COLUMBIA THREADNEEDLE INVESTMENTS

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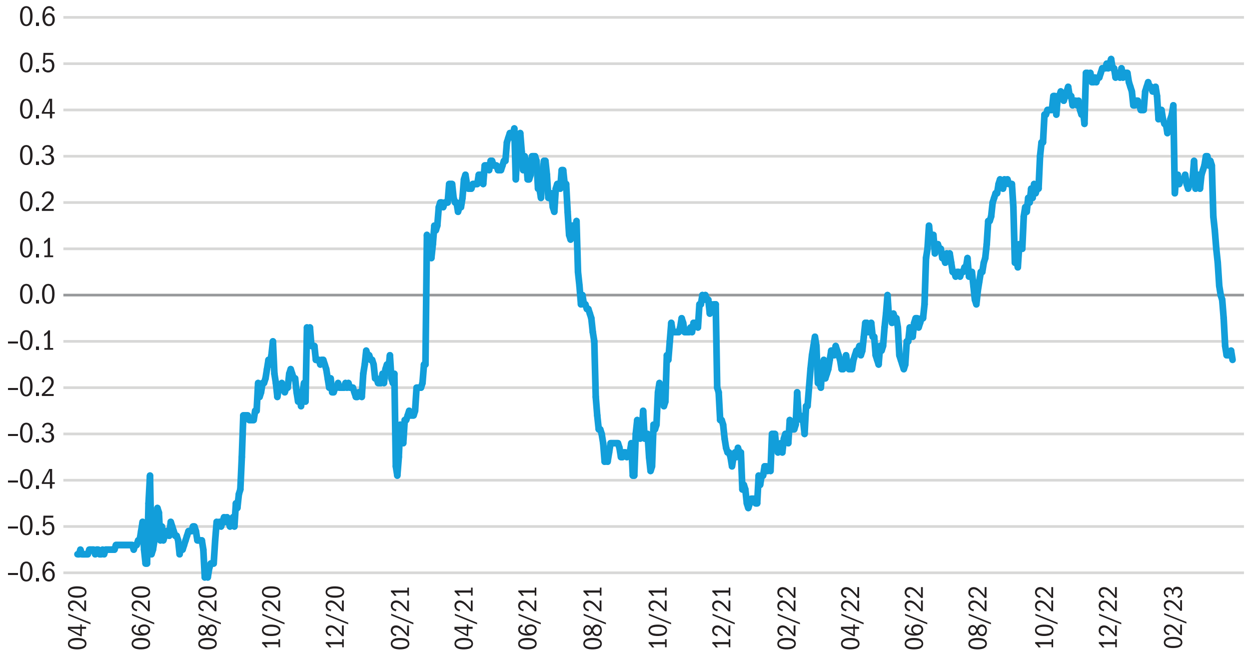
The positive correlation between equities and Treasuries has peaked

(12-week rolling correlation)



The positive correlation between equities and Treasuries — which frustrated investors looking to diversify across asset classes in 2022 — peaked late last year. Since then, the correlation has moved lower, and recently turned negative.

For investors, this means that equities and Treasuries are more likely to move in different directions, and that some traditional asset class hedges might be in play again.

It's important to note that there are broader measures of bond performance (e.g., the Bloomberg US Aggregate Bond Index) that may not have turned yet.

An active approach can help adjust asset allocation decisions to changing correlations. And it can be important to successfully navigating this environment.

Source: Columbia Threadneedle Investments Global Asset Allocation team, Bloomberg. Equities are represented by the S&P 500 Index which tracks the performance of 500 widely held, large-capitalization U.S. stocks. Treasuries are represented by the ICE US Treasury 7-10 Year Index which is composed of U.S. Treasury bonds with remaining maturities between seven and ten years. An investment cannot be made in an index.

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