Liability Driven Investing

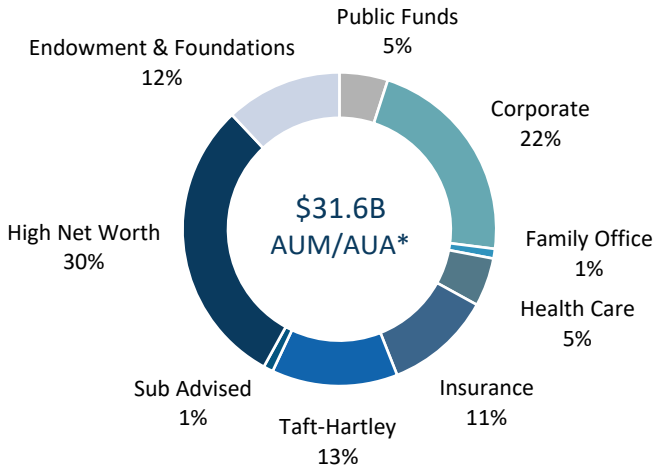
October 2026

SAGE
INVEST WITH WISDOM™

Who We Are

- Founded in 1996 — Based in Austin, Texas
- 100% employee operated
- 17-member investment team has an average industry experience of 18 years
- Deliver fixed income SMAs across the yield curve

Who We Serve



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.

*AUM/AUA as of 9/30/2026. ** "Who We Serve" is client type by AUM/AUA.

Fixed Income Strategies

Strategies Across the Yield Curve*

Short Term	Intermediate	Core	Long/LDI	Credit	Municipal
Enhanced Cash	Moderate Term	Core Aggregate	LDI	Intermediate Corp	Muni Total Return
Short Term	Intermediate Term	Core Plus	Long Term	High Yield	Muni Ladder

Customization Options

Client Application

Customize to the unique purpose of asset pool

Example
Pension plan de-risking, insurance co. reserves, hospital operating pools

Maturity/Duration

Target a max maturity, duration or ladder

Example
Maximum maturity of 5 years or duration of less than 1 year

Credit Quality

Restrict, limit, expand ratings categories

Example
Allow allocation to below-IG bonds to enhance yield

Cash Flow Targeting

Align portfolio with known liquidity needs

Example
Manage maturities and cash to fund quarterly distributions

Responsible Investing

Limit or exclude certain industries or securities

Example
Apply faith-based screens to a corporate bond allocation

*Not a complete list of strategies

Custom LDI Solutions

Our Approach

We start with the end in mind. The relationship between assets and liabilities is a key consideration of the planning process because ultimately, our liability-driven approach is about managing risk. Each account is customized and measured against a custom liability benchmark.

Process

Initial Diagnostic

Analyze liability characteristics, evaluate varying degrees of LDI adoption.

↓

Portfolio Implementation

Accounts are separately managed and measured against a custom liability benchmark.

↓

Ongoing Analysis

Produce quarterly diagnostic, measure changes to both assets and liabilities.

Long-Term Goals

- Benefit Immunization
- Deficit Reduction
- Surplus Optimization
- Hibernation/ Termination
- Pension Risk Transfer

Sample Pension Plan Diagnostic: Asset/Liability Characteristics

The Sage team will produce an initial diagnostic to evaluate the relationship between plan assets and liabilities to understand important risk characteristics, such as the interest rate hedge ratio.

	Future Value	Discount Rate	Present Value	Surplus/ (Deficit)	Funded Status	Duration (Years)	Dollar Duration	IR Hedge Ratio
Assets								
Fixed Income Assets			84,908			6.2	5,264	
Return Seeking Assets			127,362			N/A	N/A	
Total Assets			**212,270**			**2.5**	**5,264**	
Liabilities								
PBO, IRS Corp Curve	424,875	4.9%	212,270	0	100%	11.5	24,441	22%

All amounts are in thousands of dollars unless otherwise noted. Interest rate hedge ratio is the ratio of the dollar duration of assets to the dollar duration of the liabilities; it is a measure of the fraction of liability interest rate risk (measured in dollar terms) that is hedged by the assets.

