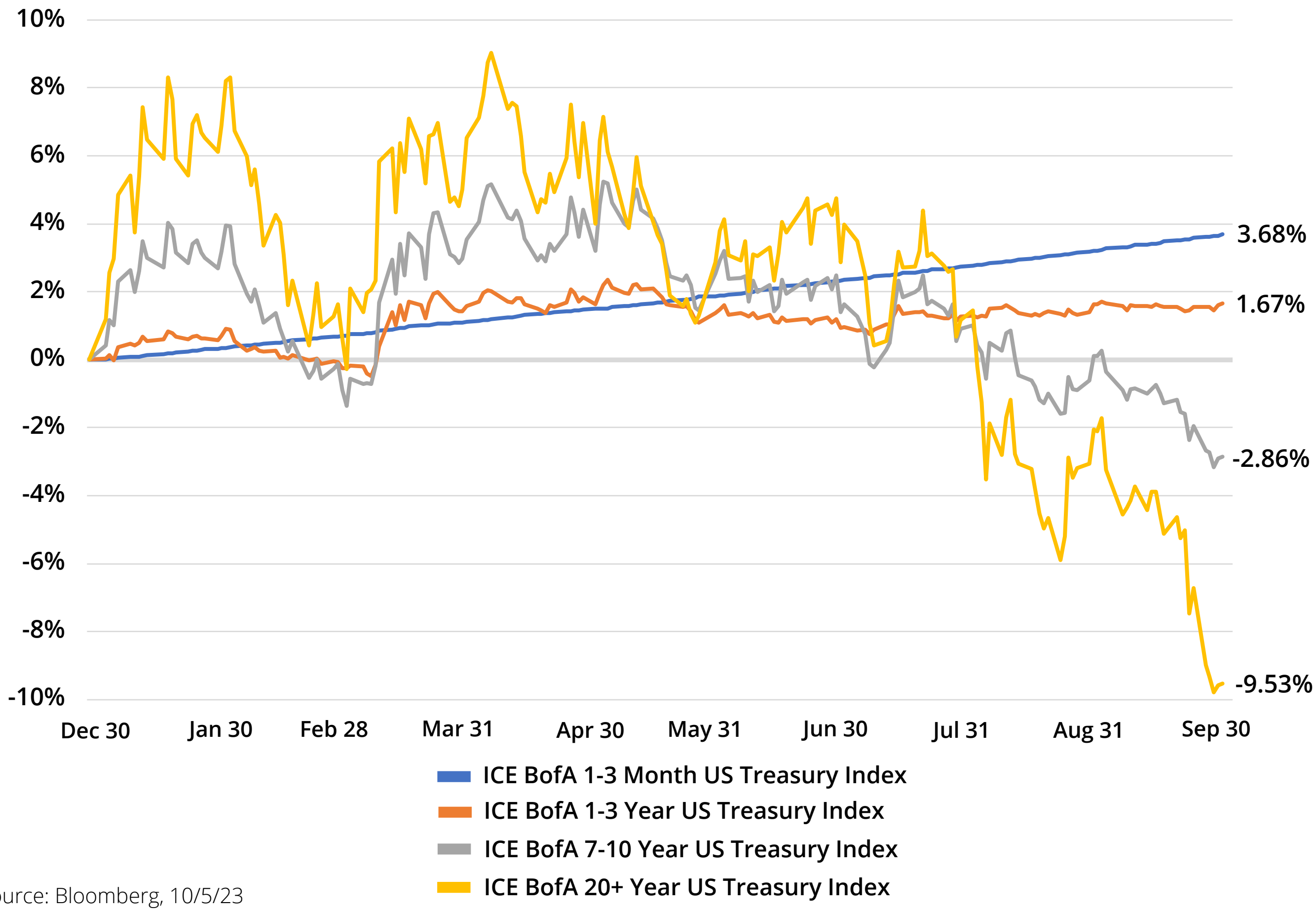
A Time and Place for Everything

Current Opportunities in Fixed Income Investing

Select Portions of the Yield Curve: YTD Return Through 9/30/23



