



# Portfolio and Economic Review

## 4<sup>th</sup> Quarter 2025



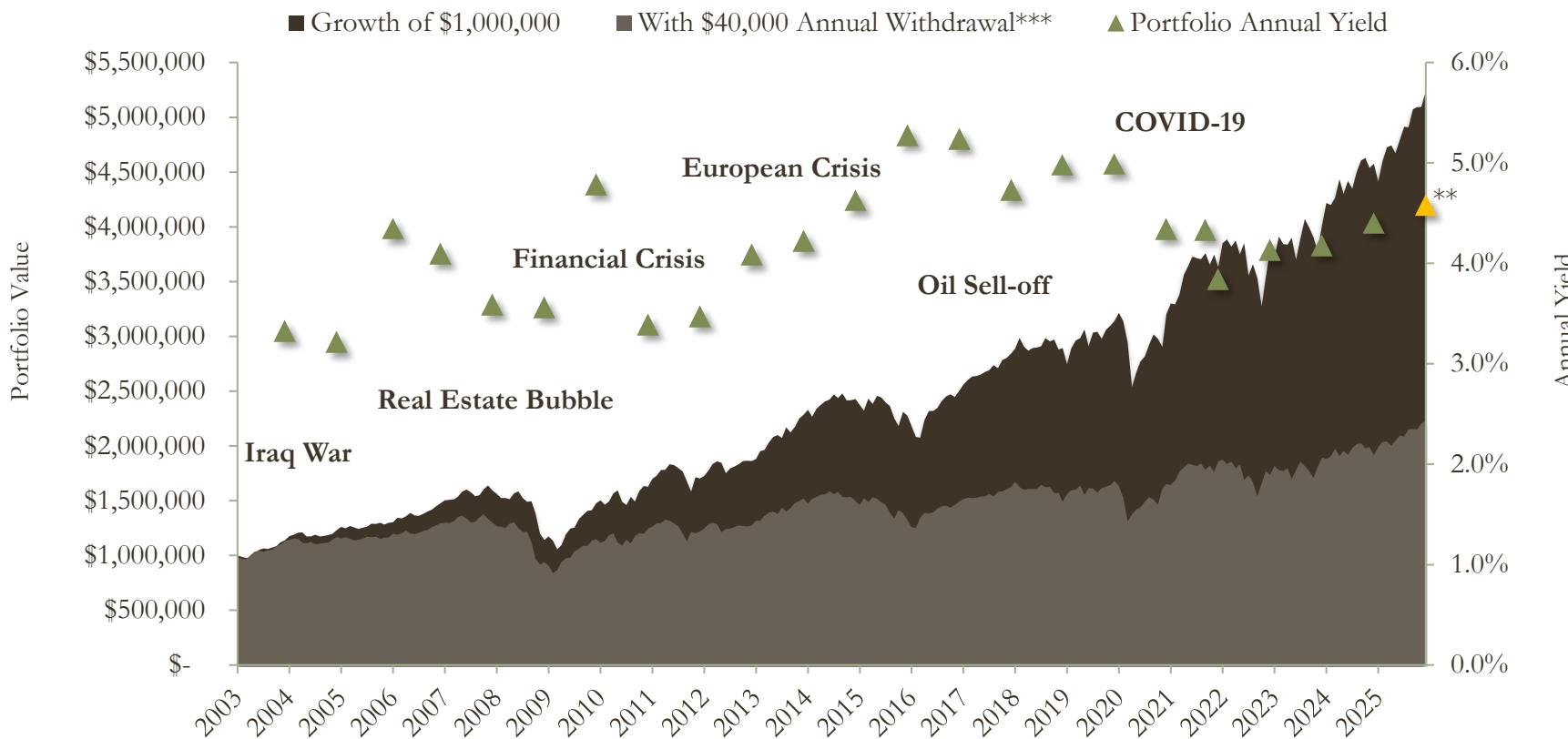
# Performance Review

## 4<sup>th</sup> Quarter 2025



# Altrius Value Proposition

## Global Income Growth of \$1,000,000 and Dividend/Interest Yield\*



\*Portfolio Growth of \$1,000,000 assumes dividends and other sources of income reinvested since inception and assumes no subsequent additions or withdrawals unless stated. All data represented is gross of fees.

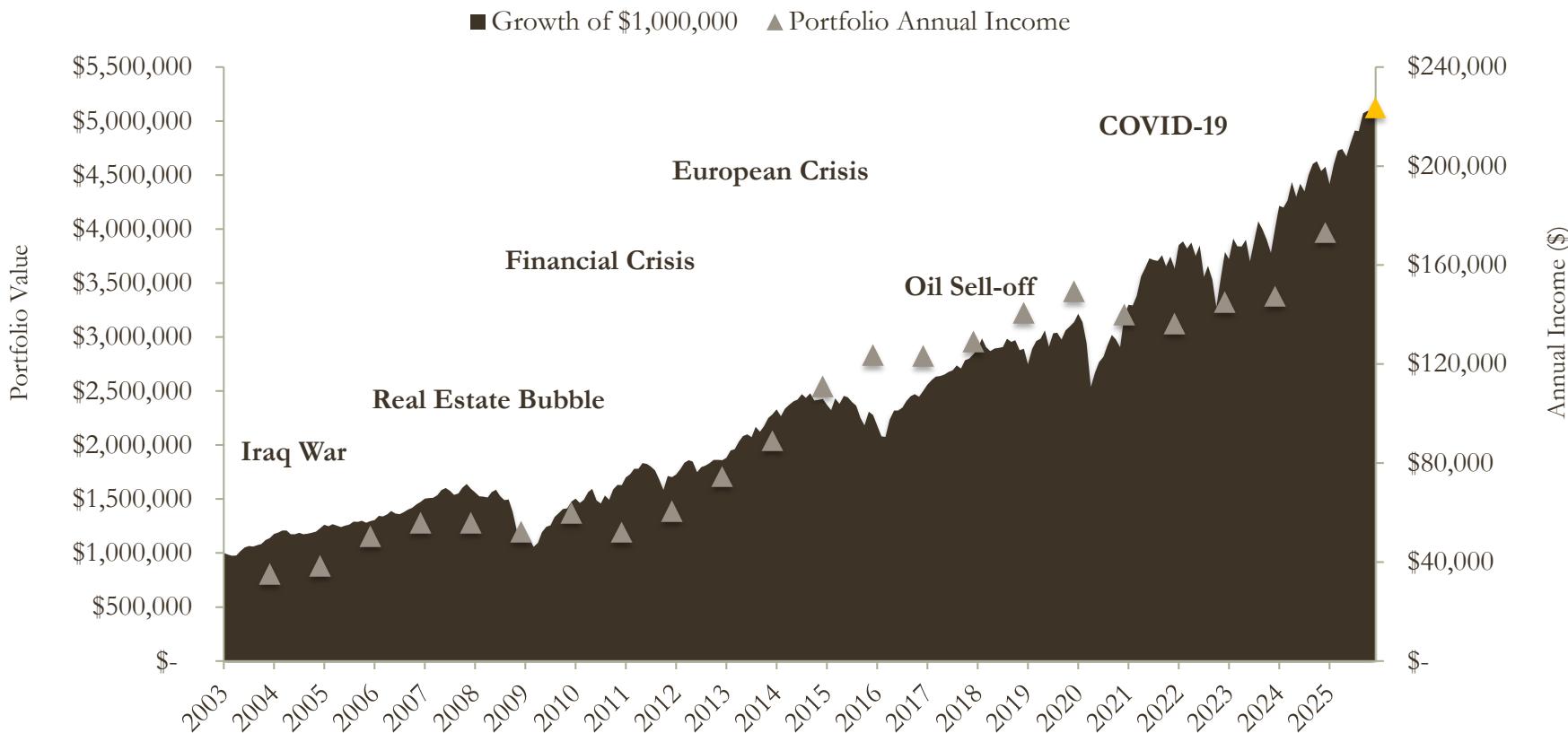
\*\*Most recent Portfolio Annual Yield of 4.58% as of 12/31/2025 based on Morningstar data.

\*\*\*Adjusted monthly for 2.5% annual inflation beginning 01/31/2003



# Altrius Value Proposition

## Global Income Growth of \$1,000,000 and Dividend/Interest Income\*



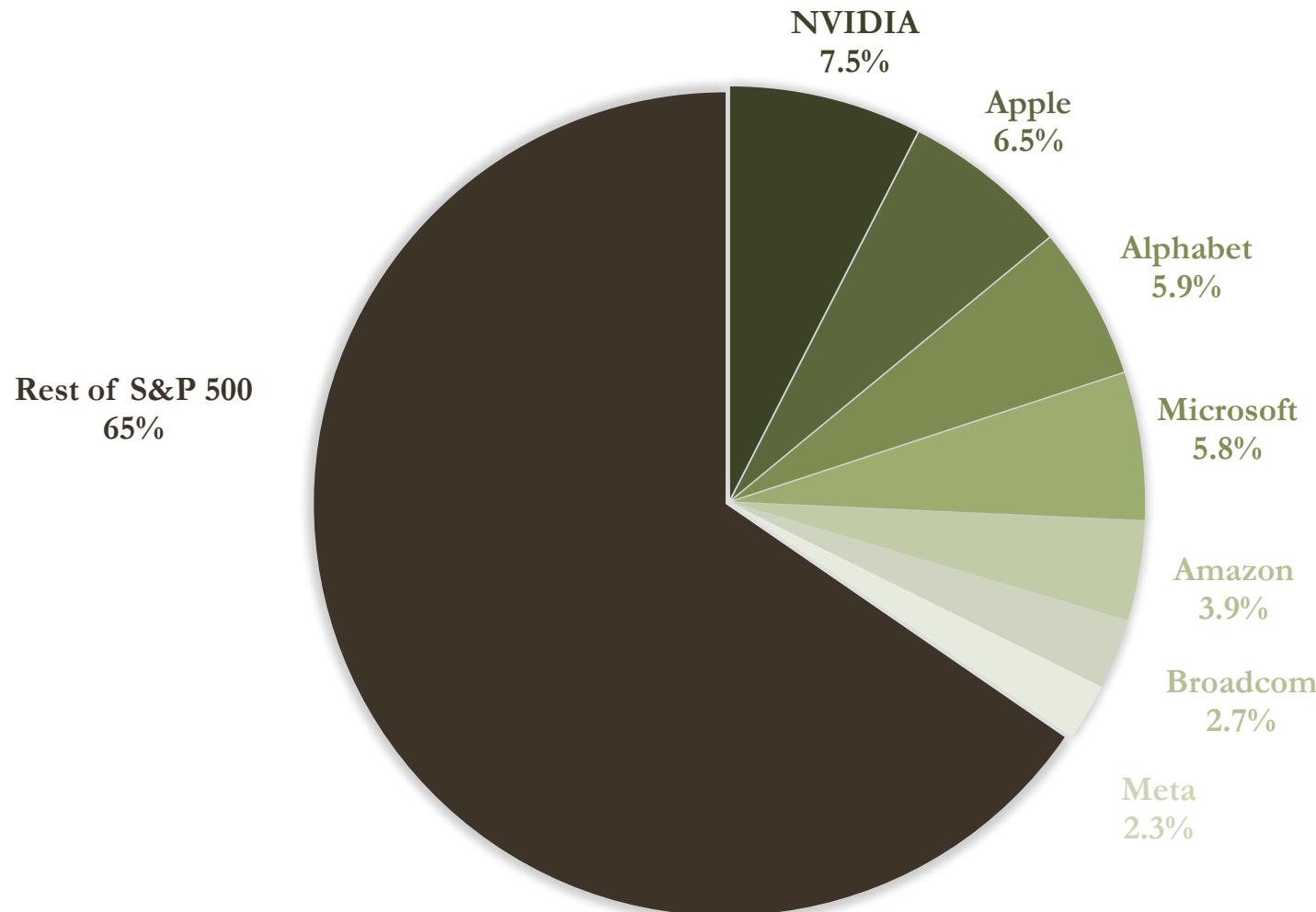
\*Portfolio Growth of \$1,000,000 and Annual Income assume dividends reinvested since inception. Assumes no subsequent additions or withdrawals. All data represented is gross of fees. Portfolio Annual Income represents trailing twelve month income.

