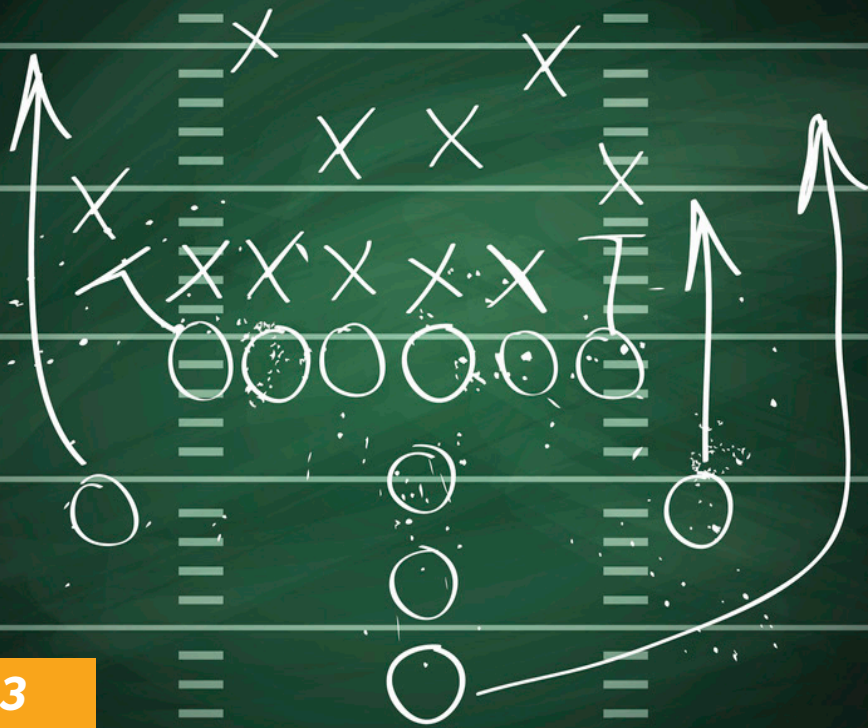


# DIVIDENDS

*for your Financial Playbook*

February 2023



Sometimes it takes a substantial market drawdown, like the one experienced in 2022, for investors to recall the many virtues of cash dividend income and the important role of dividend-paying stocks within a well-balanced investment portfolio.

We are not suggesting that the meaningful 2022 outperformance of above-average dividend yielding stocks over the broader market should be considered the standard-bearer—such drastic outperformance can be rare. Rather, we believe it should be a reminder of what dividend stocks bring to the table—some of which may have been forgotten during periods of strong overall equity market gains experienced over the past several years prior to 2022.

We believe there are three essential reasons why investors should consider incorporating higher yielding dividend stocks within their investment portfolios.

- 1) Dividend yields may provide a higher contribution to one's total investment returns should price appreciation in the equity markets decline back to the historical average.
- 2) Dividend stocks should deliver income and defensive positioning during periods of market stress.
- 3) Above-average yielding dividend-paying stocks with consistent dividend growth can generate a high level of income to help offset inflation and maintain purchasing power.

**Let's review each of these in greater detail.**

## Dividend Contribution to Total Returns

Over the long-term, dividend income has accounted for approximately 40% of the S&P 500's total return. However, the past 13-year period between 2010 and 2022 has been rather unusual. During this time frame the contribution of dividend income to the S&P 500's total return has been relatively meager at just 17%—far below the historical average. In contrast, there have been multiple decades over the past 100 years (most recently the period between 2000 and 2009) in which dividends accounted for more than half of total returns (**Chart 1**).

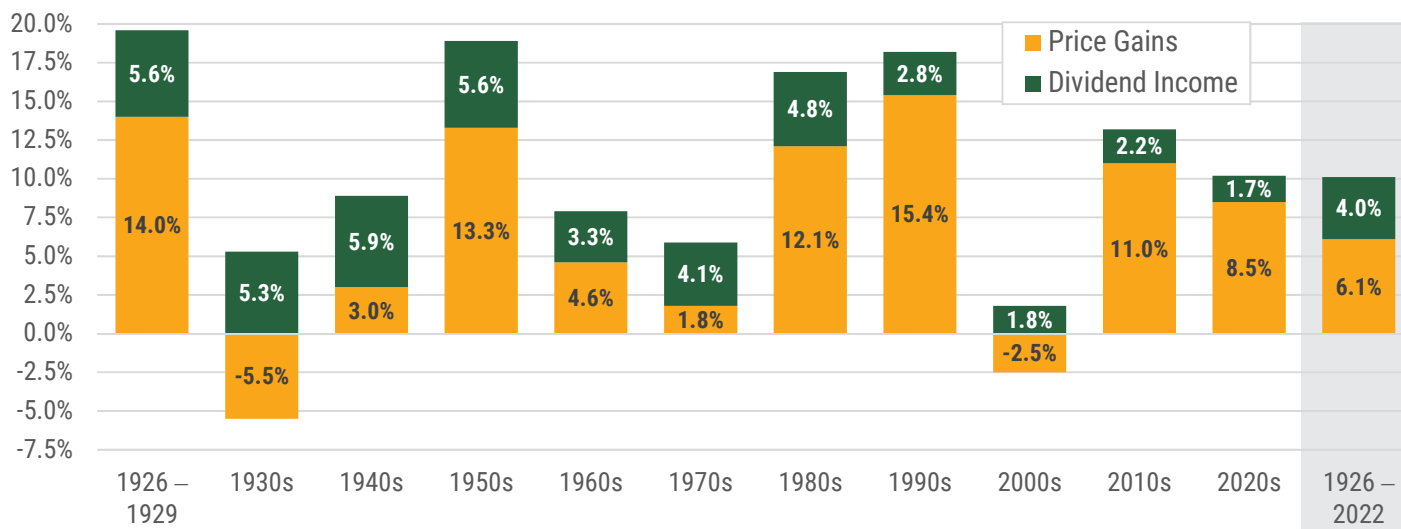
While we fully recognize that the historical average contribution to total returns that dividends have provided is skewed by the decades prior to the 1980s in which yields were higher, we believe two primary takeaways remain both valid and noteworthy.