Source: Bloomberg, 10/5/23

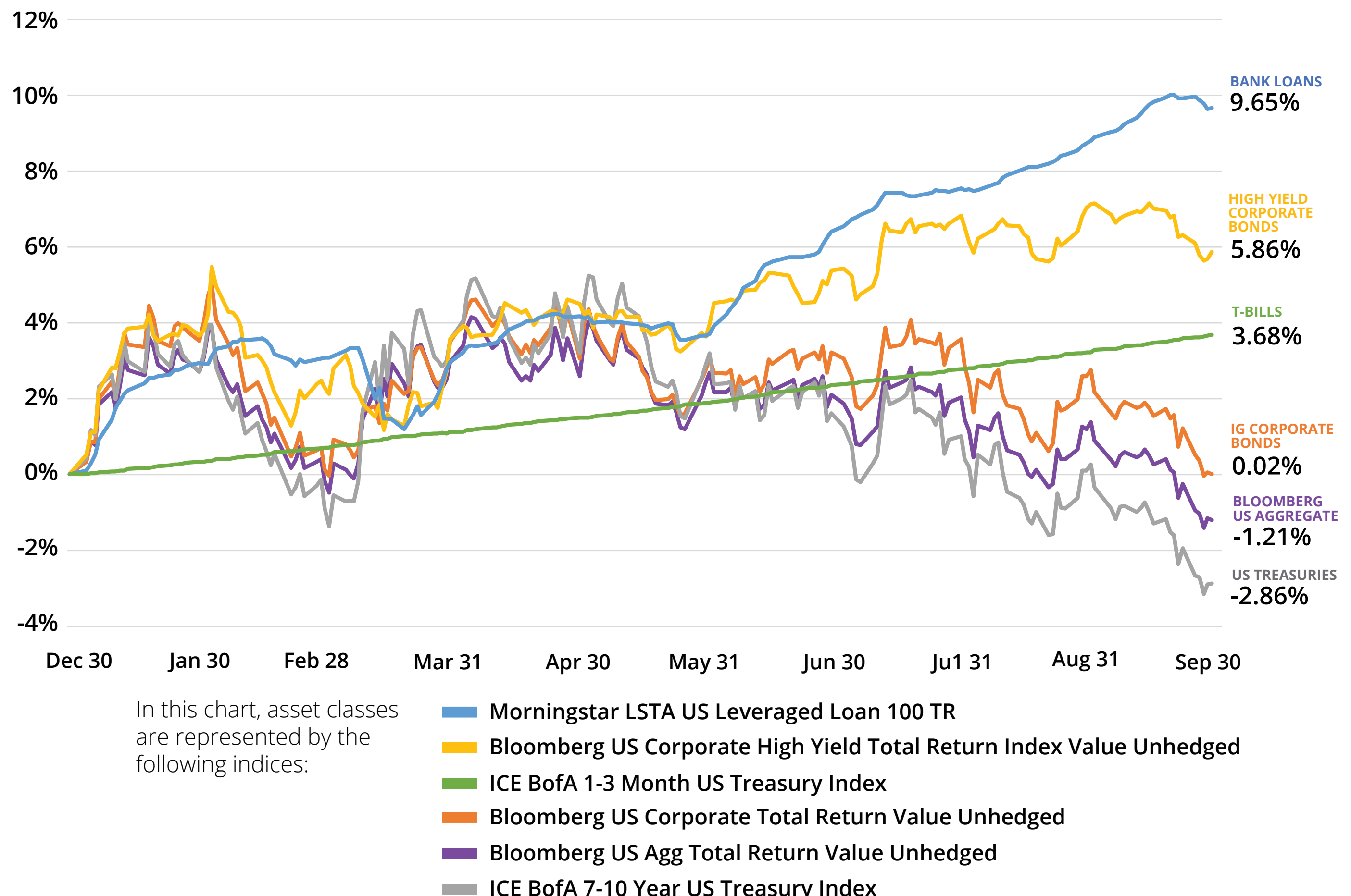
Duration has not yet benefitted fixed income portfolios in 2023, and reasons for duration being out of favor include:

- U.S. government deficits are likely to remain high over the coming years, which could result in increasing supply and may put additional pressure on prices and yields.
- Almost one-third of U.S. Treasuries will mature in the next 12 months. Treasury auction sizes are expected to increase by 23% in 2024.
- We believe returning to a normal yield curve does not support the case for a large rally in long term rates.

While duration will likely eventually come back into favor, at the moment, we do not see an uptrend sufficient enough to warrant portfolio consideration.

What has worked in fixed income so far in 2023?

Select Fixed Income Asset Classes Through 9/30/23



Source: Bloomberg, 10/5/23

Bank loans and high yield corporate bonds have been among the best-performing fixed income asset classes in 2023. Corporate bonds have outpaced U.S. Treasuries in 2023, but both have underperformed T-bills (i.e., cash) so far in 2023.

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Ryan Harder, CFA®, is Chief Investment Strategist for Sierra Mutual Funds and Ocean Park Asset Management. He oversees research, trading, and portfolio management for the firm, and his career of more than 20 years includes roles as portfolio manager, equity research analyst and managing director. Ryan earned a BA in Economics, with honors, from Brock University in Ontario, Canada and a M.Sc. in International Securities, Investment and Banking from the ICMA Centre, University of Reading, in the United Kingdom. He is a CFA® Charterholder.

Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

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INDEX DEFINITIONS:

Morningstar LSTA US Leveraged Loan 100 TR USD is designed to measure the performance of the 100 largest facilities in the US leveraged loan market. Index constituents are market-value weighted, subject to a single loan facility weight cap of 2%.

Bloomberg US Agg Total Return Value Unhedged USD is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency). The index does not take into account charges, fees and other expenses, and investors cannot invest directly in an index.

Bloomberg US Corporate High Yield Total Return Index Value Unhedged USD is an unmanaged, U.S. dollar-denominated nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of $150 million. You cannot invest directly in an index.

Bloomberg US Corporate High Yield Bond Index is a market value-weighted index which covers the U.S. non-investment grade fixed-rate debt market. The index is composed of US dollar-denominated corporate debt in Industrial, Utility, and Finance sectors with a minimum $150 million par amount outstanding and a maturity greater than 1 year. The index includes reinvestment of income.

Bloomberg US Corporate Total Return Value Unhedged USD measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

ICE BofA 1-3 Month US Treasury Index measures the performance of a single issue of outstanding treasury bill which matures closest to, but not beyond, three months from the rebalancing date. The issue is purchased at the beginning of the month and held for a full month; at the end of the month that issue is sold and rolled into a newly selected issue.

ICE BofA 1-3 Year US Treasury Index is a subset of ICE BofA US Treasury Index including all securities with a remaining term to final maturity less than 3 years.

ICE BofA 7-10 Year US Treasury Index is a subset of ICE BofA US Treasury Index including all securities with a remaining term to final maturity greater than or equal to 7 years and less than 10 years.

ICE BofA 20+ Year US Treasury Index is part of a series of indices intended to the assess U.S. Treasury market. The Index is market value weighted and is designed to measure the performance of U.S. dollar-denominated, fixed rate securities with minimum term to maturity greater than twenty years. The ICE U.S. Treasury Bond Index Series™ has an inception date of December 31, 2015. Index history is available back to December 31, 2004.

ICE BofA US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one-year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $100 million. In addition, qualifying securities must have risk exposure to countries that are members of the FX-G10, Western Europe or territories of the US and Western Europe. Index constituents are capitalization-weighted based on their current amount outstanding times the market price plus accrued interest.

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