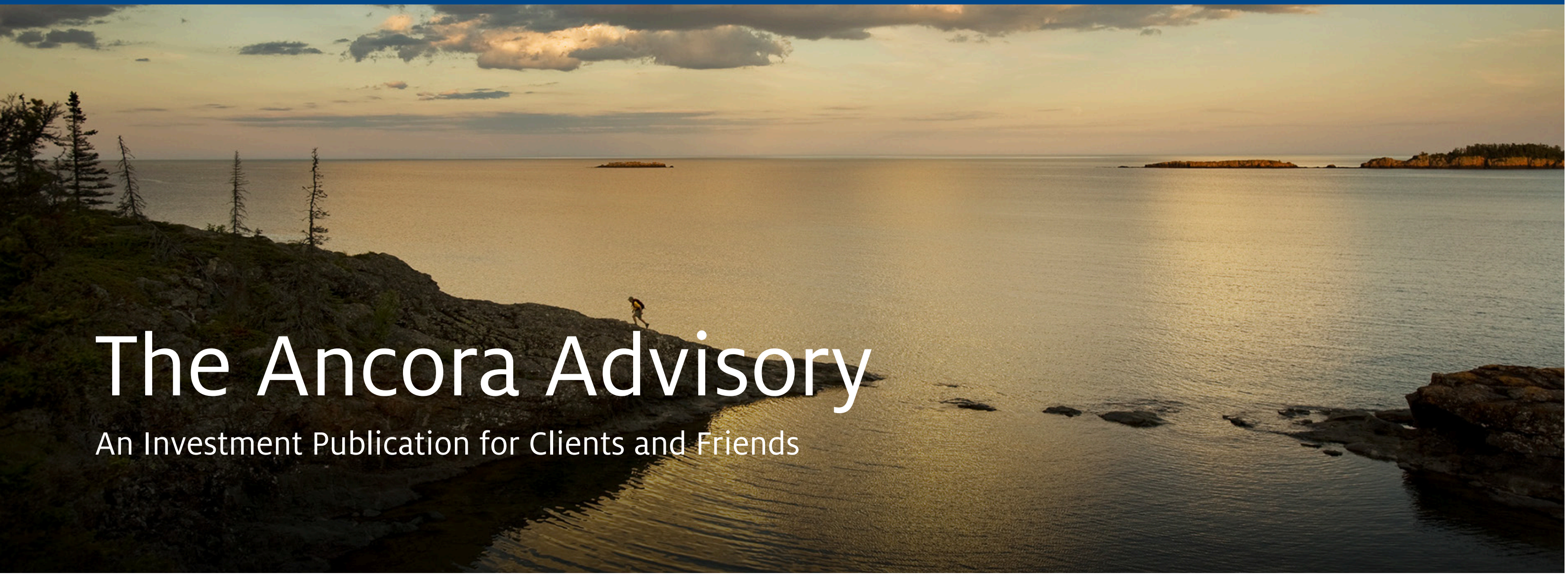


The Ancora Advisory

An Investment Publication for Clients and Friends

Ancora is a private wealth advisor and institutional asset manager focused on building distinctive investment strategies and robust wealth and risk management solutions that help you achieve more

