Capital Market Outlook and Opportunities

Latest insights as of 12/31/2020

How to use this resource

This capital market review and outlook is designed to help you stay up to date on the economic influences affecting portfolios, as well as specific challenges and opportunities across global asset classes.

As always, please reach out to your Columbia Threadneedle regional consultant with any questions. Your success is our priority.

Tip: Click or tap on the tabs at the top of every page to jump to the beginning of each section.

Overview

Review and outlook | Macroeconomic | Global equity | Global fixed income | Multi-asset

REVIEW

The coronavirus shattered early 2020 complacency. Risk assets sold off. The U.S. entered recession in February. Risk assets bottomed in March, as monetary and fiscal support, then the end of election uncertainty followed by progress on vaccination fueled a dramatic surge in Q2, Q3 and Q4 from the March lows.

In Q2 and Q3 all major assets classes gained. In Q4, only U.S. Treasury bonds had negative returns; emerging markets led among equities; high yield led fixed income.

OUTLOOK

Economy

Expect 2021 U.S. GDP growth between 3% and 4%. And stronger activity in the second half of the year. These growth expectations exceed the historical range of potential U.S. GDP growth, reflecting the recovery from the 2020 recession.

Interest rates

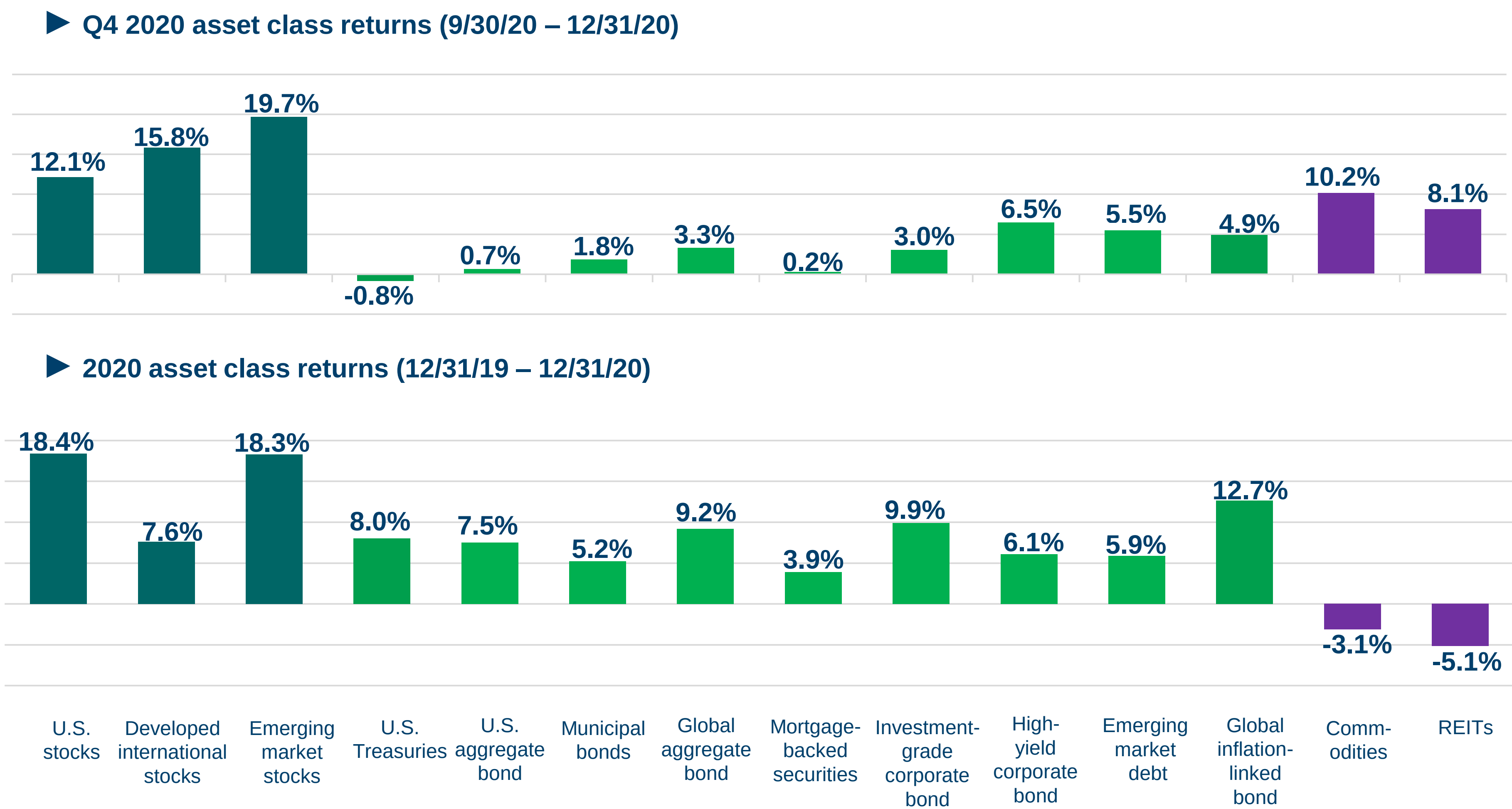
Fed Funds stay at zero; We expect 10 and 30 year yields to remain below 1.25% and 2%, respectively. Negative yields remain in Europe and Japan.

Equity Valuations

P/Es on forward earnings are significantly above historical averages. Equities have been supported by low bond yields; but as stock prices gained, earnings fell and recently bond yields rose, that support diminished. At current valuations equity gains are likely to be largely dependent on the strength of the profit recovery post-coronavirus.

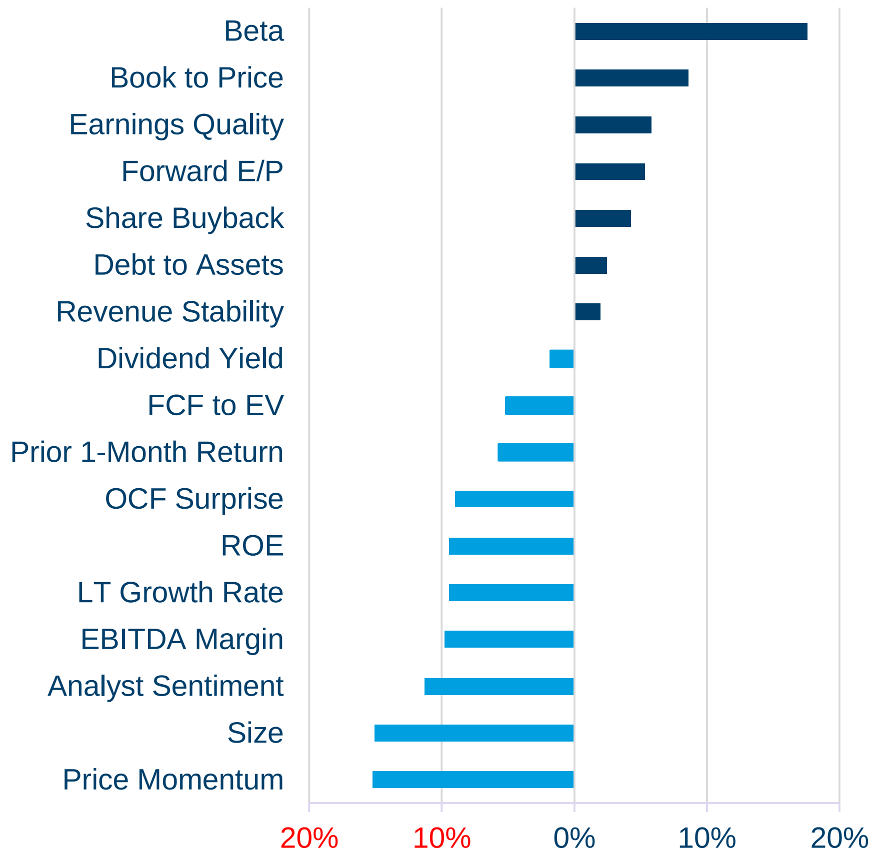
 Source: Columbia Threadneedle Investments.

Review: 2020 returns

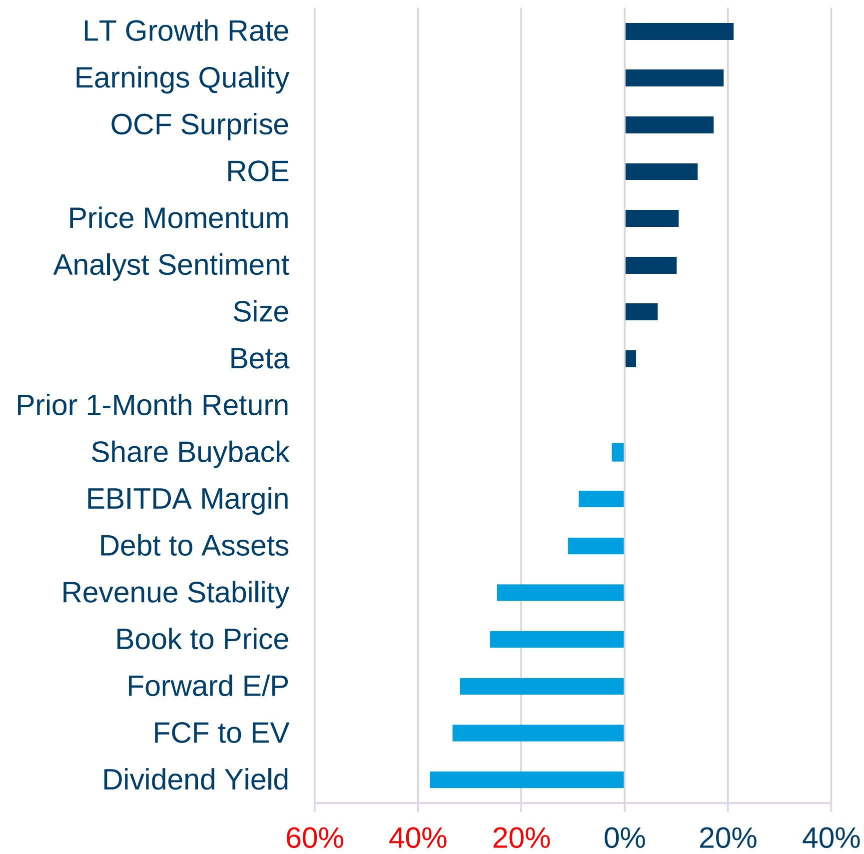


Past performance does not guarantee future results. It is not possible to invest directly in an index. Source: Bloomberg and Columbia Management Investment Advisers, LLC. See disclosure for full index descriptions.

S&P 500 Index factor leaders Q4 2020



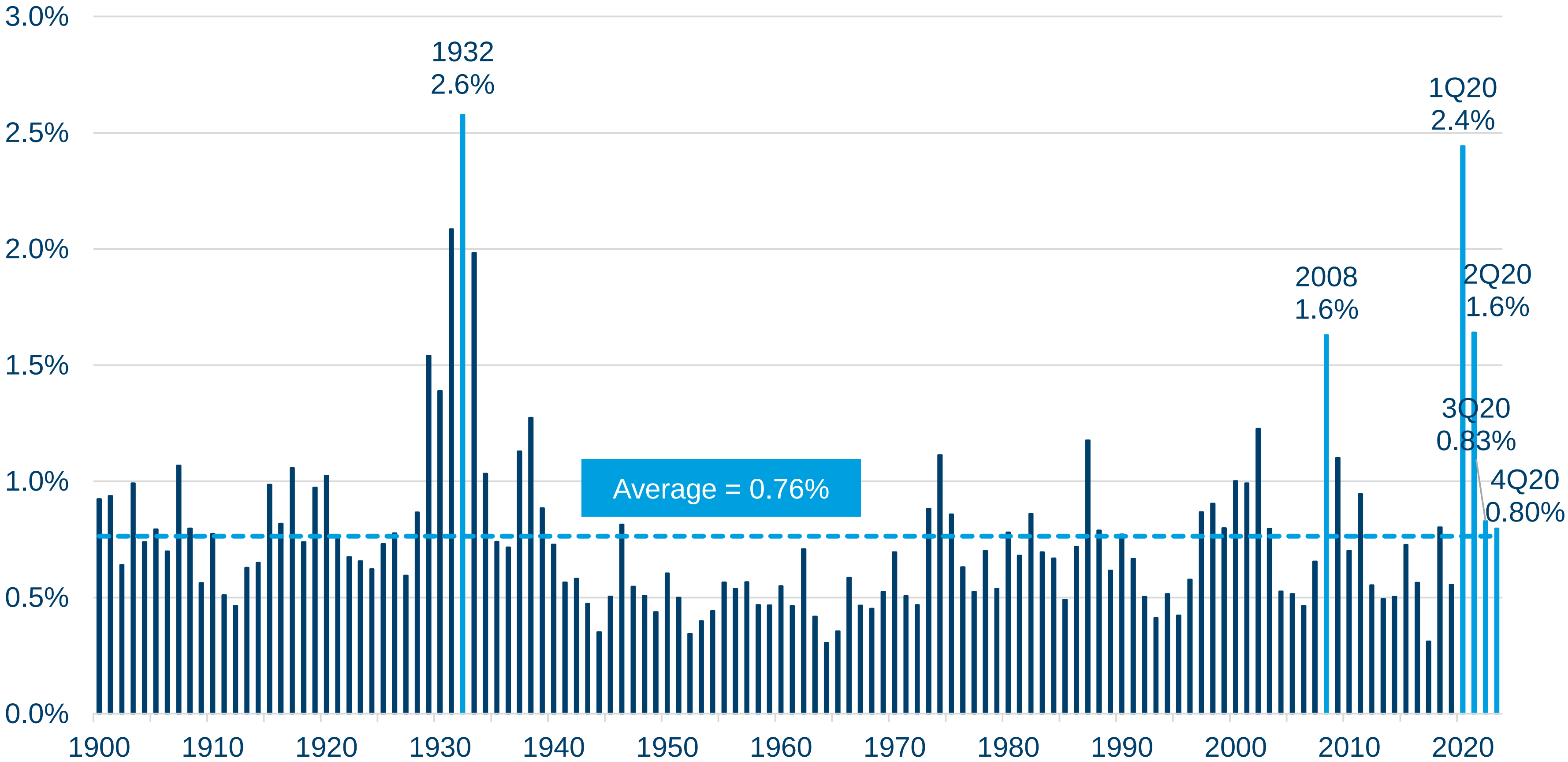
Year 2020 *(as of 12/31/20)*



Source: Columbia Threadneedle Investments. Returns have been compounded and are expressed as the difference between the top and bottom 20th percentiles (Benchmark Weighed: GICS sector neutral). **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

Review: U.S. stock market volatility at normal levels in Q4 2020

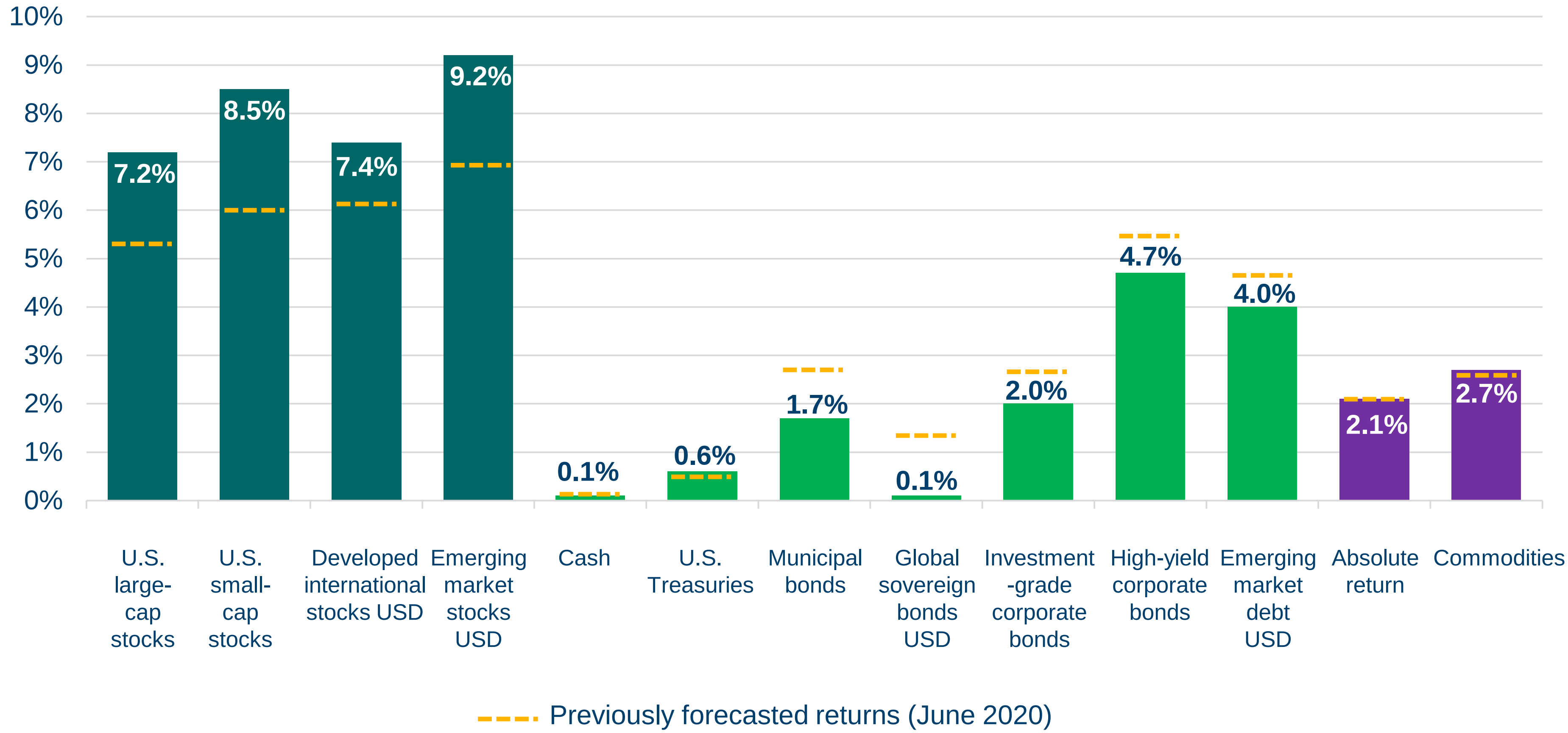
Dow Jones Industrial Average daily price change



Source: Bloomberg, data as of 12/31/2020. **Past performance does not guarantee future results It is not possible to invest directly in an index.**

Outlook: 5-year forecasted returns

5-year forecasted returns from the Global Asset Allocation Team (as of December 2020)



Source: Columbia Threadneedle Investments. See disclosure for full index descriptions and methodology. **It is not possible to invest directly in an index.**

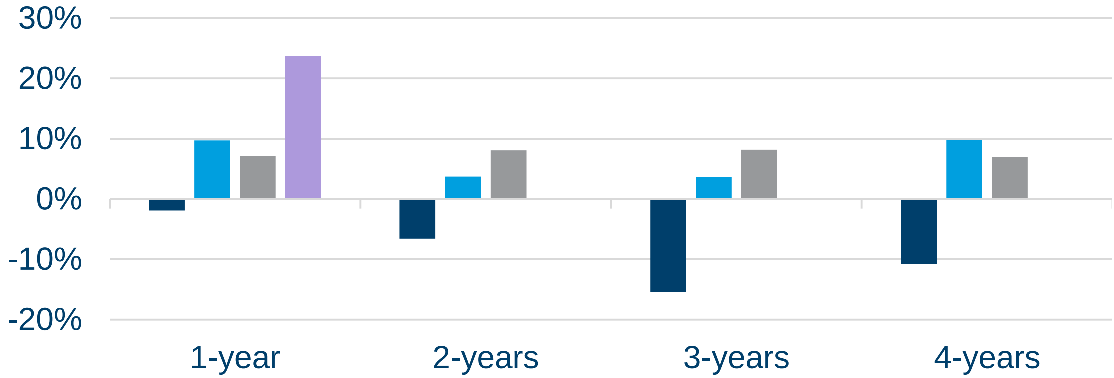
▶ Recessions and the Great Depression

GDP				*Earnings*				*Unemployment*		*S&P 500 Index*			
Start	**End**	**Months**	**GDP**	**Peak**	**Trough**	**Months**	**Change**	**Peak**	**Rate**	**Max**	**Min**	**Decline**	**Months**
Depression													
08/29	03/33	43	-30.0%	12/29	12/32	36	-75%	1933	24.9%	08/29	06/32	-86%	34
Great Recession													
12/07	06/09	18	-4.3%	01/08	06/09	17	-40%	10/09	10.0%	10/07	02/09	-50%	16
Recessions since 1960 (8 recessions)													
Average		12	-2.1%			6	-15%		8.1%			-23%	9
Coronavirus 2020 – as of 12/31													
02/20	04/20 ?	2 ?	-14.9%	02/20	09/20 ?	7 ?	-17%	04/20 ?	14.7%	02/20	03/20 ?	-34%	1 ?

