

Presented 12/02/2020

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2021 Fixed Income Outlook

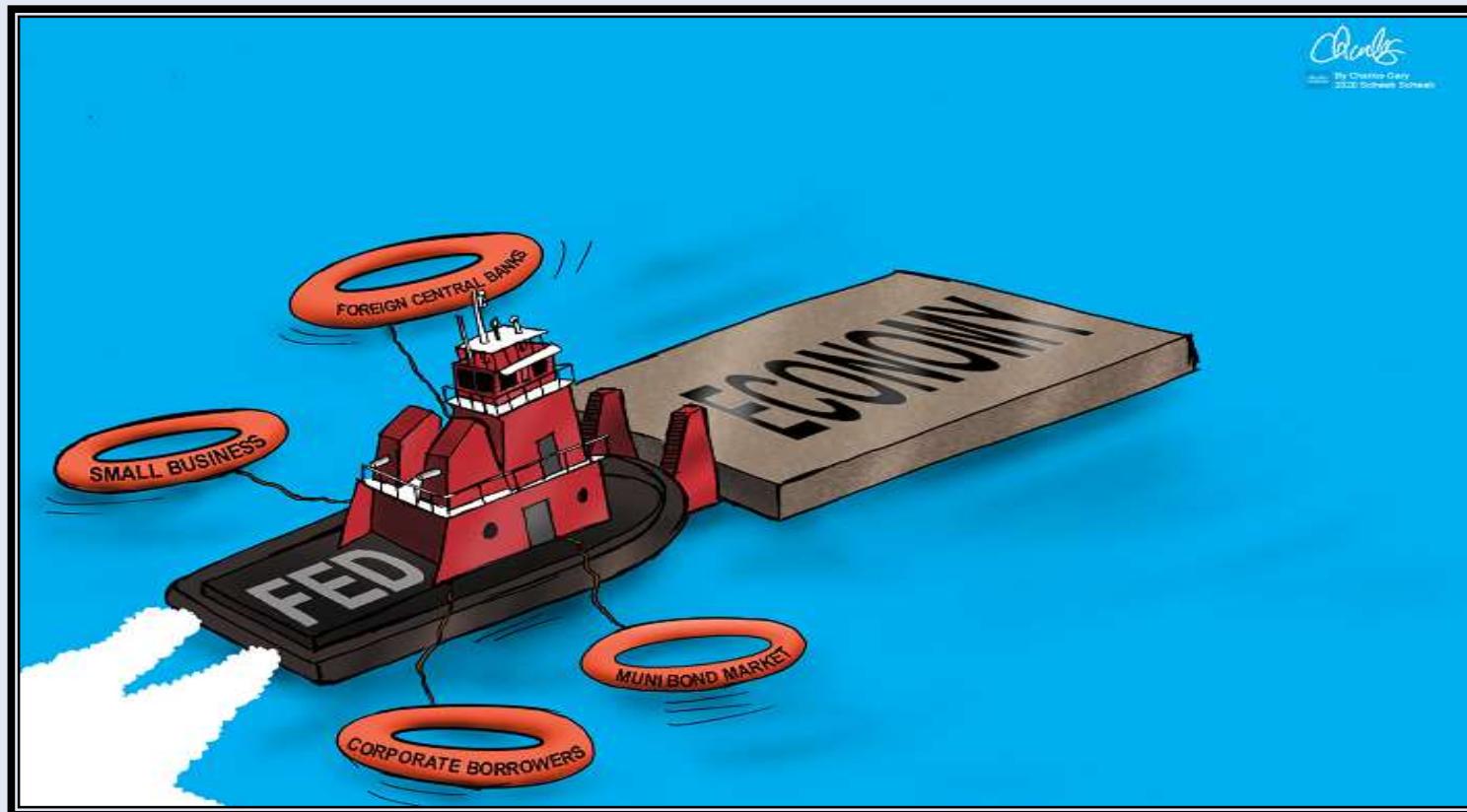
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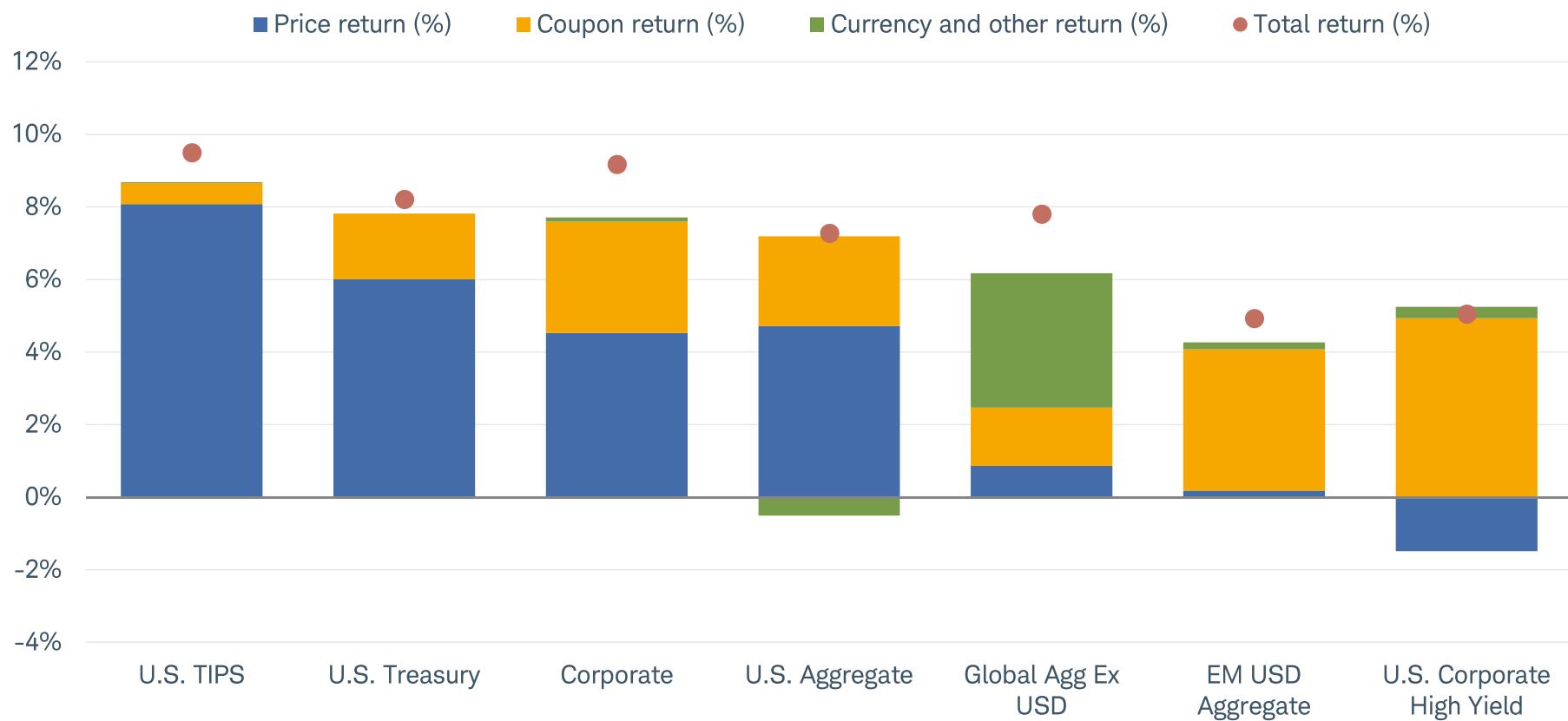
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The Fed has been the major force in pushing the economy forward

