

CORE FIXED INCOME

FACT SHEET | June 30, 2017

Performance¹

- Use relative value strategy for security and sector selection
- Focus on income rather than market timing of interest rates
- Conduct proprietary, equity-like fundamental research
- Emphasize disciplined, risk-managed investment approach

Periods Ended 6/30/17 (%)	QTD	YTD	Annualized Returns			
			1 Year	3 Years	5 Years	10 Years
Core Fixed Income (gross)	1.71	2.84	0.73	2.98	2.95	5.05
Core Fixed Income (net)	1.64	2.68	0.43	2.59	2.54	4.62
BBgBarc U.S. Aggregate Index ⁴	1.45	2.27	-0.31	2.48	2.21	4.48

Calendar Year (%)	2016	2015	2014	2013	2012	2011
Core Fixed Income (gross)	3.73	0.72	6.25	-1.01	5.35	8.93
Core Fixed Income (net)	3.39	0.27	5.77	-1.46	4.90	8.46
BBgBarc U.S. Aggregate Index ⁴	2.65	0.55	5.97	-2.02	4.22	7.84

Portfolio Characteristics²

	Core Fixed Income	BBgBarc U.S. Aggregate ⁴
Effective Duration	5.7 years	6.0 years
Effective Maturity	8.3 years	8.3 years
Effective Yield	2.8%	2.6%
Coupon	4.1%	3.1%
Average Credit Quality	AA	AA
Turnover (3 year average)	48%	-
Standard Deviation	2.87%	2.90%

Sector Allocation²

	Core Fixed Income	BBgBarc U.S. Aggregate ⁴	Relative Weights
Treasury	14.8	37.0	-22.2
U.S. Agencies	0.0	3.5	-3.5
Other Government-Related	8.8	3.6	5.2
Corporate Credit	42.4	25.3	17.0
Agency Mortgage-Backed Securities	22.8	28.2	-5.4
Commercial Mortgage-Backed Securities	3.2	1.8	1.4
Asset-Backed Securities	6.0	0.5	5.5
CLO	1.3	0.0	1.3
Other	0.0	0.1	-0.1
Cash & Equivalents	0.7	0.0	0.7

Corporate Allocation²

	Core Fixed Income	BBgBarc U.S. Aggregate ²	Relative Weights
Financial	13.4	8.0	5.4
Industrial	24.9	15.6	9.3
Utility	4.1	1.8	2.3

¹Data is based on firm's Core Fixed Income composite. Past performance does not guarantee future results and future performance may be lower or higher than the performance presented. See Performance Disclosure for additional performance information.

²Information presented is for a representative portfolio which is an account in the composite that we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The information of the representative portfolio shown may differ from that of the composite and of the other accounts in the composite. Information on this page is considered supplemental information to the Performance Disclosure. Weights may not sum to 100% due to rounding.

³The rating information reflects the Standard & Poor's equivalent rating category for the highest credit-quality rating assigned by either Standard & Poor's or Moody's ratings.

⁴Source: CMS BondEdge

⁵Standard Deviation statistic based on monthly data. Three years. Source: eVestment Alliance.

The mountain logo together with "Denver Investments" is a registered service mark of Denver Investments.

Quality Detail^{2,3}

% of portfolio	Core Fixed Income	BBgBarc U.S. Aggregate ⁴
AAA	47.3	71.6
AA	9.4	4.2
A	18.4	10.6
BBB	19.7	13.6
BB & Below	4.0	0.0
Not Rated	1.2	0.0

Duration Distribution^{2,4}

% of securities	Core Fixed Income	BBgBarc U.S. Aggregate ⁴
0 - 1 year	8.3	0.1
1 - 3 years	19.1	22.0
3 - 4 years	10.7	14.3
4 - 6 years	34.6	33.4
6 - 8 years	9.3	11.7
8+ years	18.0	18.4

Performance Disclosure: Core Fixed Income Composite

Year	— Composite Assets—			Composite Gross of Fees Annual Return (%)	Composite Net of Fees Annual Return (%)	BBgBarc U.S. Aggregate Bond Index (%)	Composite 3 Year Standard Deviation (%)	Index 3 Year Standard Deviation (%)	Composite Dispersion (%)	Total Firm Assets (Incl. Model Portfolios)* (\$Bil)	Total Firm Assets (\$Bil)
	Dollars (\$ millions)	% of Firm Assets	Composite Accounts								
2016	1,154	16.1	13	3.73	3.39	2.65	3.00	3.02	0.37	7.476	7.169
2015	134	1.8	4	0.72	0.27	0.55	2.90	2.92	0.24	7.606	7.382
2014	434	4.6	5	6.25	5.77	5.97	2.70	2.66	0.20	9.596	9.373
2013	405	4.1	5	-1.01	-1.46	-2.02	2.75	2.75	0.25	10.009	9.794
2012	541	5.8	5	5.35	4.90	4.22	2.46	2.42	0.54	9.565	9.343
2011	580	6.4	6	8.93	8.46	7.84	2.67	2.82	0.61	9.389	9.101
2010	495	5.7	6	7.31	6.83	6.56	-	-	0.41	8.989	8.711
2009	494	6.3	7	8.17	7.71	5.93	-	-	1.88	8.038	7.837
2008	481	7.0	7	3.08	2.63	5.24	-	-	1.74	7.008	6.867
2007	527	5.5	7	6.76	6.54	6.96	-	-	0.43	9.715	9.502

*Number includes a portion of assets where Denver Investments does not have discretionary trading authority. This information is supplemental to fully compliant presentation.

- 1) Denver Investment Advisors LLC (dba Denver Investments) is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Denver Investments provides fundamental investment management services to various institutional and private investors and mutual funds.
- 2) This composite was created in October 1989 (style inception was 10/1/1989). All returns are computed using a time-weighted total rate of return. The composite is defined to include all fee-paying, discretionary accounts that are managed according to the Core Fixed Income (formerly named Core Aggregate) strategy. The composite includes all actively managed fixed income accounts that are managed to the Bloomberg Barclays U.S. Aggregate Bond Index and primarily invest in investment-grade securities with maturities less than 30 years. As of 12/1/2016 accounts included contain less than 15% below investment grade securities. The Bloomberg Barclays U.S. Aggregate Bond Index benchmark is an unmanaged, fixed income, market-value-weighted index generally representative of intermediate-term government bonds, investment grade corporate debt securities and mortgage-backed securities. The name of the composite was changed from Core Aggregate to Core Fixed Income on 1/1/2007. Bloomberg Barclays is the source and owner of the Bloomberg Barclays Index data contained in this material and all trademarks and copyrights related thereto. Any further dissemination or redistribution is strictly prohibited. Bloomberg Barclays is not responsible for the formatting or configuration of this material or for any inaccuracy in Denver Investments' presentation thereof. Index returns are not covered by the report of the independent verifiers.
- 3) Gross of fee returns are calculated gross of management and custodial fees and net of transaction costs. Net of fee returns are calculated net of management fees and transaction costs and gross of custodian fees. As of 1/1/15, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a monthly basis. From 1/1/08 to 12/31/14, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a quarterly basis. Prior to this date, net of fees returns were calculated using actual annual client fees, pro-rated on a quarterly basis.
- 4) The dispersion of annual returns is measured by the standard deviation across unweighted portfolio gross returns represented within the composite for the full year. Dispersion is not shown for years in which only one account is present for the entire year.
- 5) Valuations and returns are computed and stated in U.S. dollars. Performance is calculated net of withholding taxes on foreign dividends and interest. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Total returns for accounts are presented using the accrual basis of accounting for all fixed income and equity investments and on a cash basis for all cash equivalents.
- 6) Denver Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Denver Investments has been independently verified for the periods 1/1/84 – 12/31/16. Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Core Fixed Income composite has been examined for the periods 1/1/97 – 12/31/16. The verification and performance examination reports are available upon request. A complete list and description of all firm composites is available upon request.
- 7) The maximum fee rate is 0.30%. As of 3/31/2016, the maximum fee was decreased from 0.45% to 0.30%. Please reference Denver Investments' ADV for full fee schedule.
- 8) Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- 9) Past performance does not guarantee future results and future performance may be lower or higher than the performance presented.

FOR MORE INFORMATION ABOUT OUR INSTITUTIONAL OFFERING, PLEASE CONTACT:

Denver Investments | Republic Plaza | 370 17th Street | Suite 5000 | Denver, Colorado 80202

p: 303.312.5000 | e: marketing@denvest.com | www.denvest.com

The mountain logo together with "Denver Investments" is a registered service mark of Denver Investments.