A Roadmap to Resilience:

FIXED INCOME STRATEGY IN STABLE VALUE

"If You Don't Know Where You're Going, You Might Wind Up Someplace Else."
-Yogi Berra

NOVEMBER 2025

The often overlooked workhorse of a stable value fund is the underlying fixed income portfolio. These critical underlying investments play a dual role as both the economic driver of long-term returns and a source of liquidity for participant withdrawals, the timing and magnitude of which are often difficult to predict in advance. Given the objective to provide both returns and daily liquidity, how a stable value fund's underlying returns are generated – and the risk taken in doing so – are critical to delivering resilient stable value solutions capable of providing attractive long-term returns across market cycles to stable value investors.

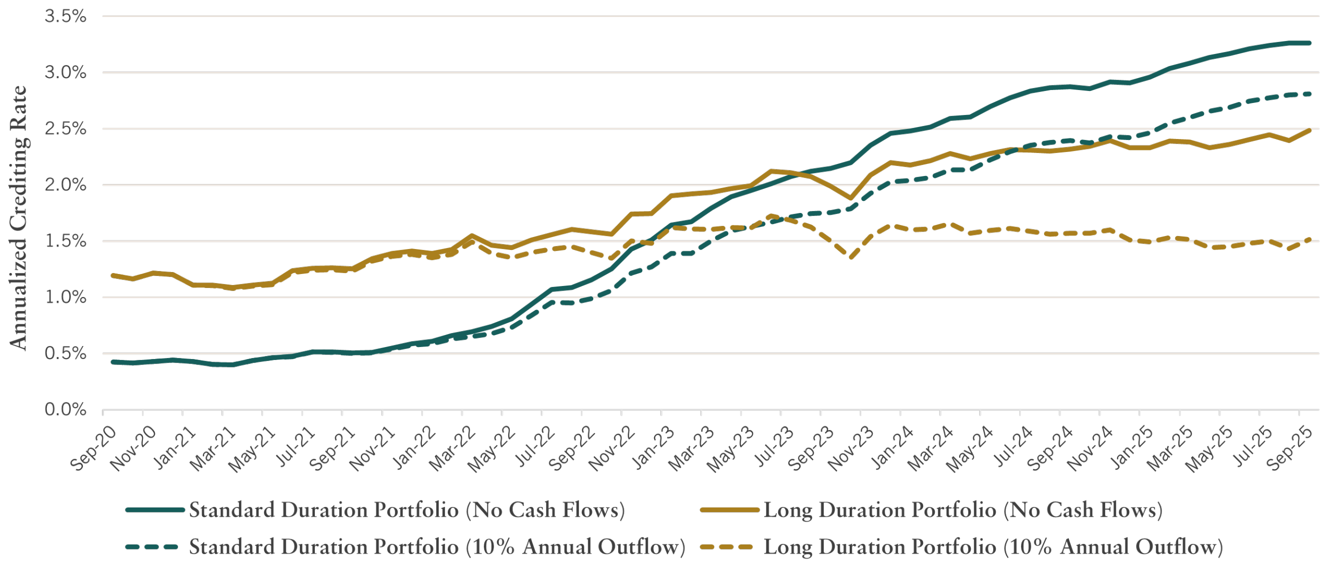
WRONG TURNS CAN BE COSTLY: The Impact of Ill-Timed Risks

The ability to deliver attractive long-term stable value returns is influenced by the risk profile of the underlying fixed income investment strategy, which must be thoughtfully considered in the context of the withdrawal risk that the strategy must bear. Yield enhancing allocations to longer-duration securities, lower-rated credits or structured securities, and/or less liquid assets can be potentially additive in favorable market environments but introduce incremental credit, interest rate, and liquidity risks. Such risk exposures can negatively impact performance (particularly during periods of market stress or rising interest rates) and that impact can be exacerbated by the need to provide liquidity for withdrawals, which are often driven by difficult-to-predict behavioral factors. Deterioration in underlying asset credit quality or elevated outflows can force the liquidation of fixed income holdings at unfavorable prices, potentially realizing losses and negatively impacting fund performance. Additionally, due to the funding of withdrawals at contract value and the return smoothing mechanism of a stable value contract's crediting rate, even significant unrealized losses can negatively impact a stable value fund's future returns if material withdrawals must be funded in the interim.

