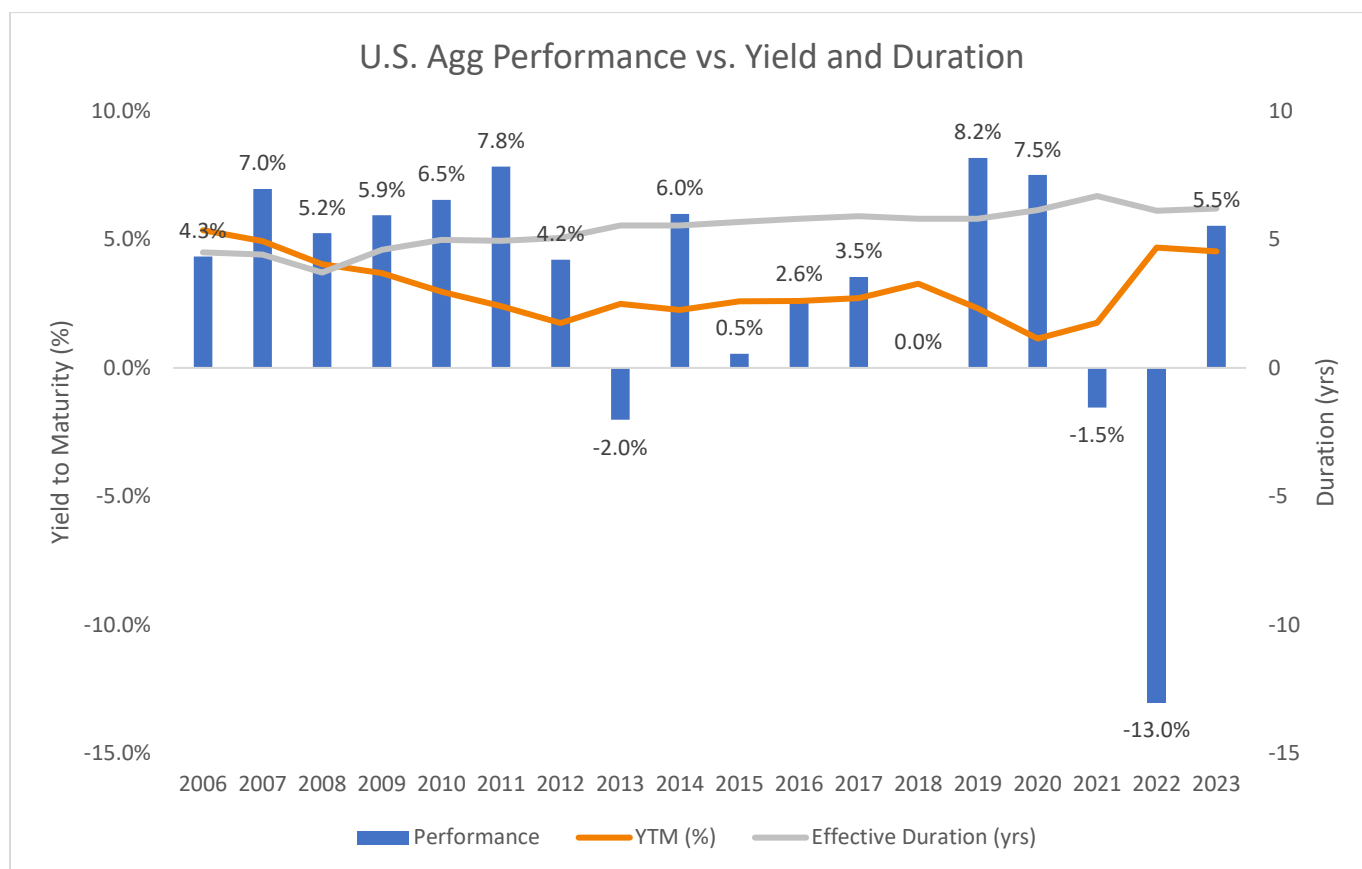


Bloomberg Aggregate: Then and Now

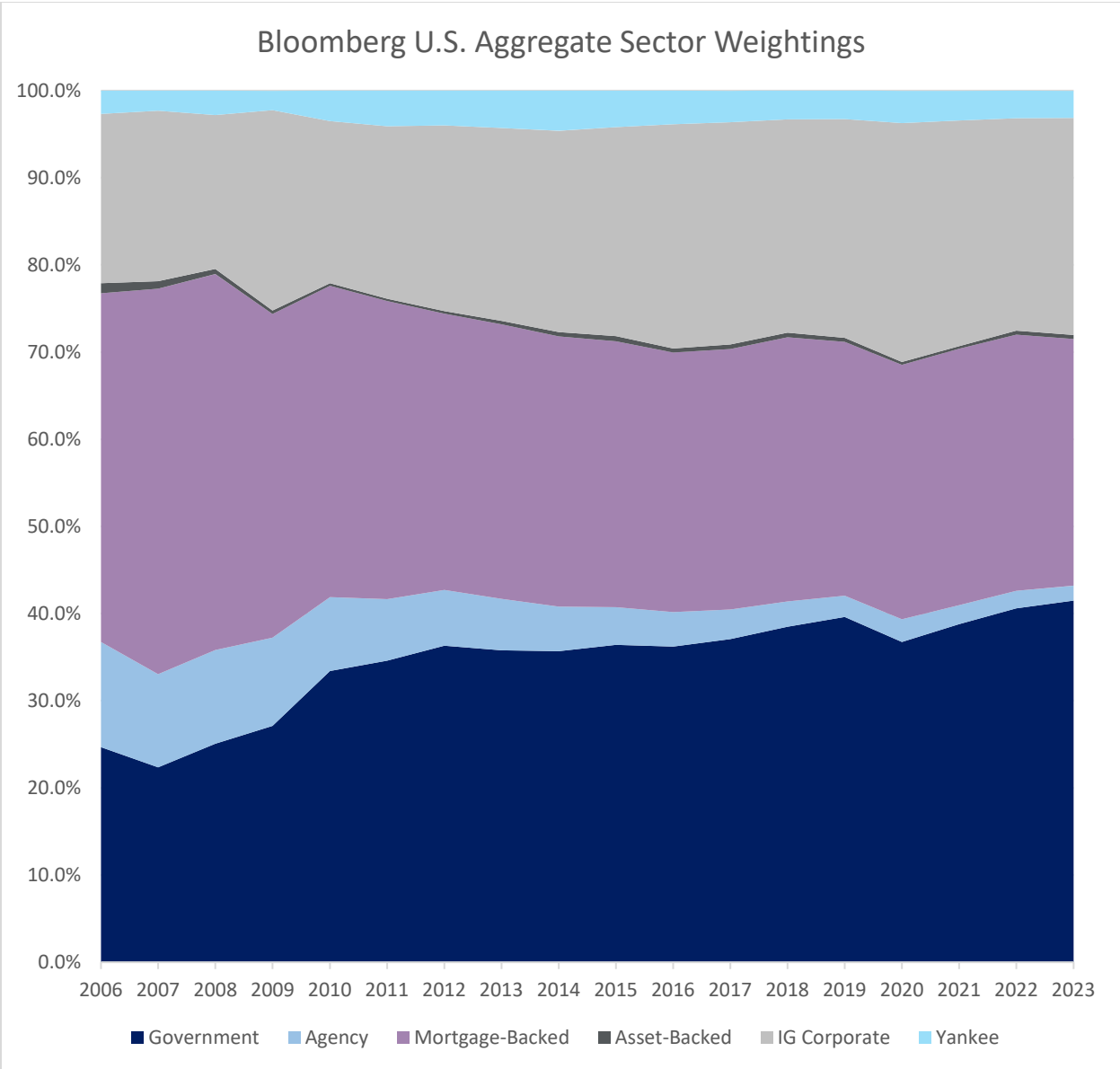


The Bloomberg U.S. Aggregate Bond Index, or the Agg, is a broad-based, market capitalization-weighted bond market index representing investment grade bonds traded in the United States. Investors frequently use the index as a stand-in for measuring the performance of the U.S. bond market. In addition to investment grade corporate debt, the index tracks government debt, mortgage-backed securities (MBS) and asset-backed securities (ABS) to simulate the universe of investable bonds that meet certain criteria. To be included in the Agg, bonds must be of investment grade, have an outstanding par value of at least \$100 million and have at least one year until maturity.

Returns for the Bloomberg U.S. Aggregate Bond Index are primarily driven by their yields, which have been extremely low over the past 10 years. In fact, looking at the past 10 years ending 12/31/23, investors in the Agg earned just 1.8% annualized, which is only slightly more than Cash at 1.3% over the same time period (as measured by the FTSE U.S. Treasury Bill 3 Month Index).

Over the past 2 years, yields have risen significantly as the Fed sought to combat rising inflation by hiking rates at a historically swift pace. Today, yields on the Bloomberg U.S. Aggregate Bond are closer to 4.5% (YTM as of 12/31/23), levels investors have not seen since the Great Financial Crisis.

While investors will benefit from higher yields over long-term time periods, they are also faced with higher duration and increased interest rate risks in the short-term. Duration for the Bloomberg U.S. Aggregate Bond Index has increased since 2006 from 4.5 years to 6.2 years as of 12/31/23.



