

What Helped Performance?

Corporate Credit: The number one contributor, regardless of strategy, was the allocation to corporate credit. Sub-sector performance was led by a significant overweight to financials. Within that allocation, banks, finance companies, insurance, and REIT's were the largest contributors. Specific industry segments within Industrials were the second largest area of alpha generation with top contributors being energy and technology issuers. Given the systematic move across all corporate credit spreads, issuer selection played a significant role in each strategy's outperformance.

Duration Management: In 2019, we witnessed a significant move lower in Treasury yields which was a large component of both absolute and relative returns. Duration management throughout the year was a positive contributor to relative outperformance. During the first three quarters, each strategy maintained a duration that was neutral to slightly long relative to the benchmarks. This was beneficial as yields fell through the first 10 months of the year. During the fourth quarter, in an effort to de-risk portfolios into year-end, overall durations were reduced across each strategy. Generally, this move was beneficial in December as Treasury yields 3-years and longer moved higher.

What Hurt Performance?

Securitized Allocation: The largest relative detractor throughout the majority of the year came from our allocation to securitized assets in the sectors of: ABS, CMBS and RMBS. On a relative basis, these allocations were drags on relative results for all of Sage's core strategies, except for Cash Management and Short-Term. Of the three broad securitized sectors, our allocation to residential mortgages proved to be the most challenging. With rates falling in dramatic fashion early in the year, prepayment speeds increased which generally shortened durations and put significant pressure on the mortgage sector as a whole.

2019 Performance

	2019 Returns
Cash Management (Gross)	3.18%
Cash Management (Net)	2.98%
Barclays Capital 1-3 Month U.S. T-Bill Index	2.21%

Short Term (Gross)	4.64%
Short Term (Net)	4.28%
Barclays 1-3 Yr. TSY Index	3.59%

Intermediate Term (Gross)	7.45%
Intermediate Term (Net)	7.07%
Barclays Intermediate Gov't./Credit Index	6.80%

Intermediate Corporate (Gross)	10.47%
Intermediate Corporate (Net)	10.09%
Barclays Intermediate Gov't./Credit Index	9.52%

Core Gov't./Credit (Gross)	10.83%
Core Gov't./Credit (Net)	10.39%
Barclays Gov't./Credit Index	9.71%

Core Aggregate (Gross)	9.54%
Core Aggregate (Net)	9.10%
Barclays Aggregate Index	8.72%

This page must be accompanied by Disclosures on back page. Past performance is not indicative of future results.

GENERAL DISCLOSURES:

Compliance Statement: Sage Advisory Services, Ltd. Co. ("Sage") claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of Sage and/or a presentation that complies with the GIPS® standards, go to www.sageadvisory.com, call (512) 327-5530, or write to Sage Advisory Services, 5900 Southwest Parkway, Building I, Austin, TX 78735.

Firm Information: Sage is a registered investment advisor based in Austin, Texas. Sage specializes in Fixed Income, Balanced and Exchange Traded Fund ("ETF") investment management for insurance companies and other financial institutions, Taft-Hartley organizations, endowments, foundations, non-profit institutions, corporations, defined benefit plans, healthcare institutions, family offices and high net worth individuals. Sage does not utilize leverage, futures, or options in any portfolios included in the composites.

Calculation Methodology and Fees: All valuations, gross, and net returns are based in U.S. Dollars and are computed using a time-weighted total rate of return. Periodic returns have been geometrically linked and annualized for all time periods longer than one year. Portfolio performance results include, and reflect, as applicable, the reinvestment of all interest, accrued income, cash, cash equivalents, realized and unrealized gains and losses. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The dispersion measure is the asset-weighted standard deviation of accounts in the Composite for the entire year. If there are years whereby there are 5 or fewer accounts, the dispersion is N/A. The gross investment results for the composites presented herein represent historical gross performance with no deduction for investment management fees but net of all trading expenses. Net returns are calculated by using the highest investment management fee, pro-rated on a quarterly basis, and are net of all trading expenses. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Please see Sage's Form ADV Part 2A for a full disclosure of Sage's fee schedules.

