

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

Fourth quarter returns were generally positive in fixed income, even as the market dealt with increasingly worse inflation news and evolving responses from the Federal Reserve (Fed). At the beginning of the quarter, the Consumer Price Index (CPI), a year-over-year measure of inflation, was at 5.4%. By the end of October, it had risen to 6.2%, prompting the Fed to announce plans to taper asset purchases. By November 30, CPI clocked in at 6.8% and Fed Chairman Jerome Powell acknowledged that it might be time to retire the word “transitory” in describing inflationary pressures. The Fed then announced December 15 it would double the pace of its tapering plans and stop new purchases by March 2022. Investors have long expected the Fed to start raising interest rates in 2022, and the expected timing of the first hike continues to move earlier in the year. A new COVID strain appeared (the Omicron variant), but the Fed did not waver in its plans, and risk assets outperformed Treasuries in December after digesting the news. Looking back at the full year, the Bloomberg U.S. Aggregate Bond Index (the Agg) dropped nearly 3.5% in the first quarter, then recovered gradually throughout the rest of 2021 before ending the year with an approximate 1.5% loss. This marks just the fourth negative-return year since the index’s inception in 1970. Treasury yields showed some volatility throughout the year and ended higher across most of the curve, while credit spreads were quite stable amid mostly benign credit conditions. High yield bonds benefited from the strong fundamental corporate backdrop and were one of the top fixed income categories for the full year.

**Performance**

The Segall Bryant & Hamill Intermediate Fixed Income strategy returned -0.58%\* for the quarter versus -0.57% for the Bloomberg U.S. Intermediate Gov’t/Credit Index. Details of the contributors and detractors from performance are in the table below.

Return Attribution	QTD	YTD	Notes
Security Selection	-0.03%	-0.19%	Security selection had a modestly negative impact in the quarter. The corporate bonds within the composite returned -0.67% compared to -0.56% for intermediate corporates in the benchmark. Partially offsetting this negative impact were positive relative returns within the government and government-backed mortgage sectors.
Sector Selection	0.02%	0.35%	Sector selection had a slight positive impact on relative performance during the quarter. The composite's allocation to government-backed 15 year mortgages helped relative performance. These mortgages returned -0.34% compared to -0.57% for intermediate Treasuries.
Parallel Duration Shift	0.02%	0.03%	The composite's duration was slightly shorter than the duration of the benchmark during the quarter (96%). This helped relative returns by approximately 2 basis points during the quarter.
Yield Curve Positioning	-0.02%	-0.03%	Yield curve positioning had a negative impact on performance during the quarter. Yields on shorter maturity bonds within the index rose materially more than longer-term rates. The composite was overweight intermediate bonds and underweight 10 year maturities. During the quarter, 3 year Treasury yields increased by 45 bps, 5 year Treasury yields increased by 30 bps, and 10 year Treasury yields only increased by 2 bps.
<b>TOTAL**</b>	<b>-0.01%</b>	<b>0.16%</b>	

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

(Continued on next page)

## MARKET COMMENTARY

### Outlook and Positioning

Shifting our view forward to 2022, the Fed, and its efforts to combat rising inflation, has both our and the market's full attention. The Fed has suggested that with the labor market close to reaching full employment, it could start raising short-term interest rates once the taper of asset purchases is complete, likely sometime in the first half of the year. It will thereafter begin to shrink its balance sheet. The corporate sector continues to grapple with supply chain constraints and labor issues, both in upward wage pressures and availability. Fortunately, corporate balance sheets are generally in good shape to weather these cost pressures. This strength is largely already reflected in spreads, which have stayed close to all-time tights for much of the past year. In this environment, we remain constructive on high quality credits, which should perform well in either a status quo scenario or in a credit sell-off; and we continue to look for opportunities to take advantage of extra spread in small, less liquid issues. We maintain our positive view of taxable municipal bonds, and we remain underweight mortgage-backed securities, which will be directly impacted by the Fed's plans to withdraw monetary support to the economy. Hovering over all this, of course, is the economic impact of COVID. If the Omicron variant's rapid spread produces a large increase in immunity without a commensurate increase in deaths, we could see less economic disruption, and we could thus envision a more normal future environment, akin to the impact of the yearly flu.

Last but surely not least, we appreciate the trust placed in us and intend to apply our usual rigor in evaluating all securities that comprise client portfolios.

