

# Reams Asset Management Low Duration 1-3 Year

## Investment Philosophy

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

## Strategy Overview

- The standard benchmark is the ICE® BofAML® 1-3 Year U.S. Corp/Gov't. Index (other benchmarks may be utilized for separate accounts based on client-specific guidelines).
- Invest tactically across all sectors of the fixed income market including investment-grade and high yield credit, governments, agencies, mortgage-backed, asset-backed and non-US dollar.
- Actively manage overall portfolio duration based on market conditions, normally within a range of 1 to 3 years.
- May use derivative instruments such as futures, options and credit default swaps, if explicitly authorized by client guidelines, in order to gain exposure and manage risk

## Investment Process

### 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

- Actively rotate across sectors based on relative value and select individual 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

## Total Strategy Assets

\$1,322.09 million

## Portfolio Management Team

### Mark Egan, CFA

Lead Portfolio Manager

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

### Todd Thompson, CFA

Co-Portfolio Manager

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

### Clark Holland, CFA

Co-Portfolio Manager

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

### Jason Hoyer, CFA

Co-Portfolio Manager

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

### Dimitri Silva, CFA

Co-Portfolio Manager

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

### Neil Aggarwal

Co-Portfolio Manager

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

Performance Summary

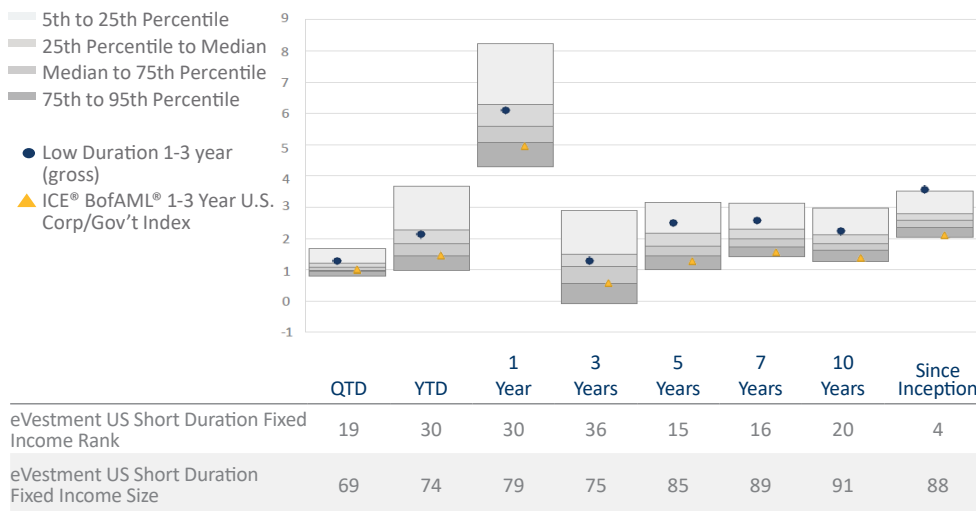
Trailing Period Performance (annualized for periods greater than 1 year)

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Low Duration 1-3 Year (gross)	1.24%	2.09%	6.08%	1.26%	2.47%	2.56%	2.20%	3.55%
Low Duration 1-3 Year (net)	1.19%	1.99%	5.87%	1.06%	2.27%	2.36%	2.00%	3.35%
ICE® BofAML® 1-3 Year U.S. Corp/Gov't Index	0.99%	1.45%	4.94%	0.55%	1.26%	1.55%	1.36%	2.09%
Excess Return (net)	0.20%	0.54%	0.93%	0.51%	1.01%	0.81%	0.64%	1.25%

Inception Date: July 1, 2003

Low Duration 1-3 year vs. eVestment U.S. Short Duration Fixed Income Universe<sup>†</sup>

Trailing Period Returns (as of June 30, 2024)



Source: Nasdaq eVestment

Ranking within eVestment US Short Duration Fixed Income universe based on monthly returns gross of fees. Ranking data calculated on July 30, 2024 (as of June 30, 2024) 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..

