



Fixed Income Services

What are Fixed Income Investments?

Fixed income is a type of investment whose return is usually fixed or predictable and is paid at a regular frequency such as annually, semi-annually, quarterly or monthly.

The most common example of a security that yields a fixed income is a bond. Bonds are issued for a specific period of time which can range from a few months to a few decades. Investors can invest in bonds and are paid the specified interest for the period they remain invested.



The Role of Fixed Income.

Safety, stability and security don't always come to mind when you think of investing.

However, fixed income can bring those very things to your portfolio.

When combined with your equity portfolio, fixed income serves as a diversifier by protecting against inherent ups and downs of the stock market. Think of the fixed income portion of your portfolio as a safety net—We believe that fixed income should work to help preserve the wealth you've already accumulated.

How Our Approach Differs from Traditional Broker-Dealers

Standard of Care

Broker-dealers are only held to a *suitability standard*, meaning they can sell bonds to clients as long as they are suitable for them. This allows the broker to take his or her own personal interests into account when offering a bond. Our team is held to a *fiduciary standard*, a legal obligation to always act in your best interest. Unlike broker-dealers, we cannot put our own interests ahead of yours when purchasing fixed income securities.

Business Model

Broker-dealers make money on each transaction by making up the price of each bond sold to a client. To put it in dollar terms, a 2014 article in The Wall Street Journal stated that retail clients experienced an average markup of 1.73 percent on municipal bonds. For example, this means an investor purchasing a \$100,000 municipal bond would pay \$1,730 in commission to the broker. Unfortunately, such bond markups do not need to be disclosed to clients. On their trade confirmations, clients typically only see a nominal transaction fee of \$25 to \$50.

Fixed Income Services

We are not paid on commission, so there is no incentive to generate more transactions or large markups. We work as your personal bond buyer in the marketplace, attempting to get the best bond at the best possible price. Our team cannot totally avoid markups because it does need to source bonds from somewhere. However, we can drive down the markups clients pay by putting broker-dealers into competition for each trade. To put this into dollars, we can typically drive down municipal bond markups to roughly 0.20 percent or \$200 on your average \$100,000 bond trade. This is in stark contrast to the broker-dealer commission example cited previously.



Another key difference is traditional broker/dealers carry an inventory of bonds which they incentivize their brokers to sell to clients. Clients are typically only shown a small fraction of the bond market. Being a Registered Investment Advisor, we cannot legally hold a bond inventory and are not incentivized to sell certain bonds or types of bonds to clients.

As a result of our business model, we are able to remove the many conflicts that investors can face in the opaque fixed income markets. **Removing these conflicts allows us to build deeper relationships with you by providing unbiased advice at the lowest cost possible.**

NOTE: Our fixed income team at BAM does not receive commissions. In fact, because BAM's team manages the fixed income portion of your portfolio directly, **there is no additional fee passed on to Copper Leaf Financial clients for this service.**

Is Fixed Income For You?

Fixed income aligns well with individuals looking for a solution that concentrates on principal preservation.

We can offer you individual fixed income securities through our exclusive membership with the BAM Alliance—an exclusive group of conflict-free, fiduciary advisors. This relationship enables us to work with their specialized fixed income team to create a portfolio with the proper allocation of fixed income for your situation. Our team includes fixed income advisors, trading specialists and portfolio analysts who specialize in providing guidance in an incredibly diverse bond market. A customized fixed income plan is created for you, one that factors in your needs, objectives and goals.

Copper Leaf Financial has worked with many clients to integrate fixed income solutions into their portfolios. Call us today at (802) 878-2731 to schedule a strategy session and build your road map to financial success with a focus on wealth preservation.

Too often, fixed income is treated as a footnote, an afterthought. We have a dedicated, experienced, specialized team of advisors who focus solely on fixed income.

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