

Impact Series Portfolio Thoughts – March 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 3/31/24)					1/1/2017	ALLOCATION		
	Mar	YTD	1 Yr	3 Yr	5 Yr	Inception	Equities	Fixed	Hedged Eq
Aptus Impact Series: Moderate	2.67%	6.47%	14.76%	3.85%	6.95%	7.32%	40%	30%	30%
iShares Allocation ETF: 60/40	2.39%	4.66%	14.19%	3.46%	6.82%	7.08%	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.

In our opinion, rising rates may make future growth more difficult – increasing dependence on yield as a driver of total return. 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 Quarter 1 we saw the VIX approach pre-2020 lows, creating a difficult environment for income generation. We’re pleased to see that our Enhanced Yield strategies have performed roughly in line with benchmarks through Q1.

Yield Enhanced Beta vs. Pure Beta

Ticker	Name	MTD March 24	YTD 2024 (%)
DUBS	APTUS LG CAP ENH YIELD ETF	2.94	10.08
SPLG	SPDR PORTFOLIO S&P 500 ETF	3.31	10.44
RSP	INVESCO S&P 500 EQUAL WEIGHT	4.47	7.78
IDUB	APTUS INTERNATIONAL ENHANCED	2.33	4.53
ACWX	ISHARES MSCI ACWI EX US ETF	3.31	4.60
JUCY	APTUS ENHANCED YIELD ETF	0.57	0.43
SHY	ISHARES 1-3 YEAR TREASURY BO	0.34	0.27
AGG	ISHARES CORE U.S. AGGREGATE	0.90	-0.74

All ETFs performance represented is net expense ratio fees for each fund as of 03/31/2024 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. As indicated above, the current environment is less attractive for “short vol” (yield enhancement) and very attractive for “long vol” (hedging/protection)

In March, our “long vol” equity strategies in the allocations paced respectably to their benchmarks, while Defined Risk continued the strong start to the year vs the Aggregate Bond Market.

Upside Capture

Ticker	Name	MTD March 24	Upside Capture (%)
SPY	SPDR S&P 500 ETF TRUST	3.27	100%
ACIO	APTUS COLLARED INVESTMENT OP	2.63	80%
ADME	APTUS DRAWDOWN MANAGED EQUIT	2.71	83%
AGG	ISHARES CORE U.S. AGGREGATE	0.90	100%
DRSK	APTUS DEFINED RISK ETF	2.82	313%

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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 SP 500 exposures. We are long-term bullish on Small Caps as an asset class and will remain overweight vs. benchmarks.

That allocation shift had positive impacts in March, as our Small Cap Value and Equal Weight SP 500 exposures led the Market Cap Weighted SP 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 long vol (equity) exposure within Defined Risk provided the positive convexity that drove outperformance vs its benchmark, adding to an already rock-solid 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, which reduces the effectiveness of the income-generating overlay.

(-) 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 think the risk outweighs the reward from a behavioral aspect when dealing with clients.

March saw slight outperformance from developed international markets while emerging markets continued to lag in March.

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

Index	Name	1M	QTD	YTD	1-YR	2-YR	3-YR	5-YR	10-YR
SPX Index	S&P 500 INDEX	3.22%	10.55%	10.55%	29.86%	9.45%	11.47%	15.03%	12.94%
CCMP Index	NASDAQ COMPOSITE	1.85%	9.32%	9.32%	35.14%	8.27%	8.21%	17.24%	15.80%
DJI Index	DOW JONES INDUS. AVG	2.21%	6.14%	6.14%	22.18%	9.44%	8.65%	11.31%	11.75%
RTY Index	US SMALL CAP INDEX	3.58%	5.17%	5.17%	19.66%	2.83%	-0.14%	8.07%	7.55%
MXEA Index	MSCI EAFE	3.29%	5.83%	5.83%	15.81%	7.21%	5.36%	7.92%	5.38%
MXEF Index	MSCI EM	2.22%	2.13%	2.13%	8.21%	-1.51%	-4.82%	2.51%	3.29%
LBSTRUU Index	U.S. Aggregate	0.92%	-0.78%	-0.78%	1.70%	-1.60%	-2.46%	0.36%	1.54%
IBOXIG Index	Liquid Investment Grade TR	1.55%	-0.73%	-0.73%	4.00%	-1.36%	-2.41%	1.54%	2.78%
IBOXHY Index	Liquid High Yield TR	1.10%	1.13%	1.13%	10.14%	3.23%	1.88%	3.51%	3.84%