# The Imbalance of Market Capitalizations



# Seven Mega Cap Tech Companies Comprise 35% of the S&P 500 Index (SPDR S&P 500 ETF Trust-SPY)

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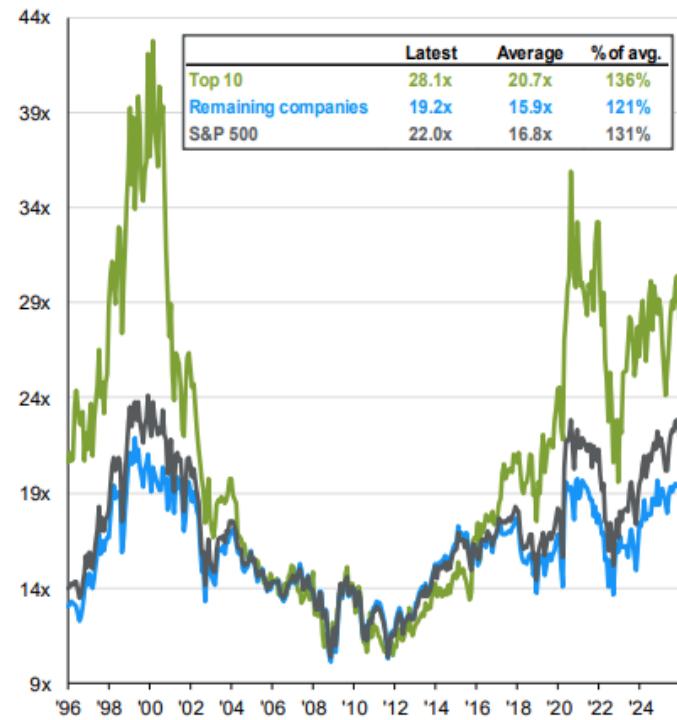


# The S&P 500 is Highly Concentrated at the Top

- The outperformance of mega-cap tech stocks means concentration within the index has soared to record highs, as the market capitalization of the top 10 largest stocks has eclipsed 40% of the S&P 500 for the first time in history.
- Since 2021, the market capitalization concentration of the S&P's 10 largest stocks has outweighed their respective earnings contributions to the index, highlighting the premium multiples that investors have placed on these companies.

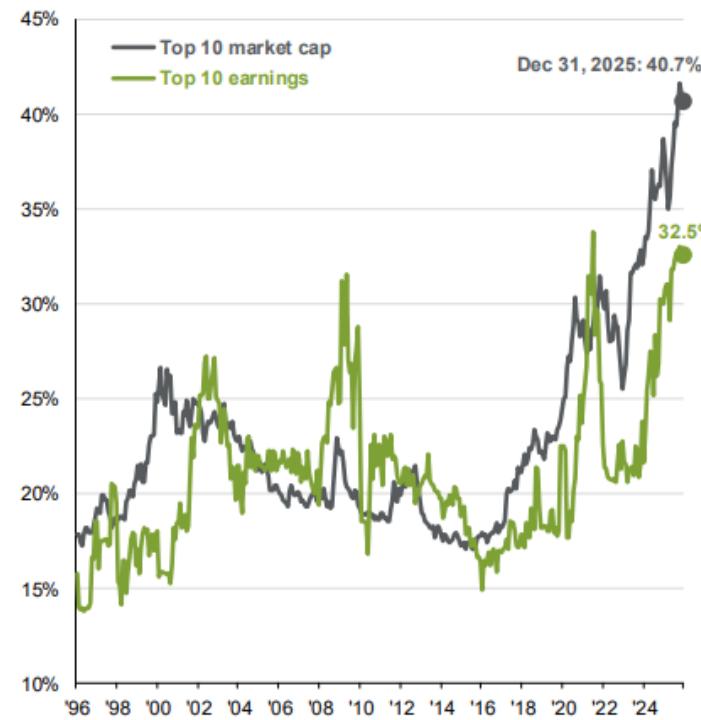
**P/E of top 10 and remaining companies in S&P 500**

Next 12 months



**Weight of the top 10 companies in the S&P 500**

% of market capitalization, % of last 12 months' earnings



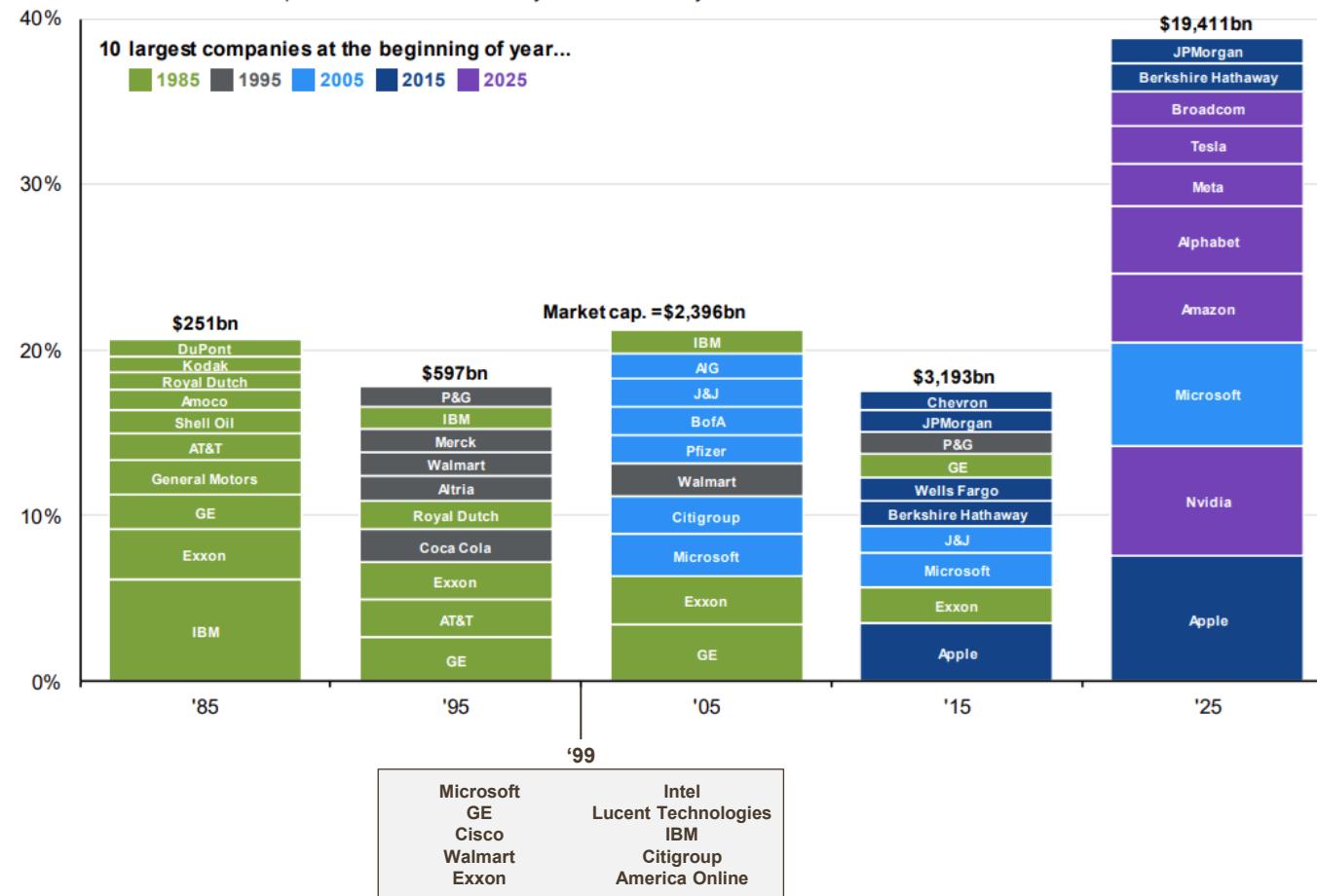
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Forward P/E ratio is the most recent price divided by consensus estimates for earnings in the next 12 months, provided by IBES since January 1996 and FactSet set January 2022. The remaining stocks represent the rest of the 490 companies in the S&P 500 and their P/E ratio is calculated by backing out the nominal earnings and market cap of the top 10 from that of the S&P 500. *Guide to the Markets – U.S. Data are as of December 31, 2025.*

# The S&P 500 is Highly Concentrated at the Top (Cont.)

## Tech Companies Once Again Dominate the S&P 500 by Market Capitalization

### Top 10 S&P 500 companies by market capitalization

Percent of S&P 500 market capitalization as of the first day of the indicated year



- The top names in the index have constantly changed throughout history.
- Back in the 1980s, oil and gas companies dominated the top 10 in the S&P 500.
- In the late 1990s, it was technology companies that held the top positions (but Microsoft is the only one still in the top 10 today).
- Today, technology firms dominate the top 10 once again, representing eight of the 10 largest S&P constituents.

Source: Bloomberg, Standard & Poor's, J.P. Morgan Asset Management.

Companies are organized from highest weight at bottom to lowest weight at the top. *Guide to the Markets – U.S. Data are as of December 31, 2025.*



# Economic Outlook

## 4<sup>th</sup> Quarter 2025



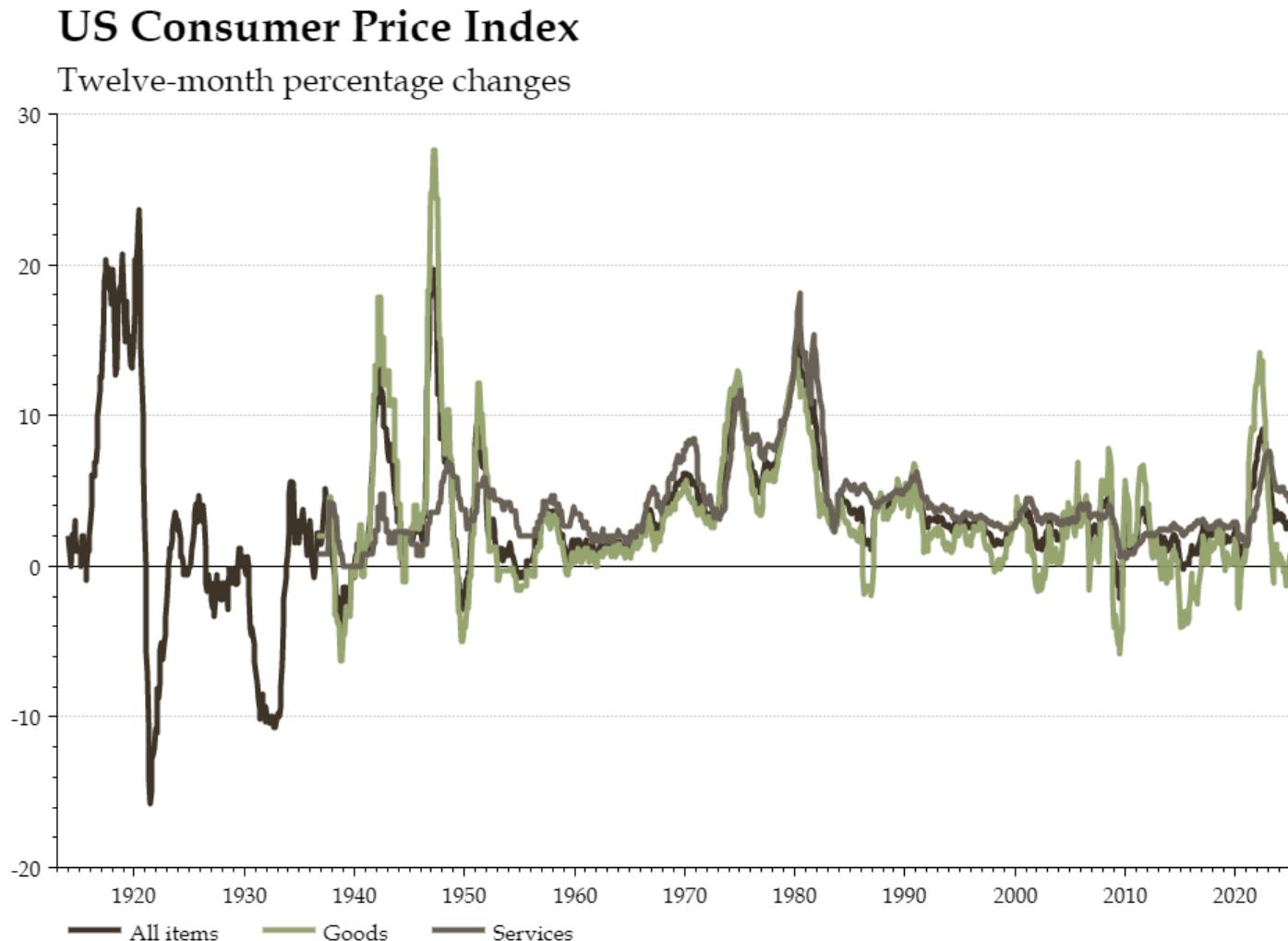
# Estimated Asset Class 5-Year Returns Over Different Economic Scenarios

At Altrius, we believe that global asset allocation valuations matter. Predicated on this belief, we maintain a series of three economic scenarios under which the economy may fall at any one time. By analyzing the valuations inherent in the current economic scenario, we are better positioned to identify securities at the sector, industry and individual company level that are best positioned to add significant value to our portfolio over time.

ECONOMIC SCENARIOS			
	Bear	Base	Bull
<i>SP 500 at 6846, 5-Year Treasury Yield at 3.73%, MSCI Europe Index at 2643, ICE BofA US High Yield Index at 6.5%.</i>			
Equities	Estimate	Estimate	Estimate
U.S. Equities	-10.4%	2.8%	7.0%
Developed Int'l – Europe	-7.1%	8.2%	9.1%
REITs	-3.3%	5.3%	6.1%
Fixed Income			
Investment-Grade Bonds	5.7%	4.8%	4.6%
High-Yield Bonds	-4.3%	5.2%	5.6%

Source: Altrius Capital. Q4 2025.