For a recent simplified example, consider the impact of interest rate risk and withdrawals on two illustrative benchmark-based stable value portfolios over the 5-year period ended September 30, 2025. Both portfolios assume an inception at the end of September 2020, with one ("Standard Duration Portfolio") invested in the Bloomberg 1-5 Year Government/Credit Bond Index (average duration of 2.60 years over the period) and the other ("Long Duration Portfolio") invested in the Bloomberg Aggregate Bond Index (average duration of 6.25 years). [See Figure 1 on the following page.]

While the Long Duration portfolio initially provides a higher crediting rate, the Standard Duration portfolio is more responsive to rising market rates, providing an annualized crediting rate advantage of more than 75 basis points by the end of the 5-year period. Crucially in this scenario, it is significantly more resilient to withdrawals. Assuming the portfolios each must bear an annual outflow of 10%, the differential in terminal crediting rate becomes more striking. The outflows

FIGURE 1: ILLUSTRATIVE INDEX-BASED STABLE VALUE CREDITING RATES[1]
5-YEAR PERIOD ENDING 9/30/2025



These portfolios are for illustrative purposes only and are not Galliard strategies.

more negatively impact the Long Duration portfolio's crediting rate, stalling its improvement and resulting in an end-of-period difference that is almost 130 basis points less than the Standard Duration portfolio's crediting rate, which continues to gradually adjust higher despite the adverse cash flows.

This illustration emphasizes the potentially negative impact of interest rate risk, but the dynamics at play are equally applicable to credit and liquidity risks, as well. The impact of ill-timed risks combined with the need to fund unpredictable withdrawals can have a significantly negative impact on a stable value portfolio. Thus, although a stable value strategy's underlying investments are a significant driver of long-term returns, a stable value manager's risk discipline in generating those underlying fixed income returns is key to meeting stable value's long-term objectives.

KNOWING WHERE YOU'RE GOING: How Galliard Seeks to Generate Consistent Excess Returns

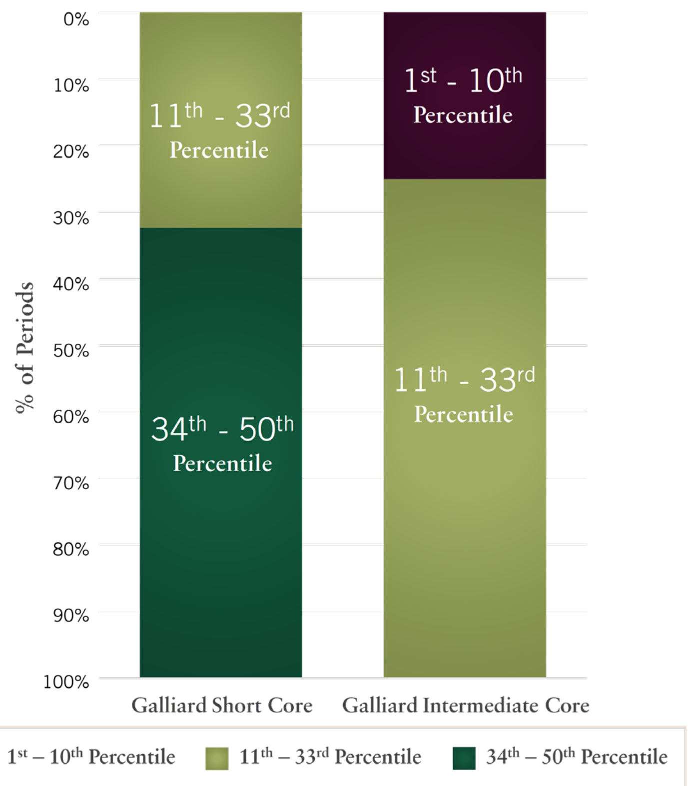
Galliard's stable value strategies are designed to serve as core capital preservation options that are resilient to credit, interest rate, and liquidity risks, seeking capital preservation and steady returns even in adverse markets.

