SaratogaRIM

2020 Annual Report

January 12, 2021

Q4

Ready or Not

Market Statistics							
						Source: FactSet (Dec. 31), Federal Reserve, * Spot prices (Dec. 31)	
Stocks		**Yields (%)**				**Commodities**	
DJIA	30,606.48	Fed Funds	0.25	US Tr. 3-Y	0.16	Baltic Dry Index	1,366
P/E ratio	22.81	Disc. Rate	0.25	US Tr. 5-Y	0.36	Gold ($/oz)	1,893
S&P 500	3,756.07	Libor 1-Mo	0.14	US Tr. 10-Y	0.92	Silver ($/oz)	26.49
P/E ratio	27.87	US Tr. 1-Y	0.10	US Tr. 30-Y	1.65	Crude ($/bbl)* (NYM Light Sweet Crude)	48.52

Contents	Page

Letter to Investors

It's remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent. – **Charlie Munger**

Wisdom is knowing when you can't be wise.
– **Muhammad Ali**

Over the past year, we have experienced an economic swoon unprecedented in modern history and a pandemic that has brought tragedy into homes both across the country and worldwide. It was – and remains – a crisis like no other, although we enter 2021 with the hope of returning to some sense of normalcy "soon." My habit is to think about risk all the time, not just during crises. Yet when they do occur, often coming out of the blue, I find it worthwhile to get back to the foundational ideas that have always inspired me as an investor. One of them, *Semper Paratus,* Latin for "Always Prepared," was the title and subject of my Q1 2009 letter written at the depths of the Great Recession. Others come from legendary investor Charlie Munger and were presented in my Q2 2013 essay, "Investing for the Long Haul." Both seem worthy of review as we enter a new year and ponder what it could bring.

To begin, 2020 ranks as the weirdest year I've seen yet. Stocks finished with a strong year of performance not because earnings rose, but because of multiple expansion caused by the Fed flooding the market with liquidity and pegging the cost of money at close to zero. Which is to say, our central bank stuck to its familiar script. Faced with pandemic-related lockdowns, S&P 500 companies collectively experienced a double-digit earnings drop in 2020 – though today's stock prices show that the earnings decline was more than offset by *much higher* valuations being applied to future earnings. One popular explanation is that lower bond yields and discount rates made stocks more attractive *in relative terms*. Decomposition of that thought implies that, because the yield on 10-year Treasuries dropped from 1.9% to 0.9%, the same stream of future income one could expect from S&P 500 companies simply costs more today than it did at the beginning of 2020.

In other words, stocks today offer pretty much the same prospective earnings and dividends going forward as they did a year ago, but from higher prices. The implication: lower future returns for stocks unless bond yields can somehow keep plunging. Common sense would suggest that, with yields already pretty close to zero, they can't keep falling indefinitely. At this point, arguing that stock valuations are justified by the historically low interest rate environment is like labeling a tortoise 'fast' because it's quicker than a snail. The real question should be whether future returns can be expected to adequately compensate investors for the very real risks they're taking at these price levels. There's a reason that central banks are flooding the world with liquidity and suppressing interest rates – they fear the financial system would implode if markets were free to accurately price risk today.

To me, current reality does not present the healthiest snapshot of modern capitalism. Nor did the one we examined back in 2009. In *Semper Paratus*, I said:

> *Despite bumps in the road, we are fans of the modern capitalist system. Yet while we recognize it as the best socio-economic structure yet developed, like all manmade institutions it is imperfect. One major flaw is the inherent boom-bust cycle that renders capitalism inherently unstable. Complicating matters, political leaders and the government institutions they oversee are forever meddling, so for better or worse we never get to see how Adam Smith's invisible hand would ultimately deal with capitalism's more unpleasant side-effects. Much to our chagrin, and despite the best of intentions, the best laid plans policy makers can agree on oftentimes don't work. Or they work for a time, then come back to bite us where and when we least expect.*

Here we are, almost 11 years later, contemplating the totality of *subsequent* meddling from government institutions since I wrote those words. Let's just say that I'm *more* concerned now – and even less a fan of Fed-led efforts to "save" our economy. Today, we remain in the grip of a raging global pandemic that has prompted interventions from many levels of government to an extent never before dreamt of. Although I will forever remain a fan of capitalism, my confidence in the capitalist system's long-term efficacy in its modern form is wavering.

While my career began with Ronald Reagan in the White House, my personal political awareness dates back to the Carter, Ford and Nixon administrations. I grew up with gas lines and inflation, and as a rookie professional investor, I navigated the stock market crash in October of ’87. I have since experienced breathtaking bull markets and wicked bears, exacerbated by wars, financial crises, terrorist attacks and pandemics. Along the way, I’ve seen fools make fortunes and some of the most intelligent people I’ve known lose nearly everything. I am a conservative investor for an amalgam of good reasons.

In 2009 I summed up how these experiences had shaped my sense of the future:

> *I expect, knock on wood, to be investing through another five or so presidential administrations. Over that timeframe, I am certain that we will encounter numerous extreme economic environments, some of which will resemble what we’ve seen before while others will be entirely new. Forecasting alone can’t prepare us.*

Less two presidential terms, the rest remains true. And, sure, some events that defined the first 35 years of my career were predictable, but too many others simply weren’t with actionable precision. That’s why we believe that the future, by its very nature, will spring on us various challenges and surprises, just as it always has. Our job as investors is to accept the uncertainty of future events as fact and be as prepared as possible for any consequences.

To cite our 2009 letter one last time:

> *That’s why I built our security selection process based on the assumption – indeed, a sense of certainty – that every company we own would eventually confront both devastating recessions [or depressions] and sustained bouts of inflation.*

That gets to a perennial question of particular relevance today: Is inflation brewing over the horizon? All we can say is that the precursors exist and are eye-popping. In 2020, the United States Government took on an astonishing $3.7 trillion in new debt, while the Federal Reserve increased its holdings in U.S. Treasury securities by $2.1 trillion through quantitative easing (QE), and did so in addition to pegging short term interest rates at zero. Thus, the Fed not only reflated asset prices but effectively financed (read: monetized) more than half the Treasury’s incremental deficit spending in 2020, a tally that does not include new fiscal relief continuing to take shape in Congress, even as I write.

Also noteworthy is that the Fed has fostered an enormous increase in reserves, translating into an unprecedented surge in the money supply. M1 grew 66% year-over-year and M2 grew by more than $3 trillion, or 24%, during 2020. That is far, far larger in percentage terms than any annual money supply increase posted during the 1970s, a famously inflationary decade, the older among us will remember. To this point, the 2020 surge in money supply has thus far been offset by a corresponding collapse in turnover caused by the lockdowns (less commerce means money circulates more slowly). However, it’s easy to imagine a year from now that we’ve all gotten vaccinated and presumably (hopefully!) returned to our “normal” lives. So one big question we’ll have to face is this: Would the expected uptick in the velocity of money sloshing around, as implied by an economy returning to pre-Covid-19 levels of activity, end inflation’s 40-year hibernation?

Dollars are essentially coupons entitling their bearers to some share of the goods and services produced by the U.S. economy. We don’t collect them to make our bank accounts look pretty, but instead assume that we will exchange them for goods or services at a time and place of our choosing. The danger is there could easily come a time when the holders of these coupons (dollars) begin to notice how many more coupons are bouncing around in the economy and begin to worry that they won't be able to redeem them for as many goods and services as they once expected. Rising inflation pushes holders of currency to spend more, which fuels more inflation. Weimar Germany had this problem. Zimbabwe, and just about every country in South America, did too.

Those are extreme examples, to be sure, but the underlying inflationary mindset is pernicious. Even in a relatively mild form, any emergence of inflation could push the Fed to reverse its position and tighten the money supply to restore faith in the currency (and potentially salvage their own credibility for good measure). Such a shift would limit the Fed's policy options, particularly its money printing policies like QE.

Why would resurgent inflation matter? Chicago-based financial commentator Jim Bianco asks us to, "Think of the Fed as a post and the bond market as a horse tied to that post. The horse will remain tied to that post, unless spooked by inflation. The horse has the ability to rip the post from the ground and run wild. The post cannot stop a scared horse."

If the bond market were ever to reprice for a new inflation regime, all other asset classes would be dragged along with that change as interest rates rose. There's no reason to assume this process would be gentle.

While no one knows for sure if or when a prolonged period of inflation will occur, the potential risk shines a light on a mindset that is foundational to our investment process. As I wrote back in Q2 2013, Charlie Munger, Warren Buffett's longtime colleague at Berkshire Hathaway, "...has always been a major influence on our investment process and the temperament through which we execute it." His ideas remain profoundly relevant to us.

