

# ***Fixed Income Performance Attribution Models***

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## **Abstract:**

In this article we analyse different Performance Attribution techniques that allow to decompose the extraperformance of a bond portfolio against the relative benchmark, to identify the single components of active management. The Fixed Income Performance Attribution we analyse take into consideration the works of Lord (1997), Campisi (2000), Van Breukelen (2000). Lord and Campisi methodologies are based on a bottom up approach model, starting from a single bond characteristic it is possible to build up the total Term Structure Attribution. The model of Van Breukelen is instead a top down approach in which the duration is the key variable in the Performance attribution. Considering these methodologies, we propose some new Performance Attributions models that take into consideration also others key drivers to manage the bond portfolio like the convexity, the Option Adjusted spread and the Credit Risk; features of sovereign and non sovereign bonds and callable bonds.