

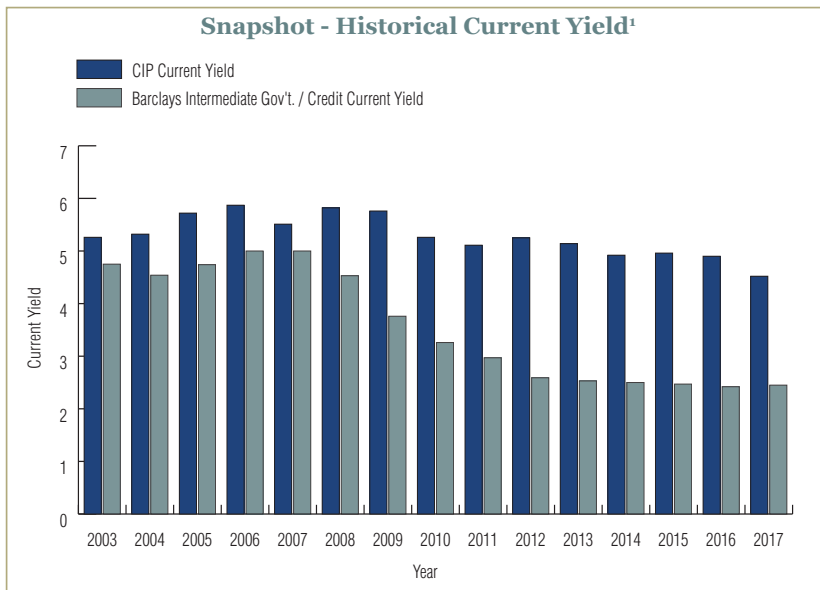
# Current Income Portfolio

Quarterly Brief | March 31, 2018



The Current Income Portfolio (CIP) seeks to benefit investors who desire high and reliable levels of income from an investment grade portfolio. CIP seeks to provide a sustainable and substantial income stream by maximizing annual cash flows while preserving capital.

## CIP has a history of delivering high current income over time



Please note that current yield levels are snapshots as of the last day of the year listed in the table above, and do not represent an average over each calendar year.

## How does CIP seek to generate high income?

Roosevelt's Domestic Fixed Income Team,

- Constructs a diversified, high quality, intermediate corporate bond portfolio
- Incorporates a sleeve of investment grade preferred securities
- Opportunistically manages the preferred securities as a key element to the portfolio's enhanced current income

## CIP in a Separately Managed Account Structure (SMA)

### What are the advantages?

- Clients benefit from the individual security ownership
- Independent from the liquidity needs of others
- Able to address specific tax concerns
- Have the ability to customize\*

\*Account Minimums may apply.

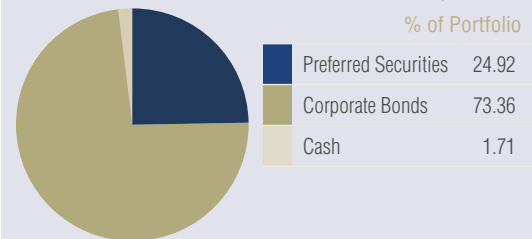
Totals may not sum to 100% due to rounding. All investing involves risk, including the potential for loss of principal. There is no guarantee that any strategy will be successful. This information is for illustrative purposes only and is supplemental to the Current Income Portfolio SMA Composite presentation (last page). **Please see pages 3 and 4 for footnotes & additional disclosures.**

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## Portfolio Characteristics

Comprised of short- and intermediate-term, investment grade corporates, agency obligations, and relatively liquid preferred securities

### Portfolio Composition



Statistics (weighted averages)	Portfolio	Barclays Int. Gov't / Credit
Current Yield	4.63%	2.51%
Credit Quality	Baa1 <sup>2</sup>	Aa2
Yield-to-Maturity	4.03	2.81
Option-Adjusted (Effective) Duration	4.27	3.90
Number of Holdings	32	4,769

Cash was excluded when calculating the credit quality and from the number of holdings.

