



Key Points

- Since February 28th, when the U.S. and Israel first launched their joint campaign of airstrikes against Iran, asset markets have been driven almost entirely by evolving expectations about the likely breadth and duration of the war.
- We are currently shaping our investment decisions around the belief that the war has not gone according to plan for the U.S. (we recognize war *never* goes according to plan), while also remembering it will not go on forever.
- Following an objectively successful decapitation strike and rapid degradation of Iran’s military infrastructure in the early days of the war, the battle plan may have gone off script when there was no external uprising against the surviving members of Iran’s clerical leadership, nor was there an emergence from within the regime of a more pliant faction – a la Delcy Rodriguez in Venezuela – with whom the U.S. could negotiate a swift end to the fighting.
- Instead, the Islamic Revolutionary Guard Corps (IRGC), which is the dominant branch of Iran’s military charged with protecting the regime, seems to have taken over decision making at both the military *and* political level.¹
- Relative to the clerical leadership that was decimated in the initial strikes, we believe the IRGC is generally viewed as being more committed to the original revolutionary ideology, and potentially even more hardline than the leadership it replaced.²
- Unfortunately, even though continuous airstrikes have substantially degraded the military assets available to the IRGC, its capacity to wreak havoc throughout the Gulf seems far from extinguished as of this writing.
- From an economic and investment perspective, this is most relevant in the Strait of Hormuz, where the mere *threat* of an attack on commercial cargo ships may be all that is needed to prevent critical supplies of oil, natural gas, and other commodities from transiting the strait for an extended time.
- We have already taken steps to reduce risk in each of our equity investment strategies, and we provide details below within the commentary section for each strategy.
- We are wide awake to the possibility that more risk management actions may be necessary if conditions in the Middle East deteriorate further, but we also caution against over-preparing for negative possibilities to the detriment of benefiting from things that might go right.
- For instance, the number of countries with a vested interest in reopening the Strait of Hormuz vastly exceeds the handful of factions that benefit from its closure – might a multi-party ceasefire or settlement be achievable among some combination of these vested interests?
- In parallel with our effort to address downside risks in our investment strategies, we also seek to position for better times, partly through a continuously curated “gameplan” of potential actions in response to a positive change, and partly through actions we are willing to take now to reflect the ever-present possibility that things can also go right.

¹ Source: Geopolitical Futures; Financial Times; Wall Street Journal

² Source: Carnegie Middle East Center; Institute for Global Change

Current Design of Our Investment Strategies³

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 Equity Strategies

Our core investment pillars remain consistent, but we are tilting away from cyclical exposures that depend heavily on near-term economic conditions and toward secular trends that we believe can compound value through the 2030s.

The strategic framework remains based on three pillars:

- 1) Valuations are high IF the economy falters:
 - a. We are incrementally more cautious on short-term economic trends and have been reducing positions most sensitive to a cyclical slowdown, reallocating toward secular innovation aligned with our historical innovation map.
- 2) Valuations are high IF financial liquidity declines:
 - a. Systemic liquidity remains high and supportive of financial valuations, particularly if the geopolitical risk premium declines.
 - i. The key immediate area of incremental concern regards private credit-related investment flows and tensions among financial system players.
 - ii. Although recent global central bank leanings have been toward incrementally tighter policies given the impact of higher oil prices on inflation, we highlight that central banks could again act as liquidity backstops later in the year if economic trends lag. That optionality could mitigate the economic risk premium.

³ 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) The innovation cycle is historic – NO IFs involved.
- a. While there continue to be tactical opportunities, this cycle is where we want to focus to build wealth into the 2030s.
 - b. We expect a special kind of volatility to continue permeating markets, as investors repeatedly reassess the ultimate impact of these innovations. Rather than reacting to each bout of noise, we aim to understand the underlying technologies, their impact on business models and market structures, and evolve the *Strategy* opportunistically.

Valuations

Equity valuations have tangibly declined since the start of the Middle East conflict. We believe that corporate America’s generally healthy balance sheets and business model resilience should enable many companies (not all) to endure short-term inflationary impacts without meaningful earnings weakness. That resilience makes the recent decline in surface-level equity market valuations meaningful. Management quality, economic market opportunity, business model resilience, and competitive positioning are among the key drivers of future cash flows. The broader equity market entered the Middle East conflict at roughly a 23x price-to-earnings (P/E) multiple and now trades closer to 19x, versus a 20-year median near 17x.⁴ With systemic liquidity still elevated by historical standards and a powerful innovation cycle underway, we view valuations near that long-term median as somewhat more attractive than the headline multiples alone might suggest.