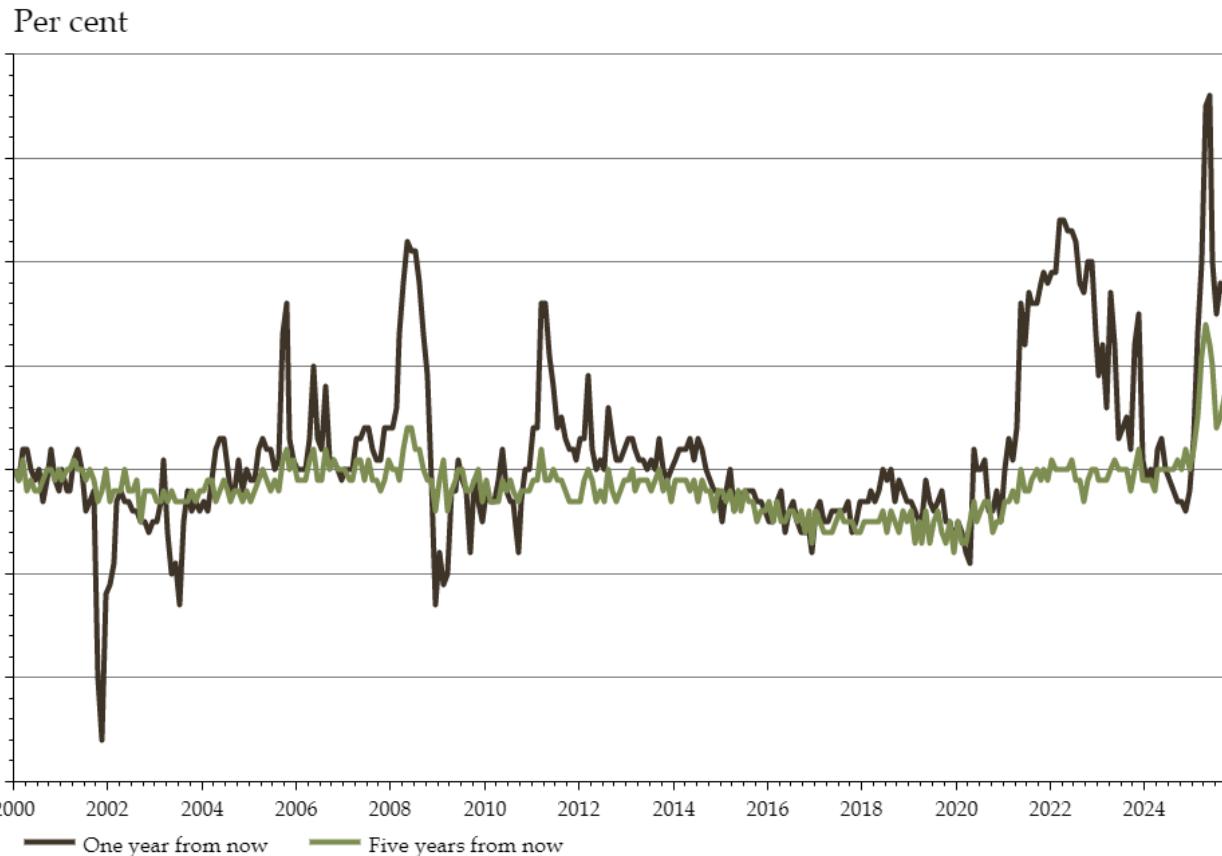
# Inflation Has Fallen and is Trending Towards Historical Levels, Though Goods Inflation Has Seen a Slight Resurgence



Source: LSEG Datastream / Fathom Consulting

# Inflation Expectations Retreated from Q2 Peaks and Show Signs of Retreat Heading into 2026

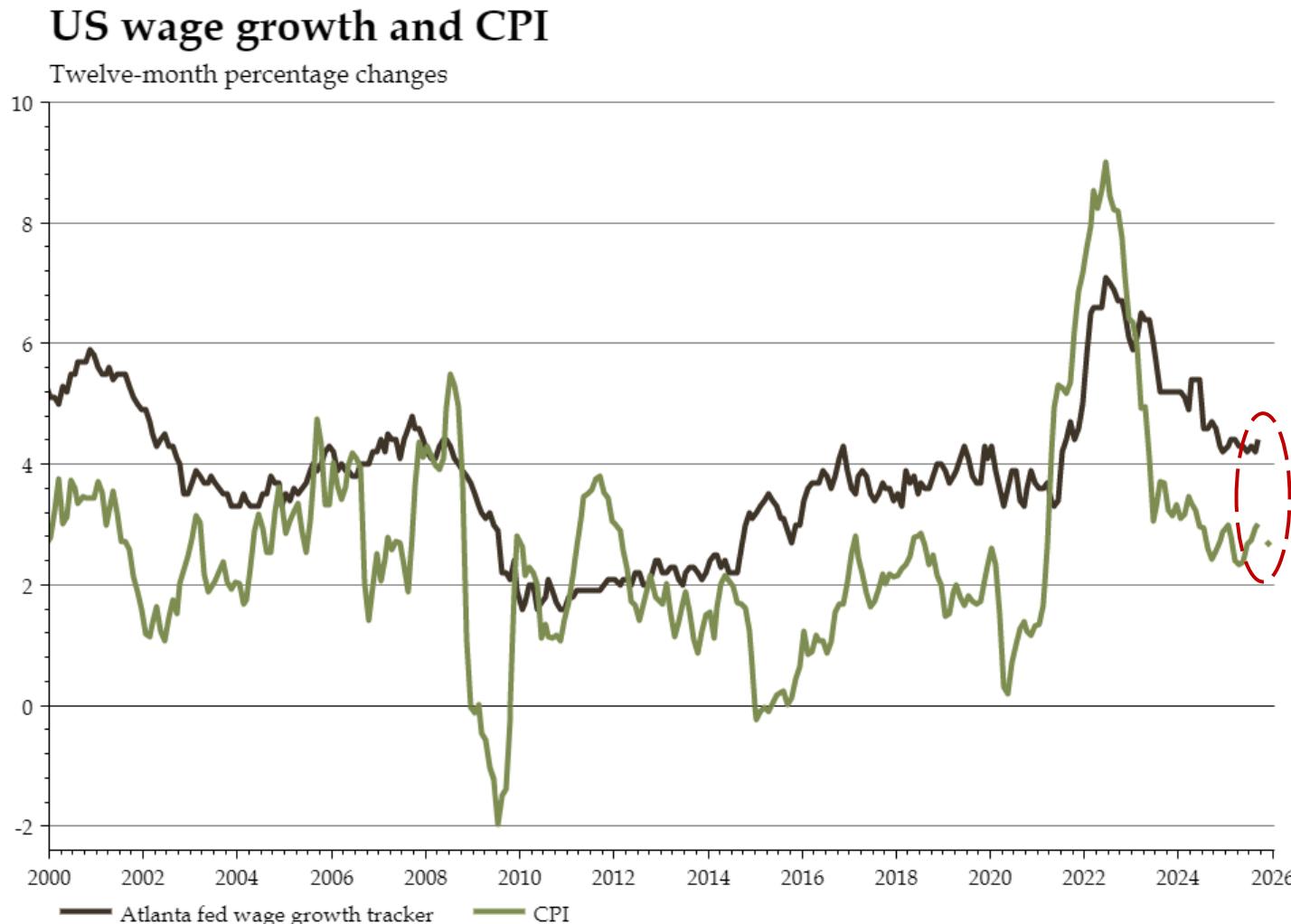
## US University of Michigan Inflation Expectations



Source: LSEG Datastream / Fathom Consulting

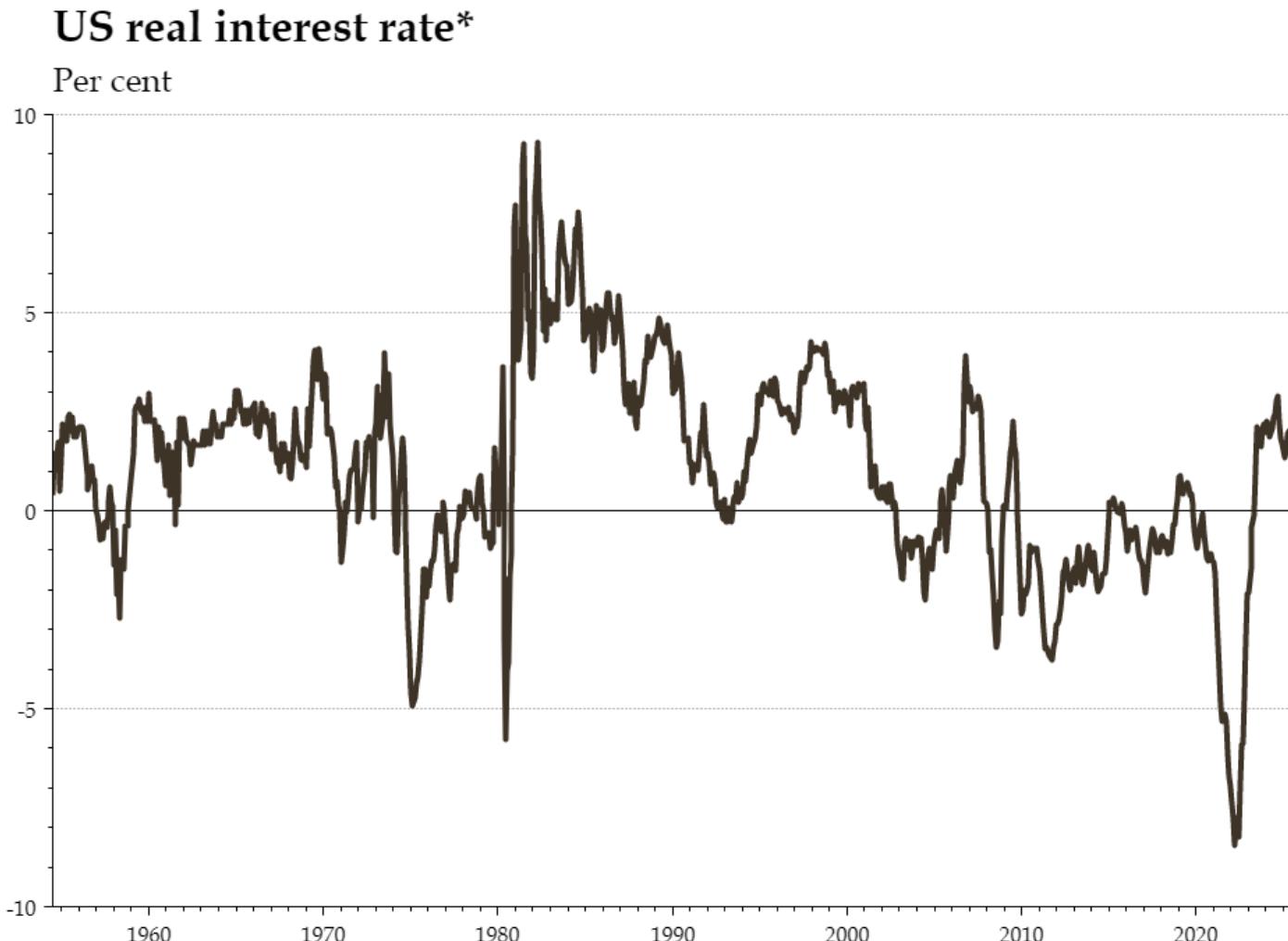
- Short-term inflation expectations, which had declined steadily from COVID heights, spiked in Q2, reaching a high of 6.6% in May before retracing lower to 4.2% by year-end.
- Recent inflation expectation volatility has been driven by concerns about tariff policy and a general unease about the economic outlook.
- Both short- and long-term inflation expectations are well above Fed's 2% long-term core inflation target.
- The Fed's latest rate cut decision in December signaled a heightened focus on labor market weakness, creating upward pressure on inflation should cuts continue.

