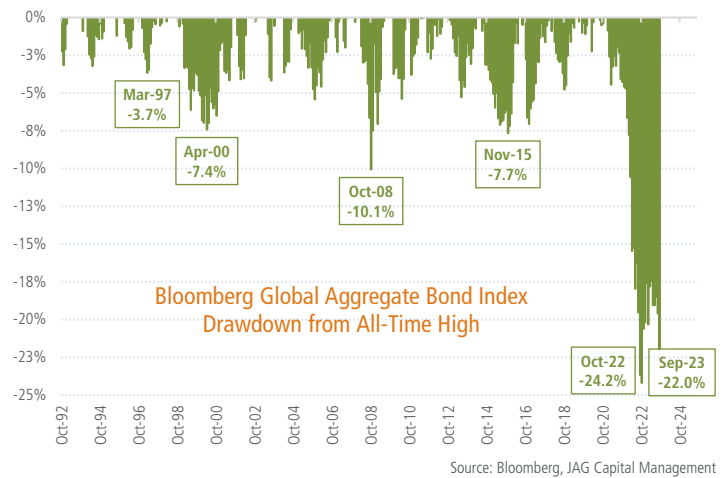
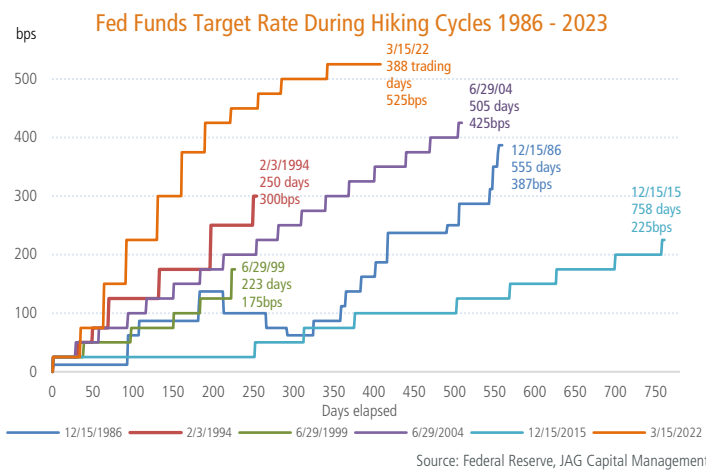


## Fixing Your Fixed Income Allocation: Back to Basics

Total reading time = 5 minutes

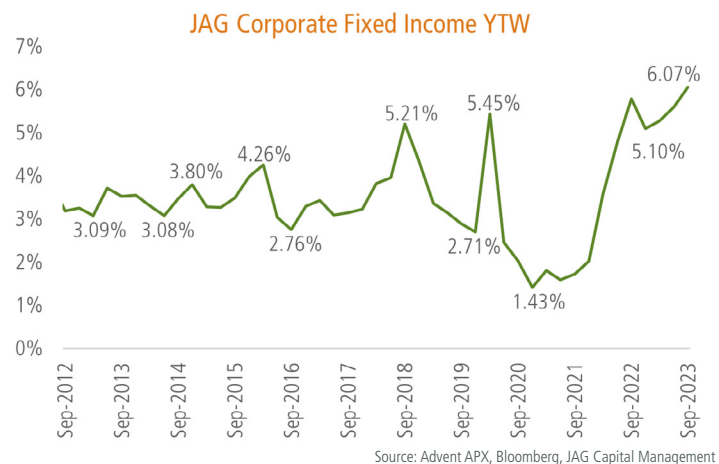
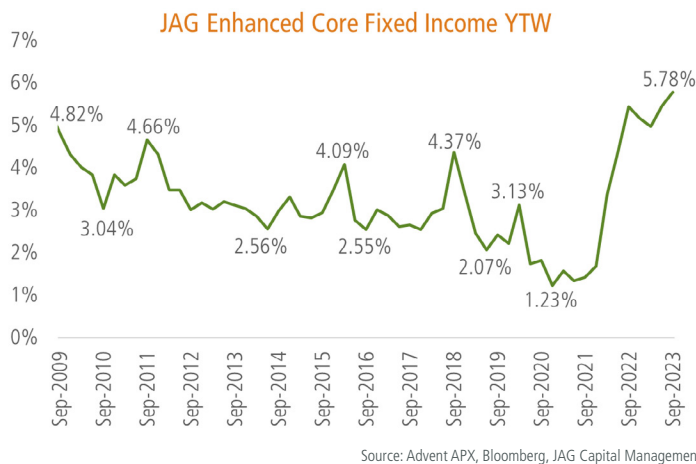
### Background

