CAPITAL ADVISORS

Key Points

- Our investment advice regarding portfolio design remains the same – Average-in any new commitments to the stock market but start the process; and calibrate any defensive portfolio shifts to incremental changes rather than a complete overhaul, particularly when taxes are involved.
- As we highlighted in a recent Research Note, media commentators speculate about the next economic downturn far more often than they should.
- The U.S. economy is resilient for structural reasons that have evolved over many decades, including a shift from manufacturing to services, the rise of dual-income households, increasingly interventionist fiscal and monetary policies, persistent expansion of social safety-net programs, and a decline in the correlation among industry sub-sectors.
- Consequently, the U.S. economy spends approximately 75% less time in recession than it used to.[1]
- We believe this is relevant to investors because the distinction between a normal stock market "correction" of 10%-15%, versus "bear market" drawdown of 25%-40%, typically comes down to whether the economy slips into recession or not.
- So called "corrections" happen frequently because lots of things can cause them – like a "Liberation Day" tariff barrage from the President of the world's largest economy – whereas bear markets typically involve recessionary problems like surging corporate layoffs and solvency issues among troubled companies and industries.
- So far, the market-unfriendly aspects of President Trump's aggressive policy agenda have proven to be correction-worthy without deteriorating into a bear market drawdown.
- Considering that one of President Trump's *many* policy priorities is to rework the global order on trade and security, it may be prudent to assume Trump's entire term in office could be a "correction-rich" environment.
- For many investors this degree of uncertainty justifies a portfolio adjustment to a lower risk profile, as we have endorsed for those so inclined since the election.
- However, for investors willing to accept the potential for elevated volatility, we observe that several of the most prominent uncertainties emanating from the Trump agenda have broken in a more favorable direction of late.
- Trade negotiations among many countries seem to have room for common ground; The regulatory climate has shifted decisively in a business-friendly direction; Iran's role as a global menace has been weakened; And presumably, Congress will soon codify a business-friendly tax code for at least few more years.
- We believe this is a backdrop in which well positioned companies can innovate and grow.
- Our task is to identify them and join them.

[1] Source: Strategic Economic Decisions, Inc.; Rockefeller International; Bureau of Economic Analysis (BEA)

Focus on the Direction of Change

It may seem counterintuitive for the stock market to finish the second quarter at an all-time high in the face of so much uncertainty in the world. Our best explanation is that financial markets respond to the *direction of change* in underlying conditions more than the conditions themselves. In other words, stocks can advance when fundamentals are terrible provided the direction of change is toward less terrible, and vice versa when conditions go from perfect to merely great.

To be clear, we are not suggesting conditions are terrible today. Rather, things are highly uncertain. Even so, we suspect stocks have performed well of late because several uncertainties have broken in a positive direction. Consider tariffs, where investors' expectations have improved from horrified shock immediately following "Liberation Day," to cautious optimism that Trump will back off when necessary. Meanwhile, the inflationary impact of the first wave of tariffs has been negligible *thus far*, and trade negotiations with many countries seem to hint at the possibility for common ground.

Elsewhere, fears of a crippling spike in the price of oil failed to materialize after Israel's initial military strikes against Iran, and oil could only muster a fleeting pop for an afternoon when the U.S. joined the fight. The political will to tackle America's budget deficit through spending restraint remains nonexistent, but tax revenue from tariffs is shaping up to be material, and so far, the economy seems no worse for the wear from the tariff tax hike.

It is always welcome news when the ugliest branches on the probability tree don't happen, but we remain mindful that the Trump agenda is disruptive by design, and much uncertainty remains. Negative surprises seem inevitable along the way. Even so, it is helpful to remember that things can also go right.

As we write this, it seems likely that Congress will soon pass a budget bill that extends a business-friendly tax code for at least a few more years, even if it falls short on deficit reduction. Coupled with a decisive shift toward a more business-friendly regulatory climate, we believe well positioned companies can continue to innovate and grow in this environment.

Current Design of Our Investment Strategies[2]

The remainder of this report addresses the current positioning of each of our investment strategies under current macro conditions. The specific design of *your* portfolio is customized to match your return objectives and risk tolerance. **For a refresher on how your portfolio is designed, and why, please reach out to your Wealth Advisor any time.**

