

# KeyBank EB MaGIC<sup>®</sup> Fund

March 31, 2022

## Investor Profile

Investors seeking principal preservation, a conservative, consistent return, and a complement or alternative to volatile asset classes. The lower volatility (less risk) is primarily a benefit to investors with shorter investment horizons.

## Objective | Strategy

The EB MaGIC<sup>®</sup> Fund is a Stable Value common trust fund with an objective of reasonable level of income together with stability of principal.

The Fund achieves this objective by investing in a diversified portfolio which includes synthetic GICs, which are high-quality debt securities that are insulated from market volatility by a bank-issued or insurance company-issued wrap contract; guaranteed investment contracts (GICs), which are obligations of credit-worthy life insurance companies; and cash and equivalents.

The Fund is well diversified which reduces portfolio risk by decreasing sector and issuer specific exposure and uses unique book value accounting treatment which provides stable value investors protection from principal price fluctuations that occur with traditional bond funds when interest rates shift.

The effective average maturity of the Fund is 3.5 years or less, and the Fund targets maintaining an average credit quality of "AA".

## Performance (%)

Total return for the period.<sup>1</sup>

	Rolling 3 Month	YTD	1 YR	3 YR	5 YR	10 YR	Inception
<b>EB MaGIC<sup>®</sup> Fund 20</b>	0.29	0.29	1.20	1.68	1.72	1.69	4.54
<b>BofA ML US 3-Mo Tsy Bill<sup>2</sup></b>	0.04	0.04	0.06	0.81	1.13	0.63	3.04

The KeyBank EB MaGIC Fund 20 performance reflects a blend of actual net of fee and synthetic returns. Synthetic performance is a blend of gross of fee returns for the EB MaGIC Fund less a 20-basis point fee for the period 01/1988 inception thru 12/2005 and 12/2008 thru 09/2013 (during this time period the 20 bps SNAV was unfunded); the actual net of fee performance is the EB MaGIC Fund 20 basis point fee administration venue "SNAV" for the period 10/2013 through the most recent quarter end.

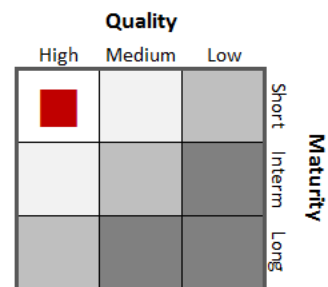
## Fund Management

### Team Managed

The MaGIC<sup>®</sup> Investment Team has combined expertise with an average of over 20 years of experience in Fixed Income and Stable Value investments. The experience and stability of the Team lends to consistency of the investment process, quality and depth of research and diligent risk management which positions the Fund among its peers.

The Fund is a bank collective investment trust in which KeyBank is trustee and manager along with the Insight Investment Stable Value Team in their capacity as a sub advisor.

The combined Teams continue to work together to provide a safe harbor for our investors. Key's relationship with the Insight Investment Stable Value Team brings historical strengths, experience and pioneering work in the management of Stable Value investment strategies spanning over half a century.



## Fund Characteristics<sup>3</sup>

Category	Stable Value
<b>CUSIP MaGIC 20</b>	<b>49327E409</b>
Inception	1/1/1988
Net Assets (Million)	\$674.20
Unit Value	\$13.05
Weighted Maturity (Yrs.)	2.8
Duration (Yrs.)	2.9
Quality	AA
Crediting Rate	1.41%
Market to Book Ratio <sup>4</sup>	97.1%
Total Annual Expense <sup>8</sup>	Basis Points 44.3
Operating	1.6
Wrap	16.6
Investment/Sub Advisory	3.2
Investment Management	20
Turnover <sup>9</sup> (12/31/2021)	153.4%

Investment products are:

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## Investment Strategy

- Comprised primarily of Constant Duration and Fixed Maturity Synthetic contracts which wrap high quality debt assets or strategies;
- Comprised of credit worthy issuers and strategies as part of the approved issuer universe which is monitored throughout the life of the investment;
- Book value accounting treatment provides investors protection from principal price fluctuations;
- The use of contracts insulates the assets from market volatility and the wrapped strategies are well diversified which reduces portfolio risk by decreasing sector and issuer specific exposure;
- Contract wrap strategies such as the total return strategy "Yield Enhanced Strategy" in the Constant duration portion of the portfolio has excellent interest rate tracking capabilities, broad diversification, minimal security-specific risk and duration flexibility;
- The liquidity management strategy has historically allowed the Fund to fulfill the daily liquidity needs of participants along with plan level withdrawals without detriment to the Fund

## Fund Availability

- Available to Defined Contribution Plans who qualify as a Participating Trust;
- A Participating Plan must be qualified under section 401(a) of the IRS Code; does not permit investment by Defined Benefit, 403b and 457b plans.
- Includes a suite of fee administration venues, portability via platform relationships and traded daily via NSCC / FundServ.

## Purchase | Redemption<sup>10</sup> of Units

- Benefit Responsive Withdrawals:** the Fund is benefit responsive; employee benefit directed withdrawals generally will be made at book value and processed as soon as administratively practical;
- Competing Fund Constraint:** owners of beneficial interest (plan participants) are prohibited from transferring from the Fund to a competing investment without first investing in a non-competing investment for a period of at least three (3) months; a competing fund includes a money market fund, bank deposit, GIC, short-term bond fund, self-directed brokerage account or other fixed income investment vehicle whose average duration is three- and one-half years or less.
- Employer Directed Withdrawals:** to protect the Fund from large unexpected withdrawals, employer-directed transfers and withdrawals are subject to the provisions of the Declaration of Trust, including any notice requirements. KeyBank in its sole discretion may defer payment of withdrawal proceeds over such period of time generally not to exceed twelve (12) months as KeyBank may determine is necessary for a fair and orderly liquidation of all or a portion of the assets comprising the Fund, or may, if a particular plan or trust consents in writing, effect the withdrawal but reduce the value of the units being withdrawn by the adjustment in value of investment contracts held by the Fund created by the withdrawal.
- All withdrawals from the Fund are subject to KeyBank EB MaGIC<sup>®</sup> Fund Declaration of Trust, available liquidity, administrative considerations and compliance with the terms of any investment contract purchased by the Fund.
- In the interest of protecting the plan participants, comply with MaGIC Fund investment guidelines and maintain the liquidity necessary to meet the demands of individual participant activity, request for liquidation of Plan assets requires 30 day advance written notice and approval by KeyBank. Requests are reviewed on a case-by-case basis.

## Fund Composition

Contract Composition <sup>5</sup>		%
<b>Wrapped Assets</b>		
<b>Constant Duration Synthetic</b>		
Pacific Life Insurance Co.		23.8
Transamerica Life Insurance Co.		25.2
Nationwide Insurance Co.		23.8
<b>Fixed Maturity Synthetic</b>		
American General Life Insurance Co.		17.8
<b>Cash Equivalent   MMF<sup>6</sup></b>		
<b>6.2</b>		
<b>Contract Duration Diversification</b>		
Under One Year		0.0
1 - 3 Years		18.0
3 - 5 Years		76.0
Cash Equivalent   MMF		6.0
<b>Sector Composition<sup>7</sup></b>		
Treasury		21.0
Agency		1.0
Credit		27.0
ABS		17.0
MBS		20.0
Traditional GIC		0.0
CMBS		7.0
Cash Equivalent   MMF		7.0
<b>Quality Composition<sup>7</sup></b>		
AAA		66.0
AA		3.0
A		12.0
BBB		12.0
Cash Equivalent   MMF		7.0

Note: Sector and Quality composition may include cash from underlying strategies; exposure to BBB resides in an underlying well diversified indexed strategy.

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## Manager's Comments

The KeyBank EB MaGIC® Fund has a long-standing history as one of the first Stable Value pooled funds and continues to manage towards its primary objectives of a reasonable level of income and stability of principal. The Fund's history, the strengths of the investment team along with stringent conservative investment guidelines make the EB MaGIC Fund a competitive Stable Value strategy.

