



Fixed Income Investing

Chevy Chase Trust's actively managed fixed income portfolios have three primary objectives: to protect principal, to generate predictable cash flows and to produce a positive real rate of return over wealth-relevant time horizons. We believe fixed income is an essential asset class for wealth planning and balanced investment management.

What We Do

Chevy Chase Trust manages customized portfolios of individual bonds and other fixed-income instruments. We do not use third party managers or mutual funds which can add layers of fees and negate an essential element of bonds, return of principal at maturity. Our active fixed income management strives to generate sensible risk-adjusted returns appropriate to each client's objectives.

We invest in a broad range of fixed income securities based on our view of global macroeconomics and specific market segment valuations. Currently, we believe that the majority of our clients are best served by owning, mainly, taxable and tax-exempt short and intermediate maturity investment grade bonds. We adapt our view and strategy as markets evolve and economic conditions change. Over long periods of time, our portfolios have outperformed benchmark indexes with significantly less volatility.

How We Do It

Chevy Chase Trust's fixed income team employs a systematic process that starts with macroeconomic analysis and is followed by deep fundamental sector and security research. We manage risks associated with fixed income securities - including credit, interest rate, duration and event risks - by diversifying across geographies, sectors, industries and maturities. We often seek value in unique bonds with special features such as call options, sinking funds and project-specific linkages. These features are often undervalued and overlooked by investment firms too big to spend time researching relatively smaller but attractive issues.

Why It Works

The Chevy Chase Trust fixed income approach works because:

- Each fixed income portfolio at Chevy Chase Trust is constructed using a balanced and diversified approach customized to the needs of each individual client.
- Extensive macroeconomic and security specific research enables us to invest in a range of instruments that provide better risk adjusted returns than relevant benchmark indexes.
- Independent ownership and a fiduciary structure give us access to the entire fixed income universe, unrestricted by inventory and unconflicted by proprietary products or commissions.
- Our trading strategists and portfolio managers enable us to stay close to the markets and capitalize on subtle differences and shifts in value.

The End Result

Our actively managed fixed income portfolios are an essential part of a comprehensive investment approach. We deliver sensible risk-adjusted returns and reliable income through customized portfolios of individual bonds. We believe in our process and know that it works for our clients.