



## VICTORY PORTFOLIO: 1Q2024

### All Cap Value

[www.washingtoncrossingadvisors.com](http://www.washingtoncrossingadvisors.com)

### PORTFOLIO PROFILE SHEET

#### Kevin R. Caron, CFA

Senior Portfolio Manager

(973) 549-4051

[kevin@washingtoncrossingadvisors.com](mailto:kevin@washingtoncrossingadvisors.com)

#### Chad A. Morganlander

Senior Portfolio Manager

(973) 549-4052

[chad@washingtoncrossingadvisors.com](mailto:chad@washingtoncrossingadvisors.com)

#### Matthew J. Battipaglia

Portfolio Manager

(973) 549-4047

[matt@washingtoncrossingadvisors.com](mailto:matt@washingtoncrossingadvisors.com)

#### Steven J. Lerit, CFA

Head of Portfolio Risk Management

(973) 549-4028

#### Thomas J. Serzan

Senior Equity Analyst

(973) 549-4335

#### Suzanne E. Ashley

Relationship Manager

(973) 549-4168

[suzanne@washingtoncrossingadvisors.com](mailto:suzanne@washingtoncrossingadvisors.com)

#### About Washington Crossing Advisors

Washington Crossing Advisors (WCA) is a wholly owned subsidiary and affiliated SEC Registered Investment Adviser of Stifel Financial Corp. WCA strategies are primarily offered through the Stifel Opportunity Program.

The senior management team has worked together for over 25 years as market strategists and portfolio managers.

*Registration with the SEC does not imply a certain level of skill or training.*

The WCA Victory Portfolio seeks capital appreciation through a value-driven, flexible mandate. Candidate companies may vary in size, sector, and style. When fully invested, the portfolio seeks to invest in 20-30 companies that are:

### GROWING

Portfolio candidates should have a demonstrated ability to grow shareholder value over time. The compounding effect of profitable growth is a powerful driver to returns and why this is a primary focus of our analysis.

### CONSISTENTLY PROFITABLE

Not all growth is good growth. Growth can be achieved from unprofitable investments, but detracts from shareholder wealth over time. Therefore, we seek businesses that are demonstrating the profitable use of capital in generating cash flow and returns to investors.

### WELL-CAPITALIZED

Companies should have relatively low amounts of debt. As a general rule, we believe that companies with less debt on the balance sheet have greater financial flexibility. This flexibility becomes even more valuable during periods of economic distress.

### ATTRACTIVELY VALUED

Candidate companies should trade at a discount to our estimate of intrinsic value under a set of conservative assumptions. In so doing, we hope to establish a “margin of safety” that helps us to avoid unnecessary risk without sacrificing return. In situations where valuations do not reflect underlying risk, the portfolio may hold cash and equivalents.

### FUNDAMENTAL CHARACTERISTICS

	Portfolio	S&P 500
Size (Market Capitalization \$B)	\$370	\$805
Profitability (Return on Assets)	10.8%	7.4%
Debt Burden (Debt to Market Cap)	16.0%	28.0%
Valuation (Enterprise Value to Sales)	4.5x	8.3x
Dividend Yield	1.6%	1.7%
Dividend Growth (5-Year)	11.1%	7.1%
Expected Turnover	20%	—

Source: Bloomberg. As of March 31, 2024.

### PERFORMANCE AND RISK

For 1Q2024, the market (S&P 500) returned 10.6%, while the style benchmark (Russell 1000 Value Index) returned 9.0%. Thus, the market outperformed the style benchmark by 1.6%. During the quarter the Victory Portfolio returned 2.7% (gross) and 2.0% (net), underperforming the market by 7.9% and the style benchmark by 6.3%. Since inception, the portfolio's gross return is 8.8% and the net return is 5.6% with less risk than the S&P 500 Index TR, the Russell 1000 Value Index TR, and the Russell 1000 Equal Weight Index TR (i.e., betas less than 1).

### RECENT ACTIONS AND TURNOVER

Portfolio turnover for the 12 months ending 3/31/2024 was 1.2%.

### PORTFOLIO POSITIONING

We feel that the portfolio is well-positioned focusing on quality stocks. The portfolio companies have high profits, low debt, and reasonable valuations in our view. The portfolio is overweight Consumer Staples and Industrials. The portfolio is underweight Communication Services and Consumer Discretionary, and has a neutral weighting in Health Care and Information Technology. The portfolio has approximately 19% in cash.

