MARKET COMMENTARY

Fixed Income Market Overview

- The quarterly loss for the broad fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index (the Agg), was -4.69%.
- For the first half of 2022, the Agg lost 10.35%, the worst half-year return in its nearly 40-year history.
- For a second consecutive quarter, every component of the Agg was negative in the second quarter in both absolute and relative terms for all credit categories relative to similar duration Treasuries.
- Inflation continued to climb in the quarter, with the Consumer Price Index hitting 8.6% at its reading in early June. In response, the Federal Reserve (Fed) raised rates twice; first by 50 basis points (bps) in May, then 75 bps more in June, its largest single rate increase since 1994.
- The Fed announced plans to reduce the size of its balance sheet by not reinvesting proceeds from maturing assets (i.e., Treasuries and mortgage-backed securities (MBS)) beginning in June, with a further acceleration of this program set to take place in September.
- Treasury yields rose across the curve and ended June at multi-year highs across all maturities. Returns were negative across all but the shortest Treasuries; longer duration Treasuries were the worst performers.
- Corporate securities underperformed Treasuries during the second quarter, returning -7.26% vs. -3.78% for Treasuries. Spreads widened in all sectors of investment grade (IG) and high yield (HY) corporate bonds during the quarter. In IG, the Basic Industry sector (e.g., chemicals, raw materials, etc.) widened the most, while Utilities were the most defensive. For HY, the Utilities sector was again the best performer while Consumer sectors—both cyclicals and non-cyclicals—were the worst performers.

Municipal Market Overview

While negative, returns in Municipals were a bright spot in the fixed income market for the second quarter, with the Bloomberg Municipal Aggregate Index returning -2.94%, handily outperforming most taxable benchmarks.

The second quarter gave us what is hopefully some light at the end of the tunnel. The quarter started with the municipal market extending its losses from the first quarter until mid-May at which time it made a dramatic U-turn. This rally, however, was not entirely surprising. As strength began to show, those offering out bonds to gain liquidity pulled their offers and suddenly there was a dearth of tax-exempt bonds available. The "up and down" nature of the market continued for a few weeks until the end of the quarter, when it felt like the market had found some solid footing. We had previously commented that we believed the brunt of price losses had been taken in the first quarter and so far, that has proven to be true. With yields now significantly higher than at the start of the year, it should prove easier to offset price losses if yields begin to rise again.

As we have expressed previously, we view investment grade municipal credit as strong across most sectors, yet credit spreads continue to widen. As we have seen in the past, this widening seems to be driven by liquidity rather than fundamentals. We have used this opportunity to continue to reposition our portfolio into credits that we like at wider spreads. Cracks have begun to show in some sectors of the high yield space, especially in the Retirement Community and Retail sectors, as one of the largest high yield deals missed a payment and will likely be entering the litigation/restructuring process in the second half of the year. We believe that the Land sector could come under significant pressure if we begin to see weakness in housing. This has been one of our favorite sectors over the last decade, but we have moved up in credit quality over the last few years, as underwriting has become more aggressive.

(Continued on next page)

MARKET COMMENTARY (continued)

MAJOR MUNICIPAL BOND INDEX RETURNS (%)[1]

	YTW	Duration (years)	Q2 Return	YTD Return
Short Duration (1-5 Years)	2.32	2.67	-0.02	-3.67
Intermediate (1-15 Years)	2.82	4.32	-1.55	-6.80
Long Duration (22+ Years)	4.15	10.82	-6.59	-14.66

