ADVUS
FINANCIAL PARTNERS

MARKET COMMENTARY

Q3 | 2023

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IN REVIEW

Both global equity and fixed income markets produced negative returns over the 3rd quarter as market participants recalibrated growth and policy expectations. From a macroeconomic standpoint, the trends from the 2nd quarter continued into the 3rd. Growth in the U.S. continued to defy expectations of a slowdown while disinflation continued. However, the consequence of that dynamic is that the policy easing expected next year has become much less likely. Markets repriced rates sharply higher at the end of the 3rd quarter in response to the Fed's most recent press conference where officials set the stage for holding rates at restrictive levels for longer. Additionally, oil prices surged throughout the quarter, increasing concerns that inflation could prove more difficult to bring down to the Fed's long-term targets. Throughout the summer, markets increasingly priced a soft landing into risk assets, so it's unsurprising to see risk assets struggle in the face of renewed tightening concerns. How the evolving dynamic between economic growth and interest rates translates to risk asset performance will likely continue to dictate market movements in the near-term.

General Economic Conditions

Real GDP increased at an annual rate of 2.1% in the 2nd quarter of 2023. The increase in real GDP reflected increases in consumer spending, nonresidential fixed investment, and government spending. These positive contributors were partly offset by a decrease in net exports. Compared to the 1st quarter, the deceleration in real GDP in the 2nd quarter primarily reflected a deceleration in consumer spending, a downturn in exports, and a deceleration in federal government spending. Those movements were partly offset by an upturn in private inventory investment, an acceleration in nonresidential fixed investment, and a smaller decrease in residential investment. According to the Atlanta Fed's GDPNow estimate, 3rd quarter real GDP is on track to grow at a real annualized rate of 5.1%. The resilience of the U.S. consumer continues to stave off any fears of an imminent recession. While consumer spending slowed over the summer, early 3rd quarter estimates forecast a strong re-acceleration in spending amid still tight labor markets and rising real wages. However, consumers are still drawing down on savings and taking on more debt to sustain their current lifestyles. The personal saving rate of 4.7% still sits well below its historical average of 8.6%. Credit card debt relative to disposable income isn't at alarming levels but is steadily increasing and delinquencies continue to rise. With higher energy prices and the resumption of student loan payments also posing headwinds, consumer spending strength should wane in the coming months. Having said that, consumer sentiment has risen notably from its cycle low as real disposable income growth remains positive and household net worth relative to disposable personal income remains near its all-time high. For those reasons, any weakening in consumer spending shouldn't be so sharp that it completely derails economic growth. Capital spending continues to expand as businesses increase spending on intellectual property in an effort to integrate and enhance their artificial intelligence capabilities. Capital spending on equipment and structures remains near historical averages, but these areas tend to be more sensitive to high interest rates. Coupling that with tightening lending standards and low capital spending intentions, an acceleration in capital spending over the medium-term seems unlikely. Residential investment appears to have stabilized at low levels as tight housing supply and steadily high mortgage rates work against each other to establish a floor in the housing market.

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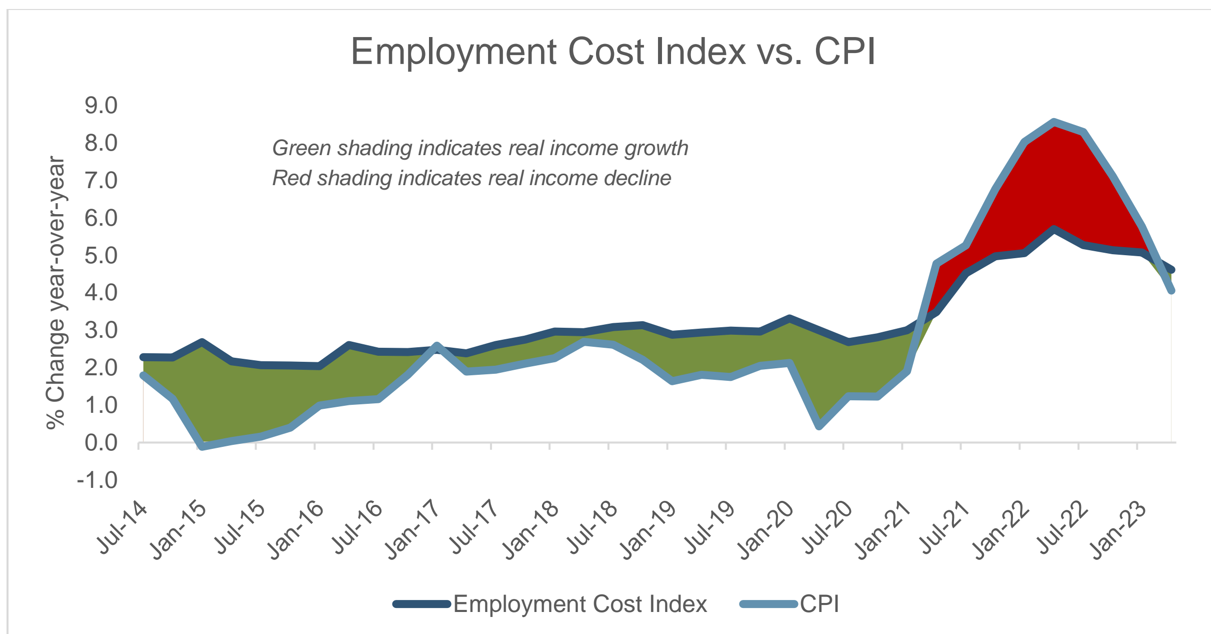
Slowing momentum for the global economy and persistent dollar strength will likely drag on net exports and overall growth in the coming quarters. The macro headline of the 3rd quarter was the surprising robustness of U.S. growth and market pricing clearly reflected an increased probability of a soft landing. It's likely that growth will slow into year-end, but growth should remain positive and non-recessionary, barring any unforeseen exogenous shocks.