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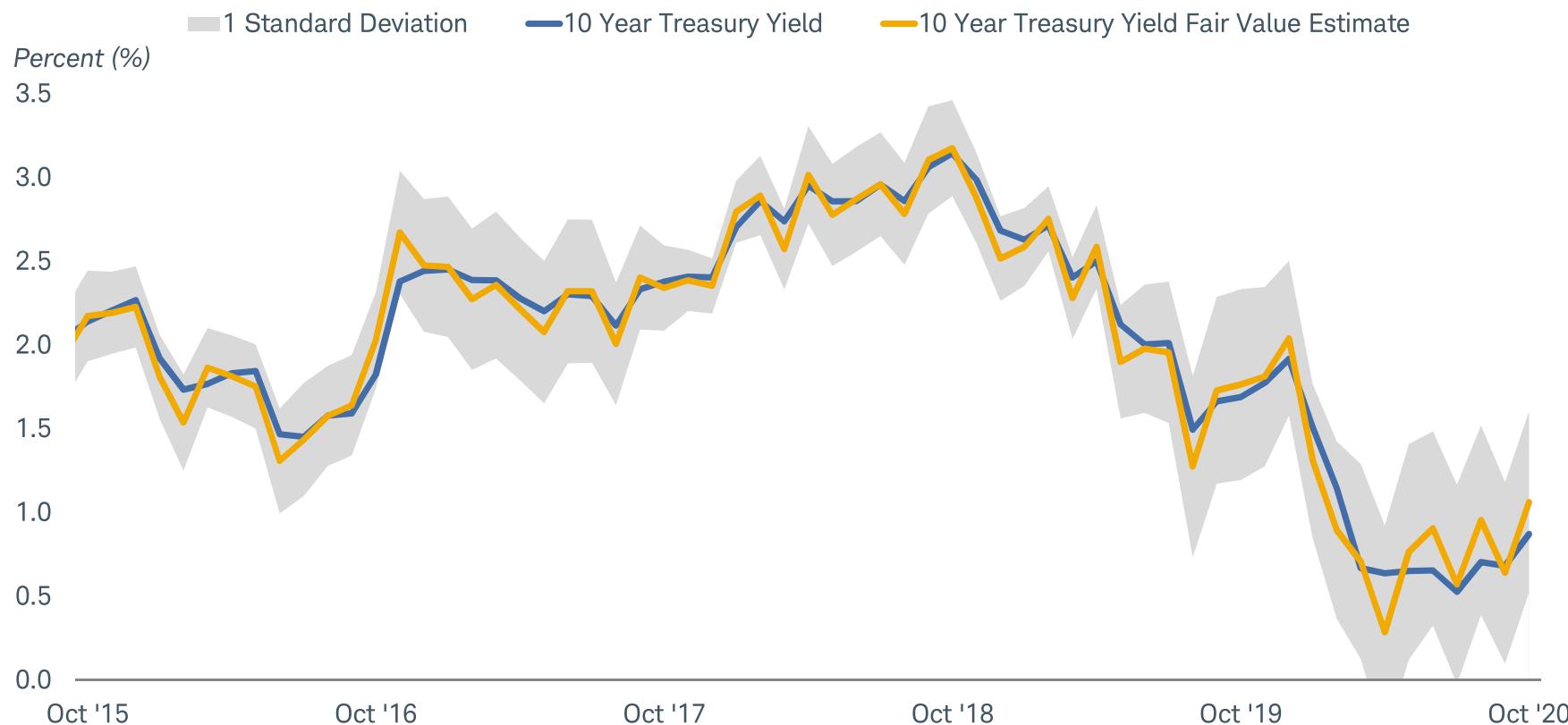
Total returns for fixed income asset classes



