Visit our website!

Tax Exempt Fixed Income Overview

October 2026

Serving the institutional and private client communities with high quality fixed income since 1996.

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

SAGE | INVEST WITH WISDOM™

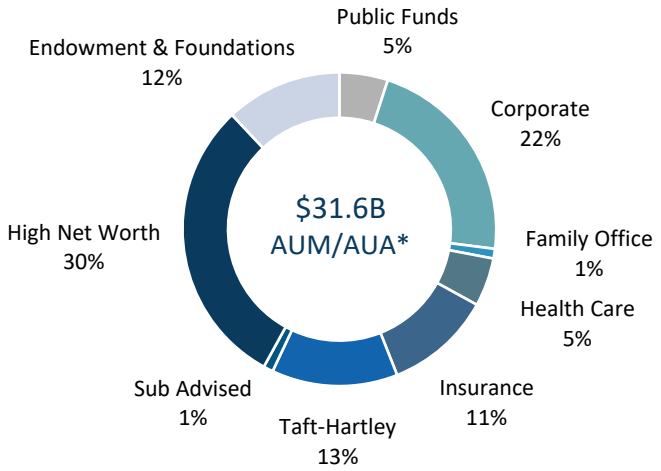
Firm Overview

Tax Exempt Fixed Income Overview

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
- $2 billion in Municipal AUM

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 9/30/26. ** "Who We Serve" is client type by AUM/AUA.

Investment Team

Expert Team Specializing in Institutional Fixed Income

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

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

Seth B. Henry, CFA
Partner | Securitized

Andrew K. Demand, CFA
Partner | Credit

David L. Luria, CFA
Partner| Credit

Nicholas C. Erickson, CFA
Vice President | Securitized

Brett J. Adelglass, CFA
Associate | Municipal

Nicholas A. Barnard, CFA
Associate | Securitized

Alex Bender, CFA
Associate | Credit

Research & Strategy

Robert D. Williams, CFA
Chief Investment Strategist

Komson Silapachai, CFA
Partner | Sr. Strategist

Andrew S. Poreda, CFA
Executive Director, Investment Strategy and Product Development

Emma L. Harper, CIMA
Executive Director, Responsible Investing and Portfolio Strategy

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

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

Xochitl C. Maldonado
Research Analyst | Quantitative

Rafael Lovas
Research Analyst | LDI

Investment Committee

Making a Difference Through a Tailored Approach

Sage Value Add

Strategy Transition

- Expedited investment of cash, aim to be >80% invested in 2 weeks
- Ability to accept existing bonds to support with manager transition

Client Service

- Access to PMs and traders, and client service representatives
- Tax-gain/loss selling available at the discretion of the client
- Low fee structure and white glove client service

Sage Municipal Portfolios

- Manager attributes provide unique access to limited market segments
- Tax-free income focus for all our municipal strategies
- Investors own all the bonds within their SMA portfolios

Customization Options

Credit Quality
Restrict, limit, or expand certain ratings categories

Targeted Investing
Limit or exclude certain sectors or securities

Maturity/Duration
Target a max maturity or duration, or ladder the portfolio

Cash Flow Alignment
Align portfolio with known income distribution needs

Transition Management
Gradually transition securities from an existing portfolio

Maximum Tax Efficiency
Solve for clients' unique tax situations

Sage Investment Philosophy & Process

Investment Philosophy – A disciplined process, not a prediction

Our Approach

WE BELIEVE

Fixed income return is a collection of many active decisions across diversified risk factors, not the result of concentrated macro calls.

01

Income drives results

Income is the largest driver of returns over time.

02

Diversify risk premiums

Credit, duration, structure, and liquidity premiums are allocated dynamically.

03

Risk as a budget

Risk goes where premiums are most attractive, within a set volatility budget.

Success is an accumulation of these decisions, exercised consistently through a disciplined process.