Option-Adjusted Duration Distribution	Portfolio (%)	Barclays Int. Gov't / Credit (%)
Under 1 Year	5.20	1.93
1 - 3 Years	27.24	39.21
3 - 5 Years	24.53	29.18
5 - 7 Years	30.79	19.39
7 - 10 Years	12.23	10.30

Focus on investment grade corporate bonds and investment grade preferred securities to optimize income while preserving capital

Credit Quality Distribution <sup>3</sup>	Portfolio (%)	Barclays Int. Gov't / Credit (%)
Aaa	0.00	64.50
Aa	3.55	4.24
A	23.55	13.88
Baa	72.90	15.01
Ba	0.00	0.88

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**At Roosevelt, we believe in not taking excessive risks to generate income today that may jeopardize the ability of the portfolio to provide income in the future. To produce high levels of income, most portfolios assume a variety of different types of risks. We take a different approach.**

## How does CIP Manage Risk?

- The preferred sleeve of the portfolio, which ranges between 15% - 40%, is adjusted to balance risk
- Overall interest rate sensitivity may be modified by managing the duration of the portfolio
- Callability is monitored
- Sector mix is changed as needed
- Credit rating of the issuers is monitored

## Portfolio Characteristics

Managed in a benchmark agnostic fashion, CIP is diversified across industries, maturities and issuers with an initial target maximum of 4% per issuer.

Industry <sup>4</sup>	Weight (%)
Banks	20.57
Diversified Financials	17.67
Software & Services	12.64
Food & Staples Retailing	10.02
Real Estate	5.83
Retailing	3.67
Pharma., Biotech. & Life Sciences	3.55
Materials	3.54
Energy	3.49
Automobiles & Components	3.48
Health Care Equipment & Services	3.47
Consumer Services	3.45
Insurance	2.50
Utilities	2.23
Telecommunication Services	2.17
Cash	1.71

Roosevelt's risk conscious approach to income generation seeks to avoid the following most common risks:

Type of Risk	Typical Way to Seek Greater Yield	How CIP Seeks Greater Yield
Interest Rate Risk	Extend duration	Intermediate portfolio. The bond allocation typically consists of short- and intermediate-term maturities. The portfolio maintains a sleeve of preferred securities, which usually have long or perpetual maturities. <sup>†</sup> Flexibility to increase or decrease duration per investment team's view of interest rate trends (typically +/- 20% versus the benchmark)
Credit Risk	Invest in below investment grade securities	Invests in investment grade issues (Baa/BBB or higher) at purchase
Utilizing Non-Fixed Income Variables	Invest in high dividend equities	Invests in liquid bonds and preferred securities, which are higher in a company's capital structure
Event Risk	Concentrate portfolio	Diversified by issuer, sector, and maturity
Currency Risk	Invest in foreign issuance	U.S. Dollar denominated instruments
Structure Risk	Invest in derivatives Use leverage Invest in commingled funds	No derivatives, synthetics, or borrowings Separate account structure allows for direct ownership of securities

<sup>†</sup> Maturity ranges are defined as follows: Short - 0-3 years; Intermediate - 3-10 years; Long - 10+ years.

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## Performance

	Portfolio Gross of Fees (%)	Portfolio Net of Fees (%)	Barclays Intermediate Government / Credit Index (%)
<b>2018 (YTD)</b>	-1.20	-1.42	-0.98
<b>2017</b>	5.02	3.86	2.14
<b>2016</b>	3.19	2.04	2.08
<b>2015</b>	2.99	1.85	1.07
<b>2014</b>	7.02	5.96	3.13
<b>2013</b>	-0.42	-1.03	-0.86
<b>2012</b>	7.11	6.28	3.89

The performance table above is for illustrative purposes only and is supplemental to the Current Income Portfolio SMA Composite presentation on the last page. Portfolio performance above is from the Current Income Portfolio SMA Composite. **Performance figures for the trailing three months (and as incorporated into performance numbers for longer periods of time) may be based upon preliminary information.**