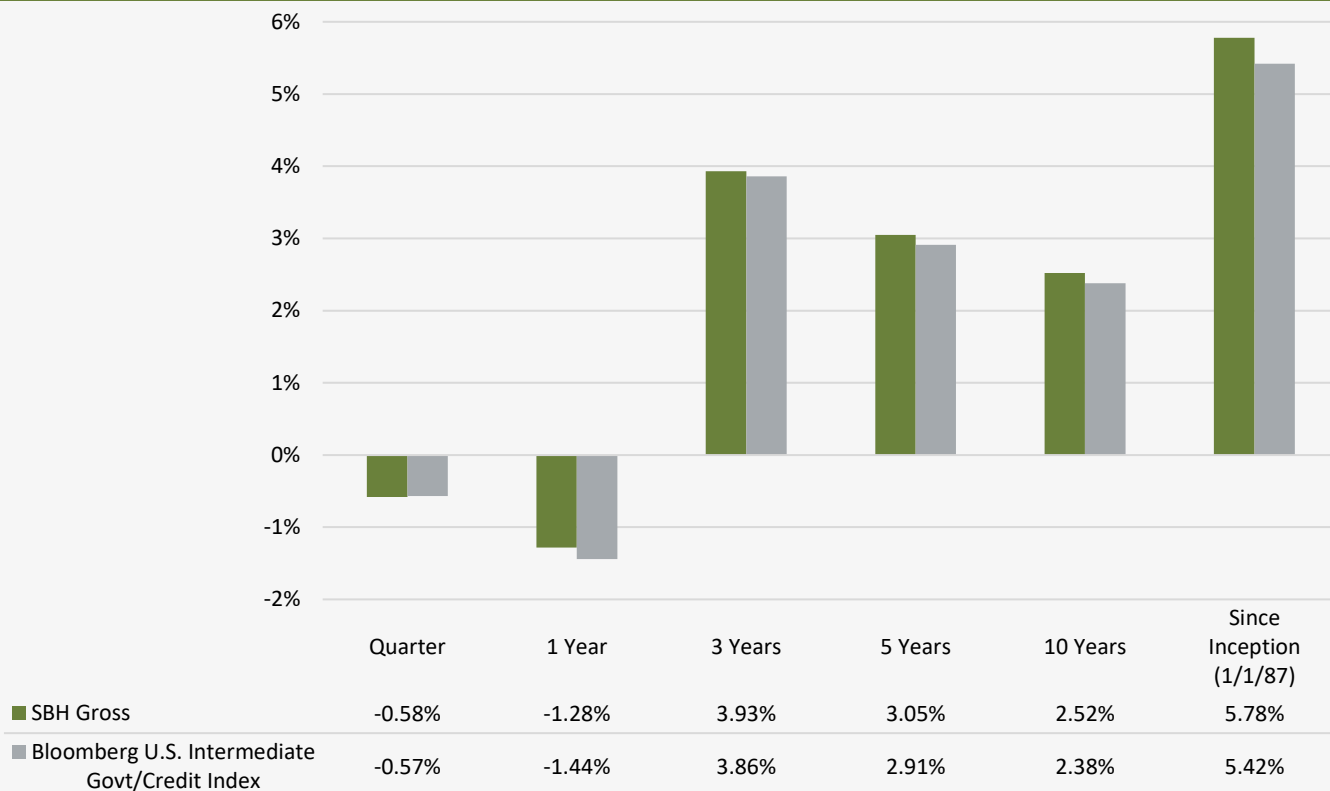
Thank you for your continued support.

**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 12/31/21)



\* 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. Intermediate Government/Credit 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 Intermediate Fixed Income strategy. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to SBH Intermediate Fixed Income.

<sup>1</sup> SBH Composite

# INTERMEDIATE FIXED INCOME COMPOSITE PERFORMANCE\*

## Intermediate Fixed Income

Quarterly & Annual Returns  
Period Ending: 12/31/2021

### Annualized Cumulative Returns

	SBH	SBH	Barlcays
Annualized	Gross (%)	Net (%)	Int G/C (%)
1 Year	-1.28	-1.46	-1.44
3 Years	3.93	3.73	3.86
5 Years	3.05	2.85	2.91
10 Years	2.52	2.31	2.38

### 3 Year Ex-Post Standard Deviation

	SBH (%)	Barlcays Int G/C (%)
2011	2.56	2.55
2012	2.20	2.16
2013	2.16	2.11
2014	2.00	1.94
2015	2.13	2.10
2016	2.21	2.22
2017	2.10	2.11
2018	2.08	2.09
2019	1.96	2.04
2020	2.48	2.31
2021	2.52	2.34

