Equity Income

Portfolio Update: Fourth Quarter 2024

During the quarter ending December 31, 2024, the Equity Income Composite (the "Strategy") returned -0.29% gross of fees, -0.46%, net of fees, compared to -1.98% for the Russell 1000® Value Index (the "Benchmark").

	3 Months	YTD	1 Year	3 Years	Since Inception
Equity Income (Gross)	-0.29%	+17.57%	+17.57%	+8.83%	+8.83%
Equity Income (Net of IM fees)	-0.46%	+16.93%	+16.93%	+8.27%	+8.27%
Equity Income (Net of IM & WM Fees)	-0.71%	+15.81%	+15.81%	+7.22%	+7.22%
Russell 1000® Value Index	-1.98%	+14.37%	+14.37%	+5.63%	+5.63%

Inception date: December 31, 2021. Performance for periods greater than one year is annualized. Please see important disclosures at the end of this document. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. Data as of December 31, 2024. Investment management (IM) fees are charged for managed investment accounts, is intended to compensate the portfolio managers for their time and expertise for selecting investments and managing the specific strategy as well as other items, such as investor relations expenses and the administration costs. Wealth management (WM) fees are charged to cover the construction and management of a portfolio and the holistic wealth management services that a client has chosen beyond their investments including, but are not limited to, estate planning, tax strategies (and related services), risk management, financial planning, retirement planning, investment advice, and insurance/banking oversight services. These fees vary by client and for this presentation the highest possible wealth management fees has been applied in these calculations.

The weighted yield of the Strategy was 3.0%. This compares to the dividend yield of the Russell 1000® Value benchmark of 1.7% and the S&P 500 yield of 1.2%. Over the long-term, we believe the Strategy will maintain a total dividend yield roughly 1x – 2x the S&P 500 dividend yield (currently 2.5x).

Income during the quarter included regular dividends from every stock that was held in the Strategy for the duration of the quarter. Year-over-year, three stocks maintained existing dividend policies: Dow Inc. (DOW), Huntington Bancshares Inc. (HBAN), and International Paper Co. (IP). The remaining stocks raised regular dividends by an average of 6.7% compared to the prior year. No "special" dividends were declared this quarter. Dividend income contributed 0.7% of total return in the fourth quarter.

Market volatility during the quarter was tied to two unsurprising factors: the U.S. Presidential election outcome and the Fed. The election of President Trump initially triggered a rise in the Russell® 1000 Value benchmark, increasing +6.5% from the election until the end of November. However, by December 18th, the market took back all the gains, punctuated by the Fed's "hawkish cut" to the policy to a range of 4.25% - 4.50%. The committee introduced a new qualifier on the "extent and timing" of future rate cuts and the median rate projection on the "dot plot" within the summary of economic projections implied just two rate cuts in 2025 (down from the prior dot plot, which implied four cuts in 2025). That may have also contributed to the lack of a "Santa Claus rally" in late December. When all was said and done, the fourth quarter was a lackluster ending to what was still a very strong year. The Strategy was down -0.29% (gross of fees) in the quarter, compared to -1.98% for the Russell® 1000 Value benchmark, but increased +17.57% (gross of fees) for the full year, beating the Russell 1000 Value benchmark which returned +14.37% for the same period.

Within the Russell 1000® Value Index, Financials and Communication Services were the only sectors that gained ground in the quarter (up 7.3% and 2.3% respectively). This was influenced by the election outcome, given the increased probability of dealmaking under the new administration, including a more business-friendly Federal Trade Commission. The worst performing sectors were Materials and Healthcare, down 11.5% and 10.4% respectively. Materials companies, particularly chemicals and mining companies, have been negatively impacted by persistent economic weakness in China. Healthcare stocks' weakness was exacerbated by concerns of disruption from President Trump's nomination of Robert F. Kennedy, Jr. to lead the Department of Health and Human Services (HHS). For the full year, these same two sectors, Materials and

Equity Income

Healthcare, were the only sectors in the Russell 1000® Value that declined (-0.8% and -1.1% respectively) compared to an overall return of 14.4% for the benchmark.

