Select Quality Growth & Income Portfolio

Portfolio Manager Commentary

As of 9/30/2024

EquityCompass

Q3 2024 Commentary

Stocks and bonds rallied in the third quarter as investors lauded the much-awaited beginning of Federal Reserve (Fed) interest rate reductions. After cooling inflation and softer labor market conditions had raised expectations for rate cuts and prompted a decline in bond yields, the Fed announced a 50 basis point (bps) rate cut at its September 18 meeting. The Bloomberg U.S. Aggregate Bond Index rose 5.20% in the quarter as rates fell. The S&P 500 gained 5.89% with greater market participation than seen in the first half of the year as investors showed optimism for a soft landing. In the third quarter, the **Select Quality Growth and Income Portfolio (SQLT)** rose 4.77% (4.00% net of maximum potential fees).

After returns in the first half of the year were dominated by Information Technology stocks with exposure to artificial intelligence (AI), market performance broadened out in the third quarter. While 10 of the 11 major economic sector indices rose—the Energy sector was the exception as oil prices declined on higher production and weaker demand in China—Information Technology (+1.56%) and Communications Services (+1.60%) lagged. Utilities (+19.09%) experienced the best performance, as the sector benefited from falling interest rates and the potential build out of the electrical grid to support power needs associated with AI data centers. Real Estate, Industrials, and Financials also achieved double-digit gains on falling bond yields and the normalization of the interest rate curve, indicating confidence in the Fed's ability to engineer a soft landing. The S&P 500 Equal Weight Index benefited from the broadening of returns, gaining 9.60% in the quarter, outperforming the market cap-weighted S&P 500 by nearly 4%.

The performance lag for SQLT versus the S&P 500 was almost fully attributable to an overweighting in semiconductor stocks—down approximately 3%—versus the index. Comparisons versus the S&P 500 Equal Weight Index also suffered from sector exposure. SQLT's Information Technology sector weighting is more than twice that of the S&P 500 Equal Weight, while Utilities, Real Estate, Consumer Discretionary, and Financials were approximately half. As we have stated many times, SQLT's performance will more closely track the S&P 500 Equal Weight Index than the cap-weighted S&P 500 Index over time, so on the surface, underperformance in the quarter is disappointing. However, the circumstances and composition of returns in the quarter were unusual. The Fed's reduction in short-term rates greatly benefited stocks that pay higher dividends as investors look to replace income that had been generated by cash. The relative performance by

Objective

Seeks to provide capital appreciation and income through a diversified portfolio of quality stocks

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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 $5.3 billion as of September 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.

	Total Returns			Annualized Returns					Calendar-Year Returns									
	3-Mos	6-Mos	YTD	1-year	3-year	5-year	10-year	Incp.	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross %	4.77	6.43	14.33	25.81	8.21	9.93	9.77	10.11	14.59	-0.23	14.83	25.64	-9.71	30.46	-5.82	30.81	-9.92	12.61
Benchmark %	5.89	10.42	22.08	36.35	11.91	15.98	13.38	10.66	13.69	1.38	11.96	21.83	-4.38	31.49	18.40	28.71	-18.11	26.29
S&P EWI %	9.60	6.72	15.16	28.83	8.18	12.82	11.13	10.28	14.49	-2.20	14.80	18.90	-7.64	29.24	12.83	29.63	-11.45	13.87
Net %	4.00	4.83	11.77	22.05	5.04	6.71	6.55	6.88	11.17	-3.15	11.40	21.99	-12.41	26.74	-8.57	27.01	-12.56	9.33

As of 9/30/2024; Inception: January 1, 2006; Benchmark = S&P 500 Index; S&P EWI = S&P 500 Equal Weight 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 potential maximum managed account fee of 3.00% which includes the wrap sponsor fee and EquityCompass investment management fees. Actual fees may vary.

Utilities this quarter is rare, as this is the first time in five years the sector was the top performer. We believe these extreme performance events will even out over time, but clearly they did not work to our benefit this quarter.