- 1) During periods of market stress and volatility resulting in low stock price appreciation, dividends have provided a more consistent and higher contribution to overall returns in the form of stable cash income.
- 2) Prior to the 2022 market drawdown, equity investors enjoyed a 10-year compounded annual growth rate (CAGR) in S&P 500 total returns of approximately 16.5%—much higher than the historical average, which is closer to 9%–10%. (**Chart 2**) If the 10-year CAGR were to revert back to its historical average, it would imply materially lower total returns—perhaps somewhere in the percentage range of mid-single digits—in the coming decade. If such an environment unfolds, then dividend income should contribute more to overall returns.

## S&P 500 Total Return Rolling 10-Year Returns

Chart 1

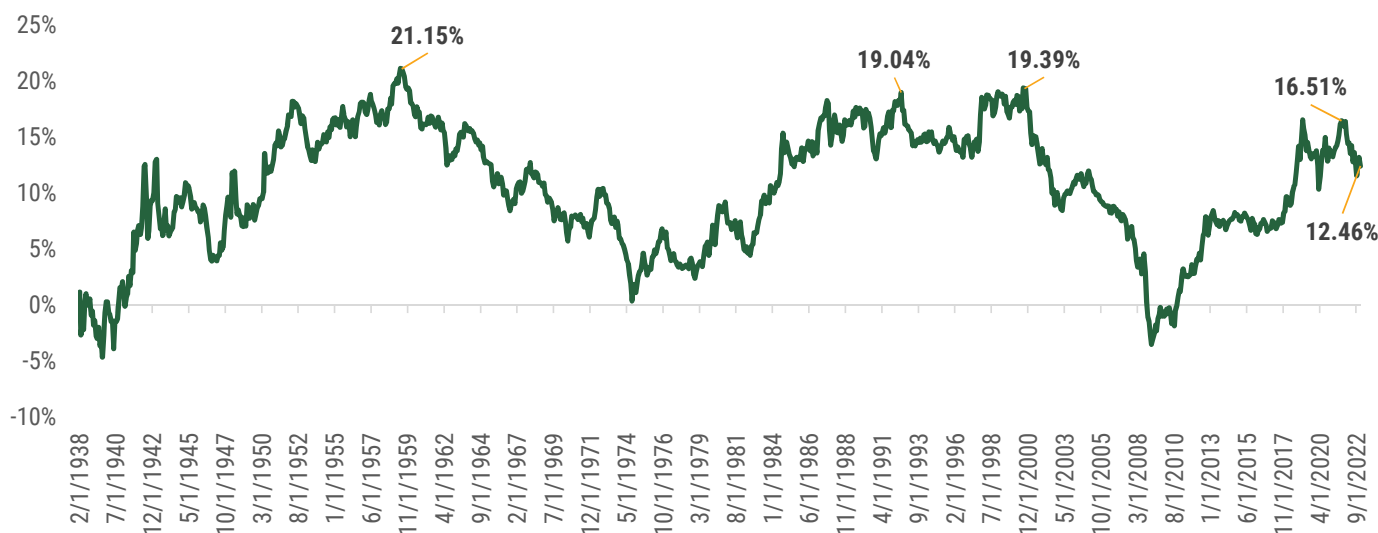
1926 – 2022 | Source: FactSet Research Services Inc.



## S&P 500 Total Return Rolling 10-Year Returns

Chart 2

2/29/1938 – 12/31/2022 | Source: Ned Davis Research, Inc.



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## Dividends for Defense

Playing defense, especially during periods in which equity markets are generating outsized gains, may quite often be an underrated—and perhaps even boring—concept when developing a long-term investment strategy. However, as many football players have voiced over the course of their careers, “defense wins championships.”

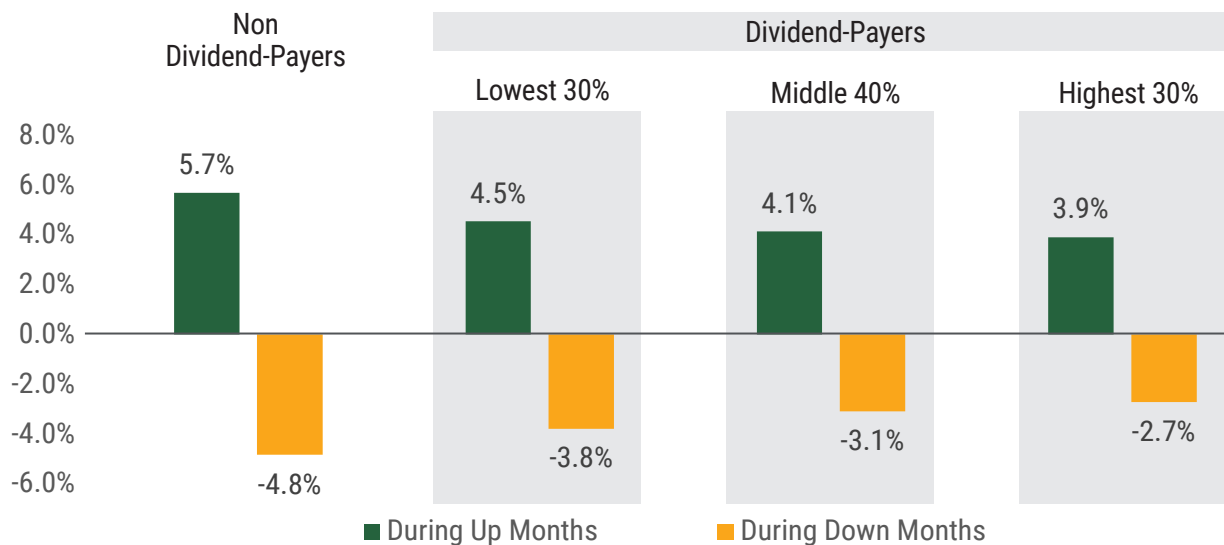
We recognize that during bull markets, dividend-paying stocks may not participate as fully as non-dividend payers (**Chart 3**). For example, since 1927—observing nearly 100 years of data—price appreciation among non-dividend paying stocks was 4.1% in the months in which the stock market was positive versus only a 2.8% gain for the middle-to-highest paying dividend stocks. However, the opposite also holds true. Historically, dividend-paying stocks have captured less downside during periods of equity market weakness. The loss incurred by the middle-to-highest paying dividend stocks during months in which the stock market was down was approximately half that experienced by the non-dividend payers.

