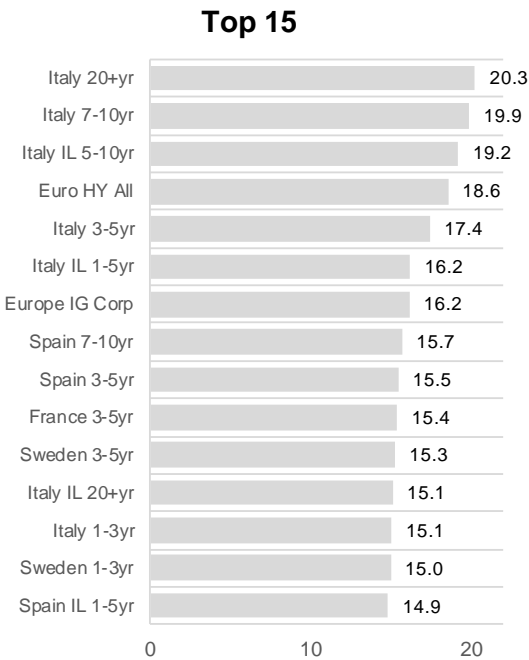
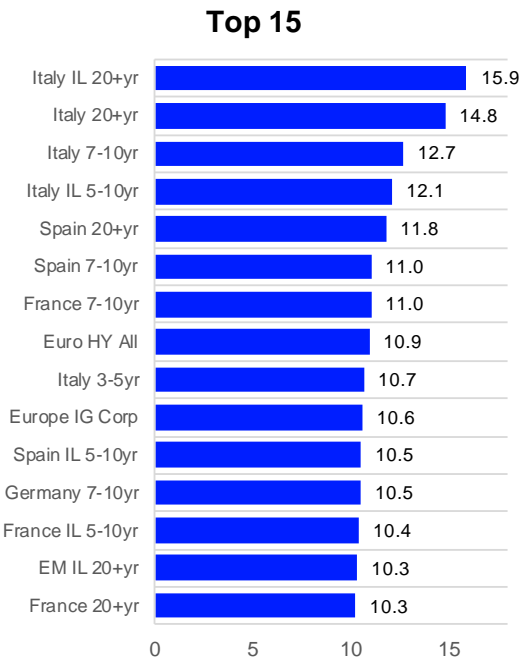
Euro strength, and further convergence in Eurozone peripheral yields, meant Italian and Spanish bonds delivered the strongest returns on 3M, with gains of 11-16%. In fact, Italian govts were strongest performers on 12M, gaining 15-20% in dollar terms, closely followed by Euro HY credits. Without currency gains, long Tips and Treasuries both lost 2-3% on 3M.

Eurozone and Swedish govt bonds plus Euro credits dominated the Top 15 returns on 3M and YTD. The only exception was long EM inflation linked, which gained 10% in dollar terms, largely thanks to gains by the peso and real versus the dollar (see page 16).

Unsurprisingly, most of the weakest performers were either US Treasuries, without the benefit of fx gains for a dollar investor on 3M, or long dated bonds on 12M, which suffered from curve steepening. Long UK and Australian linkers lost 6-9% on 12M as a result.

3M USD

12M USD



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Appendix – Global Bond Market Returns % (USD & LC, TR) – June 30, 2025

