

# CORPORATE BOND RETURN ATTRIBUTION: AUGUST

*FTN Financial Credit Strategies*

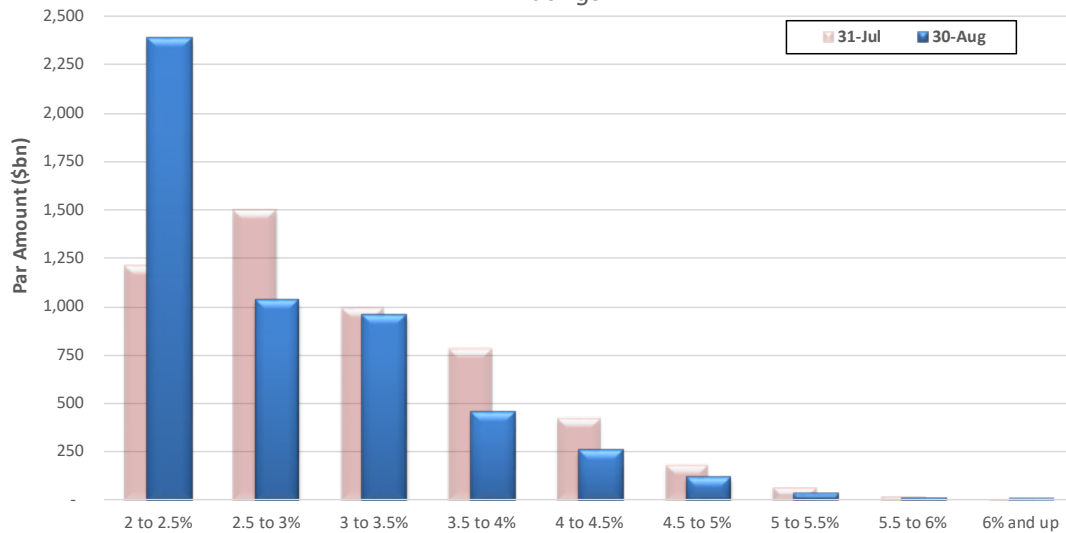
## August 2019 Monthly Summary

Even as credit spread performance weakened on the month, the watershed move in treasuries drove performance in the duration component of corporate bond returns leading total returns on the IG Corp index at +3.14% in August while credit returns dragged at -1.05%. Within credit, up-in-quality positioning outperformed along the ratings spectrum, and the front-end outperformed along the credit curve spectrum.

2019 credit performance remains robust at +3.63%, but duration has catapulted total returns to nearly 14% YTD among IG corporates. By credit return in 2019, Industrials have led with +3.78%, followed by Financials at +3.67%, and Utilities at +2.13%. By total return in 2019, Utilities lead at +15.84%, followed by Industrials at +14.83%, and Financials at +11.86%. Despite 13 bps of widening in a seasonally weak month, the IG index is still over 30 bps tighter YTD at +121.

### US IG Corporate Par-Weighted Yield Distribution

All Ratings



Source: Bloomberg Indices

*Disclaimer is on the last page of this report.*

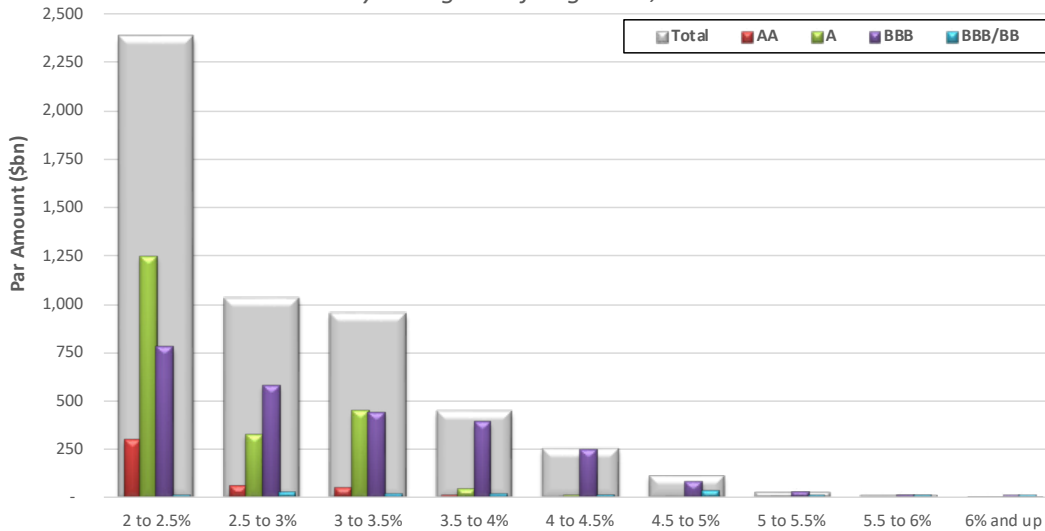
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With the shift in rates last month, the breakdown of yield buckets by rating has consequently shifted dramatically as well. As investors re-calibrate yield bogeys, understanding where the goal posts have moved is important to the process. Below we illustrate the changes in the breakdown of yield buckets by rating (showing today's vs last month).

**US IG Corporate Par-Weighted Yield Distribution**

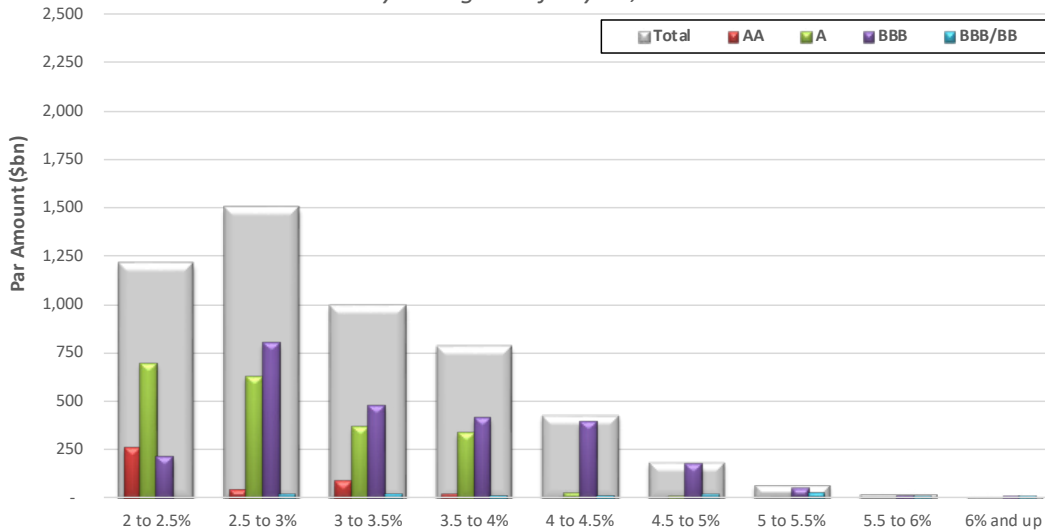
*By Ratings As of August 30, 2019*



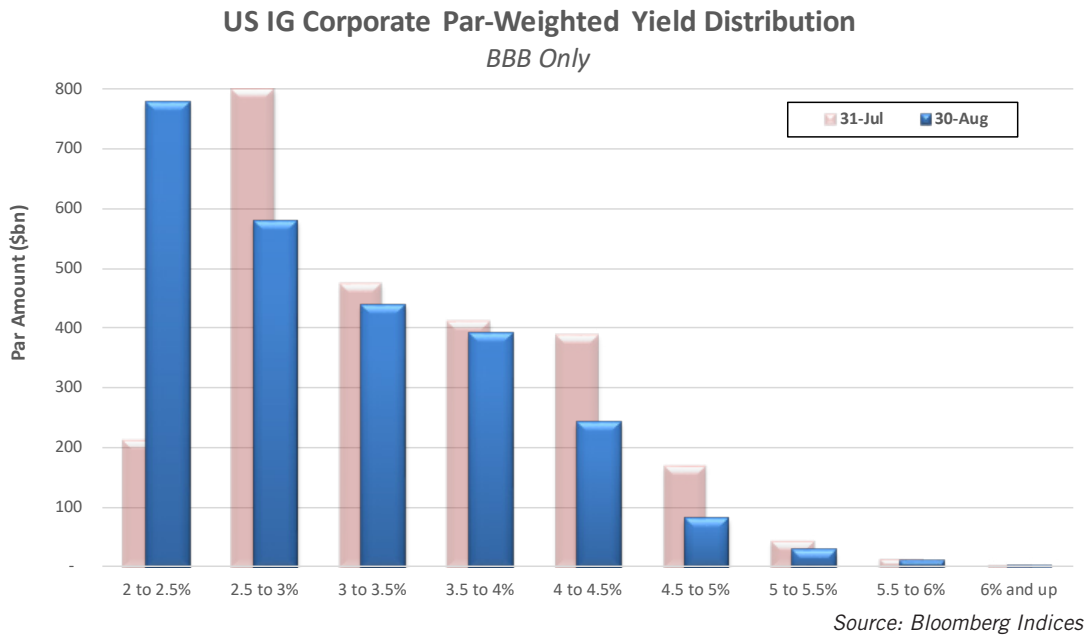
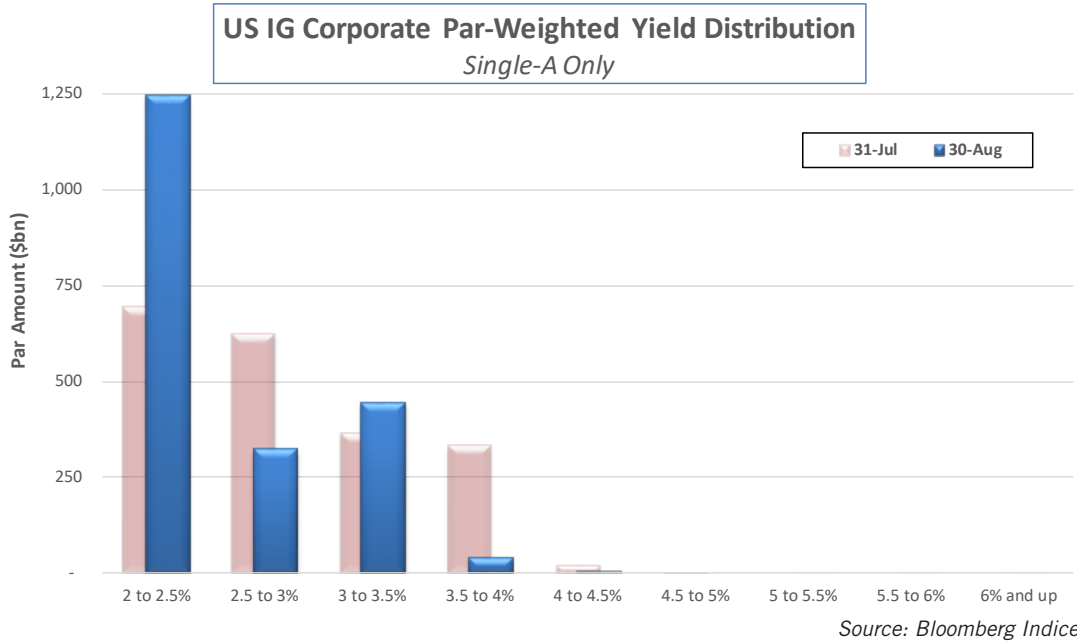
Source: Bloomberg Indices

**US IG Corporate Par-Weighted Yield Distribution**

*By Ratings as of July 31, 2019*



Source: Bloomberg Indices



## August 2019 Sector Notes

### Autos

The broad Autos sector, dominated by benchmarks **Ford Motor Credit Co LLC (F: Baa3/BBB/BBB)** and **General Motors (GM: Baa3/BBB/BBB)**, paced wider by 17bp on macro trade concerns even as recent Q2 management guidance demonstrated a commitment to balance sheet improvement and organizational restructuring goals. We remain constructive on the fundamentals behind the Ford and GM credit stories, taking note of management team efforts to improve their respective global portfolios under multi-year restructuring programs. Actions towards execution of those plans will remain the guiding force behind spread trajectories this year, and we recognize directional moves over the next 4 months will not be one way. Down to brass tacks, we expect both Ford and GM to retain membership in the IG Corporate Index through the business cycle.

