

# HIGH YIELD CORPORATE BOND SMA

**Growth of Capital Through Disciplined Investing**  
in Separately Managed Accounts (SMA)



Q1/2024





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# 1. FIRM OVERVIEW

Cincinnati Asset Management, Inc. has specialized in the management of fixed income strategies for individuals, financial professionals, and institutions for over 30 years.

We concentrate our efforts exclusively in the U.S. taxable corporate bond market, managing a wide range of strategies from short to intermediate duration, investment grade to high yield. In all cases, fundamental credit research is a primary element of our security selection process.

CAM is an independent investment advisor registered with the SEC and structured as a corporation that is employee owned. The strength of our Firm lies with our niche focus, commitment to our investment process and depth of experience of our Managing Directors and employees. Our average portfolio manager experience is 30 years and we are responsible for managing \$2.4 Billion as of 12/31/23.

### **CREDIT ANALYSIS**

We buy bonds of companies whose credit quality is stable to improving. Continuous monitoring of the corporation's credit quality is imperative to determine when a bond's price no longer reflects its actual credit quality.

### **CONSISTENT APPLICATION OF AN INVESTMENT STRATEGY**

Our relative value approach to buying and selling bonds meets defined objectives of intermediate maturity and broad diversification of holdings.

### **BUYING/SELLING IN THE OVER-THE-COUNTER MARKET**

The bond market is an over-the-counter market that requires knowledge of historical pricing and the different bid/ask quotations of the many different market makers. Investment grade and high yield corporate bonds cover over 20,000 separate issues of over 2,000 companies; inventories are exclusive, or vary, among brokers, so having the ability to trade with best execution with many different brokers enhances our ability to maximize relative value.

### **EXECUTING IN SIZE**

It is not unusual to observe significant price disparities between smaller retail executions and larger block trades. We buy/sell for all our clients in sufficient quantity in one trade to satisfy the needs of all our clients' portfolios; the smaller retail investor participates at the same price as the larger institutional client when a transaction is effected.

### **SPECIALIZED MANAGERS OF US CORPORATE DEBT**

**We believe that managing corporate bonds allows us to capitalize on the structural inefficiencies of the corporate bond market and to maximize favorable risk/reward scenarios that exist within domestic fixed income markets.**

- Investors' tendency to overreact to events resulting in mispricing of securities.
- Lack of a centralized pricing source

### **QUALITY FOCUSED**

**Bottom up fundamental research**

- Stable management
- Appropriately structured debt
- Good free cash flow
- Attractive relative valuations
- Structural underweight to lower rated credits

### **INTEREST RATE AGNOSTIC**

**We do not utilize interest rate anticipation tactics. We look to minimize the impact of interest rate risk from the investment process by employing defensive maturity structure within the portfolio.**

## INTEREST RATE AGNOSTIC

Historically, interest rates have been hard to predict. Rarely do economists' projections match up with the actual rates a year later and often miss the direction of the rate move entirely.

### 10 YEAR TREASURY ACTUAL QUARTERLY AVERAGE WITH 1, 2, 3, 4 QUARTER FORECASTS

Graph 1<sup>1</sup>

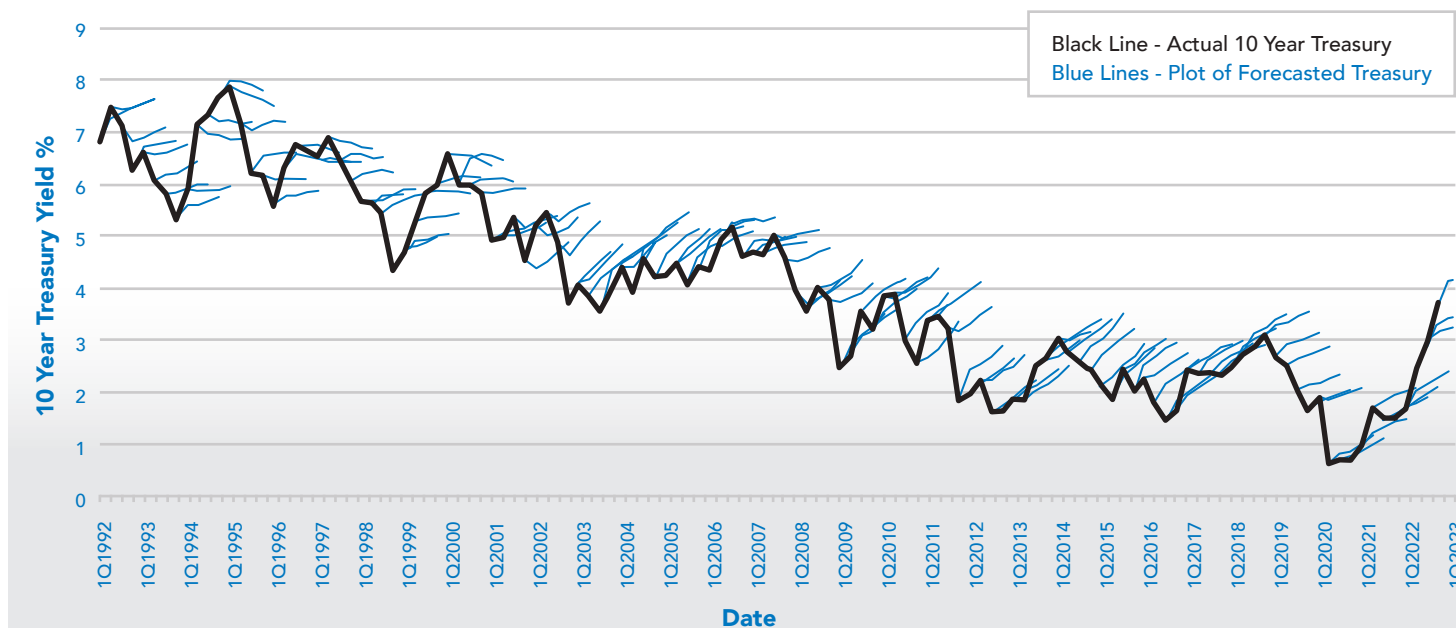


Chart 1<sup>2</sup>

	Rise	Fall	Rise	Rise	Fall	Fall
	Prediction	Prediction	Prediction Correct	Prediction Incorrect	Prediction Correct	Prediction Incorrect
1 Quarter Out	77%	23%	56%	44%	75%	25%
2 Quarters Out	87%	13%	48%	52%	56%	44%
3 Quarters Out	90%	10%	42%	58%	62%	38%
4 Quarters Out	90%	10%	46%	54%	83%	17%
<b>Total</b>	<b>86%</b>	<b>14%</b>	<b>48%</b>	<b>52%</b>	<b>70%</b>	<b>30%</b>