Government Bond Returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		1M		3M		YTD		12M	
		Local	USD	Local	USD	Local	USD	Local	USD
US	1-3yr	0.60	0.60	1.18	1.18	2.78	2.78	5.69	5.69
	7-10yr	1.59	1.59	1.38	1.38	5.28	5.28	6.25	6.25
	20+yr	2.68	2.68	-1.96	-1.96	2.63	2.63	0.29	0.29
	IG Corp	1.79	1.79	1.70	1.70	4.09	4.09	6.94	6.94
	HY All	1.81	1.81	3.64	3.64	4.49	4.49	10.36	10.36
UK	1-3yr	0.68	2.30	1.64	7.91	3.00	12.70	5.32	14.17
	7-10yr	1.64	3.28	2.70	9.03	3.47	13.21	3.11	11.77
	20+yr	2.15	3.80	0.89	7.11	-0.36	9.03	-5.63	2.30
Euro	IG Corp	0.24	3.65	1.78	10.61	1.85	15.46	6.06	16.16
	HY All	0.43	3.84	2.09	10.94	2.58	16.28	8.26	18.58
Japan	1-3yr	0.13	0.02	0.42	3.96	0.20	9.02	0.04	11.41
	7-10yr	0.61	0.50	1.03	4.59	-1.67	6.98	-1.29	9.93
	20+yr	1.66	1.55	-5.62	-2.30	-10.18	-2.27	-10.63	-0.48
China	1-3yr	0.28	0.70	0.67	1.88	0.30	2.17	2.14	3.57
	7-10yr	0.34	0.76	1.70	2.92	0.87	2.75	6.26	7.75
	20+yr	1.12	1.55	3.71	4.96	2.04	3.95	12.13	13.70
EM	1-3yr	0.43	1.23	1.18	3.32	1.52	4.72	3.91	5.91
	7-10yr	0.74	1.60	2.61	4.81	3.04	6.23	7.80	10.39
	20+yr	1.47	2.18	3.92	5.99	3.35	6.29	12.05	14.07
	IG Corp	1.49	1.49	1.56	1.56	4.51	4.51	7.22	7.22
	HY All	1.28	1.28	1.59	1.59	4.36	4.36	9.24	9.24
Germany	1-3yr	0.03	3.43	0.80	9.54	1.27	14.80	3.66	13.53
	7-10yr	-0.45	2.94	1.70	10.52	-0.25	13.07	2.33	12.07
	20+yr	-1.57	1.78	0.96	9.72	-8.47	3.76	-5.03	4.02
Italy	1-3yr	0.07	3.47	0.95	9.70	1.83	15.43	5.06	15.07
	7-10yr	0.35	3.76	3.70	12.69	2.85	16.59	9.47	19.90
	20+yr	0.82	4.25	5.66	14.82	-0.41	12.89	9.82	20.28
Spain	1-3yr	0.08	3.49	0.87	9.61	1.59	15.16	4.51	14.47
	7-10yr	-0.23	3.17	2.19	11.05	1.22	14.74	5.65	15.72
	20+yr	-0.85	2.53	2.89	11.81	-3.97	8.86	3.15	12.98
France	1-3yr	0.08	3.48	0.90	9.64	1.63	15.20	4.52	14.48
	7-10yr	-0.44	2.94	2.18	11.04	1.69	15.27	4.42	14.37
	20+yr	-1.65	1.69	1.46	10.26	-4.46	8.31	-2.23	7.08
Sweden	1-3yr	0.48	1.26	1.29	6.76	1.62	17.82	3.50	15.01
	7-10yr	0.59	1.38	3.39	8.97	2.54	18.88	2.51	13.91
Australia	1-3yr	0.40	2.24	1.60	6.85	2.89	8.90	5.44	3.47
	7-10yr	0.99	2.84	3.23	8.57	4.76	10.89	6.81	4.81
	20+yr	1.85	3.72	3.70	9.06	3.25	9.28	2.34	0.43
New Zealand	1-3yr	0.57	2.25	1.35	8.64	2.29	10.83	6.97	6.56
	7-10yr	0.64	2.33	1.57	8.86	2.08	10.61	6.72	6.32
	20+yr	1.13	2.83	0.93	8.18	1.01	9.44	1.71	1.33
Canada	1-3yr	0.20	0.96	0.43	5.93	1.77	7.27	4.98	5.28
	7-10yr	-0.04	0.73	-1.13	4.28	1.75	7.25	6.06	6.36
	20+yr	-1.19	-0.44	-5.42	-0.24	-2.64	2.62	0.63	0.92

Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

## Appendix – Global Bond Market Returns % (USD &amp; LC, TR) – June 30, 2025

## Inflation-Linked Bond Returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		1M		3M		YTD		12M	
		Local	USD	Local	USD	Local	USD	Local	USD
US	1-5yr	0.57	0.57	1.03	1.03	4.44	4.44	6.84	6.84
	5-10yr	1.20	1.20	1.00	1.00	6.02	6.02	6.89	6.89
	20+yr	1.91	1.91	-3.42	-3.42	1.61	1.61	-1.36	-1.36
UK	1-5yr	1.26	2.89	1.74	8.01	2.97	12.66	4.52	13.31
	5-10yr	1.89	3.54	1.53	7.79	1.53	11.09	0.60	9.06
	20+yr	4.52	6.21	-0.15	6.01	-3.90	5.15	-13.42	-6.14
Japan	1-5yr	0.46	0.35	1.09	4.65	1.74	10.69	2.21	13.83
	5-10yr	0.18	0.08	1.45	5.02	0.34	9.17	0.58	12.01
EM	1-5yr	0.37	3.61	2.77	6.93	7.11	15.81	12.50	10.12
	5-10yr	0.69	4.11	3.24	8.36	7.41	16.87	10.83	9.97
	20+yr	1.12	4.66	4.71	10.34	9.07	20.85	6.52	6.62
Germany	1-5yr	0.37	3.78	0.37	9.07	0.86	14.33	3.13	12.96
	5-10yr	0.41	3.83	1.10	9.86	0.80	14.26	2.15	11.89
	20+yr	0.66	4.08	1.42	10.22	-7.56	4.79	-8.75	-0.06
Italy	1-5yr	0.57	3.99	1.26	10.04	2.45	16.14	6.12	16.23
	5-10yr	1.02	4.46	3.17	12.12	3.69	17.54	8.86	19.23
	20+yr	2.26	5.74	6.68	15.93	-2.57	10.45	5.12	15.14
Spain	1-5yr	0.56	3.98	1.00	9.76	2.05	15.69	4.86	14.85
	5-10yr	0.40	3.82	1.72	10.53	1.62	15.19	4.41	14.35
France	1-5yr	0.48	3.89	0.95	9.70	1.85	15.45	4.00	13.91
	5-10yr	0.31	3.72	1.61	10.42	2.06	15.69	3.26	13.10
	20+yr	-0.29	3.10	1.23	10.01	-6.00	6.56	-8.09	0.66
Sweden	1-5yr	0.51	1.30	0.30	5.72	0.60	16.63	1.71	13.02
	5-10yr	0.58	1.37	1.55	7.04	1.19	17.32	1.84	13.17
Australia	1-5yr	0.48	2.32	2.03	7.30	3.34	9.39	5.03	3.07
	5-10yr	0.80	2.65	2.64	7.94	3.45	9.50	5.32	3.35
	20+yr	0.54	2.39	2.39	7.69	-3.68	1.95	-7.42	-9.16
New Zealand	5-10yr	1.39	3.09	2.07	9.40	3.53	12.18	6.13	5.73
Canada	20+yr	-1.07	-0.31	-4.08	1.17	-1.07	4.27	3.46	3.75

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## Appendix – Global Bond Market Returns % (USD & LC, TR) – June 30, 2025

