SaratogaRIM

2024 Quarterly Report

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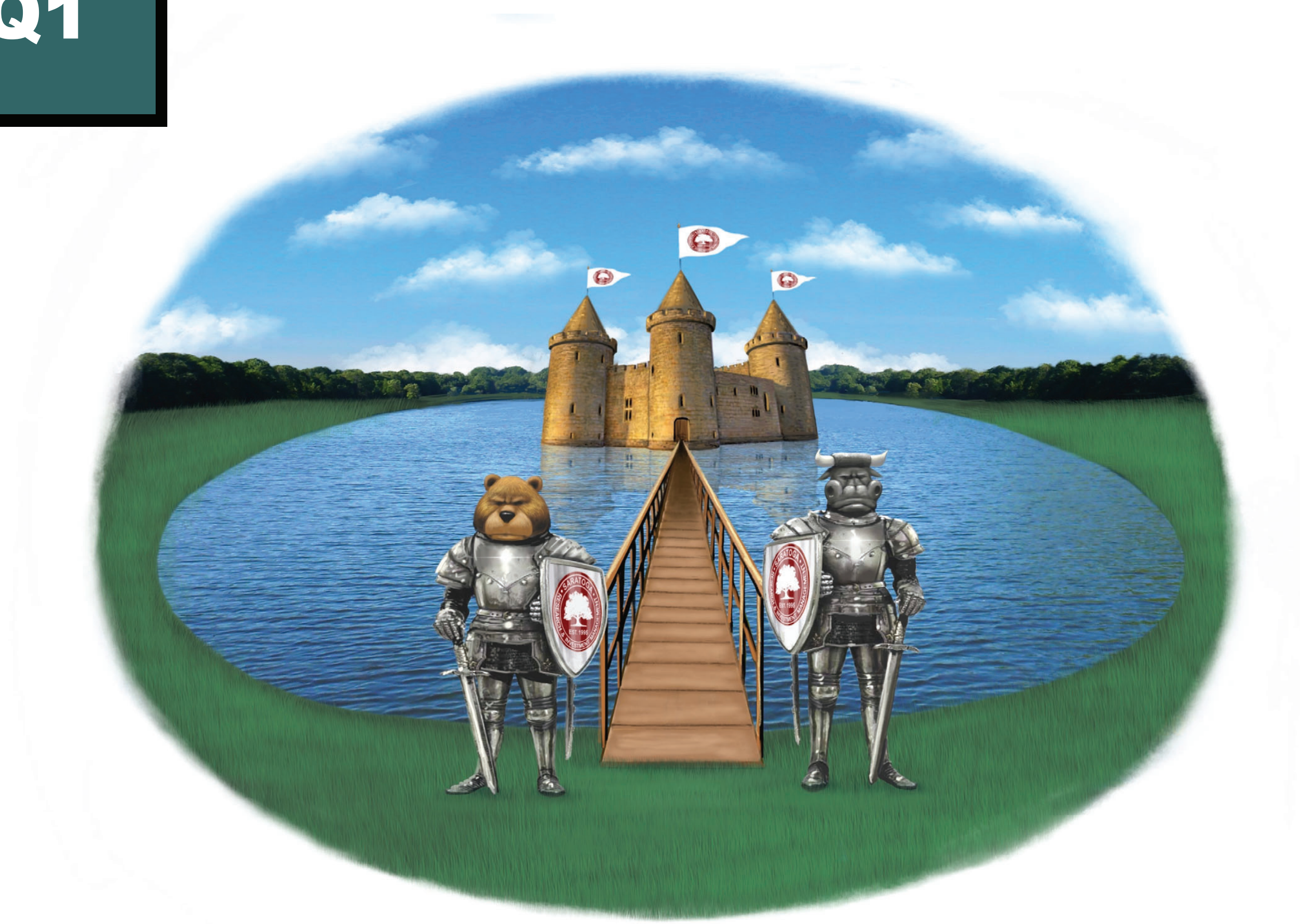


Moat Series Part 4: Consumer Discretionary & Industrial Sectors

Market Statistics						Source: FactSet (Mar. 31), Federal Reserve, * Spot prices (Mar. 31)	
Stocks		**Yields (%)**				**Commodities**	
DJIA	39,807.37	Fed Funds	5.50	US Tr. 3-Y	4.41	Baltic Dry Index	1,821
P/E ratio	22.62	Disc. Rate	5.50	US Tr. 5-Y	4.22	Gold ($/oz)	2,217.4
S&P 500	5,254.35	Libor 1-Mo	5.44	US Tr. 10-Y	4.20	Silver ($/oz)	24.54
P/E ratio	25.22	US Tr. 1-Y	5.02	US Tr. 30-Y	4.34	Crude ($/bbl)* (NYM Light Sweet Crude)	83.17

Contents	Page

Letter to Investors

By Kevin Tanner

This quarter, we continue our series on the central role sustainable competitive advantages (aka business moats) play in the quality style of investing and how our portfolio companies defend and nurture them. In previous installments we explored the Healthcare, Technology & Consumer Staples sectors. This quarter we're biting off a lot and covering both the Consumer Discretionary and Industrial sectors; some of you may want to take an intermission at the end of the discretionary segment on page 14 and break this quarter's report into two readings. What's left – the financial sector and its sole constituent, Berkshire Hathaway – will close out our moat series next quarter as we transition back towards a more normal quarterly report format.

Throughout this project, we have emphasized how moats relate to profitability at the business level, and why identifying and understanding them is central to SaratogaRIM's investment approach. From the beginning, we have sought to identify financially-sound businesses with a long-term propensity to achieve above average profitability when measured against their peers.

We believe that adequately diversified portfolios consisting of sensibly priced quality companies is the smartest approach to long term investing. By seeking to limit our investments to companies that are financially healthy, and that don't have too much debt on their balance sheets, we take less financial risk. Further, we believe that by focusing on businesses which possess sustainable competitive advantages – again, moats – the odds that these businesses will be able to continue to achieve persistently above-average profitability going forward are greatly enhanced. In turn, persistent profitability should empower such businesses to ward off competition, compound earnings and grow cash flow long into the future.

Having the discipline to only invest in such companies when they're "sensibly priced" can be challenging, but it mostly comes down to patience. Economic theory holds that, because quality companies are simultaneously less risky and more profitable, they should trade at a premium price to companies of lesser quality. In other words, in an efficient market their relative safety should translate into higher share price multiples when compared to those of their junkier peers. Sometimes, that's true. But more often than you'd think, high-quality businesses can be purchased at prices that imply future returns significantly greater than the risks that must be borne to earn them. That is where opportunities present themselves; recognizing them is our mission.

Our readers understand the moat construct as a metaphor popularized decades ago by Warren Buffett to describe the edges great businesses possess over lesser rivals *plus* the battlements necessary to rebuff persistent competitive onslaughts over time. Identifying and understanding them, we believe, rests at the core of the most effective active equity management strategies over the long term. "The key to investing is not assessing how much an industry is going to affect society, or how much it will grow," Buffett himself once wrote, "but rather determining the competitive advantage of any given company and, above all, the durability of that advantage."

Throughout this series we have tried to stress that moats are organic and ever-changing. Companies must nurture, fortify and expand them constantly or risk the consequence. They do so, primarily, through internal and external innovation. Over the past three quarters, we have published a series of essays highlighting the efforts the companies that make up your portfolio holdings take to nurture, fortify, and expand their own business moats. We are excited to share these peeks inside what we believe are some of the world's greatest businesses.

To be clear, each company's defensive characteristics are specific to that business; some spring overwhelmingly from a single advantage, others meld two or more moat-supporting attributes. In addition, moats vary in depth (degree of excess profitability) and width (the duration of the competitive advantage). Ultimately, only a very small minority of companies will be able to enjoy long stretches of high relative profitability that result from the structural competitive advantages they've created. Even so, the underlying factors that enable great businesses to earn persistently above average profitability have remained remarkably consistent over time.

We believe every single one of the companies within our investible universe benefits from one or more of these moat-supporting advantages. In fact, it's a prerequisite hardwired into our screening/due diligence process, which is why we regularly revise and update our moat thesis reports on every company we follow, including those discussed next.

Kevin Tanner | Chairman | CEO | CIO

Company Overviews & Moat Synopses: Consumer Discretionary & Industrial Sectors

On the bottom of pages 9 through 12 and 15 through 18, you will find a brief synopsis of the formal moat report for each of our consumer discretionary & industrial companies outlined below. Full moat reports are available upon request.

Consumer Discretionary

Company	Sub-Industry	Overview
Disney (DIS)	Movies & Entertainment	Disney is a diversified global entertainment conglomerate. It ranks among the world's leading producers and providers of entertainment, utilizing its portfolio of popular characters and franchises to engage consumers with its films, television shows, consumer products and theme parks. *Moat Synopsis: Pg. 9*
Home Depot (HD)	Home Improvement Retail	Home Depot is the world's largest home improvement retailer. Its stores offer numerous building materials, home improvement products, lawn and garden products, and decor products and provide various services, including installation services and tool and equipment rentals. *Moat Synopsis: Pg. 10*
Nike (NKE)	Footwear & Apparel	Nike is the largest player in the global athletic footwear, apparel, and equipment market. The Nike product offerings are segmented into Men's, Women's and Kids', while also designing products specifically for the Jordan Brand and Converse. *Moat Synopsis: Pg. 11*
Starbucks (SBUX)	Restaurants	Starbucks is the largest coffeehouse chain and coffee company in the world, with over 38,000 retail stores that serve an estimated 75 million average monthly patrons across 86 markets. Starbucks is also the leading premium coffee brand in consumer packaged coffee products, single-serve platforms, and ready-to-drink categories. *Moat Synopsis: Pg. 12*

Industrials

Company	Sub-Industry	Overview
General Dynamics (GD)	Aerospace & Defense	General Dynamics is a global aerospace and defense company that offers a wide variety of munitions, vehicles, and services to domestic and international defense agencies, as well as luxury business jets to the private sector. *Moat Synopsis: Pg. 15*
RTX Corp. (RTX)	Aerospace & Defense	RTX Corp. is one of the largest aerospace and defense companies in the world. RTX develops, designs, and manufactures components and systems for aircraft interiors, avionics, jet engines, and air and missile defense systems. It also offers maintenance, repair, and overhaul services, as well as combat solution consulting services. *Moat Synopsis: Pg. 16*
C.H. Robinson (CHRW)	Air Freight & Logistics	C.H. Robinson Worldwide Inc. is the largest U.S. truck broker and one of the largest third-party logistics providers (3PLs) in the world. The combination of its North American trucking network and international Global Forwarding unit allows it to offer unique logistics solutions to global shippers. *Moat Synopsis: Pg. 17*
3M (MMM)	Industrial Conglomerates	3M is a diversified global industrial conglomerate that leverages its unique technology portfolio to design, manufacture, and market a vast array of products and services. The company serves a broad range of end markets ranging from the Healthcare to Semiconductor industries. *Moat Synopsis: Pg. 18*

Moat Series Part 4: Consumer Discretionary & Industrial Sectors

By Marc Crosby & Robert Meng (Discretionary) and Andrew Early & Adam Sato (Industrials)

In this installment, we're covering two sectors that collectively comprise a sizable portion of our portfolios: Consumer Discretionary and Industrials. Each is, relative to the overall market, more sensitive to the macroeconomic environment, and consequently subject to the ebb and flow of economic and market cycles. While these sectors are more cyclical than the "defensive sectors" that also feature prominently in our strategies, it is important to remember that they are still high-quality businesses that add diversification – which, we believe, improves our overall risk/reward proposition over time.

We strive to invest in companies that should remain strong even in the face of swirling macro headwinds. For example, regardless of what the Fed Funds rate is or how expensive gas prices are today, we believe that Disney characters like Mickey Mouse will continue to captivate children much as they have been since his debut in 1928. People will keep buying Starbucks coffee; governments must spend on national defense; airliners will still demand aerospace products and services from General Dynamics and RTX. Despite this staying power, these companies are not resting on past performance. Rather, they are constantly investing in innovation to defend and develop their competitive advantages.

Companies like Home Depot and Nike are exposed to different macroeconomic factors with differing levels of sensitivity than defense companies like General Dynamics and RTX, or industrial conglomerates like 3M. For example, if geopolitical tensions rise, it could be positive for defense companies but potentially negative for businesses more sensitive to oil and transportation prices, like the third-party logistics (3PL) giant C.H. Robinson, although it sometimes benefits from supply chain disruptions.

The discretionary and industrial companies that we own maintain healthy moats and as of quarter-end (3/31/24) comprised 27.73% of our Focus composite and 19.47% of our Quality composite. Over the coming pages, we will explore these sectors in greater detail.

Moat Sources

In addition to their commonality in terms of sensitivity to economic conditions, both the Consumer Discretionary and Industrial sectors share common moat sources. Intangible assets form the primary source for both sectors, with cost advantages contributing as a secondary source. Intangible assets and cost advantages reign supreme in consumer discretionary, while some industrial firms also benefit from switching costs or network effects, which further insulate their moats.

Intangible Assets

Intangible assets, including brand equity, patents, and regulatory licenses, are foundational moat sources in these sectors. It's not necessary to hold every type of listed intangible asset, but these sources often go hand-in-hand. For example, consider 3M's familiar Scotch product lines which have original patents dating back to 1930. Those patents – which represent only some of the tens of thousands held by 3M – protected 3M from competitors during its growth phase, allowing them time to develop brand equity that made Scotch a household brand name synonymous with sticky tape like Kleenex is to facial tissues.

Brand equity serves as the cornerstone competitive advantage within much of the consumer discretionary sector. While technological patents and proprietary innovations certainly confer benefits, it is the establishment and nurturing of brand equity that often acts as the primary deterrent to competitive forces. Brand equity, defined as the value premium a company derives from its recognizable name, is pivotal in bestowing pricing power, influencing consumer preferences, purchasing behaviors, and ultimately facilitating strong financial performance.

The development of brand equity entails a concerted effort to imbue products and services with qualities that render them memorable, easily recognizable, and of superior quality. This endeavor is typically supported by extensive marketing campaigns aimed at ingraining the brand into consumers' consciousness. A brand's ability to evoke positive associations and perceptions in the minds of consumers is instrumental in cultivating customer loyalty and trust, which, in turn, drives sales and market share.

Significant brand recognition is important, particularly if there are competitive products that are roughly similar in quality or performance. When customers associate quality or prestige with a brand, they perceive its products as more valuable than those of competitors. Moreover, recognized and reputable brands inspire trust among consumers, instilling confidence in the quality and reliability of their products and services, thereby fostering repeat purchases and brand loyalty. As a result, many customers are willing to pay a premium for branded products, even when generic alternatives exist. This difference in pricing between branded products and generic counterparts contributes directly to profitability. Yet, it's crucial to recognize that brand recognition is not sufficient on its own. Rather it's a means to achieve pricing power, the tangible manifestation of brand strength.

Nike is a quintessential example of a brand that wields formidable pricing power, as evidenced by the premium prices its products command and its widespread influence in the market. This pricing power is underpinned by Nike's relentless commitment to innovation, marketing prowess, and brand-building initiatives, all of which contribute to its enduring appeal and many competitive advantages.

Starbucks is another brand that has successfully differentiated itself in the market, allowing it to command premium prices for its products and services. By focusing on delivering a unique and immersive customer experience, investing in product innovation, and cultivating a strong brand identity, Starbucks has managed to carve out a distinct niche in the highly competitive coffee industry, garnering significant customer loyalty and brand affinity.

A company's ability to consistently meet and exceed expectations reinforces the perception of the brand, which further enhances customer loyalty. The more loyal customers are, the likelier they are to remain committed to a brand and to exhibit greater willingness to pay premium prices. This underscores the importance of fostering strong emotional connections and brand relationships in sustaining competitive advantages across not just the consumer discretionary sector but at the industrial level too. For example, Rockwell Automation's Logix platform unofficially set an automation industry standard. Accordingly, customers can purchase from Rockwell with full confidence that over the long-term Rockwell's software and hardware will modernize and improve along with their own needs.

New entrants come and go, but at least in some markets, the dominance of established brands can persist for decades – so too can the pricing power that goes along with it. The benefits of truly durable brand equity are particularly valuable in cyclical industries. Inevitably, there will be short-term macroeconomic headwinds, but brand strength tends to persist and can offer some insulation from economic sensitivity.

Another factor to consider is that companies with the strongest brands also tend to possess more significant control of distribution. This can reinforce moats and enable excess returns to persist over even longer time horizons. Nike's shift toward selling direct-to-consumer and Disney's move into streaming are examples of companies increasing control of distribution to strengthen their moats over the long term.

Patents and government regulations also raise significant barriers for new market entrants. It's important to remember that, like brand equity, patents don't magically appear out of nowhere. Countless hours and dollars can be poured into research and development (R&D) efforts and prove fruitless. So, when companies find winners, it's imperative that they support and nurture those growth drivers.

Take the geared turbofan (GTF) engine developed by RTX subsidiary, Pratt & Whitney – it required over 10 years and billions of dollars in dedicated R&D to create a new aircraft engine that saves more than 20% in fuel and CO2 emissions per trip with a 75% smaller noise footprint. The associated patents that resulted from those endeavors provided RTX with a multiple-year head start against rival General Electric's aerospace division. Outside of well-capitalized and well-established firms like General Electric, it's highly unlikely that any start-up or new market entrant would be able to sustain the required level of investment to generate a viable competitive alternative.

Finally, there are certain regulatory hurdles for firms attempting to enter the market. The defense subsector offers some of the most salient examples, given the complexity and multiple layers of bureaucracy involved in doing business with the government. Prior to even making a sales pitch, let alone responding to a request for proposal (RFP), employees from potential bidders must obtain one of three types of security clearances – each of which can take several months to obtain. Even for major defense primes, gaining the necessary clearances, onboarding new personnel, and going through training to meet government standards takes considerable time and effort. New entrants that don't have experience maneuvering through this process find themselves at a material disadvantage.

Even after security clearances are in order, competitors must then navigate the lengthy and rigorous RFP process, and even established defense firms can struggle with multiple stages of design review, requirement negotiations, and down selections. For example, after several customer requirement adjustments in a 2019 RFP for a new combat vehicle, General Dynamics' Land Systems was the only firm out of the original five competitors that submitted a qualified prototype bid in good order.

Cost Advantages

Cost advantage, another moat source commonly found in both sectors, typically emerges as a secondary or ancillary benefit. That is, the cost advantages that come from achieving a significant level of scale come as a byproduct of intangible assets or other moat sources already possessed by a company. In other words, achieving the level of scale that enables a company to provide goods or services at a lower cost than their competitors can enable them to either undercut rivals on price or achieve more attractive profit margins while selling at the same or even a premium price.

Cost advantages manifest in various forms, such as customer buying power, manufacturing scale, and economies of scope. Large companies with extensive customer bases, like Home Depot, can negotiate volume discounts from suppliers, enabling them to offer lower prices to consumers while still enjoying higher profit margins. Similarly, companies with scale can drive large volumes of products across a fixed cost base, thereby reducing average production costs as volumes increase. This scale advantage is prevalent in mainstream consumer companies that produce a broad suite of products and leverage common assets and capacity across their operations.

Furthermore, scale extends to advertising and marketing, where larger companies can leverage their budgets to promote brands in ways that smaller competitors cannot. Global brands like Nike and Disney can afford to advertise through major international events such as the World Cup and the Olympics, with the costs distributed across their global markets. Additionally, large buyers can achieve economies of scale in advertising, benefiting from lower rates and increased leverage when promoting brands across multiple products or categories.

Finally, scale benefits can be crucial when it comes to innovation. The ability to deploy a larger R&D budget than competitors enables incumbents to keep competition in the rear-view mirror. Nike is a prime example of this dynamic, having developed well-known sneaker innovations such as Flyknit, Air Max, and React. Similarly, 3M produces high-quality products at a cost advantage thanks to its unique operating structure. As one of the few industrial conglomerates that still operates globally, 3M effectively spreads its R&D costs across a broader range of product categories and end markets. The company operates across four different product segments but centralizes its technology and domain expertise under its 51 technology platforms. 3M then leverages these key technologies across multiple segments and end markets. For instance, the Adhesive platform supports technology behind Scotch tape, Post-it notes, and 3M Surgical tape. The economies of scope created through this horizontal operating strategy gives 3M a cost advantage versus their competition.

Overall, cost advantages are instrumental in driving profitability and competitiveness in the marketplace, allowing firms to offer lower prices to consumers or enjoy higher profit margins while maintaining pricing power. Cost advantages become especially valuable during unfavorable economic conditions. However, achieving and sustaining cost advantages requires a combination of factors, including scale, efficient production processes, and effective strategic positioning over the long term.

Switching Costs

Particularly important in the industrial sector, moats powered by switching costs are powerful and closely related to the factors embedded in intangible assets. The benefit from switching costs boils down to receiving preferential treatment as an incumbent primarily due to the downtime associated with changing suppliers. Put simply, customers fear change because it introduces new risk exposures like extended production delays, additional capital equipment costs, regulatory hurdles, etc. Furthermore, as you traverse downstream in the capital goods supply chain, the precision required for matching new orders with on-time deliveries increases. Thus, company or sector-wide timing mismatches stemming from switching to new suppliers can cause costly gluts or scarcity of inventories, which can create domino effects that can further hamper production efficiency, as witnessed during the post-pandemic recovery.

To be clear, not all change is bad; many companies are incentivized to upgrade their facilities, enterprise systems, and processes to increase throughput and productivity. However, when factories rely on existing integrated software and hardware that don't easily "plug-and-play" with new devices or programs, a total system overhaul can severely cut away at precious operating runtime. Consequently, making the decision to shift to a new vendor requires compelling evidence, especially for products that represent the culmination of years of R&D that rely on end market-specific assumptions. For example, aerospace component certification requires additional and lengthy steps given higher safety standards, e.g., regulatory bodies must confirm that every fastener holding a jet engine together can be traced back to its original source. Incorrectly modeling that engine using an improperly specified fastener may mean completely scrapping designs due to weight or size constraints.

Going a step further downstream, switching costs at the final assembly level are amplified, given the exponential jump in the number of components and subsystems involved. Each piece undergoes rounds of vetting and design reviews to ensure viability across the final product. General Dynamics' Columbia-class submarine program has undergone decades of R&D, testing and validation, and minor cost overruns to become one of the largest procurement and sustainment items in the U.S. defense budget. While sunk costs are considered a fallacy, any alternative would result in an unacceptable level of national defense readiness.

This last point highlights another switching cost concept that yields stickier customer relationships – the more mission-critical a product or component, the higher the threshold for shifting to new suppliers or vendors. Sticking with defense products, new entrants would find it incredibly difficult to replace something like RTX's Patriot missile defense system that has established a multi-decade track record protecting human lives. The same idea holds true at the smallest component level like fasteners. Selecting suppliers with proven performance feeds into a self-fulfilling cycle of new orders and creates stronger ongoing partnerships. Finally, given the multi-decade life cycle of many of these products, like airplane engines or nuclear submarines, it's not surprising that the defense industry is a relatively stable oligopoly with switching costs that pose a seemingly insurmountable barrier to entry for new competitors.

Network Effects

The network effect is a powerful but rare moat source. Network effects exist in the freight and logistics corner of the industrial sector but are uncommon among discretionary companies. As a refresher, there are at least two subgroups within each network: buyers and sellers. In freight and logistics, that translates to carriers and shippers. Both subgroups extract greater value from the network as the size of either group increases.

Network effects can benefit operators across all modes of transportation, e.g., air, ocean, trucking, rail, etc. but we avoid capital intensive businesses like fleet-owning carriers in the freight market due to greater cyclical sensitivity. Rather, we prefer asset-light 3PLs with healthy moats derived from the network effect because their lack of capital intensity renders them relatively insulated from broader market cycles.

From our investable universe, both C.H. Robinson and Expeditors International have built valuable networks that support shippers seeking access to large networks of carriers that would ordinarily struggle through direct negotiations. Shippers often receive better pricing by working with a network since carriers will often discount their capacity to ensure access to the network's shippers. Carriers are willing to accept lower pricing in exchange for increased fleet efficiency while shippers gain flexibility in terms of access to shipping lanes and timing of shipments through the network. The result is a more efficient market. By having a flexible network, shippers can often minimize the amount of inventory on their balance sheet, while carriers benefit from load maximization, thus potentially boosting the profitability metrics for both.

The resiliency of the network effect in the freight market was recently highlighted by the high-visibility bankruptcy of Convoy, a formerly disruptive entrant to the freight and logistics industry backed by Bill Gates and Jeff Bezos. Convoy was one of the largest of the Digital Freight-Matchers (DFMs) and its ensuing bankruptcy provided more evidence of the durability of incumbent network effects.

Over the last decade, DFMs were widely hailed as the next big thing and raised huge amounts of funding in hopes of disrupting the freight marketplace. The thesis was simple – DFMs would disrupt (Uberize) the freight market using new apps and interfaces. However, it turned out that a fancy app was no match for an established network effect. After initial success, the apps were effectively recreated and deployed across existing incumbent networks. Convoy's failure illustrates how truly difficult it is, even for very deep pocketed (would be) disruptors to compete against established network effects.

Consumer Discretionary

The consumer discretionary sector encompasses businesses offering non-essential goods and services, representing an area of the economy that tends to be more sensitive to fluctuations in economic conditions than staple goods. Discretionary items are wants rather than needs. As such, consumers are more likely to cut back during times of economic uncertainty or financial strain.

Consumer behavior regarding discretionary items is influenced by a variety of factors, including macroeconomic forces such as consumer confidence, employment levels, wage growth, and interest rates. Additionally, consumers' evolving preferences, technological advancements, and cultural trends all play significant roles in shaping the demand for discretionary goods and services.

Leading brands within the consumer discretionary sector often play a crucial role in shaping consumer desires and driving industry trends. For example, companies we own, like Disney, Nike, and Starbucks, have established themselves as trendsetters that influence consumer behavior and spending patterns.

Furthermore, the COVID-19 pandemic accelerated certain trends within the sector such as the shift towards spending more time at home for work and leisure. This has led to increased demand for home improvement and technology-related products, as well as a surge in popularity for streaming platforms and other content consumption.

Thus, recent technological innovations and global events like the COVID-19 pandemic have profoundly impacted the consumer discretionary sector. As the demand for e-commerce, augmented reality (AR), and artificial intelligence (AI) continues to transform the retail experience, so too must companies continue to invest in online platforms and personalized shopping experiences to cater to changing consumer habits.

Innovation in Consumer Discretionary

Innovation is a driving force in discretionary. Brand equity can take decades to build and must be nurtured through innovation and continuous improvement. The ability to consistently innovate can require specialized expertise and access to funding, either of which can serve as a critical factor in the durability of a moat. As the digital transformation continues to unfold, businesses are presented with unprecedented opportunities to leverage innovation to their advantage. Some examples follow.

Growth of Digitization and DTC: The proliferation of digitization and the rise of direct-to-consumer (DTC) channels have ushered in a new era of retailing, empowering brands, and retailers with valuable insights into consumer preferences and behaviors. By harnessing the wealth of data generated through digital platforms, companies can optimize assortment, store allocations, and open-to-buy strategies, thereby enhancing the overall customer experience. Furthermore, the integration of digital technologies into physical retail spaces has revolutionized the in-store experience, offering consumers interactive features such as live streaming shows, product tutorials, and virtual reality (VR) home furnishing demonstrations.

Innovative approaches such as live-shopping events and personalized experiences enable retailers to differentiate themselves in a crowded marketplace while deepening their understanding of consumer preferences. By leveraging technology to enhance the in-store experience and capture valuable customer data, brick-and-mortar stores can adapt to changing consumer behaviors and remain relevant in an increasingly digital world.

The growth of e-commerce has also reshaped the retail landscape, prompting many brands to adopt a DTC model to bypass traditional retail channels. This shift allows brands to establish direct relationships with consumers, thereby retaining a greater share of economic profits from each sale. Behind the scenes, the integration of resources, data, and technologies across platforms can streamline the supply chain, drive operational excellence, and enable companies to establish a true omnichannel presence. And we believe a well-rounded omnichannel strategy that combines online and offline channels is often the most effective approach, offer-

Disney (DIS; Movies & Entertainment) – Moat Synopsis

Disney is a diversified worldwide entertainment conglomerate. Disney’s breadth and quality of intellectual property and its process of monetizing its world-renowned characters and franchises across multiple platforms provide them with one of the most desirable positions in the entertainment world. Disney's typical production process starts with its filmed entertainment, which provides content for its streaming services and inspiration for merchandise and new experiences at its theme parks. The virtuous cycle this produces has led to incredible brand affinity. An affinity that not only creates a guaranteed audience for previously unheard-of characters (i.e., Guardians of the Galaxy), but also generates demand for refurbished versions of previous stories. This ability to recycle characters and franchises into new content inspired former Berkshire Hathaway Vice Chairman – the late Charlie Munger – to equate Disney to “an oil company that can put the oil back in the ground after it is done drilling so it can drill it again.”

And while the company remains the go-to choice of entertainment for parents of young children everywhere, the success of the Star Wars and Marvel franchises has helped create new opportunities with adults to grow the Disney library. Additionally, the ESPN network’s dominant position as the worldwide leader in sports also attracts adults in the key 18 to 34-year-old demographic. ESPN’s leading market share allows the company to receive premium advertising dollars and the highest subscriber fees of any cable network. Ultimately, the world-class collection of Disney-branded businesses has significant mindshare and pricing power with parents and children everywhere. This has been demonstrated for decades with the company’s ability to monetize its characters and franchises across multiple platforms – movies, television, streaming, merchandising and theme parks.

ing brands the benefits of both reach and control over brand identity.

Nike is an example of a company at the forefront of this transition. Its scale and operational efficiency have helped develop the largest DTC business in the athletic apparel and footwear market. This consists of its e-commerce platforms and apps, as well as roughly 1,000 Nike-owned stores. Nike's DTC business represented 44% of sales in fiscal 2023, more than twice the size of its next largest competitor and continues to accelerate.

Product Development & Customization: Product development and customization play a crucial role in differentiating discretionary companies and maintaining brand momentum. Personalization and customization strategies enable companies to tailor products to individual preferences, fostering deeper relationships with customers and enhancing brand loyalty.

Renowned for its digital innovation in sportswear, Nike has revolutionized the athletic apparel industry by incorporating technology into its products. Nike Fit, for instance, uses AR to help customers find the perfect fit for their shoes, while Nike Adapt features self-lacing technology that adjusts to the wearer's foot for optimal comfort and performance. Nike also allows for increased personalization by enabling customers to customize the color scheme, cushioning, and can even add individualized text or logos for some of its most popular shoe lines. By continuously innovating and offering personalized experiences, Nike has cemented its position as a leader in the athletic apparel market.

Similarly, Starbucks has embraced digital transformation to personalize customer interactions through its mobile app and loyalty program. Starbucks leverages customer data and preferences to offer personalized recommendations and rewards, which drives customer loyalty and engagement. The Starbucks mobile app, for instance, allows customers to order ahead, pay seamlessly, and earn rewards, enhancing the overall customer experience and fostering brand loyalty.

Disney, another industry giant, is known for its immersive storytelling and innovative experiences across its theme parks and streaming services. The company is well known for its "Imagineers," who are employees tasked with making the on-screen stories and characters come to life at its theme parks. By continuously innovating and pushing the boundaries of entertainment, Disney has been able to captivate audiences worldwide and provide increasingly personalized experiences with its parks and streaming services.

Innovation remains a driving force in the discretionary sector, enabling companies to differentiate themselves, meet evolving consumer demands, and maintain their respective competitive advantages. By leveraging technology, embracing digital transformation, and prioritizing product innovation and customization, companies like Nike, Starbucks, and Disney can stay ahead of the curve and continue to delight customers in an ever-changing marketplace. Below, we highlight some additional examples of innovations that your portfolio companies are implementing to preserve and expand their moats.

Disney: Since its inception, Disney has been synonymous with innovation, continually pushing the boundaries of storytelling and entertainment. From Walt Disney's development of the multiplane camera for creating three-dimensional effects in the first feature-length animated film, *Snow White*, to its latest forays into digital transformation, the company has maintained its position at the forefront of media and entertainment innovation.

Some of Disney's most notable recent innovations involve implementing increasing amounts of digital technology in its theme parks. This can be seen in everything from its mobile food ordering system to

Home Depot (HD; Home Improvement Retail) – Moat Synopsis

Home Depot is the world's largest home improvement retailer. Home Depot's size establishes a low-cost advantage and the basis of its moat. Its massive scale is a crucial source of competitive advantage, providing a variety of choices and competitive prices. Both are critical decision drivers for consumers and a pathway to long-lasting customer loyalty. Home Depot leverages its size to generate significant bargaining power with vendors when it comes to products, advertisement, and rent. The company also spreads its fixed costs across a massive store and inventory base to reduce fixed costs per unit. Finally, scale and a wide variety of products offer more opportunities for cross-selling.

Brand value provides an additional layer of competitive strength for the company, and the Home Depot brand is first-class. The familiarity of the company's brand and knowledge of the employee base keep the business at the forefront of consumers' minds as the premier choice for home improvement needs. Home Depot has a customer-centric culture, with well-trained employees who can handle customers' requests efficiently. The reliability of the information consumers can draw upon is unlikely to be replicated easily, leading to repeat business given the long history of consistent service.

the introduction of the Disney Genie service. With this technology, you possess the entirety of Disney's theme park knowledge in the palm of your hand. For instance, it allows you to anticipate the best times to experience Disney attractions and will alert you to attractions close to you that may have escaped your attention. With this product, you'll know everything about the rides, dining options, snacks, adult beverages, and even bathrooms.

The attractions themselves have also become more technologically advanced. In the Avengers Campus located within the Disney California Adventure Park, Disney has implemented advanced robotics to create the illusion of a real-life Spider-Man performing stunning acrobatic displays while soaring more than 65 feet in the air, with no strings attached. And in the land of *Star Wars: Galaxy's Edge* (located within both California's Disneyland Park and Florida's Hollywood Studios), the Rise of the Resistance ride weaves together a grand total of 18 distinct scenes with a seamless transition from one immersive setting to the next, creating an uninterrupted journey with a continuous 360-degree experience.

Outside of its theme parks, Disney has ventured into the streaming market with the launch of Disney+. By investing in this streaming platform, Disney is taking control of its content distribution, moving away from traditional licensing agreements, cutting out middlemen and securing a direct relationship with its audience. Disney also recently announced a deal with the creator of Fortnite, Epic Games. Under the deal with Epic, Disney will build a "Disney universe" where consumers can create their own games from the studio's IP and play games Disney and Epic create. Players will also be able to buy digital goods.

The company continuously seeks to leverage technology to enhance the customer experience and bring the magic of its stories to the digital world. Whether through immersive experiences, innovative storytelling techniques, or cutting-edge digital platforms, Disney remains committed to delighting audiences and maintaining its competitive edge in the ever-evolving entertainment landscape.

Home Depot: The leading home improvement retailer has embarked on a journey to create a more seamless and interconnected shopping experience for its customers. Recognizing the importance of digital transformation, Home Depot has already made significant investments in its online platform, which has become one of the largest retail websites in the U.S. Additionally, the company's digital app has received high ratings within the retail industry, reflecting its commitment to providing an exceptional digital experience for customers.

Despite these achievements, Home Depot has significant room for improvement. The company is actively identifying opportunities to improve in areas such as enhancing communication throughout the shopping journey, streamlining the returns process, and increasing the flexibility of order modifications post-purchase. By focusing on these areas, Home Depot aims to further enhance customer satisfaction and loyalty, thereby building on its existing brand equity.

One of Home Depot's key growth opportunities lies in capturing a larger share of the roughly $475 billion professional (Pro) customer market. Up to this point, Home Depot has achieved a relatively small market share in this segment. To capitalize on this opportunity, Home Depot is expanding its product assortments, fulfillment options, and outside sales force. The company is also piloting trade credit options and developing new order management capabilities tailored specifically to meet the complex needs of Pro customers.

Home Depot's overarching goal is to eliminate friction within its operations, ensuring that customers have consistently excellent experiences, whether in-store, online, or during product delivery. By catering to the unique needs of Pro customers and in-

Nike (NKE; Footwear & Apparel) – Moat Synopsis

Nike is the largest player in the global athletic footwear, apparel and equipment market. Nike's brand is universally popular across a wide range of demographics and geographies allowing for significant pricing power. According to Interbrand, Nike is the 9th most valuable global brand. In a virtuous cycle, brand recognition and iconic imaging draw customers to Nike, product excellence satisfies them, and brand loyalty keeps them returning for future business. Customers form emotional relationships with Nike, which builds up real barriers and switching costs that galvanize customer loyalty. In addition, Nike connects with consumers by utilizing its high-profile athletes (e.g., Michael Jordan, LeBron James, Serena Williams and Cristiano Ronaldo) and its marketing efforts around global sporting events (e.g., Olympics, World Cup and NBA Finals).

Additionally, the company focuses on maintaining low costs through operational excellence and leveraging scale to increase profitability. While Nike's focus remains on differentiation, its scale and scope also relieve margin pressure from increased input costs. As the market share leader in virtually every category in which it competes, Nike can exert significant influence over retailers, many of whom rely on Nike products to drive customer traffic.

vesting in new capabilities and functionalities, Home Depot aims to drive meaningful share gains in this underpenetrated market.

Nike: By integrating technology into its operations, Nike has not only preserved its competitive advantages but also expanded its market reach and strengthened its brand loyalty.

One of Nike's key innovations is its focus on mobile technology, leveraging advanced algorithms and machine learning to enhance customer experience. The SNKRS app, for example, utilizes AR for better shoe fitting and AI for personalized product suggestions. The app, known as the go-to platform for sneaker collectors, has become a hub for limited-edition releases, driving heightened customer engagement and reinforcing Nike's brand strength. By offering customers a unique and immersive shopping experience, Nike not only drives engagement but also collects valuable data for product development and customization.

Additionally, Nike's focus on its apps and driving its membership program has been instrumental in building customer loyalty. We continue to see that Nike's investment in its membership program and acceleration of its digital and direct strategies is not only improving the margin profile of the business but also driving deeper connections with consumers by responding to customer preferences faster and offering greater personalization.

In terms of manufacturing innovation, Nike has developed groundbreaking technologies such as Flyknit, which produces lightweight and seamless uppers (the top part of a shoe that secures an athlete's foot to the shoe platform) using advanced materials and proprietary techniques. Flyknit not only reduces labor costs but also enhances product differentiation and perceived value among consumers. Other recent footwear innovations like Epic React foam cushioning, VaporMax Air technology, and ZoomX technology further demonstrate Nike's commitment to pushing the boundaries of innovation and driving long-term profit margins higher.

Behind the scenes, Nike has also digitized its manufacturing processes, making shoe design and manufacturing faster and more efficient. Nike acquired data integration startup Datalogue and predictive analytics tools Zodiac and Celect to empower data-driven decision-making and enhance operational efficiency, which has enabled it to keep up with market trends and customer demands. This agility is crucial in an industry where innovation and speed are paramount.

From a product innovation standpoint, Nike's Alphafly sneakers have garnered widespread popularity in the running community featuring advanced technologies such as knit Flyknit uppers, ZoomX foam, and carbon fiber plates. Athletes like Eliud Kipchoge have worn Nike's Alphafly sneakers during record-breaking marathon runs, showcasing the shoes' superior performance and innovation. Leading innovations like this further differentiate Nike's premium products. Looking ahead, Nike continues to invest in R&D to stay ahead of the curve and maintain its competitive edge.

Starbucks: The global coffee juggernaut has long been at the forefront of digital innovation, transforming the way customers interact with its brand both in-store and online. Starbucks launched its mobile app in 2009, in-app payments in 2011, mobile order and pay (MOP) in 2015, and was the leading mobile payment app until 2019 ceding the top spot to Apple Pay's open payment system. Along the way, Starbucks invested significantly in its technology platform and completed multiple phases of digital initiatives to enhance customer experience, drive engagement, and streamline operations.

At the core of the company's digital platform is a leading mobile app that combines seamless order

Starbucks (SBUX; Restaurants) – Moat Synopsis

Starbucks is the global leader in specialty coffee roasting and retailing, selling premium roasted coffee beans, handcrafted coffee, tea, other beverages, and various food items. Starbucks is also the leader in at-home (packaged coffee and single-serve platforms) and on-the-go channels (ready-to-drink canned and bottled coffee). At a basic level, Starbucks has taken a commodity input – coffee beans – and created one of the most recognized consumer facing brands in the world. The ongoing success of Starbucks is predicated on two foundational competitive advantages, including a valuable brand intangible asset which commands pricing power and repeat business, and various scale-based cost advantages. Several elements come together to form the Starbucks brand, including order customization, continuous menu innovation, store ubiquity, multiple formats, seamless digital ordering, and a robust loyalty rewards program. As the company has scaled its brand and store model to over 38,000 locations across 86 markets, it has generated cost advantages around product sourcing, store occupancy, marketing, and digital expenses, ultimately resulting favorable unit level economics and sustained above-average profitability.

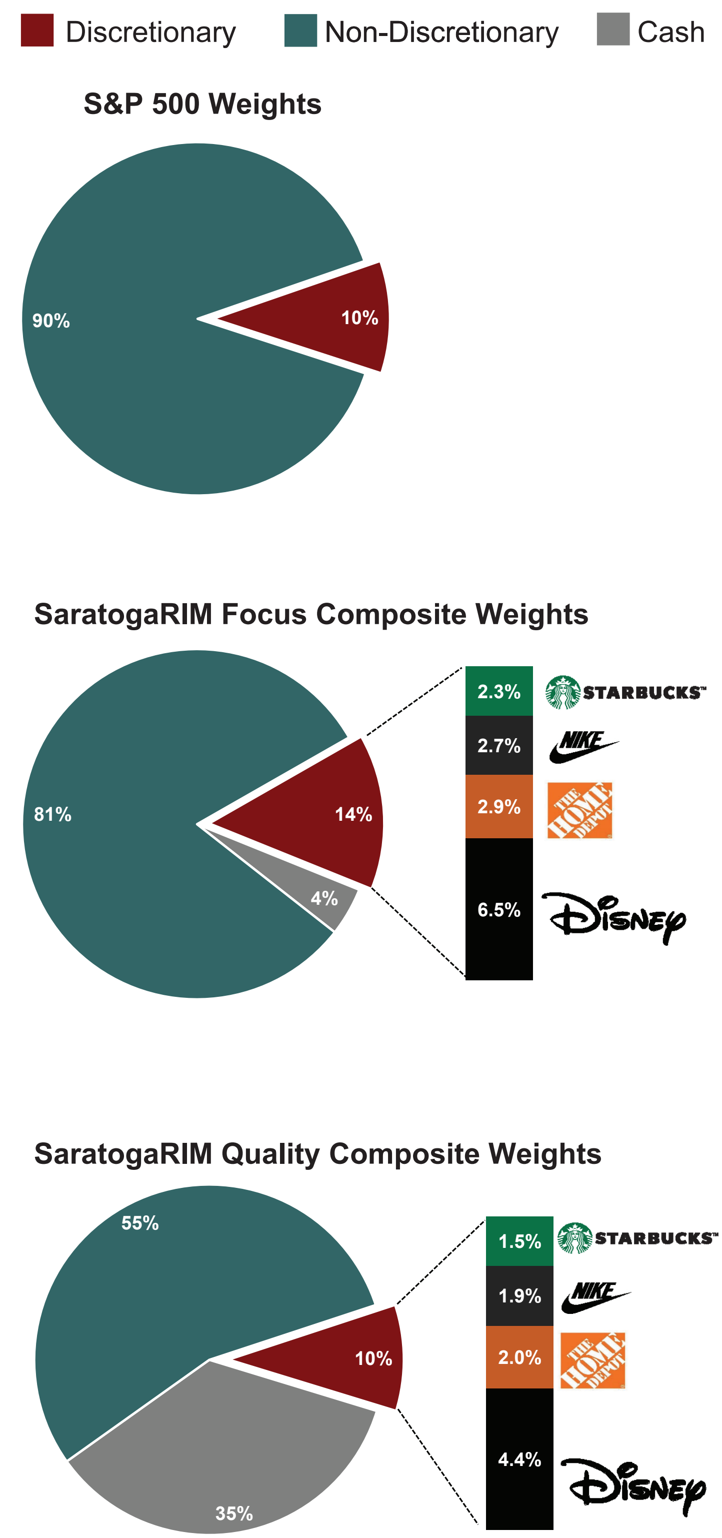
and pay capabilities with a robust loyalty rewards program, all of which have been instrumental in driving customer engagement and loyalty. In fact, as of the end of 2023, customers had pre-loaded $3.6B on their apps and on gift cards, which is both a testament to the sustained demand of its customers and an interest free source of financing. Early initiatives such as the Digital Flywheel program enabled the company to scale efforts across four key pillars including rewards, personalization, payments, and ordering.

The next phase saw the development of Deep Brew, Starbucks' internal predictive AI engine built to enhance those pillars by leveraging all the valuable customer data collected from the company's closed payment system to provide insights and unlock value. For example, Starbucks uses customer data to determine what hot/cold beverages are trending to help inform its product innovation and development, better approximate mobile order pickup times to minimize waiting, and even interpret order histories to personalize product recommendations and suggest alternatives if certain items aren't available to improve the customer ordering process.

Furthermore, Starbucks can deliver more targeted advertising, promotional offers, and rewards program challenges for its 75 million My Starbucks Rewards members worldwide to drive engagement and ultimately spend. Deep Brew is also powering improvements across other parts of the business, including supply chain, inventory management, partner resource allocation, store operations, COVID response, and new store location decisions. For instance, to meet evolving customer wants and needs, Starbucks has amplified its commitment to convenience and accessibility through an emphasis on new "purpose-defined" store designs that include MOP pickup-only, drive-thru only, and delivery only to better serve high traffic channels.

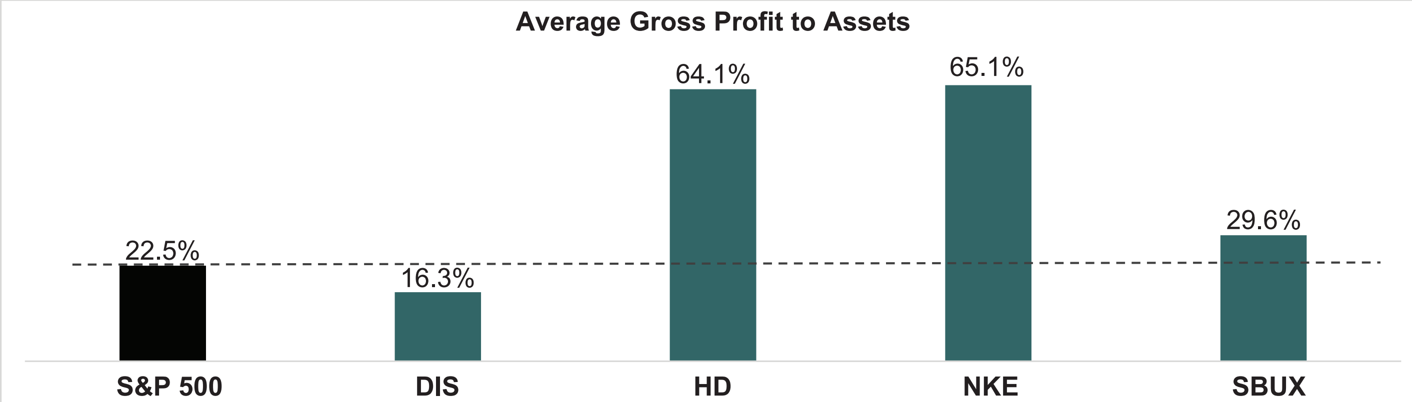
To solidify its digital ambitions, Starbucks recently extended its existing partnership with Microsoft and forged a new strategic collaboration with Apple that reflects its commitment to continuous improvement and innovation. The Microsoft partnership aims to take Deep Brew to new heights by building more robust models and leveraging more data, including social media trends, to enhance product innovation, personalization, and marketing efforts. The collaboration with Apple aims to streamline apps used by partners to operate the store more efficiently and improve both the partner and customer experience.

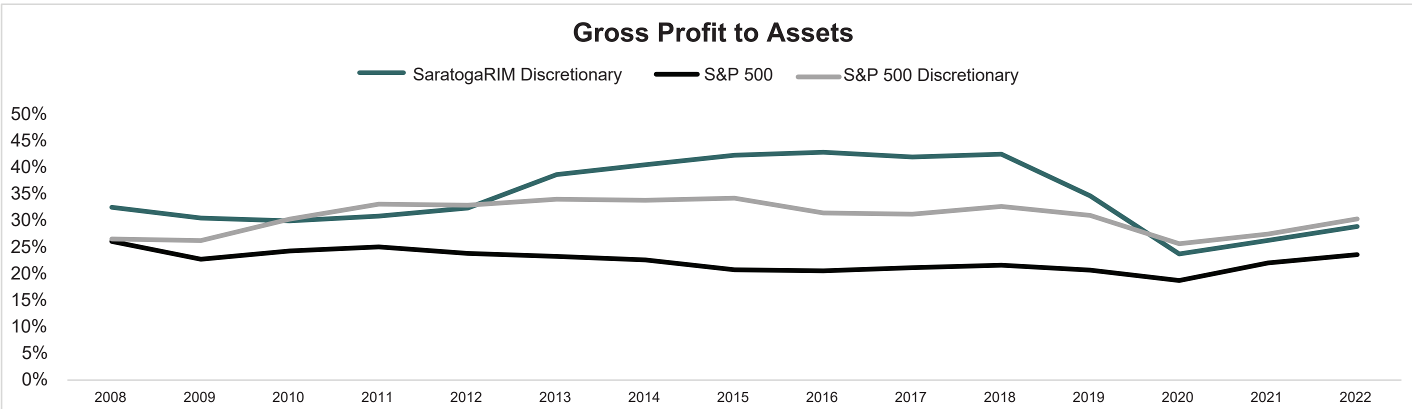
Fig. 1: Consumer Discretionary Sector Weights — S&P 500 Index, SaratogaRIM Large Cap Quality Focus & SaratogaRIM Large Cap Quality Composites as of 3/31/24

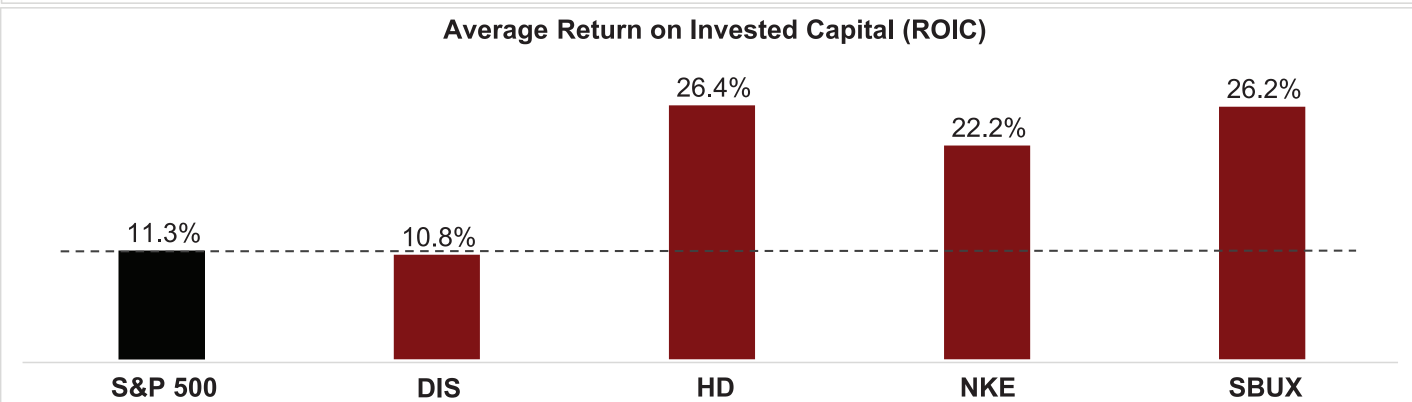


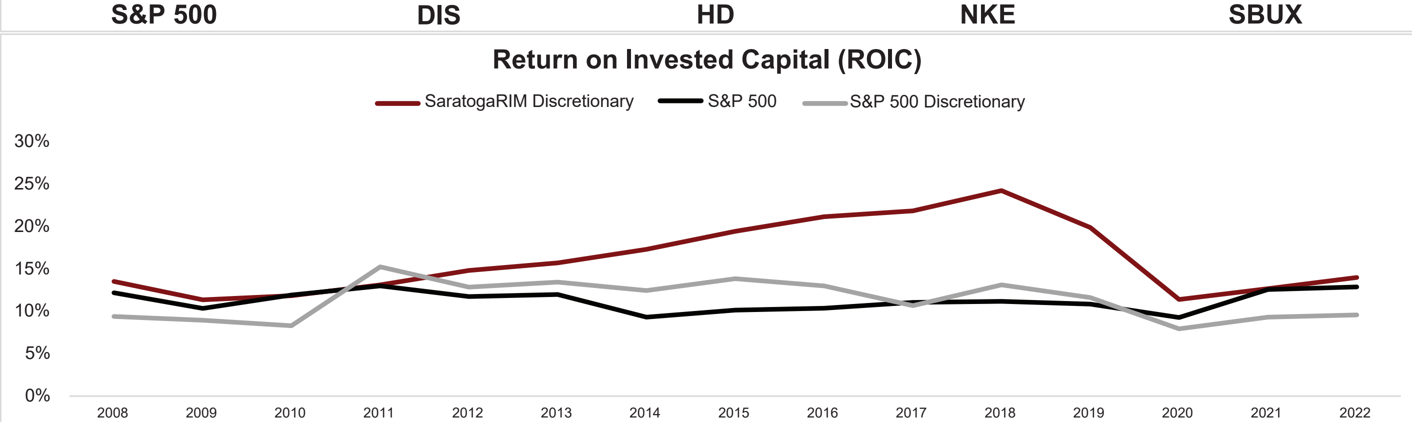
Source: FactSet, SaratogaRIM. Past investment results are no guarantee of future results. This report is incomplete without Disclosures (page 42), GIPS Composite Report: SaratogaRIM Large Cap Quality Focus (page 25) and GIPS Composite Report: SaratogaRIM Large Cap Quality (page 41).

Fig. 2: SaratogaRIM's Discretionary Sector Constituents vs. S&P 500 (Excluding Financials) and S&P 500's Discretionary Sector Constituents as of 3/31/24 — Profitability Metrics from 2008 through 2022









Source: FactSet, SaratogaRIM. All metrics in the ROIC and Gross Profit to Assets charts are derived from FactSet's data and calculations. Average Gross Profit to Assets figure uses historical estimates from FactSet. Past investment results are no guarantee of future results. The SaratogaRIM and S&P figures displayed above do not reflect actual market or composite performance and are not meant to represent any one client's investment experience. See information about Gross Profit to Assets and Return on Invested Capital (ROIC) within the Disclosures on page 42. This report is incomplete without Disclosures, GIPS Composite Report: SaratogaRIM Large Cap Quality Focus (page 25) and GIPS Composite Report: SaratogaRIM Large Cap Quality (page 41).

Industrials

The industrial sector covers many different types of businesses, but the unifying concept is that these companies exert influence over capital goods somewhere along the supply chain. Demand for capital goods tends to be tied to the traditional business cycle and broader economic conditions, so industrials correspondingly undergo regular waves of expansion and contraction. Beyond the business cycle that directs the pace of investment into capacity expansion and higher throughput, the industrials sector contains several smaller connected cycles driven by the constant flux in supply and demand along the supply chain.

Beginning with raw material acquisition upstream, organizations competing for resource-rich land harvest commodities from the Earth, including agricultural and animal products, energy sources, and metals, by utilizing heavy machinery. Our investment process largely screens out these commodity extractors since our quantitative screens eliminate overly capital-intensive businesses. Rather, we prefer to focus on businesses that sell devices and services to these commodity extractors.

Once extracted and refined, manufacturers use these materials to craft usable components, systems, and finished goods that support virtually every end market. While the manufacturing and distribution stage typically consists of business-to-business transactions, larger conglomerates like 3M have the scale and scope to sell across several different markets and directly to consumers.

With components and system-level packages aggregated at one of the final stops downstream, integrators stage and assemble everything to create their major platforms. For example, Lockheed Martin constructs the F-35 stealth aircraft using parts from nearly 2,000 different suppliers, including RTX subsidiary Pratt & Whitney's F135 engine, which itself has over 250 domestic suppliers. By no means is the defense subsector the only type of integrator, but the surge of domestic defense consolidation through the '90s left the remaining defense primes in oligopolistic balance, with the primes responsible for piecing together numerous cornerstone programs.

Filling in the gaps between those stages, logistics firms handle a considerable proportion of total freight transportation, while larger firms with sufficient resources may rely on their own private fleets to move goods around. However, like those commodity-driven companies, maintaining a private fleet implies higher capital intensity. As discussed earlier, we prefer the asset-light companies like C.H. Robinson and Expeditors with strong network effects that tend to be more resilient to macroeconomic shocks than the broader industrial sector.

While final assembly and delivery may seem like the end of the capital goods cycle, scores of industrial firms have increased their profitability and market presence through the follow-up maintenance, repair, and overhaul (MRO) cycle. Whether it's Rockwell Automation digitizing customers' older enterprise systems and bringing operational analytics to the cloud or any of the defense primes conducting vehicle and engine service checks, the ongoing customer relationship creates inherent stickiness in aftermarket transactions and future innovative developments.

Innovation in Industrials

As industrials exert either tangential or direct influence on global commerce at various touchpoints, moats in the industrial sector have become increasingly critical to company survival and growth as tech-disruptors seek out new end markets and applications to digitize and automate. Industrial firms have been deploying capital to strengthen, upgrade, and protect themselves via both internal operational improvements and complementary acquisitions. While technology firms have been at the heart of creating new productivity drivers, e.g., cloud software and AI, the strongest organizations across the industrial

General Dynamics (GD; Aerospace & Defense) – Moat Synopsis

General Dynamics (GD) is one of the few remaining defense giants that exists in an industry with some of the highest barriers to entry and associated switching costs. While intangible assets stemming from exhaustive R&D, flight heritage, and luxury brand recognition support GD's Aerospace business jet entity Gulfstream, the bulk of the company's moat is built around the relationships of the remaining three defense segments (Marine Systems, Combat Systems, and Technologies) with its customers, i.e., domestic and international governments. GD operates with sensitive and classified material on many of its defense projects, thus new entrants would have a difficult time replicating or offering products of the same caliber without the knowledge earned from years of collaboration and production runs. Furthermore, long-cycle programs like nuclear submarine construction require decades of development that run in tandem with production and assembly. Outlays for these programs are national imperatives, thus the implications of switching to a new manufacturer – e.g., downtime that allows geopolitical rivals to catch or surpass in capabilities – are unacceptable.

landscape have continued to identify processes and systems to implement these new technologies and stave off competition.

General Dynamics: General Dynamics benefits from ongoing geopolitical turmoil as new orders from both initial and replenishment contracts are booming. Ordinance, tactical systems, and munitions usage have surged, but General Dynamics' flex capacity expansion investments are helping it react to escalating demand. By simply investing in capacity expansion to meet intensifying demand, General Dynamics can maintain, if not improve, the status quo with respect to its relationships with customers while simultaneously strengthening the associated switching costs by accumulating greater market share.

With extremely long lifecycle programs that span from development to production to sustainment like the Columbia class submarines – the Navy's top priority and a key component to the U.S. nuclear triad – innovation must stem from the bottom up as engineers optimize the boats' designs all the way through production. Consequently, the knowledge earned over the progression of the program is practically unreproducible by competitors, boosting the intensity of associated switching costs.

From its non-defense segment, General Dynamics' Gulfstream Aerospace must continue to internally invest in R&D to improve each new business jet offering to maintain its luxury brand status. Those investments pay dividends through the annual awards the aircraft receive that maintain their quality reputation. Outstanding performance doesn't hurt either. During Gulfstream's swanky new aircraft model launch parties, they can boast about record speeds and range, as well as minimum noise and emissions, based on aircraft size. Gulfstream has managed to achieve these elite performance metrics while maintaining signature chic cabins filled with modern comforts as demonstrated in the upcoming G400, G700, and G800 aircraft.

RTX Corp.: Like General Dynamics, RTX is seeing elevated demand due to geopolitical turmoil, given roughly half of its total revenue is generated by contracts with the U.S. government. Investments in capacity expansion have also proven to be a key growth driver with respect to missiles and integrated defense systems, including Patriot, Javelins, Stingers, etc. However, unlike the long lifecycles of the major vehicle programs that dominate General Dynamics' top line and backlog, RTX's defense output skews much more heavily toward shorter lifecycle weapons and interceptors.

Thus, innovation plays a significantly more prominent role in these products because iterating into the next upgraded version can never come soon enough to withstand new threats. For example, contracts for the next-generation hypersonic attack cruise missiles (HACMs) and their corresponding smart missile defense systems to keep up with Russia and China are running on expedited timelines. Unfortunately, most of those types of projects tend to fall under the classified umbrella, but it's implied that the necessary resources have been appropriately allocated. While the classified veil limits information to us as investors, it's important to note that competitors are dealing with that same firewall, which serves as a strong barrier to entry.

Looking at RTX's commercial aerospace businesses, Pratt & Whitney's flagship GTF engine represents the culmination of years of R&D and a significant installed base with plenty of staying power. And as the installed base collectively increases the engine's flight hours, RTX is refining production techniques and creating new quality assurance methods like ultrasonic angled inspection scans on engine components that should reduce operational downtime. Furthermore, heavy investments in new MRO shops will enhance fleet support to capitalize on the ensuing profitable aftermarket phase of the GTF lifespan.

RTX Corp. (RTX; Aerospace & Defense) – Moat Synopsis

RTX is one of the largest remaining defense giants that exists in an industry with some of the highest barriers to entry and associated switching costs. On the defense side, historic incumbencies enjoyed across several product lines are enhanced by strict requirements when dealing with classified programs that entail lengthy vetting processes and customer aversion to new and untested entrants. The 'mission-critical' nature of defense products, e.g., an air defense system correctly intercepting threats, means intense scrutiny but at the benefit of a veritable vice grip on future contracts. On the commercial front, intangible assets obtained through decades of R&D, flight heritage, and indelible customer relationships create their own switching costs. In addition to the fear of unproven alternatives, final assembly and integrator firms heavily rely on the weight, space, and output tolerance specifications that RTX participates in determining, i.e., an RTX-driven form factor. Tacking on the regulatory burden and timing associated with certifying an aerospace product, maintenance and modernizations scattered through long lifecycle programs favor platform developers.

Opening new shops has gone in tandem with improving shop visit experiences through faster problem recognition based on predictive analytics that take in variables like time on wing, environmental conditions, and component material batches. Digital twin technologies (digital representations of a physical object, system, or process contextualized in a digital version of its environment) used at both Pratt & Whitney and Collins Aerospace further expedite shop visits and future modernization timelines given the reduced need for laborious physical model teardowns and buildups. Through the tens of thousands of these visits and original equipment manufacturer (OEM) sales, commercial customer relationships fostered over decades of integration and innovative collaboration have cemented RTX's sizeable market position.

C.H. Robinson: Driven by both a heavy internal digital transformation strategy and external acquisitions, C.H. Robinson has nurtured its moat by both innovating its workflows and enhancing its network. Specifically, C.H. Robinson has implemented digital automation across virtually every part of its operating processes to streamline what were once labor-intensive tasks like touchless appointment scheduling for truckloads. Through C.H. Robinson's newly created software, optimal appointments can be made 24/7 without any human intervention, which saves both shippers and carriers time and money. For reference, over one billion appointment tasks per year are still being executed the old-fashioned way through tiresome back and forth phone calls and emails across the U.S. trucking market.

More recently, C.H. Robinson started utilizing generative AI to expedite the order entry process, one of the last remaining manual processes. Though not widely available yet, management has pointed to its massive historical data set that eclipses every other competing 3PL thanks to its established network. In this new digital logistics frontier, more data allows for more accurate models and results. Ultimately, reducing manual tasks per shipment and the time needed per task enhances both the customer and carrier experience while also helping to optimize profitability and volumes at the enterprise level.

These automation efforts all stem from C.H. Robinson's stepped-up commitment to R&D since 2020, particularly at C.H. Robinson Labs – the company's digital innovation incubator that employs over 1,000 data scientists, engineers, and developers. By continuing to create, test, and deliver novel supply chain management enhancements like real-time shipment visibility and quote analysis, C.H. Robinson can better retain its customer network base in a market characterized by volatile spot rates.

Beyond its digital initiatives that attract customers looking for efficiency gains, C.H. Robinson has increased the strength of its network through acquisitions to introduce more multi-modal solutions. Since its acquisition of the freight forwarder Phoenix International to aggressively expand its global reach a decade ago to the more recent purchase of the European-based forwarder Combinex, the durability of C.H. Robinson's moat has grown proportionally along with the size and strength of the members within its network. That extended reach then provides additional cross-selling opportunities that deepens C.H. Robinson's moat – over half of total revenues are derived from customers that utilize both surface transportation and global forwarding services.

3M: Innovation has been stamped into 3M's DNA since the early 1900s when R&D was rooted as a core principle and permanently embedded into its culture. The fruits of internal innovation that have been so crucial for 3M stem from what they've long referred to as the 15% rule. This rule, which would eventually yield such products as Post-it Notes and Scotchgard, was implemented nearly 80 years ago when the company mandated that employees spend 15% of their working hours researching topics outside their primary responsibilities. The rule still stands and it's still productive.

C.H. Robinson (CHRW; Air Freight & Logistics) – Moat Synopsis

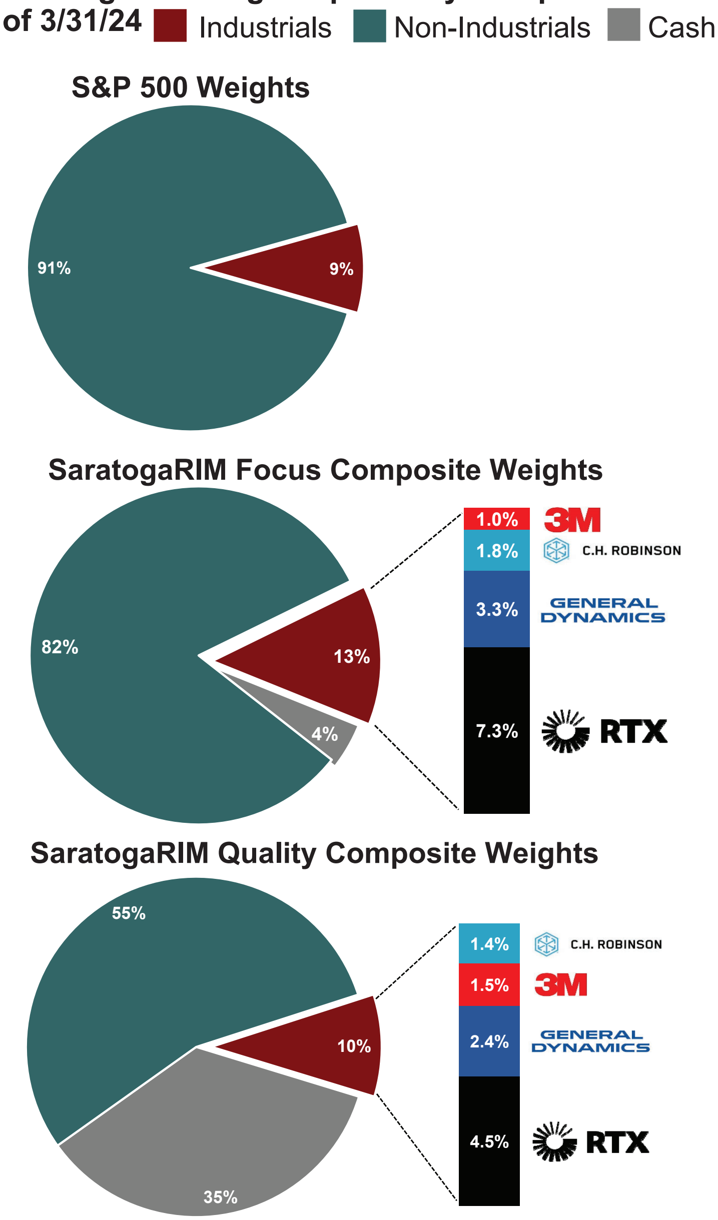
C.H. Robinson Worldwide Inc. is the largest U.S. truck broker and one of the largest third-party logistics providers (3PLs) in the world. The firm's unparalleled network of shippers and carriers underpins the company's sustainable competitive advantage. The company operates as a middleman, putting together carriers (suppliers of freight capacity) and shippers. It benefits from a network effect – the value of the network grows as it gets larger and C.H. Robinson benefits from both sides of the network. More carriers want to utilize C.H. Robinson's network in order to access the shipping base, accepting lower prices for access. On the other hand, shippers want access to the carrier base, and are willing to pay a premium for contractual capacity. C.H. Robinson has grown its U.S. trucking network to become the largest source of independent trucking capacity in the country, well ahead of even the largest asset-based carrier. Additionally, because the firm does not own the underlying transportation assets, the company's ongoing capital requirements are extremely limited, allowing C.H. Robinson to generate high-quality owner earnings.