Risk Disclosures: Actual performance results may differ from Composite returns, depending on the size of the account, investment guidelines and/or restrictions, inception date and other factors. Past performance is not indicative of future returns. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses.

Composite Disclosures: Not every client's account in a composite will have the identical characteristics. The actual characteristics with respect to any particular client account may vary based on a number of factors, including but not limited to: (i) the size of the account; (ii) the investment restrictions applicable to the account, if any; and (iii) the market conditions at the time of investment.

COMPOSITE SPECIFIC DISCLOSURES:

Cash Management Composite Characteristics: The Cash Management Taxable Composite (the "Composite") consists of all fully discretionary, fee-paying accounts over \$1,000,000 that are managed for a full quarter according to this style. The Composite contains accounts investing primarily in fixed income securities. The Composite creation and inception date is March 31, 1997. Composite Fee: The fee schedule for the Composite is as follows: 0.20% for the first \$10 million and 0.15% for the balance over \$10 million. Composite Benchmark: Sage has reviewed the relevant universe of indices and has determined that the Barclays Capital 1-3 Month U.S. Treasury Bill Index most closely resembles the Composite managed by Sage. The Barclays Capital 1-3 Month U.S. Treasury Bill Index represents securities that are U.S. Treasury Bills with maturities ranging from one month up to, but not including, three months. Prior to December 31, 2017, the Composite was measured against the Merrill Lynch 90 Day U.S. Treasury Bill Index. As of December 31, 2017, Barclays Capital 1-3 Month U.S. Treasury Bill Market Index was selected and applied retroactively as the Composite Benchmark because Sage decided to consolidate benchmarks and only use Barclays indices as a composite comparison. We believe that this new benchmark, along with the prior benchmark, accurately represents the composite.

Short Term Taxable Composite Characteristics: The Short Term Taxable Composite (the "Composite") consists of all fully discretionary, fee-paying accounts over \$1,000,000 that are managed for a full quarter according to this style. The Composite contains accounts investing primarily in fixed income securities. The Composite creation and inception date is April 30, 1997. Effective 1/1/14, the Significant Cashflow policy is defined as a cashflow equal or greater than 25% percent of the total account value on the day the cash flow is initiated. The account will be removed from the composite at the beginning of the month in which the significant cash flow occurs and added back to the composite on the first day of the month following the date that the account is fully invested. Composite Fee: The fee schedule for the Composite is as follows: 0.35% for the first \$10 million; 0.25% for the next \$15 million; and 0.20% for the balance over \$25 million. Composite Benchmark: Sage has reviewed the relevant universe of indices and has determined that the Barclays Capital 1-3 Year U.S. Treasury Bond Market Index most closely resembles the Composite managed by Sage. The Barclays Capital 1-3 Year U.S. Treasury Bond Market Index represents securities that are U.S. Treasury notes with maturities ranging from one year up to, but not including, three years. Prior to December 31, 2017, the Composite was measured against the Merrill Lynch 1-3 Year U.S. Treasury Bond Market Index. As of December 31, 2017, Barclays Capital 1-3 Year U.S. Treasury Bond Market Index was selected and applied retroactively as the Composite Benchmark because Sage decided to consolidate benchmarks and only use Barclays indices as a composite comparison. We believe that this new benchmark, along with the prior benchmark, accurately represents the composite.

Intermediate Term Taxable Composite Characteristics: The Intermediate Term Taxable Composite (the "Composite") consists of all fully discretionary, fee-paying accounts over \$1,000,000 that are managed for a full quarter according to this style. The Composite contains accounts investing primarily in fixed income securities. The Composite creation and inception date is December 31, 1996. Effective 1/1/14, the Significant Cashflow policy is defined as a cashflow equal or greater than 25% percent of the total account value on the day the cash flow is initiated. The account will be removed from the composite at the beginning of the month in which the significant cash flow occurs and added back to the composite on the first day of the month following the date that the account is fully invested. Composite Fee: The fee schedule for the Composite is as follows: 0.35% for the first \$10 million; 0.25% for the next \$15 million; and 0.20% for the balance over \$25 million. Composite Benchmark: Sage has reviewed the relevant universe of indices and has determined that the Barclays Capital Intermediate Government/Credit Maturity Bond Market Index most closely resembles the Composite managed by Sage. The Barclays Capital Intermediate Government/Credit Maturity Bond Market Index represents securities that are U.S. Treasuries, U.S. Agencies, U.S. investment grade corporates, foreign debentures and secured notes with maturities from one year up to, but not including, ten years.

