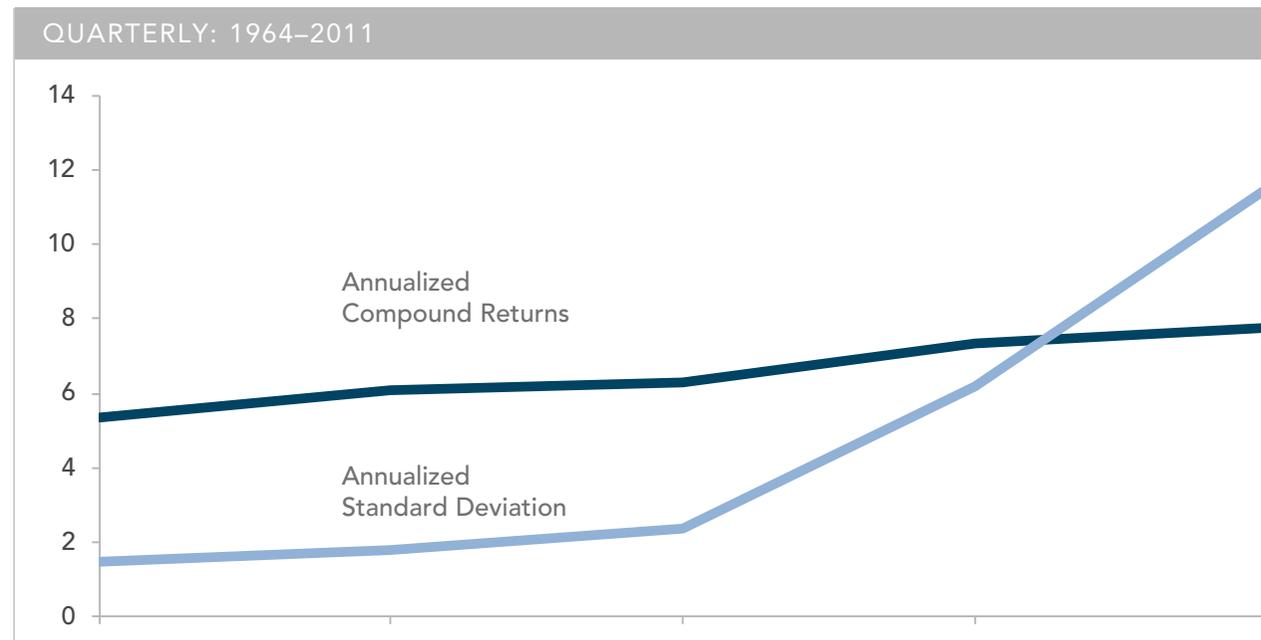


Does It Pay to Extend Maturities?

Extending too far may result in diminishing returns/risk tradeoff

- Not all investors define risk as standard deviation. Some investors may seek to hedge long-term liabilities using long-term bonds.
- Historically, longer-maturity instruments have higher standard deviations and have not provided consistently greater returns.



Maturity	One-Month US Treasury Bills	Six-Month US Treasury Bills	One-Year US Treasury Notes	Five-Year US Treasury Notes	Twenty-Year US Govt. Bonds
Annualized Compound Returns (%)	5.33	6.07	6.28	7.32	7.77
Annualized Standard Deviation (%)	1.46	1.80	2.35	6.17	11.51

Past performance is no guarantee of future results. Source: One-Month US Treasury Bills, Five-Year US Treasury Notes, and Twenty-Year (Long-Term) US Government Bonds provided by Ibbotson Associates. Six-Month US Treasury Bills provided by CRSP (1964–1977) and BofA Merrill Lynch (1978–present). One-Year US Treasury Notes provided by CRSP (1964–May 1991) and BofA Merrill Lynch (June 1991–present). Ibbotson data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). CRSP data provided by the Center for Research in Security Prices, University of Chicago. The BofA Merrill Lynch Indices are used with permission; copyright 2011 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Merrill Lynch, Pierce, Fenner & Smith Incorporated is a wholly owned subsidiary of Bank of America Corporation.