

### MULTI-ASSET INCOME ALLOCATION PERFORMANCE

#### Contributors

- Income Equities
- Securitized
- High Yield Corporates

#### Detractors

- Mortgage REITs
- Leveraged Loans

Global markets struggled in the first quarter as the Iran war and resulting energy shock weighed on both equities and fixed income. Markets entered the quarter already contending with concerns around AI margins and private credit, but the escalation of the conflict in Iran triggered a sharp rise in energy prices, a deeper equity correction, and higher rates driven by near-term inflation fears. Inconsistent messaging from the Trump Administration amplified volatility in oil prices and broader markets, though by quarter-end, the damage, while widespread, remained modest. Global equities fell 3.3% for the quarter, while US investment grade bonds were roughly flat. Fortunately for the strategy, income-oriented equities outperformed and were positive on the quarter.

The MAI strategy was flat on the quarter. The best-performing segment was income equities, which proved resilient during market volatility. Additionally, the strategy's securitized allocation and high-yield corporates contributed positively to the strategy. Mortgage REITs, which we added during the quarter, experienced a drawdown given sharply higher rates due to the energy shock, although we believe the outlook for the segment remains positive given our outlook for a steepening yield curve and the segment's elevated yields.

#### Notable Portfolio Adjustments During the Quarter

- Trimmed High Yield
- Increased Loan Exposure
- Initiated Mortgage REITs

### TAX-AWARE MAI ALLOCATION PERFORMANCE

#### Contributors

- Income Equities
- High Yield Corporates

#### Detractors

- Mortgage REITs
- High Yield Municipals

The municipal bond market experienced a volatile first quarter, starting with strong performance driven by favorable seasonal dynamics before reversing amid a sharp rate repricing later in the period. Rising yields and heavier supply pressured intermediate maturities, resulting in pronounced curve steepening, while front-end rates remained well anchored and the long end proved comparatively resilient. Despite negative total returns, credit fundamentals held firm, with modest spread compression signaling steady demand and limited signs of stress. Overall performance was driven by rate volatility rather than credit deterioration.

On the quarter, the strategy was largely flat in terms of total return. We continue to harvest yield from diversified sources, with a particular focus on non-core municipal and traditional bond sectors. We continue to believe the coupon income from bonds will serve as the investor's primary source of total return this year.

The yield on aggregate investment grade municipal debt ended the quarter at 3.77%, while the average yield on high-yield municipal bonds was 5.66%.

#### Notable Portfolio Adjustments During the Quarter

- Exited High Yield
- Increased Loan Exposure
- Initiated Mortgage REITs

Disclosures: Sage Advisory Services, Ltd. Co. (Sage, we, our and us) is a registered investment adviser that provides investment management services for a variety of institutions and high net worth individuals. The information included in this report constitute Sage's opinions as of the date of this report and are subject to change without notice due to various factors, such as market conditions. This report is for informational purposes only and is not intended as investment advice or an offer or solicitation with respect to the purchase or sale of any security, strategy or investment product. Investors should make their own decisions on investment strategies based on their specific investment objectives and financial circumstances. All investments contain risk and may lose value. Past performance is not a guarantee of future results. No part of this Material may be produced in any form, or referred to in any other publication, without our express written permission. For additional information on Sage and its investment management services, please view our web site at [sageadvisory.com](http://sageadvisory.com), or refer to our Form ADV, which is available upon request by calling 512.327.5530.