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## Global Blue Chip Dividend Strategy

### Investor Presentation

December 31, 2024

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## MERIT OVERVIEW

MERIT Investment Management is the investment advisor for the Global Blue Chip Dividend Strategy (GBCD)



- MERIT is a registered investment advisor (RIA) founded in 2009
- MERIT manages focused equity strategies for institutions & individual investors

### INVESTMENT PHILOSOPHY

- Generate the highest risk-adjusted returns available to equity investors
- Employ a comprehensive investment approach integrating macro, industry & company analysis
- Generate superior returns through fundamental research & active portfolio management

### INVESTMENT STRATEGY

- Invest in great companies with strong dividend yields offering compelling risk-adjusted returns
- Generate strong dividend income to improve total return, reduce risk & reinvest capital
- Actively manage the portfolio to improve returns, minimize volatility & reduce risk

### OPERATIONS

- Top investment, audit & legal services provide a comprehensive solution
- High level of service and transparency within a regulated compliance structure

## INVESTMENT OBJECTIVES

The Global Blue Chip Dividend Strategy focuses on three key tenets to build sustainable long-term wealth

OBJECTIVE	INVESTMENT APPROACH	GOALS
<b>GENERATE THE HIGHEST RISK ADJUSTED RETURNS</b>	<ul style="list-style-type: none"><li>• Invest in high quality companies which offer compelling risk adjusted returns</li><li>• Achieve total return through both dividend income and capital appreciation</li><li>• Mitigate principal loss through continuous dividend income</li></ul>	<ul style="list-style-type: none"><li>• Outperform equity markets over full market cycle</li><li>• Capture majority of returns in strong equity markets</li><li>• Deliver positive returns in flat equity markets</li><li>• Outperform equity markets in down equity markets</li><li>• Compound positive returns over time</li></ul>
<b>GENERATE STRONG DIVIDEND INCOME</b>	<ul style="list-style-type: none"><li>• Utilize an extensive investment universe including REITs, MLPs, international equities</li><li>• Invest in strong dividend paying companies with stable businesses &amp; dividend policies</li><li>• Focus on dividend yield component to provide valuation support and reduce risk</li></ul>	<ul style="list-style-type: none"><li>• Deliver 4-5% dividend yield</li><li>• Deliver higher yield than equity income strategies</li><li>• Deliver dividend yield comparable to IG Bond index</li></ul>
<b>MINIMIZE VOLATILITY &amp; REDUCE RISK</b>	<ul style="list-style-type: none"><li>• Invest in businesses that deliver solid returns through the business cycle</li><li>• Build a diversified portfolio of investments across all market sectors</li><li>• Invest in low beta stocks with low correlations</li></ul>	<ul style="list-style-type: none"><li>• Invest in high quality companies</li><li>• Diversified portfolio of investments in all sectors</li><li>• Portfolio beta lower than equity indexes</li></ul>

## INVESTMENT PROCESS

MERIT's fundamental research process follows a three-step approach to identify investment opportunities

### INVESTMENT OVERVIEW

- Evaluate wide range of investments
- Review macro, sector & industry data
- Determine areas of investment focus

### FUNDAMENTAL ANALYSIS

- Identify companies to research
- Perform Company Analysis
- Perform Dividend Analysis

### INVESTMENT EVALUATION

- Evaluate portfolio additions
- Determine target price, position size
- Position portfolio to reflect updates

### COMPANY ANALYSIS

Analyze industry & company factors for positive factors

- Durable competitive advantages
- Operate in industries with favorable economic characteristics
- History of earning attractive long-term returns on capital
- Management team has a sound plan for earnings growth
- Managers that are trustworthy and good allocators of capital
- Share price below intrinsic value
- Predictability of revenue streams
- Identifiable downside protection

### DIVIDEND ANALYSIS

Analyze company factors for positive dividend factors

- Superior dividend yield
- Strong FCF generation
- Stable cash flows
- Solid Balance Sheet
- History of growing dividends
- Conservative dividend payout ratios and policies
- Attractive valuation on a historical & relative basis
- Management committed to dividend

## PORTFOLIO SNAPSHOT

MERIT's Global Blue Chip Dividend Strategy invests globally in industry leading companies across all sectors

GBCD HOLDINGS as of DECEMBER 31, 2024



SECTOR	COMPANIES	AVG DEBT RATING	DIVIDEND YIELD %
Communications	Crown Castle International, SK Telecom	BBB+	6.7%
Consumer Staples	Pepsi	A+	3.7
Energy	Enbridge	BBB	6.1
Financials	JPMorgan Chase	AA	3.0
Health Care	Novartis, Pfizer	AA	5.2
Industrials	BAE Systems, Brookfield Infrastructure	BBB+	3.1
Real Estate	Iron Mountain, AGNC	BB	9.0
Technology	Broadcom, IBM	BBB+	2.1
Utilities	Duke Energy, NextEra Energy	BBB+	3.5

## PORTFOLIO CONSTRUCTION

MERIT's Global Blue Chip Dividend Strategy is managed along the following guidelines

METRICS	PORTFOLIO GUIDELINES	GBCD as of DECEMBER 31, 2024
Geography	Global Portfolio	69.6% U.S. / 30.2% International
Investments	Concentrated Portfolio	16 Companies
Individual Positions	Position Target = 4.0% - 7.0%	Average = 6.2%
Sector Exposures	Max Sector Exposure < ~25%	Technology = 26.1%
Market Capitalization	Market Cap > ~\$5B	Mega Cap > \$100B = 53.5% Large Cap > \$20B = 37.2% Mid Cap < \$20B = 9.3%
Dividend Yield	Yield Target = 4.0 - 5.0%	Average = 4.0%
Market Volatility	GBCD < MSCI ACWI	Beta = 0.8
Cash	No Limits. Target < 10%	Cash = 0.1%

## PERFORMANCE

MERIT's Global Blue Chip Dividend Strategy has outperformed both indexes & competitor strategies

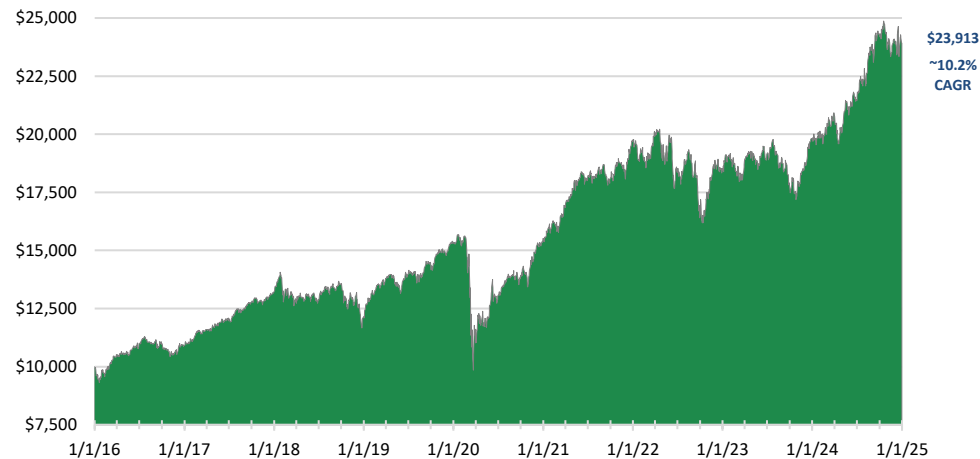
### GBCD PERFORMANCE as of DECEMBER 31, 2024

<b>Cumulative Net Returns</b>	<b>Q4 2024</b>	<b>2023</b>	<b>2022</b>	<b>1 YR</b>	<b>3 YR Ann</b>	<b>5 YR Ann</b>
<b>MERIT Global Blue Chip Dividend</b>	<b>(1.81)%</b>	<b>7.08%</b>	<b>(7.27)%</b>	<b>20.39%</b>	<b>6.25%</b>	<b>8.93%</b>
MSCI ACWI High Dividend Index	(5.89)	9.32	(7.49)	7.36	2.78	4.77
FTSE All-World High Dividend Index	(4.90)	12.30	(4.90)	10.10	5.50	7.00
Blackrock Global Dividend	(3.82)	15.30	(14.59)	9.69	3.33	6.80
Vanguard Global Equity Income	2.63	5.39	10.19	13.56	9.66	9.67
iShares iBoxx USD Liquid IG Index	(4.02)	9.27	(18.01)	0.99	(3.28)	(0.20)

<b>Calendar Year Net Returns</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>MERIT Global Blue Chip Dividend</b>	<b>26.99%</b>	<b>0.61%</b>	<b>26.17%</b>	<b>(8.30)%</b>	<b>20.44%</b>	<b>8.66%</b>
MSCI ACWI High Dividend Index	14.28	1.73	23.88	(7.11)	18.86	10.05
FTSE All-World High Dividend Index	18.80	0.50	22.20	(10.90)	19.80	11.50
Blackrock Global Dividend	17.85	6.84	22.76	(10.42)	19.81	6.03
Vanguard Global Equity Income	21.32	(0.85)	14.53	(6.33)	12.27	
iShares iBoxx USD Liquid IG Index	(1.57)	11.14	17.13	(3.76)	7.16	5.97

**Growth of \$10,000 from Inception**



**Note:** Performance data includes all fees & expenses. Performance data shown represents past performance. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing.

## HISTORICAL PERFORMANCE ANALYSIS

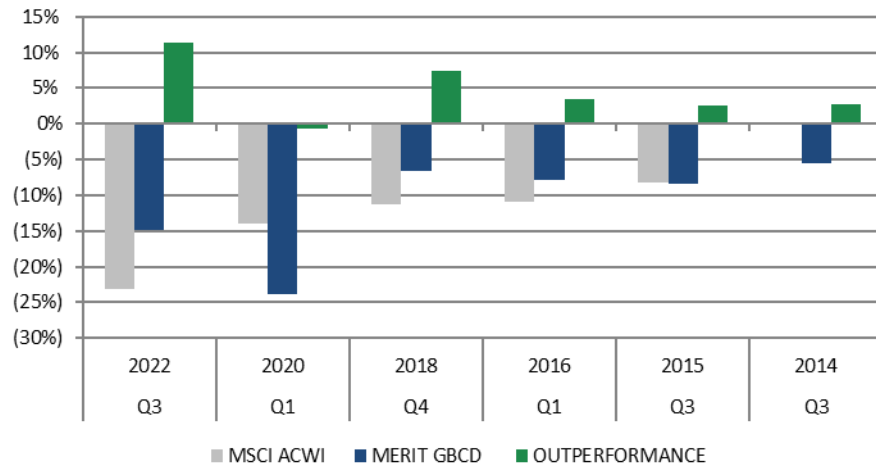
The Global Blue Chip Dividend Strategy can outperform by limiting drawdowns during challenging markets

