ADVUS FINANCIAL PARTNERS

MARKET COMMENTARY

Q3 | 2024

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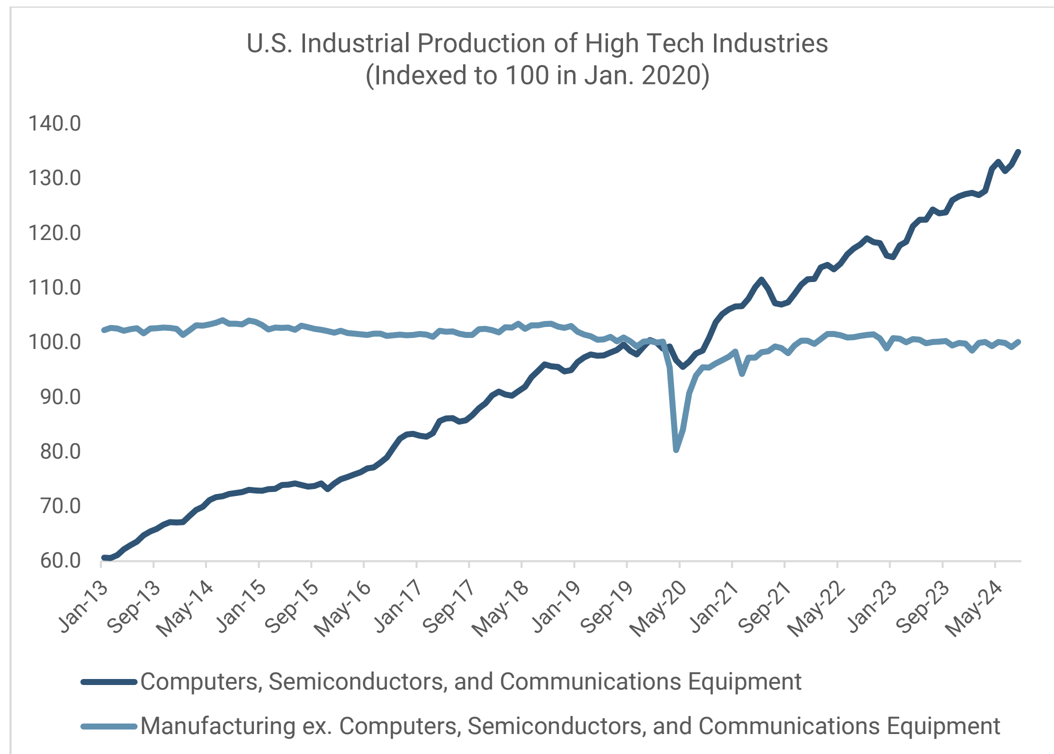
IN REVIEW

The 3rd quarter ended with strong returns across most major asset classes, despite several bouts of volatility. Weak U.S. economic data and an interest rate hike from the Bank of Japan hit stocks particularly hard in the month of August. However, the long-anticipated start of the Fed's rate cutting cycle, improved labor market data, and the announcement of extensive new stimulus measures in China helped to ease investor concerns and support a rally in risk assets into quarter end. The S&P 500 continued its march higher, returning 5.9% over the quarter. The prospect of lower rates spurred value equities and small caps to outperform growth equities, which was a welcome broadening out of returns in the index away from the large mega-cap tech names that had previously driven performance. Fixed income markets were buoyed by the prospect of lower rates as well, with the Bloomberg Barclays Global Aggregate Index returning 7% in the 3rd quarter. Easing financial conditions across the globe alongside continued progress on inflation and cyclical resilience has strengthened the case for a soft landing. However, a sharp deterioration in growth conditions, a global election cycle, and heightened geopolitical tensions still pose risks to the current benign macro environment.

General Economic Conditions

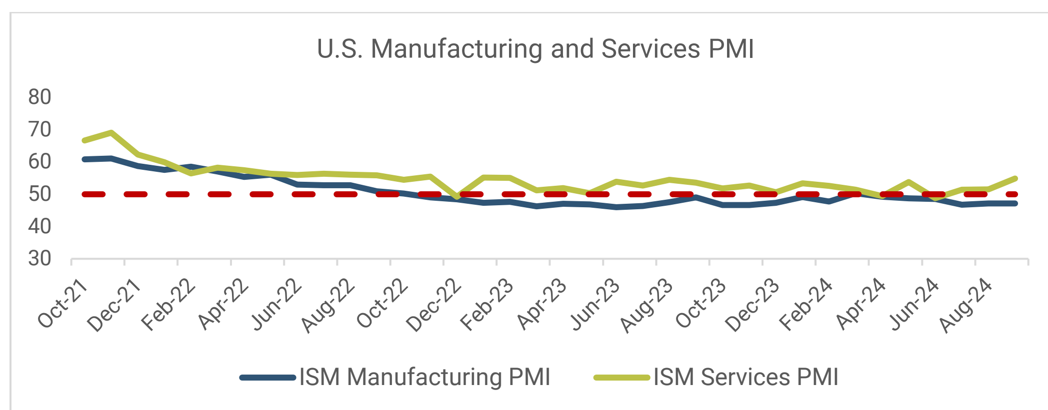
Real GDP increased at an annualized rate of 3.0% in the 2nd quarter of 2024. The increase in real GDP primarily reflected increases in consumer spending, private inventory investment, and nonresidential fixed investment. Imports, which contribute negatively to GDP growth, increased over the quarter. According to the Atlanta Fed's GDPNow estimate, real GDP growth for the 3rd quarter is currently expected to be an increase of 2.5%. After a somewhat sluggish start to the year, the U.S. economy accelerated in the 2nd quarter with consumer spending rising an impressive 2.8%. As supply chain disruptions have faded and consumers have benefited from rising real wages, spending has settled at a solid pace this year across durable goods, nondurable goods, and services. While spending has remained resilient in the face of a cooling labor market it remains to be seen how consumers will react in the face of incremental labor market softness. Early delinquencies for auto and credit card loans have risen above pre-pandemic levels, but consumer finances still look sound. Household debt service doesn't look burdensome, and household net worth continues to move higher with increasing home and asset prices. The personal savings rate increased to 5.2%, but still sits below its long-term average of 8.5%. While spending may slow if the savings rate continues to normalize, the larger buffer provides a cushion to spending should growth or labor market conditions deteriorate unexpectedly. Business investment remains robust as corporate profits have increased and AI-related capital investment continues.