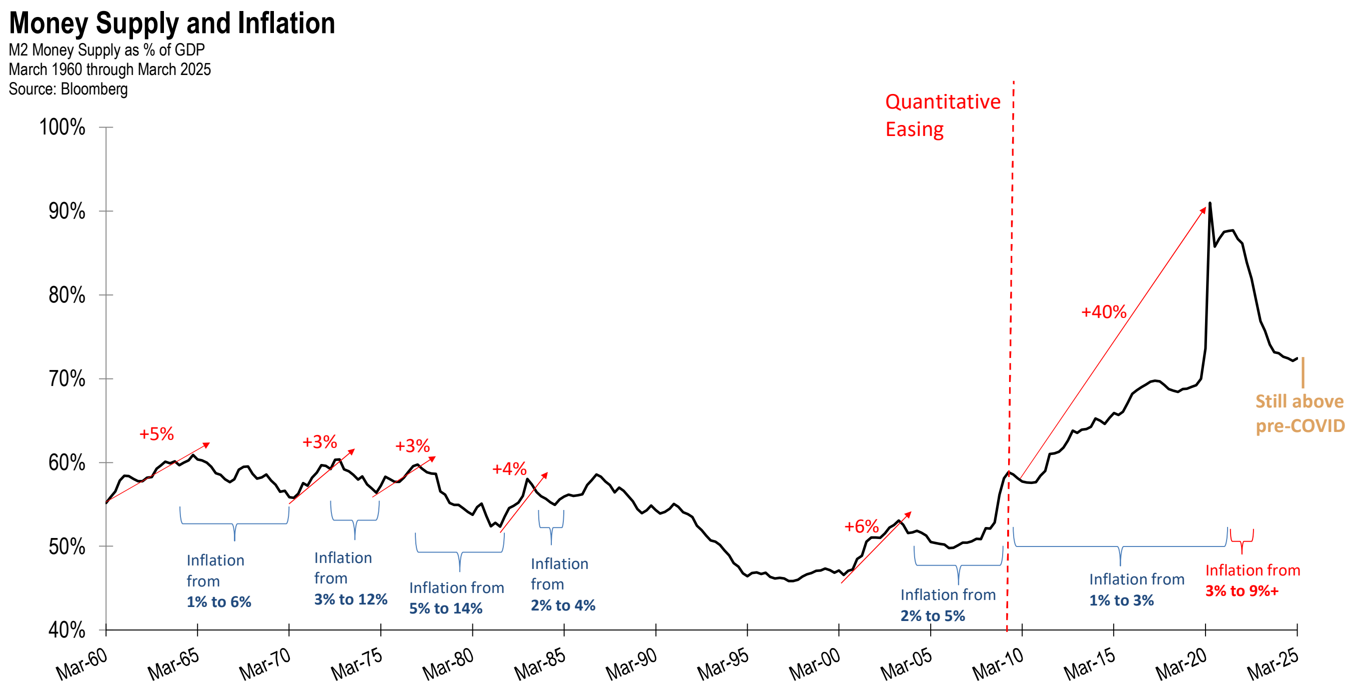
ASSET LEVEL	Based on your investment objectives and risk tolerance, we set parameters for an optimal stock/bond mix. Instead of keeping your portfolio at a stagnant allocation, we have the ability to change the stock-to-bond-to-cash ratios as market conditions change.
PORTFOLIO LEVEL	By understanding the types of portfolios/accounts we're managing, we structure each portfolio to fit its stage in the investment life cycle (accumulation vs. distribution). We also take into account legacy positions and/or outside assets.
STRATEGY LEVEL	By understanding your optimal asset allocation range and the types of portfolios being managed, we determine how our specific strategies should be combined. We utilize both fundamental and tactical strategies to help take diversification one step further.
SECURITY LEVEL	Our team of CFA charter holders performs deep research behind each security selected and provides rationale for trades. We strive to position your portfolio for prevailing market conditions to participate in long-term trends.

Managed Equities: Systemic Liquidity Spotlight

Equity valuations are high, with typically risky (and relatively short-lived) momentum styles driving the recent ascent. The momentum style outperformed the broader stock market by roughly 7% since the market bottom on April 8th, but has underperformed by more than 20% over the last five years.[3] Systemic liquidity continues to be a key asset valuation support, which is essential to understand regarding momentum-herd risks.

[2] The portfolio strategy discussions in this section are supplemental to a compliant GIPS Report. A complete list of Capital Advisors' portfolio models and compliant presentations are available by contacting Capital Advisors.
[3] Source: Bloomberg

The chart below illustrates the amount of liquidity in the U.S. financial system – it also shows that every time liquidity increased meaningfully, inflation followed…until the Financial Crisis, but that is a story for a different conversation. The 50-year norm established before the financial crisis was that the money supply (M2) was about 55% of GDP, combining the inflationary periods of the 1960s and 1970s - in which M2 as a percentage of GDP averaged 58% - with the 1980s and 1990s periods of monetary discipline and low inflation (52%). At present, the Federal Reserve and the Treasury appear to be targeting a level above 70%.[4]

