

# CORE FIXED INCOME STRATEGY

Second Quarter 2021 Factsheet

## Strategy Description

The PNC Capital Advisors **Core Fixed Income Strategy** seeks to provide stable income and deliver competitive risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, mortgage-backed securities, AAA-rated asset-backed securities, and U.S. Treasury bonds.

Assets under management **\$521 MILLION**

Inception **12/31/1992**

Benchmark **Bloomberg Barclays U.S. Aggregate Bond Index**

## Investment Team

Sean T. Rhoderick, CFA *Chief Investment Officer*

John Graziani, CFA *Senior Portfolio Manager*

Jason R. Weber, CFA *Senior Trader, Assistant Portfolio Manager*

CFA® is a trademark owned by CFA Institute.

**23** Investment Professionals

**18** Team Years Average Industry Experience

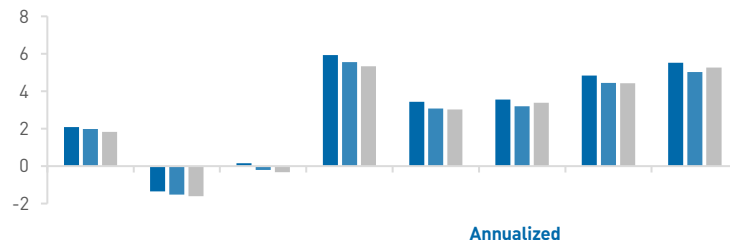
## Firm Overview

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

Our investment solutions:

Liquidity Solutions	Assets Under Management	<b>\$13.2</b> BILLION
Custom Fixed Income		<b>\$9.8</b> BILLION
Broad Market Strategies		<b>\$6.9</b> BILLION

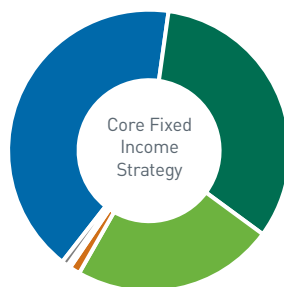
## Investment Results



(all values in %)	Qtr	YTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Incept
<b>Core Fixed Income (Gross)</b>	2.08	-1.36	0.15	5.93	3.44	3.56	4.83	5.52
<b>Core Fixed Income (Net)</b>	1.99	-1.53	-0.20	5.56	3.08	3.20	4.44	5.03
Bloomberg Barclays U.S. Aggregate Bond Index	1.83	-1.60	-0.33	5.34	3.03	3.39	4.43	5.27
<b>Relative Investment Results</b>	0.25	0.24	0.48	0.59	0.41	0.17	0.40	0.25

As of 06/30/21. Source: Advent Portfolio Exchange® (APX). Performance returns are presented gross and net of fees and include the reinvestment of all income. Please refer to our GIPS® Report, which includes additional disclosures and is located at the end of this presentation. **Past performance is no guarantee of future results.**

## Sector Allocation (%)



	Core Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index
Corporate-Credit	41.7	26.5
Treasury	32.9	37.8
Mortgage-Backed	23.2	27.4
Asset-Backed	1.2	0.3
Non-Corporate Credit	0.4	4.5
Agency	0.0	1.5
Certificate of Deposit	0.0	0.0
Commercial Mortgage-Backed	0.0	2.1
Commercial Paper	0.0	0.0
Cash & Cash Equivalents	0.7	0.0

## Portfolio Characteristics

	Core Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index
Weighted Average Life (Years)	7.9	8.1
Effective Duration (Years)	6.2	6.3
Average Quality	Aa3	Aa2
Yield to Maturity	1.5%	1.5%
Yield to Worst	1.5%	1.5%
Turnover (12 month trailing)	103.0%	N/A
Number of Holdings	217	12,197

