

Bond Market Watch

July 31, 2016

Yield and Total Returns									
Ryan Labs Indexes	YTW	QTD	YTD	12M ¹	Ryan Labs Indexes	YTW	QTD	YTD	12M ¹
RL 2 Year Indexes					RL 10 Year Indexes				
TIPS	-0.47	-0.14	2.58	1.60	TIPS	0.08	1.00	8.44	5.76
Treasury (OTR)	0.67	-0.05	1.28	0.96	Treasury (OTR)	1.46	0.44	8.45	8.31
Financials	1.67	0.34	2.80	3.21	Financials	3.27	1.59	8.88	10.42
Industrials	1.52	0.28	3.27	3.22	Industrials	3.12	1.24	12.48	12.68
Utilities	1.82	0.20	3.49	2.94	Utilities	3.19	1.44	12.73	11.28
AAA Corporate	0.96	0.08	2.17	2.28	AAA Corporate	2.36	1.13	9.49	11.08
AA Corporate	1.19	0.14	2.39	2.74	AA Corporate	2.58	1.10	9.45	11.28
A Corporate	1.46	0.22	2.83	3.08	A Corporate	2.77	0.95	11.12	12.75
BBB Corporate	2.00	0.41	3.73	3.14	BBB Corporate	3.71	1.90	12.16	10.70
RL 5 Year Indexes					RL 30 Year Indexes				
TIPS	-0.25	0.23	5.49	3.90	TIPS	0.57	4.11	18.78	13.10
Treasury (OTR)	1.03	0.01	4.36	3.89	Treasury (OTR)	2.18	2.94	20.37	19.32
Financials	2.33	0.74	5.71	6.61	Financials	4.04	3.21	13.44	14.97
Industrials	2.19	0.82	6.90	7.07	Industrials	3.98	3.15	18.99	17.49
Utilities	2.52	0.58	8.32	6.92	Utilities	3.83	2.57	18.23	16.16
AAA Corporate	1.52	0.36	4.89	5.03	AAA Corporate	3.18	2.67	16.84	18.58
AA Corporate	1.75	0.59	5.74	6.86	AA Corporate	3.45	2.56	16.44	17.72
A Corporate	2.00	0.68	6.20	6.87	A Corporate	3.71	3.06	17.08	17.16
BBB Corporate	2.75	0.99	7.49	6.40	BBB Corporate	4.56	3.27	19.76	15.18
Barclays Indexes					Barclays Indexes				
BC Aggregate	1.86	0.63	5.98	5.94	BC ABS	1.39	-0.08	2.46	2.44
BC Credit Long	3.98	2.78	17.09	15.24	BC MBS	1.99	0.21	3.32	3.91
BC High Yield	6.71	2.70	12.01	4.98	BC CMBS	2.01	0.97	6.95	6.56

See disclosures on the next page.

The material presented and calculated here is based on information considered reliable. Ryan Labs does not represent that it is accurate or complete.

Ryan Labs TIPS				
	Yield To Worst (%)	MDuration (Years)	Year To Date Returns (%)	Last 12 Month Returns (%)
2 Year TIPS	-0.47	2.39	2.58	1.60
5 Year TIPS	-0.25	5.34	5.49	3.90
10 Year TIPS	0.08	9.25	8.44	5.76
30 Year TIPS	0.57	22.71	18.78	13.10
RL TIPS Index	-0.05	8.68	7.49	5.24

Market Implied Breakeven Inflation Expectation				
	Yield To Worst (%)		Inflation (%)	
	Nominals ¹	TIPS	BEI ²	Current ³
CPI (1 Month Lag)				1.0
2 Year	0.67	-0.47	1.14	
5 Year	1.03	-0.25	1.29	
10 Year	1.46	0.08	1.37	
30 Year	2.18	0.57	1.61	
RL Index	1.34	-0.05	1.39	

1) Nominals represent conventional U.S. Treasury Bonds and Notes.

2) BEI = Breakeven Inflation Rate (Nominal yields minus TIPS yields). Widening BEI indicates that TIPS are outperforming nominal bonds. When realized inflation is greater than implied inflation, TIPS also outperform.

3) Current Inflation = Bureau of Labor Statistics, Year over Year Consumer Price Index (non-seasonally adjusted, all items, 1 month lag)

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Ryan Labs Asset Management is an institutional fixed income manager that provides custom and market index strategies tailored to the unique needs of institutional clients since 1988. Our diversified, disciplined, and structured investment process is employed versus popular market indexes as well as custom liability indexes.

Ryan Labs employs a disciplined investment process that seeks to add value through issue selection and sector rotation, not through interest rate anticipation. All of our strategies are actively managed in a total return framework.