SaratogaRIM

2021 Quarterly Report

July 12, 2021

Q2

Inflation, Moats & ESG

Market Statistics							
						Source: FactSet (June 30), Federal Reserve, * Spot prices (June 30)	
Stocks		**Yields (%)**				**Commodities**	
DJIA	34,502.51	Fed Funds	0.25	US Tr. 3-Y	0.45	Baltic Dry Index	3,383
P/E ratio	20.80	Disc. Rate	0.25	US Tr. 5-Y	0.88	Gold ($/oz)	1,771
S&P 500	4,297.50	Libor 1-Mo	0.10	US Tr. 10-Y	1.45	Silver ($/oz)	25.77
P/E ratio	27.13	US Tr. 1-Y	0.07	US Tr. 30-Y	2.06	Crude ($/bbl)* (NYM Light Sweet Crude)	73.47

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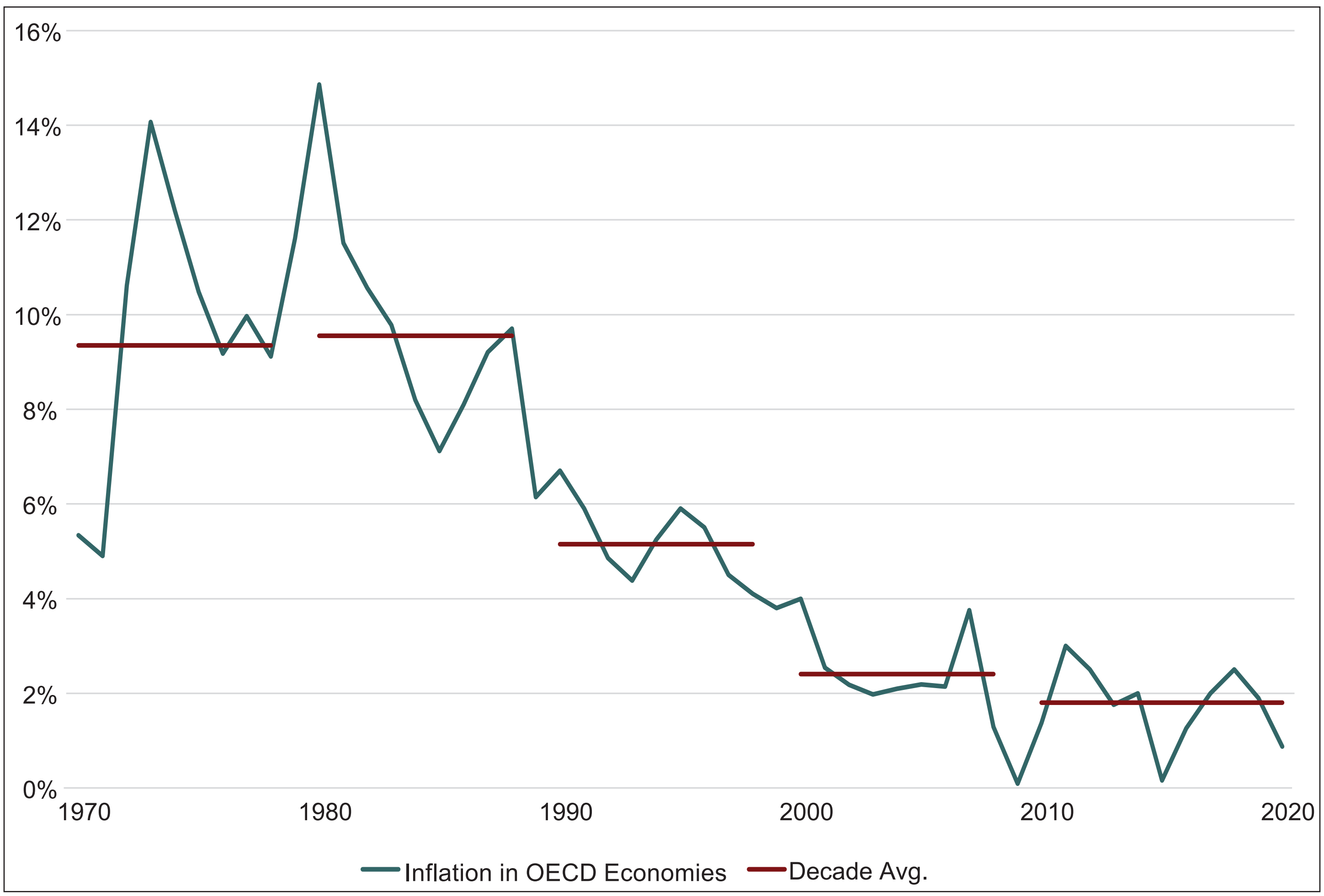
Letter to Investors

Inflation is here, but for how long? Over recent months, this has become the hottest question in the investment community, triggering debate over inflation's potential duration and impact on financial markets. The attention is understandable. The topic triggers troubling images of gas lines in the 1970s or hyperinflation in Weimar Germany. As the U.S. emerges from the COVID-19 pandemic, it's undeniable that inflation is accelerating at a pace not seen in a generation. Now, the big unknown facing market participants is how transitory it will be.

Could we stand at the cusp of a new era, with so-called regime change taking place after decades of declining inflation? Or are recent price spikes temporary pandemic effects that will amount to nothing more than a blip in an ongoing secular downtrend? There are no easy answers.

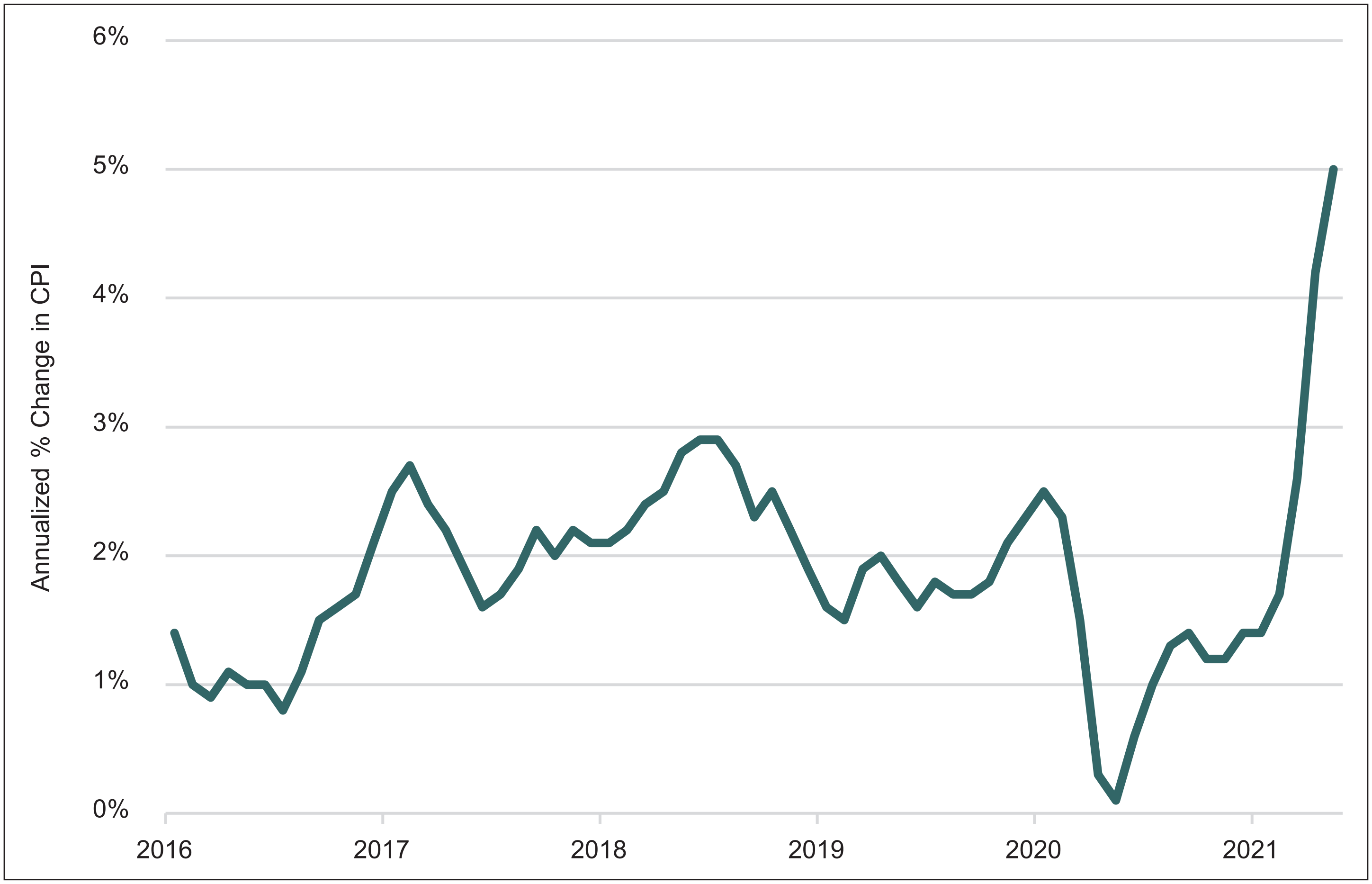
Today's price surges are coming against a backdrop of inflation rates that have been in decline for decades (see Fig. 1 below). Inflation in the industrialized OECD economies slowed from average annual rates just under 10% in the 1970s and early 80s to below 2% in the 2010s. Macroeconomists offer explanations for this decline that include rapid globalization; disinflationary impacts from technological advances like the internet; and the powerful demographic force of ageing, which has produced savings gluts wherever it's occurred.

Fig. 1: Annual % Change in Consumer Prices



Source: Financial Times, Refinitiv, SaratogaRIM. See full disclosures at the end of this report.

Fig. 2: U.S. Inflation Rates



Source: U.S. Bureau of Labor Statistics, SaratogaRIM. See full disclosures at the end of this report.

Thus far in 2021, and particularly in Q2, inflation has come roaring back (see Fig. 2 above). Recent Consumer Price Index (CPI) reports showed annualized growth of 4.2% in April accelerating to 5.0% in May for its largest monthly increase since 2008. Core CPI, which excludes food and energy, tells a similar story: it rose 3.8% in May, marking its highest jump since 1992. Combined, the April and May readings delivered the highest consecutive monthly price increases since 1991.

