How Advisors Are Positioning Fixed-Income Portfolios in Advance of the Next Fed Rate Hike Slouching Toward "Bondmageddon"

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by Bob Veres

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Bob Veres

Most observers believe that the Fed will begin taking its massive foot off of short-term interest rates after the FOMC meeting in June. Nobody knows what will happen next: whether rates will rise dramatically or the bond community will respond with a yawn.

Earlier this year, I asked the readers of my *Inside Information* newsletter service to tell me how they're preparing for this impending "bondmageddon" (as some alarmist pundits are calling it). The questions were simple ones: What are they investing in and why? What investment products or strategies will give their clients the best chance to emerge unscathed, and at the same time won't create a lot of opportunity cost if there is no catastrophic rise in rates?

To date, I've received 178 pages of responses from advisors all over the country and across the spectrum, from indexers to fervent believers in active management, representing large and small firms investing on behalf of wealthy or middle-income clients.

The most interesting thing about the responses was that, with a few exceptions that I noted at the end, most advisors talked about the type of vehicles they were using to invest in fixed income, rather than the investment strategy itself. Many said they had been humbled after years of positioning clients for higher bond rates that never actually manifested. But the strategies they reported generally fell into two camps: 1) to stay short in anticipation of rising rates (for advisors who buy exposure through funds) or 2) build ladders where some bonds are maturing each year, and can be reinvested at higher rates (for advisors who buy individual bonds).

When it came to which vehicles they use, and why, the debate became much livelier and more interesting. Based on more than 100 responses, most advisory firms can be placed into one of five different camps.

1. **Those who are out of bonds altogether**

Count in this group Phil Taggart, of Taggart Financial Group in Houston, TX. He's currently invested in income-bearing equities – convertibles, preferreds, closed-end funds, high-dividend ETFs and individual stocks that have a record of growing their cash payouts to shareholders. "None of these are truly free from the potential for disruption over the next two years," he admits, adding that he's waiting for the right time to get back into bonds.

Tresa Leftenant of My Financial Design in Bellevue, WA is using a hybrid approach, mixing preferred stocks with high-yield bonds that have a good credit history to give her highest-risk-tolerance clients a 4-5% distribution rate.

2. **Advisors who use mutual funds for exposure**

Lou Stanasolovich, of Legend Financial Advisors in Pittsburgh, PA was the most articulate spokesperson for a large minority of the people who responded to my request. He offered three reasons why he prefers funds over individual bonds.

Reason number one: pricing. "PIMCO suggests that each trade needs to be at least $1 million to obtain institutional pricing in anything other than Treasury securities," Stanasolovich says. Others (as you'll see below) have reported that it's possible get bargains when you're willing to buy small odd-lot packages of bonds, but selling them is a different story. "In the menagerie of muni bonds and corporate bonds, the bid price is often 15% or more below the stated price listed at the custodian, if there is a price listed at all," Stanasolovich continues. "Given the small sizes of the typical advisor allocation and the complexities of each issue, this often results in liquidity problems."

Second, Stanasolovich points to the bewildering variety of bonds and their shifting relative values. "Advisors simply don't have the expertise or staff that mutual funds do," he says, "to research high-yield bonds, variable and fixed rate agency and non-agency mortgages, bank loans, foreign developed market bonds in their home currency or hedged against the dollar."

Third: Stanasolovich believes that if individual bonds are going to make up a significant percentage of client portfolios, the firm would need its own bond trader – preferably more than one, to ensure continuity if one of them leaves. "In order to justify this cost," he says, "the firm would probably need to trade at least a few hundred million dollars in bonds annually."

In contrast, any open-ended fund provides access the world of bonds, and the ability to sell out of the position instantly is a big plus over individual bonds. "The fund's role is not only to provide expertise, but also liquidity to the investor," says Stanasolovich. "That's worth the small fee that the open-end fund charges."

Stanasolovich says that his firm avoids ETFs and ETNs. Why? Suppose there is no market

for the bond instruments in the ETF or ETN portfolio? When investors want to liquidate their shares, they will (at best) be hurt by the forced selling at fire-sale prices. At worst, the ETF has the option of delivering their money back in kind, and they may end up receiving the un-sell-able bonds rather than cash. "Furthermore, ETF portfolios are, for the most part, stagnant," Stanasolovich adds. "Open-end mutual fund managers can take advantage of investment opportunities."

