

HIGH-YIELD FIXED INCOME

INVESTMENT PHILOSOPHY

WaCap's High-Yield Fixed Income strategy seeks to provide investors access to the below-investment grade fixed income market via a well-diversified portfolio of bonds. Higher yielding securities rated in the BB or B categories are chosen for their yield, potential for credit improvement and favorable total-return characteristics.

PROCESS OVERVIEW

Proprietary
relative valuation
modeling process

Risk controlled
by allocating to the
two highest categories
of below-investment
grade bonds

Independent
& thorough
fundamental analysis
at the security level

INVESTMENT PROCESS & RISKS

In coordination with our fixed income team, we combine a top-down macro overlay with rigorous bottom-up fundamental analysis in constructing client portfolios. We seek to identify specific drivers of credit quality improvement in the investment decision process. Rigorous fundamental analysis of company financial statements, management assessment and history, as well as industry analysis go into each investment decision. WaCap's proprietary relative valuation modeling process helps identify potential candidates for purchase. All securities are continuously monitored along credit quality and valuation metrics, and the entire portfolio is reviewed extensively by the entire fixed income team monthly.

Investments in credit bonds entail credit risk which is directly related to the borrower and their credit history/credit standing and ability to make their payments. Securities sold before its final maturity might realize a total return that is different from its original yield. Securities are not guaranteed, and you could lose money on your investments. We work with our clients to understand their tolerance for risk.

HIGH-YIELD CREDIT SECTOR ANALYSIS OVERVIEW

From a universe of eligible securities rated below investment grade by at least one rating agency, we seek candidates for their yield and total return potential. A review of the candidate from both credit fundamental and valuation perspectives determines suitability for inclusion in the portfolio. Once a bond is included in the portfolio, it is subject to rigorous, continual monitoring and assessment.