1Q 2022 | Credit Select Risk-Managed Review

WST CAPITAL MANAGEMENT

PERFORMANCE & POSITIONING

Following the risk-on sentiment to end the year, the Credit Select Risk-Managed Strategy ("CSRM") begun 2022 fully invested as high yield exposure comprised 95%. Investors faced rising uncertainty in early January as soaring energy prices, a monetary policy pivot and geopolitical tensions weighed on capital markets. The increased levels of volatility prompted CSRM to reduce its credit allocation to 50% of strategy assets including 25% passive high yield and 25% short duration high yield. Risk assets capitulated to the sell-off later in January amid widening of credit spreads off the historic lows. The model responded to the market turbulence by removing high yield securities in favor of defensive assets such as U.S aggregate bonds, intermediate-term Treasuries and cash equivalents. As inflation prints surprised to the upside during the quarter, investors anticipated a hawkish policy response from the Fed to combat the continued inflationary pressures. This resulted in upward moves to short- and intermediate-term yields along the U.S. Treasury curve as markets attempted to price in future rate increases by the Fed. The rising yields, and coincident fall in bond prices, drove CSRM to eliminate its allocation to U.S. aggregate fixed income and intermediate-term Treasuries. The strategy elected to hold 100% cash equivalents as the model sought a more attractive risk-return profile. The cash equivalent allocation was held for the remainder of 1Q as the risk-off positioning contributed to the outperformance versus the high yield and U.S. aggregate bond indices. The downside pressures to spread assets as well as the broader fixed income market were a major factor in the defensive posturing of Credit Select Risk-Managed for most of the first quarter. Additionally, these allocations were also a function of high yield credit spreads widening to their highest level since December 2020.

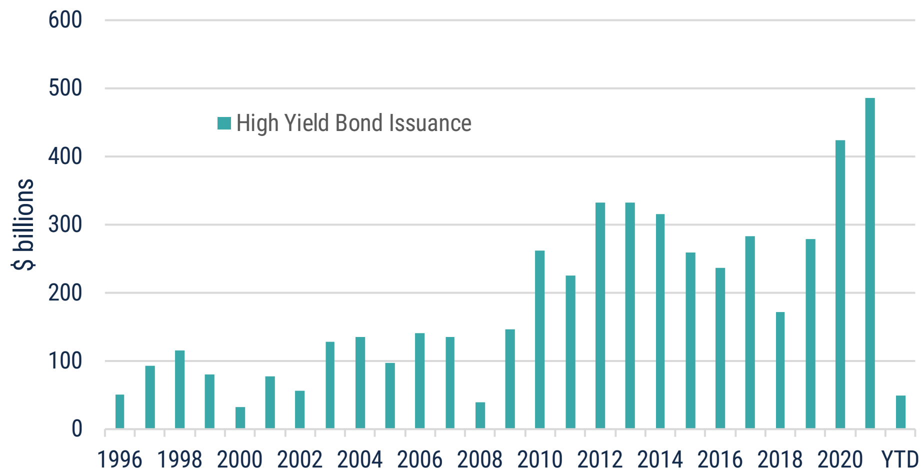
Annualized Returns
as of March 31, 2022

	1Q '22	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incep
CSRM Strategy (Pure Gross)	-1.58	0.86	3.72	3.07	4.25	7.55
CSRM Strategy (Net)	-1.73	0.10	2.84	2.15	3.15	6.21
BBg Barc US Corp HY Index	-4.84	-0.66	4.58	4.69	5.75	6.84
BBg Barc US Agg Bond Index	-5.93	-4.15	1.69	2.14	2.24	3.75

Risk Analysis
as of March 31, 2022 (annualized since inception)

	Annualized Return	Annualized Std Dev	Beta	Alpha	Sharpe Ratio	Max Draw-down
CSRM Strategy (Pure Gross)	7.55	4.67	0.32	5.29	1.38	-4.90
CSRM Strategy (Net)	6.21	4.59	0.31	4.03	1.11	-5.40
BBg Barc US Corp HY Index	6.84	9.47	1.00	-	0.61	-33.31

