LITTLE HOUSE CAPITAL

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A Closer Look:

Q1 2025: Our Global Strategies Recap

Our Founder

Robert C. Stimson, CPA
Founder, Chief Executive Officer and Chief Investment Officer

Company Overview

Little House Capital, LLC is an SEC Registered Investment Advisor. The firm was established to redefine the wealth management experience by integrating investment management, financial planning, and complex estate and tax strategies. We provide seamless and comprehensive goal-based solutions that seek to achieve desired outcomes for individuals, families, trusts, foundations, and endowments.

Contact Info

Little House Capital
35 Braintree Hill Park, #100
Braintree, MA 02184
Phone: 617-545-5600
Email: LHC@littlehousecapital.com

Our proprietary global investment strategies consist of three key approaches:

1) Income, 2) Core, and 3) Growth Maximizer.

Each allocation is tailored to align with distinct investment styles and risk objectives to meet the unique needs of every client. Our investment performance adheres to Global Investment Performance Standards (GIPS), reflecting principles of full disclosure and fair representation. 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. To receive additional GIPS reports and/or our firm's list of composite/pooled fund descriptions, please email your request to LHC@Littlehousecapital.com.

[*For more information visit our website:* *Littlehousecapital.com*]

Our comments in the note below refer to the *Core Maximizer Global Growth with Income' strategy*, which represents a typical 60% Equity / 40% Fixed Income allocation. Our investment team employs active (i.e., tactical) allocation across various asset classes and evaluates performance against a pre-determined benchmark (i.e., strategic weighting).

Chart 1 below shows our tactical positioning vs. our strategic benchmark. The Income Maximizer Global 60/40 strategy has gained 0.4% YTD (0.1% net), versus the benchmarks 0.8%.

Current Top-Down Asset Class Positioning:

ASSET CLASS	UNDERWEIGHT	NEUTRAL	OVERWEIGHT	PRIOR RATING
EQUITIES		=		↑
US LARGE CAP			↑	↑
US SMIDCAP		=		=
INTERNATIONAL	↓			↓
EMERGING MARKETS	↓			↓
BONDS			↑	↓
TREASURIES	↓			↓
CORPORATES			↑	↑
HIGH YIELD	↓			↓
MUNICIPALS			↑	↑
ALTERNATIVES	↓			↓
PRECIOUS METALS	↓			↓
COMMODITIES	↓			↓
EQUITY HEDGES	↓			↓
HEDGE FUNDS			↑	↑
CASH			↑	↑

Chart 1: Tactical vs. Strategic Weighting / Source: Little House Capital

A more detailed explanation of our tactical positioning across equities, bonds, alternatives, and cash is included within.

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Equities—Equal Weight:

In Q1 2025, markets delivered a sharp reminder of how quickly momentum can reverse. What began as a cautiously optimistic environment turned turbulent as investors were hit with a wave of macro and geopolitical shocks. Rising fears of stagflation, driven by unexpected tariff announcements and supply chain disruptions, collided with growing unease about overextended valuations—particularly in the AI and tech sectors that had led markets higher in 2024. The result was a pronounced “risk-off” tone across asset classes, with equity markets pulling back and volatility rising meaningfully.

Large-cap stocks, which had been the cornerstone of strength in recent quarters, were not immune. The rapid pace of innovation in AI prompted a reevaluation of growth assumptions and competitive positioning, leading to swift repricing in some of the market’s most crowded trades. Meanwhile, smaller-cap equities struggled even more, weighed down by rising capital costs and limited pricing power in a slowing economic environment. For the quarter, large caps fell –2.1%, while mid- and small-cap stocks declined –4.8%, as investors favored quality and balance sheet resilience.

Despite the broad equity weakness, diversification showed its value. Portfolios with meaningful exposure to bonds, defensive equity sectors, and international markets held up better, breaking from the recent trend of U.S.-centric concentration dominating returns.

Utilities and energy were among the top-performing sectors, benefiting from their relative insulation from macro shocks and, in the case of energy, support from rising commodity prices amid geopolitical tensions. Financials held steady as credit conditions remained manageable and the yield curve showed early signs of normalization. Conversely, consumer-facing sectors came under pressure as spending slowed and sentiment weakened.

