BNY | INVESTMENTS

GLOBAL FIXED INCOME: FAVORABLE CONDITIONS

INVESTMENT VIEWS
FROM THE BNY INVESTMENT INSTITUTE

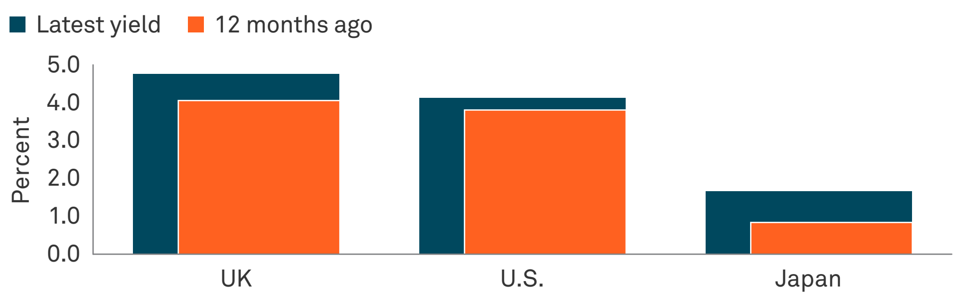
October 2025

Global sovereign bonds with currency-hedged exposure may present an attractive tactical investment opportunity amid ongoing uncertainty. With interest rate differentials currently favoring the U.S., and developed market (DM) government bond yields elevated, the environment supports a positive outlook for fixed income investors seeking income and risk diversification.

Improved yields

After a decade of low yields, fixed income investors now face a vastly improved global landscape. Global government bond yields, particularly in developed markets, have risen broadly, and higher starting yields have historically been closely correlated to improved forward returns.

SELECT DM GOVERNMENT BOND YIELDS HAVE MOVED HIGHER



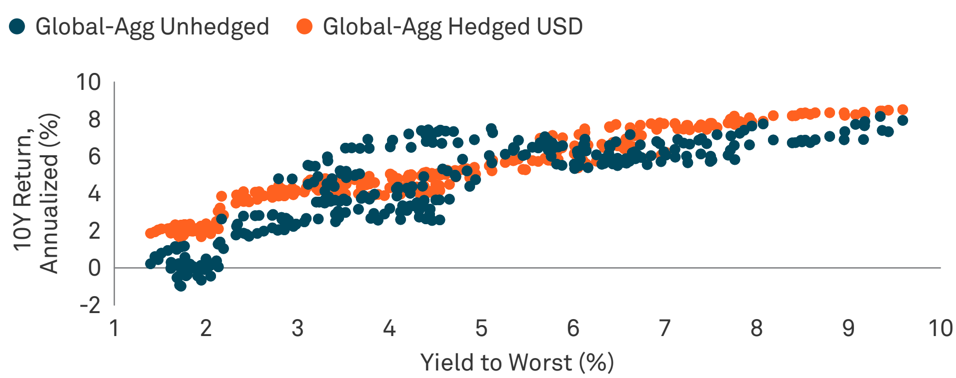
Positive carry potential

Higher U.S. short-term interest rates compared to DM peers could enable investors to gain additional yield by hedging currency risk. The interest rate differential may reduce income volatility while providing potential for foreign bond duration returns. U.S. investors who hedge their currency exposure can gain a yield increase roughly equal to the interest rate differential between the two countries.

HIGHER U.S. SHORT-TERM RATES VS. OTHER DM COUNTRIES

4.7%	vs.	3.2%	3.0%
U.S.		Eurozone	Japan

HIGHER YIELDS & HEDGING HISTORICALLY BOOSTED RETURNS (SINCE 1990)



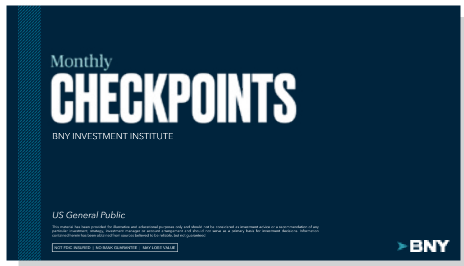
Source for all charts: BNY Investment Institute, Macrobond. Data as of 9/30/25.

Not FDIC-Insured. Not Bank-Guaranteed. May Lose Value.

Opportunities for active management

Targeted U.S. trade policies and evolving geopolitical dynamics are likely to produce differentiated global monetary policy cycles and increased dispersion in fixed income returns across regions. We believe this macroeconomic environment is particularly conducive to active management.

This is an extract from **Checkpoints**, a comprehensive monthly chartbook that provides insights into major themes affecting financial markets. For additional analysis, read the full **report**.



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Drawing upon the breadth and expertise of BNY Investments, the Investment Institute generates thoughtful insights on macroeconomic trends, investable markets and portfolio construction.

Bloomberg Global Aggregate Bond Index is a comprehensive measure of the global investment-grade fixed-income market. **Positive carry** refers to a situation where the income earned from holding a bond or other fixed-income security exceeds the cost of financing it. **Yield to worst** represents the worst-case possible annualized return an investor could earn if they buy the bond at today's market price and hold it either until maturity or until the company calls it.

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MARK-813202-2025-10-02
GU-719 - 28 February 2026

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