



Cynthia McLaughlin

Investment Editor

Active Fixed Income Mutual Funds and ETFs for Your Investment Toolkit

February 20, 2025

Agenda

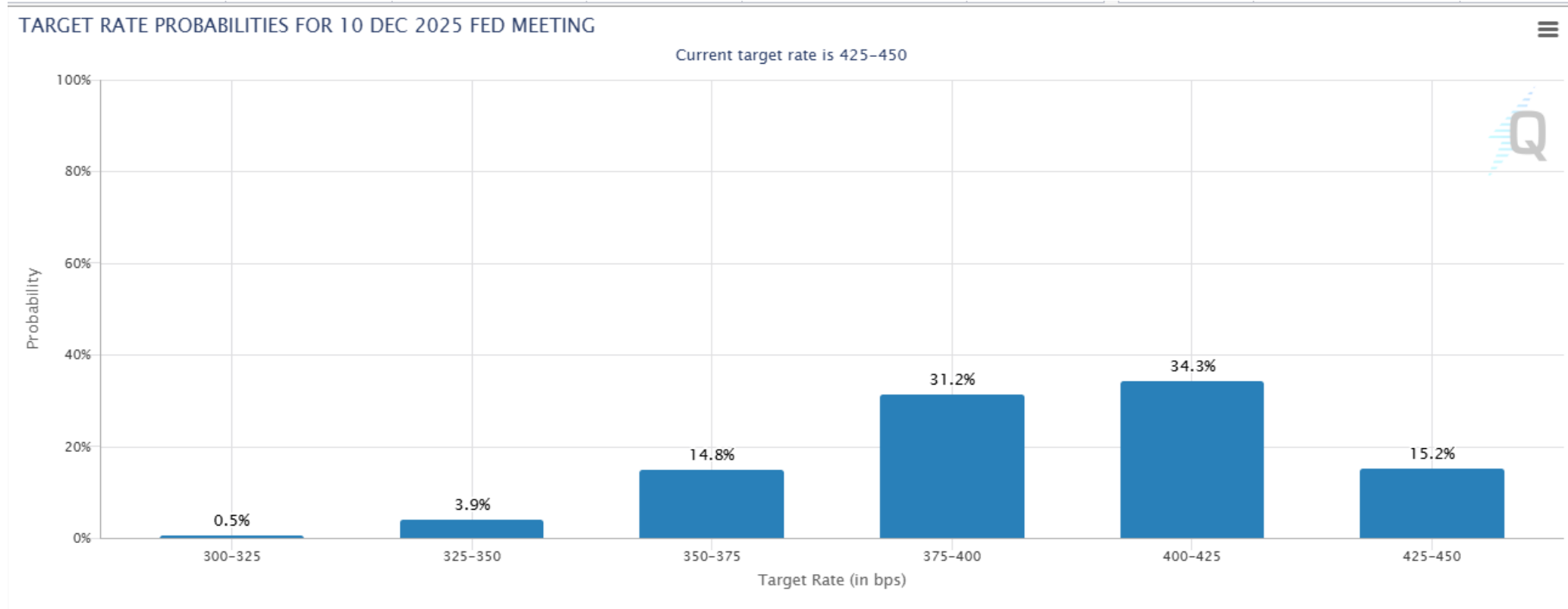
- Fixed Income Landscape
- Case for Active Fixed Income
- Sample Yields Across Select Asset Classes
- Active Fixed-Income Mutual Fund & ETF Categories
- Active Fixed Income Mutual Fund and ETF Choices
- Member Resources
- Q&A

Fixed Income Landscape

Mixed Signals

- Rising government yields and narrowing corporate spreads
- Market volatility, particularly concerning trade relations
- 10-Yr Treasury has trended up since beginning of 2024

2025 Interest Rate Outlook



Source: CME FedWatch Tool. Data as of 2/16/2025.