The economic backdrop was mixed. Inflation continued to moderate, but remained sticky in core services. Labor markets softened at the margin, with slowing wage growth and rising job openings suggesting a gradual easing in employment conditions. Consumer spending, though still positive, began to shift more heavily toward essential goods and services as households adjusted to tighter financial conditions. Business investment remained supported by productivity gains, particularly in automation and digital infrastructure, though uncertainty around policy and trade weighed on forward-looking indicators.

Ultimately, Q1 2025 was a reset—a period that challenged investor complacency and reasserted the need for thoughtful portfolio construction. The combination of external shocks and internal repricing reminded market participants that equity volatility is not a bug, but a feature. While the future path remains uncertain, the quarter reinforced the enduring value of diversification, discipline, and a focus on fundamentals in navigating an increasingly complex investing landscape.

International Markets Showing Strength

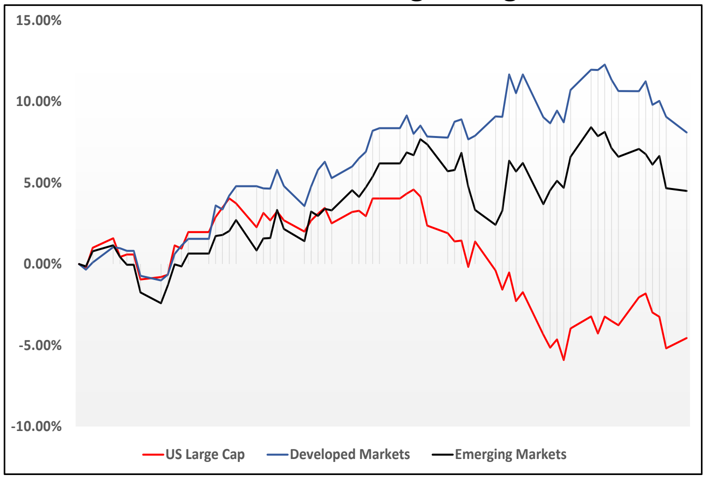

Chart 2: YTD Returns by Size / Source: FactSet

Energy and Healthcare Lead

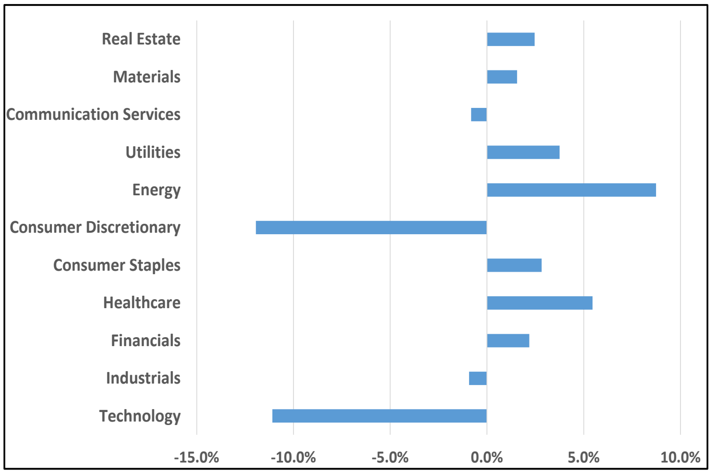

Chart 3: YTD Returns by GICS Economic Sector / Source: Bloomberg

Bonds—Overweight:

In Q1 2025, fixed income markets regained their footing after a turbulent 2024, offering investors much-needed ballast amid a volatile quarter for risk assets. While equity markets stumbled under the weight of renewed tariff threats, slowing global growth expectations, and repricing in overbought sectors like AI, bonds quietly delivered positive performance as investors sought safety and income. Treasury yields fell across the curve, reversing part of last year's surge, as markets began to price in a cooler inflation backdrop and increasing odds of Fed rate cuts later in the year. The benchmark 10-year yield ended the quarter nearly 40 basis points lower, reflecting growing uncertainty about the strength of the economic expansion.

In response to this shifting macro backdrop, we strategically extended the duration of our bond portfolio during the quarter. With signs pointing to potential Fed rate cuts ahead, we viewed this as an opportune time to add interest rate sensitivity and position for capital appreciation if yields continue to decline.