Why does inflation matter? On a micro level, accelerating inflation affects every consumer in visceral ways – such as higher gas or grocery prices. It also disproportionally impacts those at the lower end of the socio-economic spectrum and can magnify wealth and income inequality. On a macro level, inflation feeds directly into the composition of interest rates and subsequently into discount rates used to price virtually all assets. The nominal price of money consists of the real interest rate plus expected inflation. As inflation expectations increase, nominal interest rates must increase as well. Should the current spike in inflation prove to have staying power, it would eventually drive discount rates higher, which in turn would lead to lower asset valuations.

Stated another way, persistently higher inflation could disrupt the entire valuation paradigm. The assets most sensitive to such a shift would be those with the longest duration, meaning expected cash flows extending the furthest out in the future. Long duration assets include long-dated Treasury bonds or any other type of investment where principal repayment is decades away; unprofitable growth companies are another example.

Why do consumer inflation expectations matter? One key point is that *expected* inflation is equally important as, if not more important than, *actual* inflation. As discussed above, nominal interest rates are derived by adding the real rate of interest to *expected* inflation – not actual inflation. This is due to the reflexive nature of inflation and how expectations can become self-fulfilling. For example, if people don't believe the Federal Reserve's reassurances that inflation is transitory, consumer behavior could drive actual inflation higher. It's simple human behavior – if we expect something to cost more tomorrow, we're more likely to buy it today. Basically, if enough people believe there will be inflation, then there will be inflation.

Why inflation could be transitory: This argument rests on two key points related to the pandemic – first, that it tangled supply chains with unexpected kinks and delays that are causing significant shortages and costs increases; second, the pandemic and associated lockdowns and subsequent reopenings led to short-term, unexpected plunges and surges in consumer demand.

Illustrating the first point, used car prices rose at an annualized pace of 29.7% in May. Much of this was attributed to new car sales being constrained due to lack of supply resulting from an ongoing semiconductor shortage. This is just one example of how supply chains designed for just-in-time manufacturing with minimal inventory on-hand have faltered after repeated shutdowns and unpredictably volatile demand. As concerns about the pandemic have receded, the spike in demand for recreational travel resulted in airfare prices that rose 7.0% in May on top of a 10.2% surge in April. It's not surprising to see people eager to travel again. However, I'm not sure I'd bet on such rates being sustainable. Rather, recent spikes in demand seem more likely to eventually revert toward historical norms, especially considering how strong technological substitutes like Zoom proved to be during the pandemic.

The transitory argument rests on the assumption that, over time, supply chains will catch up and demand will regress closer to traditional levels. Recently, prices have started to slip back for some goods that were in high demand during COVID. The lifting of pandemic restrictions appears to have triggered a spending rotation from goods such as at-home workout gear and lumber for home renovations, back to services that people were unable to use during the pandemic. Going forward, companies could also decide to hold higher inventory levels. Likewise, consumers could choose to save a higher portion of their income and/or stimulus checks. If that were the case, the lower velocity of money could dampen future inflation once supply and demand reestablish equilibrium.

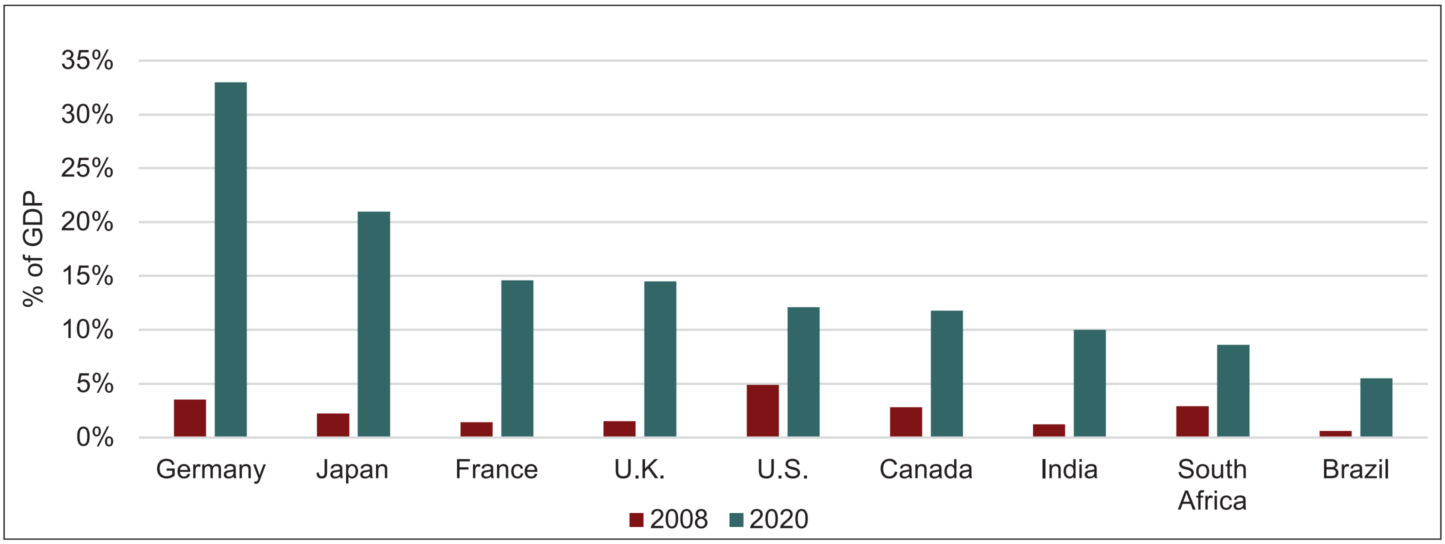
The case for an inflationary regime change: The key supporting argument for the inflation camp stems from the unprecedented level of monetary easing and fiscal stimulus undertaken by central banks and governments worldwide. Over the last year, the Fed led the way – roughly doubling its balance sheet from about $4 trillion in early 2020, to $8 trillion currently, and projected to exceed $9 trillion by the end of 2022. Simply put, we've never seen anything close to this level of monetary largesse.

One aspect of recent Fed monetary policy that stands in sharp contrast to the previous era of Quantitative Easing (QE) is that it has come alongside an enormous fiscal response. Since the onset of the pandemic, the U.S. government has borrowed and spent at previously unimaginable levels on everything from support to shuttered industries, to emergency vaccine development programs to unemployment boosts and stimulus checks. Inflation hawks worry that the combination of a Fed-driven explosion in the money-supply with massive government borrowing and fiscal spending could set off an inflationary spiral. One thing is certain: the combined thrust of monetary and fiscal stimuli has propelled our financial system into uncharted territory.

These pandemic responses can't be viewed in isolation either. Central banks had already been exceedingly accommodative since the 2008-09 financial crisis. By suppressing interest rates for more than a decade the Fed has also compressed discount rates and consequently driven up asset prices to levels much higher than they likely would have been otherwise. On top of this, given the sheer scale of recent monetary and fiscal measures, it's not a stretch to imagine that overstimulation might inadvertently let the inflation genie out of the proverbial bottle.

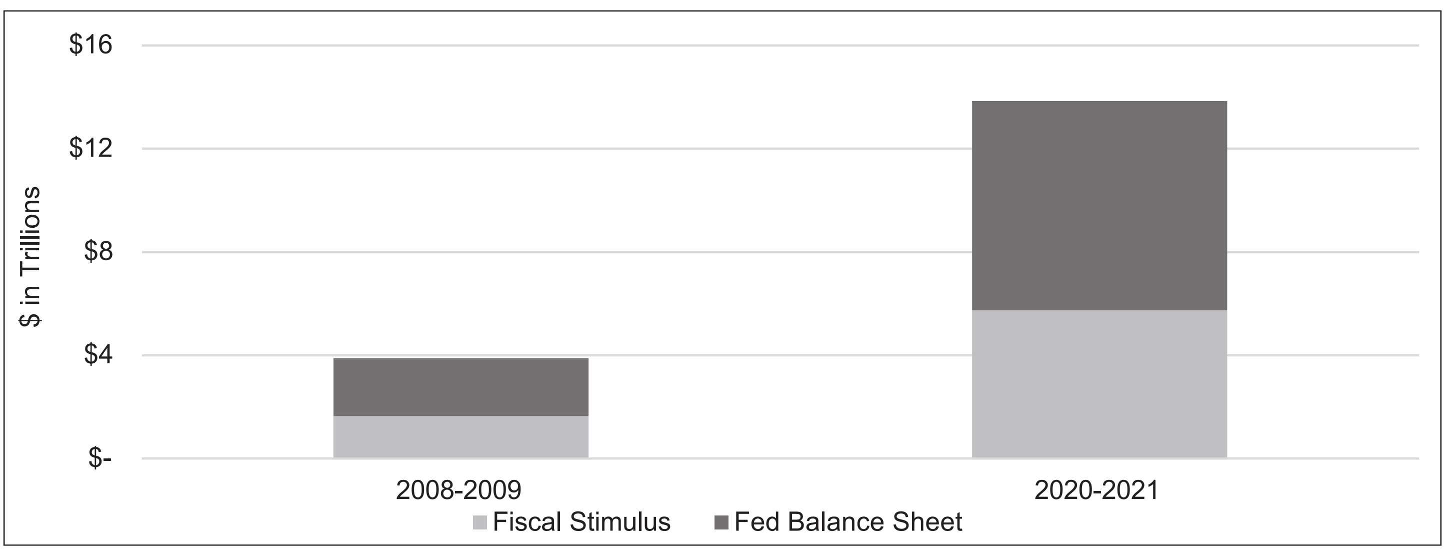
The outcome of today's inflation debate matters, to be sure. Yet for SaratogaRIM, our success won't be predicated on correctly betting which side is right. Our investment process does not require us to be

Fig. 3: Fiscal Stimulus Response



This chart shows fiscal stimulus as a percent of GDP comparing government responses to the financial crisis and the COVID pandemic. While the financial crisis numbers include all stimulus from 2008-2010, the 2020 totals include only responses through the first six months of the pandemic ending June 2020. Across many countries the spending in just this short time frame dwarfs their response to the financial crisis. Source: McKinsey & Company, SaratogaRIM. See full disclosures at the end of this report.

Fig. 4: U.S. Fiscal & Monetary Stimulus



Source: International Monetary Fund, SaratogaRIM. See full disclosures at the end of this report.

macro-prognosticators. Rather, Kevin designed our process from day one to protect against extreme economic environments, both inflationary and deflationary. Just because we haven't seen sustained periods of rising inflation since this firm was founded in 1995 doesn't mean we haven't been prepared for it. Quite the opposite.

Indeed, defense mechanisms against both deflation AND inflation have constituted core tenets of our approach since day one. That, in part, is why Block One of our quantitative screens weeds out companies with weak balance sheets that utilize more than moderate leverage. Although its primary purpose is to protect us against more deflationary types of environments, having healthier balance sheets with ample cash also helps companies survive inflationary surges in input costs. It also renders these companies less susceptible to refinancing risks as interest rates rise with inflation.