Systemic Liquidity

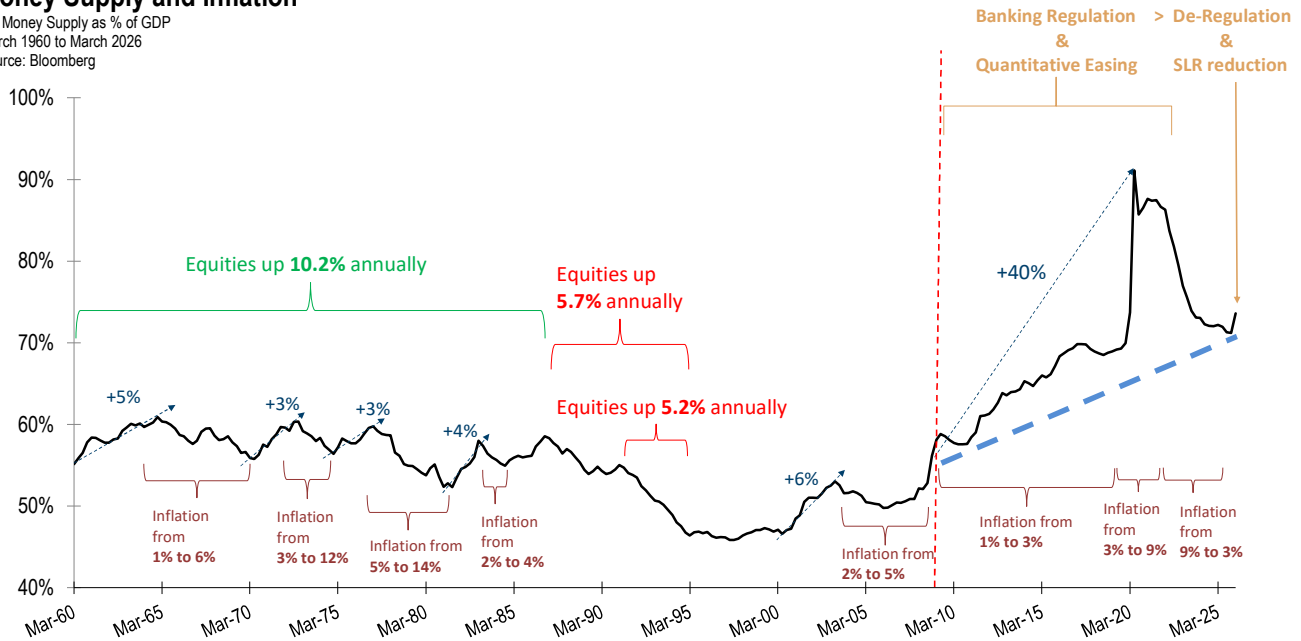
Financial market liquidity has expanded meaningfully since the Financial Crisis. The primary risks come from either too much liquidity fueling inflation or a structural breakage that drains the system. Importantly, global central banks have repeatedly shown a willingness to re-liquify markets during periods of stress. Higher liquidity tends to support asset prices and speeds recoveries following market drawdowns, which helps explain the V-shaped recoveries of recent years.

⁴ Source: Bloomberg, with adjustments made to isolate recurring, operating earnings.

There is a lot contained in the important chart below, so let's explain:

Money Supply and Inflation

M2 Money Supply as % of GDP
 March 1960 to March 2026
 Source: Bloomberg



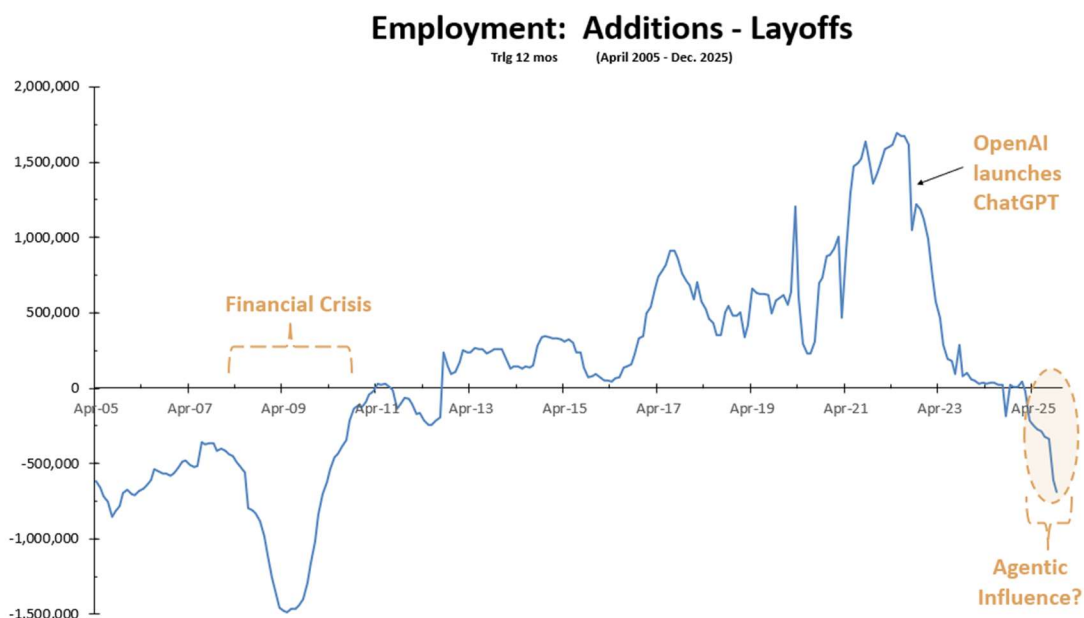
Historically, meaningful increases in money supply relative to GDP were followed by higher inflation, and equity returns weakened when liquidity fell below “normal” ranges. After the Financial Crisis, tighter banking regulation allowed central banks to flood the system with liquidity without triggering significant inflation until COVID-era supply shocks hit. Today, systemic liquidity remains well above historic norms, regulation is easing, and fiscal support is likely to remain a tailwind, which should benefit large, well-capitalized financial institutions such as **JPMorgan (JPM)** and **Morgan Stanley (MS)**.

Economic Implications for Equity Markets

In the last Quarterly Commentary, we discussed how the *Managed Equity* strategies seek to incorporate AI’s impact on employment now and in the likely future. The key distinction remains how companies navigate using technology as a cost reducer and a productivity-enhancing force multiplier. To date, cost reduction has dominated. We expect 2026 to provide greater clarity as corporate strategies evolve toward broader productivity gains.⁵ AI is a disruptive technology, and some business models are constructed far better for this process than others. We continue to favor companies that can use AI to augment high-value employees and scale profitable workflows, rather than those relying primarily on labor-cost arbitrage.

⁵ Steve Jobs coined the impact of technology’s capability-enhancing attributes the ‘bicycle effect.’ Microsoft’s Satya Nadella recently discussed the bicycle effect vs. undisciplined AI commentary as a necessary turn in AI-related thought leadership. Warren, T. (2026, January 2). Microsoft CEO Satya Nadella is now blogging about AI slop. *The Verge*. <https://www.theverge.com/>

A second risk runs through household behavior. Consumer spending has remained resilient, supported in part by the “wealth effect” from higher asset values. Spending can withstand routine market pullbacks, as it has repeatedly done in recent years. The greater risk would arise if households reassessed the sustainable level of their asset values, which would amplify a spending retrenchment. While disposable personal income growth remains below inflation and the personal savings rate is low, asset values continue to provide support. A meaningful shift in perceptions around household wealth would therefore be the primary transmission mechanism for broader consumer weakness.⁶ Such indicators as auto loan default rates remain a particular attention point, though our primary concern regards the structural impact of AI on the labor force. Labor market weakness has been heavily concentrated in the recent college grad category, which provides insight into likely socio-economic trends.



Investing in the Current Oil Environment

The recent oil price spike can linger, so we are emphasizing businesses with market power and the ability to pass higher input costs through to customers. **Ecolab (ECL)**, for example, has structured many contracts to include automatic escalation clauses, reducing the impact of higher oil-linked ingredient expenses on margins.

⁶ Disposable personal income is currently growing below the inflation rate which exacerbates the affordability issue. The personal savings rate is also well below the historic norm. The Bureau of Economic Analysis’ savings rate data includes contributions to retirement accounts - like 401Ks and IRAs - but not the value of those accounts. Therefore, the missing element supporting consumer spending is likely the value of savings accounts. If consumers began to perceive that value could be impaired, they could change their behavior.

