ALPINEMACRO
A Unique Mind On The Markets

U.S. BOND STRATEGY

December 12, 2024

U.S. Bond Strategy For 2025 (Part II)

- Base Case macro and policy outlook is constructive for risk assets in 2025...
- ...but valuation is stretched and investor sentiment is frothy.
- Rising risk of correction in risky spreads in first half of 2025.
- Downgrade Corporate bonds to slightly underweight, equal with Treasurys.
- Upgrade Agency MBS to max overweight.
- Keep duration short in spread product and long in Treasurys.

U.S. fixed-income investors find themselves between a rock and a hard place heading into 2025. The economic and profit outlook[1] is constructive, deregulation is on the agenda and there could be corporate tax cuts (at least for domestic manufacturers). Rising stock prices provide more padding against default for corporate bond holders.

Unfortunately, the good news is well discounted. Risk assets have front-run the market-friendly policy shifts that have not yet occurred, while at the same time appearing to ignore the not-so-market friendly policy risks (e.g. tariffs).

This is especially the case in the Corporate bond space (**Chart 1**). The investment-grade OAS has moved into bubble territory, breaking below the 85-95 range that has marked the bottom in all previous cycles dating back to 2002 (the beginning of the OAS data). The junk bond index OAS is only 32 basis points above all-time lows set in 2007.

The potential for a market correction in the first half of 2025 has increased enough that we recommend taking some risk off the table as we head into the new year.

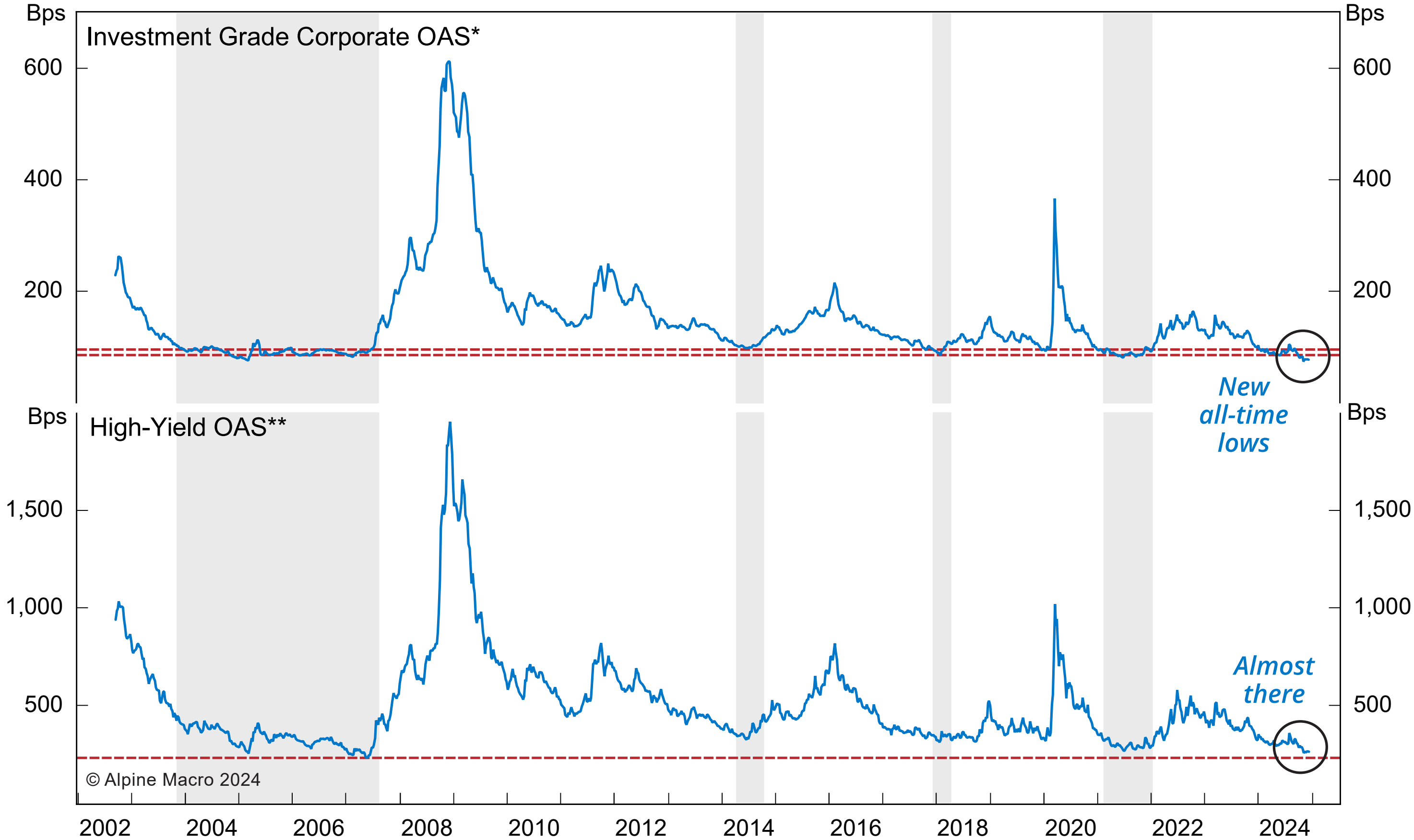
Bullish On Productivity

Part I of our Outlook 2025 focused on duration and yield curve strategy. A quick recap of the conclusions are as follows:

- The U.S. has just begun a long-wave productivity upturn, driven by work-from-home and AI-related investment.

1 For the profit outlook, please see Alpine Macro *U.S. Themes & Strategy Monthly Special Report* "Margins and Multiples: Active Management Required" (November 27, 2024).

Chart 1 Corporate Bonds Entering Bubble Territory



*Horizontal red lines denote secular low range
**Horizontal red line denotes all-time low in 2007
Note: Shaded area denotes periods of secular low corporate spreads; source: Bloomberg Finance L.P.

- This is good news for economic activity and improves the inflation/growth trade-off.
- The downside is that faster productivity growth means that the economy's neutral short-term interest rate (R-star)[2] is much higher than it was pre-pandemic.
- An elevated R-star limits the Fed's room to cut rates as inflation declines to the 2% target. We believe that R-star is currently 3.75%, about where the market currently expects the fed funds rate to bottom in this cycle.

