High Quality High Yield Fixed Income Strategy

Characteristics and Commentary

3rd Quarter 2025

Sage Advisory Services
5900 Southwest Parkway
Building 1, Suite 100
Austin, Texas 78735

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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 High Quality High Yield Fixed Income Composite returned +2.45% (gross) / +2.35% (net) vs. +2.30% for the Bloomberg Ba US HY 2pct Issuer Cap.

Attribution:
- Curve/Duration: -4 bps
- Sector/Selection: +19 bps (+14 bps/ +5 bps)

Primary contributors to relative performance:
- Sector: Slight underweight to High Yield
- Industry: Finance Companies, Consumer Non-Cyclical & Technology

Primary detractors to relative performance:
- Industries: Communications, Consumer Cyclical & Energy
- Curve: Positioning

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 to be in a position 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.

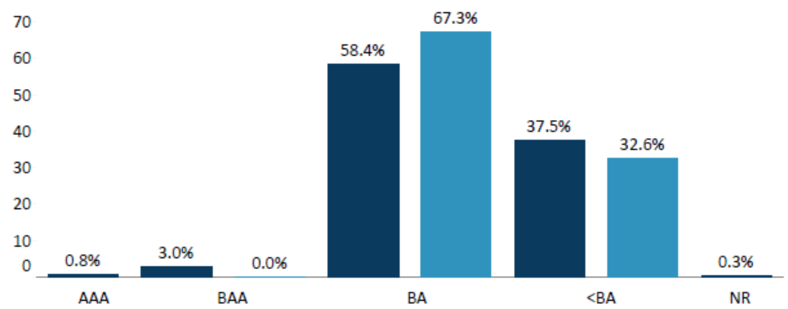
Performance attribution and commentary is in reference to the composite. Performance is as of 9/30/25.

High Quality High Yield Fixed Income Characteristics & Commentary

PORTFOLIO SUMMARY

As of Date	September 30, 2025
Portfolio Market Value	Composite
Benchmark	Bloomberg Ba US HY 2pct Issuer Cap

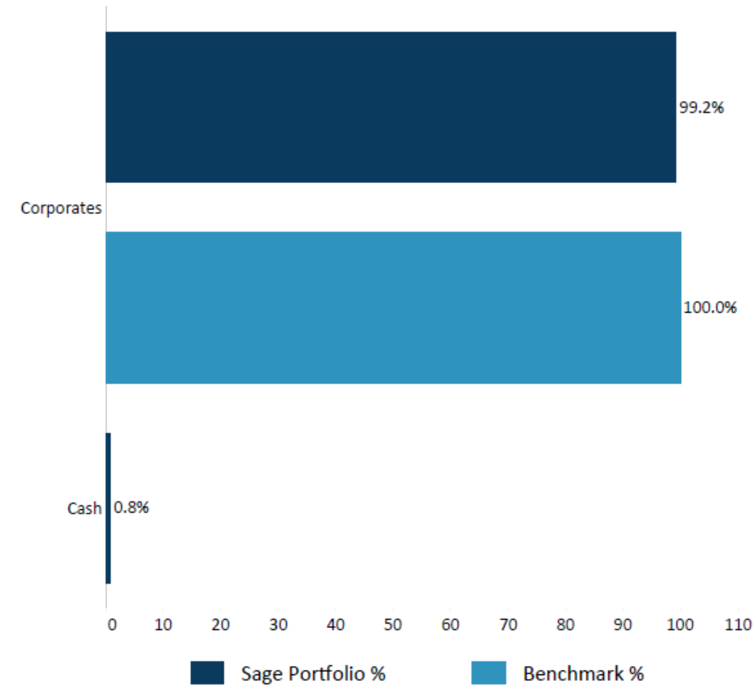
CREDIT RATING ALLOCATION



PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Yield to Worst	6.18%	6.13%
Coupon	6.72%	6.39%
Effective Maturity	3.83	3.76
Effective Duration	3.15	2.98
Average Credit Rating	Ba	BB-

