# NATIONAL MUNICIPAL BOND REVIEW AND OUTLOOK

Brown ADVISORY
Thoughtful Investing.

**Second Quarter 2024**

The Brown Advisory National Muni Bond strategy outperformed its benchmark for the quarter returning 0.28%, net of fees, compared to -0.40% for the Bloomberg 1-10 Year Blend Municipal Bond Index. This was the second consecutive quarter where the strategy produced positive absolute returns while the benchmark's returns were negative. On a combined basis this year, the strategy has outperformed the benchmark by returning 0.42% versus -0.77% for the benchmark. Strategy returns were bolstered during this period by a combination of active yield curve positioning and individual bond selection.

Interest rates drifted higher during the second quarter as the Fed maintained a hawkish rate bias, even in the face of softer economic data. U.S. economic growth moderated during the first half of 2024, with annualized GDP dropping to 1.4% in June, from 3.3% at the start of the year. Inflation cooled with Core PCE dropping to 2.6% from 2.9% this year, and the labor market is finally showing some signs of slowing. The trailing 3-month average for the change in non-farm payrolls decreased to +177k for the period ending June 30, 2024 from an average of +272k for the same 3-month period a year ago. This gradual slowing across several broad-based economic indicators could give Chair Powell and the FOMC some confidence that the economy can withstand the current high level of monetary policy rates as they wait for inflation to further cool to their 2% target level.

Within the municipal bond market, the big story this year has been the historically unique shape of the municipal yield curve. Prior to 2023, the municipal yield curve had not inverted in the 4+ decades of historically available market data, while the U.S. Treasury curve had inverted at least eight times (since 1980). The traditional retail-oriented buyer base of tax-free municipal bonds has long resisted the idea of accepting more (duration) risk for a lower yield.

The changing evolution of municipal bond demand towards professionally managed SMAs, bond ladder managers, and index ETFs has increased the proportion of index-oriented investors. Many of these managers apply a programmatic approach to portfolio construction, buying what is available withing a rigid set of criteria, with less focus on relative valuation. Within

| NAME | 3-MONTH RETURN (%) | 1-YEAR RETURN (%) | 3-YEAR* RETURN (%) | 5-YEAR* RETURN (%) | 10-YEAR* RETURN (%) | ITD (%) |
|---|---|---|---|---|---|---|
| National Municipal Composite (Gross of fees) | 0.36 | 4.17 | -0.27 | 1.47 | 2.22 | 3.98 |
| National Municipal Composite (Net of fees) | 0.28 | 3.83 | -0.59 | 1.15 | 1.89 | 3.64 |
| Bloomberg 1-10 Year Blend Municipal Bond Index | -0.40 | 2.31 | -0.35 | 1.03 | 1.79 | 3.83 |

* Annualized Returns

the separately managed account (SMA) space, much of this money has been focused on the 1–10-year maturity range.

This focused demand from professional SMA buyers, combined with softer demand from institutional buyers and active mutual fund managers, led to a demand imbalance across the municipal yield curve. This dynamic has been particularly true for high quality Munis in the 5–10-year maturity range. As a result of this demand, yields on that part of the curve dropped dramatically, resulting in a significant level of curve inversion with 10-year bonds touching yields 101 bps less than 7-day floaters in April (2.63% vs. 3.64%).

Thankfully, the municipal yield curve began to normalize (or dis-invert) in May. This was likely attributable to several factors; 1) the Treasury curve becoming less inverted over the past year, 2) Muni investor demand started to move into longer maturity bonds to take advantage of their higher yields and better relative valuation, and 3) heavy primary municipal new issue supply in May that resulted in unsold balances and price concessions for some intermediate-maturity bonds. These factors contributed to a swift repricing (cheaper) of the lowest yielding 5-10-year part of the curve, which resulted in relative underperformance for those index-oriented strategies that tend to target that part of the curve.

This selloff in intermediate bonds was a welcome respite for active managers who have been largely priced out of that part of the curve. Yields in 5-10-year bonds spiked by close to 50 bps in mid-May, while the "wings" of the curve were relatively little changed. Within our strategy, we have materially underweighted bonds in the 3-7-year duration range for quite some time. We have instead favored a large overweight to ultra-short duration bonds, alongside a modest overweight in longer-duration bonds. This barbell positioning has contributed to a material outperformance versus our 3-7-year heavy benchmark this year.

