

## How is liquidity important in a global fixed-income strategy?

Liquidity is important to consider and all fixed income investing. There are a few different ways to think about liquidity risk from our perspective. We think about it with our strategy. Before we even put something in there. We have to think about if and when the time came, what would it look like to get out of that position?

When we think about the facets of liquidity within fixed income, it's still very much an old school nature, certainly relative to things like equity. It's kind of old fashioned in terms of how things trade by one statistic. It's only less than half of all investment grade corporate trades are done electronically, and it's only about one third of high yield corporate trades are done electronically.

We believe that highlights the importance of having the relationships in order to transact. We think about our strategy, we think about a couple of things. When we're putting things together, it's going to be what is the size of the deal? What are the market makers, who are the underwriters of that deal? How much of the deal are we going to take? As well as who are the market makers more broadly in that segment of fixed income where we may be investing for more perspective, we place a premium on liquidity risk.

And historically, when we think about less liquid areas of the broader global markets, for example, things like frontier markets within GM, they generally do not tend to find their way into our strategy.