

# High Yield

## INVESTMENT PHILOSOPHY

We believe the high yield market has historically offered substantial income to over-compensate for default risk as well as offer the potential to produce capital gains when issuers have improved their credit quality. Knowing defaults have been largely concentrated by industry, we defensively seek to underweight those industries where we can identify negative secular trends. A key to potentially generating consistent investment returns is through the “value” driven company-specific analysis, designed to capture excess returns from companies that demonstrate they can generate free cash flow throughout an economic cycle. These companies generally experience lower-than-index default losses, while producing an attractive yield.

## INVESTMENT PROCESS

Our investment process starts with a focus on industries we believe have sufficiently low cash flow volatility to service debt regardless of the next macro trend. We seek above average yielding opportunities within an industry that we deem favorably positioned to generate cash flow. These opportunities tend to be relatively small, privately owned issuers, not closely followed by our larger competitors or in brokerage research. The three senior members of our portfolio management team have discretion to optimize exposure in the industries in which they specialize, following a set of common investment themes. We seek to capture alpha over the complete credit cycle.

## KEY ADVANTAGES

- Portfolio management team with significant experience working together in high yield and leveraged loan space
- Emphasis on small issue high yield allowing for increased yield potential and less competitive coverage
- High conviction manager that places proprietary industry research over index weightings
- High quality risk management as evidenced by lower defaults losses and a lower downside capture ratio

## DETAILS

Mesirow High Yield team assets: \$1.8 billion<sup>1</sup>

High Yield vehicles offered:

- Separately Managed Account
- Collective Investment Trust
- Mutual Fund

## WHO WE ARE

Mesirow High Yield Management (MHY) investment professionals average more than 30 years of industry experience and are committed to providing customized service to clients.



**Robert E. Sydow**  
Chief Investment Officer  
Industry start: 1998



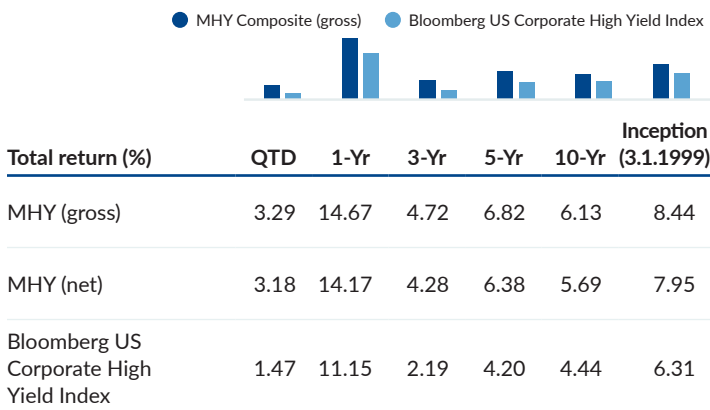
**Kevin S. Buckle, CFA**  
Senior Managing Director  
Industry start: 1990



**James Lisko**  
Senior Managing Director  
Industry start: 1993

1. AUM as of 3.31.2024. Mesirow High Yield Management (“MHY”) is a division of Mesirow Financial Investment Management, Inc. (“MFIM”), an SEC-registered investment advisor. | Past performance is not indicative of future results. Please see the disclosures at the end for additional, important information. Any performance mentioned above is supplemental; please see the GIPS Report that is included for complete performance and benchmark descriptions.