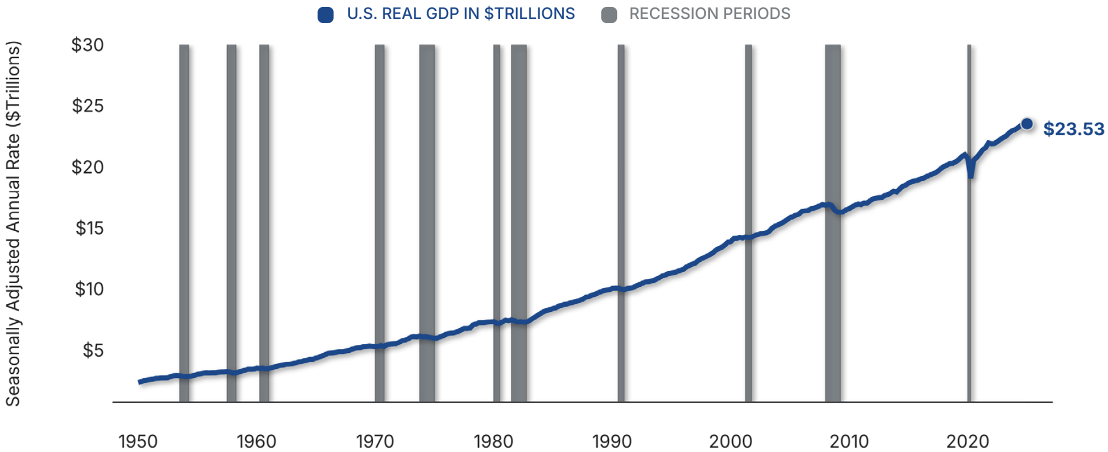
The Power of Investing Imperfectly

John Micklitsch, CFA, CAIA
President & Chief Investment Officer

Investing in the stock market often feels like a game of precision where timing is everything. However, the reality is quite different. We believe the key to successful investing lies not in the perfect timing of investing decisions but in the duration and quality of the investment. This principle is guided by an often-overlooked aspect of investing: that the economy itself is not finite. Through the lens of time, it is ever evolving, innovating and growing, which is what you participate in as a long-term investor. Yet, many view investing as a zero-sum game played in short windows with a finite pool of return up for grabs to the savviest or fastest to act.

Historical Growth of the U.S. Economy

U.S. Real Gross Domestic Product (GDP) Seasonally Adjusted Annual Rate with Recessions Shaded

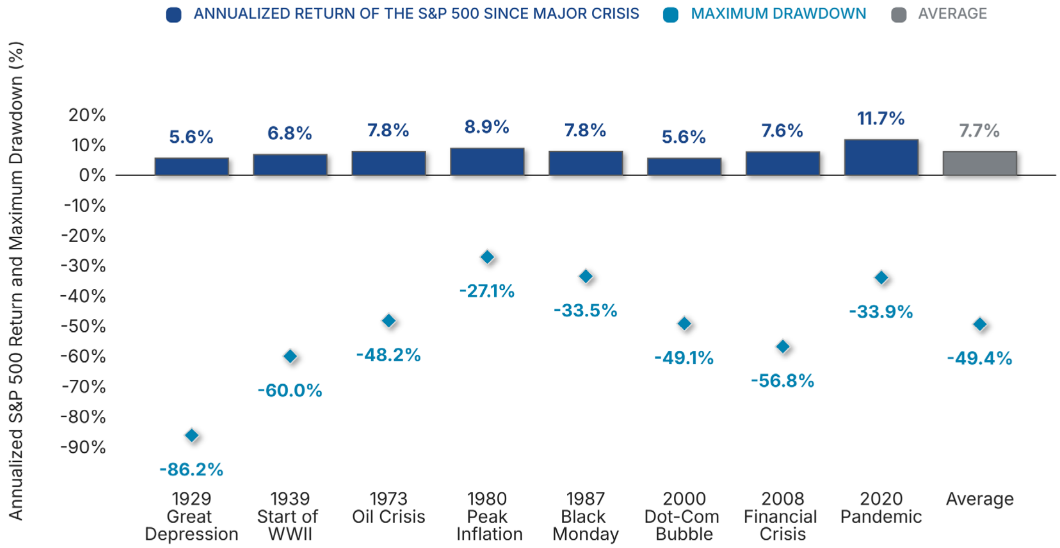


Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's, Federal Reserve Bank of St. Louis via FRED | Latest: 2025-01-01

Notwithstanding 12 recessions (and counting) during the past 75 years, one could have gotten on the U.S. economic juggernaut at virtually any point and done well with a combination of diversification, quality and time. Time, in this instance, is more a measure of patience for periodic economic traffic jams to clear on your investing roadtrip. It is not in reference to being an expert, or even particularly average, at market timing itself. In fact, as the below chart illustrates, even if you had terrible timing and invested directly before some of the past century's worst economic crises, you still would have done very well, averaging 7% returns from equities across the decades that ensued, despite the significant drawdown from poor timing on the original investment.

What if you invested at the start of crises?

Annualized Return of the S&P 500 Since the Start of Major Crises



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2025-05-14

Every bear market and economic malaise feels different and daunting. Questions of when this will end or how this will end are the very near-term unknowable questions that provide the basis for higher returns. My father used to say, "If it was easy, everybody would be doing it," which is the precursor to, "If there was no uncertainty in the future, stock prices would reflect that," and the equity risk (return) premium would go away. So, in some regards, we should be thankful that uncertainty still exists because with it comes the opportunity for higher returns. The good news, as we've seen from the above chart, is that it doesn't take perfection from a timing perspective to earn attractive returns. It does, however, take discipline, patience and a plan to harness the utility value of the stock market for the life you want to live.

