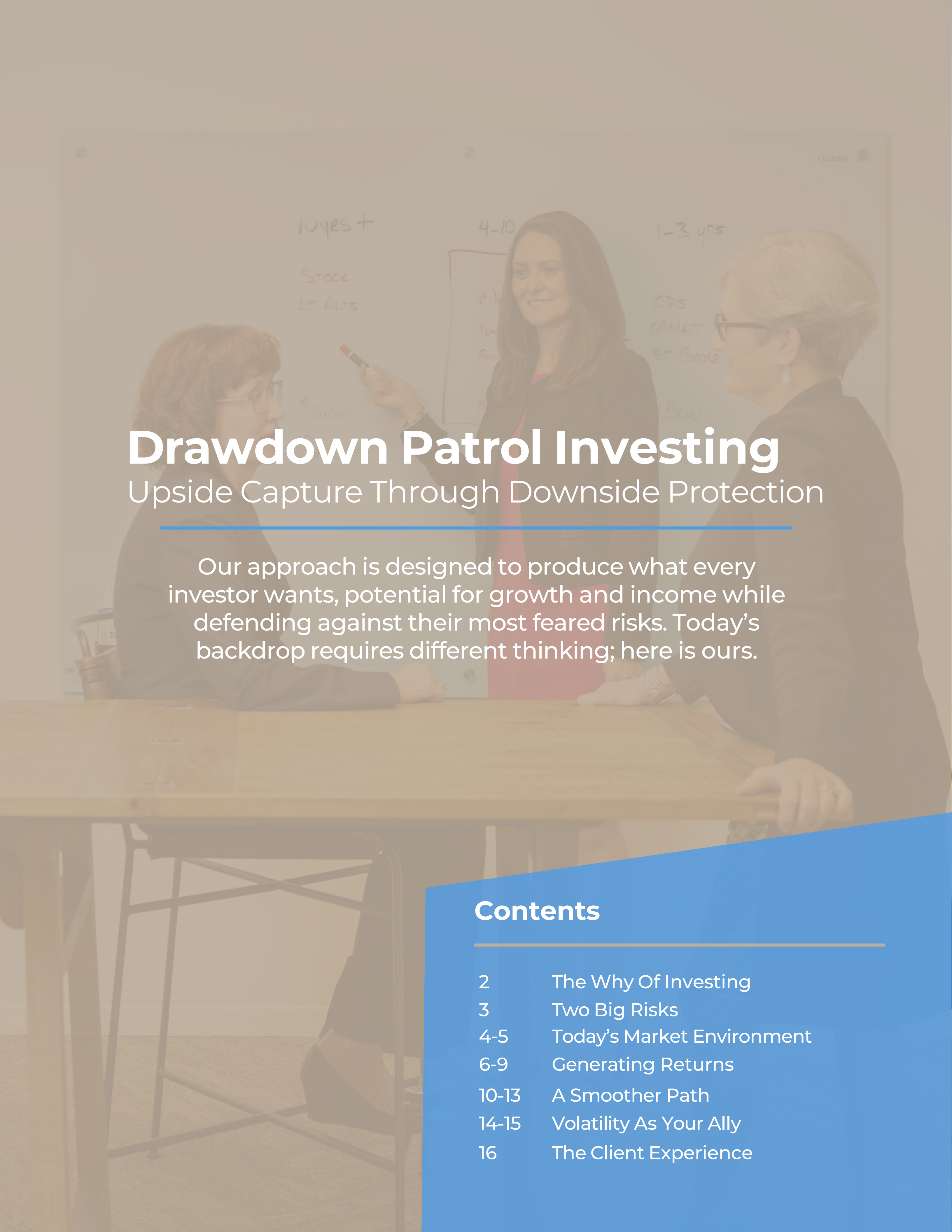


Drawdown Patrol Investing

Upside Capture Through Downside Protection

Our approach is designed to produce what every investor wants, potential for growth and income while defending against their most feared risks. Today's backdrop requires different thinking; here is ours.

Contents

Why Invest?

To meet future spending needs, right? It may be spending by us. It may be the spending of our heirs or favorite causes. Either way, putting today's dollars under the mattress is not going to get it done.

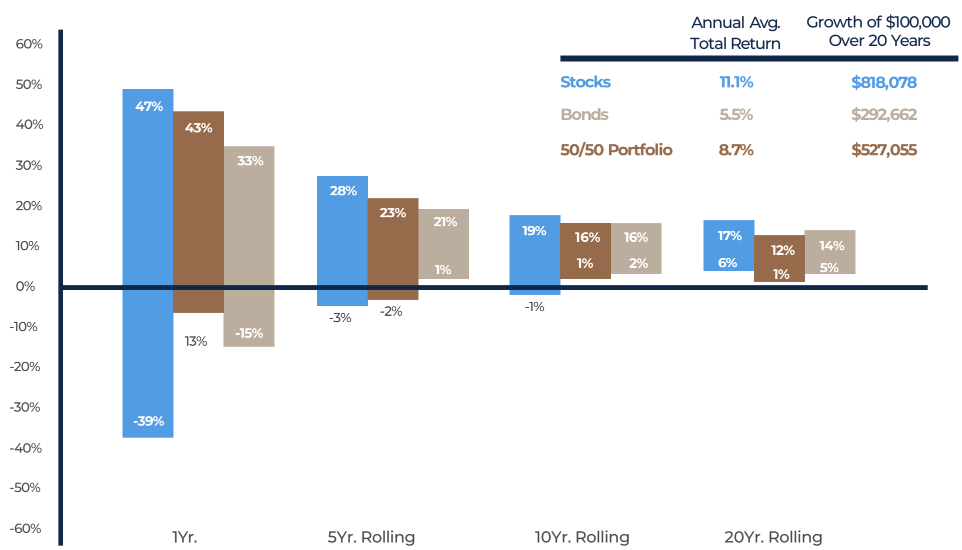
Investors often underestimate their time horizon and the compounding power that can bring. We design portfolios to help you harness that power, meet spending needs, and feel confident about answering the following three questions:

