



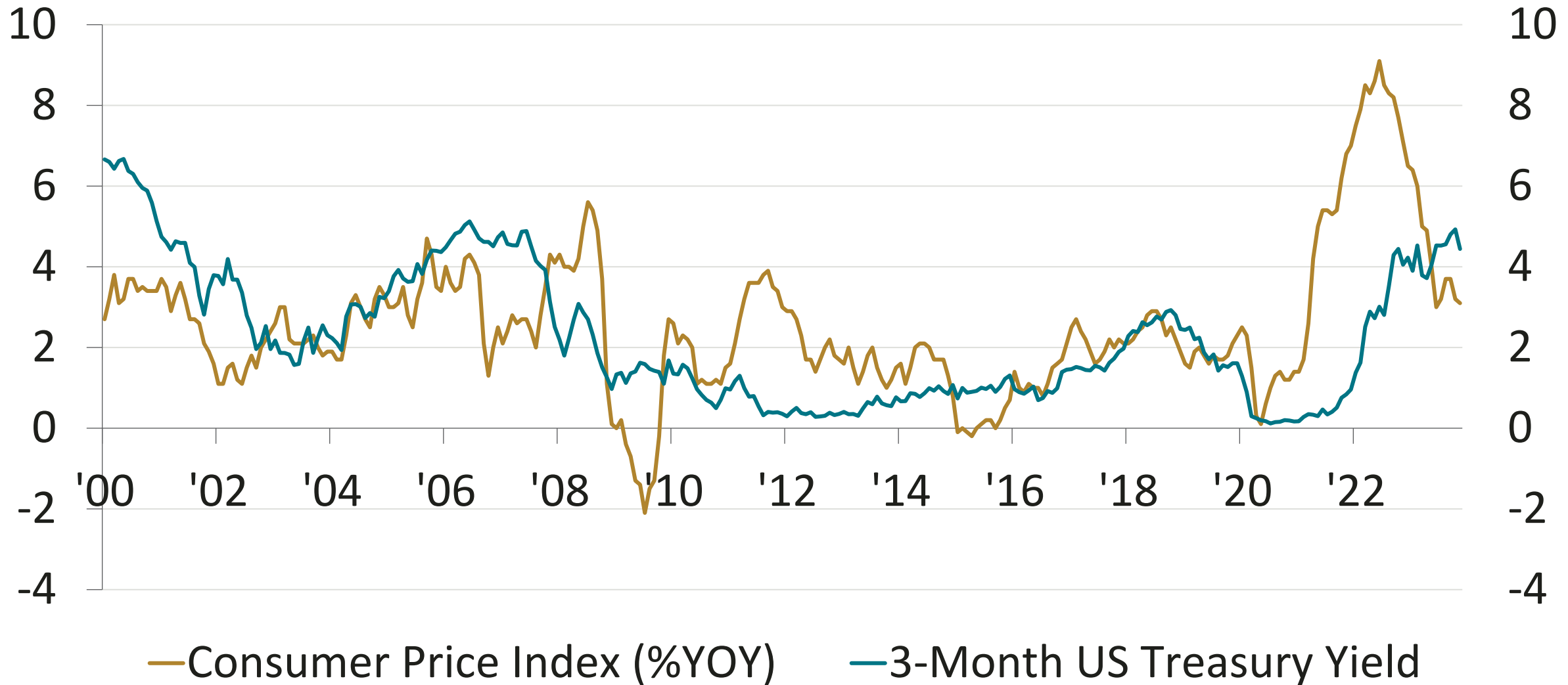
# Multi-Asset Investing— Where Fixed Income Investing Goes When It Grows Up