Greater downside cushion can help limit losses during periods of market volatility and stress. Pardon the reference, but like football, dividend stocks seek to provide a solid defensive stand allowing the offense to start with better field position in pursuit of long-term investment goals.

### Average Monthly Return by Dividend Policy

Chart 3

S&P 500 Average Monthly Return | Source: Dartmouth/Tuck Data 1927 to 2022



Aside from their defensive role in periods of equity market weakness, dividend-paying stocks also have the ability to contribute a consistent source of cash income that is not subject to adverse price fluctuations. This can be very important in maintaining a pathway to long-term investment goals.

Higher cash flow from dividends may reduce an investor’s need to drawdown principal—sell stocks—during periods of market volatility. Said differently, the income generation dividend-paying stocks provide is another form of defense for investors as it can reduce the need to sell distressed stocks—once again putting the offense in better field position when equity markets eventually turn positive.

## Higher Income to Offset Inflation

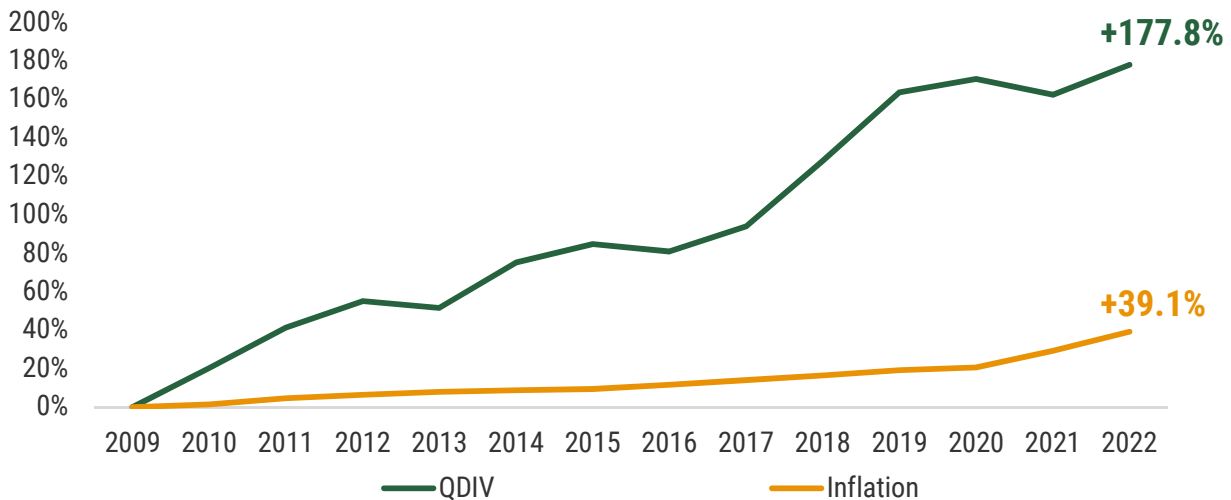
Defense was not the only merit dividend stocks exemplified during the 2022 equity market decline. Over the past 12 months, the U.S. economy has also experienced the highest inflation rates in over 40 years. The decline in real income driven by substantially higher costs can have a meaningful impact on an investor's financial budget—especially for those out of the workforce that rely on investment income as a primary source of cash flow generation.

In such an environment, dividend stocks can be quite useful and valuable as well. The combination of high current dividend income and dividend growth can help maintain purchasing power during periods of high inflation. For example, the cumulative income generated by the EquityCompass **Quality Dividend Portfolio (QDIV)** has far exceeded inflation since its inception in 2009 (**Chart 4**). In fact, both QDIV and the EquityCompass **High-Dividend Portfolio (HIDIV)** generated dividend income growth of approximately 9% in 2022 alone (assuming dividend reinvestment)—which helped sustain investor purchasing power during a consequential inflationary period.

### Cumulative Growth in QDIV Dividend Income Versus Inflation

Chart 4

Quality Dividend Portfolio (QDIV) versus Consumer Price Index (CPI) | Assumes dividend reinvestment | 12/31/2009 – 12/31/2022  
Source: Bloomberg Finance, LP



It should not be assumed that recommendations made in the future will be profitable or will equal the performance of any of the securities mentioned herein. Please refer to the QDIV quarterly fact sheets for further information and a discussion of QDIV performance over time.

As mentioned at the outset, the substantial outperformance of dividend-paying stocks in 2022 should not be considered the norm—nor should it be expected on a consistent basis. Instead, the 2022 market drawdown serves as a reminder for investors about the enduring principles of dividend-paying stocks—cash flow that is not subject to market volatility, defensive positioning during periods of market stress, and dividend growth that can help offset inflationary pressures. Unfortunately, many times it takes a shock event to remember the numerous benefits dividends can impart. We believe these attributes demonstrate the value of considering high-quality, dividend-paying stocks as part of any investment playbook.