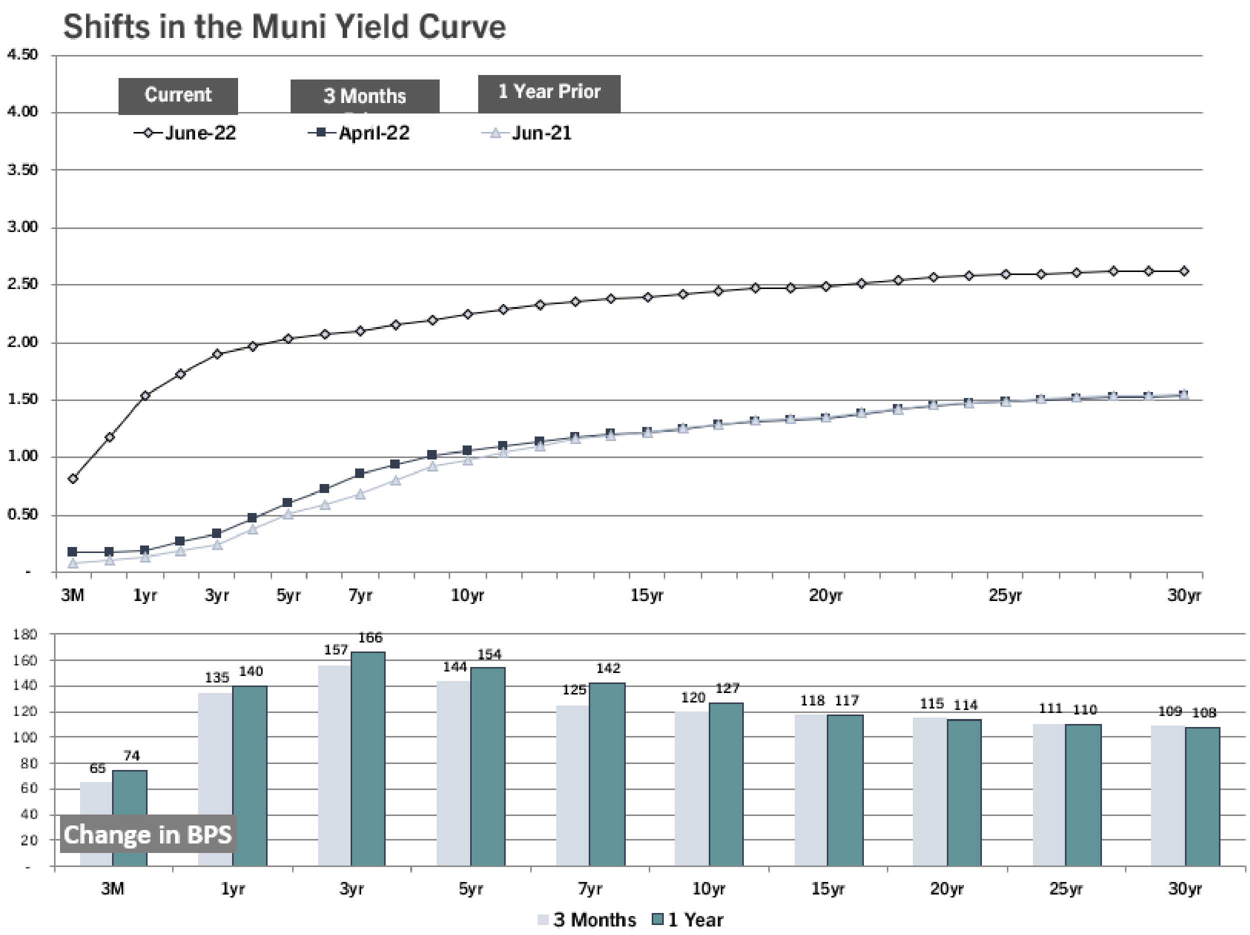
Yields

	Treasuries	Industrials (A)	AAA GO Muni	AAA GO Muni at 35% Tax Rate	AA Revenue	AA Revenue Muni at 35% Tax Rate	A Revenue	A Revenue Muni at 35% Tax Rate
1 yr	3.12	3.16	1.47	2.26	1.60	2.47	1.96	3.01
3 yr	3.25	3.60	1.89	2.90	2.01	3.09	2.43	3.73
5 yr	3.19	3.80	2.05	3.15	2.19	3.37	2.62	4.04
7yr	3.13	3.94	2.27	3.50	2.47	3.80	2.87	4.41
9 yr	3.03	4.06	2.42	3.73	2.68	4.12	3.02	4.65
10 yr	3.02	4.12	2.50	3.84	2.78	4.28	3.14	4.82
15 yr	3.02	4.39	2.78	4.27	3.20	4.93	3.52	5.42
20 yr	3.48	4.56	2.89	4.44	3.42	5.26	3.75	5.77
25 yr	3.41	4.54	3.00	4.61	3.59	5.52	3.92	6.02
30 yr	3.18	4.52	3.06	4.70	3.59	5.52	3.99	6.14

Source: Bloomberg as of 6/30/22

[1]*Source: Bloomberg data as of 6/30/22. Indices referenced for Short Duration is Bloomberg 1-5 Yr Blend (1-6) Total Return Index; for Intermediate is Bloomberg 1-15 Yr Municipal Total Return Index, for Long is Bloomberg Municipal Long Bond (22+) Total Return Index.* ***Past performance cannot guarantee future results.*** *This chart is for illustrative purposes only.*

MARKET COMMENTARY (continued)



Source: Bloomberg as of 6/30/22

Fund Performance

The Segall Bryant & Hamill Municipal Opportunities Fund (Institutional shares) returned -4.79% for the quarter versus -1.55% for the Bloomberg U.S. 1-15 Year Municipal Year Bond Index.

This is the worse relative quarter we have had in the history of the Fund. We are obviously disappointed but dedicated to learning from our mistakes and positioning the Fund as best as we can going forward. It has been a challenging year, no question about it. Coming into this year, we