

The *State* of the Municipal Bond Market

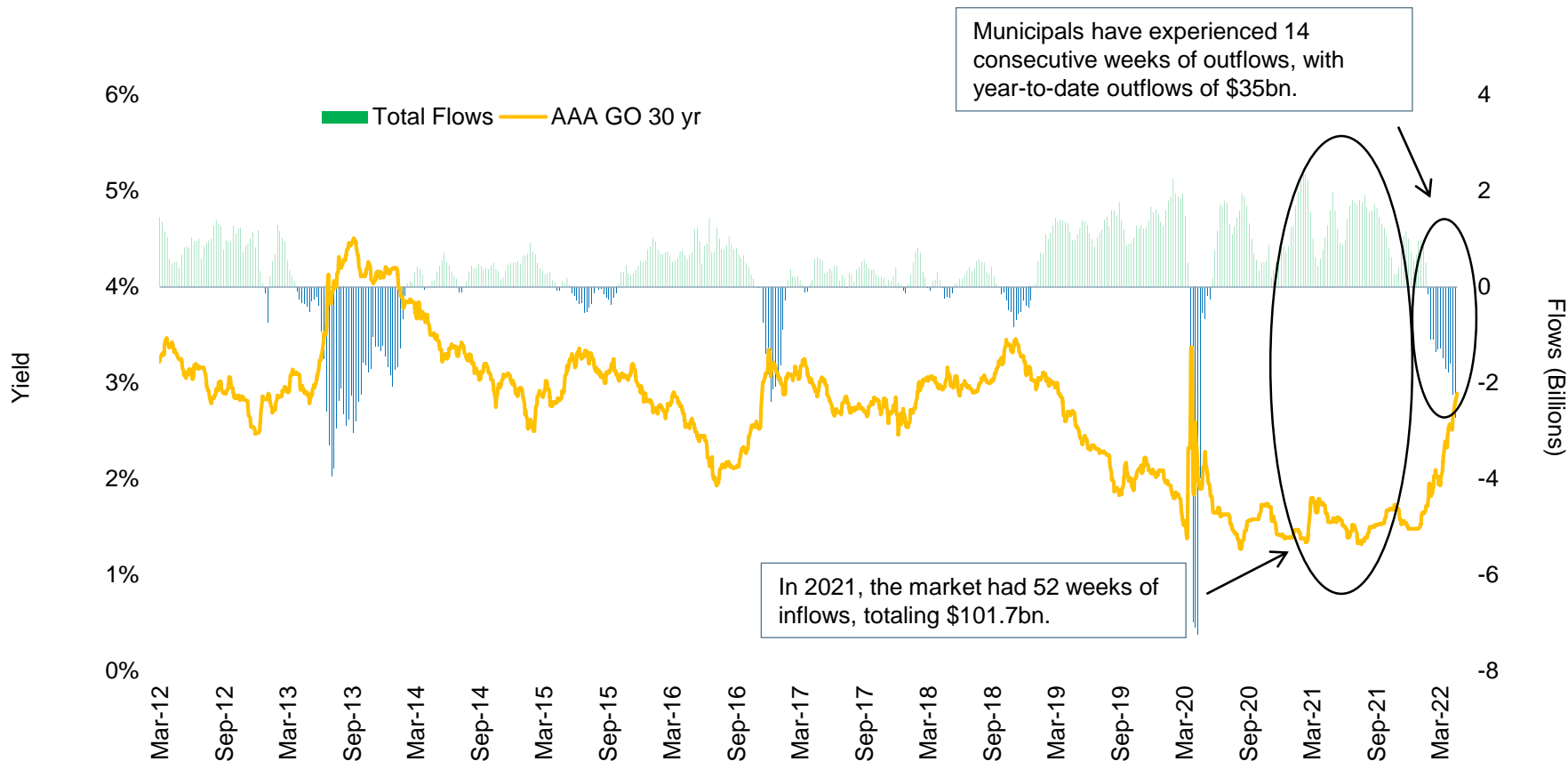
May 12th 2022

6 Meridian 2022 Investment Summit

Craig Brandon, CFA

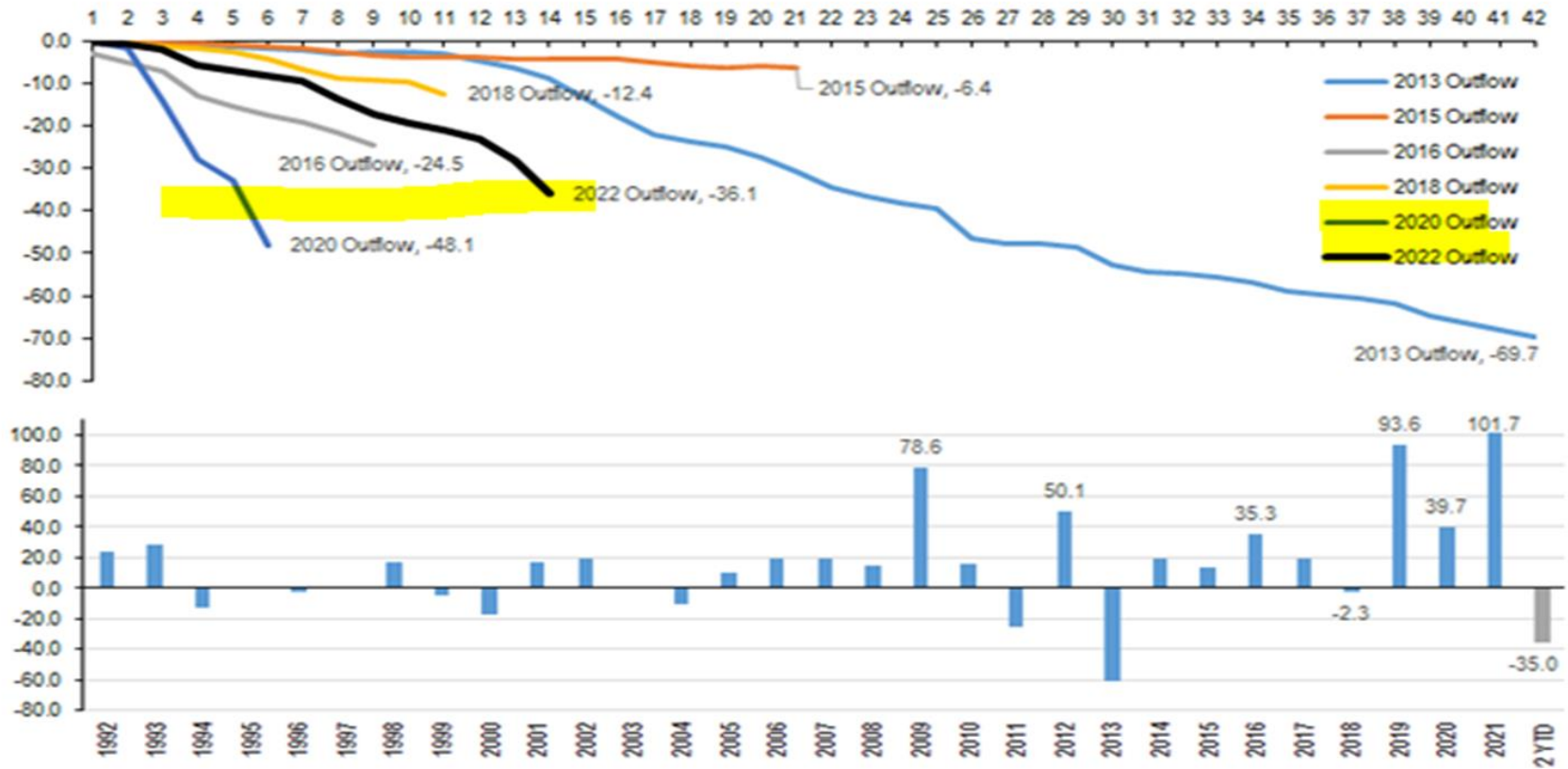
Managing Director, Co-Head of Municipal Investments

2 | Municipal Mutual Fund Flows



Sources: Goldman Sachs, Thompson Reuters Municipal Market Data
Date Range: March 1, 2012 – April 19, 2022. Flows are the 4-week moving average

3 | Negative Flows Approaching 2020 Levels



Sources: JP Morgan, Thompson Reuters Municipal Market Data

Date Range: December 31, 1991 - April 19, 2022

4 | Fixed Income Performance and Index Characteristics



Index	Averages			Total Returns (%)				
	Yield (%)	Maturity (yrs.)	Duration (yrs.)	YTD 4/20/22	1Y 3/31/22	3Y 3/31/22	5Y 3/31/22	10Y 3/31/22
Bloomberg U.S. Aggregate Index	3.37	8.76	6.56	-8.87	-7.98	1.69	2.14	2.22
Bloomberg U.S. Corp. Investment Grade Index	4.11	11.64	7.82	-11.45	-9.12	3.53	3.47	3.68
Bloomberg Municipal Bond Index	3.07	12.83	5.92	-8.31	-7.48	1.53	2.51	2.87
Bloomberg Taxable Municipal Bond Index	4.00	15.38	9.24	-10.06	-12.47	3.07	3.93	4.33
Bloomberg High Yield Municipal Bond Index	4.75	20.57	8.88	-9.16	-5.55	4.04	5.20	5.43
ICE BofAML US High Yield Index (as of 3/31/2022)	6.03	6.10	4.20	-4.51	-0.29	4.40	4.56	5.70
S&P / LSTA Leveraged Loan Index (as of 3/31/2022)	4.59	4.8	-	-0.10	3.25	4.22	4.01	4.30

