# Structured Note Income Portfolio (SNIP)

## Q3 2024

### Portfolio Introduction and Objective

Diversified structured note portfolios offered through the NewEdge Structured Note Income Portfolio (SNIP) seek to offer a carefully curated selection of Structured Notes, implemented tactically during periods of market volatility across multiple months. The strategy seeks to preserve capital through downside protection and achieve equity-like returns in the form of periodic cash coupon payments, even in environments where equity index returns may be flat-to-negative. Key areas of strategy differentiation include: tactical executions (executed during market volatility) and diversified portfolio implementation (8-15 unique holdings within the average fully built portfolio, targeting adequate diversification across issuer credit, coupon and maturity observation dates, and underlying asset exposure). The strategy utilizes auction technology that ensures each trade is executed at a competitive level, relative to other note implementation methods. SNIP is an actively managed portfolio monitoring beyond the initial execution in order to capitalize on opportunities/manage risk via tactical secondary market sales prior to maturity if deemed prudent by market and pricing factors.

### Strategy Details[1]

| Strategy Inception | Strategy Assets Managed | No. of Managed Accounts | Notes Outstanding | Latest Investment Tranche |
|---|---|---|---|---|
| 9/1/2021 | $106.24MM | 176 | 23 | September 2024 |

Source: NewEdge Wealth, ICE Market Data as of 9/30/2024.

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NewEdge Investment Solutions by NewEdge Wealth

## Underlying Note Terms[2]

**YIELD FOCUSED STRUCTURED NOTES** are designed to generate a stream of cash flow throughout the lives of a note. These structure types are **most appropriate for investors desiring a compelling cash flow stream via coupon-paying notes**, along with downside protection and favorable return targets; implemented on a shorter-term basis.

| Contingent Yield Note | |
|---|---|
| % of Portfolio | 100% |
| Average Downside Principal Protection | 31.4% |
| Average Per Annum Coupon | 9.97% |

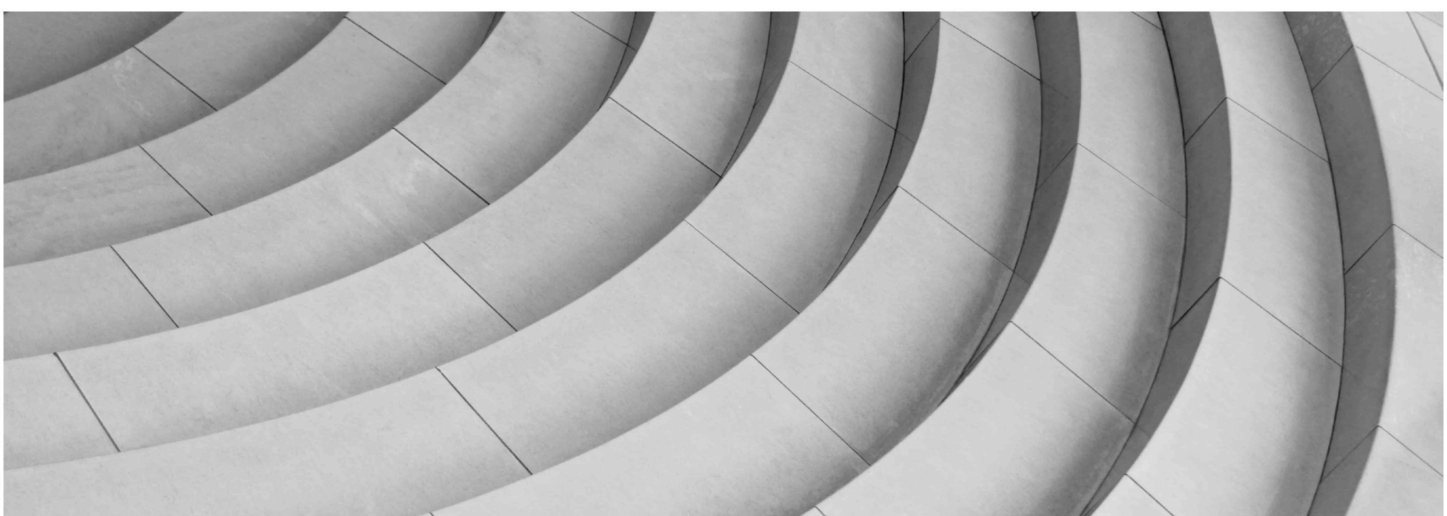
Source: NewEdge Wealth, ICE Market Data as of 9/30/2024.

