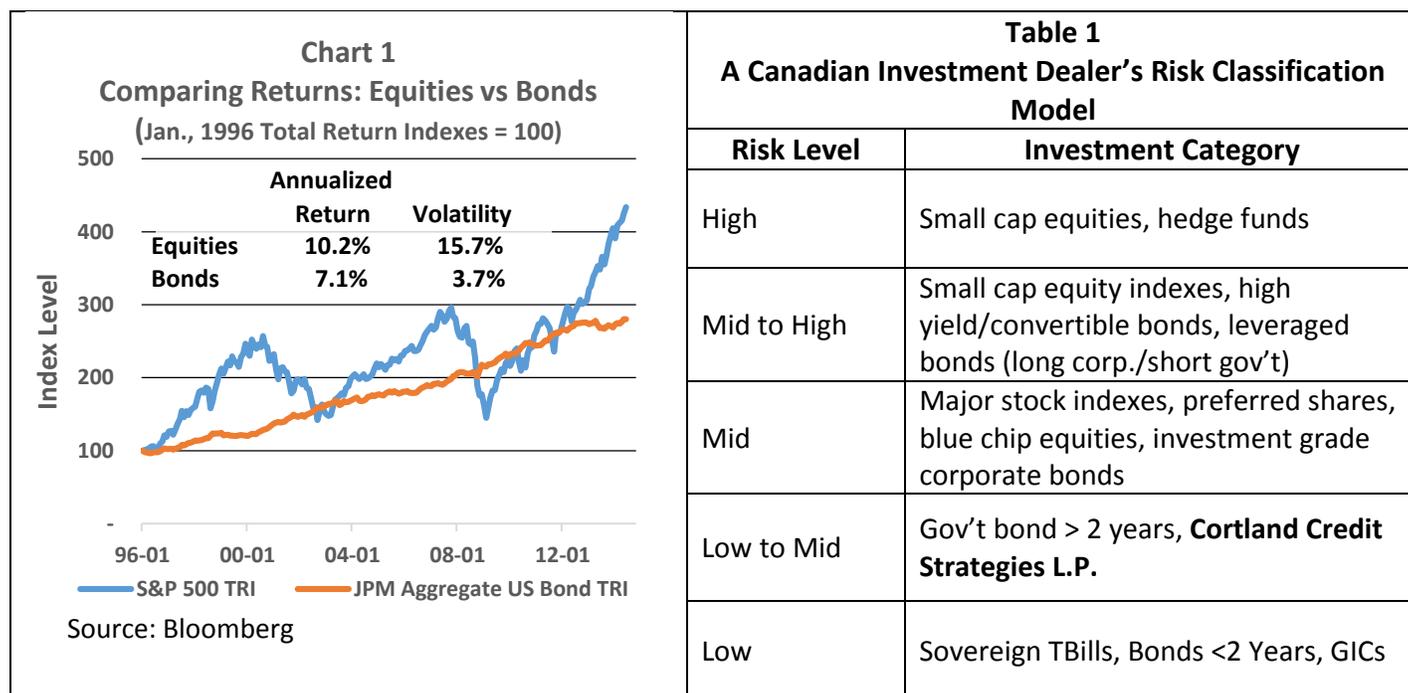


## Reaching for Yield Through the Glass Investment Ceiling!

This market commentary is targeted at investors counting on returns from capital they've been accumulating to support their retirement income. By definition, then, we're focusing on conservative investors, concerned about preservation of principal as a critical component of investment decisions. None of us in the investment industry can ignore the drawdown risk inherent in equity exposures demonstrated in Chart 1, below so they need to include fixed income allocations in their investment policy statement. Unfortunately, this creates a significant problem for clients: the universe of conservative fixed income strategies offers much lower yield today than most of these investors had anticipated when they started planning for retirement.

There's a perception that, by tolerating additional risk, with the help of a good investment advisor and thorough due diligence, investors can cull together the portfolio that delivers a decent level of income. They'll be surprised if they bump into a glass investment ceiling as they reach for yield, it's the regulators who oversee the investment industry restricting them from doing so!

Registered investment dealers must have a product approval process, through which all securities and investment strategies must pass before being made available to clients. Table 1 below reflects the product risk classification strategy of one Canadian investment dealer:



Clients with their full allocation to mid or higher risk areas, like broad market equity exposures, will be restricted from aggressive fixed income strategies, and may be stuck with low yielding high grade bonds as they diversify into income-oriented assets classes.

At Cortland Credit our team has deep expertise in the global debt markets and would look forward to your comments – send us your insights on what's happening in these charts and questions on how to invest in fixed income markets when rates are low and potentially rising.



**Cortland Credit Group Inc.**

Distinct Debt Capital

# Market Commentary

## July 25, 2014

*Cortland Credit Group Inc. ("Cortland Group") is an Exempt Market Dealer ("EMD"), Portfolio Manager ("PM") and Investment Fund Manager ("IFM") registered in the Province of Ontario. The information provided herein is for general information purposes and does not constitute solicitation for the purchase or sale of securities. The opinions expressed herein reflect those of the author, Sean Rogister, as at the date of publication and Cortland Group does not undertake to notify readers of any change in opinion. The data provided herein has been obtained from sources deemed to be credible, but cannot be guaranteed by Cortland Group.*