We've always known that if we invested long enough we'd eventually encounter a sustained bout of elevated inflation. Block Two eliminates the type of capital-intensive firms that require high levels of maintenance capital expenditures (MCAPX), defined as capital expenditures that do not drive growth and are necessary simply to maintain regular operations (think replacing roofs on buildings or fixing worn out equipment or machinery). These costs generally rise in-line with inflation. The more asset-light types of businesses that we prefer have much lower MCAPX requirements and marginal cost structures, meaning, we believe, less exposure to the ravages that can occur during prolonged inflationary periods. In the following essay, Marc Crosby delves into how our aversion to capital-intensive businesses also removes from consideration many companies with high or extreme Environmental, Social or Governance (ESG) risks that stem from the industries they operate in.

Lastly, Block Four and our qualitative work funnels us into businesses that possess sustainable competitive advantages, or "moats" enabling them to generate persistently above average profitability. The presence of a moat insulates a company from competitors and generally affords enhanced pricing power. In inflationary environments, companies with moats are more readily able to pass along input price increases to customers and/or exert their market power on suppliers to keep costs down.

In combination, the quantitative and qualitative elements of our investment process are intended to limit our investable universe to companies that possess healthy balance sheets, low capital intensity and strong moats. In doing so, our exposure to sectors likely to face the highest inflation risks is reduced. More of our exposure tends to be concentrated in areas populated by business models with relatively asset-light business structures, lower marginal costs and stronger pricing power.

Again, we don't have a crystal ball. We simply can't know what the future holds or how transitory today's inflation will be – and that's okay. At SaratogaRIM we're focused on what's not transitory. That is, our never-ending search for asymmetric risk/reward opportunities as guided by our investment process, regardless of the macro-environment. There's nothing passive about this. Ultimately, our job is to find and invest in a relatively small number of very high-quality businesses where we think we have a lot more upside than downside. When you do that, and you get your research and valuation work right, it's amazing how good things tend to happen – and that's true whether consumer prices are moving up, down or sideways.

Joe Pollard, CFA, MBA
Analyst & Portfolio Manager

ESG: An Emergent 'New Normal'

By Marc Crosby

SaratogaRIM's long-term investment perspective and longevity as a firm have positioned us well to observe evolutionary developments in the stock market. One such observation has been the steady advancement of ESG (Environmental, Social, and Governance) as an investment approach. The acronym is a blanket term for sustainable investing – undertaken to achieve both attractive returns for investors and positive long-term impacts on society. Over time, sustainable investing has attracted a growing share of asset flows as ESG-oriented strategies have proliferated across the marketplace. From our vantage, ESG's influences on corporate behavior, government regulation and investor preferences are now surging in mutually reinforcing ways.

One underappreciated aspect of ESG investing is that it needn't come at a cost to performance. Academic studies and statistical analysis suggest that ESG – in addition to being good for Planet Earth – may actually *improve* long-term investment results while reducing volatility. These findings do not surprise us. We have long recognized that exemplary corporate governance can help a company build and sustain its competitive position, and that any policy or action which casts the company in a negative light could harm business outcomes. Likewise, social and environmental issues can have material effects on business, regulation, and investor preference.

At its core, ESG-based investing evaluates companies on a wide range of socially desirable factors; it also identifies a set of related risks which – if not properly addressed – could materially impact any company's market value. ESG's risk-based approach dovetails nicely with our investment process and philosophy. And because we believe we can add value for ESG-oriented investors by incorporating pertinent risk analysis, we have launched a new version of our Large-Cap Quality Focus strategy, which we call "Focus ESG" for short.

It is based on our fully-invested Focus strategy but further limits our investable universe to companies with favorable ESG Risk Ratings – meaning those with low/manageable exposure to loss from **environmental**, **social** or **governance** factors. We also incorporate ESG risks into our valuation work and portfolio construction. The goal being to deliver Focus-like performance characteristics while meeting a high standard for social responsibility. In other words, Focus ESG is tailored for clients who desire to supplement our robust investment process by ensuring that their portfolios are devoid of companies facing high ESG-related risks.

What follows is an overview of ESG's conceptual basis and the standards used for measurement. It also examines how leading corporations were among the early adopters of – and adherents to – ESG tenets, and explains the new version of our strategy in more detail.

A Currency for Risk

As one Morningstar study put it, ESG "measures risk outside the financial accounting framework". ESG ratings aim to improve investment decision-making by quantifying risks in the following areas:

- **Environmental** – how a company's practices affect the environment as it manufactures, packages, and transports goods and services; and its efforts to reduce waste, cut carbon emissions, and moderate water usage.

- **Social** – how a company manages its relationships with employees and the communities in which it operates; encompasses employee relations, pay equity, diversity, health and safety.

- **Governance** – company leadership and policies enacted by the C-Suite and Board of Directors; includes executive compensation, board independence, and conflicts of interest.

After much consideration, SaratogaRIM has opted to base our new ESG analysis on rating metrics developed by **Sustainalytics** – itself a division of Morningstar: a research firm we already utilize extensively in our investment process. The folks at Sustainalytics have been at the cutting edge of ESG for two decades. Their methodology represents the most robust approach we've seen for identifying and quantifying financially material ESG risks.

There is a common assumption that, in purely financial terms, effective environmental, social and governance policies drag down a business's performance. Managing ESG risk, goes this logic, means potentially foregoing opportunities, implementing costly compliance programs and investing in sustainable business practices, among other sources of friction. However, a growing body of research suggests that companies identified as the most proactive regarding ESG risks may have stronger business moats and less performance volatility when compared to their less responsive rivals. This pattern persists across industries. One long-term study from Harvard, which I discuss in greater detail below, concludes that "companies can adopt environmentally and socially responsible policies without sacrificing shareholder wealth creation. In fact, the opposite appears to be true."

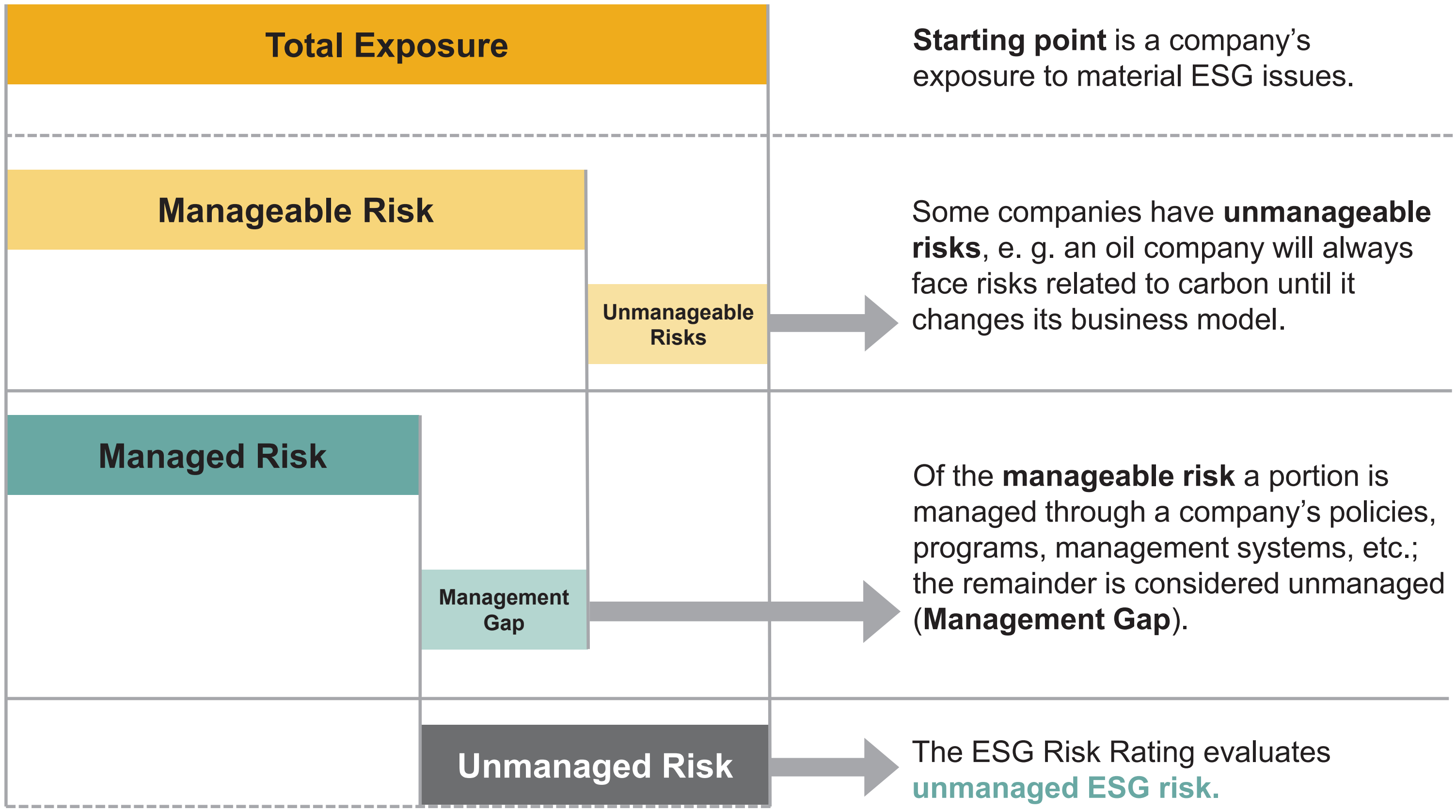
ESG research is evolving, but there's little doubt that ESG risks – seen or hidden, heeded or ignored – can impact a company's overall ability to deliver long-term value for shareholders. We believe that using a standardized framework to measure and assess financially material ESG risks constitutes a sound approach to incorporating it in a strategy. Sustainalytics offers this framework.

With its **ESG Risk Rating**, Sustainalytics seeks to measure "the degree to which a company's economic value is at risk due to ESG factors." The rating is expressed as a quantitative score with a corresponding risk category. Scores start at zero – signifying no risk – and rise up to 100 as unmanaged risk is quantified.

Sustainalytics begins its company-specific risk analysis by establishing its total exposure to material ESG issues. That exposure is divided into two parts: risks deemed inherent due to the nature of the company's specific subindustry, and risks deemed manageable. Then, the company's effectiveness in addressing manageable risks is assessed to determine its "management gap," meaning its success/failure to address aspects of its ESG risk that could be managed with proper policies and internal controls. The ESG Risk Score is calculated by combining unmanageable risks inherent to the company's industry with its management gap (read: risks it could manage but doesn't). See the Sustainalytics process illustrated in Fig. 5 on the following page.

