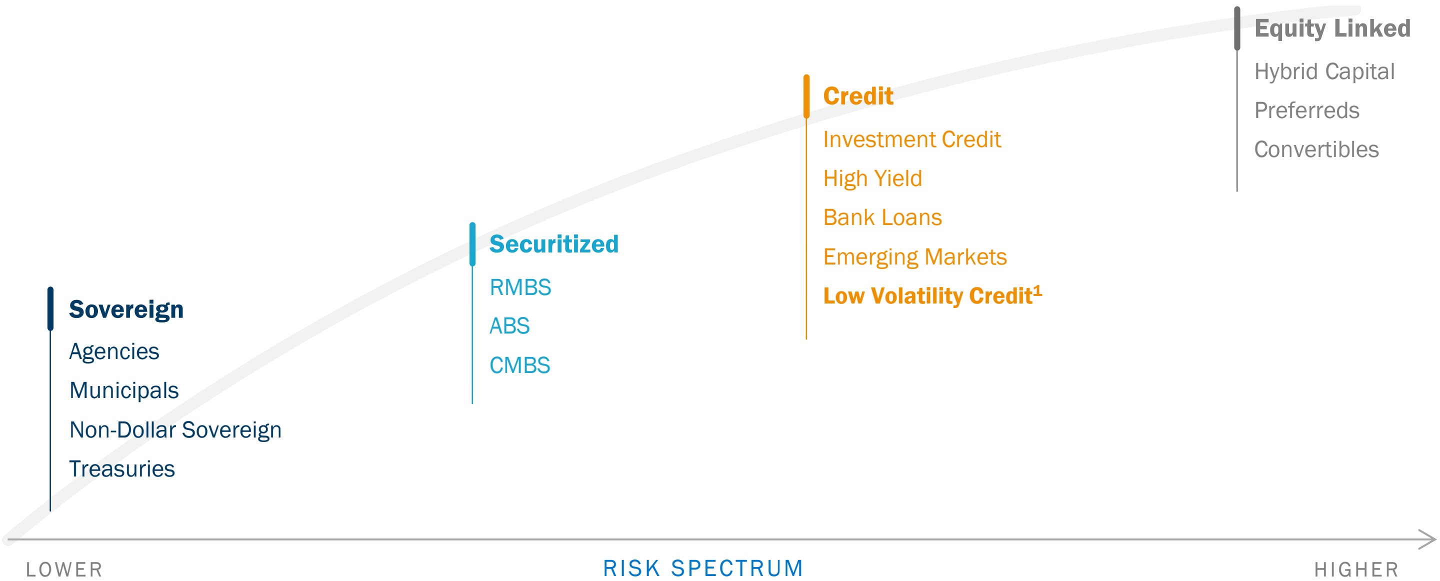
A Different Kind of Core Plus Fixed Income Solution

Core Plus Opportunities ("CPO") is a multi-sector fixed income strategy that invests in both core and off-benchmark sectors and securities, using a wider risk budget relative to traditional Core Plus fixed income strategies. The MacKay Shields Global Fixed Income Team manages CPO to give investors access to relatively underpenetrated parts of the fixed income markets and to a targeted low volatility, long/short credit strategy. Importantly, the investment team employs a strong focus on risk control while seeking diversified sources of alpha.

The COVID-19 pandemic ushered in another era of ultra-accommodative monetary and fiscal support that fueled a sharp rise in asset prices last seen during the Global Financial Crisis. As the US economy today transitions into the middle-stage of the current economic cycle, inflationary pressures are proving to be more persistent than originally anticipated, prompting the Federal Reserve Bank to "tap the breaks" on the level of accommodative monetary stimulus. While financial conditions broadly remain supportive, the Fed's hawkish pivot coupled with inflation risks skewed to the upside suggest that the risk of a monetary error by the central bank is high. For fixed income investors, this macroeconomic scenario further supports the case for active management in today's environment. Understanding the implications of central bank policies and implementing a rigorous top-down and bottom-up investment approach can help position investors for better outcomes.

When real interest rates are negative, as they are now, investors should be wary of focusing too much on income and chasing yield. Doing so almost invariably leads to taking too much risk, with unintended outcomes. In our view, most fixed income investors should instead seek the best total return opportunities available within a risk-controlled framework. MacKay Shields' Core Plus Opportunities ("CPO") strategy deliberately seeks diversified sources of return from a much wider opportunity set than traditional Core Plus strategies, while keeping a keen eye on risk. It is designed to serve as a strategic allocation within a well-diversified portfolio

FIGURE 1: BROADLY DIVERSIFIED SOURCES OF POTENTIAL ALPHA



For illustrative purposes only; not intended to be a definitive measure of risk.
1. Low volatility credit is a long/short credit strategy managed by MacKay Shields LLC

Key Differentiators

The Global Fixed Income Team	
OUR SIZE	Large enough to be influential in the market but nimble enough to make a difference.
OUR APPROACH	We combine top-down, fundamental macroeconomic research with bottom-up research to support high-conviction decision making.
COMPREHENSIVE RISK MANAGEMENT	We identify, measure and manage key risk factors.

