

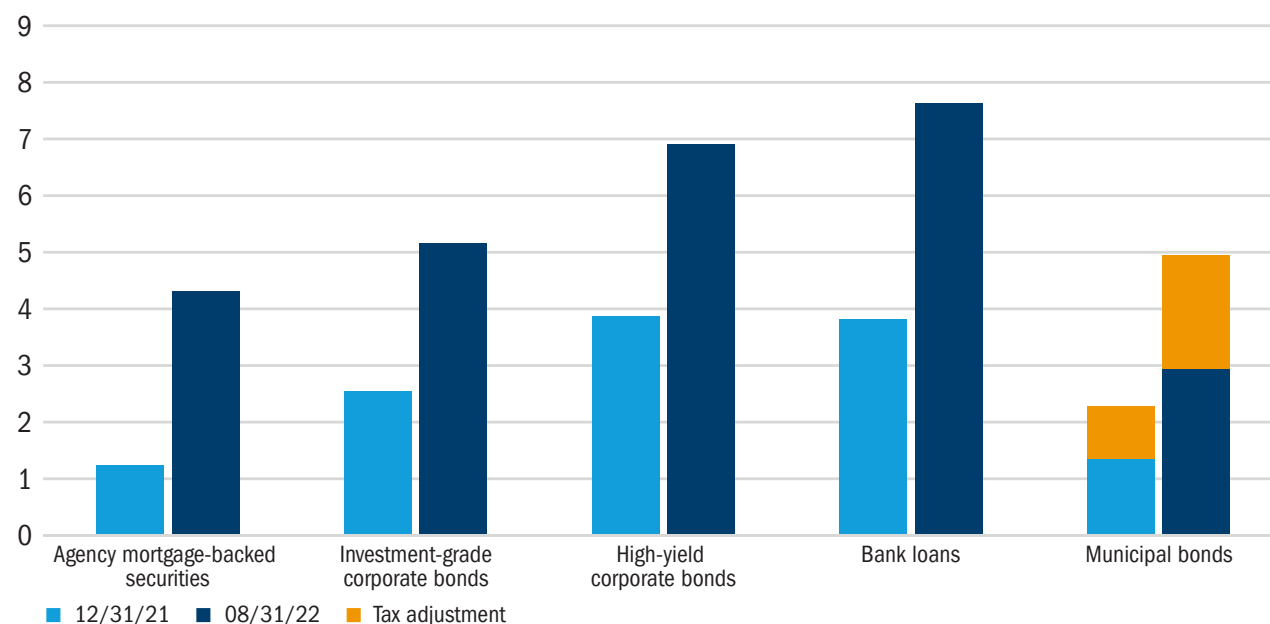
Chart on the Go

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▶ Starting yields in fixed income have increased significantly

Yield (%)



Since the beginning of 2022, yields have reset at higher levels. For investors, that means significantly more income than what they've received in the past. And because price and yield move in opposite directions, it also means these bonds are more affordable relative to recent history.

This income component is important because, over the long term, it can drive higher total return for bond investors. Higher income also provides a deeper buffer for market volatility. That buffer will be important to investors since we are expecting ongoing uncertainty while the Fed continues to fight inflation.

Source: Bloomberg and Citi Velocity. Agency mortgage-backed securities are represented by Fannie Mae 30-year Agency mortgage-backed securities with 4% coupons. Investment-grade corporate bonds are represented by the Bloomberg BBB U.S. Corporate Index, which measures the investment-grade, fixed-rate, taxable corporate bond market. High-yield corporate bonds are represented by the Bloomberg BB to B U.S. Corporate Index, which includes U.S. high-yield, fixed-rate corporate bonds that are Ba and B rated. Bank loans are represented by the weighted average yield of the S&P/LSTA U.S. Leverage Loan 100 Index, which includes the market-weighted performance of the largest institutional leveraged loans. Municipal bonds are represented by U.S. general obligation A-rated (A+/A/A-) Muni BVAL Yield Curve, which includes pricing for uninsured A+, A and A- rated general obligation bonds. Tax adjustments represent the additional yield a taxable bond would need to equal the yield on a comparable tax-exempt bond. It assumes the federal tax rate (37%) plus the net investment income tax (3.8%) for a combined rate of 40.8%. This calculation does not reflect the phase out of exemptions or the reduction of otherwise allowable deductions that occur when adjusted gross income exceeds certain levels. It is not possible to invest directly in an index. **Past performance does not guarantee future results.**

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