Sustainalytics measures relevant ESG issues within each of the three (E, S, and G) pillars across 42 industry groups. These are assessed on three dimensions: preparedness, disclosure, and performance. Preparedness measures a company's commitment to managing ESG risks through stated policies, programs, or systems. Disclosure measures transparency about ESG-related activities and the extent to which a company's ESG reporting reflects best practices. Performance is measured through various quantitative and qualitative indicators.

Fig. 5: The Sustainalytics Process



Source: Sustainalytics, SaratogaRIM. See full disclosures at the end of this report.

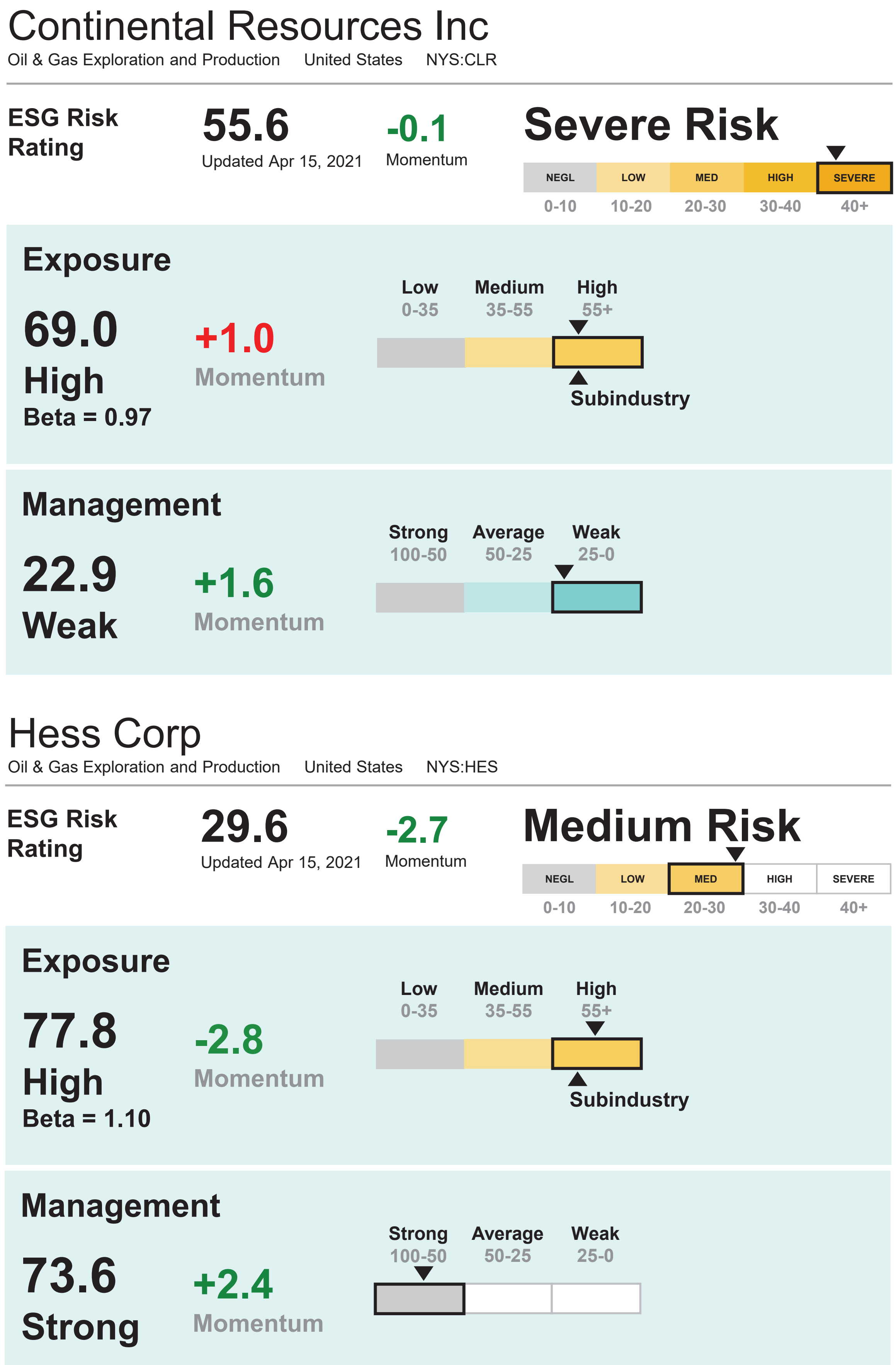
Sustainalytics rates every company utilizing more than 70 indicators weighted according to their importance within its industry group. It then ranks each of the three pillars for importance to the company's industry in terms of overall environmental, societal impact and financial materiality. Using that matrix, it tabulates the company's ESG score on its 1-100 scale, with companies falling into five risk categories: Negligible (0-10), Low (10-20), Medium (20-30), High (30-40), and Severe (40 and above). Roughly 95% of companies measured currently score below 50.

Both ranges and scores are comparable across subindustries, "which means that a bank, for example, can be directly compared with an oil company or any other type of company," it said in a 2018 report. "With the ESG Risk Ratings' scores, we have introduced a single currency for ESG risk."

Clearly, ESG risk exposures vary widely by industry. Yet within each, effective ESG policies and practices can significantly impact the magnitude of unmanaged risk investors in the subject business take on.

To illustrate this, Sustainalytics examines two competitors in the subindustry Oil & Gas Exploration and Production (see Fig. 6 on the following page). The first, Continental Resources Inc., combines a high total exposure with poor ESG risk management practices – resulting in an ESG Risk Rating of 55.6, well into the Severe category. In contrast, competitor Hess Corp. begins with a higher total exposure but utilizes effective policies and practices, resulting in an ESG Risk Rating of 29.6, putting it in the Medium category. How meaningful is the differential between these two competitors? Sustainalytics calculates that managers responsible for a third of all AUM in U.S. markets "considered ESG" when making investment decisions in 2020.

Fig. 6: Sustainalytics Comparison Example



Source: Sustainalytics, SaratogaRIM. See full disclosures at the end of this report.

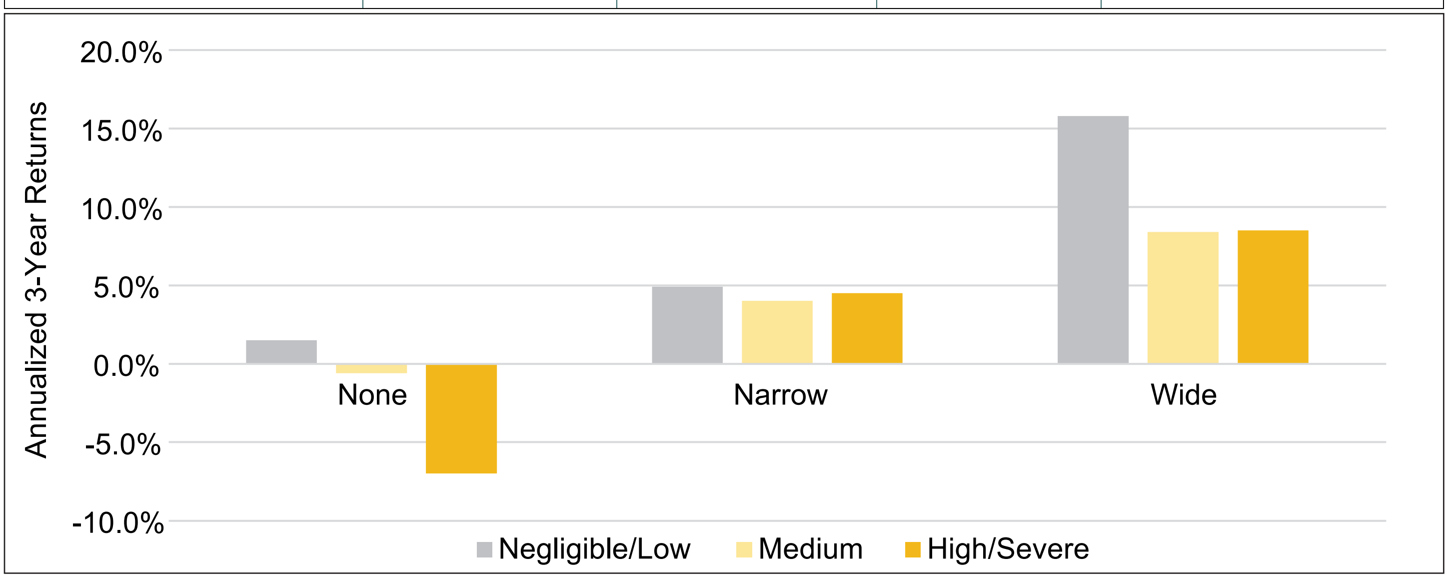
Defending the Castle

A moat is a fortification around a castle intended to be the first line of defense against attack. Warren Buffett popularized the use of the word 'moat' to denote sustainable competitive advantages that enable companies to fend off competition and earn persistently above-average profitability. In our experience: 1) the greatest companies in the world tend to have moats that are constantly honed by management teams seeking to implement 'best practices' specifically intended to defend and extend their competitive advantages, 2) these exceptional companies often see the long-term benefits from 'doing the right thing' faster than lesser rivals, which is why they're oftentimes first movers, 3) companies that can sustain persistently above-average profitability over long timeframes have a propensity to compound and become large, and 4) large companies tend to be more efficient aggregators of public preferences, not just in terms of color and style, but for how our society marshals scarce resources, desires employees to be treated or otherwise defines good governance.

Analysis done by Sustainalytics and Morningstar demonstrates clear linkages between the Sustainalytics ESG risk ratings and Morningstar's moat ratings, which conceptualize the durability of competitive advantages. As a refresher, the wider a company's moat, the more sustainable are its advantages and the longer it can keep its competitors at bay. Generally speaking, their analysis suggests that the wider a company's business moat and the lower its ESG risk, the higher its returns and the lower its volatility of returns (See Figs. 7 & 8).

