



Interest Rate Monthly



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Anthony Valeri, CFA

Senior Vice President, Fixed Income Strategist
LPL Financial

Adam Norman,

Research Analyst
LPL Financial

A Monthly Insight into News Driving Yield Changes and Bond Market Performance

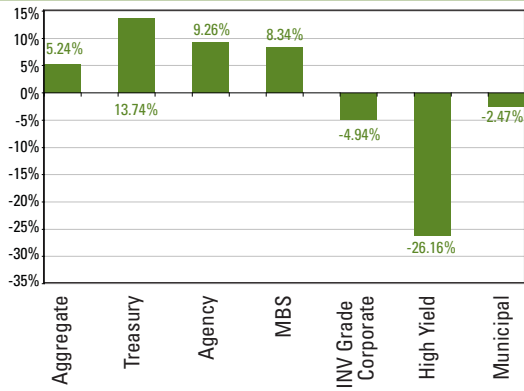
MARKET MONITOR

TREASURYS	YIELD	2008 CHANGE
2-yr	0.77%	-2.28
3-yr	0.97%	-2.06
5-yr	1.55%	-1.89
10-yr	2.21%	-1.82
30-yr	2.68%	-1.77
KEY RATES		
Fed Funds	0.25%	-4.00
Libor 3-mo	1.43%	-3.27
Prime Rate	3.25%	-4.00
COMMODITIES		
Oil	\$44.60	-\$51.38
Gold	\$884.00	\$46.00
CURRENCY		
Euro (\$ per fx)	1.40	-0.06
Yen (fx per \$)	90.64	-21.11

Source: Bloomberg as of 12/31/08

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Bonds finished a very difficult 2008 on a positive note, with the positive returns across most sectors. The Federal Reserve's historic rate cut and the possibility of outright purchases helped Treasuries post good performance but were outperformed nonetheless by spread sectors for the first time in months.	
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Agency bonds advanced more than 9% in 2008, benefitting from the flight to quality rally and a commitment by the Federal Reserve to purchase up to \$100 billion of GSE debt. Yields fell to 5 year lows.	
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Corporate bonds posted one of their best months on record, but still finished the year in negative territory. A government bailout of the auto sector propelled high yield to strong gains in December, helping to partially offset record losses of more than 26% for the year.	
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Tax-free bonds finished 2008 on a positive note after a dismal start to December. After reaching nearly 6%, long AAA yields declined to the mid 5% level following strong retail buying coupled with a lack of supply. High quality bonds outperformed lower rated issues. Municipals are off to a good start so far in 2009 but supply will challenge the market again.	
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Current and historical bond market sector yields.	

Investment Scorecard 2008 Total Returns



Source: Lehman Bros. Indices as of 12/31/08

Yield Snapshot

TREASURY

Maturity	Yield	Spread (%)
3mo	0.10	N/A
2yr	0.82	N/A
3yr	1.15	N/A
5yr	1.67	N/A
10yr	2.50	N/A
30yr	3.04	N/A

CORPORATE A COMPOSITE

Maturity	Yield	Spread (%)
2yr	4.79	3.98
5yr	5.76	4.09
10yr	6.47	3.97
30yr	6.97	3.93

AGENCY

Maturity	Yield	Spread (%)
2yr	1.52	0.70
5yr	2.62	0.96
10yr	3.39	0.89
30yr	4.40	1.37

AAA GO MUNICIPAL

Maturity	Yield	vs. Treasury (%)
2yr	1.75	0.94
5yr	2.44	0.77
10yr	3.77	1.27
30yr	5.10	2.06

GLOBAL BONDS YIELDS

	2yr	vs. US	10 Yr	vs. US
UK	1.78	0.97	3.29	0.79
Germany	1.65	0.83	3.20	0.70
France	2.02	1.20	3.64	1.15
Canada	1.15	0.33	2.93	0.44
Japan	0.37	-0.44	1.26	-1.24
Australia	3.01	2.19	4.25	1.76

Source: Bloomberg as of 01/07/09

Yield Snapshot (cont.)