- **Am I going to be ok?**
- **Can I maintain my family's quality of life?**
- **Can I improve it?**

For those consistently investing, short-term ups and downs have added up to long-term gains in every 20 year period in U.S. history.

Range Of Stock, Bond, And Blended Total Returns

Annual Total Returns, 1960-2019



Source: JP Morgan

"In the short-run, the market is a voting machine...but in the long-run, the market is a weighing machine." Benjamin Graham

What Are the Risks?

The primary investing dangers we worry about generally fall into one of two categories:

Longevity Risk - outliving your money.

This threat is sneaky, and hard to recognize in the moment. An apparent sense of security today is exchanged for a dangerous longer-term shortfall.

Drawdown Risk - losing your money.

Can strike without warning. Easy to spot in hindsight, hard to swallow, and should be avoided because of.... math:

Don’t Dig A Hole

Drawdown	% To Recover	Years To Recover*
5%	5.3%	0.67
10%	11.1%	1.37
20%	25.0%	2.90
30%	42.9%	4.63
40%	66.7%	6.64
50%	100.0%	9.01

The ability to reduce drawdown can shorten recovery time

Source: Aptus Research
*Assumes recovery = 8% Net CAGR

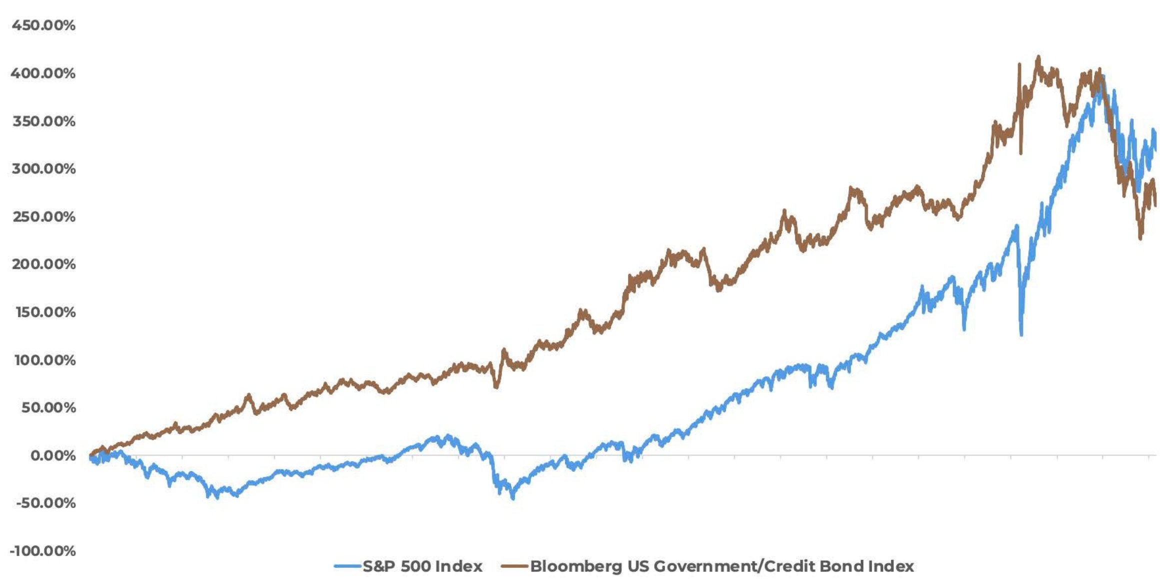
Conceptual Illustration
Information presented above is for illustrative purposes only and should not be interpreted as actual performance of any investor’s account. These figures are entirely assumed to illustrate the concept of drawdown impact and years to recover in equities. As these are not actual results and completely assumed, they should not be relied upon for investment decisions. Actual results of individual investors will differ due to many factors, including individual investments and fees, client restrictions, and the timing of investments and cash flows.

"The most important job is to strike the appropriate balance between offense and defense.” **Howard Marks**

Current Environment

Traditionally, lowering risk has meant owning more bonds and fewer stocks. The 60/40 portfolio has been great for the past 20 years. Let's take a look below...the 60% from stocks has gone up, but look at the 40% going to bonds! Not everyone realizes this, the more conservative asset (bonds) known for stability has actually returned more than stocks!

