



High Quality Dividend Appreciation Strategy

September 2020



Table of Contents

Firm Overview	3
Investment Philosophy & Process	4
High Quality Dividend Appreciation Strategy	14
Appendix	19

Executive Summary

Independent employee owned firm with scale



Singular focus on high-quality companies

Disciplined and repeatable investment process



Our research advantage: a long-term mindset

Concentrated, high conviction portfolios
with high active share



Attractive long and near term performance

Firm Overview

- Headquartered in Boston, MA

- A division of Boston Financial Management LLC

- Independent and 100% employee owned

- Approximately \$3B in AUM (as of September 30, 2020)

- Manage two domestic equity strategies
 - High Quality Mid Cap (\$500M in strategy assets)
 - High Quality Dividend Appreciation (\$699M in strategy assets)

- 5 dedicated investment professionals

- Analysts have on average 14 years of professional experience

Advisory services are provided to certain institutional clients through BFM Capital doing business under Boston Financial Management LLC. Boston Financial Management, LLC is a registered investment adviser with the Securities and Exchange Commission. To request a copy of BFM's firm brochure free of charge please contact the firm at 617-338-8108 or info@bmfinvest.com Additional information about BFM is also available on the SEC's website at www.adviserinfo.sec.gov.

The BFM Capital Difference

What Set Us Apart from Other Active Managers

High Quality

Singular focus on identifying **high-quality** companies

High Conviction

Invest **concentrated** portfolios with **high active share**



Low Turnover

Execute with a **long-term** mindset resulting in **low turnover**

Low Risk

Disciplined on price and focused on **downside protection**

Key Investment Tenets

Focus on Identifying Exceptional
High-Quality Companies

Do Thorough and
Independent Research

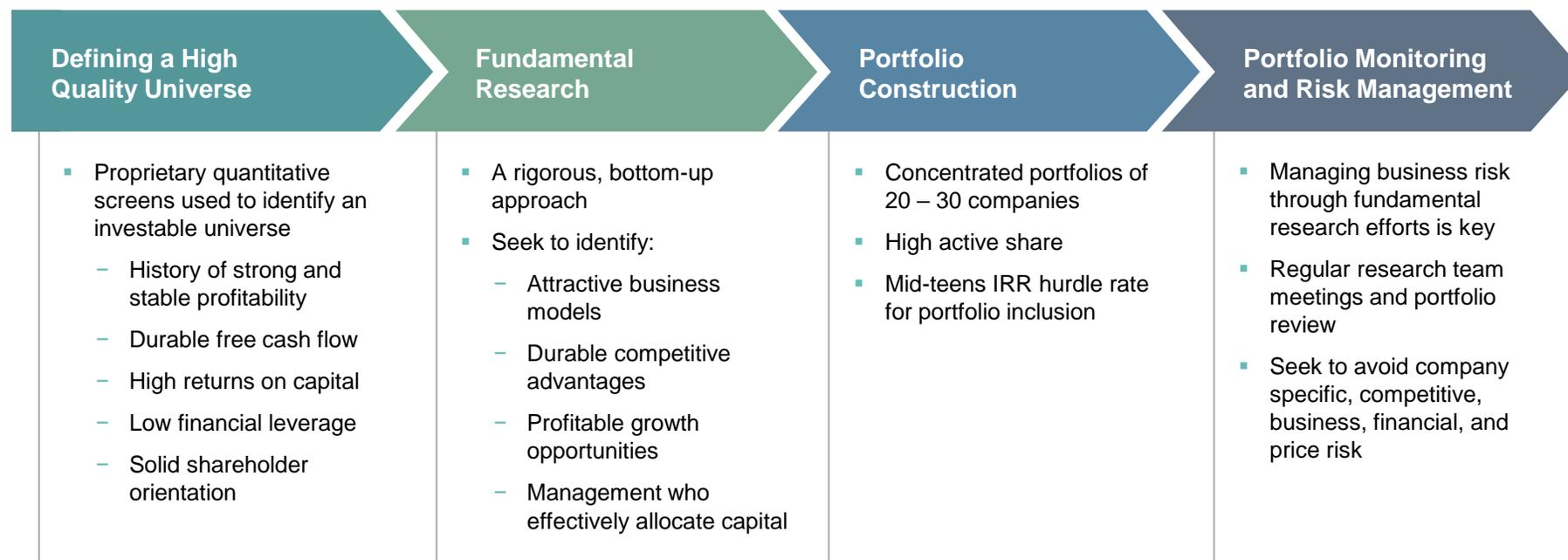
Think
Long-Term

Be Disciplined
on Price

Focus on
Downside Protection

Invest in
Concentrated Portfolios

Investment Process: Overview



Investment Process: Defining a High Quality Universe



Quantitative Evidence of Historical Quality

- High and stable returns on capital
- Profitable growth
- Low financial leverage
- Consistent record of cash flow generation
- Use data to generate proprietary quality rank