## Supplemental Information\*

<b>2011*</b>	5.36	4.55	5.80
<b>2010*</b>	8.80	7.77	5.89
<b>2009*</b>	12.75	11.69	5.24
<b>2008*</b>	-2.64	-3.56	5.08
<b>2007*</b>	2.39	1.39	7.39
<b>2006*</b>	4.92	3.87	4.08
<b>2005*</b>	2.46	1.42	1.58
<b>2004*</b>	4.20	3.15	3.04
<b>2003*</b>	4.61	3.59	4.31

**\*Reported performance is from a representative client account that was managed in the Current Income Portfolio strategy by Howard Potter at a previous firm. Net-of-fees performance is calculated using the actual management fee of 1.0% annually. This information is supplemental to the Current Income Portfolio SMA Composite Annual Disclosure Presentation.**

Gross of Fee returns are "Pure Gross" and do not reflect the deduction of transaction costs associated with investment and advisory fees, which would decrease performance. Pure Gross returns should be used as Supplemental Information only. Please see the Current Income Portfolio SMA Composite presentation on the last page for more performance disclosures. Supplemental Information for the Current Income Portfolio is based on a representative account. We deem this to be a reliable source, but cannot guarantee its accuracy and completeness. Benchmark: Barclays Capital Intermediate Gov't / Credit Index. The index is unmanaged and cannot accommodate direct investment. **Past performance is not indicative of future results.**

## Footnotes & Disclosures

<sup>1</sup> Current yield levels are not indicative of future current yield levels. Information for the Current Income Portfolio is based on a representative account, per information provided by the custodian. It is likely that the current yield for a specific account will not be identical to the current yield of these portfolios.

<sup>2</sup> The Portfolio includes a preferred security that is not rated by Moody's. Roosevelt substituted the security's S&P rating with its Moody's equivalent and then utilized Bloomberg's calculation methodology to determine the weighted average credit rating of the entire portfolio. The exclusion of this security resulted in a Baa1 credit rating of the Portfolio.

<sup>3</sup> Cash was excluded when calculating this breakdown. The Portfolio includes a preferred security that is not rated by Moody's. Roosevelt substituted the security's S&P rating with its Moody's equivalent.

<sup>4</sup> GICS industries were utilized in this breakdown of corporate bonds and preferred securities. In the event where a bond or preferred security was not assigned a GICS Industry, we used in our judgement, its comparable equity GICS Industry.

All expressions of opinion reflect the judgment of Roosevelt Investments at this time and are subject to change. This material is not intended as an offer or solicitation to buy, hold or sell any financial instrument or investment advisory services. Information has been obtained from sources considered reliable, but we do not guarantee that the material presented is accurate or that it provides a complete description of the securities, markets or developments mentioned.

The CIP Benchmark is the Barclays Capital U.S. Intermediate Gov't/Credit Index. The index mentioned is unmanaged, may include the reinvestment of earnings and may reflect transaction costs or management fees and other expenses. Unlike the index, the strategy is actively managed and may include substantially fewer securities than the number of securities comprising the indices, and may have volatility, investment and other characteristics that differ from the strategy. Investments cannot be made directly into an index.

Source of credit ratings: Moody's.

It is likely that the current yield of any specific client account is and/or was not identical to the current yield levels listed in this piece. Therefore, the results of actual clients may differ. Portfolio current yield levels, as of the dates listed in this piece, are not indicative of future current yield levels, as prices may fluctuate and holdings in a portfolio may change. Current yield does not predict a bond's total return, which includes not only income but also price appreciation / depreciation.

Holdings-based information for the Current Income Portfolio is based on a model portfolio unless otherwise stated. The charts and tables included in this piece are for illustrative purposes only; investment results of actual clients may differ. This is not a recommendation to buy, sell, or hold any of the securities listed and the reader should not assume that an investment in the securities listed was or will be profitable. We may, from time to time, have a position in the securities mentioned and may execute transactions that may not be consistent with this communication's conclusions. All holdings within the preceding 12 months are available upon request. Information included herein is supplemental to the Current Income Portfolio SMA Composite presentation on the last page.

