

# Enhanced Cash Fixed Income

June 30, 2021

## Inception Date

June 1, 2012

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

\$1,127.1 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 controlling 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>

Bloomberg Barclays U.S. Treasury 9-12 Month Index

LIBOR+/SOFR+

## Our Strengths

We believe our key competitive strengths are:

**Investment Team** — Exclusively 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 ensures 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	Enhanced Cash FI	Bloomberg Barclays U.S. 9-12 Month Index
Yield (%)	<b>0.45</b>	0.09
Effective Duration (years)	<b>0.57</b>	0.89
Average Quality	<b>Aa3</b>	Govt
Fixed / Floating (%)	<b>58 / 42</b>	N/A

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

	2Q21	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	Since Int.
<b>Enhanced Cash (Gross)</b>	<b>0.16</b>	<b>0.25</b>	<b>0.93</b>	<b>2.27</b>	<b>1.96</b>	<b>1.68</b>	<b>1.56</b>
<b>Enhanced Cash (Net)</b>	<b>0.12</b>	<b>0.17</b>	<b>0.78</b>	<b>2.12</b>	<b>1.81</b>	<b>1.53</b>	<b>1.41</b>
9-12 Month Treasury	0.02	0.09	0.21	1.94	1.48	1.18	0.97

1. Stated at estimated fair value (unaudited). Enhanced Cash Fixed Income is a strategy of public fixed income assets. Total Strategy Assets for Enhanced Cash Fixed Income include all assets managed by MIM in the Enhanced Cash 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 Enhanced Cash Fixed Income.

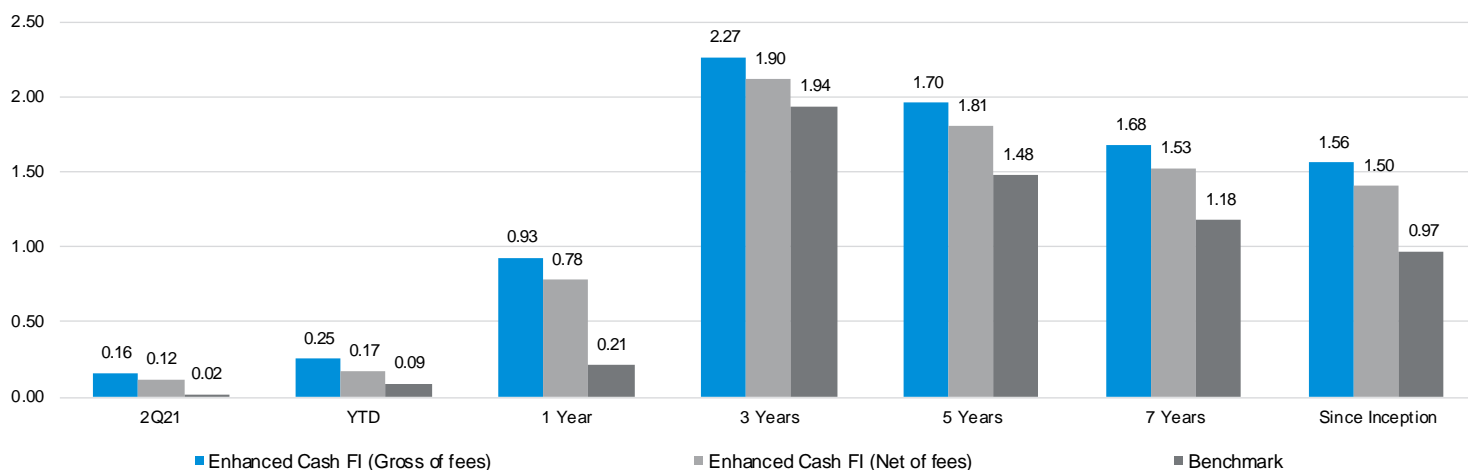
2. The performance benchmark for the Enhanced Cash Fixed Income ("Enhanced Cash FI") composite is the Bloomberg Barclays U.S. Treasury 9-12 Month Index. The benchmark does not reflect holdings in all sectors targeted within the Enhanced Cash FI strategy. Please see GIPS disclosures on the following page.

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. 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 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, Automotive, Electrics, Wirelines and Energy. Technology was a slight detractor over the quarter.

(+) ABS – Broad outperformance in fixed-rate Autos and CLOs

(+) CMBS – Non-agency securities were the top performers, specifically floating rate SASBs

