



# HIGH QUALITY (AAA) ULTRA-SHORT SECURITIZED



## STRATEGY HIGHLIGHTS

The management team seeks to invest in high quality, low-volatility alternatives to low-yielding money market and government debentures. We target ultra-short securities that we believe to be of the highest quality with low credit and event risk. The team seeks to protect principal and generate a consistent source of income and liquidity. Traditional short-term, low volatility mortgage- and asset-backed securities are emphasized because of their historical substantial yield premium versus Treasury and agency notes.

### Key Stats

Asset Class:	US Fixed Income
Inception Date:	October 1, 2015
Credit Quality:	AAA
Yield to Maturity:	3.0%
Modified Duration (years):	0.7
Average Maturity (years):	0.7
Duration Target:	0.5 - 1.5 years
Benchmark:	ICE BofA ML 1-Yr Treasury

**LOW VOLATILITY**

Below group<sup>1</sup>

**ULTRA HIGH CREDIT QUALITY**

**100%**  
AAA Rated & Government

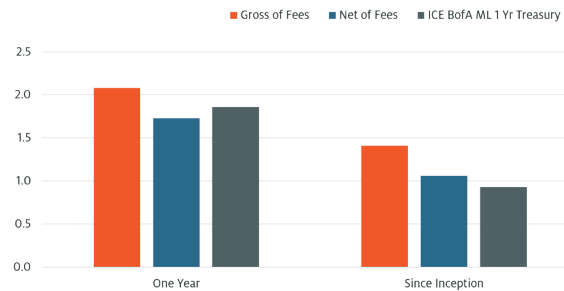
**MODIFIED DURATION**

**0.7**  
Years

## PERFORMANCE ANALYSIS

### Investment Performance (%)

as of December 31, 2018



	Quarter	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
HQSD (AAA) Ultra-Short Securitized (Gross)	0.65	2.08	1.49	--	--	1.41
HQSD (AAA) Ultra-Short Securitized (Net)	0.56	1.73	1.14	--	--	1.06
ICE BofA ML 1-Yr Treasury	0.78	1.86	1.06	--	--	0.93

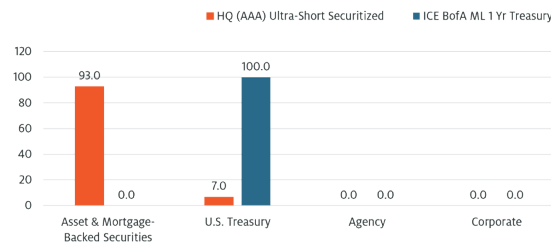
Periods greater than one year are annualized. Inception date is 10/1/15.

[GIPS DISCLOSURE](#)

## EMPHASIS ON SECURITIZED SECTORS

### Sector Allocation (%)

as of December 31, 2018

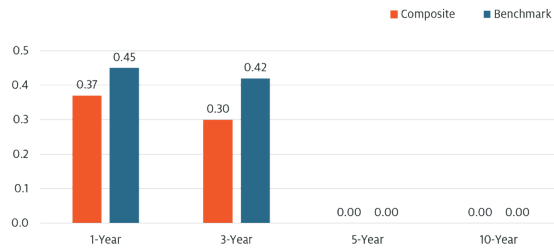


Cash allocation included in U.S. Treasury. Percentages based on weighted average of composite portfolios.

## RISK PROFILE

### Standard Deviation (%)

As of December 31, 2018

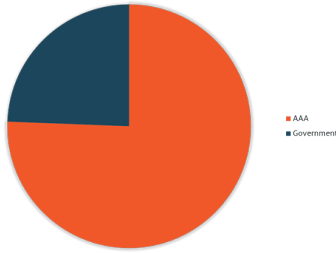


Annualized gross of fee returns. Standard deviation (risk) measures the historic volatility of the composite and benchmark returns. <sup>1</sup>Peer group: all strategies reporting a 1-year maturity benchmark within the eVestment US Enhanced Cash Management Universe which includes products primarily invested in ultra-short, investment grade debt while maintaining some exposure to higher-yielding securities or sectors to enhance returns.

## EMPHASIS ON HIGHEST QUALITY ISSUES

### Credit Quality<sup>1</sup>

as of December 31, 2018



### Investment Background

- 25+ years managing high-quality bonds
- \$971 million in short duration 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

[SEE BIO](#)

## STRATEGY DOCUMENTS

### Fact Sheet

High Quality (AAA)  
Ultra-Short Securitized

September 30, 2018

[READ MORE](#)

### Fixed Income Market Review

December 31, 2018

[READ MORE](#)

<sup>1</sup>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.

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The High Quality Ultra-Short Securitized Composite includes all fully discretionary separate accounts invested predominantly in debt securities having average effective maturities of 0.25 to two years. The investment objective of this strategy is to outperform money market instruments over time while minimizing credit and event risk. Accounts in this composite invest primarily in asset-backed securities, mortgage-backed securities, and low-volatility collateralized mortgage obligations to improve yield and minimize event risk. Accounts may also invest in obligations of the U.S. Treasury. Corporate bonds are excluded due to their inherent credit and event risk and higher volatility. Securities generally have a debt rating of AAA assigned by a nationally recognized statistical rating organization (such as Standard & Poor's, Moody's or FitchRatings). The composite's duration typically ranges between one-half year and one and one-half years. Composite assets as of 6/30/18 were \$19 million.

The benchmark for this composite is the ICE BofA Merrill Lynch 1 Year Treasury Note Index. The index is comprised of a single issue 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 issue selected at each month-end rebalancing is the outstanding original issue 2-year Treasury Note that matures closest to one year from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date. 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 fixed income assets. This fee is 0.35% 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.

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