



# Core Plus Fixed Income

September 30, 2020

## OBJECTIVE

Core Plus Fixed Income is a flexible strategy that seeks income and total return opportunities across an array of global income markets with an objective to reduce correlation to other core plus strategies and traditional, investment grade fixed income portfolios. Additionally, the strategy seeks to outperform its peers as well as the Bloomberg Barclays 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
- Utilizing a wide range of higher cash flow producing asset classes generally leads to return opportunities

## INVESTMENT PROCESS OVERVIEW

“We seek income producing opportunities in the capital structure, in a variety of risk profiles where we find relative value in an effort to reduce correlation to traditional bonds.”

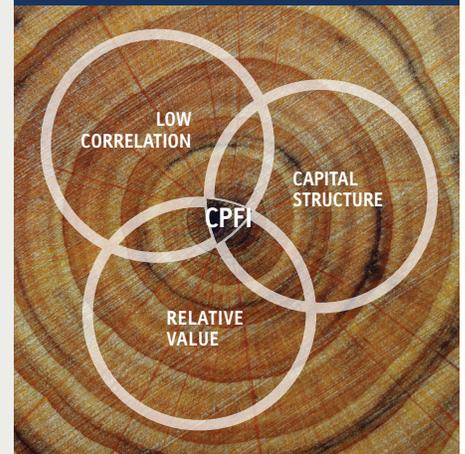
- David Withrow

## RISK MANAGEMENT STRATEGY

- Diversification across income producing asset classes with flexibility to invest outside the U.S.
- Sector ranges
  - Core Fixed Income 50-100%
  - High Yield Debt 0-20%
  - Preferred Securities 0-20%
  - Convertibles 0-10%
- Duration relative to index 0.50x to 1.50x
- Limit 20% below investment grade

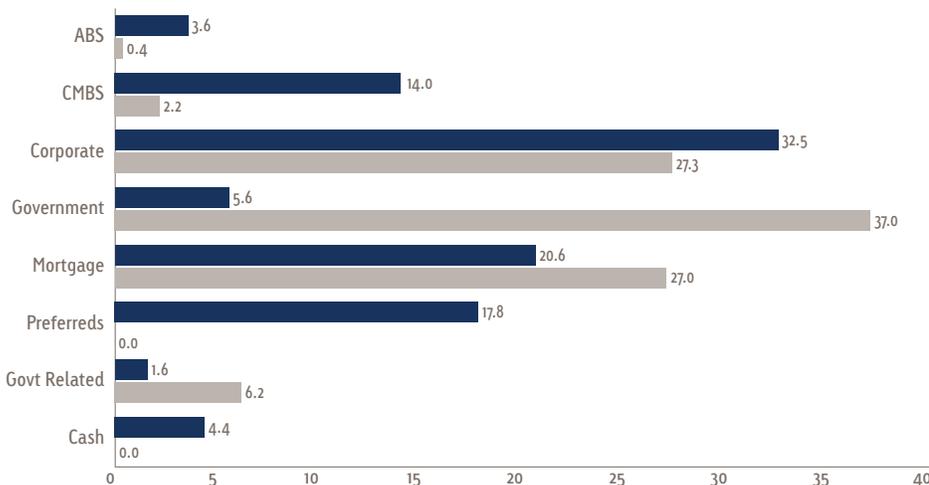
## INVESTMENT APPROACH

- An income portfolio built from a wider opportunity set with different risk characteristics than the benchmark
- Target 70% “Core” U.S. fixed income, with target 30% “Plus” holdings seeking opportunities less correlated to U.S. interest rates
- 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

■ Strategy [%] ■ Bloomberg Barclays U.S. Aggregate Index [%]



The characteristics shown are based on a representative or model 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 the 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.