Fig. 7: Annualized (3-Year) Returns by ESG and Economic Moat Rating from 6/30/2017 to 6/30/2020

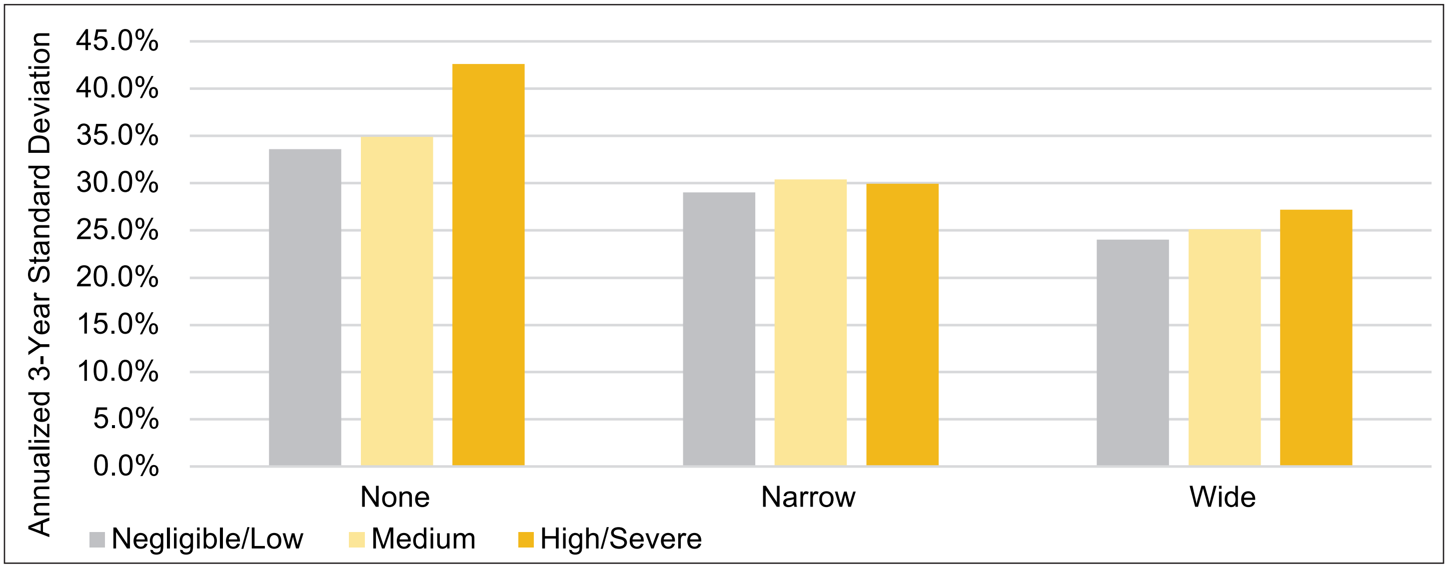
ESG Risk Category	Economic Moat Rating			Overall
	None	Narrow	Wide	
Negligible/Low	1.5%	4.9%	15.8%	**5.6%**
Medium	-0.6%	4.0%	8.4%	**3.3%**
High/Severe	-7.0%	4.5%	8.5%	**-1.8%**
Overall	**-2.3%**	**4.4%**	**11.0%**	**2.8%**



Source: Sustainalytics, SaratogaRIM. See full disclosures at the end of this report.

Fig. 8: Annualized (3-Year) Standard Deviation by ESG and Economic Moat Rating from 6/30/2017 to 6/30/2020

ESG Risk Category	Economic Moat Rating			Overall
	None	Narrow	Wide	
Negligible/Low	33.6%	29.0%	24.0%	**29.8%**
Medium	34.9%	30.4%	25.1%	**31.2%**
High/Severe	42.6%	29.9%	27.2%	**36.3%**
Overall	**36.9%**	**29.8%**	**25.1%**	**32.0%**



Source: Sustainalytics, SaratogaRIM. See full disclosures at the end of this report.

While this particular study's timeframe was relatively short, other research suggests that the connection between ESG performance and financial performance stretches back decades. A 2014 Harvard study juxtaposed 90 companies that had adopted substantive environmental and social policies for a significant number of years with 90 comparable businesses that hadn't, then compared the stock performances of these groups over nearly two decades ending in 2010. The "High Sustainability" companies significantly outperformed the "Low Sustainability" firms, leading the authors to conclude that ESG "integration into a company's business model and strategy may be a source of competitive advantage for a company in the long-run."

The study went on to say that:

> ***A more engaged workforce, a more secure license to operate, a more loyal and satisfied customer base, better relationships with stakeholders, greater transparency, a more collaborative community, and a better ability to innovate may all be contributing factors to this potentially persistent superior performance in the long-term.***

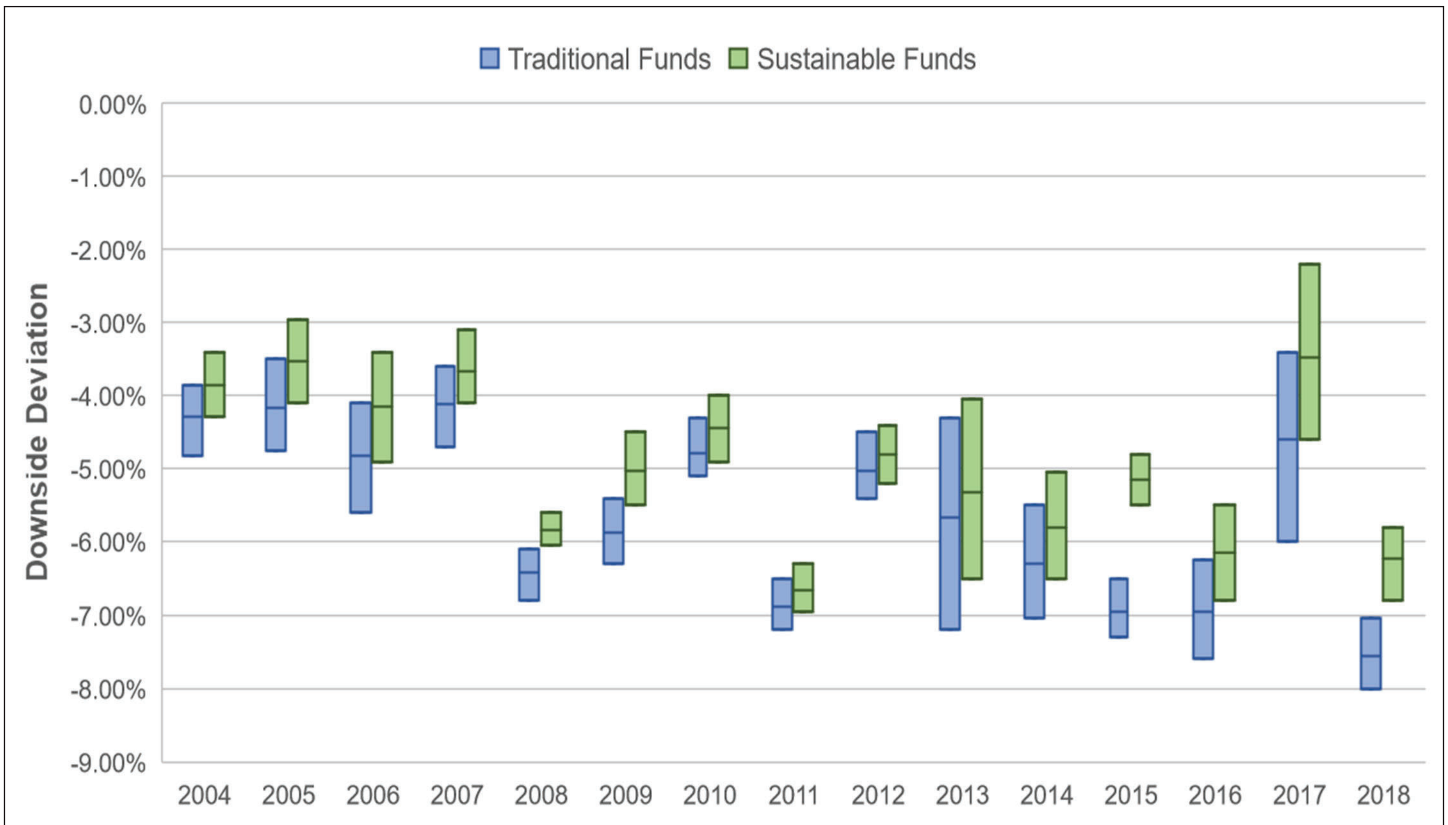
These are just a few examples from a body of emerging evidence regarding ESG analysis and how its implementation may impact investment results over the long haul. Evidence linking lower ESG risk ratings with lower stock price volatility looks even more definitive. The Morgan Stanley Institute for Sustainable Investing compared the return and risk-performance of ESG-focused mutual funds and ETFs, as defined by Morningstar, against their traditional counterparts from 2004 to 2018, using total return and downside deviation. In all, 10,723 funds were sampled. As shown below in Fig. 9, the downside volatility of sustainable funds was demonstrably less than experienced by traditional funds.

As outlined in this Morgan Stanley white paper:

> **The assessment of risk shows a clear and consistent message: sustainable funds were less risky investments between 2004 and 2018. Overall, the median of the distribution of downside deviation for the market value of sustainable funds was consistently smaller**

Fig. 9: Median Downside Deviation of Sustainable and Traditional Funds, 2004-2018

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Sustainable Funds (%)	-3.86	-3.52	-4.14	-3.66	-5.83	-5.03	-4.44	-6.66	-4.80	-5.32	-5.80	-5.14	-6.15	-3.47	-6.24
Traditional Funds (%)	-4.29	-4.16	-4.82	-4.12	-6.43	-5.87	-4.79	-6.88	-5.02	-5.66	-6.30	-6.96	-6.96	-4.59	-7.56
Difference (%) (Sustainable - Traditional)	0.43 **	0.64 *	0.68 **	0.46 **	0.60 *	0.84 **	0.35 **	0.22	0.22 ***	0.34 **	0.51 ***	1.82 ***	0.80 ***	1.11 ***	1.32 ***
Statistical Significance * 90%+ ** 95%+ *** 99%+															



Source: Morgan Stanley, Morningstar, SaratogaRIM. See full disclosures at the end of this report.

> **each year – on average 0.6% less in magnitude than the previous period and 20% less than what traditional fund investors experienced in the same period. … The magnitude of the reduction in volatility offered by sustainable funds is especially notable at the height of the financial crisis in 2008. In years of turbulent markets, such as 2008, 2009, 2015 and 2018, sustainable funds' downside deviation was significantly smaller than traditional funds.**

These studies affirm how social responsibility and deliberate management focused on sustained profitability can go hand-in-hand. While effective ESG risk management is certainly no guarantee of financial outperformance, evidence suggests that avoiding significant ESG issues can improve equity returns and that ESG factors, in general, enhance the traditional toolkit investors use to identify potential risks and rewards.