Technology Infrastructure – Built for modern fixed income

Technology is changing what it takes to succeed in fixed income

WHAT IT TAKES	01 Analytical Scale	02 Speed of Decision	03 Execution Efficiency
SCALE **Technology-Enabled Research**	15M+ data points daily	Opportunities across thousands of securities	Continuous monitoring of risk premiums
SPEED + EFFICIENCY **Quantitative Risk-Based Portfolio Construction**	Ideas to positions, quickly and efficiently	Model-driven risk budgeting and sizing	Real-time factor exposures and portfolio stress tests
THE MULTIPLIER **Fixed Income Specialization**	Fixed income dedication; expertise in every sector	Technology multiplies experience	PMs build bespoke models with AI

Technology isn't replacing manager skill — it's amplifying it.

Investment Process – From outlook to portfolio

How it fits together

01 HOW MUCH RISK?

Macro Outlook

- Secular, cyclical, near-term views
- Growth, inflation, and policy
- Valuations across risk premiums

Sets the volatility budget

›

02 WHERE TO TAKE IT?

Portfolio Construction & Risk Modeling

- Translate outlook into factor exposures
- Optimize across risk premiums
- Holdings, statistical, and stress-test models

Sizes allocations and positions

›

03 WHAT TO OWN?

Security Selection

- Large-scale data analysis
- Credit research
- Securitized product analysis

Selects best-compensated securities

Real-time risk monitoring informs every step.

Risk Management – Three lenses, one risk budget

Effective risk management views the portfolio through multiple dimensions

01 WHAT WE OWN

Holdings-Based

Key rate durations, sector exposures, quality distributions, and spreads, measured against market indices or custom benchmarks.

02 HOW IT BEHAVES

Statistical

Expected return volatility and tracking error attributable to rates, volatility, spreads, and other key factors.

03 WHAT COULD HAPPEN

Factor Stress

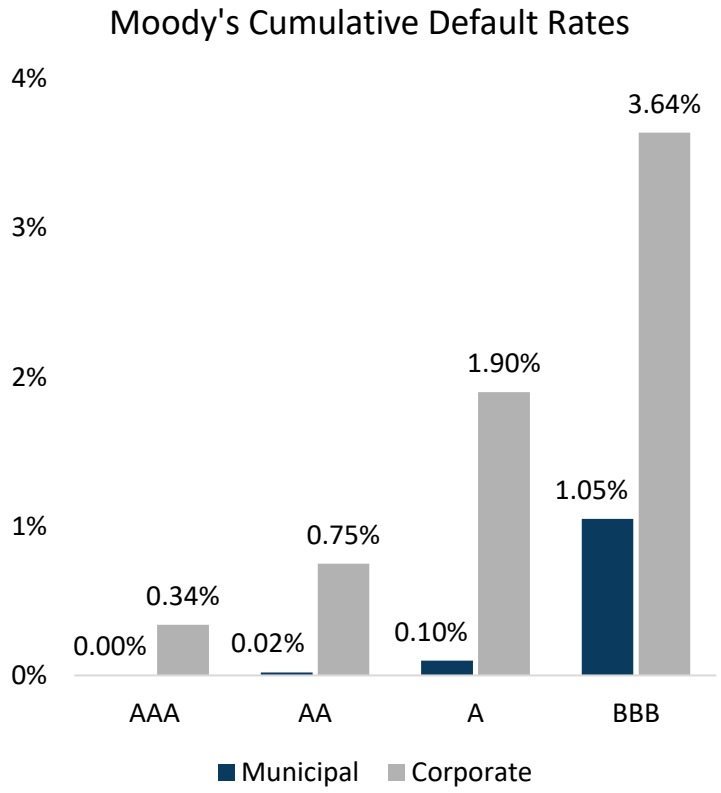
Simple, historical, and hypothetical factor scenarios reveal the distribution of expected returns and tail-risk sensitivities.

