

Visit our website!



# Sustainable Fixed Income

4Q 2025

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*Comprehensive Overview*

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

SUSTAINABLE  
 SAGE



## Firm Overview

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## Who We Are

- Founded in 1996
- 100% employee operated
- 17-member investment team has an average industry experience of 18 years
- Responsible Investing strategies include SRI, Sustainable, Impact, Values Based, and Mission Driven

## 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.

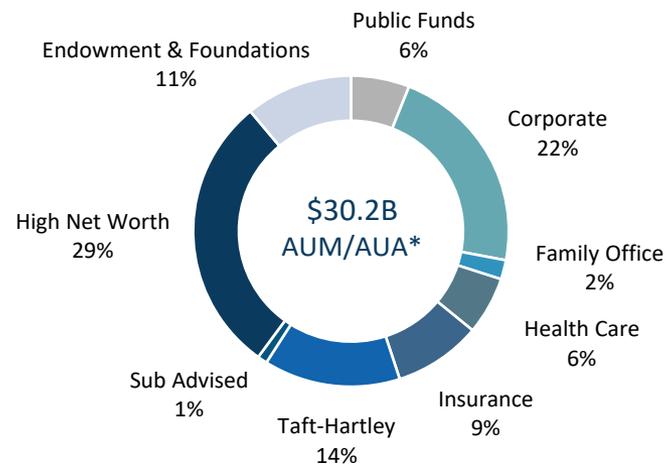
### Consistency

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



\*AUM/AUA as of 12/31/2025. \*\* "Who We Serve" is client type by AUM/AUA.



**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**   
President & Co-CIO

**Thomas H. Urano, CFA**   
Co-CIO

### Portfolio Management & Trading

**Jeffery S. Timlin, CFA, CMT**   
Managing Partner | Municipal

**Nicholas C. Erickson, CFA**  
Vice President | Securitized

**Seth B. Henry, CFA**   
Partner | Securitized

**Brett J. Adelglass, CFA**  
Associate | Municipal

**Andrew K. Demand, CFA**   
Partner | Credit

**Nicholas A. Barnard, CFA**  
Associate | Securitized

**David L. Luria, CFA**  
Vice President | Credit

**Alex Bender, CFA**  
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**   
Chief Investment Strategist

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

**Komson Silapachai, CFA**   
Partner | Sr. Strategist

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

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

**Xochitl C. Maldonado**  
Research Analyst | Quantitative

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

## Engagement and Commitment to Sustainability

### How Sage Influences Sustainability Policies

- Webcasts with sustainability-focused partners and peers on trends in sustainability
- Collaboration with key organizations that shape best sustainability reporting practices and policies
- Surveys of the organizations that choose investments on our behalf
- Thought leadership pieces on themes that are important to sustainable investors

### Responsible Investment Organization Affiliations

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*Signatory*



*Signatory*



*Member*



*Affiliate*



*DEI Code Signatory*



*Member*



*NZAM Signatory*

# Responsible Investing Reporting & Research

## Client Reporting

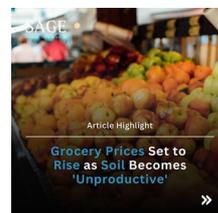
- Monthly portfolio reviews detailing Sage Leaf Scores® by security
- Quarterly impact and climate reports
- Quarterly portfolio performance reviews
- Semiannual sustainability trend assessments

## Market Research

- Monthly Sustainability Perspectives publications
- Monthly market commentaries
- Quarterly strategy reviews
- Special reports and conceptual analyses
- Sustainability website info and video content



## Sage's Instagram





## Investment Process Part I

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## Our Approach

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### 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.

#### Sustainability Analysis

Sustainability risk assessment that takes a pragmatic approach in evaluating industries and companies on financially material factors

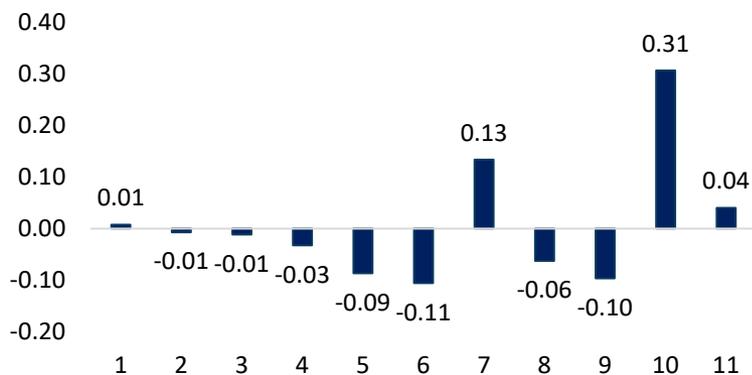
## Holdings-Based Measures

### Core Aggregate Strategy Positioning

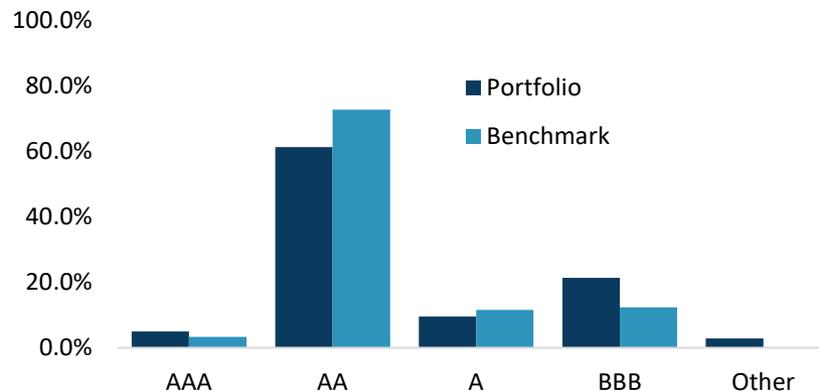
Traditional fixed income risk measures such as duration along key maturities, as well as credit exposure, DTS, credit quality, and duration contribution.

Description	Port %MV	Bmk %MV	Active %MV	Port YTW	BM YTW	Active YTW	Duration	Port CTD	BM CTD	Active CTD	Port Sprd CTD	BM Spread CTD	Active Spread CTD	Port DTS	BM DTS	DTS Ratio
Total	100.0%	100.0%	0.0%	4.78	4.41	0.38	6.12	6.12	6.03	0.09	3.75	3.54	0.21	2.94	2.54	1.15
Cash Securities	0.9%		0.9%	5.18		5.18	0.00	0.00		0.00	0.00		0.00	0.00		0.00
Securitized	40.7%	27.5%	13.2%	4.89	4.64	0.25	4.70	1.91	1.46	0.45	2.05	1.53	0.51	0.71	0.56	1.27
Corporates	31.2%	24.4%	6.7%	5.27	4.93	0.34	5.21	1.62	1.72	-0.09	1.70	1.76	-0.06	2.22	1.80	1.23
Government Related	0.4%	4.6%	-4.2%	5.91	4.47	1.44	1.90	0.01	0.25	-0.24	0.01	0.25	-0.24	0.00	0.18	0.02
Treasuries	26.7%	43.5%	-16.8%	4.02	3.96	0.05	9.65	2.57	2.61	-0.04	0.00	0.00	0.00	0.00	0.00	0.00

Active KRD Profile



Ratings Distribution



Source: Sage, Aladdin as of August 30, 2024.

## Statistical-Based Analysis

### Core Aggregate Strategy Positioning

*Risk view incorporates relationships of portfolio holdings and factors into measures such as tracking error and its contribution across holdings and factors.*

	Standalone Risk		
	Portfolio (bp)	Benchmark (bp)	Active (bp)
Total	633	618	39
Rates	602	603	14
Volatility	32	16	16
Spreads	79	72	24
Equity	2		2

	Sector Weight		Active Sector Weight		Standalone Risk			Active Risk Contribution (bp)	
	Portfolio	Benchmark	Portfolio	Δ Custom (T-5)	Portfolio (bp)	Benchmark (bp)	Active (bp)	Δ Custom (T-5)	Δ Custom (T-30)
Total	100.00%	100.00%			633	618	39	2	2
Cash & Short Term	0.94%		0.94%	0.49%					
Corporates	30.97%	24.48%	6.49%	-0.32%	156	168	23	-1	2
Gov Related	0.01%	4.02%	-4.01%	-0.02%	0	18	18	1	0
Municipals	0.70%	0.52%	0.19%	0.02%	3	5	2	0	0
Securitized	40.70%	27.50%	13.21%	0.08%	232	177	57	0	3
Treasuries	26.66%	43.49%	-16.83%	-0.12%	252	257	38	-1	-5

## Factor-Based Stress Testing

### Core Aggregate Strategy Positioning

Factor based stress testing of strategies in interest rate shock, hypothetical, and historical scenarios to gauge alignment with firm positioning and level of conviction/sizing.

Active Stress P&L (bps)												
Description	Rates Down 100	Rates Down 50	Rates Up 50	Rates Up 100	Credit Spreads Widening	Base Recession	Inflation Regimes - Policy Change Catalyzes Stagflation	Global Stock Market Drop	Fed Tapering	Coronavirus	Inflation Expectations - Inflation Disappointment	Inflation Expectations - Inflation Overshoot
Total	5.53	2.75	-2.72	-5.41	0.39	2.89	-3.28	-1.74	-4.29	1.65	1.74	-5.65
Treasuries	2.28	1.10	-1.03	-2.00	0.36	1.49	-1.04	-0.57	-1.21	0.79	0.93	-1.96
Government Related	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corporates	1.34	0.66	-0.63	-1.24	-0.18	0.19	-1.22	-0.55	-1.29	0.27	0.27	-1.85
Structured Finance	1.88	0.98	-1.04	-2.15	0.21	1.19	-1.02	-0.61	-1.76	0.57	0.53	-1.81
Municipals	0.03	0.01	-0.01	-0.02	0.00	0.02	-0.01	-0.01	-0.02	0.01	0.01	-0.03

## Sage Leaf Score® Evaluation

### Industry Analysis

#### Materiality

Analyze factors that are most relevant to a company's financial performance and long-term value creation.



#### Sustainability Risks

Develop a sustainability profile of the industry based on quantitative and qualitative factors.



#### Exceptions

We minimize exposure to tobacco, coal mining/ extraction, and small arms.

### Company Analysis

#### Trends Analysis

Determine how a company is trending in the sustainability factors most relevant to it.



#### Peer Comparison

Compare a company to its industry counterparts to identify strengths, weaknesses, and competitive positioning.



#### Controversies

Assess the impact of negative incidents to understand risks and implications for sustainability performance.

### Sage Leaf Score

Sage invests only in issuers that have a Leaf Score of 3 or greater



Sustainability Leader



Above Average



Average



Below Average



Sustainability Laggard



## Investment Process Part II

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## Dynamic Credit Selection Process

### Balance Qualitative and Quantitative Factors

#### Sector Level Analysis

Ability to pull average statistics by sector to determine overweight and underweight allocation

#### Proprietary Rating Scale

Captures data from issuers financial reports and ranks issuers based on specific metrics that may indicate outperformance

#### Deep Dive on High Value Credits

Dissect qualitative credit characteristics i.e., governance, budgetary trends, sustainability factors, and political environment

#### Proprietary Valuation Screen

Analyze relative value vs peers, sectors, and structure  
Look for upgrade candidates and mispriced opportunities

#### Market Assessment

Portfolio Manager team assesses liquidity, supply and demand dynamics, and market constraints

#### Establish Position

Credit Committee meets to review high value credits and discuss the addition/removal of issuers

## Sage Fundamental Ratings

Assign individual ratings to key fundamental metrics, such as liquidity, profitability, 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.

Ticker	Issuer	Sector	Net Debt to EBITDA Rating	Revenue Scale Rating	Interest Coverage Rating	Cash To Debt Rating	ROA Rating	FCF To Debt Rating	Sage Overall Rating	Rating Agency Composite	Rating Differential
WDC	Western Digital Corp	Computers-Memory Devices	CC	A-	CC	BB	CC	CC	CCC-	BB+	-8
INTC	Intel Corp	Electronic Compo-Semicon	BB-	AA+	BB-	A-	CC	CC	B+	BBB+	-6
FIS	Fidelity National Information	Data Processing/Mgmt	A-	BBB+	BBB-	BB-	CCC	BBB	BB-	BBB	-4
MRVL	Marvell Technology Inc	Electronic Compo-Semicon	BB+	BBB-	BB	BB-	CC	BBB+	B+	BBB-	-4
CRM	Salesforce Inc	Enterprise Software/Serv	AA	AA-	BB	A+	B	AAA	BBB+	A+	-3
GLW	Corning Inc	Telecom Eq Fiber Optics	BBB	A-	BB+	BB-	CCC	B+	BB+	BBB+	-3
GPN	Global Payments Inc	Commercial Serv-Finance	BB+	BBB+	BB+	B	CCC+	B	BB-	BBB-	-3
MU	Micron Technology Inc	Electronic Compo-Semicon	A+	A	BBB+	A-	CC	CC	BB-	BBB-	-3
QRVO	Qorvo Inc	Electronic Compo-Semicon	BBB-	BBB-	BB+	BBB+	CCC	A-	BB-	BBB-	-3
GIB/A	CGI Inc	Computer Services	AA	A-	AAA	BBB	BB+	AA+	A+	BBB+	3
JBL	Jabil Inc	Electronic Compo-Misc	AA	AA-	BB	A	BB	BBB+	A-	BBB-	3
MA	Mastercard Inc	Finance-Credit Card	AA	A+	AAA	BBB	AAA	AAA	AA+	A+	3
MSI	Motorola Solutions Inc	Wireless Equipment	A+	A-	BBB+	BB	BBB+	A-	A	BBB	3
NOKIA	Nokia Oyj	Networking Products	A+	A	BB	AAA	CCC+	AA-	BBB+	BB+	3
SWKS	Skyworks Solutions Inc	Electronic Compo-Semicon	AA	BBB-	AAA	A+	B+	AAA	A	BBB	3
AMAT	Applied Materials Inc	Semiconductor Equipment	AA+	A+	AAA	AA	A+	AAA	AA+	A	4
LRCX	Lam Research Corp	Semiconductor Equipment	AA	A-	AA+	AA-	A	AAA	AA	A-	4
NTAP	NetApp Inc	Computers-Memory Devices	A+	BBB	AAA	AA-	BB+	AA-	A+	BBB	4
FTNT	Fortinet Inc	Computer Data Security	AA+	BBB-	AAA	AAA	BBB+	AAA	AA	BBB+	5
VRSN	VeriSign Inc	Web Hosting/Design	A+	BB-	A	BBB	AAA	A+	AA-	BBB-	6

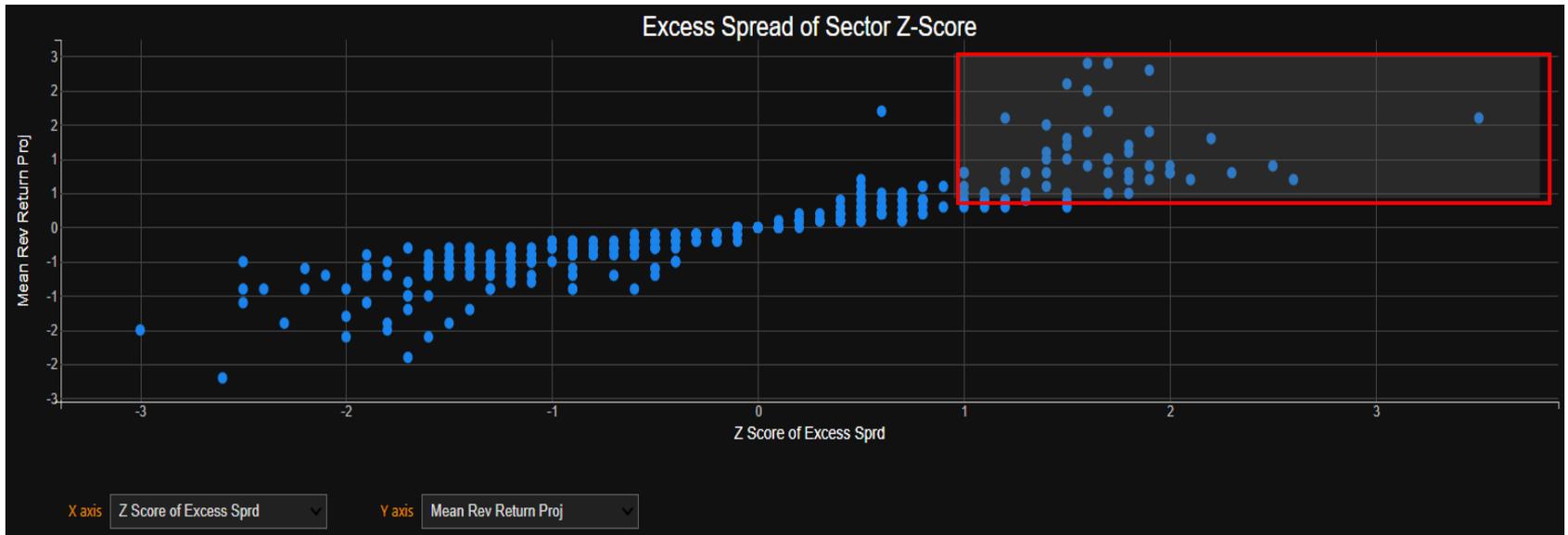
## Issuer Valuation Screener and Expected Return Estimates

Analyze issuer valuations compared to their peers and track these changes over time. Screeners identify both undervalued and overvalued securities. Expected return estimates are calculated based on normalized valuations.

Ticker	RTG	Rank	Industry Sector	Industry Group	Z Score of Excess	Current G Spread	Peer Avg G Spread	Spread Diff vs Peer	Avg Excess Spread	Avg St dev of Excess Spread	Avg Dur	Mean Reversion Return
WDC	BB+	Secured	Technology	Computers	-2.6	183.7	92.4	91.3	130.8	15	6.6	-2.6
EPRT	BBB-	Sr Unsecured	Financial	REITs	-2.3	183.7	120.5	63.2	100.5	16.2	6.2	-2.3
COF	BBB	Subordinated	Financial	Diversified Finan Serv	-2.2	190.6	120.5	70.1	102.1	14.6	7.2	-2.3
BBVASM	BBB	Subordinated	Financial	Banks	-2	215.6	120.5	95.1	123	14.3	6.6	-1.9
SNX	BBB-	Sr Unsecured	Industrial	Electronics	-3.5	148.3	88.4	59.9	88.4	8.2	6.3	-1.8
JBLU	A-	1rst Lien	Consumer, Cyclical	Airlines	-2.6	112.3	107.2	5.1	44.6	15.2	4.5	-1.8
BACR	BBB	Subordinated	Financial	Banks	-2.3	182	120.5	61.5	89.3	12.5	6.1	-1.8
SANTLTD	BBB-	Sr Unsecured	Consumer, Cyclical	Lodging	-1.2	154.3	107.2	47.1	75.3	23.5	62	-1.7
AAL	A+	1rst Lien	Consumer, Cyclical	Airlines	-1.6	93.7	107.2	-13.5	22.4	21.8	4.9	-1.7
JBLU	A	1rst Lien	Consumer, Cyclical	Airlines	-2.5	113.9	107.2	6.7	38.4	12.9	5.1	-1.6
DB	BBB-	Subordinated	Financial	Banks	-2.1	225.2	120.5	104.7	133.4	13.2	5.4	-1.5
UAL	A+	1rst Lien	Consumer, Cyclical	Airlines	-1.7	108.5	107.2	1.3	30.2	16.5	4.9	-1.4
KD	BBB-	Sr Unsecured	Technology	Computers	-1.8	152	92.4	59.6	80.1	11.6	6.7	-1.4
SAFE	BBB+	Sr Unsecured	Financial	REITs	-4	133.1	120.5	12.6	33.8	5.3	6.2	-1.3
FLS	BBB-	Sr Unsecured	Industrial	Machinery-Diversified	-2.2	119.8	88.4	31.4	51.6	9.2	6.6	-1.3
DFS	BBB	Sr Unsecured	Financial	Diversified Finan Serv	-1.2	166.3	120.5	45.8	65.5	16.7	6.4	-1.3
TRTN	BBB-	Sr Unsecured	Consumer, Non Cyc	Commercial Services	-2.3	197.7	90.8	106.9	125.3	8	6.6	-1.2
SCCO	BBB+	Sr Unsecured	Basic Material	Mining	-2	114.8	110.6	4.2	20.1	7.8	7.7	-1.2
ARCC	BBB-	Sr Unsecured	Financial	Investment Companies	-2.4	152.9	120.5	32.4	52.3	8.2	6.3	-1.2
ALLY	BBB-	Sr Unsecured	Financial	Diversified Finan Serv	-1.5	182.8	120.5	62.3	82.8	14.1	5.5	-1.2
SANUSA	BBB	Sr Unsecured	Financial	Banks	-1.7	168.5	120.5	48	69.8	13.2	5	-1.1
MTNA	BBB-	Sr Unsecured	Basic Material	Iron/Steel	-2.5	137.1	110.6	26.5	43.2	6.7	6.3	-1.1
VRSN	BBB-	Sr Unsecured	Communications	Internet	-0.34	101.5	107.2	-5.7	9.6	4.6	6.2	-1
SYF	BBB-	Sr Unsecured	Financial	Diversified Finan Serv	-2.2	189.2	120.5	68.7	84.2	7.2	6.3	-1
CDP	BBB-	Sr Unsecured	Financial	REITs	-2.2	154.9	120.5	34.4	48.3	6.4	6.9	-1
BMO	BBB+	Subordinated	Financial	Banks	-1.5	142.4	120.5	21.9	44.4	15.1	4.6	-1

## Focused Issuer Analysis

Leverage quantitative tools to narrow the focus of the team's deep dive fundamental analysis efforts. High conviction buy and sell candidates often result from issuer valuation abnormalities.



## Corporate Bond Quant Tools

### Issuer Relative Value with Leaf Score

#### Sage Sustainable Interactive Bond Screener

##### Sector

All

##### Valuation



##### Performance

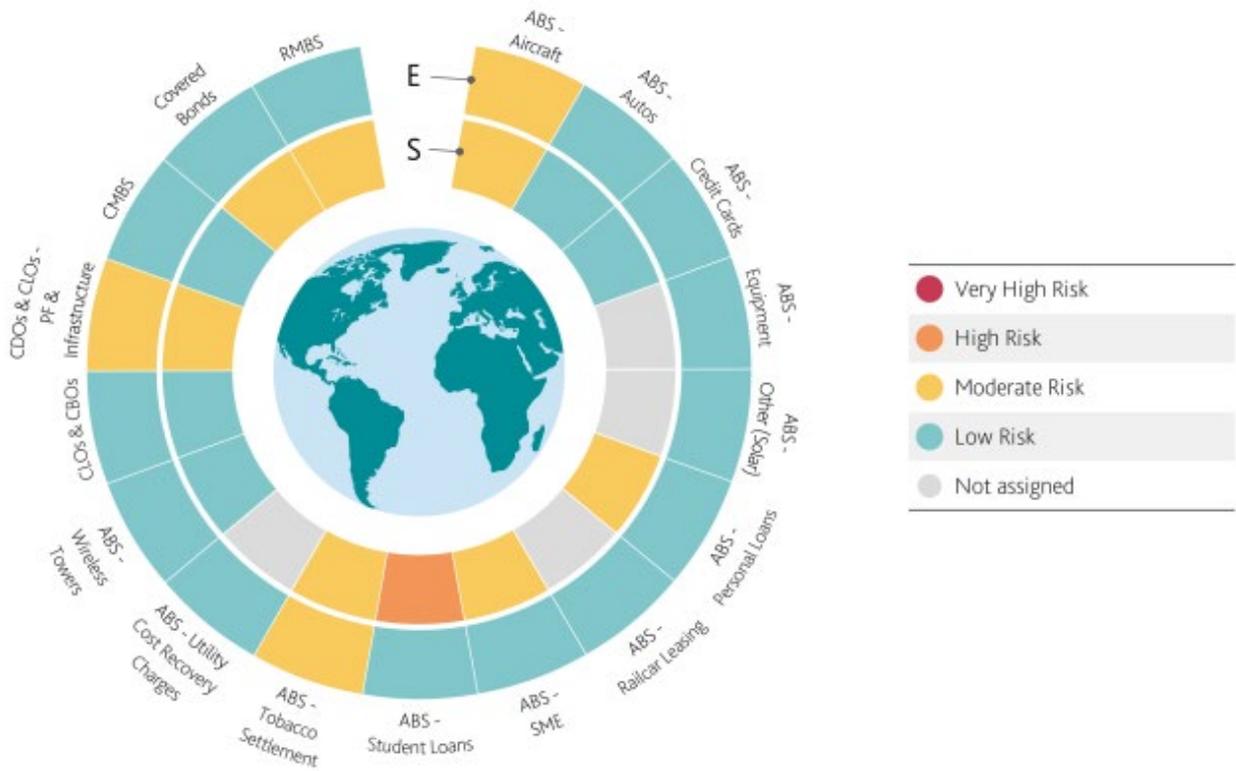


Company										Valuation				Performance	
	Ticker	Leaf	Security	Green	Rtg	Series	Rank	Industry Sector	Industry Group	G Sprd	OAD	Px	YTW	1M Sprd Chg	3M Sprd Chg
2244	SRE	3	SRE 4 ¼ 04/01/52	False	BBB-	NaN	Jr Subordina...	Utilities	Electric	463.9	9.6	86.3	8.5	-210.2	-249.7
2161	NEE	3	NEE 3.8 03/15/2082	False	BBB	NaN	Jr Subordina...	Utilities	Electric	387.6	8.8	87.3	7.7	-124.3	-251.1
3823	D	3	D 5 ¼ 10/0154	False	BBB-	NaN	Jr Subordina...	Utilities	Electric	358.6	8.1	97.5	8	-153	-175.2
2158	OFC	4	OFC 2 ¼ 04/15/31	False	BBB-	NaN	Sr Unsecured	Financial	REITS	276.9	6.9	77.8	6.4	-9.4	-25.3
2334	DELL	5	DELL 8.1 07/15/36	False	BBB-	NaN	Sr Unsecured	Technology	Computers	266.8	8.3	116.5	6.3	-10.1	-55.1
3076	PRU	5	PRU 5 ½ 03/01/52	False	BBB	NaN	Jr Subordina...	Financial	Insurance	253.2	6.9	93.4	6.1	-18.8	-74.1
2701	PRU	5	PRU 6 09/01/52	False	BBB	NaN	Jr Subordina...	Financial	Insurance	250.2	7	99.8	6.1	-2.9	-65.9
3557	MET	4	MET 6.4 12/15/36	False	BBB	NaN	Jr Subordina...	Financial	Insurance	247.8	7.5	102.5	6.1	-38.4	-74.6
989	PRU	5	PRU 4 ¼ 09/15/47	False	BBB	NaN	Jr Subordina...	Financial	Insurance	246.9	7.2	93.3	6	-36.4	-100.8
542	PRU	5	PRU 3.7 10/01/50	False	BBB	NaN	Jr Subordina...	Financial	Insurance	239.9	6.4	87	6	18.9	-100
976	COF	3	COF 2.359 07/29/32	False	BBB	NaN	Subordinated	Financial	Diversified Finan Serv	237.8	8.2	76.2	6	-43.1	-65.5
2051	WSTP	3	WSTP 4.11 07/24/34	False	BBB+	NaN	Subordinated	Financial	Banks	237.5	8.8	90.1	6	-54.7	-81.2
1625	BNS	3	BNS 4.588 05/04/37	False	BBB+	NaN	Subordinated	Financial	Banks	234.9	9.2	91	5.9	-54.5	-78.9
3225	HST	5	HST 3 ¼ 09/15/30	True	BBB-	I	Sr Unsecured	Financial	REITS	232.4	6.3	85.6	5.9	-17.8	-59.7
1059	BMO	3	BMO 3.803 12/15/32	False	BBB+	NaN	Subordinated	Financial	Bank	230.6	7.5	90.8	6	-38.1	-65.6
620	MFCCN	5	MFCCN 4.061 02/24/32	False	BBB+	NaN	Subordinated	Financial	Insurance	226.6	7.2	92.9	6.1	-21.5	-67.9
2007	MS	3	MS 5.297 04/20/37	False	BBB+	NaN	Subordinated	Financial	Banks	216.3	7.1	96.9	5.8	-49.5	-63.3
3784	BAC	3	BAC 3.846 03/08/37	False	BBB+	NaN	Subordinated	Financial	Banks	213.6	8.7	87.2	5.7	-34.8	-47.1
2893	COF	3	COF 5.268 05/10/33	False	BBB+	NaN	Sr Unsecured	Financial	Diversified Finan Serv	208	7.5	97.6	5.6	-33.6	-58.8
3401	KMI	3	KMI 6.95 01/15/38	False	BBB	MTN	Sr Unsecured	Energy	Pipelines	204.6	9.5	112.8	5.7	-30.6	-76.4
796	MU	5	MU 2.703 04/15/32	True	BBB-	NaN	Sr Unsecured	Technology	Semiconductors	203.6	7.7	79.9	5.6	-38.8	-39.1
2423	WSTP	3	WSTP 5.405 08/10/33	False	BBB+	NaN	Subordinated	Financial	Banks	202.8	7.2	98.7	5.6	-43.8	-111.1
2539	BXP	4	BXP 2.9 03/15/30	False	BBB+	NaN	Sr Unsecured	Financial	REITS	201.9	6.1	84.6	5.6	-12.6	-38.7
2088	BXP	4	BXP 2.55 04/01/32	True	BBB+	NaN	Sr Unsecured	Financial	REITS	201.6	7.7	79.1	5.6	-4.1	-45.3
4007	TRPCN	3	TRPCN 7 ¼ 08/15/38	False	BBB+	NaN	Sr Unsecured	Energy	Pipelines	197.4	9.4	117.5	5.7	-21.4	-56.6
2478	HES	3	HES 7.3 08/15/31	False	BBB-	NaN	Sr Unsecured	Energy	Oil & Gas	196.4	6.2	112.2	5.6	-13.9	-28.7

Source: Sage

## Securitized Debt

### Risk Levels for Key Structured Finance Asset Classes



## Securitized Debt

### Fundamental and Structural Analysis

Underlying Asset Pool	Servicer	Originator
<p>Ability of underlying borrowers to repay the securitized receivables</p> <p>Collateral Value</p> <p>Cash Flow and Default Risk</p>	<p>Potential disruptions in servicing or transaction cash flows</p> <p>Counterparty Risk</p> <p>Legal and Regulatory Risk</p>	<p>Consider Leaf Score analysis</p> <p>Counterparty Risk</p> <p>Legal and Regulatory Risk</p>
<ul style="list-style-type: none"> <li> Physical/Environmental Risks</li> <li> Social/Demographic Trends</li> <li> Asset Impact on Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li> Services Standards/Quality</li> <li> Data Security</li> <li> Customer Privacy</li> </ul>	<ul style="list-style-type: none"> <li> Lending Practices</li> <li> Selling Practices</li> <li> Financing Activity</li> <li> Relevant Controversies</li> </ul>

## Making a Difference Through Security Selection

### Case Study: COPT Defense Properties 2.90% 12/01/2033

*In the following issuance, the limited debt outstanding prevents ultra large managers from accumulating security selection alpha in issuers with small debt footprints.*

R	Name	Coupon	Maturity	Amt Out (MM)	Minimum Price	Curr	Country
1)	COPT Defense Properties	2.750	04/15/2031	600.00	2000.00	USD	US
2)	COPT Defense Properties	2.900	12/01/2033	400.00	2000.00	USD	US
3)	COPT Defense Properties	2.250	03/15/2026	400.00	2000.00	USD	US
4)	COPT Defense Properties	2.000	01/15/2029	400.00	2000.00	USD	US

*\$1.8bln total debt outstanding*

R	Holder Name	Position	% Out	File Dt
1	Capital Group Cos Inc/The	34,616	8.65	07/31/22
2	Vanguard Group Inc/The	26,083	6.52	07/31/22
3	SAGE ADVISORY SERVICES	23,323	5.83	08/29/22
4	FMR LLC	22,136	5.53	07/31/22
5	BlackRock Inc	15,059	3.76	08/26/22
6	Dimensional Fund Advisors LP	13,675	3.42	08/26/22
7	New York Life Insurance Co	13,450	3.36	03/31/22
8	Pacific Life Insurance Co	10,000	2.50	03/31/22
9	SAGE ADVISORY SERVICES	9,996	2.50	08/11/22
10	Lincoln National Corp	9,000	2.25	03/31/22



Sample SDG Impact Reporting

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## Investing for Global Alignment

### United Nations Sustainable Development Goals (SDGs)



## Impact Assessment Methodology

The SDG Impact Rating provides a holistic metric of impact using the United Nations (UN) Sustainable Development Goals (SDGs) as a reference framework. The rating measures the extent to which companies are managing negative externalities in their operations across the entire value chain to minimize negative impacts, while at the same time making use of existing and emerging opportunities in their products and services to contribute to the achievement of the Sustainable Development Goals. A company's impact is measured thematically, following the SDG framework, as well as at an aggregate level. For each of the 17 SDGs, a company's impact is determined by three pillars:



**PRODUCTS & SERVICES**



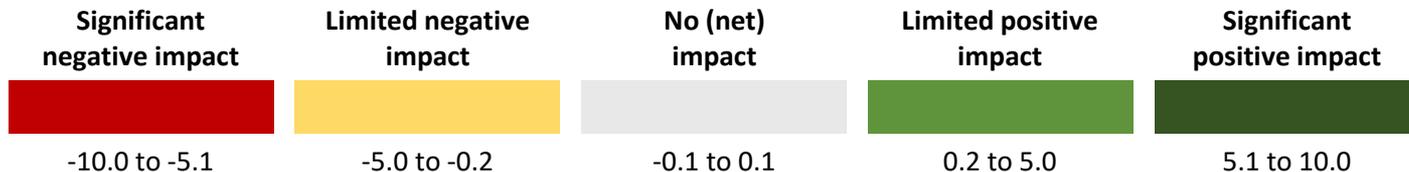
**OPERATIONS MANAGEMENT**



**CONTROVERSIES**

1. Identify to what extent products and services contribute to or obstruct the SDGs.
2. Evaluate impact along the entire value chain.
3. Identify alleged or verified failures and companies' responsiveness to respect established norms that may obstruct the SDGs.

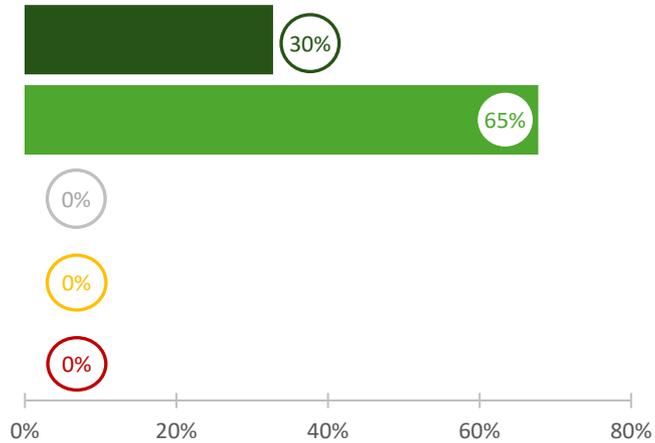
The SDG Impact Score ranges on a scale from -10 to 10 with an underlying classification into five broad assessment categories.



