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Tax Exempt Fixed Income Overview

September 2025

*Serving the institutional and
private client communities
with high quality fixed income
since 1996.*

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

SAGE | INVEST WITH WISDOM™



Firm Overview

Who We Are

- Founded in 1996
- 100% employee operated
- 18-member investment team has an average industry experience of 17 years
- Deliver fixed income SMAs across the yield curve
- \$2 billion in Municipal AUM

Why Sage

Agility

Our size and independence as an employee-controlled firm enable us to take a nimble approach.

Alignment

We customize the investment experience to align with each client's unique objectives and needs.

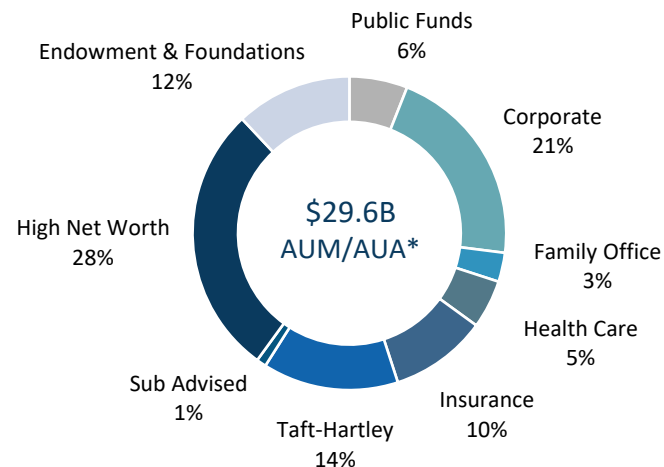
Consistency

We have a tenured investment team and proven process that enable us to deliver expected results.

Culture

We are committed to cultivating a culture of service and trust among our clients, our employees, and our community.

Who We Serve



Investment Team

Chief Investment Officers

Robert G. Smith, III, AIF® & CIMC  **Thomas H. Urano, CFA** 
President & Co-CIO Co-CIO

Expert Team Specializing in Institutional Fixed Income

- Average industry experience is 17 years
- Average tenure at Sage is 12 years
- 12 CFA charterholders

Portfolio Management & Trading

Jeffery S. Timlin, CFA, CMT  **Nicholas C. Erickson, CFA**
Managing Partner | Municipal Vice President | Securitized

Seth B. Henry, CFA  **Brett J. Adelglass, CFA**
Partner | Securitized Associate | Municipal

Andrew K. Demand, CFA  **Nicholas A. Barnard, CFA**
Partner | Credit Associate | Securitized

David L. Luria, CFA **Alex Bender, CFA**
Vice President | Credit Associate | Credit

Research & Strategy

Robert D. Williams, CFA 
Chief Investment Strategist

Komson Silapachai, CFA 
Partner | Sr. Strategist

Andrew S. Poreda, CFA 
VP, Sr. Research Analyst | LDI,
Responsible Investing

Emma L. Harper, CIMA
VP, Institutional Research, Client
Relations | Responsible Investing

Jae Y. Song, ASA
VP, Sr. Research Analyst | LDI

Douglas A. Benning
VP, Sr. Research Analyst | General

Xochitl C. Maldonado
Research Analyst | Quantitative

Andrew Bui
Research Analyst | LDI

 Investment Committee

Making a Difference Through a Tailored Approach

Sage Value Add

Strategy Transition

- Expedited investment of cash, aim to be >80% invested in 2 weeks
- Ability to accept existing bonds to support with manager transition

Client Service

- Access to PMs and traders, and client service representatives
- Tax-gain/loss selling available at the discretion of the client
- Low fee structure and superior service

Sage Municipal Portfolios

- Manager attributes provide unique access to limited market segments
- Tax-free income focus for all our municipal strategies
- Investors own all the bonds within their SMA portfolios

Customization Options

Credit Quality

Restrict, limit, or expand certain ratings categories

Targeted Investing

Limit or exclude certain sectors or securities

Maturity/Duration

Target a max maturity or duration, or ladder the portfolio

Cash Flow Alignment

Align portfolio with known income distribution needs

Transition Management

Gradually transition securities from an existing portfolio

Maximum Tax Efficiency

Solve for clients' unique tax situations



Sage Investment Philosophy & Process

Our Approach

Investment Philosophy

We believe that over complete market cycles, consistent returns are driven by income generation, value opportunities, and rigorous risk management practices.

