

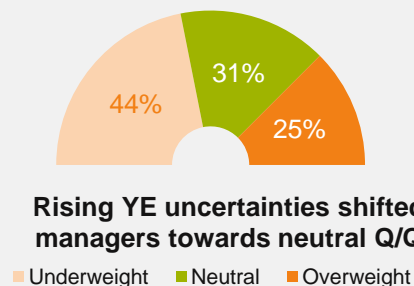
Summary Expectations – 1Q2019

Macro

Outlook for U.S. economy and expected rate hikes (next 3-9 mos.)

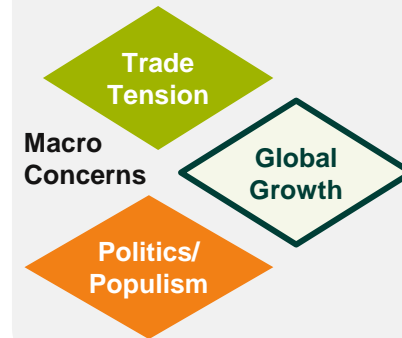
Consensus: **Bifurcated 1 & 2 hikes**
 8% expect 0 hikes in 2019
 32% expect 1 hike
 16% expect 1-2 hikes
 28% expect 2 hikes

Relative Portfolio Duration



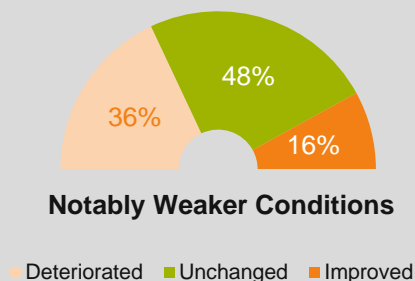
Shape of the Yield Curve (next 3-9 mos.)

Consensus: **Non-directional**
 38% expect flattener
 33% neutral
 29% steepener

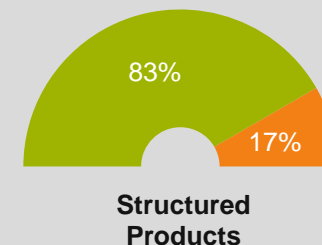
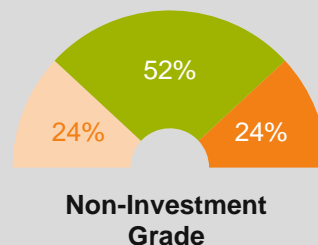
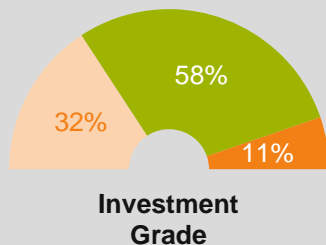


Fundamentals

Corporate Fundamentals Q/Q

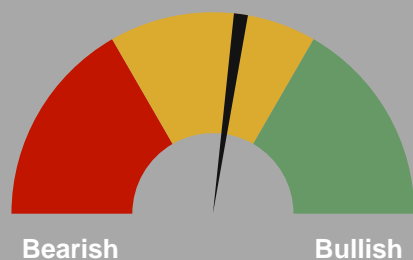


Sector Outlooks – Stable with lowered optimism from a quarter ago



Positioning*

Current Active Risk Budget



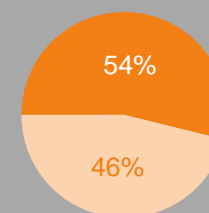
Top 3 Sector Overweights*

- 1 – ABS/CLO
- 2 – CORP (IG & HY)
- 3 – CMBS/NRMBS

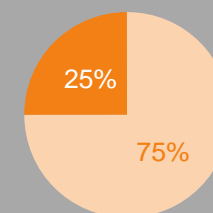
Top 3 Sector Underweights

- 1 – Gov't Agencies
- 2 – US Treasuries
- 3 – Agency MBS

Favor TIPS



Favor EMD



*Sector over/underweights compiled mainly from multi-sector respondents; multiple sectors listed within rankings denote ties

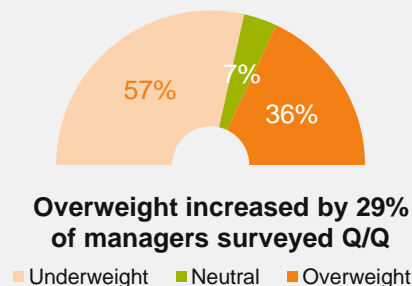
Summary Expectations – 4Q2018

Macro

Outlook for U.S. economy and expected rate hikes (next 3-9 mos.)

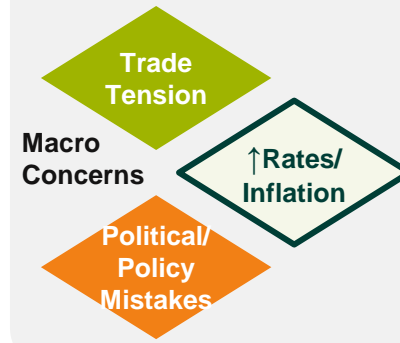
Consensus: **Stable, 1-'18, 2-3 '19**
42% expect 2 hikes in 2019
16% expect 2-3 hikes
42% expect 3 hikes

Relative Portfolio Duration



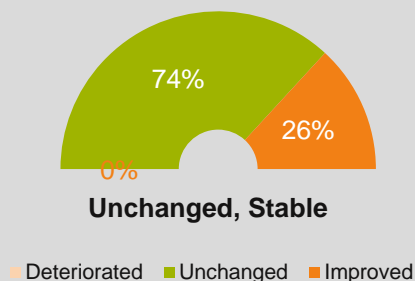
Shape of the Yield Curve (next 3-9 mos.)

Consensus: **Flattener**
53% expect bear flattener
7% bull flattener
27% bear steepener
13% bull steepener

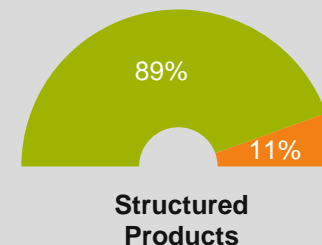
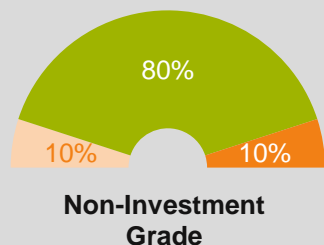
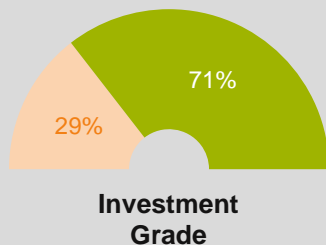


Fundamentals

Corporate Fundamentals Q/Q

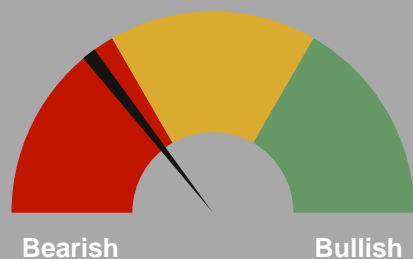


Sector Outlooks – Stable with lowered optimism from a quarter ago



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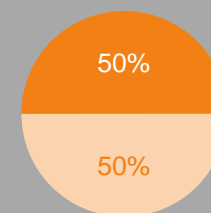
Top 3 Sector Overweights*

- 1 – ABS/CLO
- 2 – NA RMBS/CMBS
- 3 – HY/Bank Loans

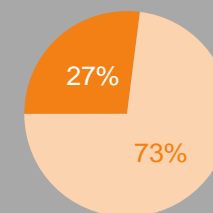
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