

# Bradford & Marzec Strategies



Tortoise invests in assets and services that serve essential needs in society and can also serve essential needs in clients' portfolios, such as diversification and income. Through a variety of investment vehicles, Tortoise provides a wide range of client solutions, focused on their evolving needs. The Tortoise credit platform builds upon the firm's 33-year track record in fixed income investing.

## Key highlights

### People

**The highly experienced senior investment team averages 29 years of investment experience**

- Supported by seasoned sector specialists and in-house credit analysts
- Fixed income investing since 1984
- Team members have managed fixed income assets through multiple economic and financial cycles

### Philosophy

**Our philosophy has remained consistent since inception**

- The same investment philosophy has produced sound results since the company was founded
- Our emphasis on liquidity enables us to position portfolios in anticipation of market cycles
- Our conservative philosophy has shown resiliency in times of market stress

### Process

**Our top-down, bottom-up, repeatable investment process has been refined over decades of market and economic cycles**

- Top-down, team-based process sets portfolio parameters and targets relative value and market inefficiencies
- Portfolio managers develop industry strategy based on top-down economic and business cycle trends and credit analyst assessments
- Excess return targeted by actively managing the drivers of performance, primarily sector/industry rotation and credit selection, against the benchmark

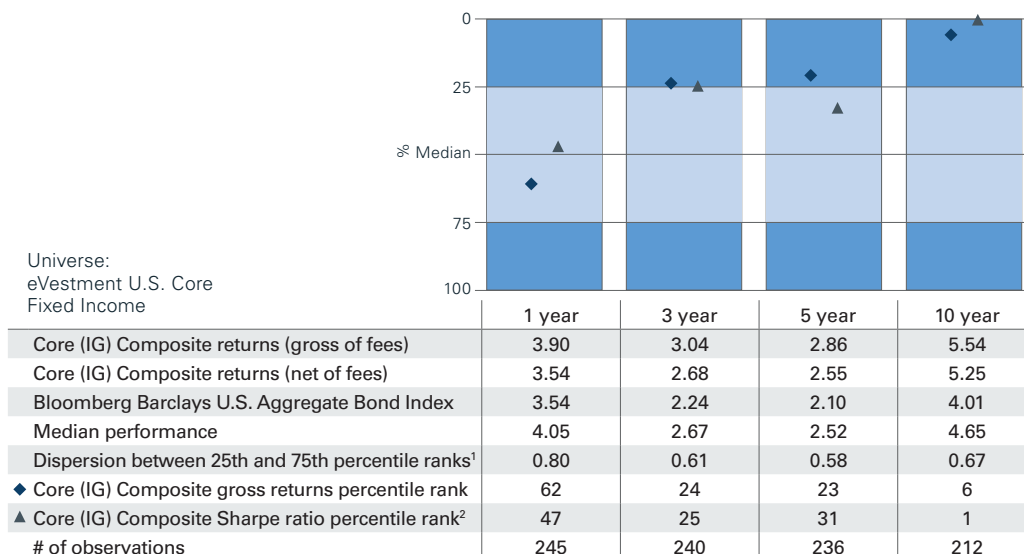
### Performance

**Long-term performance goal**

- To produce competitive risk-adjusted returns exceeding the benchmark over multiple market cycles, primarily through security selection and sector/industry rotation
- Successfully navigated volatile markets, including 2008 and 2014 - 2016

## Core strategy

We believe that the global, macroeconomic environment is the primary driver of returns within the fixed income marketplace, and that understanding the trends within this environment provides us with the best opportunities to add value. Our disciplined approach utilizes a top-down, sector and industry rotation investment style that is integrated with independent, bottom-up fundamental, technical and valuation analysis for issuer and security selection.