Sample Pension Plan Diagnostic: Interest Rate Sensitivities and Hedge Ratios

The analysis evaluates the potential funded status volatility of the current allocation while comparing the same risk metrics for portfolios that introduce varying allocations to LDI.

	Current Portfolio: 40% FI / 60% Return-Seeking	**Portfolio 2:** 75% LDI / 25% Return-Seeking
Liability Profile		
Present Value	212,270	212,270
Duration (Total)	11.5	11.5
Asset Profile		
Total Assets	212,270	212,270
Fixed Income Allocation	40%	75%
Return-Seeking Allocation	60%	25%
Fixed Income Duration	6.2	11.5
Risk Profile		
Funded Status	100%	100%
Surplus/(Deficit)	0	0
Portfolio IR Hedge Ratio	22%	75%
% Funded Status Vol	10.0%	4.4%
$ Funded Status Vol	21,823	9,506

Data as of 9/30/2024. All amounts are in thousands of dollars unless otherwise noted.

Sample Pension Plan Diagnostic: Capital Market Scenario Analysis

In addition to utilizing stochastic modeling to understand statistical risk, we model the potential impact of an instantaneous shift in interest rates and return-seeking assets.

Current Allocation

Plan Funded Status Resulting From Market Movements

Return-Seeking Change	Interest Rate Shift -2.0%	-1.0%	0.0%	+1.0%	+2.0%
-20%	73.4%	80.5%	88.0%	95.6%	102.9%
-10%	78.1%	85.8%	94.0%	102.3%	110.3%
0%	82.9%	91.1%	100.0%	109.0%	117.7%
+10%	87.6%	96.5%	106.0%	115.7%	125.1%
+20%	92.3%	101.8%	112.0%	122.4%	132.4%

75% LDI / 25% Return-Seeking

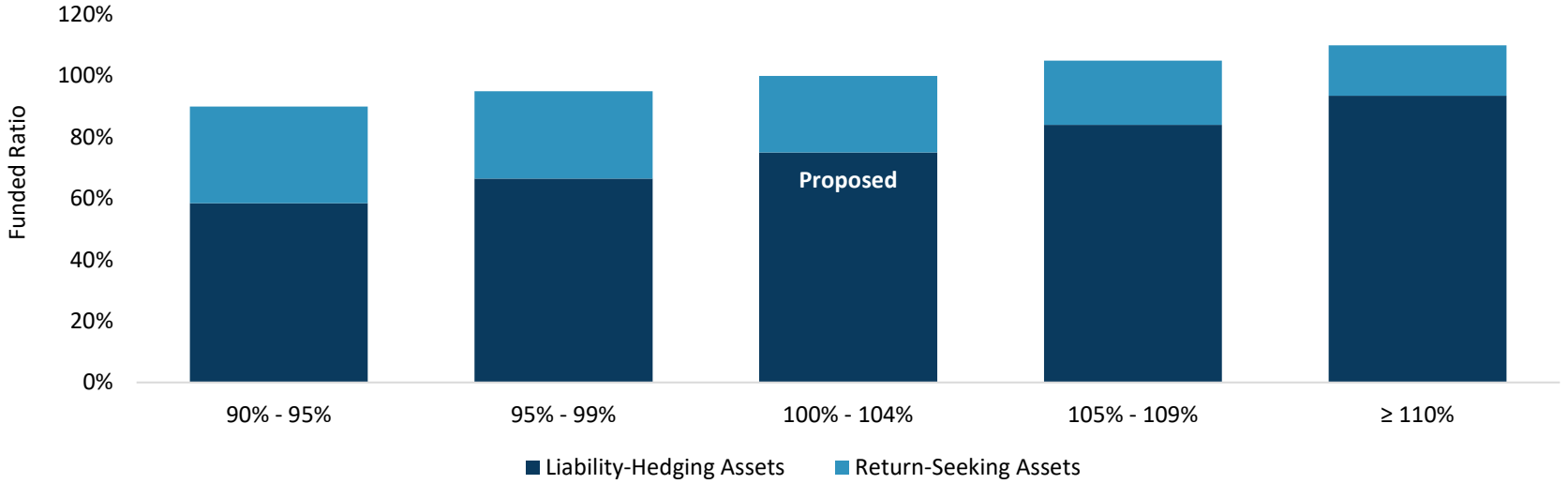
Plan Funded Status Resulting From Market Movements

