Q2 2021 AMI Tax-Exempt Fixed Income Factsheet

AMI ASSET MANAGEMENT
Growth Through Stability

Firm Summary

AMI has a 20+ 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 150+ years of investment experience and the firm has approximately $2.0 billion in assets under management as of June 30th, 2021.

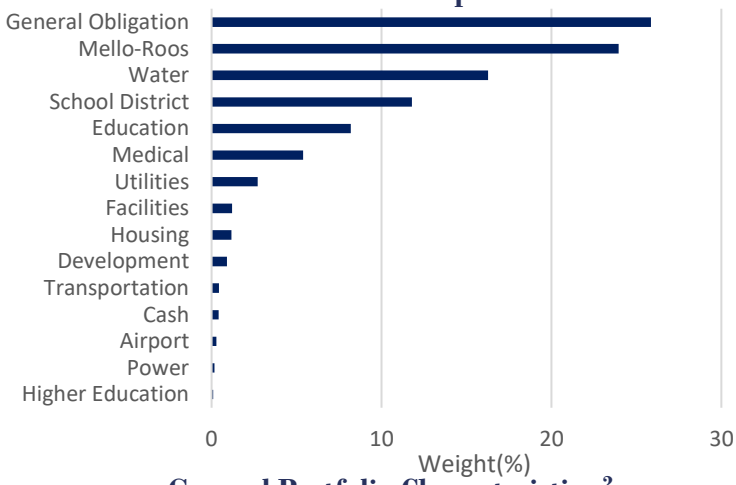
Tax-Exempt Fixed Income Investment Objectives

AMI's tax-exempt fixed income seek to provide superior after-tax returns. Portfolios are constructed for capital preservation, liquidity, and predictable cash flow.

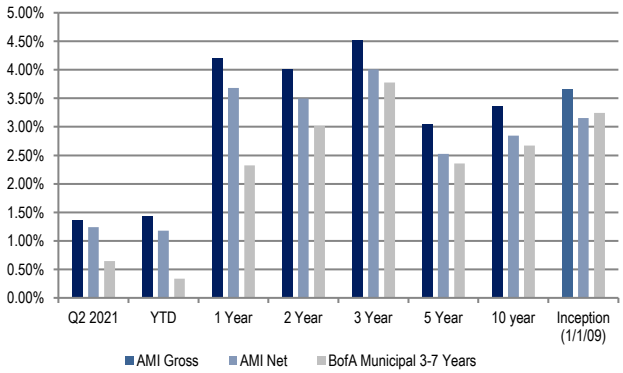
Strategy

- Our municipal bond strategy employs active management to maximize risk-adjusted return.
- We own debt that is backed by an easily understood revenue stream.
- We overweight mello-roos special tax bonds due to their higher current income and pricing inefficiencies.
- We overweight bonds backed by water and sewer revenues.
- We employ fundamental bottom-up security selection and top-down risk management.
- All portfolios are customized to meet individual client needs.

AMI Portfolio Composition [2]



Annualized Performance[1]



	Q2 2021	YTD	1 Year	2 Year	3 Year	5 Year	10 year	Inception (1/1/09)
AMI Gross	**1.36%**	**1.44%**	**4.20%**	**4.01%**	**4.52%**	**3.04%**	**3.36%**	**3.66%**
AMI Net	**1.24%**	**1.18%**	**3.68%**	**3.50%**	**4.01%**	**2.53%**	**2.84%**	**3.15%**
BofA Municipal 3-7 Years	0.65%	0.34%	2.32%	3.02%	3.78%	2.36%	2.67%	3.25%

1.As of 6/30/21. Source – AMI. Net returns are calculated by deducting 1/4th of the highest applicable annual fee of 0.50% from the gross composite returns on a quarterly basis. The above reflects the performance of the AMI Intermediate Quality Tax-Exempt Composite and includes the reinvestment of income. Client accounts may vary. Past performance is not an indication of future returns. Please refer to important disclosures on page2.

General Portfolio Characteristics [2]

	AMI Tax-Exempt Fixed Income	BofA Municipal 3-7 Years Index
Credit Quality	AA-	AA
Modified Duration	3.91 Years	3.80 Years
Yield to Worst	1.25%	0.52%
Yield to Maturity	2.75%	1.00%

2. As of 6/30/21. Source AMI and Bloomberg. 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. The portfolio composition and characteristics information is being presented as supplemental information to the AMI Intermediate Quality Tax-Exempt GIPS Composite Report. Please refer to page 2.

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AMI Asset Management
Intermediate Quality Tax Exempt Composite GIPS Report
January 1, 2009 through December 31, 2020

Year	Total Firm Assets ($)	Total Composite Assets ($)	Composite Composed of Carve-Outs (%)	Composite 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	0	6.95	6.42	7.16	1.05		
2010	528,289,682	59,968,351	0	24	0	3.02	2.51	3.35	0.36		
2011	646,220,334	75,955,740	0	25	0	5.24	4.72	6.89	0.80	1.59	2.18
2012	803,448,904	79,864,891	0	26	0	3.61	3.10	3.03	0.72	1.64	2.06
2013	1,202,046,130	84,006,404	0	24	0	1.30	0.79	0.70	0.42	1.81	2.31
2014	1,476,318,603	71,924,616	0	22	0	4.52	4.00	3.22	0.64	1.66	2.07
2015	1,756,380,341	77,492,198	0	23	0	2.91	2.40	2.27	0.32	1.59	2.08
2016	1,683,058,163	62,838,618	0	17	0	0.58	0.08	-0.32	0.39	2.21	2.43
2017	1,800,836,245	71,713,555	0	20	0	3.91	3.39	2.93	0.25	2.33	2.55
2018	1,580,254,746	67,188,215	0	20	0	1.87	1.37	1.77	0.12	2.35	2.55
2019	1,737,927,411	71,231,623	0	23	0	6.10	5.57	5.37	0.52	1.72	1.95
2020	1,834,611,036	80,290,634	0	21	0	4.55	4.04	4.14	0.23	2.98	2.79

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, 2020. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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 and incepted 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 investments, calculating performance and preparing GIPS Reports 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 1/4th of the highest applicable annual fee of 0.50% from the gross composite returns on a quarterly basis. The annual fee schedule is as follows: 0.50% for all asset amounts. Actual fees charged to clients may vary. The minimum annual management fee is $10,000 (based on a client's total assets under management), which may be waived by AMI. Further information regarding investment advisory fees is described in Part 2A of the firm's Form ADV.

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 gross returns presented within the composite for the full year. The three –year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period. The standard deviation is not presented for 2009-2010 because it was 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. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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.