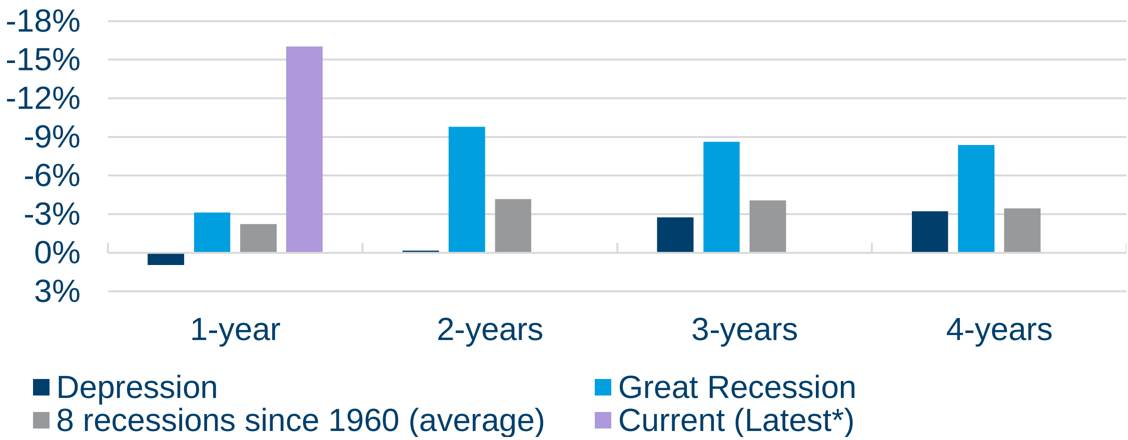
Source: Bloomberg, U.S. Bureau of Labor Statistics, National Bureau of Economic Research and Columbia Management Investment Advisers, LLC. "For current recession, GDP detraction is calculated using IHS Markit, data as of 12/1/2020. For the S&P 500 Index performance, the daily data is considered (Feb 19 as peak and March 23 as trough) as the downside period is too short, others are on a month-end basis. **Past performance does not guarantee future results.**

Outlook: Recessions in perspective

Monetary policy – Money supply, % change, yearly after recession start



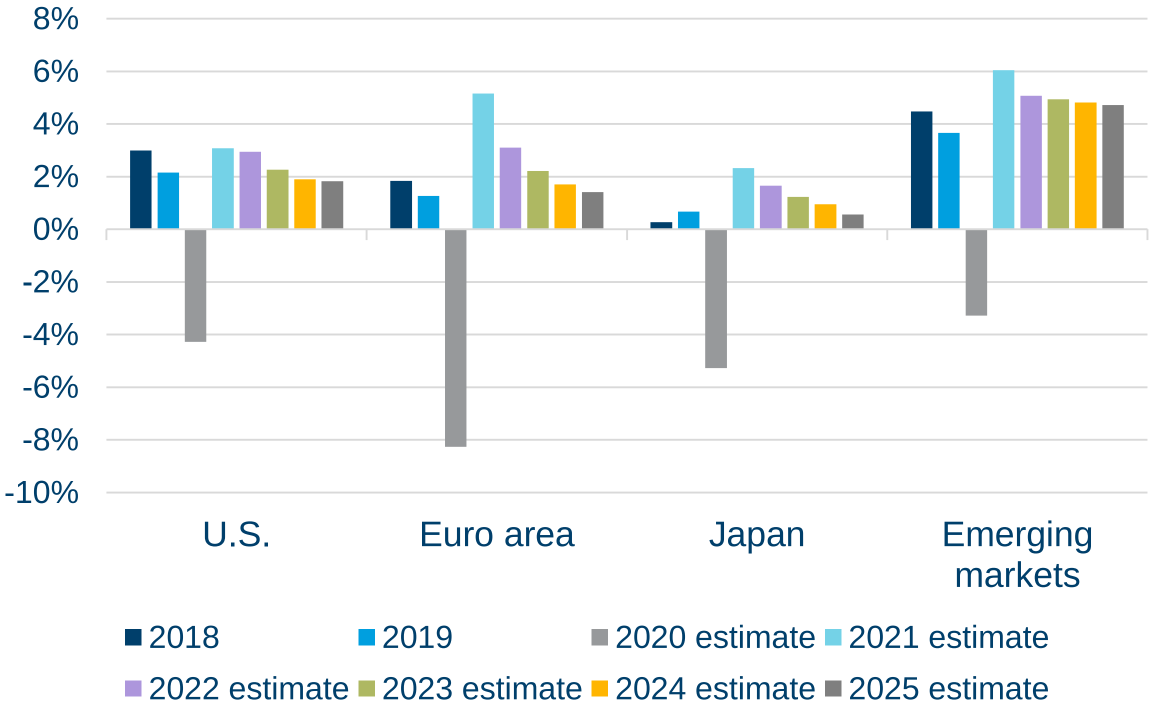
Fiscal policy – Fiscal deficit, % of GDP, yearly after recession start



- Monetary and fiscal stimulus in the current recession is significantly greater than during the Depression, Great Recession and the average of prior recessions.

Source: Federal Reserve Bank of St. Louis, National Bureau of Economic Research, US Government Spending and Columbia Management Investment Advisers, LLC. The years represent the year after the start of the recession. * The current (latest), for the money supply, is considered as the % change on 12/21/2020 vs. 3/2/2020. The current, for fiscal deficit, is 2020e deficit released by Congress Budget Office as of 9/21/2020. **Past performance does not guarantee future results.**

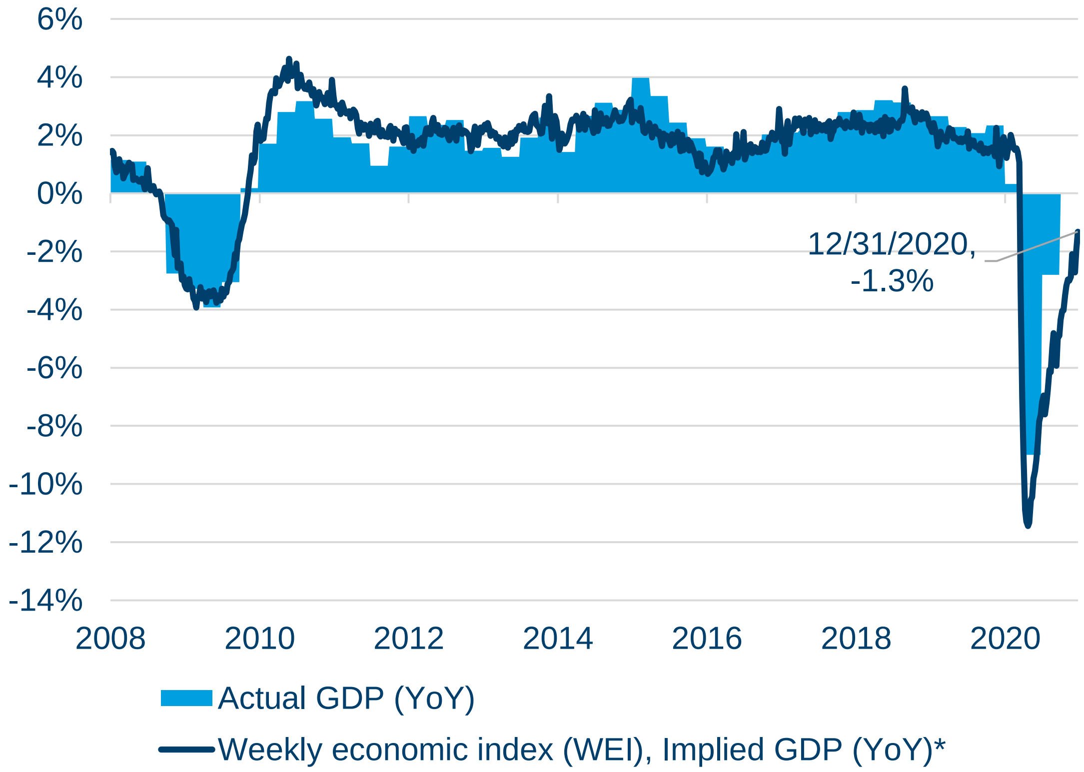
GDP growth



- In their October update the IMF projected a somewhat less severe, though still deep recession in 2020, relative to their June forecast. The IMF expects global growth in 2020 to fall to -4.4%, 0.8% better than its June projection. The revision was driven by better-than-expected growth in advanced economies and China during the second quarter of the year and signs of a more rapid recovery in the third quarter.
- However, the IMF warned that the coronavirus crisis is far from over and projected only limited progress going forward and cut its gross domestic product growth expectations for next year to 5.2%, from an estimate of 5.4% made in June.

Source: IMF as of 10/20 and updated every six months.

Implied GDP growth—NY Fed Weekly economic index (WEI)

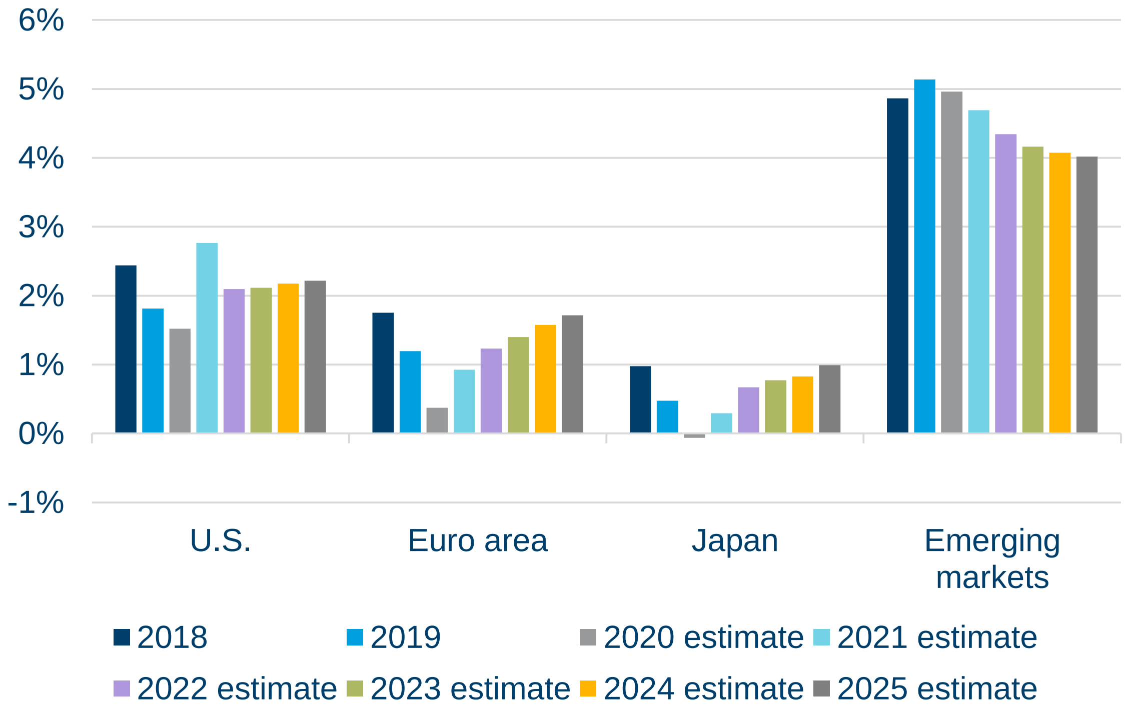


- On April 16, the Federal Reserve Bank of New York began regular publication of its Weekly Economic Index (WEI) to provide timely information on the state of the U.S. economy amid the coronavirus.
- Traditional economic indicators, such as GDP growth, are typically only available after a considerable lag and can pose challenges when assessing rapidly evolving conditions.
- To address this issue, the WEI leverages a range of metrics, including same-store retail sales, consumer sentiment, unemployment insurance claims, temporary and contract employment, tax withholdings, steel production, fuel sales, electricity output, and railroad traffic, to offer a "real-time" gauge of U.S. economic activity.

Source: Federal Reserve Bank of New York, Federal Reserve Bank of St. Louis and Columbia Management Investment Advisers, LLC, data as of 12/31/2020.
*The WEI is an index of ten daily and weekly indicators of real economic activity, scaled to align with the four-quarter GDP growth rate. It includes as inputs, initial and continued unemployment insurance claims, Federal taxes withheld, Railroad traffic, Redbook same-store sales, Rasmussen Consumer Confidence, The American Staffing Association Staffing Index, Steel production, Wholesale sales of gasoline, diesel and jet fuel, and Weekly average US electricity load.

Moderate levels of inflation

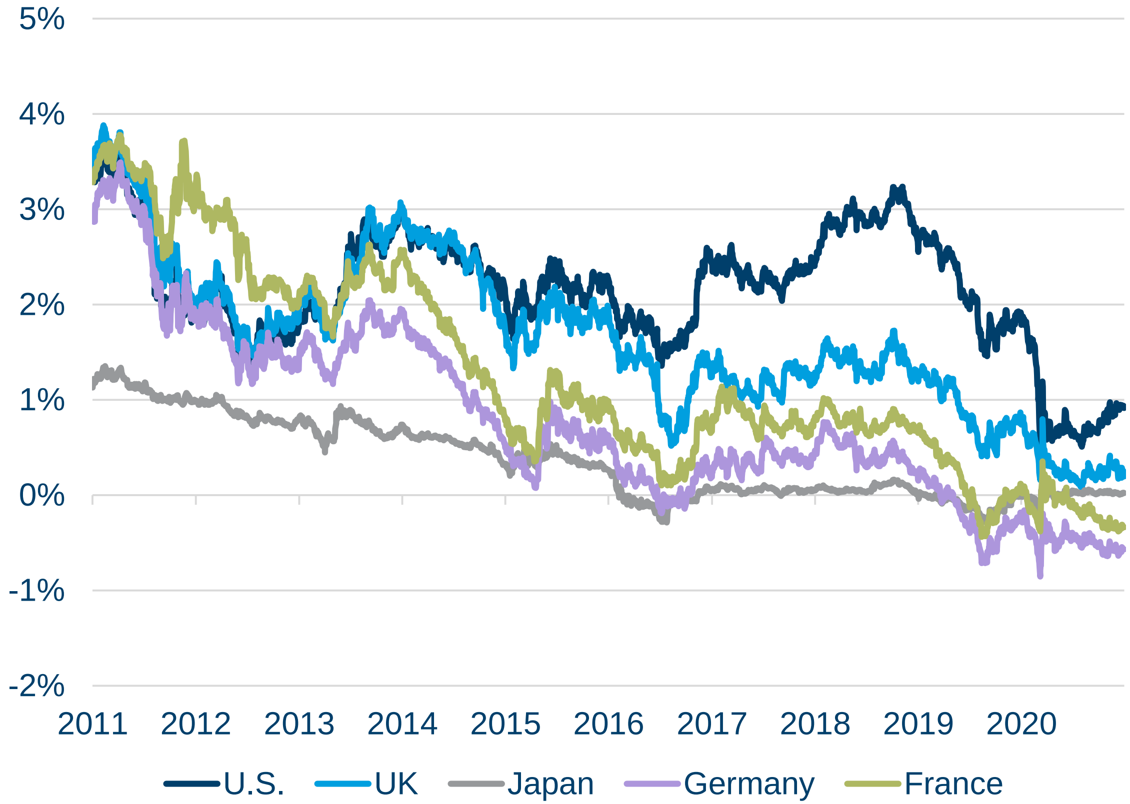
▶ Inflation rate



- The IMF expects U.S. inflation to drop in 2020 and rise in 2021 due to the impact of the coronavirus, then return to near historically normal 2% levels 2022-2025.
- Like the U.S., Europe and Japan inflation is expected to drop in 2020 and rise in 2021 due to the impact of the coronavirus, and then rise slowly, but remain at low levels 2022-2025.
- Emerging markets inflation is expected to slow sequentially 2021-2025.

Source: IMF as of 10/20 and updated every six months.

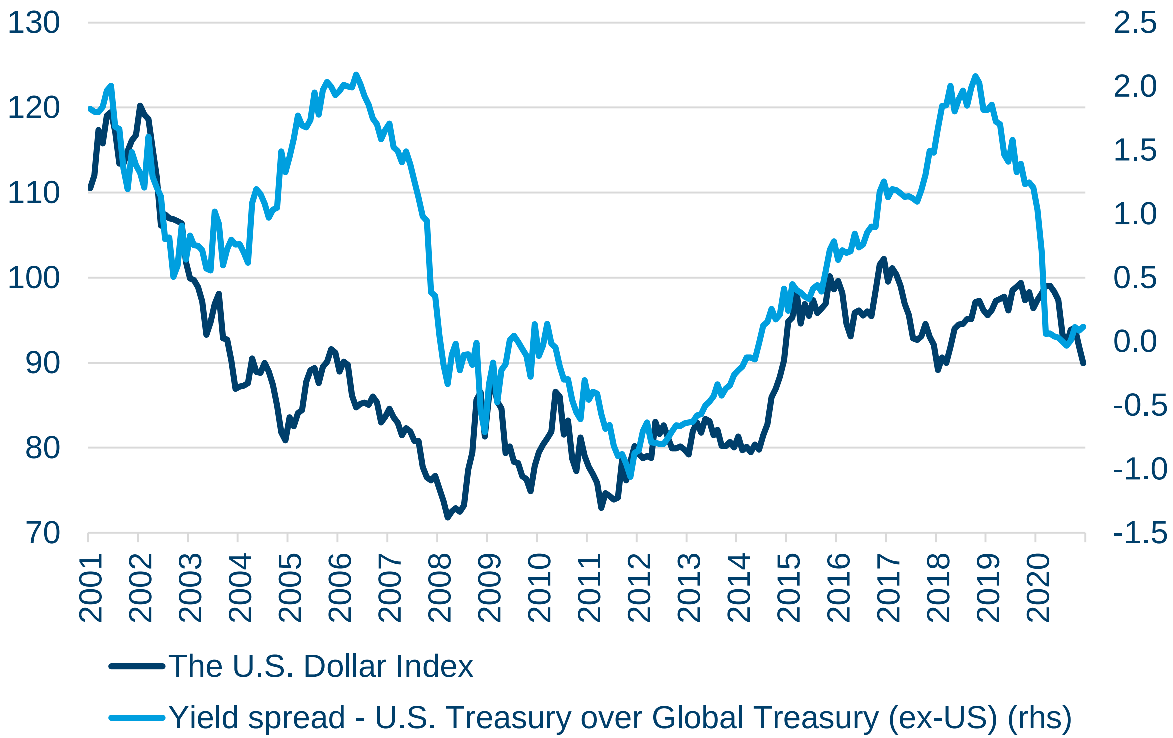
Government 10-year bond yields



- Central bank actions in the face of coronavirus economic uncertainty saw all sovereign yields plunge. The current rate for 10-year government bonds is 0.91% in the U.S., 0.20% in the U.K., -0.57% in Germany, -0.34% in France and 0.02% in Japan.

