



Fixed Income

Style Investing in Fixed Income

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Style investing has become part of the investing nomenclature for equity markets. To date, despite the massive size of fixed income markets, little research has examined the efficacy of style-based investing in fixed income. In this paper we summarize a common style based framework for capturing excess returns for both government and corporate bonds. Importantly, from an investor perspective, these style based excess returns are highly diversifying with respect to the classic risk premia in fixed income markets (i.e., term premium and credit risk premium) and exhibit low macroeconomic sensitivities.

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