



# A Blueprint for Public Fixed Income

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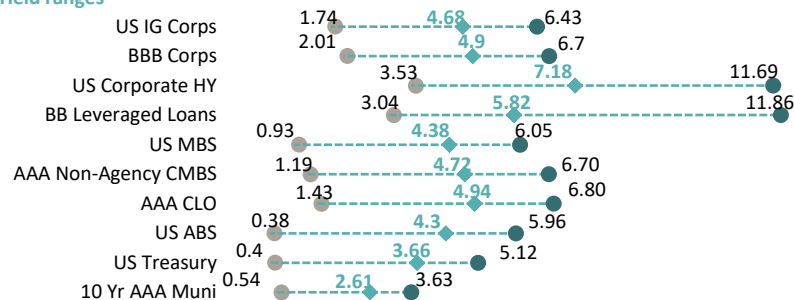


# U.S. Markets

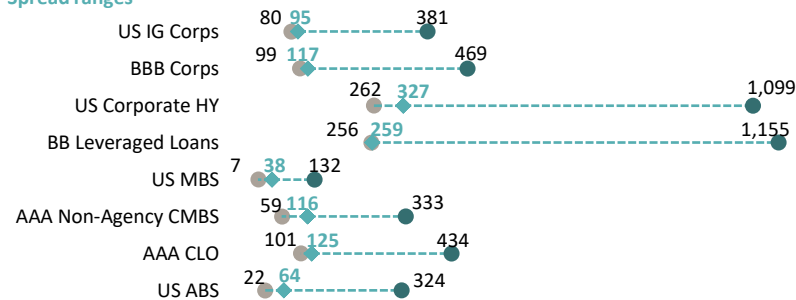
Relative value at a glance as of September 13, 2024

## Ten years

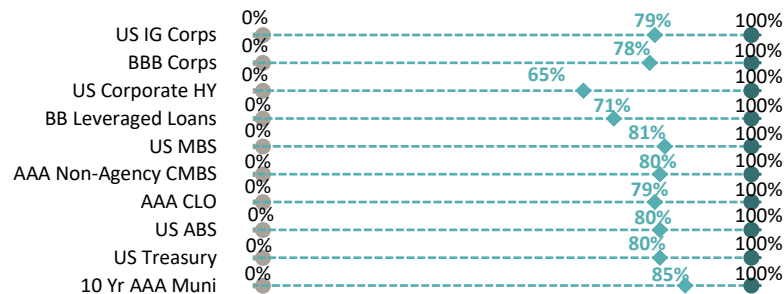
### Yield ranges



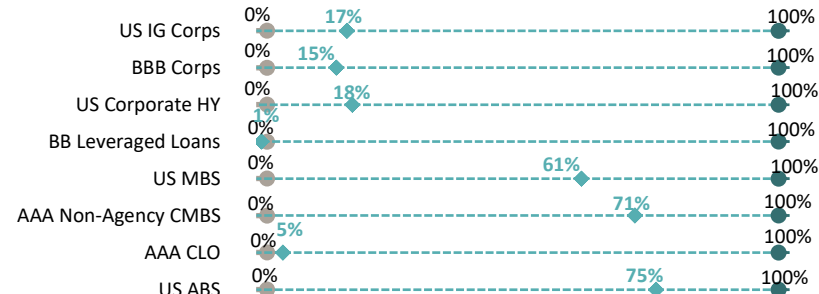
### Spread ranges



### Yield ranges percentile rank (current vs. history)



### Spread ranges percentile rank (current vs. history)



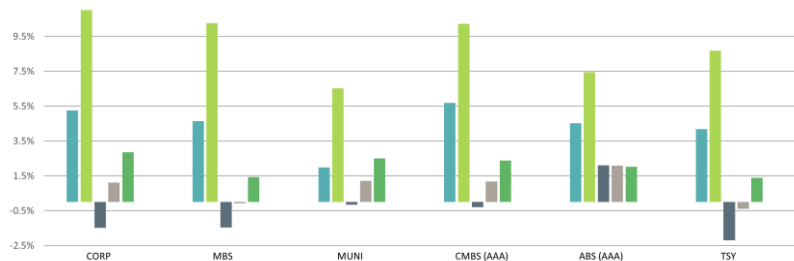
Legend: Min Current Max

Source: Bloomberg L.P., JPMorgan, Credit Suisse, DWS Investment GmbH September 13, 2024

