

Core Aggregate Fixed Income Strategy

Characteristics and Commentary
3rd Quarter 2025

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Market Environment

- Bonds drew support from Fed easing, prompted by softer labor data, while inflation remained subdued. Longer-term yields held firm, as increased T-bill issuance helped limit the supply of long Treasury debt.
- Core fixed income delivered gains across all major sectors, driven by falling front-end yields and modestly higher spreads. Yields ended flat in the 30y segment and lower across the rest of the curve by between 6 to 11 basis points.
- In core markets, spread sectors outperformed; both MBS and credit gained relative to intermediate Treasuries for the quarter.
- For credit, strong demand and solid earnings pushed spreads modestly tighter from already historically low levels, and for MBS, falling yields and diminishing rate volatility boosted returns.

Quarterly Performance

The Core Aggregate Strategy returned +2.31% (gross) / +2.22% (net) vs. +2.03% for the Bloomberg Aggregate Index.

Attribution:

- Curve/Duration: +3 bps
- Sector/Selection: +25 bps (+19 bps/+6 bps)

Primary contributors to relative performance:

- Duration: Positioning relative to the benchmark
- Sector: Overweight Corporate Credit & Structured Finance
- Sub Sector: RMBS & ABS
- Industries: Electric, Banking & REITs

Primary detractors to relative performance:

- Sector: Underweight Treasuries & Government Related
- Industries: Consumer Non-Cyclical, Consumer Cyclical & Communications

Outlook

- While the labor market has shown pronounced evidence of weakness, the US economy continues to outperform overall. Inflation risks persist, but so far, the impact from goods inflation has been modest, and labor market weakness appears to be a greater concern than stagflation.
- These conditions support further Fed easing, but at a measured pace. We believe that there will be one to two more rate cuts in Q4 followed by quarterly cuts, with the fed funds rate landing near 3%.
- Within the fixed income allocation, we are positioned for further economic expansion and accommodative policy, while mindful of full valuations. We carry a spread sector overweight to drive yield, but it is more tilted toward agency MBS than credit.

Positioning

- We remain focused on generating excess yield through relative value opportunities and security selection, while keeping overall portfolio risk muted.
- The strategy has a slightly long-duration posture as a hedge to our allocation to RMBS and to reap price gains from an easing Fed.
- Within our core credit allocations, we are prioritizing sectors with short-term tailwinds and minimal regulatory risk. Specifically, we favor large banks that are well-positioned to navigate uncertainty, regulated utilities benefiting from AI-driven power demand, and natural gas-centered energy businesses that are also receiving increased demand.

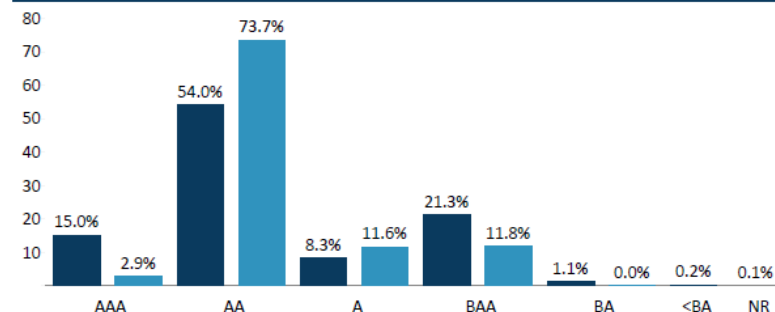
PORTFOLIO SUMMARY

As of Date	September 30, 2025
Portfolio Market Value	Composite
Benchmark	Bloomberg U.S. Aggregate

