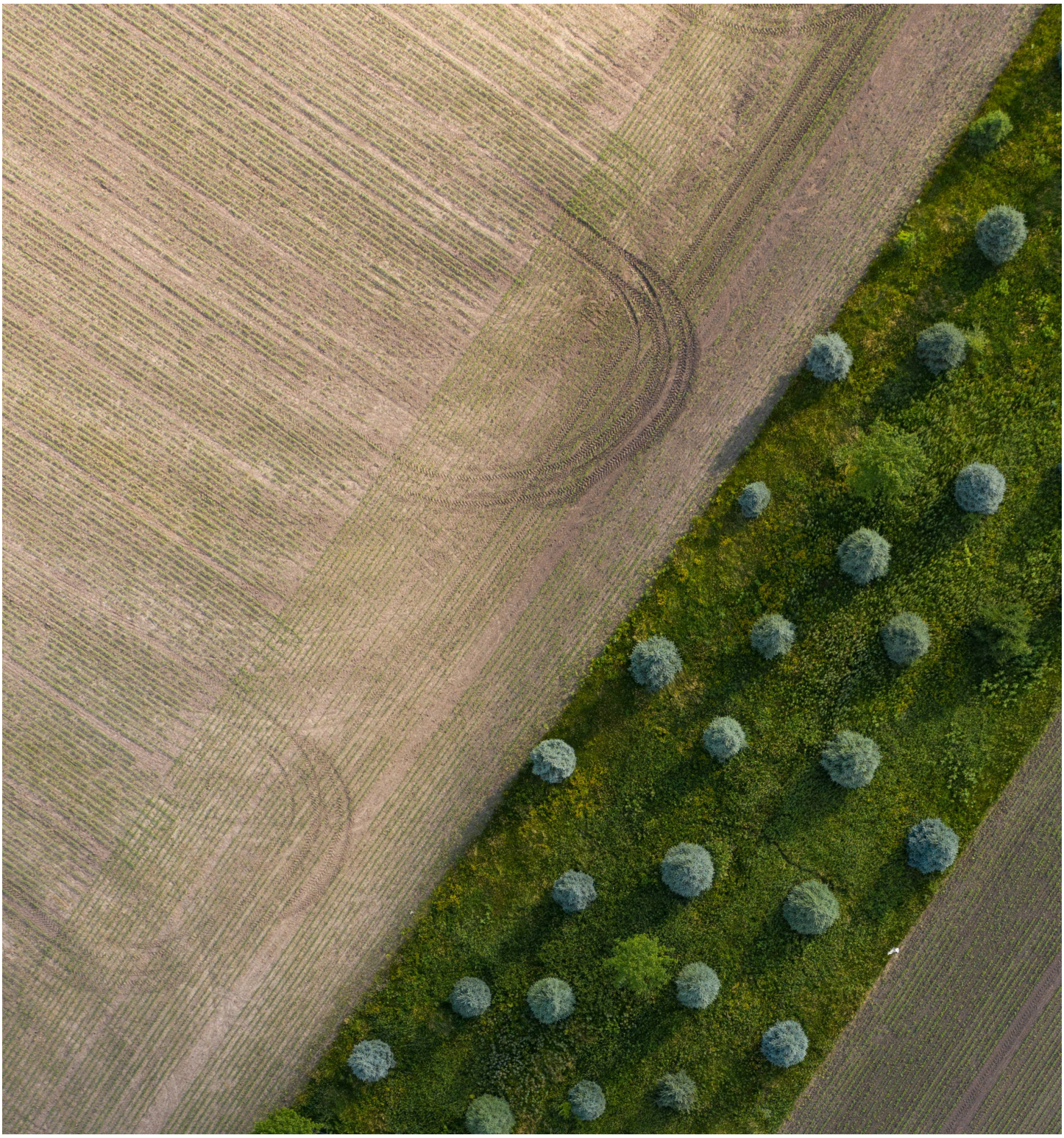
MAINSTREET
ADVISORS

Investment Process




Built On A
Disciplined
Approach

Our collaborative, team-driven process is core to our investment philosophy and forms the basis for every investment decision.

At MainStreet Advisors, every investment decision begins with our process.

Our research framework provides the structure through which we evaluate economic trends, assess market conditions, and develop forward-looking investment insights. These insights drive asset allocation decisions, guide manager and security selection, and shape the portfolios ultimately implemented for our clients.

By anchoring our decisions in a disciplined, research-driven process, we ensure consistency, objectivity, and long-term focus — delivering investment outcomes that align with our clients' goals.