SaratogaRIM founder and CEO Kevin Tanner sees ESG risk awareness among the kinds of businesses we like as ongoing and organic – a mindset that reflects any great management team's focus on protecting its company's competitive advantages. These factors come among the uncountable small decisions management makes over time as it confronts a competitive landscape that is never static. Great companies don't 'become' socially responsible so much as remain responsible over time as the definition of responsibility changes to incorporate evolving concerns about the environment, employee welfare and the communities they operate in.

Indeed, our own experience has supported Kevin's thesis. Our Quality and Focus strategies have consistently received better than average sustainability scores relative to a peer group of more than 3,000 managers covered by Morningstar. This is notable given that ESG was never an explicit emphasis of our investment process – making the outcome a byproduct worth examining.

A partial explanation stems from the part of our process (Block Two) that eliminates businesses deemed excessively capital-intensive, in particular firms with high maintenance capital expenditures. The logic behind this has nothing to do with ESG but, instead, rests on the fact that asset-light businesses tend to be much less vulnerable during certain types of inflationary environments. But this part of our process does weed out nearly every company within the Energy and Utilities sectors – industries that, historically, have relied more heavily on fixed assets such as factories, machinery, and other types of heavy equipment that tend to damage the environment.

An even stronger influence likely stems from the simple fact that our portfolio companies tend to be very large due to the compounding of persistently above-average profitability over years or decades. In conjunction with our qualitative analysis, Block Four of our screens requires evidence that moats not only exist but are likely to persist into the future. Quite simply, companies with moats earn persistently above-average profitability (by definition) and tend to grow faster than their peers.

ESG awareness in the C-suite, we believe, is amplified by size. Our extreme bias towards moats means we're likely to own large companies with brighter spotlights on them – which, we believe, leads them to be more proactive around ESG-related issues (and, indeed, any issues that could threaten competitiveness if poorly managed). They also have very deep pockets with which to fix problems and make investments that can have massive ESG impacts over short periods of time.

Even without a formal ESG framework, SaratogaRIM's qualitative work has always weighed non-financial factors that could impact a company's future performance – especially to the downside, as our process is focused on mitigating permanent loss of capital. These include legal risks, bad publicity and government intervention that could beset a business, any one of which could have significant influence in the ESG framework.

Historically, our strategies have tended to rank quite respectably by ESG metrics. Now, by systematically incorporating ESG risk analysis into our process, we've taken it to a much higher level. Eliminating the small percentage of higher ESG risk outliers from inclusion in our Focus ESG strategy has proven very simple and has not impaired our ability to build sufficiently diversified portfolios. At its inception, the initial Morningstar Sustainability Score for our brand new Focus ESG strategy ranked better than 99% of all constituents in Morningstar's Large Cap universe.

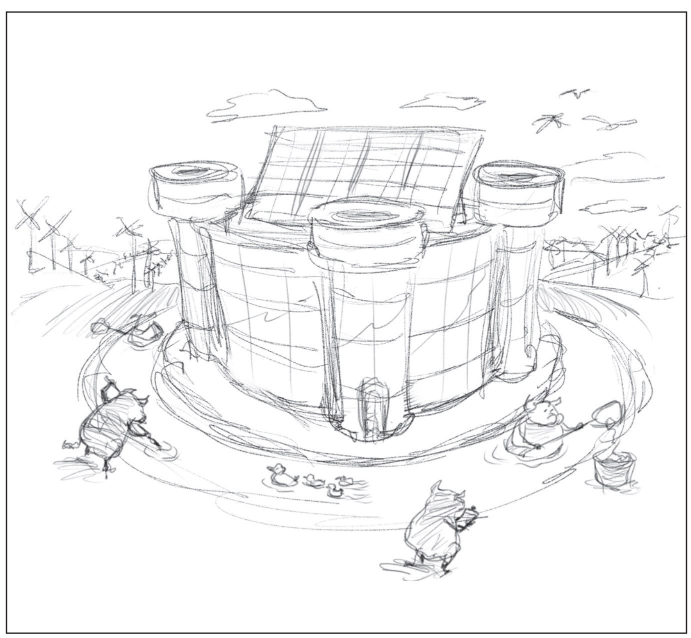
A Matter of Choice

Going back to the firm's beginnings, we've always viewed meeting clients' needs as a core component of good stewardship. Our new Focus ESG strategy has been designed to meet the growing demand for an even more socially responsible approach that formally incorporates ESG factors.

Without forecasting the future (a fool's errand, we think), we expect ESG risk analysis to move further into the mainstream over time. Demand for it is reason enough, yet the simple fact is that we too are subject to competitive pressures that require us to stay at the cutting edge of best analytical practices. Technological advancements play a big part, to be sure. Companies are under the microscope like never before for every facet of their behavior, and "big data" now makes it possible to quantify risks to a degree unattainable even a few years ago.

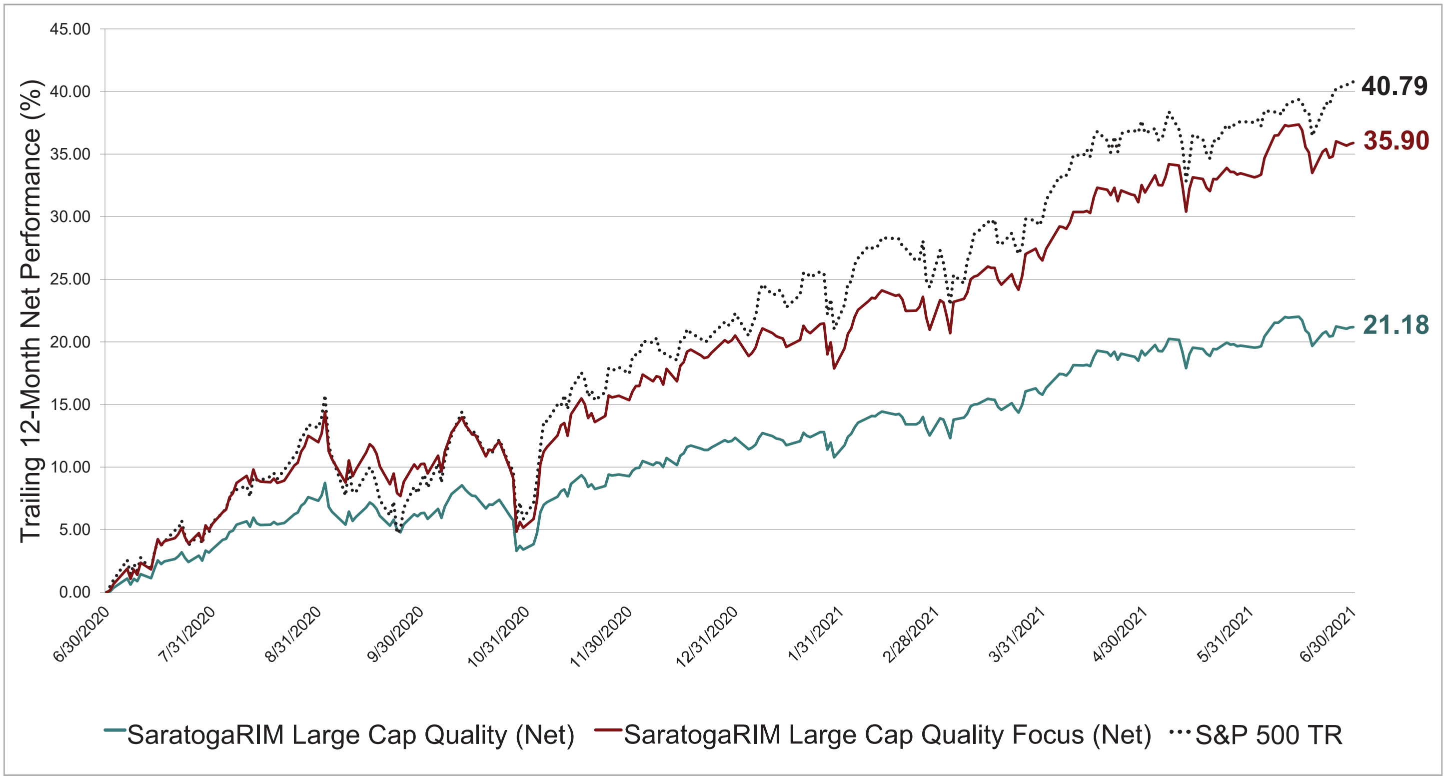
This brings us back to where we started: ESG is an evolutionary trend that we expect will endure. We believe ESG is becoming a competitive differentiator. Companies that place greater emphasis on ESG-related issues may be able to achieve improved performance characteristics by cultivating more diverse and creative workforces; reducing conflicts of interest and legal risks; and lowering costs related to material waste, freshwater usage, and energy consumption.

We view the Focus ESG strategy as an evolutionary extension of our Focus strategy. Every stock we purchase will still meet all criteria for investment required across our entire Quality/Focus suite of strategies; the ESG restrictions and adjustments are simply an overlay to our process. Our expectation is that the performance and volatility characteristics of Focus ESG will resemble those of Focus due to the similarities of the two strategies. The holdings within the two strategies will overlap to a high degree but will not be exactly the same. We also understand that this strategy isn't for everyone. Kevin, Phil (our Director of Research), and I have such high conviction in this new ESG version of our Focus strategy that we have become its first three investors. Should this strategy resonate with your own goals, we invite you to join us. ■



Trailing 12-Month Investment Results

Fig. 10: SaratogaRIM Large Cap Quality & Focus vs. S&P 500 TR Trailing 12-Months (6/30/20 - 6/30/21)



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 18-19) and GIPS Report: SaratogaRIM Large Cap Quality Focus (pages 20-21).

Over the 12 months that ended June 30th, net of fees, the SaratogaRIM Large Cap Quality and Large Cap Quality Focus composites gained 21.18% and 35.90% respectively. Over the same period, the S&P 500 Total Return Index rose 40.79%. 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 the following Composite GIPS Reports in addition to the full disclosures at the end of this report.

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SaratogaRIM Large Cap Quality

Composite Statistics

Q2 2021

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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	$ 2,819,241,000
Composite Assets	$ 1,467,921,000
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.