Managed Equity Dividend's Exxon (XOM) and Chevron (CVX) have soared with oil prices, and we believe the psychological component of the run-up took the stocks to a less attractive near-term risk-reward profile. It also pushed the dividend yields down well below the Strategy's average. We believe some re-rating in these companies' valuations is justified. For instance, the U.S. and Europe entered the Iran conflict with oil inventories below historical averages, highlighting the intrinsic value of large-scale, globally connected energy storage assets. We recently trimmed those two positions to lock in some of the profits.

Just after the conflict began, we reduced both *Strategies'* copper holdings due to their economic sensitivity. In the *Dividend Strategy*, we redeployed the **Southern Copper (SCCO)** proceeds into positions like **Enbridge (ENB)** for more stable cash flows, higher dividend yields, and tighter alignment with company-specific growth drivers. Enbridge could be a modest longer-term beneficiary of the Iran conflict, primarily from robust volumes, pipeline utilization rates, and a more supportive regulatory environment.

The Iran conflict also added some fuel to the already highlighted need for non-fossil-fuel sources at industrial scales, such as nuclear. *Managed Equity Growth* includes three companies that support a more robust energy grid and the AI infrastructure buildout: **GE Vernova (GEV)**, **Constellation Energy (CEG)**, and **Cameco (CCJ)**. We manage overall *Strategy* risk with recognition of this common factor while retaining the largest position (of the three) in GE Vernova.

GE Vernova is an example of a company that started out as a Tactical Opportunity within the *Strategy* framework. At the time we added it to the Buy List, the company was in turnaround mode and had recently been spun off from General Electric. In the ensuing period, management has proven a high degree of expertise, and the company has strengthened its market position in key areas like natural gas turbines and nuclear power. Its leadership at the head of attractive markets, much healthier balance sheet, and ability to influence those markets' development curves, make GEV a Core Innovator holding within the *Strategy* framework. Even with the increasing use of energy-efficient fiber optics (such as those provided by *Managed Equity Dividend's Corning (GLW)*), specialized lower-power semiconductors, and more efficient "inference" models, we expect the scale and breadth of AI-enabled workloads and connected intelligent systems to keep the energy bottleneck at the forefront.

"New" Defense

In a post-Iran conflict world, defense spending may increasingly favor precision, autonomy, and survivability, alongside the need to replenish critical high-performance missile inventories. We view **Moog (MOG)**, which we recently added to the *Managed Equity Growth* Buy List, as a key enabler of this shift. Moog provides mission-critical motion control and actuation systems embedded across advanced aerospace, defense, and space platforms. For example, Moog supplies actuator and control technologies used in Patriot missile systems as well as key components for Space Force satellite platforms. The company is also an important supplier to next-generation vertical-lift aircraft programs intended to replace the UH-60 Black Hawk helicopter.

In our view, **Boeing (BA)** is making progress restoring operational discipline across one of the world’s largest defense franchises, potentially strengthened by its position on the U.S. Air Force’s next-generation fighter program (F-47), which is expected to emphasize unmanned and networked combat capabilities.

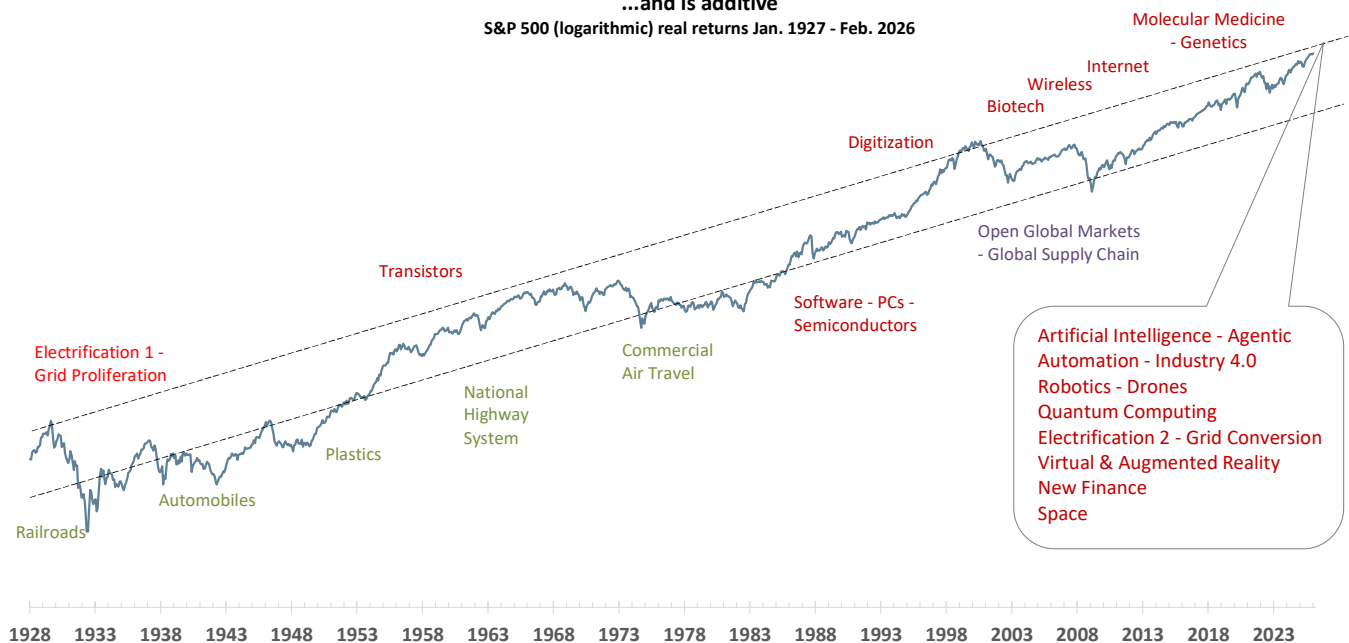
Approximately 15% of **Honeywell’s (HON)** revenue is defense-related. Among its more interesting initiatives, Honeywell is partnering with the U.S. government to develop quantum inertial navigation sensors that enable precise positioning without reliance on GPS—a critical capability in contested electronic-warfare environments.