FED WATCH

Fed Funds Futures	Implied Rate
April 09	0.22
July 09	0.26
August 09	0.38
October 09	0.50
December 09	0.61

15-YEAR CURRENT COUPON MORTGAGE BACKED SECURITIES (MBS)

Issue	Yield	Spread (%)
GNMA 5.5%	3.52	1.85
FNMA 5.5%	3.08	1.41
FHLMC 5.5%	3.75	2.08

30-YEAR CURRENT COUPON MORTGAGE BACKED SECURITIES (MBS)

Issue	Yield	Spread (%)
GNMA 5.5%	3.87	0.83
FNMA 5.5%	3.28	0.24
FHLMC 5.5%	3.53	0.49

CD YIELDS

Maturity	Non-callable	Callable
3-month	1.85	N/A
6-month	2.20	N/A
9-month	2.65	N/A
1-yr	2.80	N/A
2-yr	3.70	N/A
3-yr	4.05	N/A
4-yr	4.20	N/A
5-yr	4.45	N/A
6-yr	4.50	N/A
10-yr	5.00	N/A
15-yr	N/A	N/A
20-yr	N/A	N/A

Source: Bloomberg as of 01/07/09

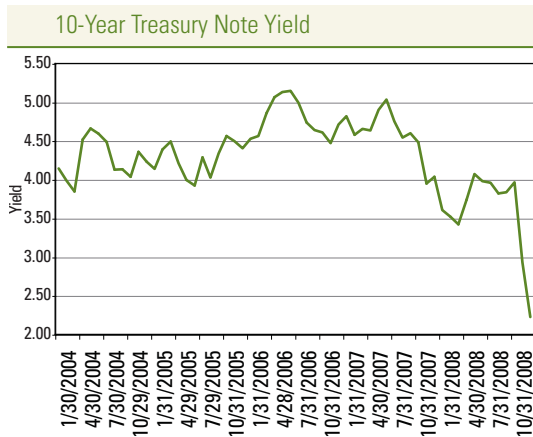
Prices, yields, and availability of securities are subject to change. Certain call or special redemption features may exist which could impact yield.

Spread = Yield advantage to comparable Treasury

U.S. Treasuries & Overview

Anthony Valeri, CFA

Senior Vice President, Fixed Income Strategist
LPL Financial



Source: Bloomberg as of 01/07/09

2008 BENCHMARK TREASURY TOTAL RETURNS

Issue	2008 Total Return
2-year	5.4%
3-year	7.2%
5-year	11.3%
10-year	17.8%
30-year	34.7%

Source: Bloomberg as of 12/31/08

Bonds finished a very difficult 2008 on a positive note, with the positive returns across most sectors helping the broad Barclays Aggregate Bond Index return 3.73% in December and 5.24% for the full year. Non-government sectors such as corporate, mortgage-backed, and agency bonds outperformed Treasuries by a notable margin for the month even though Treasuries posted good performance. For all of 2008, Treasuries posted their best performance since 1995 returning 13.74% according to Barclays data. The positive performance in the broad bond market in 2008 was largely attributable to Treasuries as most credit sensitive sectors finished in negative territory.

December will perhaps best be remembered for the Federal Reserve's historic reduction in the Fed Funds rate to 0% to 0.25%. The Fed also stated it stands ready with non-conventional tools, such as outright bond purchases (i.e., quantitative easing), to keep interest rates low for an extended period of time. The prospect of the Fed buying Treasuries, in addition to recently announced programs to purchase mortgage-backed securities and agency bonds, helped Treasury yields drop further in December. Benchmark 10 and 30-year Treasury yields declined to 2.08% and 2.52%, respectively, in subsequent days. For the entire month of December, Treasury yields dropped sharply, by 0.22% to 0.76%, with greater declines on longer-term issues.

