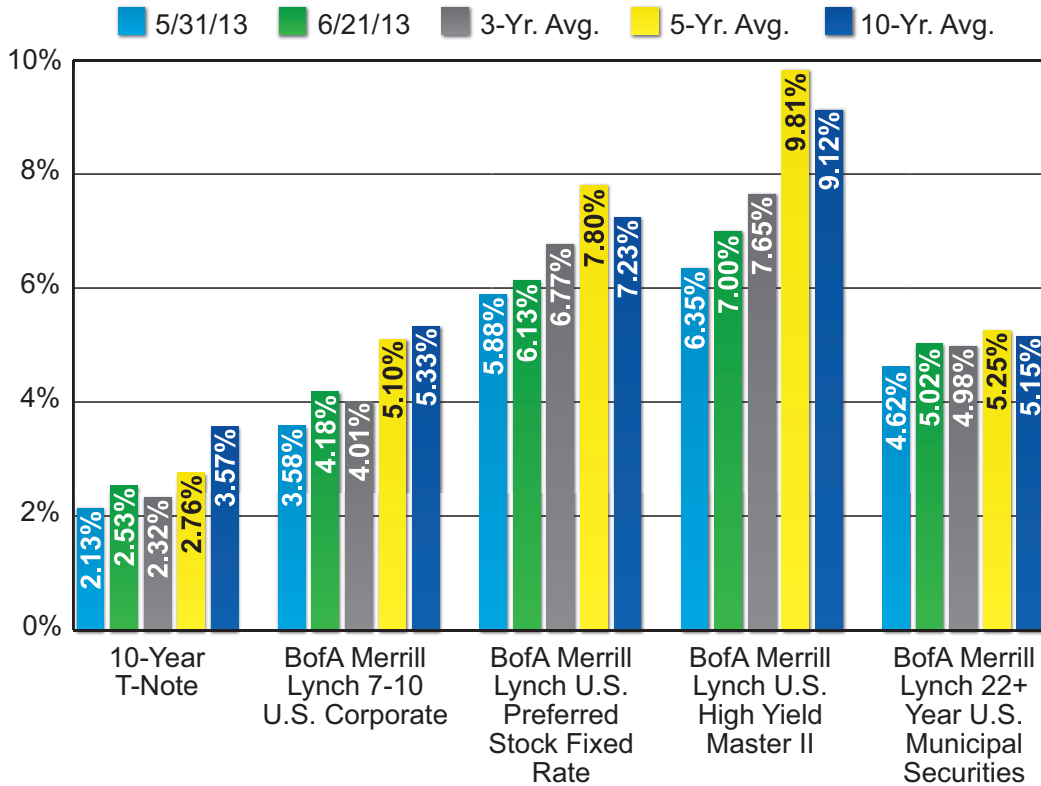


You Can't Know Where You're Going Until You Know Where You've Been

Yields On Major Income-Oriented Benchmarks (Yield to Maturity)



Source: Bloomberg. Note: 3-, 5- and 10-yr. averages through 6/21/13.

View from the Observation Deck

1. Today's blog post is intended to provide some perspective on how much yields have fluctuated since 5/31/13 and how that compares to their 3-, 5- and 10-year averages.
2. Last week's comments from Fed Chairman Ben Bernanke pertaining to the Fed's future plans to pare down its \$85 billion a month bond-buying program clearly spooked the markets.
3. With one week to go in June, mutual fund and ETF investors have already redeemed \$47.2 billion from bond funds this month, according to data from TrimTabs Investment Research and CNBC.com.
4. That qualifies as the highest monthly outflow total on record, surpassing the previous record of \$41.8 billion in October 2008.
5. We have done a number of posts over the past 18 months seeking to prepare investors for the current scenario of interest rates bottoming and then trending higher.
6. We encourage everyone to read through them in the "Bond Market" section of the Bob Carey Blog archive at www.ftportfolios.com.
7. Then sift through the other categories for ideas as to where one might consider allocating one's capital in a strengthening economy.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. Past performance is no guarantee of future results. The BofA Merrill Lynch US Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have an investment grade rating. The BofA Merrill Lynch Fixed Rate Preferred Securities Index tracks the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market. Qualifying securities must have an investment grade rating. The BofA Merrill Lynch US High Yield Constrained Index contains all securities in The BofA Merrill Lynch US High Yield Index but caps issuer exposure at 2%. The BofA Merrill Lynch US Municipal Securities Index tracks the performance of US dollar denominated investment grade tax-exempt debt publicly issued by US states and territories, and their political subdivisions, in the US domestic market; all securities with a remaining term to final maturity greater than or equal to 22 years.