

**BlackRock**<sup>®</sup>

# **Municipal Opportunities Fixed Income SMA**

US WEALTH ADVISORY - SEPARATELY MANAGED ACCOUNTS

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**Investing involves risk.** Certain information contained herein has been obtained from various third party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. Any information expressed herein is historical and subject to change, and is not a guarantee or an indication of future results. The information expressed herein does not constitute an offer to buy or sell any securities or derivative instruments.

# **Introduction to BlackRock**

# Who & how we serve

We collectively support millions of people around the world by working alongside institutions and financial advisors as they contribute to the financial well-being of those who depend on them.

**400+**

**of the world's top insurance companies** utilize our products and services to help enhance the value they deliver to their clients

**130+**

**official institutions** collaborate with us across asset management, risk and advisory to help countries achieve their broader objectives

**\$100M**

**Is being committed by The BlackRock Foundation** to the Breakthrough Energy Catalyst Program\* to accelerate the affordability and availability of clean energy technologies

**31mn**

**Investor accounts in the US** hold iShares® ETFs in their portfolio<sup>1</sup>

**40mn**

**Individuals planning for retirement in US & Canada** have access to our products through their defined contribution plans<sup>2</sup>

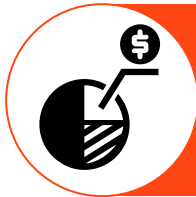
**400+**

**family offices in the US** entrust us to manage assets on their behalf

Source: BlackRock, data as of December 31, 2023 unless otherwise noted. \*For more details: <https://www.blackrock.com/corporate/about-us/social-impact/breakthrough-energy> <sup>1</sup> Number of accounts calculated based on data sourced from Broadridge of accounts holding U.S. listed iShares ETFs (as of November 30, 2022) <sup>2</sup> Represents the estimated number of participants (active and retired) with access to BlackRock investment products through their US DC plan. The 401(k) and 403(b) active plan participant count is sourced from Brightscope (as of December 31, 2020, or plan's latest filed Form 5500). State Government DC Plan participant counts are based on total current state employees (Census Annual Survey) where the state plan is known to hold a BLK product in their DC plan. Local Government DC Plan participants counts are estimated based on total current local government employees (Census Annual Survey), adjusted to align with BlackRock's current AUM market share of the US DC industry. The Federal Government's TSP participant count is sourced from their public November 2021 meeting notes. Retiree participant count is estimated based on the population 65+ (Census quick facts), with access to a DC plan (CRS 2021 Report) that stays in plan (Cerulli "US Retirement End Investor Report 2022), adjusted to align with BlackRock's current AUM market share of the US DC industry.

# **Investment Process**

# What role can fixed income play in a portfolio?



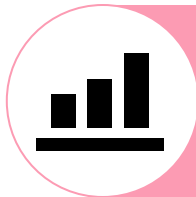
## Diversification

*Negative correlation to traditional equities may help reduce total portfolio volatility*



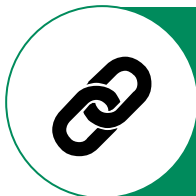
## Income Generation

*Expanding the fixed income toolkit may help increase the yield of a portfolio*



## Capital Appreciation

*Pursue opportunities to be compensated for illiquidity, opacity and/ or complexity*



## Liability Matching

*Outcome oriented approach to tracking plan liabilities while seeking return in a risk-managed framework*



## Capital Preservation

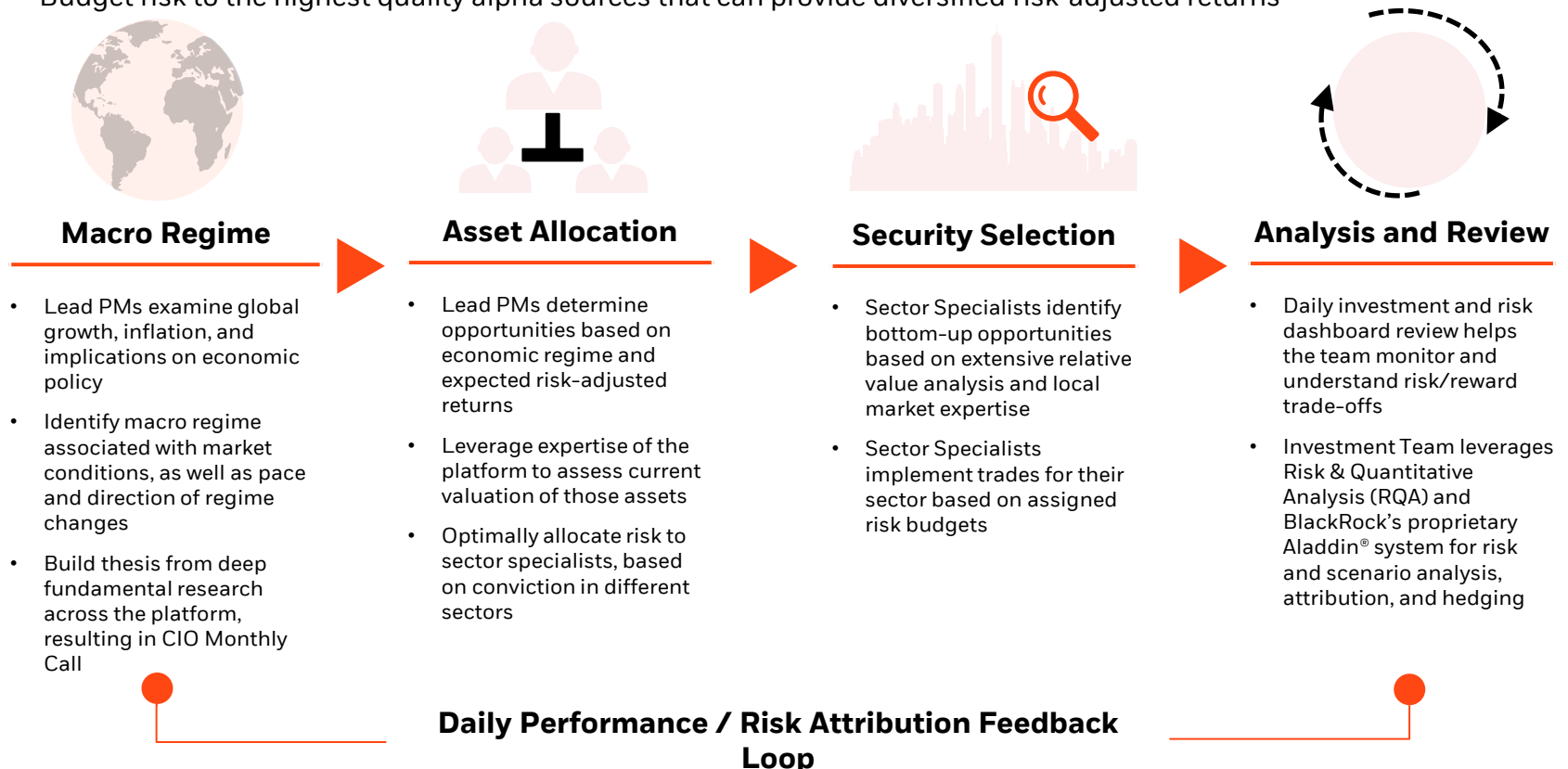
*Seeks to protect principal and manage volatility*

