

# Short Intermediate Municipal Bond

Third Quarter 2018

## Investment Objective

The Short Intermediate Municipal Bond Composite seeks to maximize current income exempt from federal income tax consistent with the preservation of capital. To achieve this objective, the composite focuses on short-to-intermediate term municipal securities with maturities ranging from one to eight years.

## Investment Philosophy

We believe the integration of fundamental credit research and analysis, market experience, attention to execution and continuous performance review can provide investors with competitive attractive risk-adjusted returns relative to benchmark and peers.

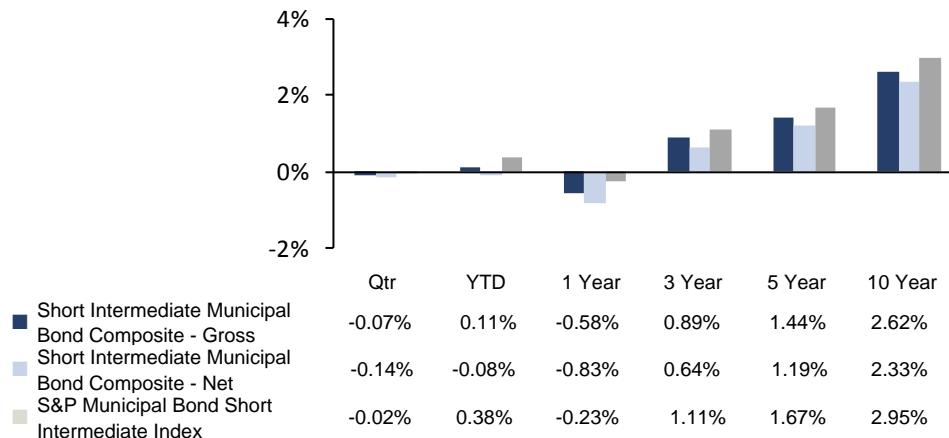
## Investment Process

Our disciplined investment process sets the foundation for risk management and excess returns.

- Integrated approach to portfolio and operational risk management
- Proprietary security selection criteria
- Constant monitoring of portfolio performance attribution
- The establishment of a transparent agreement between our investment management team and client investors

## Performance Summary<sup>1</sup>

(Annualized as of 9/30/18)



<sup>1</sup> Data as of 9/30/18. 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. Actual returns will be reduced by advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest management fee of .25%, representing the maximum advisory fees charged to client accounts invested in the Short Intermediate Municipal Bond Composite during the respective period. For information regarding the current investment advisory fees of PNC Capital Advisors, LLC, please refer to Form ADV, Part 2A, which is available at: <https://pnccapitaladvisors.com>. Please refer to our GIPS®-compliant presentation, which includes additional important disclosures and is located at the end of this presentation.

Past performance is no guarantee of future results.

[pnccapitaladvisors.com](https://pnccapitaladvisors.com)

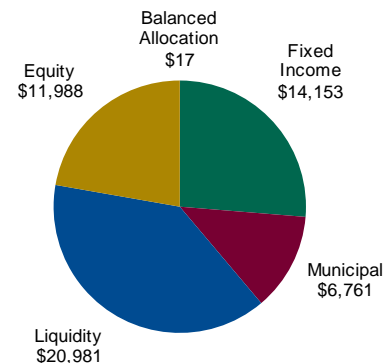
## FIRM OVERVIEW

PNC Capital Advisors, LLC and its predecessors have provided institutional asset management services for over two decades. Our investment team approach allows portfolio managers to do what they do best – manage money. Each team follows a disciplined process with a focus on style purity, consistency, and risk management. The teams are supported by centralized sales, client service, performance measurement, and compliance capabilities. PNC Capital Advisors offers a comprehensive array of investment strategies across both equity and fixed income classes to serve the investment requirements of corporate, public, multi-employer, foundations, endowments, and other tax-exempt clients, as well as select individual clients.

## ASSETS UNDER MANAGEMENT<sup>2</sup>

Total Firm:	\$53,900 million
Municipal Fixed Income:	\$6,761 million
Short Intermediate Municipal Bond:	\$2,528 million
Inception Date:	4/30/01

## BY ASSET CLASS<sup>2</sup>



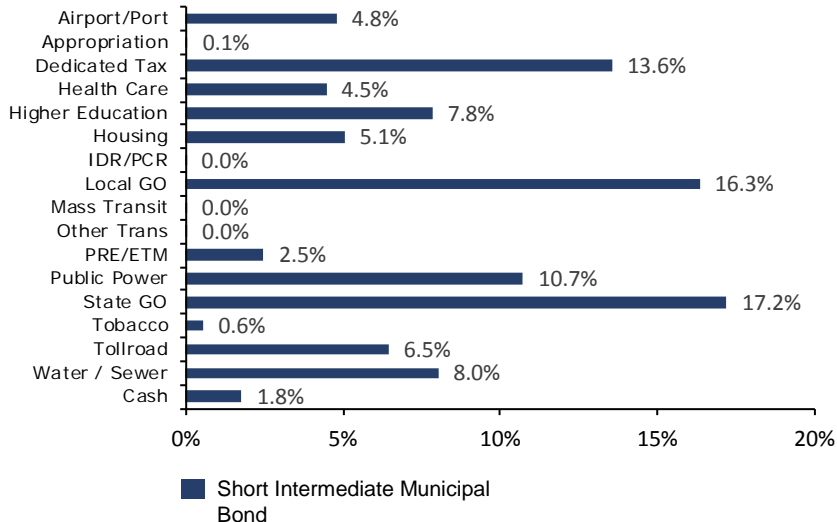
<sup>2</sup> AUM totals in millions for the period ending September 30, 2018.