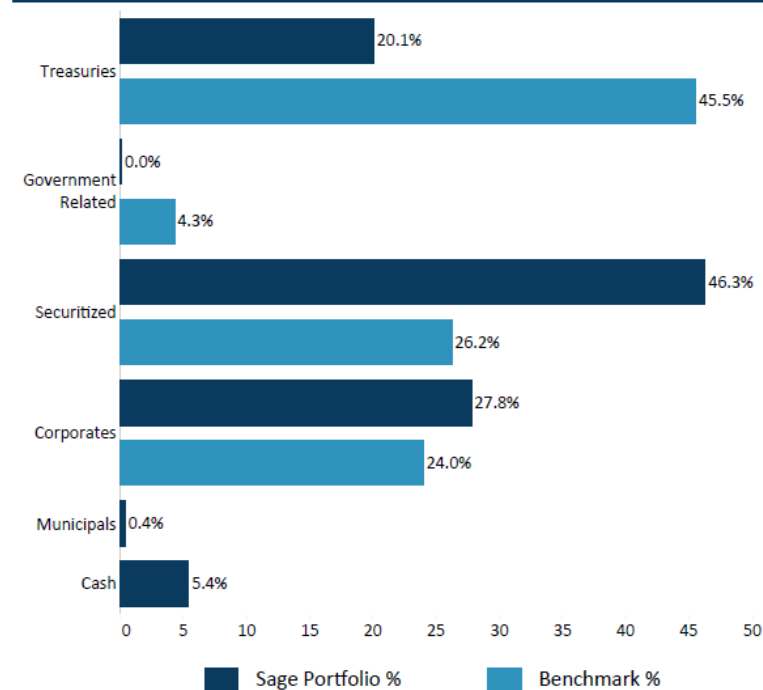
PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Yield to Worst	4.70%	4.39%
Coupon	4.29%	3.62%
Effective Maturity	8.18	8.08
Effective Duration	5.74	5.88
Average Credit Rating	A	AA