### Banking

The disconnect between bank equities and bonds was on full display in August. As bank shares declined over 7% in a month, the sector was among the top credit performers in August with a -0.48% credit return. The top six constituents (**BAC, JPM, C, WFC, GS, and MS**) led the way. The equity reaction was presumably in response to the rate cut at the end of July, which signals a less profitable operation environment for financial institutions – the “mid-cycle adjustment” wasn’t well received by the broader market anyway. As for bonds, the potential for an easing environment does not necessarily change banks’ capital adequacy, expense management, or earnings growth, all of which appear to be in great shape. We have noted our preference for the money center banks as a counterweight against credit seeking in other areas, and view this past month as a prime example for this discipline. **The fundamental picture still appears relatively benign, and while OAS is just +99 bp, we view Banks, particularly US Banks, as the preferred core defensive allocation within portfolios.** Banking is pacing the index year to date by credit return (+1.89%) but lagging by total return (+11.12%).

### Communications

Communications lagged the market in typical risk-off fashion, widening the same 13 bps as the index. At an OAS of +146, the sector remains one of the more attractive pockets among non-financial corporates, sporting mostly domestic firms with fundamentals that aren’t as directly entangled in China-US trade tensions as other traditional consumer industries.

One of the headliners was the long-awaited re-merger of **Viacom (VIA)** and **CBS**. The merger is not much of a power shift in the industry in our view – ViacomCBS will still be significantly smaller than the biggest content creators – but it could be one of many more shoes to drop in creating a bigger competitor. Synergies and further M&A will become the biggest justification for this merger, and our initial thought is that the synergy assumptions are modest (\$500mn vs DISCA/SNI’s \$1bn achieved). VIA isn’t quite the “ball and chain” it was 3-4 years ago, but it certainly doesn’t all of sudden make CBS more formidable than it already was. As an all-stock transaction, the credit impacts are relatively benign, as pro forma leverage is within an earshot of both companies (-3x before synergies). The expectation based on management comments is to maintain a solidly investment grade profile, so further M&A is likely to be done with those objectives in mind in our view. **That said, we still see better spread value in AT&T (T) and Discovery (DISCA) and better fundamental value in Comcast (CMCSA) among content makers.**

**Despite posting a 5.5%+ credit return already in 2019 to go with an 18%+ total return, we remain constructive on the fundamentals of the Communications sector and continue to prefer spread compensation in these subgroups as we push further into the latter half of the year..**

### Consumer

Cyclicals paced Staples by 10 bps, but both kept relatively close to the market, turning in credit return of -0.93% and -1.03%, respectively. Among cyclicals, the higher rated Services and Retailers segments (where credits like Walmart, Amazon, and Visa/Mastercard) maintained safe haven status among the sector, both edging out the index in credit return.

In Staples, we saw Tobacco perform in line with the market despite headline risk from multiple fronts, including an FTC investigating of JUUL (where Altria holds a large stake), but dominated by the expectation of a mega-merger between Altria (MO) and Philip Morris (PM). **The combination would create the largest non-nationalized tobacco company in the world (second only to China's nationalized operation) and brings sibling companies back under the same roof.** In 2008, the two split to allow each company to focus on its geographic footprints: MO is the US operations and PM covers everywhere else.

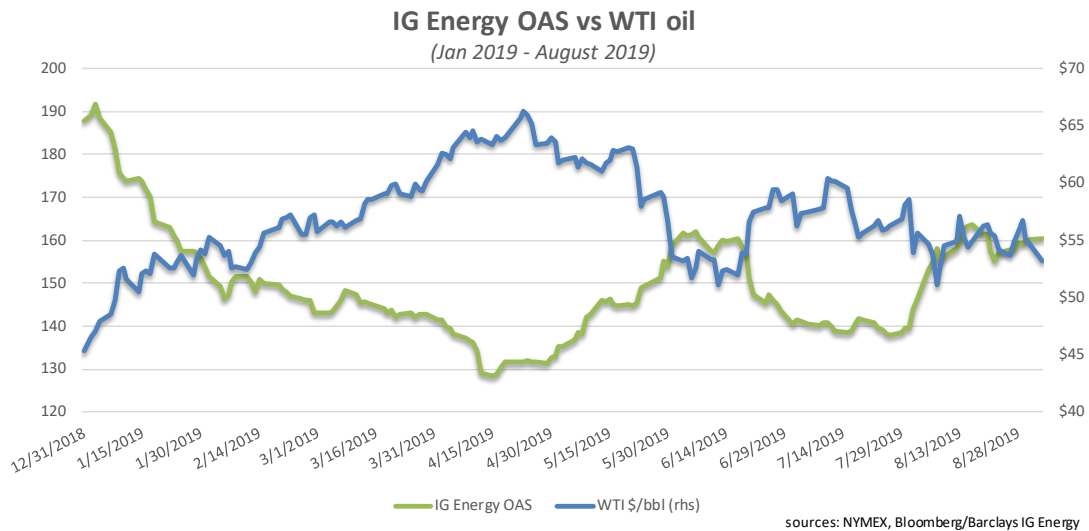
An all-stock deal is clearly the most bondholder friendly structure, making it a clear positive for MO credit and a modest negative for PM. **MO has been one of our top picks in Consumer in 2019, and a merger with PM provides a clear tailwind in spreads, which are already significantly tighter since speculation really accelerated.**

**Energy**

Spreads across the energy sector widened on the month, with the US IG Energy index 21bp wider at +161 OAS as WTI front month oil contracts declined more than 5% in August to \$54/bbl, staying wrapped around the \$55 per barrel context throughout the month.

Macro headlines related to global trade concerns weighed on commodity credit sectors throughout the month as the S&P 500 Energy equities index faded down 5%+ in August.

Spread pressure across the Energy sector resulted in -2.01% in credit returns on the month, bringing year-to-date credit returns for the sector to +3.31% and year-to-date total returns of +14.2%. Within the IG energy sub-sectors, weakness was pronounced in the Oil Field Services cohort, wider by 31bp on the month.



We maintain our overweight views on the Midstream and Refining sectors within Energy. Top picks remain: Marathon Petroleum (MPC: Baa2/BBB/BBB), Plains All American (PAA: Ba1/BBB-/BBB-), Energy Transfer Operating (ETP: Baa3/BBB-/BBB-), Kinder Morgan (KMI: Baa2/BBB/BBB), MPLX LP (MPLX: Baa2/BBB/BBB).

We maintain our view for WTI front month contracts to eventually settle in the \$55/bbl context by year-end 2019.

**Utilities**

The IG Utilities sector was 12bp wider in August at +116 OAS, posting -1.39% in credit returns, with high quality utility paper trading water vs the IG Corp index as steady fund flows into the IG asset class continue to find their way into Utilities as a safe haven sector within Corporates.

We maintain our Overweight view on the Utilities sector based on healthy fundamentals and compelling relative value opportunities in 2019 in a flight-to-quality trade as investors look to reduce overall portfolio exposures to global macro trade tensions by moving into domestically focused utility names.

**August 2019 Monthly Re-Cap**

All monthly results and calculations derived from the Bloomberg Barclays US Corporate Index

**RETURN ATTRIBUTION SCORECARD**

|              |           |
|--------------|-----------|
| Begin Period | 7/31/2019 |
| Mid Month    | 8/15/2019 |
| End Period   | 8/30/2019 |

| Corporate Bond Index Return | Intermediate | Long        | US Corp     |
|-----------------------------|--------------|-------------|-------------|
| Treasury Return (%)         | 2.07         | 8.31        | 4.19        |
| Credit Return (%)           | -0.33        | -2.45       | -1.05       |
| <b>Total (%)</b>            | <b>1.74</b>  | <b>5.86</b> | <b>3.14</b> |

| Corporate Bonds        | Index Weight (%) | Yield (%)   | OAS (bps)  | OAS Change (bps) | Treasury Return (%) | Credit Return (%) | Total Return (%) |
|------------------------|------------------|-------------|------------|------------------|---------------------|-------------------|------------------|
| <b>Ratings</b>         |                  |             |            |                  |                     |                   |                  |
| <b>Index</b>           | <b>100</b>       | <b>2.82</b> | <b>121</b> | <b>13</b>        | <b>4.19</b>         | <b>(1.05)</b>     | <b>3.14</b>      |
| Financial Institutions | 31.5             | 2.63        | 108        | 10               | 3.11                | (0.63)            | 2.48             |
| Industrial             | 61.1             | 2.91        | 128        | 14               | 4.56                | (1.23)            | 3.33             |
| Utility                | 7.4              | 2.86        | 116        | 12               | 5.92                | (1.39)            | 4.53             |

| Treasury Rates   |        |        |        |        |        |        |
|------------------|--------|--------|--------|--------|--------|--------|
| Maturities (yrs) | 2      | 3      | 5      | 7      | 10     | 30     |
| Begin            | 1.87   | 1.83   | 1.83   | 1.92   | 2.02   | 2.53   |
| Mid-Month        | 1.50   | 1.45   | 1.43   | 1.48   | 1.53   | 1.97   |
| End              | 1.51   | 1.43   | 1.39   | 1.45   | 1.50   | 1.96   |
| Change           | (0.37) | (0.40) | (0.44) | (0.46) | (0.52) | (0.56) |

