

# Reams Unconstrained Strategy

## 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

- Not managed against a traditional fixed income index, but for performance comparison purposes the benchmarks are the ICE BofA US 3-Month Treasury Index and ICE® BofA US Dollar 3-Month Deposit Offered Rate Constant Maturity Index<sup>†</sup>.
- 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-dollar.
- Targeted annual return through a full market cycle of LIBOR plus 300 basis points per annum, while also seeking to minimize the probability of a negative absolute return in any calendar year. In times of higher volatility, the targeted annual return will increase in proportion to the number and magnitude of relative value opportunities.
- Actively manage overall portfolio duration based on market conditions, normally within a range of -3 to 8 years.
- May use derivative instruments such as futures, options and credit default swaps in order to gain exposure and manage risk.
- Seeks to maximize risk-adjusted total return by systematically pursuing relative value opportunities throughout all sectors of the fixed income market.

## 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

- 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

## Total Strategy Assets

\$5,202.9 million

## Portfolio Management Team

### 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

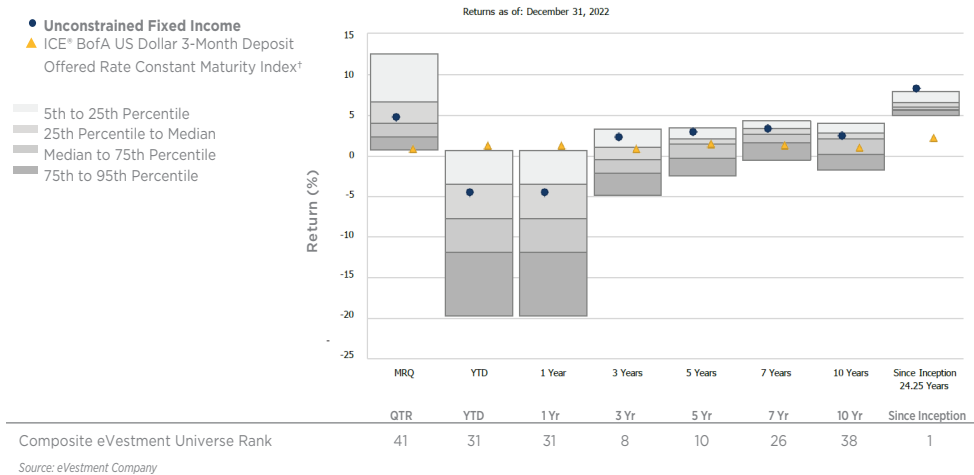
<sup>†</sup>The ICE BofA US Dollar 3-Month Deposit Offered Rate Constant Maturity Index was formerly called the BofA Merrill Lynch 3-Month LIBOR Constant Maturity Index.

Performance Summary (USD)

	Unconstrained Composite Gross	Unconstrained Composite Net	ICE* BofA US 3-Month Treasury Index	ICE* BofA US Dollar 3-Month Deposit Offered Rate Constant Maturity Index*
Quarter	4.67%	4.57%	0.84%	0.82%
YTD	-4.55%	-4.93%	1.46%	1.22%
1 Year	-4.55%	-4.93%	1.46%	1.22%
3 Year	2.27%	1.86%	0.72%	0.82%
5 Year	2.88%	2.47%	1.26%	1.43%
7 Year	3.30%	2.89%	1.07%	1.27%
10 Year	2.45%	2.04%	0.76%	0.96%
Since Inception	8.28%	7.85%	1.83%	2.17%

Inception Date: 8/1/1998

Unconstrained Fixed Income vs. eVestment Global Unconstrained Fixed Income Universe†



Performance Attribution†

(Q4-2022)

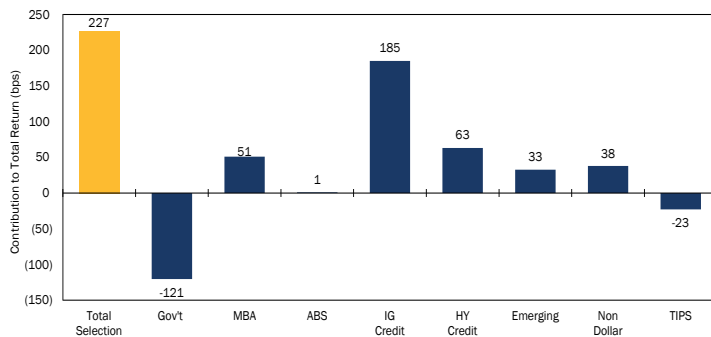
Sector	Total Impact %
ABS	0.15
CMBS	0.03
High Yield (HY)	1.61
Investment Grade (IG)	1.00
Government Related	0.02
MBS	0.39
Non-U.S. Dollar	0.78
TIPS	0.08
U.S. Treasury	0.62
<b>Total Selection</b>	<b>4.67</b>
<b>Fees</b>	<b>-0.10%</b>

Contributors and Detractors

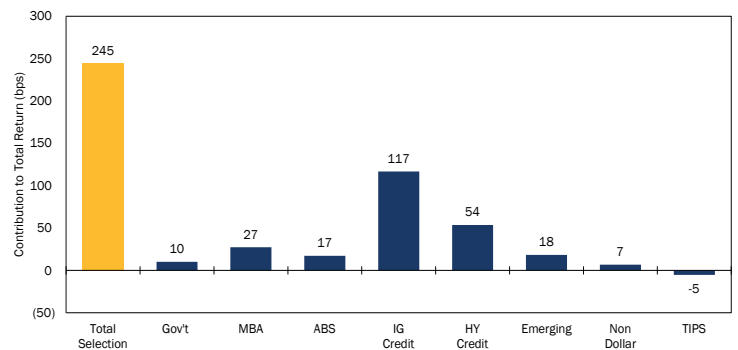
- The largest contributor was exposure to high-yield (HY) corporate bonds, which experienced significant spread tightening during the fourth quarter.
- The allocation to investment-grade (IG) corporate bonds was also a meaningful contributor due to moderately tighter spreads.
- Exposure to non-U.S. currencies contributed, as the U.S. dollar weakened during the fourth quarter against most major currencies.
- The U.S. Treasury sector contributed due to the modest decline in rates in the 3- to 5-year segment of the curve, along with tactical curve positioning via U.S. Treasury futures.
- The allocation to agency mortgage-backed securities (MBS) contributed, as the sector recovered following significant underperformance during the first three quarters of 2022.
- Allocations to asset-backed securities (ABS), U.S. Treasury Inflation-Protected Securities (TIPS), commercial mortgage-backed securities (CMBS), and government-related bonds all contributed a small amount.

Sources of Total Returns†

3-Year Annualized



10-Year Annualized



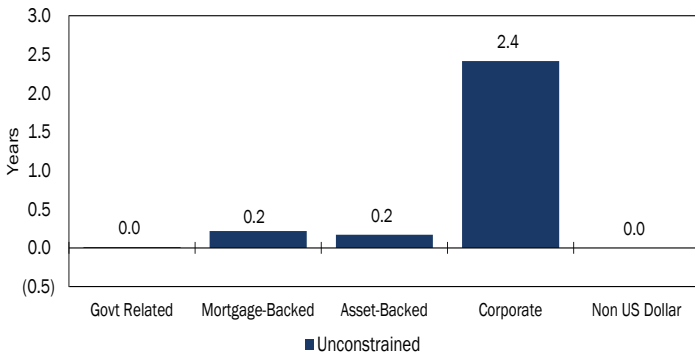
\*The ICE BofA US Dollar 3-Month Deposit Offered Rate Constant Maturity Index was formerly called the BofA Merrill Lynch 3-Month LIBOR Constant Maturity Index.

