Hanlon Investment Management Continues To Like High Yield Corporate Bonds In This Market Environment

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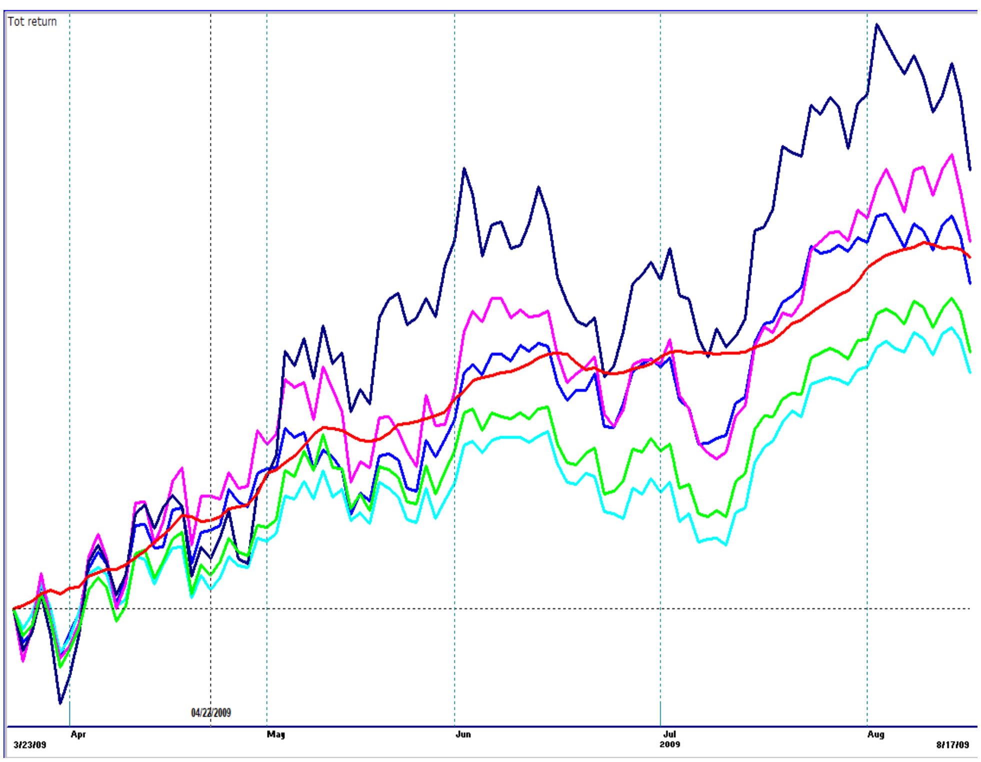
The charts always tell the best story. In the chart below we show the major indices and an index composed of over 200 high yield corporate bond funds, equally weighted. From the chart below, which one of the below investments would you prefer? Certainly the "red line" has outperformed 3 of the five "other colored" lines. But more importantly, the red line has done so while experiencing far less risk during this period. That is what investors want – positive returns with the least amount of risk. In this case we are defining risk as volatility, the up and down jaggedness of all the lines in the below chart except the red line.

March 23 – Aug 17, listed in total return order down the right hand side of the chart.



Order of Total Return

Emerging Mkts

Small-Cap
HY Corporate Bonds

NASDAQ

S&P 500 Index
Dow 30 Industrials

Mar23 May 1 Jun 1 Jul 1 Aug 1

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When compared to equities, clearly high yield corporate bonds have had a superior risk-adjusted return since March 23, the approximate date we invested in high yield corporate bond funds in our client accounts and allocations.

Equities have appreciated considerably since those lows of March. But our research has identified high yield corporate bonds to have a far greater risk reward potential and we have invested our client accounts accordingly. The charts always tell the best story.

Thank you,

Sean Hanlon, CFP®
Chairman, CEO and Chief Investment Officer

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