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H&A Investment Strategies: Cash Alternatives Strategy

The H&A Cash Alternatives Strategy seeks to maximize current income while reducing the risk of rising interest rates via duration control within a diversified portfolio of fixed income securities with an average credit quality of investment grade.

Strategy Characteristics:

- **High quality.** To help reduce the risk that an issuer will be unable to make required interest payments, we seek investments that maintain an average credit quality of "A" or better.
- **Lower Duration.** The strategy duration is kept short, with the goal of lessening the risk of negative price movements due to rising interest rates.
- **Economic Sector Sensitivity.** The strategy will allocate to those bond market sectors most likely to benefit from the current economic recovery and expansion.
- **Strategic Component.** For enhanced diversification, the strategy uses an absolute return component that invests without benchmark constraints across the global fixed income markets. This allows for effective positioning during varying rate environments.

Strategy Targeted Statistics:

- Total return of 3%+ annualized
- Effective duration between 2 and 2.5 years
- Maturity of 4.5 to 5.5 years
- Average coupon of 4.5 to 5%
- 70-80% "A" or better credit quality