Generate Income

Generate a consistent income advantage by harvesting a diversified set of risk premiums: duration, credit, structure and liquidity.

Capture Value

Capture value opportunities by taking advantage of market dislocations due to unexpected volatility or market inefficiencies.

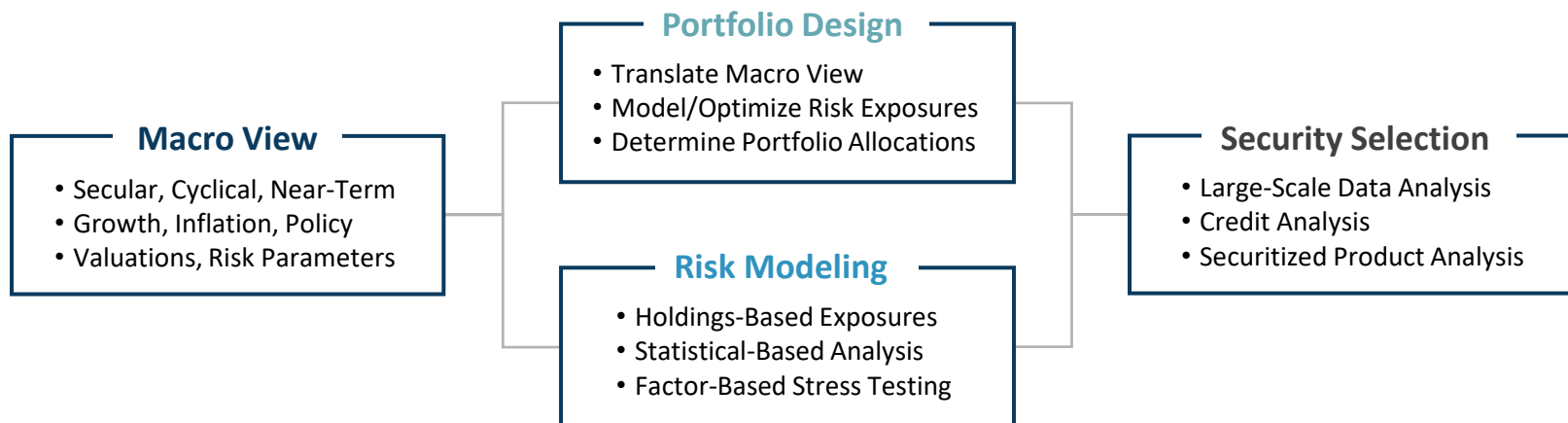
Manage Risk

Actively manage portfolio-level risk to ensure alignment with investment outlook and client objectives.

Our Approach

Investment Process

Our teams work together to balance the development of our macro views with thoughtful portfolio design, value-driven security selection, and active risk management.



Our Approach

Risk Management

We believe that successful risk management requires a multi-dimensional approach utilizing holdings, statistical, and factor-based analysis.

Holdings-Based Measures

Traditional risk measures such as key rate durations, sector exposures, quality distributions, and spreads – relative to market-based indices or custom liability-driven benchmarks.

Statistical-Based Analysis

Analysis of exposures to key factors that impact fixed income portfolios (rates, volatility, spreads, etc.) and the determination of factor contributions, the expected volatility of returns, and tracking error.

Factor-Based Stress Testing

Dynamic scenario testing across simple, historical, and more complex hypothetical factor-based events to determine the distributions of expected returns and tail-risk sensitivities.

