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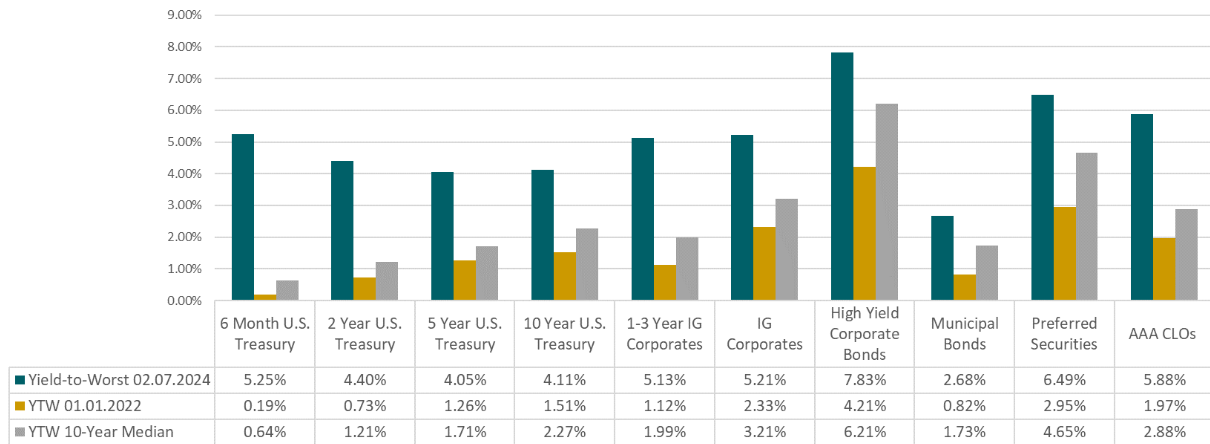
The Year of the Bond



	6 Month U.S. Treasury	2 Year U.S. Treasury	5 Year U.S. Treasury	10 Year U.S. Treasury	1-3 Year IG Corporates	IG Corporates	High Yield Corporate Bonds	Municipal Bonds	Preferred Securities	AAA CLOs
Yield-to-Worst 02.07.2024	5.25%	4.40%	4.05%	4.11%	5.13%	5.21%	7.83%	2.68%	6.49%	5.88%
YTW 01.01.2022	0.19%	0.73%	1.26%	1.51%	1.12%	2.33%	4.21%	0.82%	2.95%	1.97%
YTW 10-Year Median	0.64%	1.21%	1.71%	2.27%	1.99%	3.21%	6.21%	1.73%	4.65%	2.88%

- Interest rate volatility has remained elevated to start the year as market expectations about the timing and magnitude of rate *cuts* from the Federal Reserve (Fed) shift based on economic data and comments from Fed officials.

- Despite the day-to-day volatility, bond valuations are attractive with yields near significantly about the median level over the past 10 years.

- Starting yields, which historically are highly correlated with returns over the next 3-5 years, offer both attractive levels of income and resiliency across various economic scenarios.

- While yield levels today are similar to the start of 2023, we are now approaching a rate-cutting cycle, versus at the start of last year when the Fed was still *hiking* its policy rate, making it an even more favorable environment for bonds.

- With rate cuts on the horizon, it is a good time for investors to consider moving out of short-dated Treasury bills or money market funds to lock in higher yields in bonds with 2-7 years to maturity.

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