## Portfolio SDG Impact: Sage Portfolio vs. Benchmark

Sage Portfolio

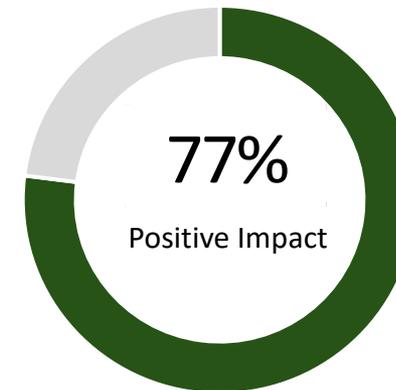
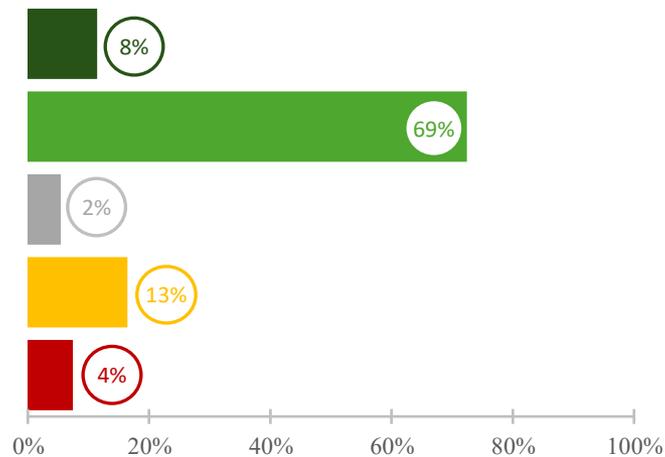
- Significant Positive Impact (5.1 to 10)
- Limited Positive Impact (0.2 to 5.0)
- No net impact (-0.1 to 0.1)
- Limited Negative Impact (-5.0 to -0.2)
- Significant Negative Impact (-10 to -5.1)



5% of portfolio holdings had no data to collect

Benchmark

- Significant Positive Impact (5.1 to 10)
- Limited Positive Impact (0.2 to 5.0)
- No net impact (-0.1 to 0.1)
- Limited Negative Impact (-5.0 to -0.2)
- Significant Negative Impact (-10 to -5.1)



4% of portfolio holdings had no data to collect

## Mapping Portfolio Impact

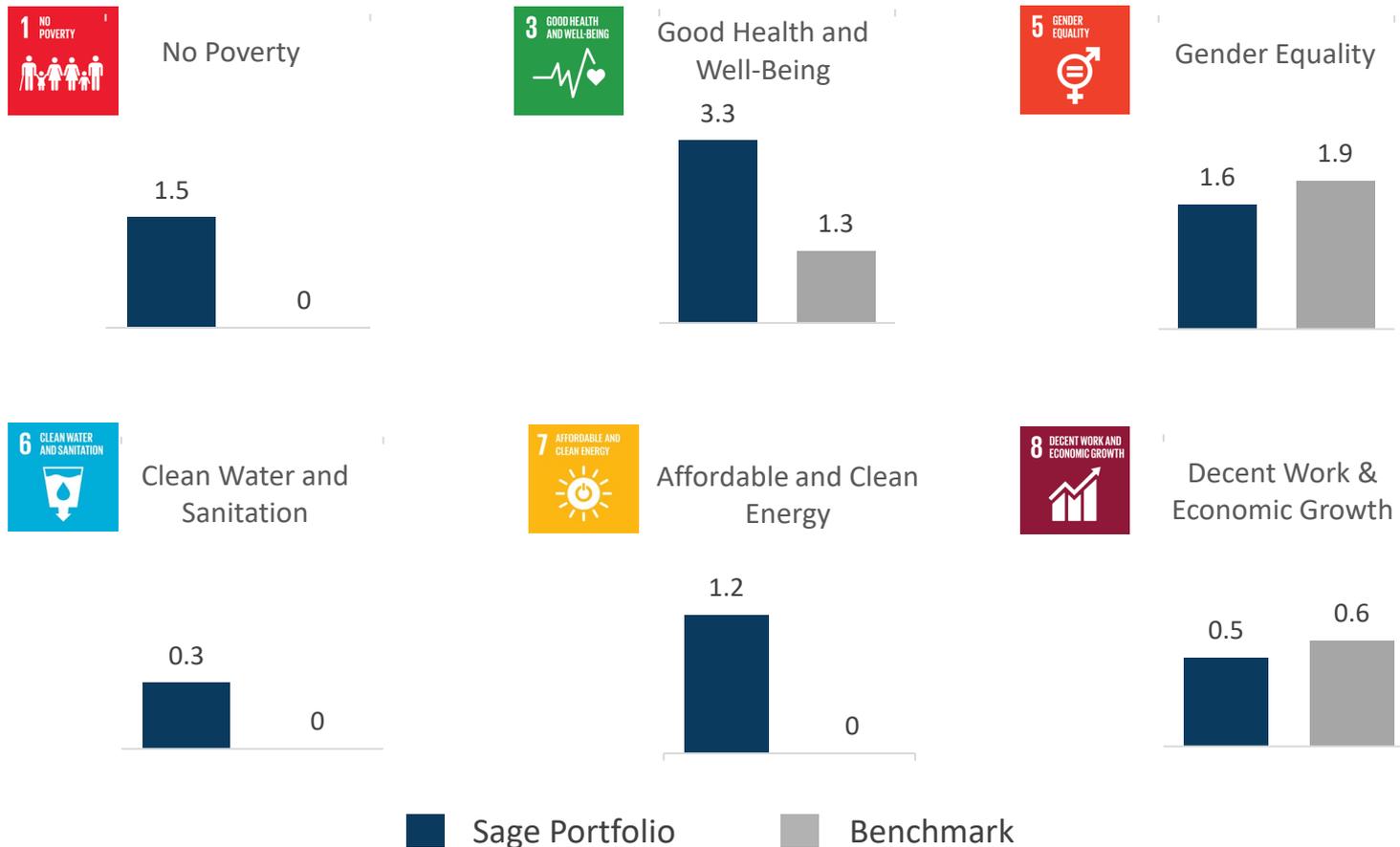
### SDGs Represented and Their Relative Impact Intensities