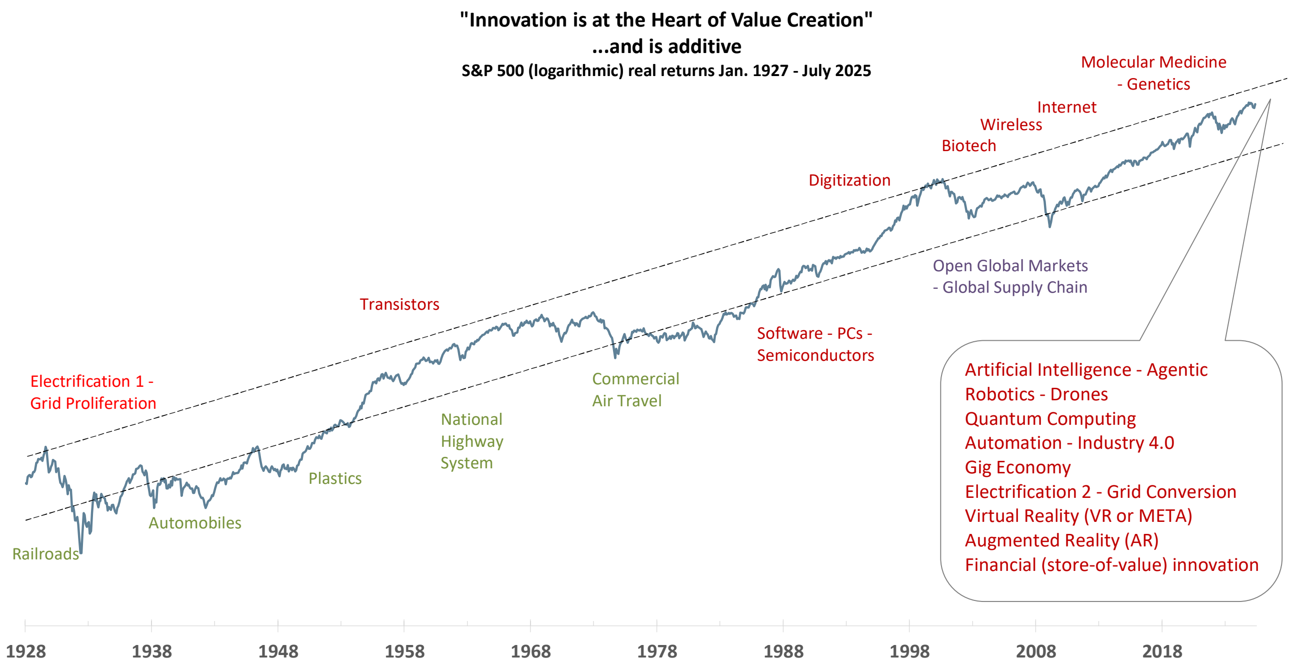


In an oversimplification, thinking of asset valuations as a raft floating in the pool, the higher the water level, the higher the raft can float; if someone jumps on the raft and weighs it down temporarily, it will likely float back up eventually (unless something breaks). In this analogy, GDP is the economic pool, money supply is the pool water.

Potential Federal Reserve moves could effectively complement systemic liquidity later this year. For one, the Fed appears to be leaning towards relaxing the Supplemental Leverage Ratio (SLR), a leverage-based capital requirement placed on the largest banks in the wake of the Global Financial Crisis. A lower SLR requirement would enable banks to free up balance sheet capacity for lending and investment, without raising additional capital. It would also reduce the effective penalty to banks for holding very low-risk assets, like Treasuries. Another potential Fed move later this year could be reducing the Fed Funds rate, making it easier for banks to raise short-term funds.

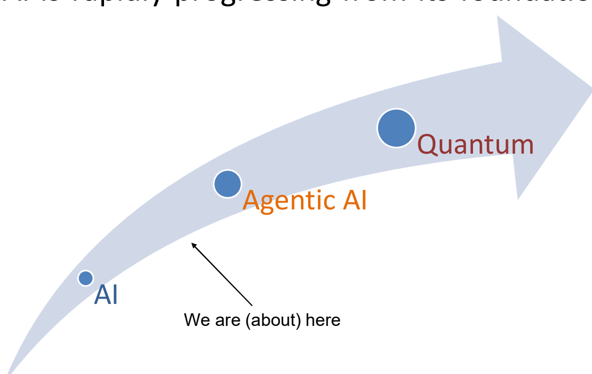
[4] Source: Bloomberg

Managed Equities: Secular Trend Spotlight[5]



In this quarter's note, we highlight the opportunities created by AI's rapid evolution. We have long discussed the historic preponderance of what we call "enabling" innovations just coming online – or about to come online – into the global economic system. Innovation is the heart of value creation.

AI is rapidly progressing from its foundational stage through an agentic phase, which, broadly defined, can enable robotics and automation to an extent that can meaningfully impact socioeconomics. This constantly evolving, multi-year phase could lead to an additional phase in which quantum technologies gradually integrate with accelerated computing (AI's technological base). Quantum and agentic AI technologies could enable a step change in socioeconomics and the way companies create value.



Agentic AI involves a program, or "agent," assigned a clear task. The program adapts and teaches itself the skills it needs to complete the task and work around obstacles. For instance, think about a vacuum robot that reaches a furniture leg and bounces off; an agentic robot could teach itself to move the furniture and safely return it.

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[5] Source: Bloomberg; Line represents the progression of the S&P 500 Index from 12/30/1927 to 6/30/2025, starting at an index value of 10 and then proceeding based upon each additional real monthly return; the result is shown on a logarithmic scale.

