FOURTH QUARTER 2023 | 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 December 2023, 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.

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

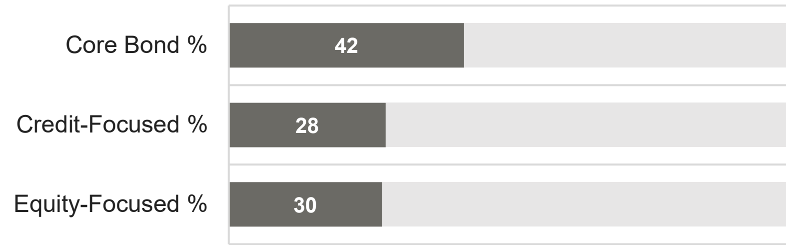
Below is a breakdown of our allocations as of quarter-end:

AGGRESSIVE INCOME

CURRENT ALLOCATIONS		RECENT CHANGES
Core Bond %	20	-
Credit-Focused %	40	-
Equity-Focused %	40	-

MODERATE INCOME

CURRENT ALLOCATIONS



RECENT CHANGES

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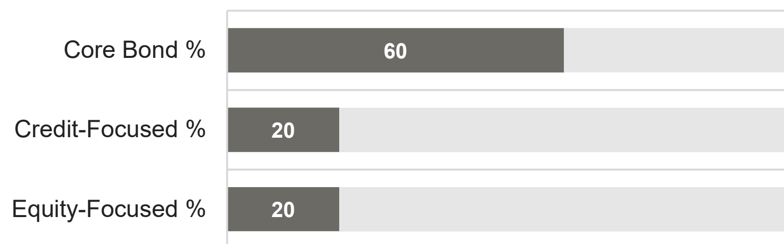
CONSERVATIVE INCOME

CURRENT ALLOCATIONS



RECENT CHANGES

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PERFORMANCE REVIEW

The Liberty Multi-Asset Income Portfolios posted a solid positive return last quarter, which was broad based across all three segments of the portfolio – ***Core Bond, Satellite Equity Income*** and **Satellite Credit Income**.

Equity Markets had a great quarter across the board. The fourth quarter commenced slowly in October, with equity markets declining as investor confidence waned amidst concerns about a prolonged high-interest rate environment. However, improved third-quarter economic data and job reports, coupled with easing inflation, revived investor confidence in November. Additionally, the Federal Reserve pivoted to a more dovish stance on monetary policy, signaling the end of their rate-hiking campaign and opening the door to the possibility of rate cuts in 2024. This shift in the Fed's rhetoric along with the positive economic news led to a decline in interest rates, powering the market to rally to yearly highs through year-end.

Fixed income benefited significantly from the decline in interest rates. In fact, November was the best month for the benchmark Bloomberg Aggregate Bond Index in nearly 40 years. The 10-year Treasury yield fell from 4.59% at the beginning of the quarter to 3.88% at quarter end, which essentially matched the 10-year yield at the beginning of 2023. This positively impacted both the ***Core Fixed Income*** and ***Satellite Credit Income*** allocations as bond yields and prices have an inverse relationship.

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 sleeve of the portfolio, led by Vanguard Equity-Income. This fund typically invests in Large Value Equities that consistently pay a dividend. Its allocation to the Financial Services sector was a tailwind for the fund, as the Fed's dovish pivot caused investors to pile into the space. Declining interest rates typically lead to increased demand for loans, which benefits financial services companies such as banks. • Within the ***Satellite Credit Income*** allocation, Payden Emerging Market Bond was the top-performing fund in the entire portfolio. The Emerging-Market debt space enjoyed a fierce fourth quarter rally fueled by softening inflation and a weakening US Dollar. Emerging Market Bonds are very often tied to the performance of their local currency vs the US Dollar. When the US Dollar declines, the cost to repay the loan drops, which boosts the value of the bond. • Fidelity Advisor Real Estate Income was another big winner in the ***Satellite Credit Income*** allocation. This fund primarily allocates to income-generating debt and equity securities in the real estate space. Real Estate securities had an outstanding fourth quarter, attributable to expectations that interest rates have peaked and falling bond yields.		• The ***Core Fixed Income*** allocation, generated a solidly positive return in 4Q23, although the group did not keep pace with the exceptional returns from its equity counterparts. Results were also somewhat below the benchmark Bloomberg U.S. Aggregate Bond Index. Our holding in FPA New Income, was the primary driver of the relative underperformance. The fund invests in shorter-term bonds that did not keep pace with broader bond market rally during the quarter. Despite lagging in Q4, FPA was a top performer in the ***Core Fixed Income*** allocation for the full year of 2023. • Within the ***Satellite Credit Income*** allocation, Osterweis Strategic Income was a key underperformer; the fund invests in high yield bonds and is defensively positioned, holding shorter-term bonds and an elevated cash position. While this positioning proved a headwind in Q4, it benefitted the fund over the entirety of 2023 with Osterweis a top performer in the ***Satellite Credit Income*** allocation for the full year.

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.