

**From:** [ETF SMB Governing Board Liaison](#)  
**Cc:** [Schueller, Shelly - ETF](#); [ETF SMB Governing Board Liaison](#)  
**Subject:** WDC: IR+M Subadvisor Information  
**Date:** Tuesday, December 10, 2024 8:52:53 AM  
**Attachments:** [IR+M Fund E 9-30-24.pdf](#)

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Good morning, Deferred Compensation Board members,

Please see the below message from the Wisconsin Deferred Compensation Program Director, Shelly Schueller.

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Hello Deferred Compensation Board members –

A request was made at the board meeting last week (Dec. 5, 2024) for more background information on IR+M, the newest subadvisor firm on the WDC's stable value fund. Tami Pearce, our Galliard client contact, provided the information below along with an updated manager profile (attached). Please let me know if you have any questions you would like passed along to Galliard. We also expect Galliard to present at the first board meeting in 2025.

Thank you.  
Shelly

“Thanks for reaching out for additional info on IR+M, more generally, for your Board. Galliard's External Manager team provided the following general summary about IR+M, as well as the most recent updated manager profile (attached).

Income Research + Management (IR+M) was founded in 1987 by John Sommers and Jack Sommers, and the firm remains privately owned with 73 employee shareholders. IR+M's only office location is in Boston, MA.

The firm's sole focus is U.S. dollar denominated fixed income where they manage assets across the maturity spectrum, most recently at \$107 billion in AUM (10/31/24). Assets by strategy (to the largest three strategies) are: \$38.5 billion in Core strategies, \$32.4 billion in Intermediate strategies, and \$16.8 billion in Short strategies (10/31/2024).

The Sommers family maintains majority control through ownership of voting shares, which control the Board. As of January 1, 2024, the Board consists of Jack Sommers as Executive Chairperson, Bill O'Malley as CEO and Co-Chief Investment Officer, and five independent Directors who provide outside perspective and inform on best practices.

IR+M has a consistent, team-oriented, bottom-up investment approach led by a

tenured team of investment professionals. The firm's Co-CIOs, leading the investment team, are Bill O'Malley and Jim Gubitosi.

IR+M has 19 years of experience in managing stable value portfolios. Galliard's relationship with IR+M goes back over a decade, beginning with separate account exposures. IR+M was added as a sub-advisor to the Galliard SA Intermediate Core Fund E in 2018. IR+M manages \$3.2B in stable value assets with approximately \$1.2 managed for Galliard SV clients, as of 10/31/24.

IR+M is utilized within Galliard's multi-manager stable value portfolios and is on our Recommended manager list. This list is reserved for managers that have earned our highest conviction in their ability to effectively manage stable value portfolios and drive positive net-of-fees performance while meeting the highest standards of investment compliance and operational risk control."

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# IR+M – Galliard SA Intermediate Core Fund E

## INVESTMENT STYLE – GALLIARD'S SUMMARY

Income Research + Management's (IR+M) investment process is based on a bottom-up value-oriented process. IR+M focuses on identifying undervalued sectors and securities with embedded value. Security selection and sector allocation are the primary drivers of relative performance.

### Investment Approach



### Sector Rotation



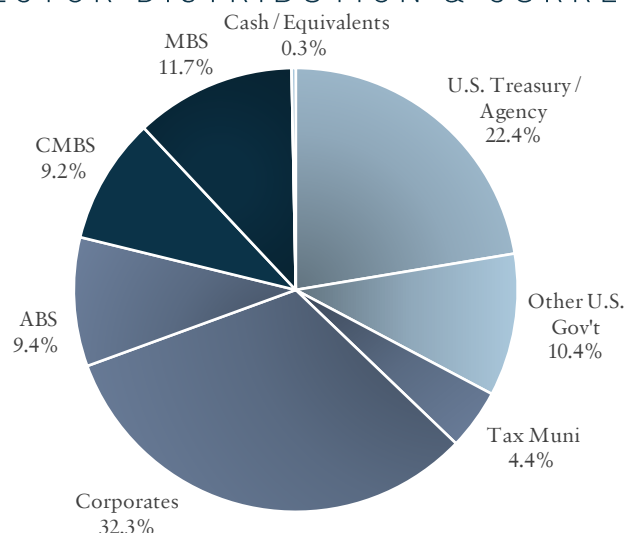
### Active Duration/ Yield Curve Mgmt.



### Issue Selection



## SECTOR DISTRIBUTION & CURRENT STRATEGY



- Commitment to benchmark-neutral duration positioning to moderate the overall risk profile
- Overweight in Corporates and Municipals with a high-quality bias and an emphasis on security selection
- Sector diversification bolstered by out-of-benchmark allocation to ABS, CMBS, and Agency MBS
- Favors Other U.S. Governments, including Small Business Administration securitizations, for their positive convexity profile and government guarantee

## FUND CHARACTERISTICS

|                          | IR+M     | Bloomberg U.S. Intermediate Gov't/Credit Bond Index |
|--------------------------|----------|---|
| Weighted Average Quality | AA       | AA-   |
| Yield to Maturity        | 4.38%    | 3.93%   |
| Effective Duration       | 3.70 Yrs | 3.75 Yrs  |

## ANNUALIZED INVESTMENT PERFORMANCE (%)

|   | 3Q'24  | YTD  | 1 Yr  | 3 Yr | 5 Yr | Since Inception |
|---|--------|------|-------|------|------|-----------------|
| IR+M (before fees)                                  | 4.09   | 5.28 | 10.19 | 0.64 | 1.73 | 2.85            |
| IR+M (after fees)                                   | 4.07   | 5.24 | 10.13 | 0.58 | 1.67 | 2.79            |
| Bloomberg U.S. Intermediate Gov't/Credit Bond Index | 4.17   | 4.68 | 9.45  | 0.17 | 1.26 | 2.38            |
| Value Added (before fees) <sup>1</sup>              | (0.08) | 0.60 | 0.74  | 0.47 | 0.47 | 0.47            |

Data as of 9/30/2024. 1: May not add due to rounding. **Important Disclosure:** Information shown is for Galliard SA Intermediate Core Fund E which is subadvised by Income Research & Management (IR+M) since 10/1/2018. Since Inception performance represents inception of current investment management. The external manager provides performance, portfolio holdings, and characteristics; securities are classified using Galliard's analytics and methodology. Returns for periods less than one year are not annualized. Returns "after fees" reflect the additional external investment management fees as calculated by Galliard based on the applicable fee calculation methodology. As of 9/30/2024, IR+M annualized investment management fee is equal to 0.057% of subadvised assets.

Past performance is not an indication of how the investment will perform in the future. FOR INSTITUTIONAL INVESTOR USE ONLY.