INVESTMENT STRATEGY

Our investment philosophy for private investors is to protect principal through prudent risk management and opportunistically capitalize on anomalies in the inefficient municipal bond market. Our bottom-up security selection process is designed to take advantage of these market inefficiencies.

STRATEGY CHARACTERISTICS

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>IR+M Core Municipal Portfolio¹</th>
<th>Bloomberg Barclays 1-10 Yr Municipal Blend Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (%)²</td>
<td>2.31</td>
<td>2.26</td>
</tr>
<tr>
<td>Effective Duration (yrs)</td>
<td>4.09</td>
<td>4.06</td>
</tr>
<tr>
<td>Average Quality³</td>
<td>Aa3</td>
<td>Aa2</td>
</tr>
<tr>
<td>Average Maturity (yrs)</td>
<td>4.84</td>
<td>5.84</td>
</tr>
<tr>
<td>Convexity</td>
<td>0.24</td>
<td>0.07</td>
</tr>
</tbody>
</table>

INVESTMENT PROCESS

+ CREDIT

Our credit focus is on larger, A to AAA-rated monopolistic and essential purpose issuers. We purchase high quality, but not plain vanilla bonds. We seek out issuers that provide reliable, consistent, and timely financial information.

+ STRUCTURE

We focus on non-callable bonds with a convexity advantage. We look to take advantage of inefficiently priced bond structures that may present income advantages; such as, sinking funds, escrowed zeroes, and mandatory puts.

+ PRICE

Our main focus is after tax-returns. We seek to minimize transaction costs and maintain liquid portfolios.

ASSETS BY MANDATE

Broad Market Strategies ($35.6bn)
- Short
- Intermediate
- Core
- Crossover
- Long

Focused Market Strategies ($33.7bn)
- Corporate/Liability Driven Investing
- Municipal
- Inflation Protection
- Government
- Convertible

ASSETS BY CLIENT TYPE

- 31% Corporate
- 21% Not-for-Profit
- 12% Insurance
- 12% Taft Hartley/Union/Other
- 9% Government
- 9% Sub-Advisory
- 6% Private

All data as of 3/31/18. ¹Representative 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.

³Average quality and quality distribution are calculated using a split to high methodology.

Source: Bloomberg Barclays

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