In conclusion, the essence of successful investing is patience, good judgment and time. Fortunately, you don't need to time the market perfectly; often, you just need to give your investments time to grow. By focusing on the long term where others cannot or will not, you can navigate market volatility, earn more of the available equity risk premium and make progress towards achieving your financial goals. ◊

Exploring Opportunities in Preferred Securities

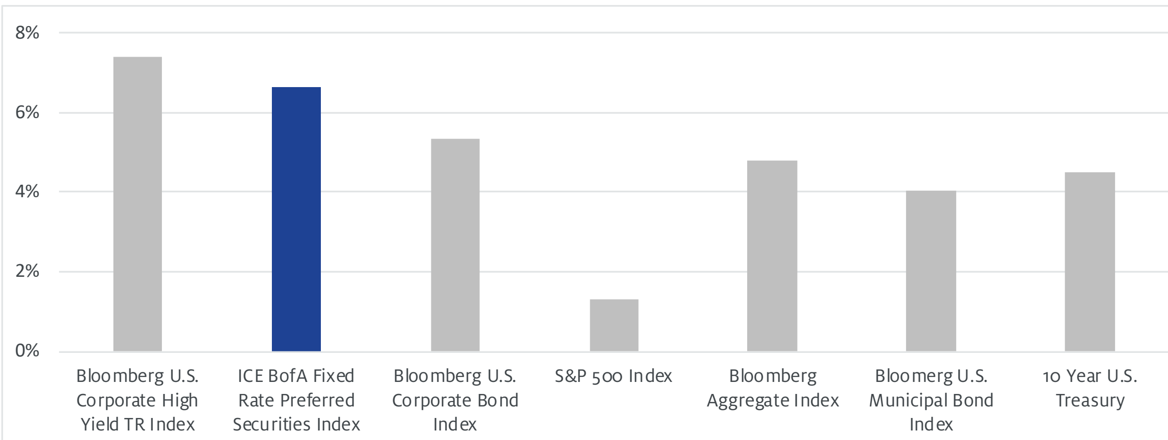
Kevin Gale
Managing Director, Head of Fixed Income

Market volatility often creates opportunities. We previously discussed the advantages in the current market environment of considering "strategic income" securities as part of a portfolio's fixed income allocation. Narrowing in on that category further, we believe that, due to the underperformance that preferred securities have experienced year-to-date and over the past 12 months, it may be a good time to consider adding exposure to that asset class at these attractive levels.

For those unfamiliar, preferred securities are a fairly unique asset class that contains features of both stocks and bonds and are typically considered part of a fixed income allocation. Preferred stock is a form of equity that pays dividends, but those dividends are more like an interest payment on a bond. Unlike bonds, however, many of the dividends paid by preferred stock are qualified dividends (QDI), meaning they are tax-advantaged and taxed at just 20%, plus the 3.8% Medicare surcharge for top earners, instead of the ordinary income tax rate typically associated with bonds. Many companies issue preferred stocks, though the market is dominated by financial companies such as banks, insurance companies and real estate companies. Utility companies also often issue preferred stock.

In today's landscape, preferred securities offer attractive yields as compared to other fixed income asset classes. When adjusted for the tax advantage that most preferred securities provide, the yield advantage becomes even more attractive in the current market environment.