Within *Managed Equity Dividend*, **Lockheed Martin (LMT)** remains one of the world’s largest and most strategically positioned defense companies, with particular strength in next-generation missile systems and space-based technologies.

The Historic Innovation (Value Creation) Cycle

The following discussion highlights just a few of those developing opportunities - it is an updated and abbreviated version of the one we introduced in the most recent Quarterly Commentary:

"Innovation is at the Heart of Value Creation"
 ...and is additive
 S&P 500 (logarithmic) real returns Jan. 1927 - Feb. 2026



AI Evolves Through an Agentic Phase and Toward Artificial General Intelligence (AGI)

We believe AI is moving through an “agentic” phase in which software systems can adapt to changing conditions and automate complex workflows, long before true artificial general intelligence (AGI) is realized. The *Growth Strategy* owns companies such as **Nvidia (NVDA)**, **Microsoft (MSFT)**, **Alphabet (GOOG)**, and **Amazon (AMZN)** that are key enablers of this shift, as well as select “non-native” AI beneficiaries that can use the technology to improve productivity and expand their addressable markets. Within the *Dividend Strategy*, **IBM (IBM)** and – to different extents – **Corning, Cisco (CSCO)**, and increasingly **Texas Instruments (TXN)** join that group.

AI-Enabled Automation

AI-enabled automation should be a growing theme in 2026. Autonomous mobility networks are progressing from experimentation toward clearer adoption paths across passenger and goods delivery. Key participants include **Tesla (TSLA)**, **Alphabet** via Waymo and **Amazon** via Zoox, **Uber (UBER)**, and **DoorDash (DASH)**, with platform aggregation emerging as a potential long-term value driver.

Humanoid robotics are perhaps the most exciting aspect of AI-enabled automation. Do not expect to have a robot servant in the house this decade, but the key technology necessary to create useful humanoid robots could surface in the coming year, including agentic, and much faster miniaturized processing capabilities. **Tesla (TSLA)** is among the companies that could be a significant player.

Industrial and logistics automation has the potential to offer a more immediate impact. Companies such as **Rockwell Automation (ROK)**, **Amazon**, **MercadoLibre (MELI)**, and **Sea (SE)** are among those pioneering the use of AI-driven robotics to improve efficiency, safety, and scale.

Healthcare automation also continues to advance. **Intuitive Surgical (ISRG)** remains the global leader in robotic surgery, while **Stryker (SYK)** holds a leading position in orthopedic robotics and is expanding into spine applications. Over time, AI-enabled automation has the potential to meaningfully enhance procedural outcomes and system efficiency.