### Global Bond Yields

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	3.81	3.74	4.13	4.86	1.26	1.71	2.55	5.04	7.37
	3M Ago	3.95	3.92	4.16	4.66	1.11	1.64	2.32	5.16	7.90
	6M Ago	4.25	4.34	4.54	4.88	1.95	2.16	2.50	5.35	7.61
	12M Ago	4.82	4.43	4.37	4.62	2.34	2.04	2.28	5.51	8.09
UK	Current	3.74	3.81	4.34	5.19	0.50	1.14	2.11		
	3M Ago	4.07	4.13	4.54	5.17	0.13	0.97	1.98		
	6M Ago	4.24	4.22	4.47	5.03	0.48	0.86	1.80		
	12M Ago	4.48	4.10	4.10	4.59	0.46	0.52	1.33		
Japan	Current	0.67	0.89	1.31	2.72	-1.31	-0.35			
	3M Ago	0.76	1.01	1.37	2.43	-1.15	-0.26			
	6M Ago	0.53	0.67	0.98	2.18	-1.20	-0.57			
	12M Ago	0.27	0.48	0.91	2.10	-1.32	-0.79			
China	Current	1.34	1.45	1.67	1.94					
	3M Ago	1.50	1.61	1.84	2.12					
	6M Ago	1.10	1.32	1.68	2.00					
	12M Ago	1.64	1.86	2.21	2.46					
EM	Current	2.97	3.30	3.91	3.55	7.06	6.07	5.85	5.18	7.81
	3M Ago	3.12	3.59	4.22	3.64	6.46	5.91	6.18	5.24	7.86
	6M Ago	2.99	3.20	3.98	3.49	6.51	5.83	6.25	5.55	8.05
	12M Ago	3.22	3.66	4.34	3.80	5.77	5.36	5.75	5.69	8.48
Germany	Current	1.85	2.03	2.49	3.02	0.53	0.68	1.10		
	3M Ago	2.03	2.19	2.61	3.03	0.47	0.47	1.08		
	6M Ago	2.04	2.05	2.27	2.54	0.97	0.47	0.64		
	12M Ago	2.87	2.49	2.42	2.66	1.54	0.54	0.53		
Italy	Current	2.01	2.38	3.19	4.12	0.79	1.32	2.18		
	3M Ago	2.23	2.66	3.54	4.38	0.43	1.36	2.23		
	6M Ago	2.37	2.65	3.28	3.96	0.99	1.44	1.86		
	12M Ago	3.43	3.42	3.85	4.43	1.76	1.91	2.09		
France	Current	2.03	2.39	3.07	3.95	0.63	0.93	1.70		
	3M Ago	2.20	2.56	3.21	3.96	0.36	0.90	1.67		
	6M Ago	2.28	2.54	3.04	3.59	0.73	0.97	1.36		
	12M Ago	3.12	3.02	3.16	3.62	1.18	1.03	1.21		
Sweden	Current	1.71	1.82	2.19		1.18	0.59			
	3M Ago	2.19	2.30	2.53		1.03	0.82			
	6M Ago	2.07	2.14	2.33		0.92	0.69			
	12M Ago	2.42	2.23	2.19		1.41	0.74			
Australia	Current	3.24	3.38	4.00	4.82	1.10	1.62	2.73		
	3M Ago	3.70	3.74	4.27	4.97	1.62	1.94	2.79		
	6M Ago	3.88	3.89	4.32	4.87	1.77	1.92	2.45		
	12M Ago	4.16	4.08	4.27	4.67	1.71	1.79	2.14		
New Zealand	Current	3.43	3.79	4.45	5.21		2.04			
	3M Ago	3.54	3.81	4.43	5.18		2.22			
	6M Ago	3.58	3.70	4.35	5.11		2.29			
	12M Ago	4.78	4.56	4.65	5.00	2.51	2.33			
Canada	Current	2.60	2.76	3.17	3.56	0.58	1.08	1.65		
	3M Ago	2.48	2.57	2.91	3.22	-0.01	0.64	1.38		
	6M Ago	2.93	2.94	3.17	3.33	1.07	1.26	1.53		
	12M Ago	4.07	3.56	3.51	3.42	1.70	1.72	1.68		

