BANK OF AMERICA

CHIEF INVESTMENT OFFICE

Fixed Income Strategy

Current Market Opportunities for Short-duration Investors

April 2022

SUMMARY

- Rates on the very front end of the yield curve have risen as the market prepares for an aggressive Federal Reserve (Fed) hiking cycle to fight 40-year highs in inflation.
- Despite important discussions of inversions further out the yield curve, the "cash" curve—overnight to three years—is very positively sloped, offering opportunities for enhanced yield generation to investors.
- Careful structuring of portfolios across the front end of the curve, however, is even more important at this time so that the realization of losses related to any continuation of rising rates is minimized.
- The money markets, particularly the market for repurchase agreements, also offer leading indicators of stresses in the functioning of the capital markets.
  - The higher yields we see in the front end are not yet signaling any warning signs, especially when compared to past cycles, in our view.

AUTHORED BY

CIO Fixed Income Strategy Team

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FIXED INCOME ASSET CLASS WEIGHTINGS*

Asset Class	Underweight		Neutral		Overweight
Fixed Income		●			
U.S. Investment Grade Taxable		●			
International	●				
Global High Yield Taxable		●			

* These Chief Investment Office (CIO) views relate to a fully-diversified, multi-asset class portfolio and use the asset class breakdown of the CIO "High Tax / Balanced" portfolio.
Source: Global Wealth & Investment Management Investment Strategy Committee Meeting as of March 31, 2022.

FIXED INCOME AT A GLANCE

Rates Markets	31-Mar	28-Feb	Change
Fed Funds rate	0.38%	0.13%	+25 bps
3-month Treasury Bills	0.50%	0.31%	+19 bps
U.S. 2-year Note	2.34%	1.43%	+90 bps
U.S. 5-year Note	2.46%	1.72%	+74 bps
U.S. 10-year Note	2.34%	1.83%	+51 bps
U.S. 30-year Note	2.45%	2.16%	+29 bps
FF / 10s Curve	+197 bps	+170 bps	+26 bps
2s / 10s Curve	+0 bps	+39 bps	-39 bps
German 10-year	0.55%	0.13%	+41 bps
UK 10-year	1.61%	1.41%	+20 bps
Japanese 10-year	0.21%	0.19%	+2 bps

Credit Markets	31-Mar	28-Feb	Change
U.S. Investment Grade (Spread)	+116 bps	+122 bps	-6 bps
U.S. High Yield (Spread)	+325 bps	+359 bps	-34 bps
U.S. High Yield (Yield)	6.01%	5.62%	+39 bps
Emerging Markets (U.S.$, Spread)	+320 bps	+383 bps	-63 bps

Index Returns	1-month	12-months	Year-to-Date
U.S. Treasury	-3.1%	-3.7%	-5.6%
U.S. MBS	-2.6%	-4.9%	-5.0%
U.S. ABS	-1.7%	-3.1%	-2.9%
U.S. CMBS	-2.5%	-4.1%	-5.4%
U.S. Corporate	-2.5%	-4.2%	-7.7%
U.S. High Yield	-1.1%	-0.7%	-4.8%
U.S. Leveraged Loans	0.0%	3.3%	-0.1%

Bps refers to basis points. Source: Bloomberg. Data as of March 31, 2022 and subject to change. **Past performance is no guarantee of future results. Please refer to the end of the document for asset class proxies and index definitions.**

FIXED INCOME U.S. RATES FORECAST

(% end of period)	Spot	2Q22	4Q22
Fed Funds Range	0.33	1.25–1.50	2.50–2.75
2-Year T-Note	2.46	2.50	3.00
5-Year T-Note	2.71	2.45	2.70
10-Year T-Note	2.66	2.40	2.50
30-Year T-Bond	2.68	2.50	2.50

Source: BofA Global Research U.S. Rates Research; April 8, 2022; spot price as of that date. Note: Federal funds rate forecasts are model expectations; other values are for market rates. The forecasts in the table above are the baseline view from BofA Global Research team. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts.
There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment outcomes.