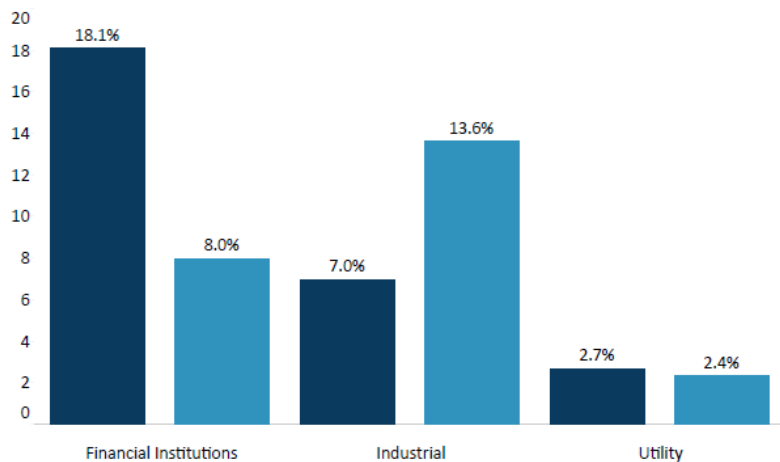
CREDIT RATING ALLOCATION



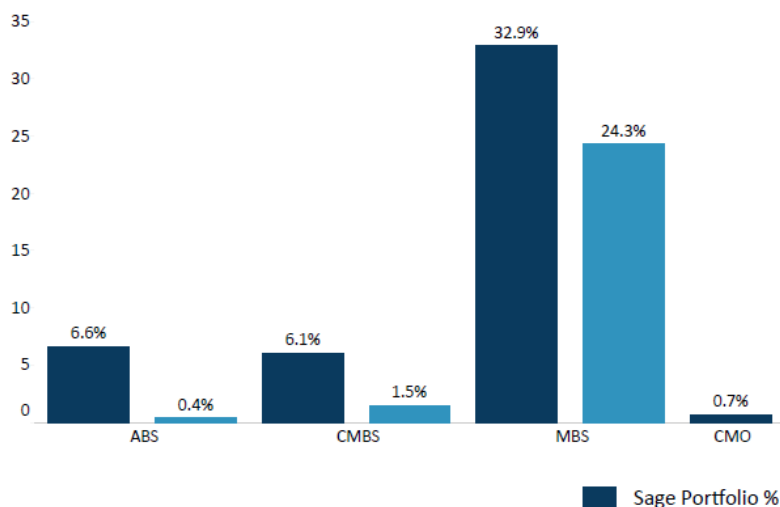
SECTOR ALLOCATION



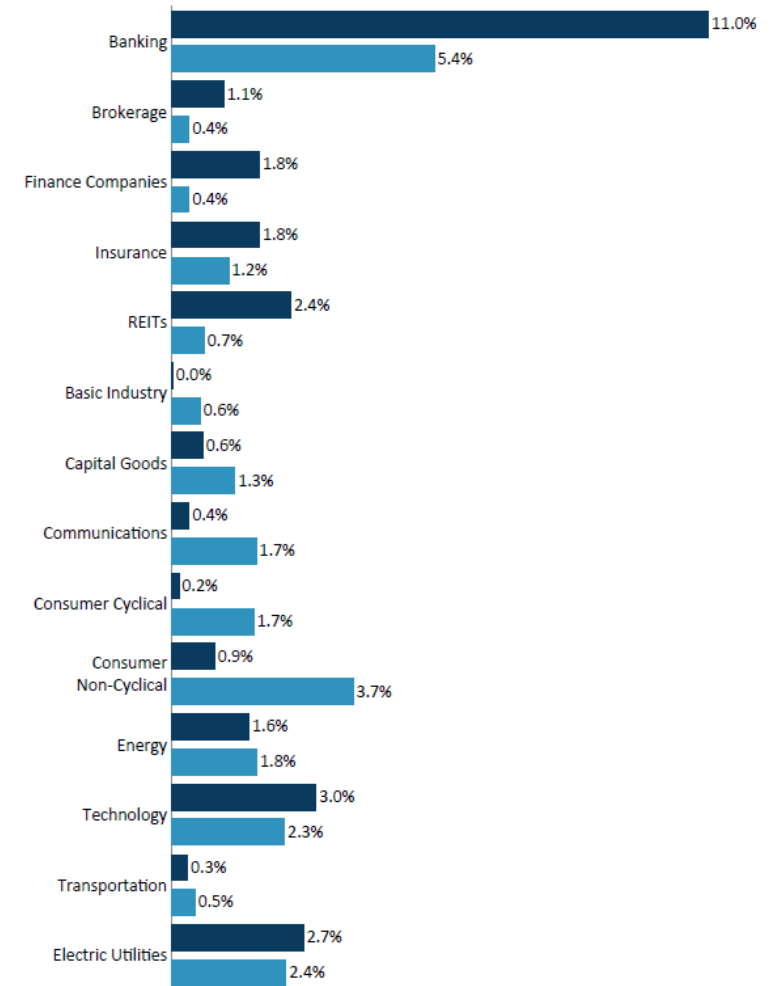
CORPORATE SECTOR ALLOCATION



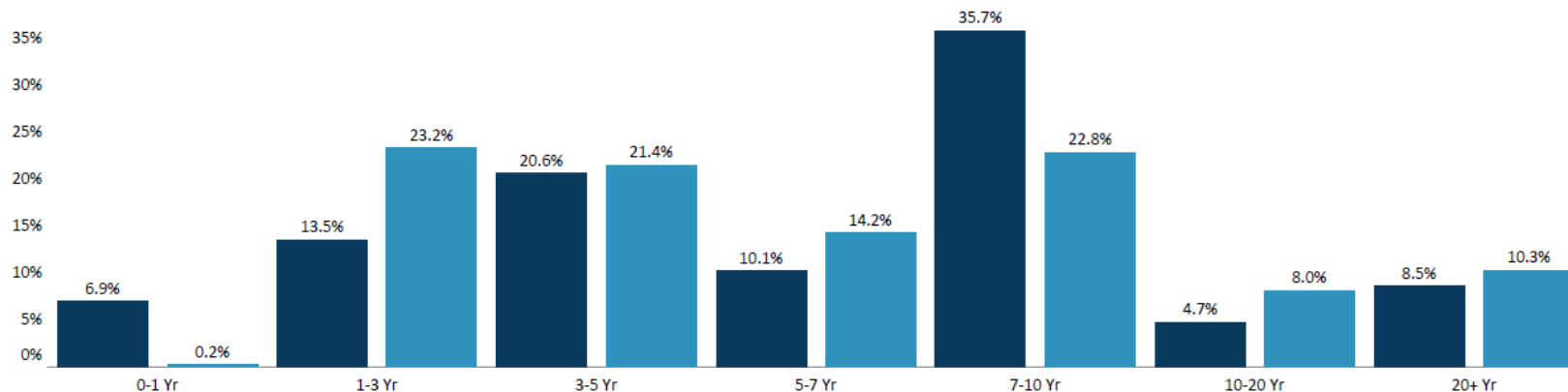
SECURITIZED SECTOR ALLOCATION



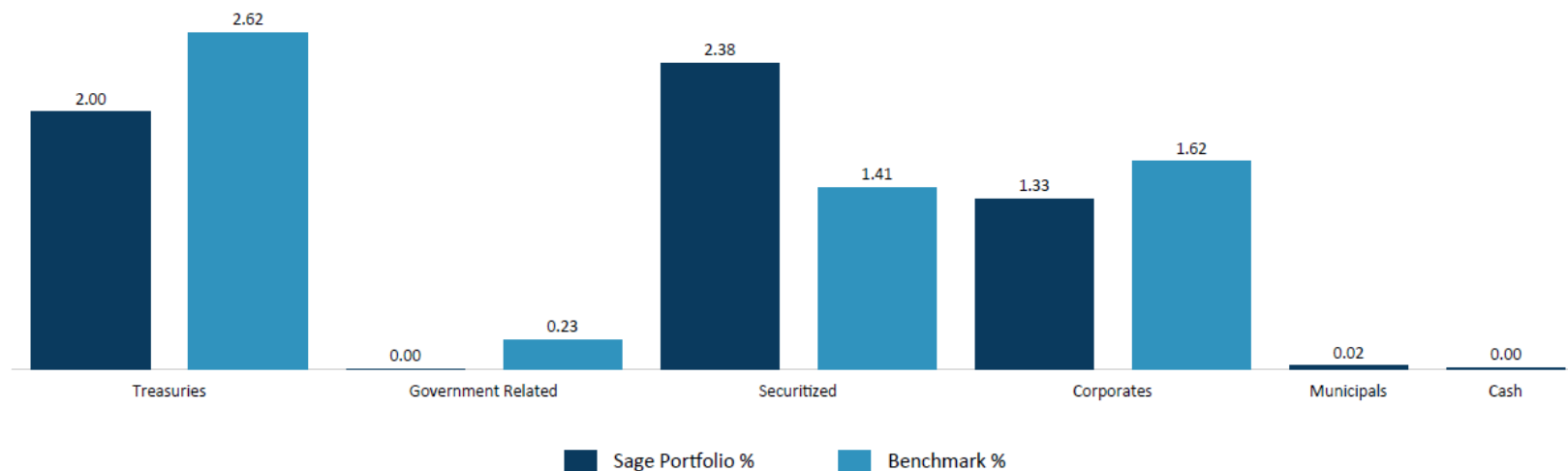
CORPORATE INDUSTRY ALLOCATION



MARKET VALUE DISTRIBUTION BY MATURITY



CONTRIBUTION TO DURATION DISTRIBUTION BY SECTOR





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Core Aggregate Fixed Income Composite

Year	Gross Return (%)	Net Return (%)	Benchmark Return (%)	Number of Portfolios	3 Yr Composite Deviation (%)	3 Yr Benchmark Deviation (%)	Internal Dispersion	Total Composite Assets (\$MM)	Total Firm Assets (AUM) (\$MM)	Advisory Only Assets* (\$MM)	Total Firm Assets (AUA)* (\$MM)
2015	0.44	0.04	0.55	12	2.65	2.88	0.14	193	9,411	2,412	11,823
2016	2.60	2.19	2.65	19	2.76	2.98	0.10	621	10,183	1,809	11,992
2017	4.24	3.83	3.54	21	2.59	2.78	0.10	678	10,808	1,904	12,712
2018	-0.31	-0.71	0.01	19	2.60	2.84	0.12	620	11,062	1,677	12,739
2019	9.53	9.10	8.72	27	2.70	2.87	0.26	1,153	12,798	1,823	14,621
