

# 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<sup>®</sup> BofAML<sup>®</sup> 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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\$477.5 million

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## Portfolio Management Team

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### Mark Egan, CFA

Lead Portfolio Manager

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

### Stephen Vincent, CFA

Co-Portfolio Manager

- Joined Reams Asset Management in 1994
- 31 years of investment experience

### Todd Thompson, CFA

Co-Portfolio Manager

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

### Clark Holland, CFA

Co-Portfolio Manager

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

### Jason Hoyer, CFA

Co-Portfolio Manager

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

### Dimitri Silva, CFA

Co-Portfolio Manager

- Joined Reams Asset Management in 2021
- 15 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	0.89%	0.85%	0.64%	0.21%
YTD	-0.25%	-0.40%	-0.17%	-0.23%
1 Year	-0.25%	-0.40%	-0.17%	-0.23%
3 Year	0.67%	0.52%	0.48%	0.04%
5 Year	1.43%	1.28%	1.26%	0.02%
7 Year	1.34%	1.19%	1.08%	0.11%
Since Inception	1.27%	1.12%	1.01%	0.11%

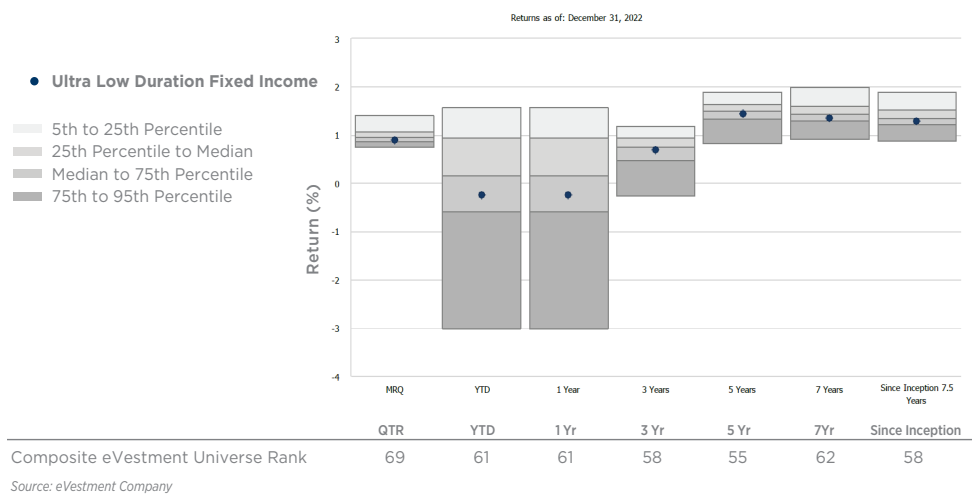
Inception Date: 6/1/2015

Performance Attribution<sup>†</sup>

(Q4-2022)

Sector	Impact %
Duration Difference	-0.07
Yield Curve Difference	0.13
<b>Total Macro</b>	<b>0.07</b>
Sector Selection	0.15
Security Selection	0.03
<b>Total Selection</b>	<b>0.18</b>
Fees	-0.04%

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

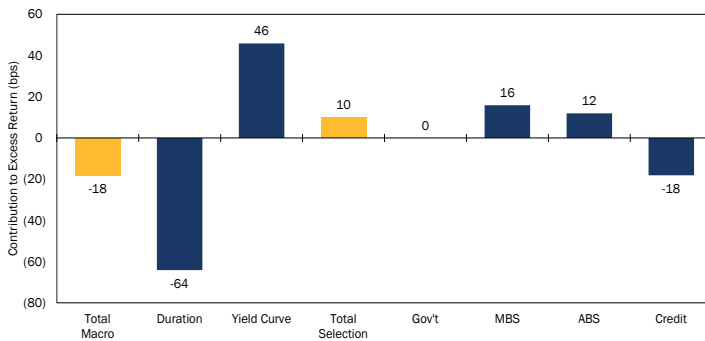


Contributors and Detractors

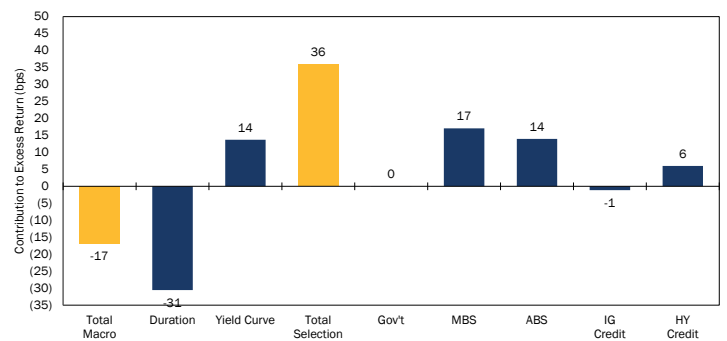
- Macro factors contributed due yield curve positioning that featured an underweight to the 0- to 1-year segment and non-index exposure to the 1- to 3-year segment, as rates at the very front end of the curve rose sharply during the fourth quarter. A slightly above-index duration stance detracted.
- Sector allocation contributed due to non-index exposure to investment-grade (IG) corporates, commercial mortgage-backed securities (CMBS), and asset-backed securities (ABS).
- The non-index allocation to agency mortgage-backed securities (MBS) detracted despite the sector outperforming, as negative security selection within the MBS sector outweighed the positive sector allocation impact.
- Security selection contributed within the IG corporates sector.

