Quality Dividend Portfolio

Portfolio Manager Commentary

As of 12/31/2024

EquityCompass

Q4 2024 Review

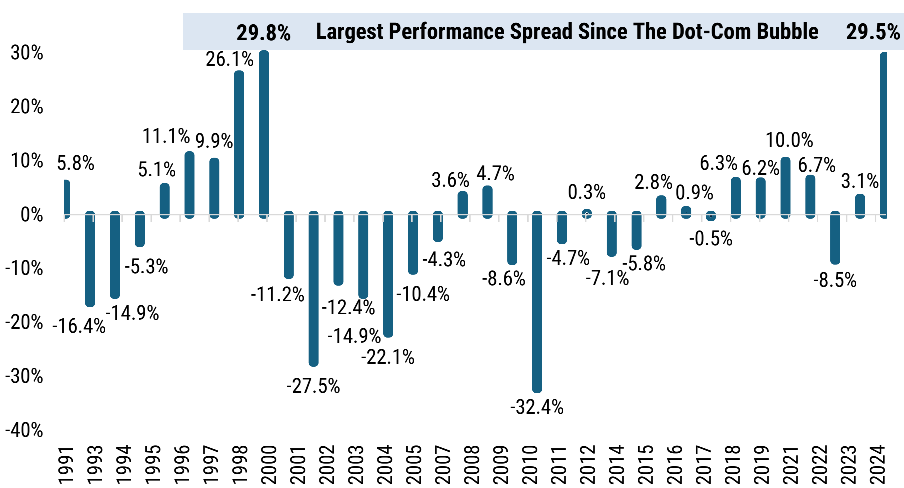
The U.S. equity markets performed well in 2024, with the S&P 500 logging a second consecutive year of 20%+ returns, representing the first time this has occurred since 1998. The S&P 500's strength and resilience are reflected in the 57 trading days in which it set all-time highs during the year.

However, similar to 2023, the S&P 500's performance in 2024 may be somewhat deceiving. For the second year in a row, large cap technology stocks were the main drivers of the overall performance, as the Bloomberg Magnificent 7 Index appreciated a very strong 67% in 2024.

The top ten holdings in the S&P 500 now represent 38% of the index weighting and contributed to a disproportionate amount of its 2024 stellar performance. Perhaps even more striking, the top three largest holdings in the S&P 500—Apple, Inc. (AAPL), Microsoft Corp. (MSFT), and NVIDIA Corp. (NVDA)—account for 21% of the index weighting. As a result, market concentration hit a record high in 2024. Not since the dot-com bubble of 2000 has concentration within the technology sector been this high (**Chart 1**). Concentration in just a few names, and the performance of those stocks, may not be a true representation of the underlying market performance or that of the average stock—

S&P 500 Performance Spread Trailing Two-Calendar Years — Chart 1

Cap Weight *Minus* Equal Weight | Through Calendar Years Ending 1991—2024 |
Source: Bloomberg Finance, LP



	Total Returns			Annualized Returns					Calendar-Year Returns									
	3-Mos	6-Mos	YTD	1-yr	3-yr	5-yr	10-yr	Incp.	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gross %	-3.35	7.51	13.56	13.56	3.83	6.07	7.62	7.08	0.47	13.35	16.68	-5.23	23.22	-2.24	22.70	-1.80	0.39	13.56
Benchmark %	-3.63	10.73	18.35	18.35	6.70	6.57	8.56	10.35	5.56	22.70	12.33	-5.87	20.76	-9.67	25.26	0.93	1.70	18.35
Net %	-4.09	5.95	10.18	10.18	0.78	2.97	4.46	3.94	-2.44	9.97	13.23	-8.03	19.64	-5.08	19.11	-4.64	-2.57	10.18

As of 12/31/2024; Inception—January 1, 2006; Benchmark = S&P 500 Low Volatility High Dividend Index; Please note the above returns reflect representative portfolio performance. See important disclosures at the end of this presentation.

