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Fixed Income Investment Strategies

Monday Morning Update

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Fixed Income Investment Management
Based on Process and Discipline Behind the Process

Overview

A core competency of PDR Advisors is the ability to manage fixed income assets for institutional clients and high net worth individuals. The assets under management may be total return in nature, seeking to maximize an after-tax return consistent with a prudent level of credit and interest rate exposure. The investments may also be income-oriented in scope and design, seeking investment alternatives which provide a high rate of current income on either a taxable or taxable equivalent / after-tax basis.

Approach

PDR Advisors utilizes a separately managed account (SMA) structure on assets under our control, offering our clients a professionally managed portfolio constructed of individual fixed income securities. Each customer will hold clear title to all securities held in their account. PDR Advisors does not act as a custodian on any separately managed account under its supervision. All fixed income portfolios are customized to meet the specific expectations and investment parameters of each client.

Process

Our process begins with an in-depth discussion between the portfolio manager and the client to identify appropriate time horizons, identify tax ramifications on the interest earnings of the portfolio, regulatory issues germane of the assets to be managed, and to establish investment guidelines that identify the ultimate goal of the portfolio. The culmination of these discussions is the crafting of an investment policy statement (IPS) outlining risk tolerances, maturity parameters, liquidity requirements, return expectations and any other factors unique to the client. If the client already possesses an IPS, the portfolio manager will thoroughly review the statement to ensure policy documents adhere to the characteristics of the assets. A customized portfolio is then constructed to compliment the findings of the needs analysis. No fundamental investment parameters or restrictions set forth in the IPS may be changed without the specific approval of the authorized owners of the account.

Expertise

PDR Advisors can offer both institutional and high net worth individuals proficiency in the following areas of concentration:

Insurance company investment management: We offer expertise in managing fixed income portfolios for both domestic and offshore insurance companies. The focus in this categorymay be solely on the book yield of fixed income assets or a combination of total return and yield enhancement. The tax position and AMT status of the insurance company will typically determine a mix between taxable and tax advantaged securities, including the preference for DRD-qualifying preferred stocks, to be used.

Short-term cash balances and cash reserves investments: Under this category, the focus is on capturing yields in excess of bank sweep products and 2(a)-7 money market funds. Value added is typically available for corporations and high net worth individuals in the top Federal tax brackets and top State tax brackets. Value added is also available for clients who wish to maximize their interest income on a before-tax basis. A month-end client reporting package with accounting reconciliation is included with this investment management.

Special Situations: We also specialize in fixed income investment management for accounts with investment grade quality requirements, directed liabilities, specific tax structures for interest and income earned, customized maturity restraints, regulatory or policy restrictions on sectors, and diversification restrictions.

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