†Based on Gross of Fee Performance

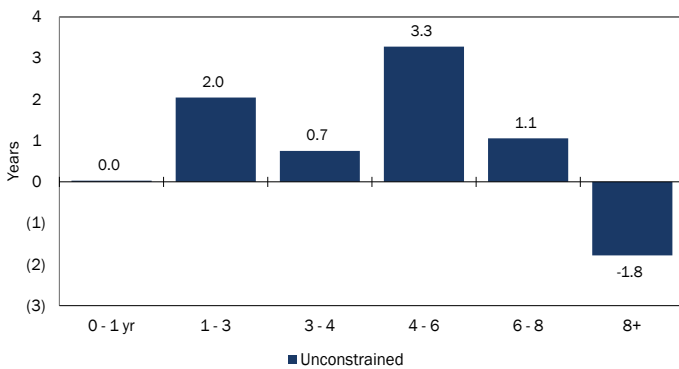
Performance data quoted represents past performance. Past performance is no guarantee of future results. Performance figures are in U.S. Dollars and assume reinvested income for the entire period. Returns for periods less than one year are not annualized. Performance figures stated gross of fees do not 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.

Please see the back page for further information.

Spread Duration



Contribution to Average Duration



Portfolio Characteristics

	Unconstrained
Average Duration	5.4 years
Average Convexity	0.28
Average Yield to Worst	5.8%
Average Maturity	5.4 years
Average Quality	A1

Sector Allocation (%)

	Unconstrained
Treasury	40.0
Gov't Related	0.1
Mortgage-Backed	4.3
Asset-Backed	6.2
Corporate	43.7
Non US Dollar	0.0
Cash & Equivalents	5.8
<b>Total</b>	<b>100%</b>

Quality Allocation (%)\*

	Unconstrained
AAA	54.9
AA	1.5
A	17.4
BBB	8.9
Below Investment Grade	17.3
<b>Total</b>	<b>100%</b>

Positioning and Rationale

- The weight in IG corporates increased modestly quarter over quarter, but the allocation to HY corporates was reduced following meaningful spread tightening during the fourth quarter.
- IG corporate holdings favored intermediate-maturity financials and industrials, while the remaining exposure to HY corporates was broad-based with no significant industry biases.
- The allocation to agency MBS declined and reached a low absolute level by the end of the fourth quarter. The weights in ABS and CMBS both increased but remained at modest absolute levels.
- Exposure to non-U.S. dollar currencies declined during the fourth quarter following U.S. dollar weakness.
- The allocation to U.S. Treasuries increased slightly quarter over quarter.
- Portfolio duration increased quarter over quarter and remained above the neutral range for the strategy, as real rates continued to be attractively valued.
- The strategy maintained a modest bullet structure with a concentration in the 3- to 5-year segment of the curve and minimal exposure to the 15+ 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 Contribution to Duration chart displays the Strategy's overall duration and the contribution to overall duration by each security type within the portfolio for the past three years.

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](http://reamsasset.com).

*The ICE BofA US 3-Month Treasury Index measures the performance of a single issue of outstanding treasury bill which matures closest to, but not beyond, three months from the rebalancing date. The issue is purchased at the beginning of the month and held for a full month; at the end of the month that issue is sold and rolled into a newly selected issue.*

*The ICE BofA US Dollar 3-Month Deposit Offered Rate Constant Maturity Index (formerly called the BofA Merrill Lynch 3-Month LIBOR Constant Maturity Index) is based on the assumed purchase of a synthetic instrument having 3 months to maturity and with a coupon equal to the closing quote for 3-Month LIBOR. That issue is sold the following day (priced at a yield equal to the current day closing 3-Month LIBOR rate) and is rolled into a new 3-Month instrument. The index, therefore, will always have a constant maturity equal to exactly 3 months.*

*The Bloomberg U.S. Universal Index represents the union of the U.S. Aggregate Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, and the non-ERISA portion of the CMBS Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index.*

*The Bloomberg U.S. Corporate Investment Grade Index is publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.*

*The Bloomberg U.S. Aggregate Index measures the performance of the investment grade, fixed-rate taxable bond market.*

*The Standard & Poor 500® Index (S&P 500®) is an unmanaged capitalization-weighted index (weighted by the market value of the companies) of 500 stocks listed on various exchanges.*

*The Dow Jones/Credit Suisse Hedge Fund Index is an asset-weighted benchmark that measures hedge fund performance and seeks to provide the most accurate representation of the hedge fund universe.*

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*The Unconstrained Fixed Income Composite invests in all sectors of the fixed income markets, including investment grade securities, high yield securities and foreign securities. The composite can maintain a portfolio duration of any length. The Unconstrained Fixed Income Composite may invest in derivatives, including credit default swaps and related instruments, such as credit default swap index products. These derivative securities may be used to enhance returns, increase liquidity and/or gain exposure to certain instruments in the market (such as the corporate bond market) in a more efficient or less expensive way.*