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.

Objective

Focused stock portfolio that seeks to provide the highest possible dividend yield within the constraints of quality, capital preservation, and diversification

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.

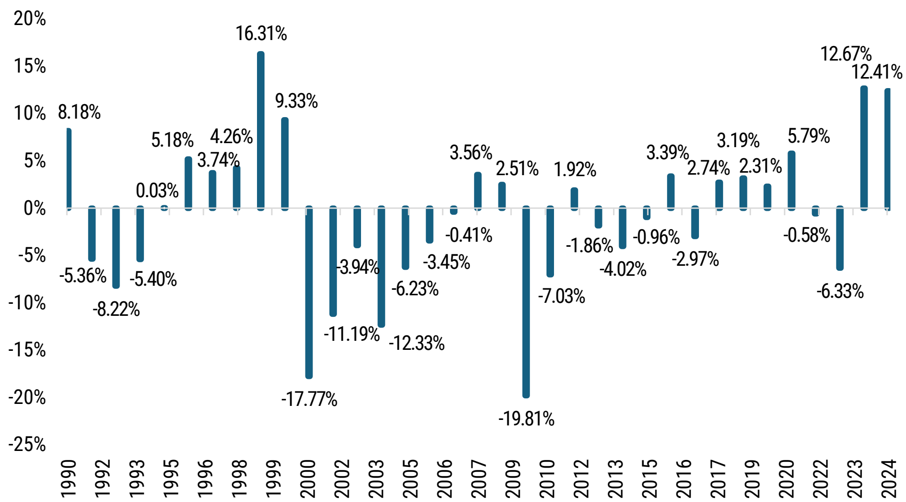
considering that only 28% of stocks within the S&P 500 outperformed the return of the index.

In other words, high technology concentration levels have driven a wide performance disparity between market cap-weighted indices and equal-weighted indices. In 2024, the performance gap between cap-weighted and equal-weighted indices was the widest since 1998.

To further illustrate, in 2024 the total return for the cap-weighted S&P 500 Index was 25.02%, while the S&P 500 Equal Weight Index returned 13.01%. Similarly, the S&P 1500 Index finished the year at 23.95%, while its equal-weight counterpart returned only 9.76%. Historically, periods of extreme performance disparities have typically corrected themselves. However, we cannot predict the timing of any potential reversion to the mean (**Chart 2**).

S&P 500 Annual Performance Spread **Chart 2**

Cap Weight *Minus* Equal Weight | Through Calendar Years Ending 1990—2024 | Source: Bloomberg Finance, LP



Portfolio Overview

In the fourth quarter, the **Quality Dividend Portfolio (QDIV)** decreased 3.35% (-4.09% net of maximum potential fees) versus -3.63% for its benchmark, the S&P 500 Low Volatility High Dividend Index. Year to date, QDIV finished with an increase of 13.56% (10.18% net) versus its benchmark return of 18.35% and the S&P 500 Equal Weight Index of 13.01%.

QDIV ended the quarter with a weighted average dividend yield of 3.9% versus the 10-year U.S. Treasury yield of 4.6%, and the S&P 500 yield of 1.3%—its lowest since February 2001 at 1.2%. Similar to 2001, the dominance of technology stocks in the S&P 500 contributed to the reduction in the overall index yield.

In 2024, 25 of QDIV's 28 holdings increased their dividends by an average of 4.4%; however, based on the timing of those increases, the portfolio captured 23 for an average increase of 4.1%, excluding special and supplemental dividends.

The following portfolio changes were instituted during the fourth quarter.

Removed:
Crown Castle, Inc. (CCI)
International Paper Co. (IP)

Added to Existing Position:
Merck & Co., Inc. (MRK)

Added:
Genuine Parts Co. (GPC)
The Hershey Co. (HSY)
Hormel Foods Corp. (HRL)
PepsiCo, Inc. (PEP)

As a result of these adjustments, the portfolio significantly increased exposure to the Consumer Staples sector—traditionally considered to be more defensive with companies that tend to have strong balance sheets, good cash flow, and consistent dividend growth. QDIV had been underweight the sector, but recent weakness presented an opportunity to add what we considered quality companies to the portfolio.