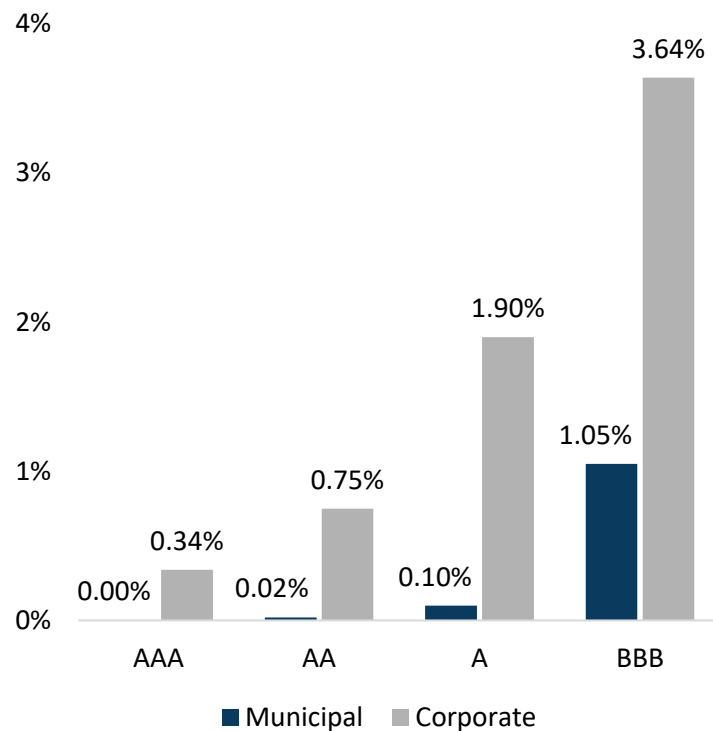


Municipal Investment Philosophy

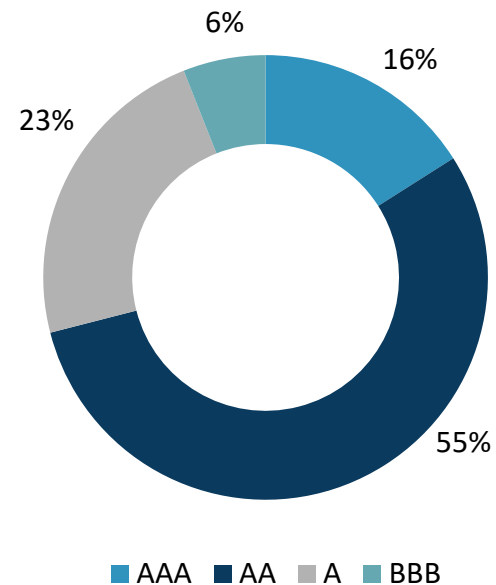
Core Investment Tenets

Municipal IG Defaults Are Extremely Rare and Overall Credit Quality is Strong

Moody's Cumulative Default Rates

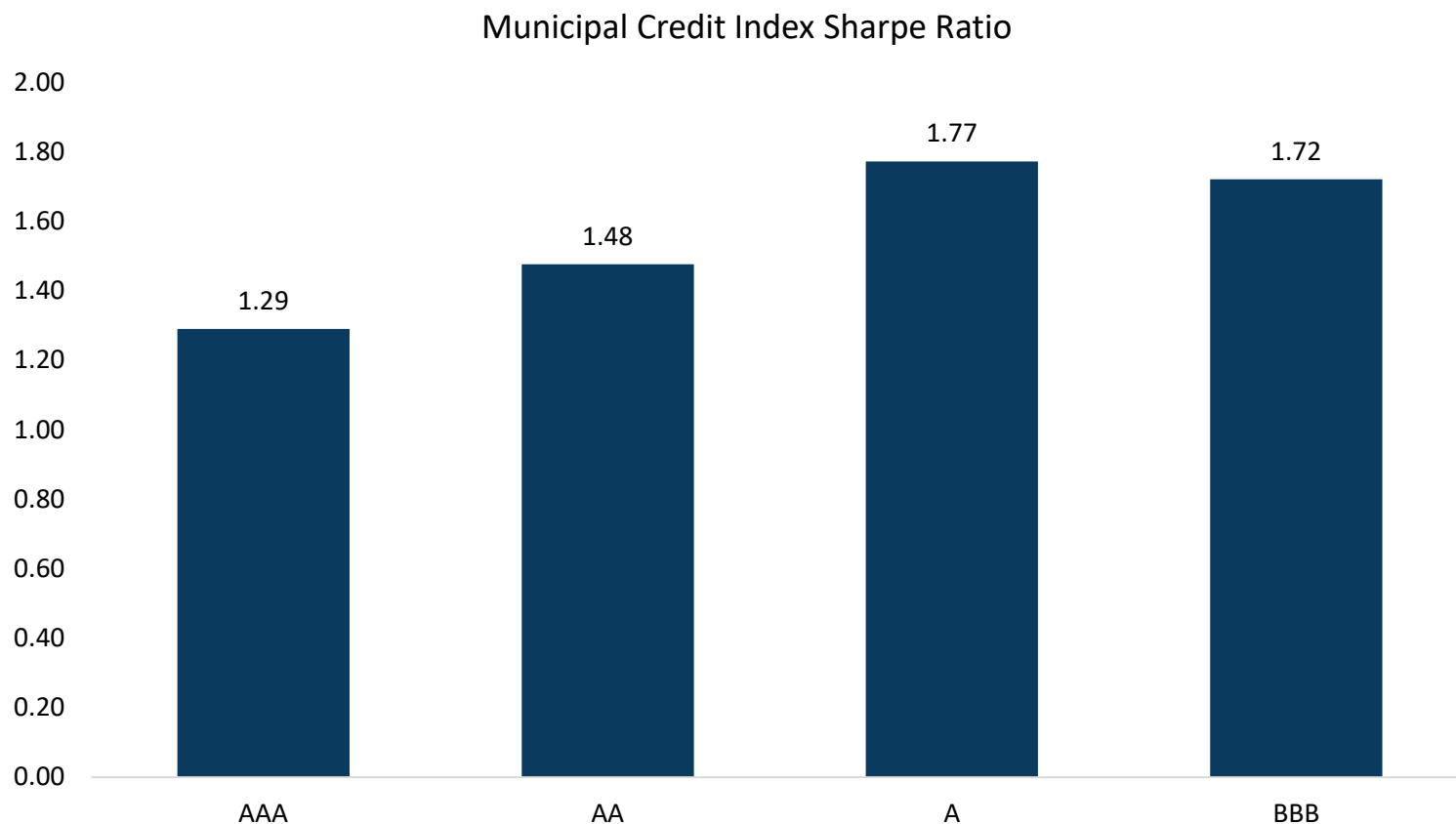


Distribution of Credit Ratings



Core Investment Tenets

Municipal Single A Credits Provide the Most Optimal Risk/Reward Opportunity Set



The Benefits of Sage SMAs

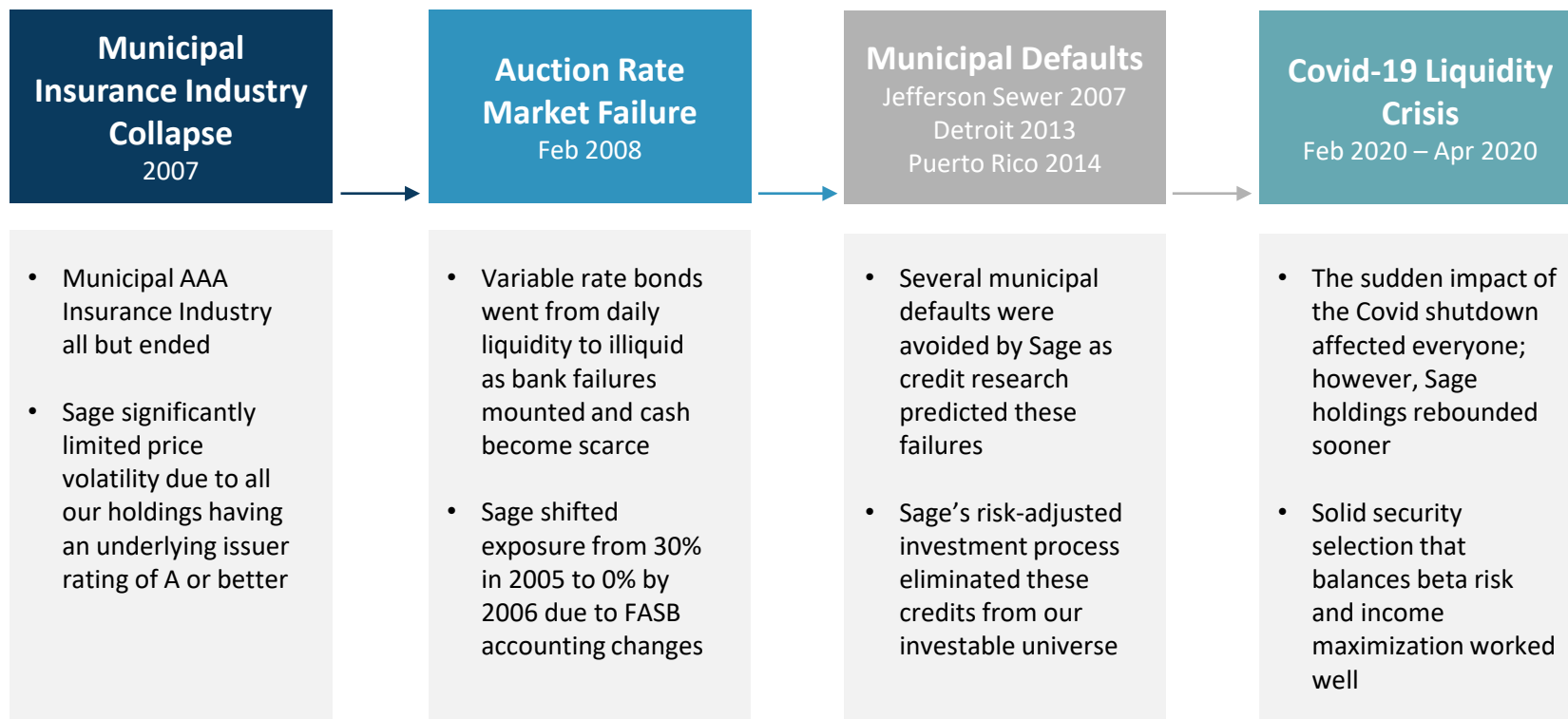
Our Size Makes Us Unique

Optimized Risk/Return Approach		Security Selection Alpha				Muni Deal Sizes Enable Diversification			
Average Quality			Best 1Y Excess Return*	Worst 1Y Excess Return*	>3% Drawdown Periods		Strategy Assets	1% Position	4% Avg Position
