

How Inflation Affects Asset Performance

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Higher inflation generally impacts fixed income assets negatively as increased rates erode bond values.

Yet so far, as our Chart of the Week shows, those rates have actually decreased, resulting in fixed income instruments returning better yields for the second quarter.

Higher rates will benefit floating-rate instruments. As our high-yield bond friend Marty Fridson reported in a recent LCD piece: “The adjustable rates of leveraged loans would siphon off investment capital from high-yield....

?? Read June 7 2021 newsletter: [here](#)

?? Chart of the Week: [here](#) (by Nuveen, Bloomberg)

(Any “forward-looking” information may include, among other things, projections, forecasts, estimates of market returns, and proposed or expected portfolio composition Past performance is no guarantee of future results. Investing involves risk; principal loss is possible.)