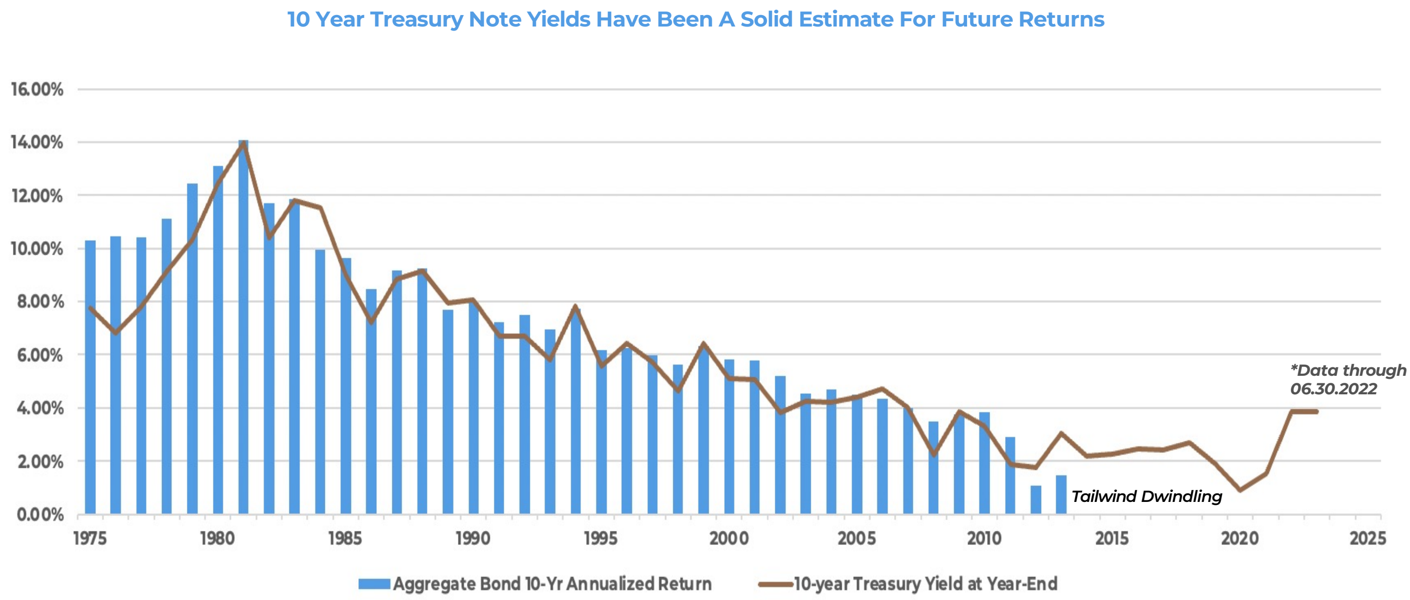
Vanguard Long-Term Bond Index vs S&P 500 Index Total Returns 01/01/2000 to 06/30/2023



Remember, falling interest rates lead to higher bond prices and vice versa. Bonds juiced portfolio returns because interest rates fell. That bond you bought 10 years ago with a 5% coupon became worth a lot more to someone else, when rates fell throughout the decade.

Can Bonds Beat Stocks in the *Next* 20 Years, Again?

Even with yields improving since bouncing off all-time lows, it's critical to understand that bonds > stocks will not likely repeat itself over the next 20 years. The reality of rising yields impacts *nearly every portfolio.*



Source: Bloomberg, Aptus Research

How we build portfolios, to address longevity risk and explicitly manage drawdown risk, is the heart of what differentiates our approach. That conversation starts with understanding where returns come from.

How Are Returns Generated?

Returns are generated in one of three ways:

Yield: Dividends + Interest
Growth: Annualized Improvement
Valuation: Changing Investor Appetite

Decade	Yield	+	Earnings Growth	+	Valuation Change	=	Annual Returns
1900s	3.9%		4.7%		0.9%		9.5%
1920s	4.2%		2.0%		-2.9%		3.4%
1920s	3.7%		5.6%		4.6%		13.9%
1930s	3.1%		-5.7%		1.6%		-1.0%
1940s	4.2%		9.9%		-6.4%		7.8%
1950s	4.1%		3.9%		10.1%		18.1%
1960s	3.1%		5.5%		-1.2%		7.3%
1970s	3.4%		9.9%		-8.0%		5.3%
1980s	3.4%		4.4%		8.6%		16.4%
1990s	1.7%		7.7%		8.2%		17.6%
2000s	1.5%		0.6%		-2.9%		-0.8%
2010s	1.9%		10.6%		0.7%		13.3%
2020s	1.5%		11.1%		-5.1%		7.6%
Avg. Contribution to Return	**3.1%**		**5.4%**		**0.6%**		**9.1%**
% Contribution to Return	**33.6%**		**59.4%**		**7.0%**		**100.0%**

Source: Aptus Capital, John Bogle & Robert Shiller, Data as of 6/30/23

Here's a simple example of each...