Qualitative Due Diligence

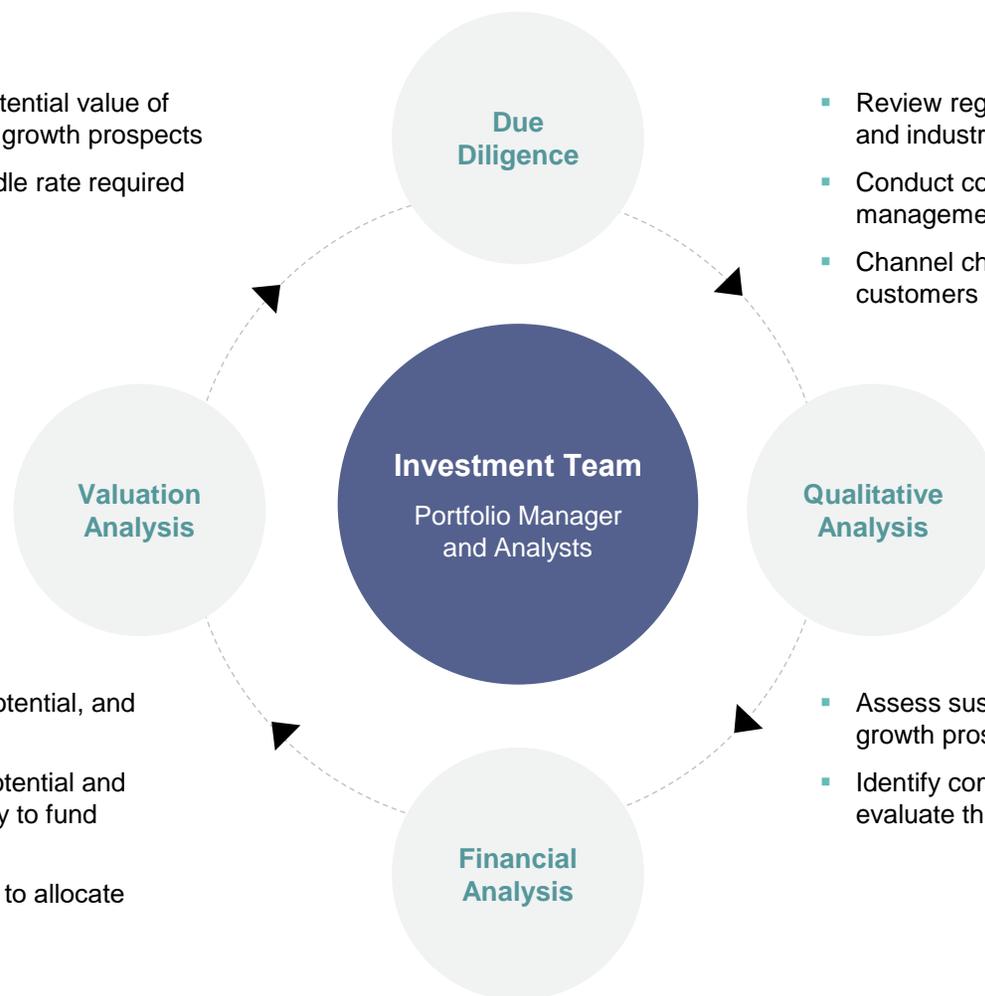
- Competitive analysis
- Business model review
- Growth opportunities
- Identify fundamental drivers
- Quality of management team
- Is the advantage sustainable?

Waiting for the Right Opportunity

- Finding what others are missing
- Estimate intrinsic value and expected return
- Identify catalysts
- Manage risk drivers of portfolio
- Invest with path to mid-teens IRR

Investment Process: Fundamental Research

- Determine the current and potential value of the business based on future growth prospects
- Mid-teens multi year IRR hurdle rate required for portfolio inclusion



- Review regulatory filings, press releases, and industry data
- Conduct comprehensive interviews with management
- Channel checks - competitors, suppliers, customers

