

Fixed-Income Annual Returns

2014 to 2023

This chart compares 10 years of calendar year performance of each of the 11 different fixed-income asset classes. Choose any asset class—municipal bonds in the medium gray box, for example—and follow its performance over the past 10 years. Notice how this asset class has performed near or at the top *and* bottom compared to other asset classes over the years. Or take corporate bonds in the medium blue box. This asset class shows the best performance in 2019, but was the worst performer the previous

year. This illustrates the importance of diversification, since each fixed-income category tends to vary in performance from year to year. A fixed-income category that leads one year could trail the next year. While diversification can help reduce market risk, it does not eliminate it, and does not assure a profit or protect against loss in a declining market. However, you may be able to help mitigate losses by diversifying across multiple fixed-income categories.

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
9.05% Municipal bonds	3.30% Municipal bonds	17.13% High yield bonds	10.51% International bonds	1.82% Cash	14.54% Corporate bonds	10.11% International bonds	5.28% High yield bonds	1.52% Cash	13.44% High yield bonds
7.46% Corporate bonds	1.51% Mortgage backed securities	10.16% Leveraged loans	8.17% Emerging markets	1.60% Short-term gov't/ credit	14.32% High yield bonds	9.89% Corporate bonds	5.20% Leveraged loans	-0.60% Leveraged loans	13.32% Leveraged loans
6.08% Mortgage backed securities	1.29% Emerging markets	9.88% Emerging markets	7.50% High yield bonds	1.28% Municipal bonds	13.11% Emerging markets	8.00% Treasuries	1.52% Municipal bonds	-3.69% Short-term gov't/ credit	9.09% Emerging markets
5.97% Investment grade bonds	0.84% Treasuries	6.11% Corporate bonds	6.42% Corporate bonds	0.99% Mortgage backed securities	8.72% Investment grade bonds	7.51% Investment grade bonds	0.04% Cash	-8.53% Municipal bonds	8.52% Corporate bonds
5.05% Treasuries	0.65% Short-term gov't/ credit	2.65% Investment grade bonds	5.45% Municipal bonds	0.86% Treasuries	8.64% Leveraged loans	7.11% High yield bonds	-0.47% Short-term gov't/ credit	-11.19% High yield bonds	6.40% Municipal bonds
4.76% Emerging markets	-0.68% Corporate bonds	1.67% Mortgage backed securities	4.12% Leveraged loans	0.44% Leveraged loans	7.54% Municipal bonds	6.52% Emerging markets	-1.04% Corporate bonds	-11.81% Mortgage backed securities	5.72% International bonds
2.45% High yield bonds	0.55% Investment grade bonds	1.49% International bonds	3.54% Investment grade bonds	0.01% Investment grade bonds	6.86% Treasuries	5.21% Municipal bonds	-1.04% Mortgage backed securities	-12.46% Treasuries	5.53% Investment grade bonds
1.60% Leveraged loans	0.03% Cash	1.28% Short-term gov't/ credit	2.47% Mortgage backed securities	-2.08% High yield bonds	6.35% Mortgage backed securities	3.87% Mortgage backed securities	-1.54% Investment grade bonds	-13.01% Investment grade bonds	5.14% Cash
0.77% Short-term gov't/ credit	-0.69% Leveraged loans	1.04% Treasuries	2.31% Treasuries	-2.15% International bonds	5.09% International bonds	3.33% Short-term gov't/ credit	-1.65% Emerging markets	-15.26% Emerging markets	5.05% Mortgage backed securities
0.02% Cash	-4.47% High yield bonds	0.26% Cash	0.84% Short-term gov't/ credit	-2.46% Emerging markets	4.03% Short-term gov't/ credit	3.12% Leveraged loans	-2.32% Treasuries	-15.76% Corporate bonds	4.61% Short-term gov't/ credit
-3.08% International bonds	-6.02% International bonds	0.25% Municipal bonds	0.82% Cash	-2.51% Corporate bonds	2.21% Cash	0.54% Cash	-7.05% International bonds	-18.70% International bonds	4.05% Treasuries

Index definitions

■ **Cash alternatives** are represented by Bloomberg US Treasury 1-3 Month Index, which measures the performance of public obligations of the U.S. Treasury with maturities of 1-3 months.

■ **Investment grade bonds** are represented by Bloomberg US Aggregate Bond Index, which measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market (which includes Treasuries, government-related and corporate securities), mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage—or ARM—passthroughs), asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS).

■ **Corporate bonds** are represented by Bloomberg US Corporate Bond Index, which measures the performance of the investment grade, U.S. dollar-denominated, fixed-rate, taxable Corporate Bonds bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. industrial, utility, and financial issuers that meet specified maturity, liquidity, and quality requirements.

■ **Emerging markets** debt is represented by Bloomberg Emerging Market Aggregate Index, which measures the performance of hard currency Emerging Markets debt, including fixed and floating-rate U.S. dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate Emerging Market issuers.

■ **High yield bonds** are represented by Bloomberg US Corporate High Yield Bonds Index, which measures the performance of fixed-rate non investment-grade bonds.

■ **International bonds** are represented by Bloomberg Global Aggregate Index ex USA, which measures the performance of global investment grade fixed-rate debt markets that excludes USD-denominated securities.

■ **Leveraged loans** are represented by the Morningstar Loan Syndications and Trading Association (LSTA) US Leveraged Loan Index, which measures the performance of the 100 largest facilities in the US leveraged loan market. Index constituents are market-value weighted, subject to a single loan facility weight cap of 2%.

■ **Mortgage backed securities** are represented by Bloomberg US Mortgage-Backed Securities Index, which measures the performance of the agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

■ **Municipal bonds** are represented by Bloomberg Municipal Bonds Index. It measures the performance of the U.S. Long-Term tax exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

■ **Short-term government/credit** is represented by Bloomberg US Government/Credit 1–3 Year Index, which measures the performance of the non-securitized component of the US Aggregate Index with maturities of 1-3 years, including Treasuries, government-related issues and corporate bonds.

■ **Treasuries** are represented by Bloomberg US Treasuries Index, which measures the performance of public obligations of the U.S. Treasury.

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