# Moderate Term Fixed Income Strategy

## Characteristics and Commentary

4th Quarter 2025

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# Moderate Term Fixed Income Strategy Characteristics & Commentary

## Market Environment

- Markets faced multiple challenges during the quarter, including a record-breaking government shutdown, weak job data, and rising AI valuation concerns.
- Ultimately, markets recovered and investors gained policy clarity on a few fronts, including Fed cuts, and economic data showed overall resilience with a robust 4Q GDP number.
- Credit had positive performance as spreads remained historically tight, while MBS showed strength during the quarter as valuations in that space began to normalize on policy support.

## Quarterly Performance

The Moderate Term Strategy returned +1.33% (gross) / +1.24% (net) vs. +1.18% for the Bloomberg 1-5 Year Government Credit Index.

Attribution:
- Curve/Duration: -3 bps
- Sector/Selection: +18 bps (+14 bps/+4 bps)

Primary contributors to relative performance:
- Sector: Overweight Corporate Credit & Structured Finance
- Subsector: Overweight ABS & RMBS
- Industries: Banking, REITs & Electric

Primary detractors to relative performance:
- Sector: Underweight Treasuries
- Curve positioning
- Industries: Underweight Consumer Cyclical & Capital Goods

## Outlook

- The setup for fixed income in 2026 appears positive and similar to 2025 with decent yield carry and accommodative fiscal and monetary policies, albeit with less rate cuts than last year.
- This suggests fixed income investors should stay positioned for lower rates overall but more neutral early in the year, especially during peak midterm election campaign season.
- Consensus on spreads seems to be that they will “hold the line,” and there is a historical precedent (2003-2006) for spreads remaining tight if fundamentals stay firm.

## Positioning

- In the first quarter of 2026 we are neutral duration as we believe duration opportunities are likely to present themselves later in the year.
- We maintain a cautious stance on corporate credit risk, but we continue to outyield by leaning on security selection and an overweight to agency MBS – which still provides excess yield vs. credit at lower risk.
- In credit, we favor large banks, regulated utilities, and natural gas-centered energy businesses.

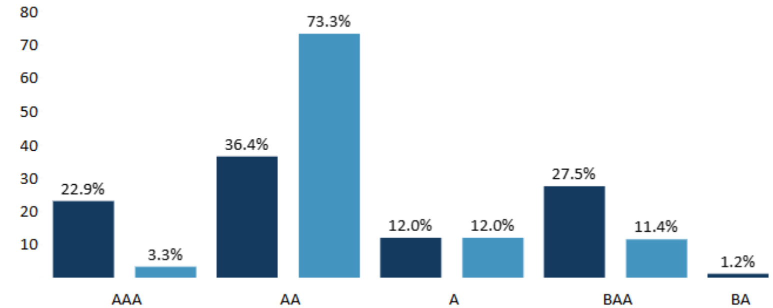
Performance attribution and commentary is in reference to the composite. Performance is as of 12/31/25.

# Moderate Term Fixed Income Strategy Characteristics & Commentary

## PORTFOLIO SUMMARY

| | |
|---|---|
| **As of Date** | December 31, 2025 |
| **Portfolio Market Value** | Composite |
| **Benchmark** | Bloomberg Govt - Credit 1-5 Yr |

