

BEYOND WEALTH
Worth[®]

**NEXT-GEN
GIVING TRENDS**

**MEASURING DEI:
WHAT'S THE HOLDUP?**

**EQUALIZING THE
CRYPTO CRAZE**



50

**Women
Changing
The
World**

**Singer-songwriter Jewel is
blazing a trail as a groundbreaker
in the mental health space.**

+

**Amanda Gorman, Mary Barra,
Meghan Markle, Deb Haaland,
Chloé Zhao and more!**



Welcome to *Worth's* 2022 Leading Advisors, a guide to some of the nation's top wealth management professionals. This section offers informed guidance from a select group of vetted advisors with deep expertise.

While the Leading Advisors program was forced to pivot during the COVID lockdowns, *Worth* is committed to providing high-level advice and insight from the financial advisor community.

Last year, *Worth* launched the Wealth of Knowledge video series, which delivers concise, engaging advice from top advisors and executives.

Watch full clips at [worth.com/wok-wealthofknowledge](https://www.worth.com/wok-wealthofknowledge)

We also launched a bimonthly newsletter, the Advisor's View, which provides insights and analysis for the community that advises high net worth individuals on investments and wealth management.

Subscribe today at [worth.com/newsletters](https://www.worth.com/newsletters)

SAUGATUCK FINANCIAL



Should Investors Add Private Credit to Their Fixed Income?

BY LUKE ANDRIUK

Luke Andriuk, CFA®,
Director of Investments

SAUGATUCK FINANCIAL

► Fixed income has long been the ballast in a diversified portfolio. While its returns have historically been lower than equities, investors benefit from fixed income's stability and low correlation, relative to equity markets.

Over the last 20 years specifically, fixed income exposure helped investors amidst a period of declining and record low interest rates. Following the expected inverse relationship between bond yield and bond prices, as rates and bond yields continued to drop, bond prices rose, culminating in one of the strongest bond bull markets in memorable history.

That bull market looks to have ended, with the Barclays Aggregate Bond Index down 1.5 percent in 2021 and strong anticipation of the Fed increasing rates in 2022. In this environment, it may be prudent to reduce interest rate sensitivity in your fixed income sleeve. Adding floating rate private credit is one approach worth considering.

WHAT IS PRIVATE CREDIT?

Private credit is a lesser known but growing alternative asset class comprised of higher yielding, less liquid debt investments. In private credit, entities who may have trouble securing traditional credit borrow from non-bank lenders. Private credit investors, who are the lenders in this case, expect to earn higher yields than traditional fixed income securities offer. The tradeoff is lower liquidity, longer investment time horizons and potentially higher default rates in a recession.

WHY IS PRIVATE CREDIT WORTH CONSIDERATION?

Private credit offers several advantages over traditional fixed income:

1. YIELD ENHANCEMENT: Many of today's traditional fixed income investments have negative real yields. This means the annual return is below zero after accounting for inflation. Exposure to private credit can boost real yields and generate higher annual income.

2. LOW SENSITIVITY TO INTEREST RATES: Because private credit loans typically have floating rates that adjust based on changes in interest rates, floating rate loans can be protective in a rising interest rate environment.

3. DIVERSIFICATION BENEFITS: While traditional fixed income is often held because of its lack of correlation to equities, that hasn't always been the case. In some periods of high inflation, fixed income correlation with equity markets was positive for multi-year stretches. Private credit securities are less likely to have the same problem due to their lower liquidity.

ACCESSING PRIVATE CREDIT

Historically, private credit was only available to investors able to invest seven figures or more in this single asset class. Now, a variety of managed funds have made private credit available to retail investors as well.

ADDITIONAL CONSIDERATIONS

A few considerations to keep in mind: These funds are typically less liquid than traditional mutual funds; it may take months, or even years, to redeem invested capital. Also, private credit default rates can vary, but are most comparable to those of high yield bonds.

NEXT STEPS

For the right investors, private credit can be a valuable addition to a diversified portfolio, boosting yields and adding some resilience to rising rates. Investors with longer time horizons, higher yield targets and comfort with less liquidity should talk with a knowledgeable financial advisor about whether they may benefit from exposure to this underutilized asset class.

ABOUT SAUGATUCK FINANCIAL



Saugatuck Financial provides comprehensive financial planning and strategy implementation for high net worth and emerging high net worth individuals, families, businesses and institutions. SF partners with each client to create and implement a tailor-made financial plan integrating risk management, wealth management, tax strategies, estate planning and retirement income distribution planning—all under one roof.

saugatuck-financial.com | luke.andriuk@nm.com

203-221-5275 | 274 Riverside Ave, 4th Floor, Westport, CT 06880

Disclaimer

This article is not intended as, and financial representatives do not give, legal or tax advice. Taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

Saugatuck Financial is a marketing name for Justin Charise and is not a broker-dealer, registered investment advisor or federal savings bank. Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI (NM) (life and disability insurance, annuities, and life insurance with long-term care benefits) and its subsidiaries. Justin Charise provides investment advisory services as an Advisor of Northwestern Mutual Wealth Management Company® (NMWMC), Milwaukee, WI, a subsidiary of NM and federal savings bank. Justin Charise is an Agent of NM and Northwestern Long Term Care Insurance Company, Milwaukee, WI, (long-term care insurance) a subsidiary of NM. Justin Charise provides investment brokerage services as a Registered Representative of Northwestern Mutual Investment Services, LLC (NMIS), a subsidiary of NM, registered investment adviser, broker-dealer and member FINRA and SIPC.



Justin Charise, CFP®

Founding Partner, Wealth Management Advisor

Luke Andriuk, CFA®

Director of Investments

Saugatuck Financial

274 Riverside Avenue, 4th Floor

Westport, CT 06880

Tel. 203-331-5275

justin.charise@nm.com

saugatuck-financial.com

REPRINTED FROM

Worth®

Saugatuck Financial is featured in Worth™ 2021 Leading Advisors, a special section in every edition of Worth™ Magazine. All firms appearing in this section have completed questionnaires, have been vetted by an advisory group following submission by Worth™, and thereafter paid the standard fees to Worth™ to be featured in this section. The information contained herein is for informational purposes, and although the list of advisors presented in this section is drawn from sources believed to be reliable and independently reviewed, the accuracy or completeness of this information is not guaranteed. No person or firm listed in this section should be construed as an endorsement by Worth™, and Worth™ will not be responsible for the performance, acts or omissions or any such advisor. It should not be assumed that the past performance of any advisors featured in this special section will equal or be an indicator of future performance. Worth™ a publication owned by Clarim Holdings, is a financial publisher and does not recommend or endorse investment, legal or tax advisors, investment strategies or particular investments. Those seeking specific investment advice should consider a qualified and licensed investment professional. Worth™ is a registered trademark of Worth.