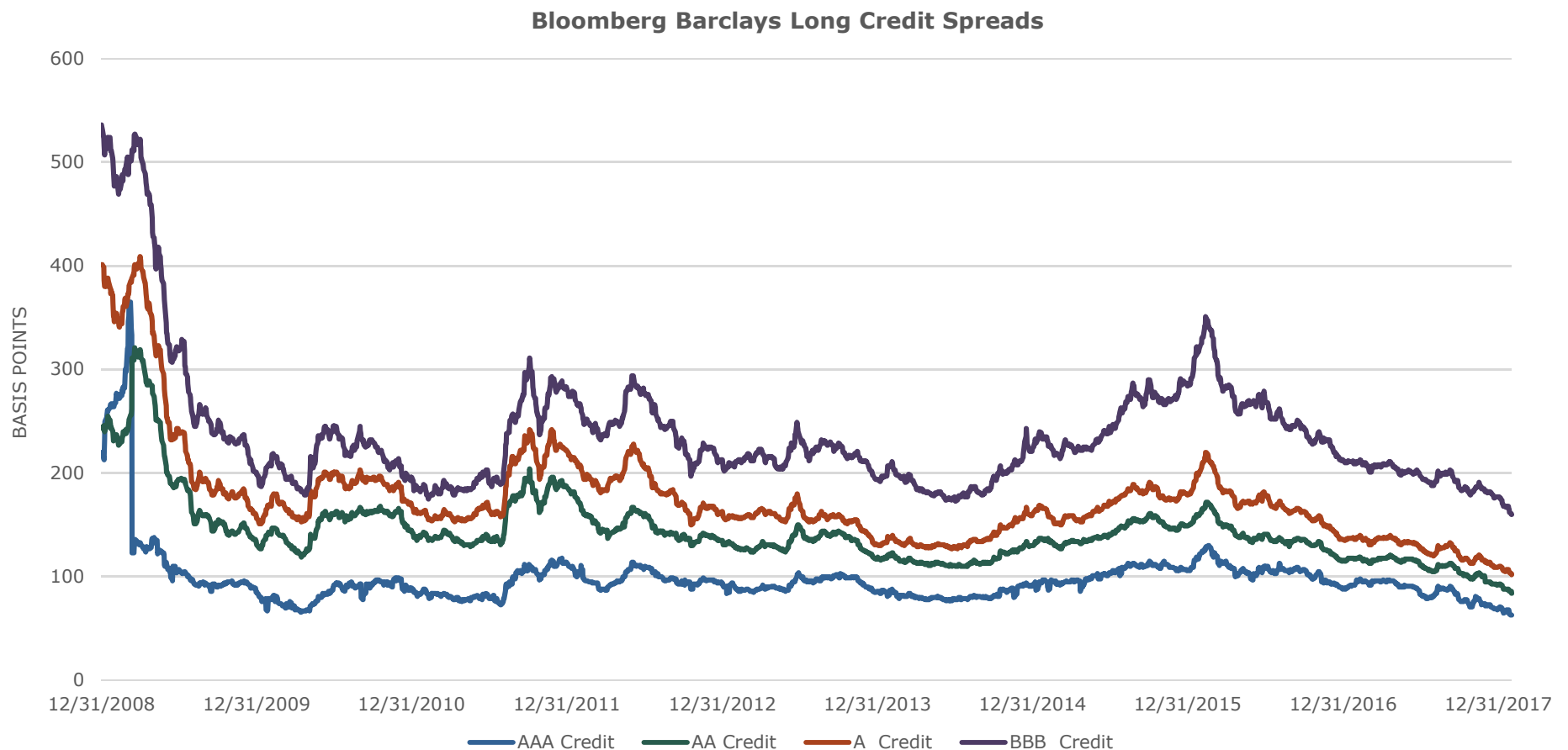


# Credit spreads at tight - driven by pension plan buying?

- The LDI bid continues to drive spreads tighter- recent spread tightening coincides with improved funded status.
- The tax benefit of advanced funding is creating greater demand – long credit issuance is small in relation to the size of potential pension buying
- Pension plans are likely to be buy and hold only.

