

# Reams Ultra Low Duration Strategy

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## Investment Philosophy

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Reams defines risk as permanent loss of principal or the inability to meet investment objectives. This is distinct from other investors who may define risk as volatility or tracking error versus a benchmark. Another differentiating feature is that Reams focuses on reacting to relative value opportunities and taking advantage of volatility, rather than relying on economic forecasting and predicting market movements. These guiding beliefs lead the team to:

- Focus on long-term value and total return
- Employ both top-down macro and bottom-up strategies to uncover unique opportunities
- React opportunistically to valuation discrepancies and volatility in the bond market
- Create diversified bond portfolios in an attempt to outperform over a full market cycle
- Seek opportunities to add value in niche parts of the market overlooked by larger managers

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## Strategy Overview

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- The standard benchmark is the ICE® BofAML® 9-12 Month U.S. Treasury Bill Index (other benchmarks may be utilized for separate accounts according to client-specific guidelines).
- Invests tactically across all sectors of the fixed income market including investment-grade and high-yield credit, governments, agencies, mortgage-backed and asset-backed.
- Actively manages overall portfolio duration based on market conditions, normally within a range of 0.5 to 1.2 years.

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## Investment Process

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### Step One: Duration and Yield-Curve Decision

Goal: Determine whether the bond market is cheap or expensive

- Emphasize real interest rates and formulate a long-term view
- Take advantage of yield curve opportunities

### Step Two: Sector Decision and Bond Selection

Goal: Identify bonds with the highest risk-adjusted returns

- Focus on over/underweight sectors based on relative value and select bonds expected to perform well in dynamic interest rate and credit environments
- Focus on senior positions within the capital structure and use stress testing/scenario analysis to evaluate potential outcomes

### Step Three: Risk Analysis and Control

Goal: Continually measure and control exposure to key risk factors

- Employ external and proprietary analytical tools to manage and control risk at security, sector and portfolio levels
- Avoid backward looking risk measures and “risk budgeting” approaches to portfolio construction

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## Total Strategy Assets

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\$477.4 million

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## Portfolio Management Team

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### Mark Egan, CFA

Lead Portfolio Manager

- Joined Reams Asset Management in 1990
- 37 years of investment experience

### Todd Thompson, CFA

Co-Portfolio Manager

- Joined Reams Asset Management in 2001
- 29 years of investment experience

### Clark Holland, CFA

Co-Portfolio Manager

- Joined Reams Asset Management in 2002
- 29 years of investment experience

### Jason Hoyer, CFA

Co-Portfolio Manager

- Joined Reams Asset Management in 2015
- 20 years of investment experience

### Dimitri Silva, CFA

Co-Portfolio Manager

- Joined Reams Asset Management in 2021
- 16 years of investment experience

### Neil Aggarwal

Co-Portfolio Manager

- Joined Reams Asset Management in 2022
- 20 years of investment experience

### Performance Summary (USD)

	Ultra Low Duration Composite Gross	Ultra Low Duration Composite Net	ICE® BofAML® 9-12 Month U.S. Treasury Bill Index	Net Excess Return
Quarter	1.32%	1.28%	1.28%	0.00%
YTD	3.50%	3.38%	3.21%	0.17%
1 Year	4.41%	4.26%	3.87%	0.39%
3 Year	1.21%	1.06%	1.03%	0.03%
5 Year	1.84%	1.69%	1.65%	0.04%
7 Year	1.70%	1.55%	1.45%	0.10%
Since Inception	1.58%	1.43%	1.30%	0.12%