### COMPOSITE ANNUALIZED PERFORMANCE<sup>1</sup>



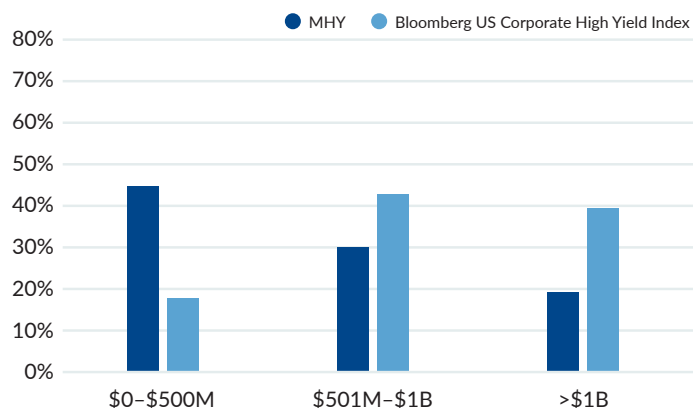
Source: MHY and SEI

### CHARACTERISTICS<sup>2</sup>

	MHY	Bloomberg US Corporate High Yield Index
Duration (years)	2.2	3.1
Weighted average maturity (years)	4.2	5.1
Current yield (%)	8.1	6.5
Yield to maturity (%)	9.9	7.6
Yield to worst (%)	9.7	7.4
Average credit quality	B+/B	B+/B
Number of issues	123	1,949
Number of issuers	109	910

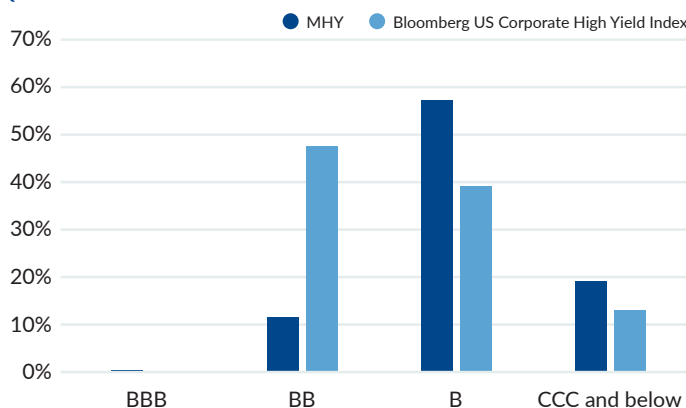
Source: MHY using data from Bloomberg, LP.

### ISSUE SIZE<sup>2</sup>



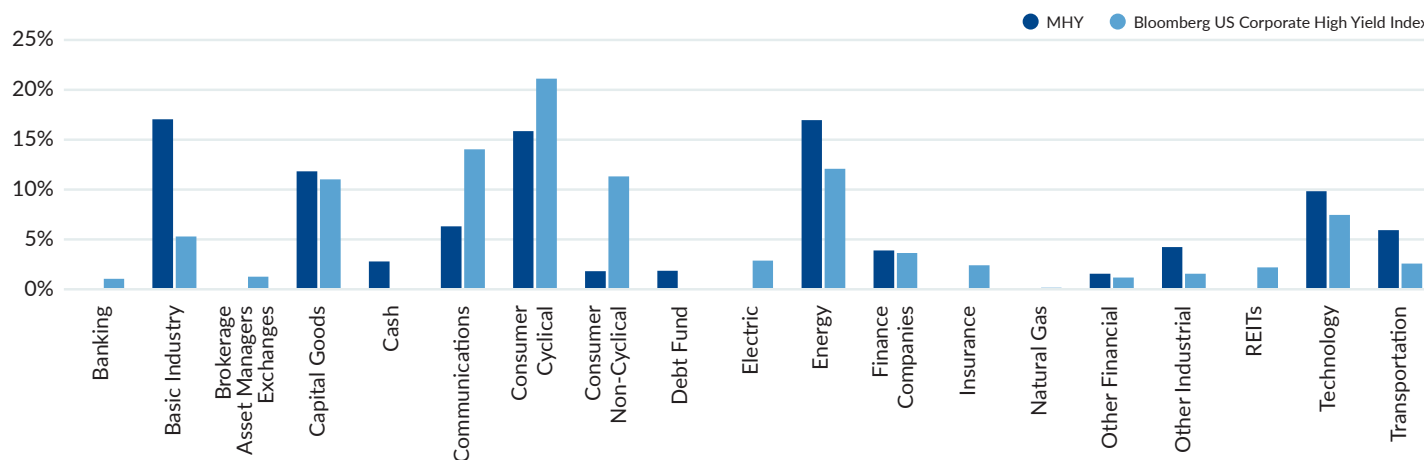
Source: MHY using data from Bloomberg, LP.