Robert S. Kricheff

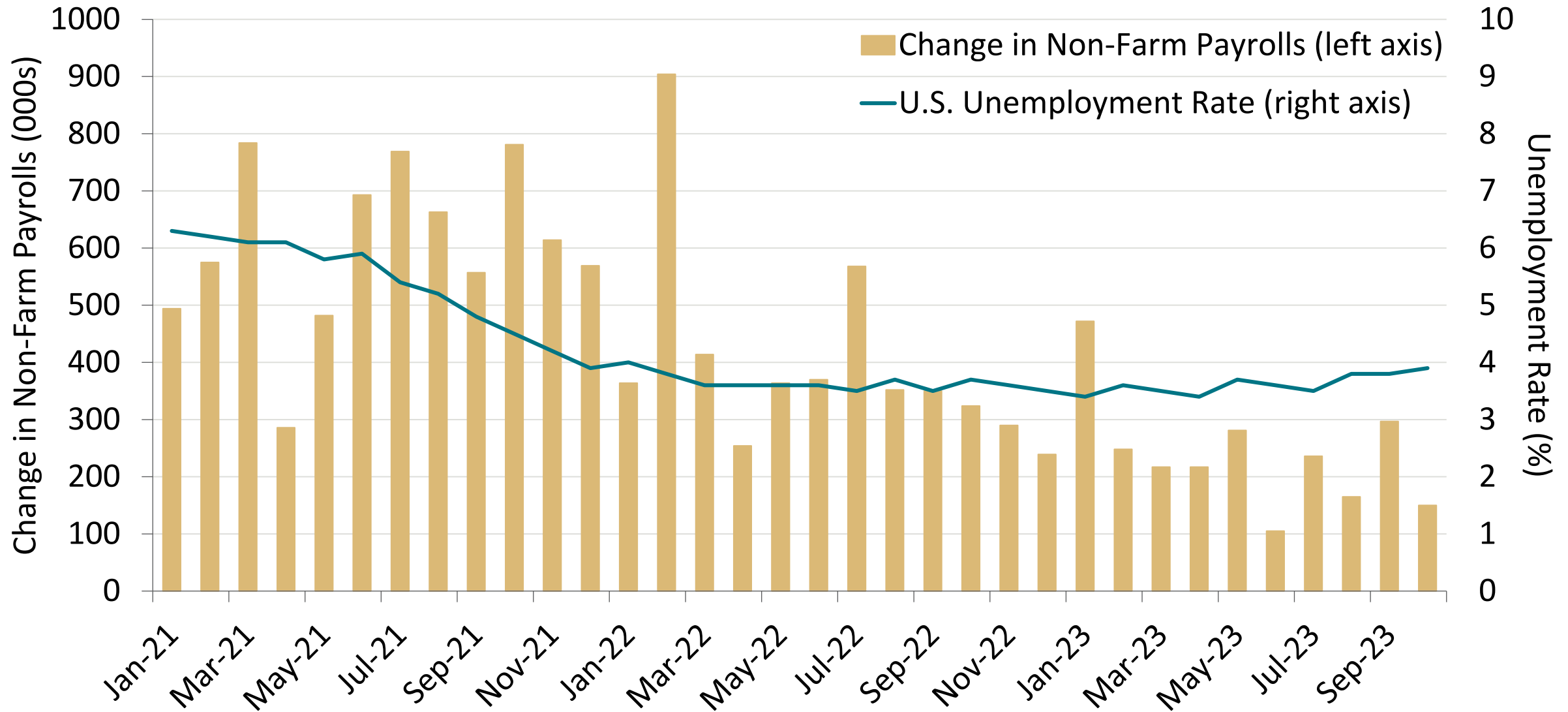
Principal, Global Strategist and Head of Multi-Asset  
Credit, Portfolio Manager