Within our short-duration overweight we have continued to actively add exposure to municipal floating-rate securities, short-duration municipal housing programs, gas-prepayment bonds, and defensive short-call structures. We believe that short-duration floaters represent a very attractive opportunity to earn above market yields with very minimal price volatility. We expect these structures will continue to provide consistent value (and income) in a higher-for-longer interest rate environment.

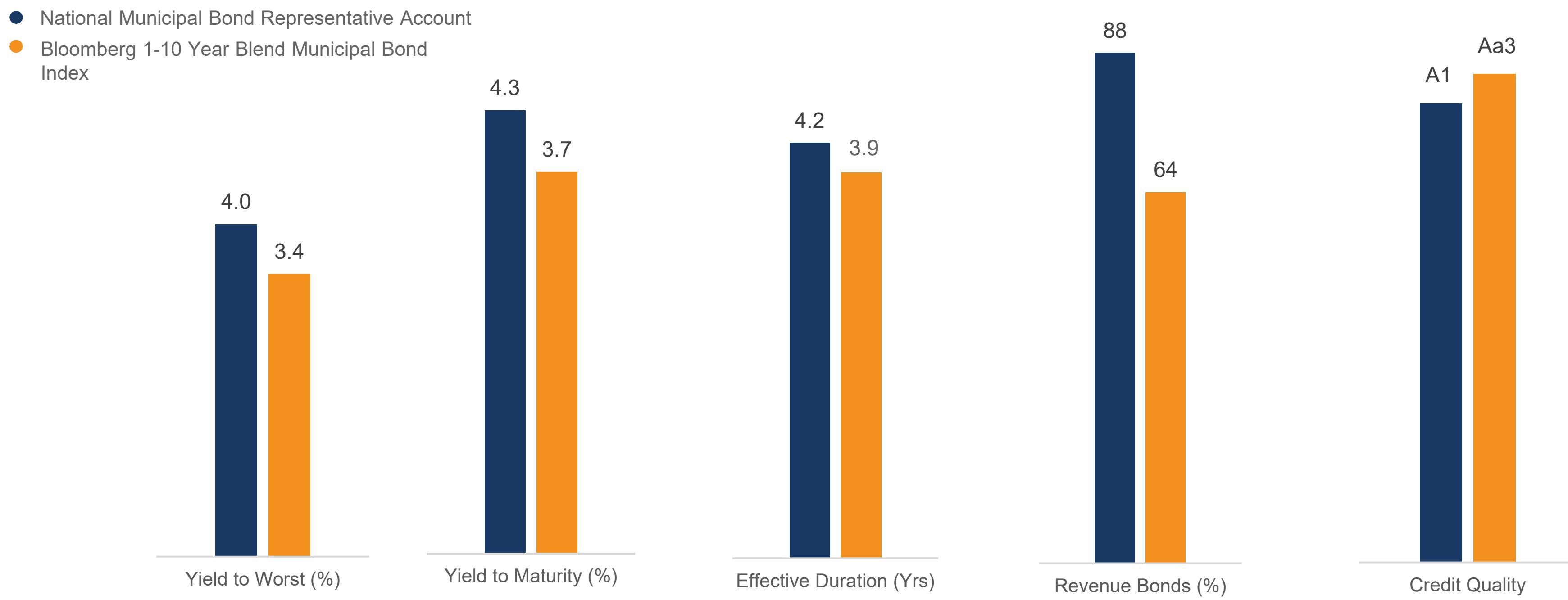
Within municipal housing, many state housing finance authorities have a variety of both single-family and multi-family programs designed to provide access and affordability to moderate- and lower-income residents. We have found value in many of these short-duration government supported programs. Gas-prepayment bonds are tax-exempt municipals issued by nonprofit corporations to allow their municipal customers to lock-in long-term natural gas supplies at discount prices. The natural gas is typically supplied and guaranteed through a large investment bank or commodity supplier whose credit also provides support for the bonds. This has been an area of growth within the municipal market, and we are now beginning to participate in prepaid renewable electricity issues coming to market with similar structures.

We generally like these high-quality short-duration opportunities because they provide a defensive way to add yield to the portfolio while also helping to reduce credit spread duration. Like other U.S. investment grade bond markets, municipal bond credit spreads are near historically tight levels across most investment grade ratings categories. These tight municipal bond credit spreads are, in our view, justified by solid fundamentals across the broad market, but we still have higher conviction in opportunities in bond structures and curve exposure over pure credit beta.