Unlike most of 2008, agencies and MBS outperformed Treasuries for the month benefitting from actual or planned purchases by the Fed. Both sectors enjoyed a strong December that carried over into the new year. The Fed purchased \$15 billion in agency securities in December and on January 5 began purchases of MBS. Both sectors should remain well supported as government intervention continues. Newly issued FDIC backed corporate debt also fared well with yield spreads sharply narrower.

Falling yields on agencies and MBS pushed investors back into credit markets as investment grade corporate bonds posted a strong month. High yield bonds also performed well but the bulk of performance came from the auto sector. Given how depressed the corporate sector was in 2008, there is still more room for improvement despite December's solid month of performance.

As 2009 begins, Treasury yields are higher reversing a good portion of December's decline and a bit of the year end flight to safety premium. The 17 Primary Dealers closed year end heavy on Treasuries to improve the look of balance sheets and, in general, institutions played it safe to avoid year end funding disruptions. On a positive note, there were no funding issues and measures of liquidity such as the TED spread and Libor to Overnight Index Swap spreads declined through year end. Market participants also braced for heavy supply from the Treasury, a headwind that will last for all of 2009 and likely beyond.

We are encouraged by the improvement in spread sectors over the past few weeks. Impressive gains in agency bonds and MBS are poised to slow leaving investment grade corporate bonds to further benefit as investors take incremental steps out on the risk spectrum.

Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Agencies

Adam Norman,
Research Analyst
LPL Financial

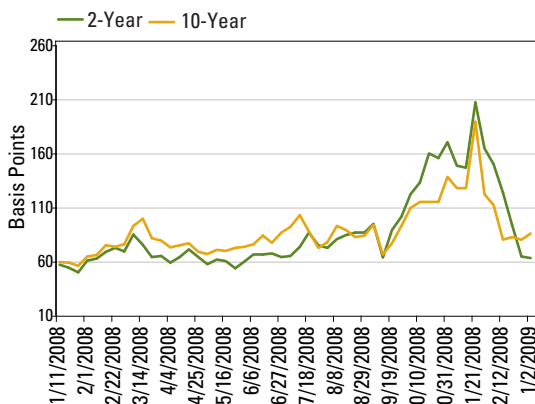
The Barclays Agency Index advanced 3.44% during the month of December to round out 2008 with an impressive 9.08% return. During the month, agencies outperformed Treasuries by 157 bps on a duration adjusted basis. Agencies, which benefitted from the 2008 flight to quality theme, enjoyed support from continued Fed purchases during the month of December. The Fed committed to purchase up to \$100 billion of debt securities from Fannie Mae, Freddie Mac and the Federal Home Loan banks, which has helped to keep borrowing costs low for those entities. The average agency bond spread declined by 54 basis points (bps) at the end of the year to 118 bps over Treasuries, its lowest level since mid-September.

In a similar theme across the broad bond market, longer-duration agency bonds outperformed for the month, as those maturing beyond 20 years returned 13.45%. At the end of the month, callable 3-, 4-, 5- and 10-year agencies (with one year of call protection) yielded 2.25%, 2.70%, 3.00%, and 4.35%, respectively. Shorter maturity issues have been the target of Fed buying as well as the target of new issuance by the government sponsored enterprises (GSEs). Two year agency yields declined to their lowest levels since 2003, falling more than 150 bps to just 1.47%

The new issuance of FDIC backed bank paper through the Treasury Liquidity Guarantee Program, continued at a robust pace in December and now exceeds \$80 billion. The notes are traded on agency desks, and have been met with very strong demand. The notes had originally been issued at spreads of around 175 to 200 bps over Treasuries but now trade as low as 75 bps in spread. The small regional banks had been trading at yield concessions of around 40 bps to their large commercial counterparts but that difference now has compressed to only about 10 bps.

