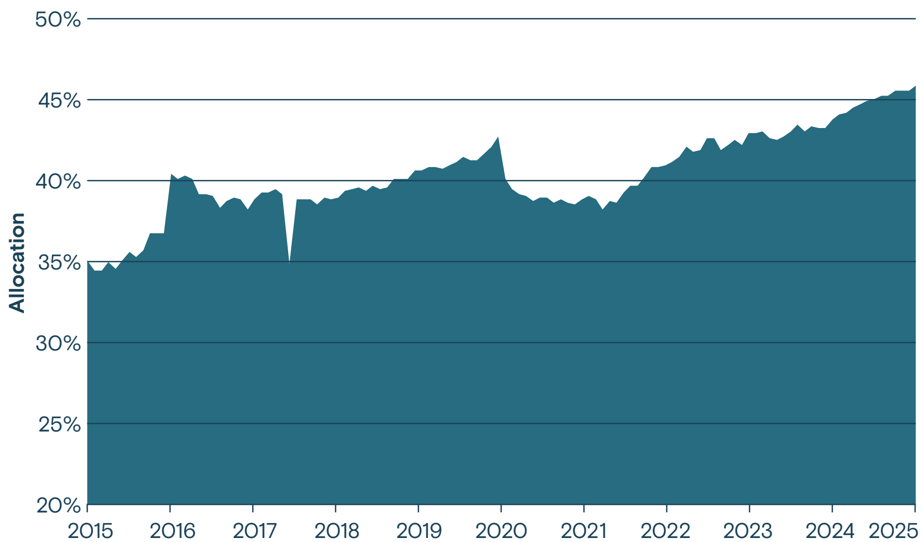
Investing Concepts

U.S. bond market changes over time

Duration, yield and government exposure

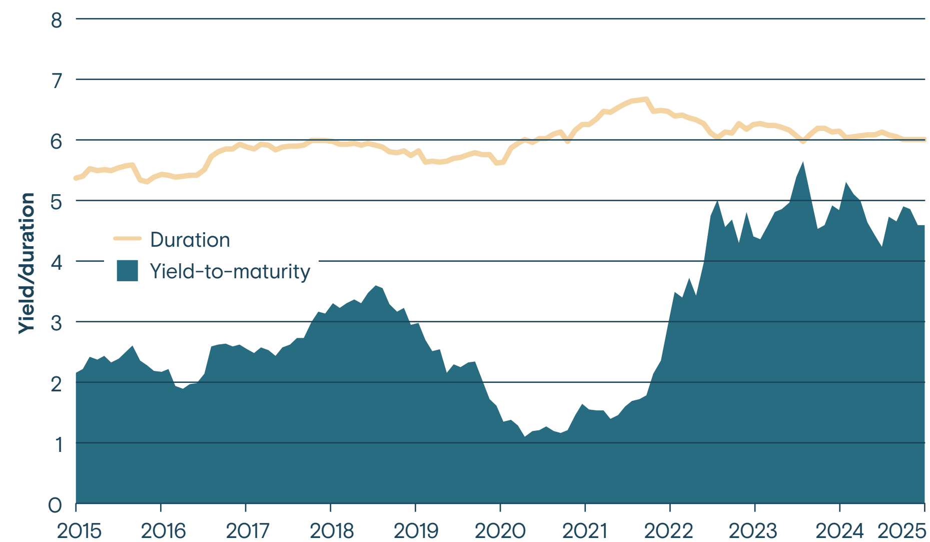
Over the past 10 years, the U.S. bond market has changed a lot. The Bloomberg U.S. Aggregate Bond Index, which measures the performance of a wide variety of publicly traded investment-grade bonds and is commonly referred to as being representative of the bond market as a whole, has changed as well. The index has shifted to hold more and more U.S. Treasury bonds—more than 45% of the index is now in U.S. Treasuries compared to roughly 35% ten years ago. Although long-term rates have risen recently, for much of the time during the last ten years, many investors took on increased duration to achieve roughly similar yields, making any fixed-income portfolios that simply follow this index more sensitive to rising interest rates. The Bloomberg U.S. Aggregate Bond Index holds only investment-grade bonds, so there is no exposure to lower-credit quality securities like high-yield corporates, floating-rate bank loans, or preferred securities, nor any bonds issued from outside the United States, like emerging-market debt.

Bloomberg U.S. Aggregate Bond Index Jan 2015 – Jan 2025
Allocation to U.S. Treasury bonds



Source: Morningstar

Bloomberg U.S. Aggregate Bond Index Jan 2015 – Jan 2025
Yield & duration



Source: FactSet

Past performance may not be indicative of future results.

It's easy to get started

Talk with your financial professional about building, balancing and diversifying your portfolio with Thrivent mutual funds. You can also learn about your options by visiting thriventfunds.com or by calling 800-847-4836.

Duration is a measure of the sensitivity to changes in interest rates for the price of a fixed-income security.

Yield-to-maturity is the estimated annualized rate of return for a bond, assuming that it is held until maturity.

Any indexes shown are unmanaged and do not reflect the typical costs of investing. Investors cannot invest directly in an index.

Besides interest rate risk, investing in bonds can be subject to various other types of risk including, but not limited to, duration risk reinvestment or call risk, inflation risk, credit/default risk, ratings downgrades, event risk and liquidity risk.

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Asset Management