

## Think you know fixed income? Or is it time to think again...

Does fixed income still present the same characteristics that it has long been known and used for as an asset class by advisers and investors... or has it now morphed into something different?

### Our investment thinking...

We are inclined to think that there is good reason to at least be carefully considering this asset class currently, based on what now appears to be an asymmetric risk / reward profile and the economic and investment outlook from here.

Questions for professional advisers to consider include:

- Does this asset class present the same attributes that it has been known for, over the last 30 years?
- What are the ways to allocate to the asset class currently?
- Is now, in fact, a time to be allocating away from it?
- Are there fixed income alternatives, that may present similar characteristics with more attractive risk / return profiles?

After a 30 year + bull run for bonds, and following nearly a decade of highly supportive government / central bank policy, including ultra-low interest rates and unprecedented quantitative easing (QE), following the global financial crisis, a prudent question for advisers and investors now is whether fixed income still presents the same characteristics that it has long been known and used for as an asset class?

Fixed income is generally thought of and used as an asset class offering a solid yield / income and low risk. But after the past decade, has it morphed to almost the opposite i.e. an asset class presenting low (or even negative) yield, with some clear and present risks to capital? Higher inflation and a less supportive monetary policy / rising interest rate environment are just two of the identifiable risk factors to be considering. ...

... more to follow from our investment committee  
in a full future *alphaTIMES* newsletter

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