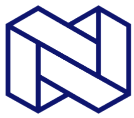


NORTH SQUARE
INVESTMENTS

Active Insights Podcast – Looking at Preferred Securities as a High-Quality, High Yield Alternative to Address Income-Oriented Investment Goals

Diane Merritt:

Welcome to North Square Investments Active Insights podcast. North Square Investments is dedicated to bringing differentiated active investment strategies to financial advisors and investors through our multi-boutique asset management platform.

Today, Mark Goodwin, Chief Executive Officer of North Square Investments, will discuss the strategies Red Cedar Investment Management believes will enable investors to address their income-oriented investment goals. John Cassidy, Chief Investment Officer, David Withrow, Director of Portfolio Management, and Brandon Bajema, Senior Portfolio Manager, each with Red Cedar, will provide us with their insights. Red Cedar is a partner firm at the North Square platform and sub-advisor to North Square Preferred and Income Securities Fund, symbol ORDNX.

Mark, John, David and Brandon, we look forward to your discussion.

Mark Goodwin:

Thanks. As you mentioned, at North Square we seek out best-in-class active managers for our platform, and our partners at Red Cedar are well positioned to help income-oriented investors address the challenges presented by the current environment.

John, I want to first begin by looking generally at the market environment. When Red Cedar began managing ORDNX over a year ago, the Fed had just started raising rates and the subsequent moves were aggressive. Inflation has appeared to slow a bit, but it's still at high levels. How do you view the current environment, and what is your expectation for inflation and direction the Fed will take?

John Cassady:

Yes, hi Mark, and thanks for having us here today on the podcast. So if you go back to January of 2022, the Fed actually had not begun hiking rates yet. They were certainly talking about it. We knew it was coming. The market knew it was coming. But it wasn't until the day before St. Patrick's Day where they actually hiked rates by a paltry 25 basis points.

So you fast-forward to where we are at today and now we're at, the upper band is at 4.75%, which is four and a half percentage points higher than it was going back to last year. And yes, we recognized way back, even going back to 2021, that they had let inflation get out of control and they were going to have to do something about it.

And over the course of a year, as they've been pretty steady in their rate hikes, and let's keep in mind as well that they were still doing quantitative easing at the beginning of the rate hike cycle. So they've done a lot on the interest rate side in terms of hiking (rates). They still got some work to do. And I think the

market has kind of been a little bit, I don't know if "all over the place" are the right words in terms of what the market expectations were of the Fed.

We've been steadfast in our belief that they were not going to do the so-called "Fed pivot." We've been thinking all along that it's going to be difficult for them to realize a soft landing or the no landing scenario that everyone's talked about. The market's gone through various phases of belief on that. And I think that we have a soft inflation print. If we go back to December, we had a soft inflation print. And I think that the latest Fed meeting Jay Powell indicated, I don't want to say he was taking a victory lap, but he did say the word disinflation, what Brandon? 17 times or 13-and-a-half times, something like that.

Brandon Bajema:

A lot. Many times.

John Cassady:

And the market took that to mean—and keep in mind this was just at the beginning of February—the market took that to mean that hey, they're going to be done soon and then they're going to pivot.

And then subsequently, we've got a really hot jobs print with 517,000 new jobs created in the month of January. And then a stronger-than- expected core PCE number and PCE deflator numbers, which those are the Fed's favorites to look at in terms of inflation. So if you look at year over year, core PCE is running 4.7%, closer to a five handle than it is a three handle, that's for sure.

I think we've been in the same camp all along here at Red Cedar that they're going to have to hike, they're going to have to hike aggressively, and they're going to have to stay higher for longer. The market has kind of gone off and on in terms of their belief. And now I think the market's back to maybe believing what we're believing, which is higher for longer and a soft landing might be difficult to achieve.

We think that there's value across the yield curve, the yield curve is screaming inversion right now. It is inverted. It's screaming that we will have a recession, which if you look at the math behind that, that could be as early as third quarter or fourth quarter. But it's a wait-and-see approach.

