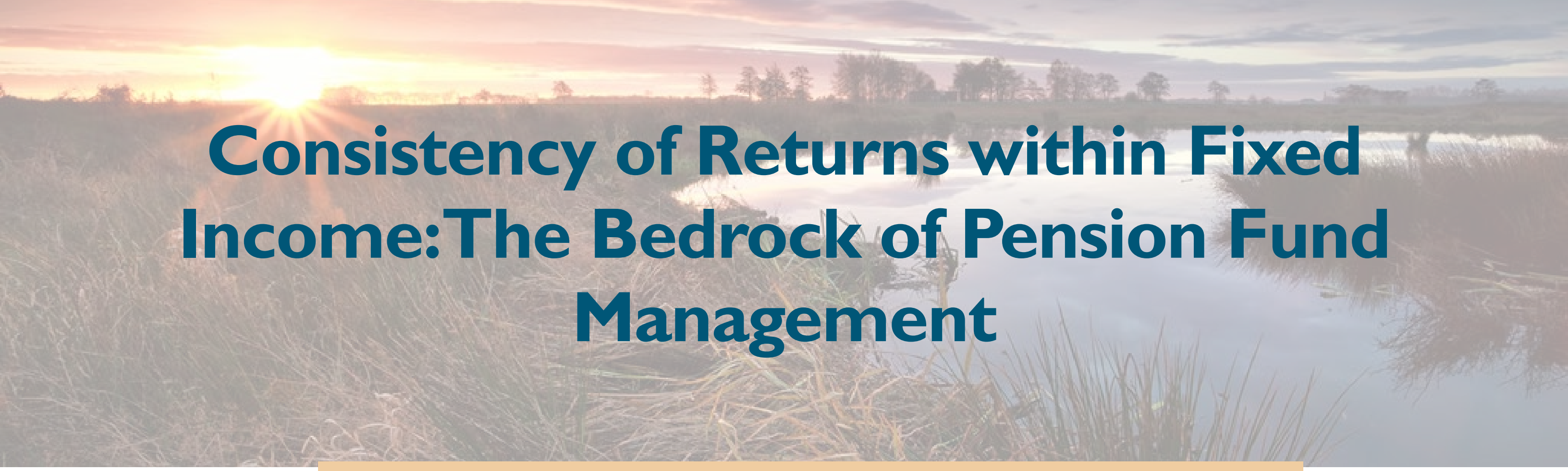

Consistency of Returns within Fixed Income: The Bedrock of Pension Fund Management

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INTRODUCTION

The nature of pension funds dictates a focus on liability-driven objectives and a long-term investment horizon. While achieving a competitive total return is certainly a core objective, pension funds must also place equal emphasis on managing volatility to meet the future obligations of plan members.

For any fixed-income manager, the ability to provide stability and maintain an "all-weather" portfolio is paramount. Increased volatility or significant drawdowns can lead to funding gaps, directly impacting the financial health of the plan and its ability to fulfill commitments to beneficiaries. At Sawgrass, we view consistent returns not just as a goal, but as a foundational requirement of our investment strategy.

