

Core Fixed Income Portfolio

Portfolio Manager Commentary

As of 3/31/2026



Q1 2026 Review

The investment-grade fixed income sector served as a fortress of stability in the first quarter, amid heightened market volatility and greater economic uncertainty. As the waves from the military conflict in Iran cascaded across the global financial markets, high-grade bonds provided shelter from the storm. During a quarter characterized by significant repricing across a wide range of asset classes, the Bloomberg U.S. Aggregate Bond Index (AGG) outperformed major U.S. equity indices by a sizable margin, including a total return advantage of 428 basis points (bps) over the S&P 500 Index.

While bonds effectively met their mandate for capital preservation and stable income, they were not immune from the broader forces unleashed by this latest round of geopolitical turmoil. During the month of March, the 10-year U.S. Treasury yield rose by 37 bps to 4.32%, as surging energy prices led to higher inflation expectations and a lower probability of rate cuts by the Federal Reserve (Fed). Price depreciation due to higher yields offset the bulk of the AGG's quarterly interest income, resulting in a total return of -0.05%.

The **Core Fixed Income Portfolio (CFI)** faced similar crosscurrents but outperformed the AGG on a gross basis by 15 bps, with a total return of 0.10% (-0.65% net of maximum potential fees). CFI's performance advantage relative to its benchmark was primarily attributable to the portfolio's duration positioning along the yield curve. Compared to the AGG, CFI maintained a lower weighting to longer duration securities, which meaningfully underperformed shorter duration bonds for the quarter.

Q2 Outlook

The unstable geopolitical environment complicates the outlook for the second quarter and the remainder of the year. Developments in the Middle East may continue to strongly influence performance in the fixed income sector over the next several quarters. However, the ultimate resolution of the conflict and its potential aftermath are difficult to forecast with any degree of confidence.

During periods of heightened uncertainty, our approach is to focus on verifiable facts, rather than rampant speculation. In this regard, we are concentrating our attention on three important developments: (1) higher bond yields have improved the outlook for interest income, (2) the Fed's latest forward guidance continues to project a 25 bps rate cut by year end, and (3) leading inflation indicators have moved notably higher since the onset of the war.

Over a five-to-ten-year window, interest income has historically provided the bulk of the fixed income sector's total return. The recent upward shift in yields may provide a favorable entry point for bond investors, particularly for those

Objective

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

Portfolio Management



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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 \$5.9 billion as of March 31, 2026.*

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 assets include assets under management and assets under advisement

	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	2025
Gross %	0.10	1.06	0.10	4.18	3.41	0.51	2.04	3.19	-0.32	8.60	6.96	-1.61	-10.05	4.77	1.47	7.09
Benchmark %	-0.05	1.05	-0.05	4.35	3.63	0.31	1.88	3.54	0.01	8.72	7.51	-1.54	-13.01	5.53	1.25	7.30
Net %	-0.65	-0.44	-0.65	1.10	0.33	-2.47	-0.99	0.14	-3.30	5.39	3.82	-4.53	-12.74	1.67	-1.56	3.93

As of 3/31/2026; Inception – January 1, 2017; Benchmark = Bloomberg U.S. Aggregate 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.

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holding excess cash. CFI offers a similar yield to the AGG, finishing the quarter at 4.57%—an eight-month high. At this level, the AGG's yield compares favorably to its 20-year average of 3.27%.

In addition to generating greater income, bonds could produce some price appreciation if the Fed follows through with its latest forward guidance. Although no action has been taken regarding interest rates at the past two Federal Open Market Committee (FOMC) meetings, the "dot plot" released on March 18 continued to reflect a 25 bps rate cut by the end of this year. Despite the Fed's apparent predisposition toward a further reduction in short-term rates in 2026, the bond market appears to be assigning a low probability to this scenario. At quarter end, interest rate futures were pricing in a modest 30% chance of a rate cut by December. While it is unlikely that the Fed would lower rates until a permanent ceasefire is reached and energy prices have moderated, a favorable resolution to the conflict may allow easing to resume. A reengaged Fed would likely translate to lower rates across the yield curve, allowing bonds to recover at least a portion of their recent price declines.

