EquityCompass

September 2024

Global Leaders Portfolio
10-YEAR ANNUAL REPORT

Invest Like a Business Owner in Pursuit of Long-Term Growth

10-Year Performance

The end of the second quarter, June 30, 2024, marked the 10-year anniversary of the Global Leaders Portfolio (GLP). Our long-term results, since inception, are outlined in the table.

We are pleased to report that since inception, July 1, 2014, GLP has produced a cumulative gross return of 200.78% (123.63% net) compared to its benchmark, the MSCI ACWI Index, which returned 124.74%.

On an annualized basis, GLP has generated an 11.64% gross annualized return (8.38% net) compared to the benchmark which has tallied an 8.43% annual return.

Investors should note, GLP net performance results reflect the deduction of the maximum annual managed account fee of 3.00% which includes the wrap sponsor fee and the EquityCompass investment management fee. Although total fees vary, GLP, nonetheless, is required to reduce, on an annual basis, the gross investment return by 3.00%.

Lastly, we remind investors, noise is what you see and hear in the short run—the true performance signal is what is received over the long-term.

GLP 10-Year Performance

As of 6/30/2024	GLP (gross)	MSCI ACWI	GLP (net)
YTD 2024	17.59%	11.30%	15.82%
Annualized Returns			
1-Year	29.19%	19.38%	25.36%
2-Year	28.45%	17.94%	24.78%
3-Year	7.13%	5.43%	4.00%
4-Year	16.06%	13.03%	12.67%
5-Year	14.78%	10.76%	11.44%
6-Year	14.00%	9.90%	10.68%
7-Year	14.23%	10.02%	10.91%
8-Year	14.77%	11.08%	11.43%
9-Year	12.23%	9.33%	8.96%
10-Year	11.64%	8.43%	8.38%
Calendar Year Returns			
2023	38.86%	22.20%	34.89%
2022	-28.81%	-18.36%	-30.94%
2021	20.51%	18.54%	17.04%
2020	29.98%	16.25%	26.25%
2019	35.28%	26.60%	31.41%
2018	-9.64%	-9.41%	-12.33%
2017	29.50%	23.97%	25.75%
2016	4.23%	7.86%	1.12%
2015	-2.24%	-2.36%	-5.09%
Since Inception (July 1, 2014)			
Cumulative Return	200.78%	124.74%	123.63%
Compounded Annual Return	11.64%	8.43%	8.38%

Net returns reflect the deduction of the maximum managed account fee of 3.00% which includes the wrap sponsor fee and EquityCompass investment management fee of 0.35%. Actual fees may vary. Past performance is no guarantee of future results. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

Business-Driven Investing

The Global Leaders Portfolio adheres to a business-driven investing approach in which everything from stock selection to portfolio management is seen through the lens of a business owner.

Similar to a business owner:

- We select stocks based on the same principles one might demand when purchasing a company.
- Our portfolio management approach is comparable to managing a collection of companies.
- We intently focus on the economic progress of our companies since, over time, stock performance tends to reflect economic returns.

How Do We Define A "Leading" Company?

Adopting the mindset of a business owner, we must consider various factors when seeking to identify leading companies with above-average growth potential.

- Does the company have a consistent operating history with favorable long-term prospects?
- Does the company generate high cash returns on capital?
- Is the company managed by a team that rationally allocates capital?
- Can the company be purchased at a reasonable price?

According to Warren Buffett, *"the best business to own is one that over an extended period can employ large amounts of incremental capital at very high rates of return."* [1]

- To generate high returns on capital speaks to a company's business model.
- To generate high returns on capital for an extended period of time speaks to the secular growth opportunity.

Both return on capital and sales growth can increase future earnings, which consequently drive the market value of the company higher over time.

Investing in Secular Growth

Sustainable, long-term, above-average growth is rare. When it does occur, it often creates high excess returns as the market periodically underestimates secular investment opportunities. We believe this mispricing makes possible the pursuit of successful growth investing.

Presently, the Global Leaders Portfolio is being motored by three specific secular growth stories:

1. Rapid spending power of the **global middle class consumer**, described by McKinsey & Company as *"the biggest growth opportunity in the history of capitalism"* [2]
2. **Emergence of Artificial Intelligence (AI)** likened to the fourth phase of the fifth technological revolution
3. **Electrification**, described as the rejuvenation of the worldwide electrical grid system, as a result of the power demands driven by AI and electric vehicles

Outperforming Companies Tend to Compound Wealth Over Time

Compounding underscores a company's ability to generate additional earnings on its base of earnings from the prior year.

In our view, companies that typically outperform over time do not simply generate high returns on capital—more importantly, they have the ability to reinvest additional capital year after year at high rates of return which ultimately makes compounding possible.

Does the Global Leaders Portfolio Own Compounding Companies?

We examined GLP's long-term ownership of companies—defined as an investment horizon of at least three or more years.

Each of the companies shown in the table to the right have generated high returns on capital and reinvested the profits back into the company to help compound the growth of intrinsic value. This, in turn, has helped drive their stock prices higher.

All of these companies have outperformed the market—the MSCI-ACWI Index—since their original purchase date contributing to the outperformance of GLP since inception.