Jeff McClure, who practices in Salado, TX, advises clients to have 18-24 months of cash and short-term fixed-income, as a hedge against having to liquidate equity positions in the middle of an unexpected market panic. So he wants maximum liquidity with his bond allocation. "In an emergency, the bonds you expect to hold to maturity will be in line for liquidation," he says, "and if interest rates are higher five years from now, that equates to a loss."

Dave Demming, of Demming Financial Services in Aurora, OH, spoke for a number of respondents when he said that he worries that individual bonds introduce non-diversified credit risk into his client portfolios. And he's wary of hidden mark-ups where the dealers and brokers take advantage of small investors. "Do you honestly think we can buy a bond as cheaply as PIMCO?" he asks.

Lori Kaufman, of Kaufman Kampe Advisors in Mercer Island, WA, expanded on the lack of diversification issue. Unless a client is allocating tens of millions of dollars to bonds, she says, you end up with concentrated sector exposure. Beyond that, few advisors are prepared to do the credit research on individual holdings, or track changes in the creditworthiness of the issuers, which adds to the danger.

The fund management team, she adds, will also do a better job than an advisory firm of responding to the constant changes in the dynamic bond market environment. "The people hired by the good institutional firms are literally rocket scientists, who have the mathematical skills to create and interpret these models," Kaufman says. "They can fine-tune their portfolio exposures in terms of duration, convexity, etc."

Andy Kapyrin, at RegentAtlantic in Morristown, NJ, says his firm's clients benefited when the company raised its allocation to corporate bonds in early 2009, when banks and other institutions were holding fire sales. Now that federal tax rates are higher and clients are facing the 3.8% Medicare surtax plus higher state taxes, the firm is about to start implementing muni bond ladders for fixed income exposure.

But the transition from funds to individual bonds raised some thorny operational issues. "When more than one client needs to have an order filled, how do we decide who goes first?" he says. In addition, portfolio accounting software doesn't properly value bonds at their amortized cost. "I don't want to manage this out of a spreadsheet," Kapyrin says.

Tony Van Ore, of Financial Management Concepts in Winter Springs, FL, takes that last concern a step further. He says that that most custodians do a poor job of incorporating

individual bonds into client performance statements. "They don't want to pay to keep a comprehensive list of all CUSIPs available," he says, "and so you also have trouble keeping the rebalancing software properly coded."

Which funds are preferred? PIMCO and DoubleLine were mentioned by a number of advisors. Michael Terry, of MTP Advisors in Maspeth, NY will use floating rate funds managed by Fidelity and RidgeWorth's Seix funds, the T. Rowe Price High Yield Fund, Fidelity Strategic, a broadly-based Loomis Sayles fund. He also uses Osterweis Strategic for their ability to move where the opportunity seems greatest.

Cindy Conger, who practices in Little Rock, AR, has found an exception to Stanasolovich's concerns about ETFs – particularly the static portfolio and illiquidity issues. She was one of several advisors who reported using the Guggenheim BulletShares funds, whose portfolios are made up of bonds that all have the same fixed maturities. This lets the advisor create bond ladders with more credit diversification than you could likely achieve with individual bonds. "I'm buying for income," Conger says, "but when the ETFs mature, they give me cash to get through a market downturn without having to sell equities at a bad time."

David Morganstern, of Confluence Wealth Management in Portland, OR says that the Guggenheim BulletShares give him the best of both worlds: professional management and institutional pricing, and at the same time control over maturity and duration. "You buy them for the year of maturity (2017, 2018, 2019 etc.) and all the bonds in that portfolio mature in that year," he says. "It's like building a bond ladder with diversification, the cost is very low, the structure is known and explainable to the client, and we don't have to do the ongoing credit analysis."

3. Advisors who buy their bond exposure through separately-managed accounts

Michael Gibney, of Highland Financial Advisors in Riverdale, NJ, notes that you can get expert management and institutional (volume) pricing for 10-20 basis points, and the clients directly own the underlying bonds. Currently, he's using SMAs run by Breckinridge Capital to create New Jersey muni portfolios. "They create the bond ladder for us," he says. "The SMA can be less prone to price declines than a fund because we're holding all bonds to maturity, and the ladder sets us up well for a potential increase in rates. In the meantime" he adds, "it gives us predictable cash flow."