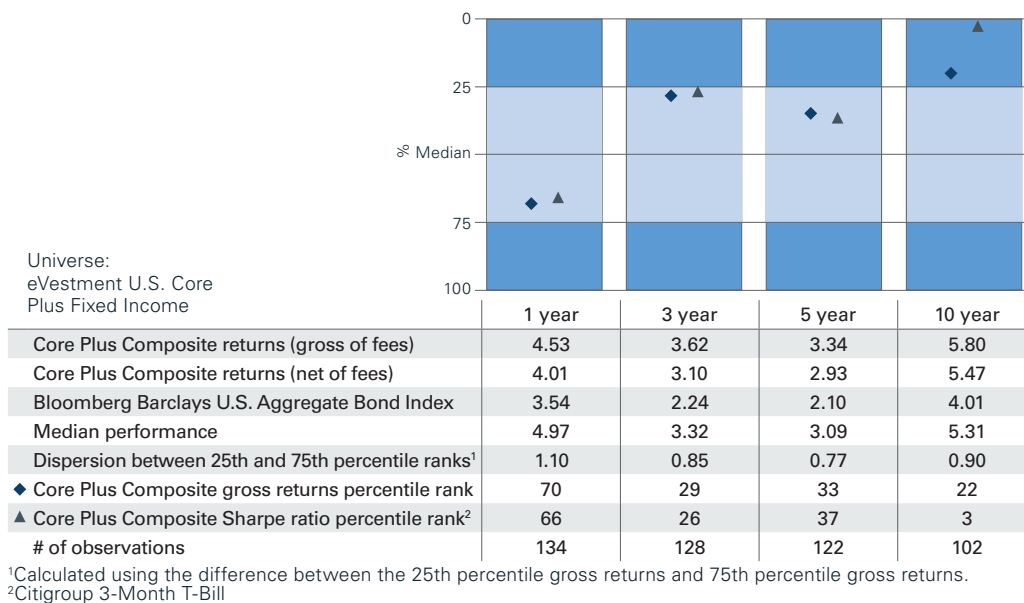
<sup>1</sup>Calculated using the difference between the 25th percentile gross returns and 75th percentile gross returns.

<sup>2</sup>Citigroup 3-Month T-Bill

As of 12/31/2017. Returns less than one year are not annualized. **Past performance is no guarantee of future results.**

