Municipal Income Enhanced Portfolio

Portfolio Manager Commentary

As of 3/31/2025

Q1 2025 Review

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 breakeven with a return of -0.22%, significantly outpacing the 4.3% decline in the S&P 500 Index.

Compared to the MBI benchmark, the **Municipal Income Enhanced Portfolio (MIEP)** delivered more favorable returns (gross) on both a three-month and 12-month basis. For the first quarter, MIEP recorded a total return of -0.04% (-0.78% net of maximum potential fees). Over the past 12 months, MIEP provided a total return of 2.37% (-0.68% net). From a return attribution perspective, MIEP's relative performance advantage compared to the MBI in the first quarter was primarily a function of the portfolio's 10% allocation to municipal closed-end funds (CEFs), which benefited from a steeper yield curve. Over the first three months of the year, the CEFs produced an average total return of 0.80%.

Q2 Outlook & Portfolio Strategy

The uncertainty that unsettled equity markets during the first quarter is unlikely to be resolved in the near term. Headline-driven market volatility may remain elevated, as traders struggle to assess the potential ramifications of the administration's evolving policies on tariffs, 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.[1]

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 our global trading partners, treasury yields fell sharply across the curve, with the 10-year U.S. Treasury 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 performance of municipals 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

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

James J. DeMasi, CFA
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	Inception	2017	2018	2019	2020	2021	2022	2023	2024
Gross %	-0.04	-1.13	-0.04	2.37	1.39	1.28	2.28	6.52	-1.55	11.26	4.05	2.22	-9.41	4.63	2.44
Benchmark %	-0.22	-1.44	-0.22	1.22	1.53	1.07	2.27	5.45	1.28	7.54	5.21	1.52	-8.53	6.40	1.05
Net %	-0.78	-2.62	-0.78	-0.68	-1.62	-1.72	-0.75	3.38	-4.51	7.99	0.98	-0.80	-12.13	1.54	-0.61

As of 3/31/2025; Inception—January 1, 2017; Benchmark = Bloomberg U.S. Municipal Bond Index

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.

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%. MIEP 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 bps of rate cuts in 2025, followed by an additional 50 bps in 2026.

With gross domestic product (GDP) growth slowing and uncertainty reigning supreme, interest rate futures anticipate that the Fed will 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 are taking a more cautious approach to spending and investment, most economists have downgraded their forecasts for U.S. GDP growth. In December, the consensus projections in the Bloomberg Economist Survey for GDP growth 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.

Slower growth should exert further downward pressure on inflation, which was trending lower in the first quarter, prior to the application of tariffs. The year-over-year change in the Consumer Price Index (CPI) retreated to 2.4% in March, compared to 2.9% in December. A similar move was evident in the Personal Consumption Expenditures Index (PCE), which dipped by 0.1% to 2.5%. Given the Fed's substantial progress over the past three years in reducing PCE inflation from 7.2% to 2.5%, a strong case can be made for the central bank to resume rate cuts and shift monetary policy from mildly restrictive to neutral.

The Fed's view on the inflationary aspect of tariffs may ultimately determine when and how aggressively the FOMC moves to lower rates. Fed officials have made conflicting comments on whether price increases due to tariffs should be viewed as a one-off event or the catalyst for sustained higher inflation. The longer that high tariffs remain in place, the greater the risk that longer-term inflation expectations become unanchored. Until the Fed more clearly communicates its assessment of tariffs, bond investors may prefer shorter-term bonds to longer-term securities subject to greater inflation risk.

As municipal bond investors shift their focus to front-end maturities, the AAA municipal yield curve should continue to steepen. After dropping to -50 bps last April, the yield differential between the AAA 2-year and 10-year maturities has steadily increased by 105 bps. To prepare MIEP for a continued steepening of the AAA municipal curve (lower short-term yields coupled with flat to higher long-term yields), we have set the portfolio's duration at 5.7 years, which is approximately 85% of the MBI's duration.

Short-term and intermediate-term yields tend to follow the path of the fed funds rate, while longer-term yields are more heavily influenced by growth and inflation expectations, along with technical supply and demand factors. Focusing the portfolio's expected future principal cash flows in the intermediate-term segment of the curve should assist performance and mitigate risks in several ways, including increasing potential curve roll down benefits, reducing front-end reinvestment risk, and lowering the inflation risk associated with longer duration instruments.

When the curve steepens, credit spreads tend to widen, with investors demanding greater compensation for potential downside risks to the economy. To mitigate the risks associated with wider credit spreads, MIEP maintains a significantly higher credit quality posture relative to the MBI. Compared to the benchmark, MIEP holds an overweight in AAA-rated municipal bonds (including cash) of 240 bps, with a commensurate underweight to securities with lower credit ratings (including non-rated bonds).

(1) Source: Baker, Bloom & Davis via Bloomberg

MUNICIPAL INCOME ENHANCED PORTFOLIO WRAP COMPOSITE (01/01/2017 – 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	Composite Assets (USD Mil.)	Strategy Assets (USD Mil)†	Firm & Advisory Assets (USD Mil.)
2017	6.5%	6.5%	5.4%	N/A	N/A	<6	N/A	$0.02	$0.03	$3,785
2018	-1.6%	-1.6%	1.3%	N/A	N/A	<6	N/A	$0.02	$0.03	$3,831
2019	11.3%	11.3%	7.5%	N/A	N/A	<6	N/A	$0.02	$0.03	$4,294
2020	4.0%	4.0%	5.2%	5.4%	4.0%	<6	N/A	$0.05	$0.06	$4,012
2021	2.2%	-0.8%	1.5%	5.0%	4.0%	<6	N/A	$0.15	$0.20	$5,038
2022	-9.4%	-12.1%	-8.5%	7.1%	6.5%	<6	N/A	$0.14	$2.50	$4,469
2023	4.6%	1.5%	6.4%	7.1%	7.5%	<6	N/A	$0.14	$4.50	$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 t oinfo@equitycompass.com.

Composite Description

The performance results displayed herein represent the investment performance record for the Municipal Income Enhanced 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. Municipal Income Enhanced Portfolio 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 the Bloomberg U.S. Municipal Bond Index. The **Bloomberg U.S. 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. 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 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 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 Municipal Income Enhanced 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

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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.

The **Bloomberg U.S. 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. All index returns are shown on a total return basis and assume that all cash distributions, such as dividends, are reinvested. 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.

The **Consumer Price Index (CPI)** measures the change in prices paid by consumers for goods and services. The CPI reflects spending patterns for each of two population groups: all urban consumers and urban wage earners and clerical workers.

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.

Yield to maturity (YTM) is considered a long-term bond yield but is expressed as an annual rate. It is the internal rate of return of an investment in a bond if the investor holds the bond until maturity, with all payments made as scheduled and reinvested at the same rate.

The **Personal Consumption Expenditures Price Index**, also known as the core PCE price index, is defined as personal consumption expenditures (PCE) prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends.

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.

*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.

0425.7818718.1