Case for Active Fixed Income

Active Fixed Income Advantages

- Fixed-income markets are fragmented
- Active managers can exploit price dislocations
- Market shifts, index replication challenges, and targeted opportunities benefit active managers

Active Fixed Income Managers Take Advantage of the Following:

- Flexibility in changing markets
- Enhanced risk management
- Potential for outperformance
- Diversification benefits
- Liquidity and tactical allocation
- Index replication challenges

Sample Yields Across Select Asset Classes

Sample Yields Across Select Asset Classes

- AAI Mutual Fund and ETF Screeners used to select global asset type.
- Mutual funds are no load, open to new investors, with a minimum investment no greater than \$50,000. Institutional, advisor, retirement and other chare classes were excluded.
- ETFs have an average daily trading volume greater than 5,000.
- Source: AAI/Morningstar. Data as of 1/31/2025

	U.S. Equity Dividend and Income (%)	Corporate Bonds (%)	High- Yield Bonds (%)	Real Estate (%)	MLPs (%)
ETF Average	2.5	5.1	7.1	4.2	4.8
ETF Median	2.7	4.5	6.8	3.3	4.3
Mutual Fund Average	1.9	4.2	6.8	2.2	5
Mutual Fund Median	1.6	4.4	6.4	2.3	4.6

Active Fixed Income Mutual Fund and ETF Categories

ETF Categories

- AAI ETF Screener
- Global Asset Type: Fixed Income
- Expense Ratio Category Rank 0%-80%
- 5-Yr. Return Cat. Rank 41% - 100%
- Trading volume greater than 5,000
- Important: Set Index Fund to False
- Source: AAI/Morningstar. Data as of 1/31/2025

Estimated Results : 55

Reset Find ETF Add Filter

Query

Global Asset Type: Bank Loan, Corporate Bond, Emerging Markets Bond, Emerging-Markets Local-Currency Bond, Global Bond, Global Bond-USD Hedged, High Yield Bond, Inflation-Protected Bond, Intermediate Core Bond, Intermediate Core-Plus Bond, Intermediate Government, Long Government, Long-Term Bond, Multisector Bond, Nontraditional Bond, Preferred Stock, Short Government, Short-Term Bond, Single Currency, Target Maturity, Ultrashort Bond, High Yield Muni, Muni California Intermediate, Muni California Long, Muni Minnesota, Muni National Interm, Muni National Long, Muni National Short, Muni New York Intermediate, Muni New York Long, Muni Single State Short, Muni Target Maturity,

Avg Daily Trading Vol (K): >5

5-Year Return Category Rank (NAV): between 41 AND 100

Inverse Fund: false

Leveraged Fund: false

Index Fund: false

Expense Ratio Category Rank: between 0 AND 80

ETF Statistics

- Yields range from 3.2% to 8.2%
- Expense ratios from 0.08 % to 0.60%
- Portfolio turnover ratios from 367% to 0%
 - Largest in an intermediate core plus ETF
 - Smallest in an ultrashort taxable ETF

Mutual Fund Categories

- AAI Mutual Fund Screener
- Global Asset Type: Fixed Income
- Expense Ratio Category Rank 0%-40%
- 5-Yr. Return Cat. Rank 41% - 100%
- Exclude Retirement, Institutional, Advisor, Other and S Share classes
- Important: Set Index Fund to False
- Source: AAI/Morningstar. Data as of 1/31/2025

Estimated Results : 148

Query

Global Asset Type: Bank Loan, Corporate Bond, Emerging Markets Bond, Emerging-Markets Local-Currency Bond, Global Bond, Global Bond-USD Hedged, High Yield Bond, Inflation-Protected Bond, Intermediate Core Bond, Intermediate Core-Plus Bond, Intermediate Government, Long Government, Long-Term Bond, Miscellaneous Fixed Income, Multisector Bond, Nontraditional Bond, Preferred Stock, Short Government, Short-Term Bond, Single Currency, Ultrashort Bond, High Yield Muni, Muni California Intermediate, Muni California Long, Muni Massachusetts, Muni Minnesota, Muni National Interm, Muni National Long, Muni National Short, Muni New Jersey, Muni New York Intermediate, Muni New York Long, Muni Ohio, Muni Pennsylvania, Muni Single State Interm, Muni Single State Long, Muni Single State Short, Muni Target Maturity,

5-Year Return Category Rank: between 41 AND 100
Inverse Fund: false
Leveraged Fund: false
Index Fund: false
Expense Ratio Category Rank: between 0 AND 40
True No-Load: true
Closed to New Investors: false
Minimum Initial Purchase (\$): <=50000
Institutional Only Funds: false
Share Class Types Exclude : Retirement, Inst, Adv, Other, S,

Mutual Fund Statistics

- Yields range from 14.3% to 2.3%
- Expense ratios from 0.84 % to 0.0%
- Portfolio turnover ratios from 2,353% to 2%
 - Largest in a nontraditional bond mutual fund
 - Smallest in a long municipal mutual fund

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▲ SPDR® Dow Jones Industrial Avrg ETF Tr