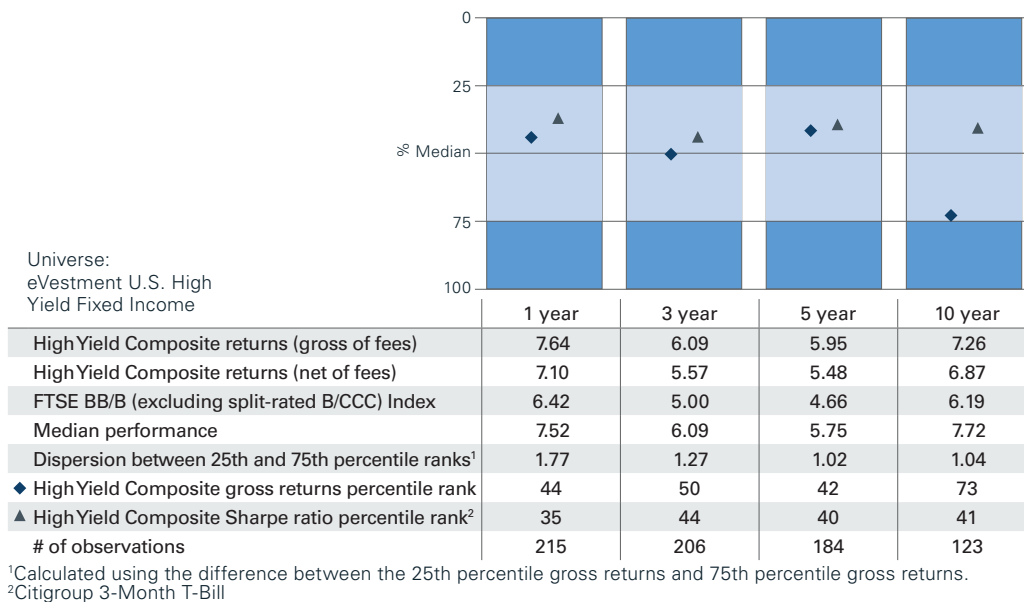
## Core Plus strategy

In addition to our Core approach, “Plus” sectors, International, High Yield and Bank Loan are used tactically when the environment favors these sectors; allocations to the “Plus” sectors vary, as their attractiveness can fluctuate sharply with the global economic cycle.



## High Yield strategy

Our High Yield philosophy incorporates the use of higher quality tiers of the High Yield universe (BB and B) in an effort to maximize total returns during normal economic periods, but minimize loss of principal during periods of rapid credit deterioration. Within this framework, the average credit quality is shifted according to our assessment of the present state of the economic cycle. We endeavor to enhance returns in favorable economic environments when credit conditions are improving and protect principal by adopting a more defensive average credit quality when the economic cycle is deteriorating.



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## Disclaimers

### Core (Investment Grade) Composite information

The Core (IG) Composite includes discretionary accounts that do not have a stated corporate sector bias, are invested solely in investment grade fixed income securities assigned ratings within the first four ratings tiers, do not have maturity restrictions or High Yield mandates, and use as a benchmark a broad market index such as the Bloomberg Barclays U.S. Aggregate or Government/Corporate. Some accounts may include non-dollar securities. Private wealth and wrap fee clients are not included in this composite. All other accounts meeting these criteria, regardless of size, are included in the composite. The Core (IG) Composite has an inception and creation date of 6/1/1984. The applicable benchmark for this composite is the Bloomberg Barclays U.S. Aggregate Bond Index that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable rate mortgage pass-through securities), commercial mortgage-backed securities (agency and non-agency) and asset-backed securities. It is not possible to invest directly in an index.

Performance numbers labeled as “gross” do not reflect the deduction of advisory fees. Net of fee returns from 1/1/2015 to the present reflect the deduction of a model management fee; the model management fee employed is at least as large as the highest fee actually charged to any account employing the Core strategy. The model management fee currently applied is 0.35%. For all periods prior to 1/1/2015, net of fee returns reflect the deduction of actual management fees.

The eVestment U.S. Core Fixed Income Universe is defined by eVestment Alliance as: U.S. Fixed Income products that invest in High Quality debt (as rated by Moody’s or Standard & Poor’s). The expected benchmarks for this universe would include the Bloomberg Barclays U.S. Aggregate and Government/Credit. Managers in this category will typically indicate a “Fixed Income Style Emphasis” equal to Core and a “Product Duration Emphasis” equal to Core or Intermediate.

### Core Plus Composite information

The Core Plus Composite includes discretionary accounts that are invested in fixed income securities, including High Yield, and use as a benchmark a broad market index such as the Bloomberg Barclays U.S. Aggregate or Government/Corporate. Some accounts include non-dollar securities. Accounts with non-dollar securities can enter into Fx forward contracts as a hedge on underlying bond positions only. Direct positions in foreign currency, long or short, for the purpose of speculation are not permitted in the Core Plus Composite. Private wealth and wrap fee clients are not included in this composite. All other accounts meeting these criteria, regardless of size, are included in the composite. The Core Plus Composite has an inception and creation date of 4/1/1985. The applicable benchmark for this composite is the Bloomberg Barclays U.S. Aggregate Bond Index that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable rate mortgage pass-through securities), commercial mortgage-backed securities (agency and non-agency) and asset-backed securities. It is not possible to invest directly in an index.

Performance numbers labeled as “gross” do not reflect the deduction of advisory fees. Net of fee returns from 1/1/2015 to the present reflect the deduction of a model management fee; the model management fee employed is at least as large as the highest fee actually charged to any account employing the Core Plus strategy. The model management fee currently applied is 0.50%. For all periods prior to 1/1/2015, net of fee returns reflect the deduction of actual management fees.

