



Metropolitan Water District of Southern California

Insights and Review

October 9, 2017



REAMS ASSET MANAGEMENT

A Division of Scout Investments

Agenda

Firm Overview and Capabilities

Investment Philosophy & Process

Forward Outlook



Firm Overview

Trusted partner since 1981

\$23.0 billion assets under management

14 investment professionals with average 22 years of industry experience

Capabilities of large firm with high-touch client service of a small boutique firm

Raymond James subsidiary to acquire Scout Investments in November 2017



Firm Overview

**RAYMOND
JAMES®**

CARILLON
TOWER ADVISERS
GLOBAL ASSET MANAGEMENT

EAGLE | Asset
Management
An Affiliate of Carillon Tower Advisers

 **REAMS ASSET
MANAGEMENT**
A Division of Scout Investments

 **COUGAR**
GLOBAL INVESTMENTS
An Affiliate of Carillon Tower Advisers

Scout.Investments

 **CLARIVEST**
ASSET MANAGEMENT LLC
An Affiliate of Carillon Tower Advisers



Firm Capabilities

Consistent, time-tested process since 1981

Broad product offering

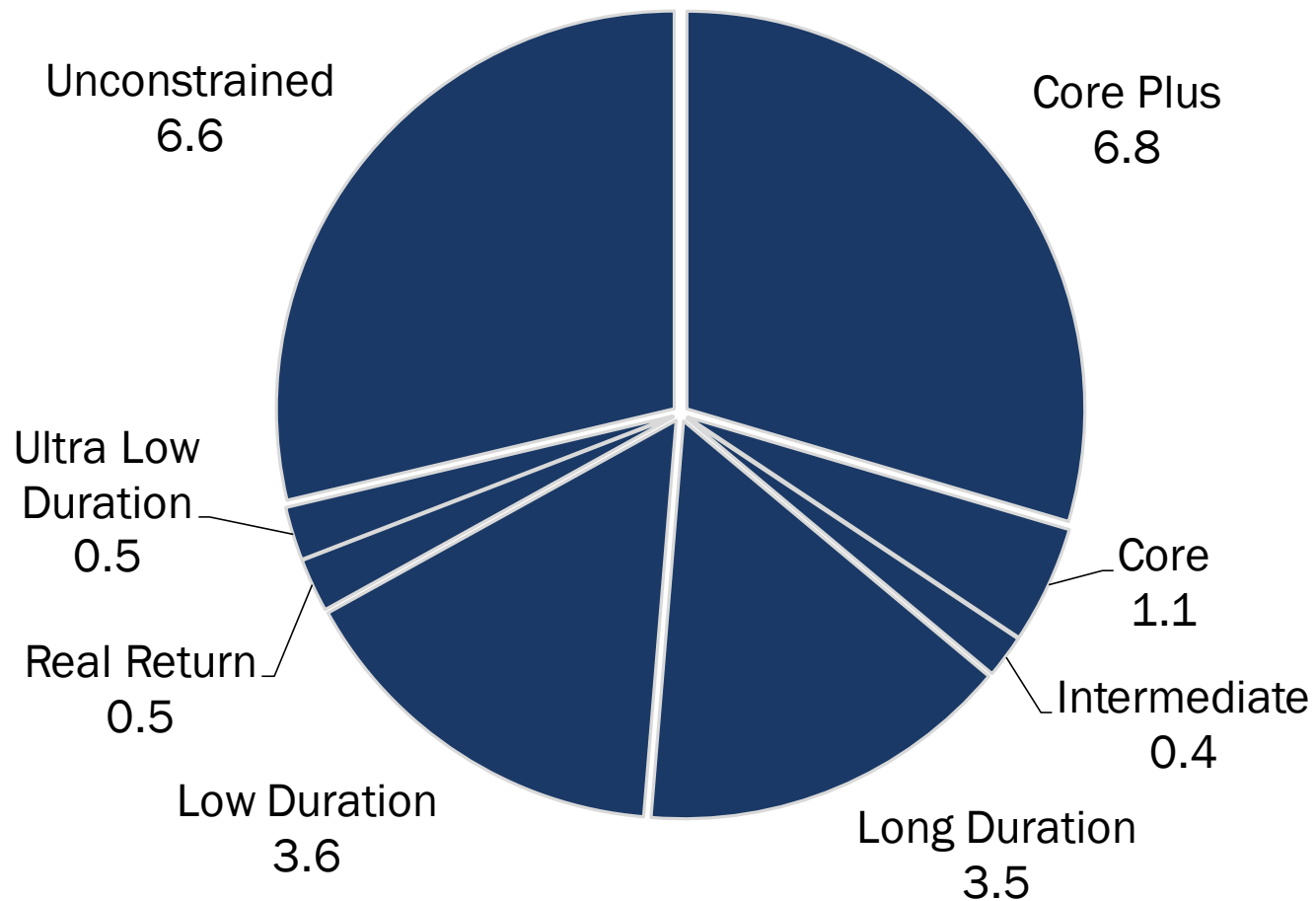
Proprietary technology systems for risk management

