

# Aptus Value Stock Sleeve

## Strategy Objective

The Aptus Value Portfolio is a relatively diversified, low-turnover strategy that owns ~ 25 high-quality, Value-tilted stocks across the domestic market. The strategy strives to have S&P 500 Value-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 Value | S&P 500 Value | Characteristics             | Aptus Value | S&P 500 Value |
|------------------------|-------------|---------------|-----------------------------|-------------|---------------|
| Communication Services | 0.00%       | 4.02%         | P/E (NTM)                   | 18.50x      | 16.75x        |
| Consumer Discretionary | 6.84%       | 8.24%         | EPS GROWTH (5-Yr)           | 9.52%       | 3.16%         |
| Consumer Staples       | 7.76%       | 8.26%         | YIELD                       | 1.66%       | 2.05%         |
| Energy                 | 8.15%       | 6.52%         | ROE                         | 27.16%      | 14.35%        |
| Financials             | 16.95%      | 15.62%        | ROC                         | 15.33%      | 11.88%        |
| Health Care            | 20.39%      | 15.86%        | DEBT-TO-CAPITAL             | 43.00%      | 49.19%        |
| Industrials            | 8.27%       | 8.41%         | MARKET CAPITALIZATION (\$M) | \$223,129   | \$628,877     |
| Information Technology | 19.20%      | 22.26%        |                             |             |               |
| Materials              | 3.91%       | 3.53%         |                             |             |               |
| Real Estate            | 4.61%       | 3.20%         |                             |             |               |
| Utilities              | 3.94%       | 4.00%         |                             |             |               |

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.

## Performance Versus Benchmark(%)

| Time Period     | Aptus Value | S&P 500 Value |
|-----------------|-------------|---------------|
| Q1 2025         | 2.73%       | 0.21%         |
| YTD             | 2.73%       | 0.21%         |
| 1 Year          | 9.73%       | 4.13%         |
| 3 Year          | 7.71%       | 9.23%         |
| Since Inception | 9.31%       | 10.03%        |

Since Inception: 03/31/2021 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.

## Investment Commentary

**After a Difficult Year of Performance, Value Outperformed in Q1 2025,** as investors looked for respite amongst the cheaper areas of the market during the volatile quarter. The narrative around artificial intelligence (“AI”) witnessed a pullback during the quarter, as investors digested heightened valuations and the threat of tariffs. Many of the largest companies in the Growth benchmark have a lot of exposure to the international import market. Given these factors, the S&P 500 Value Index outperformed the S&P 500 Growth Index. During the quarter, the S&P 500 Value Index eked out a positive victory, increasing +0.2%. The Aptus Value strategy bested the benchmark by 2.5%, returning 2.73%. The strategy continues to exemplify its blend of value and growth over recent periods and we believe that it continues to execute on its mandate, performing in-line with the benchmark since inception.

**Both Stock Selection and Sector Allocation Drove Returns During the Quarter.** The outperformance was driven both by stock selection (+1.3%) and sector allocation (+1.2%). The strategy had its best selection and allocation in the Financials sector, as Progressive Corp. (+20.4%) was a relative overweight and outsized winner. Consumer Discretionary witnessed the largest loss, as Booking Holdings (-5.9%) was the biggest loser in the sector. This holding was sold during the quarter. The strategy's largest winner last year, was the largest loser this year with Broadcom Inc. (-27.6%) leading the overall losses. Other aspects of the AI trade within the strategy detracted, with Amazon.com Inc (-19.2%) and Microsoft Corp. (-13.4%) also down. The strategy is benchmark aware, and these mega-cap securities were moved into the benchmark in December 2024, even though it may feel, anecdotally, that they exhibit characteristics that fit more into the Growth-style benchmarks. The bond-like proxies and defensive areas of the market were the biggest beneficiaries, as American tower Corp. (+18.6%), Elevance Health Inc. (+18.4%) and Chemed Corp. (+16.25%) provided insulation

**In Q1 '25, We Made Some Tweaks to the Portfolio.** The majority of the trades over the past quarter was due to the benchmark rebalance at the end of 2024, where many of the Mega-Cap holdings transitioned to the S&P 500 Value Index from the S&P 500 Growth Index. Being benchmark aware, we moved some of that allocation in Aptus Growth over to the Aptus Value strategy. These names include Apple Inc. (AAPL), Amazon.com Inc. (AMZN), and Microsoft Corporation (MSFT). All three of these stocks still have some ownership in the Aptus Growth portfolio. Given the introduction of the aforementioned stocks, we had to sell some underperforming and overvalued securities to make room. The strategy sold Booking Holdings (BKNG), FiServ, Inc. (FI), Lockheed Martin Corporation (LMT), and PepsiCo, Inc. (PEP). We remain convicted in the current holdings, and believe that is a perfect mixture of value and growth.

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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.

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