SAGE
INVEST WITH WISDOM™

Moderate Term Fixed Income Strategy

Characteristics and Commentary

3rd Quarter 2026

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Market Environment

- Stronger economic data during the quarter worked against returns, as it was paired with sticky inflation and concerns around the rising cost of capital, growing deficits, and heavy supply. The result was a more hawkish shift in monetary policy: the Fed hiked in September and signaled that more may come.
- Fixed income returns were negative across nearly all sectors, as elevated income could not absorb the rapid adjustment in rates. Duration was the dominant driver and pushed most indices into negative territory.
- Credit returns were negative because of duration, but spreads stayed resilient as yield buyers continued to absorb record supply. MBS lagged given its rate sensitivity and higher rate volatility. Within non-core, higher-income, lower-duration segments such as leveraged loans fared better on the quarter.

Quarterly Performance

The Moderate Term Strategy returned -1.07% (gross) / -1.16% (net) vs. -0.92% for the Bloomberg 1-5 Year Government Credit Index.

Attribution:
- Curve/Duration: -6 bps
- Sector/Selection: -9 bps (-9 bps/+0 bps)

Primary contributors to relative performance:
- Sector: Underweight Treasuries
- Subsector: Overweight ABS
- Industries: Underweight Communications, Underweight Capital Goods & Consumer Non-Cyclical

Primary detractors to relative performance:
- Curve/Duration
- Subsector: Overweight to RMBS
- Industries: Overweight Energy, Overweight Banking & Underweight Technology

Outlook

- Inflation remains above target and the primary driver of Fed policy. But underlying core inflation trends are substantially lower than earlier in the cycle and fundamentally different from the inflation surge of 2021–2022. As such, we expect continued rate volatility as data shifts, but ultimately a short cycle (two to three additional hikes) over the next six to nine months.
- Much of this has been priced into the curve, making short and intermediate fixed income compelling on a forward basis. We remain more cautious toward the long end of the Treasury curve, where structural pressures tied to fiscal deficits, elevated Treasury issuance, and potentially higher term premiums could weigh on prices for longer.
- We continue to view credit primarily as a carry opportunity, with the greatest value residing at the security selection level rather than through broad market beta.

Positioning

- Within the strategy, we are focused on sector tilts and issuer selection, while maintaining relatively low tracking error, full duration, and a defensive credit profile to take advantage of opportunities amid potential fixed income volatility.
- 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-asset issuers that are less susceptible to AI-driven disruption, as well as highly regulated sectors, such as banking and utilities.

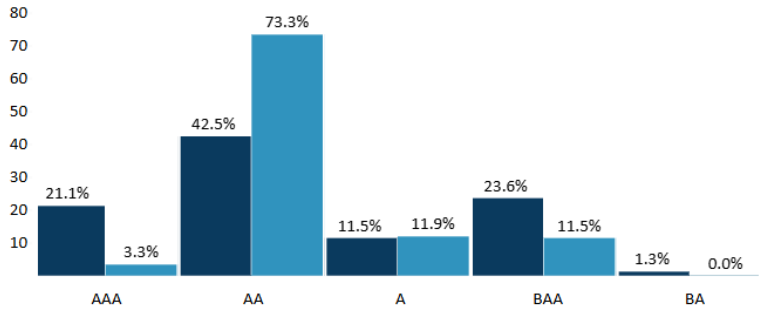
Performance attribution and commentary is in reference to the composite. Performance is preliminary as of 9/30/2026.

Moderate Term Fixed Income Strategy Characteristics & Commentary

PORTFOLIO SUMMARY

As of Date	September 30, 2026
Portfolio Market Value	Composite
Benchmark	Bloomberg Govt - Credit 1-5 Yr

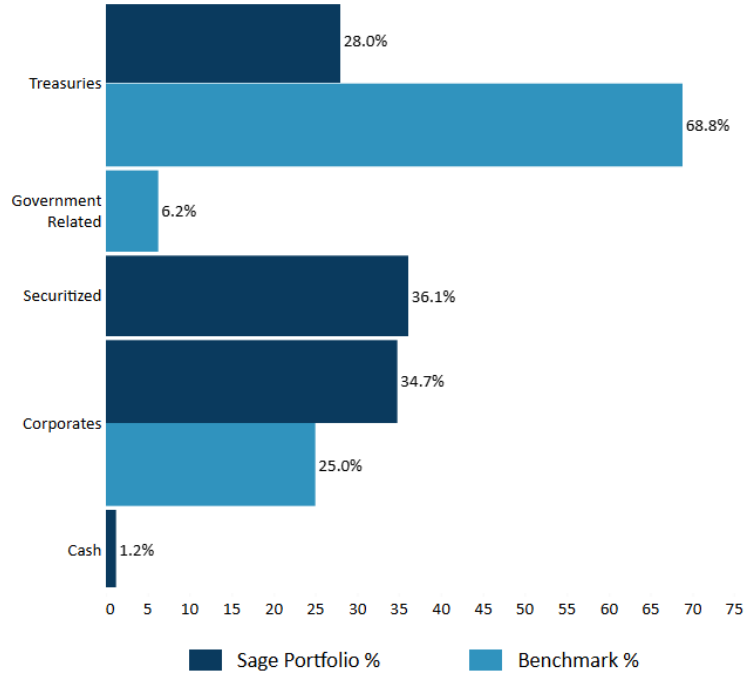
CREDIT RATING ALLOCATION



PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Yield to Worst	5.36%	5.10%
Coupon	4.49%	3.57%
Effective Maturity	3.56	2.87
Effective Duration	2.74	2.59
Average Credit Rating	A	AA

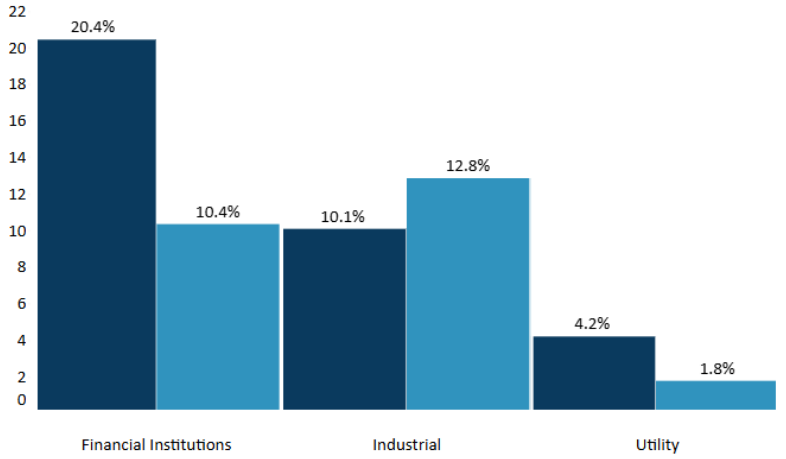
SECTOR ALLOCATION



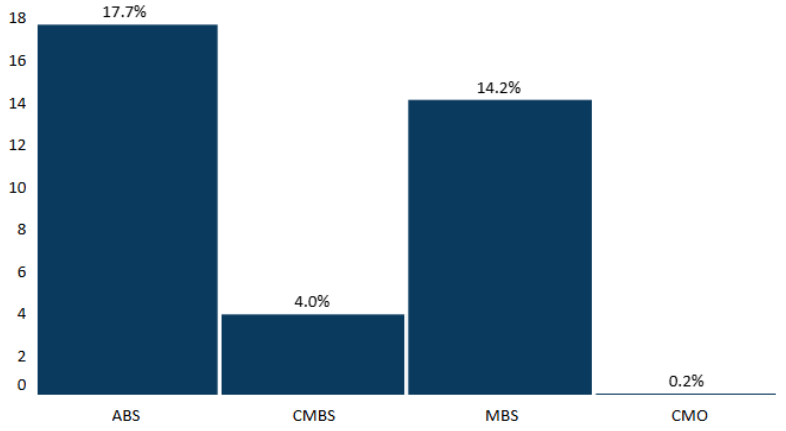
Information as of 9/30/2026. This information is supplemental to the GIPS presentation attached and is based on underlying composite accounts. Sage represents that the holdings, characteristics and risk profile are representative of the strategy/style. Please reference complete GIPS disclosures at the end of the presentation.

