

# Strategic Fixed Income | Commentary

## Market commentary

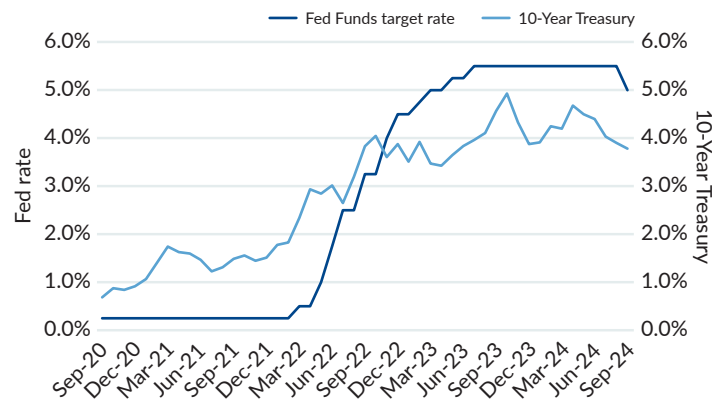
The third quarter of 2024 was highlighted by global central banks (ex-Japan) easing policy rates. China, which is experiencing a material slowdown in growth and inflation, threw everything but the proverbial kitchen sink at the problem with a massive stimulus package.

In the United States, inflation continued its downward trajectory while the labor markets showed signs of softening. Non-farm payrolls, which averaged 273k per month in the first quarter, dropped to 116k in the third quarter. The Federal Reserve met twice during the quarter, leaving rates unchanged in July in, what turns out, was a close call. Chairman Powell, speaking at the Jackson Hole conference in August, signaled that the Federal Open Market Committee (FOMC) was ready to begin removing restrictive policy rates in September. Indeed, markets were roughly a coin flip between 25 or 50 basis points of easing to kick off the cycle, however the Fed focused on labor market weakness and delivered the 50 basis point rate cut. The FOMC emphasized its dual mandate of price stability and full employment, allowing markets to price in an additional 80 to 100 basis points of easing. In Figure 1, we show the Fed Funds rate along with the yield on the 10-year US Treasury note.

Away from labor market data, other domestic macroeconomic data continued to be stable. GDP continues to grow at a rate near 2.5-3.0% while the consumer continues to be steady. ISM Manufacturing is lagging while ISM Services remains in expansion. The bottom line is although the FOMC started easing rates, they are doing so from overly restrictive territory. Where they end up will, of course, depend on whether a recession occurs, whether the decline in inflation continues and, of course, the outcome of the election on fiscal policies.

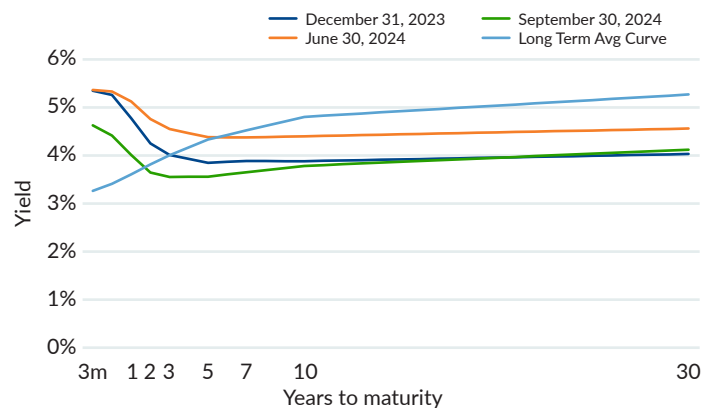
Currently long-run estimates of neutral policy have risen to 2.875%, nearing where market pricing is for overnight rates at the end of 2025.

FIGURE 1: FED FUNDS TARGET RATE VS 10-YEAR US TREASURY



Source: Bloomberg, Mesirow SFI.

FIGURE 2: US TREASURY YIELD CURVES



Source: Bloomberg, Mesirow SFI.

Mesirow Strategic Fixed Income ("SFI") is a division of Mesirow Financial Investment Management, Inc. ("MFIM"), an SEC-registered investment advisor. | Past performance is not indicative of future results. | Please see the attached GIPS Reports for complete performance information, including benchmark descriptions, as well as the footnotes and disclosures contained on the following pages. | The information contained herein has been obtained from sources believed to be reliable but is not necessarily complete and its accuracy cannot be guaranteed. Any opinions expressed are subject to change without notice. It should not be assumed that any recommendations incorporated herein will be profitable or will equal past performance.

During the quarter interest rates declined, led by the front-end, with the 2-year yield down 111 basis points to 3.64%, the 10-year down 62 bps to 3.78% and 30-year yields down 44 bps to 4.12% as shown in Figure 2. The 2-year/10-year yield curve remained inverted for a record 543 days, before finally returning to positive territory in September.

