



BUY AND SELL RULES FOR BONDS

Guidelines for Individual Bonds

1. Determine the type of individual bond and desired maturity
 - a. Treasury, municipal or corporate
 - b. Short-, medium- or long-term (most bonds range from 1 - 30 years)
2. If a floating or adjustable-rate bond is desired, include that preference in your buy rules
3. Write down your credit rating preferences
 - a. Tip: investment grade is less risky
4. Be patient and open to what is available on the market as not all bonds trade every day
5. Individual bonds should be held to maturity
 - a. Holding individual bonds to their maturity date, ensures you get the expected return based on your purchase price
6. Coupon (interest) payments can either be reinvested into new bonds or spent, depending on your goals and preferences
7. Reasons for selling individual bonds include:
 - a. Deterioration in credit quality
 - b. Concern about the issuer defaulting
 - c. A need for the income generated from selling an individual bond





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Guidelines for Bond Funds (Mutual Funds and ETFs)

1. Your buy and sell rules for bond funds may be fairly similar to the rules used for selecting a stock fund
2. Pay attention to your preferences for bond type, maturity range and credit quality
3. Pay attention to the category risk index and category risk grade
 - a. The higher index scores and lower grades imply the fund manager is taking on more credit risk
 - b. Interest rate risk or both to boost returns and yield
 - i. This could lead to more potential volatility in returns
4. Lower expense ratios should always be desired, especially in low-rate and rising rate environments

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