Source: Bloomberg, data as of 12/31/2020. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

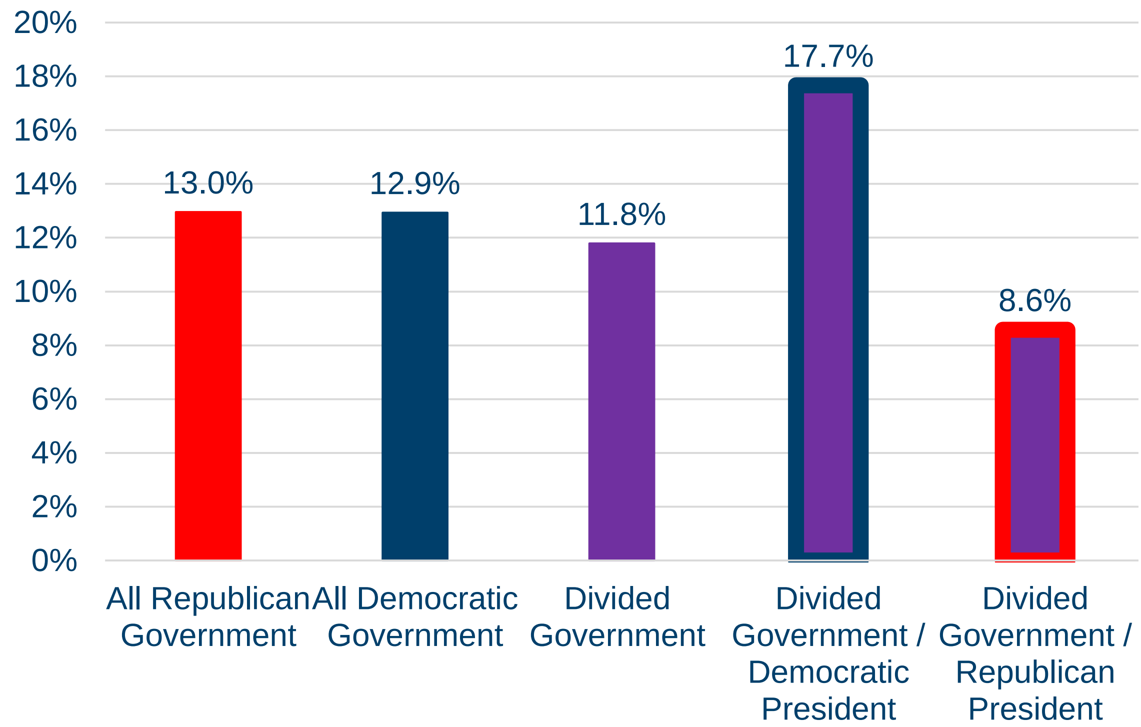
U.S. Dollar vs. Treasury spreads (2001-2020)



- The spread between the U.S Treasury Index and the Global Treasury ex-U.S. Index yield-to-maturity currently is +11 basis points, well below the +68 basis points average and down from the recent October 2018 +208 basis points peak.
- Some investors believe that U.S. interest rates relative to non-U.S. rates determines the level of the U.S. dollar. However, there is only a modest 55% correlation between the spread and the U.S. Dollar Index.
- Likely recent risk-off sentiment has weakened the “flight to quality” that had supported the U.S. dollar

Source: Bloomberg, data as of 12/31/2020, **Past performance does not guarantee future results. It is not possible to invest directly in an index.** Note that Bloomberg Barclays U.S. Treasury Index and Bloomberg Barclays Global Treasury ex-U.S. Index are used to calculate the yield-to-maturity spreads.

▶ S&P 500 Index - average yearly returns (since 1973)



- ▶ Since 1973, of the total 48 years, the U.S. saw 6 years of all Republican government, 8 years of all Democratic government and 34 years of divided government.
- ▶ Of the 34 years of divided government, the U.S. had 12 years of Democratic President.

Source: FactSet, Bloomberg as of 12/31/2020. The performance shown is an average for the calendar years. **Past performance does not guarantee future results.**

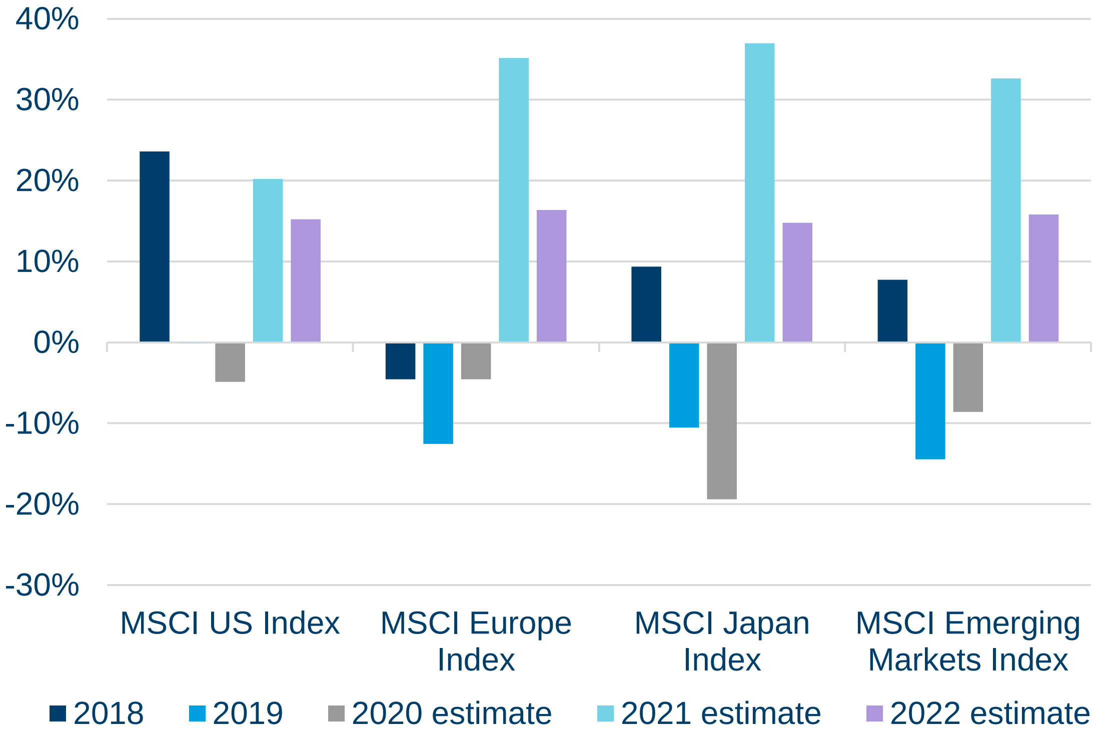
Equity outlook: Key takeaways

In Q4 all regional global equity market indices gained, reflecting a continuing general abatement of risk off sentiment; emerging markets outperformed the U.S. and international equities.

U.S. EQUITY	► **P/Es on forward earnings are significantly above historical averages. Equities have been supported by low bond yields, but as stock prices gained, earnings fell, and recently bond yields rose, that support has diminished.**
	► **We expect a cyclical rotation to unfold over 2021 with increasing market breadth.**
	► **Dividends are an important source for total return investing, but free cash flow strength and quality of balance sheet are the primary focus in dividend investing now more than ever.**
INTERNATIONAL	► **Ongoing structural challenges to the European Union notwithstanding, with equity valuations attractive relative to the U.S., and given current fiscal and monetary support, international stocks are likely to do slightly better than U.S. stocks over the next 12 months.**
EMERGING MARKETS	► **While the coronavirus presents near-term challenges, we maintain a positive long-term outlook for emerging markets given secular growth prospects supported by strong demographics and productivity trends.**

Earnings growth

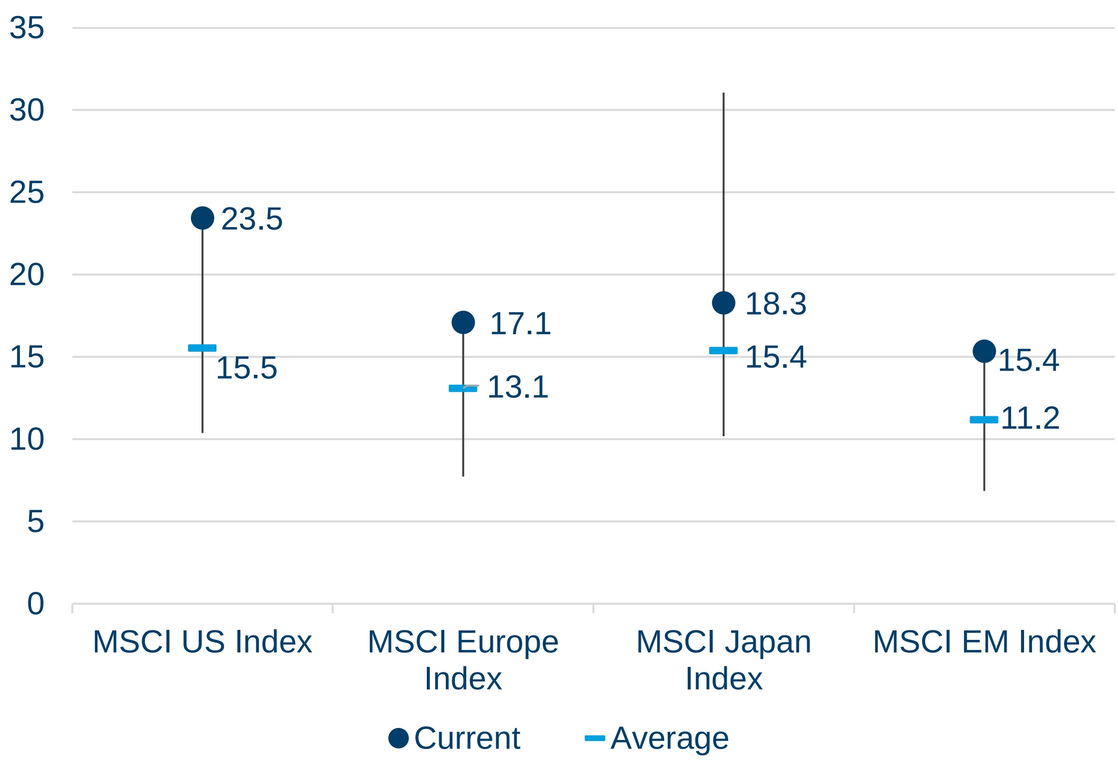
Global earnings growth



- Bottom-up consensus 2020 earnings are down, with a sharp rebound expected in 2021 and double-digit growth continuing in 2022.

Source: Bloomberg, MSCI, data as of 12/31/2020. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

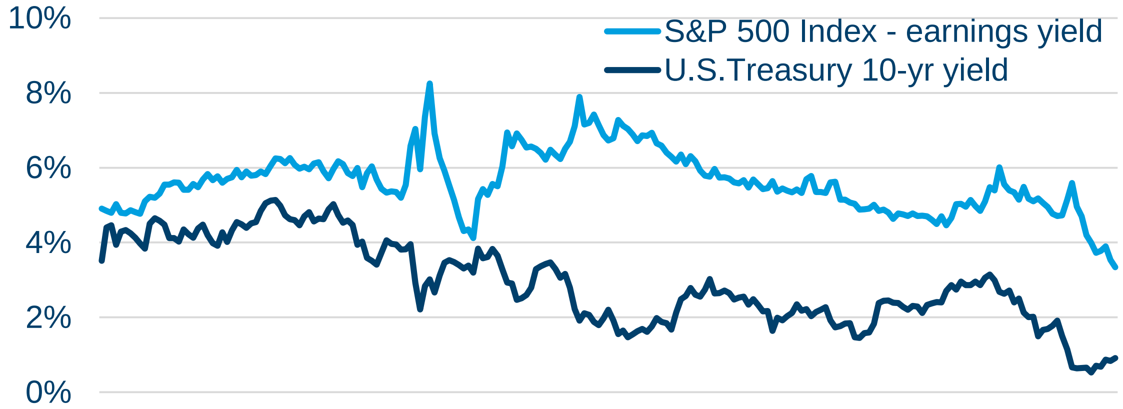
Global valuations (12-month forward P/E ratio)



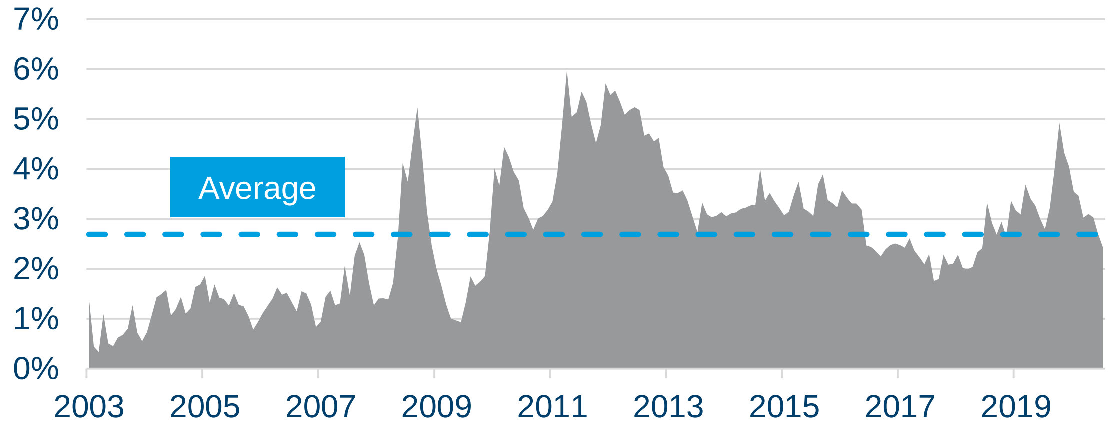
- The MSCI U.S. Index at 51% above average is very close to its peak P/E; Europe 31% above average is also near to its peak P/E; Japan is 19% above average and EM 37% above average, is at its peak P/E.
- P/E on forward earnings are not "normalized," i.e., may not reflect true underlying earnings levels. The P/E then may well be overstated if earnings recover rapidly or understated if the earnings recovery is prolonged.

Source: Bloomberg, MSCI, data as of 12/31/2020. The data series starts from June 2003. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

▶ S&P 500 Index earnings yield and U.S. Treasury 10-year bond yield



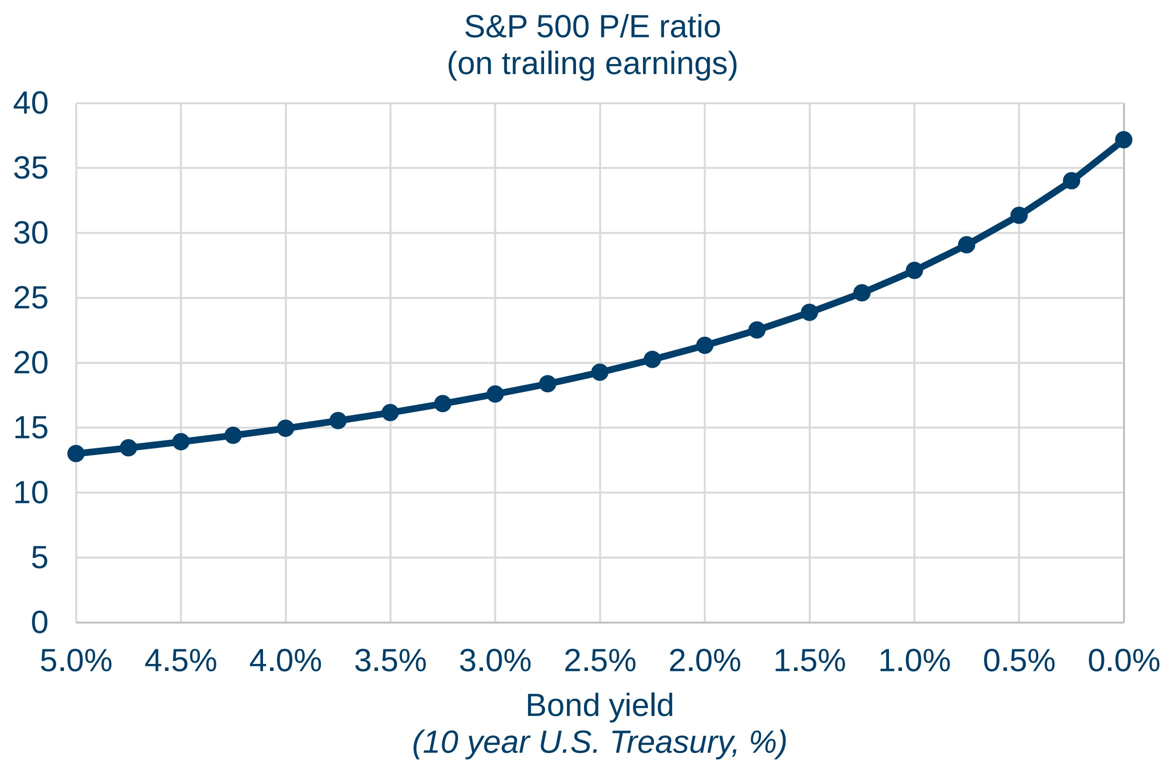
▶ S&P 500 Index earnings yield - U.S. Treasury 10-year bond yield spread



- ▶ The spread between the S&P 500 Index earnings yield and U.S. 10-year bonds is at 243 basis points, versus the 269 basis points average spread.
- ▶ Bonds and stocks are close to equilibrium, as stock prices gained, earnings declined and recently interest rates rose. The earnings yield imbalance can be corrected in three ways: 1) bond yields fall 26 bps or earnings yield rise 26 bps in one of two ways – 2) stock prices fall by 7% or 3) earnings rise by 8% -- or a combination of the three.
- ▶ Equities gains are likely to be dependent on the strength of the profit recovery post-coronavirus.

Source: Bloomberg, as of 12/31/2020. The data series starts from June 2003. A basis point is 1/100th of a percent. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

▶ S&P 500 P/E levels vs. bond yields

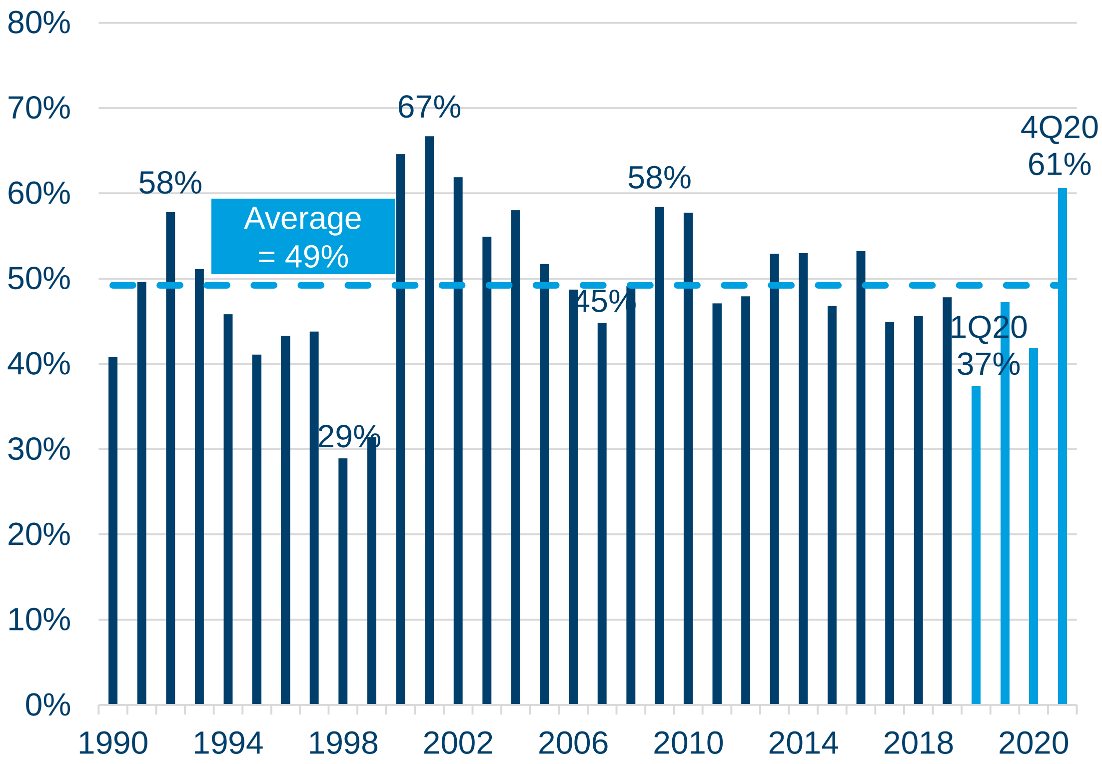


- Lower interest rates support a higher stock market P/E, reflecting a lower discounting rate for future earnings.