Global Leaders Portfolio Long-Term Holdings

10-Year Holding Period
6/30/2014 – 6/30/2024
Apple, Inc. (AAPL)
MasterCard, Inc. (MA)
LVMH Moët Hennessy Louis Vuitton SE (LVMUY)
QUALCOMM, Inc. (QCOM)
Berkshire Hathaway, Inc. (BRK.B)
BlackRock, Inc. (BLK)
Brookfield Corporation (BN)
TE Connectivity, Ltd. (TEL)
8-Year Holding Period
8/29/2016 – 6/30/2024
Alphabet, Inc. (GOOGL)
6-Year Holding Period
11/1/2018 – 6/30/2024
Amazon.com, Inc. (AMZN)
5-Year Holding Period
4/17/2019 – 6/30/2024
CIE Financière Richemont, SA (CFRHF)
4-Year Holding Period
3/23/2020 – 6/30/2024
Intuitive Surgical, Inc. (ISRG)

Source: EquityCompass

The companies presented herein do not represent all of the securities held by the strategy as of the date presented. A complete list of holdings as of the date noted above will be provided upon request. The information presented herein is intended to illustrate the application of the strategy only and not intended as personalized recommendations of any particular security. The securities identified and described above do not represent all of the securities purchased, sold, or recommended for client accounts. You should not assume that an investment in any of the securities identified was or will be profitable. Information presented herein is for illustrative purposes only and no inference of performance for the Global Leaders Portfolio strategy or any referenced security can or should be made. All investments carry a risk of loss, and there is no assurance that an investment will provide positive performance over time. As of June 30, 2024, the portfolio held 26 securities. These holdings may change at any time without notice. The reader should not assume that investments in the securities listed above were or will be profitable. This report contains no recommendation to buy or sell any specific securities and should not be considered investment advice of any kind.

The Tax Benefits of Compounding an Unrealized Capital Gain

While the Global Leaders Portfolio may be owned in tax-advantaged accounts in which paying capital gains is not required, GLP can also be owned in taxable accounts.

A significant benefit of owning a buy-and-hold portfolio in a taxable account is the opportunity to increase the value of a portfolio by compounding unrealized capital gains on a pre-tax basis.

The longer an investor owns an unrealized gain, the longer the tax-deferred gain can compound. Compounding a large number, even if it includes a temporary tax deferral, makes future returns higher.

Managing a Portfolio of Companies

The Global Leaders Portfolio focuses on select companies that we believe may be in a position to compound the intrinsic value of their business over many years.

We do not sell companies simply because they have appreciated or have been owned for a long period of time. In fact, of the 26 companies currently owned in GLP, nearly half (12 companies) have been held for at least four years, while eight companies—nearly one-third of the portfolio—have been held for 10 years since inception.

In managing GLP, we are quite content to hold our investments indefinitely as long as the companies continue to generate high returns on invested capital, management rationally reinvests the cash returns of the company back into the business, and the stock market does not overvalue the business.

Global Leaders Portfolio 10-Year Performance
(July 1, 2014 – June 30, 2024)

120 Monthly Returns	
Months Outperformed:	61
Months Underperformed:	59
Batting Average:	51%
40 Quarterly Returns	
Quarters Outperformed:	26
Quarters Underperformed:	14
Batting Average:	65%
10 Yearly Returns	
Years Outperformed:	7
Years Underperformed:	3
Batting Average:	70%

Source: Bloomberg Finance, LP as of 6/30/2024

Focus Investing is Called "High-Active Share" Investing

Focused portfolios, academically known as high-active share portfolios, tend to outperform a relative benchmark.[3] A high-active share score indicates how different the portfolio is compared to that benchmark.

Conversely, a low-active share score implies the portfolio closely resembles its related benchmark. Low-active share portfolios—referred to as "closet-indexers"—have typically underperformed their benchmarks.

In addition, the portfolio turnover ratio can have a substantial impact on performance. Academics have discovered that portfolios with a high turnover ratio, run by managers who constantly buy and sell stocks, often underperformed.[4]

- Strategies that underperform a relative benchmark are typically broadly diversified portfolios that trade a lot.
- The most effective strategy for outperformance tends to be a buy and hold, focused high-active share portfolio.

Global Leaders Portfolio Profile

High-Active Share Score: 77%	Long-Term Portfolio Turnover Ratio: 15%

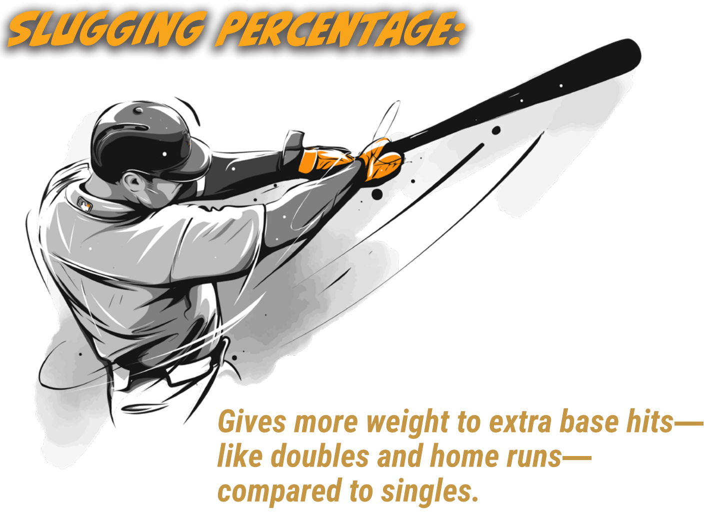
As of 6/30/2024; Source: EquityCompass; High-active share score versus the MSCI-ACWI Index

Frequency *Versus* Magnitude

Although a high-active share, low turnover portfolio can be an effective long-term strategy for outperforming a benchmark, it does present one major drawback. These portfolios rarely beat the index month-to-month, quarter-to-quarter, or even year-to-year.

