

# STAMP 1-5 Year Fixed Income June 30, 2020

## STRATEGY INFORMATION

### Inception Date

October 1, 2002

### Total Strategy Assets<sup>1</sup>

\$1,697.9 million

### Portfolio Managers

Scott D. Pavlak, CFA

Peter E. Mahoney

Juan Peruyero

### Benchmark<sup>2</sup>

ICE BofA 1-5 Year Treasury Index

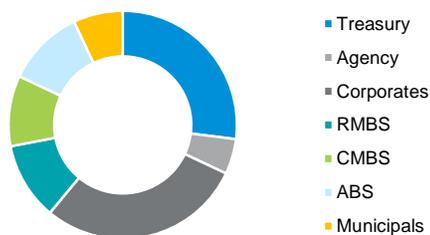
### Investment Approach

- Utilizing a top-down approach, we seek to generate excess returns to the benchmark through actively managed sector, security and yield curve level strategies while managing duration risk
- Broadly diversify portfolios across U.S. investment grade sectors (Treasury, Agency, Corporate, Securitized, and Money Market) with opportunistic allocations to the municipal and inflation-linked sectors
- At a minimum, the average portfolio quality is Aa3 or AA-<sup>5</sup>
- Risk is evaluated at both the strategy and portfolio levels

### Key Differentiators

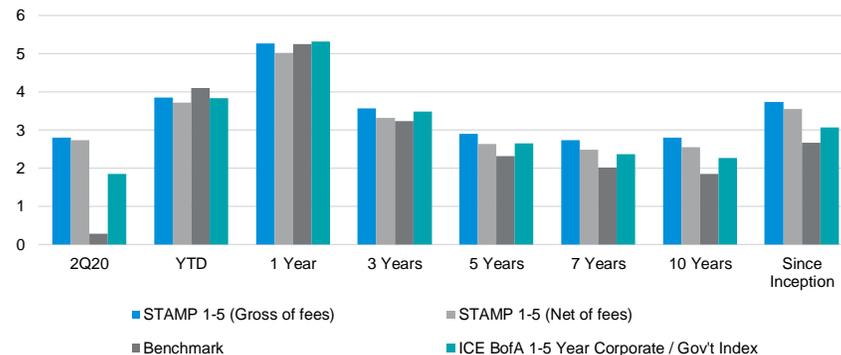
- Dedicated solely to the institutional marketplace
- The senior portfolio managers have worked together for over 20 years
- Deep fundamental credit research capabilities with sector dedicated credit research analysts

### SECTOR DISTRIBUTION (MV%)<sup>4</sup>



|            | STAMP 1-5 |
|------------|-----------|
| Treasury   | 18        |
| Agency     | 5         |
| Corporates | 35        |
| RMBS       | 10        |
| CMBS       | 10        |
| ABS        | 14        |
| Municipals | 8         |

## COMPOSITE PERFORMANCE (%)<sup>3</sup>



|  | 2Q20        | YTD         | 1 Year      | 3 Years     | 5 Years     | 7 Years     | 10 Years    | Since Inception |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------|
| <b>STAMP 1-5 (Gross of fees)</b>                       | <b>2.79</b> | <b>3.85</b> | <b>5.27</b> | <b>3.57</b> | <b>2.89</b> | <b>2.73</b> | <b>2.79</b> | <b>3.73</b>     |
| <b>STAMP 1-5 (Net of fees)</b>                         | <b>2.73</b> | <b>3.72</b> | <b>5.01</b> | <b>3.31</b> | <b>2.63</b> | <b>2.48</b> | <b>2.55</b> | <b>3.54</b>     |
| Benchmark  | 0.29        | 4.10        | 5.25        | 3.23        | 2.31        | 2.01        | 1.84        | 2.67            |
| ICE BofA 1-5 Year Corporate / Gov't Index <sup>2</sup> | 1.84        | 3.83        | 5.32        | 3.48        | 2.64        | 2.36        | 2.27        | 3.07            |

## PORTFOLIO STATISTICS<sup>4</sup>

|                      | STAMP 1-5     | ICE BofA 1-5 Year Treasury Index |
|----------------------|---------------|----------------------------------|
| Yield (%)            | <b>0.94</b>   | 0.20                             |
| Effective Duration   | <b>2.56</b>   | 2.65                             |
| Average Quality      | <b>Aa2</b>    | Govt                             |
| Fixed / Floating (%) | <b>98 / 2</b> | N/A                              |

## HISTORICAL YIELD CURVE DISTRIBUTION (%)<sup>4</sup>

|           | 2Q20 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------|------|------|------|------|------|------|------|------|
| 0-1 Year  | 10   | 10   | 13   | 25   | 17   | 13   | 13   | 14   |
| 1-2 Years | 18   | 28   | 32   | 19   | 16   | 16   | 23   | 15   |
| 2-3 Years | 39   | 35   | 30   | 17   | 26   | 21   | 30   | 30   |
| 3-5 Years | 34   | 26   | 25   | 39   | 41   | 50   | 34   | 40   |

1. Stated at estimated fair value (unaudited). The STAMP 1-5 Year Fixed Income is a strategy of public fixed income assets. Total Strategy Assets for STAMP 1-5 Fixed Income include all assets managed by MIM in the STAMP 1-5 Fixed Income strategy and may include certain assets that are not included in Composite Assets (as presented in GIPS® Composite Statistics and Performance table on the following page) for STAMP 1-5 Fixed Income.

2. The performance benchmark for the Short-Term Actively Managed 1-5 Year composite ("STAMP 1-5") is the ICE BofA 1-5 Year U.S. Treasury Index, which is a broad based index that measures short-term Treasury Notes and Bonds with a maturity range between one and five years. The benchmark does not reflect holdings in all sectors targeted within the STAMP 1-5 strategy. The ICE BofA 1-5 Year Corporate / Government Index is a broad based index, which consists of government and high grade corporates with a maturity range from one to five years, reflecting total returns and is presented here for discussion purposes only. Please see GIPS disclosures on the following page.

3. Past performance is not indicative of future results. Net of fee returns reflect the deduction of investment advisory fees and are calculated in the same manner as gross of fee returns. Net of fee returns are calculated using the highest fee rate disclosed in the Form ADV. Please see GIPS disclosures on the following page.

4. The characteristics displayed are for a representative account for this investment strategy. Actual account characteristics may differ. All data above is provided for illustrative purposes only. This data is supplemental to the information required in a GIPS compliant document. Credit ratings reflect the index provider's credit quality methodology. Average quality excludes cash and securities that are not rated.

5. Any portfolio targets and/or limits are used to illustrate the Investment Manager's current intentions and may be subject to change without notice. Target Alpha is an investment objective and not a promise of future results or performance. This target is considered gross of fees and over a 3 to 5 year time horizon under normal market conditions. There can be no assurance that a portfolio will achieve its target alpha.

## COMPOSITE STATISTICS AND PERFORMANCE

| Year                                | Gross-of-Fee Return | Net-of-Fee Return | Benchmark Return <sup>1</sup> | Number of Portfolios | Dispersion STDV <sup>2</sup> | Composite 3 Yr STDV <sup>3</sup> | Benchmark 3 YR STDV <sup>3</sup> | Composite Assets | % Total Firm Assets <sup>4</sup> |
|-------------------------------------|---------------------|-------------------|-------------------------------|----------------------|------------------------------|----------------------------------|----------------------------------|------------------|----------------------------------|
| 10/1/2002 (Inception) to 12/31/2002 | 1.14%               | 1.12%             | 0.82%                         | ≤ 5                  | N/A                          | N/A                              | N/A                              | \$256,883,377    | -                                |
| 2003                                | 2.37%               | 2.33%             | 2.06%                         | ≤ 5                  | N/A                          | N/A                              | N/A                              | \$764,152,541    | -                                |
| 2004                                | 1.83%               | 1.81%             | 1.31%                         | ≤ 5                  | N/A                          | N/A                              | N/A                              | \$803,561,472    | -                                |
| 2005                                | 1.97%               | 1.88%             | 1.39%                         | ≤ 5                  | N/A                          | N/A                              | N/A                              | \$25,798,305     | -                                |
| 2006                                | 4.68%               | 4.50%             | 3.81%                         | ≤ 5                  | N/A                          | N/A                              | N/A                              | \$86,205,930     | -                                |
| 2007                                | 7.40%               | 7.20%             | 8.16%                         | ≤ 5                  | N/A                          | N/A                              | N/A                              | \$107,807,167    | -                                |
| 2008                                | 7.19%               | 6.99%             | 8.73%                         | ≤ 5                  | N/A                          | N/A                              | N/A                              | \$54,959,984     | -                                |
| 2009                                | 8.31%               | 8.16%             | 0.23%                         | ≤ 5                  | N/A                          | N/A                              | N/A                              | \$51,906,491     | -                                |
| 2010                                | 5.31%               | 5.15%             | 3.61%                         | ≤ 5                  | N/A                          | N/A                              | N/A                              | \$52,819,727     | -                                |
| 2011                                | 3.74%               | 3.58%             | 3.36%                         | ≤ 5                  | N/A                          | 1.91%                            | 1.86%                            | \$363,286,040    | -                                |
| 2012                                | 4.14%               | 3.88%             | 0.91%                         | ≤ 5                  | N/A                          | 1.48%                            | 1.40%                            | \$584,679,473    | -                                |
| 2013                                | 0.67%               | 0.42%             | -0.19%                        | ≤ 5                  | N/A                          | 1.41%                            | 1.17%                            | \$589,742,246    | -                                |
| 2014                                | 2.11%               | 1.85%             | 1.24%                         | ≤ 5                  | N/A                          | 1.34%                            | 1.02%                            | \$603,526,397    | -                                |
| 2015                                | 1.41%               | 1.16%             | 0.98%                         | ≤ 5                  | N/A                          | 1.34%                            | 1.20%                            | \$200,834,998    | -                                |
| 2016                                | 2.17%               | 1.92%             | 1.09%                         | ≤ 5                  | N/A                          | 1.30%                            | 1.43%                            | \$183,467,503    | -                                |
| 2017                                | 1.98%               | 1.73%             | 0.65%                         | ≤ 5                  | N/A                          | 1.18%                            | 1.37%                            | \$163,566,330    | -                                |
| 2018                                | 1.64%               | 1.39%             | 1.52%                         | ≤ 5                  | N/A                          | 1.16%                            | 1.43%                            | \$115,578,618    | -                                |
| 2019                                | 4.59%               | 4.33%             | 4.20%                         | ≤ 5                  | N/A                          | 1.00%                            | 1.41%                            | \$152,823,356    | <1%                              |
| YTD to 6/30/2020                    | 3.85%               | 3.72%             | 4.10%                         | ≤ 5                  | N/A                          | 1.48%                            | 1.77%                            | \$158,585,883    | <1%                              |

Past performance is not indicative of future results. Please see the full GIPS® disclosures on the following page.

<sup>1</sup> The performance benchmark for the Short-Term Actively Managed 1-5 Year Fixed Income ("STAMP 1-5 Year") composite is the ICE BofAML 1-5 Year U.S. Treasury Index, which is a broad based index that measures short-term Treasury Notes and Bonds with a maturity range from one to five years. The benchmark does not reflect holdings in all sectors targeted within the STAMP 1-5 Year strategy. It is not possible to invest directly in an unmanaged index. All index returns presented are provided to represent the investment environment existing during the time periods shown and will not be covered by the future report of independent verifiers. For comparison purposes, the index is fully invested and includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.

<sup>2</sup> The dispersion of annual returns is measured by the standard deviation among asset-weighted portfolio returns represented in the composite for the full year. "N/A" is an indication that the information is not statistically meaningful due to an insufficient number of portfolios (five or fewer) in the composite for the entire year. Standard deviation is only presented for accounts managed for a full calendar year.