Our underlying fixed income investment process is grounded in the philosophy that fixed income portfolios should be constructed to protect principal and generate income. We believe our focused, repeatable multi-sector investment style represents the foundation of our value proposition. Emphasizing a strategic overweight to high quality spread (non-Treasury) sectors and rigorous security selection and diversification within those sectors, our goal is to construct efficient portfolios that are designed to consistently out-yield their market benchmarks and to realize that yield advantage over time. We do not actively time interest rates and seek to manage interest rate risk within a tight band around our portfolios' benchmarks. Our underlying fixed income strategies are managed to recognizable, industry-comparable market benchmarks with a conservative, risk-aware approach that emphasizes high-quality investments and broad diversification. This approach aims to outperform stated benchmarks over a full market cycle with a risk profile similar to each mandate's benchmark.

The consistency of the strong risk-adjusted returns generated by our stable value strategy's key fixed income composites can be illustrated by their information ratios. The information ratio is a performance metric that is designed to evaluate the consistency and efficiency of an active manager's returns relative to the risk taken to achieve them. The information ratio is calculated as the manager's excess returns (portfolio return less benchmark return) divided by the volatility of those excess

Endnote on following page.

FIGURE 2: 10-YEAR INFORMATION RATIO RANK[2]



returns (standard deviation of the excess returns) to get a ratio of the active return per unit of active risk. By this measure, higher information ratios suggest consistent outperformance with lower relative risk.

As seen in Figure 2, through June 30, 2025, Galliard's Short Core and Intermediate Aggregate Composites have consistently produced top tier information ratios, ranking in the top half of peers 100% of the rolling 10 year periods since inception, noting the Intermediate Aggregate Composite has ranked in the top decile 25% of the time.

A STEADY HAND AT THE WHEEL

Understanding the importance of principal preservation and liquidity in addition to long-term returns, Galliard's investment process was designed to thoughtfully assess and manage risk while constructing portfolios that we believe strike the right balance between return and capital preservation. Our investment philosophy is rooted in a conservative approach that emphasizes high-quality securities, broad diversification, and disciplined value investing. As illustrated in Figure 2, this approach has generated consistent long-term risk adjusted performance that compares favorably to the broader universe of U.S. investment grade fixed income managers. Combined with our experience and expertise managing diversified stable value contract coverage, the success of our underlying fixed income strategies in providing attractive returns over time has contributed meaningfully to the resilience of our stable value solutions across past market cycles.

1: Source: Bloomberg. The Long Duration Portfolio is represented by the Bloomberg US 1-5 Yr Government/Credit Bond Index. The Standard Duration Portfolio is represented by the Bloomberg US Aggregate Bond Index. The stable value crediting rate shown is for illustrative purposes only, the inputs for which assume a cash funding at the beginning of the period and are based on the yield, duration, and monthly returns of the market indices noted for the 5-year period ended 9/30/2025. For the purposes of this illustration, the crediting rate is calculated and reset monthly using an industry standard crediting rate formula. For the scenarios that illustrate cash flows, cash flows are assumed to occur at the end of each month at a rate of 1/12th of the annual amount shown. Crediting rates do not reflect any fees which would reduce the rates.

2: Nasdaq eVestment Data. Sourced 10/15/2025. Data shown is a rolling 10-year Information Ratio rank of the 2 Galliard composites. Galliard Short Core Composite is shown using the Bloomberg US Government/Credit 1-3 Year Bond Index in the eVestment US Short Duration Fixed Income Universe. Galliard Intermediate Aggregate Composite is shown using the Bloomberg US Intermediate Aggregate Bond Index in the eVestment US Intermediate Duration - Aggregate Fixed Income Universe. The Information Ratio is rolled back quarterly, so there are 65 Short Core observations (7/1999 – 6/2025) and 48 Intermediate Aggregate observations (10/2003 - 6/2025). eVestment Alliance, LLC and its affiliated entities(collectively "Nasdaq eVestment") collect information directly from investment management firms and other sources believed to be reliable, however, Nasdaq eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions. Copyright © Nasdaq. All Rights Reserved.

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Past performance is not an indication of how the investment will perform in the future.

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