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Archway Investment Fund

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10-2022

Fixed Income Fund Report, October 2022

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

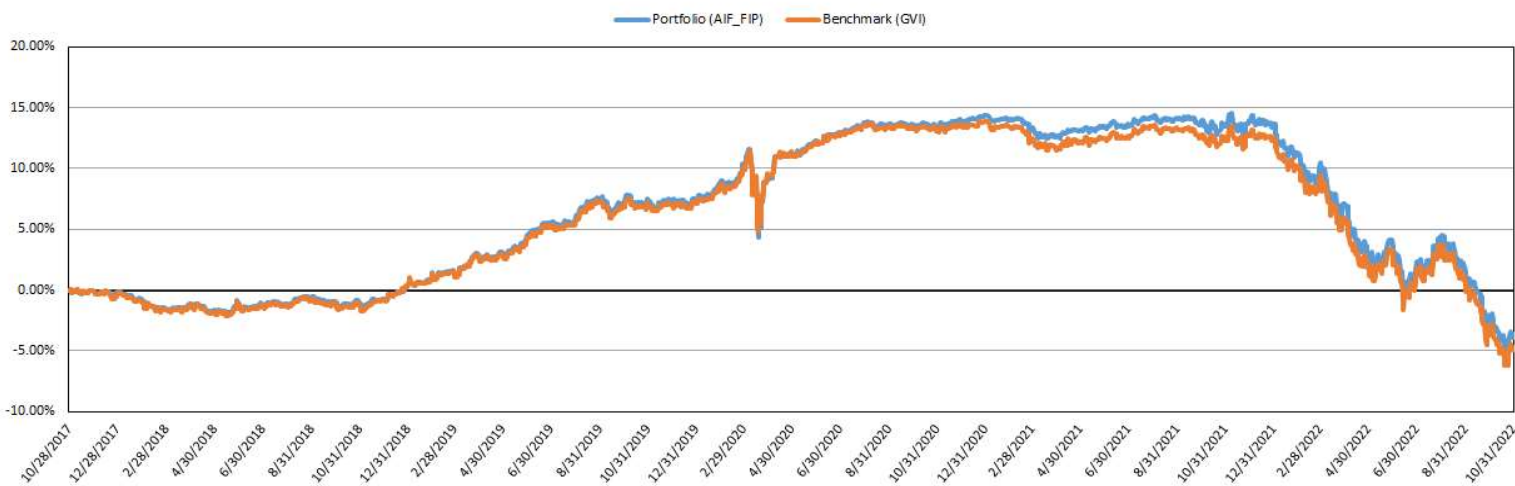
The Fund seeks returns from income and price appreciation, in excess of its Benchmark, while maintaining a volatility less than 120% of that of its Benchmark. The Benchmark was changed from the Fixed Income ETF GVI to the Fixed Income ETF AGG, which broadly tracks the Bloomberg Barclays Aggregate Index, 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 -1.04% during October, while the benchmark returned -1.28%. October saw an equity market recovery, with the S&P 500 gaining 7.99% while the Dow Jones Industrial Average increased by 13.95%. In the Fed's September minutes released on October 12th, central bank officials kept their hawkish stance as tightening monetary policy will continue to be the priority. September CPI increased by 0.4% compared to August. This was double the expected increase of 0.2%, making the year-over-year September CPI come in at 8.2%. Inflation continues to run rampant despite the Fed's rate increases. Thus, more rate increases are on the horizon. Third quarter GDP numbers showed 2.6% growth (0.4 percentage points higher than expected) in contrast to the 0.6% decrease for the second quarter. Although these numbers looked promising, this was driven by a decline in imports and modest consumer spending increases. At the same time, investment spending was much lower than expected, making the report less robust than its headline figure. The job market remains strong with job openings continuing to exceed the number of unemployed individuals.

On October 3rd, the portfolio received an infusion of \$80,000 from the Archway Equity Portfolio that was a result of the Marco Committee's asset allocation decision. When this cash was deployed, we decided to increase the overweight in investment grade corporate exposure, but concentrate it at the short end of the maturity spectrum. We also moved to a small overweight in the agency MBS. We targeted a shorter duration than the benchmark overall, and kept an overweight at the 20-year point on the curve. During October the Treasury curve moved higher, and the curve itself continued its bear flattener pattern as the short-term rates rose faster than long-term rates. The curve's inversion has spread farther out than at the start of the month. Yields from 6-month to 7-year maturity US Treasuries exceeded the 10-year Treasury yield at month end, with the rates under 3 years all staying above 4.00. As these rates climbed, our portfolio benefited (+ 7 bps of alpha) from having a lower option-adjusted duration than the benchmark, 5.57 vs. 6.32. Unfortunately, our curve exposures contributed -8 bps in alpha for the month. The portfolio is overweight exposure versus its benchmark in investment-grade corporates, agencies, high-yield loans, and mortgage-backed securities. It is underweight in U.S Treasuries, taxable municipalities, sovereign and supranational debt, ABS and CMBS. These sector allocation exposures cost 1 bp of alpha during the month. Income and security selection contributed 25 bps of alpha during the month. For the year thus far, the portfolio has returned -15.41%, while the benchmark returned -15.47%. Since its inception in October 2017, the portfolio has an annualized return of -0.79% and outperformed the benchmark by 0.22%.

