



Objective

The strategy draws on the credit analysis and trading strengths of the NIS Fixed Income team. The strategy's objective is to generate consistent returns with minimal duration risk. Our goal is to have positive returns more than 85% of the time on a monthly basis. We expect to have volatility that is equal to or less than a traditional bond strategy. Excess returns will be generated by taking credit and convexity risk in corporate and municipal bonds as well as mortgages, CMBS and ABS debt securities. Short term trading profits and carry are the primary sources of return. Since interest carry is a primary contributor to return over time, it is anticipated that the long/short ratio will average 3 to 1 or less. Duration will average 1-2 years, with a typical range of 0-3 years. Short positions will be predominantly used to manage duration risk, vary yield curve risk and lock in short term relative value trading opportunities. The strategy will normally be long spread duration and will utilize U.S. Treasury futures to hedge rate risk and cash to hedge spread risk.

Components of Return

Sector Rotation

Sector rotation is focused on relative value analysis, short and long term supply trends and annual calendar trading opportunities. Our goal is to take advantage of overall spread tightening and widening by actively investing in a broad array of fixed income investments.

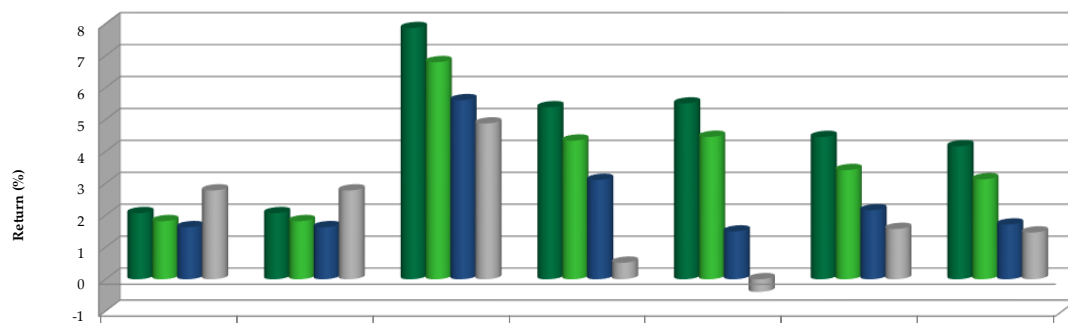
Security Selection

Security selection emphasizes credit analysis with a relative value overlay and is the primary driver of returns.

Yield Curve Arbitrage

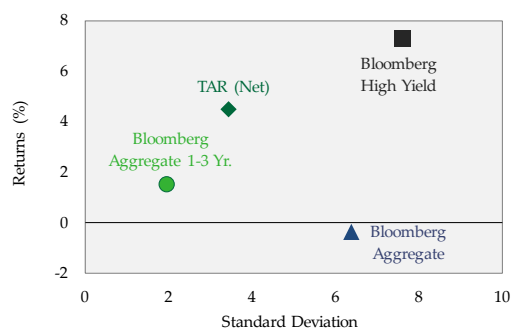
Yield curve arbitrage is dominated by analysis of Federal Reserve activity and intermediate term economic trends.

Performance



	Last 3 Months	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
NIS Total Absolute Return Composite (Gross %)	2.07	2.07	7.87	5.39	5.51	4.46	4.16
NIS Total Absolute Return Composite (Net %)	1.82	1.82	6.80	4.34	4.46	3.42	3.13
Bloomberg Aggregate 1-3 Year Index (%)	1.63	1.63	5.61	3.11	1.50	2.16	1.71
Bloomberg Aggregate Index (%)	2.78	2.78	4.88	0.52	-0.40	1.58	1.46

5 Year Risk vs. Reward



	Return (%)	Standard Deviation (%)	Growth of \$100	Correlation
Total Absolute Return Composite (Net)	4.46	3.46	124.4	-
Bloomberg Aggregate 1-3 Yr.	1.50	1.98	98.0	0.82
Bloomberg Aggregate	-0.40	6.39	107.7	0.89
Bloomberg US Corporate HY	7.29	7.62	142.2	0.92

Market News

The U.S. bond market rallied as interest rates across the Treasury yield curve fell, driven by slowing inflation and concerns about future economic growth. A late-quarter tariff uncertainty-related selloff pushed the more sensitive areas of the bond market wider, while U.S. Treasuries and Agency debt held up quite well. Investment-grade corporate credit spreads widened about 15 basis points as tariff-related economic uncertainty and rising delinquencies on credit cards and auto loans gave investors pause. High-Yield bonds also exhibited weakness as investors moved to calmer waters, as spreads widened 60bps to close at 347bps.

