FIRST QUARTER 2024 | PORTFOLIO COMMENTARY

LIBERTY PORTFOLIOS™

MULTI-ASSET INCOME SERIES

PORTFOLIO POSITIONING

- In light of continued volatility and uncertainty in bond markets, we are maintaining a lower duration within the ***Core Fixed Income*** allocation compared to the benchmark Bloomberg U.S. Aggregate Bond index. This positioning reduces the degree of interest rate risk in the portfolios.

- In the ***Satellite Equity Income*** allocation, we combine a diverse mix of equity-focused investment strategies and asset classes that generate meaningful current income and offer appreciation potential. Current allocations include equity dividend funds, equity option writing strategies, and real estate.

- Within the ***Satellite Credit*** **Income** allocation, we allocate to several credit-focused investment strategies and asset classes that generate a high level of current income. Current allocations include high-yield bonds, emerging market debt, preferred securities, and multi-asset income funds.

RECENT CHANGES

In February of 2024, we added a Short-Term Income portfolio to the Multi-Asset Income Series. The new portfolio is designed for investors in the income phase of financial planning that are seeking current income with a low level of risk. The portfolio is comprised of short-term and ultra-short term fixed income funds that primarily invest in government, corporate, and securitized bonds with high credit quality and short maturities in an effort to generate current income and limited volatility. Our team views this strategy as an enhanced cash offering that could be an attractive alternative to cash positions when/if the Federal Reserve begins to cut interest rates.

In March 2024, we rebalanced the portfolios to ensure allocations remain consistent with our intended targets.

RATIONALE

In the ***Core Fixed Income*** allocation, we have maintained a reduced duration relative to the benchmark Bloomberg U.S. Aggregate Bond Index. This positioning is intended to reduce interest rate risk in the portfolios amid historic levels of volatility in bond markets. With interest rates remaining higher than they have been in quite some time, we feel a somewhat more defensive positioning with a lower duration profile remains prudent until we have more clarity on inflation and the timing of Federal Reserve interest rate cuts.

In the ***Satellite Credit Income*** allocation, we maintain an increased allocation to our highest conviction U.S. high-yield credit fund, namely Osterweis Strategic Income, as corporate balance sheets remain fairly health and default rates have been low. We also have a significant allocation to PIMCO Income, which is a dynamic multi-asset income fund that targets a consistent level of income by strategically investing across global fixed income sectors. We round out the allocation with smaller allocations to preferred securities and emerging market bonds.

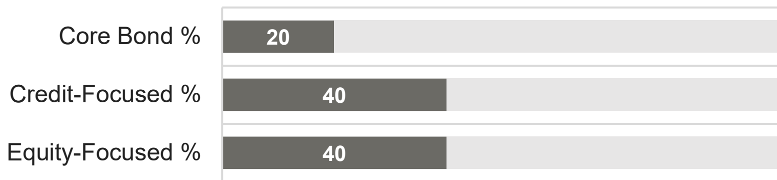
In the ***Satellite Equity Income*** allocation, our emphasis remains on equity funds generating meaningful current income alongside growth potential. The largest allocation is to Vanguard Equity Income, which invests in companies generating above-average levels of dividend income. We also have a significant allocation to J.P. Morgan Premium Equity Income, which combines a portfolio of dividend-paying equities with an option overlay to generate additional income.

ALLOCATION BREAKDOWN

Below is a breakdown of our allocations as of quarter-end:

AGGRESSIVE INCOME

CURRENT ALLOCATIONS

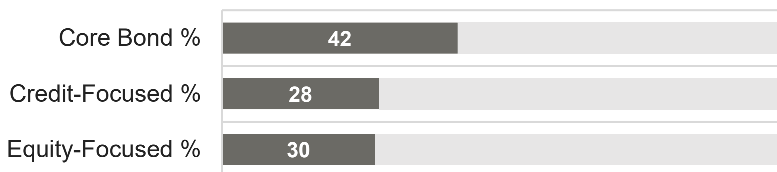


RECENT CHANGES

-
-
-

MODERATE INCOME

CURRENT ALLOCATIONS

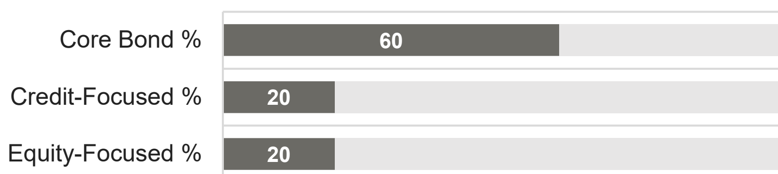


RECENT CHANGES

-
-
-

CONSERVATIVE INCOME

CURRENT ALLOCATIONS

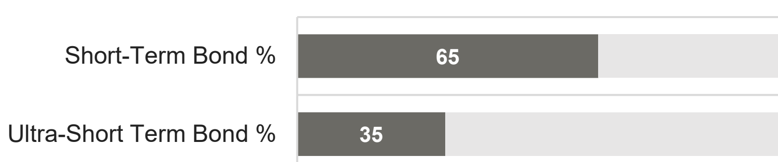


RECENT CHANGES

-
-
-

SHORT-TERM INCOME

CURRENT ALLOCATIONS



RECENT CHANGES

-
-

PERFORMANCE REVIEW

Global equity markets finished 2023 on a strong note and the rally continued during 1Q24. Market participants are increasingly encouraged about the U.S. economy. GDP increased a robust 3.4% annualized in 4Q23 and many recent economic indicators have exceeded expectations, including employment data, consumer sentiment, and manufacturing survey data. As a result, the Citigroup Economic Surprise Index remains firmly in positive territory. The strength in economic activity translated into better-than-anticipated corporate earnings and has led to rising expectations for company earnings growth in 2024. Additionally, the recession fears that dominated the financial headlines a year ago have largely vanished amid the strength of the U.S. economy.

Conversely, the economic strength did not translate to gains for bond market investors last quarter as fixed income markets experienced modest declines in response to rising interest rates. Bond prices and bond yields have an inverse relationship. Interest rates rose in response to some hotter-than-anticipated U.S. inflation data in Q1 and the aforementioned strength in economic activity raising the risk that inflation may remain elevated for longer than expected. Of note, bond markets are now expecting half the number of interest rate cuts from the Federal Reserve in 2024 compared to the beginning of the year; said simply, bond markets are now expecting interest rates to remain higher for longer.

The Liberty Multi-Asset Income portfolios posted a solid positive return last quarter, which was mainly driven by *the Satellite Equity Income* segment. The *Satellite Credit Income* also posted a positive return while the *Core Fixed Income* was down slightly. We believe this was a good result in light of the challenging conditions in fixed income markets during the period.

The following were key contributors to and detractors from performance, on a relative basis, during the quarter.

CONTRIBUTORS	DETRACTORS
• The ***Satellite Equity Income*** allocation was the top-performing segment of the portfolio, led by Vanguard Equity-Income. The fund primarily invests in income producing large cap U.S. stocks and typically leans towards Value sectors many of which had strong quarterly result including energy, financials, and Industrial stocks. JP Morgan Premium income also posted a strong positive return. The fund is an option writing strategy and invests in U.S. large cap stocks, which performed well last quarter. • The ***Satellite Credit Income*** allocation posted a positive return despite declines in broad bond markets. Payden Emerging Markets Bond was the top performing fund and a relative outperformer within the portfolio. Emerging Market credit spreads have tightened as the combination of resilient economic activity in many markets, lower inflation, and a reduction in market volatility has been supportive for the sector. Osterweis Strategic Income was another top-performer. The fund invests in high yield bonds; the U.S. economy has remained resilient which has buoyed performance of riskier bonds.	• The ***Core Fixed Income*** allocation was a relative drag on performance and was down slightly in the quarter. On a positive note, results were better than the benchmark Bloomberg U.S. Aggregate Bond Index. Helping was a positive return from FPA New Income as the fund's short duration portfolio is less impacted by increases in interest rates. In addition, our active bond managers, Dodge & Cox Income and JP Morgan Core Bond, were relative outperformers. • Within the ***Satellite Equity Income*** allocation, Fidelity Advisor Real Estate Income generated a positive return in Q1 but was a relative underperformer. The Real Estate sector is sensitive to interest rates and struggled in the first quarter as interest rates ticked back up.

ABOUT THE MULTI-ASSET INCOME SERIES

Liberty Portfolios™ are comprehensive investment strategies designed to meet the important needs of investors across the key phases of financial planning. These portfolios are constructed through a **core** and **satellite** approach that provides enhanced diversification through the integration of multiple investment methodologies. The Multi-Asset Income Series is designed for investors seeking a diversified portfolio of income-producing assets that carefully balance the trade-offs between yield and risk.