# New Inflation/Interest Rate Paradigm

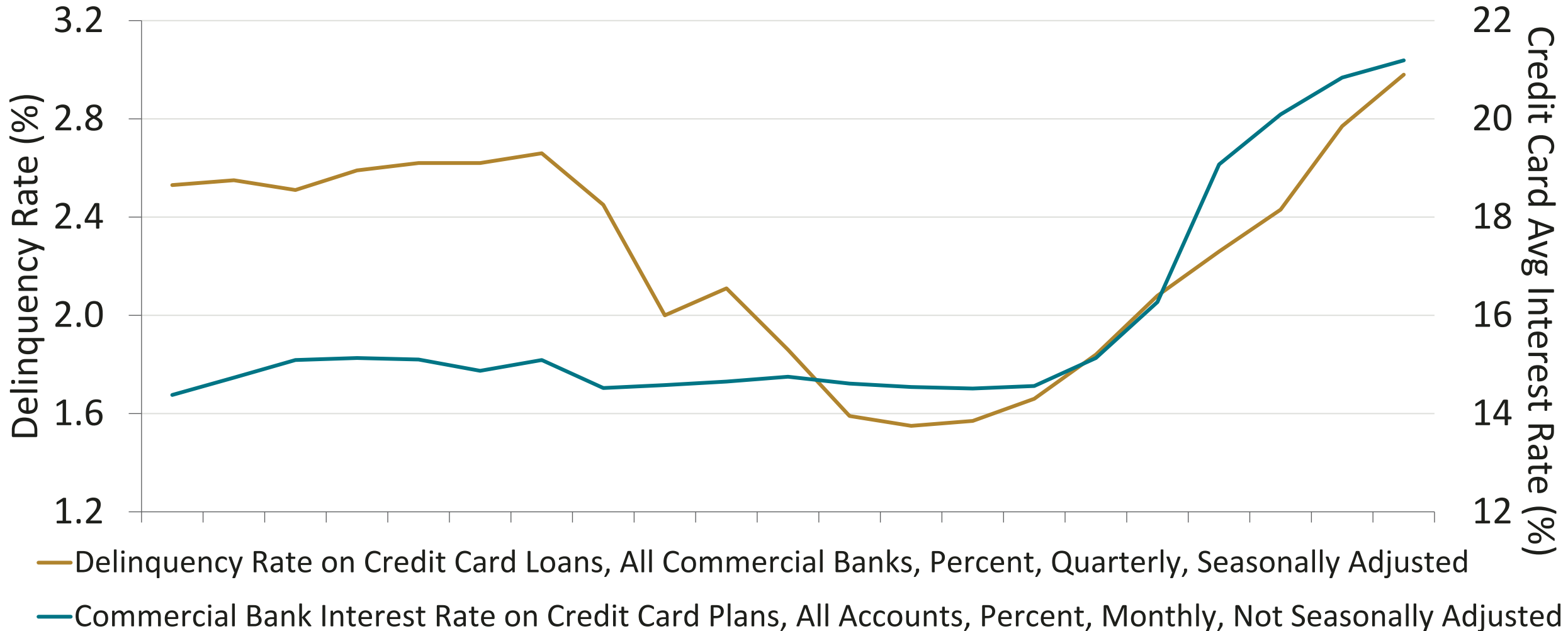
## Inflation & Interest Rate Levels