Sage	A	AA	2.68%	-0.95%	0	Sage	\$2B	\$20M	\$80M
Avg SMA	AAA/AA	A	5.88%	-3.19%	1	Avg Top 25 Muni Fund	\$25B	\$250M	\$1B
Avg Fund	BBB	BBB	11.80%	-7.69%	17	*Average muni issue size is \$55M			
Sage focuses on A rated credits because it provides the best return opportunity per unit of risk (A credits have the highest Sharpe ratio).		Sage has the agility needed to capture market dislocations by investing across the investment grade spectrum that could potentially enhance price return.				Sage’s size allows clients to have access to a larger universe of opportunities.			

With 50+ broker/dealer direct relationships and multiple electronic trading platforms

Sage Core Tenets At Work

Risk Management Framework Can Help to Navigate Municipal Market Challenges





Municipal Investment Process

Municipal Team and Department Structure

Portfolio Management & Trading

Sage's structure enables seamless integration of data inputs to final security selection.

Jeffery S. Timlin, CFA, CMT

Lead Portfolio Manager

Brett J. Adelglass, CFA

Head of Research

Nicholas C. Erickson, CFA

Senior Portfolio Manager

Research Analysts & IT Engineers

Research/IT Analyst Integration: financial models are designed to replicate dedicated research analyst capabilities.

Douglas A. Benning

VP, Sr. Research Analyst

Emma L. Harper

VP, Sr. Research Analyst

Xochitl C. Maldonado

Research Analyst

Paul Vonder Haar

Data Architect

IT Systems

Technology and automation are instrumental in providing speed, accuracy and dependability.

Bloomberg BQuant

Aladdin Risk Management

CRD Trade Order Management

Snowflake AI Data Cloud

Sage Proprietary IT Tools

Top-Down Investment Process at Work

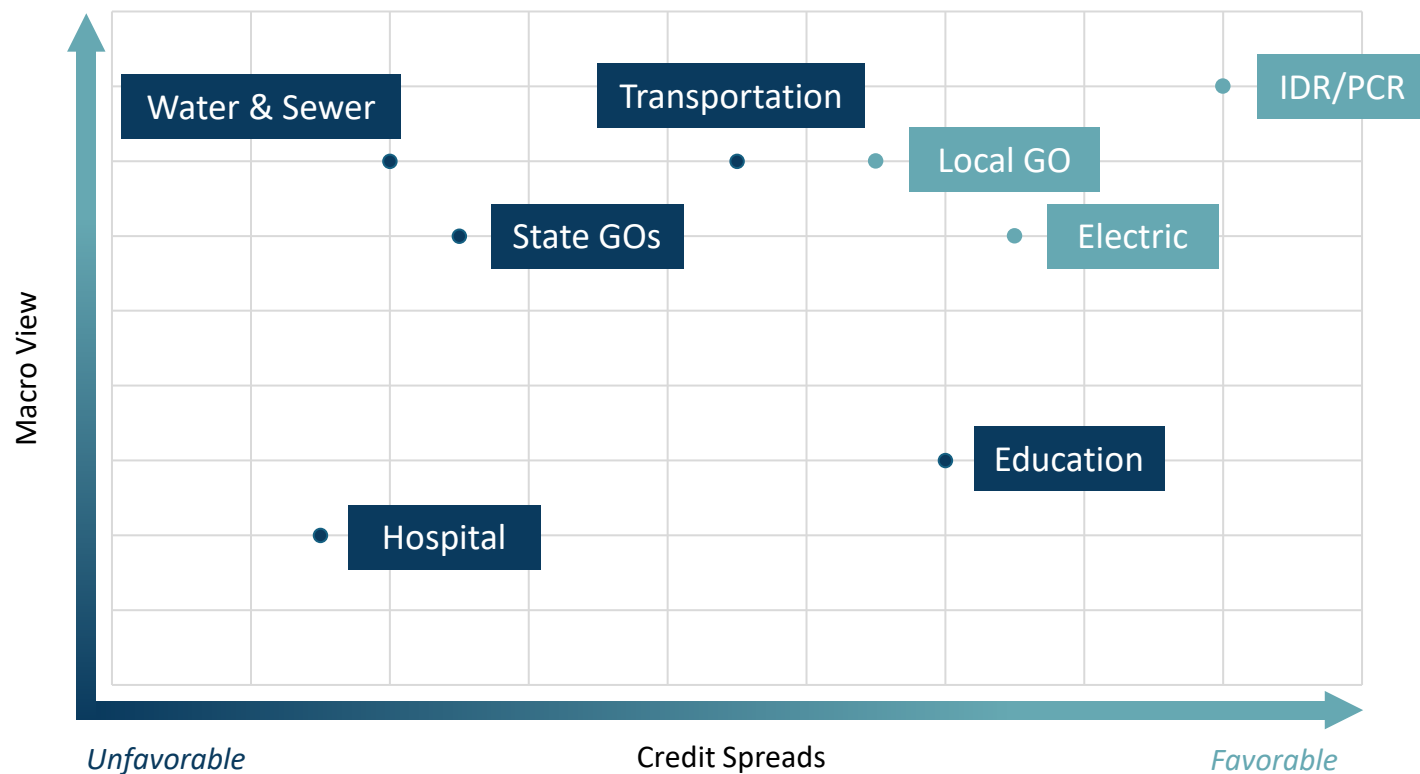
Quantitative and Qualitative Screening Tools Deliver High-Value Universe



- Customized quantitative tools analyze large pools of numerical data for objective insights and near instantaneous outputs.
- Provides refined list of high conviction states, sectors, credits, and issuers to maximize tax-free income, manage risk, and increase positive excess return.
- Historic valuation analysis and real-time price discovery reveals market dislocations that enable targeted buy/sell decisions.
- Utilize multiple trading platforms that provide market assessment tools to verify market depth and enhanced execution.

Sector Level Analysis

Analyze credit spreads and macroeconomic factors to determine whether we have a favorable, neutral, or unfavorable view of each sector.



Sage Fundamental Ratings

Assign individual ratings to key fundamental metrics, such as liquidity, scale, and leverage. Fundamental factor ratings are weighted to derive an overall investment rating, providing a comprehensive assessment that can be compared to public ratings from agencies like Moody's or S&P.