Data from the manufacturing sector remained in contractionary territory throughout the 3rd quarter. The Institute for Supply Management's Purchasing Managers Index (PMI) registered 49 in September, which is the 11th straight contractionary reading (a reading below 50 is considered contractionary), though it was the highest reading since November 2022. Companies are still managing outputs as order softness continues, but the month-over-month improvement in September is a positive. Demand eased marginally with the New Orders Index contracting and the Backlog of Orders Index declining. The Customers' Inventories Index reading declined, which indicates improved supply chain efficiency. Inputs continued to accommodate future demand growth as suppliers notched faster delivery times for the 12th straight month and input prices continued to decrease as inflation cools.

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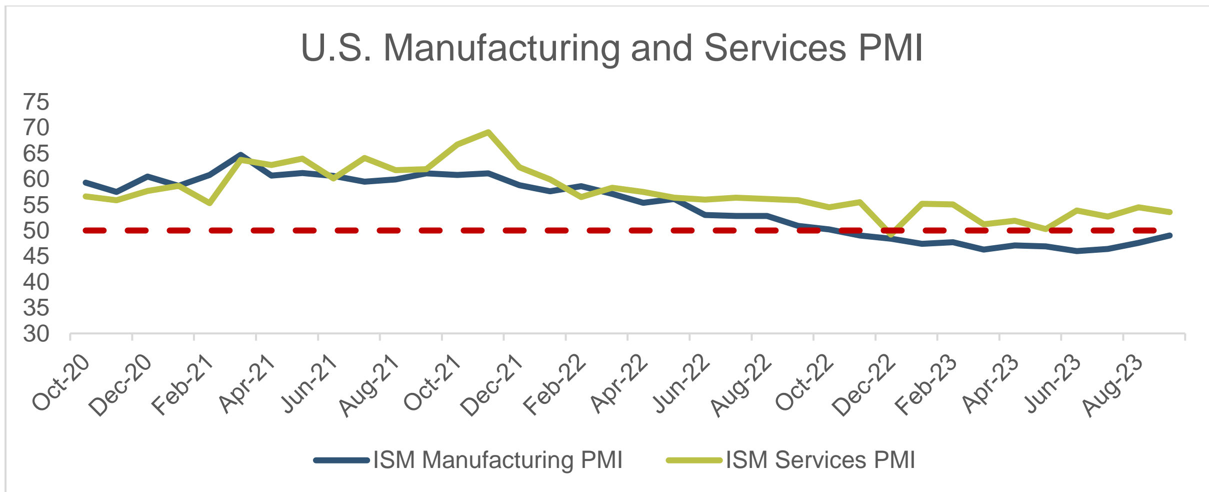

In September, the Consumer Price Index increased 0.4%, marking a 3.7% increase over the previous 12 months. The index for shelter was by far the largest contributor to the monthly all items increase, accounting for over half of the increase. Core CPI rose 0.3% in September, the same increase as in August.

Despite slight increases in headline inflation over the quarter, we still believe a sustained downtrend in inflation is underway. The Consumer Price Index has decreased from its peak of 9% year over year in June 2022 to just 3.7% year-over-year in September. The previously troublesome areas of inflation, such as vehicle prices and shelter inflation, are contributing to the disinflationary trend. The case for declining core inflation from here remains in place as shelter inflation slows, both auto dealer margins and prices shrink, and labor market rebalancing continues. Shelter inflation is still the largest contributor to inflation but has begun to decelerate as it gradually reflects current market conditions. Timely online rent measures have slowed from a 20% annualized pace in mid-2021 to just 3.4% in September. The primary remaining concern regarding inflation lies in core services inflation ex-housing, a metric that Fed Chair Jay Powell often cites when discussing persistent inflationary pressures. Transportation services accounted for nearly 75% of the year-over-year change in August's core services ex-shelter inflation reading. That measure seems to largely reflect the lagged effect of the same supply chain issues that drove core goods prices higher and are no longer a significant issue. Improved supply chains and lower vehicle prices should allow this component of inflation to ease over the next year. Finally, the significant progress of labor market rebalancing, evidenced by the shrinking jobs-workers gap, should keep wage inflation on a downward path to a sustainable figure. One new area of concern for inflation over the 3rd quarter was the increase in energy prices that drove headline inflation higher in August and September. Sustained higher energy prices eventually feed into core inflation, so getting prices under control will be important for the future path of inflation. At this point, it doesn't seem to be an issue as the increase in prices hasn't de-anchored inflation expectations and the Fed is unlikely to adjust policy in response. Inflation will likely remain above the Fed's target at the end of this year and how long it takes to get down to long-term targets will be key for markets looking forward.