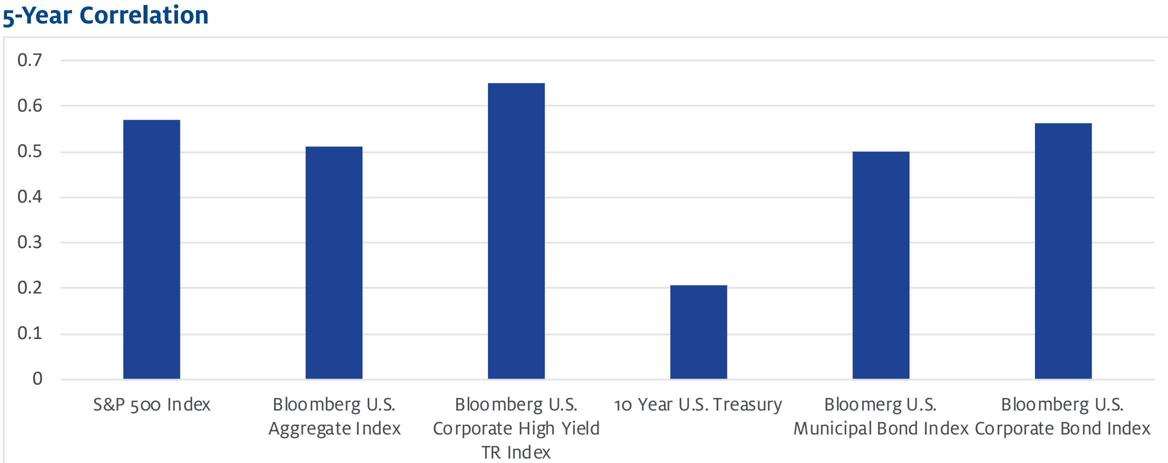
Current Fixed Income Yields



Source: Bloomberg, as of 5/13/2025

Since preferred securities provide features of both debt and equity, they typically exhibit lower correlation to both traditional bonds and equity securities. We'll often see lower-correlation asset classes used as a tool to improve overall portfolio diversification. A correlation of +1 implies a perfect correlation, meaning that the two securities being compared move in the same direction as each other. A correlation of -1 implies a perfectly negative correlation, meaning two securities move in the opposite direction of each other. The five-year correlation of preferred stocks with the equity market and traditional corporate bonds is about 0.5, meaning they will generally move in the same direction as each other, but some diversification benefit may be gained.

5-Year Correlation



Source: Bloomberg, as of 5/14/2025, using iShares Preferred & Income Securities ETF

Historically, we have seen that preferred securities may even provide higher returns than traditional fixed income asset classes. The returns shown in the adjacent table are not adjusted for the tax differentials that preferred securities and municipal bonds can benefit from.

At Ancora, our investment professionals meet regularly to discuss capital markets assumptions, the economic environment and various tools and approaches that may be more attractive given macro factors. With the recent market volatility, we believe that preferred securities may offer an attractive entry point for fixed income portfolios seeking to increase yields while maintaining a higher-quality fixed income exposure. Be sure to speak with your advisor to discuss your overall portfolio allocation and whether any strategic adjustments may be appropriate. ◊

Fixed Income Returns as of 4/30/25

YTD 4/30/25	1 Yr	3 Yr	5 Yr	10 Yr
Treasury 3.57%	High Yield 8.69%	High Yield 6.24%	High Yield 6.45%	High Yield 4.88%
Bloomberg Agg 3.18%	Bloomberg Agg 8.02%	Preferred 4.08%	Preferred 2.33%	Preferred 3.70%
IG Corp. 2.27%	Treasury 7.68%	IG Corp. 3.04%	Muni 1.15%	IG Corp. 2.48%
High Yield 0.98%	IG Corp. 7.60%	Muni 2.20%	IG Corp. 0.46%	Muni 2.08%
Muni -1.03%	Preferred 3.81%	Bloomberg Agg 1.95%	Bloomberg Agg -0.66%	Bloomberg Agg 1.53%
Preferred -1.32%	Muni 1.66%	Treasury 1.22%	Treasury -1.68%	Treasury 1.06%

Source: Bloomberg

Invincible until We Are Not

Lisa Rosenthal, CFA, CFP®
Vice President, Portfolio Manager

Sonia Mintun, CFA
Managing Director, Portfolio Manager

In our roles as advisors and portfolio managers, we are often making allocation and investment decisions based on expected returns. We use various inputs to make our decisions, considering clients' ability and willingness to take risks, along with investment returns and overall allocation. Tailored strategies that align with individual goals and risk tolerance can lead to more effective portfolio management. However, making these decisions most effectively requires input and open communication from our clients.

We are fortunate to get to work with multi-generational clients, but experienced investment professionals will likely have witnessed both successful and challenging situations when clients rely on other family members for financial decisions. In successful cases, family members who have been included in financial conversations early on can much more seamlessly step in when the time comes. Conversely, when no one else has the knowledge or authority to make important decisions, or when families can't agree, it can lead to significant difficulties and delays, which unfortunately can also directly impact performance.