Lower rates will also provide a tailwind to business investment as corporations the hurdle rate for profitable capital projects comes down. AI and tech related capital investment should continue to receive structural support from investor enthusiasm and legislation. Since the passing of the CHIPS Act in 2022, industrial production in high tech industries has far outpaced other industries as the US seeks to establish itself as a leader in technological advancement. The housing market doesn't show any signs of excess with residential investment as a % of GDP below its long-term average. Mortgage rates have fallen 150 basis points which may encourage more activity in the housing sector. However, mortgage rates remain well above their pandemic lows and an increase in inventory both present obstacles such that a sharp acceleration in activity is unlikely. The decline in the dollar since July could pose a small tailwind for net exports going forward as international economies are able to purchase U.S. goods and services at more favorable prices. However, dollar exceptionalism will likely continue if the U.S. economy continues to expand, and other global central banks start to ease policy more aggressively. Overall, the macroeconomic environment remains favorable and future growth risks diminished slightly over the 3rd quarter. A potential drag from election related uncertainty, escalating tensions in the Middle East, and policy missteps all pose risks going forward.



Source: Federal Reserve Bank of St. Louis

Data from the manufacturing sector indicated contraction in September for the 6th consecutive month and the 22nd time in the last 23 months. The Institute of Supply Management's Purchasing Managers' Index (PMI) registered 47.2% in September, matching the August reading. Demand continues to be weak, output declined, and inputs stayed accommodative. Demand remains subdued because of companies' unwillingness to invest in capital and inventory due to monetary policy, though policy has eased since the release of the September report. Suppliers continue to have capacity, with lead times improving. 77% of manufacturing GDP contracted in September, up from 65% in August. The share of manufacturing sector GDP registering a PMI at or below 45%, a good barometer of overall manufacturing weakness, was 41% in September, an 8% increase compared to the August report. Continued weakness in the manufacturing sector is something to monitor as it can have a lot of influence on sentiment, but factories' woes aren't the end all be all for the consumer-driven U.S. economy.

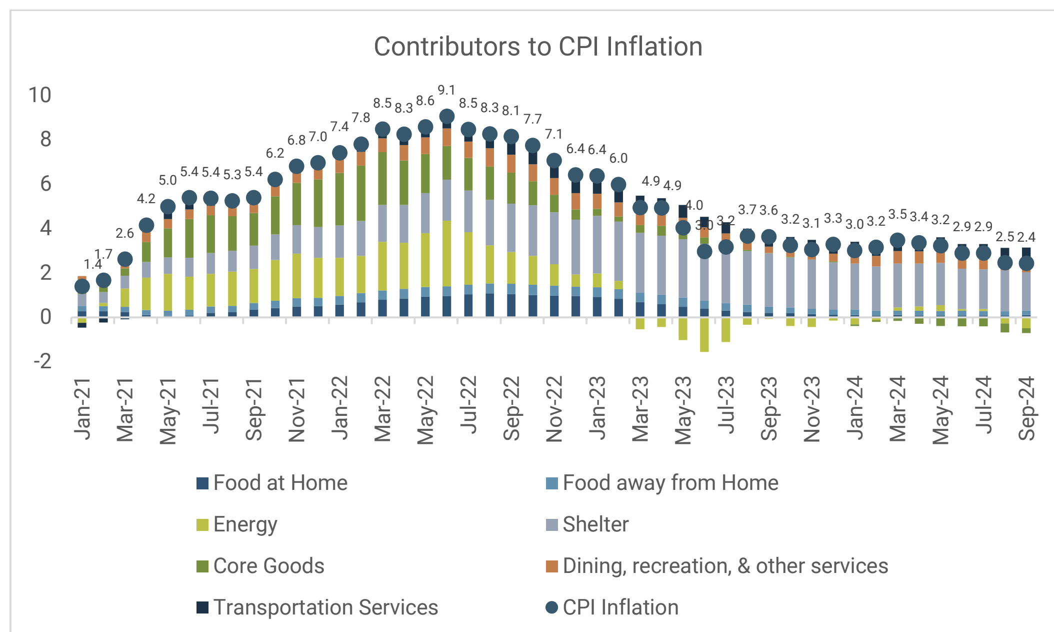


Source: Institute for Supply Management

In September, the Consumer Price Index increased 0.2%, marking a 2.4% increase over the previous 12 months. The index for shelter rose 0.2% in September and the index for food increased 0.4%. Together, these two indexes contributed over 75% of the monthly all items increase. Core CPI rose 0.3% in September, the same increase as the previous month. Shelter, motor vehicle insurance, medical care, apparel, and airline fares all contributed to the monthly increase while recreation and communication were among those indexes that decreased over the month. The year-over-year increase in the core CPI index was 3.3%.