Cumulative Return Since Inception



Investment Performance

Portfolio and Benchmark Characteristics

Historical Returns through 10/31/2022	Portfolio	Benchmark	Excess	Portfolio and Benchmark Characteristics	
				Portfolio	Benchmark
Since Inception Return (Cumulative since October 27, 2017)	-3.88%	-4.93%	1.05%	Option Adjusted Duration	5.57 / 6.32
Since Inception Return (Annualized)	-0.79%	-1.00%	0.22%	Current Yield	3.01% / 2.73%
Month to Date Return	-1.04%	-1.28%	0.24%	Yield to Worst	5.20% / 5.09%
Academic Term to Date Return	-5.26%	-5.37%	0.11%	Number of Individual Bonds Held	10 / 10480
Year to Date Return	-15.41%	-15.47%	0.05%	Number of ETFs Held	13 / 0
1 Year Trailing Return	-15.42%	-15.54%	0.12%	Weight in Bonds	19.59% / 99.57%
3 Year Trailing Return (Annualized)	-3.67%	-3.93%	0.26%	Weight in ETFs	78.81% / 0.00%
5 Year Trailing Return (Annualized)	-0.79%	-1.01%	0.22%	Weight in Cash	1.60% / 0.43%
				Portfolio Market Value	\$763,539.18



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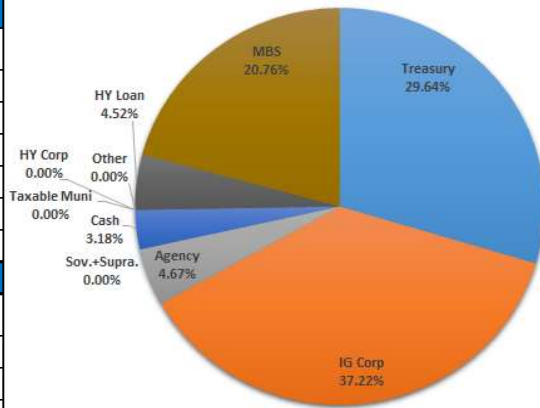
Performance data is calculated from the official portfolio valuation data provided by National Financial Services LLC, the custodian for the Fund's Fidelity Brokerage Account. Additional security price and analytic data has been obtained from Bloomberg LP. Returns for the portfolio and benchmark include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

Performance Analytics

Historical Risk Statistics	Annualized Portfolio Volatility	Annualized Benchmark Volatility	Annualized Tracking Error	Correlation to Index
Since Inception	4.07%	4.41%	1.45%	0.94
Month to Date	6.82%	7.17%	1.39%	0.98
Academic Term to Date	8.35%	8.72%	1.16%	0.99
Year to Date	7.46%	7.71%	1.02%	0.99
1 Year Trailing	7.07%	7.27%	0.97%	0.99
3 Year Trailing	4.97%	5.37%	1.71%	0.95
5 Year Trailing	NA	NA	NA	NA

Monthly Performance Attribution Results	Portfolio	Benchmark	Excess
Total	-1.04%	-1.28%	0.24%
Contribution from Duration	-1.86%	-1.94%	0.07%
Contribution from Curve Exposure	0.26%	0.34%	-0.08%
Contribution from Sector Spread Duration	-0.26%	-0.25%	-0.01%
Contribution from Income and Security Specific Returns	0.82%	0.57%	0.25%