The Global Leaders Portfolio is no different.

While GLP's long-term performance results have been satisfactory, on a monthly basis the portfolio has only outperformed its benchmark half of the time, while on a quarterly basis, GLP has surpassed the benchmark about two-thirds of the time. In other words, on a quarterly basis, GLP has underperformed one-third of the time.



If GLP underperformed nearly half of the time on a short-term basis, how did the portfolio generate above-average, long-term performance? The answer lies in understanding the difference between frequency and magnitude.

With long-term investing, what matters most is how much money you make when you outperform the benchmark minus how much money you give back when you underperform—not how often the underperformance occurs.

In baseball parlance, GLP's batting average is unimpressive, but its slugging percentage is quite high. To illustrate:

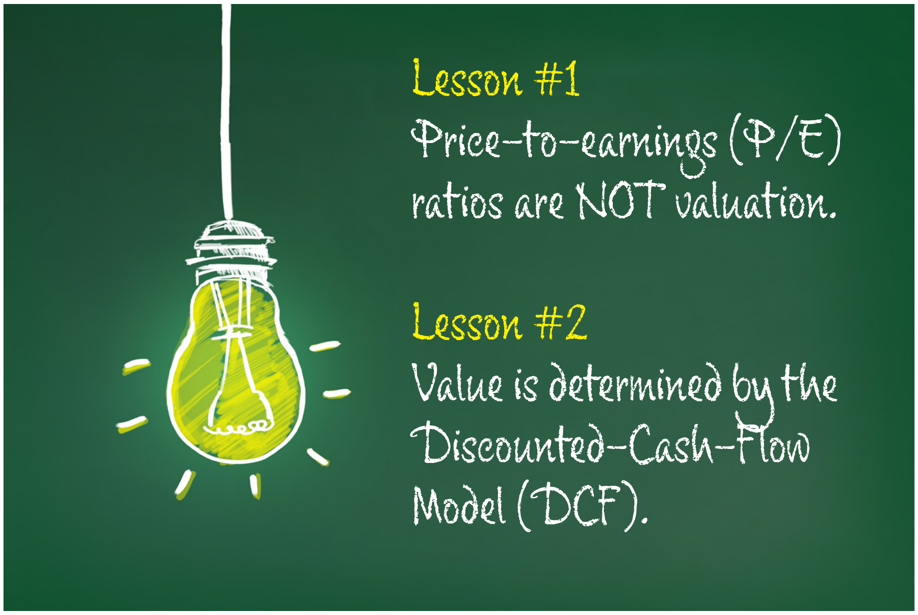
Global Leaders Portfolio — Frequency *Vs.* Magnitude

Up Market Capture: 120%	Down Market Capture: 105%

As of 6/30/2024; Source: EquityCompass; Versus the MSCI-ACWI Index

During an upward moving stock market, typically GLP has strongly outperformed its benchmark. However, during market declines, even though the stock prices of GLP's holdings may have also decreased, its downside performance relative to the benchmark has been muted. As long as the spread between up-market capture and down-market capture remains positive, the portfolio's long-term outperformance should continue.

A Growth Manager Who Understands Valuation



Even the most attractive business, that generates a high return on capital, can prove to be a bad investment if it was purchased at an exorbitant price.

Investors tend to separate growth and value stocks, as if the two styles are mutually exclusive. Thirty years ago, Warren Buffett sought to settle the ongoing debate between growth and value investing.

In the 1992 Berkshire Hathaway Annual Report, Buffett wrote, *"We think the very term 'value investing' is redundant. What is 'investing' if it is not the act of seeking value at least sufficiently to justify the amount paid?"*

Buffett then dove into the matter. *"Whether appropriate or not, the term 'value investing' is widely used. Typically, it connotes the purchase of stocks having attributes such as a low ratio of price to book value, a low price-earnings ratio, or a high dividend yield.* ***Unfortunately,*** *such characteristics, even if they appear in combination, are far from determinative as to whether an investor is indeed buying something for what it is worth and is therefore truly operating on the principle of obtaining value in his investments."*

What Buffett said next turned the value investing crowd upside down. *"Correspondingly,* ***opposite characteristics****—a high ratio of price to book value, a high price-earnings ratio, and a low dividend yield – are in no way inconsistent with a 'value' purchase."*[5]

- **Lesson #1 – Price-to-earnings (P/E) ratios are NOT valuation.**

The best we can say about P/E ratios is they are a reflection of the market's expectations. A high P/E ratio reflects the market's optimism for a company while a low P/E ratio may signal the market is skeptical about a company's prospects. However, P/E ratios alone cannot determine whether a company is overvalued or undervalued.