So as a result, with all of that being said is you'll find throughout this podcast that we're pretty conservatively positioned in terms of a lot of different risk measures in this portfolio.

Mark Goodwin:

Brandon, turning to you, you and your team dedicate significant research to preferred securities. A two-part question. One, why should investors consider an allocation to preferreds in their portfolio in general? And given that in 2022 the benefits of diversification were significantly challenged with both stocks and bonds being down and the S&P 500 down 20-plus percent, the Bloomberg Aggregate down 13% or so, do you view that exposure to preferred securities provides a degree of diversification to a portfolio that investors may not get from more traditional fixed income investments? So that was a mouthful. I'll turn it to you.

Brandon Bajema:

Yes. So taking the first part there, which is basically why allocate to preferred and hybrid securities? And I'd say to put it very bluntly and simply, it's because you can get higher returns and lower correlations

than you can in most other fixed income segments. So from an asset allocation one-on-one perspective, it's really a slam dunk. It's not a question of if you should allocate there, but more of a question of how much and who to swap out of and swap into as opposed to if you should do it.

Now, we really look at this as kind of a high-quality, high-yield alternative. So this is sort of an easy space where you could swap an allocation to your traditional high-yield manager for preferreds. And if you kind of look back say, use a 10-year lookback period, you're going to find that a blended benchmark of the preferred universe is going to get you not only higher returns, but it's going to have lower volatility of those returns and it's going to have a lower correlation to standard equities than a traditional high-yield benchmark. That's a real easy switch that we think is there. But we do think that it can get a little bit complicated because there's a lot of other spread-based products that people have within their asset allocation framework that you could swap out, swap preferred and hybrids in for.

Now, I also highlighted there that we call this a high-quality, high-yield alternative. And the reason why we do that is because on average these securities have probably four or five notches higher in quality per the rating agencies than the High Yield Index. So not only are you getting similar, if not higher returns, as you are getting higher returns if you look back 10 years, but you're also doing that with a much better or higher credit quality within that portfolio.

And then the second part of the question I think was digging into the correlations a little bit. And leaving 2022 aside, correlations between bonds and equities obviously went positive when they had historically been negative. I mean, the preferreds basically did not help you as much in 2022 as they have in the past. But if you look at them historically, take a longer lookback period, you will see that especially compared to high yield, and that's really where one of the most obvious spaces to plug this into your portfolio, they did have lower correlation to equities than high-yield bonds have over that 10-year period.

But I think more interesting and somewhat counterintuitive is the correlation or lack thereof to core government bond yields. So if you look back over more or less any look back period, the correlation to core bonds is from a pragmatic standpoint zero.

John Cassady:

And that's more to interest rates.

Brandon Bajema:

Yes, core interest rates.

John Cassady:

Yes.

Brandon Bajema:

It's practically zero. And that's really counterintuitive to most investors because they think of these things as perpetual, no stated final maturity products. So therefore since they're fixed income, they have to have a high interest rate risk. And that just couldn't be further from the truth because the vast majority of these instruments are variable rate or fixed-to-float instruments.

So there is a segment that are fixed for life, they do have long duration, but again, the vast majority of the universe is variable rate and they have low duration. So currently, ORDNX has a duration of less than three. So it's very low.

Mark Goodwin:

That's great insight on correlation. David, the preferred space is a niche marketplace of hybrid securities. Could you explain the characteristics that make it unique and also talk to the differences between the various types of preferred securities and how Red Cedar uses each of them?

David Withrow:

Yes, I think if you break it down to its most simplistic form, you see that preferred securities are simply deeply subordinated credit instruments. And as you mentioned, it's really a niche marketplace that a lot of other strategists don't use in their portfolios. And we're fortunate enough to be able to utilize those to diversify our portfolio and really we think add risk-adjusted performance.