Return-Seeking Change	Interest Rate Shift -2.0%	-1.0%	0.0%	+1.0%	+2.0%
-20%	90.7%	92.8%	95.0%	97.3%	99.6%
-10%	92.7%	95.0%	97.5%	100.1%	102.7%
0%	94.7%	97.2%	100.0%	102.9%	105.8%
+10%	96.6%	99.4%	102.5%	105.7%	108.9%
+20%	98.6%	101.7%	105.0%	108.5%	112.0%

Data as of 9/30/2024. All amounts are in thousands of dollars unless otherwise noted.

Sample Pension Plan Diagnostic: De-Risking Glidepath

Develop and adopt a custom de-risking glidepath that will trigger an increase to the liability hedging portfolio as funded-status milestone are achieved.



	CURRENT	→ GLIDEPATH BY FUNDED RATIO →				TARGET
	100%	**90% - 95%**	**95% - 99%**	**100% - 104%**	**105% - 109%**	**≥ 110%**
Asset Allocation						
Liability-Hedging Assets	40%	65% - 70%	70% - 75%	**75% - 80%**	80% - 85%	85% - 100%
Return-Seeking Assets	60%	30% - 35%	25% - 30%	**20% - 25%**	15% - 20%	0% - 15%
Risk Profile						
Portfolio IR Hedge Ratio	22%	59%	67%	**75%**	84%	94%

All amounts are in thousands of dollars unless otherwise noted.

Our Approach

Custom Liability Benchmark Construction

Sage develops a custom liability benchmark (CLB) for all LDI clients based on the client's existing pension liabilities. The CLB measures the change in liabilities and provides the framework for portfolio construction.

Liability Analysis

- Liabilities discounted with published discount curves (i.e. IRS, FTSE).
- Published yield curves are non-investable.
- Output is liability characteristics including key-rate duration and single-equivalent discount rate.

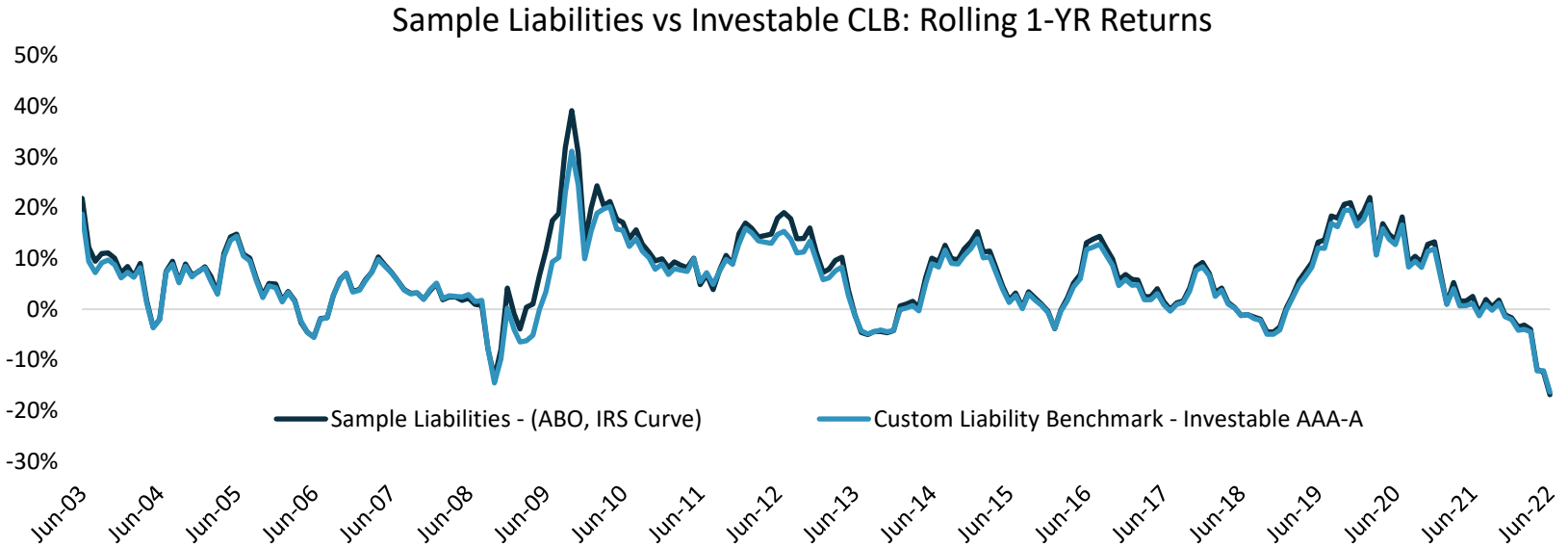
Sage CLB Methodology

- Translate liability characteristics into a benchmark of investable bonds.
- Investable universe comprised of over 9,000 constituents.
- Output is a liability benchmark with sector, quality, duration, and maturity distribution.

Our Approach

Benefits of Custom Liability Benchmark

1. Improved Hedging
2. Enhanced Risk Management
3. Prudent Governance

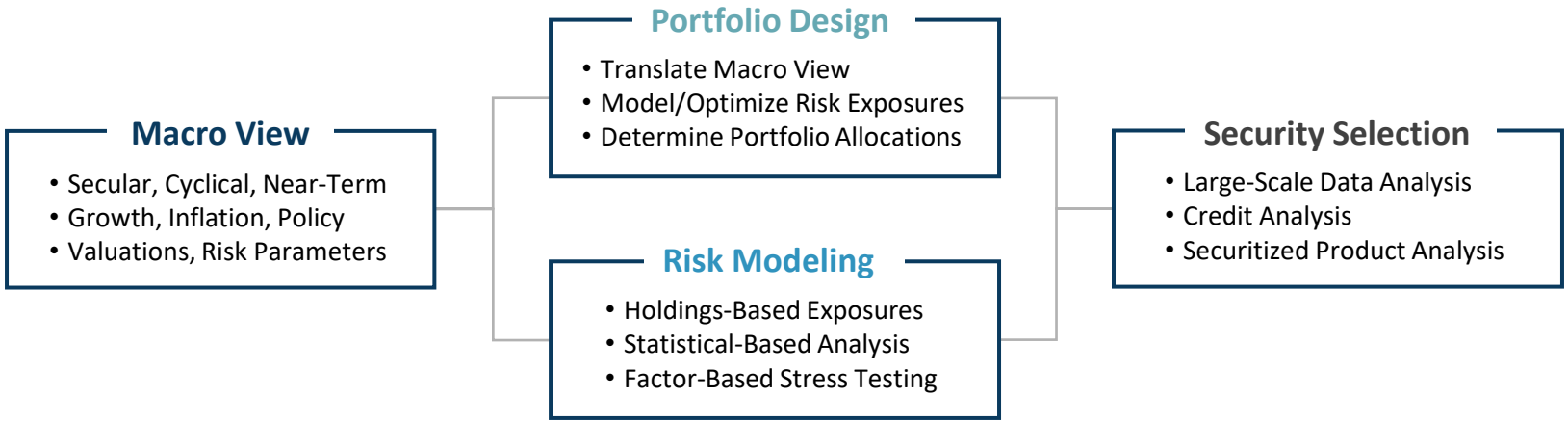


Sample liabilities are for illustrative purposes.

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.



Sample Pension Plan: Portfolio Characteristics vs. CLB

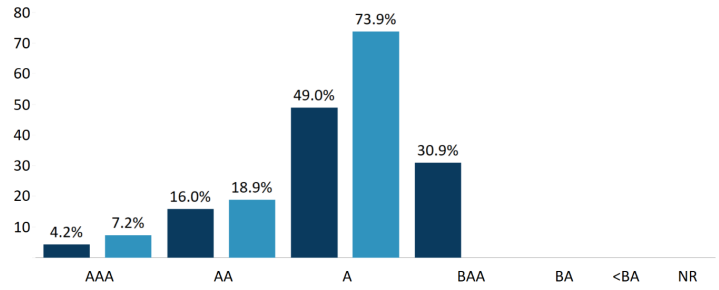
PORTFOLIO SUMMARY

As of Date	September 30, 2024
Portfolio Market Value	$190,027,529
Number of Securities	197
Benchmark	CLB Investable

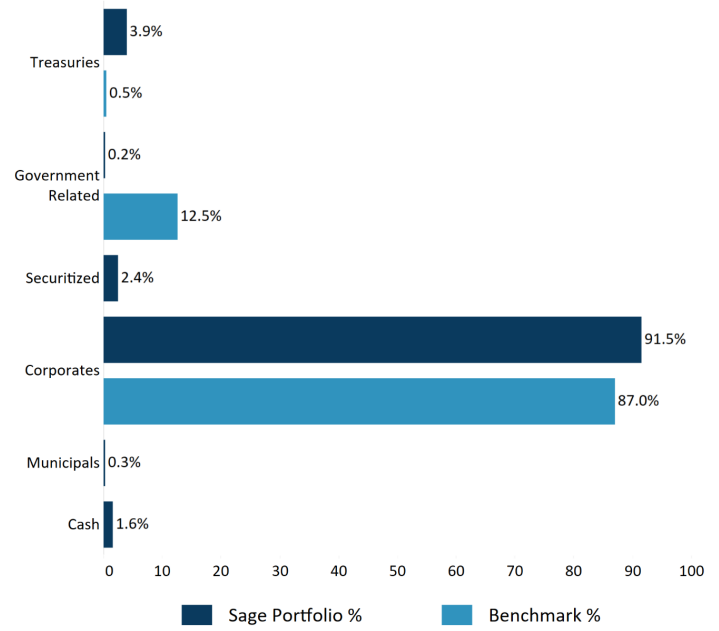
PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Yield to Worst	4.96%	4.84%
Coupon	4.39%	4.26%
Effective Maturity	20.69	19.73
Effective Duration	11.67	11.57
Average Credit Rating	A	A+

CREDIT RATING ALLOCATION



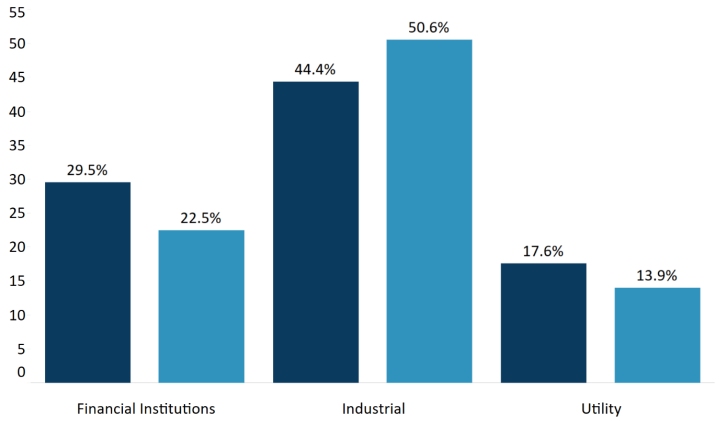
SECTOR ALLOCATION



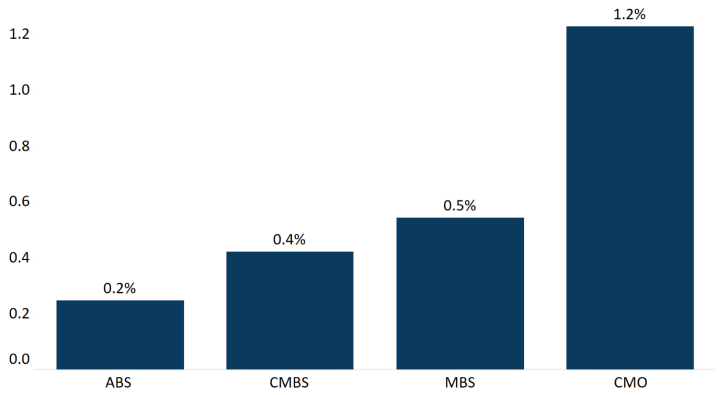
Sample portfolio characteristics are for illustrative purposes.