Past performance is not a reliable indicator of future results. Source: Bloomberg, JPMorgan, BofA Merrill Lynch and Standard & Poor's as of 4/20/2022. Performance less than one year is cumulative. It is not possible to invest directly in an index. See end of presentation for important additional information and disclosure.

5 | Muni's Underperforming



Returns as of	4/28/2022	Total Ret 1 Day	Total Ret 1 Wk	Total Ret MTD	Total Ret YTD	Total Ret 3 Mo	Total Ret 1 Yr	Total Ret Annlzd 3 Yr	Total Ret Annlzd 5 Yr	Total Ret Annlzd 10 Yr
Bloomberg Municipal		-0.09	-0.28	-2.67	-8.73	-6.20	-7.93	0.52	1.82	2.49
Maturity										
Bloomberg Municipal 1 Yr 1-2		-0.03	0.01	-0.40	-2.01	-1.36	-2.02	0.54	0.85	0.79
Bloomberg Municipal 3 Yr 2-4		-0.06	-0.02	-0.96	-4.49	-2.90	-4.53	0.35	0.82	1.03
Bloomberg Municipal 5 Yr 4-6		-0.07	-0.06	-1.59	-6.61	-4.33	-6.54	0.32	1.05	1.54
Bloomberg Municipal 7 Yr 6-8		-0.08	-0.09	-2.07	-7.65	-5.10	-7.54	0.41	1.43	2.04
Bloomberg Municipal 10 Yr 8-12		-0.10	-0.21	-2.55	-8.62	-5.94	-8.12	0.52	1.85	2.54
Bloomberg Municipal 15 Yr 12-17		-0.15	-0.37	-3.22	-10.14	-7.27	-9.11	0.69	2.33	3.12
Bloomberg Municipal 20 Yr 17-22		-0.12	-0.45	-3.40	-10.36	-7.57	-9.03	0.83	2.53	3.27
Bloomberg Municipal Long 22+ Yr		-0.08	-0.59	-4.43	-12.69	-9.54	-10.90	0.30	2.25	3.32
Quality										
Bloomberg Municipal AAA		-0.09	-0.13	-2.48	-8.47	-5.87	-8.03	0.23	1.37	1.88
Bloomberg Municipal AA		-0.09	-0.31	-2.68	-8.59	-6.07	-7.99	0.31	1.57	2.27
Bloomberg Municipal A		-0.10	-0.30	-2.64	-8.76	-6.31	-7.75	0.84	2.18	3.02
ICE BofA BBB US Muni		-0.20	-0.43	-3.30	-9.98	-7.35	-8.01	1.55	3.26	3.56
Bloomberg HY Muni		-0.25	-0.47	-3.42	-9.73	-7.27	-6.19	2.66	4.38	4.87
Taxable Muni										
Bloomberg Taxable Municipal		-0.19	0.17	-4.84	-12.72	-10.57	-10.16	1.40	2.78	3.71
US Treasury & IG Corporate										
ICE BofA Current 3-Y US Trsy		-0.23	0.27	-0.82	-4.61	-3.55	-5.54	0.49	0.76	0.75
ICE BofA Current 5-Y US Trsy		-0.33	0.49	-1.93	-6.87	-5.34	-7.74	0.31	0.75	0.89
ICE BofA Current 10-Y US Trsy		-0.42	0.50	-4.47	-10.92	-8.74	-8.80	0.28	0.68	1.18
ICE BofA Current 30-Y US Trsy		-0.40	0.14	-9.49	-19.81	-16.37	-11.37	0.80	1.71	2.43
Bloomberg US Corp Bond		-0.15	-0.19	-4.85	-12.16	-9.12	-9.84	1.15	2.10	3.01