IMPORTANCE OF AN ALL-WEATHER PORTFOLIO

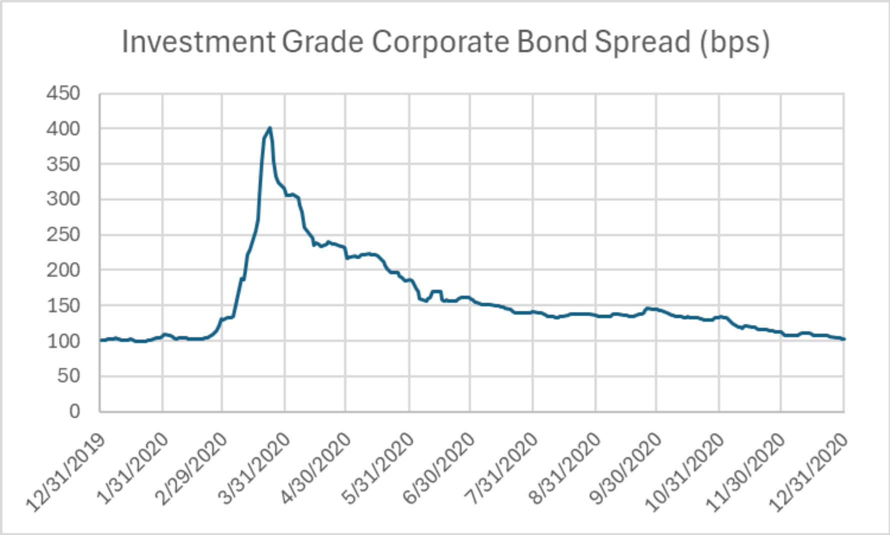
Investment-grade fixed income, while inherently "safe" relative to other asset classes, can come with its own set of risks that can cause harm to a plan in different environments. In rising interest rate environments, duration-heavy portfolios can sustain significant losses. During risk-off periods, credit spreads may widen and portfolios with oversized positions in corporate bonds can underperform.

By constructing an all-weather portfolio, Sawgrass seeks to mitigate risks by diversifying across various factors and remaining nimble throughout market cycles. This includes keeping our duration within certain bands and allocating across various sectors (e.g., government bonds, corporate bonds and Agency MBS). The objective is to position the portfolio to be resilient under a variety of scenarios. We believe this was evident in recent periods of severe turmoil, such as 2020 and 2022[1].

[1] We believe this was evident in certain periods based on internal analysis; however past performance is not indicative of future results.

Market Turmoil in 2020

The first quarter of 2020 marked the beginning of the effects of Covid on the market and the subsequent widening of corporate bond spreads. The ICE BofA US Corporate Index option-adjusted spread widened from around 100 basis points in February 2020 to a peak of 400 basis points by March 23rd. Throughout the second quarter, corporate bond spreads continued to tighten and eventually recovered back to pre-Covid levels by the end of the year.



Source: Bloomberg

By being nimble and tactical within the corporate bond space, the Sawgrass High Quality Core Fixed Income strategy was able to outperform the Bloomberg Aggregate during both first and second quarters of the year[2][3].

2022 and Duration Management

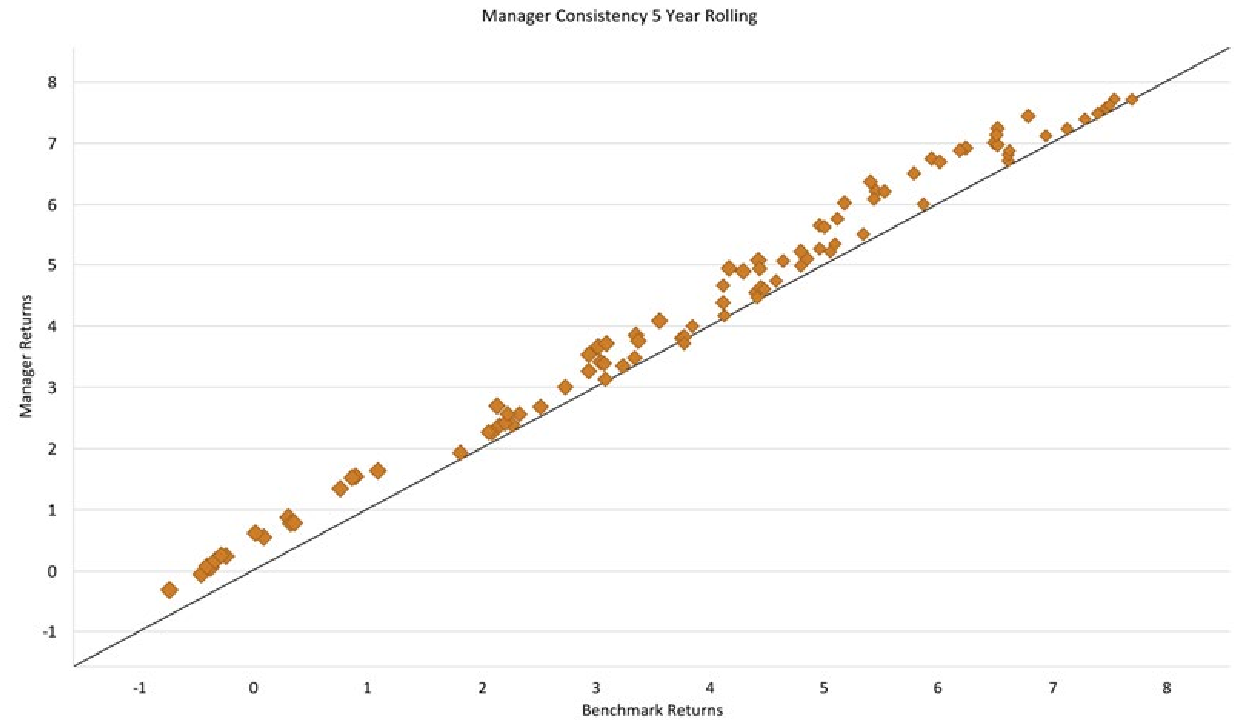
As the risk of inflation grew throughout 2022, the Federal Reserve was forced to act swiftly and increase interest rates, causing a spike in interest rates across the Treasury Curve. In a similar manner of remaining nimble, but this time with a focus on duration management, Sawgrass was also able to outperform during the calendar year in the face of a historic bond sell-off.