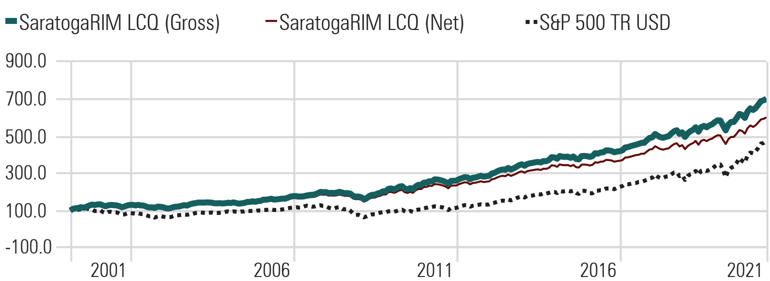
Investment Results

As of Date: 6/30/2021	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years	Since Inception
SaratogaRIM LCQ (Gross)	21.81	12.03	11.17	9.95	10.28	10.35	8.85	9.57
SaratogaRIM LCQ (Net)	21.16	11.44	10.58	9.36	9.69	9.64	8.08	8.77
S&P 500 TR USD	40.79	18.67	17.65	14.10	14.84	10.73	8.61	7.57

Investment Growth Relative to Benchmark*

Time Period: 3/1/2000 to 6/30/2021

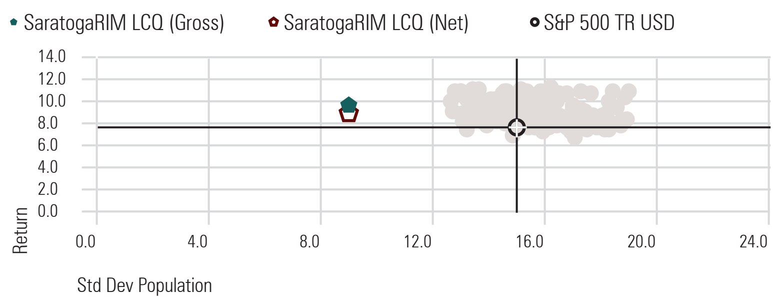
Source Data: Total Return



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

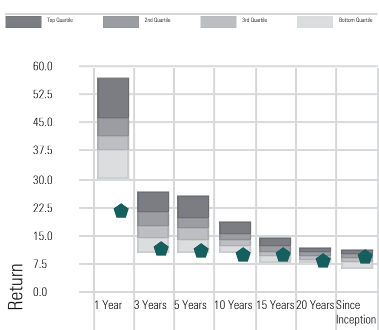
Time Period: 3/1/2000 to 6/30/2021

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

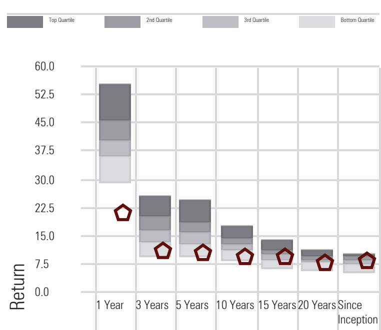


Investment Results Relative to Peer Group* As of Date: 6/30/2021

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



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

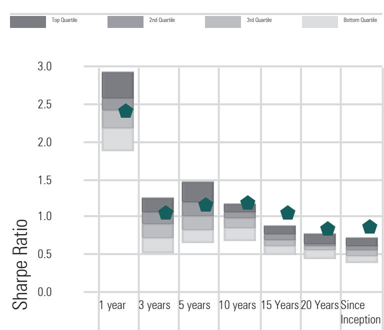


SaratogaRIM LCQ (Gross) SaratogaRIM LCQ (Net)

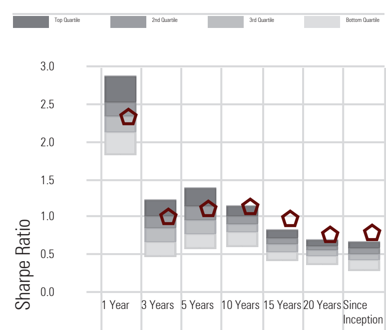
Gross Net	1 Year		3 Years		5 Years		10 Years		15 Years		20 Years		Since Inception	
SaratogaRIM LCQ	**21.81**	21.16	**12.03**	11.44	**11.17**	10.58	**10.28**	9.69	**10.35**	9.64	**8.85**	8.08	**9.57**	8.77
Median	**41.54**	40.25	**17.45**	16.56	**16.85**	15.84	**13.98**	12.94	**10.84**	9.99	**9.59**	8.80	**9.25**	8.43
Average	**42.51**	41.17	**17.96**	16.88	**17.26**	16.18	**14.11**	13.06	**11.02**	10.01	**9.72**	8.78	**9.18**	8.28
Count	**703**	703	**667**	667	**608**	608	**485**	485	**392**	394	**251**	251	**196**	197
Std Dev	**9.32**	8.60	**5.22**	5.27	**4.70**	4.78	**2.51**	2.72	**1.97**	2.13	**1.31**	1.50	**1.49**	1.64
5th Percentile	**56.63**	55.25	**26.78**	25.71	**25.28**	24.59	**18.43**	17.60	**14.57**	13.64	**11.89**	11.04	**11.15**	10.37
25th Percentile	**46.12**	45.36	**21.31**	20.29	**19.88**	18.87	**15.58**	14.67	**12.09**	11.26	**10.52**	9.73	**10.31**	9.50
50th Percentile	**41.54**	40.25	**17.45**	16.56	**16.85**	15.84	**13.98**	12.94	**10.84**	9.99	**9.59**	8.80	**9.25**	8.43
75th Percentile	**37.49**	36.18	**14.26**	13.20	**13.94**	12.91	**12.42**	11.39	**9.65**	8.51	**8.87**	8.01	**8.17**	7.34
95th Percentile	**30.41**	29.33	**10.53**	9.54	**10.76**	9.46	**10.48**	8.68	**8.03**	6.52	**7.82**	5.98	**6.70**	5.20

Sharpe Ratio Relative to Peer Group* As of Date: 6/30/2021

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		3 Years		5 Years		10 Years		15 Years		20 Years		Since Inception	
SaratogaRIM LCQ	**2.40**	2.34	**1.07**	1.02	**1.18**	1.11	**1.20**	1.13	**1.07**	0.99	**0.86**	0.78	**0.88**	0.80
Median	**2.40**	2.33	**0.90**	0.84	**1.02**	0.96	**0.98**	0.91	**0.69**	0.63	**0.60**	0.55	**0.56**	0.50
Average	**2.39**	2.33	**0.90**	0.85	**1.02**	0.96	**0.96**	0.89	**0.69**	0.63	**0.61**	0.55	**0.55**	0.50
Count	**703**	703	**667**	667	**608**	608	**485**	485	**392**	394	**251**	251	**196**	197
Std Dev	**0.32**	0.33	**0.23**	0.23	**0.24**	0.25	**0.15**	0.17	**0.11**	0.12	**0.09**	0.09	**0.11**	0.11
5th Percentile	**2.92**	2.87	**1.26**	1.22	**1.45**	1.38	**1.18**	1.13	**0.87**	0.82	**0.77**	0.70	**0.73**	0.68
25th Percentile	**2.58**	2.53	**1.06**	1.02	**1.21**	1.14	**1.06**	1.01	**0.76**	0.72	**0.65**	0.61	**0.62**	0.58
50th Percentile	**2.40**	2.33	**0.90**	0.84	**1.02**	0.96	**0.98**	0.91	**0.69**	0.63	**0.60**	0.55	**0.56**	0.50
75th Percentile	**2.19**	2.11	**0.72**	0.67	**0.84**	0.78	**0.86**	0.79	**0.62**	0.54	**0.56**	0.49	**0.48**	0.42
95th Percentile	**1.88**	1.83	**0.53**	0.48	**0.66**	0.59	**0.70**	0.63	**0.50**	0.43	**0.47**	0.39	**0.40**	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 7/12/2021. The disclosures on the following page are a part of this presentation.

Sector Weightings - GICS*

Portfolio Date: 6/30/2021

	LCQ	S&P 500
Consumer Discretionary %	8.33	12.28
Consumer Staples %	12.37	5.86
Energy %	0.00	2.85
Financials %	6.76	11.28
Healthcare %	19.87	12.99
Industrials %	14.70	8.54
Information Technology %	24.81	27.42
Materials %	2.86	2.60
Communication Services %	10.29	11.14
Utilities %	0.00	2.45

Holding Fundamentals*

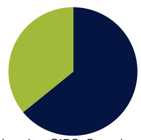
Dividend Yield	1.57
P/E Ratio (TTM)	21.44
P/CF Ratio (TTM)	19.53
P/B Ratio (TTM)	4.65
ROE % (TTM)	31.74
ROA % (TTM)	11.09
Net Margin %	16.12
Est. LT EPS Growth	9.72
Historical EPS Growth	4.27

Market Capitalization*

Average Market Cap (mil)	218,313.66
Market Cap Giant %	67.96
Market Cap Large %	27.42
Market Cap Mid %	4.62

Asset Allocation*

Portfolio Date: 6/30/2021

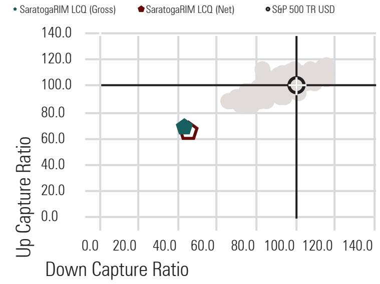


	%
•Stock	64.2
•Bond	0.0
•Cash	35.8
•Other	0.0
Total	**100.0**

Market Capture Relative to Benchmark & Peer Group*

Time Period: 3/1/2000 to 6/30/2021

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

Year	Gross TWR	Net TWR	S&P 500 Total Return	Median TWR	Standard Deviation	3 Yr Ann Standard Dev Quality Composite	3 Yr Ann Standard Dev 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	82.90	2,165	1,614,827,914.07
2015	1.77	1.22	1.38	1.07	1.00	6.96	10.47	1,989	1.6%	1,268,091,067.90	77.45	2,293	1,637,229,813.16
2016	6.94	6.36	11.96	6.32	0.89	6.48	10.59	2,194	1.8%	1,330,011,476.70	74.02	2,564	1,796,710,408.33
2017	17.71	17.08	21.83	16.93	1.52	6.15	9.92	2,380	2.0%	1,481,531,427.12	70.26	2,881	2,108,684,512.10
2018	0.41	-0.13	-4.38	-0.28	0.48	6.54	10.80	2,479	2.3%	1,402,520,781.74	69.81	2,980	2,008,917,544.81
2019	18.03	17.40	31.49	17.62	2.08	7.39	11.93	2,583	2.5%	1,505,375,555.14	64.52	3,096	2,333,326,721.05
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
06/30/21	8.03	7.74	15.25	n/a	n/a	9.77	18.26	2,159	3.0%	1,467,921,438.11	52.07	3,212	2,819,240,654.79

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, 2020. 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-weighted 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.

