

Spectrum SMA Preferred and Capital Securities Offshore

First quarter 2024

Strategy overview

The strategy seeks to provide income through a diversified portfolio of preferred and capital securities. Spectrum Asset Management has had a singular focus on managing preferred and capital securities across global markets for over 30 years.

Portfolio management

Mark Lieb

47 years of experience

L. Phillip Jacoby IV

42 years of experience

Manu Krishnan, CFA

20 years of experience

Bob Giangregorio

21 years of experience

Fred Diaz

32 years of experience

Satomi Yarnell

15 years of experience

Albano Tunnera

28 years of experience

Characteristics^{1,2,3}

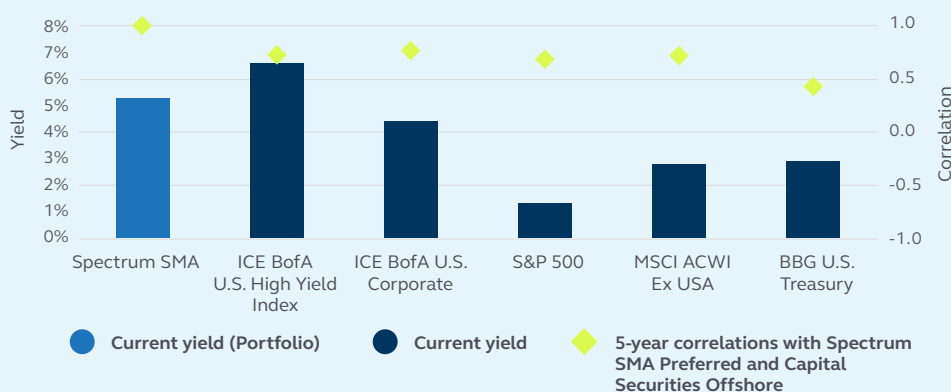
	Portfolio	Index
Composite AUM	\$32.9M	—
UMA/SMA AUM ⁴	\$106.4M	—
Inception date	01/01/00	—
Number of holdings	43	154
Average effective duration	5.5	7.0
Modified duration to worst	11.0	13.5
Below-investment-grade (including not rated)	0.0%	0.0%
Not rated	0.0%	0.0%
Average credit rating ⁵	BBB+	BBB
Current yield	5.2%	5.9%
Yield to worst	4.5%	5.6%
Average yield to maturity	6.0%	5.8%

See disclosure section for additional details.

Active management based on specialized research and dynamic security selection to manage complex global markets.

- Deep and broad experience analyzing, managing, and pricing complex security structures across a variety of credit, interest rate, and regulatory conditions.
- An emphasis on capital preservation equates to higher quality and capital structure bias.
- Has delivered a low volatility profile and attractive risk-adjusted returns by selecting higher-quality and improving credits and avoiding speculative risks.

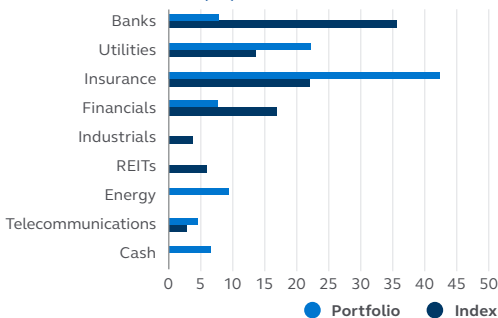
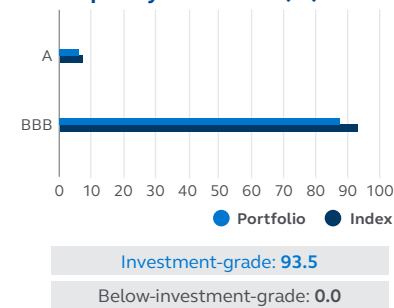
Spectrum SMA offers yield and potential diversification benefits relative to stock and most fixed income



Current yield and dividend yield are as of 03/31/2024; Correlations 04/01/2019 - 03/31/2024. Source: Spectrum Asset Management, Principal Global Investors. Indices are unmanaged and do not take into account fees, expenses and transaction costs. Indices are not available for direct investment. Past performance does not guarantee future return.

Why allocate to a portfolio:

- **Potential tax efficiency for non-U.S. investors**, by investing primarily in USD-denominated securities but avoiding those with U.S. dividend withholding tax requirements.
- **Global portfolio diversification** due to low correlation to other fixed income and equity markets.
- **Attractive value** relative to other fixed income asset classes.
- **Unique security structures**, such as fixed-to-float and fixed-to-variable, offer potential for higher back-end spreads that could result in increased coupons and help manage interest rate risk.

Sector allocation (%)^{1,2}Credit quality allocation (%)^{1,2,6}Portfolio statistics^{1,2}

Institutional/retail breakout	
\$25 par	69.9%
\$1,000 par	23.6%
CoCo	—
Cash	6.5%
Derivatives	—
Average price/coupon	
\$25 par	\$23.29
\$1,000 par	\$97.14
CoCo	—
Coupon structure	
Average coupon	5.1%
% Fixed-rate	63.7
% Floating-rate	4.4
% Fixed-to-floating rate	7.7
Fix-to-float call protection	3.1
Fix-to-float spread (bps)	397
% Fixed-to-variable rate	17.8