Inflation has made meaningful progress lower in recent months. September's headline CPI was the lowest reading since February 2021. Core PCE increased 0.13% in August, and the year-over-year rate sits at 2.68%, down from its peak of 5.65%. The disinflationary forces we've highlighted previously remained intact over the course of the 3rd quarter. Core goods prices have trended lower for six consecutive months as supply chains have continued to improve.

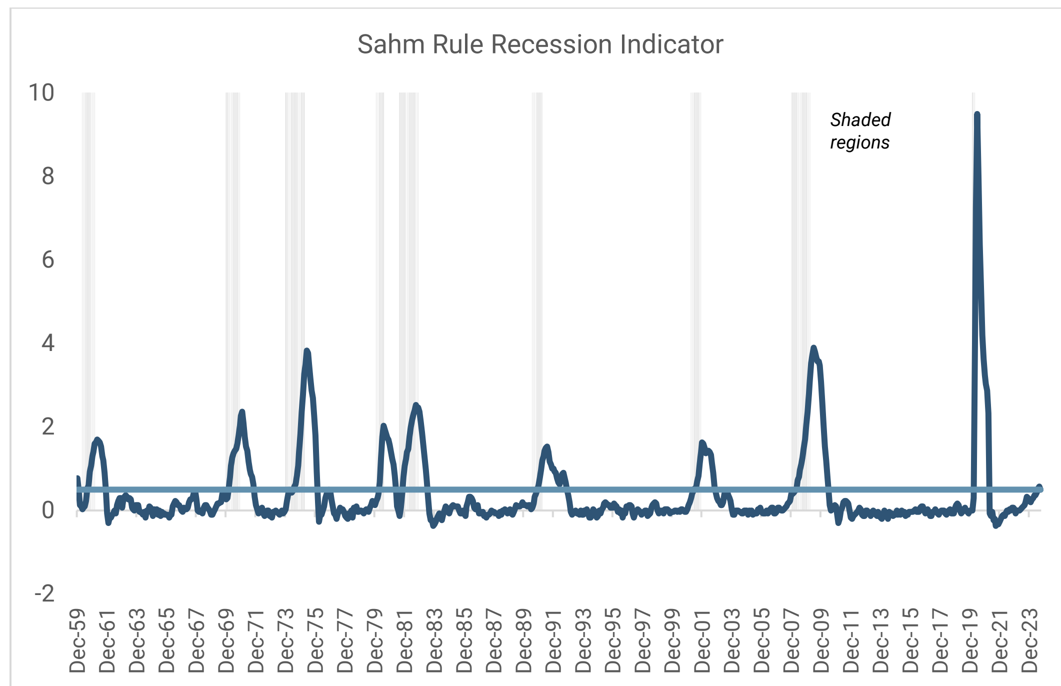
Supplier delivery times improved at a faster pace in September and have more room to improve as they trend towards pre-pandemic levels. Shelter inflation should continue to decelerate as it slowly continues to reflect lower real-time rental measures. Alternative measures of new lease rent growth decreased to 2.3% on an annualized basis in August compared to 3.2% in July. Wage growth rates have normalized to levels consistent with the Fed's long-term 2% inflation target. The year-over-year rate of average hourly earnings registered 4.0% in September, in-line with the 50-year average. With these trends in place, the remaining piece of the inflation puzzle remains in understanding how core services ex-housing inflation will continue to normalize. Auto insurance, a consistent hot spot of inflation, has eased slightly in recent months but is still rising by over 16% year-over-year. Manheim used car auction prices decreased to 18% above the pre-pandemic level in the first half of September and are now 26% below their peak. Inflation in this sector should continue to ease as the gap between consumer prices and costs closes. Financial services inflation and healthcare services inflation may remain firm due to the recent rise in equity prices and a catch-up of healthcare prices to higher costs, respectively. On the other hand, more labor-intensive sub-components like food & accommodations and recreation should soften as the data begins to reflect looser labor market conditions. All told, inflation should continue to head towards the Fed's target, but the month-to-month readings could remain volatile.



Source: Bureau of Labor Statistics

Labor market conditions were a source of volatility during the 3rd quarter. Softer job gains and downward revisions in August combined to lower the apparent pace of job growth, raising concerns that labor demand was weakening too quickly to prevent the unemployment rate from moving higher.

