

RJ Eagle Municipal Income ETF

QUARTERLY COMMENTARY

FOURTH QUARTER 2025

Market Overview

Municipal bonds posted solid results in 2025, with the Bloomberg U.S. Municipal Bond Index gaining 1.56% in the fourth quarter, bringing total return for the year to 4.25%.

Total return performance was positive across the yield curve this quarter, with the intermediate and long end of the curve outperforming. The Bloomberg 1-year, 10-year, 15-year, and 22+ year Municipal Bond indices were up 0.56%, 1.74%, 2.84%, and 1.63%, respectively.

AAA municipal to Treasury ratios were mixed across the curve this quarter, with shorter maturity ratios (1-year to 5-year) cheapening, while longer maturities (7 years and beyond) tightened. While the 1-year ratio increased by 9 percentage points (pp) ending the year at 70%, the 10-year and 30-year ratios declined by 5 pp each, ending the year at 65% and 87%, respectively. At these levels, we believe tax-exempt bonds are now relatively expensive compared to their 5-year averages.

Municipal bond fund flows were positive in December with inflows of \$2.7 billion, ending 2025 with six consecutive weeks of inflows. The municipal market had total net inflows of \$26.1 billion in 2025,

compared to \$20.0 billion in 2024.

Municipal issuance surged to a record \$579 billion, up 14% year over year and 30% above the 10-year average, surpassing 2024's previous high of \$507 billion. This increase reflects a structural shift driven by deferred maintenance, inflation-driven cost increases, and the exhaustion of federal COVID-related funding. Issuers are returning to traditional debt financing for infrastructure and operations, a trend likely to persist.

Fund Review

Top securities

In the fourth quarter, the Fund's top-performing securities were:

- Virginia State Housing Development Authority, VA 3.00% 03/01/2042
- El Dorado, CA Irrigation District COPs 4.00% 03/01/2046
- Smithville, MO COPs 5.00% 09/01/2036
- Public Finance Authority, WI Piedmont Community Charter School 5.00% 06/15/2039
- Louisiana State Public Facilities Authority 5.00% 01/01/2038

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the ETFs, please call 1-800-421-4184. Read the prospectus or summary prospectus carefully before investing.

Investment Team

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Portfolio Manager, Tax Sensitive Strategies

Characteristics

Total Net Assets (millions): \$20.43

Number of holdings: 86

Top 10 Holdings

City of Houston TX Airport System Revenue 5% 07/01/2030

City of Salt Lake City UT Airport Revenue 5% 07/01/2031

Southeast Energy Authority A Cooperative District 5.25% 11/01/2055

California Statewide Communities Development Authority 5% 09/02/2038

Greater Orlando Aviation Authority 5.25% 11/01/2034

County of Montgomery OH 5% 08/01/2039

Florida Development Finance Corp 5% 02/01/2037

California Statewide Communities Development Authority 4% 06/01/2046

Main Street Natural Gas Inc 5% 12/01/2054

Illinois State Toll Highway Authority 5% 01/01/2042

Bottom securities

In the fourth quarter, the Fund's bottom-performing securities were:

- Massachusetts State Development Financing Agency – Simmons University 5.00% 10/01/2035
- Broward County, FL Port Facilities Revenue 5.00% 09/10/2034
- Central Plains Energy Project, NE Northwest 5.00% 10/01/2029
- Kentucky State Public Energy Authority 5.25% 02/01/2032
- Greater Orlando Aviation Authority, FL Special Purpose Airport Facilities 5.25% 11/01/2034

Outlook

Issuance is anticipated to remain elevated in 2026 in the range of \$510 billion to \$550 billion, slightly below 2025 levels. While strong supply is expected to pose technical challenges, attractive absolute yields and a potentially more accommodative U.S. Federal Reserve should sustain demand.

Credit fundamentals are expected to remain strong in the near term, but we anticipate that emerging sector-specific challenges

will demand heightened analytical rigor throughout 2026.

Fiscal pressures and shifting federal support require rigorous credit analysis, particularly in healthcare, higher education, transportation, and general obligation bonds. While many states and municipalities maintain strong reserves, others face tighter budgets and increasingly rely on capital markets.

Local school districts are under pressure as pandemic aid expires and costs rise, with enrollment challenges driven by demographic shifts and competition from charter and private schools. Higher education faces a demographic cliff following a peak in high school graduates in 2025. This challenge is compounded by federal policy changes and reduced research funding. Healthcare margins have improved since 2023 but remain vulnerable to Medicaid cuts and policy changes under the One Big Beautiful Bill Act, particularly for safety-net hospitals and rural facilities. Transportation systems, especially mass transit, continue to struggle with declining ridership and rising costs amid reduced federal support, while ports, airports, and toll roads remain relatively stable.

