Municipal Income Enhanced Portfolio

Portfolio Manager Commentary

As of 9/30/2021

EquityCompass

Q3 2021 Commentary

For the third quarter of 2021, the **Municipal Income Enhanced Portfolio (MIEP)** declined 0.53% (0.56% net) compared to its benchmark (Bloomberg Municipal Bond Index), which was down 0.27%. On a year-to-date basis through September 30, MIEP outperformed its benchmark by 47 basis points (bps) (1.26% versus 0.79%). MIEP's long-term performance results are shown in the table below.

Relative to its benchmark, we believe MIEP's year-to-date performance advantage is primarily attributable to two factors: security selection and yield curve positioning. From a selection standpoint, three municipal closed-end funds, with an aggregate weighting of 10%, have each generated total returns in excess of 2% since the beginning of the year. In terms of curve positioning, MIEP has been underweighted to bonds with durations greater than five years since the middle of last year. As long-term municipal bond yields have risen in 2021, MIEP has experienced less price depreciation than the Bloomberg Municipal Bond Index.

While most sectors of the bond market have experienced negative total returns on a year-to-date basis, the municipal sector stands as one of the few exceptions. Two primary factors have supported the outperformance of municipal bonds relative to their taxable counterparts. First, the federal stimulus funds directed to state and local governments in March have shored up municipal finances and improved the credit quality of the sector, allowing credit spreads to tighten. Second, investor demand for tax-exempt income has increased significantly in response to pending legislative proposals that would increase marginal tax rates on businesses and high income households.

Fourth Quarter Outlook

In a rising interest rate environment, municipal bond yields have historically lagged the upward movement in Treasury yields. That relationship has been clearly evident in 2021, with the 10-year U.S. Treasury yield higher by 57 bps year to date compared to 44 bps for the 10-year AAA municipal yield. Despite the fractional interest rate sensitivity displayed by municipal bond yields, they are still significantly higher for the year and vulnerable to further increases if Treasury rates continue to move upward toward their pre-pandemic levels.

Three important factors suggest that further progress toward interest rate normalization may occur during the fourth quarter.

First, the economic recovery appears to be weathering the effects of the COVID-19 Delta variant reasonably well, based on the latest readings from

Objective

Fixed income strategy utilizing exchange-traded funds (ETFs) to seek capital preservation, return stability, and supplemental income as part of a diversified investment portfolio

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 September 30, 2021.*

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	Inception	2017	2018	2019	2020
Gross %	-0.53	1.52	1.26	3.82	5.68	4.44	6.52	-1.55	11.26	4.05
Net %	-0.56	1.44	1.15	3.67	5.52	4.29	6.36	-1.70	11.10	3.89
Benchmark %	-0.27	1.15	0.79	2.63	5.06	4.24	5.45	1.28	7.54	5.21

Inception – January 1, 2017; Benchmark = Bloomberg Municipal Bond Index
Net returns are presented after the deduction of the manager fee of 0.15%. There will be additional wrap fees that include trading expenses, as well as custody and administrative fees, which will vary by wrap sponsor.

a series of high-frequency indicators including jobless claims, retail sales, air travel, and manufacturing production. While quarterly gross domestic product (GDP) growth for this recovery cycle likely peaked at 6.7% in the second quarter, the economy appears poised for a sustained, robust expansion over the next several quarters. Current projections from leading economists, including the Federal Reserve (Fed), call for above-trend GDP growth through the end of next year. According to the latest survey conducted by Bloomberg News, real GDP is expected to grow at a healthy 5.1% rate over the next three months and 3.3% in 2022. Economic activity at or near these projected levels would likely put further upward pressure on U.S. bond yields.

Second, the expected improvement in economic conditions may lead the Fed to taper its monthly bond purchases by the end of the year. According to the September 22 policy statement from the Federal Open Market Committee, "*If progress continues broadly as expected, the Committee judges that a moderation in the pace of asset purchases may soon be warranted.*" Bond yields could rise significantly in conjunction with the wind down of the Fed's quantitative easing program, as the fixed income market adjusts to the likelihood of less central bank support in 2022.

The third factor that could drive rates higher is inflation. While there are tentative signs of price pressures easing in certain sectors of the economy, lingering supply constraints and persistent worker shortages suggest that a near-term return to inflation readings at or below 2% may be well off into the future. While the bond market's implied long-term inflation expectations have stabilized over the past few months, signs that inflation may be less transitory than the Fed originally envisioned could add additional fuel to the upward trend in Treasury yields.

Portfolio Strategy

Amid suppressed bond yields and prospects for further rate normalization, we continue to believe that maintaining a conservative and defensive municipal investment strategy is a prudent course of action at this time. The portfolio has an intermediate duration of around five years, with limited exposure to the long-end of the yield curve. Credit quality continues to be strong, with an average credit rating of AA- for the underlying bonds. We believe this defensive posture should help MIEP continue to effectively navigate through potentially volatile municipal bond market conditions through year-end.

INVESTMENT PERFORMANCE DISCLOSURE

MUNICIPAL INCOME ENHANCED PORTFOLIO (01/01/17 – 12/31/20)

Year-End	Gross-of-Fees Return	Net-of-Fees Return*	Benchmark Return	Composite 3 Yr. Ex Post Std. Dev.	Benchmark 3 Yr. Ex Post Std. Dev.	Number of Portfolios	Internal Dispersion (%)	% of Non-Fee Paying Assets	Composite Assets (USD millions)	Strategy Assets (USD millions)**	Total Firm Assets (USD millions)
2017	6.5%	6.5%	5.4%	N/A	N/A	<6	N/A	100%	$0.21	$0.03	$3,785
2018	-1.6%	-1.6%	1.3%	N/A	N/A	<6	N/A	100%	$0.21	$0.03	$3,831
2019	11.3%	11.3%	7.5%	N/A	N/A	<6	N/A	100%	$0.22	$0.03	$4,294
2020	4.0%	4.0%	5.2%	5.4%	4.0%	<6	N/A	100%	$0.49	$0.06	$4,012

** 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 06/01/14-12/31/20. 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 portfolio 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 Municipal Income Enhanced Composite. The composite includes wrap and non-wrap accounts that are invested in the composite strategy and managed on a discretionary basis by EquityCompass. Municipal Income Enhanced strategy utilizes exchange-traded funds to seek capital preservation, return stability, and supplemental income as part of a diversified investment portfolio. 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 2018 and the inception date is January 1, 2017.

Benchmark Description

The benchmark is Bloomberg U.S. Municipal Bond Index. The Bloomberg 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.

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 per annum is 0.15%. 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 vary by wrap sponsor and are available upon request from the respective wrap sponsor.

Reporting Currency

Valuations are computed and performance reported in U.S. dollars.

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 Municipal Income Enhanced 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. 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. No representation is made that any Strategy, model, or model mix will achieve results similar to those shown in these materials. Diversification (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.

Leverage magnifies the potential for gain and loss on monies invested. In a leveraged fund, an investor will bear a greater share of the losses and a greater share of the gains in a particular investment than would be the case in an unleveraged investment fund.

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.

*Total assets combines both Assets Under Management and Assets Under Advisement as of September 30, 2021. 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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