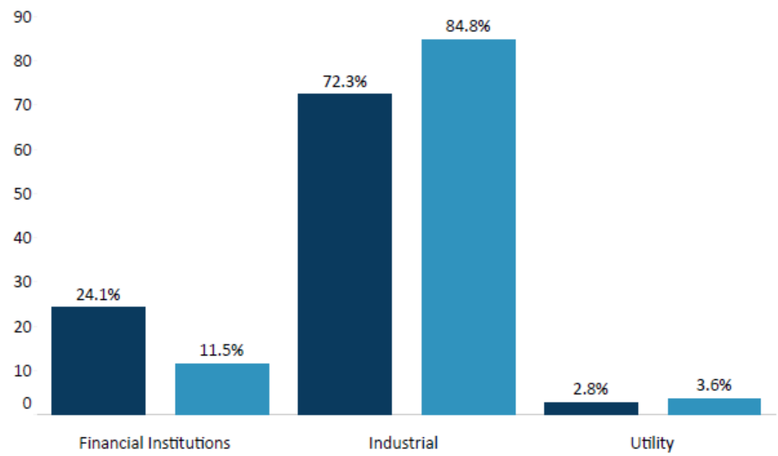
SECTOR ALLOCATION



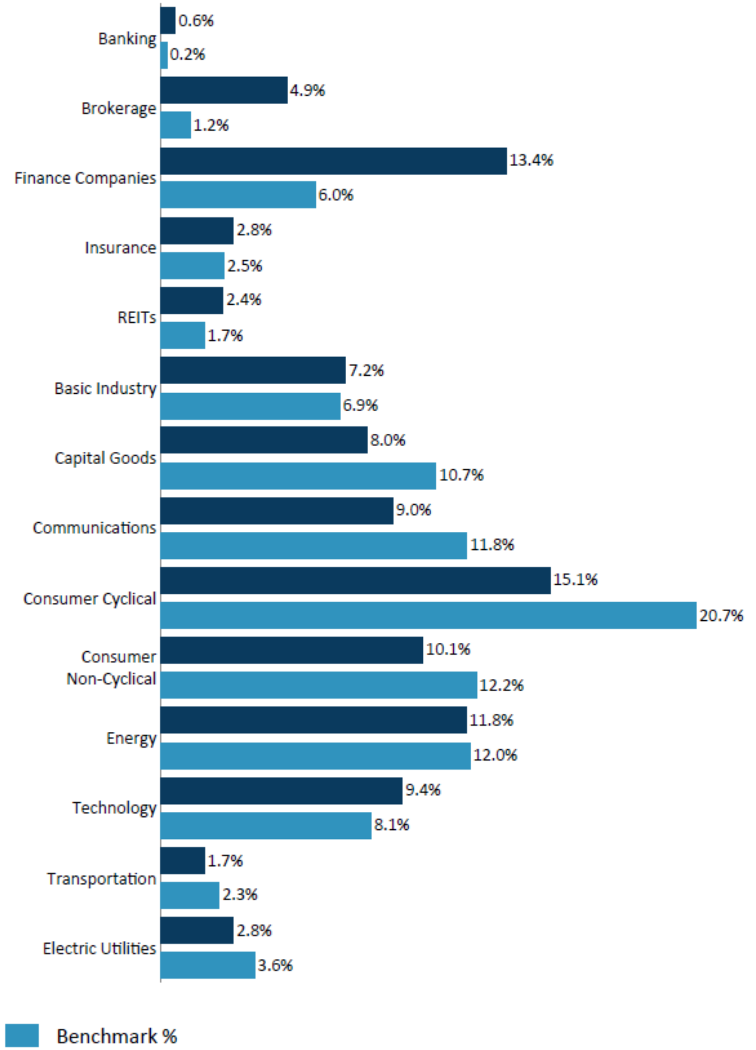
Information as of 9/30/2025. This information is supplemental to the GIPS presentation attached and is based on underlying composite accounts. Sage represents that the holdings, characteristics and risk profile are representative of the strategy/style. Please reference complete GIPS disclosures at the end of the presentation.

