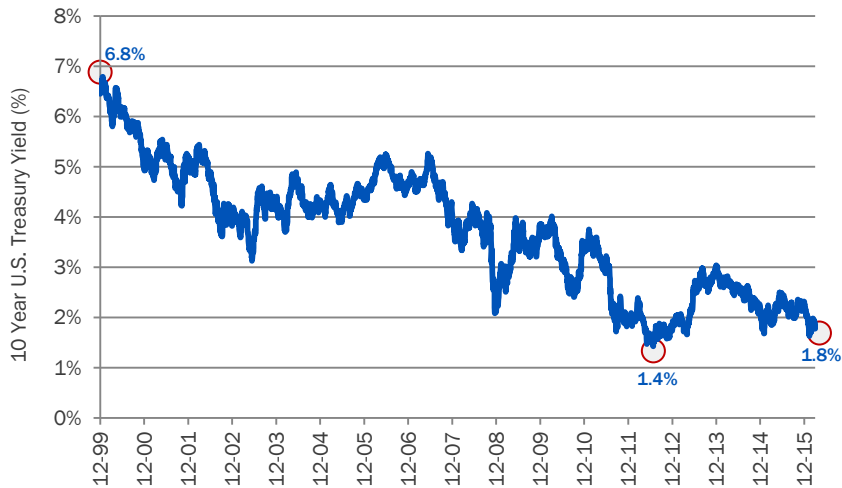


Fixed Income Market Overview

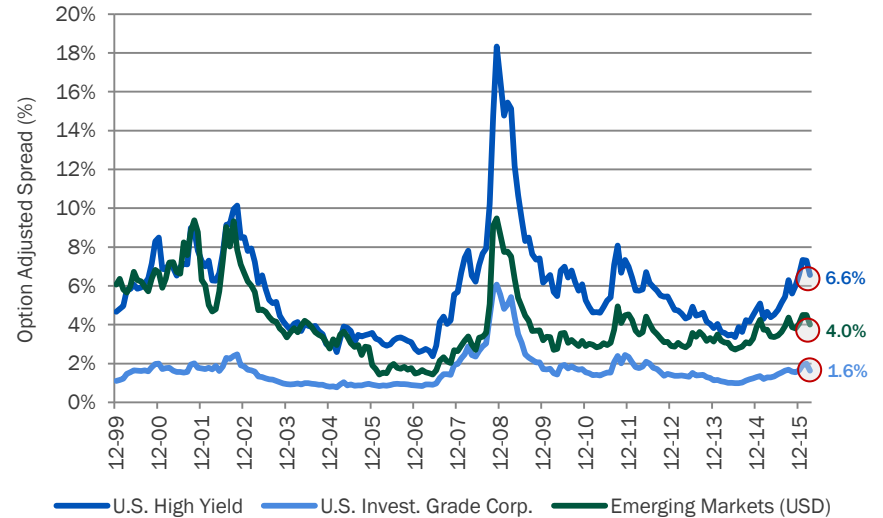
As of March 31, 2016

10 Year U.S. Treasury Yields



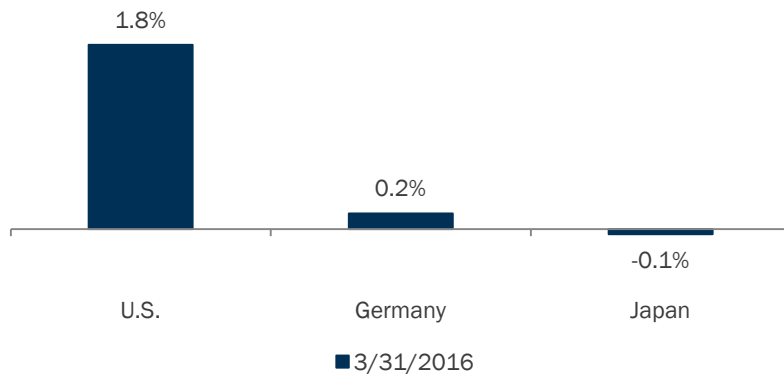
Source: U.S. Treasury

OAS Spreads



Source: Barclays

10 Year Global Yields



Source: FactSet Economics

Observations

- After rising for most of 2015, global yields recently fell due to global growth concerns, consistently low inflation and expectations of accommodating global monetary policy.
- Within the high yield bond market, default rates have started to increase from historic lows, nearing the long-term average of 4.2%. High yield spreads continue to widen, primarily driven by the energy sector, and are above the 20 year average of 5.4%. The energy sector is currently yielding 13.5%, down from over 17% at the end of February 2016.
- Global monetary policy remains accommodative as European and Japanese central banks continue quantitative easing measures and U.S. federal funds rate remain unchanged since December 2015.

Endnotes

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Endnotes

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