2 Alpine Macro *Global Strategy Special Report* "Why R* May Have Risen" (October 21, 2024).

- Uncertainty is admittedly high, but we expect that the most controversial Trump policies will be heavily watered down. We expect neither a federal budget blowout nor a major tightening in fiscal policy. We expect that trade deals will avoid a major rise in tariffs, but this is probably the largest policy risk to markets in 2025 (see below).
- The bottom line is that our base case outlook does not see the conditions for a significant upward or downward shift in Treasury yields. Our duration strategy will likely involve playing a trading range.

Part II of the Outlook focuses on asset allocation.

We cannot rule out further spread narrowing if the bubble-like atmosphere continues in the new year. Reportedly, there is still lots of money on the sidelines that could move into the fixed-income space. Nonetheless, the expected return distribution is obviously heavily skewed toward the negative side.

We divided the historical OAS distribution into quintiles from lowest to highest, and calculated the average excess return of the sector in the subsequent 3 months for each quintile (see **Appendix**). From current spread levels, history suggests that excess return prospects are bleak for most sectors.

Bond investors know that the risk/reward balance is poor, but FOMO means that they are reluctant to give up the carry over Treasurys unless they see a clear and immediate trigger for spread widening. The problem is that when a shock arrives, everyone will head for the exit at the same time. Liquidity will dry up in a flash, especially in the junk bond sector. Investors in spread product have to be early.

A Catalyst

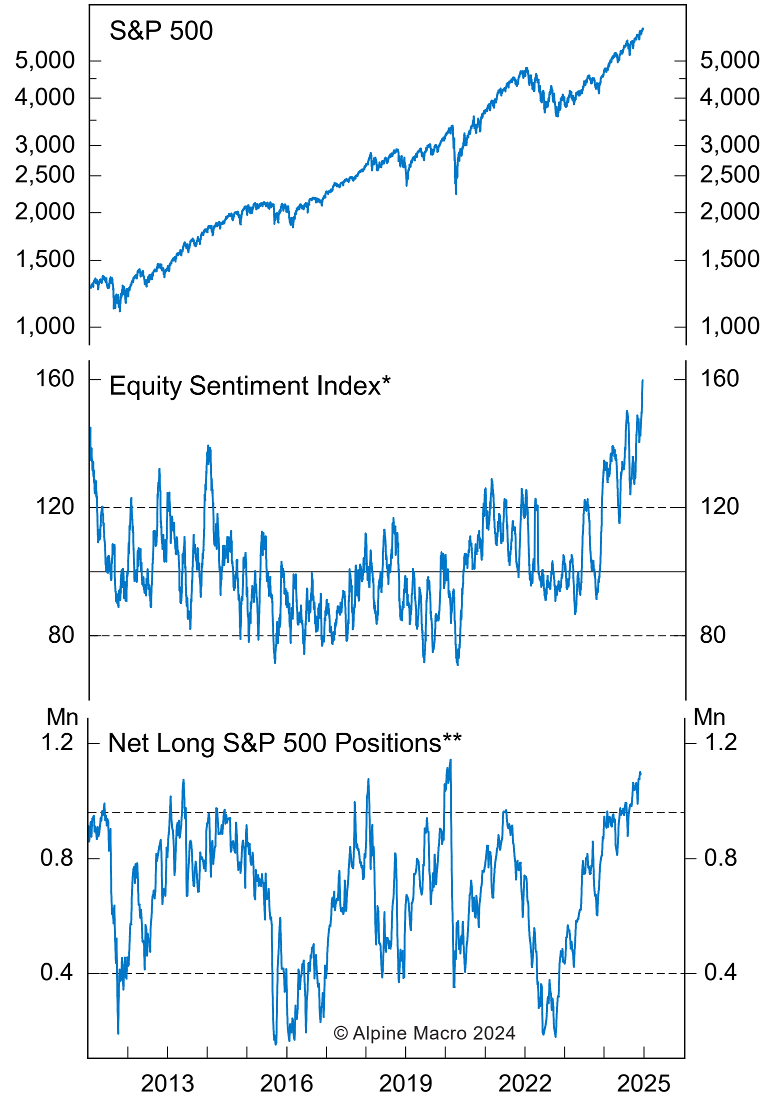
What could be the catalyst for spread widening? There are many global conflict risks that our *Chief Geopolitical Strategist* is monitoring.[3] We will not list these here for brevity.

A key policy risk was highlighted in Investor's Playbook for 2025 & Beyond, a report published early this week by our *Global Strategy* service.[4] *Chief Global*

