

High Yield SMA

Taxable Fixed Income Strategy



Firm Facts

- ◆ Founded in 1992, Seix maintains its focus on providing fixed income strategies for institutional investors around the globe
- ◆ 43 investment professionals
- ◆ \$26.7 billion in assets under management*

* As of 6/30/17

Investment Philosophy

To participate in the upside inherent in the high yield market, but also to be focused on reducing risk by minimizing the downside, especially through comprehensive fundamental credit research.

We believe that the highest risk-adjusted returns are achieved with an investment approach that employs in-depth company research, optimal security structures and astute expected return analysis, all supported by rigorous and time-tested sell disciplines.

Investment Style

- ◆ Active management
- ◆ Principally invests in below-investment grade debt securities of corporate issuers
- ◆ Benchmark: BofA Merrill Lynch High Yield Cash Pay Index

Investment Objective

Seeks to deliver current income and capital appreciation by investing in a diversified portfolio of non-investment grade corporate debt securities.

Portfolio Managers

George Goudelias
Head of Leveraged Finance
Senior Portfolio Manager
Industry experience since 1987
Joined Seix in 2001

Mike Kirkpatrick
Senior Portfolio Manager
Industry experience since 1991
Joined Seix in 2002

James FitzPatrick, CFA
Head of Leveraged Finance Trading
Portfolio Manager
Industry experience since 1996
Joined Seix in 1997

Investment Process

We begin our research effort by focusing on the healthier segment of the high yield universe, BB and B rated bonds and liquid securities with good price action. Early in the process, we exclude issuers with less than US\$200 million in debt outstanding, issuers that have fewer than two market makers or offer poor information access and companies whose bonds are exhibiting poor price action.

Within our high yield research team, each research analyst covers between two and four specific industries. We do not rotate analyst coverage from sector to sector because our credit analysts are specialists in their particular industries. Research analysts are responsible for modeling the individual companies that are in their industries. Companies are modeled according to the specifics that drive their industry group. For example, the research analyst covering healthcare will utilize a model that incorporates Medicare reimbursements, bed occupancy rates, etc.

The key factors that are examined when Seix is considering an asset for purchase are:

- ◆ Positive free cash flow combined with deleveraging
- ◆ Solid asset protection
- ◆ Sound management
- ◆ Strong competitive position
- ◆ Access to capital

Security selection is the most important component of our management style.

Portfolio Characteristics

	Portfolio	Benchmark**
Effective Duration (yrs)	3.32	3.95
Yield-to-Worst (%)	4.32	5.54
Average Maturity (yrs)	5.43	6.21
Number of Holdings	102	1,883
Average Credit Quality	BB	B1

** BofA Merrill Lynch High Yield Cash Pay Index

For more information, please contact:

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Quality Distribution

	Seix High Yield SMA	BofA ML BB/B Constrained	BofA ML HY Cash Pay
AAA	2.9%	0.0%	0.0%
BBB	3.8%	0.0%	0.0%
BB	55.9%	55.4%	48.1%
B	36.8%	44.6%	38.7%
CCC & Lower/NR	0.7%	0.0%	13.2%
Total	100.00%	100.00%	100.00%

Annualized Since Inception*

	Seix High Quality High Yield SMA Composite	BofA ML HY Cash Pay
Return	7.3%	7.0%
Standard Deviation	5.4	9.7%
Return per Unit of Risk	1.4%	0.7%

* Inception date - 07/01/1997

Calendar Year Performance

Year	Calendar Year Total Return (Gross)	Calendar Year Total Return (Net of Fee)	Benchmark** Return
2016	9.93%	7.23%	17.34%
2015	-1.77%	-4.20%	-4.55%
2014	4.08%	1.52%	2.44%
2013	5.02%	2.43%	7.38%
2012	12.69%	9.93%	15.44%
2011	7.42%	4.78%	4.50%
2010	11.38%	8.65%	15.24%
2009	29.91%	26.76%	56.28%
2008	-13.64%	-15.80%	-26.21%

** Benchmark: BofA Merrill Lynch High Yield Cash Pay Index

Net returns are calculated by subtracting the highest applicable wrap fee (2.50% on an annual basis, or 0.21% monthly) on a monthly basis from the gross composite monthly return.

