

High Yield Month in Review

High yield bonds returned -1.90% for the month, underperforming the 10-Year Treasury 1.30%, the Barclays Aggregate Bond Index -0.09% and equities (the S&P 500 returned -0.22%).

The spread of the JP Morgan Global High Yield Index increased 61bps to 780bps. The yield to worst for the JP Morgan Global High Yield Index increased 63bps to 8.85% while the yield on the 10-year Treasury decreased 10bps to 2.07%.

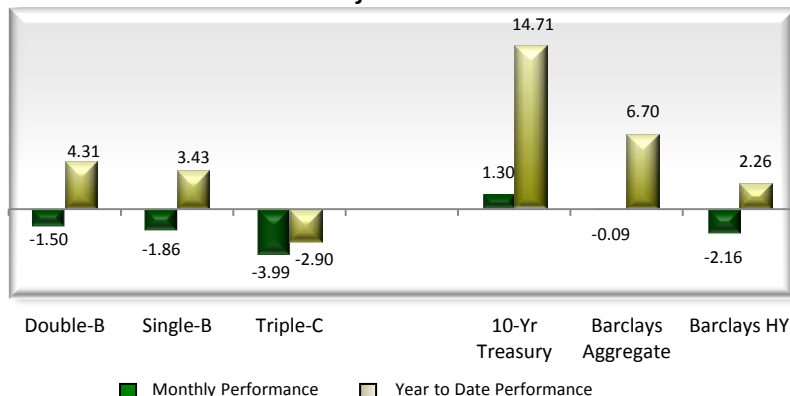
Double-B rated bonds returned -1.50% for the month, outperforming Single-B and Triple-C rated bonds which returned -1.86% and -3.99% respectively. Year to date, Double-B rated bonds have returned 4.31%, outperforming Single-B and Triple-C rated bonds which have returned 3.43% and -2.90% respectively.

There were 37 new issues priced in the primary markets during the month totaling approximately \$23.9 billion. Year to date, 496 new issues have priced totaling approximately \$241.1 billion.

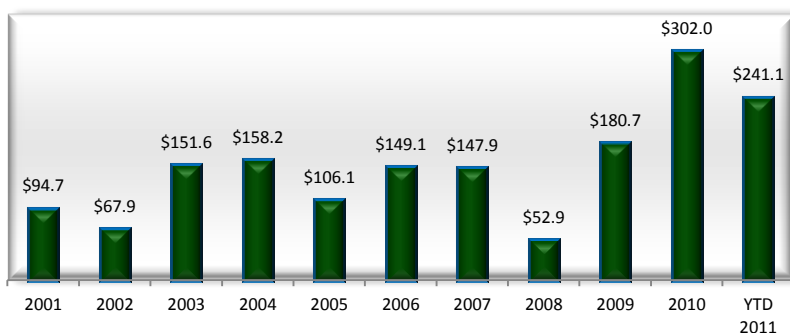
Approximately \$200 million flowed out of high yield mutual funds during the month. Year to date, approximately \$11.5 billion has flowed into high yield mutual funds.

The Moody's 12-month default rate (Global Percentage of Issuers) as of October 31, 2011 was 1.9%.

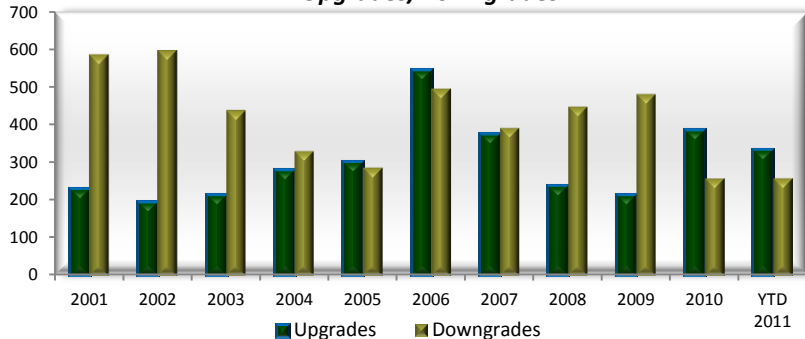
Performance



New Issuance Volume (\$ billions)



Upgrades/Downgrades



Index Performance	MTD	YTD	Spread	YTD Change	Average Price	YTW					
BofA ML BB-B US Non-Distressed HY	-1.56%	3.29%	601bp	+136bp	\$100.77	7.20%					
BofA MLHY Master II Constrained	-2.21%	1.84%	780bp	+238bp	\$95.60	8.91%					
JP Morgan High Yield Bond	-1.90%	3.15%	780bp	+202bp	\$97.21	8.85%					
Barclays High Yield Bond	-2.16%	2.26%	783bp	+205bp	\$96.02	8.87%					
Barclays Aggregate Bond	-0.09%	6.70%	131bp	+92bp	\$108.16	2.40%					
10-Year Treasury	1.30%	14.71%	---	---	---	2.07%					
Historical Spread & Defaults	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	YTD
JP Morgan HY (Year End Spread)	861bp	958bp	484bp	344bp	378bp	317bp	589bp	1,731bp	657bp	577bp	780bp
Double-B (JP Morgan)	471bp	591bp	292bp	210bp	256bp	206bp	412bp	1,280bp	459bp	421bp	582bp
Single-B (JP Morgan)	733bp	858bp	462bp	328bp	356bp	313bp	563bp	1,831bp	629bp	592bp	824bp
Triple-C (JP Morgan)	2,351bp	2,368bp	1,033bp	718bp	822bp	606bp	963bp	3,305bp	1,082bp	989bp	1,377bp
Moody's 12-Month Default Rate (US)	11.1%	7.3%	5.4%	2.9%	2.1%	1.7%	1.0%	4.4%	13.2%	3.5%	2.0%
Moody's 12-Month Default Rate (Global)	10.6%	8.4%	5.3%	2.4%	1.7%	1.7%	0.9%	4.0%	12.5%	3.3%	1.9%
Historical Yield to Maturity	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Current
BofA MLHY Master II Constrained	12.79%	12.01%	8.02%	7.43%	8.27%	7.96%	9.60%	19.53%	9.22%	7.87%	9.11%

Sources: JPMorgan Global High Yield Market Strategy; BofA Merrill Lynch; Bloomberg