TOCQUEVILLE

Fixed Income in a Rising Rate Environment

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How to Invest in a Rising Interest Rate Environment

1. **Maintain A Short Maturity/ Duration**
2. **Invest in High Quality Securities**
3. **Maintain a High Level of Coupon Income**

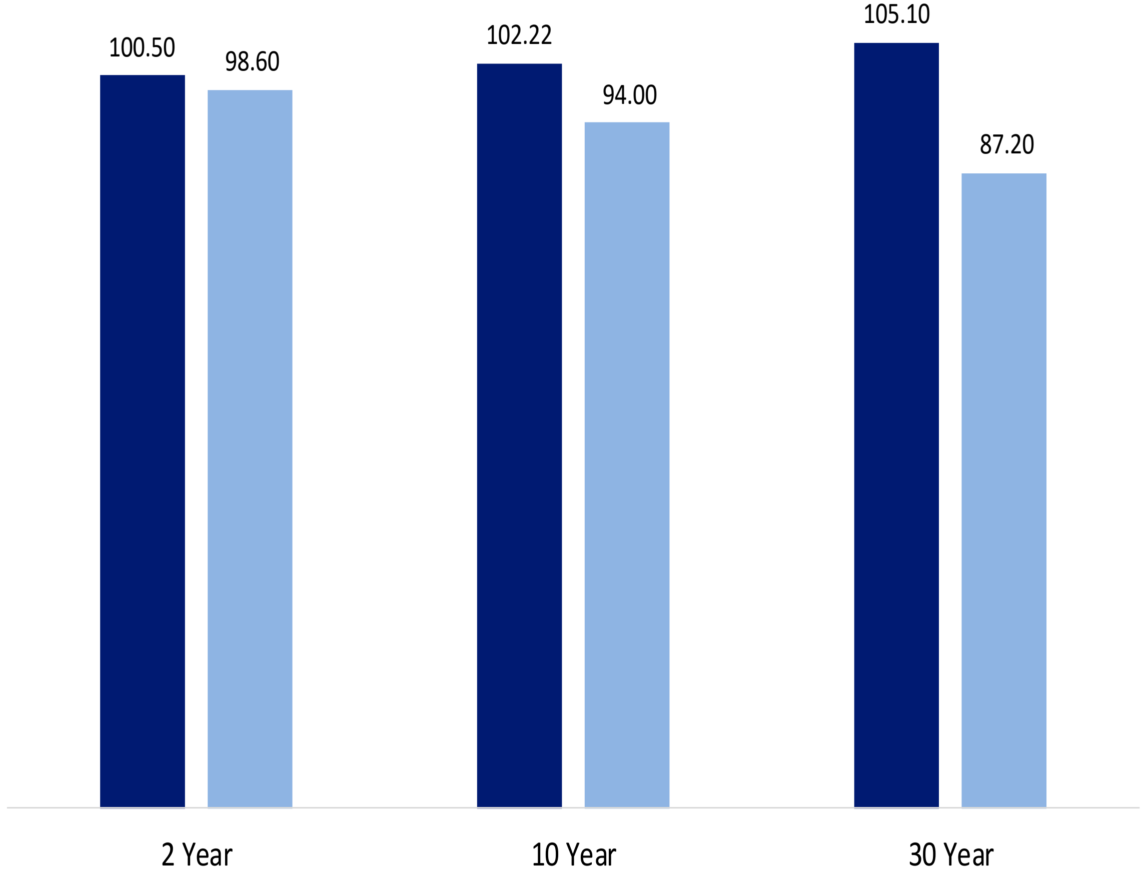
Why should you invest in short maturities?

Price volatility If Rates Rise By 1%:

1,000,000 Bond			
2 Year Treasury	3%	100.50	1,005,000
2 Year Treasury	4%	98.60	986,000
Difference			(19,000)