2020	10.00	9.61	7.51	35	3.91	3.36	0.31	1,222	13,731	1,961	15,691
2021	-0.35	-0.70	-1.54	36	3.93	3.35	0.27	1,145	15,053	2,491	17,544
2022	-13.06	-13.37	-13.01	42	6.25	5.77	0.14	1,092	15,286	2,036	17,322
2023	6.36	5.99	5.53	56	7.23	7.14	0.23	1,578	22,640	1,986	24,626
2024	2.06	1.71	1.25	61	7.86	7.72	0.19	2,346	24,912	1,881	26,793
		1 Yr	5 Yr	10 Yr	Returns for periods less than one year are not annualized.						
Gross Return (%)	2.06	0.68	1.95		*Assets Under Advisement (AUA) includes Advisory Only Assets where Sage provides investment recommendations but has no control over implementation of investment decisions and no trading authority.						
Net Return (%)	1.71	0.33	1.57		Compliance Statement: Sage Advisory Services, Ltd. Co. ("Sage") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sage has been independently verified for the period December 31, 2004 to December 31, 2022 by ACA Performance Services and for the period December 31, 2022 to December 31, 2023 by Ashland Partners & Company, LLP. The verification report is 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.						
Benchmark Return (%)	1.25	-0.33	1.35								