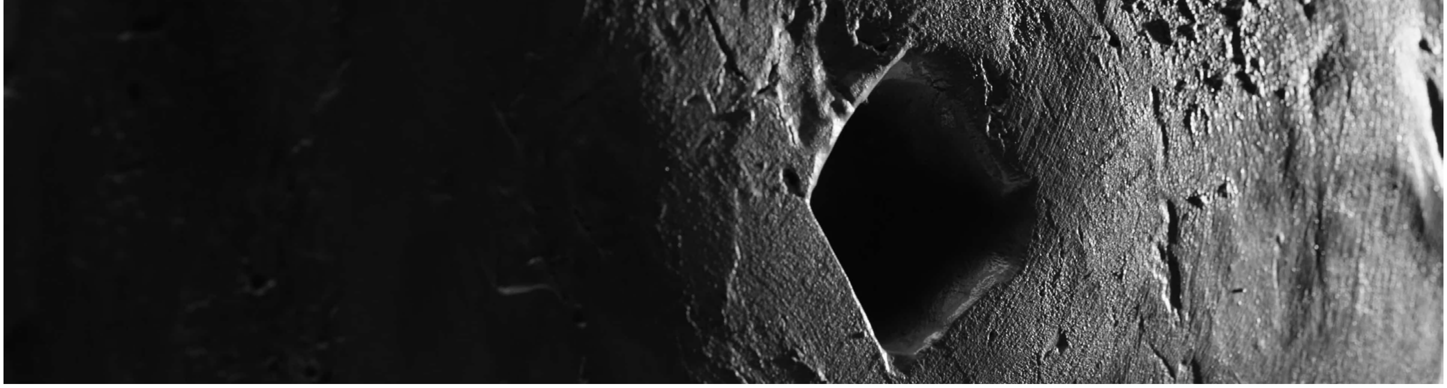
## Performance Composite Data

| Strategy / Benchmark | QTD (Quarter-to-Date) | YTD (Year-to-Date) | Rolling 1 Year | 3-Year | ITD (Inception-to-Date)[2] |
|---|---|---|---|---|---|
| SNIP (Gross) | 2.39% | 6.34% | 11.12% | 5.68% | 5.07% |
| SNIP (Net)[1] | 2.11% | 5.49% | 9.93% | 4.55% | 3.94% |
| Benchmark: 60% MSCI ACWI, 40% Bloomberg US Aggregate | 6.12% | 12.89% | 23.46% | 4.46% | 3.37% |

Source: NewEdge Wealth, ICE Market Data as of 9/30/2024.
Performance annualized for periods greater than one year.
[1] Numbers reflect returns Net of Fees using actual fees assessed to account.
[2] Inception date: 4/1/2021.

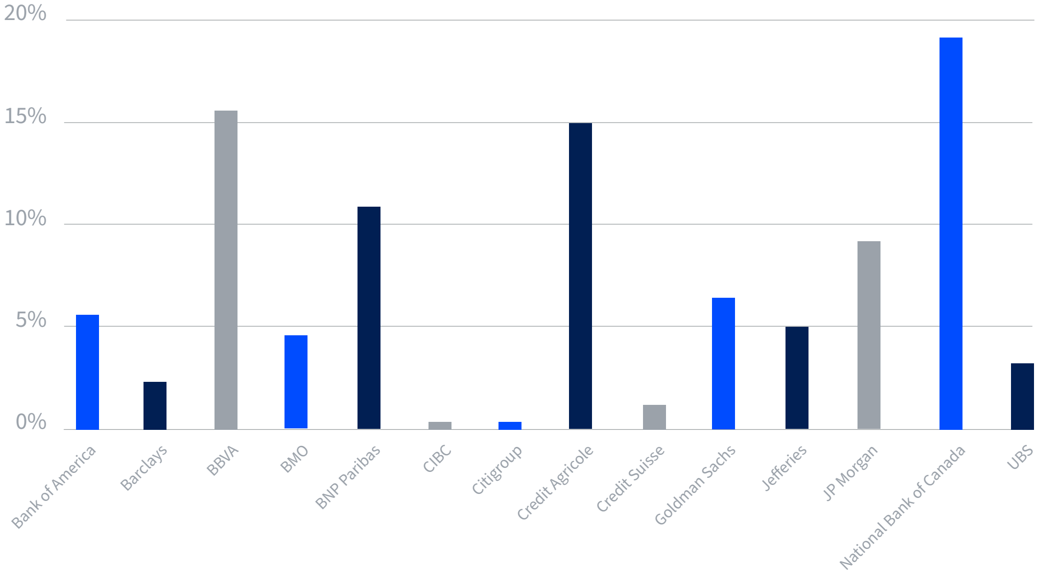




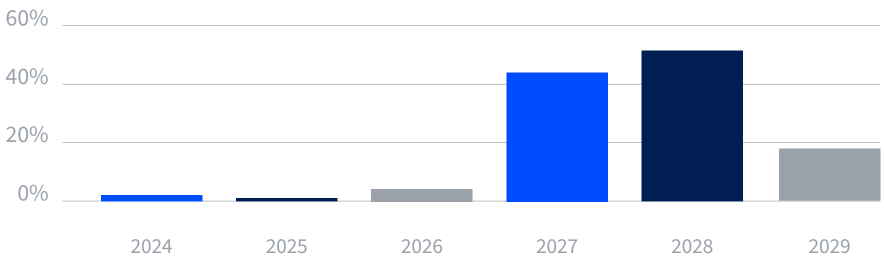


## Strategy Characteristics[3]

### Issuer Exposure




### Maturity Schedule




As of 9/30/2024. Source: NewEdge Wealth.
Structured notes in the strategy may be called prior to maturity and reinvested with different maturity dates.
Issuer and maturity breakdown will change over time given perpetual nature of the portfolio and reinvestments.

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## Strategy Commentary

In Q3 of 2024, the NewEdge Structured Note Income Portfolio (SNIP) strategy achieved net performance of +2.11% vs +6.12% for the benchmark, composed of 60% MSCI All Cap World Index and 40% Bloomberg US Aggregate Bond Index. While market volatility reared its head multiple times in the third quarter, conditions were quick to stabilize after each selloff. Equity pullbacks were met with a "buy the dip" mentality, and bond markets rallied as US interest rates marched lower, led by the Fed's 0.50% interest rate cut in September. These factors led to the strong third quarter benchmark performance, numbers which the SNIP strategy would struggle to achieve even in the best of environments.

As long-term investors, it's important to understand during which periods the SNIP strategy is likely to underperform and outperform in. When markets are at all-time highs, the strategy will tend to underperform as many of its underlying holdings limit upside participation in exchange for a greater likelihood of achieving positive returns in a challenging market environment. However, when evaluating performance across a full market cycle, and as broad asset class returns revert to their long-term averages, the SNIP strategy is more likely to keep pace with or outperform its benchmark with reduced volatility across that period.

In the ~3 years since the SNIP strategy's inception, the portfolio has achieved an annualized gross return of 5.07% (3.94% net) compared to its benchmark up only 3.37% over the same period. While this since inception performance does a better job at illustrating the longer-term SNIP strategy returns, it doesn't tell the full story. To better understand these returns, investors must understand the dynamic between market values and intrinsic values.

### The Importance of Realized Returns: Market vs Intrinsic Values

With Structured Notes, the market values (daily values reflected on statements or holdings reports and used for performance reporting) will only tell us half the story. With all outstanding notes, there is a difference between the market value and intrinsic value (what the note would be worth if the observed date was a call or maturity date). Market values are most often lower than intrinsic values, and this dynamic is often more pronounced when the note is further away from an expected call or maturity date. This dynamic is very similar to that of a traditional bond – as a bond approaches its maturity date, it will trade at a smaller discount to its par value. This "Discount to Intrinsic Value" can be meaningful and may last for many years, due to many of the SNIP notes having durations as long as five years. This is one of the primary reasons that we encourage reviewing strategy performance over longer periods of time, with a focus on Realized Returns, which are notes that have been called or matured and thus, realized their full potential.

The Discounts to Intrinsic Value can be quantified per position or at a portfolio level, to help provide insight into the notes' potential value that is not reflected in market values alone. For a detailed SNIP holdings report that includes this information, please contact your financial advisor.



## Recent Strategy Activity

The third quarter saw a total of five SNIP positions get called, realizing their full intrinsic value in the process.

