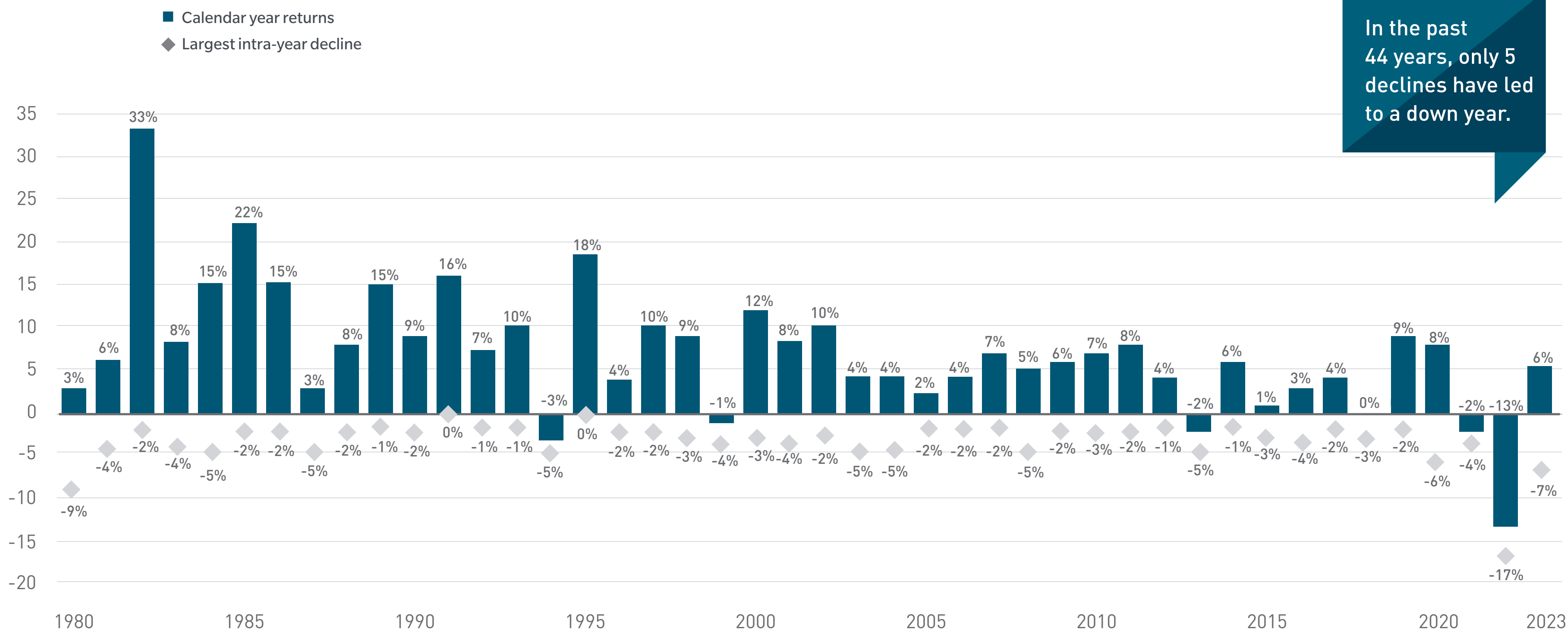
Managing the ups and downs: Bonds edition

2023

As of 12/31/23

Markets are resilient: History shows that bond declines don't last.

Market declines, especially in bond markets can be upsetting for investors. While volatility can be challenging, it's important to remember that historically declines were short term and gave way to long-term recoveries.



Bailing out of bonds could lock in losses and prevent investors from benefiting from any rebounds.

Source: FactSet. Monthly data as of December 31, 1979 to December 31, 1995. Daily data as of January 1, 1996 to December 31, 2023. Returns above are in US dollars and calculated based on the **Bloomberg US Aggregate Total Return Index.** Largest intra-year decline is the max/largest drawdown (peak-to-trough) within each calendar year.

Past performance is no guarantee of future results. These data are not intended to represent the performance of any MFS® portfolio. For more information on any MFS product, including performance, visit mfs.com.

The Bloomberg US Aggregate Total Return Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. Returns for periods noted are price only.

It is not possible to invest directly in an index.

See next page for important disclosures.

Building wealth takes time. Think long term.

Historically, investing in bonds has provided positive returns a majority of the time, helping investors build wealth, as well as diversifying equity risk.

Over 10-year periods, as of 12/31/23, bonds have generated positive returns 100% of the time.

Source: FactSet. Monthly data as of 30 December 1976 to 31 December 2023. Bonds are represented by the Bloomberg US Aggregate Index price returns are gross and in US dollars.

The Bloomberg U.S. Aggregate Bond Index measures the US bond market

Investments in debt instruments may decline in value as the result of, or perception of, declines in the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, underlying collateral, or changes in economic, political, issuer-specific, or other conditions. Certain types of debt instruments can be more sensitive to these factors and therefore more volatile. In addition, debt instruments entail interest rate risk (as interest rates rise, prices usually fall). Therefore, the portfolio's value may decline during rising rates. Portfolios that consist of debt instruments with longer durations are generally more sensitive to a rise in interest rates than those with shorter durations. At times, and particularly during periods of market turmoil, all or a large portion of segments of the market may not have an active trading market. As a result, it may be difficult to value these investments and it may not be possible to sell a particular investment or type of investment at any particular time or at an acceptable price. The price of an instrument trading at a negative interest rate responds to interest rate changes like other debt instruments; however, an instrument purchased at a negative interest rate is expected to produce a negative return if held to maturity.

As part of an overall portfolio, consider bonds for their income and long-term total return potential.

The investments you choose should correspond to your financial needs, goals, and risk tolerance. For assistance in determining your financial situation, consult an investment professional.

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Bonds, if held to maturity, provide a fixed rate of return and a fixed principal value. Bond funds will fluctuate and, when redeemed, may be worth more or less than their original cost.

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