

# Core Plus Strategy



**Tortoise Credit Strategies, LLC, a registered investment adviser focused on fixed income strategies, acquired Bradford & Marzec, LLC along with key Bradford & Marzec employees through a Tortoise-supported management buy-out. Bradford & Marzec, a specialized fixed income boutique, was founded in 1984 and has a 32-year track record in fixed income investing. Tortoise Credit Strategies had approximately \$4.1 billion in assets under management as of March 31, 2017.**

## Highlights

### People

**The highly experienced senior investment team averages more than 30 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, 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 duration/yield curve, sector/industry rotation, credit selection and non-index sectors, against the benchmark

### Performance

**Long-term performance goal**

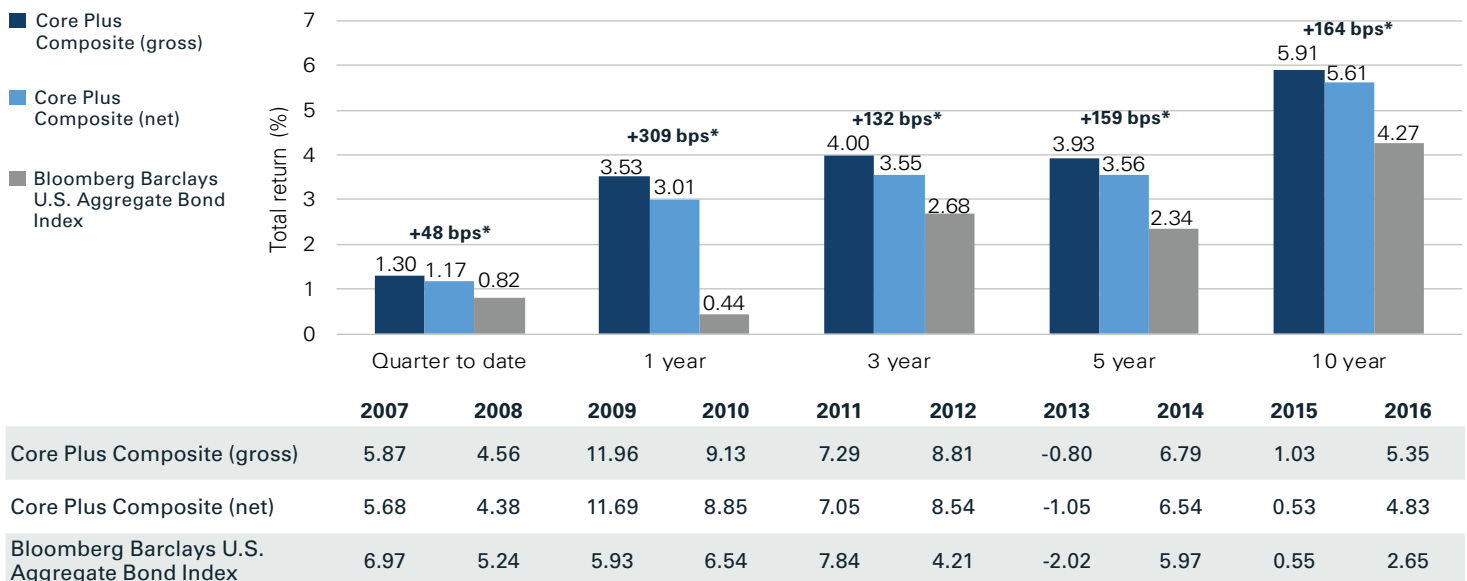
- To produce competitive risk-adjusted returns exceeding the benchmark over multiple market cycles, primarily through security selection and sector/industry rotation
- Successfully navigated the 2008 financial crisis as well as the 2014 and 2016 inflection years

## Investment philosophy

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.

We focus on diversification and risk management over all aspects of the investment process, with an emphasis on liquid securities. Portfolios are actively managed with a 6 to 12 month time horizon, and our size and focus on liquid securities allows us to rotate sector weightings in a timely manner with minimal transaction costs.

## Performance (%) as of 3/31/2017



Inception: 4/1/1985. Returns less than one year are not annualized. 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. 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 GIPS®. Index returns do not reflect the effect of management fees. Returns are presented in U.S. dollars. It is not possible to invest directly in an index. Please review the disclosure statements located on the back of this fact sheet.

