Unconstrained Fixed Income Strategy

Portfolio and Economic Commentary – 2nd Quarter 2021

ALTRIUS
CAPITAL MANAGEMENT
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Unconstrained Fixed Income Strategy Commentary

Based on our macroeconomic outlook over a three to five year period and our cyclical views from quarter to quarter, we employ top-down strategies that focus on yield curve positioning, volatility, and sector rotation. We then utilize bottom-up analysis to drive our security selection process and facilitate the identification of undervalued securities with the potential for above average income. We invest in securities that operate across diversified sectors in the fixed income markets of the United States, primarily those in U.S. dollar denominated high yield and investment grade bonds, including government securities, corporate bonds, and mortgage- and asset-backed. Sources of added value:

Credit Analysis - We emphasize independent analysis and do not rely on credit agencies.

Duration Risk - We avoid long, extreme duration shifts generally operating within a moderate duration range typically between two and four years.

High Income - Our research attempts to identify issues paying above average income.

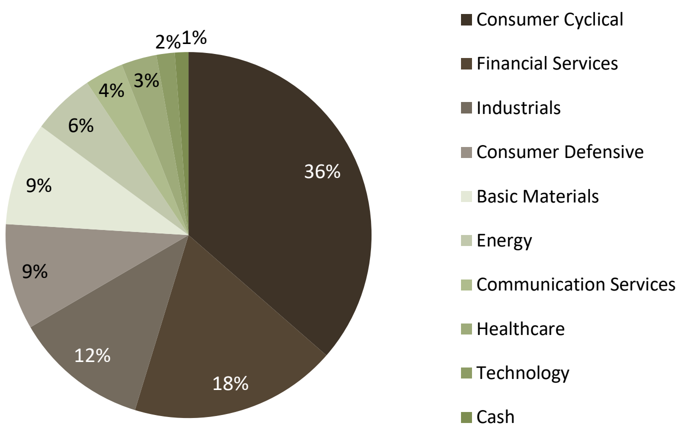
Risk Premium Management - We seek to attain an attractive yield/spread in relation to a five-year treasury within acceptable levels of portfolio risk.

Performance Commentary

Inflation concerns continued to be top of mind amongst fixed income investors during the second quarter of 2021. Unable to disregard the materialization of inflation in the US economy over the prior several months, the Fed in its June meeting acknowledged recent price increases for such goods and services as lumber and airline tickets, but did not acquiesce to the opinion that such upticks were leading indicators to long-term inflation but rather a more temporary result of supply bottlenecks, raw material shortages and surging consumer demand pumping up an economy that roughly fifteen months prior began entering into a government-imposed shutdown ceasing most all economic activity. Despite consumer prices recording a 5% increase year-over-year in May, the Fed left their benchmark interest rate unchanged at 0.0% - 0.25%, stressing that although inflation is currently trending at a 13-year high prices will eventually pullback and 'normalize' and the degree of inflation in the broad US economy will eventually retrace to a level slightly above the Fed's longstanding ~2.0% target. Since the onset of the pandemic in March of last year, the Fed had been pretty firm in its stance that no interest rate increases were likely to be implemented until sometime in late 2022 or even early 2023, but in its June meeting Chairman Powell alluded to the idea that the Fed is beginning to look into moving up that previous targeted timeline on tightening rates.

In affirmation of the Fed's stance and outlook on inflation

Sector Allocation (Morningstar)



Top Ten Holdings	Weight
Wendy's International Inc 7.000%	3.42%
ServiceMaster Co 7.450%	3.41%
DISH DBS Corp 7.750%	3.29%
Murphy Oil Corp 5.750%	3.15%
Mercer International Inc 5.500%	3.09%
Signet UK Finance PLC 4.700%	2.88%
Park-Ohio Industries Inc 6.625%	2.83%
Hecla Mining Co 7.250%	2.75%
Quad/Graphics Inc 7.000%	2.64%
Liberty Media Corp 8.500%	2.62%

