Core Investment Portfolio—Tax-Advantaged

Portfolio Manager Commentary

As of 12/31/2023

EquityCompass

Q4 2023 Overview

U.S. stock markets bounced back during the fourth quarter, with the cap-weighted S&P 500 Index gaining 11.69% to finish the year strongly, up 26.29%. Separating the impact of the largest stocks in the market, the S&P 500 Equal Weight Index (SPW), which weights all stocks equally, posted a gain of 11.87% in the fourth quarter—a reflection of the expanding breadth of the market in rewarding additional stocks, not just a few mega-cap companies. For the year, the SPW returned 13.87%.

Why the sudden reversal? Once again, it appears bonds rescued the stock market. At the end of the third quarter, the 10-year U.S. Treasury yield was 4.57%. After a brief jump to 5.07% in late October, the 10-year yield steadily declined finishing 2023 at 3.87%. In doing so, the Bloomberg U.S. Aggregate Bond Index gained 6.82% for the fourth quarter, erasing the negative year-to-date bond performance to close out 2023 up 5.53%—the first positive annual performance for bonds since 2020.

During the fourth quarter of 2023, the **Core Investment Portfolio—Tax-Advantaged (MCIP)** increased 10.16% (9.32% net of maximum fees) versus its blended benchmark return of 8.69%. For the year, MCIP performed well, up 16.12% (12.73% net) compared to its benchmark return of 15.65%.

In 2022, the Russell 1000 Value Index had handily beat the Russell 1000 Growth Index—however, 2023 was a different story. In 2023, the Russell 1000 Value Index gained 11.46% while the Russell 1000 Growth Index charged ahead, up 42.68%. Whereas value stocks have been the best equity strategy over the past two years, these stocks lagged last year. Underperformance for value was most severe among higher yielding stocks, as evidenced by the modest return of the S&P 500 Low Volatility High Dividend Index of 1.7%, as dividend stocks competed with yields in excess of 5% on cash that led to record inflows into money markets during the year.

The anticipated pause in the Federal Reserve's (Fed) interest rate hikes removed a headwind that had punished growth stocks in 2022. Corporate earnings growth helped provide another boost. In 2023, the earnings per share (EPS) growth of the S&P 500 Index was 6.59% while that of the Russell 1000 Growth Index was 14.12%—over two times faster than the broader market. The combination of both factors—undervaluation and above-average earnings growth—helped to reset the fair value of growth stocks higher. In doing so, MCIP's global growth stocks generated an investment return commensurate with major growth indices and greatly added to the portfolio's total return.

Objective

A multi-strategy wealth accumulation approach designed to provide long-term capital appreciation while helping to mitigate risk during bear market drawdowns

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 over $4.7 billion as of December 31, 2023.*

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	Inception	2018	2019	2020	2021	2022	2023
Gross %	10.16	5.91	16.12	16.12	4.44	7.71	4.90	-8.12	18.61	7.30	17.07	-16.20	16.12
Benchmark %	8.69	5.82	15.65	15.65	4.84	9.52	7.00	-4.77	19.16	14.76	14.38	-12.87	15.65
Net %	9.32	4.33	12.73	12.73	1.37	4.56	1.82	-10.86	15.16	4.17	13.67	-18.70	12.73

As of 12/31/2023; Inception—January 1, 2018; Benchmark = 25% S&P 500 Index / 25% MSCI ACWI Index / 25% HFRI Equity Hedge Index, / 25% Bloomberg Muni Managed Money Short/Intermediate Index, rebalanced monthly.

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

MCIP's tactical equity allocation remained in a neutral position throughout the fourth quarter split between 50% equity and 50% cash and short-term Treasuries. The tactical equity has remained at its current allocation since mid-July 2022. Despite advancing forward earnings estimates, they continue to underperform the price performance of the S&P 500. Technical conditions, however, remain favorable as stability in credit spreads, coupled with low and falling implied volatility, continue to signal that swift-developing risk-off behavior is not forming in financial markets.

With the exception of a consistently resilient U.S. labor market, other economic indicators continue to paint a mixed outlook. With the aggregation of fundamental, technical, and economic considerations neither firmly bullish nor firmly bearish, we continue to maintain our neutral posture within the tactical allocation. Furthermore, with fairly attractive yields in the short-duration funds, we feel comfortable in our positioning until the bond/equity risk-reward tradeoff becomes more favorable, albeit through lower fixed income yields and/or higher equity earnings yields. At which time we believe economic conditions have stabilized and corporate earnings growth is back on track we will reinvest cash. In the meantime, the cash position in the tactical model is earning in excess of 5% on the back of higher short-term interest rates.