## QUALITY RATINGS\*

Rating	Index
AAA	39.2
AA	7.9
A	19.9
BBB	29.0
BB	3.9
B	0.1

## ASSETS

Strategy Assets (\$M)

Composite 126.0

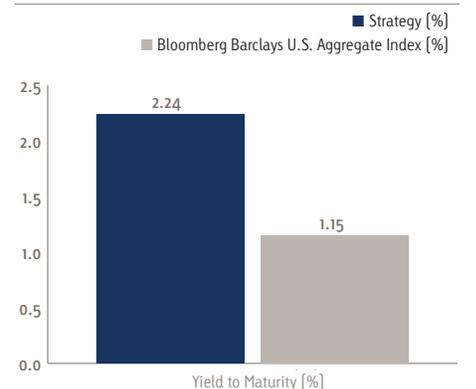
## KEY FACTS

	Bloomberg Barclays U.S. Aggregate Index
Benchmark	Bloomberg Barclays U.S. Aggregate Index
Business Minimum	\$15 M
Number of Holdings	256

## CHARACTERISTICS

	Strategy	Index
Effective Duration (Years)	5.70	6.08
Average Credit Quality	A+	AA

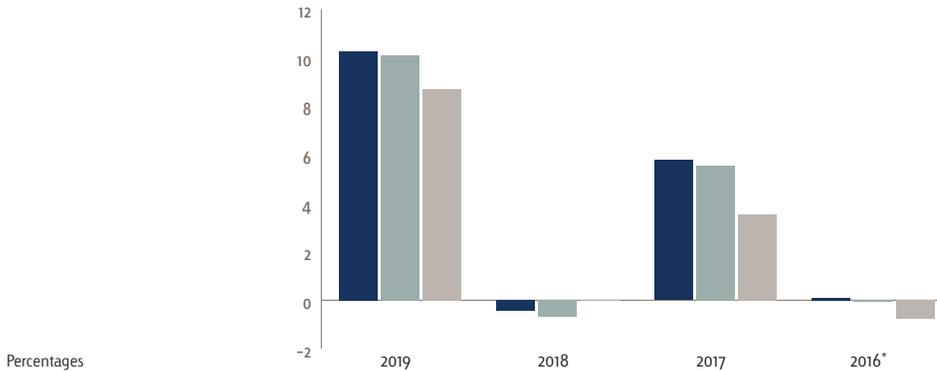
## YIELD\*\*



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## PERFORMANCE



	2019	2018	2017	2016*
■ Composite Gross	10.28	-0.45	5.78	0.09
■ Composite Net	10.12	-0.67	5.55	-0.05
■ Bloomberg Bar U.S. Agg Index	8.72	0.01	3.54	-0.75

	Composite Gross (%)	Composite Net (%)	Index (%)
3 Months	2.10	2.05	0.62
YTD	5.33	5.18	6.79
1 Year	6.00	5.82	6.99
3 Years	5.27	5.08	5.24
ITD	4.68	4.48	4.08

\* Performance calculated from inception date 5/1/16  
 Inception Date 5/1/2016  
 Periods greater than 12 months are annualized

## 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.

Red Cedar Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions and/or a presentation that complies with the GIPS standard, contact Red Cedar Investment Management at (513)345-4414.

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The Core Plus strategy invests in Treasury and agency bonds, investment grade and non-investment grade corporate bonds, municipal bonds, asset backed securities, agency and non-

agency mortgage backed securities, collateralized mortgage obligations and preferred securities. The strategy also invests in international securities, derivatives, foreign exchange and non-U.S. dollar denominated securities. The minimum portfolio size for inclusion in the composite is \$15 million. The benchmark is the Bloomberg Barclays 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. The US dollar is the currency used to express performance. Gross-of-fees performance figures do not reflect the deduction of investment advisory fees but have been reduced by all transaction costs. Net-of-fees performance figures reflect the deduction of actual investment advisory fees and transaction costs. The investment advisory fee schedule for the strategy is: First \$25 million = .40%, next \$25 million - \$50 million = .30%, thereafter = .20%. Actual investment advisory fees incurred by clients may vary. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not indicative of future results. The information provided in this document should not be construed as a recommendation to purchase or sell any particular security. The securities discussed do not represent the strategy's entire portfolio. It should not be assumed that any of the securities transactions or holdings

## PORTFOLIO MANAGEMENT TEAM



**John L. Cassady III, CFA**

Chief Investment Officer  
 29 years of investment experience



**Jason M. Schwartz, CFA**

Senior Portfolio Manager  
 16 years of investment experience



**David L. Withrow, CFA**

Director of Portfolio Management  
 30 years of investment experience



**Michael J. Martin, CFA**

Senior Portfolio Manager  
 25 years of investment experience

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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