As we progress deeper into the year and this economic cycle, we believe macroeconomic uncertainty will likely remain at the front of investors' minds. Muni credit fundamentals are generally solid, but federal stimulus funds are being spent down and the economic cycle may be growing long in the tooth. The market may also have a sharper focus on the upcoming election season. The uncertainty over control of the White House and Congress could elevate market volatility generally, while any proposed changes in tax legislation could specifically impact demand for municipal bonds. We will be watching these policy issues very closely. Yet, we believe the worst of the persistent negative sentiment within the municipal asset class is behind us, and now Munis appear poised to serve more of their traditional roles such as providing diversification, capital preservation, and tax-efficient income.

# PORTFOLIO ATTRIBUTES

**Second Quarter 2024**



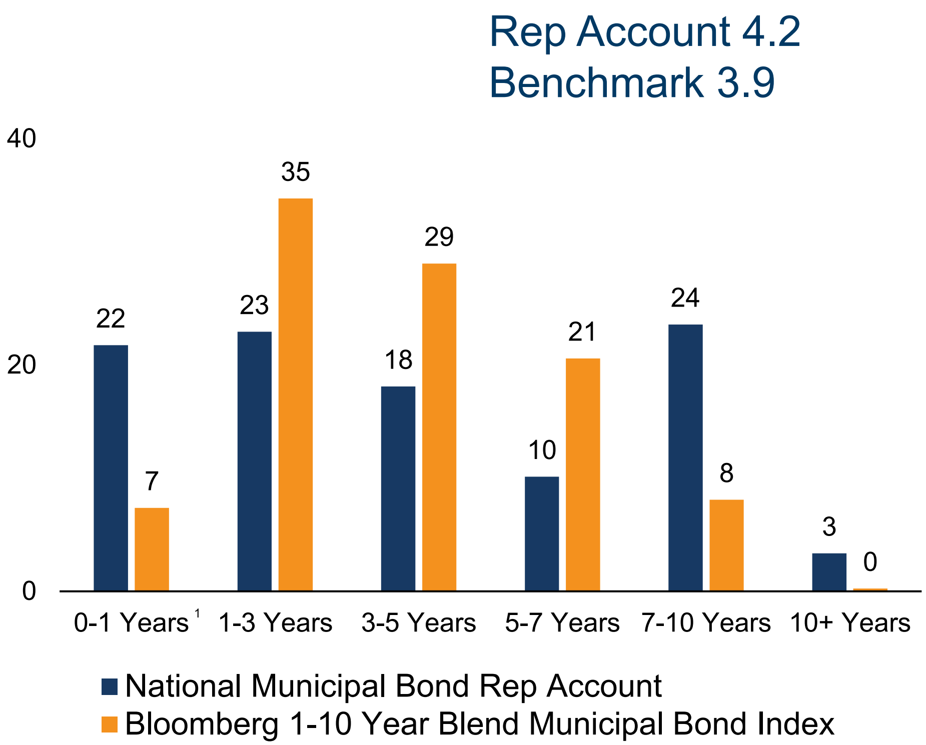

Source: FactSet. Past performance is not indicative of future results. Portfolio information is based on a representative National Municipal Bond account, includes cash and equivalents and is provided as Supplemental Information. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

