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*Needless to say, the two-generation fixed-income bull market will end. **Bonds could again become “certificates of confiscation”** as they were labelled in the late 1970s. Also, because of the unknown economic outcome, higher-yielding debt will become suspect and a run on high-yield ETFs could bring the low-quality end of the bond market crashing down even faster. **So, the first trade-off we must make is to forego whatever income we still receive and begin to liquidate our fixed-income investments.***

- [Kiril Sokoloff in Q&A with 13D Brain Trust Member](#)  
*Published on WILTW | November 28, 2019*

*We will look back, and we'll be discussing with our grandchildren. And they'll say, "Were you really alive in a time of negative interest rates when there were \$19 trillion of sovereign debt with a negative yield?" **Meaning we are paying governments to lend to them.** It is unheard of. And in 5,000 years of recorded history, it's never happened. And we are now reaping the whirlwind from that.*

- [Kiril Sokoloff: “What’s the Most Important Question in Today's World?”](#)  
*The Great Simplification with Nate Hagens | Recorded on August 17, 2022*

***When people talk about risk assets and bonds not being risk assets, I always used to laugh because when you have an asset that is at a 5,000 year high in price, low in yield, to say it's not a risk asset to me is just laughable.*** *We have had the greatest loss, I think, in bonds in financial history in the first quarter. And if this were to continue it would be really, really dangerous...*

*For many years, this 60/40 has been the Bible, 60 percent equities, 40 percent fixed income. And even though you lost two or three percentage points in*

performance, you had one asset going up while the other stuff was going down. And now you're in a period where at least this year where both have been going down. **So, I would certainly not be in fixed income, and I don't want to trade it, I don't want to be short fixed income. I don't want to be long in it, I am just leaving it aside as an asset class.**

- [Kiril Sokoloff On The Virtues Of Just Watching The River](#)  
[Superinvestors and the Art of Worldly Wisdom | Recorded on March 29, 2022](#)

We're at the end game. We've been waiting for it, preparing for it for years. It was inevitable. **And obviously, the central banks have lost control of long rates, and this has immense implications for many things, the 60/40 people who own bonds, but there are many other implications and that's because of the decade of free money.** There was massive misallocation of capital. We have an economy in the U.S. that is financialized, very sensitive to raising rates. And at the zero-bound, you had no credit risk factored in to borrowing costs. So, as the recession comes, credit risks come. Of course, those interest rates are going to rise...

So the Fed is tightening into what looks like, if not a recession, certainly a very severe slowdown, and at the same time as equities are collapsing. This has never happened before. Where's the Greenspan/Bernanke/Yellen/Powell put that everybody was trained to invest for? So what a shock to the system. Now, one of the problems is that central banks have come to believe that they can eliminate the business cycle. And that is hubris, if there ever was one. And obviously it doesn't work, **so they create a boom, they create a bust, they double down and on and on and on. The cycle gets more extreme and more extreme and more extreme. And we knew it was going to end. And now it has ended.**

- [Kiril Sokoloff, 13D with Scott Bessent, Key Square Group](#)  
[14th Annual Evercore ISI Macro Conference | Recorded on June 14, 2022](#)



**13D CONTACT**  
**WWW.13D.COM**  
**SUBSCRIPTIONS@13D.COM**

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