<sup>1</sup> Source: Philadelphia Fed Survey of Professional Forecasters

<sup>2</sup> Prediction Source: Philadelphia Fed Survey of Professional Forecasters. 10 Year US Treasury Yield Source: U.S. Department of the Treasury. The 10 Year US Treasury yields defined as yield as of the first day of each calendar quarter.



**Step 1:**

Select issuers that possess favorable asset strength relative to their peers, an appropriate capital structure, and are trading cheap relative to the market.



**Step 2:**

Identify portfolio candidates which we believe have potential to increase revenues and cash flow.



**Step 3:**

Build our “focus list” from those candidates that we consider to have a better competitive advantage.



**Step 4:**

Construct portfolio through our proprietary analytical discipline that measures the yield of a security to our assessment of that security’s quality.

After the initial invest-up, our constant objective is to improve the quality, increase yield, and shorten the maturity.



The High Yield strategy utilizes a bottom-up value discipline. Risk management is an integral part of the investment process. This is important given our primary objective of preservation of capital. In addition to security selection, risk management is employed through portfolio diversification, liquidity and constant monitoring of individual credits.

Liquidity and safety are enhanced by investing only in bonds with an initial issue size generally in excess of \$100,000,000.

In efforts to mitigate risk, portfolios are constructed with a maximum exposure of approximately 12% per industry. Additionally, any sector may represent approximately 5% of the HY portion of the portfolio value or approximately 125% of the Bloomberg High Yield Index industry group weighting (whichever is greater), except the consumer cyclicals and non-cyclicals which can be weighted up to approximately 150% of the Bloomberg industry sector weighting.

Individual credits are monitored continuously; a security price decline of approximately 15% relative to broader benchmarks triggers a mandatory Credit Committee review. This action will result in a hold or sell decision. Should a price decline by approximately 25% or more, relative to broader benchmarks, that position will be sold.

## INTERMEDIATE

For investors interested in adding corporate bond exposure to the intermediate part of the yield curve, which has historically offered a favorable risk/reward opportunity.

Corporate Bond SMA Strategies	Target Average Credit Rating	Average Maturity	Target Diversification	Inception Date	Account Minimum <sup>iii</sup>
<b>Investment Grade</b>	A3 minimum <sup>ii</sup>	5-10 years	20-25 issues	1/1/1993	\$100K
<b>High Yield</b>	Ba3 <sup>i</sup>	4-8 years	33-40 issues	4/1/1989	\$100K
<b>Broad Market</b> <i>67% Investment Grade / 33% High Yield Blend</i>	Baa2 <sup>i</sup>	7-9 years	55-60 issues	1/1/2002	\$300K

## SHORT TERM

For investors interested in a shorter maturity profile that historically is less affected by changes in interest rates.

Corporate Bond SMA Strategies	Target Average Credit Rating	Average Maturity	Target Diversification	Inception Date	Account Minimum <sup>iii</sup>
<b>Short Duration</b> <i>50% Investment Grade / 50% High Yield Blend</i>	Baa3 <sup>i</sup>	3-5 years	25-30 issues	6/1/2004	\$250K
<b>Short Duration - Investment Grade Only</b>	A2 <sup>ii</sup>	3-5 years	20 issues	12/1/2008	\$100K

<sup>i</sup> Moody's Rating Organization

<sup>ii</sup> Bloomberg Index Rating

<sup>iii</sup> Account minimums may vary by financial institution.



## 2. HIGH YIELD CORPORATE BOND SMA

### **William S. Sloneker**

Bill started his career with Ohio Casualty Insurance in 1976. Prior to CAM, he was a Director and Executive Vice President of Ohio Casualty Corp., responsible for actuarial analysis and for the investment by committee of over \$2 billion in portfolios of common stocks and government, corporate and municipal bonds. B.A. English and Art History, Yale University; MBA Finance and Marketing, The Wharton School.

### **Richard M. Balestra, CFA**

Rich began his career in 2000 with Cincinnati Financial Corporation. As a Portfolio Manager, he helped manage CFC's multi-billion dollar portfolio. He has experience with numerous asset classes including common stocks, convertible securities, investment grade bonds and high yield bonds. Rich has earned the Chartered Financial Analyst designation. B.B.A. Finance, University of Cincinnati; MBA, Xavier University.

### **Joshua M. Adams, CFA**

Josh began his career in 2004 with Cincinnati Financial Corporation where he was responsible for managing a portion of a multibillion-dollar bond portfolio. He has focused on fixed income for the majority of his career and has extensive experience in both investment grade and high yield corporate credit. Josh has earned the Chartered Financial Analyst designation. B.S.B.A. Finance, The Ohio State University; MBA, Xavier University.

Preservation of capital is considered essential to the objective of the portfolio, which is total return over a full market/economic cycle. **This process includes a strict sell discipline.**

**A bottom-up approach** identifies investment opportunities that represent the most attractive value with strong prospects for consistent income and growth.

**We look to minimize the overall volatility** of the portfolio by focusing on the upper tier of the High Yield credit curve (Ba-B), as well as the more senior liabilities of a firm's capital structure (Senior-Subordinate Debentures).

**A primary emphasis on established companies and industries.** We avoid sectors that have precarious operating profiles.

**Liquidity and safety are enhanced** by investing only in bonds with an initial issue size generally in excess of \$100,000,000.

The portfolio is **diversified** across more than 35 issues. Concentration limits are observed to assure appropriate industry diversification.

