Government Income

Commentary & Holdings

The strategy is designed to generate returns more than Treasury strategies, bank deposits, CDs and other money market instruments. The strategy is designed to deliver current interest income while minimizing volatility, maintaining next-day liquidity, with no credit risk. The return objective is at least 0.5% over the fed funds rate. At the end of the quarter, the Government Income Strategy had a duration of 1.3 and yield to worst of 4.2% which is 0.5% above the midpoint of the Fed Funds Rate targeted range of 3.50% - 3.75%. The strategy presently allocates 50% of assets to TIPS (Treasury Inflation-Protected Securities due to the ability to "lock-in" a real return of approximately 1.0% with a break-even inflation rate less than 3.0%. Please see the expanded commentary below regarding fiscal and monetary policies.

Holdings Spotlight	Industry	Duration	Gross Yield	Bloomberg Implied Inflation	Real Yield	Credit Rating
Treasury – 1/15/2027	Government	0.5	4.0%			AA
Treasury – 1/15/2028	Government	1.5	4.2%			AA
TIP – 1/15/2028	Government	1.5	4.2%	2.1%	2.1%	AA
TIP – 1/15/2030	Government	3.6	4.2%	2.3%	1.9%	AA

The Federal Reserve opted to maintain current federal funds rate levels during their meetings in the second quarter of 2026 under new Chair Kevin Warsh, shifting to a distinctly more hawkish stance as forward guidance signaling future cuts was removed in favor of an explicit commitment to price stability. Markets responded by a continuation of yields rising on the curve like we saw during the first quarter. Pressures in the energy markets have subsided some but persistent core inflation figures have drove yields up across the yield curve, especially in the 1-to-5-year time frame. A 1-year treasury is yielding 50 basis points more than it was in December 2025 yielding 4.0% and a 2-year treasury is yielding 70 basis points more now at 4.2%. Yields at the very short end of the curve remain similar to what they were to end 2025.

GOVERNMENT INCOME

STRATEGY & FIRM OVERVIEW

Valuation	HLCM
Federal Funds Rate - Midpoint	**3.6%**
OAD – Effective Duration	**1.3**
Yield to Worst (YTW)	**4.2%**
Spread: YTW – Fed Funds Midpoint	**0.5%**
Yield to Maturity (YTM)	**4.2%**

Duration	HLCM
Less than 1	**50%**
1-3	**35%**
3-5	**15%**
Greater than 5	**0%**

Sub Allocation	HLCM
Treasuries	**100%**
Agencies	**0%**
Cash	**0%**
Other	**0%**

Strategy Characteristics Over Time	2024 Q4	2025 Q4	2026 Q2
Federal Funds Rate - Midpoint	4.3%	3.6%	3.6%
YTW	**4.2%**	**3.7%**	**4.2%**
Spread: YTW – Fed Funds Midpoint	**-0.1%**	**0.1%**	**0.5%**
OAD – Effective Duration	0.8	0.7	1.3

STRATEGY OVERVIEW: The Government Income strategy objective is to generate advantaged returns in excess of cash management strategies. The strategies will maintain a short-term maturity profile with high liquidity characteristics. The securities invested in will exhibit AAA grade credit rating.

The strategy invests in both Treasuries and Government Sponsored Entity Agency securities. The HLCM Government Income strategy is designed to minimize volatility while providing next day liquidity, interest income, and preservation of principal.

FIRM OVERVIEW

Hi-Line Capital Management, LLC ("HLCM"), based in Watertown, SD, provides investment management and advisory services for institutional and individual clients. The firm was founded in July 2009, became a registered investment advisor (RIA) with the U.S. Securities and Exchange Commission ("SEC") in March 2010.

FIRM STRENGTHS

Analysis: Analysis is the most critical success factor in actively managing a portfolio. Our proprietary research helps us develop a differentiated view from the market consensus.

Insight: Knowledge and experience enable us to identify risk and return tradeoffs to make solid investment decisions. Contrarian thinking helps us challenge conventional beliefs.

Managed Risk: A "margin of safety" approach seeks to pay a price materially less than the estimated value. This emphasizes the ability to withstand adverse developments while leaving potential for moderate investment returns or only minor capital loss.

Government Income

GIPS® Compliance Report

As of 12/31/2025

Returns as of 12/31/2025, Annualized (%)

	1 Year	5 Year	Since Inception
Net of Model Fees	4.33	N/A	N/A
Gross Returns	5.11	N/A	N/A
Benchmark	5.17	N/A	N/A

Year	Composite Gross Return TWR (%)	Composite Net Return TWR (%)	Benchmark Return (%)	3-Year Standard Deviation		Composite Assets ($M)	Firm Assets ($M)	Number of Portfolios	Internal Dispersion (%)
				Composite (%)	Benchmark (%)				
2024	5.16	4.38	4.03	N/A	N/A	25	662	7	0.09
2025	5.11	4.33	5.17	N/A	N/A	27	758	9	0.01

**Number of portfolios less than five.*
N/A The three-year standard deviation is not presented because 36 months of returns are not yet available.

GIPS PERFORMANCE DISCLOSURES

Disclosures:

1) As of July 2018, for purposes of applying the GIPS Standards, Hi-Line Capital Management (HLCM) is an SEC registered investment advisor for institutions and high net worth clients. From February 3, 2009, through June 2018, HLCM's firm definition includes assets managed by Michael Anderson as principal and sole investment manager at HLCM and Chief Investment Officer of a health care system.

2) The Government Income Strategy includes all portfolios that meet the minimum account size of $100,000 and invest primarily in income producing government securities. Accounts that reach the stated minimum are included in composites at the end of the month the account reaches the asset threshold. Portfolios that subsequently drop below the stated minimum due to market volatility will remain in the composite. Portfolios that drop below the minimum due to client withdrawals will be removed from the composite as of the last full month the account was above the minimum account size. Key material risk is credit loss.

3) The benchmark is Bloomberg 1-3 Year Treasury Index.

4) The composite was created in 2025, and the inception date is February 1, 2024.

5) Returns presented are time-weighted returns. Performance data includes the reinvestment of dividends and other corporate earnings. Valuations are computed and performance is reported in US dollars. Past performance is not indicative of future results.

6) The fee schedule is 0.75%. Fees vary depending on account size.

7) Net returns are calculated by deducting 1/12th of a model fee of 0.75% from the monthly gross composite.

8) This GIPS Report is not to be provided to advisory clients seeking additional services with higher fees.

9) The three-year standard deviation is calculated using gross returns.

10) A complete list of composite descriptions is available upon request and policies for valuing investments, calculating performance, and preparing for GIPS reports are available upon request.

11) Internal dispersion is calculated using an asset weighted standard deviation of account net returns included in the composite for the full year. For those periods with five or fewer accounts included for the entire year, "*" is noted because the dispersion is not considered meaningful.

12) 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.

13) HLCM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. HLCM has been independently verified for the periods February 3, 2009, through December 31, 2025. 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. The verification report is available upon request.