

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.

Performance

The Segall Bryant & Hamill Liability-Driven Investing strategy returned -0.16%* for the quarter versus 0.07% for the Bloomberg U.S. Aggregate Gov't/Credit Long Index. Details of the contributors and detractors from performance are in the table below.

Return Attribution	QTD	YTD	Notes
Security Selection	0.15%	-0.62%	Security selection had a positive impact on relative performance during the quarter. The composite's corporate securities returned 0.03% compared to -0.12% for the corporate bonds included in the benchmark. Additionally, other government securities returned -0.11% compared to -0.58% for other government securities in the index.
Sector Selection	-0.16%	1.64%	Sector selection had a negative impact on relative performance during the quarter. The composite was overweight corporate securities and underweight Treasury securities, which performed similarly, but also overweight taxable municipals, which lagged both corporate and Treasury bonds in the quarter. Taxable municipals returned -0.58% compared to 0.47% for Treasuries and -0.12% for corporates.
Parallel Duration Shift	-0.22%	-0.11%	The composite's duration was slightly longer than the duration of the benchmark late in the quarter due to specific mandates. This hurt relative performance in September as interest rates rose on the long end of the yield curve.
Yield Curve Positioning	0.00%	-0.09%	Yield curve positioning was not materially impactful to relative returns. 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.
TOTAL**	-0.23%	0.82%	

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

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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.

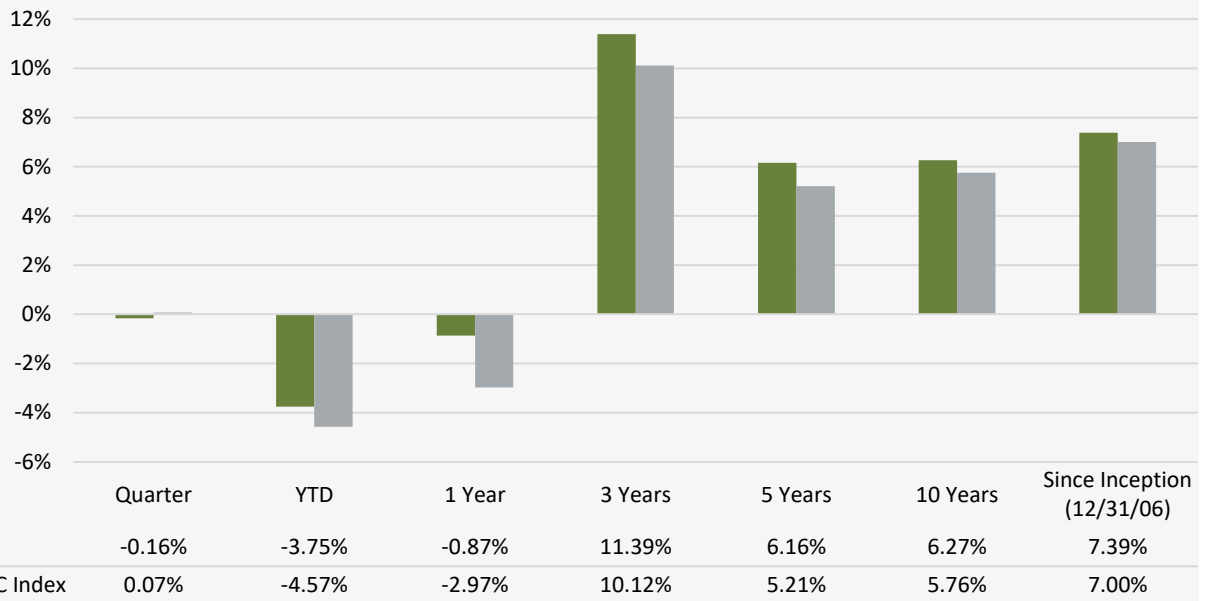
As we navigate these dynamics, we remain overweight corporates and moderately short of our benchmark durations, while continuing to look for opportunities to rotate into securities we deem high quality without sacrificing significant yield—the “up-in-quality” trade. We continue to find incremental value 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.

Kenneth Harris, CFA
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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*¹ (as of 9/30/21)



* 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. Long 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 Liability-Driven Investing Fixed Income strategy. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to SBH Liability-Driven Investing Fixed Income.

¹ SBH Composite

LIABILITY-DRIVEN INVESTING FIXED INCOME COMPOSITE PERFORMANCE*

Liability Driven Investing

Quarterly & Annual Returns

Period Ending: 9/30/2021

Annualized Cumulative Returns

Annualized	SBH Gross (%)	SBH Net (%)	Bloomberg US Agg Government Credit Long (%)
1 Year	-0.87	-1.03	-2.97
3 Years	11.39	11.19	10.12
5 Years	6.16	5.92	5.21
10 Years	6.27	5.92	5.76

3 Year Ex-Post Standard Deviation

	SBH (%)	Bloomberg US Agg Government Credit Long (%)
2011	8.12	8.98
2012	7.99	8.19
2013	8.69	8.99
2014	8.08	8.07
2015	8.47	8.59
2016	8.48	8.58
2017	8.02	7.98
2018	7.40	7.33
2019	8.25	7.64
2020	11.18	9.63
2021	11.73	10.34