\*Data above chart is composite (gross of fees) vs. benchmark. **Past performance is no guarantee of future results.**

**Leadership & portfolio team****CEO & CIO**

Brad Beman, CFA

**Investment Policy & Strategy Committee**

N. Graham Allen, FCMA®, CGMA®

Brad Beman, CFA

Edward T. Bradford

Jeffrey Brothers, CFA

Gregory Haendel, CFA

Zelda Marzec

**Investment Grade**

Gregory Haendel, CFA

Jason Sharpe, CFA

**High Yield & Leveraged Loans**

John Heitkemper, CFA

Beth Digati

**International**

N. Graham Allen, FCMA®, CGMA®

Adam Patros, CFA

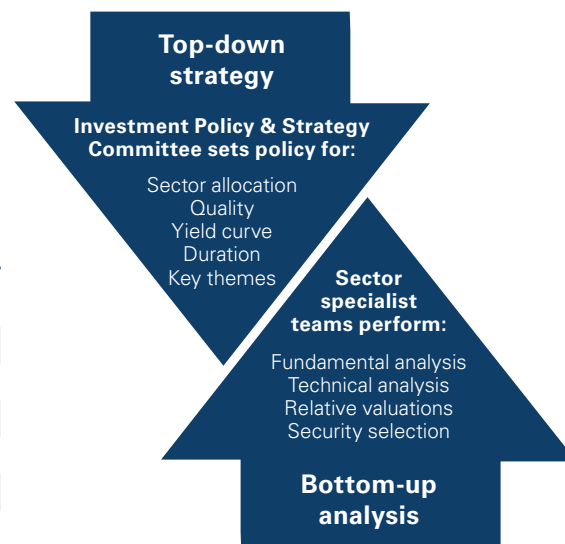
**Structured Products**

Jeffrey Brothers, CFA

Mike Sanchez

**Portfolio construction & investment process**

The strategy's portfolio construction process leverages the top-down approach set by the Investment Policy & Strategy Committee and the bottom-up analysis of sector specialist teams.

**Sector allocation as of 3/31/2017**

	<b>Core Plus Composite</b>	<b>Bloomberg Barclays U.S. Aggregate Bond Index</b>
Treasury	26.7%	36.6%
Agency	0.0%	2.0%
Mortgage-Backed Securities	15.7%	28.6%
Commercial Mortgage-Backed Securities	3.3%	1.8%
Asset-Backed Securities	8.3%	0.5%
Credit	31.6%	30.5%
Bank Loan	1.8%	0.0%
Non-dollar	2.2%	0.0%
High Yield	7.8%	0.0%
Cash/equivalent	2.7%	0.0%

**Rating allocation as of 3/31/2017**

	<b>Core Plus Composite</b>	<b>Bloomberg Barclays U.S. Aggregate Bond Index</b>
AAA	45.6%	71.7%
AA	9.0%	4.6%
A	8.6%	10.2%
BBB	25.1%	13.5%
BB	5.4%	0.0%
B	3.7%	0.0%
Not rated	0.0%	0.0%
Cash/equivalent	2.7%	0.0%

Bond quality ratings reflect the higher rating issued by either Moody's or S&P. In instances where Moody's and S&P do not rate a security, the Fitch rating is used. Should this process result in the selection of a rating issued by an agency other than S&P, the rating is converted to the S&P equivalent.

**Additional disclosures:**

Due to rounding, totals may not equal 100%. 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. Tortoise Credit Strategies, LLC ("Tortoise Credit") is a registered investment adviser focused on fixed income related strategies that manages investments for institutional and individual clients. Tortoise Credit claims compliance with the Global Investment Performance Standards (GIPS®). A complete list of composite descriptions and GIPS® compliant presentations is available upon request by emailing [clientservice@tortoisecredit.com](mailto:clientservice@tortoisecredit.com).

**Characteristics as of 3/31/2017**

	<b>Core Plus Composite</b>	<b>Bloomberg Barclays U.S. Aggregate Bond Index</b>
Average quality	A1	Aa1/Aa2
Average coupon	3.50%	3.06%
Duration	5.30	6.00
Average maturity (yrs)	7.10	8.22
Yield to maturity	3.14%	2.61%
Current yield	3.40%	2.98%

**Up/down market capture as of 3/31/2017**

Up market capture	112.59%
Down market capture	71.32%

Source: Morningstar Direct previous ten years