

# Quarterly Performance Attribution

## SHORT CORE COMPOSITE

FIRST QUARTER 2025

### INVESTMENT PERFORMANCE<sup>1</sup>

as of March 31, 2025

	1Q'25	1 Yr	3 Yr	5 Yr	10 Yr
Short Core (before fees)	1.74	6.23	3.78	2.35	2.20
Short Core (after fees)	1.68	5.97	3.53	2.09	1.91
Bloomberg U.S. 1-3 Year Gov't/Credit Bond Index <sup>4</sup>	1.63	5.61	3.10	1.56	1.64
<b>Value Added (before fees)</b>	<b>+0.11</b>	<b>+0.62</b>	<b>+0.69</b>	<b>+0.79</b>	<b>+0.56</b>

### PERFORMANCE RECAP

Galliard's Short Core Composite (composite) outperformed its benchmark, the Bloomberg U.S. 1-3 Year Government/Credit Bond Index (index), during the first quarter (Q1). The composite returned 1.74% versus the index return of 1.63%. Allocations to securitized assets continued to drive outperformance.

### PERFORMANCE ATTRIBUTION (before fees)<sup>1</sup>

as of March 31, 2025

	Attribution (basis points)
Sector Allocation	+5
Security Selection	+4
Yield Curve/Duration	+1
Residual Impact <sup>5</sup>	+1
<b>Total Attribution</b>	<b>+11</b>

### COMMENTARY ON ATTRIBUTION

- Allocations to Agency RMBS and Other U.S. Governments benefited relative returns
- Corporate security selection was also additive
- Yield curve positioning did not materially impact relative returns

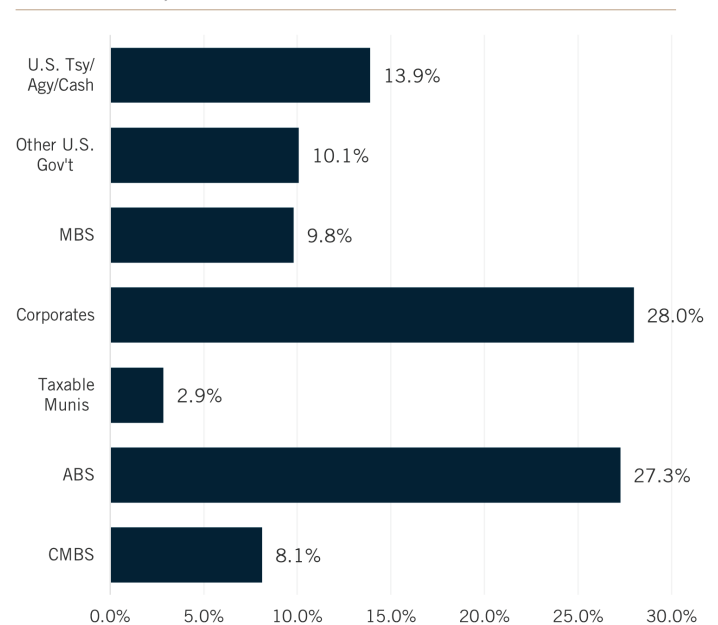
### COMPOSITE CHARACTERISTICS (before fees)<sup>2</sup>

as of March 31, 2025

	Composite	Bloomberg U.S. 1-3 Yr. Gov't./Credit Bond Index
Weighted Average Quality <sup>3</sup>	AA	AA
Yield to Maturity	4.59%	4.10%
Effective Duration	1.85 Yrs	1.78 Yrs

### SECTOR ALLOCATION

as of March 31, 2025



### CURRENT STRATEGY & OUTLOOK

- Portfolios are fully invested, for the most part, and we generally remain comfortable with overall positioning
- Uncertainty has pushed credit spreads wider year-to-date, creating select investment opportunities, but prudence remains paramount as volatility is expected to continue over the near term
- We remain mindful of downside risks and overall positioning will continue to be more defensive and selective

1: For comparative purposes, Galliard Composite excess returns are shown gross of investment management fees and include all income, realized and unrealized gains and losses and all transactional costs. Value added before investment management fees; may not add due to rounding. See further disclosures on reverse side of this page. 2: Characteristics shown are before fees. 3: The Weighted Average Quality shown has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents the individual holding's composite ratings, as rated by S&P, Moody's, and Fitch. If S&P, Moody's, and Fitch all provide a credit rating, the composite rating is the median of the three agency ratings. If only two agencies provide ratings, the composite is the more conservative rating. If only one agency provides a rating, the composite rating reflects that agency's rating. 4: Linked Benchmark: Prior to July 1, 2018 was the Bloomberg U.S. 1-3 Year Government Bond Index. 5: Includes trading, cash flows and other residual impacts.

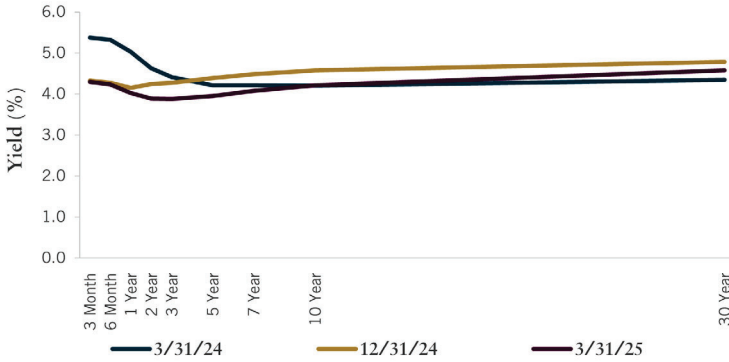


# SHORT CORE COMPOSITE FIRST QUARTER 2025

## Interest Rates Fell Across the Curve; Credit Spreads Widened on Fiscal Policy Uncertainty

### CHANGES IN U.S. TREASURY RATES

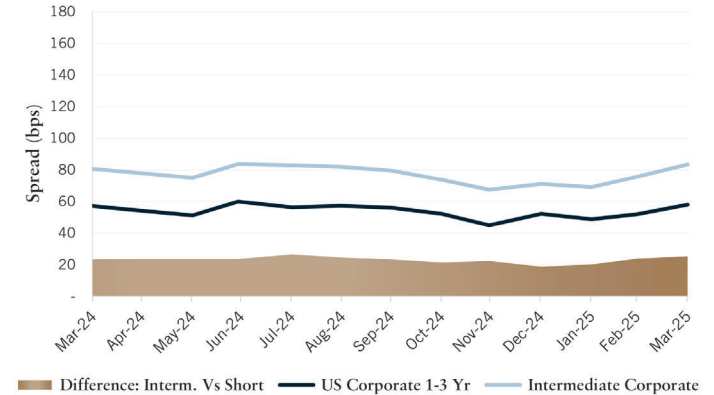
Treasury Yields Declined on Revised Growth Expectations



Source: Bloomberg

### CORPORATE CREDIT SPREADS

Corporate Spreads Increased Year-to-Date



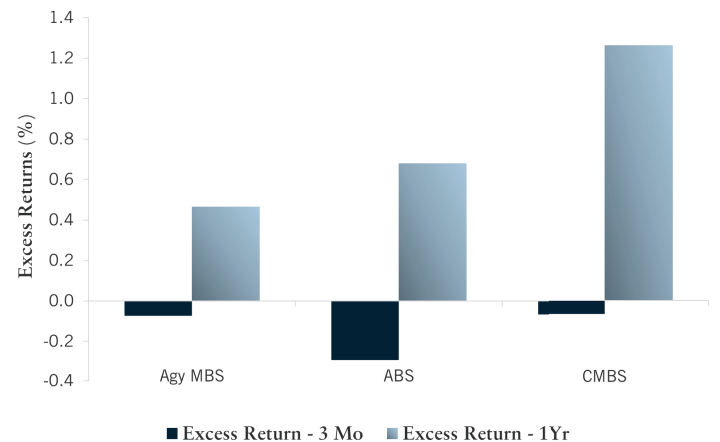
Source: Bloomberg

### QUARTERLY MARKET COMMENTARY

- 4Q GDP growth measured 2.4% q/q annualized, bringing 2024 GDP growth to ~2.5% for the year. 1Q GDP growth forecasts vary widely among the estimates we track, ranging from -1.8% to 2.3% q/q annualized.
- The yield curve rallied with the 2-year Treasury decreasing by 36 bps and the 10-year Treasury decreasing by 37 bps, resulting in no change to the shape of the curve. We would characterize the rally in rates as a “flight to quality” rally. With increased volatility and equities resetting lower, investors looking for insurance are happy to buy Treasury yields that are still healthy.
- The FOMC stayed on hold at its meeting in March. Notably, the Fed is slowing the runoff of its balance sheet by reducing the monthly cap on Treasuries. The post-meeting statement highlighted patience in the face of uncertainty. The median dot plot indicates only two cuts in 2025, unchanged from December.
- Inflation remains above the Fed’s target, with most measures of inflation bottoming out and perhaps even trending higher since last fall. Short-term inflation expectations have catapulted to ~3.30%. Long-term inflation expectations have increased only slightly with 5-year and 10-year breakeven rates registering 2.63% and 2.37%, respectively.
- The labor market remained healthy despite the general tone of market uncertainty during the quarter. While January and February payrolls were more muted, March saw an overall solid employment report. Manufacturing and business orders weakened following a brief rebound, and services also dipped lower.

### STRUCTURED PRODUCT

Securitized Sectors Underperformed Over the Quarter



Source: Bloomberg

The Short Core Composite (composite) consists of all fully discretionary separate accounts that do not use derivatives and are managed against the Bloomberg U.S. 1-3 Year Government/Credit Bond Index or equivalent indices. Prior to July 1, 2018, the Short Core Composite benchmark was the Bloomberg U.S. 1-3 Year Government Bond Index. This change was made on a prospective basis. The composite strategy focuses on risk control and adding value through security selection. Returns for periods less than one year are not annualized. Returns designated as being “before investment management fees” include all income, realized and unrealized gains and losses, and all transactional costs. Returns designated as “after maximum fees” are the “before investment management fees” returns less the maximum investment management fee of 0.25% which may be charged by Galliard for management of each client’s account. Prior to April 1, 2021 the maximum fee which could be charged by Galliard was 0.30%. Historical composite returns shown as after maximum fees reflect this fee reduction on the respective date. These returns may also be impacted by the effect of compounding and will be rounded to the nearest basis point. Galliard’s advisory fees are disclosed in the firm’s Form ADV Part 2 which is available upon request. Benchmark returns do not include potential transaction costs or management fees. For comparison purposes the benchmark is fully invested and includes the reinvestment of income. While it is believed that the benchmark used here represents an appropriate point of comparison for the composite referenced above, prospective investors should be aware that the volatility of the benchmark or index may be substantially different from that of the composite; and holdings in the composite may differ significantly from the benchmark or index if the investment guidelines and criteria are different than the composite. Past performance is not an indication of how the investment will perform in the future.

Galliard Capital Management, LLC (“Galliard”) is a registered investment adviser and a wholly-owned, independently operated subsidiary of Allspring Global Investments Holdings, LLC providing fixed income and stable value investment portfolio management for institutional clients. Galliard Capital Management claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. To receive a complete list and description of Galliard composites and/or a GIPS Composite Report, please contact Galliard Client Service at 612.667.3220 or galliardclientservice@galliard.com. The information contained herein reflects the views of Galliard Capital Management, LLC and sources believed to be reliable by Galliard as of the date of publication and is not intended to be used as investment advice. The views and positions are subject to change at any time in response to changing circumstances in the market and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets, in general.

© 2025 Galliard Capital Management, LLC.

FOR INSTITUTIONAL INVESTOR USE ONLY.