"In times of crisis," the billionaire Ricardo Salinas Pliego has said, "cash is king." This statement has a sense that cash must be kept "safe"—that is, managed with a focus on preservation of capital—especially valuable to have at one's disposal in a time of crisis. Warren Buffet adds another dimension to this regal metaphor: "When people talk about cash being king, it's not king if it just sits there and never does anything." Cash must be productive, presumably in the context of preservation, until it can be put to longer-term work in riskier ventures—buying a company, capital expenditures, investing in equities, or building out a longer-term allocation to bonds. To these two attributes of cash management—preservation of principal and productivity—we'd add a third that is very likely implied in both quotations because it's an inherent quality of "cash": It must be accessible when needed. In other words, cash must be handled in a fashion that maximizes its liquidity—that is to say, its availability when called upon to be deployed.

Just as cash management resides on the conservative end of a continuum of fixed income investing, there is likewise a continuum of choices in the management of cash. We often find that the use of a combination of these options leads to the best overall results and investor experience. The gamut of these options runs, generally, from the easiest of use to those that require more investor planning and potential assumption of additional risks:

- Bank deposits and certificates of deposits
- Treasury/government money market mutual funds
- Prime[1] and municipal money market mutual funds
- Managed portfolios, both commingled and separately managed (SMAs)

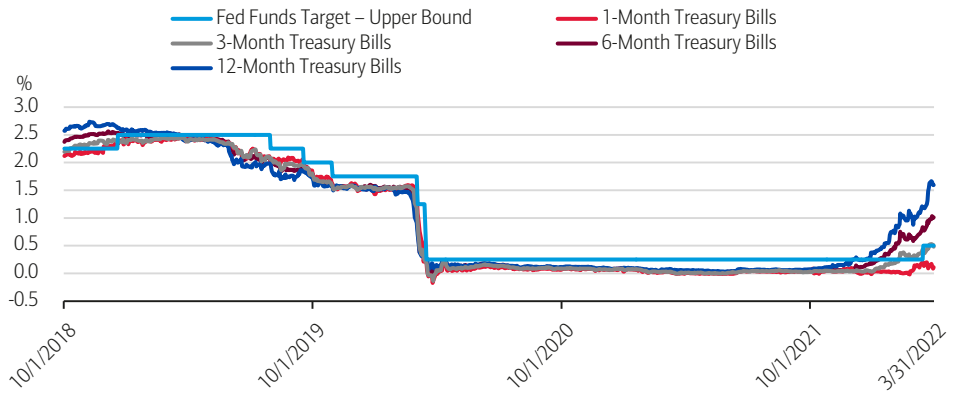
Given the increase in interest rates since the fourth quarter of 2021, the opportunities for earning higher yields are greatly improved now. However, bond market reactions to more aggressive Fed policy over the near and medium terms—especially against a backdrop of a 40-year high in inflation—significantly increase risk, in our opinion. Extreme care must be taken, therefore, when earning additional yield on cash balances if the primary goals of preservation of principal and liquidity are to be met.

In this report, we'll discuss what short-term rates are implying about current and future Fed policy, how short rates usually react through a rate hike cycle, where there may be opportunities in the current market, and a balanced assessments of the risks, in our opinion.

What do short rates usually tell us about Fed policy?

Consider the Treasury market yields 12 months and in shown in Exhibit 1.

Exhibit 1: Treasury Bill Yields and Fed Funds Target



Sources: Federal Reserve for Fed Funds Target – Upper Bound; Bloomberg for the Treasury Bill yields. Data as of 4/13/2022.
Past performance is no guarantee of future results. Please refer to the end of the document for asset class proxies and index definitions.

[1] Note: Prime money market funds utilize non-Treasury money market securities—commercial paper, short-dated corporate bonds and asset-backed securities, and repos backed by these non-Treasury securities.