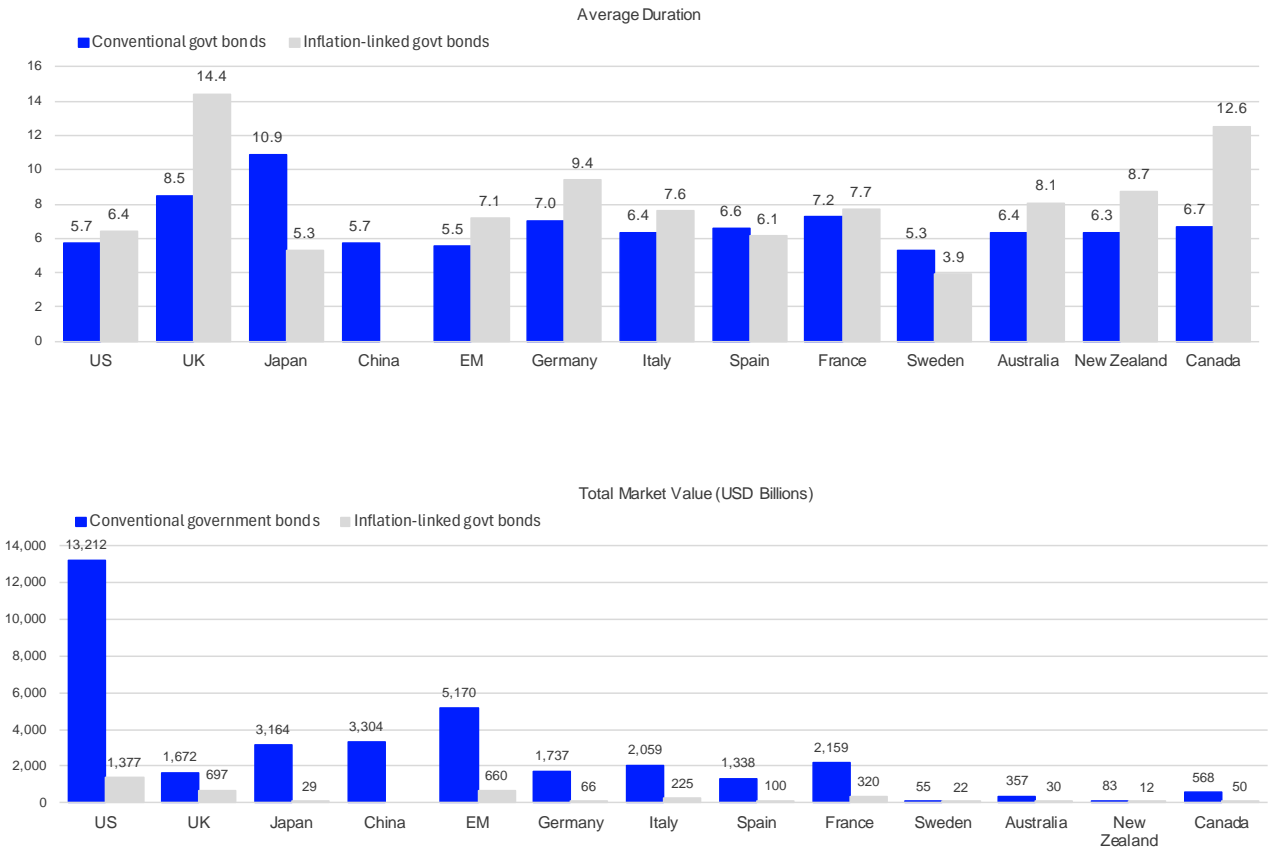
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Appendix – Duration and Market Value (USD, Bn) as of June 30, 2025