Year to date (YTD), Information Technology (+30.10%) and Communication Services (+28.53) stocks remain two of the top three performing sectors, with Utilities (+29.67%) now second after a robust third quarter. The YTD strength of stocks in these sectors has helped the market cap index maintain a lead over the average stock, with the S&P 500 up 22.08% versus a 15.16% gain for the S&P 500 Equal Weight Index. SQLT finished the first nine months up 14.33% (11.77% net), slightly trailing the S&P 500 Equal Weight.

SQLT had four changes during the quarter. Food company Lamb Weston Holdings Inc. (LW) and trucking company Werner Enterprises, Inc. (WERN) were removed and replaced with Mondelez International Inc. (MDLZ) and United Parcel Service Inc. (UPS). In addition, QUALCOMM Inc. (QCOM) and Analog Devices Inc. (ADI) were removed and ASML Holding NV (ASML) and Schlumberger Ltd. (SLB) were added. These adjustments slightly reduce exposure to both Information Technology and semiconductors, while moving into a semiconductor name with greater exposure to AI. The addition of an energy exploration company seeks to capitalize on potential future energy needs associated with electricity demands of AI data centers. As a result, SQLT is underweight the S&P 500 in Information Technology and Consumer Discretionary and overweight in Consumer Staples and Energy.

The fourth quarter outlook is mixed. With the latest headline inflation reading at 2.5%, gross domestic product (GDP) growth for the second quarter at 3.0%, and a stronger-than-expected September employment report, markets have increased optimism regarding the Fed's ability to avoid a recession. History is on the market's side as well, with the S&P 500 gaining 21% on average in the first year of Fed easing cycles when a recession has not been present. Corporate profitability is also a positive, with S&P 500 companies achieving 6.4% year-over-year (YOY) earnings growth in the second quarter and expectations of a 16.3% YOY increase in the third quarter. That said, much uncertainty remains in the world. The Russia/Ukraine war continues, hostilities in the Middle East have escalated, and there is a U.S. presidential election in November. While AI is seen as a transformative technology, the potential economic benefits are not fully known. Market valuations have remained higher than historic averages, with the S&P 500 trading at 21.9x one-year forward earnings per share (EPS) estimates as it has hit 42 record highs this year. We are optimistic regarding economic conditions and the Fed's ability to reduce inflation without pushing the economy into a recession. That said, we are cognizant of the uncertainties facing the market.

From a fundamental standpoint, we are pleased with performance. With all second quarter earnings reports complete, portfolio holdings achieve average YOY EPS growth of 10.0% versus 6.4% for the S&P 500. Of the 29 dividend payers, 22 have had increases this year by an average of 8.23%, with an additional company initiating its first ever cash dividend during the year. The weighted average dividend yield is 2.2% versus 1.3% for the S&P 500. Each of the 29 stocks that carry debt ratings are investment grade, and from a profitability standpoint, have an average return on invested capital (ROIC) of 15.3%. From a valuation perspective, holdings are trading at a weighted price-to-earnings (P/E) multiple of 17.4x, which is approximately 21% below the S&P 500. We continue to believe SQLT's fundamentals and valuation position the portfolio well for both potential volatility and economic recovery heading into the final quarter.

SELECT QUALITY GROWTH & INCOME PORTFOLIO WRAP COMPOSITE (01/01/2016 – 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.)
2016	14.6%	11.2%	12.0%	N/A	N/A	9	N/A	100%	$13	$151	$2,714
2017	25.7%	22.0%	21.8%	N/A	N/A	9	0.0%	100%	$15	$261	$3,785
2018	-9.5%	-12.2%	-4.4%	11.3%	11.0%	11	0.1%	100%	$12	$238	$3,831
2019	30.9%	27.2%	31.5%	13.9%	12.1%	6	0.1%	90%	$11	$282	$4,294
2020	-6.2%	-8.9%	18.4%	24.1%	18.8%	8	0.3%	90%	$12	$192	$4,012
2021	31.2%	27.4%	28.7%	23.3%	17.4%	9	0.1%	89%	$15	$234	$5,038
2022	-9.9%	-12.5%	-18.1%	24.0%	21.2%	8	N/A	75%	$9	$205	$4,469
2023	12.6%	9.3%	26.3%	15.4%	17.5%	<6	N/A	75%	$10	$214	$4,707