I think it's important to also note that they tend to be in large part issued by systemically important, highly regulated institutions such as the banking industry. And these are used for regulatory purposes for their capital. They get different treatment from a regulatory standpoint to be treated as equity. And when you look at these, so as Brandon mentioned earlier, kind of a higher quality way to get performance, it's also not only is the rating of the preferred many times higher than the high-yield average rating security, but also you look at the balance sheet and income statements of these that are issuing it, and while it may be a low Triple B or a high Double B in the high-yield space rating on the issue itself, the issuing entity, such as a bank or other regulated industry, an insurance company, is solidly rated as an investment-grade company if just because it's down in the capital structure that it might have a little bit lower rating.

Basically we divide it up into four subsectors and really the subsector's kind of divided by, a little bit by structure, but also by the issuing entities out there. And overall, before I go into these different subsectors, it's overall about a trillion-dollar market when you're talking about US currency but also international currencies.

One of the subsectors is what we call AT1, sometimes commonly referred to as CoCos. So some of those are issued in the eurozone. They can also be issued out of Canada or Australia. That's one of the subsectors. It's not dominated by institutional investors, typically issued in thousand-dollar increments. And again, those have particular call features on them, particularly conversion features where they might be converted to equity if the regulatory capital is drawn down.

There's also in the US banking sector, thousand-dollar issue, institutionally managed, junior subordinated in the capital structure, and names you would recognize like Bank of America, Goldman Sachs, Morgan Stanley, Wells Fargo would be issuing those.

There's also the corporate hybrid space, which is kind of similar, but it's typically issued by say, energy companies, what I'd call non-financial issuers. Again, in thousand-dollar denominations. More dominated by the institutional space. And then finally, the fourth bucket is $25 preferreds. And historically, that's what people probably think of when they think of the preferred space. Issued in $25 increments because that's appealing to a lot of retail investors. It's small enough chunks where a retail investor can buy that in their individual portfolios. They tend to be exchange traded. Might have some similar features to the

more institutional preferred securities, but in many cases they tend to have a coupon that sticks for life or a dividend payment that sticks for life. Will have a call feature, but the coupon payment never changes. Whereas many on the institutional side, they have a call feature, but they become more of a fixed to floating. So their interest rate sensitivity is very different.

We break these down, and the beautiful thing is in our portfolios is we can kind of go anywhere across those different structures. And you might have the retail investor out there who wants to buy a $25 preferred with the big coupon because they want the cash flow from the security. And while that might make perfect sense for them from a total return perspective, we may see better opportunities in the hybrid institutional space because the total return characteristics may look better or potentially even the yield look better when you look at the call features and the coupon resets and those sort of things.

So it's a very dynamic market made up of a lot of different securities that have both credit features and they also have structure features, as I mentioned the optionality as well as coupon resets. All of those come together where you really have to do a lot of analysis.

I think Brandon talks about the tourist impact here where somebody's kind of in this, but they might be looking at it from one perspective, only the credit perspective. We think you have to look at the prospectus, dig in and look what the waterfalls are and the coupon structures and the callability along with the credit piece, and meld those two together to utilize so that we're switching between securities when we find the most attractive attributes.

Mark Goodwin:

That's very helpful. Brandon, do you find the unique characteristics of the preferred space provide advantages for an active management approach?

Brandon Bajema:

Yes. The short answer is yes. But first of all, I think one of the biggest misunderstandings within this whole passive or active managed debate is that active management within fixed income historically has been far superior to passive investing. Now, I'm going to repeat that because most people are thinking about equity investments and thinking that passive management's superior to active management historically. And while that might be true with equity, it has not been true within active fixed income for a long time. So active fixed income has consistently and reliably beaten passive strategies over the last 10, 20-plus years.

Now, reasonable arguments can be made for or against active investing within equity portfolios, but if you look at fixed income management from an empirical standpoint, it's not even really very close. And the reasons for that, there's several reasons for that, but the two main reasons are because fixed income markets in general are highly fragmented and they're also, the individual securities are complex and highly idiosyncratic. And then we start looking at the preferred and hybrid market, it's even more so. It's even more fragmented and it's even more rife with opportunities for active management.

