

# ULTRA SHORT DURATION FIXED INCOME STRATEGY

Fourth Quarter 2020 Fact Sheet

## Strategy Description

The PNC Capital Advisors **Ultra Short Duration Fixed Income Strategy** seeks income stability, capital preservation, and liquidity, with a goal of delivering competitive risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, commercial paper, AAA-rated asset-backed securities, and U.S. Treasury bonds.

Assets under management	<b>\$548</b> MILLION
Inception	12/31/2002
Benchmark	ICE BofAML 1-Year U.S. Treasury Index

## Investment Team

Sean T. Rhoderick, CFA	Chief Investment Officer
Mark A. Lozina, CFA	Senior Portfolio Manager
Richard P. Mears, CFA	Senior Portfolio Manager

CFA® is a trademark owned by CFA Institute.

23 Investment Professionals

17 Team Years Average Industry Experience

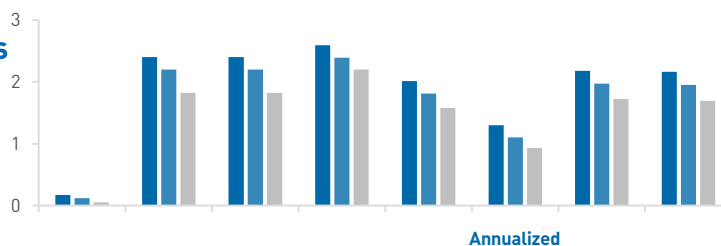
## Firm Overview

We seek to tailor fixed income investment solutions to meet the complex, evolving needs of institutional asset management clients.

Our investment solutions:

Liquidity Solutions	Assets Under Management	<b>\$14.0</b> BILLION
Custom Fixed Income		<b>\$9.3</b> BILLION
Broad Market Strategies		<b>\$6.7</b> BILLION

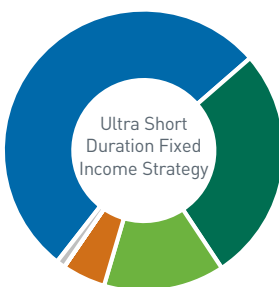
## Investment Results



(all values in %)	Qtr	YTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Incept
Ultra Short Duration Fixed Income (Gross)	0.17	2.40	2.40	2.59	2.01	1.30	2.18	2.16
Ultra Short Duration Fixed Income (Net)	0.12	2.20	2.20	2.39	1.81	1.10	1.97	1.95
ICE BofAML 1 Yr US Treasury Index	0.05	1.82	1.82	2.20	1.58	0.93	1.72	1.69
Relative Investment Results	0.12	0.58	0.58	0.39	0.43	0.37	0.46	0.47

As of 12/31/20 Source: Advent Portfolio Exchange® (APX). Performance returns are presented gross and net of fees and include the reinvestment of all income. Gross of fee performance returns do not reflect the payment of investment advisory fees and other expenses related to your account. Actual returns will be reduced by the advisory fee specific to your account and other expenses that may be incurred in the management of the account. Please refer to our GIPS®-compliant presentation, which includes additional disclosures and is located at the end of this presentation. **Past performance is no guarantee of future results.**

## Sector Allocation (%)



	Ultra Short Duration Fixed Income	ICE BofAML 1 Yr US Treasury Index
Corporate-Credit	53.1	0.0
Treasury	27.1	100.0
Asset-Backed	13.9	0.0
Mortgage-Backed	5.0	0.0
Certificate of Deposit	0.0	0.0
Commercial Mortgage-Backed	0.0	0.0
Commercial Paper	0.0	0.0
Non-Corporate Credit	0.0	0.0
Agency	0.0	0.0
Cash & Cash Equivalents	1.0	0.0

## Portfolio Characteristics

	Ultra Short Duration Fixed Income	ICE BofAML 1 Yr US Treasury Index
Weighted Average Life (Years)	1.1	1.0
Effective Duration (Years)	0.9	1.0
Average Quality	Aa3	Aaa
Yield to Maturity	0.4%	0.1%
Turnover (12 month trailing)	68.3%	N/A
Number of Holdings	93	1

