

## TACTICAL INCOME SOLUTION UPDATES

December 18, 2023

Thank you for your continued trust and confidence. We would like to inform you that we have made some changes to the Tactical Income Solution portfolio last week.

We've increased our Fixed Income effective duration exposure from 4.5 years to 7.2 years. The higher duration change reflects our expectations of peak nominal interest rates coinciding with a weakening economy. We accomplished this duration extension primarily by shifting our short duration bonds, tickers LLDYX (or similar) and DHEIX, to longer-dated bonds, ticker SPTL. Despite the recent narrowing of credit spreads, we are still favoring higher quality over low quality bonds in today's environment.

We have also decided to retain our balanced, 50/50 allocation, split between Equities and Fixed Income given our neutral stance towards both asset classes today. Our investment committee considered adding additional exposure towards Fixed Income, but decided against it given the balanced risk/reward backdrop. Should economic conditions change as we navigate through 2024, we will proactively alter our positioning to better protect against the downside, maximize current income, and leave ample room for additional upside capture.

You nor your clients need to act at this time.

If you have any questions, please don't hesitate to reach out to us. Thank you for your continued trust and confidence.

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