

Although Treasury bond ladders did not deliver losses across the most recent secular bear market for bonds (date range is arbitrary), the returns were insufficient to compensate for inflation (which averaged more than 4%). Note that bond ladders across all terms had somewhat similar results. This occurs because bond ladders typically have internal mechanisms that compensate for changes in market interest rates. Shorter term ladders forgo the benefits of higher long-term rates, but such ladders adjust more quickly to rising rates. Longer term ladders gain the benefit of higher long-term rates, but such ladders adjust more slowly to rising rates. The summary data for the subsequent secular bull market in bonds shows just how beneficial such markets can be—inflation averaged near 3% and thus real returns were 4% to 6%+ providing substantial wealth gains.

2024 Note: The rapid rate of change of interest rates across the yield curve in 2022 and 2023 outran the ability of ladders to adjust; the result was the worst performance for bond ladders in history in 2022 and losses in 2023.

1950-1980	Bond Ladders: Secular Bear Market					1981-2021	Bond Ladders: Secular Bull Market				
	5-Year	7-Year	10-Year	15-Year	20-Year		5-Year	7-Year	10-Year	15-Year	20-Year
Average Return	4.1%	3.9%	3.5%	3.0%	2.5%	Average Return	5.9%	6.4%	7.0%	7.7%	8.3%
Minimum Return	0.8%	0.5%	-0.4%	-1.5%	-2.1%	Minimum Return	-0.1%	-0.4%	-0.8%	-1.6%	-2.3%
Maximum Return	9.6%	10.3%	10.6%	11.0%	11.0%	Maximum Return	15.5%	15.7%	17.2%	19.3%	21.0%

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