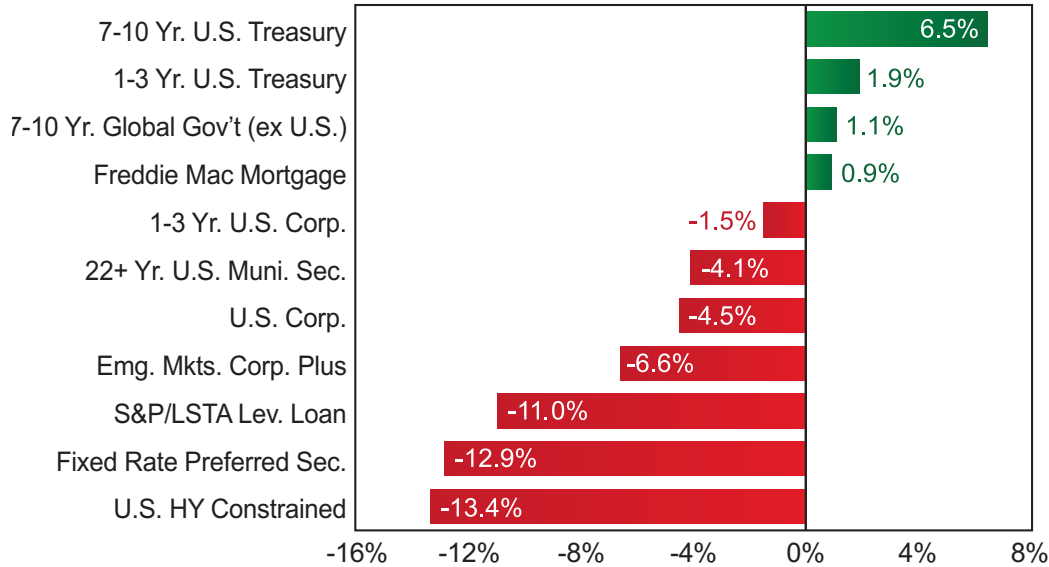


How Bonds Have Fared During The Sell-Off In Stocks

Bond Index Cumulative Total Returns (2/19/20-3/16/20)



Source: Bloomberg. **Past performance is no guarantee of future results.** Index returns reflect the performance of ICE BofA Indices except for the S&P/LSTA Leveraged Loan Index.

View from the Observation Deck

1. The S&P 500 Index hit its all-time closing high of 3,386.15 on 2/19/20. From 2/19/20-3/16/20, the index posted a total return of -29.41%, according to Bloomberg.
2. In addition to the plunge in stock prices, the economic fallout from the escalation and spread of the coronavirus (COVID-19) has negatively impacted the cyclical categories in the bond market.
3. As indicated in the chart above, the vast majority of negative total returns (red bars) are tied to corporate bond issuers.
4. The bond categories that generated positive total returns (green bars) represent government-backed debt. This suggests there has been a flight to quality since 2/19/20, in our opinion.
5. Since 2/19/20, the Federal Reserve has slashed the federal funds target rate (upper bound) from 1.75% to 0.25%, putting this key benchmark lending rate back to where it stood in December 2008.
6. [Click here](#) to see how these bond categories were performing prior to 2/19/20.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The ICE BofA U.S. High Yield Constrained Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The S&P/LSTA U.S. Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market. The ICE BofA Emerging Markets Corporate Plus Index tracks the performance of U.S. dollar and euro denominated emerging markets non-sovereign debt publicly issued in the major domestic and eurobond markets. The ICE BofA Fixed Rate Preferred Securities Index tracks the performance of investment grade fixed rate U.S. dollar denominated preferred securities issued in the U.S. domestic market. The ICE BofA 1-3 Year U.S. Corporate Index is a subset of the ICE BofA U.S. Corporate Index including all securities with a remaining term to maturity of less than 3 years. The ICE BofA 1-3 Year U.S. Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government with a remaining term to maturity of less than 3 years. The ICE BofA 22+ Year U.S. Municipal Securities Index tracks the performance of U.S. dollar denominated investment grade tax-exempt debt publicly issued by U.S. states and territories, and their political subdivisions with a remaining term to maturity greater than or equal to 22 years. The ICE BofA U.S. Corporate Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market. The ICE BofA 7-10 Year Global Government (ex U.S.) Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency with a remaining term to maturity between 7 to 10 years, excluding those denominated in U.S. dollars. The ICE BofA 7-10 Year U.S. Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government with a remaining term to maturity between 7 to 10 years. The ICE BofA Freddie Mac Mortgage Backed Securities Index is a subset of the ICE BofA U.S. Mortgage Backed Securities Index including all generics representing pools issued by Freddie Mac. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

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