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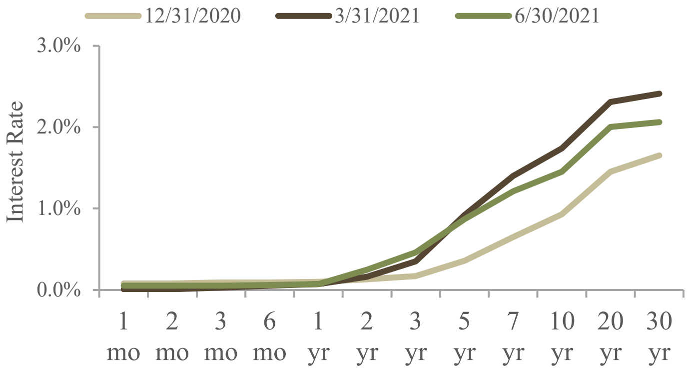
the yield curve actually flattened in Q2 with the spread between 2yr and 10yr Treasuries contracting by 38 bps, as the yield on the 10yr Treasury fell approximately 30 bps to end the quarter at 1.45%.

US Treasury Yield Curve



All major segments of the broad based US fixed income market generated positive returns during the second quarter of the year. Investment grade corporate bonds and TIPS (Treasury Inflation Protected Securities) were the two best performing market segments returning 3.55% and 3.25% respectively for Q2, while short duration government bonds (1-3yr Treasuries) were the worst performing returning just 0.04%. Year-to-date, convertibles and high yield bonds lead all other major fixed income market segments up 7.16% and 3.58% respectively, while longer dated government bonds remained deep in the red with 30-year Treasuries down 9.25% on the year.

The Unconstrained Fixed Income strategy continued to build on its gains from the first quarter, generating a return of 2.81% for the second quarter, outpacing both the Morningstar US Core Bond and Morningstar US High Yield Bond indices by 94 bps and 10 bps respectively. Year-to-date the Unconstrained Fixed Income strategy is up 6.56%, 298 bps above the Morningstar US High Yield bond index and 814 bps above the Morningstar US Core Bond index, with the latter remaining negative on the year down 1.58% through the end of June.

Approximately 15% of par value positions were called within the strategy during the second quarter, with an additional 3% worth of par value issues sold away due to valuations. Three positions in 'new' companies were established within the strategy during the second quarter including Treehouse Foods Inc 4.000% 2028s, Tenneco Packaging Inc 8.375% 2027s, and Liberty Media Corp 8.500% 2029s.

Strategy assets allocated to the consumer cyclicals sector increased approximately five percent to 36% during the second quarter as a result of sizable price appreciations experienced by a number the Strategy's existing holdings, most notably AMC Entertainment, as well as the establishment of two large positions in the aforementioned Treehouse Foods Inc and Liberty Media Corp. Due to the notable increase in exposure to the consumer cyclical sector, as well as call activity in the market remaining elevated throughout the quarter, allocations to all other sectors declined by roughly three to four percent, with the exception of financials which increased by two percent to 18%. As we enter into the final half of 2021 we are finding that the most appealing new investment opportunities are in the consumer cyclical and energy sectors, and anticipate exposure to each sector to increase marginally as new positions are established in issuers within each of those sectors.

The aggregate credit rating of the strategy changed from 'B+' to 'B' during the second quarter, an immaterial decline resulting from normal position turnover within the strategy and not a tactical shift into lower rated or speculative credits. Single-B issuers have traditionally been the 'sweetspot' of the high yield bond market, offering the most stable and predictable return profiles relative to their associated downside risks and we do not anticipate a material change to the overall credit rating of the strategy to occur in the months ahead.