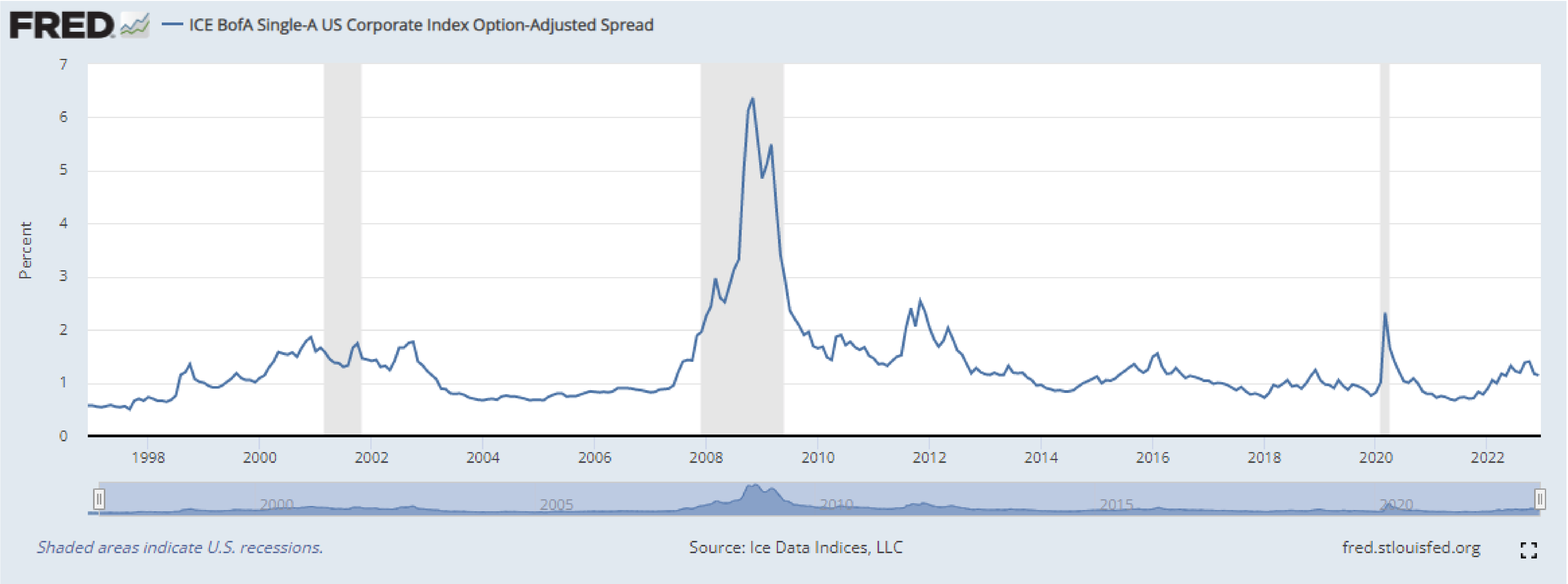
1,000,000 Bond			
10 Year Treasury	3%	102.22	1,022,200
10 Year Treasury	4%	94.00	940,000
Difference			(82,200)

1,000,000 Bond			
30 Year Treasury	3%	105.10	1,000,000
30 Year Treasury	4%	87.20	826,500
Difference			(173,500)



Source: Author's calculations

Invest In High Quality Securities



Maintain A High Level of Coupon Income

Price volatility If Rates Rise By 1%:

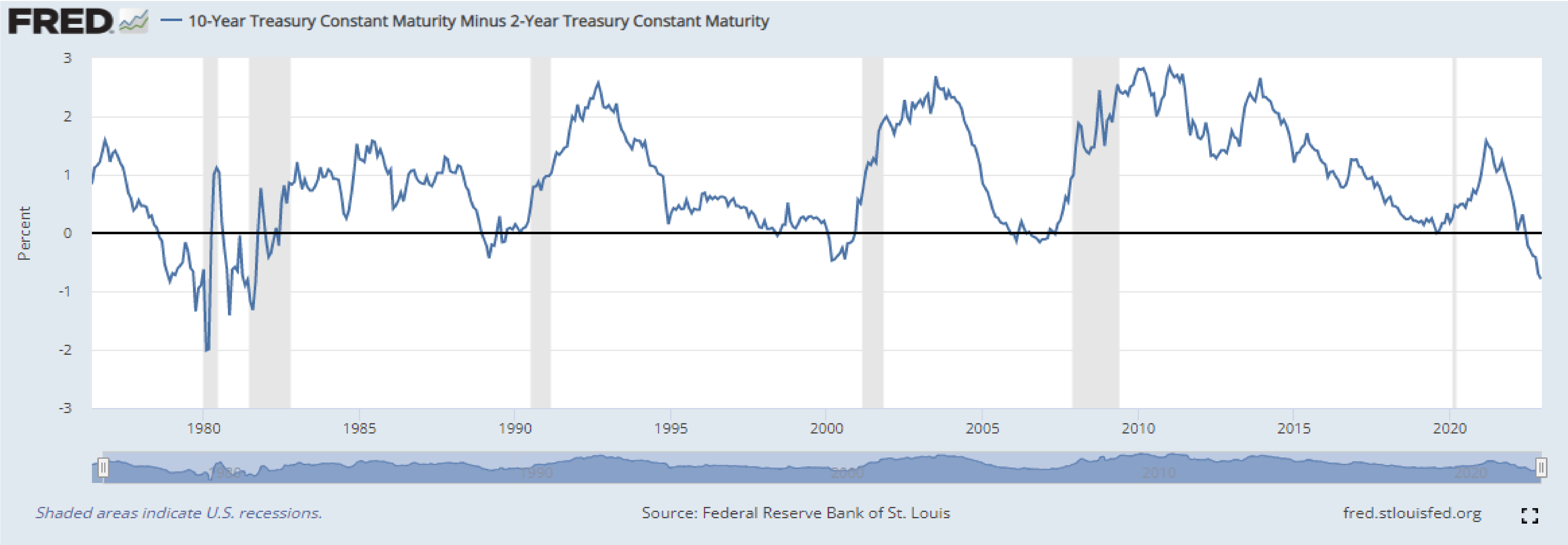
10 Year Treasury			
2% Coupon Rate	3%	91.47	914,700
2% Coupon Rate	4%	83.78	837,800
Difference			(76,900)
Difference (%)			-8.41%

