

Visit our website!



ETF Strategies

4Q 2025

Strategy Overview

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

SAGE | INVEST WITH WISDOM™

Who We Are

- Founded in 1996
- 100% employee operated
- 17-member investment team has an average industry experience of 18 years

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.

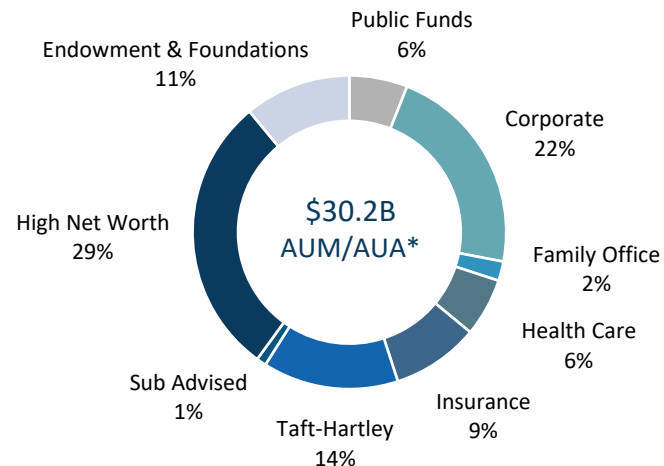
Consistency

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



Executive Leadership

Robert G. Smith, III, AIF® & CIMC

*President & Co-CIO
56 Years*

Thomas H. Urano, CFA

*Co-CIO
30 Years*

Robert D. Williams, CFA

*Chief Investment Strategist
29 Years*

Michael D. Walton, AIF®

*Managing Partner
29 Years*

Robert W. Moser, CIMA®, CRPC, CFIP

*Managing Partner
26 Years*

Investment Management

Portfolio Management

Research & Strategy

Relationship Management

Institutional

Private Client

Marketing Services

Enterprise Management

Information Technology

Operations

Administration

Organizational Committees

Executive — Investment — Operating — Vendor Oversight — GIPS Oversight — Brokerage Oversight

Investment Team

Chief Investment Officers

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

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

 Investment Committee

Expert Team Specializing in Institutional Fixed Income

- Average industry experience is 18 years
- Average tenure at Sage is 13 years
- 12 CFA charterholders

Research & Strategy

Robert D. Williams, CFA  **Jae Y. Song, ASA**
Chief Investment Strategist VP, Sr. Research Analyst | LDI

Komson Silapachai, CFA  **Douglas A. Benning**
Partner | Sr. Strategist VP, Sr. Research Analyst | General

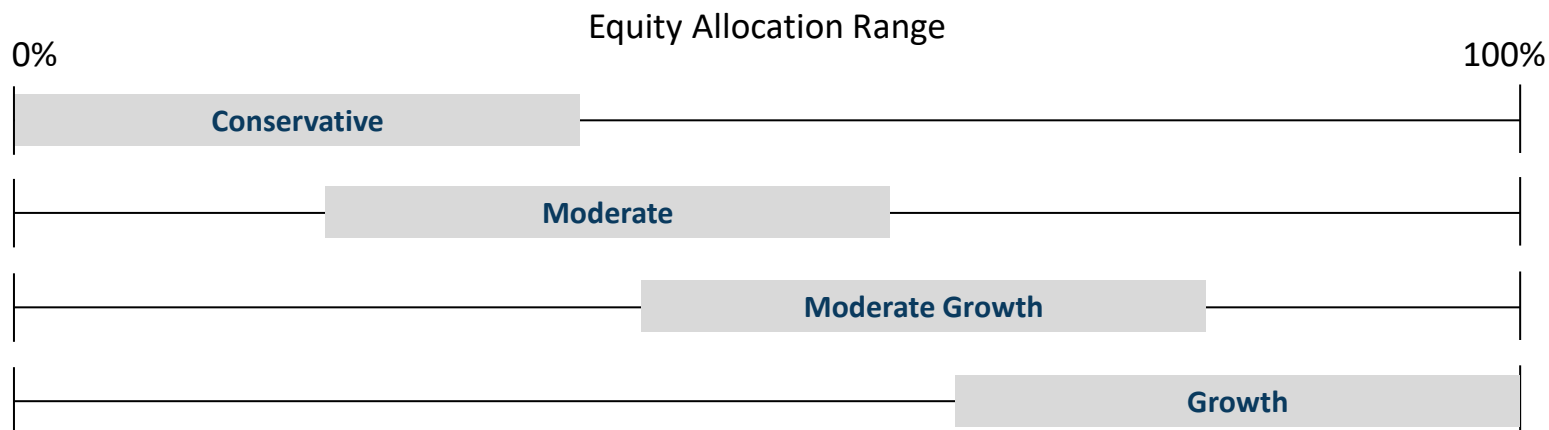
Andrew S. Poreda, CFA  **Xochitl C. Maldonado**
VP, Sr. Research Analyst | LDI, Research Analyst | Quantitative
Responsible Investing

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

	Strategy	Time Horizon Years	Target Allocation*	Objective
Growth	Global Equity	10-plus	100% Equity	Focus is on capital appreciation. Investors have a longer time horizon and a higher tolerance for short-term volatility.
	Growth	7-10	80% Equity/20% Fixed Income	
	Moderate Growth	5-7	60% Equity/40% Fixed Income	
Stability	Moderate	3-5	40% Equity/60% Fixed Income	Focus is on capital appreciation and stability of returns. Investors have a short to medium time horizon, and have a lower tolerance for short-term volatility.
	Conservative	1-3	20% Equity/80% Fixed Income	
Income	Multi-Asset Income	2-5	20% Equity/80% FI and Hybrids	Focus is on income and stability of returns. The time horizon is short to medium term, and investors have a low tolerance for short-term volatility.
	Tax Aware MAI	2-5	20% Equity/80% FI and Hybrids	
	Core Plus	1-3	100% Fixed Income	

*Actual allocation may vary based on market conditions.