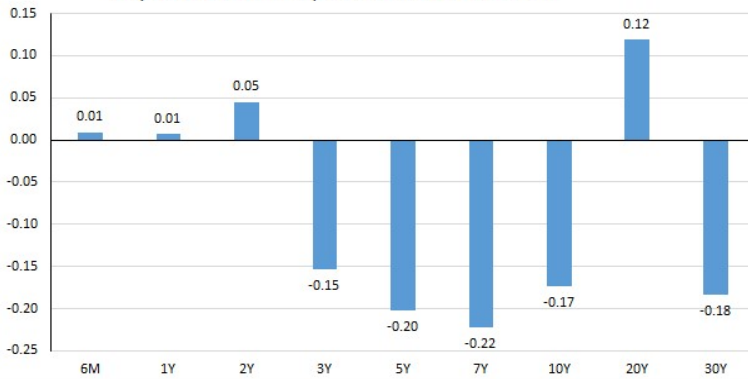
Portfolio Sector Allocation



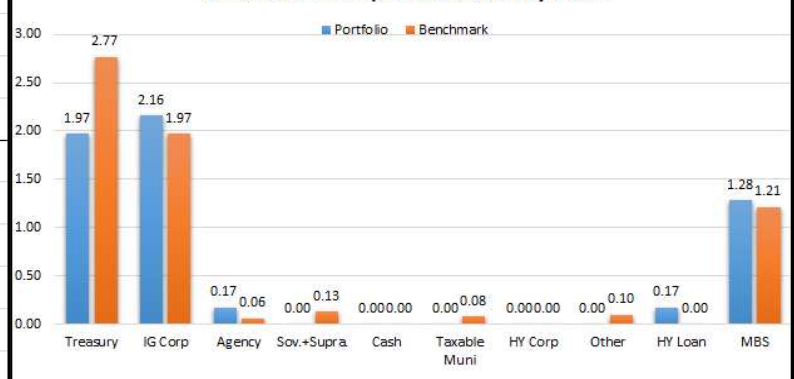
Portfolio Holdings

Exchange Traded Funds	Ticker	Shares	Share Price	Market Value	Weight	Current Yield	Yield to Worst	Option Adj. Duration
iShares MBS ETF	MBB	1136.492	\$ 90.34	\$ 102,670.69	13.45%	2.61%	4.96%	6.40
SPDR Bloomberg Barclays Intermediate Corporate ETF	SPIB	2657.923	\$ 31.09	\$ 82,634.83	10.83%	3.22%	6.00%	4.22
SPDR Bloomberg Barclays Short Term Corporate Bond ETF	SPSB	2714.51	\$ 29.12	\$ 79,046.53	10.36%	2.56%	5.68%	1.87
SPDR Bloomberg Barclays Mortgage Backed Bond ETF	SPMB	3155.645	\$ 21.13	\$ 66,678.78	8.74%	3.06%	5.11%	5.37
iShares Long Term (10+ year) Corporate ETF	IGLB	1276.996	\$ 46.91	\$ 59,903.88	7.85%	4.81%	6.08%	12.57
iShares 1-3 Year Treasury ETF	SHY	463.473	\$ 81.00	\$ 37,541.31	4.92%	2.08%	3.36%	1.81
iShares ESG Aware USD Corporate Bond ETF	SUSC	1685.028	\$ 21.52	\$ 36,261.80	4.75%	3.53%	6.03%	7.04
PowerShares Senior Loan Index ETF	BKLN	1742.123	\$ 20.72	\$ 36,096.79	4.73%	5.58%	9.47%	0.19
iShares 20+ Year Treasury ETF	TLT	353.270	\$ 96.11	\$ 33,952.78	4.45%	2.94%	4.32%	17.53
iShares Intermediate (5 to 10 year) Corporate ETF	IGIB	601.340	\$ 47.89	\$ 28,798.17	3.77%	3.38%	5.91%	6.09
iShares 7-10 Year Treasury ETF	IEF	165.302	\$ 94.41	\$ 15,606.16	2.04%	2.58%	4.07%	7.75
iShares 3-7 Year Treasury ETF	IEI	116.517	\$ 113.54	\$ 13,229.34	1.73%	1.82%	4.30%	4.49
iShares 10-20 Year Treasury ETF	TLH	87.064	\$ 104.23	\$ 9,074.68	1.19%	2.98%	4.45%	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	96.18	\$ 23,194.34	3.04%	2.86%	4.45%	2.29
US Treasury 2.25% 11/15/2027	9128283F5	25000	90.93	\$ 22,990.74	3.01%	2.47%	4.25%	4.70
US Treasury 2.75% 11/15/2042	912810QY7	25000	77.17	\$ 19,608.70	2.57%	3.56%	4.47%	14.81
US Treasury TIPS 0.5% 04/15/2024	9128286N5	15000	114.93	\$ 17,242.83	2.26%	0.51%	1.89%	1.50
US Treasury 1.25% 12/31/2026	91282CDQ1	15000	88.39	\$ 13,321.26	1.75%	1.41%	4.31%	4.04
FFCB 3.43% 12/06/2028	3133EJ2D0	12000	93.02	\$ 11,328.54	1.48%	3.68%	4.69%	5.40
Federal Home LN MTG CORP Note 1.5% 2/12/2025	3137EAEP0	12000	93.48	\$ 11,256.50	1.47%	1.60%	4.50%	2.28
US Treasury 2.375% 01/31/2023	9128283U2	11000	99.53	\$ 11,013.32	1.44%	2.39%	4.01%	0.33
US Treasury 2.25% 12/31/2023	912828V23	10000	97.30	\$ 9,805.67	1.28%	2.31%	4.57%	1.21
FFCB 2.37% 2/5/2024	3133EH5S8	10000	96.95	\$ 9,751.42	1.28%	2.44%	4.82%	1.30
Fidelity Government Money Market				\$ 12,270.53	1.61%	2.04%	2.04%	

Key Rate Duration Exposure versus Benchmark



Contribution to Spread Duration by Sector



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