SaratogaRIM Large Cap Quality Focus

Composite Statistics

Q2 2021

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SaratogaRIM.com

SaratogaRIM Large Cap Quality Focus (LCQF) - Snapshot

Composite Name	SaratogaRIM Large Cap Quality Focus
Inception Date	8/29/2014
Firm Total Assets	$ 2,819,241,000
Composite Assets	$ 997,846,000
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.

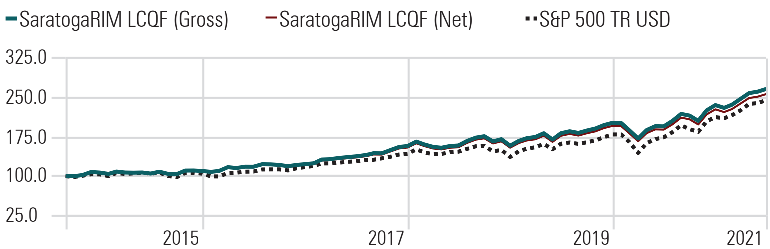
Investment Results

As of Date: 6/30//2021	1 Year	3 Years	5 Years	Since Inception
SaratogaRIM LCQF (Gross)	36.66	18.90	17.70	15.45
SaratogaRIM LCQF (Net)	35.90	18.26	17.05	14.81
S&P 500 TR USD	40.79	18.67	17.65	14.04

Investment Growth Relative to Benchmark*

Time Period: 9/1/2014 to 6/30/2021

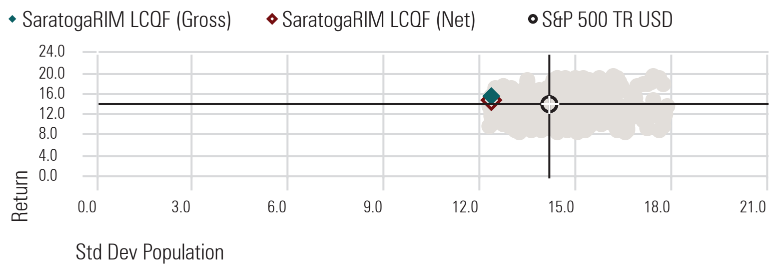
Source Data: Total Return



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

Time Period: 9/1/2014 to 6/30/2021

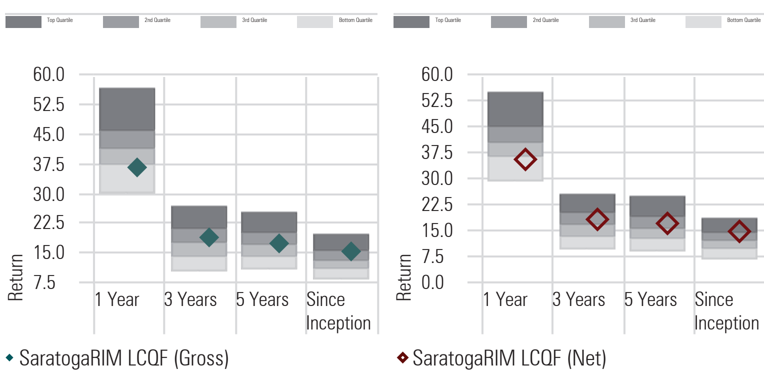
Peer Group (5-95%): Large Cap SA Source Data: Total Return



Investment Results Relative to Peer Group* As of Date: 6/30/2021

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

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

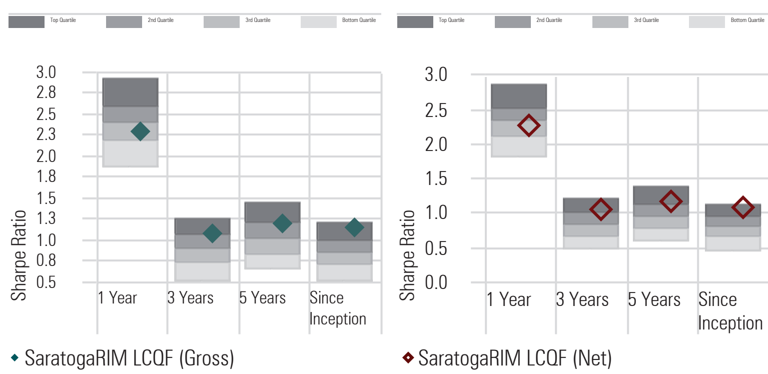


Gross Net	1 Year		3 Years		5 Years		Since Inception	
SaratogaRIM LCQF	**36.66**	35.90	**18.90**	18.26	**17.70**	17.05	**15.45**	14.81
Median	**41.56**	40.27	**17.47**	16.57	**16.85**	15.85	**13.06**	12.15
Average	**42.53**	41.18	**17.96**	16.88	**17.26**	16.18	**13.29**	12.25
Count	**704**	704	**668**	668	**609**	609	**563**	563
Std Dev	**9.32**	8.60	**5.22**	5.27	**4.70**	4.78	**3.61**	3.70
5th Percentile	**56.63**	55.24	**26.78**	25.71	**25.27**	24.59	**19.39**	18.51
25th Percentile	**46.16**	45.38	**21.30**	20.28	**19.88**	18.87	**15.59**	14.50
50th Percentile	**41.56**	40.27	**17.47**	16.57	**16.85**	15.85	**13.06**	12.15
75th Percentile	**37.49**	36.19	**14.26**	13.20	**13.94**	12.92	**10.79**	9.72
95th Percentile	**30.42**	29.34	**10.53**	9.54	**10.76**	9.46	**8.41**	6.95

Sharpe Ratio Relative to Peer Group* As of Date: 6/30/2021

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

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



Gross Net	1 Year		3 Years		5 Years		Since Inception	
SaratogaRIM LCQF	**2.31**	2.27	**1.10**	1.07	**1.22**	1.18	**1.15**	1.11
Median	**2.40**	2.33	**0.90**	0.84	**1.02**	0.96	**0.86**	0.79
Average	**2.39**	2.33	**0.90**	0.85	**1.02**	0.96	**0.86**	0.80
Count	**704**	704	**668**	668	**609**	609	**563**	563
Std Dev	**0.32**	0.33	**0.23**	0.23	**0.24**	0.25	**0.21**	0.22
5th Percentile	**2.92**	2.87	**1.26**	1.22	**1.45**	1.38	**1.20**	1.14
25th Percentile	**2.58**	2.53	**1.06**	1.02	**1.21**	1.14	**1.01**	0.95
50th Percentile	**2.40**	2.33	**0.90**	0.84	**1.02**	0.96	**0.86**	0.79
75th Percentile	**2.19**	2.11	**0.72**	0.67	**0.84**	0.78	**0.71**	0.65
95th Percentile	**1.88**	1.83	**0.53**	0.48	**0.66**	0.59	**0.53**	0.47

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 7/12/2021. The disclosures on the following page are a part of this presentation.

Sector Weightings - GICS*

Portfolio Date: 6/30/2021

	LCQF	S&P 500
Consumer Discretionary %	7.55	12.28
Consumer Staples %	11.83	5.86
Energy %	0.00	2.85
Financials %	6.15	11.28
Healthcare %	20.45	12.99
Industrials %	17.04	8.54
Information Technology %	23.58	27.42
Materials %	2.98	2.60
Communication Services %	10.41	11.14
Utilities %	0.00	2.45

Holding Fundamentals*

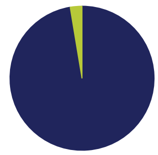
Dividend Yield	1.59
P/E Ratio (TTM)	21.62
P/CF Ratio (TTM)	19.71
P/B Ratio (TTM)	4.64
ROE % (TTM)	32.06
ROA % (TTM)	11.00
Net Margin %	16.06
Est. LT EPS Growth	9.66
Historical EPS Growth	4.18

Market Capitalization*

Average Market Cap (mil)	217,011.42
Market Cap Giant %	65.92
Market Cap Large %	29.40
Market Cap Mid %	4.68

Asset Allocation*

Portfolio Date: 6/30/2021

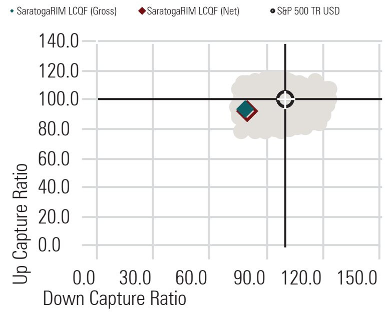


	%
•Stock	97.4
•Bond	0.0
•Cash	2.6
•Other	0.0
Total	**100.0**

Market Capture Relative to Benchmark & Peer Group*

Time Period: 9/1/2014 to 6/30/2021

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	2,165	1,614,827,914.07
2015	2.84	2.28	1.38	2.70	0.25	-	-	88	0.0%	122,809,323.37	7.50	2,293	1,637,229,813.16
2016	11.93	11.33	11.96	11.18	0.63	-	-	151	0.0%	198,406,977.89	11.04	2,564	1,796,710,408.33
2017	28.21	27.49	21.83	27.49	0.55	8.70	9.92	287	0.1%	362,440,319.53	17.19	2,881	2,108,684,512.10
2018	0.35	-0.20	-4.38	-0.41	0.58	10.30	10.80	303	0.3%	316,630,422.08	15.76	2,980	2,008,917,544.81
2019	27.67	26.98	31.49	27.10	0.62	11.41	11.93	403	0.3%	533,438,674.16	22.86	3,096	2,333,326,721.05
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
06/30/21	13.09	12.78	15.25	n/a	n/a	15.55	18.26	940	0.6%	997,846,376.44	35.39	3,212	2,819,240,654.79

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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-weighted 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.

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2021 Q2 Report Charts: All chart and table figures within this report are created by SaratogaRIM. Fig. 1 was inspired by a *Financial Times* chart and recreated using data from Refinitiv. Fig. 2 was created using data from the U.S. Bureau of Labor Statistics. Fig.3 was inspired by an infographic from McKinsey & Company using figures from https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-10-trillion-dollar-rescue-how-governments-can-deliver-impact. Fig. 4 was created using data from the International Monetary Fund. Figs.5-8 were sourced from Sustainalytics and recreated with permission from Sustainalytics for use within this report; charts within Figs. 7 & 8 were created using Sustainalytics data. Fig. 9 was recreated from Morgan Stanley data originally sourced from Morningstar. Fig. 10 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. Past investment results are not a guarantee of future results. For further information or clarification regarding any of the charts or concepts within this report, please email your *specific* questions to InvestorRelations@SaratogaRIM.com.

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