Now, first of all, the security structures are highly idiosyncratic and complex, and with that complexity comes misunderstandings and mispricings that a dedicated fund can take advantage of. Now, secondly, you look at this, the typical investor in this space is not a dedicated proper hybrid investor. So Dave just kind of referred to them as tourists. And what this means is somebody that's not really dedicated to the space, is coming into it. They might be really, really good at what they do, but what they don't normally

do is analyze specific preferred hybrid structures. So the vast majority of this space is traded off of traditional IG (investment grade) corporate credit desks in an off-benchmark capacity, meaning, so if you think about ORDNX right now, roughly 75% of the fund is investment-grade rated. But none of those bonds are included in the traditional investment-grade corporate credit indices precisely because of those structural features that Dave was just talking about. No stated maturity date, variable coupons, deep subordination.

So in a nutshell, the space is dominated by these investment-grade managers that really understand credit analysis very well, but not nearly as good at analyzing the convexity and call structures and extension risk within the hybrids and preferred space. They tend to come into the space and search for high yields when times are good and they tend to run quickly and indiscriminately for the exits when times get a little bit rough.

So with that knowledge, dedicated investors to the space can add meaningful levels of alpha on top of the already good levels of total returns.

Mark Goodwin:

Great points. This is clearly an area where active management can work. John, can you give us some background on Red Cedar's history of managing preferred securities for investors and how this approach has evolved over time?

John Cassady:

Yes. So we've been doing this for the better part of 20 years, a little over 20 years at Red Cedar. And Brandon joined us recently about two years ago from the Abu Dhabi Sovereign Wealth Fund where he had been managing a credit portfolio that included preferreds over there. So we do have a ton of experience under our belts in this space.

I guess the thing, when I think about going back 20 years ago in this area, it was really sleepy and the preferred space just keeps evolving over time with new kinds of structures and that sort of thing. So as we have pointed out, Brandon and David did a great job of helping the audience to recognize that active management is important here.

We have a background here. It's part of our DNA at Red Cedar on the structured security space, more commonly thought of as the mortgage space, mortgage-backed security, CMBS, that sort of thing. The skillset that you use to manage those types of securities really fits neatly in what has evolved into the preferred space here when we talk about all those structures. We also have part of our DNA is that credit, doing good old-fashioned credit analysis that is also important.

So you marry those two things together and as complex as the market for preferreds has become over time, particularly post-financial crisis, that's what we bring to the table. It's this ability to analyze the value of the structure here. And that's what makes it very inefficient and that very inefficiency makes it ripe for us to pick up different opportunities and manage the portfolio accordingly. And I think the other interesting thing today too is that if you go back historically that, as these guys discussed, the long-duration, fixed-for-life structures, all that kind of thing, historically, and that's where it's great. When we had, what? A 30-year bull market in bonds and you didn't really have to think about it, that you were taking a lot of interest rate risk in those types of structures.

Now, we have the ability thanks to active management and the different structures out there, we can really set up a portfolio that has decent yields in it. We're talking 8% kind of yields, maybe even higher yield to calls without taking a ton of interest rate risk, which is very important today. So I think that's how it's evolved and what we've changed over time in doing.

And then I think there's just a lot of levers we can pull in this space. As these guys mentioned, there's European exposure with the AT1s. And so you do have to think about what's going on with the Fed. As I think about last year, the Fed was getting at it a lot quicker than say the ECB in terms of hiking rates. That meant that the euro currency and the pound sterling currency were not going to do too well. So we definitely have to think about currency exposure, do we want that risk in the portfolio? And so over time, we have not had, as we got to the second half of this year, euro or pound sterling exposure, which has helped us out.

I think the other thing that helped us out this year or going back to last year is just the ability to really take down once again the European exposure as Putin invaded Ukraine and everything. That was one of the things that we're like, "Okay, this is not going to be good. The energy situation is not good over there."

