

QUARTERLY 4Q25

TACTICAL ASSET ALLOCATION



- › Dovish Fed, Firm Growth
- › Valuations Stretch Higher
- › Bonds Regain Appeal
- › Global Realignment

As 2025 draws to a close, the economy remains stronger than many expected. The Federal Reserve's modest 0.25% rate cut to 4.25% signals a gentler stance, but persistent inflation suggests only gradual easing ahead. Equity and credit markets have rallied to record valuations, leaving limited margin for disappointment. Bonds once again offer meaningful real returns and portfolio balance, while global growth leadership is shifting toward developed markets. With optimism high and valuations stretched, we believe investors should emphasize diversification, quality, and flexibility—positioning portfolios to potentially benefit from resilience while staying prepared for bouts of volatility that often follow periods of exuberance.

Surprising Resilience

As we enter the final quarter of 2025, markets and the broader economy continue to display surprising resilience. Growth remains solid, even as the Federal Reserve (Fed) begins a cautious process of lowering interest rates. The Fed's 0.25% rate cut in September reduced the federal funds rate to 4.25%, signaling a more "dovish," or market-friendly, stance. However, inflation remains above the 2% target, and economic momentum has not slowed as much as anticipated. As a result, the Fed may not cut rates as deeply—or as quickly—as investors currently expect.

A Softer Fed Tone

Markets largely anticipated the Fed's latest move. Stocks surged, gold rallied, and riskier assets led the way. The U.S. stock market, now valued at over \$70 trillion, continues to set new records. Yet, this rapid rise in valuations has outpaced fundamentals: the S&P 500's dividend yield has fallen below 1.2%, a level not seen since the late 1990s. Corporate credit shows similar exuberance, with spreads between high-yield corporate bonds and U.S. Treasuries narrowing to cycle lows.

Meanwhile, the U.S. dollar has weakened against the euro, pound, and Swiss franc, hitting its lowest levels of the year. Gold prices have doubled since late 2023 and are setting fresh records (we are reducing gold exposure after this huge run). This combination—dollar weakness and elevated asset prices—makes it harder for the Fed to justify aggressive rate cuts from here.

Bonds Regain Their Role

Despite large federal deficits, bond yields have fallen this year as markets focus on potential rate cuts ahead. For diversified

portfolios, yields that now exceed inflation present a rare opportunity for positive real returns and act as a stabilizer against equity volatility. In this environment, we favor mortgage-backed and intermediate-term investment-grade Treasuries over longer-term bonds, which remain vulnerable if growth stays firm, inflation re-accelerates, or government borrowing expands further. After years of limited appeal, bonds once again offer both real return potential and meaningful diversification benefits.

GROWTH REMAINS SOLID, EVEN AS THE FEDERAL RESERVE BEGINS A CAUTIOUS PROCESS OF LOWERING INTEREST RATES

U.S. and Developed Markets Lead

Globally, the growth landscape is shifting. The traditional gap between emerging and developed economies continues to narrow as governments reevaluate supply chains and impose new tariffs to rebalance trade. Strengthening foreign currencies relative to the U.S. dollar also create a tailwind for foreign equity investors—something not seen in years. Currently, momentum favors developed markets, particularly the United States, where improving growth expectations support a tilt toward growth-oriented stocks over value.

Tariffs and Trade

Since spring, a series of new trade agreements has eased tariff-related tensions, and forecasts for global growth show minimal impact so far. That's encouraging for multinational companies and global equities. However, meaningful negotiations with major trading partners remain underway, and any surprise developments could unsettle financial markets or dampen today's

optimistic outlook for growth and profits. We continue to watch this space closely.

Technology and AI: Promise Meets Valuation Risk

Technology and AI-related companies have reignited investor enthusiasm in ways reminiscent of the late 1990s, driving expectations for sustained margin expansion and rapid growth. While AI should boost productivity over time, the path ahead is unlikely to be smooth. In many cases, the lofty growth assumptions priced into mega-cap tech and communications names appear unrealistic. In sector-focused portfolios, we have modestly trimmed exposure to these areas—not due to doubts about long-term innovation, but based on valuation discipline.