**Components of Total Return:**

- Yield Return:** Return generated from Interest accrued
- Price Return:** Return generated from the change in price of bond
- Treasury Return:** Return that would be generated by a matched duration portfolio of treasury bonds
- Credit Return:** Return attributed to additional credit risk of holding corporate bonds (or "Credit Return"); the difference between the Total Return and the Treasury Return

**August 2019 Monthly Re-Cap**

All monthly results and calculations derived from the Bloomberg Barclays US Corporate Index

| Corporate Bonds     |                  |        |        |        |        |        |        |
|---------------------|------------------|--------|--------|--------|--------|--------|--------|
|                     | Maturities (yrs) | 1-3    | 3-5    | 5-7    | 7-10   | 10-25  | 25+    |
| Yield (%)           |                  | 2.16   | 2.31   | 2.55   | 2.78   | 3.50   | 3.54   |
| OAS (bps)           |                  | 59     | 87     | 109    | 128    | 177    | 162    |
| OAS Change (bps)    |                  | 6      | 9      | 11     | 11     | 17     | 16     |
| Treasury Return (%) |                  | 0.80   | 1.63   | 2.56   | 3.62   | 7.01   | 9.93   |
| Credit Return (%)   |                  | (0.02) | (0.20) | (0.49) | (0.69) | (2.11) | (2.86) |
| Total Return (%)    |                  | 0.77   | 1.43   | 2.07   | 2.94   | 4.90   | 7.06   |

| Corporate Bonds | Index      | Yield | OAS   | OAS       | UST     | Credit  | Total   |
|-----------------|------------|-------|-------|-----------|---------|---------|---------|
| Ratings         | Weight (%) | (%)   | (bps) | Chg (bps) | Ret (%) | Ret (%) | Ret (%) |
| Index           | 100        | 2.82  | 121   | 13        | 4.19    | (1.05)  | 3.14    |
| AAA             | 1.8        | 2.38  | 67    | 8         | 6.38    | (1.02)  | 5.37    |
| AA              | 7.8        | 2.24  | 63    | 8         | 3.79    | (0.69)  | 3.09    |
| A               | 40.0       | 2.53  | 93    | 10        | 4.21    | (0.92)  | 3.29    |
| BBB             | 50.3       | 3.15  | 154   | 15        | 4.17    | (1.21)  | 2.96    |

| Corporate Bonds        | Index      | Yield | OAS   | OAS       | UST     | Credit  | Total   |
|------------------------|------------|-------|-------|-----------|---------|---------|---------|
| Sectors                | Weight (%) | (%)   | (bps) | Chg (bps) | Ret (%) | Ret (%) | Ret (%) |
| Index                  | 100        | 2.82  | 121   | 13        | 4.19    | (1.05)  | 3.14    |
| Other Financial        | 0.0        | 2.33  | 88    | (7)       | 2.15    | (0.20)  | 1.95    |
| Reits                  | 2.7        | 2.69  | 116   | (7)       | 3.12    | (0.34)  | 2.78    |
| Banking                | 22.3       | 2.54  | 99    | (2)       | 2.73    | (0.48)  | 2.25    |
| Brokerage Asset Mana   | 0.9        | 2.65  | 112   | (5)       | 3.39    | (0.69)  | 2.70    |
| Other Industrial       | 0.4        | 2.88  | 106   | (2)       | 9.38    | (0.78)  | 8.61    |
| Technology             | 8.4        | 2.62  | 102   | 7         | 4.03    | (0.84)  | 3.19    |
| Consumer Cyclical      | 7.2        | 2.76  | 117   | (2)       | 3.82    | (0.93)  | 2.89    |
| Consumer Non-Cyclicals | 16.2       | 2.83  | 120   | (1)       | 4.65    | (1.03)  | 3.62    |
| Capital Goods          | 5.3        | 2.71  | 110   | 3         | 4.26    | (1.15)  | 3.11    |
| Communications         | 8.9        | 3.11  | 146   | (5)       | 5.30    | (1.27)  | 4.03    |
| Insurance              | 4.6        | 2.98  | 132   | 3         | 5.04    | (1.35)  | 3.69    |
| Utility                | 7.4        | 2.86  | 116   | 1         | 5.92    | (1.39)  | 4.53    |
| Finance Companies      | 1.0        | 3.13  | 158   | (4)       | 2.67    | (1.45)  | 1.22    |
| Transportation         | 2.5        | 2.85  | 117   | 3         | 5.73    | (1.57)  | 4.16    |
| Basic Industry         | 3.1        | 3.27  | 165   | 11        | 4.58    | (1.64)  | 2.94    |
| Energy                 | 9.0        | 3.23  | 161   | 18        | 4.40    | (2.01)  | 2.39    |





**Sector Heatmap - Description:** All Sector and Subgroup changes in OAS Spread, Total Return and Excess Return illustrated **relative to the Overall Index**. Performance indicated on a color scale from Red (worst performance) to Green (best performance).

