Chart on the Go

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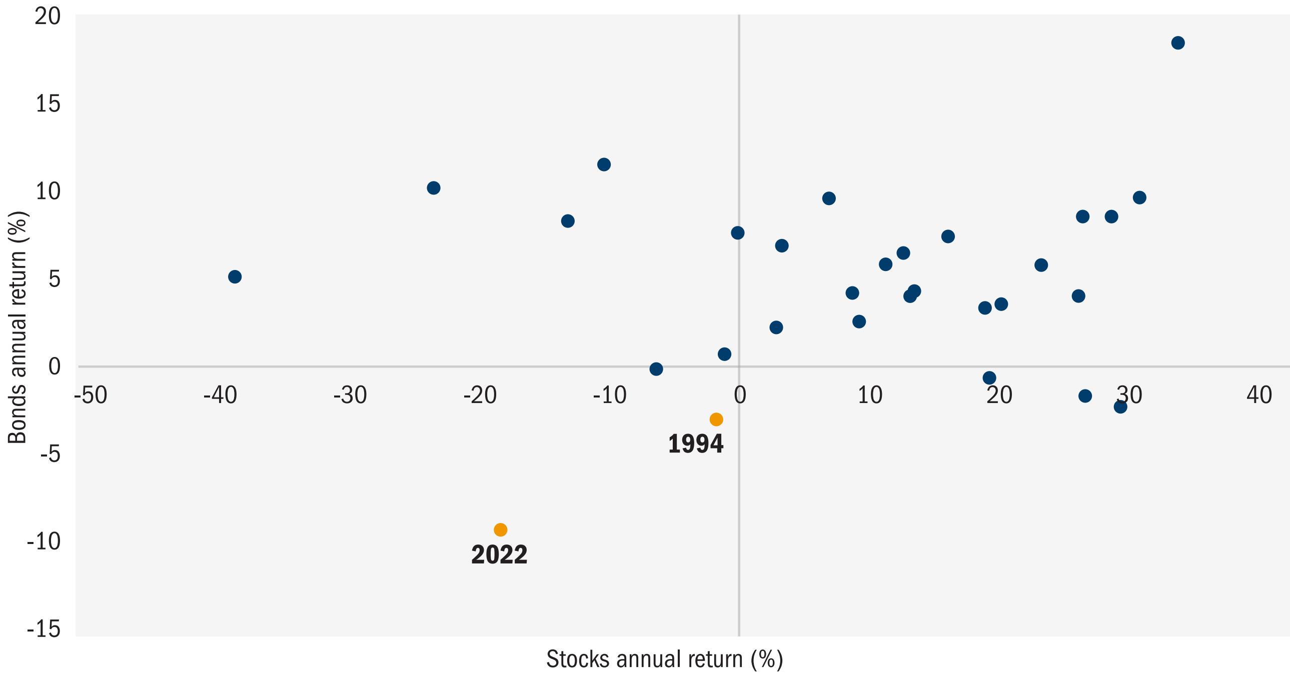
Navigating (almost) uncharted territory with correlations

This is one of only two calendar years in which both stocks and bonds posted negative returns



- Year to date, 2022 has been a challenge for investors. It's the first time since 1994 that there's been a calendar-year period of negative returns for both stocks and bonds.
- This can leave investors scrambling for solutions — traditional asset class hedges aren't working and established historical relationships between asset classes aren't holding up.
- It's important to remember that real world events can impact correlations. Drivers like increased volatility and inflation can change the relationships between different asset classes.
- An active approach can help adjust asset allocation decisions to changing correlation relationships. And it can be essential to successfully navigating this environment.

Source: S&P Dow Jones Indices, Bloomberg, American Enterprise Investment Services Inc. Each dot on the chart represents the calendar-year returns for stocks and bonds, except the current year, which is through May 20, 2022. Stocks represented by the S&P 500 Index and bonds represented by the Bloomberg U.S. Aggregate Bond Index. The S&P 500 Index tracks the performance of 500 widely held, large-capitalization U.S. stocks. The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. It is not possible to invest directly in an index.

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