

**MARKET COMMENTARY**
**Market Overview**

The third quarter opened as fears were beginning to escalate with respect to the COVID-19 Delta variant and its potential negative impact on economic growth. In the beginning of July, the yield on the benchmark 10-year Treasury declined from 1.45% to 1.19% as the market grappled with the latest wave of infections across the world. The weeks between the beginning and the end of the quarter were relatively quiet, but as September neared its end, Delta variant concerns were replaced by inflation fears and by expectations that the Federal Reserve (Fed) would begin tapering asset purchases in the fourth quarter. In the final week of the quarter alone, the 10-year jumped a sharp 22 basis points (bps), reversing the decline and leaving rates at 1.52%, an overall change of 7 bps. As a result, returns were flattish in most fixed income markets, but the tepid returns masked the significant shifts in underlying market views that occurred along the way. Corporate bond spreads experienced much less volatility than Treasury yields but still ended the quarter modestly wider. Some of the strongest performance in the quarter came from high yield and TIPS, as the high yield default rate dropped to its lowest level since August 2019 and inflation fears mounted. Ultimately, the Bloomberg U.S. Aggregate Bond Index eked out a small positive return.

**Performance**

The Segall Bryant & Hamill Core Fixed Income strategy returned 0.02%\* for the quarter versus 0.05% for the Bloomberg U.S. Aggregate Bond Index. Details of the contributors and detractors from performance are in the table below.

Return Attribution	QTD	YTD	Notes
Security Selection	-0.05%	-0.45%	Security selection had a slightly negative impact on relative performance during the quarter. Specifically, the composite's corporate securities returned -0.07% vs. -0.002% for the corporates included in the benchmark. The primary driver of this relative performance was the composite's lower contribution to duration from BBB rated securities versus the benchmark. During the quarter, BBB corporates returned 0.11% versus -0.12% for A rated corporates, -0.09% for AA rated corporates and -0.34% for AAA rated corporates.
Sector Selection	0.00%	0.55%	Sector selection had a neutral impact on relative performance during the quarter. The composite was overweight taxable municipal securities relative to the benchmark (5.9% vs. 0.7%). This helped relative performance as taxable municipal securities outperformed all other sectors during the quarter, returning 0.40%.
Parallel Duration Shift	0.01%	0.07%	The composite's duration was shorter than the duration of the benchmark during the quarter (97%). This had a slightly positive impact on relative performance as interest rates rose across the short and intermediate parts of the yield curve.
Yield Curve Positioning	0.01%	-0.06%	Yield curve positioning had a slightly positive impact on performance during the quarter. During the quarter, 2 year Treasury yields increased by 3 bps, 3 year Treasury yields increased by 5 bps, 5 year Treasury yields increased by 8 bps, 10 year Treasury yields increased by 2 bps, and 30 year Treasury yields decreased by 4 bps.
<b>TOTAL**</b>	<b>-0.03%</b>	<b>0.11%</b>	

\*Preliminary composite performance. \*\* Totals may not add exactly due to rounding. Source: Bloomberg Barclays, BondEdge

(Continued on next page)

**MARKET COMMENTARY (continued)****Outlook and Positioning**

There are various factors impacting our outlook as we enter the final quarter of 2021. Arguably the most important is the broad continuation of economic improvement—both domestically and worldwide—stemming from the waning impact of COVID-19 and its Delta variant. Corporate balance sheets are in good shape, but many corporations are still dealing with income statement pressures from ongoing strains in supply chains and shortages of labor. We continue to see optimism around corporate outlooks, counterbalanced by the recognition that: a) bond spreads remain tight from a historical context, and b) improved global economic growth, coupled with inflation that is still evident in many areas, is likely to prompt the Fed to taper asset purchases sometime in the near future.

As we navigate these dynamics, we remain overweight corporates and moderately short of our benchmark durations, while continuing to look for opportunities to rotate into securities we deem high quality without sacrificing significant yield—the “up-in-quality” trade. We continue to find incremental value in taxable municipal bonds, and we remain cautious on mortgage exposure as the Fed continues to signal its intention to reduce its involvement in that market. There are a multitude of factors that could stop any recovery in its tracks, or at the very least impact many corporate credits, including the real estate bubble in China, partisan wrangling in Washington over the debt ceiling and infrastructure spending, and higher energy prices globally, to name a few. We value the trust placed in us to manage client portfolios and will remain vigilant with respect to these and other threats and opportunities.