Val Lynch, of IFS Investor Services in Bowie, MD, says that, unlike funds, UMA and SMA accounts can be customized to the specifications of each of his clients. Susan John, in Wolfesboro, NH, has assembled a team that includes a separate account manager (Chris Genevese at Advisors Asset Management), a bond dealer who buys individual positions for John's wealthier clients (Northern Capital in Andover, MA) and a "teacher" to give her advice on navigating the bond market (Hildy Richelson of Scarsdale Investment Group in Blue Bell,

PA).

At Lee Financial in Dallas, Director of Investments Matt Quinn has, in the recent past, purchased individual bonds for clients opportunistically, with particularly good results in the aftermath of the financial crisis when corporate bonds were selling at high spreads to Treasury securities. In the current environment, he likes munis. "Municipal bonds tend to offer higher after-tax yields than Treasury securities," he says, "and they can also act as a 'port in the storm' when market volatility spikes. We feel we can meet all three of our objectives – to preserve capital from an after-tax perspective, diversify the portfolio and generate better relative yields than Treasuries – with this allocation."

But the firm has moved away from buying bonds directly to investing through separate accounts. "We feel that a separate account manager can better take advantage of the unique characteristics of the muni market," Quinn says. "First, they can buy bonds at wholesale prices, and they have the agility to deal with the supply/demand patterns of the market. And we feel they can generate a better total return through active yield curve positioning and rigorous credit research."

Finally, since the separate accounts hold bonds directly, the client is buffered from fund flows in a part of the market where retail investors are prevalent.

Advisors whose clients prefer green investments have their own specialized SMA manager: Charles Sandmel, at Shelton Capital Management. Sandmel is a longstanding presence in the SRI (the term can stand for "socially-responsible investing" or "sustainable and responsible investments;" take your pick) community who has always specialized on the bond side. But only recently has he begun seeing certified green muni investments. "At the beginning, the SRI restrictions were primarily 'no nukes,' 'no baseball stadiums' and 'no convention hotels,'" he says. "Now it's morphing to green technology projects where the project involves building climate resistance, mass transit, clean water treatment, plus, internationally, we are seeing green bonds through the World Bank and other institutions."

4. Advisors who invest in individual bonds who are primarily creating bond ladders

These tend to be professionals who have some experience at a bond desk or who hold an investment (CIMA or CFA) designation. Jennifer Patterson, whose office is in Hamilton, Bermuda, fits both profiles: she has the CIMA designation and worked as a securities broker early in her career. And unlike most advisors, she creates ladders out of zero-coupon issues. "This adds interest rate risk," she concedes, "but we watch yield to call and for the most part will look to hold long term, as we are buying primarily for income."

Leftenant, the advisor who uses preferred stocks and high-yield bonds for her less-risk-averse clients, says that her less adventurous clients prefer bond ladders. "They like the dependability of knowing they'll receive the return of their principal (given no unusual surprises); it makes

them feel more able to handle the volatility of the equity markets," she says. "It's a simple and dependable solution for clients who want to get off the roller coaster ride of the bond markets."

Edward Kohlhepp, of Kohlhepp Investment Advisors in Doylestown, PA feels that today's low rates are driving him toward individual bonds. "The interest rate environment almost makes it impossible to utilize bond funds and get any decent yield without exposing the client to serious interest rate risk," he says.

Kohlhepp adds that if or when rates rise, individual bonds might be easier for clients to handle than a mutual fund position. "A laddered bond portfolio can usually be held to maturity so as not to lose principal," he says. Basically, you're swapping interest rate risk for opportunity cost risk; that is, the risk of missing out on earning the new higher interest rate. The two are, of course, mathematically equivalent, but Kohlhepp does think they're emotionally equal.

This issue came up over and over again in the advisor responses; the idea that individual bonds won't deliver a scary drop in NAV that might spook clients. "That's the key advantage over funds, and I'd be surprised if that isn't what most readers come back to you with," says James Kearney of Quadrant Capital Management in Fairfield, NJ. Gary Gardner, with LifeWealth Advisors in Walnut Creek, CA, says that he is waiting for the *Wall Street Journal* headline proclaiming "Conservative Bond Holders Lose 40%."

Interestingly, some advisors believe their smaller investors might be better positioned to find bond market bargains than funds and other large asset pools. John Fattibene, of Harvest Financial Partners in Paoli, PA, likes individual bonds for the opportunity to pick up odd lot discounts on the buy side, making purchases that are too small for the institutions. He also likes the ability to control portfolio expenses, since his bond holdings aren't costing his clients any management fees.