Generalist team mindset



Assets Under Management

\$ Billions



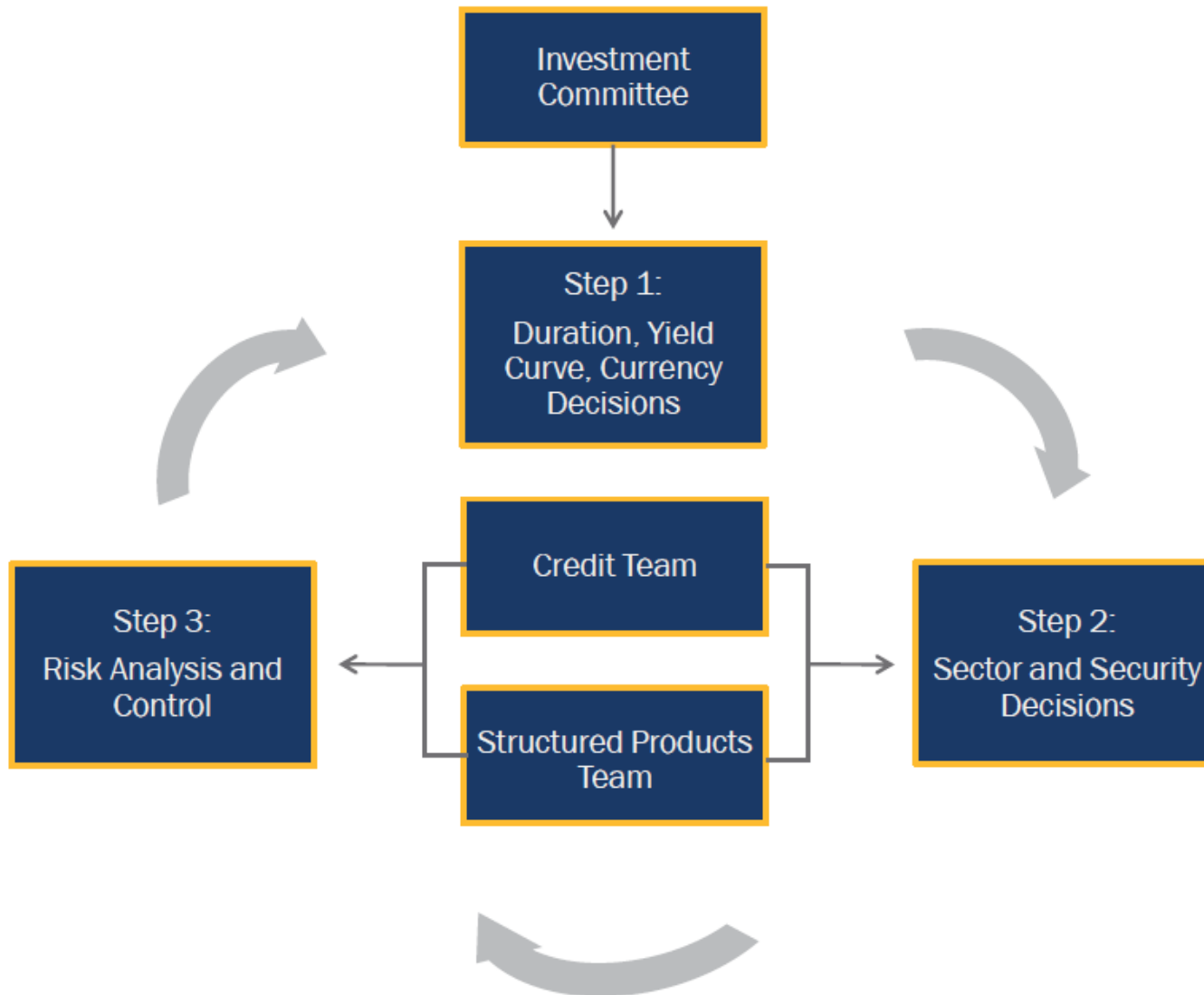
Investment Philosophy

Volatility is a key driver of performance

Downside risk is to be avoided



Investment Process



Process Adds Value

Duration and yield curve management

Sector decision

Security research: company and bond selection



Forward Outlook

Competitive income profile vs. benchmark

Emphasize value-added in AAA-rated securitized area

Modest changes to rate sensitivity as warranted



Controlling Future Variability

High liquidity

Laddered approach: securities “roll down” to maturity

Avoid securities with propensity for high volatility



Performance Review

For Periods Ending September 30, 2017 - Preliminary

	Percent Gain or Loss					
	Year To Date	Last 12 Months	Two Years (annualized)	Three Years (annualized)	Five Years (annualized)	Since Inception* (annualized)
Metropolitan Water District of Southern California (a)	1.58	0.71	1.22	1.48	1.32	3.58
Metropolitan Water District of Southern California (b)	1.47	0.56	1.07	1.33	1.16	3.43
BofA ML Gov't/Corp, 1-5 Yrs, A Rated and Above Index	1.34	0.27	1.04	1.40	1.08	3.03

* Inception Date: 5/1/2002

(a) Gross of Investment Management Fees

(b) Net of Investment Management Fees (recorded on cash basis)