As we have pointed out for the last two years, growth stocks continue to outpace value stocks. In both Q4 and the full year 2024, the Russell 1000® Growth outperformed the Russell 1000® Value index. The vast majority of this came from the Magnificent Seven stocks[1], which have become an extreme example of market narrowness. Those seven stocks accounted for 31% of the market cap weight of the S&P 500 but contributed 73% of the S&P 500 returns. Said differently, all the rest of the stocks in the S&P 500 (the S&P 493) contributed just 6.8% to returns in 2024. While there has been some evidence of broadening, the fundamental strength of most of the Mag 7 and the backdrop of persistent inflation and weak global growth still has investors gravitating to these few, megacap stocks.

Contributors and Detractors

Kinder Morgan Inc. (KMI) was the top positive contributor this quarter, adding 90 basis point (bps) to performance. KMI is one of the largest pipeline operators in the U.S. The company's pipeline network is responsible for transporting ~40% of all U.S. natural gas products. The significant scale and lack of competitors capable of offering similar services provide KMI with significant competitive advantages. The price appreciation in KMI stock in 2024 can be attributed to the materialization of multiple tailwinds driving increased demand for natural gas including the electrification of transportation, rapid growth of AI/data centers, and the substantial LNG (liquified natural gas) infrastructure coming online. With a dividend yield of 4.1%, KMI continues to look attractive from both an income perspective and a growth outlook. That said, when a midstream energy company started to get grouped with the "AI" trade, it seemed prudent to take a trim, which we did in November.

JP Morgan Chase & Co. (JPM) was another positive contributor this quarter, adding 53bps to performance. JP Morgan reported a strong third quarter and its net interest income guidance for the year. The U.S. Presidential election was also catalyst for JPM and banks more broadly. The new regime is expected to reduce regulatory burdens for banks and be more friendly to M&A. The former could reduce JPM's regulatory capital requirements, and the latter may flatter their Investment Banking revenues. During the quarter, JPM paid a $1.25 regular quarterly dividend, its second increase in one year, reflecting a 19% increase year-over-year. JPM ended the quarter with a 2.1% dividend yield.

Dow Inc. (DOW) declined in the quarter, detracting -69bps from performance. DOW's exposure to cyclical end markets has historically kept operating results closely correlated to changes in the macro environment. The relative underperformance of DOW stock in 2024 can be attributed to a global economic slowdown, particularly in China and Europe, as well as some industry specific challenges in the construction and automotive markets. Its 7.2% dividend yield is the highest in the portfolio and therefore probably incorporates some risk of a dividend cut. However, we believe this is a risk worth taking, as the company has a strong balance sheet, has other ways of raising cash

Equity Income
FOURTH QUARTER 2024 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Kinder Morgan Inc.	+90	3.42%
JPMorgan Chase & Co.	+53	3.97%
BlackRock Inc.	+39	4.52%
Gilead Sciences, Inc.	+36	2.73%
Huntington Bancshares.	+29	2.72%
Bottom Detractors		
Dow Inc.	-69	2.36%
Merck & Co. Inc.	-59	4.46%
Johnson & Johnson	-43	4.36%
Verizon Communications Inc.	-41	4.23%
UnitedHealth Group Inc.	-36	0.90%

Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Strategy. Holdings listed might not have been held for the full period. To obtain a copy of RMB Asset Management's calculation methodology and a list of all holdings with contribution analysis, please contact your service team. The data provided is supplemental. Please see important disclosures at the end of this document.

