

# Strategic Enhanced Fixed Income

## Quarterly Fact Sheet

As of June 30, 2019

### Objective

Cavalan Hill's fixed income strategies are rooted in the belief that inefficiencies do exist in the marketplace and, through active management, we can provide value to our clients by taking advantage of these opportunities. We believe that excess return is good, but risk-adjusted excess return is even better. The pursuit of superior returns must be tempered with strong risk management processes.

### Process

Cavalan Hill's fixed income management process is fundamentally driven, disciplined, diversified, and value-oriented. Our process focuses on out-of-favor sectors, making opportunistic purchases in market sectors currently being neglected by the market, and being well compensated for providing liquidity where it is least available. Downside volatility is managed by purchasing securities at a significant discount to their intrinsic value.

### Portfolio Construction

Portfolios are constructed with U.S. dollar denominated securities. Primary consideration is given to out-of-favor sectors of the bond market. Dislocations between buyers and sellers often develop in the fixed income markets resulting in large inefficiencies. This opportunistic strategy aims to exploit these inefficiencies by purchasing securities at a significant discount to their intrinsic value. Portfolio construction is based on a buy and hold strategy in which excess returns are generated by acting as the providers of liquidity.

### Portfolio Characteristics

Inception Date	February 01, 2013
AUM (in millions)	\$170.3
Investment Style	Core - Specialized
Decision Making	Opportunistic
Benchmark	Barclays Capital U.S. Aggregate <sup>1</sup>

### Account Fees

All Accounts	75 bps
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### Account Minimums

All Accounts	\$5,000,000
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### Average Annual Total Returns Related To Index

Strategic Enhanced Fixed Income	Aggregate*		Annualized*			
	QTR	YTD	1 Yr.	3 Yr.	5 Yr.	Inception (02/01/2013)
<b>Gross of Fees</b>	3.01%	6.15%	7.57%	3.72%	4.70%	4.97%
<b>Net of Fees</b>	2.82%	5.76%	6.77%	2.97%	3.93%	4.20%
<b>Barclays Capital U.S. Aggregate<sup>1</sup></b>	3.08%	6.11%	7.87%	2.31%	2.95%	2.70%

Strategy performance results expressed in U.S. dollars.

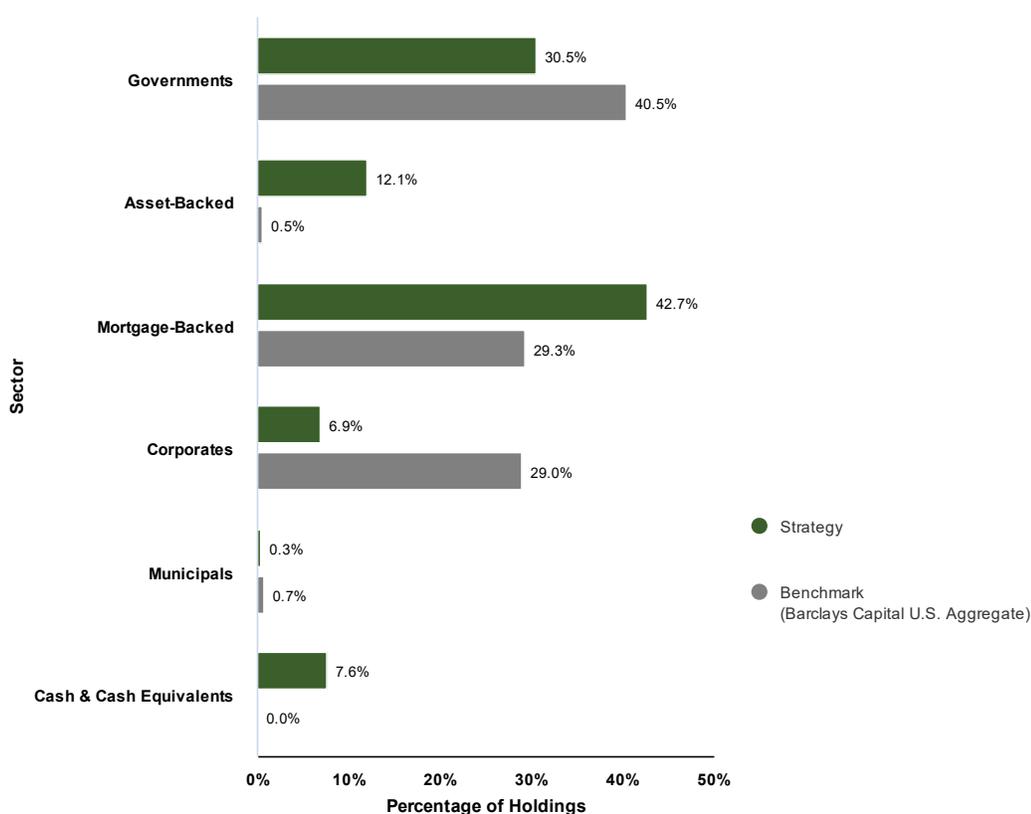
### Portfolio Statistics

	Strategy	Barclays Capital U.S. Aggregate <sup>1</sup>
Average Credit Quality	A1	Aa1
Duration	6.5 yrs	5.7 yrs
Current Yield	3.7%	3.1%
Average Number of Holdings	85	10610

### Quality Distribution (as a percentage of Market Value)

Strategy	CREDIT RATING							
	AAA/Aaa	AA/Aa	A	BBB/Baa	BB/Ba	B	Other	Unrated
Strategy	54.8%	4.4%	7.2%	9.5%	9.8%	4.8%	7.4%	2.1%
Barclays Capital U.S. Aggregate <sup>1</sup>	72.6%	3.4%	10.4%	12.7%	0.9%	0.0%	0.0%	0.0%

### Sector Diversification



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### Portfolio Management

The Strategic Enhanced Fixed Income Strategy is managed by the Fixed Income Management Team of Caval Hill Investment Management, Inc. The Team is responsible for the development of the overall fixed income investment strategy for the Caval Hill fixed income strategies. While all members of the Team actively contribute their experience, expertise and unique insights to the investment process, the managers primarily responsible for the day-to-day management of the Strategic Enhanced Fixed Income Strategy are:

#### Russell Knox, CFA®

*Vice President*

Responsible for the execution of the Strategic Enhanced Fixed Income Strategy investment discipline, including individual security analysis and selection.

#### Michael P. Maurer, CFA®

*Senior Vice President*

Responsible for the development and oversight of the Strategic Enhanced Fixed Income Strategy.

### The Adviser

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To obtain a GIPS compliant presentation and/or a list of composite descriptions you may contact us at:

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Caval Hill Strategic Enhanced Fixed Income Composite (creation 2/1/2013, inception 2/1/2013)

Includes all portfolios invested in fixed income securities with a mandate to invest in less liquid securities of any investment rating in an effort to increase returns through market inefficiencies. The benchmark is the Barclays Capital U.S. Aggregate Bond Index.

\* Periods less than one year are not annualized.

1 The Barclays Capital U.S. Aggregate Bond Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS and CMBS sectors. The index is unmanaged. Investors cannot invest directly in an index. The above index does not reflect the fees associated with a managed account.

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