

# Cash Plus Fixed Income

June 30, 2021

## Inception Date

April 1, 1996

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

\$3,775.6 million

## Portfolio Managers

Scott PaMak, CFA  
Juan Peruyero

## Investment Philosophy

We believe fixed income markets are inefficient in pricing short-term liquidity and default risk and provide managers with an opportunity to add value relative to benchmark indices

## Investment Approach

- Utilizing a top-down process, we seek to generate excess returns by actively managing sector and yield curve positioning along with bottom up security selection while managing duration risk
- Broadly diversify across the U.S. investment-grade universe
- At a minimum, the average portfolio quality is Aa3 or AA-<sup>5</sup> while the maximum duration of any investment is three years.
- Risk is evaluated and managed at the portfolio, sector and security levels

## Benchmark<sup>2</sup>

FTSE 6-month U.S. Treasury Bill Index

LIBOR+/SOFR+

## Our Strengths

We believe our key competitive strengths are:

**Investment Team** — Focused on front end strategies with dedicated resources in each sub sector, with portfolio managers and sector specialists averaging 26 years of industry experience.

**Size** — Our size helps ensure efficient implementation and diversification at the portfolio level and allows us to remain sufficiently nimble to reposition the portfolio as market opportunities arise.

## Portfolio Statistics<sup>3</sup>

Characteristics	Cash Plus FI	FTSE 6-month U.S. Treasury Bill Index
Yield (%)	0.35	0.05
Effective Duration (years)	0.34	0.50
Average Quality	Aa3	Govt
Fixed / Floating (%)	52 / 48	N/A

## Composite Performance(%)<sup>4</sup>

	2Q21	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Since Int.
Cash Plus (Gross)	0.15	0.27	0.88	2.13	1.89	1.57	1.39	3.18
Cash Plus (Net)	0.11	0.19	0.73	1.98	1.74	1.42	1.24	3.06
FTSE 6-month T-bill	0.02	0.04	0.15	1.44	1.24	0.93	0.68	2.25

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

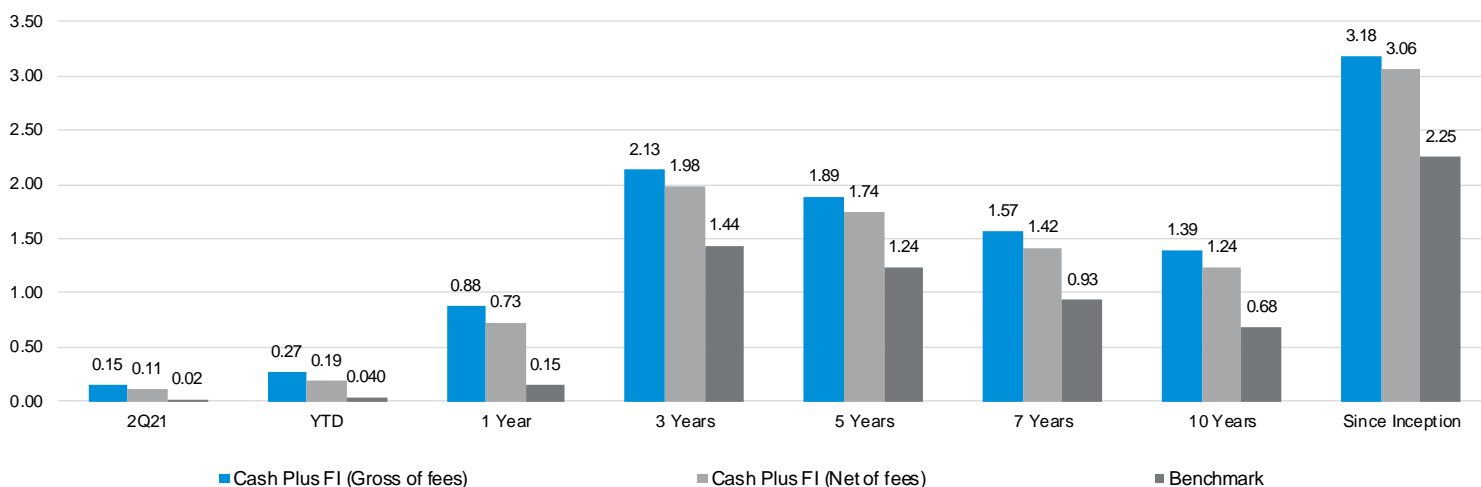
2. The performance benchmark for the Cash Plus Fixed Income ("Cash Plus") composite is the FTSE 6-month U.S. Treasury Bill Index, which tracks the return of one U.S. six-month Treasury Bill until maturity. The benchmark does not reflect holdings in all sectors targeted within the Cash Plus strategy.