The portfolio ended the year with 30 stocks, of which 28 raised their dividends in 2024. We believe our portfolio companies are committed to maintaining a consistent and growing dividend regardless of the current economic environment. We expect similar increases in 2025 between 4.0% to 5.0%.

Current portfolio sector allocations reflect our anticipation of slowing economic growth. The following sector weightings demonstrate our slightly more defensive posture toward portfolio construction: Health Care (18.8%), Financials (17.6%), Consumer Staples (16.4%), Information Technology (11.2%), Energy (10.1%), Consumer Discretionary (9.3%), Utilities (7.7%), Industrials (6.5%), and Real Estate (2.3%). QDIV currently trades at 15.0x consensus 2025 earnings estimates and all of the companies in the portfolio have investment-grade credit ratings.

Outlook

Wall Street forecasters are broadly optimistic about 2025—expecting consumers to remain resilient and drive continued economic growth, inflation to remain on a downward trajectory toward the Federal Reserve target of 2% while slowly cutting interest rates (50 basis points in 2025), and the labor market to remain healthy. This optimism also anticipates further U.S. equity market gains, with some strategists predicting an increase for the S&P 500 between 5% and 15% during the year. However, much of this is dependent on the growth in corporate earnings—with a disproportionate amount of that growth coming from large cap technology companies (Magnificent 7).

Keep in mind, Wall Street strategists are rarely bearish, and perhaps rightly so, as over the past five decades the S&P 500 has only experienced 13 losing years.

In 2025, S&P 500 earnings growth estimates are expected to be approximately 10%, largely attributable to the Magnificent 7 companies, with the remaining 493 constituents estimated at approximately 4%. As the Magnificent 7 drove the performance disparity in the market, the same was true for the disparity in earnings growth expectations. This optimism, compelled by strong investor sentiment, is certainly reflected in the market's valuation of 24x 2025 consensus earnings estimates. For the first time in 22 years, the yield on the 10-year U.S. Treasury bond (4.6%) is higher than the earnings yield of the S&P 500 (4.0%).

> *"There are two kinds of forecasters: those who don't know, and those who don't know they don't know."*
> —**John Kenneth Galbraith**, *Canadian-American economist, diplomat, author*

At EquityCompass, we don't make market predictions. While the market has a tendency to increase approximately 75% of the time, the other 25% can test our resolve. Corrections are an inherent part of market cycles. There are numerous signs that could give the markets pause—record high valuations, abnormally low credit spreads, slowing consumer spending, stubborn inflation, rising unemployment, geopolitical risks, etc.—or perhaps something no one is expecting. However, corrections are healthy and the disruption they create has the potential to provide investors with opportunities to buy quality companies at a discount.

In managing QDIV, safety and preservation of capital are priorities. The portfolio seeks to provide consistent income and income growth with long-term capital appreciation. We attempt to accomplish this by creating a diversified portfolio of quality companies with strong balance sheets, good free cash flow generation, and prudent capital allocation in the form of dividend payments to shareholders.

QUALITY DIVIDEND PORTFOLIO WRAP COMPOSITE (05/01/2016 – 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.)
2016 §	8.6%	6.7%	8.6%	N/A	N/A	7	N/A	100%	$3	$920	$2,714
2017	16.7%	13.3%	12.3%	N/A	N/A	12	0.0%	100%	$8	$1,067	$3,785
2018	-4.9%	-7.7%	-5.9%	N/A	N/A	11	0.1%	100%	$6	$995	$3,831
2019	23.2%	19.6%	20.8%	10.8%	12.0%	7	0.2%	100%	$9	$1,204	$4,294
2020	-1.7%	-4.6%	-9.7%	18.0%	19.9%	9	0.1%	100%	$8	$993	$4,012
2021	23.0%	19.4%	25.3%	17.4%	19.3%	9	0.2%	100%	$7	$1,134	$5,038
2022	-1.6%	-4.4%	0.9%	20.0%	21.1%	8	N/A	100%	$3	$1,178	$4,469
2023	1.3%	-1.7%	1.7%	16.2%	16.4%	<6	N/A	100%	$2	$1,154	$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 05/01/2016 through 12/31/2016.*