The trend here is clear—yields on longer-dated Treasury bills "lead" the Fed, adjusting higher in anticipation of future rate hikes. Shorter-dated Treasury bills react with smaller yield increases initially, which then increase further closer in time to actual Fed rate hikes. This adheres classically to widely accepted bond market mechanics—the Fed is in much greater control of the shorter end of the yield curve while further out on the curve, its control becomes weaker, replaced by the more conventional market supply/demand dynamics reflecting longer-term inflationary and, more to the point, expected inflationary forces.

How has the opportunity set changed, and what are short rates telling us now in terms of opportunities for cash investors to earn more yield?

The pattern of short rates leading the Fed is not confined to Treasurys. "Spread" products—fixed income sectors that generally trade at higher yields (spreads) than Treasurys—such as commercial paper (CP), corporate bonds and asset-backed securities (ABS)—are also anticipatory. In fact, many sectors now trade at wider spreads than at the end of Q3 2021 due to the expectations of rate hikes as well as higher geopolitical risk. Municipal securities (munis) have also cheapened for the same reasons, only their cheapening has generally outpaced that seen in the Treasury and taxable bond markets, helping to provide even better yield opportunities, in our opinion, especially on a tax-adjusted basis. Finally, variable rate demand note (VRDN) yields have risen sharply. They are currently offering tax-sensitive investors a solid opportunity to purchase very short (daily to seven-day) exposures that should be both very responsive to higher rates as well as purchased and redeemed at par, helping to mitigate transactional principal preservation risk.

Opportunities to earn more yield in a cash portfolio, then, have risen dramatically over the past six months—a welcome change of pace for investors:

	9/30/2021	3/31/2022	Change
Average Constant-$ Net Asset Value (NAV) Money Market Fund	0.03%	0.23%	0.20%
Average Floating-NAV Prime Money Market Fund	0.04%	0.25%	0.21%
3-Month Treasury Bill	0.04%	0.51%	0.47%
6-Month Treasury Bill	0.05%	1.03%	0.98%
12-Month Treasury Bill	0.08%	1.62%	1.54%
3-Month Top Tier Commercial Paper	0.11%	0.86%	0.75%
3-Month Second Tier Commercial Paper	0.12%	0.48%	0.36%
1-Year AA Rated Corporate Financial Note	0.23%	2.01%	1.78%
3-Year AA Rated Corporate Financial Note	0.71%	2.75%	2.04%
1-Year BBB Rated Corporate Financial Note	0.54%	2.68%	2.14%
3-Year BBB Rated Corporate Financial Note	1.09%	3.45%	2.35%
7-Day Municipal Variable Rate Demand Note (SIFMA)	0.05%	0.51%	0.46%

Source: Bloomberg. Data as of 4/11/22. Performance would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results. Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.**

While there are some yield curve inversions currently, make no mistake: The "cash" end of the yield curve is actually very steep and upwardly sloped, so the ability to earn higher yields in a managed portfolio are very high relative to recent history, from our perspective. Whether duration extension is advisable, however, is partially determined by views on how market yields may shift on near- and medium-term expectations for Fed policy.

How do short rates act into, during, and coming out of an interest rate hiking cycle?

Consider the fed funds rate and Treasury yields five years and in shown in Exhibit 2.