### QUALITY DISTRIBUTION<sup>2</sup>



Source: MHY using data from Bloomberg, LP. | Bond credit quality allocation reflects the median ratings of Standard & Poor's Corporation; Fitch Rating's; and Moody's Investors Service, Inc. Ratings are relative, subjective and not absolute standards of quality and represent the opinions of the independent, Nationally Recognized Statistical Rating Organizations (NRSRO). Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

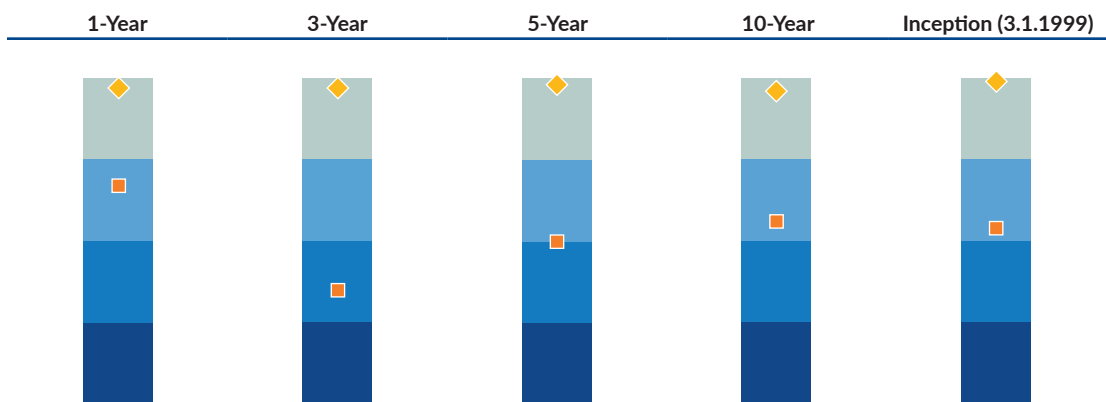
### INDUSTRY WEIGHTING<sup>2</sup>



Source: MHY using data from Bloomberg, LP.

As of 3.31.2024 | 1. Past performance is not indicative of future results. Performance for periods greater than one year is annualized. Please see the attached GIPS Report for complete performance, including net and benchmark descriptions. | 2. Portfolio metrics are calculated from a representative account invested in the Mesirov High Yield strategy and is supplemental to the GIPS composite. Please see the attached GIPS Report for complete performance, including net and benchmark descriptions. | All yield/spread calculations cap any individual holding included in the calculation at 2500bps. This cap exists to more realistically represent expected yields.

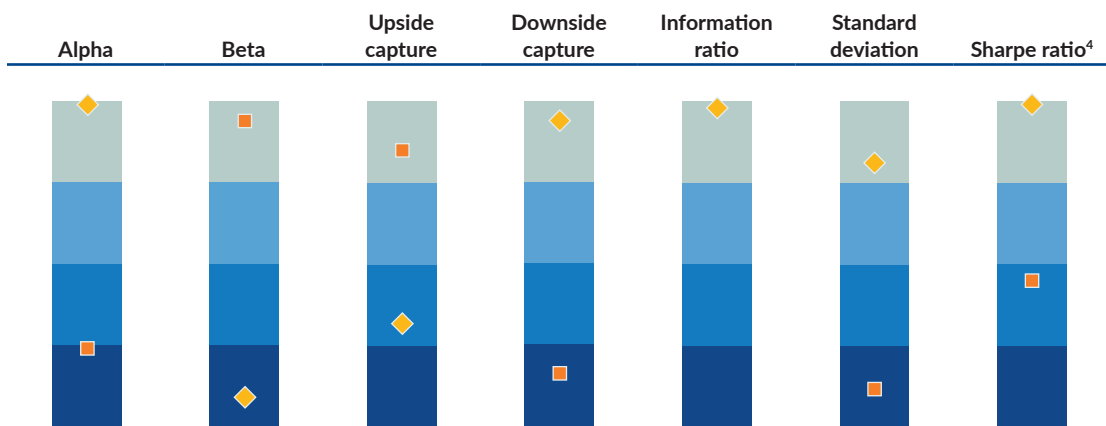
### HISTORICAL PERFORMANCE RANKINGS BY QUARTILE<sup>3</sup>