A historical **low turnover** of the portfolio, on average 45% per year.

**A Trading Network provides all our clients with best pricing.** We access over 30 institutional broker/dealers seeking competitive bids and offerings.

## 2.3. HIGH YIELD PORTFOLIO CHARACTERISTICS

### PORTFOLIO STATISTICS AS OF 3/31/24

Average Maturity	<b>5.20 yrs.</b>
Duration	<b>4.00</b>
Coupon	<b>5.53%</b>
Yield to Maturity	<b>6.44%</b>
Current Yield	<b>5.72%</b>
Target Diversification	<b>33-40 issues</b>
Average Credit Rating	<b>B1</b>

### CREDIT QUALITY DISTRIBUTION\*

Aaa	<b>0.00%</b>
Aa	<b>0.00%</b>
A	<b>0.00%</b>
Baa	<b>17.10%</b>
Ba	<b>45.50%</b>
B	<b>34.90%</b>
Caa	<b>2.50%</b>
Ca	<b>0.00%</b>
C	<b>0.00%</b>
NR	<b>0.00%</b>
	<b>100.00%</b>

\*Moody's rating organization

### INDUSTRY DISTRIBUTION

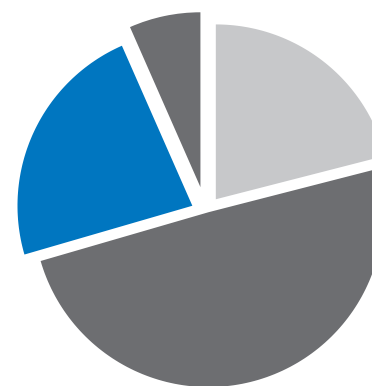
Services	<b>8.90%</b>
Energy - Midstream	<b>8.10%</b>
Healthcare	<b>7.20%</b>
Home Construction	<b>5.80%</b>
Banking	<b>5.60%</b>
Automotive	<b>5.40%</b>
Aerospace Defense	<b>5.40%</b>
Utility - Electric	<b>5.00%</b>
Airlines	<b>4.70%</b>
Gaming	<b>4.70%</b>
Other Industries (14)	<b>34.10%</b>
Cash	<b>5.10%</b>
	<b>100.00%</b>

### MONTHLY RETURN CORRELATIONS (SINCE 1984) AS OF 12/31/23

	High Yield	X-Over	U.S. Credit	S&P 500	EM*	Govt	U.S. Agg	Ba	B	Caa
<b>Crossover</b>	0.92									
<b>Credit</b>	0.57	0.73								
<b>S&amp;P 500</b>	0.63	0.63	0.36							
<b>EM</b>	0.63	0.63	0.56	0.55						
<b>Govt</b>	0.22	0.35	0.84	0.14	0.31					
<b>Agg</b>	0.34	0.49	0.91	0.21	0.40	0.96				
<b>Ba</b>	0.94	0.98	0.68	0.62	0.64	0.35	0.47			
<b>B</b>	0.99	0.88	0.54	0.62	0.62	0.19	0.31	0.91		
<b>Caa</b>	0.90	0.77	0.38	0.56	0.54	0.04	0.14	0.78	0.88	
<b>Lev.Loans</b>	0.77	0.73	0.37	0.48	0.44	-0.09	0.04	0.73	0.74	0.79

\*EM since 1994 Source: Bloomberg Research and Indices

### DURATION DISTRIBUTION



Under 1 yr	0.00%
1-3 yrs	21.00%
3-5 yrs	49.50%
5-7 yrs	22.90%
7-9 yrs	6.60%
Over 9 yrs	0.00%
	<b>100.00%</b>

### MATURITY DISTRIBUTION



Under 1 yr	0.00%
1-3 yrs	14.10%
3-5 yrs	38.30%
5-7 yrs	25.90%
7-10 yrs	16.00%
Over 10 yrs	5.70%
	<b>100.00%</b>

## 2.4. HIGH YIELD HISTORICAL PERFORMANCE

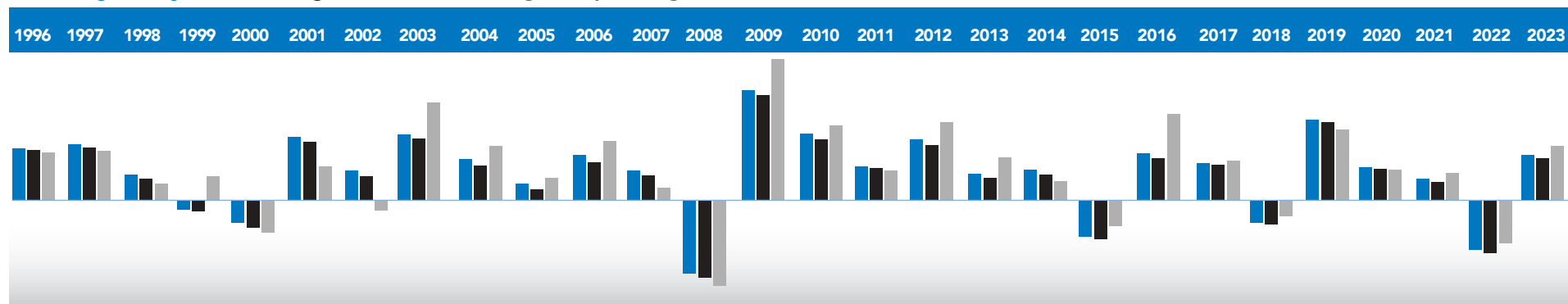
### ANNUALIZED RETURNS FOR THE PERIODS ENDED 3/31/24

	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception*
<b>CAM Gross</b>	<b>1.55%</b>	<b>9.36%</b>	<b>1.10%</b>	<b>3.80%</b>	<b>2.94%</b>	<b>6.59%</b>
CAM Net of Fees	1.47%	9.04%	0.80%	3.49%	2.60%	6.10%
Bloomberg US Corporate High Yield Index <sup>1</sup>	1.47%	11.15%	2.19%	4.20%	4.44%	7.50%

\*Inception 04/01/1989 <sup>1</sup>An unmanaged index that measures the market of USD-denominated, non-Investment Grade, fixed-rate, taxable corporate bonds.

