

# 1-3 Year Government LAM

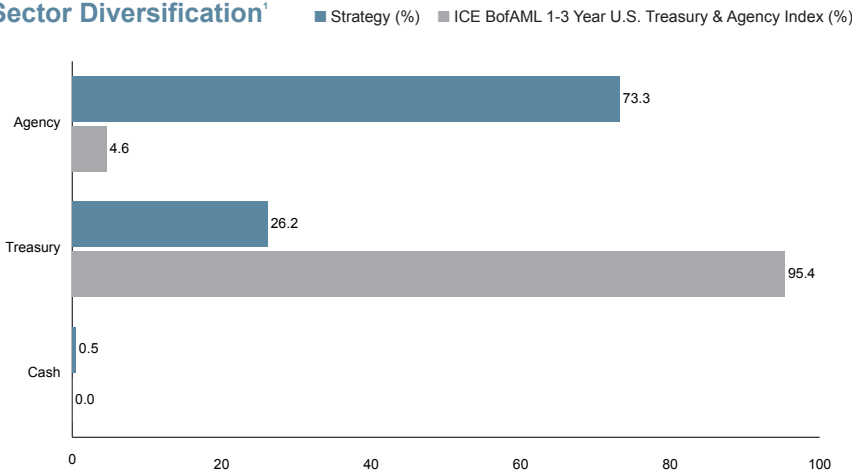
June 30, 2019



## Objective

The 1-3 Year Government Liquidity Asset Management (LAM) strategy is managed to outperform the ICE BofAML 1-3 Year U.S. Treasury & Agency Index over a market cycle while maintaining a risk profile similar to that of the index.

## Sector Diversification<sup>1</sup>



## Assets

	Composite Assets	Style Assets	Total Assets
Strategy Assets (\$M)	7.6	92.3	99.9

## Key Facts<sup>1</sup>

Benchmark	ICE BofAML 1-3 Year U.S. Treasury & Agency Index
Business Minimum	\$5 M
Number of Holdings	37

## Characteristics<sup>1</sup>

	Strategy	ICE BofAML 1-3 Year U.S. Treasury & Agency Index
Yield to Maturity (%)	1.86	1.81
Effective Duration (Years)	1.78	1.80

## Quality Ratings<sup>1,2</sup>

	Strategy (%)	ICE BofAML 1-3 Year U.S. Treasury & Agency Index (%)
AAA	0.5	0.0
AA	99.5	100.0

## Investment Approach

- A team approach that combines research and portfolio management disciplines
- We seek to add value in the fixed income markets utilizing four primary tools:
  - Yield curve structure
  - Duration risk management
  - Security selection
  - Sector selection

## Risk Management Strategy

- The 1-3 Year Government LAM strategy is inherently risk controlled
- Risk controls also include:
  - ICE BofAML 1-3 Year U.S. Treasury & Agency Index benchmark considerations
  - Yield curve analysis
  - Duration relative to index 0.90x to 1.10x
  - Fully invested
  - Diversification

## Sell Discipline

- Excessive valuation
- Fundamental change
- Financial reporting issues

## Maturity Schedule<sup>1</sup>

	Strategy (%)
<1 Year	10.4
1-3 Years	89.6

## Portfolio Management Team

Jonathan W. Reynolds, CFA  
*President and Chief Investment Officer*  
 42 years of investment experience

Jonathan G. Finkler  
*Portfolio Manager, Fixed Income*  
 14 years of investment experience

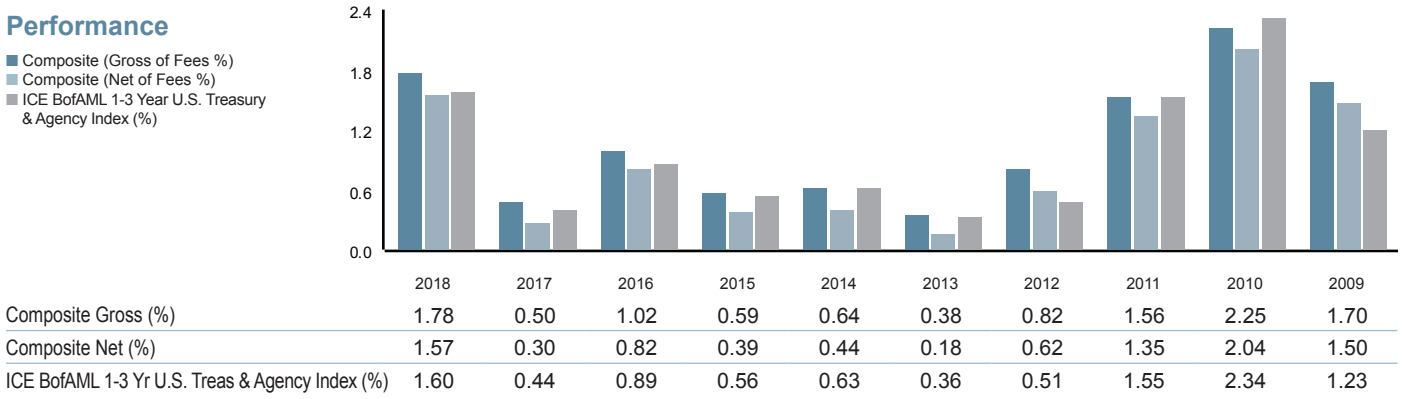
John P. Hoeting, CFA  
*Director, Liquidity Management*  
 27 years of investment experience

Michael R. Kemer  
*Portfolio Manager, Fixed Income*  
 15 years of investment experience

The characteristics shown are based on a representative or model account and are for illustrative purposes only. Individual client accounts may differ based on a variety of client-specific factors, including account fees, account size, cash flows, client specific investment opportunities and restrictions. Strategy performance results shown may reflect the reinvestment of income. Past performance is no guarantee of future results. Index performance used throughout this piece is intended to illustrate historical market trends and is provided solely as the representative of the general market performance for the same period of time. Indices are unmanaged, may not include reinvestment of income, and do not incur investment management fees. An investor is unable to invest in an index.

