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Archway Investment Fund

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7-2020

### Fixed Income Fund Report, July 2020

Bryant University, Archway Investment Fund

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**Fund Objective**

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 Fund launched on October 27, 2017 with \$500,000.

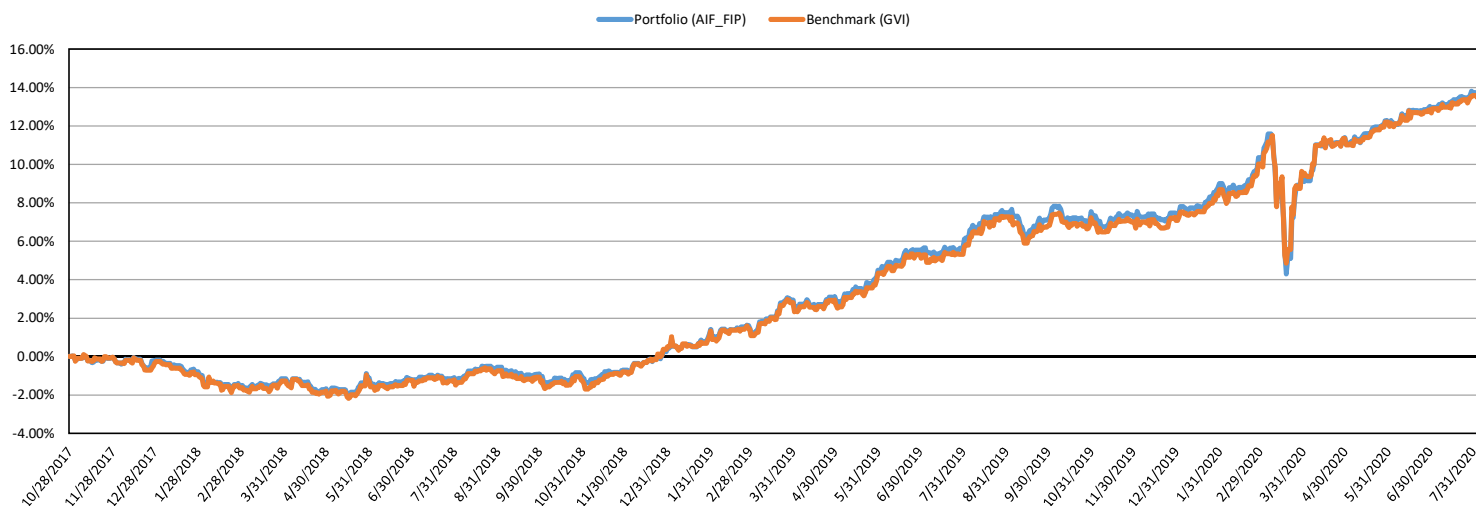
**Investment Strategy**

The Fund seeks returns, including 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 fixed rate debt securities issued by the United States Treasury, U.S. Government Agencies, plus corporate bonds and other taxable bonds that are rated investment grade, denominated in USD, and traded in the US capital market. The index includes debt securities with maturities between 1 and 10 years. This index 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 2%.

**Performance Commentary**

The Archway Fixed Income Portfolio returned 0.65% during July, while the benchmark also returned 0.65%. The economic recovery stalled in July in the face of a resurgence in COVID-19 cases. Initial unemployment claims stopped moving lower, and the first read on GDP growth in the second quarter showed the economy shrinking by 32.9% at an annual rate. Both consumer spending and business capital spending shrank by over a third in the 2nd quarter. The savings rate increased dramatically, as consumers used some of the stimulus money to pay down debt and save cash for emergencies. The Federal Reserve made no changes to its current policies at its July meeting, and their policy stance remains strongly accommodative. Chairman Powell indicated that preemptive rate increases to head off future inflation were not likely for the foreseeable future. This combination led to a modest bullish flattening of the Treasury curve, a weaker US dollar, and a rally in equities. The 2 year Treasury yield fell by 4 bps, the 5 year by 8 bps, the 10 year by 13 bps and the 30 year yield fell by 22 bps in July. Spread sectors outperformed during the month led by lower-rated corporate bonds. The portfolio entered July with a duration 0.3 years shorter than the benchmark and with a slight steepening bias. The duration and curve exposures contributed -0.03% and -0.01% in alpha for the month. The portfolio's spread duration in investment grade corporates matched the benchmark in July. Overweight exposures in agency debt hurt performance, while an overweight in MBS helped. On balance, sector allocation decisions neither added nor subtracted alpha in July. Income and security selection contributed 0.04% in alpha to the portfolio during the month. For the summer months thus far, the portfolio has returned 1.35%, while the benchmark returned 1.24%. Since its inception in October 2017, the portfolio has an annualized return of 4.77% and outperformed the benchmark by 0.05%.

**Cumulative Return Since Inception**



**Investment Performance**

**Portfolio and Benchmark Characteristics**

Historical Returns through 7/31/2020	Portfolio	Benchmark	Excess	Portfolio	Benchmark
Since Inception Return (Cumulative since October 27, 2017)	13.74%	13.59%	0.16%	Option Adjusted Duration	3.78 / 4.09
Since Inception Return (Annualized)	4.77%	4.72%	0.05%	Yield	1.95% / 1.80%
Month to Date Return	0.65%	0.65%	-0.01%	Number of Individual Bonds Held	11 / 3258
Academic Term to Date Return	1.35%	1.24%	0.11%	Number of ETFs Held	6 / 0
Year to Date Return	5.87%	6.08%	-0.21%	Weight in Bonds	43.70% / 100.13%
1 Year Trailing Return	7.69%	7.86%	-0.16%	Weight in ETFs	55.54% / 0.00%
3 Year Trailing Return (Annualized)	NA	NA	NA	Weight in Cash	0.76% / -0.13%
5 Year Trailing Return (Annualized)	NA	NA	NA	Portfolio Market Value	\$ 626,217



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Performance data is calculated from the official portfolio valuation data provided by National Financial Services LLC, the custodian for the Fund's Fidelity Brokerage Account. Additional security price and analytic data has been obtained from Bloomberg LP. Returns for the portfolio and benchmark include reinvestment of income distributions, and realized and unrealized gains. Returns have not been audited.