| INVESTMENT GRADE INDEX SUMMARY - Heat Map - Sector/Subgroup vs Index |        |       |     |               |               |                   |      |      |                  |      |      |                 |     |     |
|--|--------|-------|-----|---------------|---------------|-------------------|------|------|------------------|------|------|-----------------|-----|-----|
| Sector/Subgroup  | Rating | Yield | OAS | Eff Dur (Yrs) | Mkt Value (%) | Credit Return (%) |      |      | Total Return (%) |      |      | OAS Change (bp) |     |     |
|  |        |       |     |               |               | 3M                | 6M   | LTM  | 3M               | 6M   | LTM  | 3M              | 6M  | LTM |
| <b>Index</b>   | A-     | 2.82  | 121 | 7.9           | 100           | vs Index          |      |      | vs Index         |      |      | vs Index        |     |     |
| Financial Institutions   | A-     | 2.63  | 108 | 6.1           | 31.5          | -8                | 16   | 63   | -130             | -213 | -156 | 0               | -2  | -7  |
| Industrial   | A-     | 2.91  | 128 | 8.5           | 61.1          | 7                 | -6   | -13  | 48               | 73   | 63   | 0               | 1   | 4   |
| Utility  | A-     | 2.86  | 116 | 10.8          | 7.4           | -19               | -19  | -185 | 175              | 349  | 164  | 2               | -2  | -2  |
| <b>Banking</b>   | A-     | 2.54  | 99  | 5.4           | 22.3          | -7                | 12   | 81   | -173             | -298 | -218 | -2              | -2  | -10 |
| <b>Insurance</b>   | A-     | 2.98  | 132 | 9.5           | 4.6           | -1                | -17  | -2   | 94               | 160  | 167  | 4               | 3   | 2   |
| Health Insurance   | BBB+   | 2.87  | 120 | 9.7           | 1.3           | -13               | -169 | -118 | 94               | 15   | 49   | 5               | 15  | 6   |
| Life Insurance   | BBB+   | 3.26  | 160 | 9.1           | 1.5           | -7                | 62   | 46   | 74               | 230  | 216  | 6               | -1  | 5   |
| P&C  | A-     | 2.83  | 117 | 9.5           | 1.8           | 12                | 28   | 30   | 110              | 208  | 201  | 1               | -2  | -3  |
| <b>Reits</b>   | BBB+   | 2.69  | 116 | 6.2           | 2.7           | -15               | 82   | 94   | -132             | -124 | -78  | 2               | -12 | -12 |
| Apartment REITS  | BBB+   | 2.50  | 94  | 7.3           | 0.4           | -23               | 57   | 85   | -63              | -10  | 46   | 2               | -10 | -13 |
| Healthcare REITS   | BBB    | 2.83  | 130 | 6.3           | 0.6           | -5                | 100  | 130  | -117             | -109 | -47  | 7               | -9  | -11 |
| Office REITS   | BBB    | 2.71  | 119 | 5.0           | 0.4           | -14               | 95   | 93   | -209             | -251 | -200 | -4              | -18 | -1  |
| Other REITS  | BBB    | 2.78  | 128 | 5.3           | 0.5           | -31               | 84   | 64   | -205             | -226 | -210 | 4               | -13 | -8  |
| Retail REITS   | BBB+   | 2.62  | 107 | 6.7           | 0.8           | -9                | 74   | 94   | -97              | -69  | -21  | -2              | -11 | -18 |
| <b>Finance Companies</b>   | BBB    | 3.13  | 158 | 5.1           | 1.0           | -11               | 54   | -125 | -180             | -254 | -436 | 0               | -17 | 20  |
| <b>Brokerage Asset Managers</b>                                      | A-     | 2.65  | 112 | 6.5           | 0.9           | -9                | 57   | 35   | -95              | -95  | -99  | -1              | -9  | -1  |
| <b>Other Financial</b>   | A-     | 2.33  | 88  | 4.4           | 0.0           | -72               | 69   | 133  | -301             | -320 | -213 | 7               | -21 | -30 |
| <b>Basic Industry</b>  | BBB    | 3.27  | 165 | 8.5           | 3.1           | 28                | -18  | -42  | 75               | 74   | 50   | 1               | 6   | 17  |
| Chemicals  | BBB    | 3.10  | 149 | 8.1           | 1.6           | -13               | -3   | -48  | -1               | 7    | -34  | 5               | 7   | 23  |
| Metals & Mining  | BBB+   | 3.55  | 189 | 9.8           | 1.0           | 121               | -31  | -37  | 253              | 239  | 228  | -8              | 3   | 12  |
| Paper  | BBB    | 3.27  | 170 | 7.6           | 0.6           | -17               | -32  | -39  | -22              | -24  | -14  | 4               | 10  | 19  |
| <b>Capital Goods</b>   | A-     | 2.71  | 110 | 8.0           | 5.3           | -32               | -34  | -78  | -24              | -25  | -67  | 3               | 2   | 6   |
| Aerospace/Defense  | A-     | 2.59  | 96  | 8.6           | 1.5           | -5                | -51  | 11   | 42               | 20   | 87   | -1              | 5   | -5  |
| Building Materials   | BBB    | 3.16  | 155 | 7.9           | 0.3           | 7                 | 135  | -15  | -4               | 126  | -12  | 2               | -9  | -1  |
| Construction Mach.   | A-     | 2.21  | 66  | 5.4           | 0.7           | -51               | -49  | -40  | -225             | -376 | -367 | -1              | 4   | -2  |
| Diversified Manufacturin   | BBB+   | 2.90  | 129 | 8.6           | 2.4           | -48               | -45  | -160 | -2               | 43   | -73  | 5               | 2   | 16  |
| Environmental  | BBB+   | 2.46  | 90  | 7.7           | 0.3           | -20               | -14  | 13   | -23              | -72  | -16  | 0               | 2   | -3  |
| Packaging  | BBB    | 3.24  | 166 | 7.8           | 0.0           | -69               | -8   | -41  | -64              | 50   | 24   | 9               | 2   | 8   |
| <b>Communications</b>  | BBB+   | 3.11  | 146 | 9.8           | 8.9           | 65                | 81   | 244  | 192              | 324  | 481  | -5              | -5  | -17 |
| Media Entertainment  | BBB+   | 2.95  | 133 | 8.6           | 1.8           | -10               | 29   | 79   | 25               | 101  | 158  | -3              | -7  | -11 |
| Cable Satellite  | BBB+   | 3.18  | 151 | 10.1          | 2.2           | 58                | -7   | 180  | 217              | 292  | 470  | -2              | 3   | -22 |
| Wirelines  | BBB    | 3.19  | 152 | 10.5          | 3.8           | 102               | 142  | 403  | 284              | 500  | 741  | -7              | -8  | -23 |
| Wireless   | BBB    | 2.96  | 135 | 8.7           | 1.2           | 109               | 162  | 167  | 158              | 228  | 243  | -15             | -10 | -10 |
| <b>Consumer Cyclical</b>   | A-     | 2.76  | 117 | 7.3           | 7.2           | 15                | 25   | -7   | -28              | -57  | -87  | -2              | -2  | 2   |
| Automotive   | BBB+   | 3.12  | 157 | 4.9           | 2.1           | 2                 | 58   | -50  | -198             | -317 | -420 | -5              | -4  | 17  |
| Services   | A      | 2.51  | 89  | 8.7           | 1.5           | 10                | -11  | 79   | 48               | 63   | 150  | -1              | 0   | -10 |
| Gaming   | BBB-   | 3.26  | 178 | 5.5           | 0.3           | 120               | 159  | 166  | -60              | -155 | -101 | -22             | -19 | -11 |
| Home Construct.  | BBB-   | 2.43  | 93  | 2.6           | 0.0           | -37               | 66   | 71   | -390             | -579 | -576 | -5              | -24 | -17 |
| Leisure  | BBB    | 2.68  | 111 | 3.5           | 0.0           | -67               | 40   | 17   | -340             | -468 | -476 | 10              | -5  | -5  |
| Lodging  | BBB    | 2.56  | 106 | 4.2           | 0.1           | -56               | 49   | 19   | -295             | -371 | -369 | 6               | -13 | -2  |
| Restaurants  | BBB+   | 2.75  | 109 | 9.6           | 0.6           | 39                | 37   | 10   | 139              | 203  | 164  | -2              | 2   | -4  |
| Retailers  | A      | 2.58  | 95  | 8.6           | 2.5           | 24                | 0    | -45  | 70               | 87   | 41   | -1              | 0   | -3  |
| <b>Consumer Non-Cyclical</b>   | BBB+   | 2.83  | 120 | 8.7           | 16.2          | 43                | 63   | -13  | 94               | 153  | 71   | -1              | -4  | 5   |
| Consumer Products  | A      | 2.45  | 88  | 7.1           | 0.9           | -26               | 14   | -19  | -85              | -87  | -103 | -1              | -5  | -10 |
| Food/Beverage  | BBB+   | 2.88  | 124 | 8.8           | 4.3           | 85                | 146  | 42   | 147              | 257  | 147  | -6              | -10 | 6   |
| Health Care  | BBB+   | 2.91  | 127 | 9.0           | 4.2           | 40                | -4   | 18   | 101              | 102  | 117  | 3               | 4   | 7   |
| Pharmaceuticals  | A-     | 2.68  | 105 | 8.8           | 5.5           | 14                | 24   | -43  | 66               | 116  | 43   | -1              | -3  | -2  |
| Supermarkets   | BBB    | 3.25  | 160 | 8.8           | 0.2           | 26                | 65   | -130 | 98               | 213  | 5    | -2              | -6  | 12  |
| Tobacco  | BBB+   | 3.25  | 162 | 8.8           | 1.1           | 102               | 249  | -169 | 144              | 327  | -105 | -5              | -13 | 32  |
| <b>Energy</b>  | BBB+   | 3.23  | 161 | 8.2           | 9.0           | -110              | -189 | -196 | -83              | -127 | -136 | 8               | 16  | 18  |
| Independent Energy   | BBB    | 3.50  | 187 | 8.3           | 2.0           | -242              | -294 | -363 | -180             | -159 | -230 | 21              | 26  | 32  |
| Integrated Energy  | A+     | 2.43  | 85  | 7.3           | 2.2           | -41               | -97  | -82  | -89              | -190 | -169 | -2              | 6   | 2   |
| Midstream  | BBB    | 3.51  | 186 | 8.4           | 4.0           | -80               | -167 | -142 | -42              | -80  | -59  | 9               | 15  | 18  |
| Oil Field Services   | BBB+   | 3.40  | 176 | 8.9           | 0.4           | -215              | -416 | -554 | -130             | -226 | -378 | 18              | 32  | 40  |
| Refining   | BBB    | 3.32  | 167 | 8.8           | 0.4           | -60               | -184 | -217 | 21               | -6   | -40  | 3               | 12  | 20  |
| <b>Technology</b>  | A      | 2.62  | 102 | 7.6           | 8.4           | 15                | -35  | -26  | -6               | -69  | -63  | -3              | 7   | 6   |
| <b>Transportation</b>  | A-     | 2.85  | 117 | 10.4          | 2.5           | -27               | -64  | -82  | 142              | 253  | 217  | 2               | 1   | 0   |
| Airlines   | A      | 2.59  | 109 | 4.6           | 0.3           | -21               | 60   | 45   | -236             | -332 | -320 | -7              | -21 | -9  |
| Railroads  | A-     | 2.91  | 117 | 12.1          | 1.6           | -23               | -66  | -51  | 262              | 475  | 455  | 4               | 3   | -2  |
| Services   | BBB+   | 2.85  | 120 | 9.2           | 0.6           | -34               | -126 | -231 | 53               | 41   | -78  | 4               | 8   | 12  |
| <b>Other Industrial</b>  | AA-    | 2.88  | 106 | 17.2          | 0.4           | -69               | 40   | 83   | 497              | 1112 | 1060 | 7               | -4  | 3   |
| <b>Utility</b>   | A-     | 2.86  | 116 | 10.8          | 7.4           | -19               | -19  | -185 | 175              | 349  | 164  | 2               | -2  | -2  |
| Electric   | A-     | 2.84  | 115 | 10.6          | 6.7           | -23               | -21  | -191 | 162              | 331  | 142  | 3               | -2  | -2  |
| Natural Gas  | A-     | 3.02  | 129 | 11.6          | 0.6           | 13                | 13   | -121 | 277              | 519  | 366  | -2              | -7  | 3   |
| Other Utility  | A-     | 3.01  | 130 | 12.2          | 0.2           | 38                | -116 | -160 | 341              | 475  | 406  | 0               | 4   | 5   |

Source: FTN Financial, Bloomberg/Barclays US Corp Index



**August 2019: Top and Bottom 20 Performing Issues by Maturity Bucket**

| Top 20 Issues - 1-3 Years |                       |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |      |
|---------------------------|-----------------------|------------|---------|-------|-------|---------|------------|------------|------------|------|
| Issuers by Credit Return  | CUSIP                 | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |      |
| EPD 4 ½ 08/16/77          | Midstream             | 29379VBM4  | 95.7    | 700   | 6.50  | 289     | 0          | 0.27       | 1.53       | 1.80 |
| EPR 5 ¾ 08/15/22          | Other REITs           | 29380TAT2  | 109.8   | 350   | 6.94  | 55      | -76        | 0.42       | 1.33       | 1.75 |
| JNPR 4.6 03/15/21         | Technology            | 48203RAF1  | 104.0   | 300   | 4.95  | 31      | -47        | 0.62       | 0.78       | 1.40 |
| PRGO 3 ½ 12/15/21         | Pharmaceuticals       | 714295AB8  | 100.4   | 310   | 3.31  | 177     | -30        | 0.99       | 0.78       | 1.77 |
| WELL 4.95 01/15/21        | Healthcare REITs      | 42217KAU0  | 103.6   | 450   | 4.74  | 276     | 223        | 0.43       | 0.69       | 1.12 |
| AER 5 ¾ 08/15/22          | Finance Companies     | 459745GN9  | 109.8   | 750   | 2.42  | 98      | -2         | 0.45       | 0.64       | 1.09 |
| CA 3.6 08/15/22           | Technology            | 12673PAH8  | 102.0   | 500   | 2.88  | 142     | 0          | 0.45       | 0.59       | 1.04 |
| QVCN 5 ¼ 07/02/22         | Consumer Cyc Services | 747262AH6  | 106.0   | 499   | 2.91  | 146     | -16        | 1.26       | 0.53       | 1.79 |
| TACHEM 3.8 11/26/20       | Pharmaceuticals       | 874060AK2  | 102.4   | 1,000 | 0.00  | 0       | -51        | 0.51       | 0.48       | 0.99 |
| FSK 4 ¾ 05/15/22          | Finance Companies     | 302635AC1  | 102.6   | 450   | 3.72  | 224     | -11        | 1.16       | 0.47       | 1.63 |
| TECD 3.7 02/15/22         | Technology            | 878237AG1  | 102.6   | 500   | 2.55  | 105     | -17        | 1.07       | 0.46       | 1.53 |
| G 3.7 04/01/22            | Technology            | 37254BAB6  | 101.3   | 350   | 3.15  | 167     | -13        | 1.13       | 0.46       | 1.59 |
| D 4.104 04/01/21          | Electric              | 25746UBT5  | 102.8   | 550   | 2.28  | 67      | -24        | 0.65       | 0.45       | 1.10 |
| OPI 4 07/15/22            | Office REITs          | 38376AAB9  | 102.1   | 300   | 3.22  | 176     | -10        | 1.26       | 0.43       | 1.69 |
| CS 3 10/29/21             | Banking               | 22546QAR8  | 102.4   | 2,000 | 1.86  | 35      | -18        | 0.97       | 0.41       | 1.38 |
| GLPI 4 ¾ 11/01/20         | Gaming                | 361841AD1  | 102.2   | 1,000 | 2.42  | 61      | -31        | 0.35       | 0.40       | 0.75 |
| RF 2 ¾ 08/14/22           | Banking               | 7591EPAM2  | 101.7   | 1,000 | 2.15  | 70      | 3          | 0.32       | 0.39       | 0.71 |
| EQIX 5 ¾ 01/01/22         | Technology            | 29444JAN6  | 102.6   | 750   | 1.70  | -28     | -93        | 0.23       | 0.38       | 0.61 |
| BATSLN 2.764 08/15/22     | Tobacco               | 05526DAV7  | 101.3   | 2,250 | 2.31  | 85      | 1          | 0.46       | 0.37       | 0.83 |
| BRX 3 ¾ 08/15/22          | Retail REITs          | 11120VAB9  | 104.3   | 500   | 2.29  | 83      | -5         | 0.44       | 0.36       | 0.80 |

