

Davenport Asset Management presents:

Virtual Investor Summit Series

2024 Fixed Income Outlook

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Davenport & Company LLC Member NYSE-FINRA-SIPC



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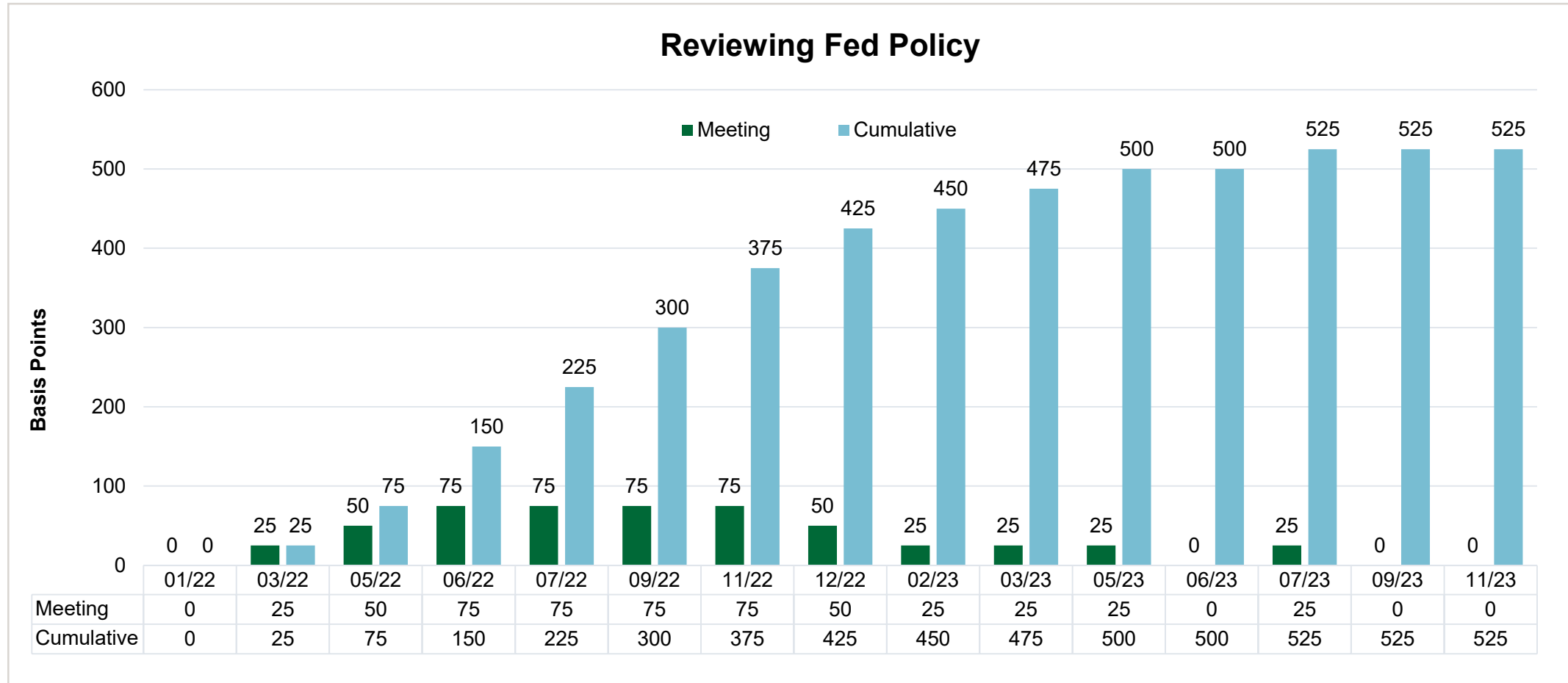


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Important Disclosures:

The information presented is intended for informational purposes only, and has been compiled from sources believed to be reliable, however, there is no guarantee of its accuracy or completeness.