3. 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.

4. 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.

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.

## Composite Performance (%)<sup>1</sup>



## Quarterly Performance Attribution<sup>2</sup>

The strategy outperformed given our overweight to spread product despite the Treasury curve moves.

(+) IG Corporates – Overweight was additive to performance. Specific subsectors included Banking, Electrics, Wirelines, Midstream and Pharmaceuticals. Technology was a slight detractor over the quarter.

(+) ABS – Broad outperformance in Autos and Student Loans.

(+) CMBS – Non-agency securities were the top performers.

(-) Yield Curve – The curve steepened over the quarter and was a detractor for performance.

## Strategy

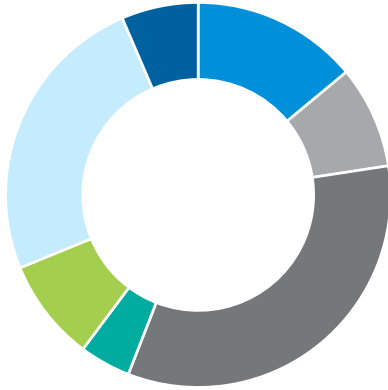
We remain cautiously optimistic about the near-term prospects of the US economy given the increased pace of reopening's as consumer spending continues to be bolstered by several rounds of stimulus checks. That being said, valuations are rich across the fixed income universe, and we believe either inflation, the easing of monetary policy or the Delta variant has the potential to create volatility going forward. We believe, the Fed's removal of its crisis-era loose monetary policy, no matter how well telegraphed, could lead to higher market and/or spread volatility. After the incremental spread tightening witnessed in the second quarter, valuations look even less compelling. Looking ahead we anticipate sticking to our more defensive, up-in-quality positioning and holding sector weightings relatively stable as we did over the second quarter until we see a better entry point develop to increase our risk profile. We believe sector and security selection will remain the main drivers in generating any excess returns as we aim to maintain/build our yield advantage relative to our benchmark indices to help drive performance.

The views presented above are MIM's and are subject to change over time. There can be no assurance that the views expressed above will prove accurate and should not be relied upon as a reliable indicator of future events.