The first Munger quotation cited in that essay read as follows:

> ***Invert, always invert: Turn a situation or problem upside down. Look at it backward. What happens if all our plans go wrong? Where don't we want to go, and how do we get there? Instead of looking for success, make a list of how to fail instead – through sloth, envy, resentment, self-pity, entitlement, all the mental habits of self-defeat. Avoid these qualities and you will succeed. Tell me where I'm going to die so I don't go there.***

Our analysis was that Charlie wasn't joking. To summarize what we argued: If you don't want your portfolio to blow up during a recession, depression or credit crisis, don't own financially weak companies that utilize excessive leverage; if you'd prefer not to get roasted by inflation, don't own businesses with inordinately capital-intensive business models; if you aim to beat the market over the long-term, avoid making mistakes that result in permanent loss of capital. We wrote:

> *If you make a list of how investors have blown money throughout history, you'll find that [their mistakes] fall mainly into three broad categories: business model risk, financing risk (excessive leverage), and valuation risk. SaratogaRIM's investment approach is built to protect our clients from all three.*

Business model risk covers a broad spectrum of troubles including disruption, regulatory change and business structure failure during extreme economic environments. It is not, we argue, "bad luck" that capital-intensive businesses (like utilities) get crushed by prolonged inflation. Their large maintenance capital expenditure requirements can, and frequently do, overwhelm cash-generation. We aim to avoid such businesses precisely for that reason.

Financing risk is a type of business model risk. It is why banks have a propensity to implode. Their business is leverage, which is deadly during extreme deflation. Our response to these types of known dangers is to avoid the companies that court them – meaning over-leveraged and excessively capital-intensive businesses, period.

Valuation risk occurs when investors pay too much or don't recognize when prices are so high they ought to be reducing exposure. Great businesses can make lousy investments from prices that are too high.

Other types of risk are unavoidable. We can (and do) imagine dark scenarios we can't dodge even by planning ahead – threats that would leave us exposed, that we lack effective shielding against. These include natural or human-made disasters ranging from catastrophic earthquakes, asteroid strikes, super-volcanoes and tidal waves to, yes, global pandemics. Add nuclear or biological terrorist attacks to that list. Clearly, risk mitigation works only to a point, though that fact doesn't weaken the core argument that recurring sources of capital impairment should be avoided to the greatest possible degree.

The second Munger quotation I cited back in 2013 speaks to how we attain focus within our investment process:

> ***Quickly eliminate the big universe of what not to do, follow up with a fluid multidisciplinary study of what remains, then act decisively when and only when, the right circumstances appear.***

That is precisely what we strive to do. Using FactSet's global database, we start by filtering out businesses we deem most vulnerable to extreme deflationary and/or inflationary environments, which shrinks our potential investable universe from tens of thousands to fewer than 300 companies in the world. Each of these is financially healthy, uses not more than moderate leverage, has a non-capital-intensive business model and demonstrated a propensity to earn persistently above average profitability over time. As I wrote in 2013:

> *Next we study each company, seeking to understand what [drove] persistently above average profitability in the past and to discern sustainable competitive advantages. The objective of our qualitative work is to ascertain whether we believe a 'business moat' remains intact and is likely to carry on into the future.*

From that point, we further narrow our investable universe to no more than 100 companies with business models we understand and competitive advantages we believe will persist for years – even decades – to come. Finally, our valuation work guides our buying and selling decisions.

The final Munger quotation we cited back in 2013 appears at the top of this letter. It examines, well, the nature of stupidity, the understanding of which is a core element of wisdom:

> ***It's remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent.***

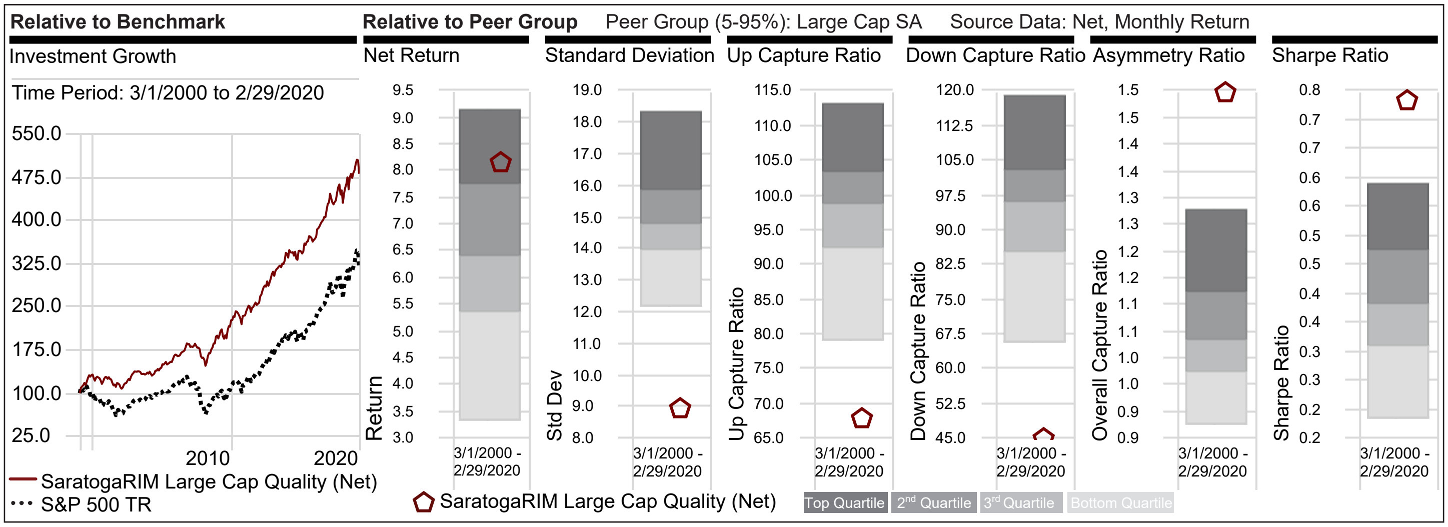
My 2013 analysis of that observation bears repeating here:

> *Stupidity can be costly. Charlie, we are quite certain, would lump into the "stupid" category any investment program that lacks an adequate margin of safety, does not adequately compensate for risk or involves attempting to move [into or out of] positions faster than the "greater fool" on the other side of a [trade].*

That cautionary observation is no less relevant as we look forward into 2021. Along with our hope that the pandemic will soon subside, permitting a return to some semblance of economic normalcy, the year ahead will nonetheless provide ample opportunities for investors to make themselves look foolish. Being "consistently not stupid" has served Buffett and Munger well over their 60-plus year investment careers. Likewise, our own version of this approach has met with success for more than twenty years now.

On March 1, 2020, the flagship SaratogaRIM Large Cap Quality ("Quality") version of our strategy hit the 20-year mark for its performance history. Since inception on March 1st of 2000 through February 29th of 2020, Quality achieved an 8.17% compound annual rate of return (net of all fees) versus 5.97% for the S&P 500 TR and bested 82% of all large-cap equity managers in the Morningstar database. If you ask me, the 82nd percentile is pretty

Fig. 1: SaratogaRIM Large Cap Quality: The First 20 Years (3/1/00 - 2/29/20) Relative to Benchmark & Peer Group (Net of Fees)



Time Period: 3/1/00 - 2/29/20 Source Data: Net, Monthly Return	Large Cap Quality	S&P 500 TR
Compound Annualized Net Return	8.17	5.97
Morningstar Percentile Ranking	82%	39%
Standard Deviation	8.97	14.58
Morningstar Percentile Ranking	1%	43%
Upside Capture Ratio	67.81	100.00
Morningstar Percentile Ranking	1%	58%
Downside Capture Ratio	45.24	100.00
Morningstar Percentile Ranking	0.2%	64%
Asymmetry (Overall Capture) Ratio	1.50	1
Morningstar Percentile Ranking	99%	37%
Sharpe Ratio	0.74	0.36
Morningstar Percentile Ranking	99.5%	41%

Source: Morningstar, SaratogaRIM. Past investment results are not a guarantee of future results. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics due to rounding. SaratogaRIM data presented net-of-fees; Net-of-fees returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Peer Group statistics and rankings are based off of net-of-fee monthly performance data uploaded to Morningstar as of 12/10/20 for the 491 Large Cap separate account managers that appear in the Morningstar database with track records dating back to at least 3/1/2000. The rankings list for managers reporting net-of-fees for the described time period is available upon request. Standard Deviation measures the dispersion of dataset relative to its mean. Up/Down Capture Ratio measures relative performance in months which the benchmark generates positive (negative) returns over time. Asymmetry Ratio (Overall Capture Ratio) measures the ratio of Upside Capture or Downside Capture, with a higher measure reflect-ing more favorable asymmetry. Sharpe Ratio is a risk-adjusted measure that is calculated by using excess return and standard deviation to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance. See full disclosures at the end of this report. See GIPS Report: SaratogaRIM Large Cap Quality (pages 8-9).

good, but where Quality unquestionably stood out was on the volatility and risk side. That 5.97% S&P 500 total return came along with a 14.58% standard deviation of those returns. In contrast, Quality's was only 8.97% – placing it in the lowest (best) one percent for Morningstar's entire database of large-cap equity managers. When combined, our top quintile absolute performance (net of fees) and extremely low volatility (as measured by standard deviation) resulted in one of the very highest risk-adjusted returns as measured by Sharpe Ratio. Quality placed in the top one half of one percent in Morningstar's universe (see Fig. 1 above and full Disclosures at the end of this report).

