

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.

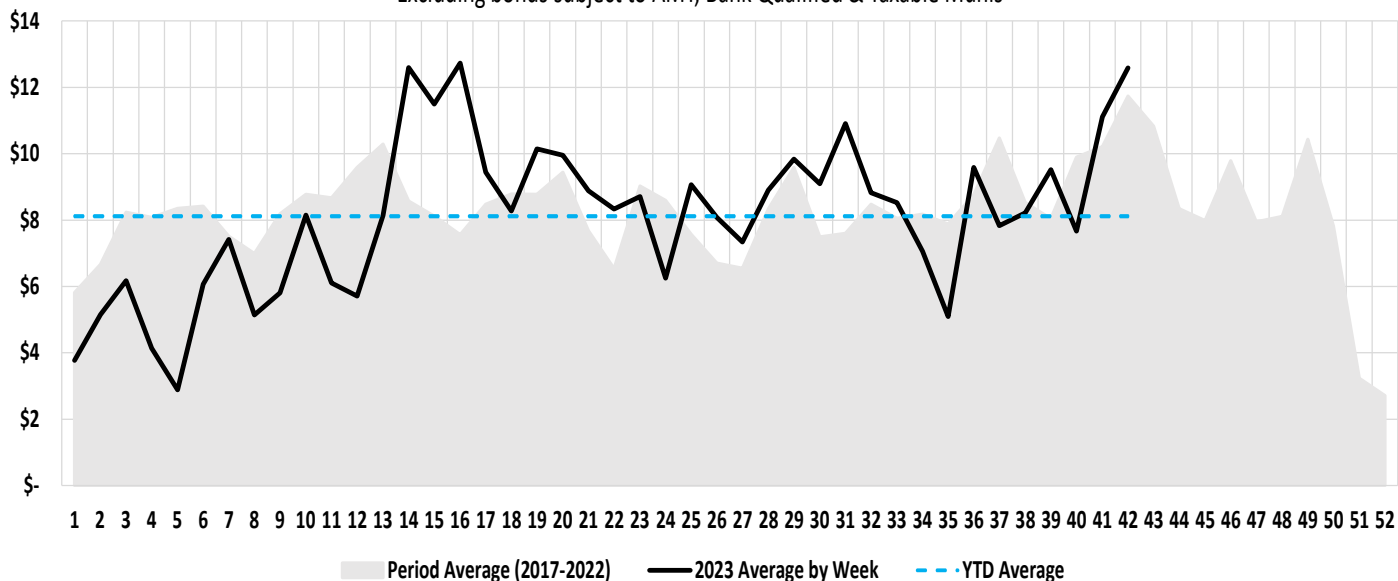
INTEREST RATE VOLATILITY
annualized average, #basis points

YEAR	MUNICIPAL BONDS	TREASURY BONDS	EQUITY
2023	50	119	116
2022	60	116	192
2021	24	42	120
2020	73	55	283
2019	28	65	127
2018	25	44	153
2017	33	44	65
2016	34	56	119
2015	64	64	147
2014	44	44	101
2013	37	45	100
2012	30	41	117
2011	35	69	184
2010	32	75	152
2009	40	105	228
2008	67	141	322
2007	31	80	134
2006	30	59	96
2005	39	64	101
2004	55	88	107
2003	52	97	161
2002	41	100	238

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

30 Day Visible Municipal New Issue Supply

Excluding bonds subject to AMT, Bank Qualified & Taxable Munis



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

IMPORTANT DISCLOSURE INFORMATION

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