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 portfolio 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 Quality 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. Quality Dividend Portfolio strategy is a large-cap value equity strategy that seeks to provide asset preservation, generate current income and develop growth in current income and intended to provide income-seeking investors with a superior alternative to investing in bonds. 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 2017 and the inception date is May 1, 2015.

Benchmark Description

The benchmark is the S&P 500 Low Volatility High Dividend Index. As of 10/1/2022, the benchmark was retroactively changed for all presented periods to the S&P 500 Low Volatility High Dividend Index. Due to the current income focus of the strategy, it was determined that the S&P 500 Low Volatility High Dividend Index is a more meaningful benchmark because of comparable dividend yields (current and historical) of both the strategy and the new benchmark. 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 wrap fee (3.00% on an annual basis, or 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 Quality 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.

Trademark Disclosures

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GENERAL DISCLOSURES

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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. Changes in market conditions or a company's financial condition may impact a company's ability to continue to pay dividends. Companies may also choose to discontinue dividend payments. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. Rebalancing may have tax consequences, which should be discussed with your tax advisor. Actual performance for a client may differ due to such factors as timing, economic and market conditions, cash flows, and client constraints. Diversification does not ensure a profit or protect against 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 Equal Weight Index** is based on the S&P 500. All index constituents are members of the S&P 500 and follow the eligibility criteria for that index. The S&P EWI is maintained in accordance with the index methodology of the S&P 500, which measures 500 leading companies in leading U.S. industries. The S&P EWI measures the performance of the same 500 companies, in equal weights. As such, sector exposures in the S&P EWI will differ. The **S&P 1500®** , or **S&P Composite 1500 Index** combines three leading indices, the S&P 500®, the S&P MidCap 400®, and the S&P SmallCap 600®, to cover approximately 90% of U.S. market capitalization. It is designed for investors seeking to replicate the performance of the U.S. equity market or benchmark against a representative universe of tradable stocks. The **S&P Composite 1500® Equal Weight Index (EWI)** is the equal-weight version of the S&P Composite 1500. The index has the same constituents as the capitalization-weighted S&P Composite 1500, but each company in the S&P Composite 1500 EWI is allocated a fixed weight. 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. The **Bloomberg Magnificent 7 Index** is an equal-dollar weighted equity benchmark consisting of a fixed basket of seven companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by the Bloomberg Industry Classification System (BICS). The indices are calculated in Price, Total and Net Return variants. 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. Indices are unmanaged, do not include fees and expenses, and it is not possible to invest directly in an index. The volatility of the indices identified in this report may be materially different from the volatility of the model portfolios presented by EquityCompass.

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.

Representative Portfolio Performance: Returns reflect the performance of three representative portfolios that have been strung together for the life of the strategy. To the extent possible, the oldest account in the strategy with a continuous track record that also did not have large cash flows or mandate changes are used as representatives portfolio. Portfolio 1 reflects monthly returns for the period 1/1/2006 – 3/31/2006, Portfolio 2 reflects monthly returns for the period 4/1/2006 - 12/31/2023 and Portfolio 3 reflects monthly returns starting 1/1/2024. EquityCompass believes the representative performance is useful in terms of presenting the objectives and character of the strategy, however, returns are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. There is no assurance that EquityCompass will make any investments with the same characteristics as the representative account presented.

* 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.

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