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## Howard S. Potter

*Managing Director,  
Senior Fixed Income Portfolio Manager*

Howard S. Potter joined Roosevelt Investments in 2011 as a Senior Fixed Income Portfolio Manager and to lead Roosevelt's domestic fixed income team.

Mr. Potter has over 30 years of fixed income experience, focusing on income generation, asset allocation, capital preservation, and risk management, managing bond portfolios for corporations, pension funds, and individuals, as well as several independent insurance companies. Throughout his career, Howard has specialized in balancing the desire for high yield and attractive returns while assuming minimal risk in the fixed income space. Prior to joining Roosevelt, Howard was an Executive Vice President and Senior Fixed Income Portfolio Manager at Capstone Asset Management Company. Mr. Potter earned his BA from the University of Wisconsin and his MA from Northwestern University.

# Current Income Portfolio SMA Composite Annual Disclosure Presentation



Year End	Annual Performance Results Composite		Benchmark Return	Composite Dispersion	Number of Accounts	% of Non Fee-Paying	Composite Assets (USD) (millions)	Total Firm Assets (millions)	3 Yr. STD Comp.	3 Yr. STD Benchmark
	Pure Gross (supplemental)	Net								
2016	3.19%	2.04%	2.08%	0.16%	12	0%	280	2,039	2.74%	2.22%
2015	2.99%	1.85%	1.07%	0.13%	10	0%	175	2,355	2.84%	2.10%
2014	7.02%	5.96%	3.13%	0.59%	8	0%	77	2,504	2.87%	1.94%
2013	-0.42%	-1.03%	-0.86%	<5 portfolios	7	0%	20	2,799		
2012	7.11%	6.28%	3.89%	<5 portfolios	< 5 portfolios	0%	17	2,538		

## Supplemental Information

Year End	Annual Performance Representative Account Pure Gross	Annual Performance Representative Account Net	Benchmark Return	Representative Account Assets (millions)	Roosevelt's Firm Assets (millions)
2011*	5.36%	4.55%	5.80%	0.37	2,947
2010*	8.80%	7.77%	5.89%	0.31	3,684
2009*	12.75%	11.69%	5.24%	0.29	3,506
2008*	-2.64%	-3.56%	5.08%	0.27	2,283
2007*	2.39%	1.39%	7.39%	0.28	1,602
2006*	4.92%	3.87%	4.08%	0.27	1,095
2005*	2.46%	1.42%	1.58%	0.26	840
2004*	4.20%	3.15%	3.04%	0.16	722
2003*	4.61%	3.59%	4.31%	0.15	597

\* Reported performance is from a representative client account that was managed in the Current Income Portfolio strategy by Howard Potter at a previous firm. Net-of-fee performance is calculated using the actual management fee of 1.0% annually. This information is supplemental to the Current Income Portfolio SMA Composite Annual Disclosure Presentation.

**The Roosevelt Investment Group, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Roosevelt Investment Group, Inc. has been independently verified for the periods January 1, 2004 through December 31, 2016. The verification report(s) is/are available upon request. 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.**

