

IR+M's Crossover philosophy is embedded in our value-oriented, bottom-up investment approach from the perspective of a tax-sensitive investor. Both taxable and municipal bonds are evaluated on the basis of credit quality, structure, and after-tax relative value to construct 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
- Municipal/taxable market supply/demand imbalances
- Stability of cash flows
- Credit quality
- Liquidity
- Structure opportunities

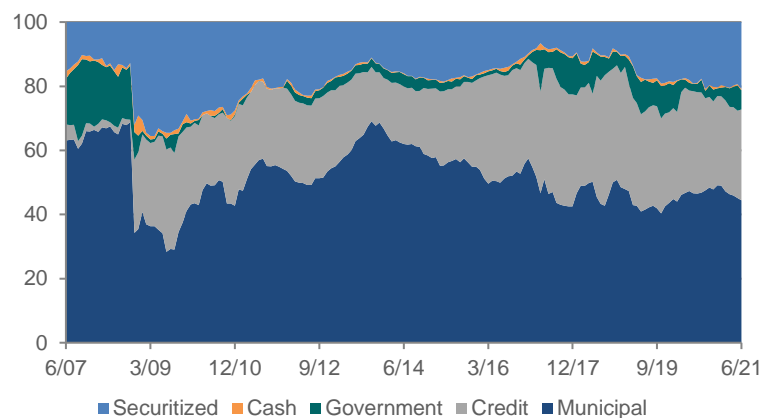
IR+M Crossover Implementation

- 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
- Transparent process and portfolio; rigorous but flexible analytics allow portfolio manager expertise to guide decision making

IR+M Private Client Crossover Strategy Characteristics

6/30/21 Characteristics	IR+M Private Client Crossover Portfolio	Index
Yield (%)	1.14	0.77
Duration	3.90	3.97
Avg. Quality	A1/A+	Aa2/AA-
Sector Distribution (%)		
Government	6.0	30.9
Credit	28.4	19.0
Securitized	20.8	0.0
Municipals	44.4	50.1
Cash	0.4	0.0

IR+M Private Client Crossover Allocation Shift



IR+M CROSSOVER MANAGEMENT

- Exposure to IR+M's best and most tax efficient ideas
- Consistent and experienced Portfolio Management team since inception in 2005
- \$5.2 billion in Crossover AUM

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Representative portfolio characteristics. Sources: IR+M and Bloomberg Barclays as of 6/30/21. Index is 50% Bloomberg Barclays Intermediate Government Credit Index/50% Bloomberg Barclays 1-10 Year Municipal Blend Index. Some statistics require assumptions for calculations which can be disclosed upon request. A similar analysis can be provided for any portfolio we manage. Yields are represented as of the above date and are subject to change. Average quality and quality distribution is calculated using a split to high methodology. IR+M Crossover Broad Intermediate Composite sector allocations are shown from 6/30/2007 to 12/31/2017. After 12/31/2017 the IR&M Crossover Fund LLC Portfolio sector allocations are shown due to the corporate tax rate change. 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.



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