## Portfolio Characteristics & Allocations<sup>3</sup>

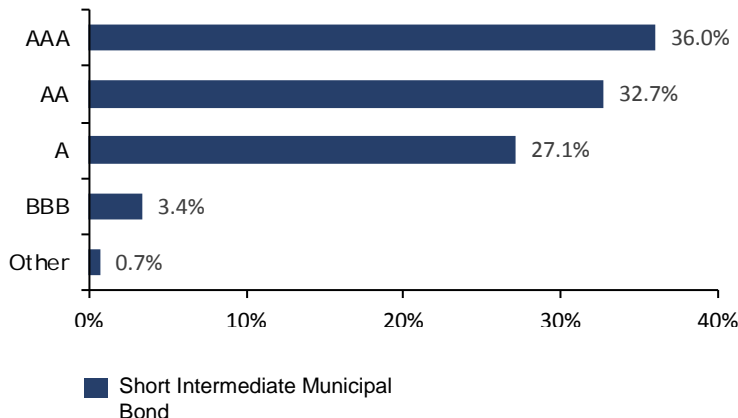
### Portfolio Characteristics

	Short Intermediate Municipal Bond
Effective Duration (Years)	3.3
Average Maturity (Years)	5.3
Average Credit Quality	AA/Aa2
Yield to Maturity	2.5%
Yield to Worst	2.3%
Average Current Yield	4.5%
Average Coupon	4.9%
Average Market Price	\$108.51
Percentage Cash Holdings	1.8%

### Sector Weightings



### Credit Quality



Any negative cash % is due to Trade Date Based Accounting.

<sup>3</sup> Source: Investortools Perform<sup>®</sup>. Data presented reflects the characteristics of all the accounts in the composite as of 12/31/17 and is for illustration purposes only.

**Past performance is no guarantee of future results.** Characteristics are subject to change and should not be considered as investment recommendations. It should not be assumed that investment in the sectors listed or a composite's yields account quality ratings or duration ranges were or will prove profitable, or that investment decisions we make in the future will be profitable. Characteristics, sector weights, account quality ratings or duration ranges with regard to any particular client account may vary based on any investment restrictions applicable to the account.

### MANAGEMENT TEAM

Our Municipal Fixed Income investment team consists of experienced investment management professionals:

#### Adam Mackey

Managing Director  
Municipal Fixed Income  
22 years industry experience

#### William Bonawitz, CFA

Director of Municipal Research  
16 years industry experience

#### Total Municipal Fixed Income Investment Management Staff:

Portfolio Managers: 3  
Quantitative Analysts: 2  
Credit Analysts: 5  
Traders: 2

Average Years' Experience: 14

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## Portfolio Allocations<sup>3</sup>

### Maturity Profile

	% of Portfolio
0-1 yrs	4.9%
1-2 yrs	13.9%
2-3 yrs	18.7%
3-4 yrs	12.4%
4-5 yrs	15.1%
5-6 yrs	10.9%
6-7 yrs	9.7%
7-8 yrs	4.9%
8-9 yrs	2.6%
9-10 yrs	1.3%
>10 yrs	5.7%

### Effective Duration

	% of Portfolio
0-1 yrs	9.4%
1-2 yrs	13.7%
2-3 yrs	20.6%
3-4 yrs	22.1%
4-5 yrs	16.7%
5-6 yrs	12.1%
6-7 yrs	5.1%
7-8 yrs	0.3%
8-9 yrs	0.0%
9-10 yrs	0.0%
>10 yrs	0.0%

### State Breakdown

	% of Portfolio
Illinois	10.5%
Texas	9.7%
Pennsylvania	9.1%
North Carolina	7.1%
Maryland	6.0%
Washington	5.1%
Virginia	4.1%
Ohio	4.1%
Florida	3.8%
Connecticut	2.9%
Missouri	2.8%
Massachusetts	2.8%
Georgia	2.7%
California	2.7%
New Mexico	2.5%
Other	24.0%

