

Quarterly Performance Attribution

INTERMEDIATE GOVERNMENT/CREDIT COMPOSITE

FIRST QUARTER 2024

INVESTMENT PERFORMANCE¹

as of March 31, 2024

	1Q'24	1 Yr	3 Yr	5 Yr	10 Yr
Intermediate Gov't/Credit (before fees)	0.35	3.95	(0.65)	1.54	2.07
Intermediate Gov't/Credit (after fees)	0.29	3.69	(0.90)	1.26	1.78
Bloomberg U.S. Intermediate Gov't/Credit Bond Index	(0.15)	2.69	(1.06)	1.09	1.61
Value Added (before fees)	+0.50	+1.25	+0.41	+0.44	+0.46

COMPOSITE CHARACTERISTICS

as of March 31, 2024

	Composite	Bloomberg U.S. Int. Gov't./Credit Bond Index
Weighted Average Quality ²	AA-	AA-
Yield to Maturity	5.16%	4.71%
Effective Duration	3.78 Yrs	3.71 Yrs

PERFORMANCE RECAP

Galliard's Intermediate Government/Credit Composite (composite) outperformed its benchmark, the Bloomberg U.S. Intermediate Government/Credit Bond Index (index), during the first quarter (Q1). The composite returned 0.35% versus the index return of (0.15)%. Overweight to the spread sectors drove outperformance.

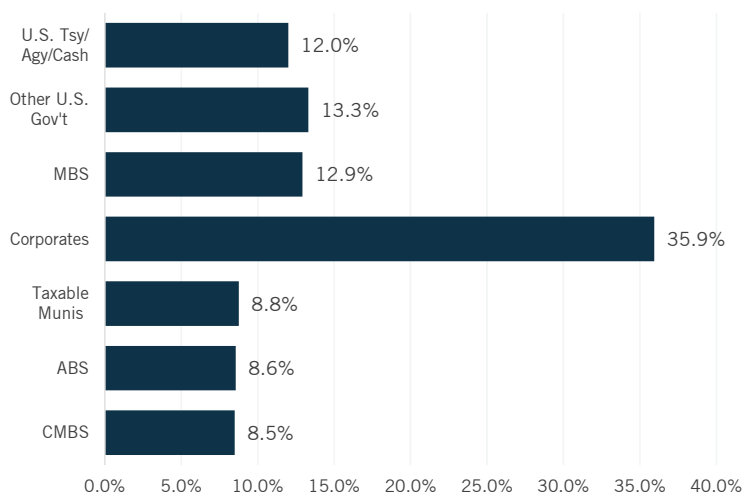
PERFORMANCE ATTRIBUTION (before fees)¹

as of March 31, 2024

	Attribution (basis points)
Sector Allocation	+46
Security Selection	+3
Yield Curve/Duration	+2
Residual Impact ³	(1)
Total Attribution	+50

SECTOR ALLOCATION

as of March 31, 2024



COMMENTARY ON ATTRIBUTION

- Sector positioning drove performance over the period. An overweight to Taxable Municipals and an allocation to CMBS proved particularly helpful.
- Corporate issue selection was slightly additive.
- Neutral duration and yield curve positioning positioning did not materially impact performance.

CURRENT STRATEGY & OUTLOOK

- Portfolios are fully invested, generally speaking, and we remain comfortable with overall positioning.
- High quality spread assets look fair to rich, generally speaking, but some limited opportunities across specific sectors remain available.
- We continue to be mindful of downside risks and potential headwinds that may impact our portfolio allocation and positioning decisions.

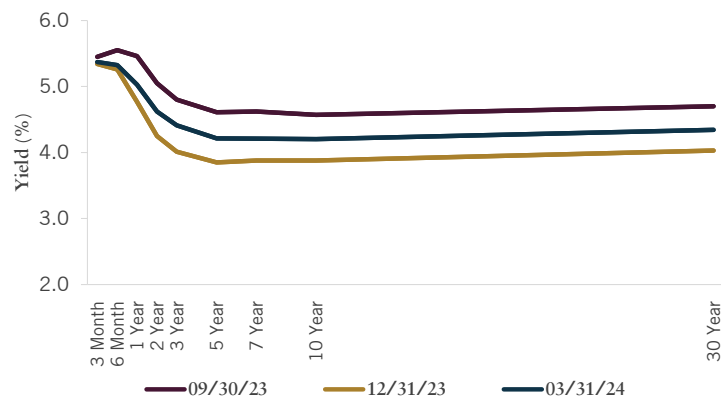
1: For comparative purposes, Galliard Composite excess returns are shown gross of investment management fees and include all income, realized and unrealized gains and losses and all transactional costs. See further disclosures on the following page. 2: The Weighted Average Quality shown has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents the individual holding's composite ratings, as rated by S&P, Moody's, and Fitch. If S&P, Moody's, and Fitch all provide a credit rating, the composite rating is the median of the three agency ratings. If only two agencies provide ratings, the composite is the more conservative rating. If only one agency provides a rating, the composite rating reflects that agency's rating. 3: Includes trading, cash flows and other residual impacts.

