First Quarter 2020
Bond Market Review
and Outlook

CAM

Cincinnati Asset Management, Inc.

Investment Grade & High Yield Bond Specialists

"These are the times that can produce life-changing investment blunders as well as unique opportunities" (source: *Wall Street Journal* 4/7/20 quote by Bernard G. Malkiel author of *A Random Walk Down Wall Street*).

Annual Relative Total Return Ranking - USD Multi-Asset Class

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
S&P 500 33.3%	CCMP 40.2%	CCMP 86.1%	REITs 26.4%	REITs 13.9%	EM Sov 13.7%	EM Equity 55.8%	REITs 31.6%	EM Equity 34.3%	REITs 35.1%	EM Equity 39.7%	US Gov't 14.0%
Mid Cap 32.2%	S&P 500 28.6%	EM Equity 66.5%	Mid Cap 17.5%	High Grade 10.7%	US Gov't 11.6%	CCMP 50.8%	EM Equity 26.0%	Mid Cap 12.6%	EM Equity 32.5%	CCMP 10.7%	Mtges 8.3%
Russell 2000 22.4%	Mid Cap 19.1%	Conv 36.0%	Munis 17.1%	Prefs 9.8%	Munis 10.7%	Russell 2000 47.3%	Russell 2000 18.3%	REITs 12.2%	Russell 2000 18.3%	US Gov't 9.1%	Cash 1.7%
CCMP 22.2%	Conv 12.2%	EM Sov 23.6%	Prefs 16.2%	Mtges 8.1%	High Grade 10.2%	REITs 37.1%	Mid Cap 16.5%	EM Sov 12.0%	S&P 500 15.8%	Mid Cap 8.0%	Munis -4.0%
REITs 20.3%	US Gov't 10.0%	Russell 2000 21.3%	EM Sov 14.7%	EM Corp 7.0%	EM Corp 9.4%	Mid Cap 35.6%	EM Sov 11.8%	EM Corp 5.7%	Conv 12.0%	Mtges 7.0%	High Grade -6.8%
Conv 15.5%	High Grade 8.7%	S&P 500 21.0%	US Gov't 13.4%	US Gov't 6.7%	Mtges 9.4%	S&P 500 28.7%	S&P 500 10.9%	Loans 5.3%	High Yield 11.8%	EM Sov 6.4%	EM Sov -10.2%
EM Sov 15.1%	Mtges 7.2%	Mid Cap 14.7%	Mtges 11.3%	EM Sov 4.8%	Prefs 7.7%	High Yield 28.1%	High Yield 10.9%	S&P 500 4.9%	CCMP 10.9%	S&P 500 5.6%	EM Corp -17.5%
High Yield 13.3%	Munis 7.1%	EM Corp 14.5%	EM Corp 9.8%	High Yield 4.5%	REITs 3.8%	EM Sov 27.6%	CCMP 10.3%	Russell 2000 4.5%	EM Sov 10.6%	Cash 4.8%	Prefs -25.2%
Munis 10.9%	Prefs 6.7%	Cash 4.7%	High Grade 9.1%	Munis 4.5%	Loans 2.6%	Conv 23.0%	EM Corp 8.9%	Munis 3.9%	Mid Cap 10.3%	High Grade 4.6%	High Yield -26.4%
High Grade 10.4%	Loans 5.6%	Loans 4.1%	Cash 6.0%	Cash 4.1%	Cash 1.7%	EM Corp 14.5%	Conv 8.3%	Cash 3.0%	Prefs 8.1%	EM Corp 4.4%	Loans -29.3%
Prefs 10.0%	Cash 5.1%	High Yield 2.5%	Loans 5.1%	Loans 3.3%	High Yield -1.9%	Loans 9.8%	Munis 5.5%	US Gov't 2.8%	Loans 6.9%	Conv 3.9%	Conv -29.4%
US Gov't 9.6%	High Yield 3.0%	Mtges 1.6%	Russell 2000 -3.1%	Russell 2000 2.5%	Conv -3.1%	Prefs 9.4%	High Grade 5.4%	High Yield 2.7%	EM Corp 6.6%	Munis 3.3%	Russell 2000 -33.8%
Mtges 9.3%	Russell 2000 -2.5%	High Grade -1.9%	High Yield -5.1%	Mid Cap -0.6%	EM Equity -5.9%	High Grade 8.3%	Loans 5.3%	Mtges 2.6%	Mtges 5.3%	High Yield 2.2%	Mid Cap -36.2%
Loans 7.5%	EM Sov -15.3%	US Gov't -2.4%	Conv -7.5%	EM Equity -2.4%	Mid Cap -14.5%	Munis 6.2%	Prefs 5.1%	CCMP 2.1%	Munis 5.0%	Loans 2.0%	S&P 500 -37.0%
Cash 5.3%	REITs -17.5%	Prefs -4.4%	S&P 500 -9.1%	Conv -2.9%	Russell 2000 -20.5%	Mtges 3.3%	Mtges 4.7%	High Grade 2.0%	Cash 4.8%	Russell 2000 -1.6%	REITs -37.7%
EM Equity -11.6%	EM Equity -26.0%	REITs -4.6%	EM Equity -30.7%	S&P 500 -11.9%	S&P 500 -22.1%	US Gov't 2.3%	US Gov't 3.5%	Prefs 1.0%	High Grade 4.4%	Prefs -11.3%	CCMP -40.0%
EM Corp na	EM Corp na	Munis -6.3%	CCMP -39.2%	CCMP -20.8%	CCMP -31.2%	Cash 1.1%	Cash 1.3%	Conv -0.2%	US Gov't 3.1%	REITs -15.7%	EM Equity -53.2%

