



## Active Taxable Bonds / Passive Equity

### Objective

To achieve a total return for clients through a combination of income and long term capital gains in both the fixed income and equity markets.

### Highlights

- Separately managed account
- Balanced, diversified core allocation
- Actively managed bonds
- Passive equity exposure
- Low overall portfolio turnover

### Portfolio Managers



**John R. Mousseau, CFA**  
President, CEO,  
Director of Fixed Income Team

Georgetown, BA Economics  
Brown University, MA Economics



**Matt McAleer**  
Executive Vice President &  
Director of Equity Strategies

Rider University,  
BS Marketing / Economics

### Investment Approach

A balanced strategy that combines actively managed, high-quality taxable bonds managed for total return with efficient exposure to U.S. domestic markets using two broad-based ETFs.

**Fixed Income:** 40% is allocated to a custom portfolio of high credit quality bonds managed for total return over a full interest rate cycle.

**Equity:** Two broad based ETFs provide efficient exposure to over 900 publicly traded companies.

- 42% of the portfolio is invested in SPY, the S&P 500 ETF.
- 18% of the portfolio is invested in MDY, for mid-cap exposure.

Rebalanced quarterly if the 60/40 allocation drifts by 5% or more.

### Investment Philosophy

- Follows Modern Portfolio Theory assumptions (60% Equity/40% Fixed Income) in Buy/Hold/Rebalance management style.

### Benchmark

40% Bloomberg Intermediate Gov't/Credit and 60% S&P 500 Index.

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The benchmark for the Active Passive Taxable style is the Active Passive Taxable Blend Benchmark. The Active Passive Taxable Blend Benchmark is comprised of 40% Bloomberg Intermediate Gov't/Credit and 60% S&P 500 Index, rebalanced monthly. The Bloomberg Capital U.S. Intermediate Government / Credit Index is the Intermediate component of the US Government/Credit index. It consists of securities in the intermediate maturity range of the Government/Credit Index. Securities must have a maturity from 1 up to (but not including) 10 years. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value-weighted index and one of the most widely used benchmarks of U.S. stock performance.