

Impact Series Portfolio Thoughts – April 2024

The Impact Series is a total portfolio solution designed to capture more of the good, less of the bad, and to maintain an explicit focus on harnessing volatility - to manage risk and enhance yield.

Our Core Convictions

We believe “more stocks and less bonds” is a strong recipe for positive outcomes over longer periods. In this framework, **it is the structure doing the heavy lifting**. Using volatility as an asset class is designed to mitigate the risk of a larger allocation to equities (long vol), while at the same time helping to improve the yield of the portfolio (short vol) and thereby enhancing the Y (yield) of our Y + G framework for total returns. With that as the backdrop, we examine our current portfolios vs. a typical 60/40 asset allocation benchmark (Ticker: AOR) and how these factors are faring.

	IMPACT SERIES NET PERFORMANCE(thru 4/30/24)					1/1/2017	ALLOCATION		
	Apr	YTD	1 Yr	3 Yr	5 Yr	Inception	Equities	Fixed	Hedged Eq
Aptus Impact Series: Moderate	-3.03%	3.26%	10.68%	1.77%	5.81%	6.79%	40%	30%	30%
iShares Allocation ETF: 60/40	-3.01%	1.51%	9.53%	1.51%	5.70%	6.55%	60%	40%	0%

The performance data represents past performance & does not guarantee future results. Investment return & principal value of an investment will fluctuate, so an investor's shares may be worth more or less than original cost when sold. Current performance may be higher or lower than quoted performance. Returns are expressed in US dollars, periods > 1 year are annualized. Returns are calculated net of all fund fees & expenses. Net returns shown include the deduction of the highest sub-advisory fee charged to our clients in sub-advisory arrangements, 0.15%. This is the maximum subadvisory fee paid during the time periods presented, individual accounts may pay a lower effective fee. For our fee schedule please refer to Form ADV 2A, available upon request. Actual client results may be lower based on imposition of additional advisory fees, platform fees, & custodial fees charged by firms.

iShares Core Allocation ETFs are designed as diversified core portfolios based on the specific risk consideration of the investor. For performance through most recent month end, please call (251) 517-7198 or visit impactseries.com/fact-sheets

(+) Consistent & Repeatable Yield – To drive total return, specifically when growth is uncertain.

Our “enhanced yield” suite of strategies are cornerstones of our [fixed income](#), [domestic](#), and [international equity](#) sleeves and illustrate our conviction in using volatility as an asset class in an effort to enhance portfolio outcomes.

In April we saw the VIX break briefly above 20 amidst selling pressure before ending the month back in the mid-teens, creating a more attractive environment for the enhanced yield suite on a relative performance basis as compared to the last few months.

Yield Enhanced Beta vs. Pure Beta

Ticker	Name	MTD April 24	YTD 2024 (%)
DUBS	APTUS LG CAP ENH YIELD ETF	-3.56	6.17
SPLG	SPDR PORTFOLIO S&P 500 ETF	-4.01	6.01
RSP	INVESCO S&P 500 EQUAL WEIGHT	-4.82	2.58
IDUB	APTUS INTERNATIONAL ENHANCED	-1.73	2.73
ACWX	ISHARES MSCI ACWI EX US ETF	-2.43	2.06
JUCY	APTUS ENHANCED YIELD ETF	0.01	0.43
SHY	ISHARES 1-3 YEAR TREASURY BO	-0.44	-0.17
AGG	ISHARES CORE U.S. AGGREGATE	-2.48	-3.20

All ETFs performance represented is net expense ratio fees for each fund as of 04/30/2024 and may be a component of the Aptus Impact Series: Moderate Strategy. For the net performance of the series see the chart and disclosures on page 1.

(+) **Higher Quality – To help insulate portfolios during economic downturns.** This core tenet applies primarily to fixed income, where we remain mainly IG Corporates and Treasuries, in addition

to an allocation to the Aggregate Bond Market.

In equities, our constant goal is to reduce “style” risks and the associated dispersion from benchmarks, allowing the structure of the portfolio to dictate outcomes.

(+) Harnessing Volatility – To mitigate the risk of higher equity exposure, and to enhance portfolio yield.

April was a negative month for stocks and bonds (correlations rising!). The hedging within our long-vol equity ETFs helped to support on a relative basis, while the long equity exposure in the Defined Risk strategy resulted in lagged performance vs the Aggregate Bond market for the month.

Downside Capture

Ticker	Name	MTD April 24	Downside Capture (%)
SPY	SPDR S&P 500 ETF TRUST	-4.03	100%
ACIO	APTUS COLLARED INVESTMENT OP	-2.95	73%
ADME	APTUS DRAWDOWN MANAGED EQUIT	-3.76	93%
AGG	ISHARES CORE U.S. AGGREGATE	-2.48	100%
DRSK	APTUS DEFINED RISK ETF	-3.71	150%

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(+) Overweight Small Cap Value – To protect from inflation and USD fluctuation, and benefit from attractive current valuations. In our February rebalance we increased Small Cap and Equal Weight S&P 500 exposures. We are long-term bullish on Small Caps as an asset class and will remain overweight vs. benchmarks.

The allocation tilt toward smaller companies was a drag during April, as Small Caps and Equal Weight S&P 500 lagged the broad S&P 500.

(-) Lower Duration (both in stocks and bonds) – To protect against the risk of rates staying higher (for longer). Our portfolio framework relies less on bonds in the traditional sense but instead aims to provide “bond plus” types of exposures to enhance total returns using derivative overlays.

The equity exposure embedded within Defined Risk caused slightly higher downside participation in April vs. the Agg Bond benchmark, although the strategy has enjoyed a strong start to the year.

We are pleased to see JUCY’s resilience when compared to its benchmark despite the short duration and low volatility environment. JUCY remains ahead of both short-term treasuries (SHY) and the Aggregate Bond market (AGG) to start the year

(-) Reduced International – To combat geopolitical and financial risks, as well as the behavioral biases of clients. We remain underweight in international markets compared to benchmarks within our portfolios. We think there is a need to own those markets from a diversification perspective, but generally, we think the risk outweighs the reward from a behavioral aspect in helping clients.

Emerging markets led the way on a global basis with recent China tailwinds, causing a slight detraction from that side of the portfolio.

Below we look at markets and portfolio contributions and then wrap up with things to note moving into May 2024.

Index	Name	1M	QTD	YTD	1-YR	2-YR	3-YR	5-YR	10-YR
SPX Index	S&P 500 INDEX	-4.08%	-4.08%	6.04%	22.65%	12.20%	8.05%	13.17%	12.39%
CCMP Index	NASDAQ COMPOSITE	-4.38%	-4.38%	4.53%	29.14%	13.67%	4.75%	15.12%	15.51%
DJI Index	DOW JONES INDUS. AVG	-4.92%	-4.92%	0.92%	13.25%	9.38%	5.87%	9.61%	11.09%
RTY Index	US SMALL CAP INDEX	-7.04%	-7.04%	-2.23%	13.28%	4.46%	-3.21%	5.80%	7.20%
MXEA Index	MSCI EAFE	-2.47%	-2.47%	3.35%	9.89%	9.51%	3.48%	6.80%	4.98%
MXEF Index	MSCI EM	0.43%	0.43%	2.89%	10.23%	1.72%	-5.37%	2.23%	3.33%
LBSTRUU Index	U.S. Aggregate	-2.53%	-2.53%	-3.28%	-1.47%	-0.95%	-3.54%	-0.16%	1.20%
IBOXIG Index	Liquid Investment Grade TR	-3.24%	-3.24%	-3.93%	-0.05%	0.42%	-3.82%	0.75%	2.32%
IBOXHY Index	Liquid High Yield TR	-1.14%	-1.14%	0.11%	8.19%	4.79%	1.20%	3.04%	3.68%

Index	Name	Closing Price	LTM P/E	NTM P/E	5-YR Avg.	10-YR Avg.	20-YR Avg.	2024 EPS Est.	2025 EPS Est.
SPX Index	S&P 500 INDEX	5,035.69	24.01	19.98	22.84	21.33	18.54	244.43	275.25
CCMP Index	NASDAQ COMPOSITE	15,657.82	41.65	26.05	28.37	25.89	23.23	592.23	686.68
DJI Index	DOW JONES INDUS. AVG	37,815.92	22.43	17.81	20.95	19.82	17.38	2040.07	2287.26
RTY Index	US SMALL CAP INDEX	1,973.91	32.70	23.46	17.08	19.05	18.12	117.57	138.08
MXEA Index	MSCI EAFE	2,280.53	15.66	14.42	15.94	15.92	14.90	147.77	162.02
MXEF Index	MSCI EM	1,045.95	13.84	12.08	13.00	12.60	12.50	81.65	93.87

Source: Bloomberg, Data as of 4/30/24

As we're now 1/3 of the way through 2024, we continue to tune out the "noise" and pay attention to the continued strength of the economy, the resilience of earnings, and the overall strength of the consumer. We think those three factors will have a large impact on the direction of the economy and markets.

Attribution – (All numbers are Net of Fees, as of 04/30/2024)

Top 5 Performers MTD

Ticker	Name	MTD April 24	YTD 2024 (%)
VWO	VANGUARD FTSE EMERGING MARKE	0.96	2.70
JUCY	APTUS ENHANCED YIELD ETF	0.01	0.43
IDUB	APTUS INTERNATIONAL ENHANCED	-1.73	2.73
BKAG	BNY MELLON CORE BOND ETF	-2.50	-3.27
ACIO	APTUS COLLARED INVESTMENT OP	-2.95	5.61

Bottom 5 Performers MTD

Ticker	Name	MTD April 24	YTD 2024 (%)
OSCV	OPUS SMALL CAP VALUE ETF	-5.78	1.23
RSP	INVESCO S&P 500 EQUAL WEIGHT	-4.82	2.58
SPLG	SPDR PORTFOLIO S&P 500 ETF	-4.01	6.01
ADME	APTUS DRAWDOWN MANAGED EQUIT	-3.76	5.29
DUBS	APTUS LG CAP ENH YIELD ETF	-3.56	6.17

Domestic Stocks

Ticker	Name	MTD April 24	YTD 2024 (%)	2023 Return
SPY	SPDR S&P 500 ETF TRUST	-4.03	5.94	26.19
QQQ	INVESCO QQQ TRUST SERIES 1	-4.37	3.82	54.85
RSP	INVESCO S&P 500 EQUAL WEIGHT	-4.82	2.58	13.70
MGK	VANGUARD MEGA CAP GROWTH ETF	-4.56	5.52	51.67
ADME	APTUS DRAWDOWN MANAGED EQUIT	-3.76	5.29	15.42
ACIO	APTUS COLLARED INVESTMENT OP	-2.95	5.61	15.90
OSCV	OPUS SMALL CAP VALUE ETF	-5.78	1.23	10.14
DUBS	APTUS LG CAP ENH YIELD ETF	-3.56	6.17	-

International Stocks

Ticker	Name	MTD April 24	YTD 2024 (%)	2023 Return
ACWX	ISHARES MSCI ACWI EX US ETF	-2.43	2.06	15.67
VEA	VANGUARD FTSE DEVELOPED ETF	-3.41	1.76	17.94
VWO	VANGUARD FTSE EMERGING MARKE	0.96	2.70	9.27
IDUB	APTUS INTERNATIONAL ENHANCED	-1.73	2.73	9.06

Fixed Income

Ticker	Name	MTD April 24	YTD 2024 (%)	2023 Return
AGG	ISHARES CORE U.S. AGGREGATE	-2.48	-3.20	5.65
DRSK	APTUS DEFINED RISK ETF	-3.71	2.50	2.08
JUCY	APTUS ENHANCED YIELD ETF	0.01	0.43	3.27
BKAG	BNY MELLON CORE BOND ETF	-2.50	-3.27	5.67

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Domestics – April was a down month for domestic equities that saw large caps regain leadership on a relative basis, with Market Cap-Weighted S&P 500 exposure outperforming both Equal-Weighted S&P 500 and Small Caps.

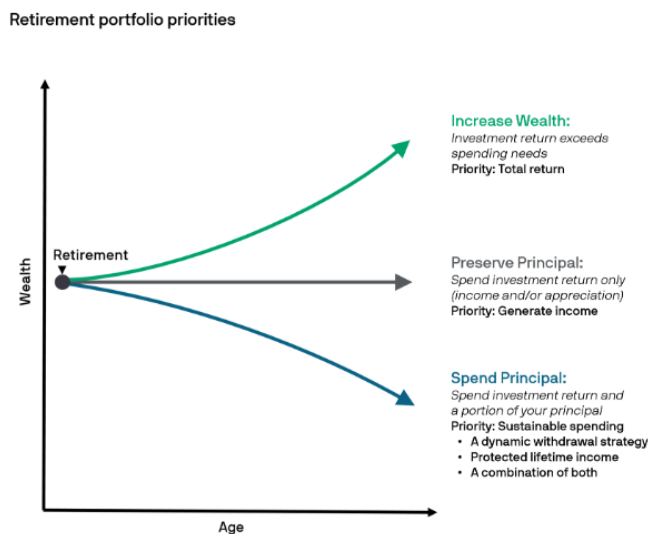
International – Developed markets fell for the month while outperforming domestic stocks on a relative basis. Emerging markets were the leader for the month across equities (+.96%), driven by a recent rally in China.

Fixed Income – The broad fixed income market was down on the month, in tandem with falling equities & continuing the positive correlation between the two asset classes.

Talking Point(s) for Clients

Addressing Retirement Priorities: Depending on their situation clients may have different goals in retirement. What we typically see is a combo of 3 mandates below. The portfolio construction philosophy deployed in the Impact Series helps to preserve principal through the “hedged equity” component in times of market drawdown, allows for reduced spending of principal through a higher-than-average portfolio yield, and enables increased wealth accumulation through a structural overweight to equities (as compared to benchmarks).

We talk a lot about longevity and drawdown as investors’ two biggest risks to a successful retirement, and the framework described above is designed to combat those, giving clients the best chances to meet their goals.



Disclosures

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