<sup>3</sup> The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 month period. The standard deviation is not presented for 2002 through 2010 because it is not required for periods prior to 2011. It is also not presented for quarter-ends.

<sup>4</sup> Prior to July 1, 2019, the investment team was part of a prior firm. Therefore, "% Total Firm Assets" is left blank for year ends before the team joined MetLife Investment Management.

For purposes of the Global Investment Performance Standards ("GIPS") compliance, the "Firm" is defined as MetLife Investment Management ("MIM"). MIM is MetLife, Inc.'s institutional investment management business. The Firm is defined to include all accounts captured in MetLife's Assets Under Management. On September 15, 2017, MetLife, Inc. ("MetLife") acquired Logan Circle Partners ("LCP") and the Firm was redefined as of July 1, 2019 to include LCP in the MIM assets.

The Firm claims compliance with the Global Investment Performance Standards ("GIPS®") and has prepared and presented this report in compliance with the GIPS® standards. MIM has been independently verified for the periods January 1, 2011 to December 31, 2017. 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 composite presentation.

The creation date of the STAMP 1-5 Year Fixed Income ("STAMP 1-5 Year") composite is November 1, 2008 and the inception date is October 1, 2002. Prior to July 1, 2019, the performance of the composite represents the performance that occurred while members of the management team were affiliated with prior firms. The composite has been examined for the periods November 1, 2008 to December 31, 2017 while at another firm. The prior firm, LCP, was verified for the periods November 1, 2007 to December 31, 2017. The verification and performance examination reports are available upon request.

The STAMP 1-5 Year strategy seeks to generate excess returns over the short duration benchmark through the active management of sector, yield curve, security and duration allocations within the investment grade universe, with a target duration of +/- 20% to the stated benchmark. Beginning July 1, 2016, the STAMP 1-5 Year composite includes all fee-paying portfolios equal to or over \$10 million, managed on a discretionary basis according to the applicable composite strategy except as otherwise excluded herein. Prior to July 1, 2016, the STAMP 1-5 Year composite included all fee-paying portfolios equal to or over \$20 million. The Firm maintains a complete list and description of composites which are available upon request. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The performance benchmark for the STAMP 1-5 Year composite is the ICE BofAML 1-5 Year U.S. Treasury Index, which is an unmanaged index comprised of U.S. Treasuries with at least \$1 billion in outstanding face value and a remaining term to final maturity of at least one year and less than five years. The benchmark does not reflect holdings in all sectors targeted within the 1-5 Year strategy, which also includes government agencies, municipal, corporate, mortgage and asset backed and municipal securities in the investment grade universe. It is not possible to invest directly in an unmanaged index. All index returns presented are provided to represent the investment environment existing during the time periods shown and will not be covered by the future report of independent verifiers. For comparison purposes, the indices are fully invested and include the reinvestment of income. The returns for the indices do not include any transaction costs, management fees or other costs.

Returns are based on fully discretionary accounts under management and may include terminated accounts. The dispersion of annual returns is measured by the standard deviation among asset-weighted portfolio returns represented within the composite for the full year. Dispersion is not calculated for composites with five or fewer accounts for the whole period.

Performance returns are presented gross and net of fees, include the reinvestment of all income and are calculated in U.S. dollars. Dividend income has been recorded net of all applicable foreign withholding taxes. Net of fee returns reflect the deduction of investment management fees and are calculated in the same manner as gross of fee returns. The investment management fee schedule for the STAMP 1-5 Year strategy is 0.25% on the first \$25 million, 0.20% on amounts from \$25 million to \$100 million and 0.15% on amounts over \$100 million. Net returns have been calculated by reducing the monthly gross returns by the highest stated ADV fee of 0.25%. For periods prior to January 1, 2013, net returns have been calculated using actual management fees. Investment management fees are described in greater detail in the Firm's ADV. Individual client returns will be reduced by investment management fees and other expenses that the account may incur. Fees have a compounding effect on cumulative results. Actual investment management fees incurred by clients may vary.

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