Core Balanced Portfolio—Tax-Advantaged

Portfolio Manager Commentary

As of 3/31/2025

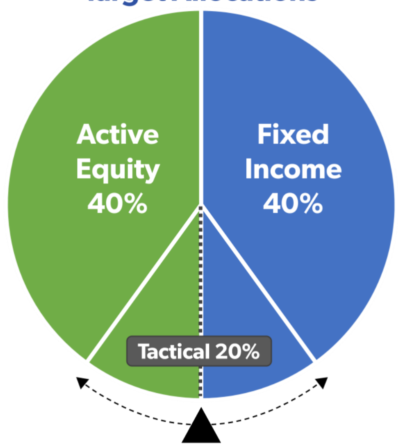
Q1 2025 Performance Overview

The markets giveth and the markets taketh away. According to a Ned Davis Research study, since 1929 the S&P 500 spent 32.6% of the time creating new wealth, 29.69% of the time falling (destroying wealth), and 37.7% of the time recovering from those losses.

Throughout most of 2024 and the first six weeks of this year, the S&P 500 created new wealth for investors.

However, since peaking in mid-February, equities have struggled under the weight of heightened uncertainty fueled by slowing economic growth, global trade wars, stagflation concerns, and geopolitical risks (**Chart 1**, *page 2*). The combination of these factors pushed the S&P 500 close to the first 10% correction in more than a year. Meanwhile, growth stocks, which had carried the market over the past two years, felt the brunt of the selling with the NASDAQ Composite entering correction territory, declining 14.3% from the peak (12/16/2024–3/31/2025). For the quarter, the S&P 500 declined 4.3%, while the Dow Jones Industrial Average and NASDAQ fell 0.9% and 10.3%, respectively.

Core Balanced Portfolio—Tax-Advantaged Target Allocations



Tactical Position
As of 3/31/2025

Among the heightened economic uncertainty, investors rotated to high-grade bonds in a pronounced flight-to-quality trade. The Bloomberg U.S. Aggregate Bond Index (AGG) generated a total return of 2.8% to end the quarter.

The **Core Balanced Portfolio—Tax-Advantaged (MCBAL)** seeks to effectively and conservatively capture market returns while minimizing exposure to volatility and pursuing risk mitigation. The first quarter of 2025 accentuated the latter. For the quarter, MCBAL fell 0.20% (-0.94% net of maximum potential fees), versus its blended benchmark, which declined 1.29%. MCBAL's target asset allocation, which remained consistent throughout the quarter, finished with 49.9% equities and 50.1% fixed income—consisting of 11.4% cash and higher-yielding short-term treasuries.

Objective

Seeks to effectively capture market returns while minimizing volatility; allocates the fixed income component to municipal bonds appropriate for tax-sensitive investors

Portfolio Management Team

Timothy M. McCann
Senior Portfolio Manager

Bernard J. Kavanagh III, CMT®
Senior Portfolio Manager

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Senior Portfolio Manager

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.

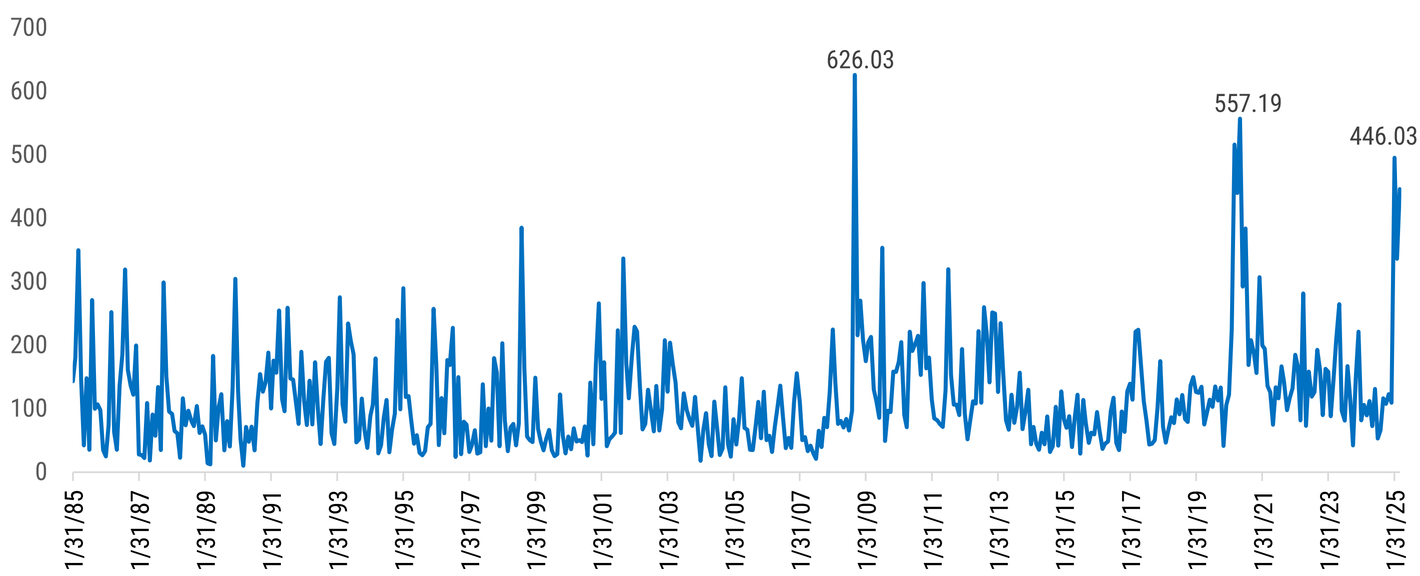
Total Returns				Annualized Returns				Calendar-Year Returns									
	3-Mos	6-Mos	YTD	1-year	3-year	5-year	10-year	Incp.	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gross %	-0.20	-1.99	-0.20	4.28	4.17	9.35	5.43	7.07	1.12	4.36	15.40	-5.40	16.28	5.71	14.02	-11.77	10.56	10.23
Benchmark %	-1.29	-1.39	-1.29	4.35	4.96	9.55	6.52	7.20	1.40	5.64	13.35	-3.50	17.27	12.51	12.70	-12.04	14.25	10.54
Net %	-0.94	-3.45	-0.94	1.18	1.10	6.13	2.33	3.92	-1.83	1.26	12.02	-8.22	12.90	2.62	10.70	-14.40	7.32	6.96