The Core Plus Opportunities Strategy	
A BROAD OPPORTUNITY SET	Targets a wider set of alpha sources than traditional portfolios.
HIGH CONVICTION APPROACH	Only adds positions after building strong conviction through careful research.
BENCHMARK AWARE	Flexible positioning relative to the benchmark.
LOW VOLATILITY CREDIT	Provides access to a private investment vehicle designed to enhance income while dampening volatility.

What Sets CPO Apart?

MacKay Shields' Global Fixed Income team's influential size, high conviction approach and ability to identify mispricing and inefficiencies throughout the market cycle uniquely supports a highly flexible Core Plus fixed income allocation relative to more traditional solutions.

CPO's broad based asset allocation is uniquely positioned for navigating various market environments. All investment decisions are influenced by the team's assessment of the macroeconomic landscape coupled with valuations and level of compensation in the market. The team always looks to optimize the most attractive total return potential opportunities identified in the market relative to the risks.

In addition to allocating to senior and subordinated securitized assets, foreign sovereigns, bank loans, emerging market credit, hybrid capital securities and other investment and instrument types, CPO also employs a unique targeted low volatility credit approach within the strategy. This approach serves two important purposes; 1) it allows for diversified sources of potential alpha through participation in shorter maturity, fixed and floating rate credit instruments on both a long and short basis, and 2) to dampen portfolio volatility given the strategy's historically low correlation to a full duration market.

Navigating the Cycle

During the early stages of an economic cycle, the CPO strategy typically has a capital appreciation orientation across markets and instrument types. During the later stages of the cycle, the CPO strategy typically shifts to a more defensive orientation, given the economy's vulnerabilities and lower expected returns for risk.

Five elements of the CPO investment process help the team to steer portfolios through all phases of the economic cycle and varying market conditions:

1. **Diversified sources of alpha**;
2. **Active sector rotation** within a risk-managed framework;
3. **Top-down focus** on longer-term macroeconomic trends;
4. **Bottom-up security selection** driven by fundamental research; and
5. **Tactical positioning** to identify market dislocations.

Importantly, the team's size uniquely positions itself to deliver on these five important elements of the process in a way that has a positive impact on portfolios.

Why Now?

CPO is designed as a strategic allocation in a well-diversified portfolio. For many fixed income investors, a rising interest rate environment can create some anxiety as bond prices fall. However, a rising rate environment supported by a backdrop of strong economic growth should be welcomed to bond investors as it can potentially help improve the overall return profile. This is because investors have an opportunity to not only invest at higher yields, but the cash flows or coupon payments can also be reinvested at higher yields. The CPO strategy can optimize this through its flexible, active asset allocation and security selection style.

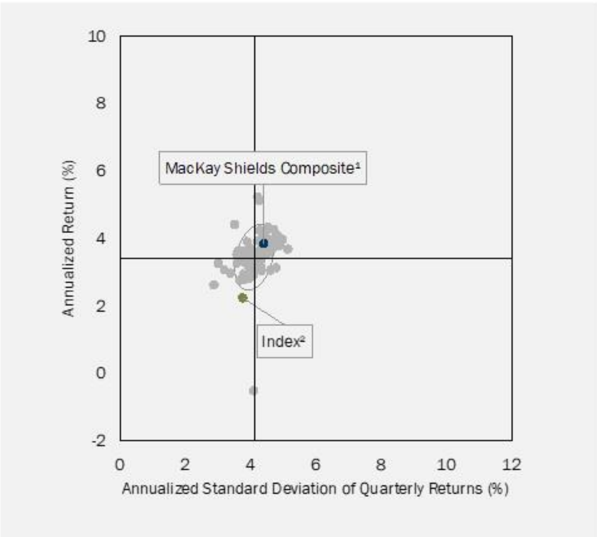
Today, the Federal Reserve is taking a hawkish stance on inflation, slowly removing monetary stimulus. We expect interest rate volatility to remain high, particularly along the front-end of the curve. We also expect credit curves to compress further. Strong earnings and low interest rates are enabling many companies to improve their balance sheets enough to receive higher credit ratings. Many companies are or will be "rising stars", upgraded from "junk" to investment grade status. But not all rising stars are equally attractive. The CPO strategy applies its integrated top-down and fundamental bottom-up research to identify the parts of the market with what we believe are the best opportunities, and the most attractive securities in those market niches.