What determines valuation?

- **Lesson #2 – Value is determined by the Discounted-Cash-Flow Model (DCF).**

As Warren Buffett explained, *"The investment shown by the discounted-flows-of-cash calculation to be the cheapest is the one that the investor should purchase—irrespective of whether the business grows or doesn't, displays volatility or smoothness in its earnings, or carries a high price or low in relation to its current earnings and book value."*[6]

For the Global Leaders Portfolio, we build a matrix of discounted-cash-flow models with various earnings growth rates over several time horizons to arrive at a central tendency of value for what we believe the business may be worth. If the stock price is below our estimation of value, we are interested in purchasing shares in the company.

We have learned that some growth stocks, by applying rational estimates of future earnings into a DCF model, can also be attractive value stocks.

The Art of NOT Selling[7]

Several factors suggest that valuation has been at work in GLP over the past 10 years.

1) Long-term investment returns have outperformed the benchmark.
2) Upside-capture minus down-capture is positive.
3) Turnover ratio is low indicating a buy-and-hold strategy.

GLP likely would not demonstrate long-term outperformance if we had overpaid for companies within the portfolio.

Even so, buying undervalued attractive businesses does not always result in a smooth ride for investors.

Not surprisingly, GLP's periodic short-term underperformance is a reflection of the intermittent short-term underperformance of its long-term holdings.

Examining the quarterly returns among GLP's 12 legacy companies, we discovered the frequency of the price underperformance among our holdings relative to the benchmark was an indication of the frequency of the portfolio's price underperformance.

Although each of our legacy companies have substantially outperformed the benchmark over time, these companies, on average, only outperformed the benchmark 61% of the time. Put differently, the longest held positions underperformed the benchmark nearly 40% of the time.

In the money management industry, underperforming a stated benchmark, even in the short term, can be brutal—prompting investors to question why they own the laggards instead of the better performing stocks. The pressure to switch horses in the middle of a race can be overwhelming.

Within the Global Leaders Portfolio, we resist the urge to continually buy and sell stocks in what we know is a futile attempt to try to beat the market in the short run. Instead we choose to focus on the economic progress of our companies, with the understanding that if the economic returns of our companies are progressing at an above-average rate, so too is it likely the prices of our companies will also advance, over time, at an above-average rate.

Concisely, we are willing to sacrifice the potential—which is not certain—of trying to outperform the market in the short term in order to achieve what we believe is a higher probability outcome of beating the market over the long-term.

GLP Stocks *Versus* MSCI ACWI Index
Quarterly Underperformance / Outperformance

Symbol	Company Name	TOTAL Quarters	Beat the Benchmark	Lost to Benchmark	Batting Average
AAPL	Apple, Inc.	40	29	11	72.5%
GOOGL	Alphabet, Inc.	31	21	10	67.7%
MA	Mastercard, Inc.	40	27	13	67.5%
LVMUY	LVMH Moët Hennessy Louis Vuitton	40	27	13	67.5%
ISRG	Intuitive Surgical Inc.	17	11	6	64.7%
AMZN	Amazon.com, Inc.	22	14	8	63.6%
CFRHF	Compagnie Financière Richemont SA	19	12	7	63.2%
BRK.B	Berkshire Hathaway, Inc.	40	24	16	60.0%
TEL	TE Connectivity Ltd.	40	24	16	60.0%
BN	Brookfield Corp.	40	21	19	52.5%
QCOM	QUALCOMM, Inc.	40	19	21	47.5%
BLK	BlackRock, Inc.	40	19	21	47.5%
		Average	**21**	**13**	**61.2%**

Source: Bloomberg Finance, LP; EquityCompass

GLP Conglomerate

Benjamin Graham, the father of value investing, believed someone who purchased common shares in a company had earned "double status," or rather the privilege of choice to decide which action to take.

Graham said investors could view themselves as a *"minority stockholder in a business"* whose fortune is *"dependent on the profits of the enterprise,"* or they could see themselves as holding a *"piece of paper which could be sold in a matter of minutes at a price which varies from moment to moment."* [8]

In other words, Graham believed investors had to choose between being a business owner or a stock trader. Of course, we view the Global Leaders Portfolio, not as a portfolio of ever-changing stock prices that can be frequently bought and sold but, as a conglomerate that owns, for the long-term, a collection of businesses.

How do conglomerates report performance?

Conglomerates report performance by focusing on financial metrics including profits, return on investment, and revenues. They use a consolidated financial statement to present the combined performance of their subsidiaries which, in turn, provides a comprehensive view of the overall financial returns.

In this same vein, the Global Leaders Portfolio also focuses on the profits, returns on investment, and the revenue growth of its companies. From these metrics, we are able to evaluate GLP's overall financial health by observing the combined performance of our individual companies on a weighted-average basis.

At year-end 2023, on a weighted-average basis, the cash earnings yield (profits) of the Global Leaders Portfolio was 3.5% with a return on investment capital of 23.3% against the opportunity cost of capital of 10%. As long as the portfolio's return on investment is higher than the opportunity cost of capital, GLP's companies are adding to shareholder value.