Performance

	Composite performance (%)					
	3-month	1-year	3-year	5-year	10-year	Since inception (01/01/2000)
Spectrum SMA Preferred and Capital Securities Offshore (gross)	4.47	10.44	1.55	3.33	4.70	6.05
ICE BofA Fixed Rate Preferred Securities Custom Index	4.57	9.90	-1.13	1.82	4.19	4.50
Spectrum SMA Preferred and Capital Securities Offshore (net)	3.89	8.00	-0.71	1.04	2.38	3.70

Risk statistics (5-year, gross)¹

	Composite
Sharpe ratio	0.1
Standard deviation	9.5
Tracking error	3.8
Up/down capture ratio ⁷	80.2/80.5

Calendar year returns (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Spectrum SMA Preferred and Capital Securities Offshore (gross)	15.43	7.19	0.25	9.95	-3.43	18.82	6.15	0.71	-11.79	10.76
ICE BofA Fixed Rate Preferred Securities Custom Index	17.54	8.83	0.44	11.33	-3.60	16.62	6.79	1.73	-19.22	10.79
Spectrum SMA Preferred and Capital Securities Offshore (net)	12.89	4.82	-1.98	7.52	-5.59	16.21	3.80	-1.54	-13.78	8.31

The composite is compared to the ICE BofA Fixed Rate Preferred Securities custom index which is a combination of two indices. The custom index is 100% ICE BofA Fixed Rate Preferred Securities Index (POP1) prior to December 31, 2013; 100% ICE BofA Core Fixed Rate Preferred Securities Index (POP2) subsequently. This change was made to better align the benchmark with the composite strategy. Net of Fees reflects the gross returns reduced by an assumed maximum bundled fee of 2.25%. See disclosure section for additional details.

¹ Source: Spectrum Asset Management

² The index is the ICE BofA Core Fixed Rate Preferred Securities Index (POP2) and is described on the last page. Portfolio information is based on the strategy's model portfolio. Actual portfolios may differ because of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations.

³ Yields and yield related characteristics shown are only one component of performance or expected performance and are not and should not be viewed as a statement of the current or future performance of the strategy. See the gross and net performance of the strategy.

⁴ May include model-only assets managed by the firm, where the firm has no control as to whether investment recommendations are accepted or the firm does not have trading authority over the assets.

⁵ Includes cash

⁶ Credit quality refers to the credit ratings for the underlying securities in the portfolio as rated by Standard & Poor's, Moody's Investors Service, or Fitch typically range from AAA/Aaa (highest) to C/D (lowest). If Moody's, S&P, and/or Fitch assign different ratings, the highest of the 3 ratings is used. Ratings methodologies and individual ratings can change over time. Senior debt ratings are typically several notches higher than those of preferred securities. Data from outside sources is believed to be reliable, but has not been verified. Percentages may not add up to 100% due to rounding and/or inclusion or exclusion of cash.

⁷ Capture ratios: Shows the relationship of the composite's performance to the performance of an index during a specific timeframe, as a percentage of that index's positive (upside capture) and negative (downside capture) performance. Represents quarterly returns for both composite and index returns.

Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal. Risks of preferred securities differ from risks inherent in other investments. In particular, in a bankruptcy preferred securities are senior to common stock but subordinate to other corporate debt. Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise. Contingent capital securities (CoCos) may have substantially greater risk than other securities in times of financial stress. An issuer or regulators decision to write down, write off or convert a CoCo may result in complete loss on an investment. Preferreds

also contain risks including coupon deferral risk, credit risk, call risk, conversion risk and write-down risk.

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All figures shown in this document are in U.S. dollars unless otherwise noted. Indices are unmanaged and do not take into account fees, expenses, and transaction costs. The methods of calculating performance of the composite and the index may not be identical and it is not possible to invest in an index.

The Spectrum Asset Management SMA Preferred and Capital Securities Offshore Composite contains fully discretionary Preferred and Capital Securities Offshore SMA accounts. The Spectrum SMA Preferred and Capital Securities Offshore Composite was created June 1, 2021 and is comprised primarily of portfolios of \$25 par preferred securities and \$1000 par capital securities, and excluding issues which subject non-United States taxpayers to backup withholding taxes payable by the custodian to the IRS. The composite may consist of accounts from more than one SMA sponsor platform. The inception date is January 1, 2000. Beginning May 1, 2021, performance results reflect actual SMA Spectrum Asset Management Preferred and Capital Securities Offshore Composite results. From April 1, 2012 to May 1, 2021 performance results reflect actual SMA Spectrum Asset Management Preferred Securities Offshore Composite results. Performance prior to April 1, 2012, reflects actual SMA Spectrum Asset Management

Preferred Securities composite results. Performance prior to May 1, 2006 reflects Spectrum's institutional preferred securities Intermediate Duration Total Return Composite and does not reflect any actual SMA portfolios.

As of January 1, 2014 the POP2 index is considered the primary index and the POP1 is considered the secondary index. The ICE BofA Fixed Rate Preferred Securities Index (POP1) tracks the performance of fixed rate U.S. dollar denominated preferred securities issued in the U.S. domestic market. The ICE BofA Core Fixed Rate Preferred Securities Index (POP2) tracks the performance of fixed rate U.S. dollar denominated preferred securities issued in the U.S. domestic market.

This strategy is only provided through separately managed accounts program sponsors. Clients should consult a financial professional before making any investment decisions. Financial professionals should consider the appropriateness of the manager, strategy and program for its clients on an initial and ongoing basis.

Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the representative wrap sponsor. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net performance shown reflects the gross returns reduced by a maximum bundled fee which includes brokerage, custodial, and investment management expenses.

Actual investment advisory fees incurred by clients may vary.

Actual client portfolios may differ because of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations.

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