3 Alpine Macro *Geopolitical Strategy* "A Lame Duck And Geopolitical Tensions" (November 21, 2024).

4 Alpine Macro *Global Strategy* "Boom Or Bust? Investor's Playbook For 2025 & Beyond" (December 9, 2024).

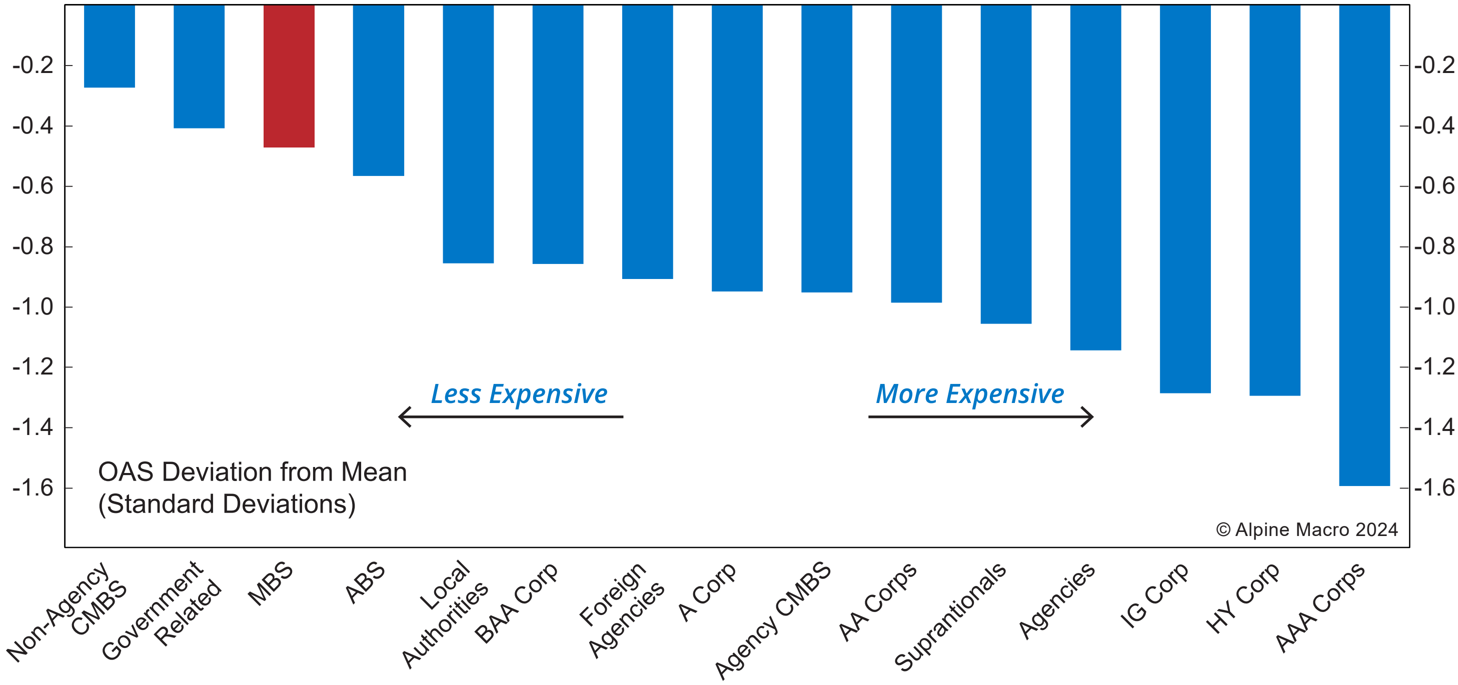
Chart 2 Frothy Conditions In Equities



*Shown as 4-week moving average
**Asset Manager/Institutional
Source: International Security Exchange, CFTC

Strategist Chen Zhao painted a base case scenario that is bullish for equities and other risk assets for 2025 as a whole. However, Chen is increasingly concerned about the possibility of a rough patch in the first half of the year. Equity sentiment is extremely frothy, the consensus is overweight risk assets and the VIX is depressed (**Chart 2**). The potential for a correction has clearly increased.

Chart 3 MBS Is Less Overvalued Than Most Other Sectors



We believe that a trade war will ultimately be averted and that tariffs will be used largely as a negotiation tool. However, the threat of a trade war is a wildcard that could spark market turbulence and undermine investor confidence, at least temporarily. If this occurs at a time when inflation is sticky, then the bond market may price-out any further Fed rate cuts.

Investors may then begin to worry that the next move in the fed funds rate is up. Spread product is highly vulnerable to this risk because spreads offer no cushion against negative shocks.

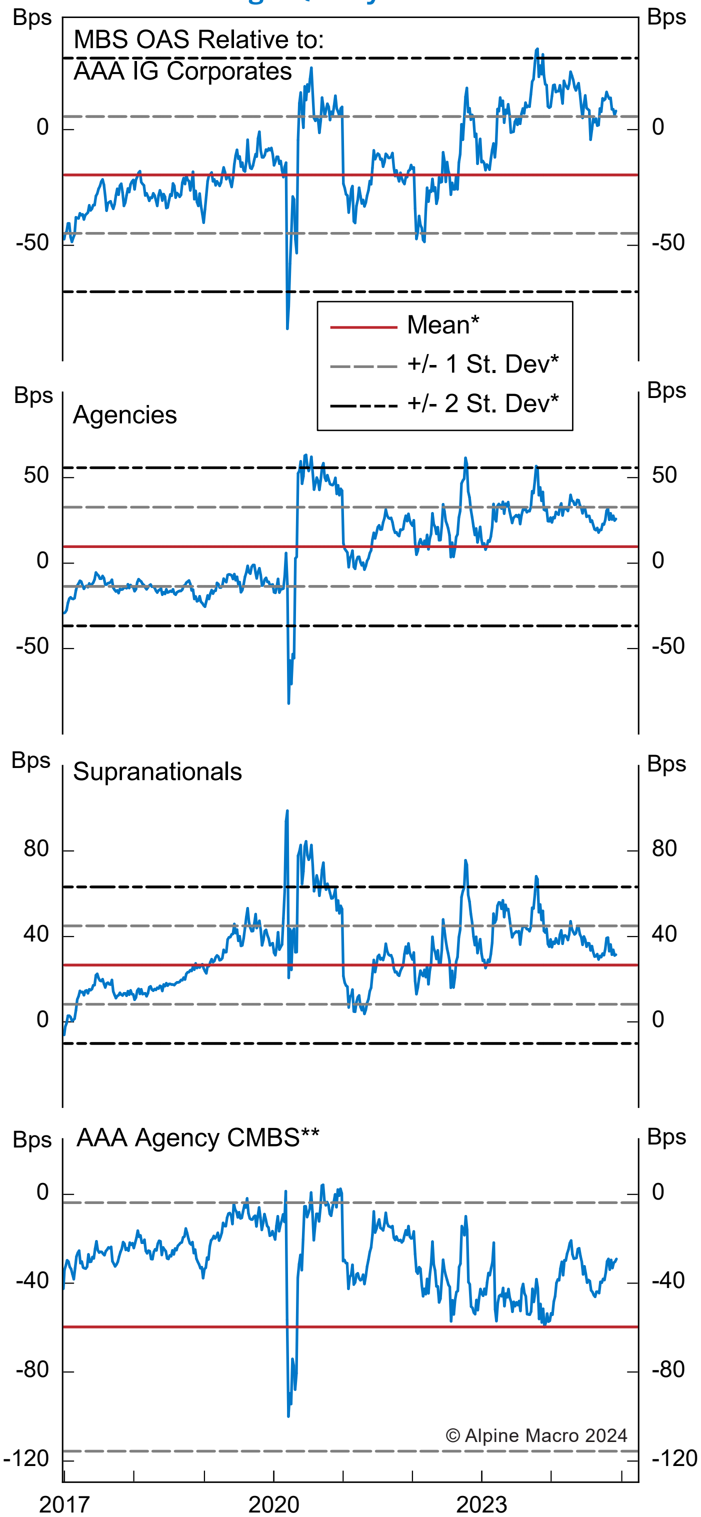
Where's The Value?