thought there would be headwinds and believed we were defensively positioned from a rates perspective. This has not been the case, as many of our defensive rate positions did not perform as we expected and ended up with losses far exceeding what we had modeled. We have taken the lessons learned and worked hard to restructure the Fund away from areas that did not react in the way in which we believed they would.

MARKET COMMENTARY (continued)

Outlook

The most important factors impacting Municipals cannot be easily seen from outside this market, and that has been a source of confusion and frustration for investors. As we've said previously, the municipal market is very structurally complex, and those complexities are truly driving the market. Factors such as coupon/call structure optionality, extension risk, de minimis, and negative convexity are ones we have re-evaluated in every bond that we own, sell, and buy.

While these markets have caused pain, they also have created many opportunities, especially in complex structures and lower investment grade credit. While there may still be some spread volatility through this cycle, we believe we have hit a point where investors are being overcompensated for actual underlying credit risk. At current nominal yield levels, we believe that after-tax total returns are going to be highly competitive with a variety of asset classes over the next couple years.

Thank you for your consideration and continued support.

Nicholas J. Foley
Senior Portfolio Manager

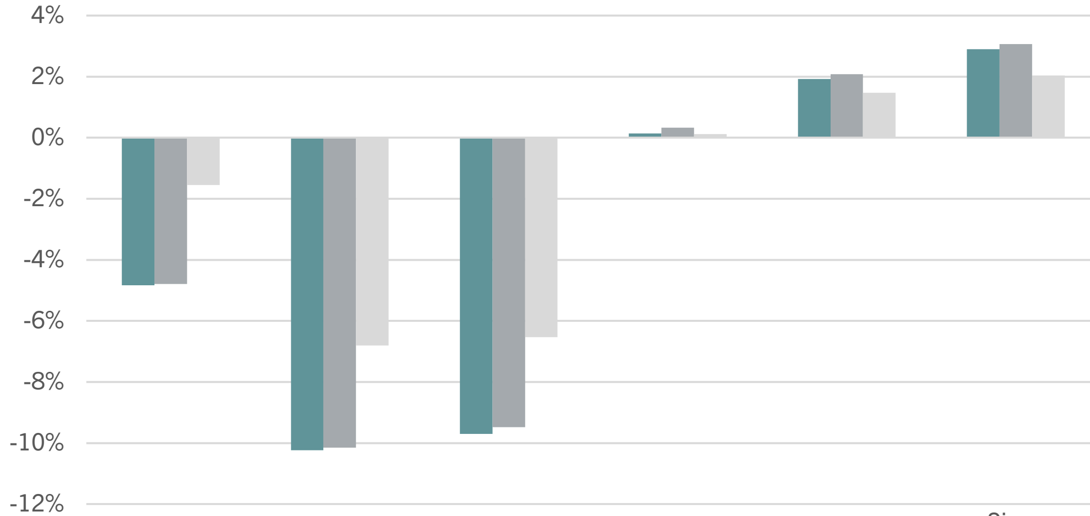
Kenneth A. Harris, CFA
Senior Portfolio Manager

