

# CORE BOND

## Q2 2019 FACT SHEET

### INVESTMENT PHILOSOPHY

- The LMCG Core Bond strategy builds separately managed accounts of individual bonds seeking to maximize total return while focusing on capital preservation.
- Investment grade intermediate-term bonds are used to minimize risk and the potential for losses.

### INVESTMENT PROCESS

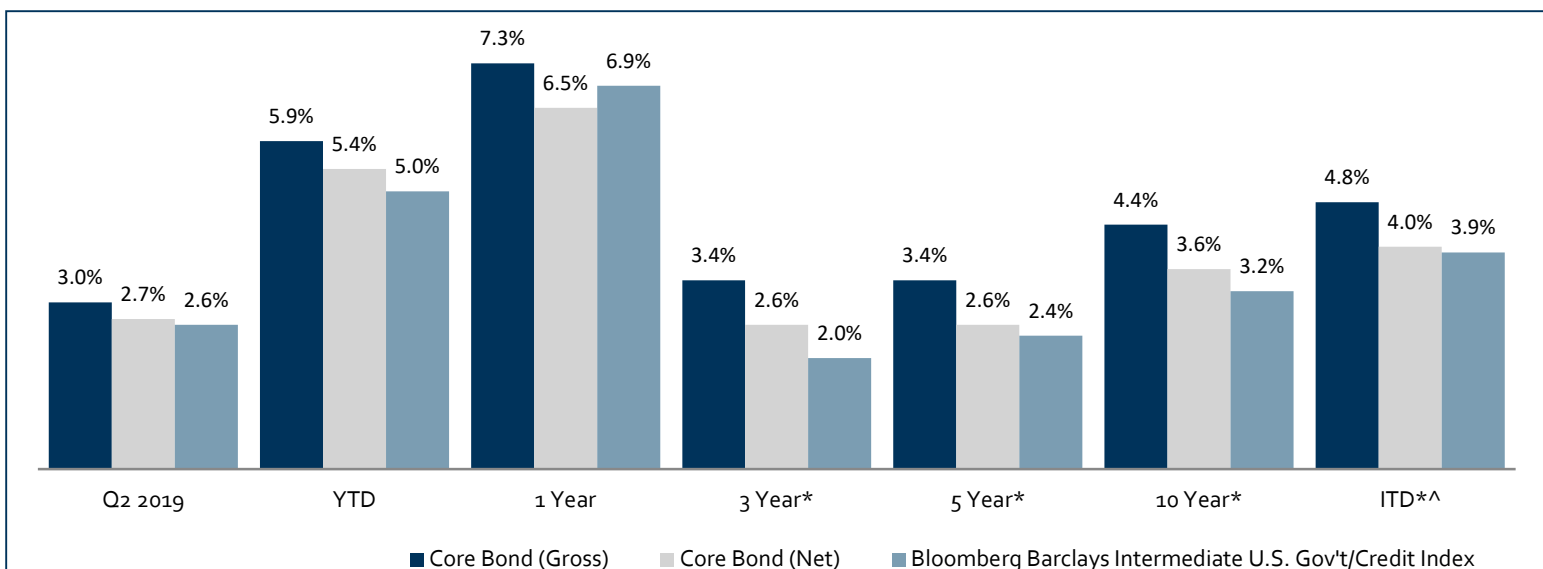
- We employ an active, multi-sector investment approach that seeks to maximize total return while preserving capital.
- We utilize an active investment management approach to take advantage of changes in the overall interest rate environment, shifts in the shape of the curve, and mispriced individual securities.
- Turnover is generally low given the high quality and intermediate-term structure of the portfolio.

### PORTFOLIO ATTRIBUTES

- **Diversification:** We emphasize broad issuer and industry diversification, utilizing fundamental analysis and risk/return characteristics in securities selection.
- **Sector Selection:** We favor high quality corporate bonds relative to government and sovereign bonds for their yield advantages.
- **Quality:** We invest in investment grade securities which are rated at least BBB- by S&P or Baa3 by Moody's. Average credit quality of client portfolios is A.
- **Duration:** A short-to-intermediate term structure is maintained
- **Risk Management:** Individual issuer positions are approximately 5% or less of the total market value of the portfolio.

### COMPOSITE PERFORMANCE

As of 6/30/2019, U.S. Dollar



\*Annualized. ^Inception: June 1, 2006. Past performance is not indicative of future results. Investment advisory fees are described in Part 2A of LMCG's Form ADV. Gross performance returns presented above are net of transaction costs and include the reinvestment of dividends and other earnings but do not reflect the deduction of investment management fees which would reduce returns. Net returns are calculated by applying the investment management fee schedule noted in the composite disclosure to the gross returns of the accounts included in the composite. For information regarding the impact of investment management fees on performance, please refer to the composite disclosure shown below. Shown as supplemental information only and complements the composite disclosure attached.

