

Focused Dividend Growth Strategy

As of June 30, 2023



Firm Overview

Verity Investment Partners (VIP) is a boutique, employee-owned investment manager that specializes in structuring dividend growth investment strategies designed to meet targeted levels of annual income and income growth objectives. VIP was founded in 2002 and currently oversees ~\$915 million in assets.

Investment Philosophy

Our firm's investment philosophy centers on the belief that a portfolio of high-quality businesses with a history of raising their dividends can provide dependable income and income growth, below market volatility, and superior long-term return over a full market cycle. Through experience, we have found that a strong dividend growth track record generally signals:

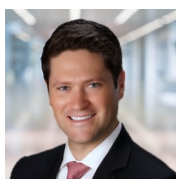
- ◆ A company's ability to prosper in diverse economic times
- ◆ Management's confidence in its future earnings potential
- ◆ A tangible commitment to shareholders

Investment Process

Our investment process scrutinizes each candidate for inclusion based on its ability to perform the following four jobs:

- ◆ Generate dependable income
- ◆ Grow that income regularly
- ◆ Provide attractive long-term capital appreciation
- ◆ Protect capital in down markets

Strategy Manager



Experience

Industry: 14 years
Firm: 5 years
Managed Strategy:
Since Inception

Michael A. Klaiber, CFA

B.S. Wake Forest University;
M.B.A. Duke University

Strategy Objective

Our Focused Dividend Growth (FDG) strategy takes a more concentrated approach, generally investing in 25-45 securities, and emphasizes longer-term capital appreciation and dividend growth over yield. Additionally, this strategy utilizes an environmental, social, and governance (ESG) overlay as a risk mitigation tool to avoid allocating capital to companies with high, unaddressed exposure to financially material ESG issues.

Performance

	QTD	YTD	Annualized		
			1 Year	3 Year	Inception*
FDG Composite, Gross	2.9%	4.4%	10.8%	14.7%	10.2%
FDG Composite, Net	2.8%	4.2%	10.4%	14.4%	9.8%
Morningstar Dividend Composite**	3.2%	3.8%	11.4%	15.0%	9.3%
Russell 1000 Value	4.1%	5.1%	11.5%	14.3%	6.6%

* FDG strategy inception is January 2, 2020; ** Represents the strategy's primary benchmark

Sector Allocation[†]

Sector	Weight (%)		
	Portfolio	Benchmark	
Comm Services	7.3	3.4	
Cons. Discretionary	3.7	6.7	
Cons. Staples	11.3	11.9	
Energy	6.0	9.4	
Financials	16.1	17.8	
Health Care	16.8	15.9	
Industrials	8.7	10.2	
Info. Technology	23.7	15.8	
Materials	0.0	3.2	
Utilities	4.0	5.9	
Cash	2.4	0.0	
Total	100.0	100.0	

Portfolio Characteristics[†]

Metric	Weight (%)		Company	Weight (%)	
	Portfolio	Benchmark		Portfolio	Benchmark
Dividend Yield (%)	2.8	3.0	Apple	5.8	2.8
Market Cap (\$bn)	449	330	Microsoft	5.5	3.8
P/E (NTM)	17.4x	16.9x	Ameriprise Financial	4.3	0.1
LT EPS Growth (%)	10.1	8.7	UnitedHealth Group	3.6	1.2
Return on Capital (%)	19.8	16.4	KLA	3.5	0.1
Debt/EBITDA	2.6x	3.6x	Becton, Dickinson	3.4	0.2
Beta (vs. S&P 500)	0.88	0.87	JPMorgan Chase	3.4	2.3
# of Holdings	39	623	Lockheed Martin	3.3	0.5
Active Share (%)	68	-	United Parcel Service	3.3	0.9
			Amgen	3.0	0.8
			Total	39.1	12.8

[†] Reflects representative account

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Focused Dividend Growth Composite

Period Ending	Composite Performance		3-Year Annualized Standard Deviation				Total Firm Assets (\$mm)	Composite Assets (\$mm)	# of Accounts
	Gross	Net	Morningstar Dividend Composite	Composite	Morningstar Dividend Composite	Asset-Weighted Composite Dispersion			
6/30/2023	4.39%	4.23%	3.81%	16.15%	16.46%	N/A	915	2.4	6
2022	-5.49%	-5.78%	-3.88%	N/A	20.09%	N/A	859	1.5	5
2021	27.60%	27.15%	26.09%	N/A	17.69%	N/A	744	0.9	3
2020	11.44%	11.16%	8.44%	N/A	18.44%	N/A	562	0.7	3

Performance Inception: January 1, 2020.

Verity Investment Partners is an investment adviser specializing in dividend growth equity investing and is registered with and regulated by the United States Securities and Exchange Commission. Verity Investment Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Verity Investment Partners has been independently verified by Alpha Performance Verification Services for the periods August 1, 2003 through December 31, 2021. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not ensure the accuracy of any specific composite presentation. GIPS® is a registered trademark of CFA Institute. The CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Methodology: Gross returns will be reduced by actual investment advisory fees and other expenses. Monthly composite results are asset-weighted by beginning-of-month asset values of member portfolios which are geometrically linked to arrive at the annual composite return. The standard fee schedule is 1.00% on the first \$2 million; 0.75% on the next \$3 million; and 0.50% thereafter. Management fees may vary according to the range of services provided and the amount of assets under management. Net performance is calculated using actual investment management fees. Constituent portfolios are included from the first full month after inception to the present or the last full month prior to cessation of the client relationship with the firm. For example, an account that opened January 15, 2017 will be included beginning February 1, 2017. An account that terminated February 15, 2017 will be included through January 31, 2017.

Composite Description: Verity Investment Partners' Focused Dividend Growth (FDG) strategy invests in a diversified portfolio of companies with histories of increasing dividend payouts and with a heightened focus on environmental, social and governance issues. It primarily invests in large cap, U.S.-traded dividend paying equity securities and has long-term income and income growth targets of: (i) yield \geq market (vs. S&P 500) and (ii) dividend growth \geq market (vs. S&P 500). The composite was created on January 1, 2020. The composite consists of taxable and tax-exempt accounts with a 90% or greater target allocation to equities. Significant cash flow policy is 10% of portfolio market value. A minimum for inclusion is \$100,000. Non-fee paying accounts represent less than 1% of the composite. Past performance is no guarantee of future results. Performance may differ between accounts in composite based on fees. A complete list of the firm's composites and their descriptions is available upon request. Policies for valuing portfolios, calculating performance, and preparing GIPS Reports are available upon request.

Benchmark Description: The primary benchmark for the composite is the Morningstar Dividend Composite Index, which is designed to identify a diversified group of dividend-paying companies with stable dividend policies. Criteria evaluated include: market capitalization, financial viability, liquidity, public float, sector representation, and corporate structure. An index constituent must also be considered a US company.