

# EAGLE ESG-FOCUSED CORPORATE BOND

First Quarter | 2024

**EAGLE** | Asset  
Management

Not FDIC Insured

May Lose Value

No Bank Guarantee

# EAGLE ESG-FOCUSED CORPORATE BOND

The Eagle ESG-Focused Corporate Bond portfolio relies on the expertise of a professional, experienced fixed-income team to seek corporate 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 fixed income through all market environments.

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

- The process begins with a top-down look at interest-rate trends and economic data. This helps determine the portfolio target duration, yield curve positioning, industry allocation, and credit risk.
- This is followed by in-depth bottom-up credit research. The goal of this research and analysis is to maximize total return through diversified portfolios managed with a long-term strategic view.
- The team seeks to identify bonds that are underappreciated by the market and have stable-to-improving credit profiles.
- The team constructs well-diversified portfolios of these issuers that also exhibit positive environmental, social, and governance attributes.
- **ESG Integration** – ESG research is integrated throughout every level of the investment process
  - Our ESG credit team takes a qualitative and quantitative evaluation approach to evaluating the corporate bond universe. 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 industry as a whole. Rather, we will invest in companies we believe are moving toward implementing positive business decisions from an ESG perspective.
  - 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, ISS ESG, 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.
  - 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 <sup>†</sup> (years)	3.90
Average Maturity (years)	4.60
Average Coupon	3.99%
Current Yield	4.09%
Yield To Worst	5.06%
Tax Equivalent Yield*	N/A

## SECTOR DIVERSIFICATION

Treasuries	6%
Corporates	92%
Municipals	0%
General Obligations	0%
Revenue Bonds	0%
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, 2024

		First Quarter	Year to Date	One Year	Three Years	Since Inception (July 1, 2019)
Eagle ESG-Focused Corporate Bond	Gross	0.23%	0.23%	4.05%	-0.68%	0.98%
Eagle ESG-Focused Corporate Bond	Net	-0.52%	-0.52%	0.99%	-3.64%	-2.01%
Bloomberg Intermediate Corporate Index		0.26%	0.26%	4.95%	-0.46%	1.36%

The calculation of the performance data includes reinvestment of all income and gains and is depicted on a time-weighted and size-weighted average for the entire period. Performance is shown after deduction of transaction costs and both "gross" (before the deduction of management fees) and "net" (after the deduction of management fees). The net returns reflect the application of the highest wrap fee of 3% annum.

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

		2023	2022	2021	2020
Eagle ESG-Focused Corporate Bond	Gross	6.37%	-9.09%	-2.23%	7.87%
Eagle ESG-Focused Corporate Bond	Net	3.25%	-11.85%	-5.15%	4.73%
Bloomberg Intermediate Corporate Index		7.29%	-9.40%	-1.00%	7.47%

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, 2024

		One Year	Three Years	Since Inception (July 1, 2019)
Eagle ESG-Focused Corporate Bond	Gross	4.96%	5.52%	5.50%
Bloomberg Intermediate Corporate Index		6.23%	6.18%	6.40%

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

The information provided above should not be construed as a recommendation to buy, sell or hold any particular security. The data is shown for informational purposes only and is not indicative of future portfolio characteristics or returns. Portfolio holdings are not stagnant and may change over time without prior notice. Past performance does not guarantee future results. Please note that the holdings identified do not represent all of the securities purchased, sold or recommended for the composite. They are provided for informational purposes only.

<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.

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

### 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. A credit rating of a security is not a recommendation to buy, sell or hold the security and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning Rating Agency. Ratings and insurance do not remove market risk since they do not guarantee the market value of the bond. 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.

Convertible securities and preferred stock combine the fixed characteristics of bonds with some of the potential for capital appreciation of equities and thus may be subject to greater risk than pure fixed-income instruments. Unlike bonds, preferred stock and some convertible securities do not have a fixed par value at maturity, and in this respect may be considered riskier than bonds. Convertible securities may include convertible bonds, convertible preferred stocks and other fixed-income instruments which have conversion features. Investments in high-yield bonds and convertible securities are subject to the client's authorization, as set forth in the Investment Management Agreement. Such investments may be subject to greater risks than other fixed-income investments. The lower rating of high-yield bonds (less than investment-grade) reflects a greater possibility that the financial condition of the issuer or adverse changes in general economic conditions may impair the ability of the issuer to pay income and principal. Periods of rising interest rates or economic downturns may cause highly leveraged issuers to experience financial stress, and thus markets for their securities may become more volatile. Moreover, to the extent that no established secondary market exists, there may be thin trading of high-yield bonds, which increases the potential for volatility. High-yield (below investment-grade) bonds are not appropriate for all investors.

Sustainable investing may incorporate criteria beyond traditional financial information into the investment selection process. This could result in investment performance deviating from other investment strategies or broad market benchmarks. Please review any offering or other informational material available for any investment or investment strategy that incorporates sustainable investing criteria, and consult your financial professional prior to investing.

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.

### <sup>2</sup>Performance Disclosures

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. The net returns reflect the application of the highest wrap fee of 3% annum.

### Descriptions and Definitions

The Bloomberg Intermediate Corporate 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.

<sup>1</sup>Effective duration is used for our taxable portfolios because it takes into consideration the embedded options and fluctuations in cash flows for structured products like mortgage-backed securities and asset-backed securities.

BLOOMBERG, BLOOMBERG INDICES and Bloomberg Fixed Income Indices (the "Indices") are trademarks or service marks of Bloomberg Finance L.P. Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited, the administrator of the Indices (collectively, "Bloomberg") or Bloomberg's licensors own all proprietary rights in the Indices. Bloomberg does not guarantee the timeliness, accuracy or completeness of any data or information relating to the Indices.

### About Eagle Asset Management

Eagle Asset Management, a boutique in the Raymond James Investment Management family, provides a broad array of fundamental equity and fixed-income strategies designed to meet the long-term goals of institutional and individual investors. Eagle's multiple independent investment teams have the autonomy to pursue investment decisions guided by their individual philosophies and strategies.

LEARN MORE ABOUT THE EAGLE ESG-FOCUSED CORPORATE BOND.

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