### Duration Distribution

(% market value)	Ultra Short Duration Fixed Income	ICE BofAML 1 Yr US Treasury Index
<1 Year	49.8	100.0
1-3 Years	50.2	0.0
3-4 Years	0.0	0.0
4-6 Years	0.0	0.0
6-8 Years	0.0	0.0
>8 Years	0.0	0.0

### Quality Allocation

(% market value)	Ultra Short Duration Fixed Income	ICE BofAML 1 Yr US Treasury Index
AAA	46.9	100.0
AA	2.7	0.0
A	33.0	0.0
BBB	17.5	0.0
BB or Lower	0.0	0.0
Tier 1 CP	0.0	0.0
Tier 2 CP	0.0	0.0

### Investment Process Key Elements



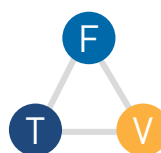
#### Opportunistic Sector Allocation

We frame relative value across a matrix of more than 50 market subsectors using historical excess returns and volatility.



#### Dynamic Position Limits Based on Duration

The concepts of contribution to duration (CTD) and duration times spread (DTS) provide a common lens to evaluate relative risk and potential volatility.



#### Security Selection Integrity

Research teams partner with portfolio managers to evaluate sectors, issuers, and securities using a consistent Fundamentals-Valuation-Tactics framework.



#### Ongoing Quantitative Analysis

We seek to ensure primary dimensions of risk (key rates, sector, issuer/securities) are consistent across each strategy.

As of 12/31/20 unless otherwise noted. Sources: BondEdge® and The Yield Book® Software and Services (Sector Allocation, Duration Distribution, and Quality Allocation), and Advent Portfolio Exchange® (APX) (Assets Under Management and Turnover).

The information shown is derived from a representative account deemed to appropriately represent this investment strategy and is for illustration purposes only. Performance is not a consideration in the selection of the representative account. Portfolio characteristics are subject to change periodically and may not be representative of your account's current characteristics. Sector and quality distributions for both the portfolio and the benchmark are calculated using the Bloomberg Barclays index methodology. Sector allocations are subject to change; securities within a sector may no longer be held in your account's portfolio. If shown, the Top Ten Credit Holdings, which exclude cash and cash equivalents, do not represent all securities purchased, sold, or recommended for clients; individual account holdings will vary. There is no assurance that any of these securities will be purchased or held in the future and it should not be assumed that investments in the securities identified were or will be profitable. A complete list of holdings for the previous 12 months is available upon request.

#### Disclosures

This publication is for informational purposes only. Information contained herein is believed to be accurate, but cannot be guaranteed. Opinions represented are not intended as an offer or solicitation with respect to the purchase or sale of any security and are subject to change without notice. Statements in this material should not be considered investment advice, a forecast, or a guarantee of future results.

PNC Capital Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®). A list of composite descriptions for PNC Capital Advisors, LLC and/or a presentation that complies with the GIPS® standards are available upon request.

PNC Capital Advisors, LLC is a wholly-owned subsidiary of PNC Bank N.A. and an indirect subsidiary of The PNC Financial Services Group, Inc. serving institutional clients. PNC Capital Advisors' strategies and the investment risks and advisory fees associated with each strategy can be found within Part 2A of the firm's Form ADV, which is available at <https://pnccapitaladvisors.com>.

©The PNC Financial Services Group, Inc. All rights reserved.

**Firm Description:** PNC Capital Advisors, LLC (PCA), a registered investment adviser and direct wholly owned subsidiary of PNC Bank, N.A. (PNC Bank) and indirect wholly owned subsidiary of The PNC Financial Services Group, Inc., offers investment management services with respect to taxable fixed income securities for a variety of clients. The firm's list of composite descriptions is available upon request.

**Significant Events:** As of December 1, 2019, PNC Bank migrated the Municipal Investment Group and the Advantage Equity Portfolio Management Group from PCA to the PNC Investment Strategy & Services division of PNC Bank's Asset Management Group. As of November 15, 2019, PCA transitioned away, through acquisition, its International Growth Equity, Select Small Cap Equity, and Structured Equity teams. The transaction also included the reorganization of PNC Bank's family of mutual funds, formally managed by PCA into corresponding third party mutual funds.

