LAMCO
LAMCO ADVISORY SERVICES, INC.

# MARKET COMMENTARY Q4 | 2020 & 2021 OUTLOOK

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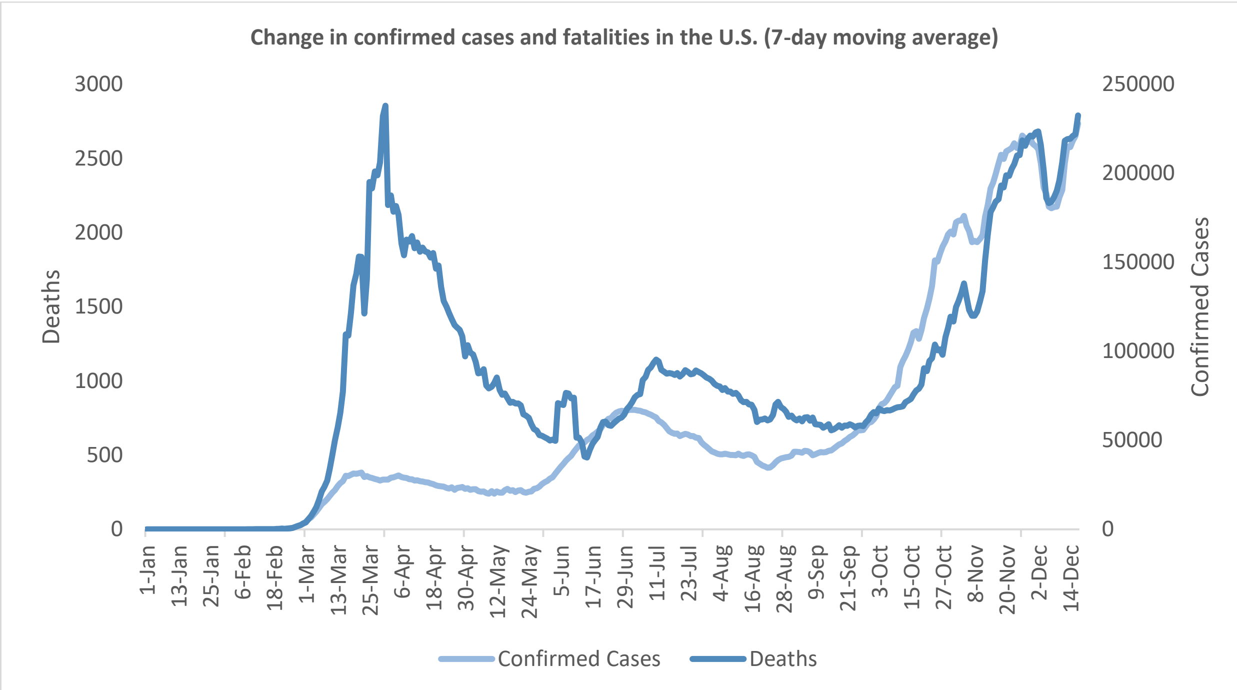
# IN REVIEW

Global equity and credit markets broadly advanced in the 4th quarter as key near-term risks weighing on investor sentiment abated. Namely, the announcement of multiple successful vaccines with efficacy levels well above expectations propelled markets higher in the month of November. Additionally, the U.S. election cycle came to an end, providing investors with some much-sought certainty about the political landscape prospectively. Markets have largely shrugged off the rapidly increasing number of COVID-19 cases, hospitalizations, and fatalities as the vaccines and stimulus efforts have created a psychological bridge to the post-pandemic recovery. The abundant optimism and positive investor sentiment present in markets leaves investors more vulnerable to negative news in the time between now and the post-pandemic recovery. This could include renewed lockdowns in Europe and North America as virus cases continue to climb and a more contagious strain of the virus spreads globally. Also, logistical hurdles in distributing the vaccine and the potential for negative economic growth in early 2021 could cause markets to pause. If additional fiscal stimulus is inadequate or federal support measures are relaxed too quickly, the strength and sustainability of the economic recovery will be diminished. 2020 will be remembered as the year of the virus but we believe 2021 will be remembered as the year of the recovery.

## COVID-19 Update

Since the onset of the pandemic, public health officials and epidemiologists presaged that the winter months would bring a stronger wave of infections compared to the summer. As of the end of December, there were nearly 84 million documented cases of the virus worldwide, a more than doubling of the number of cases since the end of the 3rd quarter. In the U.S. alone, there were over 20 million documented cases and total fatalities eclipsed 350,000. The 7-day moving average chart of both cases and deaths below shows just how pervasive the virus has been in the last few months. However, in November both Pfizer and Moderna announced successful vaccine trials that were more than 90% effective in preventing COVID-19 beginning 28 days after the first dose. This level of efficacy was widely unexpected, with 70% being considered an above average figure prior to the announcements. The implications of such efficacy for the recovery, especially in the industries most impacted by COVID-19, brighten the prospects for a full economic recovery. However, the emergence of new, more contagious, strains of the virus threaten to worsen the pandemic in the near-term. Specifically, new strains detected in the U.K. and South Africa are causing some consternation among public health officials and epidemiologists. According to studies, these new strains are approximately 50% more contagious, but there is no evidence that they are more deadly. Additionally, there doesn't seem to be any indication that the approved vaccines won't be effective in preventing vaccinated individuals from contracting COVID-19 from the new strains. Still, reopening policies are driven by the rate of growth in case counts, so as these strains permeates the globe, they will likely lead to renewed localized lockdown measures that will further stress industries like leisure, travel, hospitality, and entertainment. It is likely that the pandemic will continue to rage throughout the first quarter of 2021 but based on the dosage commitments by Pfizer and Moderna, 200 million Americans could be vaccinated by the end of July. The 65+ age cohort represents 17% of the population, but accounts for over 80% of recorded COVID-19 deaths thus far. The targeted vaccination approach with an emphasis on these higher risk populations should meaningfully and permanently lower both the hospitalization and mortality rates in the next 3-4 months, which will allow for some loosening of lockdown measures. This should setup the economy for a strong, broad-based recovery in the second half of 2021 that continues into early 2022.

