



Executive Summary on Published Research

Q2'2025

Table of Contents

Forbes Articles by Chief Investment Officer, Ivan Illán, AIF®, CFS®	3
Research Highlights.....	5
YouTube Channel.....	7
Podcasts.....	8
Disclosures:	9

Forbes Articles by Chief Investment Officer, Ivan Illán, AIF®, CFS®



“The Inevitable Reckoning: The Price Of Cheap Money In Global Capital Markets”

Published May 6, 2025

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ARTICLE SUMMARY

Prolonged periods of ultra-low interest rates distorted market dynamics, enabling weak companies to survive on cheap debt. Now, as rates normalize, the global financial system may soon have to reckon with the risks that were obscured during the era of easy money.

- **Rise of Zombie Companies:** Low interest rates allowed many unprofitable firms to avoid restructuring or bankruptcy by relying on cheap credit, distorting natural market selection.
- **Higher Refinancing Risk:** If rates increase/remain elevated, these firms will face meaningful increases in refinancing costs, potentially increasing the default risk and credit market stress.
- **Investor Implications:** Investors must reassess credit quality and risk exposure in their portfolios, particularly in fixed income and private debt markets.

- **Systemic Fragility:** After years of financial engineering and excessive leverage, the resulting structural weaknesses may now pose a broader threat to financial stability.
- **Policy Reflection:** The article calls for policymakers to better evaluate long-term consequences of accommodative monetary policy to avoid repeated cycles of artificial stability followed by financial shocks.



“Junk Bonds Don’t Appear Worried About A Recession”

Published May 29, 2025

[Click Here to Read Full Article](#)

ARTICLE SUMMARY

In theory, higher risk should demand higher reward-but recent trends in the U.S. corporate bond market seem to defy that logic. High-yield (junk) bonds have shown a much smaller increase in yield compared to investment-grade bonds, raising questions about how risk is being priced.

- **Unusual trend:** Investment-grade bond yields (e.g., AAA) have risen more sharply than high-yield bond yields, despite the latter being riskier.
- **Why it matters:** This contradicts typical risk-return expectations and suggests parts of the market may be misaligned with fundamentals.

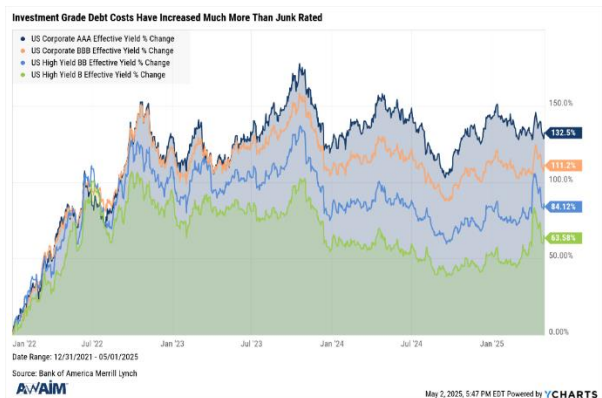
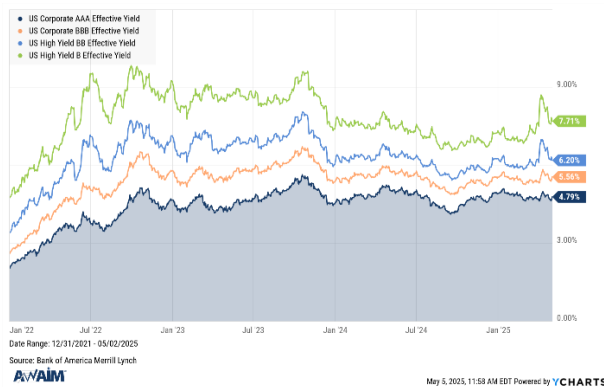
- **One reason:** High-grade bonds may have been too suppressed for too long and are now "catching up" with reality as rates rise.
- **What junk bonds signal:** The muted rise in yields for high-yield bonds could indicate investors see low recession or default risk; for now.
- **What to watch:** If economic conditions shift or default risks rise, high-yield bond yields may need to adjust quickly.

Research Highlights

Credit Market Mismatch: Rising Costs Where We Least Expected

Published May 02, 2025

[Click Here to Read Full Article](#)