Exhibit 2: Treasury Note Yields and Fed Funds Target

Note: Vertical lines depict the beginning of rate hike cycles (1994, 1999, 2004, 2015) or individual rate hikes (1997). Sources: Federal Reserve for Fed Funds Target – Upper Bound; Bloomberg for the Treasury Note yields. Data as of 4/13/2022. **Past performance is no guarantee of future results. Please refer to the end of the document for asset class proxies and index definitions.**

Higher short-end yields clearly precede and anticipate the initial hikes in a rate hike cycle. This is only more evident in an era of greater Fed transparency: The market has been able to rely on the Fed *not* to surprise it and to generally follow through on what it hints it is likely to do. What is also clear, however—should history repeat itself—is that extending duration further out the curve at the end of the cycle may be a more risk-efficient way to enhance yield on cash portfolios, in our opinion. While the goal is simple, implementation timing is difficult—as rates rise, shorter securities allow for yield responsiveness as maturities are reinvested at progressively higher and higher yields and produce less mark-to-market drag from duration effects; as rates fall, longer exposures "lock in" higher yields for longer periods of time but can produce more mark-to-market gains due to duration effects.

The ultimate peak in short-end rates is highly dependent on two factors, in our opinion—the expected pace of Fed rate hikes, as well as the peak Fed funds rate when the Fed stops raising rates (the so-called "terminal" rate for that cycle). In 1994 and 1999, two- to five-year Treasury yields continued to climb well after the initial Fed rate hike. The same occurred in 2004—but only after a lag—while 2015's initial hike was followed by an even longer lag before short-term Treasury yields resumed their march higher. If the pattern from 2004 and 2015 repeats—rates consolidate here, before moving higher after a lag—that may offer a brief period of time to opportunistically lengthen duration in a short-term portfolio, in our opinion—that is to say, earning higher yields while potentially not seeing prices continue to move lower almost immediately as rates rise almost continuously. If 1994 is the pattern, however, reaching for yield now via duration extension may create near-term market price losses, from our perspective.

In our opinion, the goals of a liquidity portfolio are:

- Preserve principal value, mitigating risk;
- Focus on maximizing liquidity; and
- Earn higher yields than more traditional vehicles, subject to the first two criteria.

The challenge of "terming-out" at this pivotal moment in markets—moving to a relatively longer average maturity within a short-dated portfolio—is balancing principal preservation and liquidity. For a short-dated fixed income investor, "principal preservation" means more than making sure every bond in a portfolio pays in full and on time. Similarly, "liquidity" means more than ensuring that holdings can be readily sold, raising cash when desired. These two fundamental goals—principal preservation and liquidity—combine, from a portfolio manager perspective, to form a dynamic where (to the extent possible) sales to raise cash occur with minimized chances of realized losses due to a continuation

of rising interest rates. In other words, extending duration now would definitively boost portfolio yield when (and if) held to term; however, an investor forced to sell in the interim may turn temporary market value declines into permanent impairments of capital. Selling prior to maturity—if prices drop in the interim—would thus make that higher initial yield an illusion. This is one reason we suggest that investors match the durations of their portfolios to the time frame of their goals or cash flow needs. An asset and liability mismatch between cash flow needs and investment duration increases risk.

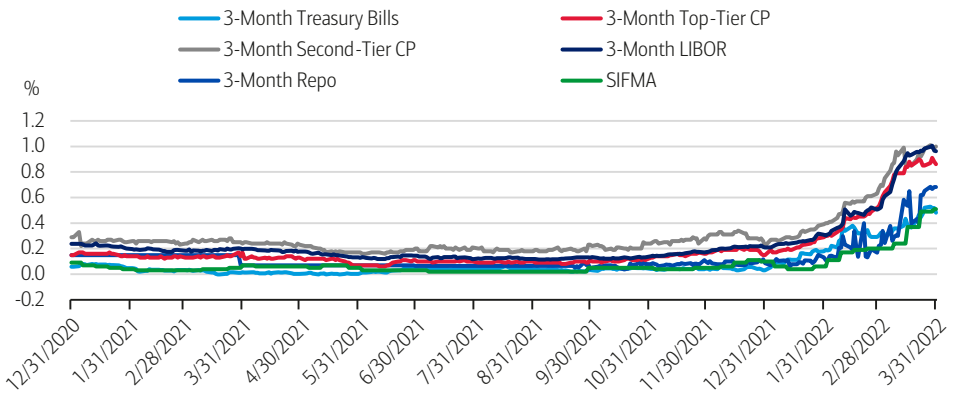
Is the CIO seeing any elevated levels of risk in short-term markets? If not, what would signal higher risk, and what is the CIO looking for?