## Both Wage Growth and CPI Lower Despite Recent Fed Easing, but Still Above Fed's 2% Target and Pre-COVID Trends



Source: LSEG Datastream / Fathom Consulting

## Real Interest Rate Believed to Be Moderately Restrictive, Though Loosening, Amid Recent Rate Cuts and Inflation Progress



\*Fed funds effective rate minus CPI

Source: LSEG Datastream / Fathom Consulting



# Job Openings and Job Seekers Have Returned to Equilibrium

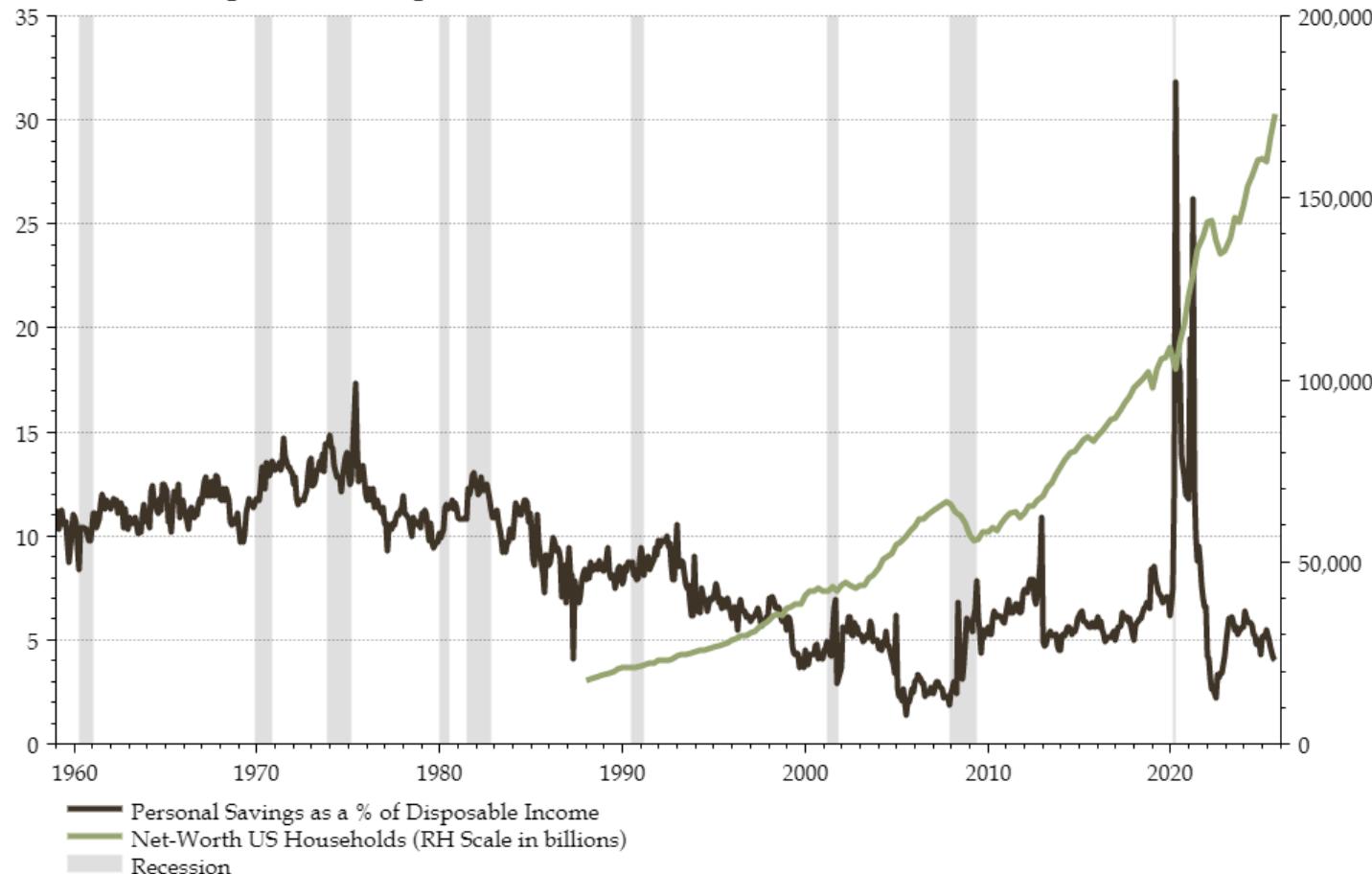




# Americans' Savings Low, But Net Worth Still At All Time High

## US savings ratio

Per cent of personal disposable income

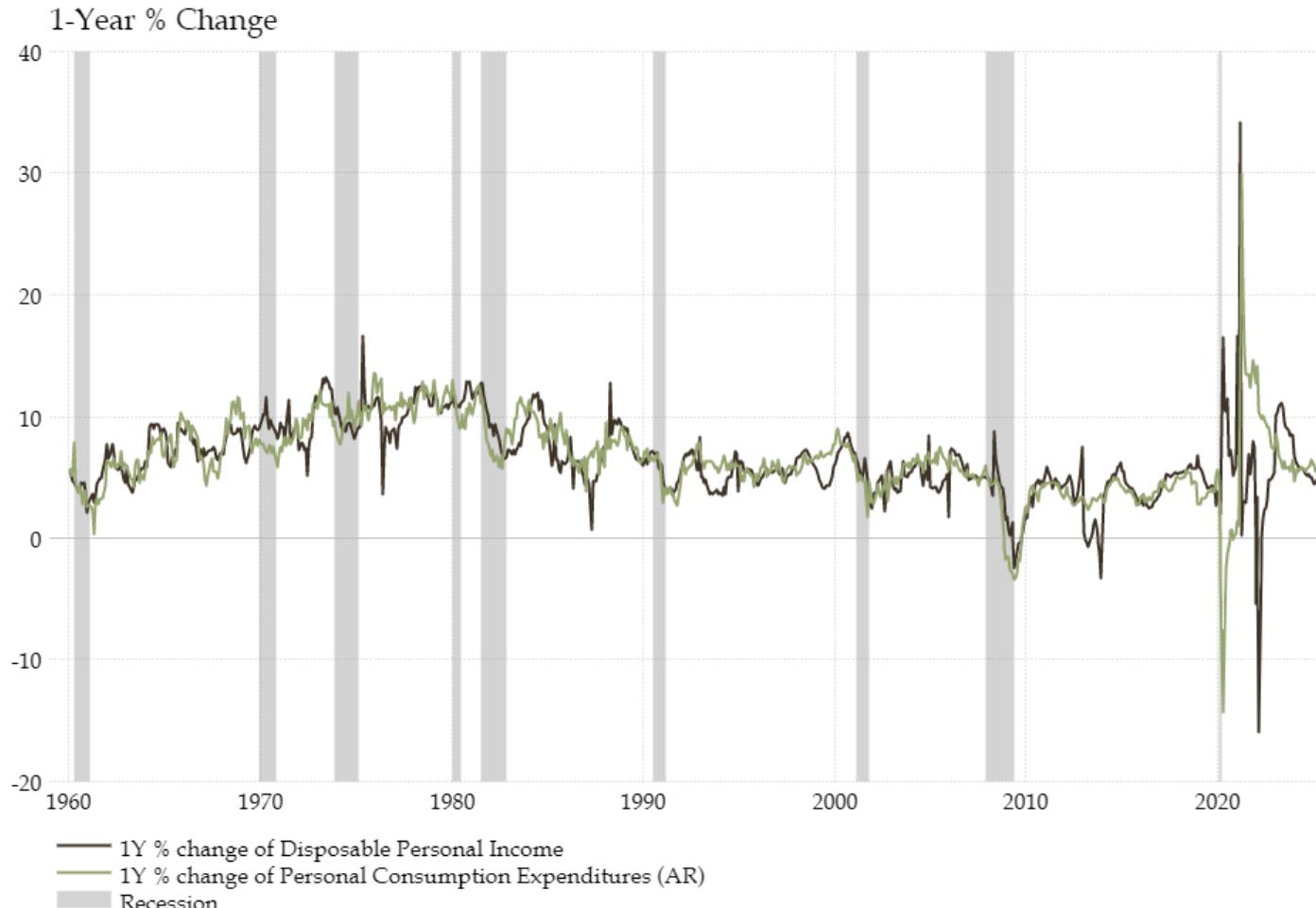


Source: LSEG Datastream / Fathom Consulting



# The American Consumer is Losing Steam, but Has Still Held Up For Now

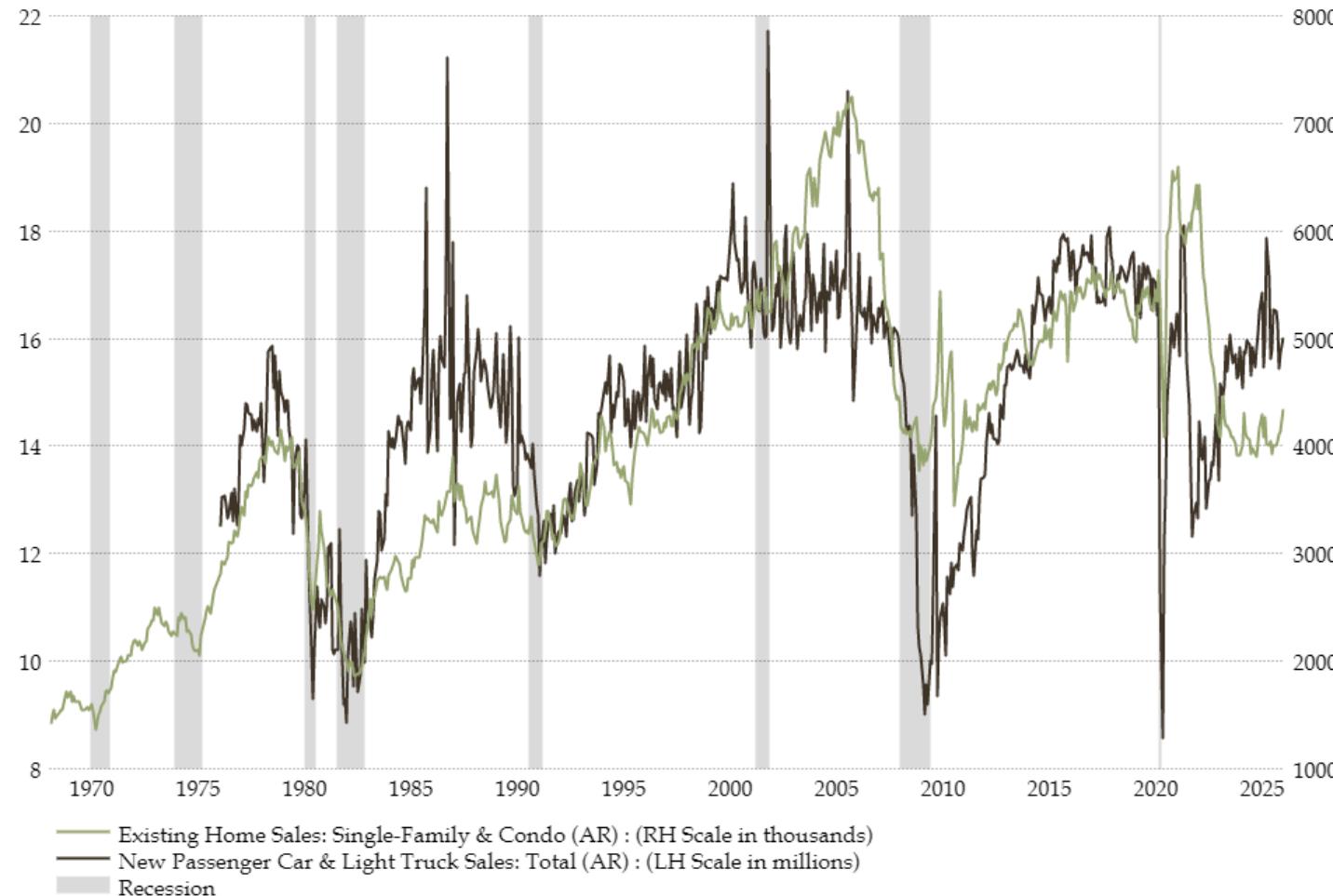
## Personal Consumption and Income



Source: LSEG Datastream

## Existing Home Sales Beginning to Rebound with Declining Rates, Auto Sales Still Holding Up Despite Tariff Volatility

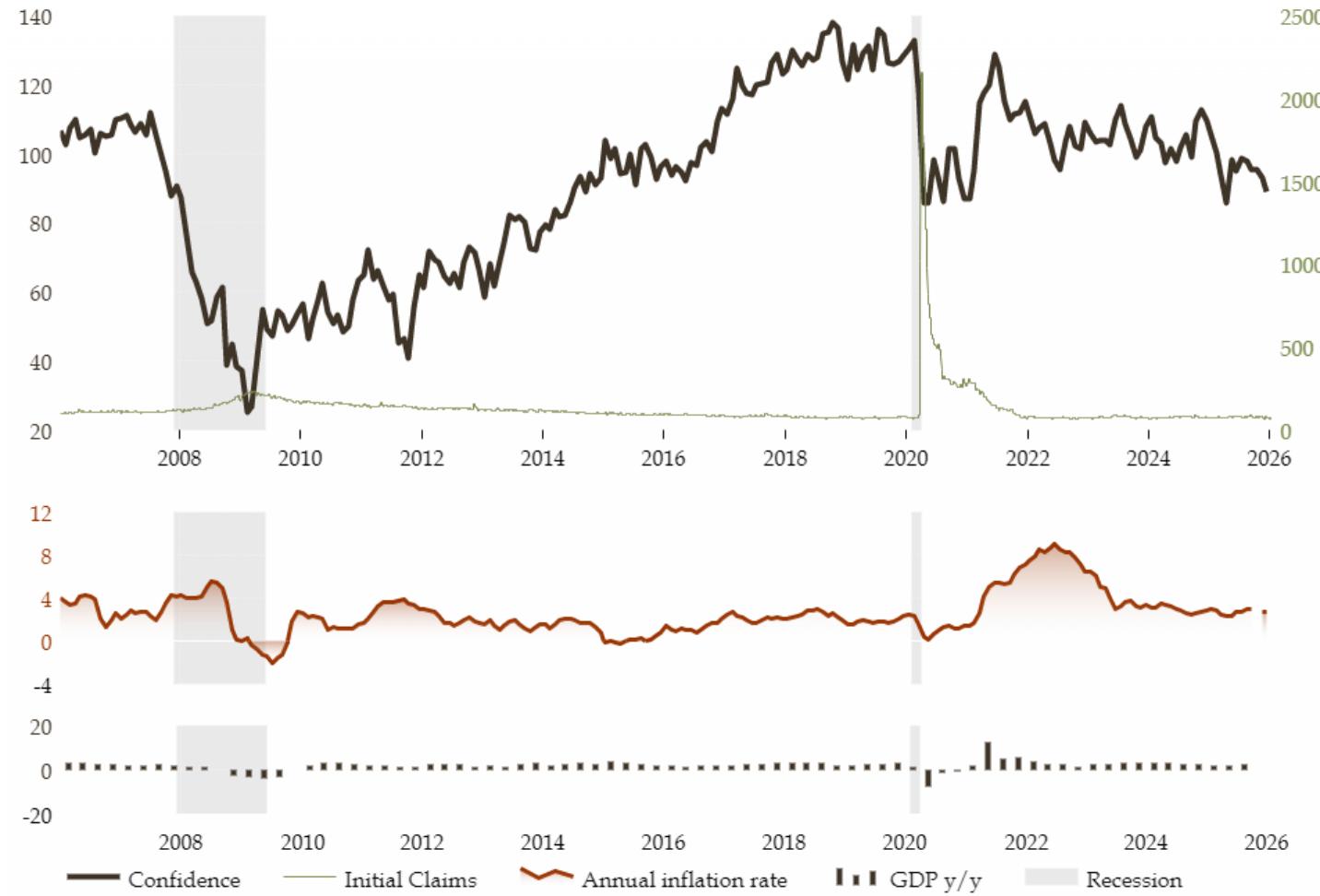
### Auto and Existing Home Sales



Source: LSEG Datastream

## Amid Strong GDP Results, Inflation Moderation, and a Strong Labor Market, Consumer Confidence Trended Downward in 2025

### United States consumer confidence



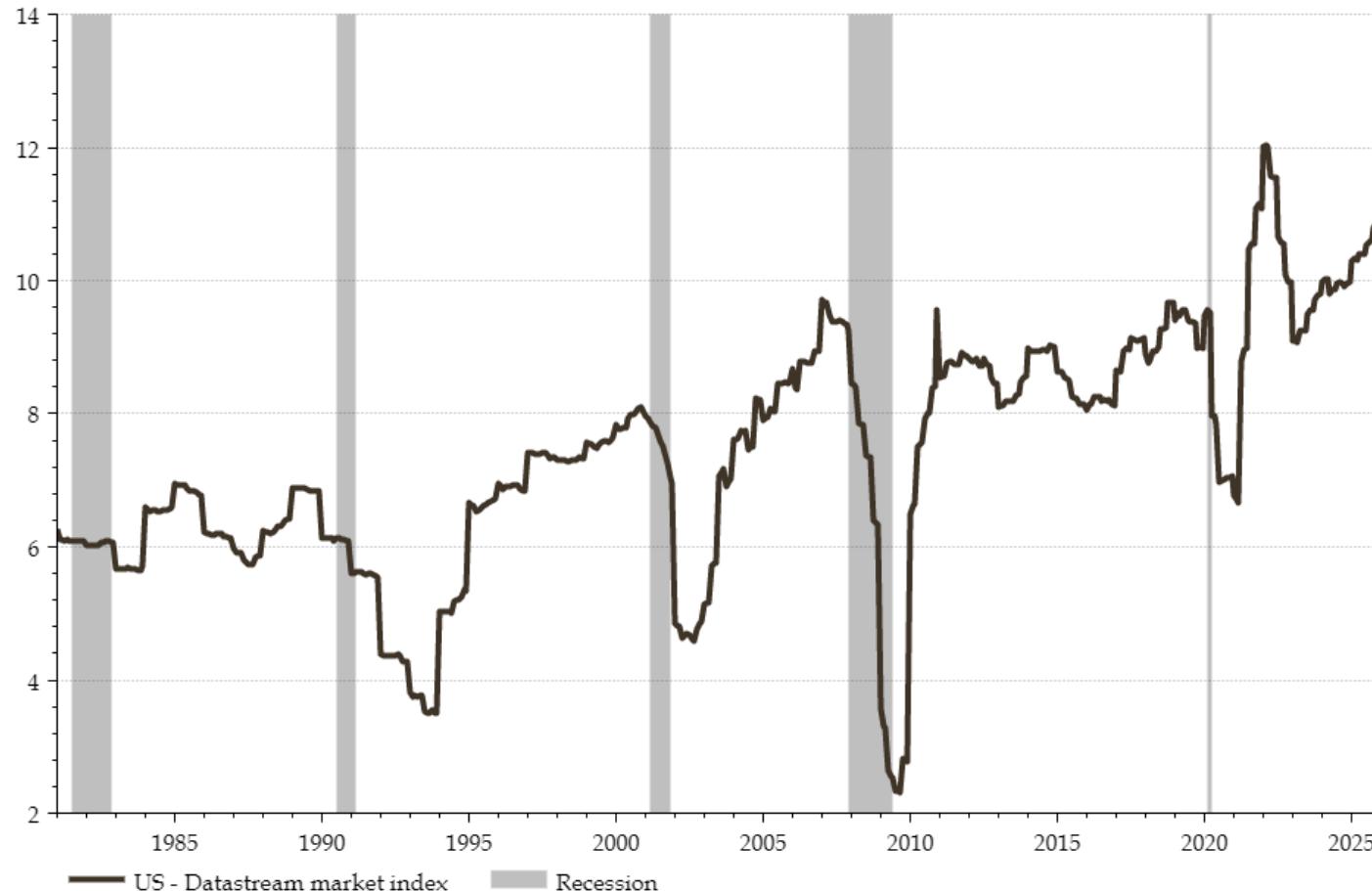