Monetary Policy



Source: Bloomberg. As of December 2023. Performance shown is historical and is no guarantee of future results. The information contained herein has been compiled from sources believed to be reliable; however, there is no guarantee of its accuracy or completeness. This chart is for informational purposes only and is not a solicitation of an offer to buy or sell any security. Bonds are subject to market and interest risk; values will decline as interest rates rise. Bonds may not be suitable for all investors and you should consider specific risks such as credit risk, default risk and volatility prior to investing.

Consumer Price Index (CPI)



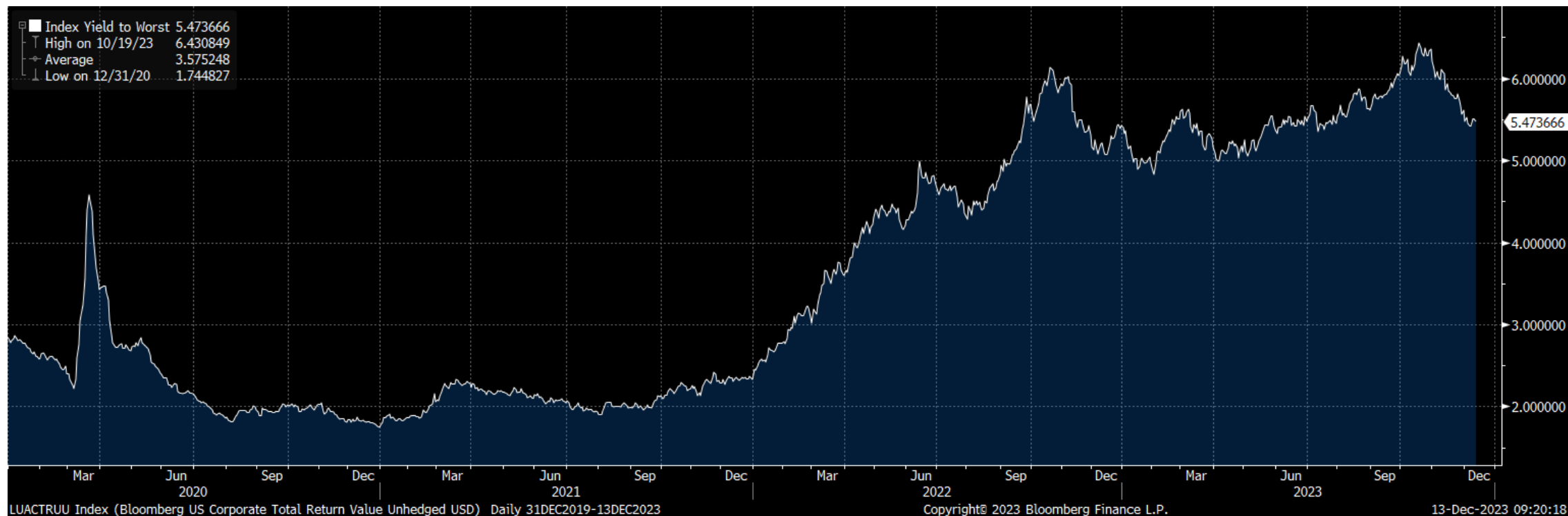
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Money Market Size



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U.S. Corporate Investment Grade Yield



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U.S. 2-Year Government Yield



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U.S. 10-Year Government Yield