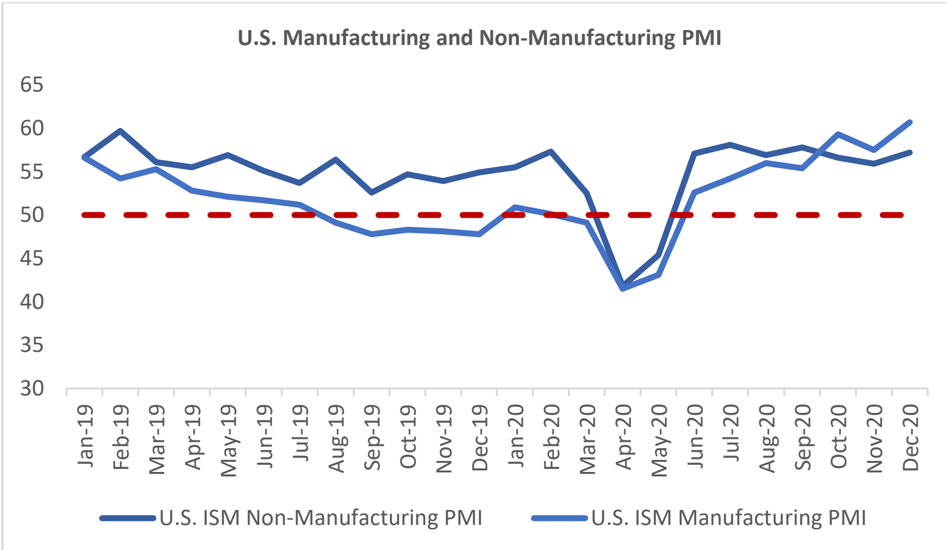



*Source: Centers for Disease Control and Prevention*

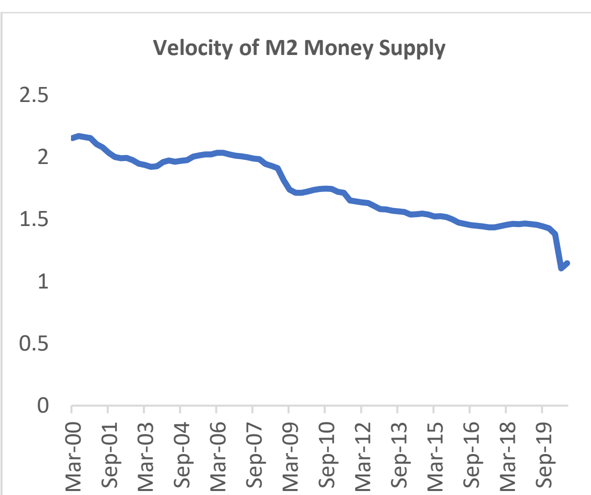
## General Economic Conditions

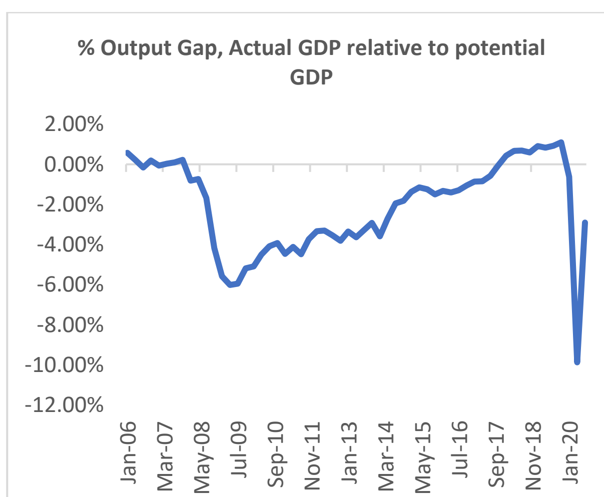
The U.S. economy has experienced a V-shaped recovery that is being interrupted by the resurgence of COVID-19. Nominal U.S. GDP increased from $19.52 trillion in the 2nd quarter to $21.17 trillion by the end of the 3rd quarter, an increase of 8.45% or an annualized rate of growth of 38.3%. Total nominal GDP now sits just 1.72% below levels seen one year ago. Such an outsized level of growth was expected after the total economic shutdown in the second quarter. Economists believe that growth will slow significantly in the 4th quarter due to the resurgence of the virus and the lapse in government benefits due to the delay in additional fiscal stimulus. Most predict a growth rate around 5% annualized for the 4th quarter. Growth will likely continue to slow or even be slightly negative in the first quarter of 2021 as cases and fatalities continue to surge. Beyond that, we expect several quarters of significant GDP growth around 5% annualized on average for the following four quarters as pent-up supply and demand are released. Tight inventory conditions should create demand for capital spending and increased employment. Potential consumer spending has increased but actual consumption growth has slowed, a relationship that has decoupled due to the pandemic. It implies consumers have the means to increase spending but just need the ability to do so confidently. All these factors together create a coiled spring dynamic that is waiting to unravel once widespread inoculation occurs.

