

# FIXED INCOME STRATEGIES

## SHORT-TERM FIXED INCOME



GREAT LAKES ADVISORS

A WINTRUST WEALTH MANAGEMENT COMPANY

First Quarter 2018

### OBJECTIVE

The GLA Short-Term Fixed Income strategy seeks to maximize total return by investing in securities that offer competitive value relative to the Bloomberg Barclays Capital 1-3 Year Government/Credit Index.

**Benchmark:** Bloomberg Barclays Capital 1-3 Year Gov/Credit Index

**Inception Date:** June 30, 1999

### PHILOSOPHY

We believe in an active approach to fixed income that emphasizes quality, coupon advantage, and disciplined risk management. We have generated relatively strong risk-adjusted returns through fundamental analysis and bottom-up investing.

#### Active Approach

- Focus on higher income sectors and securities
- Control interest rate risk by constraining duration to the benchmark
- Manage specific issues, sectors, quality, and yield curve positions

#### Where We Add Value

- Focused security selection
- Rotating to most attractive sectors
- Use liquid issues

#### Manage Risk

- Disciplined approach to interest rate and yield curve management
- Focused on quality issuers
- Broad diversification

### PORTFOLIO CHARACTERISTICS

	Short-Term FI	Bloomberg Barclays 1-3 G/C
Average Quality	A/A1	AA+/Aa1
Modified Duration	1.55	1.85
Average Maturity	1.64	1.91
Yield-to-Maturity	2.72	2.47
Current Yield	1.95	2.16
Average Coupon	1.92	2.18

### PROCESS

#### 1. Research/General Discussions

- U.S. and global markets
- Bond market, interest rate climate
- Yield curve: shape, historical spreads, and current levels
- Supply and Demand

#### 2. Model/Sector Allocation

Portfolio Managers leverage sector-specific knowledge and make strategic decisions on interest rate exposure and general portfolio parameters.

#### 3. Security Selection

Decisions based on:

- Relative value
- Coupon, quality and structure preference
- Emphasis on long-term trends, not short-term fluctuations

#### 4. Sell Discipline

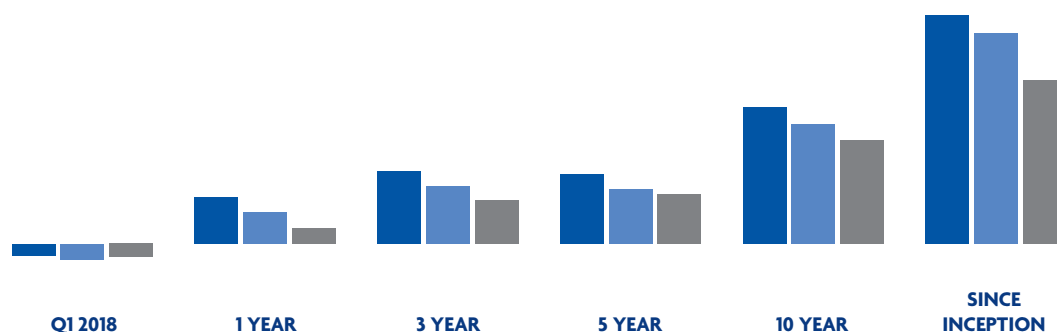
Decisions based on:

- Credit fundamentals
- Relative performance
- Duration management
- Need to meet any outflows

#### Benefits

- Seasoned team of specialists, averaging 24 years of experience
- Competitive long-term, risk-adjusted and absolute returns
- Added value through diligent security selection

### COMPOSITE PERFORMANCE



	Q1 2018	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Short-Term FI Gross of Fees	-0.18%	0.71%	1.09%	1.05%	2.07%	3.46%
Short-Term FI Net of Fees	-0.24%	0.48%	0.87%	0.83%	1.81%	3.18%
Bloomberg Barclays 1-3 Yr G/C	-0.20%	0.24%	0.66%	0.75%	1.56%	2.48%

For More Information: 312.553.3700

greatlakesadvisors.com

## ABOUT GREAT LAKES ADVISORS

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Founded in 1981, Great Lakes Advisors is a Chicago-based investment manager with over \$9 billion in assets under management and advisement. We offer a wide range of quality fixed income and domestic equity strategies across all market caps, with additional SRI/ESG and tax-managed capabilities. Our clients include public funds, multi-employer plans, corporations, religious communities, endowments/foundations, health care plans, and private wealth management clients. It is the mission of Great Lakes Advisors to be a collaborative partner in helping our clients attain their investment goals through proven actively managed strategies, implemented by experienced skilled professionals and communicated with a focus on exceptional client service.

### FOR INSTITUTIONAL USE ONLY

Great Lakes Advisors, LLC ("Great Lakes" or "GLA") is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Established in 1981, Great Lakes is a subsidiary of Wintrust Financial Corporation and a part of the Wintrust Wealth Management family of companies. On October 1, 2013, majority owned subsidiary Advanced Investment Partners, LLC ("AIP") became fully-owned and integrated into Great Lakes. Great Lakes is a distinct business unit with distinct investment processes and procedures relating to the management and/or trading of investment portfolios for its clients.

The Short Term Fixed Income Composite includes all institutional, discretionary, fee paying, tax-exempt total return portfolios of taxable bonds with portfolio durations and security guidelines that are similar to the composite's benchmark, the Bloomberg Barclays Capital 1-3 Year Government/Credit Index. Portfolios subject to substantial client imposed restrictions are excluded from the composite. Beginning on June 30, 2012, the minimum portfolio size for inclusion in Short Term Fixed Income Composite is \$2 million USD. Accounts are added to the composite when their duration is similar to that of the Bloomberg Barclays Capital 1-3 Year Government/Credit Index. Accounts are removed from the composite prospectively, while retaining their prior historical performance in the composite, at termination of the Firm as investment manager, when there is a change in the benchmark, when the value of the account drops below \$1 million for a period of nine consecutive months, or when investment policy guidelines are instituted substantially restricting implementation of the Short Term Fixed Income Composite strategy. Accounts within this composite do not employ leverage. The composite inception date and creation date was June 30, 1999. All cash reserves and equivalents are included in returns. Returns are time weighted and include reinvestment of dividends, income and gains. The value of assets and returns is expressed in U.S. dollars. Market commentary is available at [www.greatlakesadvisors.com](http://www.greatlakesadvisors.com) or upon request.

The benchmark selected for comparison of returns for the Short-Term Fixed Income Composite is the Bloomberg Barclays Capital 1-3 year Government/Credit, an unmanaged index considered representative of performance of short-term investment-grade U.S. corporate and government bonds with maturities from one to three years. For comparison purposes, each index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs. The index is not available for direct investment.

Great Lakes Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®). A complete list of firm composites and performance results, and the policies for valuing portfolios, calculating performance, and preparing GIPS compliant presentations are available upon request by calling 312.553.3700. Great Lakes Advisors, LLC's fees are available upon request and may be found in our Form ADV Part 2A. Performance data quoted herein represents past performance. Past performance does not guarantee or indicate future results. All data is as of March 31, 2018 unless otherwise noted. Returns and net asset value will fluctuate. To determine if this strategy is appropriate for you, carefully consider the investment objectives, risk factors, and expenses before investing.

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