	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank
◆ MHY (gross)	14.67	3	4.72	3	6.83	2	6.14	4	8.44	1
MHY (net)	14.17	-	4.28	-	6.38	-	5.69	-	7.93	-
■ Bloomberg US Corporate High Yield Index	11.15	33	2.19	65	4.21	50	4.44	44	6.32	46

Source: eVestment Alliance, LLC., US High Yield Fixed Income universe at 71.3% population; # of observations/managers reporting: 1-Year – 335, 3-Year – 322, 5-Year – 314, 10-Year – 259, Inception – 83.

### RISK METRICS – SINCE INCEPTION RANKINGS BY QUARTILE<sup>3</sup>



	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank
◆ MHY (gross)	3.97	1	0.69	91	86.67	68	56.71	6	0.41	2	7.62	19	0.87	1
MHY (net)	3.48	-	0.69	-	84.21	-	58.59	-	0.31	-	7.62	-	0.80	-
■ Bloomberg US Corporate High Yield Index	0.00	76	1.00	6	100.00	15	100.00	84	-	-	9.10	88	0.49	55

Source: eVestment Alliance, LLC., US High Yield Fixed Income universe at 71.3% population; # of observations/managers reporting: 83.

Past performance is not indicative of future results. | 3. The performance statistics presented are based on the Mesirow High Yield Composite Composite (“Composite”) since inception (3.1.1999) against the eVestment US High Yield Fixed Income Universe defined as US Fixed Income products that primarily invest in high yield debt. Information shown is supplemental to the GIPS compliant presentation. | 4. The risk free rate of return used in calculating the sharpe ratio is the Citigroup 3-Month US Treasury Bill. | 4. The risk free rate of return used in calculating the Sharpe Ratio is the Citigroup 3-Month US Treasury Bill.

Mesirow refers to Mesirow Financial Holdings, Inc. and its divisions, subsidiaries and affiliates. The Mesirow name and logo are registered service marks of Mesirow Financial Holdings, Inc. © 2024. All rights reserved. Mesirow Fixed Income High Yield (“MHY”) is a division of Mesirow Financial Investment Management, Inc., (“MFIM”) an SEC-registered investment advisor. This communication is for institutional use only and may contain privileged and/or confidential information. It is intended solely for the use of the addressee. If this information was received in error, you are strictly prohibited from disclosing, copying, distributing or using any of this information and are requested to contact the sender immediately and destroy the material in its entirety, whether electronic or hardcopy. Nothing contained herein constitutes an offer to sell or a solicitation of an offer to buy an interest in any Mesirow Financial investment vehicle. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Any opinions expressed are subject to change without notice. It should not be assumed that any recommendations incorporated herein will be profitable or will equal past performance. Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Part 2 of Form ADV of MHY. Yields are subject to market fluctuations. Mesirow Financial Investment Management, Inc. and its affiliated companies and/or individuals may, from time to time, own, have long or short positions in, or options on, or act as a market maker in, any securities discussed herein and may also perform financial advisory or investment banking services for those companies. Mesirow Financial does not provide legal or tax advice. Securities offered by Mesirow Financial, Inc. member FINRA, SIPC. Additional information is available upon request.