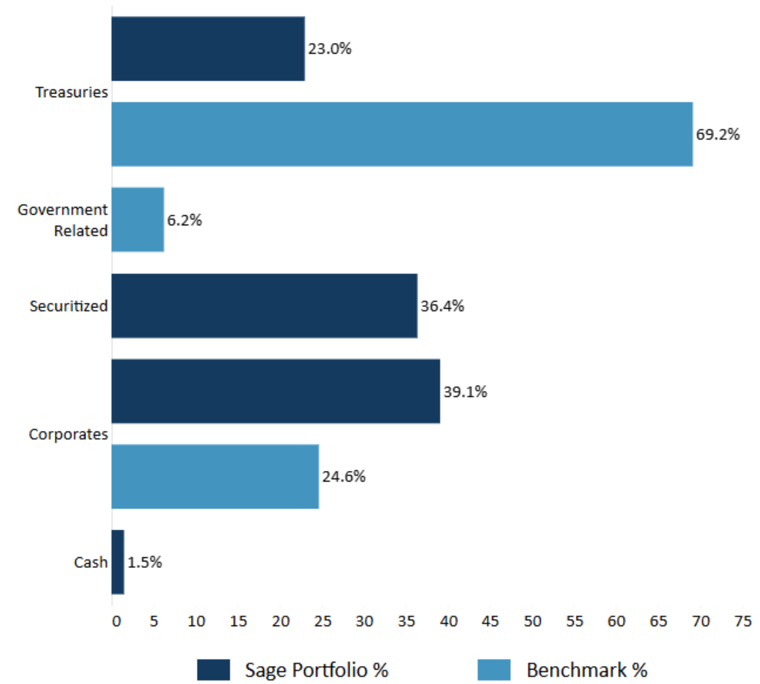
## CREDIT RATING ALLOCATION




## PORTFOLIO CHARACTERISTICS

| | Portfolio | Benchmark |
|---|---|---|
| **Yield to Worst** | 4.12% | 3.71% |
| **Coupon** | 4.42% | 3.43% |
| **Effective Maturity** | 2.93 | 2.81 |
| **Effective Duration** | 2.50 | 2.60 |
| **Average Credit Rating** | A | AA |

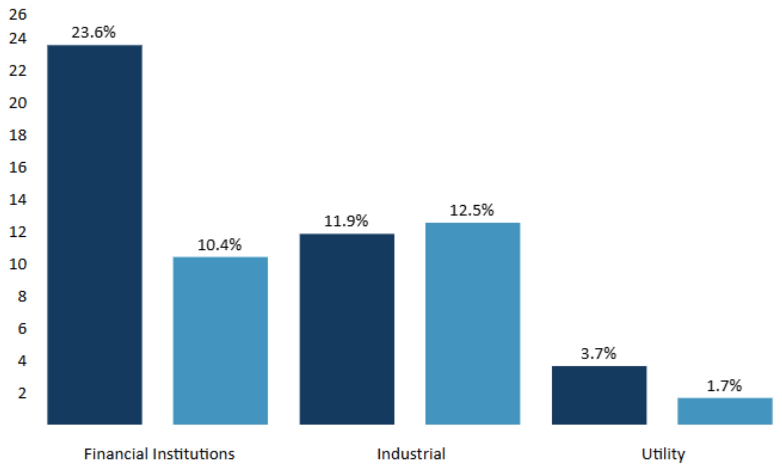
## SECTOR ALLOCATION



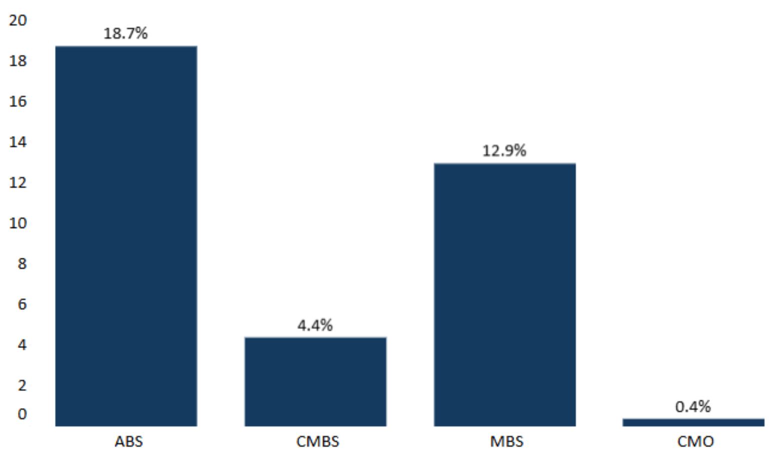

Information as of 12/31/2025. This information is supplemental to the GIPS presentation attached and is based on underlying composite accounts. Sage represents that the holdings, characteristics and risk profile are representative of the strategy/style. Please reference complete GIPS disclosures at the end of the presentation.