Data from the manufacturing sector showed improvement during the 4th quarter. The Institute for Supply Management's manufacturing purchasing managers' index posted a reading of 60.7 in December. Anything below 50.0 signals a contraction in manufacturing activity while anything about 50.0 signals expansion. However, the services PMI dipped slightly from 57.8 at the end of the 3rd quarter to 57.2 at the end of the 4th quarter. While this figure still indicates strong expansion, the trend is indicative of the virus' effect on the service sector.

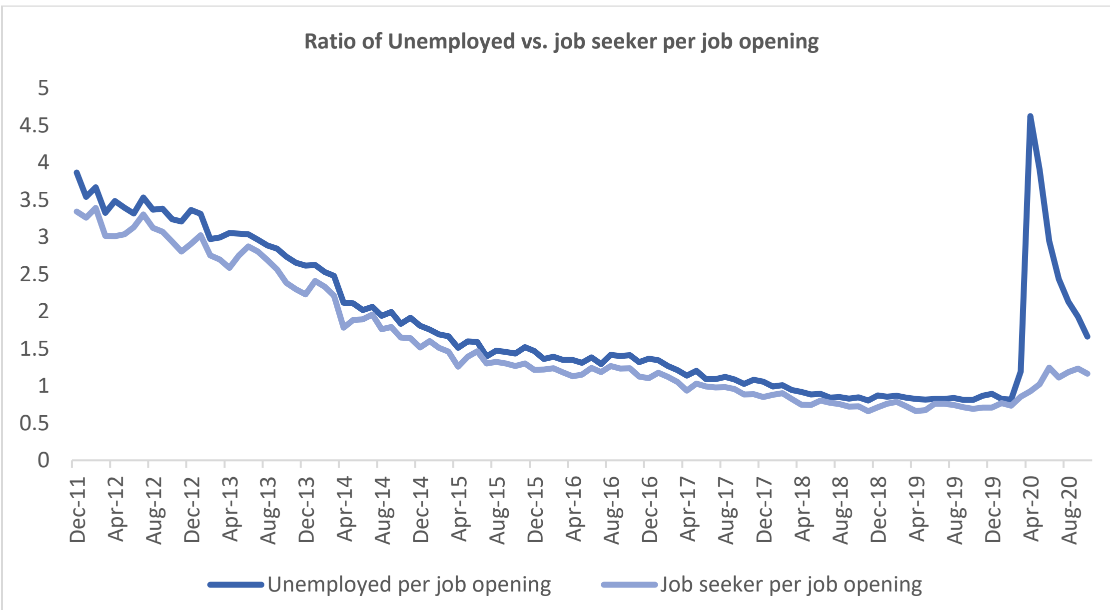



Inflation has been a popular topic these days given the dramatic increase in money supply from the Federal Reserve, historically low interest rates, and the central bank's new average inflation targeting framework that will allow for periods of above target inflation to make up for prolonged periods of below target inflation. While inflation will likely tick up in the near-term due to the aforementioned factors coupled with strong economic growth, long-term inflation concerns are likely overblown. First, the output gap between actual GDP and potential GDP is still negative so there is spare capacity in the economy. Second, the supply of money is only half of the inflation equation. The velocity of money is the other half, which is the rate at which money in circulation is being used for purchasing goods and services. This measure has been in a downward trend for years and has sharply decreased due to the pandemic. Finally, the global economy is still fundamentally the same with structural characteristics (i.e., globalization, technological progress, aging demographics) that have kept inflation below target for a decade despite consistently accommodative monetary policy.



Labor market conditions continue to improve, although there are signs that the jobs recovery is stalling. We have now regained 12.3M of the 22.2M jobs initially lost, or just over 55%. The headline unemployment rate now sits at 6.7% as of November, down from a high of 14.7% in April. In December, total nonfarm payroll employment actually declined by 140,000, reflecting the recent increase in COVID-19 cases and the efforts to contain it. Weekly initial claims for unemployment benefits have held at about four times pre-pandemic levels in recent weeks. At this point, most of these claims are coming from hospitality, tourism, leisure & entertainment, etc. The light at the end of the tunnel for these industries is that as more vaccine doses are administered, and demand increases, hiring will need to increase to meet that demand. The case for even lower unemployment is made further by the chart below, which highlights the very different impact of the pandemic-induced recession on labor markets compared to traditional recessions. It shows the number of unemployed per job opening and the number of job seekers per job opening. The historically tight relationship decoupled as the number of unemployed spiked while job seekers did not, implying that most expect to get their jobs back. As such, we believe a large amount of those currently unemployed will be reemployed once their jobs come back. Further fiscal stimulus will be crucial to ensure these job openings will remain available.