Augmented and Virtual Reality

Fully immersive virtual reality remains a longer-dated opportunity, but augmented reality should become more relevant over the 2026–2028 period. Consumer adoption is emerging through wearable devices, while industrial applications improve design, automation, and maintenance. Already, **Meta (META)** claims its *Ray-Ban* and *Oakley* AR glasses were standout holiday-season successes (especially the more capable *Ray-Bans*). **Apple (AAPL)** has a higher-end AR/VR visor and is coming at the market from the *AirPod* direction by adding intelligent features to the earpiece, signaling a multi-pronged, longer-term strategy. On the industrial side, **Rockwell Automation**

embeds AR/VR into selected key products to help customers design, operate, and maintain complex production systems more efficiently.

“New” Finance

The global financial system is constantly evolving, but the current moment is particularly notable. Advances in AI and blockchain are beginning to converge, enabling new forms of digital assets, smarter credit decisioning, and more secure, efficient financial platforms. In emerging markets, several leading technology companies are using AI and proprietary data to address longstanding gaps in financial access. **MercadoLibre** and **Sea Ltd.**, for example, are leveraging deep, localized datasets on South and Central American consumers to build digital banking and credit platforms that go well beyond traditional payment apps.

In effect, these efforts represent an evolution of what was once called microlending. When done thoughtfully, data-driven lending can help strengthen local economic ecosystems - supporting small businesses, increasing financial inclusion, and creating more loyal, higher-spending consumers over time. In that sense, the model echoes Henry Ford’s early insight that building a healthier consumer base ultimately expands the size and durability of the market itself.

Crypto and Precious Metals

In developed Western markets, younger demographics are aging into a fundamentally different financial system than their parents and especially grandparents are used to. In 2000, ~84% of U.S. transaction value happened with cash and check, while only 16% was digital (mostly credit card).⁷ **Visa (V)** and **Mastercard (MA)** were private associations at the time. By 2024, ~83% of transactions were digital like credit cards.⁸ Visa and Mastercard currently have over a trillion dollars in market cap. Today, roughly 1% of transactions happen in crypto, mostly stablecoins.⁹

Crypto also has the potential to serve as a solution set to the inexorable shift from a monopolar global economic system - centered on the U.S. post-WWII - to a multipolar one. Time frame is important here. Crypto is not sufficiently evolved to serve as a standardized medium of exchange, so the multipolar stress on the U.S. dollar is primarily reflected in precious metals such as gold and silver (the latter of which is also a better electrical conductor than copper). We recently launched precious metals and crypto investment strategies that can be used separately or in conjunction. It is meant as a framework for understanding how to think about the role crypto plays in a portfolio.

⁷ Federal Reserve System. (2002). *Retail Payments Research Project*.

⁸ Federal Reserve Financial Services. (2025, May). *2025 Diary of Consumer Payment Choice*.

⁹ TRM Labs. (2025, October 21). *2025 Crypto Adoption and Stablecoin Usage Report*. trmlabs.com/reports-and-whitepapers/2025-crypto-adoption-andstablecoin-usage-report

Space

While Space is still in the initial phases of economic development, the *Managed Equity Strategies* currently maintain exposure through **Lockheed Martin** and **Boeing**. Those two companies form the United Launch Alliance (ULA), a major provider of mission-critical space launch services—particularly for U.S. government and national security customers – and a supporting enabler of NASA’s broader Moon-to-Mars initiative. *Managed Equity Growth’s* **Moog** has meaningful exposure to space, including precision motion-control equipment that helps steer satellites and space launch vehicles. We expect the opportunity set to broaden over time. For instance – within the *Strategies* - **Amazon** continues to invest in a low Earth orbit satellite network to support global data transmission capabilities. SpaceX has filed with the SEC to begin the IPO process, though it remains unclear what - if any - long-term linkage **Tesla** may ultimately have to SpaceX.

Quantum

We continue to believe quantum technologies can revolutionize socioeconomics at least as much as AI. While commercialization remains early, progress accelerated in 2025 and should continue in 2026. The *Managed Equity Strategies* maintain diversified exposure across the quantum ecosystem. This includes pure-play participation through **IonQ (IONQ)**; ownership of a leading private quantum platform through **Honeywell** and its planned Quantinuum spinoff; and development efforts at well-capitalized technology leaders such as **Alphabet, Microsoft, Amazon, Nvidia, and IBM**.¹⁰

Summary *Managed Equity* Remarks

The *Dividend Strategy* features a yield over 4% and a track record of more than 6% annual income growth. It has also traditionally been a significant equity risk diversifier, and it offers a total return proposition including a bird-in-the-hand cash return component and meaningful equity market exposure. Secular trends such as AI serve both as return enhancers and risk diversifiers.

