

Bonds are Batman

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Describe the fixed income investment landscape for
2026 in one word:

Bonds are...

Batman!

Why Batman?

Every asset class claims a super power...

But Batman is a regular guy...

With a lot of income!

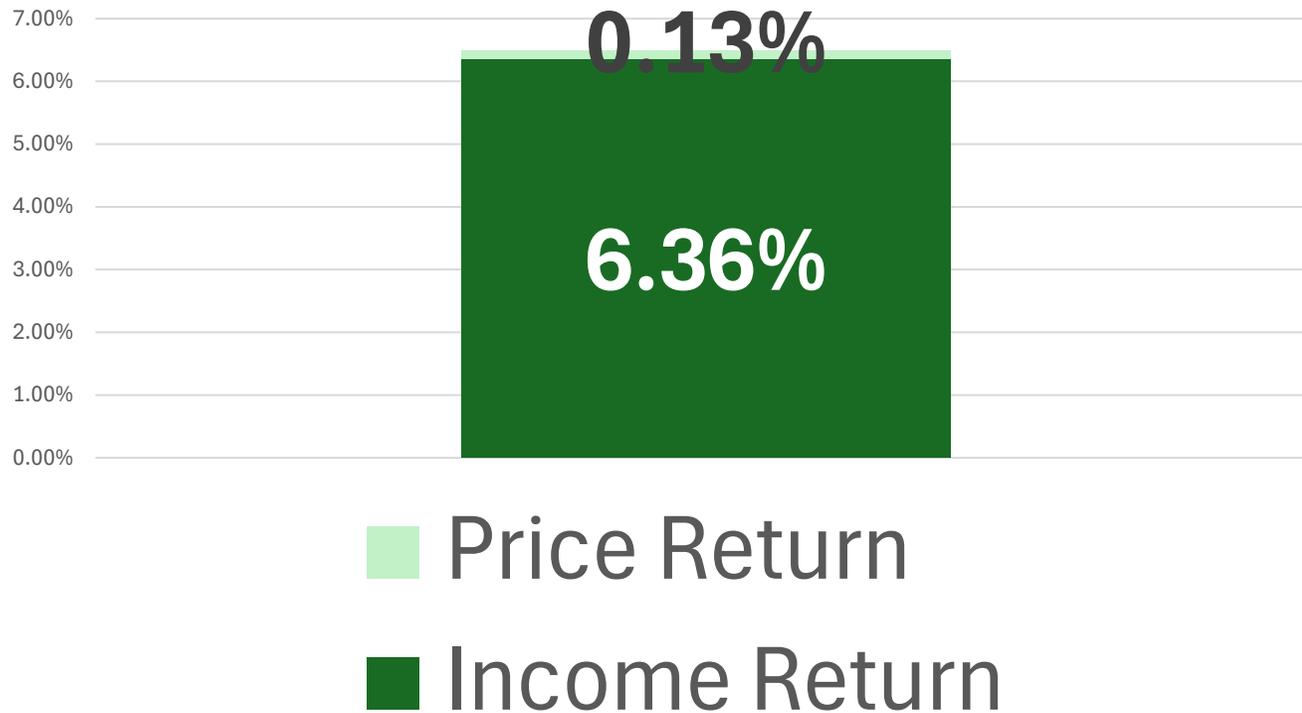
And he uses that income as his superpower

The power of income

- Income is the single most predictable factor in investing
- Coupons create liquidity without selling assets
- Over the long-term, bond returns are driven by income

Broad Bond Market Returns Since Inception

Contribution to Annualized Returns



- Changes in rates have a limited impact for long-term investors
- Income drives returns over the long-term

