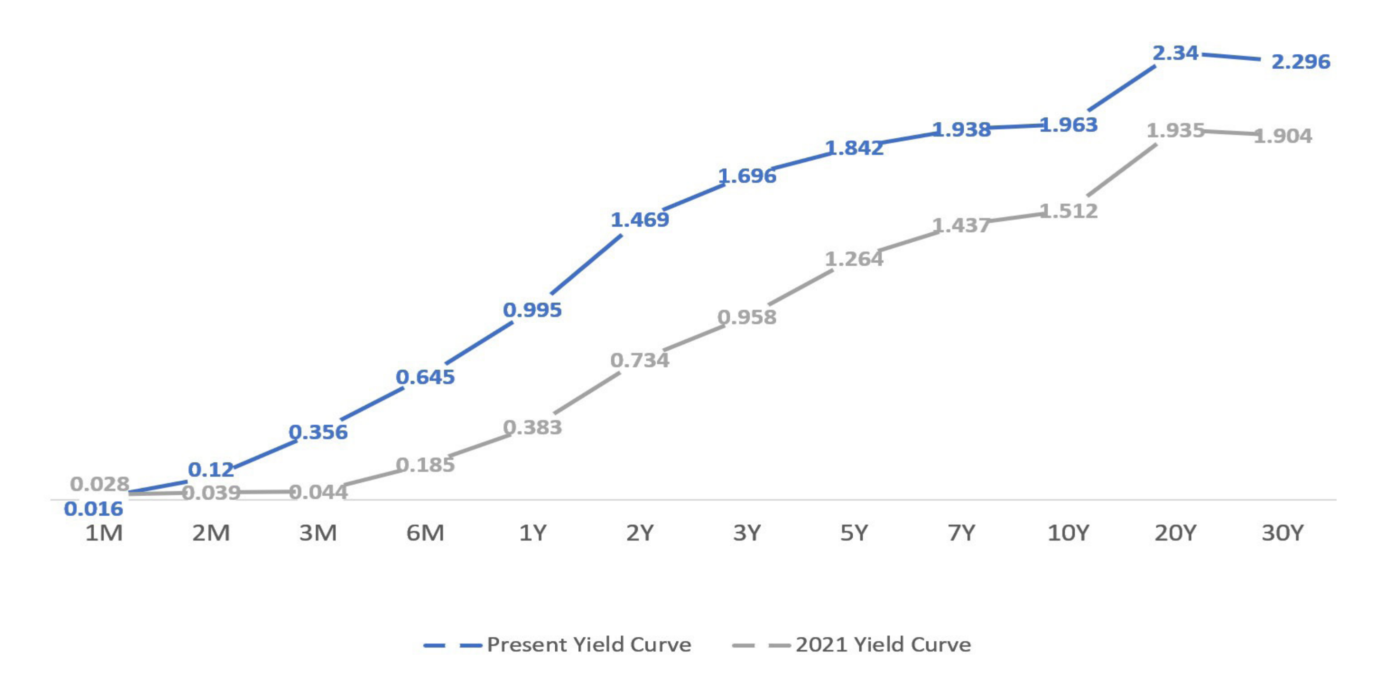
Yield Curve: Yields Have Increased Across the Curve Since 12/31/2021



**Source: Bloomberg*
**Current Yield Curve as of 2/17/2022*

- As we forecasted in our 2022 Market Outlook, yields across the curve increased amid persistent inflation, supply bottlenecks, and slowing economic growth. Now with higher trending inflation, geopolitical risks, and continued supply issues rates continue to rise amid looming monetary tightening.
- The percent increases for rates appear to be highest in the shorter end of the curve, indicating early signs of the yield curve flattening. Though we believe it remains to early to forecast an inverted yield curve, slowing economic growth coupled with monetary tightening does illustrate the potential for a further flattening of the curve throughout the year.
- As yields continue to increase with a volatile current investing landscape, fixed income investors must remain nimble and actively reallocate portfolios to weather rising interest rates and a more hawkish Federal Reserve. For instance, short-term corporate bonds, non-agency RMBS, and floating rate bonds provide a natural macro hedge and lower interest rate sensitivity for investors.

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