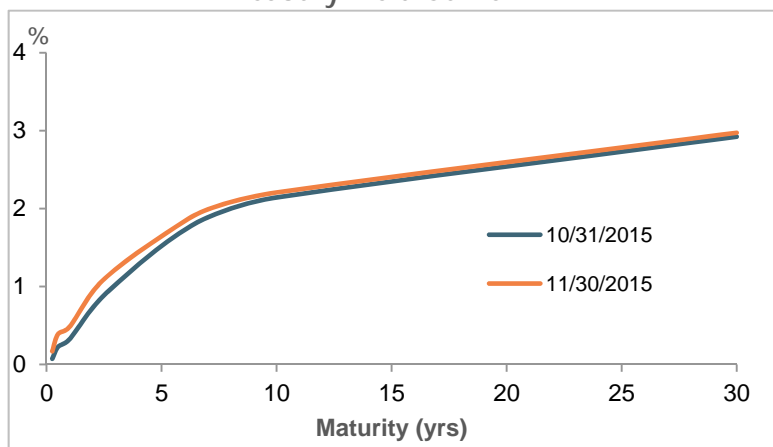


MARKET NEWS

- Short-term Treasury rates closed higher in November as market participants braced for the Federal Reserve (Fed) to potentially hike rates for the first time in 7 years at this month's policy meeting
 - Investors sold short-dated Treasuries in an effort to reduce the negative impact of higher rates, and the 5-year yield increased 0.13% to 1.65%¹
- Longer-dated Treasuries remained more stable as expectations that the European Central Bank will continue to increase monetary stimulus drove foreign demand for US debt out the curve
 - US yields remained attractive relative to other high-quality global rates; for instance, the 30-year Treasury yield closed at 2.97% versus 1.33% for the 30-year German bund¹
- The US economy grew at a faster pace than initially reported in the third quarter as businesses invested in more inventory than was first estimated – US Gross Domestic Product (GDP) grew 2.1% versus a preliminary estimate of 1.5%¹
- Minutes from October's Fed meeting revealed that committee members discussed raising rates in December as long as labor market conditions remained stable
 - The monthly employment report beat economist expectations, and the futures market is now pricing in a nearly 80% probability of a rate hike at this month's meeting¹
- The corporate primary market experienced another month of strong supply, with nearly \$90 billion printing ahead of the Thanksgiving Holiday²
 - Despite strong demand for new deals, investors also illustrated greater selectivity – the telecommunication firm Vodafone was forced to pull a deal from the market as investors called for higher spread and stronger provisions
- The consistent theme of corporate consolidation activity in 2015 continued as pharmaceutical companies Pfizer and Allergan announced plans to merge
 - The deal would be the largest pharmaceutical transaction ever with a combined enterprise value of \$160 billion¹
- Agency mortgage-backed securities outperformed Treasuries as economic reports indicated strength in the housing market – new home sales rose 11% to a 495,000 annual rate in October¹
- The municipal market posted positive results on the month, drawing strong demand given attractive yields relative to Treasury equivalents – the 30-year municipal/Treasury ratio closed the month at 105%¹

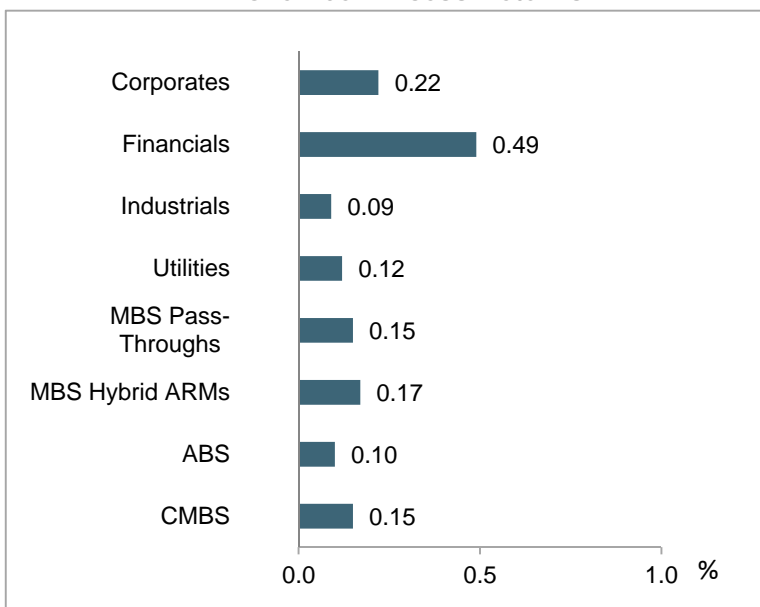
MARKET STATISTICS

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
11/30/2015	0.93	1.65	2.21	2.97
MTD Change	0.21	0.13	0.06	0.05

November Excess Returns^{2*}



As Of: 11/30/15. Sources: 1. Bloomberg 2. Citigroup

*Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.

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