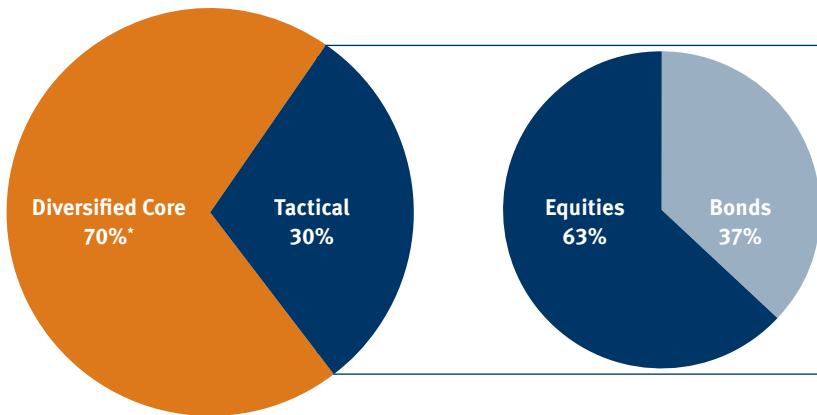
Elevated Valuations: Expect Volatility

Across markets, valuations remain well above historical norms. While it's appropriate to acknowledge stronger profitability and emerging growth from AI, current price levels suggest that investors are already pricing in much of the good news. The S&P 500's near-record-low dividend yield of 1.2%, and the fact that total market capitalization now equals roughly 2.3 times U.S. GDP, both underscore the degree of optimism embedded in asset prices.

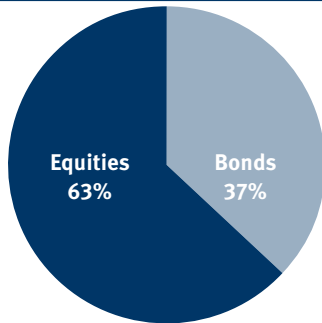
Against this backdrop, we believe maintaining diversification and flexibility becomes crucial. Elevated valuations don't preclude further gains, but they do increase the likelihood of near-term volatility and more modest returns ahead. Investors who stay balanced—combining quality equities, income-generating bonds, and a disciplined approach to risk—are best positioned to navigate what remains a dynamic but richly valued market environment.

PORTFOLIO STRUCTURE

DIVERSIFIED CORE Longer-Term Focus



SATELLITE Shorter-Term Focus



COMBINING LONGER- AND SHORTER-TERM PERSPECTIVES IN ONE ACCOUNT

We think of portfolios as having two parts.

At the “core” of the portfolio is a diversified equity and diversified bond allocation. The forecasts, valuations, and trends on page 4 guide these allocations. Because these factors are longer term, changes in the core tend to be slower than the satellite, reducing turnover.

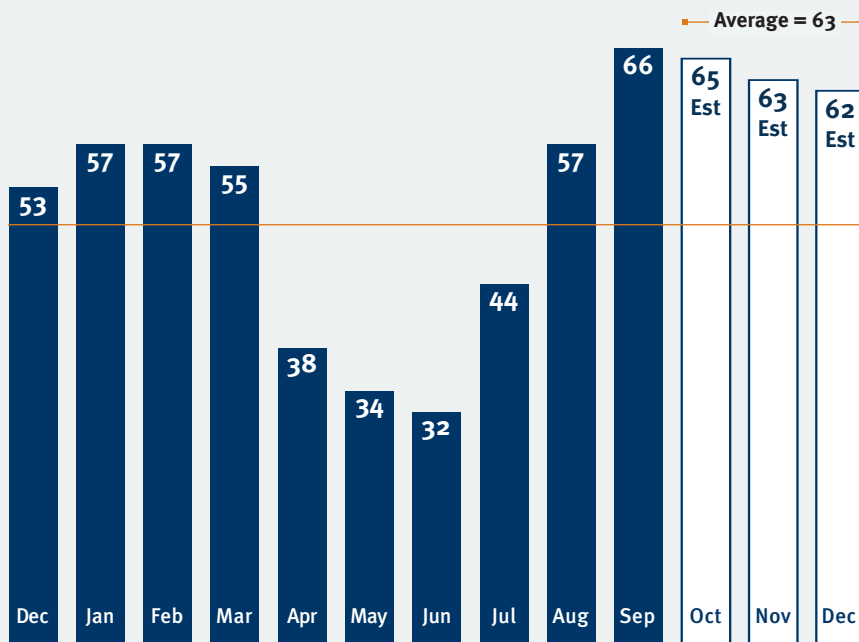
The smaller 30% (blue circle) is the “satellite.”

As fundamental conditions change, shorter term “tactical” tilts between stocks and bonds are implemented here.

SATELLITE POSITIONING: SHORTER-TERM FOCUS

WCA FUNDAMENTAL CONDITIONS BAROMETER

—Below 50: Heightened Risk of Recession

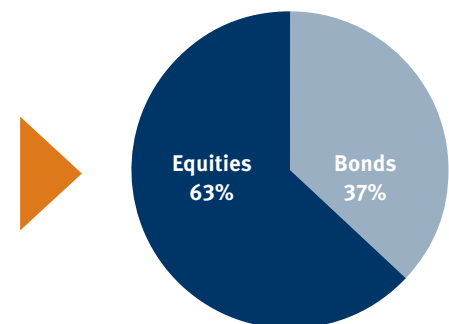


We regularly assess changes in fundamental conditions to help guide near-term asset allocation decisions. Analysis incorporates approximately 30 forward-looking indicators in categories ranging from Credit and Capital Markets to U.S. Economic Conditions and Foreign Conditions. From each category of data, we create three diffusion-style sub-indices that measure the trends in the underlying data. Sustained improvement that is spread across a wide variety of observations will produce index readings above 50 (potentially favoring stocks), while readings below 50 would indicate potential deterioration (potentially favoring bonds). The WCA Fundamental Conditions Index combines the three underlying categories into a single summary measure. This measure can be thought of as a “barometer” for changes in fundamental conditions.

SATELLITE

Shorter-Term Tactical

The equity allocation is tactically adjusted to align with the forecast barometer (see chart left).



As of September 30, 2025.

* Including stocks, bonds, and other assets.

ASSET CLASS	10-YEAR VIEW				TACTICAL POSITION
	RETURN	Y/Y CHANGE	RISK	RETURN/RISK	
BOND ASSUMPTIONS					
Core Bonds	3.4%	-0.1%	5.0%	0.7	UNDERWEIGHT ▼
1-3 Year Treasury Bond	3.2%	0.0%	1.6%	2.0	NEUTRAL
Mortgage-Backed Securities	3.3%	0.0%	5.1%	0.6	OVERWEIGHT
Intermediate Government/Credit	3.3%	-0.1%	3.3%	1.0	NEUTRAL ▼
20+ Year Treasury Bond	4.6%	1.0%	13.4%	0.3	UNDERWEIGHT
Investment-Grade Corporate Bonds	3.8%	-0.2%	8.2%	0.5	NEUTRAL ▲
High-Yield Corporate Bonds	4.0%	-0.1%	7.4%	0.5	NEUTRAL ▲
EQUITY ASSUMPTIONS					
Equity	4.9%	-0.7%	15.7%	0.3	OVERWEIGHT ▲
Domestic Large Cap Value	4.7%	-0.1%	15.5%	0.3	UNDERWEIGHT
Domestic Large Cap Growth	5.2%	-1.1%	17.4%	0.3	NEUTRAL ▲
Foreign Developed Equity Markets	4.2%	-0.8%	15.1%	0.3	OVERWEIGHT
Foreign Emerging Equity Markets	3.8%	0.4%	15.9%	0.2	OVERWEIGHT
Gold	2.0%	-1.1%	14.2%	0.1	NEUTRAL ▼
REITs	3.2%	-0.9%	17.4%	0.2	NEUTRAL ▲

As of September 30, 2025. Past performance does not guarantee future results.

Up/down arrows indicate a change of >1% since last quarter in a balanced model.

■ Core ■ Satellite

CORE POSITIONING: DECISION TREE

EQUITY vs. FIXED	Overweight equity to align with WCA Barometer forecast (see page 3)
FOREIGN vs. DOMESTIC	Overweight non-U.S. assets on relative outperformance/weaker USD
EMERGING vs. DEVELOPED	Overweight developed versus emerging as growth converges
GROWTH vs. VALUE	Overweight growth on relative strength and solid economic trends
CREDIT vs. SOVEREIGN	Overweight high-quality corporates vs. longer-dated Treasuries
SHORT vs. LONG DURATION	Duration shorter than benchmarks
NON-CORRELATED ASSETS	Trimming gold and adopting neutral weights for gold, real estate, high yield

These views are provided by Washington Crossing Advisors, LLC. (WCA) Assumptions are estimates based on historic performance and an evaluation of the current market environment. These are estimates only and not intended to represent future performance. References to future expected returns and performance do not constitute a promise of performance for any asset class or investment strategy. Risk refers to an expected standard deviation of returns, a measure of uncertainty around our estimate. The forecasts contained herein are for illustrative purposes only and not to be relied on as advice or interpreted as a recommendation to engage in the purchase or sale of any security or financial product. These forecasts are based upon subjective estimates and assumptions about circumstances and events that may not have taken place and may never do so. In addition, WCA used historic index returns in evaluating past return relationships. This information was gathered from third-party sources we deem reliable, but no independent verification has been undertaken. Actual returns could be higher or lower than shown herein. Opinion subject to change without notice.



About Washington Crossing Advisors

Washington Crossing Advisors, LLC (“WCA”) is an SEC registered investment adviser and wholly owned subsidiary of Stifel Financial Corp. WCA helps supervise and manage over \$10 billion in total assets for individuals and institutions.*

The team is managed by Kevin R. Caron, CFA, and Chad A. Morganlander, who were among the founding members of Washington Crossing Advisors.

Washington Crossing Advisors’ views on investing and markets are regularly sought by national media outlets, including *CNBC*, *Bloomberg*, *Fox Business News*, *The Wall Street Journal*, *Forbes*, and *Reuters*.

Philosophy and Process

We believe that investments should be selected only after clear and quantified measures of value, risk, and potential reward have been made. Our investment approach combines top-down analysis of the macro economy with fundamentally rooted, bottom-up security analysis.

* As of September 30, 2025. Total assets include assets under management and assets under advisement.

Description of Indices and Terms Description of Indices and Terms: All performance calculations of indices are calculated on a total return basis (reflecting reinvestment of dividends and other earnings). Indices are unmanaged, are not available for direct investment, and have no associated management fees.

Bloomberg Aggregate Bond Index: A composite of the Bloomberg Gov't/Corp Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, including securities that are investment grade or better, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

Bloomberg Dollar Spot Index (BBDXY): Tracks the performance of a basket of leading global currencies versus the U.S. Dollar. The index represents both developed and emerging market currencies that have the highest liquidity in the currency markets and the large trade flows against the U.S. Dollar.

Consumer Price Index: A measure of the average change in prices over time for a basket of consumer goods. Asset allocation and diversification do not ensure a profit or protect against loss.

Dow Jones U.S. Select REIT Index: Intends to measure the performance of publicly traded REITs and REIT-like securities. The index is a subset of the Dow Jones U.S. Select Real Estate Securities Index (RESI), which represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the U.S.

ICE U.S. Treasury 1-3 Year Bond Index: A market value weighted index designed to measure the performance of U.S. dollar-denominated, fixed rate U.S. Treasury securities with minimum term to maturity greater than one year and less than or equal to three years.

Moody's Baa Corporate Bond Index: An index comprised of industrial bonds rated Baa by Moody's with a minimum maturity of 20 years.

NASDAQ Composite Index: A capitalization-weighted index that is comprised of all stocks listed on the National Association of Securities Dealers Automated Quotation System stock market, which includes both domestic and foreign companies.

S&P 100 Index: A sub-set of the S&P 500, is a market capitalization-weighted index that measures the performance of large cap companies in the United States. The Index comprises 100 major, blue chip companies across multiple industry groups.

S&P 500 Index: Capitalization-weighted composite of 500 stocks traded on the NYSE, AMEX,

and NASDAQ; not the largest 500 stocks in U.S., but rather a blend of leading companies in leading industries in the U.S. economy; index comprised of 11 broad industrial sectors.

S&P 600 Index: A capitalization-weighted index that represents the U.S. small capitalization market, including companies with a market cap in the range of \$300 million to \$2 billion. This index consists of 600 domestic stocks chosen for market size, liquidity, and industry representation. The S&P index committee uses the 50th and 83rd percentile of market value of all U.S. companies as a general guideline to identify small cap. None of the companies in the S&P Small Cap overlap with those in the S&P 500 nor the S&P Mid Cap 400.

Mortgage-backed securities represent an investment in a pool of mortgage loans; thus, the yield and average life will fluctuate depending on the rate at which mortgage holders prepay the underlying mortgages and changes in interest rates. Your financial advisor should explain how mortgage-backed securities react to different market conditions.

International and Emerging Markets Investing: There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.

Bonds and High Yield Bonds: When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. High yield bonds have greater credit risk than higher quality bonds.

Commodities and Futures: The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

Real Estate: When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance.

Opportunity Disclosure: The Washington Crossing Advisors, LLC Stifel Conquest and Conquest Alternatives Portfolios require a \$25,000 minimum investment. More information on the Stifel Opportunity Program is included in the Stifel Consulting Services Disclosure Brochure and

Part II of the Manager's Form ADV, which may be obtained from your Financial Advisor and which further outlines the fees, services, exclusions, and disclosures associated with this program. The information contained herein is believed to be reliable and representative of the portfolios available through Stifel; however, the accuracy of this information cannot be guaranteed. Investors should consider all terms and conditions before deciding whether the Opportunity Program and these strategies are appropriate for their needs.

The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index is a value-weighted average that seeks to measure the value of residential real estate in 20 major U.S. metropolitan areas. The index is a composite of single-family home price indices for the nine U.S. Census divisions.

This commentary often expresses opinions about the direction of market, investment sector, and other trends. The opinions should not be considered predictions of future results. The information contained in this report is based on sources believed to be reliable, but is not guaranteed and not necessarily complete.

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.

Any projections, targets, or estimates in this report are forward looking statements and are based on WCA's research, analysis, and assumptions made by the Adviser. Due to rapidly changing market conditions and the complexity of investment decisions, supplemental information and other sources may be required to make informed investment decisions based on your individual investment objectives and suitability specifications.

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