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Investment Managers

It's Back to the Future for Fixed Income

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Back to the Future



"How Would Back to the Future Have Been Different with SmartThings? -." N.p., 09 June 2014. Web. 17 Feb. 2015.

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10 Year U.S. Treasury Yield

Rate cycles are long



Source: Bloomberg as of 8/31/15

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It's a Balancing Act!



"Capital Flows." Armstrong Economics. N.p., 21 June 2013. Web. 17 Feb. 2015.

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Two painful transitions

1.) Federal Reserve's 'normalization' of short-term interest rates

- Validation the U.S. expansion has become self-sufficient.
- This is *not* a tightening.

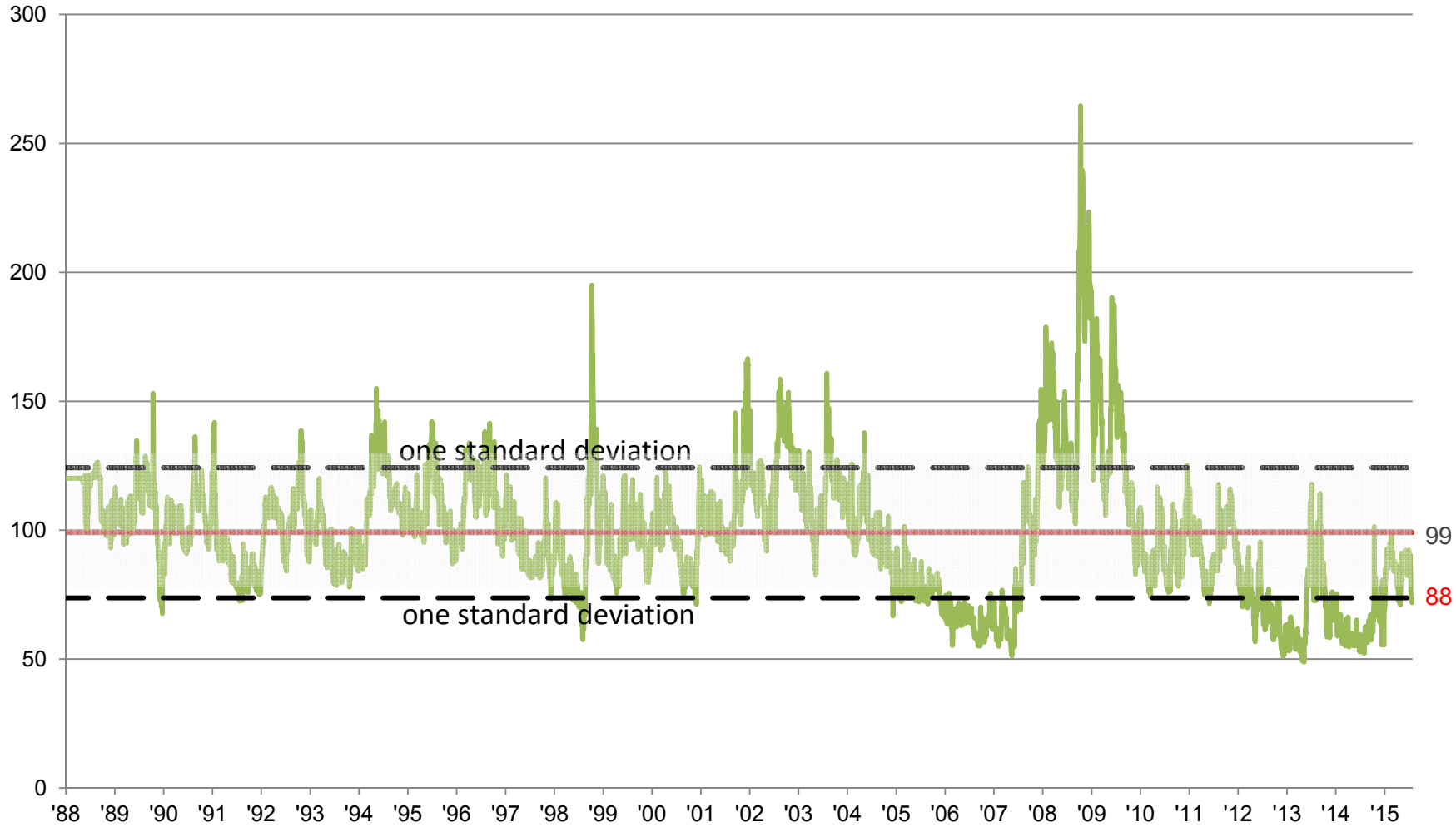
2.) China's evolution toward a consumer-oriented economy

- China's policy makers have confused investors.
- Market has misinterpreted China's recent moves.

