High Yield Bond Wrap

TAXABLE FIXED INCOME STRATEGY

SEIX INVESTMENT ADVISORS LLC®

Market Review

Market performance for the third quarter of 2021 can be aptly described as a barbell. Top ratings categories included BBs and CCCs while Bs underperformed. The high yield market, as measured by the ICE BofA High Yield Index (H0A0), increased 0.94% during the quarter. BBs increased 1.08%, followed by CCCs, which increased 1.01%, with both ratings categories outperforming the benchmark. Single-Bs slightly underperformed, increasing only 0.69%. The ICE BofA 10+ Year U.S. Cash Pay High Yield Index exhibited strong performance, increasing 2.32%, with such performance at least partially explained by the Index's overweight in energy bonds, a sector that outperformed with supportive commodity prices. The ICE BofA U.S. Distressed High Yield Index also outperformed the benchmark, increasing 1.49%, but relative performance was much less so than in the first half of the year.

Performance

The Seix High Yield Bond Wrap that we subadvise increased 0.93%in 3Q21—in-line with the Fund's benchmark, the ICE BofA U.S. Cash Pay High Yield Index, which increased 0.93%.

The largest contributor to relative performance in the third quarter was security selection in technology, consumer cyclicals, and electric utilities.

Top detractors to relative performance during the quarter included negative security selection in consumer non-cyclical, basic industry, and energy.

For the year-to-date period, the Seix High Yield Bond Wrap increased 3.50%, which is 105 basis points (bps) less than the Strategy's benchmark, the ICE BofA U.S. Cash Pay High Yield Index, which increased 4.55%.

The largest contributor to relative performance for the year-to-date period was security selection in communications and technology as well as an underweight in electric utilities.

Top detractors to relative performance for the year-to-date period included an underweight and negative security selection in energy, negative security selection in consumer cyclical, and an overweight and negative security selection in capital goods.

While we are never pleased with underperformance, an environment in which CCCs and distressed high yield are outperforming will generally be a headwind for relative performance.

Our relative performance has been best during periods of dislocation as we run a more conservatively positioned portfolio than the full high yield market and then we pivot to the attractive opportunities we find during the period of dislocation.

TOP 10 HOLDINGS

	% of Portfolio
CDW LLC/CDW Finance	1.31
EQT Corp.	1.27
Bath & Body Works Inc.	1.22
Dell Inc.	1.18
Onemain Finance Corp.	1.13
Transdigm Inc.	1.12
Toll Bros Finance Corp.	1.10
Occidental Petroleum Corp.	1.10
Radian Group Inc.	1.09
Tri Pointe Group / Homes	1.09

PORTFOLIO MANAGERS

Mike Kirkpatrick
Senior Portfolio Manager
Industry experience since 1991
Joined Seix in 2002

James FitzPatrick, CFA
Head of Leveraged Finance Trading,
Portfolio Manager
Industry experience since 1996
Joined Seix in 1997

Holdings are subject to change. The top holdings are as of the period indicated. There is no assurance that any of the securities noted will remain in a portfolio at the time you receive this commentary. Actual holdings and percentage allocation in individual client portfolios may vary and are subject to change. It should not be assumed that any of the holdings were, or will prove to be, profitable, or that the investment recommendations or decisions we make in the future will be profitable. A list of all securities held in this strategy in the prior year is available upon request.

To obtain the top/bottom holdings calculation methodology, call 800-243-4361.

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Current Strategy

We continue to look for and find value in the following segments: fallen angels (and their rising star cousins); orphan credits; small cap issuers; sectors that do not fit a traditional high yield analysis such as financials; and out-of-favor sectors. Several of our recent purchases have been in the energy, healthcare, and consumer goods sectors.

We currently believe the fundamental backdrop for the high yield market is credit supportive and will remain so for the foreseeable future. This is a key consideration when investing in high yield.

Our additions to the energy sector reflect our view that bond prices do not fully reflect the credit quality improvement we are likely to see across the sector due to the strength in commodity prices (e.g., oil and natural gas). Further, we continue to search for value in the rising star space due to our belief that this segment can generate solid risk-adjusted returns and the bonds can move back to investment grade.

Outlook

The high yield market has been pulled in different directions as the market struggles with virus variant concerns, degree and longevity of economic growth, Federal Reserve policy, and whether the inflationary forces we are experiencing are truly transitory. We believe volatility created as the market struggles with these different forces is a potential buying opportunity for high yield investors. We believe the fundamental backdrop remains supportive for the asset class. In fact, we would argue that the asset class is possibly in the best credit quality shape ever and comparing spreads to historical norms does not take several factors into consideration.