### TOP 10 PORTFOLIO HOLDINGS

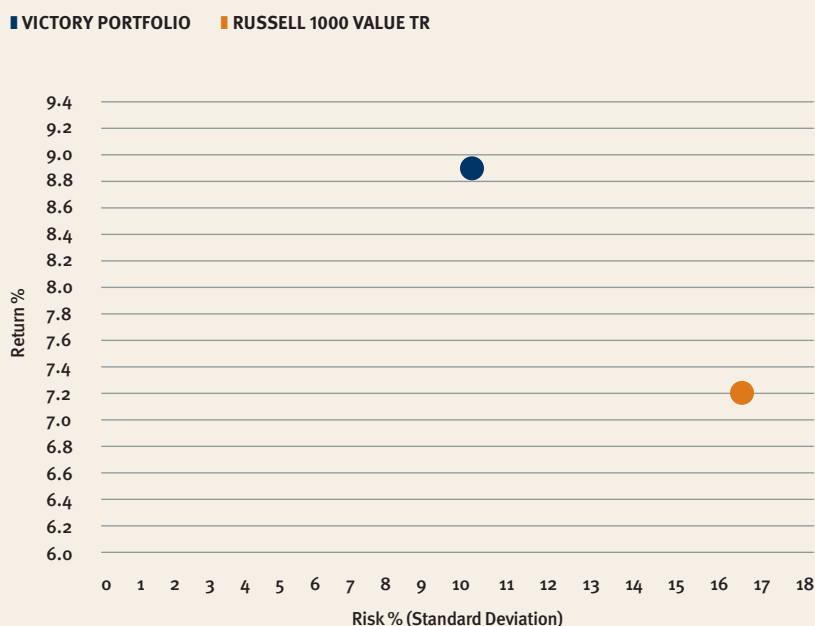
WALMART, INC.	WMT
MICROSOFT CORPORATION	MSFT
ORACLE CORPORATION	ORCL
TJX COMPANIES, INC.	TJX
PEPSICO, INC.	PEP
INTEL CORPORATION	INTC
ALPHABET, INC. CLASS A	GOOGL
ADOBE, INC.	ADBE
J.B. HUNT TRANSPORT SERVICES	JBHT
AMGEN, INC.	AMGN

*As of March 31, 2024.*

### SECTOR EXPOSURE

Communication Services	4%
Consumer Discretionary	6%
Consumer Staples	18%
Health Care	11%
Industrials	14%
Information Technology	29%
Cash	18%

### VICTORY PORTFOLIO RISK/RETURN (SINCE INCEPTION)



Source: Bloomberg, WCA.

## ANNUALIZED RETURNS

PERIODS ENDING MARCH 31, 2024

	1Q24*	YTD*	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception
Victory (Gross of Max Fees)	2.74%	2.74%	14.34%	7.77%	12.14%	12.78%	11.21%	8.86%
Victory (Net of Max Fees)	1.97%	1.97%	10.96%	4.58%	8.82%	9.45%	7.92%	5.64%
Russell 1000 Value Index TR	8.99%	8.99%	20.24%	8.08%	10.29%	9.13%	8.99%	7.16%
Russell 1000 Equal Weight TR	5.20%	5.20%	14.66%	4.41%	9.66%	9.31%	8.86%	9.29%
S&P 500 Index TR	10.56%	10.56%	29.87%	11.47%	15.03%	14.07%	12.95%	9.95%

Inception: October 31, 2007.

## CALENDAR YEAR RETURNS

	2016	2017	2018	2019	2020	2021	2022	2023
Victory (Gross of Max Fees)	7.48%	22.69%	4.24%	20.97%	20.66%	18.47%	-4.78%	14.82%
Victory (Net of Max Fees)	4.30%	19.06%	1.16%	17.39%	17.09%	14.96%	-7.59%	11.42%
Russell 1000 Value Index TR	17.33%	13.64%	-8.28%	26.52%	2.78%	25.12%	-7.56%	11.41%
Russell 1000 Equal Weight TR	16.37%	17.37%	-8.77%	24.73%	16.43%	23.35%	-13.43%	12.18%
S&P 500 Index TR	11.95%	21.82%	-4.39%	31.48%	18.39%	28.68%	-18.13%	26.26%

## SINCE INCEPTION RISK STATISTICS

PERIODS ENDING MARCH 31, 2024

	Tracking Error	Up Capture	Down Capture	Alpha	Beta	R-Squared
Portfolio vs. Russell 1000 Value Index TR	10.44%	61.34%	51.43%	5.08%	0.49	64.68%
Portfolio vs. Russell 1000 Equal Weight TR	12.94%	51.34%	46.79%	4.74%	0.41	59.46%
Portfolio vs. S&P 500 Index TR	9.40%	60.37%	58.22%	3.39%	0.52	70.31%

Inception: October 31, 2007. Risk statistics calculated using gross of fees performance.

Net of fee performance is calculated using the maximum applicable annual wrap fee that a client could potentially pay of 3.00%, applied monthly. This total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary. \*Periodic Return.

Past performance should not and cannot be viewed as an indicator of future performance. Indices are unmanaged, and it is not possible to invest directly in an index. All benchmark returns presented are provided to represent the investment environment existing during the time periods shown. Actual investment performance will vary due to fees and expenses. For comparison purposes, the benchmarks include the reinvestment of income. The benchmarks are unmanaged and unavailable for direct investment.

Please review the end of this document for important disclosures.

## DESCRIPTION OF TERMS

**Alpha:** The difference between the benchmark return and the portfolio return, which may be either positive or negative, adjusted for risk.