# Employment Remains Stable



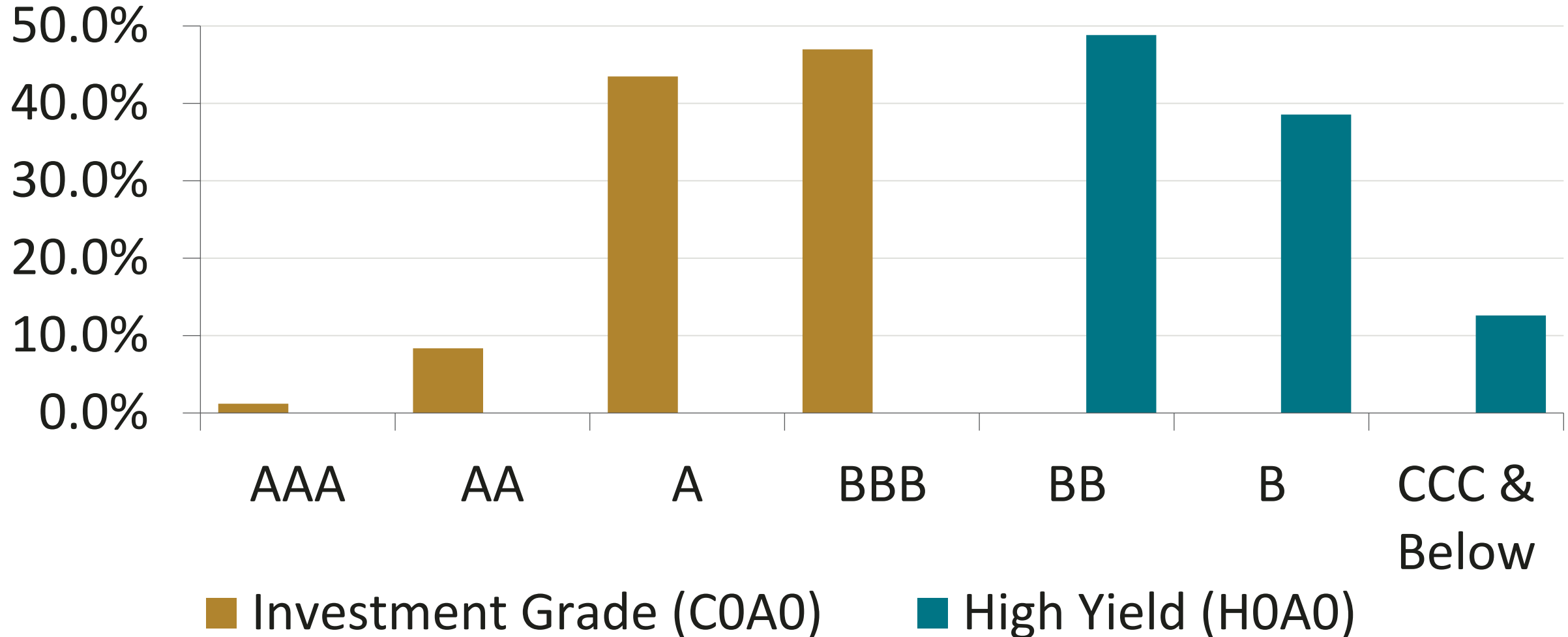
# Consumer Debt Delinquencies vs Interest Expense



