

Municipal Income Enhanced Portfolio

Portfolio Manager Commentary

As of 3/31/2026



Q1 2026 Review

Investment-grade municipal bonds served as a fortress of stability in the first quarter, amid heightened market volatility and greater economic uncertainty. As the waves from the military conflict in Iran cascaded across the global financial markets, high-grade bonds provided shelter from the storm. During a quarter characterized by significant repricing across a wide range of asset classes, the Bloomberg U.S. Municipal Bond Index (MBI) outperformed the major U.S. equity indices by a sizable margin, including a total return advantage of 415 basis points (bps) over the S&P 500 Index.

While municipal bonds effectively met their mandate for capital preservation and stable tax-advantaged income, they were not immune from the broader forces unleashed by this latest round of geopolitical turmoil. During the month of March, 10-year AAA municipal bond yields rose by 60 bps to 3.08%, as surging energy prices led to higher inflation expectations and a lower probability of rate cuts by the Federal Reserve (Fed). Price depreciation due to higher yields offset the MBI's quarterly interest income, resulting in a total return of -0.18%.

The **Municipal Income Enhanced Portfolio (MIEP)** faced similar crosscurrents and posted comparable performance. For the quarter, MIEP slightly underperformed the MBI by 9 bps, with a total return of -0.27% (-1.02% net of maximum potential fees). MIEP's performance shortfall relative to its benchmark was primarily attributable to the portfolio's 8.1% allocation to closed-end municipal bond funds, which underperformed the broader municipal sector due to the flattening of the municipal yield curve.

Q2 Outlook

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

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

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

Objective

Municipal fixed income strategy utilizing exchange-traded funds (ETFs) and closed end funds (CEFs) to seek capital preservation, return stability, and tax-advantaged income as part of a diversified investment portfolio

Portfolio Management



James J. DeMasi, CFA
Senior Portfolio Manager

About EquityCompass

EquityCompass is a Baltimore-based SEC registered investment adviser offering a broad range of portfolio strategies and custom plans for individuals, financial intermediaries, and institutional clients in the U.S. Formally organized in 2008, EquityCompass provides portfolio strategies with respect to total assets of approximately \$5.9 billion as of March 31, 2026.*

The EquityCompass team of professionals represents deep industry experience in security analysis, capital markets, and portfolio management. We are committed to a consistent investment process that relies on enduring principles, sound empirical reasoning, and the recognition of a dynamic investment environment with a global reach.

*Total assets include assets under management and assets under advisement

	Total Returns			Annualized Returns				Calendar-Year Returns								
	3-Mos	6-Mos	YTD	1-year	3-year	5-year	Inception	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross %	-0.27	1.19	-0.27	4.21	3.12	0.72	2.49	6.52	-1.55	11.26	4.05	2.22	-9.41	4.63	2.44	4.45
Benchmark %	-0.18	1.38	-0.18	4.29	2.87	0.84	2.49	5.45	1.28	7.54	5.21	1.52	-8.53	6.40	1.05	4.25
Net %	-1.02	-0.32	-1.02	1.12	0.06	-2.27	-0.55	3.38	-4.51	7.99	0.98	-0.80	-12.13	1.54	-0.61	1.36

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

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

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particularly for those holding excess cash. MIEP offers a similar yield to the MBI, which finished the quarter at 3.77%—a seven-month high. At this level, the MBI's yield compares favorably to its 20-year average of 2.91%.

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

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

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

Portfolio Strategy

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

From a credit risk perspective, a prolonged period of instability in the Middle East would raise the threat of stagflation and put upward pressure on municipal credit spreads. To mitigate this potential risk, MIEP maintains higher average credit quality relative to the MBI. Compared to the benchmark, MIEP holds an overweight in AAA-rated municipal bonds (including cash) of 200 bps, with a commensurate underweight to securities with lower credit ratings (including non-rated bonds).

Turning to interest rate risk, MIEP maintains a shorter duration than the MBI, at 5.4 years compared to 6.7 years. This relative duration differential is primarily a function of curve positioning, given MIEP's overweight to the intermediate-term (3–7 year) duration segment and underweight to the long-term (10–year+) duration bucket. We believe that the long end of the municipal yield curve may be particularly vulnerable to a sustained upward shift in inflation expectations and have distributed the portfolio's expected maturities accordingly.

MUNICIPAL INCOME ENHANCED PORTFOLIO WRAP COMPOSITE (01/01/2017 – 12/31/2024)

Year-End	Gross-of-Fees Return*	Net-of-Fees Return**	Benchmark Return	Composite 3 Yr. Ex Post Std. Deviation	Benchmark 3 Yr. Ex Post Std. Deviation	Composite Number of Portfolios	Internal Dispersion	Composite Assets (USD Mil.)	Strategy Assets (USD Mil.)†	Firm AUM (USD Mil.)	Firm & Advisory Assets (USD Mil.)†
2017	6.5%	6.5%	5.4%	N/A	N/A	<6	N/A	\$0.02	\$0.03	\$242	\$3,785
2018	-1.6%	-1.6%	1.3%	N/A	N/A	<6	N/A	\$0.02	\$0.03	\$167	\$3,831
2019	11.3%	11.3%	7.5%	N/A	N/A	<6	N/A	\$0.02	\$0.03	\$146	\$4,294
2020	4.0%	4.0%	5.2%	5.4%	4.0%	<6	N/A	\$0.05	\$0.06	\$153	\$4,012
2021	2.2%	-0.8%	1.5%	5.0%	4.0%	<6	N/A	\$0.15	\$0.20	\$221	\$5,038
2022	-9.4%	-12.1%	-8.5%	7.1%	6.5%	<6	N/A	\$0.14	\$2.50	\$184	\$4,469
2023	4.6%	1.5%	6.4%	7.1%	7.5%	<6	N/A	\$0.14	\$4.50	\$179	\$4,707
2024	2.4%	-0.6%	1.1%	7.2%	7.7%	<6	N/A	\$0.03	\$6.26	\$225	\$5,184

* Supplemental information. Please see Fees section for details. ** Net returns are calculated by subtracting the highest applicable wrap fee (3.00% on an annual basis) from the gross composite return. † Supplemental Information.