Source: BlackRock. Investment involves risk. Diversification and asset allocation may not fully protect you from market risk.

# Process integrates macro, sector and security selection

Process employs best ideas across BlackRock's global fixed income platform to:

- Integrate macro, sector and security selection insights
- Budget risk to the highest quality alpha sources that can provide diversified risk-adjusted returns



## BlackRock Global Resources

Research • Portfolio Solutions • Trading • Risk & Analytics • Product Strategy • COO

Source: BlackRock. Process subject to change.

# BlackRock is a leader in municipal bond investing

**Global  
Expertise**

**Platform Depth,  
Size  
& Scale**

**Credit Research**

**Risk  
Management  
& Robust  
Technology**

## BlackRock: Your First Call For Municipal Bonds

**\$188 billion in Municipal Assets**

**Open-end Funds \$28 billion**

**Closed-end Funds \$22 billion**

**Customized Solutions \$84 billion**

**Exchange Traded Funds \$54 billion**

**53 Municipal Investment Professionals**

**17 Portfolio Managers\***

**19 Member Credit Research Team**

**7 Traders**

**3 Market Strategists**

**3 Risk and Quantitative Analysts**

**3 Primary Markets Analysts**

**4 Product Strategists**

Source: BlackRock. As of December 31, 2023.

Personnel as of January 9, 2024. \*Includes Peter Hayes, CIO and Head of Municipal Fixed Income and Patrick Haskell, Deputy Head of Municipal Fixed Income.



# BlackRock Municipal Philosophy

## Municipal Investment Philosophy

### Top Down & Bottom Up

- Top down and bottom up flexible risk investment framework
- Short and long-term approach
- Ability to adapt to sudden change while maintaining long-term goals

### Portfolio Construction

- Portfolio techniques allow for more flexibility and diversification
- Liquidity allocation makes best use of tactical opportunities
- Low correlation between strategies and market beta

### Trade Execution

- Tactical target return framework
- Actively manage duration, yield curve, credit and liquidity risk
- Risk-adjusted returns designed to mitigate tail risk scenarios

### Risk Management

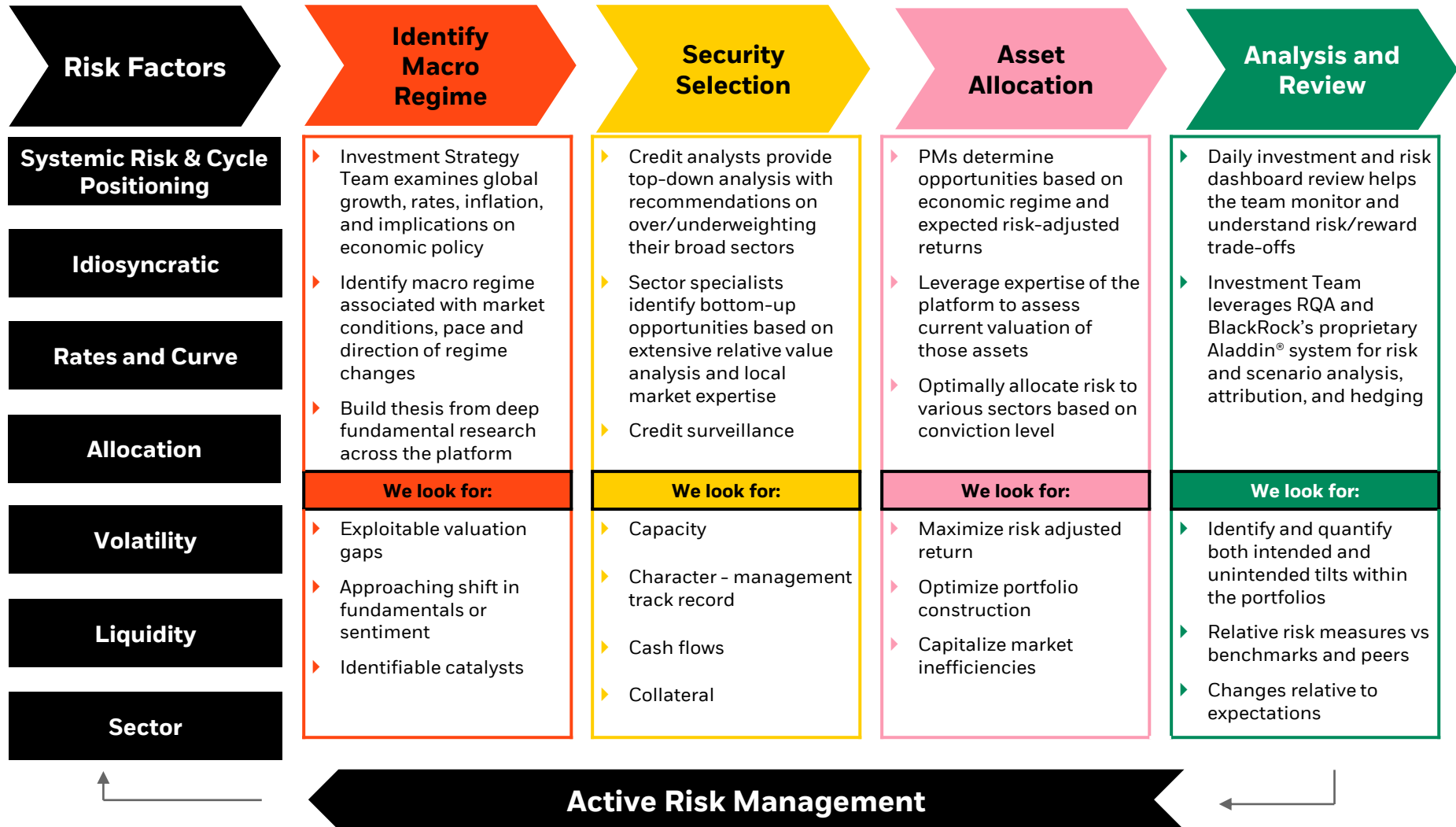
- Investment and risk management expertise drives success
- Stress testing of parametric, liquidity, market and counterparty risk
- Informed investment results