The fact that spreads are generally very tight is well known, so we will not dwell on it here. The OAS for all of the major bond sectors is below their respective long-term mean (**Chart 3**). IG and HY Corporates are both 1.3 standard deviations below their mean. The investment-grade index has never been this expensive and valuation gets even more stretched in the AAA-rated bucket.

At the other end of the spectrum, non-Agency CMBS and the Government Related sector are not cheap by historical standards but appear to offer the best relative value.

The same is true for Agency MBS. The mortgage index finally enjoyed some good relative performance in November, but the sector still offers an attractive spread pickup versus other sectors when quality adjusted. Mortgage pass-throughs are more than 1 standard deviation cheap to both the overall IG index and the AAA- and AA-rated Corporate sub-components. It also looks inexpensive versus other high-quality government-guaranteed sectors, with the exception of Supranationals (**Chart 4**).

Chart 4 MBS Is Cheap To Other High-Quality Sectors



*Excludes GFC values from calculation
**Truncated at -100
Source: Bloomberg Finance L.P.

The bottom line is that IG Corporate spreads are in uncharted territory, while MBS still has room to tighten. Mortgages also offers some protection in case of a mild 'risk off' event (see below).

Optimal Portfolios

Our Bond Allocation Optimizer is a tool that allows us to compare "optimal" portfolios under different macro and policy scenarios. It helps to weigh risk-versus-reward in the context of asset allocation.

The Optimizer specifies an asset allocation that maximizes portfolio total returns given assumptions regarding IG Corporate spread changes, the MOVE index and the path of the fed funds rate. The assumptions used in the Optimizer are shown in (**Table 1**). Spreads in other sectors are assumed to shift according to their historical beta versus the IG OAS index.

The Fed funds rate scenarios that feed into the Optimizer were discussed in Part I of the Outlook.[5]

In a nutshell, the **Base Case** anticipates that the Fed will cut rates in line with current market expectations. Inflation continues to drift down toward the 2% target, but only gradually. Meanwhile, economic growth responds positively to deregulation and some fiscal stimulus. Robust economic and profit growth are positive for risk assets, although bullishness is tempered somewhat by the fact that Treasury yields do not have much downside potential. Some sectors are struggling with continuing elevated borrowing rates, such as lower-income households, parts of commercial real estate and high-yield corporate borrowers.

4 Alpine Macro *U.S. Bond Strategy* "U.S. Bond Strategy For 2025 (Part 1)" (December 5, 2024)

Table 1 Input Assumptions For U.S. Bond Allocation Optimizer*

	Pessimistic	Base Case	Optimistic
IG Corporate OAS Change (Bps)	75	-5	-12
MOVE Index Change (Bps)	50	-25	-50

*Investment horizon: 6 months

We assume that IG OAS declines by 5 basis points and that the MOVE index shifts down by 25 in the **Base Case**. Corporate spreads do not have a lot of downside potential given the razor-thin starting point. The opposite is true for implied bond volatility. A resumption of the disinflation trend would allow the MOVE index to mean-revert to a lower level over time.

The **Optimistic Case** is more bullish for risk assets because it combines favorable policy action with a slightly softer economy. Disinflation progresses faster than in the **Base Case** and the unemployment rate edges higher, prompting the FOMC to take the fed funds rate down more aggressively. Risk assets would benefit from both solid growth and lower borrowing rates.

We assume that IG OAS drops by 12 basis points in this case (i.e. a major spread undershoot by historical standards). The MOVE index drops by 50.

The **Pessimistic Case** has been adjusted since Part I of the bond outlook was published, in order to better fit the first-half "turbulence" concerns expressed the Investor's Playbook report, discussed above. Growth remains robust and the unemployment rate drifts lower. Sticky inflation, along with rising tariffs, cause the market to price out any further Fed rate cuts after December (but no rate hikes occur). Risk assets experience a meaningful correction, before the bull market resumes later in 2025.

We assume that IG Corporate OAS jumps by 75 basis points in the first half of 2025, to a peak of about 150 basis points. This roughly corresponds the peak in 2022, when investors were worried about a possible recession.

The Optimizer results for a 6-month horizon are presented in **Table 2**:

- **Base Case**: It is no surprise that the Optimizer recommends a significant underweight in Treasurys and Government Related in favor of Corporates, since we are assuming that spreads tighten a little further. However, the Optimizer likes Agency MBS even more than Corporates because of the decline in the MOVE index that we have incorporated. Duration is 0.16 above benchmark, most of which it obtained within the Treasury sleeve. The Optimizer heavily favors Corporates to Treasurys at the short end. But as we move further out the curve, the allocation becomes less tilted to Corporates and increasingly favors ultra-long Treasurys.

Table 2 Optimized Portfolio Allocation

		Total (%)			Relative to BM (%)		
Weights	Benchmark	Pessimistic	Base Case	Optimistic	Pessimistic	Base Case	Optimistic
Treasury	39.3	50.0	19.8	22.2	10.6	-19.6	-17.1
IG Corp	22.9	12.8	27.8	25.3	-10.0	4.9	2.4
HY Corp	4.0	2.0	5.9	5.9	-2.0	1.9	1.9
Government Bond	3.8	4.1	2.8	2.8	0.4	-1.0	-1.0
Securitized	25.1	28.7	36.5	36.5	3.5	11.3	11.3
Municipals	4.9	2.4	7.3	7.3	-2.5	2.4	2.4
Duration	**6.17**	**5.23**	**6.30**	**6.46**	**-0.93**	**0.13**	**0.30**
Yield	**4.65**	**4.52**	**4.82**	**4.81**	**-0.13**	**0.17**	**0.16**

- **Optimistic Case**: Recommended duration extends further to 0.32 years in the Optimistic Case, given that aggressive Fed rate cuts cause the Treasury curve to bull-steepen. Securitized sectors receive roughly the same weight as in the Base Case. Interestingly, however, the Optimizer favors the ultra long end of the Treasury curve even more because we assume that the market's estimate of R-star would drift down a little in this scenario. The result is that it takes some allocation out of BBB Corporates at the short end and places it in the 20+ year Treasury bucket.

