

Tactical Income Solution & LO 1 - 6 Portfolio Updates

March 18, 2020

Improving Credit Quality

After careful research, our investment committee has chosen to replace the Invesco Oppenheimer Senior Floating Rate fund (OOSAX) with the Lord Abbett Short Duration Income fund (LDLFX) in your Liberty One 1 - 6 and Tactical Income Solution portfolio(s). This change highlights our ongoing diligence relating to credit markets by upgrading the credit quality of our tactical fixed income positions while still managing for interest rate and principal risks.

Given the uncertainties tied to the economic impact from COVID-19 and the disruption in oil markets, we believe that certain industries/companies are more susceptible to an economic fallout than others, and that their debt service obligations are coming under further distress, which would impact the prices and debt structure of certain debt securities. Although a vast majority of companies have yet to announce such developments, we view that the probabilities are rising as economic uncertainties remain. In order to mitigate exposure to some of these credit risks, our Investment Committee has chosen to replace OOSAX with LDLFX.

LDLFX's debt composition primarily consists of short-term investment grade corporate credit in less susceptible sectors. Secondly, although long-term government debt provides greater downside protection in volatile environments, it is in our view that they are trading at extremely high valuations and provide unattractive risk-adjusted return profiles for clients currently. Spikes in Treasury yields due to a variety of factors exposes clients to principal and interest rate risks. One example could be the additional fiscal spending to alleviate the economic impact of COVID-19 would require the US federal government to issue more federal debt, which could cause yields to rise as more Treasuries flood the market and our fiscal position deteriorates.

You need not take action at this time.

If you have any questions about these or any changes in your Liberty One portfolio(s), potential tax implications, or would simply like to learn more, please contact your financial advisor.

Thank you for your continued trust and confidence!

Liberty One

Liberty One Investment Management, LLC is a Registered Investment Advisor with the SEC. Liberty One Investment Management's ADV Brochure, which serves as Liberty One's primary disclosure document, is available upon request at no charge or may be obtained directly from Liberty One Investment Management's website at www.libertyoneim.com. An investment in any Liberty One strategy involves risk of loss, including principal, as well as the potential for gain. Before investing, consider the investment objective, risk tolerance, potential for loss of principal, fees, and expenses. Past performance is no guarantee of future results. Diversification and asset allocation do not ensure a profit or guarantee against loss. Liberty One Investment strategies may lose value, are not FDIC/NCUA insured. Liberty One strategies are not suitable for all investors.



www.LibertyOneIM.com
847-680-9255