Comprised primarily of Stable Value investments including Synthetic GICs (which are high-credit quality, fixed income assets wrapped by a contract), Traditional GICs and cash/equivalents; the investments favor diversification, balance duration with crediting rate responsiveness and maintain a source of liquidity. Stable Value Fund investments in general are managed with the objective of maintaining principal stability, providing liquidity at contract value for participant-initiated transactions, and generating a positive and reasonably stable rate of return.

The financial crisis brought attention to stable value in general and to the positive – most stable value funds including the EB MaGIC Fund held up during the crisis and are in healthy shape today. The Stable Value venue has twenty year or more tenure and investors are now seeking to gain an understanding of the product which is encouraging for the stable value industry.

The MaGIC Fund investment strategy performed well throughout the Fund's history and through the credit crisis. The market to book ratio dipped in 2008 along with others in the industry, however, rebounded quickly and has remained consistent since. The MaGIC Investment Team maintains high credit quality standards along with issuer, industry and product diversification and employs a portfolio structure and procedures that provide benefit liquidity as needed.

The Fund's use of wrap providers and multiple fixed income managers is designed to diversify the portfolio and lessen possible concentrations to any single issuer or sector. A primary component of the Fund is the Yield Enhanced Strategy<sup>11</sup> ("YES") which combines elements of active and passive bond management to construct a portfolio with aggregate characteristics that are preferable for stable value portfolios. The features of the YES strategy include excellent interest rate tracking capabilities, broad diversification, minimal security specific risk and duration flexibility. The strategy, which was developed specifically for stable value investing, involves bond index fund components, over-weighting yield sectors and under-weighting government/agency sector. The strategy engages up to nine different components of the Bloomberg Barclays Aggregate Index and the result is a diversified portfolio that provides certain portfolio characteristics (such as yield and duration) for the Fund. The strategy and its advantages are a proprietary strategy created by the investment professionals in the Insight Investment Stable Value product group.

The Fund's success is attributable to its long tenure, experienced professionals, commitment to the strategy and the relationship with our sub advisor Insight Stable Value Team who provide pioneering work in the management of Stable Value investment. The KeyBank and Insight Investment relationship continues as it has for many years to maintain a valuable and productive environment for this Stable Value product.

## Additional Information

Additional information is available by contacting

Email:

**KeyBankEBMaGICFund@KeyBank.com**

Website:

**Key.com/MaGIC**

## Management Team

### KeyBank N.A.

**Theresa M. Hammond**  
Portfolio Manager

**James W. Kerrigan**  
Senior Portfolio Manager

**Kristen L. Schindler**  
Relationship Manager

### Insight Investment

**Eric Baumhoff**  
Director of Stable Value Strategies

KeyBank, N.A. is the Trustee of the KeyBank EB MaGIC® Fund. Insight Investments is a subadvisor to the Fund. All advisors receive a fee for their services.

KeyBank EB MaGIC® Fund is a collective fund not a registered mutual fund. Units in the Fund are not bank deposits and are not insured by the Federal Deposit Insurance Corporation.