- **Pessimistic Case**: Unsurprisingly, the Optimizer shortens duration and overweights Treasurys and the government-guaranteed sectors, at the expense of Corporates and non-Agency CMBS. Agency MBS, however, receives a slight overweight allocation. This reflects relatively good valuation and a low market beta – MBS spreads are not assumed to widen enough to significantly overwhelm the carry. The same is true for Agency CMBS and most of the Government Related subsectors.

For reference purposes, **Table 3** presents the estimated total returns for the next six months under the three scenarios. Total returns range from 2.4% in Treasurys to 5.5% in junk bonds in the base case. MBS and IG Corporates both gain 3.4% for the half year.

Total returns are highest in the Optimistic Case because that scenario includes both spread tightening and lower Treasury yields. Returns are negative across the board in the Pessimistic scenario. IG Corporates take a bigger hit than HY due to the longer index duration of the former. Losses on Agency MBS are far less than in Corporates.

Table 3 Total Returns Under Three Scenarios (6-Month Horizon)

	BM Weights (%)	Total Return (%)		
	Exposure	Pessimistic	Base Case	Optimistic
Treasurys				
1-3 Year	12.7	0.6	2.3	3.3
3-5 Year	8.7	-0.5	2.3	3.4
5-7 Year	5.0	-1.0	2.3	3.5
7-10 Year	3.6	-1.7	2.3	3.6
10-20 Year	3.9	-5.0	2.3	4.1
20+ Year	5.5	-9.0	2.2	4.3
Spread Product	60.1	**-4.4**	**3.4**	**5.2**
Corporate	26.3	**-6.4**	**3.4**	**5.2**
Investment Grade	22.9	-6.6	3.1	4.8
AAA	1.6	-2.2	2.5	3.9
Intermediate	1.4	-0.9	2.4	3.5
Long	0.2	-12.9	3.5	6.4
AA	1.7	-6.8	2.8	4.6
Intermediate	0.9	-2.3	2.6	3.8
Long	0.8	-12.1	3.1	5.6
A	9.5	-6.6	3.1	4.9
Intermediate	6.1	-3.3	2.8	4.3
Long	3.3	-12.7	3.5	6.1
BBB	10.2	-7.1	3.2	4.9
Intermediate	6.7	-3.8	2.8	4.1
Long	3.5	-13.7	3.8	6.4
High Yield	3.4	-5.1	5.5	7.5
BB	2.0	-4.0	4.2	5.9
B	1.4	-4.5	4.8	6.5
CCC	0.5	-5.8	6.8	9.1
Government Related	3.8	**-2.4**	**2.7**	**3.9**
Native Agency	0.6	-0.3	2.4	3.3
Non-Native Agency	0.6	-1.1	2.5	3.6
Local Authorities	0.6	-2.8	2.5	3.7
Soverign	0.9	-6.3	3.5	5.4
Supranationals	1.1	-0.6	2.4	3.4
Securitized	25.1	**-2.1**	**3.3**	**5.1**
Agency CMBS	0.7	-1.5	2.6	3.8
Non-Agency CMBS	0.7	-3.2	3.4	4.8
ABS	0.4	-1.2	2.3	3.1
Agency MBS	23.4	-2.1	3.4	5.2
Municipals	4.9	**-6.8**	**4.2**	**6.6**

Investment Conclusions

IG Corporates, MBS and Treasurys are by far the largest sectors in the Bloomberg Barclays Index. We have been recommending a pro-risk allocation that is slightly underweight Treasurys, benchmark in Corporates (IG and HY) and slightly overweight in Mortgages.

The risk of a correction in risk assets is rising at a time when Corporate spreads are in bubble territory. The risk/reward balance has deteriorated further. Thus, it seems prudent to take profits and trim risk exposure by cutting IG and HY Corporates to slightly underweight (2 out of 5).

However, something must be upgraded at the same time. We debated increasing Treasurys to benchmark, which would imply that we are betting on significantly wider Corporate spreads. We decided instead to lift Agency MBS to maximum overweight (5 out of 5). MBS should benefit from lower implied bond volatility in 2025, modest supply and increased demand from commercial banks.

This reallocation maintains the portfolio's slight overweight allocation to spread product, keeps the portfolio yield slightly above the benchmark, and shifts the allocation further toward the government-guaranteed sectors.

That said, we will look to boost Corporate exposure if valuation improves.

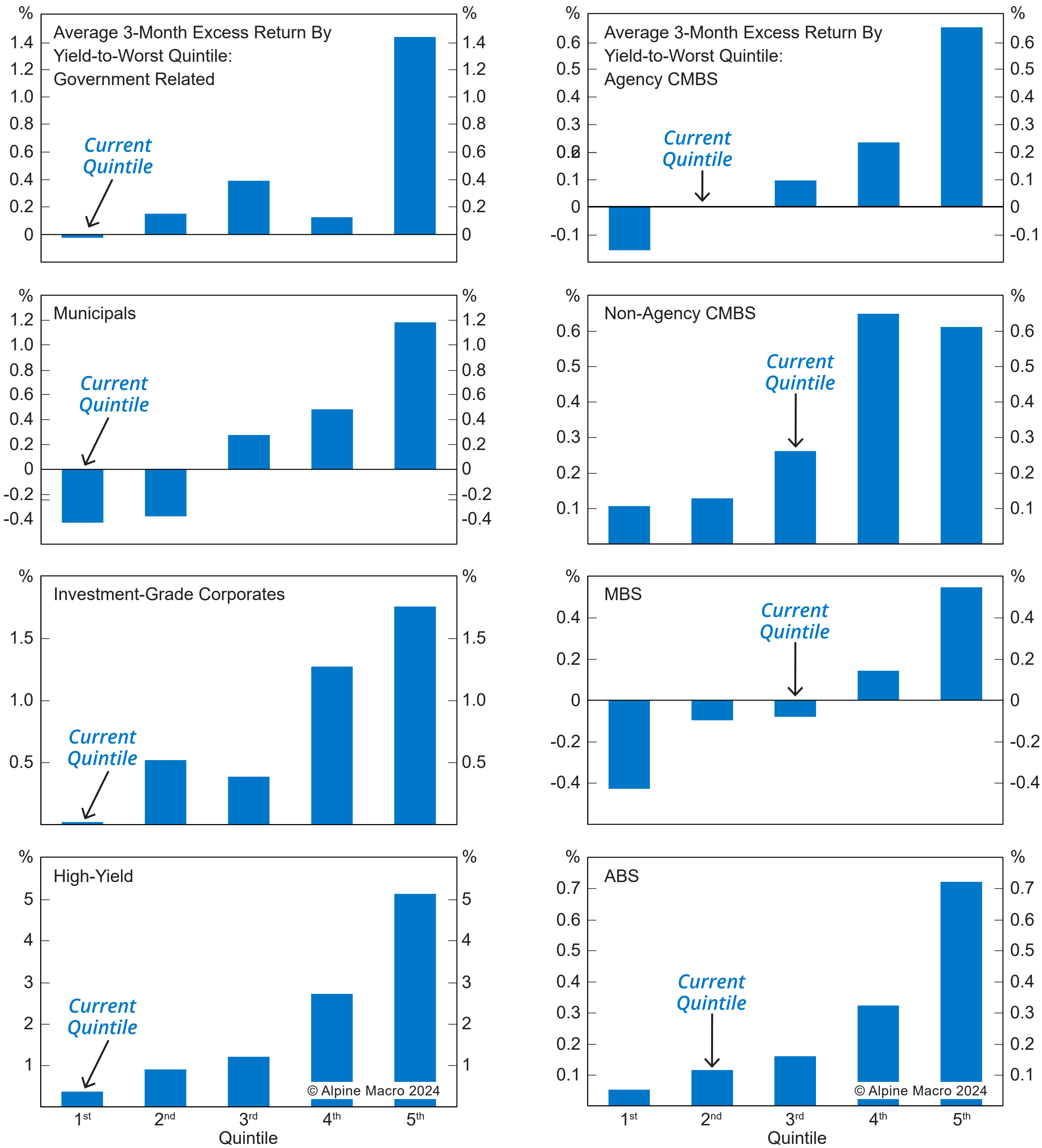
Please see the detailed portfolio tables beginning on page 11 for a full allocation breakdown.

