Denver Investments®
Institutional

CORE PLUS FIXED INCOME

FACT SHEET | September 30, 2017

- 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

Performance[1]

			Annualized Returns			
Periods Ended 9/30/17 (%)	**QTD**	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**
Core Plus Fixed Income (gross)	1.03	4.33	1.51	3.56	3.04	4.88
Core Plus Fixed Income (net)	0.96	4.09	1.19	3.16	2.62	4.43
BBgBarc U.S. Aggregate Index[4]	0.85	3.14	0.07	2.71	2.06	4.27

Calendar Year (%)	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Core Plus Fixed Income (gross)	4.27	0.56	6.48	-0.74	6.24	8.21
Core Plus Fixed Income (net)	3.89	0.11	6.00	-1.18	5.77	7.73
BBgBarc U.S. Aggregate Index[4]	2.65	0.55	5.97	-2.02	4.22	7.84

Portfolio Characteristics[2]

	Core Plus Fixed Income	**BBgBarc U.S. Aggregate[4]**
Effective Duration	5.7 years	6.0 years
Effective Maturity	8.2 years	8.2 years
Effective Yield	3.0%	2.5%
Coupon	4.3%	3.1%
Average Credit Quality	A	AA
Turnover (3 year average)	35%	-
Standard Deviation	2.78%	2.85%

Sector Allocation[2]

	Core Plus Fixed Income	**BBgBarc U.S. Aggregate[4]**	**Relative Weights**
Treasury	11.9	37.0	-25.1
U.S. Agencies	0.0	3.4	-3.4
Other Government-Related	8.8	3.6	5.2
Corporate Credit	38.0	25.6	12.4
Agency Mortgage-Backed Securities	23.0	28.1	-5.1
Residential Mortgage-Backed Securities	1.7	0.0	1.7
Commercial Mortgage-Backed Securities	6.7	1.8	4.9
Asset-Backed Securities	6.9	0.5	6.4
CLO	1.5	0.0	1.5
Other	0.0	0.1	-0.1
Cash & Equivalents	1.5	0.0	1.5

Corporate Allocation[2]

	Core Plus Fixed Income	**BBgBarc U.S. Aggregate[2]**	**Relative Weights**
Financial	15.3	8.0	7.3
Industrial	19.0	15.8	3.2
Utility	3.7	1.8	1.9

[1]Data is based on firm's Core Plus 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.

[2]Information 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.

[3]The 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.

[4]Source: CMS BondEdge

[5]Standard 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.

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 | f: 303.312.4900 | e: marketing@denvest.com | www.denvest.com

Quality Detail[2,3]

% of portfolio	Core Plus Fixed Income	BBgBarc U.S. Aggregate[4]
AAA	47.6	71.3
AA	5.9	4.1
A	15.9	10.7
BBB	20.0	13.9
BB & Below	7.2	0.0
Not Rated	3.2	0.0

Duration Distribution[2,4]

% of securities	Core Plus Fixed Income	BBgBarc U.S. Aggregate[4]
0 - 1 year	8.9	0.2
1 - 3 years	19.9	22.9
3 - 4 years	14.3	16.4
4 - 6 years	26.0	32.5
6 - 8 years	9.7	9.7
8+ years	21.3	18.4

Manager commentary for the quarter ended September 30, 2017[2]

Market Overview

The Federal Reserve has raised short-term interest rates three times in the last 10 months and seems poised for a fourth increase in December. The 25 basis point (0.25%) interest rate hike in June had a minimal impact on the two-year U.S. Treasury bond's yield, which increased only 10 basis points (0.10%) in the subsequent quarter. The impact on long-term rates, as reflected by the 30-year U.S. Treasury yield, increased a mere 2 basis points (0.02%) in the quarter. It appears that the Federal Reserve continues to anticipate that its efforts to spur growth and boost inflation will come to fruition, despite the fact that eight years of extraordinary monetary policy has, so far, failed to accomplish these goals. The latest real gross domestic product 12-month growth rate through the second quarter was 2.2%, and the latest year-over-year change to the core personal consumption expenditure deflator was only 1.4%. So, while Janet Yellen and the Federal Open Market Committee are declaring victory, the bond market is seeing monetary tightening in the face of only modest growth and contained inflation. The absence of rapid growth, increasing wages, and ultimately inflation, leads us to conclude that long-term interest rates will likely continue to remain within a relatively tight range, as they have over the last nine years. Corporate credit quality remains strong in this environment and even reflected some marginal improvement in the recent quarter. With interest rates relatively range bound and credit sectors performing well, broad bond market indexes posted solid positive returns for the quarter.

