

Sector Returns

Bloomberg Barclays Stable Income Market Index (SIMI)

September 2017

Total Return	Sep 2017	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec 2016	Nov	Oct	Sep 2016
Treasury	-34	36	28	-16	24	33	6	15	18	1	-98	-22	17
Government-Related	-24	34	33	-9	28	34	12	23	25	2	-85	-17	16
Agency	-22	31	32	-8	26	30	9	21	26	3	-76	-12	16
Local Authority	-24	42	38	-15	35	39	19	24	21	-2	-87	-24	27
Sovereign	-12	53	43	9	49	44	12	58	42	23	-127	-15	8
Supranational	-30	36	32	-12	29	37	18	20	22	-4	-96	-27	18
Corporate	-11	32	54	0	43	50	6	48	40	16	-93	-4	10
Industrial	-9	27	55	-4	44	50	5	47	41	18	-98	-7	11
Basic Industry	-18	55	67	0	45	56	-7	74	61	17	-101	-6	37
Capital Goods	-18	27	52	-5	40	45	2	42	44	7	-90	-6	9
Consumer Cyclical	-8	29	52	6	37	43	5	56	41	18	-102	-9	4
Consumer Non-Cyclical	-7	16	58	-3	45	46	8	41	38	14	-102	-15	8
Energy	-3	31	56	-15	46	53	-1	35	51	41	-78	21	24
Technology	-12	31	50	-4	41	55	7	49	34	18	-105	-4	10
Transportation	-16	37	51	-4	43	46	10	39	37	4	-94	-1	22
Communications	-3	25	59	-5	56	60	11	53	36	15	-105	-31	3
Utility	-15	38	58	0	41	45	2	31	38	6	-93	1	22
Electric	-15	38	57	1	41	44	2	31	37	5	-94	2	20
Natural Gas	-9	29	64	-9	39	46	4	33	49	12	-84	-13	46
Financial Institutions	-13	39	53	5	41	50	8	51	39	15	-87	0	7
Banking	-12	38	52	5	40	48	9	50	35	15	-85	0	1
Brokerage	-11	36	54	5	36	49	16	44	55	6	-99	10	43
Finance Companies	2	38	52	5	62	72	-14	100	75	27	-83	1	12
Insurance	-23	39	54	1	43	51	8	46	50	12	-94	-5	22
REITS	-16	59	64	3	49	58	8	42	48	9	-103	2	54
Securitized	-34	55	39	-32	48	49	6	34	18	1	-133	-24	25
MBS Passthrough	-32	56	42	-40	49	53	2	44	13	12	-156	-28	27
ABS	-20	35	25	-6	33	30	17	10	21	-17	-46	-5	25
Credit Card	-28	41	28	-11	40	39	17	13	25	-23	-66	-15	23
Auto Loan	-13	28	21	-1	26	21	17	6	17	-10	-26	5	26
CMBS	-59	70	40	-16	60	48	12	12	41	-34	-102	-19	14
Non Agency CMBS	-59	75	49	-17	62	49	5	13	49	-32	-94	-8	1
Agency CMBS	-59	65	31	-14	58	47	17	10	34	-36	-109	-27	24

Despite predominately negative returns for the month of August, all sectors and subsectors of the SIMI posted positive returns for the 3rd quarter, ranging from 30 to 107 bps.

REITS, a subsector of Corporate bonds, posted the highest return of the Index for the quarter at 107 bps followed by Basic Industry Corporate bonds at 104 bps. Treasury securities again posted the lowest returns for the quarter at 30 bps.

CMBS posted the lowest returns for September pushing Securitized bonds to the lowest performing sector after posting the highest average return for the combined months of July and August. Securitized bonds and Treasury securities were the worst performers of the primary SIMI sectors in September, both at -34 bps.

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Option Adjusted Spreads (OAS) by Sector

Bloomberg Barclays Stable Income Market Index (SIMI)

September 2017

OAS

Sep 2017 Aug Jul Jun May Apr Mar Feb Jan Dec 2016 Nov Oct Sep 2016



	Sep 2017	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec 2016	Nov	Oct	Sep 2016
Treasury	0	0	0	1	0	1	1	0	0	1	1	0	0
Government-Related	22	24	24	25	25	27	29	29	31	34	32	30	29
Agency	21	22	22	24	24	25	26	25	26	30	28	26	26
Local Authority	44	47	46	48	46	49	50	58	62	60	57	56	52
Sovereign	46	52	57	61	66	72	81	72	87	93	97	84	84
Supranational	17	18	17	18	18	19	21	25	27	29	26	23	21
Corporate	61	67	63	70	73	76	79	76	86	91	92	89	92
Industrial	58	66	60	67	69	73	76	73	81	87	89	84	86
Basic Industry	72	77	80	88	89	93	96	86	103	109	111	107	110
Capital Goods	51	55	49	56	59	62	65	62	70	76	71	68	70
Consumer Cyclical	60	67	63	68	73	76	76	72	84	90	91	85	86
Consumer Non-Cyclical	53	61	52	60	62	66	68	67	75	79	81	74	74
Energy	69	77	75	80	78	83	89	83	88	97	107	103	115
Technology	50	57	52	58	61	62	65	63	72	76	79	78	81
Transportation	57	63	59	66	69	73	72	69	76	80	80	70	74
Communications	69	79	70	78	80	86	91	89	97	101	100	93	88
Utility	64	68	67	76	77	81	84	80	84	91	89	84	89
Electric	63	68	66	75	77	81	83	79	83	89	87	82	88
Natural Gas	71	75	73	87	82	88	93	88	94	106	106	96	96
Financial Institutions	64	69	67	73	78	80	83	81	91	96	97	96	99
Banking	61	67	65	71	76	78	80	78	89	93	94	93	97
Brokerage	65	71	69	77	84	86	92	94	103	113	111	109	114
Finance Companies	84	93	90	96	101	109	117	110	134	145	149	156	160
Insurance	66	66	63	68	72	75	79	74	82	91	91	87	89
REITS	87	91	91	98	96	102	105	105	110	118	114	109	114
Securitized	23	26	26	28	24	27	27	27	27	26	26	28	30
MBS Passthrough	14	19	18	22	16	18	17	15	18	15	19	18	21
ABS	39	36	40	39	39	46	48	53	50	53	42	46	47
Credit Card	38	36	39	39	39	45	47	51	48	52	41	46	46
Auto Loan	40	37	40	40	39	47	49	56	52	53	44	46	49
CMBS	52	49	51	51	51	56	55	56	50	54	44	57	62
Non Agency CMBS	64	61	63	65	65	69	68	66	60	66	57	71	79
Agency CMBS	41	38	39	38	39	45	45	47	42	45	35	46	49

The average spread of the primary SIMI sectors at the end of the 3rd quarter was 37 bps with Corporate bonds leading the way at 64 bps. Corporate bond sub-sectors, Finance Company and REITS, experienced the highest average spread of 89 bps each for the quarter, followed by Basic Industry at 77 bps.

Government-Related and Securitized bonds experienced an average spread of 23 and 25 bps for the quarter, respectively. Subsectors of these primary sectors, Supranational and MBS Passthrough bonds, both had an average spread of 17 bps, the lowest of the Index for the second consecutive quarter.

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Option Adjusted Spreads (OAS)

Monthly changes by sector

Bloomberg Barclays Stable Income Market Index (SIMI)

September 2017

OAS Change	Sep 2017	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec 2016	Nov	Oct 2016
Treasury	0	0	0	0	0	0	0	0	-1	0	1	0
Government-Related	-1	0	-1	0	-2	-2	0	-2	-3	2	3	1
Agency	-1	0	-2	0	-2	-1	2	-1	-4	2	2	0
Local Authority	-3	1	-2	1	-3	-1	-8	-4	2	4	0	5
Sovereign	-6	-5	-4	-5	-6	-9	9	-14	-6	-4	13	-1
Supranational	0	0	-1	0	-2	-2	-4	-2	-2	3	2	3
Corporate	-7	4	-6	-3	-3	-3	3	-9	-5	-2	4	-3
Industrial	-8	6	-7	-2	-4	-3	3	-9	-5	-2	5	-2
Basic Industry	-5	-3	-8	-2	-4	-3	10	-17	-5	-2	4	-3
Capital Goods	-4	5	-7	-3	-3	-3	2	-7	-7	5	4	-2
Consumer Cyclical	-7	5	-5	-5	-2	-1	4	-12	-6	-1	6	0
Consumer Non-Cyclical	-9	9	-8	-2	-4	-2	2	-8	-5	-2	7	0
Energy	-8	2	-5	3	-6	-5	6	-6	-9	-10	4	-11
Technology	-7	4	-6	-3	-2	-3	2	-9	-3	-3	1	-3
Transportation	-6	3	-7	-3	-4	1	3	-7	-4	0	10	-4
Communications	-9	9	-8	-2	-7	-5	2	-8	-4	1	7	5
Utility	-5	1	-9	-1	-4	-3	4	-4	-6	2	5	-5
Electric	-5	1	-9	-1	-4	-3	4	-4	-6	2	5	-6
Natural Gas	-5	3	-14	4	-5	-5	5	-6	-12	0	9	0
Financial Institutions	-5	2	-6	-5	-3	-3	2	-10	-5	-1	2	-4
Banking	-6	2	-6	-5	-2	-3	2	-10	-4	-2	2	-4
Brokerage	-7	2	-8	-6	-2	-6	-2	-9	-10	2	3	-6
Finance Companies	-9	3	-6	-5	-8	-8	7	-24	-11	-4	-7	-4
Insurance	0	3	-5	-4	-3	-4	5	-8	-9	0	4	-2
REITS	-4	-1	-7	1	-6	-3	-1	-4	-8	4	5	-5
Securitized	-3	0	-2	4	-3	0	1	0	1	0	-2	-3
MBS Passthrough	-5	1	-4	6	-2	0	2	-2	2	-4	1	-2
ABS	3	-4	0	0	-7	-2	-5	3	-3	10	-4	-2
Credit Card	2	-3	0	0	-7	-2	-4	3	-3	11	-5	0
Auto Loan	3	-4	0	1	-8	-2	-6	4	-2	9	-2	-3
CMBS	3	-2	0	-1	-5	1	0	5	-4	10	-13	-5
Non Agency CMBS	3	-2	-2	0	-5	2	2	6	-6	10	-15	-8
Agency CMBS	3	-2	2	-1	-6	0	-2	5	-3	10	-11	-3

Spread changes were slightly tighter for the 3rd quarter with the primary SIMI sectors only tightening by an average of 2 bps. Over the quarter, the average spreads were tighter in July and September by 3 bps to 4 bps; Corporate bonds widened slightly by 4 bps in August, which led to the average spread of the Index widening by 1 bp for the month. Average spread changes over the quarter ranged from 1 bp to -5 bps across all the sectors and subsectors of the Index.

Agency CMBS Securitized bonds was the only subsector in the Index to experience any widening over the quarter, 1 bp, which was driven by July and September widening and offset by 2 bps of tightening in August. Sovereign Government-Related along with Basic Industry and Natural Gas Corporate bonds experienced the highest average tightening of the Index, 5 bps each, followed by Energy, Electric, Brokerage, Finance Companies, and REITS Corporate bonds at 4 bps each.

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