Investment-grade corporates also rallied, benefiting from narrowing spreads and renewed demand from institutional buyers seeking quality income amid global risk aversion. While fundamentals remained solid overall, some pockets of concern emerged—particularly around cyclical sectors and companies with weaker balance sheets. High-yield bonds were more mixed, posting modest gains but showing signs of stress in the lower tiers of credit, where refinancing risk has started to rise with tighter financial conditions and a less forgiving capital market environment.

Municipal bonds enjoyed strong demand, buoyed by favorable supply/demand dynamics and attractive tax-equivalent yields. With state and local governments generally in good fiscal shape, the muni market served as a relative safe haven, especially for high-income investors navigating equity market turbulence.

Globally, emerging-market debt diverged. Local currency bonds gained ground on dovish central bank signals and currency stability in select regions, while hard currency issues faced headwinds from geopolitical flare-ups and a still-cautious global growth outlook. Dollar strength early in the quarter gave way to a more stable currency environment, providing a modest tailwind to international fixed income.

Long Duration Outperforms Shorter Counterparts

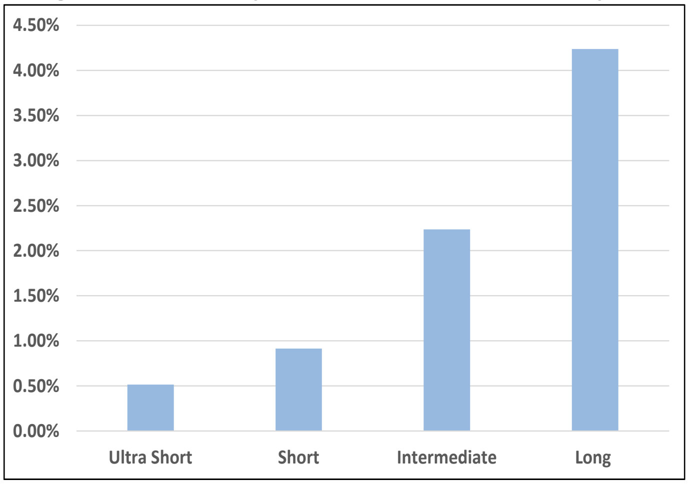

Chart 6: YTD Fixed Income Performance by Duration / Source: Bloomberg

The key takeaway from Q1: bonds returned to their traditional role as a hedge against equity market volatility. After a year where cash and short-duration dominated flows, investors began to move back out on the curve in search of duration exposure and total return potential.

While inflation has not fully normalized and the Fed remains data-dependent, fixed income offered a clear reminder that a well-constructed bond allocation remains essential—particularly in a world where policy shocks and macro uncertainty can hit without warning. As Q2 begins, investors will be watching closely for confirmation of disinflation trends and signs of economic softening that could ultimately shape the timing and magnitude of the Fed's next move.

Alternatives—Underweight:

We have continued to maintain an underweight position in Alternatives, having reallocated capital to equities and bonds in 2024. The Alternatives allocation is designed to perform independently from traditional asset classes, with the goal of reducing overall portfolio volatility while preserving long-term return potential.

In Q1 2025, our Alternatives sleeve—comprised of the Victory Market Neutral Income Fund (CBHIX) and the Fulcrum Diversified Absolute Return Fund (FARIX)—delivered positive returns of 2.4% and 0.1%, respectively. These results provided a meaningful hedge against broader market volatility during the quarter.

CBHIX employs a multi-strategy, market-neutral approach using high-dividend equities and index futures to achieve low correlation with equities and fixed income. FARIX is a macro-driven, absolute return strategy targeting low-correlated returns across a diversified set of global asset classes. Together, these funds help maintain a low portfolio beta—targeted at 0.1—and provide defensive characteristics during periods of market stress.

Looking ahead, we remain actively engaged in evaluating opportunities across the alternative investment landscape, particularly in private debt, private equity, and real assets. These segments offer compelling long-term potential as interest rates stabilize and global infrastructure investment accelerates. However, we are also mindful of structural risks, including private credit defaults and rising capital costs.

Our team will continue to assess new opportunities to enhance diversification and improve portfolio resilience through selective alternative exposures.

Cash—Overweight:

At the end of the quarter, our cash position was ~4%, a slight increase from the end of 2024, but still slightly above our strategic benchmark of 4%. Excess cash in client portfolios remains in government money market funds through Schwab and Fidelity. These funds, which invest in taxable, short-term securities backed by the U.S. government, provide capital stability, liquidity, and current income while minimizing default risk.