### ILLUSTRATIVE HISTORICAL PERFORMANCE

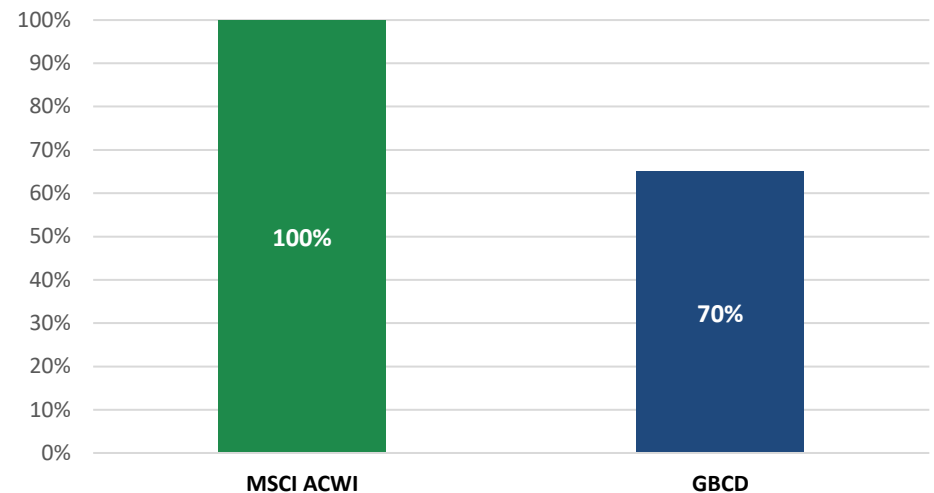
- To illustrate illustrative historical performance, MERIT's prior period GBCD holdings are analyzed for prior period returns during drawdowns
- The scenarios illustrate hypothetical performance during recent correction periods; lower drawdowns lead to future outperformance

CORRECTIONS	Q3	Q1	Q4	Q1	Q3	Q3
Periods	2022	2020	2018	2016	2015	2014
MSCI ACWI	(26.13%)	(23.17%)	(14.03%)	(11.29%)	(10.93%)	(8.15%)
MERIT GBCD	(14.79%)	(23.79%)	(6.58%)	(7.83%)	(8.34%)	(5.44%)
OUTPERFORMANCE	11.34%	(0.62%)	7.45%	3.46%	2.59%	2.71%

GBCD OUTPERFORMANCE DURING MARKET DECLINES



AVERAGE DOWNSIDE CAPTURE OF LAST 5 MARKET DECLINES



1. Historical data reflects the performance of a hypothetical equally-weighted portfolio based on the actual historical performance of the current 09/30/24 MERIT GBCD portfolio holdings over the respective time periods.



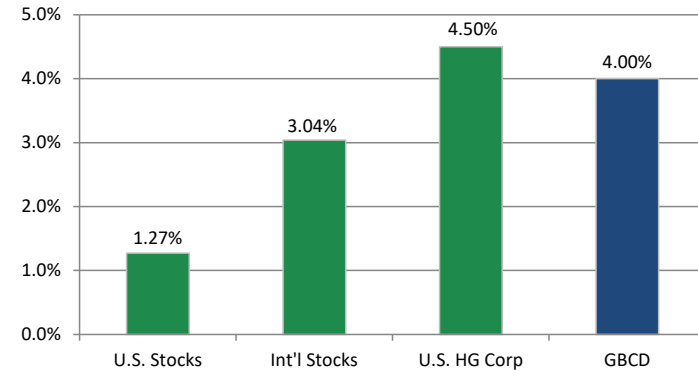
## DIVIDEND YIELD & RISK METRICS

The Global Blue Chip Dividend Strategy offers a higher yield and exhibits significantly lower volatility & risk

### DIVIDEND METRICS

- GBCD yield of 3.6% is higher than U.S. equity indexes of 1.3%
- GBCD yield of 3.6% is higher than International equity indexes of 3.0%
- Solid dividend yields across all sectors ranging from 2.1% to 8.9%
- Strong dividend income with equity upside and inflation hedge

### ASSET CLASS YIELDS<sup>1</sup> as of DECEMBER 31, 2024



### RISK METRICS SINCE INCEPTION

- All positions have stable yields & high dividend health scores
- GBCD Strategy has a lower Beta than the MSCI ACWI
- Lower Standard Deviation than the MSCI ACWI
- Lower Downside Deviation than the MSCI ACWI

### RISK METRICS as of DECEMBER 31, 2024

		1 YR		Since Inception	
		GBCD	ACWI	GBCD	ACWI
Sharpe Ratio	Calculation for risk-adjusted return	1.14	0.99	0.57	0.57
Sortino Ratio	Risk adjusted return with required rate	1.66	1.39	0.77	0.78
Standard Deviation	Dispersion of returns versus expectations	9.56	8.75	11.63	12.72
Downside Deviation	Downside risk of returns below threshold	6.58	6.24	8.57	9.29
Maximum Drawdown	Maximum portfolio loss peak to trough	(6.42)	(8.10)	(37.45)	(33.53)

1. Asset Class Yields: U.S. Stocks = MSCI USA Index (USA). Int'l stocks = MSCI All-Country World Index ex US (ACWX). U.S. HG Corp = iShares iBoxx \$ Investment Grade Corp Bond ETF (LQD).

## INVESTOR FOCUS

MERIT's Global Blue Chip Dividend Strategy is well suited for current markets and a wide investor base

### KEY STRENGTHS

### MARKET ENVIRONMENT & INVESTOR SUITABILITY

#### SOUND INVESTMENT STRATEGY

- Generate the highest risk adjusted returns in equity markets
- Invest globally in high quality companies improves returns and reduces risk
- Dividend income improves total return, rises with inflation and offers continuous re-investment

#### POSITIONED FOR CURRENT MARKETS

- Strong company position needed to realize value in a weak economic growth environment
- High quality equities generating strong cash flows are more resilient in volatile markets
- Flexibility to position strategy to take advantage of market opportunities

#### SUITED FOR EVOLVING INVESTOR TRENDS

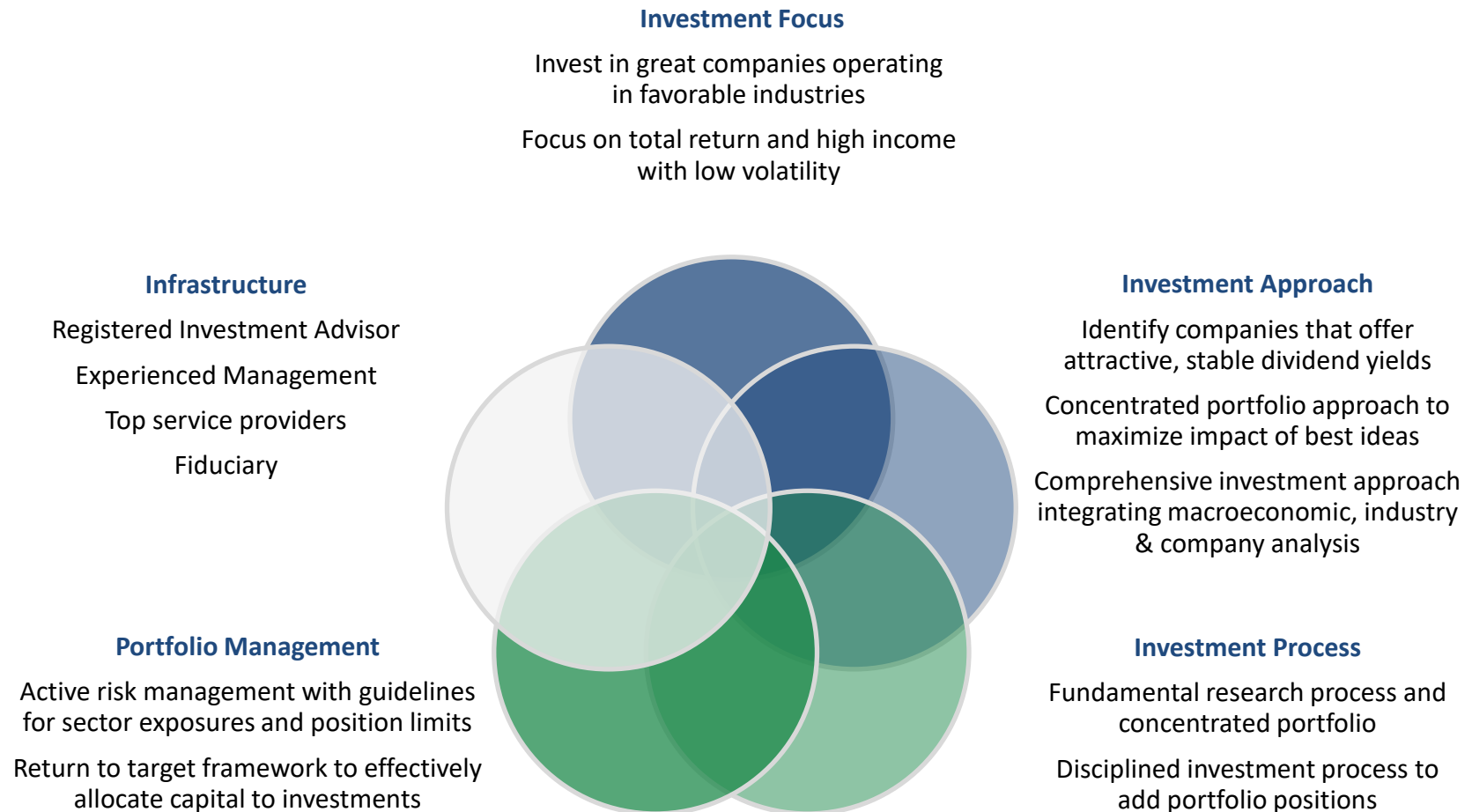
- Individual investors are increasingly focused on global and income generating strategies
- Institutional investors switching from traditional to new allocation frameworks
- Low global yields increases cross-over investor base for Balanced and Equity Income strategies

#### WIDE TARGET INVESTOR BASE

- Individuals - Baby Boomers, high net worth individuals, risk adverse equity investors
- Institutions - Insurance companies, corporations, pension funds, endowments, family offices

## INVESTMENT SUMMARY

MERIT is committed to delivering superior risk-adjusted returns through its disciplined investment approach





APPENDIX



## PORTFOLIO ANALYSIS

MERIT tracks portfolio metrics such as dividend, valuation, credit & performance data to manage the strategy

### MERIT's GBCD PORTFOLIO as of DECEMBER 31, 2024

#	TP	D5	Dt	T	TICKER	COMPANY	Geo	Weight	BETA	PRICE	% C	YTD%	RSI	%F52H	%200D	%50D	1YR%	TARGET PRICES		DIVIDEND INFO				
																		Tgt Px	% to T	D R %	DIV IB	D 5 IB	D-5	DIV EX DATE
✓✓✓✓					AGNC	AGNC Investment Corp.	U.S.	4.38%	1.65	9.39	1.62%	0.3%	43	-14.6%	-4.2%	-1.1%	5.1%	10.40	10.8%	15.34%	14.90%	11.50	3.40	2025-01-31
✓					AVGO	Broadcom Inc.	U.S.	18.82%	1.05	228.00	1.47%	-3.1%	55	-10.7%	37.4%	14.4%	103.7%	245.86	7.8%	1.04%	1.20%	2.84	(1.64)	2024-12-23
✓✓					baesy	BAE Systems Plc	UK	5.46%	0.01	58.74	0.86%	1.9%	42	-19.9%	-11.8%	-5.7%	-1.7%	76.26	29.8%	2.03%	2.60%	5.00	(2.40)	2024-10-25
✓✓✓					bipc	Brookfield Infrastructure Corpora	CAN	5.08%	1.52	39.47	0.03%	-2.4%	45	-12.9%	3.4%	-4.8%	16.8%	NA	-	4.10%	4.10%	3.50	0.60	2024-11-29
✓✓✓✓					CCI	Crown Castle Inc.	U.S.	4.91%	1.06	86.64	-0.03%	-4.5%	29	-28.3%	-16.3%	-11.2%	-18.3%	112.61	30.0%	7.23%	6.50%	3.50	3.00	2024-12-13
✓✓					DUK	Duke Energy	U.S.	5.66%	0.55	106.45	-0.37%	-0.8%	41	-11.9%	-1.8%	-3.9%	12.4%	123.71	16.2%	3.93%	3.90%	4.19	(0.29)	2025-02-14
✓					enb	Enbridge	CAN	6.85%	0.89	44.33	0.59%	3.9%	65	-0.1%	14.0%	4.4%	27.1%	44.46	0.3%	6.05%	6.50%	5.58	0.92	2025-02-14
✓					hsbc	HSBC Holdings plc.	UK	3.65%	0.60	50.04	1.40%	-0.2%	60	-1.0%	12.6%	5.2%	37.6%	60.00	19.9%	4.00%	4.10%	5.58	(1.48)	2024-11-08
					IBM	International Business Machines	U.S.	6.98%	0.65	220.03	1.05%	-0.9%	40	-8.9%	10.5%	-1.0%	34.1%	225.19	2.3%	3.04%	2.90%	7.04	(4.14)	2024-11-12
✓✓					IRM	Iron Mountain	U.S.	9.28%	1.05	106.18	2.06%	-1.0%	42	-19.8%	3.9%	-5.1%	61.2%	122.25	15.1%	2.69%	2.60%	7.04	(4.44)	2024-12-16
					JPM	JPMorgan Chase & Co.	U.S.	5.56%	1.13	252.35	1.97%	3.2%	60	-2.6%	17.3%	4.0%	49.9%	254.36	0.8%	1.98%	2.10%	2.38	(0.28)	2025-01-06
