Core Investment Portfolio

Portfolio Manager Commentary
As of 3/31/2025

EquityCompass

Q1 2025 Overview

After the presidential election last November, with anticipation of lower corporate tax rates, coupled with fewer government regulations, investors enthusiastically embraced the stock market. These good feelings carried over into the first six weeks of the new year with the broad-based S&P 500 Index tacking on an additional 4.63% on a total return basis.[1]

But on February 19, the stock market narrative changed. Investors suddenly became fixated on the new administration's announcement for increased tariffs on Canadian steel, aluminum, and lumber. The trade war that candidate Trump promised had arrived.

In a snap, the stock market went from euphoria to concern. In the last six weeks of the first quarter, the S&P 500 Index declined 8.13% on a total return basis, wiping out the year-to-date gains.[2] By the end of the first quarter, the S&P 500 Index was firmly in correction territory with a decline of 4.27%—down 10% from its February high, its worst quarterly return since the 2022 bear market.

For the first quarter of 2025, the **Core Investment Portfolio (CIP)** declined 1.48% (-2.20% net of maximum potential fees) versus its blended benchmark -1.10% return. CIP's long-term results can be found in the table below.

During the first three months of the year, CIP's value equity allocation performed well, down modestly but outperforming the broader market. Value stocks typically outperform growth stocks in a declining market environment as investors prefer low volatility value stocks to high volatility growth stocks. In addition, broad diversification across market cap helped these value stocks, as the S&P 500 Equal Weight Index significantly outperformed the higher market cap-weighted S&P 500 Index.

However, high beta growth stocks, including CIP's technology growth stocks, struggled as the market began to de-risk. We view this underperformance as macro-driven, due to the tariff wars, and not as a fundamental change in the long-term intrinsic value of the portfolio's information technology and communication services companies.

Supplementing CIP's growth and value equity positions, one quarter of the portfolio is allocated to a tactical asset allocation strategy with the ability to invest in stocks, bonds, or cash, dependent on market conditions. When fundamental earnings, technical conditions, and macroeconomic factors are positive, the tactical strategy is fully invested in passive equity exchange-traded funds (ETFs). Conversely, if any of the

Objective

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

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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	Inception	2018	2019	2020	2021	2022	2023	2024
Gross %	-1.48	-2.47	-1.48	4.86	4.54	10.64	5.40	-8.04	17.57	8.80	16.27	-16.55	15.79	12.45
Benchmark %	-1.10	-0.81	-1.10	6.62	5.95	11.50	7.53	-4.89	19.45	15.25	14.02	-13.52	16.14	14.16
Net %	-2.20	-3.92	-2.20	1.74	1.46	7.39	2.30	-10.78	14.15	5.63	12.89	-19.04	12.42	9.10

As of 3/31/2025; Inception–January 1, 2018; Benchmark = 25% S&P 500 Index / 25% MSCI ACWI Index / 25% HFRI Equity Hedge Index, / 25% Bloomberg Intermediate U.S. Gov't./Credit Bond Index, rebalanced monthly.

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.

indicators are declining—signaling potential disruption in the stock market—the tactical allocation can be shifted to bonds or cash as a defensive measure.

During the first quarter, the tactical strategy remained in a neutral position, as it has throughout the past several quarters—allocated between 50% equities and 50% cash and short-term 1-3 month U.S. Treasury bills.

Corporate earnings expectations, while upward trending, have begun to reflect the uncertainty created by the potential ramifications of evolving tariff policies. Although expectations for earnings suggest a more favorable growth outlook in the back half of the year, companies have begun to temper those expectations. We will continue to monitor those trends to see if heightened uncertainty materializes into a reduced outlook for corporate earnings. From an economic perspective, high-frequency data confirms a mixed picture for corporate earnings and the economic outlook.

With yields on short-term 1-3 month U.S. treasury bills offering a compelling opportunity to lower the portfolio risk profile without deterring from its long-term objectives, we remain comfortable with the current positioning of the tactical allocation while paying close attention to the potential impact of global trade developments.

CIP's fixed income allocation posted a slightly more favorable return compared to its benchmark, the Bloomberg U.S. Aggregate Bond Index (AGG). The relative performance advantage compared to the AGG in the first quarter was primarily a function of sector allocation. Considering the meaningful downside risks to the economy, coupled with the abnormally low level of credit spreads, CIP's fixed income allocation maintained an overweight to U.S. treasuries and underweight to corporate bonds relative to the benchmark. Through the first three months of the year, the U.S. treasury sector outperformed the corporate sector by 61 basis points (bps).

Outlook

The full extent of the global trade war that President Trump promised to advance was revealed on April 2. Referred to as "Liberation Day," the President initiated not only a baseline 10% increase in tariffs against all countries, he also added reciprocal tariffs against another 60 countries, ranging from 20% to 60%.

Over the next three trading days, between April 3–7, the S&P 500 Index declined 12%, approaching bear market territory along with the NASDAQ Composite and the S&P SmallCap 600 Index—comprised of America's small companies. Overall, it was one of the fastest and worst stock selloffs since World War II.

What caused such a violent reaction? Uncertainty. Economic uncertainty.

In his groundbreaking work of economic theory, *Risk, Uncertainty, and Profit,* Frank H. Knight distinguished between risk and uncertainty.[3] According to Knight, risk can be defined by using mathematical probabilities that are both quantifiable and measurable. Whereas uncertainty, Knight argued, can neither be measured nor quantified. When it comes to markets, without probabilities, investors struggle to comprehend the odds of something bad happening.

