

The word of the day is uncertainty.

Uncertainty, often defined as situations involving imperfect information is the inability to predict the future. In financial markets, as in other areas, uncertainty is synonymous with risk. Uncertainty is a persistent feature of human experience, and its impact on financial markets remains profound. In this note, we aim to share our perspective on the ever-present nature of risk and how we develop portfolios that exhibit resilience in both good and bad times.

If we draw a card from a deck of cards, the chance of pulling an ace of spades is unlikely, occurring less than 2% of the time. It is one of 52 unlikely events that, together, are 100% likely. Individually rare but collectively likely shocks, such as the COVID-19 pandemic and financial crashes, illustrate how traditional models are ill-equipped to manage extreme, unexpected disruptions and emphasize the need for investment strategies that do not depend on perfect foresight.

Nobel Prize-winning research by Kahneman and Tversky shows that psychological tendencies distort rational decision-making during periods of stress. Investors often overreact, falling prey to panic selling or speculative buying, which compounds market swings.

Focusing on portfolio income, specifically dividend payments and dividend growth, can shift the investment mindset from short-term price fluctuations to long-term cash flow generation. Investors who prioritize consistent income are less likely to react emotionally to market noise, allowing for more disciplined and confident decision-making.

In this context, dividends serve as a practical anchor for investors navigating an unpredictable environment. Unlike capital gains, which

are subject to sentiment-driven market swings, dividends provide a steady stream of income. Companies that consistently pay dividends tend to be financially robust and disciplined, making them more likely to withstand economic downturns.

Ultimately, dividends serve not only as a source of income but also as a strategy for navigating uncertainty. By emphasizing stability over speculation, investors can build more resilient portfolios and face the future with greater confidence.

Our investment process is designed to maintain stability in response to market fluctuations and unexpected events. It has been refined into a four-step discipline, which we refer to as the Four Pillars.

Apricus Wealth Four Pillars Investment Process

- 1 Identify companies demonstrating quantifiable excellence, including excess cash flows, conservative balance sheets, and growing sales.
- 2 Review qualitative success factors, including a company's competitive position, employee engagement, and brand strength.
- 3 Utilize our proprietary valuation methodology to highlight comparable value within our opportunity set.
- 4 Overlay our risk mitigation guidelines during portfolio construction.

SECURITY

We have been collaborating with our team at Charles Schwab to protect you from cybercriminals. We have identified two opportunities for your consideration.

Charles Schwab offers a login protocol called Two-factor Authentication (2FA), also known as two-step verification or dual-factor authentication, which requires users to provide two different authentication factors to verify their identity. Often, these factors include a password and a second factor, such as a code sent to a mobile phone or a biometric scan. To enhance your security and keep your ability to transfer funds, we highly recommend enabling two-factor authentication (2FA). We will be happy to make this easy for you.

We can also limit the actions that bad actors can take if they gain control of your computer, phone, or tablet. If you don't need to initiate transfers from an account, we recommend changing your account status to "Limited Access." Your ability to view your account balances and transactions on Charles Schwab won't change. When you do need to transfer funds, we're here to help.