RISK TOLERANCE



ASSET ALLOCATION



ASSET SELECTION



OBJECTIVES



Investment Committee

At the center of this process is our Investment Committee, which includes every member of the investment team. The committee's agenda focuses on reviewing recommendations from our five specialized subcommittees.

Each subcommittee is led by a chairperson and is composed of Portfolio Managers, Portfolio Analysts, and Investment Analysts. These groups meet monthly to evaluate opportunities and risks in their area of expertise and develop recommendations for refining the mix of asset classes and strategies that shape client portfolios. These recommendations are then presented to the Investment Committee, where client-facing Portfolio Managers vote on their adoption.



Asset Allocation Committee

Philosophy

At MainStreet Advisors, we believe that disciplined asset allocation is the foundation of long-term investment success. Our Asset Allocation Subcommittee is responsible for:

- Monitoring macroeconomic trends and data
- Establishing asset allocation guidelines
- Generating and evaluating investment ideas

Investment Objective

While every client's situation is unique, most investment goals can be defined by their risk and return needs. To address this, we have developed five distinct investment objectives. These objectives form the basis for our portfolio design, allowing us to match strategies to a client's desired balance of growth potential, risk tolerance, and income needs.

INVESTMENT OBJECTIVES	RISK REDUCTION	CAPITAL PRESERVATION	INCOME GENERATION	INFLATION PROTECTION	PRINCIPAL GROWTH
Capital Preservation	●	●	●		
Income w/ Some Growth	●	●	●	●	
Balanced		●	●	●	●
Growth w/ Some Income			●	●	●
Growth				●	●

Process

Based on these objectives, MainStreet Advisors has developed recommended portfolios that:

- Incorporate multiple asset classes
- Provide a spectrum of risk/reward profiles
- Balance long-term return expectations with appropriate risk levels

We use a range of advanced tools to test assumptions about risk, return, and asset class correlations. These include capital market assumptions, mean-variance optimization, and efficient frontier analysis.

Strategic and Tactical Weights

Our strategic targets for broad asset classes—equities, fixed income, alternatives, and cash—are grounded in our mean-variance optimization process. We incorporate the size and importance of asset classes along with benchmark composition to ensure appropriate diversification.

These allocations are reviewed at least annually. During each review, the Asset Allocation Subcommittee retests the underlying risk/return assumptions to evaluate whether market conditions or long-term expectations have shifted. If meaningful changes are identified, the Subcommittee updates its recommendations and presents them to the Investment Committee for approval.

This disciplined review process ensures that our strategic weights remain aligned with the long-term outlook, while allowing room for tactical adjustments when shorter-term opportunities or risks emerge.

Benchmarking

Each recommended portfolio is paired with a custom blended benchmark that reflects its strategic asset allocation. These benchmarks are constructed from major asset class indices—covering equities, fixed income, alternatives, and cash—and approved by the Investment Committee.

The benchmark serves as a baseline for performance evaluation, allowing us to measure how active shifts, tactical decisions, and manager selections contribute to results over time. In this way, clients can clearly see the impact of both long-term strategy and shorter-term positioning within their portfolios.

Client Benefits

Our approach combines discipline with flexibility. By grounding our investment recommendations in research and analytics, we deliver portfolios that are:

- Transparent in design
- Aligned with client objectives
- Built to adapt to evolving market conditions

Equity Committee

Equity Research and Portfolio Construction

The Equity Subcommittee leads our individual equity research process, beginning with a systematic, monthly ranking of all securities in the investment universe, emphasizing operating profitability, balance sheet efficiency, and valuation. From this foundation, the investment research team builds diversified portfolios of high-quality U.S. stocks, managed either as standalone strategies or as components within broader multi-asset portfolios. The objective is to identify market-leading companies trading at attractive valuations relative to their growth prospects. To complement internal analysis, the team incorporates Morningstar equity analysts' proprietary discounted cash flow–based fair value assessments, Moat ratings, and Capital Allocation ratings. Promising candidates undergo further qualitative review, including assessments of business model durability, competitive dynamics, management quality, corporate governance, and supply chain resilience.

Risk Monitoring and Management

The Equity Subcommittee also evaluates macroeconomic factors such as interest rates, currency trends, and commodity prices and monitors portfolio exposures across style, size, leverage, beta, quality, momentum, and value factors. Risk management is integral to the process. Portfolios are continuously assessed for return volatility relative to their benchmarks. We emphasize measuring and, when needed, adjusting the contribution of individual positions and factor exposures to overall portfolio risk.

