

# ULTRA SHORT DURATION FIXED INCOME STRATEGY

Third Quarter 2019 Fact Sheet

## Strategy Objective

The PNC Capital Advisors **Ultra Short Duration Fixed Income Strategy** seeks income stability, capital preservation, and liquidity, with a goal of delivering superior 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 <sup>1</sup>	<b>\$316</b> MILLION
Inception	12/31/2002
Benchmark	ICE BofAML 1-Year U.S. Treasury Index

## Investment Team

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

21 Investment Professionals

18 Team Years Average Industry Experience

## Firm Overview

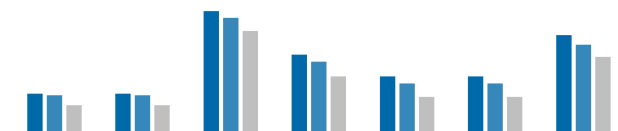
We seek to tailor fixed income investment solutions to meet the complex, evolving needs of institutional asset management clients.

Our investment solutions:

	Assets Under Management <sup>1</sup>
Liquidity Solutions	<b>\$8.1</b> BILLION
Custom Fixed Income	<b>\$7.6</b> BILLION
Broad Market Strategies	<b>\$6.5</b> BILLION

<sup>1</sup>Data as of 11/21/19.

## Investment Results



(all values in %)	Annualized						Since Inception
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
Ultra Short Duration Fixed Income Composite (Gross)	0.67	2.79	3.49	2.01	1.51	1.14	2.14
Ultra Short Duration Fixed Income Composite (Net)	0.62	2.63	3.29	1.80	1.30	0.94	1.93
ICE BofAML 1-Year U.S. Treasury Index	0.56	2.33	3.13	1.60	1.12	0.79	1.67
Relative Investment Results	0.11	0.46	0.36	0.41	0.39	0.35	0.47

Data as of 9/30/19. 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. **Past performance is no guarantee of future results.**

## Sector Allocation (%)



	Ultra Short Duration Fixed Income Strategy	ICE BofAML 1-Year U.S. Treasury Index
Corporate Credit	43.8	0.0
Treasury	34.8	100.0
Asset-Backed	20.2	0.0
Mortgage-Backed	0.0	0.0
Asset-Backed	0.0	0.0
Commercial Mortgage-Backed	0.0	0.0
Non-Corporate Credit	0.0	0.0
Cash & Cash Equivalents	1.2	0.0

## Portfolio Characteristics

	Ultra Short Duration Fixed Income Strategy	ICE BofAML 1-Year U.S. Treasury Index
Weighted Average Life (Years)	1.0	1.0
Effective Duration (Years)	0.9	1.0
Average Quality	Aa2	Aaa
Yield to Maturity	2.0%	1.8%
Turnover (12-month trailing)	83.6%	NA
Number of Holdings	87	1

### Duration Distribution

(% market value)	Ultra Short Duration Fixed Income Strategy	ICE BofAML 1-Year U.S. Treasury Index
<1 Year	51.7	100.0
1-3 Years	48.3	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 Strategy	ICE BofAML 1-Year U.S. Treasury Index
Tier 1 CP	0.0	0.0
Tier 2 CP	0.0	0.0
AAA	56.2	100.0
AA	6.9	0.0
A	22.2	0.0
BBB	14.7	0.0
BB or Lower	0.0	0.0

### Investment Process Key Elements



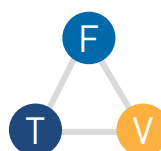
#### Opportunistic Sector Allocation

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.

*Data as of 9/30/19 unless otherwise noted. Source: Analytics provided by The Yield Book® Software and Services. 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.*

### Disclosures

This document has been prepared to describe the activity in your account with PNC Capital Advisors, LLC and is for informational and discussion 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®). To receive a list of composite descriptions of PNC Capital Advisors, LLC and/or a presentation that complies with the GIPS® standards, please send an email to Compliance at [pcacompliancegroup@pnc.com](mailto:pcacompliancegroup@pnc.com).

