

AMI TAX-EXEMPT FIXED INCOME PRODUCT PROFILE

AMI Asset Management

June 2018

Firm Summary

AMI has a 25+ year track record of success in serving both Institutions and High Net Worth Individuals. AMI manages separate accounts within the Fixed Income (Municipal, Core and High Yield) and Equities (Large Cap Growth, Small Cap Growth, SMID Cap Growth and Domestic Large Cap Equity Income) asset classes. The investment team has 157+ years of investment experience and the firm has approximately \$1.7 billion in assets under management as of June 30, 2018.

Tax-Exempt Fixed Income Investment Objectives

The investment objective of AMI's tax-exempt fixed income product is to provide an investment vehicle for taxable individuals and corporations which will achieve superior after-tax returns compared to traditional investment grade portfolios having an intermediate maturity focus. This product is suitable for investors looking for high after-tax income relative to other high quality debt securities, and who desire portfolio diversification, especially with respect to other income producing investments.

Strategy

- ◆ Portfolios are invested in predominately investment grade tax-exempt securities and are typically structured to maintain in intermediate maturity.
- ◆ AMI utilizes a top-down approach to determine the appropriate portfolio structure within the context of the current and projected economic environment (ladder vs barbell, short vs intermediate, callable vs bullet). The firm then uses a bottom-up process to select the appropriate securities for each portfolio based on issuer fundamentals and the relative value of each security.
- ◆ AMI closely examines the pledge backing of each bond, the issuer's debt load, tax-rates, tax-base, demographics, and the rationale of each issue along with the use of proceeds.
- ◆ The firm prefers issues that are essential services and which have a secondary source of revenue that provides additional downside protection to bondholders. Examples would include toll bridges, water and power, sanitation and special tax situations.
- ◆ Every portfolio is customized to meet the specific needs of each individual investor. Considerations include such factors as current asset allocation, state of residency, investment time horizon, cash flow needs, and anticipated marginal tax bracket.

Performance

Period Returns (Since Inception 1-1-09)	AMI Returns (Gross)	AMI Returns (Net)	B of A 3-7 Index
YTD	0.38%	0.13%	0.27%
1 Year	1.32%	0.82%	0.23%
3 Year	2.47%	1.96%	1.58%
5 Year	2.80%	2.29%	2.00%
Inception	3.40%	2.88%	3.08%

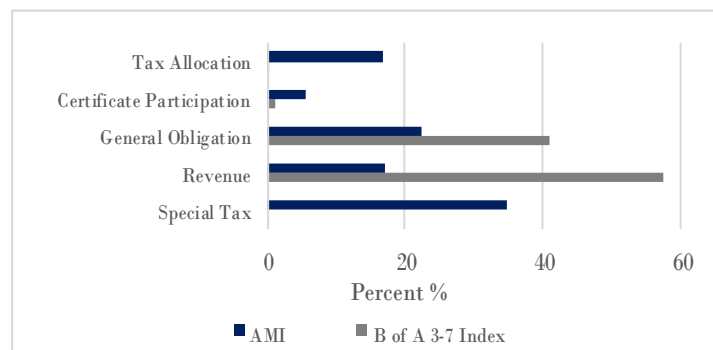
As of 6/30/18. Source – AMI. Net returns are based on an annual fee of 0.50%. Past performance is not an indication of future returns. The above reflects the performance of the AMI Intermediate Quality Tax-Exempt Composite and includes the reinvestment of income. Please refer to important disclosures on last page.

General Portfolio Characteristics

	AMI	B of A 3-7 Index
Credit Quality	AA-	AA
Effective Maturity	4.39 Years	4.28 Years
Modified Duration	3.67 Years	3.82 Years
Yield to Worst	2.33%	2.04%
Yield to Maturity	3.20%	2.33%

As of 6/30/18. Source – AMI and Bloomberg. The portfolio characteristics information is being presented as supplemental information to the AMI Intermediate Quality Tax-Exempt Composite. Please refer to important disclosures on last page.

Portfolio Composition



As of 6/30/18. Source – AMI and Bloomberg. The portfolio characteristics information is being presented as supplemental information to the AMI Intermediate Quality Tax-Exempt Composite. Please refer to important disclosures on last page.

Annual Performance

Year	AMI Returns (Gross)	AMI Returns (Net)	B of A 3-7 Index
2009 Annual	6.95%	6.42%	7.16%
2010 Annual	3.02%	2.51%	3.35%
2011 Annual	5.24%	4.72%	6.89%
2012 Annual	3.61%	3.10%	3.03%
2013 Annual	1.30%	0.79%	0.70%
2014 Annual	4.52%	4.00%	3.22%
2015 Annual	2.91%	2.40%	2.27%
2016 Annual	0.58%	0.08%	-0.32%
2017 Annual	3.91%	3.39%	2.93%

Above: As of 6/30/18. Net returns are based on the maximum fee of 0.50%. Past performance is not an indication of future returns. The above reflects the performance of the AMI Intermediate Quality Tax Exempt Composite and includes the reinvestment of income. Please refer to important disclosures at the bottom of the page. Source – AMI

Right: The Top Ten Holdings information is being presented as supplemental information to the AMI Intermediate Quality Tax Exempt Composite. *Data provided by Bloomberg Professional. As of 6/30/18. Holdings are subject to change. The reader should not assume that an investment in the securities identified was or will be profitable. A complete list of all buy and sell recommendations for this strategy within the last 12 months is available upon request. AMI Asset and/or one or more of its employee may have a position in these securities and may purchase and sell such securities from time to time.

