



## Get exposure to the strong consumer balance sheet

Jason Callan, Senior Portfolio Manager and Head of Structured Assets



Your success. Our priority.

Our outlook continues to be very favorable as we think about the strength of the U.S. consumer.

The U.S. consumer has been very slow to re-lever their balance sheet or overall debt loads because of the tightness of underlying credit, or the availability of credit to the U.S. consumer. So, when we think about consumer-based investment opportunities in today's environment, they look very attractive.

The vast majority of outstanding consumer debt, about 75%, is mortgage-related debt.

Because consumers have been able to progressively refinance their debt into lower and lower interest rate mortgages, the debt service coverage ratio or the amount of discretionary income that households have to direct to service their debts, is at the lowest levels it's been in over 40 years.

That leaves the consumer in a very strong position, and therefore, we continue to have a great positive outlook about focusing on different investments that can ultimately perform in and get exposure to the strength of the consumer balance sheet.

---

The views expressed are as of April 2018, 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. Actual investments or investment decisions made by CMIA and its affiliates, whether for its own account or on behalf of clients, may not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon and risk tolerance. Asset classes described may not be suitable for all investors. Past performance does not guarantee future results, and no forecast should be considered a guarantee either. 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.

"The vast majority of outstanding consumer debt..." Source: Federal Reserve Bank of New York, March 31, 2018.

**Investment products are not federally or FDIC-insured, deposits or obligations of or guaranteed by any financial institution and involve risks, including possible loss of principal and fluctuation in value.**

Securities 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.