Select Quality Growth & Income Portfolio

Portfolio Manager Commentary

As of 3/31/2024

Q1 2024 Commentary

Stronger-than-expected economic performance, continued enthusiasm surrounding Artificial Intelligence (AI), and anticipation of interest rate cuts this year helped propel the S&P 500 to its best first quarter since 2019. The S&P 500 rose 10.56% including dividends, while the NASDAQ Composite Index gained 9.31%, and the Dow Jones Industrial Average was up 6.14%. The move higher came despite markets having to reign in expectations regarding Federal Reserve (Fed) rate cuts. At the beginning of the year, futures markets were pricing in expectations of six rate cuts totaling 1.5% in 2024. An upward revision to fourth quarter economic growth, continued consumer strength, and inflation not being able to descend below 3% shifted expectations more in line with Fed guidance of three rate cuts during the year. While this risked the possibility of disrupting the current rally, the Fed's reiteration in March of plans to cut rates three times in 2024 helped appease markets, with the S&P 500 rallying to hit its 22nd all-time high of the year at quarter end.

While market action continued to favor large cap growth names, gains broadened in the first quarter and spreads were narrower. Every sector except Real Estate finished higher, and five out of 11 sectors outperformed the S&P 500. Following the outsized 2023 gain for the Russell 1000 Growth Index of 42.68% versus 11.46% for the Russell 1000 Value Index, the first quarter difference was more modest, with growth stocks rising 11.41% versus 8.99% for value. After the average stock in the S&P 500 achieved roughly half the gains of the market cap-weighted S&P 500 in 2023, the S&P 500 Equal Weight Index closed the gap in the first quarter, rising 7.91% versus 10.56% for the market cap-weighted S&P 500. During the first quarter, the **Select Quality Growth & Income Portfolio (SQLT)** rose 7.43% (6.62% net of maximum possible fees), similar to the S&P 500 Equal Weight Index.

Since the end of 2022, SQLT has achieved positive absolute returns, but has lagged the S&P 500 as AI-related stocks have contributed heavily to index gains. The broadening of market performance late in the first quarter could be a positive sign for future relative returns. Looking back to early 2019, the market cap-weighted S&P 500 and the S&P 500 Equal Weight Index have seen dramatic shifts in investor preference (**Table 1**). Factors such as the pandemic, an historic resurgence in inflation, and most recently the AI phenomenon have tilted the scales in favor of either market cap-weighted indices or the average stock. As the table shows, shifts in investor preference have generated sizable performance disparities lasting from 6–17 months. The most recent period peaked on February 9 and featured outperformance

Objective

Seeks to provide capital appreciation and income through a diversified portfolio of quality stocks

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 $5.0 billion as of March 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-yr	3-yr	5-yr	10-yr	Incp.	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross %	7.43	18.21	7.43	17.39	8.41	9.19	9.47	10.02	14.59	-0.23	14.83	25.64	-9.71	30.46	-5.82	30.81	-9.92	12.61
Benchmark %	10.56	23.48	10.56	29.88	11.49	15.05	12.96	10.36	13.69	1.38	11.96	21.83	-4.38	31.49	18.40	28.71	-18.11	26.29
S&P EWI %	7.91	20.72	7.91	19.38	8.16	12.35	10.92	10.19	14.49	-2.20	14.80	18.90	-7.64	29.24	12.83	29.63	-11.45	13.87
Net %	6.62	16.43	6.62	13.93	5.25	6.01	6.26	6.80	11.17	-3.15	11.40	21.99	-12.41	26.74	-8.57	27.01	-12.56	9.33

As of 3/31/2024; Inception: January 1, 2006; Benchmark = S&P 500 Index; S&P EWI = S&P 500 Equal Weight 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 maximum managed account fee of 3.00% which includes the wrap sponsor fee and EquityCompass investment management fees. Actual fees may vary.

for the market-cap weighted S&P 500. Since that time, the S&P 500 Equal Weight Index has enjoyed a slight performance advantage, as value stocks have done better than growth. In the month of March, value outperformed growth with a gain of 5.00% versus 1.76%, and the average stock gained 4.25% versus a gain of 3.22% for the market -cap weighted S&P 500. In March, SQLT gained 4.30% (4.05% net of maximum possible fees), as it benefitted from broadening market performance. Whether this is the start of a longer trend remains to be seen, but it was a clear shift from the previous 14 months. If this performance trend persists, it would be favorable for portfolios such as SQLT.

Cap Weight Versus Equal Weight — **Table 1**

Period			Total Returns		
Start	End	Days	Cap Weight	Equal Weight	Spread
3/29/2019	9/1/2020	522	27.9%	10.4%	17.6%
9/1/2020	6/3/2021	275	20.3%	37.3%	-17.0%
6/3/2021	12/1/2021	181	8.4%	0.8%	7.5%
12/1/2021	1/10/2023	405	-11.6%	-1.2%	-10.3%
1/10/2023	2/9/2024	395	30.5%	10.8%	19.7%
2/9/2024	3/28/2024	48	4.8%	7.1%	-2.3%