Other recommendations:

- **Benchmark Portfolio Duration**: Within an overall neutral duration stance, keep duration short in spread product (especially in Corporates), offset by extending duration in the Treasury sleeve. Spread breakeven rates are highest at the short end of the curve, while long-term Treasurys provide protection against a surprise recession and/or geopolitical shock.
- **Max Overweight Agency CMBS**: Attractive value and Agency backing.
- **Benchmark Non-Agency CMBS**: We took profits on our overweight position in November. Like Corporates, the sector is vulnerable to a risk-off period next year, and lenders' willingness to "extend and pretend" is running out. However, the sector offers much better value and breakeven spreads than Corporates. Avoid office CRE exposure.
- **Overweight ABS**: Asset pools have so far been paying down faster than delinquencies are rising, which is good for ABS investors. However, the tide may be turning at a time when borrowers cannot expect much in the way of rate relief. The time may soon arrive to take profits and shift to neutral.
- **High-Yield Corporates**: Avoid CCC.
- **IG Sectors**: Our quant model favors Consumer Cyclicals (services), Utilities (electric), Financial Institutions (finance companies, banking) and Capital Goods (packaging, manufacturing).

Mark McClellan
Chief U.S. Bond Strategist

Average Historical Return By Spread Quintile



Alpine Macro U.S. Bond Allocation (Duration: At Benchmark)

1-5 Scale; 3 Represents Benchmark	Allocation Score	Comments
Treasurys	2	
Spread Product	4	
Spread Product Composition:		
IG Corporates	2	Avoid AAA; favor upper-end of BBB
High-Yield	2	
Agency CMBS	5	
Non-Agency CMBS	3	Favor AAA
Government-Related	4	Favor Local Authorities and Agencies
ABS	4	Favor up-in-quality
Agency MBS	5	
Municipals	4	Favor highly-rated taxables in the belly, and BBB non-taxables at the long end

Note: The allocation score presents Alpine Macro's recommended weighting relative to benchmark. It is based on a five-point scale, with "1" being "maximum underweight", and "5" being "maximum overweight". A benchmark weighting is represented by "3". The underweights and overweights across bond sectors notionally sum to the overall recommendation for spread product versus Treasurys. Our benchmark is the Bloomberg Barclays U.S. Aggregate Bond Index, augmented with High-Yield Corporates and Municipal bonds.

Historical Returns

	Excess Return to Treasurys (Bps)			Total Return (Bps)			Option Adjusted Spread (Bps)				
	Past 5 Days	Past Month	YTD	Past 5 Days	Past Month	YTD	Latest	Past 5-Day Change	Past Month Change	YTD Change	Duration
Barclays Aggregate	5	-3	103	14	112	360	32	0	1	-11	6.1
Treasury Index				8	112	255	0	0	0	0	6.0
IG Corporate	6	-7	297	12	120	518	77	-1	2	-27	7.0
AAA	3	-51	146	-4	131	222	32	0	6	-10	10.6
AA	4	-27	170	7	119	354	42	0	4	-11	7.8
A	6	-14	252	13	112	473	65	-1	3	-26	7.0
BBB	6	4	362	13	127	591	95	-1	1	-32	6.8
High-Yield	17	42	610	34	107	1010	262	-1	-5	-88	2.9
BB	13	41	450	30	108	830	155	-1	-9	-66	3.2
B	22	43	514	39	104	920	248	-4	-5	-89	2.7
CCC	26	61	1255	43	124	1696	526	0	-21	-303	2.8
ABS	0	20	141	17	82	539	45	0	-7	-22	2.7
Government Related	8	1	104	20	101	381	45	0	1	-5	5.3
Domestic Agency	1	9	45	16	78	400	9	0	-1	-9	3.3
Foreign Agency	-4	1	69	12	73	409	21	1	0	-9	3.6
Sovereign	44	-13	222	46	137	370	123	-3	4	-7	8.4
Local Authorities	-2	16	192	3	154	373	58	0	-1	-16	7.6
Supranationals	-2	-3	27	14	68	370	9	1	1	-3	3.6
MBS	11	-7	82	22	106	365	40	-1	2	-9	5.9
CMBS	3	28	263	20	105	574	83	0	-5	-43	4.2
Non-Agency	5	40	397	23	112	735	132	-1	-8	-71	3.8
Agency	1	16	130	17	98	414	36	0	-2	-13	4.5
Municipals*	7	105	-37	16	224	292	-74	-1	-18	-5	6.0