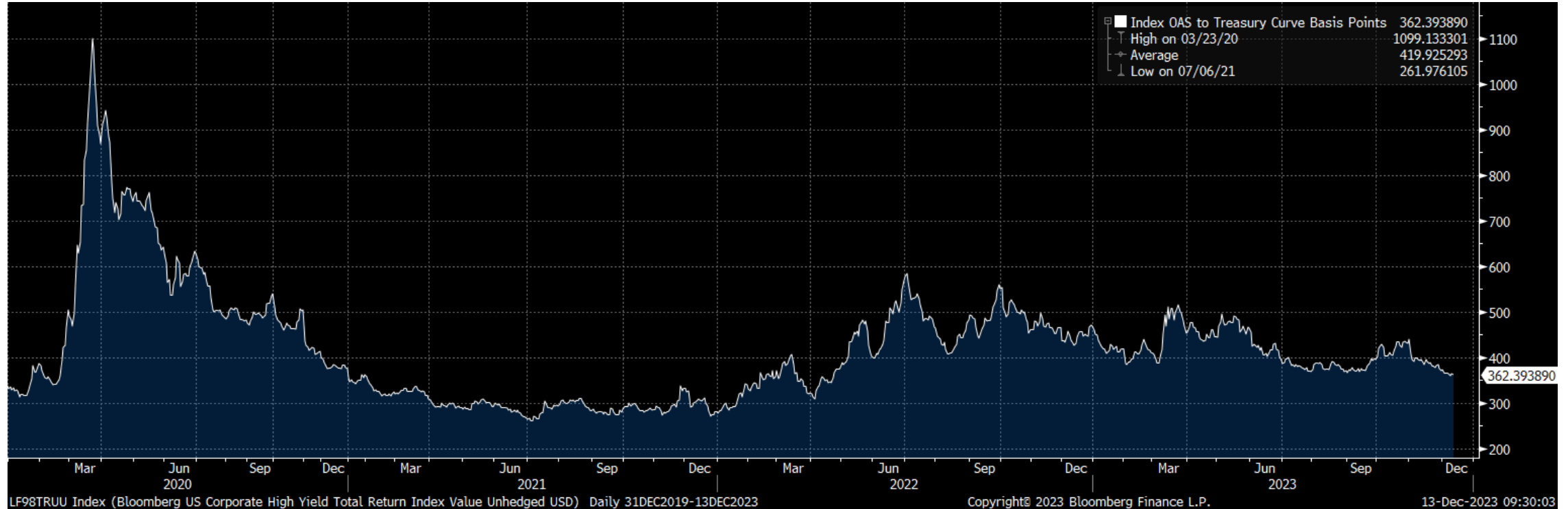
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U.S. Corporate Investment Grade Yield Option Adjusted Spread (OAS)



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U.S. Corporate Investment High Yield Option Adjusted Spread (OAS)