Our performance history also reflects asymmetric performance attributes. Whereas we usually underperform in up markets, this is the tradeoff we accept for downside protection and is primarily attributable of our cash holdings. Historically, we've still managed to capture a reasonable percentage of the upside during market rallies. On the flip-side, we have significantly outperformed in every down market that we have managed money through. In fact, our historical upside/downside capture ratio over our first 20 years was 67.8%/45.2%. That means that over our first 20 years, we captured almost 50% more of the upside than we did of the downside. Over time, the asymmetric exposure to less risk and more return has led to significant outperformance due to our nonlinear risk vs. reward characteristics. *(As with any discussion of investment results, the SEC requires that we remind you that past performance is no guarantee of future results. See Disclosures at the end of this report.)*

This relationship is similar to an important fixed income concept: Convexity. It describes an asymmetric relationship between equivalent upward or downward changes in the level of interest rates and the resulting impact on bond prices. Different bonds have different convexities depending on maturity, the size of the coupon, yield, etc. If an interest rate increase results in a smaller bond price decline in percentage terms than the increase in price that would result from an equivalent drop in interest rates, the bond has positive convexity. Positive convexity is beneficial because the upside potential is larger than the downside risk. Over time we believe our Quality strategy has benefited greatly from the positive convexity due to its nonlinear upside/downside tendencies vs. other investment strategies, which tend to be much more linear (symmetric) in their performance attributes.

Nassim Nicholas Taleb likens convexity to "antifragility," a term he coined to describe the ability of something to benefit from entropy and disorder. To the extent that most of our peers are far more exposed to the ravages of extreme deflationary and inflationary economic environments, we believe our approach has embedded "antifragile" characteristics. To quote value investor guru Seth Klarman, "an investor is more likely to do well by achieving consistently good returns with limited downside risk than by achieving volatile and sometimes even spectacular gains but with considerable risk of principal."

Taleb and Klarman's observations may never have been so relevant as they are in today's environment, where the prices of essentially all risky assets appear expensive by historical standards. Three examples illustrate this: 1.) Yields available in the bond market are the lowest in history. 2.) Housing prices have become so expensive that few young people can actually afford to buy despite historically low mortgage rates. 3.) Stocks recently inched above valuation levels measured on the eve of the 1929 stock market crash. These prices are an outcome of extraordinarily low interest rates, and to the extent that those rates have been suppressed artificially by global central banks, today's pricing environment may, too, prove artificial – meaning not justified by fundamentals of the economy or businesses.

One recent driver of higher asset prices is the arrival of effective Covid-19 vaccines and the hope that they will usher a return to normalcy in 2021. Warning signs show such euphoria to be widespread. We see them in stock valuations, measures of bullishness or bearishness among market participants, and IPO's doubling on their first days of public trading like their forebearers in the run up to the dot.com bust in 2000. To us, this hardly seems the time to throw caution to the wind.

Risk management is always most important after stock prices have appreciated significantly, as they did in the latter half of 2020. Historically, investors (both professional and amateur) have repeatedly displayed a tendency to take on additional risk at precisely the wrong time. Some want to eke out returns to meet their investment goals; others are just trying to keep up with the Joneses. Whatever the motivation, chasing short-term performance has always proven to be a fragile strategy, especially when (like now) the upside potential is lower and the risks are higher. Euphoric markets are dangerous because, historically, they occur most frequently near market peaks. Eventually, when markets come to their senses and the euphoria subsides, latecomers to the party can see years of compounding erased.

Logically, the odds of making a sound investment are actually much better on the flip side – after share prices have collapsed and investors are in panic mode. This is because the risk characteristics are reversed. Upside potential is greatest and downside risk is lowest when there is blood in the streets. That's when you can bag what Buffett calls, "rare, fast moving elephants."

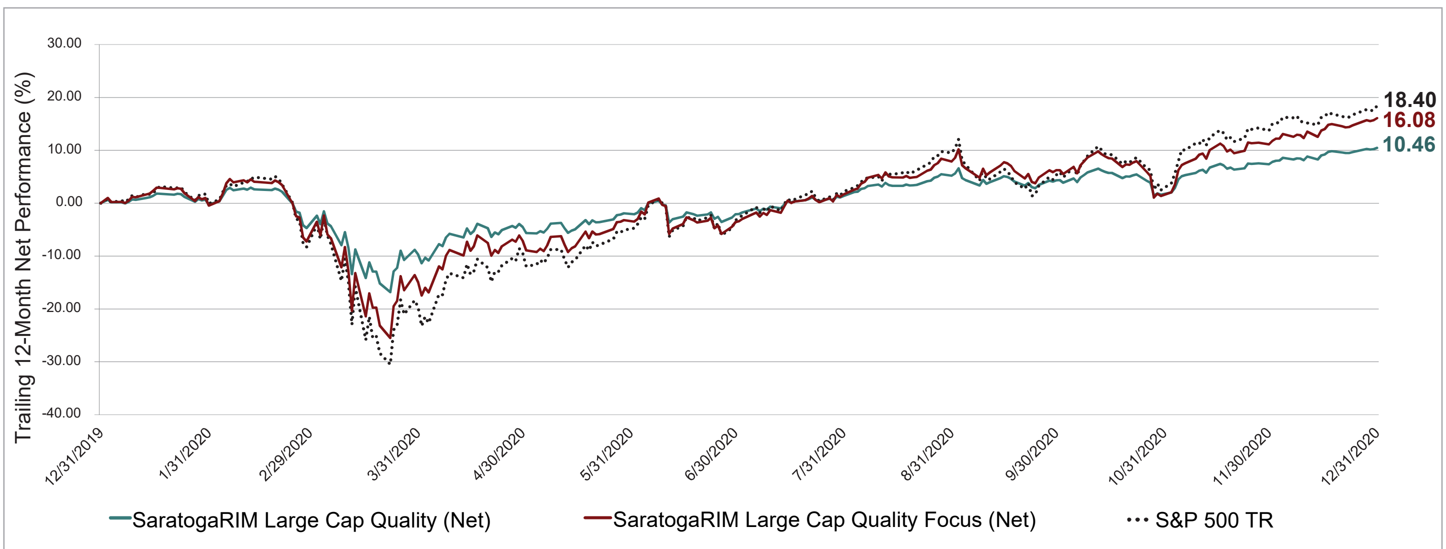
We view the rapid recovery from the 2020 bear market as an exception more than a new norm. Throughout history, bear markets have upended retirement and financial plans as they derailed the compounding process not typically just for a handful of months, but years. We believe effective risk management remains a critical component for any investment approach seeking to generate favorable investment results over the long haul, even if the cost means tolerating periodic stretches of shorter-term underperformance. When you're talking about something as important as your life savings, we believe that any strategy that rests on faith in the Fed to always bail out the market when it swoons is exceptionally fragile.

The protective characteristics observable over our performance history reflect our aversions to various forms of real risk, our insistence on a margin of safety and our temperament/patience in implementing our investment process. SaratogaRIM's entire approach – although at odds with the short-term performance mentality – is designed to provide precisely the types of downside protection that significantly reduce risks of permanent loss of capital during extreme economic or market environments. It reflects our view that it is more important to avoid big losses than gamble for big gains, which maximizes the powerful benefits of compounding over time.

Kevin Tanner
Chairman, CEO & Chief Investment Officer

Trailing 12-Month Investment Results

Fig. 2: SaratogaRIM Large Cap Quality & Focus vs. S&P 500 TR Trailing 12-Months (12/31/19 - 12/31/20)



Source: FactSet, SaratogaRIM. Past investment results are not a guarantee of future results. Data presented net-of-fees. See full disclosures at the end of this report. See GIPS Report: SaratogaRIM Large Cap Quality (pages 8-9) and GIPS Report: SaratogaRIM Large Cap Quality Focus (pages 10-11).

Over the 12 months that ended December 31st, net of fees, the SaratogaRIM Large Cap Quality and Large Cap Quality Focus composites gained 10.46% and 16.08% respectively. Over the same period, the S&P 500 Total Return Index rose 18.40%. Our results were consistent with what we would expect at this phase in the economic and market cycles. As with any discussion of investment results, the SEC requires that we remind you that past performance is no guarantee of future returns. Please see full disclosures at the end of this report.

