

MUNICIPAL BOND

- Style: National, Investment Grade
- Approach: Active; Top-Down/Bottom-Up
- Benchmark: Bloomberg Barclays 10-Year Municipal Bond Index
- Inception: 1/1/1980
- Strategy Assets: \$20,384 MM

INVESTMENT PHILOSOPHY

We believe the key to successful bond management is to protect and grow both principal and income. We also believe that an active, national approach provides greater potential to reduce risk and maximize after-tax returns. Integral to our intermediate duration strategy is our pursuit of opportunities along the yield curve and our focus on intense fundamental research to uncover and exploit market inefficiencies.

ABOUT OUR FIRM

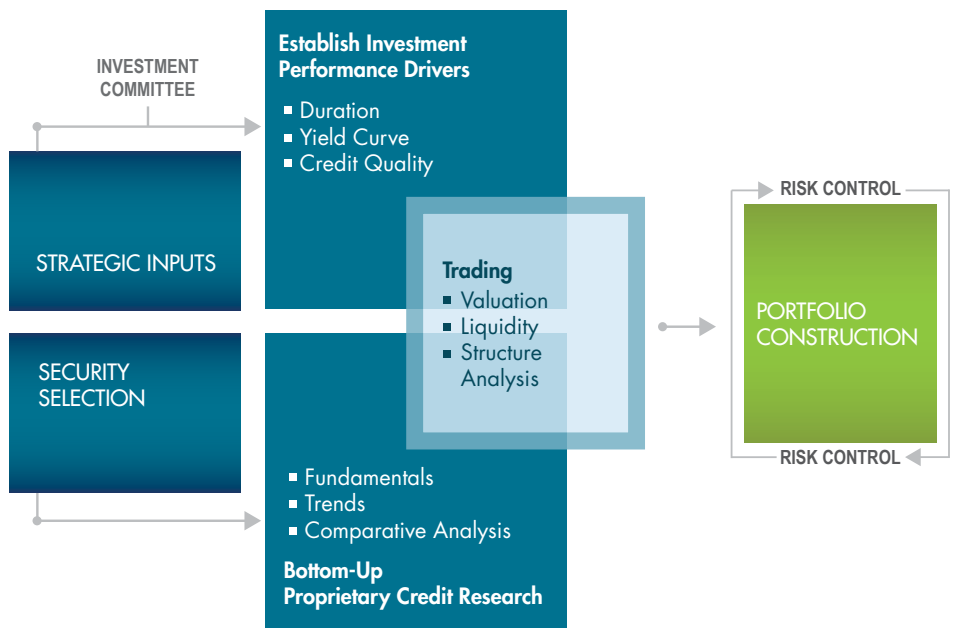
GW&K is a dynamic investment management firm that offers active equity and fixed income investment solutions to meet the needs of a diverse client base. At our core is an entrepreneurial spirit of innovation, a desire to help educate our clients and a level of service that is hard to come by. Our founding principles of applying rigorous fundamental research, focusing on quality and maintaining a long-term view still guide our investment process today.

- Founded in 1974
- \$36 Billion Under Management
- Individually Managed Accounts
- Serving Individuals and Institutions

STRATEGY HIGHLIGHTS



INVESTMENT PROCESS



OUR ACTIVE DYNAMIC APPROACH

Duration Management

- Actively adjust duration based on interest rate moves, the steepness of the curve, the technical environment and relative value.

Yield Curve Positioning

- Focus primarily on the intermediate area of the curve but maintain flexibility to shift positioning to exploit relative value opportunities across the curve.

Bottom-up Credit Research

- Our proprietary process focuses on a selective universe of credits to seek best relative value with an eye on risk management.

Value Added Trading

- Our experienced trading desk provides important perspectives on market dynamics for effective bond selection and optimal execution.

INVESTMENT TEAM

NANCY G. ANGELL, CFA

Partner
Co-Director, Fixed Income
Investment Professional Since 1984
Joined GW&K 1984
AB, Duke University
MBA, Boston University

JOHN B. FOX, CFA

Partner
Co-Director, Fixed Income
Investment Professional Since 1990
Joined GW&K 1990
BA, Boston College
MBA, Boston University

MARTIN R. TOURIGNY, CFA

Partner
Portfolio Manager
Investment Professional Since 1992
Joined GW&K 1994
BA, Boston College
MS, Suffolk University

13 Municipal Bond Investment Professionals Averaging 21 Years Experience

A DISCIPLINED APPROACH TO PORTFOLIO CONSTRUCTION & RISK MANAGEMENT

DIVERSIFICATION We diversify our portfolios by:

- Issuer
- Sector
- Geography
- Bond characteristics

RISK MANAGEMENT

Credit Risk -	Generally limit position sizes to 5%, limit issuers to 15% of the portfolio Monitor credits for changes in fundamentals, valuation and technicals
Interest Rate Risk -	Generally limit duration variance to +/- 25% of the benchmark
Reinvestment Risk -	Manage call risk through bond structure analysis

LIQUIDITY

Deal size generally > \$100 MM

QUALITY

Investment grade only
Typical average portfolio quality: AA

AVERAGE # OF HOLDINGS

20 - 30 Holdings

COMPREHENSIVE RESEARCH

Philosophy

Fundamental municipal bond research plays an important role in our investment process, particularly during periods of rapidly changing economic signals. We rely on our own proprietary research, not on rating agencies' conclusions or bond insurance.

Focus

Drawing from extensive industry knowledge, our analysts conduct a rigorous evaluation of existing holdings and potential purchases. We focus our research on the underlying credit, while our Strategy targets large, liquid, investment grade issuers that are active primary market participants.

Opportunity

Our presence in the municipal market provides us access to secondary offerings and new issue opportunities nationwide enabling us to greatly diversify our portfolios and capitalize on market inefficiencies. We subscribe to numerous external research services, which are analyzed in conjunction with the bond indentures and reports provided by the issuers. Over the years, we have developed an extensive database of past and current research that provides us with historical financial analysis.

Risk Control

Our credit analysts rely on multiple defensive measures to protect portfolio principal and to ensure that every buy and sell decision is in the best interest of our clients. We evaluate several factors such as the issuer's liquidity, financial flexibility, and trends at the state and sector levels.