**Compliance Statement:** PNC Capital Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PCA has been independently verified for the period beginning September 29, 2009 through December 31, 2016 by Ashland Partners and Company, LLP, and for the periods January 1, 2017 through December 31, 2019 by ACA Performance Services. 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. The Ultra Short Duration Fixed Income Composite has been examined by Ashland Partners & Company LLP for the period January 1, 2008 through December 31, 2016, and for the periods January 1, 2017 through December 31, 2019 by ACA Performance Services. The verification and performance examination reports are available upon request.

**PNC Capital Advisors**  
**Ultra Short Duration Fixed Income Composite**

Composite Inception Date: December 31, 2002  
Composite Creation Date: December 31, 2002

Year	Gross of Fees Return %	Net of Fees Return %	3 Yr Ex-Post Std Dev Comp %	Benchmark Return %	3 Yr Ex-Post Std Dev Benchmark %	Number of Portfolios (Year-end)	Composite Dispersion (Std Dev %)	Composite Assets (\$ millions)	Firm Assets (\$ millions)
2019	3.42	3.21	0.43	2.93	0.42	13	0.02%	\$ 235.6	\$ 23,885
2018	1.96	1.76	0.31	1.86	0.33	11	0.01%	517.9	53,549
2017	1.15	0.94	0.24	0.57	0.26	9	0.03%	576.8	50,300
2016	1.14	0.93	0.24	0.76	0.25	7	0.02%	528.7	48,659
2015	0.50	0.30	0.16	0.15	0.16	8	0.01%	504.9	41,592
2014	0.38	0.18	0.18	0.18	0.11	8	N/A	532.2	41,062
2013	0.56	0.36	0.21	0.26	0.14	6	N/A	553.1	36,882
2012	0.95	0.75	0.30	0.24	0.20	4	N/A	421.4	34,425
2011	0.59	0.39	0.55	0.57	0.30	3	N/A	534.8	35,113
2010	1.18	0.98		0.83		2	N/A	562.2	33,318

**Composite Description:** The investment objective of the Ultra Short Duration Fixed Income Composite is to seek current income as well as preservation of capital by investing in a portfolio of high- and medium-grade fixed income securities, with portfolio duration characteristics benchmarked to the ICE BofAML 1-Year Treasury Index. The Ultra Short Duration Fixed Income Composite was created on, and has an inception date of, December 31, 2002.

**Benchmark:** The benchmark for the composite is the ICE BofAML 1-Year Treasury Index. The ICE BofAML 1-Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of less than one year.

**Minimum Account Size:** All discretionary accounts in excess of \$5 million have been included in the composite. Prior to December 31, 2019, the minimum account size was \$10 million.

**Calculation of Results:** Accounts are valued using trade date accounting and are denominated in U.S. dollars. Performance results reflect the reinvestment of interest, dividends, and realized capital gains and include cash, cash equivalents, convertible securities, and preferred securities, if applicable. Dividends and interest are recorded on an accrual basis and are gross of all applicable foreign withholding taxes, if any.

Performance results are presented on a gross and net basis and include the reinvestment of all income. The net results reflect the deduction of 0.20%, representing the maximum advisory fees charged to client accounts in the Ultra Short Duration Fixed Income Composite. The actual fees paid by a client may vary based on assets under management and other factors.

Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. **Past performance is no guarantee of future results.**

**Significant Cash Flows:** As of January 1, 2012, PCA defines a significant cash flow for the portfolios of the Ultra Short Duration Fixed Income Composite as one or more external cash flows during the month equaling an absolute value greater than 10% of the portfolio's assets at the beginning of the month.

**Dispersion:** The dispersion of annual return is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for a full year. For periods during which five or fewer accounts were included in the composite for a full year, standard deviation is not disclosed because it is not considered meaningful.

**Fee Schedule:** The management fee schedule is as follows: 0.20% on amounts up to \$15 million and 0.15% on amounts over \$15 million. The actual fees paid by a client may vary based on assets under management and other factors.