

GALLIARD FIXED INCOME MANAGEMENT

FIXED INCOME SOLUTIONS FOR INSTITUTIONAL INVESTORS



Representative Clients¹

- City of Tallahassee
- HealthPartners
- Liberty Mutual
- Pleiades
- South Broward Hospital District
- University of Central Florida
- University of Illinois

Applications

- Core fixed income
- Stable value manager
- Operating reserves
- Insurance reserves
- Liability based strategies

Custom Fixed Income

- Unique guidelines/constraints
 - Accounting/tax
 - Statutes (states/insurance)
- Asset liability analysis
- Liquidity versus yield trade-off analysis
- Scenario forecasting
- Interest rate immunization

Galliard Serves

- Corporate retirement/benefit plans
- Public retirement plans
- Taft-Hartley plans
- Operating funds
- Government entities
- Foundations and endowments
- Insurance reserves
- Mutual funds

GALLIARD CAPITAL MANAGEMENT INC. is a registered investment advisory firm that specializes in fixed income and stable value management. Galliard currently manages \$90.7 billion in assets for over 230 institutional clients².

CUSTOM FIXED INCOME SOLUTIONS FOR INSTITUTIONAL INVESTORS

We work closely with our institutional clients to structure portfolios to meet their investment objectives. Galliard's ability to deliver custom fixed income investment solutions within a disciplined risk framework is what we believe to be a key differentiator from other top-performing investment managers. Our portfolio design process is structured to incorporate a variety of portfolio objectives including unique client guidelines, liquidity needs, or custom benchmarks. Additionally, the Galliard investment team has extensive experience managing portfolios under statutory, GASB, and other unique objectives and constraints. To achieve this level of customization, we combine a team-based investment style with a dedicated client portfolio manager (CPM) for each of our account relationships. The CPM works to ensure that client-specific needs are met and that each portfolio benefits from investment themes, strategies, and trades appropriate to the account's style or mandate. Galliard's ability to assimilate complex information and apply creative problem solving skills has allowed us to produce innovative solutions to address the investment challenges of fixed income institutional investors nationwide.

A DISCIPLINED INVESTMENT PROCESS

Galliard's approach to fixed income management is grounded in the philosophy of "income generation with risk control." We seek to generate a realizable yield advantage over time and, as a result, we expect the vast majority of our performance over time will come from yield rather than price changes. This characteristic of our investment style can be particularly important for accounts that benefit from having portfolio return emerge as income on financial statements.

¹ The representative client list shown is a partial listing of Galliard's fixed income clients. It includes a cross section of Galliard clients based on national geographic location. It excludes those requesting confidentiality and others as determined by Galliard. Inclusion is not performance based nor does it represent any endorsement of Galliard's services by the client.

² As of December 31, 2019.

For more of Galliard's fixed income insights, visit www.galliard.com

GALLIARD FIXED INCOME MANAGEMENT

Galliard Assets Under Management³

\$90.7 billion

Fixed Income Strategies For Institutional Investors

- Short
- Intermediate
- Broad Market Core
- Long

FOR MORE INFORMATION CONTACT:

Client and Consultant Relationship Management

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GALLIARD'S FIXED INCOME APPROACH

We believe the role of fixed income is to generate income while providing safety of principal through disciplined risk control with an emphasis on high quality securities.

Investment Objectives:

- Outperform the benchmark by +40 to +60 basis points (before fees) annually
- Consistent return profile resulting in tracking error below 1% annually
- Minimize downside loss

FUNDAMENTAL RESEARCH

- + Experienced research analysts focused on specific industry/sector coverage
- + Proprietary research fuels idea generation
- + Credit analysis focused on preservation of value

REALIZABLE YIELD

- + Spread sector emphasis
- + Focus on less negatively convex structures
- + Add value through yield rather than short term price changes
- + Buy and hold bias

DIVERSIFICATION

- + Strategic allocation to broad range of investment grade sectors
- + Prudent sector and issuer limits
- + Utilize inefficiently priced sectors

RISK MANAGEMENT

- + Duration controlled tightly around benchmarks
- + Active risk budgeting
- + Risk correlation analysis
- + Awareness of forecasting limits
- + Disciplined sell process

SOURCES OF PERFORMANCE ENHANCEMENT

Strategy

Guiding Principles

Overallocation to non-Treasury (spread) sectors



- Build a realizable yield advantage
- Overallocation to spread sectors
 - Utilize less well-known sectors

Security selection



- Buy assets you can hold
- Based on fundamental research
 - Focus on relative value

Sector allocation



Sector weighting is driven by bottom-up relative value

Duration/yield curve positioning



Durations are kept within a tight band around benchmark

³As of December 31, 2019.

This publication is for informational purposes only; it is not investment advice or a recommendation for a particular security strategy or investment product. Galliard's advisory fees are disclosed in the firm's Form ADV Part 2, which is available upon request. FOR INSTITUTIONAL INVESTOR USE ONLY. FIMGMT4Q19

WHY CHOOSE GALLIARD FOR FIXED INCOME MANAGEMENT

- Custom fixed income solutions to meet each client's specific needs
- A conservative approach to fixed income management designed to minimize investment risk
- Relationships with senior professionals of the firm