As of September 30, 2021, the option-adjusted spread for the ICE BofA US High Yield Index was 315 bps, which is 1 bp tighter than the previous Great Financial Crisis (GFC) lows for that metric, which occurred in October 2018. However, as of September 30, 2021, BBs were 15 bps wider, Bs were 30 bps wider, and CCCs were 6 bps tighter relative to October 2018 levels. This is largely explained by the change in ratings mix, which currently skews to BBs that are 55% of the high yield market versus only 46% in October 2018. The increase in BBs can largely be attributed to the significant influx of fallen angels in 2020. Relative to post GFC tights, BBs were 32 bps wide (September 30, 2021, vs. January 2020), Bs 41 bps wide (January 2018), and CCCs 27 bps wide (June 2014). We also believe it possible that as much as 10% of the high yield asset class could be upgraded to investment grade over the next 24 months. This rising star cohort could potentially be an attractive place for investments to generate favorable risk adjusted returns.

As always, please let us know if you have any questions about the market or your portfolio. We thank you for your support of Seix Investment Advisors LLC.

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ANNUALIZED PERFORMANCE (%) AS OF 9/30/2021

Net returns are calculated by subtracting the highest applicable wrap fee (2.50% on an annual basis, or 0.21% monthly) on a monthly basis from the gross composite monthly return.

Past performance is not indicative of future results. The information shown above is supplemental information only and complements the fully compliant presentations. Periods greater than one year are annualized.

ICE BofA US High Yield Cash Pay Index is an unmanaged index consisting of all domestic and Yankee high-yield bonds maturing over one year. The quality range is less than BBB-/Baa3 but not in default (DDD1 or less). The index does not reflect the deduction of expenses associated with a mutual fund, such as investment management and fund accounting fees. A fund's performance reflects the deduction of fees for these services. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

High Yield Bond Wrap Composite Data

	Total Firm	Composite Assets			Annual Performance and Standard Deviation					
Year End	Assets ($ mil)	US$ ($ mil)	Percentage of Wrap-Fee Portfolios	# of Wrap Sponsors	Net Composite Return	Pure Gross Composite Return	Composite 3-Year Std. Dev.	ICE BofA US High Yield Cash Pay Index	Index 3-Year Std. Dev.	Composite Dispersion
2020	17,721	1,742	100	13	5.57%	8.23%	6.94%	6.20%	9.36%	0.15%
2019	18,034	1,614	100	13	9.84%	12.60%	3.45%	14.40%	4.13%	0.05%
2018	21,160	1,414	100	13	-4.08%	-1.65%	3.08%	-2.26%	4.62%	0.00%
2017	24,843	2,020	100	9	2.91%	5.51%	4.11%	7.48%	5.58%	0.00%
2016	27,631	2,060	100	6	7.24%	9.94%	4.80%	17.34%	6.01%	0.20%
2015	25,698	1,527	100	6	-4.20%	-1.77%	4.93%	-4.55%	5.27%	0.10%
2014	30,989	1,482	100	6	1.52%	4.08%	4.23%	2.44%	4.42%	0.10%
2013	26,600	1,486	100	6	2.43%	5.02%	4.99%	7.38%	6.33%	0.10%
2012	26,141	1,535	100	6	9.91%	12.67%	5.44%	15.44%	6.93%	0.10%
2011	26,147	746	100	7	4.77%	7.41%	7.53%	4.50%	10.78%	0.20%

Seix Investment Advisors LLC claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Seix Investment Advisors LLC has been independently verified for the periods January 1, 1993 through December 31, 2020. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Seix Investment Advisors LLC is an SEC-registered investment adviser, and is a wholly owned subsidiary of Virtus Investment Partners, Inc. ("Virtus"). For the period prior to May 29, 2004, the firm was named as Seix Investment Advisors, Inc. ("SIA") before SIA was acquired by SunTrust Banks Inc., and its name changed to Seix Advisors. SIA was formerly registered as an investment adviser with the SEC. For the period between May 29, 2004 and March 31, 2008, the Portfolio Management Team was a part of Seix Advisors, the Fixed Income division of Trusco Capital Management, Inc. ("Trusco") and the predecessor of Seix Investment Advisors LLC. Effective as of March 31, 2008, Seix Advisors began operating as a separate legal entity, named Seix Investment Advisors LLC ("Seix"), and Trusco was renamed as RidgeWorth Capital Management, Inc. Effective as of May 23, 2014, RidgeWorth Capital Management, Inc. became RidgeWorth Capital Management LLC, and Seix merged with StableRiver Capital Management LLC, a wholly owned subsidiary of RidgeWorth Capital Management LLC. Effective June 1, 2017, RidgeWorth Capital Management LLC was acquired by Virtus Investment Partners, Inc. ("Virtus"). The investment management team has managed the composite since its inception, and the investment process has not changed. The historical performance has been linked to performance earned at Seix Investment Advisors LLC.