## Political Landscape

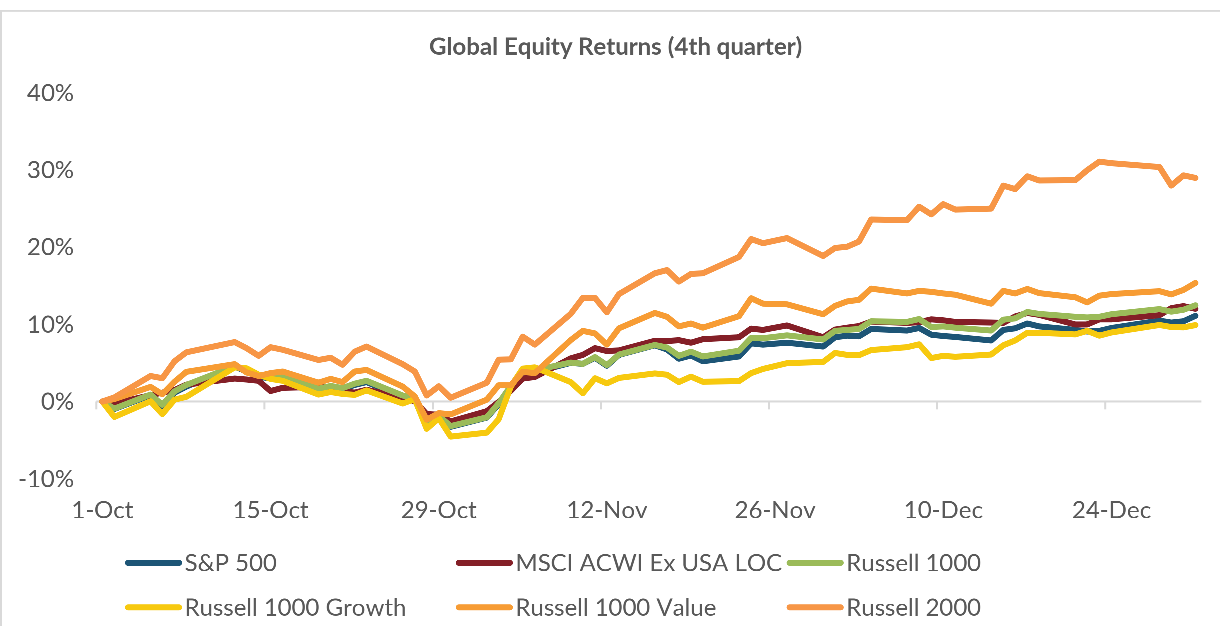
The U.S. election cycle came to an end in the 4th quarter, with a mix of expected and unexpected results. Joe Biden won the presidential election, but his win wasn't accompanied by the seismic "blue wave" that many pollsters had predicted. With both Georgia senate seats being won by Democratic candidates in the runoff elections, the senate is split 50-50, with Vice President-elect Kamala Harris presiding to break any ties. In the House of Representatives, the split is 222 Democrat seats and 212 Republican seats after Democrats flipped three seats and Republicans flipped fourteen. President-elect Biden's agenda will include corporate and individual tax increases, heightened regulatory oversight, healthcare reform, clean energy policies, and student loan forgiveness. While Democrats hold majorities in the House and Senate, the more progressive aspects of President-elect Biden's agenda will likely face some opposition from moderate Democratic senators. As such, we don't anticipate sweeping changes to existing legislation.

Markets expect significant fiscal stimulus will come in the 1st quarter with additional stimulus checks and aid for state and local governments. Markets have continued to rally higher as investors seem fixated on the post-pandemic recovery and the notion that fiscal and monetary authorities will bridge the gap between now and then with ultra-supportive policy measures.

## Investment Performance:

Global equities gained broadly in the 4th quarter. Interestingly, there was a partial reversal of the investment trends that characterized equity markets in recent history. Propelled by the announcement of successful vaccine trials, pandemic losers such as value equities, small-cap equities, and international equities outperformed the broad U.S. market as investors rotated into a more pro-cyclical allocation. Credit markets rose slightly as yields remain suppressed by expansionary monetary policy from central banks around the globe.

- Value equities outperformed growth equities in the 4th quarter – The Russell 1000 value returned 15.36% in the 4th quarter, compared to 9.88% for the Russell 1000 growth. This was the best performance in a quarter for value equities since 2009. The stay-at-home trade that benefited so many of these secular growth companies lagged as investors embraced the cyclical value names they shunned for the majority of 2020. However, the valuation gap between growth and value is still near historical extremes, leading investors to believe that the rotation can continue further.
- Small caps outperformed Large caps – The Russell 2000 returned nearly 29% in the 4th quarter, compared to the Russell 1000 which returned 12.5%. Large cap equities drastically outperformed earlier in the year given that their larger balance sheets would enable them to better weather the economic shutdown. With the performance of the 4th quarter, small cap equities entirely erased their underperformance relative to large cap equities for the year.
- Foreign equities outperformed domestic equities – The MSCI ACWI Ex USA index returned 12% in the 4th quarter, while the S&P 500 returned 11.1%. A generally higher exposure to cyclical sectors like financials and industrials helped international markets as these stocks were in favor after the announcement of the vaccines. Emerging market equities rose nearly 20% and Asia ex-Japan returned almost 19%, both benefiting from renewed hopes of a cyclical recovery, a falling dollar, and increasing global trade activity.



## 2021 OUTLOOK

The global economy should expand in 2021, with a significant amount of growth coming online in the 2nd half of 2021 as pent-up demand is unleashed. Fiscal and monetary authorities will be unlikely to relax stimulus efforts despite the healthy growth, providing an environment conducive to further appreciation for risk assets. A lot of optimism is present in capital markets, and not unjustly given the resolution of significant macroeconomic risks in the 4th quarter. Despite the near-term risks highlighted at the outset of this commentary, we believe that equities will continue to climb higher in 2021 as sentiment remains bullish, policy remains supportive, and corporate earnings remain resilient. To this last point, corporate earnings will be much more important in 2021 than prior years given the amount of multiple expansion in 2020. Almost any valuation metric that you look at is in the 90th percentile or higher in terms of historical readings. In this way, investors have likely pulled some future equity returns forward. The impact of future earnings growth is likely to be partially offset by price multiple contraction, resulting in a headwind for equity returns. Value equities and international equities are poised to benefit from the economic restart as they have more room for multiple expansion given their relatively lackluster performance in 2020. Fixed income still serves a role in diversified portfolios by providing some ballast when equity markets are volatile, as we saw in March of this year. However, with yields at such low levels their ability to ballast equity returns is hampered and given the expectation of significant economic growth in 2021, longer-term yields are likely to experience upward pressure. To that end, we believe alternative asset classes such as real estate, listed infrastructure, private credit, emerging markets debt, or private equity will play an increasingly crucial role in portfolios. These asset classes can provide additional diversification benefits as well as the potential for enhanced returns. As always, our focus in portfolio construction and asset allocation remains striking the optimal balance between risk and reward that maximizes the probability of achieving your goals.

## Scenario Updates

| Upside Scenario | *20% Probability* |
| --- | --- |

The daily peak spread of new cases will occur early in the 1st quarter and begin to trend downward as more people are vaccinated. Logistical concerns about vaccine distribution are totally avoided and the majority of the U.S. population is vaccinated by the 2nd half of 2021. Re-opening efforts take hold and renewed lockdowns aren't widespread across the globe, allowing the economic restart to gain momentum. GDP growth rates exceed expectations and returns to 2019 levels by mid- 2021, resulting in 2 years of no economic growth. Employment statistics improve and the unemployment rate meaningfully approaches full employment by the end of 2021. Inflation creeps up as economic growth surges but not so much that central banks are forced to raise short-term rates. Negotiations on Capitol Hill for additional stimulus are swift and successful providing a substantial package that effectively bridges the gap between now and the beginning of the post-pandemic recovery.

| Base Scenario | *65% Probability* |
| --- | --- |

Continued growth in daily confirmed cases peaks by the end of the 1st quarter. Logistical concerns about vaccine distribution are mostly avoided and minor in nature. The majority of the U.S. population is vaccinated by the 2nd half of 2021. Full re-opening efforts go mostly unhindered except for some localized, temporary lockdowns in especially hard-hit areas early in 2021. Despite regional outbreaks, governors are reluctant to roll back re-opening measures as the vaccine becomes more widely available and statewide lockdowns are avoided. The economic restart continues to gain momentum, with GDP growth rates in-line with expectations and returns to 2019 levels by late- 2021. Employment statistics improve and the unemployment rate meaningfully approaches full employment by the 2nd half of 2022. Inflation creeps up as economic growth surges but not so much that central banks are forced to raise short-term rates. Fiscal stimulus negotiations lead to further delays; however, the size and scope of the package will be successful in providing necessary aid.

| Downside Scenario | *15% Probability* |
| --- | --- |

Continued growth in daily confirmed cases peaks by the first half of the year. Logistical concerns about vaccine distribution come to pass, hindering the distribution, and delaying the timeline to mass inoculation. The majority of the U.S. population isn't vaccinated until late 2021. Full re-opening efforts are meaningfully slowed by localized lockdowns to curb the spread early in 2021. The economic restart continues but with GDP growth rates below expectations and returns to 2019 levels in 2022. Employment statistics stagnate early in 2021 and don't begin to improve again until later in the year. Fiscal stimulus negotiations lead to further delays; the economic impact becomes more permanent because of fiscal stimulus delays as well as both demand and supply side challenges. The size and scope of the package will be adequate in providing necessary aid.

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## ECONOMIC STATISTICS

| | Current | One Year Ago |
|---|---|---|
| Real GDP Growth (Annl. % Change From Prior Qtr.) | -2.85% | 2.08% |
| Unemployment Rate | 6.70% | 3.60% |
| Labor Force Participation Rate | 61.50% | 63.30% |
| Core CPI (Year-Over-Year) | 1.65% | 2.32% |
| Real Personal Income Growth (Year-over-Year) | 2.60% | 2.44% |
| 10 Year Treasury Rate | 0.93% | 1.86% |

