

Bryant University

## Bryant Digital Repository

---

Archway Investment Fund

Archway Investment Fund

---

8-2022

### Fixed Income Fund Report, August 2022

Bryant University, Archway Investment Fund

Follow this and additional works at: [https://digitalcommons.bryant.edu/archway\\_investment](https://digitalcommons.bryant.edu/archway_investment)



Part of the [Portfolio and Security Analysis Commons](#)

---

**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.

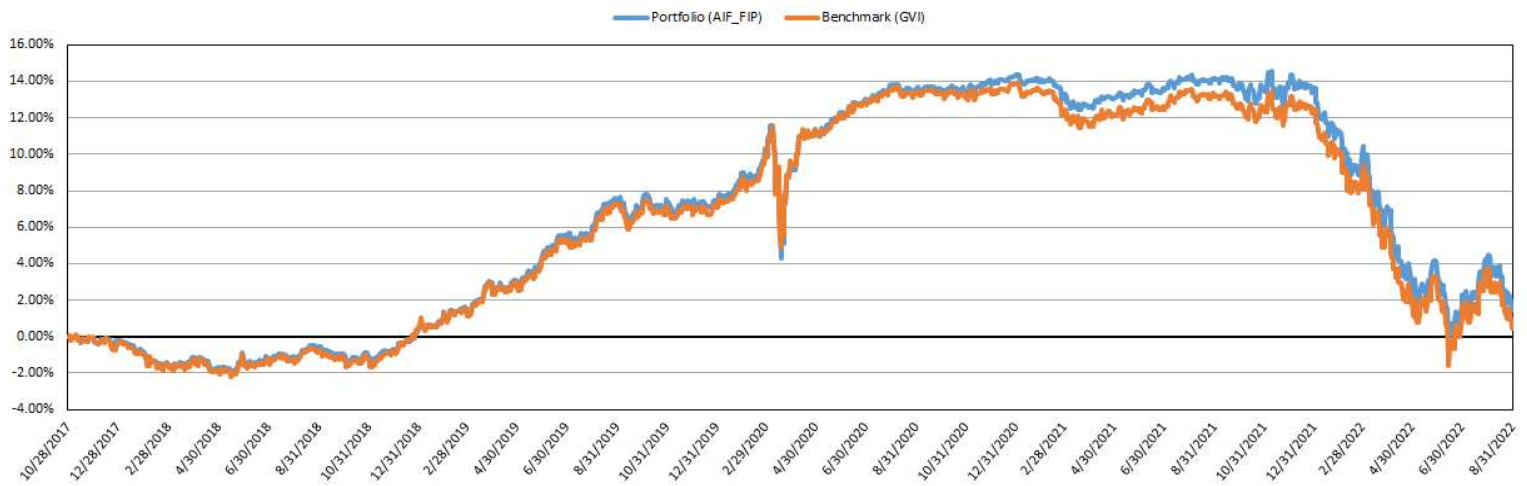
**Investment Strategy**

The Fund seeks returns from income and price appreciation, in excess of its Benchmark, while maintaining a volatility less than 120% of that of its Benchmark. The Benchmark was changed from the Fixed Income ETF GVI to the Fixed Income ETF AGG, which broadly tracks the Bloomberg Barclays Aggregate Index, on September 30, 2021. That index includes fixed rate debt securities priced in USD and traded in the US market, that are issued by the U.S. Treasury, U.S. government agencies, U.S. corporations, and taxable debt issued by sovereign, supranational and local government entities rated investment grade. It also includes highly rated MBS, CMBS and ABS securitized credit tranches. The benchmark was chosen for its diversification, and its use as a benchmark for both active and passive core fixed income portfolios. The tracking error of the portfolio versus its benchmark, defined as the annualized standard deviation of excess returns, is kept below 2%. Historical benchmark return and risk metrics use a chained return series reflecting the benchmark in use at the time.

**Performance Commentary**

The Archway Fixed Income Portfolio returned -2.72% during August, while the benchmark returned -3.04%. Inflation figures came off their peak values, and employment statistics remained strong. The unemployment rate remained quite low at 3.5%, and the number of available jobs continues to exceed the number of unemployed individual by a large margin. The housing market has rolled over, and consumers and business remain cautious. Equities performed poorly in August and gave back all of their gains from July. As this was priced into markets, the idea of an upcoming "dovish pivot" by the Federal Reserve was widely discussed by market participants. However, Federal Reserve chairman Powell and a number of other Fed officials strongly pushed back against that narrative during their annual Jackson Hole conference. They made it clear that the Federal Funds rate needed to move significantly higher and that wringing inflation out of the system was their primary focus. The result was a sharp increase in yields, and a flatter Treasury curve. The 2-year yield increased by 59 bps, the 5-year yield increased by 65 bps, the 10-year yield increased by 52 bps and the 30 year yield increased by 27 bps. The inversion between 2 and 10 year maturities reached 31 bps by month end further adding to worries about a future recession. The portfolio was positioned with a duration shorter than its benchmark by approximately 0.3 years, with an underweight at all key rate duration points except 20 years. The key rate duration underweight was largest in the intermediate maturities. This profile added excess return during August, with the duration and curve exposures contributing 0.15% and 0.09% in alpha for the month. The portfolio is also overweight in investment grade corporate debt, agency debt, mortgage-backed securities, and floating rate bank loans. This combination contributed 0.05% to alpha during the month, with most of that in the first half of the month followed by some give back after the speeches at Jackson Hole. The bank loan position added alpha, while the MBS overweight detracted from alpha. Income and security selection contributed 0.03% in alpha to the portfolio during the month. For the calendar year thus far, the portfolio has returned -10.72%, while the benchmark returned -10.67%. Since its inception in October 2017, the portfolio has an annualized return of 0.30% and outperformed the benchmark by 0.20%.

