

Bryant University

Bryant Digital Repository

Archway Investment Fund

Archway Investment Fund

11-2022

Fixed Income Fund Report, November 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](#)

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. After including subsequent capital inflows and outflows, the net capital contribution is \$815,000.

Investment Strategy

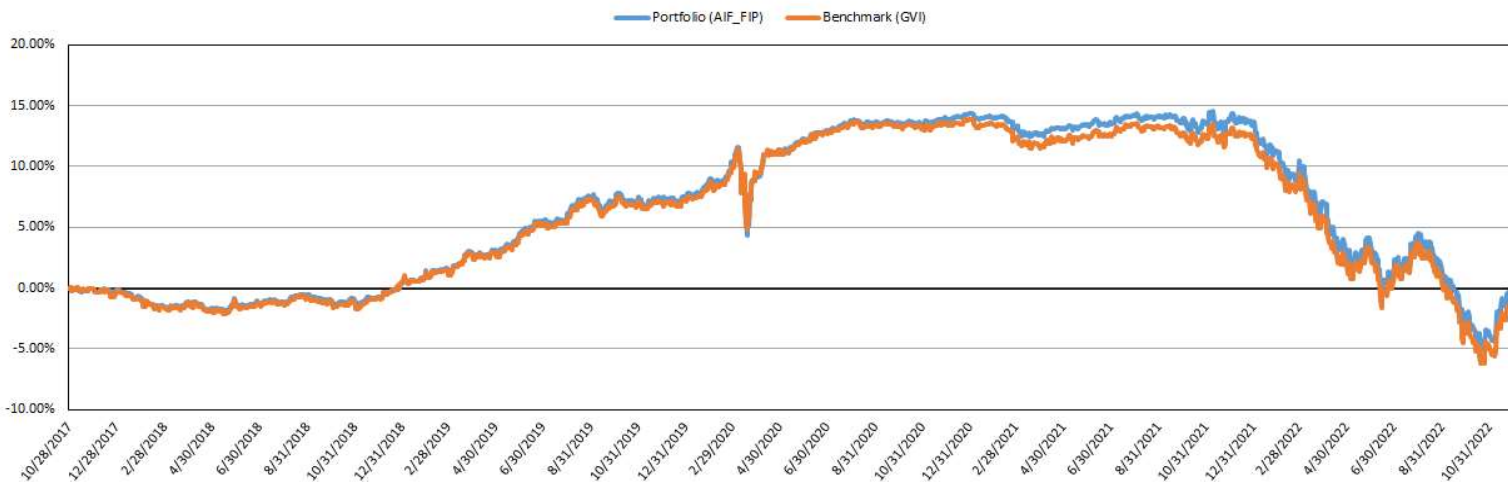
The Fund seeks returns from income and price appreciation, in excess of its Benchmark, while maintaining a volatility less than 120% of that of its Benchmark. The Benchmark was changed from the Fixed Income ETF GVI to the Fixed Income ETF AGG, which broadly tracks the Bloomberg Barclays Aggregate Index, 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 3.92% during November, while the benchmark returned 3.81%. November saw an equity market recovery, with the S&P 500 gaining 5.4% while the Dow Jones Industrial Average increased by 5.7%. October CPI numbers were released on November 16th, posting a 7.7% YoY increase. This increase was the smallest 12-month increase since January 2022. This could be a sign of a potential rollover in inflation. Despite these promising numbers, Jerome Powell reinforced his stance that more monetary policy tightening is necessary. "We have more ground to cover; it will take substantially more evidence to give comfort." The long end of the yield curve reacted positively to these CPI numbers; yields on Treasuries with maturities of 3 years and higher moved lower, deepening the yield curve inversion.

During the month we executed two trades. On November 3rd we bought 169 shares of MBB, a mortgaged-backed security ETF, and 325 shares of IEF, a 7-10 year Treasury ETF. These trades were funded by selling 463 shares of SHY, a 1-3 year Treasury ETF. We also purchased \$10,000 in face value of a 7-year Treasury with a 3.125% coupon and sold \$10,000 in face value of a 1-year Treasury with a 2.25% coupon. The goal of these trades was to lengthen the overall duration of the portfolio, while also increasing the MBS overweight. The second set of trades occurred 2 weeks later on November 15th 2022. The goal of these trades were to further lengthen our duration through Treasury ETFs while reducing the investment grade corporate overweight and increasing the MBS overweight. We purchased 39 shares of TLT, a 20+-year Treasury ETF, and 127 more shares of MBB, the MBS ETF. This was funded by selling 266 shares of SPSB, a short term corporate ETF and 246 shares of SPIB an intermediate corporate ETF. After the these trades, the portfolio remains shorter in duration than its benchmark, but the magnitude of the duration underweight was reduced. The duration and curve exposures contributed -4 bps and -1 bps in alpha for the month, respectively. The portfolio remains overweight versus its benchmark in investment-grade corporates, agencies, high-yield loans, and mortgage-backed securities, with underweights in U.S Treasuries, taxable municipalities, sovereign and supranational, ABS and CMBS. The portfolio will always be structurally underweight the latter 4 sectors due to its investment guidelines and constraints. The sector allocation exposures added 4 bps of alpha during the month. Income and security selection contributed 11 bps of alpha during the month. For the year thus far, the portfolio has returned -12.10%, while the benchmark returned -12.25%. Since its inception in October 2017, the portfolio has an annualized return of -0.02% and outperformed the benchmark by 0.24%.

