High-Dividend Portfolio

Portfolio Manager Commentary

As of 12/31/2024

EquityCompass

Q4 2024 Review

Inflation has remained stubbornly higher than the Federal Reserve's (Fed) target of 2.0%. This led to an increase in longer-term U.S. Treasury yields during the fourth quarter as the Fed's tone about the near-term path of monetary policy turned a bit more hawkish with fewer interest rate cuts now expected in the upcoming year. The recalibration of interest rate expectations pressured many of the broader equity market indices during the quarter with dividend-yielding stocks generally leading the downturn.

Despite this somewhat negative backdrop, the **High-Dividend Portfolio (HIDIV)** performed relatively well during the fourth quarter, down just 0.40% (-1.14 net of maximum potential fees) versus a -3.63% return for its S&P 500 Low Volatility High Dividend Index (SP5LVHD) benchmark. Positive stock selection in the Financials, Real Estate, and Energy sectors, as well as an overweight position in Energy, were the key drivers of the outperformance relative to the bench.

Perhaps more importantly, for the full year, HIDIV was up a healthy 17.15% (13.70% net)—modestly underperforming the SP5LVHD's gain of 18.35%. Negative stock selection in the Consumer Discretionary and Communication Services sectors offset positive stock selection in the Real Estate sector and favorable asset allocation within the Energy sector, resulting in the modest underperformance for the year.

Heading into 2025, we believe the portfolio remains fairly well balanced between defensive and cyclical sector allocations with perhaps a very slight overweight in defensive positioning. This is done purposely for two primary reasons. First, the portfolio seeks to generate a high level of consistent dividend income, with growth of income offsetting inflation. This inherently requires a certain level of defensiveness as a base case scenario for the portfolio.

In addition, economic conditions were generally healthy at the end of the year, characterized by solid growth (2.5% to 3.0%) and moderate inflation. However, the economy remains heavily reliant on consumption from upper-income households, with major sectors including housing and manufacturing providing little contribution to overall growth. Recession odds over the next 12 months are reasonably low, but there continues to be a relatively small margin for error against potential adverse developments. We believe this supports, if not adds to, our current somewhat defensive positioning.

Although the pace of interest rate cuts going forward may be slower than some had originally anticipated, which drove weakness in equities during the quarter, the Fed still expects a gradual decrease in rates over the next two to three years—representing an elongated path of potential interest rate cuts. In addition, after years of inversion, the yield curve is now positively sloped.

Objective

Seeks to generate a high level of current income with dividend growth to cover inflation and a yield that is competitive with U.S. high-yield bond benchmarks

Portfolio Management Team

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About EquityCompass

EquityCompass is a Baltimore-based SEC registered investment adviser offering a broad range of portfolio strategies and custom plans for individuals, financial intermediaries, and institutional clients in the U.S. Formally organized in 2008, EquityCompass provides portfolio strategies with respect to total assets of approximately $5.2 billion as of December 31, 2024.*

The EquityCompass team of professionals represents deep industry experience in security analysis, capital markets, and portfolio management. We are committed to a consistent investment process that relies on enduring principles, sound empirical reasoning, and the recognition of a dynamic investment environment with a global reach.

	Total Returns			Annualized Returns				Calendar-Year Returns						
	3-Mos	6-Mos	YTD	1-year	3-year	5-year	Incp.	2018	2019	2020	2021	2022	2023	2024
Gross %	-0.40	12.64	17.15	17.15	8.63	8.83	8.85	-7.95	21.78	-8.30	29.86	4.22	4.99	17.15
Benchmark %	-3.63	10.73	18.35	18.35	6.70	6.57	7.24	-5.87	20.76	-9.67	25.26	0.93	1.70	18.35
Net %	-1.14	11.01	13.70	13.70	5.45	5.65	5.66	-10.68	18.25	-10.99	26.08	1.21	1.92	13.70

As of 12/31/2024; Inception — September 1, 2017; Benchmark = S&P 500 Low Volatility High Dividend Index

Net returns reflect the deduction of the potential maximum managed account fee of 3.00% which includes the wrap sponsor fee and EquityCompass investment management fees. Actual fees may vary.