Source: LSEG Datastream

Data as of 12/31/2025 (Consumer Confidence, Initial Claims, Annual Inflation Rate); Q3 2025 (GDP).

# US Corporate Net Profit Margins Have Improved on Falling Input, Commodities and Labor Costs, Accelerated by Productivity Gains

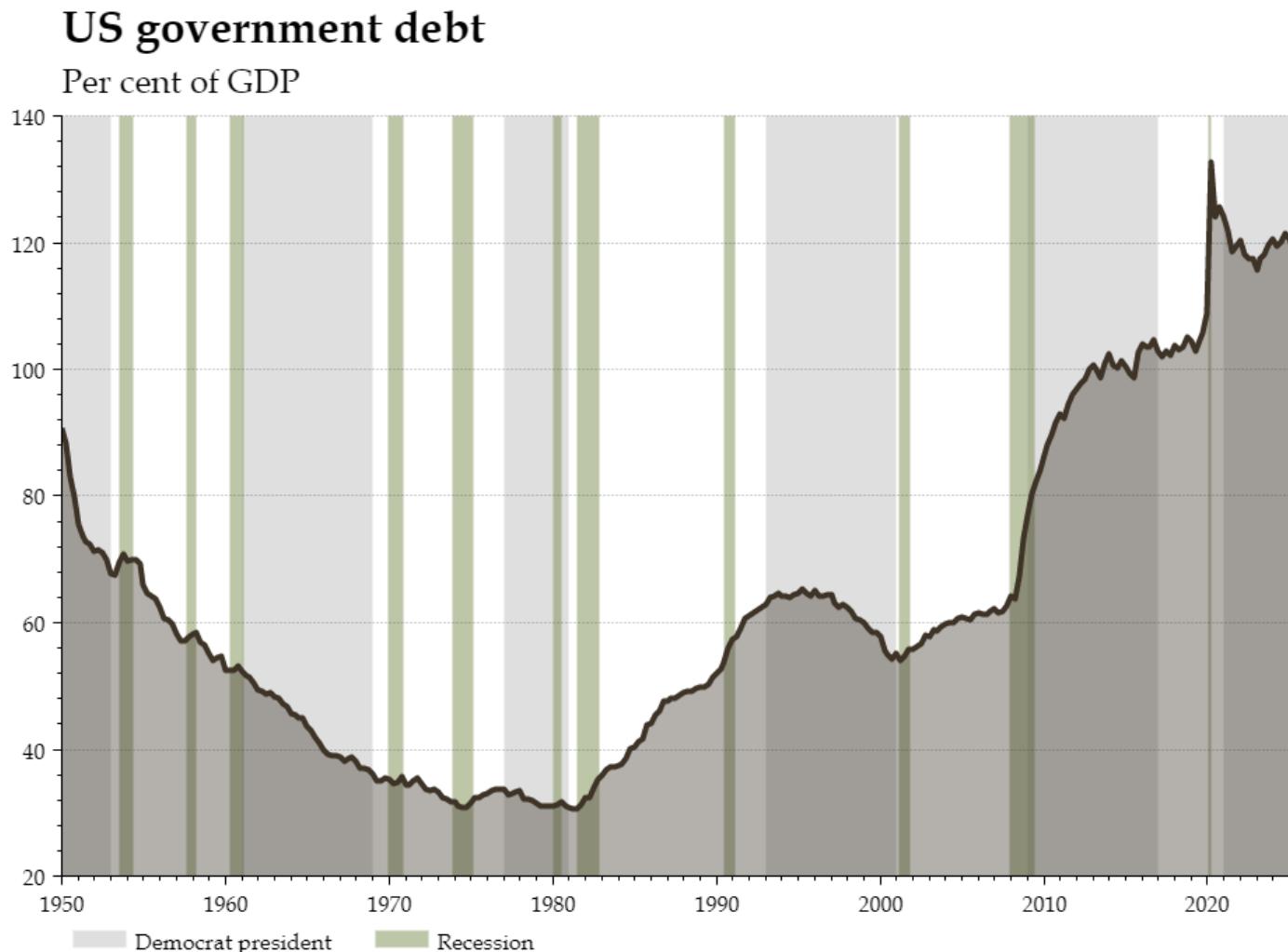
## US corporate profits, net margin

Per cent



Source: LSEG Datastream / Fathom Consulting

# U.S. Government Debt Has Grown Significantly Since the Financial Crisis and Will Continue with Recent Fiscal Policy



Source: LSEG Datastream / Fathom Consulting



# Investment Outlook

## 4<sup>th</sup> Quarter 2025



# Growth Has Dominated Value for 17 Years: The Trend Reversed Widely in 2022, but Accelerated Again From 2023

## S&P 500 Value vs. Growth Index

Relative Value Chart



Source: LSEG Datastream / Fathom Consulting



## S&P 500 Has Strongly Outperformed International Stocks Over Past 20 Years, Though 2025 Marked a Sharp Reversal

### S&P 500 vs. MSCI EAFE Int'l Index

Relative Value Chart



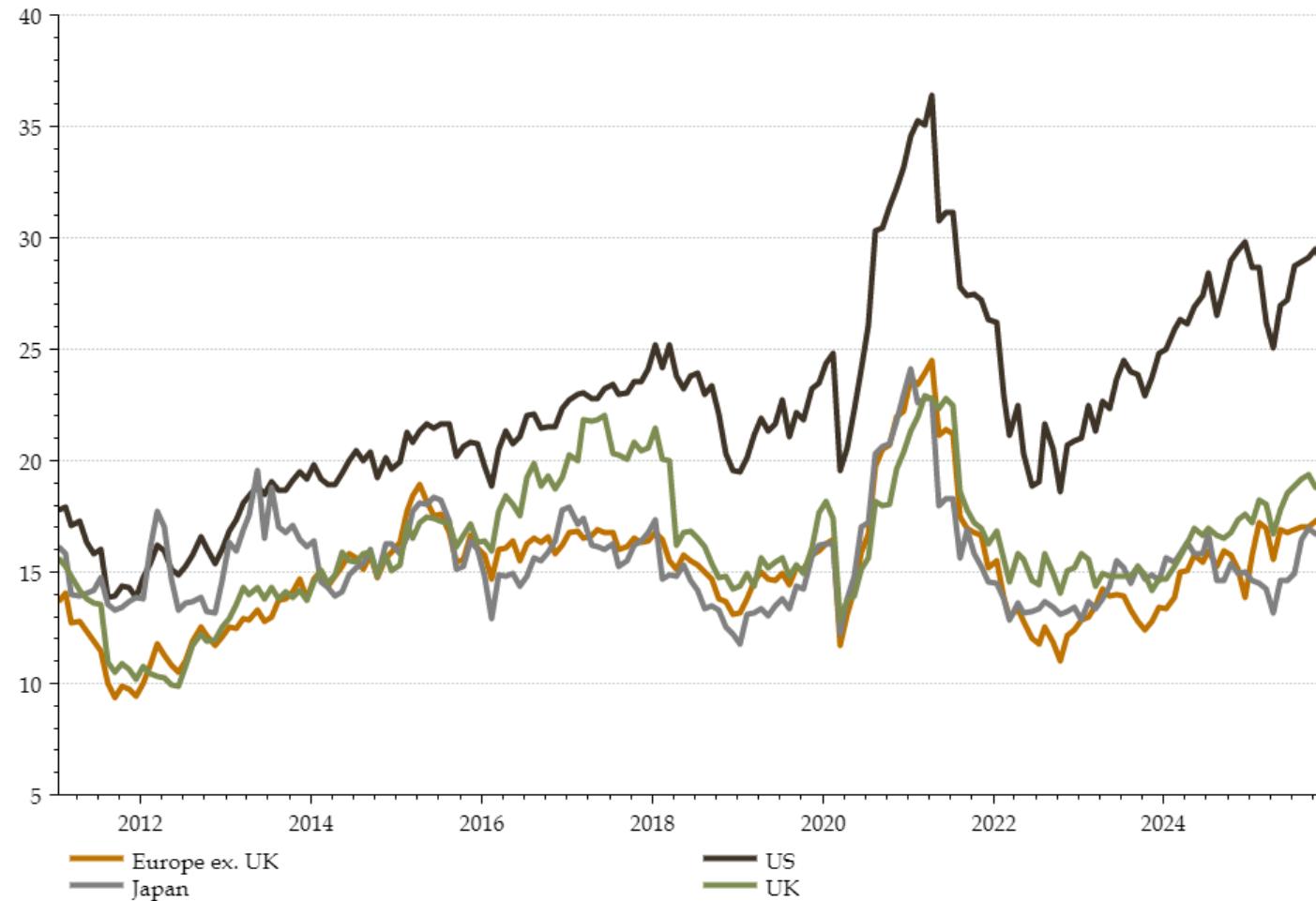
Source: LSEG Datastream / Fathom Consulting

Data as of 12/31/2025.