Top 10 Holdings

1.	California St. 5.000% Due 10-01-29	2.22%
2.	Tracy Calif. Cmnty. Dev. Agy. Succ. 5.000% Due 08-01-31	1.76%
3.	Southeast Res. Recovery Facs. Auth. Calif. Lease Rev. 5.250% Due 12-01-18	1.48%
4.	Sacramento Calif. City Uni. Sch. 5.000% Due 07-01-30	1.36%
5.	Placentia-Yorba Linda Calif. Un. 5.000% Due 10-01-29	1.36%
6.	El Dorado CA IRR Dist. CTFS Partn. Ref. 5.750% Due 03-01-24	1.36%
7.	California St. For Previous ISS 5.000% Due 08-01-27	1.35%
8.	Natomas Uni Sch. Dist. Calif. 5.000% Due 08-01-26	1.35%
9.	Abag Fin Auth. For Nonprofit Co. 5.000% Due 09-02-29	1.33%
10.	Kern California Cmnty. College District 5.250% Due 11-01-31	1.23%
Total Top 10 Holdings		14.81%

AMI Asset Management
 Intermediate Quality Tax Exempt Composite
 January 1, 2009 through December 31, 2017

Year	Total Firm Assets (\$)	Total Composite Assets (\$)	Composite of Client Accounts at Year-End	Composite Non-Fee-Paying Accounts (%)	Total Return % (Gross)	Total Return % (Net)	3-7 Year Municipal Index (%)	Internal Dispersion (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)
2009	453,680,134	47,557,658	7	18	6.95	6.42	7.16	1.05		
2010	528,289,682	59,968,351	0	24	3.02	2.51	3.35	0.36		
2011	646,220,334	75,955,740	0	25	5.24	4.72	6.89	0.80	1.59	2.18
2012	803,448,904	79,864,891	0	26	3.61	3.10	3.03	0.72	1.64	2.06
2013	1,202,046,130	84,006,404	0	24	1.30	0.79	0.70	0.42	1.81	2.31
2014	1,476,318,603	71,924,616	0	22	4.52	4.00	3.22	0.64	1.66	2.07
2015	1,756,380,341	77,492,198	0	23	2.91	2.40	2.27	0.32	1.59	2.08
2016	1,683,058,163	62,838,618	0	17	0.58	0.08	-0.32	0.39	2.21	2.43
2017	1,800,836,245	71,713,555	0	20	3.91	3.39	2.93	0.25	2.33	2.55

1. AMI Asset Management Corporation ("AMI") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. AMI Asset Management has been independently verified for the periods January 1, 1998 through December 31, 2017. The verification reports 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.

2. AMI is an independent investment management firm registered with the Securities and Exchange Commission. AMI was established in 1994; however, we did not start investing on clients' behalf until 1998. AMI manages equity and fixed income accounts for our clients. We offer seven investment options: Domestic Large Cap Growth Strategy, Domestic Small Cap Growth Strategy, Domestic Small-Mid Cap Growth Strategy, Domestic Large Cap Equity Income Strategy, Government/Corporate Fixed Income Strategy, Intermediate Quality Tax Exempt Strategy and a High Yield Capital Appreciation Strategy.

3. The Intermediate Quality Tax Exempt Composite includes all fully discretionary, fee-paying and non-fee-paying, taxable and nontaxable accounts with at least \$500,000 in municipal bonds on the last day of each previous quarter. AMI manages municipal bond portfolios for our clients with the goal of achieving long term returns in excess of the BofA Merrill Lynch Municipal 3-7 Year Index. The composite was created on January 1, 2009. Beginning on January 1, 2014, the composite was redefined to include only households invested in greater than 75% in California municipal securities. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

4. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns are presented before management fees but after all trading expenses. Net returns are calculated by deducting an annual fee of 0.50% from the quarterly gross return. The annual fee schedule is as follows: 0.50% for all asset amounts. The minimum annual fee is \$5,000 which may be waived by AMI.

5. The benchmark we use is the BofA Merrill Lynch Municipal 3-7 Year Index which is a National index comprised of over 3,000 investment grade issues in the 3-7 year maturity range spanning numerous sectors. It is a proxy for the overall short-intermediate National municipal market.

6. The actual cash and cash equivalents are used in the performance. Prior to January 1, 2010, cash was allocated based on the percentage of municipal bonds in the composite. That percentage is applied to the cash portion and the actual average monthly cash balances of accounts and the respective returns of those cash balances is allocated to the composite.

7. The municipal market can be significantly affected by interest rate risk (as interest rates rise, bond prices fall), the risk of issuer default, issuer credit risk and inflation risk. Past performance is not indicative of future results. The performance information is supplied for reference. Results will vary among accounts.

8. Valuations and returns are computed and stated in U.S. dollars. The internal dispersion of annual returns is measured by the standard deviation of equal-weighted household returns presented within the composite for the full year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented for 2009-2010 because monthly composite and benchmark returns were not available and is not required for periods prior to 2011. Accounts managed by AMI Asset Management Corporation do make use of leverage, derivatives or short positions.

9. Beginning on October 1, 2008, the significant cash flow policy was added to the Intermediate Quality Tax Exempt Composite. A significant cash flow is defined as a cash flow greater than 15% of the muni bond portfolio.

10. Material Error Correction Disclosure: On November 17, 2011 an error was discovered on the 2009 gross, net and index returns listed in our disclosure. Total gross return was listed as 0.79% total net return was listed as 0.67% and the return for the 3-7 Year Municipal Index was listed as 0.69%. Although all the correct returns were higher than previously stated, our total gross return went from outperforming the benchmark to underperforming the benchmark.

11. For a complete list of composite descriptions, contact Katharine Kim at (424) 320-4003, or write to us at AMI Asset Management Corporation, 10866 Wilshire Boulevard Suite 770, Los Angeles, California 90024, or Katharine@amiassetmanagement.com.