The basic plumbing of market functioning has always been encapsulated in the money markets. Facilitating the smooth transfer of cash from those with liquidity (cash) to those who need liquidity (holders of risk assets looking to finance those positions) has always been a primary job of a central bank. Money market disturbances can cause large-scale knock-on effects, causing the system to grind to a halt, as witnessed during the Global Financial Crisis in 2008 and the onset of the COVID-19 pandemic in 2020. With so much newly created liquidity in the system after the multiple rounds of quantitative easing since 2008, the stakes are as high as they've ever been for reducing market liquidity, in our opinion.

A place to watch for financial system stress is one of the most widely traded money markets—the one for repurchase agreements, or repos. A repo is the functional equivalent of a collateralized, short-term loan. Assume investor B (bank) has cash to invest, and investor AM (asset manager) owns a Treasury. AM sells the Treasury to B and agrees to buy it back later at a higher price. B earns income (the higher price), AM receives cash to re-invest. If AM defaults—that is, does not buy back the Treasury when required—B does not face risk trying to obtain the collateral: B already owns it, and can immediately sell it elsewhere. *This mechanism makes a repo an exceedingly less risky transaction—especially with Treasurys as collateral—and so repos are considered very high-quality, relatively stable short-term money market-like investments.* Given its size, depth, liquidity and transparency, the repo market provides a good early warning sign of any mismatch between the supply and demand of financial system-wide liquidity. Generally, if repo rates rose *much more significantly* than implied by Fed expectations or geopolitical risk, we would be concerned. Current moves—thus far—are normal relative to history. There is no indication of any stress requiring Fed intervention, in our opinion, and we will continue to watch carefully as the Fed reduces its balance sheet usage.

Consider the yields on the variety of three-month fixed income sectors in Exhibit 3.

Exhibit 3: Short-Term Yields—Shorter-Term Lookback



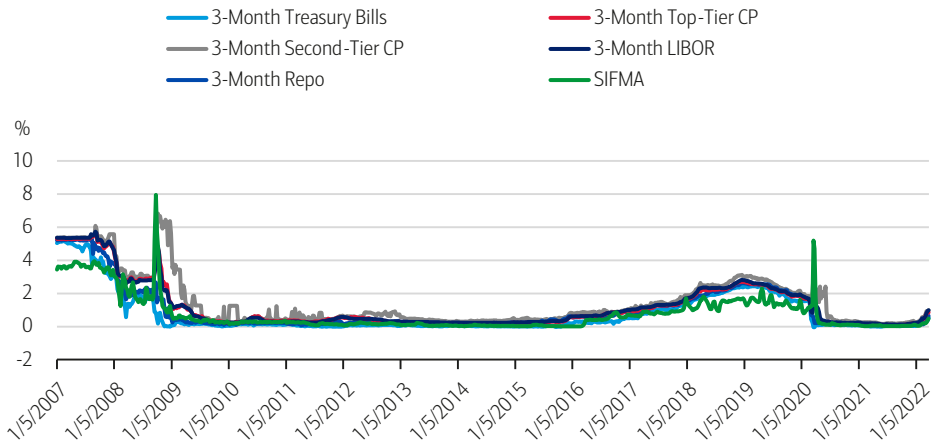
Sources: Bloomberg for Treasury Bill yields and both CP yields series; ICE Benchmark Administration for 3-Month LIBOR; CMPN – Composite (NY) for 3-Month Repo; Securities Industry and Financial Markets Association for SIFMA. Data as of 4/13/2022. Performance would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results. Please refer to the end of the document for asset class proxies and index definitions.**

Three-month yields are up sharply, with non-Treasury yields rising more quickly, signaling that investors are demanding higher premia for credit risk. This is not necessarily alarming—the rise has been measured and against a backdrop of increasing market volatility for a number of reasons.