### CALENDAR YEAR RETURNS (GROSS)

■ CAM High Yield (gross) ■ CAM High Yield (net) ■ Bloomberg US Corporate High Yield Index



13.13%	13.55%	3.04%	-1.20%	-3.86%	13.30%	4.30%	14.80%	7.63%	2.18%	8.81%	3.81%	-19.26%	37.38%	13.47%	5.68%	12.27%	3.71%	4.85%	-9.56%	9.23%	6.86%	-3.39%	16.31%	7.51%	4.24%	-12.90%	12.07%
12.55%	12.96%	2.54%	-1.70%	-4.35%	12.73%	3.76%	14.23%	7.10%	1.70%	8.32%	3.37%	-19.61%	36.82%	12.96%	5.25%	11.83%	3.31%	4.46%	-9.88%	8.85%	6.49%	-3.71%	15.94%	7.18%	3.93%	-13.16%	11.74%
11.35%	12.76%	1.87%	2.39%	-5.86%	5.28%	-1.41%	28.97%	11.14%	2.74%	11.85%	1.87%	-26.16%	58.21%	15.12%	4.98%	15.81%	7.44%	2.45%	-4.47%	17.13%	7.50%	-2.08%	14.32%	7.11%	5.28%	-11.19%	13.44%

### PORTFOLIO RISK STATISTICS FOR PERIODS ENDED 3/31/24

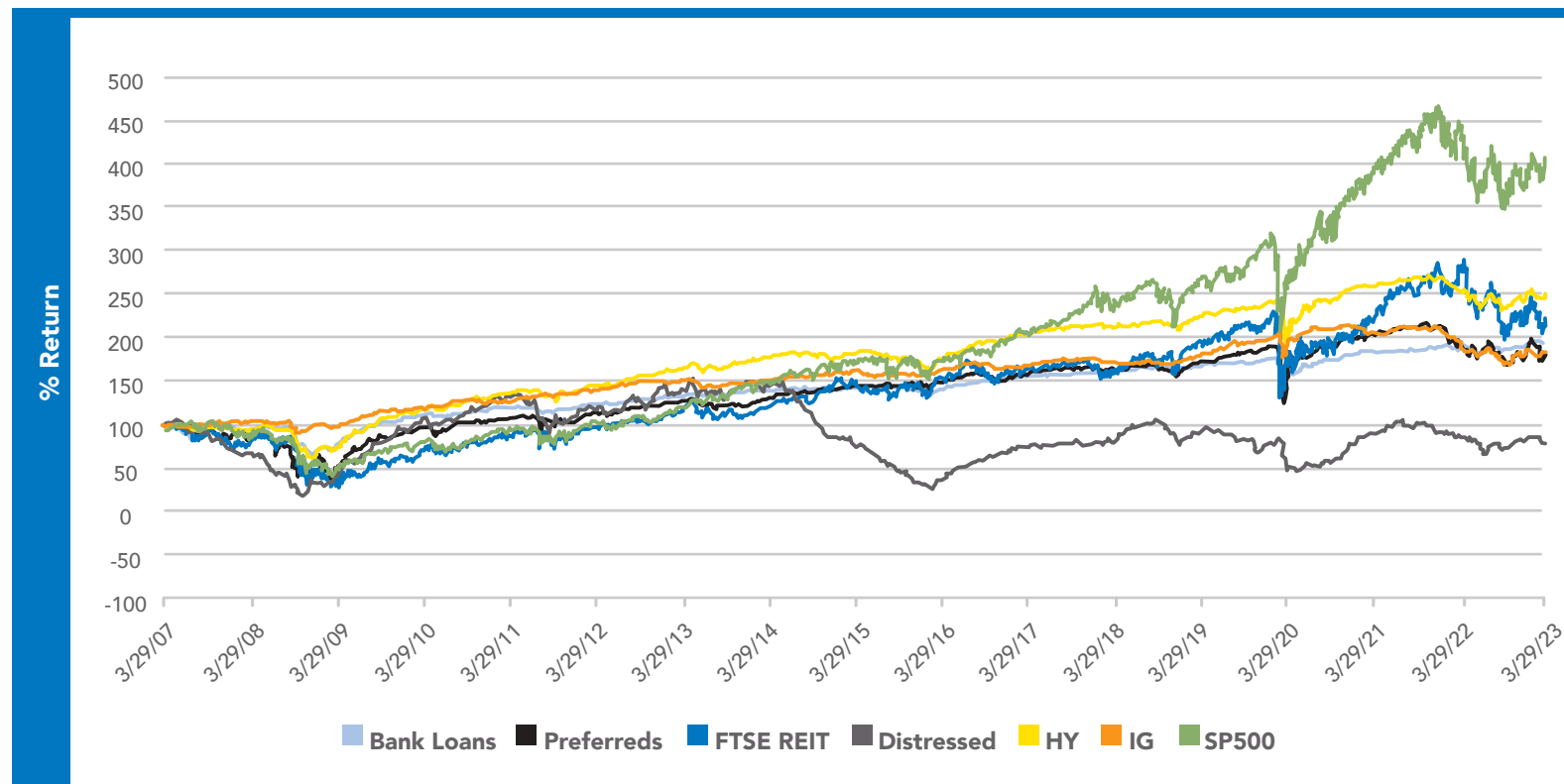
	3 Yrs	5 Yrs	10 Yrs	Inception*
Standard Deviation CAM HY	<b>9.21%</b>	<b>9.84%</b>	<b>8.14%</b>	<b>7.81%</b>
Standard Deviation Bloomberg High Yield Index	<b>8.39%</b>	<b>10.31%</b>	<b>8.48%</b>	<b>9.81%</b>
Sharpe Ratio CAM HY	<b>-0.18</b>	<b>0.18</b>	<b>0.19</b>	<b>0.47</b>
Sharpe Ratio Bloomberg High Yield Index	<b>-0.06</b>	<b>0.21</b>	<b>0.36</b>	<b>0.46</b>

\*Inception 04/01/1989

### Consistency of Corporate Bonds

When we look at total return numbers below<sup>4</sup>, we can see the smoothing effect of corporate debt versus other income producing asset classes<sup>5</sup>.

