

SCM | Stifel Capital Management

Reserve Strategy

SPECIALIZING IN FIXED INCOME

With over \$4+ Billion in assets under management, SCM offers U.S. investment-grade fixed income strategies for large, institutional clients and provides clients direct interaction with the professionals who manage their money. Leveraging state-of-the-art portfolio management systems, research capabilities, risk management oversight, and reporting, SCM constructs portfolios based on specific client goals and objectives as expressed in their investment policy.

Through SCM, clients can invest in products including, but not limited to, money market funds, U.S. Treasuries, U.S. Agencies, corporate bonds, municipal bonds, and commercial paper.

STRATEGY DESCRIPTION

The Reserve Strategy is a custom strategy that is designed for municipal issuers (debt service reserve funds, capitalized interest funds, project funds, and other public funds) and other entities, such as venture startups, project developers and escrow funds, that are required to invest in U.S. government securities. Portfolio guidelines are customized with direct input of the investor.

As of 3/13/26 the SCM Reserve Strategy had \$3.1 Billion of assets under management.

INVESTMENT PROCESS/PHILOSOPHY

Within this complex nebula of the fixed income market, SCM offers a mathematically logical and reasoned approach to fixed income investing that seeks to cut through the haze and hype and lead to a thoughtful result. There are many types of quantitative analyses, and no single one covers all aspects for fixed income investing. SCM utilizes multiple investment approaches for portfolio management depending upon the objectives of the client. From strategic cash management to total return.

When investing bond issuance or venture funding round proceeds, SCM utilizes an asset liability approach through which bond maturities are closely aligned with anticipated outflows. This approach, which is recommended in many client investment guidelines, reduces interest rate risk by matching bond portfolio cashflows with anticipated distributions. The strategy of having bonds mature in lieu of having to sell them into the open market reduces price/interest rate risk. It also allows the issuer to lock in rates and cash flows.

The process starts with the client providing anticipated project draws. SCM will create a portfolio structure designed to optimally generate enough cash flow to meet the anticipated outflows provided. Actual outflows are tracked against modeled outflows and, in concert with the client, appropriate portfolio adjustments are made to meet the reality of the project.

SCM is ready to assist you in managing your project fund proceeds.

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Chief Investment Officer

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