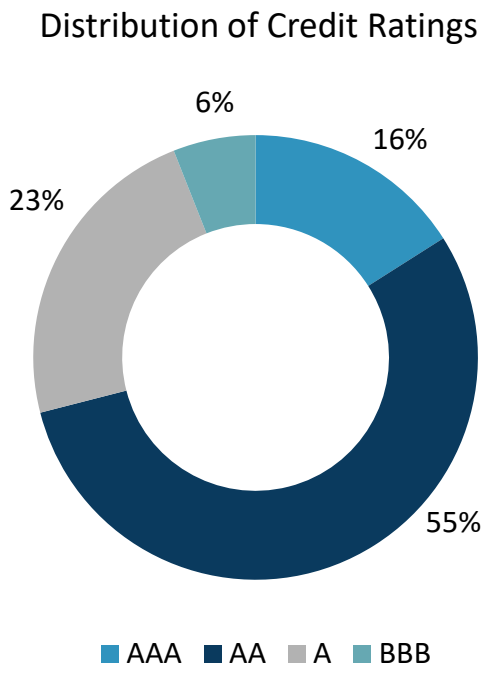
Every unit of risk is measured, tested, and intentional.

Municipal Investment Philosophy

Core Investment Tenets

Municipal IG Defaults Are Extremely Rare and Overall Credit Quality is Strong

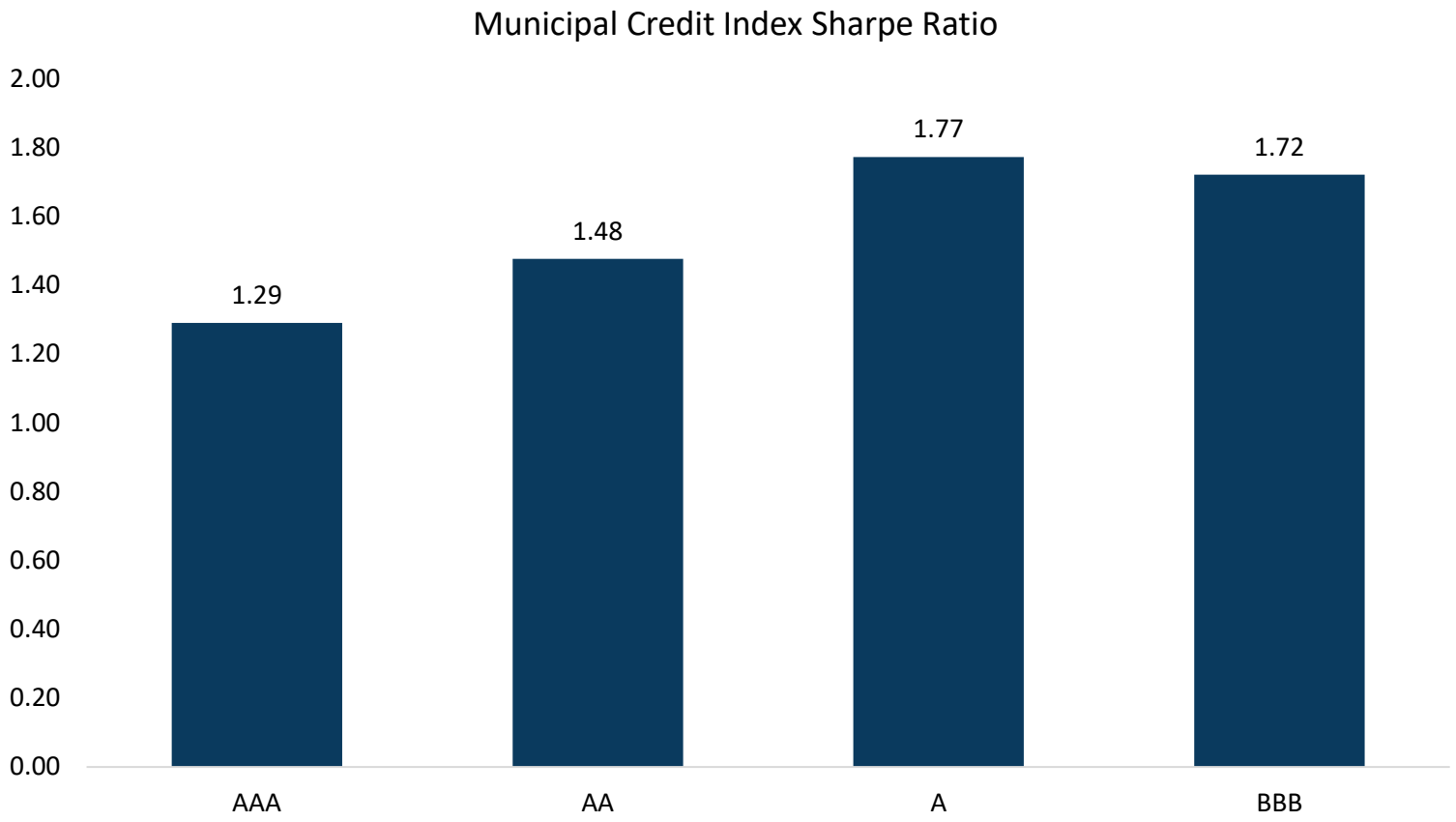




Source: Moody's US municipal bond defaults and recoveries, 1970-2022, July 19, 2023 report, Bloomberg Municipal Index credit quality breakdown

Core Investment Tenets

Municipal Single A Credits Provide the Most Optimal Risk/Reward Opportunity Set



Source: Bloomberg Municipal Index Data since 12/31/2009

The Benefits of Sage SMAs

Our Size Makes Us Unique

Optimized Risk/Return Approach

	Average Quality
Sage	A
Avg SMA	AAA/AA
Avg Fund	BBB

Sage focuses on A rated credits because it provides the best return opportunity per unit of risk (A credits have the highest Sharpe ratio).

Security Selection Alpha

	Best 1Y Excess Return*	Worst 1Y Excess Return*	>3% Drawdown Periods
AA	2.68%	-0.95%	0
A	5.88%	-3.19%	1
BBB	11.80%	-7.69%	17

*Rolling 1Y Excess Return

Sage has the agility needed to capture market dislocations by investing across the investment grade spectrum that could potentially enhance price return.

Muni Deal Sizes Enable Diversification

	Strategy Assets	1% Position	4% Avg Position
Sage	$2B	$20M	$80M
Avg Top 25 Muni Fund	$25B	$250M	$1B

*Average muni issue size is $55M

Sage's size allows clients to have access to a larger universe of opportunities.

