

# HIGH QUALITY INTERMEDIATE ▼

## STRATEGY HIGHLIGHTS

The strategy takes a risk-controlled approach that seeks to add value through security selection and yield curve management. We favor traditional low-volatility mortgage and asset-backed securities because of their historical substantial yield premium versus Treasury and agency notes. Credit quality is limited to 'A' or better.

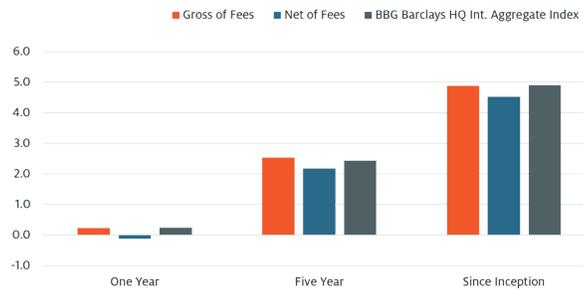
### Key Stats

Asset Class:	US Fixed Income
Inception Date:	January 1, 1992
Average Credit Quality:	AAA
Non-AAA Exposure:	2.6%
Yield to Maturity:	0.9%
Modified Duration (years):	3.6
Average Maturity (years):	3.9
Duration Target:	+5%   -20%

<b>CORRELATION TO STOCKS</b>	Negative
<b>SECTOR EMPHASIS</b>	Securitized Bonds Underweight Credit
<b>ULTRA HIGH CREDIT QUALITY</b>	<b>98%</b> 'AAA' & Government

## PERFORMANCE ANALYSIS Investment Performance (%)

as of March 31, 2021



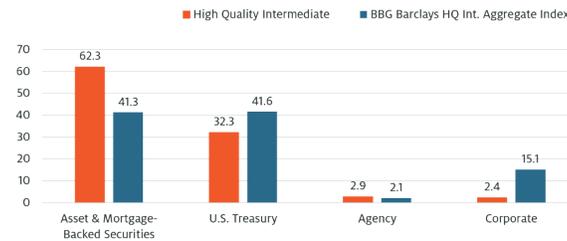
Period	Gross of Fees (%)	Net of Fees (%)	BBG Barclays HQ Int. Aggregate Index (%)
High Quality Intermediate (Gross)	-1.36	0.22	3.99
High Quality Intermediate (Net)	-1.45	-0.12	3.63
BBG Barclays HQ Int. Aggregate Index	-1.54	0.23	3.98

Periods greater than one year are annualized. Inception date is 1/1/92.

[GIPS DISCLOSURE](#)

## EMPHASIS ON SECURITIZED SECTORS Sector Allocation (%)

as of March 31, 2021



Cash allocation included in U.S. Treasury. Percentages based on weighted average of composite portfolios.

## PORTFOLIO CORRELATION Correlations to S&P 500

as of March 31, 2021

Period	High Quality Intermediate	BBG Barclays HQ Int. Aggregate Index
3-Year	-0.58	-0.15
5-Year	-0.45	-0.09
7-Year	-0.41	-0.08
10-Year	-0.45	-0.22

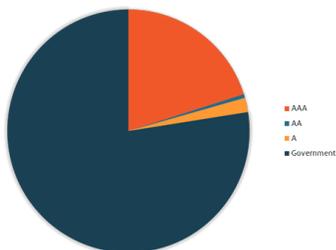
15-Year	-0.47	-0.21	0.10	0.36	0.65	0.79
20-Year	-0.52	-0.30	-0.02	0.22	0.62	0.77
Since Inception	-0.31	-0.19	0.00	0.19	0.53	0.69

Correlation describes the strength and direction of the relationship between two sets of returns. Ranging from +1 to -1, positive correlation indicates that compared returns tend to move in the same direction, negative correlation indicates that compared returns tend to move in the opposite direction. Asset classes represented by: Broad Market – BBG Barclays Aggregate Index (US investment grade 7-year rate debt); Global – BBG Barclays Global Aggregate Index (global investment grade 7-year income markets); Credit – BBG Barclays Credit Index (publicly-issued US corporate and spec 7-year foreign debentures); Emerging Market – BBG Barclays USD denominated debt from sovereign, quasi-sovereign and corporate EM issuers; High Yield – BBG Barclays US High Yield Index (7-year rate, non-investment grade debt).

