



Medium (10 Year) Municipal Bond Managed Account

Quarterly Review

Positive Impacts:

- State Decision: Overweight exposure and security selection within the states of Wisconsin, Oregon, and Colorado contributed positively to relative performance during the period.

Negative Impacts:

- Curve Decision: The composite's overall yield curve posture was a hindrance to relative returns during the quarter. Underweight exposure in the 1-10 year portion of the curve was particularly detrimental.
- Quality Decision: Overall quality positioning detracted from performance during the fourth quarter. In particular, the composite's underweight exposure to AAA and AA rated securities proved to be a drag.
- Sector Decision: Underweight allocation and security selection within the local general obligation (GO), special tax, and water & sewer sectors detracted from performance.
- State Decision: The composite's underweight exposure to the state of New York acted as a drag on excess returns, as did overweight allocations and security selection in Texas and Washington.

Strategy

- Focus on security selection with solid credit fundamentals.
- Target a neutral duration posture.
- Focus on revenue bond spread sectors to help enhance yield.



Important Disclosure

Key Risks: Credit Risk, Issuer Risk, Interest Rate Risk, Liquidity Risk, Derivatives Risk, Currency Risk, Leverage Risk, Counterparty Risk, Non-US Securities Risk, Prepayment Risk, Extension Risk and Management Risk. Investing involves risk including possible loss of principal.

There is no guarantee that the investment objective will be realized or that the strategy will generate positive or excess return. Actual accounts have the potential for loss as well as profit.

Past performance is no guarantee of future results.

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