#### CUMMULATIVE TOTAL RETURN



<sup>4</sup> Total Return calculation includes reinvestment of income. Start date of 3/29/07 chosen because it was the first date that the bank loan index changed to daily reporting.

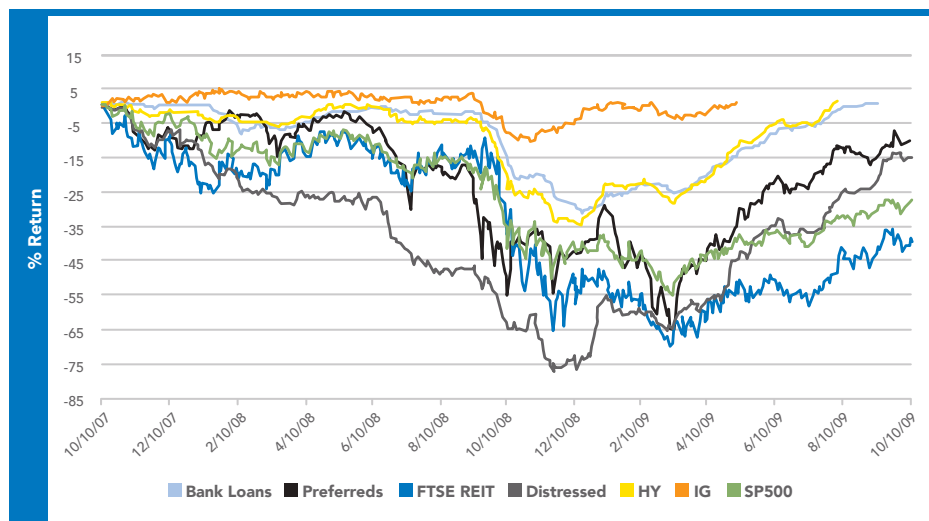
<sup>5</sup> Asset classes were represented by indices:

- Bank Loans - S&P/LSTA Leveraged Loan Total Return Index
- Preferreds - S&P Preferred Stock Index
- REITs - FTSE NAREIT All Equity REITS Total Return Index
- Distressed - Ca to D US High Yield Total Return Index Unhedged
- HY - Bloomberg US Corporate High Yield Bond Index
- IG - Bloomberg US Credit Index
- SP500 - S&P 500 Index