Best Ideas

The CPO strategy seeks to use its research and risk-management disciplines to create a diverse portfolio of assets with better risk-adjusted return potential than the benchmark in all phases of economic cycle. Its research-intensive, high-conviction approach has historically delivered strong results relative to the Bloomberg U.S. Aggregate Index (the "Index") and peers over the past 10 years, with higher capture of upside risk than the Index, and lower capture of downside risk (see Figures 2 and 3).

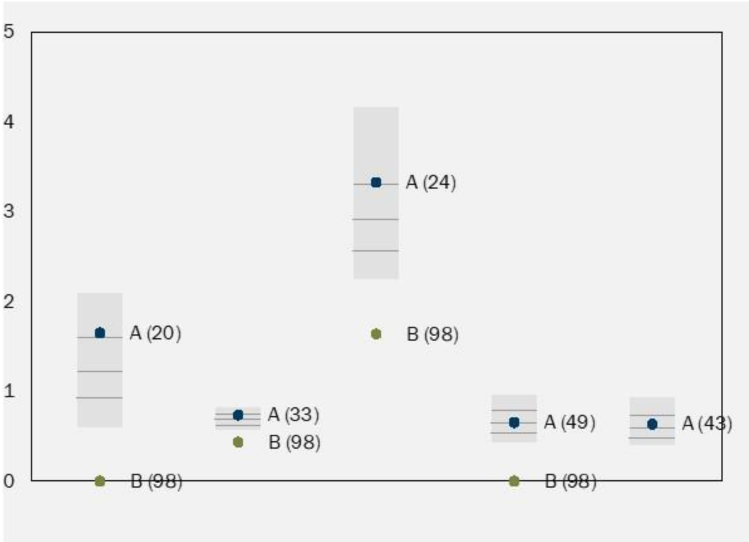
FIGURE 2: PORTFOLIO RESULTS | TEN YEARS ENDING MARCH 31, 2022

RISK VS. RETURN



	Standard Deviation (%)	Gross Returns	Net Returns
● A MacKay Shields Composite	4.4	3.8	3.4
● B Index[1]	3.8	2.2	N/A
Universe Median	4.1	3.4	N/A

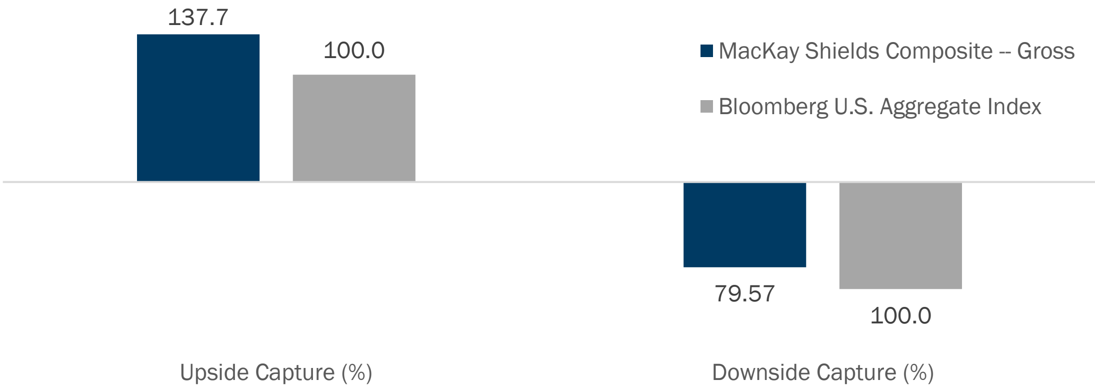
RISK-ADJUSTED RETURN



Alpha (%)[2]	Sharpe Ratio[2]	Treynor Ratio[2]	Information Ratio[2]	Excess Return Ratio[2]
1.6	0.7	3.3	0.7	0.6
0.0	0.4	1.6	0.0	–
1.2	0.7	2.9	0.7	0.6

Core Plus Opportunities Composite.
1. Bloomberg U.S. Aggregate Index. See disclosures related to comparisons to an index and index descriptions in this document.
1. Please refer to Additional Disclosures for definitions.
Risk vs. Return, Risk-Adjusted Returns and peer group comparisons are provided as supplemental information to the GIPS composite performance report at the end of this document.
Source: Callan LLC Core Plus Style Universe (based on quarterly returns). **Past performance is not indicative of future results.**

FIGURE 3: UPSIDE/DOWNSIDE CAPTURE (%) | 10-YEARS ENDING MARCH 31, 2022



Gross of fees, Core Plus Opportunities Composite. Net returns provided in the GIPS composite performance report at the end of this document.