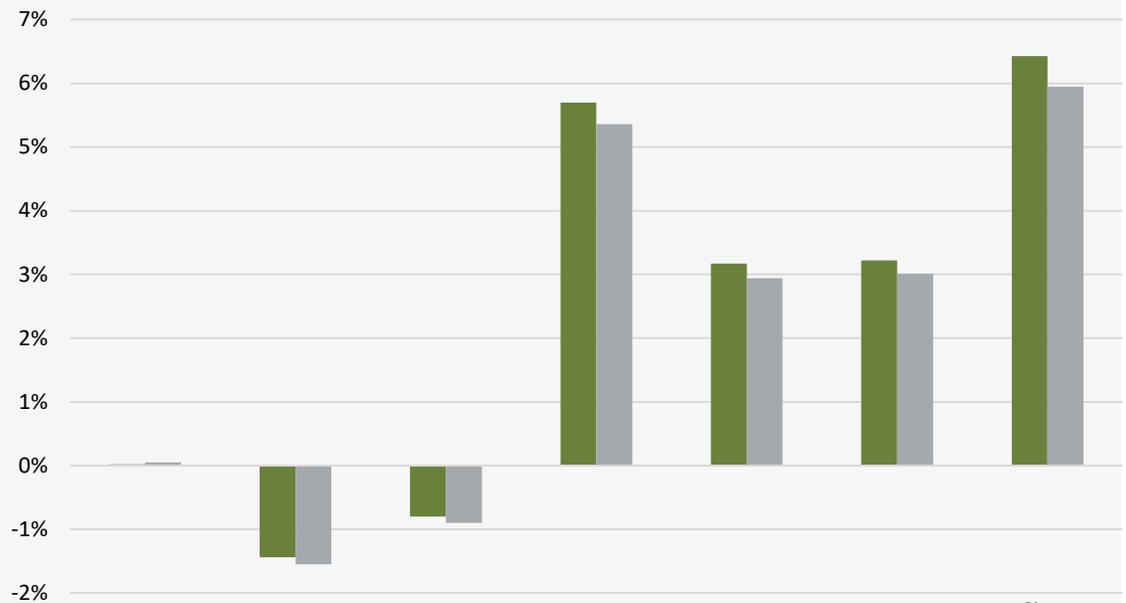
Thank you for your continued support.

**Jim Dadura, CFA**  
*Director of Fixed Income*

**Greg Hosbein, CFA**  
*Senior Portfolio Manager*

*Market Commentaries contain certain forward-looking statements about factors that may affect future performance. These statements are based on portfolio management's predictions and expectations concerning certain future events and their expected impact on the strategy, such as performance of the economy as a whole and of specific industry sectors, changes in the levels of interest rates, the impact of developing world events, and other factors that may influence the future performance of the strategy. Portfolio management believes these forward-looking statements to be reasonable, although these events are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed. This investment may not be suitable for all investors.*

GROSS RETURNS\*<sup>1</sup> (as of 9/30/21)



	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (1/1/87)
■ SBH Gross	0.02%	-1.44%	-0.80%	5.70%	3.17%	3.22%	6.43%
■ Bloomberg U.S. Aggregate Bond Index	0.05%	-1.55%	-0.90%	5.36%	2.94%	3.01%	5.95%

\* Preliminary composite performance. Periods greater than one year are annualized. Historical performance cannot guarantee future results.

See specific performance disclosure pages at the end of the presentation.

Source: Bloomberg. "Bloomberg" and Bloomberg U.S. Aggregate Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by SBH. Bloomberg is not affiliated with SBH, and Bloomberg does not approve, endorse, review, or recommend SBH Core Fixed Income strategy. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to SBH Core Fixed Income.

