



# Laddered Municipal Bond Separately Managed Accounts

## A Tailored Approach to Municipal Investing

Building a ladder is a passive strategy that seeks to deliver consistent cash flows while diversifying an investor’s capital across multiple maturities.

### Tax-Free Income

Aims to maximize individual efficiency via state level consideration, alternative minimum tax (AMT) restrictions and ongoing tax management of securities

### Disciplined Research

While the ladder may be passive in nature, ongoing credit surveillance is critical to maintaining a high credit quality portfolio

### Experienced Management

Access to a tenured portfolio management team with flexibility to navigate complexities of the municipal market

## Potential Benefits of a Laddered Municipal Portfolio

Our customized ladder offerings seek to provide investors consistent cash flows, capital preservation and managed rate risk. Duration exposure is evenly distributed, not concentrated in a specific maturity year, which may help reduce volatility and enable portfolio reinvestment at a consistent pace.

### Bond Ladder Example<sup>1</sup>

Yield to Worst (%)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Avg. Yield to Worst (%)
Year 1	0.11	0.12	0.13	0.16	0.19	0.28	0.36	0.48	0.59	0.67			0.31
Year 2		0.12	0.13	0.16	0.19	0.28	0.36	0.48	0.59	0.67	0.75		0.37
Year 3			0.13	0.16	0.19	0.28	0.36	0.48	0.59	0.67	0.75	0.82	0.44

Product Offerings	SHORT DURATION		INTERMEDIATE DURATION	
	0 to 5-Year Ladder	0 to 7-Year Ladder	0 to 9-Year Ladder	0 to 10-Year Ladder
Maturity Range	0 – 5 Years	0 – 7 Years	0 – 9 Years	0 – 10 Years
Duration Target	2 Years	3 Years	4 Years	4.5 Years
Minimum Credit Quality at Time of Purchase	A3/A-	A3/A-	A3/A-	A3/A-
Minimum Investment	\$100K	\$100K	\$100K	\$100K

Sources: GSAM, Bloomberg (BVAL), as of December 31, 2020. <sup>1</sup>Bond Ladder Example is for illustrative purposes only, and represents AAA municipal yields. Bonds maturing in 2022 are reinvested in the longest maturity rung of the ladder, and the process will continue as bonds reach maturity. This progression through time is represented by the color gradient. Sample guidelines are for informational purposes only and offered solely as a reference. It does not refer to any actual investments. This material is not intended to be used as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client’s account should or would be handled. Targets are subject to change and are current as of the date of this presentation. Targets are objectives and do not provide any assurance as to future results. Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT). Diversification does not protect an investor from market risk and does not ensure a profit. There is no guarantee that objectives will be met. Goldman Sachs does not provide accounting, tax or legal advice. Please see additional disclosures at the end of this presentation. **Past performance does not guarantee future results, which may vary.**

## About the Team



### Scott Diamond

Co-Head of Municipal Fixed Income  
27 Years of Investment Experience



### Sylvia Yeh

Co-Head of Municipal Fixed Income  
24 Years of Investment Experience

## GSAM Municipal Fixed Income Team

### Tenured. Agile. Disciplined.

Decades of experience equips a dedicated team to make informed investment decisions in the complex municipal bond market.

## Goldman Sachs Asset Management (GSAM)

Goldman Sachs Asset Management is one of the world's leading asset managers, with more than 2,000 professionals and over \$1 trillion in assets under management. Our investment teams capitalize on the market insights, risk management and expertise and technology of Goldman Sachs. We help our clients navigate today's dynamic markets and identify the opportunities that shape their portfolios and long-term investment goals.

Source: GSAM, as of December 31, 2020. Years of industry experience as of December 31, 2020.

### Glossary

**Alternative Minimum Tax (AMT)** is a federal tax aimed at ensuring that high-income individuals, estates, trusts, and corporations pay a minimal level income tax. For individuals, the AMT is calculated by adding tax preference items to regular taxable income.

**Credit Quality Rating** assesses the financial ability of a debt issuer to make timely payments of principal and interest. Ratings of AAA (the highest), AA, A, and BBB are investment-grade quality. Ratings of BB, B, CCC, CC, C and D (the lowest) are considered below investment grade, speculative grade, or junk bonds.

**Duration** is the method of determining a bond's price sensitivity given a change in interest rates. The duration for fixed income securities is calculated by determining the price movement due to a 100 basis point change in market interest rates. This calculation incorporates the change in value of any embedded options that exist.

**Volatility** is a measure for variation of price of a financial instrument over time.

**Yield to Worst (YTW)** is the lowest potential yield that can be received on a bond without the issuer actually defaulting.

### Risk Considerations

**Goldman Sachs Laddered Municipal Bond SMA Risk Considerations:** Investments in fixed-income securities are subject to credit and interest rate risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Credit risk is the risk that an issuer will default on payments of interest and principal. This risk is higher when investing in high yield bonds, also known as junk bonds, which have lower ratings and are subject to greater volatility. All fixed income investments may be worth less than their original cost upon redemption or maturity.

Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT).

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Date of First Use: June 1, 2020. 199880-TMPL-06/2020-1205895.