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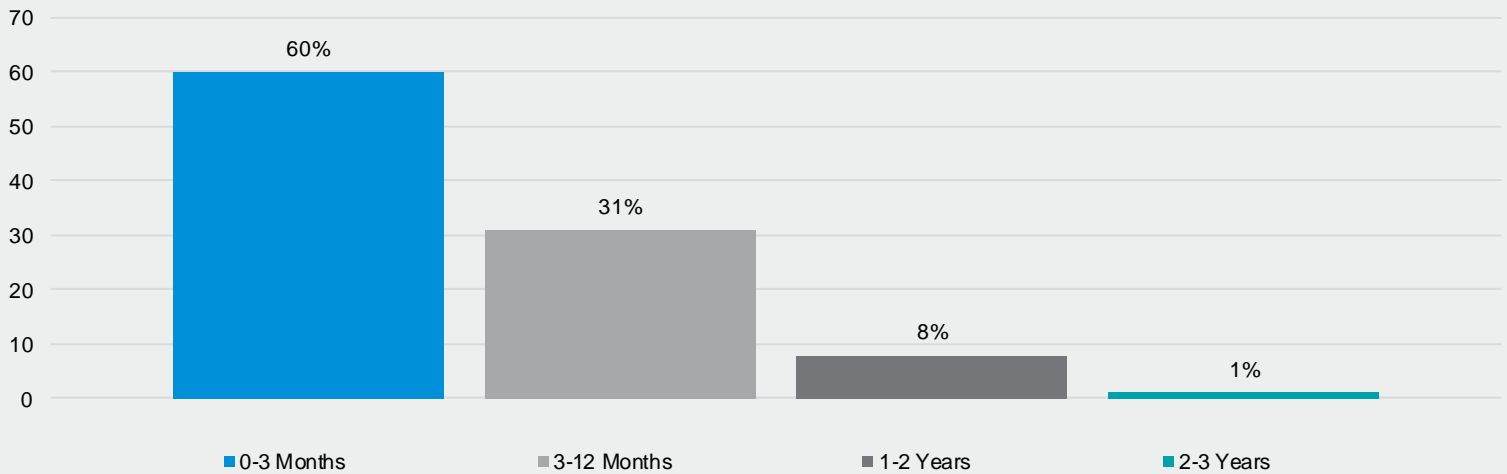
2. Treasury sector selection attribution is included in Duration figure. Performance attribution is calculated against the FTSE 6-month U.S. Treasury Bill Index.

## Sector Distribution<sup>1</sup>

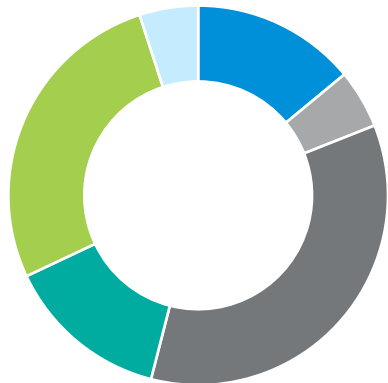


Sector	Allocation
Treasury	13%
Agency	8%
Corporates	31%
RMBS	4%
CMBS	8%
ABS	23%
Municipal	6%