# 1-3 Year Government LAM

## Performance



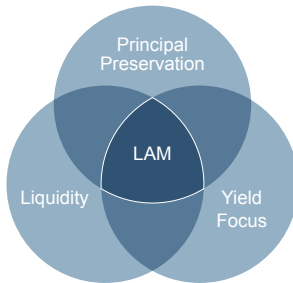
	Composite Gross (%)	Composite Net (%)	ICE BofAML 1-3 Year U.S. Treasury & Agency Index (%)
3 Months	1.38	1.33	1.43
YTD	2.38	2.28	2.43
1 Year	3.98	3.78	3.96
3 Years	1.43	1.23	1.31
5 Years	1.30	1.09	1.22
10 Years	1.29	1.09	1.22

Inception Date 9/30/1997.

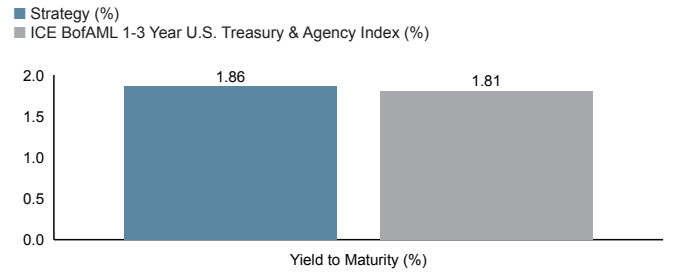
Periods greater than 12 months are annualized.

## Investment Process Overview

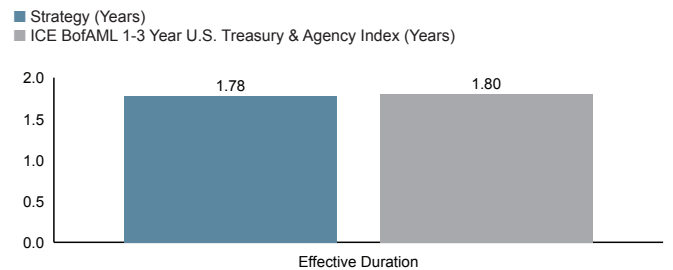
"We seek yield and return ahead of short-term benchmarks with a focus on principal preservation, current yield opportunities, and meeting the liquidity needs of our clients."



## Yield<sup>1</sup>



## Effective Duration<sup>1</sup>



## Disclosures

ClearArc Capital, Inc. claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions and/or a presentation that complies with the GIPS standards, contact ClearArc Capital at 855.36.CACAP.

The firm is defined as ClearArc Capital, Inc. ClearArc Capital is an investment adviser registered under the Investment Advisers Act of 1940 and is a wholly owned subsidiary of Fifth Third Bank. ClearArc Capital restructured during September 2018 and exited certain strategies during the fourth quarter of 2018 to focus on traditional fixed income and passive equity index strategies. The firm restructured and rebranded beginning in late 2012 through 2013 resulting in a drop in firm assets under management due to strategy divestiture. Contact ClearArc Capital for more information regarding the firm's restructuring history.

The composite's 2018 annual return was revised due to a portfolio moving from representative to non-representative; therefore, it dropped out of the composite as of August 1, 2018. The 2018 annual gross return was revised from 1.80% to 1.78%, net from 1.60% to 1.57%, composite assets from 51.2 (\$M) to 22.7 (\$M).

The 1-3 Year Government LAM strategy seeks to outperform the ICE BofAML 1-3 Year US Treasury & Agency Index over a market cycle while maintaining a risk profile similar to that of the index. Holdings include Government/Agency securities with a maximum maturity of 5 years. The minimum portfolio size for inclusion in the composite is \$1 million. Gross returns are net of actual trading expenses. Fees, including management fees, and other expenses incurred will reduce the return. Net returns are net of actual trading expenses and are calculated on a model basis using the highest fee listed on the product's fee schedule. This style's current standard annual fee schedule is: First \$25 mill = 0.20%; next \$25 mill = 0.15%; thereafter = 0.10%. Monthly composite asset weighted returns are calculated by weighting each account's monthly return by its beginning market value as a percent of the total composite beginning market value. Valuations and returns are computed and stated in U.S. Dollars. The ICE BofAML 1-3 Year US Treasury & Agency Index is a subset of the ICE BofAML US Treasury & Agency Index including all securities with a remaining term to final maturity less than 3 years. Indexes are unmanaged and do not incur investment management fees. It is not possible to invest directly in an index. Past performance does not guarantee future results.

<sup>1</sup> Bloomberg, ClearArc Capital

<sup>2</sup> Moody's

CAC-FS-1-3YRGOV LAM0619

As of June 30, 2019

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Benchmark reference is for comparative purposes only and is not intended to indicate that the composite will contain the same securities as the benchmark.

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