



MUSICAL CHAIRS IN FIXED INCOME

August 2026

Leaders rotate in and out. No single fixed income sector consistently dominates performance over time, and strong performance in one sector rarely carries over from one year to the next. For example, emerging markets local debt and global bonds — two of 2024's worst performers — rebounded strongly in 2025. Timing fixed income markets and predicting which sector will lead next is extremely difficult.

The key takeaway: **diversification is essential**. A well-balanced and active fixed income strategy with diverse exposure across sectors, credit, and geography may provide ballast to equities, be a potential source of income, and help mitigate risk.

Fixed Income Performance Chart

2019	2020	2021	2022	2023	2024	2025	YTD
U.S. Long Trsy 14.8%	U.S. Long Trsy 17.7%	U.S. HY 5.3%	U.S. Trsy Bills 1.3%	U.S. HY 13.4%	U.S. Lvgd Loan 9.0%	EMLC 16.6%	U.S. Muni 2.3%
U.S. HY 14.3%	U.S. IG 9.4%	U.S. Lvgd Loan 5.2%	U.S. Lvgd Loan -0.8%	U.S. Lvgd Loan 13.3%	U.S. HY 8.2%	U.S. HY 8.6%	U.S. HY 2.0%
U.S. IG 13.8%	Global Agg 9.2%	U.S. Muni 1.5%	U.S. Int Trsy -7.8%	EMLC 11.4%	U.S. Trsy Bills 5.3%	U.S. MBS 8.6%	U.S. Trsy Bills 1.8%
EMLC 12.2%	U.S. Trsy 8.0%	U.S. Trsy Bills 0.1%	U.S. Agencies -7.9%	U.S. IG 8.2%	Global Agg (hdg) 3.4%	Global Agg 8.2%	U.S. Lvgd Loan 1.3%
U.S. Agg 8.7%	U.S. Agg 7.5%	U.S. MBS -1.0%	U.S. Muni -8.5%	Global Agg (hdg) 7.1%	U.S. Agencies 3.1%	U.S. IG 7.8%	Global Agg (hdg) 1.1%
U.S. Lvgd Loan 8.6%	U.S. HY 7.1%	U.S. IG -1.1%	EMLC -10.3%	U.S. Muni 6.4%	U.S. Int Trsy 2.4%	U.S. Agg 7.3%	U.S. MBS 1.0%
Global Agg (hdg) 8.2%	U.S. Int Trsy 5.8%	U.S. Agencies 1.3%	U.S. HY -11.2%	Global Agg 5.7%	U.S. IG 2.0%	U.S. Int Trsy 6.5%	U.S. IG 0.8%
U.S. Agencies 7.6%	Global Agg (hdg) 5.6%	Global Agg (hdg) -1.4%	Global Agg (hdg) -11.2%	U.S. Agg 5.5%	U.S. Agg 1.3%	U.S. Agencies 6.4%	U.S. Agg 0.6%
U.S. Muni 7.5%	U.S. Muni 5.2%	U.S. Agg -1.5%	U.S. MBS -11.8%	U.S. Agencies 5.2%	U.S. MBS 1.2%	U.S. Trsy 6.3%	U.S. Agencies 0.6%
U.S. Trsy 6.9%	EMLC 4.8%	U.S. Int Trsy -1.7%	U.S. Trsy -12.5%	U.S. Trsy Bills 5.2%	U.S. Muni 1.1%	U.S. Lvgd Loan 5.9%	U.S. Long Trsy 0.4%
Global Agg 6.8%	U.S. MBS 3.9%	U.S. Trsy -2.3%	U.S. Agg -13.0%	U.S. MBS 5.0%	U.S. Trsy 0.6%	U.S. Long Trsy 5.6%	U.S. Trsy 0.3%
U.S. MBS 6.4%	U.S. Lvgd Loan 3.1%	U.S. Long Trsy -4.6%	U.S. IG -15.3%	U.S. Int Trsy 4.3%	Global Agg -1.7%	Global Agg (hdg) 4.9%	U.S. Int Trsy 0.2%
U.S. Int Trsy 5.2%	U.S. Agencies 2.7%	Global Agg -4.7%	Global Agg -16.2%	U.S. Trsy 4.1%	EMLC -2.2%	U.S. Trsy Bills 4.3%	EMLC -0.2%
U.S. Trsy Bills 2.4%	U.S. Trsy Bills 0.9%	EMLC -7.8%	U.S. Long Trsy -29.3%	U.S. Long Trsy 3.1%	U.S. Long Trsy -6.4%	U.S. Muni 4.2%	Global Agg -0.2%

Sources: BNY Investment Strategy & Research Group, Macrobond. Data as of June 30, 2026.

Glossary

EM Local Currency Government 10% Country Capped: The Bloomberg EM Local Currency Government 10% Country Capped Index is a country-constrained version of the flagship Emerging Markets Local Currency Government Index, which is designed to provide a broad measure of the performance of local currency emerging markets (EM) debt.

Global Aggregate: The Bloomberg Global Aggregate Total Return (USD hedged) Index is a broad-based measure of the global investment-grade fixed income market.

U.S. Agencies: Bloomberg U.S. Agencies Total Return Unhedged USD measures U.S. dollar-denominated agency debt.

U.S. Aggregate: Bloomberg U.S. Agg Total Return Value Unhedged USD Index is a widely accepted, unmanaged total return index of corporate, government and government-agency debt instruments, mortgage-backed securities and asset-backed securities with an average maturity of 1–10 years.

U.S. Corporates: Bloomberg U.S. Corporate Total Return Value Unhedged USD Index tracks the investment-grade, fixed-rate, taxable corporate bond market.

U.S. High Yield: Bloomberg U.S. Corporate High Yield Total Return Index Value Unhedged USD Index tracks the performance of U.S. dollar-denominated below-investment-grade-rated corporate debt publicly issued in the U.S. domestic market.

U.S. Leveraged Loans: The Morningstar LSTA U.S. Leveraged Loan Index is a market-value weighted index designed to measure the performance of the U.S. leveraged loan market.

U.S. MBS: The Bloomberg U.S. Mortgage Backed Securities (MBS) Index tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).

U.S. Munis: Bloomberg Municipal Bond Index Total Return Index Value Unhedged USD Index tracks the municipal fixed income market in the United States.

U.S. Treasury: The Bloomberg U.S. Treasury Index is the U.S. Treasury component of the U.S. Aggregate Index and uses public obligations of the U.S. Treasury with a remaining maturity of one year or more.

U.S. Treasury Bills: The Bloomberg U.S. Treasury Bill 3-6 Months Index tracks the market for treasury bills with 3 to 5.9 months to maturity issued by the U.S. government. U.S. Treasury bills are issued in fixed maturity terms of 4, 13, 26 and 52 weeks.

U.S. Treasury Intermediate: The Bloomberg U.S. Treasury Intermediate Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with maturities of 1 to 9.9 years to maturity.

U.S. Treasury Long: The Bloomberg U.S. Treasury: Long Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with 10 years or more to maturity.

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