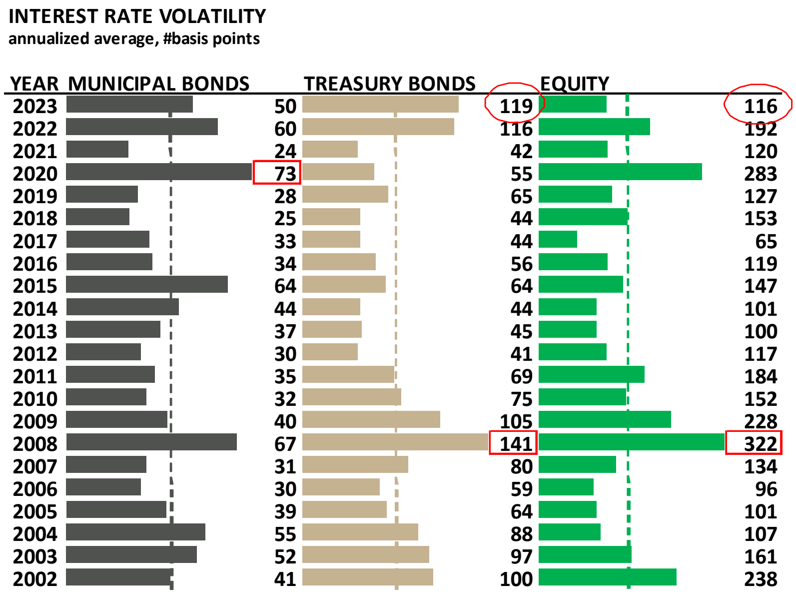
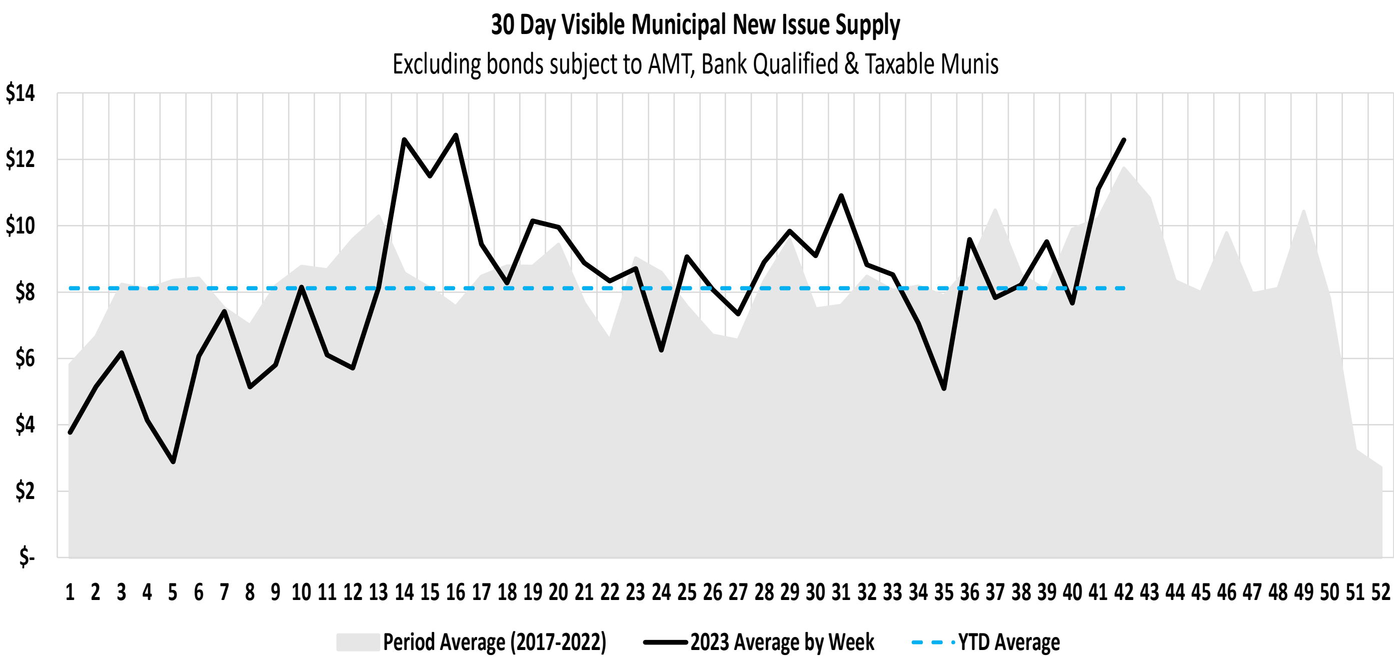
Bond Market Volatility

16ROCK ASSET MANAGEMENT
www.16Rock.com | info@16Rock.com | (212) 332-1600

US treasury bonds are often thought of as the safest and least volatile part of an investor's portfolio. They've served to provide a steady stream of income and a buffer against equity risk historically. That steady stream of income remains, but the least volatile part does not. For the first time in decades US treasury bond volatility has surpassed equities. Municipal bond on the other hand, are experiencing lower volatility year/year and have realized under half the amount of US treasury bonds this year. The municipal market is entering a seasonal period of high new issue supply at a time when interest rates have jumped up to multi-decade highs. We see a compelling opportunity for strategic investors to lock in long-term value from a diversified pool of credits coming to market.



Source: Bloomberg as of 10/13/2023; 20-day rolling standard deviation of daily YTW changes, average annualized in basis points; LMBITR = Municipal Bonds; LUATTRUU = Treasury Bonds; INDU = Equity



Source: Bloomberg and 16Rock Asset Management as of 10/16/2023