Likely closer to everyday use: Think of telling Alexa that guests will come over next Saturday; Alexa may know the person has allergies, so it runs the heating or air conditioning system a little harder to clean the air before the guest arrives. The implications for rote corporate tasks and operational processes are significant. Companies are already networking AI agents to complete rote tasks far more efficiently than people could. The following quotes from industry leaders convey the economic path:

Operational Impact

Sam Altman, CEO, OpenAI:

"You hear people that talk about their job now is to assign work to [AI] agents, look at the quality, figure out how it fits together, give feedback…It sounds a lot like how they work with a team of still relatively junior employees."[6]

Jensen Huang, CEO, Nvidia:

"*The IT department of every company is going to be the HR department of AI agents in the future."*[7]

Workforce Impact

Marc Benioff, CEO, Salesforce:

Today's CEOs will be the *"last to manage a workforce of only human beings."*[8]

Dario Amodei, CEO, Anthropic:

"AI could wipe out half of all entry-level, white-collar jobs"[9]

Andy Jassy, CEO, Amazon:

AI agents will take care of rote work... *"Agents will allow us to start almost everything from a more advanced starting point."*[10]

Bringing it all Together

Matt Garman, CEO, Amazon Web Services (AWS):

Agentic could be *"the next multi-billion business for AWS."*[11]

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[6] Li, K. (June 3, 2025). *Sam Altman said AI agents are acting like junior employees — and he's betting that your AI colleague could soon 'discover new knowledge'*. Business Insider. businessinsider.com/news/sam-altman-said-ai-agents-are-acting-like-junior-employees-and-hes-betting-that-your/7khttxt

[7] Morse, B. (January 9, 2025). *NVIDIA's Jensen Huang says that IT will 'become the HR of AI agents'*. Fortune. fortune.com/2025/01/09/nvidia-ceo-jensen-huangt-take-over-hr-ai-agents/

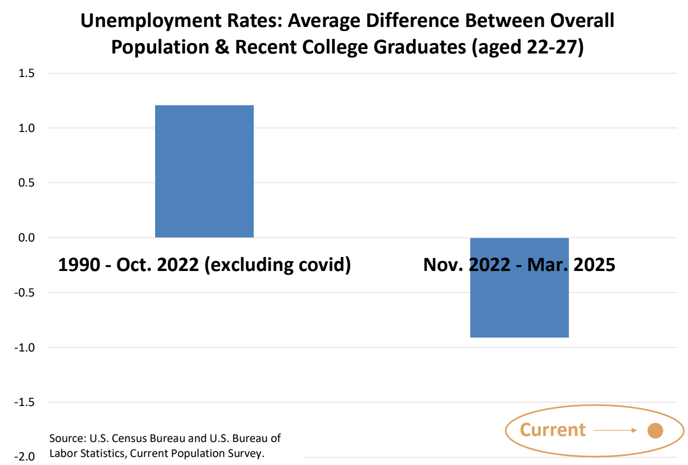
[8] Hawkins, E. (March 6, 2025). *AI terms skyrocket in company earnings calls*. Axios. axios.com/2025/03/06/ai-workplace-terms-mention-earnings-calls

[9] VandeHei, J., & Allen, M. (May 28, 2025). *AI jobs danger: Sleepwalking into a white-collar bloodbath*. Axios. axios.com/2025/05/28/ai-jobs-white-collar-unemployment-anthropic

[10] Herrera, S., & Cutter, C. (June 17, 2025). *Amazon CEO says AI will lead to smaller workforce*. The Wall Street Journal. wsj.com/tech/ai/amazon-ceo-says-ai-will-lead-to-job-cuts-5401ab17

[11] Bensinger, G. (March 4, 2025). *Amazon's AWS forms new group focused on agentic AI*. Reuters. reuters.com/technology/artificial-intelligence/amazons-aws-forms-new-group-focused-agentic-ai-2025-03-04/

We should see the impact on earnings reports over the next few years and may already be viewing the early economic effects. The chart to the right illustrates that entry-level unemployment increased sharply after AI entered the mainstream in November 2022. That trend continues to the present day. While other generational issues may also be at play, we believe the workforce and educational system may undergo a reinvention of sorts in which entry-level employees will arrive with more ready skillsets and higher-value employees will, in the words of Amazon's Andy Jassy, "*start almost everything from a more advanced starting point.*"[9]



Managed Equity Dividend Strategy

The Strategy's goal is to provide steady, healthy cash flows, cash flow growth over time, and exposure to the equity market for longer-term capital appreciation. We maintain a focus on stronger balance sheets. As the stocks have appreciated over the past several years, we have consistently rolled the yield higher by purchasing higher-yielding securities while retaining a distinct quality focus. This process has boosted the strategy yield to 4%+, from the high-3s in 2021. We strive to maintain a yield at or above any comparable ETF or index. Companies presently yielding significantly below the strategy's overall level play a key role in portfolio "balance," which includes secular trend leadership, world-class management, and strong balance sheets, key parts of our risk management process.

We target 4%-6% annual cash flow growth, not every year but over time. Since its inception (2012), the Strategy has grown its cash flows by ~6%-7% per year, assuming reinvestment.[12] Over the past four quarters, the cash stream grew over 11%. Given the interest rate environment, a strategy yield in the upper-3s to mid-4s remains prudent. With higher interest rates, there are increased opportunities to raise the yield by taking behind-the-scenes risks primarily by investing in business models that lean on alternative strategies or derivatives. We intend to continue largely avoiding that route. Still, there remains flexibility to lever the strategy yield up or down depending on the global economic and financial market outlooks.