Finally, just to give you another little bit of information on what we've done. One thing that we've analyzed is the capital structure, especially in corporate hybrid space, specifically the energy midstream space where, quite honestly, there's a lot of these midstream companies that do not need the rating agency credit to get higher credit ratings anymore. And so they've issued these structures that are callable that we recognize that you know what? They're going to call these things pretty quickly because they don't need that rating agency credit. So we were buying them at discounts to par and then they were going to be callable in very short order in any event within the next two years.

Some of those themes have played out and been additive to the portfolio over last year, and there's still a few of them in place in the portfolio that should hopefully play out over the next six to 12 months, let's call it. But those are the types of things that we look for.

So there's a lot of things we do in analyzing the balance sheet and the finances of these companies and look for ways to deliver a very competitive rate of return to the investors.

Mark Goodwin:

John, a two-part question, and you've already covered some of this in your comments just now, but how did you adapt your portfolio strategy from the start of the Fed rate cycle in early '22 to addressing the challenges presented by the current environment? In parallel to that, how is the portfolio for ORDNX positioned today?

John Cassady:

So what I'd say is you can sit here and you can look at portfolios, whether you're talking equities, fixed income, and you can look at it strictly by sector or industry. And that's one way to look at it. In this case, I would like to describe how we've adapted it to the structure, more on the structural side of the securities that we've covered in great detail here today.

A lot of the portfolio we have been owning. If the Fed has begun the rate hike cycle, a lot of floating rate structures in here or soon-to-be floating rate structures. As Brandon mentioned early on in the call, the overall duration of this portfolio it's always been below three, it's closer to two right now, so not a ton of

interest rate risk that we have in there. And so I'd say it's been pretty defensively positioned as Putin invaded Ukraine and then there was this looming energy crisis out there on the horizon.

And then you also have to look at interest rate differentials across Europe and the US, what the different central banks are doing to get a gauge for what kind of currency exposure you want in the portfolio. So that has led us, as I mentioned earlier, to not have really a ton of euro or pound sterling exposure. And as we sit here today, we don't have any exposure in that space.

And I think the other piece of it would be just once again, the geopolitical risk that really every portfolio manager should be looking at. I don't care if you're managing preferreds, equities, or traditional fixed income, you really have to be looking at that. And that's what's led us to really not have a ton of European bank exposure.

We have some and we have added back in, but we originally had, ironically enough had lightened up on that exposure, not only the war that was going on there and raging, but more having to do with the energy issues going on and thinking that Europe was in for a tough winter. So that's really when we began to cut back in Europe. Ironically enough, Europe had an unseasonably warm winter, so that play did not pay off for us, but I would stand by that decision any day of the week. I'm an investment professional. I'm not going to sit here and try to make guesses on weather patterns over a winter in Europe.

So those are the types of things you have to look at. And then we have added a little bit back into Europe, but once again, it's in US dollar and not the currencies. So I think that describes how we've adjusted along the way. Definitely you do have to take a global macro view, you've got to look at the credit of these institutions, and then the big opportunity though arises in looking at the idiosyncratic structures of each security and finding which is the best way to own a given name in the preferred space.

Mark Goodwin:

Well, thanks, John. A final question. Why do you believe an allocation to ORDNX makes sense for an investor in the current market environment?

John Cassady:

I think we've covered it pretty well in this podcast, but just to summarize, I'd say just really the correlation benefits that go on out there, the lack thereof I should say.

I'd also say that really, if we want to get really nerdy and talk about convexity or negative convexity, the risks in the preferred market, its rates have risen. The risks are now more symmetrical in terms of potential upside in price potential. Whereas when interest rates were low, there wasn't much upside price potential. Everything was priced above par. So it wasn't a great risk-reward dynamic going back to the time before the Fed started hiking. So I think that's another reason why.

And I think you can talk about getting income into your portfolio, or yield as we say, and it does give you, at least historically, it's been giving you better or comparable returns to the high-yield market with less volatility. And then we'll see where things go down the road. But it's definitely a higher-quality name in terms of credit quality, which when sledding does get tough, and if we do have a hard landing, my bet would be that high yield is going to have a tougher go of it, traditional high yield that is, than the preferred market.

