



## MULTISECTOR MAVENS

One of the smallest funds in the category has outshone the largest

JOHN COUMARIANOS

### TOP PERFORMER

**GEORGE JIKOVSKI**

RIVER CANYON TOTAL RETURN BOND

George Jikovski, who runs the \$167m River Canyon Total Return Bond fund, has achieved the best three-year manager ratio (0.14) and best cumulative total returns (20.1%) in the Multisector Bond category.

The manager stands out from many of his peers for not holding a permanent stake in Treasuries, instead using them only when the credit opportunity set is less compelling. He held more than 25% in cash at the start of 2020 with spreads narrow and opportunity limited.

An alumnus of Jeffrey Gundlach's team from the star manager's TCW days, he also upped the credit quality of his structured securities such as non-agency, mortgage-backed securities (MBS), agency-backed securities (ABS), and collateralized loan obligations.

His MBS allocation includes residential securities, the vast majority of which are pre-2008 financial crises with loan-to-value ratios of around 50%. His ABS allocation includes aircraft lease-related securities.

The fund's cash stake and higher-quality bias helped Jikovski limit losses to 6.4% during the teeth of the selloff from February 20 to March 31. The largest 10 funds in the category lost a little over 11%, on average, during that time. ■

VS

### CATEGORY GIANTS

**ALFRED MURATA & DANIEL IVASCYN**

PIMCO INCOME  
PIMCO DIVERSIFIED INCOME

The managers running the most money in the category are Daniel Ivascyn and Alfred Murata of the \$4.9bn Pimco Diversified Income fund and \$125bn Pimco Income fund, which has taken in an astounding \$88bn in flows since 2010.

The latter fund can own a broad range of fixed

income securities, while Diversified Income, like most of its peers, sticks to corporate bonds – both investment grade and high yield – and emerging markets debt.

Pimco Income has the best 10-year total returns in the category, but its most stellar performance came before the recent three-year period. It entered this year with a short duration, which hurt it relative to its peers, as Treasury yields

collapsed and longer duration bonds soared.

Murata told Citywire he's keen on non-agency residential MBS as a substitute for high yield bonds and agency MBS as a substitute for investment grade bonds. This combination delivers a measure of inflation protection with the non-agency component and a measure of safety with the agency part, he said.

The fund has 25% of its portfolio in investment grade and high yield credit, but Murata said the managers are being selective in those areas given tighter yield spreads now compared with the market's dislocation in March. ■



|                |                              |                  |
|----------------|------------------------------|------------------|
| <b>1/237</b>   | 3-YEAR RISK-ADJUSTED RANKING | <b>47/237</b>    |
| <b>0.14</b>    | MANAGER RATIO                | <b>-0.05</b>     |
| <b>£156.9m</b> | FUND SIZE                    | <b>\$130.5bn</b> |
| <b>20.1%</b>   | 3-YEAR TOTAL RETURNS         | <b>13.7%</b>     |
| <b>0.06%</b>   | MARKET SHARE                 | <b>48.56%</b>    |



### ★ BEST OF THE REST ★

MOST INFLOWS

**JPMORGAN  
INCOME**

12-MONTH  
INFLOWS

**\$4.1bn**

3-YEAR  
TOTAL RETURNS

**13.5%**

BIGGEST ETF

**COLUMBIA DIVERSIFIED  
FIXED INCOME ALLOCATION ETF**

ASSETS UNDER  
MANAGEMENT

**\$446m**

3-YEAR  
TOTAL RETURNS

**18.7%**

LOWEST MAX DRAWDOWN

**VICTORY  
STRATEGIC INCOME**

ASSETS UNDER  
MANAGEMENT

**\$98.7m**

MAX  
DRAWDOWN

**-3.17%**

DATA TO AUGUST 31 / SOURCE: CITYWIRE DISCOVERY & MORNINGSTAR

**Performance data quoted represents past performance; past performance does not guarantee future results.** Historical ratings, as reflected in this article, are not indicative of future fund performance or ratings. The Fund's asset allocation percentages as discussed in this article are reflective of various points in time in 2020. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the funds may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 800-245-0371 for RCTIX or 888-877-4626 for PIMIX.

For RCTIX standard performance, please click here:

(link to <https://www.rivercanyonfunds.com/total-return-bond/#nested-2>)

For PIMIX standard performance, please click here:

(link to <https://www.pimco.com/en-us/investments/mutual-funds>)

#### RCTIX

Investment Objective: Seeks to maximize total return via income and capital appreciation.

Fees: Gross Expense Ratio – 1.53%, Net Expense Ratio – 0.70% (contractually waived through 1/28/21).

#### PIMIX

Investment Objective: Seeks to maximize current income; long term capital appreciation is a secondary objective.

Fees: Gross Expense Ratio - 1.09%.

The Citywire Manager Ratio is based on the Information Ratio, with both the manager's monthly results and the benchmark returns taken in the same currency as that specified for each sector.

In order to receive a Manager Ratio, the manager must have been active against a benchmark at the beginning (or before the beginning) of the period and against the same benchmark at the end of the period under review. They must also have been active for 7/9 (77.8%) of the period, for example 28 months for the 36-month ratio or 46 months for the 60-month ratio. Where the number of active months is less than the period under review, the ratio is multiplied by actual months/potential months (e.g. 28/36 or 46/60). For the 36-month ratio only, a manager can be eligible if they have less than 28 months of performance (with a minimum of 24 months), provided the break in performance is at least 8 consecutive months in the period. For this Manager Ratio to be considered for a Citywire Fund Manager Rating the manager must have previously received a Rating. If a manager does not meet these requirements, no Citywire Manager Ratio is produced. In order to be eligible to receive a Citywire Fund Manager Rating, a manager must have been active against a benchmark for 36 months in the first instance. The Information Ratio is defined as the Annualized Average Excess Return divided by the Tracking Error. It reflects how much 'added value' in terms of outperformance against the benchmark the fund delivers for each 'unit' of risk assumed (where risk is defined as not tracking the index i.e. not mirroring the index's return).

The Fund Manager Ratings are based on the Manager Ratio.

The Citywire Rating is based on the ranking of managers by their Manager Ratios (across all sectors). The database is split into two pools based on those who have a positive Manager Ratio and those with a Manager Ratio of zero and below.

Managers with a positive Manager Ratio are then split into four tiers. The top ten per cent receive an AAA Rating, the next twenty per cent receive an AA Rating, thirty per cent receive an A Rating and the bottom forty per cent receive a + Rating. Those managers with a Manager Ratio of zero or below do not receive a Citywire Rating.

It is important to note that the fund is not guaranteed by the U.S. Government. Fixed income investments involve interest rate risk, issuer credit risk and risk of default, and price volatility risk. Funds investing in bonds can lose their value as interest rates rise, and investors participating in such Funds can suffer a partial or total loss of their principal. The fund invests in asset backed and mortgaged backed securities which may be more volatile than other fixed income securities and influenced by the housing markets or markets from which the collateral is drawn. Fund percentages described in the article are reflective of various points in time during calendar year 2020. For a more complete list of Fund risks, please see the Prospectus.

*The River Canyon Total Return Bond Fund is offered only by prospectus. The prospectus contains important information, including investment objectives, risks, advisory fees and expenses. Please read the Prospectus carefully before investing or sending money. For a current Prospectus please call 800-245-0371. For the PIMIX prospectus, call 888-877-4626.*

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