Beyond that, over the years he's been concerned that the strategies used by mutual funds that invest in bonds have become more complicated, more like hedge funds in their use of derivatives and leverage. "We're not black box fans," Fattibene says. "We would rather be wonderfully boring."

Mark Donnelly, of AEPG Wealth Strategies in Warren, NJ worked at a hedge fund for four years before taking on the investment role at his advisory firm. In his view, the psychological aspect is the primary reason to invest in individual bonds. But he adds that individual bonds also offer more tax loss harvesting opportunities than you get when clients' exposure is limited to funds.

And Heather Hagen at Moss Adams Wealth Advisors in Seattle points out that individual bond portfolios can be customized to a particular client's preferences in terms of credit quality, duration, average maturity, the need for tax-free income and yield. Plus, she says, "in most cases the principal is returned when the bond matures or is called. Since bond mutual funds have no set maturity date, the principal value is at risk, and the income stream is less certain in

funds than with individual bonds."

For ultra-conservative clients, you can even eliminate the small risk of default. Bill Howell, of Howell Financial Advisors in Carmel, IN is using CD ladders for 60-70% of his clients' fixed-income allocation. Robert Frey, of Lakeside Advisors in Seattle, buys CDs opportunistically through a relationship with different dealers. "One dealer in CDs will call us near month end and invite me to bid on anything and everything in the inventory," he says. "Last week I bought a pile of six-month paper with 1.69% yield to maturity, which is good for cash management."

As the reader can imagine, there was considerable discussion about the future direction of interest rates, and a bit of learned humility from advisors who, as far back as three years ago, believed that rates were just about to go up. Meanwhile, advisors who have been investing through bond ladders have been able to ignore the noise and concentrate on what fixed income securities are supposed to provide the portfolio.

"We always explain that the bond exposure is for downside protection and income – little as it is today," says Glen Buco, at West Financial Services in McLean, VA. "The returns have actually not been too bad, but the important thing is that we know what we own and can explain to the client why and what decisions we've made on their behalf."

Adds Marc Berman, with Colman Knight Advisory Group in Carlisle, MA: "The CDs and bonds we buy are timed to meet planned redemptions such as for minimum required distributions or for clients taking scheduled monthly withdrawals. With individual bonds," he adds, "we know the return that will be obtained at the time of purchase. With bond funds, the ultimate return is always variable."

But he cautions that because most clients can't buy a wide variety of individual bonds. Since you can't fully diversify, you have to stick to higher-quality paper. "We always purchase either CDs that are insured by the FDIC, A-rated or better corporate bonds, or municipal bonds with underlying ratings of AA or better," Berman says.

Even though he was two years early moving from funds to bond ladders, Gardner feels comfortable with his decision. "Eventually I will be right," he says, "and the lower earnings my clients have been receiving will be offset by the losses they will not have realized if they were in bond funds."

5. Advisors who are using more sophisticated or complicated bond investment strategies

Sam Skaggs, who practices in Juneau, AK, got hooked on creative bond management when, in the liquidity crisis aftermath of 2008, he began seeing high-quality paper offered on the market below par. "In one case, we bought a large block of five-year IBM bonds that gave our clients an annual yield of over 8%," he says.

Of course, those opportunities are not quite as plentiful today, so Skaggs began educating himself on maximizing the cash flow from different possible combinations of maturities and credit quality under different future scenarios. He works with Performance Trust Company in Chicago – an institutional bond dealer that offers bond counseling (and institutional pricing) to advisors – using a modified version of the company's Shape Management strategy.