[12] Source: Portfolio statistics for dividend yields and growth throughout this paragraph are sourced from Orion

The Strategy presently contains "current yields" that range from 1% to 10%; the table below shows cash returns in terms of the initial investments, or "acquisition yields." For instance, the current yield on Watsco (ticker WSO) is 2.6%, down from 4.5% when we added it to the Buy List due to stock price appreciation. Management has increased the dividend cash paid to investors by 69%, so, based on the price initially paid when we added the stock to the Buy List, the acquisition yield is 7.7%. We actively customize each position's client weighting based partially on this data.

As of 7/1/2025

Managed Equity Dividend Examples

Every companies' stock added to the Buy List more than two years ago

Company	Bought	Acq Yrs	Acq Price	Current Dividend Yield	Yield at Time of Acq	Current Yield on Acq Price	Cash Dividend Growth
ARCC	May-2020	5	$15.50	8.7%	10.3%	12.4%	20%
SPG	Dec-2020	5	$92.98	5.1%	5.6%	9.0%	62%
AVGO	Feb-2020	5	$28.06	0.9%	4.7%	8.4%	82%
CVX	Jul-2020	5	$86.33	4.7%	6.0%	7.9%	33%
BX	Aug-2019	6	$47.23	2.4%	4.1%	7.9%	94%
WSO	Apr-2020	5	$156.00	2.6%	4.5%	7.7%	69%
ABBV	Mar-2020	5	$89.85	3.5%	5.5%	7.3%	39%
CSCO	Feb-2016	9	$24.60	2.4%	3.0%	6.7%	95%
XOM	May-2020	5	$62.33	3.6%	5.6%	6.4%	14%
PAYX	Apr-2020	5	$68.65	2.9%	3.7%	6.3%	74%
SO	Jan-2013	12	$47.70	3.2%	4.1%	6.2%	51%
DOW	Oct-2022	3	$49.50	10.1%	5.7%	5.7%	0%
VZ	Jan-2014	11	$47.70	6.2%	4.4%	5.7%	23%
WMB	Sep-2013	12	$35.90	3.4%	4.2%	5.6%	37%
ETN	Feb-2019	6	$77.61	1.2%	3.5%	5.4%	58%
TXN	Apr-2020	5	$99.98	2.6%	3.6%	5.4%	51%
GIS	Mar-2018	7	$47.00	4.6%	4.2%	5.2%	24%
IPG	Feb-2021	4	$26.29	5.3%	4.1%	5.0%	29%
KO	Oct-2016	9	$42.40	2.8%	3.3%	4.8%	46%
HD	Mar-2020	5	$193.84	2.5%	3.2%	4.7%	53%
IBM	Sep-2023	2	$146.76	2.3%	4.5%	4.6%	1%
LMT	Oct-2018	7	$334.00	2.8%	2.6%	4.0%	38%
UL	Apr-2020	5	$52.50	3.4%	3.4%	3.9%	16%
Average						**6.4%**	**44%**

Company	Bought	Acq. Yrs.	Acq. Pr.	Accum Divs	Accum Divs % Acq. Pr.	Cur. Pr.	Current Price + Accum. Dividends
VZ	Jan-2014	11	$48	$28	59%	$44	$72
WMB	Sep-2013	12	$36	$20	56%	$59	$79
RIO	May-2021	4	$87	$24	27%	$58	$82
SCCO	Jul-2021	4	$64	$17	26%	$102	$119
UL	Apr-2020	5	$53	$9	18%	$61	$71

<u>Acq. Pr</u>: Share price at which the position was originally purchased (acquired)
<u>Current Dividend Yield:</u> Indicated dividend yield using current market prices
<u>Yield at Time of Acq</u>: Dividend yield at time of the initial investment
<u>Current Yield on Acq Price</u>: The current dividend yield using the initial purchase price
<u>Div. Growth</u>: How much the annual dividend has grown since the initial investment
<u>Accum Divs</u>: Amount of cash dividends per-share received since the initial investment
<u>Accum Divs % Acq. Pr:</u> Percentage of investment presently recouped through dividends

Source: Bloomberg, Orion

Managed Equity Growth Strategy

With market price-earnings ratios back near highs, we expect stocks to be particularly sensitive to corporate earnings outlooks, federal budget and deficit events, Federal Reserve policy actions, and inflation and labor data headlines. Systemic liquidity trends (discussed above) and interest rates are the all-important backdrop to these headlines. For instance, over the past 18 months, the S&P 500 Index rose 11% when 10-year treasury rates rose to 4.5% and declined 3% when rates kept rising from that inflection point.[13]

[13] Source: Bloomberg. The +11% and -3% numbers are derived from taking an average of returns within three separate instances of the 4.5% rate threshold being approached/crossed in the past 18 months, weighted based on the number of trading days in each instance.

The concentration of major innovations is arguably historic: AI, quantum, automation… (as discussed above). We expect to focus new Strategy additions on what we call "enabling innovation" leaders, while continuing to comb for underpriced opportunities. In our view, some enabling innovation leaders have better balance sheets than many countries, along with durable cash flow structures and excellent management talent.