# 15 Year Global P/E Chart: Europe ex. UK Trades at Significant Discount to U.S. Stocks

## P/E Ratios



Source: LSEG Datastream / Fathom Consulting

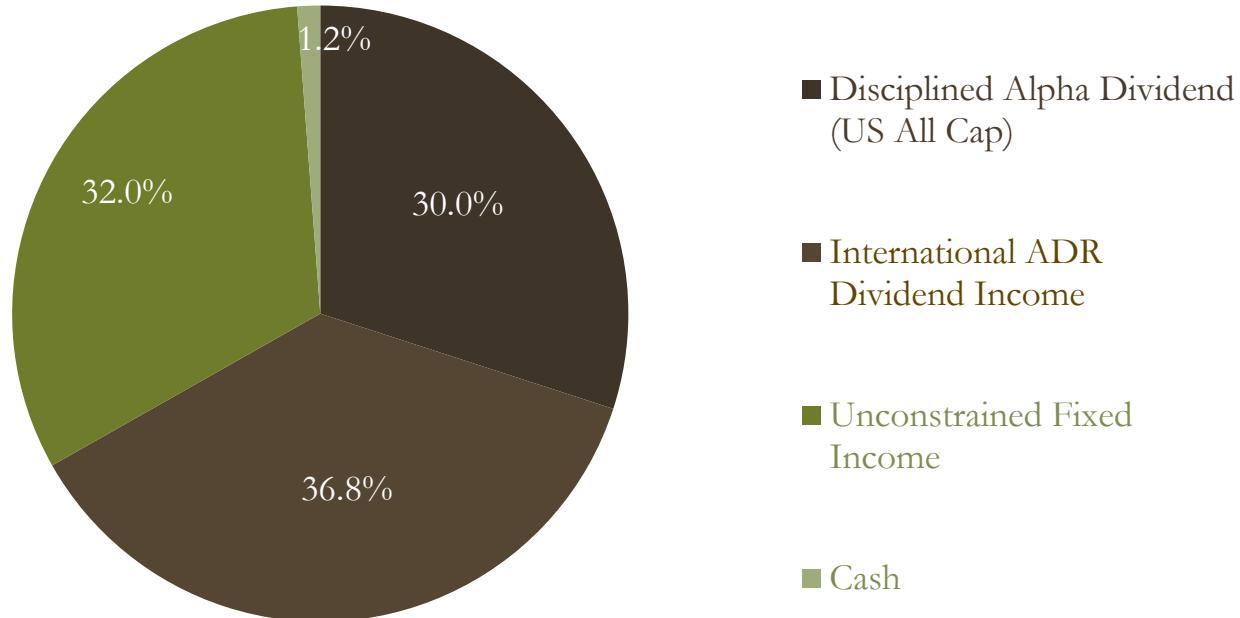


# Portfolio Positioning

## 4<sup>th</sup> Quarter 2025

# Altrius Global Income Strategy

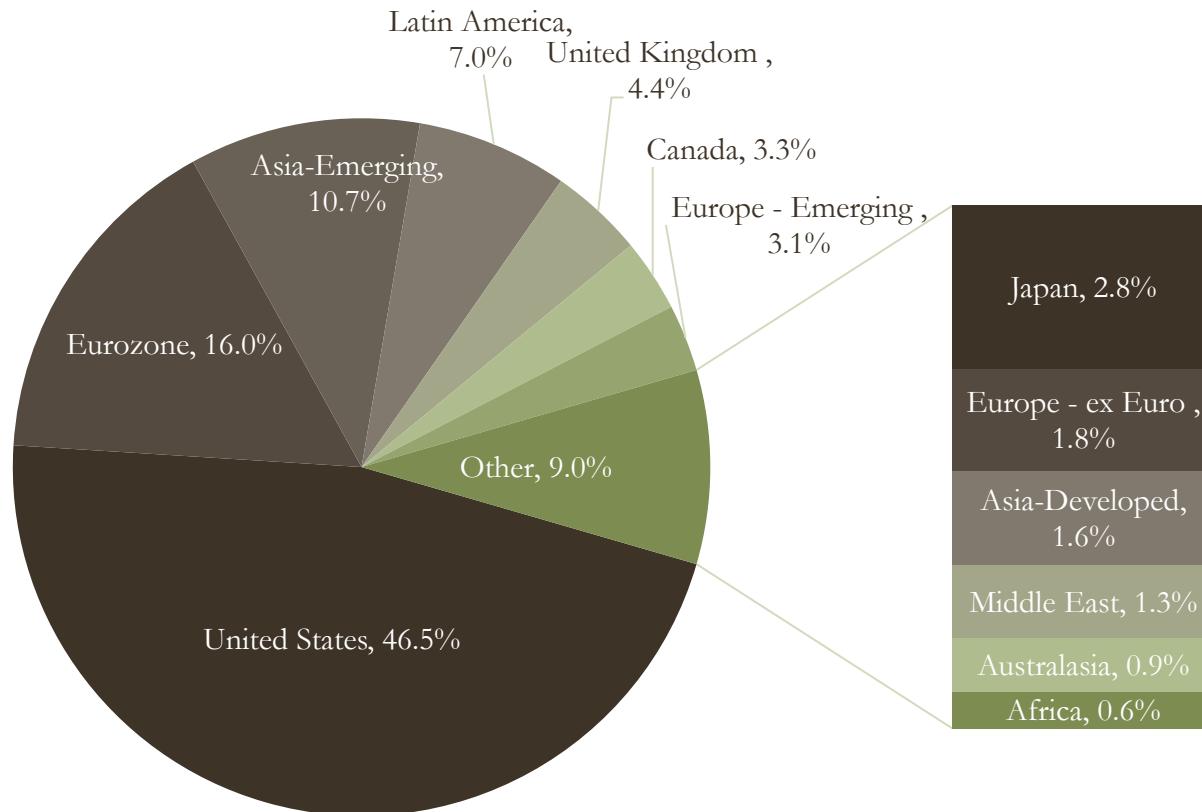
## Asset Allocation



Source: Morningstar. Data as of 12/31/2025.

# Global Revenue Generation

## Revenue by Geography

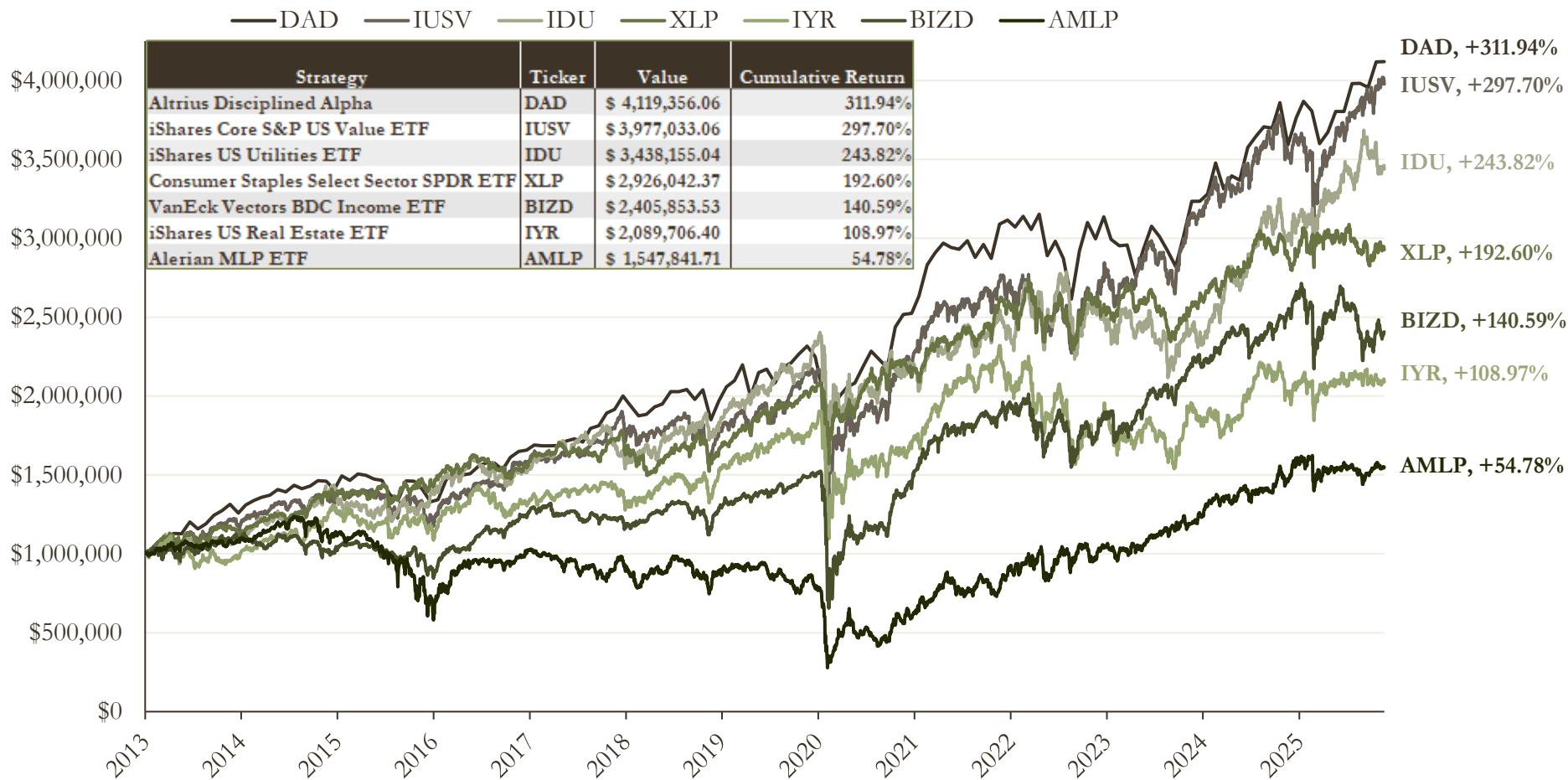


Source: Morningstar. Data as of 12/31/2025.