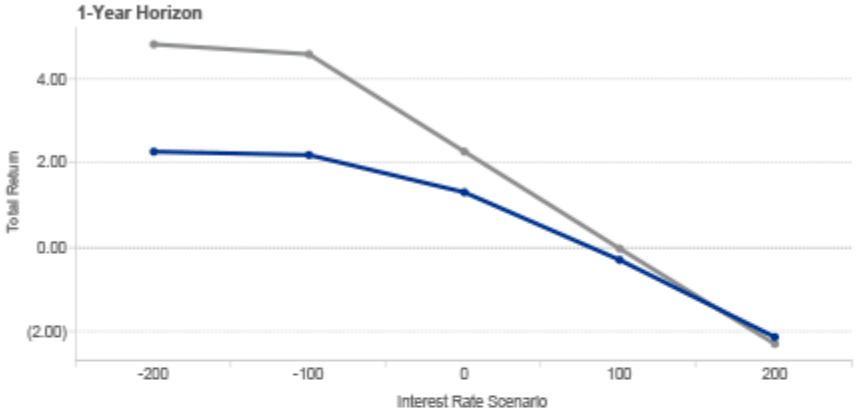
"I rejected the bond ladder approach and went with more of a barbell strategy," he says. "Bond investing is pure math, discounting future cash or coupon flows to maturity. You can look at how a portfolio will hold up under different future rate scenarios, and often you find that the ladder isn't the best solution under any of the scenarios."

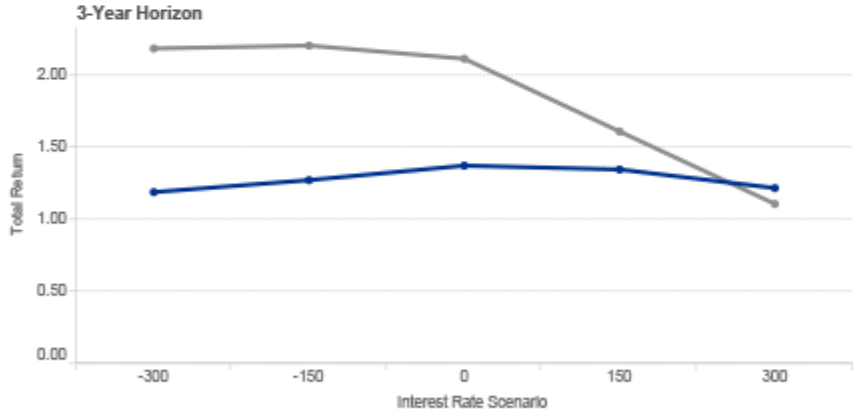
How so? Brian Battle, at Performance Trust, offers a quick example taken from very recent bond pricing. In the first set of graphs, the blue line represents the returns under different interest rate scenarios of a five-year muni bond ladder – where 20% of the allocation is invested in bonds with maturities of one, two, three, four and five years, with the intention to reinvest each year. The gray line is the rather simpler approach of putting all the money in comparably rated munis with a five-year maturity, which will be reinvested in five years.

Combo Total Return

Report Options:	Market Environment Date: 2/25/15	Invested $: 1,000,000	Table Values: Total Return $

Total Return





Total Return $

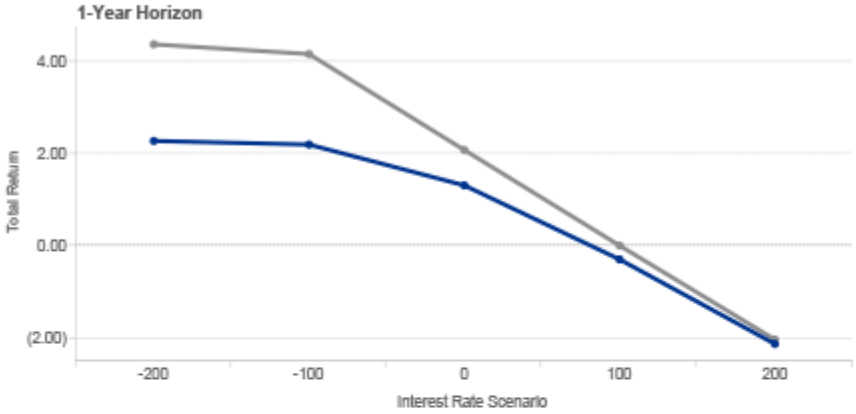
	1-Year Horizon					3-Year Horizon				
	-200	-100	0	100	200	-300	-150	0	150	300
GM Muni 1-5 Yr Ladder	23,056	22,251	13,261	-2,848	-21,001	36,500	39,021	42,059	41,131	37,193
Muni GM 5y High Prem	48,923	46,517	23,001	-164	-22,680	67,402	68,040	65,157	49,320	33,739