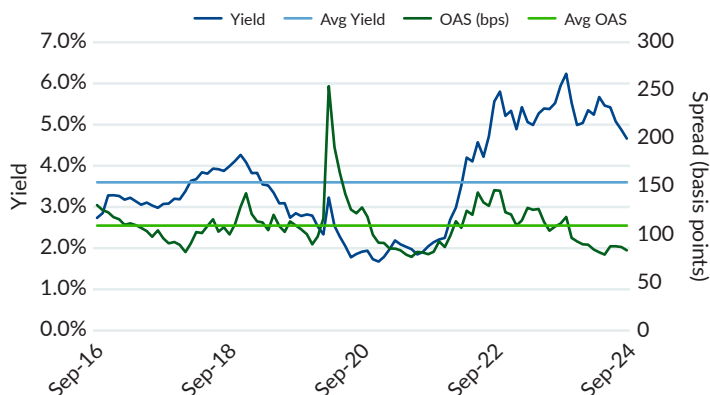
The normal behavior of the yield curve is to bull steepen (front end rates declining faster than long end rates) as an easing cycle begins. Eventually, the easing will lead to the market pricing in future growth which, in turn, tends to cause more curve steepening, this time led by the back end.

Risk markets mostly gained during the quarter, driven at least partially to global easing. There was a moment of angst at the start of August, driven by a 7% fall in the Japanese Yen which led to an unwind of the Yen-carry trade. Basically, investors borrowing in low-rate Japanese Yen and investing the proceeds in overseas (higher yielding) assets panicked on hawkish Bank of Japan rhetoric which led to risk assets weakening globally.

This proved to be short-lived however as relatively benign macroeconomic data drove investor optimism. US investment grade (IG) spreads averaged 84 basis points during the quarter, including a spike to 110 basis points spread to Treasuries during the Yen hiccup. US IG ended the third quarter 5 basis points tighter (+88bps) than at the end of June. Excess return in investment grade credit was +0.74% led by AAA credits (+1.42%) and long end credits (+1.20%). Subordinated bank debt (+1.17%) and Utilities (+1.44%) outperformed on an excess return basis while Energy (+0.19%) was the worst performing sector as global oil declined during the quarter on China's lackluster economic growth. As shown in Figure 3, while corporate spreads remain below recent averages overall, yields remain attractive for investors.

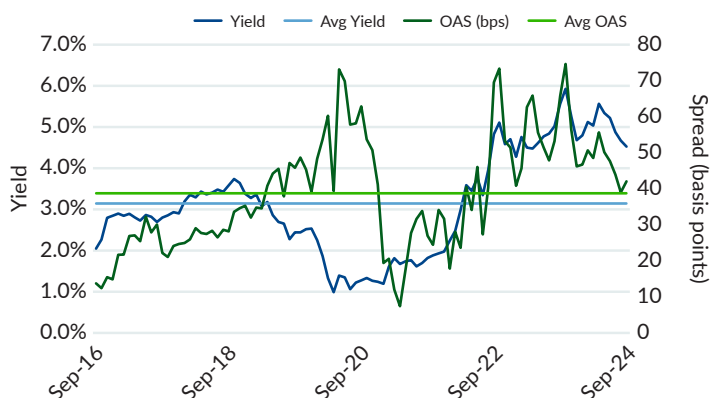
High yield bonds mirrored investment grade counterparts averaging 316bps OAS, ending the quarter 7 basis points tighter than at the end of June, while hitting 380bps during the early August swoon. CCC rated credits outperformed with a total return of +10.20% during the quarter led by the Communications industry due to M&A activity.

FIGURE 3: BLOOMBERG CREDIT INDEX YIELD AND YIELD SPREAD HISTORY



Source: Bloomberg, Mesirow SFI.

FIGURE 4: BLOOMBERG 30-YEAR MORTGAGE-BACKED INDEX YIELD AND YIELD SPREAD HISTORY



Source: Bloomberg, Mesirow SFI.

Mortgage-backed securities (MBS), as shown in Figure 4, also performed well (5.53% total return and +0.75% excess return). This was mostly led by the rally in interest rates causing lower coupon/higher duration mortgages to outperform. Anticipation of an easing of Federal Reserve monetary policy, steeping of the yield curve (from being inverted) and expectations of lower interest rate volatility fueled market performance. In addition, increased demand from banks for mortgage-backed securities, coupled with a limited supply of new issuance, paved the way to lower risk premiums for the sector.

Issuance of new MBS remains well below historical norms. New homes sales, the primary source of expanded supply, is currently low and refinancings, which swap old supply for new supply remains well below recent trends, as approximately 90% of the existing mortgages have interest rates below current levels (around 6.25%).

## Market outlook

Data and time will tell if a recession ultimately occurs. Escalated geopolitical risks have increased the volatility of oil prices, with recent price declines driven by lower demand from China. The US election outcome likely will result in differing fiscal policies, but it remains too close to call. Earnings and spending have slowed from the peaks but remain moderate. Risk assets currently enjoyed a recent boost from easing in China and a perceived FOMC that might lower interest rates faster than initially expected. The health of the labor market will dictate the pace of future FOMC action.

Due to rich valuations in corporate bonds, we reduced our overall exposure to credit during the quarter while adding to US Treasuries. We continue to be cautious with security selection as idiosyncratic risks remain prevalent and are underpriced in the market. We maintained a near market-weight to MBS, with the sector near fair value.

While interest rates moved towards the low band of our expected price range during the quarter, recent increases in interest rates have overall rates closer to fair value. We continue to maintain a near neutral curve posture and overall duration relative to portfolio benchmarks with interest rate volatility expected to remain elevated.

