

# Strategy Overview – Second Quarter 2021

## 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>	17	5410
<b>Average Yield</b>	0.86%	0.92%
<b>Average Duration</b>	4.02	4.17
<b>Average Coupon</b>	2.37%	2.03%
<b>Average Credit Rating</b>	AA	AA
<b>Maturity on Distribution</b>		
<b>0-3 Years</b>	35.32%	35.54%
<b>3-5 Years</b>	34.86%	28.31%
<b>5-7 Years</b>	19.89%	18.38%
<b>7+ Years</b>	9.92%	17.77%
<b>Quality Distribution</b>		
<b>AAA</b>	50.09%	65.47%
<b>AA</b>	4.96%	3.31%
<b>A</b>	34.92%	13.87%
<b>BBB</b>	10.02%	16.35%
<b>Sector Weights</b>		
<b>U.S. Treasury Securities</b>	50.00%	59.01%
<b>Corporate Bonds</b>	49.90%	32.10%
<b>Government Related</b>	0.00%	8.89%
<b>Cash</b>	0.09%	0.00%

Source: APX, Bloomberg, Barclays, BondEdge. Data as of June 30, 2021.

<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 2021	YTD	1 year	3 years	5 years	10 years	Since Inception <sup>1</sup>
RMB Taxable Fixed Income Composite (net of fees)	+0.80%	-0.96%	-0.53%	+3.69%	+2.12%	+2.13%	+3.20%
Bloomberg Barclays Intermediate Govt/Credit Index	+0.98%	-0.90%	+0.19%	+4.70%	+2.63%	+2.76%	+3.65%

<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, 2021. 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 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 periods April 1, 2005 through December 31, 2019. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

**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 Bloomberg Barclays 1-5 Year Government Credit Index and Bloomberg 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 inception date of the Taxable Fixed Income Composite is April 1, 2005 and the Composite was created on April 1, 2005. Valuations and returns are computed and stated in U.S. Dollars.

## ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

Year End	Composite Assets			Annual Performance Results							
	Total Firm Assets as of 12/31 (\$M)	USD (\$M)**	# of Accounts Managed	Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	Bloomberg Barclays 1-5 YR Gov't Credit Index (%)	Bloomberg Barclays Inter. Gov't Credit Index (%)	Composite 3-YR ST DEV (%)*	Bloomberg Barclays 1-5 YR Gov't Credit Index ST DEV (%)	Bloomberg Barclays Inter. Gov't Credit Index ST DEV (%)	Composite Dispersion (%)
2020	5,240.6	185.6	159	5.10	4.76	4.71	6.43	1.94	1.47	2.31	0.71
2019	4,947.9	179.6	147	6.11	5.79	5.01	6.80	1.59	1.36	2.04	0.38
2018	4,196.9	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

**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 and custodian fees. 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 investments, calculating performance, and preparing GIPS Reports are available upon request.

**Minimum Market Value Threshold** | The account minimum in the Taxable Fixed Income composite is currently \$500 thousand. Prior to 2016, the composite excluded portfolios under \$100 thousand.

**Comparison with Market Indices** | RMB compares its Composite returns to a variety of market indices such as the Bloomberg Barclays 1-5 Year Government Credit Index and the Bloomberg Barclays Intermediate Government Credit index. The indices represent unmanaged portfolios whose characteristics differ from the Composite portfolios; however, it tends to represent the investment environment existing during the time period shown. Bloomberg Barclays 1-5 Year Government Credit Index is an index of all investment-grade bonds with maturities of more than one year and less than five years. The Bloomberg Barclays Intermediate U.S. Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-secured component of the U.S. Aggregate Index with less than 10 years to maturity. An investment cannot be made directly in an index. The returns of the index do not include any transaction costs, management fees, or other costs. The investment strategy and types of securities held by the comparison index 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 no guarantee of future performance. 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 2011 and 2012 have been revised to exclude assets from personal trading accounts that were included in previously reported figures. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. A list of Composite Descriptions and a list of Broad Distribution Pooled Funds are available upon request.