The aggregate duration of the strategy continued to

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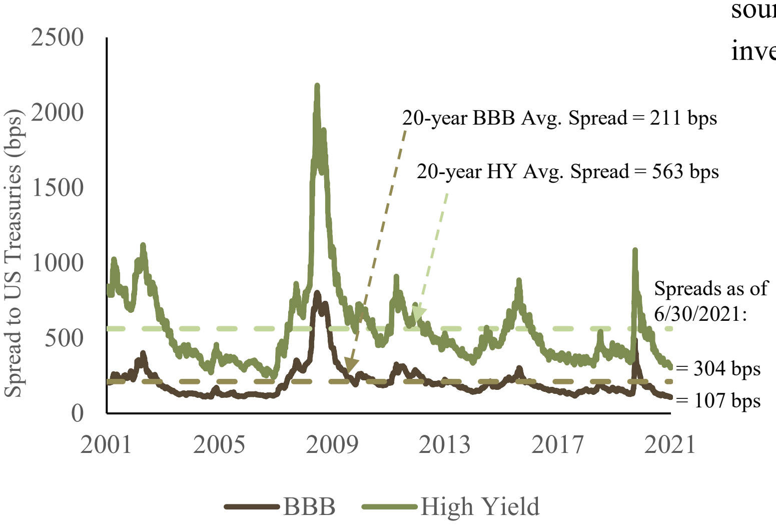
increase during the quarter as shorter duration issues were called and sold away, and new positions with longer dated maturities were purchased. As of the end of the second quarter the aggregate duration of the strategy stands at 3.74, the highest level the strategy has held in over eight years, yet remains lower, albeit marginally, than that of the overall high yield market of 3.84 as measured by the Morningstar US High Yield Bond index. Despite all the talk and investor concern over onset inflationary factors and future inflation expectations we are comfortable with the current increase(s) in the strategy's overall duration, especially as it pertains to the overall credit quality and liquidity profile of all current holdings and newly established positions within the strategy.

Although the 'primary' corporate bond market, in both investment grade and high yield, has experienced record issuance of new bonds over the prior twelve months, the secondary market remains extremely thin, both in terms of the quantity of issues available for purchase and the 'depth' (number of bonds able to be purchased) in individual bond offerings. Spreads in the corporate bond market continued to contract during the quarter with high yield bonds experiencing the greatest degree of tightening of any other fixed income market

BAML OAS High Yield & BBB



segment compressing 32 bps to yield just over 300 bps over similar dated treasury securities by the close of the quarter.

Given the marginal flattening of the yield curve that developed in the latter half of the quarter and the spreads on non-investment grade corporate bonds compressing to some of their lowest levels on record at just 304 bps, we will continue to only screen for and establish new positions in issues yielding at least 4.0% on a yield to worst basis, as well as having maturities inside of 10 years. Whether or not inflation in the US economy turns out to be 'transitory' or long-run, we will remain disciplined in our investment approach in seeking to deliver the highest returns while guarding against both credit and duration risk within the strategy. It is our belief that continued public discourse over the level and overall persistence of inflation materializing in the economy in the months and year(s) ahead will inject a greater degree of volatility and downward pricing pressure on longer-dated investment grade corporate, government, and treasury bonds, but we believe that high yield bonds will remain one of the few fixed income market segments to best guard investors against excessive duration risk as well as being positioned to potentially provide the highest returns even in this ultra low-yield investment environment. As always, we will continue to invest opportunistically in seeking to attain sound risk adjusted returns in this challenging investment environment.

Disclosures

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact. Altrius is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy and approach. Our views and opinions include "forward-looking statements" which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe," "expect," "anticipate," or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

Past performance does not guarantee future results. The information provided in this material should not be considered an offer nor a recommendation to buy, sell or hold any particular security.

Performance Reporting

Altrius Capital Management, Inc. (Altrius) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Altrius has been independently verified for the periods January 31, 2001 – December 31, 2020 by ACA Performance Service, LLC. The verification reports are 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 ensure the accuracy of any specific composite presentation. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The Firm is defined as Altrius Capital Management, Inc. (Altrius), a registered investment advisor with the Securities and Exchange Commission. Altrius was founded in 1997 and manages equity, fixed income and balanced portfolios for high net worth individuals and families.

Composite Characteristics

The Unconstrained Fixed Income Strategy is a subaccount from the Altrius Global Income Composite. The composite and subaccount were created in December 2010 with a performance inception date of December 31, 2002. The subaccount strategy is primarily invested in U.S. dollar-denominated investment grade and high yield bonds, including government securities, corporate bonds, and mortgage and asset-backed securities diversified across sectors. The strategy seeks to attain an attractive yield/spread relative to a five year Treasury within acceptable levels of portfolio risk.