You buy a share of company ABC for $10. Company ABC generates $2 a share of earnings. You paid a valuation of 5 times (5x) earnings for your investment. Simple example, but hopefully brings clarity.

Yield – This piece is the easiest to quantify as it's simply the return of capital on your investment. Sticking to our example, if Company ABC pays a dividend of $0.50, that's a 5% return on your $10 investment. As the prior chart shows, dividends have been a more reliable source of return than growth and valuations.

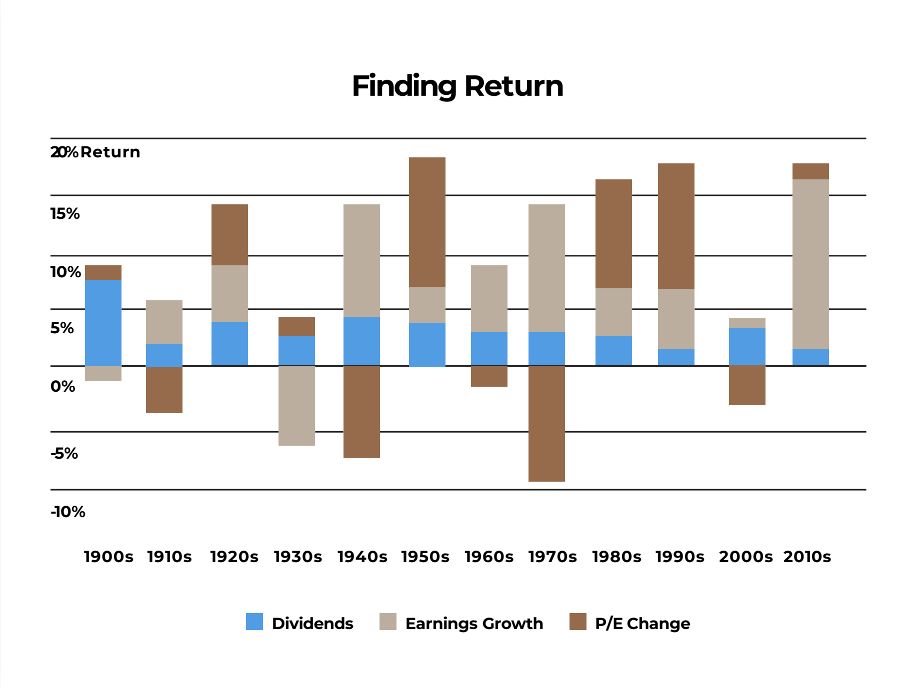
Growth – Let's revisit your investment and go back to our starting valuation of 5x earnings. Recapping, you paid $10/share with company ABC generating $2/share in earnings. Well, good news. Company ABC just landed their biggest customer, earnings are now $3/share. If valuations remain the same (5x earnings), Company ABC now trades at $15/share... a 50% return on your initial investment. Not bad.

Valuation Change – There are rumors floating about Company ABC and its potential over the next year. Nothing has actually changed, but people's expectations are rising. The rising expectations have caused the stock price to adjust to $12 a share. You bought in at a valuation of 5x earnings and now, the same company with the same $2 of earnings, is trading for 6x earnings –a valuation change that generated a 20% return on your investment. Valuation change has been the most fleeting source of return, and over time, it matters less than you might think.

"The market's not a very accommodating machine; it won't provide high returns just because you need them." Peter Bernstein

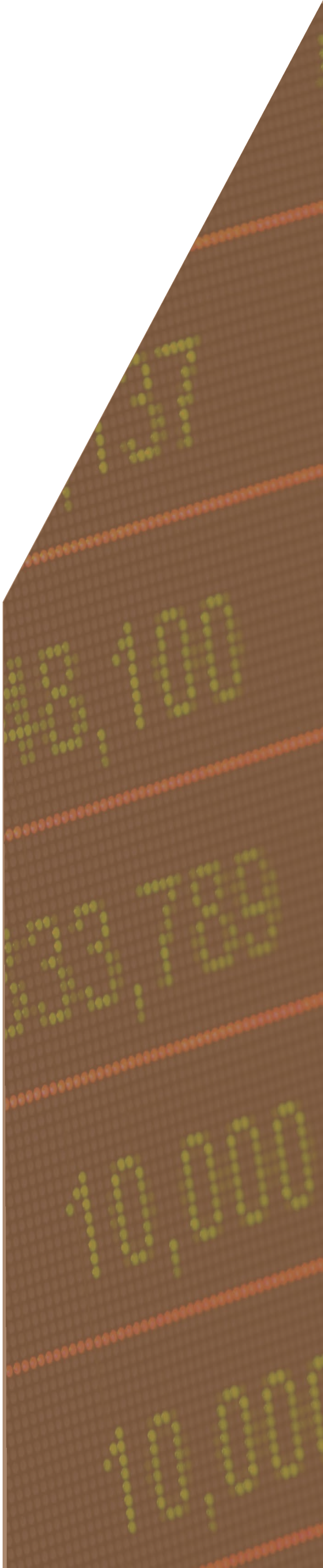
Finding Return

Of the 3 drivers of return, we place the highest emphasis on understanding yield and growth. If we do a decent job on yield and growth, we view positive valuation change as icing on the cake.



