FIRST QUARTER 2023

Dividend Growth Commentary

March 31, 2023

1Q MARKET REVIEW

It appeared the markets continued to ask the same question during the first quarter of 2023 that it had been asking for several months: Can the Federal Reserve (Fed) get inflation under control without causing the economy to fall into a deep recession? Some market participants felt the Fed could avoid any recession at all and find the perfect balance to ease inflation with minimal impact to employment and economic growth. As market yields declined during January, equity markets rallied from their December retreat and then began to favor growth stocks over value.

The debate over soft versus hard landings took a backseat in March with the collapse of Silicon Valley Bank due to a run of uninsured depositors. The contagion spread to other banks with similar characteristics and forced the government to respond with depositor guarantees and FDIC intervention. The concerns spread to Europe as Credit Suisse financials were called into question, ultimately resulting in an arranged takeover by UBS. These events had a significant impact on the banking sector's equity, fixed income, and preferred securities, negatively impacting prices. The broader markets remained surprisingly resilient with the Russell 1000® Index returning +7.45% for the quarter. Digging deeper, the Russell 1000 Growth Index returned +14.36% and Russell 1000 Value Index +0.99%. Reflective of the turmoil in the banking industry, the Russell 1000 Bank subsector returned -12.35% for the quarter.

Once the banking sector experienced some sense of stability near the close of the quarter, focus returned to inflation, the economy, and how aggressive the Fed could be in light of new banking revelations. The Fed did continue to tighten policy, ending the quarter with a total of two 25-basis point (bps) increases in the Fed Funds target rate. Expectations that banks would tighten lending standards to protect balance sheets and liquidity added to concerns that the economy may be more at risk than initially thought. The 10-Year U.S. Treasury ended the quarter approximately 41 bps lower than the end of 2022 with a 3.47% yield. The rally in yields led the Bloomberg U.S. Aggregate Bond Index to return +2.96% for the first quarter. This was the second quarter in a row of positive performance for the benchmark.

The first quarter of 2023 only added to the questions surrounding inflation and the broader economy. Employment remains stronger than anticipated, frustrating economic bears and the Fed as they try to tamp down inflation. The banking system challenges could also create a headwind for lending and economic growth. While the worst may be over for banks, the outlook for growth in the near term is probably limited due to the increased likelihood of further regulation and self-imposed balance sheet building. Equities remain resilient but likely have limited significant upside as valuations are stretched and fundamentals will probably not help in the near future. The fixed income markets have repriced over the past 18 months to a point where risk has become more symmetrical, and volatility will create challenges along with opportunities.

DIVIDEND GROWTH PORTFOLIO REVIEW

The Dividend Growth Composite (Composite) returned 1.93%, gross of fees (1.84%, net of fees), for the quarter ending March 31, 2023. The strategy's benchmark, the S&P 500® Index, returned 7.50% during the same time period.

The S&P 500 started the year with a strong January rally on the back of cooler inflation data and continued resilience of the U.S. labor market driving expectations that the Fed rate hiking cycle is close to its end. Signs have started to appear that the U.S. economy is slowing, evidenced by lower measures of consumer and business confidence, manufacturing PMIs staying in recessionary territory, and services PMIs decelerating from a recent strong level. The aftermath of the March banking crisis may accelerate the economic slowdown by further tightening banking lending standards, possibly leading to a recession.

STRATEGY INFORMATION

Benchmark	S&P 500® Index
Business Minimum	$1M
Number of Holdings	50
Assets	$107.20M

PORTFOLIO MANAGEMENT TEAM

Julia Batchenko, CFA
Senior Portfolio Manager
Industry start date: 2011
Joined Red Cedar: 2019

David L. Withrow, CFA
Director of Portfolio Management
Industry start date: 1988
Joined Red Cedar: 2018

John L. Cassady III, CFA
Chief Investment Officer
Industry start date: 1987
Joined Red Cedar: 2018

Conor P. Davis
Investment Analyst
Industry start date: 2020
Joined Red Cedar: 2021

INVESTMENT PHILOSOPHY

"We seek companies that possess a combination of three essential criteria: growth of dividends, consistency of earnings and enhanced profitability."
—Julia Batchenko

continued on page 2

Dividend Growth Commentary

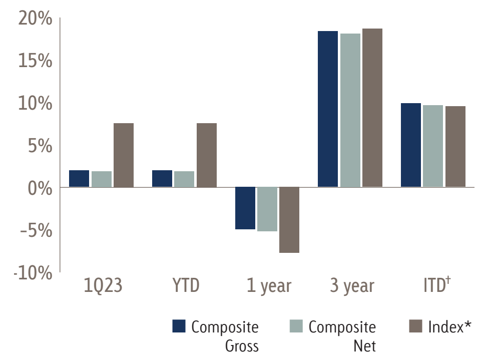
March 31, 2023

Technology, communication services, and consumer discretionary sectors were the only outperformers in the quarter. Ten of the largest stocks in the S&P 500 that possess defensive characteristics due to the quality of their balance sheets accounted for 90% of gains with the rest of the stocks in the benchmark declining by an average of 1%. The combination of lower interest rates in the quarter, Fed balance expansion, and banks underperformance was the primary driver of growth vs value performance.