Source: Bloomberg. Year to date total return as of 11/27/2020. Indexes used: Barclays U.S. Treasury TIPS Total Return Index (U.S. TIPS), Barclays U.S. Treasury Index (U.S. Treasury), Barclays Corporate Bond Total Return Index (Corporate), Barclays U.S. Aggregate Bond Total Return Index (U.S. Aggregate), Barclays Int'l Developed Bonds (ex-USD) Total Return Index (Global Agg Ex USD), Barclays Emerging Market Bond (USD) Total Return Index (EM USD Aggregate), U.S. Corporate High Yield (U.S. Corporate High Yield). **Past performance is no guarantee of future results.**

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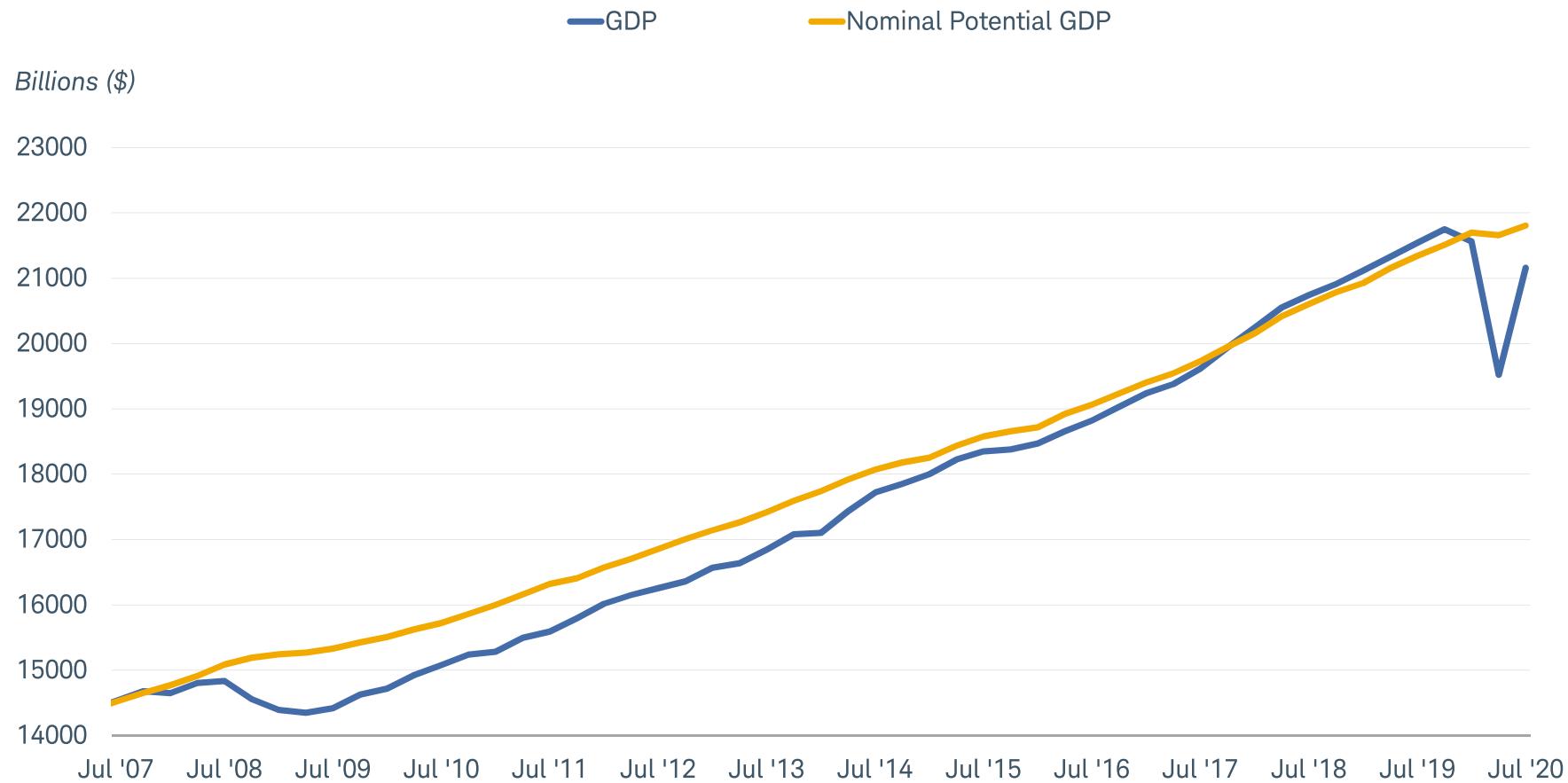
The 10-year Treasury yield is likely to move within a range of 0.5% to 1.6%



Source: Bloomberg. 10 Year Treasury Yield and a Proprietary Multifactor Fair Value Model of the 10 year Treasury, using JPMorgan Global PMIs, Inflation Swaps, and the Term Premium. (USGG10YR Index, MPMIGLMA Index, FWISUS55 Index, ACMT10 Index). Using monthly data as of 10/31/2020. Past performance is no guarantee of future results.