Source: Bloomberg, as of 12/31/2020. The calculation for P/E ratio takes into consideration the average spread (from June 2003) of 269 basis points between the S&P 500 Index earnings yield and U.S. 10-year bonds. A basis point is 1/100th of a percent. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

U.S. equity: Market leadership has broadened out

▶ Percent of benchmark beaters (outperformers) in the S&P 500 Index

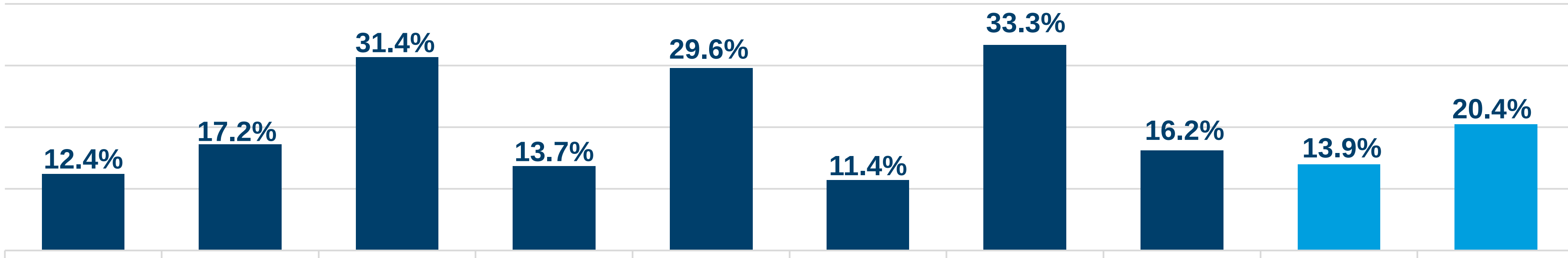


- The rally in equities since March has been impressive, but until recently it was driven by a small number of stocks.
- In Q1, just 37% of the stocks in the S&P 500 outperformed the index. By Q4, that had broadened out to 61%.

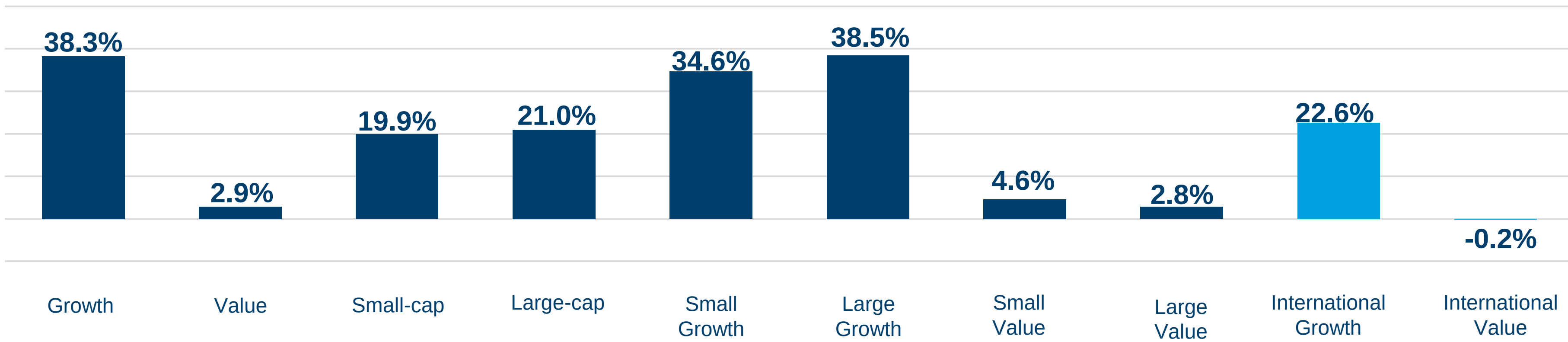
Source: Columbia Threadneedle Investments, as of 12/31/2020. Based on annual returns. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

U.S. equity: Styles performance

Q4 2020 asset class returns (9/30/20 – 12/31/20)



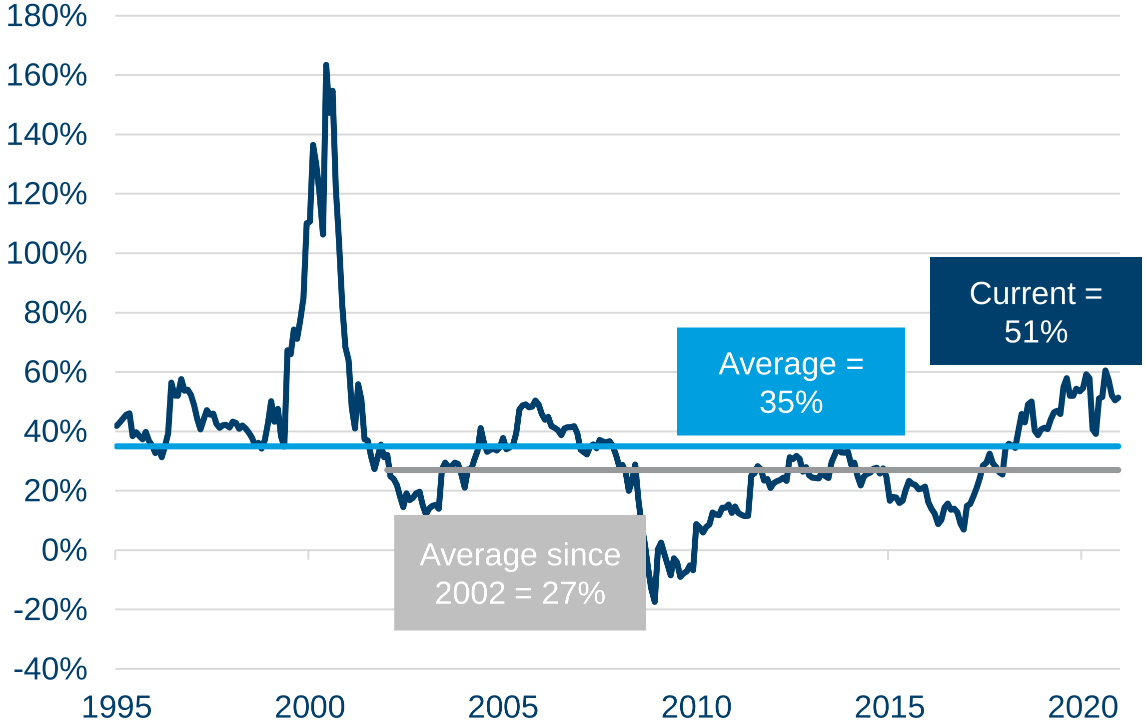
2020 asset class returns (12/31/19 – 12/31/20)



Source: Bloomberg and Columbia Management Investment Advisers, LLC. **Past performance does not guarantee future results. It is not possible to invest directly in an index.** Growth represented by Russell 3000 Growth Index; value by Russell 3000 Value Index; small-cap by Russell 2000 Index; large-cap by Russell 1000 Index; small growth by Russell 2000 Growth Index; large growth by Russell 1000 Growth Index; small value by Russell 2000 Value Index; large value by Russell 1000 Value Index; international growth by MSCI ACWI ex USA Growth Index; and international value by MSCI ACWI ex USA Value Index.

U.S. equity: Growth vs. value

▶ **Forward P/E ratio: U.S. growth relative to value**

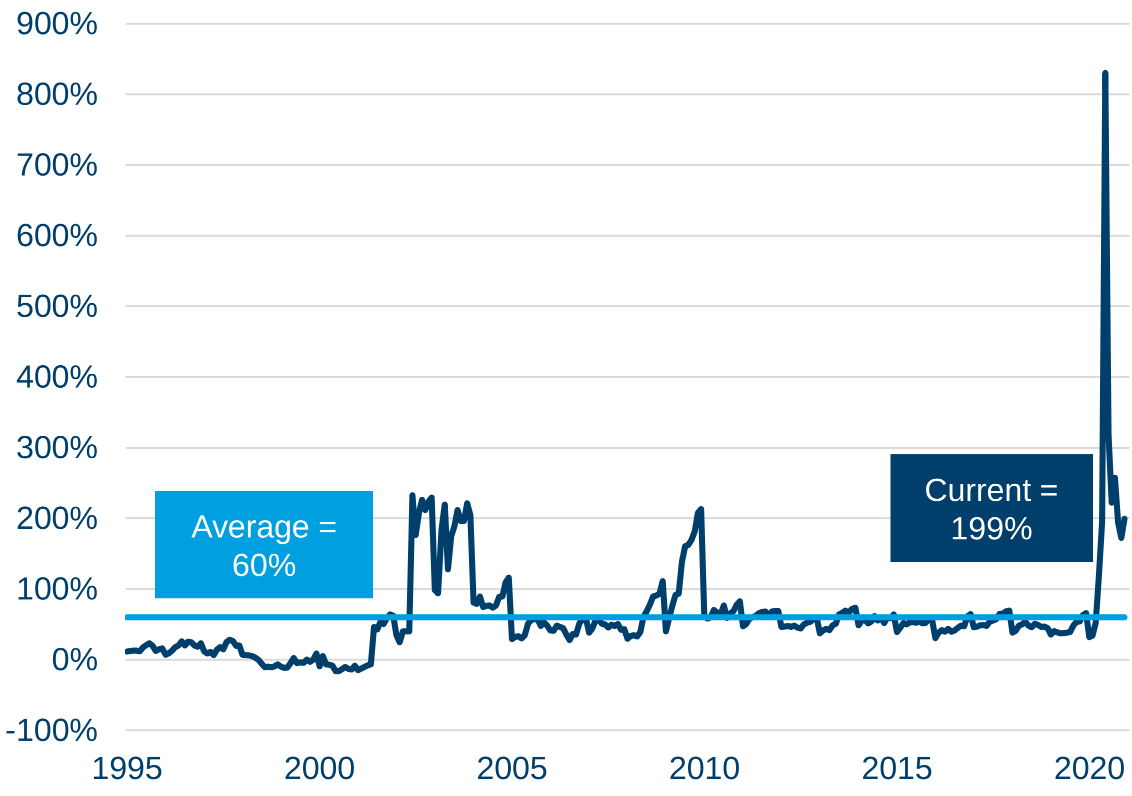


- ▶ Growth stocks significantly outperformed value stocks in 2020 but in Q4 value stocks outperformed growth stocks by +4.8%.
- ▶ Consensus forward earnings for growth stocks have held up better than for value stocks since the March lows.
- ▶ For the same reason that low interest rates support a higher aggregate stock market P/E (a lower discounting rate of future earnings), low interest rates also support a higher *relative* P/E for higher growth stocks.

Source: Bloomberg as of 12/31/2020. Growth represented by Russell 1000 Growth Index; value by Russell 1000 Value Index. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

U.S. equity: Small-cap vs. large-cap

▶ Forward P/E ratio: U.S. small-cap relative to large-cap

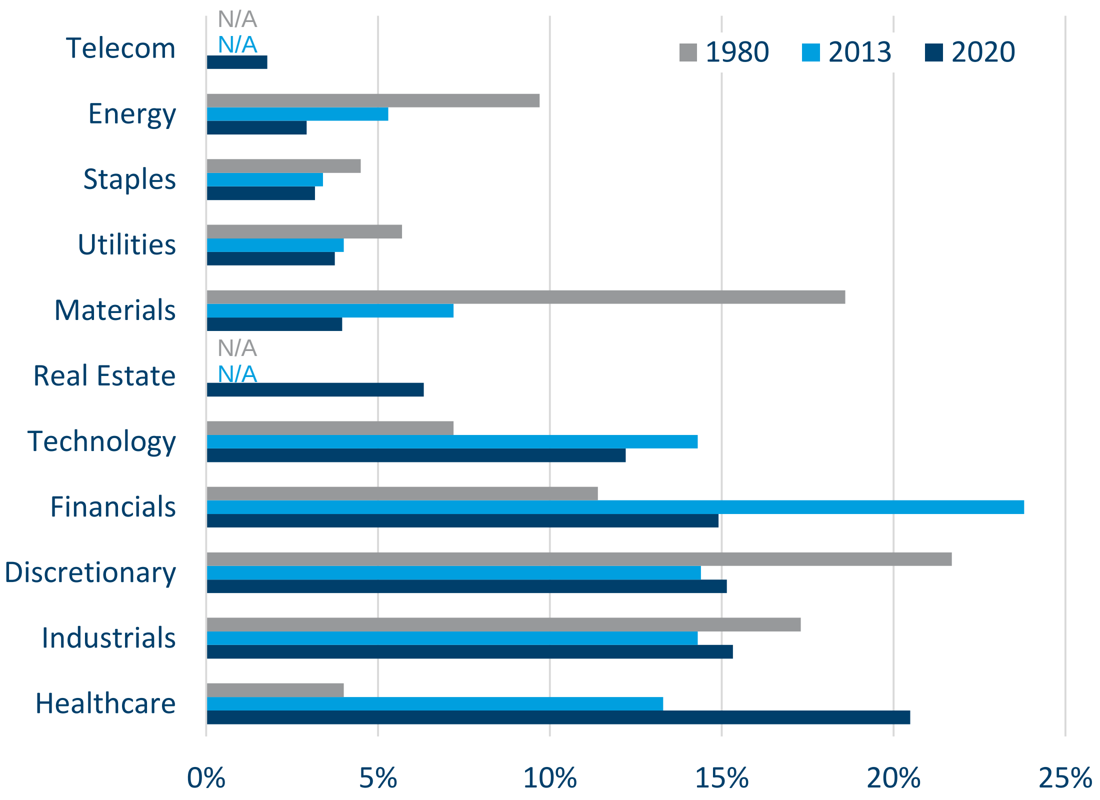


- Large cap stocks outperformed small cap stocks marginally in 2020, but in Q4 small cap stocks outperformed large cap stocks by +17.7%.
- The forward P/E ratio rose sharply as consensus 2020 earnings for small cap stocks collapsed in Q1 (from +53% at 3/23 to -83% at 6/30), while large cap stocks held up substantially better (from +7% at 3/23 to -18% at 6/30). That gap decreased significantly as the year progressed (small cap -28%, large cap -6% at 12/31).
- Current forward P/Es reflect consensus 2021 earnings growth, which is +162% for small cap and +24% for large cap.

Source: Bloomberg as of 12/31/2020. Small-cap represented by Russell 2000 Index; large-cap by Russell 1000 Index. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

U.S. equity: Small-cap sector concentration

▶ U.S. small-cap sector weights

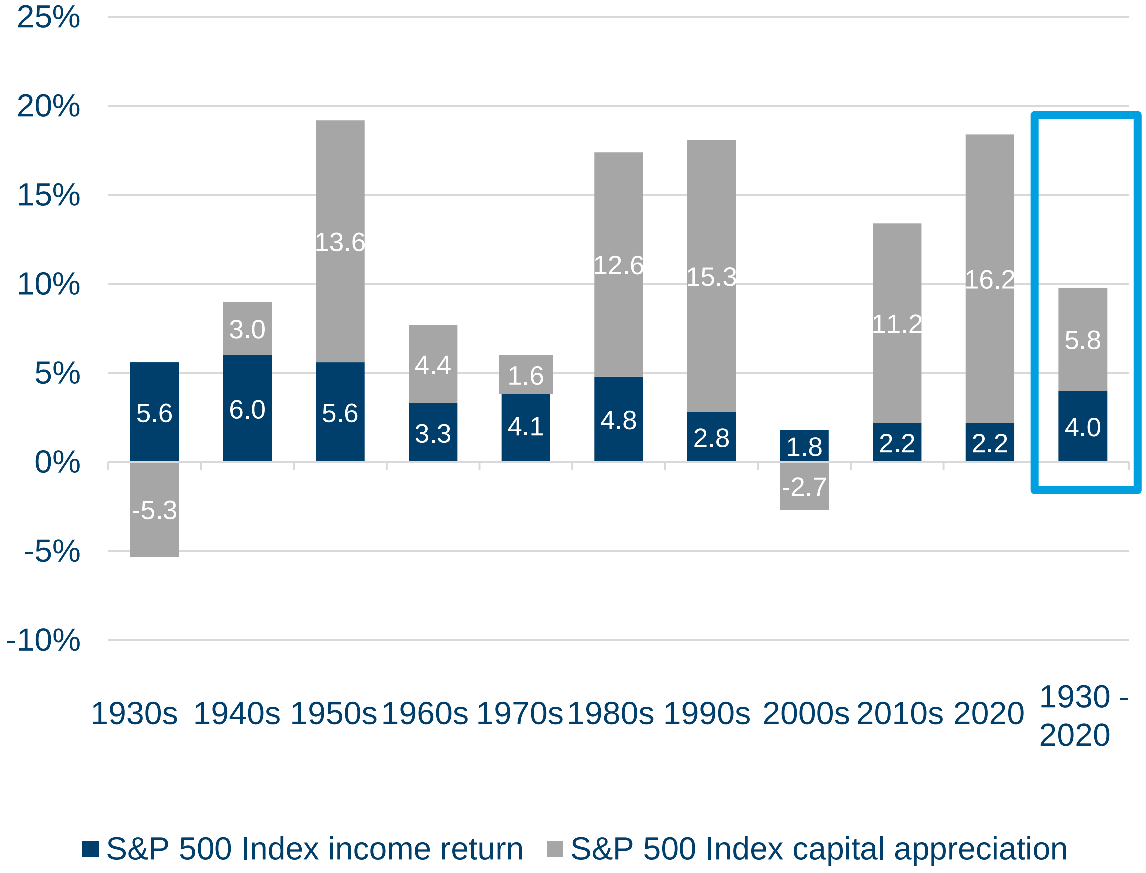


- The small cap index has significantly changed sector weights over time (e.g., healthcare increased markedly, materials and energy decreased), so regression to historical mean P/E relationships for the aggregate index probably have limited predictive information.

Source: Russell Indexes, Bloomberg as of 12/31/2020. Small-cap represented by Russell 2000 Index. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

Dividend investing: An important part of total return

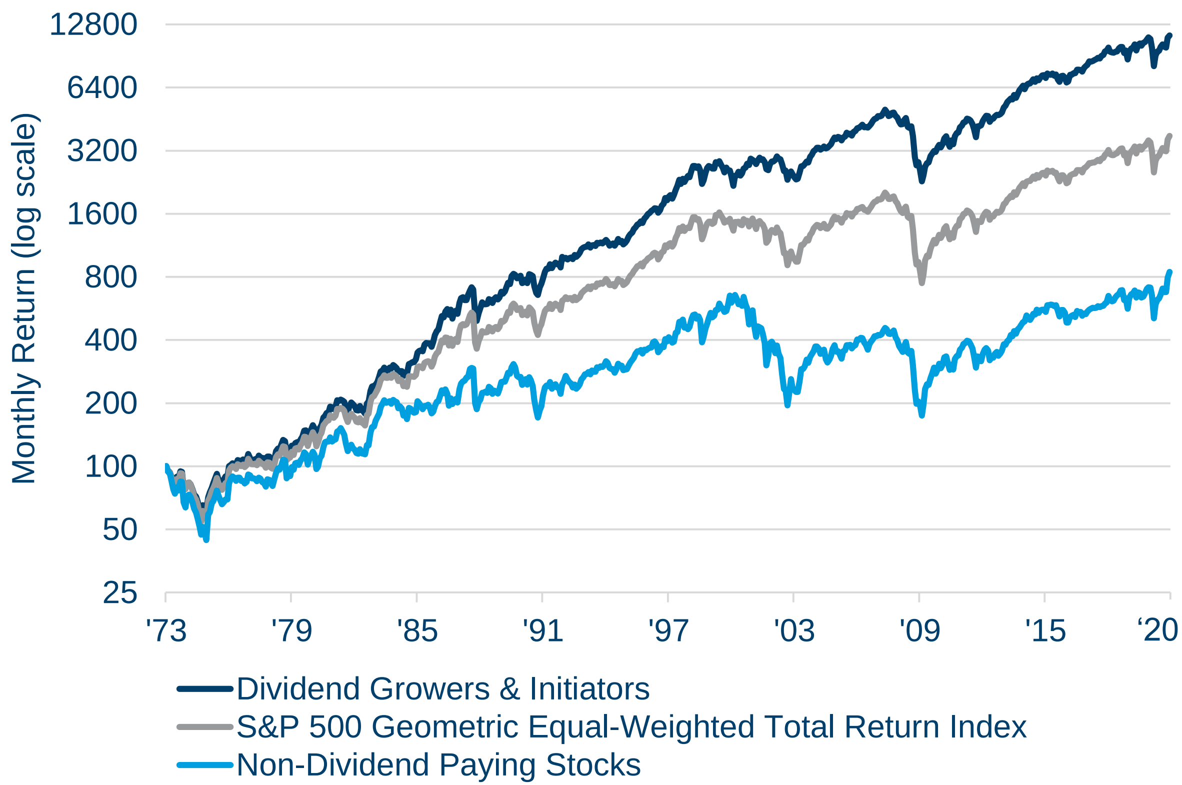
S&P 500 Index returns by dividend and capital appreciation (average annual return)



- Going back to 1930, more than 40% of S&P 500 Index returns have come from dividend income.
- This fell to 16% from 2010-2020 resulting from the long bull market and strong price appreciation from stocks.

