

Municipal Income Enhanced Portfolio

Portfolio Manager Commentary

As of 12/31/2025



2025 Review

As part of a diversified portfolio, investment-grade municipal bonds primarily seek to produce a positive and sustainable tax-advantaged real income stream. Municipal bonds were well positioned to satisfy that goal in 2025, as they began the year with yields near 15-year highs. The Bloomberg U.S. Municipal Bond Index (MBI) generated an income return of 4.43% for the year, surpassing the 2.70% annual rate of inflation, as measured by the 12-month change in the Consumer Price Index (CPI) through December.

While the MBI's total return income component was healthy, the price component was slightly negative. Municipal bond yields finished the year higher, particularly on the long-end of the curve, due to concerns over a slowing economy and potential funding cuts from the federal government to state and local entities. For the year, MBI's price return was -0.18%, lowering its annual total return to 4.25%. Despite experiencing modest price depreciation, MBI posted a positive total return for the third consecutive year. Relative to Treasuries, municipals underperformed U.S. government bonds on an annual basis for the first time since 2020.

Driven by the same macro factors, the **Municipal Income Enhanced Portfolio (MIEP)** produced a similar return profile to the MBI for both the year and the fourth quarter. Measured on a gross basis, MIEP generated an annual total return of 4.45% (1.36% net of maximum potential fees), including a 1.46% (0.71% net) gain for the fourth quarter. For the year, MIEP outperformed the MBI benchmark by 0.2%, due primarily to the portfolio's 8.55% allocation to closed-end municipal bond funds, which benefitted from a steepening of the municipal yield curve.

2026 Outlook

From our perspective, the overall risk/reward profile of the municipal fixed income market appears favorable. Similar to 2025, income should constitute the bulk of the MBI's annual total return this year. MBI's yield to maturity (YTM) of 3.6% exceeds its 20-year average by 70 basis points (bps). From a historical perspective, municipal bonds have generally recorded above-average forward total returns when their initial yields were significantly higher than their longer-term averages.

In addition to offering attractive tax-advantaged income, municipal bonds appear to have some capacity to generate capital appreciation this year. Two competing factors should largely determine the direction and magnitude of price changes in the municipal fixed income market in 2026. On the positive side, the Federal Reserve (Fed) is widely expected to continue to lower short-

Objective

Fixed income strategy utilizing exchange-traded funds (ETFs) to seek capital preservation, return stability, and supplemental income as part of a diversified investment portfolio

Portfolio Management Team



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Senior Portfolio Manager

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 over \$5.7 billion as of December 31, 2025.*

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 assets include assets under management and assets under advisement

	Total Returns			Annualized Returns				Calendar-Year Returns								
	3-Mos	6-Mos	YTD	1-year	3-year	5-year	Inception	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross %	1.46	4.24	4.45	4.45	3.84	0.72	2.59	6.52	-1.55	11.26	4.05	2.22	-9.41	4.63	2.44	4.45
Benchmark %	1.56	4.61	4.25	4.25	3.88	0.80	2.58	5.45	1.28	7.54	5.21	1.52	-8.53	6.40	1.05	4.25
Net %	0.71	2.68	1.36	1.36	0.76	-2.27	-0.45	3.38	-4.51	7.99	0.98	-0.80	-12.13	1.54	-0.61	1.36

As of 12/31/2025; Inception—January 1, 2017; Benchmark = Bloomberg U.S. Municipal Bond 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.

term interest rates over the next several quarters. At the most recent meeting of the Federal Open Market Committee (FOMC) on December 18, the Fed's Statement of Economic Projections included 50 bps of additional rate cuts, which would lower the overnight federal funds rate to 3.0%, effectively shifting monetary policy from mildly restrictive to neutral by the end of 2027.

As a counterpoint to more constructive monetary policy, the path of inflation could exert upward pressure on municipal bond yields as the year unfolds. After dropping to a 38-month low of 2.3% in April, the year-over-year change in the CPI subsequently climbed to 2.7% through December, due primarily to the implementation of broad-based tariffs on imported goods and materials. While economists' consensus expectations call for inflation to stabilize near its current level over the next 12 months, a further tightening in trade policy or a stronger-than-forecasted recovery in gross domestic product (GDP) growth could result in another unwelcome upturn in consumer prices.

GDP growth should accelerate over the first half of the year following a relatively sluggish fourth quarter, due to a double-barreled infusion of monetary and fiscal stimulus. According to interest rate futures, another 25 bps rate cut will likely be forthcoming from the Fed by the second quarter. In addition to the economic boost provided lower borrowing costs, many households and corporations should experience a lift in after-tax income from the Trump administration's large fiscal package that was enacted last year. A major expansion in capital expenditures to support AI-related initiatives could also bolster economic activity this year. To the extent that the U.S. economy outperforms the relatively tepid consensus estimate for 2.1% annual GDP growth, inflation could also surprise to the upside.

These positive and negative forces may be largely offset, causing municipal bond yields and credit spreads to fluctuate within fairly narrow ranges. To the extent that a range bound environment develops for the major underlying components of municipal price returns, the magnitude of any price appreciation may be limited.

