OPPORTUNISTIC  
CORE

Q2 2024

## Performance

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| --- | --- | --- | --- | --- | --- | --- | --- |
|  | MTD | QTD | YTD | Trailing 1 Year | Trailing 3 Year | Trailing 5 Year | Since Inception 05/31/05 |
| Opportunistic Core (Gross) | 1.05% | 2.50% | -0.45% | 2.58% | 5.87% | 3.74% | 4.47% |
| Opportunistic Core (Net) | 1.03% | 2.47% | -0.52% | 2.45% | 5.73% | 3.59% | 4.29% |
| Barclays Aggregate | 0.70% | 1.83% | -1.60% | -0.33% | 5.34% | 3.03% | 4.11% |

## Performance Commentary and Attribution

Second quarter performance was strong both on an absolute and benchmark relative basis. There were positive contributions to performance from income, rate movements, and security selection. The positive income contribution came from the coupon advantage in the portfolio relative to the benchmark. Raising the average coupon has been a trade theme this year and paid off well in the second quarter. The positive contribution from rates was due to the duration positioning of the portfolio. The long-end of the treasury curve moved up over the quarter, with the 30-year point rising from 4.34% to 4.51%, and the portfolio is underweight the long-end of the curve. This was also the result of a trade theme of moving more towards the belly of the curve in anticipation of an eventual curve steepening. Security selection was strongest in credit for the second quarter and was also positive for ABS and CMBS.

There weren’t any major negative contributors to performance in the second quarter. There was a small negative contribution from roll returns. This was due to the continued curve inversion despite the modest steepening. The non-parallel curve movement was also a small negative contributor, but these were overwhelmed by the positive contribution from duration positioning. Sector positioning was also slightly negative as spreads widened out modestly in most sectors but this was overwhelmed by the security selection in these sectors.