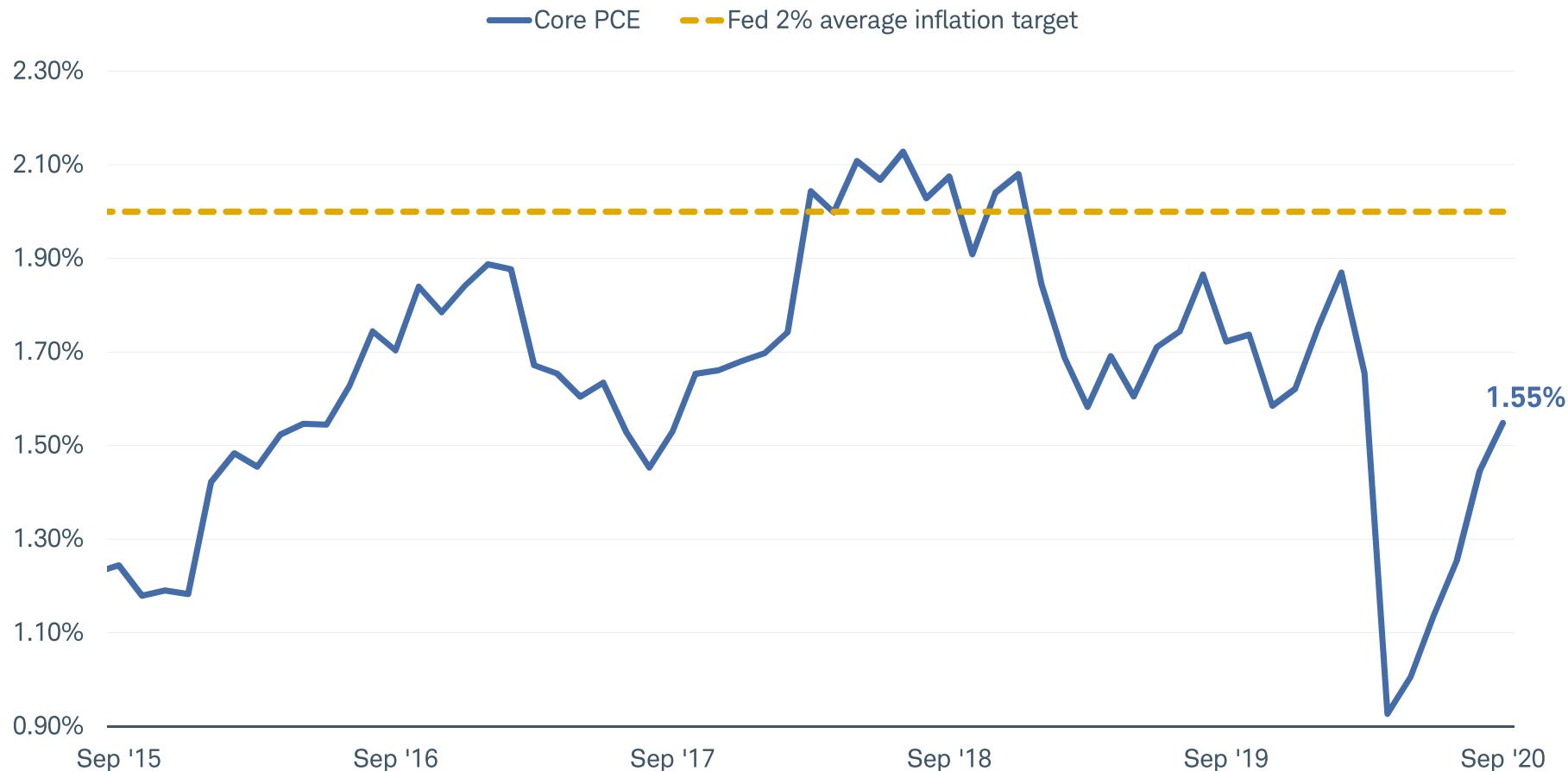
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Output Gap: GDP growth has fallen far below potential