*The composite may also invest in interest rate derivatives to manage duration and yield curve exposure and in currency forwards to hedge currency exposure when Reams chooses to establish positions in non-U.S. Dollar bonds. Derivatives used are strictly constrained by client investment policy.*

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**SR23-0027 Exp. 05/15/2023**

# Unconstrained Fixed Income Composite GIPS Report

Year End	Total Firm Assets (USD millions)	Composite Assets		Annual Performance Results				LIBOR Index (supplemental info)	Index 3-Yr Std Dev (%) (supplemental info)
		USD (millions)	Number of Accounts	Composite Gross (%)	Composite Net (%)	Composite Dispersion (%)	Composite 3-Yr Std Dev (%)		
2022	21,392	5,229	7	-4.55	-4.93			1.22	
2021	31,022	6,252	7	0.13	-0.27	0.1	3.99	0.17	0.35
2020	28,556	4,656	7	11.90	11.46	0.5	4.07	1.08	0.28
2019	25,163	4,606	7	6.79	6.37	0.1	1.74	2.60	0.20
2018	25,366	5,153	8	0.90	0.50	0.0	2.57	2.08	0.19
2017	26,887	6,183	9	2.63	2.23	0.1	3.01	1.11	0.11
2016	27,268	6,553	9	6.10	5.68	0.4	3.26	0.66	0.06
2015	27,185	5,994	9	0.51	0.11	0.3	2.70	0.23	0.02
2014	31,187	6,509	8	-3.44	-3.82	N.A.	5.97	0.23	0.04
2013	31,171	4,404	Five or fewer	4.53	4.11	N.A.	8.36	0.29	0.04
2012	23,570	116	Five or fewer	29.95	29.44	N.A.	8.99	0.51	0.06

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

**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 Unconstrained Fixed Income Composite has had a performance examination for the periods 2002-2021. 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** - Unconstrained Fixed Income Composite contains fully discretionary fixed income accounts that seek to maximize risk-adjusted total return by systematically pursuing relative value opportunities throughout all sectors of the fixed income market, including investment grade and high yield credit, governments, agencies, mortgage backed, asset-backed, emerging market, and non-dollar securities. Given the relative value and "best ideas" strategy, the composite is not managed against a benchmark. Average portfolio duration is generally between negative three and positive eight years. Effective October 1, 2007 the name of the High Yield Fixed Income Composite was changed to the Absolute Return Fixed Income Composite. Effective January 1, 2011 the name of the Absolute Return Fixed Income Composite was changed to the Unconstrained Fixed Income Composite. Prior to January 1, 2013, the composite did not include commingled fund accounts. The minimum account size for this composite is \$500 thousand. Prior to January 1, 2006, the minimum account size was \$20 million and prior to January 1, 2002, the minimum account size was \$10 million. The Unconstrained Fixed Income Composite was created August 1, 1998, and the inception date is August 1, 1998.

**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 used are strictly constrained by client investment policy.

Accounts in the Unconstrained Composite strategy may invest without limitation in derivative instruments, such as options, futures contracts (including interest rate futures contracts), currency forwards or swap agreements (including credit default swaps). The accounts' investment in credit default swap agreements may include both single-name credit default swap agreements and credit default swap index products, such as CDX index products. The use of these derivative transactions may allow the account to obtain net long or short exposures to select currencies, interest rates, countries, duration or credit risks. These derivatives may be used to enhance returns, increase liquidity and/or gain exposure to certain instruments or markets (i.e., the corporate bond market) in a more efficient or less expensive way.

**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 the 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 Composite 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	Expense Ratio
Separate Account	.40% on first \$150M	N/A
	.30% on next \$150M	
	Fees negotiable over \$300M	
Limited Distribution Pooled Fund	.40% on first \$50M	All expenses of the fund, other than management fees, are borne by the manager. The annual expense ratio is 0.27% and is equal to the sum of quarterly management fees divided by prior quarter-end AUM.
	.30% 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.