First, as discussed, the short-end of the curve moves higher before a Fed rate hike, especially when it is well telegraphed. Second, the spread between lower and higher-quality securities—for instance, between A-1/P-1 and A-2/P-2-rated CP—is not expanding significantly. The Russia/Ukraine conflict is a direct factor here, in our opinion. The economic impact will be more keenly felt in Europe—Europe's reliance on Russian energy is large, and direct European bank exposure to Russia (while relatively small) is larger than many other regions. Due to the crisis, markets expected money to flow to U.S. dollars on a "flight-to-safety," increasing cash available in U.S. money markets while potentially decreasing it in Europe. This caused many issuers who funded in Europe to accelerate the pace of their U.S. issuance instead. CP supply grew in the U.S., putting upward pressure on yields. At the same time, U.S. banks – anticipating more and potentially faster Fed rate hikes – began worrying that deposit growth might slow or go negative. U.S. banks rely more on deposits as a funding source since the Financial Crisis; if deposit rates do not keep up with general money market rates, U.S. bank deposits may shrink, and banks would need additional funding sources. As a result, the U.S. CP markets saw increased supply from both U.S. banks that had been largely absent from the market since 2008 and wanted to test it out, as well as issuers replacing funding from European markets—a "double whammy" supply shock.

Supply therefore outpaced demand at the same time that short-end rates presaged coming fed fund rate increases. This moved money market rates from bank issuers significantly higher in a relatively short period of time—which can indicate systemic stress. A longer-term look at the data suggests that, at current levels, a more proactive Fed and higher supply are the main factors driving higher yields—not market stress, or significant or anticipated problems with financial market plumbing, in our opinion. We will continue to monitor short-term markets closely for signs of stress.

Exhibit 4: Short-Term Yields—Longer-Term Lookback



Sources: Bloomberg for Treasury Bill yields and both CP yields series; ICE Benchmark Administration for 3-Month LIBOR; CMPN – Composite (NY) for 3-Month Repo; Securities Industry and Financial Markets Association for SIFMA. Data as of 4/13/2022. **Past performance is no guarantee of future results. Please refer to the end of the document for asset class proxies and index definitions.**

We take cautious comfort in Exhibit 4, which shows the same data series as in Exhibit 3 but extended back to 2008. The current elevated levels are relatively small compared to three important periods:

1. The 2008 Global Financial Crisis
2. The 2020 onset of the coronavirus pandemic
3. The 2015 rate hike cycle

The 2015 rate hike cycle was not coincident with a European conflict, and was relatively slow as the first set of rate hikes after the massive Fed response to the event of 2008. The current move, therefore, is certainty not relatively concerning given the higher risk and more aggressive Fed now, in our opinion.

Conclusion

The market reaction to an expected aggressive cycle of Fed rate hikes has increased opportunities for short-duration investors to earn higher yields. Considering potential near- and medium-term moves of short-end rates, however, is vital when considering portfolio positioning. Ideally, portfolios are positioned to achieve higher rates while minimizing—without eliminating—the risk of significant short-term market value losses that may occur if longer-duration positions in cash portfolios are sold in an environment of even higher rates than currently anticipated by markets. Lastly, higher front-end spreads and yields—particularly in the repo market—may be warning signs of impending problems in the basic plumbing of the capital markets, but, at the moment, we do not see any evidence of that, while we will continue to monitor them closely.

Asset Class Proxies

See below for index definitions.