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EM Equity 78.9%	REITs 27.9%	Munis 11.2%	REITs 19.7%	CCMP 40.2%	REITs 28.0%	Prefs 7.6%	Russell 2000 21.3%	EM Equity 37.8%	Cash 1.8%	CCMP 36.7%	US Gov't 8.8%
High Yield 57.5%	Russell 2000 26.8%	US Gov't 9.8%	EM Equity 18.6%	Russell 2000 38.8%	Prefs 15.4%	CCMP 7.1%	Mid Cap 20.7%	CCMP 29.7%	Munis 1.0%	S&P 500 31.5%	Mtges 2.8%
Loans 52.5%	Mid Cap 26.6%	REITs 8.3%	EM Sov 18.3%	Mid Cap 33.5%	CCMP 14.8%	Munis 3.6%	High Yield 17.5%	S&P 500 21.8%	Mtges 1.0%	REITs 28.7%	Cash 0.5%
Conv 45.6%	EM Equity 19.2%	EM Sov 8.2%	Mid Cap 17.8%	S&P 500 32.4%	S&P 500 13.7%	REITs 2.8%	S&P 500 12.0%	Mid Cap 16.2%	US Gov't 0.8%	Mid Cap 26.2%	Munis -0.7%
CCMP 45.3%	CCMP 18.1%	High Grade 7.5%	CCMP 17.7%	Conv 26.6%	Conv 10.0%	Mtges 1.5%	Conv 11.9%	Conv 16.0%	Conv 0.7%	Russell 2000 25.5%	High Grade -4.1%
EM Corp 38.3%	Conv 15.7%	Mtges 6.1%	Russell 2000 16.4%	High Yield 7.4%	Munis 9.8%	S&P 500 1.4%	EM Equity 11.7%	Russell 2000 14.6%	Loans 0.6%	Conv 23.1%	EM Corp -8.2%
Mid Cap 37.3%	High Yield 15.2%	High Yield 4.4%	S&P 500 16.0%	Loans 5.4%	Mid Cap 9.7%	EM Corp 1.3%	Loans 10.4%	Prefs 10.6%	EM Corp -1.3%	EM Equity 18.8%	Prefs -8.8%
REITs 28.0%	S&P 500 15.1%	EM Corp 4.2%	High Yield 15.6%	REITs 2.9%	High Grade 7.5%	US Gov't 0.8%	EM Corp 9.8%	EM Sov 10.0%	High Grade -2.2%	Prefs 17.7%	Conv -12.7%
EM Sov 27.2%	Prefs 13.7%	Prefs 4.1%	EM Corp 15.5%	Cash 0.0%	EM Sov 7.3%	EM Sov 0.6%	EM Sov 9.5%	REITs 8.7%	High Yield -2.3%	High Yield 14.4%	High Yield -13.1%
Russell 2000 27.1%	EM Corp 12.8%	S&P 500 2.1%	Conv 13.6%	EM Corp -1.3%	Mtges 6.1%	Loans 0.1%	CCMP 9.0%	High Yield 7.5%	CCMP -2.8%	EM Sov 14.3%	Loans -13.5%
S&P 500 26.4%	EM Sov 12.5%	Loans 1.5%	Prefs 13.6%	Mtges -1.4%	US Gov't 6.0%	Cash 0.0%	REITs 8.6%	EM Corp 7.3%	REITs -4.0%	High Grade 14.2%	CCMP -13.9%
Prefs 20.1%	Loans 10.4%	Cash 0.1%	High Grade 10.4%	High Grade -1.5%	Russell 2000 4.9%	High Grade -0.6%	High Grade 6.0%	High Grade 6.5%	Prefs -4.3%	EM Corp 13.0%	EM Sov -14.0%
High Grade 19.8%	High Grade 9.5%	CCMP -0.8%	Loans 9.8%	EM Equity -2.3%	EM Corp 3.7%	Conv -1.2%	Prefs 2.3%	Munis 5.4%	S&P 500 -4.4%	Loans 8.7%	S&P 500 -19.6%
Munis 14.5%	US Gov't 5.9%	Mid Cap -1.7%	Munis 7.3%	Munis -2.9%	High Yield 2.5%	Mid Cap -2.2%	Mtges 1.7%	Loans 4.3%	EM Sov -4.6%	Munis 7.7%	REITs -21.7%
Mtges 5.8%	Mtges 5.7%	Conv -3.8%	Mtges 2.6%	US Gov't -3.3%	Loans 1.8%	Russell 2000 -4.4%	US Gov't 1.1%	Mtges 2.4%	Russell 2000 -11.0%	US Gov't 7.0%	EM Equity -23.6%
Cash 0.1%	Munis 2.3%	Russell 2000 -4.2%	US Gov't 2.2%	Prefs -3.7%	Cash 0.0%	High Yield -4.6%	Munis 0.4%	US Gov't 2.4%	Mid Cap -11.1%	Mtges 6.5%	Mid Cap -29.7%
US Gov't -3.7%	Cash 0.1%	EM Equity -18.2%	Cash 0.1%	EM Sov -5.8%	EM Equity -2.0%	EM Equity -14.6%	Cash 0.2%	Cash 0.8%	EM Equity -14.3%	Cash 2.2%	Russell 2000 -30.6%