Source: Aptus Research via Robert Shiller, Bloomberg

Control what you can control. Growth can go negative, valuation change can go negative, ***dividends paid cannot.***



Yield

Today's market has us focused on consistent and repeatable yield vs high absolute yield. Our focus is on the quality of yield. As famously quoted by Raymond DeVoe of Legg Mason. *"More money has been lost reaching for yield than at the point of a gun."*

Growth

An understanding of growth at the individual security level is important to portfolio construction overall, driving what to own and what to avoid. Growth cannot be measured in a vacuum, as we need to address valuation, quality, and momentum to understand the opportunity to compound capital.

The goal is not a crystal ball into the "best", but a clear process for avoiding the worst, and a sell discipline to identify change. A few filters we use:

In Search of Total Return

The Potential Of Compounding Capital

Business Growth +

- Growth In Sales
- Growth In EBIT
- Growth In Margins
- Growth In Earnings
- Growth In Dividencs
- Extensive Opportunities to Reinvest FCF Organically or Through M&A

Valuation +

- Price-to-Earnings
- Dividende Yield
- EV/EBITDA
- Price-to-Book

Profitability +

- Enduring, Predictable
- High ROE and FCF
- Strong ROIC
- Strong Balance Sheets
- Down Market Performance

Momentum

- Trading Above Its 50-day
- Moving Average
- Proximity to 52-Week Highs
- 1-Year Relative Performance
- 6- Month Relative Performance

Our portfolios within this framework

This Y + G framework drives decisions at the asset class level down to the individual security level. Our goal is to compound capital, and today's market pushes allocations towards stocks and away from bonds. But doesn't that increase the volatility in our portfolios?

Enter...The Drawdown Patrol

"The essence of investment management is the management of risks, not the management of returns. Well-managed portfolios start with this precept." Benjamin Graham

We view a portfolio as a fragile package in our hands, to get from point A to point B. Rather than depend on a smooth ride to our destination, we wrap the package with layers of protection to defend against the market's inevitable bumps along the way.

How we get from point A to point B matters in enhancing outcome.

Our first layer of protection is diversification. This isn't all that different.

It's the additional layers of protection we include in the portfolios that makes our approach different. It changes the math and gives our investors the comfort of risk management over and above diversification.

We balance risk and returns for three reasons:

1. **To be able to allocate to areas of higher return (stocks)**
2. **To reduce drawdown and the emotions that come along with it**
3. **To turn market drawdowns into opportunity**

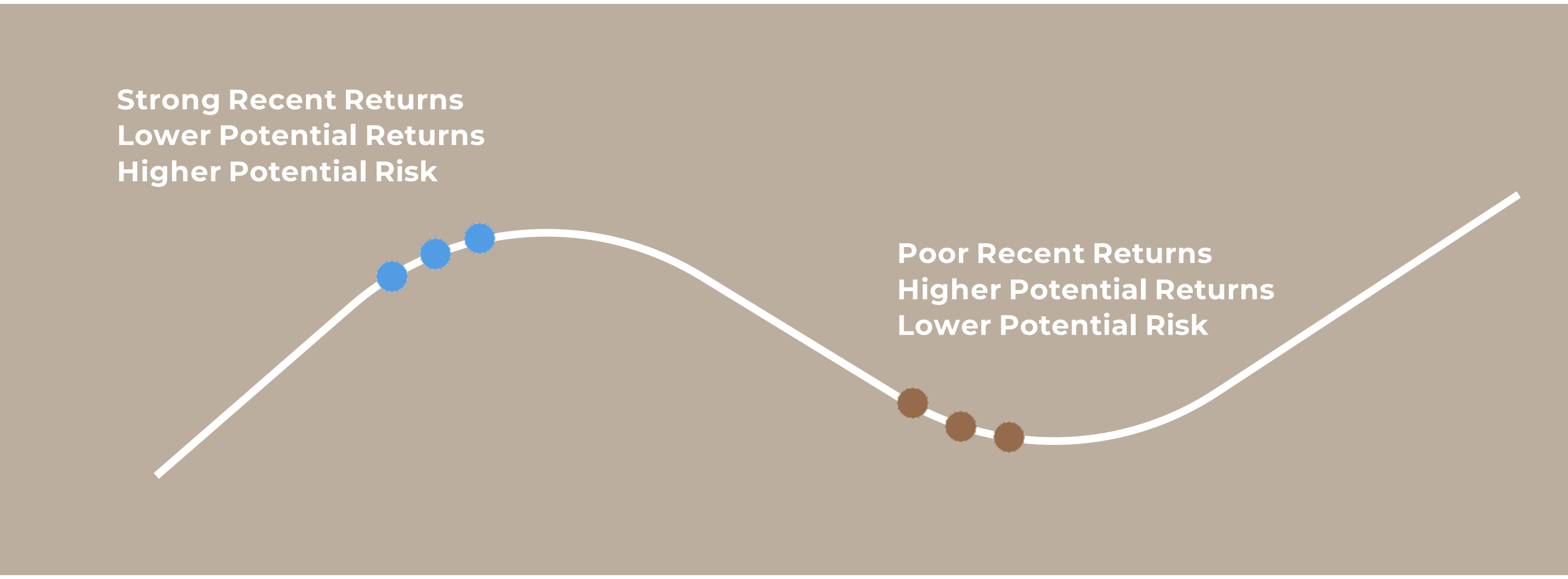
Lower prices can lead to higher returns in the future, but that only matters if you have cash to take advantage of it. Let's dig in...