With 50+ broker/dealer direct relationships and multiple electronic trading platforms

Source: Bloomberg

Sage Core Tenets At Work

Risk Management Framework Can Help to Navigate Municipal Market Challenges

	EVENT	MARKET CHALLENGE	SAGE OUTCOME
2007	**Municipal Insurance Industry Collapse**	Municipal AAA insurance industry all but ended	✓ Sage significantly limited price volatility due to all our holdings having an underlying issuer rating of A or better
2008	**Auction Rate Market Failure** *Feb 2008*	Variable rate bonds went from daily liquidity to illiquid as bank failures mounted and cash became scarce	✓ Sage shifted exposure from 30% in 2005 to 0% by 2006 due to FASB accounting changes
2007–14	**Municipal Defaults** *Jefferson Sewer 2007 · Detroit 2013 · Puerto Rico 2014*	Several municipal defaults were avoided by Sage as credit research predicted these failures	✓ Sage's risk-adjusted investment process eliminated these credits from our investable universe
2020	**Covid-19 Liquidity Crisis** *Feb 2020 – Apr 2020*	The sudden impact of the Covid shutdown affected everyone; however, Sage holdings rebounded sooner	✓ Solid security selection that balances beta risk and income maximization worked well

Municipal Investment Process

Municipal Team and Department Structure

Portfolio Management & Trading

Sage's structure enables seamless integration of data inputs to final security selection.

Jeffery S. Timlin, CFA, CMT
Lead Portfolio Manager

Brett J. Adelglass, CFA
Head of Research

Nicholas C. Erickson, CFA
Senior Portfolio Manager

Research Analysts & IT Engineers

Research/IT Analyst Integration: financial models are designed to replicate dedicated research analyst capabilities.

Douglas A. Benning
VP, Sr. Research Analyst

Emma L. Harper
VP, Sr. Research Analyst

Xochitl C. Maldonado
Research Analyst

Paul Vonder Haar
Data Architect

IT Systems

Technology and automation are instrumental in providing speed, accuracy and dependability.

Bloomberg BQuant

Aladdin Risk Management

CRD Trade Order Management

Snowflake AI Data Cloud

Sage Proprietary IT Tools

Top-Down Investment Process at Work

Quantitative and Qualitative Screening Tools Deliver High-Value Universe

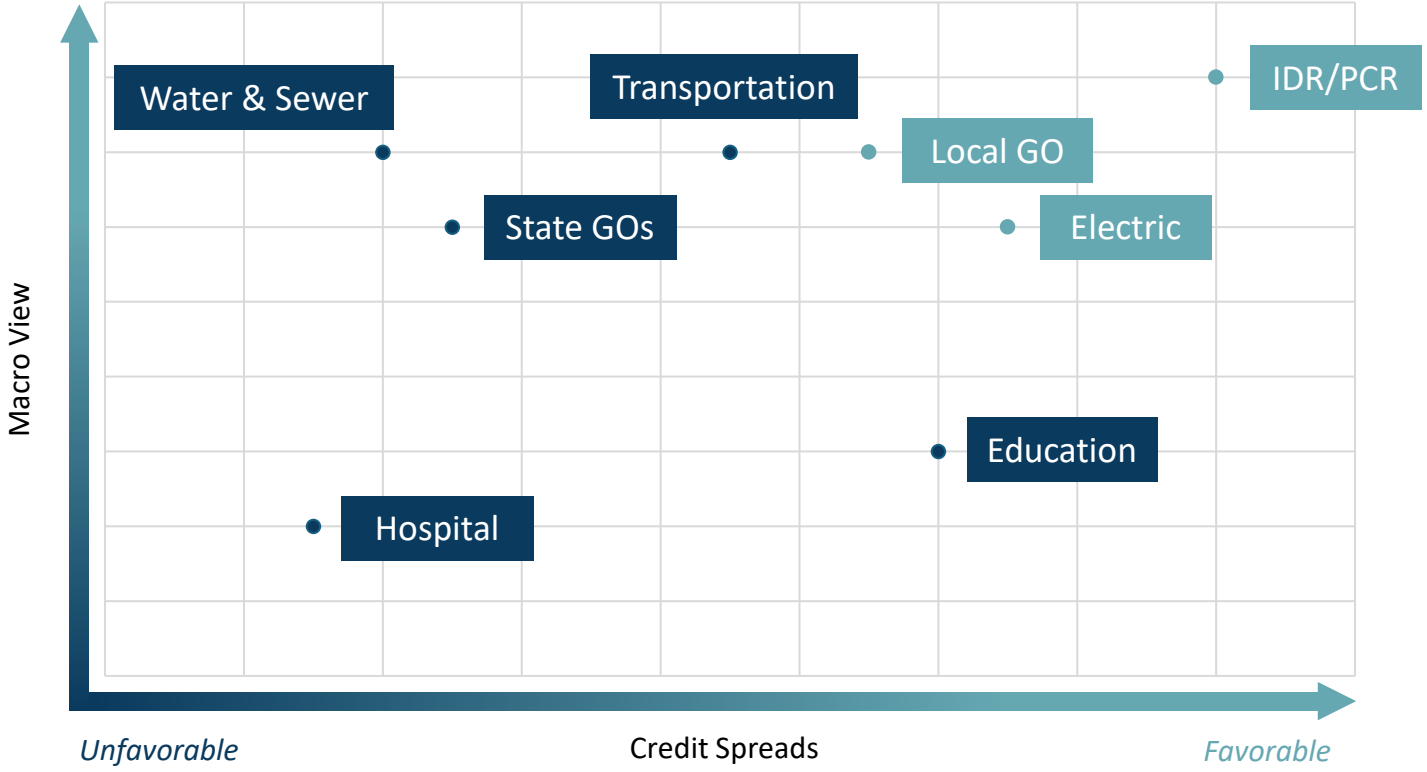


- Customized quantitative tools analyze large pools of numerical data for objective insights and near instantaneous outputs.
- Provides refined list of high conviction states, sectors, credits, and issuers to maximize tax-free income, manage risk, and increase positive excess return.
- Historic valuation analysis and real-time price discovery reveals market dislocations that enable targeted buy/sell decisions.
- Utilize multiple trading platforms that provide market assessment tools to verify market depth and enhanced execution.

This illustration is for informational purposes only to demonstrate our credit evaluation process and is not intended as investment advice or an offer or solicitation with respect to the purchase or sale of any security.

Sector Level Analysis

Analyze credit spreads and macroeconomic factors to determine whether we have a favorable, neutral, or unfavorable view of each sector.



