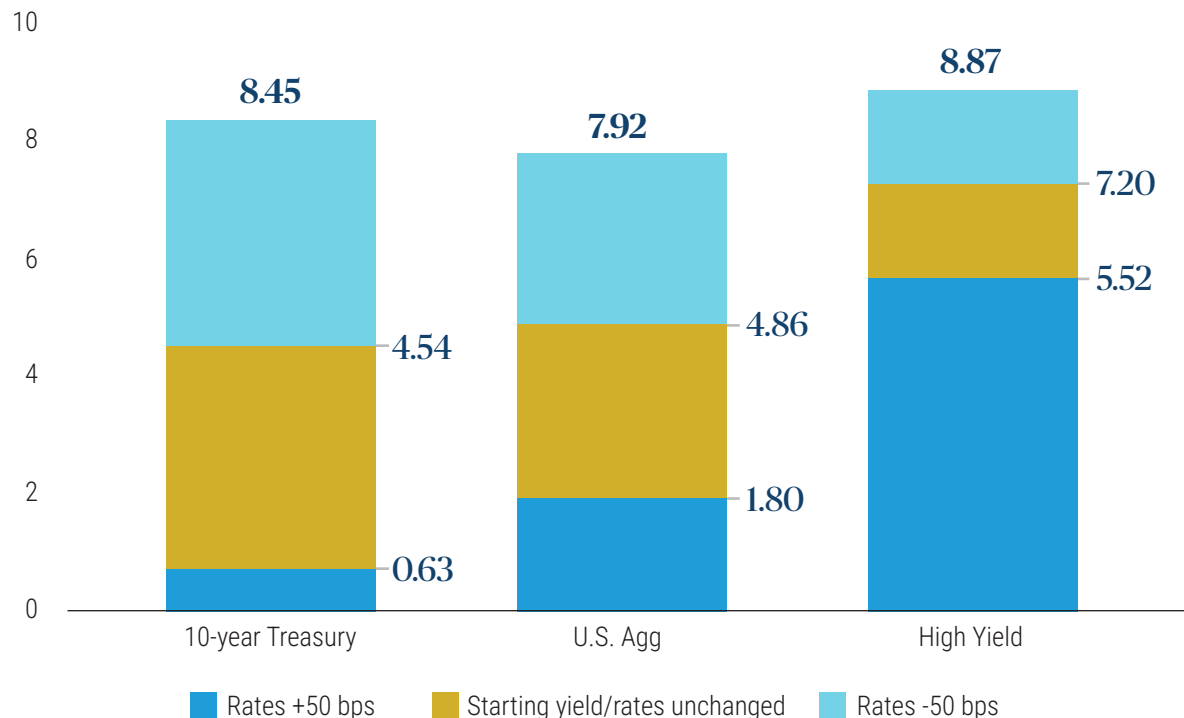


Why starting yields matter: The yield buffer

12-month forward total return potential (%)



Source: Columbia Threadneedle Investments, based on Bloomberg data as of January 8, 2025. **U.S. Agg** is represented by the Bloomberg U.S. Aggregate Bond Index; **High yield** is represented by the Bloomberg U.S. High Yield Corporate Bond Index. It is not possible to invest directly in an index. **Past performance is not a guarantee of future results.**

- Historically, starting yields on bonds have been the strongest predictor of future total return. With current yields still at multi-decade highs, bonds have the potential to provide compelling returns and cushion against future interest rate volatility. And because yield and price move in opposite directions, investors could get a price upside from yields moving lower.
- For investors concerned about rising yields, it's important to recall that today's environment is very different from 2022, a period when sharp rate increases led to negative returns across most fixed-income sectors. The starting yield for the 10-year U.S. Treasury bond as of January 31, 2025 was 4.5% versus 1.8% in 2022. Even if yields were to increase by 50 basis points from their current high levels, bonds have the potential to provide positive returns.
- Starting yields matter: Today's starting yields offer a strong entry point, regardless of the sector, from which investors can maximize return potential while also offsetting the negative impact of interest rate volatility.

Columbia Management Investment Advisers, LLC is an investment adviser registered with the U.S. Securities and Exchange Commission. 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. © 2025 Columbia Management Investment Advisers, LLC. All rights reserved. The views expressed are as of the date given, 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. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. 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. Investing involves risk including the risk of loss of principal. There are risks associated with **fixed-income** investments, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer term securities. A rise in **interest rates** may result in a price decline of fixed-income instruments held by the fund, negatively impacting its performance and NAV. Falling rates may result in the fund investing in lower yielding debt instruments, lowering the fund's income and yield. These risks may be heightened for longer maturity and duration securities.