

Bryant University

Bryant Digital Repository

Archway Investment Fund

Archway Investment Fund

9-2022

Fixed Income Fund Report, September 2022

Bryant University, Archway Investment Fund

Follow this and additional works at: https://digitalcommons.bryant.edu/archway_investment



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

The Archway Investment Fund - Fixed Income Portfolio

Bryant University

Monthly Report
Data as of 9/30/2022

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

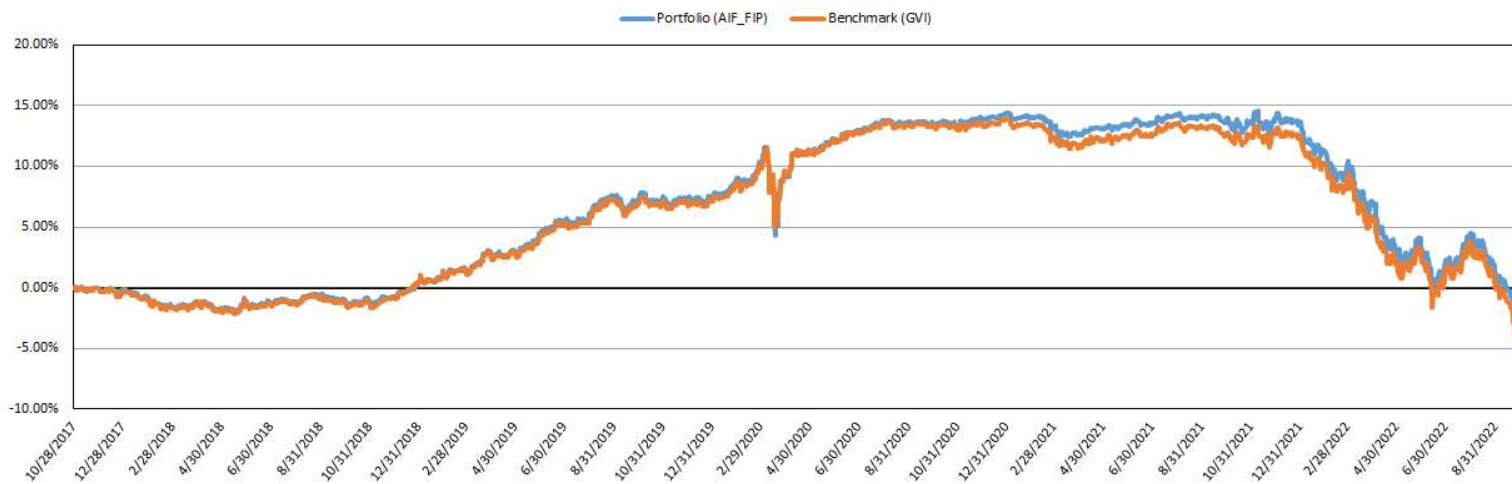
The Fund seeks returns from income and price appreciation, in excess of its Benchmark, while maintaining a volatility less than 120% of that of its Benchmark. The Benchmark was changed from the Fixed Income ETF GVI to the Fixed Income ETF AGG, which broadly tracks the Bloomberg Barclays Aggregate Index, 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 -4.26% during September, while the benchmark returned -4.14%. 2022's bear market continued as investors continued to sell equities and the S&P 500 and Dow Jones Industrial Average were down 9.34% and 8.84%, respectively. During the FOMC meeting on September 21st, the Fed increased the Fed Funds rate by 75 basis points, setting the new target range at 3.00%-3.25%. The 75 basis point was no surprise to investors as this was the consensus, with some anticipating 100 basis points. The FOMC pointed to "robust" job gains, a low unemployment rate and persistently high inflation as justification for the need to keep raising rates. The Russia-Ukraine conflict continues to present energy supply issues for European economies heading into the winter season. Yields across the entire Treasury curve moved higher, and the curve itself experienced a bear flattener pattern as the short-term rates increased faster than long-term rates. This has contributed to a curve inversion; yields from 6-month to 7-year maturity US Treasuries all exceeded the 10-year Treasury yield at month end. As interest rates climb, our portfolio benefits from having a lower option-adjusted duration than the benchmark. The portfolio averaged 0.25 to 0.30 years shorter in duration than the benchmark during September. At month end, the portfolio duration equaled 5.94 vs. the benchmark at 6.15. The duration and curve exposures contributed 0.24% and 0.07% in alpha for the month. The portfolio was overweight versus its benchmark in investment-grade corporates, agencies, high-yield loans, and mortgage-backed securities, and underweight in U.S. Treasuries, taxable municipals, sovereign and supranational debt, and CMBS and ABS. These sector differences contributed -0.09% to alpha during the month. Finally, income and security selection contributed -0.34% in alpha to the portfolio during the month. For the year thus far, the portfolio has returned -14.53%, while the benchmark returned -14.37%. Since its inception in October 2017, the portfolio has had an annualized return of -0.59% and outperformed the benchmark by 0.17%.

At month end, the Archway Fixed Income Portfolio received an infusion of \$80,000 from the Archway Equity Portfolio that was driven by the student Macro Committee's asset allocation decision to underweight equity and overweight fixed versus its neutral target. That cash was deployed through a series of transactions on October 3rd, at which time the fixed income portfolio was adjusted to increase the overweight in agency MBS, and shorten the duration of its investment grade corporate exposure.

Cumulative Return Since Inception



Investment Performance				Portfolio and Benchmark Characteristics		
Historical Returns through 9/30/2022	Portfolio	Benchmark	Excess		Portfolio	Benchmark
Since Inception Return (Cumulative since October 27, 2017)	-2.87%	-3.70%	0.83%	Option Adjusted Duration	5.94	6.15
Since Inception Return (Annualized)	-0.59%	-0.76%	0.17%	Current Yield	2.91%	2.62%
Month to Date Return	-4.26%	-4.14%	-0.12%	Yield to Worst	4.84%	4.83%
Academic Term to Date Return	-4.26%	-4.14%	-0.12%	Number of Individual Bonds Held	10	10472
Year to Date Return	-14.53%	-14.37%	-0.15%	Number of ETFs Held	13	0
1 Year Trailing Return	-14.50%	-14.46%	-0.04%	Weight in Bonds	21.27%	99.91%
3 Year Trailing Return (Annualized)	-3.22%	-3.39%	0.17%	Weight in ETFs	74.36%	0.00%
5 Year Trailing Return (Annualized)	NA	NA	NA	Weight in Cash	4.37%	0.09%
				Portfolio Market Value	\$691,559.03	



Bryant University
1150 Douglas Pike
Smithfield, RI 02917-1284

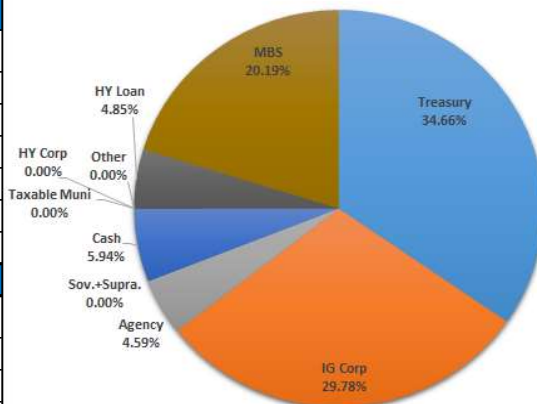
<http://aif.bryant.edu>

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	4.01%	4.35%	1.45%	0.94
Month to Date	9.58%	9.99%	0.89%	1.00
Academic Term to Date	9.58%	9.99%	0.89%	1.00
Year to Date	7.54%	7.78%	0.97%	0.99
1 Year Trailing	6.86%	7.03%	0.91%	0.99
3 Year Trailing	4.86%	5.24%	1.71%	0.95
5 Year Trailing	NA	NA	NA	NA
Monthly Performance Attribution Results		Portfolio	Benchmark	Excess
Total		-4.26%	-4.14%	-0.12%
Contribution from Duration		-3.86%	-4.11%	0.24%
Contribution from Curve Exposure		0.21%	0.14%	0.07%
Contribution from Sector Spread Duration		-0.80%	-0.71%	-0.09%
Contribution from Income and Security Specific Returns		0.19%	0.53%	-0.34%

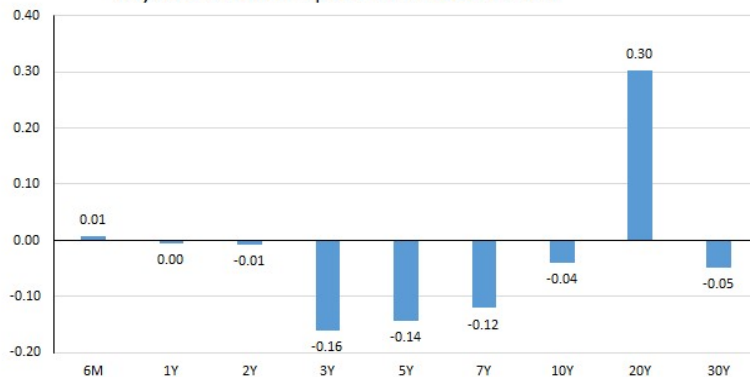
Portfolio Sector Allocation



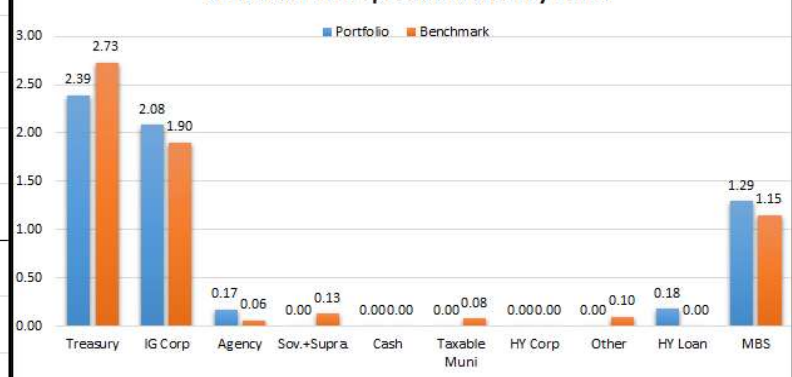
Portfolio Holdings

Exchange Traded Funds	Ticker	Shares	Share Price	Market Value	Weight	Current Yield	Yield to Worst	Option Adj. Duration
iShares MBS ETF	MBB	968.399	\$ 91.58	\$ 88,685.98	12.82%	2.60%	4.86%	6.40
SPDR Bloomberg Barclays Intermediate Corporate ETF	SPIB	2379.729	\$ 31.32	\$ 74,533.11	10.78%	3.14%	5.79%	4.22
SPDR Bloomberg Barclays Mortgage Backed Bond ETF	SPMB	2826.667	\$ 21.45	\$ 60,632.01	8.77%	2.97%	4.84%	5.37
iShares Long Term (10+ year) Corporate ETF	IGLB	1207.192	\$ 48.23	\$ 58,222.87	8.42%	4.81%	5.94%	12.57
iShares 1-3 Year Treasury ETF	SHY	462.857	\$ 81.21	\$ 37,588.62	5.44%	1.60%	4.30%	1.81
iShares 20+ Year Treasury ETF	TLT	352.429	\$ 102.45	\$ 36,106.35	5.22%	2.86%	3.95%	17.53
PowerShares Senior Loan Index ETF	BKLN	1733.992	\$ 20.19	\$ 35,009.30	5.06%	5.15%	9.34%	0.19
iShares ESG Aware USD Corporate Bond ETF	SUSC	1507.782	\$ 21.78	\$ 32,839.49	4.75%	3.40%	5.84%	7.04
iShares Intermediate (5 to 10 year) Corporate ETF	IGIB	537.874	\$ 48.28	\$ 25,968.56	3.76%	3.29%	5.91%	6.09
iShares 7-10 Year Treasury ETF	IEF	264.788	\$ 95.99	\$ 25,417.00	3.68%	2.33%	3.84%	7.75
SPDR Bloomberg Barclays Short Term Corporate Bond ETF	SPSB	563.409	\$ 29.22	\$ 16,462.81	2.38%	2.35%	5.42%	1.87
iShares 3-7 Year Treasury ETF	IEI	116.352	\$ 114.28	\$ 13,296.71	1.92%	1.70%	4.12%	4.49
iShares 10-20 Year Treasury ETF	TLH	86.826	\$ 108.95	\$ 9,459.69	1.37%	3.28%	4.12%	14.08
Bonds	CUSIP	Face Value	Bond Price	Market Value	Weight	Current Yield	Yield to Worst	Option Adj. Duration
US Treasury 2.75% 02/28/2025	9128283Z1	24000	96.520	\$ 23,221.32	3.36%	2.85%	4.30%	2.29
US Treasury 2.25% 11/15/2027	9128283F5	25000	91.504	\$ 23,088.47	3.34%	2.46%	4.14%	4.70
US Treasury 2.75% 11/15/2042	912810QY7	25000	81.012	\$ 20,512.68	2.97%	3.40%	4.16%	14.81
US Treasury TIPS 0.5% 04/15/2024	9128286N5	15000	114.147	\$ 17,162.59	2.48%	0.51%	2.37%	1.50
US Treasury 1.25% 12/31/2026	91282CDQ1	15000	88.824	\$ 13,370.98	1.93%	1.41%	4.18%	4.04
US Treasury 2.375% 01/31/2023	9128283U2	11000	99.562	\$ 10,995.83	1.59%	2.38%	3.55%	0.33
US Treasury 2.25% 12/31/2023	912828V23	10000	97.539	\$ 9,810.76	1.42%	2.31%	4.30%	1.21
FFCB 2.37% 2/5/2024	3133EH5S8	10000	97.624	\$ 9,799.27	1.42%	2.44%	4.45%	1.30
FFCB 3.43% 12/06/2028	3133EJ2D0	10000	96.372	\$ 9,746.77	1.41%	3.68%	4.69%	5.40
Federal Home LN MTG CORP Note 1.5% 2/12/2025	3137EAEP0	10000	93.716	\$ 9,392.02	1.36%	1.60%	4.29%	2.28
Fidelity Government Money Market				\$ 30,235.89	4.37%	1.79%	1.79%	

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.