

---

## WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

March 1, 2024

### INFLATION

The Personal Consumption Expenditure deflator (PCE), the Fed's preferred inflation gauge, rose 0.3% in January. The PCE is up 2.4% from a year ago. Core PCE, excluding food and energy, rose 0.4% and 2.8% respectively over the same periods. The supercore PCE, which also excludes shelter, rose 0.6% in January.

**Our Take:** The PCE report came in as expected, confirming earlier CPI and PPI reports of stronger inflation in January. Year-end seasonal adjustments are difficult so there is some reason to discount the reports, but the path to 2% inflation was always going to be bumpy. For now, the disinflation story remains intact despite the January reports, but a repeat of strong numbers in February would be cause for concern.

### PERSONAL INCOME AND SPENDING

Personal Income rose 1.0% in January while spending rose 0.2%.

**Our Take:** Bad weather may have affected spending in January, but the better-than-expected rise in incomes is welcomed and should help support the continued strength of the consumer.

### MUNICIPALS

The Metropolitan Transportation Authority (MTA) will hold public hearings in New York City beginning this week to discuss its congestion pricing plan. Under the new tolling plan, which is expected to begin in June, commuters driving into the central business district in Manhattan will pay an additional toll during peak hours.

**Our Take:** The MTA Board voted to approve the various prices for cars, trucks, motorcycles, taxis, and ride-share vehicles late last year. However, many drivers remain opposed to the tolls. Taxi drivers and ride-share drivers have expressed concern that the additional surcharge will reduce demand for their services. The upcoming public hearings may provide additional clarity surrounding the rates and possible exemptions.



---

## CONTACT

### Financial Advisors

---

**888.971.7135**

Find your Regional Director on our [coverage map](#) or by visiting [madisoninvestments.com/contact](http://madisoninvestments.com/contact).

### Institutional Investors and Consultants

---

**888.971.7135**

### Visit us online

---

[madisoninvestments.com](http://madisoninvestments.com)

---

## ABOUT REINHART FIXED INCOME

Quality, stability, and predictability are the hallmarks of the Reinhart Fixed Income management philosophy. We believe that successful fixed income management is a product of understanding the role bonds play in a specific client's investment strategy and developing unique portfolios to meet the objectives of the client. Reinhart Fixed Income is part of Madison Investments, an independent investment manager providing active, high-quality, and high-conviction portfolios since 1974.

---

## DISCLOSURES

“Madison” and/or “Madison Investments” is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC (“MAM”), and Madison Investment Advisors, LLC (“MIA”). MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission. Madison Funds are distributed by MFD Distributor, LLC. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison's toll-free number is 800-767-0300.

Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

Although the information in this report has been obtained from sources that the firm believes to be reliable, we do not guarantee its accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

Madison Investment Holdings, Inc. acquired the fixed income management assets of Reinhart Partners, Inc. on June 11, 2021 and now employs the Investment Team that previously managed the assets at Reinhart. The Investment Team manages the assets using substantially the same strategies and objectives as at Reinhart. Performance information dated prior to the purchase reflects that of Reinhart Partners, Inc.

Quality refers to the bond ratings provided by the various third-party ratings agencies. Stability and predictability refer to the cash flow of individual securities and not to the market value or performance of portfolio holdings. There is no guarantee this strategy will lead to investment success.

In addition to the ongoing market risk applicable to portfolio securities, bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

BD+CS-507308-2024-03-01