Today, 3M continues to consistently outpace peers in R&D investment by putting roughly 5.5-6.0% worth of annual revenue toward new technology, materials science, and product development compared to the industrial average of 3.7%. Both incremental and breakthrough R&D results help expand 3M's portfolio of 68,864 patents of which, remarkably, more than 42% are still active. These patents then establish new (or complement existing) technology pillars which support 3M's intangible asset base and can be integrated across all of their operating segments.

While looking to the past provides obvious and successful examples, the same tenets that guided those innovations are shaping current high-growth markets like the fast-moving electric vehicle (EV) market which requires frequent updates and adaptations. By pulling from internal technology platforms like advanced materials (optical films, adhesives, microreplication) and electronics (flexible circuit materials, electromagnetic interference shielding, thermal management), 3M can embed itself across multiple customer production processes. In the EV market, 3M products can be implemented over several systems ranging from user experiences like heads-up displays and eMirrors to battery solutions that increase range and safety.

3M's intangible assets are the foundation, but its cost advantages can't be taken for granted either. Behind the scenes, operational improvements and digital transformation actions driven by 3M's Chief Financial and Transformation Officer are constantly refining the company's supply chain from top to bottom. For a conglomerate with such a wide scope, 3M has placed a hyper focus on inventory management that's helped leverage predictive models to anticipate market trends and optimize resource allocation. The greater the intel on inventory and sourcing, the quicker 3M has been able to identify cost-saving opportunities.

Fig. 3: Industrial Sector Weights — S&P 500 Index, SaratogaRIM Large Cap Quality Focus & SaratogaRIM Large Cap Quality Composites as of 3/31/24



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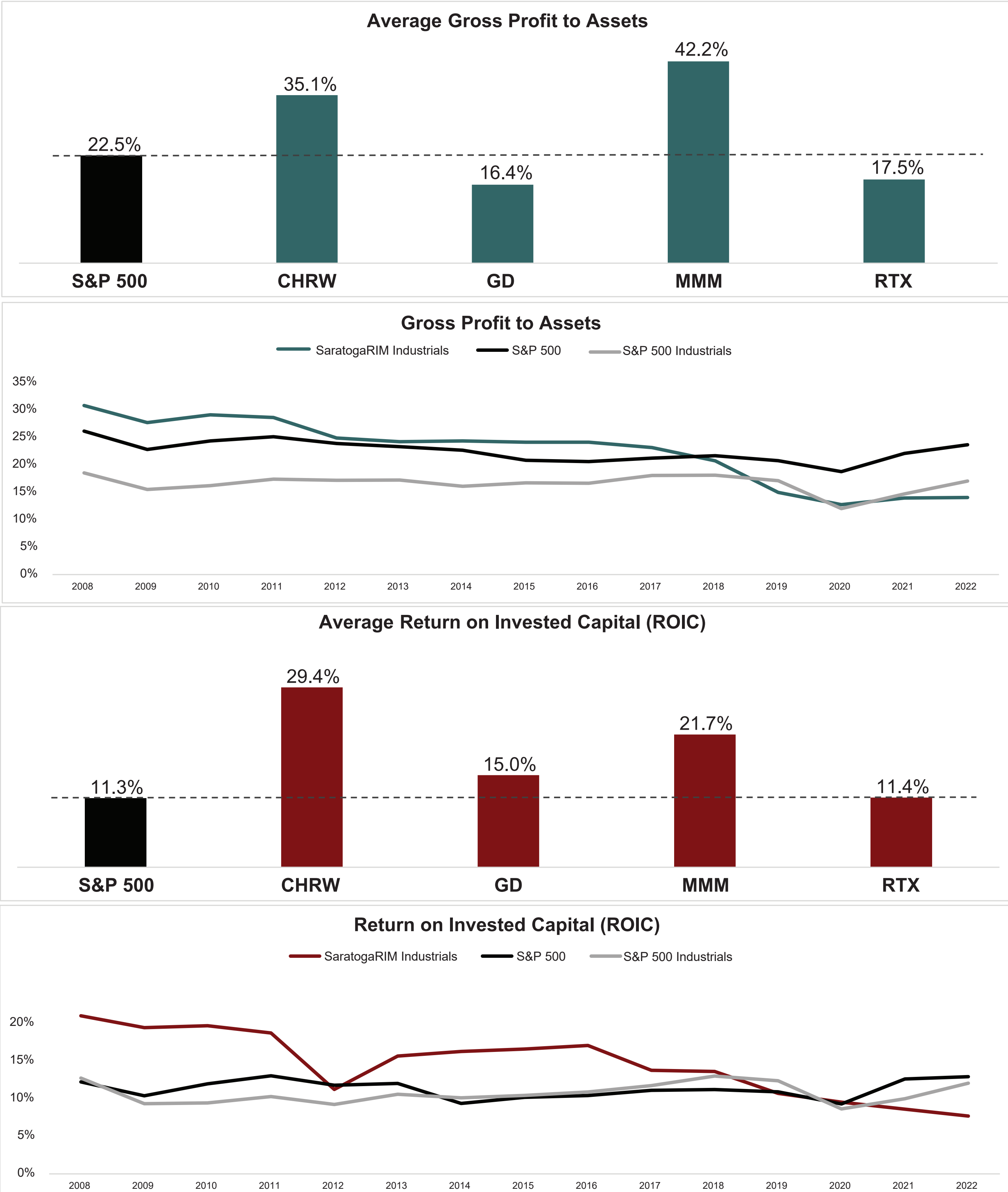
3M (MMM; Industrial Conglomerates) – Moat Synopsis

3M is a diversified global industrial conglomerate that designs, manufactures, and markets a vast array of products and services. The company derives its primary source of competitive advantage from its 51 proprietary technological pillars in the form of intangible assets. These technological pillars support 3M's unique ability to drive innovation across a diverse set of applications and industries. The company operates through four business groups, but no one business group owns any group or set of the technological pillars – each group can utilize any of the technological pillars. This allows the company to leverage its portfolio of technologies to create differentiated solutions for its customer base. Because 3M operates across a broad array of industries, it is often in competition with smaller, more focused competitors. As a result, 3M often operates with a cost advantage because they can spread their significant R&D investments across multiple business groups and markets. We agree when management states, "Innovation is the heartbeat of 3M", and we believe this model has allowed the company to build a solid moat around its business.

Fig. 4: SaratogaRIM's Industrial Sector Constituents vs. S&P 500 (Excluding Financials) and S&P 500's Industrial Sector Constituents as of 3/31/24 — Profitability Metrics from 2008 through 2022



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Conclusion

Next quarter, we hope to transition back towards a more normal (and shorter) quarterly report format. In addition to formally introducing the Ultra Focus version of our strategy, we will present the final installment of our moat series as we cover our sole constituent of the financial sector, Berkshire Hathaway. With some 60 wholly owned businesses, Berkshire generates a diverse set of durable operating cash flows, possesses a structurally sustainable source of low-cost insurance float capital, and maintains a fortress-like balance sheet. Its success can be attributed to a long-term ownership philosophy, disciplined capital allocation, tax-efficient conglomerate structure, and distinctive operating model – concepts that also underscore SaratogaRIM's investment philosophy. ■

This report is the fourth of five installments of our Moat Series – our coverage of the Financial Sector next quarter will conclude the series. Moving sector by sector, our goal has been to highlight the efforts that the companies that make up our composites' holdings have taken and are taking today to nurture, fortify, and expand their own business moats. We have stated time and again that, from our perspective, moats are the single most important driver of long-term investment success. As a reminder, previous Quarterly Reports can be accessed on the following page of our public website:

SaratogaRIM.com/reports

Printed reports are always available to be mailed to you upon request.


SaratogaRIM
2023 Quarterly Report July 18, 2023
Q2
Moat Series Part 1: Healthcare Sector

Market Statistics						Source: FactSet (June 30), Federal Reserve, * Spot prices (June 30)	
Stocks		Yields (%)				Commodities	
DJIA	34,407.6	Fed Funds	5.25	US Tr. 3-Y	4.49	Baltic Dry Index	1,091
P/E ratio	19.16	Disc. Rate	5.25	US Tr. 5-Y	4.13	Gold ($/oz)	1,921.1
S&P 500	4,450.38	Libor 1-Mo	5.22	US Tr. 10-Y	3.81	Silver ($/oz)	22.47
P/E ratio	21.91	US Tr. 1-Y	5.42	US Tr. 30-Y	3.85	Crude ($/bbl)* (NYM Light Sweet Crude)	70.64


SaratogaRIM
2023 Quarterly Report October 16, 2023
Q3
Moat Series Part 2: Technology Sector

Market Statistics						Source: FactSet (Sept. 30), Federal Reserve, * Spot prices (Sept. 30)	
Stocks		Yields (%)				Commodities	
DJIA	33,507.5	Fed Funds	5.50	US Tr. 3-Y	4.80	Baltic Dry Index	1,701
P/E ratio	19.53	Disc. Rate	5.50	US Tr. 5-Y	4.61	Gold ($/oz)	1,848.1
S&P 500	4,288.05	Libor 1-Mo	5.43	US Tr. 10-Y	4.57	Silver ($/oz)	23.10
P/E ratio	20.69	US Tr. 1-Y	5.47	US Tr. 30-Y	4.70	Crude ($/bbl)* (NYM Light Sweet Crude)	90.79


SaratogaRIM
2023 Annual Report January 17, 2024
Q4
Moat Series Part 3: Consumer Staples Sector

Market Statistics						Source: FactSet (Dec. 31), Federal Reserve, * Spot prices (Dec. 31)	
Stocks		Yields (%)				Commodities	
DJIA	37,689.54	Fed Funds	5.50	US Tr. 3-Y	4.01	Baltic Dry Index	2,094
P/E ratio	20.94	Disc. Rate	5.50	US Tr. 5-Y	3.85	Gold ($/oz)	2,062.4
S&P 500	4,769.83	Libor 1-Mo	5.47	US Tr. 10-Y	3.88	Silver ($/oz)	23.79
P/E ratio	22.83	US Tr. 1-Y	4.78	US Tr. 30-Y	4.03	Crude ($/bbl)* (NYM Light Sweet Crude)	71.65

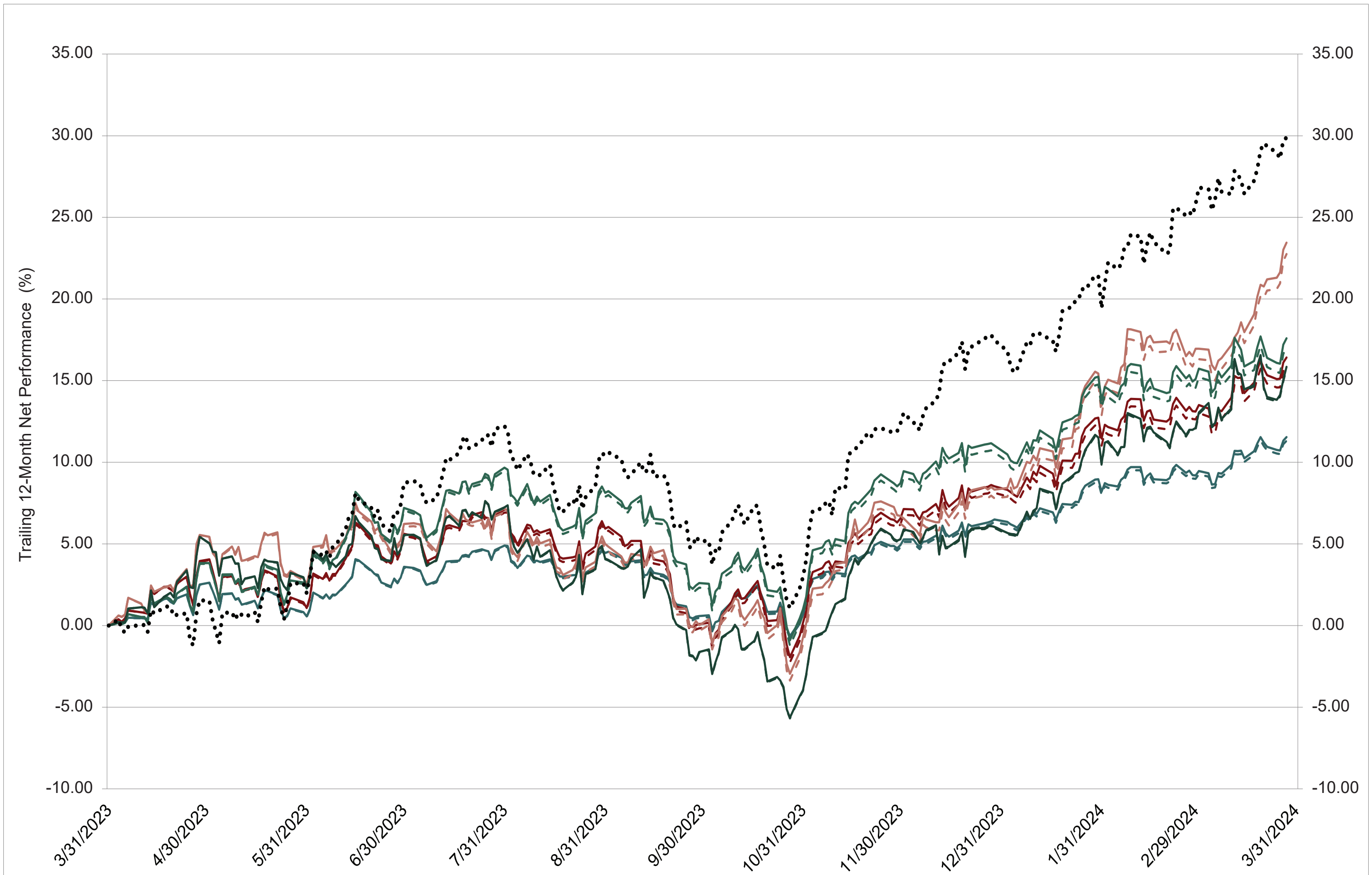

SaratogaRIM
2024 Quarterly Report April 15, 2024
Q1
Moat Series Part 4:
Consumer Discretionary & Industrial Sectors

Market Statistics						Source: FactSet (Mar. 31), Federal Reserve, * Spot prices (Mar. 31)	
Stocks		Yields (%)				Commodities	
DJIA	39,807.37	Fed Funds	5.50	US Tr. 3-Y	4.41	Baltic Dry Index	1,821
P/E ratio	22.62	Disc. Rate	5.50	US Tr. 5-Y	4.22	Gold ($/oz)	2,217.4
S&P 500	5,254.35	Libor 1-Mo	5.44	US Tr. 10-Y	4.20	Silver ($/oz)	24.54
P/E ratio	25.22	US Tr. 1-Y	5.02	US Tr. 30-Y	4.34	Crude ($/bbl)* (NYM Light Sweet Crude)	83.17

Trailing 12-Month Investment Results

Previously, this Trailing 12-Month Investment Results section of our Quarterly Report and the Composite Statistics/GIPS Report pages that follow only included our SaratogaRIM Large Cap Quality Focus and Large Cap Quality composites. We are now also providing the same data for our Ultra Focus, Focus ESG, and Ultra Focus ESG composites within these pages as all three of these newer composites have been GIPS verified. We will be formally introducing both the Ultra Focus and Ultra Focus ESG composites in next quarter's report, while the Focus ESG composite was introduced within the 2021 Q2 Report, entitled, *Inflation, Moats & ESG*, available to reference on SaratogaRIM.com/reports. If you'd like to learn more about these composites prior to next quarter's publication, please contact InvestorRelations@SaratogaRIM.com.

Fig. 5: SaratogaRIM Large Cap Quality Focus, Ultra Focus, Focus ESG, Ultra Focus ESG, and Quality Composites vs. S&P 500 TR Trailing 12-Months (3/31/23 - 3/31/24)



	Net	Legend	Net Max	Legend
Benchmark: S&P 500 TR	**29.88***	·········	**29.88***	·········
SaratogaRIM Large Cap Quality Focus	**16.42**	———	15.89	– – – – –
SaratogaRIM Large Cap Quality Ultra Focus	**23.45**	———	22.75	– – – – –
SaratogaRIM Large Cap Quality Focus ESG	**17.60**	———	17.03	– – – – –
SaratogaRIM Large Cap Quality Ultra Focus ESG	**15.85**	———	15.76	– – – – –
SaratogaRIM Large Cap Quality	**11.54**	———	11.32	– – – – –

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. This report is incomplete without Disclosures (page 42), GIPS Composite Report: SaratogaRIM Large Cap Quality Focus (page 25), GIPS Composite Report: SaratogaRIM Large Cap Quality Ultra Focus (page 29), GIPS Composite Report: SaratogaRIM Large Cap Quality Focus ESG (page 33), GIPS Composite Report: SaratogaRIM Large Cap Quality Ultra Focus ESG (page 37), and GIPS Composite Report: SaratogaRIM Large Cap Quality (page 41). *Benchmark performance has been included in the Net and Net Max columns for comparison purposes, does not represent the deduction of management fees, and should not be considered as a strategy Net or Net Max figure.

SaratogaRIM Large Cap Quality Focus

Composite Statistics

Q1 2024

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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 common sense investment principles for individual and institutional investors.

Composite Overview: The SaratogaRIM Large Cap Quality Focus Composite includes all discretionary portfolios that invest in what the Firm believes to be high-quality companies with low balance sheet, business model (including capital intensity) and valuation risk. This composite will likely have a greater turnover ratio than other composites as it typically restricts cash to no more than 5% of the total portfolio value. See the GIPS Composite Report (Page 4) for the complete composite description.

SaratogaRIM Large Cap Quality Focus (LCQF) - Snapshot

Composite Name	SaratogaRIM Large Cap Quality Focus
Inception Date	8/29/2014
Firm Total Assets	$ 2,833,197,000
Composite Assets	$ 1,141,197,000
GIPS Compliance	Yes

Investment Results

As of Date: 3/31/2024 Source Data: Total, Monthly Return

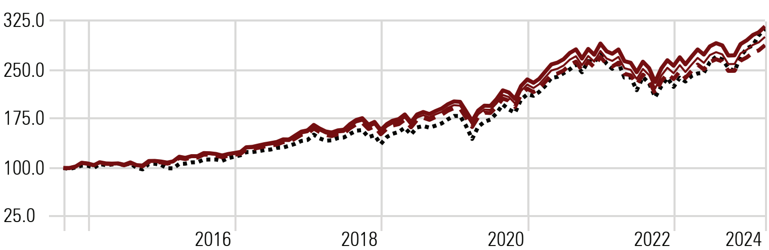
	Quarter to Date	Year to Date	1 Year	3 Years	5 Years	7 Years	Since Inception
SaratogaRIM LCQF (Gross)	7.21	7.21	17.06	8.56	12.63	13.28	12.80
SaratogaRIM LCQF (Net)	7.06	7.06	16.42	7.97	12.01	12.67	12.19
SaratogaRIM LCQF (Net Max)	6.93	6.93	15.89	7.48	11.50	12.16	11.69
S&P 500 TR USD	10.56	10.56	29.88	11.49	15.05	14.09	12.66

Investment Growth Relative to Benchmark

Time Period: 9/1/2014 to 3/31/2024

Source Data: Total Return

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

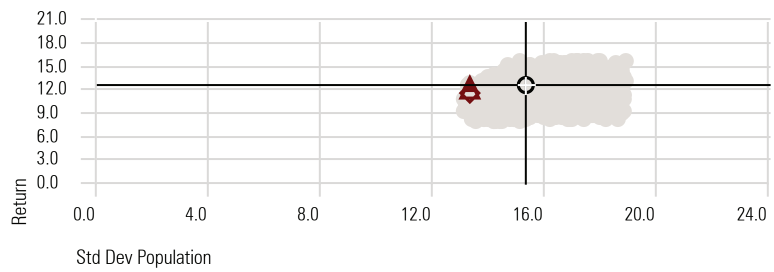


Standard Deviation vs. Annualized Rate of Return Relative to Benchmark & Peer Group

Time Period: 9/1/2014 to 3/31/2024

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

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

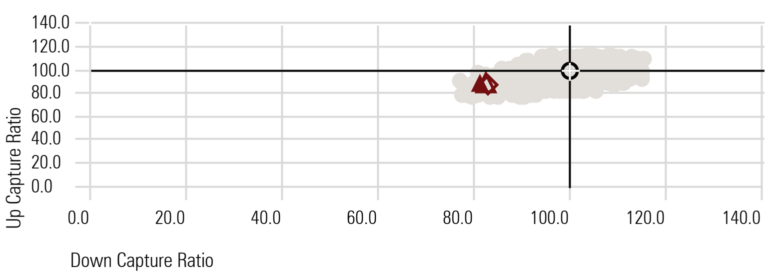


Market Capture Relative to Benchmark & Peer Group

Time Period: 9/1/2014 to 3/31/2024

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

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

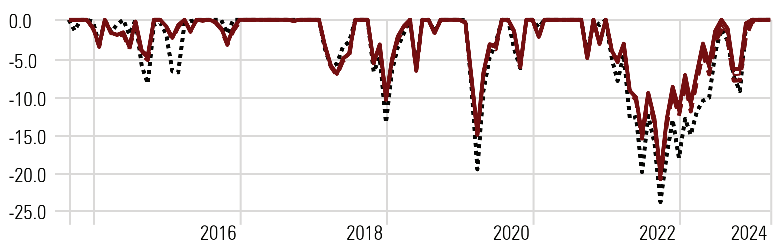


Drawdown Relative to Benchmark

Time Period: 9/1/2014 to 3/31/2024

Source Data: Total, Monthly Return

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



Sector Weightings - GICS

Portfolio Date: 3/31/2024

	LCQF	S&P 500
Consumer Discretionary %	8.23	10.34
Consumer Staples %	15.24	5.97
Energy %	0.00	3.95
Financials %	9.75	13.16
Healthcare %	20.25	12.42
Industrials %	13.99	8.80
Information Technology %	19.38	29.57
Materials %	0.00	2.37
Communication Services %	13.15	8.95
Utilities %	0.00	2.20

Holding Fundamentals

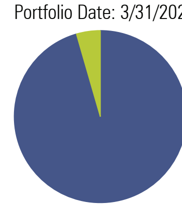
Dividend Yield	1.83
P/E Ratio (TTM)	25.52
P/CF Ratio (TTM)	17.94
P/B Ratio (TTM)	4.50
ROE % (TTM)	32.91
ROA % (TTM)	11.96
Net Margin %	18.19
Est. LT EPS Growth	9.57
Historical EPS Growth	0.80

Market Capitalization

Average Market Cap (mil)	295,838.51
Market Cap Giant %	58.53
Market Cap Large %	38.08
Market Cap Mid %	1.52

Asset Allocation

Portfolio Date: 3/31/2024

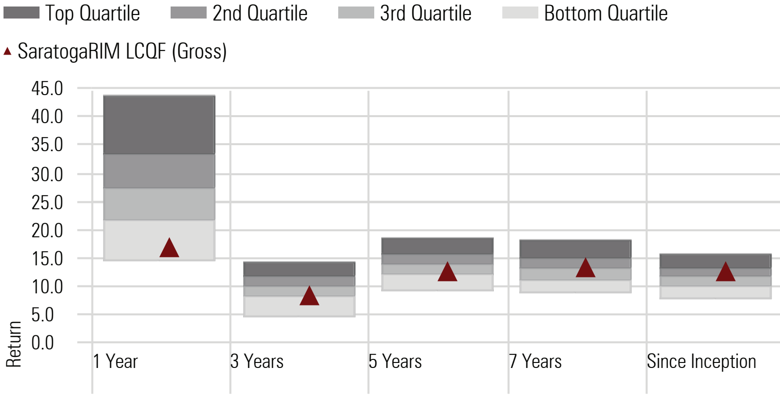


	%
Stock	95.5
Bond	0.0
Cash	4.5
Other	0.0
Total	**100.0**

GICS Sector Weightings, Holding Fundamentals, and Market Capitalization statistics reflect the weightings of the stock portion of the portfolio. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. See Disclosures and Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality Focus (Page 4).

Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



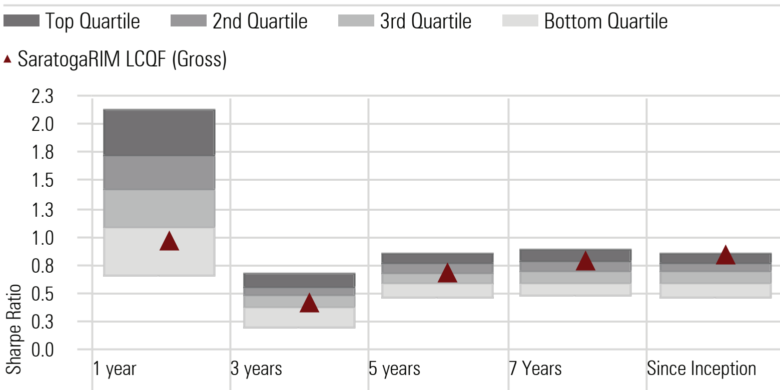
Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	5 Years	7 Years	Since Inception
SaratogaRIM LCQF (Gross)	17.06	8.56	12.63	13.28	12.80
S&P 500 TR USD	29.88	11.49	15.05	14.09	12.66
Median	27.40	9.85	13.81	12.99	11.57
Average	27.97	9.68	13.77	13.13	11.59
Count	1,617	1,529	1,413	1,305	1,145
5th Percentile	43.72	14.07	18.31	18.20	15.75
25th Percentile	33.36	11.62	15.55	15.00	13.12
50th Percentile	27.40	9.85	13.81	12.99	11.57
75th Percentile	21.62	8.11	11.86	10.98	9.88
95th Percentile	14.37	4.66	9.13	8.63	7.87

Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



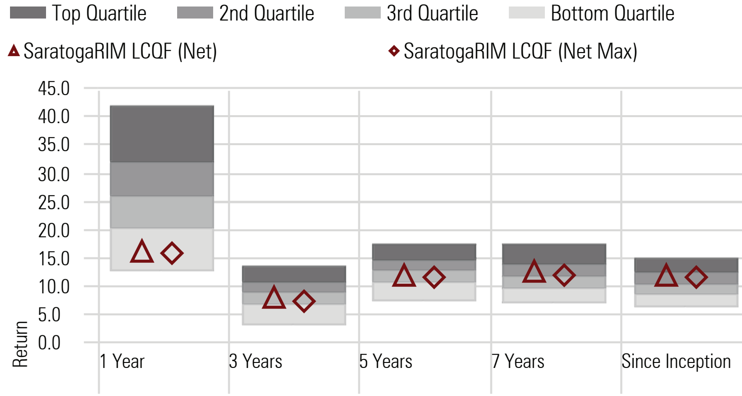
Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	5 Years	7 Years	Since Inception
SaratogaRIM LCQF (Gross)	0.97	0.43	0.70	0.79	0.85
S&P 500 TR USD	1.60	0.54	0.74	0.75	0.75
Median	1.41	0.47	0.68	0.69	0.69
Average	1.39	0.45	0.67	0.68	0.68
Count	1,617	1,529	1,413	1,305	1,145
5th Percentile	2.13	0.67	0.85	0.89	0.86
25th Percentile	1.72	0.55	0.75	0.79	0.77
50th Percentile	1.41	0.47	0.68	0.69	0.69
75th Percentile	1.08	0.37	0.58	0.58	0.59
95th Percentile	0.66	0.19	0.46	0.47	0.47

Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



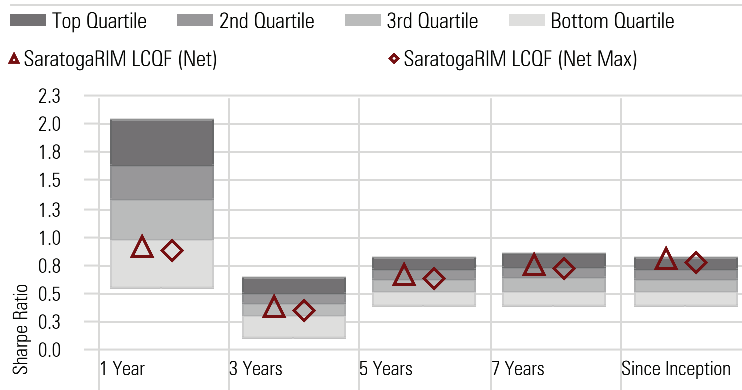
Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	5 Years	7 Years	Since Inception
SaratogaRIM LCQF (Net)	16.42	7.97	12.01	12.67	12.19
SaratogaRIM LCQF (Net Max)	15.89	7.48	11.50	12.16	11.69
S&P 500 TR USD	29.88	11.49	15.05	14.09	12.66
Median	25.95	8.72	12.62	11.84	10.34
Average	26.61	8.53	12.53	11.89	10.38
Count	1,603	1,514	1,398	1,290	1,135
5th Percentile	42.02	13.31	17.48	17.44	14.90
25th Percentile	31.82	10.56	14.58	13.91	12.23
50th Percentile	25.95	8.72	12.62	11.84	10.34
75th Percentile	20.12	6.63	10.42	9.57	8.53
95th Percentile	12.89	3.22	7.47	7.12	6.40

Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	5 Years	7 Years	Since Inception
SaratogaRIM LCQF (Net)	0.92	0.39	0.66	0.75	0.81
SaratogaRIM LCQF (Net Max)	0.88	0.36	0.63	0.72	0.78
S&P 500 TR USD	1.60	0.54	0.74	0.75	0.75
Median	1.33	0.41	0.61	0.63	0.61
Average	1.31	0.39	0.61	0.62	0.61
Count	1,603	1,514	1,398	1,290	1,135
5th Percentile	2.05	0.64	0.82	0.85	0.82
25th Percentile	1.63	0.50	0.70	0.73	0.71
50th Percentile	1.33	0.41	0.61	0.63	0.61
75th Percentile	0.98	0.29	0.52	0.51	0.50
95th Percentile	0.55	0.11	0.38	0.39	0.38

Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding.
See Disclosures & Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality Focus (Page 4).

Disclosures & Definitions

See additional important disclosures and composite-specific information within the GIPS Composite Report (Page 4).

Saratoga Research & Investment Management (“SaratogaRIM” or "the Firm") 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.

This report was generated by SaratogaRIM through Morningstar Direct’s Presentation Studio using data from Morningstar Direct and Advent Axys. SaratogaRIM composite performance statistics are based off gross-of-fee or net-of-fee monthly performance data uploaded to Morningstar. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. The Peer Group statistics within this report contain U.S. Large Cap separate account managers that appear in the Morningstar database for the relevant periods shown as of the report generated date. The information and statistical data contained herein have been obtained from sources that SaratogaRIM believes to be reliable but in no way are warranted by the Firm as to accuracy or completeness.

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.

Gross-of-fee returns are calculated gross of management, custodial and external consultant or advisory fees and net of transaction costs. Net-of-fee returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Prior to October 31, 2022, non-fee-paying accounts were included in composite net-of-fee return calculations without a fee rate; per the SEC Marketing Rule effective November 4, 2022, net-of-fee returns labeled “Net” now include a model fee rate of 1.00% for all non-fee-paying accounts. Additionally, a separate net-of-fee return calculation has been added to SaratogaRIM marketing materials using the current maximum fee rate charged by SaratogaRIM for the SaratogaRIM Large Cap Quality Focus Composite (1.00%, labeled “Net Max”). Calculations are available upon request. Information pertaining to the Firm’s advisory fees is set forth in SaratogaRIM’s current disclosure statement, which is available upon request.

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. Drawdown is a measure of peak-to-trough decline over the period of time until a new high is reached.

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.

GIPS Composite Report

SaratogaRIM Large Cap Quality Focus

Q1 2024

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Composite Performance Statistics

Year	Composite Gross TWR	Composite Net TWR	Composite Net Max TWR	S&P 500 Total Return	Standard Deviation	3 Yr Ann Standard Dev Composite Net TWR	3 Yr Ann Standard Dev S&P 500 Total Return	# of Portfolios in Composite	End of Period Composite Assets	End of Period Total Firm Assets
2014 (8/31)	6.95	6.71	6.59	3.46	n/a	-	-	31	59,408,640.33	1,614,090,418.39
2015	2.85	2.29	1.82	1.38	0.18	-	-	88	122,809,323.37	1,638,083,262.32
2016	11.96	11.35	10.84	11.96	0.63	-	-	151	198,406,977.89	1,800,890,893.30
2017	28.23	27.52	26.96	21.83	0.49	8.70	9.92	287	362,440,319.53	2,113,160,549.13
2018	0.38	-0.18	-0.62	-4.38	0.60	10.30	10.80	303	316,630,422.08	2,013,567,458.02
2019	27.67	26.98	26.40	31.49	0.63	11.41	11.93	403	533,438,674.16	2,333,608,905.18
2020	16.71	16.08	15.55	18.40	1.00	15.84	18.53	626	793,063,147.30	2,631,534,466.80
2021	23.31	22.64	22.08	28.71	0.67	15.07	17.17	924	1,039,079,017.33	2,957,751,865.10
2022	-11.74	-12.22	-12.62	-18.11	0.52	17.57	20.87	913	853,935,678.90	2,603,780,552.47
2023	15.22	14.60	14.07	26.29	0.46	15.16	17.29	939	932,998,240.67	2,740,178,823.29
03/31/24	7.20	7.06	6.93	10.56	n/a	14.94	17.35	1,034	1,141,196,902.05	2,833,197,181.00
Trailing Annualized Returns as of 3/31/24										
1 Year	17.06	16.42	15.89	29.88						
5 Year	12.62	12.01	11.50	15.05						
10 Year										
Composite Inception	12.81	12.19	11.69	12.66						

Firm Description: Saratoga Research & Investment Management ("SaratogaRIM" or "the Firm") is an SEC Registered Investment Advisor specializing in the construction and management of equity portfolios composed of high caliber businesses utilizing common sense investment principles. 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. The Firm's investment process is designed to meet the long-term needs of conservative individual and institutional investors. Advisory services are not made available in any jurisdiction in which SaratogaRIM is not registered or otherwise exempt from registration. The Firm was founded in 1995; prior to March 7, 2007, Saratoga Research & Investment Management was known as Tanner & Associates Asset Management.

Composite Description: The SaratogaRIM Large Cap Quality Focus Composite includes all discretionary portfolios that invest in what the Firm believes to be high-quality companies with low balance sheet, business model (including capital intensity) and valuation risk. This composite will likely have a greater turnover ratio than other composites as it typically restricts cash to no more than 5% of the total portfolio value. Individual position sizes typically range from 1% to 10% of the total portfolio value, but there is no maximum size for an individual position. This composite has higher levels of concentration, particularly in the top 10 positions; collectively, the top 10 positions make up at least 50% of the portfolio. While the investment criteria for this composite narrows the investable universe to predominantly large-cap companies based in the U.S., the composite has no restrictions on market cap size or where the company is domiciled. Investment ideas that do not meet the stated composite criteria ("outside the box ideas") are allowed so long as they do not cumulatively represent more than 10% of the total portfolio value. 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.

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, 2022. | 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, 2022. 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 is 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: Results of the SaratogaRIM Large Cap Quality Focus Composite do not reflect the results of any one portfolio in the composite. Valuations are computed and performance is reported in U.S. dollars based on trade dates as of month-end, net-of-fees, while accounting for dividend reinvestment. Aggregate composite returns are calculated using the Average Capital Base equation (also known as the Modified Dietz method), which utilizes the beginning asset value plus weighted 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 are also 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. Gross-of-fee returns are calculated gross of management, custodial and external consultant or advisory fees and net of transaction costs. Net-of-fee returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Prior to October 31, 2022, non-fee-paying accounts were included in composite net-of-fee return calculations without a fee rate; per the SEC Marketing Rule effective November 4, 2022, net-of-fee returns labeled "Net" now include a model fee rate of 1.00% for all non-fee-paying accounts. The model fee rate for non-fee-paying portfolios was applied quarterly until October 2022, when the Firm switched to deducting monthly. Additionally, a separate net-of-fee return calculation has been added to SaratogaRIM marketing materials using the current maximum fee rate charged by SaratogaRIM for the SaratogaRIM Large Cap Quality Focus Composite (1.00%, labeled "Net Max"). The "Net Max" return fee data represents the reduction of the gross of fee composite returns by the monthly portion of the annual model fee rate of 1.00%. The SaratogaRIM fee is normally 1.00% for the SaratogaRIM Large Cap Quality Focus Composite; may be negotiated, as warranted by special circumstances. Dispersion is calculated as the asset-weighted standard deviation of annual net-of-fee portfolio returns around the median net-of-fee 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. The 3-year annual standard deviation (external dispersion) is based on net-of-fee returns.

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 Ultra Focus

Composite Statistics

Q1 2024

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

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 common sense investment principles for individual and institutional investors.

Composite Overview: The SaratogaRIM Large Cap Quality Ultra Focus Composite includes all discretionary portfolios that invest in what the Firm believes to be high-quality companies with low balance sheet, business model (including capital intensity) and valuation risk. This composite is concentrated in the seven highest conviction ideas and will likely have a greater turnover ratio than other composites as it typically restricts cash to no more than 5% of the total portfolio value. See the GIPS Composite Report (Page 4) for the complete composite description.

SaratogaRIM Large Cap Quality Ultra Focus - Snapshot

Composite Name	SaratogaRIM Large Cap Quality Ultra Focus
Inception Date	12/31/2019
Firm Total Assets	$ 2,833,197,000
Composite Assets	$ 134,145,000
GIPS Compliance	Yes

Investment Results

As of Date: 3/31/2024 Source Data: Total, Monthly Return

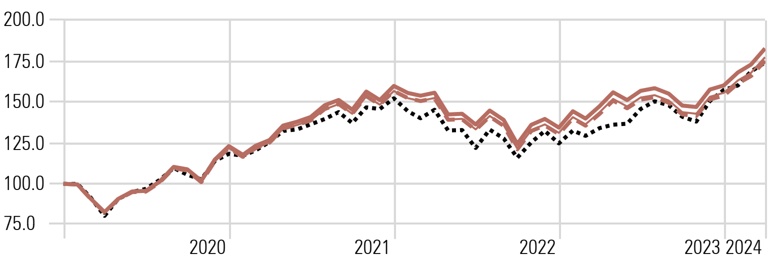
	Quarter to Date	Year to Date	1 Year	3 Years	Since Inception
SaratogaRIM Ultra Focus (Gross)	14.12	14.12	23.99	12.98	15.27
SaratogaRIM Ultra Focus (Net)	13.99	13.99	23.45	12.33	14.46
SaratogaRIM Ultra Focus (Net Max)	13.82	13.82	22.75	11.86	14.12
S&P 500 TR USD	10.56	10.56	29.88	11.49	13.95

Investment Growth Relative to Benchmark

Time Period: 1/1/2020 to 3/31/2024

Source Data: Total Return

SaratogaRIM Ultra Focus (Gross) SaratogaRIM Ultra Focus (Net) SaratogaRIM Ultra Focus (Net Max) S&P 500 TR USD

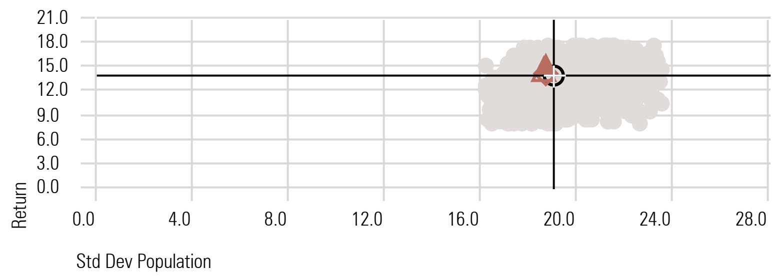


Standard Deviation vs. Annualized Rate of Return Relative to Benchmark & Peer Group

Time Period: 1/1/2020 to 3/31/2024

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

SaratogaRIM Ultra Focus (Gross) SaratogaRIM Ultra Focus (Net) SaratogaRIM Ultra Focus (Net Max) S&P 500 TR USD

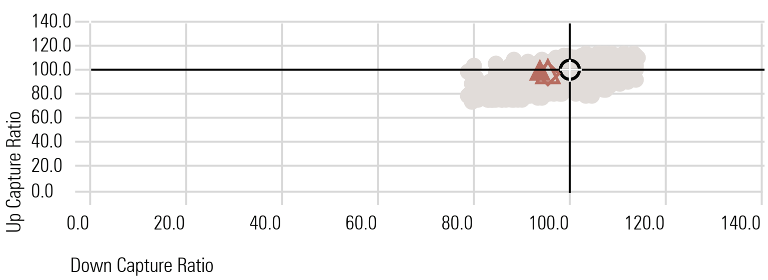


Market Capture Relative to Benchmark & Peer Group

Time Period: 1/1/2020 to 3/31/2024

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

SaratogaRIM Ultra Focus (Gross) SaratogaRIM Ultra Focus (Net) SaratogaRIM Ultra Focus (Net Max) S&P 500 TR USD

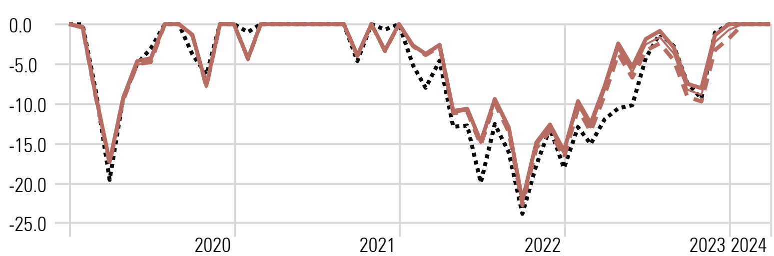


Drawdown Relative to Benchmark

Time Period: 1/1/2020 to 3/31/2024

Source Data: Total, Monthly Return

SaratogaRIM Ultra Focus (Gross) SaratogaRIM Ultra Focus (Net) SaratogaRIM Ultra Focus (Net Max) S&P 500 TR USD



Sector Weightings - GICS

Portfolio Date: 3/31/2024

	Ultra Focus	S&P 500
Consumer Discretionary %	0.00	10.34
Consumer Staples %	12.65	5.97
Energy %	0.00	3.95
Financials %	14.75	13.16
Healthcare %	12.74	12.42
Industrials %	13.99	8.80
Information Technology %	14.91	29.57
Materials %	0.00	2.37
Communication Services %	30.96	8.95
Utilities %	0.00	2.20

Holding Fundamentals

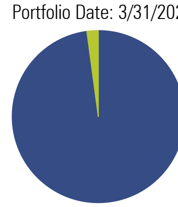
Dividend Yield	1.48
P/E Ratio (TTM)	23.52
P/CF Ratio (TTM)	18.04
P/B Ratio (TTM)	2.94
ROE % (TTM)	19.15
ROA % (TTM)	9.29
Net Margin %	16.32
Est. LT EPS Growth	10.64
Historical EPS Growth	1.97

Market Capitalization

Average Market Cap (mil)	438,434.55
Market Cap Giant %	56.66
Market Cap Large %	43.34
Market Cap Mid %	0.00

Asset Allocation

Portfolio Date: 3/31/2024

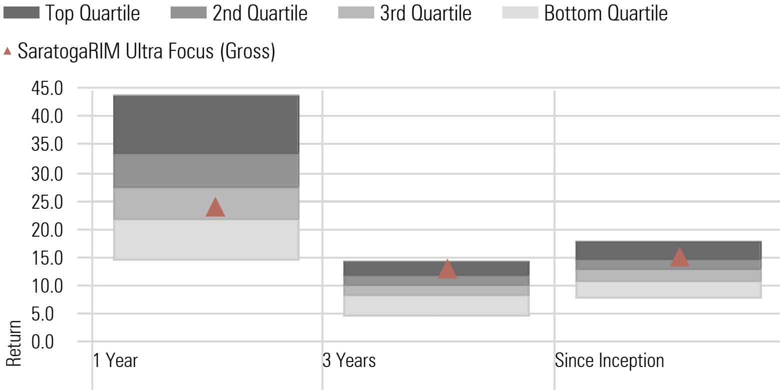


	%
Stock	97.9
Bond	0.0
Cash	2.1
Other	0.0
Total	**100.0**

GICS Sector Weightings, Holding Fundamentals, and Market Capitalization statistics reflect the weightings of the stock portion of the portfolio. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. See Disclosures and Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality Ultra Focus (Page 4).