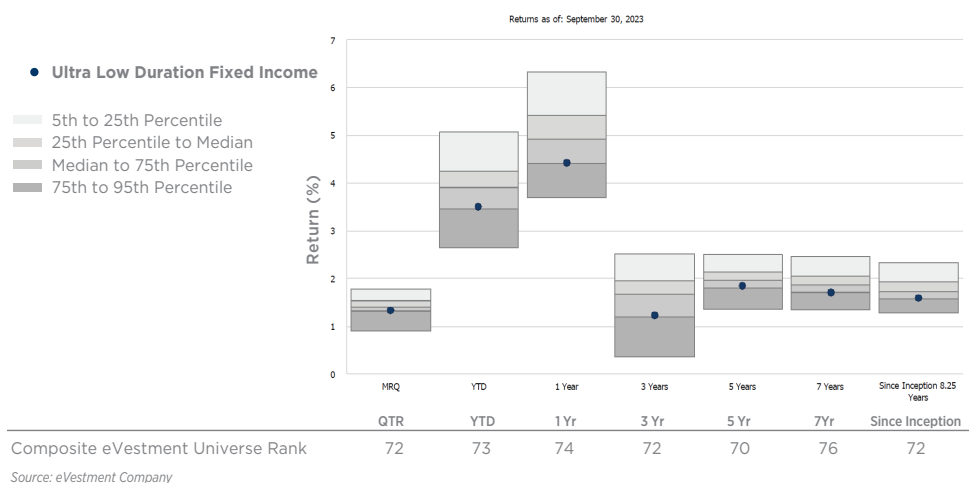
Inception Date: 6/1/2015

### Performance Attribution<sup>†</sup>

(Q3-2023)

Sector	Impact %
Duration Difference	0.01
Yield Curve Difference	-0.04
<b>Total Macro</b>	<b>-0.03</b>
Sector Selection	0.02
Security Selection	0.05
<b>Total Selection</b>	<b>0.07</b>
<b>Fees</b>	<b>-0.04%</b>

### Ultra Low Duration Fixed Income vs. eVestment U.S. Enhanced Cash Management Universe<sup>†</sup>



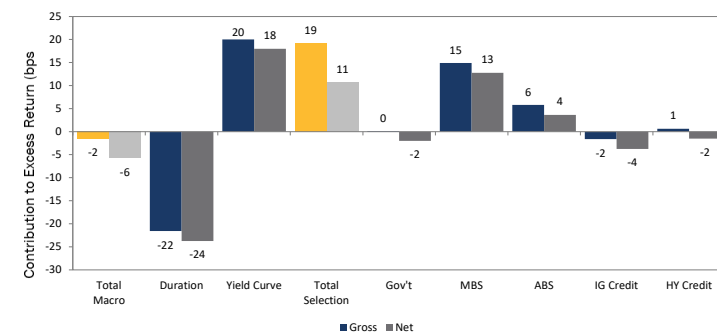
Ranking within eVestment US Enhanced Cash Management universe based on monthly returns gross of fees. Ranking data calculated on Oct. 19, 2023 (as of Sept. 30, 2023) and is subject to change as additional firms within the category submit data. Reams Asset Management pays an annual fee to eVestment to access their platform and to use their data, including peer group rankings, in marketing materials. Reams Asset Management does not pay for the ranking.

### Contributors and Detractors

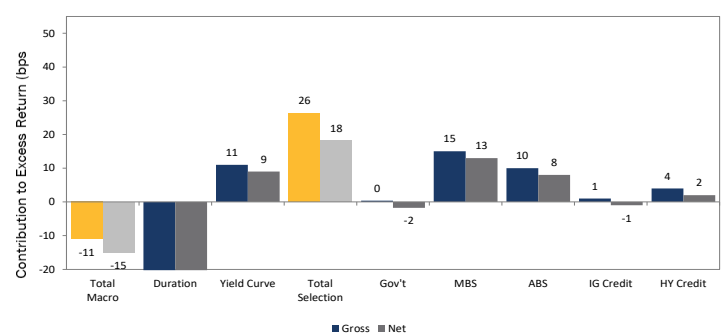
- Macro factors detracted due to yield curve positioning, which featured an underweight to the 0- to 1-year segment and non-index exposure to the 1- to 3-year segment. The strategy's below-index duration contributed and partially offset the negative impact of yield curve positioning.
- Sector allocation contributed due to non-index exposure to ABS and CMBS.
- Security selection contributed within the IG corporates sector.

### Sources of Excess Returns<sup>†</sup>

#### 3-Year Annualized



#### 5-Year Annualized



Attribution versus ICE® BofAML® 9-12 Month U.S. Treasury Bill Index. Indices do not reflect management fees or transaction costs. It is not possible to invest directly in an unmanaged index.