Sources of Excess Returns<sup>†</sup>

1-Year Annualized



3-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.

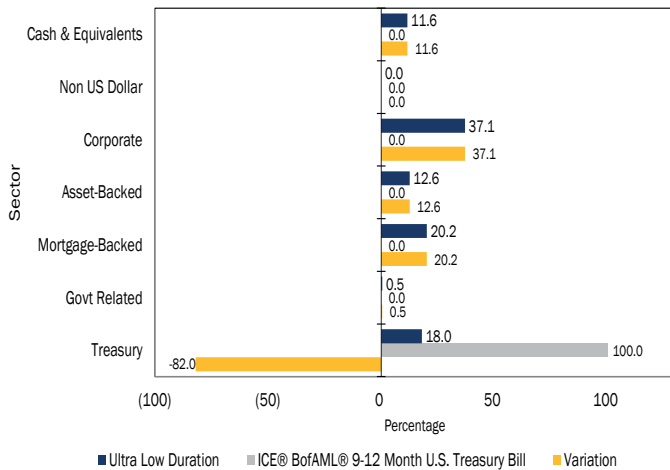
Performance data quoted represents past performance. Past performance is no guarantee of future results. Performance figures are in U.S. Dollars and assume reinvested income for the entire period. Returns for periods less than one year are not annualized. Performance figures stated gross of fees do not reflect the deduction of management fees. Net performance is calculated after deducting a fee that represents the highest fee charged to any account in the composite. Performance results of clients would be reduced by the firm's management fees. For example, an account with a compounded annual total return of 10% would have increased by 159% over 10 years. Assuming an annual management fee of .30%, this increase would be 152%. The firm's management fees are detailed in its Form ADV Part 2A.

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 Bill Index
Average Duration	0.9 years	0.9 years
Average Convexity	0.01	0.01
Average Yield to Worst	5.2%	4.6%
Average Maturity	1 years	0.9 years
Average Quality	Aa2	Aaa

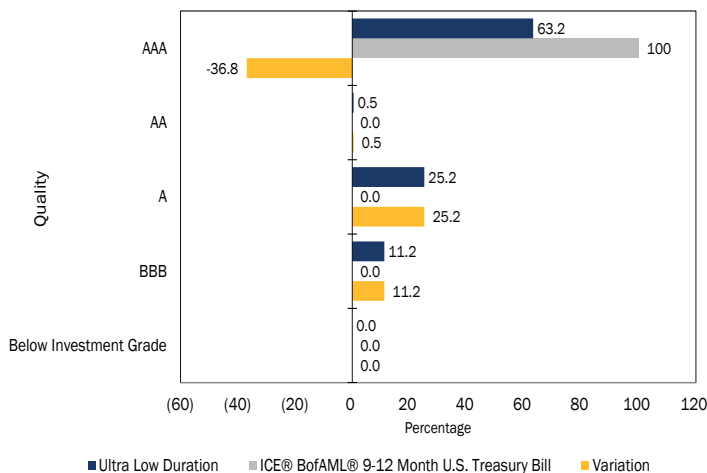
Duration Distribution (Years)

	Ultra Low Duration	ICE® BofAML® 9-12 Month U.S. Treasury Bill Index
0 - 1 Yr.	0.4	0.0
1 - 2 Yrs.	0.4	0.9
2+ Yrs.	0.0	0.0
<b>Total</b>	<b>0.9</b>	<b>0.8</b>

Spread Duration (Years)

	Ultra Low Duration	ICE® BofAML® 9-12 Month U.S. Treasury Bill Index
Govt Related	0.0	0.0
Mortgage-Backed	0.1	0.0
Asset-Backed	0.1	0.0
Corporate	0.4	0.0
Non US Dollar	0.0	0.0
<b>Total</b>	<b>0.6</b>	<b>0.0</b>

Quality Allocation (%)



Positioning and Rationale

- Exposure to IG corporates increased slightly quarter over quarter and remained elevated, as valuations continued to be attractive. Corporate holdings were biased toward financials, with reduced exposure to utilities during the fourth quarter.
- The allocation to agency MBS increased, while the allocation to CMBS declined slightly quarter over quarter. Despite the recent increase in agency pass-throughs, MBS holdings continued to favor multi-family agency securities and other well-structured CMBS.
- The ABS weight declined, and holdings favored high-quality auto loan and rental fleet collateral.
- The allocation to U.S. Treasuries declined quarter over quarter and continued to represent a significant underweight, to accommodate non-index exposures to IG corporates, MBS, CMBS, and ABS.
- Portfolio duration was unchanged and ended the fourth quarter equal to that of the index.

\*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.

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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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# 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* BofAML® 9-12 Month Treasury Bill Index	Index 3-Yr Std Dev (%)
2022	21,392	151	Five or fewer	-0.25	-0.40	N.A.		-0.17	
2021	31,022	346	Five or fewer	0.25	0.14	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

**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 2000-2021. 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 2015-2021. 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® 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.