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## Disclosures

- 1 Performance:** The performance quoted in this presentation represents data as of the period noted and is past performance, not a guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.
- 2 Benchmark:** ICE BofA US 3 Month Tsy Bill Index: The ICE BofA US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date. While the index will often hold the Treasury Bill issued at the most recent 3-month auction, it is also possible for a seasoned 6-month Bill to be selected.
- 3 Fund Characteristics:** The KeyBank EB MaGIC® Fund includes a suite of fee administration venues ("SNAV") that reflect the reduction of investment management expense. All investments in a "SNAV" are ultimately an investment in the common trust fund. The information presented as Fund Characteristics including inception date, net assets, average weighted maturity, duration, average quality, yield to maturity and market to book ratio are representative of the common trust fund as a whole and are not adjusted to suit the fee administration venue (SNAV).
- 4 Market Value to Book Value Ratio:** The MVBV ratio illustrates the difference in the exposure to the wrap issuer and the underlying assets of the contract.
- 5 Composition:** The fund contract holdings and fund composition are presented to illustrate examples of the Fund's holdings and may not be representative of current or future holdings. The percentages presented for Synthetic Wrap contracts reflect the total contract book value which includes the underlying assets of the wrap contract; exposure to the issuer may be less due to the market to book value difference. Fund holdings may change at any time.
- 6 Cash & Equivalents:** Cash includes cash, short term investments, accrued expense, and may include cash from underlying wrap strategies.
- 7 Quality & Sector Diversification:** Exposures A and below reside within the diversified indexed portfolios: May include cash within a synthetic contract wrap strategy. U.S. Treasury bonds rated AA by S&P.
- 8 Expenses:** KeyBank National Association will charge the KeyBank EB Managed Guaranteed Investment Contract Fund (the "MaGIC® Fund") the reasonable expenses incurred in the administration of the MaGIC Fund, including wrap contract fee, striking a daily net asset value, financial report preparation, printing and distribution, audit, advisory, valuation of assets and adhering to trading abuse policies of the MaGIC Fund (and the additional necessary systems, support and hardware, associated therewith). Fees will be allocated against the income of the MaGIC Fund and, if the income should prove to be insufficient, against the principal of the MaGIC Fund. The overall fees will be disclosed in the annual report of the Fund and to the underlying accounts that participate in the MaGIC Fund.
- Investment management fees for your account were either paid by you or were paid as account level expenses; these will be reported in the annual account statement.
- The Fund's expense ratio and performance do not reflect any external fees and expenses that may be borne by the Plan that would otherwise reduce the Plan participant's investment in the Fund (e.g. externally negotiated fees, custodial, legal, accounting, transfer agent, recordkeeping, administrative, etc.).
- Total operating expense is reported annually as of the Fund fiscal year end 12/31; includes contract wrap expense as of 4<sup>th</sup> quarter prior year and 1<sup>st</sup> through 3<sup>rd</sup> quarter of the current year.
- 9 Turnover:** The asset turnover ratio is an estimate of the annual turnover of the underlying assets held in the KeyBank EB MaGIC® Fund. The ratio is calculated as a weighted average of the annual asset turnover of the products held in the Fund. The turnover ratio is as of the fiscal year end December 31 and is presented annually in the 1<sup>st</sup> quarter.
- 10 Redemption of Units:** The Fund contains certain restrictions applicable to transfers from the Fund to a competing investment. Participant benefit payment withdrawals will be processed as soon as administratively practical subject to available liquidity of the EB MaGIC Fund and all other withdrawals of assets from the Fund by a Participating Trust may be delayed for up to 12 months in the sole discretion of the Trustee. Refer to the KeyBank EB Managed Guaranteed Investment Declaration of Trust and Amendments for detailed information.
- 10 Yield Enhanced Strategy:** A proprietary strategy created by Insight Investment (Mellon) for stable value investments. The strategy is comprised of active and passive bond management engaging sector weighting of bond index components to provide interest rate tracking and diversification.

The information provided in this presentation does not constitute an offer or solicitation of any person nor does it constitute investment advice and is only informational in nature. The presentation should not be used by a participant or investor as a primary basis for making an investment decision. Investors should consult their financial adviser to determine their investment risk and tolerance and evaluate if the Fund is suitable for their needs. The fact sheet presentation does not comply with all of the disclosure requirements for an ERISA plan nor does it contain all of the disclosure required by Department of Labor regulations. Plan sponsors intending to comply with ERISA / Department of Labor regulations will need to provide the plan participants with additional information. The Fund may be exposed to varying degrees of investment risk, each of which may adversely affect the Fund's unit value, performance and the ability to achieve its investment objective. For a summary of principal risks and restrictions of the Fund refer to the KeyBank EB MaGIC® Fund Product Description and the Trust. The material presented is believed to be from reliable sources; all information presented is not audited.

Mellon Investments Corporation realigned its capabilities for investment management with Insight Investment (Insight),

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