

Short-Term Bonds Tend to Perform Well During Inflationary Increases

Date	CPI	6 Largest CPI Increases Since 1976	Short- Term Bond Index Quarterly Returns
12/31/2009	2.7	307.69%	0.38%
3/31/1987	3	172.73%	1.38%
9/30/2020	1.4	133.33%	0.23%
6/30/2021	5.4	107.69%	0.04%
6/30/2004	3.3	94.12%	-1.13%
9/30/2005	4.7	88.00%	0.13%
Average Quarterly Return			0.17%

***Dates from 3/31/1976 to 6/30/2021*

*** The Short-Term Bond Index represented by the Bloomberg Barclays 1-3 Yr. US Gov't/Credit Index*

***Inflation represented by Consumer Price Index (CPI MoM)*

***The six largest CPI increases since 1976 only include CPI above 1.4 (to illustrate a tangible inflationary expectation)*

- Short-term bonds tend to perform well during rising inflation, insulating portfolios from interest rate risk and duration risk.
- Short-term bonds were up five of the six quarters during the six largest quarterly inflation increases of a CPI above 1.4.
- Short-term bonds, as a sector, performed well, but there remains ample opportunity for active managers to gain alpha.

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