Source: CreditSights, ICE BofAML, S&P/LSTA, Bloomberg. EM Equity is USD MSCI Emerging Market Index, Mid Cap is S&P Mid Cap 400 Index, CCMP = NASDAQ
EM Sov is USD EM Sovereign <= BBB index, EM Corp is USD EM Corporate Plus Index, Cash = 0-3 US Treasury Bill Index, REITs= FTSE NAREIT equity REIT index
data as of Mar 31, 2020

The recent violent fall in prices of many asset classes is on a scale most of us have not experienced. The repricing of equities has lead Malkiel (quoted above) to argue for investors to increase allocation to equities. By extension, this would apply to other asset classes experiencing significant price declines whose fortunes are tied to corporations and businesses. So, corporate bonds would also appear to be attractive investments.

Until the first quarter of 2020 investors had been reallocating, increasing bond fund investments and decreasing equity allocations as the bull market ran valuations up. The first quarter saw mutual fund investors reduce allocations to both equities and bonds, while increasing allocations to cash (source: *Wall Street Journal* 4/5/20).

The start of the second quarter has seen a reversal

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Yields* on 03/31/2020	**Yield***
CAM Broad Market (corporate core plus) Strategy (7.2 year maturity; 5.8 duration)	**4.36%**
CAM Investment Grade (100% corporate bonds) Strategy (7.3 year maturity; 6.1 duration)	**3.28%**
CAM High-Yield Strategy (only BA & B rated purchased) (6.7 year maturity; 5.1 duration)	**6.89%**
CAM Short Duration Strategy (3.5 year maturity; 3.0 duration; 50% IG & 50% HY)	**5.34%**
CAM Short Duration Investment Grade Strategy (3.3 year maturity; 3.0 duration)	**3.04%**
Tax Equivalent Muni GO Bond (7 year, 1.53%) Bloomberg Barclays Institutional Index (Yield to right is after 40% tax equivalency and 3-point retail price markup for small buys under $1 M)	**1.62%**
U.S. Treasury** (10 year maturity)	**0.67%**
U.S. Treasury** (5 year maturity)	**0.38%**
U.S. Treasury** (2 year maturity)	**0.25%**

* The lower of yield to maturity or yield to worst call date ** Source: Bloomberg Barclays

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CAM's Key Strategic Elements

- Bottom-up credit analysis determines value and risk.
- Primary objective is preservation of capital.
- Larger, more liquid issues preferred.
- Target is always intermediate maturity.
- No interest rate forecasting.
- All clients benefit from institutional trading platform and multi-firm competitive bids and offers.