| Bottom 20 Issues - 1-3 Years |                           |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |       |
|------------------------------|---------------------------|------------|---------|-------|-------|---------|------------|------------|------------|-------|
| Issuers by Credit Return     | CUSIP                     | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |       |
| GE 4.65 10/17/21             | Diversified Manufacturing | 36962G5J9  | 103.5   | 1,506 | 2.95  | 143     | 65         | 0.93       | -1.25      | -0.32 |
| KHC 3 ½ 07/15/22             | Food and Beverage         | 50077LAJ5  | 102.1   | 993   | 2.68  | 121     | 41         | 1.23       | -1.01      | 0.22  |
| GE 5.3 02/11/21              | Diversified Manufacturing | 369622SM8  | 102.8   | 1,167 | 3.32  | 166     | 80         | 0.57       | -0.99      | -0.42 |
| EQT 4 ¼ 11/15/21             | Independent               | 26884LAB5  | 103.1   | 750   | 3.39  | 188     | 52         | 0.96       | -0.98      | -0.02 |
| WES 4 07/01/22               | Midstream                 | 958254AB0  | 101.9   | 670   | 3.24  | 175     | 41         | 1.18       | -0.92      | 0.26  |
| KHC 3 ½ 06/06/22             | Food and Beverage         | 50076QAZ9  | 102.3   | 1,998 | 2.63  | 118     | 37         | 1.23       | -0.91      | 0.32  |
| TUP 4 ¾ 06/01/21             | Consumer Products         | 899896AC8  | 101.9   | 600   | 3.43  | 179     | 70         | 0.60       | -0.88      | -0.28 |
| GE 4 ¾ 01/07/21              | Diversified Manufacturing | 36962G4Y7  | 102.1   | 1,214 | 3.03  | 135     | 64         | 0.52       | -0.74      | -0.22 |
| SO 2 ½ 12/15/21              | Electric                  | 843646AT7  | 100.2   | 300   | 2.41  | 90      | 35         | 1.02       | -0.73      | 0.29  |
| TPR 3 07/15/22               | Retailers                 | 189754AB0  | 100.5   | 400   | 2.80  | 134     | 30         | 1.27       | -0.72      | 0.55  |
| NRUC 3.05 02/15/22           | Electric                  | 637432MQ5  | 102.1   | 400   | 2.09  | 57      | 32         | 1.01       | -0.70      | 0.31  |
| HAS 3.15 05/15/21            | Consumer Products         | 418056AT4  | 100.8   | 300   | 2.65  | 101     | 46         | 0.64       | -0.63      | 0.01  |
| EMBRBZ 5.15 06/15/22         | Aerospace/Defense         | 29082AAA5  | 106.2   | 500   | 2.82  | 136     | 26         | 1.23       | -0.59      | 0.64  |
| CLX 3.8 11/15/21             | Consumer Products         | 189054AS8  | 103.2   | 300   | 2.32  | 81      | 28         | 0.99       | -0.58      | 0.41  |
| BHI 3.2 08/15/21             | Oil Field Services        | 057224BC0  | 101.3   | 513   | 2.44  | 84      | 34         | 0.75       | -0.54      | 0.21  |
| VALEBZ 4 ¾ 01/11/22          | Metals and Mining         | 91911TAM5  | 103.4   | 1,069 | 2.87  | 138     | 27         | 1.05       | -0.54      | 0.51  |
| OXY 3 ¼ 02/15/22             | Independent               | 674599CC7  | 101.5   | 814   | 2.43  | 90      | 25         | 1.02       | -0.51      | 0.51  |
| T 3.4 06/15/22               | Wirelines                 | 00206RHM7  | 103.0   | 403   | 2.28  | 83      | 20         | 1.26       | -0.50      | 0.76  |
| M 3.45 01/15/21              | Retailers                 | 55616XAN7  | 100.7   | 500   | 2.91  | 120     | 47         | 0.51       | -0.50      | 0.01  |
| ECACN 5 ¾ 01/30/22           | Independent               | 651290AP3  | 106.9   | 750   | 2.75  | 126     | 25         | 1.07       | -0.50      | 0.57  |



| Top 20 Issues - 3-5 Years |                           |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |      |
|---------------------------|---------------------------|------------|---------|-------|-------|---------|------------|------------|------------|------|
| Issuers by Credit Return  | CUSIP                     | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |      |
| QVCN 4.85 04/01/24        | Consumer Cyc Services     | 747262AS2  | 106.0   | 600   | 3.43  | 200     | -28        | 2.02       | 1.27       | 3.29 |
| QVCN 4 ¾ 03/15/23         | Consumer Cyc Services     | 747262AK9  | 104.5   | 750   | 3.01  | 158     | -22        | 1.56       | 0.84       | 2.40 |
| NWL 3.85 04/01/23         | Consumer Products         | 651229AV8  | 103.4   | 1,750 | 2.81  | 137     | -22        | 1.55       | 0.82       | 2.37 |
| D 3.071 08/15/24          | Electric                  | 25746UDB2  | 102.9   | 700   | 2.44  | 101     | 4          | 0.79       | 0.80       | 1.59 |
| FEMSA 2 ¼ 05/10/23        | Food and Beverage         | 344419AA4  | 101.8   | 300   | 2.36  | 94      | -18        | 1.69       | 0.69       | 2.38 |
| EPR 5 ¼ 08/15/22          | Other REITs               | 29380TAT2  | 109.8   | 350   | 6.94  | 55      | -76        | 0.76       | 0.66       | 1.42 |
| LVS 3.2 08/08/24          | Gaming                    | 517834AG2  | 101.9   | 1,750 | 2.78  | 134     | 16         | 0.57       | 0.58       | 1.15 |
| PDM 4.45 03/15/24         | Office REITs              | 720198AD2  | 105.7   | 400   | 3.03  | 159     | -10        | 1.93       | 0.49       | 2.42 |
| HUN 5 ¼ 11/15/22          | Chemicals                 | 44701QBD3  | 107.0   | 400   | 2.65  | 120     | -14        | 1.31       | 0.49       | 1.80 |
| BNS 4.65 PERP             | Banking                   | 064159KJ4  | 98.7    | 1,250 | 5.11  | 287     | -8         | 1.26       | 0.47       | 1.73 |
| OWLCK 5 ¼ 04/15/24        | Brokerage Assetmanager    | 69121KAA2  | 106.0   | 400   | 3.83  | 240     | -8         | 2.01       | 0.46       | 2.47 |
| BATSLN 3.222 08/15/2      | Tobacco                   | 05526DAZ8  | 102.7   | 2,477 | 2.61  | 117     | 1          | 0.77       | 0.46       | 1.23 |
| BPL 4.15 07/01/23         | Midstream                 | 118230AK7  | 100.0   | 500   | 4.16  | 268     | -7         | 1.65       | 0.45       | 2.10 |
| NEU 4.1 12/15/22          | Chemicals                 | 651587AF4  | 105.2   | 350   | 2.46  | 102     | -12        | 1.48       | 0.44       | 1.92 |
| MKC 3.15 08/15/24         | Food and Beverage         | 579780AM9  | 104.2   | 700   | 2.23  | 79      | 2          | 0.77       | 0.43       | 1.20 |
| FLEX 5 02/15/23           | Technology                | 33938EAS6  | 106.9   | 500   | 2.89  | 145     | -10        | 1.51       | 0.41       | 1.92 |
| EIX 2.4 09/15/22          | Electric                  | 281020AL1  | 99.3    | 400   | 2.63  | 118     | -10        | 1.37       | 0.38       | 1.75 |
| EQIX 5 ¼ 04/01/23         | Technology                | 29444UAM8  | 102.1   | 1,000 | 1.33  | -93     | -152       | 0.19       | 0.35       | 0.54 |
| HON 2.3 08/15/24          | Diversified Manufacturing | 438516BW5  | 102.1   | 750   | 1.84  | 41      | 0          | 0.80       | 0.33       | 1.13 |
| TOYOTA 3.419 07/20/2      | Automotive                | 892331AC3  | 106.1   | 750   | 1.79  | 37      | -9         | 1.77       | 0.33       | 2.10 |

| Bottom 20 Issues - 3-5 Years |                           |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |       |
|------------------------------|---------------------------|------------|---------|-------|-------|---------|------------|------------|------------|-------|
| Issuers by Credit Return     | CUSIP                     | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |       |
| M 3 ¾ 06/01/24               | Retailers                 | 55616XAL1  | 98.7    | 500   | 3.94  | 248     | 75         | 2.06       | -3.05      | -0.99 |
| EQM 4 ¾ 07/15/23             | Midstream                 | 26885BAD2  | 100.8   | 1,100 | 4.51  | 307     | 92         | 1.67       | -3.01      | -1.34 |
| GE 3.45 05/15/24             | Diversified Manufacturing | 36962G7K4  | 101.4   | 528   | 3.12  | 167     | 73         | 2.04       | -3.01      | -0.97 |
| GE 3 ¾ 03/11/24              | Diversified Manufacturing | 369604BG7  | 101.2   | 750   | 3.08  | 166     | 72         | 2.03       | -2.94      | -0.91 |
| EQT 3 10/01/22               | Independent               | 26884LAE9  | 95.6    | 750   | 4.54  | 310     | 98         | 1.35       | -2.61      | -1.26 |
| CLR 3.8 06/01/24             | Independent               | 212015AN1  | 101.4   | 1,000 | 3.46  | 200     | 62         | 2.06       | -2.56      | -0.50 |
| BRASKM 6.45 02/03/24         | Chemicals                 | 10553YAF2  | 109.9   | 750   | 3.99  | 256     | 65         | 1.88       | -2.36      | -0.48 |
| MOS 4 ¼ 11/15/23             | Chemicals                 | 61945CAC7  | 105.4   | 900   | 2.80  | 137     | 57         | 1.77       | -2.04      | -0.27 |
| EQM 4 08/01/24               | Midstream                 | 26885BAA8  | 98.0    | 500   | 4.45  | 299     | 50         | 2.14       | -2.03      | 0.11  |
| CLR 4 ½ 04/15/23             | Independent               | 212015AL5  | 103.5   | 1,500 | 3.39  | 194     | 68         | 1.49       | -2.03      | -0.54 |
| PRU 5.2 03/15/44             | Life                      | 744320AN2  | 103.8   | 500   | 4.27  | 265     | 33         | 2.01       | -2.01      | 0.00  |
| GE 3.1 01/09/23              | Diversified Manufacturing | 36962G6S8  | 100.3   | 1,318 | 3.02  | 158     | 65         | 1.51       | -1.98      | -0.47 |
| KHC 4 06/15/23               | Food and Beverage         | 50077LAS5  | 103.9   | 1,600 | 2.88  | 145     | 58         | 1.65       | -1.96      | -0.31 |
| M 4 ¾ 09/01/23               | Retailers                 | 55616XAK3  | 102.3   | 400   | 3.72  | 227     | 60         | 1.67       | -1.95      | -0.28 |
| VOYA 5.65 05/15/53           | Life                      | 45685EAG1  | 104.8   | 749   | 4.24  | 281     | 62         | 1.58       | -1.89      | -0.31 |
| EPD 4 ¾ 08/16/77             | Midstream                 | 29379VBM4  | 95.7    | 700   | 6.50  | 289     | 0          | 0.40       | -1.83      | -1.43 |
| ECACN 5 ¾ 07/01/24           | Independent               | 651290AQ1  | 110.2   | 1,000 | 3.32  | 189     | 44         | 2.10       | -1.82      | 0.28  |
| GE 2.7 10/09/22              | Diversified Manufacturing | 369604BD4  | 99.3    | 3,000 | 2.95  | 151     | 58         | 1.39       | -1.62      | -0.23 |
| GE 3.15 09/07/22             | Diversified Manufacturing | 36962G6F6  | 100.5   | 1,086 | 2.98  | 154     | 56         | 1.34       | -1.50      | -0.16 |
| M 2 ¾ 02/15/23               | Retailers                 | 55616XAH0  | 98.2    | 750   | 3.42  | 196     | 50         | 1.50       | -1.47      | 0.03  |



| Top 20 Issues - 5-7 Years |                        |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |      |
|---------------------------|------------------------|------------|---------|-------|-------|---------|------------|------------|------------|------|
| Issuers by Credit Return  | CUSIP                  | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |      |
| SBRA 5 ¼ 08/15/26         | Healthcare REITs       | 14162VAB2  | 108.1   | 500   | 3.75  | 228     | -3         | 0.94       | 1.62       | 2.56 |
| JD 3 ¾ 04/29/26           | Consumer Cyc Services  | 47215PAC0  | 104.1   | 500   | 3.18  | 173     | -21        | 3.02       | 1.34       | 4.36 |
| HST 4 ½ 02/01/26          | Other REITs            | 44107TAW6  | 109.4   | 400   | 2.83  | 137     | -21        | 2.83       | 1.17       | 4.00 |
| MSFT 2.4 08/08/26         | Technology             | 594918BR4  | 103.3   | 4,000 | 1.87  | 40      | -1         | 0.92       | 1.09       | 2.01 |
| NWL 4.2 04/01/26          | Consumer Products      | 651229AW6  | 103.7   | 2,000 | 3.54  | 207     | -17        | 2.89       | 1.03       | 3.92 |
| EQIX 5 ¾ 01/01/25         | Technology             | 29444UAP1  | 104.3   | 500   | 1.46  | -52     | -211       | 0.30       | 0.93       | 1.23 |
| STX 4 ¾ 01/01/25          | Technology             | 81180WAL5  | 104.3   | 975   | 3.85  | 242     | -14        | 2.38       | 0.79       | 3.17 |
| EVRG 2.55 07/01/26        | Electric               | 95709TAN0  | 101.3   | 350   | 2.33  | 85      | -12        | 3.21       | 0.71       | 3.92 |
| BG 3 ¼ 08/15/26           | Food and Beverage      | 120568AX8  | 100.0   | 700   | 3.26  | 177     | -3         | 0.99       | 0.58       | 1.57 |
| ADM 2 ½ 08/11/26          | Food and Beverage      | 039483BL5  | 102.3   | 1,000 | 2.12  | 65      | 9          | 1.37       | 0.55       | 1.92 |
| EXC 2.4 08/15/26          | Electric               | 059165EG1  | 100.7   | 350   | 2.28  | 80      | 0          | 1.02       | 0.54       | 1.56 |
| AVT 4 ¾ 04/15/26          | Technology             | 053807AS2  | 109.1   | 550   | 3.05  | 158     | -8         | 2.86       | 0.52       | 3.38 |
| EXP 4 ½ 08/01/26          | Building Materials     | 26969PAA6  | 103.4   | 350   | 3.73  | 165     | -18        | 1.73       | 0.50       | 2.23 |
| VZ 2 ¾ 08/15/26           | Wirelines              | 92343VDD3  | 102.4   | 2,250 | 2.25  | 80      | 3          | 1.03       | 0.49       | 1.52 |
| NWL 4 12/01/24            | Consumer Products      | 651229AQ9  | 102.5   | 500   | 3.46  | 200     | -8         | 2.31       | 0.47       | 2.78 |
| GOOGL 1.998 08/15/26      | Technology             | 02079KAC1  | 100.7   | 2,000 | 1.88  | 40      | 0          | 1.04       | 0.46       | 1.50 |
| LVS 3 ¾ 08/18/26          | Gaming                 | 517834AE7  | 102.0   | 1,000 | 3.17  | 170     | 25         | 0.29       | 0.41       | 0.70 |
| HSY 2.3 08/15/26          | Food and Beverage      | 427866AX6  | 101.6   | 500   | 2.05  | 57      | 6          | 1.03       | 0.41       | 1.44 |
| PLD 3 ¾ 11/01/25          | Other REITs            | 74340XBE0  | 109.7   | 750   | 2.00  | 55      | -8         | 2.74       | 0.37       | 3.11 |
| CAT 2.4 08/09/26          | Construction Machinery | 14912L6T3  | 101.9   | 300   | 2.11  | 65      | 0          | 1.27       | 0.37       | 1.64 |

| Bottom 20 Issues - 5-7 Years |                           |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |       |
|------------------------------|---------------------------|------------|---------|-------|-------|---------|------------|------------|------------|-------|
| Issuers by Credit Return     | CUSIP                     | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |       |
| TPR 4 ¼ 04/01/25             | Retailers                 | 189754AA2  | 103.6   | 600   | 3.51  | 206     | 68         | 2.38       | -3.19      | -0.81 |
| GE 3.373 11/15/25            | Finance Companies         | 36164Q6M5  | 101.3   | 1,954 | 3.14  | 170     | 57         | 2.82       | -3.17      | -0.35 |
| FLR 3 ½ 12/15/24             | Other Industrial          | 343412AC6  | 101.2   | 500   | 3.24  | 178     | 67         | 2.33       | -3.12      | -0.79 |
| GE 5.55 01/05/26             | Diversified Manufacturing | 36962GT95  | 111.2   | 495   | 3.56  | 211     | 58         | 2.73       | -3.04      | -0.31 |
| WES 4.65 07/01/26            | Midstream                 | 958254AF1  | 101.9   | 500   | 4.32  | 284     | 51         | 2.93       | -2.84      | 0.09  |
| KHC 3 06/01/26               | Food and Beverage         | 50077LAD8  | 98.4    | 1,999 | 3.27  | 179     | 47         | 3.06       | -2.79      | 0.27  |
| MXCN 4 ¼ 12/01/24            | Chemicals                 | 59151KAK4  | 101.1   | 300   | 4.00  | 254     | 61         | 2.26       | -2.70      | -0.44 |
| OXY 3.4 04/15/26             | Independent               | 674599CH6  | 101.7   | 1,150 | 3.11  | 163     | 46         | 2.95       | -2.67      | 0.28  |
| KHC 3.95 07/15/25            | Food and Beverage         | 50077LAK2  | 103.8   | 1,999 | 3.20  | 175     | 50         | 2.56       | -2.52      | 0.04  |
| WES 3.95 06/01/25            | Midstream                 | 958254AE4  | 99.1    | 500   | 4.13  | 266     | 47         | 2.51       | -2.27      | 0.24  |
| BR 3.4 06/27/26              | Technology                | 11133TAC7  | 104.5   | 500   | 2.65  | 118     | 37         | 3.06       | -2.25      | 0.81  |
| MTNA 4.55 03/11/26           | Metals and Mining         | 03938LBA1  | 104.9   | 750   | 3.70  | 225     | 42         | 2.84       | -2.24      | 0.60  |
| OXY 3 ½ 06/15/25             | Independent               | 674599CG8  | 102.8   | 750   | 2.95  | 149     | 43         | 2.57       | -2.18      | 0.39  |
| DB 4.1 01/13/26              | Banking                   | 25152R2Y8  | 100.6   | 371   | 3.99  | 254     | 33         | 2.84       | -2.10      | 0.74  |
| PRU 5 ¾ 05/15/45             | Life                      | 744320AV4  | 105.8   | 1,000 | 4.22  | 266     | 33         | 2.46       | -2.09      | 0.37  |
| ECACN 5 ¾ 01/01/26           | Independent               | 651290AR9  | 109.8   | 700   | 3.57  | 211     | 40         | 2.66       | -2.04      | 0.62  |
| PAA 4.65 10/15/25            | Midstream                 | 72650RBJ0  | 107.1   | 1,000 | 3.31  | 186     | 38         | 2.61       | -1.93      | 0.68  |
| MTNA 6 ½ 06/01/25            | Metals and Mining         | 03938LAZ7  | 112.5   | 500   | 3.69  | 225     | 41         | 2.45       | -1.93      | 0.52  |
| NTAP 3.3 09/29/24            | Technology                | 64110DAF1  | 101.9   | 400   | 2.87  | 143     | 41         | 2.27       | -1.87      | 0.40  |
| DB 4.1 01/13/26              | Banking                   | 25152R2Y8  | 100.6   | 371   | 3.99  | 254     | 33         | 2.85       | -1.76      | 1.09  |