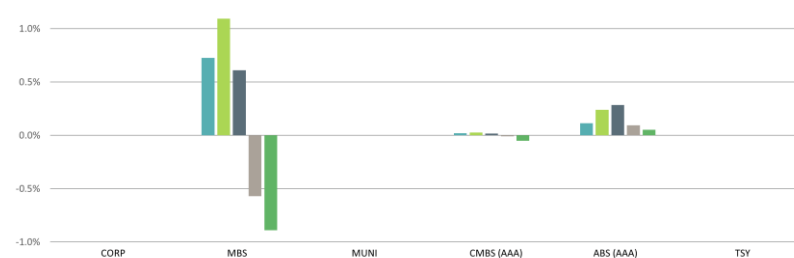
Past performance is not a guarantee of future results. 22

# Back to basics: the case for coupon

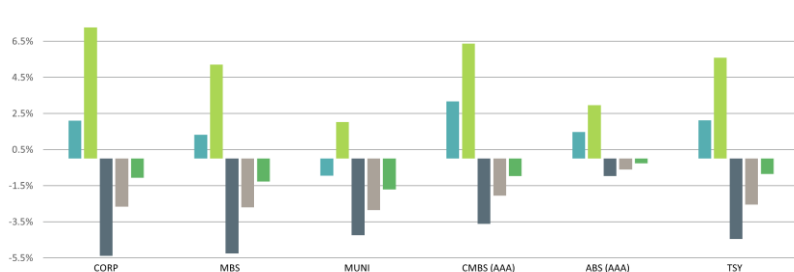
## Total Return %



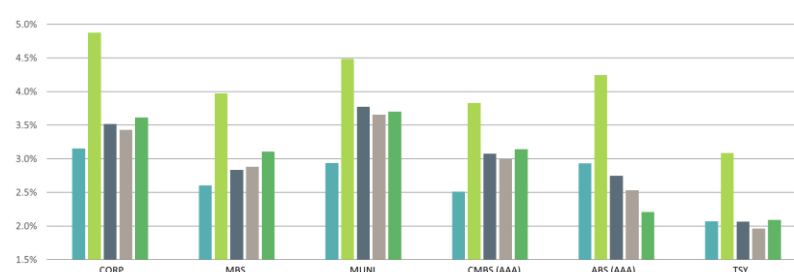
## Paydown Return %



## Price Return %



## Income Return %

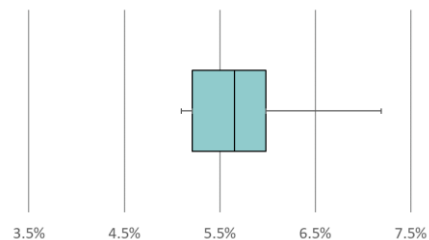


■ YTD ■ One Year ■ Three Year ■ Five Year ■ Ten Year

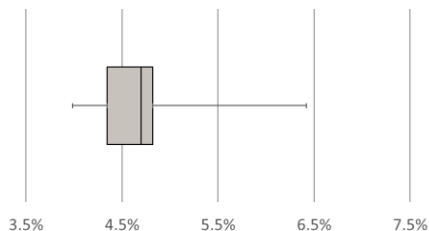
Source: Bloomberg, ICE Bond Indices, September 10, 2024

