

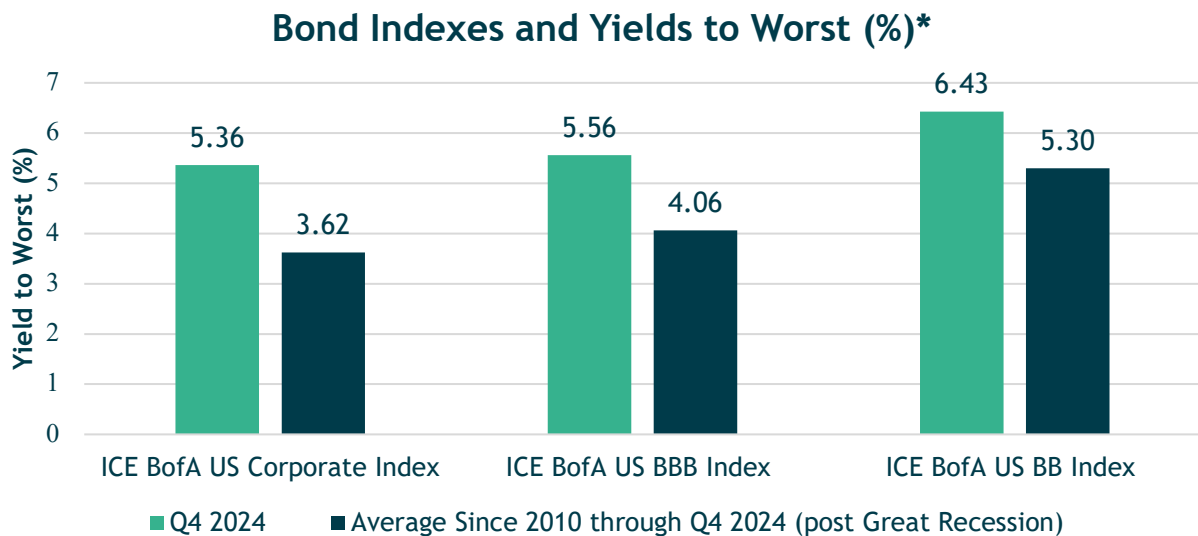
Corporate Bonds Are Relatively More Attractive Than Cash Over Time

Cash Is Historically A Poor Long-Term Investment

In spite of an inverted yield curve and relatively attractive returns the last couple years, cash, including money markets and ultra-short fixed income such as 3-month T-bills, has been one of the worst longer-term investments over time. For instance, the average annual return for 3-month T-bills from 2010 - 2024 was only 1.21%¹ yet nearly \$7 trillion was sitting in money market funds at the end of Q4 2024².

Bond Yields are Higher than Post Great Recession Averages

Investors with a longer-term outlook may want to consider moving out of cash, and cash-proxies, in favor of longer-maturity investment grade and high yield corporate bonds as yields are now much higher than the post Great Recession average³. We believe that moving away from cash and into corporate bond positions may present an opportunity to generate a stable and consistent income stream for years to come.



Source: Ice Data Indices and Federal Reserve Bank of St. Louis Economic Resources & Data as of December 31, 2024.

Bond Total Returns May Rival Equities (at least in the short term)

When the Fed funds rate falls after a period of rising rates, bonds tend to do well, and the total return for corporate bonds can rival stock returns, especially in the twelve months following the first rate cut.

For historical context, since the start of the new millennium there have been three rate cutting cycles prior to the current one that began in September 2024. In this timeline, the performance in the following 12-months for corporate bonds after an initial rate cut is 8.00%⁴ while the S&P averaged a 7.93% annualized return⁵ from 2000-2024.

Investing around Federal Reserve decisions can be challenging as the market will often move on macro forecasts. This is what happened in 2024:

- The Bloomberg US Aggregate Bond Index was negative through the first half of 2024, finishing June with a -0.71% year-to-date return.
- The Fed began to signal that cuts to the Fed funds rate were on the horizon and yields began to fall across the curve over the next few months leading up to a September cut, the first of this cycle.
- This fueled a bond rally that produced a month-end, intra-year high total return for the Bloomberg US Aggregate Bond Index of 4.45% year-to-date through September.
- However, rates then experienced a sharp reversal and the Bloomberg US Aggregate Bond Index finished the year with a 1.25% total return⁶.

