

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 underweight exposure to securities with maturities between 6 to 12 years was beneficial to excess returns.
- **Quality Decision:** Overall quality positioning was beneficial to relative returns during the period. The strategy's overweight exposure to AA-rated securities bolstered relative performance during the period.
- **Sector Decision:** The strategy's security selection in the local general obligation (GO) and higher education sectors was additive to returns.
- **State Decision:** Underweight allocation and security selection in the states of California and New York positively contributed to relative performance, as did yield curve positioning in New York.

Negative Impacts:

- **State Decision:** Security selection and yield curve positioning in the state of Tennessee proved detrimental to excess returns during the quarter.
- **Sector Decision:** The strategy's underweight allocation to prerefunded securities was a slight detractor to 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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