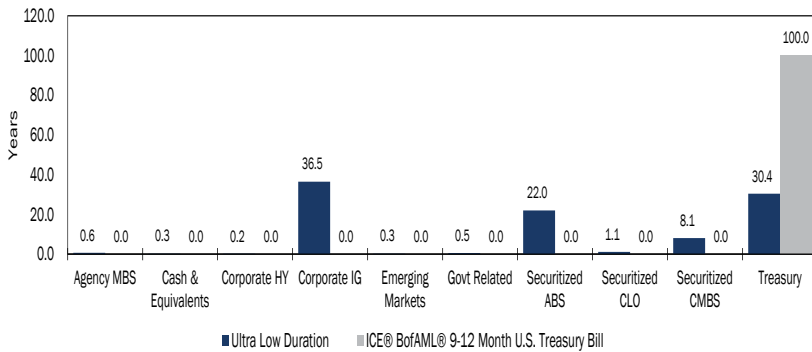
**Performance data quoted represents past performance. Past performance is no guarantee of future results.** Performance figures are stated as gross and net, which is calculated using the highest management fee of 0.15% for this strategy. The firm's management fees are detailed in its Form ADV Part 2A. Please see the Disclosures for further information. Totals may not equal due to rounding. Please see the back page for further information

Totals may not equal due to rounding.

<sup>†</sup>Based on Gross of Fee Performance

Please see the back page for further information.

Sector Allocation (%)



Portfolio Characteristics

	Ultra Low Duration	ICE® BofAML® 9-12 Month U.S. Treasury Index
Average Duration	0.8 years	0.8 years
Average Convexity	0.01	0.01
Average Yield to Worst	5.9%	5.4%
Average Maturity	0.9 years	0.9 years
Average Quality	Aa2	Aa1

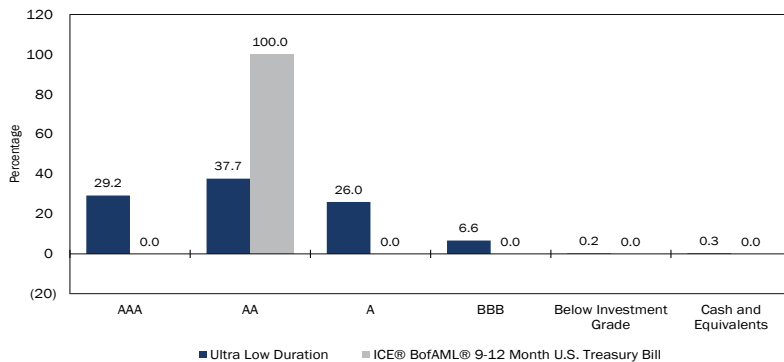
Contribution to Interest Rate Duration (Years)

	Ultra Low Duration	ICE® BofAML® 9-12 Month U.S. Treasury Bill Index
0-0.25yr	0.0	0.0
0.25-0.50yr	0.1	0.0
0.50-0.75yr	0.1	0.0
0.75-1.00yr	0.1	0.8
1.00-1.25yr	0.1	0.0
1.25-1.50yr	0.1	0.0
1.50yr+	0.3	0.0
<b>Total</b>	<b>0.8</b>	<b>0.8</b>

Contribution to Spread Duration (Years)

	Ultra Low Duration	ICE® BofAML® 9-12 Month U.S. Treasury Bill Index
Agency MBS	0.0	0.0
Cash & Equivalents	0.0	0.0
Corporate HY	0.0	0.0
Corporate IG	0.4	0.0
Emerging Markets	0.0	0.0
Govt Related	0.0	0.0
Non-Agency MBS	0.0	0.0
Securitized ABS	0.1	0.0
Securitized CLO	0.0	0.0
Securitized CMBS	0.0	0.0
Treasury	0.0	0.0
<b>Total</b>	<b>0.5</b>	<b>0.0</b>

Quality Allocation (%)



Sector and Quality Exposure may not sum to 100% in some cases. To the extent derivative instruments are held and shown at full notional, collateral will be assigned to its defined Sector or Quality Exposure. Cash & Equivalents may include securities with an effective duration less than one year and rated investment grade.