## Strategy summary

The [Mesirow Core Total Return Composite](#) earned a third quarter net-of-fee return of +5.14% compared with 5.20% for the Bloomberg US Aggregate Bond Index. On a gross-of-fee basis, the composite earned +5.19%. During the quarter, our slight underweight to the front of the yield curve (2- and 5-year maturities) were the main detractors from our relative performance. While we reduced this positioning during the quarter, the curve's steepening led by this part of the curve hurt our performance.

We continued to maintain a near-neutral duration and took advantage of rich valuations in corporate bonds to reduce our overweight modestly during the quarter. Overall, this overweight helped contribute to a positive sector allocation effect as corporates outperformed Treasuries. Security selection was essentially neutral during the quarter as we avoided most of the idiosyncratic events that occurred.

For the year to date, the Composite earned a net-of-fee total return of +4.65% (+4.80% gross of fee), compared with +4.45% for the Bloomberg US Aggregate Bond Index. During the year, our sector allocation (overweight corporates and underweight US Treasuries) contributed to our strong performance while positive security selection more than offset the drag from our previously noted yield curve positioning (overweight 10-year maturities while underweight 2- and 5-year maturities).

The [Mesirow Core Plus Composite](#) earned a third quarter net-of-fee return of +4.90% (+4.99% gross of fees) compared with +5.20% for the Bloomberg US Aggregate Bond Index. Our 16% exposure to below investment grade bonds detracted from our overall performance as high yield securities generally underperformed investment grade securities. The Bloomberg High Yield Index earned a third quarter return of +5.28% while the Bloomberg Corporate Index earned a third quarter return of +5.84%.

In spite of the slight underperformance during the third quarter, the Core Plus Composite's year-to-date performance was strong, with a net-of-fee return of +5.38% (+5.63% gross of fees), compared with +4.45% for the Bloomberg US Aggregate Bond Index. For this longer period, our emphasis of corporate bonds including high yield bonds proved favorable along with strong security selection. The benefits of these strategies more than offset the drag from our yield curve positioning.

For the year to date, the Core Plus Composite earned a gross-of-fee return of +0.61% (+0.46% net of fees), compared with -0.71% for the Index. In addition to the strong security selection noted in the second quarter, the portfolio benefited in the first quarter from our curve structure and sector allocation decisions as well as interest rates rose.

Within the [Mesirow Intermediate Government/Credit Composite](#), our portfolios produced a third quarter total return of +4.01% (net of fees) compared with +4.17% for the Bloomberg Intermediate Government/Credit Index. On a gross-of-fee basis, the Composite earned a +4.07% return in the third quarter.

During the quarter, the benefit of our overweight in corporate bonds and exposure to asset-backed securities was more than offset by our overweight to the 10-year maturity part of the yield curve and corresponding underweight to shorter maturities (5-years and shorter). As with our Core strategy, the yield curve steepening was led by shorter maturities and so our overweight to 10-year maturities detracted from relative performance.

For the year to date, the Intermediate Government/Credit Fixed Income composite earned a net-of-fee total return of +4.57% (+4.75% gross of fees) compared with +4.68% for the Bloomberg Intermediate Government/Credit Index. As with our performance for the quarter, positive contributions from our overall sector allocation were more than offset by our yield curve structure, with our overweight to 10-year maturities detracting from relative performance. Overall, we maintained a near neutral duration during the quarter and for most the year to date. Security selection was essentially neutral for the year to-date period.

The [Mesirow Short-Term Composite](#) earned a +2.88% net-of-fee return during the third quarter, slightly lagging that of the Bloomberg 1-3 Year Government/Credit Index by 8 basis points. Gross of fees, the Composite earned +2.93% for the quarter compared with +2.96% for the Index.

During the quarter, our overweight to corporates and underweight to US Treasuries proved favorable as short-maturity corporates outperformed short treasuries. Consistent with our other strategies, however, our underweight to the 2-year maturity part of the curve hurt our relative performance as this part of the curve experienced the biggest change in rates. The Index composition includes nearly 69% to 2-year maturities, and we tend to be a bit more diverse with maturities spread between 6-months and 5-years. This results in a relative overweight to 5-year maturities in particular, which hurt our performance versus the 1-3 year Index during the third quarter.

For the year to date, the Composite earned a net-of-fee total return of +4.47% (+4.62% gross of fees) compared with +4.38% for the Bloomberg 1-3 Year Government/Credit Index. Over this nine month period, our emphasis of corporate bonds relative to the Index benefited performance and more than offset the drag from our yield curve exposures noted previously.

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## About Mesirow

Mesirow is an independent, employee-owned financial services firm founded in 1937. Headquartered in Chicago, with locations around the world, we serve clients through a personal, custom approach to reaching financial goals and acting as a force for social good. With capabilities spanning Global Investment Management, Capital Markets & Investment Banking, and Advisory Services, we invest in what matters: our clients, our communities and our culture. To learn more, visit [mesrow.com](https://mesrow.com) and follow us on [LinkedIn](#).