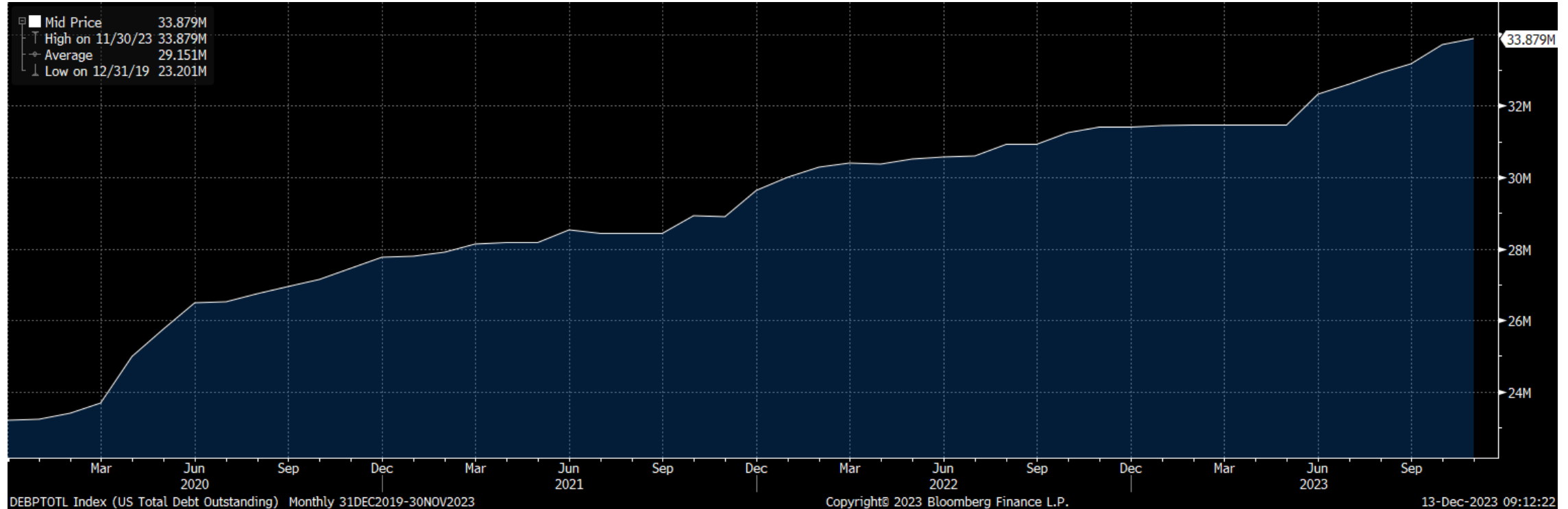


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Fixed Income Market Dynamics

Total Outstanding U.S. Treasury Debt



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Questions?

Recap

Monetary Policy

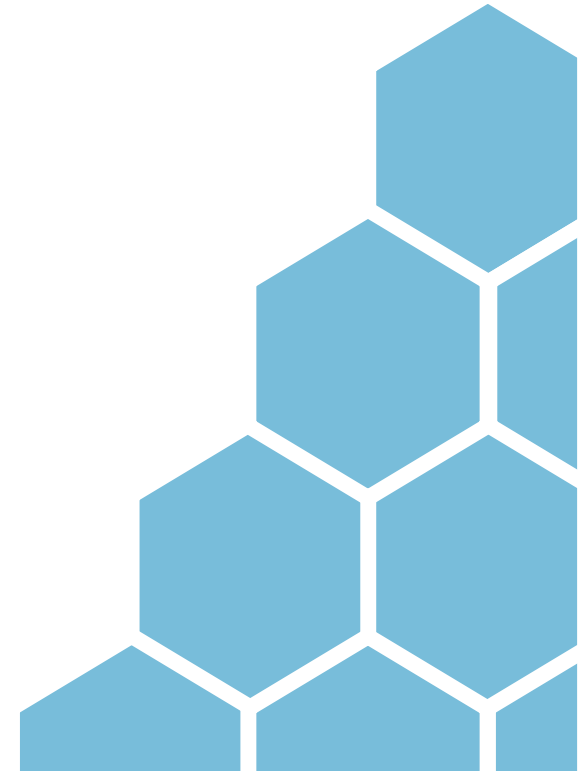
- Restrictive monetary policy has led to declining inflation but consumers continue to confront elevated costs.
- Labor market remains strong with a 3.7% unemployment rate which some view as inflationary.
- Success of the Federal Reserve's "pivot" from higher rates will directly impact economic growth.

Yield Review

- From short-term money markets to longer-dated corporate bonds, yields are compelling particularly in light of moderating inflation and a less hawkish central bank.
- Optionality is particularly important as we enter a very dynamic year in which we anticipate continued market volatility.

Fixed Income Market Dynamics

- We continue to believe fixed income investors must pay careful attention to macroeconomic and geopolitical risks in 2024 by incorporating flexibility into portfolio construction as well as security level positioning to optimize risk-adjusted returns.
- Credit spreads (the additional yield an investor receives from holding a corporate bond instead of a Treasury bond) strong 2023 rally will lead to a more selective 2024 investment landscape.
- While rates have fallen in recent months, bond vigilantes and their concern over government policy are warranted and could reemerge in coming quarters.



Important Disclosures

Index Definitions:

Bonds are subject to market and interest risk; values expect to decline as interest rates rise. Bonds may not be suitable for all investors and you should consider specific risks such as credit risk, default risk and volatility prior to investing. U.S. Government securities are guaranteed as to timely payment of principal and interest only.

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