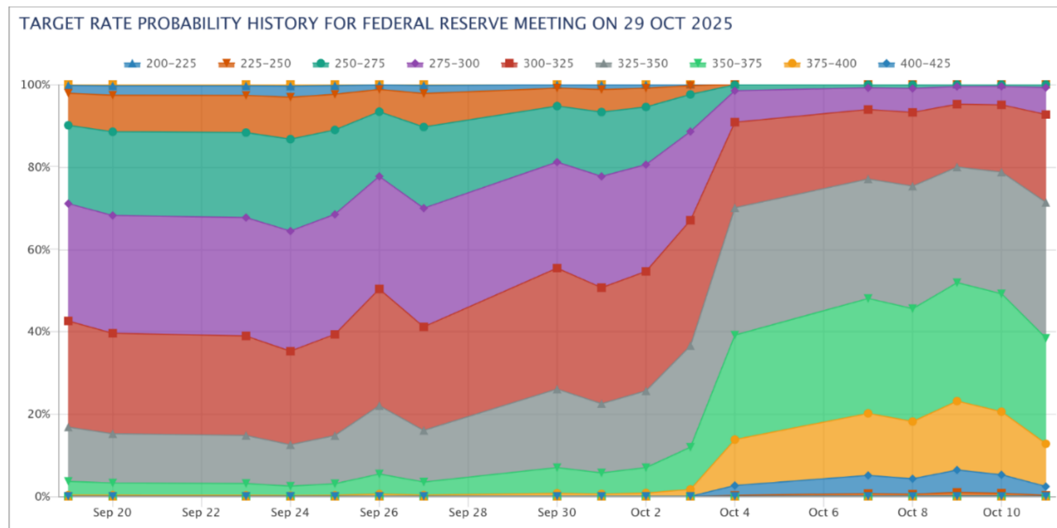
The September report reset that narrative with nonfarm payrolls increasing by 254,000 and upward revisions to the August and July figures. The industry composition of job creation was stronger than August, although leisure & hospitality, healthcare, and government sectors accounted for 70% of the net job gains. The unemployment rate ticked back down to 4.1% in September after rising to 4.3% in July. The increase in the unemployment rate in July triggered the "Sahm rule", which signals the early stages of a recession if the three-month moving average of the unemployment rate rises by 0.5% relative to the minimum of the three-month moving averages from the previous twelve months. The September numbers put the three-month moving average marginally below 0.5%, which assuaged some fears about an impending recession. Additionally, the Sahm rule has only reliably signaled recession when other indicators like employment growth, GDP, and retail sales were weak, as opposed to the reasonably strong levels we're currently observing. The strong job growth in September is reassuring that future job growth can keep up with elevated levels of labor supply growth such that the unemployment rate will remain stable.



Source: Federal Reserve Bank of St. Louis

Monetary Policy

The Federal Reserve lowered the target range for the federal funds rate by 50 basis points to 4.75%-5.00% at their September meeting. Rate cuts in September were a foregone conclusion after the weak labor market data in July and August. The FOMC decided to begin with a more aggressive 50 basis point cut in recognition of the significant progress made thus far on inflation as well as ensuring they act in accordance with their mandate to support maximum employment. The minutes to the September meeting noted that a "substantial majority" of participants supported lowering the fed funds rate by 50 basis points, while others supported a 25 basis point cut. Participants in favor of cutting 25 basis points noted that the smaller cut could signal a more predictable path of policy normalization. Participants stressed that the 50 basis point cut should not be interpreted as evidence of a less favorable economic outlook. The median expectation among committee members was for 50 basis points of rate cuts in 2024, 100 basis points in 2025, and 50 basis points in 2026 to reach a terminal range of 2.75%-3.00%. With the strong September employment report in hand, the committee will likely reduce the size of their next cut to 25 basis points.



Source: CME Group

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International Economies

Europe

After beating expectations to start the year, the Euro area economy has stagnated in recent months. Forward-looking surveys, industrial production, and PMIs showed broad-based weakness across sectors and countries. Consumer finances remain in good shape with ongoing gains in household real incomes and elevated savings rates. The unemployment rate remains near all-time lows, but employment growth has slowed steadily, and real-time indicators point to further cooling ahead. The Euro area has made further progress on disinflation and is positioned to continue cutting rates at a measured pace. The ECB has acknowledged downside risks to growth after their September meeting but emphasized the stickiness of domestic inflation. A pickup in activity in China on the back of recently announced stimulus measures could spur Euro area growth in the near-term, but a sustained increase in consumption will be needed to reach potential growth levels.

Japan

After contracting in the 1st quarter, Japan's economy expanded at an annualized rate of 2.9% in the 2nd quarter. Capital expenditures rebounded to growth from a decline of -1.9% in the 1st quarter and personal consumption turned positive for the first time in five quarters. The rebound in economic activity gave the Bank of Japan the confidence to raise rates to 0.25% on July 31st, causing a massive selloff in global equity markets. The narrowing of interest rate differentials between the U.S. and Japan caused an unwind of the Yen carry trade. The unwinding caused a large spike in the Yen and a selloff in global assets as large institutional investors engaged in the Yen carry trade had to cover existing shorts on the currency. The Bank of Japan has noted they will consider global market volatility when they deciding on raising rates in the future, though another episode of volatility like the one we experienced in August in response to more rate hikes is unexpected.

China

The bifurcation of the Chinese economy continued through the 3rd quarter with strong exports and manufacturing but depressed consumption and property markets. The PBOC announced their most aggressive policy stimulus package since the pandemic, sending Chinese equities higher. The government is clearly focused on achieving their stated 5% growth target for this year and the proverbial policy put has been struck as a result. The package is mostly focused on easing monetary policy, lowering interest rates and reserve requirements. The economy will likely need fiscal support as well to revive the property market and support higher sovereign bond yields.

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Investment Performance

Developed market equities returned 6.5% over the 3rd quarter as measured by the MSCI World Index. The areas of the market that had previously suffered most from high interest rates generally outperformed, with small caps returning 9.5% and global REITs returning 16.2%. On the other hand, growth stocks only returned 3.5%, though they have still returned more than 20% year-to-date. The MSCI Asia Ex-Japan index rallied 10.6% and broader emerging markets returned 8.9% on the back of China's announced stimulus measures. Japanese stocks finished the quarter down -4.9% following July's rate hike and comments from the Bank of Japan that guided toward further rate hikes ahead. The shift in investors' expectations for interest rates helped government bonds to perform strongly, with U.S. Treasuries returning 4.7%. Riskier parts of the credit market also performed well with U.S. High yield returning 5.3% and EM debt returning 6.1%.

- **Diversification still works** – One of the most significant takeaways for multi-asset investors this year has been the shift in the outlook for stock/bond correlations. With inflation having returned to tolerable levels, central banks are once again positioned to ease financial conditions in the event of a shock to growth. The standard 60/40 portfolio has posted strong returns over the past two years after many questioned the validity of traditional diversification principles in the wake of the 2022 selloff. There will likely be more volatility ahead, but the options available to investors looking to build resilient portfolios are appealing with fixed income resuming its traditional role of buffering equity market downturns.

- **Equity market breadth is a positive** – New highs in equities in September have come through a different mix than the previous high in July. Tech valuations remain elevated but the de-rating there relative to the broader market in July and August has mostly been sustained. Meanwhile, the equal-weighted S&P 500 has made clear new highs, illustrating the broader base of the most recent rally. Falling yields have supported defensive and rate-sensitive sectors, while global easing has lifted cyclicals as well. Despite the ongoing concentration risk, recent dynamics support the notion that the U.S. market can run on multiple engines.

- **High valuations create vulnerabilities** – Confidence in the soft landing of the U.S. economy has risen in the past few months and markets have moved firmly in that direction. The 12-month forward P/E of the S&P 500 stood at 21.52 at the end of the 3rd quarter, compared to the 30-year average of 16.7. The top 10 stocks in the index have a 12-month forward P/E of 30.5 and the remaining stocks in the index have a 12-month forward P/E of 18.4 compared to 30-year averages of 20.5 and 15.7, respectively. While valuations are a poor indicator of near-term returns, they do tend to amplify the impact of events not priced into the market consensus.

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LOOKING FORWARD

After some summer volatility, markets ended the 3rd quarter near all-time highs due to positive economic developments and the beginning of the long-awaited rate cutting cycle from the Federal Reserve. Markets are once again in a position where a soft landing for the U.S. economy is the base case expectation. U.S. consumers have continued to support economic growth with strong consumption. Rising real wages and strong balance sheets argue for this trend to continue. Even in the event of a sharper than expected slowdown in services spending, government spending and business investment are in a position to offset some of that weakness. Despite the strong activity data, inflation looks set to continue trending towards the Fed's 2% target due to a deceleration in shelter inflation and wage growth normalization. Labor market data will be the focus for investors heading into the last three months of the year as that now seems to be the focus of the Federal Reserve. Changes in the unemployment rate tend to be asymmetrical, declining slowly and rising quickly. That dynamic explains some of the knee-jerk reaction from markets from the softening labor market data over the summer. Labor market fundamentals still look positive and healthy corporate balance sheets should raise the bar for widespread job cuts in the face of moderating growth. We remain neutral in our asset allocation as the economic backdrop has improved, but asset markets swiftly priced that in. As we previously highlighted, market performance has begun to broaden out on the back of resilient economic activity. Emphasizing diversification outside of largest names that drove index returns to record-highs positions portfolios to continue benefiting from this trend. We expect equities to grow in line with underlying earnings growth which have improved markedly after bottoming last year. We continue to prefer U.S. equities relative to the rest of the world as the world's largest economy is better positioned in both the near-term and structurally over the long-term. However, the case for international equities remains as earnings growth opportunities are improving, global central banks have begun easing, and valuations remain low. Fixed income should play its traditional role of providing income and equity market diversification. Investment-grade and high yield credit spreads remain narrow, reflecting the market's positive expectations for economic growth. Using the fixed income sleeve of portfolios as a ballast to equities remains our preference, rather than sacrificing quality to reach for yield. Alternative assets that provide income and return profiles that are uncorrelated to equity markets continue to have a role in our asset allocation strategy.

Scenario Updates

Base Scenario

U.S. GDP growth will finish in the 2.5%-3.0% range for 2024 and moderate towards trend growth levels in 2025. Growth remains non-recessionary as consumers remain in a healthy position. Inflation continues to decelerate towards target but remains above the Fed's target at the end of 2024. Labor markets will continue to support economic activity, but not to the degree they did in the post-pandemic recovery. The Fed provides an additional 50 basis points of "normalization cuts" in the 4th quarter of 2024 and more in 2025 in response to cooler inflation and to support full employment. Equities will remain beholden to economic growth, earnings growth, and the outlook for additional rate cuts. Fixed income returns will remain near current yields, with the potential to provide capital appreciation in the event of a growth slowdown.

Upside Catalysts

Factors that could influence the Upside Scenario:

- GDP growth rates remain in line with expectations, keeping fears of both more tightening and recession at bay.
- GDP growth continues to be driven by improvements on the supply-side of the economy or labor force productivity, providing a non-inflationary growth impulse.
- Macro uncertainty falls further, leading to a fall in savings rates globally and a pickup in consumption growth.
- Overcoming the last leg of disinflation proves to be easier than expected, allowing the Fed to respond to economic weakness more decisively.
- Corporate earnings beat expectations, driven by resilient nominal growth, sustained record-high margins, and better-than-expected consumption spending.

