



# #chartonthego

## Latest Insights | Fixed Income

### ► Which fixed-income factor outperforms? It changes, so stay flexible.

Risk factor returns by calendar year

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
9.22	10.79	15.82	7.93	4.20	6.73	4.81	8.08	2.27	18.40	25.54	8.91	0.36
6.89	2.54	3.97	-0.05	3.43	-0.56	0.07	0.90	0.03	12.51	19.69	7.67	-0.42
0.33	-0.48	0.50	-1.49	-3.79	-2.33	-3.60	-10.06	-2.90	-1.34	0.73	3.08	-0.63
-2.11	-9.63	-4.68	-3.70	-12.97	-7.98	-9.79	-17.01	-5.72	-12.44	-0.04	1.39	-9.65
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
8.13	8.66	15.41	59.85	9.20	15.47	13.65	9.41	8.94	1.56	15.39	6.60	-0.96
5.71	4.86	-10.64	19.32	9.11	1.02	4.22	-3.19	-1.07	-2.45	3.38	6.02	-1.91
-1.52	1.40	-16.48	13.27	6.79	-1.74	4.03	-3.51	-5.07	-5.79	0.70	1.67	-3.63
-2.10	-7.33	-34.84	-6.25	-2.16	-2.41	3.66	-6.12	-10.10	-8.34	-2.36	0.22	-5.39

■ Duration ■ Credit ■ Inflation ■ Currency

Sources: Bloomberg Barclays and Columbia Threadneedle, as of 12/31/18. Updated annually. Duration factor returns are represented by excess return of 7- to 10-year U.S. Treasury securities relative to 3-month Treasury bills. Credit factor returns are represented by excess return of high-yield corporate bonds relative to similar duration U.S. Treasury securities. Inflation factor returns are represented by excess return of 10-year Treasury inflation-protected securities relative to 10-year nominal U.S. Treasury securities. Currency factor returns are represented by the equal weighted average of G10 currency spot market returns.

The Bloomberg Barclays U.S. Corporate High Yield Bond Index is composed of fixed-rate, publicly issued, non-investment-grade debt.

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**Interest rates (i.e., duration) are just one part of fixed-income investing.** There are four risk factors that create opportunity in fixed income: duration, credit, inflation and currency.

**These risk factors aren't highly correlated.** Investors don't need to be in or out of the bond market completely — a flexible approach can adjust to changing opportunities.