# The new paradox?

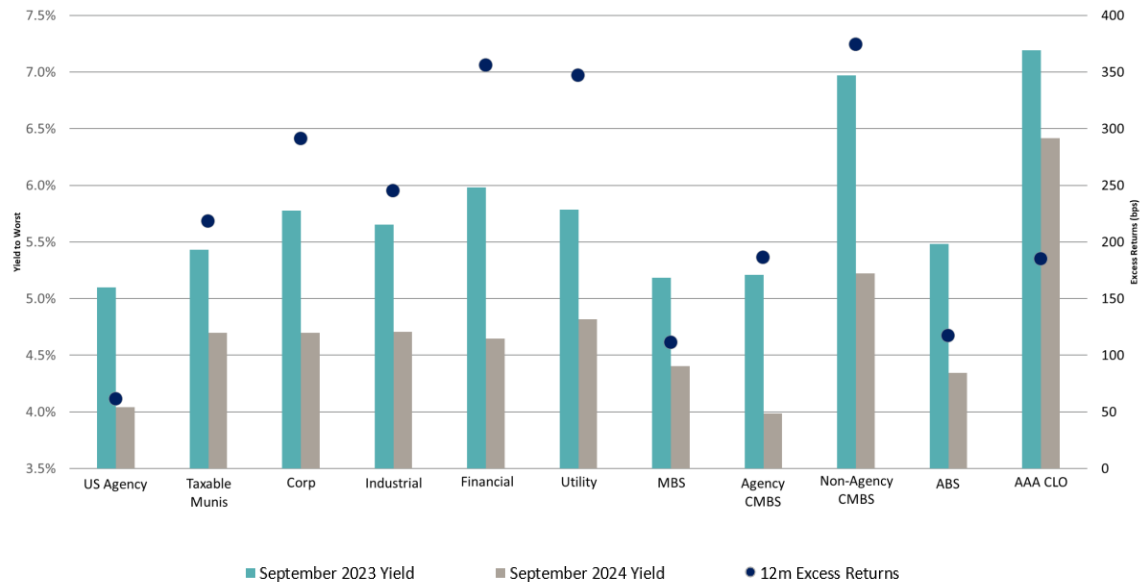
Yields: September 2023



Yields: September 2024

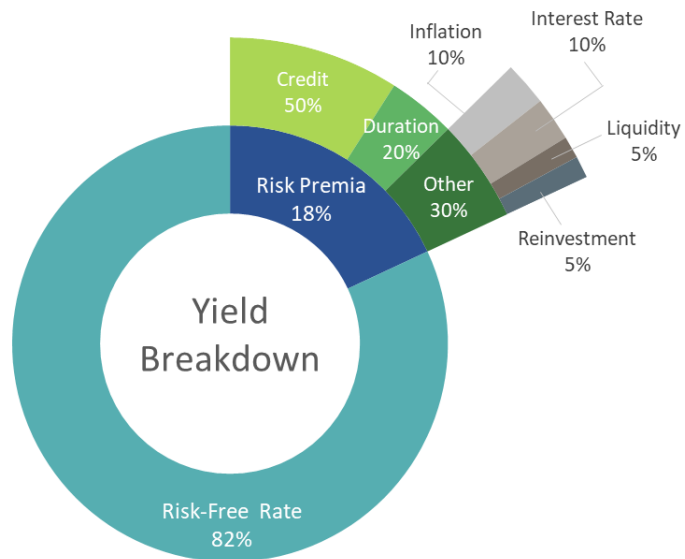


Year in Review

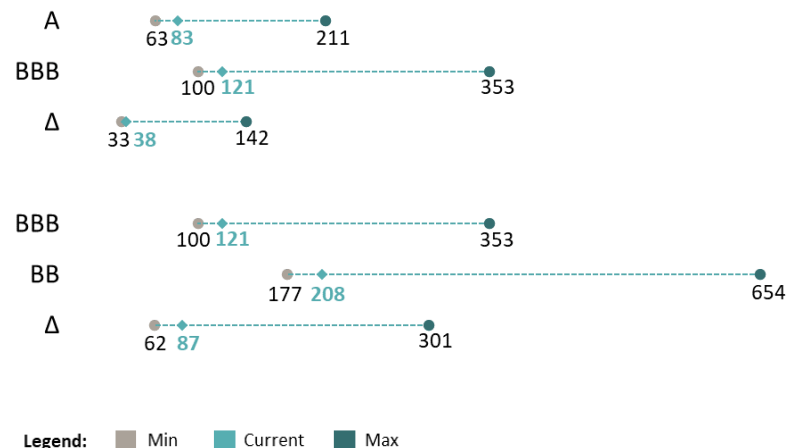


# Tight valuations: beware of Beta, head for Alpha

## 30Y Single-A Rated Industrial Bond – Yield Breakdown