Source: BlackRock. As of December 2023. Subject to Change

# Investment process

## Life cycle of idea generation through portfolio construction

We analyze the risk factors most impactful to credit within a robust valuation framework to identify opportunities

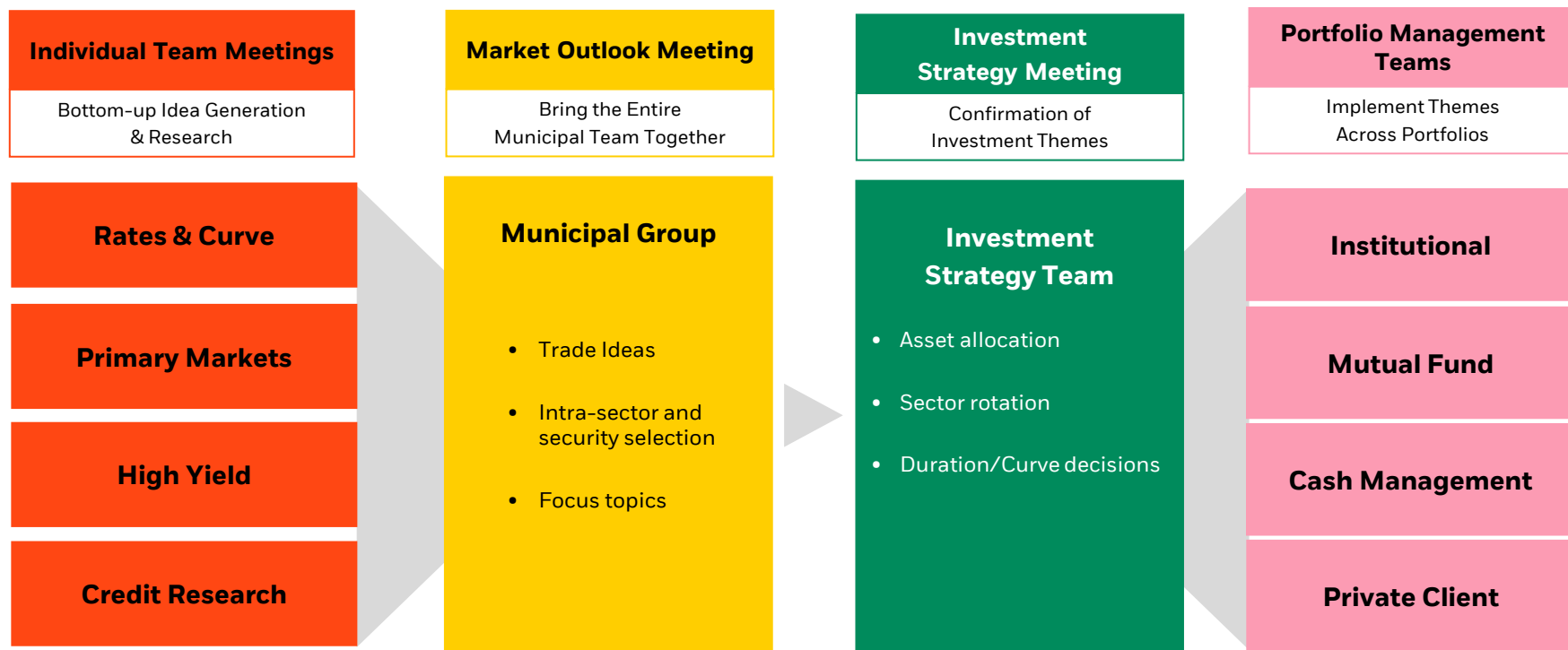


Source: BlackRock. For illustrative purposes only. Subject to change without notice.

# Investment Strategy Team: Setting the overall themes

## Top down investment strategy:

- Overall investment themes come out of committee meeting
- Driven by input from individual teams structured around market drivers



Source: BlackRock, as of December 2023.