Source: Ned Davis Research as of 12/31/2020. Updated annually. Dividend payments are not guaranteed and the amount, if any, can vary over time. **Past performance is not a guarantee of future results. It is not possible to invest directly in an index.**

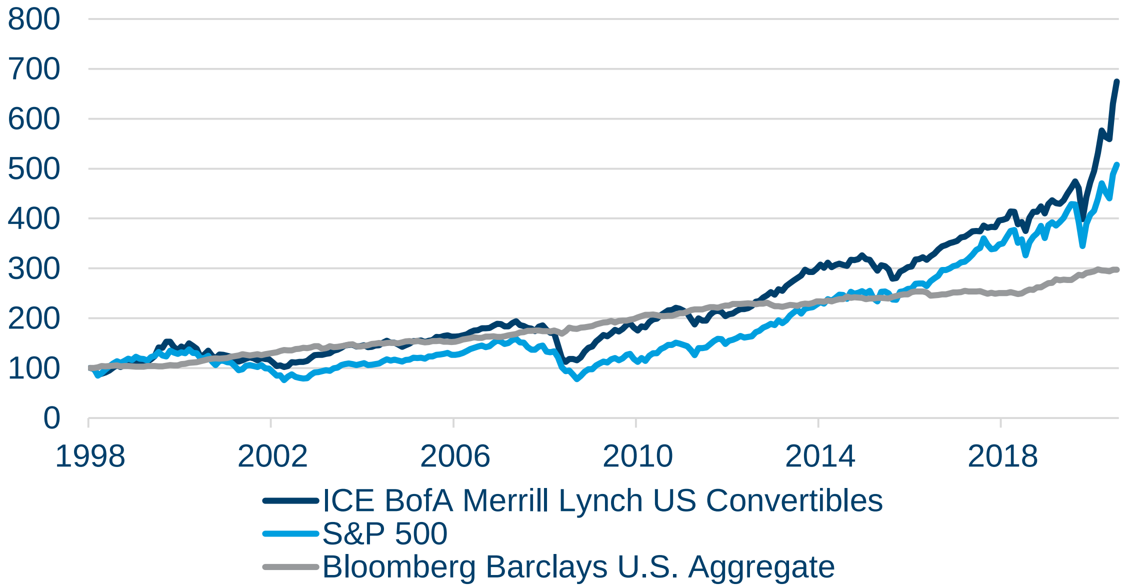
S&P 500 Index stock returns by dividend policy



- Over the long term, companies that grow and initiate dividends have outperformed the S&P 500 Index annual average gain of 7.9%.
- Dividend growers and initiators (those that have either grown or initiated a dividend in the prior 12 months) have an annual average gain of 10.4%.
- Non-dividend-paying stocks have had an average annual return of only 4.6%.

Source: Ned Davis Research, data as of 12/31/2020. **Past performance is not a guarantee of future results. It is not possible to invest directly in an index.** There is no guarantee that these trends will continue. This information is intended for illustrative purposes only. It is not intended to be representative of specific portfolio holdings. Dividend growers and initiators represents those companies in the S&P 500 Index that have either grown their cash dividend or initiated one over the last 12 months. Non-dividend-paying stocks are those in the Index that have not paid dividends in the last 12 months.

Convertible vs. other asset classes (total return)

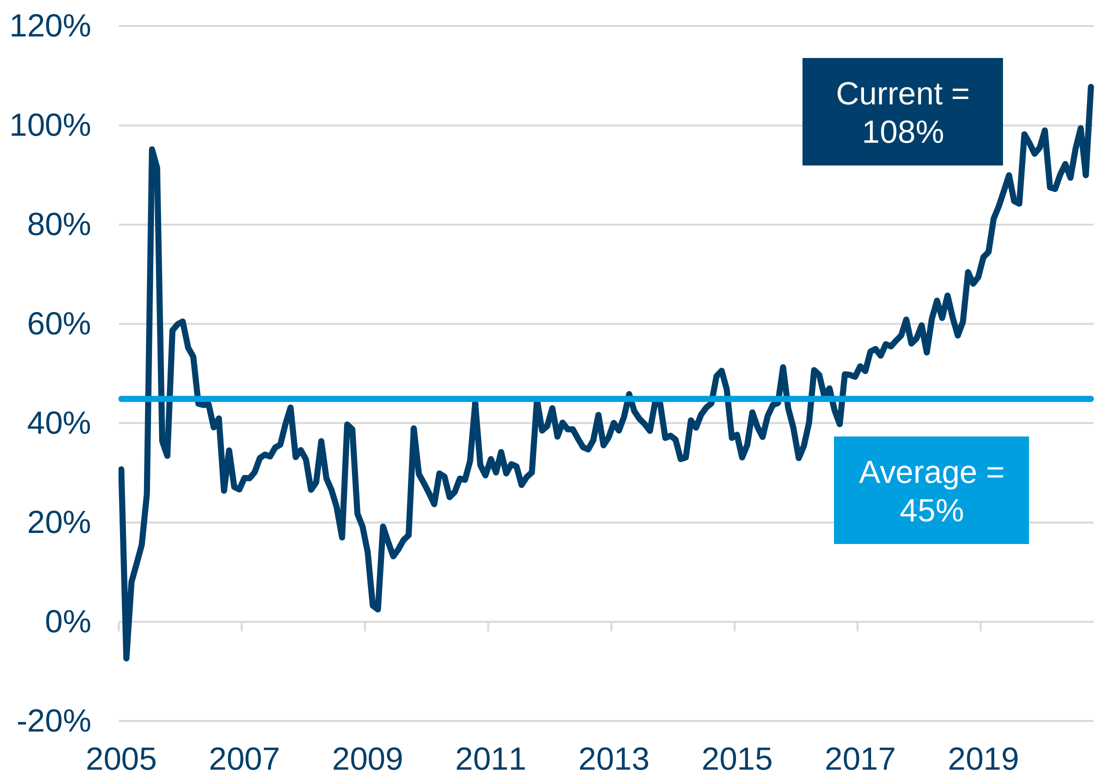


Index comparison: 6/30/1998 – 12/31/2020	Annualized return	Standard Deviation
ICE BofA ML All Convertibles, All Qualities Index	8.86%	13.41%
S&P 500 Index	7.49%	15.47%
Bloomberg Barclays U.S. Aggregate Index	4.97%	3.39%

- Over time and through different market conditions, convertible securities have offered attractive absolute and relative returns.
- Compared to the broader equity market, convertibles have historically outperformed and done so with less overall volatility.

Source: Bloomberg, Columbia Threadneedle Investments as of 12/31/2020. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

▶ **Forward P/E ratio: International. growth relative to value**



- International growth stocks significantly outperformed value stocks in 2020 but in Q4 international value stocks outperformed growth stocks by +6.5%.
- Consensus forward earnings for international growth stocks have held up better than for value stocks since the March lows.
- International value looks very attractive versus growth; but international value is dominated by financials (29% of the index) which are challenged by negative interest rates.

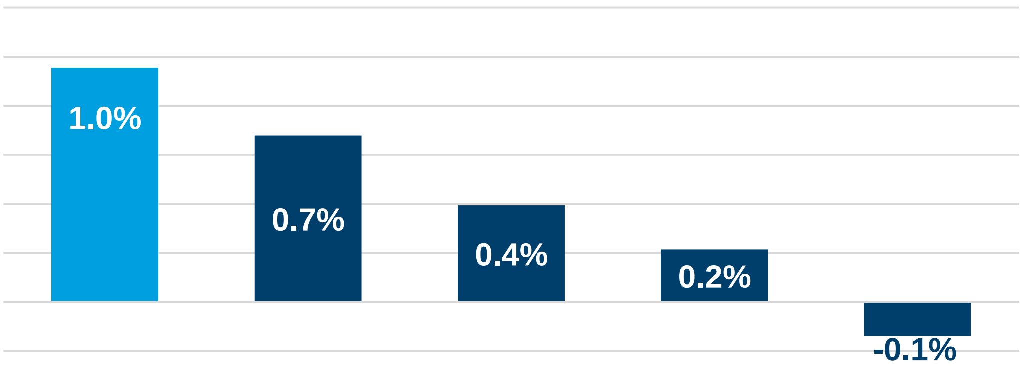
Source: Bloomberg as of 12/31/2020. Growth represented by MSCI ACWI ex USA Growth Index; value by MSCI ACWI ex USA Value Index. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

Efficient frontier (ex-ante)

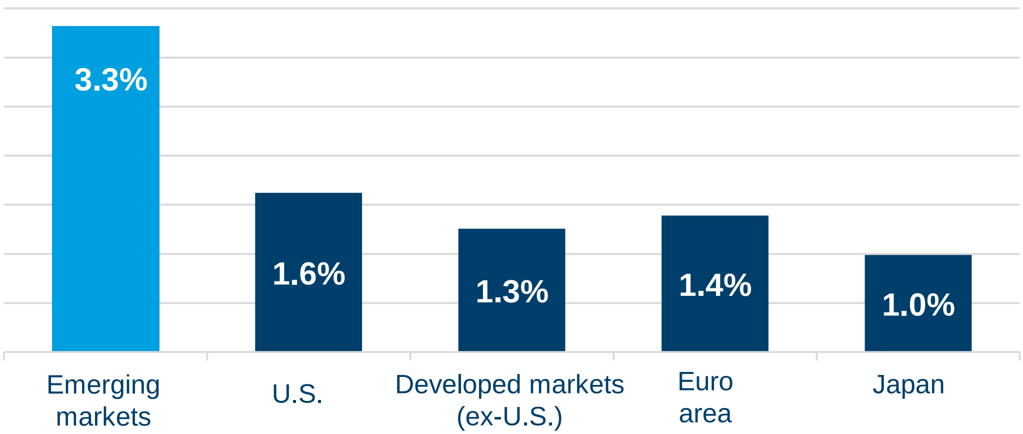
- Emerging markets could be an important part of international equity allocations.
- The maximum Sharp Ratio (the return-to-risk ratio) is projected at an international equity allocation of 14% international developed markets (DM ex U.S.) and 86% emerging markets (EM).
- Any international equity portfolio with less than 30% emerging markets is "inefficient," i.e., forgoes the opportunity to increase return without increasing risk.

Source: Columbia Management Investment Advisers, LLC. The efficient frontier is based on the five-year capital market forecast for major asset classes provided by the Columbia Threadneedle Global Asset Allocation team (see page 7). International developed stocks are represented by the MSCI ACWI-ex US index; emerging markets are represented by the MSCI EM index. Ex-Ante Volatilities are derived from BlackRock Aladdin® using their weekly long-term risk model as of 12/31/2020. Historical asset correlations are based on monthly returns from Jan 1995 to Dec 2020.
Past performance does not guarantee future results.

▶ **Population growth rate (%, 2009–2019)**



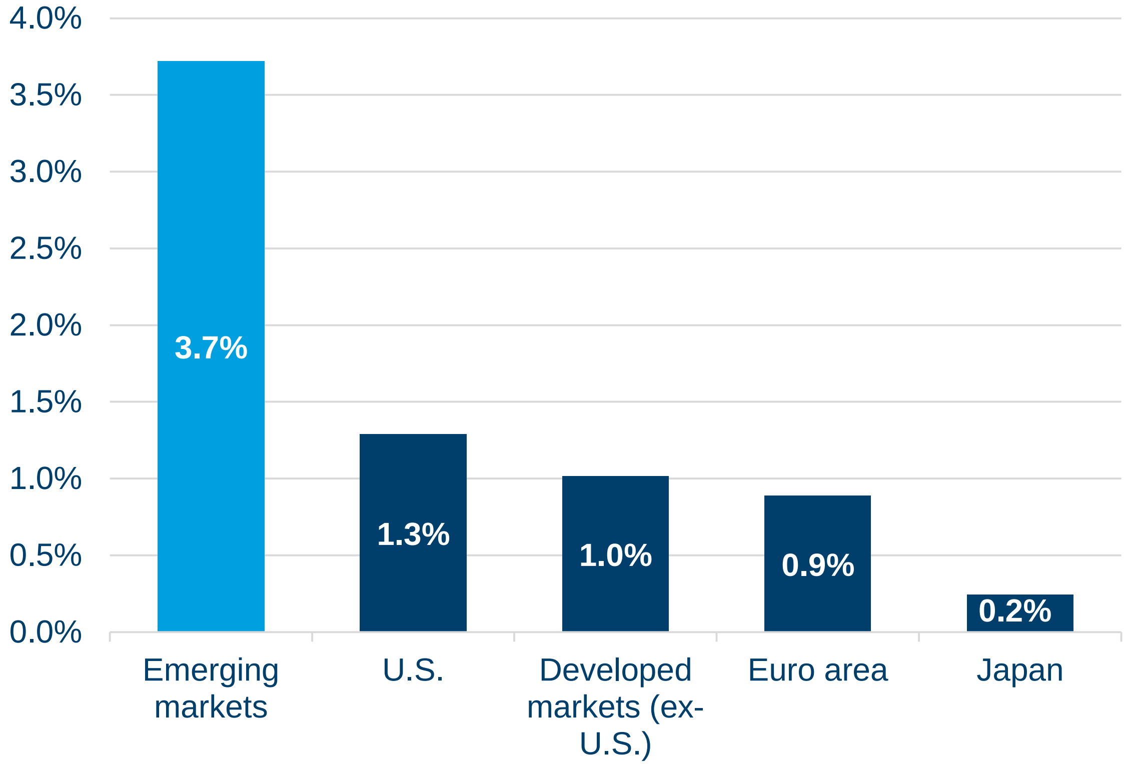
▶ **Labor productivity growth rate (%, 2019–2024 estimate)**



- ▶ Population growth of emerging markets has been more than two times that of developed markets outside of the U.S.
- ▶ Labor productivity growth is projected to be higher in emerging markets than developed markets; this is influenced by the fact that productivity is already so high in developed markets.
- ▶ Developed markets productivity is $105,218 per worker, compared with only $21,678 in emerging markets.

Sources: Population growth rate sourced from World Bank, 08/20. Labor productivity growth rate represented by output per worker using GDP constant, USD; sourced from ILO (11/19), World Bank, Columbia Threadneedle as of 08/20. **Past performance does not guarantee future results.**

GDP growth rate (2020 – estimated 2025)

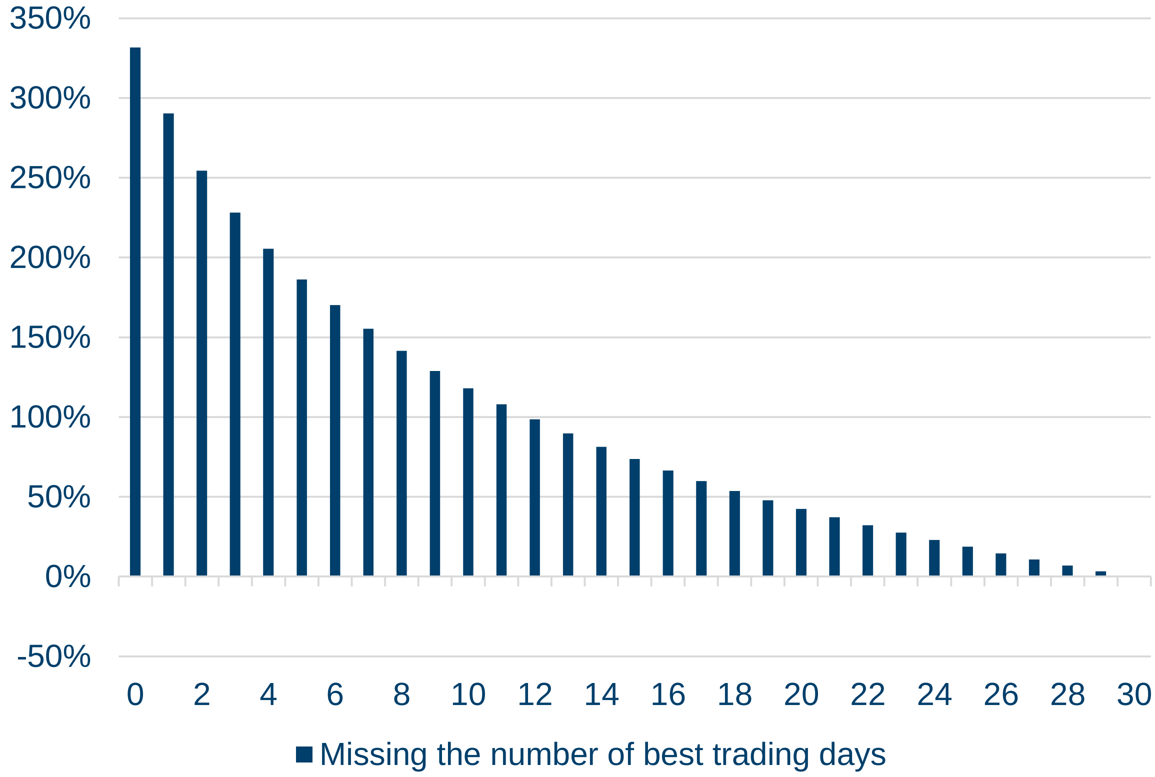


- Emerging markets' share of global gross domestic product (GDP) has almost doubled over the past 25 years.
- Emerging markets' GDP is now the largest part of global GDP and growing most rapidly. In 1995, emerging markets' GDP was less than 20% of the global economy; by 2025, it is projected to reach 44%, as the U.S. declines to 23%.
- Emerging markets' GDP growth is estimated to be almost three times developed markets, excluding the U.S.

Source: IMF as of 10/20, updated every six months. Developed markets (excluding U.S.) reflect those countries classified as "advanced economies" by the IMF, minus the United States; emerging markets reflect those countries classified as emerging market and developing economies.

Emerging markets equity: Market timing vs. time in the market

Total returns for the MSCI EM Index (since 2000)



- Missing just a very few of the best performing trading days can be significantly detrimental to returns.
- Total returns for the MSCI EM Index since the start of 2000 is 332% yet fall off sharply to below zero if the best 30 days of the 5,480 trading days have been removed.

Source: Bloomberg, MSCI, Columbia Management Investment Advisers, LLC. Data as of 12/31/2020. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

Fixed-income outlook: Key takeaways

Monetary and fiscal policy actions have been massive. Treasury yields followed the Fed by moving sharply lower in Q1 2020 and stayed lower. But non-government bond yields followed a different path – moving sharply higher in Q1 sell-off, then snapping back over the balance of 2020.

