



Core Municipal Bond Managed Account

Marketing Communication

Quarterly Review

Positive Impacts:

- Sector Decision: The strategy's out-of-benchmark exposure to the hospital sector and overweight allocation to the power sector was beneficial to relative returns during the period.
- State Decision: The overweight exposure within the states of Florida, New Jersey, and Illinois improved relative performance.

Negative Impacts:

- Curve Decision: The strategy's overall yield curve posture hindered relative performance during the quarter. In particular, the strategy's underweight exposure to securities with maturities under 12 years was detrimental to excess returns.
- Quality Decision: Overall quality positioning was a drag on relative returns during the period. The strategy's underweight allocation to AAA-rated securities restrained relative performance during the quarter.
- Sector Decision: Underweight exposure in the state general obligation (GO), special tax, and water & sewer sectors proved to be a detriment to relative returns, as did security selection in the special tax and water & sewer sectors.
- State Decision: Underweight exposure and security selection within the states of New York and California proved to be a drag on relative performance.

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

Investing involves risk, including possible loss of principal. Municipal markets may be volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities. Fixed-income securities may be susceptible to general movements in the bond market and are subject to credit and interest rate risks. Credit risk arises from an issuer's ability to make interest and principal payments when due, as well as the prices of bonds declining when an issuer's credit quality is expected to deteriorate. Interest rate risk occurs when interest rates rise causing bond prices to fall. The issuer of a debt security may be able to repay principal prior to the security's maturity, known as prepayment (call) risk, because of an improvement in its credit quality or falling interest rates. In this event, this principal may have to be reinvested in securities with lower interest rates than the original securities, reducing the potential for income.

Past performance is no guarantee of future results.

There is no guarantee that the investment objective will be realized or that the strategy will generate positive or excess return.

Market conditions are extremely fluid and change frequently.

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