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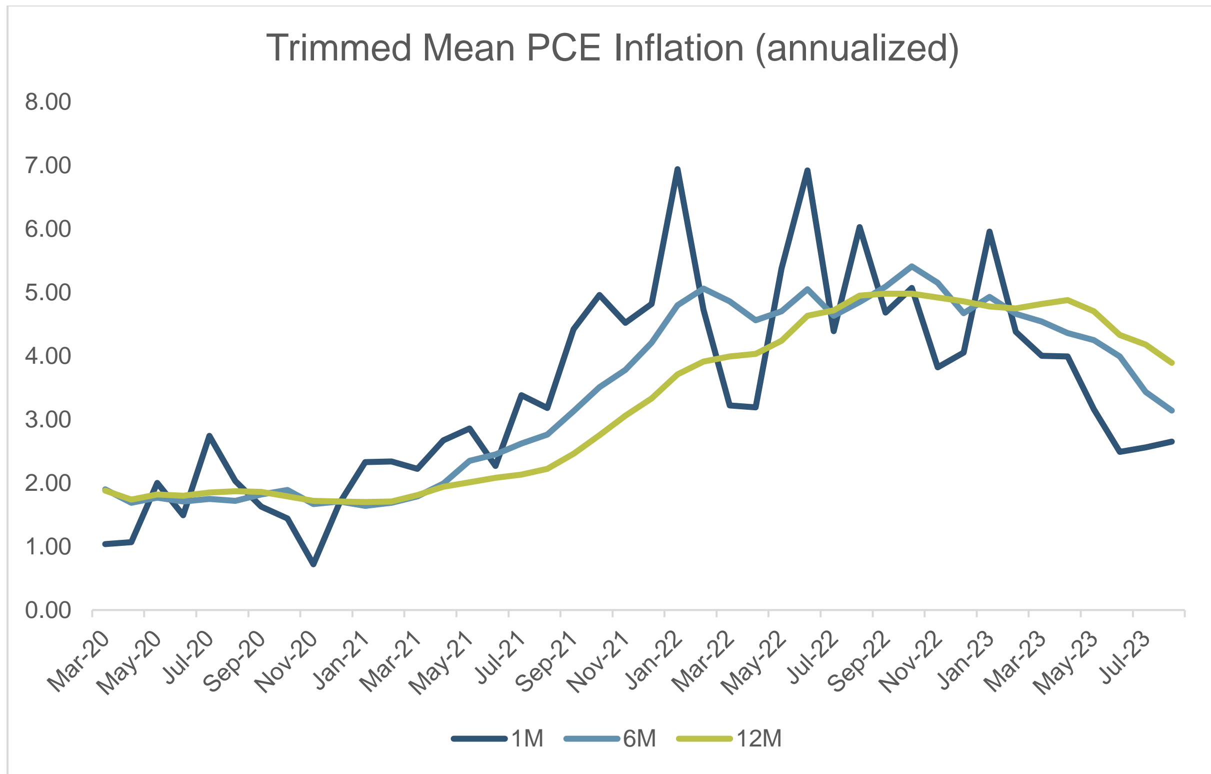

The labor market continued to expand in the 3rd quarter, but trends point towards softer labor conditions prospectively. The pace of job gains has been trending lower since last year, but still remains robust. Nonfarm payrolls rose by 336,000 in September, which was well above consensus. Even still, the 3-month average growth in nonfarm payrolls is sitting near its lowest level since the onset of the pandemic. The Quits rate is fully back to pre-pandemic levels, weekly initial unemployment claims ticked up, and sentiment surveys indicate consumers don't think jobs are as plentiful as a year ago. Wage growth continues to moderate in accordance with a softening labor market. Average hourly earnings growth declined to 2.9% on a 1-month annualized basis in August and to 4.5% on a 3-month annualized basis. Whether wage growth will moderate further to the 3.5% annualized level consistent with the Fed's long-term inflation target is the key question at this point. Such labor market slack would normally be accompanied by an increase in the unemployment rate, but unemployment remains low with the most recent reading of 3.8% in August. To this point, labor market rebalancing has been entirely due to declines in job openings. It's important to note this was achieved in the context of exceptionally high job openings in an exceptionally tight labor market. As we move closer to a more normal labor market environment, whether this painless method of rebalancing can continue or if unemployment starts to meaningfully increase will be important. Additionally, whether labor markets will soften too much is another important consideration. However, job openings tend to track GDP growth closely so a stabilization in GDP growth should keep the labor market in check.