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Composite Data

Total Firm		Composite Assets		Annual Performance and Standard Deviation					
Year End	Assets (\$mil)	Assets (\$mil)	Number of Sponsors	Net Composite Return	Gross Composite Return	Composite 3-Year Std. Dev.	BofA Merrill Lynch High Yield Cash Pay Index	Index 3-Year Std. Dev.	Composite Dispersion
2016	27,631	2,060	6	7.24%	9.93%	4.80%	17.34	6.01%	0.20%
2015	25,698	1,527	6	-4.20%	-1.77%	4.93%	-4.55%	5.27%	0.10%
2014	30,989	1,482	6	1.52%	4.08%	4.23%	2.44%	4.42%	0.10%
2013	26,600	1,488	6	2.43%	5.02%	4.99%	7.38%	6.33%	0.10%
2012	26,141	1,535	6	9.93%	12.69%	5.44%	15.44%	6.93%	0.10%
2011	26,147	748	7	4.78%	7.42%	7.53%	4.50%	10.78%	0.20%
2010	25,855	580	7	8.65%	11.38%	-	15.24%	-	0.30%
2009	24,338	362	7	26.76%	29.91%	-	56.28%	-	0.10%
2008	17,375	111	6	-15.80%	-13.64%	-	-26.21%	-	0.40%
2007	21,534	198	6	-0.12%	2.40%	-	2.17%	-	N/A
2006	21,122	196	5 or fewer	4.01%	6.61%	-	11.64%	-	N/A
2005	24,230	277	5 or fewer	-0.20%	2.32%	-	2.83%	-	N/A
2004	21,913	395	5 or fewer	5.42%	8.05%	-	10.76%	-	N/A
2003	15,277	312	5 or fewer	13.60%	16.38%	-	27.22%	-	N/A
2002	11,465	9	5 or fewer	-	8.85%	-	-1.14%	-	N/A
2001	9,175	735	8	-	10.80%	-	6.20%	-	N/A
2000	7,413	470	5 or fewer	-	7.14%	-	-3.79%	-	N/A
1999	4,663	125	5 or fewer	-	3.48%	-	1.57%	-	N/A
1998	3,373	124	5 or fewer	-	7.71%	-	3.66%	-	N/A
1997*	1,797	69	5 or fewer	-	8.68%	-	6.60%	-	N/A

*Results shown for the year 1997 represent partial period performance from July 1, 1997 through December 31, 1997.

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

From 7/1/97 to 9/30/02, the High Yield SMA Composite consists of all Institutional High Yield Bond accounts managed by Seix and does not include any Wrap Fee/SMA portfolios. From 1997 to 2001 the number of Wrap Sponsors refer to the number of High Yield Bond accounts managed by Seix. From 10/1/02 to present, the composite consist of all High Yield Wrap Fee/SMA accounts managed by Seix in all participating Wrap Plan Sponsors' Programs. For comparison purposes, the composite is measured against the BofA Merrill Lynch High Yield Cash Pay Index. The BofA Merrill Lynch High Yield Cash Pay Index is an unmanaged index consisting of all domestic and Yankee high yield bonds maturing over one year. The quality range is less than BBB-/Baa3 but not in default. The minimum account size for inclusion in the composite is \$250,000. Prior to 6/1/15, the account minimum was \$500,000.

Seix Investment Advisors LLC is an SEC-registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.

Seix Investment Advisors LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Seix Investment Advisors LLC has been independently verified for the periods January 1, 2004 through December 31, 2016 by Ashland Partners & Company LLP and January 1, 1993 through December 31, 2003 by a previous verifier.

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.

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. Returns include the reinvestment of all income. Policies for valuing policies, calculating performance, and preparing compliant presentations are available upon request. Past performance is not indicative of future results.

Pure Gross returns, presented as supplemental information, from 10/1/02 through 2016 do not reflect the deduction of any trading costs, fee or expenses and are presented for comparison

purposes only. The wrap fee includes all charges for portfolio management, custody and other administrative fees. Net returns are calculated by subtracting the highest applicable wrap fee (2.50% on an annual basis, or 0.21% monthly) on a monthly basis from the gross composite monthly return. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the wrap sponsors in the composite the entire year.

The investment management fee schedule for the wrap programs vary between 1.25% and 2.50% Bundled fees may vary by Sponsor. The client is referred to the Program Sponsor's ADV 2A for a full disclosure of the fee schedule. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance.

The High Yield SMA Composite was created January 1, 2003. Performance presented for the period prior to May 29, 2004 occurred at Seix Investment Advisors, Inc. ("SIA") before SIA was acquired by SunTrust Banks, Inc. and its name changed to Seix Advisors. SIA was formerly registered as an investment adviser with the SEC. Performance presented for the period between May 29, 2004 and March 31, 2008 occurred while the Portfolio Management Team was a part of Seix Advisors, the Fixed Income division of Trusco Capital Management, Inc. ("Trusco") and the predecessor of Seix Investment Advisors LLC. Effective as of March 31, 2008, Seix Advisors began operating as a separate legal entity, named Seix Investment Advisors LLC ("Seix"), and Trusco was renamed as RidgeWorth Capital Management, Inc. Effective as of May 23, 2014, RidgeWorth Capital Management, Inc. became RidgeWorth Capital Management LLC, and Seix merged with StableRiver Capital Management LLC, a wholly owned subsidiary of RidgeWorth Capital Management LLC. Effective June 1, 2017, RidgeWorth Capital Management LLC was acquired by Virtus Investment Partners, Inc. ("Virtus") and was renamed Virtus Fund Advisers, LLC ("VFA"). Each of VFA and Seix is an SEC-registered investment adviser. Seix is a wholly owned subsidiary of VFA, which is an indirect, wholly owned subsidiary of Virtus.

Seix has retained the identical investment style since the inception of the composite. Seix also maintains the records necessary to support the performance of all composites and will provide these records upon request.