The Roosevelt Investment Group, Inc. (TRIG) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers act of 1940. The Current Income Portfolio SMA Composite is comprised of 100% SMA accounts and includes all SMA portfolios managed in the current income portfolio style. The Roosevelt Current Income Portfolio strategy seeks to provide high current income through a portfolio comprised primarily of intermediate-term, investment-grade corporate and agency obligations, and relatively liquid preferred security positions with fixed and variable rate coupons. Preferred security positions serve as a portfolio income enhancer as the incremental risk for assuming a lower credit position in a company's capital structure produces higher income streams than comparable bonds of the same category. For comparison purposes the composite is measured against the Barclays Capital Intermediate Government/Credit Index. The Barclays Capital Intermediate Government/Credit Index is composed of approximately 3,500 publicly issued corporate and U.S. government debt issues rated Baa or better, with at least one year to maturity and at least \$1 million par outstanding. The index is weighted by the market value of the issues included in the index. The index has a duration of a little over 3 years and a maturity equal to slightly more than 4 years. Benchmark returns are net of withholding taxes. Unlike the index, the strategy is actively managed and may include substantially fewer securities than the number of securities comprising the indexes, and may have volatility, investment and other characteristics that differ from the strategy. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The Current Income Portfolio Composite was created on February 24, 2012 and the investment strategy has an inception date of January 1, 2012. The U.S. Dollar is the currency used to express valuations and performance. Pure gross returns are shown as supplemental information, include the reinvestment of all income and do not include investment management fees, custodial fees or transaction costs. The firm maintains a complete list and description of composites, which is available upon request. Net returns include the reinvestment of all income and are reduced by the actual, entire SMA fee charged to the client. SMA fees include transaction costs, investment management fees and custodial fees. SMA fees vary across SMA sponsors, generally ranging between 1.0% and 3.0% of total assets under management. TRIG receives a portion of this fee for investment management services provided. SMA fee schedules are provided by independent SMA sponsors and are available upon request from the respective SMA sponsor. The investment management fee schedule for the composite is 0.35%. Actual investment advisory fees incurred by clients may vary. Additional information on TRIG's investment management fees can be found on its Form ADV, Part 2. For the purpose of performance calculation, SMA accounts are aggregated by sponsor, with each sponsor viewed as a single portfolio. Dual contract SMA accounts are also aggregated and viewed as a single portfolio. SMA composite returns are calculated by weighting each account's monthly return by its corresponding beginning market value. The Number of Accounts and Composite Assets columns include only the accounts that were in the composite at the end of the year. The annual composite dispersion presented is a net-of-fees, asset-weighted standard deviation calculated for the accounts in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The three-year annualized EX-POST STANDARD DEVIATION OF THE COMPOSITE and BENCHMARK is not presented prior to 2014 because 36 monthly returns are not available. Additional information regarding the policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not indicative of future results.

**Agency** - Securities issued by U.S. government-sponsored enterprises (GSE's) and institutions that are federally related. **Coupon** - Interest rate on a bond that the issuer commits to pay to the holder until the security has reached maturity, expressed as an annual percentage of face value. **Credit Quality** - A measure of the chances that a bond issuer will default on its obligations. Credit quality is determined by credit rating agencies that provide bond ratings and may change these ratings at their discretion. These bond ratings form a scale - the lower the rating, the higher the probability of default, as perceived by the rating agency. **Current Yield** - The annual income of a bond or preferred security divided by its current market price (not its purchase price or par value). This measure represents the income an investor would expect if he or she purchased a bond or preferred security and held it for a year. **Duration** - Measure of a bond's price sensitivity to a change in interest rates. **Duration Band** - A range of possible duration values to accommodate strategic variance and market volatility. **Interest Rate** - The amount charged by a lender to a borrower. A bond's interest rate is usually expressed as an annual percentage of the principal. **Investment-Grade** - A bond with a credit quality rating of AAA/Aaa to BBB-/Baa3. These types of bonds are perceived by credit rating agencies as having a lower probability of default than bonds that are designated as "high yield" or "junk". **Maturity** - The date at which a bond's principal is due to the bondholder. **Option-adjusted (Effective) duration** - a duration measure that, when calculating a bond's price sensitivity to a change in interest rates, factors in the effect that embedded options (callable or puttable bonds) may have on expected cash flows. **Preferred Security** - A class of securities that pays dividends at a specified rate. This type of ownership takes precedence over common stock in regards to a claim on a company's assets. **Yield Curve** - A line graph of interest rates of bonds that have the same credit quality but different maturities, ranging from the shortest to the longest dates available. The graph illustrates whether short-term interest rates are higher or lower than long-term interest rates. **Yield-to-Maturity** - The concept used to measure the rate of return on a security, such as a bond, if it is held to its maturity date.

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