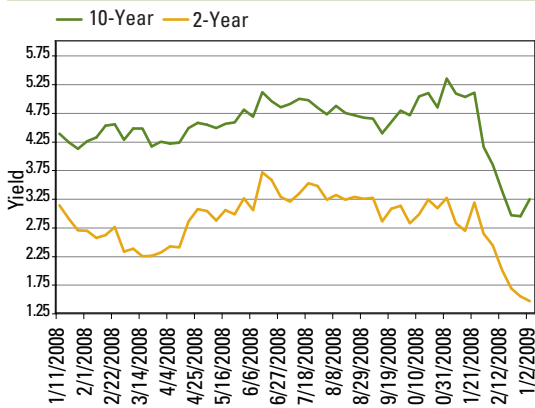
Freddie Mac announced that 30 year mortgage rates averaged 5.01% in early January, their lowest level since they began conducting the survey in 1971. While low mortgage rates might seemingly reduce profitability for the GSEs, their borrowing costs have dropped even more dramatically than the rate earned on their portfolio of MBS holdings, enabling them to continue to maintain an attractive net interest margin.

Yield Advantage To Treasuries



Source: Bloomberg as of 01/07/09

2-yr and 10-yr Agency Yields



Source: Bloomberg as of 01/07/09

Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

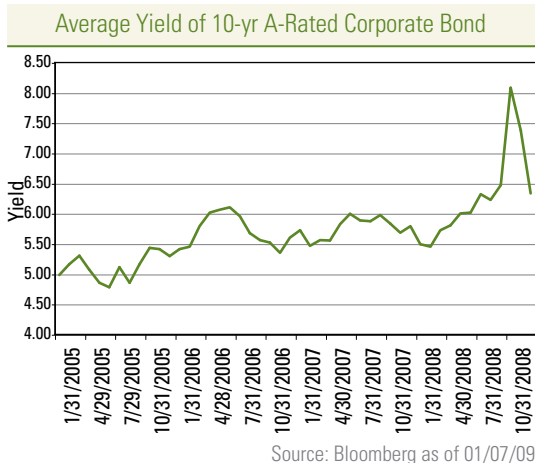
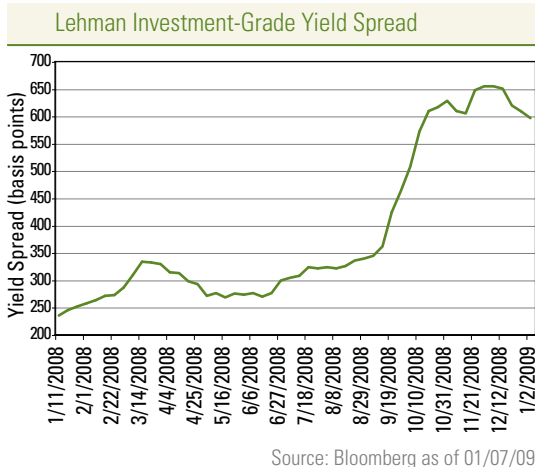
Corporate Bonds

Adam Norman,
Research Analyst
LPL Financial

Corporate bonds continued their strong rebound in December, advancing by 6.8% for the month as spreads tightened by 52 basis points (bps) to 580 bps over Treasuries. December was the best performing month ever for investment grade corporate bonds, in terms of excess return, which compares performance to duration neutral Treasuries. The Barclays index outperformed Treasuries by more than 300 bps. Excess return data goes back to 1988, and therefore includes the rebounds which followed the past two severe credit market downturns. Despite the end-of-year turnaround, corporate bonds staged their worst year of performance since 1974, as they lost 4.94%, according to Barclays' data.

Longer duration names benefitted most from the decline in interest rates and spread compression, as issuers maturing beyond 10 years returned 14.12%. The performance of 1 to 3 year maturities was a more muted 2.24%. The cable (+10.05%) and wireless (+12.19%) sectors, traditionally positive cash flow generators, were among the top performers, while the lodging and airlines sectors continued their poor performance for the year, and lost 8.93% and 2.50%, respectively. In terms of credit quality, A-rated bonds were up 8.01% to top the list, while those rated BBB trailed, but still posted an impressive 5.13% return.

