

1Q 2025

YIELD PLUS



LEVEL FOUR

Capital Management

A DIVISION OF
LEVEL FOUR ADVISORY SERVICES, LLC

INVESTMENT PHILOSOPHY

The LFCM Asset Allocation models seek to provide the highest rate of return for a given level of risk. Our investment selection and allocation is based on forward-looking capital market assumptions and in-depth investment screening process to optimize the appropriate mix of equity, bond, and alternative investments. The investment process employed utilizes a combined Top-Down and Bottom-Up approach to formulate the Strategic Models:

- Macro Analysis to determine capital market assumptions
- Asset Allocations and model establishment
- Security Selection

Allocation Models are comprised of passive, active, and dynamic investments.

PORTFOLIO SUMMARY

**ASSET CLASS**

Fixed Income/Global Equity/Alternatives

**INVESTMENT OBJECTIVE**

High Level of Current Income

**BENCHMARK**

70% Bloomberg US Corporate High Yield Total Return Index Value Unhedged USD/30% Bloomberg US 1000 Value Total Return Index

**PORTFOLIO COMPOSITION**

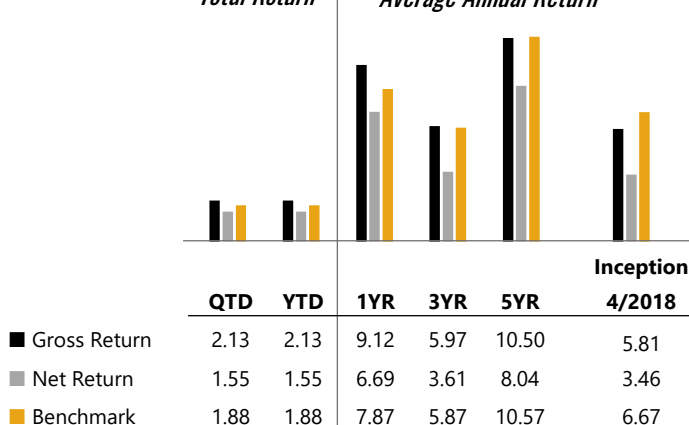
Approx. 10-20 ETFs and Mutual Funds

**MINIMUM INITIAL INVESTMENT**

\$10,000

An actively managed portfolio designed to provide long-term growth with lower risk relative to its benchmark.

PERFORMANCE (%) AS OF 3.31.2025

*Total Return**Average Annual Return*

INVESTMENT FOCUS

- Focus is on a mix of global equity and debt ETFs and mutual funds, both active and passive, with an emphasis on active managers employing strategies focusing on selected companies that generate high levels of current income and higher yielding debt associated with those companies.
- ETF preference due to efficiency and transparency of the ETF structure but will employ mutual funds when necessary to access exceptional managers.
- Designed to provide current income and long-term capital appreciation through efficient allocation to selected asset classes, superior manager selection, risk management, and active management.
- Goal is to generate a high level of current income and risk-adjusted returns greater than those of the Yield Plus blended benchmark over a full market cycle.
- Diversified portfolio of approximately 15-25 ETFs and mutual funds selected within our High Cash Flow framework.
- Equity and fixed Income exposure over various asset classes across global markets.

ALLOCATION COMPOSITION

- **Passive** investments seek the most advantageous access to the asset class. We determine this as a function of efficiency, tradability, and fit relative to the asset class passive index (ETF).
- **Active** asset management can potentially add return in addition to passive strategies. Active exposure seeks managers that achieve consistent alpha by selecting investments that are trading at or below their intrinsic value, which is the present value of the future cash flows that the investment will generate in the future.
- **Dynamic** exposure seeks shorter-term opportunities for additional returns or risk avoidance due to variations in the typical risk-return profiles associated with a given asset class. We seek to exploit these market inefficiencies with the appropriate targeted strategies.