**Cumulative Return Since Inception**



Investment Performance				Portfolio and Benchmark Characteristics		
Historical Returns through 8/31/2022	Portfolio	Benchmark	Excess		Portfolio	Benchmark
Since Inception Return (Cumulative since October 27, 2017)	1.45%	0.46%	0.99%	Option Adjusted Duration	6.04	6.34
Since Inception Return (Annualized)	0.30%	0.10%	0.20%	Current Yield	2.61%	2.45%
Month to Date Return	-2.72%	-3.04%	0.32%	Yield to Worst	4.05%	4.22%
Academic Term to Date Return	-1.97%	-2.12%	0.15%	Number of Individual Bonds Held	10	10423
Year to Date Return	-10.72%	-10.67%	-0.05%	Number of ETFs Held	13	0
1 Year Trailing Return	-11.13%	-11.33%	0.20%	Weight in Bonds	20.96%	99.28%
3 Year Trailing Return (Annualized)	-1.91%	-2.16%	0.25%	Weight in ETFs	74.86%	0.00%
5 Year Trailing Return (Annualized)	NA	NA	NA	Weight in Cash	4.18%	0.72%
				Portfolio Market Value	\$722,332.79	



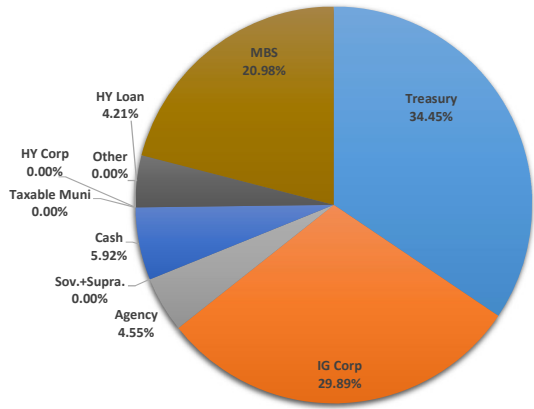
Bryant University  
 1150 Douglas Pike  
 Smithfield, RI 02917-1284  
<http://aif.bryant.edu>

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.

**Performance Analytics**

Historical Risk Statistics	Annualized Portfolio Volatility	Annualized Benchmark Volatility	Annualized Tracking Error	Correlation to Index
Since Inception	3.83%	4.18%	1.46%	0.94
Month to Date	7.60%	7.49%	0.80%	0.99
Academic Term to Date	8.00%	8.27%	1.06%	0.99
Year to Date	7.23%	7.45%	0.99%	0.99
1 Year Trailing	6.29%	6.42%	0.90%	0.99
3 Year Trailing	4.60%	4.99%	1.71%	0.94
5 Year Trailing	NA	NA	NA	NA

**Portfolio Sector Allocation**

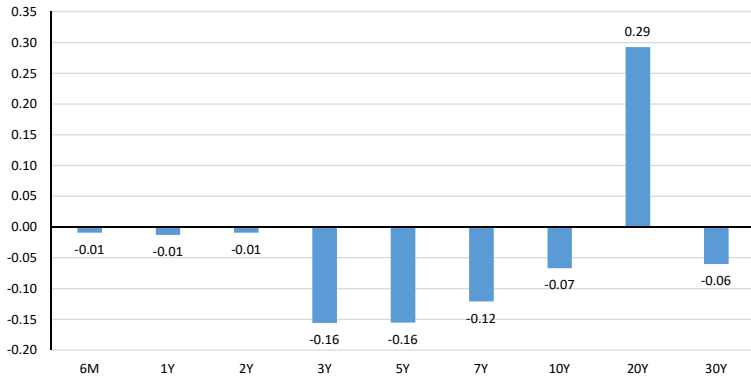


Monthly Performance Attribution Results	Portfolio	Benchmark	Excess
Total	-2.72%	-3.04%	0.32%
Contribution from Duration	-3.21%	-3.36%	0.15%
Contribution from Curve Exposure	0.47%	0.38%	0.09%
Contribution from Sector Spread Duration	0.16%	0.11%	0.05%
Contribution from Income and Security Specific Returns	-0.13%	-0.16%	0.03%

