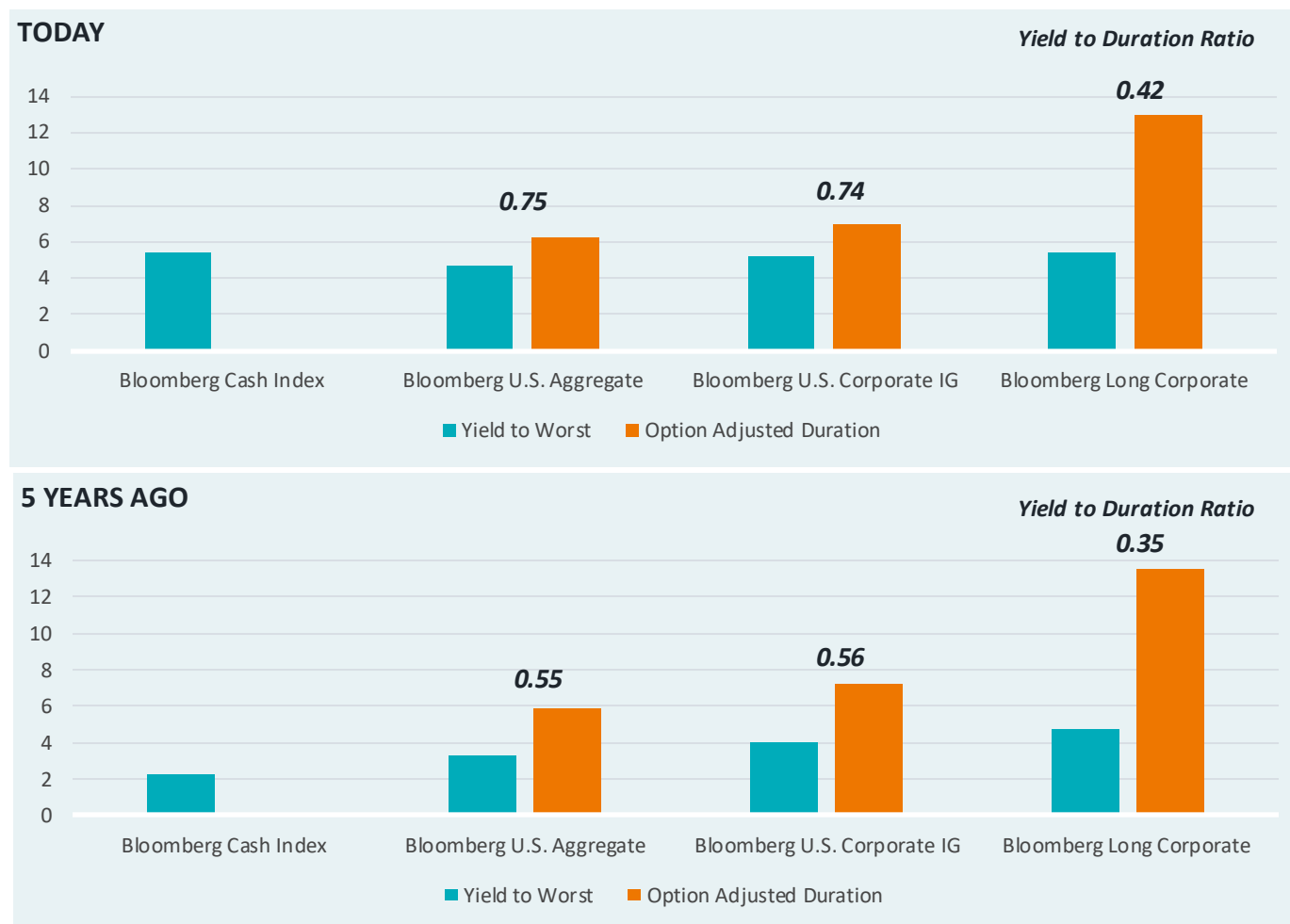


# Verus Market Note

## A regime shift in bond markets: yield and duration

In today's rate environment, investors are able to pick up yield without needing to necessarily take on significant duration risk. This is apparent when examining the relationship between bond yields and duration, and making a comparison to the recent low-rate environment. Across both the U.S. Aggregate and Investment Grade Corporate Bond indices, investors are presented with a more attractive *yield-to-duration* tradeoff.

Due to yield curve inversion, cash yields appear uniquely compelling, though duration exposure may be preferred in an environment of central bank easing. Also, holding duration exposure in portfolios provides important diversification benefits. This lack of potential price return combined with diminished diversification benefits has likely contributed to less appetite for cash in recent months.



Source: Bloomberg, as of 1/30/24