Including family members in financial planning provides a clear direction of your wishes, reduces the chances of future familial financial battles that create uncertainty and helps to prevent missed investment opportunities. High net worth clients with complex investments are even more at risk if family members disagree on how to manage the investments. In our experience, including loved ones in at least some of the reviews and conversations with your financial advisor significantly outweighs any potentially awkward conversations. Doing so may help to:

› **Build Trust Across Generations** Working with multiple generations helps build a legacy of trust. When clients feel comfortable bringing family members into their advisor relationship, it helps to ensure continuity in financial planning, improved financial literacy for younger generations and a sense of shared goals.

- › **Understand the Full Picture** Bringing family members up to speed on the assets that you own and how to get information on them provides continuity and ease in estate settlement issues.

- › **Facilitate Difficult Conversations** Trusted advisors can play a key role in facilitating difficult conversations about finances and estate planning. By addressing these topics proactively, and in collaboration with your attorneys and CPAs, we have helped clients ensure that their wishes are respected and their loved ones are prepared.

- › **Ease the Burden** Having an appropriate level of trust and familiarity already established between your advisor and designated family member(s) can provide more peace of mind during times of illness or decline, for both yourself and your family.

- › **Prevent Financial Vulnerability** As clients age, it's an ideal time to lay out expectations with all beneficiaries and set up any estate provisions like power of attorney. Transparency and proper documentation help prevent misunderstandings and resentment while also helping to protect loved ones from financial exploitation.

Involving loved ones in financial planning today can save much frustration and the cost of missed opportunities down the road. We have seen this approach not only build trust but also ensure that families are better prepared for any eventuality. ◊

Understanding Medicare & Social Security Planning in 2025

Stephen Forlani, JD
Senior Vice President, Financial Planning

As many Americans prepare for retirement, the topics of Medicare and Social Security are often causes of confusion. For many, these federal programs form the basis of retirement security, yet navigating their rules, deadlines and benefits can feel overwhelming for those unfamiliar with their intricacies. I recently had the opportunity to serve as a guest presenter on a webinar hosted by our Retirement Plans team for their clients and plan participants. During this session, we delved into these topics, including how recent legislative changes may affect retirees now and into the future, and have summarized some of the most important points here.

Medicare: Coverage, Costs, and Critical Deadlines

Let's start with the background. Medicare coverage is available for individuals aged 65 and older, as well as certain younger individuals with disabilities. Coverage includes the components of what is known as "Original Medicare": Part A (hospital insurance), and Part B (medical insurance). Those with Original Medicare may also opt for medigap policies, supplemental plans offered by private insurers, to help with out-of-pocket costs. Alternatively, some opt for Part C (Medicare Advantage), which replaces Original Medicare and frequently adds additional coverage. Medicare Advantage plans can be tailored to an individual's needs but often have strict network requirements for covered services. Finally, Part D (prescription drug coverage) can be added alongside Original Medicare or packaged as part of a Medicare Advantage plan. Retirees who qualify for a benefit from Social Security will pay no premium for Part A. However, Parts B, C and D often carry monthly costs that vary based on income and the selected plan.

Questions arise frequently regarding how and when to enroll in Medicare. The initial enrollment window begins three months before an individual's 65th birthday and continues for seven months. Mark your calendar because missing this window can trigger late filing penalties. However, those still working and covered by employer health insurance may be eligible for a Special Enrollment Period, allowing them to defer Part B without penalty. You can apply for Medicare through the Social Security Administration via their website, over the phone or by making an appointment at your local SSA office.

Social Security: Strategic Timing Makes a Difference

Social Security benefits are separate from an individual's Medicare coverage, so eligible retirees must decide when to file for their benefit. Benefits can be claimed as early as age 62, but filing early can reduce monthly payments by as much as 30%. Waiting until full retirement age (between 66 and 67, depending on birth year) ensures retirees receive their full benefit amount, while delaying until age 70 increases one's benefit by 8% per year. For couples, and particularly for individuals who may not have worked or paid into Social Security themselves, spousal and survivor benefits add further complexity. A spouse may be eligible for up to 50% of the other spouse's benefit, and surviving spouses can receive up to 100% of the deceased spouse's benefit under certain conditions. Even divorced individuals may qualify, provided certain criteria are met.