SaratogaRIM Large Cap Quality

Composite Statistics

Q4 2020

Saratoga Research & Investment Management
Tel: (408) 741-2330
E-mail: Contact@SaratogaRIM.com

14471 Big Basin Way, Suite E
Saratoga, CA 95070
SaratogaRIM.com

SaratogaRIM Large Cap Quality (LCQ) - Snapshot

Composite Name	SaratogaRIM Large Cap Quality
Inception Date	2/29/2000
Firm Total Assets	$ 2,631,534,000
Composite Assets	$ 1,458,531,000
GIPS Compliance	Yes

Firm Overview: Saratoga Research & Investment Management, founded in 1995, is an SEC Registered Investment Advisor specializing in the construction and management of equity portfolios composed of high caliber businesses utilizing an investment process built on common sense investment principles for individual and institutional advisors.

Composite Overview: The SaratogaRIM Large Cap Quality Composite invests strictly in long-only equity positions, including ETFs. The minimum requirement to establish a new account is $100,000. The minimum asset level is $50,000. Inception date: February 29, 2000. Creation date for GIPS: August 30, 2010.

Investment Results

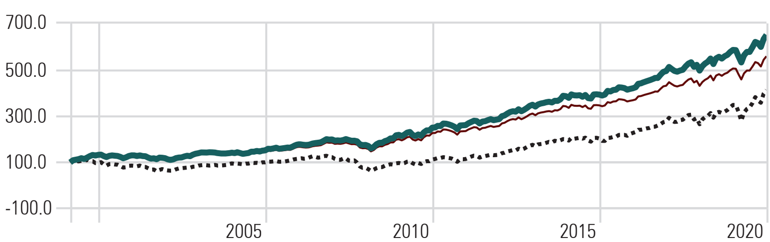
As of Date: 12/31/2020	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years	Since Inception
SaratogaRIM LCQ (Gross)	11.05	9.58	10.62	9.30	10.03	10.18	8.28	9.40
SaratogaRIM LCQ (Net)	10.46	9.00	10.03	8.72	9.43	9.45	7.50	8.60
S&P 500 TR USD	18.40	14.18	15.22	12.92	13.88	9.88	7.47	7.03

Investment Growth Relative to Benchmark*

Time Period: 3/1/2000 to 12/31/2020

Source Data: Total Return

SaratogaRIM LCQ (Gross) SaratogaRIM LCQ (Net) S&P 500 TR USD

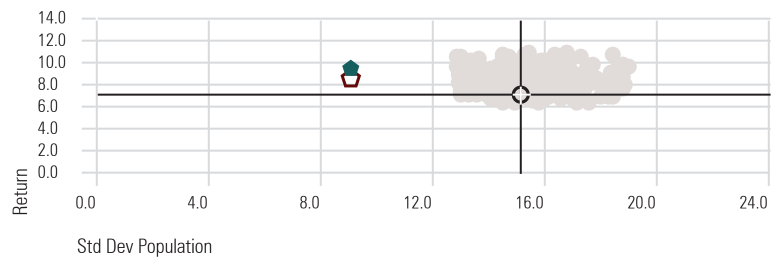


Standard Deviation vs. Annualized Rate of Return Relative to Benchmark & Peer Group*

Time Period: 3/1/2000 to 12/31/2020

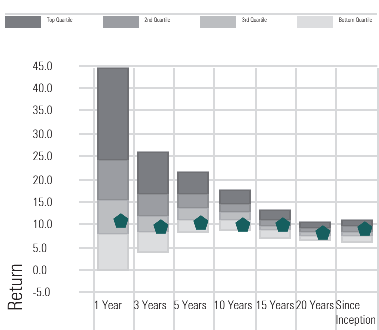
Peer Group (5-95%): Large Cap SA Source Data: Total Return

SaratogaRIM LCQ (Gross) SaratogaRIM LCQ (Net) S&P 500 TR USD

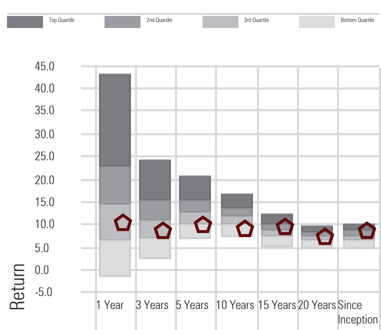


Investment Results Relative to Peer Group* As of Date: 12/31/2020

Peer Group (5-95%): Large Cap SA Source Data: Gross Return



Peer Group (5-95%): Large Cap SA Source Data: Net Return

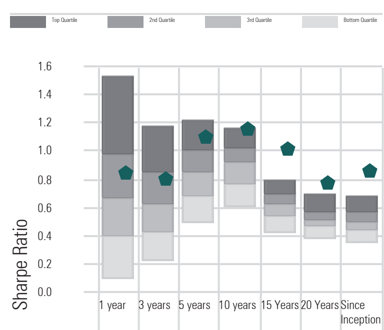


SaratogaRIM LCQ (Gross) SaratogaRIM LCQ (Net)

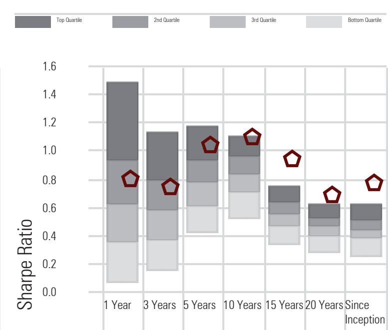
Gross Net	1 Year (Gross)	1 Year (Net)	3 Years (Gross)	3 Years (Net)	5 Years (Gross)	5 Years (Net)	10 Years (Gross)	10 Years (Net)	15 Years (Gross)	15 Years (Net)	20 Years (Gross)	20 Years (Net)	Since Inception (Gross)	Since Inception (Net)
SaratogaRIM LCQ	**11.05**	10.46	**9.58**	9.00	**10.62**	10.03	**10.03**	9.43	**10.18**	9.45	**8.28**	7.50	**9.40**	8.60
Median	**15.41**	14.46	**12.05**	11.03	**13.67**	12.58	**12.93**	11.80	**9.88**	8.87	**8.41**	7.60	**8.33**	7.50
Average	**18.01**	16.86	**13.04**	11.93	**14.11**	13.00	**13.00**	11.92	**9.95**	8.87	**8.50**	7.51	**8.43**	7.46
Count	**1,597**	1,597	**1,527**	1,526	**1,391**	1,391	**1,098**	1,098	**846**	852	**512**	513	**444**	447
Std Dev	**15.80**	15.69	**6.94**	6.91	**4.34**	4.38	**2.78**	2.90	**2.01**	2.19	**1.37**	1.56	**1.50**	1.67
5th Percentile	**44.61**	43.02	**25.76**	24.40	**21.70**	20.70	**17.57**	16.65	**13.21**	12.48	**10.68**	9.86	**10.95**	9.91
25th Percentile	**24.28**	23.01	**16.52**	15.49	**16.49**	15.49	**14.57**	13.73	**11.12**	10.11	**9.32**	8.39	**9.46**	8.62
50th Percentile	**15.41**	14.46	**12.05**	11.03	**13.67**	12.58	**12.93**	11.80	**9.88**	8.87	**8.41**	7.60	**8.33**	7.50
75th Percentile	**7.69**	6.58	**8.12**	6.99	**11.03**	9.91	**11.15**	10.01	**8.58**	7.38	**7.59**	6.61	**7.50**	6.56
95th Percentile	**-0.23**	-1.24	**4.00**	2.75	**8.38**	6.89	**8.82**	7.41	**6.87**	5.40	**6.48**	4.80	**6.24**	4.63

Sharpe Ratio Relative to Peer Group* As of Date: 12/31/2020

Peer Group (5-95%): Large Cap SA Source Data: Gross Return



Peer Group (5-95%): Large Cap SA Source Data: Net Return



SaratogaRIM LCQ (Gross) SaratogaRIM LCQ (Net)

Gross Net	1 Year (Gross)	1 Year (Net)	3 Years (Gross)	3 Years (Net)	5 Years (Gross)	5 Years (Net)	10 Years (Gross)	10 Years (Net)	15 Years (Gross)	15 Years (Net)	20 Years (Gross)	20 Years (Net)	Since Inception (Gross)	Since Inception (Net)
SaratogaRIM LCQ	**0.85**	0.81	**0.81**	0.75	**1.11**	1.05	**1.17**	1.10	**1.02**	0.95	**0.78**	0.70	**0.86**	0.78
Median	**0.67**	0.63	**0.62**	0.58	**0.85**	0.78	**0.92**	0.84	**0.62**	0.56	**0.52**	0.46	**0.49**	0.44
Average	**0.72**	0.68	**0.65**	0.59	**0.84**	0.78	**0.90**	0.83	**0.62**	0.55	**0.52**	0.46	**0.50**	0.44
Count	**1,597**	1,597	**1,527**	1,526	**1,391**	1,391	**1,098**	1,098	**846**	852	**512**	513	**444**	447
Std Dev	**0.47**	0.47	**0.34**	0.34	**0.27**	0.27	**0.20**	0.21	**0.12**	0.13	**0.09**	0.10	**0.10**	0.11
5th Percentile	**1.53**	1.49	**1.17**	1.12	**1.22**	1.17	**1.15**	1.10	**0.80**	0.75	**0.69**	0.62	**0.68**	0.62
25th Percentile	**0.98**	0.94	**0.85**	0.79	**1.00**	0.94	**1.02**	0.96	**0.70**	0.64	**0.57**	0.52	**0.57**	0.51
50th Percentile	**0.67**	0.63	**0.62**	0.58	**0.85**	0.78	**0.92**	0.84	**0.62**	0.56	**0.52**	0.46	**0.49**	0.44
75th Percentile	**0.40**	0.35	**0.43**	0.37	**0.68**	0.61	**0.77**	0.71	**0.53**	0.46	**0.47**	0.40	**0.43**	0.38
95th Percentile	**0.11**	0.08	**0.22**	0.16	**0.50**	0.42	**0.61**	0.53	**0.43**	0.34	**0.39**	0.29	**0.35**	0.26

Items with an asterisk (*) are presented as supplemental data from Morningstar & SaratogaRIM and are not required by the GIPS Standards. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics (Page 2) due to rounding. Peer group displays data reported to Morningstar by 2/3/2021. The disclosures on the following page are a part of this presentation.

