Fixed Income Overview

Q4 '17

Objective & Strategy

Our objective is to generate competitive returns by investing in investment grade securities within client identified risk ranges. Our dynamic process takes advantage of opportunities created by secular and cyclical economic events. Experience shows bond market values change as domestic and global economic cycles impact both absolute rate levels and sector valuations.

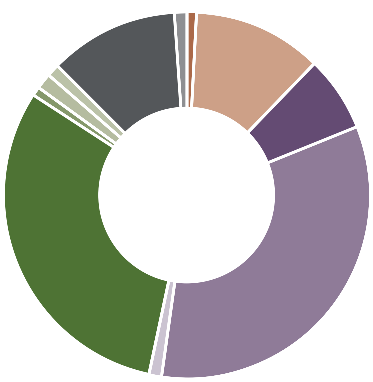
Diversification

Client portfolios are diversified by maturity and sector weightings based on economic trends and sector valuations, with the goal of controlling credit and maturity exposure.

Dynamic Process

We typically structure portfolios to be +/- 10% of the client's benchmark maturity. Structural changes are implemented when economic events mandate either a more or less aggressive structure. Sector decisions are based on both absolute and relative sector values. Reallocations of portfolio assets are based on phases of economic cycles as well as unique factors influencing a sector's value.

Current Model



Basic Materials	0.22
Communications	11.75
Consumer Cyclical	6.76
Consumer Non-cyclical	34.17
Energy	1.22
Financial	31.38
Funds	0.04
Government	1.54
Industrial	0.88
Technology	11.67
Utilities	0.38

Allocations are subject to change without prior notice.

Statistics

Current Yield:	2.6%
Targeted Average Maturity:	2.7 years
Time to receive the return	
Anticipated Number of Issues:	18
Total number of bonds held	
Average Moody Rating:	A2
The quality of the portfolio	

Bloomberg Barclay's U.S. Aggregate Bond Index: Sector Performance

	2012	2013	2014	2015	2016	YTD 2017	5 Year*	10 Year*
U.S. Aggregate	4.2	-2.0	6.0	0.6	2.7	3.5	2.1	4.0
U.S. Treasury	2.0	-2.8	5.1	0.8	1.0	2.3	1.3	3.3
U.S. Agency	3.0	-1.6	3.7	-0.4	2.3	3.0	1.4	3.0
U.S. Corp Intermediate Investment Grade	9.8	-1.5	7.5	1.1	2.1	3.9	2.7	4.8

As of December 31, 2017
Source: Bloomberg *Returns greater than one year are annualized. **Performance shown is historical and is no guarantee of future results. Diversification and asset allocation does not ensure a profit or guarantee protection against a loss.**

Current Yield: the ratio of annual interest divided by asset price. **Average Maturity**: the average time for the return of a bond portfolio's return of principal. **Average Moody's Rating**: an average of the ratings assigned to individual assets based on the borrowers' ability to make principal and interest payments. The Bloomberg Barclay's U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and non-agency). An investor cannot invest in an index and index returns are not representative of the performance of any specific investment.
Investment grade bond ratings range from Aaa to Baa with Aaa the most highly rated. Investments in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. An issuer suffering an adverse change in its financial condition could see the credit quality of its securities deteriorate, leading to greater price volatility of the security. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile. *Supplemental Information*

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