Period		1Q (%)	2Q (%)	3Q (%)	4Q (%)	YTD (%)	# of Accounts	Std Dev. (%)	Composite Market Value (\$ mil)	Total Firm Market Value
2011	Gross of Fee	0.54	2.08	2.91	1.04	6.72	45	0.17	\$1,094.8	\$7,866.5
	Net of Fee	0.49	2.04	2.86	1.00	6.53				
	Bloomberg Capital Int G/C	0.34	2.12	2.39	0.84	5.80				
2012	Gross of Fee	0.65	1.59	1.51	0.29	4.10	50	0.09	\$1,112.9	\$8,936.6
	Net of Fee	0.61	1.55	1.47	0.24	3.91				
	Bloomberg Capital Int G/C	0.61	1.48	1.40	0.35	3.89				
2013	Gross of Fee	0.26	-2.02	0.65	0.05	-1.08	53	0.08	\$1,053.5	\$9,468.1
	Net of Fee	0.21	-2.07	0.60	0.01	-1.27				
	Bloomberg Capital Int G/C	0.26	-1.70	0.62	-0.02	-0.85				
2014	Gross of Fee	1.14	1.38	0.01	0.94	3.51	57	0.06	\$1,253.0	\$9,729.0
	Net of Fee	1.09	1.33	-0.04	0.89	3.30				
	Bloomberg Capital Int G/C	1.00	1.23	-0.03	0.89	3.12				
2015	Gross of Fee	1.48	-0.76	1.02	-0.40	1.33	63	0.04	\$1,292.4	\$9,592.2
	Net of Fee	1.43	-0.81	0.97	-0.45	1.13				
	Bloomberg Capital Int G/C	1.45	-0.62	0.95	-0.69	1.07				
2016	Gross of Fee	2.42	1.62	0.23	-2.11	2.12	61	0.05	\$1,079.2	\$11,171.6
	Net of Fee	2.37	1.56	0.18	-2.15	1.92				
	Bloomberg Capital Int G/C	2.45	1.59	0.16	-2.07	2.08				
2017	Gross of Fee	0.75	1.02	0.65	-0.12	2.32	62	0.04	\$1,176.9	\$12,466.3
	Net of Fee	0.67	0.97	0.60	-0.16	2.08				
	Bloomberg Capital Int G/C	0.78	0.94	0.60	-0.20	2.14				
2018	Gross of Fee	-1.01	0.14	0.31	1.76	1.19	63	0.03	\$1,173.1	\$18,587.0
	Net of Fee	-1.06	0.10	0.27	1.71	1.00				
	Bloomberg Capital Int G/C	-0.98	0.01	0.21	1.65	0.88				
2019	Gross of Fee	2.33	2.45	1.45	0.30	6.67	68	0.05	\$1,477.2	\$19,522.9
	Net of Fee	2.28	2.40	1.40	0.25	6.46				
	Bloomberg Capital Int G/C	2.32	2.59	1.37	0.37	6.80				
2020	Gross of Fee	1.61	3.55	0.71	0.59	6.59	66	0.07	\$1,312.9	\$22,890.8
	Net of Fee	1.57	3.50	0.66	0.55	6.40				
	Bloomberg Capital Int G/C	2.40	2.81	0.61	0.48	6.43				
2021	Gross of Fee	-1.77	1.04	0.05	-0.58	-1.28	65	0.07	\$1,523.9	\$25,642.3
	Net of Fee	-1.82	0.99	0.01	-0.63	-1.46				
	Bloomberg Capital Int G/C	-1.86	0.98	0.02	-0.57	-1.44				

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

## INTERMEDIATE 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 Intermediate Fixed composite was created in October, 1994. The composite's performance inception date is January 1, 1987. The Intermediate Fixed composite is a fixed income strategy consisting of domestic investment grade fixed income securities, the majority of which are limited to a 10 year average maturity or less. Accordingly, the composite is benchmarked against the Bloomberg Capital US Intermediate Government/Credit Index. The Bloomberg Capital US Intermediate Government/Credit Index is a component of the US Aggregate Index and includes Treasuries, government-related issues, and corporates. The Bloomberg Capital US Intermediate Government/Credit Index has a duration of 3.99 years and a maturity of 4.37 years. The Intermediate Fixed composite is comprised of all fee paying, discretionary accounts managed to this investment approach by the fixed group which have assets greater than \$1 million and one full quarter of returns. Prior to June 1, 2014, the composite comprised solely of tax-exempt institutional accounts. Effective June 1, 2014 the composite was broadened to include all accounts managed by the fixed income group according to this strategy. 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 Intermediate 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.