

## Who We Are

Boyd Watterson Asset Management, LLC is an SEC-registered investment advisory firm with \$19.7 billion of assets under management\*. For 90+ years, we have successfully managed a broad range of fixed income and equity strategies for institutions and individuals alike. With a focus on the management of money and a dedication to the satisfaction of our clients' expectations, we offer the benefits of a boutique firm but with the resources usually attributable to much larger asset-management companies.

## Our Philosophy and Process

Our fixed income philosophy is centered on our belief that over time, active management may consistently generate excess returns and enhance risk-reward tradeoffs. We believe this is best achieved by taking a more strategic view of macroeconomic and market factors and coupling them with a value-driven decision-making process and the rigorous application of risk-management controls.

Our process focuses on four key sources of excess return or "alpha-drivers" as follows:

- Duration Management
- Sector Allocation
- Yield Curve Positioning
- Security Selection

For each alpha driver, there are specific fundamental factors, momentum indicators, and valuation measures which are analyzed. These sources of alpha are then combined and weighted depending upon product type and scope of the client mandate.

At all stages of the portfolio construction process, risks are identified, measured, and managed as part of the portfolio construction process, which seeks to ensure the desired risk levels are maintained. This is a highly disciplined, team-managed approach which remains fully invested in what we believe to be attractively valued sectors and securities.

## The Boyd Watterson Value Proposition

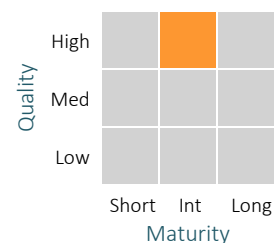
- Time-tested philosophy and investment process
- Disciplined, fundamental research-based culture
- Balanced investment approach - top down/bottom up
- Transparent portfolio implementation
- Experienced, tenured team of investment professionals
- Client-oriented benefits of a boutique firm

## Objective

Investment Grade Core SMA is a well-diversified†, broad market strategy that seeks to generate attractive risk-adjusted returns through a multi-sector approach.

- High levels of current income
- Highly diversified across sectors and issuers
- Expected return volatility at or below benchmark levels
- Attractive levels of risk-adjusted return over time

## Style Facts



**Eligible Securities:** Baa3/BBB- or better at purchase  
**Maturity:** 1 - 30 Year Securities  
**Duration Range:** +/- 25% of Benchmark  
**Benchmark:** Bloomberg Aggregate

|                                | Portfolio Characteristics** | Benchmark*** |
|--------------------------------|-----------------------------|--------------|
| Average Yield to Maturity/Call | 4.78%                       | 4.72%        |
| Average Effective Coupon       | 3.99%                       | 3.76%        |
| Average Maturity               | 8.58 Years                  | 8.32 Years   |
| Average Duration               | 6.11 Years                  | 5.92 Years   |
| Average Quality                | AA-                         | AA           |

|                 | Sector Allocation** | Benchmark*** |
|-----------------|---------------------|--------------|
| Treasuries      | 32%                 | 46%          |
| Agencies        | -                   | 1            |
| Mortgage Backed | 30                  | 24           |
| Corporate       | 37                  | 24           |
| Municipal       | -                   | -            |
| CMBS            | -                   | 1            |
| ABS             | -                   | -            |
| Preferreds      | -                   | -            |
| Other           | 2                   | 3            |

\* Figure includes real estate assets managed in separately managed accounts and advisory-only unified managed accounts (UMA). SEC registration does not constitute an endorsement of the Firm by the SEC nor does it indicate that the Firm has a particular level of skill or ability.  
 \*\* Based on the model portfolio.  
 \*\*\* Source: Capital Management Sciences.

† Diversification does not protect against losses.