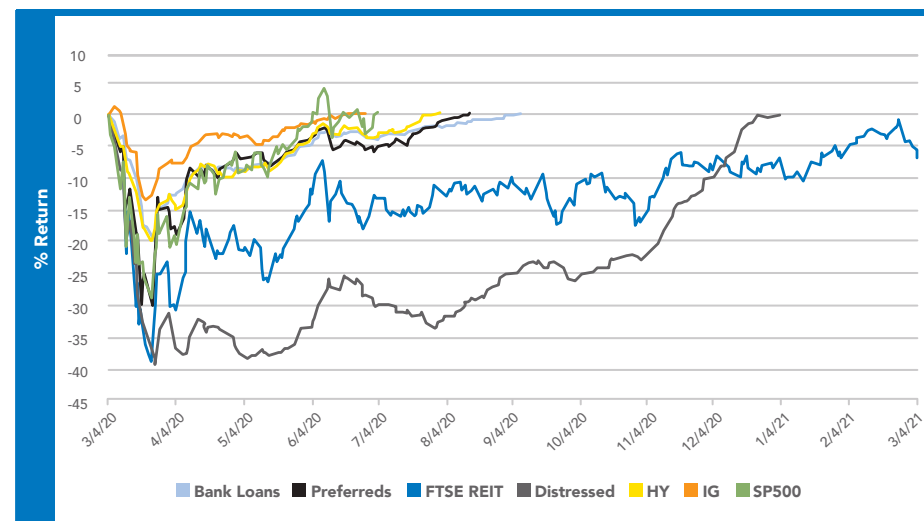


## Limited Drawdown and Quick Recovery

GFC DRAWDOWN AND RECOVERY<sup>6</sup>



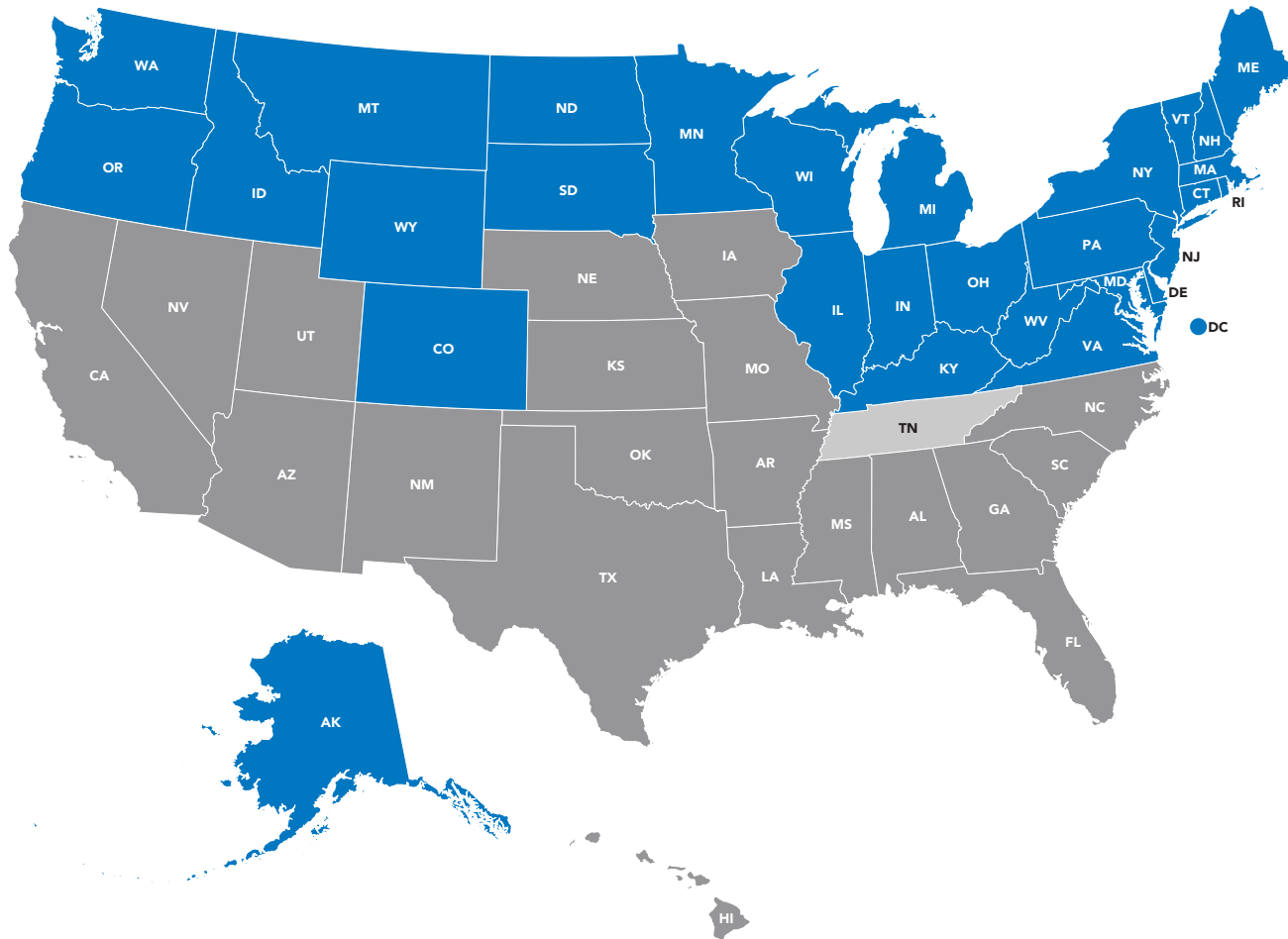
COVID DRAWDOWN AND RECOVERY<sup>7</sup>



	GFC Max Drawdown (%)	COVID Max Drawdown (%)
IG	-10.5	-13.3
Bank Loans	-31.5	-19.5
HY	-35.0	-19.8
SP500	-55.2	-28.4
Preferreds	-65.1	-31.8
FTSE REIT	-70.2	-38.8
Distressed	-77.3	-39.2

<sup>6</sup> Recovery period for the Global Financial Crisis shown as 2 years past the date of initial drawdown, not all asset classes fully recovered.

<sup>7</sup> Recovery period for COVID shown as 1 year past the date of initial drawdown.



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A copy of the ADV, GIPS Verification Report, and References are available upon request.



## 3. APPENDIX

**For the 3-months ended 03/31/2024, the High Yield Strategy's gross total return was 1.55% (1.47% net of fees) outperforming the 1.47% return of the Bloomberg U.S. Corporate Index. The principal factors affecting performance were:**

- 1. Credit Quality.** CAM does not purchase securities rated CAA and lower. The lower quality portion of the index generally outperformed higher quality during the quarter. The impact of CAM's underweight in lower quality credit was a -10 basis point contribution to excess return during the quarter.
- 2. Maturity and Duration.** At 03/31/2024 the modified duration of CAM's portfolio was 3.95 while the modified duration of the index was 3.15. Intermediate Treasury rates were higher during the quarter which was a disadvantage to CAM relative to the index. As a result, CAM's portfolio maturity profile yielded as a -8 basis point contribution to excess return during the quarter.
- 3. Security Selection.** CAM's overweight and security selection within the Banking industry group had the biggest positive impact on performance relative to the index with a 35 basis point contribution to excess return during the quarter. CAM's underweight and security selection within the Cable & Satellite industry group had a 17 basis point contribution to excess return, while CAM's positioning and security selection within the Wireless industry group had a 10 basis point contribution to excess return.

**For the rolling 12-month period ended 03/31/2024, the High Yield Strategy's gross total return was 9.36% (9.04% net of fees) underperforming the 11.15% return of the Index. The principal factors affecting performance were:**

- 1. Maturity.** At 03/31/2024 the option adjusted duration of CAM's portfolio was 3.95 while the option adjusted duration of the index was 3.15. Treasury yields were generally higher during the period, thus CAM's maturity profile served as a -32 basis point contribution to excess return.
- 2. Security Selection.** CAM's industry overweight as well as security selection within the Banking industry group had the biggest positive impact on performance relative to the index with a 41 basis point contribution to excess return during the period. Conversely, CAM's positioning and security selection within the Retailers and Midstream industry groups yielded a -50 and -28 basis point contribution to excess return, respectively. CAM's overweight and security selection within the Healthcare industry group was a -25 basis point contribution to excess return.
- 3. Credit Quality.** CAM does not purchase securities rated CAA and lower and the CAA and CA quality portions of the index meaningfully outperformed higher quality over the full course of the past year. The impact of CAM's underweight in lower quality credit was a -65 basis point contribution to excess return during the period.

### **William S. Sloneker**

Bill started his career with Ohio Casualty Insurance in 1976. Prior to CAM, he was a Director and Executive Vice President of Ohio Casualty Corp., responsible for actuarial analysis and the investment of over \$2 billion in common stocks and government, corporate and municipal bonds. B.A. English & Art History, Yale University; MBA Finance & Marketing, University of Pennsylvania, The Wharton School.

### **Joshua M. Adams, CFA**

Josh began his career in 2004 with Cincinnati Financial Corporation where he was responsible for managing a portion of a multibillion-dollar bond portfolio. He has focused on fixed income for the majority of his career and has extensive experience in both investment grade and high yield corporate credit. Josh has earned the Chartered Financial Analyst designation. B.S.B.A. Finance, The Ohio State University; MBA, Xavier University.

### **Richard M. Balestra, CFA**

Rich started his career with Cincinnati Financial Corporation in 2000. He has significant experience in corporate credit research and has focused on the high yield sector. Rich has held various analyst and portfolio management roles over his tenure and was most recently responsible for \$3.5 billion in firm assets. B.A. Finance, University of Cincinnati; MBA, Xavier University, Williams College of Business Administration.

