

Sector Returns

Bloomberg Barclays Stable Income Market Index (SIMI)

March 2017

Total Return	Mar 2017	Feb	Jan	Dec 2016	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar 2016
Treasury	6	15	18	1	-98	-22	17	-32	-4	99	-15	-1	23
Government-Related	12	23	25	2	-85	-17	16	-15	2	79	-7	10	36
Agency	9	21	26	3	-76	-12	16	-13	1	73	-6	7	34
Local Authority	19	24	21	-2	-87	-24	27	-23	7	97	10	16	40
Sovereign	12	58	42	23	-127	-15	8	36	6	112	-13	34	99
Supranational	18	20	22	-4	-96	-27	18	-30	5	84	-10	11	26
Corporate	6	48	40	16	-93	-4	10	2	41	92	-6	52	126
Industrial	5	47	41	18	-98	-7	11	2	43	102	-16	61	152
Basic Industry	-7	74	61	17	-101	-6	37	1	76	138	-18	100	194
Capital Goods	2	42	44	7	-90	-6	9	-8	27	87	-10	34	83
Consumer Cyclical	5	56	41	18	-102	-9	4	-3	35	94	-19	51	113
Consumer Non-Cyclical	8	41	38	14	-102	-15	8	-15	38	92	-22	33	93
Energy	-1	35	51	41	-78	21	24	53	47	131	-4	152	398
Technology	7	49	34	18	-105	-4	10	-2	52	92	-13	36	105
Transportation	10	39	37	4	-94	-1	22	3	19	92	-11	47	89
Communications	11	53	36	15	-105	-31	3	-10	51	102	-24	56	129
Other Industrial	27	41	55	-2	-101	-27	14	-9	9	92	-1	10	51
Utility	2	31	38	6	-93	1	22	-6	16	88	36	32	60
Electric	2	31	37	5	-94	2	20	-7	15	88	36	31	58
Natural Gas	4	33	49	12	-84	-13	46	1	24	90	30	53	77
Financial Institutions	8	51	39	15	-87	0	7	3	41	80	2	43	98
Banking	9	50	35	15	-85	0	1	4	41	75	2	42	99
Brokerage	16	44	55	6	-99	10	43	2	32	113	18	47	76
Finance Companies	-14	100	75	27	-83	1	12	4	121	67	19	53	189
Insurance	8	46	50	12	-94	-5	22	-6	35	97	-6	48	83
REITS	8	42	48	9	-103	2	54	-5	31	117	13	48	83
Other Financial												4	38
Securitized	6	34	18	1	-133	-24	25	-5	18	81	-1	21	27
MBS Passthrough	2	44	13	12	-156	-28	27	-3	22	73	-1	22	26
ABS	17	10	21	-17	-46	-5	25	0	-10	77	6	22	11
Credit Card	17	13	25	-23	-66	-15	23	1	-9	93	6	21	9
Auto Loan	17	6	17	-10	-26	5	26	-1	-10	62	6	22	12
CMBS	12	12	41	-34	-102	-19	14	-20	27	122	-9	17	44
Non Agency CMBS	5	13	49	-32	-94	-8	1	-13	40	135	-1	35	68
Agency CMBS	17	10	34	-36	-109	-27	24	-25	17	111	-16	1	22

All the sectors and subsectors of the SIMI posted positive returns for the 1st quarter. Corporate bonds posted the highest returns of the quarter with Finance Companies at 161 bps followed by Basic Industry at 128 bps. Treasury securities and Auto Loan Securitized bonds posted the lowest returns in the Index for the quarter, at 39 bps and 40 bps, respectively.

The average returns for the primary SIMI sectors for the 1st quarter and last 12 months were 63 bps and 69 bps, respectively.

All sectors and subsectors of SIMI, except for Treasury securities, posted positive returns for the year ending 3/31/2017. Positive returns for the year range from 1 to 472 bps. Treasury securities posted a negative return at -0.16% for the year.

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Option Adjusted Spreads (OAS) by Sector

Bloomberg Barclays Stable Income Market Index (SIMI)

March 2017

OAS	Mar 2017	Feb	Jan	Dec 2016	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar 2016
Treasury	1	0	0	1	1	0	0	0	0	0	0	0	0
Government-Related	29	29	31	34	32	30	29	30	33	33	30	32	33
Agency	26	25	26	30	28	26	26	26	28	27	26	27	27
Local Authority	50	58	62	60	57	56	52	54	55	56	55	63	65
Sovereign	81	72	87	93	97	84	84	106	126	123	122	120	129
Supranational	21	25	27	29	26	23	21	20	20	22	17	18	21
Corporate	79	76	86	91	92	89	92	86	94	105	99	99	114
Industrial	76	73	81	87	89	84	86	81	89	101	97	94	111
Basic Industry	96	86	103	109	111	107	110	112	119	139	136	129	162
Capital Goods	65	62	70	76	71	68	70	64	68	75	69	69	78
Consumer Cyclical	76	72	84	90	91	85	86	79	84	93	89	88	101
Consumer Non-Cyclical	68	67	75	79	81	74	74	68	69	80	75	70	79
Energy	89	83	88	97	107	103	115	109	137	149	155	156	203
Technology	65	63	72	76	79	78	81	80	89	104	92	85	94
Transportation	72	69	76	80	80	70	74	74	81	86	83	81	94
Communications	91	89	97	101	100	93	88	80	85	101	97	91	108
Other Industrial	52	70	77	84	79	74	69	62	65	67	61	63	63
Utility	84	80	84	91	89	84	89	88	93	96	93	108	113
Electric	83	79	83	89	87	82	88	86	91	94	90	106	111
Natural Gas	93	88	94	106	106	96	96	104	111	118	114	125	139
Financial Institutions	83	81	91	96	97	96	99	93	100	111	102	105	117
Banking	80	78	89	93	94	93	97	89	96	108	98	101	112
Brokerage	92	94	103	113	111	109	114	114	122	129	128	134	138
Finance Companies	117	110	134	145	149	156	160	155	162	184	159	170	184
Insurance	79	74	82	91	91	87	89	87	94	103	102	103	119
REITS	105	105	110	118	114	109	114	122	128	135	133	139	150
Other Financial													24
Securitized	27	27	27	26	26	28	30	32	40	43	33	35	42
MBS Passthrough	17	15	18	15	19	18	21	22	31	36	21	22	28
ABS	48	53	50	53	42	46	47	52	57	50	51	58	63
Credit Card	47	51	48	52	41	46	46	48	55	48	48	54	59
Auto Loan	49	56	52	53	44	46	49	56	60	52	54	61	67
CMBS	55	56	50	54	44	57	62	60	66	72	74	78	86
Non Agency CMBS	68	66	60	66	57	71	79	77	83	96	106	116	130
Agency CMBS	45	47	42	45	35	46	49	47	52	53	47	46	46