*Data Source: Federal Reserve, LAMCO Advisory*

## US EQUITY MARKET

### Major US Market

| | Q4 2020 | YTD | 1 Year | 3 Year | 5 Year | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Russell 3000 Index | 14.7% | 20.9% | 20.9% | 14.5% | 15.4% | 31.0% | -5.2% | 21.1% |
| FTSE RAFI US 3000 Index | 18.2% | 8.3% | 8.3% | 8.2% | 11.7% | 27.7% | -8.5% | 16.2% |
| Russell 3000 Equal Weighted | 30.0% | 24.5% | 24.5% | 11.2% | 14.1% | 24.7% | -11.4% | 15.6% |
| S&P 500 Index | 12.1% | 18.4% | 18.4% | 14.2% | 15.2% | 31.5% | -4.4% | 21.8% |
| Russell Mid Cap Index | 19.9% | 17.1% | 17.1% | 11.6% | 13.4% | 30.5% | -9.1% | 18.5% |
| Russell 2000 Index | 31.4% | 20.0% | 20.0% | 10.2% | 13.3% | 25.5% | -11.0% | 14.6% |
| NASDAQ 100 | 13.1% | 48.9% | 48.9% | 27.6% | 24.3% | 39.5% | 0.0% | 33.0% |

### Russell 3000 Style & Cap Summary

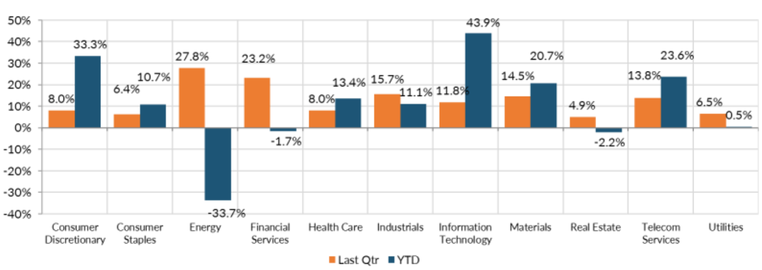
Fourth Quarter Results

| | Mo. | Qtr | Value | | Core | | Growth | |
|---|---|---|---|---|---|---|---|---|
| Large | Oct | | -2.45% | | -3.42% | | -4.12% | |
| | Nov | Q4 | 13.14% | 14.15% | 11.07% | 11.63% | 9.55% | 9.82% |
| | Dec | | 3.42% | | 4.07% | | 4.56% | |
| Mid | Oct | | 0.93% | | 0.64% | | 0.12% | |
| | Nov | Q4 | 14.04% | 20.43% | 13.82% | 19.91% | 13.43% | 19.02% |
| | Dec | | 4.63% | | 4.68% | | 4.80% | |
| Small | Oct | | 3.58% | | 2.09% | | 0.76% | |
| | Nov | Q4 | 19.31% | 33.36% | 18.43% | 31.37% | 17.63% | 29.61% |
| | Dec | | 7.92% | | 8.65% | | 9.35% | |

Year To Date Results

| | Value | Core | Growth |
|---|---|---|---|
| Large | 1.64% | 22.37% | 39.34% |
| Mid | 4.96% | 17.10% | 35.59% |
| Small | 4.63% | 19.96% | 34.63% |

### S&P 500 Sector Performance




## INTERNATIONAL EQUITY

### International Equity Market Performance

| | Q4 2020 | YTD | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|---|
| MSCI EAFE | 16.09% | 8.28% | 8.28% | 4.79% | 7.97% |
| MSCI EAFE Value | 19.26% | -2.10% | -2.10% | -0.65% | 4.82% |
| MSCI EAFE Growth | 13.13% | 18.68% | 18.68% | 10.08% | 10.93% |
| MSCI EM | 19.77% | 18.69% | 18.69% | 6.56% | 13.22% |
| MSCI ACWI Ex. USA. | 17.08% | 11.13% | 11.13% | 5.38% | 9.44% |

## Dividend Yield [a]

| | Avg. Weight % | Return % | Contribution to Return % |
|---|---|---|---|
| Dividend Yield % TTM - Monthly [10.00 | 0.82% | 30.96% | 0.24% |
| Dividend Yield % TTM - Monthly [5.00 - | 5.55% | 20.90% | 1.12% |
| Dividend Yield % TTM - Monthly [2.00 - | 26.63% | 13.64% | 3.63% |
| Dividend Yield % TTM - Monthly [0.00 - | 66.73% | 14.39% | 9.65% |
| Attribution Total | **99.73%** | | **14.63%** |

*Avg. Weight excludes cash (0.27%)

## Capitalization [a]

| | Avg. Weight % | Return % | Contribution to Return % |
|---|---|---|---|
| Mega Cap (>$85 Billion) | 42.53% | 10.84% | 4.74% |
| Large Cap ($18 Billion -$85 Billion) | 30.25% | 14.18% | 4.28% |
| Mid Cap ($3 Billion - $18 Billion) | 18.97% | 19.03% | 3.51% |
| Small Cap ($700 Million - $3 Billion) | 6.07% | 28.45% | 1.61% |
| Micro Cap (< $700 Million) | 1.85% | 27.79% | 0.48% |
| Unclassified | 0.06% | 11.20% | 0.02% |
| **Total** | **99.73%** | | **14.63%** |

*Avg. Weight excludes cash (0.27%)