446.05 (0.03%)

▼ iShares Core S&P Mid-Cap ETF

64.25 (0.38%)

▼ iShares Core S&P Small-Cap ETF

117.65 (0.14%)

▲ iShares Core S&P 500 ETF

615.94 (0.24%)

▲ Fidelity Nasdaq Composite ETF

79.07 (0.37%)



Current Sentiment

Bearish (47.3%)



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446.09 (0.04%)

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ETF Ideas

ETF First Cut Screens Plus

ETF Screener Plus

Guide to ETFs Basic

Compare ETFs

▲ iShares Core S&P 500 ETF

615.89 (0.23%)

▲ Fidelity Nasdaq Composite ETF

79.00 (0.27%)

Current Sentiment

Bearish (47.3%)

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Top/Bottom Performing ETFs

The best and worst performing ETFs in key categories, updated monthly.

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[Fixed-Income ETFs](#)

Duration: ▾

TOP ETFs

ETF Name	Ticker	5-Yr Annual Return	Total Risk Index	Category Risk Index	Expense Ratio	Category
Abacus FCF Leaders ETF	+ ABFL	14.9%	B 1.07	0.95	B 0.59%	C Large Blend
Alpha Architect US Quantitative Momt ETF	+ QMOM	15.7%	A 1.50	0.97	C 0.29%	B Mid-Cap Growth
American Century US Quality Growth ETF	+ QGRO	19.1%	A 1.33	0.93	B 0.29%	B Large Growth
Avantis US Equity ETF	+ AVUS	14.9%	B 1.21	1.07	D 0.15%	A Large Blend
Avantis US Small Cap Value ETF	+ AVUV	16.6%	A 1.67	1.08	D 0.25%	B Small Value

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Data as of 1/31/2025

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Data as of 1/31/2025

	+ SPY ×	+ VOO ×
Name	SPDR® S&P 500® ETF Trust	Vanguard S&P 500 ETF
Category	Large Blend	Large Blend
Index Fund	✓	✓
Inception Date	01/22/1993	09/07/2010
Return 1-Month	2.8% D	2.8% D
Return 3-Month	6.2% C	6.2% C
Return YTD	2.8% D	2.8% D
Return 1-Year	26.2% B	26.3% B
Return 3-Year	11.8% B	11.9% B
Return 5-Year	15.1% B	15.1% B
Category Risk Index	1.01 C	1.01 C
Total Risk Index	1.14	1.14
Turnover	3.0%	2.0%
Expense Ratio	0.09% A	0.03% A
Fund Family	SPDR State Street Global Advisors	Vanguard

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SPDR® Dow Jones Industrial Avrg ETF Tr 446.09 (0.04%)

iShares Core S&P Mid-Cap ETF 64.27 (0.35%)

iShares Core S&P 500 ETF (0.23%)

Fidelity Nasdaq Composite ETF 79.00 (0.27%)

Current Sentiment Bearish (47.3%)

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- Mutual Fund Ideas
- Mutual Fund First Cut Screens Plus
- Mutual Fund Screener Plus
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Top/Bottom Performing Funds

The best and worst performing mutual funds in key categories, updated monthly.

Top Funds

Bottom Funds

ALL

No-Loads

Fund Family:

 ▾

U.S. Equity Funds

Int'l Equity Funds

Sector Equity Funds

Fixed-Income Funds

Last 1 Year ▾

TOP FUNDS

FUND Name	Ticker	1-Yr Annual Return	Total Risk Index	Category Risk Index	Expense Ratio	Category
Kinetics Paradigm No Load	+ WWNPX	122.4% A	2.55	1.75 F	1.64% F	Mid-Cap Growth
Kinetics Market Opportunities No Load	+ KMKNX	108.8% A	2.20	1.51 F	1.40% F	Mid-Cap Growth
Kinetics Small Cap Opportunities No Load	+ KSCOX	91.9% A	2.11	1.44 F	1.64% F	Small Growth
Transamerica Capital Growth R6	+ TCPWX	68.8% A	2.39	1.73 F	0.73% B	Large Growth
One Rock	+ ONERX	56.9% A	2.13	1.46 F	1.77% F	Mid-Cap Growth
Schwartz Value Focused	+ RCMFX	54.7% A	1.66	1.27 F	1.26% D	Mid-Cap Blend
Baron Partners Retail	+ BPTRX	53.3% A	2.36	1.70 F	2.24% F	Large Growth