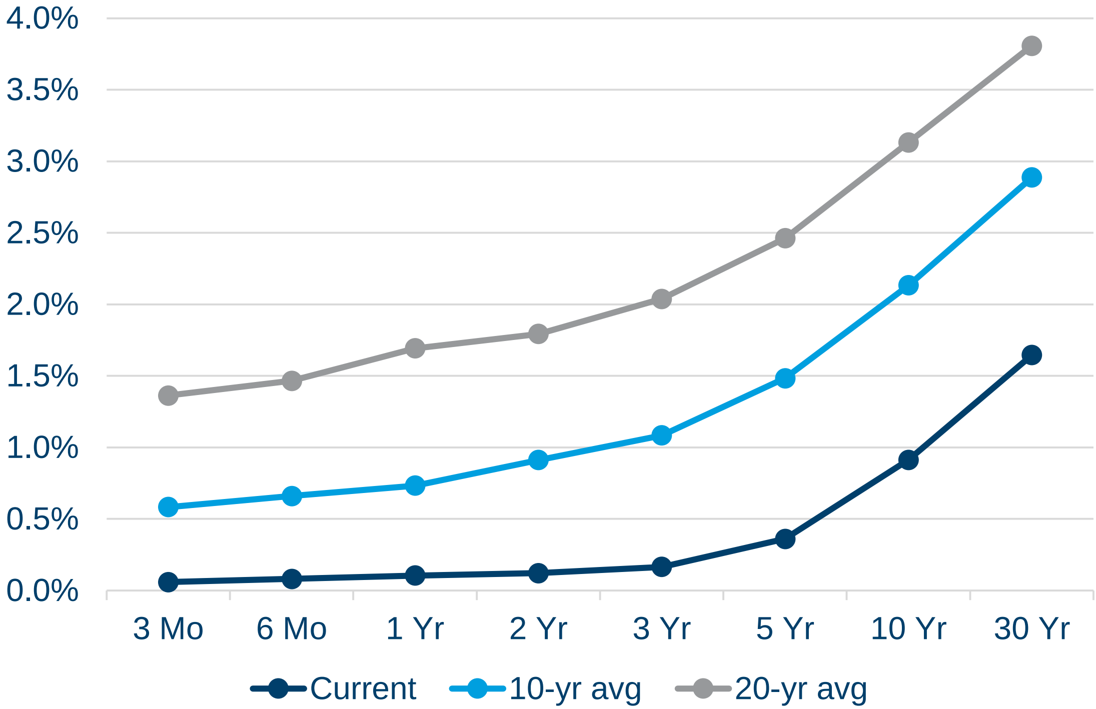
CREDIT AND INTEREST RATE FACTORS

- The Fed has been exceptionally clear: the Fed Funds rate will be anchored at zero for a long time. Yields for long maturity bonds should also remain low, with little inflationary pressure and the Fed moving to "average inflation" targeting. We expect 10 and 30 year yields to remain below 1.25% and 2%, respectively.
- After reaching historically wide levels in 2020, spreads narrowed, aided by direct Fed purchases. Heading into 2021, most spreads are below average levels.
- As credit spreads have tightened, we believe that credit selection will be the dominant determinant of performance in 2021.

MUNICIPAL BONDS

- In early Q2 the muni market experienced a liquidity crisis, not a credit crisis. Policy measures offered support for large parts of the muni market: healthcare, hospitals, transportation, state and local governments.
- The muni market has been slower to mend but is broadly improving.

U.S. Treasury yields



- Even when growth picks up, the Fed has stated that they will be less responsive to positive growth and more concerned about lack of inflation, suggesting yields may remain low for a long time.

Source: Bloomberg, Columbia Threadneedle Investments as of 12/31/2020. A basis point is 1/100th of a percent. **Past performance does not guarantee future results.**

Taxable fixed income: Risk of a modest uptick in yields

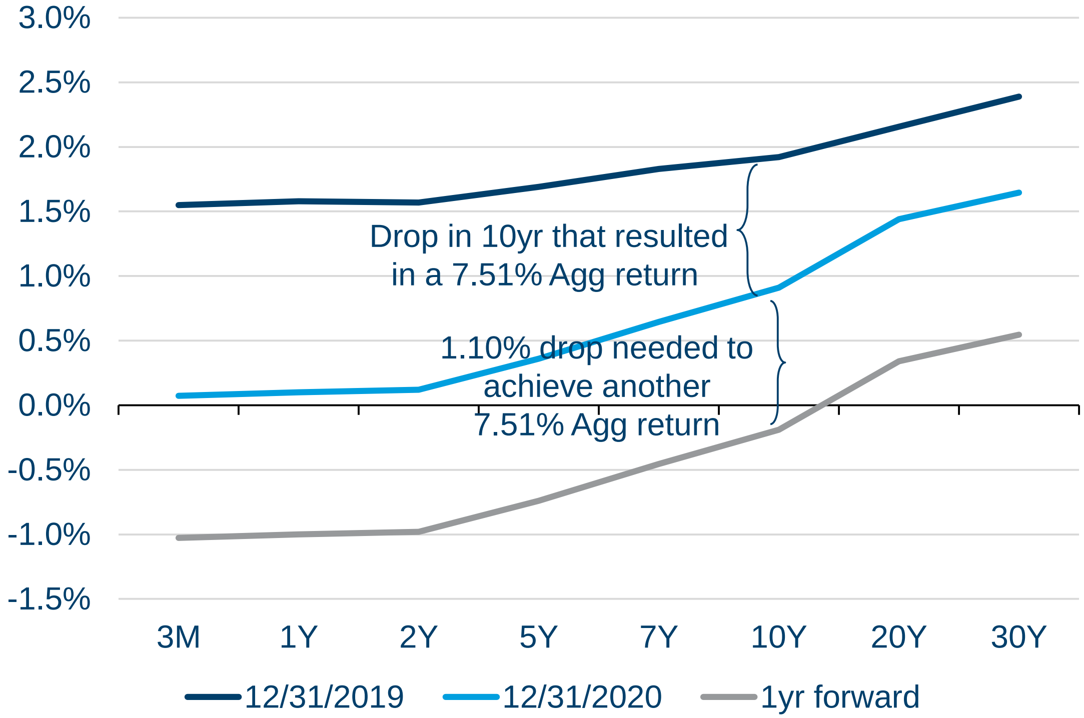
▶ **10-year bond returns (assuming change in yield)**

10-year bond starting yield	1-year return assuming change in yield of . . .			
	+25bp	+50bp	+75bp	+100bp
0.00%	-2.1%	-4.2%	-6.3%	-8.3%
0.50%	-1.6%	-3.7%	-5.8%	-7.8%
1.00%	-0.2%	-2.3%	-4.3%	-6.3%
1.50%	0.4%	-1.7%	-3.7%	-5.6%
2.00%	0.9%	-1.1%	-3.1%	-5.0%
2.50%	1.4%	-0.5%	-2.4%	-4.3%
3.00%	2.0%	0.0%	-1.8%	-3.7%
3.50%	2.5%	0.6%	-1.2%	-3.0%
4.00%	3.0%	1.2%	-0.6%	-2.3%
4.50%	3.6%	1.8%	0.2%	-1.7%
5.00%	4.1%	2.3%	0.6%	-1.0%

- Very low absolute level of longer maturity bond yields may not compensate investors for price risk should rates rise even modestly.

Source: Columbia Threadneedle Investments. **Past performance does not guarantee future results.**

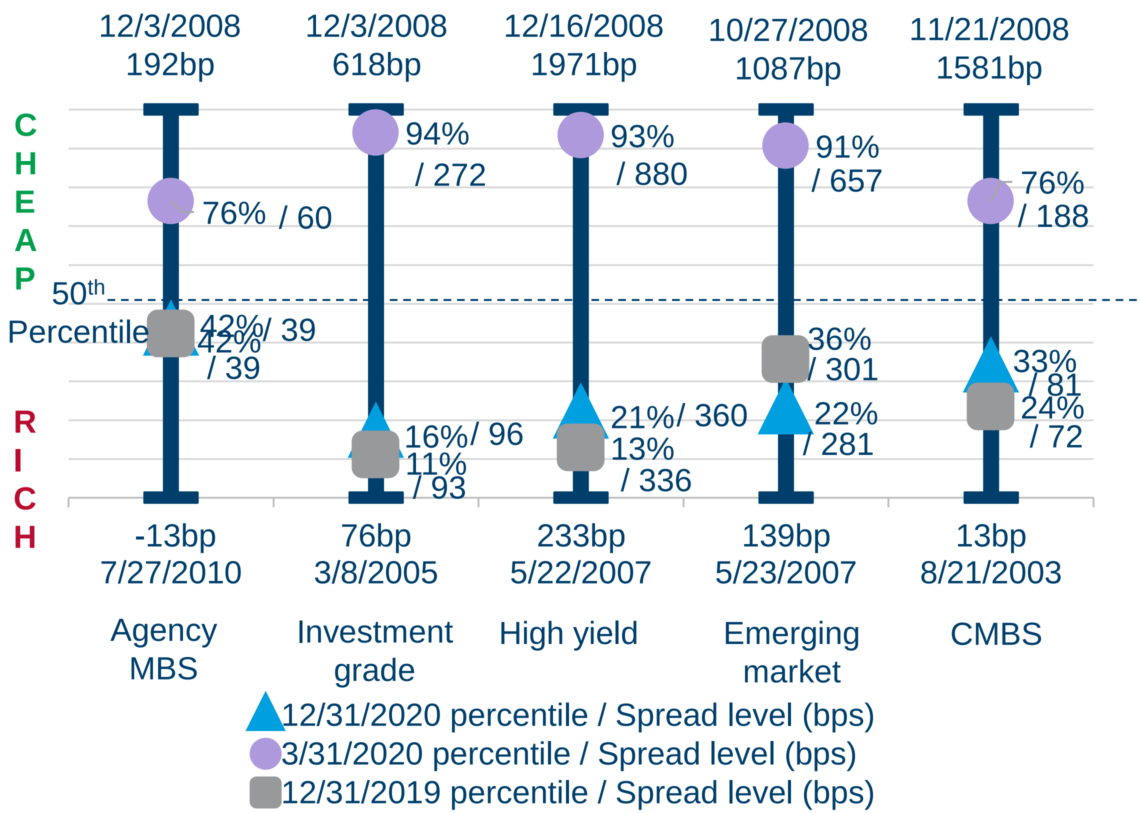
▶ **Yield curve**



- ▶ Relying on purely passive fixed-income strategies may lead to underperformance.
- ▶ Over the past 10 years, there have been 23 rolling-year periods where the Bloomberg Barclays Aggregate Bond Index (Agg) returned over 6%. Over the trailing 12 months through 12/31/20, the Agg returned 7.51%.
- ▶ For the Agg to return another 7.51% over the next 12 months, the 10-year would need to be yielding negative 19 bps*.

Source: Columbia Threadneedle Investments as of 12/31/2020. *Assumes all else being equal (parallel shift in yield curve and no change in spreads). Chart shows the yield curve for the Bloomberg Barclays Aggregate Bond Index (a measure of intermediate term investment-grade bonds). **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

Fixed income spread

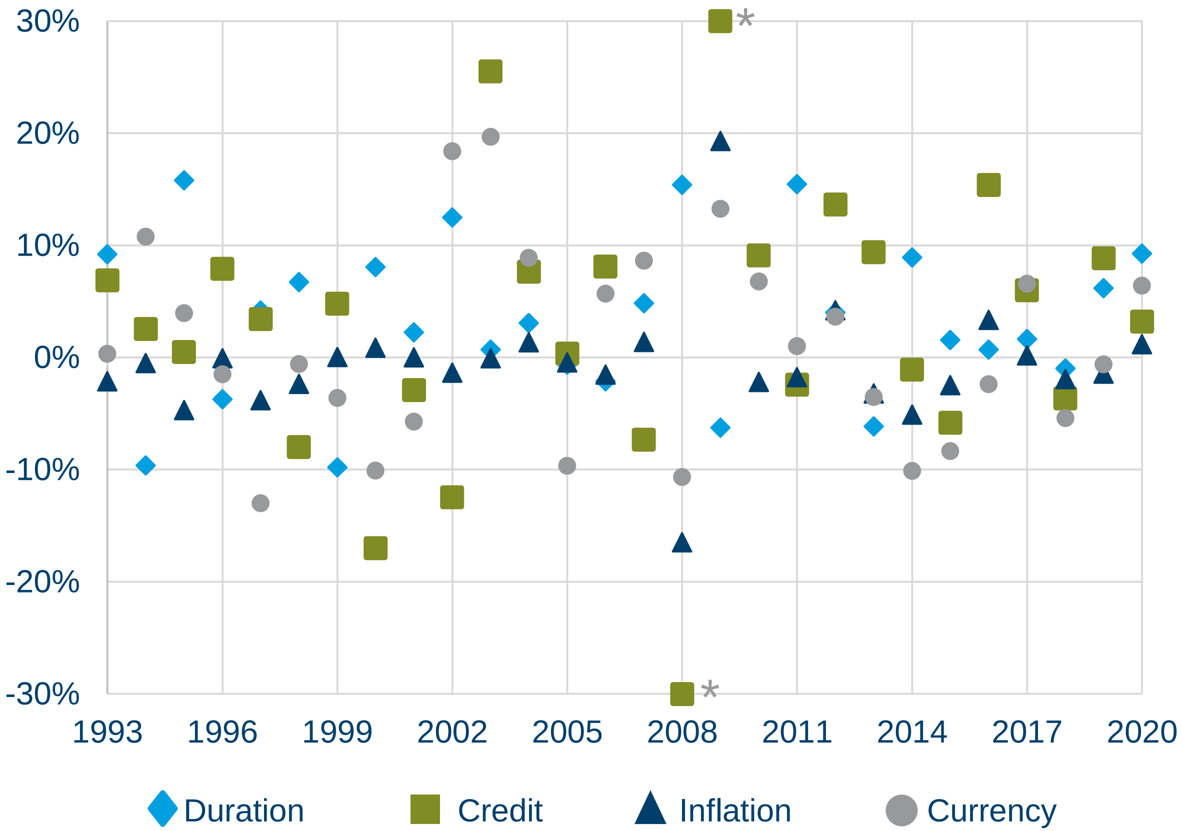


- Credit spreads began 2020 with near historically lows.
- The coronavirus risk-off trade pushed spreads to historically wide levels in March. But the combination of monetary and fiscal policy and gradual reopening of the global economy, spurred a reversal in risk sentiment. Aided by direct Fed purchases spreads narrowed. Now, most spreads are below average levels.
- As investors seek yield in a "lower for longer" environment, spreads may grind even tighter in the riskier parts the fixed-income market, such as high yield and emerging market debt.

Source: Bloomberg, as of 12/31/2020. Daily spreads since 2001. See disclosure for index details. **It is not possible to invest directly in an index.** A basis point is 1/100th of a percent. Note: Spread is the difference in quoted rates of return for a security with credit risk over a risk-free security (e.g., Treasuries or 3-month LIBOR).

Taxable fixed income: Four risk factors

▶ **Risk factor returns by calendar year**



- Interest rates (i.e., duration) are just one part of fixed income investing.
- There are four risk factors that create opportunity in fixed income: duration, credit, inflation and currency.
- These risk factors aren't highly correlated. It isn't an all-or-nothing game, and investors don't need to be in, or out, of the bond market completely.

* Credit factor returns were -34.84% in 2008 and 59.85% in 2009. These data points were truncated to fit on the chart. Sources: Bloomberg Barclays and Columbia Threadneedle, as of 12/31/20. Updated annually. Duration factor returns are represented by excess return of 7- to-10-year U.S. Treasury securities relative to 3-month Treasury bills. Credit factor returns are represented by excess return of high-yield corporate bonds relative to similar duration U.S. Treasury securities. Inflation factor returns are represented by excess return of 10-year Treasury inflation-protected securities relative to 10-year nominal U.S. Treasury securities. Currency factor returns are represented by the equal weighted average of G10 currency spot market returns.

Taxable fixed income: The Agg is overexposed to government sectors

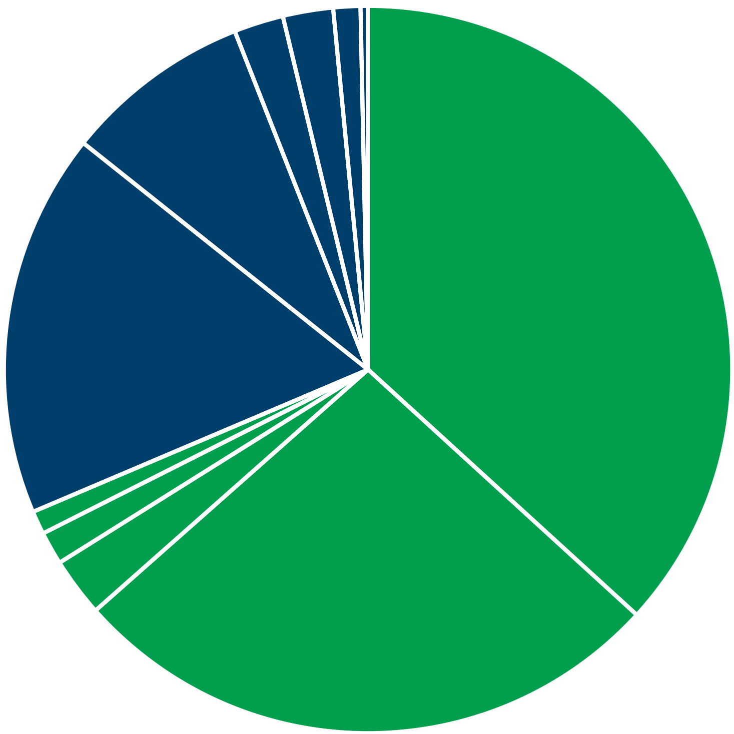
▶ **Sector exposure in the Bloomberg Barclays U.S. Aggregate Bond Index**

Government-affiliated sectors (70%)

Treasuries (36.8%)
Agency MBS (26.7%)
Agencies (2.6%)
Supranational (1.5%)
Local authorities (1.0%)

Other sectors (30%)

Industrial (17.1%)
Financial (8.3%)
CMBS (2.2%)
Utility (2.2%)
Sovereign (1.2%)
ABS (0.3%)

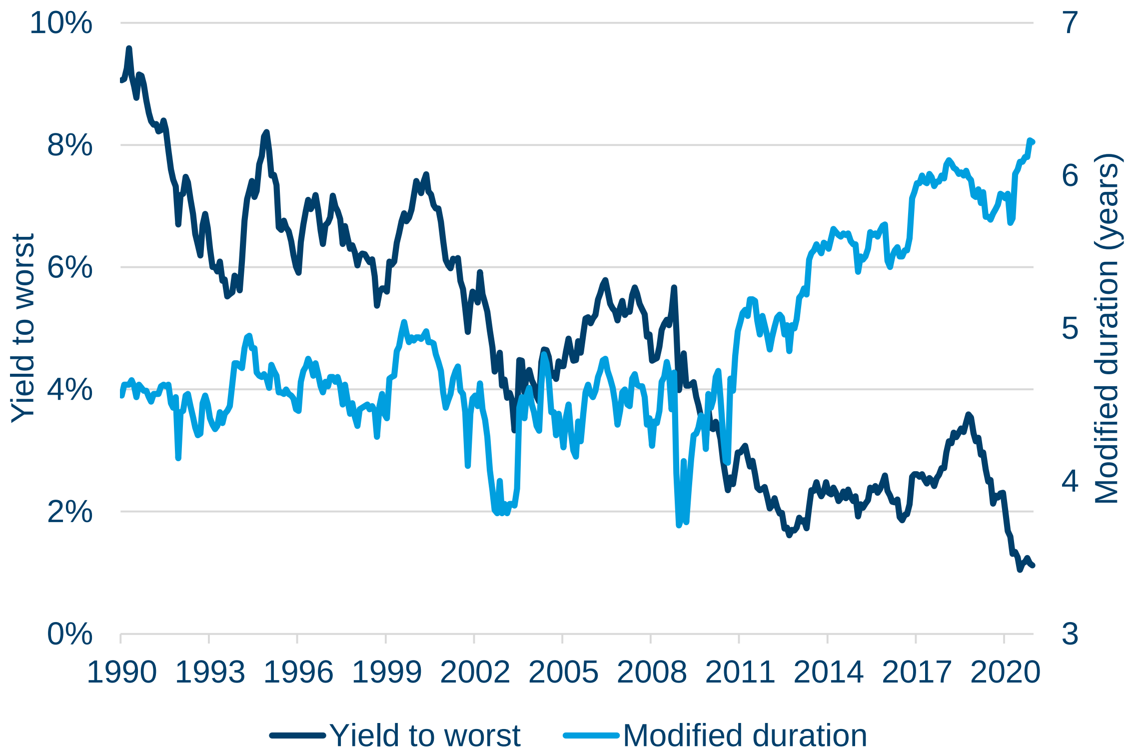


- The Agg is heavily concentrated in exposure to government-related fixed income asset classes. Total government exposure in the Agg is almost 70%.
- The Agg was 22% U.S. Treasuries in 2007. That has increased to about 37% today.
- There is a logical inconsistency in using a market-cap weighted bond benchmark as an investment vehicle. It means there is greatest exposure to those that issue the most debt.

