

# First Eagle Core Municipal SMA

## Investment Objective

Seeks to provide current income exempt from regular federal income taxes. Capital appreciation is a secondary objective when consistent with the strategy's primary objective.

## Strategy Highlights

- Attractive federally tax-free income
- Investment grade portfolio
- Intermediate duration strategy that attempts to balance income and capital appreciation with interest rate sensitivity
- Diversified portfolio by sector, credit, maturities, and position size
- Access to the municipal investment expertise of First Eagle

## Portfolio Manager

John Miller, CFA

David Blair, CFA

## Portfolio Characteristics

<b>Vehicle Structure</b>	SMA
<b>Income Distributions</b>	Regular
<b>Credit Profile</b>	100% Investment Grade
<b>Duration Profile</b>	Target duration between 4 and 6.5 years
<b>Benchmark</b>	S&P Municipal Bond Investment Grade Intermediate Index

The above are not investment guidelines or restrictions and are subject to change without notice.

## Investment Process

### Bottom-Up Fundamental Analysis

Team to screen for issuers that meet the investment team's fundamental tests of creditworthiness

Team favors those issuers with attractive return potential from a combination of price improvement and yield through solid coverage of debt service and a priority lien on hard assets, dedicated revenue streams or tax resources

Strategic inputs include:

- Credit analysis
- Security structure
- Sector analysis
- Yield curve positioning

### Portfolio Construction

Team seeks to invest in a number of sectors, states and specific issuers in order to help create a diversified portfolio and help mitigate the portfolio from events that may affect any individual industry, geographic location or credit

Team seeks to limit exposure to individual credits, mitigate interest rate risk, and maximize overall call protection

Portfolio assessment:

- Position sizing
- Performance and attribution analysis
- Duration management

### Risk Management and Sell Discipline

Team may sell a security if, among other factors, it:

- Determines a security is over-valued or overrated
- Detects credit deterioration
- Modifies its portfolio strategy, such as sector or state allocation
- Helps the tax efficiency of the portfolio

Team may also sell a security when it exceeds the portfolio's diversification targets<sup>1</sup>

1. These are among factors to be considered when deciding whether to sell, this is not a comprehensive list.

A debt instrument's "duration" is a way of measuring a debt instrument's sensitivity to a potential change in interest rates.

The investment process may change over time. The information set forth above is intended as a general illustration of some of the criteria the investment team considers in selecting securities. Not all investments will meet such criteria. **Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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Municipal bonds are subject to credit risk, interest rate risk, liquidity risk, and call risk. However, the obligations of some municipal issuers may not be enforceable through the exercise of traditional creditors' rights. The reorganization under federal bankruptcy laws of a municipal bond issuer may result in the bonds being cancelled without payment or repaid only in part, or in delays in collecting principal and interest.

**S&P Municipal Bond Investment Grade Intermediate Index** (Gross/Total) consists of bonds in the S&P Municipal Bond Index that are rated at least BBB- by Standard & Poor's, Baa3 by Moody's or BBB- by Fitch Ratings. All bonds must also have a minimum maturity of three years and a maximum maturity of up to, but not including, fifteen years as measured from the rebalancing date.

Indices are unmanaged and do not incur management fees or other operating expenses. One cannot invest directly in an index.

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