December was the second best month ever for high yield, with data going back to 1983. The Barclays High Yield index was up 7.68% on an absolute basis, and produced 568 bps of excess return. Spreads tightened by 341 bps over the last two weeks of the month from a peak of more than 2100 bps. The tightening continued into early January as spreads compressed to over 1600 bps over Treasuries. Despite the rally, high yield closed out 2008 with by far its worst performance ever, losing a whopping 26.16%, and shattered the previous record of -9.59% in 1990. The lion's share (~5%) of the positive performance in December was attributed to advancements in the auto sector and their financing subsidiaries, following the approved government bailout measures. Also worth noting is that a sub-index of large, liquid issues outperformed the overall high yield market, as they were up more than 10%, which is typical during a reversal of a flight to quality trade. While we remain constructive on high yield and view this as a good entry point for long-term investors, we suggest caution because spreads could again move wider in the short-run. Before making a big shift into this asset class in our asset allocation models we'd like to see improvement in liquidity in the broad high yield market. At this time, we still favor investment grade credit from a risk-return basis, as we believe we are being paid to wait.



The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Mortgage-Backed Securities

Adam Norman,
Research Analyst
LPL Financial

30-YEAR GNMA PASS-THROUGHS MORTGAGE BACKED SECURITIES

Coupon Rate	Ave. Life (yrs.)	Yields (%)		
		Current	1 mo. Ago	3 mo. Ago
4.50	5.0	3.86	4.75	5.23
5.00	4.2	3.97	5.08	5.16
5.50	2.9	3.98	5.33	5.14

Source: Bloomberg as of 01/07/09

Subject to availability and change in price. Subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Federally tax-free but other state and local taxes may apply.

The Barclays U.S. Mortgage Backed Securities (MBS) Index returned 1.67%, for the month of December, and outperformed duration neutral Treasuries by 33 basis points (bps). Agency mortgages benefited from the flight to quality rally in 2008 to return 8.34%, their best annual performance since 2002. In order to keep mortgage rates low and lend support to the fledging housing market, the Federal Reserve announced in November that it would purchase up to \$500 billion of agency mortgage bonds. While that announcement helped the sector as investors anticipated increased demand for MBS, the huge rally did not come until early January, when the Fed began its actual purchases. The 30 year current coupon MBS spread to the 10 year US Treasury note widened by 2 bps to 184 bps at the end of December, but tightened dramatically to 122 bps in early January, on the Fed buying spree. In addition to the Fed's program, the Treasury has been purchasing agency MBS to the tune of \$20-\$25 billion a month in recent months.

Government guaranteed GNMA's fared best during the month, with a 1.87% return, while FHLMC's and FNMA's trailed slightly, returning 1.77% and 1.66%, respectively. Hybrid ARM's, whose interest rates reset after a fixed period, advanced only 1.03%, as they have yet to be included in the Fed's purchase plan. Premium coupons underperformed for the second consecutive month, as lower interest rates sparked an additional wave of refinancing. Higher coupon mortgages are most sensitive to prepayment risk and investors therefore shunned them. The duration of the Barclays MBS Index declined from 2.51 to 1.31 years, to it's lowest level since June 2003, the last time a huge refinancing wave took place.

Commercial Mortgage Backed Securities (CMBS) represented the best performing asset class within the Barclays Aggregate Index, as the Barclays CMBS Index returned 16.98% for the month of December. The sector staged a huge rebound following November's more than 18% decline, after the Fed signaled it may extend the Term-Asset Backed Securities Loan Facility (TALF), originally designed to aid consumer loans, to the commercial mortgage market. The Barclays Asset-Backed Securities Index shed 0.59% during the month of December, as it was dragged down by the home equity loan sector.