Positioning and Rationale

- Exposure to IG corporates increased during the third quarter and remained elevated, as short-maturity corporate valuations continued to be attractive. Corporate holdings were biased toward financials and, to a lesser extent, industrials.
- The allocations to ABS and CMBS both declined, while the weight in agency MBS was unchanged and remained at a low absolute level.
- The allocation to U.S. Treasuries declined slightly and continued to represent a significant underweight versus the index, to accommodate non-index exposures to IG corporates, ABS, and CMBS.
- Portfolio duration increased and ended the third quarter neutral versus the index.
- Yield curve exposure continued to feature an underweight to the 0- to 1-year segment and non-index exposure to the 1- to 3-year segment.

\*The bond quality ratings indicated are assigned by credit rating agencies Standard & Poor's, Moody's, and Fitch as an indication of an issuer's creditworthiness. Unless specified by client investment guidelines, the middle of three or highest of two credit quality ratings available from these rating agencies is used. Credit quality is subject to change. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the appropriateness of securities or the appropriateness of securities for investment purposes, and should not be relied on as investment advice.

The information provided is based on the aggregate characteristics of all securities held in a representative portfolio as of the date listed. The data provided in this report is for informational purposes only and should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the holdings discussed were or will prove to be profitable. Holdings may change daily and may vary among accounts. Data is obtained from third party sources and is believed to be accurate and reliable.

Please see the back page for further information.

### Firm Overview

Reams Asset Management, founded in 1981, is a fixed income investment management firm whose mission is to provide high-quality investment expertise and unmatched client service. We apply our consistent investment process across a range of strategies, seeking to take advantage of volatility and react opportunistically to price and valuation dislocation in the bond market. Reams offers clients customized solutions that seek to maximize risk-adjusted total returns over a full market cycle and across a range of fixed income strategies.

Reams Asset Management is a division of Scout Investments, which is a wholly owned subsidiary of Raymond James Investment Management. Raymond James Investment Management, which is itself a wholly owned subsidiary of Raymond James Financial, is a global asset-management company that combines the exceptional insight and agility of individual investment teams with the strength and stability of a full-service firm. Raymond James Investment Management's multi-boutique structure provides scalable business-support solutions to distinct and talented investment teams.

For more information about Reams Asset Management, please contact Matt Waz 415-308-1933.

### Product Overview

#### Investment Vehicles

Separate Accounts  
Commingled Funds  
Mutual Funds

#### Fixed Income Strategies

Core  
Core Plus  
Intermediate  
Long Duration  
Low Duration  
Ultra Low Duration  
Unconstrained

To learn more about Reams' products, visit [reamsasset.com](https://reamsasset.com).

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*The Ultra Low Duration Fixed Income Strategy invests primarily in investment grade securities, while maintaining an average portfolio duration of generally between 0.5 and 1.2 years. The ICE<sup>®</sup> BofAML<sup>®</sup> 9-12 Month U.S. Treasury Bill Index is an unmanaged index that tracks the performance of the direct Sovereign debt of the U.S. Government having a maturity of at least 9 months and less than 12 months. The eVestment U.S. Enhanced Cash Management Universe consists of U.S. fixed income products that invest primarily in high quality debt (as rated by Moody's or Standard & Poor's) while maintaining some exposure to lower quality securities in an effort to "enhance" returns. The expected benchmarks for this universe would include the ICE<sup>®</sup> BofAML<sup>®</sup> U.S. 3-Month T-Bill and the Citigroup 3-Month T-Bill. Managers in this category will typically indicate a "Fixed Income Style Emphasis" equal to Cash Management.*

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*The eVestment US Enhanced Cash Management universe consist of US currency focused (USD) Fixed Income products that primarily invest in ultra short, investment grade debt while maintaining some exposure to higher yielding securities or sectors to enhance returns. Common benchmarks include the FTSE 3-Month T-Bill and the ICE BofAML US 3-Month Treasury Bill.*

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# Ultra Low Duration Fixed Income Composite GIPS Report