**Australia:** The information contained herein is intended for Wholesale Clients only and is for informational purposes only. This document is not a prospectus or product disclosure statement under the Corporations Act 2001 (Cth) (Corporations Act) and does not constitute a recommendation to acquire, an invitation to apply for, an offer to apply for or buy, an offer to arrange the issue or sale of, or an offer for issue or sale of, any securities or investment service in Australia, except as set out below. The strategy has not authorised nor taken any action to prepare or lodge with the Australian Securities & Investments Commission an Australian law compliant prospectus or product disclosure statement. Accordingly, this strategy and document may not be issued or distributed in Australia other than by way of or pursuant to an offer or invitation that does not need disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act, whether by reason of the investor being a ‘wholesale client’ (as defined in section 761G of the Corporations Act and applicable regulations) or otherwise. This document does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of any strategy or investment service to a ‘retail client’ (as defined in section 761G of the Corporations Act and applicable regulations) in Australia.

**Belgium, Finland, Norway, Sweden:** This information does not constitute investment advice or an offer to invest or to provide discretionary investment management services. The strategies discussed in this document include significant risk, including the risk of loss of an investor’s entire capital. This document is only being provided to Professional Investors (as that term is used in the Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) in the European Union. No regulatory entity within the EU or elsewhere has approved this strategy or reviewed this document. It is being distributed based on Mesirow Financial’s passport from its home jurisdiction in the United Kingdom.

**EU (Post Brexit):** The information contained herein is intended for Professional Clients as the term is defined by MiFID II and is for informational purposes only. Recipients that are classified under MiFID II as retail clients must opt up to Professional Clients before receiving any services from Mesirow.

**Switzerland:** The information contained herein is intended for Professional Clients as the term is defined by MiFID II and is for informational purposes only. Recipients that are classified under MiFID II as retail clients must opt up to Professional Clients before receiving any services from Mesirow. Services are only offered to Regulated Qualified Investors, as defined in Article 10 of the Swiss Collective Investment Scheme Act. There can be no guarantee investment advice will be profitable or meet its investment objectives.

**United Kingdom:** In the United Kingdom, this communication is directed only at persons who fall within the definition of a “professional client” as defined in COBS 3.5 of the FCA handbook”.

## About Mesirow

Mesirow is an independent, employee-owned financial services firm founded in 1937. Headquartered in Chicago, with locations around the world, we serve clients through a personal, custom approach to reaching financial goals and acting as a force for social good. With capabilities spanning Global Investment Management, Capital Markets & Investment Banking, and Advisory Services, we invest in what matters: our clients, our communities and our culture. To learn more, visit [mesirow.com](https://mesirow.com) and follow us on [LinkedIn](#).

## Contact us

### UNITED STATES INVESTORS

[portfoliospecialist@mesirow.com](mailto:portfoliospecialist@mesirow.com) | 312.595.7300

### UNITED KINGDOM AND EUROPEAN INVESTORS

#### Katie Renouf

[katie.renouf@mesirow.com](mailto:katie.renouf@mesirow.com) | 011.44.207.851.1702

## GIPS REPORT – HIGH YIELD COMPOSITE

Gross and Net of Fees Total Returns from January 1, 2014 – March 31, 2024

Year	Year end						Annual performance results				3-year annualized dispersion <sup>(2)</sup>	
	No. of portfolios	Composite Asset at end of period (\$MM)	MHY Assets at end of period (\$MM)	Total Firm Assets (\$MM)	Non paying fee (%)	Carve out (%)	MFIM (gross) Composite (%)	MFIM (net) Composite (%)	Bloomberg US Corp. High Yield Index (%)	Composite Dispersion <sup>(1)</sup> (%)	MFIM (gross) Composite (%)	Bloomberg US Corp. High Yield Index (%)
2014	8	593	797	-	1	0	3.14	2.68	2.45	0.7	4.01	4.50
2015	8	617	757	-	1	0	-1.02	-1.45	-4.47	0.7	4.26	5.26
2016	7	742	841	-	0	0	15.18	14.67	17.13	n/a	4.57	6.00
2017	5 or fewer	512	526	4,772	0	0	8.90	8.45	7.50	n/a	4.24	5.65
2018	5 or fewer	859	873	4,137	0	0	-1.02	-1.37	-2.08	n/a	3.76	4.59
2019	5 or fewer	1,124	1,199	3,895	0	0	13.02	12.58	14.32	n/a	3.74	4.02
2020	5 or fewer	1,338	1,407	6,706	0	0	9.00	8.55	7.11	n/a	12.23	9.24
2021	5 or fewer	1,301	1,421	6,168	0	0	12.12	11.67	5.28	n/a	12.08	9.00
2022	5 or fewer	717	898	3,616	0	0	-10.38	-10.76	-11.19	n/a	12.70	10.97
2023	5 or fewer	1,089	1,457	3,963	0	0	15.58	15.08	13.44	n/a	5.85	8.24
<b>Current Performance Results</b>												
2024	5 or fewer	1,189	1,883	4,371	0	0	3.29	3.18	1.47	n/a	5.79	8.26

