Managing Fixed Income Portfolios

At Janney Capital Management, we use a consistent and disciplined process to construct and manage fixed income portfolios. We seek to protect principal while focusing on income generation—recognizing that yield historically represents 90% of the return from fixed income investments.

We use macroeconomic and relative yield analysis to evaluate opportunities in fixed income sectors—while actively managing duration targets to balance risk and return. Credit analysis is used to select investments—with consideration of both credit quality and relative value. Investment monitoring and rebalancing are ongoing aspects of our fixed income portfolio management process.

Our Objectives

We manage fixed income portfolios with the goal of maximizing current income while minimizing risk. Our investment process focuses on:

- Generating a predictable stream of income
- Preserving capital while stabilizing portfolio returns
- Achieving the highest yield (adjusted for taxes) within quality parameters, as appropriate given client needs

We use absolute returns rather than benchmark returns as a portfolio objective, as we seek to meet client income goals for fixed income portfolios. While recognizing that the fixed income market is not a risk-free environment, we focus on generating predictable returns and maintaining relatively stable investment values.

Fixed Income Investment Process

We begin with macroeconomic analysis to select the most attractive sectors of the fixed income markets for investment. It is our practice to focus strategically on specific market opportunities in particular sectors as market conditions change—carefully evaluating changing sector yield spread relationships and relative value, yield and credit considerations between sectors.

We actively manage duration and credit quality, given their impact on the risk/return tradeoff. Credit analysis is a core aspect of our fixed income investment selection process, as is management of duration targets to balance risk and return in investment portfolios.

To help preserve capital, we focus on managing the risks associated with fixed income securities—including interest rate, credit, reinvestment and event risk. Our portfolios are well-diversified to help manage these risks—by sector, geography, industry and duration.

Sale Decisions: Our Sell Discipline

A disciplined process is applied to replacing those investments that have reached their potential or for which the market outlook has changed. This includes economic and sector evaluation, performance assessment relative to the market as a whole, valuation review—and a “competitive” assessment of currently-held investments against those available for purchase and replacement. Rebalancing is an ongoing discipline applied to the portfolio as well.

Whether investing equity, fixed income, or balanced portfolios for clients, Janney Capital Management follows a consistent investment process focusing on macroeconomic and sector analysis, fundamental, value-oriented security selection, and ongoing portfolio management. We remain true to our core philosophy and beliefs—and do not use market timing, chase momentum or follow short-term themes or trends.

We would be pleased to speak with you about the investment of your portfolio. Please contact your Financial Advisor for more information.

This is for informative purposes only and in no event should be construed as a recommendation of an offer to sell, or solicitation of an offer to buy any securities. Investing may involve market risk, including possible loss of principal. Employing an asset allocation strategy does not guarantee a profit or protect against a loss in a declining market. Past performance is not an indication of future performance.