Sage Fundamental Ratings

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

Issuer	Scale	General Fund Reserves	General Fund Cash	Government-Wide Reserves	Total Leverage	Financial Trend	Sage Overall Rating	Rating Agency Rating	Rating Differential
City of Mount Pleasant TX	BBB-	BBB	B	BBB-	BBB+	Declining	BBB-	A+	-5
City of Fargo ND	BBB	AA	AA-	BBB	BBB+	Declining	A-	AA	-4
City of Pearland TX	BBB-	AA+	A+	A	BBB	Declining	A	AA+	-4
City of Waterbury CT	AA+	BBB-	A-	A-	A	Stable	BBB+	AA-	-4
Adams & Arapahoe Joint School CO	AAA	A	A+	BBB+	AA-	Declining	A	AA+	-4
Hayward Unified School District CA	AA-	BBB-	AA	BBB-	BBB	Declining	BBB	A+	-4
Shaler Area School District PA	BBB-	BBB+	BBB	BBB	BBB+	Declining	BBB	A+	-4
City of Columbus OH	AAA	AA	AA	AA+	BBB+	Declining	AA-	AAA	-3
City of Petersburg VA	BBB-	AAA	AAA	AAA	AAA	Stable	AAA	AA-	3
City of North Las Vegas NV	A	AAA	AAA	AAA	AA+	Declining	AAA	AA-	3
City of Kearney NE	BBB-	AAA	AAA	AAA	AA	Stable	AA+	A+	3
City of Millbrook AL	BBB-	AAA	AAA	AAA	A+	Improving	AAA	AA-	3
City of Medford OR	BBB-	AAA	AAA	AAA	AA+	Improving	AAA	AA-	3
City of Sevierville TN	BBB-	AAA	AAA	AAA	AA+	Improving	AAA	AA-	3
Griffin-Spalding County GA	BBB	AAA	AAA	AA	AA	Improving	AA+	A+	3
School District of Philadelphia PA	AAA	AA	AA-	BBB+	AA-	Improving	A+	BBB	4
Allentown City School District PA	AA	A	AA	A	AA	Improving	A+	BBB	4
Euclid City School District OH	BBB-	AAA	AAA	AA+	A	Improving	AA	A-	4
City of Detroit MI	AAA	AAA	AAA	AA	A	Stable	AA+	BBB	7

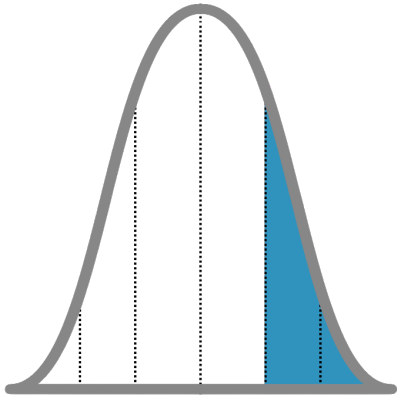
Source: Sage as of 3/14/2025

Security Selection Process

Proactively Search for Undervalued Opportunities

Deep Dive on High Value Credits

Focus on securities with attractive absolute and relative valuations.