## Corporate Spread Differentials: 2014-2024

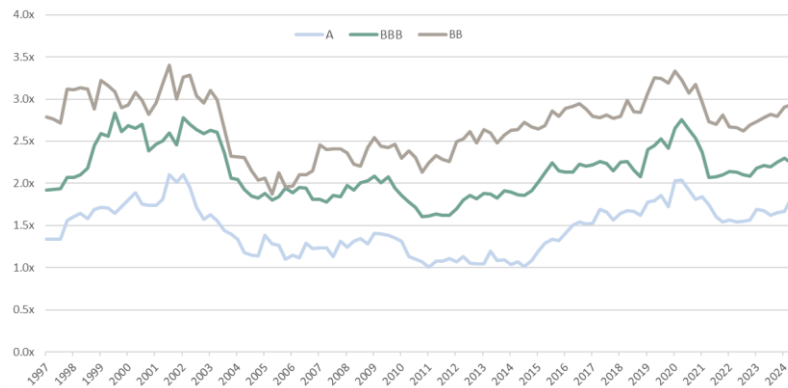


# Fundamentals matter

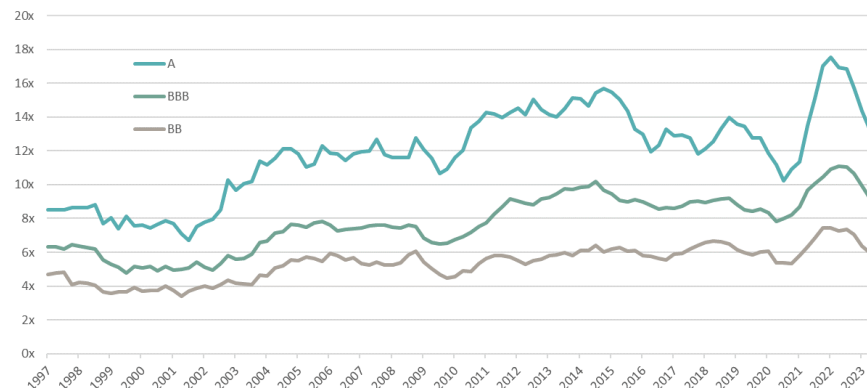
## Quarterly net leverage and interest coverage since 1997



### Net Leverage By Rating

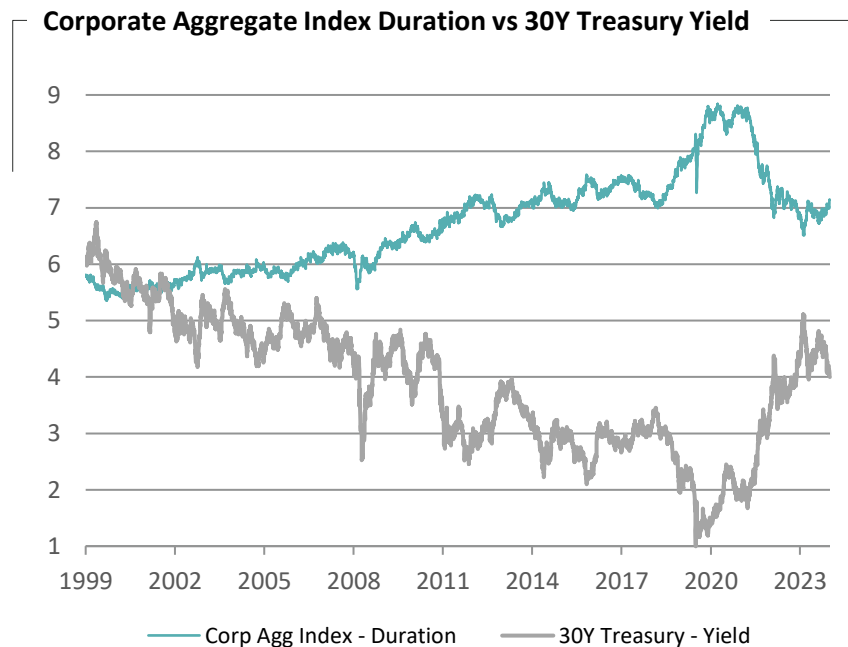
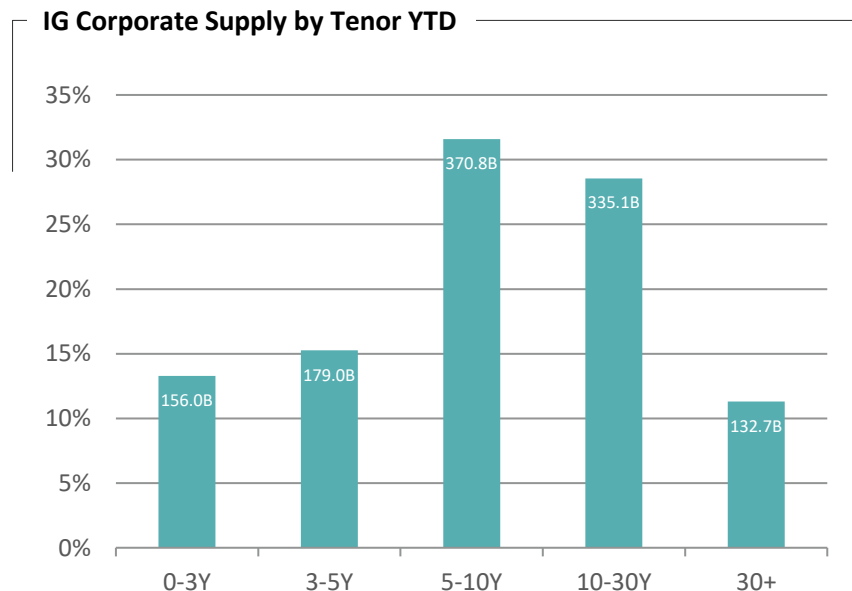


