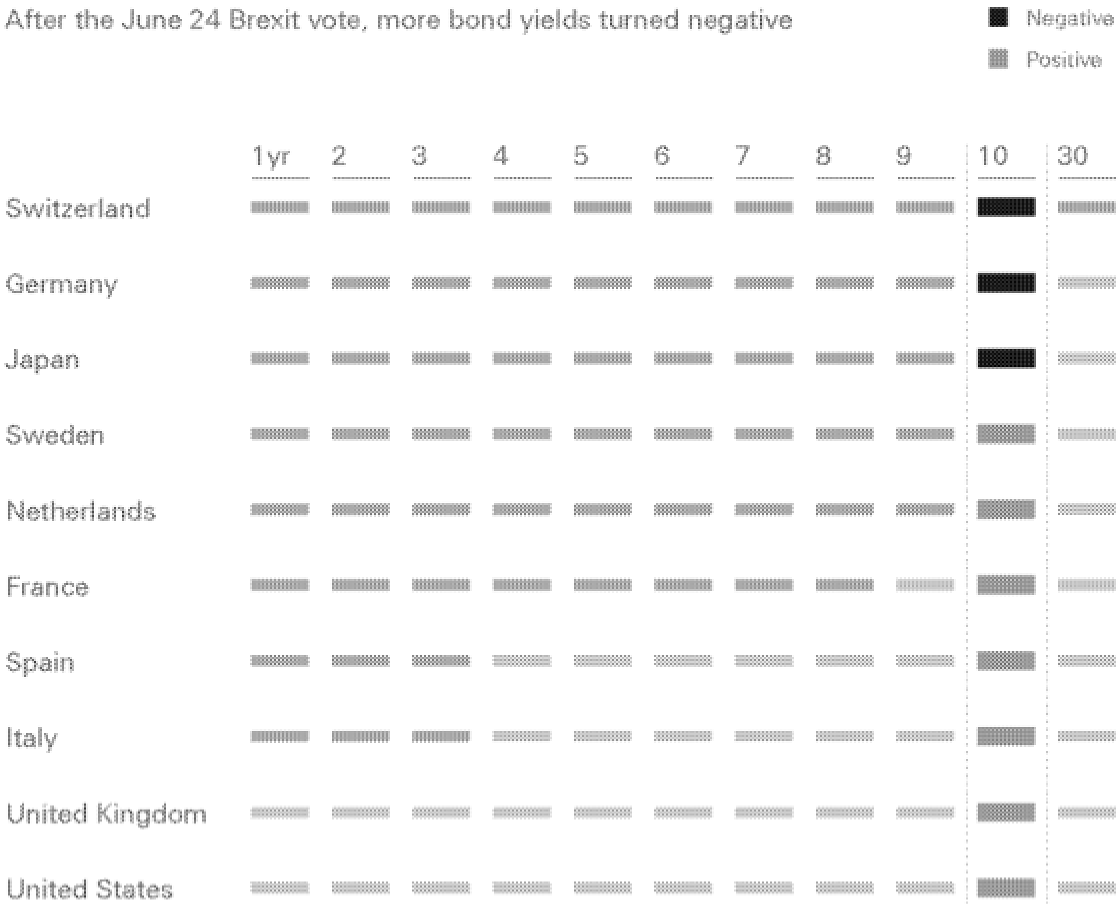
Negative yields

After the June 24 Brexit vote, more bond yields turned negative



Past performance is not indicative of future returns

difficulties meeting liabilities may be some of the more obvious consequences.

The lesson? As monetary policy continues to keep interest rates at extraordinary lows, it effectively side-lines "normal" market mechanisms. For now, the usual suspects should continue to benefit. These include periphery bonds and European corporates. More stimulus by the ECB and, perhaps, the Bank of Japan (which has recently refrained from major new policy initiatives), is likely to make assets in higher yielding markets, such as the U.S., more attractive. Policy makers would surely be well-advised to fret about market distortions. Investors, meanwhile, might as well continue to enjoy the ride.

Sources: Bloomberg Finance L P, Deutsche Bank Wealth Management. Data as of August 11, 2016.
Past performance is not indicative of future returns. Readers should refer to the explanatory notes at the end of this document.