PNC Capital Advisors, LLC is an indirect subsidiary of The PNC Financial Services Group, Inc. PNC Capital Advisor's 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>.

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**Firm Description:** As of September 29, 2009, PNC Capital Advisors, Inc. and its affiliate Allegiant Asset Management Company each merged into and with PNC Capital Advisors, LLC ("PNC Capital Advisors" or "the Firm"). PNC Capital Advisors, a registered investment adviser and direct wholly owned subsidiary of The PNC Financial Services Group, Inc. ("PNC"), provides investment advice with respect to equity and fixed income securities for a variety of clients, including institutional accounts and registered investment companies.

For Global Investment Performance Standards (GIPS®) purposes, PNC Capital Advisors, LLC includes:

1) Assets under management of PNC Bank, N.A. that were previously attributed to a predecessor firm, Mercantile, which prior to September 14, 2007 was defined to include the assets of Mercantile-Safe Deposit and Trust Company and its subsidiary, Mercantile Capital Advisors, Inc. Effective September 14, 2007, Mercantile-Safe Deposit and Trust Company was merged into PNC Bank, N.A., and in conjunction with such merger, PNC Capital Advisors, Inc. became a subsidiary of PNC Bank, N.A. PNC Capital Advisors, Inc. commenced serving as subadvisor to certain clients of PNC Bank, N.A. effective February 11, 2008.

2) Assets under management of PNC Municipal Investment Group, formerly a part of PNC Bank, N.A., now a business unit of PNC Capital Advisors.

3) Assets under management of the Advantage Equity Portfolio Management Team, formerly a part of PNC Institutional Investment Group ("PNC IIG"), a part of PNC Bank, N.A., now a business unit of PNC Capital Advisors.

4) Wrap program assets managed by Allegiant Advisory Services, formerly a part of Allegiant Asset Management Company.

5) Assets under management of Allegiant Asset Management Company (excluding Allegiant Advisory Services), formerly a wholly owned subsidiary of National City Corporation, now an institutional subsidiary of the PNC Financial Services Group, Inc. and part of PNC Capital Advisors.

**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. PNC Capital Advisors, LLC 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, 2018 by ACA Performance Services, LLC. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firmwide 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, 2018 by ACA Performance Services, LLC. The verification and performance examination reports are available upon request.

**Verification:** Compliance with the GIPS standards for the predecessor firm (Allegiant Asset Management Company) was verified by Ashland Partners & Company LLC for the period January 1, 2008 through September 29, 2009 and by a previous verifier for the period January 1, 1998 through December 31, 2007. Copies of the verification reports as well as policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. A list of composite descriptions is also available upon request.

**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. Effective February 17, 2015, Sean Rhoderick, CFA, assumed the role of Chief Investment Officer for Taxable Fixed Income from Andrew Harding. Mr. Harding had served as Chief Investment Officer for Taxable Fixed Income of PNC Capital Advisors, LLC, and its predecessor firms since 2000. Results from all accounts have been continuous from the first full month under management to present or last full month under management. The Ultra Short Duration Fixed Income Composite was created 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 \$10 million have been included in the composite. Prior to July 1, 2010, the minimum account size was \$2 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. **Past performance is no guarantee of future results.**

**Significant Cash Flows:** As of January 1, 2012, PNC Capital Advisors, Inc. 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. Prior to 2007, the dispersion of annual return was calculated across equal-weighted portfolio returns. 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.

**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)
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	8	0.02%	549.6	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	0.29	0.24	0.20	4	N/A	421.4	34,425
2011	0.59	0.39	0.54	0.57	0.31	3	N/A	534.8	35,113
2010	1.18	0.98		0.83		2	N/A	562.2	33,318
2009	3.24	3.04		0.80		3	N/A	262.0	32,318