The *Growth Strategy* places greater emphasis on innovation-driven opportunities while remaining disciplined in risk management. We expect to be selectively active in this *Strategy* throughout 2026 as opportunities and risks evolve.

¹⁰ IBM Quantum is a leader in “superconducting” quantum technology which requires temperatures colder than outer space (a key limiting factor in commercialization). Superconducting enables the full set of quantum capabilities – at least in theory. We believe IBM is making significant headway in the technology’s development and has several systems already installed with customers. IonQ and Quantinuum are key leaders in “trapped ion” technology which can operate in normal temperatures but lacks the full spectrum of theoretical quantum capabilities. With a broad brush, trapped ion quantum is closer to wider commercialization though, again, IBM appears to be making significant headway. All quantum technologies currently remain in development stages.

In combination, the *Dividend* and *Growth Strategies* aim to balance current income, risk diversification, and exposure to innovation-driven growth. For instance, so far this year, a 50/50 mix of those *Strategies* has well outperformed the broader equity market at meaningfully lower volatility.¹¹ Within that framework, we expect to continue gradually reallocating from more cyclical, economically sensitive exposures toward secular opportunities we believe can compound value through the 2030s.

Fixed Income Strategies

Following four straight quarters of declining interest rates, market yields rose moderately in the first quarter. All this move occurred in March as the U.S began its conflict in Iran, increasing short-term inflation expectations (higher oil prices) and reducing the likelihood of Fed rate cuts later this year. Current Fed Chairman Jerome Powell's term is over in May, and the President's new nominee, Kevin Warsh, is to be confirmed by Congress next month. Warsh served on the US central bank's Board of Governors from 2006 to 2011 and has cited he believes interest rates should be set at somewhat lower levels.¹² However, as of this writing, the Fed Funds futures market implies a somewhat unchanged Fed Funds environment over the remainder of the year.¹³

Managed Credit Strategies

Within our *Managed Credit Strategies*, we continue to orient the portfolios toward better credits, with roughly 75% of our clients' exposure to companies currently rated A- or better, on average.¹⁴ 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 any 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 underperformed Treasuries in Q1 while our slightly defensive duration profile served as a positive counterweight as broad market rates rose. On a go-forward basis, portfolios are now yielding between 4.1% and 4.7%, depending on one's yield curve positioning.¹⁵

¹¹ Source: Orion. Using representative accounts year-to-date through March 27, a 50/50 mix of the Dividend and Growth Strategies was down 1.9% versus the S&P 500 Index down 6.9%. The Managed Equity mix had a 0.8 beta versus the broader market.

¹² Source: CNBC.com, as of 3/5/26

¹³ Source: Bloomberg. World Interest Rate Probabilities, 3/31/26

¹⁴ Source: ORION

¹⁵ Source: Bloomberg, ORION, as of 3/31/26

ETF Bond Models

Our *Aggregate Bond* ETF strategy remains 100% invested in “defined maturity,” investment-grade corporate bond ETFs, which somewhat negatively impacted the model’s performance relative to the benchmark in Q1 as corporate credit outpaced Treasury returns. However, the defensive interest rate positioning mitigated some of this underperformance. Today, there is a relatively conservatively positioned laddered maturity structure of ETFs ranging between 2027-2032, and the model carries an average net acquisition yield of approximately 4.5%.¹⁶

The *Income Bond* ETF strategy has focused on maximizing cash flows within the priority of balancing risks, most notably through sector diversification. In the first quarter, “AAA-rated” Agency Mortgage-Backed securities, which accounted for approximately one-third of assets, was the only major fixed income market to keep pace with Treasuries as most risk assets faded. Investment-grade corporates, nearly 50% of the model, also trailed the Treasury market year-to-date causing the model to incrementally underperform the market proxy benchmark. Today, the strategy carries an average net acquisition yield of approximately 4.7%.¹⁷

Municipal Bonds

Our *Municipal Bond* portfolios continue to focus 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” and a defensive duration profile. Municipals started off the quarter outperforming most of the bond market but witnessed one of their worst months of March in recent memory, cheapening significantly on both an absolute basis as well as relative to taxable bonds. The direction was not unexpected, heading into tax season as this tends to be a weaker time of the year for municipals. But the magnitude of the sell-off could prove to be an attractive time to add to municipal exposure where applicable. Municipal bond portfolios are now yielding between 2.6% and 3.4% tax free (*between 4.4% and 5.8% at the highest marginal federal tax rate*)¹⁸ depending on one’s yield curve positioning.