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	+ SBSPX ×	+ VTSAX ×
Category	Large Blend	Large Blend
Index Fund	✓	✓
Inception Date	01/05/1998	11/13/2000
Return 1-Month	2.8% D	3.1% C
Return 3-Month	6.1% C	6.6% B
Return YTD	2.8% D	3.1% C
Return 1-Year	25.7% B	26.2% B
Return 3-Year	11.4% C	11.2% C
Return 5-Year	14.6% B	14.5% C
Category Risk Index	1.01 C	1.03 D
Total Risk Index	1.14	1.17
Turnover	1.0%	2.0%
Expense Ratio	0.54% A	0.04% A
Initial Purchase	\$0	\$3,000
Closed to New		
True No-Load	✓	✓

A+ Investor Help and Resources

The screenshot displays the AAI.com website's ETF Screener interface. On the left is a dark navigation sidebar with the following menu items: AAI.com, Mutual Fund Screening, Fund Guide, Mutual Fund Screener Home (marked with a 'Plus' icon), Create New Screen, Save Screen, Manage Saved Fund Screens, Load Saved Screen, Predefined Screens, ETF Screening (highlighted), ETF Guide, ETF Screener Home (marked with a 'Plus' icon), Create New Screen, Save Screen, Manage Saved ETF Screens, Load Saved Screen, and Predefined Screens. The main content area is titled 'ETF Screener' and includes two buttons: 'Click here to send us your comments' and 'ETF Screener How-To'. Below this is a breadcrumb trail: 'ETF Screen / Untitled New Screen'. A 'Hide' dropdown is visible above the filter panels. The filter panels include: 'Global Asset Type' with a dropdown set to 'Large Blend'; 'Avg Daily Trading Vol (K)' with a dropdown set to 'Greater-Than', a text input set to '5', and an option for 'Category average'; 'Inverse Fund' with a 'NO' toggle; 'Leveraged Fund' with a 'NO' toggle; and 'Index Fund' with a 'YES' toggle. On the right side, a summary box shows 'Estimated Results : 97' and buttons for 'Reset', 'Find ETF', and 'Add Filter'. Below this, a 'Query' section lists the active filters: 'Global Asset Type: Large Blend, Avg Daily Trading Vol (K): >5, Inverse Fund: false, Leveraged Fund: false, Index Fund: true'.

A+ Investor Help and Resources

Data as of 1/31/2025

Estimated Results : 97

Search Tickers Search Export to Excel

	Ticker	ETF Name	Global Asset Class	Fund Group	Category	Index Fund	Index Tracked	YTD Return (NAV)	YTD Grade (
<input type="radio"/>	BBUS	JPMorgan BetaBuilders US Equity ETF	Equity	U.S. Equity	Large Blend	✓	Morningstar US TME T...	3.0%	C
<input type="radio"/>	BIBL	Inspire 100 ETF	Equity	U.S. Equity	Large Blend	✓	Inspire 100 TR USD	5.1%	A
<input type="radio"/>	BKLC	BNY Mellon US Large Cap Core Equity ETF	Equity	U.S. Equity	Large Blend	✓	Solactive GBS United St...	3.1%	C
<input type="radio"/>	CATH	Global X S&P 500® Catholic Values ETF	Equity	U.S. Equity	Large Blend	✓	S&P 500 Catholic Value...	2.8%	D
<input type="radio"/>	CDEI	Calvert US Large-Cp Div, Eq AndIncETF	Equity	U.S. Equity	Large Blend	✓	Calvert US Large-Cap D...	1.4%	F
<input type="radio"/>	CFA	VictoryShares US 500 Volatility Wtd ETF	Equity	U.S. Equity	Large Blend	✓	NASDAQ Victory US LC ...	3.8%	B
<input type="radio"/>	CFO	VictoryShares US 500 Enh Vol Wtd ETF	Equity	U.S. Equity	Large Blend	✓	NASDAQ Victory USLC ...	3.8%	B
<input type="radio"/>	CHGX	AXS Change Finance ESG ETF	Equity	U.S. Equity	Large Blend	✓	Change FinDivImpct US...	3.7%	B
<input type="radio"/>	CSM	ProShares Large Cap Core Plus	Equity	U.S. Equity	Large Blend	✓	Credit Suisse 130/30 TR...	3.3%	C
<input type="radio"/>	CVLC	Calvert US Large-Cp Cor Rspnb ETF	Equity	U.S. Equity	Large Blend	✓	Calvert US LC Core Res...	2.9%	D
<input type="radio"/>	DGRW	WisdomTree US Quality Dividend Gr ETF	Equity	U.S. Equity	Large Blend	✓	WisdomTree US Quality...	3.0%	D
<input type="radio"/>	DSI	iShares MSCI KLD 400 Social ETF	Equity	U.S. Equity	Large Blend	✓	MSCI KLD 400 Social N...	1.6%	F
<input type="radio"/>	EFIV	SPDR® S&P 500® ESG ETF	Equity	U.S. Equity	Large Blend	✓	S&P 500 ESG TR USD	1.6%	F
<input type="radio"/>	ESG	FlexShares STOXX US ESG Select ETF	Equity	U.S. Equity	Large Blend	✓	STOXX USA ESG Select ...	4.3%	A