Mark Goodwin:

That's great. John, David, Brandon, thank you for joining me today. This has been a great discussion.

John Cassady:

Yes, thank you very much.

David Withrow:

Thanks, Mark.

Brandon Bajema:

Thanks, Mark.

Thank you for tuning in to our North Square Active Insights podcast. For more information on North Square Investments, our partners and invest solutions, please visit our website at www.North Squareinvest.com.

Nothing contained in this communication constitutes tax, legal, or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation.

This podcast contains certain statements that may include forward-looking statements. Although Red Cedar Investment Management believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Actual events could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. You should not place undue reliance on these forward-looking statements.

This podcast reflects Red Cedar's views and opinions as of the date herein, which are subject to change at any time based on market and other conditions. We disclaim any responsibility to update these views. These views should not be relied on as investment advice or an indication of trading intention.

On January 11, 2022 the Fund’s name changed from North Square Oak Ridge Dividend Growth Fund to North Square Preferred and Income Securities Fund. Also, on January 11, 2022, the Fund’s Principal Investment Strategies changed and performance prior to January 11, 2022 represents a different fund strategy.

*The determination of “best-in-class” is solely the opinion of the Fund’s Adviser, and such opinion is subject to change. Those companies that hold leading market share positions, strong growth potential, historically good probability, and management teams known or integrity and good corporate governance are generally considered to be “best-in-class.”

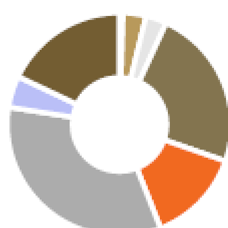
North Square Preferred and Income Securities Fund Characteristics as of December 31, 2022

SECTOR DIVERSIFICATION (%)

Banking	35.19%
Institutional Financial Services	19.83%
Oil and gas producers	13.68%
Insurance	11.49%
Specialty Finance	5.71%
Diversified Industrials	5.03%
Asset management	4.57%

[1] Source: Bloomberg

BOND QUALITY RATING[1,2] (%)



[1] Source: Bloomberg

AAA	0.53
AA-	3.29
A	3.02
BBB+	23.49
BBB	13.71
BBB-	33.47
BB+	4.56
BB	17.95

COUPON STRUCTURE (%)

Fixed to Float Sec	66.25%
Fixed for Life $25 Preferred	0.00%
Floating Rate Sec.	9.11%
Fixed to Fixed Sec	24.05%
Cash	0.53%

[1] Source: Bloomberg

SECURITY TYPE[1] (%)

Institutional Pref	46.28
AT1s	12.72
Corp Hybrids	33.16
US Treasuries	0.00
Cash & Equiv	0.53
Retail Pref	1.01
Trad Corp Credit	6.30

[1] Source: Bloomberg

[2] Quality ratings are based on Moody's, S&P, or Fitch, as applicable. Securities rated by all three services are assigned the median rating; if a bond is rated by only two agencies, it is assigned the lower rating; if it is only rated by one agency, that rating is assigned.

The Portfolio is actively managed and current holdings and characteristics may be different. The holdings listed should not be considered recommendations to buy or sell any particular security listed. The holdings identified do not represent all of the securities purchased, sold, or recommended for the adviser's clients. Actual portfolio investments may vary when actually invested. A complete list of holdings is available upon request.

Principal Risks of Investing, North Square Preferred and Income Securities Fund: Risk is inherent in all investing, including an investment in the Fund. An investment in the Fund involves risk, including the following principal risks, among others: Credit and Subordination Risk, Preferred Securities Risk, High Yield ("Junk") Bond Risk, Hybrid Security Risk, Additional Tier 1 Securities Risk, Fixed Income Security Risk, Interest Rate Risk, Optionality Risk, Sector Focus Risk, Foreign Investments Risk, Rule 144A and Regulation S Securities Risk, Currency Risk, Emerging Markets Risk, Derivatives and Hedging Transactions Risk, and LIBOR Transition Risk. Summary descriptions of these and other principal risks of investing in the Fund are set forth in the Fund's prospectus. Before you decide whether to invest in the Fund, carefully consider these risk factors and special considerations associated with investing in the Fund, which may cause investors to lose money. There can be no assurance that the Fund will achieve its investment objective. An investment in the Fund is not a deposit of the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling

855-551-5521. Please read the prospectus carefully before you invest. Distributed by Compass Distributors, LLC.