Equity Portfolio Construction Process

Six components performed on an ongoing basis by our investment team.



We recognize that every client has distinct goals, constraints, and risk tolerance preferences. Our equity models can help portfolios better align with these variables. They can be used on a standalone basis, or in conjunction with external active and passive strategies to complete a portfolio's overall asset allocation.

LARGE CAP BLEND Seeks long-term capital appreciation from a portfolio of primarily large-cap stocks with high quality, durable business models. Combines growth and value, with risk and portfolio characteristics similar to its S&P 500 benchmark.

DIVIDEND INCOME Emphasizes capital appreciation and an attractive portfolio-level dividend yield. Focuses on companies with a consistent record of growing dividends and those with above average yields.

SOCIALLY RESPONSIBLE Primarily targets large capitalization stocks with low environmental, social, and governance (ESG) risks. Combines growth and value styles with risk and portfolio characteristics similar to its S&P 500 benchmark.

ALL CAPITALIZATION Seeks long-term capital appreciation from a portfolio of large, mid, and small capitalization stocks with high quality durable business models. Combines growth and value styles with risk and portfolio characteristics similar to its S&P 1500 benchmark.

LARGE GROWTH Seeks to generate a return and volatility profile aligned with the S&P 500 Growth Index, using a rules-based, low-turnover approach.

Risk Management

Risk management and sell discipline are core components of our investment process and are applied consistently across every strategy we oversee.

While individual asset classes require different analytical tools, our philosophy is unified: maintain diversified exposures, identify risks early, and ensure that every holding continues to meet its intended role in a portfolio.

Across equities, fixed income, manager/fund, and alternative strategies, we employ a forward-looking, research-driven framework designed to reduce unintended concentrations and prevent a small number of positions from disproportionately driving portfolio outcomes. Ongoing monitoring, formal review processes, and a clear sell discipline anchor each part of our approach.

EQUITIES	Our process evaluates tracking error, factor exposures, and position weights relative to benchmarks to avoid concentration risk. A deterioration in financial metrics, a mismatch between valuations and growth potential, the emergence of competitive risks, or sustained underperformance will prompt a thorough reassessment of the investment thesis.
FIXED INCOME	We assess creditworthiness, liquidity, duration risk, and structural protections. Bonds are trimmed or sold when credit profiles weaken, spreads compress beyond fundamentals, or when risk-adjusted return potential deteriorates.
MANAGER/ FUND	We monitor mandate adherence, performance consistency, team stability, and risk-adjusted results versus appropriate peer groups. Sustained underperformance, changes in process, personnel turnover, or style drift will trigger a formal review and potential replacement.
ALTERNATIVE STRATEGIES	We evaluate liquidity terms, leverage, concentration, operational risk, and the robustness of the underlying strategy. Investments are reassessed and identified for replacement if risk exposures rise outside expected ranges, operational issues persist, or if the strategy's edge erodes.

Manager/ Fund Committee

Qualitative Review

Our qualitative review process focuses on characteristics of the investment manager we believe are the foundations of a successful investment strategy. We evaluate and monitor the investment team's tenure, consistency of investment process, idea generation process, portfolio construction strategy, liquidity constraints, existing product offerings, and business management factors.

Quantitative Review

Our quantitative process centers on a monthly scoring methodology that provides a framework for standardized performance assessment. It integrates metrics for volatility, risk adjusted returns, and style alignment across various time frames. Please refer to the "Manager/ Fund Quantitative Scoring Areas" grid on the following page for more details.

Watch List

All Approved List managers are subject to monthly quantitative reviews and annual qualitative reviews.
Our criteria for placing managers on the Watch List:

- Quantitative score that falls in the bottom two quartiles of its peer group
- Changes in a manager's investment philosophy or strategy
- Significant personnel changes
- Changes in manager ownership

A manager will have 12-18 months to move off the Watch List by improving its quantitative score or by demonstrating changes in personnel, manager ownership, or process have not had an adverse effect on relative performance.

Manager/Fund Quantitative Scoring Areas

RETURN RANKINGS BY CATEGORY

A manager's absolute performance rank is evaluated, relative to category, across 3-month, 6-month, 1-year, 3-year, 5-year, and 10-year periods. Higher point values are awarded for longer time periods.

STANDARD DEVIATION

A measurement of manager-specific volatility. Standard deviation measures dispersion of a set of periodic returns from its average. The higher the standard deviation, the wider the dispersion or range of possible returns.

