



CROSSMARKGLOBAL.COM

March 31, 2018

# TAXABLE FIXED INCOME COMMENTARY

CORE FIXED INCOME  
INTERMEDIATE FIXED INCOME  
CURRENT INCOME PORTFOLIO  
INCOME OPPORTUNITIES

Do you ever feel like you are stuck in a rut and need something to change in order to break the monotony? Well, the U.S. Treasury market sure did during the first quarter of the year with the 10yr yield stuck in the range of 2.80-2.95% for 22 continuous trading sessions. Following higher wage numbers during the beginning of February, yields trended upward as the expectation of higher inflation became the dominant theme in the fixed income markets.

As the quarter began to wind down, additional uncertainties including tariff issues, a higher than expected dot plot from the Federal Reserve, new fiscal policy and an elevated LIBOR level combined with a large short position in the treasury market and repositioning due to quarter-end to push the U.S. 10yr treasury below its most recent range and break the 50 day moving average. Even with this move, the quarter came to a close with higher yields across the curve than where it started. In a rising rate environment, our fixed income portfolios outperformed their comparable indices for the quarter with our shorter duration positioning and the income component as the largest contributors to the outperformance.

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Our 4-step investment process focuses on duration, yield curve, sector and security selection, combined with our outlook for the markets. We will maintain our current conservative positioning of the taxable fixed income portfolios with a reduced exposure to the increased levels of volatility we have

seen this year in combination with a higher level of income versus comparable indices. This strategy will help to reduce market value fluctuations in a rising rate environment – an environment we anticipate will continue over the coming quarters, although not in a straight line as we move through this mid-term election year cycle. As always, feel free to contact us with any questions as we are happy to discuss the portfolios, our strategies and the markets with you.

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