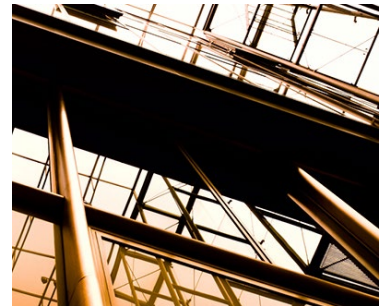


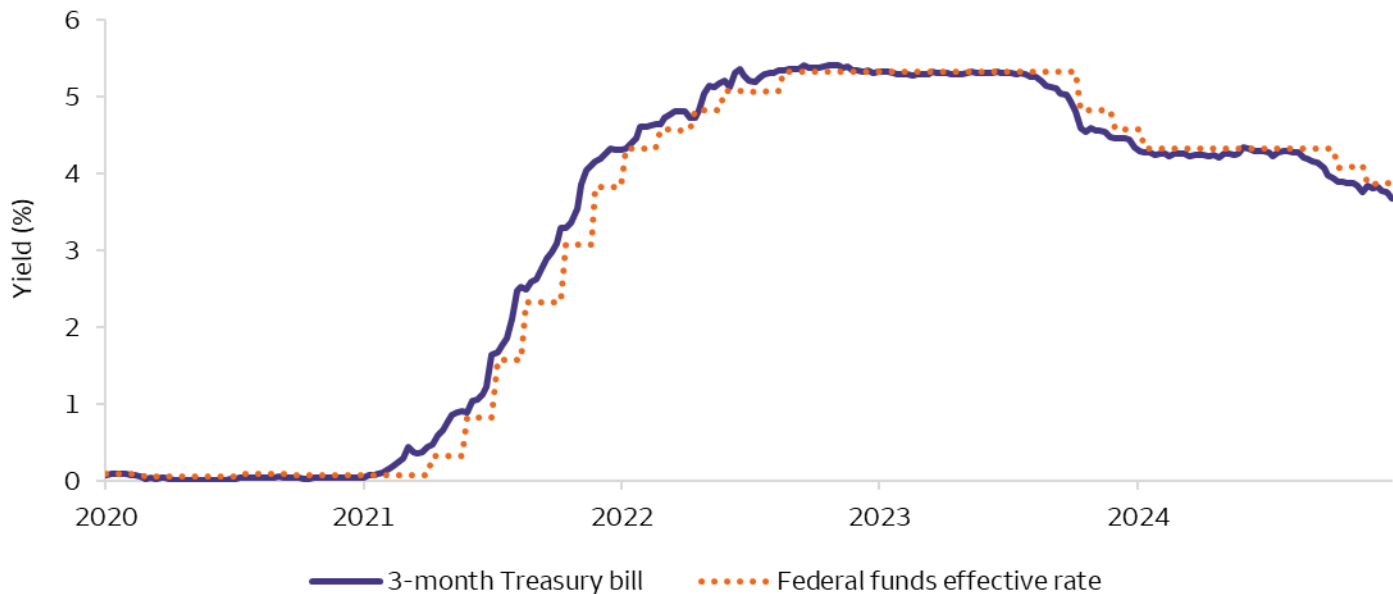
Chart of the Week



Weekly analysis of key themes in markets

December 16, 2025

Fed rate cuts shift landscape for short-term bonds



Source: Bloomberg, data from December 14, 2020, to December 8, 2025. . Current yields may be higher or lower than illustrated. **Past performance is no guarantee of future results.**

Ultra-short yields have fallen from recent highs amid Federal Reserve (Fed) rate cuts

Money market funds and ultra short-term fixed income investments have been a popular place to park capital for the past several years as yields increased to historically elevated levels. However, we believe that falling interest rates have and will continue to impact the attractiveness of ultra short-term assets.

The chart above shows that as a result of the Fed's efforts to fight inflation in 2022 and 2023, investors saw yields north of 5% in these ultra short-term investments with relatively little risk. However, the chart also demonstrates that yields at this level have not been the norm in recent history. Most importantly, these yields have already come down significantly as the Fed has moved to ease rates, most recently during its December meeting.

What it may mean for investors

We believe the Fed is poised to keep cutting rates and think investors should be repositioning their ultra short-term and short-term investments, moving into longer-maturity fixed income before rates fall further. We are favorable on U.S. Intermediate Term Taxable Fixed Income (in the three- to seven-year maturity range), which we believe to be a good mix of risk and yields while allowing investors to considering locking in current yields through expected further rate cuts.

Tony Miano, CFA, CAIA, Investment Strategy Analyst

Excerpted from Investment Strategy report (December 15)

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Risk Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates.

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