



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
Credit Quality:	AAA
Non-AAA Exposure:	4.5%
Yield to Maturity:	2.9%
Modified Duration (years):	3.6
Average Maturity (years):	4.1
Duration Target:	+5% -20%

CORRELATION TO STOCKS

-0.55
Trailing 20-Yr Period

SECTOR EMPHASIS

Securitized Bonds
Underweight Credit

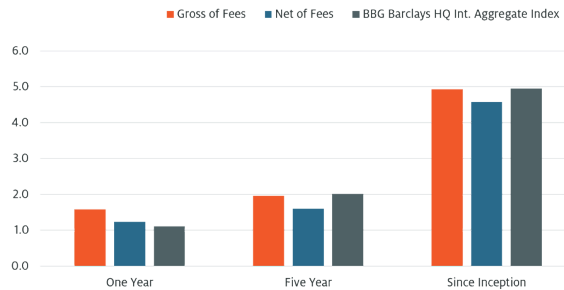
ULTRA HIGH CREDIT QUALITY

95%
'AAA' Rated & Government

PERFORMANCE ANALYSIS

Investment Performance (%)

as of December 31, 2018



	Quarter	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
High Quality Intermediate (Gross)	1.94	1.58	1.65	1.96	2.52	4.93
High Quality Intermediate (Net)	1.85	1.23	1.30	1.60	2.16	4.57
BBG Barclays HQ Int. Aggregate Index	1.99	1.11	1.55	2.01	2.90	4.95

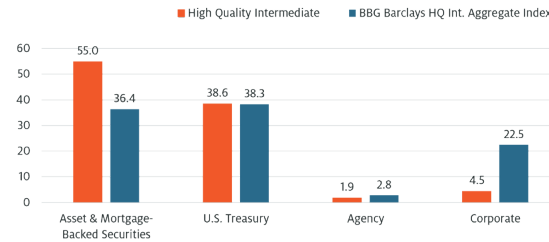
Periods greater than one year are annualized. Inception date is 1/1/92.

[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.

PORTFOLIO CORRELATION

Correlations to S&P 500

as of December 31, 2018

	HQ Intermediate Composite	Broad Market	Global	Credit	Emerging Market	High Yield
3-Year	-0.47	-0.21	-0.15	0.14	0.20	0.69
5-Year	-0.40	-0.15	-0.11	0.15	0.29	0.58
7-Year	-0.33	-0.19	-0.08	0.11	0.25	0.59
10-Year	-0.36	-0.18	0.23	0.28	0.45	0.64

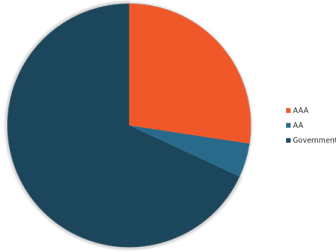
15-Year	-0.43	-0.24	0.07	0.20	0.53	0.73
20-Year	-0.55	-0.40	-0.10	0.03	0.57	0.68
Since Inception	-0.28	-0.20	-0.03	0.10	0.51	0.65

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 fixed rate debt); Global – BBG Barclays Global Aggregate Index (global investment grade fixed income markets); Credit – BBG Barclays Credit Index (publicly-issued US corporate and spec fixed 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 (fixed rate, non-investment grade debt).

EMPHASIS ON HIGHEST QUALITY ISSUES

Credit Quality*

as of December 31, 2018



Investment Background

- 25+ years managing high-quality bonds
- \$259 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

SEE BIO

STRATEGY DOCUMENTS

Fact Sheet

High Quality Intermediate

December 31, 2018

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Fixed Income Market Review

December 31, 2018

[READ MORE](#)

*Source: Investment. 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 Intermediate Composite includes all fully discretionary separate accounts and the fixed plus fixed cash portion of balanced accounts invested in fixed 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 20% to the benchmark. Composite assets as of 6/30/18 were \$310 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 fixed 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 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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