Capital markets have been put through the wringer since the Fed started their rate hike cycle, resulting in many fixed income portfolios failing to achieve their stabilizing role in investors' asset allocations. The Fed, by its own admission, was late recognizing the severity and persistence of inflation. Behind the curve, but determined to catch up, they have embarked on the fastest and steepest series of rate hikes in modern history. Consequently, fixed income markets suffered their worst performance in over 100 years last year, with the Bloomberg Global Aggregate Bond Index plummeting more than 24% from its all-time high. Despite the anguish these rate hikes have inflicted on fixed income investors, we believe this historic bear market creates the greatest opportunity for total return in bonds since the Great Recession.



### Opportunity Knocks for Bonds

After more than a decade of extraordinarily low yields, the compensation offered to investors to lend their capital to corporations and governments in the bond market has again reached appealing levels. Yields in our flagship fixed income strategies, Enhanced Core Fixed Income and Corporate Fixed Income, have both touched all-time highs.



Past performance is not indicative of future results.

## Simple, Straightforward, and Easy to Explain: JAG's Approach to Fixed Income Investing

"If you can't explain it simply, you don't understand it well enough."

- Albert Einstein

We believe fixed income should offer consistent and attractive cash flows with lower volatility than publicly traded equities. With decades of experience managing credit focused, issue specific, low to intermediate duration taxable bond strategies for institutions, intermediaries, and individuals, JAG is well positioned to help our clients capitalize on the opportunity that has developed for fixed income investors. Our targeted duration structure and laddered-maturity approach have historically provided relatively low sensitivity to interest rate fluctuations. Our decisions to avoid leverage, convoluted derivatives, and esoteric structured products have delivered a reliable, easy to understand portfolio. Against the current unsettled and chaotic market backdrop, we believe our proven and intentionally simple philosophy is particularly attractive.

### Highlights of our Corporate and Enhanced Core Fixed Income strategies include:

**A Short List of Ingredients.** We build focused portfolios from the bottom up with 35 to 50 individual bond positions and no currency bets, derivatives, structured securities, or private instruments.

**Consistently Low to Intermediate Duration.** We believe bonds should provide relatively low volatility and consistent cash flows over a full market cycle. Accordingly, we employ laddered maturity portfolios and avoid making interest rate or yield curve bets. This disciplined approach serves to mitigate interest rate risk, especially in rising rate environments.

**Corporate Credit and High Yield Exposure.** Our corporate strategy and overweight to corporates (ECFI), with up to 15% in high yield positions, provide a yield premium that cushions the effect of rising rates without introducing excess interest rate risk.

**Customizable.** Subject to request and approval, JAG can customize portfolio duration and credit rating and can accommodate SRI and ESG restrictions.

## Protective Strategies for Rising Rate Environments

### CFI Performance When 10 Year Treasury Yields Rise by 25% or More Monthly Data - Inception - Sep-2023

| Beg Date | End Date | BegYld | End Yld | ChgInYld | PctChgInYld                                | #ofMos | CFI Gross | CFI Net  | BIC      |
|----------|----------|--------|---------|----------|--|--------|-----------|----------|----------|
| Mar-09   | Dec-09   | 2.71   | 3.85    | 1.14     | 42.07%                                     | 9      | 20.5%     | 19.5%    | 18.6%    |
| Aug-10   | Mar-11   | 2.47   | 3.47    | 1.00     | 40.49%                                     | 7      | 1.0%      | 0.3%     | 0.9%     |
| Jul-12   | Dec-13   | 1.51   | 3.04    | 1.53     | 101.32%                                    | 17     | 5.7%      | 3.8%     | 2.5%     |
| Jan-15   | Jun-15   | 1.68   | 2.35    | 0.67     | 39.88%                                     | 5      | -0.3%     | -0.8%    | -1.1%    |
| Jul-16   | Oct-18   | 1.46   | 3.15    | 1.69     | 115.75%                                    | 27     | 2.2%      | -0.7%    | 0.9%     |
| Aug-19   | Dec-19   | 1.50   | 1.92    | 0.42     | 28.00%                                     | 4      | 1.2%      | 0.8%     | 0.9%     |
| Jul-20   | Mar-21   | 0.55   | 1.74    | 1.19     | 216.36%                                    | 8      | 1.6%      | 0.7%     | -0.6%    |
| Jul-21   | Sep-23   | 1.24   | 4.59    | 3.35     | 270.16%                                    | 26     | -5.5%     | -8.1%    | -9.3%    |
|          |          |        |         |          | <b>Total Months/<br/>Growth of \$1,000</b> | 103    | 1,272.85  | 1,143.76 | 1,112.96 |
|          |          |        |         |          | <b>Years/Annualized</b>                    | 8.58   | 2.9%      | 1.6%     | 1.3%     |
|          |          |        |         |          | <b>Average</b>                             |        | 3.3%      | 1.9%     | 1.6%     |