Performance

The strategy's longer-than-index duration (Bloomberg Aggregate 1-3 Index) positioning was beneficial to relative performance as yields dropped late in the quarter. This accounted for the lion's share of the strategy's outperformance. Security selection in ABS securities was additive, as was performance in taxable municipals. The strategy's weighting in below investment grade corporate issues was a bit of a performance drag as spreads widened on tariff uncertainty.

Outlook

The impact of a developing new trade policy will take center stage throughout the second quarter. Predicting an exact timeline or magnitude of the impact is difficult at best and impossible at worst. Therefore, we look to maintain our somewhat cautious approach to fixed income risk. We feel the valuation backdrop is improving within the investment-grade corporate area, and we will look for opportunities in credits we like with a history of good cash flow generation. We have seen very little selling in ABS, and dealers have held their offers. Nevertheless, we look to add to hyperscale datacenter ABS in the event of a significant widening.

Sector Distribution ⁽¹⁾

	Absolute Return	Bloomberg Aggregate Index
Treasury	0%	45%
Agency	0%	1%
Mortgages	38%	25%
Agency CMBS	0%	2%
CMBS	3%	0%
Asset-Backed	25%	1%
Credit	31%	26%
Municipal	1%	1%
Cash	2%	0%

Quality Distribution ⁽²⁾

	Absolute Return	Bloomberg Aggregate Index
AAA	11%	3%
AA	9%	73%
A	10%	11%
BBB	17%	12%
BB	19%	0%
B	9%	0%
CCC	5%	0%
Below CCC	1%	0%
NR	16%	0%
Cash	2%	0%

Strategy Statistics

Strategy Assets	\$633 Million
Long/Cash/Short Positions *	98% / 2% / 0%
Yield to Maturity (%)	6.31
Duration (in Years)	2.00
Average Quality	BB
Minimum Investment	\$1,000,000
Liquidity	Redemptions permitted quarterly with 30 days written notice
Management Fee: Annual Rate of 1.00%, calculated monthly and paid to the manager as of the last day of each quarter end	

* Short Treasury Futures Position is \$0

Portfolio Managers

	Focus	Years at NIS	Years of Experience
Jason Berrie, CFA	CIO, Credit	21	32
Mark Anderson, CFA	Strategist/Preferred	24	31
James Kaplan, CFA	Lead PM - Structured	16	43
Barbara Schalla, CFA	Credit	33	40
Vincent Russo, CFA	Credit	10	26
Lesly Barnes	ABS	17	22
Stefan Martin	CMBS	7	25
Stephen Smitley	Municipal/Structured	4	26
Michael Fohr, CFA, CPA, JD	Co-PM High Yield	8	12
Thomas Price, CFA	Co-PM High Yield	4	35
John Vaternick	Credit Analyst	10	10

(1) Treasury short positions are not included in the sector distribution.

(2) Portfolio quality breakdown uses Index Rules. NR is rated by Morningstar or Kroll Bond Rating Agency. Distributions may not equal 100% due to rounding.