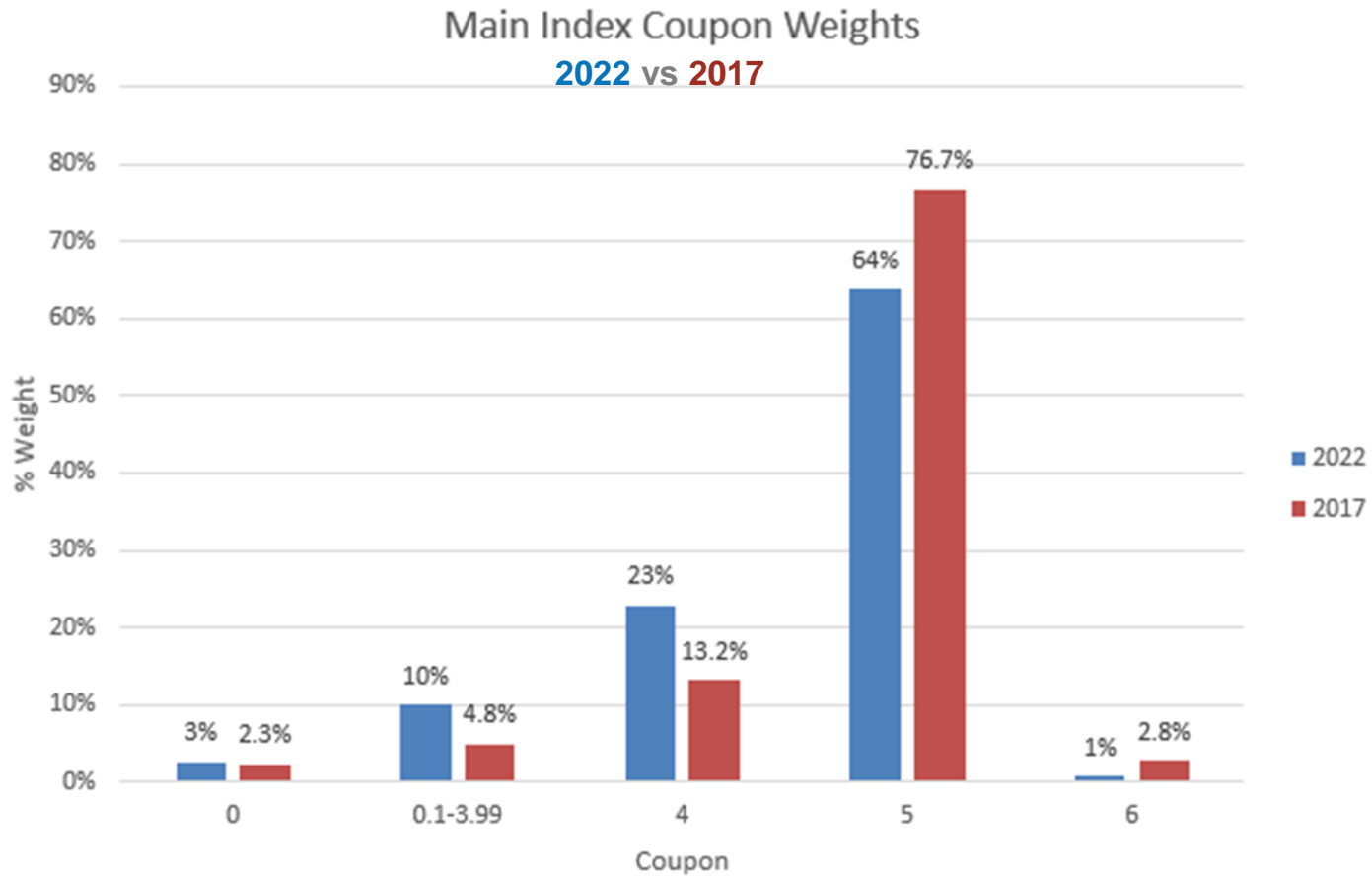
6 | Overview of Legislation and Municipal Related Spending in Relief Bills



The below table provides a high level summary of the fiscal support for municipals through the four most recent pieces of legislation passed by Congress. In aggregate, over \$1.7 trillion of capital has been allocated to various parts of the municipal bond market.

	2021 Infrastructure Bill	American Rescue Plan	Dec. Federal Stimulus	CARES Act
Total Muni Market Support	\$550	\$650	\$157	\$347
States	\$136	\$408	\$30	\$169
Locals	--	\$182	\$30	\$164
Community based orgs.	--	--	--	\$1
Not for Profits	--	\$0.8	\$15	--
Healthcare	--	\$13	\$4	\$108
Primary/Sec Education	--	\$137	\$58	\$25
Higher education	--	\$40	\$26	\$17
Airports/Ports	\$42	\$11	\$2	\$10
Surface transit	\$110	--	\$10	--
Mass transit	\$39	\$30	\$14	\$25
Other Transportation	\$78	\$2	\$2	--
Housing	--	\$39	\$25	--
Utilities	\$143	--	--	--

7 | Coupon Structures Creating More Negative Convexity



8 | Important Information and Disclosure



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