Role of Fixed Income

2008 - 2022

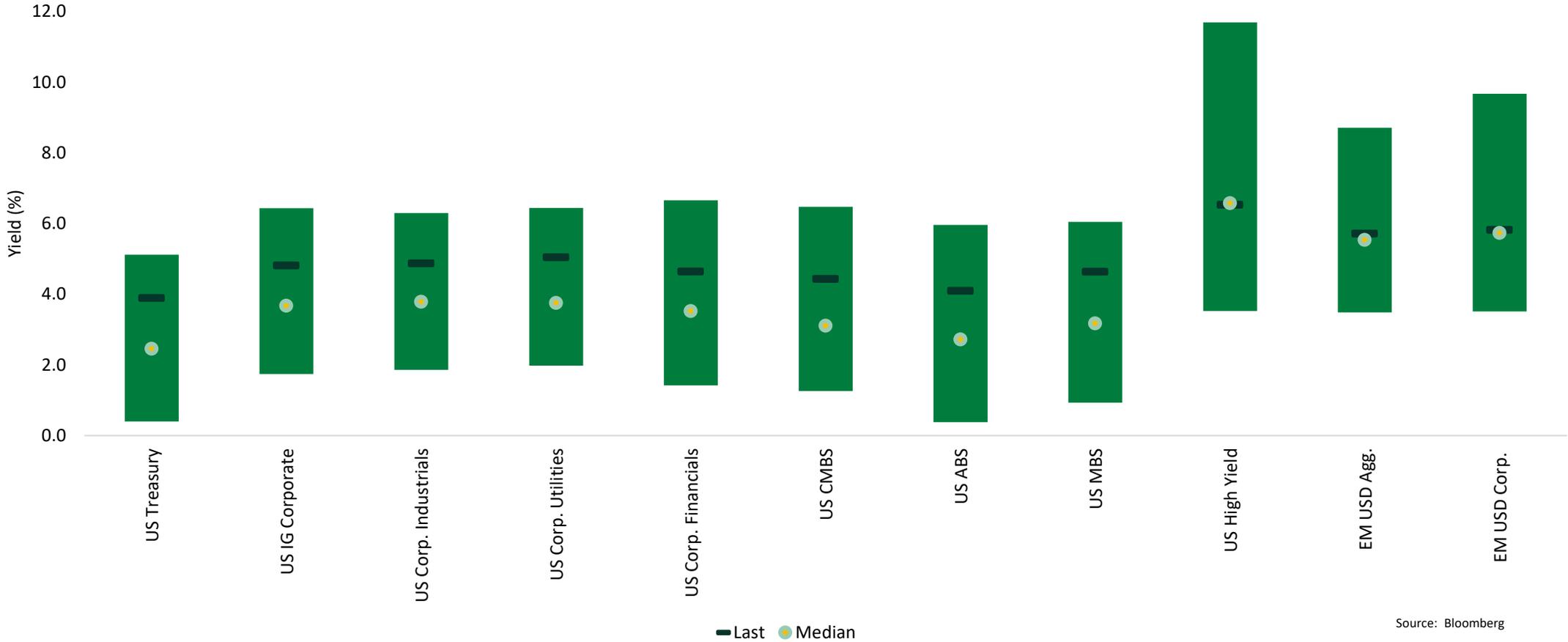
Attribute	
Income	
Liquidity	✓
Preservation of Capital	✓
Diversification	✓

2022 - today

Attribute	
Income	✓
Liquidity	✓
Preservation of Capital	✓
Diversification	✓

Opportunities in Yield

Fixed Income Valuations
10-Year Range



Source: Bloomberg

Strategies in Fixed Income

- Core Bond – broad universe – typically investment grade only: 4.5%-5.5% yields
- Core Plus – some room for high yield: 5%-6% yields
- Multi-Sector – increased focus on higher yielding sectors: 6-7% yields
- Multi Asset Credit – primarily below investment grade: 7-8% yields

Multi Asset Credit

- Enhanced yields versus other public market fixed income strategies
- Allows manager to actively seek higher yielding opportunities in fixed income with broad flexibility
- Diversification among higher yielding sectors
- Markets are moving faster and faster. The market doesn't wait on board meeting schedules
- 'Best ideas' across market segments

Summary

- Income provides consistency, liquidity and total return
- Short-term rate changes matter, long-term income matters
- Bonds are back to delivering income
- New fixed income strategies provide higher income while remaining more liquid than private investments
- In conclusion: *Bonds are...?*

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The Bloomberg U.S. Floating Rate Note Index Index provides a measure of the U.S. dollar denominated floating rate note market. The index measures the performance of floating rate notes across sector, credit quality, maturity, and asset class sectors. For inclusion in the index, a security must be a U.S. dollar-denominated floating rate note with at least 1 month to final maturity, have an original maturity of at least 18 months, be rated least Baa3/BBB-/BBB- using the middle rating of Moody's, S&P, and Fitch for bonds issued by corporate entities, and have at least \$300 million par amount outstanding.

The Bloomberg U.S. Aggregate 1-3 year Index is an unmanaged index that covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities. To qualify for inclusion, a bond or security must have at least one year to final maturity and no more than three years, rated investment grade Baa3 or better, dollar denominated, non-convertible, fixed rate and be publicly issued.

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