The eVestment U.S. Core Plus Fixed Income Universe is defined by eVestment Alliance as: U.S. Fixed Income products that primarily invest in High Quality debt (as rated by Moody’s or Standard & Poor’s) and also have allocation to “spread product,” such as High Yield, non-dollar and/or emerging market debt. These products may also seek to “enhance” returns with aggressive duration management strategies or other non-core bond management techniques. The expected benchmarks for this universe would include the Bloomberg Barclays U.S. Aggregate, Universal or Government/Credit. Managers in this category will typically indicate a “Fixed Income Style Emphasis” equal to Core or Core Plus and a “Product Duration Emphasis” equal to Core or Intermediate.

### High Yield Composite information

The High Yield Composite includes all discretionary accounts without maturity restrictions that are invested primarily in High Yield fixed income securities with no limitations to High Yield exposure. Private wealth and wrap fee clients are not included in this composite. All accounts meeting these criteria, regardless of size, are included in the composite. The High Yield Composite has an inception and creation date of 1/1/1995. On 6/20/2016, the composite name changed from High Yield Separate Account Composite to High Yield Composite. The applicable benchmark for this composite is the FTSE BB/B (excluding split-rated B/CCC) Index, a U.S. dollar-denominated index, which measures the performance of High Yield debt issued by corporations domiciled in the U.S. or Canada. Recognized as a broad measure of the North American High Yield market, the index includes cash-pay, deferred-interest securities and debt issued under Rule 144A in unregistered form. It excludes split-rated B/CCC securities. It is not possible to invest directly in an index.

Performance numbers labeled as “gross” do not reflect the deduction of advisory fees. Net of fee returns from 1/1/2015 to the present reflect the deduction of a model management fee; the model management fee employed is at least as large as the highest fee actually charged to any account employing the High Yield strategy. The model management fee currently applied is 0.50%. For all periods prior to 1/1/2015, net of fee returns reflect the deduction of actual management fees.

The eVestment U.S. High Yield Fixed Income Universe is defined by eVestment Alliance as: U.S. Fixed Income products that invest primarily in High Yield debt (as rated by Moody’s or Standard & Poor’s). The expected benchmarks for this universe would include the Bloomberg Barclays U.S. Corporate High Yield, Credit Suisse High Yield or Bank of America Merrill Lynch High Yield Master. Managers in this category will typically indicate a “Fixed Income Style Emphasis” equal to High Yield and a “Product Duration Emphasis” equal to Core or Intermediate.

### Additional information

Data shown is representative of a composite, or group of like-managed accounts. Returns of individual composite constituents will vary.

In June 2016, accounts previously managed by Bradford & Marzec transitioned to Tortoise Credit Strategies and are linked to the performance of Tortoise Credit Strategies. The historical composite performance records of these accounts meet the portability requirements set forth by the Global Investment Performance Standards (GIPS®). Index returns do not reflect the effect of management fees. Returns are presented in U.S. dollars. Returns shown have been risk-adjusted through the use of the Sharpe ratio.

The Sharpe ratio is a measure that indicates the average return minus the risk-free return, divided by the standard deviation of return on an investment. The result is the absolute rate of return per unit of risk. A higher value is representative of better historical risk-adjusted performance. The Citigroup 3-Month U.S. Treasury Bill Index is an unmanaged index, representing monthly return equivalents of yield averages of the last three-month Treasury bill issues.

Return, risk-adjusted return and ranking data are provided by eVestment Alliance, a third party vendor, for a contracted fee. Rankings are determined by eVestment Alliance based on performance data submitted by investment managers and grouped by investment style, creating a peer universe. The number of submissions reviewed for the peer universe portrayed may be found under the data heading “# of observations.” The number of participants may vary for each period shown.

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