# DURATION AND QUALITY DISTRIBUTIONS

**Second Quarter 2024**

## Duration Distribution

Percentage Weight

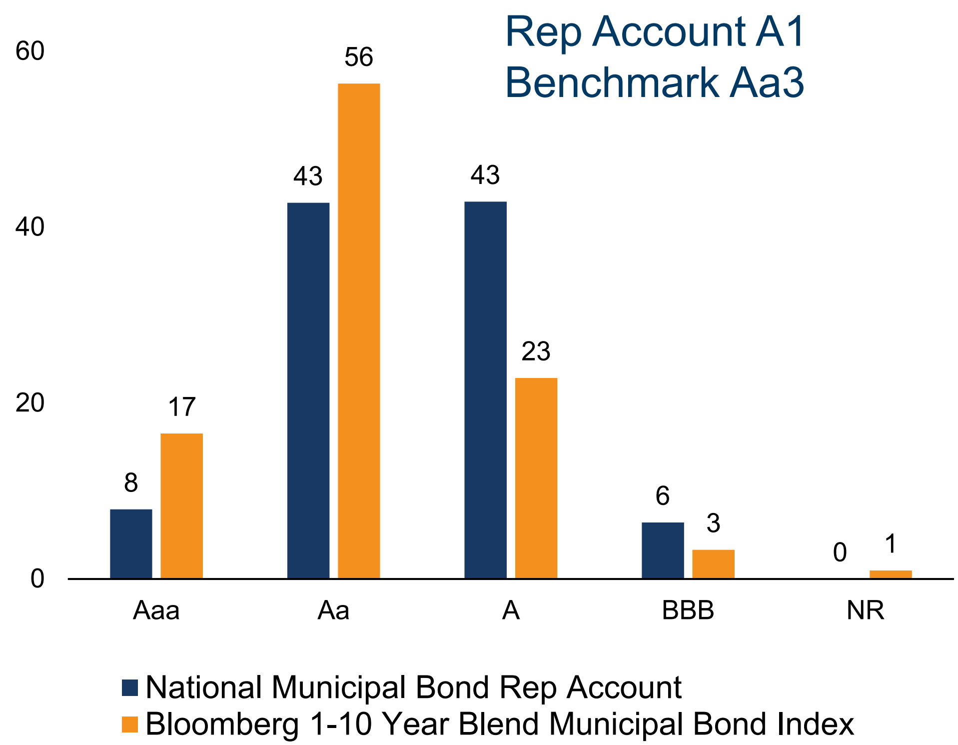



Source: FactSet, Bloomberg.

- Floating-rate securities and short-callable, high-coupon "kicker" bonds make up the majority of our ultrashort duration.
- We are underweight 1-5 year bonds because we believe that part of the yield curve is overvalued.
- We are overweight higher quality 7-10 year bonds which we view as having an attractive relative valuation.

## Quality Distribution

Percentage Weight




Source: FactSet; Bloomberg.

- We focus on bottom-up credit and sector selection to drive investment performance, rather than hugging a benchmark.
- Our focus on revenue-backed issues, from sectors like health care and utilities, tends to create a more balanced ratings distribution than the benchmark. We view our credit expertise as a strong differentiating factor.

Source: FactSet and Bloomberg. Portfolio information is based on a representative National Municipal Bond account and provided as Supplemental Information. Duration Distribution excludes cash and cash equivalents; [1]0-1 Years includes cash and cash equivalents. Numbers may not total due to rounding. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

# AVERAGE WEIGHT DETAIL BY SECTOR

**Second Quarter 2024**

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| Sector | NATIONAL MUNI REP ACCOUNT | BLOOMBERG 1-10 YEAR BLEND MUNICIPAL BOND INDEX | CONTRIBUTION TO RETURN (GROSS) | | | CONTRIBUTION TO RETURN (NET) | | |
|---|---|---|---|---|---|---|---|---|
| **SECTOR** | **AVERAGE WEIGHT (%)** | **AVERAGE WEIGHT (%)** | **BROWN ADVISORY (%)** | **BENCHMARK (%)** | **DIFFERENCE (%)** | **BROWN ADVISORY (%)** | **BENCHMARK (%)** | **DIFFERENCE (%)** |
| Tax Revenue | 19.6 | 10.7 | -0.07 | -0.09 | 0.02 | -0.09 | -0.09 | 0.00 |
| Ports/Airports/Transportation | 15.3 | 14.6 | 0.08 | -0.07 | 0.15 | 0.07 | -0.07 | 0.14 |
| Utilities | 10.6 | 11.3 | 0.03 | -0.06 | 0.09 | 0.02 | -0.06 | 0.08 |
| Hospital/CCRC | 10.5 | 6.0 | -0.04 | -0.02 | -0.02 | -0.05 | -0.02 | -0.03 |
| General Obligation | 9.1 | 31.6 | 0.08 | -0.17 | 0.25 | 0.07 | -0.17 | 0.24 |
| Miscellaneous Revenue | 8.9 | 10.5 | -0.06 | 0.00 | -0.06 | -0.06 | 0.00 | -0.06 |
| Tobacco | 6.5 | 0.5 | 0.00 | 0.00 | 0.00 | -0.01 | 0.00 | -0.01 |
| Lease/Housing | 6.0 | 4.2 | 0.04 | -0.01 | 0.05 | 0.04 | -0.01 | 0.05 |
| Prepaid Gas | 5.9 | 5.0 | 0.05 | 0.03 | 0.02 | 0.04 | 0.03 | 0.01 |
| Education | 5.5 | 5.5 | 0.02 | -0.04 | 0.06 | 0.02 | -0.04 | 0.06 |
| Cash | 2.0 | -- | 0.03 | -- | 0.03 | 0.02 | -- | 0.02 |
| **Total** | **100** | **100** | **0.17** | **-0.42** | **0.59** | **0.09** | **-0.42** | **0.51** |