| Top 20 Issues - 7-10 Years |                           |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |      |
|----------------------------|---------------------------|------------|---------|-------|-------|---------|------------|------------|------------|------|
| Issuers by Credit Return   | CUSIP                     | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |      |
| PSJHOG 2.746 10/01/2       | Healthcare                | 743756AB4  | 104.7   | 300   | 2.03  | 57      | -21        | 3.36       | 1.33       | 4.69 |
| SITC 4.7 06/01/27          | Retail REITs              | 23317HAF9  | 110.4   | 450   | 3.13  | 165     | -18        | 3.40       | 1.24       | 4.64 |
| MRVL 4 7/8 06/22/28        | Technology                | 57385LAB4  | 112.5   | 500   | 3.20  | 170     | -15        | 3.88       | 1.13       | 5.01 |
| SBUX 3.55 08/15/29         | Restaurants               | 855244AT6  | 109.4   | 1,000 | 2.46  | 94      | 2          | 1.51       | 0.96       | 2.47 |
| MO 4.8 02/14/29            | Tobacco                   | 02209SBD4  | 113.0   | 3,000 | 3.16  | 165     | -12        | 4.17       | 0.86       | 5.03 |
| SSMHLT 3.823 06/01/2       | Healthcare                | 784710AA3  | 109.7   | 500   | 2.41  | 92      | -13        | 3.50       | 0.85       | 4.35 |
| VOD 7 04/04/79             | Wireless                  | 92857WBQ2  | 114.2   | 2,000 | 5.10  | 355     | -10        | 3.81       | 0.84       | 4.65 |
| CXP 3.65 08/15/26          | Office REITs              | 19828JAB4  | 102.2   | 350   | 3.29  | 180     | -14        | 2.10       | 0.83       | 2.93 |
| SRC 4.45 09/15/26          | Retail REITs              | 84861TAC2  | 108.2   | 300   | 3.10  | 163     | -11        | 3.06       | 0.71       | 3.77 |
| KEYS 4.6 04/06/27          | Technology                | 49338LAE3  | 111.1   | 700   | 2.91  | 143     | -10        | 3.31       | 0.65       | 3.96 |
| AMT 3.8 08/15/29           | Wireless                  | 03027XAW0  | 107.9   | 1,650 | 2.87  | 134     | 3          | 1.49       | 0.59       | 2.08 |
| NEE 4.8 12/01/77           | Electric                  | 65339KAV2  | 101.2   | 550   | 4.62  | 227     | -4         | 3.08       | 0.57       | 3.65 |
| GIS 3.2 02/10/27           | Food and Beverage         | 370334BZ6  | 105.8   | 750   | 2.32  | 84      | -9         | 3.42       | 0.57       | 3.99 |
| MERCYH 4.302 07/01/        | Healthcare                | 58942HAC5  | 114.3   | 306   | 2.49  | 100     | -8         | 4.08       | 0.53       | 4.61 |
| TKR 4 1/2 12/15/28         | Diversified Manufacturing | 887389AK0  | 108.8   | 400   | 3.36  | 185     | -7         | 4.15       | 0.52       | 4.67 |
| HON 2.7 08/15/29           | Diversified Manufacturing | 438516BU9  | 104.8   | 750   | 2.15  | 63      | 2          | 1.57       | 0.50       | 2.07 |
| SCG 3 1/4 08/15/28         | Electric                  | 837004CM0  | 116.4   | 400   | 2.17  | 67      | -8         | 4.02       | 0.49       | 4.51 |
| OC 3.95 08/15/29           | Building Materials        | 690742AJ0  | 103.5   | 450   | 3.52  | 199     | 6          | 1.47       | 0.48       | 1.95 |
| SKT 3 1/8 09/01/26         | Retail REITs              | 875484AJ6  | 99.1    | 350   | 3.27  | 179     | -5         | 3.01       | 0.46       | 3.47 |
| ARW 3 3/8 01/12/28         | Technology                | 042735BF6  | 103.1   | 500   | 3.43  | 193     | -6         | 3.81       | 0.45       | 4.26 |

| Bottom 20 Issues - 7-10 Years |                   |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |       |
|-------------------------------|-------------------|------------|---------|-------|-------|---------|------------|------------|------------|-------|
| Issuers by Credit Return      | CUSIP             | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |       |
| FLR 4 1/4 09/15/28            | Other Industrial  | 343412AF9  | 101.9   | 600   | 3.99  | 248     | 83         | 3.90       | -6.01      | -2.11 |
| EQT 3.9 10/01/27              | Independent       | 26884LAF6  | 86.8    | 1,250 | 5.99  | 450     | 94         | 3.48       | -5.94      | -2.46 |
| SASOL 6 1/2 09/27/28          | Chemicals         | 80386WAB1  | 110.9   | 750   | 4.95  | 345     | 67         | 3.61       | -4.41      | -0.80 |
| BPL 4 1/8 12/01/27            | Midstream         | 118230AR2  | 87.9    | 400   | 6.01  | 452     | 67         | 3.57       | -4.30      | -0.73 |
| CLR 4 3/8 01/15/28            | Independent       | 212015AS0  | 102.8   | 1,000 | 3.96  | 246     | 60         | 3.66       | -4.05      | -0.39 |
| DXC 4 3/4 04/15/27            | Technology        | 23355LAD8  | 106.4   | 500   | 3.75  | 227     | 62         | 3.23       | -3.80      | -0.57 |
| HAS 3 1/2 09/15/27            | Consumer Products | 418056AV9  | 101.7   | 500   | 3.25  | 175     | 56         | 3.59       | -3.78      | -0.19 |
| KHC 4 3/8 01/30/29            | Food and Beverage | 50077LAT3  | 108.0   | 1,100 | 3.60  | 208     | 48         | 4.14       | -3.69      | 0.45  |
| MTNA 4 1/4 07/16/29           | Metals and Mining | 03938LBC7  | 100.8   | 500   | 4.15  | 265     | 43         | 4.46       | -3.45      | 1.01  |
| EQM 4 1/8 12/01/26            | Midstream         | 26885BAB6  | 94.2    | 500   | 5.09  | 361     | 57         | 3.14       | -3.29      | -0.15 |
| BWP 4.8 05/03/29              | Midstream         | 096630AG3  | 105.1   | 500   | 4.15  | 262     | 43         | 4.18       | -3.28      | 0.90  |
| AEGON 5 1/2 04/11/48          | Life              | 007924AJ2  | 106.0   | 800   | 4.64  | 315     | 49         | 3.62       | -3.28      | 0.34  |
| F 6 1/8 10/01/28              | Automotive        | 345370BY5  | 113.3   | 638   | 4.80  | 331     | 48         | 3.68       | -3.13      | 0.55  |
| SUZANO 6 01/15/29             | Paper             | 86964WAC6  | 110.9   | 1,750 | 4.53  | 302     | 44         | 3.89       | -3.12      | 0.77  |
| JWN 4 03/15/27                | Retailers         | 655664AS9  | 101.9   | 350   | 3.70  | 221     | 50         | 3.28       | -3.11      | 0.17  |
| PRU 5.7 09/15/48              | Life              | 744320BF8  | 108.6   | 1,000 | 4.53  | 256     | 18         | 3.76       | -3.08      | 0.68  |
| BPL 3.95 12/01/26             | Midstream         | 118230AQ4  | 88.8    | 600   | 5.86  | 439     | 53         | 3.15       | -3.00      | 0.15  |
| FIBRBZ 5 1/2 01/17/27         | Paper             | 31572UAF3  | 108.0   | 700   | 4.23  | 276     | 50         | 3.17       | -2.94      | 0.23  |
| OXY 3 02/15/27                | Independent       | 674599CM5  | 99.2    | 750   | 3.13  | 163     | 45         | 3.40       | -2.90      | 0.50  |
| HSECN 4.4 04/15/29            | Integrated        | 448055AP8  | 106.1   | 750   | 3.63  | 211     | 36         | 4.23       | -2.84      | 1.39  |



| Top 20 Issues - 10+ Years              |           |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |
|--|-----------|------------|---------|-------|-------|---------|------------|------------|------------|
| Issuers by Credit Return               | CUSIP     | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |
| MSINAI 3.981 07/01/48 Healthcare       | 623115AD4 | 109.8      | 307     | 3.37  | 152   | -33     | 9.30       | 5.19       | 14.49      |
| UNICHI 4.003 10/01/53 Other Industrial | 91412NBC3 | 125.5      | 400     | 2.82  | 82    | -24     | 11.28      | 4.90       | 16.18      |
| NYUHOS 5 3/4 07/01/43 Healthcare       | 62952EAB3 | 145.5      | 350     | 3.05  | 119   | -18     | 8.76       | 2.71       | 11.47      |
| NYUHOS 4.784 07/01/4 Healthcare        | 62952EAC1 | 128.9      | 300     | 3.11  | 122   | -16     | 9.33       | 2.58       | 11.91      |
| NWL 5 1/2 04/01/46 Consumer Products   | 651229AY2 | 108.3      | 666     | 4.93  | 305   | -18     | 8.31       | 2.57       | 10.88      |
| MO 5.95 02/14/49 Tobacco               | 02209SBF9 | 128.7      | 2,500   | 4.22  | 233   | -14     | 8.92       | 2.35       | 11.27      |
| HARVRD 4 3/4 10/15/40 Other Industrial | 740816AH6 | 137.0      | 300     | 2.59  | 77    | -15     | 8.42       | 2.12       | 10.54      |
| MO 6.2 02/14/59 Tobacco                | 02209SBG7 | 129.1      | 500     | 4.59  | 267   | -10     | 9.63       | 2.06       | 11.69      |
| EE 5 12/01/44 Electric                 | 283677AZ5 | 122.4      | 300     | 3.62  | 173   | -10     | 8.99       | 1.48       | 10.47      |
| PARHC 3.765 07/01/48 Healthcare        | 70213HAD0 | 112.9      | 304     | 3.08  | 114   | -8      | 10.92      | 1.48       | 12.40      |
| JHUNIV 4.083 07/01/53 Other Industrial | 478115AB4 | 124.4      | 355     | 2.90  | 97    | -7      | 11.63      | 1.46       | 13.09      |
| VRSK 5 1/2 06/15/45 Technology         | 92345YAE6 | 128.0      | 350     | 3.77  | 189   | -9      | 8.83       | 1.44       | 10.27      |
| SPGI 6.55 11/15/37 Media Entertainment | 78409VAB0 | 146.6      | 400     | 3.16  | 148   | -11     | 6.88       | 1.27       | 8.15       |
| CATHHE 4 1/2 11/01/42 Healthcare       | 254010AB7 | 110.8      | 300     | 3.79  | 193   | -8      | 8.64       | 1.26       | 9.90       |
| UPENN 4.674 09/01/12 Other Industrial  | 91481CAA8 | 139.4      | 300     | 3.31  | 132   | 0       | 15.69      | 1.15       | 16.84      |
| JHHSYS 3.837 05/15/4 Healthcare        | 478111AC1 | 119.0      | 500     | 2.82  | 90    | -7      | 10.56      | 1.14       | 11.70      |
| PRGO 4.9 12/15/44 Pharmaceuticals      | 714295AA0 | 95.7       | 304     | 5.21  | 333   | -7      | 8.23       | 1.02       | 9.25       |
| UAL 3 1/2 03/01/30 Airlines            | 909318AA5 | 106.1      | 695     | 2.60  | 110   | -15     | 3.52       | 0.90       | 4.42       |
| SUTHEA 4.091 08/15/4 Healthcare        | 86944BAE3 | 119.3      | 346     | 3.07  | 113   | -5      | 10.62      | 0.89       | 11.51      |
| NWL 5 3/4 04/01/36 Consumer Products   | 651229AX4 | 107.3      | 420     | 4.73  | 308   | -8      | 6.20       | 0.84       | 7.04       |