Period		1Q (%)	2Q (%)	3Q (%)	4Q (%)	YTD (%)	# of Accounts	Std Dev. (%)	Composite Market Value (\$ mil)	Total Firm Market Value
2011	Gross of Fee	0.70	3.30	12.51	3.25	20.83	1	nm	\$75.2	na
	Net of Fee	0.59	3.18	12.39	3.14	20.31				
Bloomberg US Agg Government Credit Long	Gross of Fee	-0.02	3.30	15.64	2.57	22.49				
	Net of Fee	-2.61	7.27	3.15	-0.19	7.56				
2012	Gross of Fee	-2.50	7.39	3.26	-0.08	8.04	2	nm	\$150.7	na
	Net of Fee	-2.12	7.32	3.10	0.45	8.78				
Bloomberg US Agg Government Credit Long	Gross of Fee	-2.14	-5.95	-0.62	0.58	-8.00	2	nm	\$177.3	na
	Net of Fee	-2.25	-6.06	-0.73	0.47	-8.42				
2013	Gross of Fee	-1.98	-6.11	-0.83	-0.10	-8.83				
	Net of Fee	6.21	4.68	0.80	5.25	17.95	2	nm	\$307.1	na
Bloomberg US Agg Government Credit Long	Gross of Fee	6.10	4.56	0.68	5.14	17.43				
	Net of Fee	6.55	4.93	1.04	5.60	19.31				
2014	Gross of Fee	3.31	-8.11	3.07	-1.07	-3.19	2	nm	\$279.7	na
	Net of Fee	3.20	-8.22	2.96	-1.18	-3.63				
Bloomberg US Agg Government Credit Long	Gross of Fee	3.36	-7.57	2.18	-0.94	-3.30				
	Net of Fee	7.13	7.12	1.28	-7.55	7.45	1	nm	\$146.3	na
2015	Gross of Fee	7.03	7.04	1.20	-7.62	7.11				
	Net of Fee	7.30	6.55	1.24	-7.84	6.67				
Bloomberg US Agg Government Credit Long	Gross of Fee	1.68	4.76	1.57	3.69	12.17	1	nm	\$145.2	na
	Net of Fee	1.60	4.68	1.49	3.61	11.84				
2016	Gross of Fee	1.58	4.39	1.53	2.84	10.71				
	Net of Fee	-3.81	-1.54	-0.64	1.22	-4.76	1	nm	\$134.6	\$18,587.0
Bloomberg US Agg Government Credit Long	Gross of Fee	-3.89	-1.62	-0.72	1.14	-5.14				
	Net of Fee	-3.58	-1.45	-0.47	0.78	-4.68				
2017	Gross of Fee	6.66	6.75	7.14	-1.42	20.26	1	nm	\$159.0	\$19,522.9
	Net of Fee	6.62	6.70	7.10	-1.45	20.07				
Bloomberg US Agg Government Credit Long	Gross of Fee	6.45	6.59	6.58	-1.12	19.59				
	Net of Fee	3.11	8.99	1.92	2.99	17.97	3	nm	\$544.5	\$22,890.8
2018	Gross of Fee	3.04	8.95	1.88	2.95	17.75				
	Net of Fee	6.21	6.23	1.22	1.68	16.12				
Bloomberg US Agg Government Credit Long	Gross of Fee	-9.82	6.90	-0.16	-3.75	-3.75	2	nm	177.6*	\$24,860.2
	Net of Fee	-9.86	6.86	-0.20	-3.86	-4.57				
2019	Gross of Fee	-10.41	6.44	0.07						
	Net of Fee									
Bloomberg US Agg Government Credit Long	Gross of Fee									
	Net of Fee									

nm: composite held five or fewer accounts for the entire year. Internal dispersion (standard deviation) is not presented for this period.

na: this was a Denver Investments composite prior to the DIA acquisition by SBH on May 1, 2018.

*The largest account in the composite was excluded for September 2021 due to a significant cash flow. The account was roughly \$296.5M on 9/30/2021.

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

LIABILITY-DRIVEN INVESTING 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 Liability Driven Investing composite was created in May 2018. The composite's performance inception date is January 1, 2007. The composite is defined to include all fee-paying, discretionary accounts that are managed specifically according to a Liability-Driven Investing strategy that may be in response to U.S. Treasury pension-focused regulations and/or the reporting accounting standards. The strategy seeks to provide diversified, actively managed exposure primarily to the long end of the U.S. investment-grade market, but may include limited use of non-investment grade issues. The portfolios are invested primarily in investment-grade securities with maturities more than 10 years. The portfolios maintain an effective duration within approximately +/- 1 year of the Bloomberg U.S. Long Government/Credit Index. The benchmarks of portfolios may be customized to client specifications and may not be the Bloomberg U.S. Long Government/Credit Index. At this time, the Index is a widely-used benchmark that is reasonably representative of the general duration of a large proportion of non-governmental pension plan actuarial estimates. If, in the future, the Index is not suitably representative of the general duration of a large proportion of non-governmental pension plan actuarial estimates, it may be appropriate to change the benchmark for duration reference purposes. It is our expectation that changes of this nature will be infrequent. The benchmark is an unmanaged index that includes fixed-rate debt issues rated investment grade by Moody's Investor Services, Standard and Poor's Corporation or Fitch Investor's Service. Index returns are not covered by the report of the independent verifiers. 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. As of January 1, 2019, net results reflect actual fees paid. The current fee schedule applicable to the Liability Driven Investing 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. From 1/1/08 to 12/31/14, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a quarterly basis. From 1/1/15 – 12/31/18, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a monthly basis. 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. 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