Source: FactSet and Brown Advisory calculations. Portfolio information is based on a representative National Municipal Bond account and is provided as Supplemental Information. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. Net of fees returns are calculated by adjusting gross of fees returns by the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV, applied on a monthly basis and allocated pro rata based on position weight. Actual fees may be lower based on assets under management and other factors. Net of fees returns for actual accounts may therefore differ from the returns shown above. Past performance is not indicative of future results. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

# AVERAGE WEIGHT DETAIL BY DURATION AND CREDIT QUALITY

Second Quarter 2024

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| DURATION | NATIONAL MUNICIPAL REP ACCOUNT | BLOOMBERG 1-10YR MUNI BLEND | CONTRIBUTION TO RETURN (GROSS) | | | CONTRIBUTION TO RETURN (NET) | | |
|---|---|---|---|---|---|---|---|---|
| DURATION RANGE | AVERAGE WEIGHT (%) | AVERAGE WEIGHT (%) | BROWN ADVISORY (%) | BENCHMARK (%) | DIFFERENCE (%) | BROWN ADVISORY (%) | BENCHMARK (%) | DIFFERENCE (%) |
| 0 – 1 | 21.8 | 7.4 | 0.20 | 0.06 | 0.14 | 0.18 | 0.06 | 0.12 |
| 1 – 3 | 22.9 | 34.7 | 0.17 | 0.09 | 0.08 | 0.15 | 0.09 | 0.06 |
| 3 – 5 | 18.1 | 29.0 | -0.03 | -0.20 | 0.17 | -0.04 | -0.20 | 0.16 |
| 5 – 7 | 10.1 | 20.6 | -0.06 | -0.26 | 0.20 | -0.07 | -0.26 | 0.19 |
| 7 – 10 | 23.6 | 8.1 | -0.17 | -0.11 | -0.05 | -0.19 | -0.11 | -0.07 |
| 10 + | 3.4 | 0.3 | 0.06 | -0.01 | 0.06 | 0.05 | -0.01 | 0.06 |
| **Total** | **100** | **100** | **0.17** | **-0.42** | **0.59** | **0.09** | **-0.42** | **0.51** |

| CREDIT QUALITY | NATIONAL MUNICIPAL REP ACCOUNT | BLOOMBERG 1-10YR MUNI BLEND | CONTRIBUTION TO RETURN (GROSS) | | | CONTRIBUTION TO RETURN (NET) | | |
|---|---|---|---|---|---|---|---|---|
| CREDIT RATING | AVERAGE WEIGHT (%) | AVERAGE WEIGHT (%) | BROWN ADVISORY (%) | BENCHMARK (%) | DIFFERENCE (%) | BROWN ADVISORY (%) | BENCHMARK (%) | DIFFERENCE (%) |
| AAA | 7.9 | 16.5 | 0.06 | -0.10 | 0.16 | 0.05 | -0.10 | 0.15 |
| AA | 42.8 | 56.3 | 0.15 | -0.30 | 0.45 | 0.11 | -0.30 | 0.41 |
| A | 42.9 | 22.9 | -0.01 | -0.03 | 0.02 | -0.05 | -0.03 | -0.02 |
| BBB | 6.4 | 3.3 | -0.02 | 0.01 | -0.03 | -0.02 | 0.01 | -0.03 |
| NR | -- | 1.0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total** | **100** | **100** | **0.17** | **-0.42** | **0.59** | **0.09** | **-0.42** | **0.51** |

Source: FactSet and Brown Advisory calculations. Portfolio information is based on a representative National Municipal Bond account and is provided as Supplemental Information. Net of fees returns are calculated by adjusting gross of fees returns by the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV, applied on a monthly basis and allocated pro rata based on position weight. Actual fees may be lower based on assets under management and other factors. Net of fees returns for actual accounts may therefore differ from the returns shown above. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. Past performance is not indicative of future results. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

