

# EAGLE ESG-FOCUSED TACTICAL BOND

First Quarter | 2025

EAGLE | Asset Management

Not FDIC Insured

May Lose Value

No Bank Guarantee

# EAGLE ESG-FOCUSED TACTICAL BOND

The Eagle ESG-Focused Tactical Fixed Income portfolio relies on the expertise of a professional, experienced fixed-income team to seek corporate and 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 bond portfolios through all market environments.

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

- Evaluate taxable and tax-free markets based on tax-equivalent yield and the current municipal yield to U.S. Treasury yield ratio
  - Higher municipal bond tax-equivalent yields and municipal yield to U.S. Treasury yield ratios call for higher allocation to tax-free bonds
- Allocation of taxable and tax-free bonds based on relative value across their respective sectors
- Analyze various sectors on supply/demand basis
- Evaluate the yield curve of the tax-free market in relation to the yield curve of the taxable market as well as within each of the markets
  - Extend when yield curve is steeper and shorten when yield curve is flat
- Determine relative value on an issuer basis
- Normal cash level: less than 10 percent
- Diversification through sectors, issuers, credit ratings, and bond structures
- **ESG Integration** – ESG research is integrated throughout every level of the investment process
  - 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, 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.
  - 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.
  - Engagement with issuers may be through meetings with municipalities and corporations 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.
  - 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

(data shown gross of fees as of March 31, 2025)

Average Duration <sup>†</sup> (years)	4.70
Average Maturity (years)	5.63
Average Coupon	4.76%
Current Yield	4.61%
Yield To Worst	4.14%
Tax Equivalent Yield*	5.27%

## SECTOR DIVERSIFICATION

Treasuries	0%
Corporates	47%
Municipals	52%
General Obligations	8%
Revenue Bonds	44%
Pre-Refunded	0%
Cash	1%

## PORTFOLIO MANAGEMENT TEAM:

Sheila King, CFA  
James Camp, CFA

\*Assuming 37 percent tax bracket

**PERFORMANCE<sup>2</sup> as of March 31, 2025**

		First Quarter	Year to Date	One Year	Three Years	Five Years	Since Inception (July 1, 2019)
Eagle ESG-Focused Tactical Fixed Income	Gross	1.16%	1.16%	3.21%	2.06%	1.40%	1.74%
Eagle ESG-Focused Tactical Fixed Income	Net	0.41%	0.41%	0.16%	-0.97%	-1.60%	-1.27%
Bloomberg 50% Municipal Bond 10-Year Index / 50% Intermediate Corporate Index		1.27%	1.27%	3.37%	2.39%	1.89%	1.76%

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>**

		2024	2023	2022	2021	2020
Eagle ESG-Focused Tactical Fixed Income	Gross	1.88%	6.05%	-8.04%	-0.91%	8.40%
Eagle ESG-Focused Tactical Fixed Income	Net	-1.13%	2.92%	-10.82%	-3.86%	5.24%
Bloomberg 50% Municipal Bond 10-Year Index / 50% Intermediate Corporate Index		1.94%	6.55%	-7.99%	-0.02%	6.60%

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, 2025**

		One Year	Three Years	Five Years	Since Inception (July 1, 2019)
Eagle ESG-Focused Tactical Fixed Income	Gross	4.27%	5.39%	5.48%	5.12%
Bloomberg 50% Municipal Bond 10-Year Index / 50% Intermediate Corporate Index		4.31%	6.00%	5.95%	5.64%

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.

### 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 benchmark for Eagle ESG Focused Tactical Fixed Income accounts is a blend of 50 percent Bloomberg 10 Year Municipal Bond Index and 50 percent Bloomberg Bloomberg Intermediate Corp Index. 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. The Bloomberg Intermediate Corp 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>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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### 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 TACTICAL FIXED INCOME PORTFOLIO.**

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

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