The businesses currently held in the Global Leaders Portfolio are expected to grow sales, on average, at a 14.7%* annual rate over the next year. When our portfolio of companies generates a cash return above the cost of capital, sales growth becomes a meaningful barometer for detecting the overall, long-term growth in the intrinsic value of our conglomerate.

Stock traders are largely dependent upon the change in short-term pricing to gauge their performance. Business owners rely upon long-term economic returns. In the words of Warren Buffett, the stock market "*is by no means essential"* for our well-being. Rather, *"our economic fate will be determined by the economic fate of the businesses we own."* [9]

We could not agree more.

Global Leaders Portfolio (GLP) Financial Benchmark

Source: EquityCompass as of 6/30/2024

*The aggregate forward sales data is based off of consensus estimates using data from Refinitiv StarMine. Using the 2025 estimate sales numbers and the current 2024 estimate sales for each GLP company, a weighted average sales growth was calculated and summarized for the portfolio.

North Star

Long-term investing used to be a prudent course of action. Now, long-term investors may be considered old-fashioned, out of step, or clinging to a quaint idea for a time that has come and gone. The world is on the move, we are told—if you are not constantly buying and selling stocks, you must be falling behind.

Still, active management struggles to add value. According to S&P Dow Jones Indices, over the past 10 years 67% of global funds have underperformed their benchmarks. For large cap funds domiciled in the U.S., the results have been even worse with 87% underperforming their benchmarks.[10] Some might say this is strong evidence the stock market is largely efficient, making it difficult for portfolio managers to outperform their benchmarks.

Others would argue, it is not that active management doesn't work, but the strategies used by some portfolio managers that do not work.

Business-driven investing is the "North Star" of the Global Leaders Portfolio. It metaphorically symbolizes GLP's guiding principles and core values which, in turn, work to maintain our focus amidst the volatile conditions of the stock market.

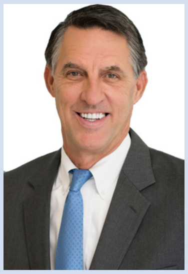
For most investors, buying attractive companies may not be difficult—the difficult part seems to be holding on to them.[11] Over the last 10 years, we have witnessed contentious presidential elections, geopolitical tensions, regional wars, and a COVID-19 global pandemic that caused deflation and zero percent interest rates followed by the fastest rise in both inflation and interest rates since the 1970s. Along the way, we endured two bear markets in 2020 and 2022.

Still, these macro events did not nullify the long-term economic compounding that GLP's companies achieved. If anything, these macro events made it possible for us to increase our future rate of returns by taking advantage of bear markets. An important reminder is that it is seldom a bad time to buy more shares of a good company at great prices.

Warren Buffett said *"…widespread fear is your friend…personal fear is your enemy."*[12] Widespread fear can occur during periods of extreme stock market selloffs while personal fear may arise when one loses sight of the intrinsic value of what is owned. In managing GLP, we seek to take advantage of widespread fear and avoid personal fear by working hard to understand the intrinsic value of the companies we own. Having learned from experience, it takes an underlying understanding of businesses to recognize the value of common stocks and what it takes to outperform the market.

When the stock market is speeding up, and speculators blindly and frantically race for short-term performance, there comes a point when a business-driven investor simply slows down and, in doing so, may see things more clearly.

Portfolio Management Team



Robert G. Hagstrom, CFA
Chief Investment Officer
Senior Portfolio Manager

Robert is Chief Investment Officer of EquityCompass Investment Management, LLC and Senior Portfolio Manager of the Global Leaders Portfolio. He joined EquityCompass in April 2014 and launched the Global Leaders Portfolio in July 2014. Robert was appointed Chief Investment Officer in March 2019.

Robert has more than 40 years of investment experience. Prior to joining EquityCompass, for 14 years he was the Senior Portfolio Manager of the Growth Equity Strategy at Legg Mason Capital Management led by Bill Miller who was the portfolio manager of the Legg Mason Value Trust. Robert received "Honorable Mention" recognition in Morningstar's Domestic-Stock Fund Manager of the Year in 2007 while with Legg Mason.[§]

Robert is the author of seven investment books including The New York Times Best Seller, *The Warren Buffett Way*, widely considered the definitive book on investment approach and strategies of Warren Buffett. The book, now a *Wiley Investment Classics*, has sold over one million copies worldwide and is translated into 18 foreign languages.[†] In addition, Robert wrote *The Warren Buffett Portfolio: Mastering the Power of the Focus Investment Strategy*, the first book to examine concentrated, low-turnover portfolio management. Robert also wrote *Investing: The Last Liberal Art*, a multi-discipline examination of investing and decision making.

Robert earned his Bachelor's and Master's of Arts degrees from Villanova University. He is a Chartered Financial Analyst, a member of the CFA Institute, and the CFA Society of Philadelphia.

Lauren E. Loughlin
Portfolio Manager

Lauren joined the EquityCompass team in May 2014. As a Portfolio Manager, she helps manage the Global Leaders Portfolio and is a member of the EquityCompass dividend investment 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. Additionally, she 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 Nicolaus 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.