# Altrius Tactical Positioning

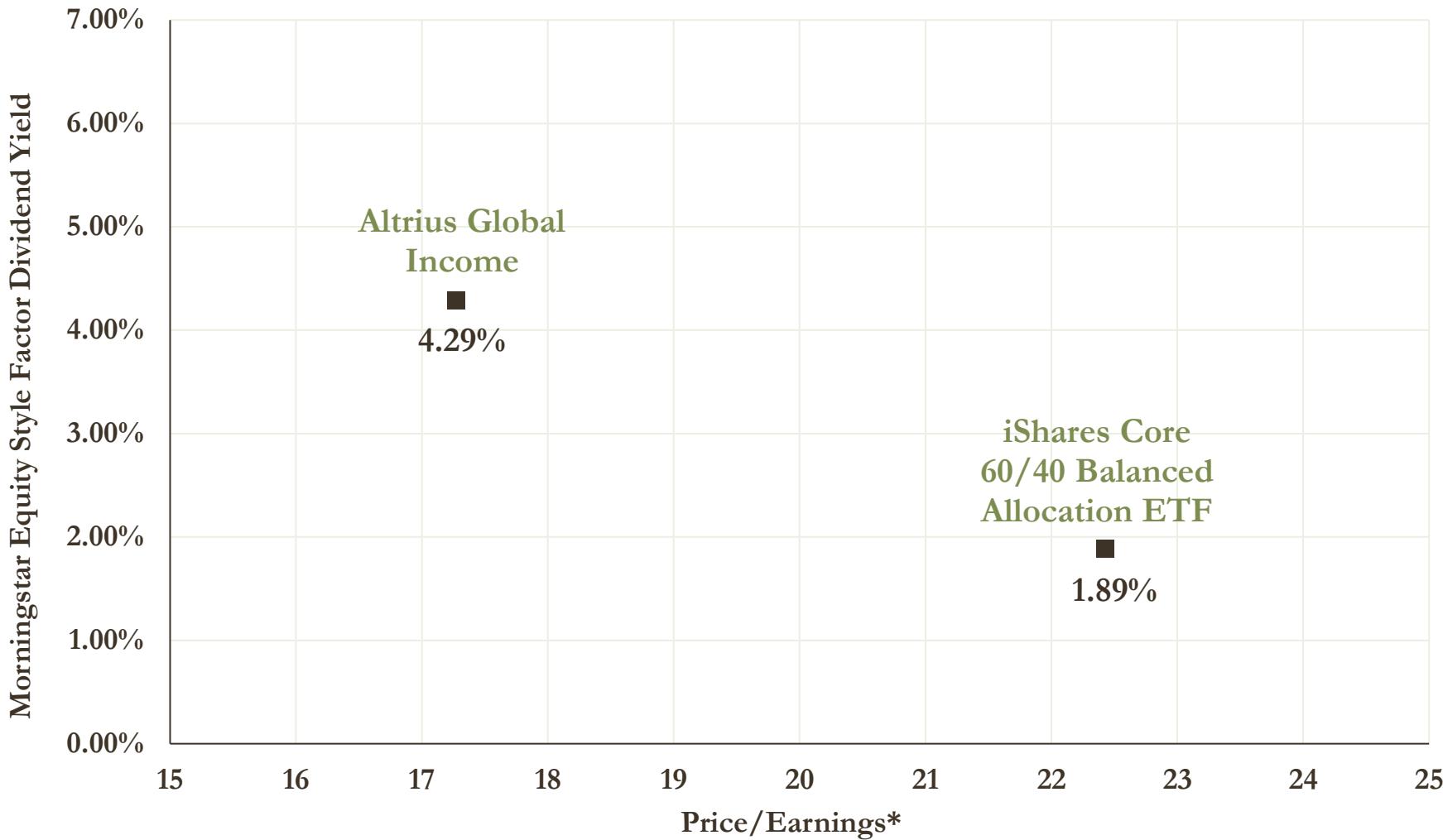
## Altrius Disciplined Alpha Growth of \$1,000,000\* vs. Income Strategies



\*Portfolio Growth of \$1,000,000 assumes reinvestment of all dividends since inception. Time period represented is 2/12/2013 – 12/31/2025. All data represented is gross of fees.



# Our Yield Remains Significantly Higher Than Most Balanced Indices While Our Stocks Much Cheaper

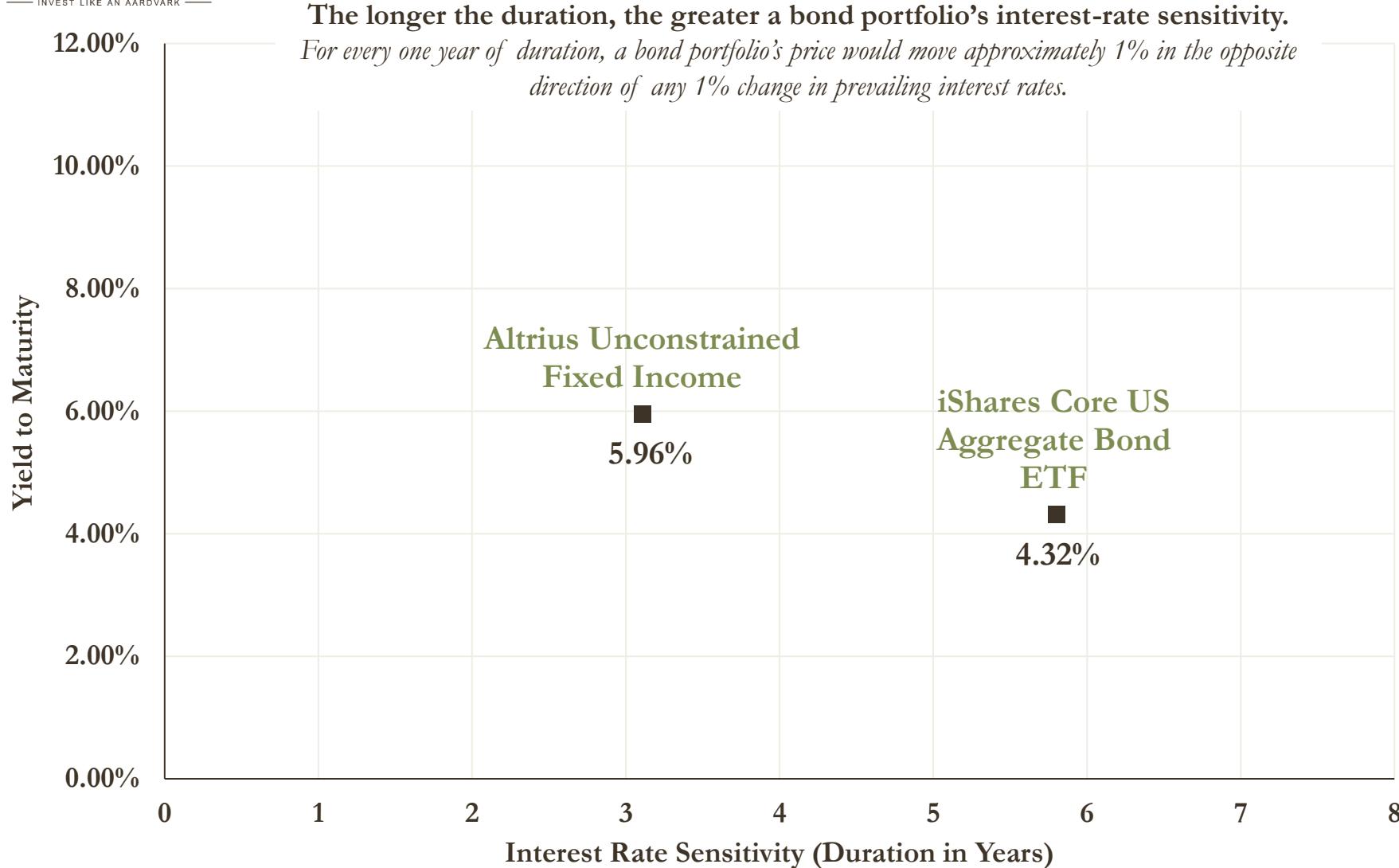


Source: Morningstar. Data as of 12/31/2025.

\*Based on last 12 months of historical data.

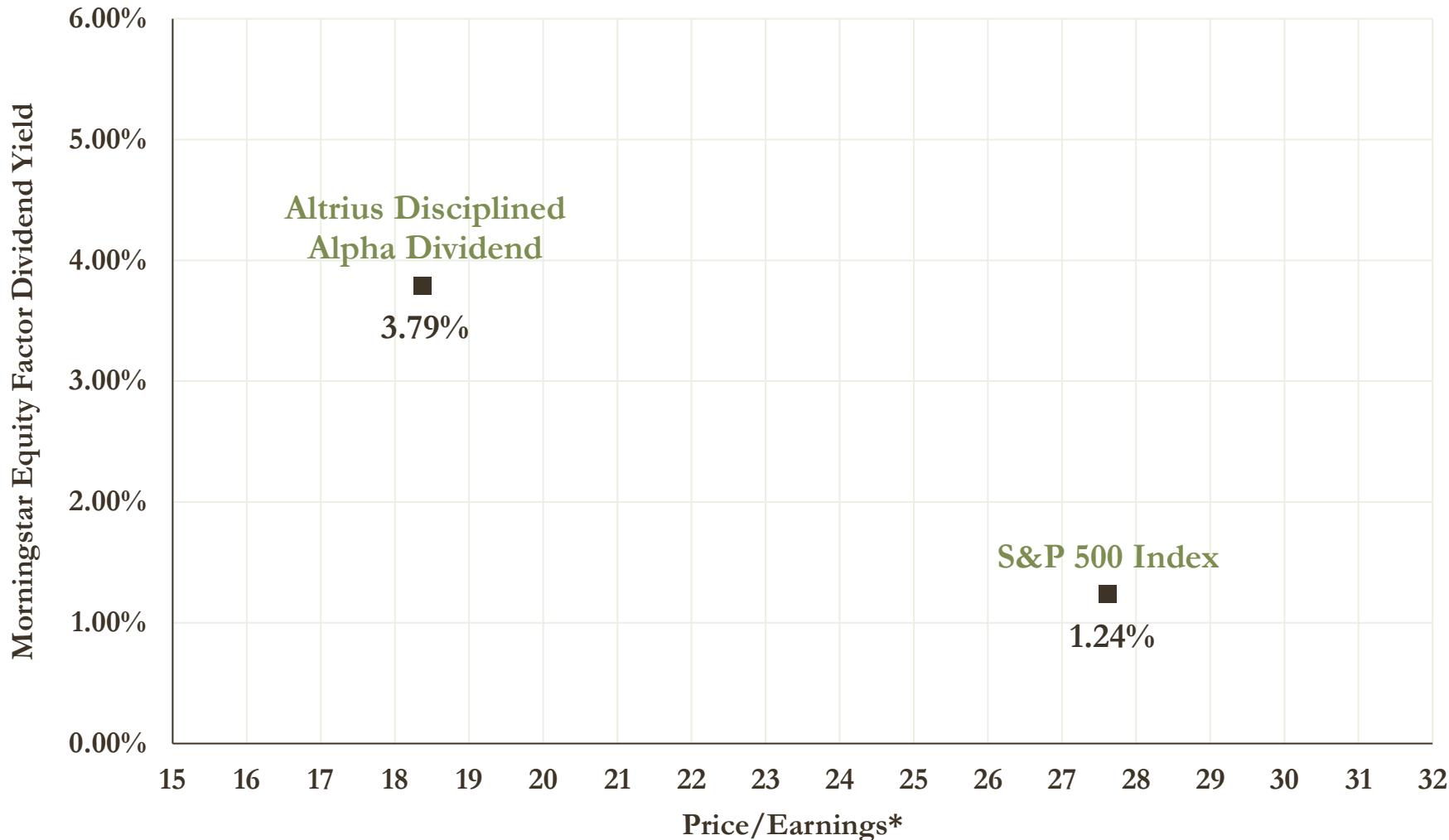


## Our Fixed Income Positioning Favors Higher Yield Bonds Which Offer Potentially Lower Risk from Rising Rates





While the U.S. Market Remains Somewhat Expensive, Our U.S. Equities Remain at Reasonable Valuations While Also Providing More than Double the Dividend Yield of the S&P 500



Source: Morningstar. Data as of 12/31/2025.

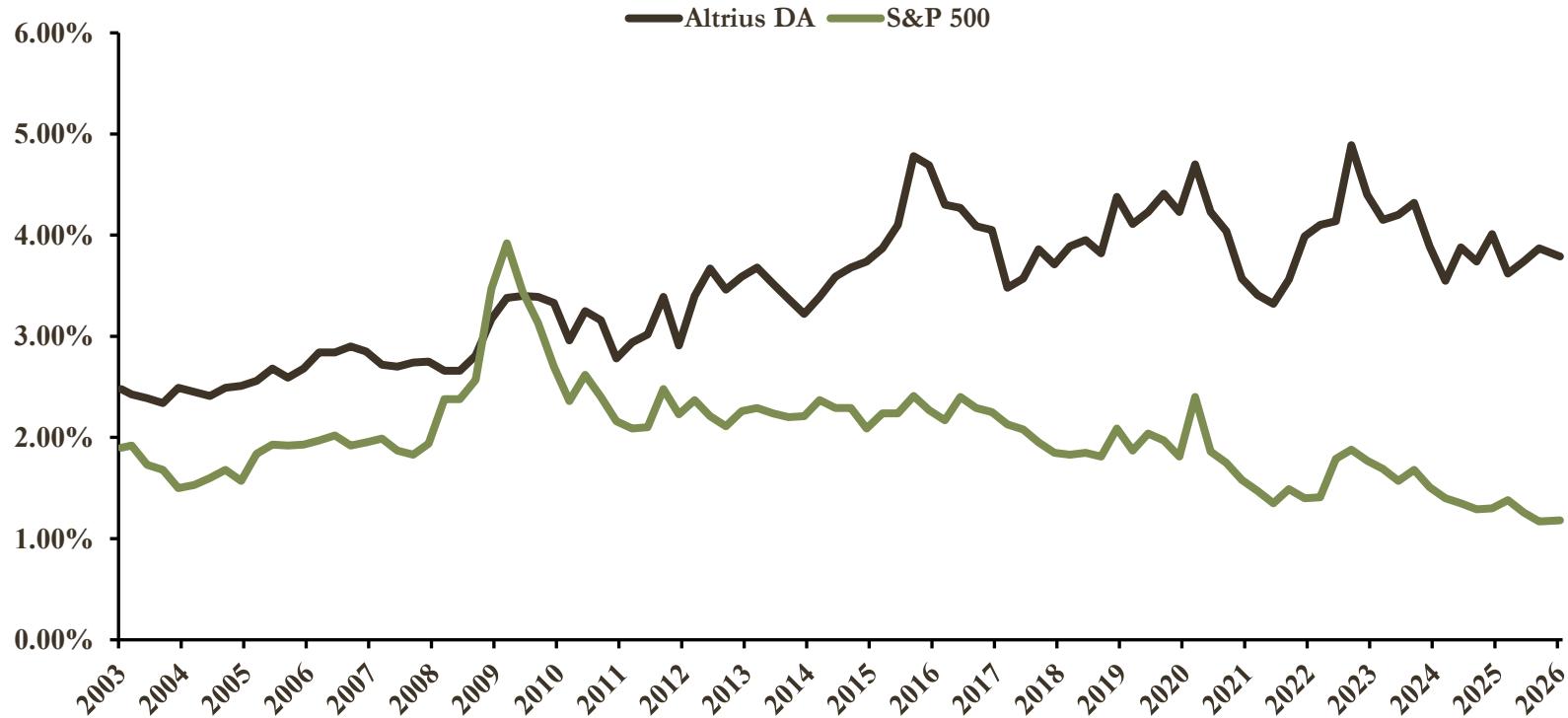
\*Based on last 12 months of historical data.