As of 3/31/2025; Inception — January 1, 2010; Benchmark = 32% S&P Composite 1500 Index / 8% MSCI World ex USA Index / 20% HFRI Equity Hedge Index, / 40% Bloomberg U.S. Municipal Bond Index, rebalanced monthly. 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.

U.S. Economic Policy Uncertainty Index **Chart 1**

1/31/1985—3/31/2025 | Source: Bloomberg Finance, LP



From an income perspective, in the first three months of the year, 11 of the 42 individual actively managed dividend-paying equity positions held in the portfolio had dividend increases of 11.72% on average, while experiencing no dividend cuts. With our equity selection process favoring higher financial quality and lower risk, we tend to prefer higher growing dividend payers over those with a higher yield. Within our actively managed equity sleeve, the income yield was 1.97% compared to 2.66% across the entire portfolio at quarter end (**Table 1**).

Equity Overview

MCBAL seeks to accomplish its portfolio objective through a balanced diversification, focusing on capital appreciation, dividend growth, and current income generation, resulting in broad exposure across economic sectors and investment styles.

Dividend Yield Breakdown **Table 1**

Source: EquityCompass, Bloomberg Finance, LP

As of 3/31/2025	Allocation	Indicated Yield
Active Equity	40.6%	1.97%
Fixed Income	39.9%	3.38%
Tactical Equity	19.5%	2.64%
MCBAL Total	100.0%	2.66%

Although all three major benchmark indices declined during the first quarter, there were some bright spots. The most dominant trends over the past two years reversed during the first quarter. The average stock fared better than cap-weighted indices, with the S&P 500 Equal Weight Index off only 0.6% (**Chart 2**, *page 3* and **Table 2**, *page 4*). Income stocks did well to start the year, with the S&P 500 Low Volatility High Dividend Index up nearly 5%. Seven of the 11 economic sectors were higher in the quarter, with eight outperforming the S&P 500. According to Ned Davis Research, nearly 52% of S&P 500 stocks outperformed the index, a stark contrast to last year when just 29% outperformed.

This broadening of market performance benefited MCBAL's diversified actively managed equity basket, while exposure to growth stocks, including six of the Magnificent 7 names, were a drag on performance with the Bloomberg Magnificent 7 Index declining 16% during the first quarter.