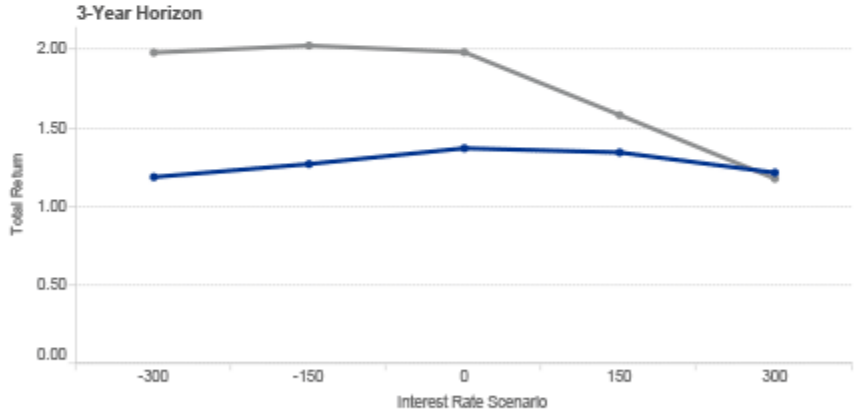
Isn't that dangerous? The two graphs show the return that would be achieved by the two different strategies, over the next one (top graph) and three years. Focusing on the three-year horizon, you can see the total return if rates were to fall to zero, if they were to stay where they are (the 0 point on the axis) and, of most interest to advisors, if interest rates were to rise 150 or 300 basis points. Interestingly, the bond ladder loses to the "risky" five-year maturity strategy under all scenarios short of a 300 basis point rise over the next 36 months. If interest rates stay where they are, a $1 million investment would yield $65,157 all-in from the five-year maturity investment, versus $42,059 for the laddered approach. If rates rise 300 basis points, then the laddered strategy comes out ahead by just under $3,500.

Combo Total Return

Report Options:	Market Environment Date: 2/25/15	Invested $: 1,000,000	Table Values: Total Return $

Total Return





Total Return $

	1-Year Horizon					3-Year Horizon				
	-200	-100	0	100	200	-300	-150	0	150	300
GM Muni 1-5 Yr Ladder	23,056	22,251	13,261	-2,848	-21,001	36,500	39,021	42,059	41,131	37,193
Split 10% 1 Year/90% 5 Year	44,324	42,159	20,994	146	-20,119	61,155	62,534	61,156	48,544	35,971

In case that strategy is too aggressive, Battle modeled a barbell approach in the second set of graphs. Here, the advisor has put 10% of the allocation in a one-year bond and the other 90% in a muni with a five-year maturity. In this case, the barbell beats the ladder until we reach the extreme interest rate rise scenario, where the two investments essentially break even.

Battle notes that the barbell strategy is more effective than the ladder today because of the yield curve. “It’s very hard for the ladder to overcome the fact that 30% of its bonds are yielding less than 1%,” he says. If the yield curve shifts in the future, and becomes steeply sloped at the short end and flat at the long end, a laddered structure would be more advantageous.

Skaggs builds on this approach by doing research into different communities, looking for risky situations where there are serious pension overhangs or economic hardship (think: severe drought

in California). Then he asks Performance Trust to avoid certain zip codes when they present him with bond choices. "You have to spend time on municipal websites looking at budgets for red flags that worry you," he says. "The process has taught me a good deal about the economy and how to manage overall risk."

Other advisors are looking for buying opportunities in this challenging fixed-income environment. Jack Firestone, who practices in Coral Gables, FL, has been buying individual bonds at a premium, which he can sometimes get at fire sale prices because brokers have trouble selling clients on the idea of paying more than a bond's face value. "They may, at least marginally, protect our clients from a rising interest rate environment," Firestone adds. "But the plan is to hold them to maturity, and we don't put more than $50,000 in any single issue, to limit default exposure."

The most aggressively opportunistic bond investor in my survey, and quite possibly the most successful, is Janet Briaud, of Briaud Financial Advisors in College Station, TX. Briaud participated in an industry conference panel discussion two years ago, and told an astonished audience that she considered 20-year and 30-year Treasury bonds to be seriously undervalued – and said she was buying them aggressively on behalf of her clients. "Since that presentation, the long bond is up about 40%," she says. "The question now is when to sell."

Ed Mendlowitz, with the WithumSmith+Brown accounting firm in New York, follows a similar strategy, except that he's buying 30-year bonds purely for income.