Past performance is not necessarily indicative of future results.

Mesirow Financial Investment Management Institutional – Fixed Income claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Mesirow Financial Investment Management Institutional – Fixed Income has been independently verified for the periods 01.01.1996 through 12.31.2022. A firm that claims compliance with the GIPS standards must establish policies and procedures 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. The High Yield Composite has had a performance examination for the periods from 03.01.1999 to 12.31.2022. The verification and performance examination reports are available upon request.

Creation date is 03.01.1999. \* Performance and Composite inception are 03.01.1999.

Mesirow Financial Investment Management, Inc. ("MFIM") is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The "Entity" is defined as Mesirow Financial Investment Management Equities and Fixed Income, which is comprised of the GIPS-compliant units of MFIM which specialize in managing portfolios for institutional clients adhering to an investment process geared towards institutional investors. The historical performance presented prior to the creation of the division was managed by MFIM or its predecessor firms prior to 01.01.2005. For purposes of claiming GIPS compliance, as of 01.01.2010, the "Firm" is further defined as the Fixed Income business unit, Mesirow Financial Investment Management Institutional – Fixed Income, which manages portfolios primarily for institutional investors adhering to an investment process, incorporating fundamental analysis of security valuation factors and drivers.

Effective 10.23.2017, the Firm completed the lift out of the High Yield Team, now Mesirow High Yield ("MHY"), from a former and unaffiliated registered Investment Advisor, Pacific Income Advisers. The High Yield Team, along with the High Yield Composite, became an integral part of the Firm. The current Portfolio Management Team consists of the original members, less one, and they are the only individuals responsible for selecting the securities to buy and sell.

The list of composite descriptions, the Firm's list of pooled fund descriptions for limited distribution pooled funds and the Firm's list of broad distribution pooled funds is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Benchmark returns are not covered by the report of independent verifiers.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The Performance presented from 03.01.1999 to 4.30.2010 was generated while the Portfolio Managers were affiliated with a prior firm. Prior to 05.01.2010, the track record was reviewed for conformance with the portability requirements of GIPS standards. The predecessor firm was also verified, and the composite underwent a performance examination from inception in 03.01.1999 to 12.31.2009 by Ashland Partners & Company LLP. The High Yield Composite had been examined for the period of

05.01.2010 – 06.30.2016 while at Pacific Income Advisers (PIA). PIA had been verified for the period of 01.01.1994 – 06.30.2016.

The High Yield Composite consists of portfolios whose major concentration is in high yield bonds, both public and private. Equity-linked securities purchased in conjunction with debt securities, and equity securities obtained in exchange offers or insolvency proceedings, as well as leveraged corporate loans, and ETFs (in certain circumstances when onboarding a new account) may also be included. The portfolios are considered to be substantially fully invested, with minor cash holdings, at such time as the portfolio consists of at least 85% high yield bonds. This High Yield Composite definition was amended as of October 2019 to more fully reflect the intended strategy. On 01.01.2009, a substantially large equity position (comprising several securities) became non-discretionary and was transferred from the High Yield Composite portfolio when the client restricted the portfolio manager from selling the positions due to tax consequences.

Prior to 11.01.2010, the High Yield Composite was named the U.S. High Yield Composite. It is not for use with the general public and may not be redistributed. Please reference the last page of this presentation for important additional information.

Beginning 05.01.2010, composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of 20% of portfolio assets or greater. Additional information regarding the treatment of significant cash flows is available upon request. The U.S. Dollar is the currency used to express performance.

Prior to 01.01.2010, carve-outs reflect the capping of cash to 8% of Net Asset Value on an account which represents the personal holdings of one of the portfolio managers in order to align such cash amount to the level typical of an institutional account.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

(1). N/A = Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. Composite dispersion presented is the equal-weighted standard deviation of the gross annual returns of portfolios in the composite for the entire year.

(2). N/A = The 3-year Ex-post standard deviation isn't presented since there aren't 36 monthly returns available prior to this period. 1999 is a partial period from March 1 through December 31. The three-year annualized Ex-post standard deviation measures the variability of the composite gross returns, and the benchmark returns over the preceding 36-month period. It is not required to be presented for annual periods prior to 2011, or when a full three years of composite performance is not yet available.

### Performance / Net of Fee Disclosure

Returns are presented gross and net of management fees and include the reinvestment of all income. Returns do not reflect the deduction of investment advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Part 2 of Form ADV of MHY. As of 10.01.2013, net of fee performance was calculated using actual management fees. Prior to 10.01.2013, net of fee performance was calculated using the highest annual management fee applied to the gross results on a monthly basis. For the period 04.01.2011 through 09.30.2013, the highest management fee was 0.65%. Prior to 03.31.2011, the highest management fee was 0.50%. Actual investment advisory fees incurred by clients may vary. When applicable the standard deviation will be calculated as an equal-weighted standard

## GIPS Report – High Yield Composite

deviation calculated for the accounts in the composite the entire year. The management fee schedule is as follows:

### High Yield Strategy (described in MHY's Form ADV, Part 2)

0.60% on the first \$25 million  
0.55% on the next \$25 million  
0.50% on the next \$50 million  
0.45% on the balance.

### High Yield CIT

0.40% on all assets – Founder Class (First \$100 million) [Closed]\*  
0.55% on all assets – Class A (under \$25 million)\*\*  
0.48% on all assets – Class L (\$25 million and above)\*\*

\*The Founders share class was closed to new investors 01.21.2022 after reaching \$100 million in assets under management.

\*\*Class A Units are available to Participating Plans investing less than \$25 million and Class L Units are available to Participating Plans investing \$25 million or more.

An actual fee charged to an individual portfolio may vary by size and type of portfolio. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) \$1,000,000 investment, (b) portfolio return of 8% a year, and (c) 0.60% annual investment advisory fee would reduce the portfolio's value by \$6,292 in the first year, by \$36,614 over five years and \$89,411 over 10 years. Actual investment advisory fees incurred by clients will vary.

### **Benchmark Definition**

The primary benchmark was formerly the Credit Suisse High Yield Index. The benchmark was changed to the Barclays U.S. Corporate High Yield Index on 05.01.2010, since the Portfolio Management Team believes it is more commonly recognized as the industry standard index for the high yield asset class. The index was renamed the Bloomberg Barclays U.S. Corporate High Yield Index, following Bloomberg's acquisition of Barclays Risk Analytics and Index Solutions (BRAIS) in August of 2016. The Bloomberg Barclays fixed income benchmark indices have since been rebranded as the "Bloomberg Indices" as of 08.24.2021, further updating the benchmark name to the Bloomberg U.S. Corporate High Yield Index. The Bloomberg U.S. Corporate High Yield Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

Mesirow Financial Investment Management, Inc. and its affiliated companies and/or individuals may, from time to time, own, have long or short positions in, or options on, or be a market maker in, any securities discussed herein and may also perform financial advisory or investment banking services for those companies.

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.