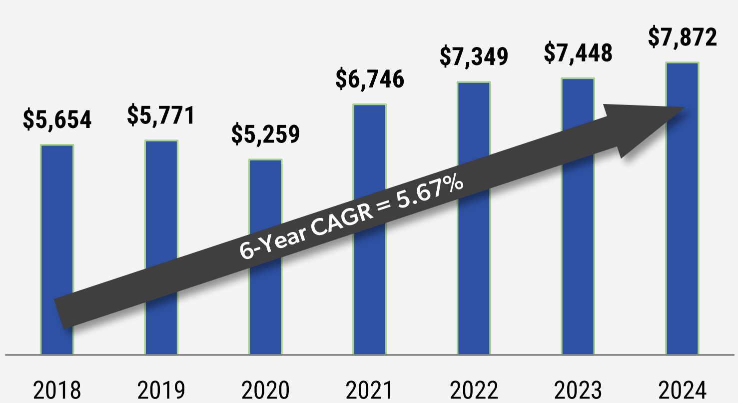
Long-term investors are better off ignoring the knee-jerk reactions in the markets driven by traders. An environment of lower short-term interest rates (even at a slower pace than originally expected), and a positively sloped yield curve, may not necessarily represent a bad macro backdrop for high-yielding dividend stocks. If such an environment plays out, then interest rates on cash will continue to fall—resulting in less yield competition—making dividends ***more*** attractive, not less. In addition, sectors, such as the Financials, that have experienced profit margin compression from an inverted yield curve over the past couple of years, could see a fundamental benefit from yield curve steepening. Many Financials tend to be higher paying dividend stocks.

As customary, the following statistics highlight HIDIV's portfolio management approach in an effort to address market challenges and provide support for income stability.

- Staying true to the portfolio objective to pursue consistent cash flow for investors, HIDIV maintains a weighted average dividend yield of 4.74% at quarter end—more than three times that of the broader market
- For the full year 2024, investors have captured 23 dividend increases among the 30 stock portfolio
- The average growth of those dividend increases has been 4.0%—***excluding*** special and supplemental dividends paid
- Seeking to maintain quality constraints, 100% of the companies in the portfolio have investment-grade debt ratings
- Since inception, HIDIV has generated six-year compound annual dividend income growth (CAGR) of 5.67%—well in excess of the realized level of inflation over that period

High-Dividend Portfolio Annual Dividend Income

2018—2024 | Using a starting value of $100,000* | Source: EquityCompass, Stifel



The ability to maintain purchasing power is a key advantage of dividend stocks over cash and cash-like investments—especially if yields on cash fall as much as the Federal Reserve's own "dot-plot" forecast implies. HIDIV has generated six-year compound annual dividend income growth (CAGR) of 5.67% versus the 3.88% rate of inflation over the same time frame. HIDIV's annual dividend income is shown above.

(*) Based on a representative account. The representative account is the oldest account in the strategy with a continuous track record that also did not have large cash flows (redemptions or deposits) or mandate changes. Portfolio inception: 9/1/2017

HIGH-DIVIDEND PORTFOLIO WRAP COMPOSITE (09/01/2017 – 12/31/2023)