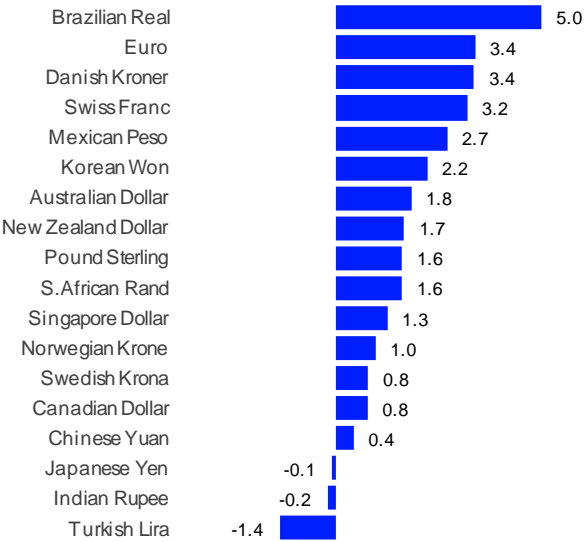
Conventional government bonds									Inflation-linked government bonds					
Duration					Market Value				Duration			Market Value		
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total	5-10YR	20+YR	Overall	5-10YR	20+YR	Total
US	3.6	7.1	16.0	5.7	3,012.7	1,259.6	1,469.1	13,212.0	6.9	21.0	6.4	478.0	105.8	1,376.6
UK	3.5	7.0	17.3	8.5	234.9	269.8	343.1	1,671.6	7.2	26.0	14.4	164.9	219.4	696.8
Japan	3.8	8.2	22.2	10.9	400.4	502.8	589.1	3,163.8	7.8		5.3	14.1		28.7
China	3.7	7.7	18.2	5.7	730.8	563.3	372.5	3,304.0						
EM	3.6	7.1	16.3	5.5	1,107.4	919.6	505.8	5,170.0	5.8	13.3	7.1	176.1	147.8	659.8
Germany	3.7	7.5	20.2	7.0	356.1	307.4	200.1	1,737.3	7.6	19.9	9.4	14.7	17.7	65.9
Italy	3.6	7.1	16.5	6.4	384.2	338.5	169.5	2,059.3	7.3	23.3	7.6	46.9	9.8	224.8
Spain	3.6	7.0	17.8	6.6	275.0	245.5	111.1	1,337.9	6.6		6.1	59.6		99.9
France	3.8	7.3	19.0	7.2	476.4	428.2	234.9	2,158.5	6.0	23.1	7.7	97.2	22.7	319.8
Sweden	4.2	7.6		5.3	9.1	17.3		55.3	5.9		3.9	6.6		21.6
Australia	3.9	7.2	16.2	6.4	63.4	87.2	20.3	357.1	5.7	20.8	8.1	11.6	2.6	30.3
New Zealand	3.9	7.2	15.5	6.3	16.9	21.8	5.3	83.2	4.8		8.7	3.5		12.3
Canada	3.7	7.2	19.0	6.7	102.4	118.9	81.4	568.2	5.7	21.5	12.6	8.4	13.1	50.2

Investment grade bonds											High Yield	
Duration						Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	9.7	8.2	6.9	6.4	6.7	78.2	460.7	2997.0	3698.5	7234.5	3.7	1157.1
Europe	6.3	4.9	4.6	4.2	4.4	26.3	248.7	1407.9	1760.9	3443.9	3.1	388.5
EM		6.1	5.4	5.4	5.5		73.2	179.4	244.3	496.8	3.6	187.1

