Government/Credit Fixed Income

Strategy Overview

We believe successful fixed income management requires a thorough evaluation and clear understanding of the goals to include bonds within an asset allocation framework or portfolio strategy. We apply a consistent, disciplined, quantitative approach process across our Government Credit Income Strategies. The main objective is to match or exceed the performance results of the chosen benchmark index while maintaining lower volatility.   A client's expected risk and return profile distinguishes the appropriate benchmark which can range from short to longer duration indices.

Investment Philosophy

RMB Asset Management strives to provide customized fixed income solutions designed to fulfill and complement investors investment goals and objectives. Fixed income portfolios should be designed to fulfill clearly defined roles and objectives. The inefficiencies available in the marketplace, together with a lack of understanding of the dynamics of fixed income markets, provide opportunities to structure and actively manage these assets. Experience, analytical acuity and a disciplined investment process provide the ability to customize portfolio solutions for each client and provide the basis for potential success.

Investment Approach

- Focus on client investment goals and objectives
- Proven quantitative investment style with analytic approach
- Unite portfolio analytics with benchmark attributes
- Effective risk management, assessment, and control
- Simulated portfolio and benchmark horizon-based results

Representative Portfolio Characteristics as of December 31, 2024

	Taxable	Taxable Plus	Broad Taxable
Effective Duration* (years)	3.89	3.81	6.05
Maturity (years)*	4.12	3.79	8.64
Credit Quality*	Aa1	Aa3	Aa2/Aa3
Yield to Worst*	4.55%	4.55%	4.78%

Sources: Bloomberg and CMS BondEdge®
*Weighted Average

Sector	Taxable	Taxable Plus	Interm. Gov/Credit
U.S. Treasury	61.96%	48.00%	65.56%
Corporate	28.76%	37.41%	29.51%
Agency	0.00%	0.00%	1.11%
Other	9.28%	14.59%	3.82%

Sources: Bloomberg and CMS BondEdge®

Our team's experience, understanding of the dynamics of fixed income markets, analytical acuity, and disciplined investment process provide us the opportunity to capitalize on market inefficiencies and effectively structure and actively manage customized fixed income portfolios.

Core Fixed Income Benchmarks

Our bond universe matches the criteria established for the selected index. We require consistency among portfolios and our duration bias, sector exposure, quality profile, and credit selection are uniformly applied across each strategy from Limited Duration to Broad Market. The most common benchmarks for Core fixed income strategies include:
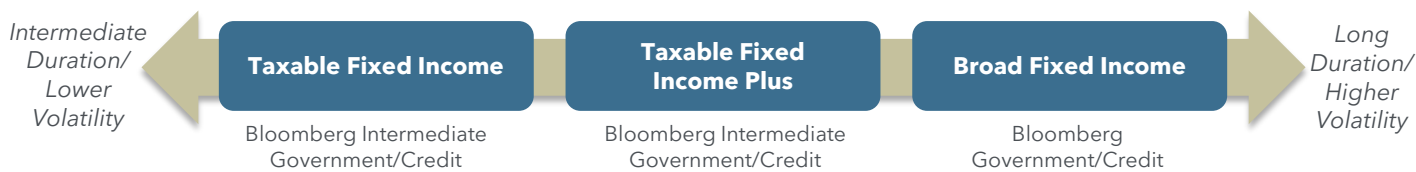
Intermediate Duration/ Lower Volatility ←

Taxable Fixed Income
Bloomberg Intermediate Government/Credit

Taxable Fixed Income Plus
Bloomberg Intermediate Government/Credit

Broad Fixed Income
Bloomberg Government/Credit

→ *Long Duration/ Higher Volatility*

Investment Process

Identify and Assess Risk Attributes	Establish Relative Value	Construct Core Portfolio	Manage for Risk-Adjusted Return

- Interest Rate (Duration)
- Credit (Quality)
- Structure (Convexity)

- By Sector
- By Quality
- By Issuer

- U.S. Treasury and Agency
- Investment-grade Corporate

Combine market-driven inputs with effective quantitative models and analytical techniques to produce risk-adjusted fixed income performance results

Portfolio Construction

- Security and sector allocations varied by risk/return attributes along with market opportunities and inefficiencies
- Focus on individual bond selections and related impact on total portfolio results
- Portfolios generally contain a minimum of 25 securities and could expand depending on size, objective, and chosen benchmark

- Active security selection process and opportunistic re-allocation of sector exposures
- Market-based simulation of portfolio expected returns relative to benchmark returns
- Sector and security exposures are consistent across portfolio strategies

Establish Optimal Risk/Return Profile

Pricing Date:	12/312024
Instantaneous Horizon:	12 months
Reinvestment Rate:	4.56%

Note: The accompanying chart demonstrates the risk and return attributes of the 1-10 Year Government/Credit and the Government/Credit benchmarks in specified instantaneous parallel interest rate shifts over a stated time horizon. Index returns will vary based on actual changes in interest rates, the yield curve, credit spreads, prepayment factors and other market related inputs. This chart is for illustration purposes only.

Effective Decision-Making

- The collective experience of the portfolio management team, paired with advanced analytical modeling software, allows us to create optimal portfolios
- Portfolios designed and developed using current, real-time, market-based inputs

Innovative Portfolio Management System

- Detailed risk attribute valuations for all major domestic benchmark indices or customized benchmarks
- Option-adjusted risk measures to effectively evaluate the risk/return profiles of securities and portfolios
- Proprietary modeling techniques which calculate risk measures and valuations for complex securities
- Scenario simulation technology that provide "what if" performance results relating to interest rate, yield curve, sector spread, or quality spread changes
- Expose and evaluate sources of potential tracking error
- Measure and confirm the impact of potential trades prior to inclusion in the portfolio

Yield Change (BPs)	BE 1-10 Year Govt/Credit (%)	BE Govt/Credit (%)
-200	12.51	18.89
-175	11.48	16.96
-150	10.45	15.04
-125	9.44	13.24
-100	8.44	11.44
-75	7.46	9.76
-50	6.48	8.08
-25	5.53	6.51
0	4.581	4.935
25	3.66	3.46
50	2.73	1.99
75	1.83	0.60
100	0.93	-0.78
125	0.05	-2.09
150	-0.83	-3.39
175	-1.68	-4.62
200	-2.53	-5.85

Source: CMS BondEdge®