00;00;07;03 - 00;00;14;03

Gregg Greenberg

Erinn, Let's start with the big picture. How would you describe the current state of the fixed income market and what's driving it right now?

00;00;14;06 - 00;01;34;00

Erinn King

Well, thank you, Gregg, for having me here today. You know, 2025 has been a year with no shortage of market headlines and volatility. And with most, financial assets, they performed well in fixed incomes, no exception. The broad index, the Bloomberg aggregate, which represents the US fixed income market, is closing in on 7% returns year to date. Certainly all in yields have been a factor in attracting both capital and leading to this performance. And markets, as I mentioned, have looked through. Despite the April disruptions, some of the, ongoing concerns and risks like, the continued conflicts that are happening, the tariffs and, trade, uncertainties, inflation, as well as, some of the AI innovation. And so what's really driving markets today is that they're looking at liquidity more than they are traditional business cycles. With the end of quantitative tightening, especially, essentially happening right now, what we're seeing is markets looking ahead into 2026 for easier monetary conditions. And then comb

00;01;34;03 - 00;01;47;01

Gregg Greenberg

For you and I I'll look ahead in a second. But right now I want to find out more about income research and management, because you have a very distinct approach to core and core plus, how do you divide the two? What exactly is plus in your mind?

00;01;47;03 - 00;03;39;20

Erinn King

Well, maybe taking a step back. Income Research and management is a fixed income specialist. All we do is bonds. And we have three tenets that apply to both our core bond and our core bus strategy. The first is that we're a bottom up security selector. Everything we do is grounded in our research of credit fundamentals and structural considerations. The second is we don't take active, positions on the magnitude or the direction of interest rates. We want our bottom up ideas to drive our outperformance. Where we are really active is in the third. And that's where we oscillate our positioning based on risks in the market. And what I mean by that is we don't have our foot on the accelerator at all times when markets are not compensating us for risk like today. Spreads are quite tight. We're biased to be more conservative, move up in quality, have more liquidity such that when they do dislocate we can add risk in a material fashion. So both our core and core plus employ those three tenants. What makes them diffecore plus strategy, our speculative and directional positions on foreign currencies, foreign interest rates and foreign governments.

00;03;39;22 - 00;03;46;14

Gregg Greenberg

So how do you juggle quality, yield and risk? If this is your mandate, so can you give a little bit more of an example. Dig a little bit deeper.

00;03;46;16 - 00;04;36;21

Erinn King

Absolutely. So you know in portfolios I mentioned that oscillating of our positioning based on what the market environment is. So markets today, we're not being compensated very well for the risks in the market. And so therefore we're going to be a more conservative up and quality positioning. That said, as a bottom up security selector, we're always finding unique ideas in the market. And it's important that we still build in the yield advantage in the portfolio relative to our passive alternatives. There's different ways to do that. Right now. We're focusing that yield advantage in the short end of the curve in corporates and securitized bonds, where we have a real line of sight. Those maturities are shorter. And in the longer end of the curve we prefer things like treasuries. And this way we can be very dynamic in reallocating when market environment shifts.

00;04;36;24 - 00;04;48;16

Gregg Greenberg

And then finally, as we look to 2026, how do you see the fixed income market, not just the investments but how you invest changing, evolving, especially with AI.

00;04;48;19 - 00;05;55;19

Erinn King

AI is is certainly a theme in markets. And it's not just a tech theme anymore. It's the newest credit cycle. It's impacting every single market that we invest in. And you know, we're experiencing it with companies that typically were high margin, low asset. Are now engaging in large capital expenditures that need to be financed by the debt markets. And this is pervasive across the debt markets. It's the corporate market, the securitized market, the municipal market, loans, and even in the private markets. And the way we approach it is a is a team approach. We have a holistic, view in and analyzing the underlying characteristics and credit risks in each of these, such that we can be really intentional in, where we, take risks in portfolios and where we avoid risks, it is going to result in a lot more supply as well. M&A and that's really part of our job each and every day is finding the bonds. They're going to serve their purpose in our portfolio, which is providing consistency and income in that anchor allocation.

00;05;55;21 - 00;05;57;12

Gregg Greenberg

All right. Well thanks for coming on talking about it.

00;05;57;13 - 00;05;58;10

Erinn King

Thank you for having me.

Important Information

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