

Unconstrained Fixed Income Strategy

Portfolio and Economic Commentary – 2nd Quarter 2022





UNCONSTRAINED FIXED INCOME STRATEGY COMMENTARY

Based on our macroeconomic outlook over a three to five year period and our cyclical views from quarter to quarter, we employ top-down strategies that focus on yield curve positioning, volatility, and sector rotation. We then utilize bottom-up analysis to drive our security selection process and facilitate the identification of undervalued securities with the potential for above average income. We invest in securities that operate across diversified sectors in the fixed income markets of the United States, primarily those in U.S. dollar denominated high yield and investment grade bonds, including government securities, corporate bonds, and

mortgage- and asset-backed. Sources of added value:

Credit Analysis - We emphasize independent analysis and do not rely on credit agencies.

Duration Risk - We avoid long, extreme duration shifts generally operating within a moderate duration range typically between two and four years.

High Income - Our research attempts to identify issues paying above average income.

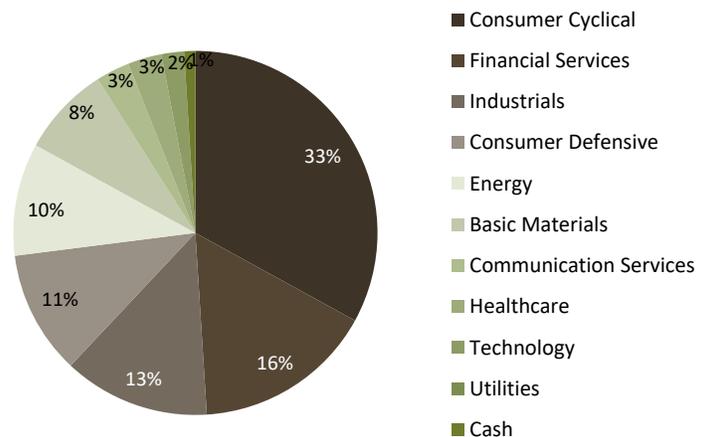
Risk Premium Management - We seek to attain an attractive yield/spread in relation to a five-year treasury within acceptable levels of portfolio risk.

PERFORMANCE COMMENTARY

The Unconstrained Fixed Income strategy extended its losses from the first quarter, declining by -8.23% in Q2, and is down -11.04% YTD. Despite an exceptionally dismal quarter, the Unconstrained Fixed Income strategy continues to markedly outperform the iShares iBoxx \$ High Yield Bond ETF, which recorded a loss of -10.04% for Q2 and is down -14.11% YTD. Due to heightened recession fears in the market, a flight to higher quality fixed income segments led the iShares Core US Aggregate Bond ETF to reverse its underperformance of the Unconstrained Fixed Income strategy from Q1 albeit also declining, but only by -4.67% during Q2 bringing its YTD loss to -10.26%.

All segments of the broad based US fixed income markets continued to sell-off during the second quarter, deepening the losses initiated in Q1. Long-dated US Treasuries recorded the largest declines YTD, with the 30-year US Treasury extending its drawdown to -23.57% on the year. Conversely, shorter-dated US Treasuries have been the best performing fixed income segment YTD, as represented by the 2-year US Treasury which is down only -3.05%. The Fed, remaining woefully behind inflationary developments in the broad US domestic economy, was compelled to become more aggressive in its policy action, instituting a 50 bps hike in May and a 75 bps hike in June to bring its benchmark interest rate to 1.50% - 1.75%. The yield curve shifted up across all maturities in response, while the inversion of the ‘belly’ (2yr/5yr/10yr) flattened moderately.

Sector Allocation (Morningstar)



Top Ten Holdings

Weight

ServiceMaster Co 7.450%	3.53%
Delek Logistics Partners 6.750%	3.38%
Murphy Oil Corp 5.750%	3.37%
Wendy’s International Inc 7.000%	3.17%
Hecla Mining Co 7.250%	3.06%
Mercer International Inc 5.500%	3.02%
Griffon Corp 5.750%	2.93%
Signet UK Finance PLC 4.700%	2.87%
Titan International Inc 7.000%	2.86%
Macys Retail Holdings Inc 6.790%	2.76%



DISCLOSURES

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact. Altrius is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy and approach. Our views and opinions include “forward-looking statements” which may or may not be accurate over the long term. Forward-looking statements can be identified by words like “believe,” “expect,” “anticipate,” or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

Past performance does not guarantee future results. The information provided in this material should not be considered an offer nor a recommendation to buy, sell or hold any particular security.

Performance Reporting

Altrius Capital Management, Inc. (Altrius) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Altrius has been independently verified for the periods January 31, 2001 – December 31, 2021 by ACA Performance Service, LLC. The verification reports are available upon request. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. Verification does not ensure the accuracy of any specific composite presentation. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The Firm is defined as Altrius Capital Management, Inc. (Altrius), a registered investment advisor with the Securities and Exchange Commission. Altrius was founded in 1997 and manages equity, fixed income and balanced portfolios for high net worth individuals and families.

Composite Characteristics

The Unconstrained Fixed Income Strategy is a subaccount from the Altrius Global Income, Conservative, Equity Tilted, Defensive and Equity Only Composites. Prior to 01/01/2022, it was only a subaccount of the Global Income Composite. The composite and subaccount were created in December 2010 with a performance inception date of December 31, 2002. The subaccount strategy is primarily invested in U.S. dollar-denominated investment grade and high yield bonds, including government securities, corporate bonds, and mortgage and asset-backed securities diversified across sectors. The strategy seeks to attain an attractive yield/spread relative to a five year Treasury within acceptable levels of portfolio risk.

