

The Eagle ESG-Focused Tactical Fixed Income portfolio relies on the expertise of a professional, experienced fixed-income team to seek corporate and municipal bond issuers that make positive environmental, social, and governance contributions. The portfolio objectives are stable income and total returns. With a combined 100-plus years of experience, the portfolio managers and analysts provide a wealth of bond expertise and have a track record of successfully managing bond portfolios through all market environments.

### INVESTMENT PROCESS<sup>1</sup>

- Evaluate taxable and tax-free markets based on tax-equivalent yield and the current municipal yield to U.S. Treasury yield ratio
  - Higher municipal bond tax-equivalent yields and municipal yield to U.S. Treasury yield ratios call for higher allocation to tax-free bonds
- Allocation of taxable and tax-free bonds based on relative value across their respective sectors
- Analyze various sectors on supply/demand basis
- Evaluate the yield curve of the tax-free market in relation to the yield curve of the taxable market as well as within each of the markets
  - Extend when yield curve is steeper and shorten when yield curve is flat
- Determine relative value on an issuer basis
- Normal cash level: less than 10 percent
- Diversification through sectors, issuers, credit ratings, and bond structures
- **ESG Integration** – ESG research is integrated throughout every level of the investment process
  - Rather than concentrating on a bond’s “use of proceeds” specific to a particular issuance (i.e. green bonds), we evaluate the credit obligor as a whole to assess if the organization is implementing sustainable business practices and appropriate governance.
  - We do not exclude any sectors as a whole but allow ourselves to invest with the best in class and up-and-comers if we determine the entity is implementing positive business decisions in a sustainable manner.
  - Corporate ESG data is generally not standardized and companies provide ESG-related data in various forms, if at all. In addition to evaluating bond offering statements, quarterly and annual reports, and company published sustainability reports, we utilize Bloomberg provided data based on third-party research such as RobecoSAM, Sustainalytics, and Carbon Disclosure Project as well as Bloomberg’s proprietary analysis.
  - The materiality of specific ESG factors on the financial performance of a company can vary by industry.
  - There is a limited universe of data provided by municipalities and external data sources. In an effort to take a more comprehensive approach, we have implemented a bottom-up analysis to find obligors who are progressing in-line with our objectives through evaluating bond offering statements, annual reports, published environmental reports, grant funding, and affiliated organizations.
  - Engagement with issuers may be through meetings with municipalities and corporations when available, either onsite or at conferences, or through phone calls or emails to address concerns or answer questions pertaining to ESG issues.
  - We have built out sector specific ESG rating models systematically evaluating municipalities focusing on variables specific to the individual obligor.
  - The portfolio management team maintains the right to hold positions that have dropped out of the ESG threshold for a maximum of 12 months as we engage with management to determine if they are attempting to improve the score.
  - ESG analysis is an integrated component to our current fundamental credit research process. Thus, both the ESG analysis and fundamental credit research are factored into our overall assessment before we make a buy, sell, hold decision.

### PORTFOLIO CHARACTERISTICS

Average Duration (years)	4.53
Average Maturity (years)	5.16
Average Coupon	3.41%
Current Yield	3.31%
Yield To Worst	2.68%
Tax Equivalent Yield*	3.42%

### SECTOR DIVERSIFICATION

Treasuries	0%
Corporates	46%
Municipals	52%
General Obligations	6%
Revenue Bonds	46%
Pre-Refunded	0%
Cash	2%

### PORTFOLIO MANAGEMENT TEAM:

Sheila King, CFA

James Camp, CFA

\*Assuming 37 percent tax bracket

## PERFORMANCE<sup>2</sup> as of March 31, 2022

		First Quarter	Year to Date	One Year	Since Inception (July 1, 2019)
Eagle ESG-Focused Tactical Fixed Income	Gross	-5.42%	-5.42%	-4.22%	1.40%
Eagle ESG-Focused Tactical Fixed Income	Net	-5.60%	-5.60%	-4.95%	0.92%
Bloomberg 50% Municipal Bond 10-Year Index / 50% Intermediate Corporate Index		-5.74%	-5.74%	-4.44%	1.08%

## CALENDAR YEAR RETURNS<sup>2</sup>

		2021	2020
Eagle ESG-Focused Tactical Fixed Income	Gross	-0.91%	8.40%
Eagle ESG-Focused Tactical Fixed Income	Net	-1.60%	8.00%
Bloomberg 50% Municipal Bond 10-Year Index / 50% Intermediate Corporate Index		-0.02%	6.60%

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain current month-end performance information, please call your financial professional or visit eagleasset.com.