Year-End	Gross-of-Fees Return*	Net-of-Fees Return**	Benchmark Return	Composite 3 Yr. Ex Post Std. Deviation	Benchmark 3 Yr. Ex Post Std. Deviation	Composite Number of Portfolios	Internal Dispersion	Portfolios With Bundled Fees	Composite Assets (USD Mil.)	Strategy Assets (USD Mil.)†	Firm & Advisory Assets (USD Mil.)
2017 §	8.8%	7.8%	6.9%	N/A	N/A	<6	N/A	67%	$0.11	$0.11	$3,785
2018	-8.0%	-10.7%	-5.9%	N/A	N/A	<6	N/A	67%	$0.15	$0.15	$3,831
2019	21.8%	18.2%	20.8%	N/A	N/A	<6	N/A	67%	$0.25	$14	$4,294
2020	-8.30%	-10.99%	-9.67%	20.48%	20.29%	<6	N/A	50%	$0.29	$36	$4,012
2021	29.86%	26.08%	25.26%	20.30%	20.76%	<6	N/A	50%	$0.37	$87	$5,038
2022	4.22%	1.21%	0.93%	21.87%	22.34%	<6	N/A	50%	$0.44	$180	$4,469
2023	4.99%	1.92%	1.70%	14.76%	16.82%	<6	N/A	50%	$0.46	$206	$4,707

** Supplemental information. Please see Fees section for details. ** Net returns are calculated by subtracting the highest applicable wrap fee (3.00% on an annual basis) from the gross composite return. † Supplemental Information. § Returns are for the period 09/01/2017 through 12/31/2017.*

EquityCompass Investment Management, LLC ("EquityCompass") claims compliance with the Global Investment Performance Standards ("GIPS®") and has prepared and presented this report in compliance with the GIPS standards. EquityCompass has been independently verified for the periods 06/01/2014-12/31/2023. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Definition of the Firm

EquityCompass is registered as an investment adviser with the Securities and Exchange Commission. The firm provides a broad range of investment strategies to individuals, financial intermediaries, and institutions in the United States. EquityCompass, a wholly owned subsidiary of Stifel Financial Corp., was organized as an entity in 2007, and has been registered with the SEC since May 5, 2008. SEC Registration does not imply a certain level of skill or training. Please refer to the firm's ADV Part 2 for additional disclosures regarding the firm and its practices. To obtain a GIPS Report or a list of our composite descriptions and/or policies for valuing investments, calculating performance, and preparing GIPS reports, please call (443) 224-1231 or send an e-mail to info@equitycompass.com.

Composite Description

The performance results displayed herein represent the investment performance record for the High-Dividend Portfolio Wrap Composite. The composite includes wrap and non-wrap accounts that are invested in the composite strategy and managed on a discretionary basis by EquityCompass. High-Dividend Portfolio strategy invests in a focused portfolio of dividend-paying stocks domiciled in the U.S. and developed international markets seeking to generate a high level of current income with dividend growth to cover inflation and a yield that is competitive with U.S. high-yield bond benchmarks. It is available in wrap fee programs through third-party intermediaries (each, a "Sponsor") that have engaged EquityCompass to manage client accounts on a discretionary basis or to provide non-discretionary investment recommendations in the form of model portfolios. The Composite was created in January 2018 and the inception date is September 1, 2017.

Benchmark Description

The benchmark is the S&P 500 Low Volatility High Dividend Index. The **S&P 500 Low Volatility High Dividend Index** measures the performance of the 50 least-volatile high dividend-yielding stocks in the S&P 500. The index is designed to serve as a benchmark for income-seeking investors in the U.S. equity market. All benchmark returns are shown on a total return basis and assume that all cash distributions, such as dividends, are reinvested. The volatility of the indices identified in this report may be materially different from the volatility of the model portfolios presented by EquityCompass. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

Fees

Gross-of-fees returns, are gross of portfolio management and custody fees and net of all actual transaction costs in the case of non-wrap accounts and those wrap accounts traded by EquityCompass. If the wrap account trades are executed by the Sponsor, transaction costs are bundled with the wrap fee and therefore not deducted from gross-of-fee return calculation. Net returns are calculated by subtracting the highest applicable annual wrap fee (3.00%, by deducting 0.75% quarterly) from the gross composite return. The EquityCompass management fee schedule per annum is 0.35% on up to 1,000,000, 0.32% on 1,000,000–2,500,000 million, 0.28% on 2,500,000–5,000,000, 0.25% on 5,000,000–10,000,000, and negotiable over 10,000,000. Clients are typically charged a wrap fee which includes, in addition to the manager fee, trading expenses, as well as custody and administrative fees. The wrap fee schedule varies by Sponsor and is available upon request.

