Investment Update

Spring 2023

Flower City
CAPITAL

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Executive Summary

- Flower City Capital celebrated our 7th anniversary as a firm earlier this year, thank you for the opportunity to do what we love with people we care about - this letter will provide a portfolio update over that time and review what it means for our clients
- Stock and bond markets fell significantly in 2022, but have since made back quite a bit of ground rallying from their October lows
- A long-term plan requires comparing returns against a longer time horizon - a benchmark 60% stock / 40% bond portfolio is actually up more than 6% on an annualized basis over the last 7 years including recent market movements*
- Over that same time period, Flower City Capital's Moderate model portfolio for accredited investors has outperformed that benchmark by 2% annualized gross of advisory fees, and 1% annualized net of advisory fees*
- We share this performance information reluctantly as we want to stay focused on the big picture and the things we can control - no amount of investment prowess can make up for poor financial planning or overspending
- We continue to maintain below market risk portfolios as we patiently wait for better opportunities

Relevance to financial plans

Longer-term returns are intact and exceed the conservative 4-5% return assumptions we use to build financial plans. We are all human though, and a difficult market can make it feel like we should be doing something about it. Our experience suggests the best way to navigate long-term goals and volatile markets is to have a plan and stick to it.

**Benchmark references VSMGX, all data is through 3/31/2023*
See next section and disclosures for more details and information

Market and Portfolio Performance

The table below shows performance data over 7-years through Q1 2023. Returns represent hypothetical results and do not reflect actual performance of client portfolios.

Despite all the recent market movements, a benchmark 60/40 portfolio (VSMGX - Vanguard LifeStrategy Moderate Growth Fund) has compounded at 6.2% per year.

Over our 7-year history, our Moderate Accredited portfolios have exceeded VSMGX by 2% per year gross of advisory fees and 1% per year net of advisory fees. Among other factors, the outperformance can largely be attributed to various credit exposures (risky bonds) and alternative investment strategies. FCC's other model portfolios contain different allocations to fixed income and therefore achieved different return profiles. And not all of our clients are eligible for or chose to participate in our alternatives program. Please reach out at any time if you would like to discuss your individual portfolio results.

We are very proud of our portfolios, and have learned a lot along the way. However, past performance is not indicative of future results, and none of our clients financial plans depend on us beating the market. Our hope in sharing this information is to reinforce there is a proactive investment process being performed on your behalf every day.

Gross Annualized Total Returns (4/1/2016 - 3/31/2023)

