

Core Plus Municipal ETF Strategy

Performance Commentary | Fourth Quarter 2025

CORE PLUS MUNICIPAL ALLOCATION PERFORMANCE

The municipal bond market in 2025 was defined by remarkable resilience amid record-breaking supply and a dynamic macroeconomic backdrop. Gross issuance soared to a new high. Despite heavy supply, the market absorbed new issuance with relative ease, thanks to robust demand from ETFs, which captured most fund inflows. As a result, tax-exempt municipals outperformed Treasuries in the latter half of the year, supported by declining rates and a favorable technical environment. High yield munis lagged given their long duration profile and heavy reliance on the transportation sector.

Despite the volatility in the municipal bond sector, the strategy delivered a positive quarterly return. We continue to harvest yield from diversified sources, with a particular focus on municipal sectors. 2026 is setting up to be a year where the coupon income from bonds will serve as the investor's primary source of total return.

Quarter Highlights

Contributors

- Core Active Munis
- Muni Green Bonds

Detractors

- All Segments Positive

Notable Portfolio Adjustments During the Quarter

- No Notable Changes

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