# Moderate Term Fixed Income Strategy Characteristics & Commentary

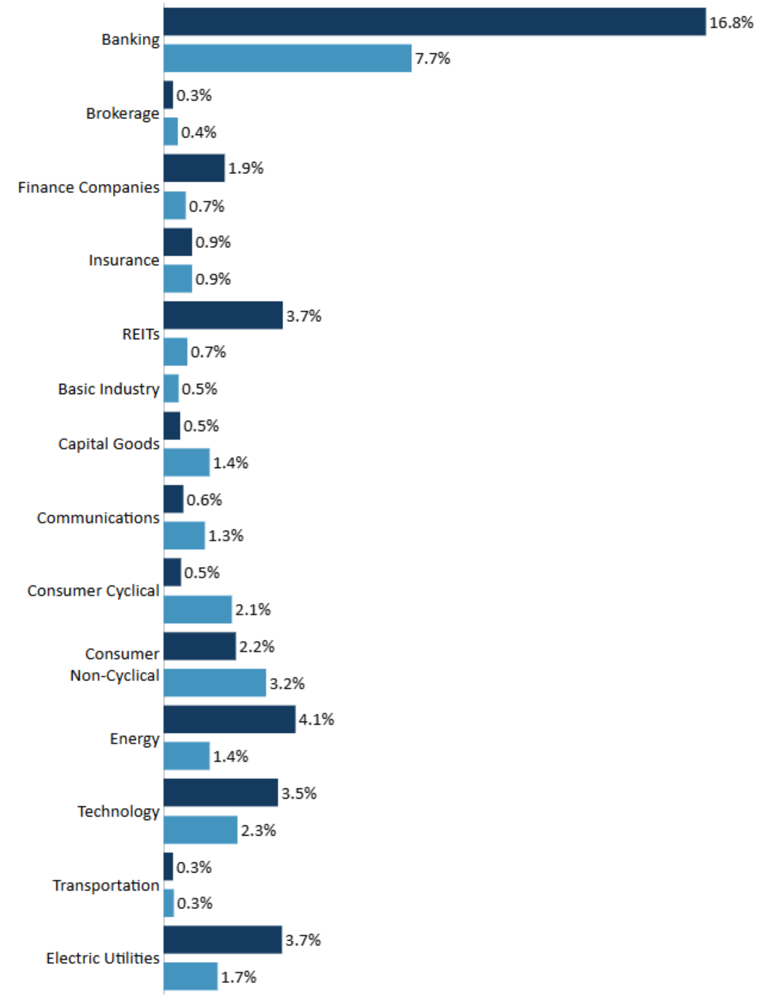
## CORPORATE SECTOR ALLOCATION




## SECURITIZED SECTOR ALLOCATION




## CORPORATE INDUSTRY ALLOCATION




Sage Portfolio % Benchmark %

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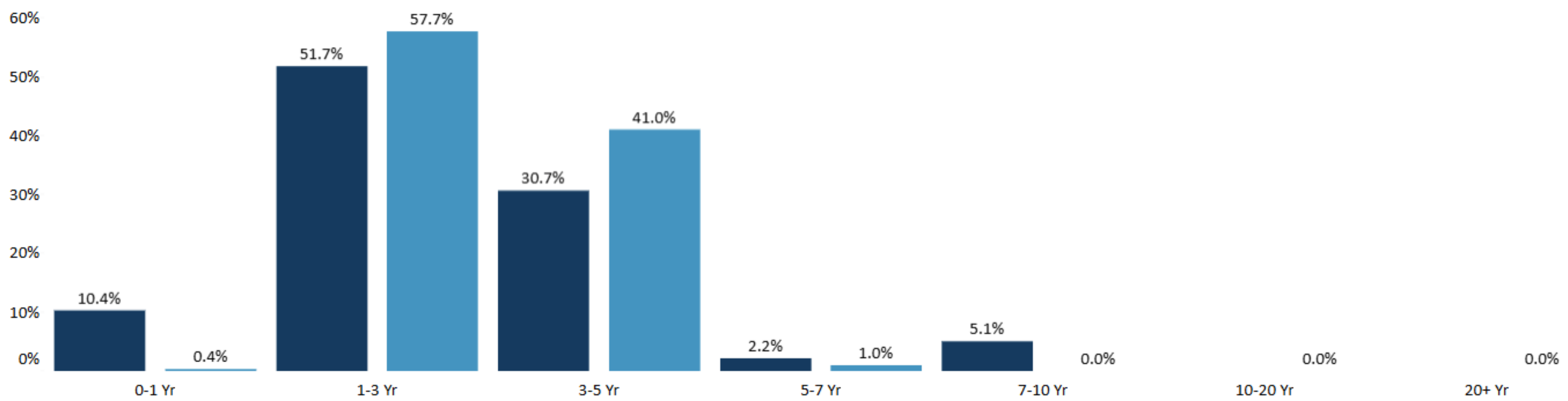
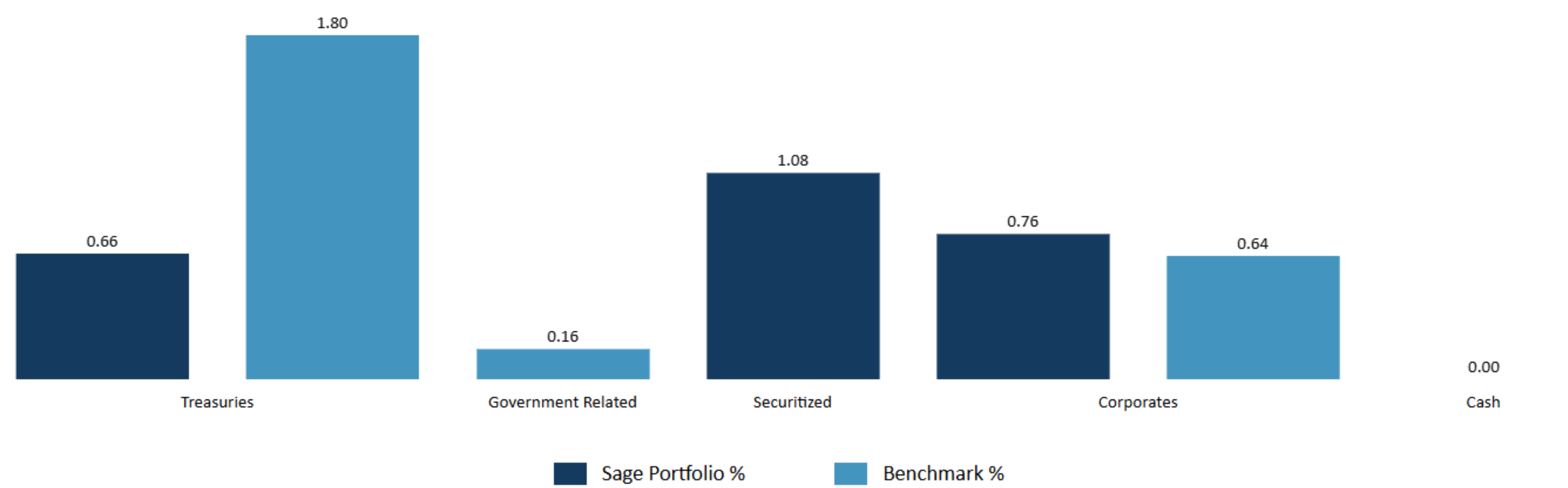
# Moderate Term Fixed Income Strategy Characteristics & Commentary