§ Established in 1988, the Morningstar Fund Manager of the Year award recognizes portfolio managers who demonstrate excellent investment skill and the courage to differ from the consensus to benefit investors. To qualify for the award, managers' funds must have not only posted impressive returns for the year, but the managers also must have a record of delivering outstanding long-term risk-adjusted performance and of aligning their interests with shareholders'. Managers' funds must currently have a Morningstar Analyst Rating™ of Gold or Silver. A list of current Morningstar Medalists is available here to Morningstar.com Premium members. The Fund Manager of the Year award winners are chosen based on research and in-depth qualitative evaluation by Morningstar's Manager Research Group. For more information about Morningstar Awards, visit https://go.morningstar.com/Morningstar-Awards.

† Source: www.wiley.com

Footnotes:

1. 1992 Berkshire Hathaway Annual Report, p. 9.
2. Atsmon, Yuval, Peter Child, Richard Dobbs, and Laxman Narasimhan, "Winning the $30 Trillion Decathlon: Going for Gold in Emerging Markets," McKinsey & Company, August 1, 2012.
3. K.J. Martjin Cremers and Antij Petajisto, "How Active is Your Manager? A New Measure That Predicts Performance." Review of Financial Studies, 22 no. 9 (September 2009), pp. 3329-3365.
4. K.J. Martjin Cremers and Ankur Pareek, "Patient Capital Outperformance: The Investment Skill of High Active Share Mangers Who Trade Infrequently," Journal of Financial Economics 122 (August, 24, 2016), pp. 288-305.
5. 1992 Berkshire Hathaway Annual Report, p. 9.
6. Ibid.
7. Credit to Chris Cerrone for this thoughtful phrase.
8. Benjamin Graham, *The Intelligent Investor,* New York: Harper & Row, 1973, p. 102.
9. 1987 Berkshire Hathaway Annual Report, p. 11.
10. SPIVA U.S. Scorecard, S&P Dow Jones Indices, Anu Ganti, Tim Edwards, Joseph Nelesen, Davide Di Gioia, Sabatino Longo. Results are as of December 31, 2023. Past Performance is no guarantee of future results. Research is provided for illustrative purposes only.
11. This phrase has been attributed to Lou Simpson who managed the investment portfolio of GEICO, a Berkshire Hathaway subsidiary, for 17 years, 1980-1996.
12. A popular Warren Buffett witticism.

Global Leaders Portfolio

EquityCompass

As of 6/30/2024

Highlights

Seeks to invest in secular growth companies operating in the largest total addressable market—the global market

- Utilizes an investment process called business-driven investing—everything from stock selection to portfolio management is seen through the lens of a business owner, not a stock trader
- Focuses on the economic progress of companies understanding that, over time, stock prices reflect economic returns
- Attempts to minimize the risk associated with investing directly in emerging markets by investing in quality, multinational companies domiciled in the United States, Europe, and Canada that sell products and services around the world including the rapidly growing emerging market economies

Stock Selection

Seeks to invest in growth companies that:

- Produce cash in excess of operating needs
- Generate return on invested capital above the cost of the capital in order to grow intrinsic value
- Trade at a fair price

Portfolio Strategy

- Concentrated, low-turnover buy and hold portfolio management
- Pursues investment returns that compound shareholder value over the long-term
- Seeks to provide tax-advantaged returns by minimizing realized short-term capital gains, while maximizing the benefit of compounding unrealized long-term capital gains

Objective

Pursues long-term capital appreciation by investing in a focused, low turnover portfolio of secularly-advantaged global growth companies

Portfolio Characteristics

Inception	July 1, 2014
Number of Holdings	26
Benchmark	MSCI ACWI Index
Weighted Avg. Dvd. Yield (%)	0.7
Weighted Avg. Mkt. Cap. ($ Bln)	1,098.5
Forward Price/Earnings Multiple	28.2x
Annual Turnover - 2023 (%)	18.3

Risk Statistics

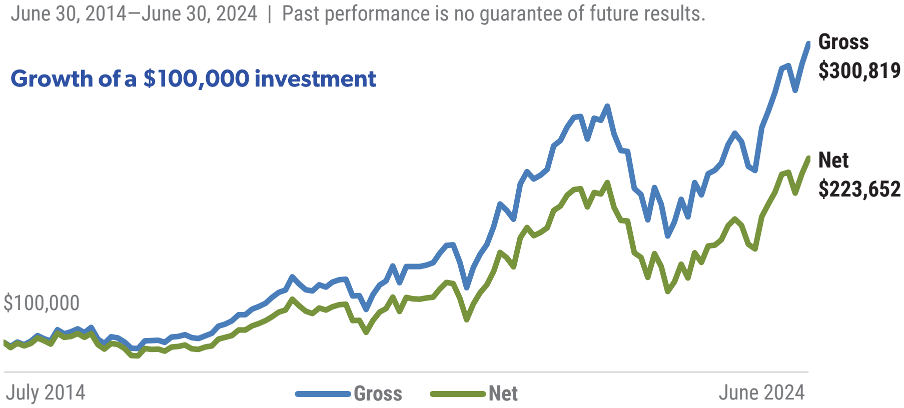
	Portfolio	Benchmark
Standard Deviation (%)	17.15	14.77
Sharpe Ratio	0.59	0.47
Beta	1.09	1.00
R-Squared	0.88	1.00
Alpha (%)	2.50	0.00
Batting Average (%)	50.83	100.00
Up-Market Capture (%)	120.20	100.00
Down-Market Capture (%)	105.04	100.00