Sample Pension Plan: Portfolio Characteristics vs. CLB

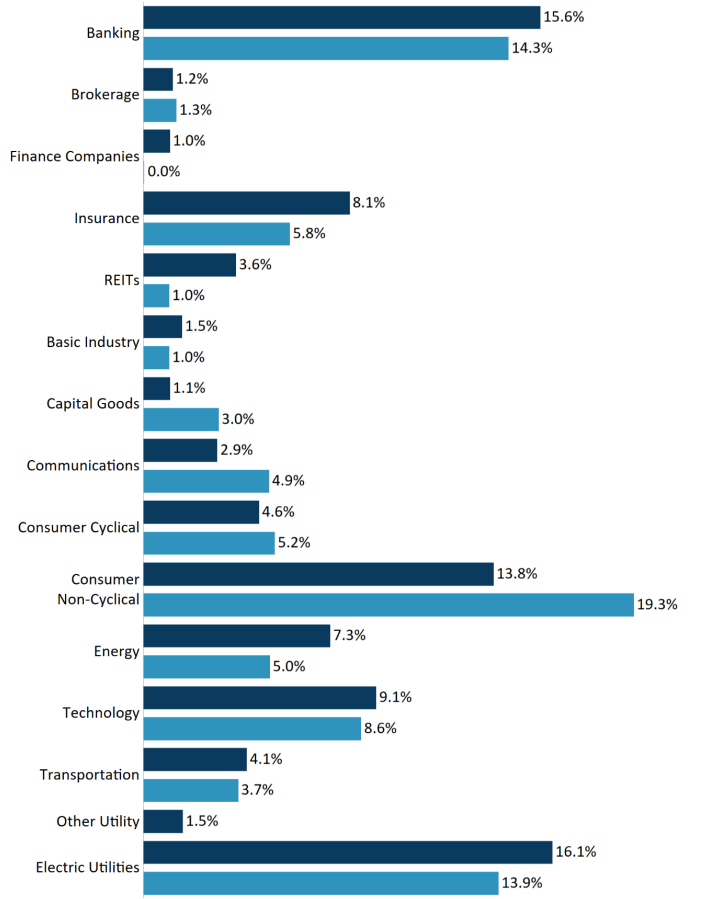
CORPORATE SECTOR ALLOCATION



SECURITIZED SECTOR ALLOCATION



CORPORATE INDUSTRY ALLOCATION

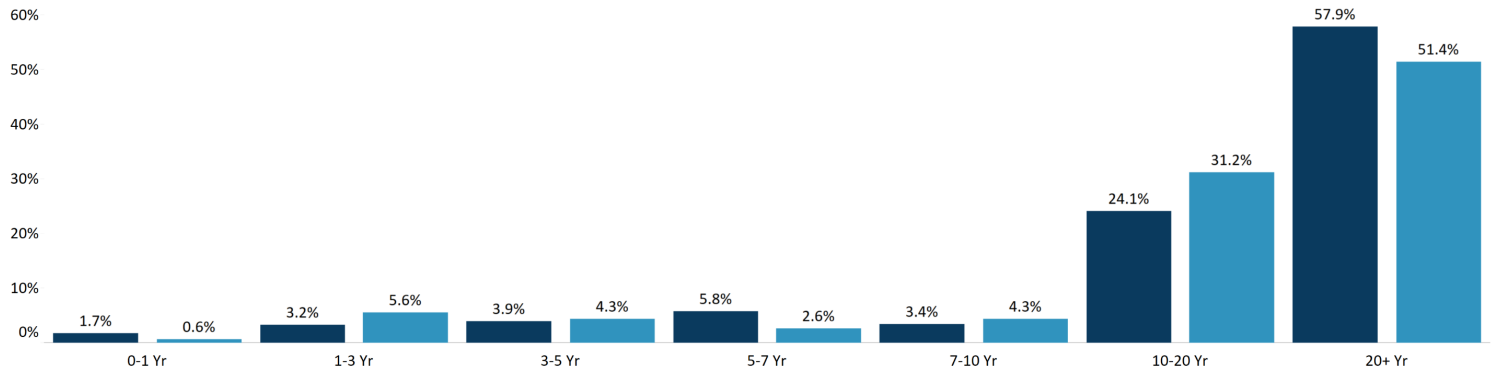


Sage Portfolio % Benchmark %

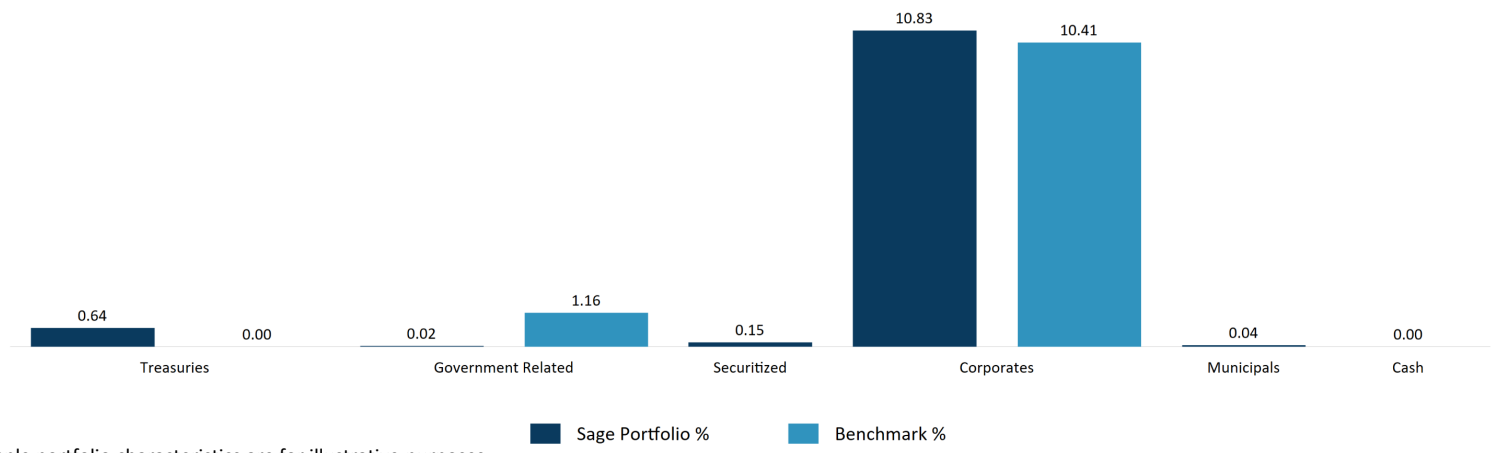
Sample portfolio characteristics are for illustrative purposes.

Sample Pension Plan: Portfolio Characteristics vs. CLB

MARKET VALUE DISTRIBUTION BY MATURITY



CONTRIBUTION TO DURATION DISTRIBUTION BY SECTOR



Sample portfolio characteristics are for illustrative purposes.

Sample Pension Plan: Quarterly Diagnostic

Each LDI portfolio receives a quarterly diagnostic that estimates changes to plan health, the single-equivalent discount rate, and key risk characteristics.

