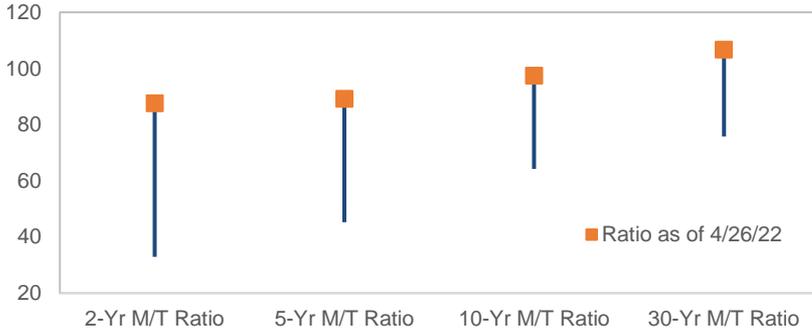


Municipal Market Update

- Except for four days in March 2020, after-tax yields for shorter-dated municipal bonds have reached their highest levels since November 2008.
- Investors pulled an estimated \$3.5 billion from municipal bond funds the week of April 20th. Last week's outflow marked the 10th consecutive week of redemptions.
- The municipal bond market ended the first quarter with a 6.4% loss – its worst quarter in approximately 40 years.

Muni/Treasury Ratios Are Generally Attractive Across the Curve



- In 1Q22, taxable municipals' excess returns underperformed those of corporates, non-corporates, and CMBS.

	Corps	Non-Corps	CMBS	Taxable Munis	Long Taxable Munis
1Q22 Excess Returns	-1.45	-0.41	-0.58	-1.99	-2.21

- Yields continue to rise markedly across the rating spectrum.

Index Yield Tracker

Avg Yield	1-2 Yrs	3-5 Yrs	5-7 Yrs	7-10 Yrs	10-20 Yrs	20-30 Yrs	30+ Yrs
AAA	2.15	2.45	2.56	2.71	3.18	3.58	3.70
AA	2.14	2.50	2.63	2.78	3.24	3.68	3.80
A	2.39	2.74	2.96	3.07	3.46	3.87	3.93
BBB+	2.43	2.90	3.15	3.36	3.68	3.98	4.06

Economic Environment

- The Federal Reserve (Fed) is expected to raise interest rates a half point when it meets on May 3rd and 4th. According to Fed Chair Jerome Powell, with inflation running high, it is appropriate to move quickly.
- Rising rates may be welcome news for municipal bond investors. Looking back as far as 1994, in all but two of 12 rising rate environments, municipal bonds have outperformed relative to Treasuries and corporates.



Year-Over-Year Yield Change of the Bloomberg 10 Year US Treasury Index

204bp	84bp	179bp	44bp	17bp	32bp	159bp	126bp	11bp	15bp	28bp	58bp
-------	------	-------	------	------	------	-------	-------	------	------	------	------

ESG and Municipals

- Utah's Intermountain Power Agency (IPA) issued \$552 million in power supply revenue bonds the week of April 25th. Bond proceeds will be used to finance a portion of IPA's transition from coal-fired to more ESG-friendly electricity generation.
- The transition was motivated by IPA's California-based purchasers, such as the Los Angeles Department of Water and Power, which are required to meet state and local renewable and clean energy targets.

Issuers in the News

- Florida Governor Ron DeSantis signed legislation that would dissolve the Reedy Creek Improvement District, which is home to Florida's Disney World, in June 2023. The District has an estimated \$1 billion in debt outstanding.
- While the outcome is uncertain, the State of Florida previously pledged that it will not limit or alter the District's right to levy and collect taxes or promise to fulfill the terms of any bondholder agreements.