



# HIGH QUALITY SHORT DURATION 1-3 YEAR



## STRATEGY HIGHLIGHTS

The management team seeks to invest in high quality, low-volatility alternatives to low-yielding money market and government debentures. We target short-term bonds (1-5 years) 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:	January 1, 1992
Credit Quality:	AAA
Non-AAA Exposure:	0%
Yield to Maturity:	2.8%
Modified Duration (years):	1.4
Average Maturity (years):	1.5
Duration Target:	1.25 - 2 years
Benchmark:	ICE BofA ML 1 - 3 Yr Government

**LOW VOLATILITY**

Below iGroup<sup>1</sup>

**ULTRA HIGH CREDIT QUALITY**

**100%**  
'AAA' Rated & Government

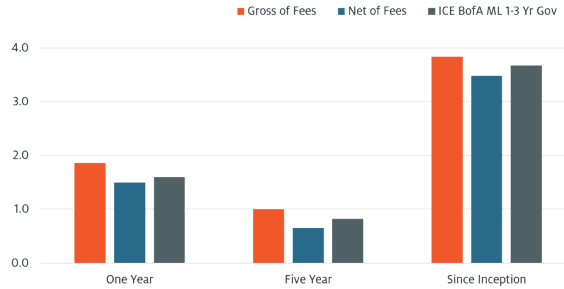
**MODIFIED DURATION**

**1.4**  
Years

## PERFORMANCE ANALYSIS

### Investment Performance (%)

as of December 31, 2018



	Quarter	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
High Quality 1-3 Year (Gross)	1.03	1.86	1.25	1.00	1.29	3.84
High Quality 1-3 Year (Net)	0.94	1.50	0.90	0.65	0.94	3.48
ICE BofA Merrill Lynch 1-3 Yr Government	1.29	1.60	0.97	0.82	1.01	3.67

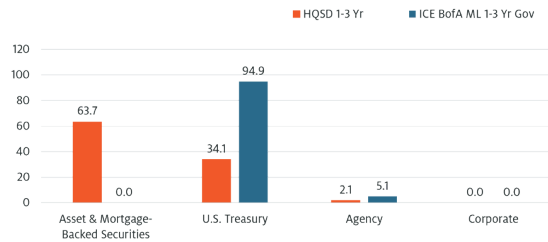
Periods greater than one year are annualized. Inception date is 1/1/92.

[GIPS DISCLOSURE](#)

## EMPHASIS ON SECURITIZED SECTORS

### Sector Allocation (%)

as of December 31, 2018

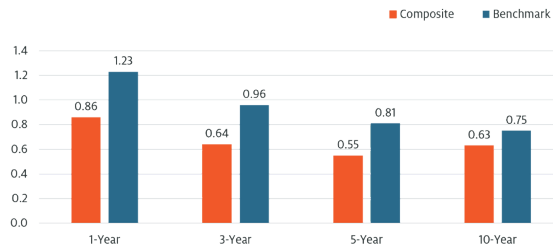


Cash allocation included in U.S. Treasury. Percentages based on weighted average of composite portfolios.

## RISK PROFILE

### Standard Deviation (%)

As of December 31, 2018

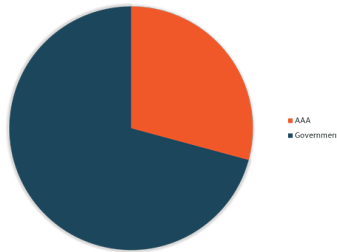


Annualized gross of fee returns. Standard deviation (risk) measures the historic volatility of the composite and benchmark returns. <sup>1</sup>Peer Group: all strategies reporting 1-3 year maturity benchmark within the eVestment US Short Duration Fixed Income Universe which includes products primarily invested in short duration, investment grade debt across multiple sectors.

## EMPHASIS ON HIGHEST QUALITY ISSUES

### Credit Quality\*

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 Short  
Duration 0-2 Years  
December 31, 2018

[READ MORE](#)

### Fact Sheet

High Quality Short  
Duration 1-3 Years  
December 31, 2018

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### Fact Sheet

High Quality Short  
Duration 1-5 Years  
December 31, 2018

[READ MORE](#)

### Fixed Income Market Review

December 31, 2018

[READ MORE](#)

\*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 Short Duration 1-3 Years Composite includes all fully discretionary separate accounts invested in debt securities having average effective maturities of one to three years. The investment objective is to maximize total return while minimizing volatility and preserving capital. Accounts in this composite invest in fixed income securities having a debt rating of A+ or above from nationally recognized rating services and may invest in obligations issued or guaranteed by the U.S. Government, its agencies or its instrumentalities, and mortgage-backed and asset-backed securities. Low-volatility collateralized mortgage obligations (CMOs) and asset-backed securities are used to improve yield and minimize event risk. Corporate bonds are excluded due to their inherent credit and event risk and higher volatility. The composite's duration typically ranges between one year and two and one-half years. Composite assets as of 6/30/18 were \$718 million.

The benchmark for this strategy is the ICE BofA Merrill Lynch 1-3 Year Government Index, which includes securities in the Government Index with a maturity from one up to (but not including) three years. The 1-3 Year Government Index includes Treasuries (i.e., public obligations of the U.S. Treasury) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). 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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