Asset Allocation Strategies



Flexible Approach	Broad Asset Class	+/- 20% from equity/fixed income allocation target
	Equity/Alternatives	Carry up to 60% in cash and alternative asset classes combined
	Fixed Income	Utilize entire global bond market, up to 40% non-core segments

Strategies & Services

ETF Strategies

Asset Allocation: target-risk allocation strategies designed to be core solutions

Income Solutions: income strategies balance maximizing yield versus volatility

ETF Implementation: experience managing strategies using ETFs since 1998

Investment Philosophy

Top-Down View: drivers include macro, policy, valuation, and sentiment

Flexible: dynamic market segment allocation based on 3-6 month outlook

Risk Management: risk budgeting and stress testing are core to process

Investment Approach

Team Integration: Investment Committee, Portfolio Management, & Research

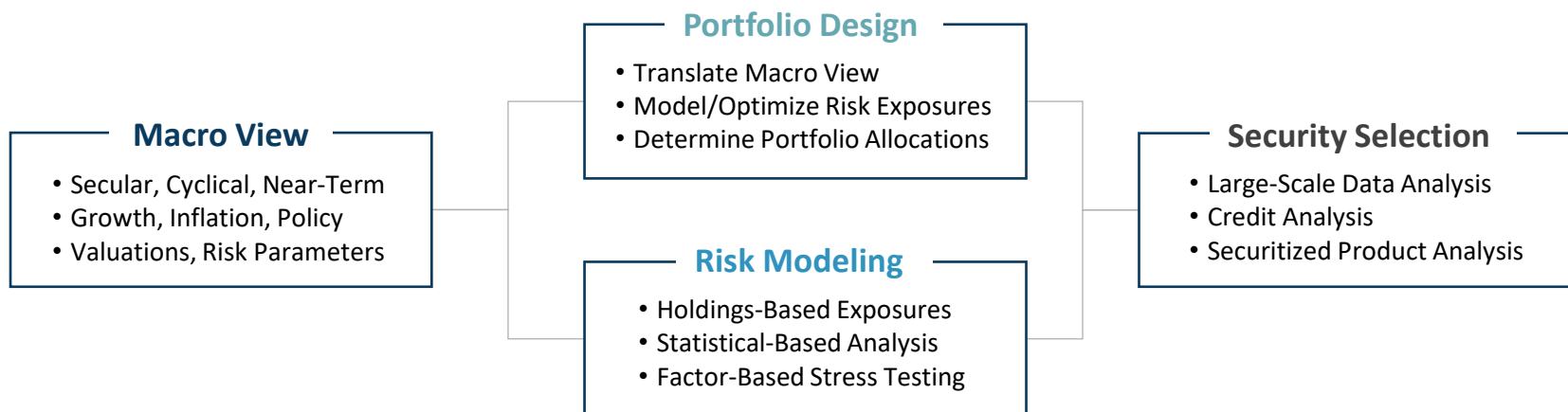
ETF Evaluation: sponsor, cost, exposure, along with factor/security composition

Portfolio Design: express macro view with portfolio design and risk management

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.



Fixed Income Market Segment Study

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
TIPS 11.63%	Treasury 13.74%	High Yield 58.20%	High Yield 15.12%	TIPS 13.56%	EM Debt 17.95%	High Yield 7.44%	US Credit 7.53%	MBS 1.51%	High Yield 17.13%	Intl Treas 9.31%	Agency 1.34%	High Yield 14.32%	TIPS 10.99%	TIPS 5.96%	Agency -7.87%	High Yield 13.45%	High Yield 8.19%	EM Debt 11.11%
Intl Treas 10.94%	Intl Treas 9.43%	EM Debt 34.22%	EM Debt 12.84%	Treasury 9.81%	High Yield 15.81%	MBS -1.45%	MBS 6.15%	EM Debt 1.29%	EM Debt 9.88%	EM Debt 8.17%	MBS 0.99%	US Credit 13.80%	Intl Treas 9.54%	High Yield 5.28%	High Yield -11.19%	EM Debt 9.09%	EM Debt 6.58%	High Yield 8.62%
Treasury 9.01%	Agency 9.26%	US Credit 16.04%	US Credit 8.47%	US Credit 8.35%	US Credit 9.37%	Agency -1.58%	Treasury 5.05%	Treasury 0.84%	US Credit 5.63%	High Yield 7.50%	Treasury 0.86%	EM Debt 13.11%	US Credit 9.35%	MBS -1.04%	MBS -11.81%	US Credit 8.18%	Agency 3.16%	MBS 8.58%
Agency 7.90%	MBS 8.34%	TIPS 11.40%	TIPS 6.31%	EM Debt 6.97%	TIPS 6.98%	US Credit -2.01%	EM Debt 4.76%	Agency -0.36%	TIPS 4.68%	US Credit 6.18%	TIPS -1.26%	TIPS 8.43%	Treasury 8.00%	US Credit -1.08%	TIPS -11.85%	Intl Treas 6.25%	US Credit 2.03%	Intl Treas 8.20%
MBS 6.90%	TIPS -2.35%	MBS 5.75%	Intl Treas 6.12%	MBS 6.32%	MBS 2.60%	Treasury -2.75%	Agency 3.65%	US Credit -0.77%	Agency 2.27%	TIPS 3.01%	Intl Treas -1.83%	Treasury 6.86%	High Yield 7.11%	Agency -1.31%	Treasury -12.46%	Agency 5.13%	TIPS 1.84%	US Credit 7.83%
EM Debt 5.16%	US Credit -3.08%	Intl Treas 4.35%	Treasury 5.87%	Intl Treas 5.24%	Agency 2.16%	EM Debt -4.12%	TIPS 3.64%	TIPS -1.44%	Intl Treas 1.87%	Agency 2.98%	High Yield -2.08%	MBS 6.35%	EM Debt 6.52%	EM Debt -1.65%	US Credit -15.26%	MBS 5.05%	MBS 1.20%	TIPS 7.01%
US Credit 5.11%	EM Debt -14.75%	Agency 1.95%	MBS 5.50%	High Yield 4.98%	Treasury 1.98%	Intl Treas -4.88%	High Yield 2.45%	High Yield -4.47%	MBS 1.67%	MBS 2.47%	US Credit -2.11%	Intl Treas 6.04%	MBS 3.87%	Treasury -2.32%	EM Debt -15.26%	Treasury 4.05%	Treasury 0.58%	Treasury 6.32%
High Yield 1.87%	High Yield -26.16%	Treasury -3.56%	Agency 4.36%	Agency 4.82%	Intl Treas 1.77%	TIPS -8.61%	Intl Treas -2.77%	Intl Treas -4.84%	Treasury 1.04%	Treasury 2.31%	EM Debt -2.46%	Agency 5.89%	Agency 2.70%	Intl Treas -8.67%	Intl Treas -19.44%	TIPS 3.90%	Intl Treas -5.97%	Agency 6.11%