# TOP FIVE AND BOTTOM FIVE CONTRIBUTORS

Second Quarter 2024

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### Representative National Municipal Bond Account Top Five Contributors

| NAME | DESCRIPTION | WEIGHT (%) | CONTRIBUTION TO RETURN NET (%) |
|---|---|---|---|
| New York State Housing Finance Agency | Finance multi-family affordable housing in New York | 2.9 | 0.04 |
| City of Wichita KS | GO bond to fund airport improvements | 2.8 | 0.03 |
| County of Miami-Dade FL Aviation Revenue | Alarge-hub airport, owned and operated by the aviation department of Miami-Dade County. | 5.6 | 0.03 |
| Port Authority of New York & New Jersey | Paid by facilities' net revenue to fund capital projects | 3.6 | 0.03 |
| Southeast Energy Authority A Cooperative District | Gas prepay bond with Goldman Sachs as borrower | 2.9 | 0.03 |

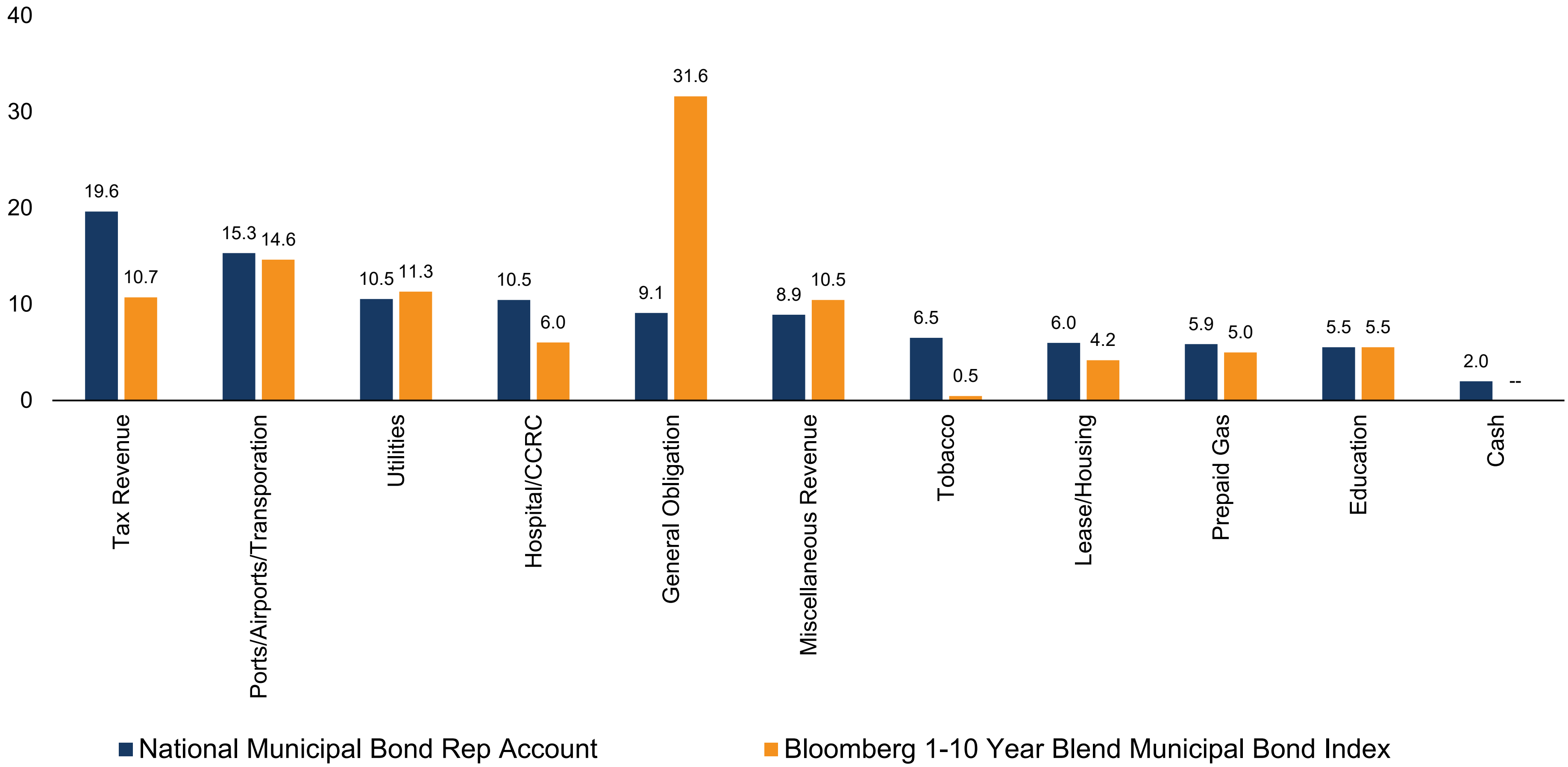
### Representative National Municipal Bond Account Bottom Five Contributors

