

[The Manulife Investment Management logo appears on the screen]

Rates are rising, and because of that, it's pretty common for investors to proclaim that bonds are dead. But we'd disagree with them. Bonds aren't dead: they're just different.

In times like this, it's important to not get bogged down by the headlines. Remember, markets price in expectations for rising rates. So if these rate rises don't materialize as much as expected, we could see a reversal in the bond selloff.

And while we may now find ourselves in a rising rate environment, keep in mind that not all bonds are created equal. Investors have different options including government bonds in various countries; investment-grade and high-yield corporate bonds; different parts of the yield curve. All of these act differently, with some moving up or down more than others.

That's why we think that the best way to navigate the current scenario is to be nimble and to have as many tools as possible at your disposal. Being able to quickly shift into different types of rate instruments—whether it's moving up or down the yield curve, switching geographies, sectors or credit ratings, or adding or removing duration—that's how we believe investors can navigate these choppy waters.

In times like this, the key is to not limit yourself to just one or two types of bonds; the key is to be flexible in your fixed income. The more options you have in your toolbox, the better you can build a resilient portfolio.

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Manulife Investment Management

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