Sector Weightings - GICS*

Portfolio Date: 12/31/2020

	LCQ	S&P 500
Consumer Discretionary %	6.26	12.72
Consumer Staples %	13.74	6.51
Energy %	0.00	2.28
Financials %	6.62	10.44
Healthcare %	18.14	13.46
Industrials %	15.04	8.40
Information Technology %	25.78	27.61
Materials %	2.33	2.63
Communication Services %	12.09	10.77
Utilities %	0.00	2.76

Holding Fundamentals*

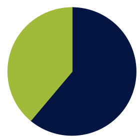
Dividend Yield	1.54
P/E Ratio (TTM)	24.70
P/CF Ratio (TTM)	18.19
P/B Ratio (TTM)	4.43
ROE % (TTM)	28.60
ROA % (TTM)	9.15
Net Margin %	13.31
Est. LT EPS Growth	7.45
Historical EPS Growth	18.11

Market Capitalization*

Average Market Cap (mil)	181,101.37
Market Cap Giant %	66.36
Market Cap Large %	23.19
Market Cap Mid %	10.45

Asset Allocation*

Portfolio Date: 12/31/2020

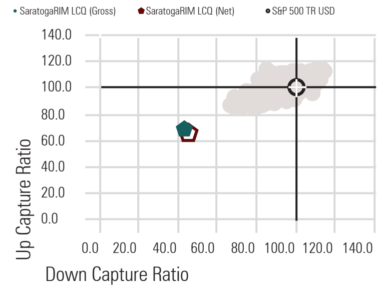


	%
•Stock	61.1
•Bond	0.0
•Cash	38.9
•Other	0.0
Total	**100.0**

Market Capture Relative to Benchmark & Peer Group*

Time Period: 3/1/2000 to 12/31/2020

Peer Group (5-95%): Large Cap SA Source Data: Total Return



Items with an asterisk (*) are presented as supplemental data from Morningstar & SaratogaRIM and are not required by the GIPS Standards. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics (below) due to rounding. GICS Sector Weightings, Holding Fundamentals, and Market Capitalization statistics reflect the weightings of the stock portion of the portfolio.

Composite Performance Statistics

						3 Yr Ann Standard Dev							
Year	Gross TWR	Net TWR	S&P 500 Total Return	Median TWR	Standard Deviation	Quality Composite	S&P 500 Total Return	# of Portfolios in Composite	% Non-Fee Paying Accts	End of Period Composite Assets	% of Firm Assets	# of Firm Portfolios*	End of Period Total Firm Assets
2000 (2/29)	32.49	31.45	-2.45	n/a	n/a	-	-	48	0.0%	14,909,737.56	55.76	62	26,739,561.04
2001	-1.62	-2.56	-11.93	-1.65	3.58	-	-	64	0.0%	30,514,646.98	82.74	72	36,880,627.71
2002	-9.37	-10.17	-22.06	-11.06	3.01	-	-	89	0.0%	34,000,857.47	86.67	102	39,231,009.50
2003	18.24	17.18	28.68	16.69	2.44	-	-	96	0.0%	43,183,465.08	82.41	120	52,403,457.10
2004	1.58	0.66	10.88	-0.29	2.96	-	-	103	0.2%	47,974,118.35	82.67	129	58,032,372.36
2005	7.11	6.13	4.91	5.54	2.39	-	-	105	0.2%	50,770,162.66	82.71	130	61,384,012.72
2006	16.94	15.87	15.80	14.48	2.82	-	-	99	0.2%	56,390,733.74	76.99	127	73,239,570.68
2007	12.06	11.02	5.49	10.29	3.31	-	-	99	0.2%	61,759,766.07	77.97	130	79,206,822.92
2008	-11.91	-12.74	-37.00	-12.32	4.20	-	-	126	0.5%	63,833,081.56	78.86	162	80,940,276.85
2009	24.77	23.65	26.46	23.89	2.18	-	-	259	0.4%	149,451,162.21	81.46	300	183,475,713.20
2010	14.27	13.43	15.06	13.89	0.76	-	-	494	0.3%	308,291,988.80	72.80	544	423,498,666.41
2011	4.31	3.69	2.11	3.27	0.53	11.86	18.71	1,176	0.4%	675,883,971.31	89.07	1,306	758,793,592.13
2012	9.93	9.30	16.00	9.33	0.61	9.98	15.09	1,539	0.4%	952,886,545.56	91.19	1,689	1,044,972,076.70
2013	21.65	20.98	32.39	21.10	1.63	7.85	11.94	1,823	0.3%	1,260,548,713.94	89.81	2,033	1,403,561,332.53
2014	10.58	9.98	13.69	10.37	0.94	6.30	8.97	1,912	0.7%	1,338,763,052.59	82.94	2,163	1,614,090,418.39
2015	1.77	1.22	1.38	1.07	1.00	6.96	10.47	1,989	1.6%	1,268,091,067.90	77.41	2,298	1,638,083,262.30
2016	6.94	6.36	11.96	6.32	0.89	6.48	10.59	2,194	1.8%	1,330,011,476.70	73.85	2,573	1,800,890,893.30
2017	17.71	17.08	21.83	16.93	1.52	6.15	9.92	2,380	2.0%	1,481,531,427.12	70.11	2,887	2,113,160,549.13
2018	0.41	-0.13	-4.38	-0.28	0.48	6.54	10.80	2,479	2.3%	1,402,520,781.74	69.65	2,987	2,013,567,458.02
2019	18.03	17.40	31.49	17.62	2.08	7.39	11.93	2,583	2.5%	1,505,375,555.14	64.51	3,097	2,333,608,905.18
2020	11.05	10.46	18.40	10.73	0.95	9.93	18.53	2,428	2.8%	1,458,530,696.56	55.43	3,166	2,631,534,466.84

Items with an asterisk (*) are presented as supplemental data from SaratogaRIM and are not required by the GIPS Standards.

Saratoga Research & Investment Management ("SaratogaRIM") is an SEC Registered Investment Advisor. SEC Registration does not constitute an endorsement of the firm by the Commission nor does it indicate the advisor has attained a particular level of skill or ability. Advisory services are not made available in any jurisdiction in which SaratogaRIM is not registered or otherwise exempt from registration. Prior to March 7, 2007, Saratoga Research & Investment Management was known as Tanner & Associates Asset Management.

GIPS Compliance: SaratogaRIM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SaratogaRIM has been independently verified by The Spaulding Group for the periods March 1, 2000 through December 31, 2019. 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. | 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. | A list of SaratogaRIM's composite descriptions are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request. To obtain GIPS-compliant performance information for SaratogaRIM's strategies and products, please contact Marc Crosby, President, at (408) 741-2332 or Marc@SaratogaRIM.com.

Disclosures: Valuations are computed and performance reported in U.S. dollars based on trade dates as of month-end, net-of-fees, while accounting for dividend reinvestment. The 3-year standard deviation (external dispersion) is based on net-of-fees returns. Net-of-fees returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Gross-of-fees returns are calculated gross of management, custodial and external consultant or advisory fees and net of transaction costs. Dispersion is calculated as the asset-weighted standard deviation of annual net-of-fees portfolio returns around the median portfolio return in the composite. Dispersion is based only on portfolios that were in the composite for the full annual period, and is only shown for the annual periods where the composite had more than 5 portfolios for the full year. Composite returns are calculated using asset-weighted Time Weighted Rate of Return ("TWR"), beginning market values, and external cash flows. Time-weighed return is a method of calculating period-by-period returns that reflects the change in value and negates the effects of external cash flows. Gross and Net TWRs are calculated based on the geometric linking of the monthly internal rate of return for portfolios present for the entire month. Individual portfolios are revalued monthly; portfolios also are revalued intra-month when large external cash flows occur in excess of 10% of the portfolio's fair value. Daily reconciliation is performed between the firm's records and the custodian and broker records through Advent to verify client assets. SaratogaRIM fee is normally 1% for the SaratogaRIM Large Cap Quality composite; may be negotiated, as warranted by special circumstances. Results of the SaratogaRIM Large Cap Quality composite do not reflect the results of any one portfolio in the composite.