Intermediate Term Corporate Composite Characteristics: The Intermediate Corporate Taxable Fixed Income Composite (the "Composite") consists of all fully discretionary, fee-paying accounts over \$1,000,000 that are managed for a full quarter according to this style. The Composite contains accounts investing primarily in fixed income securities. The Composite creation and inception date is May 31, 2010. Effective 1/1/14, the Significant Cashflow policy is defined as a cashflow equal or greater than 25% percent of the total account value on the day the cash flow is initiated. The account will be removed from the composite at the beginning of the month in which the significant cash flow occurs and added back to the composite on the first day of the month following the date that the account is fully invested. Composite Fee: The fee schedule for the Composite is as follows: 0.35% for the first \$10 million; 0.25% for the next \$15 million; and 0.20% for the balance over \$25 million. Composite Benchmark: Sage has reviewed the relevant universe of indices and has determined that the Barclays Capital Intermediate Credit Maturity Bond Market Index most closely resembles the Composite managed by Sage. The Barclays Capital Intermediate Credit Maturity Bond Market Index represents securities that are U.S. Agencies, U.S. investment grade corporates, foreign debentures and secured notes with maturities from one year up to, but not including, ten years.

Core Aggregate Taxable Composite Characteristics: The Core Aggregate Taxable Composite (the "Composite") consists of all fully discretionary, fee-paying accounts over \$1,000,000 that are managed for a full quarter according to this style. The Composite contains accounts investing primarily in fixed income securities. The Composite creation and inception date is April 30, 1999. Effective 1/1/13, the Significant Cashflow policy is defined as a cashflow equal or greater than 25% percent of the total account value on the day the cash flow is initiated. The account will be removed from the composite at the beginning of the month in which the significant cash flow occurs and added back to the composite on the first day of the month following the date that the account is fully invested. Composite Fee: The fee schedule for the Composite is as follows: 0.40% for the first \$10 million; 0.35% for the next \$15 million; and 0.25% for the balance over \$25 million. Composite Benchmark: Sage has reviewed the relevant universe of indices and has determined that the Barclays Capital Aggregate Bond Market Index most closely resembles the Composite managed by Sage. The Barclays Capital Aggregate Bond Market Index represents securities that are U.S. Treasuries, U.S. Agencies, U.S. investment grade corporates, mortgage pass-through securities, asset-backed securities, and secured notes having at least one year to final maturity.

Core Government/Credit Taxable Composite Characteristics: The Core Government/Credit Taxable Composite (the "Composite") consists of all fully discretionary, fee-paying accounts over \$1,000,000 that are managed for a full quarter according to this style. The Composite contains accounts investing primarily in fixed income securities. The Composite creation and inception date is February 28, 1997. Effective 1/1/14, the Significant Cashflow policy is defined as a cashflow equal or greater than 25% percent of the total account value on the day the cash flow is initiated. The account will be removed from the composite at the beginning of the month in which the significant cash flow occurs and added back to the composite on the first day of the month following the date that the account is fully invested. Composite Fee: The fee schedule for the Composite is as follows: 0.40% for the first \$10 million; 0.35% for the next \$15 million; and 0.25% for the balance over \$25 million. Composite Benchmark: Sage has reviewed the relevant universe of indices and has determined that the Barclays Capital Government/Credit Bond Market Index most closely resembles the Composite managed by Sage. The Barclays Capital Government/Credit Bond Market Index represents securities that are U.S. Treasuries, U.S. Agencies, U.S. investment grade corporates, foreign debentures and secured notes having at least one year to final maturity.