CAM returns are after CAM's average management fee & all transaction costs but before any broker, custody or consulting fees. **The indices are unmanaged and do not take into account fees, expenses, and transaction costs.**	Total Return (%)	Annualized Returns (%)			
	1Q '20	1-YEAR	3-YEARS	5-YEARS	10-YEARS
CAM Broad Market Strategy—Net 1/3 high yield, 2/3 investment grade	-5.33	1.87	2.91	2.12	4.41
CAM High Yield "Upper Tier" Strategy—Net only purchase BB and B; no purchases of CCC & lower	-10.10	-2.71	1.60	0.71	3.80
Bloomberg Barclays US Corporate High Yield Index	-12.68	-6.94	0.76	2.78	5.64
CAM Investment Grade Strategy—Net 100% corporate bonds	-3.14	3.90	3.55	2.74	4.70
Bloomberg Barclays US Corporate Index	-3.63	4.98	4.20	3.36	4.92
CAM Short Duration Strategy—Net 1/2 investment grade, 1/2 high yield	-5.20	-0.56	1.71	0.68	2.83
CAM Short Duration Investment Grade Strategy—Net 100% corporate bonds	-2.05	1.75	2.07	1.80	3.49

Relative Performance Review 03/31/2020

CAM's **Investment Grade Strategy** ("**IG**") produced a gross total return of -3.09% in the quarter ended March 31, 2020, compared to -3.63% for the Bloomberg Barclays U.S. Corporate Index. IG outperformed the Index in Q1 in large part due to CAM's maturity profile. CAM always positions a majority of the portfolio within intermediate maturities, and at the end of the first quarter, 76.7% of the portfolio had a modified duration between 5-10 years while 26.6% of the Index fell within this range of duration. The net effect of this maturity profile contributed 147 basis points to excess return. The TTM return for the CAM IG strategy was 4.14% compared to the Index return of 4.98%. The TTM performance trailed the Index also as a function of CAM's intermediate maturity profile. The 10+ year cohort, to which CAM has no exposure, significantly outperformed the benchmark as a whole.

The **High Yield Strategy** ("**HY**") delivered a gross total return of -10.03% in Q1 while the Bloomberg Barclays High Yield Index returned -12.68%. The HY TTM return was -2.40% while the Bloomberg Barclays High Yield Index returned -6.94%. For the first quarter, CAM's industry underweight, as well as security selection within the Independent Energy industry group, had the biggest positive impact on performance relative to the Index with an 89 basis point contribution to excess return. HY led the Index for the TTM period due to our prudent security selection and allocation within the Independent Energy, Midstream and Oil Field Services industry groups. Also supporting our TTM outperformance was not having any exposure to Caa and lower credit subsectors of the Index, which underperformed the Index as a whole. HY is always underweight these low credit subsectors believing their credit profiles and price volatility are inappropriate for many investors.

Our **Broad Market Strategy ("BM")** – a 67%-33% blend of IG-HY bonds – produced a gross total return of -5.26% for the quarter ended March 31, 2020 compared to -6.71% for the Bloomberg Barclays blended Index. It is important to note that our BM strategy achieves its Baa average credit quality via a barbell strategy of higher and lower rated securities. At the end of the first quarter, 50.3% of the portfolio was positioned in A-rated or better credit subsectors while the Index's exposure was 33.1%. The net effect of this structural allocation accounted for 95 basis points of excess return versus the Index for the quarter. The TTM return for the CAM Broad Market strategy was 2.15% compared to blended Index return 0.90%. Our outperformance for the year is primarily attributable to our intermediate maturity profile.

The CAM **Short Duration Strategy** ("**SD**") blends equal weights of IG and HY short duration bonds with a target duration of 3 years. The strategy's gross total return in the quarter ended March 31, 2020 was -5.13% while the Index, a similar blend of the intermediate components of Bloomberg Barclays IG and HY corporates, returned -7.46%. Of note, CAM's security selection within the Finance Companies and Independent Energy industry groups produced 57 basis points of contribution to excess return, in aggregate. The TTM gross total return was -0.24% compared to the blended Index return of -2.56%. CAM's prudent security selection in the Midstream and Independent Energy industry groups primarily contributed to our outperformance over the longer period.