Portfolio Strategy

Capital preservation, market risk mitigation, and positive real income remain MIEP's primary investment objectives. With three-month Treasury bill yields now essentially on par with the MBI's YTM of 3.6%, and likely to fall further if the Fed continues to reduce rates as expected, a rotation from cash to municipal bonds could unfold this year, as investors seek to preserve tax-advantaged cash flow in a declining rate environment. MIEP's relatively conservative approach to duration and credit risk intentionally positions the portfolio as a viable alternative for the deployment of excess cash.

From a strategic perspective, the portfolio is structured to address the unique considerations of a Fed rate normalization cycle, which have historically been characterized by steeper yield curves and wider credit spreads. We expect those specific themes to drive the municipal bond market's performance in 2026 and have tailored MIEP's investment strategy to address both issues.

To prepare for a continued steepening of the municipal curve (lower short-term yields coupled with flat to higher long-term yields), we have set the portfolio's duration at 5.5 years, which is approximately 80% of the MBI's duration. Short-term and intermediate-term yields tend to follow the path of the fed funds rate, while longer-term yields are more heavily influenced by growth and inflation expectations, along with technical supply and demand factors. Focusing the portfolio's expected future principal cash flows in the intermediate-term segment of the curve should assist performance and mitigate risks in several ways, including increasing potential curve roll down benefits, reducing front-end reinvestment risk, and lowering the inflation risk associated with longer duration instruments.

When the curve steepens, credit spreads tend to widen, as investors demand greater compensation for potential downside risks to the economy. To mitigate the risks associated with wider credit spreads, MIEP maintains higher average credit quality relative to the MBI. Compared to the benchmark, MIEP holds an overweight in AAA-rated municipal bonds (including cash) of 200 bps, with a commensurate underweight to securities with lower credit ratings (including non-rated bonds).

MUNICIPAL INCOME ENHANCED PORTFOLIO WRAP COMPOSITE (01/01/2017 – 12/31/2024)

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	Composite Assets (USD Mil.)	Strategy Assets (USD Mil.)†	Firm AUM (USD Mil.)	Firm & Advisory Assets (USD Mil.)†
2017	6.5%	6.5%	5.4%	N/A	N/A	<6	N/A	\$0.02	\$0.03	\$242	\$3,785
2018	-1.6%	-1.6%	1.3%	N/A	N/A	<6	N/A	\$0.02	\$0.03	\$167	\$3,831
2019	11.3%	11.3%	7.5%	N/A	N/A	<6	N/A	\$0.02	\$0.03	\$146	\$4,294
2020	4.0%	4.0%	5.2%	5.4%	4.0%	<6	N/A	\$0.05	\$0.06	\$153	\$4,012
2021	2.2%	-0.8%	1.5%	5.0%	4.0%	<6	N/A	\$0.15	\$0.20	\$221	\$5,038
2022	-9.4%	-12.1%	-8.5%	7.1%	6.5%	<6	N/A	\$0.14	\$2.50	\$184	\$4,469
2023	4.6%	1.5%	6.4%	7.1%	7.5%	<6	N/A	\$0.14	\$4.50	\$179	\$4,707
2024	2.4%	-0.6%	1.1%	7.2%	7.7%	<6	N/A	\$0.03	\$6.26	\$225	\$5,184

* 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.

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 06/01/2014–12/31/2024. 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 oinfo@equitycompass.com.

Composite Description

The performance results displayed herein represent the investment performance record for the Municipal Income Enhanced 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. Municipal Income Enhanced Portfolio strategy utilizes exchange-traded funds to seek capital preservation, return stability, and supplemental income as part of a diversified investment portfolio. 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 January 1, 2017.

Benchmark Description

The benchmark is the Bloomberg U.S. Municipal Bond Index. The **Bloomberg U.S. Municipal Bond Index** measures the performance of the U.S. municipal bond market. It is composed of approximately 1,100 bonds; 60% of which are revenue bonds and 40% of which are state government obligations. 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 per annum is 0.15%. 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 Municipal Income Enhanced 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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It is important to review your investment objectives, risk tolerance, and liquidity needs before choosing an investment style or manager. Closed-end funds are subject to market risk, and the amount you receive upon sale may be more or less than the amount you paid. Investors should consider a fund's investment objective, risks, charges, and expenses carefully before investing. No representation is made that any Strategy, model, or model mix will achieve results similar to those shown in these materials. Diversification (or asset allocation) does not ensure a profit or protect against loss. Rebalancing may have tax consequences, which should be discussed with your tax advisor.

Leverage magnifies the potential for gain and loss on monies invested. In a leveraged fund, an investor will bear a greater share of the losses and a greater share of the gains in a particular investment than would be the case in an unleveraged investment fund.

Exchange Traded Funds (ETFs) are subject to market risk, including the possible loss of principal, and may trade for less than their net asset value. ETFs trade like a stock, and there will be brokerage commissions associated with buying and selling exchange traded funds unless trading occurs in a fee-based account. Investors should consider an ETF's investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your Financial Advisor and should be read carefully before investing.

The **Bloomberg U.S. Municipal Bond Index** measures the performance of the U.S. municipal bond market. It is composed of approximately 1,100 bonds; 60% of which are revenue bonds and 40% of which are state government obligations. 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.

The Consumer Price Index (CPI) measures the change in prices paid by consumers for goods and services. The CPI reflects spending patterns for each of two population groups: all urban consumers and urban wage earners and clerical workers.

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health.

*Total assets combines both Assets Under Management and Assets Under Advisement as of December 31, 2025. 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.

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