Core Municipal Bond Managed Account

MARKETING COMMUNICATION

Quarterly Review

Positive Impacts:

- Curve Decision: The strategy's overall yield curve posture improved relative performance during the quarter. In particular, the strategy's overweight exposure to securities with maturities over 12 years was beneficial to excess returns.
- Quality Decision: Overall quality positioning was beneficial to relative returns during the period. The strategy's overweight allocation to AA and A-rated securities bolstered relative performance during the quarter.
- Sector Decision: The strategy's out-of-benchmark exposure to the hospital sector and overweight allocation in the local general obligation (GO) sector were additive to returns.
- State Decision: Security selection within the states of Florida, Illinois, and New Jersey improved relative performance. Overweight exposure to Illinois also contributed positively

Negative Impacts:

- Sector Decision: Underweight allocation to the state GO sector was detrimental to relative returns during the quarter.
- State Decision: Yield curve positioning within the state of New York, which was tilted shorter on the curve, proved to be a drag on excess returns during the period.

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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