

iMGP Low Duration Fund First Quarter 2026 Commentary

The iMGP Low Duration Income Fund fell 0.06% in the first quarter, essentially matching the Bloomberg Aggregate Bond Index (the Agg), which was down 0.05%, and trailing the Bloomberg Aggregate 1-3 Year Index (1-3 Agg), which was up 0.32%.

Performance as of 3/31/2026	Average Annual Total Returns				
	YTD	1-Year	3-Year	5-Year	Since Inception
iMGP Low Duration Income Fund	-0.06%	5.95%	8.33%	4.95%	5.00%
Bloomberg US Aggregate 1-3 Year Index	0.32%	4.03%	4.40%	2.06%	2.47%
Bloomberg US Aggregate Bond Index	-0.05%	4.35%	3.63%	0.31%	2.07%

Past performance does not guarantee future results. Index performance is not illustrative of fund performance. An investment cannot be made directly in an index. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain the performance of the funds as of the most recently completed calendar month, please visit www.imgp.com. Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

Quarterly Portfolio Commentary

Brown Brothers Harriman

Credit issuance was resilient amid cautious headlines and volatility, and issuers were met with generally favorable conditions as investors flocked to bond funds in the first quarter. Volumes of investment grade corporate bonds increased 12%, high-yield bonds increased 15%, nontraditional ABS increased 14%, nonagency CMBS increased 6%, and CLO increased 8% year over year. Leveraged loan volumes were flat vs. the strong pace of 2025.

Several events drove headlines during the quarter. Three noteworthy events impacted markets: the potential for artificial intelligence (AI) to disrupt software companies, elevated redemptions and limits in business development companies (BDCs), and the onset of the conflict in Iran and its impact on oil shipments and prices. Each development brings concerns, particularly as AI disruption and BDC redemptions impact conditions in the direct lending industry and the rise in oil prices begins to impact consumer prices.

When it comes to the market impacts of these headlines, the bark seems worse than the bite. Broad measures of private credit fundamentals indicate that defaults are rising toward historically normal levels. The U.S. consumer appears resilient, with delinquency and charge-off rates on most types of consumer loans in-check. In the credit markets, software companies’ spreads widened in the loan market and BDC bonds’ spreads widened. However, at the broader sector levels, credit spreads widened only marginally to levels far lower than they have in past episodes of market anxiety. This may be explained partially by the magnitude of bond fund inflows that occurred as investors flocked to the safety of bonds given higher nominal interest rates.

With the general widening of credit spreads, valuations improved and opportunities arose in select pockets of the market; however, it is hardly a “fire sale” as spreads remain closer to their historical lows than their long-term averages. In the corporate credit markets, the percentage of the universes screening as potential “buy” opportunities increased to 10% from 4% for investment grade bonds, to 23% from 15% for high-yield corporate bonds, and to 55% from 48% for loans. Away from corporate credit, there remains no coupon cohort of the agency mortgage-backed securities (MBS) market that screened as a “buy” candidate according to our Valuation Framework. In the structured credit markets, spreads of nontraditional asset-backed securities (ABS) and

collateralized loan obligation (CLO) debt widened towards historical averages, while spreads of single-asset single-borrower (SASB) commercial mortgage-backed securities (CMBS) were little changed during the quarter and near their historical averages.

Opportunities remain throughout the credit markets, though selectivity is imperative. Within the investment grade corporate bond market, over 40% of names of finance companies, life insurers, and specialty finance companies meet our criteria for purchase. There remains an abundance of opportunities in shorter-maturity bonds (under five years). In the high-yield market, there remains an abundance of “buy” opportunities in the media/telecommunications sector, as well as in three sectors impacted by higher oil prices: transportation, chemicals, and energy. Opportunities emerged in several structured credit sectors, including SASB CMBS, data center ABS, subprime auto ABS, personal consumer loan ABS, and broadly syndicated loan (BSL) CLOs.

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Credit fundamentals indicate healthy and resilient performance of commercial, consumer, and real estate loans. Default rates of high-yield corporate bonds and loans sit near their longer-term averages. Measures of default activity in direct lending converge in a range of 3% to 5%, higher than recent lows but consistent with long-term averages. Consumer sentiment remains weak in the face of affordability concerns and recent increases in transportation costs, but delinquency and loss rates of many types of loans – including credit cards, autos, unsecured loans, and home improvement loans – have stabilized at normalized levels. Commercial real estate loan performance has steadied, with banks reporting minimal charge-offs and losses. Credit performance in SASB deal structures has normalized, with delinquency rates stabilizing and losses remaining low.

Guggenheim Investments

The conflict in the Middle East represents a new shock to the U.S. economy. The impact to growth could be moderate if the conflict is resolved soon, but risks climb sharply if oil disruptions extend into summer. U.S. consumer and business fundamentals remain healthy in aggregate. Household balance sheets are in good shape given accumulated wealth gains and moderate debt levels. Corporate profitability remains strong and leverage metrics are in line with historical norms. Economic growth is supported by tailwinds from ongoing AI investment and fiscal stimulus, particularly in the first half of the year. Business provisions in the One Big Beautiful Bill Act should support investment beyond tech, while personal tax provisions should also boost consumer incomes by around \$100 billion.