## MARKET VALUE DISTRIBUTION BY MATURITY




## CONTRIBUTION TO DURATION DISTRIBUTION BY SECTOR

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# Moderate Term 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) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2016 | 1.74 | 1.39 | 1.56 | 14 | 1.18 | 1.35 | 0.05 | 586 | 10,183 | 1,809 | 11,992 |
| 2017 | 1.90 | 1.55 | 1.27 | 12 | 1.15 | 1.29 | 0.06 | 491 | 10,808 | 1,904 | 12,712 |
| 2018 | 1.41 | 1.06 | 1.38 | 12 | 1.16 | 1.35 | 0.03 | 573 | 11,062 | 1,677 | 12,739 |
| 2019 | 5.72 | 5.35 | 5.01 | 8 | 1.25 | 1.36 | 0.17 | 497 | 12,798 | 1,823 | 14,621 |
| 2020 | 5.44 | 5.07 | 4.71 | 7 | 2.45 | 1.47 | | 313 | 13,731 | 1,961 | 15,691 |
| 2021 | -0.51 | -0.86 | -0.97 | 9 | 2.48 | 1.46 | 0.11 | 377 | 15,053 | 2,491 | 17,544 |
| 2022 | -5.05 | -5.38 | -5.50 | 11 | 3.22 | 2.53 | 0.05 | 523 | 15,286 | 2,036 | 17,322 |
| 2023 | 5.54 | 5.17 | 4.89 | 10 | 3.09 | 3.11 | 0.25 | 378 | 22,640 | 1,986 | 24,626 |
| 2024 | 4.24 | 3.88 | 3.76 | 8 | 3.47 | 3.48 | | 288 | 24,912 | 1,881 | 26,793 |
| 2025 | 6.66 | 6.29 | 6.11 | 8 | 2.61 | 2.61 | 0.10 | 244 | 28,347 | 1,859 | 30,206 |

| | 1 Yr | 5 Yr | 10 Yr |
|---|---|---|---|
| Gross Return (%) | 6.66 | 2.08 | 2.65 |
| Net Return (%) | 6.29 | 1.73 | 2.29 |
| Benchmark Return (%) | 6.11 | 1.56 | 2.17 |

*As of December 31, 2025*

*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.*

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Composite Characteristics: The Moderate Term Composite (the "Composite") consists of all non-wrap program discretionary, fee-paying accounts over $1,000,000 that are managed for a full month according to this style. The Composite contains accounts investing primarily in fixed income securities. The Composite creation and inception date is August 31, 1997. 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 1/1/2014 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. 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 1-5 Year Government/Credit Bond Market Index most closely resembles the Composite managed by Sage. The Bloomberg 1-5 Year Government/Credit Bond Market Index represents securities that are U.S. Treasuries, U.S. Agencies, U.S. investment grade corporates, foreign debentures and secured notes with maturities from one year up to, but not including, five years.

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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