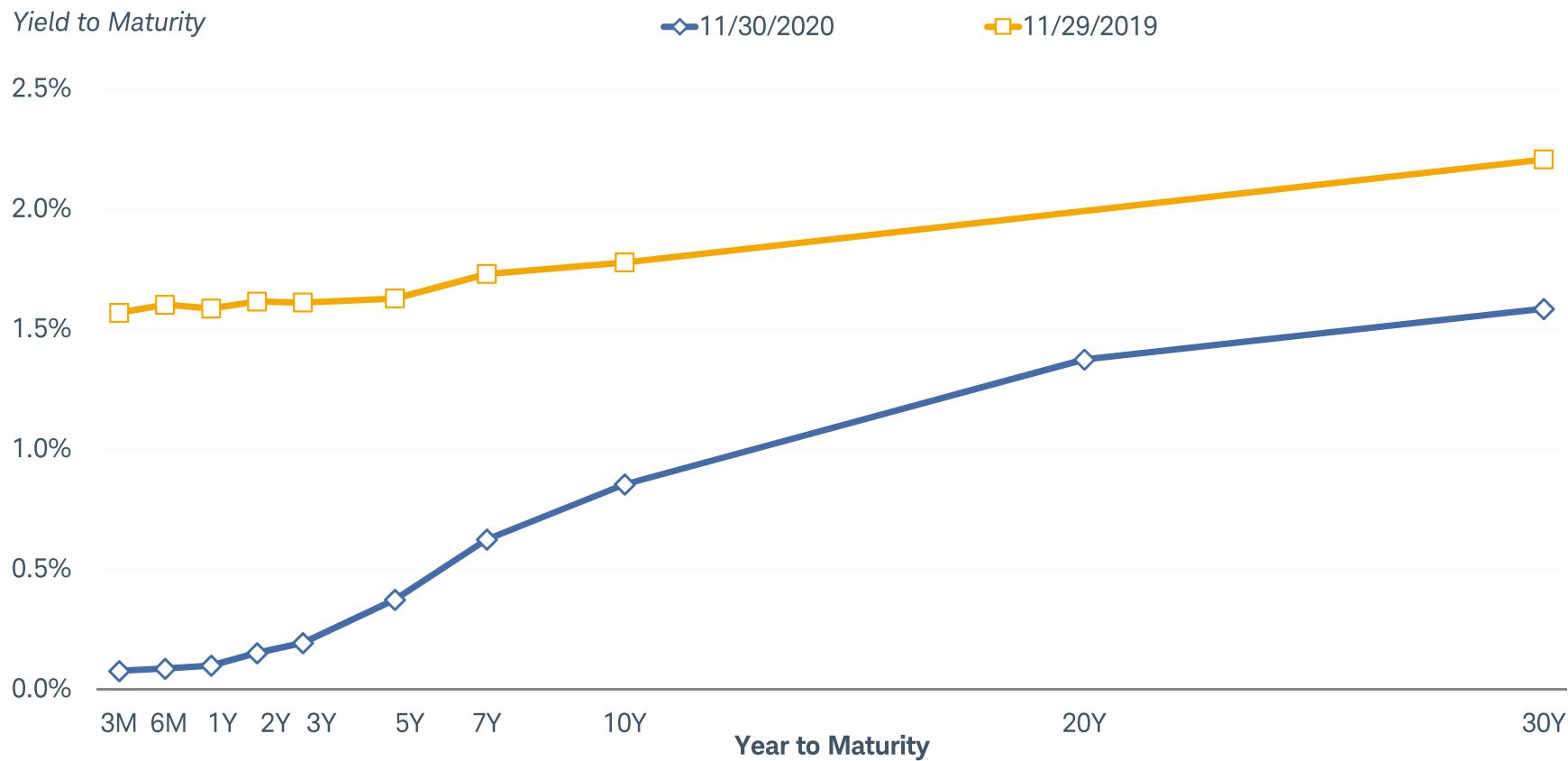
Source: U.S. Bureau of Economic Analysis, Gross Domestic Product (GDP) and U.S. Congressional Budget Office. Nominal Potential Gross Domestic Product (NGDPPOT) and Gross Domestic Product. Quarterly data as of Q3-2020.

Core PCE far below the Fed 2% target



Source: Bloomberg. U.S. Personal Consumption Expenditure Core Price Index (PCE CYOY Index). Monthly data as of 9/30/2020.

Treasury yields are lower, but the yield curve is steeper



Source: Bloomberg, data as of 11/30/2020 and 11/29/2019. Past performance is no guarantee of future results.

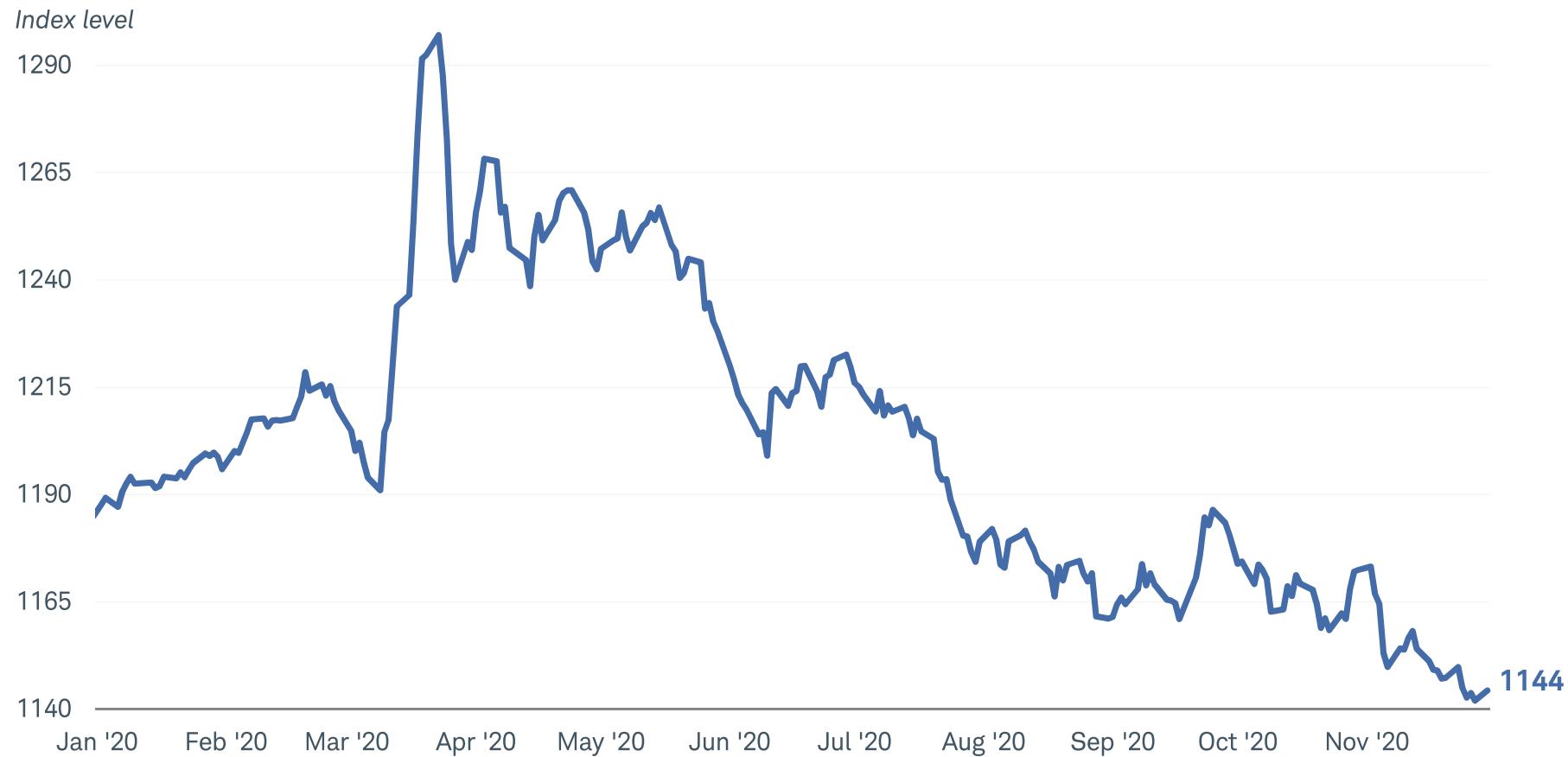
TIPS breakeven rates are below the Fed's 2% inflation target