[1] The "Magnificent 7" refers to the following stocks: Apple Inc. (AAPL), Microsoft Corp. (MSFT), Alphabet Inc. (GOOG), Amazon.com Inc. (AMZN), Tesla Inc. (TSLA), Meta Platforms Inc. (META), and NVIDIA Corp. (NVDA).

to support the dividend if necessary, and should be leveraged to positive economic growth, which the company believes could arrive in 2025.

Johnson & Johnson (JNJ) declined in the quarter, detracting -43bps from performance. JNJ reported a strong beat and raise during its quarterly earnings report and the stock responded favorably. However, JNJ underperformed following the Trump election along with other companies in the healthcare sector. The nomination of Robert F. Kennedy Jr. to run HHS drove a sell-off in the sector. Based on prior commentary by RFK, there is uncertainty about how he would manage HHS and the implications for healthcare companies. JNJ ended the quarter with a 3.5% annualized yield.

Portfolio Activity

This quarter, we expanded our opportunity set to include more of the companies already owned in our Core Equity and Dividend Growth strategies. As a result of this change, we added several new companies to the portfolio: Analog Devices Inc. (ADI), Danaher Corp. (DHR), IDEX Corp. (IEX), Marsh & McClennan Companies Inc. (MMC), Morgan Stanley (MS), TJX Companies Inc. (TJX), and UnitedHealth Group Inc. (UNH). All of these companies were on our watch list, but our desire to minimize overlap across strategies prevented ownership. To make room for these new stocks, we trimmed several portfolio positions and sold the following stocks to zero: CME Group Inc. (CME), Old Republic International Corp. (ORI), and Texas Instruments Inc. (TXN). We also initiated a position in Berkshire Hathaway Inc. (BRK-B). This unique company is currently the only stock in the portfolio that does not pay an annual dividend. There is no change to our objective of achieving a portfolio yield of 1x- 2x the S&P 500 (currently 2.5x).

Analog Devices (ADI) is one of the highest quality broad-based semiconductor companies in the highly fragmented analog semiconductor industry. It uses industry-leading processing technologies to develop its broad and deep product line, employs a resilient hybrid manufacturing strategy to respond to changing customer needs and market conditions, and has a history of successful acquisitions. ADI's emphasis on the longer cycle part of the market (industrials and automotive), more secular growth areas, and higher value categories (more systems/subsystems than components) should support 2-3x GDP growth rate through a cycle, structurally higher than the cyclical semi-industry growth. ADI grew its annual dividend by 7% last year to $0.92/quarter, resulting in a 1.7% dividend yield

Berkshire Hathaway (BRK-B) is a leader in a range of industries and in many cases the businesses have meaningful competitive advantages. In auto insurance, GEICO is a low-cost producer and price leader. Berkshire's reinsurance business has scale and capacity advantages that have led to higher return opportunities. Berkshire's rail transportation business, Burlington Northern Santa Fe, has monopolistic advantages with its hard to replicate rails as well as potential operating margin upside. Additional businesses under the Berkshire umbrella range from housing-related to manufacturing, and utilities and power generation. Warren Buffett and Charlie Munger successfully led Berkshire for decades, developing a strong culture that we believe will last beyond their years.

Outlook

As we begin the new year, we recognize that we have just experienced two consecutive years of exceptional market performance. The S&P 500 has not delivered back-to-back returns exceeding 20% since the late 1990s. It is natural to be cautious about the near-term outlook given the nature of mean reversion. However, we recognize that a combination of company-specific factors and macroeconomic factors will shape stock performance in the coming year. While our primary focus is on investments in companies that can achieve strong results through controllable, company-specific drivers, we remain aware and mindful of the external factors that affect both financial results and stock prices. In 2025, two significant external factors are likely to shape results: the policies of the new administration and the Federal Reserve. These can broadly be classified as fiscal and monetary policies, respectively.

