

## About Merit

Merit Investment Management is a Registered Investment Advisor (RIA) founded in 2009. Merit has managed focused equity strategies for institutional & individual investors since its inception. Merit established the Global Blue Chip Dividend Strategy (GBCD) on January 1, 2016.

## Investment Objective

- Generate the highest risk adjusted returns available to equity investors over the long run
- Generate strong dividend income to improve total return, reduce risk and reinvest capital
- Invest in high quality companies to reduce portfolio volatility & reduce risk

## Investment Strategy

- Employ a comprehensive investment approach integrating macroeconomic, industry & company analysis
- Identify and invest in great companies with strong dividend yields offering compelling risk-adjusted returns
- Generate superior returns through fundamental research & active portfolio management

## Advantages

- Disciplined investment process to identify, research and evaluate investment opportunities
- Fundamental research & concentrated portfolio positions maximizes the impact of stock selection
- Continuous reinvestment process effectively allocates capital to maximize returns and reduce risk

## Profile

Inception Date	January 1, 2016
Benchmarks	MSCI ACWI HDY
Category	Global Equity Income
Management Fees	0.50%

## Portfolio

Number of Holdings	25.0
Avg Market Cap (\$B)	97.6
Dividend Yield	5.0%
FTM P/E Ratio	17.5x

## Risk Metrics <sup>2</sup>

	YTD		Since Inception	
	GBCD	ACWI	GBCD	ACWI
Beta	0.72	1.00	0.72	1.00
Sharpe Ratio	2.41	1.93	0.93	0.81
Sortino Ratio	3.57	2.76	1.28	1.10
Standard Deviation	6.96	8.76	7.56	9.48
Downside Deviation	4.68	6.12	5.52	6.96
Maximum Drawdown	(5.96)	(6.53)	(17.18)	(19.49)

## Notes:

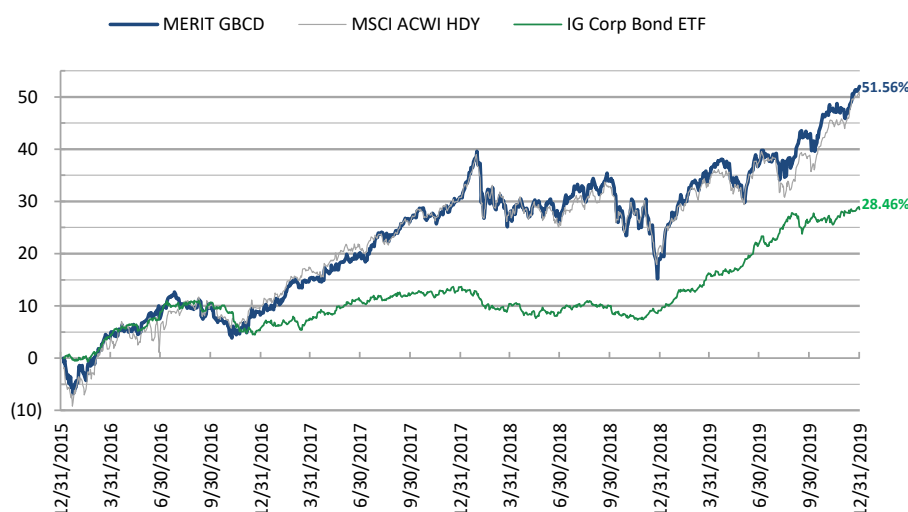
1. Performance data includes all fees and expenses.
2. Risk metrics are compared to the MSCI ACWI and are stated from the inception date through December 31, 2019.

Performance data shown represents past performance and is no guarantee of future results. Investors should consider a strategy's investment goals, risks, charges and expenses before investing.

## Performance <sup>1</sup>

The Global Blue Chip Dividend Strategy has produced solid risk adjusted returns since inception

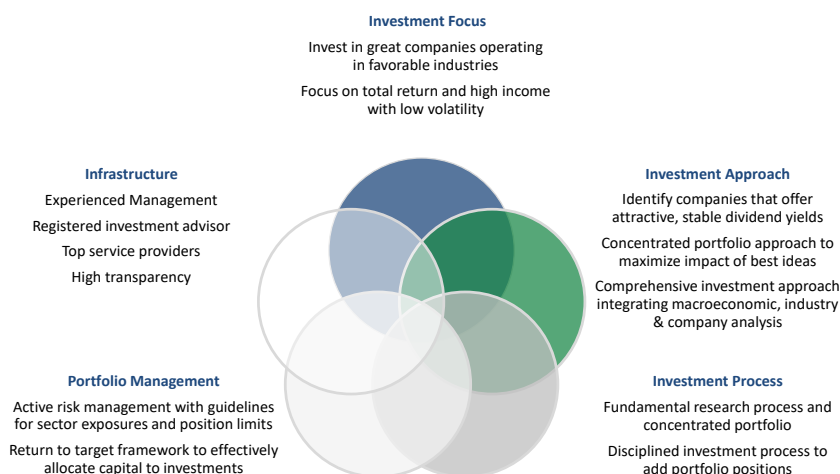
Net Returns	Yield	2019	2018	2017	2016	Inception
<b>Merit Global Blue Chip Dividend</b>	<b>5.02%</b>	<b>26.17%</b>	<b>(8.30)%</b>	<b>20.44%</b>	<b>8.66%</b>	<b>51.56</b>
MSCI ACWI High Dividend Index	3.95	23.88	(7.11)	18.86	10.05	50.52
FTSE All-World High Dividend Index	3.97	21.28	(10.90)	19.80	11.50	44.34
Blackrock Global Dividend	2.69	22.76	(10.42)	19.81	6.03	35.03
Vanguard Global Equity Income	2.89	14.53	(6.33)	12.27		
iShares iBoxx USD Liquid IG Index	3.40	17.13	(3.76)	7.16	5.97	28.46