Past performance is not indicative of future results.

## Protective Strategies for Rising Rate Environments

### ECFI Performance When 10 Year Treasury Yields Rise by 21% or More Monthly Data - Inception - ECFI - Sept - 2023

| Beg Date                                   | End Date | BegYld | End Yld | ChgInYld | PctChgInYld | #ofMos | ECFI Gross | ECFI Net | BIGC   |
|--|----------|--------|---------|----------|-------------|--------|------------|----------|--------|
| Sep-98                                     | Jan-00   | 4.44   | 6.68    | 2.24     | 50.45%      | 16     | 5.8%       | 5.4%     | 0.3%   |
| Oct-01                                     | Mar-02   | 4.30   | 5.42    | 1.12     | 26.05%      | 5      | 0.1%       | -0.1%    | -1.8%  |
| May-03                                     | Jun-06   | 3.37   | 5.15    | 1.78     | 52.82%      | 37     | 10.1%      | 8.3%     | 4.4%   |
| Dec-08                                     | Dec-09   | 2.25   | 3.85    | 1.60     | 71.11%      | 12     | 16.6%      | 15.5%    | 5.3%   |
| Aug-10                                     | Mar-11   | 2.47   | 3.47    | 1.00     | 40.49%      | 7      | 1.9%       | 1.1%     | -0.6%  |
| Jan-12                                     | Mar-12   | 1.83   | 2.23    | 0.40     | 21.86%      | 2      | 0.1%       | -0.1%    | -0.4%  |
| Jul-12                                     | Dec-13   | 1.51   | 3.04    | 1.53     | 101.32%     | 17     | 3.4%       | 1.5%     | -0.1%  |
| Jan-15                                     | Jun-15   | 1.68   | 2.35    | 0.67     | 39.88%      | 5      | -0.3%      | -0.9%    | -0.8%  |
| Jul-16                                     | Oct-18   | 1.46   | 3.15    | 1.69     | 115.75%     | 27     | 0.5%       | -1.8%    | -1.0%  |
| Aug-19                                     | Dec-19   | 1.50   | 1.92    | 0.42     | 28.00%      | 4      | 1.0%       | 0.6%     | 0.0%   |
| Jul-20                                     | Mar-21   | 0.55   | 1.74    | 1.19     | 216.36%     | 8      | 0.9%       | 0.0%     | -1.5%  |
| Jul-21                                     | Sep-23   | 1.24   | 4.59    | 3.35     | 270.16%     | 26     | -6.6%      | -9.0%    | -8.8%  |
| <b>Total Months/<br/>Growth of \$1,000</b> |          |        |         |          |             | 166    | 1,377.72   | 1,203.25 | 943.52 |
| <b>Years/Annualized</b>                    |          |        |         |          |             | 13.83  | 2.3%       | 1.3%     | -0.4%  |
| <b>Average</b>                             |          |        |         |          |             |        | 2.9%       | 1.7%     | -0.4%  |

### CFI Composite Returns<sup>1</sup>

|                    | Q3<br>2023 | YTD  | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | Since<br>Inc.* |
|--------------------|------------|------|-----------|------------|------------|-------------|----------------|
| JAG CFI Pure Gross | -0.1%      | 2.1% | 4.8%      | -0.8%      | 2.3%       | 2.5%        | 4.7%           |
| JAG CFI Net        | -0.4%      | 1.2% | 3.5%      | -2.1%      | 1.0%       | 1.2%        | 3.4%           |
| BIC                | -1.0%      | 1.4% | 4.1%      | -2.6%      | 1.6%       | 2.1%        | 4.2%           |

\*Inception date - 3/31/09

### ECFI Composite Returns<sup>1</sup>

|                     | Q3<br>2023 | YTD  | 1<br>Year | 3<br>Years | 5<br>Years | 10<br>Years | Since<br>Inc.* |
|---------------------|------------|------|-----------|------------|------------|-------------|----------------|
| JAG ECFI Pure Gross | 0.3%       | 2.2% | 4.2%      | -1.3%      | 1.8%       | 2.0%        | 4.7%           |
| JAG ECFI Net        | -0.0%      | 1.3% | 3.1%      | -2.5%      | 0.5%       | 0.7%        | 3.7%           |
| BIGC                | -0.8%      | 0.7% | 2.2%      | -2.9%      | 1.0%       | 1.3%        | 3.7%           |

\*Inception date - 3/31/98

<sup>1</sup>Composite returns are as of 9/30/23. Periods greater than one year have been annualized. Returns are presented gross and net of management fees and include the reinvestment of all income. Pure gross returns are shown as supplemental information, as bundled/wrap fee accounts are presented gross of all fees and transaction costs. Net of fee performance was calculated using the highest applicable annual wrap fee during the applicable performance period, applied monthly. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. **Past performance is not indicative of future results.**

## Fixed Income Investment Team



**Norm Conley**  
CEO & Chief Investment Officer  
29 Years Experience



**Alan Vogt**  
Managing Director of  
Fixed Income  
54 Years Experience



**David Kingston**  
Director of Fixed Income  
23 Years Experience



**Charles O'Rourke, CFA®**  
Fixed Income Analyst  
6 Years Experience

## Disclosures

JAG Capital Management, LLC is a Missouri company and a wholly owned subsidiary of J.A. Glynn & Co., registered (not implying a certain level of skill or training) as an Investment Adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. JAG Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). 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. Returns are presented gross and net of fees and include the reinvestment of all income. A GIPS® Report and/or a full list of composite descriptions can be obtained from Kate Hurt at khurt@jagcapm.com or 314.447.2510.

The Corporate Fixed Income Composite is comprised of intermediate-maturity corporate bond securities with average S&P rating typically of BBB. This composite was created in March 2009. The index comparison is appropriate for the following reason: the Bloomberg Intermediate Corporate Bond Index is an unmanaged index that covers USD-denominated, investment-grade, fixed rate, taxable securities sold by industrial, utility, and financial issuers. It includes publicly issued US corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements with maturity of greater than or equal to 1 year and less than 10 years. Performance is reported in US Dollars. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The Enhanced Core Fixed Income Composite is comprised of intermediate-maturity corporate bond fixed income securities with average S&P rating typically of single A. This composite was created in March 2001. The index comparison is appropriate for the following reason: the Bloomberg Intermediate Govt/Credit Bond Index is an unmanaged index that covers US Domestic, taxable, and dollar. The index covers the US Intermediate (maturity from 1 year up to (but not including) 10 years) investment grade fixed rate bond market, with index components for government and corporate securities. Performance is reported in US Dollars. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

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**A Veteran Owned Business (VOB)** is a business owned, (51% ownership or greater) by a Veteran who has met the definition of a veteran. The following represents the criteria that the National Veteran Business Development Council (NVBDC) uses in determining ownership:

**Ownership:** Fifty-one percent ownership by a Veteran or Veterans. The applicant must share in all risk and profits commensurate with their ownership interest.

**Control and Management:** Proof of active management and policies of the business. Veteran must possess the power to direct or cause to direct the management and policies of the business.

**Contribution of Expertise and Capital:** Contribution of capital and/or expertise by Veteran owner(s) to acquire their ownership interest shall be real and substantial and be in proportion of the interest acquired.

**Independence:** The Veteran owner(s) shall have the ability to perform in their area of specialty/expertise without substantial reliance on non-Veteran-owned businesses.

## About JAG

JAG Capital Management (JAG) actively invests for institutions and individuals in highly selective, customizable, and nimble equity and fixed income strategies. JAG is a boutique, independent, employee-owned investment management firm with offices in St. Louis and Chicago.



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