Breakeven inflation is the difference between the nominal yield on a fixed-rate investment and the real yield (fixed spread) on an inflation-linked investment of similar maturity and credit quality.
Source: Bloomberg, Daily rates as of 11/30/2020.

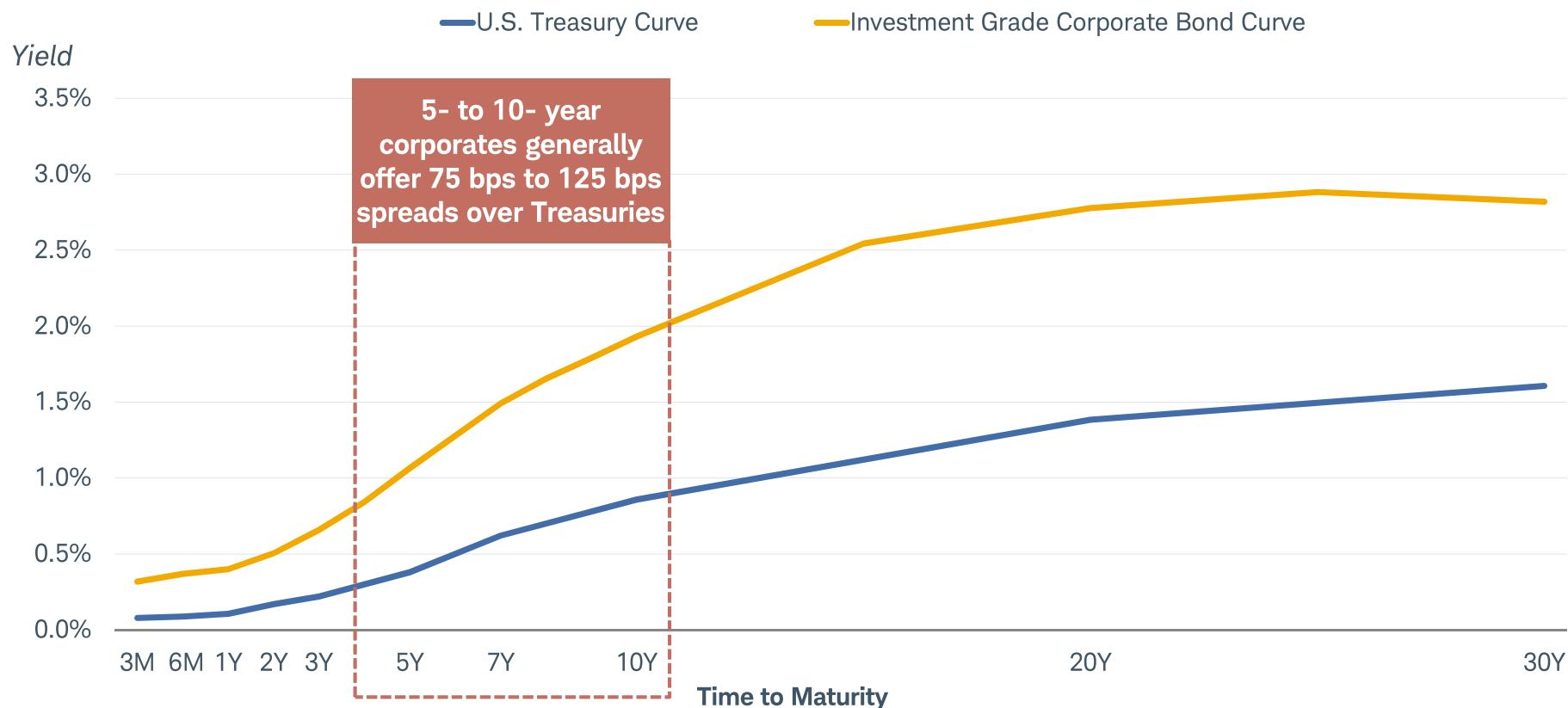
The U.S. Dollar has dropped from its highs

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Source: Bloomberg, using daily data as of 11/30/2020. Bloomberg Dollar Spot Index (BBDXY Index). Past performance is no guarantee of future results.