| NAME | DESCRIPTION | WEIGHT (%) | CONTRIBUTION TO RETURN NET( %) |
|---|---|---|---|
| State of Illinois Sales Tax Revenue | Funds infrastructure, healthcare and educational facilities, and environmental projects | 2.9 | -0.08 |
| Ascension Health Credit Group | One of the largest private healthcare systems in the U.S; operates 2,600 health care sites in 19 states | 2.5 | -0.06 |
| Yankee Stadium LLC | Backed by lease payments paid to the NYC Industrial Development Agency. | 2.8 | -0.04 |
| County of Cook IL Sales Tax Revenue | Refunding bonds payable from pledged sales tax revenues. | 2.2 | -0.04 |
| State of New York Personal Income Tax Revenue | Paid by personal income tax, employer compensation expense program and the pass-through entity tax | 2.6 | -0.03 |

Source: FactSet and Brown Advisory calculations. Portfolio information is based on a representative National Municipal Bond account and provided as Supplemental Information. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. Top Five and Bottom Five contributors includes cash and cash equivalents. Commentary regarding an investment's contribution to return and relative performance has been assessed on a net performance basis. Net of fees returns are calculated by adjusting gross of fees returns by the highest fee for the institutional strategy as outlined in Part 2A of the firm's Form ADV, applied on a monthly basis and allocated pro rata based on position weight. Actual fees may be lower based on assets under management and other factors. Net of fees returns for actual accounts may therefore differ from the returns shown above. Past performance is not indicative of future results. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

# SECTOR DIVERSIFICATION

Second Quarter 2024




- We focus on bottom-up credit and sector selection to drive relative performance.
- We find credit fundamentals in revenue-backed bonds to be more transparent and more easily modeled, with the bonds yielding more than most general obligation (GO) issues.

Source: FactSet. Portfolio information is based on a representative National Municipal Bond account. Sector diversification includes cash and cash equivalents and is provided as Supplemental Information. Numbers may not total due to rounding. Sectors are based on the Bloomberg sector classifications. Please see the end of this presentation for a GIPS Report, important disclosures and a complete list of terms and definitions.

# DISCLOSURES

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount of money invested. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client.

The **Bloomberg 1-10 Year Blend Municipal Bond Index** consists of a broad selection of investment-grade general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds with maturities of at least 1 year and less than 10 years. It is an unmanaged index representative of the tax-exempt bond market.



An investor cannot invest directly in an index.

**Effective Duration** is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. **Yield to Worst** is calculated by making 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. **Yield to Maturity** is the total return of a bond if it is held until maturity. **The Average Weight** of a position or sector refers to the daily average for the period covered in this report of a stock's value as a percentage of the portfolio **Volatility** is a measurement that looks at the dispersion of prices or returns of securities or indices. It is generally measured by using the standard deviation or variance between returns.

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# NATIONAL MUNICIPAL BOND COMPOSITE

| Year | Composite Total Gross Returns (%) | Composite Total Net Returns (%) | Benchmark Returns (%) | Composite 3-Yr Annualized Standard Deviation (%) | Current Benchmark 3-Yr Annualized Standard Deviation (%) | Portfolios in Composite at End of Year | Composite Dispersion (%) | Composite Assets ($USD Millions)* | GIPS Firm Assets ($USD Millions)* |
|---|---|---|---|---|---|---|---|---|---|
| 2023 | 6.4 | 6.0 | 4.6 | 5.6 | 5.0 | 244 | 0.4 | 2,120 | 81,325 |
| 2022 | -7.8 | -8.0 | -4.8 | 5.7 | 4.4 | 146 | 0.6 | 1,447 | 58,575 |
| 2021 | 2.4 | 2.0 | 0.5 | 4.1 | 2.8 | 211 | 0.4 | 2,369 | 79,715 |
| 2020 | 3.9 | 3.5 | 4.2 | 4.0 | 2.8 | 216 | 0.7 | 2,374 | 59,683 |
| 2019 | 7.1 | 6.8 | 5.6 | 1.8 | 1.9 | 226 | 0.3 | 2,360 | 42.426 |
| 2018 | 1.9 | 1.5 | 1.6 | 2.5 | 2.5 | 205 | 0.2 | 1,601 | 30,529 |
| 2017 | 4.4 | 4.1 | 3.5 | 2.4 | 2.5 | 142 | 0.3 | 993 | 33,155 |
| 2016 | 0.7 | 0.4 | -0.1 | 2.5 | 2.4 | 134 | 0.3 | 883 | 30,417 |
| 2015 | 1.9 | 1.6 | 2.5 | 2.3 | 2.1 | 123 | 0.3 | 731 | 43,746 |
| 2014 | 5.7 | 5.4 | 4.7 | 2.4 | 2.2 | 45 | 0.5 | 415 | 44,772 |

Brown Advisory Institutional claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Brown Advisory Institutional has been independently verified for the periods from January 1, 1993 through December 31, 2023. The Verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

1. *For the purpose of complying with the GIPS standards, the firm is defined as Brown Advisory Institutional, the Institutional and Balanced Institutional asset management divisions of Brown Advisory. As of July 1, 2016, the firm was redefined to exclude the Brown Advisory Private Client division, due to an evolution of the three distinct business lines.
2. The National Municipal Bond Composite (the Composite) is comprised of all discretionary accounts with no material investment restrictions, which invest in tax-exempt fixed income securities of an intermediate target duration, and flexibility to invest in bonds from multiple states. At least 80% of the securities in each portfolio in the Composite will have credit quality ratings of A or better at the time of purchase. The minimum account market value required for Composite inclusion is $2 million, and accounts in the Composite will have an average effective duration between 3.5 and 5.5 years.
3. The Composite creation date is March 1, 2006. The Composite inception date is June 1, 1993.
4. The benchmark is the Bloomberg Municipal Bond 1-10 Year Index. The Bloomberg Municipal Bond 1-10 Year Index consists of a broad selection of investment-grade general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds with maturities of at least 1 year and less than 10 years. It is an unmanaged index representative of the tax-exempt bond market. “Bloomberg®” and Bloomberg Municipal Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the index (collectively, “Bloomberg”) and have been licensed for use for certain purposes by Brown Advisory Institutional. Bloomberg is not affiliated with Brown Advisory Institutional, and Bloomberg does not approve, endorse, review, or recommend the Composite. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Composite. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
5. The composite dispersion presented is an equal-weighted standard deviation of portfolio gross returns calculated for the accounts in the Composite for the entire calendar year period.
6. Gross-of-fees performance returns are presented before management fees but after all trading commissions, and gross of foreign withholding taxes (if applicable). Net-of-fees performance returns are calculated by adjusting the gross-of-fees performance return by the highest fee for the institutional strategy as outlined in Part 2A of the firm’s Form ADV, applied on a monthly basis. Certain accounts in the Composite pay asset-based custody fees that include commissions. For these accounts, gross returns are also net of custody fees. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 0.325% on the first $10 million; 0.30% on the next $15 million and 0.25% on the balance over $25 million. Further information regarding investment advisory fees is described in Part 2A of the firm’s Form ADV. Actual fees paid by accounts in the Composite may differ from the current fee schedule.
7. Effective July 1, 2023, the firm transitioned from using actual account fees in the calculation of net performance returns to applying the highest fee for the institutional strategy as outlined in Part 2A of the firm’s Form ADV. The net performance track record was revised back to Composite inception.
8. The three-year annualized ex-post standard deviation measures the variability of the Composite (using gross returns) and the benchmark for the 36-month period ended on December 31.
9. Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
10. Portfolios in the Composite do not make material use of derivative securities.
11. Duration is a measure of interest rate risk.
12. A complete list of composite descriptions and broad distribution and limited distribution pooled funds is available upon request.
13. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
14. Past performance is not indicative of future results.
15. This is not an offer to sell securities. That may only be accomplished by the issuance of a private offering memorandum/subscription documents.
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