**Beta:** A measure of the sensitivity of a given investment or portfolio to movements in the overall market. Beta measures the risk level of the manager. Beta measures the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. A beta equal to one indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market. A beta of greater than 1 offers the possibility of a higher rate of return, but also poses more risk.

**Down Market Capture Ratio:** Down-Market Capture Ratio is a measure of managers' performance in down markets relative to the market itself. A down market is one in which the market's quarterly return is less than zero. The lower the manager's down-market capture ratio, the better the manager protected capital during a market decline. A value of 90 suggests that a manager's losses were only 90% of the market loss when the market was down. A negative down-market capture ratio indicates that a manager's returns rose while the market declined. For example, if the market fell 8% while the manager's returns rose 2%, the down-market capture ratio would be -25%.

**R-Squared:** R-Squared is a statistic that measures the reliability of alpha and beta in explaining the manager's return as a linear function of the market. If you are searching for a manager with a particular style, for example a growth manager, you would expect that manager to have an R-Squared that is high relative to a growth index if the manager has a diversified portfolio. If the manager's return is explained perfectly, the R-Squared would equal 100, while an R-Squared of 0 would indicate that no relationship exists between the manager and the linear function. Higher R-Squared values indicate more reliable alpha and beta statistics and are useful in assessing a manager's investment style.

**Russell 1000 Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

**S&P 500 Index:** The Standard & Poor's 500 Index is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market.

**S&P 500 Value Index:** The S&P 500 Value Index measures value stocks using three factors: the ratios of book value, earnings, and sales to price. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500®.

**Sharpe Ratio:** Sharpe Ratio is one of two alternative, yet similar, methods of measuring excess return per unit of risk (The other method is the Treynor Ratio). In the case of the Sharpe Ratio, risk is measured using the standard deviation of the returns in the portfolio. The Sharpe Ratio relates the difference between the portfolio return and the risk-free rate to the standard deviation of that difference for a given time period.

**Standard Deviation:** Standard Deviation is a gauge of risk which measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation. It is important to note that higher than average returns affect the standard deviation just as lower than average returns. Thus, it is not a measure of downside risk. Since it measures total variation of return, standard deviation is a measure of total risk, unlike beta, which measures market risk.

**Tracking Error:** The annualized standard deviation of the difference between the returns of an investment and its benchmark.

**Up Market Capture Ratio:** Up-Market Capture Ratio is a measure of managers' performance in up markets relative to the market itself. An up market is one in which the market's quarterly return is greater than or equal to zero. The higher the manager's up-market capture ratio, the better the manager capitalized on a rising market. For example, a value of 110 suggests that the manager captured 110% of the up market (performed ten percent better than the market) when the market was up. A negative up-market capture ratio indicates that a manager's returns fell while the market rose. For example, if the market gained 8% while a manager's returns fell 2%, the up-market capture ratio would be -25%.

## DISCLOSURES

Past performance does not guarantee future performance or investment results. Actual performance for a client may differ due to such factors as timing, economic and market conditions, cash flows, and client constraints. The performance statistics shown in this profile are calculated based on composite performance beginning October 31, 2007, and ending with the date shown on this profile. Performance is based upon the asset-weighted performance of all client accounts invested in this strategy (accounts having investment restrictions may be removed from the composite for performance calculation purposes) and is shown on a gross and net of fee basis. Gross of fees means that the figures do not reflect any deductions for investment management fees, trading costs, taxes, or any other costs associated with a managed account. Net of fees means that the figures reflect deductions for investment management fees and trading costs, but do not reflect taxes. Indices are unmanaged, and it is not possible to invest directly in an index. Significant disruptions in market or economic conditions may impact the results portrayed. Please refer to WCA's ADV Part 2 for additional disclosures regarding the firm and its practices. Changes in market conditions or a company's financial condition may impact the company's ability to continue to pay dividends. Companies may also choose to discontinue dividend payments. All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager. Equity investments are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors to varying degrees. Fixed Income investments are subject to market, market liquidity, issuer, investment style, interest rate, credit quality, and call risks, among other factors to varying degrees.

The Top 10 holdings are determined by percentage of portfolio allocation and are subject to change at any time, without notice. The holdings presented do not represent all of the securities held by the strategy as of the date presented. A complete list of holdings as of the date noted above will be provided upon request. The above is presented to illustrate the application of the strategy only and not intended as personalized recommendations of any particular security. The securities identified and described above do not represent all of the securities purchased, sold, or recommended for client accounts. You should not assume that an investment in any of the securities identified was or will be profitable.

Performance is based upon the asset-weighted performance of all client accounts invested in this strategy (accounts having investment restrictions may be removed from the composite for performance calculation purposes) and is shown on a gross and net of fee basis, both including the reinvestment of income. Gross of fees returns are shown as supplemental and do not reflect the deduction of transaction costs. Net of fees means that the figures includes all charges for trading costs, portfolio management, custody and other administrative fees, but do not reflect taxes. Actual fees may vary.