## Valuation [a]

| | Avg. Weight % | Return % | Contribution to Return % |
|---|---|---|---|
| Fairly Valued | 20.34% | 12.31% | 2.51% |
| Overvalued | 65.84% | 14.07% | 9.34% |
| Undervalued | 13.40% | 21.24% | 2.75% |
| Unclassified | 0.15% | 25.70% | 0.04% |
| Attribution Total | **99.73%** | | **14.63%** |

*Avg. Weight excludes cash (0.27%)

## Top Weights [b]

| | Weight | Return | Contribution |
|---|---|---|---|
| Apple Inc | 6.49% | 14.77% | 0.99% |
| Microsoft Corp | 5.57% | 6.03% | 0.34% |
| Amazon.com Inc | 4.68% | 3.44% | 0.17% |
| Facebook Inc A | 2.27% | 4.30% | 0.10% |
| Alphabet Inc A | 1.71% | 19.59% | 0.31% |
| Alphabet Inc Class C | 1.67% | 19.21% | 0.30% |
| Berkshire Hathaway Inc Class B | 1.50% | 8.89% | 0.13% |
| Johnson & Johnson | 1.34% | 6.45% | 0.09% |
| Procter & Gamble Co | 1.21% | 0.67% | 0.01% |
| Visa Inc Class A | 1.17% | 9.55% | 0.12% |

## Top Contributors [b]

| | Weight | Return | Contribution |
|---|---|---|---|
| Apple Inc | 6.49% | 14.77% | 0.99% |
| The Walt Disney Co | 0.83% | 46.02% | 0.37% |
| JPMorgan Chase & Co | 1.12% | 33.19% | 0.35% |
| Microsoft Corp | 5.57% | 6.03% | 0.34% |
| Alphabet Inc A | 1.71% | 19.59% | 0.31% |
| Alphabet Inc Class C | 1.67% | 19.21% | 0.30% |
| Bank of America Corp | 0.68% | 26.60% | 0.18% |
| Amazon.com Inc | 4.68% | 3.44% | 0.17% |
| PayPal Holdings Inc | 0.82% | 18.87% | 0.16% |
| Qualcomm Inc | 0.52% | 30.01% | 0.14% |

## Top Detractors [b]

| | Weight | Return | Contribution |
|---|---|---|---|
| Salesforce.com Inc | 0.78% | -11.46% | -0.09% |
| Amgen Inc | 0.48% | -8.93% | -0.05% |
| NVIDIA Corp | 1.14% | -3.49% | -0.04% |
| The Home Depot Inc | 1.04% | -3.82% | -0.04% |
| Vertex Pharmaceuticals Inc | 0.21% | -13.15% | -0.03% |
| Regeneron Pharmaceuticals Inc | 0.19% | -13.70% | -0.03% |
| S&P Global Inc | 0.29% | -8.66% | -0.03% |
| American Tower Corp | 0.37% | -6.63% | -0.03% |
| Intel Corp | 0.72% | -3.09% | -0.02% |
| Biogen Inc | 0.15% | -13.68% | -0.02% |

*(a) = ishares Russell 3000 ETF*
*(b) = SPDR S&P 500 ETF*

*Data Source for all data in tables: Morningstar Direct*

## INTERNATIONAL EQUITY *(continued)*

International Equity Market Performance

| | Last Quarter | | | Year To Date | | |
|---|---|---|---|---|---|---|
| | Local | USD | Impact Of US Dollar [(a)] | Local | USD | Impact Of US Dollar [(a)] |
| MSCI ACWI Ex USA | 12.65% | 17.08% | 4.43% | 6.46% | 11.13% | 4.67% |
| MSCI Europe | 10.31% | 15.66% | 5.36% | -1.71% | 5.93% | 7.63% |
| MSCI Europe Ex UK | 10.21% | 15.31% | 5.10% | 2.10% | 11.65% | 9.54% |
| MSCI United Kingdom | 10.61% | 16.95% | 6.34% | -13.19% | -10.43% | 2.76% |
| MSCI Pacific Ex Japan | 14.32% | 20.10% | 5.79% | 0.40% | 6.65% | 6.25% |
| MSCI Japan | 12.80% | 15.29% | 2.50% | 9.17% | 14.91% | 5.74% |
| MSCI France | 15.40% | 20.41% | 5.01% | -3.94% | 4.70% | 8.65% |
| MSCI Switzerland | 4.17% | 8.27% | 4.10% | 2.95% | 12.78% | 9.83% |
| MSCI Germany | 6.88% | 11.52% | 4.64% | 3.02% | 12.29% | 9.27% |
| MSCI Canada | 8.87% | 14.14% | 5.28% | 4.35% | 6.21% | 1.86% |
| MSCI China | 10.67% | 11.21% | 0.54% | 28.27% | 29.67% | 1.40% |
| MSCI India | 20.00% | 21.17% | 1.17% | 18.64% | 15.90% | -2.74% |
| MSCI Brazil | 26.32% | 37.08% | 10.76% | 4.76% | -18.87% | -23.63% |
| MSCI Russia | 16.98% | 22.01% | 5.03% | 3.43% | -11.64% | -15.07% |

