

WEIGEL FIDUCIARY ASSET MANAGEMENT



10-Year - Top 1% of Tracked Fixed Income Money Managers* vs Index Returns as of 05/31/23

<u>10 yr</u> <u>Top 1%*</u>	<u>Index*</u>	<u>Asset Class - Sub-Category*</u>	<u>No. of Funds Available*</u>	
			<u>1yr</u>	<u>10yr</u>
8.27%*	7.61%*	WeigelFAM HTM* Contingent Inc Note Strategy - Sleeves 2 & 3	1	1*
<u>Proper Fit Categories:*</u>				
3.53%	1.08%	Non-Traditional Bond	327	138
4.26%	1.63%	Multi-Sector Bond	328	146
4.50%	1.47%	Miscellaneous Bond		
5.40%	4.43%	Equity Market Neutral	36	16
<u>Fixed Income:</u>				
3.40%	2.53%	Corporate Bond Index	213	103
2.94%	0.80%	Ultrashort Bond	259	93
4.08%	0.98%	US Short Term Bond	585	347
3.64%	1.63%	Intermediate Core Bond	579	350
3.94%	2.74%	Long-Term Bond	31	19
1.27%	0.83%	Short Government Index	85	61
3.39%	0.94%	Intermediate Government Index	239	175
1.89%	1.89%	Long Government Index	48	21
2.32%	1.16%	National Municipal - Short Term	207	126
4.95%	2.82%	National Municipal - Long Term	165	105
3.18%	1.74%	New York Municipal Fund	50	40
6.20%	4.40%	US High Yield Index	704	417
4.03%	4.02%	Preferred Stock	73	35
2.47%	1.94%	Inflation-Protected Securities	201	126
4.29%	4.10%	MS LSTA Leveraged Loan Index	229	153
<u>Global/International Bond:</u>				
2.96%	1.86%	Global Bond Index	125	63
4.57%	0.70%	Emerging Market Bond Index	247	91
<u>Total Fixed Income</u>			22 Sub-Categories*	4,732 2,626

- Survivorship Bias* 45% failure rate*
 - o If performance bests peer group of 2,626, likely means best of closer to 4,732*
 - Top 0.04% to 0.02% of remaining vs estimated initial peer group*

“MONEY FLOWS TO WHERE IT IS BEST
TREATED” – RAY DALIO

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Important Explanation on how the analysis was conducted and Regulatory Disclosure of Material Facts below:

- Analysis was conducted against all believed relevant benchmarks and open-end mutual funds tracked and reported to/by Morningstar and deemed appropriate by WeigelfAM to represent the majority universe of Fixed Income options for retail investors in the US and abroad over the past 10 years. As well, this is being prepared to illustrate like end-client experience between the top performing sub-categories of the majority fixed income universe vs the dedicated income Sleeves of WeigelfAM which only represent 2 of 6 major categories of investment strategy at WeigelfAM. The Cash Sleeve 1, nor growth Sleeves 4 & 5 nor Hedging Sleeve 6 are included in this analysis as the purpose is to isolate and focus this particular conversation on Income Investing only.
- Although ETFs, Private Debt Funds and other Fixed Income vehicles exist, it was determined by WeigelfAM that open-end mutual funds represent the largest pool of and closest like to like comparison vehicles given fund flows, asset size, client base, diversification needs/mandates, leverage factors, lockups, fee structures and other factors used to determine overall **Fixed Income** classification and **Best Fit** determinations.
- **Fixed Income Money Managers** refer to portfolios designed to provide income as the primary but not only source of returns generated from these funds and indices whether reinvested or taken as distributed income over the period.
- Of note - values as of 5/31/23 are being reported against a start date of 4/30/13 which does NOT represent an exact 10-year time frame and is only being utilized now for preliminary reporting of estimated calculations only. Please note - all numbers are expected to be slightly adjusted upon final outside confirmation to correct for "to the penny precision" and this 1-month difference out of this 120-month total period analysis.
- All numbers are in the process of being confirmed by 3rd party outside accounting firm with a target completion date of 9/30/23.
- **10-Year time frame** analysis is highlighted to reflect the anniversary of the WeigelfAM (Sleeve 2) Laddered Bond Proxy Strategy (also referred to as HTM Contingent Income Note Strategy) which occurred 4/30/23. This Strategy was expanded to include Sleeve 3 - Hybrid Growth & Income Sleeve in 2020 but is being reported together to reflect the total income producing and yield harvesting activities of David Weigel as Financial Advisor first at Morgan Stanley (2003-2013) and then RBC Wealth Management (2013 - 2020) prior to transition and continuation at WeigelfAM inception 10/20/20 to present). Of note - this analysis excludes Sleeve 1 - Cash & Cash Equivalents and assumes \$0 earned while assets have been held in cash throughout the 10 years. Because this analysis focuses on what actually earned the income on these portfolios up until very recently.
- **No. of Funds in Category** means the number of mutual funds included in and compared against all mutual funds captured within the Morningstar Asset Class sub-category in existence for the 1-year and 10-year time frames in order to illustrate the core concept of Survivorship Bias in these calculations.
- **HTM** refers to the **Hold to Maturity** strategic imperative but not forced mandate of the strategies.
- All performance numbers listed are net of all fees and expenses as calculated and reported by WeigelfAM for the HTM Contingent Income Note Strategy Sleeve 2 & 3 and Morningstar for all Top 1% manager and index returns as of 5/31/23.
- **All 10-Year Top 1% and Index** return numbers as well as **1yr** and **10 yr** return rankings were sourced from Morningstar and calculated as of 5/31/23.
- **10-year average annual return numbers listed for the Morningstar benchmark indices and Top 1% of funds performance was calculated on a dividend/income and gains reinvestment basis vs WeigelfAM returns were calculated on a simple interest/distributed income basis. Returns differential is therefor underestimated on a like to like basis as all WeigelfAM return numbers reflect no dividend/income reinvestment.**
- **8.27%** Top 1% return listed for the WeigelfAM strategy was tracked and calculated internally only but confirmed by multiple parties over many years to be true and accurate. **This 8.27%** represents the