Definitions of terms used in this podcast:

Quantitative easing / tightening: For two years after the onset of the COVID-19 pandemic, the Federal Reserve bought over $4 trillion in assets, mostly U.S. Treasurys and mortgage-backed securities, to help stimulate the economy. The Fed finally stopped purchasing bonds in March 2022 as it began to pivot toward slowing inflation. Fed officials "generally agreed" to selling $60 billion in Treasury securities and $35 billion of mortgage-backed securities each month, according to Fed Policy meeting minutes, a process known as quantitative tightening.

Core CPE Price Index (core PCE deflator): The "core" PCE price index is defined as personal consumption expenditures (PCE) prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends.

Alpha: measures the amount that the investment has returned in comparison to a market index or other broad benchmark that it is compared against. The excess return of an investment relative to the return of a benchmark index is the investment's alpha.

Yield Curve: The yield curve is a line/graph that plots interest rates or yields of bonds having equal credit quality but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity.

S&P 500 Index: The Standard & Poor's 500 Index tracks the value of 500 corporations that have their stocks listed on the New York Stock Exchange (NYSE) and the Nasdaq.

Bloomberg US AGG Index: The Bloomberg U.S. Aggregate Bond Index, or the "Agg," is a broad base, market-capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. Investors frequently use the index as a stand-in for measuring the performance of the US bond market.

Bloomberg High Yield Index: The Bloomberg USD High-Yield Corporate Bond Index is a rules-based, market-value-weighted index engineered to measure publicly issued non-investment grade USD fixed-rate, taxable and corporate bonds.

Correlations: Correlation is a statistic that measures the degree to which two securities move in relation to each other. Non-correlated assets are assets whose values aren't correlated with returns of another.

Fixed-to-float securities: Fixed-to-float securities are bonds that pay a defined coupon for a given period of time, and subsequently "float" or change what they pay based on some other criteria, which is very specifically stated in the indenture or agreement.

Variable rate instruments: Variable rate debt primarily consists of debt securities with nominal long-term maturities in which the interest rate is reset on a periodic basis; for example, daily, weekly, monthly, annually or commercial paper periods up to 270 days.

AT1s: also known as contingent convertible securities, are debt or preferred securities with loss absorption characteristics that provide for an automatic write-down of the principal amount or value of securities or the mandatory conversion into common shares of the issuer under certain circumstances. A mandatory conversion might be automatically triggered, for instance, if a company fails to meet the capital minimum described in the security, the company's regulator makes a determination that the security should convert, or the company receives specified levels of extraordinary public support. Since the common stock of the issuer may not pay a dividend, investors in these instruments could experience a reduced income rate, potentially to zero, and conversion would deepen the subordination of the investor (worsening the Fund's standing in a bankruptcy). In addition, some AT1s provide for an automatic write-down of capital under such circumstances.

Convexity: Convexity is a measure of the curvature in the relationship between bond prices and interest rates. Convexity reflects the rate at which the duration of a bond changes as interest rates change.

Duration: indicates the years it takes to receive a bond's true cost, weighing in the present value of all future coupon and principal payments.

Par: The "par value" of a bond is the amount of money that bond issuers agree to repay to the purchaser at the bond's maturity. A bond is basically a written promise that the amount loaned to the issuer will be paid back.

North Square is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. Information contained herein is as of May 3, 2022 and derives from third-party sources believed to be reliable by the Adviser. However the accuracy and completeness cannot be guaranteed. The opinions contained herein are of North Square as of the date of this publication and are subject to change without notice.

Distributed by Compass Distributors, LLC.

Not FDIC Insured · May Lose Value · No Bank Guarantee