## Contact us

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Past performance is not indicative of future results. Please refer to the disclosures at the end of this material and the GIPS Report for complete performance information and benchmark /index definitions.

The Bloomberg US Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset backed securities. These major sectors are subdivided into more specific indexes that are calculated and reported on a regular basis.

The Bloomberg US Mortgage Backed Securities (MBS) Index measures the performance of US fixed-rate agency mortgage backed pass-through securities.

The Bloomberg Intermediate Government/Credit Index is the intermediate component of the US Government/Credit index. The Government/Credit Index includes securities in the Government and Credit Indices. The Government Index includes treasuries (i.e., public obligations of the US Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government). The Credit Index includes publicly issued US corporate and foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements.

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## GIPS REPORT – CORE TOTAL RETURN COMPOSITE

Gross and Net of Fees Total Returns from January 1, 2014 – September 30, 2024

Year	Year end			Annual performance results				3-year annualized dispersion	
	No. of portfolios	Composite Asset at end of period (\$MM)	Total Firm Assets (\$MM)	MFIM (gross) Composite (%)	MFIM (net) Composite (%)	Bloomberg US Aggregate Index (%)	Composite Dispersion <sup>(1)</sup> (%)	MFIM (gross) Composite <sup>(2)</sup> (%)	Bloomberg US Aggregate Index <sup>(2)</sup> (%)
2014	15	987	4,972	6.47	6.24	5.97	0.18	2.70	2.63
2015	14	858	4,532	0.04	-0.17	0.55	0.17	2.93	2.88
2016	14	863	4,410	3.27	3.05	2.65	0.26	2.97	2.98
2017	14	941	4,772	3.53	3.32	3.54	0.12	2.74	2.78
2018	13	719	4,161	-0.04	-0.21	0.01	0.15	2.72	2.84
2019	9	612	3,895	9.16	8.94	8.72	0.14	2.80	2.87
2020	10	789	6,706	8.84	8.62	7.51	0.16	3.57	3.36
2021	11	1,099	6,168	-1.65	-1.84	-1.54	0.10	3.67	3.35
2022	7	711	3,616	-12.27	-12.43	-13.01	0.16	5.90	5.77
2023	9	827	3,963	5.75	5.55	5.53	0.22	7.07	7.14
<b>Current Performance Results</b>									
2024	8	826	5,203	4.80	4.65	4.45	n/a	7.41	7.53

Past performance is not necessarily indicative of future results.

Mesirow Financial Investment Management Institutional Fixed Income claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Mesirow Financial Institutional Fixed Income has been independently verified for the periods 01.01.1996 - 12.31.2023. A firm that claims compliance with the GIPS standard 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 GIPS standards and have been implemented on a firm-wide basis. The Core Total Return Composite has had a performance examination for the periods 01.01.2006 -12.31.2023. The verification and performance examination reports are available upon request.

Mesirow Financial Investment Management, Inc. ("MFIM") is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. For purposes of claiming GIPS compliance, as of 01.01.2010, the firm is defined as Mesirow Financial Investment Management - Fixed Income divisions. The Mesirow Financial Investment Management - Fixed Income groups specialize in managing portfolios for institutional clients adhering to an investment process geared towards institutional investors. The historical performance presented prior to the creation of the Mesirow Financial Investment Management - Fixed Income groups was managed by MFIM or its predecessor firms prior to 01.01.2005. MFIM provides investment management services to separately managed accounts, limited partnerships, public mutual funds/Registered Investment Companies (RICs) and Collective Investment Trusts (CITs).

The Mesirow Financial Investment Management - Fixed Income business unit includes the Mesirow Financial Investment Management - Strategic Fixed Income (formerly Core Fixed Income) group and the Mesirow Financial Investment Management - High Yield Fixed Income group and manages portfolios primarily for institutional investors adhering to an investment process incorporating fundamental analysis of security valuation factors and drivers. The composites within this business unit vary primarily by duration and the type of originator of the security.

Effective 10.23.2017, MFIM Fixed Income completed the lift-out of the High Yield team from a former and unaffiliated registered Investment Advisor.

Effective 05.29.2020, MFIM Fixed Income completed the lift out of the Analytic Fixed Income Team from a former and unaffiliated registered Investment Advisor, Chicago Equity Partners (CEP) which its team, became an integral part of MFIM Fixed Institutional Fixed Income. On 05.29.2020, MFIM acquired the asset management rights for a portion of the managed portfolios from an independent investment advisory firm and retained all the principals and employees related to such portfolios. Effective 11.30.2022, the MFIM Fixed Income - Analytic Fixed Income business discontinued operations. Accounts either transferred to the Strategic Fixed Income business unit or terminated its relationship with Mesirow.

Composite was created on 01.01.2000, the inception date is 01.01.2000.

Benchmark returns are not covered by the report of independent verifiers.

All returns are calculated and presented in US dollars.