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Monetary Policy

The Fed raised rates just once during the 3rd quarter, bringing the target range for the federal funds rate to 5.25%-5.50%. September's FOMC meeting was the source of some market volatility as interest rate projections from the meeting were more hawkish than expected. A 12-7 majority of members expected another hike in 2023 and the median expectation for rate movements next year was just 50 basis points of rate cuts, compared to the median expectation of 100 basis points in June. The FOMC also revised their GDP growth forecast for next year up to 1.5% from 1.1%. Clearly, they've taken note of the economy's resilience and adjusted policy expectations to reflect that reality. In doing so, the committee is somewhat implying that the lags from tighter financial conditions to growth are shorter than previously thought. In that case, the bar for rate cuts next year has likely been raised because the long and variable lags of rate hikes may not be present and thus won't slow growth next year as some Fed officials previously feared. Finally, Chair Powell seemed to entertain the idea that the neutral rate could be higher than officials previously thought, putting a higher floor under any potential future cuts. Markets quickly understood the message from the Fed that we should expect rates to be higher for longer and rate expectations were repriced higher accordingly. Minutes from the meeting highlighted the committee's continued emphasis on being data dependent and proceeding cautiously with additional hikes. That language leaves the door open for a dovish surprise in November as growth slows into Q4, inflation continues to ease, and labor markets continue to rebalance.

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Investment Performance

Following a strong rally in the 1st half of the year, markets struggled in the 3rd quarter as participants reassessed where we are in the current cycle. Developed market equities declined with the S&P 500 falling -3.3% and the MSCI Europe ex-UK falling -3.4%. Japan continues to be the strongest equity market year-to-date, adding another 2.5% in the 3rd quarter. UK equities returned nearly 2% given the market's large tilt towards the energy sector. Part of the decline in equities was attributed to the selloff in global bond markets that pushed yields higher. U.S. Treasuries were a notable laggard falling -3.1%, though government bonds declined across the globe. High yield bonds continue to be the strongest performers within fixed income year-to-date given their lower interest rate sensitivity and global economic resilience. Commodities returned 4.7% over the quarter on the back of higher oil prices. The dynamic of commodities outperforming while both stocks and bonds fell was reminiscent of 2022, but those trends are unlikely to persist as the growth outlook deteriorates and inflation continues to moderate.

- **U.S. equities command a valuation premium –** With the narrow rally this year in the largest names in the S&P 500, U.S. equity valuations have become rich relative to the rest of the world. The forward P/E for the top 10 stocks is currently 25.9 compared to 16.8 for the remaining 490 stocks, a wide margin by historical standards. The forward P/E for the index as a whole is 17.8, which is above the 25-year average of 16.5. Forward P/E ratios for Japan, Europe and Emerging markets are all below or in line with long-term averages. The premium for U.S. stocks makes sense given the relatively optimistic earnings estimates but valuations are more of a consideration in an environment of higher interest rates and bond yields.

- **Riskier Credit continues to outperform –** Both European and U.S. high yield bonds have outperformed the broader fixed income market year-to-date as default rates have remained low. As global economic momentum persists, investors have been drawn to the large yields and lower interest rate sensitivity these issues offer. Credit spreads are tight by historical standards and even more so when you consider the prospect of slower economic growth on the horizon.

- **Value outperformed Growth in Q3 –** Globally, value returned -1.7% compared to -4.9% for growth. The rate cuts that were previously priced in for 2024 are now looking unlikely, leading to a retreat among the growth stocks that drove the market in the 1st half of the year. Value still looks very cheap compared to growth when comparing the forward P/E ratios. Growth stocks will struggle if rate expectations and bond yields continue to reprice higher but will likely attract flows if economic growth falters as those companies tend to have more stable earnings and stronger balance sheets.

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LOOKING FORWARD

The 3rd quarter illustrated that sometimes too much of a good thing is a bad thing. The rally in the 1st half of the year was predicated on the idea that economy would avoid recession and productivity booms from AI would offset any inflationary pressures building in the system. In September, the Fed provided a reality check and reminded investors that above-trend growth with inflation still above long-term targets means rate cuts aren't on the table and holding rates higher for longer is the appropriate course of action. The main risk is that demand and inflation pressures remain higher and stickier than expected, prompting even higher policy rates, tighter financial conditions, and an eventual harder landing. While this is not our base case nor the market's, asset class performance in the 3rd quarter recognized that possibility. A soft landing is still very possible at this point and recessionary risks, though elevated, are not imminent at this point. The playbook for a soft landing remains the same: GDP growth needs to slow to a below-potential pace, labor supply and demand need to be rebalanced, wage growth rates need to be reduced, and core inflation needs to ease. GDP looks set to slow in the 4th quarter for idiosyncratic reasons like student loan payments resuming and the likely government shutdown. However, assuming the short-term issues get resolved, growth could reaccelerate early in 2024 as consumers remain in a decent positions and manufacturing activity seems to be picking up. The labor market continues to rebalance smoothly, diminishing the need for a recession to bring inflation back down to 2%. Average hourly earnings and other wage measures continue to trend downward, albeit at a slower pace than in 2022. The case for declining core inflation from here remains intact as shelter inflation moderates, supply chain issues abate, and consumer demand moderates as excess savings eventually get spent down. Corporate earnings fared much better than expected in the 2nd quarter and are expected to accelerate in the 3rd quarter, with analysts projecting a 0.3% year-over-year decrease compared to the 3.8% year-over-year decrease in the 2nd quarter. The 2nd quarter's decrease will likely be the trough in earnings declines. Over the past three months, revisions of next-12-month earnings have been positive for the first time since 2021. Upside risks to earnings include real disposable income growth and the excess cash sitting on consumers' balance sheets. However, consumers will likely be contending with a softer labor market and a housing downturn that could hurt consumption; especially with interest rates and a lower overall savings rate incentivizing consumers to save. In this environment we feel caution is still warranted as risks are still present and assets are already reflecting a more benign macro environment. We remain neutral in our overall asset allocation across equities, fixed income, and alternatives. With continued disinflation and slowing global growth, we expect equity/bond correlations to turn less positive compared to the 3rd quarter. We continue to emphasize quality, investment-grade fixed income to protect against slowing growth and potential equity market volatility. While we don't expect widespread defaults, we're cautious on riskier credit issues because spreads don't adequately reflect the near-term recession risk and the potential liquidity issues from a shrinking monetary base. Within equity, the emphasis remains on utilizing managers who seek to own quality businesses with defensible margins and strong balance sheets. Alternative assets that provide income and return profiles that are uncorrelated to equity markets continue to be a staple in our asset allocation. Markets will likely remain choppy and rangebound at current valuations, but focusing on generating income and relative value opportunities makes sense at this point.