### Top 10 Holdings

	Market value	% of Portfolio
Pennsylvania St GO Bds 2018	\$23,948,494	2.4%
California St Veterans GO Bds Cq Pac Bond	\$19,030,852	1.9%
New Jersey St Tpk Auth Tpk Rev Rev Bds 2017 a	\$11,399,513	1.2%
Pennsylvania Economic Dev Fing Auth Unemployment Compensatio N Rev Rev Bds 2012B	\$11,130,586	1.1%
Fairfax Cnty VA Pub Impt Ref Bds 2014B	\$10,634,219	1.1%
Pennsylvania Economic Dev Fing Auth Unemployment Compensatio N Rev Rev Bds 2012B	\$10,018,291	1.0%
Missouri St Hw ys & Trans Comm St Rd Rev Ref St Rd Bds a	\$9,187,519	0.9%
Illinois Fin Auth Rev Revolving Fd Rev Bds 2017	\$9,111,693	0.9%
North Tex Tw y Auth Rev Sys and Ref Bds a	\$8,796,360	0.9%
Chicago Ill Midw ay Arpt Rev Second Lien Rev and Rev Ref Bds 2014B	\$8,775,070	0.9%

Any negative cash % is due to Trade Date Based Accounting.

<sup>3</sup> Source: Investortools Perform<sup>®</sup>. Data presented reflects the characteristics of all the accounts in the composite as of 12/31/17 and is for illustration purposes only.

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# Short Intermediate Municipal Bond

**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, 2017 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 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 Short Intermediate Municipal Bond Composite has been examined by Ashland Partners & Company LLP for the period February 11, 2008 through December 31, 2016, and for the periods January 1, 2017 through December 31, 2017 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 (PNC Capital Advisors, Inc.) was verified by Ashland Partners & Company LLC for the period February 11, 2008, through September 29, 2009. Performance that may accompany this report for the period prior to February 11, 2008, occurred while the portfolio management team was with a predecessor firm, PNC Municipal Investment Group, a part of PNC Bank, N.A. PNC Municipal Investment Group's compliance with the GIPS standard was verified for the period January 1, 1999, through December 31, 2007, by Ashland Partners & Company LLC. In addition, a performance examination was conducted on the Short Intermediate Municipal Bond Composite for the period May 1, 2001 through December 31, 2007, by Ashland Partners & Company LLC. 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.

## PNC Capital Advisors Short Intermediate Municipal Bond Composite

Composite Inception Date: April 30, 2001  
Composite Creation Date: April 30, 2001

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)
2017	2.11	1.86	2.05	2.39	2.02	403	0.17	1,078.7	50,300
2016	(0.02)	(0.27)	1.94	0.05	1.92	405	0.17	1,037.6	48,659
2015	1.95	1.69	1.67	1.96	1.63	394	0.15	1,107.2	41,592
2014	2.51	2.25	1.71	3.03	1.63	333	0.20	1,022.0	41,062
2013	0.48	0.23	1.85	0.67	1.80	216	0.18	731.3	36,882
2012	2.36	2.10	1.86	2.75	1.78	191	0.29	920.9	34,425
2011	5.41	5.15	2.35	5.85	2.47	144	0.29	608.4	35,113
2010	2.55	2.15		2.91		114	0.38	514.9	33,318
2009	5.49	5.07		6.84		79	0.47	360.7	32,318
2008	5.02	4.71		4.56		45	0.60	266.5	13,190

**Composite Description:** The investment objective of the Short-Intermediate Municipal Bond Composite is to seek a high level of interest income that is exempt from regular federal income tax as is consistent with relative protection of capital by investing in portfolios of municipal securities with average maturities of one to less than five years. For comparison purposes the composite is measured against the S&P Municipal Bond Short Intermediate Index beginning January 1, 2004. Prior to December 31, 2007, the Short Intermediate Municipal Bond Composite was known as the Short-Intermediate MAP Composite. The Short-Intermediate Municipal Bond Composite was created April 30, 2001.

**Benchmark:** The benchmark for the composite is the S&P Municipal Bond Short Intermediate Index. The S&P Municipal Bond Short Intermediate Index, formerly referred to as the S&P/InvestorTools Municipal Bond Short Intermediate Index, consists of bonds in the S&P Municipal Bond Index with a minimum maturity of one year and a maximum maturity of eight years. The S&P Municipal Bond Index tracks fixed-rate tax-free bonds and bonds subject to the alternative minimum tax (AMT). The index includes bonds of all quality — from "AAA" to non-rated, including defaulted bonds — from all sectors of the municipal bond market.

**Minimum Account Size:** All discretionary accounts in excess of \$1 million have been included in the composite. Prior to January 1, 2009, the minimum account size for this composite was \$1.9 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. Prior to January 1, 2011, the net results reflect the actual net advisory fees charged to client accounts in the Short-Intermediate Municipal Bond Composite. Effective January 1, 2011, the net results reflect the deduction of 0.25%, representing the maximum advisory fees charged to client accounts in of the Short-Intermediate Municipal Bond Composite. The 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, LLC defines a significant cash flow for the portfolios of the Short Intermediate Municipal Bond Composite as one or more external cash flows during the month equaling an absolute value greater than 20% 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: 0.25% on all assets. The actual fees paid by a client may vary based on assets under management and other factors.

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