Rates may remain volatile but yields today may present a good opportunity for corporate bond investors as market timing is very difficult to get right. Additionally, over time, though the vast majority of performance for fixed income is derived from income⁷ there is potential for a higher total return if rates decline.

Meet Dolan McEniry

Dolan McEniry is a corporate bond specialist that has been managing concentrated, intermediate duration portfolios since 1997. The firm has never had a corporate bond default since inception, commingled vehicles are never used as only CUSIP level bonds are held, and neither leverage nor derivatives are utilized. The investment process is fundamentals and value-driven, and is not based on interest rate or macro projections.

Other notable highlights include:

- The most important considerations for the investment team when determining whether a credit offers an attractive risk profile are generation of free cash-flow in relationship to a company's indebtedness, capital allocation by the management team and strength of the balance sheet. Other key measurables include trends in revenue, margins, earnings, working capital, and capital expenditures. The team is drawn to companies they believe have strong cash flow return on investment and steady streams of cash generation over time.
- Investments that we believe offer good value (safe credit at an attractive price) are usually found in the BBB and BB-rated corporate bond space. Dolan McEniry is skeptical of credit ratings and does not take them into account in the security selection process nor does the firm read any Wall Street research. All credit work is done in-house by the Dolan McEniry team. The firm is not a sector investor but is a company-by-company, bottoms-up, cash flow focused value investor.
- Dolan McEniry tends to invest in straightforward and easy to understand businesses in the consumer, industrial, manufacturing, distribution, retail, technology, and service industries. Generally, the firm avoids and does not invest in the bonds of banks, insurance companies, broker-dealers, energy, airlines, autos, and utilities.

Dolan McEniry Core Plus Strategy

Dolan McEniry Core Plus is a separately managed account strategy in US corporate bonds with a track record of strong performance and risk adjusted returns since 1997. The product permits up to a maximum of 25% in below investment grade debt.

Trailing Returns (net)

As of Date: 12/31/2024 Peer Group: Separate Accounts - U.S. - Intermediate Core-Plus Bond

	YTD	Peer group 1 Year percentile	Peer group 3 Years percentile	Peer group 5 Years percentile	Peer group 7 Years percentile	Peer group 10 Years percentile	Peer group 15 Years percentile	Peer group 20 Years percentile	Peer group percentile	Since Inception (9/30/1997)	Peer group percentile							
Dolan McEniry Core Plus	4.35	5	4.35	5	1.49	2	2.19	4	3.10	3	3.45	3	4.54	7	4.97	4	5.71	4
Bloomberg US Agg Bond TR USD	1.25	89	1.25	89	-2.41	85	-0.33	92	0.97	90	1.35	86	2.37	92	3.01	97	4.00	97

Market Performance (net)

Time Period: Since Common Inception (10/1/1997) to 12/31/2024 Calculation Benchmark: Bloomberg US Agg Bond TR USD

	Return	Std Dev	Sharpe Ratio
Dolan McEniry Core Plus	5.71	3.85	0.90
Bloomberg US Agg Bond TR USD	4.00	4.12	0.46

Market Performance (net)

Time Period: Since Common Inception (10/1/1997) to 12/31/2024 Calculation Benchmark: Bloomberg US Agg Bond TR USD

	Max Drawdown	Up Capture Ratio	Down Capture Ratio	Average Drawdown
Dolan McEniry Core Plus	-10.48	109.21	34.09	-1.17
Bloomberg US Agg Bond TR USD	-15.93	100.00	100.00	-1.62

Source: Morningstar Direct

¹https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html

²https://www.ici.org/mm_summary_data_2025.xls

³ Ice Data Indices and Federal Reserve Bank of St. Louis Economic Resources & Data

⁴<https://www.schroders.com/en/global/individual/insights/how-do-stocks-bonds-and-cash-perform-when-the-fed-starts-cutting-rates->

⁵<https://www.officialdata.org/us/stocks/s-p-500/2000#:~:text=Stock%20market%20returns%20between%202000%20and%202023&text=This%20is%20a%20return%20on,%2C%20or%204.38%25%20per%20year>

⁶Source: Morningstar Direct

⁷<https://www.lpl.com/research/weekly-market-commentary/key-themes-for-bonds-in-second-half-of-2024.html>

*Yield to worst: Lowest possible yield that can be received for a bond with an early retirement provision

About iM Global Partner

iM Global Partner is an asset manager with a difference. We are a dynamic network of specialist boutique investment managers, delivering best-in-class solutions, across asset classes, to our discerning Institutional and Professional Investors across the globe. We are proud to call these businesses our Partners and they are the essence of what iM Global Partner stands for. We had around USD ~\$45 billion of assets under management as of December 31, 2024.