In early 2023, we were optimistic on the outlook for bonds based on three favorable trends: (1) declining inflation, (2) moderating gross domestic product (GDP) growth, and (3) transitioning monetary policy. Despite encountering significant volatility along the way, municipal bonds benefitted from all three of these factors as the year progressed. Annual inflation, as measured by the Consumer Price Index (CPI), fell from 6.5% in 2022 to 3.1% through November 2023. After averaging 2.7% during the second half of 2022, real GDP growth slowed to 2.1% over the first half of 2023. While there was a temporary pick-up in activity during the third quarter, the consensus estimate for the fourth quarter called for a sharp deceleration in GDP growth to 1.2% according to Bloomberg's survey of leading economists. At the Federal Open Market Committee December meeting, the Fed's updated forward guidance indicated no further rate increases for this cycle and a pivot toward three interest rate cuts in 2024.

Those bond-friendly developments sparked a notable rebound in the municipal fixed income market last year. The Bloomberg U.S. Municipal Bond Index (BMI) generated an annual total return of 6.4%, following a loss of 8.5% in 2022. This represented the strongest annual performance for municipal bonds since 2019.

Portfolio Outlook

Two years ago, on January 5, 2022, the S&P 500 Index set a record closing high of 4,797. Since then, stocks have been on a roller coaster ride. There was a big downturn in 2022, as the Fed embarked on a campaign to raise interest rates in an effort to tamp down inflation, which had spiked higher than most expected. However, the index bounced back in 2023 only to fall a whisker short of setting a new record high when the market closed on the last trading day of the year at 4,788.

Here in the first few days of 2024, stocks have declined on what many believe may be profit taking delayed until the New Year, in an effort to postpone paying capital gains taxes until 2025. Optimists believe this tax-related downturn should be temporary, and that stocks will soon march steadily higher and set new record highs throughout the year. Perhaps so. But no one knows for sure.

Other investors may be less sanguine, worrying the market may have hit a wall that could prevent—even temporarily—stocks from advancing much higher. The S&P 500 forward price-to-earnings (P/E) multiple puts stocks at nearly 20x—certainly not cheap. There is some concern with the economy potentially slowing in 2024 that corporate earnings could disappoint later this year.

MCIP is designed to perform over different market cycles—bull and bear markets, as well as in listless sideways markets. We have studied sideways markets and have come to learn the most effective strategy for navigating a market that barely budges over the long-term is to own secularly-advantaged growth stocks, coupled with high quality, dividend-paying value stocks—the exact two equity styles embedded in MCIP.

We believe there are strong tailwinds for secularly-advantaged growth stocks, as well as high quality, dividend-paying stocks. First, the advent of Generative AI (Artificial Intelligence) has launched a tsunami of corporate spending from companies in every sector seeking to benefit from efficiencies and productivity made possible by AI. MCIP's global growth stocks include several companies that stand to benefit from the rapid adoption of AI, including semiconductors, software, and cloud computing companies. Indeed, these industries are expected to provide the highest earnings growth rates in the market in 2024.

We continue to believe MCIP's value stocks—with a 2.2% weighted average dividend yield compared to the S&P 500's dividend yield of 1.5%—are well positioned for 2024. These stocks have been consistently increasing dividends at a steady rate, and among the 28 value dividend payers, 25 dividend increases were captured with an average increase of 7.6%. The current forward P/E among these stocks is 16.4x compared to 19.8x for the S&P 500 Index. From the standpoint of profitability, the average return on invested capital for MCIP's value stocks is 14.3% versus an average of 13.5% for S&P 500 constituents. We believe these value stocks offer solid profitability, are attractively valued relative to the market, and should be rewarded over time.

MCIP is anchored by a barbell approach—secularly-advantaged growth stocks coupled with high quality, dividend-paying value stocks—allowing investors to participate in the market's gains no matter which style may be outperforming. If growth stocks outperform value stocks, secularly-advantaged growth companies should more than compensate for the decline in value stocks. Conversely, if value stocks outperform growth stocks, the total return of higher dividend-paying stocks should compensate for the decline in growth stocks. We have seen this cycle play out since 2020.

The 10-year AAA municipal bond yield started 2024 at 2.3%, which was higher than its 10-year average of 2.0% and in excess of its 20-year average of 2.2%. For the first time in several years, bonds are now providing attractive risk-reward returns, and investors in MCIP are the beneficiaries. With long-term interest rates at the highest level since October 2023, MCIP's fixed income portfolio now yields 4.4% with an average effective duration of 5.5 years. In short, MCIP's fixed income strategy provides high attractive returns without having to take unnecessary risk.

We continue to caution investors to brace for high market volatility. In the months ahead, there will be days when the economic data may attest the narrative of higher inflation and higher interest rates is behind us, along with a greater Fed commitment in favor of lowering interest rates perhaps sooner than the market may be expecting. On other days, the news may portend that inflation remains sticky and slower to decline than hoped, putting off the prospect of lower interest rates in the near term.