EquityCompass Investment Management, LLC (“EquityCompass”) claims compliance with the Global Investment Performance Standards (“GIPS®”) and has prepared and presented this report in compliance with the GIPS standards. EquityCompass has been independently verified for the periods 06/01/2014–12/31/2024. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Definition of the Firm

EquityCompass is registered as an investment adviser with the Securities and Exchange Commission. The firm provides a broad range of investment strategies to individuals, financial intermediaries, and institutions in the United States. EquityCompass, a wholly owned subsidiary of Stifel Financial Corp., was organized as an entity in 2007, and has been registered with the SEC since May 5, 2008. SEC Registration does not imply a certain level of skill or training. Please refer to the firm’s ADV Part 2 for additional disclosures regarding the firm and its practices. To obtain a GIPS Report or a list of our composite descriptions and/or policies for valuing investments, calculating performance, and preparing GIPS reports, please call (443) 224-1231 or send an e-mail to info@equitycompass.com.

Composite Description

The performance results displayed herein represent the investment performance record for the Municipal Income Enhanced Portfolio Wrap Composite. The composite includes wrap and non-wrap accounts that are invested in the composite strategy and managed on a discretionary basis by EquityCompass. Municipal Income Enhanced Portfolio strategy utilizes exchange-traded funds to seek capital preservation, return stability, and supplemental income as part of a diversified investment portfolio. It is available in wrap fee programs through third-party intermediaries (each, a “Sponsor”) that have engaged EquityCompass to manage client accounts on a discretionary basis or to provide non-discretionary investment recommendations in the form of model portfolios. The Composite was created in January 2018 and the inception date is January 1, 2017.

Benchmark Description

The benchmark is the Bloomberg U.S. Municipal Bond Index. The **Bloomberg U.S. Municipal Bond Index** measures the performance of the U.S. municipal bond market. It is composed of approximately 1,100 bonds; 60% of which are revenue bonds and 40% of which are state government obligations. All benchmark returns are shown on a total return basis and assume that all cash distributions, such as dividends, are reinvested. The volatility of the indices identified in this report may be materially different from the volatility of the model portfolios presented by EquityCompass. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

Fees

Gross-of-fees returns, are gross of portfolio management and custody fees and net of all actual transaction costs in the case of non-wrap accounts and those wrap accounts traded by EquityCompass. If the wrap account trades are executed by the Sponsor, transaction costs are bundled with the wrap fee and therefore not deducted from gross-of-fee return calculation. Net returns are calculated by subtracting the highest applicable annual wrap fee (3.00%, by deducting 0.75% quarterly) from the gross composite return. The EquityCompass management fee per annum is 0.15%. Clients are typically charged a wrap fee which includes, in addition to the manager fee, trading expenses, as well as custody and administrative fees. The wrap fee schedule varies by Sponsor and is available upon request.

Reporting Currency

Valuations are computed and performance reported in U.S. dollars (USD).

Annualized Standard Deviation

The three-year annualized ex post standard deviation measures the variability of the monthly returns of the composite (gross-of-fee) and the benchmark over the preceding 36-month period; it is not presented for periods of less than three years.

Internal Dispersion

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of all accounts that were in the composite for the entire year; it is not presented for periods less than one year or when there were fewer than five accounts in the composite for the entire year.

Assets

Strategy Assets include all discretionary and non-discretionary accounts invested in the Municipal Income Enhanced Portfolio strategy. Accounts that are excluded from the composite because of significant cash flows or for other reasons are also included in Strategy Assets. This is presented as supplemental information.

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Closed-end funds are subject to market risk, and the amount you receive upon sale may be more or less than the amount you paid. Investors should consider a fund's investment objective, risks, charges, and expenses carefully before investing. No representation is made that any Strategy, model, or model mix will achieve results similar to those shown in these materials. Diversification (or asset allocation) does not ensure a profit or protect against loss. Rebalancing may have tax consequences, which should be discussed with your tax advisor.

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

Exchange Traded Funds (ETFs) are subject to market risk, including the possible loss of principal, and may trade for less than their net asset value. ETFs trade like a stock, and there will be brokerage commissions associated with buying and selling exchange traded funds unless trading occurs in a fee-based account. Investors should consider an ETF's investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your Financial Advisor and should be read carefully before investing.

The **Bloomberg U.S. Municipal Bond Index** measures the performance of the U.S. municipal bond market. It is composed of approximately 1,100 bonds; 60% of which are revenue bonds and 40% of which are state government obligations. The **S&P 500® Index** is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market. All index returns are shown on a total return basis and assume that all cash distributions, such as dividends, are reinvested. The volatility of the indices identified in this report may be materially different from the volatility of the model portfolios presented by EquityCompass. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

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

*Total assets combines both Assets Under Management and Assets Under Advisement as of March 31, 2026. Assets Under Management represents the aggregate fair value of all discretionary and non-discretionary assets, including fee paying and non-fee paying portfolios. Assets Under Advisement represent advisory-only assets where the firm provides a model portfolio and does not have trading authority over the assets.

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