## Yield Curve Distribution<sup>1</sup>



## Credit Quality Distribution<sup>1</sup>



Rating	Allocation
Government	14%
Agency	5%
AAA	35%
AA	14%
A	27%
BBB	5%

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## 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>4</sup>	Composite Assets	% Total Firm Assets <sup>4</sup>
<b>4/1/1996 (Inception) to 12/31/1996</b>	4.52%	4.35%	4.01%	≤ 5	N/A	N/A	N/A	\$21,338,223	-
<b>1997</b>	5.95%	5.69%	5.43%	≤ 5	N/A	N/A	N/A	\$14,656,481	-
<b>1998</b>	5.85%	5.63%	5.28%	≤ 5	N/A	N/A	N/A	\$66,052,306	-
<b>1999</b>	4.97%	4.85%	4.80%	≤ 5	N/A	N/A	N/A	\$60,751,778	-
<b>2000</b>	7.27%	7.17%	6.06%	8	0.12	N/A	N/A	\$967,478,462	-
<b>2001</b>	6.82%	6.75%	4.49%	≤ 5	N/A	N/A	N/A	\$898,257,803	-
<b>2002</b>	2.91%	2.87%	1.91%	≤ 5	N/A	N/A	N/A	\$1,323,076,399	-
<b>2003</b>	1.78%	1.73%	1.18%	≤ 5	N/A	N/A	N/A	\$1,365,781,049	-
<b>2004</b>	1.37%	1.33%	1.31%	≤ 5	N/A	N/A	N/A	\$917,267,060	-
<b>2005</b>	3.31%	3.26%	3.03%	≤ 5	N/A	N/A	N/A	\$961,432,678	-
<b>2006</b>	5.30%	5.25%	4.79%	≤ 5	N/A	N/A	N/A	\$507,418,585	-
<b>2007</b>	5.66%	5.62%	4.96%	≤ 5	N/A	N/A	N/A	\$548,351,437	-
<b>2008</b>	2.96%	2.91%	2.39%	≤ 5	N/A	N/A	N/A	\$207,232,138	-
<b>2009</b>	5.10%	5.00%	0.47%	≤ 5	N/A	N/A	N/A	\$220,067,528	-
<b>2010</b>	2.21%	2.03%	0.20%	≤ 5	N/A	N/A	N/A	\$219,966,092	-
<b>2011</b>	0.76%	0.61%	0.14%	≤ 5	N/A	0.75%	0.06%	\$520,339,143	-
<b>2012</b>	1.79%	1.64%	0.11%	≤ 5	N/A	0.49%	0.01%	\$452,859,926	-
<b>2013</b>	0.88%	0.73%	0.10%	≤ 5	N/A	0.41%	0.01%	\$224,376,914	-
<b>2014</b>	0.54%	0.39%	0.06%	6	N/A	0.29%	0.01%	\$1,755,137,633	-
<b>2015</b>	0.55%	0.40%	0.10%	≤ 5	N/A	0.20%	0.01%	\$101,067,717	-
<b>2016</b>	1.39%	1.24%	0.40%	≤ 5	N/A	0.21%	0.04%	\$493,965,246	-
<b>2017</b>	1.56%	1.41%	0.88%	≤ 5	N/A	0.19%	0.10%	\$331,961,865	-
<b>2018</b>	2.08%	1.93%	1.91%	≤ 5	N/A	N/A	N/A	\$314,722,978	-
<b>2019</b>	3.20%	3.04%	2.38%	≤ 5	N/A	N/A	N/A	\$898,718,992	-
<b>2020</b>	1.86%	1.71%	0.80%	≤ 5	N/A	N/A	N/A	\$1,940,492,203	-
<b>1Q 2021</b>	0.11%	0.08%	0.02%	≤ 5	N/A	N/A	N/A	\$1,566,817,173	-
<b>2Q 2021</b>	0.15%	0.11%	0.02%	≤ 5	N/A	N/A	N/A	\$1,906,803,602	-

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 Cash Plus Fixed Income ("Cash Plus") composite is the FTSE 6-month U.S. Treasury Bill Index, which tracks the return of one U.S. six month Treasury Bill until maturity. The benchmark does not reflect holdings in all sectors targeted within the Cash Plus 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 1996 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 June 30, 2019. 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 Cash Plus Fixed Income ("Cash Plus") composite is November 1, 2008 and the inception date is April 1 1996. 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 June 30, 2019 while at another firm. The prior firm, LCP, was verified for the periods November 1, 2007 to June 30, 2019. The verification and performance examination reports are available upon request.

The Cash Plus strategy seeks to preserve principal while generating higher returns than money market funds. The target duration for the Cash Plus strategy is less than a year and the investments consist of government, agencies, corporate, mortgage and asset back sectors in the investment grade universe. The Cash Plus composite includes all fee-paying portfolios equal to or over \$20 million, managed on a discretionary basis according to the applicable composite strategy except as otherwise excluded herein. 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 Cash Plus composite is the FTSE 6-month U.S. Treasury Bill Index, which tracks the return of one U.S. six month Treasury Bill until maturity, and is presented for discussion purposes only. The index does not reflect holdings in all sectors targeted within the Cash Plus strategy, which also includes government agencies, municipal, corporate, mortgage and asset back sectors 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 Cash Plus strategy is 0.15% on the first \$50 million, 0.125% on amounts from \$50 million to \$100 million and 0.10% on the remaining amount. Net returns have been calculated by reducing the monthly gross returns by the highest stated in the Firm's ADV of 0.15%. 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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