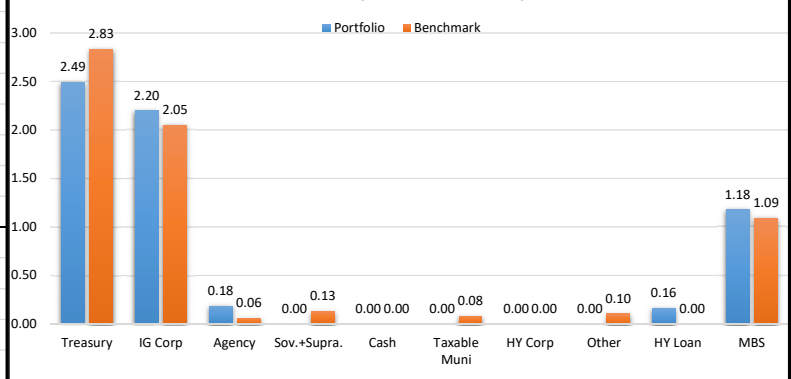
**Portfolio Holdings**

Exchange Traded Funds	Ticker	Shares	Share Price	Market Value	Weight	Current Yield	Yield to Worst	Duration
iShares MBS ETF	MBB	966.409	\$ 96.69	\$ 93,442.08	12.94%	2.28%	3.97%	5.47
SPDR Bloomberg Barclays Intermediate Corporate ETF	SPIB	2373.935	\$ 32.48	\$ 77,105.41	10.67%	2.91%	4.84%	4.25
iShares Long Term (10+ year) Corporate ETF	IGLB	1202.777	\$ 52.81	\$ 63,518.65	8.79%	4.21%	5.23%	13.24
SPDR Bloomberg Barclays Mortgage Backed Bond ETF	SPMB	2819.980	\$ 22.67	\$ 63,928.94	8.85%	2.81%	3.97%	5.29
iShares 20+ Year Treasury ETF	TLT	351.660	\$ 111.88	\$ 39,343.72	5.45%	2.29%	3.45%	18.05
iShares 1-3 Year Treasury ETF	SHY	462.292	\$ 82.29	\$ 38,042.00	5.27%	1.29%	3.47%	1.81
PowerShares Senior Loan Index ETF	BKLN	1726.787	\$ 20.97	\$ 36,210.72	5.01%	4.50%	7.99%	0.17
iShares ESG Aware USD Corporate Bond ETF	SUSC	1503.911	\$ 23.03	\$ 34,635.07	4.79%	2.90%	5.05%	7.45
iShares Intermediate (5 to 10 year) Corporate ETF	IGIB	536.499	\$ 50.87	\$ 27,291.70	3.78%	3.02%	5.03%	6.17
iShares 7-10 Year Treasury ETF	IEF	264.313	\$ 100.94	\$ 26,679.75	3.69%	2.19%	3.19%	7.80
SPDR Bloomberg Barclays Short Term Corporate Bond ETF	SPSB	562.399	\$ 29.67	\$ 16,686.37	2.31%	2.15%	4.41%	1.85
iShares 3-7 Year Treasury ETF	IEI	116.201	\$ 117.89	\$ 13,698.93	1.90%	1.46%	3.39%	4.51
iShares 10-20 Year Treasury ETF	TLH	86.608	\$ 117.61	\$ 10,185.96	1.41%	2.31%	3.56%	14.39
Bonds	CUSIP	Face Value	Bond Price	Market Value	Weight	Current Yield	Yield to Worst	Duration
US Treasury 2.75% 02/28/2025	9128283Z1	24000	98.27	\$ 23,587.34	3.27%	2.80%	3.49%	2.38
US Treasury 2.25% 11/15/2027	9128283F5	25000	94.90	\$ 23,890.36	3.31%	2.38%	3.37%	4.81
US Treasury 2.75% 11/15/2042	912810QY7	25000	88.02	\$ 22,209.38	3.07%	3.15%	3.63%	15.32
US Treasury TIPS 0.5% 04/15/2024	9128286N5	15000	116.47	\$ 17,503.80	2.42%	0.50%	1.04%	1.59
US Treasury 1.25% 12/31/2026	91282CDQ1	15000	91.51	\$ 13,758.30	1.90%	1.37%	3.41%	4.14
US Treasury 2.375% 01/31/2023	9128283U2	11000	99.68	\$ 10,987.52	1.52%	2.38%	3.05%	0.41
US Treasury 2.25% 12/31/2023	912828V23	10000	98.43	\$ 9,881.52	1.37%	2.29%	3.45%	1.29
FFCB 2.37% 2/5/2024	3133EH5S8	10000	98.57	\$ 9,874.22	1.37%	2.42%	3.75%	1.39
FFCB 3.43% 12/06/2028	3133EJ2D0	10000	100.54	\$ 10,134.49	1.40%	3.54%	3.98%	5.52
Federal Home LN MTG CORP Note 1.5% 2/12/2025	3137EAEP0	10000	95.44	\$ 9,551.92	1.32%	1.57%	3.47%	2.37
<b>Fidelity Government Money Market</b>				<b>\$ 30,184.65</b>	<b>4.18%</b>	<b>1.11%</b>	<b>1.11%</b>	

**Key Rate Duration Exposure versus Benchmark**



**Contribution to Spread Duration by Sector**



Bryant University

1150 Douglas Pike

Smithfield, RI 02917-1284

<http://aif.bryant.edu>

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.