Key Takeaway: This market volatility is *normal.* **Stay patient.**

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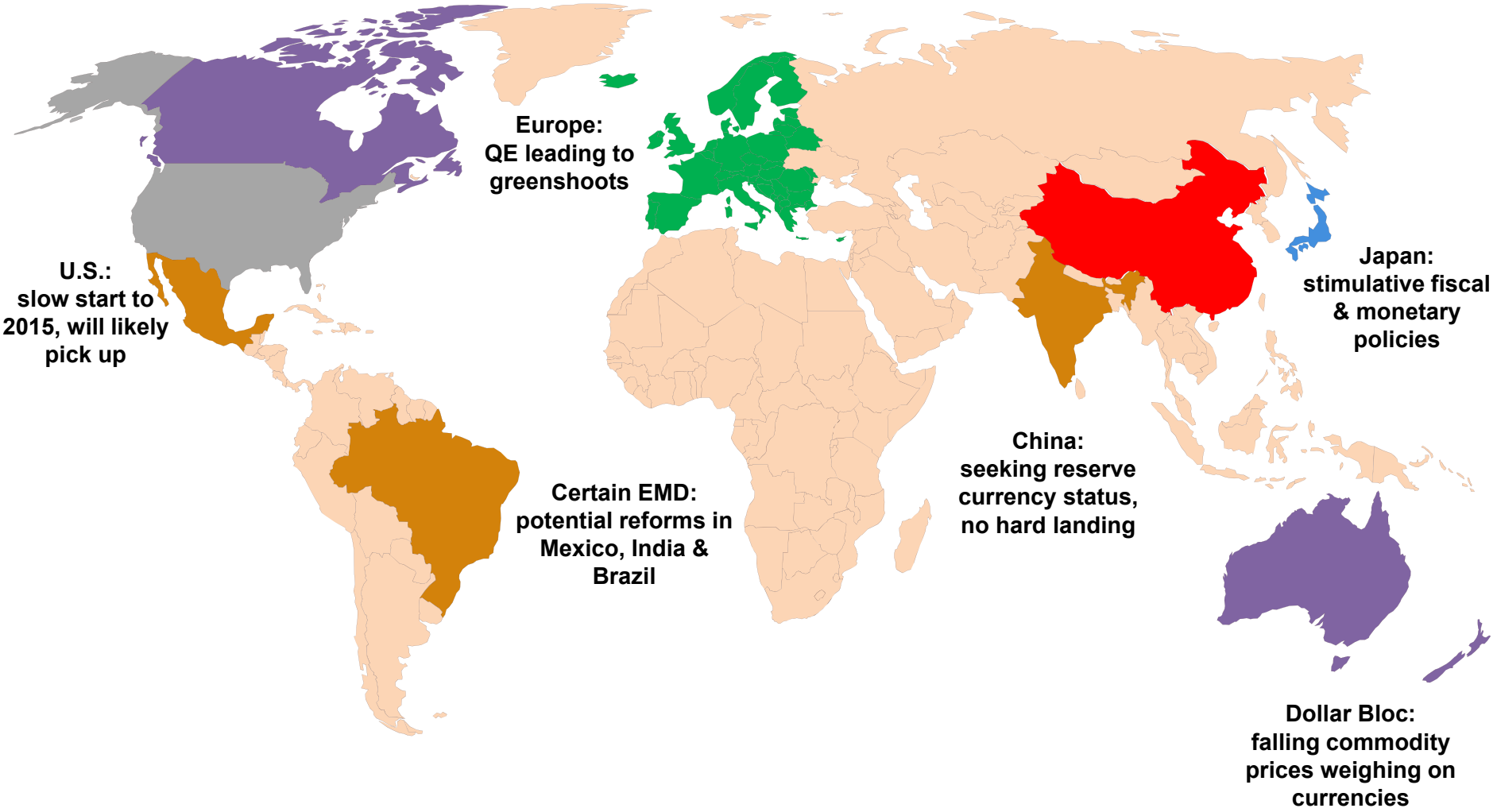
Fixed Income Volatility: MOVE Index



Source: Bloomberg. As of 08/31/15. Merrill Lynch Option Volatility Estimate MOVE Index is a yield curve weighted index of the normalized implied volatility on 1-month Treasury options.

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Macroeconomic Overview



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Thank you.

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