Cumulative Return Since Inception



Investment Performance

Portfolio and Benchmark Characteristics

Historical Returns through 11/30/2022	Portfolio	Benchmark	Excess		Portfolio	Benchmark
Since Inception Return (Cumulative since October 27, 2017)	-0.11%	-1.31%	1.20%	Option Adjusted Duration	6.27	6.44
Since Inception Return (Annualized)	-0.02%	-0.26%	0.24%	Current Yield	3.13%	2.76%
Month to Date Return	3.92%	3.81%	0.11%	Yield to Worst	4.77%	4.57%
Academic Term to Date Return	-1.54%	-1.76%	0.22%	Number of Individual Bonds Held	10	10541
Year to Date Return	-12.10%	-12.25%	0.14%	Number of ETFs Held	12	0
1 Year Trailing Return	-12.35%	-12.56%	0.21%	Weight in Bonds	19.13%	99.36%
3 Year Trailing Return (Annualized)	-2.36%	-2.66%	0.30%	Weight in ETFs	80.23%	0.00%
5 Year Trailing Return (Annualized)	0.03%	-0.23%	0.26%	Weight in Cash	0.64%	0.64%
				Portfolio Market Value	\$ 793,446.30	



Bryant University
 1150 Douglas Pike
 Smithfield, RI 02917-1284

<http://aif.bryant.edu>

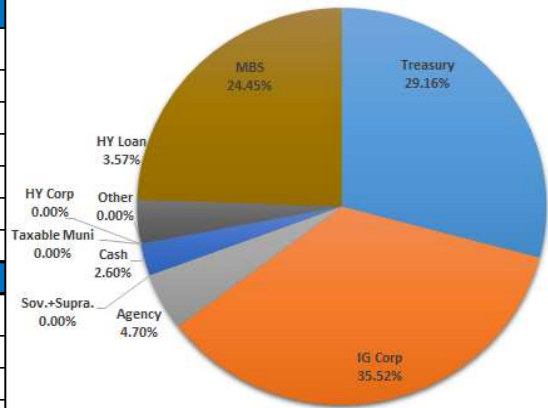
Performance data is calculated from the official portfolio valuation data provided by National Financial Services LLC, the custodian for the Fund's Fidelity Brokerage Account. Additional security price and analytic data has been obtained from Bloomberg LP. Returns for the portfolio and benchmark include 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	4.22%	4.54%	1.44%	0.95
Month to Date	9.45%	9.43%	0.76%	1.00
Academic Term to Date	8.89%	9.14%	1.03%	0.99
Year to Date	7.71%	7.93%	1.00%	0.99
1 Year Trailing	7.44%	7.64%	0.97%	0.99
3 Year Trailing	5.20%	5.58%	1.71%	0.95
5 Year Trailing	NA	NA	NA	NA

Monthly Performance Attribution Results	Portfolio	Benchmark	Excess
Total	3.92%	3.81%	0.11%
Contribution from Duration	1.83%	1.86%	-0.04%
Contribution from Curve Exposure	0.87%	0.88%	-0.01%
Contribution from Sector Spread Duration	0.87%	0.82%	0.04%
Contribution from Income and Security Specific Returns	0.35%	0.24%	0.11%

Portfolio Sector Allocation



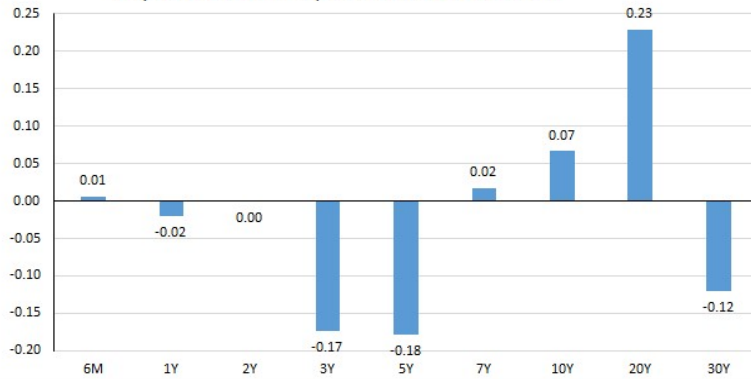
Portfolio Holdings

Exchange Traded Funds	Ticker	Shares	Share Price	Market Value	Weight	Current Yield	Yield to Worst	Option Adj. Duration
iShares MBS ETF	MBB	1434.977	\$ 93.99	\$ 134,873.49	17.00%	2.90%	4.44%	6.46
SPDR Bloomberg Barclays Intermediate Corporate ETF	SPIB	2419.095	\$ 32.11	\$ 77,677.14	9.79%	3.32%	5.29%	4.12
SPDR Bloomberg Barclays Short Term Corporate Bond ETF	SPSB	2454.335	\$ 29.45	\$ 72,280.17	9.11%	2.84%	5.23%	1.85
SPDR Bloomberg Barclays Mortgage Backed Bond ETF	SPMB	3163.737	\$ 21.95	\$ 69,444.03	8.75%	3.03%	4.57%	5.14
iShares Long Term (10+ year) Corporate ETF	IGLB	1282.153	\$ 51.37	\$ 65,864.20	8.30%	4.40%	5.46%	12.92
iShares 7-10 Year Treasury ETF	IEF	490.660	\$ 97.61	\$ 47,893.32	6.04%	2.39%	3.65%	7.67
iShares 20+ Year Treasury ETF	TLT	393.138	\$ 102.73	\$ 40,387.07	5.09%	2.85%	3.94%	17.66
iShares ESG Aware USD Corporate Bond ETF	SUSC	1690.015	\$ 22.68	\$ 38,329.54	4.83%	3.23%	5.33%	7.21
PowerShares Senior Loan Index ETF	BKLN	1751.728	\$ 20.82	\$ 36,470.98	4.60%	6.61%	9.05%	0.08
iShares Intermediate (5 to 10 year) Corporate ETF	IGIB	603.046	\$ 50.02	\$ 30,164.36	3.80%	3.32%	5.44%	6.10
iShares 3-7 Year Treasury ETF	IEI	116.695	\$ 115.91	\$ 13,526.12	1.70%	1.89%	3.87%	4.41
iShares 10-20 Year Treasury ETF	TLH	87.281	\$ 110.72	\$ 9,663.75	1.22%	3.53%	4.01%	14.25

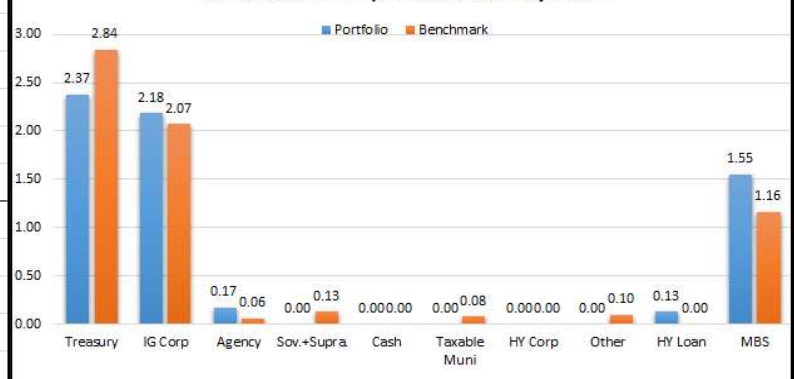
Bonds	CUSIP	Face Value	Bond Price	Market Value	Weight	Current Yield	Yield to Worst	Option Adj. Duration
US Treasury 2.75% 02/28/2025	9128283Z1	24000	96.77	\$ 23,392.53	2.95%	2.84%	4.22%	2.21
US Treasury 2.25% 11/15/2027	9128283F5	25000	92.81	\$ 23,228.11	2.93%	2.42%	3.81%	4.58
US Treasury 2.75% 11/15/2042	912810QY7	25000	82.12	\$ 20,560.64	2.59%	3.32%	3.99%	14.91
US Treasury TIPS 0.5% 04/15/2024	9128286N5	15000	114.74	\$ 17,221.52	2.17%	0.51%	2.19%	1.34
US Treasury 1.25% 12/31/2026	91282CDQ1	15000	89.95	\$ 13,571.41	1.71%	1.39%	3.90%	3.87
FFCB 3.43% 12/06/2028	3133EJ2D0	12000	97.17	\$ 11,859.88	1.49%	3.58%	4.20%	5.23
Federal Home LN MTG CORP Note 1.5% 2/12/2025	3137EAEP0	12000	94.04	\$ 11,339.30	1.43%	1.59%	4.31%	1.14
US Treasury 2.375% 01/31/2023	9128283U2	11000	99.69	\$ 11,053.33	1.39%	2.38%	3.91%	0.17
FFCB 2.37% 2/5/2024	3133EH5S8	10000	97.42	\$ 10,218.57	1.29%	2.44%	4.90%	1.14
US Treasury 3.125% 8/31/2029	91282CFJ5	10000	96.19	\$ 9,698.52	1.22%	3.24%	3.71%	5.91

Fidelity Government Money Market	Market Value	Weight	Current Yield	Yield to Worst
	\$ 5,128.39	0.65%	2.65%	2.65%

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.