



# Core Fixed Income Fact Sheet

September 30, 2021

## OBJECTIVE

The Core Fixed Income Strategy seeks to add value through a focus on enhanced yield, high quality, and a relative value management approach. Additionally, the strategy seeks to outperform its peers as well as the Bloomberg U.S. Aggregate Index.

## INVESTMENT PHILOSOPHY

- We believe that opportunities to add alpha exist through a relative value approach.
- Income is typically the primary driver of fixed income returns over time.
- An awareness of the risk/reward dynamic at work in the marketplace is critical on behalf of today's investors.

## INVESTMENT PROCESS OVERVIEW

“We seek consistent income across the capital structure and in high quality companies.”

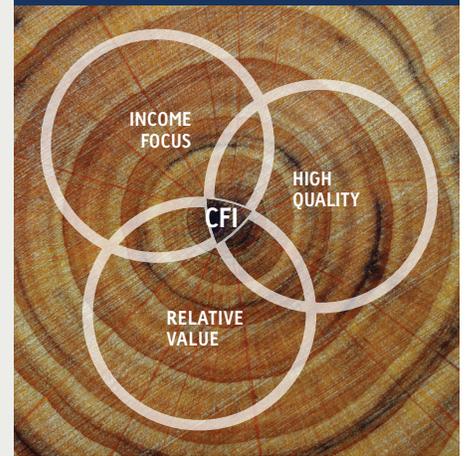
- Michael Martin

## RISK MANAGEMENT STRATEGY

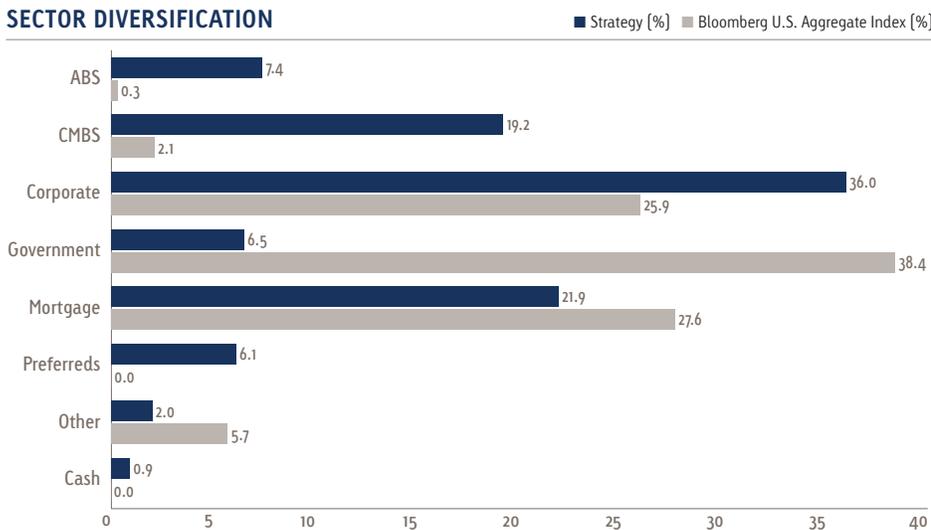
- Sector ranges
  - U.S. Government Debt Obligations: 0-100%
  - Corporate Bonds 0-100%
  - Securitized Products 0-80%
  - Preferred Securities 0-20%
  - Municipal Bonds 0-40%
  - Convertibles 0-10%
  - Foreign U.S. Dollar 0-15%
- Duration relative to index 0.50x to 1.50x

## INVESTMENT APPROACH

- A portfolio built from a consistent and disciplined process focusing on security selection, sector rotation, yield curve structure and duration risk management.
- Analyze fundamental trends in income producing asset classes with total return focus.
- Consideration of historic and potential future correlations of global income producing asset classes.



## SECTOR DIVERSIFICATION



Source: Bloomberg, Clearwater Analytics

The characteristics shown are based on a representative account and are for illustrative purposes only. Individual client accounts may differ based on a variety of client-specific factors, including account fees, account size, cash flows, client specific investment opportunities and restrictions. Strategy performance results shown may reflect the reinvestment of income. Past performance is no guarantee of future results. Index performance used throughout this piece is intended to illustrate historical market trends and is provided solely as representative of the general market performance for the same period of time. Indices are unmanaged, may not include reinvestment of income, and do not incur investment management fees. An investor is unable to invest in an index. The holdings and sectors listed should not be considered to be a recommendation to buy or sell a particular security. Actual holdings are subject to change daily. The mention of specific securities illustrates the application of our investment approach only and is not to be considered a recommendation by RCIM.