[2] All reference to performance are net of fees unless shown with gross.

[3] All Bloomberg U.S. Aggregate Index is an unmanaged index used for comparative purposes only. The index does not reflect the deduction of fees or expenses and is not available direct for investment.

CONSISTENT OUTPERFORMANCE SINCE INCEPTION[4]

Looking at returns since inception, these periods of outperformance are not anomalies. Since inception in April 1998, on a 5-year rolling basis, Sawgrass has outperformed the benchmark 98% of the time[5].



As Of: March 31, 2026

	# of Observations	# OutPerform Benchmark	% OutPerform Benchmark
High-Quality Core Fixed Income	93	91	97.85%
Bloomberg US Aggregate	---	---	---

Results displayed in USD using Spot Rate (SR). Bloomberg US Aggregate

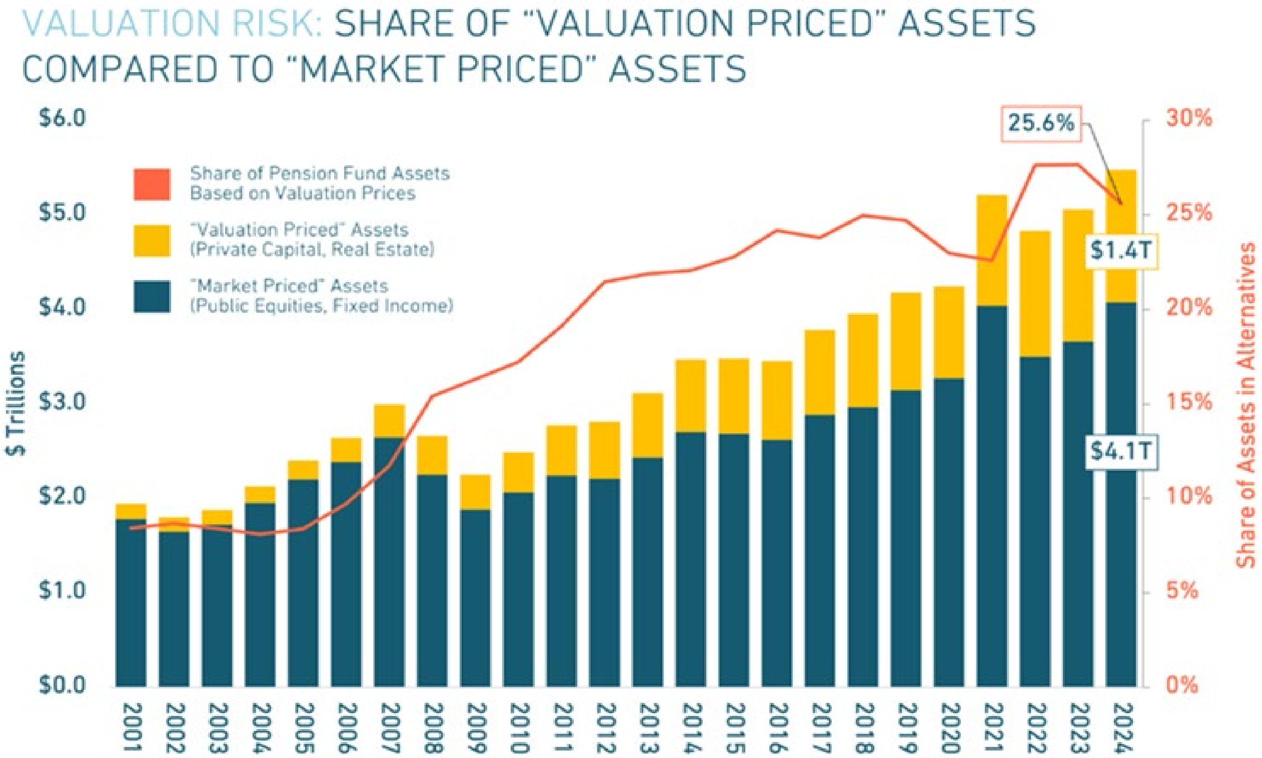
Source: Nasdaq eVestment

[4] Results may vary significantly across time periods and market conditions.
[5] Based on rolling 5-year annualized composite returns for the Sawgrass High Quality Core Fixed Income strategy from April 1998 through the most recent period available. Outperformance is measured relative to the Bloomberg U.S. Aggregate Index. Results are calculated using internal composite data and reflect the reinvestment of income. Methodology, time periods, and assumptions may impact results; different methodologies would produce different outcomes.

WHY IT MATTERS FOR PENSION FUNDS

The state of pension plans' funded status is generally on the rise due to positive market performance; however, risks of a downturn and proper valuations persist. “Valuation Risk” is the risk to pension funds that the value of their assets as reported to them is inaccurate because the asset pricing method used is based on valuation models, as opposed to market-based prices.

If asset values are overstated, reported funding levels could be overstated as well. The percentage of valuation-priced securities has been steadily increasing, reaching over 25% recently. These risks highlight the benefit of liquid, market-priced investment-grade fixed income and the additional stability it provides.