Range of Opportunity: Difference Between the Top and Bottom Performing Market Segments

9.76%	39.89%	61.76%	10.76%	8.74%	16.18%	16.05%	10.30%	6.35%	16.09%	7.00%	3.80%	8.43%	8.29%	14.63%	11.57%	9.55%	14.16%	5.00%
-------	--------	--------	--------	-------	--------	--------	--------	-------	--------	-------	-------	-------	-------	--------	--------	-------	--------	-------

Equity Market Segment Study

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EM Equity 39.78%	Small Value -28.92%	EM Equity 79.02%	REITs 29.58%	REITs 10.39%	EM Equity 18.63%	Small Growth 43.30%	REITs 34.62%	REITs 6.36%	Small Value 31.74%	EM Equity 37.75%	Large Growth -0.01%	Large Value 31.93%	Small Growth 34.63%	REITs 44.48%	CMDTY 16.09%	Large Growth 30.03%	Large Growth 36.07%	EM Equity 33.57%
CMDTY 16.23%	Large Growth -34.92%	Mid Caps 37.38%	Small Growth 29.09%	Large Growth 4.65%	Small Value 18.05%	Small Value 34.53%	Large Growth 14.89%	Large Growth 5.52%	Mid Caps 20.74%	Large Growth 27.44%	REITs -2.12%	Large Growth 31.13%	Large Growth 33.47%	Large Growth 32.01%	Large Value -5.22%	Large Value 22.23%	Small Growth 15.15%	Intl Equity 31.22%
Intl Equity 11.63%	CMDTY -35.65%	Small Growth 34.47%	Mid Caps 26.64%	Large Value -0.48%	Mid Caps 17.88%	Mid Caps 33.46%	Large Value 12.36%	Intl Equity -0.39%	Large Value 17.40%	Intl Equity 25.62%	Large Value -8.95%	Small Growth 28.48%	EM Equity 18.31%	Small Value 28.27%	Mid Caps -13.06%	Small Growth 18.66%	Mid Caps 13.93%	Large Growth 22.18%
Large Growth 9.13%	Mid Caps -36.23%	Intl Equity 32.46%	Small Value 24.50%	Mid Caps -1.73%	Large Value 17.76%	Large Growth 32.75%	Mid Caps 9.77%	Small Growth -1.38%	CMDTY 11.77%	Small Growth 22.17%	Small Growth -11.01%	Mid Caps 26.20%	Mid Caps 13.66%	CMDTY 27.11%	Intl Equity -14.46%	Intl Equity 18.24%	Large Value 12.29%	CMDTY 15.77%
Mid Caps 7.98%	Small Growth -38.54%	Large Growth 31.57%	EM Equity 19.20%	Small Growth -2.91%	Intl Equity 17.76%	Large Value 31.97%	Small Growth 5.60%	Mid Caps -2.18%	EM Equity 11.60%	Mid Caps 16.24%	CMDTY -11.25%	REITs 25.90%	Intl Equity 7.82%	Large Value 24.90%	Small Value -14.48%	Mid Caps 16.44%	Small Value 8.05%	Large Value 13.19%
Small Growth 7.05%	Large Value -39.22%	REITs 24.93%	CMDTY 16.83%	Small Value -5.50%	REITs 15.35%	Intl Equity 23.57%	Small Value 4.22%	Large Value -3.13%	Small Growth 11.32%	Large Value 15.36%	Mid Caps -11.51%	Small Value 22.39%	Small Value 4.63%	Mid Caps 24.76%	EM Equity -20.09%	Small Value 14.65%	EM Equity 7.50%	Small Growth 13.01%
Large Value 1.99%	REITs -40.93%	Large Value 21.17%	Large Value 15.10%	Intl Equity -11.73%	Large Growth 14.70%	REITs -1.45%	EM Equity -1.82%	Small Value -7.47%	Large Growth 6.89%	Small Value 7.84%	Small Value -12.86%	Intl Equity 22.01%	Large Value 1.36%	Intl Equity 11.26%	REITs -25.85%	REITs 10.77%	REITs 5.68%	Small Value 12.59%
Small Value -9.78%	Intl Equity -43.06%	Small Value 20.58%	Large Growth 15.05%	CMDTY -13.32%	Small Growth 14.59%	EM Equity -2.27%	Intl Equity -4.48%	EM Equity -14.60%	REITs 4.93%	REITs 5.32%	Intl Equity -13.79%	EM Equity 18.42%	CMDTY -3.12%	Small Growth 2.83%	Small Growth -26.36%	EM Equity 9.83%	CMDTY 5.38%	Mid Caps 7.50%
REITs -18.03%	EM Equity -53.18%	CMDTY 18.91%	Intl Equity 8.21%	EM Equity -18.17%	CMDTY -1.06%	CMDTY -9.52%	CMDTY -17.01%	CMDTY -24.66%	Intl Equity 1.22%	CMDTY 1.70%	EM Equity -14.57%	CMDTY 7.69%	REITs -5.00%	EM Equity -2.54%	Large Growth -29.41%	CMDTY -7.91%	Intl Equity 3.82%	REITs 2.27%