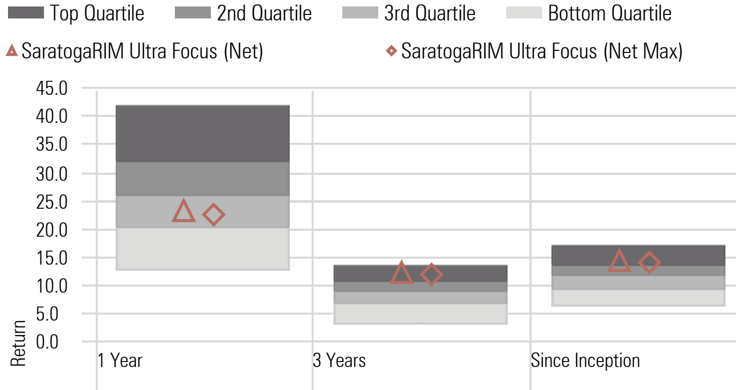
Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	Since Inception
SaratogaRIM Ultra Focus (Gross)	23.99	12.98	15.27
S&P 500 TR USD	29.88	11.49	13.95
Median	27.41	9.87	12.79
Average	27.97	9.69	12.74
Count	1,626	1,538	1,467
5th Percentile	43.69	14.07	17.64
25th Percentile	33.35	11.62	14.61
50th Percentile	27.41	9.87	12.79
75th Percentile	21.63	8.11	10.60
95th Percentile	14.34	4.66	7.72

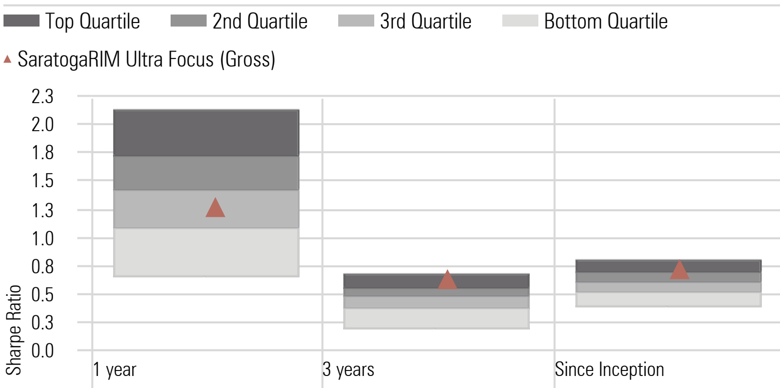
Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	Since Inception
SaratogaRIM Ultra Focus (Net)	23.45	12.33	14.46
SaratogaRIM Ultra Focus (Net Max)	22.75	11.86	14.12
S&P 500 TR USD	29.88	11.49	13.95
Median	25.99	8.73	11.49
Average	26.61	8.54	11.53
Count	1,611	1,522	1,452
5th Percentile	41.90	13.32	16.99
25th Percentile	31.82	10.56	13.62
50th Percentile	25.99	8.73	11.49
75th Percentile	20.12	6.64	9.28
95th Percentile	12.90	3.22	6.35

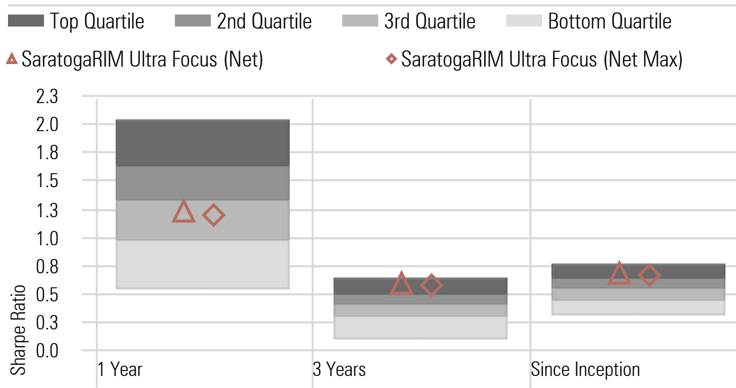
Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	Since Inception
SaratogaRIM Ultra Focus (Gross)	1.28	0.64	0.73
S&P 500 TR USD	1.60	0.54	0.67
Median	1.42	0.47	0.60
Average	1.39	0.45	0.60
Count	1,626	1,538	1,467
5th Percentile	2.13	0.67	0.79
25th Percentile	1.72	0.55	0.68
50th Percentile	1.42	0.47	0.60
75th Percentile	1.08	0.37	0.51
95th Percentile	0.66	0.19	0.39

Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	Since Inception
SaratogaRIM Ultra Focus (Net)	1.25	0.60	0.70
SaratogaRIM Ultra Focus (Net Max)	1.20	0.58	0.68
S&P 500 TR USD	1.60	0.54	0.67
Median	1.33	0.41	0.55
Average	1.31	0.39	0.54
Count	1,611	1,522	1,452
5th Percentile	2.05	0.64	0.75
25th Percentile	1.63	0.50	0.64
50th Percentile	1.33	0.41	0.55
75th Percentile	0.98	0.29	0.44
95th Percentile	0.55	0.11	0.31

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See Disclosures & Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality Ultra Focus (Page 4).

Disclosures & Definitions

See additional important disclosures and composite-specific information within the GIPS Composite Report (Page 4).

Saratoga Research & Investment Management (“SaratogaRIM” or "the Firm") 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.

This report was generated by SaratogaRIM through Morningstar Direct’s Presentation Studio using data from Morningstar Direct and Advent Axys. SaratogaRIM composite performance statistics are based off gross-of-fee or net-of-fee monthly performance data uploaded to Morningstar. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. The Peer Group statistics within this report contain U.S. Large Cap separate account managers that appear in the Morningstar database for the relevant periods shown as of the report generated date. The information and statistical data contained herein have been obtained from sources that SaratogaRIM believes to be reliable but in no way are warranted by the Firm as to accuracy or completeness.

Results of the SaratogaRIM Large Cap Quality Ultra 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.

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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. Drawdown is a measure of peak-to-trough decline over the period of time until a new high is reached.

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GIPS Composite Report

SaratogaRIM Large Cap Quality Ultra Focus

Q1 2024

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

Composite Performance Statistics

Year	Composite Gross TWR	Composite Net TWR	Composite Net Max TWR	S&P 500 Total Return	Standard Deviation	3 Yr Ann Standard Dev Composite Net TWR	3 Yr Ann Standard Dev S&P 500 Total Return	# of Portfolios in Composite	End of Period Composite Assets	End of Period Total Firm Assets
2020	23.11	21.91	21.89	18.40	n/a	-	-	2	147,707.23	2,631,534,466.80
2021	29.97	28.68	28.67	28.71	n/a	-	-	4	430,534.27	2,957,751,865.10
2022	-15.95	-16.36	-16.79	-18.11	n/a	20.35	20.87	20	74,388,527.10	2,603,780,552.47
2023	19.21	18.71	18.03	26.29	0.12	16.69	17.29	37	96,046,135.51	2,740,178,823.29
03/31/24	14.11	13.99	13.82	10.56	n/a	16.62	17.35	45	134,145,473.27	2,833,197,181.00

Trailing Annualized Returns as of 3/31/24

	Composite Gross TWR	Composite Net TWR	Composite Net Max TWR	S&P 500 Total Return
1 Year	23.98	23.45	22.75	29.88
5 Year				
10 Year				
Composite Inception	15.27	14.46	14.12	13.95

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SaratogaRIM Large Cap Quality Focus ESG
Composite Statistics

Q1 2024

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

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Composite Overview: The SaratogaRIM Large Cap Quality Focus ESG Composite includes all discretionary portfolios that invest in what the firm believes to be high-quality companies with low balance sheet, business model (including capital intensity) and valuation risk. This composite also utilizes third party ESG risk ratings to increase exposure to companies who rate favorably on environmental, social, and governance standards. This composite will likely have a greater turnover ratio than other composites as it typically restricts cash to no more than 5% of the total portfolio value. See the GIPS Composite Report (Page 4) for the complete composite description.

SaratogaRIM Large Cap Quality Focus ESG - Snapshot

Composite Name	SaratogaRIM Large Cap Quality Focus ESG
Inception Date	5/31/2021
Firm Total Assets	$ 2,833,197,000
Composite Assets	$ 43,021,000
GIPS Compliance	Yes

Investment Results

As of Date: 3/31/2024 Source Data: Total, Monthly Return

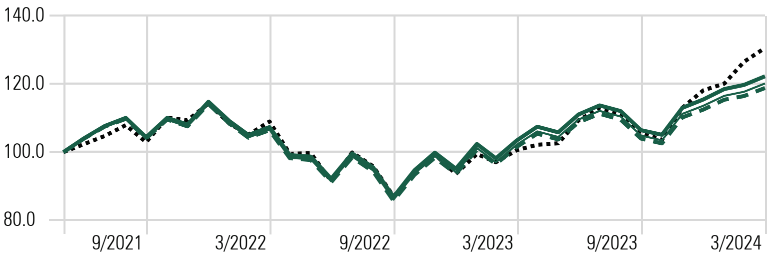
	Quarter to Date	Year to Date	1 Year	Since Inception
SaratogaRIM Focus ESG (Gross)	5.91	5.91	18.23	7.37
SaratogaRIM Focus ESG (Net)	5.77	5.77	17.60	6.71
SaratogaRIM Focus ESG (Net Max)	5.64	5.64	17.03	6.30
S&P 500 TR USD	10.56	10.56	29.88	9.90

Investment Growth Relative to Benchmark

Time Period: 6/1/2021 to 3/31/2024

Source Data: Total Return

SaratogaRIM Focus ESG (Gross) SaratogaRIM Focus ESG (Net) SaratogaRIM Focus ESG (Net Max) S&P 500 TR USD

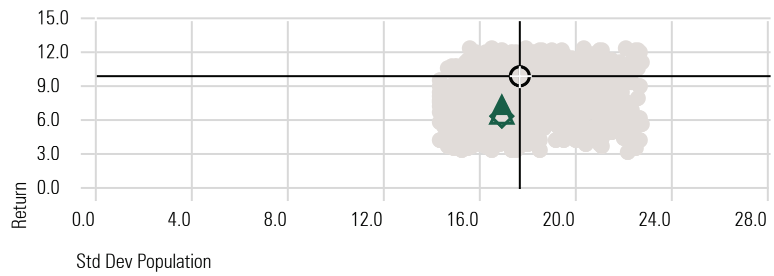


Standard Deviation vs. Annualized Rate of Return Relative to Benchmark & Peer Group

Time Period: 6/1/2021 to 3/31/2024

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

SaratogaRIM Focus ESG (Gross) SaratogaRIM Focus ESG (Net) SaratogaRIM Focus ESG (Net Max) S&P 500 TR USD

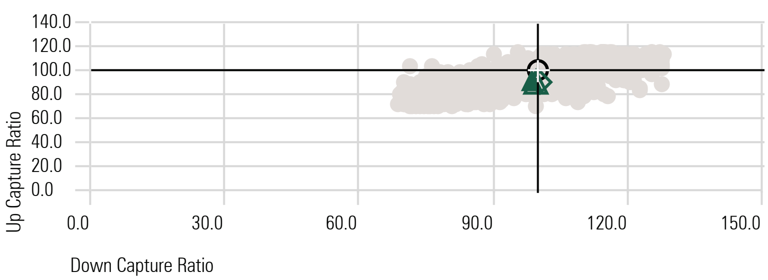


Market Capture Relative to Benchmark & Peer Group

Time Period: 6/1/2021 to 3/31/2024

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

SaratogaRIM Focus ESG (Gross) SaratogaRIM Focus ESG (Net) SaratogaRIM Focus ESG (Net Max) S&P 500 TR USD

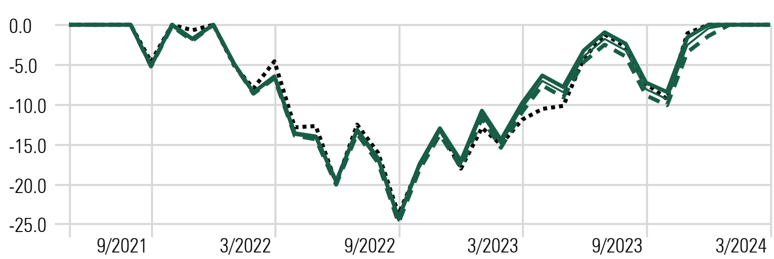


Drawdown Relative to Benchmark

Time Period: 6/1/2021 to 3/31/2024

Source Data: Total, Monthly Return

SaratogaRIM Focus ESG (Gross) SaratogaRIM Focus ESG (Net) SaratogaRIM Focus ESG (Net Max) S&P 500 TR USD



Sector Weightings - GICS

Portfolio Date: 3/31/2024

	Focus ESG	S&P 500
Consumer Discretionary %	7.75	10.34
Consumer Staples %	15.33	5.97
Energy %	0.00	3.95
Financials %	7.91	13.16
Healthcare %	20.28	12.42
Industrials %	3.77	8.80
Information Technology %	30.26	29.57
Materials %	1.85	2.37
Communication Services %	12.85	8.95
Utilities %	0.00	2.20

Holding Fundamentals

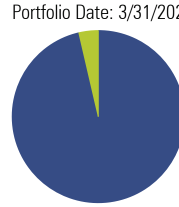
Dividend Yield	1.92
P/E Ratio (TTM)	25.71
P/CF Ratio (TTM)	17.66
P/B Ratio (TTM)	4.90
ROE % (TTM)	36.39
ROA % (TTM)	11.78
Net Margin %	17.57
Est. LT EPS Growth	9.04
Historical EPS Growth	0.01

Market Capitalization

Average Market Cap (mil)	226,900.65
Market Cap Giant %	55.70
Market Cap Large %	30.79
Market Cap Mid %	9.36

Asset Allocation

Portfolio Date: 3/31/2024

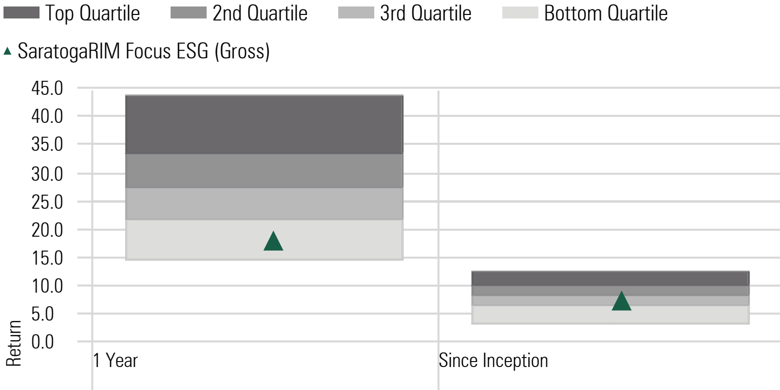


	%
Stock	96.4
Bond	0.0
Cash	3.6
Other	0.0
Total	**100.0**

GICS Sector Weightings, Holding Fundamentals, and Market Capitalization statistics reflect the weightings of the stock portion of the portfolio. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. See Disclosures and Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality Focus ESG (Page 4).

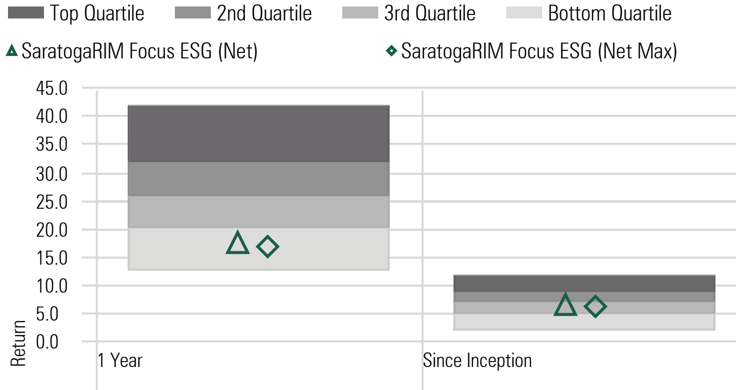
Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	Since Inception
SaratogaRIM Focus ESG (Gross)	18.23	7.37
S&P 500 TR USD	29.88	9.90
Median	27.41	8.24
Average	27.97	8.05
Count	1,626	1,545
5th Percentile	43.69	12.35
25th Percentile	33.35	9.91
50th Percentile	27.41	8.24
75th Percentile	21.63	6.37
95th Percentile	14.34	3.20

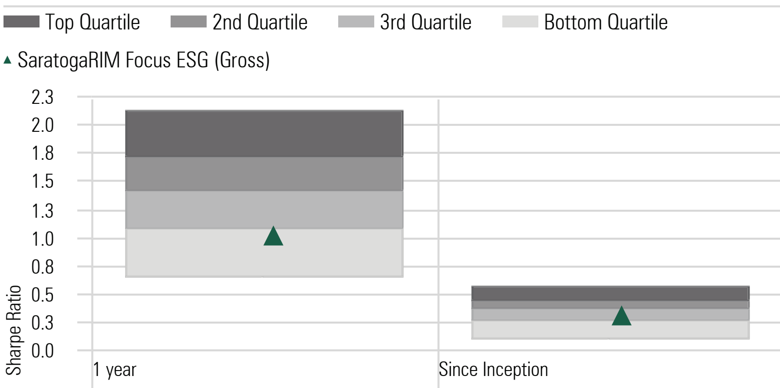
Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	Since Inception
SaratogaRIM Focus ESG (Net)	17.60	6.71
SaratogaRIM Focus ESG (Net Max)	17.03	6.30
S&P 500 TR USD	29.88	9.90
Median	25.99	7.16
Average	26.61	6.93
Count	1,611	1,530
5th Percentile	41.90	11.71
25th Percentile	31.82	8.95
50th Percentile	25.99	7.16
75th Percentile	20.12	4.97
95th Percentile	12.90	1.93

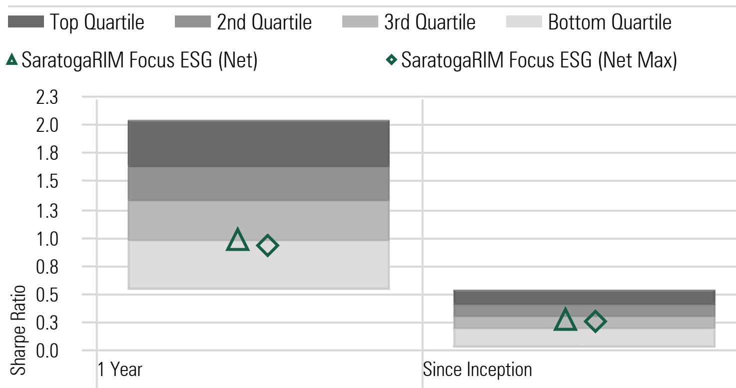
Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	Since Inception
SaratogaRIM Focus ESG (Gross)	1.03	0.32
S&P 500 TR USD	1.60	0.45
Median	1.42	0.36
Average	1.39	0.35
Count	1,626	1,545
5th Percentile	2.13	0.57
25th Percentile	1.72	0.45
50th Percentile	1.42	0.36
75th Percentile	1.08	0.27
95th Percentile	0.66	0.10

Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	Since Inception
SaratogaRIM Focus ESG (Net)	0.98	0.28
SaratogaRIM Focus ESG (Net Max)	0.94	0.26
S&P 500 TR USD	1.60	0.45
Median	1.33	0.31
Average	1.31	0.29
Count	1,611	1,530
5th Percentile	2.05	0.54
25th Percentile	1.63	0.40
50th Percentile	1.33	0.31
75th Percentile	0.98	0.19
95th Percentile	0.55	0.03

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See Disclosures & Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality Focus ESG (Page 4).

Disclosures & Definitions

See additional important disclosures and composite-specific information within the GIPS Composite Report (Page 4).

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This report was generated by SaratogaRIM through Morningstar Direct's Presentation Studio using data from Morningstar Direct and Advent Axys. SaratogaRIM composite performance statistics are based off gross-of-fee or net-of-fee monthly performance data uploaded to Morningstar. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. The Peer Group statistics within this report contain U.S. Large Cap separate account managers that appear in the Morningstar database for the relevant periods shown as of the report generated date. The information and statistical data contained herein have been obtained from sources that SaratogaRIM believes to be reliable but in no way are warranted by the Firm as to accuracy or completeness.

Results of the SaratogaRIM Large Cap Quality Focus ESG 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.

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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. Drawdown is a measure of peak-to-trough decline over the period of time until a new high is reached.