Forecasting the impact of the new administration's fiscal policies and executive orders is inherently challenging. A range of pro-growth measures could support economic expansion and the markets in 2025. For instance, the potential extension of the 2017 Tax Cuts and Jobs Act and the easing of regulatory burdens are widely seen as favorable for growth. Conversely, uncertainty surrounds tariffs and the implications of stricter immigration policies. An additional wildcard will be the actions of the Department of Government Efficiency (DOGE), spearheaded by Elon Musk and Vivek Ramaswamy. While non-defense discretionary spending accounts for a small share of federal expenditures, any movement toward austerity would mark a significant departure from the expansive spending policies implemented since the onset of the COVID-19 pandemic.

Monetary policy, which has been front and center on investors' minds since the Federal Reserve's introduction of Quantitative Easing in March 2009, remains influential but may take a secondary role to fiscal policy in 2025. As of the third-quarter Federal Reserve Summary of Economic Projections, policymakers expected the federal funds rate to decline to approximately 3.25%–3.50% by the end of 2025, implying four rate cuts. However, the December dot plot suggested a more conservative outlook, with only two cuts projected. In January, a stronger-than-expected December Jobs Report—showing 256,000 jobs added and a 4.1% unemployment rate—further raised doubts about the Fed's capacity to ease policy significantly in 2025. Persistent inflation could compel the Fed to maintain "higher for longer" restrictive policies, delaying the normalization of rates toward the neutral level where monetary policy is neither stimulative nor restrictive. We will continue to monitor the most interest rate sensitive parts of the economy like housing, commercial real estate and capital goods, while recognizing that short-term macro concerns can create great entry opportunities for long-term investors.

Many are quick to point out that traditional valuation metrics are at or near record levels for the broad U.S. indices, but it is fair to call this a tale of two markets. While the Russell® 1000 Growth has a P/E ratio of 42.7x, the Strategy's benchmark Russell® 1000 Value sports a P/E ratio less than half that level at 19.8x. We don't see valuations as a hindrance to our idea generation and expect market volatility to create opportunities to own strong capital allocators at attractive valuations.

Rather than worrying about what we cannot control, we focus on identifying companies that we believe can beat market expectations for growth and returns on capital. Economic cycles, interest rates, and investor preferences all influence short-term absolute and relative performance. Over the long-term, we believe that investing in high quality companies that create value for shareholders and distribute a portion of that cash flow in the form of dividends can result in long-term shareholder returns that beat the overall market.

This quarter also marked the three year anniversary of the Strategy. Since inception on 12/31/2021, the Strategy has increased +8.83% annualized (gross of fees) compared to +5.63% for the Russell 1000® Value benchmark, consistent with the high end of our expectations for excess return.

Thank you for your confidence in the team and the Strategy. If you have any questions, please do not hesitate to contact us.

Sincerely,

John O'Connor, CFA
Portfolio Manager

Equity Income

TOP TEN HOLDINGS AS OF 12/31/24	
Company	**% of Assets**
Federal Realty Investment Trust	4.78%
JPMorgan Chase & Co.	4.27%
BlackRock Inc.	4.19%
Verizon Communications Inc.	4.17%
Merck & Co. Inc.	4.04%
RTX Corp.	3.98%
Philip Morris International Inc.	3.95%
Berkshire Hathaway Inc.	3.68%
M&T Bank Corp.	3.60%
International Business Machines Corp.	3.50%

Holdings are subject to change. Past performance is not indicative of future results, and there is risk of loss of all or part of your investment. The data provided is supplemental. Please see disclosures at the end of this document.

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An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not bear fees, taxes, or transaction costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by the strategies. The benchmarks are shown for comparison purposes and are fully invested and include the reinvestment of income. The Russell 2000® is a subset of the Russell 3000® Index, representing about 8% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500® is a subset of the Russell 3000®, including approximately 2500 of the smallest securities based on their market cap and current index membership. The strategies include small- to mid-cap equity portfolios. The strategies may target investments in companies with relatively small market capitalizations (generally between $500 million and $10 billion at the time of initial purchase), that are undervalued as suggested by RMB Capital's proprietary economic return framework. The S&P 500 is widely regarded as the best single gauge of the United States equity market. It includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 focuses on the large cap segment of the market and covers approximately 75% of U.S. equities. The Russell 2000® Value Index tracks the performance of companies with lower price-to-book ratios, which shows a company's market price relative to its balance sheet. The Russell 2000® Growth Index is a subset of companies with higher price-to-book ratios, or those expected to have higher growth values in the future.