<sup>1</sup> SBH Composite

# CORE FIXED INCOME COMPOSITE PERFORMANCE\*

## Core Fixed Income

Quarterly & Annual Returns

Period Ending: 9/30/2021

### Annualized Cumulative Returns

	SBH	SBH	Barclays
<u>Annualized</u>	<u>Gross (%)</u>	<u>Net (%)</u>	<u>Agg (%)</u>
1 Year	-0.80	-1.02	-0.90
3 Years	5.70	5.47	5.36
5 Years	3.17	2.94	2.94
10 Years	3.22	3.00	3.01

### 3 Year Ex-Post Standard Deviation

	Barclays	
	<u>SBH (%)</u>	<u>Agg (%)</u>
2011	2.86	2.78
2012	2.53	2.39
2013	2.73	2.71
2014	2.60	2.63
2015	2.88	2.88
2016	3.00	2.98
2017	2.80	2.78
2018	2.84	2.84
2019	2.90	2.87
2020	3.45	3.36
2021	3.61	3.49

Period		1Q (%)	2Q (%)	3Q (%)	4Q (%)	YTD (%)	# of Accounts	Std Dev. (%)	Composite Market Value (\$ mil)	Total Firm Market Value
2011	Gross of Fee	0.67	2.22	4.38	1.10	8.59	43	0.10	\$1,272.0	\$7,866.5
	Net of Fee	0.63	2.17	4.33	1.05	8.39				
Bloomberg Capital US Agg	Gross of Fee	0.42	2.29	3.82	1.12	7.84	55	0.20	\$1,347.5	\$8,936.6
	Net of Fee	0.31	2.07	1.51	0.21	4.15				
2012	Gross of Fee	0.36	2.12	1.56	0.26	4.36	41	0.10	\$940.3	\$9,468.1
	Net of Fee	0.30	2.06	1.58	0.22	4.21				
Bloomberg Capital US Agg	Gross of Fee	0.03	-2.47	0.51	-0.03	-1.97	37	0.08	\$1,072.7	\$9,729.0
	Net of Fee	-0.02	-2.52	0.46	-0.08	-2.17				
2013	Gross of Fee	0.03	-2.47	0.51	-0.03	-1.97	37	0.06	\$986.2	\$9,592.2
	Net of Fee	-0.02	-2.52	0.46	-0.08	-2.17				
Bloomberg Capital US Agg	Gross of Fee	-0.13	-2.33	0.57	-0.14	-2.04	39	0.09	\$875.6	\$11,171.6
	Net of Fee	1.96	2.10	0.30	1.84	6.33				
2014	Gross of Fee	2.01	2.15	0.35	1.90	6.55	43	0.07	\$1,472.3	\$12,466.3
	Net of Fee	1.84	2.04	0.17	1.79	5.96				
Bloomberg Capital US Agg	Gross of Fee	1.70	-1.78	1.30	-0.40	0.78	40	0.04	\$999.1	\$18,587.0
	Net of Fee	1.65	-1.83	1.25	-0.45	0.58				
2015	Gross of Fee	1.61	-1.68	1.23	-0.57	0.55	36	0.05	\$910.0	\$19,522.9
	Net of Fee	3.03	2.21	0.46	-2.98	2.65				
Bloomberg Capital US Agg	Gross of Fee	0.83	1.51	0.75	0.29	3.42	36	0.17	\$976.8	\$22,890.8
	Net of Fee	0.77	1.46	0.70	0.24	3.20				
2016	Gross of Fee	0.82	1.44	0.85	0.39	3.54	34	0.26	\$965.3	\$24,860.2
	Net of Fee	-1.38	0.04	-0.04	1.87	0.46				
Bloomberg Capital US Agg	Gross of Fee	-1.43	-0.01	-0.09	1.81	0.24	36	0.17	\$976.8	\$22,890.8
	Net of Fee	-1.46	-0.16	0.02	1.64	0.01				
2017	Gross of Fee	2.98	3.00	2.36	0.05	8.63	36	0.17	\$976.8	\$22,890.8
	Net of Fee	2.92	2.94	2.31	-0.01	8.38				
Bloomberg Capital US Agg	Gross of Fee	2.94	3.08	2.27	0.18	8.72	34	0.26	\$965.3	\$24,860.2
	Net of Fee	3.03	3.35	0.87	0.60	8.05				
2018	Gross of Fee	3.15	2.90	0.62	0.67	7.51	34	0.26	\$965.3	\$24,860.2
	Net of Fee	-3.45	2.06	0.02		-1.44				
2019	Gross of Fee	-3.45	2.06	0.02		-1.44	34	0.26	\$965.3	\$24,860.2
	Net of Fee	-3.51	2.00	-0.04		-1.61				
2020	Gross of Fee	3.08	3.41	0.93	0.66	8.30	34	0.26	\$965.3	\$24,860.2
	Net of Fee	-3.37	1.83	0.05		-1.55				
2021	Gross of Fee	-3.45	2.06	0.02		-1.44	34	0.26	\$965.3	\$24,860.2
	Net of Fee	-3.51	2.00	-0.04		-1.61				
Bloomberg Capital US Agg	Gross of Fee	-3.37	1.83	0.05		-1.55	34	0.26	\$965.3	\$24,860.2
	Net of Fee	-3.51	2.00	-0.04		-1.61				

