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Archway Investment Fund

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12-2017

### Fixed Income Fund Report, December 2017

Bryant University, Archway Investment Fund

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**Fund Objectives**

The primary objective of the Archway Investment Fixed Income Fund (the Fund) is to provide students in Bryant University's Fixed Income Portfolio Management course with a hands-on learning experience. The portfolio was funded with \$500,000 on October 27, 2017.

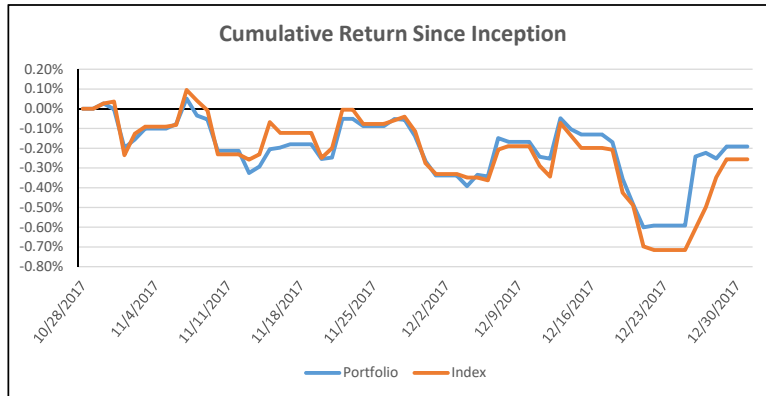
**Investment Strategy**

The Fund seeks returns, considering both income and price appreciation, in excess of its Benchmark, while maintaining a volatility less than 120% of that of its Benchmark. The Benchmark is the Fixed Income ETF GVI, which tracks the Bloomberg Barclays Intermediate Government Credit Index. That index consists of U.S. Government notes and bonds, plus corporate bonds and other taxable bonds that are rated investment grade, denominated in USD, and traded in the US capital market, with maturities between 1 and 10 years. The Benchmark was chosen due to its relatively modest volatility, its wide diversification, and its common usage as a benchmark for both active and passive intermediate term fixed income portfolios. It is expected that the tracking error of the portfolio versus this benchmark, defined as the annualized standard deviation of excess returns, will be kept below 1%.

**Performance Commentary**

The Archway Fixed Income Portfolio returned 0.07% during December, while the benchmark returned 0.02%. As expected, the Federal Reserve increased the target range for the Federal Funds rate by 25 bps at its December meeting. The US economy continued its recent trend with a solid rate of growth, low unemployment, and modest inflation. The yield curve continued its flattening trend in December despite briefly steepening in response to the passage of the tax bill mid-month. The 2 Year US Treasury yield increased by 0.10 bps, while the 10 year US Treasury yield was unchanged in December. The duration of the portfolio was slightly higher than the index, but the flattening bias in the portfolio's key rate duration profile contributed excess returns during the month. The 4% overweight in a High Yield ETF, also added excess return versus the index. The Fall 2017 semester marked the start of this portfolio with a \$500,000 inflow on October 27. The portfolio has returned -0.19% from inception through year end, while the benchmark returned -0.26%.

**Performance Data and Statistics**



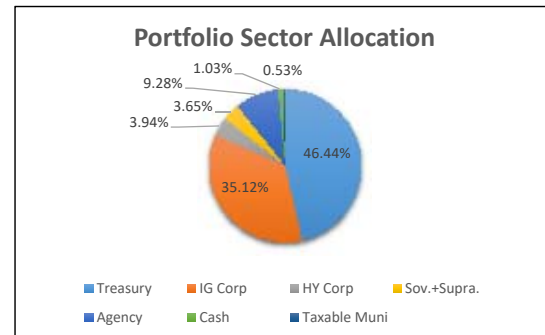
| Returns                             | Portfolio | Benchmark | Excess |
|-------------------------------------|-----------|-----------|--------|
| Since Inception Return (Cumulative) | -0.19%    | -0.26%    | 0.07%  |
| Month to Date Return                | 0.07%     | 0.02%     | 0.05%  |
| Semester to Date Return             | -0.19%    | -0.26%    | 0.07%  |
| Year to Date Return                 | -0.19%    | -0.26%    | 0.07%  |

| Risk Statistics  | Portfolio Volatility | Benchmark Volatility | Tracking Error | Correlation to Index |
|------------------|----------------------|----------------------|----------------|----------------------|
| Since Inception  | 1.66%                | 1.81%                | 1.01%          | 0.84                 |
| Month to Date    | 1.92%                | 1.88%                | 1.25%          | 0.78                 |
| Semester to Date | 1.66%                | 1.81%                | 1.01%          | 0.84                 |
| Year to Date     | 1.66%                | 1.81%                | 1.01%          | 0.84                 |