Basis Point (bps): A unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

Equity Income

RMB Asset Management

Equity Income Composite // GIPS Report

Organization | Curi RMB Capital, LLC ("Curi RMB Capital") is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and established in 2005. The GIPS firm is defined as RMB Asset Management ("RMB AM"), a division of Curi RMB Capital. Previously, the firm was defined as RMB Capital and was redefined on January 1, 2016, to only include the asset management business due to the difference in how its investment strategies and services are offered. RMB AM claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. RMB AM has been independently verified for the periods April 1, 2005 through December 31, 2022. The verification report(s) is/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 provide assurance on the accuracy of any specific performance report.

Description | The Equity Income Strategy reflects the performance of fully discretionary equity accounts, which have an investment objective of dividend income and capital appreciation using a portfolio of primarily U.S. stocks with market caps > $2 Billion and for comparison purposes is measured against the Russell 1000® Value Index. The inception date of the Equity Income Composite is December 31, 2021 and the Composite was created on December 31, 2021. Valuations and returns are computed and stated in U.S. Dollars.

ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

		Composite Assets		*Annual Performance Results*					
Year End	Total Firm Assets as of 12/31 ($M)	USD ($M)	# of Accounts Managed	Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	Russell 1000® Value (%)	Composite 3-YR ST DEV (%)	Russell 1000® Value 3-YR ST DEV (%)	Composite Dispersion (%)
2023	6,235.5	167.4	455	7.10	6.57	11.46	N/A	16.51	0.38
2022	5,228.7	89.0	265	2.38	1.87	-7.54	N/A	N/A	N/A

** Composite dispersion is reported as N/A when the information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.*

***Fees** | Effective March 2, 2022, Curi RMB Capital's management fee schedule for this Composite is as follows: 0.50% on the first $1.0 million, 0.5% on the next $2.0 million, 0.475% on the next $2.0 million, 0.45% on the next $5.0 million, 0.425% on the next $15.0 million, and 0.400% over $25.0 million. Net returns are computed by subtracting the highest applicable fee (0.50% on an annual basis) on a quarterly basis from the gross composite quarterly return, and the resulting quarterly net figures are compounded to calculate the annual net return. Actual management fees charged by Curi RMB Capital may vary. Composite performance is presented on a gross-of-fees and net-of-fees basis and includes the reinvestment of all income. Gross-of-fees returns means it is net of transaction costs but gross of asset management fees and custodian fees. The payment of actual fees and expenses would reduce gross returns. The compound effect of such fees and expenses should be considered when reviewing gross returns. The composite includes accounts that pay asset-based pricing for trading expenses. The maximum fee is 15 basis points per year; however, many accounts pay lower amounts due to household break-point relief. In addition to a management fee, some accounts pay a wealth management fee based on the percentage of assets under management to Curi RMB Capital. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year. Risk measures presented are calculated using gross-of-fees performance. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.*

***Minimum Value Threshold** | There is $100,000 account minimum for the Equity Income composite.*

***Comparison with Market Indices** | Curi RMB Capital compares its Composite returns to a variety of market indices such as the Russell 1000® Value Index. The index represents unmanaged portfolios whose characteristics differ from the Composite portfolios; however, it tends to represent the investment environment existing during the time period shown. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected and historical growth rates. An investment cannot be made directly in an index. The returns of the index do not include any transaction costs, management fees, or other costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by your account in the Composite. Benchmark returns presented are not covered by the report of independent verifiers.*

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