Reporting Currency

Valuations are computed and performance reported in U.S. dollars (USD).

Annualized Standard Deviation

The three-year annualized ex post standard deviation measures the variability of the monthly returns of the composite (gross-of-fee) and the benchmark over the preceding 36-month period; it is not presented for periods of less than three years.

Internal Dispersion

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of all accounts that were in the composite for the entire year; it is not presented for periods less than one year or when there were fewer than five accounts in the composite for the entire year.

Assets

Strategy Assets include all discretionary and non-discretionary accounts invested in the High-Dividend Portfolio strategy. Accounts that are excluded from the composite because of significant cash flows or for other reasons are also included in Strategy Assets. This is presented as supplemental information.

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This commentary often expresses opinions about the direction of market, investment sector, and other trends. The opinions should not be considered predictions of future results. The information contained in this report is based on sources believed to be reliable, but is not guaranteed and not necessarily complete. All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. It is important to review your investment objectives, risk tolerance, and liquidity needs before choosing an investment style or manager. Equity investments are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors to varying degrees. Fixed Income investments are subject to market, market liquidity, issuer, investment style, interest rate, credit quality, and call risks, among other factors to varying degrees.

It is important to review your investment objectives, risk tolerance, and liquidity needs before choosing an investment style or manager. Small company stocks are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies. The market risk associated with small-cap and mid-cap stocks is generally greater than that associated with large-cap stocks because small-cap and mid-cap stocks tend to experience sharper price fluctuations than large-cap stocks, particularly during bear markets. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. Changes in market conditions or a company's financial condition may impact the company's ability to continue to pay dividends. Companies may also choose to discontinue dividend payments. High-dividend paying stocks may carry elevated risks and companies may lower or discontinue dividends at any time. Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and different accounting standards. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries. Foreign securities potentially entail special risks such as less liquid markets; political and economic instability; lax regulation; and adverse fluctuations in currency exchange rates. Rebalancing may have tax consequences, which should be discussed with your tax advisor. Diversification (or asset allocation) does not ensure a profit or protect against loss.

Real estate investing is subject to special risks, including tenant default, declining occupancy rates, adverse changes in environmental and zoning regulations, and falling property values and rents due to deteriorating local or national economic conditions. REIT securities listed on a securities exchange may be subject to abrupt or erratic price movements because of interest rate changes and other factors. Non-listed REIT securities may lack sufficient liquidity to enable the Fund to sell them at an advantageous time or to minimize a loss. Distributions from REITs may include a return of capital. A REIT that does not qualify as a REIT under the Internal Revenue Code ("IRC") will pay taxes on its earnings, which will reduce the dividends paid by the REIT to the Fund. Some REITs are highly leveraged, which may increase the risk of loss.

The **S&P 500® Index** is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market. The **S&P 500® Low Volatility High Dividend Index** measures the performance of the 50 least-volatile high dividend-yielding stocks in the S&P 500. The index is designed to serve as a benchmark for income-seeking investors in the U.S. equity market. All index returns are shown on a total return basis and assume that all cash distributions, such as dividends, are reinvested. All index returns are shown on a total return basis and assume that all cash distributions, such as dividends, are reinvested. The volatility of the indices identified in this report may be materially different from the volatility of the model portfolios presented by EquityCompass. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

Compound annual growth rate, or CAGR, is the mean annual growth rate of an investment over a specified period of time longer than one year. It represents one of the most accurate ways to calculate and determine returns for individual assets, investment portfolios, and anything that can rise or fall in value over time.

*Total assets combines both Assets Under Management and Assets Under Advisement as of December 31, 2024. Assets Under Management represents the aggregate fair value of all discretionary and non-discretionary assets, including fee paying and non-fee paying portfolios. Assets Under Advisement represent advisory-only assets where the firm provides a model portfolio and does not have trading authority over the assets.

Past performance does not guarantee future performance or investment results.