



An Alternative Approach  
to a Traditional Asset Class:  
**The Ocean Park Tactical Bond Strategy**

## What Makes This Strategy Different?

The Ocean Park Tactical Bond Strategy appeals to investors looking for a nontraditional bond holding that employs a disciplined risk management process. The Strategy employs a tactical, rules-based approach to access two typically uncorrelated asset classes: high-yield corporate bonds and long-duration U.S. Treasury bonds.

### Moving Among 3 Asset Classes



#### High-Yield Corporate Bonds (HYCB)

- Commonly referred to as junk bonds, this asset class tends to increase in value when the U.S. economy exhibits periods of expansion or growth.
- When economic conditions decline, due to emotional sentiment and/or increasing credit default risk, the asset class declines.
- High-yield bonds tend to be less volatile than long-duration U.S. Treasury bonds.



#### Long-Duration U.S. Treasury Bonds

- Considered to be immune from default risk because payment is backed by the full faith and credit of the U.S. government, this asset class moves inversely to interest rates.
- Treasury bonds often rise in value when the economy exhibits weakness or when the stock market experiences large losses, making them an attractive alternative when high-yield corporate bonds are trending negatively.



#### Ability to Move to 100% Cash

- Our strategies allow us to move to cash without hesitation in times of turbulence to keep clients safe.
- We can hold up to 100% cash when there are no upward trends in HYCBs or long-duration U.S. Treasury bonds.

## Our Process: Rules-Based Buying and Selling

We believe there are three questions every money manager should be able to answer: “When do you buy?”, “What do you buy?”, and “When do you sell?” For us, the answers to those questions form a tactical, rules-based decision framework for the construction and management of portfolios that has served investors for more than 35 years.



### Trend Following

- We buy only when our decision rules show an uptrend has begun or is in progress.



### Security Selection

- As part of our risk-mitigation discipline, we give preference to securities with the best risk-adjusted returns – our trailing-stop bands will be tighter, thus, when the trend reverses from up to down, we give back less.



### Trailing Stop-Loss

- We monitor and review our trailing-stop-loss discipline daily for every holding.

## Our Process: Includes These Tenets

### Broad Diversification

Diversification is the cornerstone of a sound investment process. We deploy diversification throughout every level of our investment solutions.

### Ability to Move to 100% Cash

Our strategies allow us to move to cash without hesitation in times of turbulence to keep clients safe. We can hold up to 100% cash in the absence of uptrends across our target investment opportunity set.

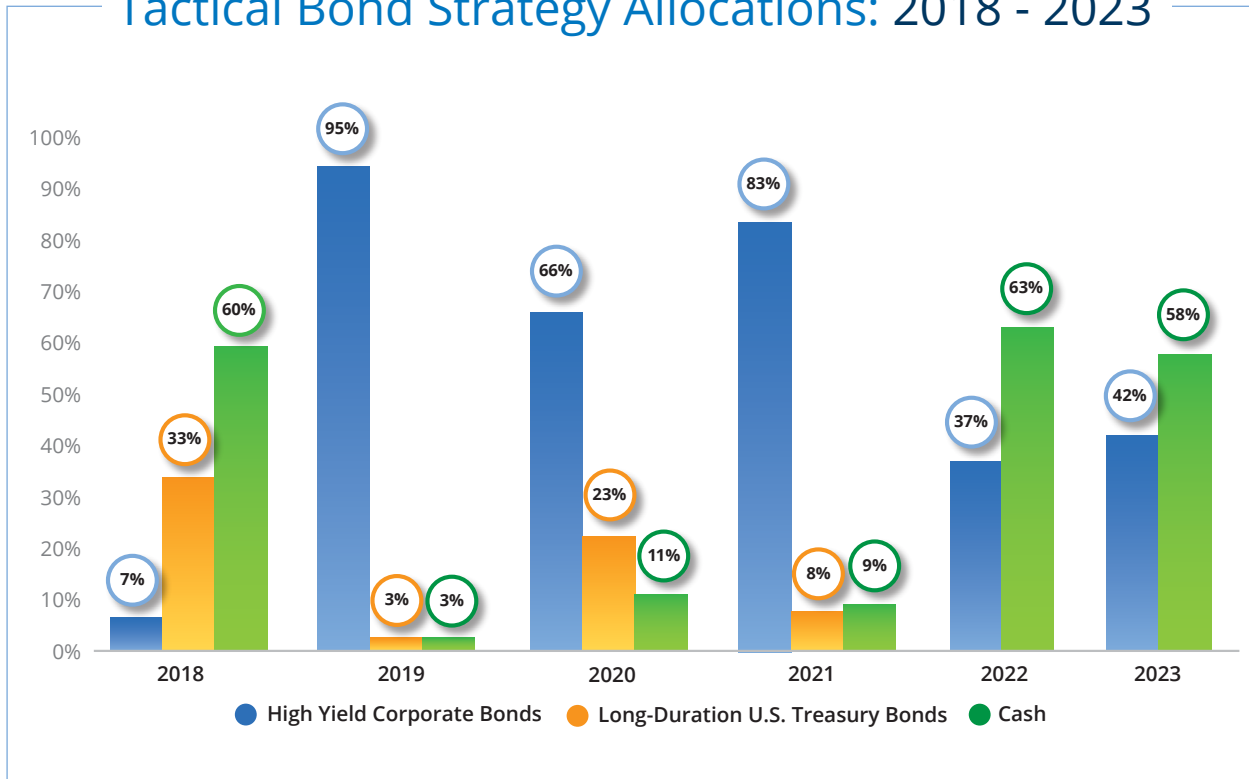
### Limiting Sustained Declines

Our first priority is to keep clients out of trouble. While we can't control the markets, we can limit drawdowns. Our investment process places trailing stops underneath each holding in the portfolio, monitors each holding daily, and immediately sells any holding that passes through the trailing stop level.

### Investing in Pooled Vehicles

Investing in pooled vehicles, such as mutual funds and ETFs, gives us the ability to quickly and efficiently make adjustments to our portfolios. Traditional managers, especially in the fixed income markets, are often disadvantaged by illiquidity when trying to buy or sell individual bonds.

# Tactical Bond Strategy Allocations: 2018 - 2023



Source: Ocean Park Asset Management (3/31/23)

## INVESTMENT OBJECTIVES

The Ocean Park Tactical Bond Model seeks to produce satisfying long-term returns while limiting downside risk.

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