### **Richard J. Gardner**

Rick began his career with Banc One Funds in 1993. His career also includes portfolio management for The Federal Home Loan Bank and Huntington National Bank, where he managed several corporate and government bond mutual funds. Prior to joining CAM, he was a senior portfolio manager for the \$1.2 billion Ohio Police and Fire Pension Fund. B.S. Finance and Accounting, Wright State University.

### **Randall S. Hale**

Randy started his career with Cincinnati Financial Corporation in 1984. Prior to joining CAM, Randy managed the taxable fixed income portfolio at Cincinnati Financial, an S&P 500 insurance holding company. The \$1 billion portfolio included a significant exposure to high yield securities. Responsibilities included investment strategy, research and trading. B.S. Finance, Olivet Nazarene University.

### **Nicholas M. Collura, CPA**

Nick's career began in 2002 with 9 years of meaningful public accounting experience, primarily with KPMG LLP. At CAM he leads the team responsible for financial management and reporting, the risk and control framework, and the middle and back office operations across the firm. He is a Certified Public Accountant, holds a Certificate in Investment Performance Measurement, is a Certified Internal Auditor, and a non-practicing Certified Information Systems Auditor. B.B.A. Finance and Information Systems, Miami University.

# C. HISTORICAL RETURNS OF SELECTED ASSETS

January 1999 - December 2023	Annualized Total Return*	Annualized Standard Deviation <sup>1</sup>	Sharpe Ratio <sup>2</sup>
Bloomberg U.S. Treasury Bills: 1-3 Months	2.04%	1.49%	0.12
Bloomberg U.S. Intermediate Government	2.87%	4.06%	0.24
Bloomberg U.S. Long Government	2.91%	13.73%	0.07
Bloomberg U.S. Corporate	4.01%	7.24%	0.28
S&P 500	7.04%	17.77%	0.29
Russell 2000	6.61%	22.44%	0.21
Bloomberg U.S. High Yield Index	6.52%	11.86%	0.38

January 2014 - December 2023	Annualized Total Return*	Annualized Standard Deviation <sup>1</sup>	Sharpe Ratio <sup>2</sup>
Bloomberg U.S. Treasury Bills: 1-3 Months	1.75%	1.97%	0.32
Bloomberg U.S. Intermediate Government	0.41%	4.44%	-0.20
Bloomberg U.S. Long Government	-1.78%	16.18%	-0.19
Bloomberg U.S. Corporate	1.23%	9.16%	-0.01
S&P 500	10.69%	18.24%	0.52
Russell 2000	4.00%	23.01%	0.12
Bloomberg U.S. High Yield Index	5.11%	13.06%	0.30

\*Source: Bloomberg

<sup>1</sup> Standard Deviation - measure of dispersion from the mean.

<sup>2</sup> Sharpe Ratio - measure of excess return per unit of risk assumed. The unit of risk is measured by standard deviation. A higher Sharpe Ratio indicates that the investment has provided a better risk/reward ratio.



# D. CORRELATIONS BETWEEN VARIOUS ASSET CLASSES

January 1999 - December 2023	Bloomberg U.S. Treasury Bills: 1-3 Months	Bloomberg U.S. Intermediate Government	Bloomberg U.S. Long Government	Bloomberg U.S. Corporate	S&P 500	Russell 2000
Bloomberg U.S. Intermediate Government	0.26					
Bloomberg U.S. Long Government	-0.03	0.84				
Bloomberg U.S. Corporate	0.16	0.64	0.58			
S&P 500	0.15	-0.23	-0.23	0.40		
Russell 2000	0.03	-0.25	-0.28	0.34	0.90	
Bloomberg U.S. High Yield Index	0.26	-0.01	-0.12	0.63	0.78	0.70

January 2014 - December 2023	Bloomberg U.S. Treasury Bills: 1-3 Months	Bloomberg U.S. Intermediate Government	Bloomberg U.S. Long Government	Bloomberg U.S. Corporate	S&P 500	Russell 2000
Bloomberg U.S. Intermediate Government	0.26					
Bloomberg U.S. Long Government	-0.07	0.86				
Bloomberg U.S. Corporate	0.26	0.78	0.67			
S&P 500	0.41	0.27	0.12	0.73		
Russell 2000	0.15	0.13	0.00	0.62	0.88	
Bloomberg U.S. High Yield Index	0.60	0.44	0.18	0.79	0.89	0.77