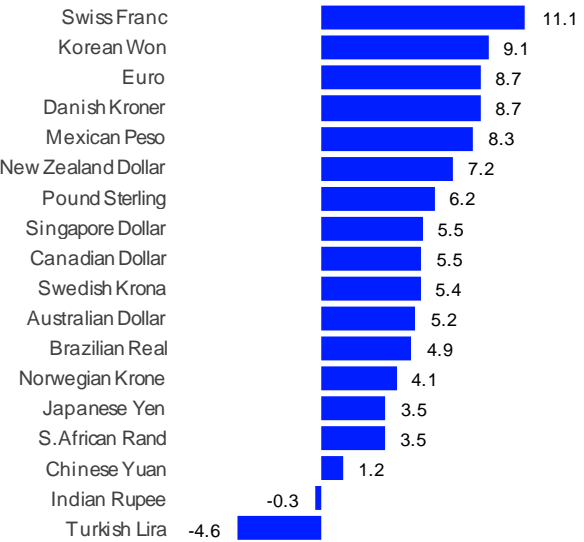


Appendix – Foreign Exchange Returns % as of June 30, 2025

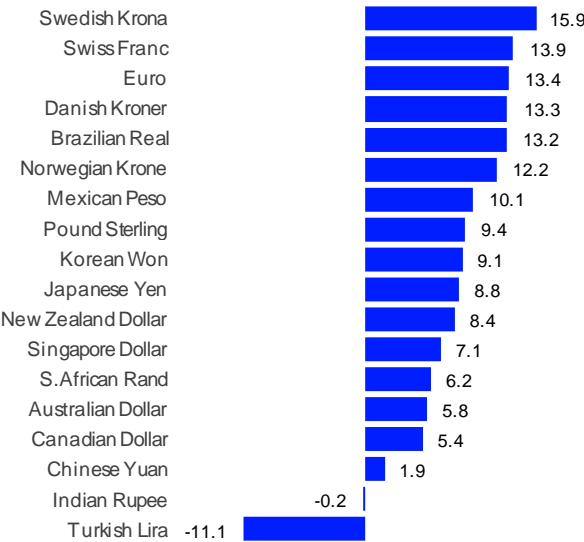
FX Moves vs USD - 1M



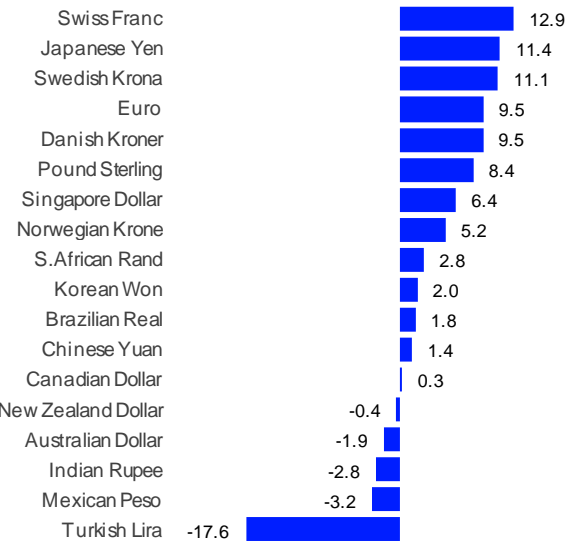
FX Moves vs USD - 3M



FX Moves vs USD - YTD



FX Moves vs USD - 12M



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## Appendix – Glossary

### **Bond markets are based on the following indices:**

FTSE World Government Bond Index (WGBI) for all global government bond markets

FTSE World Inflation-Linked Securities Index (WorldILSI) for all global inflation-linked bond markets

FTSE US Broad Investment-Grade Bond Index (USBIG®) for the US corporate bond market

FTSE US High-Yield Market Index for the US high yield bond market

FTSE Euro Broad Investment-Grade Bond Index (EuroBIG®) for the Euro-denominated corporate bond market

FTSE European High-Yield Market Index for the European high yield market

FTSE Chinese Government and Policy Bank Bond Index (CNGPBI) for the Chinese government bond market

FTSE Emerging Markets Inflation-Linked Securities Index (EMILSI) for the emerging markets inflation-linked bond market

FTSE Emerging Markets Government Bond Index (EMGBI) for the emerging markets government bond market. Please note that over 50% of this index is invested in China

FTSE Emerging Markets Broad Bond Index (EMUSDBBI) for the emerging markets corporate bond market

FTSE ESG World Government Bond Index for the global government bond markets with an ESG tilt

FTSE Climate Risk-Adjusted World Government Bond Index (Climate WGBI) and FTSE Advanced Climate Risk-Adjusted World Government Bond Index (Advanced Climate WGBI) for each country's relative exposure to climate risk, with respect to resilience and preparedness to the risks of climate change

### **List of Abbreviations used in charts:**

IL = Inflation-linked bonds

IG = Investment-grade bonds

HY = High-yield bonds

BPS = Basis points

EM = Emerging market

LC = Local currency

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