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.

PERFORMANCE

Municipal Opportunity Fund vs. Bloomberg U.S. 1-15 Year Municipal Bond Index

Annualized Returns
As of 6/30/22



	Quarter	YTD	1 Year	3 Years	5 Years	Since Inception (12/16/16)
Retail Class (WTTAX)	-4.83%	-10.23%	-9.70%	0.14%	1.92%	2.90%
Institutional Class (WITAX)	-4.79%	-10.15%	-9.48%	0.33%	2.08%	3.07%
Bloomberg 1-15 Year Muni Bond Index	-1.55%	-6.80%	-6.53%	0.12%	1.47%	2.04%

Expense ratios for the Retail Class are 0.74% (gross) and 0.65% (net), and for the Institutional Class are 0.57% (gross) and 0.50% (net).

Returns shown for less than one year are cumulative. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by visiting www.sbhfunds.com, or by calling (800) 392-2673.

From 5/1/22, until at least 4/30/23, the Adviser has contractually agreed to waive the investment advisory and/or administration fees and/or to reimburse other expenses (not including acquired fund fees and expenses, taxes, brokerage expenses, and extraordinary expenses) in the same proportion, so that the ratio of expenses to average net assets as reported in the Fund's Financial Highlights will be no more than 0.65% and 0.50% for the Fund's Retail Class and Institutional Class, respectively, for such period. This agreement may not be terminated or modified by the Adviser prior to 4/30/23, without the approval of the Board of Trustees.

The **Bloomberg U.S. 1-15 Year Municipal Bond Index** measures the performance of investment grade (Moody's Investor Services Aaa to Baa, Standard and *4/30/2018. Performance results before this date reflect returns generated by the portfolio managers at Denver Investment Advisors LLC.* Poor's Corporation AAA to BBB) general obligation and revenue bonds with maturities ranging from 1 to 17 years. It is a broad index that is representative of the tax-exempt bond market. An investor cannot invest directly in an index. *"Bloomberg®" and Bloomberg 1-15 Year Muni 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 Municipal Opportunities Fund. Segall Bryant & Hamill acquired Denver Investment Advisors LLC on 4/30/2018. Performance results before this date reflect returns generated by the portfolio managers at Denver Investment Advisors LLC.*

***RISKS:** An investment in the Funds involves risk, including possible loss of principal. The principal risks of investing in Funds include extension risk, indirect foreign exposure risk, market risk, portfolio management risk, and prepayment risk. The market value of a security or instrument may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally.*

***Municipal Securities Risk:** Municipal bond fund income may be subject to state and local income taxes and the alternative minimum tax. Capital gains, if any, will be subject to capital gains tax. Investments in municipal bonds are subject to interest rate risk, or the risk that the bonds will decline in value because of changes in market interest rates. Municipal bonds are also subject to call risk, credit risk, liquidity risk, below investment grade securities risk, and interest rate futures risk.*

Please consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus that contains this and other information about the Fund is available by calling (800) 392-2673 or visiting www.sbhfunds.com and should be read carefully before investing. The funds of the Segall Bryant & Hamill Trust are distributed by Ultimus Fund Distributors, LLC.

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