A+ Investor Help and Resources

The screenshot displays the 'Mutual Fund Screener' interface. On the left is a dark navigation sidebar with options like 'Mutual Fund Screening', 'ETF Screening', and 'ETF Screener Home'. The main content area is titled 'Mutual Fund Screener' and includes a breadcrumb 'Funds Screen /'. Below this is a 'Hide' section with several filter rows: 'Global Asset Type' (set to 'Large Blend'), 'Inverse Fund' (set to 'NO'), 'Leveraged Fund' (set to 'NO'), 'True No-Load' (set to 'YES'), 'Closed to New Investors' (set to 'NO'), and 'Minimum Initial Purchase (\$)' (set to 'Less-than Or Equal To' with a value of '50000'). On the right, there is a summary box showing 'Estimated Results : 118' and a 'Query' section listing the active filters: 'Global Asset Type: Large Blend, Share Class Assets (\$ Mil): >0, Inverse Fund: false, Leveraged Fund: false, True No-Load: true, Closed to New Investors: false, Minimum Initial Purchase (\$): <=50000, Institutional Only Funds: false, Share Class Types Exclude : , Retirement, Adv, Inst, Other, S,'. Buttons for 'Reset', 'Find Funds', and 'Add Filter' are also visible.

A+ Investor Help and Resources

Data as of 1/31/2025

Overview Performance Risk Portfolio Management & Fees

Estimated Results : 118

Search Tickers Search Export to Excel

	Ticker	Fund Name	Global Asset Class	Fund Group	Category	Index Fund	Socially Resp.	True No-Load	Closed to Ne
<input type="checkbox"/>	QTSSX	Quantified Tactical Sectors Investor	Equity	U.S. Equity	Large Blend			✓	
<input type="checkbox"/>	RTDTX	Russell Inv Multifactor US Equity M	Equity	U.S. Equity	Large Blend			✓	
<input type="checkbox"/>	RTMTX	Russell Inv Tax-Managed US Large Cap M	Equity	U.S. Equity	Large Blend			✓	
<input type="checkbox"/>	RUSTX	Russell Inv US Strategic Equity M	Equity	U.S. Equity	Large Blend			✓	
<input type="checkbox"/>	SAOPX	Barrett Opportunity Retail	Equity	U.S. Equity	Large Blend			✓	
<input type="checkbox"/>	SBSDX	Franklin S&P 500 Index D	Equity	U.S. Equity	Large Blend	✓		✓	
<input type="checkbox"/>	SBSPX	Franklin S&P 500 Index A	Equity	U.S. Equity	Large Blend	✓		✓	
<input type="checkbox"/>	SICWX	Touchstone Large Cap Focused Y	Equity	U.S. Equity	Large Blend			✓	
<input type="checkbox"/>	SSAQX	State Street US Core Equity Fund	Equity	U.S. Equity	Large Blend			✓	
<input type="checkbox"/>	STFGX	State Farm Growth	Equity	U.S. Equity	Large Blend			✓	

AAII Journal Articles

- *Where to Find the Best Yields in Active Bond Mutual Funds and ETFs*
<https://www.aaii.com/journal/article/247223-where-to-find-the-best-yields-in-active-bond-mutual-funds-and-etfs> (January 2025)
- *Customize Your Fixed Income Strategy with Defined-Maturity Bond Funds*
<https://www.aaii.com/journal/article/199349-customize-your-fixed-income-strategy-with-defined-maturity-bond-funds> (April 2024)
- *The Truth About High Yield Mutual Funds and ETFs*
<https://www.aaii.com/journal/article/232925-the-truth-about-high-yield-mutual-funds-and-etfs> (September 2024)



Questions?



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