Is he serious? "Let's assume that 30-year corporate bonds are yielding 5.25% while five-year corporates are yielding 2.25%," Mendlowitz proposes. "You're getting 3% extra yield for each of the first five years – 15% extra, overall. Dividing this 15% by the remaining 25 years," he adds, "means you've gotten the equivalent of 0.6% extra per year – meaning you will effectively earn 5.85% for each of the remaining 25 years."

If rates do go up before the 5-year bond matures, Mendlowitz asks, how likely is it that the client or advisor would be able to reinvest maturing short-term bonds in a bond yielding 5.85% with a 25-year maturity? "And chances are, in the real world, the client would actually be buying another short term bond," he adds, "and wait for rates to rise further." Meanwhile, if rates happen to stay the same, the advantage held by the long bond grows accordingly.

The point? "Those intending to hold bonds until maturity should consider very long-term bonds rather than shorter-term," says Mendlowitz. "If your purpose is to hold to maturity, the changing value due to fluctuating interest rates is a meaningless paper notation upward or downward that will eventually vanish on the maturity date. But," he adds, "If there is a distinct possibility that they'll be sold before maturity, then you shouldn't invest in them, because there will be a great possibility of loss when they're sold."

Mendlowitz admits that long bonds are not always an easy sell to clients. "Some of our older investors tell us they don't want to buy bonds that will outlive them," he says. "But that's not a valid concern. The purpose of bonds is to provide cash flow. When the owners die, their heirs will have a

choice whether to sell the bonds at a possible loss or retain them for the cash flow."

Carl Cline, who practices in Hickory, NC, says he learned the value of a bond allocation after the crash of 1987, when his stocks lost 25% of their value and his fixed-income portfolios gained 35%. He has become more opportunistic over the years, and unlike the defensive short-duration posture of his peers, he has remained aggressive throughout the low interest rate cycle. "Today, I like the muni credit world better than the corporate credit world, and I like taxable munis more than tax-exempt," he says. "My seasoned bond accounts are yielding 5.25% yield-to-worst," he adds, "with a five-year duration and a yield-to-maturity that is somewhat higher. My clients have been able to participate in the bond bull market, and they love it."

But where would he go for returns like that today? "We can still find current yields greater than 4% with AA ratings; in fact, yesterday I found four of them," Cline says. "In this environment, I buy bonds at a premium for the higher coupon and less downside damage if rates were to go up suddenly."

Wouldn't it be easier to turn this chore over to a fund manager who has an extensive research team? "There is nothing fixed in a fixed-income mutual fund," says Cline. "No bond ever matures in a bond mutual fund. The fund manager doesn't know when he arrives at work that day whether he will be buying or selling bonds that day. He cannot control the maturity, the yield or the duration."

Jordan Rummel, of LVM Capital Management in Portage, MI, offers a good final comment, when he says: "We are never going to predict the direction of interest rates, but we can still meet clients' fixed income objectives." In his case, the objectives could imply a ladder, barbell or bullet, using high or low coupon bonds, short or long maturities, all depending on whether clients want an income level or principal repayment date. He can customize the bond exposure with individual bonds, but finds it impossible with funds.

The great bond debate over investment vehicles

Overall, I found it very interesting that advisors were more focused on the vehicle than the investment strategy as they prepared their client portfolios for "bondmageddon." And it was equally interesting that there is no consensus on where and how to invest; the spectrum is extremely wide. Clients who walk into the offices of two different advisors are likely to get very different recommendations for their fixed-income allocations.

The other interesting issue was the operational complexity of investing in individual bonds versus funds or separate accounts. The custodian may not be tracking the bonds that make up the fixed-income part of client portfolios, and the portfolio accounting software may not be up to the task of properly tracking their amortized value. Add the challenge of rebalancing due to pricing uncertainty from very high spreads when you want to sell, and it is easy to see why many advisors prefer funds.

From a behavioral finance standpoint, however, it's clear that moving from funds to bonds, and converting interest rate risk to opportunity cost risk, will have a soothing effect on clients if and when

interest rates rise. If we ever see that headline in the *Wall Street Journal*, telling us that consumers were looking at 40% declines in the value of what they thought was the safe part of their portfolios, advisors who invest with individual bonds will look like heroes.

Beyond that, advisors can be more flexible about meeting their clients' needs if they use individual bonds – and potentially boost yields when they find bargains and cut out the fund expense ratios. This survey has opened up what could be a very interesting debate around the profession, on issues that have only been whispered about in the past.

The profession should start having that debate before – not after – the first rumblings of "bondmageddon."

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