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Scenario Updates

Base Scenario	***55% Probability***

U.S. GDP growth slows into the 4th quarter as consumers and businesses pull back on spending, student loan payments resume, and the government shuts down for a period. Growth remains non-recessionary in early 2024 as jobs and real wage growth continues. Inflation continues to decelerate towards target but remains above target for the time being. Labor market rebalancing continues, allowing wage growth normalization to progress. The Fed hikes one more time at most but will continue to hold rates higher for longer. Markets will respond negatively to hotter than expected economic growth as the threat of more tightening lingers. Equities will remain rangebound as markets are priced for a benign macro view and neither rate fears nor recession risks are in the prevailing view. Yields should be near their peak as the Fed nears the end of their hiking cycle and growth likely slows.

Upside Scenario	***20% Probability***

Factors that could influence the Upside Scenario:

- The conflict in Ukraine has a swifter resolution than currently expected. Sanctions currently imposed on Russia don't escalate and possibly lessen. Food and energy prices fall further providing more inflation relief.
- GDP growth rates remain in line with expectations, keeping fears of both more tightening and recession at bay.
- Labor markets rebalance fully without creating excessive unemployment, allowing wage inflation to return to normalized levels.
- The immaculate disinflation priced into markets in January comes to pass, allowing the economy to disinflate without generating significant slack.
- Corporate earnings beat expectations, driven by resilient nominal growth, sustained record-high margins, and better-than-expected consumption spending.

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Downside Scenario	***25% Probability***

Factors that could influence the Downside Scenario:

- The conflict in Ukraine drags along as a diplomatic solution remains unattainable and the threat of NATO involvement increases meaningfully. Harsh sanctions are imposed on Russia, potentially eliciting an escalatory response from Moscow.
- Iranian proxy forces become involved in the Israel-Hamas conflict prompting a response from the U.S. likely to include sanctions on Iranian oil. Lower oil supply raises prices and raises concerns about inflation's stickiness.
- Central bank intervention surrounding the regional banking crisis proves insufficient. Deposit flight accelerates, stressing the financial system further.
- Consumers suddenly stop drawing down on built up pandemic savings to sustain consumption, growth falls quicker than expected as a result.
- Inflation stabilizes above target. Central banks are forced to resume tightening, but the delay sends terminal rates up significantly.
- The Fed's decisions thus far prove too restrictive for the economy, sending the U.S. economy into recession. Equities re-test or break through their previous lows as the earnings outlook dims.
- Oil prices continue to climb on the back of voluntary OPEC cuts. Consumer spending is hurt and higher oil prices eventually feed into higher core inflation.
- The slowdown in the housing market has a more pronounced impact on consumer spending and overall economic activity than currently forecast.
- Corporate earnings are well below expectations creating an environment of both falling earnings and compressing valuations leading to sharp equity market selloffs.

ECONOMIC STATISTICS	Current	One Year Ago
Real GDP Growth (Annl. % Change From Prior Qtr.)	2.38%	1.87%
Unemployment Rate	3.80%	3.50%
Labor Force Participation Rate	62.80%	62.30%
Core CPI (Year-Over-Year)	4.13%	6.64%
Real Personal Income Growth (Year-over-Year)	1.29%	-2.50%
10 Year Treasury Rate	4.38%	3.52%

US EQUITY MARKET

Major US Market	Q3 2023	YTD	1 Year	3 Year	5 Year	2022	2021	2020
Russell 3000 Index	-3.3%	12.4%	20.5%	9.4%	9.1%	-19.2%	25.7%	20.9%
FTSE RAFI US 3000 Index	-2.3%	4.4%	17.2%	14.3%	8.4%	-7.9%	31.5%	8.3%
Russell 3000 Equal Weighted	-6.6%	-0.2%	5.0%	6.1%	2.8%	-22.9%	19.5%	24.5%
S&P 500 Index	-3.3%	13.1%	21.6%	10.2%	9.9%	-18.1%	28.7%	18.4%
Russell Mid Cap Index	-4.7%	3.9%	13.4%	8.1%	6.4%	-17.3%	22.6%	17.1%
Russell 2000 Index	-5.1%	2.5%	8.9%	7.2%	2.4%	-20.4%	14.8%	20.0%
NASDAQ 100	-2.9%	35.4%	35.3%	9.7%	15.1%	-32.4%	27.5%	48.9%