INTERMEDIATE GOVERNMENT/CREDIT COMPOSITE FIRST QUARTER 2024

Interest Rates Retraced Much of the Fourth Quarter Rally as Markets Reassessed Rate Cut Timing

CHANGES IN U.S. TREASURY RATES

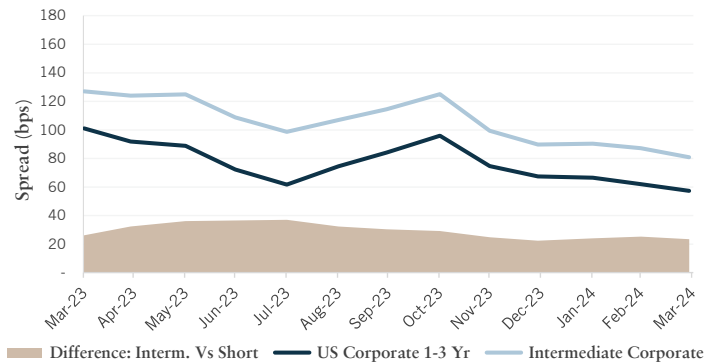
With Fewer Cuts Now Expected This Year, Interest Rates Rose Across the Curve



Source: Bloomberg

CORPORATE CREDIT SPREADS

Corporate Spreads Continued to Tighten



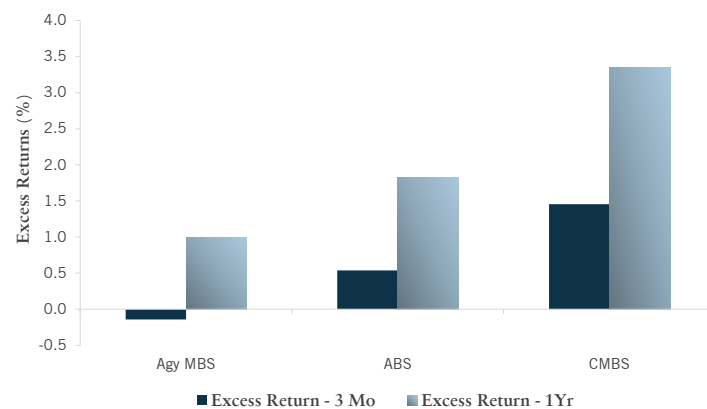
Source: Bloomberg

QUARTERLY MARKET COMMENTARY

- 1Q GDP growth is expected to be 1.5%-2.5% q/q annualized, with continued consensus regarding economic strength and the avoidance of recession. Full-year growth for 2024 is now projected to be 2.0%-2.5%.
- The Fed stayed on hold again in March and reiterated its message of patience. The updated SEP showed median year-end 2024 Fed Funds at 4.625%, suggesting the Fed still anticipates cutting three times this year. For now, market expectations have converged with Fed messaging.
- Progress towards meeting the Fed's 2% inflation target has slowed considerably, and there are signs that inflation is headed higher once again. At the very least, it is fair to say inflation has proven stickier than hoped, and the Fed has been justified in taking an extended pause before easing.
- There is nothing indicating the curve needs to "normalize" anytime soon. Personal consumption remains resilient, labor markets are relatively healthy, and business activity is on the upswing.
- Mortgage rates have increased, commensurate with a broader selloff in Treasury rates and reduced expectation of Fed cuts in 2024. Existing home sales activity has improved but is still at low levels, historically speaking. New home sales are back to very near the pre-pandemic trend.

STRUCTURED PRODUCT

ABS and CMBS Performance Remained Positive; Agy MBS Sold Off Over the Quarter



Source: Bloomberg

The Intermediate Government/Credit Composite (composite) consists of all fully discretionary separate accounts that do not use derivatives and are managed against the Bloomberg U.S. Intermediate Gov't/Credit Bond Index or equivalent indices. Prior to July 1, 2018, the Intermediate Government/Credit Composite was named the Intermediate Core Composite. The composite strategy focuses on risk control and adding value through security selection. Returns for periods less than one year are not annualized. Returns designated as being "before investment management fees" include all income, realized and unrealized gains and losses, and all transactional costs. Returns designated as "after maximum fees" are the "before investment management fees" returns less the maximum investment management fee of 0.25% which may be charged by Galliard for management of each client's account. Prior to April 1, 2021 the maximum fee which could be charged by Galliard was 0.30%. Historical composite returns shown as after maximum fees reflect this fee reduction on the respective date. These returns may also be impacted by the effect of compounding and will be rounded to the nearest basis point. Galliard's advisory fees are disclosed in the firm's Form ADV Part 2 which is available upon request. Benchmark returns do not include potential transaction costs or management fees. For comparison purposes the benchmark is fully invested and includes the reinvestment of income. While it is believed that the benchmark used here represents an appropriate point of comparison for the composite referenced above, prospective investors should be aware that the volatility of the benchmark or index may be substantially different from that of the composite; and holdings in the composite may differ significantly from the benchmark or index if the investment guidelines and criteria are different than the composite. Past performance is not an indication of how the investment will perform in the future.

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