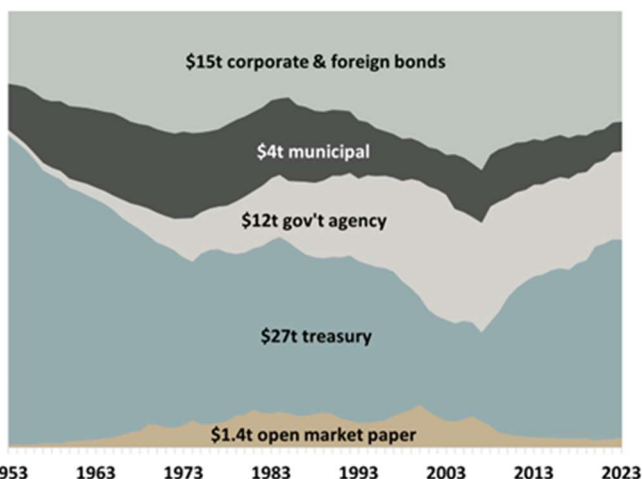


The Federal Reserve published its Financial Accounts data set for 1Q 2023 on Friday, June 9, 2023. Tracking ownership trends offers valuable insight and can be a useful tool for investment professionals. Some points of interest...

Total outstanding debt for all security types grew to \$59.4tn of which municipal securities total \$4tn or 7% of overall debt outstanding.

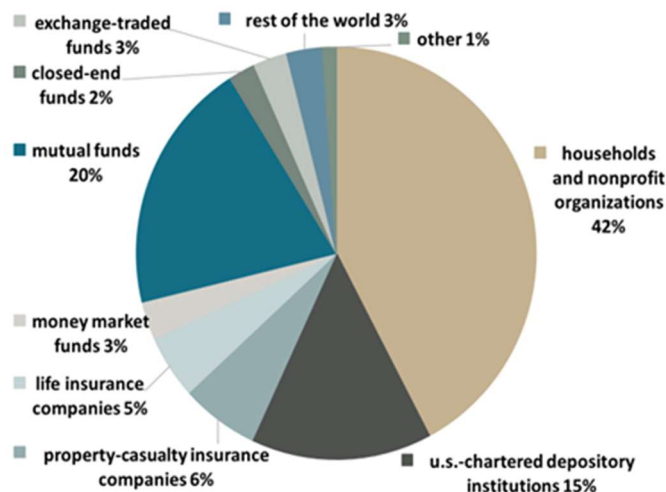
[1] OUTSTANDING DEBT BY SECURITY TYPE



Source: Federal Reserve L.208 as of 1Q 2023

Household and nonprofit organizations reported a 0.7% increase in holdings of municipal securities from 41.6% to 42.3%. This includes securities held direct and in separately managed accounts (SMA) where we've seen a notable increase in recent years.

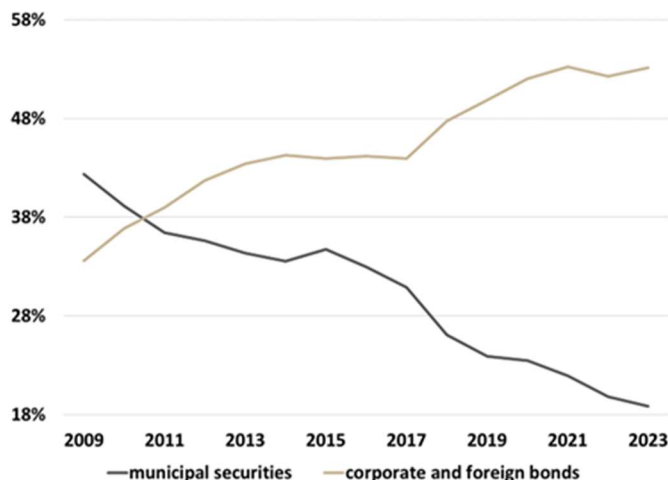
[2] HOLDERS OF MUNICIPAL BONDS



Source: Federal Reserve L.212 as of 1Q 2023

Property-casualty insurance companies (P&C) reported further decline in municipal securities held in favor of corporate and foreign bonds. Following the 2017 US Tax Cuts and Jobs Act (TCJA) P&C's have been reducing tax-exempt municipals in favor of taxable risk-assets. Similar changes can be seen for Life insurance companies.

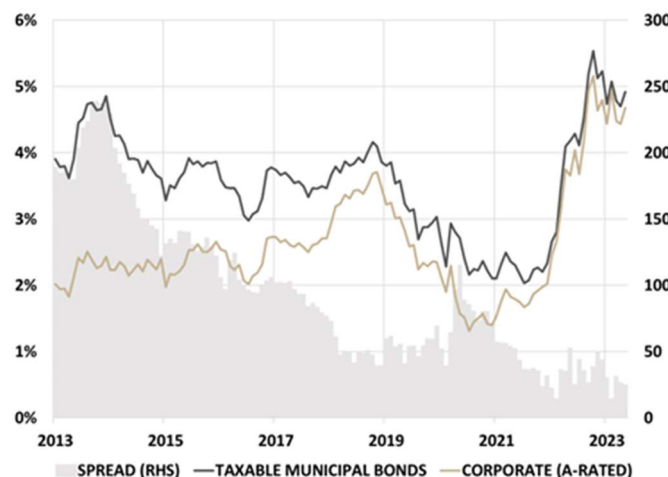
[3] PROPERTY & CASUALTY INSURANCE – MUNICIPAL VS CORPORATE AND FOREIGN BOND AS % OF DEBT SECURITIES



Source: Federal Reserve L.115 & L.116 as of 1Q 2023

Taxable municipal bond supply has grown in recent years and yields are comparable to corporate bonds. They also can provide insurers with some of the best regulatory capital-efficiency. Please visit our website to read April 25, 2023: US Taxable Municipal Update.

[4] TAXABLE MUNICIPAL BONDS VS CORPORATE CREDIT RELATIVE VALUE PROPOSITION



Source: Bloomberg as of 6/9/2023

IMPORTANT DISCLOSURE INFORMATION

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