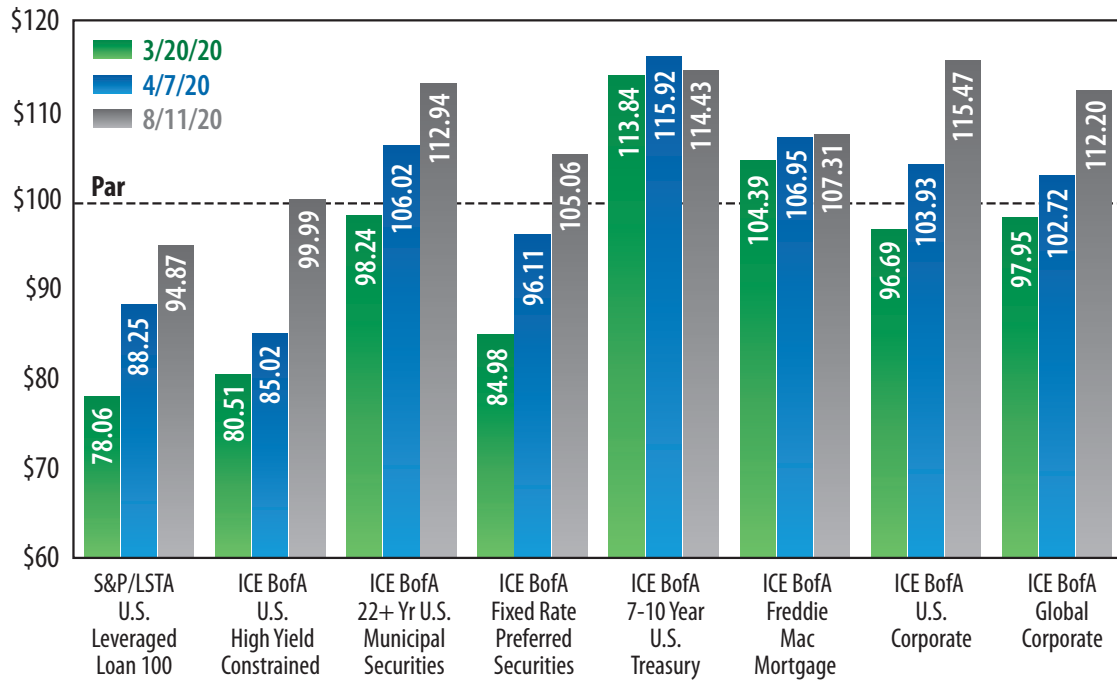


A Snapshot Of Bond Valuations

Par Weighted Price of Bond/Income Indices



Source: Bloomberg, Bank of America. **Past performance is no guarantee of future results.**

View from the Observation Deck

1. Today's blog post is one we do ongoing so that investors can monitor fluctuations in bond prices relative to changes in interest rates. The dates in the chart mark the most recent posts.
2. Since 3/20/20 (green bars in chart), the Federal Reserve ("Fed") has kept the federal funds target rate (upper bound) at 25 basis points (bps). For the 30-year period ended 8/11/20, the federal funds target rate (upper bound) averaged 2.79%, according to Bloomberg.
3. With respect to the Fed's approach to monetary policy, setting the federal funds target rate (upper bound) at 0.25% means the Fed is now back to where it held rates from the end of 2008 through the end of 2015.
4. The yield on the benchmark 10-year Treasury note declined from 0.85% at the close on 3/20/20 to 0.71% at the close on 4/7/20 and continued lower to 0.64% at the close on 8/11/20, according to Bloomberg.
5. For comparative purposes, here are the closing yields as of 8/11/20 for the indices featured in the chart: 4.94% (U.S. Leveraged Loan 100); 5.93% (U.S. High Yield Constrained); 3.54% (22+ Yr. Municipal Securities); 4.67% (Fixed Rate Preferred Securities); 0.57% (7-10 Yr. U.S. Treasury); 1.44% (Freddie Mac Mortgage); 1.99% (U.S. Corporate); and 1.65% (Global Corporate), according to Bloomberg.

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. The ICE BofAML 22+ Year U.S. Municipal Securities Index tracks the performance of U.S. dollar denominated investment grade tax-exempt debt publicly issued by U.S. states and territories, and their political subdivisions with a remaining term to maturity greater than or equal to 22 years. The ICE BofAML Fixed Rate Preferred Securities Index tracks the performance of investment grade fixed rate U.S. dollar denominated preferred securities issued in the U.S. domestic market. The S&P/LSTA U.S. Leveraged Loan 100 Index is a market value-weighted index designed to measure the performance of the largest segment of the U.S. syndicated leveraged loan market. The ICE BofAML 7-10 Year U.S. Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government with a remaining term to maturity between 7 to 10 years. The ICE BofAML U.S. High Yield Constrained Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The ICE BofAML U.S. Corporate Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market. The ICE BofAML Global Corporate Index tracks the performance of investment grade corporate debt publicly issued in the major domestic and Eurobond markets. The ICE BofA Freddie Mac Mortgage Backed Securities Index is a subset of the ICE BofA U.S. Mortgage Backed Securities Index including all generics representing pools issued by Freddie Mac.

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