Core Total Return Fixed Income Composite is defined as U.S. dollar dominated fixed

income investment grade securities primarily rated BBB- or better and with a maturity range of one to thirty years at the time of purchase. The Core Total Return composite consists of fixed income fee-paying discretionary portfolios with a minimum of \$7,500,000 under management. The benchmark is the Bloomberg Aggregate Index. In March of 2005, the Core Total Return fixed income portfolio management team of an independent investment advisor joined the MFIM Fixed Income portfolio management team. The performance results shown prior to 03.15.2005 reflect the team's performance prior to joining MFIM-Fixed Income. Such returns have been incorporated into the MFIM Core Total Return Fixed Income composite. Upon receipt of client consent, MFIM-Fixed Income obtained the required custody and holdings information from the independent custody firms, or other similar sources, for all clients that have been managed on a continuous basis and that information has been incorporated into the MFIM Core Total Return Fixed Income composite. The list of composite descriptions, the list of pooled fund descriptions for limited distribution pooled funds, and the firm's list of broad distribution pooled funds is available upon request. For the period, portfolios below \$7,500,000 are considered nondiscretionary, as MFIM-Fixed Income may be unable to fully and efficiently implement the intended investment strategy of the composite. Effective 01.01.2019, accounts will be temporarily removed from the composite due to significant cash flows of 15% or more of market value. Prior to 01.01.2019, accounts had been temporarily removed from the composite due to significant cash flows of 10% or more of market value. Additional information regarding the significant cash flow policy is available upon request.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

(1) Composite dispersion presented is the equal-weighted standard deviation of the gross annual returns of portfolios in the composite for the entire year. Because it is not statistically meaningful, MFIM Fixed Income does not calculate the dispersion of annual returns for the years the composite held five or fewer accounts.

(2) The three-year annualized ex-post standard deviation measures the variability of the composite gross returns, and the benchmark returns over the preceding 36-month period. It is not required to be presented for annual periods prior to 2011 or when a full three years of composite performance is not yet available.

### Performance / Net of Fee Disclosure

MFIM-Fixed Income's investment management fees vary based upon account size, with breakpoint deductions for larger accounts and a minimum annual fee of \$20,000. The standard fee schedule for Core Total Return Strategy are:

- 0.350% on the first \$10 million
- 0.250% on the next \$40 million
- 0.200% on the next \$100 million
- 0.150% on the next \$150 million
- 0.125% on the next \$200 million
- 0.100% over \$500 million

Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Form ADV Part 2 of Mesirow Financial Investment Management, Inc. Net of fee performance is presented utilizing actual client net of fee performance for all accounts included in the composite. We



## GIPS REPORT – CORE PLUS COMPOSITE

Gross and Net of Fees Total Returns from October 1, 2019 – September 30, 2024

Year	No. of portfolios	Year end			Annual performance results			3-year annualized dispersion	
		Composite Asset at end of period (\$MM)	Total Firm Assets (\$MM)	MFIM (gross) Composite (%)	MFIM (net) Composite (%)	Bloomberg Agg. Bond Index (%)	Composite Dispersion <sup>(1)</sup> (%)	MFIM (gross) Composite <sup>(2)</sup> (%)	Bloomberg Agg. Bond Index <sup>(2)</sup> (%)
2019*	5 or fewer	14	3,895	0.88	0.80	0.18	n/a	—	—
2020	5 or fewer	19	6,706	8.29	7.97	7.51	n/a	—	—
2021	5 or fewer	22	6,168	0.34	0.04	-1.54	n/a	—	—
2022	5 or fewer	16	3,616	-12.19	-12.46	-13.01	n/a	7.58	5.77
2023	5 or fewer	17	3,963	8.17	7.85	5.53	n/a	7.31	7.14
<b>Current Performance Results</b>									
2024	5 or fewer	14	5,203	5.63	5.38	4.45	n/a	7.59	7.53

Past performance is not necessarily indicative of future results.

Mesirow Financial Investment Management Institutional Fixed Income claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Mesirow Financial Institutional Fixed Income has been independently verified for the periods 01.01.1996 - 12.31.2023. A firm that claims compliance with the GIPS standard 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 GIPS standards and have been implemented on a firm-wide basis. The Core Plus Composite has had a performance examination for the periods 10.01.2019 - 12.31.2023. The verification and performance examination reports are available upon request.

Mesirow Financial Investment Management, Inc. ("MFIM") is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. For purposes of claiming GIPS compliance, as of 01.01.2010, the firm is defined as Mesirow Financial Investment Management - Fixed Income divisions. The Mesirow Financial Investment Management - Fixed Income groups specialize in managing portfolios for institutional clients adhering to an investment process geared towards institutional investors. The historical performance presented prior to the creation of the Mesirow Financial Investment Management - Fixed Income groups was managed by MFIM or its predecessor firms prior to 01.01.2005. MFIM provides investment management services to separately managed accounts, limited partnerships, public mutual funds/Registered Investment Companies (RICs) and Collective Investment Trusts (CITs).

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Effective 05.29.2020, MFIM Fixed Income completed the lift out of the Analytic Fixed Income Team from a former and unaffiliated registered Investment Advisor, Chicago Equity Partners (CEP) which its team, became an integral part of MFIM Fixed Institutional Fixed Income. On 05.29.2020, MFIM acquired the asset management rights for a portion of the managed portfolios from an independent investment advisory firm and retained all the principals and employees related to such portfolios. Effective 11.30.2022, the MFIM Fixed Income - Analytic Fixed Income business discontinued operations. Accounts either transferred to the Strategic Fixed Income business unit or terminated its relationship with Mesirow.

