IR+M’s Crossover philosophy is predicated on our value-oriented, bottom-up investment philosophy from the perspective of a tax-sensitive investor. Taxable bonds and municipal bonds are evaluated on the basis of credit quality, structure, and after-tax relative value to arrive at an optimal portfolio allocation. Our goal is to achieve a superior after-tax total rate of return while maintaining a diversified, liquid, and high-quality portfolio. The experience and consistency of our senior investment team, along with our integrated credit, securitized, and municipal teams, gives us a distinct advantage when constructing portfolios.

Crossover Investing Benefits

- Broadened diversification and portfolio opportunity set, improved liquidity, and enhanced after-tax return potential
- Bottom-up relative value across sectors allows for tax-efficient sector and yield curve allocation
- Market dislocations, such as changes in the municipal/taxable relationship, can lead to inefficiencies which create opportunities

Relative Value Drivers

- After-tax yield and return potential
- Stability of cash flows
- Credit quality
- Liquidity
- Municipal/taxable market supply/demand imbalances
- Structure opportunities

IR+M Crossover Implementation

- Tax-efficient trading with after-tax performance measurement and reporting
- Sector analysts continuously scour market for best ideas
- Crossover team monitors relative value while looking for opportunities to enhance after-tax return profile
- No “black box” model; rigorous but flexible analytics allow portfolio manager expertise to guide decision making

<table>
<thead>
<tr>
<th>12/31/17 Characteristics¹</th>
<th>IR+M Private Client Crossover Portfolio</th>
<th>IR+M Core Municipal Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (%)²</td>
<td>2.57</td>
<td>2.06</td>
</tr>
<tr>
<td>After-Tax Yield (%)³</td>
<td>1.93³</td>
<td>2.00⁴</td>
</tr>
<tr>
<td>Duration</td>
<td>4.02</td>
<td>4.19</td>
</tr>
<tr>
<td>Avg. Quality⁵</td>
<td>A1/A+</td>
<td>Aa3/AA-</td>
</tr>
</tbody>
</table>

IR+M Private Client Crossover Strategy Characteristics¹

- Sectors
  - 46% Municipals
  - 30% Credit
  - 12% Securitized
  - 12% Government

- Quality⁵
  - 25% Aaa
  - 21% Aa
  - 37% A
  - 17% Baa

IR+M Crossover Management

- Exposure to IR+M’s best and most tax efficient ideas
- $3.5 billion in Crossover AUM
- Crossover portfolio management since 2006
- Experienced client portfolio team

For further information, please contact:
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¹As of 12/31/17. Representative portfolio characteristics. Some statistics require assumptions for calculations which can be disclosed upon request. A similar analysis can be provided for any portfolio we manage.
²Yields are represented as of the above date and are subject to change.
³After-tax yield assumes a MA State tax of 5.31% and a Federal Tax of 43.4%. (EMTR – 3.45%)
⁴Average quality and quality distribution is calculated using a split to high methodology.
⁵The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations for, or projected returns of any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research & Management.