### Q3 Realized Returns & Reinvestment Environment

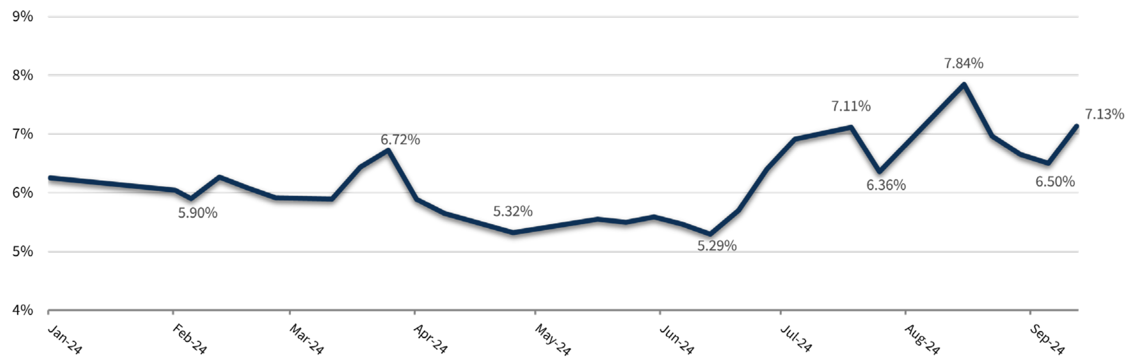
| Description | Purchase Date | Redemption Date | Outstanding Tenor (Years) | Realized Gain/Loss (% Total) Net* | Realized Gain/Loss (% Annual) Net* |
|---|---|---|---|---|---|
| Bank of America, Linked to Russell 2000 (RUT), Nasdaq-100 (NDX), S&P 500 (SPX) | 7/19/2023 | 7/19/2024 | 1.0 | 10.00% | 10.00% |
| JP Morgan, Linked to Russell 2000 (IWM), S&P 500 Equal Weight (RSP) | 1/21/2022 | 7/22/2024 | 2.5 | 20.75% | 7.82% |
| Goldman Sachs, linked to Nasdaq-100 (NDX), S&P 500 (SPX)[1] | 2/5/2024 | 8/2/2024 | 0.5 | 4.26% | 4.26% |
| CIBC, Linked to Dow Jones (DIA), S&P 500 (SPY), Health Care SPDR ETF (XLV) | 2/13/2024 | 8/14/2024 | 0.5 | 4.05% | 4.05% |
| Bank of America, Linked to Euro Stoxx 50 (FEZ), Russell 2000 (RUT), S&P 500 (SPX) | 7/31/2023 | 9/3/2024 | 1.1 | 9.47% | 8.64% |

*Net reflects a 1% fee for each year outstanding.

[1] Note was outstanding for less than a year therefore the Realized Return (% Annual) is equivalent to Net Total Realized Return.

Like traditional bonds, reinvestment risk exists within the SNIP strategy's Yield Structured Notes. Once a Structured Note is called or matures within the SNIP strategy, the proceeds are typically reinvested into a new Structured Note shortly after. The reinvestment risk arises if we were left to reinvest capital at lower yields than those locked in by the previous note. Despite interest rates declining in the second half of 2024, volatility has been our ally, allowing us to reinvest capital into higher yields. This widening spread between Cash / Fixed Income yields and Structured Note yields has enhanced the attractiveness of these notes relative to these other asset classes.

### Structured Note Yields Above Treasury Levels




*Data is provided by Luma Pricing Analysis as of 10/7/24.

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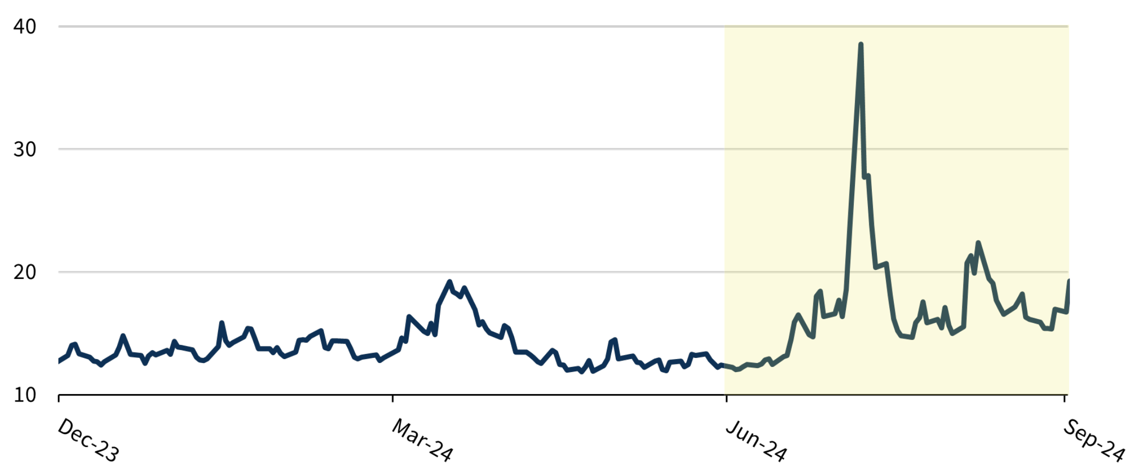
## Q3 Trade Executions

| Issuer | Underlying Asset(s) | Tenor | Principal Protection | Coupon Protection | Call-Return Rate (Per Annum) | Strike Date |
|---|---|---|---|---|---|---|
| Barclays | S&P 500 (SPX)<br>Russell 2000 (RTY)<br>Nasdaq-100 (NDX) | 3 Years<br>Issuer-callable<br>Monthly Observations | 30% | 25% | 14.75% | 9/5/2024 |
| Goldman Sachs | Dow Jones (DJI)<br>Nasdaq-100 (NDX)<br>Euro Stoxx 50 (SX5E) | 4 Years<br>Non-callable for 6 Months<br>Quarterly Observations | 35% | 30% | 10.50% | 9/4/2024 |
| Jefferies | S&P500 (SPX)<br>Russell 2000 (RTY) | 4 Years<br>Non-callable for 6 Months<br>Quarterly Observations | 30% | 30% | 13.00% | 8/5/2024 |
| Bank of America | S&P500 (SPX)<br>S&P Small Cap 600 (SML) | 4 Years<br>Non-callable for 6 Months<br>Quarterly Observations | 30% | 30% | 9.75% | 7/25/2024 |
| Credit Agricole | SPDR S&P500 (SPY)<br>iShares Russell 2000 (IWM) | 5 Years<br>Quarterly Observations | 30% | 30% | 9.50% | 7/9/2024 |
| National Bank of Canada | S&P500 Equal Weight (RSP)<br>Dow Jones Industrial Average (DIA)<br>Russell 2000 (RUT) | 4 Years<br>Non-callable for 6 Months<br>Quarterly Observations | 30% | 30% | 9.57% | 7/8/2024 |

The improved Structured Note yields experienced over the past quarter have largely been the result of heightened sustained volatility in equity markets. Early August provided us with the largest spike in equity market volatility since COVID fears in March of 2020. While the August spike reversed quickly, September provided another entry point for SNIP trades. We highlighted the seasonality of the VIX index in our Q2 commentary and called for the expectation of continued volatility as we headed into Q3/Q4. Those calls have been answered thus far, as volatility has continued into October, historically the most volatile month of the year, as tracked by the VIX index. We will continue to monitor markets and deploy capital as opportunities present themselves.

### VIX 2024 YTD

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The Portfolio Management team, led by Michaelangelo Dooley, CFP®, has over two decades of experience investing in Structured Products and managing formal Structured Note portfolio strategies like NewEdge SNAP. As of September 30, 2024, the Structured Notes Strategies team utilizes their expertise to manage over $500 million of Structured Notes. As a part of NewEdge Investment Solutions, the team has access to market-leading technology, resources and solutions needed to achieve strategy objectives.

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This presentation does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice. Please remember that different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment or investment strategy (including those referenced herein) will be profitable or equal any historical performance level(s). Diversification does not protect against market risk or loss of principal.

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**Investing involves risk, including possible loss of principal. Past performance is no guarantee of future results. Performance returns include the reinvestment of dividends and other earnings.**

Individual account attribute may differ from that of the composite due to the size of the client account, client-specific constraints and/or tax consequences. Structured Note securities will fluctuate in price the value of your investment will thus fluctuate, and this may result in a loss. Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. Securities, at times, may not perform as well as the stock market in general and may be out of favor with investors.