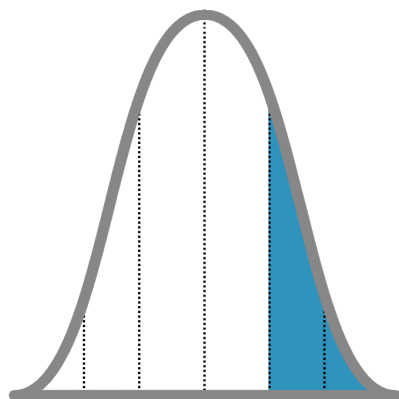
Issuer	Scale	General Fund Reserves	General Fund Cash	Government-Wide Reserves	Total Leverage	Financial Trend	Sage Overall Rating	Rating Agency Rating	Rating Differential
City of Mount Pleasant TX	BBB-	BBB	B	BBB-	BBB+	Declining	BBB-	A+	-5
City of Fargo ND	BBB	AA	AA-	BBB	BBB+	Declining	A-	AA	-4
City of Pearland TX	BBB-	AA+	A+	A	BBB	Declining	A	AA+	-4
City of Waterbury CT	AA+	BBB-	A-	A-	A	Stable	BBB+	AA-	-4
Adams & Arapahoe Joint School CO	AAA	A	A+	BBB+	AA-	Declining	A	AA+	-4
Hayward Unified School District CA	AA-	BBB-	AA	BBB-	BBB	Declining	BBB	A+	-4
Shaler Area School District PA	BBB-	BBB+	BBB	BBB	BBB+	Declining	BBB	A+	-4
City of Columbus OH	AAA	AA	AA	AA+	BBB+	Declining	AA-	AAA	-3
City of Petersburg VA	BBB-	AAA	AAA	AAA	AAA	Stable	AAA	AA-	3
City of North Las Vegas NV	A	AAA	AAA	AAA	AA+	Declining	AAA	AA-	3
City of Kearney NE	BBB-	AAA	AAA	AAA	AA	Stable	AA+	A+	3
City of Millbrook AL	BBB-	AAA	AAA	AAA	A+	Improving	AAA	AA-	3
City of Medford OR	BBB-	AAA	AAA	AAA	AA+	Improving	AAA	AA-	3
City of Sevierville TN	BBB-	AAA	AAA	AAA	AA+	Improving	AAA	AA-	3
Griffin-Spalding County GA	BBB	AAA	AAA	AA	AA	Improving	AA+	A+	3
School District of Philadelphia PA	AAA	AA	AA-	BBB+	AA-	Improving	A+	BBB	4
Allentown City School District PA	AA	A	AA	A	AA	Improving	A+	BBB	4
Euclid City School District OH	BBB-	AAA	AAA	AA+	A	Improving	AA	A-	4
City of Detroit MI	AAA	AAA	AAA	AA	A	Stable	AA+	BBB	7

Security Selection Process

Proactively Search for Undervalued Opportunities

Deep Dive on High Value Credits

Focus on securities with attractive absolute and relative valuations.



Normal Distribution Plot

Market Assessment

Portfolio managers assess liquidity, supply/demand, and market constraints.



Establish Position

Purchase securities that meet our criteria and monitor existing holdings.

Bottoms-Up Process

- ↑ Purchase Bond
- ↑ Negotiate Best Execution
- ↑ Identify Unique Risk Factors
- ↑ Affirm Rating

New Issue Market Opportunities

Engage in weekly New Issue deals that provide the best opportunity set and offer an attractive new issue discount

Issuer: NJ Trans Trust Fund Authority

Deal Size: 1.787 billion

Debt Outstanding: \$50 billion

State: New Jersey

Sector: Appropriation

Credit Rating

A2/A-/A Stable

Index/Sage Weighting

1.2% / 4.0%

Callable

10 Year

Issue Spread Talk

2Y = 40 bps

5Y = 50 bps

10Y = 65 bps

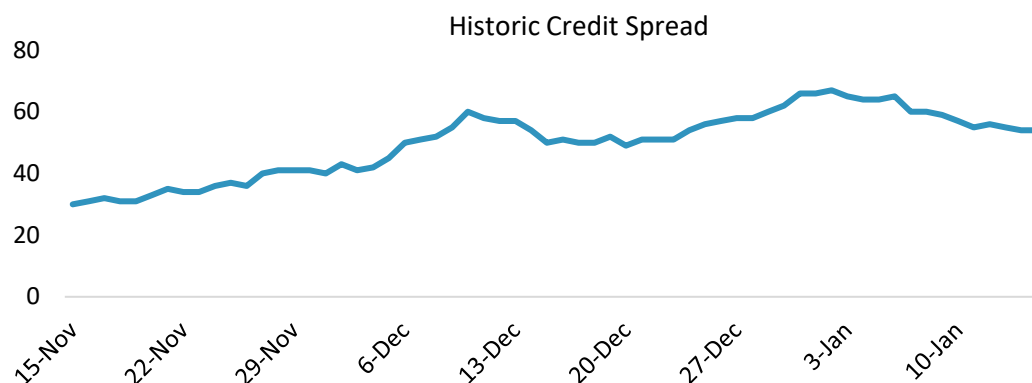
30Y = 85 bps

Mat Cpn Structure

1Y-20Y = 5.0%

25Y = 4.5%

30Y = 4.0%



Spread Summary	
Last	54.0
Mean	49.9
Off Avg	4.1
Std Dev	10.7
Std Dev from Mean	1.1
Percentile	84.5
High	67.0
Low	30.0