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

Performance Overview

June 30, 2014—June 30, 2024 | 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-year	3-year	5-year	10-year	Inception	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross %	5.22	17.59	17.59	29.19	7.13	14.78	11.64	11.64	-2.24	4.23	29.50	-9.64	35.28	29.98	20.51	-28.81	38.86
Benchmark %	2.87	11.30	11.30	19.38	5.43	10.76	8.43	8.43	-2.36	7.86	23.97	-9.41	26.60	16.25	18.54	-18.36	22.20
Net %	4.38	15.82	15.82	25.36	4.00	11.44	8.38	8.38	-5.09	1.12	25.75	-12.33	31.41	26.25	17.04	-30.94	34.89

As of 6/30/2024; Inception – July 1, 2014; Benchmark = MSCI ACWI 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.

Global Leaders Portfolio

As of 6/30/2024

Holdings by Market Cap

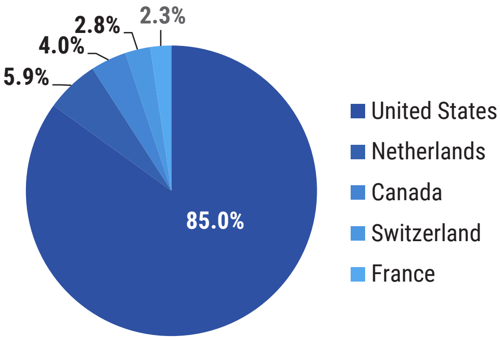
	%
Large Cap - > $10 bn (%)	97.98
Mid Cap - $3.5 - $10 bn (%)	2.02

Top Portfolio Holdings by Weight

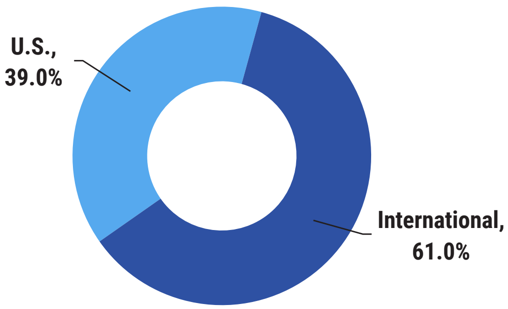
	%
Apple Inc.	6.75
Amazon.com, Inc.	6.31
Microsoft Corp.	6.19
Alphabet Inc. Cl A	6.11
NVIDIA Corp.	5.98
ASML Holding NV	5.76
MercadoLibre, Inc.	5.61
Berkshire Hathaway Inc. Cl B	4.98
Meta Platforms Inc. Cl A	3.97
Uber Technologies, Inc.	3.91

For illustrative purposes only and not intended as personalized recommendations. 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.

Geographic Breakdown



Exposure By Revenue



Sector Allocation

	%
Information Technology	38.39
Consumer Discretionary	17.36
Financials	15.95
Communication Services	10.35
Industrials	10.19
Health Care	3.50
Utilities	2.24
Energy	2.02

Portfolio Management Team

Robert G. Hagstrom, CFA
Chief Investment Officer
Senior Portfolio Manager

Lauren E. Loughlin
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 over $4.9 billion as of June 30, 2024.*

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.

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

Description of Terms

Alpha

The relationship between the performance of the strategy and its beta over a three-year period of time.

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

A measure of the volatility, or systematic risk, of a security or a portfolio relative to the market as a whole. A beta of one is considered as risky as the benchmark and is therefore likely to provide expected returns approximate to those of the benchmark during both up and down periods. A portfolio with a beta of two would move approximately twice as much as the benchmark.

Down-Market Capture Ratio

Down-Market Capture Ratio is a measure of managers' performance in down markets relative to the market itself. A down market is one in which the market's quarterly return is less than zero. The lower the manager's down-market capture ratio, the better the manager protected capital during a market decline. A value of 90 suggests that a manager's losses were only 90% of the market loss when the market was down. A negative down-market capture ratio indicates that a manager's returns rose while the market declined. For example, if the market fell 8% while the manager's returns rose 2%, the down-market capture ratio would be -25%.

R-Squared

R-Squared is a statistic that measures the reliability of alpha and beta in explaining the manager's return as a linear function of the market. If you are searching for a manager with a particular style, for example a growth manager, you would expect that manager to have an R-Squared that is high relative to a growth index if the manager has a diversified portfolio. If the manager's return is explained perfectly, the R-Squared would equal 100, while an R-Squared of 0 would indicate that no relationship exists between the manager and the linear function. Higher R-Squared values indicate more reliable alpha and beta statistics and are useful in assessing a manager's investment style.

Sharpe Ratio

Sharpe Ratio is one of two alternative, yet similar, methods of measuring excess return per unit of risk. (The other method is the Treynor Ratio.) In the case of the Sharpe Ratio, risk is measured using the standard deviation of the returns in the portfolio. The Sharpe Ratio relates the difference between the portfolio return and the risk-free rate to the standard deviation of that difference for a given time period.