Economic uncertainty, paired with market price volatility, can be unnerving—even fearful for many investors. No matter the economic environment, the Core Investment Portfolio—Tax-Advantaged is designed to provide income for today and growth for tomorrow. Income and growth both serve an important role for investors, albeit at different times in different market environments.

INVESTMENT PERFORMANCE DISCLOSURE

CORE INVESTMENT PORTFOLIO – TAX-ADVANTAGED WRAP COMPOSITE (01/01/2018 – 12/31/2022)

Year-End	Gross-of-Fees Return*	Net-of-Fees Return**	Custom Benchmark Return	Composite 3 Yr. Ex Post Std. Deviation	Custom Benchmark 3 Yr. Ex Post Std. Deviation	Composite Number of Portfolios	Internal Dispersion (%)	Composite Assets (USD Mil.)	Strategy Assets (USD Mil.)†	Firm & Advisory Assets (USD Mil.)
2018	-8.1%	-10.9%	-4.8%	N/A	N/A	<6	N/A	$0.18	$15	$3,831
2019	18.6%	15.2%	19.2%	N/A	N/A	<6	N/A	$0.22	$18	$4,294
2020	7.3%	4.2%	14.8%	15.1%	12.4%	<6	N/A	$0.23	$36	$4,012
2021	17.1%	13.7%	14.5%	14.2%	11.5%	<6	N/A	$0.27	$38	$5,038
2022	-16.2%	-18.7%	-12.9%	16.4%	13.8%	<6	N/A	$0.23	$29	$4,469

** 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 06/01/14–12/31/22. 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 Core Investment Portfolio–Tax-Advantaged 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. The Core Investment Portfolio–Tax-Advantaged is a comprehensive multi-strategy, risk-managed, equity-centric portfolio for accumulating wealth towards retirement. The portfolio seeks to maximize above-average, long-term equity returns while also trying to minimize the potential for permanent capital loss or significant drawdown in asset value that occurs during bear markets. The portfolio employs focused, actively managed equity strategies that seek to generate above-average returns compared to the current norm: asset-allocation approaches using passive vehicles. The fixed income portion is allocated to highly liquid exchange-traded funds and closed-end mutual funds investing in municipal bonds which provide the added benefit of generating tax-advantaged income thus potentially increasing after-tax returns. 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 2019 and the inception date is January 1, 2018. A sub-advisor was used to manage the strategy's fixed income allocation from the composite's inception until 12/31/2018.

Benchmark Description

The benchmark is custom comprising 25% S&P 500 Total Return Index / 25% MSCI ACWI Index / 25% HFRI Equity Hedge Index / 25% Bloomberg Municipal Managed Money Short/Intermediate Index, rebalanced monthly. The S&P 500 Index is a broad market index that tracks the performance of 500 stocks from major industries of the U.S. economy. This index is generally considered representative of the U.S. large capitalization market. MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets around the globe, including the United States. The HFRI Equity Hedge Index is a fund-weighted index of strategies that maintain positions both long and short in primarily equity and equity derivative securities. The Bloomberg Municipal Managed Money Short/Intermediate Index is a rules-based, market-value-weighted index engineered for the tax-exempt bond market. To be included in the index, bonds must be rated Aa3/AA- or higher by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be at least Aa3/AA-. They must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The bonds must be fixed rate, have been issued within the last five years, and must be at least one year from their maturity date. 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 trading costs in the case of non-wrap accounts and those wrap accounts traded by EquityCompass. Trading costs are not deducted from gross-of-fee return calculation if the wrap account trades are executed by the Sponsor. 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 wrap sponsor and is available upon request from the respective wrap sponsor.

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 Core Investment Portfolio—Tax-Advantaged 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

GENERAL DISCLOSURES

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed and is not a complete summary or statement of all available data nor is it considered an offer to buy or sell any securities referred to herein. Affiliates of EquityCompass may, at times, release written or oral commentary, technical analysis, or trading strategies that differ from the opinions expressed within. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation, or needs of individual investors.

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It is important to review your investment objectives, risk tolerance, and liquidity needs before choosing an investment style or manager. 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. 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. Diversification and/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. EquityCompass and its affiliates do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

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 **S&P 500®** is regarded as the best single gauge of large-cap U.S. equities. According to our Annual Survey of Assets, an estimated USD 15.6 trillion is indexed or benchmarked to the index, with indexed assets comprising approximately USD 7.1 trillion of this total (as of Dec. 31, 2021). The cap weighted index includes 500 leading companies and covers approximately 80% of available market capitalization. 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 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 **Russell 1000 Growth Index** measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 1000 Value Index** measures the performance of those Russell 1000 index companies with lower price-to-book ratios and lower forecasted growth values. The **Bloomberg U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency). 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. 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.

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.

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.

*Total assets combines both Assets Under Management and Assets Under Advisement as of December 31, 2023. 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.