### Duration Distribution

(% market value)	Core Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index
<1 Year	2.7	0.3
1-3 Years	34.0	33.2
3-4 Years	17.5	14.5
4-6 Years	13.3	19.0
6-8 Years	7.9	10.1
>8 Years	24.7	23.0

### Quality Allocation

(% market value)	Core Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index
AAA	59.2	71.0
AA	2.3	3.1
A	12.4	11.1
BBB	26.1	14.7
BB or Lower	0.0	0.0

### Top 10 Credit Issuers by Exposure

(% market value)	Core Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index
Citigroup, Inc.	1.61	0.42
Morgan Stanley	1.56	0.41
Bank of America Corp.	1.49	0.69
JPMorgan Chase & Co.	1.26	0.63
Verizon Communications, Inc.	1.19	0.41
Sysco Corp.	0.98	0.04
MPLX LP	0.97	0.08
Fiserv, Inc.	0.96	0.06
AT&T, Inc.	0.92	0.44
Wells Fargo & Co.	0.90	0.42
<b>Total</b>	<b>11.84</b>	<b>3.60</b>

### Investment Process Key Elements



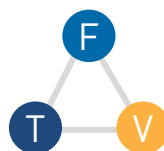
#### Opportunistic Sector Allocation

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 06/30/21 unless otherwise noted. Sources: BondEdge® and The Yield Book® Software and Services (Sector Allocation, Duration Distribution, and Quality Allocation), APX (Assets Under Management and Turnover), and APX and Bloomberg (Top 10 Holdings).

*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 Issuers, 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.*

*Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.*

### 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>.

©2021 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 institutional 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, 2020 by ACA Group, Performance Services Division.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Core Fixed Income Composite has had a performance examination for the periods February 11, 2008 through December 31, 2020. The verification and performance examination reports are available upon request.

**Composite Description:** The investment objective of the Core 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 and structure characteristics benchmarked to the Bloomberg Barclays U.S. Aggregate Bond Index. The Core Fixed Income Composite was created December 31, 2000 with an inception date of December 31, 1992.

**PNC Capital Advisors  
Core Fixed Income Composite**

Composite Inception Date: December 31, 1992  
Composite Creation Date: December 31, 2000

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)
2020	8.62	8.24	3.45	7.51	3.35	19	0.12%	\$ 434.1	\$ 29,978
2019	9.19	8.81	2.80	8.72	2.87	14	0.16%	399.5	23,885
2018	(0.12)	(0.47)	2.75	0.01	2.84	16	0.06%	783.3	53,549
2017	3.87	3.51	2.62	3.54	2.78	19	0.07%	670.5	50,300
2016	2.63	2.27	2.77	2.65	2.98	25	0.16%	933.6	48,659
2015	(0.05)	(0.40)	2.63	0.55	2.88	30	0.16%	1,249.3	41,592
2014	5.76	5.39	2.52	5.97	2.63	29	0.08%	1,276.8	41,062
2013	(1.58)	(1.92)	2.63	(2.02)	2.71	31	0.11%	1,127.2	36,882
2012	5.34	4.97	2.30	4.21	2.38	37	0.24%	1,392.8	34,425
2011	6.40	6.03	2.76	7.84	2.78	31	0.07%	1,232.9	35,113

**Benchmark:** The benchmark for the composite is the Bloomberg Barclays U.S. Aggregate Bond Index. The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index composed of securities from the Bloomberg Barclays Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index and represent the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

**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 0.40% prior to June 30, 2010; and 0.35% thereafter, representing the maximum advisory fees charged to client accounts during the respective periods in the Core 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 does not guarantee future results.**

**Significant Cash Flows:** As of January 1, 2012, PCA defines a significant cash flow for the portfolios of the Core 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 January 1, 2010, 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: 0.35% on first \$15 million, 0.30% on next \$35 million, 0.25% on next \$50 million, 0.20% on next \$100 million and 0.15% on amounts over \$200 million. The actual fees paid by a client may vary based on assets under management and other factors.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.