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	5,254.35	25.11	21.16	22.75	21.26	18.52	243.49	273.62
CCMP Index	NASDAQ COMPOSITE	16,379.46	43.42	25.41	28.19	25.75	23.17	592.19	684.22
DJI Index	DOW JONES INDUS. AVG	39,807.37	23.40	19.05	20.69	19.54	17.17	2031.10	2280.16
RTY Index	US SMALL CAP INDEX	2,124.55	34.62	25.57	17.30	19.14	18.15	119.52	138.69
MXEA Index	MSCI EAFE	2,346.84	16.01	14.80	15.92	15.94	14.98	150.58	164.17
MXEF Index	MSCI EM	1,040.39	13.68	12.06	12.98	12.58	12.50	82.69	95.25

Source: Bloomberg, Data as of 3/31/24

The long-awaited, much-anticipated recession of 2023 never materialized and created a difficult environment for those positioned for a weakening economy and soft stock market performance.

As we get through Q1 2024, we're paying attention to the continued strength of the economy, the resiliency of earnings, and the movement of interest rates. 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 03/31/2024)

Top 5 Performers MTD

Ticker	Name	MTD March 24	YTD 2024 (%)
RSP	INVESCO S&P 500 EQUAL WEIGHT	4.47	7.78
OSCV	OPUS SMALL CAP VALUE ETF	4.01	7.44
VEA	VANGUARD FTSE DEVELOPED ETF	3.66	5.35
SPLG	SPDR PORTFOLIO S&P 500 ETF	3.31	10.44
DUBS	APTUS LG CAP ENH YIELD ETF	2.94	10.08

Bottom 5 Performers MTD

Ticker	Name	MTD March 24	YTD 2024 (%)
JUCY	APTUS ENHANCED YIELD ETF	0.57	0.43
BKAG	BNY MELLON CORE BOND ETF	0.92	-0.79
VVO	VANGUARD FTSE EMERGING MARKE	1.92	1.72
IDUB	APTUS INTERNATIONAL ENHANCED	2.33	4.53
ACIO	APTUS COLLARED INVESTMENT OP	2.63	8.82

Domestic Stocks

Ticker	Name	MTD March 24	YTD 2024 (%)	2023 Return
SPY	SPDR S&P 500 ETF TRUST	3.27	10.39	26.19
QQQ	INVECO QQQ TRUST SERIES 1	1.27	8.56	54.85
RSP	INVESCO S&P 500 EQUAL WEIGHT	4.47	7.78	13.70
MGK	VANGUARD MEGA CAP GROWTH ETF	0.96	10.56	51.67
ADME	APTUS DRAWDOWN MANAGED EQUIT	2.71	9.40	15.42
ACIO	APTUS COLLARED INVESTMENT OP	2.63	8.82	15.90
OSCV	OPUS SMALL CAP VALUE ETF	4.01	7.44	10.14
DUBS	APTUS LG CAP ENH YIELD ETF	2.94	10.08	-

International Stocks

Ticker	Name	MTD March 24	YTD 2024 (%)	2023 Return
ACWX	ISHARES MSCI ACWI EX US ETF	3.31	4.60	15.67
VEA	VANGUARD FTSE DEVELOPED ETF	3.66	5.35	17.94
VVO	VANGUARD FTSE EMERGING MARKE	1.92	1.72	9.27
IDUB	APTUS INTERNATIONAL ENHANCED	2.33	4.53	9.06

Fixed Income

Ticker	Name	MTD March 24	YTD 2024 (%)	2023 Return
AGG	ISHARES CORE U.S. AGGREGATE	0.90	-0.74	5.65
DRSK	APTUS DEFINED RISK ETF	2.82	6.45	2.08
JUCY	APTUS ENHANCED YIELD ETF	0.57	0.43	3.27
BKAG	BNY MELLON CORE BOND ETF	0.92	-0.79	5.67

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Domestics – We have seen the Mega Cap Growth/Mag 7 theme take a breather in March, as both Market Cap & Equal Weighted SP 500 exposure outperformed QQQ and MGK.