Range of Opportunity: Difference Between Top and Bottom Performing Market Segments

57.81%	24.26%	60.11%	21.37%	28.56%	19.69%	52.82%	51.63%	31.02%	30.52%	36.05%	14.56%	24.24%	39.63%	47.02%	45.50%	37.94%	32.25%	31.30%
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Source: Bloomberg
See disclosures page for indexes used to represent market segments.

Past performance does not guarantee similar future results.

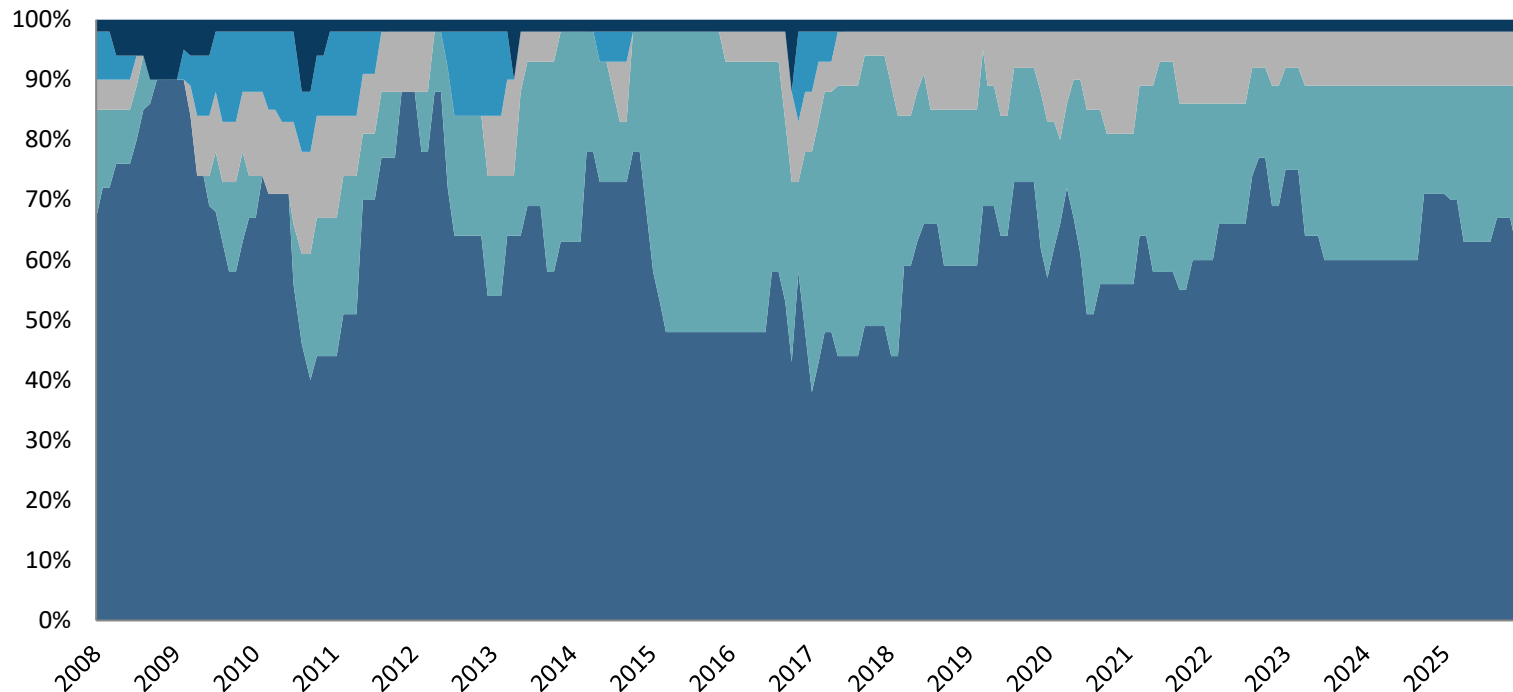
Study of Active Mutual Fund Managers within Core Equity Segments

Bottom Quartile (75 th Percentile) Mutual Fund Manager in Best Performing Market Segment																		
9.71%	-35.89%	28.92%	23.34%	-4.70%	13.08%	45.52%	8.00%	0.59%	22.57%	23.91%	-4.60%	23.14%	26.17%	17.00%	-8.49%	28.93%		
2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Intl Equity 11.63%	Small Value -28.92%	Mid Caps 37.38%	Small Growth 29.09%	Large Growth 4.65%	Small Value 18.05%	Small Growth 43.30%	Large Growth 14.89%	Large Growth 5.52%	Small Value 31.74%	Large Growth 27.44%	Large Growth -0.01%	Large Value 31.93%	Large Growth 33.47%	Large Growth 32.01%	Large Value -5.22%	Large Growth 30.03%	Large Growth 36.07%	Intl Equity 31.22%
Large Growth 9.13%	Large Growth -34.92%	Small Growth 34.47%	Mid Caps 26.64%	Large Value -0.48%	Mid Caps 17.88%	Small Value 34.53%	Large Value 12.36%	Intl Equity -0.39%	Mid Caps 20.74%	Intl Equity 25.62%	Large Value -8.95%	Large Growth 31.13%	Small Growth 19.96%	Small Value 28.27%	Mid Caps -13.06%	Large Value 22.23%	Mid Caps 13.93%	Large Growth 22.18%
Mid Caps 7.98%	Mid Caps -36.23%	Intl Equity 32.46%	Small Value 24.50%	Mid Caps -1.73%	Intl Equity 17.76%	Mid Caps 33.46%	Mid Caps 9.77%	Small Growth -1.38%	Large Value 17.40%	Small Growth 22.17%	Small Growth -11.01%	Small Growth 28.48%	Mid Caps 13.66%	Large Value 24.90%	Intl Equity -14.45%	Intl Equity 18.24%	Large Value 12.29%	Large Value 13.19%
Small Growth 7.05%	Small Growth -38.54%	Large Growth 31.57%	Large Value 15.10%	Small Growth -2.91%	Large Value 17.76%	Large Growth 32.75%	Small Growth 5.60%	Mid Caps -2.18%	Small Growth 11.32%	Mid Caps 16.24%	Mid Caps -11.51%	Mid Caps 26.20%	Intl Equity 7.82%	Mid Caps 24.76%	Small Value -14.48%	Small Growth 16.93%	Small Growth 11.54%	Small Growth 12.81%
Large Value 1.99%	Large Value -39.22%	Large Value 21.17%	Large Growth 15.05%	Small Value -5.50%	Large Growth 14.70%	Large Value 31.97%	Small Value 4.22%	Large Value - 3.13%	Large Growth 6.89%	Large Value 15.36%	Small Value -12.86%	Small Value 22.39%	Small Value 4.63%	Small Growth 14.82%	Small Growth -20.44%	Mid Caps 16.44%	Small Value 8.05%	Small Value 12.59%
Small Value -9.78%	Intl Equity -43.06%	Small Value 20.58%	Intl Equity 8.21%	Intl Equity -11.73%	Small Growth 14.59%	Intl Equity -2.41%	Intl Equity -4.48%	Small Value -7.47%	Intl Equity 1.22%	Small Value 7.84%	Intl Equity -13.79%	Intl Equity 22.01%	Large Value 1.36%	Intl Equity 11.26%	Large Growth -29.41%	Small Value 14.65%	Intl Equity 3.82%	Mid Caps 7.50%
-2.71%	-41.66%	40.35%	12.77%	-12.00%	15.98%	16.72%	-3.41%	-4.02%	2.66%	11.25%	-13.82%	23.75%	6.42%	26.20%	-23.63%	20.01%		
Top Quartile (25 th Percentile) Mutual Fund Manager in Worst Performing Market Segment																		

Equity Asset Allocation Ranges

U.S. Equities	Int'l Equities	Emerging Markets	Alternatives	Cash
25-100% of Allocation	0-75% of Allocation	0-25% of Allocation	0-40% of Allocation	0-20% of Allocation

Equity Asset Allocation in Motion



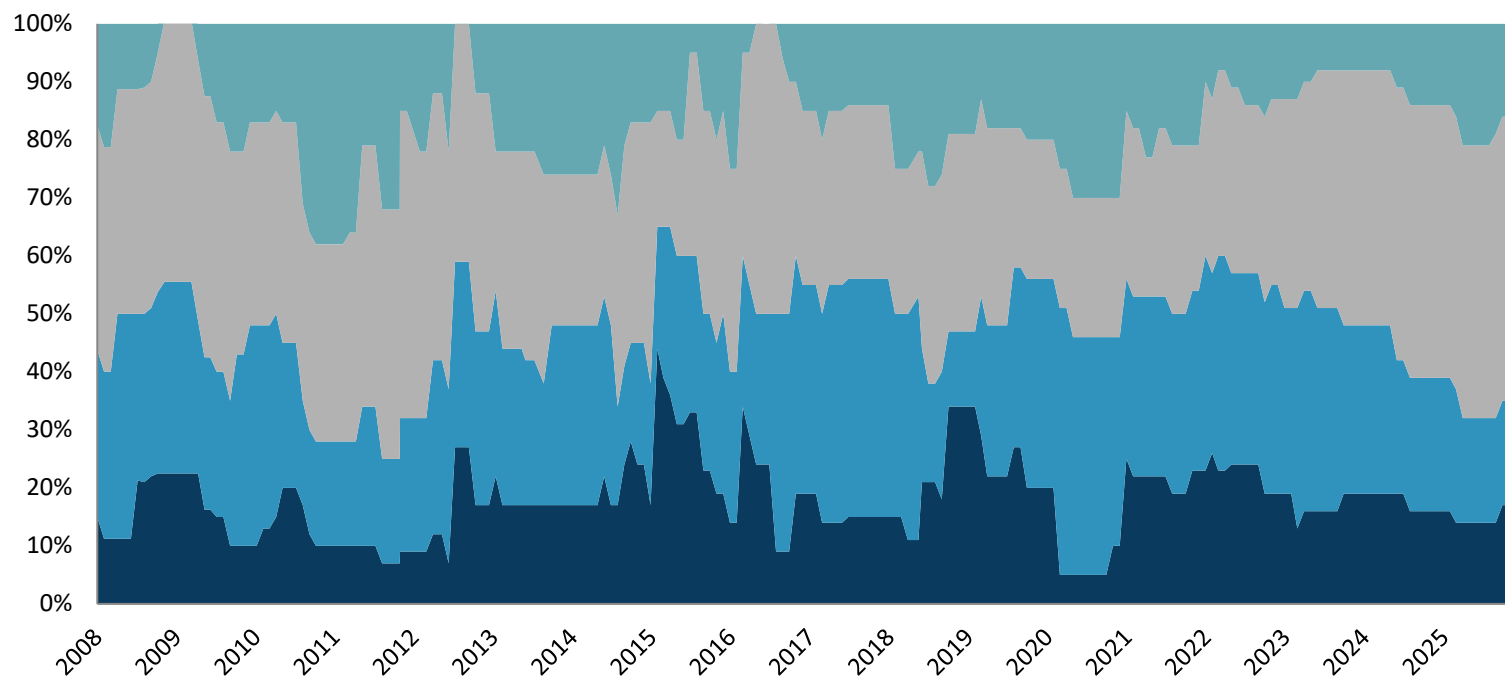
Historical Allocation as of 12/31/2025

Allocation ranges are approximate ranges, please see disclosures and guidelines for more detail.

Fixed Income Asset Allocation Ranges

Treasuries	IG Credit	Securitized	Non-Core Fixed
0-75% of Allocation	0-50% of Allocation	0-50% of Allocation	0-40% of Allocation

Fixed Income Allocation in Motion



Historical Allocation as of 12/31/2025

Allocation ranges are approximate ranges, please see disclosures and guidelines for more detail.



Our Research

Macro & Market Outlook, Performance Commentary, & Monthly Perspectives Series



Sage Advice
4Q25 Market Review & Outlook
Quarter in Review
January 2026


The fourth quarter was not an easy one for markets but ended up being a productive one with all major asset classes finishing in positive territory (S&P 500, +2.7% and Aggregate Bond Index, +1%). Risk appetites faced multiple setbacks 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. Equity markets broke some trends that held most of the year, with growth underperforming (+2.2% vs +4%) and more defensive sectors like healthcare outperforming (+4.12%). In fixed income, two Fed cuts drove fixed income performance, with shorter duration segments outperforming on curve steepening. Credit had positive performance as spreads remained historically tight but underperformed (+0.75%) in real market returns, and MBS showed strength (+1.55%) during the quarter.

Despite major policy and macro disruptions, markets and the global economy displayed remarkable resilience in 2025. The S&P 500 gained nearly 18% and made 39 new highs during the year but lagged even stronger global markets, with the AICW ex-US index returning 32% in 2025. In last year since 2008, Bond markets had strong returns also, with the Aggregate Bond Index gaining +7.3%, driven by yield curve and Fed easing. Three Fed cuts in the second half translated into lower yields across the curve and curve steepening (2yr yields, -77bps and 10yr, -37bps). Credit spreads were stable (-2bps for year), allowing all core markets to reap solid gains in the 3% to 9% range, with similar returns in high yield (+4%). Asset class outliers for the year were precious metals to the upside, with gold surging to its best year since 1979 (+46%), and to the downside were oil (-20%) and crypto (Bitcoin, -4.5%).

Macro Outlook & Positioning

This year was driven largely by policy shifts — a new administration, trade developments, Fed actions, and the tax bill. In 2026, the focus will shift to how the economy responds to these policies. The outlook remains tilted toward the bullish side for sentiment and risk assets, supported by tailwinds of a healthy consumer, stimulus from the tax bill, tariff revenues, and continued AI facing capex. Impact should help but deliver a still solid 2% and if market weakness remains the price over the next quarter or two. We labor supply, lowering the brake above to support aggregate demand, plays out, it leaves less room for neutral rate, currently defined as rates in 2026 (2yr, 3.25%) but we 4.0%. Besides data influence on outlook, a new Fed chair and an create another vote for keeping it.

Despite the supportive backdrop, impact volatility and valuations if any further private credit cracks valuations, having raised their liquidity. Returns in 2026 will be multiple expansion. To this end valuation opportunities, in fixed perspective are MBS and Finance bonds, but with lower average value.



Asset Allocation Perspectives
January 2026
Market Outlook and Key Investment Themes



Global Asset Allocation ETF Strategies
Performance Commentary | Third Quarter 2025

EQUITY ALLOCATION PERFORMANCE

Contributors

- US Large Cap Growth
- International Equities

Detractors

- All segments positive on the quarter
- MBS
- Preferreds

As the policy backdrop turned accommodative following the tariff shock in April, nearly all asset classes were well supported. Equity markets led the way, reaching all-time highs across many segments. Global equities returned 7.2% for the quarter as fears of tariff disruption faded, and even a negative labor revision merely reinforced expectations of a more accommodative Fed policy. Fiscal support through tax cuts further buoyed expectations of continued economic expansion.

The equity strategy delivered a positive quarterly return, with all segments contributing. US large-cap growth was the largest driver, rebounding sharply from April lows, while international equities maintained their strong performance.