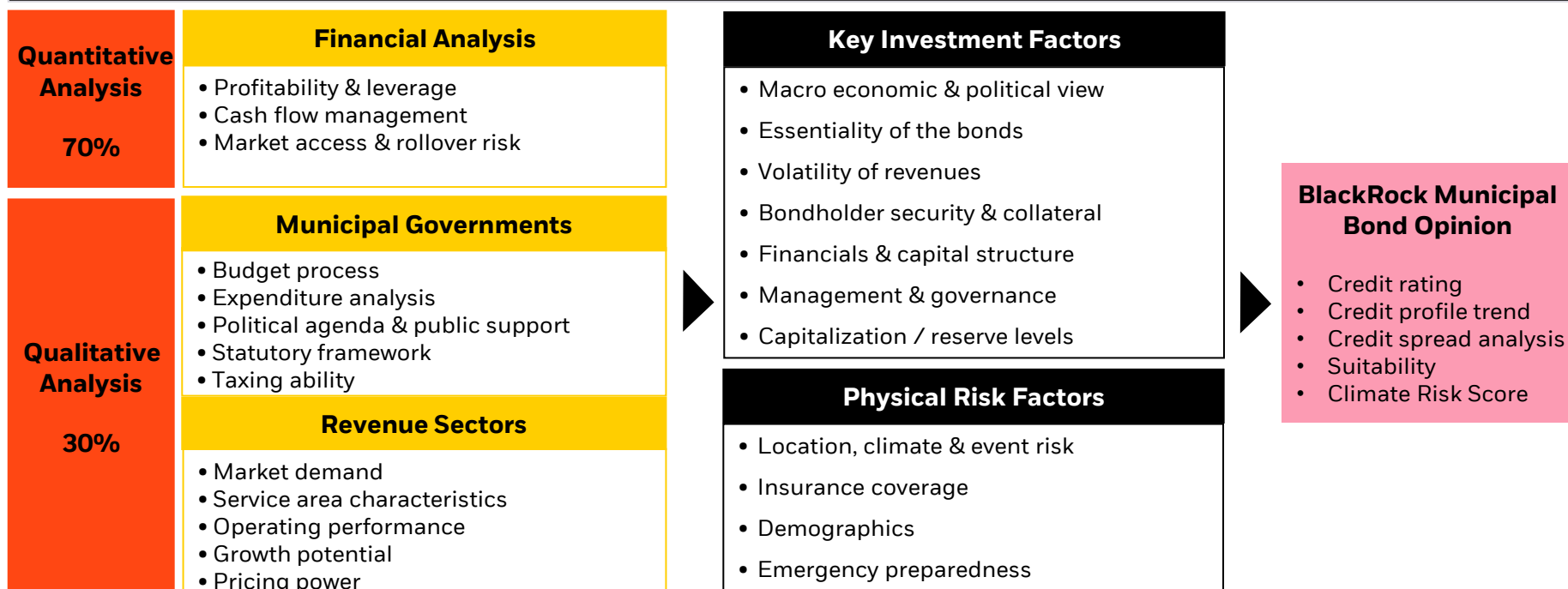
# Fundamental municipal credit analysis process

**Global platform leveraging local expertise** – Credit sector specialists, capital markets resources, and equity research colleagues help drive better insight & idea generation. Leverage relationships with issuers, clients and counterparties to develop a global investment perspective

**Fundamental analysis drives idea generation** – Qualitative and quantitative analysis to identify best investment opportunities

**Superior Technology**– Leveraging big data and visualization tools in the research process to get better information and more accurately analyze credits

## Fundamental Municipal Credit Analysis



**Credit Oversight Committee: Continuously monitors entire book of BlackRock muni holdings**

Source: BlackRock. As of December 31, 2023. For illustrative purposes only. Subject to change without notice.

# Municipal research

## *Continuous monitoring with a disciplined sell process*

### Credit Oversight Committee:

- A leadership body comprised of Head of the Municipal Group, the Head of Municipal Credit Research and four senior analysts, assigned to oversee the Credit Oversight Policies and Process for each portfolio management team
- Committee's goal is to ensure research credit opinions are applied consistently across portfolios and establish policies and responsibilities that will be carried out by COC team members
- Oversight committee regularly meets with portfolio management teams to discuss names on the Credit Oversight Lists and credits with high exposures within portfolios

Credit and Business Oversight	
Institutions	Joe Plonski
Mutual Funds	Karen Hogan
Liquidity	Todd Smith, CFA
Private Client	Jenna Bryan-Krug, CFA
High Yield	Brian Pyhel, CFA

### Credit Oversight Lists:

- Focus List: Credits vulnerable to negative event(s) that could move onto the WATCH List
- Watch List: Credits expected to be seriously impacted by negative event(s)
- Distressed List: Credits in default
- Avoid List: Credits to not be considered for purchase at any valuation, based on fundamentals
- Opportunity List: Credits deemed by Sector lead to benefit from positive credit event(s)
- Tactical List: Credits purchased to capitalize on dislocated market valuations in a limited time horizon

Source: BlackRock. As of December 2023.

# Risk Management: At the heart of the BlackRock Culture

Investment and risk management services are delivered through BlackRock Solutions, the analytical core of the firm

- The municipal investment team includes three dedicated risk management (RQA) professionals
- The RM approach comprises of daily and weekly risk analysis and reporting as well as daily interactions with portfolio management teams
- The objective is to ensure that collectively we are able to identify and quantify both intended and unintended tilts with the portfolios

## BlackRock Risk Management

### Interest Rate Risk

Duration, convexity, spread duration, credit spread duration, key rate analysis

### Liquidity Risk

Seasonality, market flows, specific issue aversion, issuer size, market technicals

### Credit Risk

Leverage, coverage of debt, liquidity of issue, profitability, up/downgrade, default risk

### Tax Risk

Public purpose, essentiality, IRS audit, tax status changes, State vs. Federal Policy

### Political Risk

Elections, political party changes, legislative decisions, austerity measures, legal & regulatory changes

### Event Risk

Litigation, lawsuits, liability, natural disasters, economic stress, corporate downsizing