Valuations Matter

Let's ingrain this simple concept in our minds: Today's valuations impact tomorrow's return in the stock market.

Markets oscillate from periods of higher valuations to lower valuations. High valuations tend to mean lower future returns with higher risks, a ***bad*** combination.

The opposite is also true. Low valuations tend to mean higher future returns with lower risks, a ***good*** combination. This simple concept is critical when thinking about the Drawdown Risk mentioned earlier.



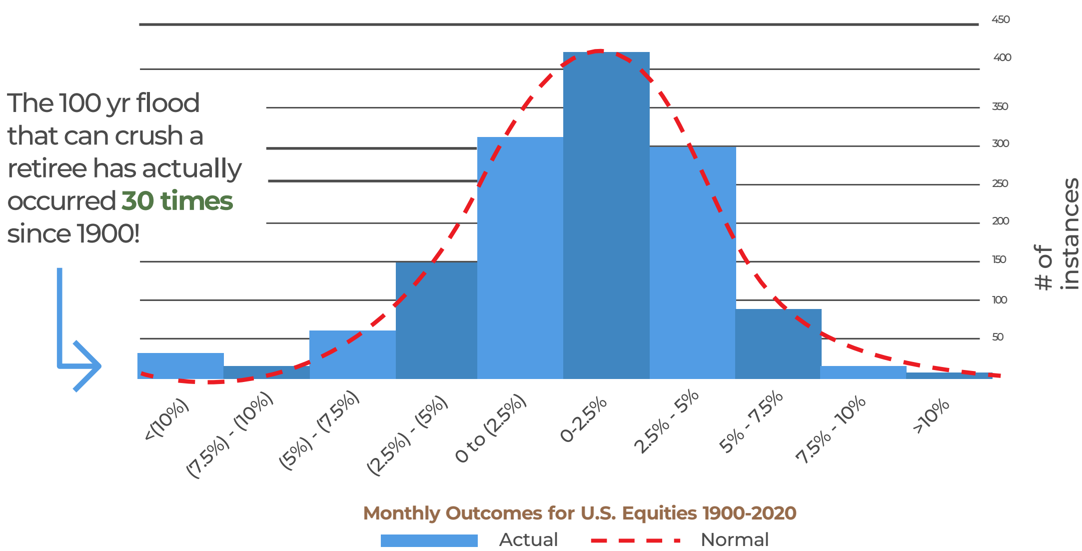
We believe deploying cash in a market priced at 15 times earnings is far more attractive than one priced at 25 times. The trick is having cash to deploy when that's the case.

Managing Drawdown

Drawdown risk doesn't sneak up on you; it smacks you in the face. Nothing gets a client more uncomfortable than watching account values drop.

History has shown how hard it is to stick with things if it means riding the market's waves without a plan to protect capital. We provide that plan. It's peace of mind through portfolio construction that explicitly manages drawdown risk. We can't avoid volatility, but we can be positioned to take the sting out of severe market drawdowns.

Distribution of Monthly Returns



Source: Robert Shiller, Aptus Research

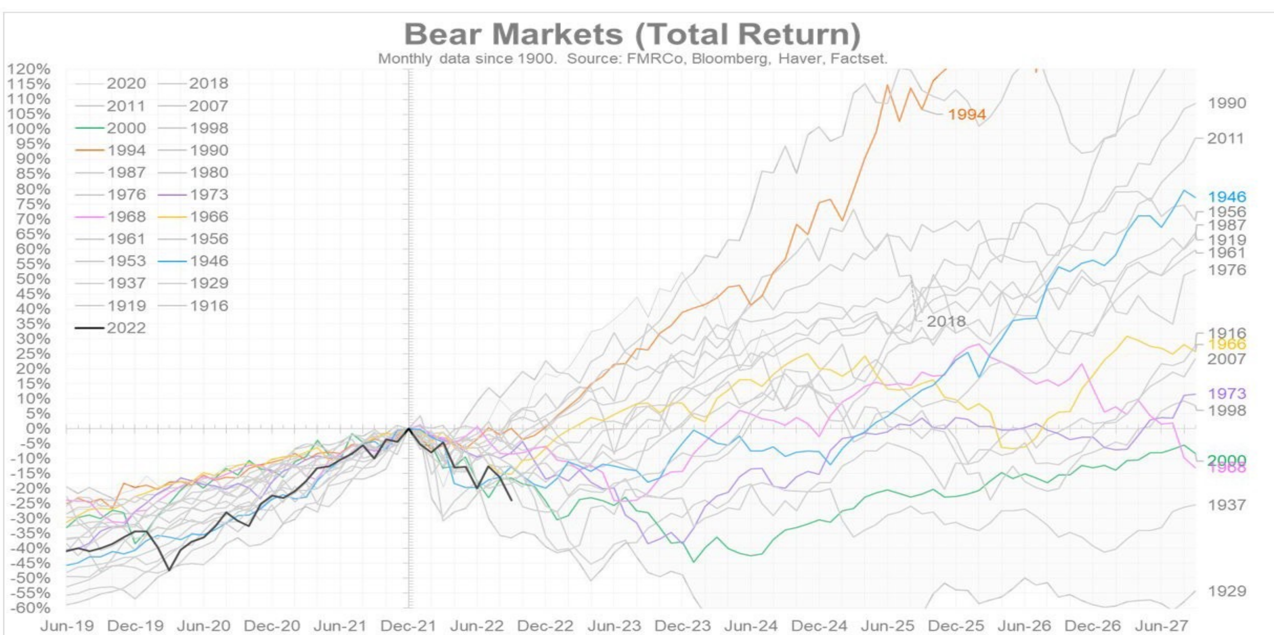
This is designed to capture more of the good and less of the bad while maintaining explicit focus on avoiding drawdown.