Total Absolute Return Strategy Composite GIPS Report

Annual Performance History											
Year	Composite Gross Return (%)	Composite Net Return (%)	Bloomberg 1-3 Yr. Aggregate (%)	Bloomberg Aggregate (%)	Composite 3-Yr St. Dev (%)	Bloomberg 1-3 Yr. Aggregate 3-Yr. St. Dev (%)	Bloomberg Aggregate 3-Yr. St. Dev (%)	# of Accounts	Composite AUM (in USD MM)	Firm AUM (in USD MM)	Dispersion
2024	7.39	6.33	4.39	1.25	4.00	2.48	7.83	1	458.2	12,876	-
2023	8.66	7.59	4.65	5.53	3.75	2.16	7.24	1	498.9	9,771	-
2022	-4.30	-5.25	-3.73	-13.01	5.59	1.72	5.85	1	552.7	7,923	-
2021	3.20	2.13	-0.49	-1.54	4.86	0.99	3.40	1	609.6	9,993	-
2020	4.67	3.67	3.08	7.51	4.79	0.97	3.36	1	608.9	9,411	-
2019	7.68	6.68	4.04	8.72	1.05	0.91	2.87	1	540.8	8,751	-
2018	2.84	1.79	1.61	0.01	0.78	0.81	2.88	1	520.0	7,210	-
2017	4.86	3.79	0.86	3.54	0.81	0.72	2.81	1	361.4	6,709	-
2016	3.53	2.45	1.31	2.65	0.87	0.74	2.98	1	367.0	6,261	-
2015	2.83	1.76	0.67	0.55	1.25	0.58	2.88	1	236.0	4,899	-
2014	4.44	3.36	0.82	5.97	1.96	0.51	2.63	1	211.2	4,122	-
2013	6.23	5.04	0.64	-2.02	2.37	0.56	2.71	1	121.4	3,678	-
2012	12.94	11.56	1.33	4.21	3.33	0.72	2.38	1	42.2	3,463	-
2011	3.47	2.18	1.73	7.84	4.71	1.01	2.78	1	34.5	3,031	-
2010	20.81	19.54	2.62	6.54				1	22.9	2,827	-
2009	25.36	24.13	5.01	5.93				1	12.8	2,931	-
2008	5.02	4.58	4.63	5.24				1	10.7	3,024	-

National Investment Services (NIS) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. NIS has been independently verified for the periods of January 1, 1997 to December 31, 2022. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

NIS is defined as an SEC registered investment management firm established in 1993. Resolute Investment Managers acquired a controlling interest in NIS on December 30, 2019. NIS employees retained minority ownership of the firm. NIS manages fixed-income and preferred stock assets for primarily United States institutional clients. The strategy's investment objective is to provide attractive risk-sensitive incremental returns through investments in an actively traded diversified portfolio of fixed-income securities. The strategy's inception date is 7/15/2007. The composite creation date is 8/1/2007. The strategy is targeted to U.S. pension funds and other tax-exempt investors. The investment strategy utilizes short U.S. Treasury positions with the objective of mitigating risk. Performance results are shown gross-of-fees and net-of-fees. The Bloomberg 1-3 year Aggregate Index is comprised of all outstanding U.S. Treasury and Agency issues, investment grade credit bond issues, asset-backed securities and agency-sponsored, mortgage-backed securities between one and three years maturity. The Bloomberg Aggregate Index is comprised of all outstanding U.S. Treasury and Agency issues, investment grade credit bond issues, asset-backed securities and agency-sponsored, mortgage-backed securities greater than one year in maturity.

The gross-of fees returns are presented before the management fee but after all trading costs. The net-of-fees returns are calculated by deducting a model investment management fee of 0.083%, 1/12th of the highest management fee of 1.00%, from the monthly gross composite return. Investment advisory fees are described in Part 2 of the firm's form ADV. Fees are negotiable. Portfolios are valued monthly on a trade date basis including accrued interest and dividends. Returns shown are on a total return basis, which includes realized and unrealized gains and losses, capital changes, dividends, interest income and brokerage commissions or trading costs, and excluding management and custodial fees. Valuations and returns are computed and stated in U.S. Dollars. Past performance is not a guarantee of future results. Market conditions can vary widely over time and can result in the loss of portfolio value. Annualized returns are shown for all periods over one year. Performance results are total returns which includes the reinvestment of all income. The dispersion of annual returns is measured by the standard deviation across equal-weighted portfolio returns represented within the composite for the full year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented for the other calendar years because it is not a requirement for periods prior to 2011. National Investment Services uses a significant cash flow rate of 15%. Accounts that reach a significant cash flow of 15% or more will be removed from their defined composites for the month of the flow. They will be added back into their defined composites the following month. A complete list and description of firm composites and performance results is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.