\* Preliminary. Periods greater than one year are annualized. Historical performance cannot guarantee future results.

## CORE FIXED INCOME COMPOSITE PERFORMANCE

Segall Bryant & Hamill (SBH) is a Registered Investment Adviser established in 1994. SBH provides fee-based management of fixed income and equity portfolios for institutional clients and high net worth individuals. On June 30, 2015, SBH acquired Philadelphia International Advisors (PIA). Prior to the acquisition, PIA was a privately held investment management firm whose sole focus was the management of international equities. The group that was formerly PIA manages all SBH's international composites which have been a part of SBH since the acquisition. On May 1, 2018, SBH acquired Denver Investment Advisors LLC (aka Denver Investments). As a result of the Denver Investments acquisition, SBH added several new Portfolio Managers and composites to the overall firm. The Core Fixed composite was created in October, 1994. The composite's performance inception date is March 1, 1987. The Core Fixed composite is a fixed income strategy which consists of domestic investment grade fixed income securities, the majority of which have a maturity of 10 years or less. Accordingly, the composite is benchmarked against the Bloomberg Capital Aggregate Bond Index. The Bloomberg Capital Aggregate Bond Index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The Bloomberg Capital Aggregate Bond Index has a duration of 5.92 years and a maturity of 7.97 years. The Core Fixed composite is comprised of all fee paying, discretionary, tax-exempt, institutional accounts managed to this investment approach which have assets greater than \$1 million and one full quarter of returns. Accounts falling below the \$1 million threshold are not eligible for inclusion in the composite. In addition, accounts that have a significant cash flow, defined as 25% of the market value prior to 10/1/2012 and 10% of the market value beginning 10/1/2012, will be removed from the composite until the next reconciliation and calculation period. Prior to January 1, 2010, SBH carved out the fixed income segments and the equity segments of balanced portfolios by adjusting end-of-period cash according to target allocations. Due to new GIPS guidelines effective 1/1/2010, Balanced portfolio segments are no longer included which resulted in several accounts leaving the composite. Gross results are shown net of trading costs and include the reinvestment of all dividends and interest. Net results are shown net of management fees as well as trading costs and include the reinvestment of all dividends and interest. Net results reflect actual fees paid. The current fee schedule applicable to the Core Fixed composite accounts is 0.25% on the first \$25 million of assets, 0.20% on the next \$25 million of assets and 0.15% over \$50 million of assets. Actual fees will vary. Prior to October 1994, performance results reflect returns generated by the investment manager using this investment strategy at another firm. All information is based on US dollar values. Dispersion of returns is measured by an equal weighted standard deviation of all the accounts in the composite for a full year period. Composite dispersion and three year standard deviation are calculated using gross returns. Neither the composite nor the benchmark returns reflect the withholding of any taxes for ordinary income or capital gains. Segall Bryant & Hamill claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Segall Bryant & Hamill has been independently verified for the periods January 1, 2000 through December 31, 2020. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. It should be noted that principal risk is taken and that historical performance can not guarantee future results. A complete list and description of the firm's composites and pooled funds, as well as additional information regarding policies for valuing investments, calculating performance and preparing GIPS Reports, is available upon request from SBH. GIPS® is a registered trademark of the CFA Institute. The CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.