Performance figures are based on historical information and do not guarantee future results. Actual current performance may be higher or lower than the performance presented. All investing entails the risk of loss. This summary is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities and may not be relied upon in connection with any offer or sale of securities. It is not intended to serve as a substitute for personalized investment advice. Prospective clients should recognize the limitations inherent in the composite strategy and should consider all information presented regarding the firm's investment management capabilities. The contents of this report are only a portion of the original material and research and should not be relied upon in making investment decisions. The information and statistical data contained herein have been obtained from sources that we believe to be reliable but in no way are warranted by us as to accuracy or completeness. Statistics are based off of the most recent quarterly portfolio unless otherwise noted. Statistics are based off of gross-of-fee and/or net-of-fee monthly performance data uploaded to Morningstar. The Peer Group statistics contain U.S. Large Cap separate account managers that appear in the Morningstar database for the relevant periods shown as of the report publish date. **Definitions:** Standard Deviation measures the dispersion of a dataset relative to its mean. Sharpe Ratio is a risk-adjusted measure that is calculated by using excess return and standard deviation to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance. Excess Return measures the difference in return, cumulative or annualized, between the strategy and a benchmark. Market Capture Ratios measure the extent to which a strategy participates in market moves over time; Up (Down) Market Capture measures relative performance in months which the benchmark generates positive (negative) returns over time.

Benchmark Disclosures: Benchmarks are unmanaged and provided to represent the investment environment in existence during the time periods shown. The S&P 500® Total Return Index has been selected as the benchmark for comparison purposes. The S&P Total Return Index assumes that all dividends and distributions are reinvested. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Portfolios are managed according to their respective strategies which may differ significantly in terms of security holdings, industry weightings, and asset allocation from those of benchmarks. An index is not available for direct investment, and does not reflect any of the costs associated with buying and selling individual securities or any other fees, expenses, or charges. | The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by SaratogaRIM. Standard & Poor's®, S&P®, and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by SaratogaRIM. SaratogaRIM's products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index.

Source: Morningstar Direct, Advent Axys, SaratogaRIM; 2/3/2021

SaratogaRIM Large Cap Quality Focus
Composite Statistics

Q4 2020

Saratoga Research & Investment Management
Tel: (408) 741-2330
E-mail: Contact@SaratogaRIM.com

14471 Big Basin Way, Suite E
Saratoga, CA 95070
SaratogaRIM.com

SaratogaRIM Large Cap Quality Focus (LCQF) - Snapshot

Composite Name	SaratogaRIM Large Cap Quality Focus
Inception Date	8/29/2014
Firm Total Assets	$ 2,631,534,000
Composite Assets	$ 793,063,000
GIPS Compliance	Yes

Firm Overview: Saratoga Research & Investment Management, founded in 1995, is an SEC Registered Investment Advisor specializing in the construction and management of equity portfolios composed of high caliber businesses utilizing an investment process built on common sense investment principles for individual and institutional investors.

Composite Overview: The SaratogaRIM Large Cap Quality Focus Composite invests strictly in long-only equity positions, including ETFs, with higher concentration, particularly in the top 10 positions; collectively, the top 10 positions make up at least 50% of the portfolio. This strategy will likely have a greater turnover ratio than other composites and typically will not hold more than 5% cash. The minimum requirement to establish a new account is $100,000 (reduced from $250,000, effective May 1, 2019). The minimum asset level is $75,000 (reduced from $225,000, effective May 1, 2019). Inception date: August 31, 2014. Creation date for GIPS: August 31, 2014.

Investment Results

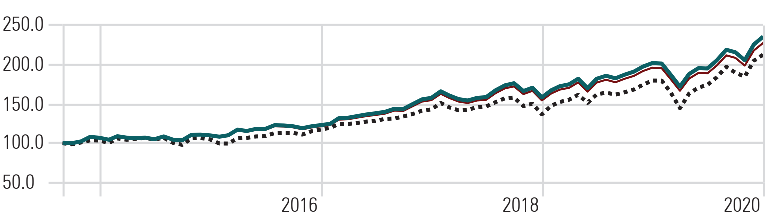
As of Date: 12/31/2020	1 Year	3 Years	5 Years	Since Inception
SaratogaRIM LCQF (Gross)	16.72	14.35	16.49	14.52
SaratogaRIM LCQF (Net)	16.10	13.74	15.87	13.89
S&P 500 TR USD	18.40	14.18	15.22	12.68

Investment Growth Relative to Benchmark*

Time Period: 9/1/2014 to 12/31/2020

Source Data: Total Return

SaratogaRIM LCQF (Gross) SaratogaRIM LCQF (Net) S&P 500 TR USD

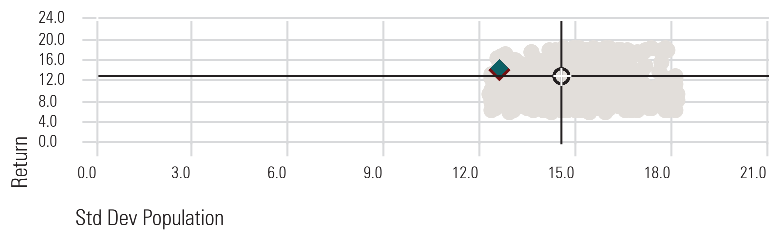


Standard Deviation vs. Annualized Rate of Return Relative to Benchmark & Peer Group*

Time Period: 9/1/2014 to 12/31/2020

Peer Group (5-95%): Large Cap SA Source Data: Total Return

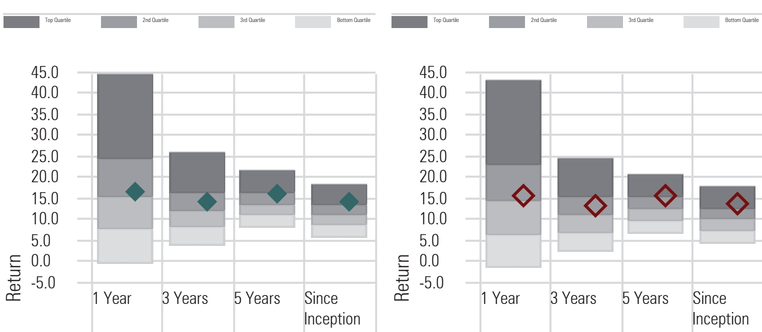
SaratogaRIM LCQF (Gross) SaratogaRIM LCQF (Net) S&P 500 TR USD



Investment Results Relative to Peer Group* As of Date: 12/31/2020

Peer Group (5-95%): Large Cap SA Source Data: Gross Return

Peer Group (5-95%): Large Cap SA Source Data: Net Return



SaratogaRIM LCQF (Gross) SaratogaRIM LCQF (Net)

Gross Net	1 Year	3 Years	5 Years	Since Inception
SaratogaRIM LCQF	**16.72** 16.10	**14.35** 13.74	**16.49** 15.87	**14.52** 13.89
Median	**15.41** 14.46	**12.05** 11.03	**13.68** 12.58	**11.25** 10.16
Average	**18.02** 16.87	**13.05** 11.94	**14.12** 13.01	**11.56** 10.47
Count	**1,596** 1,596	**1,526** 1,525	**1,390** 1,390	**1,298** 1,298
Std Dev	**15.80** 15.69	**6.93** 6.91	**4.32** 4.37	**4.00** 4.06
5th Percentile	**44.62** 43.02	**25.76** 24.40	**21.71** 20.70	**18.50** 17.59
25th Percentile	**24.28** 23.02	**16.52** 15.50	**16.49** 15.49	**13.73** 12.76
50th Percentile	**15.41** 14.46	**12.05** 11.03	**13.68** 12.58	**11.25** 10.16
75th Percentile	**7.77** 6.60	**8.13** 6.99	**11.04** 9.91	**8.63** 7.54
95th Percentile	**-0.23** -1.24	**4.03** 2.75	**8.40** 6.96	**5.92** 4.68

Sharpe Ratio Relative to Peer Group* As of Date: 12/31/2020

Peer Group (5-95%): Large Cap SA Source Data: Gross Return

Peer Group (5-95%): Large Cap SA Source Data: Net Return

SaratogaRIM LCQF (Gross) SaratogaRIM LCQF (Net)

Gross Net	1 Year	3 Years	5 Years	Since Inception
SaratogaRIM LCQF	**0.82** 0.79	**0.82** 0.79	**1.13** 1.09	**1.06** 1.02
Median	**0.67** 0.63	**0.62** 0.58	**0.85** 0.78	**0.75** 0.68
Average	**0.72** 0.68	**0.65** 0.60	**0.85** 0.78	**0.74** 0.67
Count	**1,596** 1,596	**1,526** 1,525	**1,390** 1,390	**1,298** 1,298
Std Dev	**0.46** 0.47	**0.30** 0.30	**0.22** 0.23	**0.22** 0.23
5th Percentile	**1.53** 1.49	**1.17** 1.12	**1.22** 1.17	**1.11** 1.06
25th Percentile	**0.98** 0.94	**0.85** 0.79	**1.00** 0.94	**0.89** 0.83
50th Percentile	**0.67** 0.63	**0.62** 0.58	**0.85** 0.78	**0.75** 0.68
75th Percentile	**0.40** 0.35	**0.43** 0.37	**0.68** 0.61	**0.57** 0.50
95th Percentile	**0.11** 0.08	**0.22** 0.17	**0.50** 0.42	**0.39** 0.31

Items with an asterisk (*) are presented as supplemental data from Morningstar & SaratogaRIM and are not required by the GIPS Standards. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics (Page 2) due to rounding. Peer group displays data reported to Morningstar by 2/3/2021. The disclosures on the following page are a part of this presentation.