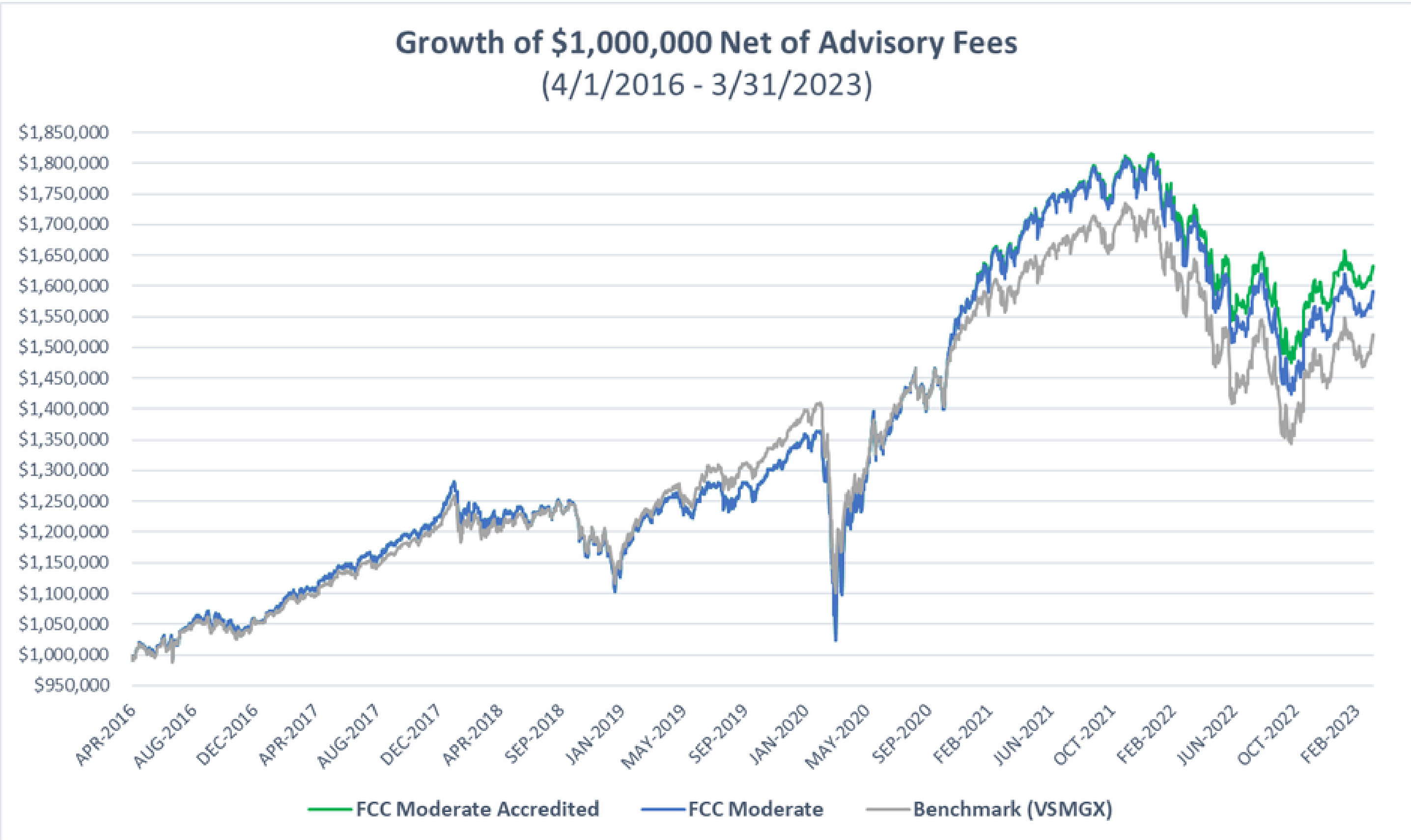
Portfolio	1-Year	5-Year	7-Year	Cumulative
FCC Moderate Accredited	-4.0%	7.0%	8.2%	74.0%
FCC Moderate	-5.3%	6.5%	7.9%	70.2%
Benchmark (VSMGX)	*-6.4%*	*4.8%*	*6.2%*	*52.1%*

Net Annualized Total Returns (4/1/2016 - 3/31/2023)

Portfolio	1-Year	5-Year	7-Year	Cumulative
FCC Moderate Accredited	-4.9%	6.0%	7.3%	63.3%
FCC Moderate	-6.2%	5.4%	6.9%	59.1%
Benchmark (VSMGX)	*-6.4%*	*4.8%*	*6.2%*	*52.1%*

FCC's Moderate model portfolio is built with a strategic 60/40 allocation target. The Moderate Accredited model includes a 10% allocation to alternative investments for those investors who are eligible. Net returns reflect a 1% advisory fee billed quarterly in arrears on the portfolio's average daily balance. The Vanguard LifeStrategy Moderate Growth Fund (VSMGX) was selected as each model portfolio's benchmark for comparison purposes. This fund seeks to maintain a consistent 60/40 allocation target in a single fund.

The chart below demonstrates the growth of $1,000,000 if a client invested with us on April 1, 2016, net of advisory fees. For accredited investors, the approximately 1% in annualized outperformance would have been cumulatively worth about $110,000.



Outlook

In upcoming communications we will provide a fulsome update on alternatives for those invested, and more details on planning and investment opportunities we are monitoring. But for now, the headline is that now is the time for patience, even if it isn't easy.

We are not market cheerleaders. You will never hear us say, "just put your money in the market and don't worry about it." You will however hear us emphasize the importance of a long-term investment strategy and sticking with it over time. We then tilt portfolios within that framework.

- As we wait for better opportunities, we continue to maintain below market risk portfolios through reduced equity exposures, more so if you have alternatives. Now that reasonably safe bonds are yielding mid-single digits, we do not feel significant pressure to chase equities with a fully valued stock market.