Notable Portfolio Adjustments During the Quarter

- Added US Small Cap
- Increased US Healthcare Sector
- Exited US Banks
- Trimmed International Dev. Exposure

OUTLOOK & CURRENT POSITIONING

- The US economy continues to expand at a steady pace, with disinflation in housing and services helping to contain tariff-related pressures. The policy environment is expected to remain supportive for both markets and the broader economy over the next 12 months.
- Within multi-asset and equity strategies, we remain fully invested in equities. While valuations are elevated, the combination of supportive policy and growth prospects suggests further upside for the asset class. Our equity exposure is diversified across small-cap, value, and quality styles, with overweight positions in software and healthcare providers.
- Fixed income positioning remains yield focused, with a modestly long duration stance. We maintain overweight exposure to spread securities, including full allocations to credit, high yield, and preferred securities, along with a substantial allocation to MBS — particularly within actively managed strategies.

Asset Class Views

Equities vs. Fixed Income

We continue to carry an overweight in fixed income vs. equities. The risk/reward for fixed income is superior to equities given full valuations and economic risks for equities and much higher yield carry for fixed income.

Equity	View	Reasoning
US Equities	Neutral	We have a benchmark weighting in domestic equities with a large cap quality bias. Valuations are the fullest in US markets, driven partly by resilient economic data, however, we see risks given the run-up in prices, historically low volatility, and a Fed that is unlikely to be cutting rates until late 2026.
Developed International	Neutral	Our regional bias over the last year and a half has been to stay light on Europe, but we are neutralizing this position given the valuation disparity and our view that US growth differentials have peaked vs. Europe. We maintain an overweight in Japan, where we see economic upturns with lower bets to global markets.
Emerging Markets	Neutral	We maintain a neutral allocation to EM as valuations are attractive and there is growth upside in India and parts of Asia and LATAM. This is countered by structural weakness in China and elevated macro and geopolitical risks globally.
Style/Sector/Factor	Neutral	We continue to focus on quality and attractive free cash flow oriented exposure to better diversify. While this bias keeps core exposure in mega cap growth given its high quality characteristics, it times some of concentration risk by increasing allocations to lower-volatility sectors, such as healthcare, and other high cash flow sectors like energy that have more attractive valuations.

Fixed Income	View	Reasoning
US Treasuries	Overweight	We are underweight Treasuries overall with a bias toward longer duration exposure, expecting the next major curve shift to be falling rates/capex loosening. Our duration is expressed with a Treasury curve allocation overweighted in the intermediate/long segment. This is balanced with a credit allocation biased toward the front end, given inverted curves and our desire to ramp down overall spread risk.
Investment Grade Credit	Overweight	We continue to take a cautious approach to credit and spread risk with a heavier tilt toward MBS and short dated credit to enhance quality and liquidity. Spreads have been vulnerable, given tightening financial conditions, liquidity concerns, and much tighter valuations, than are typically associated with a recessionary backdrop.
Securitized	Overweight	We increased our MBS exposure over the back half of 2023 and continue to like the agency mortgage sector from both a relative value and macroeconomic standpoint. Mortgage offer attractive yields to Treasuries and similar yields vs. IG credit without the credit risk. Further, an environment of lower rates volatility, favorable technicals, and a weakening growth picture puts MBS in a good position to outperform.
Non-Core Fixed Income	Overweight	Within our non-core allocation, we carry a small allocation in high yield and EM debt (USD denominated). In late 2023 we lowered our high-yield exposure given strong performance, bid valuations, and signs of deteriorating fundamentals. We rotated exposure into a combination of MBS, to ramp down volatility, and EM debt, which offers better valuation metrics than high yield.

Sage Tactical Investment Strategy – April 2024

Regional Coverage

Main Sales Contact: 512-895-4130

 **Bob Moser**

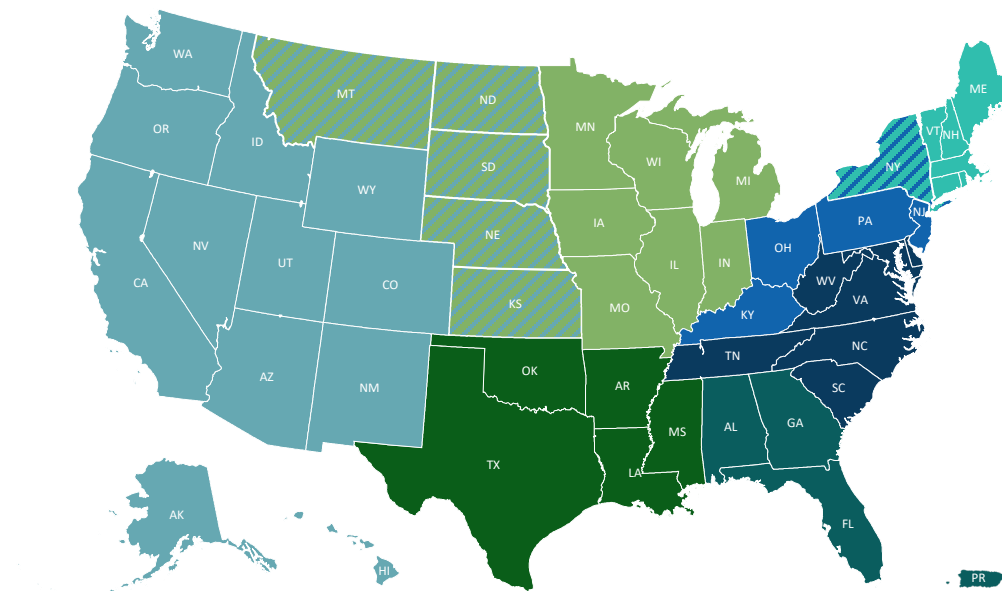
Managing Partner, National Director, West
303-887-1887
bmoser@sageadvisory.com