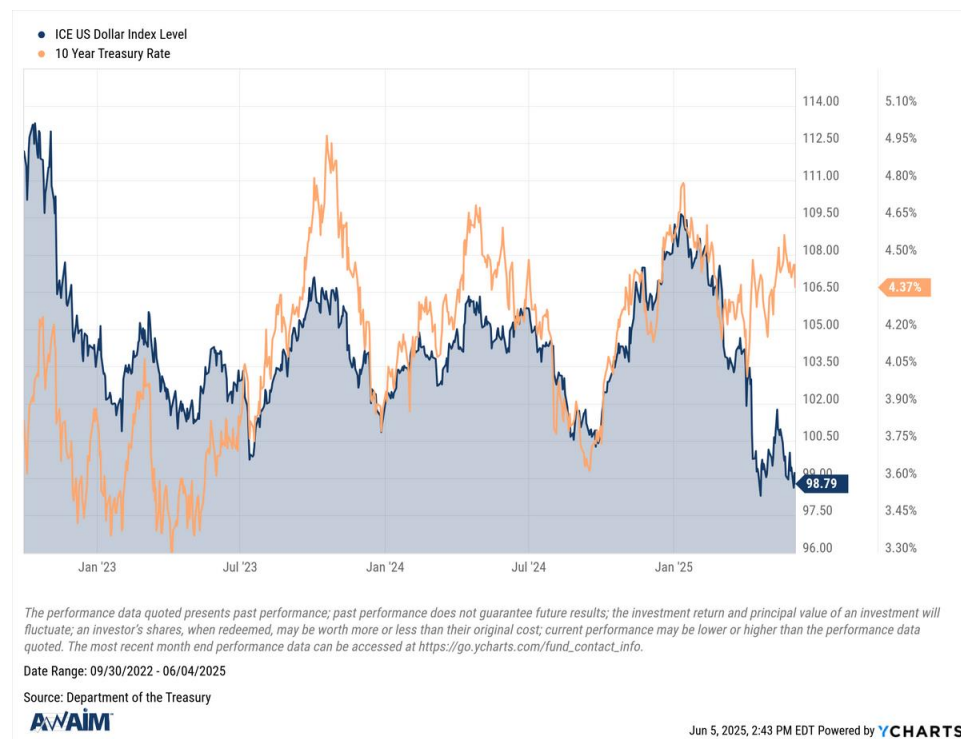
Research Highlight Summary:

Borrowing costs for top-rated companies have more than doubled since 2022, while junk debt costs have risen far less; an unusual sign if serious recession risks are present. This surge in the cost of high-quality debt could strain even strong companies, potentially leading to job cuts and a broader economic slowdown.

Breakdown in the USD-Treasury Yield Correlation

Published June 6, 2025

[Click Here to Read Full Article](#)

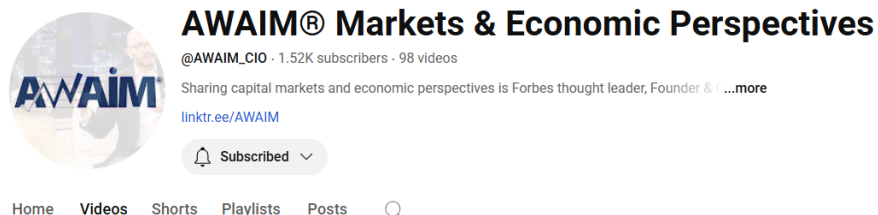


Research Highlight Summary:

Historically, U.S. Treasury yields, and the U.S. dollar have moved in tandem. However, in 2025, that relationship diverged sharply, coinciding with the Trump administration's declaration of "Liberation Day," marked by aggressive global tariffs.

- **Tariffs & Trade Tensions:** Aggressive tariffs triggered fears of slower U.S. growth and capital outflows, with the dollar index falling 7.3% amid recession concerns.
- **Political Instability:** Attacks on Fed independence, rising deficits, and the perception of less stability eroded investor confidence, pushing the dollar to a three-year low.
- **Global Diversification:** Foreign investors shifted away from U.S. assets toward Europe and Japan, citing overvaluation and better growth outlooks.

YouTube Channel



[Global Market Volatility & Opportunities](#) – April 13, 2025



Global Market Volatility & Opportunities

Stock and bond market volatility have left many investors concerned and fearful of what's next for the markets. In this episode, Ivan shares highlights from AWAIM's research that may help not only allay fears but also provide some hope in opportunities that have presented themselves.

[U.S. Corporate Bonds Signal Very Little Fear of Painful Recession Ahead](#) – May 05, 2025



U.S. Corporate Bonds Signal Very Little Fear of Painful Recession Ahead

Ivan shares insights related to the U.S. corporate bond market, and what it may be telling us.

[What's Going On With Treasury Yields & The U.S. Dollar's Value?](#) – June 04, 2025



Ivan talks about the recent breakdown in the typical relationship between the value of the dollar and movements in treasury yields.

Podcasts



Deep Economic Thoughts Ivan Illán

★ 0.0 (0) - INVESTING

Forbes thought leader and bestselling Dummies author, Ivan Illán, shares timely capital markets and economic perspectives for sophisticated investors and financial advisors alike.

▶ Latest Episode

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[China's Overall Exports Rose 8% In April, Even As Exports To US Fell 21%](#) - May 9, 2025

Even though Trump's tariffs on China are meant to place pain and pressure on their economy, it appears that China is navigating US tariffs deftly. China's exports to other regions around the world have markedly increased, which has effectively offset the huge exports declines to the US.

[Full-Time vs Part-Time: A Shifting US Employment Picture](#)- June 13, 2025

In this episode, Ivan Illán, AIF, CFS, Founder & Chief Investment Officer at AWAIM shares the US employment changes underway. Demographics and changing company financials are driving seismic shifts in how the US labor force experiences employment opportunities.

Disclosures:

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