High Quality High Yield Fixed Income Characteristics & Commentary

CORPORATE SECTOR ALLOCATION



CORPORATE INDUSTRY ALLOCATION



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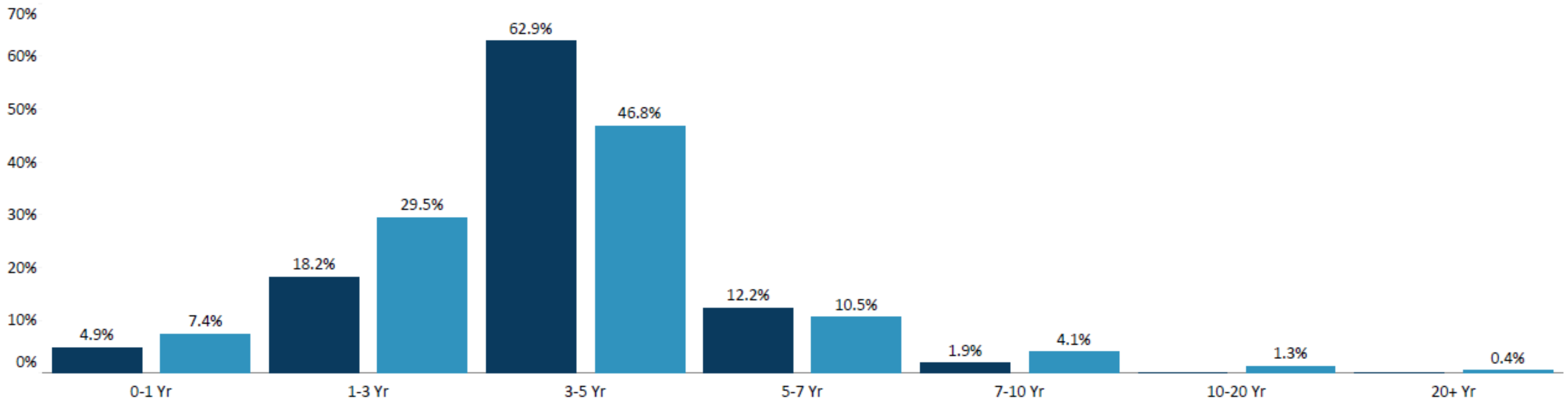
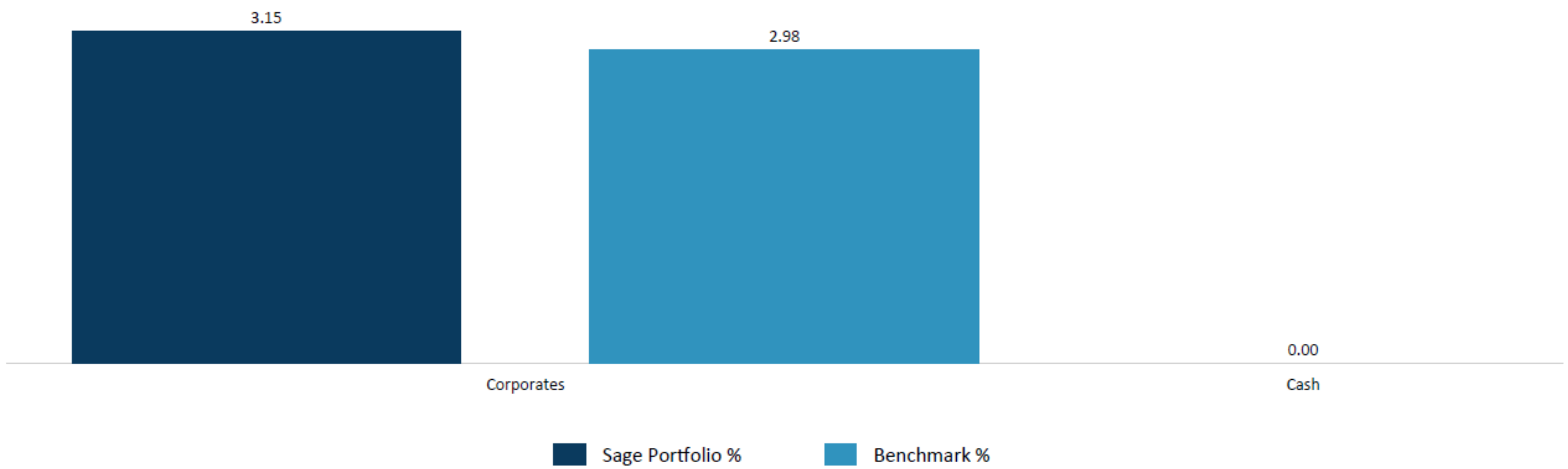
MARKET VALUE DISTRIBUTION BY MATURITY



CONTRIBUTION TO DURATION DISTRIBUTION BY SECTOR



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High Quality High Yield 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)
2023**	6.35	6.21	5.85	1				76	22,640	1,986	24,626
2024	7.77	7.34	6.77	2				271	24,912	1,881	26,793

	1 Yr	Since Inception
Gross Return (%)	7.77	10.80
Net Return (%)	7.34	10.36
Benchmark Return (%)	6.77	9.63

As of December 31, 2024

Returns for periods less than one year are not annualized.
**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.*

***Partial period returns beginning on inception date through year end.*

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, 2024 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.

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 list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.

Composite Characteristics: The High Quality High Yield 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 investment grade and non-investment grade corporate fixed income securities. The Composite creation and inception date is September 1, 2023. 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.

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 0.40%. The fee schedule for the Composite is 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 US High Yield Ba/B 2% Issuer Cap Index most closely resembles the Composite managed by Sage. The Bloomberg US High Yield Ba/B 2% Issuer Cap Index represents securities USD-denominated, high yield, fixed-rate corporate bonds that are Ba or B rated with Issuer exposure capped at 2%.

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.

IMPORTANT DISCLOSURES

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