4 drivers of return in the bond market

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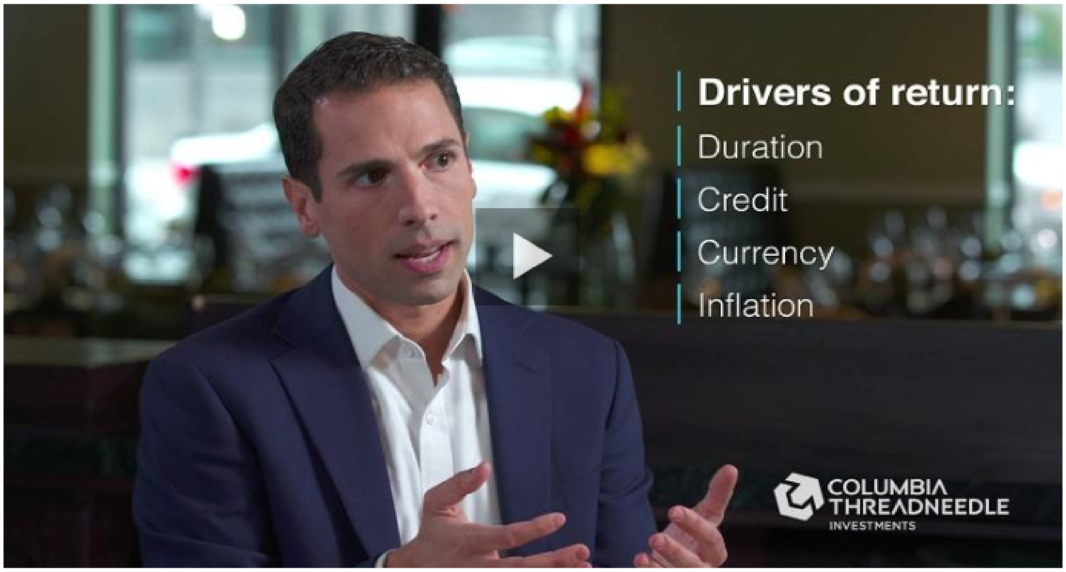
No single fixed-income factor works in every market — it's important to have a flexible strategy.

In the bond market, four factors drive return over time: duration (interest rates), credit, currency and inflation. Because no single factor performs well in every market, Gene Tannuzzo explains why it's important to be flexible in your fixed-income strategy. For example, duration risk is more attractive when the Fed is lowering interest rates, while investors should consider minimizing credit risk late in the credit cycle. Tannuzzo suggests avoiding excess foreign currency exposure because global investors are favoring U.S. bonds for their relatively higher level of yield.



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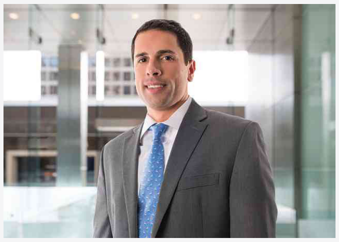

Gene Tannuzzo, CFA
Deputy Global Head of Fixed Income

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