Performance Attribution<sup>†</sup>

Q2 2024 (gross of fees)

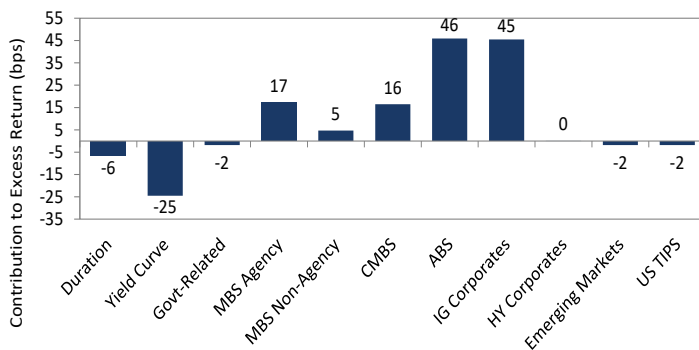
Source	Impact %
Duration Management	0.02
Yield Curve Positioning	-0.01
<b>Total Macro</b>	<b>0.01</b>
Sector Allocation	0.05
Security Selection	0.19
<b>Total Selection</b>	<b>0.24</b>
Fees	-0.05%

Contributors / Detractors

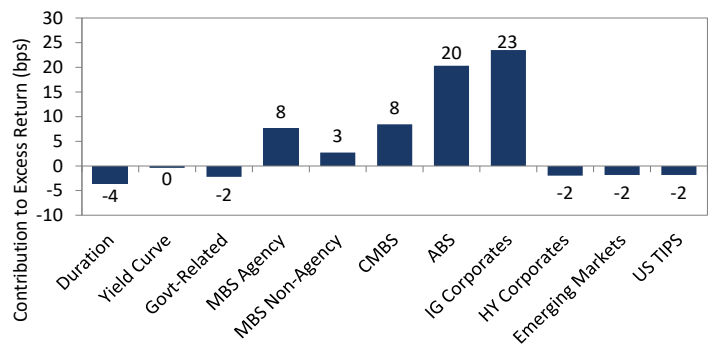
- A lower duration stance was a positive contributor to performance as the short end of the curve remained elevated while the curve steepened further out.
- Yield curve positioning had a marginally negative impact on performance.
- Sector allocation contributed due to an overweight to IG corporates. Shorter and intermediate maturities delivered excess returns.
- Non-index exposure to ABS and CMBS sectors was also additive as both delivered excess returns.
- Security selection was strong, particularly within ABS where high-quality auto rental and single-family rental issues performed well.
- The overweight to the financials sector in corporate credit also proved beneficial.
- Within MBS, incorporating lower-coupon securities was favorable for both agency and non-agency MBS.
- Security selection was also positive for CMBS.

Contribution to Excess Returns (Basis Points)

Trailing 1-Year Period (net of fees, annualized)



Trailing 3-Year Period (net of fees, annualized)



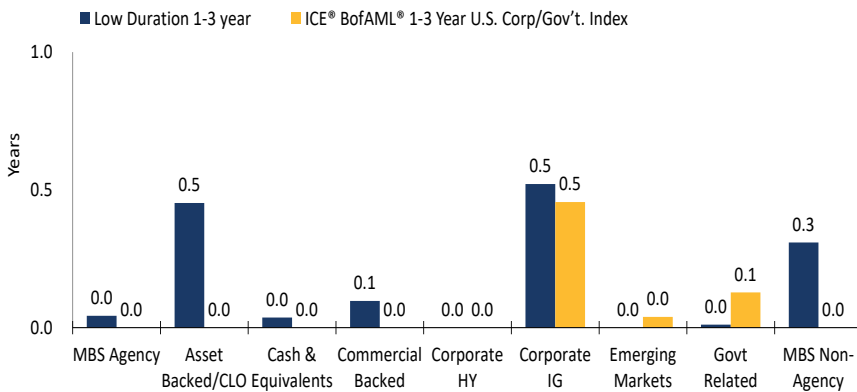
Performance data quoted represents past performance. Past performance is no guarantee of future results. Performance data quoted represents past performance. Past performance is no guarantee of future results. Performance figures are stated as gross and net, which is calculated using the highest management fee of 0.20% 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.

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

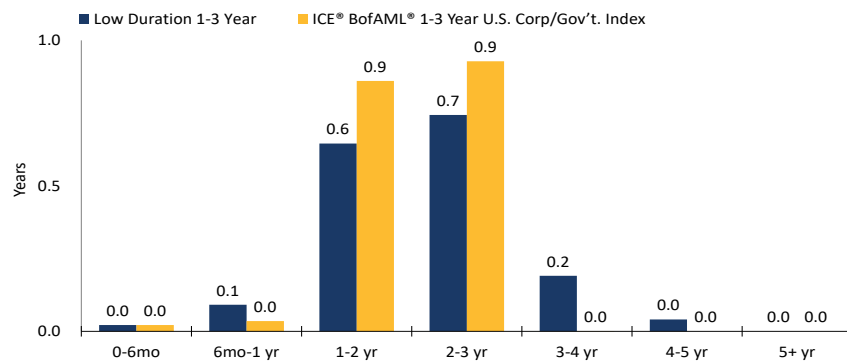
Please see the back page for further information.

## Portfolio Summary

### Contribution to Spread Duration (Years)



### Contribution to Interest Rate Duration (Years)



### Portfolio Characteristics

	Low Duration 1-3 Year	ICE® BofAML® 1-3 Year U.S. Corp/Gov't Index
Wtd. Avg. Duration	1.7 yrs	1.8 yrs
Wtd. Avg. Convexity	-0.03	0.04
Wtd. Avg. Yield to Worst	5.4%	5.0%
Wtd. Avg. Maturity	2.1 yrs	2 yrs
Wtd. Avg. Quality	Aa2	Aa2

### Sector Allocation (%)<sup>(1)</sup>

	Low Duration 1-3 Year	ICE® BofAML® 1-3 Year U.S. Corp/Gov't Index
Treasury	15.8	65.9
Govt Related	0.6	7.4
MBS Agency	1.5	0.0
MBS Non-Agency	12.8	0.0
Commercial Backed	7.4	0.0
Asset Backed/CLO	26.4	0.0
Corporate IG	29.3	24.6
Corporate HY	0.0	0.0
Emerging Markets	0.0	2.1
Cash & Equivalents	6.2	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Quality Allocation (%)<sup>(1)(2)</sup>

	Low Duration 1-3 Year	ICE® BofAML® 1-3 Year U.S. Corp/Gov't Index
AAA	46.8	3.6
AA	20.7	72.5
A	15.9	13.1
BBB	10.5	10.8
Below Investment Grade	0.0	0.0
Cash & Equivalents	6.2	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Positioning and Rationale

- Exposure to IG corporates declined slightly and remained overweight relative to the index.
- Non-index exposure to ABS increased and remained an area of focus; however, exposure to CMBS decreased slightly.
- Non-index exposure to both agency and non-agency residential mortgage-backed securities (RMBS) increased at the margin.
- The allocation to U.S. Treasuries declined and continued to represent a significant underweight versus the index, accommodating the overweight to IG corporates and non-index exposures to ABS, agency and non-agency MBS, and CMBS.
- Portfolio duration declined marginally and is just below that of the index.
- Yield curve exposure featured modest non-index exposure to the 0- to 1-year and 3- to 4-year duration segments, along with a commensurate underweight to the 1- to 2-year and 2- to 3-year duration segments.

(1)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.

(2)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 please visit [www.reamsasset.com](http://www.reamsasset.com).

## Product Overview

### Investment Strategies

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

### Investment Vehicles

Separate Accounts  
Commingled Funds  
Mutual Funds

## Primary Contact

### Matt Waz

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Raymond James Investment Management  
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e: [Matt.Waz@RJInvestmentManagement.com](mailto:Matt.Waz@RJInvestmentManagement.com)

The 1-3 Year Low Duration Fixed Income Strategy invests primarily in investment grade securities, while maintaining an average portfolio duration of generally between one and three years. The ICE<sup>®</sup> BofAML<sup>®</sup> 1-3 Year U.S. Treasury 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 1 year and less than 3 years. The eVestment U.S. Short Duration Fixed Income Universe consists U.S. fixed income products that invest primarily in high quality debt (as rated by Moody's or Standard & Poor's) with an emphasis on bonds with a short duration. The expected benchmarks for this universe would include the Bloomberg 1-3 Year Gov't/Credit, or Merrill Lynch US Treasuries 1-3 Yrs. Managers in this category will typically indicate a "Fixed Income Style Emphasis" equal to Gov't/Agency Only or Core and a "Product Duration Emphasis" equal to Short.

Historically, bonds have provided less volatility and less risk of loss of capital than has equity investing. However, there are many factors which may affect the risk and return profile of a fixed income portfolio. The two most prominent factors are interest-rate movements and the creditworthiness of the bond issuer. Investors should pay careful attention to the types of fixed-income securities which comprise their portfolio, and remember that, as with all investments, there is the risk of the loss of capital.

Mortgage- and Asset-Backed Securities are subject to prepayment risk and the risk of default on the underlying mortgages or other assets. Foreign investments present additional risks due to currency fluctuations, economic and political factors, government regulations, differences in accounting standards and other factors.

Bonds issued by the U.S. Government have significantly less risk of default than those issued by corporations and municipalities. However, the overall return on Government bonds tends to be less than these other types of fixed-income securities.

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# Reams Asset Management

## Low Duration 1-3 Year

### GIPS Report: Low Duration 1-3 Year Composite

Year End	Total Firm Assets (USD millions)	Composite Assets (USD millions)	Number of Accounts	Composite Gross Return (%)	Composite Net Return (%)	Composite Dispersion (%)	Composite 3-Yr Std Dev (%)	ICE® BofAML® 1-3 Year U.S. Corp/Gov't Index	Index 3-Yr Std Dev (%)
2024 YTD	26,083	1,322	18	2.09	1.99	N.A.		1.45	
2023	30,725	1,413	21	5.64	5.43	0.2	2.38	4.63	2.12
2022	26,355	1,463	23	-3.31	-3.51	0.2	2.55	-3.79	1.68
2021	31,030	1,694	27	-0.35	-0.55	0.1	1.86	-0.41	0.96
2020	28,556	1,611	26	6.86	6.65	0.6	1.77	3.34	0.95
2019	25,163	1,387	27	5.17	4.96	0.3	0.88	4.07	0.9
2018	25,366	1,808	29	1.68	1.48	0.1	0.8	1.63	0.8
2017	26,887	1,788	30	1.54	1.34	0.1	0.76	0.86	0.72
2016	27,268	1,853	32	2.09	1.89	0.2	0.77	1.28	0.73
2015	27,185	2,128	28	0.82	0.62	0.1	0.76	0.67	0.57
2014	31,187	2,169	24	1.21	1.01	0.1	1.09	0.78	0.49

**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 0.20% 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®) 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 2000-2023.

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 Low Duration 1-3 Year Government/Credit Fixed Income Composite has had a performance examination for the periods 2003-2023. The verification and performance examination reports are available upon request. 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.

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**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 Carillon Tower Advisers. On October 1, 2022, Carillon Tower Advisers began doing business as Raymond James Investment Management.

**Composite Description** - Low Duration 1-3 Year Government/Credit Fixed Income Composite contains fully discretionary fixed income accounts and for comparison purposes is measured against the ICE BofA 1-3 Year U.S. Corporate/Government 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 permits limited exposure to below investment grade securities as well as non-U.S. dollar denominated securities and has a minimum duration range of +/- 20% around the benchmark. Prior to January 1, 2013, the composite did not include commingled fund accounts. The minimum account size for this composite is \$5 million. The Low Duration 1-3 Year Government/Credit Fixed Income Composite was created May 1, 2012, and the inception date is July 1, 2003.

**Additional Details** - Reams defines a derivative as an instrument or contract whose value is derived from the performance of an underlying financial asset, index or obligation. Derivatives are employed infrequently, yet opportunistically, when a strategy is unavailable or not cost effective through the cash market. Derivatives used are strictly constrained by client investment policy.

In the Low Duration 1-3 Year Government/Credit Fixed Income strategy, Credit Default Swaps (CDS) are used as substitutes for cash bonds and do not introduce leverage into the portfolios. Index products (CDX) are used for efficient, diversified exposure to the high yield and investment grade markets.

**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 for the strategy is calculated using the highest applicable management fee for a prospective composite client in a separately managed account. The annualized fee for this composite is 0.20%. One-fourth of the annual fee is deducted from the composite gross monthly returns in January, April, July, and October. 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	.20% on first \$50M .15% 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.