Source: Bloomberg, data as of 12/31/2020**. It is not possible to invest directly in an index.**

Taxable fixed income: The Agg now has more duration with less yield

Bloomberg Barclays U.S. Aggregate Index



- The Agg changed its complexion post the Global Financial Crisis (GFC) because the government issued more debt; the index extended duration and lowered yield because government bonds crowded out corporate bonds.
- We could see a similar trend in the future as the government issues low yielding longer-term debt to support the economic rebound.

Source: Bloomberg, as of 12/31/2020. **It is not possible to invest directly in an index.**

▶ Correlations across fixed-income sectors (2006 – 2020)

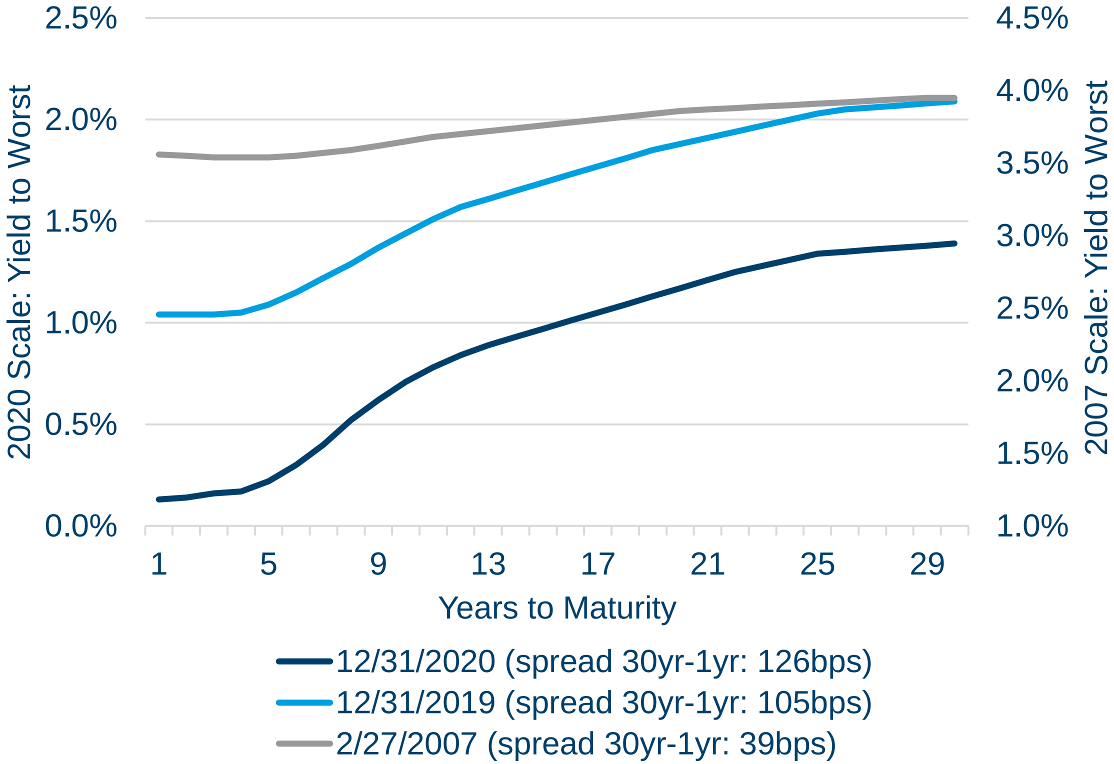
	U.S. Treasury	U.S. Agency MBS	Global Treasury (ex-U.S.)	Emerging market	Investment-grade corporate	U.S. corporate high yield
U.S. Treasury	1.00					
U.S. Agency MBS	0.81	1.00				
Global Treasury (ex-U.S.)	0.46	0.47	1.00			
Emerging market	0.09	0.35	0.48	1.00		
Investment-grade corporate	0.39	0.49	0.53	0.78	1.00	
U.S. corporate high yield	-0.28	-0.02	0.28	0.81	0.65	1.00

- The Agg does not include sectors with lower correlation like U.S. corporate high yield, global treasuries or emerging market debt.
- The correlation of U.S. Treasuries to high yield is negative (-0.28) and non-U.S. Treasuries and emerging market correlation is low at 0.48.

Source: Bloomberg, as of 12/31/2020. See disclosure for indices. **It is not possible to invest directly in an index.**

Tax-exempt fixed income: Muni curve remains steep

U.S. Muni AAA curve*, current, year-end, flattest (Feb' 07)

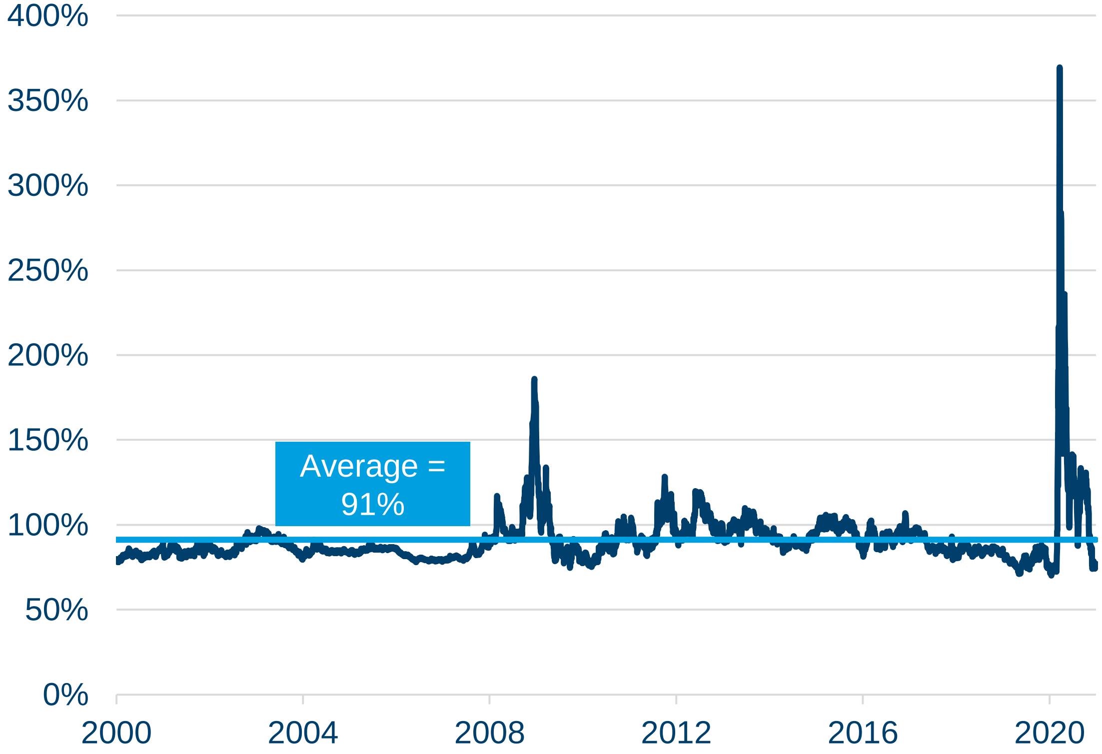


- The muni curve has steepened versus year-end 2019.
- Possible flattening of the long-end makes that portion of the curve more attractive from a relative value perspective.
- The muni curve has never inverted.

Sources: *MMD AAA GO Muni curve, Thomson Reuters Refinitiv company. Barclays Live, Columbia Management Investment Advisers, LLC as of 12/31/2020. **It is not possible to invest directly in an index.**

Tax-exempt fixed income: Muni to U.S. Treasuries yield ratio narrows after a huge spike

▶ Muni to U.S. Treasury yield ratio (10 years)

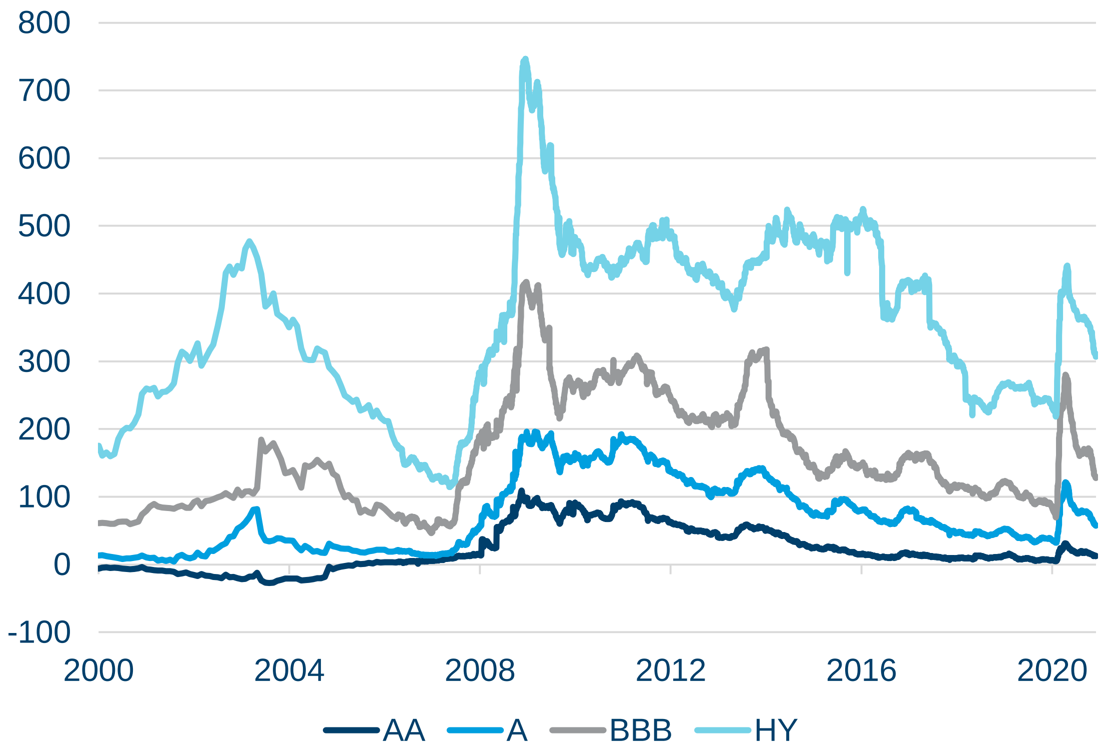


- In the early days of the coronavirus crisis, largely due to market illiquidity, the yield ratio between AAA muni bonds and U.S. Treasury bonds surged to 370%, significantly above the 91% average.
- As liquidity returned to the markets, that spread narrowed; currently at 77% — below the historical 91% average.

Source: MMD Thomson Reuters, Columbia Management Investment Advisers, LLC as of 12/31/2020. **It is not possible to invest directly in an index.**

Tax-exempt fixed income: Credit spreads remain wide

Muni credit spreads to AAA muni (bps)

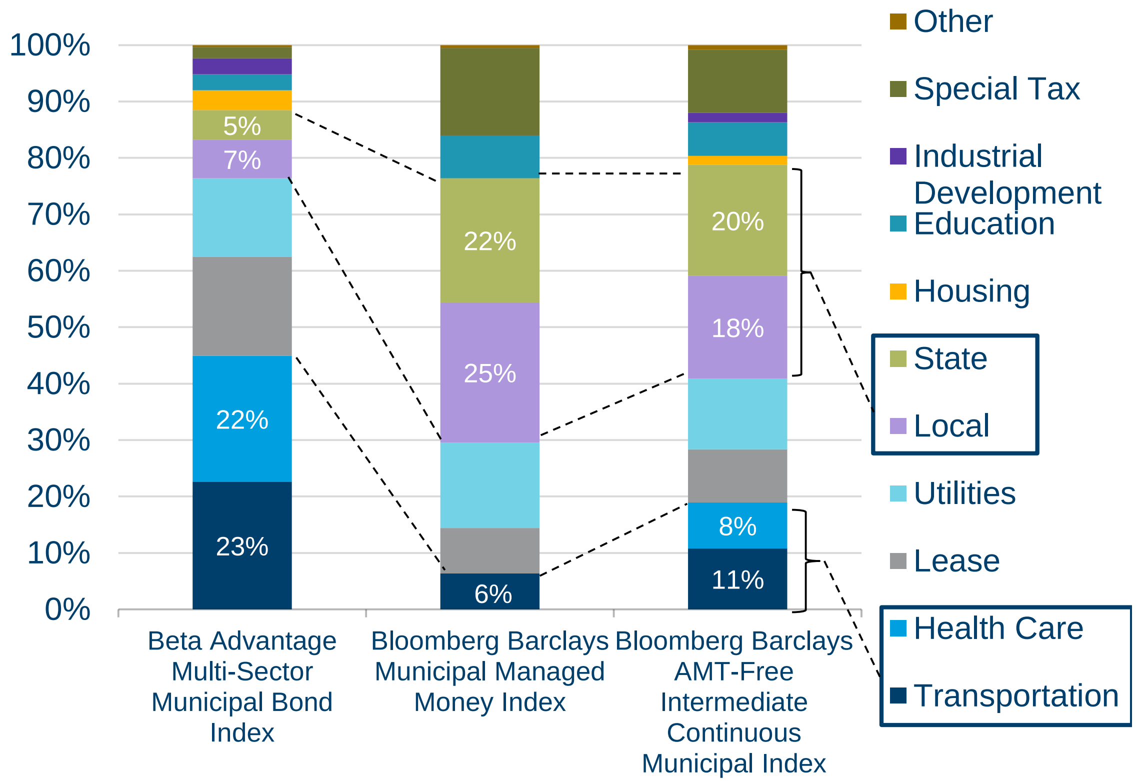


- While spreads have declined in Q4, credit spreads (vs. AAA) within the Muni market have widened from 5 basis points AA, 32 basis points A, 70 basis points BBB and 218 basis points HY in February 2020 to 13 basis points AA, 57 basis points A, 129 basis points BBB and 307 basis points HY currently.

Source: Barclays Live, Columbia Management Investment Advisers, LLC as of 12/31/2020. Note: Data from Index provider was only monthly data until April of 2006, from that point on, data is daily. **It is not possible to invest directly in an index.**

Tax-exempt fixed income: Municipal benchmarks are narrow yet fragmented

What's inside the municipal benchmarks?

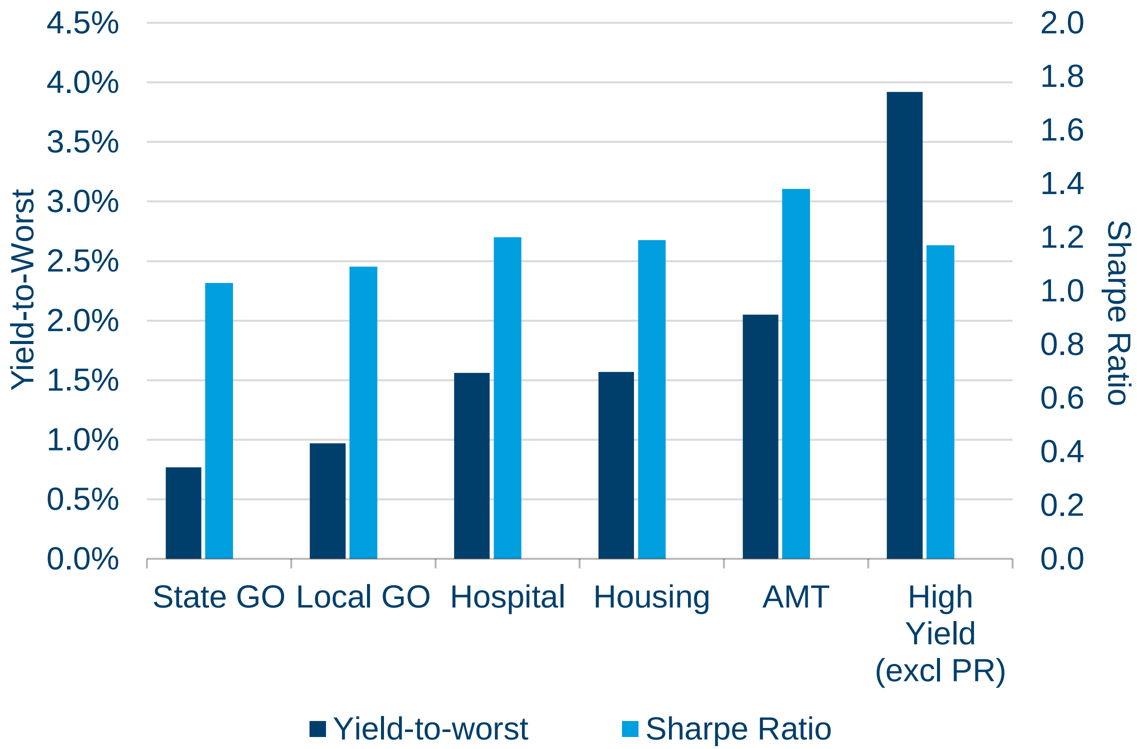


- Against this changing muni landscape, investors are increasingly turning to benchmark-indexed portfolios. The municipal bond market is comprised of $3.8 trillion in market value spread over 80,000 issuers and roughly one million individual bonds.*
- This high degree of fragmentation makes it nearly impossible for indexers to replicate the full market opportunity. Further, the traditional benchmarks give more exposure to low yielding sectors (like govt. obligations) and hence offer fewer diversification benefits.

Source: *Bloomberg, as of 12/31/2020. Past performance is not a guarantee of future results. **It is not possible to invest directly in an index.**

Tax-exempt fixed income: The broader opportunity set

▶ Comparative sector metrics*



- Exclusion of certain revenue sectors reduces diversification by clustering investments into a narrower range of sector baskets while simultaneously limiting performance potential.

Source: Bloomberg as of 12/31/2020. Past performance is not a guarantee of future results. *The following sectors are based on sub-indices of the Bloomberg Barclays Municipal Bond Index as follows: State GO−Bloomberg Barclays State GO Index, an index of state general obligation bonds; Local GO−Bloomberg Barclays Local GO Index, an index of local general obligation bonds; Hospital−Bloomberg Barclays Municipal Hospital Index, an index of municipal hospital bonds; Housing−Bloomberg Barclays Municipal Housing Index, an index of municipal housing bonds; AMT-Bloomberg Barclays AMT Index, an index of municipal AMT bonds; High yield ex-PR is represented by Bloomberg Barclays High yield Municipal Bond ex-PR Index.

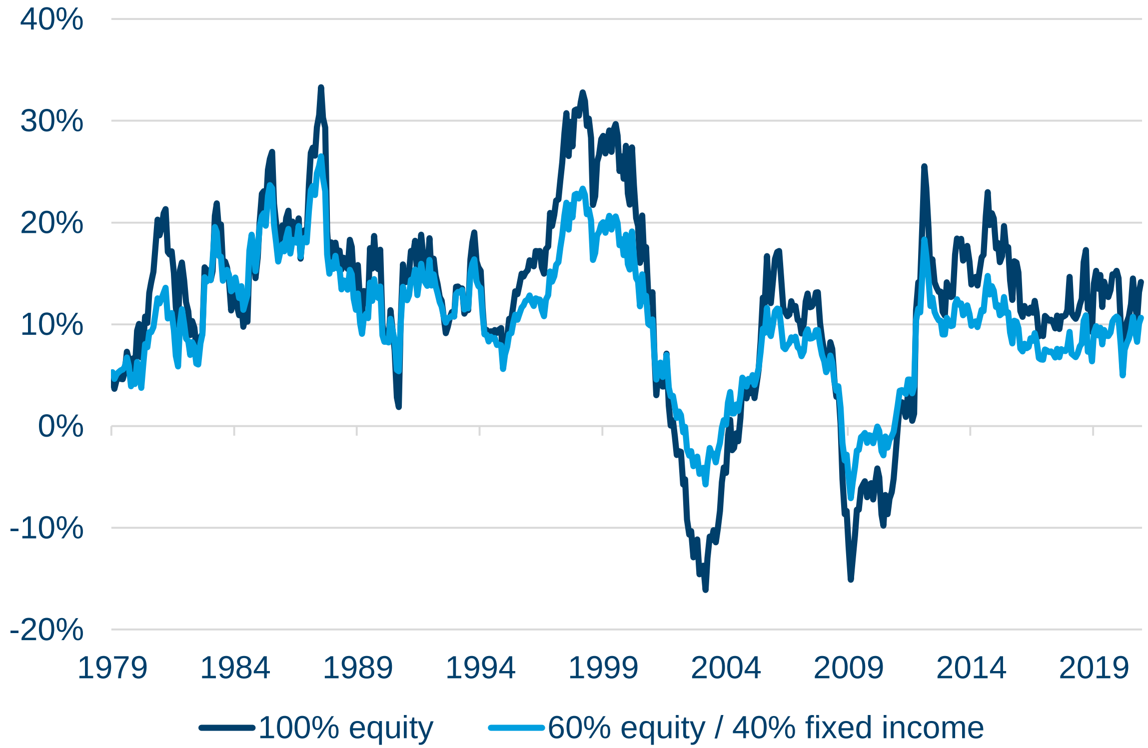
We continue to advocate for an asset allocation approach that considers asset classes (e.g., equity/fixed income), style (e.g., growth/value/core), size (e.g., large, mid, small) as well as approach (e.g., alpha and beta.)

