Select Quality Growth & Income Portfolio

Portfolio Manager Commentary

As of 3/31/2025

Q1 2025 Commentary

The first quarter was a departure from what we saw in 2023 and 2024. Concerns about tariffs and their impact on the economy injected uncertainty into the market while the emergence of a chatbot introduced by a Chinese startup also led to questions around AI-related stocks that had driven market gains the last two years.

Markets don't like uncertainty, and the recent turmoil has resulted in heightened volatility and stocks retreating in the first quarter. Losses were led by the stocks that had carried markets over the past two years. While the Dow Jones Industrial Average was down 0.87% in the quarter, the S&P 500—with heavier growth exposure—declined 4.27%, the NASDAQ Composite dropped 10.26%, and Bloomberg's Magnificent 7 Index fell 15.98%. In the month of March, the NASDAQ declined by 2% or more on five occasions, the most for a single month since June of 2022.

While growth stock weakness was a drag on markets, there were areas of strength. Income stocks, which had fallen in the fourth quarter of 2024, did well to start the year, with the S&P 500 Low Volatility High Dividend Index up 4.97%. The average stock fared better than cap-weighted indices, with the S&P 500 Equal Weight Index off only 0.6%. Seven of the 11 economic sectors were higher in the quarter, with eight outperforming the S&P 500. The Bloomberg U.S. Aggregate Bond Index was up 2.8% as investors sought safety. While there is unease in the market, the sky did not completely fall.

During the quarter, the **Select Quality Growth & Income Portfolio (SQLT)** was down 1.96% (-2.68% net of maximum potential fees) versus declines of 4.27% for the S&P 500 and 0.61% by the S&P 500 Equal Weight Index. While SQLT has targeted exposure to growth stocks, including several names in the Magnificent 7 (MAG7), the portfolio will generally have lower concentration among the large cap growth names that have dominated recent market performance. Compared to the S&P 500, SQLT has half the exposure to Consumer Discretionary (-13.85%), a 9% lower weight to Information Technology (-12.70%), and only 18% exposure to MAG7 stocks (-15.98%) versus 32% in the index. While this underweight to growth was a headwind to performance relative to the S&P 500, it provided a relative benefit in the first quarter.

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 $5.2 billion as of March 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 Returns			Annualized Returns				Calendar-Year Returns									
	3-Mos	6-Mos	YTD	1-year	3-year	5-year	10-year	Incp.	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gross %	-1.96	-4.58	-1.96	1.55	4.38	15.65	8.57	9.57	-0.23	14.83	25.64	-9.71	30.46	-5.82	30.81	-9.92	12.61	11.28
Benchmark %	-4.27	-1.97	-4.27	8.25	9.06	18.59	12.50	10.25	1.38	11.96	21.83	-4.38	31.49	18.40	28.71	-18.11	26.29	25.02
S&P EWI %	-0.61	-2.46	-0.61	4.09	5.20	17.71	10.00	9.86	-2.20	14.80	18.90	-7.64	29.24	12.83	29.63	-11.45	13.87	13.01
Net %	-2.68	-6.01	-2.68	-1.48	1.32	12.27	5.39	6.35	-3.15	11.40	21.99	-12.41	26.74	-8.57	27.01	-12.56	9.33	7.93

As of 3/31/2025; 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 potential maximum managed account fee of 3.00% which includes the wrap sponsor fee and EquityCompass investment management fees. Actual fees may vary.

Outlook

The muted declines in the first quarter can have positive and negative implications. From a positive perspective, it could be possible that quarterly declines have been capped, and markets resume their upward trajectory. On the flip side, lack of panic or capitulation could make way for more selling to come. The answer can only be known in hindsight.

However, the Trump administration's April 2 announcement of planned tariffs and resulting retaliatory actions by China roiled markets, leading to two days of intense selling and double-digit declines for both the S&P 500 and NASDAQ Composite. Some investors have sought the perceived safety of bonds, with the 10-year U.S. Treasury yield plunging to 3.99% from 4.25% on March 31. Market volatility is likely to remain high as investors watch the situation unfold.

It is during these periods that balance can be beneficial. We try to avoid overconcentration by maintaining exposure to both growth and value stocks, which can also help mitigate volatility—particularly if a change in the news cycle drives a shift in sentiment and one style takes preference over the other. However, declines experienced now could also offer opportunities to buy companies at more attractive prices.

In addition to portfolio balance, we manage for risk and return through diversification, focusing on quality stocks with favorable credit ratings and profitability that we believe are attractively valued. We also prioritize dividend payers, with 30 of 31 current holdings paying a dividend. At the end of the first quarter, the portfolio yield was 2.3% versus 1.4% for the S&P 500, capturing 11 dividend increases of 6.6% on average. In terms of valuation, SQLT's weighted one-year forward price-to-earnings (P/E) ratio was 16.1x versus 20.3x for the S&P 500.

Market uncertainty is likely to persist as long as the rhetoric on trade policy remains at its current pitch. Positive news will likely be met with outsized rallies, while negative headlines could lead to sharp losses. While we can't control the news flow and market reaction, we can maintain our disciplined approach to portfolio management and stock selection. While dealing with the emotions caused by the current market turmoil isn't easy, we believe having a long-term plan, a balanced portfolio, and staying the course will likely provide the best path for future success.

SELECT QUALITY GROWTH & INCOME PORTFOLIO WRAP COMPOSITE (01/01/2016 – 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	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	0.0%	100%	$15	$261	$3,785
2018	-9.5%	-12.2%	-4.4%	11.3%	11.0%	11	0.1%	100%	$12	$238	$3,831
2019	30.9%	27.2%	31.5%	13.9%	12.1%	6	0.1%	90%	$11	$282	$4,294
2020	-6.2%	-8.9%	18.4%	24.1%	18.8%	8	0.3%	90%	$12	$192	$4,012
2021	31.2%	27.4%	28.7%	23.3%	17.4%	9	0.1%	89%	$15	$234	$5,038
2022	-9.9%	-12.5%	-18.1%	24.0%	21.2%	8	N/A	75%	$9	$205	$4,469
2023	12.6%	9.3%	26.3%	15.4%	17.5%	<6	N/A	75%	$10	$214	$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.*

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 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 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 Index. The **S&P 500 Index** is a capitalization-weighted index that 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 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 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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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. 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 **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 **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 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 **NASDAQ Composite Index**, comprised mostly of technology and growth companies, is a market value-weighted index of all common stocks listed on NASDAQ. 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 Magnificent 7 Index** is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by the Bloomberg Industry Classification System (BICS). 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.

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 March 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.