Our central case has a manageable hit to growth from higher energy prices, with real GDP growth this year a bit under 2%. The U.S. economy is more resilient to oil shocks than in the past, but higher fuel prices will pinch consumers and business profits, causing us to trim our growth forecast. Our baseline reflects flows through the Strait of Hormuz recovering in coming weeks, and oil prices trending toward \$80/b by Q4. A longer duration shock would risk nonlinear effects from tighter financial conditions and supply chain disruptions, raising recession risk.

Smoothing through the noise, recent data suggests stabilization in the labor market. However, with hiring at low levels, it would only take a small rise in layoffs to see unemployment move up quickly. War impacts and AI disruption present risks of layoffs.

Recent core PCE readings have been high, in part driven by some outliers and residual seasonality. Monthly headline inflation will be elevated from energy effects, and core could remain sticky due to some passthrough in areas like airfare. However, as tariff and energy effects fade in the second half, sequential inflation measures should return to a disinflationary path.

With some stickiness in inflation and concerns around energy prices, we expect the Fed will pause for the next few meetings to watch how the economy evolves. If pressures remain contained and inflation expectations well anchored, the Fed can look through elevated monthly readings. Rate cuts should be supported later this year by disinflation and labor market softness, taking the fed funds rate down to 3.125%. We don't expect incoming Fed Chair Kevin Warsh will materially alter the near-term dynamics for Fed policy. He will likely argue for an optimistic supply side rationale for further rate cuts, and over time will push for a smaller Fed balance sheet, though we see operational constraints on how quickly that can be achieved.

Our positioning continues to be focused on diversification and income generation; however, recent spread volatility has created more total return opportunities. We have been utilizing our excess liquidity to take advantage of market opportunities but are keeping dry powder with the expectation that volatility will persist for some time. We maintain an overweight to Agency RMBS where spreads remain relatively attractive and offer the potential for additional price upside from policy changes that could spur further buying both from the GSEs and banks. Conversely, we have remained underweight IG corporates where spreads remain very tight, even amid the recent war-induced widening.

Neuberger Berman

Equity Markets

War has a way of cutting through market narratives with brutal efficiency. The U.S.-Iran conflict, which began with American strikes on Iranian energy infrastructure in late February, dominated every corner of the investment landscape in March. The S&P 500 fell -4.98% for the month, its worst single month decline since September 2022, closing out Q1 down -4.33% year-to-date.

The energy shock was the proximate cause of nearly everything that followed. Brent crude surged 63% in March alone (its largest monthly gain since the 1970s) crossing \$100 per barrel for the first time since August 2022. That kind of move in energy doesn't stay contained to a commodity futures screen; it seeps into inflation expectations, forces central banks to reverse course on rate policy, pressures consumer spending, and compresses the risk appetite that had been quietly rebuilding through the early weeks of the year.

Outside the U.S., the damage varied considerably by energy import dependency. The MSCI EAFE Index finished the quarter down -1.24%, a result that looks resilient in context but masks a brutal March in which EAFE shed -10.29% as European gas prices surged and central banks pivoted hawkishly. Emerging markets, despite their acute sensitivity to a stronger dollar and higher energy costs, closed the quarter nearly flat at -0.17% year-to-date, helped by AI-driven strength in Taiwan and Korea early in the period before the conflict erased most of those gains. March alone saw MSCI EM fall -13.06%.

Fixed Income Markets

Bond markets spent Q1 dismantling one of the more comfortable narratives heading into the year: that the rate hiking cycle was definitively behind us and the direction of travel for yields was clearly lower. By the end of March, that narrative was not just questioned, it had been largely abandoned. Treasury yields rose sharply throughout the period, with the move accelerating in March as energy-driven inflation concerns forced a wholesale repricing of the Federal Reserve's forward path.

The Fed held the funds rate steady at 3.50%-3.75% at its March meeting, but the more consequential development was the collapse in rate cut expectations. Heading into Q1, markets were broadly pricing at least one cut in 2026. By quarter-end, the probability of any cut at the April 29th meeting had fallen to below 1%, and the conversation had begun (uncomfortably) to include the possibility of hikes. The rate environment that investors had hoped would provide portfolio tailwinds in 2026 instead became a headwind of the first order.

The Bloomberg U.S. Aggregate Bond Index finished the quarter essentially flat (-0.05% year-to-date), a result that flatters the full period — positive contributions from January and February were largely erased by March's rate shock. Conversely, the Bloomberg U.S. High Yield Index fell -0.50% for the quarter as spreads widened with the credit market acknowledging that sustained high energy prices and a weakening labor market complicate the corporate earnings picture.

Option Implied Volatility Indexes

The VIX closed March at 25, up ~10 points from year-end's 14.95 and representing a ~70% increase quarter-over-quarter. That is a meaningful move—not a crisis reading, but a clear signal that the options market has genuinely repriced the probability distribution of near-term outcomes in our view. A VIX of 25 reflects a market that expects elevated turbulence over the next 30 days and demands compensation for bearing it. In March's case, that demand was entirely rational.