# E. ANNUAL RELATIVE TOTAL RETURN RANKING—USD MARKETS



CINCINNATI ASSET MANAGEMENT

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EM Sov 11.8%	EM Sov 12.0%	S&P 500 15.8%	US Gov't 9.1%	US Gov't 14.0%	High Yield 57.5%	High Yield 15.2%	Munis 11.2%	EM Sov 18.3%	S&P 500 32.4%	S&P 500 13.7%	Munis 3.6%	High Yield 17.5%	S&P 500 22.3%	Munis 1.0%	S&P 500 31.5%	S&P 500 18.4%	S&P 500 28.7%	Loans -0.6%	S&P 500 26.3%
S&P 500 10.9%	Loans 5.3%	High Yield 11.8%	Mtges 7.0%	Mtges 8.3%	Loans 52.5%	S&P 500 15.1%	US Gov't 9.8%	S&P 500 16.0%	High Yield 7.4%	Munis 9.8%	Mtges 1.5%	S&P 500 12.0%	EM Sov 10.0%	Mtges 1.0%	High Yield 14.4%	High Grade 9.8%	Loans 5.4%	Munis -9.0%	Loans 13.5%
High Yield 10.9%	S&P 500 4.9%	EM Sov 10.6%	EM Sov 6.4%	Munis -4.0%	EM Sov 27.2%	EM Sov 12.5%	EM Sov 8.2%	High Yield 15.6%	Loans 5.4%	High Grade 7.5%	S&P 500 1.4%	Loans 10.4%	High Yield 7.5%	US Gov't 0.8%	EM Sov 14.3%	US Gov't 8.2%	High Yield 5.4%	High Yield -11.2%	High Yield 13.4%
Munis 5.5%	Munis 3.9%	Loans 6.9%	S&P 500 5.6%	High Grade -6.8%	S&P 500 26.4%	Loans 10.4%	High Grade 7.5%	High Grade 10.4%	Mtges -1.4%	EM Sov 7.3%	US Gov't 0.8%	EM Sov 9.5%	High Grade 6.5%	Loans 0.6%	High Grade 14.2%	High Yield 6.2%	Munis 1.8%	Mtges -11.9%	EM Sov 12.6%
High Grade 5.4%	US Gov't 2.8%	Mtges 5.3%	High Grade 4.6%	EM Sov -10.2%	High Grade 19.8%	High Grade 9.5%	Mtges 6.1%	Loans 9.8%	High Grade -1.5%	Mtges 6.1%	EM Sov 0.6%	High Grade 6.0%	Munis 5.4%	High Grade -2.2%	Loans 8.7%	Munis 5.3%	High Grade -1.0%	US Gov't -12.9%	High Grade 8.4%
Loans 5.3%	High Yield 2.7%	Munis 5.0%	Munis 3.3%	High Yield -26.4%	Munis 14.5%	US Gov't 5.9%	High Yield 4.4%	Munis 7.3%	Munis -2.9%	US Gov't 6.0%	Loans 0.1%	Mtges 1.7%	Loans 4.6%	High Yield -2.3%	Munis 7.7%	EM Sov 4.8%	Mtges -1.2%	High Grade -15.4%	Minus 6.5%
Mtges 4.7%	Mtges 2.6%	High Grade 4.4%	High Yield 2.2%	Loans -29.3%	Mtges 5.8%	Mtges 5.7%	S&P 500 2.1%	Mtges 2.6%	US Gov't -3.3%	High Yield 2.5%	High Grade -0.6%	US Gov't 1.1%	Mtges 2.4%	S&P 500 -4.4%	US Gov't 7.0%	Mtges 4.1%	US Gov't -2.4%	S&P 500 -18.1%	Mtges 5.0%
US Gov't 3.5%	High Grade 2.0%	US Gov't 3.1%	Loans 2.0%	S&P 500 -37.0%	US Gov't -3.7%	Munis 2.3%	Loans 1.5%	US Gov't 2.2%	EM Sov -5.8%	Loans 1.8%	High Yield -4.6%	Munis 0.4%	US Gov't 2.4%	EM Sov -4.6%	Mtges 6.5%	Loans 3.5%	EM Sov -2.6%	EM Sov -18.3%	US Gov't 3.9%

\*Source: CreditSights, BofAIML,S&PILSTA, Bloomberg EM Sov is USD EM Sovereign BBB & lower index Cash uses 0-3 Month T-Bills. YTD calculated as of Dec 29, 2023

The chart provides the annual ranking of various fixed income classes in terms of total return performance.

Cincinnati Asset Management, Inc., (“CAM”) was established in 1989 as a registered investment adviser with the United States Securities and Exchange Commission specializing in U.S. dollar denominated fixed income investments. CAM is an independent privately held corporation. CAM claims compliance with the Global Investment Performance Standards (GIPS®). Please contact us at the number referenced herein to obtain a GIPS Report or a list of composite descriptions. Performance examinations were conducted on the High Yield composite for the period April 1, 1989 through December 31, 2022, Investment Grade composite for the period January 1, 1993 through December 31, 2022 and Short Duration composite for the period June 1, 2004 through December 31, 2022. The Broad Market composite has been examined for the period January 1, 2007 through December 31, 2022. The Short Duration – Investment Grade composite has been examined for the period December 1, 2008 through December 31, 2022. The ESG Aware Investment Grade composite and the ESG Leaders Investment Grade composite have been examined for the period January 1, 2020 through December 31, 2022. Copies of the verification reports are available upon request.

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The High Yield composite includes investments with credit ratings which average Ba3 with average maturity of four to eight years. The Investment Grade composite includes investments in fixed income securities with credit ratings averaging A3 with at least one investment grade credit rating and an average maturity of five to ten years. The Short Duration composite includes investments in fixed income securities with credit ratings averaging Baa3 and a target duration of three years. The Broad Market composite includes investments in fixed income securities with credit ratings averaging Baa2, an average duration between five and six years and an average maturity of seven to nine years. The Short Duration-Investment Grade composite includes investments in fixed income securities with credit ratings averaging A2 with at least one investment grade credit rating and an average maturity of two to four years. The ESG Aware Investment Grade composite includes investments in fixed income securities with credit ratings averaging A3 with at least one investment grade credit rating and an average maturity of five to ten years. The ESG Leaders Investment Grade composite includes investments in fixed income securities with credit ratings averaging BAA with at least one investment grade credit rating and an average maturity of five to ten years.

The Adviser’s investment performance data conform to the following standards since inception:

- a) The composites consist of all discretionary portfolios in each respective style under management, including all securities and cash held in the portfolios, appropriately weighted for the size of the portfolios. All portfolios are included after three months under management or upon reaching 65% invested by CAM, whichever occurs first.
- b) Returns are calculated monthly in U.S. dollars and include reinvestment of dividends and interest.
- c) Gross of fees performance results include all transaction costs and exclude management fees. When performance is compared to Lipper mutual fund averages gross performance net of CAM’s management fees is used.
- d) For the period from April 1, 1989 through 1992, the High Yield composite includes all assets of all accounts that meet the above criteria, except that not all accounts were added to the composite by the beginning of the third full reporting period for which the account was under management. In addition, prior to 1990 certain diversification requirements were not met.

The indices shown for comparative purposes are based on or derived from information generally available to the public from sources believed to be reliable. No representation is made to their accuracy or completeness.

“Gross Yield Comparisons”: CAM yields are for client account purchases over the last thirty days, gross before the impact of fees or expenses.

**See <https://www.cambonds.com/disclosure-statements/for-additional-disclosures-on-the-material-risks-and-potential-benefits-of-investing-in-corporate-bonds>.**

**Past performance should not be taken as an indication of future results.**

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