

## CTWM INVESTMENT COMMITTEE

June 2020

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### INTERESTING TIMES IN THE BOND MARKET

Our Investment Committee has recently approved a tactical shift to our target portfolios. This shift pertains to the bond or fixed income piece of the portfolio. The portfolio shift we are making is a 25% reduction in our short-term bond fund and moving those proceeds to a strategic income bond fund.

As a reminder, bonds act as ballast to the portfolio, to control risk and reduce a portfolio's sensitivity to the volatile stock market. In this part of the portfolio, we tend not to take a lot of risk. We have been positioning the bond portfolio to protect our clients against quick movements in interest rates. The investment term we use is duration - our duration has been shorter than the benchmark.

Over the last few months, it has been very helpful to have bonds as a piece of the portfolio given all the stock market volatility. At the same time, given some of the Fed's actions, it has been the longer duration bonds that have performed best during this time.

These past few months have been interesting times in the bond market that provide opportunities. We have seen certain areas of the bond market hold up very well and provide positive performance. We have seen other areas that have struggled a little bit more and have been under distress. Whenever we see areas of distress, we know historically that brings opportunities. This is an attempt to take advantage of those opportunities.

The particulars of this trade might be a little bit different for you given your individual circumstances, tax ramifications, etc. As always, please feel free to reach out to us with any questions.

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