 **Amy Swearingen**

Senior Regional Consultant
512-895-4112
aswearingen@sageadvisory.com

Arthur Chermes

Vice President, National Accounts
512-895-4133
acherches@sageadvisory.com



 **Jamisen Allen**

Regional Director, South
512-895-4180
jallen@sageadvisory.com

 **Bob Flora**

Regional Director, Mid Atlantic
410-459-1830
bflora@sageadvisory.com

 **Curtis Baker**

Regional Consultant
512-895-4117
cbaker@sageadvisory.com

 **Aaron Spatz**

Regional Director, West
303-641-9511
aspatz@sageadvisory.com

 **Brian Larson**

Regional Director, Northeast
347-512-6407
blarson@sageadvisory.com

 **Jake Adams**

Regional Consultant
512-895-4135
jadams@sageadvisory.com

 **Courtney Walker**

Regional Director, Southeast
727-412-3344
cwalker@sageadvisory.com

 **Jack Kulpa**

Regional Director, Eastern Great Lakes
609-610-5848
jkulpa@sageadvisory.com

 **Ben Whipple**

Regional Consultant
512-895-4111
bwhipple@sageadvisory.com

 **Zac Sooter**

Regional Director, Mid West
316-737-3757
zsooter@sageadvisory.com

 **Melania McCarley**

Regional Consultant
512-895-4145
mmccarley@sageadvisory.com

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. Although the statements of fact, information, charts, analysis and data in this report have been obtained from, and are based upon, sources Sage believes to be reliable, we do not guarantee their accuracy, and the underlying information, data, figures and publicly available information has not been verified or audited for accuracy or completeness by Sage. Additionally, we do not represent that the information, data, analysis and charts are accurate or complete, and as such should not be relied upon as such. All results 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. No part of this Material may be reproduced in any form, or referred to in any other publication, without our express written permission.

The Tactical ETF strategies invest in exchange traded funds (ETFs). Investors should consider funds' investment objectives, risks, charges, and expenses carefully before investing. The investment return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. ETFs trade like stocks and may trade for less than their net asset value. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio.

Sage Advisory Services, Ltd. Co. is a registered investment adviser that provides investment management services for a variety of institutions and high net worth individuals. For additional information on Sage and its investment management services, please view our web site at www.sageadvisory.com, or refer to our Form ADV, which is available upon request by calling 512.327.5530.

The historical asset allocations and portfolio changes ("Portfolio Changes") are based on model portfolios and actual changes made to specific investment platform and/or client portfolios or model portfolios may vary based on investment guidelines requested by each such investment platform and/or client. There is no assurance, as of the date of publication, that the securities purchased, as a result of the Portfolio Changes, remain in the model portfolios or that securities sold have not been repurchased. Additionally, it is noted that the securities purchased as a result of the Portfolio Changes may not represent the entire model portfolio. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the model portfolios or the strategies discussed herein. With respect to the model portfolios, a complete list of all recommendations made by Sage over the previous twelve (12) month period will be made available upon request.

Index Definitions: The Barclays Emerging Market Debt Index consists of the USD-denominated fixed- and floating-rate U.S. Emerging Markets Index and the fixed rate Pan-European Emerging Markets Index, which is primarily made up of GBP- and EUR-denominated securities. The Barclays Treasury Inflation Protected Securities Index is a rules based, market value-weighted index that tracks inflation-protected securities issued by the U.S. Treasury. The Barclays High Yield Bond Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. The Barclays MBS Index covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The Barclays Agency Index includes native currency agency debentures from issuers such as Fannie Mae, Freddie Mac, and Federal Home Loan Bank. The Barclays Credit Index comprises the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities. The Barclays Treasury Index includes public obligations of the U.S. Treasury. The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. The Deutsche Bank Liquid Commodity Index seeks to track the DBIQ Optimum Yield Diversified Commodity Index Excess Return™ by entering into long futures contracts and collateralizing those contracts with United States 3-month Treasury bills. The S&P 500 Growth and Value Indices measure Growth and Value in separate dimensions across six risk factors. Growth factors include sales growth, earnings change to price and momentum; and the Value factors include book value to price ratio, sales to price ratio and dividend yield. The S&P 400 Index measures the performance of the mid-capitalization sector of the US equity market. The component stocks have a market capitalization between \$1 billion and \$4 billion and are selected for liquidity and industry group representation. The MSCI EAFE Index seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in the European, Australasian and Far Eastern markets. The WisdomTree Dividend Index of Europe, Far East Asia and Australasia (WisdomTree DEFA) is a fundamentally weighted Index that measures the performance of dividend-paying companies in the industrialized world, excluding Canada and the United States, that pay regular cash dividends and that meet other liquidity and capitalization requirements. It is comprised of companies incorporated in 16 developed European countries, Japan, Australia, New Zealand, Hong Kong and Singapore. Companies are weighted in the Index based on annual cash dividends paid. The MSCI EAFE Equal Weighted Index equally weights the securities in the MSCI EAFE Index (MSCI EAFE Cap-Weighted Index), which is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. In the MSCI EAFE Equal Weighted Index, each security has the same weight, meaning that the weight of each security is set to unity on the rebalancing date. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The Cohen & Steers Realty Majors Index consists of selected Real Estate Investment Trusts (REITs). The objective of the index is to represent relatively large and liquid REITs that may benefit from future consolidation and securitization of the U.S. real estate industry.