Asset Class	Index
U.S. Investment Grade	Bloomberg U.S. Corporate Bond Index
Emerging Markets	Bloomberg EM USD Aggregate Total Return Index
U.S. Treasury	Bloomberg U.S. Treasury Index
U.S. Mortgage-Backed Securities (MBS)	Bloomberg U.S. Mortgage Backed Securities Index
U.S. Asset-Backed Securities (ABS)	Bloomberg Capital Asset-Backed Index
U.S. Commercial Mortgage-Backed Securities (CMBS)	Bloomberg U.S. CMBS Index
U.S. Corporate	Bloomberg U.S. Corporate Bond Index
U.S. High Yield	Bloomberg High Yield Corporate Bond Index
U.S. Leveraged Loans	S&P/LSTA Leveraged Loan Index
U.S. Municipals	Bloomberg Municipal Index
U.S. Municipal High Yield	Bloomberg High Yield Municipal Index

Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index.

Indexes are all based in dollars.

Bloomberg Capital Asset-Backed Securities Index is composed of debt securities backed by credit card, auto and home equity loans that are rated investment grade or higher by Moody's Investors Service, Standard & Poor's Ratings Service or Fitch Investor's Service.

Bloomberg EM USD Aggregate Total Return Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

Bloomberg High Yield Corporate Bond Index measures U.S. dollar denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt.

Bloomberg High Yield Municipal Index is a benchmark that covers the high yield portion of the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

Bloomberg Investment Grade Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers. The U.S. Corporate Index is a component of the U.S. Credit and U.S. Aggregate Indices.

Bloomberg Municipal Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

Bloomberg U.S. Commercial Mortgage Backed Securities Index is the Bloomberg Non-Agency Investment Grade CMBS: BBB Total Return Index Unhedged.

Bloomberg U.S. Mortgage Backed Securities (MBS) Index is the U.S. MBS component of the U.S. Aggregate index. The MBS Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting.

S&P/LSTA Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments.

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Glossary

Duration—Duration typically measures the sensitivity of the value of a bond or fixed income portfolio to changes in interest rates. In general, the higher the duration, the more a bond's price will drop as interest rates rise and thus the greater the interest rate risk.

Net interest margin (NIM) is a measurement comparing the net interest income a financial firm generates from credit products like loans and mortgages, with the outgoing interest it pays holders of savings accounts and certificates of deposit (CDs).

Spread product—the term for bonds that are not Treasury securities. Agency securities, asset-backed securities, corporate bonds, high-yield bonds and mortgage-backed securities are various types of spread product.

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Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. When interest rates go up, bond prices typically drop, and vice versa. Income from investing in municipal bonds is generally exempt from Federal and state taxes for residents of the issuing state. While the interest income is tax-exempt, any capital gains distributed are taxable to the investor. Income for some investors may be subject to the Federal Alternative Minimum Tax (AMT).

Tax-exempt investing offers current tax-exempt income, but it also involves special risks. Single-state municipal bonds pose additional risks due to limited geographical diversification.

Interest income from certain tax-exempt bonds may be subject to certain state and local taxes and, if applicable, the alternative minimum tax. Any capital gains distributed are taxable to the investor.

Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments.

For investments in ABS and MBS, generally, when interest rates decline, prepayments accelerate beyond the initial pricing assumptions, which could cause the average life and expected maturity of the securities to shorten. Conversely, when interest rates rise, prepayments slow down beyond the initial pricing assumptions, and could cause the average life and expected maturity of the securities to extend, and the market value to decline.

Most senior/leveraged loans are made to corporations with below investment-grade credit ratings and are subject to significant credit, valuation and liquidity risk. The value of the collateral securing a loan may not be sufficient to cover the amount owed, may be found invalid or may be used to pay other outstanding obligations of the borrower under applicable law. There is also the risk that the collateral may be difficult to liquidate, or that a majority of the collateral may be illiquid.

The credit quality ratings represent those of Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Corporation ("S&P") and/or Fitch Ratings ("Fitch") credit ratings. The ratings represent their opinions as to the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality. The security's credit quality does not eliminate risk. For information regarding the methodology used to calculate the ratings, please visit Moody's at www.moodys.com, S&P at www.standardandpoors.com and/or Fitch at www.fitchratings.com.