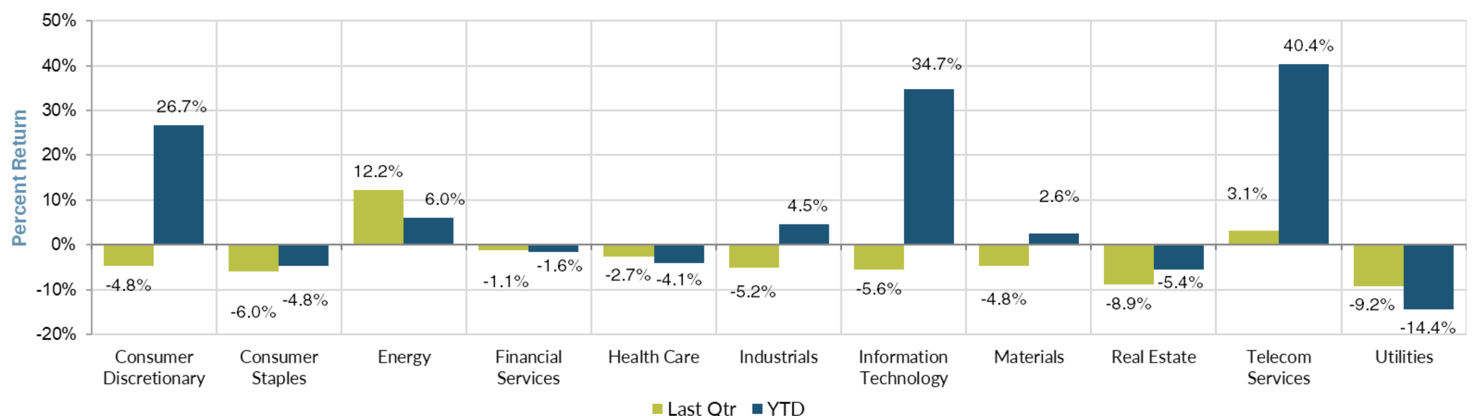
Russell 3000 Style & Cap Summary

	Third Quarter Results							
	Mo.	Qtr.	Value		Core		Growth	
Large	Jul	Q3	3.03%	-2.42%	3.27%	-2.65%	3.42%	-2.80%
	Aug		-2.21%		-1.19%		-0.52%	
	Sep		-3.15%		-4.60%		-5.52%	
Mid	Jul	Q3	4.35%	-4.46%	3.97%	-4.68%	3.03%	-5.22%
	Aug		-3.54%		-3.47%		-3.30%	
	Sep		-5.09%		-5.02%		-4.87%	
Small	Jul	Q3	7.55%	-2.96%	6.12%	-5.13%	4.68%	-7.32%
	Aug		-4.81%		-5.00%		-5.21%	
	Sep		-5.21%		-5.89%		-6.60%	

	Year To Date Results		
	Value	Core	Growth
Large	2.43%	16.26%	28.49%
Mid	0.54%	3.91%	9.88%
Small	-0.53%	2.54%	5.24%

S&P 500 Sector Performance

Data Source: Federal Reserve, Advus



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US EQUITY MARKET (cont.)

Top Weights[a]	Weight	Return	Contribution
Apple Inc	7.50%	-11.61%	-0.89%
Microsoft Corp	6.55%	-7.08%	-0.48%
Amazon.com Inc	3.15%	-2.49%	-0.08%
NVIDIA Corp	3.00%	2.84%	0.08%
Alphabet Inc Class A	2.02%	9.32%	0.18%
Tesla Inc	1.86%	-4.41%	-0.08%
Alphabet Inc Class C	1.75%	8.99%	0.15%
Meta Platforms Inc Class A	1.75%	4.61%	0.08%
Berkshire Hathaway Inc Class B	1.65%	2.73%	0.04%
UnitedHealth Group Inc	1.20%	5.31%	0.06%

Top Contributors[a]	Weight	Return	Contribution
Alphabet Inc Class A	2.02%	9.32%	0.18%
Alphabet Inc Class C	1.75%	8.99%	0.15%
Eli Lilly and Co	1.02%	14.77%	0.15%
Exxon Mobil Corp	1.15%	10.55%	0.12%
NVIDIA Corp	3.00%	2.84%	0.08%
Meta Platforms Inc Class A	1.75%	4.61%	0.08%
AbbVie Inc	0.67%	11.86%	0.08%
Amgen Inc	0.33%	22.03%	0.07%
UnitedHealth Group Inc	1.20%	5.31%	0.06%
Chevron Corp	0.74%	8.18%	0.06%

Top Detractors[a]	Weight	Return	Contribution
Apple Inc	7.50%	-11.61%	-0.89%
Apple Inc	6.55%	-7.08%	-0.48%
Microsoft Corp	0.35%	-26.02%	-0.10%
RTX Corp	0.38%	-22.26%	-0.09%
NextEra Energy Inc	1.86%	-4.41%	-0.08%
Tesla Inc	0.74%	-10.18%	-0.08%
Merck & Co Inc	3.15%	-2.49%	-0.08%
Amazon.com Inc	0.51%	-14.28%	-0.07%
Netflix Inc	0.56%	-11.24%	-0.07%
McDonald's Corp	1.10%	-5.23%	-0.06%

(a) = SPDR S&P 500 ETF

Data Source for all data in tables: Morningstar Direct

INTERNATIONAL EQUITY

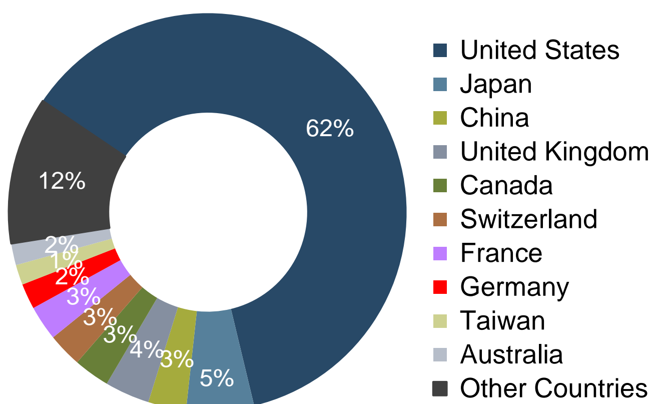
International Equity Market Performance	Q3 2023	YTD	1 Year	3 Year	5 Year
MSCI EAFE	-4.05%	7.59%	26.31%	6.28%	3.74%
MSCI EAFE Value	0.68%	10.63%	32.46%	11.85%	3.47%
MSCI EAFE Growth	-8.60%	4.63%	20.41%	0.70%	3.59%
MSCI EM	-2.79%	2.16%	12.17%	-1.34%	0.94%
MSCI ACWI Ex. USA.	-3.68%	5.82%	21.02%	4.24%	3.07%

	Last Quarter			Year To Date		
	Local	USD	Impact of US Dollar (a)	Local	USD	Impact of US Dollar (a)
MSCI ACWI Ex USA	-1.27%	-3.68%	-2.41%	8.73%	5.82%	-2.91%
MSCI Europe	-2.03%	-4.91%	-2.88%	8.88%	8.60%	-0.28%
MSCI Europe Ex UK	-3.36%	-5.89%	-2.53%	9.98%	9.15%	-0.83%
MSCI United Kingdom	2.56%	-1.54%	-4.10%	5.23%	6.77%	1.55%
MSCI Pacific Ex Japan	-2.70%	-4.73%	-2.03%	-0.90%	-4.39%	-3.48%
MSCI Japan	1.75%	-1.45%	-3.20%	26.21%	11.60%	-14.62%
MSCI France	-4.10%	-6.94%	-2.83%	11.68%	10.79%	-0.89%
MSCI Switzerland	-3.17%	-5.31%	-2.13%	4.93%	6.12%	1.19%
MSCI Germany	-4.90%	-7.71%	-2.81%	10.55%	9.67%	-0.88%
MSCI Canada	-1.74%	-3.83%	-2.09%	4.25%	4.47%	0.23%
MSCI China	-1.86%	-1.83%	0.03%	-6.08%	-7.13%	-1.04%
MSCI India	4.13%	2.87%	-1.26%	8.72%	8.32%	-0.41%
MSCI Brazil	0.13%	-3.49%	-3.62%	7.11%	12.98%	5.88%
MSCI Russia	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

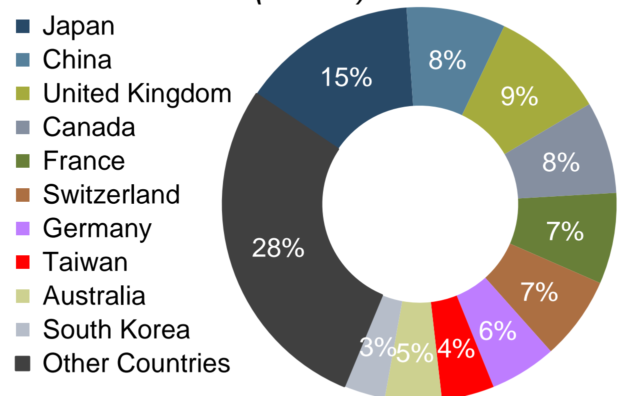
Assumes Gross Reinvestment of Dividends
(a) Impact of Dollar: For a US investor, a strengthening dollar has a negative impact on non-US asset returns when converted to US dollars since the conversion requires more of a foreign currency to purchase the more expensive US dollar. A weakening dollar has the opposite effect; the foreign currency can buy more US dollars.