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

## Strategy

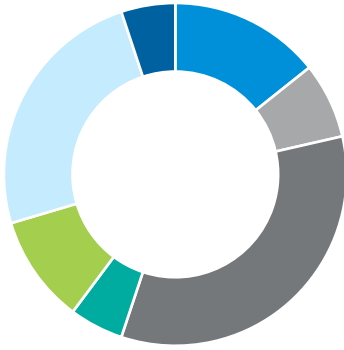
We remain cautiously optimistic about the near-term prospects of the US economy given the increased pace of reopening's as consumer spending continues to be bolstered by several rounds of stimulus checks. That being said, valuations are rich across the fixed income universe, and we believe either inflation, 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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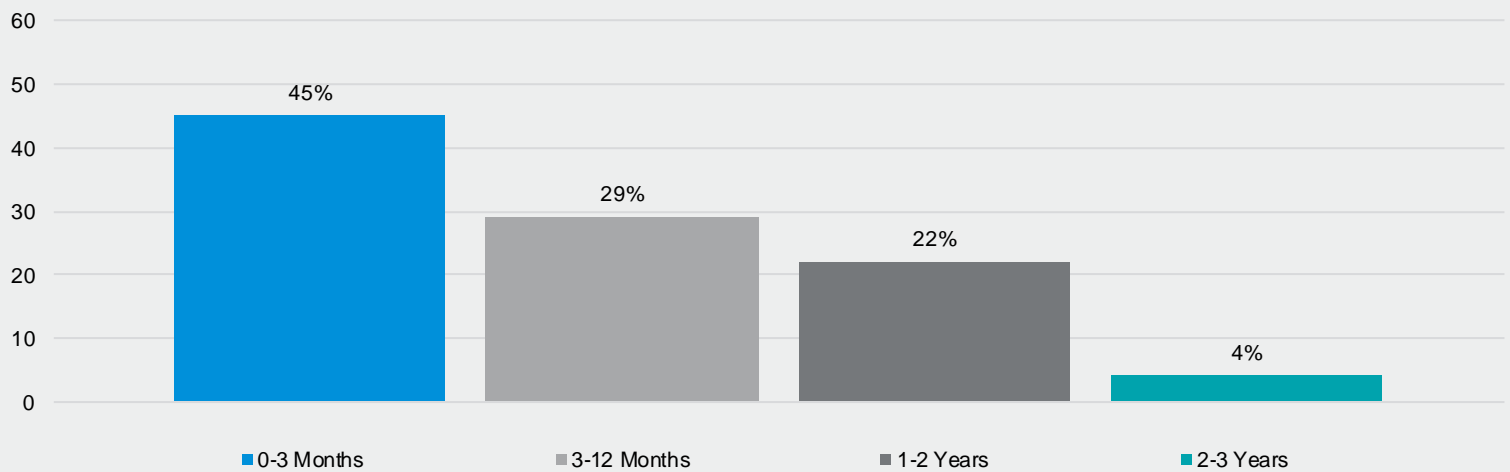
2. Treasury sector selection attribution is included in Duration figure. Performance attribution is calculated against the Bloomberg Bardays 9-12 Month Index

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

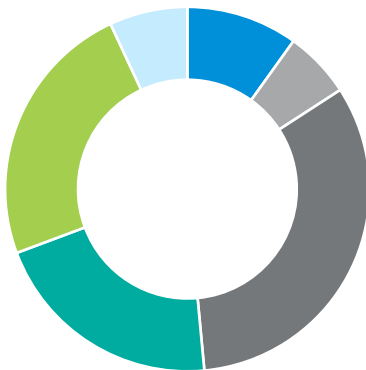


Sector		Allocation
	Treasury	14%
	Agency	7%
	Corporates	33%
	RMBS	5%
	CMBS	10%
	ABS	24%
	Municipal	5%

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



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



Rating		Allocation
	Government	15%
	Agency	4%
	AAA	33%
	AA	20%
	A	23%
	BBB	6%

<sup>1</sup> 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.

## 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>
6/1/2012 (Inception) to 12/31/2012	0.91%	0.82%	0.17%	≤ 5	N/A	N/A	N/A	\$429,843,900	-
2013	0.92%	0.77%	0.25%	≤ 5	N/A	N/A	N/A	\$532,542,104	-
2014	0.74%	0.59%	0.17%	≤ 5	N/A	N/A	N/A	\$503,494,594	-
2015	0.71%	0.56%	0.20%	≤ 5	N/A	0.25%	0.13%	\$427,822,291	-
2016	1.64%	1.48%	0.79%	≤ 5	N/A	0.26%	0.22%	\$427,881,557	-
2017	1.57%	1.42%	0.68%	≤ 5	N/A	0.23%	0.23%	\$427,076,723	-
2018	2.05%	1.90%	1.90%	≤ 5	N/A	0.20%	0.29%	\$433,465,065	-
2019	3.37%	3.22%	2.88%	≤ 5	N/A	0.31%	N/A	\$508,530,667	-
2020	2.06%	1.91%	1.69%	≤ 5	N/A	NA	N/A	\$1,035,918,743	-
1Q 2021	0.09%	0.05%	0.07%	≤ 5	N/A	NA	N/A	\$1,032,227,809	-
2Q 2021	0.16%	0.12%	0.02%	≤ 5	N/A	NA	N/A	\$991,526,904	-

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 Enhanced Cash Fixed Income (“Enhanced Cash”) composite is the Bloomberg Barclays Treasury 9-12 Month Index. The benchmark does not reflect holdings in all sectors targeted within the Enhanced Cash 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 2012 through 2014 because the composite has not been in existence for three years. The standard deviation 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. The Firm has been independently verified for the periods November 1, 2007 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 Enhanced Cash Fixed Income (“Enhanced Cash”) composite is June 1, 2012 and the inception date is June 1, 2012. 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 June 1, 2012 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 Enhanced Cash strategy seeks to preserve principal while generating higher returns than money market funds. The target duration for the Enhanced Cash strategy is 1.25 years or less and the investments consist of government, agencies, corporate, mortgage and asset-backed sectors in the investment grade universe. The Enhanced Cash 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 Enhanced Cash composite is the Bloomberg Barclays U.S. Treasury 9-12 Month Index, which is a component of the Bloomberg Barclays Short Treasury Index which includes publicly issued, aged U.S. Treasury Bills, notes and bonds with a remaining maturity from one month up to (but not including) 12 months and excludes zero coupon strips and is presented for discussion purposes only. The index does not reflect holdings in all sectors targeted within the Enhanced Cash 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 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.

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 Enhanced Cash 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 ADV fee of 0.15%. Fees have a compounding effect on cumulative results. Investment management fees are described in Part 2A of 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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