## QUALITY RATINGS\*

| Quality Rating | Strategy (%) |
|----------------|--------------|
| AAA            | 42.2         |
| AA             | 10.5         |
| A              | 20.4         |
| BBB            | 26.9         |
| BB             | 0.0          |

## ASSETS

Composite Strategy Assets (\$M)  
**203.63**

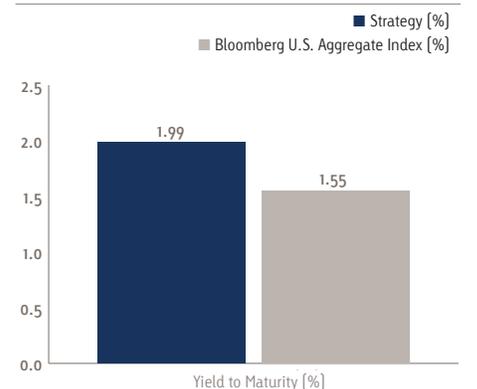
## KEY FACTS

| Key Fact           | Bloomberg U.S. Aggregate Index |
|--------------------|--------------------------------|
| Benchmark          | Bloomberg U.S. Aggregate Index |
| Business Minimum   | \$15 M                         |
| Number of Holdings | 275                            |

## CHARACTERISTICS

| Characteristic             | Strategy | Index |
|----------------------------|----------|-------|
| Effective Duration (Years) | 6.08     | 6.67  |
| Average Credit Quality     | AA-      | AA    |

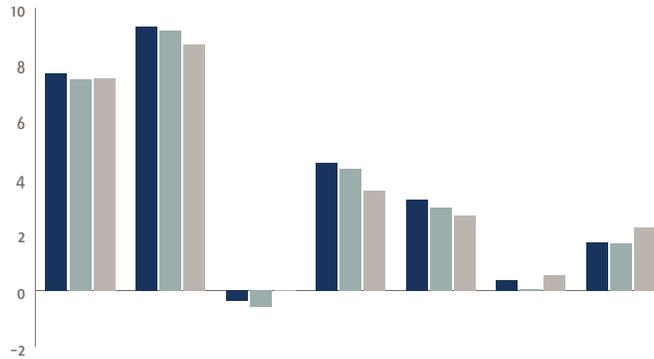
## YIELD\*\*



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## PERFORMANCE



| ANNUAL PERFORMANCE (%)     | 2020 | 2019 | 2018  | 2017 | 2016 | 2015 | 2014 <sup>†</sup> |
|----------------------------|------|------|-------|------|------|------|-------------------|
| ■ Composite Gross          | 7.68 | 9.35 | -0.36 | 4.51 | 3.23 | 0.36 | 1.72              |
| ■ Composite Net            | 7.46 | 9.18 | -0.57 | 4.30 | 2.93 | 0.06 | 1.67              |
| ■ Bloomberg U.S. Agg Index | 7.51 | 8.72 | 0.01  | 3.54 | 2.65 | 0.55 | 2.22              |

|                  | Composite Gross (%) | Composite Net (%) | Index (%) |
|------------------|---------------------|-------------------|-----------|
| 3Q21             | 0.21                | 0.16              | 0.05      |
| YTD              | -0.39               | -0.56             | -1.55     |
| 1 Year           | 1.08                | 0.85              | -0.90     |
| 3 Years          | 5.60                | 5.39              | 5.35      |
| 5 Years          | 3.55                | 3.34              | 2.94      |
| ITD <sup>†</sup> | 3.58                | 3.35              | 3.24      |

<sup>†</sup>Performance calculated from inception date 8/1/2014  
 Periods greater than 12 months are annualized  
 Source: Bloomberg, Clearwater Analytics

## PORTFOLIO MANAGEMENT TEAM



**Michael J. Martin, CFA**

Senior Portfolio Manager  
 Industry start date: 1994  
 Joined Red Cedar: 2018



**David L. Withrow, CFA**

Director of Portfolio Management  
 Industry start date: 1988  
 Joined Red Cedar: 2018



**John L. Cassady III, CFA**

Chief Investment Officer  
 Industry start date: 1987  
 Joined Red Cedar: 2018



**Jason M. Schwartz, CFA**

Senior Portfolio Manager  
 Industry start date: 2004  
 Joined Red Cedar: 2018

## DISCLOSURES

\*The quality ratings are calculated on a market value-weighted basis using the highest credit quality rating given by S&P, Moody's, or Fitch for each security in the strategy. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

\*\*Yield to maturity calculated using the compound convention of the bond.

This is current as of the date of this material and is subject to change at any time based upon market or other conditions. Charts, diagrams, and graphs, by themselves cannot be used to make investment decisions.

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The securities discussed do not represent the Composite's entire portfolio. Actual holdings will vary depending on the size of the account, cash flows, and restrictions. It should not be assumed that any of the securities transactions or holdings discussed will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

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All information and performance are reported in US dollars.

The "Net" returns presented are net of fees. Investing involves the risk of loss and investors should be prepared to bear potential losses. Past performance is not indicative of future results.

The "Gross" returns presented are gross of fees. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fees and any other expenses incurred in the management of the account. For example, a US \$100 million account, paying a 0.50% annual fee, with a given rate of 10% compounded over a 10-year period would result in a net of fee return of 9.5%. Management fees are described in Part 2A of RCIM's Form ADV. Investing involves the risk of loss and investors should be prepared to bear potential losses. Past performance is not indicative of future results.

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as of the date indicated and believed to be reliable. RCIM assumes no obligation to update this information, or to advise on further developments relating to it.

Core Fixed Income Composite includes all fully discretionary institutional portfolios that invest in Treasury and agency bonds, U.S. dollar denominated investment grade corporate bonds, municipal bonds, asset-backed securities, agency, and non-agency mortgage-backed securities, collateralized mortgage obligations and preferred securities. The Composite also invests in derivatives such as Treasury futures and CDX for hedging purposes. The Composite was created January 1, 2019. The inception date of the Composite was August 1, 2014.

The benchmark is the Bloomberg US Aggregate Bond Index. The index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities, asset backed securities and commercial mortgage-backed securities.

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