Our portfolios contain funds with active hedges to protect against disaster. For you statisticians out there, disaster could also be referred to as left tail market events. Our aim is to chop off left tails, which happen more than most expect and leave mathematical and behavorial wreckage behind.

Narrow the Range of Outcomes

We protect our cars, our lives, our health with insurance, why would we not protect our wealth? Our portfolio's insurance comes in the form of options that rise in value when market prices drop and/or volatility rises.

These offsetting exposures rise in a non-linear way (meaning, "a lot!") during market drawdowns. Don't let the fancy word get in the way. It's similar to a term insurance policy that costs $400 a year for $1 million of insurance. If you don't use the insurance, great, that $400 didn't prevent you from enjoying your life. If you do use it, that $400 provides an enormous amount of non-linear payout!



Data source: FMRCo, Bloomberg, Haver Analytics, FactSet. Data as of 10/02/2022. Past performance is no guarantee of future results.

Fidelity Investments

Attention to the left tail chop improves our ability to pursue long-term growth of capital.

Turning Volatility into Your Opportunity

The benefit of blending diversification, hedging, and long volatility exposure is that you are positioned to chop the left tail and avoid serious drawdown.

But the real benefit is how it can **create capital** at the precise time that a market decline is testing most investors.

We believe that a focus on risk management can lead to higher returns, and we scour each corner of a portfolio to make volatility our friend. In other words, **we manage risk to pursue higher return.** Everyone wants to "buy low" but sitting in a 4% money market, while waiting for prices to drop, amidst 6.4% inflation* is not a formula for success.

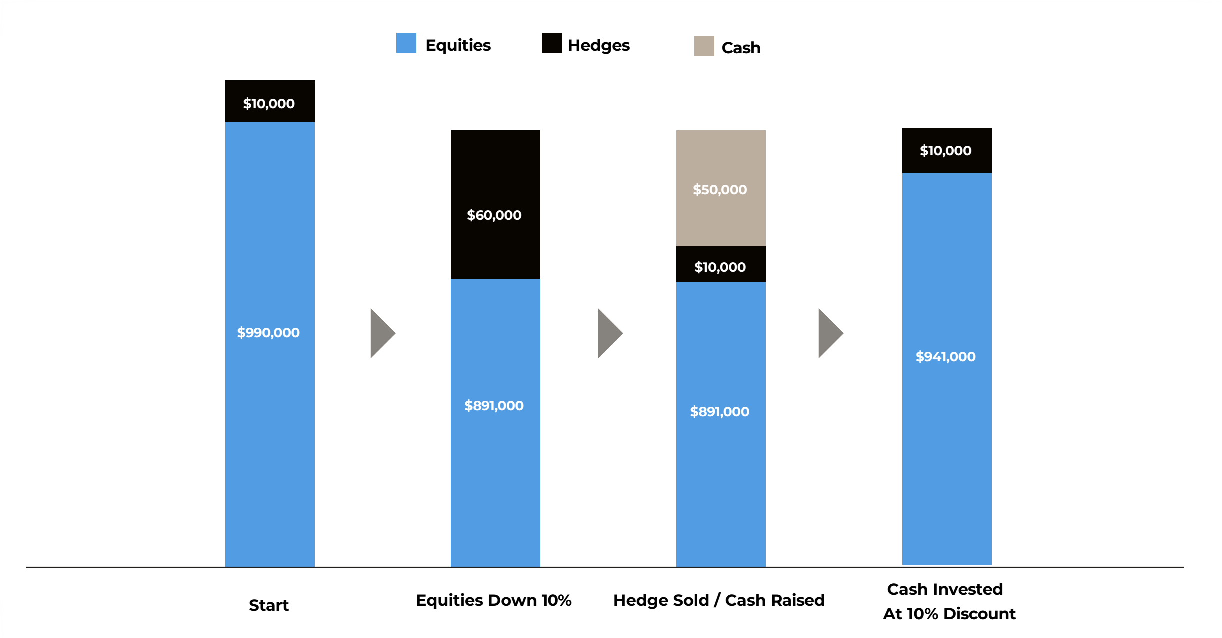
If markets drop 20%, the forward return potential goes up. That's great for the younger investor adding money monthly. It's not so good for folks already in retirement.