With current yields around 4%, these holdings offer both flexibility and downside protection as we assess opportunities to deploy additional capital. This positioning allows us to maintain a cautious stance while seeking to strategically allocate cash as market conditions evolve.

Short Term Yields Coming Down from Peak

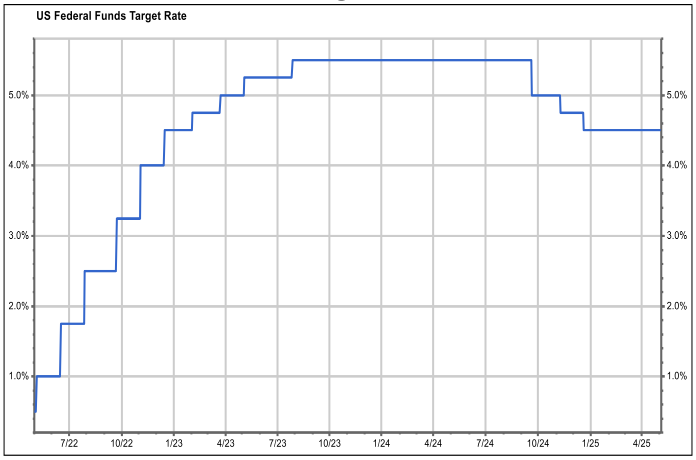

Chart 7: Fed Funds Target Rate / Source: FactSet

Appendix

Asset Class Performance

	March	3 Months	6 Months	Year To Date	Last 12 Months	Last 3 Years
Technology	-8.3%	-11.0%	-6.6%	-11.0%	-0.2%	10.1%
Industrials	-3.6%	-0.2%	-2.3%	-0.2%	5.6%	10.4%
Financials	-4.2%	3.4%	11.2%	3.4%	20.1%	11.2%
Healthcare	-1.6%	6.5%	-3.7%	6.5%	0.4%	3.5%
Consumer Staples	-1.2%	4.4%	0.9%	4.4%	9.7%	4.9%
Consumer Discretionary	-8.3%	-11.8%	0.2%	-11.8%	8.3%	3.1%
Energy	3.5%	9.9%	4.7%	9.9%	2.2%	10.5%
Utilities	0.2%	4.9%	-1.7%	4.9%	23.8%	4.7%
Communication Services	-5.2%	-0.1%	7.5%	-0.1%	19.4%	12.8%
Materials	-2.7%	2.7%	-9.3%	2.7%	-5.7%	0.9%
Real Estate	-2.4%	3.6%	-3.8%	3.6%	9.5%	-2.0%

Note: 3 Year Returns are Annualized

Chart 8: Asset Class Return Heatmap / Source: Bloomberg

The table above displays asset class performance across various time periods. The color shading represents return percentages, with lighter shades indicating higher returns and darker shades indicating lower or negative returns for each period. Returns are provided for specific time frames, including September, 3 Months, 6 Months, Year to Date, Last 12 Months, Last 3 Years, and Last 5 Years.

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Year End	Total Firm Assets (USD) (Millions)	Composite Assets (USD) (Thousands)	Number of Portfolios	Composite Returns Gross	Composite Returns Net	Custom Blended Benchmark Returns	Composite Dispersion	Composite 3-Yr Std Dev	Custom Blended Benchmark 3-Yr Std Dev
2024	647.80	42,757.05	23	10.45%	9.35%	9.45%	1.20%	10.19%	11.19%
2023	519.86	46,704.27	29	9.70%	8.61%	12.75%	0.77%	9.94%	10.89%
2022	388.00	46,285.03	33	-10.22%	-11.11%	-12.03%	0.36%	11.31%	12.69%
2021	324.27	33,398.81	21	9.61%	8.52%	9.99%	0.62%	9.04%	10.45%
2020	211.57	35,876.45	22	11.83%	10.72%	10.66%	1.79%	N/A[2]	N/A[2]
2019	169.54	41,625.23	15	17.83%	16.66%	17.92%	1.59%	N/A[2]	N/A[2]
2018*	124.33	34,099.43	13	-2.45%	-3.26%	-4.62%	N/A[1]	N/A[2]	N/A[2]

NA[1] - Composite dispersion is not presented for periods with five or fewer portfolios in the composite for the entire year.
NA[2] - The three-year annualized standard deviation is not presented for periods before 36 consecutive months of data is available.
* Performance is for a partial period from March 1, 2018 to December 31, 2018.