Accounts are included on the last day of the month in which the account meets the composite definition. Accounts no longer under management are withdrawn from the composite on the first day of the month in which they are no longer under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias.

DISCLOSURES

Benchmark

The benchmarks are the Morningstar US Core Bond and the Morningstar US High Yield. These benchmarks replaced the Barclays Capital Aggregate Bond Index and the Bank of America US High Yield Master II Trust as of 11/01/2019. and were changed retroactively for all periods The change was made due to licensing fees being charge by owners of the indices. Effective 01/01/2017, the Bank of America US High Yield Master Trust Index replaced the Barclays BB+ index. The volatility of the indices may be materially different from that of the performance composite. In addition, the composite's holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent appropriate benchmarks to compare the composite's performance, but rather are disclosed to allow for comparison of the composite's performance to those of well-known and widely recognized indices.

Economic factors, market conditions, and investment strategies will affect the performance of any portfolio, and there are no assurances that it will match or outperform any particular benchmark.

Altrius Unconstrained Fixed Income Composite Performance

December 31, 2011 – December 31, 2020

Year	Gross Return %	Net Return %	Benchmark Return %	Composite 3-Yr St Dev %	Benchmark 3Yr St Dev %	# of Portfolios	Composite Dispersion %	Total Composite Assets	Percent of Firm Assets
2011	4.68	3.47	7.44	7.25	2.82	101	1.58	20,032,911	16.10
2012	12.81	11.47	4.24	4.75	2.41	105	1.17	31,263,431	23.16
2013	8.61	7.40	(1.95)	4.60	2.75	117	1.02	36,479,754	20.95
2014	(4.04)	(5.11)	5.67	4.69	2.62	128	0.71	45,562,658	24.09
2015	(10.55)	(11.56)	0.62	6.19	2.90	114	1.06	34,421,355	18.75
2016	22.06	20.68	2.55	7.91	3.01	137	2.39	59,949,560	22.43
2017	5.51	4.35	3.40	7.29	2.80	147	1.11	60,383,355	17.72
2018	(0.14)	(1.24)	0.13	5.70	2.89	154	0.32	73,471,882	22.14
2019	10.39	9.21	8.65	3.11	2.86	152	0.91	79,944,999	23.14
2020	(0.49)	(1.50)	7.50	10.25	3.30	131	0.90	52,534,859	14.62

DISCLOSURES

Performance Calculations
Valuations and returns are computed and stated in U.S. dollars. Results reflect the reinvestment of dividends and other earnings.

Gross of fees return is net of transaction costs and gross of management and custodian fees. Net of fees returns are calculated using actual management fees that were paid and are presented before custodial fees and but after management fees and all trading expenses. Returns can be net or gross of withholding taxes, depending on how taxes are recorded at the custodian. Some accounts pay fees outside of their accounts; thus, we enter a non-cash transaction in the performance system such that we can calculate a net of fees return. Prior to 01/01/10, cash was allocated to carve-out segments on a pro-rata basis based on beginning of period market values. Beginning 01/01/10, carve-out segments are managed separately with their own cash balance. Carve-out accounts represent 100% of composite assets for periods prior to 01/01/10.

The standard management fee for the Altrius Unconstrained Fixed Income Strategy is 1.40% per annum on the first $500,000 USD, 1.00% per annum on the next $500,000 and 0.80% per annum thereafter. Additional information regarding Altrius Capital Management fees are included in its Part II Form ADV.

Internal dispersion is calculated using gross of fee performance numbers using the asset-weighted standard deviation of all accounts included in the composite for the entire year; it is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark (Morningstar US Core Bond) returns over the preceding 36-month period.

Policies for valuing investments, calculating performance, and preparing compliant presentations are available upon request. A complete list and description of firm composites is available upon request.

*Top Holding Statistics are presented as supplemental information to the GIPS compliant presentation.

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