Daily Bid-Wanted List Participation

Ability to screen hundreds of bonds daily out for the bid to source attractively valued opportunities

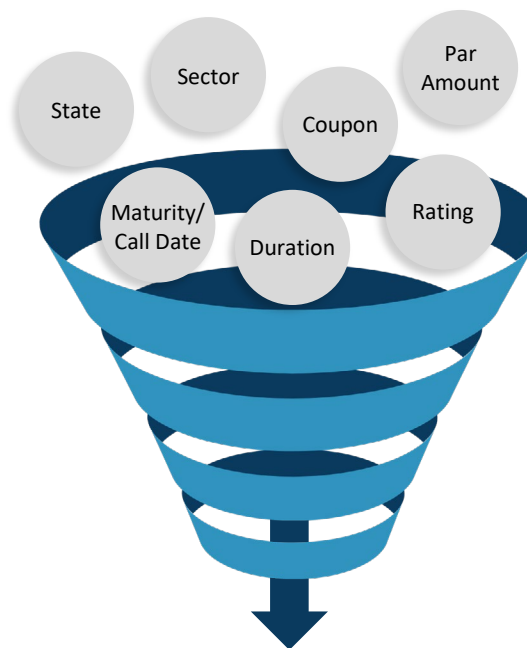
Summary

- Hundreds of block size offerings are available to bid daily
- Sage has the ability to assess multiple unique factors that contribute to the value of a bond
- Sage's bond screener and algorithmic pricing model utilize vast amounts of historic trade data to determine fair bid-side market value
- Sage can adjust our bid to take advantage of market liquidity and various technical factors

Sage Screener/Algo Price Model

- Large database of historic trades
- Sage utilizes custom filters to define the parameters of bonds we are looking to bid/source
- Outputs are bonds to bid that fit our portfolio needs

Bond Characteristics/Factor Data



Sage Bid Opportunities

Secondary Market Offering Screener

Screen through thousands of daily dealer offerings, and quickly source bonds that are being offered cheap to their fair market value.

Issuer	CUSIP	Coupon	Maturity	Next Call Date	Duration	Dealer Offering Yield	Fair Value	Discount to Fair Value	G-Spread
Hamilton WI Sch Dist	408172HV	4	4/1/2039	4/1/2033	9.87	3.93	3.75	0.18	41.58
Cook Cnty IL Cmnty Clg Dist #5	213187DM	5	12/1/2047	12/1/2027	8.16	4.60	4.43	0.17	49.54
Anoka Cnty MN	03621PAN	4	2/1/2039	2/1/2032	9.52	3.94	3.78	0.16	44.97
Hayward CA Wstwtr Revenue	421296AP	4	3/1/2044	3/1/2035	12.94	4.04	3.91	0.13	16.45
Hawkeye IA Cmnty Clg	42015RDG	4	6/1/2036	6/1/2031	7.45	3.52	3.45	0.07	33.39
Hayward CA Wstwtr Revenue	421296AR	4	3/1/2046	3/1/2035	13.93	4.16	4.09	0.07	18.91
Elizabethtown KY Indep Sch Dist	286884KF	5	3/1/2036	3/1/2033	7.07	3.47	3.44	0.03	34.05
Harris Cnty TX	4140052W	5	9/15/2034	N/A	7.74	3.24	3.21	0.03	18.32
Highland Park TX Indep Sch Dist	430686SN	5	2/15/2039	2/15/2035	9.06	3.51	3.49	0.02	14.28
Auburn Univ AL Gen Fee Revenue	050589SU	5	6/1/2032	N/A	6.14	3.00	2.98	0.02	9.52
Canyons Sch Dist Local Bldg AU	139083BS	5	6/15/2036	6/15/2034	7.76	3.30	3.28	0.02	15.47
California ST Public Wks Brd	13068XDA	4	11/1/2037	11/1/2031	8.31	3.50	3.49	0.01	25.87
Dist of Columbia Income Tax	25477GUL	5	7/1/2034	7/1/2032	6.31	3.18	3.17	0.01	16.43
Brighton CO Wtr Activity	10932PGZ	5	6/1/2039	6/1/2035	9.30	3.47	3.46	0.01	9.40
East Centrl TX Indep Sch Dist	271515A5	5	8/15/2036	8/15/2034	7.99	3.35	3.35	0	20.04

IMPORTANT DISCLOSURES

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