Normal Distribution Plot

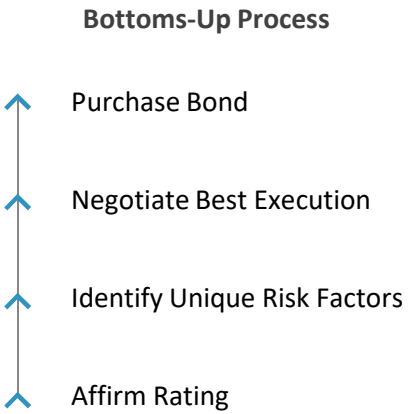
Market Assessment

Portfolio managers assess liquidity, supply/demand, and market constraints.



Establish Position

Purchase securities that meet our criteria and monitor existing holdings.



New Issue Market Opportunities

Engage in weekly New Issue deals that provide the best opportunity set and offer an attractive new issue discount

Issuer: NJ Trans Trust Fund Authority

Deal Size: 1.787 billion

Debt Outstanding: $50 billion

State: New Jersey

Sector: Appropriation

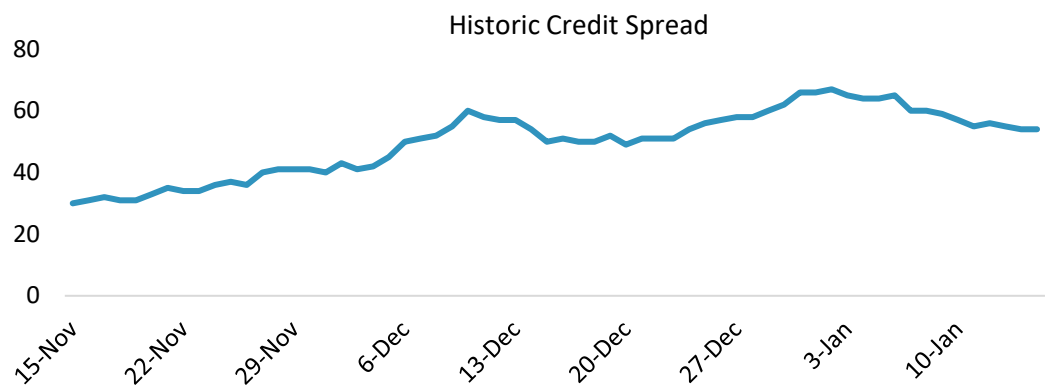
Credit Rating
A2/A-/A Stable

Index/Sage Weighting
1.2% / 4.0%

Callable
10 Year

Issue Spread Talk
2Y = 40 bps
5Y = 50 bps
10Y = 65 bps
30Y = 85 bps

Mat Cpn Structure
1Y-20Y = 5.0%
25Y = 4.5%
30Y = 4.0%



Spread Summary	
Last	54.0
Mean	49.9
Off Avg	4.1
Std Dev	10.7
Std Dev from Mean	1.1
Percentile	84.5
High	67.0
Low	30.0

Source: Bloomberg

Daily Bid-Wanted List Participation

Ability to screen hundreds of bonds daily out for the bid to source attractively valued opportunities

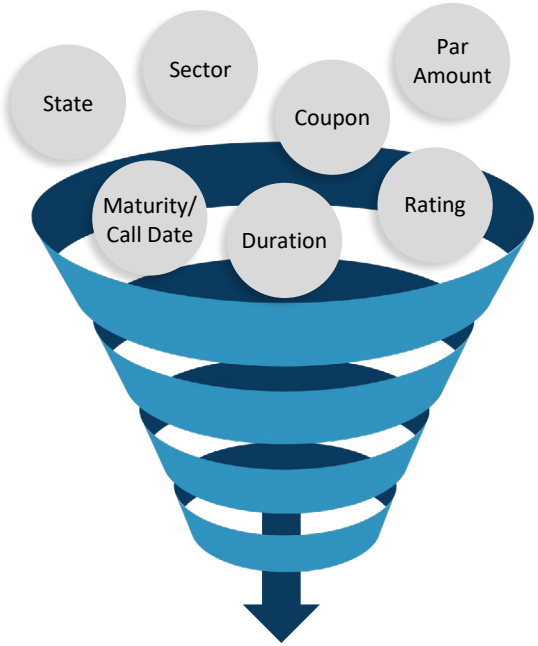
Summary

- Hundreds of block size offerings are available to bid daily
- Sage has the ability to assess multiple unique factors that contribute to the value of a bond
- Sage's bond screener and algorithmic pricing model utilize vast amounts of historic trade data to determine fair bid-side market value
- Sage can adjust our bid to take advantage of market liquidity and various technical factors

Sage Screener/Algo Price Model

- Large database of historic trades
- Sage utilizes custom filters to define the parameters of bonds we are looking to bid/source
- Outputs are bonds to bid that fit our portfolio needs

Bond Characteristics/Factor Data



Sage Bid Opportunities

Secondary Market Offering Screener

Screen through thousands of daily dealer offerings, and quickly source bonds that are being offered cheap to their fair market value.

Issuer	CUSIP	Coupon	Maturity	Next Call Date	Duration	Dealer Offering Yield	Fair Value	Discount to Fair Value	G-Spread
Hamilton WI Sch Dist	408172HV	4	4/1/2039	4/1/2033	9.87	3.93	3.75	0.18	41.58
Cook Cnty IL Cmnty Clg Dist #5	213187DM	5	12/1/2047	12/1/2027	8.16	4.60	4.43	0.17	49.54
Anoka Cnty MN	03621PAN	4	2/1/2039	2/1/2032	9.52	3.94	3.78	0.16	44.97
Hayward CA Wstwtr Revenue	421296AP	4	3/1/2044	3/1/2035	12.94	4.04	3.91	0.13	16.45
Hawkeye IA Cmnty Clg	42015RDG	4	6/1/2036	6/1/2031	7.45	3.52	3.45	0.07	33.39
Hayward CA Wstwtr Revenue	421296AR	4	3/1/2046	3/1/2035	13.93	4.16	4.09	0.07	18.91
Elizabethtown KY Indep Sch Dist	286884KF	5	3/1/2036	3/1/2033	7.07	3.47	3.44	0.03	34.05
Harris Cnty TX	4140052W	5	9/15/2034	N/A	7.74	3.24	3.21	0.03	18.32
Highland Park TX Indep Sch Dist	430686SN	5	2/15/2039	2/15/2035	9.06	3.51	3.49	0.02	14.28
Auburn Univ AL Gen Fee Revenue	050589SU	5	6/1/2032	N/A	6.14	3.00	2.98	0.02	9.52
Canyons Sch Dist Local Bldg AU	139083BS	5	6/15/2036	6/15/2034	7.76	3.30	3.28	0.02	15.47
California ST Public Wks Brd	13068XDA	4	11/1/2037	11/1/2031	8.31	3.50	3.49	0.01	25.87
Dist of Columbia Income Tax	25477GUL	5	7/1/2034	7/1/2032	6.31	3.18	3.17	0.01	16.43
Brighton CO Wtr Activity	10932PGZ	5	6/1/2039	6/1/2035	9.30	3.47	3.46	0.01	9.40
East Centrl TX Indep Sch Dist	271515A5	5	8/15/2036	8/15/2034	7.99	3.35	3.35	0	20.04

Source: Sage as of 3/14/2025

IMPORTANT DISCLOSURES

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