Our goal is to be flexible enough to continue taking advantage of market volatility, which can present the opportunity to structure a portfolio for those historic innovations at attractive levels. We do not intend to wait on Gadot for the perfect price to initiate positions on companies we believe should build attractive value over time; rather, we intend to manage risk exposures prudently while structuring the portfolio decidedly towards the most attractive economic value opportunities.

Fixed Income Strategies

Since President Trump's reciprocal tariffs were first announced on April 2nd, there have been periods of "flight-to-quality" moves lower in yields, as well as periods of concern inflation may trend back higher, causing rates to rise. Ultimately, market participants worked through this interest rate volatility and witnessed a move lower in market rates. By the end of the quarter, the tariff picture became somewhat clearer and the attention turned toward what the Fed's biases might be, as market odds have now moved toward two or more cuts of 0.25% by year end and another three or more by the end of next year.[14] Discussion of a new Fed chairman appointment next year and the hope for a "one-time-only" step up in tariffs prices have many thinking the Fed will make its next move at the September 17th meeting.

<u>Managed Credit Strategies</u>

Within our *Managed Credit Strategies*, we are orienting the portfolios toward better credits, with roughly 75% of our clients' exposure to companies currently rated A- or better, on average.[15] We believe our BBB exposure has better balance sheets than the broad market, but we are willing and able to further reduce this allocation should we see specific situations worsen. We also hold a modest allocation to U.S. Treasuries, where applicable, to provide further credit diversification.

Our overweight to investment-grade corporate credit outperformed Treasuries in the second quarter while our slightly defensive duration profile did not keep pace with broad markets following the modest price increases from falling rates. With interest rates somewhat lower than just a few months ago, we will still look to add interest rate risk but not go out in maturity much past 7-8 years. On a go-forward basis, portfolios are now yielding between 4.1% and 4.6%, depending on one's yield curve positioning.[16]

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[14] Source: Bloomberg, World Interest Rate Probability, as of 6/30/25
[15] Source: ORION
[16] Source: Bloomberg, ORION, as of 6/30/25

ETF Bond Models

Our *Aggregate Bond* ETF strategy remains 100% invested in "defined maturity," investment-grade corporate bond ETFs, which somewhat positively impacted the model's performance relative to the benchmark in Q2 as corporate credit outpaced Treasury returns. Today, there is a relatively conservatively positioned laddered maturity structure of ETFs ranging between 2026-2030, and the model carries an average net acquisition yield of approximately 4.3%.[17]

The *Income Bond* ETF strategy has focused on maximizing cash flows within the priority of balancing risks, most notably through sector diversification. In Q2, the model slightly outperformed the benchmark due to an overweight to spread product, most notably investment-grade corporates. "AAA-rated" Agency Mortgage-Backed securities also remained heavily weighted and performed well in the face of interest rate volatility. Today, the strategy carries an average net acquisition yield of approximately 4.8%[18].

Municipal Bonds

Our *Municipal Bond* portfolios continue to be focused on "A" and above credits with strong debt coverage and liquidity profiles. We have also intentionally over-weighted essential service revenue bonds (water & sewer, utilities, etc.), and general obligation bonds with an average portfolio credit quality of "AA." Investors' tariff concerns and elevated municipal bond supply have caused valuations to cheapen relative to taxable bonds over the course of the year[19]. Municipal bond portfolios are now yielding between 2.8% and 3.5% tax free *(between 4.8% and 5.8% at the highest marginal federal tax rate)*[20] depending on one's curve positioning.

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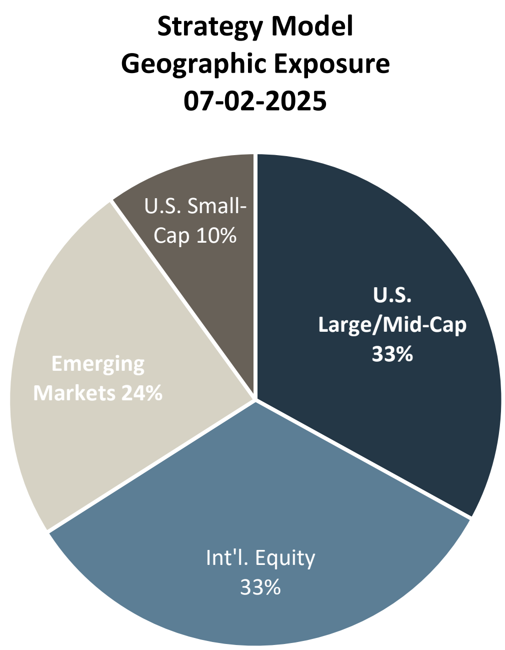
[17] Source: Bloomberg, iShares, State Street, as of 6/30/25
[18] Source: Bloomberg, iShares, State Street, as of 6/30/25
[19] Source: Bloomberg, as of 6/30/25
[20] Source: ORION, Bloomberg, highest marginal tax rate of 40.8% = 37% federal plus 3.8% net investment income tax, as of 6/30/25

Tactical Global Growth Strategy

We consider longer-term cycles to inform the asset mix in this strategy across the dimensions of domestic vs. international equities, large-cap vs. small-cap, and developed vs. emerging markets. The current asset allocation for the strategy includes an active tilt in the direction of international equities and emerging markets. This tilt has been helpful thus far in 2025, as non-U.S. markets have outperformed domestic equities by a considerable margin through the first half of the year.



The recent outperformance of international stocks has coincided with a measurable decline in the U.S. dollar exchange rate thus far in 2025. We suspect these two trends are interrelated. For one thing, the relative performance of international stocks frequently moves inversely with the U.S. dollar, such that a declining dollar has often supported outperformance for international equities in the past. It also seems possible that geopolitical considerations are having an impact.

We believe one consequence of President Trump's abrasive approach to foreign policy may be a shift in asset preferences away from U.S. markets among the managers of large pools of capital like foreign central banks, insurance companies, pension funds, and sovereign wealth funds. Importantly, such a shift need not be driven by politics alone. Consider, for example, the new ambition of many countries to spend substantially more on national defense. The capital for this spending increase must come from somewhere, and it seems reasonable to assume that some of it may come from the repatriation of U.S. investments. National defense is just one of several potential demands on localized savings for priorities like re-shoring supply chains, financing national debts, and building out the technology and energy infrastructure necessary for strategic technologies like artificial intelligence.

In early March we increased the allocation to **Emerging Markets** from 15% to 20%. The current weightings for the model portfolio are included below, along with a description of each investment vehicle included in the strategy.

Tactical Global Growth Strategy
Model Portfolio
07-02-2025

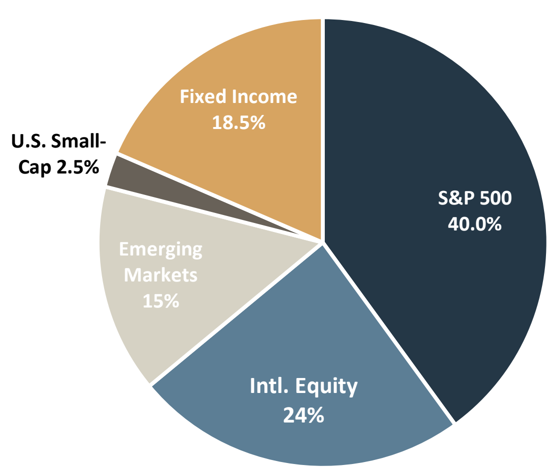
Investment Vehicle (Ticker Symbol)	Asset Market	Portfolio Weight
iShares MSCI ACWI ETF (ACWI)	Core Global Equity	50%
Schwab International Equity ETF (SCHF)	Developed Int'l. Equity	20%
Vanguard Emerging Markets ETF (VWO)	Emerging Markets	20%
iShares S&P 600 Small Cap ETF (IJR)	U.S. Small Cap	10%

Dynamic Allocation Strategy

The Dynamic Strategy was not ideally positioned for the sharp reversal in equity markets that followed Trump's 90-day pause on reciprocal tariffs on April 9th. However, the portfolio adjusted quickly to a more equity-heavy asset allocation, which allowed for healthy participation in the recent strength in global equities. Like the Tactical Global Growth strategy, the Dynamic strategy has benefited from its allocation to international equities and emerging market, both of which have outperformed U.S. stocks by a wide margin thus far in 2025.

As of June 30, the only risk market sector that remained on the sidelines was real estate. The domestic small-cap sector is currently partially un-invested, while core U.S. stocks, international equities and emerging markets are fully committed.

Dynamic Allocation Strategy
Allocation as of 6-30-25



Please see important disclosures at the end of this document. Supplemental to a fully compliant GIPS Report.

We believe the *Dynamic Allocation* strategy can play a helpful role in the risk management discipline of a balanced portfolio. Each of the five equity market index funds (ETFs) within the strategy has an automatic sell discipline tied to its moving average trend line. In English, this means each sector will be sold when its trend line turns downward. Consequently, money allocated to this strategy can be expected to shift out of risk markets and into short-term U.S. Treasuries whenever downside volatility in the equity markets picks up.

Despite having the flexibility to shift almost entirely into short-term U.S. Treasuries during times of market stress, the strategy can capture a large portion of the upside whenever global equities experience a sustained advance.

DISCLOSURES

This presentation is not an offer or a solicitation to buy or sell securities. The information contained in this presentation has been compiled from third party sources and is believed to be reliable; however, its accuracy is not guaranteed and should not be relied upon in any way, whatsoever. This presentation should not be construed as investment advice and does not give investment recommendations. Any opinion included in this report constitutes the judgment of Capital Advisors, Inc. as of the date of this report, and are subject to change without notice.

This commentary does not purport to be a statement of all material facts relating to the securities mentioned. The information contained herein, while not guaranteed as to accuracy or completeness, has been obtained from sources believed to be reliable. Opinions expressed herein are subject to change without notice.

The investment return and principal value of an investment will fluctuate so that an investor's portfolio may be worth more or less than its original cost at any given time. Due to differences in portfolio timing and position weightings, the returns for any individual portfolio managed by Capital Advisors may be lower or higher than any performance quoted.

The **S&P 500 Index** is a stock market index based on the market capitalizations of 500 leading companies publicly traded in the U.S. stock market, as determined by Standard & Poor's. The index is calculated on a total return basis with dividends reinvested and is not assessed a management fee.
The **Russell 1000 Growth Index** seeks to track the investment results of an index composed of large- and mid-capitalization U.S. equities that exhibit growth characteristics.
The **Russell 1000 Value Index** seeks to track the investment results of an index composed of large- and mid-capitalization U.S. equities that exhibit value characteristics.
MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S.
MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.
MSCI EAFE Small-Cap Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of small- and mid-cap stocks in the developed markets, excluding the U.S.
Vanguard High Dividend Yield ETF is an exchange-traded fund that seeks to track the performance of the FTSE High Dividend Yield Index, which consists of common stocks of companies that pay dividends that generally are higher than average.
Morningstar Dividend Yield Focus aims to track high-yielding, qualified dividend-paying, U.S. based securities screened for companies with
financial health. The Index is calculated on a total return basis with dividends reinvested and is not assessed a management fee. It is not possible to invest directly in an index.
Bloomberg Aggregate Bond Index is an unmanaged index made up of U.S. Government, corporate, mortgage-backed and asset-backed securities rated investment grade or higher. The index is designed to measure the performance of the domestic investment-grade bond market.
Morningstar Dividend Yield Focus Index: A selection of 75 US stocks with relatively strong dividend yields and financial quality.
FTSE US High Dividend Yield ETF: Represents the performance of stocks characterized by above-average dividend yields based on the FTSE US High Dividend Yield Index.
Vanguard High Dividend Yield ETF: A passively managed ETF that seeks to replicate the FTSE US High Dividend Yield Index.
S&P US REIT Index: Defines and measures the investable universe of publicly traded real estate investment trusts domiciled in the United States.
S&P US Utilities Index: Defines and measures the investable universe of publicly traded utility companies domiciled in the United States.
S&P 500 Dividend Aristocrats Index: Designed to measure the performance of S&P 500 index constituents that have followed a policy of consistently increasing dividends every year for at least 25 consecutive years.
S&P High Dividend Yield Aristocrats Index: Measures the performance of the 50 highest yielding companies within the S&P Composite 1500 that have increased their dividends every year for at least 20 years.
Fidelity High Dividend Yield ETF: Tracks the performance of large- and mid-capitalization dividend-paying companies in the Fidelity High Dividend Yield Index that are expected to continue to pay and grow their dividends.
Schwab US Dividend Equity ETF: Tracks the Dow Jones US Dividend 100 Index with companies characterized by financial quality and high dividend yields.

Estimated portfolio yield represents the 12-month run-rate of interest and/or dividend payments in a strategy divided by the market value of the securities and cash reserves invested in the strategy. Estimated interest/dividend payments and market values are calculated by a portfolio accounting system from *Orion* using a single client portfolio that Capital Advisors believes to be representative of clients' portfolios invested in the same strategy. The actual portfolio yield for any single client portfolio may be lower or higher than the yield quoted. The underlying holdings of any presented portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by, any financial institution.

Security Recommendations: The investments presented are examples of the securities held, bought and/or sold in the Capital Advisors strategies during the last 12 months. These investments may not be representative of the current or future investments of those strategies. You should not assume that investments in the securities identified in this presentation were or will be profitable. We will furnish, upon your request, a list of all securities purchased, sold, or held in the strategies during the 12 months preceding the date of this presentation. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of securities identified in this presentation. Capital Advisors, Inc., or one or more of its officers or employees, may have a position in the securities presented, and may purchase or sell such securities from time to time.

Items of Note Regarding Exchange Traded Funds: An Exchange Traded Fund (ETF) is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all, or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, ETFs can be traded on a secondary market and thus have a market price that may be higher or lower that its net asset value (NAV). If these shares trade at a price above their NAV they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

The information provided is supplemental to a fully compliant GIPS Report. A complete list of Capital Advisors' composites and performance results is available upon request. The actual return and value of an account will fluctuate, and at any time the account may be worth more or less than the amount invested.

Additional information, including management fees and expenses, is provided on Capital Advisors' Form ADV Part 2, available upon request or at the SEC's Investment Adviser Public Disclosure site, https://adviserinfo.sec.gov/firm/summary/104643

As with any investment strategy, there is potential for profit as well as the possibility of loss. Capital does not guarantee any minimum level of investment performance or the success of any portfolio or investment strategy. All investments involve risk (the amount of which may vary significantly) and investment recommendations will not always be profitable. The investment return and principal value of an investment will fluctuate so that an investor's portfolio may be worth more or less than its original cost at any given time. ***Past performance is not a guarantee of future results.*** Capital Advisors, Inc. does not provide tax or legal advice and recommends you consult with your tax and/or legal adviser for such guidance. Presentation is prepared by: **Capital Advisors, Inc.** Contact Capital Advisors for a list and description of all firm composites and/or copy of our most recent Form ADV Part 2: 1-866-230-5879 **www.capitaladv.com**