

Who We Are

Boyd Watterson Asset Management is an SEC-registered investment advisory firm with \$4.9 billion of assets under management. For over 80 years, we have successfully managed a broad range of fixed income and equity strategies for institutions and individuals alike. With a singular focus on the management of money and a dedication to the satisfaction of our clients' expectations, we offer the unique benefits of a boutique firm but with the resources usually attributable to much larger asset-management companies.

Philosophy and Process

Our fixed income philosophy is centered on the belief that over time, active management can consistently generate excess returns and enhance risk-reward tradeoffs. We believe this is best achieved by taking a more strategic view of macroeconomic and market factors and coupling them with a value-driven decision-making process and the rigorous application of risk-management controls.

Our process focuses on five key sources of excess return or "alpha-drivers" as follows:

- Duration Management
- Yield Curve Positioning
- Tactical Trading
- Sector Allocation
- Security Selection

For each alpha driver, there are specific fundamental factors, momentum indicators, and valuation measures which are analyzed. These sources of alpha are then combined and weighted depending upon product type and scope of the client mandate.

At all stages of the portfolio construction process, risk is identified, measured, and managed to ensure desired risk levels are maintained. This is a highly disciplined, team-managed approach which remains fully invested in attractively valued sectors and securities.

The results are portfolios with expectations of outperforming targeted benchmarks but with less downside volatility. This is achieved with full transparency and without the use of leverage and/or derivative securities.

The Boyd Watterson Advantage

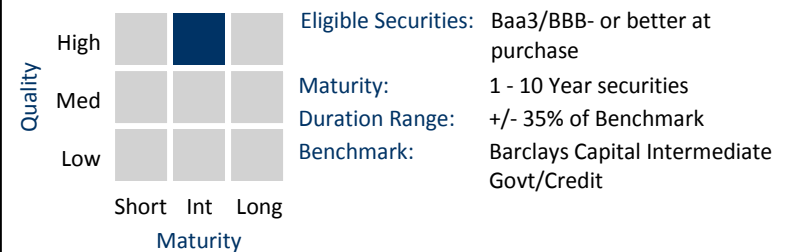
- Time-tested philosophy and proven investment process
- Disciplined, fundamental research-based culture
- Balanced investment approach - top down/bottom up
- Transparent portfolio implementation - no leverage/no derivatives
- Experienced, tenured team of investment professionals
- Client-oriented benefits of a boutique firm

Objective

Intermediate SMA is a well-diversified, broad market strategy that seeks to generate attractive risk-adjusted returns through a multi-sector approach with focus on investment grade securities, both domestic and international.

- High levels of current income
- Highly diversified across sectors and issuers
- Expected return volatility at or below benchmark levels
- Attractive levels of risk-adjusted returns over time

Style Facts



Portfolio Characteristics

	Composite*	Benchmark**
Average Yield to Maturity	1.57%	1.43%
Current Yield	3.69%	-
Average Coupon	4.01%	3.05%
Average Maturity	4.26 Years	4.35 Years
Average Duration	3.91 Years	3.95 Years
Average Quality	Aa3	Aa2

Sector Allocation

	Composite*	Benchmark**
Treasuries	29%	56%
Agencies	11	11
Mortgage Backed	-	-
Corporate	59	27
Municipal	-	-
High Yield	-	-
CMBS	-	-
ABS	-	-
Preferreds	-	-
Other	1	5

* Based on the model portfolio.
** Source: Capital Management Sciences.