Source: Equable

For pension plans specifically, the consistency and accuracy of returns provide several benefits. It allows plans to focus and improve their overall asset-liability matching. With lower volatility, a plan’s funded status becomes more stable and provides more clarity on planning and governance. By maintaining consistent returns, Sawgrass helps pension plans navigate uncertain environments effectively, which we believe positions them to meet their commitments.

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23 Years of Investment Experience

14 Years with Sawgrass

Mr. Siegel is a Fixed Income Portfolio Manager at Sawgrass, responsible for credit analysis, trading, and portfolio analytics. He serves on the firm's fixed income investment committee. Prior to Sawgrass, he worked with Pioneer Alternative Investments as a fixed income research analyst, where he selected sub-advisor funds for inclusion in a $3 billion fund of hedge funds, and with Morgan Stanley as a fixed income sales analyst servicing advisors on various fixed income investments. His educational accomplishments include a B.S. in Financial Economics from Binghamton University, and earning a Chartered Financial Analyst (CFA) designation from The CFA Institute (formerly AIMR), of which he is a member.

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Where applicable:

- **Net-of-fees performance** reflects the deduction of investment advisory fees.
- **Gross-of-fees performance** does not reflect the deduction of advisory fees and would be lower if such fees were deducted.

Additional information regarding composite construction, calculation methodology, and assumptions is available upon request.

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- Liquidity risk
- Market risk

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