

# Chart on the Go

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## ▶ Three paths to find opportunity in fixed income: Choose the scenario you find most likely

I think the Fed will have to play “catch up” and raise rates faster	I think the Fed will get it “just right”	I think the Fed will hike the economy into recession
<p><b>You should:</b></p> <p style="text-align: center;">↓</p>	<p><b>You should:</b></p> <p style="text-align: center;">↓</p>	<p><b>You should:</b></p> <p style="text-align: center;">↓</p>
<p>Reduce interest rate risk (i.e., duration) as much as possible</p>	<p>Overweight credit risk versus interest rate risk</p>	<p>Look for protection from credit-related volatility</p>
<p><b>Consider this:</b></p> <p style="text-align: center;">↓</p>	<p><b>Consider this:</b></p> <p style="text-align: center;">↓</p>	<p><b>Consider this:</b></p> <p style="text-align: center;">↓</p>
<p>Bonds with lower duration, including:</p> <ul style="list-style-type: none"> <li>▪ Floating rate</li> <li>▪ Ultra-short</li> <li>▪ Short-term municipal</li> </ul>	<p>Credit-centric asset classes, including:</p> <ul style="list-style-type: none"> <li>▪ Corporate bonds</li> <li>▪ Flexible multisector</li> <li>▪ Non-Agency MBS/ABS</li> <li>▪ High-yield municipals</li> </ul>	<p>High-quality, duration-centric strategies, including:</p> <ul style="list-style-type: none"> <li>▪ Core</li> <li>▪ Core plus/Intermediate bonds</li> <li>▪ Intermediate/Long munis</li> </ul>

We think future Fed rate hikes are currently well reflected in Treasury yields. The Fed’s policies will be effective in curtailing inflation but could slow growth.

Inflation and growth expectations for the economy will most likely continue to shift. It’s important for fixed-income investors to remain flexible and calibrate exposures to interest rates and credit risk in their portfolios.

Source: Columbia Management Investment Advisers, LLC.

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