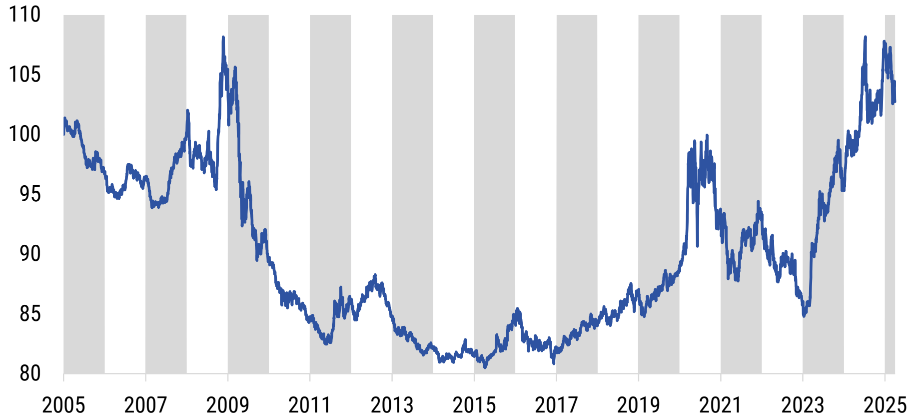
Fixed Income Overview

The municipal fixed income sector has posted positive returns over the past 12 months, despite a small decline in the first quarter. Driven by attractive valuations and heightened economic uncertainty, investors have rotated from equities to high-grade municipal bonds and other fixed income securities. Over the past four quarters, the Bloomberg U.S. Municipal Bond Index (MBI) generated a total return of 1.22%. Amid heightened volatility across the broader financial markets in the first quarter, the MBI stayed close to break-even with a return of -0.22%, significantly outpacing the -4.3% decline in the S&P 500 Index.

Compared to the MBI benchmark, the MCBAL's municipal bond allocation delivered more favorable returns during the quarter, primarily attributable to the 10% municipal closed-end fund (CEF) weighting, which benefited from a steeper yield curve.

S&P 500 Ratio Index — Cap Weight *Versus* Equal Weight **Chart 2**

12/31/2004—3/31/2025 | Shaded areas denote alternating calendar years | Indexed to 100 on 12/31/2004
Rising line indicates cap weight outperforming equal weight | Source: Bloomberg Finance, LP



Periods of ambiguity are often accompanied by a rotation from equities to bonds with safe-haven characteristics, particularly U.S. treasuries. Following the April 2 announcement of large tariffs on U.S. global trading partners, treasury yields fell sharply across the curve, with the 10-year yield briefly dropping to 3.8%. Given the challenges associated with economic forecasting in this environment, we expect the demand for high-grade bonds to remain robust until there is greater clarity on the implementation of tariffs and other important policy issues.

During flight-to-quality episodes, the municipal bond performance typically lags U.S. treasuries, as investors seek the full faith and credit backing of the federal government. That dynamic was evident in the first quarter, as the MBI trailed the U.S. Treasury Index by 314 basis points (bps). Until the market turmoil and associated economic uncertainty subsides, the underperformance of municipals relative to treasuries will likely continue. Federal budget cuts could exacerbate the situation and result in a significant reduction in payments from the U. S. government to state and local municipalities.

Once the market turbulence subsides, the relatively high level of municipal bond yields should increase demand for this sector. From a historical perspective, municipal bonds have consistently produced above-average total returns over the following five to ten years when their yields at acquisition were significantly above their longer-term averages. The MBI's yield-to-maturity as of March 31 was 3.9%, well above its 20-year average of 2.9%. MCBAL's municipal bond allocation offers a similar yield as the MBI and provides the same type of opportunity to lock in attractive income for several years, prior to further potential rate cuts later in 2025. At the March 19 meeting of the Federal Open Market Committee (FOMC), the Federal Reserve (Fed) reaffirmed its guidance for rate cuts to resume in the second half of the year. The Fed's latest "dot plot" showed 50 basis points of rate cuts in 2025, followed by an additional 50 basis points in 2026.

Tactical Overview

MCBAL' s tactical equity allocation, which represents 20% of the overall portfolio, remained in a neutral position during the first quarter. This was split between 50% equity and 50% cash and higher yielding short-term 1-3 month treasuries.

Corporate earnings expectations, while upward trending, have begun to reflect the uncertainty created by the potential ramifications of the administration's 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 economic outlook.

With yields on short-term 1-3 month U.S. Treasury bills offering a compelling opportunity to lower the portfolio's overall risk profile without deterring from the long-term objectives, we remain comfortable with the current positioning of the tactical allocation.

Outlook

The mantra of the Core Balanced Portfolio Tax-Advantaged since its inception 15 years ago in the wake of the Global Financial Crisis has always been "safety first."

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EquityCompass

As pen was put to paper to compose this commentary, tariff uncertainty became a little more certain on April 2 with the announcement of reciprocal tariffs on a number of U.S. trading partners. The violent reaction by both equity and fixed income markets was nothing short of historic.

Within the 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.

Emotions are undoubtably elevated during periods of heightened uncertainty and extreme volatility, which history has shown time and again run counter to making sound investment decisions. 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.

It is worth noting that the largest percentage gains for stocks have occurred during the worst of times. The challenge for investors is having the fortitude to remain committed to a long-term investment plan.

Most Dominant 2023/2024 Trends Reversed in Q1 2025 **Table 2**

As of 3/31/2025 | Source: Bloomberg Finance, LP

	2020	2021	2022	2023	2024	Q1 2025
			Weighting Methodology			
S&P 500 Index	18.4%	28.7%	-18.1%	26.3%	25.0%	-4.3%
S&P 500 Equal Weight Index	12.8%	29.6%	-11.4%	13.9%	13.0%	-0.6%
			Sector			
S&P 500 Information Technology	43.4%	34.2%	-28.4%	57.4%	36.3%	-12.7%
S&P 500 Communication Svcs.	23.2%	21.3%	-40.0%	55.4%	39.8%	-6.3%
S&P 500 Consumer Discretionary	32.9%	24.2%	-37.2%	42.0%	29.8%	-13.9%
S&P 500 Industrials	10.4%	20.6%	-6.0%	17.5%	16.9%	-0.3%
S&P 500 Financials	-2.4%	34.3%	-11.1%	11.5%	29.9%	3.4%
S&P 500 Materials	19.9%	26.6%	-12.8%	11.8%	-0.6%	2.7%
S&P 500 Health Care	12.8%	25.5%	-2.4%	1.5%	2.1%	6.4%
S&P 500 Consumer Staples	9.8%	17.7%	-1.4%	-0.3%	14.0%	5.0%
S&P 500 Real Estate	-3.1%	45.1%	-26.8%	11.1%	4.2%	3.3%
S&P 500 Energy	-34.8%	52.5%	63.7%	-2.4%	4.7%	9.9%
S&P 500 Utilities	-0.5%	16.6%	0.7%	-8.0%	22.3%	4.7%
			Size			
S&P 500 (Large)	18.4%	28.7%	-18.1%	26.3%	25.0%	-4.3%
S&P MidCap 400	13.7%	24.8%	-13.1%	16.4%	13.9%	-6.1%
S&P SmallCap 600	11.3%	26.8%	-16.1%	16.1%	8.7%	-8.9%
			Style			
S&P 500 Growth	33.5%	32.0%	-29.4%	30.0%	36.1%	-8.5%
S&P 500 Value	1.4%	24.9%	-5.2%	22.2%	12.3%	0.3%
			Performance Spreads			
Cap Weight – Equal Weight	5.6%	-0.9%	-6.7%	12.4%	12.0%	-3.7%
Large Cap – Small Cap Spread	7.1%	1.9%	-2.0%	10.2%	16.3%	4.7%
Growth – Value Spread	32.1%	7.1%	-24.2%	7.8%	23.8%	-8.8%

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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. There is no assurance that any securities discussed herein will remain in any account's portfolio at the time you receive this report or that securities sold have not been repurchased. 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. Small company stocks are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies. The market risk associated with small-cap and mid-cap stocks is generally greater than that associated with large-cap stocks because small-cap and mid-cap stocks tend to experience sharper price fluctuations than large-cap stocks, particularly during bear markets. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. Closed-end funds are subject to market risk, and the amount you receive upon sale may be more or less than the amount you paid. Investors should consider a fund's investment objective, risks, charges, and expenses carefully before investing. Diversification and asset allocation do 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) represent a share of all stocks in a respective index. ETFs trade like stocks and are subject to market risk, including the potential for loss of principal. The value of ETFs will fluctuate with the value of the underlying securities. Investors should review the prospectus and consider the ETF's investment objectives, risks, charges, and expenses carefully before investing. Prospectuses are available through your Financial Advisor and include this and other important information.

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 existing 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 existing 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 1/1/10 – 8/31/19 and Portfolio 2 reflects returns starting 9/1/19.

The composite uses a custom benchmark comprising 32% S&P Composite 1500 Index / 8% MSCI World ex USA Index / 20% HFRI Equity Hedge Index / 40% Bloomberg U.S. Municipal Bond Index, rebalanced monthly. The **S&P 1500™** combines the S&P 500, S&P MidCap 400, and S&P SmallCap 600 to cover approximately 90% of U.S. market cap. The index is designed for investors seeking to replicate the performance of the U.S. equity market as a whole or benchmark against a representative universe of tradable stocks. The **MSCI World ex USA Index** captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries—excluding the United States. With 934 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. 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 U.S. Municipal Bond Index** is an unmanaged index that is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year.

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 MidCap 400®** provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market, and seeks to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis. 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 **S&P 500® Growth Index** measures constituents from the S&P 500 that are classified as growth stocks based on three factors: sales growth, the ratio of earnings change to price, and momentum. The **S&P 500® Value Index** measures constituents from the S&P 500 that are classified as value stocks based on three factors: the ratios of book value, earnings and sales to price. 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 components of the S&P 500® are assigned to one of the eleven **Select Sector Indices**, which seek to track major economic segments and are highly liquid benchmarks. Stock classifications are based on the Global Industry Classification Standard (GICS®). Capping is applied to ensure diversification among companies within each index. 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 **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 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). The indices are calculated in Price, Total and Net Return variants. 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 **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. 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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