

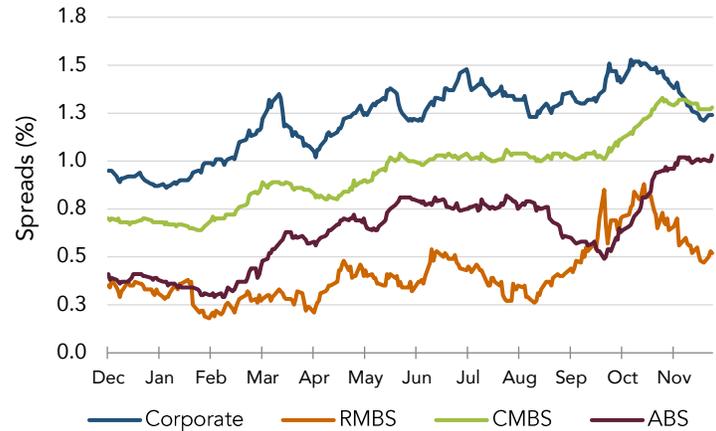


MARKET COMMENTARY

- US Treasury yields beyond 2 years rallied significantly in November in response to softer than expected inflation data. Market participants are now anticipating that the Fed will slow its pace of tightening, with a target rate increase of 50 basis points at the December meeting. Strong retail sales indicated that consumer balance sheets remain strong despite the decline in purchasing power. The unemployment rate increased slightly to 3.7%, but the labor market continued to show resilience, adding more jobs than economists anticipated.
- The tone for corporate credit during November was decidedly risk-on. Long anticipated issuance to fund M&A that was an overhang in the market finally came, reducing investor concerns about supply outstripping demand. Across corporate credit sub-sectors, the combination of softer inflation data and the overall attractiveness of yields enticed buyers from the sidelines and caused spreads to tighten.
- The securitized sub-sectors produced mixed results during the month. RMBS was the star performer, as fears of the Fed selling down its balance sheet of RMBS holdings abated, driving spreads meaningfully tighter.
- CMBS spreads stabilized after underperforming corporate credit during October. Overall issuance remained light, but the primary market remains open. CMBS credit curves steepened as recession concerns continued to grow and the market adjusted to higher financing rates.
- ABS spreads widened due to increased supply and ongoing concerns about the potential effects of a recession on US consumer fundamentals.

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SPREADS TO TREASURIES



Source: Bloomberg

TREASURY YIELD CHANGES

	YTM	Change From Previous Month
3 Month	4.32%	+0.26%
1 Year	4.69%	+0.08%
2 Year	4.31%	-0.17%
3 Year	4.05%	-0.39%
5 Year	3.74%	-0.49%
10 Year	3.61%	-0.44%
30 Year	3.74%	-0.43%

Source: Bloomberg

BLOOMBERG SECTOR PERFORMANCE

	Total Return MTD	Excess Return* MTD	YTM
Corporates	5.18%	2.11%	5.31%
Financials	4.36%	2.01%	5.50%
Industrials	5.57%	2.18%	5.20%
Utilities	5.83%	2.03%	5.32%
RMBS	4.08%	1.35%	4.59%
CMBS	2.63%	0.52%	5.25%
ABS	0.99%	-0.08%	5.36%
Agencies	1.62%	0.18%	4.50%

*Month-to-date performance of spread bearing bonds versus duration-matched Treasuries