Source: Callan Performance Evaluation Program (PEP) based on monthly returns provided as supplemental to the GIPS composite performance report at the end of this document. It is not possible to invest directly into an index.

Please see important index-related disclosures, the most recent final GIPS compliant disclosures, including disclosures related to comparisons to an index and index descriptions in this document.

Past performance is not indicative of future performance.

ADDITIONAL DISCLOSURES

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Past performance is not indicative of future results. It is not possible to invest directly into an index.

DEFINITIONS

Alpha: Alpha represents the historical return from an asset, based on factors unrelated to the underlying factors affecting the market. As such, Alpha is a measure of the return for asset specific (or residual) risk. Alpha is used as a measure of a manager's contribution to performance due to security or sector selection. A positive (negative) Alpha indicates that a portfolio was positively (negatively) rewarded for the residual risk taken for a given level of market exposure. If the market excess return is 2% and the portfolio Beta is 1.1, then the manager would have to have an excess return greater than 2.2% for the manager to have contributed to performance above and beyond the performance of the market.

Excess Return Ratio: The Excess Return Ratio is a measure of risk-adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index). It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

Information Ratio: The Information Ratio is a risk statistic that measures the excess return per unit of residual "non-market" risk in a portfolio. The ratio is equal to the Alpha divided by the Residual Risk. Because the Information Ratio represents a residual-risk adjusted measure of the excess returns of a portfolio, the resulting value can be looked at as the excess return per unit of risk that is due solely to the specific risks associated with the securities in the portfolio and by definition could be diversified away.

Sharpe Ratio: Sharpe Ratio is a measure of the risk-adjusted return of a portfolio. The ratio represents the return gained per unit of risk taken. The risk of the portfolio is the Standard Deviation of the portfolio returns. The Sharpe ratio can be used to compare the performance of managers. Two managers with the same excess return for a period but different levels of risk will have Sharpe ratios that reflect the difference in the level of risk. The performance of the manager with the lower Sharpe ratio would be interpreted as exhibiting comparatively more risk for the desired return compared to the other manager. If the two managers had the same level of risk but different levels of excess return, the manager with the higher Sharpe ratio would be preferable because the manager achieved higher return with the same level of risk as the other manager. The Sharpe ratio is most helpful when comparing managers with both different returns and different levels of risk. In this case, the Sharpe ratio provides a per-unit measure of the two managers that enables a comparison. The Sharpe Ratio is a risk statistic that measures the excess return per unit of Total Risk taken in a portfolio. The excess return is the total excess return without adjustment for risk. The ratio is equal to the excess return divided by the Standard Deviation of the portfolio.

Standard Deviation: Standard Deviation is a statistical measure of portfolio risk. Standard Deviation is equal to the square root of the Variance. It reflects the average deviation of the observations from their sample mean. In the case of portfolio performance, the Standard Deviation describes the average deviation of the portfolio returns from the mean portfolio return over a certain period of time. Standard Deviation measures how wide this range of returns typically is. The wider the typical range of returns, the higher the Standard Deviation of returns, and the higher the portfolio risk. If returns are normally distributed (i.e., has a bell shaped curve distribution), then approximately 2/3 of the returns would occur within plus or minus one Standard Deviation from the sample mean.

Treynor Ratio: The Treynor Ratio is a risk statistic that measures the excess return per unit of systematic "market" risk taken in a portfolio. The excess return is the total excess return without adjustment for risk. The ratio is equal to the excess return of the portfolio divided by the Beta of the portfolio.

COMPARISONS TO AN INDEX

Comparisons to a financial index are provided for illustrative purposes only. Comparisons to an index are subject to limitations because portfolio holdings, volatility and other portfolio characteristics may differ materially from the index. Unlike an index, portfolios within the composite are actively managed and may also include derivatives. There is no guarantee that any of the securities in an index are contained in any managed portfolio. The performance of an index may assume reinvestment of dividends and income, or follow other index-specific methodologies and criteria, but does not reflect the impact of fees, applicable taxes or trading costs which, unlike an index, may reduce the returns of a managed portfolio. Investors cannot invest in an index. Because of these differences, the performance of an index should not be relied upon as an accurate measure of comparison.

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The following indices may be referred to in this document:

BLOOMBERG U.S. AGGREGATE INDEX

Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities, and commercial mortgage-backed securities.