The **Short Duration Investment Grade Strategy ("SD-IG")** delivered a gross total return of -1.99% for Q1 while the Bloomberg Barclays U.S. Corporate 1-5 Index returned -2.19%. Consistent with the prior strategies, our prudent security selection in the Independent Energy industry group contributed to our outperformance. Over the TTM period, SD-IG approximated the Index by delivering 1.99% gross total return versus an Index return of 1.98%.

Bloomberg Barclays Bond Indices Returns vs. CAM Gross (annualized %)

Periods ended 03/31/2020	10-yrs	20-yrs
U.S. Aggregate	3.88	5.08
U.S. Corporate	4.92	5.79
CAM Investment Grade Strategy	4.96	5.78

Better Asset Allocation Might Result from More Exacting Analysis

The chart to the right shows that BA rated bonds returned approximately 50% of S&P 500 stocks for the 5-year period, 55% over 10 years, and exceeded the returns of the S&P 500 over the last 20-years. Lower rated CAA bonds have underperformed the S&P 500 for the 5-year and 10-year periods, while the lowest rated (CA & D) have produced negative returns. BA rated bonds have outperformed the Bloomberg Barclays US Aggregate Index for all periods shown.

The chart also indicates that CAA rated securities underperformed BA rated and B rated bonds for the longer 20-year period. Not shown in the table is the pronounced and extreme volatility that has characterized the CAA sector. For example, during 2008, when the High Yield Index was down 26%, CAA rated bonds were down 44%, and during 2009, the Index was up 58% while CAA bonds were up 91%. In each calendar year since 1997, CAA rated bonds ranked either best or worst in Credit Sights Annual Excess Return Rankings for US corporate credit tiers, a trend that was finally upset in 2019, although it ranked second worst.

Finally, not only have BA rated bonds outperformed the S&P 500 for the 20-year period, but they have done so with about half the volatility of that Index (Ibbotson), suggesting that better credit quality high yield bonds deserve consideration as a core holding in an investor's portfolio allocation.

Total Return of High-Yield Bonds by Credit Quality

(periods ended 03/31/2020) Source: Credit Suisse First Boston

(annualized %)

High-Yield Bond Sectors	5-years	10-years	20-years
BA-rated bonds	3.52	5.97	7.42
B-rated bonds	1.84	5.29	6.06
CAA-rated bonds	2.42	5.36	5.54
CA & D-rated bonds	-13.17	-10.82	-6.49

Performance of Other Asset Classes

(periods ended 03/31/2020) Source: Bloomberg Barclays & Lipper

	5-years	10-years	20-years
S & P 500 Stocks	6.72	10.47	4.77
Bloomberg Barclays U.S. Aggregate	3.36	3.88	5.08

The March 31 spread levels (indicated at the right) enhance the value of corporate bonds versus U.S. Treasuries. The 10-year U.S. Treasury ended March 31, 2020 at 0.78% compared to recent year-ends: 1.88% (2019) and 2.72% (2018).

Absolute spreads for all credit subsectors have widened substantially versus 12/31/2019 due to the COVID-19 pandemic. In March, IG spreads spiked to levels that had only been seen once since the 1988 inception of the Bloomberg Barclays US Corporate Index. That is just one of many records to take place during the first quarter of 2020. Please contact one of our representatives directly to further discuss what we have experienced this past month.

Credit Rating	20-Year Average Spread	03/31/2020	12/31/2019	12/31/2018	12/31/2017	Tightest This Decade
A	1.28%	2.11%	0.70%	1.18%	0.73%	0.69%
BAA	1.99%	3.53%	1.20%	1.97%	1.24%	1.12%
BA	3.71%	6.54%	1.82%	3.54%	2.11%	1.30%
B	5.30%	8.56%	3.24%	5.31%	3.43%	2.28%
CAA	9.56%	18.52%	9.20%	9.89%	6.15%	3.78%