- We are not sitting idle though. We are actively curating a shopping list of ideas across stock and bond markets as we continue to build out our alternative investment capabilities. The goal is to be patient and wait for opportunities to come to us before building any positions - more like a surfer waiting for the right wave than a golfer gripping the club too tight trying to make something happen.

- There has been a lot of sideways volatility and the market has started this year higher, so it is taking extra effort to be patient. We believe this is the better approach versus getting frustrated and venturing into riskier parts of the market.

In summary, we have received a few common questions over the past several months.

Do we need to make any changes due to recent market events?

No. All our financial plans are long-term in nature and assume reasonable market returns and volatility.

Will you tell me if you see good investment ideas?

Absolutely! In fact, it will probably be when you don't want us to as that is typically when market opportunities present themselves. We have several on our radar.

Is there anything I should be focused on now?

Communicating any updates to your goals and preferences so we can incorporate them into your long-term plan. One of the most common changes is higher levels of spending.

We look forward to the next 7 years and beyond to continue improving our processes for clients helping them to meet their goals.

Important Disclosures

Flower City Capital (FCC) is a registered investment advisor. Information presented herein is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and unless otherwise stated, are not guaranteed. Readers of the information contained in this Newsletter should be aware that any action taken by the viewer/reader based on this information is taken at their own risk. This information does not address individual situations and should not be construed or viewed as any type of individual or group recommendation.

Explanation of Model Portfolios

The performance results discussed represent hypothetical results of the Flower City Capital Moderate Model portfolio ('FCC Moderate') for the seven-year period beginning on 04/01/2016 through 03/31/2023. The performance results of the same model portfolio are also presented assuming an allocation to FCC selected alternative investments open to accredited investors ('FCC Accredited'). Portfolio performance is the result of the application of the Flower City Capital's proprietary investment process. The performance calculations have not been audited by any third party.

The Flower City Capital Moderate Model portfolio was selected for this analysis as it is the most common portfolio employed for a typical Flower City Capital client and represents the most Regulatory Assets under Management of any of the firm's model portfolios. The 'FCC Accredited' Model performance assumes approximately 5% allocations each to two FCC sourced and researched alternative investments, with the remaining portfolio invested in the liquid 'FCC Moderate' model portfolio. The first alternative investment is a distressed debt vehicle sourcing and servicing portfolios of distressed loans. It was funded in the Spring of 2021. The second alternative investment is an opportunistic hospitality fund and was initially funded in Spring 2022. Over half of committed capital has been called as of 3/31/2023.

Explanation of Performance Results

Performance results were attained by inputting each strategic model change decision. Results do not reflect other firmwide trading efforts such as tax loss harvesting or specific decisions arising from individual client situations. The data used to calculate the model performance was obtained from sources deemed reliable and then organized and presented by Flower City Capital.

All strategic model change decisions were entered with end-of-day pricing on the day of implementation. Custodial transaction costs are not included in this analysis. Flower City Capital seeks to minimize transaction costs wherever possible. Dividends are reinvested on the ex-date and are accounted for in total return calculations.

Model portfolio performance is shown net of the model advisory fee of 1%, the highest fee charged by Flower City Capital. Flower City Capital's advisory fees are assessed quarterly, in arrears using the average daily balance through the duration of the applicable billing period. Model portfolio performance results are also shown before the impact of taxes. Flower City Capital seeks to minimize taxes wherever possible.

Actual performance of client portfolios may differ materially due to many factors:

- Clients invested in a different Flower City Capital managed model portfolio
- The timing related to additional client deposits or withdrawals
- The actual deployment and investment of a client portfolio
- The reinvestment of dividends
- The client’s specific objectives and restrictions
- Fees and expenses incurred by any specific individual client portfolio
- Varying advisory fee schedules and transaction costs
- Legacy holdings held for tax purposes or any other purpose
- The purchase or sale of securities at different pricing other than end of day pricing

Explanation of Benchmark

The performance results shown are compared to the performance of the Vanguard mutual fund VSMGX - ‘Vanguard LifeStrategy Moderate Growth Fund’. This benchmark was chosen as a broadly diversified, low-cost fund strategy that may provide a complete portfolio in a single fund. VSMGX consists of four underlying index funds targeting a consistent 60% global stock / 40% global bond allocation. The fund charges as annualized expense ratio of 0.13% as of 3/31/2023.