

RIA GROUP

Fixed Income Strategies for Advisors

Performance Trust has been helping clients navigate the municipal bond market as well as the taxable fixed income market since 1994. The composition of maturity structure, call protection, and coupon preferences is driven by our proprietary Shape Management methodology. Shape Management is a discipline math-based approach that pre-calculates the total return of a bond in defined outcomes. In our view, the results of this process provide more useful information than a traditional framework that primarily makes judgments based on a bond's duration, yield, or spread.

TAX FREE MUNICIPAL BOND

The municipal bond market is roughly \$3.9 trillion in size with more than 50,000 issuers and roughly one million in outstanding securities. The coupon conventions, bond structures, and unique issuer needs create often over-looked opportunities in a market that is heavily influenced by retail investor behavior. These characteristics can result in certain pricing inefficiencies that provide opportunity.

Within the context of capital preservation, we focus on selecting bonds which we believe have favorable and complimentary total return characteristics using our analytical framework. Our portfolios typically have the following characteristics:

- Maturities are typically 1-15yrs
- Preference for higher coupons
- Typical credit quality is AA
- Preference for General Obligation bonds & essential service revenue bonds
- Maturity structure is driven by total return characteristics in aggregate

INVESTMENT GRADE TAXABLE BOND

Within the context of capital preservation, we focus on selecting bonds which we believe have favorable and complimentary total return characteristics using our analytical framework. Our taxable portfolios invest mainly in corporate bonds, treasuries, taxable municipal bonds, and CDs.

If you're unfamiliar with taxable municipal bonds, they are bonds issued by state and local governments to finance projects that do not meet certain public use tests under the Internal Revenue Service to qualify for a tax exemption. These bonds can offer attractive yields relative to other taxable fixed income sectors, and like tax-exempt municipal bonds, taxable munis are generally highly rated credits.

Our portfolios typically have the following characteristics:

- Maturities are typically 1-12yrs
- Typical credit quality for taxable munis is AA-
- Corporate bonds typically have at least an A- rating by either Moody or S&P
- Limited exposure to the more volatile oil & gas industry

FOR MORE INFORMATION, CONTACT THE RIA GROUP:

312. 521.1637 | performancetrust.com | shapes@performancetrust.com



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An investor interested in participating in the investment and/or strategy described should conduct its own investigation and analysis and consult with its own investment advisers, counsel, and accountants as to the risks involved in making such investment. **Investing involves risks, including the potential for principal loss.**