Tactical Global Growth Strategy

In mid-March we executed trades in the *Tactical Global Growth* strategy to reduce its risk profile incrementally. We believe the disruption to global energy flows from the war in Iran may be most acute for economies in Europe and Asia. At the time of this move the war had just evolved to include important energy infrastructure assets as targets for military strikes by both sides. We felt the risk of a more prolonged negative impact on oil and natural gas prices should be reflected in a lower risk-reward profile for this strategy.

¹⁶ Source: Bloomberg, iShares, State Street, as of 3/31/26

¹⁷ Source: Bloomberg, iShares, State Street, as of 3/31/26

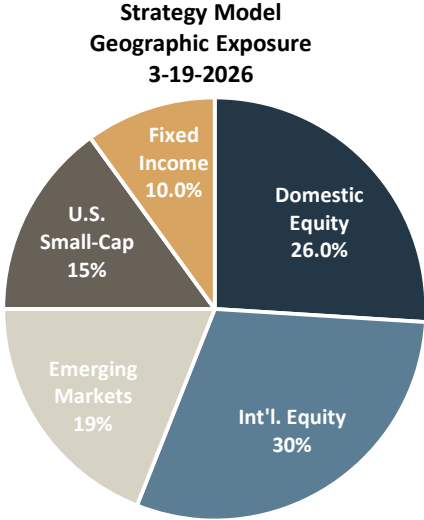
¹⁸ Source: ORION, Bloomberg, highest marginal tax rate of 40.8% = 37% federal plus 3.8% net investment income tax, as of 12/31/25

The allocation to the **Vanguard Emerging Markets ETF (VWO)** was reduced by five percentage points and the position in the **Schwab International Equity ETF (SCHF)** was also reduced by five percentage points. Proceeds from these sales were reinvested into short-term bonds via the **Vanguard Ultra-Short Bond ETF (VUSB)**. The revised 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
3-31-2026**

<u>Investment Vehicle (Ticker Symbol)</u>	<u>Asset Market</u>	<u>Portfolio Weight</u>
iShares MSCI ACWI ETF (ACWI)	Core Global Equity	40%
Schwab International Equity ETF (SCHF)	Developed Int'l. Equity	15%
iShares MSCI Int'l. Value ETF (IVLU)	Developed Int'l. Equity	5%
Vanguard Emerging Markets ETF (VWO)	Emerging Markets	15%
iShares S&P 600 Small Cap ETF (IJR)	U.S. Small Cap	10%
Vanguard S&P 600 SC Value ETF (VIOV)	U.S. Small Cap	5%
Vanguard Ultra-Short Bond ETF (VUSB)	Short-term Bonds	10%

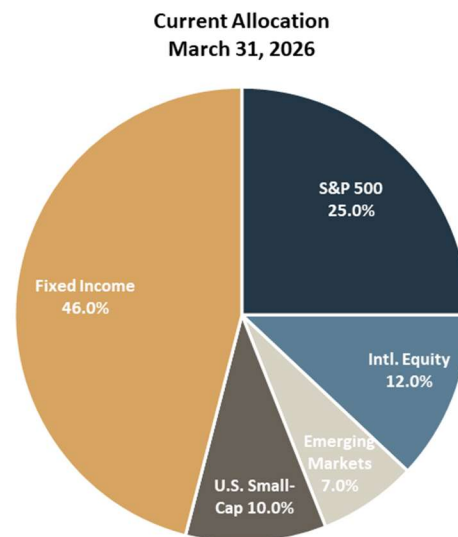
The current geographic diversification of the portfolio is reflected below, including the “look-through” allocation within the global equity ETF (ACWI), which includes holdings from each of the U.S., international, and emerging markets.



Dynamic Allocation Strategy

As a reminder, this strategy uses a quantitative discipline to respond to changing market conditions based upon objective inputs. This process made its first move on March 12th, when the allocation to **Emerging Markets** was reduced by half, resulting in a boost to cash and short-term reserves to approximately 11% of the model portfolio.

Subsequent reductions in the allocations to **Real Estate**, **International Equity** and the **S&P 500 Index** occurred in stages over the final weeks of the month, resulting in a total build of cash and short-term reserves of approximately 44%, as shown below:



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.

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Investing in bonds involves risk, credit and default risk, call risk, and liquidity risk. Indexes are unmanaged. It is not possible to invest directly in an index. Diversification and asset allocation do not ensure a profit or guarantee against loss.

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 than

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>

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