Gross of fee returns are reduced by transactions costs net of fee returns are calculated using actual management fees of 1% associated with each account . Net returns of any investment advisory account may be calculated by deducting only transaction costs and all fees or charges paid to the adviser or an affiliate of the adviser related to the management of the account. Net (%) was calculated using the highest advisory fee of 1% applied annually for each year the note has been outstanding.

When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise noted. You cannot invest directly in an index. Index returns shown are total returns which includes interest, capital gains, dividends, and distributions realized over a given period of time. An individual who purchases an investment product which attempts to mimic the performance of a benchmark or index will incur expenses such as management fees and transaction costs which reduce returns.

Limited Track Record. The inception of the strategy at NewEdge Wealth is as of January 28, 2022. As a result, prospective investors have a limited track record or history on which to base their investment decisions.

Index Information: All returns represent total return for stated period. S&P 500 is a total return index that reflects both changes in the prices of stocks in the S&P 500 Index as well as the reinvestment of the dividend income from its underlying stocks. Dow Jones Industrial Average is a price-weighted average of 30 actively traded blue-chip stocks trading New York Stock Exchange and Nasdaq. The Nasdaq-100 Index includes 100+ of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies. Russell 2000 is an index that measures the performance of the small-cap segment of the U.S. equity universe. MSCI Emerging Markets (MSCI Emerging Mkts) measures equity market performance of emerging markets. The S&P Equal Weight Index is based on the S&P 500. All index constituents are members of the S&P 500 and follow the eligibility criteria for that index. The S&P EWI is maintained in accordance with the index methodology of the S&P 500, which measures 500 leading companies in leading U.S. industries. The EURO STOXX 50 Index represents the performance of the 50 largest companies among the 20 supersectors in terms of free-float market cap in Eurozone countries.

| Year | Composite | | | 3-Year Std Deviation | | Composite | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross Return TWR (%) | Composite Net Return TWR (%) | Benchmark Return[b] (%) | Composite Gross (%) | Benchmark (%) | Number of Portfolios (#) | Internal Dispersion (%) | Composite Assets ($ M) | Firm Assets ($ M) |
| 2021[a] | 0.77 | -0.11 | 8.75 | | | 50 | N/A | 31.98 | 923.48 |
| 2022 | -6.04 | -7.05 | -15.9 | | | 96 | 3.27 | 51.76 | 1199.58 |
| 2023 | 16.42 | 15.19 | 15.43 | | | 133 | 4.69 | 80.77 | 2362.52 |

(a) Returns are for the period 1 April 2021 to 31 December 2021.
(b) Benchmark Makeup is 60% MSCI ACWI / 40% Bloomberg US Agg

NewEdge Investment Solutions claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. NewEdge Investment Solutions has been independently verified for the periods 31 March 2021 to 31 December 2022. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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Returns presented are time-weighted returns. Valuations are computed and performance is reported in US dollars.

Gross returns are provided net of transactions cost but do not include any advisory fee associated. Net returns will be reduced by the entire bundled/wrap fee. The bundled/wrap fee will typically include advisory, trading, investment management, portfolio monitoring and other administrative fees charged. Composites will use actual fees charged to the underlying clients.

Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

A list of composite descriptions are available upon request.

The internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year.

The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period. For periods where three-years of return data is unavailable, the field is left blank.

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## Strategy Disclosures

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The benchmark consists of 60% MSCI ACWI Index and 40% Bloomberg US Aggregate. The benchmark is calculated and rebalanced on a daily basis.

The composite was created in December 2023, and the inception date is 1 April 2021.

The strategy management fee is 0.80% per annum when purchased through the HALO Investing TAMP and 0.50% per annum for advisors affiliated with NewEdge Capital Group.

A small percentage of strategy composite assets had a total account fee of 0% as of December 31, 2021: 1.05% of assets, 2022: 1.80% of assets, 2023: 1.95% of assets.

This composite does not have a significant cash flow policy.

## Footnotes

[1] As of 9/30/2024. Only includes strategy performance since March 2022. Average protection refers to the protection value at note execution and does not consider underlying index performance.

[2] Numbers reflect terms of note based on execution and does not include management or advisory fees that may be charged.

[3] As of 9/30/2024. Numbers reflect returns Net of Fees calculated by using actual management·