Accounts are included on the last day of the month in which the account meets the composite definition. Accounts no longer under management are withdrawn from the composite on the first day of the month in which they are no longer under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias.



DISCLOSURES

Benchmark

The benchmarks are the iShares® iBoxx \$ High Yield Corporate Bond Fund ETF (HYG) and the iShares® Core US Aggregate Bond ETF (AGG). The HYG ETF tracks the investment results of the Markit iBoxx US Liquid High Yield Index which is a rules based index consisting of US dollar-denominated high yield corporate bonds for sales in US and the AGG ETF measures the performance of the total US investment grade bond market. The ETF returns are before the deductions of all expenses and transaction costs incurred by the ETF and net of withholding taxes. The ETF return is the total return based off net asset values and distributions from all the funds. As of 12/31/2021, the expense ratio was 0.04% gross and 0.03% net for the AGG ETF and 0.48% for the HYG ETF. It was changed 03/31/2022 from the Morningstar US High Yield and Morningstar US Core Bond indexes retroactively due to licensing fees charged by the owners. These benchmarks replaced the Barclays Capital Aggregate Bond Index and the Bank of America US High Yield Master II Trust as of 11/01/2019. and were changed retroactively for all periods The change was made due to licensing fees being charge by owners of the indices. Effective 01/01/2017, the Bank of America US High Yield Master Trust Index replaced the Barclays BB+ index. The volatility of the indices may be materially different from that of the performance composite. In addition, the composite's holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent appropriate benchmarks to compare the composite's performance, but rather are disclosed to allow for comparison of the composite's performance to those of well-known and widely recognized indices.

Economic factors, market conditions, and investment strategies will affect the performance of any portfolio, and there are no assurances that it will match or outperform any particular benchmark.

Altrius Unconstrained Fixed Income Composite Performance

December 31, 2011 – December 31, 2021

Year	Gross Return %	Net Return %	Benchmark Return %	Composite 3-Yr St Dev %	Benchmark 3Yr St Dev %	# of Portfolios	Composite Dispersion %	Total Composite Assets	Percent of Firm Assets
2012	12.81	11.47	13.83	4.75	8.08	105	1.19	31,271,380	23.17
2013	8.61	7.40	5.90	4.60	7.39	117	1.02	36,477,267	21.14
2014	(4.04)	(5.11)	2.01	4.69	5.00	128	0.71	45,562,659	24.07
2015	(10.55)	(11.56)	(5.55)	6.19	5.70	114	1.06	34,421,355	18.75
2016	22.06	20.68	13.93	7.91	5.94	137	2.39	59,949,560	22.43
2017	5.51	4.35	6.09	7.29	5.41	147	1.00	60,383,355	17.72
2018	(0.14)	(1.24)	(1.92)	5.70	4.13	154	0.32	73,471,882	22.14
2019	10.39	9.21	14.25	3.11	4.20	152	0.91	79,944,999	23.49
2020	(0.49)	(1.50)	4.11	10.25	8.64	131	0.90	52,534,859	14.62
2021	8.72	7.69	4.12	13.95	8.44	176	0.33	56,513,246	13.13



DISCLOSURES

Performance Calculations

Valuations and returns are computed and stated in U.S. dollars. Results reflect the reinvestment of dividends and other earnings.

Gross of fees return is net of transaction costs and gross of management and custodian fees. Net of fees returns are calculated using actual management fees that were paid and are presented before custodial fees and but after management fees and all trading expenses. Returns can be net or gross of withholding taxes, depending on how taxes are recorded at the custodian. Some accounts pay fees outside of their accounts; thus, we enter a non-cash transaction in the performance system such that we can calculate a net of fees return. Prior to 01/01/10, cash was allocated to carve-out segments on a pro-rata basis based on beginning of period market values. Beginning 01/01/10, carve-out segments are managed separately with their own cash balance. Carve-out accounts represent 100% of composite assets for periods prior to 01/01/10.

The standard management fee for the Altrius Unconstrained Fixed Income Strategy is 1.40% per annum on the first \$500,000 USD, 1.00% per annum on the next \$500,000 and 0.80% per annum thereafter. Additional information regarding Altrius Capital Management fees are included in its Part II Form ADV.

Internal dispersion is calculated using gross of fee performance numbers using the asset-weighted standard deviation of all accounts included in the composite for the entire year; it is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark (Morningstar US Core Bond) returns over the preceding 36-month period.

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

*Top Holding Statistics are presented as supplemental information to the GIPS compliant presentation.

The Altrius Unconstrained Fixed Income strategy is not sponsored, endorsed, sold or promoted by Morningstar, Inc. or any of its affiliates (all such entities, collectively, "Morningstar Entities"). The Morningstar Entities make no representation or warranty, express or implied, to the owners of the Altrius Disciplined Alpha Dividend Income strategy or any member of the public regarding the advisability of investing in an equity strategy generally or in the Altrius Disciplined Alpha Dividend Income strategy in particular or the ability of the iShares® iBoxx \$ High Yield Corporate Bond Fund ETF to track general equity market performance.

THE MORNINGSTAR ENTITIES DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE ALTRIOUS DISCIPLINED ALPHA DIVIDEND INCOME STRATEGY OR ANY DATA INCLUDED THEREIN AND MORNINGSTAR ENTITIES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN.