

Moderate Term Fixed Income Strategy

Characteristics and Commentary



2nd Quarter 2026



Market Environment

- The dominant factor for markets in the second quarter was the shift in Fed expectations toward hikes and the strong earnings and AI capex investment cycle.
- Fixed income returns improved from Q1 but remained modest across sectors, as the curve shifted higher on a more hawkish Fed posture and spreads ground slightly tighter. The curve flattened throughout the quarter as the Fed repricing was felt more directly in the front end.
- Since the moves were driven almost solely by Fed expectations rather than term premium risks (longer-term inflation and supply concerns), back-end yield moves were relatively mild. As a result, longer-duration Treasury and credit segments outperformed, as did higher-yielding, more spread-sensitive markets such as IG Credit and HY.

Quarterly Performance

The Moderate Term Strategy returned +0.71% (gross) / +0.62% (net) vs. +0.38% for the Bloomberg 1-5 Year Government Credit Index.

Attribution:

- Curve/Duration: +9 bps
- Sector/Selection: +24 bps (+18 bps/+6 bps)

Primary contributors to relative performance:

- Sector: Overweight Corporate Credit & Structured Finance
- Subsector: Overweight ABS & RMBS
- Industries: Banking, Technology & REITs

Primary detractors to relative performance:

- Industries: Finance Companies, Consumer Cyclical & Communications

Outlook

- First half inflation and policy tightening headwinds have not gone away, but the de-escalation with Iran has taken much of the pressure off rates. While the Fed, like many other central banks, has moved toward a tightening bias, we ultimately expect rates to remain on hold through 2026.
- Our base case for the back half of the year calls for range-bound rates at slightly higher levels, reflecting an environment of still-muted core inflation dynamics, easing energy-related pressures, and firm growth but with pockets of weakness.
- Credit valuations are also at unforgiving levels, but the difference is that investors can still win going sideways, which is the zone we are in. Strong fundamentals and overwhelming demand for yield are likely to keep spreads stable.

Positioning

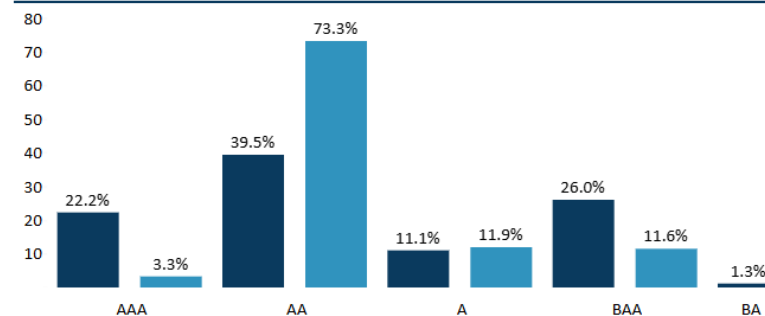
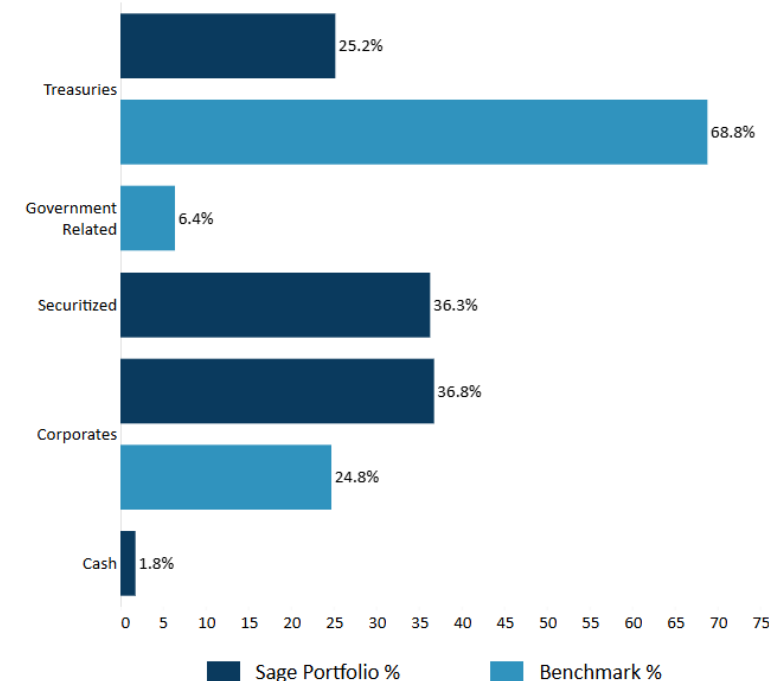
- Within the strategy, we are focused on harvesting yield through security selection and sector tilts, while maintaining relatively low tracking error, full duration, and a defensive credit profile.
- We continue to overweight MBS, which we view as offering the best risk-reward profile within core fixed income, combining attractive yields relative to credit with a higher-quality profile.
- We are favoring the front end of the credit curve and hard-assets issuers that are less susceptible to AI-driven disruption, as well as highly regulated sectors, such as banking and utilities.

**PORTFOLIO SUMMARY**

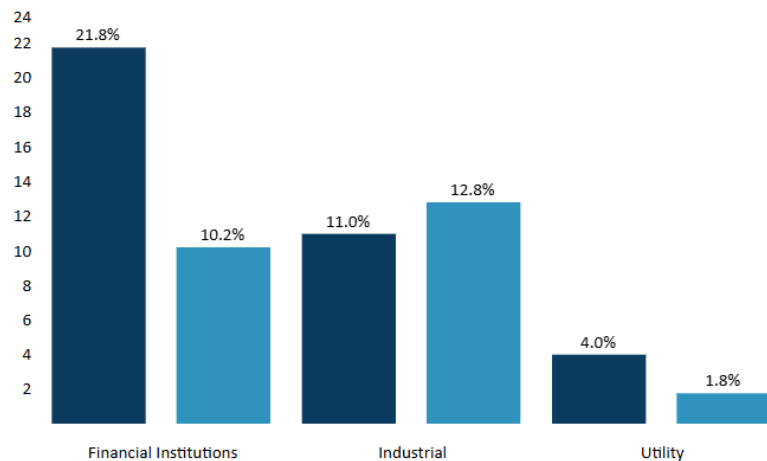
As of Date	May 31, 2026
Portfolio Market Value	Composite
Benchmark	Bloomberg Govt - Credit 1-5 Yr

PORTFOLIO CHARACTERISTICS

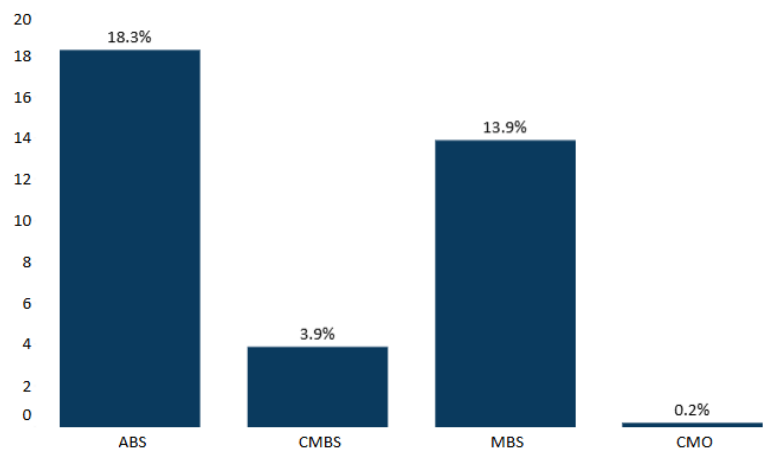
	Portfolio	Benchmark
Yield to Worst	4.52%	4.19%
Coupon	4.48%	3.47%
Effective Maturity	3.18	2.88
Effective Duration	2.64	2.64
Average Credit Rating	A	AA

