

# Strategy Overview – Second Quarter 2020

## Taxable Fixed Income

The Taxable Fixed Income strategy is a portfolio of U.S. dollar-denominated, fixed income securities. Portfolios are invested in U.S. Treasury and investment-grade corporate bonds. The portfolio is diversified by maturity, duration, sector, industry, and quality across the yield curve. The average duration is targeted to the intermediate range.

### Investment Philosophy

The philosophy of the strategy is to align the portfolio with the volatility and return attributes of the Bloomberg Barclays Intermediate Government/Credit Index

### Bond Portfolios Provide

- Asset diversification
- Volatility Control
- Income Generation
- Liquidity

### Our Process

- Based on a consistent, disciplined investment approach
- Effective management of portfolio risk attributes
- Sector allocations based on market-based relative value

### Portfolio Approach

- Our clients' assets are positioned in our top selections and effectively diversified
- Acquiring well established benchmark securities provides consistency and liquidity

### Strategy Overview

#### Performance Objective

- Stable income from intermediate-term bonds
- Maintain a portfolio volatility consistent with the benchmark index

#### Investment Approach

- Market driven, relative value strategy
- Quantitative style with an analytical approach

#### Portfolio Profile

- U.S. dollar denominated, investment-grade bonds
- Primarily bonds maturing in 10 years or less
- Large, benchmark-based corporate bond issues
- Diversified corporate exposure by sector and industry
- Low turnover – focus on stable quality credits

Statistics	RMB Taxable Fixed Income <sup>1</sup>	Bloomberg Barclays Intermediate Government/Credit Index
<b>Number of Holdings</b>	18	5203
<b>Average Yield</b>	2.35%	2.34%
<b>Average Duration</b>	3.89%	4.09%
<b>Average Coupon</b>	2.54%	2.51%
<b>Average Credit Rating</b>	AA	AA
<b>Maturity on Distribution</b>		
<b>0-3 Years</b>	39.53%	36.11%
<b>3-5 Years</b>	25.10%	27.83%
<b>5-7 Years</b>	15.36%	18.31%
<b>7+ Years</b>	20.01%	17.75%
<b>Quality Distribution</b>		
<b>AAA</b>	37.71%	63.74%
<b>AA</b>	14.25%	3.72%
<b>A</b>	38.55%	15.11%
<b>BBB</b>	9.49%	17.43%
<b>Sector Weights</b>		
<b>U.S. Treasury Securities</b>	49.34%	57.47%
<b>Corporate Bonds</b>	50.66%	33.74%
<b>Government Related</b>	0.00%	8.79%
<b>Cash</b>	0.00%	0.00%

Source: APX, Bloomberg, Barclays. Data as of June 30, 2020.

<sup>1</sup> RMB Taxable Fixed Income representative account data. The representative account presented represents an account with a performance history of at least 10 years where RMB Capital has full discretion to manage the account. Any chosen representative account must be plus or minus 5% of the asset weightings by sector to the model account and have at least \$500,000 in asset under management in the account.

Performance	Q2 2020	YTD	1 year	3 years	5 years	10 years	Since Inception <sup>1</sup>
RMB Taxable Fixed Income Composite (net of fees)	+2.62%	+4.31%	+5.83%	+3.73%	+2.94%	+2.58%	+3.45%
Bloomberg Barclays Intermediate Govt/Credit Index	+2.81%	+5.28%	+7.12%	+4.43%	+3.46%	+3.13%	+3.88%

<sup>1</sup>Strategy Inception: April 1, 2005.

Performance is net of the RMB Asset Management's management fee charged to client accounts and transaction costs. Performance presented is not net of RMB's Wealth Management advisory fee (if applicable). Performance for periods longer than one year is annualized. Data is as of June 30, 2020. These materials are confidential and may not be reproduced or redistributed to any other party. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment.



# Taxable Fixed Income Strategy

## RMB Asset Management

Taxable Fixed Income Strategy // Annual Disclosure Presentation

**Organization** | RMB Capital Management, LLC ("RMB Capital") is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and was established in 2005. The GIPS firm is defined as RMB Asset Management ("RMB AM"), a division of RMB Capital Management, LLC. Previously, the firm was defined as RMB Capital and was redefined on January 1, 2016 to only include the asset management business due to the difference in how its investment strategies and services are offered. RMB AM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. RMB AM has been independently verified for the period April 1, 2005 through December 31, 2018. Verification assesses whether: (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis; and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composition presentation. The Taxable Fixed Income composite has been examined for the period of April 1, 2005 through December 31, 2015. The verification report is available upon request. RMB AM maintains a complete list and description of composites, which are also available upon request.

**Description** | The Taxable Fixed Income Strategy reflects the performance of fully discretionary bond accounts, which have an investment objective of providing clients with regular income and capital preservation and, for comparison purposes, is measured against the Barclays 1-5Yr Government Credit Index and Barclays Intermediate Government Credit Index. The product is primarily invested in high-grade, non-callable U.S. government, agency, and corporate bonds. Credit exposure is diversified across corporate sectors and avoids significant concentrations of industry risk. The use of laddered maturities enables the portfolio to reduce duration risk and provide increased liquidity. The Taxable Fixed Income Composite was created on April 1, 2005. An account is included in the Composite on the first day of the first full month the account is under management. An account is removed from the Composite as of the last day of its last full month. Account performance is based on total assets in the account, including cash and cash equivalents. Results are based on fully discretionary accounts under management, including those accounts no longer managed by RMB. Valuations and returns are computed and stated in U.S. Dollars.

## ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

### Composite Assets Annual Performance Results

Year End	Total Firm Assets as of 12/31 (\$M)	USD (\$M)**	# of Accounts Managed	Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	Barclays 1-5 YR Gov't Credit Index (%)	Barclays Inter. Gov't Credit Index (%)	Composite 3-YR ST DEV (%)*	Barclays 1-5 YR Gov't Credit Index ST DEV (%)	Barclays Inter. Gov't Credit Index ST DEV (%)	Composite Dispersion (%)
2019	5,298.6	179.6	147	6.11	5.79	5.01	6.80	1.59	1.36	2.04	0.38
2018	4,291.7	144.6	106	1.04	0.71	1.38	0.88	1.50	1.35	2.09	0.18
2017	3,610.6	109.1	91	2.06	1.74	1.27	2.14	1.47	1.30	2.11	0.20
2016	3,047.5	95.2	85	1.81	1.50	1.56	2.08	1.57	1.35	2.22	0.43
2015	3,706.0	171.8	399	1.32	1.00	0.97	1.07	1.58	1.18	2.10	0.15
2014	3,312.9	184.6	427	2.56	2.23	1.42	3.13	1.63	1.06	1.94	0.35
2013	3,248.5	179.4	444	-0.69	-1.00	0.28	-0.86	1.88	1.17	2.11	0.38
2012	2,585.9	198.7	472	3.20	2.87	2.23	3.89	2.12	1.32	2.16	0.44
2011	2,218.0	181.2	398	6.07	5.72	3.14	5.80	2.88	1.62	2.55	0.45
2010	1,881.9	135.7	348	5.23	4.90	4.08	5.89	N/A	N/A	N/A	1.10
2009	1,613.9	129.9	328	6.66	6.32	4.62	5.24	N/A	N/A	N/A	1.10
2008	1,113.6	121.9	283	3.38	3.09	5.14	5.08	N/A	N/A	N/A	1.00
2007	1,420.6	139.1	298	8.62	8.29	7.27	7.39	N/A	N/A	N/A	0.60
2006	1,070.2	93.0	220	3.43	3.10	4.24	4.08	N/A	N/A	N/A	0.60
2005**	811.9	82.3	212	1.62	1.40	2.10	2.47	N/A	N/A	N/A	N/A

\*The 3 year ex-post standard deviation is not presented prior to 2011 because it is not required. \*\* Results shown for the year 2005 represent partial period performance from April 1, 2005 through December 31, 2005.

**Fees** | Effective January 1, 2011, RMB's asset management fee schedule is as follows: 0.35% on the first \$3.0 million, 0.325% on the next \$2.0 million, 0.300% on the next \$5.0 million, 0.275% on the next \$15.0 million, and 0.250% over \$25.0 million. Actual asset management fees charged by RMB may vary. Composite performance is presented on a gross-of-fees and net-of-fees basis and includes the reinvestment of all income. Gross-of-fees returns means it is net of transaction costs but gross of asset management fees, custodian fees and withholding taxes. The payment of actual fees and expenses would reduce gross returns. The compound effect of such fees and expenses should be considered when reviewing gross returns. The net returns are reduced by all actual fees and transactions costs incurred. The composite includes accounts that pay asset-based pricing for trading expenses. The maximum fee is 15 basis points per year; however, many accounts pay lower amounts due to household break-point relief. Returns for those accounts prior to 3/1/19 do not reflect the deduction of asset-based pricing, and are therefore gross of trading expenses. These accounts represent approximately 65% of composite assets. In addition to an asset management fee, some accounts pay a wealth management fee based on the percentage of assets under management to RMB Capital. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year. Risk measures presented are calculated using gross-of-fees performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

**Minimum Market Value Threshold** | Prior to 2016, the composite had a minimum value threshold of \$100,000 to be included in the composite. After 2016, the composite minimum changed to \$500,000.

**Comparison with Market Indices** | RMB compares its Composite returns to the market index Barclays 1-5 Year Government Credit Index, an index of all investment-grade bonds with maturities of more than one year and less than five years, and to the Barclays Intermediate Government Bond Index, an index measuring the performance of all U.S. corporate securities that have a maturity of greater than one year and less than ten years. These indices represent unmanaged portfolios whose characteristics differ from the Composite portfolios; however, they tend to represent the investment environment existing during the time period shown. The returns of the indices do not include any transaction costs, management fees, or other costs. The investment strategy and types of securities held by the comparison indices may be substantially different from the investment strategy and types of securities held by your account in the Composite. Benchmark returns presented are not covered by the report of independent verifiers.

**Other** | Past performance is not indicative of further results, and there is a risk of loss of all or part of your investment. Historical rates of return may not be indicative of future rates of return. Individual client performance returns may be different than the composite returns listed. Total Firm Assets as of 12/31 for the years 2010, 2011, and 2012 have been revised to exclude assets from personal trading accounts that were included in previously reported figures.