

The Eagle ESG-Focused Municipal Bond portfolio relies on the expertise of a professional, experienced fixed-income team to seek municipal 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>

- Analyze macro-economic environment, supply and demand factors, credit conditions, shape of the yield curve and interest rate environment
- Seek to identify opportunities that are not yet recognized by the market
- Utilize proprietary credit research to identify issuers with stable-to-improving credit profiles
- **ESG Integration** – ESG research is integrated throughout every level of the investment process
  - There is a limited universe of data provided by municipalities and external data sources. In an effort to take a more comprehensive approach, we have implemented a bottom-up analysis to find obligors who are progressing in-line with our objectives through evaluating bond offering statements, annual reports, published environmental reports, grant funding, and affiliated organizations.
  - 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 sectors as a whole but allow ourselves to invest with the best in class if we determine the municipality is implementing positive business decisions in a sustainable manner.
  - Engagement with municipal issuers may be through meetings with municipalities when available, either onsite or at conferences, or through phone calls or emails to address concerns or answer questions pertaining to ESG issues.
  - We have built out sector specific ESG rating models systematically evaluating municipalities focusing on variables specific to the individual obligor.
  - The portfolio management team maintains the right to hold positions that have dropped out of the ESG threshold for a maximum of 12 months as we engage with management to determine if they are attempting to improve the score.

### PORTFOLIO CHARACTERISTICS

|                                       |       |
|---------------------------------------|-------|
| Average Duration <sup>†</sup> (years) | 4.37  |
| Average Maturity (years)              | 5.13  |
| Average Coupon                        | 4.64% |
| Current Yield                         | 4.41% |
| Yield To Worst                        | 3.45% |
| Tax Equivalent Yield*                 | 5.82% |

### SECTOR DIVERSIFICATION

|                     |     |
|---------------------|-----|
| Treasuries          | 0%  |
| Corporates          | 0%  |
| Municipals          | 97% |
| General Obligations | 18% |
| Revenue Bonds       | 79% |
| Pre-Refunded        | 0%  |
| Cash                | 3%  |

### PORTFOLIO MANAGEMENT TEAM:

Sheila King, CFA

James Camp, CFA

\*Assuming 37 percent tax bracket

## PERFORMANCE<sup>2</sup> as of Sept. 30, 2022

|  |       | Third Quarter | Year to Date | One Year | Three Years | Since Inception (July 1, 2019) |
|--|-------|---------------|--------------|----------|-------------|--------------------------------|
| Eagle ESG-Focused Municipal Bond       | Gross | -2.41%        | -9.56%       | -9.05%   | -1.07%      | -0.57%                         |
| Eagle ESG-Focused Municipal Bond       | Net   | -3.16%        | -11.64%      | -11.81%  | -4.02%      | -3.52%                         |
| Bloomberg Municipal Bond 10-Year Index |       | -2.54%        | -10.59%      | -10.10%  | -1.32%      | -0.79%                         |

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

|  |       | 2021   | 2020  |
|--|-------|--------|-------|
| Eagle ESG-Focused Municipal Bond       | Gross | 0.42%  | 6.03% |
| Eagle ESG-Focused Municipal Bond       | Net   | -2.55% | 2.93% |
| Bloomberg Municipal Bond 10-Year Index |       | 0.96%  | 5.66% |

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 Sept. 30, 2022

|  |       | One Year | Three Years | Since Inception (July 1, 2019) |
|--|-------|----------|-------------|--------------------------------|
| Eagle ESG-Focused Municipal Bond       | Gross | 5.20%    | 4.40%       | 4.31%                          |
| Bloomberg Municipal Bond 10-Year Index |       | 5.57%    | 4.85%       | 4.74%                          |

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

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

<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.

### Performance Disclosures

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.

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 10 Year Municipal Bond Index is the 10 Year (8-12) component of the Municipal Bond index. The Bloomberg Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. 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>†</sup> Modified adjusted duration is used for our municipal portfolios since the calculation takes into account call options which are so common in the municipal market.

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### 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. 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.

The investment strategy will include only holdings deemed consistent with the applicable Environmental Social Governance (ESG) guidelines. As a result, the universe of investments available to the strategy will be more limited than strategies not applying such guidelines, which may cause it to perform differently than similar strategies that do not have such a policy.

### 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 MUNICIPAL BOND.

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

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