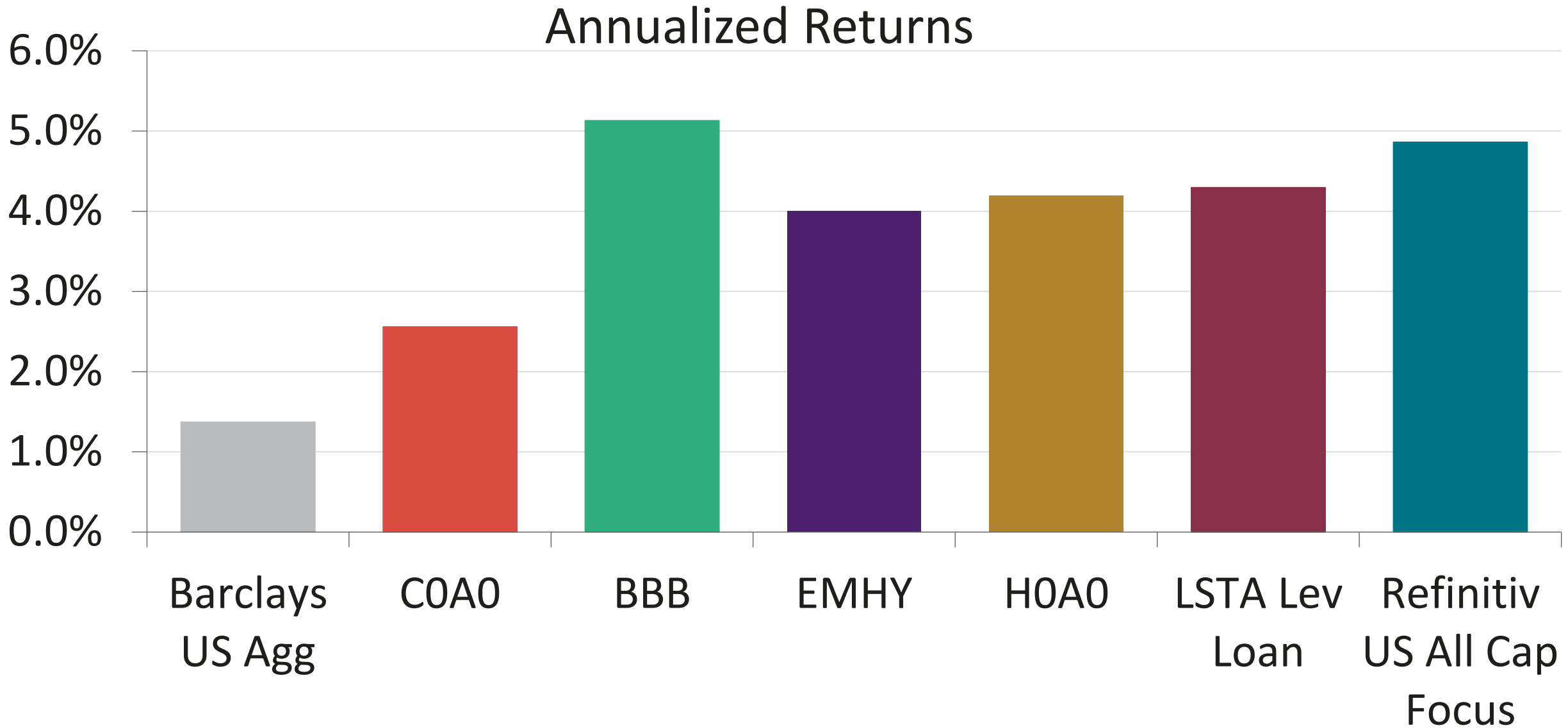
# Fixed Income Indexes Characteristics

	Yield to Maturity (%)	Spread to Worst (BPS)	Option Adjusted Duration (Years)	Average Maturity
<b>Fixed Income Aggregate</b> Bloomberg Capital U.S. Aggregate Bond Index	5.05	45*	6.19	8.48
<b>Investment Grade</b> ICE BofA U.S. Corporate Index (COA0)	5.71	113	6.64	10.21
<b>High Yield</b> ICE BofA U.S. High Yield Index (HOA0)	8.56	402	3.49	4.89
<b>Short Duration High Yield</b> ICE BofA U.S. 0-2Yr Duration BB-B Index (H42C)	7.93	282	1.16	1.85
<b>Leveraged Loans</b> Morningstar LSTA Leveraged Loan	10.44	485**	0.25	4.19