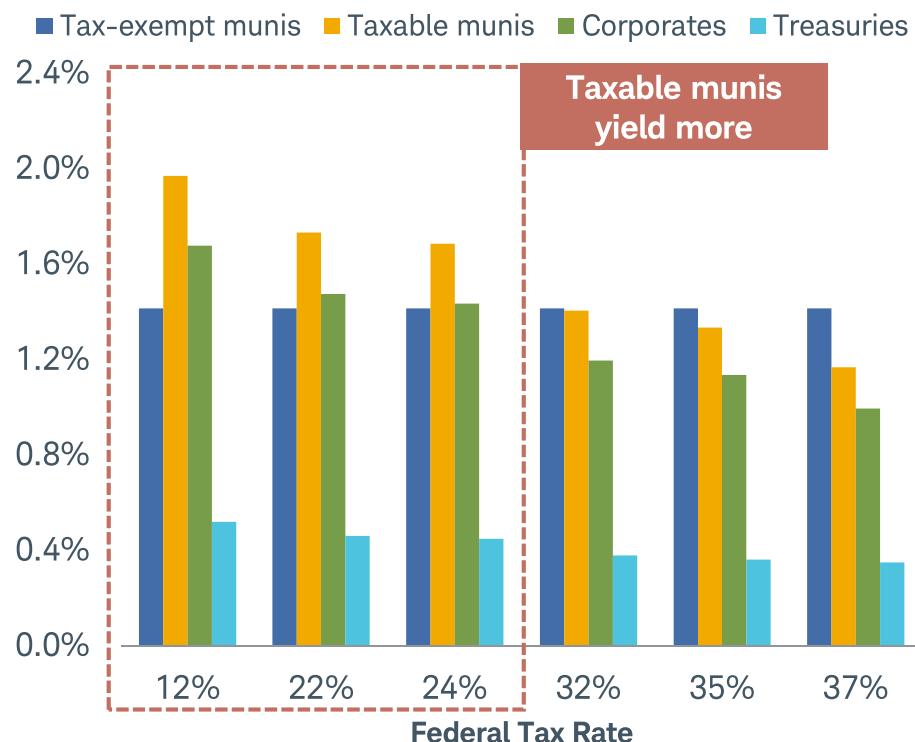
Intermediate-term IG corporates are attractive



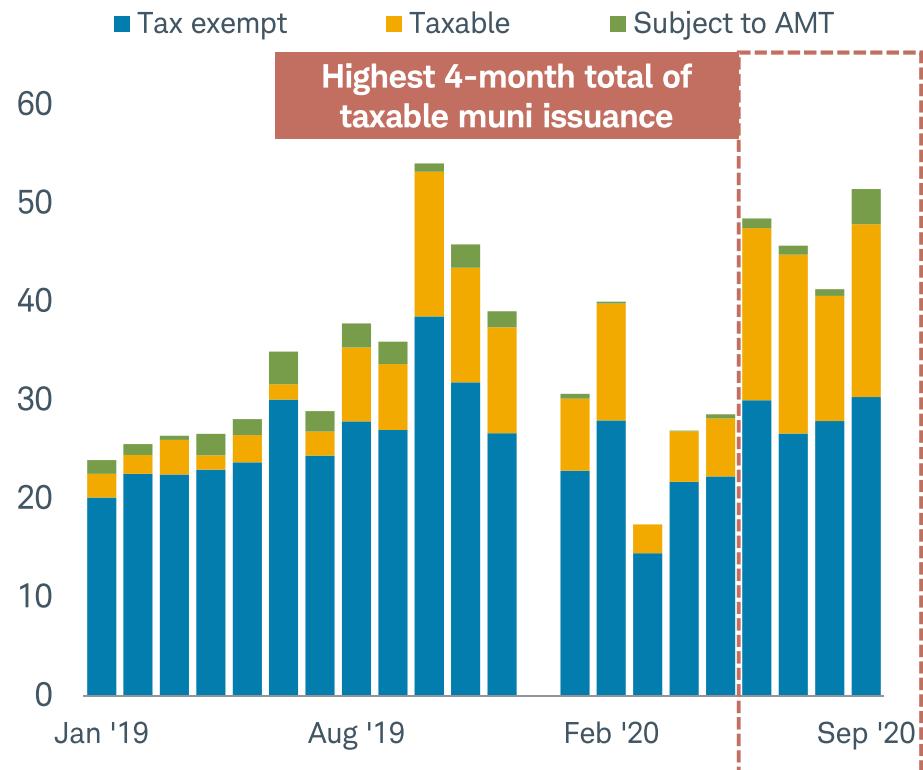
Source: Bloomberg, as of 11/27/2020. US Treasury Actives Curve and USD US Corporate IG BVAL Yield Curve (BVSC0076 Index).

Taxable municipal bonds can present an area of opportunity

After-tax yield to worst (%)



Issuance (billions \$)



Source: Bloomberg Barclays Indices. As of 10/22/2020. Corporates and taxable munis assume an additional 5% state income tax and 3.8% ACA tax for the 32% and above brackets. Treasuries assume a 3.8% ACA tax for the 32% and above brackets. Difference in yields may be due to index characteristics such as duration, maturity, or credit quality. Past performance is no guarantee of future results.