Standard Deviation

Standard Deviation is a gauge of risk which measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation. It is important to note that higher-than-average returns affect the standard deviation just as lower-than-average returns. Thus, it is not a measure of downside risk. Since it measures total variation of return, standard deviation is a measure of total risk, unlike beta, which measures market risk.

Up-Market Capture Ratio

Up-Market Capture Ratio is a measure of managers' performance in up markets relative to the market itself. An up market is one in which the market's quarterly return is greater than or equal to zero. The higher the manager's up-market capture ratio, the better the manager capitalized on a rising market. For example, a value of 110 suggests that the manager captured 110% of the up market (performed 10% better than the market) when the market was up. A negative up-market capture ratio indicates that a manager's returns fell while the market rose. For example, if the market gained 8% while a manager's returns fell 2%, the up-market capture ratio would be -25%.

General Disclaimer on GLP Economic Characteristics:

Below we describe the methodology used for the compilation of Cash Earnings Yield, Return on Invested Capital (ROIC), Opportunity Cost of Capital, and Estimated Sales Growth as shown on page 9.

Cash Earnings Yield

Cash earning yield is calculated by dividing operating cash flow (net income + non-cash charges depreciation and amortization less capital expenditures and increase in working capital) into the market value of the business.

Return on Invested Capital (ROIC)

ROIC is calculated by dividing cash earnings by invested capital = total equity + total debt (including capital leases) + non-operating cash.

Opportunity Cost of Capital

The estimated cost of capital based on equity market rate of return

Estimated Sales Growth

Based on Starmine estimate data from Thomson Reuters. Fiscal year end 2025 versus 2024.

Investment Performance Disclosure

GLOBAL LEADERS PORTFOLIO WRAP COMPOSITE (07/01/2014 – 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	Portfolios With Bundled Fees	Composite Assets (USD Mil.)	Strategy Assets (USD Mil.)†	Firm & Advisory Assets (USD Mil.)
2014 §	2.4%	0.9%	-1.9%	N/A	N/A	167	N/A	100%	$15	$23	$1,929
2015	-2.2%	-5.1%	-2.4%	N/A	N/A	519	0.1%	100%	$53	$65	$2,217
2016	4.2%	1.1%	7.9%	N/A	N/A	539	0.1%	100%	$72	$76	$2,714
2017	29.5%	25.7%	24.0%	10.1%	10.5%	<6	N/A	100%	$6	$110	$3,785
2018	-9.6%	-12.3%	-9.4%	10.6%	10.6%	13	N/A	100%	$12	$137	$3,831
2019	35.3%	31.4%	26.6%	13.0%	11.4%	8	0.2%	100%	$10	$217	$4,294
2020	30.0%	26.2%	16.3%	19.1%	18.4%	12	0.4%	92%	$12	$403	$4,012
2021	20.5%	17.0%	18.5%	17.9%	17.1%	13	0.2%	92%	$12	$593	$5,038
2022	-28.8%	-30.9%	-18.4%	22.8%	20.1%	13	0.2%	86%	$4	$444	$4,469
2023	38.9%	34.9%	22.2%	21.9%	16.5%	8	0.2%	88%	$5	$609	$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. § Returns are for the period 07/01/2014 through 12/31/2014.*

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 to info@equitycompass.com.

Composite Description

The performance results displayed herein represent the investment performance record for the Global Leaders 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. Global Leaders Portfolio invests in U.S. exchange-traded equities that have global revenue exposure and the ability to create and sustain long-term competitive advantages and above-average return on capital. Stocks are purchased based on a discount to the manager's perceived intrinsic value and will own roughly 20-40 stocks across multiple economic sectors. 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 July 1, 2014.

Benchmark Description

The benchmark is the MSCI ACWI Index. The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets around the globe, including the United States. The benchmark returns are presented net of withholding taxes. 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 fees, custody fees and withholding taxes 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 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 Global Leaders 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.

Important Disclosures

All data and figures as of 6/30/2024 unless otherwise indicated. 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. There is no assurance that any securities discussed herein will remain in any account's portfolio at the time you receive this report or that securities sold have not been repurchased. EquityCompass Investment Management, LLC ("EquityCompass") is a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. SEC registration does not imply a certain level of skill or training. 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. 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. 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.

Any projections, targets, or estimates in this report are forward looking statements and are based on EquityCompass' research, analysis, and assumptions made by the Adviser. Due to rapidly changing market conditions and the complexity of investment decisions, supplemental information and other sources may be required to make informed investment decisions based on your individual investment objectives and suitability specifications. All expressions of opinions are subject to change without notice. Clients should seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed in this presentation.

The **MSCI ACWI Index** captures large and mid cap representation across 23 Developed Markets and 21 Emerging Market countries. The index returns are presented on a total return basis, which assume reinvestment of all cash distributions (such as dividends). With 2,434 constituents, the index covers approximately 85% of the global investable equity opportunity set. The volatility of the indices identified in this report may be materially different from the volatility of the model portfolios presented by EquityCompass Strategies. Indices are unmanaged, do not reflect fees and expenses, and it is not possible to invest directly in an index.

*Total assets combines both Assets Under Management and Assets Under Advisement as of August 31, 2024. 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.

Additional Information Available Upon Request

0824.6954665.1

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About EquityCompass

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