30-Yr Current Coupon MBS Yield Spread to Treasuries



Source: Bloomberg as of 01/07/09

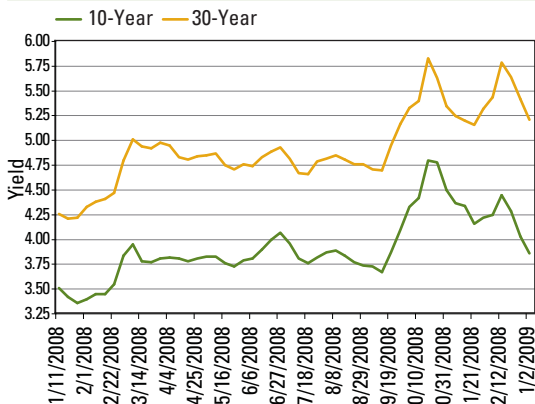
GNMA's are guaranteed by the US government as to the timely payment of principal and interest, however this guarantee does not apply to the yield, nor does it protect against loss of principal if the bonds are sold prior to the payment of all underlying mortgages.

Municipal Bonds

Anthony Valeri, CFA

Senior Vice President, Fixed Income Strategist
LPL Financial

10-yr and 30-yr AAA-Rated Municipal Go Yields



Source: Bloomberg as of 01/07/09

December was an up and down month for municipal bond investors as the market traded steadily weaker through December with the average AAA-rated municipal yield reaching 5.85%, not far from mid-October's 5.99% peak. The declines in municipal bond prices were particularly painful in light of continued price appreciation in Treasuries. Municipal yields relative to Treasuries reached unprecedented levels with average AAA-rated municipal bond yielding more than double the 30-year Treasury yield for much of December.

However, municipal bonds finished 2008 with nine consecutive up sessions, which has carried into 2009. In fact, municipal prices increased while Treasury prices declined. AAA municipal yields fell by 0.20% to 0.30% over the latter half of December. Bonds maturing between 5 and 12 years led performance, reflecting investor preference to extend maturities as the yield curve continued to steepen. Municipal bonds finished December up 1.46% but for all of 2008 posted one of their worst performances on record, declining 2.47%.

The down market masks the considerable damage done to long-term municipal bonds with the Barclays Municipal Long Bond Index down 14.7% for 2008. Within the municipal market lower rated issues underperformed with BBB-rated bonds declining 22% according to Merrill data and high yield municipals, which were hit particularly hard during the 4th quarter, declining 27%. High yield municipals fared worse than their corporate counterparts for the first time ever.

Municipals have begun 2009 with a positive tone. Low supply and strong retail interest (characterized as the catalysts for the late December rally) continue to power the market. However, we believe the municipal market will once again be tested by the following: a heavy backlog of new issuance that will start to come to market later in January, nearly non-existent institutional demand, and capital constrained dealers who will likely be limited in taking down inventory. We would not be surprised to see a return of long AAA yields into the high 5% range again. Volatile markets will likely remain a factor in municipal markets until liquidity improves and supply and demand are in a more harmonious balance.

State budget issues have been garnering more headlines and will be a source of new bonds as states grapple with solutions to budget shortfalls. In December, the National Governors Association petitioned President Elect Obama for \$57 billion in infrastructure aid and increased the request to \$350 billion in early January. Whatever amount gets final approval will alleviate some state budget pressures as funding for certain infrastructure comes from the Federal level.

Budget woes will likely make negative headlines for some time and result in downgrades for some states and municipalities. However, at this point we see one or two notch downgrades as more likely rather than widespread defaults. Another salve to help the municipal market heal more quickly is the possibility of government assistance, a direct injection to the municipal market similar to Fed/Treasury programs for corporate, mortgage, and agency bonds.

