

Some Money Is Better Than None

Third Quarter 2020

A wise woman once told her attorney (full disclosure: that attorney is my husband), “*Some money is better than none*” when told that she could settle her case for \$350,000 now, or continue to fight for \$500,000 & risk losing it all in court.

In today’s world of record low nominal interest rates approaching 0% for money market, *some money IS better than none*. Especially relevant in this quarter given that the Federal Reserve announced a new policy that would suggest that the current level of almost 0% interest rates for the Federal funds rate could stay that way until 2023.

Is there an alternative to making 0% on your money?

And if so, what alternative might there be for investors that are worried about the volatility of the stock markets and thinking that the COVID shutdown of the economy might last longer than expected?

One alternative for W&A clients is our actively managed diversified bond fund portfolio.

- Five equally weighted diversified bond funds actively managed by leading experienced fixed income managers (Pimco, Guggenheim, DoubleLine, Angel Oak & JP Morgan).
- Covers global fixed income sectors with active management and the flexibility to opportunistically take advantage of changing investment and interest rate environments.
- Current combined yield is 3.19%* plus bond prices that can fluctuate both up and down.

Historically, that might seem paltry compared to the U.S. average interest rate of 6.1% over last 58 years, but remember that average included the 1970s & early 1980s when the 10-year Treasury rate hit an all-time high of 15.8%. In August 2020, the 10-year Treasury (the prime mover of U.S. interest rates) hit an all-time low 0.5% breaking its previous 1945 low of 1.7%.

Interest rate cycles tend to last 22-27 years on average.

As some of my clients know, I have been recommending that you invest excess cash not needed for withdrawals and not earmarked for equities into our bond fund portfolio. *If you are interested, please contact me to discuss.* In a period of almost 0% interest rates some money is better than none.

– Phyllis

** Current Yield at Net Asset Value % calculation from MorningstarDirect as of 9/30/20. Yield is only one component of total return which combines yield plus price fluctuations. Yield also does not include management fees & expenses. Total return can be lower or higher than yield in any given period.*

The positions/holdings listed above are currently in the W&A model, however the yield does not represent W&A model returns.

Past performance is not a guarantee of future results, and investments carry the risk of loss, including the risk of loss of invested capital.

Sources: Morningstar Direct & [Advisor Channel](#)