Markets don't like uncertainty—and presently there is a great deal of uncertainty attributed to the administration's threat to unleash widespread tariffs and the potential impact on the economy.

The economic uncertainty that has unsettled the equity markets during the first quarter is unlikely to be resolved in the near-term. Headline-driven market volatility remains elevated as traders struggle to assess the potential ramifications of evolving tariff policies, taxation, federal spending, immigration, and regulations. Policy questions have clouded the economic outlook, lifting the U.S. Economic Policy Uncertainty Index to a 40-year high.[4]

With gross domestic product (GDP) growth slowing, interest rate futures anticipate that the Federal Reserve (Fed) could ultimately act more forcefully than its guidance suggests by pricing in 75 bps of rate cuts by the end of this year.

Amid early signs that households and businesses may be taking a more cautious approach to spending and investments, most economists have downgraded their forecast for U.S. GDP growth. In December, the Bloomberg Economist Survey consensus GDP growth projections were 2.2% for the first quarter and 2.0% for calendar year 2025. Those projections have been subsequently revised lower to 1.2% and 1.6%, respectively. The good news being that slower growth should exert further downward pressure on inflation, clearing a path for the Fed to reduce interest rates.

What we can tell by examining the U.S. Economic Policy Uncertainty Index is that, throughout history, every major spike has been systematically followed by a series of step-down functions in uncertainty until the index eventually reached normalcy. This occurs because the market begins to weigh incoming information—new signals are revealed, which work to diminish the noise—and with this, uncertainty declines. We have no reason to believe this time should be any different.

Even so, we continue to caution investors to brace for high, short-term market volatility. In the days, weeks, and months ahead, the tariff negotiations and economic data could signal the worst is behind us. Other days, the signals may reverse, telling an opposite story. With the market's tendency to extrapolate the latest headline news, there could very well be days of exaggerated market returns, both up and down.

How should investors best navigate this environment? At EquityCompass, we have long been a proponent of the barbell approach to equity investing by combining low volatility, high dividend-paying value stocks on one side balanced by secularly-advantaged growth stocks. In this way, no matter the near-term direction of the stock market—one's portfolio should be prudently hedged.

Not only do we believe this equity combination is strategically appropriate for long-term investors, we also believe, given the current market conditions, it is tactically right-sized for 2025.

CIP is a long-term, multi-strategy wealth accumulation approach that seeks to provide both current income and capital appreciation by balancing both value and growth stocks, while incorporating fixed income and tactical equity to help mitigate risk and help investors stay the course.

(1) Total return between 12/31/2024 and 2/19/2025
(2) Total return between 2/20/2025 and 3/31/2025
(3) Knight, Frank H., *Risk, Uncertainty, and Profit*, Houghton Mifflin Company, New York, 1921.
(4) Source: Baker, Bloom & Davis via Bloomberg

CORE INVESTMENT PORTFOLIO WRAP COMPOSITE (01/01/2018 – 12/31/2023)

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 Standard Deviation	Composite Number of Portfolios	Internal Dispersion	Composite Assets (USD Mil.)	Strategy Assets (USD Mil.)†	Firm & Advisory Assets (USD Mil.)
2018	-8.0%	-10.8%	-4.9%	N/A	N/A	<6	N/A	$0.18	$49	$3,831
2019	17.6%	14.1%	19.4%	N/A	N/A	<6	N/A	$0.22	$67	$4,294
2020	8.8%	5.6%	15.3%	14.2%	12.2%	<6	N/A	$0.37	$55	$4,012
2021	16.3%	12.9%	14.1%	13.4%	11.3%	<6	N/A	$0.40	$67	$5,038
2022	-16.6%	-19.0%	-13.5%	15.6%	13.6%	<6	N/A	$0.33	$55	$4,469
2023	15.8%	12.4%	16.1%	12.6%	11.2%	<6	N/A	$0.39	$61	$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 Core Investment 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. Core Investment Portfolio is a comprehensive multi-strategy, risk-managed, equity-centric portfolio for accumulating wealth towards retirement. The portfolio employs focused, actively managed equity strategies that seek to generate above-average returns. The fixed income allocation utilizes exchange-traded funds to seek capital preservation, return stability, and supplemental income. It is available as a wrap fee account 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 composite uses a custom benchmark comprising 25% S&P 500 Index / 25% MSCI ACWI Index / 25% HFRI Equity Hedge Index / 25% Bloomberg U.S. Intermediate U.S. Government/Credit Bond Index, rebalanced monthly. The **S&P 500 Index** is a capitalization-weighted index that 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. MSCI ACWI Index returns are presented net of withholding taxes. 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 Intermediate U.S. Government/Credit Bond Index** measures the performance of U.S. Dollar-denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years. 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 it is not possible to invest directly in an index.

Fees

Gross-of-fees returns, are gross of portfolio management fees, custody fees and withholding taxes 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 Core Investment 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

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.

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. 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.

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® 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 SmallCap 600®** seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. 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 **NASDAQ Composite Index**, comprised mostly of technology and growth companies, is a market value-weighted index of all common stocks listed on NASDAQ. The **U.S. Economic Policy Uncertainty Index** is a measure of how much uncertainty there is about future government policies. It's based on news coverage of economic policy uncertainty in newspapers. 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.

*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.

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