# Quality Dividend Portfolio

As of 12/31/2022



## Highlights

The strategy has three goals:



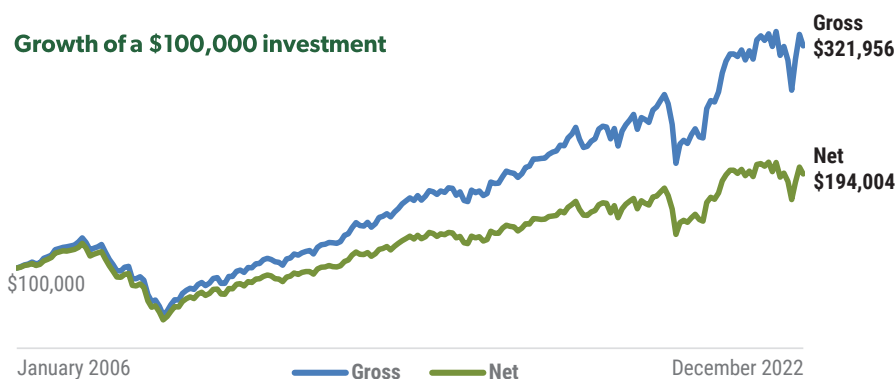
Invests in stocks based on the following criteria:

- Quantitative model selects portfolio candidates based on quality, momentum, valuation, and timeless criteria
- Portfolio managers provide insights that leverage fundamental research
- Diversified across industry sectors with a sector maximum of 20%

## Performance Overview

December 31, 2005–December 31, 2022 | Past performance is no guarantee of future results.

### Growth of a \$100,000 investment



The growth of \$100,000 chart presented herein is for illustrative purposes only. The chart illustrates the growth of \$100,000 had it been invested at the time of inception and includes reinvestment of dividends. It does not assume withdrawals or contributions. Any results shown above may not represent the actual experience of individual investors. Individual account performance may differ due to, e.g., account size, cash flows, investment restrictions, economic factors, and fees.

	Total Returns			Annualized Returns					Calendar-Year Returns									
	3-Mos	6-Mos	YTD	1-yr	3-yr	5-yr	10-yr	Incp.	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross %	16.00	3.04	-1.80	-1.80	5.61	6.58	9.80	7.12	22.16	14.09	0.47	13.35	16.68	-5.23	23.22	-2.24	22.70	-1.80
Net %	15.21	1.60	-4.64	-4.64	2.54	3.48	6.59	3.98	18.68	10.72	-2.44	9.97	13.23	-8.03	19.64	-5.08	19.11	-4.64
Benchmark %	13.43	1.50	0.93	0.93	4.53	5.36	10.66	10.43	21.21	20.25	5.56	22.70	12.33	-5.87	20.76	-9.67	25.26	0.93

As of 12/31/2022; Inception—January 1, 2006; Benchmark = S&P 500 Low Volatility High Dividend Index; 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 maximum managed account fee of 3.00% which includes the wrap sponsor fee and EquityCompass investment management fees. Actual fees may vary.

### Objective

Focused portfolio of high-quality, high-yielding stocks that seeks to provide the highest possible dividend yield within the constraints of quality, capital preservation, and diversification

### Portfolio Characteristics

Inception	January 1, 2006
Number of Holdings	30
Benchmark	S&P 500 Low Vol. High Dvd.
Wgted. Avg. Dvd. Yld.	4.0%
Wgted. Avg. Mkt. Cap.	\$144.6 Bln.
Forward Price/Earn. Mult.	12.3x
Payout Ratio - 1-yr. forecast	51.9%
S&P Debt Rating	99%
Dividend Growth - YoY	4.2%
Annual Turnover - 2022	26.9%

### Risk Statistics

	Portfolio	Benchmark
Standard Deviation (%)	13.62	14.90
Sharpe Ratio	0.67	0.67
Beta	0.87	1.00
R-Squared	0.90	1.00
Alpha (%)	0.51	0.00
Batting Average (%)	50.83	100.00
Up-Market Capture (%)	89.26	100.00
Down-Market Capture (%)	91.39	100.00

All risk measures are based on a 10-year time period using monthly returns.

# Quality Dividend Portfolio

As of 12/31/2022



## Holdings by Market Cap

	%
Large Cap - > \$10 bn (%)	98.71
Mid Cap - \$3.5 - \$10 bn (%)	1.29
Small Cap - < \$3.5 bn (%)	--

## Top Portfolio Holdings by Yield

	%
V.F. Corporation	7.39
Enbridge Inc.	6.63
Verizon Communications Inc.	6.62
AT&T Inc.	6.03
Intel Corporation	5.52
International Paper Company	5.34
Philip Morris International Inc.	5.02
3M Company	4.97
Truist Financial Corporation	4.83
Prudential Financial, Inc.	4.83

For illustrative purposes only and not intended as personalized recommendations. The yield information included is as of the period indicated and should not be considered a recommendation to purchase, hold, or sell any particular security. There is no assurance that any of the yields noted will remain and may vary over time. The specific securities identified and described herein do not represent all of the securities purchased, sold, or recommended to advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. A complete list of all recommendations made by the firm is available upon request.

## Performance Advantage of High-Dividend Stocks

Source: Bloomberg Finance, LP | Includes Dividends | Monthly Data



- 1 S&P 500 Dividend Aristocrats Total Return Index
- 2 Bloomberg U.S. Aggregate Bond Index

S&P 500 Dividend Aristocrats Total Return Index launch date is May 02, 2005. All information for an index prior to its launch date is hypothetical back-tested, not actual performance, based on the index methodology in effect on the launch date. Performance does not reflect that of the portfolio or any investor. It is not possible to invest directly in an index. If an individual were to have invested in the portfolio reflected in the time period presented, their actual performance would have varied, possibly dramatically, from the hypothetical performance shown. Please see important disclosures at the end of this presentation.

## Sector Allocation

	%
Health Care	20.67
Financials	16.07
Consumer Staples	15.28
Information Technology	12.37
Energy	11.06
Industrials	8.86
Consumer Discretionary	5.62
Communication Services	5.10
Materials	2.91
Real Estate	2.07

## Portfolio Management Team



**Thomas P. Mulroy**  
Senior Portfolio Manager



**Michael S. Scherer**  
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 \$4.5 billion as of December 31, 2022.†

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.

Unless otherwise noted, all charts and tables are calculated by EquityCompass using data provided by FactSet Research Systems, Inc. Dividend growth and dividend payout ratio are calculated by EquityCompass.



# High-Dividend Portfolio

As of 12/31/2022



## Highlights

### Cash Flow Alternative to High-Yield Corporate Bonds

- High corporate debt levels trading at relatively narrow spreads can be indicative of heightened investment risk in that asset class
- Developed with this risk in mind, the High-Dividend Portfolio (HDP) is designed to generate a yield similar to high-yield corporate bonds, but with higher exposure to investment grade companies

### Differentiated Strategy

- A portfolio for investors desiring a strategy that combines both high yield and broad diversification
- Seeks to balance concentration risk and yield in order to derive a cash flow stream well above traditional dividend strategies while maintaining exposure to numerous industry sectors

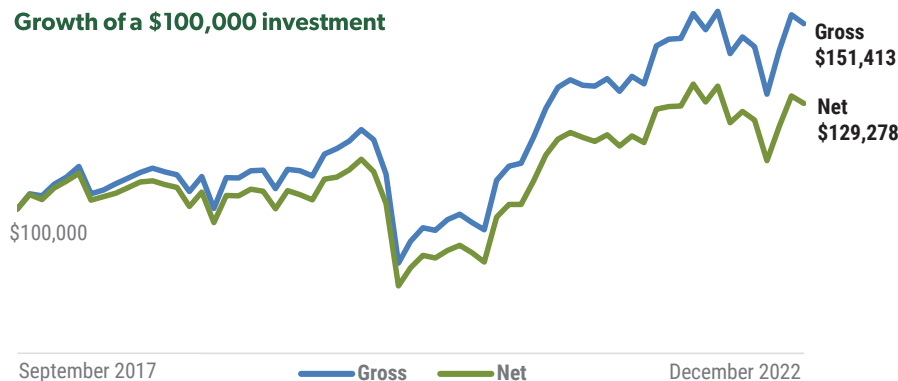
### Proven Investment Process

- Combines quantitative and qualitative approaches; screens stocks based on financial and fundamental quality, as well as company means and intent to pay and grow dividends
- Managed by dividend-income focused team with extensive credit and portfolio management experience

## Performance Overview

August 31, 2017–December 31, 2022 | Past performance is no guarantee of future results.

### Growth of a \$100,000 investment



The growth of \$100,000 chart presented herein is for illustrative purposes only. The chart illustrates the growth of \$100,000 had it been invested at the time of inception and includes reinvestment of dividends. It does not assume withdrawals or contributions. Any results shown above may not represent the actual experience of individual investors. Individual account performance may differ due to, e.g., account size, cash flows, investment restrictions, economic factors, and fees.

### Objective

Seeks to generate a high level of current income with dividend growth covering inflation and a yield that is competitive with high-yield corporate bonds. Recommended allocation is similar to that of high-yield corporate bonds within a well-diversified investment portfolio.

### Portfolio Characteristics

Inception	September 1, 2017
Number of Holdings	31
Benchmark	S&P 500 Low Vol High Dvd
Weighted Avg. Dvd. Yield	5.0%
Weighted Avg. Mkt. Cap.	\$67.7 Bln.
Forward Price/Earn. Multiple	13.6x
Annual Turnover - 2022	30.7%

### Risk Statistics

	Portfolio	Benchmark
Standard Deviation (%)	18.54	18.92
Sharpe Ratio	0.30	0.22
Beta	0.95	1.00
R-Squared	0.95	1.00
Alpha (%)	1.69	0.00
Batting Average (%)	53.33	100.00
Up-Market Capture (%)	97.94	100.00
Down-Market Capture (%)	93.31	100.00

All risk measures are based on a 5-year time period using monthly returns.

	Total Returns			Annualized Returns				Calendar-Year Returns				
	3-Mos	6-Mos	YTD	1-yr	3-yr	5-yr	Inception	2018	2019	2020	2021	2022
Gross %	14.80	5.77	4.22	4.22	7.46	6.83	8.09	-7.95	21.78	-8.30	29.86	4.22
Net %	14.01	4.28	1.21	1.21	4.34	3.71	4.93	-10.68	18.25	-10.99	26.08	1.21
Benchmark %	13.43	1.50	0.93	0.93	4.53	5.36	6.33	-5.87	20.76	-9.67	25.26	0.93

As of 12/31/2022; Inception — September 1, 2017; Benchmark = S&P 500 Low Volatility High Dividend Total Return Index

Net returns reflect the deduction of the maximum managed account fee of 3.00% which includes the wrap sponsor fee and EquityCompass investment management fees. Actual fees may vary.



# High-Dividend Portfolio

As of 12/31/2022



Holdings by Market Cap	
	%
Large Cap - > \$10 bn (%)	80.58
Mid Cap - \$3.5 - \$10 bn (%)	14.09
Small Cap - < \$3.5 bn (%)	5.33

Top Ten Portfolio Holdings by Yield	
	%
Ares Capital Corporation	10.40
Sixth Street Specialty Lending, Inc.	10.11
Altria Group Inc	8.23
Verizon Communications Inc.	6.62
BCE Inc.	6.23
JPMorgan Chase & Co 5 3/4 Perpetuity Pfd	6.15
Kinder Morgan Inc Class P	6.14
Simon Property Group, Inc.	6.13
LyondellBasell Industries NV	5.73
ONEOK, Inc.	5.69

For illustrative purposes only and not intended as personalized recommendations. The yield information included is as of the period indicated and should not be considered a recommendation to purchase, hold, or sell any particular security. There is no assurance that any of the yields noted will remain and may vary over time. The specific securities identified and described herein do not represent all of the securities purchased, sold, or recommended to advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. A complete list of all recommendations made by the firm is available upon request.

Sector Allocation	
	%
Utilities	20.05
Consumer Staples	19.45
Real Estate	12.73
Energy	10.90
Health Care	10.77
Financials	8.29
Information Technology	6.10
Communication Services	6.03
Materials	5.67

## Portfolio Management Team



**Christopher M. Mutascio**  
Senior Managing Director



**James DeMasi, CFA**  
Senior Portfolio Manager



**Bernard J. Kavanagh III, CMT®**  
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 \$4.5 billion as of December 31, 2022.\*

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

All charts and tables are calculated by EquityCompass using data provided by FactSet Research Systems, Inc.

## The EquityCompass Dividend Team



**Christopher M. Mutascio**

*Senior Managing Director*

Chris manages the High-Dividend Portfolio and Equity Risk Management Strategy. He joined EquityCompass in May 2018 from Stifel, Nicolaus & Company, Incorporated, where his most recent role was Associate Director of Stifel's U.S. Equity Research department. Prior to his position with Stifel Equity Research, Chris was a senior bank analyst with KBW and a director of large cap traditional bank research for Credit Suisse. Previously he spent seven years with Legg Mason, where he was a managing director and the company's senior bank analyst. He began his career as a federal bank regulator with the Office of the Comptroller of the Currency, where he worked for six years, rising to the level of national bank examiner. Chris has an M.B.A. from Loyola University Maryland and an undergraduate degree from Gettysburg College.



**Thomas P. Mulroy**

*Senior Portfolio Manager*

Tom joined EquityCompass in September 2017 and serves as Executive Vice President and Senior Portfolio Manager for the Quality Dividend Portfolio. He has held various senior executive positions with Stifel since he joined the firm in 2005, including operating and policy involvement for capital commitment, equity and fixed income trading, enterprise risk management, and investment research. His most recent position was Co-President and Co-Director of the Institutional Group at Stifel, Nicolaus & Company, Incorporated. Tom served as a member of Stifel Financial Corporation Board of Directors as well as his predecessor firm, Legg Mason Wood Walker, Inc. He holds a B.S. in Finance from Ithaca College and an M.B.A. in Finance from American University.



**Michael S. Scherer**

*Senior Portfolio Manager*

Mike is the Senior Portfolio Manager of the Select Quality Growth & Income Portfolio and co-manager of the Quality Dividend Portfolio. He is a senior member of the team responsible for developing and researching quantitative portfolio strategies. Mike has written extensively on market strategy and works closely with Stifel financial advisors educating them on EquityCompass investment portfolios and products. He joined the Legg Mason Equity Marketing department in 2000 and arrived at Stifel as part of the acquisition of Legg Mason's Capital Markets Group in December 2005. Mike has an M.B.A. in Finance from Loyola University Maryland and a B.A. from the College of William & Mary with a concentration in government.

## The EquityCompass Dividend Team



**James J. DeMasi, CFA**  
Senior Portfolio Manager

Jim joined EquityCompass in July 2019 as a Senior Portfolio Manager for the Core Fixed Income Portfolio, Municipal Income Enhanced Portfolio, and co-manager of the High-Dividend Portfolio. Prior to joining the portfolio management team, Jim served as the Chief Fixed Income Strategist at Stifel, Nicolaus & Company, Incorporated for 12 years. At Stifel, Jim created investment portfolio and risk management strategies for the firm's institutional fixed income clients. He also managed a \$3 billion bond portfolio for Stifel Bank. Previously, he spent five years at Legg Mason as a fixed income strategist and 13 years at the Federal Deposit Insurance Corporation (FDIC) in bank supervision. His FDIC career focused on the credit analysis of bank balance sheets and the risk profile of innovative credit market instruments, including corporate bonds, mortgage-backed securities, and derivatives. Jim has a B.S.B.A. in Finance from West Virginia University. He is also a CFA charter holder and member of the Baltimore Security Analyst Society.



**Bernard J. Kavanagh III, CMT®**  
Senior Portfolio Manager

Bernie co-manages the High-Dividend Portfolio and is a senior member of the investment management team responsible for developing and researching EquityCompass' portfolio strategies. He also writes extensively on market and portfolio strategy. Prior to joining EquityCompass in May 2011, Bernie was a member of Stifel's Institutional Equity Sales group from the time Stifel acquired Legg Mason's Capital Markets Group in December of 2005. At Legg Mason, Bernie began his career in May 2000 as an associate in the Equity Marketing and Strategy Group. Prior to Legg Mason, he was an associate at T. Rowe Price beginning in 1997. Bernie has a Master of Science in Finance from Loyola University Maryland and a B.S. from Rutgers University. He holds the Chartered Market Technician designation.