## TRAILING STANDARD DEVIATION as of March 31, 2022

		One Year	Since Inception (July 1, 2019)
Eagle ESG-Focused Tactical Fixed Income	Gross	6.05%	5.04%
Eagle ESG-Focused Tactical Fixed Income	Net	6.03%	5.09%
Bloomberg 50% Municipal Bond 10-Year Index / 50% Intermediate Corporate Index		6.35%	5.47%

Source: Callan; standard deviation is not statistically relevant for periods less than three years

\* Yields would be higher on a tax-equivalent basis for clients having municipals, based on their tax bracket and residence.

<sup>1</sup> Not every investment opportunity will meet all of the stringent investment criteria mentioned to the same degree. Trade-offs must be made, which is where experience and judgment play a key role. Accounts are invested at the discretion of the portfolio manager and may take up to 60 days to become fully invested.

### Performance Disclosures

Income earned from investments in municipal bonds, while exempt from federal taxes, may be subject to state and local income taxes. All capital gains, as well as income earned from other sources, are subject to taxation. Income from municipal securities may also be subject to the Alternative Minimum Tax. Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Please consult an income-tax professional to assess the impact of holding such securities on your tax liability.

Past performance does not guarantee or indicate future results. No inference should be drawn by present or prospective clients that managed accounts will achieve similar performance in the future. Investment in a portfolio, investment manager or security should not be based on past performance alone. Because accounts are individually managed, returns for separate accounts may be higher or lower than the average performance stated. Individual portfolio/performance results may vary due to market conditions, trading costs and certain other factors, which may be unique to each account. There is no guarantee that these investment strategies will work under all market conditions, and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Investing involves risk and you may incur a profit or a loss. Investment returns and principal value will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than their original cost. Diversification does not ensure a profit or guarantee against a loss.

### Descriptions and Definitions

The benchmark for Eagle ESG Focused Tactical Fixed Income accounts is a blend of 50 percent Bloomberg 10 Year Municipal Bond Index and 50 percent Bloomberg Bloomberg Intermediate Corp Index. The Bloomberg 10yr Municipal Bond Index is the 10 Year (8-12) component of the Municipal Bond Index. The Bloomberg Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. The Bloomberg Intermediate Corp Index, publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. Indices are unmanaged and one cannot invest directly in the index.

Duration - is a measure of the average life of a bond, weighting each repayment by the time until it will be made and reflecting the fact that money flows in the near future are more valuable than the same money flows at a later date. Duration indicates how changes in interest rates will affect the price of a bond (or bond portfolio). The longer the duration of a bond, the greater the extent to which its price is affected by interest rate changes. As such, duration is used as a measure of risk for bond portfolios.

Maturity - The date on which a loan or bond comes due and is to be paid off.

Yield-To-Worst - The lowest possible yield that can be received on a bond assuming no default. Yield-to-worst is calculated on all possible call dates and makes worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer. The yield-to-worst will be the lowest of yield-to-maturity or yield-to-call (if the bond has prepayment provisions); yield-to-worst may be the same as yield-to-maturity, but never higher.

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### Risks Associated with Fixed Income Investing

Historically, bonds have indeed provided less volatility and less risk of loss of capital than has equity investing. However, there are many factors which may affect the risk and return profile of a fixed-income portfolio. The two most prominent factors are interest-rate movements and the creditworthiness of the bond issuer. The risk of a change in the market value of the investment due to changes in interest rates is known as interest-rate risk. Interest-rate risk is subject to many variables but may be analyzed based on various data (e.g., effective duration). The risk that the issuer may default on interest and/or principal payments is often referred to as credit risk. Credit risk is typically measured by ratings issued by ratings agencies such as Moody's and Standard & Poor's. Bonds issued by the U.S. Government have significantly less risk of default than those issued by corporations and municipalities (see below for a discussion of the risk associated with convertible securities). However, the overall return on Government bonds tends to be less than these other types of fixed-income securities. Finally, reinvestment risk is the possibility that the proceeds of a maturing investment must be invested in a lower yielding security, all other things held constant, due to changes in the interest-rate environment. Investors should pay careful attention to the types of fixed-income securities which comprise their portfolio, and remember that, as with all investments, there is the risk of the loss of capital.

The investment strategy will include only holdings deemed consistent with the applicable Environmental Social Governance (ESG) guidelines. As a result, the universe of investments available to the strategy will be more limited than strategies not applying such guidelines, which may cause it to perform differently than similar strategies that do not have such a policy.

# LEARN MORE ABOUT THE EAGLE ESG-FOCUSED TACTICAL FIXED INCOME PORTFOLIO.

FINANCIAL PROFESSIONALS: 1.800.237.3101 | INVESTING PUBLIC: contact your financial professional

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