| Bottom 20 Issues - 10+ Years                |           |            | Amt Out | Yield | OAS   | OAS Chg | Treasury   | Excess     | Total      |
|---|-----------|------------|---------|-------|-------|---------|------------|------------|------------|
| Issuers by Credit Return                    | CUSIP     | Price (\$) | (MM)    | (%)   | (bps) | (bps)   | Return (%) | Return (%) | Return (%) |
| CLR 4.9 06/01/44 Independent                | 212015AQ4 | 100.0      | 700     | 4.90  | 302   | 72      | 8.08       | -10.02     | -1.94      |
| BHI 4.08 12/15/47 Oil Field Services        | 05723KAF7 | 98.0       | 1,350   | 4.20  | 228   | 54      | 9.64       | -8.88      | 0.76       |
| IFF 5 09/26/48 Chemicals                    | 459506AL5 | 112.4      | 800     | 4.25  | 234   | 55      | 9.17       | -8.64      | 0.53       |
| KHC 4 3/4 06/01/46 Food and Beverage        | 50077LAB2 | 96.0       | 2,985   | 4.64  | 273   | 57      | 8.87       | -8.59      | 0.28       |
| GE 4 1/2 03/11/44 Diversified Manufacturing | 369604BH5 | 101.3      | 2,250   | 4.42  | 254   | 60      | 8.42       | -8.57      | -0.15      |
| GE 4 1/2 10/09/42 Diversified Manufacturing | 369604BF9 | 96.5       | 2,000   | 4.37  | 251   | 60      | 8.36       | -8.56      | -0.20      |
| OXY 4.4 04/15/46 Independent                | 674599CJ2 | 102.1      | 1,200   | 4.26  | 235   | 55      | 9.02       | -8.47      | 0.55       |
| MPLX 4.9 04/15/58 Midstream                 | 55336VAP5 | 101.3      | 500     | 4.82  | 290   | 51      | 9.92       | -8.33      | 1.59       |
| NOV 3.95 12/01/42 Oil Field Services        | 637071AK7 | 88.6       | 1,100   | 4.77  | 289   | 58      | 8.30       | -8.31      | -0.01      |
| M 4 1/2 12/15/34 Retailers                  | 55616XAM9 | 91.8       | 367     | 5.28  | 366   | 77      | 5.91       | -8.12      | -2.21      |
| IFF 4 3/4 06/01/47 Chemicals                | 459506AE1 | 103.0      | 500     | 4.19  | 227   | 51      | 9.37       | -8.09      | 1.28       |
| KHC 5 06/04/42 Food and Beverage            | 50076QAE6 | 103.0      | 1,974   | 4.78  | 295   | 60      | 7.79       | -8.07      | -0.28      |
| BPL 5.85 11/15/43 Midstream                 | 118230AM3 | 86.3       | 400     | 7.04  | 521   | 68      | 6.74       | -7.80      | -1.06      |
| ANDX 5.2 12/01/47 Midstream                 | 03350WAB5 | 108.0      | 500     | 4.68  | 278   | 53      | 8.73       | -7.80      | 0.93       |
| MOS 5 11/15/43 Chemicals                    | 61945CAE3 | 110.9      | 600     | 4.84  | 298   | 58      | 7.77       | -7.74      | 0.03       |
| GE 6 3/4 01/10/39 Diversified Manufacturing | 36962G4B7 | 127.3      | 2,021   | 4.71  | 299   | 67      | 6.60       | -7.73      | -1.13      |
| GE 5 7/8 01/14/38 Diversified Manufacturing | 36962G3P7 | 115.3      | 2,938   | 4.63  | 293   | 65      | 6.60       | -7.65      | -1.05      |
| OXY 4.2 03/15/48 Independent                | 674599CN3 | 100.4      | 1,000   | 4.17  | 225   | 48      | 9.49       | -7.65      | 1.84       |
| GE 6.15 08/07/37 Diversified Manufacturing  | 36962G3A0 | 117.9      | 916     | 4.67  | 299   | 67      | 6.36       | -7.58      | -1.22      |
| GLW 5.85 11/15/68 Technology                | 219350BL8 | 124.8      | 300     | 4.57  | 264   | 42      | 10.83      | -7.50      | 3.33       |



| FTN Sector                    | FTN Subgroup                    | OAS (bps) | Index Weight (%) | FTN Sector Weighting | Strategist |
|-------------------------------|---------------------------------|-----------|------------------|----------------------|------------|
| <b>Index</b>                  |                                 | 121       | 100              |                      |            |
| <b>Financial Institutions</b> |                                 | 108       | 31.5             | <b>Marketweight</b>  |            |
|                               | <b>Banking</b>                  | 99        | 22.3             | <b>Marketweight</b>  | Chugden    |
|                               | <b>Insurance</b>                | 132       | 4.6              | <b>Marketweight</b>  |            |
|                               | Health Insurance                | 120       | 1.3              | Underweight          | Chugden    |
|                               | Life Insurance                  | 160       | 1.5              | Overweight           | Chugden    |
|                               | P&C                             | 117       | 1.8              | Marketweight         | Chugden    |
|                               | <b>Reits</b>                    | 116       | 2.7              | <b>Marketweight</b>  |            |
|                               | Apartment REITS                 | 94        | 0.4              | Marketweight         | Chugden    |
|                               | Healthcare REITS                | 130       | 0.6              | Overweight           | Chugden    |
|                               | Office REITS                    | 119       | 0.4              | Marketweight         | Chugden    |
|                               | Other REITS                     | 128       | 0.5              | Overweight           | Chugden    |
|                               | Retail REITS                    | 107       | 0.8              | Marketweight         | Chugden    |
|                               | <b>Finance Companies</b>        | 158       | 1.0              | <b>Overweight</b>    | Chugden    |
|                               | <b>Brokerage Asset Managers</b> | 112       | 0.9              | <b>Marketweight</b>  | Chugden    |
|                               | <b>Other Financial</b>          | 88        | 0.0              | <b>Underweight</b>   | Chugden    |
| <b>Industrial</b>             |                                 | 128       | 61.1             | <b>Marketweight</b>  |            |
|                               | <b>Basic Industry</b>           | 165       | 3.1              | <b>Underweight</b>   |            |
|                               | Chemicals                       | 149       | 1.6              | Underweight          | Lee        |
|                               | Metals & Mining                 | 189       | 1.0              | Underweight          | Lee        |
|                               | Paper                           | 170       | 0.6              | Marketweight         | Lee        |
|                               | <b>Capital Goods</b>            | 110       | 5.3              | <b>Marketweight</b>  |            |
|                               | Aerospace/Defense               | 96        | 1.5              | Marketweight         | Lee        |
|                               | Building Materials              | 155       | 0.3              | Marketweight         | Lee        |
|                               | Construction Mach.              | 66        | 0.7              | Marketweight         | Lee        |
|                               | Diversified Manufacturin        | 129       | 2.4              | Marketweight         | Lee        |
|                               | Environmental                   | 90        | 0.3              | Underweight          | Lee        |
|                               | Packaging                       | 166       | 0.0              | Marketweight         | Lee        |
|                               | <b>Communications</b>           | 146       | 8.9              | <b>Overweight</b>    |            |
|                               | Media Entertainment             | 133       | 1.8              | Overweight           | Chugden    |
|                               | Cable Satellite                 | 151       | 2.2              | Overweight           | Chugden    |
|                               | Wirelines                       | 152       | 3.8              | Overweight           | Chugden    |
|                               | Wireless                        | 135       | 1.2              | Marketweight         | Chugden    |
|                               | <b>Consumer Cyclical</b>        | 117       | 7.2              | <b>Marketweight</b>  |            |
|                               | Automotive                      | 157       | 2.1              | Marketweight         | Lee        |
|                               | Services                        | 89        | 1.5              | Marketweight         | Chugden    |
|                               | Gaming                          | 178       | 0.3              | Underweight          | Lee        |
|                               | Home Construct.                 | 93        | 0.0              | Marketweight         | Chugden    |
|                               | Leisure                         | 111       | 0.0              | Underweight          | Lee        |
|                               | Lodging                         | 106       | 0.1              | Underweight          | Lee        |
|                               | Restaurants                     | 109       | 0.6              | Underweight          | Chugden    |
|                               | Retailers                       | 95        | 2.5              | Marketweight         | Chugden    |
|                               | <b>Consumer Non-Cyclical</b>    | 120       | 16.2             | <b>Underweight</b>   |            |
|                               | Consumer Products               | 88        | 0.9              | Underweight          | Chugden    |
|                               | Food/Beverage                   | 124       | 4.3              | Marketweight         | Chugden    |
|                               | Health Care                     | 127       | 4.2              | Underweight          | Lee        |
|                               | Pharmaceuticals                 | 105       | 5.5              | Underweight          | Lee        |
|                               | Supermarkets                    | 160       | 0.2              | Overweight           | Chugden    |
|                               | Tobacco                         | 162       | 1.1              | Marketweight         | Chugden    |
|                               | <b>Energy</b>                   | 161       | 9.0              | <b>Marketweight</b>  |            |
|                               | Independent Energy              | 187       | 2.0              | Marketweight         | Lee        |
|                               | Integrated Energy               | 85        | 2.2              | Marketweight         | Lee        |
|                               | Midstream                       | 186       | 4.0              | Overweight           | Lee        |
|                               | Oil Field Services              | 176       | 0.4              | Marketweight         | Lee        |
|                               | Refining                        | 167       | 0.4              | Overweight           | Lee        |
|                               | <b>Technology</b>               | 102       | 8.4              | <b>Marketweight</b>  | Chugden    |
|                               | <b>Transportation</b>           | 117       | 2.5              | <b>Marketweight</b>  |            |
|                               | Airlines                        | 109       | 0.3              | <b>Marketweight</b>  | Lee        |
|                               | Railroads                       | 117       | 1.6              | Marketweight         | Lee        |
|                               | Services                        | 89        | 1.5              | Marketweight         | Lee        |
|                               | <b>Other Industrial</b>         | 106       | 0.4              | <b>Marketweight</b>  | Lee        |
| <b>Utility</b>                |                                 | 116       | 7.4              | <b>Overweight</b>    |            |
|                               | <b>Utility</b>                  | 116       | 7.4              | <b>Overweight</b>    |            |
|                               | Electric                        | 115       | 6.7              | Overweight           | Lee        |
|                               | Natural Gas                     | 129       | 0.6              | Overweight           | Lee        |
|                               | Other Utility                   | 130       | 0.2              | Overweight           | Lee        |

Source: Bloomberg, FTN Financial

**For the purposes of Sector Weighting Views, the “Index” we are using is the Bloomberg Barclays US Corporate Index, a broad market index of Investment Grade Corporate Bonds. Index data is made available via Yield Book. Details about the composition of the Bloomberg’s broad market index available upon request. The Sector breakdowns referred to herein are defined by FTN Credit Strategy and may vary from that of the Index. Other available credit indices from other providers may show different allocations among sector groups.**

**FTN SECTOR WEIGHTING VIEWS**

- Overweight:** Relative to the broad market index, the sector is expected to outperform other High-Grade Sectors on a total return basis over the next 6 months.
- Marketweight:** Relative to the broad market index, the sector is expected to perform in-line with other High-Grade Sectors on a total return basis over the next 6 months.
- Underweight:** Relative to the broad market index, the sector is expected to under perform other High-Grade Sectors on a total return basis over the next 6 months.

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