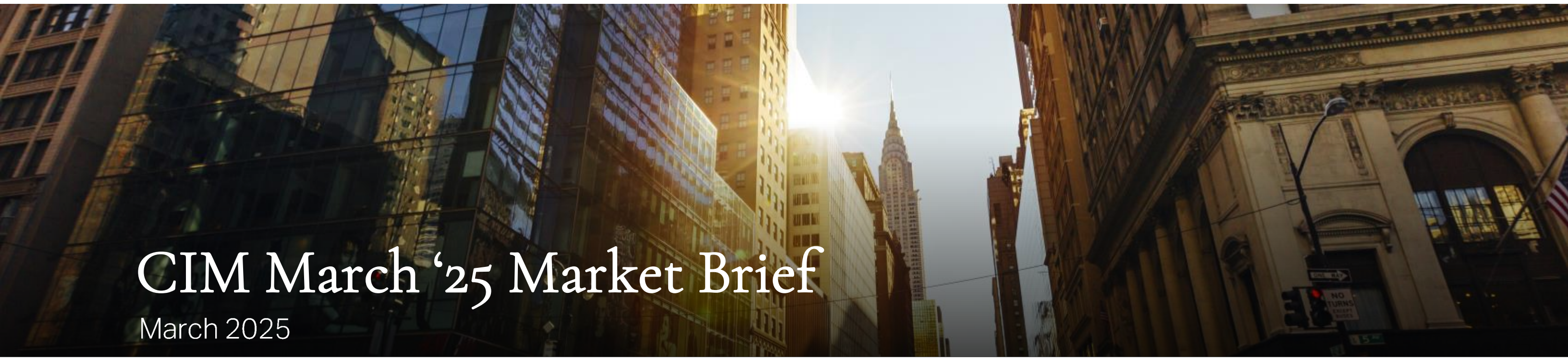
CLINTON
INVESTMENT MANAGEMENT



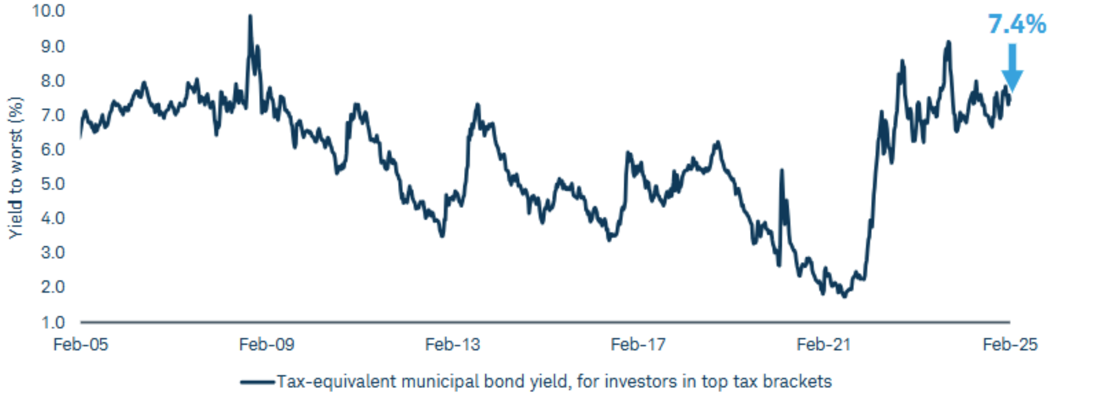
CIM March '25 Market Brief

March 2025

Given the substantial increase in market volatility in the past few weeks, we wanted to take a moment to provide some context and recent economic data that could be helpful as investors consider the best path forward. We firmly believe the current market environment, together with further slowing in US GDP will increasingly drive investors towards lower risk assets, until such time that there is greater clarity and certainty in terms of the outlook for growth. In volatile environments such as these, the attractive taxable equivalent return and stability that municipal bonds offer, is a compelling option for investors who are currently exposed to significantly higher drawdown potential in risk assets. The municipal bond investment solutions that Clinton Investment Management offers, given the higher tax-free cash flow and total return we have delivered over time relative the broader Zephyr municipal bond manager universe, are an excellent complement for investors seeking to lock in higher yields before rates fall further.

Tax-equivalent yields on municipal bonds look attractive

For your high-income clients, tax-equivalent yields on investment-grade municipal bonds have reached attractive levels.



Although yields on U.S. bonds have edged lower in early 2025, we think that investment-grade municipal bonds remain attractive, particularly for high-income earners.

For your clients in top tax brackets, investment-grade municipal bonds recently reached a tax-equivalent yield-to-worst of 7.4%, as the chart above illustrates.

We think this yield looks attractive versus taxable bond yields, especially when considering that approximately 70% of the municipal bonds in the above index are rated either AAA or AA.

Sources: Schwab Center for Financial Research; Bloomberg. For illustrative purposes only. Bloomberg Municipal Bond Index. Weekly data as of 2/19/25. TEY = tax-equivalent yield and is calculated as the YTW / (1 – all applicable taxes). Assumes a 37% Federal tax rate from 2018 to 2025, 39.6% from 2013 to 2017, and 35% from 2005 to 2012. Assumes a 3.8% ACA tax from 2013 to 2025 and a state tax rate of 10% for all years. For index information, see: https://www.schwab.com/resource/index-and-investment-term-definitions. **Past performance is no guarantee of future results. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly.**

- Credit card delinquencies are now the highest they have been since the Great Financial Crisis.
- The average credit card interest rate is currently over 22%.
- January retail sales month-over-month -0.8%.
- Univ of Michigan Consumer Sentiment 67.8, lowest level since Nov 2023.
- Housing starts -9.8%, largest decline since March of 2024.
- Initial jobless claims +242k for the week ended Feb. 22, up from 221k the prior week.
- Jobless claims are at a three-month high.
- Government layoffs and reduction in spending expected to pressure unemployment higher over time.
- Core Personal Consumption Expenditures (PCE) 2.6% in Jan 2025, down from 2.9%.
- Services Purchasing Managers Index 49.7, measures below 50 indicate contraction, the first since Jan 2023.
- ISM Manufacturing New Orders 48.6, measures below 50 indicate contraction.
- Bonds are now outperforming stocks going back to the night of the Presidential election.
- GDPNow estimate for Q1 GDP -2.8%, a material swing from previous estimates.