*YTW used instead of OAS

Detailed U.S. Bond Allocation

	Allocation Score	Yield			Duration			Weight		
	PF	PF* (%)	BM* (%)	Exposure (Bps)	PF*	BM*	Exposure	PF* (%)	BM* (%)	Exposure (Bps)
U.S. Bond Strategy		4.7	4.6	1	6.2	6.2	0.0	100.0	100.0	0.0
Treasurys	2	4.2	4.2	4	7.7	6.4	1.3	30.7	39.9	-9.1
Spread Product	4	4.8	4.9	-10	5.6	6.1	-0.5	69.3	60.1	9.1
Corporate	2	5.2	5.3	-10	5.1	6.5	-1.5	19.9	25.9	-5.9
Investment Grade	2	4.9	5.0	-12	5.4	7.2	-1.8	16.8	21.8	-5.0
AAA	2	4.5	4.7	-16	8.4	11.2	-2.7	0.2	0.2	-0.1
AA	2	4.6	4.7	-15	5.8	8.2	-2.5	1.3	1.7	-0.4
A	2	4.8	4.9	-11	5.4	7.2	-1.8	7.4	9.6	-2.2
BBB	2	5.1	5.2	-12	5.4	7.0	-1.6	8.0	10.3	-2.4
High Yield	2	6.8	6.8	0	3.0	3.0	0.0	3.1	4.0	-0.9
BB	2	6.0	6.0	0	3.2	3.2	0.0	1.6	2.1	-0.5
B	2	7.0	7.0	0	2.7	2.7	0.0	1.1	1.4	-0.3
CCC	2	9.7	9.7	0	2.8	2.8	0.0	0.4	0.5	-0.1
Government Related	4	4.7	4.7	4	5.8	5.5	0.3	4.1	3.8	0.3
Agency	4	4.5	4.4	5	3.5	3.3	0.2	0.7	0.6	0.2
Foreign Agency	3	4.4	4.4	5	3.9	3.6	0.2	0.6	0.6	0.0
Local Authorities	5	4.9	4.9	5	8.2	7.6	0.5	1.0	0.6	0.3
Sovereign	3	5.6	5.5	6	9.0	8.4	0.6	0.9	0.9	0.0
Supranationals	2	4.3	4.2	4	3.9	3.6	0.2	0.9	1.1	-0.3
Securitized	5	4.9	4.9	0	5.8	5.7	0.0	38.8	25.5	13.4
Agency CMBS	5	4.5	4.5	0	4.5	4.5	0.0	1.1	0.7	0.4
Non-Agency CMBS	3	5.5	5.5	0	3.8	3.8	0.0	0.7	0.7	0.0
ABS	4	4.6	4.6	0	2.7	2.7	0.0	0.5	0.4	0.1
Agency MBS	5	4.9	4.9	0	5.9	5.9	0.0	36.6	23.7	12.8
Municipals	4	3.4	3.4	0	6.0	6.0	0.0	6.4	5.0	1.4

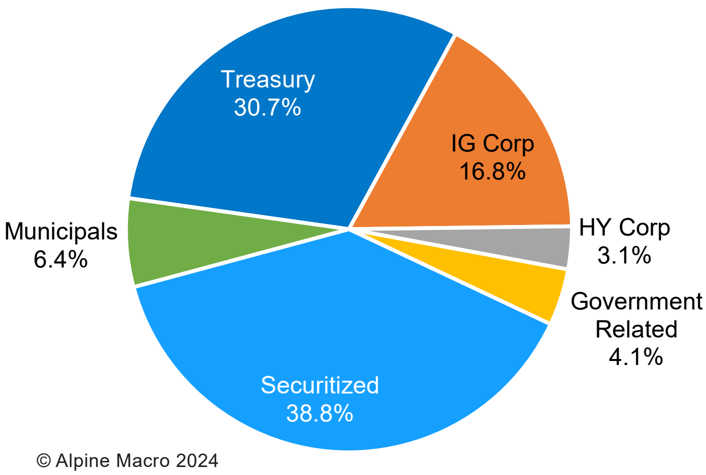
*PF = Portfolio; BM = Benchmark
Source: Bloomberg Finance L.P.
Note: Our methodology incorporates a restriction that the maximum deviation from the benchmark weight is 50%. However, due to the adding-up constraint, the actual weight shown in the table can deviate by slightly more than 50% at times.

Detailed U.S. Bond Allocation

	Contribution to Duration (CTD)			Contribution to Yield (CTY)		
	PF*	BM*	Exposure	PF* ()	BM* ()	Exposure
U.S. Bond Strategy	6.2	6.2	0.0	4.7	4.6	1
Treasurys	2.4	2.5	-0.2	1.3	1.7	-37
Spread Product	3.9	3.7	0.2	3.4	3.0	38
Corporate	1.0	1.7	-0.7	1.0	1.4	-33
Investment Grade	0.9	1.6	-0.7	0.8	1.1	-27
AAA	0.0	0.0	0.0	0.0	0.0	0
AA	0.1	0.1	-0.1	0.1	0.1	-2
A	0.4	0.7	-0.3	0.4	0.5	-12
BBB	0.4	0.7	-0.3	0.4	0.5	-13
High Yield	0.1	0.1	0.0	0.2	0.3	-6
BB	0.1	0.1	0.0	0.1	0.1	-3
B	0.0	0.0	0.0	0.1	0.1	-2
CCC	0.0	0.0	0.0	0.0	0.1	-1
Government Related	0.2	0.2	0.0	0.2	0.2	2
Agency	0.0	0.0	0.0	0.0	0.0	1
Foreign Agency	0.0	0.0	0.0	0.0	0.0	0
Local Authorities	0.1	0.0	0.0	0.0	0.0	2
Sovereign	0.1	0.1	0.0	0.1	0.1	0
Supranationals	0.0	0.0	0.0	0.0	0.0	-1
Securitized	2.2	1.5	0.8	1.9	1.3	66
Agency CMBS	0.0	0.0	0.0	0.0	0.0	2
Non-Agency CMBS	0.0	0.0	0.0	0.0	0.0	0
ABS	0.0	0.0	0.0	0.0	0.0	1
Agency MBS	2.1	1.4	0.8	1.8	1.2	63
Municipals	0.4	0.3	0.1	0.2	0.2	5

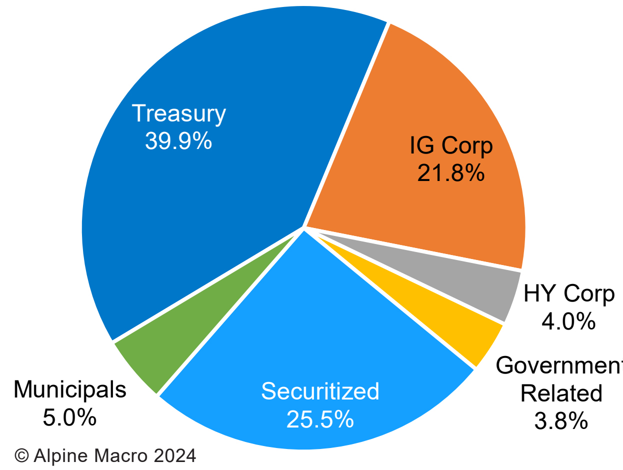
*PF = Portfolio; BM = Benchmark
Source: Bloomberg Finance L.P.
Note: Our methodology incorporates a restriction that the maximum deviation from the benchmark weight is 50%. However, due to the adding-up constraint, the actual weight shown in the table can deviate by slightly more than 50% at times.

Portfolio Exposure



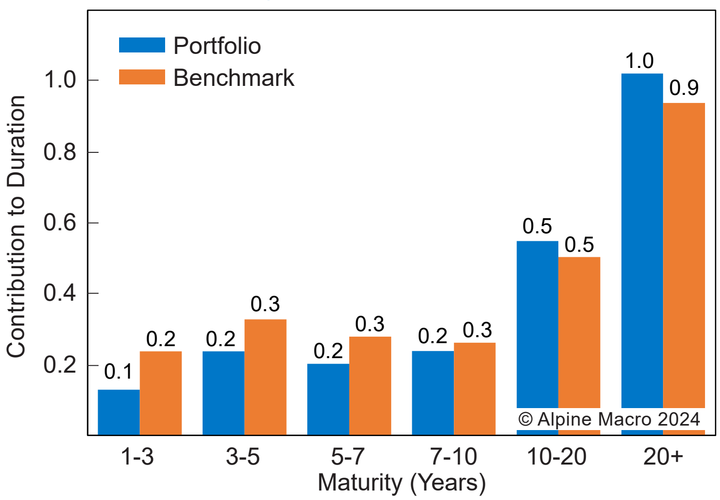
Source: Bloomberg Finance L.P.

Benchmark Exposure

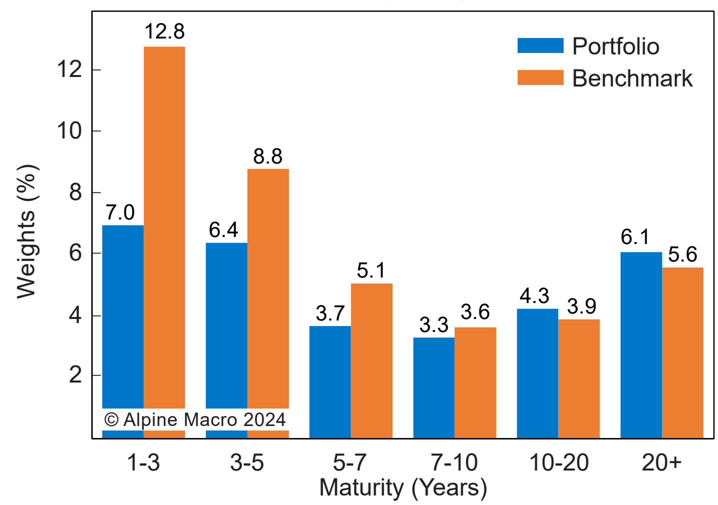


Source: Bloomberg Finance L.P.

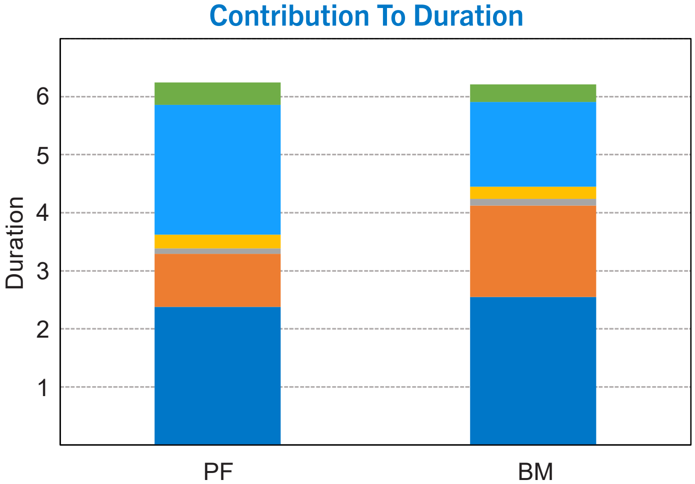
Treasury Contribution To Duration



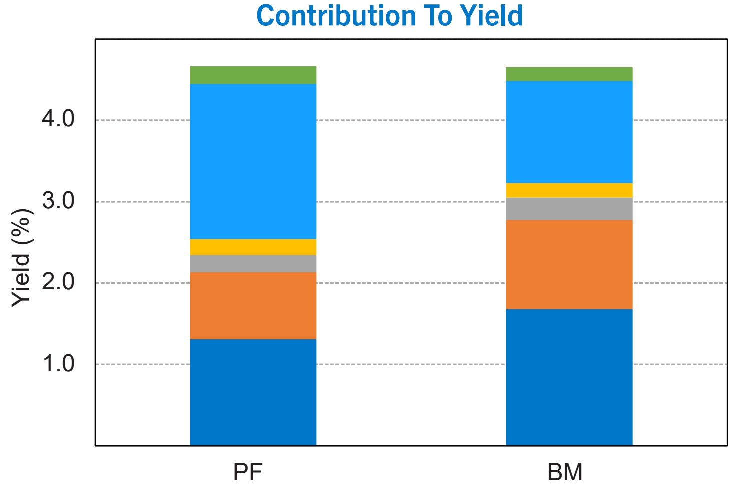
Treasury Weight



Contribution To Duration



Contribution To Yield



Treasury IG Corp HY Corp Government Related Securitized Municipals

Source: Bloomberg Finance L.P. © Alpine Macro 2024

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