Source: Bloomberg, Barclays

The underlying make-up of the Bloomberg U.S. Aggregate Bond Index has also changed over time. Since 2006, government bonds, as a portion of the index, have steadily increased to almost 42% as of 12/31/23. This represents an increase of over 68% in government bond weightings in the index since 2006. Agency bonds and mortgage-backed bonds have declined as part of the index by 86% and 29%, respectively.

Past performance is not indicative of future results. Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and cannot be invested in directly. Current performance data may be higher or lower than actual data quoted. Performance for periods greater than 1 year is annualized. This document was prepared without regard to the specific objectives, financial situation, or needs of any particular person or entity who may receive it. This analysis is for informational purposes only and is not intended to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security, nor a recommendation of services supplied by any investment organization and does not include all factors that should be considered when choosing an investment advisor or strategy. This presentation is not investment, legal, tax, or accounting advice. Investors should consult with their own professional advisors for advice on any investment, legal, tax, or accounting issue(s). While the information contained herein highlights important data, it does not purport to highlight all dimensions of risk. The information provided herein is based on matters as they exist as of the date of preparation, or otherwise indicated throughout the presentation, and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof. No representations are made as to the accuracy or completeness of the information set forth in these materials. LCG reserves the right at any time and without notice to change, amend, or cease publishing the information. If this data is reproduced, in whole or in part, in any form, the following reference language must be utilized "Source Information: Compiled By: LCG Associates, Inc.; Bloomberg." LCG has not received any compensation related to the collection or distribution of this data.

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The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, fixed-rate agency MBS, ABS and CMBS (agency and non-agency). Provided the necessary inclusion rules are met, US Aggregate-eligible securities also contribute to the multi-currency Global Aggregate Index and the US Universal Index. The US Aggregate Index was created in 1986, with history backfilled to January 1, 1976.

The FTSE 3-Month US T Bill Index Series is intended to track the daily performance of 3-month US Treasury bills. The FTSE 3 Month US T Bill Index Series is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The indexes are designed to operate as a reference rate for a series of funds. The FTSE 3-Month US T Bill Index was created in 2014, with history backfilled to January 1, 1962.

Indices referenced are unmanaged and cannot be invested in directly. Index returns do not reflect any investment management fees or transaction expenses.