CREDIT RATING ALLOCATION**SECTOR ALLOCATION**

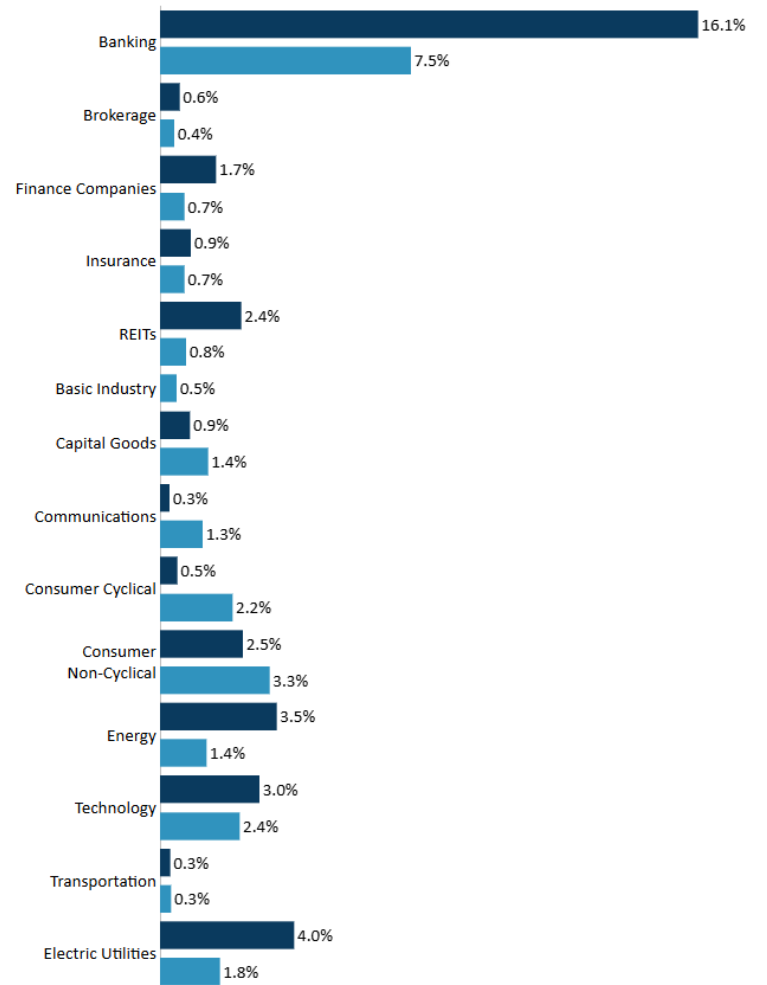
CORPORATE SECTOR ALLOCATION



SECURITIZED SECTOR ALLOCATION

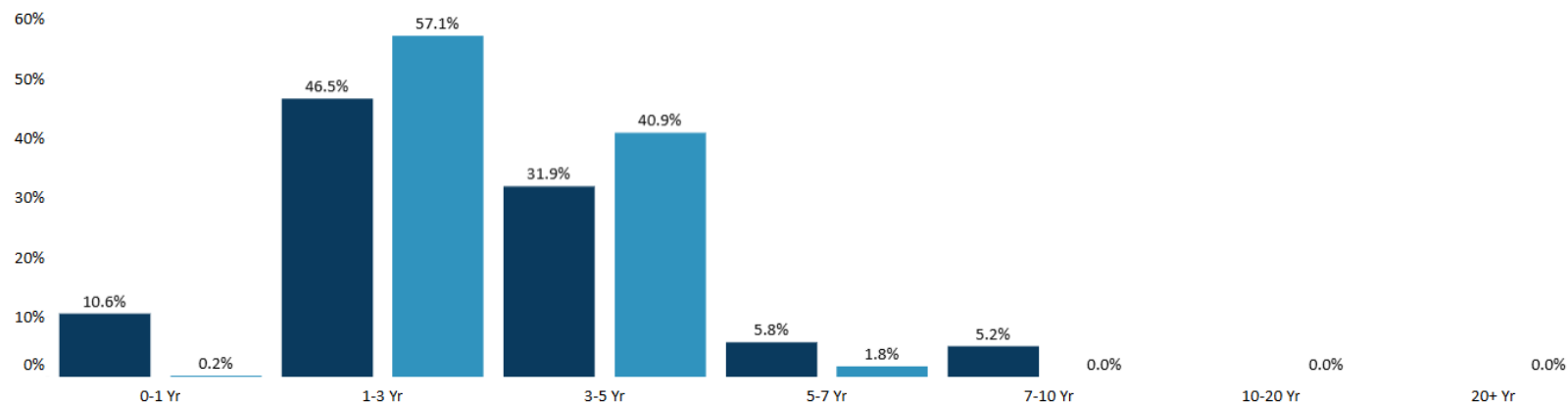


CORPORATE INDUSTRY ALLOCATION

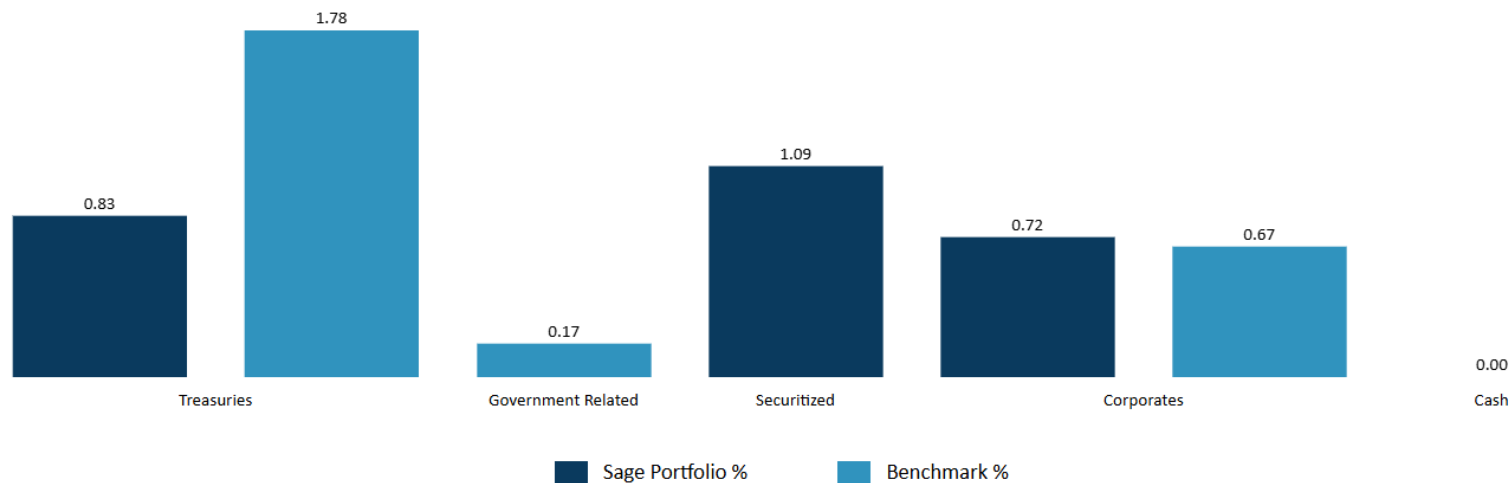


 Sage Portfolio %
  Benchmark %

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)
2015	1.18	0.83	0.97	14	1.03	1.18	0.01	540	9,411	2,412	11,823
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
	1 Yr	5 Yr	10 Yr								
Gross Return (%)	4.24	1.85	2.11								
Net Return (%)	3.88	1.49	1.76								
Benchmark Return (%)	3.76	1.29	1.66								

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 quarter 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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