Period - As of 12/31/2024	Gross Returns	Net Returns	Custom Blended Benchmark Returns
1-Year	10.45%	9.35%	9.45%
5-Year	5.92%	4.87%	5.73%
Since-Inception	6.45%	5.39%	5.97%

*Since-inception performance is calculated for the period beginning March 1, 2018.
*Performance is annualized for periods greater than 1 year.

Income Maximizer Global 60/40 Composite*: This objective is for clients primarily seeking long-term growth of principal with a secondary emphasis on current income. The allocation seeks to provide a predictable stream of dividend and interest income with the goal of lowering overall volatility and conserving capital. Provides global exposure to asset classes while attempting to balance risk-adjusted returns. Blends a comprehensive set of value-oriented individual equities, active strategies, and alternative instruments. Key risks include the general risks of common stock, fixed income, and preferred stock investments and specific risks due to the concentration of the portfolio within specific securities and sectors. Additional risks include that security prices may decline, and the strategy may experience loss of principal. Prior to December 2024, the composite was known as Income Maximizer Global Growth with Income. The Income Maximizer Global 60/40 composite is compared against a custom blended benchmark comprised of 3.6% Bloomberg Municipal Bond Index, 16.2% Bloomberg US Aggregate Bond Index, 16.2% Bloomberg US Intermediate Credit Index, 8% iShares 0-3 Month Treasury Bond ETF, 10.1% MSCI EAFE Index, 6.7% MSCI Emerging Markets Index, 7.8% Russell 2500 Index, 3.9% Russell 3000 Index, 13.7% S&P 500 Index, 13.7% Russell 1000 Value Index. The custom benchmark is calculated by weighting the respective index returns on a daily basis. The Income Maximizer Global 60/40 composite has a minimum of $25,000. The Income Maximizer Global 60/40 composite was created in February 2018 and incepted on February 28, 2018.*

Little House Capital, LLC ("Little House") is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. The firm's full list of composite descriptions is available upon request.

Little House claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Little House has been independently verified for the periods January 31, 2018 through December 31, 2023. 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.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. Returns include the reinvestment of all income.

The currency used to express performance is USD. Gross-of-fee returns are reduced by trading costs. Net-of-fee returns are calculated using a model fee of 1%. The model fee was calculated by reducing the gross returns by the highest tier of the current composite fee schedule. Composite dispersion is measured by the asset-weighted standard deviation of annual gross returns of those portfolios included in the composite for the full year. The 3-year annualized standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The investment management fee schedule for the composite is tiered at: 1.00% on the first $1,000,000, 0.90% on the next $1,000,000, 0.80% on the next $3,000,000, and 0.70% on assets over $5,000,000.

Benchmarks:

Bloomberg Municipal Bond Index - The Bloomberg Municipal Bond Index measures the performance of the U.S. Municipal bond market, which covers the USD- denominated Long-Term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

Bloomberg US Intermediate Credit Index - The Bloomberg US Intermediate Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related bond markets with a maturity greater than 1 year and less than 10 years.

Bloomberg US Aggregate Bond Index - Bloomberg US Aggregate Bond Index, or the Agg, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States.

iShares 0-3 Month Treasury Bond ETF - The iShares 0-3 Month Treasury Bond ETF seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities of less than or equal to three months. The expense ratio as of December 31, 2024 is 0.09%. The ETF returns reflect the closing prices, which are determined by the last traded price of the ETF.

MSCI EAFE Index (Net) - The MSCI EAFE Index measures the performance of large- and mid-cap companies across 21 developed markets countries around the world. Canada and the USA are not included. EAFE is an acronym that stands for Europe, Australasia, and the Far East.

MSCI Emerging Markets Index (Net) - The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,252 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Russell 1000 Value Index - The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected and historical growth rates.

Russell 2500 Index - The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500 Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment.

Russell 3000 Index - The Russell 3000 Index measures the performance of the largest 3,000 US companies representing approximately 96% of the investable US equity market, as of the most recent reconstitution.

S&P 500 Index - The S&P 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies.