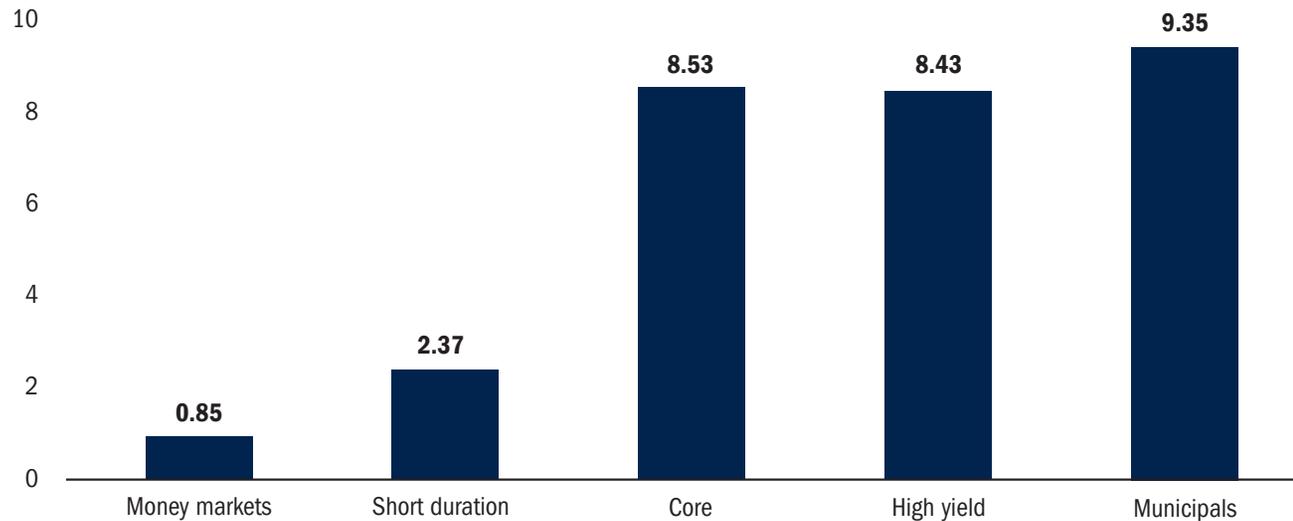


Money markets lagged in the last fixed-income rally

(Cumulative performance in November–December 2023 rally, %)



Being overallocated to cash can have consequences when rates fall. In the last two months of 2023, Treasury yields dropped by as much as 100 basis points and bonds rallied.

While cash generated a positive total return, it was meaningfully lower than anywhere else in the bond market.

This a great example of why investors should try to move sooner rather than later. The market is forward-looking and prices in Fed moves before they happen.

Source: Columbia Threadneedle Investments and Bloomberg for the period 10/31/23–12/31/23. Money markets are represented by the average return for the Morningstar taxable money market category. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Short duration bonds are represented by the Bloomberg Short-Term U.S. Agg Index. Core is represented by the Bloomberg U.S. Agg Index. High yield is represented by the Bloomberg U.S. Corporate High Yield Bond Index. Municipals are represented by the Bloomberg U.S. Municipal Bond Index and reflect taxable equivalent return, which includes the impact of federal tax exemption at the highest marginal tax rate on the income component of the periodic total return. Taxable equivalence applied to the income component of municipal bond returns using the top marginal tax rate of 37% plus the 3.8% net investment income tax. Other taxes are possible. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

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