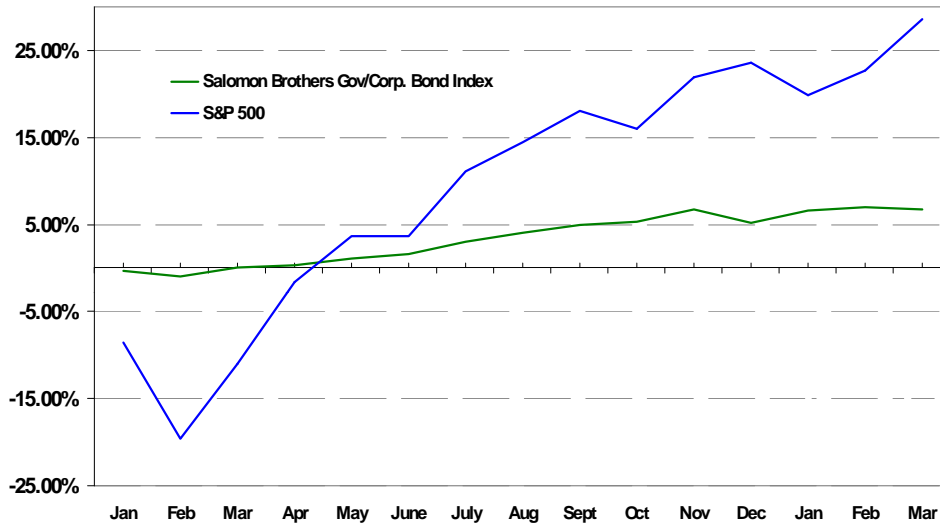
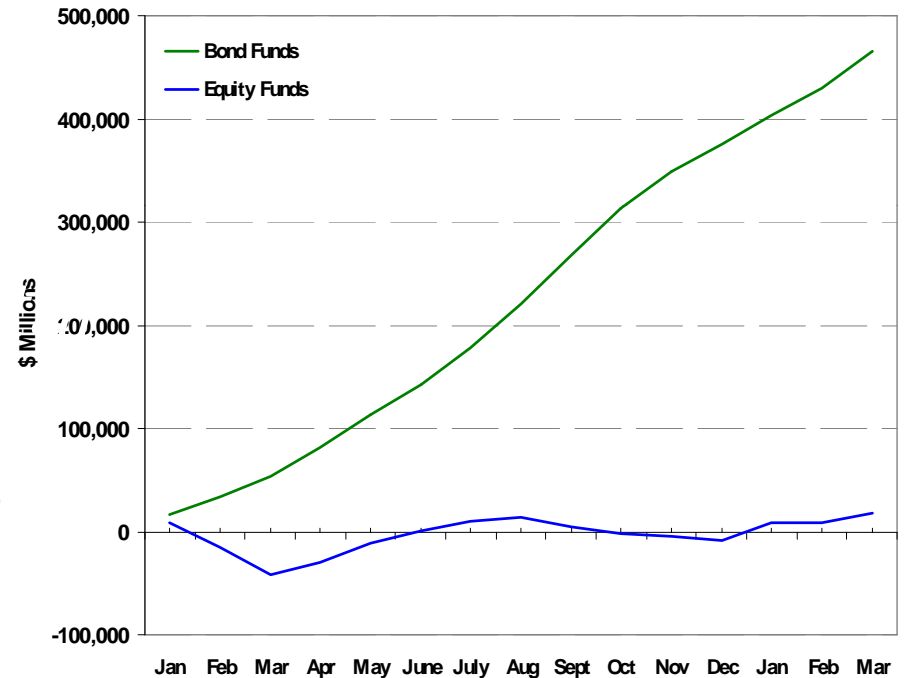


Chasing Yield In A Low/Rising Rate Environment Part I: Investors Seek Steady Income and Capital Preservation from Bonds

Cumulative Performance
Equity Vs. Bond Indexes



Aggregate Monthly Net New Cash Flow
Equity Vs. Bond Mutual Funds



- Stocks outperformed bonds by 4 ¼ times during the past year and one quarter (top chart), yet investors continue to increase allocations to bond funds due to perceived principal preservation benefits (right chart)
- With yields at historically low levels, bonds provide declining interest relative to price (current yield) and increased risk of negative price return.
- Next week's chart will focus on the sources of return from bonds during the past 6 decades, and what low/rising rates will mean for bond investors going forward.

Data from Investment Company Institute®.