Our security selection in the consumer staples and real estate sectors and underweight in the financials sector were the largest contributors to performance.

Our underweight and security selection in the information technology sector, security selection in the consumer discretionary sector, and underweight in the communications services sector were the largest detractors.

PERFORMANCE



	Composite Gross	Composite Net	Index*
1Q23	1.93%	1.84%	7.50%
YTD	1.93%	1.84%	7.50%
1 year	-4.96%	-5.20%	-7.73%
3 year	18.32%	18.05%	18.60%
ITD†	9.82%	9.58%	9.46%

†Inception Date 1/1/2020
Periods greater than 12 months are annualized
*S&P 500® Index
Source: Bloomberg, Clearwater Analytics

DIVIDEND GROWTH POSITIONING & OUTLOOK

While most of the aggressive rate moves by the Fed have likely been made, rates may still stay higher for longer to tame persistent, albeit abating, levels of inflation. Leading economic indicators are flashing at a recession and the markets are now expecting the Fed to cut rates two or three times in 2023. Q1 2023 earnings are expected to decline by mid-single digits following a 5.8% contraction in Q4 2022. Employment continues to be tight but will likely start declining following the decline in corporate profits.

While the exact timing of a recession is difficult to predict, we believe the declining macro picture and uncertainty related to the Fed's actions should benefit defensive sectors and companies with quality attributes.

DISCLOSURES

Red Cedar Investment Management, LLC (RCIM) is an investment adviser registered under the Investment Advisers Act of 1940, founded in 2013. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. For more information, please visit www.adviserinfo.sec.gov and search for our firm name. Neither the information nor any opinion expressed herein should be construed as personalized investment, tax, or legal advice, or a recommendation of any particular security or strategy.

The securities discussed do not represent the Composite's entire portfolio. Actual holdings will vary depending on the size of the account, cash flows, and restrictions. It should not be assumed that any of the securities transactions or holdings discussed will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The information presented in this material is general in nature and not designed to address your investment objectives, financial situation, or particular needs. Prior to making any investment decision, you should assess, or seek advice from a professional regarding whether any particular transaction is relevant or appropriate to your individual circumstances. The mention of specific securities and sectors illustrates the application of our investment approach only and is not considered a recommendation by RCIM. There is no assurance that the securities purchased remain in the portfolio or that securities sold have not been repurchased. The opinions expressed herein are those of RCIM and may not actually come to pass.

All information and performance are reported in U.S. dollars.

The "Net" returns presented are net of fees. Investing involves the risk of loss and investors should be prepared to bear potential losses. Past performance is not indicative of future results.

The "Gross" returns presented are gross of fees. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fees and any other expenses incurred in the management of the account. For example, a US $100 million account, paying a 0.50% annual fee, with a given rate of 10% compounded over a 10-year period would result in a net of fee return of 9.5%. Management fees are described in Part 2A of RCIM's Form ADV Part 2A. Investing involves the risk of loss and investors should be prepared to bear potential losses. Past performance is not indicative of future results.

The information herein was obtained from various sources. RCIM does not guarantee the accuracy or completeness of information provided by third parties. The information in this report is given as of the date indicated and believed to be reliable. RCIM assumes no obligation to update this information, or to advise on further developments relating to it.

RCIM Dividend Growth Composite (Composite) includes all fully discretionary institutional portfolios that invest in common stocks with market capitalization of $2 billion and higher. The strategy is focused on investing at least 80% of the portfolio in high quality dividend paying and dividend raising stocks and up to 20% in non-dividend paying lower quality stocks. The Composite was created January 1, 2020. The inception date of the Composite was January 1, 2020.

Benchmark Definition: The S&P 500 is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in industries of the U.S. economy.

Index Definitions: The Russell 1000 is a stock market index that tracks the highest-ranking 1,000 stocks in the Russell 3000® Index, which represent about 90% of the total market capitalization of that index. The Russell 1000 Growth measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Value measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

An index is an unmanaged portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. Investors cannot invest directly in an index. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.

An index is an unmanaged portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. Investors cannot invest directly in an index. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.

RCIM claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Please see the Composite's GIPS® Composite Report for important additional information. To receive a list of composite descriptions and/or GIPS® Composite Report that complies with the GIPS® standards, contact RCIM at mfeldhaus@redcedarim.com.

333 Bridge St. NW, Suite 601, Grand Rapids, Michigan 49504
www.redcedarim.com (513) 345-4414