



# What Will it Take for the Agg to Break Even?

AS OF 10/31/2022

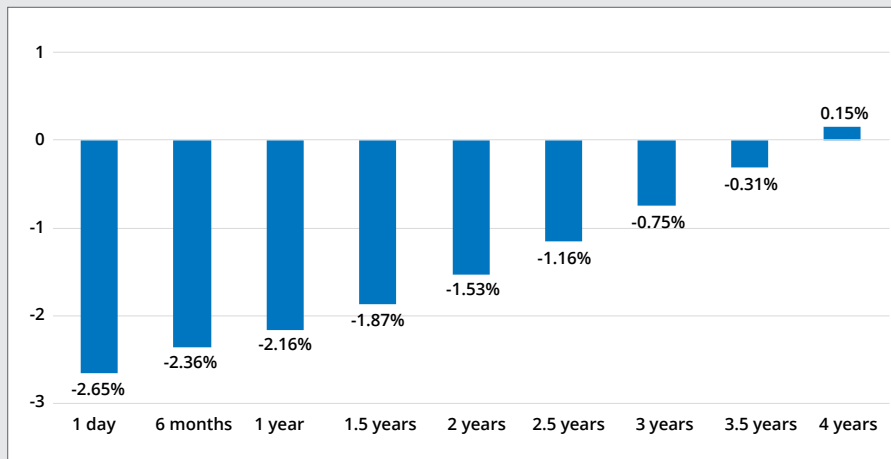
## The Problem

There are approximately \$1.5 trillion in AUM in the Morningstar Intermediate Core Bond and Intermediate Core-Plus Bond categories. Mutual funds and ETFs in these categories have seen significant declines, and many are wondering what it will take to make back the losses. Using the Bloomberg US Aggregate Bond Index (the Agg) as a proxy for yield-sensitive core fixed income, we've provided the charts below as a reference tool.

## Where Things Stood on 10/31/2022:

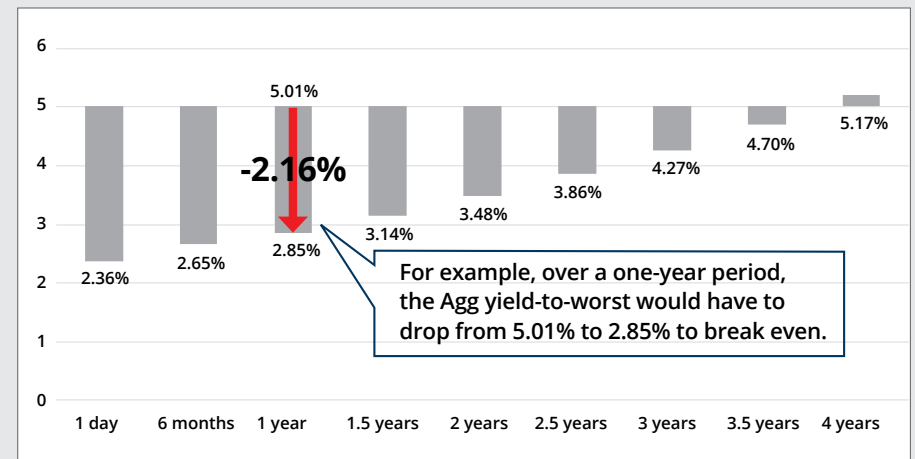
- Bloomberg US Aggregate Bond Index: down 17.32% since its peak in early August of 2020
- Total return required to achieve breakeven: +20.95%
- Agg yield-to-worst: 5.01% with a duration of 6.11 years

Estimated % Change in Yield Required for the Agg to Break Even Over Various Holding Periods



Sources: Bloomberg, SIM calculations

Example: One Year, Yield-to-Worst



## A Solution

The numbers tell a definitive story and may lead you to question what can be done about the problem of yield sensitivity. We have expertise in core fixed income and believe it should counterbalance both stock market volatility and protect against rising interest rates (yields). Our team welcomes the opportunity to provide perspective on manager selection and the construction of client portfolios. Please contact our National Sales Desk at 844-727-1813.

**Assumptions:** Breakeven yields are estimated based on current yield, duration, convexity, and average bond price of the Bloomberg U.S. Aggregate as of 10/31/2022.

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