Moderate Term Fixed Income Strategy Characteristics & Commentary

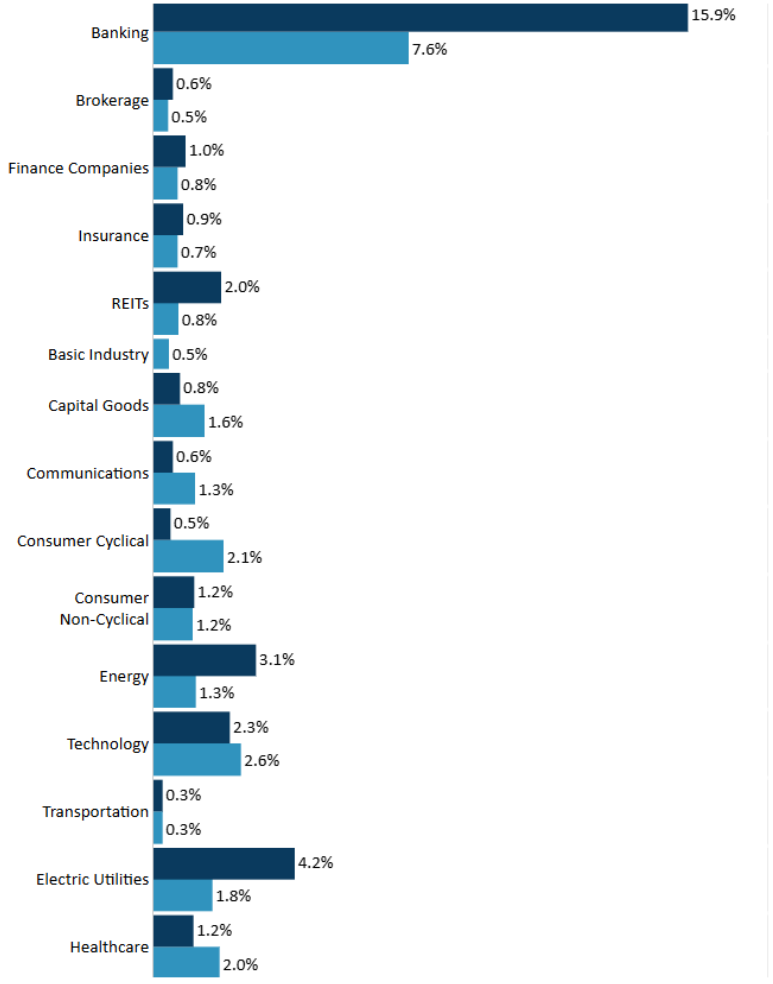
CORPORATE SECTOR ALLOCATION



SECURITIZED SECTOR ALLOCATION



CORPORATE INDUSTRY ALLOCATION



Sage Portfolio % Benchmark %

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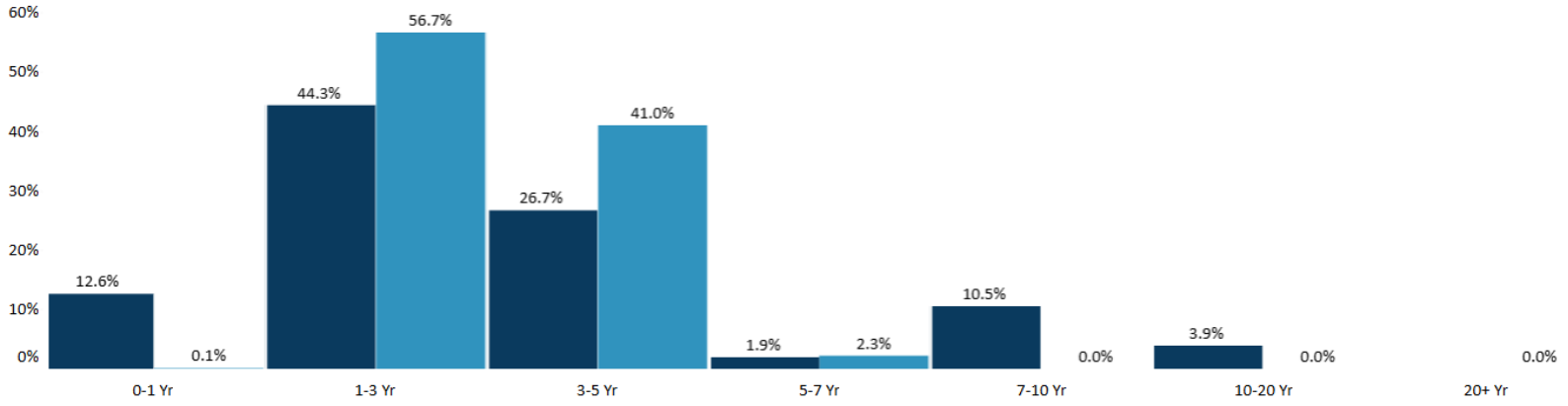
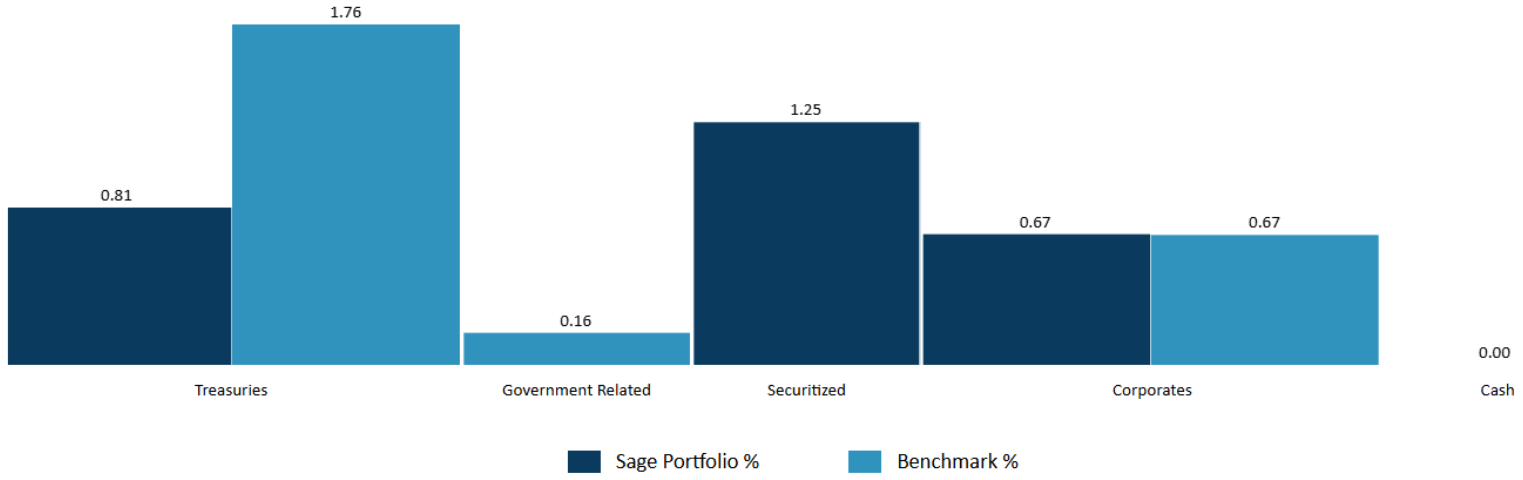
Moderate Term Fixed Income Strategy Characteristics & Commentary

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)
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
2025	6.66	6.29	6.11	8	2.61	2.61	0.10	244	28,347	1,859	30,206

	1 Yr	5 Yr	10 Yr
Gross Return (%)	6.66	2.08	2.65
Net Return (%)	6.29	1.73	2.29
Benchmark Return (%)	6.11	1.56	2.17

As of December 31, 2025

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.*

Compliance Statement: Sage Advisory Services, Ltd. Co. ("Sage") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sage has been independently verified for the period December 31, 2004 to December 31, 2025. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Firm Information: Sage is a registered investment advisor based in Austin, Texas. Sage specializes in Fixed Income, Balanced and Exchange Traded Fund ("ETF") investment management for insurance companies and other financial institutions, Taft-Hartley organizations, endowments, foundations, non-profit institutions, corporations, defined benefit plans, healthcare institutions, family offices and high net worth individuals. Sage does not utilize leverage, futures, or options in any portfolios included in the composites. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.

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 month 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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