# A History of Above Average Dividends

Altrius has consistently delivered a higher dividend yield than the S&P 500 since inception.

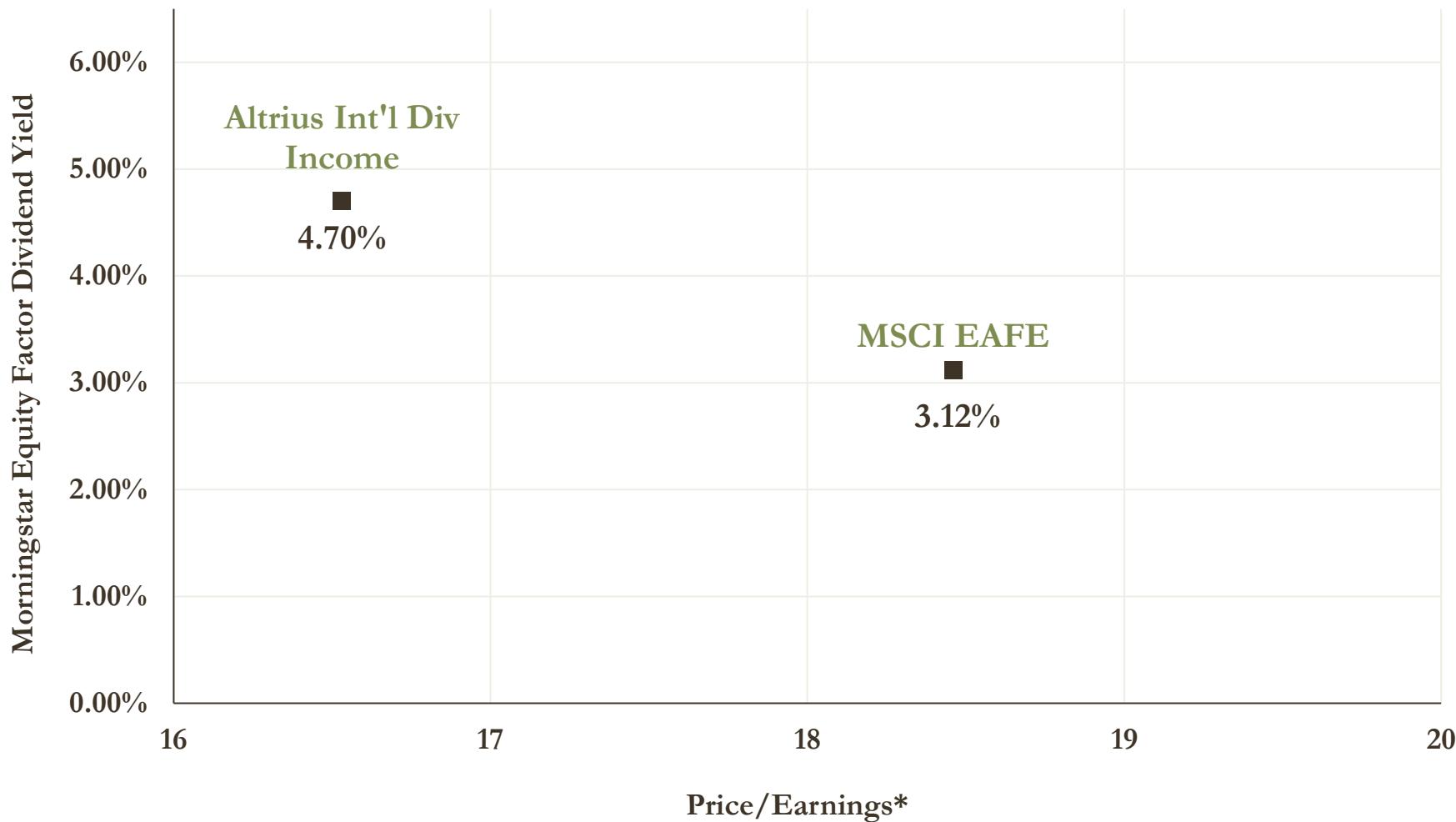
## Altrius Disciplined Alpha Dividend vs. S&P 500 Dividend Yield



Source: Morningstar, S&P 500. Data as of 12/31/2025.



# Our International Stocks Offer an Attractive Yield at a Compelling Valuation



Source: Morningstar. Data as of 12/31/2025.

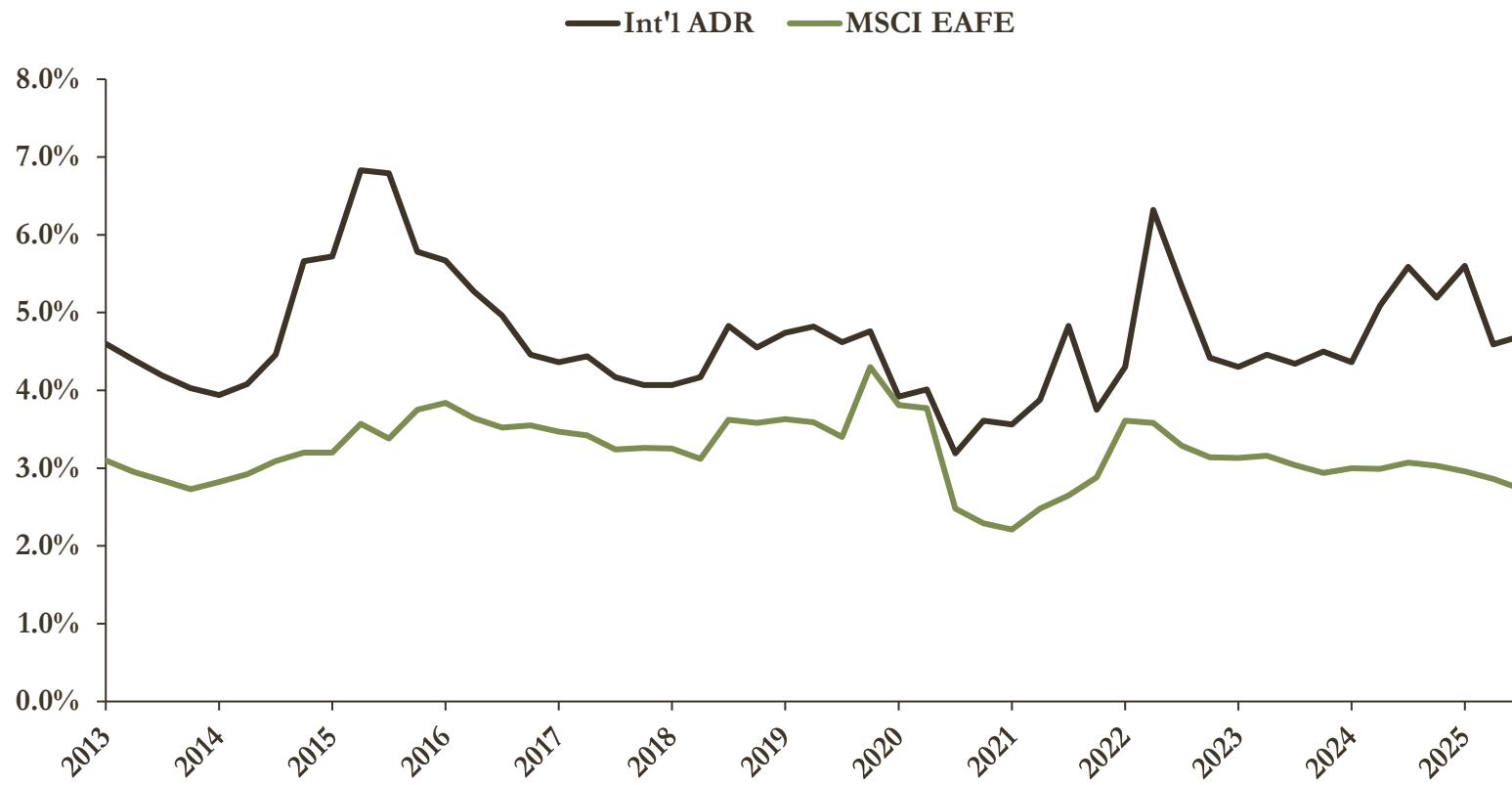
\*Based on 12 months of historical data.



# Our International Portfolio Has a History of Above Average Dividends Since Its Inception

Altrius has consistently delivered a higher dividend yield than the MSCI EAFE index since inception.

## International ADR Dividend Income vs. MSCI EAFE Dividend Yield



Source: Morningstar, MSCI. Data as of 12/31/2025.



# Disclosures

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## 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, 2024 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 Altrius Global Income Composite was created in December 2010 with a performance inception date of December 31, 2002. Prior to September 2012, the Altrius Global Income Composite was named the Altrius Global Total Return Composite. The minimum value threshold of the composite is \$250,000. Accounts included are comprised of all actively managed balanced accounts with no exception to our discretion definition. Individual accounts will be aggregated with other accounts to achieve the \$250,000 minimum when the entity maintains related accounts with a collective objective.

Accounts are included on the last day of the month in which the account meets the composite definition. Any account crossing over the composite's minimum threshold shall be included in the composite at the end of the month it increased in market value. 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. Any account dropping below 85% of the composite's minimum threshold or falling outside of the asset allocation range by more than 10% shall be removed at the beginning of the month it declined in market value. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias.



# Disclosures

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## Benchmark

The benchmark is iShares® Core 60/40 Balanced Allocation ETF (AOR). The AOR ETF tracks the securities in the S&P Target Risk Growth Index comprised of a portfolio of underlying equity and fixed income funds intended to represent a growth allocation target risk strategy. The ETF returns are before the deductions of all expenses and transaction costs incurred by the ETF and are net of withholding taxes. As of 12/31/2025, the net expense ratio was 0.15% for the AOR ETF. The ETF return is the total return based off net asset values and distributions from the fund. It was changed 03/31/2022 from the Morningstar Global Allocation TR USD Index retroactively due to licensing fees charged by the owners. It was changed from a blended index with a static allocation of 40% S&P® 500 Total Return Index, 40% Barclays Capital Aggregate Bond Index, 8% Russell 2000 Index (with dividends) and 12% MSCI EAFE Net Index as of 11/01/2019 and changed retroactively for all periods. The change was made due to licensing fees being charged by the firms who own the indices. 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 that 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.

## 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.

The standard management fee for the Altrius Global Income Composite 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.

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



# Disclosures

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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 (iShares® Core 60/40 Balanced Allocation ETF (AOR)) returns over the preceding 36-month period.

**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.

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Performance results discussed above represent past performance, which does not guarantee future results. All investments involve risk, including loss of principal. The investment return and principal value of an investment will fluctuate so that current performance may be lower or higher than the performance discussed above. The investment strategy and focus of our model portfolio strategies can change over time. The mention of specific holdings does not constitute a recommendation by Altrius or its affiliates.

Index performance is discussed for illustrative purposes only as a benchmark for each strategy's performance and does not predict or depict performance of that strategy. While index comparisons may be useful to provide a benchmark for a strategy's performance, it must be noted that investments are not limited to the investments comprising the indices. Each of the strategy benchmark indices are unmanaged and cannot be purchased directly by investors, other comparisons, including to other funds, are for illustrative purposes only, and are not intended to be an accurate comparison.

This material contains forward-looking statements that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of Altrius' business, financial condition, liquidity, results from operations, plans and objectives. These forward-looking statements are based on Altrius' beliefs, assumptions and expectations of its future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to Altrius, and we cannot guarantee that we will achieve any or all of these expectations.

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