



ASSET ALLOCATION

Asset Allocation in a Low Yield Environment

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The year 2016 saw bond yields fall to unprecedented low levels in major developed markets, with nominal yields on 10-year German and Japanese government bonds even turning negative. While yields have risen off their lows in 2017, we are still in a very low rate environment. Does this demand exceptional action from investors – even those who usually maintain a strategic allocation to global bonds? We find that it does not, instead it highlights the importance of diversification across many return sources.

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