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

EquityCompass Investment Management, LLC ("EquityCompass") claims compliance with the Global Investment Performance Standards ("GIPS®") and has prepared and presented this report in compliance with the GIPS standards. EquityCompass has been independently verified for the periods 06/01/2014-12/31/2023. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Definition of the Firm

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

Composite Description

The performance results displayed herein represent the investment performance record for the Select Quality Growth & Income Portfolio Wrap Composite. The composite includes wrap and non-wrap accounts that are invested in the composite strategy and managed on a discretionary basis by EquityCompass. Select Quality Growth & Income Portfolio is a sector-balanced equity strategy that seeks to outperform its benchmark by investing in quality, underpriced stocks with favorable value and price momentum characteristics. 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 January 1, 2016.

Benchmark Description

The benchmark is S&P 500 Index. The **S&P 500 Index** is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization 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 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 Select Quality Growth & Income Portfolio strategy. Accounts that are excluded from the composite because of significant cash flows or for other reasons are also included in Strategy Assets. This is presented as supplemental information.

Trademark Disclosures

GENERAL DISCLOSURES

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed and is not a complete summary or statement of all available data nor is it considered an offer to buy or sell any securities referred to herein. Affiliates of EquityCompass may, at times, release written or oral commentary, technical analysis, or trading strategies that differ from the opinions expressed within. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation, or needs of individual investors.

This commentary often expresses opinions about the direction of market, investment sector, and other trends. The opinions should not be considered predictions of future results. The information contained in this report is based on sources believed to be reliable, but is not guaranteed and not necessarily complete. All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. It is important to review your investment objectives, risk tolerance, and liquidity needs before choosing an investment style or manager. Equity investments are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors to varying degrees. Fixed Income investments are subject to market, market liquidity, issuer, investment style, interest rate, credit quality, and call risks, among other factors to varying degrees.

It is important to review your investment objectives, risk tolerance, and liquidity needs before choosing an investment style or manager. Changes in market conditions or a company's financial condition may impact a company's ability to continue to pay dividends. Companies may also choose to discontinue dividend payments. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. Actual performance for a client may differ due to such factors as timing, economic and market conditions, cash flows, and client constraints. Diversification does not ensure profit or protect against loss. Rebalancing may have tax consequences, which should be discussed with your tax advisor.

The S&P 500® Index is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market. The **S&P 500® Equal Weight Index** is based on the S&P 500. All index constituents are members of the S&P 500 and follow the eligibility criteria for that index. The S&P EWI is maintained in accordance with the index methodology of the S&P 500, which measures 500 leading companies in leading U.S. industries. The S&P EWI measures the performance of the same 500 companies, in equal weights. As such, sector exposures in the S&P EWI will differ. The **Bloomberg U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency). All index returns are shown on a total return basis and assume that all cash distributions, such as dividends, are reinvested. The 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.

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health

Return on invested capital (ROIC) assesses a company's efficiency in allocating capital to profitable investments. It is calculated by dividing net operating profit after tax by invested capital. ROIC gives a sense of how well a company is using its capital to generate profits.

Representative Portfolio Performance: Returns reflect the performance of three representative portfolios that have been strung together for the life of the strategy. To the extent possible, the oldest account in the strategy with a continuous track record that also did not have large cash flows or mandate changes are used as representatives portfolio. Portfolio 1 reflects monthly returns for the period 1/1/2006 – 3/31/2006, Portfolio 2 reflects monthly returns for the period 4/1/2006 - 12/31/2023 and Portfolio 3 reflects monthly returns starting 1/1/2024. 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.

*Total assets combines both Assets Under Management and Assets Under Advisement as of September 30, 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.

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