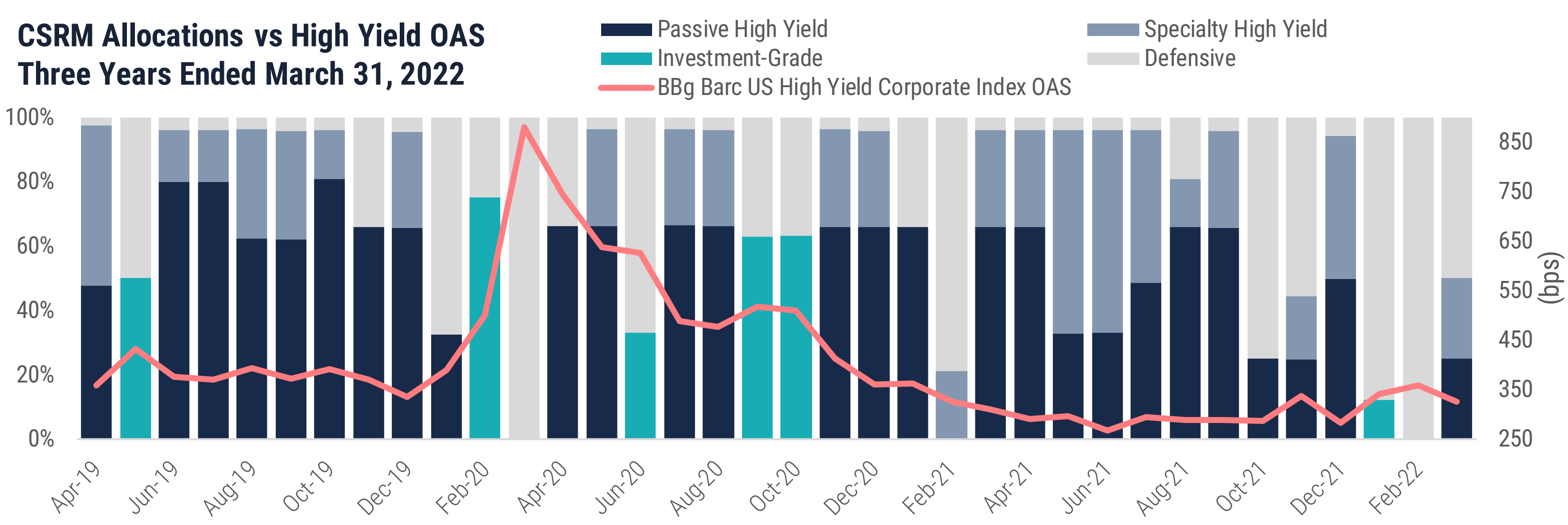
High Yield Bond Issuance Slows Following Record 2021



Source: SIFMA. High yield bond issuance by calendar year, for the period 1996 to 2022. YTD as of 3/31/22.

High yield bond issuance has dramatically slowed in 2022 following the record setting pace seen in the last two calendar years. Following the pandemic induced interest rate cuts, issuance from speculative rated companies surged as the riskier segment of borrowers sought to capitalize on historically low costs of debt. Amid the torrent rise in yields as of late, high yield issuance totaled $50 billion during the first quarter compared with $155 billion issued in 1Q 2021. However, demand for high yield bonds is expected to remain robust while the current economic landscape provides challenges to fixed income investors seeking positive levels of income on a real basis. Supply constraints in conjunction with strong demand ought to provide a tailwind to these spread assets going forward.

CSRM Allocations vs High Yield OAS
Three Years Ended March 31, 2022



Source: WST, Factset. Monthly Credit Select Risk-Managed model allocations and the monthly option-adjusted spread over treasuries for the Bloomberg Barclays US High Yield Corporate index, for the period three years ended March 31, 2022.

Notes & Disclosures

Index Returns – all shown in US dollars

All returns shown trailing 3/31/2022 for the period indicated. "YTD" refers to the total return as of prior-year end, while the other returns are annualized. 3-month and annualized returns are shown for:

- The Barclay's US Aggregate Index, a broad-based unmanaged bond index that is generally considered to be representative of the performance of the investment grade, US dollar denominated, fixed-rate taxable bond market.
- The Bloomberg Barclay's US Corporate High Yield Index, which covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market.

An index is a portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance to certain asset classes. Index performance used throughout is intended to illustrate historical market trends and performance. Indexes are managed and do not incur investment management fees. An investor is unable to invest in an index. Their performance does not reflect the expenses associated with the management of an actual portfolio. No strategy assures success or protects against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. All investing involves risk including loss of principal. Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal, and potential liquidity of the investment in a falling market. Past performance is no guarantee of future results.

Credit Select Risk-Managed: Strategy Definition & Disclosure

The Credit Select Risk-Managed Strategy has an inception date of March 31, 2006 and consists of fee-paying, fully discretionary accounts under active management at WST that adhere to the Credit Select Risk-Managed strategy. The strategy has the flexibility to invest in any combination of high yield bonds, intermediate U.S. Government securities, and short-term treasuries, or 100% in short-term treasuries. This strategy is generally implemented through the trading of mutual funds or exchange-traded funds. Prior to January 1, 2011 accounts that used exchange traded funds were excluded from the strategy group of accounts, only accounts that traded open end mutual funds were included. Beginning January 1, 2011, the strategy group of accounts includes accounts using open end mutual funds and exchange traded funds. Eligible accounts are included in the strategy group of accounts in the month following the month of account inception. Closed accounts are included through the completion of the last full month. Prior to December 31, 2016, the Credit Select Risk Managed strategy was known as WST Asset Manager – U.S. Bond. Prior to December, 2009, the Credit Select Risk-Managed Strategy was referred to by WST as the DAA High Yield Strategy, from December 2009 to December, 2012, it was referred to by WST as the WST Dynamic Total Return Strategy, and from December 2012 to May, 2013, as the Dynamic Portfolio Manager – Total Return Bond Strategy. Results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. During the period(s) shown, there were no material market or economic conditions which affected the results portrayed. With the exception of several market corrections during the period(s), the overall market as measured by the S&P 500 was generally rising. If such trends are broken, the clients may experience real capital losses in their managed accounts. The performance results portrayed during the period: 3/31/2006 (strategy inception)-12/31/2010 relate only to a limited group of the adviser's clients selected based on suitability and risk tolerance. This factor would not have a material effect on performance but could lead to the termination of the strategy group of accounts in the event of significant outflows.

General Disclosure

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