**Lauren E. Louglin**  
Associate Portfolio Manager

Lauren is an Associate Portfolio Manager at EquityCompass. She joined the team in May 2014 and helps manage the Global Leaders Portfolio and is a member of the EquityCompass dividend team. Lauren is involved in all aspects of the portfolio management process, including investment research and analysis, portfolio strategy, stock selection, product marketing, asset and performance measurement, and client communications. She also leads the women's investing initiative at EquityCompass, has hosted several client events focused on women investors, and has written extensively on the topic. Prior to joining EquityCompass, Lauren was a member of the Stifel Institutional Equity Sales group, and she also previously worked at Morgan Stanley as an analyst in equity derivative client service. Lauren graduated magna cum laude with a B.S. in business administration from Washington and Lee University.

## INVESTMENT PERFORMANCE DISCLOSURE

### QUALITY DIVIDEND PORTFOLIO WRAP COMPOSITE (5/01/16 – 12/31/21)

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.	Composite Number of Portfolios	Internal Dispersion (%)	Portfolios With Bundled Fees (%)	Composite Assets (USD Mil.)	Strategy Assets (USD Mil.)†	Total Firm Assets (USD Mil.)
2016 §	8.6%	6.7%	8.6%	N/A	N/A	7	N/A	100%	\$3	\$920	\$2,714
2017	16.7%	13.3%	12.3%	N/A	N/A	12	0.02%	100%	\$8	\$1,067	\$3,785
2018	-4.9%	-7.7%	-5.9%	N/A	N/A	11	0.06%	100%	\$6	\$995	\$3,831
2019	23.2%	19.6%	20.8%	10.8%	12.0%	7	0.24%	100%	\$9	\$1,204	\$4,294
2020	-1.7%	-4.6%	-9.7%	18.0%	19.9%	9	0.09%	100%	\$8	\$993	\$4,012
2021	23.0%	19.4%	25.3%	17.4%	19.3%	9	0.24%	100%	\$7	\$1,134	\$5,038

\* 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. § Returns are for the period 5/01/16 through 12/31/16.

### HIGH-DIVIDEND PORTFOLIO WRAP COMPOSITE (9/01/17 – 12/31/21)

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.	Composite Number of Portfolios	Internal Dispersion (%)	Portfolios With Bundled Fees (%)	Composite Assets (USD Mil.)	Strategy Assets (USD Mil.)†	Total Firm Assets (USD Mil.)
2017 §	8.8%	7.8%	6.9%	N/A	N/A	<6	N/A	67%	\$0.11	\$0.11	\$3,785
2018	-8.0%	-10.7%	-5.9%	N/A	N/A	<6	N/A	67%	\$0.15	\$0.15	\$3,831
2019	21.8%	18.2%	20.8%	12.4%	12.6%	<6	N/A	67%	\$0.25	\$14	\$4,294
2020	-8.30%	-10.99%	-9.67%	20.48%	20.29%	<6	N/A	50%	\$0.29	\$36	\$4,012
2021	29.86%	26.08%	25.26%	20.30%	20.76%	<6	N/A	50%	\$0.37	\$87	\$5,038

\* 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. § Returns are for the period 9/01/17 through 12/31/17.

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 06/01/14–12/31/21. 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 — Quality Dividend Portfolio

The performance results displayed herein represent the investment performance record for the Quality Dividend 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. Quality Dividend Portfolio strategy is a large-cap value equity strategy that seeks to provide asset preservation, generate current income and develop growth in current income and intended to provide income-seeking investors with a superior alternative to investing in bonds. 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 2017 and the inception date is May 1, 2015.

#### Benchmark Description — Quality Dividend Portfolio

The benchmark is the S&P 500 Low Volatility High Dividend Index. As of 10/1/2022 the benchmark was retroactively changed for all presented periods from the Russell 1000 Value Index to the S&P 500 Low Volatility High Dividend Index. 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 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.

#### Composite Description — High-Dividend Portfolio

The performance results displayed herein represent the investment performance record for the High-Dividend 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. High-Dividend Portfolio strategy invests in a focused portfolio of dividend-paying stocks domiciled in the U.S. and developed international markets seeking to generate a high level of current income with dividend growth to cover inflation and a yield that is competitive with U.S. high-yield bond benchmarks. 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 September 1, 2017.

**Benchmark Description — High-Dividend Portfolio**

The benchmark is the S&P 500 Low Volatility High Dividend Index. 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 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 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 annual wrap fee (3.00%, by deducting 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 High-Dividend 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**

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## IMPORTANT DISCLOSURES

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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.

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. 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. High-dividend paying stocks may carry elevated risks and companies may lower or discontinue dividends at any time. 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. Foreign securities potentially entail special risks such as less liquid markets; political and economic instability; lax regulation; and adverse fluctuations in currency exchange rates. Rebalancing may have tax consequences, which should be discussed with your tax advisor. Diversification (or asset allocation) does not ensure a profit or protect against loss. Actual performance for a client may differ due to such factors as timing, economic and market conditions, cash flows, and client constraints.

Real estate investing is subject to special risks, including tenant default, declining occupancy rates, adverse changes in environmental and zoning regulations, and falling property values and rents due to deteriorating local or national economic conditions. REIT securities listed on a securities exchange may be subject to abrupt or erratic price movements because of interest rate changes and other factors. Non-listed REIT securities may lack sufficient liquidity to enable the Fund to sell them at an advantageous time or to minimize a loss. Distributions from REITs may include a return of capital. A REIT that does not qualify as a REIT under the Internal Revenue Code ("IRC") will pay taxes on its earnings, which will reduce the dividends paid by the REIT to the Fund. Some REITs are highly leveraged, which may increase the risk of loss.

