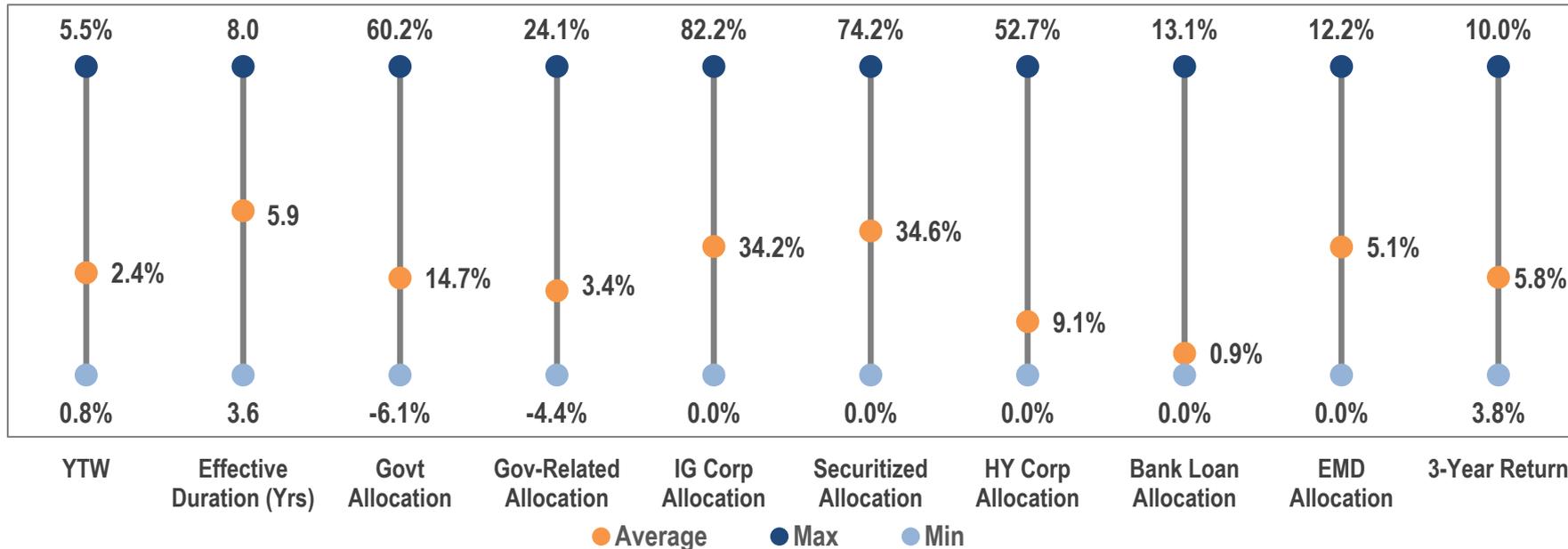


### There Are Many Flavors of Core Plus



- Many investors are exploring ways to earn additional yield as interest rates hover near historic lows. As a result, Core Plus strategies have seen increased interest due to their expanded investable universe, which, in addition to investment grade bonds, can include high-yield corporates, emerging market debt, and bank loans, among others.
- **However, there is wide dispersion across Core Plus managers.** Not only does Core Plus have a more extensive investment toolkit, it also has a wider variance in levels of risk and sector exposures.
- **It is important to understand the risks.** For example, historically, higher yielding sectors have been more correlated to equities than lower yielding sectors. If the objective of a fixed income allocation is to protect against equity weakness, reaching for yield may make the entire portfolio more susceptible to equity volatility.

Source: eVestment as of 9/30/20. Average Core Plus Manager is calculated based on all the managers within the US Core Plus Fixed Income Universe in eVestment with a preferred benchmark of Bloomberg Barclays Aggregate Index. The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable.

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