

Aptus Compounders Stock Sleeve

Strategy Objective

The Aptus Compounders Portfolio is a concentrated, low-turnover strategy that owns ~15 high-conviction stocks across the domestic market. The strategy strives to have S&P 500-like returns, but with lower volatility. The strategy seeks to own companies that exhibit what we believe to be high-quality characteristics that tend to outperform over a full business cycle.

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Sector	Aptus Compounders	S&P 500
Communication Services	0.00%	9.17%
Consumer Discretionary	5.50%	10.27%
Consumer Staples	6.17%	6.03%
Energy	6.72%	3.65%
Financials	22.09%	14.64%
Health Care	15.09%	11.14%
Industrials	18.38%	8.44%
Information Technology	18.45%	29.54%
Materials	0.00%	2.02%
Real Estate	7.60%	2.26%
Utilities	0.00%	2.53%

Characteristics	Aptus Compounders	S&P 500
P/E (NTM)	22.70x	20.27x
EPS GROWTH (5-Yr)	11.13%	8.33%
YIELD	1.08%	1.36%
ROE	34.75%	22.87%
ROIC	21.81%	17.72%
DEBT-TO-CAPITAL	36.42%	44.20%
MARKET CAPITALIZATION (\$M)	\$648,824	\$905,777

The composition of the sector weightings and fund holdings are subject to change and are not recommendations to buy or sell any securities.

Source: Bloomberg, Data as of 03/31/2025

Investment Approach

We embrace a “compounder mentality” seeking to invest in businesses that, in our view, compound shareholder capital at above-average rates of return. We have the three following pillars:

Valuation: Price is what you pay, value is what you get. We believe that investors should never overpay for an asset.

Higher Quality: We buy what we believe to be high-quality companies with higher returns on capital, a competitive moat, and strong management teams.

High Growth: We seek favor toward companies that are well-positioned to grow sales, earnings, cash flow, EBITDA, and dividends.

Investment Commentary

Aptus Compounders Beat its Benchmark, the S&P 500, by 6.0% During Q1 '25. The market has witnessed the tale of two markets over the past four quarters. The first two saw outperformance in the concentrated mega-caps, while the two most recent periods have seen the market's winners expand more into the “average” stock. In the former period, the strategy kept pace with the market but started to show separation during the latter. These results exemplify the necessity of proper portfolio construction, as the ying and the yang of the portfolio has performed exactly as expected. Said another way, keep pace in the up markets, while outperforming during periods of volatility. Over the past year, the strategy has outperformed the S&P 500 by 6.7% and since inception by 4.5 on an annualized basis. The portfolio management team continues to look for opportunities during the current environment, as volatility breeds opportunity.

During the Quarter, Aptus Compounders had Some Outsized Relative Winners, as 8 of the 15 holdings were positive in a quarter that witnessed the S&P 500 fall by -4.3%. Of the outperformance, sector allocation (+4.0%) was the largest driver, even though stock selection was additive (+2.0%). Specifically, the overweight to Financials and Health Care were the largest benefactors. Utilities and Staples detracted. The strategy's largest winners were Progressive Corp. (+20.4%) and American Tower Corp. (+18.6%), and both benefitted from the interest rate environment and the resiliency of their revenue stream. The more narrative-based areas of the portfolio, i.e., “Power-Up America” and the “AI” trade saw the biggest weakness as Quanta Services, Inc. (-19.5%) and NVIDIA Corp. (-19.3%) fell. Over the past year, stock selection has driven the majority of our outperformance.

In Q1 '25, We Did Not Make Any Trades. We continue to like the balance of the overall portfolio, with value in its diverse exposures. Turnover was slightly above average last year, but we like the current positioning that has held up well this year as the market started to broaden out. We've learned with time that sometimes the best trade is no trade, recognizing that patience can be more challenging yet more rewarding than overtrading during a volatile environment. All in all, we remain confident in how we are positioned in the Aptus Compounders portfolio.

Performance vs. Benchmarks (%)

Time Period	Compounders	S&P 500
Q1 2025	1.76%	-4.27%
1 Year	15.20%	8.49%
3 Year	14.65%	8.97%
5 Year	22.48%	18.47%
Since Inception	20.07%	15.55%

Since Inception: 12/31/2018, Data as of 03/31/2025, Source: Bloomberg

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 and 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 sub-advisory fee paid during the time periods presented, and individual accounts may pay a lower effective fee. For our fee schedule please refer to Form ADV 2A, which is available upon request. Actual client results may be lower based on imposition of additional advisory fees, platform fees, & custodial fees charged by firms.

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Investment Considerations

Disclosures

This factsheet and commentary offers generalized research, not personalized investment advice. It is for informational purposes only and does not constitute a complete description of our investment services or performance. Nothing in this factsheet and commentary should be interpreted to state or imply that past results are an indication of future investment returns. All investments involve risk and unless otherwise stated, are not guaranteed. Be sure to consult with an investment & tax professional before implementing any investment strategy. Investing involves risk. Principal loss is possible.

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The S&P 500® Index is the Standard & Poor's Composite Index and is widely regarded as a single gauge of large cap U.S. equities. It is market cap weighted and includes 500 leading companies, capturing approximately 80% coverage of available market capitalization.

Advisory services offered through Aptus Capital Advisors, LLC, a Registered Investment Adviser registered with the Securities and Exchange Commission. Registration does not imply a certain level or skill or training. More information about the advisor, its investment strategies and objectives, is included in the firm's Form ADV Part 2, which can be obtained, at no charge, by calling (251) 517-7198. Aptus Capital Advisors, LLC is headquartered in Fairhope, Alabama. ACA-2504-18.