MUNICIPAL YIELDS AND TAXABLE EQUIVALENT YIELDS

	2 yr	5 yr	10 yr	20 yr	30 yr
AAA GOs	1.86	2.63	3.70	4.97	5.32
% of Treasury	224%	165%	152%	144%	174%
35% Taxable Eq.	2.86	4.05	5.69	7.65	8.18
30% Taxable Eq.	2.66	3.76	5.29	7.10	7.60
25% Taxable Eq.	2.48	3.51	4.93	6.63	7.09

Source: Bloomberg as of 01/07/09

Subject to availability and change in price. Subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Federally tax-free but other state and local taxes may apply.

Bond Yield Scorecard

01/07/09 12/05/08 10/07/08 01/07/08

U.S Treasury

1-yr	0.45	0.54	1.23	2.94
2-yr	0.82	0.92	1.46	2.75
5-yr	1.67	1.69	2.46	3.16
10-yr	2.50	2.71	3.51	3.83
30-yr	3.04	3.13	4.03	4.34

U.S Agency

1-yr	0.71	1.64	2.69	3.68
2-yr	1.52	2.41	2.59	3.28
3-yr	1.77	2.63	3.07	3.40
5-yr	2.62	2.83	3.61	3.66
10-yr	3.39	3.82	4.53	4.38
30-yr	4.40	4.35	4.93	4.81

Corporates

AAA Industrials

2-yr	2.07	2.69	2.94	3.75
5-yr	2.69	3.21	3.87	4.23
10-yr	4.05	4.59	4.97	4.92
20-yr	5.01	5.23	5.72	5.29
30-yr	5.11	5.23	5.73	5.35

AA Industrials

2-yr	2.85	3.13	3.18	3.76
5-yr	3.71	4.04	4.35	4.25
10-yr	4.53	5.05	5.40	4.94
20-yr	5.84	5.84	6.01	5.35
30-yr	5.44	5.56	5.96	5.44

A Industrials

2-yr	3.86	4.36	3.51	3.92
5-yr	4.89	5.30	4.99	4.47
10-yr	5.81	6.28	6.08	5.27
20-yr	6.57	6.87	6.51	5.86
30-yr	6.26	6.68	6.53	5.93

BBB Industrials

2-yr	5.03	5.42	4.66	4.20
5-yr	6.12	6.34	5.86	4.88
10-yr	6.87	7.18	6.81	5.81
20-yr	7.73	7.92	7.47	6.43
30-yr	7.35	7.62	7.35	6.51

AA Banks

2-yr	3.60	4.39	4.22	4.17
5-yr	4.69	5.35	5.17	4.70
10-yr	5.96	6.20	6.22	5.61

01/07/09 12/05/08 10/07/08 01/07/08

A Banks

2-yr	5.45	5.85	4.90	4.42
5-yr	6.50	6.81	6.12	5.02
10-yr	7.79	8.13	7.38	5.92
20-yr	8.66	8.86	8.13	6.47

BBB Banks

2-yr	5.74	6.23	5.67	4.57
5-yr	7.73	7.74	6.80	5.17
10-yr	9.10	9.10	8.10	6.13

AA Finance

2-yr	5.30	6.91	4.78	4.41
5-yr	5.87	7.53	5.96	4.96
10-yr	6.34	7.95	7.19	5.75
20-yr	7.03	8.46	7.94	6.37
30-yr	6.75	8.25	7.89	6.63

A Finance

2-yr	6.31	7.25	4.79	4.51
5-yr	7.06	7.87	5.99	5.08
10-yr	7.56	8.32	7.20	5.83
20-yr	8.24	8.82	7.96	6.44

A Telecom

2-yr	3.70	5.28	4.49	4.25
5-yr	4.89	6.69	6.12	4.78
10-yr	5.72	7.54	7.17	5.66
20-yr	6.94	8.56	8.09	6.37
30-yr	6.64	8.33	7.77	6.21