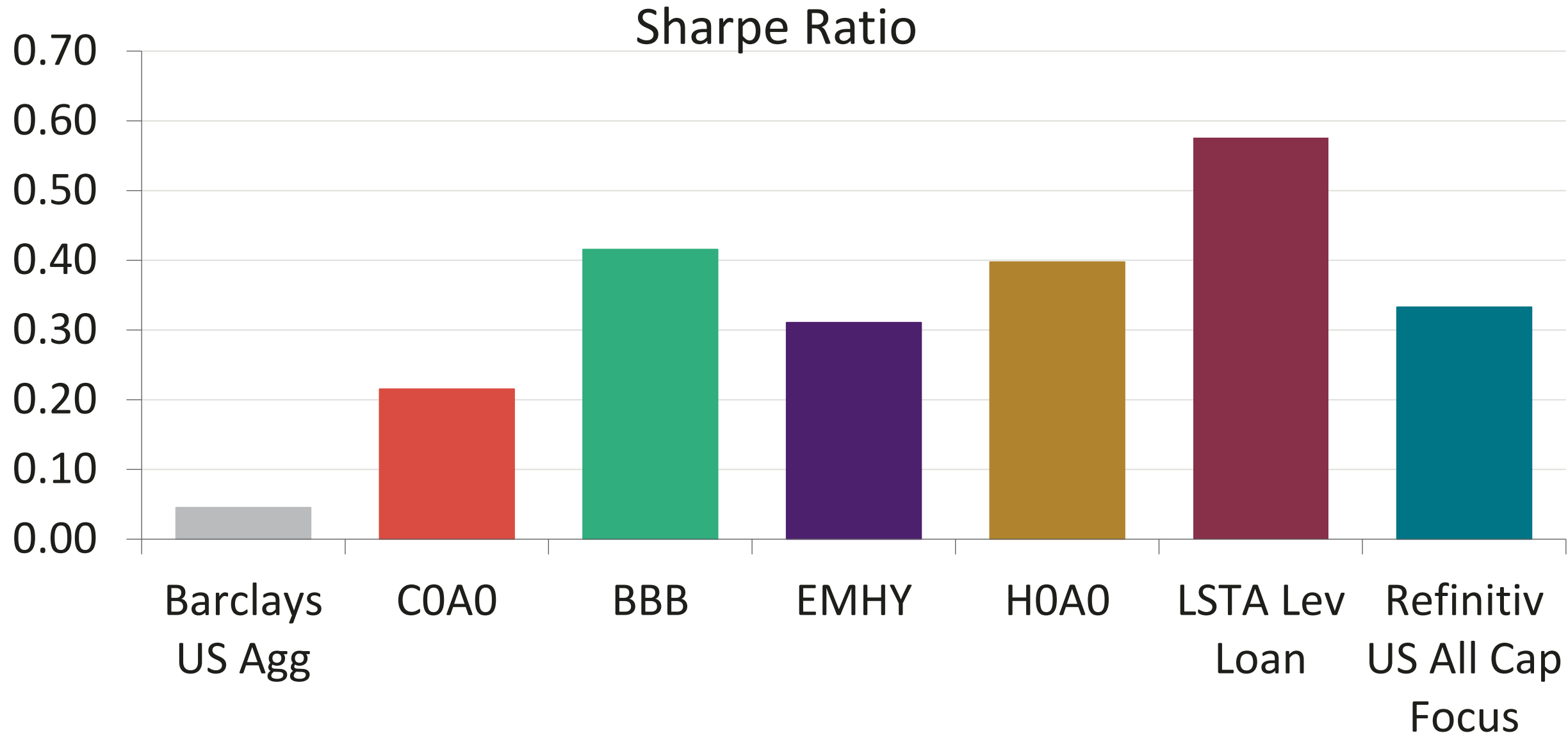
# High Yield vs. Investment Grade: Rating Weights Comparison