## EMPHASIS ON HIGHEST QUALITY ISSUES

### Credit Quality\*

as of March 31, 2021



### Investment Background

- 25+ years managing high-quality bonds
- \$329 million in Intermediate strategy assets
- Focus on securitized debt instruments
- Custom portfolio tailored to investment needs

## PORTFOLIO MANAGEMENT



**Jim Womack, CFA**

Portfolio Manager

[SEE BIO](#)



**Brad Buie, CFA**

Portfolio Manager

[SEE BIO](#)



**Kyle Johns, CFA**

Portfolio Manager

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## STRATEGY DOCUMENTS

### Fact Sheet

High Quality Intermediate

March 31, 2021

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### Fixed Income Market Review

March 31, 2021

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\*Source: eVestment. Percentages may not sum to 100 due to rounding. Cash allocation included in Government weighting, which includes government debentures and mortgage securities. Percentages based on weighted average of composite portfolios.

Average Credit Quality calculated as of quarter-end by Atlanta Capital. The Strategy's overall average portfolio credit quality is not assigned by an independent credit agency. Rather, it is calculated by the investment adviser by determining the average credit quality of the Strategy's investments (including cash held in government money market funds) based on their market value. If individual securities within the portfolio are rated differently by the independent credit agencies, the higher rating is used to calculate the average portfolio credit quality. Unrated securities are included based on internally assigned ratings. Average credit quality may change over time.

Ratings are based on Moody's, S&P or Fitch, as applicable. Credit ratings are based largely on the rating agency's investment analysis at the time of rating and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. The rating assigned to a security by a rating agency does not necessarily reflect its assessment of the viability of a security's market value or of the liquidity of an investment in the security. If securities are rated differently by the rating agencies, the higher rating is applied. Ratings of BBB or higher by Standard and Poor's or Fitch (Baa or higher by Moody's) are considered to be investment grade quality.

Important Additional Information and Disclosures. This information is intended for use by institutional investors only and may not be suitable for all investors. This information is for illustrative purposes only and should not be considered investment advice or a recommendation to purchase or sell any specific security or invest in a specific strategy. The material is based upon information that Atlanta Capital considers to be reliable, however no assurances are provided and Atlanta Capital has not sought to independently verify information taken from public and third party sources. Composite characteristics are based on a weighted average of composite portfolios; actual security holdings and allocations may vary for each client based on client guidelines. There is no guarantee that a particular client's account will match the results shown.

The High Quality Intermediate Composite includes all fully discretionary separate accounts and the 7-year plus 7-year cash portion of balanced accounts invested in 7-year income securities having a debt rating of A or above. Portfolios are invested in debt securities having intermediate maturities (i.e., average effective maturities of one to ten years). Portfolios may invest in obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, mortgage-backed and asset-backed securities, and to a lesser degree corporate securities. Due to the strategy's capital preservation focus, duration is asymmetrically constrained, typically ranging from plus 5% to minus 25% to the benchmark. Composite assets as of March 31, 2021 were \$329 million.

The strategy's benchmark is Bloomberg Barclays High Quality Intermediate Aggregate Index, a market-value weighted index that represents securities that are U.S. domestic, taxable and dollar-denominated. The index covers the U.S. investment grade 7-year rate bond market rated A3 or better by Moody's Investors Service, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. Bonds must have a maturity from one up to (but not including) ten years. Strategy deviations from the benchmark may include but are not limited to such factors as active management, exclusion/inclusion of securities held/not held in the index, over/underweighting specific sectors or securities, and/or client constraints. The index is unmanaged and does not incur management fees, transaction costs or other expenses associated with managed accounts. It is not possible to directly invest in an index.

Performance reflects reinvestment of all income and capital gains. Composite returns and market values are reported in U.S. dollars. Gross-of-fee returns are presented before management and custodial fees but after all trading expenses. Net-of-fee returns are calculated by reducing the monthly gross-of-fee returns by the highest management fee charged to clients holding only 7-year income assets. This fee is 0.38% annually. Clients with multiple portfolios representing different asset classes may be charged aggregate fees at the relationship level. These fees may exceed 0.35% annually. Other expenses will reduce a client's returns. Actual management fees incurred by clients may vary. Advisory fees for all investment styles are stated in Part 2 of Atlanta Capital's ADV, which is available upon request.

Investing entails risks and there can be no assurance that Atlanta Capital will achieve profits or avoid incurring losses. Past performance does not predict future results.

Atlanta Capital is part of Morgan Stanley Investment Management, the asset management division of Morgan Stanley.



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