### Interest Coverage By Rating



Source: CreditSights, ICE Bond Indices, DWS, June 30, 2024

# Long duration: Supply could be coming...



Source: Bloomberg, DWS, September 9, 2024

# The case for secondary markets

## Average IG Corporate New Issue Concessions

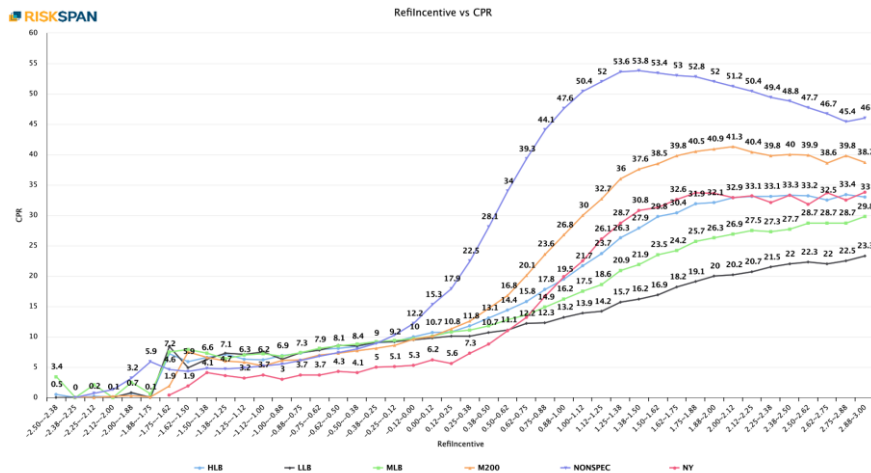
	Basic Materials	Communications	Consumer Cyclical	Consumer Non-Cyclical	Energy	Basic and Capital Goods	Tech	Financials	Utilities	Total
2023	12	7	11	7	7	9	10	10	9	9
Q1	10	4	10	7	3	12	10	10	11	10
Q2	14	9	8	6	12	11	18	11	9	10
Q3	9	-1	8	10	7	7	0	9	4	7
Q4	13	13	18	9	8	3	0	8	5	9
2024	5	3	5	4	2	3	4	4	4	4
Q1	4	-1	4	5	0	3	4	4	4	4
Q2	4	6	6	3	3	2	4	4	3	4
Q3	11	4	5	4	2	5	4	4	5	4

Source: DWS, Bloomberg

# Convexity matters...protect your portfolio



## S-Curve: Refinancing Incentive vs CPR



## Municipal Bond Index Market Value

	Coupon 0-1.99	Coupon 2-2.99	Coupon 3-3.99	Coupon 4-4.99	Coupon 5.00+
Discount	5,600	30,823	83,349	115,033	733
Par	0	138	924	2,790	817
Premium	0	637	19,686	261,049	1,172,573
Total	5,600	31,599	103,958	378,872	1,174,122
% Discount	100.0%	97.5%	80.2%	30.4%	0.1%

\*\$ '000

## Conventional 30Y MBS

Coupon	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0
Price	87.09	90.53	93.88	96.53	98.75	100.31	101.44	102.31	103.25	103.97
Duration	6.9	6.0	5.6	5.2	4.5	3.5	2.5	1.9	1.5	1.4

## Long Municipals

Coupon	Muni Index	20Yr+ Maturities	0	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	>= 7
Duration	5.5	7.6	20.0	14.9	10.1	5.3	6.2	5.5	5.1

Source: RISKSPAN, Bloomberg

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