**Representative Portfolio Performance:** Quality Dividend Portfolio 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 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 continuous 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 1/1/06 – 3/31/06 and Portfolio 2 reflects returns starting 4/1/06. Gross-of-fees returns are not reduced by any fees, expenses, or transaction costs. Net-of-fees returns are presented after the deduction of the manager fee of 0.50% until 6/30/18 and 0.35% starting 7/1/18. There will be additional wrap fees that include 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.

Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results. This back-tested data may have been created using a "Backward Data Assumption." The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately USD 3.4 trillion of this total. The index includes 500 leading companies and covers approximately 80% of available market capitalization. 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.

**DESCRIPTION OF TERMS****Alpha**

Alpha is a measure of performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%.

**Batting Average**

A measure of a manager's ability to beat the market consistently, the Batting Average is calculated by dividing the number of quarters in which the manager beat or matched an index by the total number of quarters in the period. For example, a manager who meets or outperforms the market every quarter in a given period would have a batting average of 100. A manager who beats the market half of the time would have a batting average of 50.

**Beta**

Measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.

**Down-Market Capture Ratio**

Measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark. A down-market capture ratio of less than 1.0 indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters and protects more of a portfolio's value during down markets.

**R-Squared**

Measures the strength of the linear relationship between a fund and its benchmark. R-squared at 1.00 implies perfect linear relationship and zero implies no relationship exists.

**Sharpe Ratio**

Sharpe Ratio is a risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better a portfolio's historical risk-adjusted performance.

**Standard Deviation**

Measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk.

**Up-Market Capture Ratio**

Measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. An up-market capture ratio of more than 1.0 indicates a manager who outperforms the relative benchmark in the benchmark's positive quarters.

**Past performance does not guarantee future performance or investment results.**

Additional Information Available Upon Request

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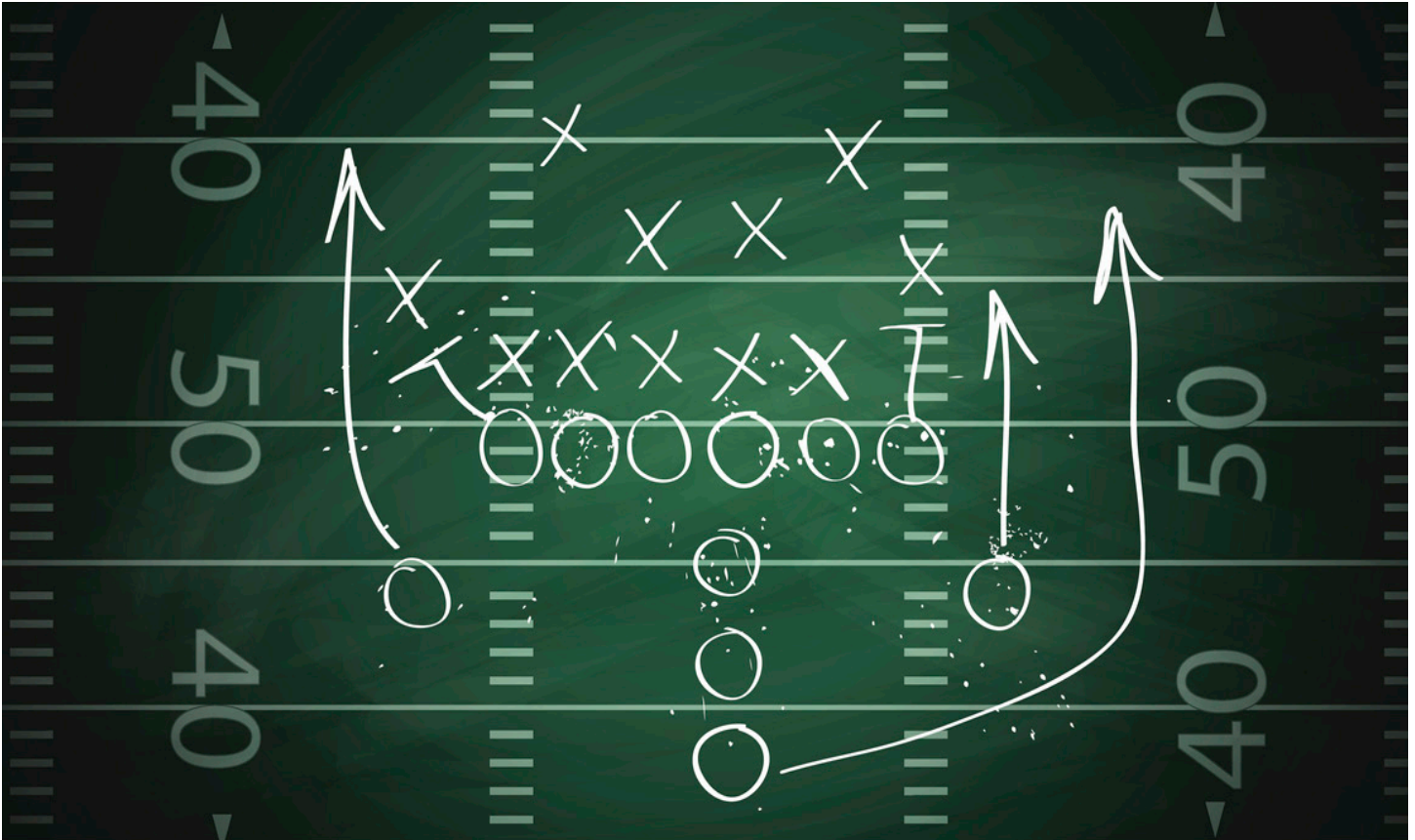
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## About EquityCompass

EquityCompass Investment Management, LLC ("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 \$4.7 billion as of January 31, 2023.\* EquityCompass is a wholly owned subsidiary of Stifel Financial Corp.

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 combines both Assets Under Management and Assets Under Advisement as of January 31, 2023. 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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