As of December 31, 2024

Firm Information: Sage is a registered investment advisor based in Austin, Texas. Sage specializes in Fixed Income, Balanced and Exchange Traded Fund ("ETF") investment management for insurance companies and other financial institutions, Taft-Hartley organizations, endowments, foundations, non-profit institutions, corporations, defined benefit plans, healthcare institutions, family offices and high net worth individuals. Sage does not utilize leverage, futures, or options in any portfolios included in the composites. A complete list and description of all firm composites is available upon request.

Composite Characteristics: The Core Aggregate Fixed Income Composite (the "Composite") consists of all non-wrap program discretionary, fee-paying accounts over \$1,000,000 that are managed for a full quarter according to this style. The Composite contains accounts investing primarily in fixed income securities. The Composite creation and inception date is April 30, 1999. Not every client's account in the Composite will have the identical characteristics. The actual characteristics with respect to any particular client account may vary based on a number of factors, including but not limited to: (i) the size of the account; (ii) the investment restrictions applicable to the account, if any; and (iii) the market conditions at the time of investment. Effective 3/1/2020, the Significant Cashflow Policy is defined as a cashflow equal or greater than 10% percent of the total account value on the day the cash flow is initiated. The account will be removed from the composite at the beginning of the month in which the significant cash flow occurs and added back to the composite on the first day of the month following the date that the account is fully invested. From 1/1/2013 through 2/29/2020 the Significant Cashflow Policy was defined as a cashflow equal or greater than 25%.

Composite Fee: The gross investment results for the Composite presented herein represent historical gross performance with no deduction for investment management fees but net of all trading expenses. Net returns are net of all trading expenses and are calculated by deducting 1/12th of the highest management fee on a monthly basis from the monthly gross composite return. The model fee is 0.35%. The fee schedule for the Composite is as follows: 0.35% for the first \$10 million; 0.25% for the next \$15 million; and 0.20% for the balance over \$25 million. Prior to 1/1/2020 the model fee was 0.40% and the fee schedule for the Composite was as follows: 0.40% for the first \$10 million; 0.35% for the next \$15 million; and 0.25% for the balance over \$25 million. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Please see Sage's Form ADV Part 2A for a full disclosure of Sage's fee schedules.

Composite Benchmark: Sage has reviewed the relevant universe of indices and has determined that the Bloomberg Aggregate Bond Market Index most closely resembles the Composite managed by Sage. The Bloomberg Aggregate Bond Market Index represents securities that are U.S. Treasuries, U.S. Agencies, U.S. investment grade corporates, mortgage pass-through securities, asset-backed securities, and secured notes having at least one year to final maturity.

Calculation Methodology: All valuations, gross, and net returns are based in U.S. Dollars and are computed using a time-weighted total rate of return. Periodic returns have been geometrically linked and annualized for all time periods longer than one year. Portfolio performance results include, and reflect, as applicable, the reinvestment of all interest, accrued income, cash, cash equivalents, realized and unrealized gains and losses. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Internal dispersion is the asset-weighted standard deviation of annual gross returns of those accounts included in the Composite for the entire year. If there are years whereby there are 5 or fewer accounts, the dispersion is N/A. The 3-year ex-post standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period. If there are years whereby there are fewer than 36 monthly returns available, the 3-year annualized ex-post standard deviation of this composite and its benchmark is N/A.

Risk Disclosures: Actual performance results may differ from Composite returns, depending on the size of the account, investment guidelines and/or restrictions, inception date and other factors. Past performance is not indicative of future returns. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses.

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