Best Look yet still conservative estimate as to returns net of an average of 75bps WeigelFAM management fee on a pre-tax basis. Subject to expected slight modification upon outside confirmation.

- **WeigelFAM net returns** may show significant underperformance vs previously reported collective coupons earned due to the **assumption that the entire portfolio in Sleeve 2 & 3 was liquidated 04/30/23 incurring an average 15.7% loss to principal**. Especially in view of the strategic mandate to Hold to Maturity reflected in the 83 out of 99 notes called at par or with respect to the lack of realized losses incurred to date on all 99 investments made. Privately reported Fair Value performance does not apply to this analysis.
- Average annual returns listed assumes no reinvestments of income earned and full sellout of the portfolio as of 4/30/23 at an average loss to principal of **-15.7%** average bid rates per note.
- **7.61% Index Return (only)** for WeigelFAM represents the Worst Look return net of maximum WeigelFAM management fees of 1.25% and full portfolio sellout as of 4/30/23 at the same **-15.7%** average loss to principal. **This does NOT reflect any index return for this strategy as none exists.**
- While Fair Value estimates have been provided by WeigelFAM in the past for illustrative purposes and in regard to one's financial planning progress on a Hold to Maturity Basis, no reference to Fair Value estimates are being made in regard to this analysis.
- **Proper Fit Categories** were derived from internal as well as collaborative external resource efforts per asset classes and strategies utilized in like portfolio composition as to credit quality, maturity, duration, capital structure as well as other risk vs return metrics.
- Column 1 represents the 10-year average annual **net returns** of the **institutional share class** (where available) of mutual funds filtered Morningstar systems to reflect the Top 1% performance and ranking against all funds captured within the same Asset Class of Fixed Income sub-category.
- Column 2 - represents the 10-year average annual **gross returns** for the unmanaged Index assigned by Morningstar to reflect the benchmark performance for the given Asset Class and Fixed Income sub-category with no management fees reflected.
- Column 3 - **Asset Class - Sub-Category** represents the Morningstar determined sub-categories explained and available for further review at www.morningstar.com.
- **22 Sub-Categories** represents the majority universe of all Fixed Income funds in existence for the 10-year period ending 05/31/23. Certain deemed inappropriate and/or miscellaneous categories more recently added to the Morningstar classification systems were excluded as not meeting our durability and timeframe criteria for inclusion in this analysis.
- **Survivorship Bias** refers to rankings being underestimated and returns potentially being overestimated by way of excluding all failed or discontinued funds over the period in the final analysis.
- **Failure rate** reflects the number of funds reported to be in existence and included in this analysis over the last 10-year period (**2,626**) vs the last 1-year period (4,732). Of note - this does not reflect the exact number of funds in existence 10 years ago that would have been included in this analysis due if that information was available.
- **Top 0.04% - 0.02% of peer group** reflects only the metrics used in this analysis and is meant to provide illustration of only WeigelFAM 2 of 6 Sleeves of management over the period and only to highlight income yielding results vs a peer group considered by many a level above that of Financial Advisor or Registered Investment Advisor.
- While Morningstar is considered one of the industries oldest and most respected providers of data reporting and analysis on money management firms, portfolio managers and mutual funds etc... no representation can be made by WeigelFAM as to accuracy or completeness of these numbers.
- ACA Global performance verification pending.
- Exact numbers in this analysis as well as substantiation for all discussed was submitted to regulators upon standard examination processes in place. In NO WAY, does regulatory oversight INDICATE IN ANYWAY.. Endorsement or Approval of any kind. Disclaimer made as disclosure of material fact at Fiduciary client must know.
- Update made as of all information known to be true and accurate as of July 18, 2023.