AA Retail

2-yr	2.05	3.16	3.04	3.61
5-yr	3.40	4.30	4.52	4.24
10-yr	4.70	5.24	5.78	5.06
20-yr	5.75	6.38	6.38	5.93

A Retail

2-yr	4.45	4.58	3.59	4.09
5-yr	5.52	5.61	4.84	4.69
10-yr	6.44	6.78	6.06	5.57
20-yr	7.45	7.63	6.82	6.18
30-yr	7.28	7.52	6.85	6.37

BBB Retail

2-yr	5.71	5.60	4.58	4.66
5-yr	6.92	6.72	5.94	5.45
10-yr	7.95	7.91	7.22	6.49
20-yr	8.62	8.41	7.79	7.13
30-yr	8.49	8.35	7.87	7.32

01/07/09 12/05/08 10/07/08 01/07/08

AA Utilities

2-yr	5.42	5.47	3.85	4.01
5-yr	5.60	5.90	5.21	4.63
10-yr	5.89	6.16	6.05	5.32
20-yr	6.62	6.70	6.54	5.75
30-yr	6.56	6.55	6.53	5.79

A Utilities

2-yr	4.06	4.70	4.07	4.11
5-yr	4.91	5.47	4.99	4.53
10-yr	5.71	6.55	6.08	5.25
20-yr	6.59	7.19	6.82	5.93
30-yr	6.07	6.71	6.52	5.89

BBB Utilities

2-yr	5.57	5.92	4.50	4.28
5-yr	5.84	6.59	5.53	4.82
10-yr	6.59	7.55	6.77	5.59
20-yr	7.39	8.18	7.28	6.20
30-yr	6.72	7.58	6.87	6.11

Municipal

AAA General Obligations

2-yr	1.75	2.10	2.62	2.93
5-yr	2.44	2.99	3.40	3.14
10-yr	3.77	4.23	4.34	3.60
15-yr	4.58	5.00	5.08	4.04
20-yr	5.01	5.34	5.28	4.25
30-yr	5.10	5.42	5.31	4.30

AA General Obligation

2-yr	1.94	2.22	2.74	3.02
5-yr	2.67	3.15	3.56	3.24
10-yr	3.98	4.37	4.48	3.73
15-yr	4.84	5.19	5.24	4.21
20-yr	5.25	5.51	5.45	4.34
30-yr	5.35	5.60	5.49	4.36

A General Obligation

2-yr	2.41	2.67	3.19	3.20
5-yr	3.11	3.57	3.98	3.45
10-yr	4.40	4.77	4.88	3.93
15-yr	5.22	5.55	5.62	4.27
20-yr	5.67	5.91	5.85	4.43
30-yr	5.90	6.13	6.02	4.45

AAA Revenue

2-yr	2.13	2.42	2.84	3.05
5-yr	2.84	3.30	3.68	3.34
10-yr	4.36	4.57	4.64	3.87
15-yr	5.92	5.57	5.31	4.33
20-yr	6.87	6.41	5.45	4.48
30-yr	6.92	6.46	5.62	4.49

Source: Bloomberg, LPL Financial

Prices, yields, and availability of securities are subject to change. Certain call or special redemption features may exist which could impact yield.

Yields displayed are yield to maturity. For corporate bonds and municipal bonds, the yields represent the average yield to maturity for securities in the particular sector and/or rating category as represented by their respective indices.

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High yield/junk bonds are not investment grade securities, involve substantial risks and generally should be part of the diversified portfolio of sophisticated investors.

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Municipal Bonds are subject to availability and change in price; subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rate rise. Interest income may be subject to the alternative minimum tax. Federal tax-free but other state and local taxes may apply.

Government bonds and Treasury Bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

GNMA's are guaranteed by the U.S. government as to the timely payment of principal and interest, however this guarantee does not apply to the yield, nor does it protect against loss of principal if the bonds are sold prior to payment of all underlying mortgages.

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