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Downside Risks

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.
- The conflict between Israel and Iranian proxy forces intensifies further. Existing U.S. sanctions on Iranian oil products escalate and the resulting disruption to oil supply raises prices and concerns about inflation's stickiness.
- Concerns about U.S. fiscal sustainability related to the November elections reassert themselves, causing a spike in longer-dated treasury yields.
- Inflation re-accelerates in response to higher nominal growth rates. Central banks are forced to delay rate cuts or resume tightening. Longer-dated yields spike as a result.
- 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.
- U.S. elections unexpectedly result in a majority for either party in Congress, the Senate, and the White House. This creates elevated uncertainty around the scope of policy initiatives that could be implemented.
- The volatile nature of the election cycle dents consumer sentiment, spilling over into an unexpected decrease in consumer activity.
- Corporate earnings are well below expectations creating an environment of both falling earnings and compressing valuations leading to sharp equity market selloffs.

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ECONOMIC STATISTICS	Current	One Year Ago
Real GDP Growth (Annl. % Change From Prior Qtr.)	3.04%	2.83%
Unemployment Rate	4.10%	3.80%
Labor Force Participation Rate	62.70%	62.80%
Core CPI (Year-Over-Year)	3.26%	4.14%
Real Personal Income Growth (Year-over-Year)	3.30%	2.05%
10 Year Treasury Rate	3.72%	4.38%

US EQUITY MARKET

Major US Market	Q3 2024	YTD	1 Year	3 Year	5 Year	2023	2022	2021
Russell 3000 Index	6.2%	20.6%	35.2%	10.3%	15.3%	26.0%	-19.2%	25.7%
FTSE RAFI US 3000 Index	7.8%	17.1%	30.4%	10.9%	14.1%	16.3%	-7.9%	31.5%
Russell 3000 Equal Weighted	0.0%	0.0%	0.0%	0.0%	0.0%	14.8%	-22.9%	19.5%
S&P 500 Index	5.9%	22.1%	36.4%	11.9%	16.0%	26.3%	-18.1%	28.7%
Russell Mid Cap Index	9.2%	14.6%	29.3%	5.8%	11.3%	17.2%	-17.3%	22.6%
Russell 2000 Index	9.3%	11.2%	26.8%	1.8%	9.4%	16.9%	-20.4%	14.8%
NASDAQ 100	2.1%	20.0%	37.5%	11.9%	22.0%	55.1%	-32.4%	27.5%

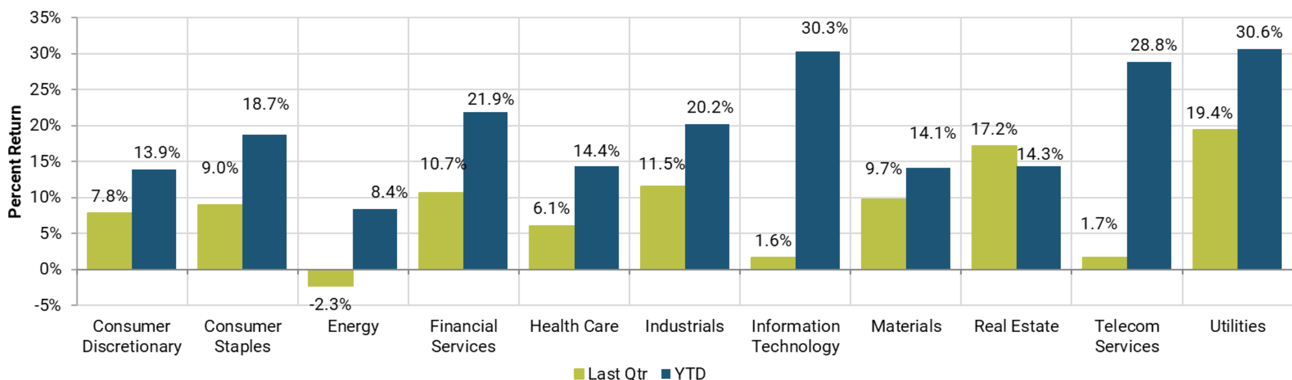
Russell 3000 Style & Cap Summary

	Mo.	Qtr.	Value (Third Quarter Results)		Core (Third Quarter Results)		Growth (Third Quarter Results)	
Large	Jul	Q3	4.61%	9.08%	0.56%	5.22%	-1.95%	2.82%
	Aug		3.12%		2.47%		2.04%	
	Sep		1.12%		2.11%		2.78%	
Mid	Jul	Q3	6.04%	10.08%	4.71%	9.21%	0.61%	6.54%
	Aug		1.89%		2.03%		2.48%	
	Sep		1.88%		2.23%		3.33%	
Small	Jul	Q3	12.19%	10.15%	10.16%	9.27%	8.19%	8.41%
	Aug		-1.88%		-1.49%		-1.11%	
	Sep		0.06%		0.70%		1.33%	

Year To Date Results	Value	Core	Growth
Large	17.65%	23.30%	26.37%
Mid	15.08%	14.63%	12.91%
Small	9.22%	11.17%	13.22%

Data Source: Federal Reserve, Advus

S&P 500 Sector Performance



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US EQUITY MARKET (cont.)

Top Weights[a]	Weight	Return	Contribution
Apple Inc	6.93%	10.75%	0.72%
Microsoft Corp	6.81%	-3.55%	-0.26%
NVIDIA Corp	6.22%	-1.69%	-0.11%
Amazon.com Inc	3.58%	-3.58%	-0.14%
Meta Platforms Inc Class A	2.42%	13.64%	0.33%
Alphabet Inc Class A	2.12%	-8.83%	-0.21%
Alphabet Inc Class C	1.77%	-8.73%	-0.17%
Berkshire Hathaway Inc Class B	1.72%	13.14%	0.21%
Eli Lilly and Co	1.54%	-2.01%	-0.03%
Broadcom Inc	1.50%	7.78%	0.12%

Top Contributors[a]	Weight	Return	Contribution
Apple Inc	6.93%	10.75%	0.72%
Tesla Inc	1.35%	32.22%	0.38%
Meta Platforms Inc Class A	2.42%	13.64%	0.33%
Berkshire Hathaway Inc Class B	1.72%	13.14%	0.21%
UnitedHealth Group Inc	1.12%	15.22%	0.16%
The Home Depot Inc	0.77%	18.43%	0.14%
Walmart Inc	0.67%	19.60%	0.12%
Broadcom Inc	1.50%	7.78%	0.12%
AbbVie Inc	0.71%	16.20%	0.11%
Oracle Corp	0.49%	21.02%	0.10%

Top Detractors[a]	Weight	Return	Contribution
Microsoft Corp	6.81%	-3.55%	-0.26%
Microsoft Corp	2.12%	-8.83%	-0.21%
Alphabet Inc Class A	1.77%	-8.73%	-0.17%
Alphabet Inc Class C	3.58%	-3.58%	-0.14%
Amazon.com Inc	6.22%	-1.69%	-0.11%
NVIDIA Corp	0.24%	-23.13%	-0.07%
Lam Research Corp	0.42%	-14.18%	-0.07%
Qualcomm Inc	0.23%	-23.75%	-0.07%
Intel Corp	0.25%	-21.08%	-0.07%
Micron Technology Inc	0.37%	-14.21%	-0.06%

(a)= SPDR S&P 500 ETF

Data Source for all data in tables: Morningstar Direct

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INTERNATIONAL EQUITY

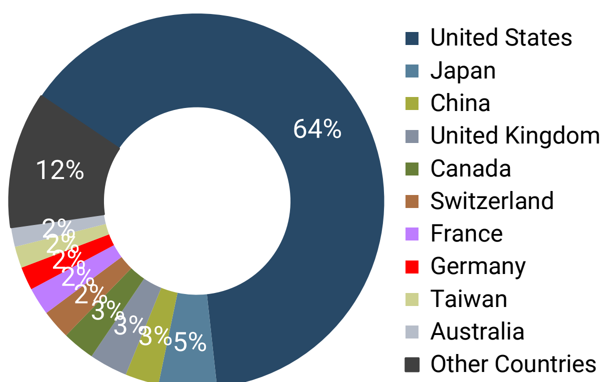
International Equity Market Performance	Q3 2024	YTD	1 Year	3 Year	5 Year
MSCI EAFE	7.33%	13.50%	25.38%	6.02%	8.72%
MSCI EAFE Value	8.98%	14.52%	24.00%	9.70%	8.97%
MSCI EAFE Growth	5.72%	12.57%	26.93%	2.25%	8.08%
MSCI EM	8.88%	17.24%	26.54%	0.82%	6.15%
MSCI ACWI Ex. USA.	8.17%	14.70%	25.96%	4.67%	8.10%

	Last Quarter			Year-to-Date		
	Local	USD	Impact of US Dollar (a)	Local	USD	Impact of US Dollar (a)
MSCI ACWI Ex USA	3.31%	8.17%	4.86%	14.68%	14.70%	0.02%
MSCI Europe	1.64%	6.63%	4.99%	11.57%	13.41%	1.84%
MSCI Europe Ex UK	1.59%	6.24%	4.65%	12.09%	12.82%	0.73%
MSCI United Kingdom	1.73%	7.94%	6.22%	9.69%	15.42%	5.72%
MSCI Pacific Ex Japan	10.53%	14.31%	3.78%	13.42%	15.17%	1.75%
MSCI Japan	-5.85%	5.88%	11.73%	14.35%	12.71%	-1.65%
MSCI France	3.47%	7.75%	4.28%	5.12%	6.21%	1.08%
MSCI Switzerland	1.90%	8.55%	6.65%	11.78%	11.53%	-0.25%
MSCI Germany	6.33%	10.73%	4.40%	16.55%	17.75%	1.20%
MSCI Canada	10.78%	12.21%	1.43%	17.44%	14.62%	-2.81%
MSCI China	22.36%	23.64%	1.28%	28.75%	29.60%	0.84%
MSCI India	7.94%	7.41%	-0.53%	26.67%	25.79%	-0.89%
MSCI Brazil	5.77%	7.28%	1.51%	-1.52%	-12.65%	-11.13%
MSCI Russia	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

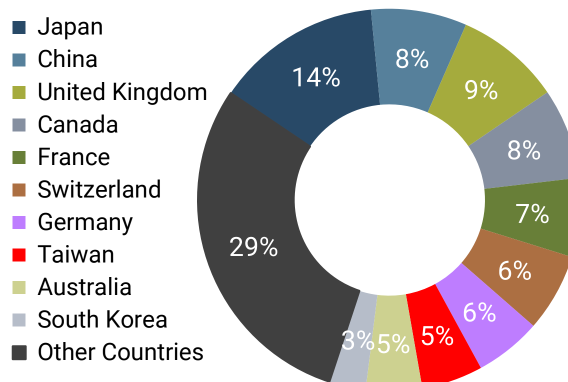
Assumes Gross Reinvestment of Dividends
(a) Impact of Dollar: For a US investor, a strengthening dollar has a negative impact on non-US asset returns when converted to US dollars since the conversion requires more of a foreign currency to purchase the more expensive US dollar. A weakening dollar has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