### INVESTMENT SECTORS

- U.S. Government Securities
- Corporate Bonds
- Preferred Stocks
- Money Market Instrument
- Agency Securities
- Exchange Traded Funds

### FIXED INCOME TEAM

**Matthew Guleserian, CFA** - Portfolio Manager, 26 years experience  
**Matthew Trachy** - Analyst, 3 years experience

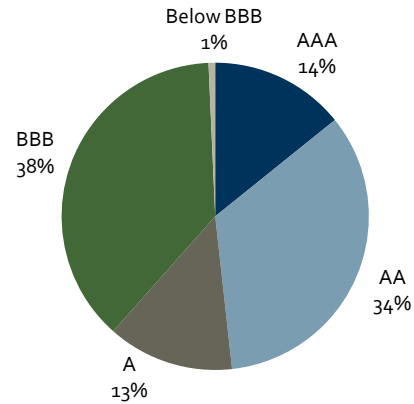
# CORE BOND

## TEN LARGEST CORPORATE HOLDINGS<sup>1</sup>

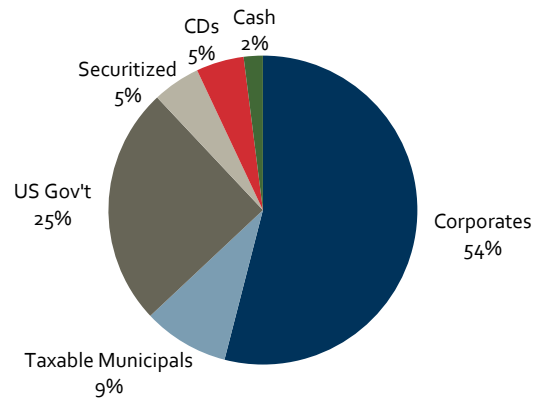
Berkshire Hathaway
Charles Schwab
Citigroup, Inc.
Bank of America
Prudential Insurance Co.
ConocoPhillips Co.
Air Lease Corp
Kimco
University of Chicago
Verizon

<sup>1</sup>Source: BondEdge. Ten largest holdings and characteristics (credit quality and sectors) of the Core Bond Composite as of 6/30/2019. Shown as supplemental information only and complements the Core Bond Composite below. References to portfolio holdings are not intended as investment advice. LMCG may have already bought or sold or may in the future buy or sell these securities on behalf of its clients. A full list of holding is available upon request.

## CREDIT QUALITY



## SECTORS



## CORE BOND COMPOSITE

Schedule of Annual Returns | 1/1/2009 – 12/31/2018

	Gross Returns (%)	Net Returns (%)	Benchmark Returns <sup>1</sup> (%)	Dispersion (bps)	Composite 3yr Ex Post Standard Deviation (%)	Benchmark 3yr Ex Post Standard Deviation (%)	Number of Accounts	Composite Assets at End of Period (\$M)	Total Firm Assets (\$M)
2018	0.7	-0.1	0.9	36	1.9	2.1	43	55.0	6,143.8
2017	4.0	3.2	2.1	64	1.9	2.1	23	41.5	7,551.3
2016	4.4	3.6	2.1	91	2.1	2.2	23	46.6	7,367.5
2015	1.2	0.4	1.1	81	2.3	2.1	31	41.2	6,786.9
2014	4.7	3.9	3.1	76	2.3	1.9	30	40.3	6,370.5
2013	-0.5	-1.3	-0.9	44	2.3	2.1	26	36.7	5,831.5
2012	5.9	5.1	3.9	62	2.2	2.2	20	33.4	4,402.6
2011	6.3	5.5	5.8	65	2.6	2.6	18	29.8	4,200.7
2010	7.0	6.3	5.9	121	3.8	4.0	17	28.5	4,412.7
2009	9.3	8.7	5.2	124	3.6	3.8	15	27.1	4,365.1

<sup>1</sup> Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.

**Core Bond Composite** Portfolios included in this composite seek to earn consistent, above average returns while taking a low risk approach to fixed income asset management. The fixed income investment philosophy focuses on constructing high quality portfolios with an intermediate-term maturity structure. The portfolio invests in taxable fixed income bonds including but not limited to US Treasuries, Agency bonds and corporate bonds. All securities purchased are investment grade. The composite includes fully discretionary bond portfolios. For comparison purposes, the Barclays Intermediate Government/Credit Index is used. The minimum fixed income value requirement for inclusion in the composite is \$750,000. The composite minimum prior to January 1, 2013, was \$500,000. As of January 1, 2018, the composite minimum was removed. The inception date of the composite is June 1, 2006. The composite was created in October 2008.

Royal Bank of Canada ("RBC") became LMCG's indirect majority owner in November 2015 when RBC acquired City National Corporation ("CNC"). Effective January 1, 2015, Lee Munder Capital Group, LLC is known as LMCG Investments, LLC ("LMCG"), an investment adviser registered with the Securities and Exchange Commission. In July 2009, the firm was reorganized as an affiliate of CNC and took the name of Lee Munder Capital Group, LLC., prior to which it was known as Lee Munder Investments Ltd. ("LMIL"), which itself was an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Performance results are presented gross and net of management fees and include the reinvestment of income. Net returns are calculated by applying the investment management fee schedule noted below to the gross returns of the accounts included in the composite. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule is as follows: Beginning January 1, 2011, 0.80% on the first \$1 million and 0.77% on assets above \$1 million. The prior fee schedule was 0.65% on the first \$1 million and 0.62% on assets above \$1 million. Actual investment advisory fees incurred by clients may vary.

LMCG claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. LMCG has been independently verified for the periods October 1, 2000 through December 31, 2018. The verification report(s) is/are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not indicative of future results.