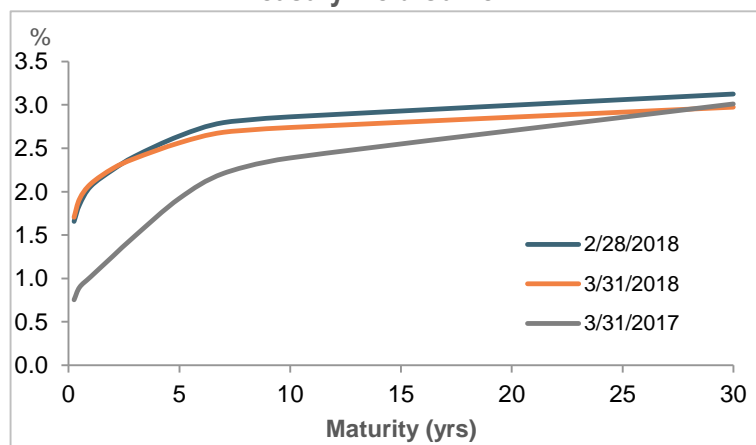


MARKET NEWS

- The Federal Reserve (Fed) voted to hike rates at its March meeting, raising the Federal Funds target range a quarter-point, from 1.25-1.50% to 1.50-1.75%¹
 - The implied-market probability for at least two and three additional hikes before year-end is 71% and 32%, respectively, after moving approximately 3% lower during the month
- Risk markets sold off and Treasury rates declined across the curve except for the front end, where yields rose modestly¹
 - Front-end rates have been under pressure as Treasury bill issuance surged, and LIBOR climbed above 2% for the first time since 2008 and closed the month at 2.31%
- Investment-grade corporate supply was solid, as issuers priced just over \$110 billion, led by a \$40 billion deal that CVS priced to fund its purchase of Aetna²
 - Year-to-date issuance of \$325 billion is about 10% behind last year's pace; technology issuers have priced only \$2.75 billion, as many firms are repatriating cash rather than issuing debt
- Geopolitical tensions led to equity market weakness, which spilled over to the investment-grade corporate market, where spreads widened and performance was weak¹
 - Investment-grade spreads closed at 109bps, 13bps and 16bps wider on the month and year, respectively
 - High-yield spreads ended February at 354bps, 18bps and 11bps wider on the month and year, respectively
- Securitized sectors were largely insulated from spread widening and outperformed corporates, but modestly underperformed Treasuries given the fall in yields during the month¹
 - The commercial mortgage-backed securities (CMBS) sector produced the weakest excess returns among securitized sectors, as increased supply and concerns regarding the retail space weighed on performance
- Municipals underperformed Treasuries during the month as supply remained subdued and retail fund inflows persisted¹
 - The 10-year municipal/Treasury ratio increased 4% to 91%

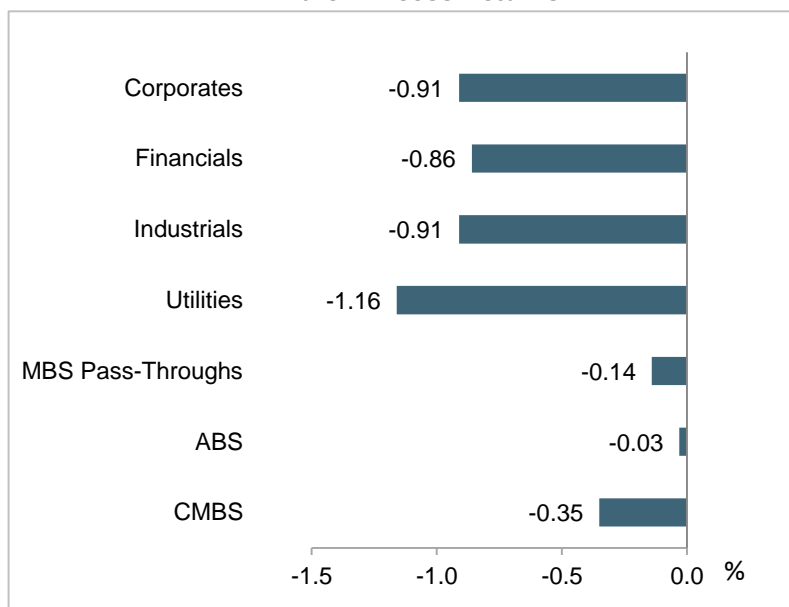
MARKET STATISTICS

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
3/31/2018	2.27	2.56	2.74	2.97
MTD Change	0.02	-0.08	-0.12	-0.16

March Excess Returns^{1*}



As of: 3/31/18. Sources: 1. Bloomberg Barclays 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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