

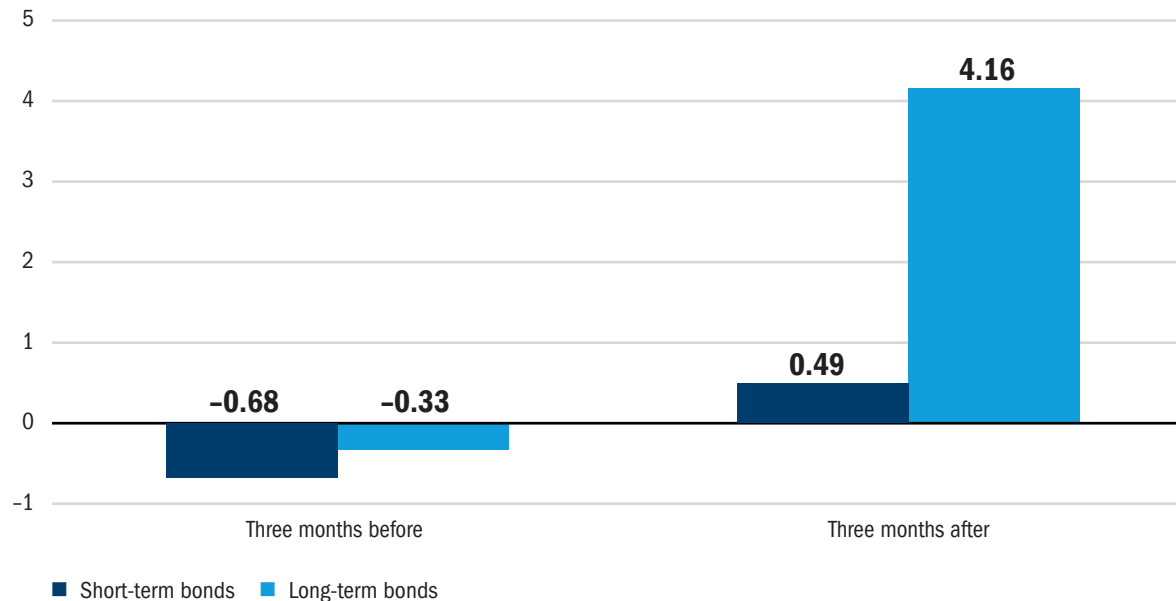
# Chart on the Go

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## ▶ The end of a hiking cycle can mean a quick reversal in underperformance for longer duration bonds

Price return (%)



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Historically, bond underperformance reverses around the end of a hiking cycle. The gains are significantly more meaningful for longer duration bonds. Because the market response generally happens very quickly, it's difficult for investors to time this transition.

There are already signs that the economy is starting to weaken, which means the end of the Fed's hiking cycle is coming into view. Rather than trying to time the market, fixed-income investors should consider how longer duration bonds can support their income needs now — and their total return goals going forward.

**Past performance is not a guarantee of future results.**

Short-term bonds are represented by two-year U.S. Treasury notes. Long-term bonds are represented by the 30-year U.S. Treasury bonds. Performance calculated using month-end returns for the three months before and after the Fed reaches the peak of its hiking cycle. January 1, 1981-August 31, 2022. Source: Bloomberg.

**Important information:** There are risks associated with fixed-income investments, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer term securities. Investment products offered through Columbia Management Investment Distributors, Inc., member FINRA. Advisory services provided by Columbia Management Investment Advisers, LLC. Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies. © 2022 Columbia Management Investment Advisers, LLC. All rights reserved. The views expressed are as of the date given, may change as market or other conditions change and may differ from views expressed by other Columbia Management Investment Advisers, LLC (CMIA) associates or affiliates. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate. Investing involves risk including the risk of loss of principal.