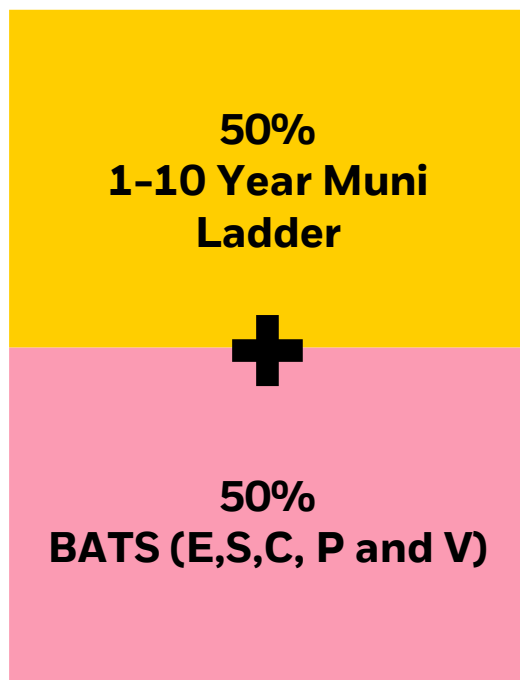
**Goal of consistent returns with fewer surprises**

Source: BlackRock. As of December 2023.

# Municipal Opportunities SMA

Blend the predictability of ladders with the tactical trading advantages of active management.\*

**A well diversified strategy that may be right for you**



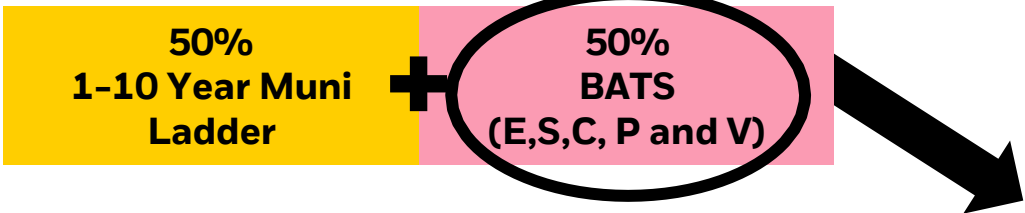
## What is Muni Opps SMA?

- Greater yield vs traditional active and passive Intermediate Municipal solutions
- Active trading (20 – 40% turnover)
- Targets 4 – 6 year duration
- Maximum 50% allocation to BATS
- Tax advantaged income with a minimum 75% allocation to tax-exempt securities (single securities and BATS)
- Tactical tax-aware solution blending the best of BlackRock's thinking

Source: BlackRock \*As with all strategies, there are risks, such as underperformance in a rising rate and municipal spread widening scenario. However, proper and timely use of BATS-V can help insulate the portfolio in a rising rate environment.

# Municipal Opportunities SMA

What makes this SMA Opportunistic?



## The Benefit of BATS

1. Yield
2. Diversification
3. Downside Protection
4. Customization
5. Management Fee Waived

### Municipal BATS Investments

**BATS-E:** Maximize Federal tax-free yield with a secondary goal of total return. Investment grade and non-investment grade municipal bonds are used

**BATS-V:** Stability of NAV. Instruments used include VRDNs, Municipal CP, Municipal Notes, SIFMA FRNs, Put Bonds, Bonds

Min 25% Max 50%

### Non-Municipal BATS Investments

**BATS-S:** Investment grade corporates, MBS, ABS, US Treasuries and agency securities

**BATS-C:** Investment-grade corporate bonds

**BATS-P:** Negative (7yr) duration tool that hedges the portfolio against a rate view

Min 0% Max 25%

Source: BlackRock. NAV = Net Asset Value (the price of the fund); VRDNs = Variable Rate Demand Notes; Municipal CP = Municipal Commercial Paper; SIFMA FRNs = Security Industry and Financial Market Association (name of index) Floating Rate Notes; Put Bonds = A bond that allows the bondholder to force the issuer to repurchase the security at specified dates before maturity. The repurchase price is set at the time of issue and is usually at par value.