The implied volatility premium—the spread between what options price as future volatility and what the market actually delivers—held up remarkably well given the severity of March's market shock. The S&P 500 implied volatility premium came in at 4.54 for the quarter, meaning implied volatility continued to exceed realized volatility even in a month defined by genuine macro shock. For a putwrite strategy, a positive premium in a month like March is the equivalent of an insurance underwriter remaining profitable through a major storm — the losses were real,

but the premiums collected were priced correctly enough to more than account for them. The structural foundation held precisely when it was tested most.

VIX futures continue to price an elevated volatility environment well into 2026, and the shape of the forward curve is as informative as its level. As of late March, the curve sits in backwardation, a structure that reflects a market pricing in genuine near-term stress while acknowledging that some normalization is likely as the geopolitical situation evolves. Crucially, even the back end of the curve remains well above both the long-term average and where futures were priced a year ago. That persistent elevation above long-term norms reflects a genuine market belief that the current uncertainty will not fade quickly or quietly. For a strategy that earns its returns from collecting option premiums, we believe a VIX curve elevated above historical norms across every tenor is about as constructive a backdrop as one could reasonably ask for.

Outlook

The setup entering Q2 is, paradoxically, among the more compelling the strategy has faced. A VIX anchored above 20, an unresolved geopolitical conflict keeping energy prices elevated and inflation concerns alive, and a Federal Reserve that has lost the ability to signal confidently in either direction would alone typically constitute a rich premium environment. Layer on top of that a corporate earnings season about to stress-test whether double-digit EPS growth forecasts can survive a \$100+ oil environment, a recession probability that has climbed to roughly 30% from 20% pre-conflict, and the looming Senate confirmation of a new Fed Chair inheriting a dual mandate pulled in opposite directions, and the range of potential outcomes for markets widens considerably.

Wide outcome distributions are precisely what option markets are designed to price, and wide outcome distributions are precisely what we would like to see to keep implied volatility elevated and premiums attractive. Forward earnings estimates, while still constructive, remain vulnerable to downward revision as energy costs work their way through corporate cost structures. Markets that are busy revising their assumptions tend to overprice the next risk before it arrives. The strategy does not require equity markets to rise in order to generate returns. It requires the market to continue overpricing fear relative to what actually occurs. Given the current macro calendar, we believe there is no shortage of fear available to price.

Strategy Allocations

The fund's target allocations across the three managers are as follows: 40% each to Brown Brothers Harriman and Guggenheim Investments, and 20% to Neuberger Berman. We use the fund's daily cash flows to bring each manager's allocation toward their targeted allocation should differences in shorter-term relative performance cause divergences.

Management Fees	0.85%
Distribution and or Service (12b-1) Fees	None
Other Expenses	0.35%
Interest and Dividend Expenses	0.00%
Total Other Expenses	0.35%
Total Annual Fund Operating Expenses:	1.20%
Fee Waiver and/or Expense Reimbursement:	(0.22)%

Gross Expense Ratio	1.20%
Net Expense Ratio	0.98%



The Advisor has contractually agreed to limit the expenses through 4/30/2026.

iMGP Funds' investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be [viewed here](#) or by calling 1-800-960-0188. Must be preceded or accompanied by a prospectus. Read it carefully before investing.

Although the managers actively manage risk to reduce portfolio volatility, there is no guarantee that the fund will always maintain its targeted risk level, especially over shorter time periods and loss of principal is possible. The performance goals are not guaranteed, are subject to change, and should not be considered a predictor of investment return. All investments involve the risk of loss and no measure of performance is guaranteed. The fund aims to deliver its return over a full market cycle, which is likely to include periods of both up and down markets.

Dividends, if any, of net investment income are declared and paid monthly. The Fund intends to distribute capital gains, if any, to shareholders on a quarterly basis. There is no assurance that the funds will be able to maintain a certain level of distributions. The fund is newly organized with no history of performance.

Though not an international fund, the fund may invest in foreign securities. Investing in foreign securities exposes investors to economic, political and market risks, and fluctuations in foreign currencies. Investments in debt securities typically decrease when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in mortgage-backed securities include additional risks that investor should be aware of including credit risk, prepayment risk, possible illiquidity, and default, as well as increased susceptibility to adverse economic developments. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. The fund may invest in master limited partnership units. Investing in MLP units may expose investors to additional liability and tax risks. Multi-investment management styles may lead to higher transaction expenses compared to single investment management styles. Outcomes depend on the skill of the sub-advisors and advisor and the allocation of assets amongst them. The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Merger arbitrage investments risk loss if a proposed reorganization in which the fund invests is renegotiated or terminated.

Diversification does not assure a profit nor protect against loss in a declining market.

Leverage may cause the effect of an increase or decrease in the value of the portfolio securities to be magnified and the fund to be more volatile than if leverage was not used.

Mutual fund investing involves risk. Principal loss is possible.

iM Global Partner Fund Management, LLC has ultimate responsibility for the performance of the iMGP Funds due to its responsibility to oversee the funds' investment managers and recommend their hiring, termination, and replacement.

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