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HOLDINGS

Name/Company	% of Portfolio
First Trust Exchange-Traded Fu	15.00%
iShares 0-5 Year High Yield Co	15.00%
VanEck Fallen Angel High Yield	10.00%
Invesco S&P 500 High Dividend	10.00%
First Trust Preferred Securit	8.00%
Alerian MLP ETF	5.00%
Eaton Vance Emerging Markets L	5.00%
Cohen & Steers Closed-End Oppo	5.00%
Pacer Global Cash Cows Dividen	5.00%
Janus Henderson Global Equity	5.00%
JPMorgan Equity Premium Income	5.00%
Virtus Equity & Convertible In	5.00%
Invesco CEF Income Composite E	5.00%
US DOLLAR	2.00%

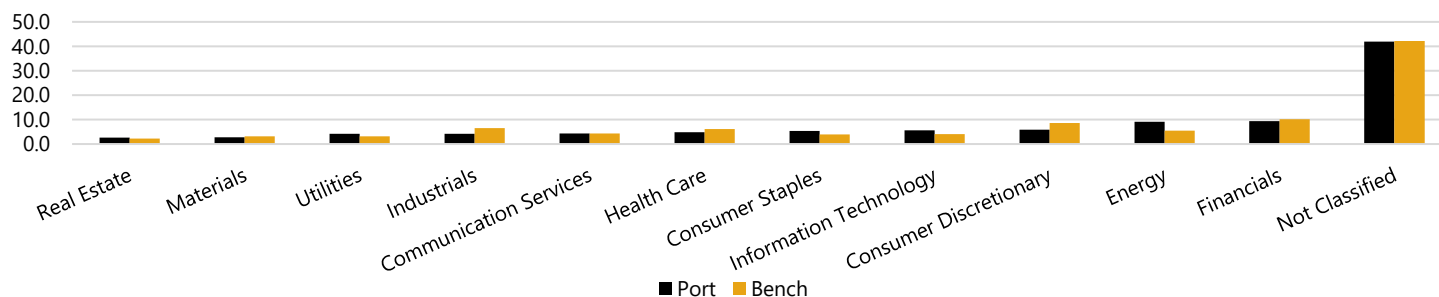
Portfolio	Port
Total Portfolio Yield	6.61%

CHARACTERISTICS

Equity	Port	Bench
Dividend Yield	4.95%	2.92%
Trailing Price to Earnings Ratio	17.78x	16.36x
Trailing Price to Cash Flow Ratio	8.86x	13.45x
Trailing Price to Book Ratio	1.85x	2.27x
Trailing Price to Sales Ratio	1.33x	1.33x
Total Debt to Common Equity	92.71	148.99
Current Ratio	1.11	1.16
Enterprise Value to Trailing EBITDA	10.54x	10.29x
Forward 1-year BEst ROE	19.15%	14.84%
1-year FCF/Share Growth	25.87%	52.36%
Beta (5 year)	0.83	0.83

Fixed Income	Port	Bench
Rating	BBB	BB+
Yield to Worst	6.26%	7.47%
Current Yield	5.96%	6.70%
Option-Adjusted Duration (OAD)	3.30	3.08
Option-Adjusted Spread (OAS)	266 bps	286 bps

SECTOR EXPOSURE



CHARLES "RAY" SHIMER, CFA®
SENIOR PORTFOLIO MANAGER

CONTACT LFCM

☎ 866.834.1040

✉ info@levelfourcapital.com

🌐 levelfourcapital.com

Disclosure: Level Four Capital Management, LLC (LFCM) is a registered investment advisor. Past performance is not indicative of future results. Returns are presented gross management fees and include the reinvestment of all income. The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded. The Bloomberg US 1000 Value Total Return Index is a float market-cap-weighted index based on an equal-weighted combination of four factors: earnings yield, valuation, dividend yield, and growth. The performance of an index does not reflect any transaction costs, management fees, or taxes. Holdings are subject to change. The top holdings, as well as other data, are as of the period indicated and should not be considered a recommendation to purchase, hold, or sell any particular security. There is no assurance that any of the securities noted will remain in a portfolio at the time you receive this fact sheet. Actual holding and percentage allocation in individual client portfolios may vary and are subject to change. It should not be assumed that any of the holdings discussed were or will prove to be profitable or that the investment recommendations or decisions we make in the future will be profitable. A list of all securities held in this portfolio in the prior year is available upon request.