The Seix High Yield Bond Wrap strategy seeks high income and capital appreciation. High Yield Bond Wrap accounts invest primarily in a diversified portfolio of higher yielding, BB-rated and B-rated income-producing debt instruments. The accounts may invest in U.S. dollar denominated debt obligations of U.S. and non-U.S. issuers.

For comparison purposes, the composite is measured against the ICE BofA US High Yield Cash Pay Index. The ICE BofA US High Yield Cash Pay Index is an unmanaged index consisting of all domestic and Yankee high yield bonds maturing over one year. The quality range is less than BBB-/Baa3 but not in default. Index returns do not reflect the deduction of any fees.

The minimum account size for inclusion in the composite is $250,000. Prior to June 1, 2015, the account minimum was $500,000.

Prior to September 30, 2017, the Seix High Yield Bond Wrap Composite was named the Seix High Yield SMA Composite. The Seix High Yield Bond Wrap Composite was created January 1, 2003, and has a performance inception date of July 1, 1997.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The U.S. dollar is the currency used to express performance. Returns include the reinvestment of all income. Pure Gross returns are presented as supplemental information, do not reflect the deduction of any trading costs, fees or expenses and are presented for comparison purposes only. Net returns are calculated by subtracting on a monthly basis the highest assumed wrap fee (2.50% annually or 0.21% per month) from the gross composite monthly return. The assumed wrap fee includes all charges for portfolio management, trading costs, custody and other administrative fees. Past performance is not indicative of future results.

Actual wrap fees vary by Program Sponsor. Please refer to the Program Sponsor's ADV 2A for a full disclosure of the fee schedule for wrap fees. Returns realized by clients will be reduced by the actual wrap fee rates and rates incurred by clients will vary.

The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.

The dispersion of annual returns is measured by the asset-weighted standard deviation of portfolio gross returns represented within the composite for the full year. No dispersion is reported for periods with five or fewer portfolios (shown as N/A).

Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. A list of all composite investment strategies offered by the firm, with a description of each strategy, is available upon request. The type of portfolios in which each strategy is available (segregated account, limited distribution pooled fund, or broad distribution pooled fund) is indicated in the description of each strategy.

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A **basis point** (bp) is equal to 0.01%.

The **Citigroup Economic Surprise Indices** are objective and quantitative measures of economic news. They are defined as weighted historical standard deviations of data surprises (actual releases vs Bloomberg survey median). A positive reading of the Economic Surprise Index suggests that economic releases have on balance [been] beating consensus. The indices are calculated daily in a rolling three-month window. The weights of economic indicators are derived from relative high-frequency spot FX impacts of 1 standard deviation data surprises. The indices also employ a time decay function to replicate the limited memory of markets.

IMPORTANT RISK CONSIDERATIONS

Credit & Interest: Debt instruments are subject to various risks, including credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **High Yield-High Risk Fixed Income Securities:** There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities. **Market Volatility:** Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's assets as intended.

DEFINITIONS & DISCLOSURES

Bonds offer a relatively stable level of income, although bond prices will fluctuate providing the potential for principal gain or loss. Intermediate-term, higher quality bonds generally offer less risk than longer-term bonds and a lower rate of return. Generally, a Portfolio's fixed income securities will decrease in value if interest rates rise and vice versa. Although a Portfolio's yield may be higher than that of fixed income strategies that purchase higher rated securities, the potentially higher yield is a function of the greater risk of that strategy's underlying securities.

This information and general market-related projections are based on information available at the time, are subject to change without notice, are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm, and may not be relied upon for individual investing purposes. Information provided is general and educational in nature, provided as general guidance on the subject covered, and is not intended to be authoritative. All information contained herein is believed to be correct, but accuracy cannot be guaranteed. This information may coincide or conflict with activities of the portfolio managers. It is not intended to be, and should not be construed as investment, legal, estate planning, or tax advice. Seix Investment Advisors does not provide legal, estate planning or tax advice.

Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions.

HOLDINGS DISCLOSURE The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