Disclaimer

Compliance Statement

Dolan McEniry Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Dolan McEniry Capital Management, LLC has been independently verified for the periods September 30, 1997 through December 31, 2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Dolan McEniry Core Plus Composite has had a performance examination for the periods September 30, 1997 through December 31, 2023. The verification and performance examination reports are available upon request.

*Dolan McEniry Core Plus inception date is September 30, 1997; 1997 is a three month period.

Definition of the Firm

Dolan McEniry Capital Management, LLC is an independent investment management firm established in 1997 and is an SEC registered investment adviser. Registration of an adviser does not imply a certain level of skill or training. Dolan McEniry Capital Management, LLC manages fixed income accounts utilizing Dolan McEniry's specific strategies for institutional and individual clients.

Definition of the Composite

Dolan McEniry Core Plus is a fixed income investment product benchmarked against the Bloomberg U.S. Aggregate Index or the Bloomberg U.S. Intermediate Credit Index. In this strategy, the firm utilizes U.S. corporate investment grade, U.S. corporate high yield and U.S. Treasury securities. Dolan McEniry Core Plus is approximately 75% U.S. corporate investment grade bonds and 25% U.S. corporate high yield bonds. The Dolan McEniry Core Plus Composite was established and created on September 30, 1997. Dolan McEniry began including accounts that are valued under \$1,000,000 USD in the composite as of December 31, 2009. Prior to December 31, 2009 an account had to have a value over \$1,000,000 USD to be included in the composite. Non-fee paying accounts represented less than 2% of the composite assets for all periods shown.

Benchmark

Bloomberg U.S. Aggregate Index

The Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The Index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and non-agency).

Bloomberg U.S. Intermediate Credit Index

The Index is the intermediate component of the Bloomberg U.S. Credit Index. The Bloomberg U.S. Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable, corporate and government-related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals, and local authorities.

Intra-month cash flows from interest and principal payments contribute to monthly Index returns but are not reinvested at a short-term reinvestment rate between rebalance dates. At each rebalancing, cash is effectively reinvested into the returns universe for the following month so that Index results over two or more months reflect monthly compounding. One cannot invest directly in an Index.

List of Composites

A complete listing and description of all composites, limited distribution pooled funds, and broad distribution pooled funds is available upon request.

Dispersion

The dispersion of annual returns is measured by the asset weighted standard deviation across gross portfolio returns represented within the composite for the full year.

Performance

Gross returns are presented gross of management fees, custodial fees, and withholding taxes, but net of direct trading expenses. Net-of-fee returns are net of actual investment management fees and direct trading expenses. All returns are based in U.S. dollars and computed using a time-weighted total return. Composite returns are asset weighted individual portfolios computed monthly. Returns for periods exceeding 12 months are annualized. The Dolan McEniry Core Plus Composite includes both price performance and coupon/dividend income as do the Bloomberg U.S. Aggregate Index and Bloomberg U.S. Intermediate Credit Index. Results reflect the reinvestment of dividends, interest and other earnings. The Dolan McEniry performance reflected above is not necessarily indicative of future results and, as a composite of different accounts, does not necessarily reflect the exact performance of any specific account. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Fee Schedule

Dolan McEniry Capital Management, LLC's standard fee is 0.40% (40bps) of assets under management.

Disclaimer

Past performance is no guarantee of future results. Investing is speculative and involves risk, including the possible loss of principal. Historical returns should not be used as the primary basis for investment decisions. This product should be considered based on the suitability of its strategy in relation to return objectives, risk tolerances, and other investments. Although the statements of fact and data in this document have been obtained from or based upon sources believed to be reliable, Dolan McEniry Capital Management, LLC makes no warranties or representation as to their accuracy, correctness, or reliability, and assumes no liability or responsibility for any omissions or errors. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.