

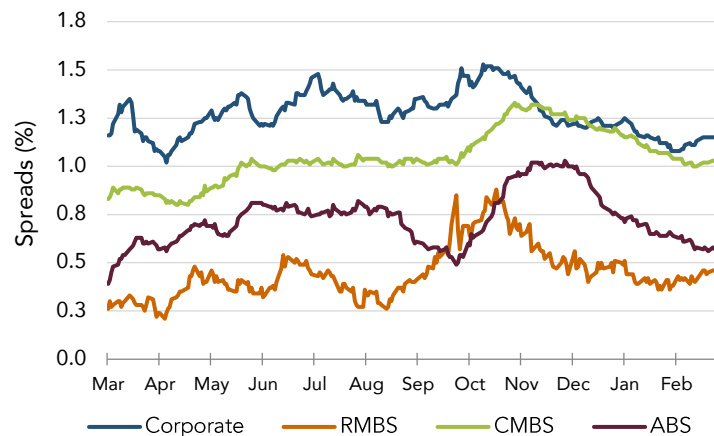


MARKET COMMENTARY

- US Treasury yields rose in February due to stronger than expected economic data and hawkish signaling by the Fed. As anticipated, the Fed increased its target rate by 25 basis points (bps) on February 1st. Early in the month, a hotter than expected jobs report sent yields higher. The move higher was supported by subsequent data releases for inflation and retail sales. The 2 Year Treasury yield surpassed its 2022 high watermark.
- Corporate credit spreads ended the month modestly wider. Relative to January, sentiment was risk-off, but the many willing buyers of Investment Grade fixed income helped hold spreads steady, particularly inside 5 years. Utility spreads widened the most. Industrial spreads also widened, as large new deals came in both the consumer non-cyclical and technology subsectors. Financial spreads widened the least, supported by a relative decrease in issuance, specifically by banks.
- ABS spreads tightened during the month as investors continued to demonstrate strong demand for proven, high quality, short duration paper. Year-to-date issuance has been healthy, but is still lower year-over-year, further supporting valuations.
- Non-Agency CMBS spreads also tightened, demonstrating their typical relationship of lagging corporate credit spreads, which tightened last month. Year-to-date Non-Agency issuance has been very light. Subsectors where market participants believe there are more idiosyncratic risks, such as office and retail, were laggards in the spread rally.
- RMBS was the worst performing securitized subsector during February, as increased interest rate volatility weighed on returns.

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SPREADS TO TREASURIES



Source: Bloomberg

TREASURY YIELD CHANGES

	YTM	Change From Previous Month
3 Month	4.77%	+0.13%
1 Year	4.98%	+0.32%
2 Year	4.82%	+0.62%
3 Year	4.53%	+0.63%
5 Year	4.18%	+0.57%
10 Year	3.92%	+0.41%
30 Year	3.92%	+0.28%

Source: Bloomberg

BLOOMBERG SECTOR PERFORMANCE

	Total Return MTD	Excess Return* MTD	YTM
Corporates	-3.18%	-0.54%	5.51%
Financials	-2.41%	-0.24%	5.63%
Industrials	-3.53%	-0.68%	5.45%
Utilities	-3.93%	-0.81%	5.49%
RMBS	-2.64%	-0.29%	4.76%
CMBS	-1.87%	0.24%	5.37%
ABS	-0.85%	0.26%	5.30%
Agencies	-1.36%	0.05%	4.90%

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