While the Fed's "dot plot" represents a favorable factor for the sector, the risk of a sustained increase in inflation signifies a potentially formidable headwind. It is important to note that inflation was displaying tentative signs of a resurgence prior to the onset of the war. After dropping as low as 2.8% at the end of the third quarter, the Core PCE Price Index climbed back to 3.0% on a year-over-year basis through February. Even more concerning, certain leading indicators of inflation have incorporated the initial spike in energy prices and soared to levels not seen since 2022. Within the ISM Services report, the Prices Paid measure exceeded 70 in March for the first time since October 2022, with a reading of 70.7, up 12% month-over-month (m/m). The ISM Manufacturing data showed similar results, as the Prices Paid index surged by 11% m/m to 78.3, marking a 46-month high.

To this point, bond traders have generally viewed the bounce in inflation as a temporary phenomenon. This also appears to be the consensus opinion within the FOMC. Longer-term inflation expectations derived from Treasury Inflation-Protected Securities (TIPS) have shown only a minor upward lift since the war started, with the expected average inflation rate over the next 10 years advancing by just five bps to 2.31%. While still reasonably well contained at the present time, the evolution of inflation expectations should be closely monitored and may represent the most important driver of bond yields and the Fed's decision making process over the next three months.

Portfolio Strategy

Amid contradictory influences and multiple sources of uncertainty, there were few changes to CFI's composition in the first quarter. While we took advantage of higher yields to deploy some excess cash in March, the portfolio continues to be positioned defensively with regard to credit and interest rate risk.

From a credit risk perspective, a prolonged period of instability in the Middle East would raise the threat of stagflation and put upward pressure on credit spreads. To mitigate this potential risk, CFI maintains an underweight of 250 bps to the AGG's most credit-sensitive sub-sectors, including corporate bonds, asset-backed securities, and commercial mortgage-backed securities (MBS).

CFI also holds a meaningfully lower weighting to U.S. agency MBS of 550 bps versus the AGG. MBS spreads are primarily determined by the direction and volatility of interest rates. While mortgage spreads have widened somewhat as interest rate uncertainty has risen, they still appear unduly narrow, given the wide range of potential outcomes in Iran. This sector is also vulnerable to headline risk related to any major developments with the government conservatorships for Fannie Mae and Freddie Mac—the two largest issuers and guarantors of MBS.

Assessing interest rate risk more broadly, CFI maintains a shorter duration than the AGG, at 5.5 years compared to 6.0 years. This relative duration differential is primarily a function of curve positioning, given CFI's overweight to the intermediate-term (3-7 year) duration segment and underweight to the long-term (10-year+) duration bucket. We believe that the long end of the yield curve may be particularly vulnerable to a sustained upward shift in inflation expectations and have distributed the portfolio's expected maturities accordingly.

CORE FIXED INCOME PORTFOLIO WRAP COMPOSITE (01/01/2017 – 12/31/2024)

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 AUM (USD Mil.)	Firm & Advisory Assets (USD Mil.)†
2017	3.2%	0.1%	3.5%	N/A	N/A	<6	N/A	\$0.02	\$0.02	\$242	\$3,785
2018	-0.3%	-3.3%	0.0%	N/A	N/A	<6	N/A	\$0.02	\$0.02	\$167	\$3,831
2019	8.6%	5.4%	8.7%	N/A	N/A	<6	N/A	\$0.02	\$0.02	\$146	\$4,294
2020	7.0%	3.8%	7.5%	3.1%	3.4%	<6	N/A	\$0.05	\$0.05	\$153	\$4,012
2021	-1.6%	-4.5%	-1.5%	2.9%	3.4%	<6	N/A	\$0.15	\$8.47	\$221	\$5,038
2022	-10.1%	-12.7%	-13.0%	4.8%	5.9%	<6	N/A	\$0.13	\$19.49	\$184	\$4,469
2023	4.8%	1.7%	5.5%	6.3%	7.2%	<6	N/A	\$0.14	\$34.17	\$179	\$4,707
2024	1.5%	-1.6%	1.3%	6.9%	7.8%	<6	N/A	\$0.02	\$65.64	\$225	\$5,184

* 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 06/01/2014–12/31/2024. 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 Fixed 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. Core Fixed Income 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 Bloomberg U.S. Aggregate Bond Index. 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). 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 Core Fixed 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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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). All index returns are shown on a total return basis and assume that all cash distributions, such as dividends, are reinvested. The **S&P 500® Index** is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market. 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 **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.

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.

*Total assets combines both Assets Under Management and Assets Under Advisement as of March 31, 2026. 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.

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