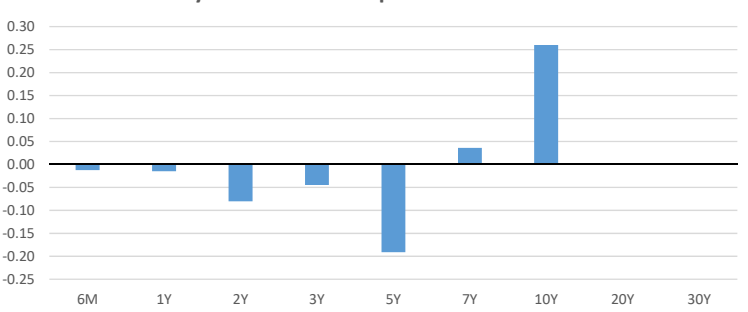
| Characteristics                 | Portfolio  | Benchmark |
|---------------------------------|------------|-----------|
| Option Adjusted Duration        | 4.01       | 3.98      |
| Yield                           | 2.01%      | 2.26%     |
| Number of Individual Bonds Held | 1          | 2765      |
| Number of ETFs Held             | 6          |           |
| Portfolio Market Value          | \$ 499,044 |           |

**Portfolio Holdings**

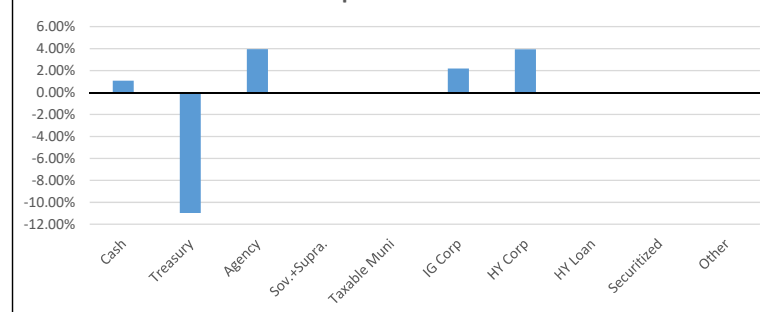
| Exchange Traded Funds                     | Ticker    | Shares     | Share Price | Market Value       | Weight       |
|---|-----------|------------|-------------|--------------------|--------------|
| iShares Intermediate Credit ETF           | CIU       | 1660.125   | \$ 109.21   | \$ 181,302.25      | 36.33%       |
| iShares 3-7 Year Treasury ETF             | IEI       | 1104.450   | \$ 122.16   | \$ 134,919.61      | 27.04%       |
| iShares 1-3 Year Treasury ETF             | SHY       | 902.693    | \$ 83.85    | \$ 75,690.81       | 15.17%       |
| iShares Floating Rate Bond Index ETF      | FLOT      | 572.290    | \$ 50.82    | \$ 29,083.78       | 5.83%        |
| SPDR Barclays Capital High Yield Bond ETF | JNK       | 537.223    | \$ 36.72    | \$ 19,726.83       | 3.95%        |
| iShares 7-10 Year Treasury ETF            | IEF       | 190.879    | \$ 105.57   | \$ 20,151.10       | 4.04%        |
| Bonds                                     | CUSIP     | Face Value | Bond Price  | Market Value       | Weight       |
| FNMA 1 1/4 09/24/26 Corp                  | 3135G0Q22 | 35000      | \$ 94.26    | \$ 33,169.22       | 6.65%        |
| <b>Cash</b>                               |           |            |             | <b>\$ 4,999.94</b> | <b>1.00%</b> |



**Key Rate Duration Exposure versus Index**



**Sector Exposure versus Index**



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Security price and analytic data has been obtained from Bloomberg LP. Performance data has not been audited. Returns for both the portfolio and benchmark index include reinvestment of all income distributions and both realized and unrealized gains.