\*Composite was created on 10.01.2022, the inception date is 10.01.2019.

Benchmark returns are not covered by the report of independent verifiers.

All returns are calculated and presented in US dollars.

The Core Plus composite represents portfolios that are invested in at least 80% fixed income securities and other financial instruments with economic characteristics similar to such securities. The portfolios invest primarily in investment-grade fixed income securities with an adjusted duration that normally varies within two years (plus or minus) of the adjusted duration of the securities comprising the benchmark. Additionally, the portfolios may invest 15% or more of their net assets in high yield securities.

The Core Plus Composite consists of fixed income fee-paying discretionary portfolios. Effective 08.01.2024 the required minimum was \$10 million under management; prior to this date the minimum had been \$15 million and prior to 05.01.2022 it had been \$10 million. The benchmark is the Bloomberg U.S. Aggregate Index.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

(1) Composite dispersion presented is the equal-weighted standard deviation of the gross annual returns of portfolios in the composite for the entire year. Because it is not statistically meaningful, MFIM Fixed Income does not calculate the dispersion of annual returns for the years the composite held five or fewer accounts.

(2) The three-year annualized ex-post standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.

### Performance / Net of Fee Disclosure

MFIM-Fixed Income's investment management fees vary based upon account size and type.

The standard fee schedule for Core Plus Strategy are:

- 0.30% on the first \$50 million
- 0.25% on the next \$50 million
- 0.22% over \$100 million

Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Form ADV Part 2 of Mesirow Financial Investment Management, Inc. Net of fee performance is presented utilizing actual client net of fee performance for all accounts included in the composite. Any stated results include the reinvestment of dividend and other earnings. The firm maintains a complete list of composite descriptions, a list of pooled fund descriptions for limited distributions pooled funds and a list of broad distributions pooled funds, which is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

### Benchmark Definitions

The Bloomberg Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indexes that are calculated and reported on a regular basis.

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## BLUE REPORT – INTERMEDIATE GOVERNMENT/CREDIT FIXED INCOME COMPOSITE

Gross and Net of Fees Total Returns from January 1, 2014 – September 30, 2024

Year	Year end			Annual performance results				3-year annualized dispersion	
	No. of portfolios	Composite Asset at end of period (\$MM)	Total Firm Assets (\$MM)	MFIM (gross) Composite (%)	MFIM (net) Composite (%)	Bloomberg Int. Gov/Credit Index <sup>(1)</sup> (%)	Composite Dispersion <sup>(4)</sup> (%)	MFIM (gross) Composite <sup>(2)</sup> (%)	Bloomberg Int. Gov/Credit Index <sup>(2)</sup> (%)
2014	7	210	4,972	3.80	3.54	3.12	0.08	2.10	1.94
2015	6	194	4,532	0.98	0.74	1.07	0.11	2.13	2.10
2016	6	195	4,410	2.30	2.05	2.08	0.09	2.13	2.22
2017	6	205	4,772	2.26	2.02	2.14	0.10	2.01	2.11
2018	7	189	4,161	0.95	0.72	0.88	0.13	1.95	2.09
2019	6	190	3,895	7.19	6.93	6.80	0.12	1.91	2.04
2020	8	228	6,706	7.32	7.05	6.43	0.28	2.45	2.31
2021	9	239	6,168	-1.25	-1.48	-1.44	n/a	2.54	2.34
2022	8	234	3,616	-7.98	-8.20	-8.23	0.17	3.93	3.82
2023	12	308	3,963	5.65	5.41	5.24	0.09	4.51	4.58
<b>Current Performance Results</b>									
2024	13	417	5,203	4.75	4.57	4.68	n/a	4.79	4.90

Past performance is not necessarily indicative of future results.

Mesirow Financial Investment Management Institutional Fixed Income claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Mesirow Financial Institutional Fixed Income has been independently verified for the periods 01.01.1996 - 12.31.2023. A firm that claims compliance with the GIPS standard 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 GIPS standards and have been implemented on a firm-wide basis. The Intermediate Government/Credit Composite has had a performance examination for the periods 01.01.2006 - 12.31.2023. The verification and performance examination reports are available upon request.

Mesirow Financial Investment Management, Inc. ("MFIM") is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. For purposes of claiming GIPS compliance, as of 01.01.2010, the firm is defined as Mesirow Financial Investment Management - Fixed Income divisions. The Mesirow Financial Investment Management - Fixed Income groups specialize in managing portfolios for institutional clients adhering to an investment process geared towards institutional investors. The historical performance presented prior to the creation of the Mesirow Financial Investment Management - Fixed Income groups was managed by MFIM or its predecessor firms prior to 01.01.2005. MFIM provides investment management services to separately managed accounts, limited partnerships, public mutual funds/Registered Investment Companies (RICs) and Collective Investment Trusts (CITs).

The Mesirow Financial Investment Management - Fixed Income business unit includes the Mesirow Financial Investment Management - Strategic Fixed Income (formerly Core Fixed Income) group and the Mesirow Financial Investment Management - High Yield Fixed Income group and manages portfolios primarily for institutional investors adhering to an investment process incorporating fundamental analysis of security valuation factors and drivers. The composites within this business unit vary primarily by duration and the type of originator of the security.