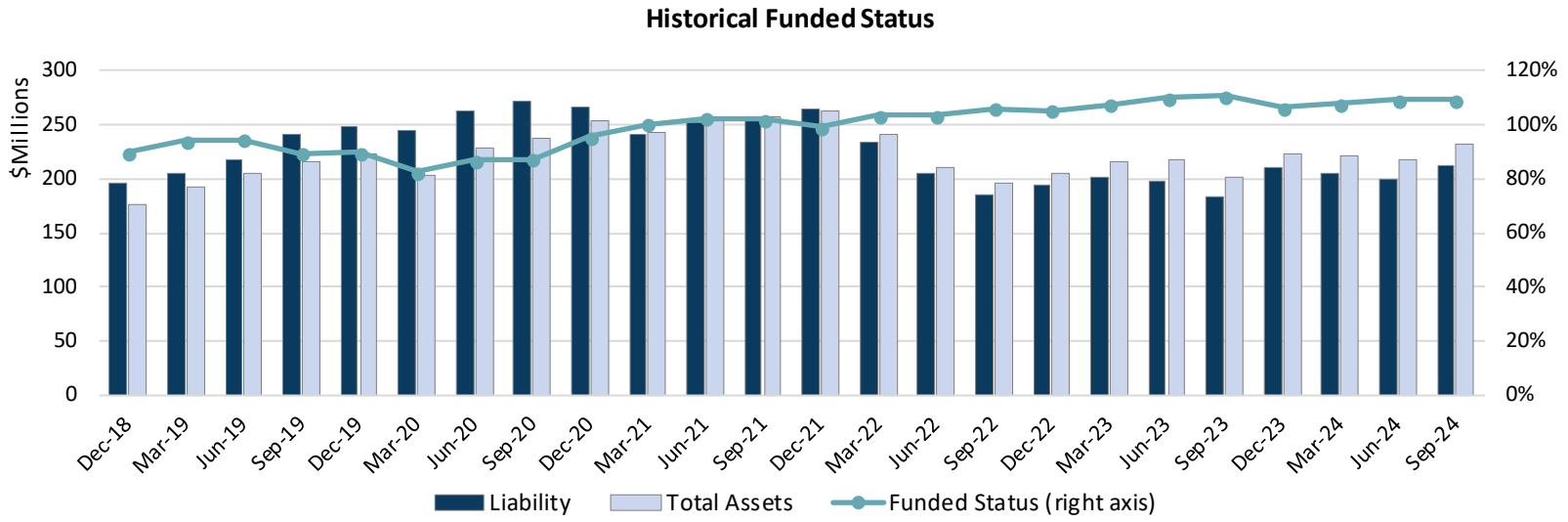
Key Characteristics	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Plan Status				
Closed to new participants effective 4/28/2004				
Assets				
Total Plan Assets	222,879	221,485	218,284	**231,768**
Fixed Income LDI Market Value	181,331	178,927	176,322	**190,028**
Fixed Income LDI Allocation %	81%	81%	81%	**82%**
Liabilities - PBO, IRS Corp Curve (EOM)				
Present Value of Liabilities	210,025	205,328	200,253	**212,270**
Discount Rate	5.0%	5.2%	5.4%	**4.9%**
Funded Status	106%	108%	109%	**109%**
Interest Rate Sensitivities				
LDI Assets Duration (Years)	12.0	11.9	11.5	**11.7**
Liability Duration (Years)	12.0	11.7	11.3	**11.5**
Hedge Ratio	87%	89%	89%	**91%**

Sample performance and portfolio characteristics are for illustrative purposes. Performance is gross of fees. CLB: PBO, IRS Corporate Bond Curve.

Sample Pension Plan: Quarterly Diagnostic

The Sage team evaluates the performance of the LDI portfolio vs. the change in the custom liability benchmark (CLB), along with a historical change in funded status since the inception of the account.

	QTD	YTD	1 Year	3 Year	5 Year	Inception	Std Dev
Fixed Income LDI Assets	7.8%	4.8%	17.7%	-4.2%	0.0%	3.9%	13.0%
CLB Investable	7.6%	4.1%	16.8%	-4.7%	-0.9%	2.9%	12.0%
Excess	0.2%	0.7%	0.9%	0.5%	0.9%	1.1%	0.9%



Sample performance and portfolio characteristics are for illustrative purposes. Performance is gross of fees. CLB: PBO, IRS Corporate Bond Curve.

IMPORTANT DISCLOSURES

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