Annual Excess Return Rankings - USD Corporate Credit Ratings Tiers

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
US CCC 13.6%	US AA -1.0%	US CCC 8.4%	US AAA -1.4%	US A 3.5%	US AA 0.5%	US CCC 58.5%	US CCC 13.2%	US B 1.7%	US CCC 15.2%	US AAA -2.3%	US AAA -9.3%
US B 6.3%	US A -1.4%	US B 6.7%	US AA -2.4%	US BBB 3.4%	US AAA 0.1%	High Yield 25.6%	High Yield 7.9%	US BB 0.8%	High Yield 8.3%	US AA -4.4%	US AA -14.0%
High Yield 5.8%	US AAA -1.5%	High Yield 6.1%	US A -4.2%	High Grade 3.4%	US A -0.1%	US B 23.5%	US B 7.5%	High Yield 0.6%	US B 7.8%	High Grade -5.0%	High Grade -21.3%
US BB 3.9%	High Grade -2.2%	US BB 4.4%	High Grade -4.7%	US BB 3.2%	High Grade -2.5%	US BB 16.9%	US BB 6.0%	US AA 0.1%	US BB 6.5%	US BBB -5.4%	US A -22.4%
US BBB 0.3%	US BB -3.1%	US BBB 2.7%	US BBB -6.7%	US AA 3.0%	US BBB -5.9%	US BBB 9.1%	US BBB 2.3%	US AAA 0.1%	US BBB 1.6%	US A -5.5%	US BBB -25.6%
US AA 0.0%	US BBB -4.2%	High Grade 1.4%	US BB -10.6%	US AAA 2.2%	US B -10.6%	High Grade 5.9%	High Grade 1.7%	US A -0.2%	High Grade 1.3%	US B -6.4%	US BB -31.5%
High Grade -0.3%	High Yield -5.0%	US A 0.8%	High Yield -15.3%	High Yield -3.3%	High Yield -13.4%	US A 3.6%	US A 1.4%	High Grade -0.8%	US A 1.2%	US BB -7.3%	High Yield -38.1%
US AAA -0.3%	US B -5.6%	US AA 0.4%	US B -17.2%	US B -6.9%	US BB -15.0%	US AAA 2.6%	US AAA 1.1%	US BBB -2.0%	US AAA 1.1%	High Yield -7.3%	US B -39.6%
US A -0.8%	US CCC -9.5%	US AAA 0.1%	US CCC -21.7%	US CCC -8.6%	US CCC -16.2%	US AA 2.0%	US AA 1.0%	US CCC -2.4%	US AA 1.0%	US CCC -9.2%	US CCC -48.7%

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
US CCC 97.4%	US CCC 13.2%	US AAA -2.2%	US CCC 18.7%	US CCC 14.4%	US BB 0.7%	US AAA 0.0%	US CCC 35.2%	US CCC 9.6%	US AA -1.2%	US BB 10.2%	US AA -9.5%
High Yield 58.7%	High Yield 9.8%	US BB -2.5%	High Yield 13.6%	High Yield 9.5%	US A 0.0%	US AA 0.0%	High Yield 16.2%	High Yield 6.1%	US AAA -1.7%	US B 9.3%	US AAA -9.8%
US B 48.7%	US B 9.0%	US B -2.6%	US B 13.2%	US B 9.2%	High Grade 0.0%	US A -0.3%	US B 15.7%	US BB 5.6%	US A -2.6%	High Yield 9.2%	US A -11.4%
US BB 46.8%	US BB 8.9%	High Yield -3.3%	US BB 12.2%	US BB 7.8%	US AA -0.1%	High Grade -1.6%	US BB 11.9%	US B 5.4%	High Grade -2.8%	US BBB 8.1%	High Grade -14.2%
US BBB 35.0%	US BBB 4.0%	US AA -3.6%	US BBB 9.4%	US BBB 3.3%	US BBB -0.1%	US BB -2.4%	US BBB 6.9%	US BBB 4.6%	US B -3.0%	High Grade 6.5%	US BB -15.9%
High Grade 23.5%	High Grade 2.8%	High Grade -4.1%	High Grade 7.9%	High Grade 2.8%	US AAA -0.4%	US BBB -3.2%	High Grade 4.7%	High Grade 3.8%	US BBB -3.4%	US A 5.2%	US BBB -17.4%
US A 20.0%	US A 2.3%	US BBB -4.3%	US A 7.5%	US A 2.2%	High Yield -1.3%	High Yield -5.9%	US A 3.2%	US AAA 3.3%	High Yield -3.7%	US AAA 4.3%	High Yield -18.3%
US AA 12.4%	US AA 1.5%	US A -4.3%	US AA 5.3%	US AA 1.9%	US B -2.0%	US B -6.3%	US AA 2.4%	US A 3.1%	US BB -3.8%	US CCC 4.2%	US B -18.8%
US AAA 4.1%	US AAA 1.3%	US CCC -7.6%	US AAA 2.1%	US AAA 1.0%	US CCC -5.2%	US CCC -16.2%	US AAA 2.3%	US AA 2.4%	US CCC -5.8%	US AA 3.4%	US CCC -26.9%

Source: CreditSights, ICE BofAML Indexes data through 03/31/2020

(Excess return = the total return of the asset class minus the total return of a duration matched basket of government securities. Essentially the excess return metrics remove the yield curve piece of the return picture. In its basic form, it is mainly a function of coupon differentials and spread changes).

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in equities with the S&P 500 index up 11% through Friday, April 10 (source: *Wall Street Journal* 4/13/20). Also, the chart on page 4 shows the performance rebound of corporate bonds with the Corporate Investment Grade ETF and the High Yield Corporate ETF up smartly since late March.

Investment Grade Corporates improved with the announcement by the Federal Reserve on March 23, that they would be buying Investment Grade Corporate debt, in addition to Treasuries (source: *Wall Street Journal* 4/7/20). These FED programs provide liquidity to markets to assure smooth functioning.

What is known is the Federal Reserve's willingness to provide support to businesses and individuals. It is already being telegraphed that on top of the unprecedented $2 trillion package Trump signed March 27, more support will be provided, if needed. The package includes $377 billion in guaranteed loans to small businesses and a $500 billion government lending program (source; *Forbes* 3/27/20).

On Thursday, April 9 the FED announced that it would invest up to $2.3 trillion in loans to aid small and mid-sized businesses and purchase certain types of high yield bonds, CLOs and CMOs. It includes purchases of Investment Grade and High yield Corporate ETFs. The response was immediate with some of the biggest ETFs tracking the High Yield and Investment Grade Corporate Bond markets advancing the most in over a decade (source: *Bloomberg 4/9/20).*

The Investment Grade ETF, ticker LQD, hit its low of 105 on

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Footnotes and disclosure

Cincinnati Asset Management, Inc., ("CAM") an independent privately held corporation established in 1989, is registered with the United States Securities and Exchange Commission as an investment advisor. The CAM High Yield, Investment Grade, Broad Market, Short Duration, and Short Duration-Investment Grade composites consist of all discretionary portfolios under management, including all securities and cash held in the portfolios, and have been appropriately weighted for the size of the account. All accounts are included after they are substantially invested.

Returns are calculated monthly in U.S. dollars and include reinvestment of dividends and interest. Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Past performance is no guarantee of future results.

When compared to indices' performance, CAM results are after deduction of all transaction costs and CAM advisory fees. CAM advisory fees used are the composite averages. Accounts managed through brokerage firm programs usually will include additional fees. "Net of fees" herein refers only to CAM's management fee. Returns audited annually. Most recent audit available upon request.

S&P 500 averages are published quarterly in Barron's as supplied by Lipper Analytics.

The indices and information shown for comparative purposes are based on or derived from information generally available to the public from sources believed to be reliable. No representation is made to its accuracy or completeness.

High yield bonds may not be suitable investments for all individuals. Before investing a thorough reading of all materials and consultation with an independent third party financial consultant may be appropriate. Fixed Income securities may be sensitive to changes in prevailing interest rates. When rates rise the value generally declines. For example, a bond's price drops as interest rates rise. For a depository institution, there is also risk that spread income will suffer because of a change in interest rates. The Indices are referred to for informational purposes only and the composition of the Index is different from the composition of the accounts included in the performance shown above. Index returns do not reflect the deduction of fees, trading costs or other expenses.

This material was not intended or written to be used, and it cannot be used, by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws.

This information is intended solely to report on investment strategies and opportunities identified by CAM. Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. This material is not intended as an offer or solicitation to buy, hold or sell of any financial instrument. References to specific securities and their issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities.