Effective 10.23.2017, MFIM Fixed Income completed the lift-out of the High Yield team from a former and unaffiliated registered Investment Advisor.

Effective 05.29.2020, MFIM Fixed Income completed the lift out of the Analytic Fixed Income Team from a former and unaffiliated registered Investment Advisor, Chicago Equity Partners (CEP) which its team, became an integral part of MFIM Fixed Institutional Fixed Income. On 05.29.2020, MFIM acquired the asset management rights for a portion of the managed portfolios from an independent investment advisory firm and retained all the principals and employees related to such portfolios. Effective 11.30.2022, the MFIM Fixed Income - Analytic Fixed Income business discontinued operations. Accounts either transferred to the Strategic Fixed Income business unit or terminated its relationship with Mesirow.

Composite was created on 01.01.1995 and the inception date is 01.01.1995.

Benchmark returns are not covered by the report of independent verifiers.

All returns are calculated and presented in US dollars.

Intermediate Government/Credit Fixed Income Composite is defined as U.S. dollar

dominated fixed income investment grade securities primarily rated BBB- or better and with a maturity range of one to ten years at the time of purchase. The Intermediate Government/Credit composite consists of fixed income fee-paying discretionary portfolios with a minimum of \$7,500,000 under management. The benchmark is the Bloomberg Intermediate Government/Credit Index. In March of 2005, the fixed income portfolio management team of an independent investment advisor joined the MFIM-Fixed Income portfolio management team. The performance results shown prior to 03.15.2005 reflect the team's performance prior to joining MFIM-Fixed Income. Such returns have been incorporated into the MFIM Intermediate Government/Credit Fixed Income composite. Upon receipt of client consent, MFIM-Fixed Income obtained the required custody and holdings information from the independent custody firms, or other similar sources, for all clients that have been managed on a continuous basis and that information has been incorporated into the MFIM Intermediate Government/Credit Fixed Income composite. The list of composite descriptions, the list of pooled fund descriptions for limited distribution pooled funds, and the firm's list of broad distribution pooled funds is available upon request. For the period, portfolios below \$7,500,000 are considered nondiscretionary, as MFIM-Fixed Income may be unable to fully and efficiently implement the intended investment strategy of the composite. Effective 01.01.2019, accounts will be temporarily removed from the composite due to significant cash flows of 15% or more of market value. Prior to 01.01.2019, accounts had been temporarily removed from the composite due to significant cash flows of 10% or more of market value. Additional information regarding the significant cash flow policy is available upon request.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

(1) Composite dispersion presented is the equal-weighted standard deviation of the gross annual returns of portfolios in the composite for the entire year. Because it is not statistically meaningful, MFIM Fixed Income does not calculate the dispersion of annual returns for the years the composite held five or fewer accounts.

(2) The three-year annualized ex-post standard deviation measures the variability of the composite gross returns, and the benchmark returns over the preceding 36-month period. It is not required to be presented for annual periods prior to 2011 or when a full three years of composite performance is not yet available.

### Performance / Net of Fee Disclosure

MFIM-Fixed Income's investment management fees vary based upon account size, with breakpoint deductions for larger accounts and a minimum annual fee of \$20,000. The standard fee schedule for Intermediate Government/Credit Strategy are:

0.350% on the first \$10 million
0.250% on the next \$40 million
0.200% on the next \$100 million
0.150% on the next \$150 million
0.125% on the next \$200 million
0.100% over \$500 million

Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Form ADV Part 2 of Mesirow Financial Investment Management, Inc. Net of fee performance is presented utilizing actual client net of fee performance for all accounts included in the composite. We

## GIPS REPORT – SHORT TERM FIXED INCOME COMPOSITE

Gross and Net of Fees Total Returns from January 1, 2014 – September 30, 2024

Year	Year end			Annual performance results				3-year annualized dispersion	
	No. of portfolios	Composite Asset at end of period (\$MM)	Total Firm Assets (\$MM)	MFIM (gross) Composite (%)	MFIM (net) Composite (%)	Bloomberg 1-3 Yr Govt/Credit Index <sup>1</sup> (%)	Composite Dispersion <sup>(1)</sup> (%)	MFIM (gross) Composite <sup>(2)</sup> (%)	Bloomberg 1-3 Yr Govt/Credit Index <sup>(2)</sup> (%)
2014	5 or fewer	190	4,972	0.98	0.74	0.76	n/a	0.63	0.49
2015	5 or fewer	224	4,532	0.77	0.57	0.66	n/a	0.58	0.58
2016	5 or fewer	197	4,410	1.80	1.59	1.28	n/a	0.69	0.75
2017	5 or fewer	127	4,772	1.30	1.09	0.84	n/a	0.68	0.73
2018	5 or fewer	135	4,161	1.68	1.47	1.60	n/a	0.75	0.82
2019	5 or fewer	50	3,895	4.69	4.46	4.03	n/a	0.90	0.92
2020	5 or fewer	102	6,706	4.14	3.90	3.33	n/a	1.44	0.98
2021	5 or fewer	116	6,168	-0.50	-0.72	-0.47	n/a	1.51	0.98
2022	5 or fewer	20	3,616	-4.00	-4.20	-3.69	n/a	2.14	1.70
2023	5 or fewer	67	3,963	5.01	4.80	4.61	n/a	2.22	2.15
<b>Current Performance Results</b>									
2024	5 or fewer	44	5,203	4.62	4.47	4.38	n/a	2.46	2.42

Past performance is not necessarily indicative of future results.