COUNTRY WEIGHTS

MSCI All Country World Index



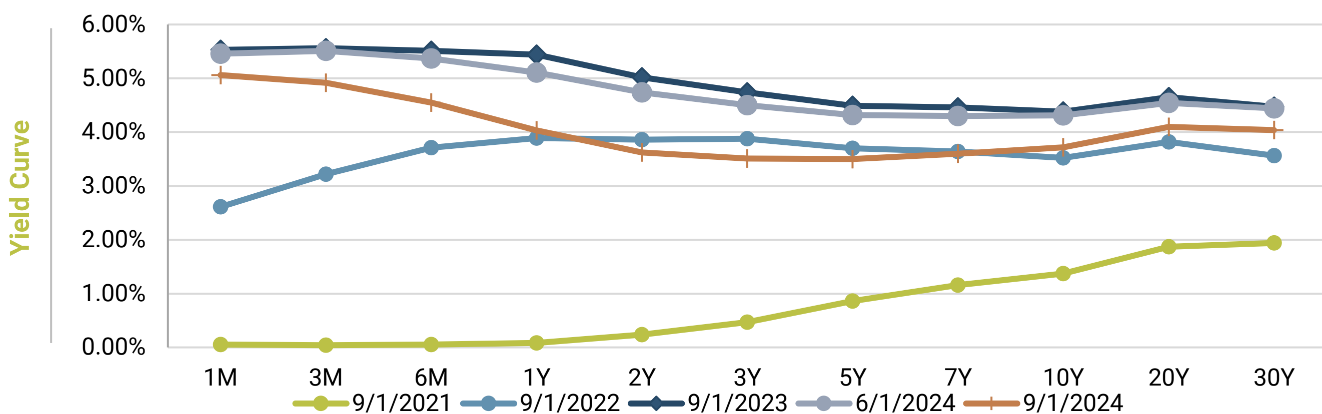
MSCI All Country World Index *(Ex. USA)*

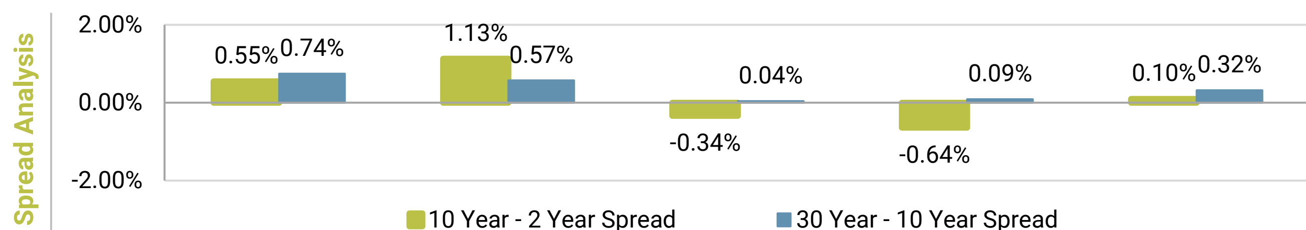


Data Source: Morningstar and iShares ETFs as the representative index proxies. Weights are average for Q3

FIXED INCOME

Major Market Averages	Q3 2024	YTD	1 Year	3 Year
ICE BofAML US 3M Treasury Bill	1.37%	4.03%	5.46%	3.49%
Bloomberg Barclays US Govt/Credit 1-3 Yr	2.96%	4.38%	7.19%	1.50%
Bloomberg Barclays US Govt Interm	3.95%	4.19%	8.33%	-0.10%
Bloomberg Barclays US Govt/Credit Interm	4.17%	4.68%	9.45%	0.17%
Bloomberg Barclays US Govt/Credit	5.10%	4.39%	11.31%	-1.50%
Bloomberg Barclays US Agg Interm	4.60%	4.64%	10.39%	-0.30%
Bloomberg Barclays US Agg Bond	5.20%	4.45%	11.57%	-1.39%
Bloomberg Barclays Global Agg Bond	6.98%	3.60%	11.99%	-3.06%
Bloomberg Barclays US Treasury	4.74%	3.84%	9.72%	-1.78%
Bloomberg Barclays US Treasury US TIPS	4.12%	4.85%	9.79%	-0.57%
Bloomberg Barclays US Corporate IG	5.84%	5.32%	14.28%	-1.18%
Bloomberg Barclays High Yield Corporate	5.28%	8.00%	15.74%	3.10%
Bloomberg Barclays Municipal	2.71%	2.30%	10.37%	0.09%
Bloomberg Barclays Municipal 7 Yr 6-8	3.20%	1.83%	8.42%	0.25%
Credit Quality				
B of A/Merril Lynch US Corporate AAA	6.37%	4.30%	13.07%	-3.13%
B of A/Merril Lynch US Corporate AA	5.69%	4.75%	12.42%	-1.94%
B of A/Merril Lynch US Corporate A	5.72%	5.49%	13.56%	-1.03%
B of A/Merril Lynch US Corporate BBB	5.71%	6.21%	14.96%	-0.69%
B of A/Merril Lynch US Corporate BB	4.28%	6.82%	14.66%	2.35%
B of A/Merril Lynch US Corporate B	4.54%	7.19%	14.45%	3.27%
B of A/Merril Lynch US Corp. CCC & Lower	11.55%	15.35%	22.96%	5.06%





Data Source: Morningstar

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