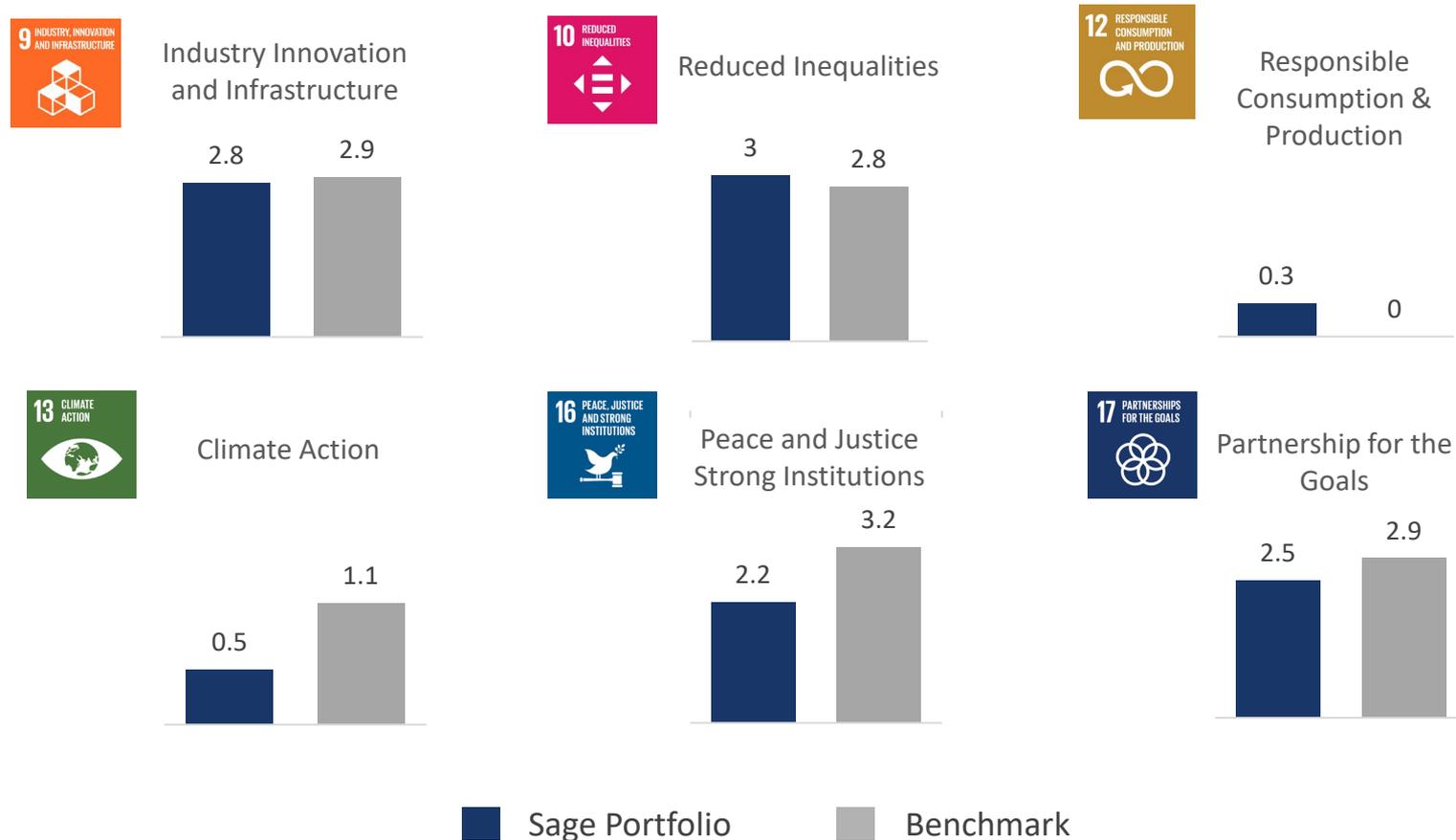
Sage's portfolio and the Index have no net impact on SDGs 2, 4, 11, 14, and 15.



## Impact by SDG: Sage Portfolio vs. Benchmark



## Impact by SDG: Sage Portfolio vs. Benchmark



## Top 5 Holdings by SDG Impact Rating

Issuer Name	Highest Positive Impact	Key Impact Drivers
NextEra Energy Capital Holdings, Inc.	SDG 3: Good Health & Well-Being	<p><b>Revenue:</b> The issuer does not derive significant revenue from products and services that contribute to or obstruct the achievement of this goal.</p> <p><b>Operations:</b> Provision of information on safety risks; Radioactive waste management and disposal strategy; Environmentally safe operation of facilities. Patient and product safety; Environmentally friendly product design.</p> <p><b>Controversies:</b> No controversies with relevant impact on this goal.</p>
Hewlett Packard Enterprise Company	SDG 10: Reduced Inequalities	<p><b>Revenue:</b> The issuer does not derive significant revenue from products and services that contribute to or obstruct the achievement of this goal.</p> <p><b>Operations:</b> Measures to enable key suppliers to safeguard labor rights and improve working conditions; Procedures to ensure compliance with the supplier standard on labor rights and working conditions; Supplier standard with regard to labor rights and working conditions.</p> <p><b>Controversies:</b> Under observation: Alleged failure to prevent workplace discrimination in the United States; Remediation: Measures Initiated.</p>
The Kroger Co.	SDG 9: Industry, Innovation & Infrastructure	<p><b>Revenue:</b> The issuer does not derive significant revenue from products and services that contribute to or obstruct the achievement of this goal.</p> <p><b>Operations:</b> Greenhouse gas emission reduction targets and action plans; Nutrition targets relating to product portfolio; Strategy to minimize food waste</p> <p><b>Controversies:</b> No controversies with relevant impact on this goal.</p>
Hewlett Packard Enterprise Company	SDG 17: Partnership for the Goals	<p><b>Revenue:</b> The issuer does not derive significant revenue from products and services that contribute to or obstruct the achievement of this goal.</p> <p><b>Operations:</b> Community involvement; Sustainability reporting; Tax base erosion and profit shifting.</p> <p><b>Controversies:</b> No controversies with relevant impact on this goal.</p>
Bank of America Corporation	SDG 16 : Peace, Justice & Strong Institutions	<p><b>Revenue:</b> The issuer does not derive significant revenue from products and services that contribute to or obstruct the achievement of this goal.</p> <p><b>Operations:</b> Compliance procedures; Code of business ethics; Human rights due diligence procedures.</p> <p><b>Controversies:</b> Under observation: Alleged failure to prevent bribery in the United States; Remediation: Measures Initiated</p>

\* The top 5 holdings comprise ~10% of the total Sage Sustainable Intermediate Term Fixed Income Wrap composite and ~25% of the corporate only portion of the Sage Sustainable Intermediate Term Fixed Income Wrap composite.

## IMPORTANT DISCLOSURES

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