Year End	Total Firm Assets (USD millions)	Composite Assets		Annual Performance Results					
		USD (millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	Composite Dispersion (%)	Composite 3-Yr Std Dev (%)	ICE <sup>®</sup> BofAML <sup>®</sup> 9-12 Month Treasury Bill Index	Index 3-Yr Std Dev (%)
2023 YTD	24,516	396	Five or fewer	3.50	3.38			3.21	
2022	26,355	151	Five or fewer	-0.25	-0.40	N.A.	0.87	-0.17	0.69
2021	31,030	346	Five or fewer	0.25	0.10	N.A.	0.62	0.03	0.61
2020	28,556	420	Five or fewer	2.04	1.88	N.A.	0.55	1.59	0.55
2019	25,163	251	Five or fewer	3.07	2.91	N.A.	0.30	2.93	0.36
2018	25,366	392	Five or fewer	2.10	1.95	N.A.	0.23	1.93	0.29
2017	26,887	391	Five or fewer	1.07	0.92	N.A.	N.A.	0.62	N.A.
2016	27,268	449	Five or fewer	1.16	1.01	N.A.	N.A.	0.69	N.A.
2015*	27,185	110	Five or fewer	0.26	0.23	N.A.	N.A.	0.08	N.A.

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

\* Results shown for the year 2015 represent partial period performance from June 1, 2015 through December 31, 2015

**Performance data quoted represents past performance. Past performance is no guarantee of future results.** Performance figures are stated as gross and net, which is calculated using the highest management fee of 0.15% for this strategy. The firm's management fees are detailed in its Form ADV Part 2A. Please see the Disclosures for further information. Totals may not equal due to rounding. Please see the back page for further information

**Compliance Statement** - Scout Investments claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS standards. Scout Investments has been independently verified by The Spaulding Group for the periods 2000-2022. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Ultra Low Duration Fixed Income Composite has had a performance examination for the periods 2015-2022. The verification and performance examination reports are available upon request. Prior to being acquired by Scout Investments, Reams Asset Management's compliance was verified for the period 1987 through 2009 by Ashland Partners & Company LLP. The verification and performance examination reports are available upon request. GIPS<sup>®</sup> is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

**Definition of the Firm** - Scout Investments, Inc. is a registered investment advisor that offers investment management services for both managed accounts and mutual funds. Scout Investments is a wholly owned subsidiary of Raymond James Investment Management, which is in turn a wholly owned subsidiary of Raymond James Financial. Reams Asset Management is a division of Scout Investments. The firm was previously defined as UMB Institutional Asset Management, a subsidiary of UMB Bank, which managed both institutional and high net worth, trust, and estate assets. On July 1, 2009 the firm transitioned from UMB Bank and became a subsidiary of UMB Financial Corporation in order to focus on institutional investment management. On November 30, 2010, the firm acquired the advisory business of Reams Asset Management, LLC. On December 28, 2010 the firm changed its name from Scout Investment Advisors to Scout Investments. On November 3, 2017, Scout Investments was acquired by Raymond James Investment Management.

**Composite Description** - Ultra Low Duration Fixed Income Composite Contains fully discretionary fixed income accounts and for comparison purposes is measured against the ICE BofA 9-12 Month U.S. Treasury Bill Index as a general market indicator. This composite generally invests in investment grade U.S. dollar denominated fixed income securities, including Treasury, agency, corporate, asset-backed and mortgage-backed sectors. The composite has a maximum duration of 1.2 years. The minimum account size for this composite is \$10 million. The Ultra Low Duration Fixed Income Composite was created June 1, 2016, and the inception date is June 1, 2015.

**Performance** - The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using highest management fee for this strategy. The internal composite dispersion presented is an equal-weighted standard deviation calculated for the fully discretionary, fee-paying accounts in the composite the entire year. The three-year annualized ex-post standard deviation, presented as a measure of volatility, measures the variability of the composite and the benchmark returns over the preceding 36-month period. Three-year annualized ex-post standard deviation of the composite and benchmark are not shown for periods where there were less than 36 months available. Gross returns were used to calculate the risk measures presented in this GIPS Report.

Returns presented are time-weighted returns and are based on fully discretionary accounts under management. Past performance is not indicative of future results.

## Fee Schedule -

Vehicle	Management Fee
Separate Account	.15% on first \$25M
	.125% on next \$25M
	.10% on next \$50M
	Fees negotiable over \$100M

Actual management fees incurred by clients may vary.

**Availability** - Lists of the firm's composite and limited distribution pooled fund descriptions, as well as a list of broad distribution pooled funds, are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.