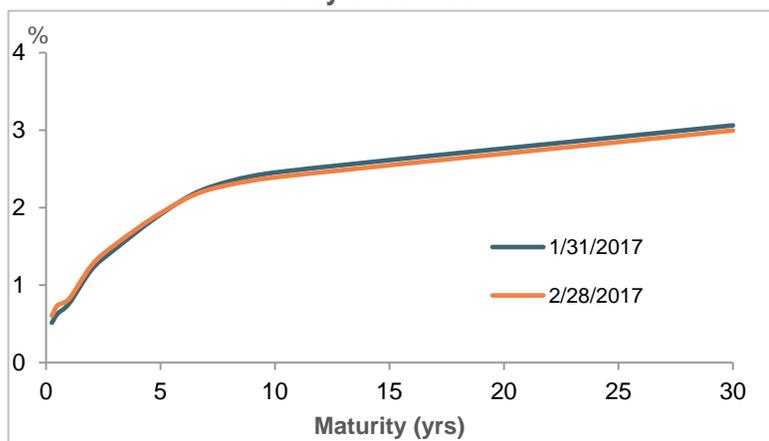


MARKET NEWS

- The Federal Reserve left rates unchanged at the Committee’s first meeting of 2017, but highlighted significant progress toward the goals of low unemployment and stable prices¹
 - The market-implied probability for a March rate hike gradually rose from 30% to 50% over the month, then jumped to 80% following yesterday’s relatively hawkish Fed speeches
- Despite encouraging economic reports, heightened geopolitical risk and domestic policy uncertainty drove increased volatility and a flattening of the Treasury curve¹
 - The 2-year Treasury yield rose 5bps to 1.26%, and the 30-year Treasury yield fell 6bps to 3.00%
- Investment-grade corporate issuers priced \$88 billion, which was in line with expectations and significantly lower than January’s onslaught of \$170 billion²
 - Despite robust year-to-date issuance, heavy subscription levels supported the market and pushed February’s average new issue concessions into negative territory
- Positive corporate market technicals, strong equity performance, and optimistic investor sentiment benefitted corporate spreads, which tightened 6bps to 115bps¹
 - Corporate spreads rallied 100bps year-over-year, since the peak of the energy sector weakness and are trading at a level the market hasn’t seen since 2014
- Securitized sectors underperformed corporates due to their lower correlation with equities coupled with the increased volatility in Treasury rates³
 - Commercial mortgage-backed securities weakened, most notably in lower-quality issues, on the heels of negative retail headlines and increased trading volume
- Municipal supply underwhelmed the market and the sector performed roughly in line with Treasuries¹
 - Fund flows remained positive, which supported the market and mitigated some of the weakness driven by concerns around potential new tax policies

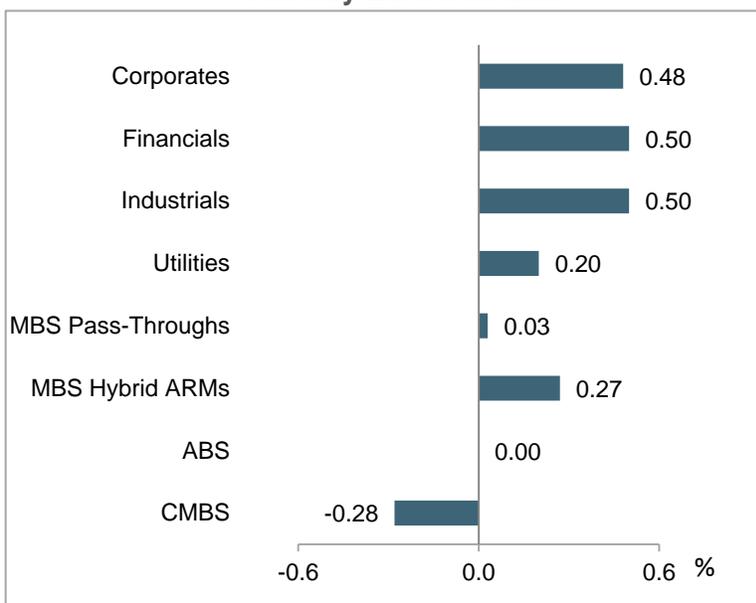
MARKET STATISTICS

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
2/28/2017	1.26	1.93	2.39	3.00
MTD Change	0.05	0.02	-0.06	-0.06

February Excess Returns^{1*}



As of: 2/28/17. Sources: 1. Bloomberg Barclays 2. Citigroup 3. BofA Merrill Lynch

*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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