✓✓✓					NEE	NextEra Energy Inc.	U.S.	5.12%	0.67	69.29	1.93%	-5.2%	31	-20.7%	-8.2%	-6.1%	15.2%	86.68	25.1%	2.97%	2.90%	2.38	0.52	2024-11-22
✓✓✓✓					nvs	Novartis AG	EU	4.70%	0.58	99.07	-0.30%	2.1%	48	-17.9%	-7.0%	-2.7%	-4.2%	122.00	23.1%	3.81%	3.80%	3.52	0.28	2024-03-07
✓✓✓✓					PEP	PepsiCo Inc.	U.S.	3.87%	0.35	144.78	-0.12%	-4.7%	32	-21.0%	-13.9%	-7.5%	-10.0%	179.05	23.7%	3.74%	3.50%	2.84	0.66	2024-12-06
✓✓✓✓					PFE	Pfizer Inc.	U.S.	4.60%	0.35	26.22	-0.72%	-0.5%	49	-16.4%	-5.9%	0.4%	-2.6%	31.33	19.5%	6.56%	6.50%	2.84	3.66	2025-01-24
✓✓✓✓					skm	SK Telecom Co. Ltd.	ASIA	5.08%	0.74	21.21	0.05%	0.8%	42	-13.7%	-3.6%	-4.5%	7.4%	30.30	42.9%	6.17%	5.90%	2.84	3.06	2024-09-30
					vmmxx	Cash			0.01%															
16					Averages			100.0%	0.85		0.89%		45	-13.8%			20.9%		17.8%	4.67%	4.63%	4.53	-0.36	

## ABOUT MERIT

### Scott McGraw is the Founder & Chief Investment Officer of MERIT Investment Management

#### SCOTT MCGRAW - MERIT INVESTMENT MANAGEMENT

- Founded MERIT Investment Management in 2009
- Partnered with insurance company as an anchor investor in 2011
- Chief Investment Officer of MERIT investment strategies:
  - MERIT Global Blue Chip Dividend Strategy
  - MERIT Fund L.P. Long/Short equity strategy
- Established MERIT infrastructure:
  - Investment process, portfolio management
  - Trading, operations, compliance
  - Sales, marketing & business development

#### PRIOR EXPERIENCE

- 30+ years of professional experience in investment management, investment banking and consulting in financial services
- Investment Management - Investment Analyst at Gardner Lewis Asset Management responsible for investment positions of over ~\$750M in AUM across multiple investment strategies
- Investment Banking - Associate at Banc of America Securities in the Energy & Power sectors and Merrill Lynch in Technology & Telecom
- Consulting - Manager in the Financial Services practice at Accenture in consulting, technology services and outsourcing
- MBA from The Wharton School of the University of Pennsylvania and BS from Boston College; both with concentrations in Finance

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