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GIPS Composite Report

SaratogaRIM Large Cap Quality Focus ESG

Q1 2024

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

Composite Performance Statistics

Year	Composite Gross TWR	Composite Net TWR	Composite Net Max TWR	S&P 500 Total Return	Standard Deviation	3 Yr Ann Standard Dev Composite Net TWR	3 Yr Ann Standard Dev S&P 500 Total Return	# of Portfolios in Composite	End of Period Composite Assets	End of Period Total Firm Assets
2021 (5/31)	14.82	14.17	14.16	14.28	n/a	-	-	22	22,811,825.37	2,957,751,865.10
2022	-17.15	-17.58	-17.98	-18.11	1.42	-	-	27	31,572,994.98	2,603,780,552.47
2023	21.40	20.78	20.19	26.29	0.55	-	-	26	39,376,153.70	2,740,178,823.29
03/31/24	5.90	5.77	5.64	10.56	n/a	-	-	29	43,021,300.24	2,833,197,181.00
Trailing Annualized Returns as of 3/31/24										
1 Year	18.21	17.60	17.03	29.88						
5 Year										
10 Year										
Composite Inception	7.36	6.71	6.30	9.90						

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SaratogaRIM Large Cap Quality Ultra Focus ESG
Composite Statistics

Q1 2024

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SaratogaRIM Large Cap Quality Ultra Focus ESG - Snapshot

Composite Name	SaratogaRIM Lge Cap Quality Ultra Focus ESG
Inception Date	7/31/2021
Firm Total Assets	$ 2,833,197,000
Composite Assets	$ 305,000
GIPS Compliance	Yes

Investment Results

As of Date: 3/31/2024 Source Data: Total, Monthly Return

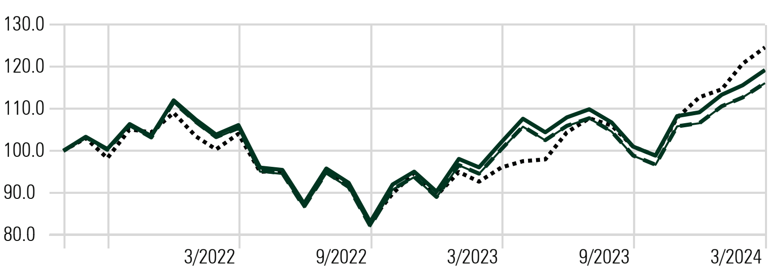
	Quarter to Date	Year to Date	1 Year	Since Inception
SaratogaRIM Ultra Focus ESG (Gross)	9.25	9.25	16.91	6.84
SaratogaRIM Ultra Focus ESG (Net)	8.99	8.99	15.82	5.78
SaratogaRIM Ultra Focus ESG (Net Max)	8.98	8.98	15.76	5.79
S&P 500 TR USD	10.56	10.56	29.88	8.64

Investment Growth Relative to Benchmark

Time Period: 8/1/2021 to 3/31/2024

Source Data: Total Return

SaratogaRIM Ultra Focus ESG (Gross) SaratogaRIM Ultra Focus ESG (Net) SaratogaRIM Ultra Focus ESG (Net Max) S&P 500 TR USD

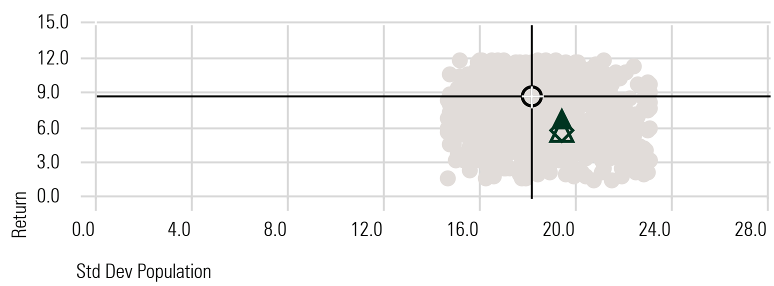


Standard Deviation vs. Annualized Rate of Return Relative to Benchmark & Peer Group

Time Period: 8/1/2021 to 3/31/2024

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

SaratogaRIM Ultra Focus ESG (Gross) SaratogaRIM Ultra Focus ESG (Net) SaratogaRIM Ultra Focus ESG (Net Max) S&P 500 TR USD

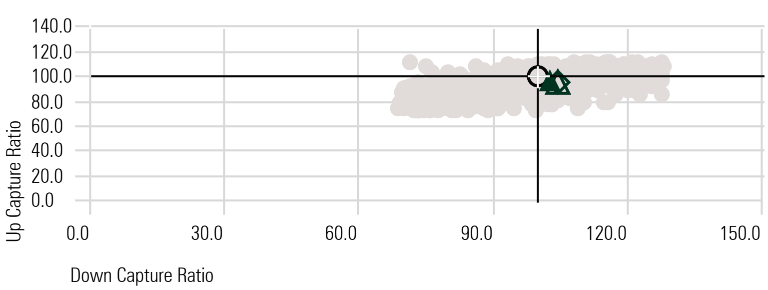


Market Capture Relative to Benchmark & Peer Group

Time Period: 8/1/2021 to 3/31/2024

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

SaratogaRIM Ultra Focus ESG (Gross) SaratogaRIM Ultra Focus ESG (Net) SaratogaRIM Ultra Focus ESG (Net Max) S&P 500 TR USD

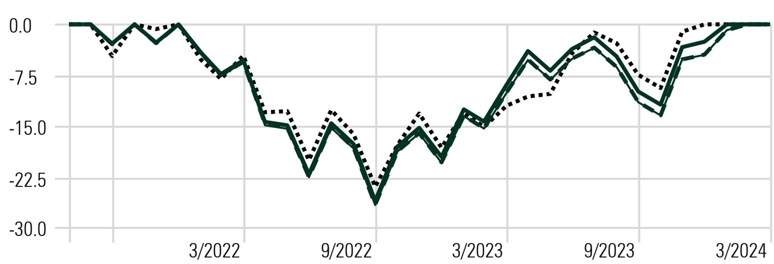


Drawdown Relative to Benchmark

Time Period: 8/1/2021 to 3/31/2024

Source Data: Total, Monthly Return

SaratogaRIM Ultra Focus ESG (Gross) SaratogaRIM Ultra Focus ESG (Net) SaratogaRIM Ultra Focus ESG (Net Max) S&P 500 TR USD



Sector Weightings - GICS

Portfolio Date: 3/31/2024

	Ultra Focus	S&P 500
Consumer Discretionary %	0.00	10.34
Consumer Staples %	12.94	5.97
Energy %	0.00	3.95
Financials %	0.00	13.16
Healthcare %	24.82	12.42
Industrials %	0.00	8.80
Information Technology %	44.62	29.57
Materials %	0.00	2.37
Communication Services %	17.62	8.95
Utilities %	0.00	2.20

Holding Fundamentals

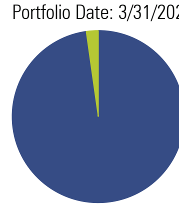
Dividend Yield	2.11
P/E Ratio (TTM)	28.50
P/CF Ratio (TTM)	17.62
P/B Ratio (TTM)	4.73
ROE % (TTM)	32.04
ROA % (TTM)	9.68
Net Margin %	16.13
Est. LT EPS Growth	8.26
Historical EPS Growth	-2.55

Market Capitalization

Average Market Cap (mil)	301,493.61
Market Cap Giant %	55.05
Market Cap Large %	44.95
Market Cap Mid %	0.00

Asset Allocation

Portfolio Date: 3/31/2024

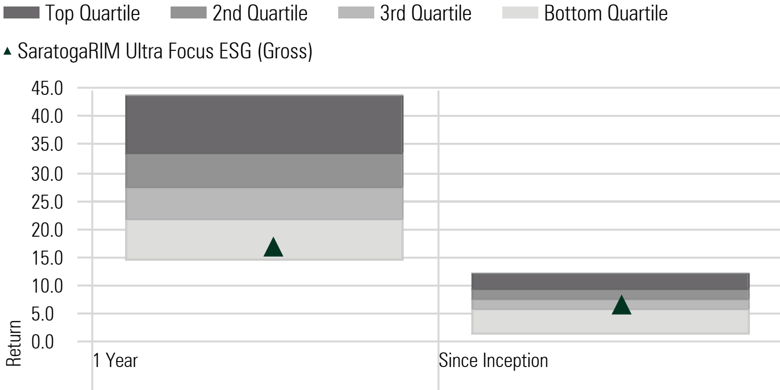


	%
Stock	97.8
Bond	0.0
Cash	2.2
Other	0.0
Total	**100.0**

GICS Sector Weightings, Holding Fundamentals, and Market Capitalization statistics reflect the weightings of the stock portion of the portfolio. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. See Disclosures and Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality Ultra Focus ESG (Page 4).

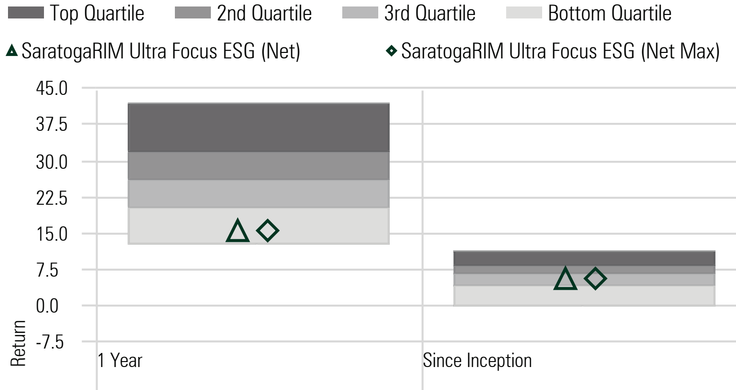
Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	Since Inception
SaratogaRIM Ultra Focus ESG (Gross)	16.91	6.84
S&P 500 TR USD	29.88	8.64
Median	27.41	7.41
Average	27.97	7.13
Count	1,628	1,556
5th Percentile	43.68	11.86
25th Percentile	33.36	9.10
50th Percentile	27.41	7.41
75th Percentile	21.62	5.71
95th Percentile	14.35	1.46

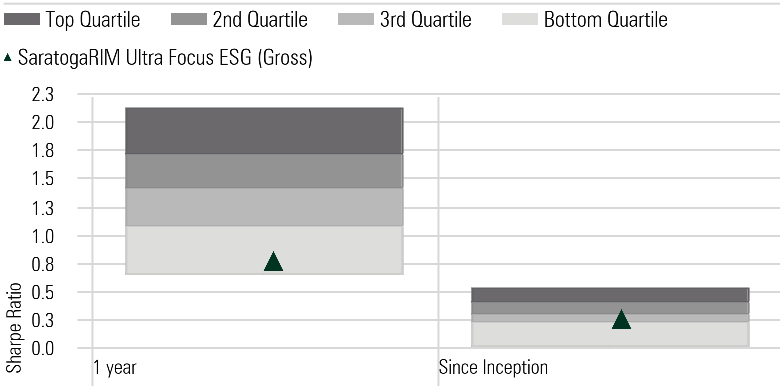
Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	Since Inception
SaratogaRIM Ultra Focus ESG (Net)	15.82	5.78
SaratogaRIM Ultra Focus ESG (Net Max)	15.76	5.79
S&P 500 TR USD	29.88	8.64
Median	25.99	6.33
Average	26.61	6.04
Count	1,613	1,541
5th Percentile	41.87	11.08
25th Percentile	31.82	8.26
50th Percentile	25.99	6.33
75th Percentile	20.09	4.22
95th Percentile	12.90	-0.06

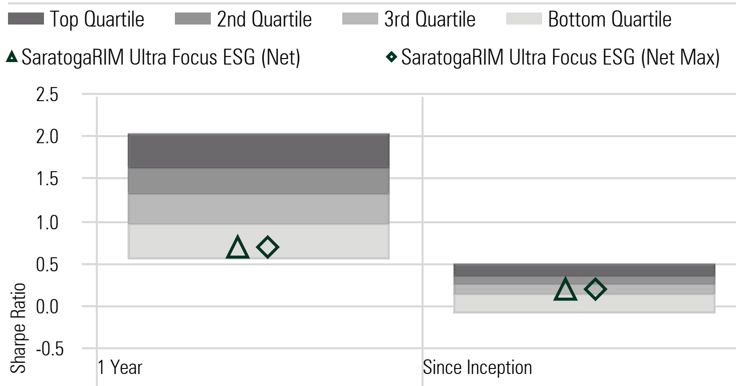
Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	Since Inception
SaratogaRIM Ultra Focus ESG (Gross)	0.77	0.27
S&P 500 TR USD	1.60	0.36
Median	1.42	0.31
Average	1.39	0.29
Count	1,628	1,556
5th Percentile	2.13	0.53
25th Percentile	1.72	0.40
50th Percentile	1.42	0.31
75th Percentile	1.08	0.22
95th Percentile	0.66	0.01

Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	Since Inception
SaratogaRIM Ultra Focus ESG (Net)	0.71	0.22
SaratogaRIM Ultra Focus ESG (Net Max)	0.70	0.22
S&P 500 TR USD	1.60	0.36
Median	1.33	0.25
Average	1.31	0.24
Count	1,613	1,541
5th Percentile	2.05	0.49
25th Percentile	1.63	0.35
50th Percentile	1.33	0.25
75th Percentile	0.98	0.14
95th Percentile	0.55	-0.07

Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding.
See Disclosures & Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality Ultra Focus ESG (Page 4).

Disclosures & Definitions

See additional important disclosures and composite-specific information within the GIPS Composite Report (Page 4).

Saratoga Research & Investment Management (“SaratogaRIM” or "the Firm") 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.

This report was generated by SaratogaRIM through Morningstar Direct’s Presentation Studio using data from Morningstar Direct and Advent Axys. SaratogaRIM composite performance statistics are based off gross-of-fee or net-of-fee monthly performance data uploaded to Morningstar. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. The Peer Group statistics within this report contain U.S. Large Cap separate account managers that appear in the Morningstar database for the relevant periods shown as of the report generated date. The information and statistical data contained herein have been obtained from sources that SaratogaRIM believes to be reliable but in no way are warranted by the Firm as to accuracy or completeness.

Results of the SaratogaRIM Large Cap Quality Ultra Focus ESG 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.

Gross-of-fee returns are calculated gross of management, custodial and external consultant or advisory fees and net of transaction costs. Net-of-fee returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Prior to October 31, 2022, non-fee-paying accounts were included in composite net-of-fee return calculations without a fee rate; per the SEC Marketing Rule effective November 4, 2022, net-of-fee returns labeled “Net” now include a model fee rate of 1.00% for all non-fee-paying accounts. The model fee rate for non-fee-paying portfolios was applied quarterly until October 2022, when the Firm switched to deducting monthly. Additionally, a separate net-of-fee return calculation has been added to SaratogaRIM marketing materials using the current maximum fee rate charged by SaratogaRIM for the SaratogaRIM Large Cap Quality Ultra Focus ESG Composite (1.00%, labeled “Net Max”). The "Net Max" return fee data represents the reduction of the gross of fee composite returns by the monthly portion of the annual model fee rate of 1.00%. Calculations are available upon request. Information pertaining to the Firm's advisory fees is set forth in SaratogaRIM's current disclosure statement, which is available upon request.

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. Drawdown is a measure of peak-to-trough decline over the period of time until a new high is reached.

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.

GIPS Composite Report

SaratogaRIM Large Cap Quality Ultra Focus ESG

Q1 2024

EST. 1995

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

Composite Performance Statistics

						3 Yr Ann Standard Dev				
Year	Composite Gross TWR	Composite Net TWR	Composite Net Max TWR	S&P 500 Total Return	Standard Deviation	Composite Net TWR	S&P 500 Total Return	# of Portfolios in Composite	End of Period Composite Assets	End of Period Total Firm Assets
2021 (7/31)	12.06	11.61	11.60	9.08	n/a	-	-	2	169,216.78	2,957,751,865.10
2022	-19.47	-20.29	-20.29	-18.11	n/a	-	-	3	205,322.16	2,603,780,552.47
2023	21.05	19.92	19.84	26.29	0.55	-	-	3	248,540.09	2,740,178,823.29
03/31/24	9.25	8.99	8.98	10.56	n/a	-	-	4	305,398.94	2,833,197,181.00
Trailing Annualized Returns as of 3/31/24										
1 Year	16.93	15.85	15.76	29.88						
5 Year										
10 Year										
Composite Inception	6.86	5.83	5.79	8.64						

Firm Description: Saratoga Research & Investment Management ("SaratogaRIM" or "the Firm") is an SEC Registered Investment Advisor specializing in the construction and management of equity portfolios composed of high caliber businesses utilizing common sense investment principles. 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. The Firm's investment process is designed to meet the long-term needs of conservative individual and institutional investors. Advisory services are not made available in any jurisdiction in which SaratogaRIM is not registered or otherwise exempt from registration. The Firm was founded in 1995; prior to March 7, 2007, Saratoga Research & Investment Management was known as Tanner & Associates Asset Management.

Composite Description: The SaratogaRIM Large Cap Quality Ultra Focus ESG Composite includes all discretionary portfolios that invest in what the firm believes to be high-quality companies with low balance sheet, business model (including capital intensity) and valuation risk. This composite also utilizes third party ESG risk ratings to increase exposure to companies who rate favorably on environmental, social, and governance standards. This composite is concentrated in the seven highest conviction ideas and will likely have a greater turnover ratio than other composites as it typically restricts cash to no more than 5% of the total portfolio value. Individual position sizes are typically set at 14% of the total portfolio value, but weightings can fluctuate over time and there is no maximum or minimum size for an individual position. While the investment criteria for this composite narrows the investable universe to predominantly large-cap companies based in the U.S., the composite has no restrictions on market cap size or where the company is domiciled. Investment ideas that do not meet the stated composite criteria ("outside the box ideas") are allowed so long as they do not cumulatively represent more than 30% of the total portfolio value. The minimum requirement to establish a new account is $25,000. The minimum asset level is $10,000. Inception date: July 31, 2021. Creation date for GIPS: July 31, 2021.

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, 2022. | 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 Ultra Focus ESG Composite has had a performance examination for the periods July 31, 2021 through December 31, 2022. 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 is 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: Results of the SaratogaRIM Large Cap Quality Ultra Focus ESG Composite do not reflect the results of any one portfolio in the composite. Valuations are computed and performance is reported in U.S. dollars based on trade dates as of month-end, net-of-fees, while accounting for dividend reinvestment. Aggregate composite returns are calculated using the Average Capital Base equation (also known as the Modified Dietz method), which utilizes the beginning asset value plus weighted 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 are also 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. Gross-of-fee returns are calculated gross of management, custodial and external consultant or advisory fees and net of transaction costs. Net-of-fee returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Prior to October 31, 2022, non-fee-paying accounts were included in composite net-of-fee return calculations without a fee rate; per the SEC Marketing Rule effective November 4, 2022, net-of-fee returns labeled "Net" now include a model fee rate of 1.00% for all non-fee-paying accounts. The model fee rate for non-fee-paying portfolios was applied quarterly until October 2022, when the Firm switched to deducting monthly. Additionally, a separate net-of-fee return calculation has been added to SaratogaRIM marketing materials using the current maximum fee rate charged by SaratogaRIM for the SaratogaRIM Large Cap Quality Ultra Focus ESG Composite (1.00%, labeled "Net Max"). The "Net Max" return fee data represents the reduction of the gross of fee composite returns by the monthly portion of the annual model fee rate of 1.00%. The SaratogaRIM fee is normally 1.00% for the SaratogaRIM Large Cap Quality Ultra Focus ESG Composite; may be negotiated, as warranted by special circumstances. Dispersion is calculated as the asset-weighted standard deviation of annual net-of-fee portfolio returns around the median net-of-fee 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. The 3-year annual standard deviation (external dispersion) is based on net-of-fee returns.

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
Composite Statistics

Q1 2024

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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 common sense investment principles for individual and institutional investors.

Composite Overview: The SaratogaRIM Large Cap Quality Composite includes all discretionary portfolios that invest in what the Firm believes to be high-quality companies with low balance sheet, business model (including capital intensity) and valuation risk. This composite allows cash to accumulate at certain stages of the market cycle and has no maximum cash position size. See the GIPS Composite Report (Page 4) for the complete composite description.

SaratogaRIM Large Cap Quality (LCQ) - Snapshot

Composite Name	SaratogaRIM Large Cap Quality
Inception Date	2/29/2000
Firm Total Assets	$ 2,833,197,000
Composite Assets	$ 1,128,597,000
GIPS Compliance	Yes

Investment Results

As of Date: 3/31/2024 Source Data: Total, Monthly Return

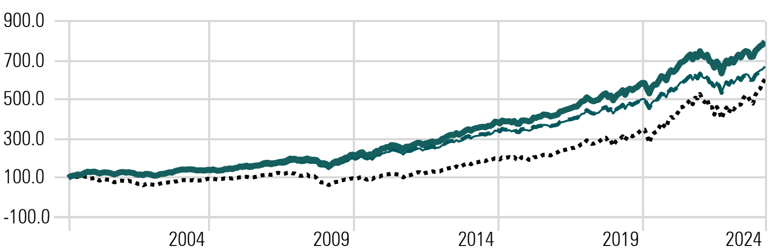
	Quarter to Date	Year to Date	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years	Since Inception
SaratogaRIM LCQ (Gross)	4.82	4.82	12.17	5.97	8.34	8.83	8.47	10.99	9.00	9.02
SaratogaRIM LCQ (Net)	4.67	4.67	11.54	5.38	7.74	8.23	7.88	10.34	8.27	8.23
SaratogaRIM LCQ (Net Max)	4.62	4.62	11.32	5.18	7.53	8.02	7.67	10.16	8.19	8.19
S&P 500 TR USD	10.56	10.56	29.88	11.49	15.05	14.09	12.96	15.63	10.15	7.77

Investment Growth Relative to Benchmark

Time Period: 3/1/2000 to 3/31/2024

Source Data: Total Return

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

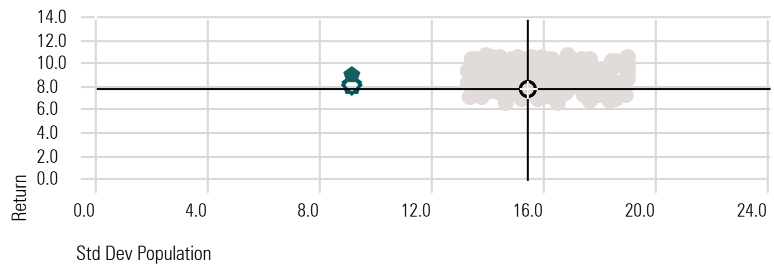


Standard Deviation vs. Annualized Rate of Return Relative to Benchmark & Peer Group

Time Period: 3/1/2000 to 3/31/2024

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

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

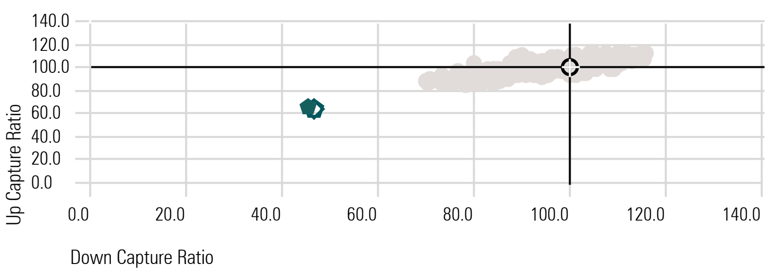


Market Capture Relative to Benchmark & Peer Group

Time Period: 3/1/2000 to 3/31/2024

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

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

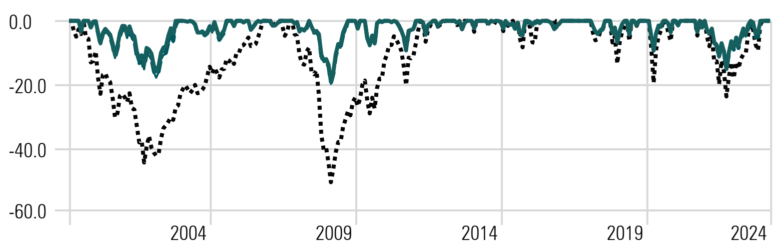


Drawdown Relative to Benchmark

Time Period: 3/1/2000 to 3/31/2024

Source Data: Total, Monthly Return

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



Sector Weightings - GICS

Portfolio Date: 3/31/2024

	LCQ	S&P 500
Consumer Discretionary %	8.31	10.34
Consumer Staples %	14.58	5.97
Energy %	0.00	3.95
Financials %	9.36	13.16
Healthcare %	18.96	12.42
Industrials %	15.02	8.80
Information Technology %	20.01	29.57
Materials %	0.00	2.37
Communication Services %	13.76	8.95
Utilities %	0.00	2.20

Holding Fundamentals

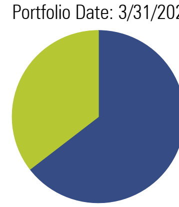
Dividend Yield	1.79
P/E Ratio (TTM)	25.65
P/CF Ratio (TTM)	17.85
P/B Ratio (TTM)	4.59
ROE % (TTM)	31.23
ROA % (TTM)	11.86
Net Margin %	17.51
Est. LT EPS Growth	9.86
Historical EPS Growth	1.07

Market Capitalization

Average Market Cap (mil)	302,104.96
Market Cap Giant %	57.29
Market Cap Large %	38.67
Market Cap Mid %	1.93

Asset Allocation

Portfolio Date: 3/31/2024

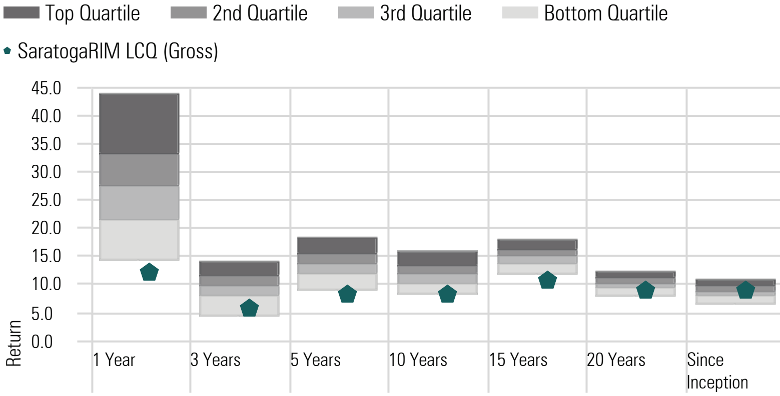


	%
Stock	64.6
Bond	0.0
Cash	35.4
Other	0.0
Total	**100.0**

GICS Sector Weightings, Holding Fundamentals, and Market Capitalization statistics reflect the weightings of the stock portion of the portfolio. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. See Disclosures and Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality (Page 4).