Sector Weightings - GICS*

Portfolio Date: 12/31/2020

	LCQF	S&P 500
Consumer Discretionary %	5.34	12.72
Consumer Staples %	13.17	6.51
Energy %	0.00	2.28
Financials %	7.13	10.44
Healthcare %	16.35	13.46
Industrials %	18.76	8.40
Information Technology %	24.46	27.61
Materials %	2.43	2.63
Communication Services %	12.35	10.77
Utilities %	0.00	2.76

Holding Fundamentals*

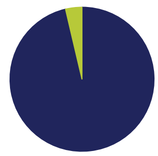
Dividend Yield	1.57
P/E Ratio (TTM)	24.23
P/CF Ratio (TTM)	17.83
P/B Ratio (TTM)	4.23
ROE % (TTM)	28.84
ROA % (TTM)	9.14
Net Margin %	13.58
Est. LT EPS Growth	7.28
Historical EPS Growth	17.80

Market Capitalization*

Average Market Cap (mil)	179,470.60
Market Cap Giant %	63.81
Market Cap Large %	25.57
Market Cap Mid %	10.62

Asset Allocation*

Portfolio Date: 12/31/2020

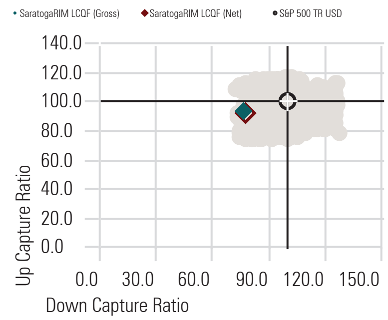


	%
•Stock	96.3
•Bond	0.0
•Cash	3.7
•Other	0.0
Total	**100.0**

Market Capture Relative to Benchmark & Peer Group*

Time Period: 9/1/2014 to 12/31/2020

Peer Group (5-95%): Large Cap SA Source Data: Total Return



Items with an asterisk (*) are presented as supplemental data from Morningstar & SaratogaRIM and are not required by the GIPS Standards. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics (below) due to rounding. GICS Sector Weightings, Holding Fundamentals, and Market Capitalization statistics reflect the weightings of the stock portion of the portfolio.

Composite Performance Statistics

						3 Yr Ann Standard Dev							
Year	Gross TWR	Net TWR	S&P 500 Total Return	Median TWR	Standard Deviation	Focus Composite	S&P 500 Total Return	# of Portfolios in Composite	% Non-Fee Paying Accts	End of Period Composite Assets	% of Firm Assets	# of Firm Portfolios*	End of Period Total Firm Assets
2014 (8/31)	6.95	6.71	3.46	n/a	n/a	-	-	31	0.0%	59,408,640.33	3.68	2,163	1,614,090,418.39
2015	2.84	2.28	1.38	2.70	0.25	-	-	88	0.0%	122,809,323.37	7.50	2,298	1,638,083,262.30
2016	11.93	11.33	11.96	11.18	0.63	-	-	151	0.0%	198,406,977.89	11.02	2,573	1,800,890,893.30
2017	28.21	27.49	21.83	27.49	0.55	8.70	9.92	287	0.1%	362,440,319.53	17.15	2,887	2,113,160,549.13
2018	0.35	-0.20	-4.38	-0.41	0.58	10.30	10.80	303	0.3%	316,630,422.08	15.72	2,987	2,013,567,458.02
2019	27.67	26.98	31.49	27.10	0.62	11.41	11.93	403	0.3%	533,438,674.16	22.86	3,097	2,333,608,905.18
2020	16.71	16.08	18.40	16.13	1.01	15.84	18.53	626	0.6%	793,063,147.30	30.14	3,166	2,631,534,466.84

Items with an asterisk (*) are presented as supplemental data from SaratogaRIM and are not required by the GIPS Standards.

Saratoga Research & Investment Management ("SaratogaRIM") is an SEC Registered Investment Advisor. SEC Registration does not constitute an endorsement of the firm by the Commission nor does it indicate the advisor has attained a particular level of skill or ability. Advisory services are not made available in any jurisdiction in which SaratogaRIM is not registered or otherwise exempt from registration. Prior to March 7, 2007, Saratoga Research & Investment Management was known as Tanner & Associates Asset Management.

GIPS Compliance: SaratogaRIM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SaratogaRIM has been independently verified by The Spaulding Group for the periods March 1, 2000 through December 31, 2019. | 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 SaratogaRIM Large Cap Quality Focus composite has had a performance examination for the periods September 1, 2014 through December 31, 2019. The verification and performance examination reports are available upon request. | 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. | A list of SaratogaRIM's composite descriptions are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request. To obtain GIPS-compliant performance information for SaratogaRIM's strategies and products, please contact Marc Crosby, President, at (408) 741-2332 or Marc@SaratogaRIM.com.

Disclosures: Valuations are computed and performance reported in U.S. dollars based on trade dates as of month-end, net-of-fees, while accounting for dividend reinvestment. The 3-year standard deviation (external dispersion) is based on net-of-fees returns. Net-of-fees returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Gross-of-fees returns are calculated gross of management, custodial and external consultant or advisory fees and net of transaction costs. Dispersion is calculated as the asset-weighted standard deviation of annual net-of-fees portfolio returns around the median portfolio return in the composite. Dispersion is based only on portfolios that were in the composite for the full annual period, and is only shown for the annual periods where the composite had more than 5 portfolios for the full year. Composite returns are calculated using asset-weighted Time Weighted Rate of Return ("TWR"), beginning market values, and external cash flows. Time-weighed return is a method of calculating period-by-period returns that reflects the change in value and negates the effects of external cash flows. Gross and Net TWRs are calculated based on the geometric linking of the monthly internal rate of return for portfolios present for the entire month. Individual portfolios are revalued monthly; portfolios also are revalued intra-month when large external cash flows occur in excess of 10% of the portfolio's fair value. Daily reconciliation is performed between the firm's records and the custodian and broker records through Advent to verify client assets. SaratogaRIM fee is normally 1.2% for the SaratogaRIM Large Cap Quality Focus composite; may be negotiated, as warranted by special circumstances. Results of the SaratogaRIM Large Cap Quality Focus composite do not reflect the results of any one portfolio in the composite.

Performance figures are based on historical information and do not guarantee future results. Actual current performance may be higher or lower than the performance presented. All investing entails the risk of loss. This summary is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities and may not be relied upon in connection with any offer or sale of securities. It is not intended to serve as a substitute for personalized investment advice. Prospective clients should recognize the limitations inherent in the composite strategy and should consider all information presented regarding the firm's investment management capabilities. The contents of this report are only a portion of the original material and research and should not be relied upon in making investment decisions. The information and statistical data contained herein have been obtained from sources that we believe to be reliable but in no way are warranted by us as to accuracy or completeness. Statistics are based off of the most recent quarterly portfolio unless otherwise noted. Statistics are based off of gross-of-fee and/or net-of-fee monthly performance data uploaded to Morningstar. The Peer Group statistics contain U.S. Large Cap separate account managers that appear in the Morningstar database for the relevant periods shown as of the report publish date. **Definitions:** Standard Deviation measures the dispersion of a dataset relative to its mean. Sharpe Ratio is a risk-adjusted measure that is calculated by using excess return and standard deviation to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance. Excess Return measures the difference in return, cumulative or annualized, between the strategy and a benchmark. Market Capture Ratios measure the extent to which a strategy participates in market moves over time; Up (Down) Market Capture measures relative performance in months which the benchmark generates positive (negative) returns over time.

Benchmark Disclosures: Benchmarks are unmanaged and provided to represent the investment environment in existence during the time periods shown. The S&P 500® Total Return Index has been selected as the benchmark for comparison purposes. The S&P Total Return Index assumes that all dividends and distributions are reinvested. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Portfolios are managed according to their respective strategies which may differ significantly in terms of security holdings, industry weightings, and asset allocation from those of benchmarks. An index is not available for direct investment, and does not reflect any of the costs associated with buying and selling individual securities or any other fees, expenses, or charges. | The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by SaratogaRIM. Standard & Poor's®, S&P®, and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by SaratogaRIM. SaratogaRIM's products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index.