Mesirow Financial Investment Management Institutional Fixed Income claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Mesirow Financial Institutional Fixed Income has been independently verified for the periods 01.01.1996 - 12.31.2023. A firm that claims compliance with the GIPS standard 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 GIPS standards and have been implemented on a firm-wide basis. The Short Term Composite has had a performance examination for the periods 01.01.2006 - 12.31.2023. The verification and performance examination reports are available upon request.

Mesirow Financial Investment Management, Inc. ("MFIM") is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. For purposes of claiming GIPS compliance, as of 01.01.2010, the firm is defined as Mesirow Financial Investment Management - Fixed Income divisions. The Mesirow Financial Investment Management - Fixed Income groups specialize in managing portfolios for institutional clients adhering to an investment process geared towards institutional investors. The historical performance presented prior to the creation of the Mesirow Financial Investment Management - Fixed Income groups was managed by MFIM or its predecessor firms prior to 01.01.2005. MFIM provides investment management services to separately managed accounts, limited partnerships, public mutual funds/Registered Investment Companies (RICs) and Collective Investment Trusts (CITs).

The Mesirow Financial Investment Management - Fixed Income business unit includes the Mesirow Financial Investment Management - Strategic Fixed Income (formerly Core Fixed Income) group and the Mesirow Financial Investment Management - High Yield Fixed Income group and manages portfolios primarily for institutional investors adhering to an investment process incorporating fundamental analysis of security valuation factors and drivers. The composites within this business unit vary primarily by duration and the type of originator of the security.

Effective 10.23.2017, MFIM Fixed Income completed the lift-out of the High Yield team from a former and unaffiliated registered Investment Advisor.

Effective 05.29.2020, MFIM Fixed Income completed the lift out of the Analytic Fixed Income Team from a former and unaffiliated registered Investment Advisor, Chicago Equity Partners (CEP) which its team, became an integral part of MFIM Fixed Institutional Fixed Income. On 05.29.2020, MFIM acquired the asset management rights for a portion of the managed portfolios from an independent investment advisory firm and retained all the principals and employees related to such portfolios. Effective 11.30.2022, the MFIM Fixed Income - Analytic Fixed Income business discontinued operations. Accounts either transferred to the Strategic Fixed Income business unit or terminated its relationship with Mesirow.

\*Composite was created on 04.01.2005, the inception date is 04.01.2005

Benchmark returns are not covered by the report of independent verifiers. All returns are calculated and presented in US dollars.

The composite name was changed from Short to Short Term effective 03.01.2012. Short Term Fixed Income Composite is defined as U.S. dollar dominated fixed income investment grade securities primarily rated BBB- or better and with a maturity range of one to five years

at the time of purchase. The Short Term composite consists of fixed income fee-paying discretionary portfolios with a \$2,500,000 minimum account size effective 04.01.2022. Prior to 04.01.2022 minimum was \$7,500,000. The benchmark is the Bloomberg 1-3 Year Government/Credit Index. The list of composite descriptions, the list of pooled fund descriptions for limited distribution pooled funds, and the firm's list of broad distribution pooled funds is available upon request. Effective 01.01.2022 the composite no longer had a flow restriction, 01.01.2019 accounts were temporarily removed if significant cash flows were 15% or more of market value. Prior to 01.01.2019, significant cash flows were 10%. Additional information regarding the significant cash flow policy is available upon request.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

(1) Composite dispersion presented is the equal-weighted standard deviation of the gross annual returns of portfolios in the composite for the entire year. Because it is not statistically meaningful, MFIM Fixed Income does not calculate the dispersion of annual returns for the years the composite held five or fewer accounts.

(2) The three-year annualized ex-post standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period. It is not required to be presented for annual periods prior to 2011 or when a full three years of composite performance is not yet available.

### Performance / Net of Fee Disclosure

MFIM-Fixed Income's investment management fees vary based upon account size, with breakpoint deductions for larger accounts and a minimum annual fee of \$20,000.

The standard fee schedule for Short Term strategy are:

- 0.300% on the first \$10 million
- 0.200% on the next \$40 million
- 0.150% on the next \$100 million
- 0.100% on the next \$150 million
- 0.075% on the next \$200 million
- 0.050% over \$500 million

Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Form ADV Part 2 of Mesirow Financial Investment Management, Inc. Net of fee performance is presented utilizing actual client net of fee performance for all accounts included in the composite. We do, however, have clients that pay lower fees than the maximum. Any stated results include the reinvestment of dividend and other earnings. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

### Benchmark Definitions

The Bloomberg 1-3 Year Government/Credit Index includes securities in the U.S. Government/Credit Index with a maturity from 1 up to (but not including) 3 years. The Government Index includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

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