# Municipal Opportunities SMA

## BlackRock Allocation Target Shares (BATS) Guide

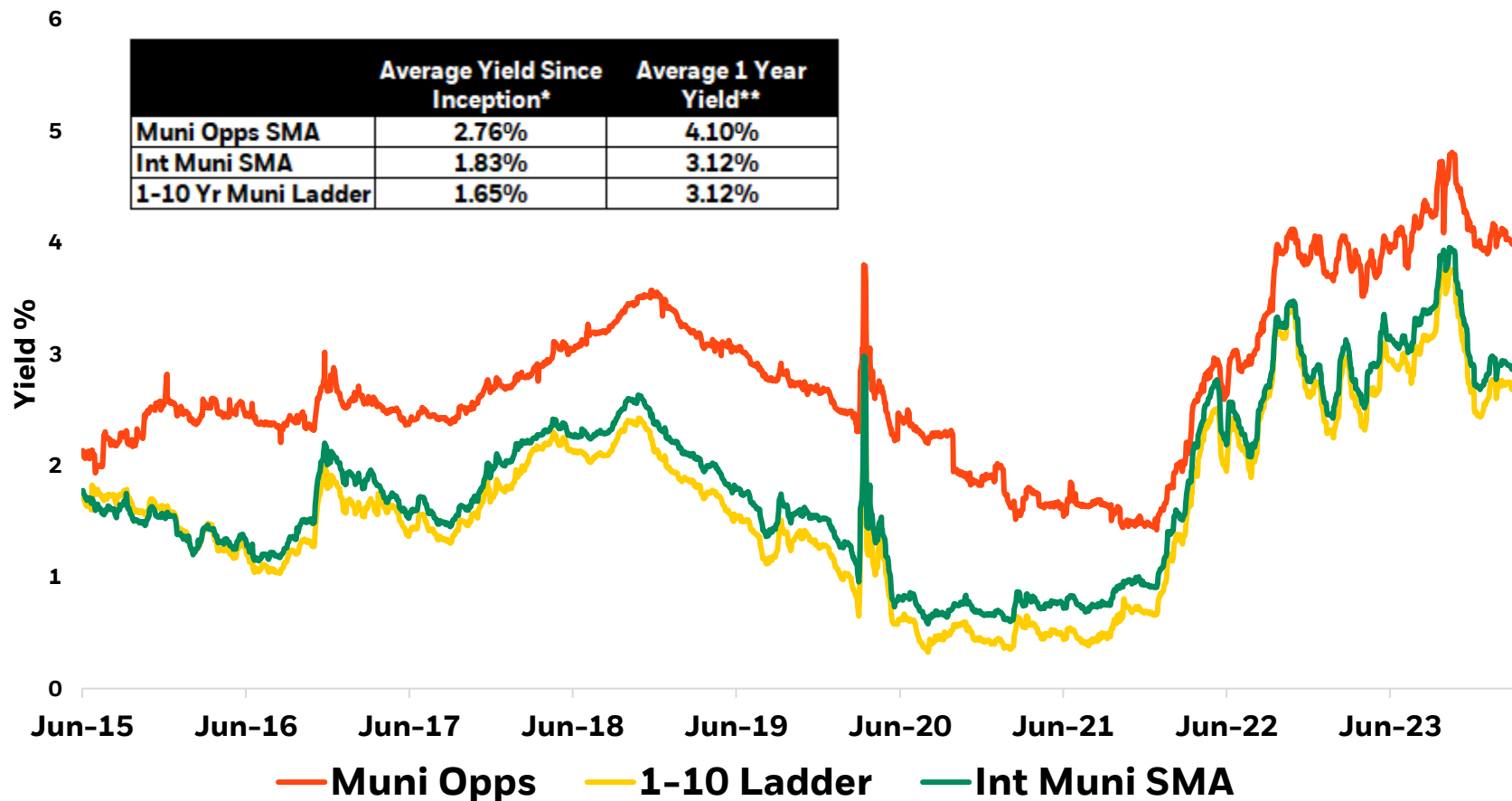
BATS Strategy	Seeks to:	Primarily Invest in:
<b>BATS-E (BATEX)</b> Benchmark: 65% Bloomberg Municipal Bond Index Total Return Index Value Unhedged and 35% Bloomberg Municipal Bond: High Yield (non-Investment Grade) Total Return Index	Maximize Federal tax-free yield with a secondary goal of total return. Investment grade and non-investment grade municipal bonds are used.	Investment grade and non-investment grade municipal bonds.
<b>BATS-V*</b> Benchmark: Municipal Swap Index (SIFMA) - Weekly	Stability of NAV. Instruments used include VRDNs, Municipal CP, Municipal Notes, SIFMA FRNs, Put Bonds, Bonds.	VRDNs, Municipal CP, Municipal Notes, SIFMA FRNs, Put Bonds, Bonds.
<b>BATS-S (BRASX)</b> Benchmark: BofA Merrill Lynch 1-3 Year Treasury Index	Maximize total return, consistent with income generation and prudent investment management.	Investment grade corporate bonds, commercial and residential MBS, ABS, and US Treasury and agency securities.
<b>BATS-C (BRACX)</b> Benchmark: BBG Barclays US Credit Index	Maximize total return, consistent with income generation and prudent investment management.	Investment grade corporate bonds.
<b>BATS-P (BATPX)</b> Benchmark: Inverse of BBG Barclays US Treasury 7-10 Year Index	Provide a duration and return through a negative (7yr) duration tool that hedges the portfolio against a rate view.	Hedging Instruments, Short-term Fixed Income instruments, and cash and cash equivalents.

Source: BlackRock as of 12/31/2023.

\*Please note this product is not yet approved on all platforms for investment.

# Municipal Opportunities SMA

## Yield history and advantage over traditional portfolios



Source: BlackRock.

\*Since the inception of the Municipal Opportunities SMA in June of 2015

\*\*Average 1 Year Yield is representative of performance from 2023 - 2024

# **Investment Team**

# Investment Team – Municipal Fixed Income

## Patrick S. Gorman

### Managing Director and Portfolio Manager

Patrick S. Gorman is Chief Investment Officer of the Customized Municipal Solutions team, which encompasses the Municipal Private Client Team, within the Municipal Fixed Income business in BlackRock's Portfolio Management Group. Mr. Gorman also serves as Head Portfolio Manager on all Municipal Private Client strategies. He is a member of BlackRock's Municipal Bond Operating Committee, which oversees all municipal bond portfolio management, research and trading activities.

Mr. Gorman's service with the firm dates back to 2005, including his years' with Merrill Lynch Investment Managers (MLIM), which merged with BlackRock in 2006. At MLIM, he was a tax-exempt trader on the Private Client desk. Prior to joining MLIM in 2005, Mr. Gorman was senior manager at Interactive Data Corporation, where he was in the municipal bond department.

Mr. Gorman earned a BS degree in finance from Ithaca College.

## Sean Carney

### Managing Director

Sean Carney, Managing Director, is Chief Investment Officer (CIO) of Municipal Bond Funds and Head of the Municipal Strategy team within BlackRock's Municipal Fixed Income business in BlackRock's Portfolio Management Group (PMG). He is also a member of the firm's Investment Strategy Team, a five-member committee tasked with setting the strategic direction of BlackRock's taxable and tax-exempt product suite and a member of the Municipal Bond Operating Committee responsible for setting the overall direction of the Municipal Bond Business.

Mr. Carney has 20 plus years of experience in the industry, having joined BlackRock in 2007 as a municipal bond trader on the Private Investor (SMA) platform and previously working as a municipal bond broker at Chapdelaine & Co. in New York City. During his tenure at BlackRock he was instrumental in building out the Municipal Strategy platform as well as the Primary Markets Group.