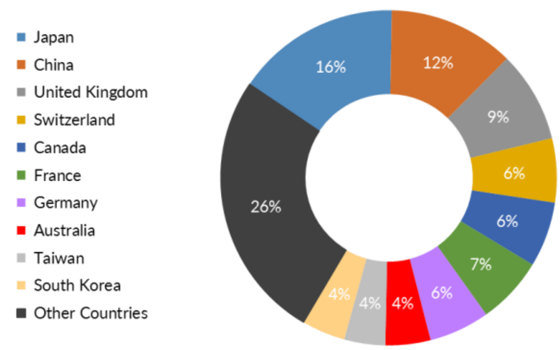
Assumes Gross Reinvestment Of Dividends

*(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.*

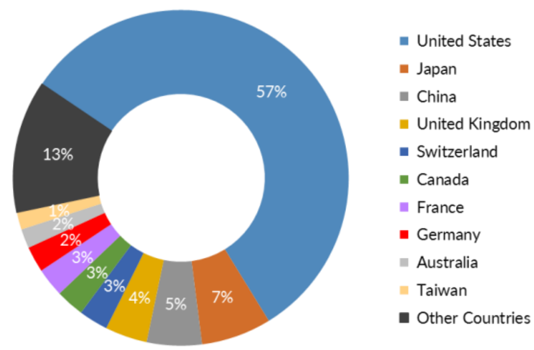
*Data Source: Morningstar*

### Country Weights

MSCI All Country World Index (Ex. USA)




MSCI All Country World Index

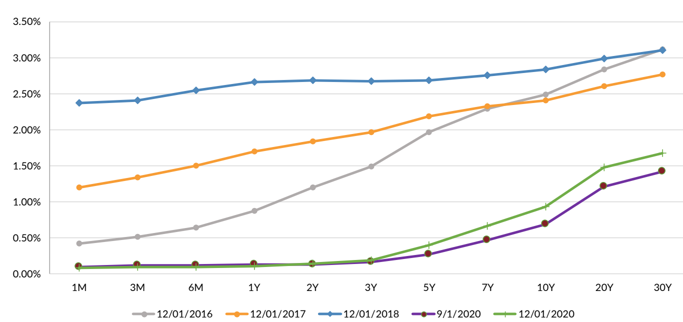



*Data Source: Morningstar and iShares ETFs as the representative index proxies. Weights are average for Q4.*

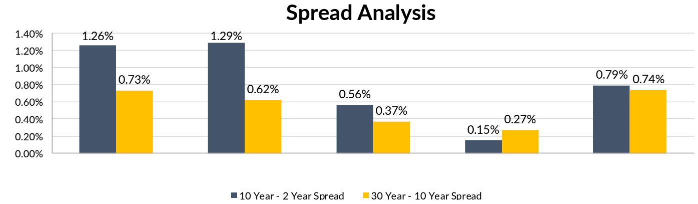
## FIXED INCOME

| Major Market Averages | Q4 2020 | YTD | 1 Year | 3 Year |
|---|---|---|---|---|
| ICE BofAML US 3M Treasury Bill | 0.03% | 0.67% | 0.67% | 1.61% |
| Bloomberg Barclays US Govt/Credit 1-3 Yr | 0.21% | 3.33% | 3.33% | 2.98% |
| Bloomberg Barclays US Govt Interm | -0.22% | 5.73% | 5.73% | 4.10% |
| Bloomberg Barclays US Govt/Credit Interm | 0.48% | 6.43% | 6.43% | 4.67% |
| Bloomberg Barclays US Govt/Credit | 0.82% | 8.93% | 8.93% | 5.97% |
| Bloomberg Barclays US Agg Interm | 0.42% | 5.60% | 5.60% | 4.37% |
| Bloomberg Barclays US Agg Bond | 0.67% | 7.51% | 7.51% | 5.34% |
| Bloomberg Barclays Global Agg Bond | 3.28% | 9.20% | 9.20% | 4.85% |
| Bloomberg Barclays US Treasury | -0.83% | 8.00% | 8.00% | 5.19% |
| Bloomberg Barclays US Treasury US TIPS | 1.62% | 10.99% | 10.99% | 5.92% |
| Bloomberg Barclays US Corporate IG | 3.05% | 9.89% | 9.89% | 7.06% |
| Bloomberg Barclays High Yield Corporate | 6.45% | 7.11% | 7.11% | 6.24% |
| Bloomberg Barclays Municipal | 1.82% | 5.21% | 5.21% | 4.64% |
| Bloomberg Barclays Municipal 7 Yr 6-8 | 1.27% | 5.11% | 5.11% | 4.48% |
| **Credit Quality** | | | | |
| B of A/Merril Lynch US Corporate AAA | 1.55% | 12.24% | 12.24% | 7.98% |
| B of A/Merril Lynch US Corporate AA | 1.77% | 9.47% | 9.47% | 6.45% |
| B of A/Merril Lynch US Corporate A | 2.07% | 9.81% | 9.81% | 6.74% |
| B of A/Merril Lynch US Corporate BBB | 3.97% | 9.76% | 9.76% | 7.33% |
| B of A/Merril Lynch US Corporate BB | 5.74% | 8.62% | 8.62% | 7.03% |
| B of A/Merril Lynch US Corporate B | 5.72% | 3.66% | 3.66% | 5.29% |
| B of A/Merril Lynch US Corp. CCC & Lower | 12.19% | 2.86% | 2.86% | 2.46% |

### Yield Curve




### Spread Analysis




*Data Source: Federal Reserve; LAMCO Advisory*

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