## Guidelines

Metric	Global Blue Chip Dividend	As of December 31, 2019
Investments	Equities, MLPs, REITs	74.3%, 7.3%, 18.0%
Sector Exposures	Maximum concentration < ~25%	Financials = 13.1%
Individual Positions	Position target = 3.0-5.0%	Average = 4.0%
Dividend Yield	Yield Target = 3.0-5.0%	Average = 5.0%
Beta	GBCD < MSCI ACWI	Beta = 0.72
Market Capitalization	All Cap > \$5B +	Average = \$97.6B
Geography	Global portfolio	54.5% U.S. / 45.1% Intl
Cash	No restrictions	0.4%

## Overview



## Investment Universe

Merit evaluates a wide range of equity securities including common stocks, MLPs and REITs from an extensive global investment universe.

## Investment Process

Merit employs a fundamental research process which follows a three step approach to identify, analyze and evaluate investment opportunities. The research process employs fundamental company and dividend analysis.

- Overview Identify & evaluate investments
- Analysis Perform company & dividend analysis
- Evaluation Determine portfolio impacts & action

## Service Providers

- Custodian Interactive Brokers
- Administrator Opus Fund Services
- Audit Stephano Slack
- Legal Cipperman & Co.

## Management

Scott McGraw is the Founder and Chief Investment Officer of Merit Investment Management. Mr. McGraw has over 25 years of professional experience in investment management, investment banking and financial services. Mr. McGraw's previous experience includes tenures at Gardner Lewis Asset Management, Bank of America Securities, Merrill Lynch and Accenture. Mr. McGraw earned his MBA from The Wharton School of the University of Pennsylvania and his BS from Boston College with concentrations in Finance.

## Risks

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments. An investment in the strategy is speculative and involves a high degree of risk. Performance data shown represents past performance and is no guarantee of future results. Investors should consider a strategy's investment goals, risks, charges and expenses before investing.

## Disclaimer

These materials shall not constitute an offer to sell or the solicitation of an offer to buy any interests in any investment strategy managed by Merit Investment Management. This information should be considered in conjunction with all available documentation for the investment strategy in making an investment decision.

## Contact Information

Merit Investment Management is the investment manager for the Global Blue Chip Dividend Strategy.

### MERIT INVESTMENT MANAGEMENT

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## Investment Attributes

### Company Analysis

Durable competitive advantages
Operate in industries with favorable conditions
History of earning attractive long-term returns
Strong management team & business plan
Current earnings are within historic norms
Share price below intrinsic value
Identifiable downside protection

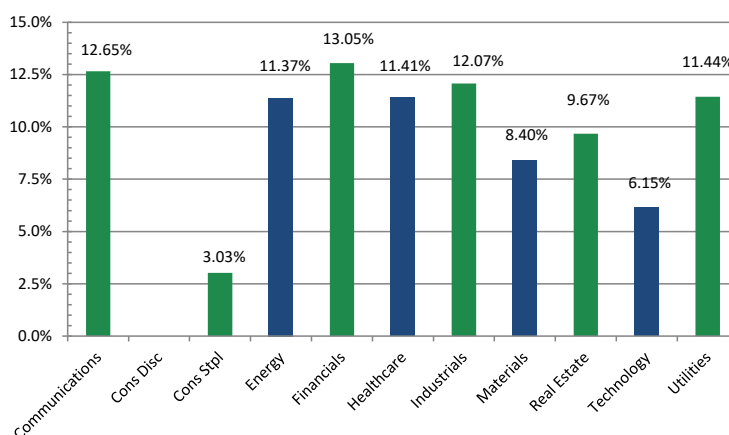
### Dividend Analysis

Strong FCF generation
Solid Balance Sheet
Manageable payout ratio
High dividend yield
History of growing dividends
Low valuation on a historical & relative basis
Management committed to dividend

## Top 10 Holdings

Weight	Ticker	Company	Sector	Yield
5.89%	T	AT&T	Communications	5.30%
5.64%	IRM	Iron Mountain Incorporated	Industrials	7.80%
5.18%	BX	Blackstone	Financials	3.80%
5.00%	WY	Weyerhaeuser	Materials	4.50%
4.60%	UPS	United Parcel Service	Industrials	3.40%
4.46%	HSBC	HSBC	Financials	5.10%
4.32%	RDS.B	Royal Dutch Shell	Energy	6.30%
4.22%	NGG	National Grid	Utilities	5.00%
4.19%	D	Dominion Energy	Utilities	4.50%
4.07%	AGNC	AGNC Investment Corp	Real Estate	10.80%

## Sector Allocation



## Sector Dividend Yields