Unless, the drawdown creates the capital to deploy back into a market when the forward-looking opportunity is much better. Next, a hypothetical illustration of how our added layers of protection have the potential to create capital as prices drop.

** January 2023 CPI data*

Buying the Dip Is Great In Theory But You Need Cash Available To Do It.

To bring this all together, we deploy a series of strategies that strive to defend against the most visible risk (drawdown). This hedging opens the door to pursue higher embedded returns at the initial allocation, and provides cash to buy into short term market dips.



Conceptual Illustration

Information presented above is for illustrative purposes only and should not be interpreted as actual performance of any investor's account. These figures are entirely assumed to illustrate the concept of hedging during an assumed 10% drawdown in equities. As these are not actual results and completely assumed, they should not be relied upon for investment decisions. Actual results of individual investors will differ due to many factors, including individual investments and fees, client restrictions, and the timing of investments and cash flows.

AMG Managed Portfolio Series:

Moderate

Multi-manager portfolio designed to help clients stay invested through challenging market cycles.

Active/Passive Blend • Layers of Risk Management • Tax-Efficient Adjustments

AMG Approach

We believe the optimal portfolio is one an investor can stick with. With behavior in mind, we blend return, risk, and conviction to pursue our primary objective... improving investor outcomes. We start with low cost, high quality exposure to primary asset classes and build in alternative return opportunities and downside hedging through dynamic ETFs.

Portfolio Objective

Baseline template of 60% stocks / 40% bonds with flexibility to dynamically adjust exposure as risks & opportunities change. Proactive risk management is a key differentiator of this portfolio, designed to reduce hidden correlations and mitigate significant market declines.

Broad diversification, streamlined for robustness.

Target Exposures : Snapshot

Fixed Income: 41% / 27% / 11%

Asset Class	Ticker	Fund Name	Conservative	Moderate	Growth
Corporate Bonds	DRSK	Aptus Defined Risk ETF	18%	13%	7%
Income Bond	JUCY	Aptus Enhanced Yield ETF	18%	11%	4%
Agggregate Bonds	BKAG	BNY Mellon Core Bond ETF	5%	3%	

Equity: 59% / 68% / 88%

Asset Class	Ticker	Fund Name	Conservative	Moderate	Growth
Core Equity	ADME	Aptus Drawdown Managed Equity	8%	7%	6%
Large Cap	SPLG	SPDR Port S&P 500 ETF	2%	8%	13%
Large Cap	DUBS	Aptus Large Cap Enhanced Yield	10%	10%	13%
Large Cap	RSP	Invesco S&P 500 Equal Weight ETF		3%	6%
Equity Dividend	CGDV	Capital Group Dividend Value ETF	3%	3%	5%
Equity Income	ACIO	Aptus Collared Investment Opportunity	19%	16%	13%
Small Cap	OSCV	Opus Small Cap Value ETF	3%	6%	8%
Intl. Equity	IDUB	International Enhanced Yield	10%	10%	11%
Intl. Stock	VEA	Vanguard FTSE Developed Markets ETF	4%	7%	9%
EM Stock	VWO	Vanguard FTSE Emerging Markets ETF		3%	5%

	Conservative	Moderate	Growth
Portfolio Expense Ratio:	0.56	0.49	0.42
Portfolio Yield:	3.50	2.98	2.38
***Risk Number (1-99):**	47	57	68

Source: Bloomberg, Riskalyze, Aptus estimate as of 07/31/2023

The Risk Number and the 95% Probability Range are calculated using a long-term average of 7.5% for the S&P 500, 0bps change in the Ten Year US Treasury Rate, and correlation and volatility data from 2008 to present. Riskalyze uses actual historical data to calculate the statistical probabilities shown. For securities calculated using Average Annual Return, the Average Return will be calculated using actual price history from June 2004- present or inception. We calculate the annualized return number as (final price / initial price) ^ (1 / number of years) - 1. Riskalyze does not provide investment analysis on investments with less than 6 months of historical performance. In instances where an investment's inception is more recent than January 1, 2008 and greater than 6 months, Riskalyze will use correlation statistics from the investments actual trading history to extrapolate missing volatility data. In most cases the extrapolation calculation increases the risk presented in the investment analysis as a means of protecting the investor. Investments with an inception more recent than January 1, 2008 are highlighted with an information icon.

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About Us

AMG Wealth Advisors is led by three highly credentialed, experienced managing partners, providing asset growth and protection for high net worth individuals and institutional investors.

Jean Arias, Polly Moore, and Lori Gann Morris have advised clients together since 2006, and each brings distinct talents, training, and perspectives to your side through every twist and turn of life. Each partner contributes to your plan and strategy, giving you full confidence in the decisions you make.

"Being a women-owned firm is rare in this field. We take that as a challenge to be a bit more diligent, more studied, and more proactive. And we listen with the unique perspective life has given us. That is a signature gift we bring to the table." Polly Moore

Our Investment Partner

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Your Goals. Our Focus.

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