SHARPE RATIO

A measurement of risk-adjusted performance. The Sharpe Ratio subtracts the risk-free rate (3-month T-bill or other government-linked bonds) from the manager's actual return and divides the result by the fund's standard deviation. A higher Sharpe ratio indicates the manager does a better job producing returns per unit of risk.

SORTINO RATIO

A modification of the Sharpe ratio that differentiates harmful volatility from general volatility by taking into account the standard deviation of negative asset returns, called downside deviation. A higher Sortino Ratio indicates there is a lower probability of a large loss.

ALPHA

A measurement of risk-adjusted returns. Alpha measures the excess return between expected return based on beta (security specific risk) and actual return. Also, Alpha can be interpreted as value added from management.

SIZE/STYLE CONSISTENCY

Points are awarded for managers that stay true to their market cap and style (growth or value) mandates.

Fixed Income Committee

Oversight

The Fixed Income Subcommittee oversees the development of diversified, efficient exposure to fixed income markets. It provides guidance on asset class allocation and sets parameters for security restrictions and prohibitions. Portfolios are tailored to reflect each client's individual investment goals and risk tolerance.

Individual fixed income security purchases must also meet the following criteria:

- Be liquid and marketable
- Provide an acceptable risk/return tradeoff
- Awareness of benchmark characteristics and sector exposures
- Be appropriate given the tax status of the client

Guiding Tenets

- Liquidity
- Tax Awareness
- Diversification
- Principal Protection
- Limit Interest Rate Risk

Fixed Income Investment Parameters

BOND RATINGS	Typically, the exposure of the portfolio to any one issuer, other than the securities of the U.S. government or its agencies, should not exceed 10% of the market value of the portfolio. To ensure safety of principal, only bonds rated Investment grade by one of the nationally recognized bond rating organizations shall be purchased. Portfolios shall not hold non-rated bonds or securities rated below investment grade (BBB-/ Baa3) by one of the nationally recognized rating agencies, unless otherwise directed by the client.
SECURITY SIZE	From a diversification and efficiency perspective, MainStreet Advisors may only recommend using individual bonds in accounts with a minimum of $250,000 in the fixed income portion of the portfolio, unless otherwise directed by the client. Portfolios should hold a minimum of 10 issues. For liquidity reasons, individual bond purchases should be $25,000 or greater.
MANAGER/ FUND	Mutual funds, exchange-traded funds (ETFs), and separately-managed accounts are the primary vehicles utilized to gain exposure to satellite fixed income strategies, such as foreign bonds, high-yield bonds, convertible bonds, mortgage-backed securities, and preferred stocks. Manager/Funds are evaluated, selected, and monitored using the process described in the Manager/Fund Subcommittee section.
PREMIUM PRICED BONDS	In an efficient market, investors should be indifferent to par or premium priced bonds as the present value of all cash flows will be equivalent. Specifically, the higher coupon payment of a premium bond will offset any erosion of the premium. However, we recognize that premium priced bonds are not appropriate for accounts with competing interests between income and principal beneficiaries. In such cases, premiums will be limited to an appropriate level, given current market factors.

Active Approach

We focus on constructing individual bond sleeves within taxable client accounts composed of U.S. government securities and high-quality corporate issuers. For tax-exempt mandates, we focus on investment-grade municipal bonds backed by general revenue obligations.

The average maturity of a fixed income sleeve in a client portfolio is typically between two and six years. We believe this approach is advantageous for clients because it can reduce interest rate-driven volatility, enhance risk-adjusted yield, and improve liquidity.

Fixed income securities within a client portfolio must also adhere to duration, curve, tax status, and sector guidelines appropriate to the client. For all fixed income investments, we carefully monitor credit quality, duration/rate risk, and yield curve exposure.

Depending on the client's risk tolerance, we may recommend core fixed income allocation be supplemented with satellite fixed income strategies including manager/funds that provide exposure to U.S. high-yield, multi-sector bond, preferred stock, and international bond asset classes.

Potential sources of excess return that are not available to passive alternatives:

- Pricing inefficiencies/relative value swaps
- Incremental return in "off-the-run" issues
- "Yield curve roll"
- Incremental sector over/underweight driven by fundamentals
- Improved position to capture potential credit spread tightening/ upgrade through careful credit analysis

Managed Maturity Approach

We maintain a short-to-intermediate maturity schedule of fixed income securities that may be laddered out from one to ten years, such that bonds are maturing at approximately equal time intervals. The maturity of the bond portfolio will average between 2-6 years. This approach is advantageous to the conservative investor for the following reasons:

REDUCED VOLATILITY Shorter-term bonds are subject to far less price variability than longer duration securities, and will therefore experience less risk of principal loss.

RISK MANAGEMENT Long-term bonds are not purchased, as the modest increase in yield is not justified by the considerable rise in interest rate sensitivity risk.

FLEXIBILITY Interest rate risk is mitigated with bonds maturing successively. Proceeds are available to either shorten maturities if interest rates are increasing or to extend maturities to lock in higher yields if rates begin to trend down.

LIQUIDITY Portfolios are invested in publicly traded securities. These can normally be liquidated in a relatively short period to accommodate broad asset allocation changes between fixed income and other asset classes held in the portfolio, or to meet a client's distribution requirements.

Alternatives Committee

Alternative Assets for Diversification

At MainStreet Advisors, risk management drives every portfolio decision. One way we reduce risk in client portfolios is to include asset classes and market segments that don't move in lockstep with traditional stocks and bonds.

The goal is simple:

- When assets move together, portfolio risk increases.
- When assets move independently, diversification improves and risk decreases.

Our Alternative Assets Subcommittee seeks opportunities that add true diversification by showing low correlation to existing holdings. Each addition is carefully evaluated to ensure it meaningfully reduces overall portfolio volatility while enhancing risk-adjusted returns.

In practice, this means assembling a portfolio where asset classes behave differently across market conditions, providing clients with more stability and balance over the long term.

When evaluating asset classes and strategy types, the Alternative Assets Subcommittee evaluates the following criteria:

VEHICLE LIQUIDITY Securities with daily liquidity include 1940 Act Open-Ended Funds and Exchange Traded Funds (ETFs). Securities with periodic liquidity, such as interval funds, often repurchase 5%-25% of outstanding shares at regular intervals.

PERFORMANCE TRACK RECORD We prefer to have at least a three-year strategy performance history.

PEER GROUP BREADTH The segment must have a reasonable number of managers in order to perform a thorough peer group analysis.

EXPENSES The manager's fees must be roughly in line with its peer group and not include any front-end, back-end, or revenue-sharing costs.

Current Alternatives Asset Segments

The following alternative asset segments and strategy types are currently on our Approved List:

- DIGITAL ASSETS
- DEFINED OUTCOME STRATEGIES
- DIVERSIFIED COMMODITIES
- GOLD
- EQUITY HEDGING STRATEGIES
- INFRASTRUCTURE
- MULTI-STRATEGY ALTERNATIVES
- PUBLIC REAL ESTATE
- PRIVATE STRATEGIES (CREDIT, EQUITY, REAL ESTATE)
- STRATEGIC INCOME
- VENTURE CAPITAL

The Alternative Assets Subcommittee is always searching for new asset segments and strategy types that can enhance diversification and reduce volatility in client portfolios.

Correlation Matrix (9/30/04 to 9/30/24)

	1	2	3	4	5	6	7
1 U.S. STOCKS	1.00						
2 U.S. BONDS	0.23	1.00					
3 COMMODITIES	0.45	-0.01	1.00				
4 GLOBAL HEDGE FUNDS	0.74	0.10	0.58	1.00			
5 PRIVATE EQUITY	0.08	-0.11	0.10	0.19	1.00		
6 PRIVATE DEBT	0.15	-0.12	-0.12	0.28	0.75	1.00	
7 PRIVATE REAL ESTATE	-0.08	-0.23	0.02	-0.02	0.53	0.34	1.00

Source: Morningstar Direct

Representative Alternative Asset Segments

COMMODITIES Investment approaches that provide exposure to physical commodities or derivatives, often used for inflation protection and diversification. Returns are driven by supply-demand dynamics, global trade, and macroeconomic trends affecting energy, metals, and agricultural markets.

GLOBAL HEDGE FUNDS Actively managed, opportunistic strategies seeking absolute returns through long/short equity, event-driven, macro, or relative value trades. Hedge funds often employ leverage, derivatives, and flexible mandates to exploit market inefficiencies across asset classes and regions.

PRIVATE EQUITY Long-term investments in privately held companies, typically through buyouts, growth capital, or venture funding. Value creation comes from operational improvements, strategic growth, and financial restructuring, with returns realized through exits such as IPOs or sales.

PRIVATE DEBT Direct lending and credit-oriented investments in companies outside public markets. Strategies include senior loans, mezzanine financing, and distressed debt, offering higher yields in exchange for liquidity constraints and credit risk, often with floating-rate structures.


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confidence and achieve
lasting success.

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