The average spread of the primary SIMI sectors at the end of the 1st quarter was 46 bps with Corporate bonds leading the way at 80 bps. Finance Company Corporate bonds experienced the highest average spread of 120 bps for the quarter, with REITs not far behind at 107 bps.

Securitized bonds experienced the lowest average spread for the quarter at 27 bps, with MBS Passthroughs at the lowest average spread at 17 bps.

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Option Adjusted Spreads (OAS)

Monthly changes by sector

Bloomberg Barclays Stable Income Market Index (SIMI)

March 2017

OAS Change	Mar 2017	Feb	Jan	Dec 2016	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr 2016
Treasury	0	0	-1	0	1	0	0	0	0	0	0	0
Government-Related	0	-2	-3	2	3	1	-1	-3	0	2	-1	-2
Agency	2	-1	-4	2	2	0	1	-3	1	2	-1	-1
Local Authority	-8	-4	2	4	0	5	-2	-1	-2	2	-8	-3
Sovereign	9	-14	-6	-4	13	-1	-21	-20	3	1	2	-9
Supranational	-4	-2	-2	3	2	3	1	0	-2	5	-1	-3
Corporate	3	-9	-5	-2	4	-3	5	-8	-11	6	0	-15
Industrial	3	-9	-5	-2	5	-2	5	-8	-12	4	3	-18
Basic Industry	10	-17	-5	-2	4	-3	-3	-7	-20	3	7	-34
Capital Goods	2	-7	-7	5	4	-2	6	-4	-7	6	1	-9
Consumer Cyclical	4	-12	-6	-1	6	0	7	-5	-9	4	1	-13
Consumer Non-Cyclical	2	-8	-5	-2	7	0	6	-1	-11	5	5	-8
Energy	6	-6	-9	-10	4	-11	6	-29	-12	-6	-1	-47
Technology	2	-9	-3	-3	1	-3	1	-9	-15	13	7	-9
Transportation	3	-7	-4	0	10	-4	0	-7	-6	4	2	-13
Communications	2	-8	-4	1	7	5	8	-5	-15	4	6	-17
Other Industrial	-18	-7	-6	4	5	5	8	-3	-2	6	-2	-1
Utility	4	-4	-6	2	5	-5	1	-5	-3	4	-15	-6
Electric	4	-4	-6	2	5	-6	2	-4	-3	4	-15	-5
Natural Gas	5	-6	-12	0	9	0	-8	-6	-7	4	-12	-13
Financial Institutions	2	-10	-5	-1	2	-4	6	-7	-11	9	-3	-12
Banking	2	-10	-4	-2	2	-4	8	-7	-12	10	-3	-12
Brokerage	-2	-9	-10	2	3	-6	0	-8	-8	1	-6	-4
Finance Companies	7	-24	-11	-4	-7	-4	6	-8	-22	25	-10	-14
Insurance	5	-8	-9	0	4	-2	2	-7	-9	1	-1	-16
REITS	-1	-4	-8	4	5	-5	-8	-6	-7	2	-6	-11
Other Financial												-24
Securitized	1	0	1	0	-2	-3	-2	-8	-3	11	-3	-6
MBS Passthrough	2	-2	2	-4	1	-2	-2	-9	-5	15	-2	-6
ABS	-5	3	-3	10	-4	-2	-5	-5	7	-1	-6	-5
Credit Card	-4	3	-3	11	-5	0	-2	-6	6	0	-6	-5
Auto Loan	-6	4	-2	9	-2	-3	-7	-4	8	-2	-7	-6
CMBS	0	5	-4	10	-13	-5	2	-5	-7	-2	-5	-8
Non Agency CMBS	2	6	-6	10	-15	-8	2	-6	-13	-10	-10	-14
Agency CMBS	-2	5	-3	10	-11	-3	2	-5	-2	6	1	0

Spread changes were flat for the 1st quarter with the primary SIMI sectors only tightening slightly, by 2 bps.

Corporate bonds experienced some tightening, 5 bps and 9 bps, during January and February, respectively. For the quarter, the average spread change in Corporate bonds was 4 bps of tightening.

Asset-backed and Commercial Mortgage-backed securitized bonds were the only sectors to experience widening during February, though the quarter resulted in a basis point of tightening.

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