Sharpe Ratios (risk & reward relative value) Inception-Q1 2020

CAM Investment Grade Strategy 0.43
Bloomberg Barclays U.S. Corp Bonds 0.41

CAM High Yield Strategy 0.49
Bloomberg Barclays High Yield Corp Bonds 0.45

CAM Short Duration 0.45
Bloomberg Barclays Weighted Benchmark
(1/2 Interm. HY & 1/2 U.S. Corporate 1-5) 0.54

CAM Short Duration IG Strategy 1.14
Bloomberg Barclays U.S. Corporate 1-5 Yr 1.16

CAM Broad Market Strategy 0.72
Bloomberg Barclays Weighted Benchmark
(2/3 Corporate and 1/3 High Yield) 0.71

An important objective for all Cincinnati Asset Management investment strategies is to deliver superior risk-weighted returns. A quantitative indication of our success is the Sharpe Ratio that calculates total return per unit of risk. The data on the left indicates we have largely been successful. Sharpe Ratios of the Investment Grade and High Yield Strategies exceeded their respective benchmarks by approximately 5% and 9%, respectively. The Short Duration Investment Grade trailed its benchmark by 2%. The Broad Market Strategy produced a Sharpe Ratio approximately equal to the benchmark's ratio.

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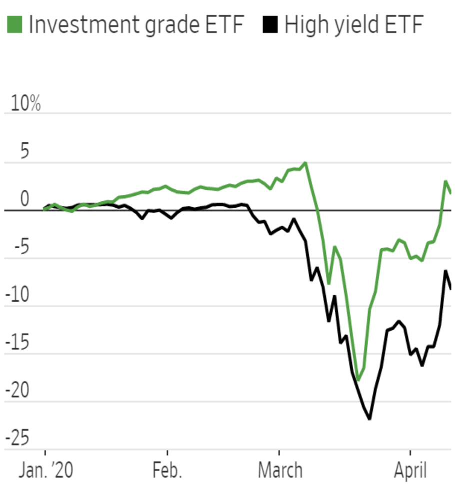
3/19/20 and now is priced at approximately 131. The average for January and February was approximately 130 (source: Bloomberg 4/13/20 at 1 PM).

The High Yield Corporate ETF, ticker HYG, recorded it's low of 68 on 3/23 and it now is priced at approximately 81 (source: Bloomberg 4/13/20 at 1 PM).

The FED's goal is to provide liquidity to markets in times of anxiety driven by uncertainty. Their programs announced to date seem meant to assure investors that the economic impact of the coronavirus shutdown will be mitigated through congressional aid packages and the FED's support of businesses and the markets.

Performance in 2020



As of April 13, 11:15 a.m. ET

Note: Shows iShares iBoxx $ Investment Grade Corporate Bond ETF and iShares iBoxx $ High Yield Corporate Bond ETF

Source: FactSet

The uncertainty is palpable since there is no vaccine that protects, and other remedies and therapies are still being tested and vetted through a variety of clinical trials. The only perceived effective tool, social distancing and stay in place rules severely impair economic activity.

This uncertainty is reflected in St Louis FED President, James Ballard's comments that unemployment, that hit a 50-year low of 3.5% in February, could expand to at least 10% or go as high as 42% (source: Bloomberg 3/30/20). A number of the FED programs are meant to assist businesses meet payrolls to allow them to afford to retain their employees. If they are in place when the social distancing restrictions are eased and finally lifted, it is assumed economic activity can restart more quickly.

Bullard also shows confidence in the FED's actions, asserting that the trillions of dollars of borrowing to the national debt to finance these initiatives "won't hamper the country's ability to grow in the future" (source: Bloomberg 3/30/20).

A "Science Daily" article (4/13/20) show how clinicians, doctors and researchers are accelerating drug and therapy trials in the fight against the coronavirus: "a novel 'learning while doing' clinical trial approach called REMAP helps doctors find the optimal trade-off between quickly adopting new therapies during a pandemic, such as the anti-malarial drug hydroxychloroquine and waiting until they are tested in longer clinical trials. The trial learns from similar trials enrolling around the world and uses artificial intelligence to quickly arrive at answers". Labeled REMAP, it is being endorsed by the FDA and the Bill and Melinda Gates Foundation as a "long needed revolution in clinical trials" (source: Science Daily 4/9/20).

So, an effective treatment that would engender concrete certainty may surprise us sooner than we know. Our wishes are with you.

Rating	BA	B	CAA
Avg Spread	372	531	960
Std. Dev.	173	232	433
03/31/2020	**654**	**856**	**1852**
Lowest Spread	151	228	378

Spreads to Treasuries by Credit Rating show significantly lower risk of BA and B rated bonds. Source: Bloomberg Barclays Capital (12/31/99 to 03/31/20)