- **Equity returns have been strong, and volatility continues to go lower. A significant amount of uncertainty has been eliminated from markets because of the successful coronavirus vaccine results and the U.S. presidential election being called for Biden. Only the fear of overexuberance and lofty valuation levels mitigates having higher optimism in equity markets. Tilts toward risky assets will be rewarded for a while as global growth reaccelerates.**
- **Fixed income has served as an essential asset class throughout 2020. It's provided diversification in the form of underlying duration and an attractive way to play recovery on the back of spread compression. Looking ahead to 2021, it s likelty that credit markets will continue to attract attention as investors hunt for higher yields, but with a reduced opportunities for upside.**
- **While there could be opportunities for alpha in some areas of the alternatives markets, traditional markets are a more attractive opportunity to spend a risk budget in this cooperative environment.**

Source: Columbia Threadneedle Investments, as of December 31, 2020. Diversification does not guarantee a profit or protect against loss.

Multi-asset: Traditional asset allocation is not as diversified as it appears

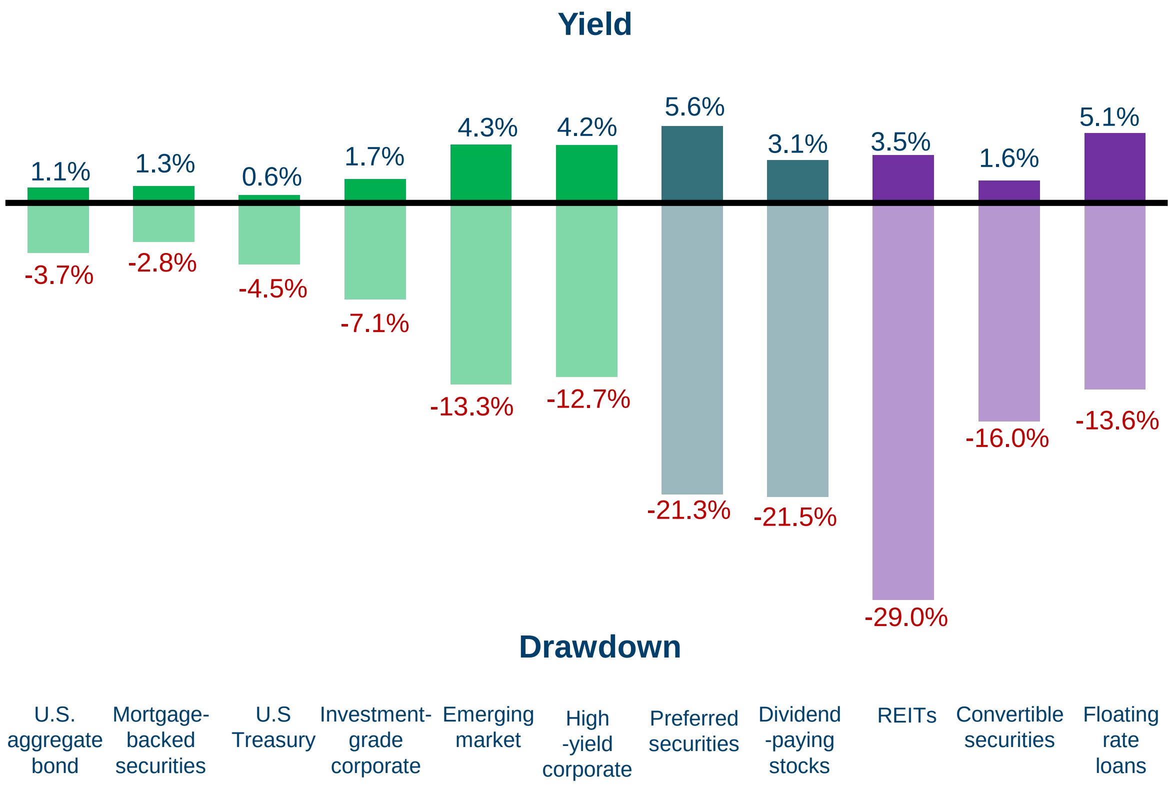
▶ Rolling three-year returns annualized



- ▶ Investors traditionally buy stocks for return and bonds to reduce risk and bring them together in a balanced portfolio.
- ▶ However, returns from a traditional 60% equity and 40% fixed-income portfolio have been highly correlated with equity markets.
- ▶ A portfolio allocated based on risk (risk allocation) rather than traditional capital allocation may provide more downside protection and mitigate volatility.

Sources: Bloomberg, Barclays, Columbia Threadneedle Investments. As of 12/31/2020. Equity is represented by S&P 500 Index, and fixed income is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. **Past performance is not a guarantee of future results. It is not possible to invest directly in an index.**

Current yield and 10-year max drawdown across asset classes



- With interest rates and yields low around the world, investors who have cash to invest may be investing in riskier sectors for additional yield.
- Higher yielding assets can have bigger losses, measured by drawdowns.
- Balancing the trade-off between higher yield and higher risk is important in this environment where investors are stretching for yield.

Sources: Bloomberg, FactSet, Barclays, Columbia Threadneedle Investments, as of 12/31/2020. Current yield represented as yield to worst for fixed income and current dividend yield for equity. Using weekly data. See disclosure for indices used to represent asset classes. Drawdown represents a peak-to-trough decline in values during a specified time period.

Key data points

- P/Es on forward earnings are significantly above historical averages. Equities have been supported by low bond yields; but as stock prices gained, earnings fell, and recently bond yields rose, that support diminished. At current valuations equity gains are likely to be largely dependent on the strength of the profit recovery post-coronavirus.
- We expect a cyclical rotation to unfold over 2021 with increasing market breadth.
- Dividends are an important source for total return investing, but free cash flow strength and quality of balance sheet are the primary focus in dividend investing now more than ever.
- The Fed has been exceptionally clear: the Fed Funds rate will be anchored at zero for a long time. Yields for long maturity bonds should also remain low, with little inflationary pressure and the Fed moving to "average inflation" targeting. We expect 10 and 30 year yields to remain below 1.25% and 2%, respectively.
- After reaching historically wide levels in 2020, spreads narrowed, aided by direct Fed purchases. Heading into 2021, most spreads are below average levels.
- As credit spreads have tightened, we believe that credit selection will be the dominant determinant of performance in 2021.

Disclosures

Index definitions

It is not possible to invest directly in an index.

The **Bank of America Merrill Lynch All Convertibles All Qualities Index** is a widely used index that measures convertible securities' performance. It measures the performance of U.S. dollar denominated convertible securities not currently in bankruptcy with a total market value greater than $50 million at issuance.

The **Bloomberg Barclays Emerging Markets Bond Index** includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

The **Bloomberg Barclays Global Aggregate Bond Index** is an unmanaged broad-based, market-capitalization-weighted index that is designed to measure the broad global markets for U.S. and non-U.S. corporate, government, governmental agency, supranational, mortgage-backed and asset-backed fixed-income securities.

The **Bloomberg Barclays Global Inflation Linked Bond Index** is designed to include those markets in which a global government linker fund is likely and able to invest.

The **Bloomberg Barclays Global Treasury Index ex-U.S**. tracks fixed-rate, local currency government debt of investment grade countries, including both developed and emerging markets but excluding the U.S.

The **Bloomberg Barclays Multiverse Index** provides a broad-based measure of the global fixed-income bond market. The index represents the union of the Global Aggregate Index and the Global High-Yield Index and captures investment grade and high yield securities in all eligible currencies.

The **Bloomberg Barclays Municipal Bond Index** is an unmanaged index that is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year.

The **Bloomberg Barclays Muni BBB rated index** is an unmanaged index of tax-exempt bonds with a BBB credit rating.

The **Bloomberg Barclays U.S. Aggregate Corporate Bond Index** consists of publicly issued, fixed-rate, nonconvertible, investment-grade debt securities.

The **Bloomberg Barclays U.S. Corporate Investment Grade Index** measures the investment grade, taxable corporate bond market.

The **Bloomberg Barclays U.S. High Yield Corporate Bond Index** Barclays U.S. Corporate High Yield Index represents the universe of fixed rate, non-investment grade debt.

The **Bloomberg Barclays U.S. Mortgage-Backed Securities Index** includes 15- and 30-year fixed-rate securities backed by mortgage pools of Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA).

The **Bloomberg Barclays U.S. Treasury Index ("U.S. Treasuries")** measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

The **Bloomberg Commodity Index** (formerly DJ UBS Commodity Index), is a broadly diversified index composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME).

The **BCOM** is a highly liquid and diversified benchmark for commodity investments. It provides broad-based exposure to commodities, and no single commodity or commodity sector dominates the Index.

The **BofA Merrill Lynch 10-Year T-Bill Index** is an unmanaged market index of U.S. Treasury securities that assumes reinvestment of all income.

The **ICE BofA Merrill Lynch U.S. High Yield Constrained Bond index** is a commonly used benchmark index for high-yield corporate bonds.

The **Bloomberg Barclays Treasury Index** tracks the total return of U.S. Treasury notes.

Floating rate loans are represented by the **Credit Suisse Leveraged Loan Index**, also known as the Bank Loan Index, which provides broad and comprehensive total return metrics of the universe of syndicated term loans.

Th **FTSE Broad Investment-Grade (BIG) Index** tracks the performance of U.S. dollar-denominated bonds issued in the U.S. investment-grade bond market.

The **FTSE National Association of Real Estate Investment Trusts (NAREIT) Index** is an index that reflects performance of all publicly traded equity real estate investment trusts.

The **FTSE U.S. Domestic 3-month T-Bill Index** is intended to track the daily performance of 3-month U.S. treasury bills.

The **FTSE World Government Bond Index** measures the performance of fixed-rate, local currency, investment-grade sovereign bonds.

The **JPMorgan Emerging Market Bond Index** tracks total returns for traded external debt instruments in emerging markets and is an expanded version of the JPMorgan EMBI+. As with the EMBI+,the EMBI Global includes U.S.-dollar-denominated Brady bonds, loans and Eurobonds with an outstanding face value of at least $500 million. It covers more of the eligible instruments than the EMBI+ by relaxing somewhat the strict EMBI+ limits on secondary market trading liquidity.

The **JPMorgan Leveraged Loan Index** is designed to mirror the investable universe of U.S. dollar institutional leveraged loans.

Index definitions

The **MSCI ACWI Index** is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world.
The **MSCI Europe, Australasia, Far East (EAFE) Index** captures large and mid-cap stocks across developed markets countries around the world, excluding the U.S. and Canada.
The **MSCI Emerging Markets Index**, an unmanaged market-capitalization weighted index, is compiled from a composite of securities markets of 26 emerging market countries.
The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese markets.
The **MSCI U.S. Index** is designed to measure the performance of the large and mid-cap segments; aims to represent ~85% of the U.S. market.
The **MSCI USA High Dividend Yield Index** is based on the MSCI USA Index, its parent index, and is designed to reflect the performance of equities with higher dividend income and quality characteristics.
The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries--excluding the United States.
The **Russell 1000 Value Index** is a stock market index that represents stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates.
The **Russell 1000 Growth Index** is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.
The **Russell 2000 Index** is comprised of the smallest 2,000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization.
The **Russell 3000 Index** measures the performance of the 3,000 largest publicly held companies incorporated in America as measured by total market capitalization,
The **S&P 500 Index** tracks the performance of 500 widely held, large capitalization U.S. stocks. Index returns assume the reinvestment of all distributions unless otherwise indicated.
The **S&P 500 Geometric Equal-Weighted Total Return Index** is the returns based on monthly equal-weighted geometric average of total returns of the S&P 500 component stocks, with components reconstituted monthly.
The **S&P GSCI** is a composite index of commodity sector returns which represents a broadly diversified, unleveraged, long-only position in commodity futures. The index's components qualify for inclusion in the index based on liquidity measures and are weighted in relation to their global production levels.
The **S&P GSCI Light Energy Index** differs only with regards to a lesser energy weighting.
The **S&P U.S. Preferred Stock Index** is designed to serve the investment community’s need for an investable benchmark representing the U.S. preferred stock market.
The **U.S. Dollar Index** is an index of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to following select currencies: Euro (EUR) 57.6%, Japanese yen (JPY) 13.6%, Pound sterling (GBP) 11.9%,Canadian dollar (CAD) 9.1%, Swedish krona (SEK) 4.2%, Swiss franc (CHF) 3.6%.

Disclosure

YTD asset class returns slides: The shown asset class descriptors reference the following indices: S&P 500 Index (U.S. stocks), MSCI World ex-U.S. Index (International developed equity), MSCI Emerging Markets Index (Emerging market equity), Bloomberg Barclays Treasury Index (Treasuries), Bloomberg Barclays US Aggregate Bond Index (U.S. aggregate bond), Bloomberg Barclays Municipal Bond Index (U.S. municipal bond), Bloomberg Barclays Global Aggregate TR USD (Global Aggregate Bond), Bloomberg Barclays US MBS TR USD (Mortgage-backed securities), FTSE Broad Investment-Grade (BIG) Index (Investment grade corporate bond), Merrill Lynch US High Yield Constrained Index (High yield corporate bond), JP Morgan EM Bond Index (Emerging market bond), Bloomberg Barclays Global Infl Linked TR USD (unhedged) (Global Inflation-linked bond), Bloomberg Commodity Index (Commodities), FTSE All Equity NAREIT Index (REITs).

Factor performance slide: Book to price – book equity divided by market cap; Forward E/P – forward 12-month earnings divided by price; FCF to EV – Trailing 12-month free cash flow divided by enterprise value; Share buyback – year-over-year percentage change in common shares outstanding; Dividend yield – indicated annual dividends divided by price; ROE – trailing 12-month net income divided by common equity; Earnings quality – balance sheet accruals; Debt to assets – Total debt divided by total assets; EBITDA margin – trailing 12-month EBITDA divided by sales; Revenue stability – Revenue growth stability over the past 12 quarters; Price momentum – total stock returns from month t-12 to t-1; Prior 1-month return – total stock returns in prior month; Analyst sentiment – net analyst upward revisions on forward 12-month earnings; OCF surprise – weighted quarterly operating cash flow growth; Beta – Barra beta; Size – Barra size; LT growth rate – estimated long-term growth rate.

Five-year forecast slide: Equity forecasts are based on three components: expected dividend payments, expected earnings growth and change in valuation levels (price-to-earnings ratios). Expected earnings growth is driven by expected economic growth, input cost changes and pricing power. Fixed-income forecasts are based on the shape of the yield curve, direction of interest rates, increase/decrease in yield spreads and timing of those changes. To calculate the five-year forecast, we consider three scenarios and calculate a weighted average based on the likelihood of each: 1) Most likely (50%): Fiscal Fade. In this scenario, the boost to growth provided by fiscal policy changes implemented in 2018 are exhausted by year end. Trend growth resumes. However, with little room for error, the economy becomes susceptible to recessions if shocks occur. 2) Slightly Less likely (45%): Trade Disputes and Protectionism. In this scenario, positive U.S. growth is derailed by tariffs on imports. Protectionism elicits retaliatory response from China and other key global trade partners. Fed pauses but damage from stronger dollar and current rate levels begins to impact weakening economy. Ultimately a deflationary shock to the economy. 3) Least likely (5%): Business Friendly. Supply-side benefits resulting from the corporate tax cuts could improve productivity and result in higher growth than trend for a sustained period of time. The Fed is able to raise rates significantly without a recession as “neutral” rate moves up. The major asset classes are based on the following indices: U.S. large-cap stocks (S&P 500 Index), U.S. small-cap stocks (Russell 2000 Index), Developed market stocks USD (MSCI EAFE Index), Emerging market stocks USD (MSCI EM Index), Cash (FTSE U.S. Domestic 3-Month T-Bill Index), U.S. Treasuries (Bloomberg Barclays U.S. Treasury Index), Municipal Bonds (Bloomberg Barclays Municipal Bond Index), Global sovereign bonds USD (Bloomberg Barclays Global Treasury Index (excl. U.S.), Investment-grade corporate bonds (Bloomberg Barclays U.S. Aggregate Credit Index), High-yield corporate bonds (Bloomberg Barclays Corporate High Yield Index), Emerging market debt USD (JPMorgan EMBI Global Diversified Index), Absolute return (FTSE U.S. Domestic 3-Month T-Bill Index, Commodities (Bloomberg Commodity Index).

The Agg is not diversified slide: Bloomberg Barclays U.S. Treasury Index (U.S. Treasuries), Bloomberg Barclays Global Treasury x-U.S. Index (Global Treasury ex-U.S.), Bloomberg Barclays U.S. Mortgage-Backed Securities Index (Agency MBS), Bloomberg Barclays Emerging Markets Bond Index (Emerging market), Bloomberg Barclays U.S. Corporate Index (Investment grade corporate), Bloomberg Barclays U.S. High Yield Index (U.S. Corporate high yield). Data starts from January 2006.

Fixed-income spread slide: Bloomberg Barclays US MBS Fixed Rate (Agency MBS); Bloomberg Barclays US Agg Corporate Index (Investment Grade); Bloomberg Barclays US Corporate High Yield Index (High Yield); Bloomberg Barclays EM USD Agg Index (Emerging Markets); Bloomberg Barclays US Agg CMBS (CMBS).

Multi-asset annual return slide: The chart represents returns of an equally weighted portfolio comprising the following asset class (with their proxy): US Equity (S&P 500 Index); Non US Developed Equity (MSCI EAFE); Emerging Markets (MSCI EM Equity Index); US Treasuries (Bloomberg Barclays US Treasury Total Return Unhedged USD Index); Global Bonds (FTSE World Government Bond Index); Emerging Market Bonds (J.P. Morgan EM Bond Index Global Index); Investment Grade Bonds (Bloomberg Barclays US Corporate Total Return Index); High Yield (Bloomberg Barclays US Corporate High Yield Total Return Index); Mortgage-backed Securities (Bloomberg Barclays US MBS Index); TIPS (Bloomberg Barclays Global Inflation-Linked Total Return index); REITs (FTSE NAREIT ALL Equity REITs Index); Commodities (Bloomberg Commodity Index).

Multi-asset drawdown slide: The shown asset class descriptors reference the following indices: Bloomberg Barclays U.S. Aggregate Bond Index (U.S. Aggregate Bond), Bloomberg Barclays U.S. Mortgage-Backed Securities Index (Mortgage-backed securities), Bloomberg Barclays U.S. Treasury index (U.S. Treasury Bonds), Bloomberg Barclays U.S. Investment Grade Corporate Index (Investment Grade Corporate), JP Morgan Emerging Markets Bond Index Global (Emerging Market Bonds), Bloomberg Barclays U.S. High Yield Index (High yield), S&P U.S. Preferred Stock Index (Preferred stocks), MSCI USA High Dividend Yield Index (Dividend paying stocks), MSCI U.S. REIT Index (Real estate investment trusts), BofAML All Convertible All Qualities Index (Convertible securities), Credit Suisse Leveraged Loan Index (Floating rate loans).

Disclosure

The Bloomberg Barclays U.S. Aggregate Bond Index is a market-value-weighted index tracking the daily price, coupon, pay-downs and total return performance of fixed-rate, publicly-placed, dollar-denominated and non-convertible investment-grade debt issues with at least $250 million par amount outstanding and at least one year to final maturity. It is not possible to invest directly in an index. Bloomberg Index Services Limited.

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