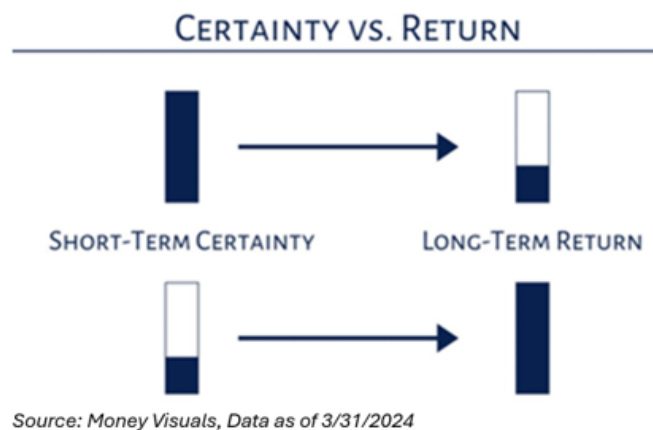
The positive trend for Small Cap Value continued into March.

International – March saw Developed International Markets lead the SP 500, while Emerging Markets continued to lag.

Fixed Income – The broad fixed income market saw positive returns as participants digested Chairman Powell's relatively dovish commentary at this month's FOMC meeting. Defined Risk had a relatively strong month and boosted our Impact Allocations. Please request our NCAA Tourney-themed Defined Risk update if you haven't seen it!

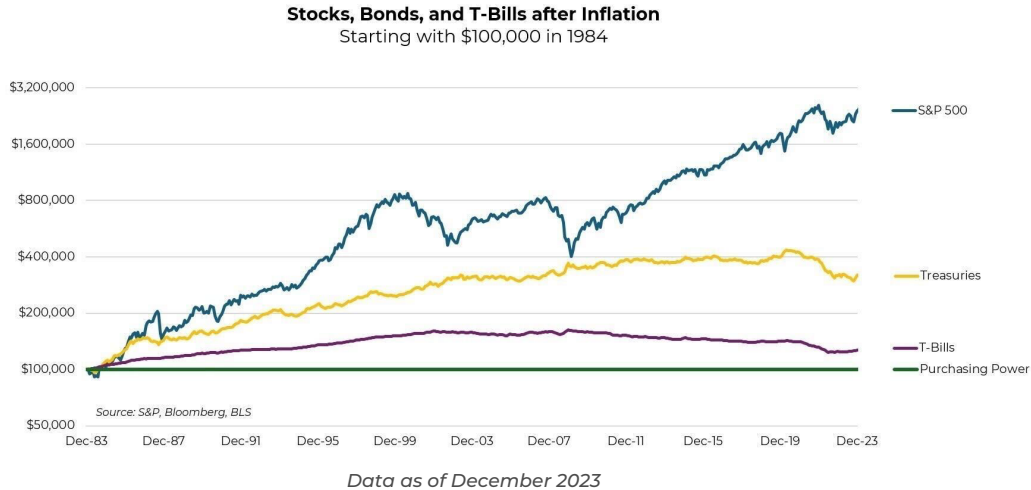
Talking Points for Clients

Certainty (Drawdown Risk) vs Return (Longevity Risk): It seems daily there is a new worry that will rattle markets and cause investors to believe the sky is falling. We talk often about the tradeoff between drawdown risk and longevity risk, and it's crucial to understand that short-term certainty (reduced drawdown risk) introduces long-term uncertainty (increased longevity risk - running out of money in retirement). Your client portfolios are positioned to reduce longevity risk without significantly increasing drawdown risk.



Is it Really Risk-Free? The image above is conceptual, the image below shows how it plays out in the real world. In a world where central banks can create money out of thin air (thereby reducing the purchasing power of your hard-earned dollars), it is imperative to own assets that can compound capital and maintain purchasing power.

Our approach to portfolio construction enables investors to own more growth assets while employing hedging mechanisms designed to reduce risk during episodes of market drawdown.



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