Source: Bloomberg Finance, LP

Looking ahead, the market will likely continue to focus on inflation and the Fed as well as expectations for corporate profits. Geopolitical tensions, supply disruptions, and continued strong consumer demand could exert upward pressure on prices, delaying rate cuts by the Fed. Given current market valuations, disappointing earnings or forward guidance could also put markets on edge. The S&P 500 finished the quarter trading at 21x forward 12-month earnings estimates, which is above long-term averages. Current expectations are for overall earnings growth of 9.4% for the S&P 500 in 2024. Failure to meet or exceed these estimates could pressure stocks. While there are uncertainties and the market has enjoyed healthy gains, the strong start has historically been a good sign for markets. A recent article in *The Wall Street Journal* highlighted that when the S&P 500 has experienced a first quarter gain of at least 8%, 94% of the time it has been higher over the next three quarters, and during election years it has risen 83% of the time.[1]

Whether the fast start for the market will be followed by gains later in the year or the shifting tide toward broader market performance will continue will only be known with the benefit of hindsight. Market pundits claiming either that recession is imminent over the past two years or those that declared inflation defeated have not seen their predictions become reality. While trying to understand and anticipate what is occurring in the economy and markets can be a valuable exercise, we continue to prefer focusing on what we can control, which is portfolio construction and stock selection. SQLT has exposure to each major economic sector, and while it tends to have a bias to value stocks, also holds approximately 20% in secularly-advantaged growth names that have driven market performance in the past year. From the perspective of financial strength, 27 of the 28 positions that carry debt ratings are investment-grade, with one stock a rung below investment-grade, and, on average, holdings have an interest coverage ratio of 15.9x. In terms of profitability, the portfolio has an average return on invested capital (ROIC) of 15.4% versus 12.4% for S&P 500 constituents. Among the 28 stocks that pay dividends, the portfolio has captured 11 increases averaging 7.92% so far this year. In terms of valuation, SQLT's weighted average dividend yield is 2.1% versus 1.5% for the S&P 500, and the forward price-to-earnings (P/E) multiple is 17.1x versus 21.0x for the S&P 500. In managing SQLT, we will continue to focus on maintaining a diversified portfolio of stocks with solid balance sheets, profitability, and relatively attractive valuations to seek growth over time.

(1) Miao, Hannah, "The S&P 500 Clinches Best Start to Year Since 2019," *The Wall Street Journal*, March 28, 2024.

INVESTMENT PERFORMANCE DISCLOSURE

SELECT QUALITY GROWTH & INCOME PORTFOLIO WRAP COMPOSITE (01/01/2016 – 12/31/2022)

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	14.6%	11.2%	12.0%	N/A	N/A	9	N/A	100%	$13	$151	$2,714
2017	25.7%	22.0%	21.8%	N/A	N/A	9	0.04%	100%	$15	$261	$3,785
2018	-9.5%	-12.2%	-4.4%	11.3%	11.0%	11	0.12%	100%	$12	$238	$3,831
2019	30.9%	27.2%	31.5%	13.9%	12.1%	6	0.07%	90%	$11	$282	$4,294
2020	-6.2%	-8.9%	18.4%	24.1%	18.8%	8	0.27%	90%	$12	$192	$4,012
2021	31.2%	27.4%	28.7%	23.3%	17.4%	9	0.14%	89%	$15	$234	$5,038
2022	-9.9%	-12.5%	-18.1%	24.0%	21.2%	<6	N/A	75%	$9	$205	$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 Select Quality Growth & Income 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. Select Quality Growth & Income Portfolio is a sector-balanced equity strategy that seeks to outperform its benchmark by investing in high-quality, underpriced stocks with favorable value and price momentum characteristics. 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 January 1, 2016.

Benchmark Description
The benchmark is S&P 500 Total Return Index. The S&P 500 Index is an unmanaged, capitalization-weighted index that includes the reinvestment of dividends but does not include adjustments for brokerage, custodian, and advisory fees. This index is generally considered representative of the U.S. large capitalization 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 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 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 Select Quality Growth & Income 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. 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. 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 profit or protect against loss. Rebalancing may have tax consequences, which should be discussed with your tax advisor.

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 **NASDAQ Composite Index**, comprised mostly of technology and growth companies, is a market value-weighted index of all common stocks listed on NASDAQ. The **Dow Jones Industrial Average (DJIA)** is an unmanaged, price-weighted index that consists of 30 blue chip U.S. stocks selected for their history of successful growth and interest among investors. The price-weighted arithmetic average is calculated with the divisor adjusted to reflect stock splits and occasional stock switches in the index. 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. 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.

Return on invested capital (ROIC) assesses a company's efficiency in allocating capital to profitable investments. It is calculated by dividing net operating profit after tax by invested capital. ROIC gives a sense of how well a company is using its capital to generate profits.

Representative Portfolio Performance: Returns reflect the performance of two representative portfolios that have been strung together for the life of the strategy. One portfolio was selected because it is the oldest account in the strategy with a continuous track record that also did not have large cash flows or mandate changes. The other portfolio was selected to capture returns from the strategy's inception up to the open date of the oldest continuous account referenced above. 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. Portfolio 1 reflects returns from 1/1/06 – 3/31/06 and Portfolio 2 reflects returns starting 4/1/06. Gross-of-fees returns are not reduced by any fees, expenses, or transaction costs. Net-of-fees returns are presented after the deduction of the manager fee of 0.50% until 6/30/18 and 0.35% starting 7/1/18. There will be additional wrap fees that include trading expenses, as well as custody and administrative fees. The wrap-fee schedule vary by wrap sponsor and are available upon request from the respective wrap sponsor.

*Total assets combines both Assets Under Management and Assets Under Advisement as of March 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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