Source: Morningstar Direct, Advent Axys, SaratogaRIM; 2/3/2021

Disclosures

Saratoga Research & Investment Management ("SaratogaRIM" and "the Firm"), founded in 1995, is an SEC Registered Investment Advisor specializing in the construction and management of equity portfolios composed of high caliber businesses utilizing an investment process built on common sense investment principles for individual and institutional investors. SEC Registration does not constitute an endorsement of the firm by the Commission nor does it indicate the advisor has attained a particular level of skill or ability. Advisory services are not made available in any jurisdiction in which SaratogaRIM is not registered or otherwise exempt from registration.

The opinions herein are those of Saratoga Research & Investment Management. The contents of this report are only a portion of the original material and research and should not be relied upon in making investment decisions. The Firm's quarterly reports focus primarily on its equity strategies. Under no circumstance is this an offer to sell or a solicitation to buy securities. This material is not a recommendation as defined in Regulation Best Interest adopted by the Securities and Exchange Commission. All data, information and opinions are subject to change without notice. Opinions and statements of a fundamental nature are geared towards the long-term investor. SaratogaRIM is not a tax/legal advisor and therefore assumes no liability for any tax/legal research. Any information that is furnished to you should be thoroughly examined by a professional tax/legal advisor.

See additional important disclosures and composite-specific information within the GIPS Composite Reports for SaratogaRIM Large Cap Quality (pages 8-9) and Large Cap Quality Focus (pages 10-11). As additional peer group comparison data for the relevant period becomes available through Morningstar, statistics within the GIPS Composite Reports are updated and subsequently replaced within the version of this quarterly report that is published to SaratogaRIM.com. The GIPS Composite Report generation date can be found within the footer of each GIPS Composite Report page. The original quarterly report publish date is located on the upper right hand corner of the quarterly report cover page.

2020 Annual Report Charts: All charts within this report are created by SaratogaRIM. Past investment results are not a guarantee of future results. Figure 1: Charts and tables created by SaratogaRIM using data from Morningstar. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics due to rounding. SaratogaRIM data presented net-of-fees; Net-of-fees returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Peer Group statistics and rankings are based off of net-of-fee monthly performance data uploaded to Morningstar as of 12/10/20 for the 491 Large Cap separate account managers that appear in the Morningstar database with track records dating back to at least 3/1/2000. The rankings list for managers reporting net-of-fees for the described time period is available upon request. Standard deviation measures the dispersion of dataset relative to its mean. Up/Down Capture Ratio measures relative performance in months which the benchmark generates positive (negative) returns over time. Asymmetry Ratio (Overall Capture Ratio) measures the ratio of Upside Capture or Downside Capture, with a higher measure reflecting more favorable asymmetry. Sharpe Ratio is a risk-adjusted measure that is calculated by using excess return and standard deviation to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance. Figure 2 illustrates cumulative daily return estimates calculated by FactSet utilizing month-end holdings data for the relevant period shown and may differ from actual performance. Ending label data points represent actual net performance. For further information or clarification regarding any of the charts or concepts within this report, please email your *specific* questions to InvestorRelations@SaratogaRIM.com.

Valuations are computed and performance reported in U.S. dollars based on trade dates as of month-end, net-of-fees, while accounting for dividend reinvestment. The 3-year standard deviation (external dispersion) is based on net-of-fees returns. Gross-of-fees returns are calculated gross of any management, custodial, external consultant or advisory fee but net of transaction costs. Application of management fees reduces gross performance. Net-of-fees returns are calculated net of actual management fees but still gross of any custodial, external consultant or advisory fees. Management fees vary by client type; composite returns presented on a net basis should not be interpreted as any one client's net returns. Composite returns are calculated using asset-weighted TWR, beginning market values, and external cash flows. Gross and Net TWRs are calculated based on the geometric linking of the monthly internal rate of return for portfolios present for the entire month. Individual portfolios are revalued monthly; portfolios also are revalued intra-month when large external cash flows occur in excess of 10% of the portfolio's fair value. Dispersion is calculated as the asset-weighted standard deviation of annual net-of-fees portfolio returns around the median portfolio return in the composite. Dispersion is based only on portfolios that were in the composite for the full annual period, and is only shown for the annual periods where the composite had more than 5 portfolios for the full year.

Daily reconciliation is performed between the firm's records and the custodian and broker records through Advent to verify client assets. SaratogaRIM fee is normally 1% for the SaratogaRIM Large Cap Quality Composite & 1.2% for the SaratogaRIM Large Cap Quality Focus composite; may be negotiated, as warranted by special circumstances. Results of the SaratogaRIM Large Cap Quality Composite & the SaratogaRIM Large Cap Quality Focus Composite do not reflect the results of any one portfolio in those composites.

Benchmarks are selected based upon similarity to the investment style of the Firm's composites and accepted norms within the industry. Benchmarks are provided for comparative purposes only and holdings of the Firm's clients' portfolios will differ from actual holdings of the benchmark indexes. Benchmarks are unmanaged and provided to represent the investment environment in existence during the time periods shown. The benchmarks presented were obtained from third-party sources deemed reliable but not guaranteed for accuracy or completeness. Indices are unmanaged, hypothetical portfolios of securities that are often used as a benchmark in evaluating the relative performance of a particular investment. An index should only be compared with a mandate that has a similar investment objective. An index is not available for direct investment, and does not reflect any of the costs associated with buying and selling individual securities or management fees.

The S&P 500 Total Return is the total return version of the S&P 500 Index, which has been widely regarded as the best single gauge of large-cap U.S. equities since 1957. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. (Note: A total return index assumes that all dividends and distributions are reinvested.) The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by SaratogaRIM. Standard & Poor's®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by SaratogaRIM. SaratogaRIM's products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index.

Direct clients may access their portfolio information and reports including client-specific information through SaratogaRIM's Client Portal. If you are a direct client needing Client Portal access or assistance, please call (408) 741-2330 or email ClientService@SaratogaRIM.com. The Firm recommends that you compare your Saratoga Research & Investment Management reports with the ones you receive from your custodian(s). The custodian of record is required under current law to provide separate account statements. Market values reflected in the custodian's statement and those cited in this report may differ due to the use of different reporting methods. To the extent that any discrepancies exist between the custody statement and this report, the custody statement will take precedence. Values may vary slightly because of situations such as rounding, accrued interest or the timing of information reporting. A fee statement showing the amount of the Asset-Based fee, the value of clients' assets on which the Asset-Based fee is based and the specific manner in which the Asset-Based fee was calculated are available from SaratogaRIM upon request. As a general rule, SaratogaRIM does not disclose private information regarding clients' accounts unless the Firm relies on certain third parties for services that enable the Firm to provide its investment services to their clients. The Firm may also disclose nonpublic information where required to do so under law.

If you wish to become a client of SaratogaRIM, you will be required to sign an Investment Advisory Agreement that exclusively governs the relationship between you and SaratogaRIM. You will also be required to review SaratogaRIM's most recent Privacy Notice, Form CRS, and Form ADV, which are available on our public website: SaratogaRIM.com/documents. To receive a printed copy of the Firm's Privacy Notice, Form CRS, or Form ADV, please contact Marc Crosby, President, at (408) 741-2332 or Marc@SaratogaRIM.com.

Cover Page Illustration by Scott Pollack

SaratogaRIM.com

Matt Casas, CFA: Analyst & Portfolio Manager

Marc Crosby, CFA, CPA: President | Analyst & Portfolio Manager

Andrew Early: Analyst & Portfolio Manager

Stephen Fung, MBA: Analyst | Operations Specialist

Travis Hanson, MBA: Chief Financial Officer | Operations Specialist

Maria Harrington: Director of Client Service | Operations Specialist

Madeline Hedges, CFP: Chief Compliance Officer

Matt Keating: Analyst & Portfolio Manager

John Lapava: Office Manager

Adrena Lauti: Client Service & Operations Specialist

Mark McClenahan, CFP: Director of Investor Relations

Tierney McClenahan: Operations & Investor Relations Associate

Robert Meng, CFA: Analyst & Portfolio Manager

Adam Oreglia, GSEC, CISM: Information Security Manager | Operations Specialist

Joe Pollard, CFA: Analyst & Portfolio Manager

Adam Sato: Analyst & Portfolio Manager

Mathew Spencer: Analyst & Portfolio Manager

Phil Spencer, CFA: Director of Research | Analyst & Portfolio Manager

Jim Tanner: Director of Operations

Kevin Tanner: Chairman | CEO | Chief Investment Officer

Samantha Tanner: Investor Relations Specialist

George Wehrfritz: Editor | International Advisor to the Investment Team

Saratoga Research & Investment Management
14471 Big Basin Way, Suite E | Saratoga, CA 95070
(408) 741-2330 | contact@saratogarim.com