In this environment, rigorous credit monitoring will guide our portfolio adjustments as fiscal and monetary policy developments unfold. Despite technical headwinds, we expect attractive yields and strong demand to position municipals for favorable tax-adjusted returns in 2026.

Disclosures

Municipal securities risk is the possibility that a municipal security's value, interest payments or repayment of principal could be affected by economic, legislative or political changes. Municipal securities are also subject to potential volatility in the municipal market and the fund's share price, yield and total return may fluctuate in response to municipal security market movements. High-yield security risk results from investments in below investment grade bonds, which have a greater risk of loss, are susceptible to rising interest rates and have greater volatility, especially when the economy is weak or expected to become weak. Investments in high-yield securities (commonly referred to as "junk bonds") are inherently speculative and carry a greater risk that the issuer will default on the timely payment of principal and interest. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the junk bond market generally and less secondary market liquidity. There is no guarantee that the fund's income will be exempt from U.S. federal income taxes and the federal alternative minimum tax. U.S. Treasury obligations risk is the risk that the market value of U.S. Treasury

obligations may vary due to fluctuations in interest rates.

ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a premium or discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact an ETF's ability to sell its shares. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. Brokerage commissions will reduce returns.

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Sources: Bloomberg, Eagle Asset Management

Definitions

AAA Municipal to Treasury yield ratio – A comparison of the yield of AAA municipal bonds to U.S. Treasuries. It aims to ascertain whether AAA municipal bonds are an attractive buy in comparison.

Absolute yield – The return an asset achieves over a specified period of time.

Fiscal policy – The tax collection and spending a government uses to influence its country's economy.

Fund flow – The net of all cash inflows and outflows into and out of a particular financial asset. It typically is measured on a quarterly or monthly basis. Investors and others look at the direction of fund flows for indications about the health of specific securities and sectors or the overall market.

Headwind – A trend, event or market force that hinders the prospects for performance in an individual investment or group of investments.

Monetary policy – The decisions made by central banks to raise or lower benchmark interest rates or otherwise tighten or loosen credit to influence an economy's growth, inflation, or employment levels.

One Big Beautiful Bill Act – An act passed and signed into law in July 2025 that raised the U.S. debt ceiling by \$5 trillion, made permanent tax cuts created by the Tax Cuts and Jobs Act of 2017, and changed a wide range of other aspects of federal tax policy, making changes to health insurance legislation, phasing out or reducing credits for clean energy production or use, and removing tax benefits for illegal immigrants.

Technicals – Indicators of historic market data, including price and volume statistics, to which analysts apply a wide variety of mathematical formulas in their study of larger market patterns.

Total return – When measuring performance, the actual rate of return of an investment or a pool of investments over a given period. Total return includes interest, capital gains, dividends, and distributions realized over the specified period. Total return accounts for two categories of return: income including interest paid by fixed-income investments, distributions, or dividends and capital appreciation, representing the change in the market price of an asset.

Yield curve – A line that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity. The intermediate part of the curve refers to bonds that mature generally in 2 to 10 years. The long end of the curve refers to bonds with maturities of 10 years or more.

Indices

The Bloomberg U.S. Municipal Index, the Fund's benchmark index, covers the U.S. dollar-denominated long-term, tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

The Bloomberg 1-Year Municipal Index is an unmanaged index comprised of investment-grade municipal bonds with maturities of one to two years.

The Bloomberg 10-Year Municipal Bond Index is an unmanaged index comprised of investment-grade municipal bonds with maturities of eight to 12 years.

The Bloomberg 15-year Municipal Bond Index is an unmanaged index comprised of investment-grade municipal bonds with maturities of 12-17 years.

The Bloomberg 22+ Year Municipal Bond Index is an unmanaged index comprised of investment grade municipal bonds with an average maturity of more than 22 years.

“Bloomberg” and the Bloomberg Municipal Bond Index, Bloomberg 1-Year Municipal Bond Index, Bloomberg 10-Year Municipal Bond Index, Bloomberg 15-year Municipal Bond Index, and Bloomberg 22+Year Municipal Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the indices (collectively, “Bloomberg”) and have been licensed for use for certain purposes by Raymond James Investment Management and Eagle Asset Management. Bloomberg is not affiliated with Raymond James Investment Management or Eagle Asset Management, and Bloomberg does not approve, endorse, review, or recommend the RJ Eagle Municipal Income ETF. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the RJ Eagle Municipal Income ETF.

Indices are unmanaged. One cannot invest directly in an index.

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