COUNTRY WEIGHTS

MSCI All Country World Index



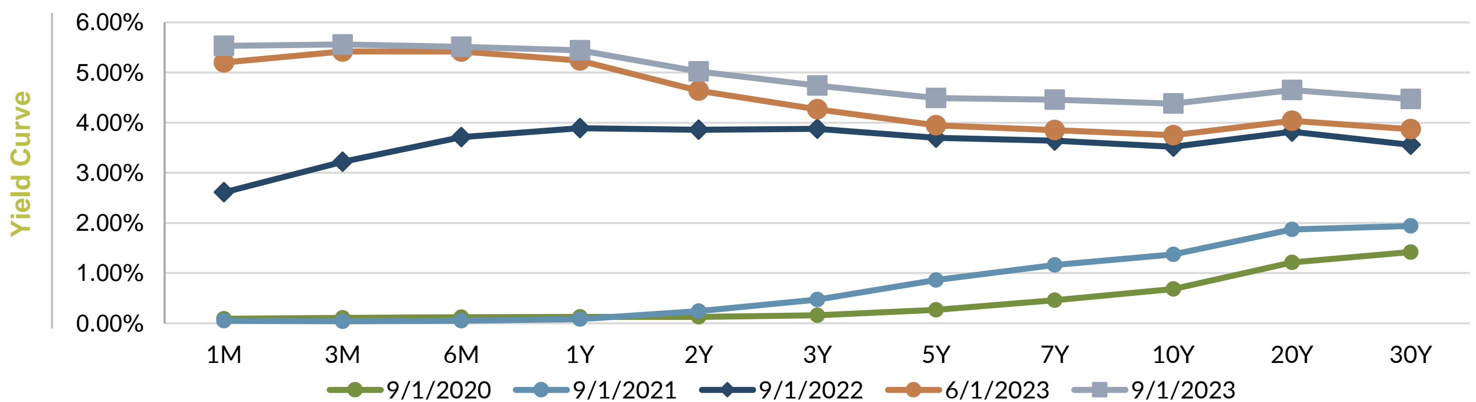
MSCI All Country World Index *(Ex. USA)*

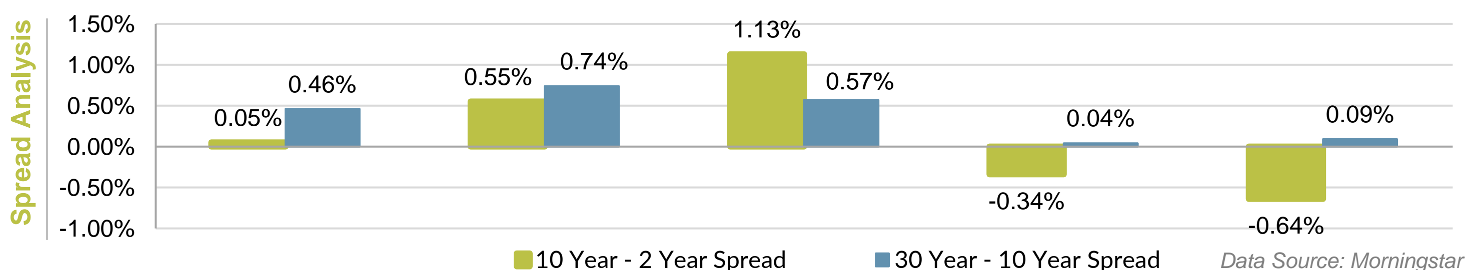


Data Source: Morningstar and iShares ETFs as the representative index proxies. Weights are average for Q3

FIXED INCOME

Major Market Averages	Q3 2023	YTD	1 Year	3 Year
ICE BofAML US 3M Treasury Bill	1.31%	3.60%	4.47%	1.70%
Bloomberg Barclays US Govt/Credit 1-3 Yr	0.73%	1.87%	2.77%	-0.72%
Bloomberg Barclays US Govt Interm	-0.78%	0.32%	1.33%	-3.17%
Bloomberg Barclays US Govt/Credit Interm	-0.83%	0.65%	2.20%	-2.93%
Bloomberg Barclays US Govt/Credit	-3.00%	-0.85%	0.93%	-5.32%
Bloomberg Barclays US Agg Interm	-1.89%	-0.30%	1.42%	-3.66%
Bloomberg Barclays US Agg Bond	-3.23%	-1.21%	0.64%	-5.21%
Bloomberg Barclays Global Agg Bond	-3.59%	-2.21%	2.24%	-6.93%
Bloomberg Barclays US Treasury	-3.06%	-1.52%	-0.81%	-5.83%
Bloomberg Barclays US Treasury US TIPS	-2.60%	-0.78%	1.25%	-1.98%
Bloomberg Barclays US Corporate IG	-3.09%	0.02%	3.65%	-4.93%
Bloomberg Barclays High Yield Corporate	0.46%	5.86%	10.28%	1.76%
Bloomberg Barclays Municipal	-3.95%	-1.38%	2.66%	-2.30%
Bloomberg Barclays Municipal 7 Yr 6-8	-2.85%	-1.39%	2.23%	-1.96%
Credit Quality				
B of A/Merril Lynch US Corporate AAA	-5.18%	-1.78%	0.63%	-7.59%
B of A/Merril Lynch US Corporate AA	-3.40%	-0.58%	2.08%	-5.73%
B of A/Merril Lynch US Corporate A	-2.86%	-0.06%	3.05%	-5.09%
B of A/Merril Lynch US Corporate BBB	-2.37%	1.12%	5.22%	-4.07%
B of A/Merril Lynch US Corporate BB	-0.34%	3.82%	8.32%	0.86%
B of A/Merril Lynch US Corporate B	0.95%	6.73%	11.35%	1.90%
B of A/Merril Lynch US Corp. CCC & Lower	2.83%	12.91%	14.18%	5.39%





Data Source: Morningstar

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