Portfolio Commentary

The Denver Investments' Core Plus portfolio's return for the quarter was roughly in line with its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, which generated a 0.85% return. The portfolio captured the positive effect of its heavier weighting in sectors which offer yield in excess of Treasuries, or "spread", such as corporate, taxable municipal, and securitized bonds. The overweighting of such sectors, and the corresponding underweight of Treasuries, gave the portfolio a yield advantage versus the benchmark throughout the quarter. This was beneficial to relative performance, but limited in impact due to the short measurement period. The portfolio's solid, yet generally unspectacular performance across sectors, teamed with only a slight weighting to high-yield securities, led to steady relative performance during the quarter.

Outlook and Positioning

Our economic outlook is for the continuation of modest, but positive, growth and slowly rising inflation. At quarter end, unemployment remained at cycle lows even as the labor force increased, with displaced workers slowly returning to the workforce. The synchronized global expansion continues at a moderate pace with inflation remaining quite low across all developed markets. There is very little evidence to indicate a near-term recession with few excesses visible. Absent an overly aggressive Federal Reserve, which is not our forecast, the recovery could continue, and become the longest in U.S. history, eclipsing the 1991-2001 expansion of 120 months.

U.S. fixed income securities continue to look attractive versus those available elsewhere in today's global marketplace, particularly the significantly lower and even negative rates offered in European and Japanese bond markets. We have constructed the portfolio with overweighted positions in shorter maturity "spread" sectors, offering what we believe are good yield opportunities, and durations that are slightly shorter than the benchmark, reflecting the low interest rate environment. This positioning is intended to capture higher income levels while also being slightly more protective if we do see modest interest rate increases. We are also cognizant that a fall in interest rates is plausible if the pendulum of economic data swings back to the weaker side, a flight to quality is caused by another global crisis, or there is a sudden decline in stock prices. Recognizing that we are late in an already extended positive credit cycle, we have positioned the portfolio to be overweighted in carefully selected income-producing securities, including mortgage-backed securities, and corporate and municipal bonds. These tactics are designed to enable performance over multiple interest rate and economic scenarios. We have increased our focus on quality and liquidity in the effort to mitigate negative credit events and market dislocations that could adversely impact portfolios. We believe our rigorous credit selection process is particularly valuable at this point in the credit cycle, when it is critically important to assess valuations, as well as differentiate the creditworthiness and long-term stability of each of our holdings. While we are concerned about the volatility and the recent rise in short-term rates, we are not convinced the market is quickly headed to significantly higher long-term interest rates.

Performance Disclosure: Core Plus Fixed Income Composite

Year	— Composite Assets—		Composite Accounts	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									
2016	1,215	17.0	3	4.27	3.89	2.65	2.99	3.02	0.28	7.476	7.169
2015	1,955	26.5	8	0.56	0.11	0.55	2.97	2.92	0.23	7.606	7.382
2014	1,767	18.9	6	6.48	6.00	5.97	2.80	2.66	0.19	9.596	9.373
2013	1,640	16.7	6	-0.74	-1.18	-2.02	2.77	2.75	0.35	10.009	9.794
2012	1,810	19.4	6	6.24	5.77	4.22	2.36	2.42	0.38	9.565	9.343
2011	1,712	18.8	6	8.21	7.73	7.84	2.60	2.82	0.55	9.389	9.101
2010	1,721	19.8	6	7.81	7.32	6.56	-	-	0.30	8.989	8.711
2009	1,570	20.0	6	10.71	10.22	5.93	-	-	1.94	8.038	7.837
2008	1,245	18.1	6	-0.90	-1.36	5.24	-	-	1.72	7.008	6.867
2007	1,266	13.3	6	6.07	5.53	6.96	-	-	0.29	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 January 1992 (style inception was 1/1/1992). 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 Plus strategy. From 1992-1997, the accounts in the Core Plus Fixed Income composite were also included in the Core Investment Grade Fixed Income and Core Fixed Income composites. The composite is being shown as a subset of the larger composite due to its being managed against a different benchmark. 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 both investment and below-investment grade securities with maturities less than 30 years. 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. Index returns are not covered by the report of the independent verifiers. The name of the composite was changed on 1/1/2007 from Core Plus Bond. 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.
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 Plus Fixed Income composite has been examined for the periods 1/1/99 – 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 0.35%. Additionally, as of 1/31/17, the maximum fee was decreased from 0.35% 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.