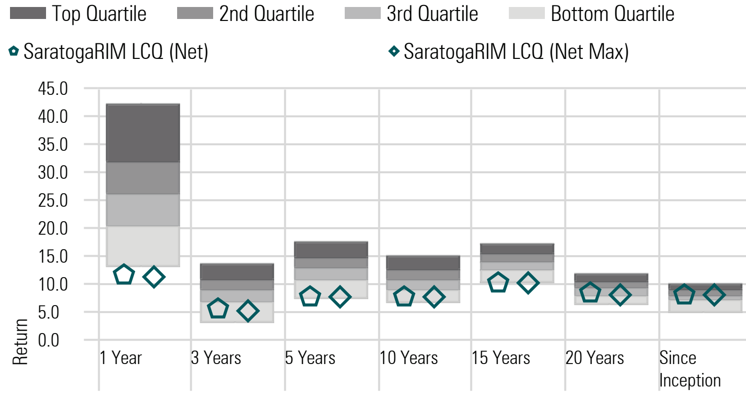
Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



Investment Results Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
SaratogaRIM LCQ (Gross)	12.17	5.97	8.34	8.47	10.99	9.00	9.02
Median	27.40	9.85	13.81	11.82	14.97	10.24	8.81
Average	27.96	9.68	13.76	11.82	14.89	10.25	8.81
Count	1,621	1,533	1,417	1,136	918	663	418
5th Percentile	43.72	14.07	18.30	15.94	17.93	12.38	10.72
25th Percentile	33.35	11.62	15.55	13.31	16.16	11.12	9.77
50th Percentile	27.40	9.85	13.81	11.82	14.97	10.24	8.81
75th Percentile	21.61	8.11	11.84	10.13	13.65	9.41	7.93
95th Percentile	14.33	4.66	9.11	8.37	12.08	8.06	6.62

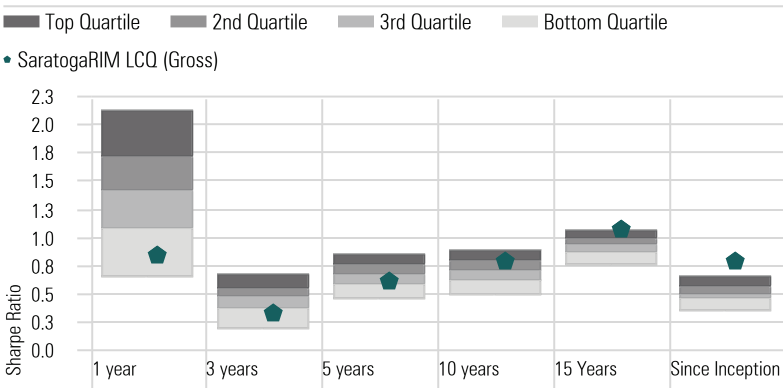
Investment Results Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
SaratogaRIM LCQ (Net)	11.54	5.38	7.74	7.88	10.34	8.27	8.23
SaratogaRIM LCQ (Net Max)	11.32	5.18	7.53	7.67	10.16	8.19	8.19
Median	25.95	8.72	12.62	10.56	13.75	9.25	7.83
Average	26.60	8.53	12.53	10.61	13.67	9.08	7.74
Count	1,607	1,518	1,402	1,126	909	658	416
5th Percentile	41.96	13.30	17.47	15.03	17.13	11.66	9.97
25th Percentile	31.82	10.56	14.58	12.42	15.29	10.26	8.87
50th Percentile	25.95	8.72	12.62	10.56	13.75	9.25	7.83
75th Percentile	20.08	6.63	10.41	8.80	12.18	7.88	6.92
95th Percentile	12.89	3.22	7.46	6.65	10.21	6.29	4.84

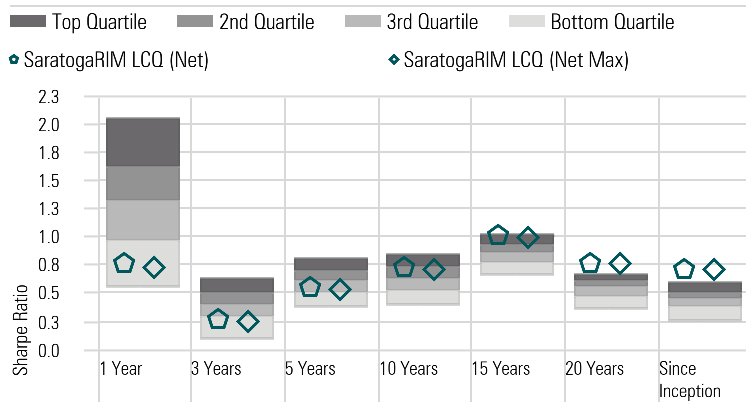
Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Gross, Monthly Return



Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Peer Group (5-95%): Large Cap SA Source Data: Net, Monthly Return



Sharpe Ratio Relative to Peer Group (Gross)

As of Date: 3/31/2024 Source Data: Gross, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
SaratogaRIM LCQ (Gross)	0.85	0.33	0.61	0.80	1.09	0.85	0.80
Median	1.41	0.47	0.68	0.71	0.94	0.62	0.50
Average	1.39	0.45	0.67	0.70	0.92	0.62	0.51
Count	1,621	1,533	1,417	1,136	918	663	418
5th Percentile	2.13	0.67	0.85	0.88	1.07	0.73	0.66
25th Percentile	1.72	0.55	0.75	0.79	0.99	0.67	0.56
50th Percentile	1.41	0.47	0.68	0.71	0.94	0.62	0.50
75th Percentile	1.08	0.37	0.58	0.62	0.86	0.57	0.45
95th Percentile	0.66	0.19	0.46	0.50	0.76	0.48	0.36

Sharpe Ratio Relative to Peer Group (Net)

As of Date: 3/31/2024 Source Data: Net, Monthly Return Peer Group: Large Cap SA

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
SaratogaRIM LCQ (Net)	0.77	0.27	0.56	0.74	1.02	0.78	0.72
SaratogaRIM LCQ (Net Max)	0.75	0.25	0.54	0.72	1.00	0.77	0.71
Median	1.33	0.41	0.61	0.64	0.86	0.56	0.45
Average	1.31	0.39	0.61	0.63	0.85	0.54	0.44
Count	1,607	1,518	1,402	1,126	909	658	416
5th Percentile	2.05	0.64	0.81	0.84	1.01	0.68	0.60
25th Percentile	1.63	0.50	0.70	0.74	0.94	0.62	0.51
50th Percentile	1.33	0.41	0.61	0.64	0.86	0.56	0.45
75th Percentile	0.98	0.29	0.52	0.53	0.78	0.47	0.39
95th Percentile	0.55	0.11	0.38	0.40	0.66	0.37	0.27

Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding.
See Disclosures and Definitions (Page 3) and the GIPS Composite Report: SaratogaRIM Large Cap Quality (Page 4).

Disclosures & Definitions

See additional important disclosures and composite-specific information within the GIPS Composite Report (Page 4).

Saratoga Research & Investment Management ("SaratogaRIM" or the "Firm") 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.

This report was generated by SaratogaRIM through Morningstar Direct's Presentation Studio using data from Morningstar Direct and Advent Axys. SaratogaRIM composite performance statistics are based off gross-of-fee or net-of-fee monthly performance data uploaded to Morningstar. Results of Morningstar's calculations may vary slightly from SaratogaRIM's own reported statistics within the GIPS Composite Report due to rounding. The Peer Group statistics within this report contain U.S. Large Cap separate account managers that appear in the Morningstar database for the relevant periods shown as of the report generated date. The information and statistical data contained herein have been obtained from sources that SaratogaRIM believes to be reliable but in no way are warranted by the Firm as to accuracy or completeness.

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.

Gross-of-fee returns are calculated gross of management, custodial and external consultant or advisory fees and net of transaction costs. Net-of-fee returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Prior to October 31, 2022, non-fee-paying accounts were included in composite net-of-fee return calculations without a fee rate; per the SEC Marketing Rule effective November 4, 2022, net-of-fee returns labeled "Net" now include a model fee rate of 0.75% for all non-fee-paying accounts. Additionally, a separate net-of-fee return calculation has been added to SaratogaRIM marketing materials using the current maximum fee rate charged by SaratogaRIM for the SaratogaRIM Large Cap Quality Composite (0.75%, labeled "Net Max"). Calculations are available upon request. Information pertaining to the Firm's advisory fees is set forth in SaratogaRIM's current disclosure statement, which is available upon request.

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. Drawdown is a measure of peak-to-trough decline over the period of time until a new high is reached.

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.

GIPS Composite Report

SaratogaRIM Large Cap Quality

Q1 2024

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

Composite Performance Statistics

Year	Composite Gross TWR	Composite Net TWR	Composite Net Max TWR	S&P 500 Total Return	Standard Deviation	3 Yr Ann Standard Dev: Composite Net TWR	3 Yr Ann Standard Dev: S&P 500 Total Return	# of Portfolios in Composite	End of Period Composite Assets	End of Period Total Firm Assets
2000 (2/29)	31.62	30.58	30.80*	-2.45	n/a	-	-	44	13,012,273.41	26,739,562.04
2001	-1.54	-2.51	-2.28*	-11.93	2.87	-	-	56	24,787,551.38	36,880,632.99
2002	-8.93	-9.74	-9.61*	-22.06	1.84	-	-	79	28,949,501.66	39,231,022.58
2003	18.16	17.09	17.27*	28.68	2.09	-	-	87	37,399,754.37	52,738,124.27
2004	1.33	0.40	0.57*	10.88	2.06	-	-	90	39,743,734.02	58,324,553.02
2005	7.02	6.02	6.22*	4.91	2.29	-	-	88	39,293,990.53	61,636,489.08
2006	17.03	15.93	16.16*	15.80	3.14	-	-	83	44,027,113.77	73,239,575.39
2007	11.68	10.62	10.84*	5.49	2.86	-	-	84	48,997,165.75	79,207,249.24
2008	-11.48	-12.34	-12.14*	-37.00	3.24	-	-	112	50,664,984.48	80,940,276.87
2009	25.04	23.91	24.11*	26.46	2.60	-	-	260	149,105,345.03	183,475,714.03
2010	14.26	13.42	13.41	15.06	0.79	-	-	491	308,291,988.80	419,588,547.25
2011	4.32	3.70	3.54	2.11	0.53	11.86	18.71	1,176	675,883,971.31	758,793,592.13
2012	9.93	9.31	9.11	16.00	0.61	9.98	15.09	1,540	950,046,377.00	1,044,968,031.90
2013	21.65	20.98	20.74	32.39	1.63	7.85	11.94	1,823	1,259,241,527.31	1,403,561,332.55
2014	10.59	9.99	9.77	13.69	0.94	6.30	8.97	1,913	1,338,659,044.57	1,614,090,418.39
2015	1.84	1.28	1.08	1.38	1.00	6.96	10.47	1,983	1,266,678,096.48	1,638,083,262.32
2016	6.95	6.35	6.15	11.96	0.89	6.48	10.59	2,196	1,329,320,194.32	1,800,890,893.30
2017	17.72	17.07	16.84	21.83	1.52	6.15	9.92	2,383	1,481,531,427.12	2,113,160,549.13
2018	0.41	-0.14	-0.34	-4.38	0.48	6.54	10.80	2,480	1,401,704,942.18	2,013,567,458.02
2019	18.03	17.38	17.14	31.49	2.08	7.39	11.93	2,583	1,505,375,555.14	2,333,608,905.18
2020	11.05	10.44	10.22	18.40	0.95	9.93	18.53	2,428	1,458,530,696.52	2,631,534,466.80
2021	14.96	14.32	14.10	28.71	1.15	9.55	17.17	1,921	1,439,757,287.98	2,957,751,865.10
2022	-8.41	-8.92	-9.09	-18.11	0.78	11.63	20.87	1,739	1,156,118,739.10	2,603,780,552.47
2023	11.17	10.56	10.34	26.29	0.56	10.51	17.29	1,593	1,090,382,598.01	2,740,178,823.29
03/31/24	4.81	4.67	4.62	10.56	n/a	10.40	17.35	1,562	1,128,597,224.62	2,833,197,181.00

Trailing Annualized Returns as of 3/31/24

	Composite Gross TWR	Composite Net TWR	Composite Net Max TWR	S&P 500 Total Return
1 Year	12.15	11.54	11.32	29.88
5 Year	8.34	7.74	7.53	15.05
10 Year	8.48	7.88	7.67	12.96
Composite Inception	9.01	8.23	8.19	7.77

**The highest potential fee rate for existing and prospective clients is currently 0.75%. Actual fee rates charged in prior years may have been higher and as a result cause the Composite Net Max TWR to be higher than the Composite Net TWR.*

Firm Description: Saratoga Research & Investment Management ("SaratogaRIM" or "the Firm") is an SEC Registered Investment Advisor specializing in the construction and management of equity portfolios composed of high caliber businesses utilizing common sense investment principles. 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. The Firm's investment process is designed to meet the long-term needs of conservative individual and institutional investors. Advisory services are not made available in any jurisdiction in which SaratogaRIM is not registered or otherwise exempt from registration. The Firm was founded in 1995; prior to March 7, 2007, Saratoga Research & Investment Management was known as Tanner & Associates Asset Management.

Composite Description: The SaratogaRIM Large Cap Quality Composite (SaratogaRIM Equity Composite) includes all discretionary portfolios that invest in what the Firm believes to be high-quality companies with low balance sheet, business model (including capital intensity) and valuation risk. This composite allows cash to accumulate at certain stages of the market cycle and has no maximum cash position size. Individual position sizes typically range from 1.5% to 6% of the total portfolio value, but there is no maximum size for an individual position. While the investment criteria for this composite narrows the investable universe to predominantly large-cap companies based in the U.S., the composite has no restrictions on market cap size or where the company is domiciled. Investment ideas that do not meet the stated composite criteria ("outside the box ideas") are allowed so long as they do not cumulatively represent more than 10% of the total portfolio value. Prior to December 31, 2009, client-directed securities may have been permitted so long as they did not represent more than 10% of the total portfolio value. The minimum requirement to establish a new account is $100,000. The minimum asset level is $50,000 (prior to August 30, 2010, there was no account minimum). Inception date: February 29, 2000. Creation date for GIPS: August 30, 2010.

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, 2022. | 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 Composite has had a performance examination for the periods February 29, 2000 through December 31, 2022. 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 is 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: Results of the SaratogaRIM Large Cap Quality Composite do not reflect the results of any one portfolio in the composite. Valuations are computed and performance is reported in U.S. dollars based on trade dates as of month-end, net-of-fees, while accounting for dividend reinvestment. Aggregate composite returns are calculated using the Average Capital Base equation (also known as the Modified Dietz method), which utilizes the beginning asset value plus weighted 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 are also 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. Gross-of-fee returns are calculated gross of management, custodial and external consultant or advisory fees and net of transaction costs. Net-of-fee returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Prior to October 31, 2022, non-fee-paying accounts were included in composite net-of-fee return calculations without a fee rate; per the SEC Marketing Rule effective November 4, 2022, net-of-fee returns labeled "Net" now include a model fee rate of 0.75% for all non-fee-paying accounts. The model fee rate for non-fee-paying portfolios was applied quarterly until October 2022, when the Firm switched to deducting monthly. Additionally, a separate net-of-fee return calculation has been added to SaratogaRIM marketing materials using the current maximum fee rate charged by SaratogaRIM for the SaratogaRIM Large Cap Quality Composite (0.75%, labeled "Net Max"). The "Net Max" return fee data represents the reduction of the gross of fee composite returns by the monthly portion of the annual model fee rate of 0.75%. SaratogaRIM fee is normally 0.75% for the SaratogaRIM Large Cap Quality Composite; may be negotiated, as warranted by special circumstances. Dispersion is calculated as the asset-weighted standard deviation of annual net-of-fee portfolio returns around the median net-of-fee 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. The 3-year annual standard deviation (external dispersion) is based on net-of-fee returns. As of January 2022, SaratogaRIM's composite descriptions have been revised to better reflect the criteria used in determining composite inclusion/exclusion. The resultant updates to composite constituents for the SaratogaRIM Large Cap Quality Composite caused performance differentials that modestly exceeded the Firm's materiality threshold in four years (two years being positive and two years being negative). However, since inception annualized performance was affected by an immaterial amount (0.0026%). For additional information and calculation details, please contact Marc Crosby (Marc@SaratogaRIM.com).

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.

Disclosures

See additional important disclosures and composite-specific information within the GIPS Composite Reports for SaratogaRIM Large Cap Quality Focus (page 25), SaratogaRIM Large Cap Quality Ultra Focus (29), SaratogaRIM Large Cap Quality Focus ESG (33), SaratogaRIM Large Cap Quality Ultra Focus ESG (37) and SaratogaRIM Large Cap Quality (page 41).

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.

As additional peer group comparison data for the relevant period becomes available through Morningstar, statistics within the Composite Statistics pages may be updated and subsequently replaced within the version of this quarterly report that is published to SaratogaRIM.com. The Composite Statistics report generation date can be found within the footers of each Composite Statistics report. The original Quarterly Report publish date is located on the upper right hand corner of the Quarterly Report cover page and the main report page footers.

2024 Q1 Report Charts: All charts and tables within this report are created by SaratogaRIM. **Fig. 1 and Fig. 3** display quarter-end sector weightings for the SaratogaRIM Large Cap Quality Focus and Large Cap Quality composites along with the S&P 500 Index using FactSet data. **Fig. 2 and Fig. 4** contain four charts displaying different profitability metrics for SaratogaRIM's consumer discretionary sector constituents, individually and combined (Fig. 2) and SaratogaRIM's industrial sector constituents, individually and combined (Fig. 4), S&P 500's consumer discretionary constituents (Fig. 2) or industrial constituents (Fig. 4), and the S&P 500 Index (excluding Financials) from 2008 through 2022 (using data from FactSet). The SaratogaRIM and S&P figures displayed within the charts do not reflect actual market or composite performance, rather the metrics as labeled in the corresponding chart title. Gross profit to assets (GPA) is a ratio used to determine how efficiently a firm uses its assets to generate gross profits. It is calculated as gross profits divided by the firm's total assets. Gross profits is calculated as revenues minus cost of goods sold. Total assets is the sum of all current and long-term assets. Return on invested capital (ROIC) is a calculation used to assess the profitability of internal investments made by a company. It is calculated by dividing net operating profit after tax (NOPAT) by invested capital. All metrics in the ROIC and Gross Profit to Assets charts are derived from FactSet's data and calculations. Average Gross Profit to Assets figure uses historical estimates from FactSet. **Fig. 5** illustrates cumulative daily return estimates calculated by FactSet utilizing month-end holdings data for the relevant period shown for each of the composites/benchmarks listed and may differ from actual performance. Table data points represent actual net performance and net max performance; benchmark performance has been included in the Net and Net Max columns for comparison purposes, does not represent the deduction of management fees, and should not be considered as a strategy Net or Net Max figure. 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.

Gross-of-fee returns are calculated gross of management, custodial and external consultant or advisory fees and net of transaction costs. Net-of-fee returns are calculated net of actual management fees and transaction costs and gross of custodian fees and external consultant or advisory fees. Prior to October 31, 2022, non-fee-paying accounts were included in composite net-of-fee return calculations without a fee rate; per the SEC

Marketing Rule effective November 4, 2022, net-of-fee returns labeled "Net" now include a model fee rate of 0.75% for all non-fee-paying accounts in the SaratogaRIM Large Cap Quality composite/1.00% in the SaratogaRIM Large Cap Quality Focus/Ultra Focus/Focus ESG/Ultra Focus ESG composites. Additionally, a separate net-of-fee return calculation has been added to SaratogaRIM marketing materials using the current maximum fee rate charged by SaratogaRIM for the corresponding composite, labeled "Net Max" (0.75% for the SaratogaRIM Large Cap Quality composite/1.00% for the SaratogaRIM Large Cap Quality Focus/Ultra Focus/Focus ESG/Ultra Focus ESG composites). Calculations are available upon request. Information pertaining to the Firm's advisory fees is set forth in SaratogaRIM's current disclosure statement, which is available upon request. Results of the SaratogaRIM Large Cap Quality Composite & the SaratogaRIM Large Cap Quality Focus/Ultra Focus/Focus ESG/Ultra Focus ESG Composites 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 publicly available on 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.

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