It's important to note that these benefits aren't automatic. Working with an advisor or planning specialist can help you understand eligibility, timing and how your marital status may affect your payout. For many, a well-planned Social Security strategy can significantly improve long-term retirement income.

A Major Change: The Social Security Fairness Act

Signed into law in January 2025, the Social Security Fairness Act represents a significant win for millions of public sector workers. The legislation repeals two long-standing provisions: the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

Previously, the WEP reduced benefits for individuals who earned a pension from non-Social Security-covered employment, such as state or local government jobs, even if they later worked in the private sector. The GPO similarly reduced spousal or survivor benefits for those receiving a public pension. Those who have been impacted by the WEP or GPO, or those who had previously expected benefits to be impacted by these provisions, should reevaluate their options and determine a best course of action in this new legislative environment.

The Bottom Line

Planning for Medicare and Social Security is not a "set it and forget it" exercise. It requires proactive decision-making, a clear understanding of eligibility and timing and a watchful eye on evolving legislation.

Our Estate & Wealth Planning team is committed to helping individuals make informed choices that align with their unique retirement goals. If you're unsure about your options or how recent changes may impact your benefits, we encourage you to reach out to your advisor. ◊

As always, don't hesitate to contact your Ancora advisor or relationship team if you have any questions or would like to learn more about these topics. Visit our website at www.ancora.net to find other news and insights from the investment professionals at Ancora.

Market Data Center

As of 4/30/2025

Stocks	1 month	3 months	6 months	YTD	1 year	3 years
S&P 500	-0.9%	-7.6%	-1.8%	-5.1%	11.9%	39.5%
Dow Jones	-3.2%	-8.4%	-1.9%	-4.1%	9.2%	29.3%
Russell 2000	-2.3%	-13.8%	-10.0%	-11.6%	0.7%	9.6%
Russell 1000 Growth	1.6%	-10.3%	-1.7%	-8.6%	14.2%	52.9%
Russell 1000 Value	-3.1%	-5.4%	-1.9%	-1.1%	8.3%	23.0%
MSCI EAFE	3.7%	7.0%	8.3%	12.1%	12.9%	32.9%
MSCI EM	0.1%	2.4%	0.1%	4.6%	9.2%	10.4%
NASDAQ 100	1.4%	-8.8%	-1.4%	-6.9%	12.7%	54.3%

Dividend Yield	NTM P/E	P/B
1.29%	20.0x	4.8x
1.65%	18.4x	5.3x
1.26%	22.4x	1.8x
0.49%	25.5x	11.7x
1.92%	16.0x	2.7x
2.89%	13.9x	1.9x
2.33%	12.0x	1.7x
0.63%	24.1x	7.5x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	4.53%	0.4%	2.6%	3.2%	7.9%	5.5%
U.S. Corporates	5.17%	-0.3%	1.6%	2.2%	7.4%	7.5%
Municipal Bonds	4.31%	-0.4%	-0.9%	-0.9%	1.6%	6.2%
High Yield Bonds	7.90%	0.1%	0.0%	1.4%	9.1%	17.0%

Key Rates	4/30/2025	3/31/2025	1/31/2025	10/31/2024	4/30/2024	4/30/2022
2 yr Treasury	3.59%	3.89%	4.20%	4.16%	5.03%	2.69%
10 yr Treasury	4.16%	4.21%	4.55%	4.28%	4.68%	2.89%
30 yr Treasury	4.69%	4.58%	4.80%	4.48%	4.79%	2.94%
30 yr Mortgage	6.86%	6.77%	7.01%	7.28%	7.55%	5.41%
Prime Rate	7.50%	7.50%	7.50%	8.00%	8.50%	3.50%

Commodities	Level	1 month	YTD
Oil (WTI)	58.22	-18.6%	-18.8%
Gasoline	2.01	-9.0%	0.0%
Natural Gas	3.66	-11.1%	18.1%
Propane	0.74	-13.5%	-4.8%
Ethanol	1.65	1.5%	12.2%
Gold	3,299	4.7%	24.9%
Silver	32.82	-5.2%	12.2%
Copper	4.82	-3.9%	21.0%
Steel	800	-2.4%	12.8%
Corn	4.75	3.9%	3.7%
Soybeans	10.52	3.4%	4.3%

Data Reflects Most Recently Available As of 4/30/2025