

# SHORT-TERM BUY&HOLD BOND LADDER



## What's the investment objective?

The objective is to earn at least 3% after all fees and expenses over rolling time windows of 5 years. Interest rates have now risen to a level at which we believe this objective is easily attained.

## Who manages the portfolio?

This portfolio is managed by Integrated's Investment Management Department and its Chief Investment Officer, Dr. Rob Brown. Rob is a senior level investment professional with over three decades of experience in portfolio management for large, sophisticated foundations, endowments, pensions, and the ultra-high net worth. Prior to Integrated Financial Partners, he held executive positions with Goldman Sachs, Genworth Financial, SEI, Envestnet, and the CFA Institute, where he directed development of the educational curriculum for the CFA charterholder program and its associated examinations. Oversight is provided by 35 seasoned investment professionals arranged into the three independent and fully autonomous committees: Investment Advisory Council, Investment Committee, and the Oversight Board.

## What's inside the portfolio?

Between nine and eleven Defined Maturity Bond Term Funds. The portfolio maintains a relatively short maturity by requiring that the average interest rate duration never exceeds 2.6 years. The Bond Term Funds are arranged as a bond ladder. As the nearest rung on the ladder matures, the resulting proceeds are deposited into the client's account as cash. New security positions are never purchased with such cash proceeds. This approach to maturity and subsequent lack of reinvestment, serves to preserve the ladder-type structure.

## This portfolio is sought by those who:

- Require the highest possible return over the next 5 years and can put up with a little volatility along the way,
- Seek the lowest possible cost for a Buy & Hold bond ladder, diversified across well in excess of 1,000 individual bonds,
- Wish to pursue current income instead of capital appreciation,
- Expect interest rates to rise, and want a portfolio that will benefit from those rising rates,
- Anticipate the return of inflation, and want a portfolio that will thrive in such an environment, and
- Desire a self-extinguishing bond portfolio, one that will slowly and gradually turn itself into cash for immediate distribution.

## How tax efficient is this portfolio?

Because this portfolio only invests in taxable bonds, it is not tax efficient.

## Over time, the portfolio is expected to:

- Experience regular and periodic cash distributions throughout the year as already existing Bond Term Funds mature and the resulting proceeds are left in cash,
- Restrict itself to U.S. fixed income securities offering above-average yields,
- Vary its exposure between investment grade and high yield bonds as market conditions evolve,
- Deliver significant volatility during unusually severe market downturns - historic examples would include The Great Recession starting in Dec 2007 and the COVID-19 Global Pandemic starting in Feb 2020, and
- Maintain average credit quality deemed to be "high yield" most (but not all) of the time.

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## Integrated's investment platform offers choice

Integrated's menu of investment solutions offers advisors a breadth of choice across numerous dimensions. Twelve highly differentiated series provide access to 62 well diversified portfolios. The Custom series offers additional choice through its unique ability to custom tailor, build, and manage specialized portfolios for larger client relationships.

Investment series	Number of portfolios available	Investment manager	Types of securities utilized
Alternatives	2	Integrated	BTF, REIT
Classic	7	BNY Mellon	AMF, ETF
Concentrated	5	Julex Capital <u>or</u> Integrated	IS, ETF
Custom	<i>infinite</i>	Integrated	<i>anything</i>
Dynamic	4	Julex Capital	ETF
Enhanced	7	JP Morgan	AMF, ETF
Factor	7	BlackRock <u>and</u> Integrated	AMF, ETF
Focused	6	Integrated	IS, ETF
Fundamental	5	BNY Mellon	ETF
Opportunistic (bond)	6	Julex Capital <u>or</u> Integrated	BTF, ETF, CEF
Opportunistic (sector rotation)	6	Integrated	ETF
Passive	7	Dimensional	ETF

"ETF" = Exchange Traded Fund, "BTF" = Bond Term Fund, "REIT" = Real Estate Investment Trust, "AMF" = Actively Managed Mutual Fund, "IS" = Individual Stock, "CEF" = Closed End Fund

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