# 10 Year Returns, Sharpe, Sortino

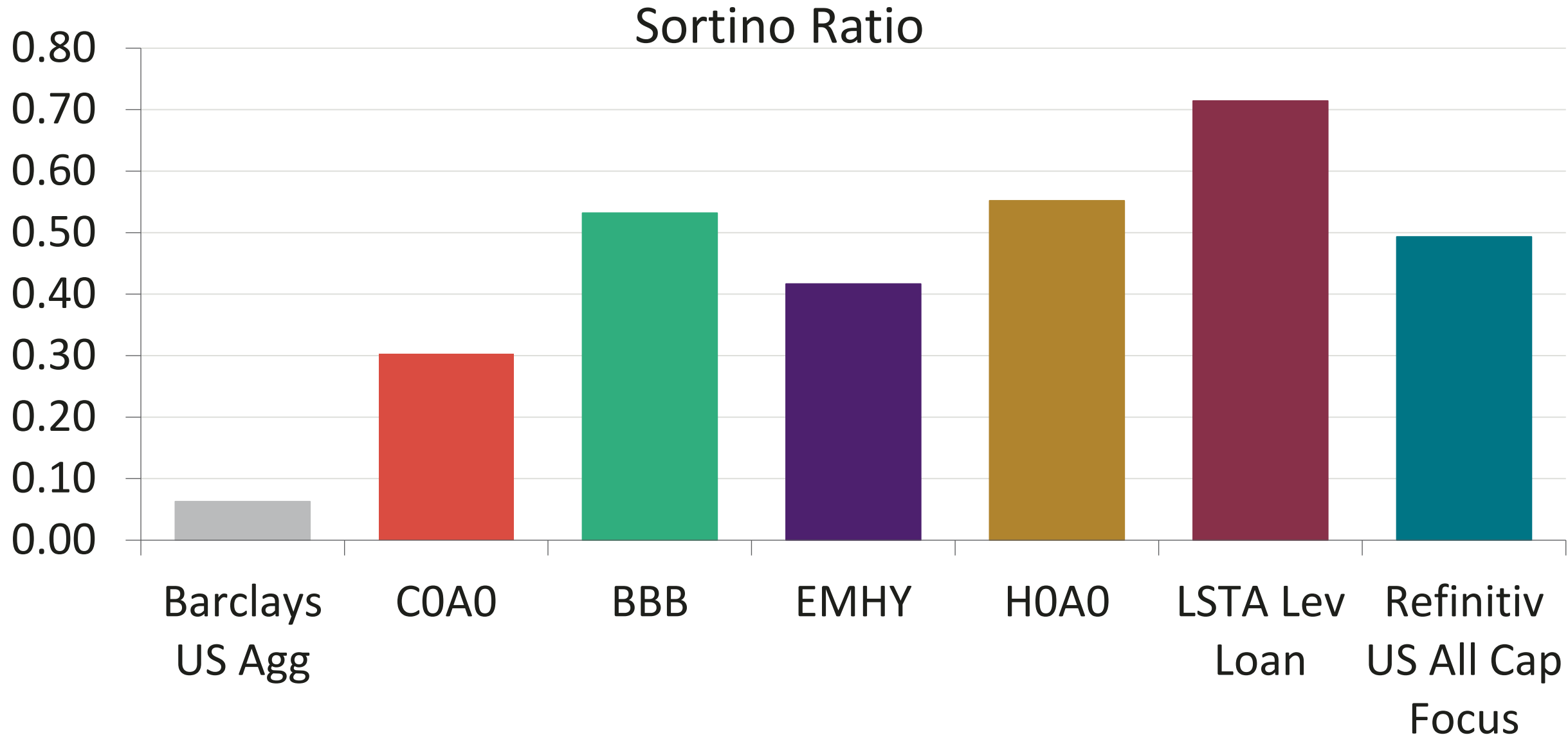


# 10 Year Returns, Sharpe, Sortino





# 10 Year Returns, Sharpe, Sortino



# A Range Of Opportunities Exist, But Value Shifts Over Time

2018	2019	2020	2021	2022
SD: 2%	CVT: 19%	CVT: 34%	DST: 16%	LL: (1%)
LL: 0%	HY: 14%	DST: 12%	HY: 5%	SD: (2%)
CVT: (0%)	BBB: 9%	HY: 6%	LL: 5%	BBB: (3%)
BBB: (1%)	LL: 9%	BBB: 5%	BBB: 4%	DST: (3%)
DST: (2%)	SD: 7%	LL: 3%	SD: 3%	HY: (11%)
HY: (2%)	DST: 3%	SD: 1%	CVT: (1%)	CVT: (19%)

# Convertibles in MAC: How and Why



Establish credit quality



Protect downside



Less constrained upside



Growth industry exposure

# The Three Levers of MAC Portfolio Management

ALLOCATION TO  
ASSET  
CLASS/SUB-  
STRATEGY

TACTICAL  
TILTS WITHIN  
SUB-  
STRATEGIES

CREDIT  
INVESTMENT  
SELECTION

# Outcome-Driven Portfolio Construction

DEFENSIVE ALLOCATION  
(volatility management)

CORE ALLOCATION  
(coupon income)

RETURN ALLOCATION  
(high return potential)



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Questions?

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