Public debt as a percent of GDP and Core inflation by decade

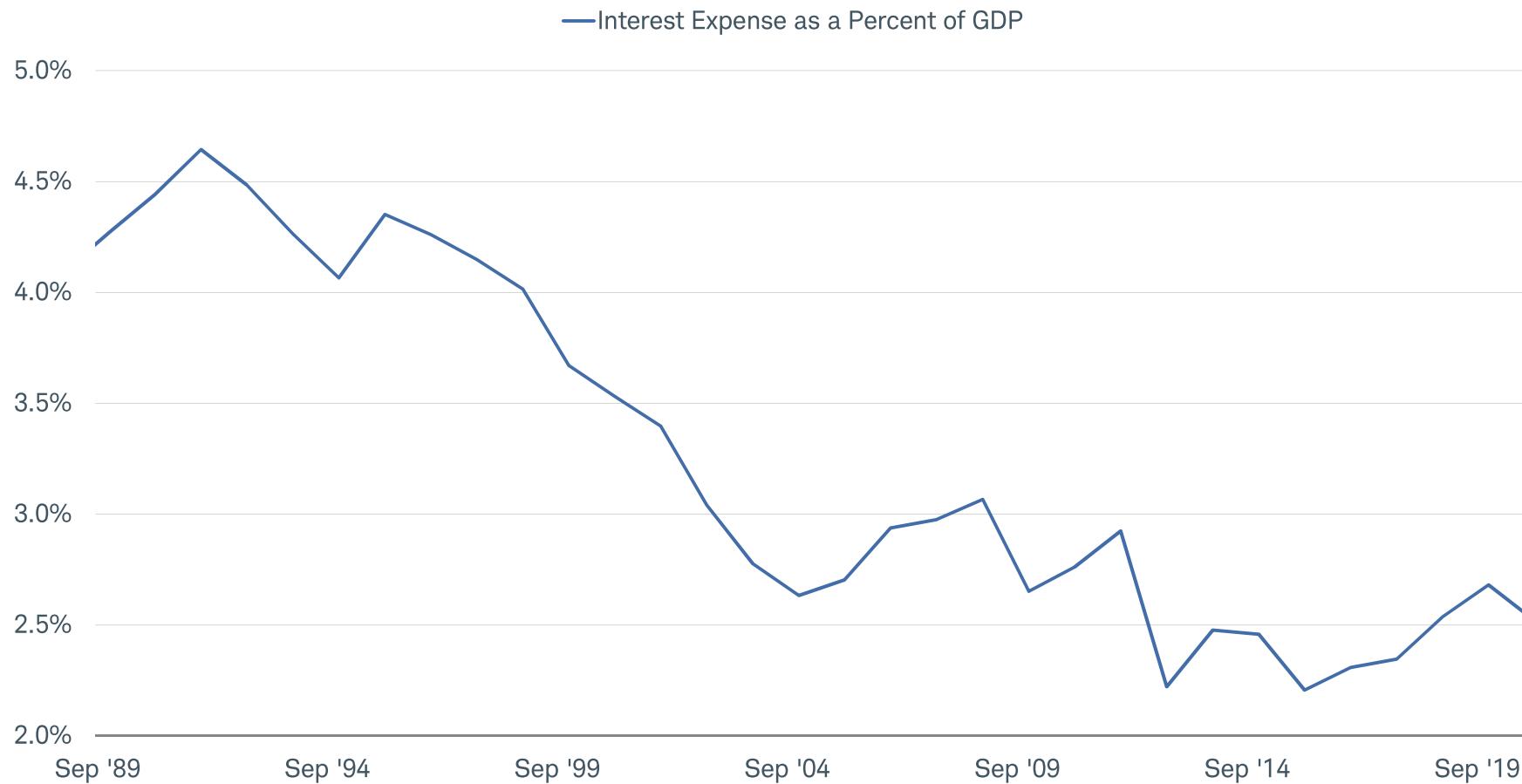
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Source: Bloomberg. U.S. public debt as a percent of GDP and Core PCE YoY (FDTGATPD Index, PCE CYOY Index). Quarterly data as of 9/30/2020.

Net interest costs as a percentage of GDP

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Note: Nominal GDP for 2020 and is represented by an average for the year.

Source: Bloomberg. U.S. Treasury Interest Expense and Nominal U.S. GDP (FDEBINTR Index, GDP CUR\$). Annual data as of 12/31/2020.

Disclosures

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Disclosures

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Index Definitions

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Bloomberg Barclays U.S. Aggregate Index (US Aggregate) represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. The Bloomberg Barclays U.S. Aggregate Index (“**Core Bonds**”) represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The following indexes are a component of the Bloomberg Barclays U.S. Aggregate Index: Bloomberg Barclays U.S. Aggregate 1-3 Years Bond Total Return Index (**Short-term core**), Bloomberg Barclays U.S. Aggregate 5-7 Years Bond Total Return Index (**Intermediate-term core**), Bloomberg Barclays U.S. Aggregate 10+ Years (**Long-term core**).

Bloomberg Barclays U.S. Corporate Bond Index (IG corporates) covers the USD-denominated investment grade, fixed-rate, taxable corporate bond market. Securities are included if rated investment-grade (Baa3/BBB-/BBB-) or higher using the middle rating of Moody's, S&P, and Fitch. This index is part of the U.S. Aggregate.

Bloomberg Barclays U.S. Corporate High-Yield Bond Index (HY corporates) covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

Bloomberg Barclays Municipal Bond Index (Municipals) is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays Global Aggregate ex USD Bond Index (Int'l developed (x USD) provides a broad-based measure of the global investment-grade fixed-rate debt markets. The two major components of this index are the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. MBS Index (MBS) covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays Emerging Markets USD Index (EM USD) includes USD-denominated debt from emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. As with other fixed income benchmarks provided by Barclays, the index is rules-based, which allows for an unbiased view of the marketplace and easy replicability. Barclays International: Sovereign Index is a sub index.

Bloomberg Barclays U.S. Treasury Bond Index (Treasuries) includes all public obligations of the U.S. Treasury, excluding foreign-targeted issues.

Bloomberg Barclays Global Aggregate ex USD Bond Index (Int'l developed (ex USD) provides a broad-based measure of the global investment-grade fixed-rate debt markets. The two major components of this index are the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Ibbotson US Intermediate Term Government Bond Index Measures the performance of five-year maturity U.S. Treasury bonds. It is an unweighted (equal-weight) index.