10 Year Treasury			
4% Coupon Rate	3%	108.53	1,085,300
4% Coupon Rate	4%	100.00	1,000,000
Difference			(85,300)
Difference (%)			-7.86%

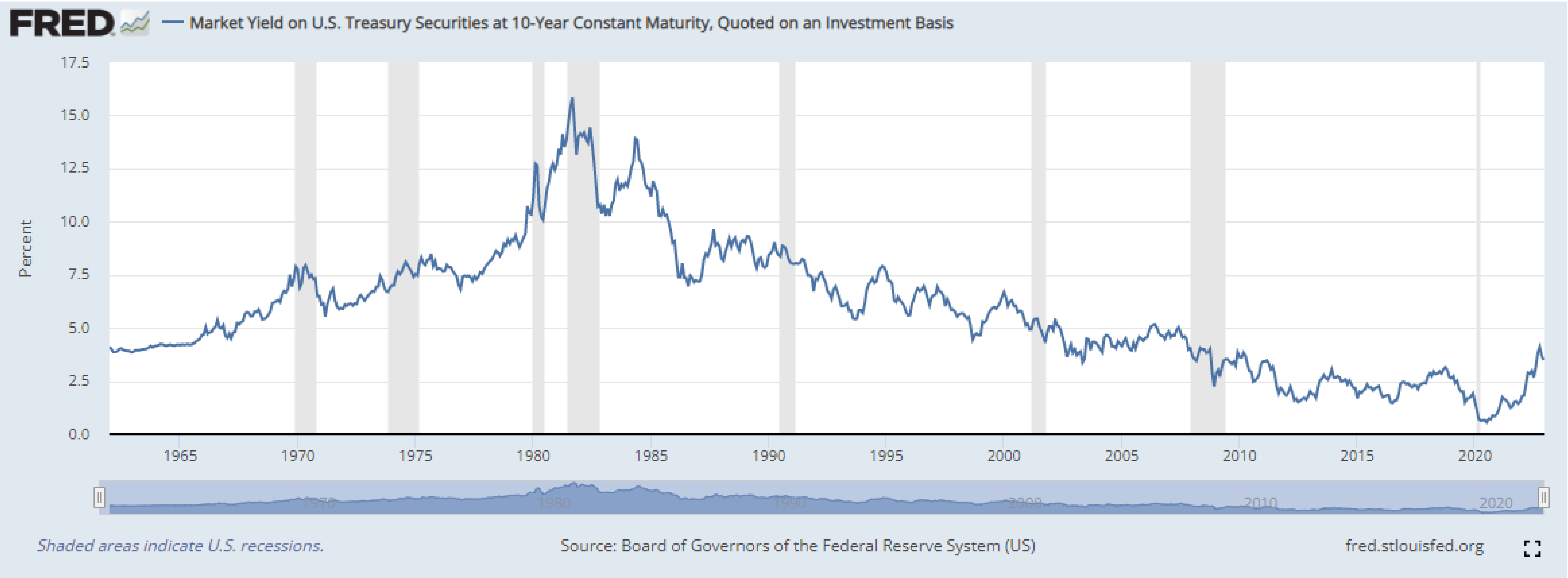
Source: Author's calculations

Inverted Yield Curve

What Is an Inverted Yield Curve? What does it Signify?



Historic Rates Perspective



Best Practices

If you don't understand jargon or acronyms don't just move on:

- Ask your investment advisors questions
- Use industry resources such as Investopedia.com for definitions

Maintain your market acumen between meetings:

- Watch Bloomberg, CNBC, Fox Business, etc…
- Read Wall Street Journal, Financial Times, etc…
- Follow the Federal Reserve Economic Data (fred.stlouisfed.org)

Contact your most trusted managers with your questions