
WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

August 9, 2024

JAPAN

Following significant global market turmoil on the heels of the Bank of Japan (BOJ)'s hawkish raise, Deputy Governor Uchida stated that the BOJ would not raise rates while markets are unstable. After Uchida's remarks the yen returned to last week's levels and Treasury yields and equity prices partially recovered as well.

Our Take: While some of Monday's market turmoil was a continued response to softening U.S. data, a large part was also likely due to highly leveraged investors who were borrowing in yen having to unwind trades as the yen rallied. Between Uchida's remarks and completion of the most urgent carry trade unwinding, markets have settled down from earlier in the week.

MUNICIPALS

Naples, Florida issued capital improvement revenue bonds this week. Some of the proceeds from the \$21 million issuance will be used to rebuild the Naples Pier, which was significantly damaged by Hurricane Ian in 2022. The total cost of the rebuild is expected to reach over \$26 million, with \$11 million coming from the municipal bond issuance, \$7 million from FEMA, \$5 million from a state grant, \$2.2 million from county tourist taxes, and \$1.4 million from donations. Naples has replaced its pier on four other occasions since 1910, according to Bloomberg. In addition, in 2015 the city renovated the pier at a cost of \$2.7 million. City officials have indicated that the rebuilt pier will be stronger, with deeper pilings.

Our Take: Recovering from storms, floods and fires can be fiscally challenging for state and local governments. Rebuilding can carry a large price tag. Municipalities are tapping the bond market to access funding for storm and natural disaster-related infrastructure projects. In this case, the highly rated revenue bonds issued to fund the Naples Pier project are backed by appropriations from the city along with revenue generated from beach parking.



CONTACT

Financial Advisors

888.971.7135

Find your Regional Director on our [coverage map](#) or by visiting madisoninvestments.com/contact.

Institutional Investors and Consultants

888.971.7135

Visit us online

madisoninvestments.com

ABOUT REINHART FIXED INCOME

Quality, stability, and predictability are the hallmarks of the Reinhart Fixed Income management philosophy. We believe that successful fixed income management is a product of understanding the role bonds play in a specific client's investment strategy and developing unique portfolios to meet the objectives of the client. Reinhart Fixed Income is part of Madison Investments, an independent investment manager providing active, high-quality, and high-conviction portfolios since 1974.

DISCLOSURES

“Madison” and/or “Madison Investments” is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC (“MAM”), and Madison Investment Advisors, LLC (“MIA”). MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission. Madison Funds are distributed by MFD Distributor, LLC. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison's toll-free number is 800-767-0300.

Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

Although the information in this report has been obtained from sources that the firm believes to be reliable, we do not guarantee its accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

Madison Investment Holdings, Inc. acquired the fixed income management assets of Reinhart Partners, Inc. on June 11, 2021 and now employs the Investment Team that previously managed the assets at Reinhart. The Investment Team manages the assets using substantially the same strategies and objectives as at Reinhart. Performance information dated prior to the purchase reflects that of Reinhart Partners, Inc.

Quality refers to the bond ratings provided by the various third-party ratings agencies. Stability and predictability refer to the cash flow of individual securities and not to the market value or performance of portfolio holdings. There is no guarantee this strategy will lead to investment success.

In addition to the ongoing market risk applicable to portfolio securities, bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.