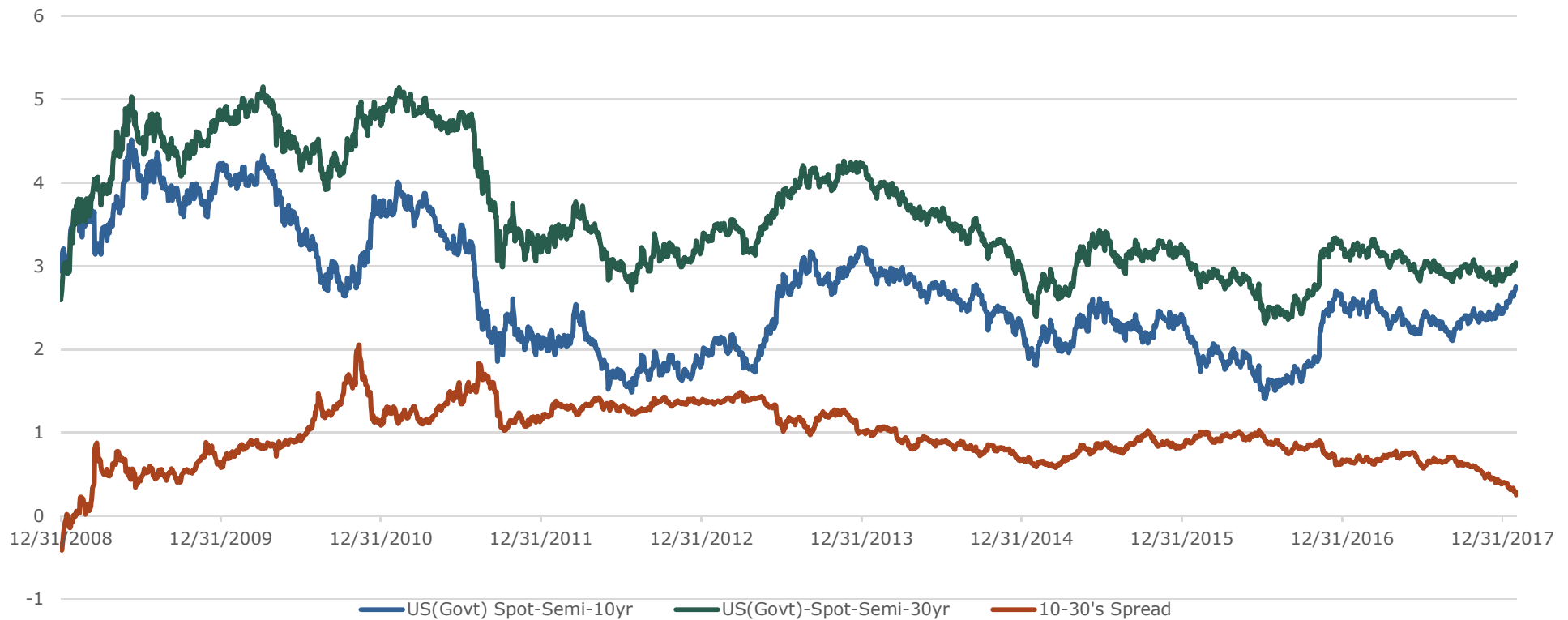


Source: Bloomberg Barclays

# Curve flattening-driven by pension plan buying?

- The LDI bid continues to drive curve flattening - recent curve flattening with improved funded status.
- The tax benefit of advanced funding is creating greater demand for long liability hedging assets – STRIPS creation has been at high levels

US Treasury 10-30s Spread



Source: ML Indices

# Disclosure

---

Wells Fargo Asset Management (WFAM) is a trade name used by the asset management businesses of Wells Fargo & Company. WFAM includes but is not limited to Analytic Investors, LLC; ECM Asset Management Ltd.; First International Advisors, LLC; Galliard Capital Management, Inc.; Golden Capital Management, LLC; The Rock Creek Group, LP; Wells Capital Management Inc.; Wells Fargo Asset Management Luxembourg S.A.; Wells Fargo Funds Distributor, LLC; and Wells Fargo Funds Management, LLC.

Wells Capital Management does not serve as an independent advice fiduciary during the sales process to any investor.