In his current role as CIO of Municipal Bond Funds and Head of Municipal Strategist, Mr. Carney monitors market developments on a daily basis and offers analysis and interpretation of technical and fundamental developments for BlackRock's broader municipal bond organization. He is a frequent commentator on the market and is a lead author of the firm's monthly municipal market review and outlook.

In seven out of the past eight years Mr. Carney received recognition as the industry's top buy-side Municipal Strategist by Smith's Research and Grading covering over 80 buy-side and sell-side firms polling more than 1,000 institutional investors.

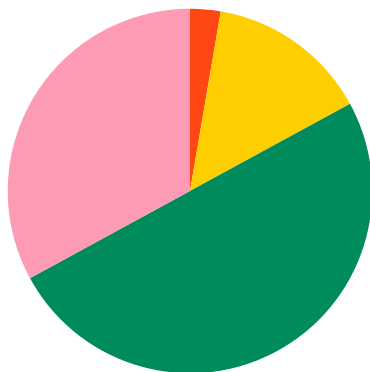
Mr. Carney holds a bachelor's degree from Moravian University and served six years as an infantryman in the U.S. Army National Guard.

# **Target Portfolio Details**

# Municipal Opportunities Fixed Income SMA

\*Supplemental Information - As of 03/31/2024

## Credit Quality Breakdown



Credit Quality Breakdown	%
Cash and/or Derivatives	1.9%
AAA Rated	14.6%
AA Rated	48.4%
A Rated	35.0%

## Allocation (%)

### Top Sectors (% Weight)

Other	49.0%
State Tax-Backed	24.5%
Utility	14.9%
School Districts	4.9%
Education	4.8%
Cash and Derivatives	1.9%

Strategy Inception	Benchmark
6/30/2015	Bloomberg Barclays Managed Money Muni 1-10 Index

Past Performance is not indicative of future results.

\*The above information is supplemental to the composite disclosure slide located in the appendix. **Investing involves risk.** Model portfolio information reflects the current strategy of a fully discretionary, unconstrained account and is not the result of actual trading. Actual portfolios may differ as a result of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations. It is not possible to invest directly in an index. Performance data is reflective of the SMA's composite. Please see **Important Notes** at the end of the presentation for additional disclosure and information.

# Municipal Opportunities Fixed Income SMA

\*Supplemental Information - As of 03/31/2024

Quarterly Composite Performance (% Returns)			
Not annualized for less than one year			
	Composite (Net)	Composite (Gross)	Benchmark <sup>1</sup>
YTD	-0.67	0.09	-0.90
3/31/2024	-0.67	0.09	-0.90
12/31/2023	5.55	6.36	6.50
9/30/2023	-3.14	-2.40	-2.98
6/30/2023	-1.19	-0.43	-1.08

Average Annual Total Composite Returns (%)			
	Composite (Net)	Composite (Gross)	Benchmark <sup>1</sup>
1 Year	0.34	3.44	1.29
3 Year	-2.16	0.41	-0.48
5 Year	-0.15	1.93	1.14
10 Year			
Since Inception <sup>2</sup>	0.88	2.63	1.69

Historical Composite Performance (% Yearly Total Return)			
	Composite (Net)	Composite (Gross)	Benchmark <sup>1</sup>
2023	1.94	5.10	4.48
2022	-8.57	-5.74	-5.43
2021	2.02	3.31	-0.17
2020	1.70	2.98	4.79
2019	5.60	6.94	5.78
2018	-0.08	1.18	1.43
2017	3.79	5.10	3.46
2016	0.27	1.54	-0.53

Model Portfolio Characteristics		
	Portfolio	Benchmark <sup>1</sup>
Effective Duration	4.5 years	4.5 years
Average Maturity	8 years	5.5 years
Average Yield to Maturity	4.12%	2.87%

Strategy Inception <sup>2</sup>	Benchmark <sup>1</sup>
6/30/2015	Bloomberg Barclays Managed Money Muni 1-10 Index

Net composite returns are calculated by deducting the highest applicable model wrap fee (3% on an annual basis, or 0.75% quarterly, and prior to 1/1/2022 .9% on an annual basis, or 0.225% quarterly).

Past Performance is not indicative of future results.

\*The above information is supplemental to the composite disclosure slide located in the appendix. Investing involves risk. Model portfolio information reflects the current strategy of a fully discretionary, unconstrained account and is not the result of actual trading. Actual portfolios may differ as a result of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations. It is not possible to invest directly in an index. Performance data is reflective of the SMA's composite. Please see **Important Notes** at the end of the presentation for additional disclosure and information.

# Important Notes

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# Historical Data: BlackRock Municipal Opportunities SMA Composite

Calendar Year	Pure Gross of Fee Composite Return (%)	Net of Fee Composite Return (%)	Benchmark Return (%) <sup>1</sup>	Number of Portfolios	Composite Dispersion (%) <sup>1</sup>	Composite 3-Year Annualized Standard Deviation (%) <sup>1</sup>	Benchmark 3-Year Annualized Standard Deviation (%) <sup>1</sup>	Total Assets at End of Period (US\$m)	Total Firm Assets (USD mm) <sup>1</sup>
06/30/2015 – 12/31/2015	3.04	2.59	2.47	1	NM	NA	NA	0.250	<1
2016	1.54	0.62	-0.53	3	0.02	N/A	N/A	0.780	<1
2017	5.10	4.16	3.46	4	0.17	N/A	N/A	1.00	<1
2018	1.18	0.27	1.43	5	0.04	2.64	3.03	1.640	<1
2019	6.94	5.60	5.78	6	0.06	1.71	2.23	2.530	<1
2020	2.98	1.69	4.79	5	0.18	5.09	3.00	2.910	8,333,896
2021	3.31	2.02	-0.16	37	0.06	5.09	3.00	60.770	9,663,234
2022	-5.74	-8.56	-5.43	133	0.11	6.34	5.02	158.662	8,296,032
2023	5.09	1.94	4.47	161	0.27	5.47	5.97	127.9	9,600,706

Supplemental Data			
Period ending 12/31/2023	Gross of fee composite annualized return (%)	Net of fee composite annualized return (%)	Benchmark annualized return (%)
1 Year	5.09	1.94	4.47
5 Year	2.42	0.42	1.80
10 Year	N/A	N/A	N/A
Since inception (06/30/2015)	2.69	0.99	1.85

Past Performance is not indicative of future results.

Benchmark performance returns do not reflect any management fees, transaction costs or expenses. Benchmarks are unmanaged and one cannot invest directly in a benchmark.

Please see the following page(s) for important disclosures related to this composite.

Data shown may be subject to revisions from time to time based on availability of new information. Any such revisions are not material.

The three-year annualized standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period

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# Historical Data: BlackRock Municipal Opportunities SMA Composite (Cont'd)

## Notes:

For purposes of compliance with the Global Investment Performance Standards (GIPS®), the "firm" refers to the investment adviser and national trust bank subsidiaries of BlackRock, Inc., located globally. This definition excludes: i) BlackRock subsidiaries that do not provide investment advisory or management services, ii) the Absolute Return Strategies (funds-of-hedge-funds) business and Private Markets units under the "Multi Alts Solutions" platform, iii) BlackRock Capital Investment Corporation, LLC, iv) Retail mutual funds and separately managed accounts within BlackRock México Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversión. v) Aperio Group, LLC. and vi) BlackRock's illiquid alternatives businesses. BlackRock's illiquid alternatives businesses (including private equity, private debt, infrastructure and physical real estate) have been excluded from the firm definition as of 1 Jan 2023. These exclusions have been made on the basis of an ongoing business realignment at BlackRock that more clearly reflects the differentiated product offerings in private market illiquid product space versus the more traditional public market liquid active/index product space. Further information regarding this update is available upon request.

BlackRock claims compliance with the GIPS standards and has prepared and presented this report in compliance with the GIPS standards. BlackRock has been independently verified for the periods 1 January 1993 through 31 December 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The firm is verified annually by Deloitte & Touche LLP.

Portfolio returns are calculated monthly, using the Modified Dietz method. Trade date accounting has been used since the inception of the composite. The returns are expressed in US dollars and are asset-weighted since inception.

The benchmark index shown is the Barclays Managed Money Muni 1–10 Year.

Composite dispersion measures represent the consistency of a firm's composite performance results with respect to the individual portfolio returns within a composite. Composite dispersion is the square root of the sum of monthly variances of portfolio returns around the composite returns. The monthly variance is the sum of the asset-weighted squared differences between the individual portfolio returns and the composite returns. Only portfolios that have been included in the composite style for a full month are accounted for in the dispersion calculation. For composites containing only one account, a measure of dispersion is not meaningful (NM).

As of 12/31/2021, total firm assets are now presented for all periods presented. Previously, for annual periods through 12/31/2019, composite assets were presented as a percentage of total firm assets.

There have been no alterations of the composite due to changes in personnel or other reasons.

Pure gross of fee performance results are presented as supplemental information and presented before management, custodial fees, broker fees and transaction costs, but net of withholding taxes (if applicable). The wrap fee covers the firm's management services and transaction costs. Net composite returns are calculated by deducting the highest applicable model wrap fee (3% on an annual basis, or 0.75% quarterly, and prior to 1/1/2022 .90% on an annual basis, or 0.225% quarterly).

Lists of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

BlackRock Municipal Opportunities SMA Composite: This investment strategy seeks to maximize after-tax income with the secondary goal of total return. It generally invests in investment grade municipal securities. It also may invest in a combination of fee-waived mutual funds, which can invest in a wide variety of fixed income securities including, non-investment grade municipal securities, government securities, investment grade corporate bonds, and asset-backed and mortgage-backed securities. The portfolio is expected to have a duration range between two to six years. An investor selecting this strategy may risk some loss of principal. The principal risks of the strategy are credit risk, liquidity risk, counterparty risk. More detailed information on this strategy is available upon request.

The performance results from November 1, 2016 to the end of the most recent calendar year represents the composite of all fully discretionary, unconstrained Separately Managed Account (SMA) program accounts, including one proprietary separate account that did not pay any fees (the "proprietary account"), managed in this style by the firm for at least one month. The results from July 1, 2015–October 31, 2016 represent the performance of the proprietary account.

The creation date of the composite is 10/13/2015. New accounts and accounts that have changed their investment mandate to that of the composite are included in the composite upon the completion of the second full month under management. Closed accounts and accounts that change their investment mandate are included in the composite through the completion of the last full month under management or the last full month under the old strategy. The inception date of the composite is 06/30/2015.

U-MUNOPP

# Important Notes

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# Important Notes

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## Definitions:

**Standard deviation** is a statistical measure that depicts how widely the returns of an investment varied over a certain period of time. Investors can use the standard deviation of historical performance to try to predict the range of returns that may occur for a particular investment. A higher standard deviation indicates greater volatility or a wider range of returns.

**Beta** is a historical measure of the degree of change in value in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one generally exhibits more volatility than its benchmark index, and a portfolio with a beta of less than one generally exhibits less volatility than its benchmark index.

**Alpha** measures the difference between a portfolio’s actual returns and its expected performance, given its beta and the actual returns of the benchmark index. Alpha is often described as a measurement of the value added or subtracted by a portfolio’s manager.

**Up-market capture ratio** is a measure of manager’s performance in up markets relative to the market itself. The higher the manager’s up-market capture ratio, the better the manager capitalized on a rising market. In this presentation, quarterly data is used.

**Down-market capture ratio** is a measure of manager’s performance in down markets relative to the market itself. The lower the manager’s down-market capture ratio, the better the manager protected capital during a market decline. In this presentation, quarterly data is used.

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