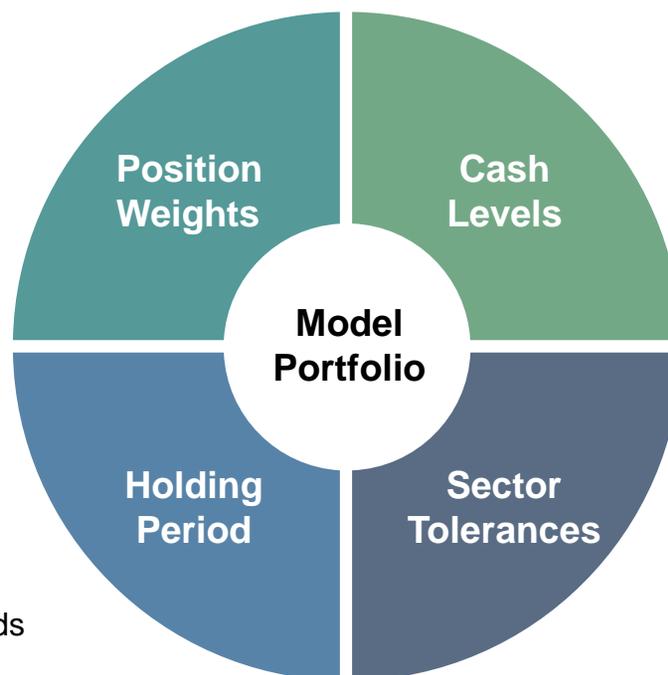
- Analyze long-term growth potential, and reinvestment opportunities
- Forecast cash generation potential and capital investment necessary to fund operations and growth
- Judge management's ability to allocate capital effectively

- Assess sustainability of business model growth prospects, and durability of profits
- Identify competitive advantages and evaluate the resiliency

Investment Process: Portfolio Construction

- 20 – 30 holdings
- 4%-6% average position size
- 8% maximum initial position size (at cost)
- 15% maximum position size (at market)

- Portfolio turnover typically 10% - 20% annually
- Implies 5-10 year holding periods



- A function of bottom-up opportunity set
- Aim to be fully invested

- Sector agnostic, driven by bottom-up selection
- Manage to business exposure first
- Maximum absolute sector weight of 35% for risk control

Investment Process: Risk Management & Portfolio Monitoring



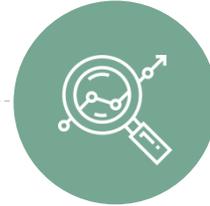
Investment Philosophy

- Focus on “high-quality” companies
- Avoid unnecessary financial leverage
- Emphasis on downside protection, stress test adverse scenarios
- Company’s “business risk” is a primary risk control factor



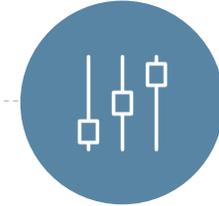
Trading Guidelines

- Extensive communication between Chief Investment Officer and Trading Team
- Limit trading activities as percentage of daily trading volume (typically no more than 20%)
- Post trade analysis done by CIO
- Quarterly best execution committee meetings to review procedures



Position Reviews

- “Position Review” report when a portfolio holding declines 10% relative to the market
- Re-validate reasons for original purchase or sell position
- Maintain a sell discipline based primarily on changes in the fundamental business outlook



Portfolio Level Controls

- Maximum sector weight of 35%
- Individual security weights held to a maximum of 15% at market and 8% at cost

Fee Structure

For BFM Capital's services, the Client agrees to pay an annual fee based on the portfolio value of the combined Client accounts:

Portfolio Value	Annual Fee
First \$50 Million	0.8%
\$50 Million - \$100 Million	0.7%
Above \$100 Million	0.6%

The fee will be debited quarterly based on the annual percentage. The account(s) will be valued on the last day of each calendar quarter, and the fee will be paid in advance. BFM Capital is authorized to receive payments of the fee by instructing the custodian to withdraw the amounts from the cash and then from the proceeds of securities then sold for that purpose. If BFM Capital manages an account(s) for a portion of a quarter, BFM Capital will be paid a pro-rated share of the fees based on an actual calendar day quarter. The above fee schedule is specific to institutional clients acquired on or after March 15, 2019. BFM defines institutional clients as entities with #10 million or more in investable assets. The fee schedule used and referenced in the accompanying GIPS presentation is used for non institutional clients.

Team Bios

Professional	Title	Professional Experience	Education
Investment Team			
Brad M. Weafer, CFA	Chief Investment Officer	18 Years	Bachelor of Arts in Economics – University of Vermont Master of Business Administration – Babson College
Timothy J. Farina, CFA	Research Analyst	7 Years	Bachelor of Science in Business Administration - Boston University
Timothy M. Robinson, CFA	Research Analyst	17 Years	Bachelor of Arts in Economics – Tufts University
Trading Team			
Jay P. Nicholls, CFA	Head Trader	5 Years	Bachelor of Science in Finance – Framingham State University
Kevin M. Perniciaro	Trading and Research Assistant	5 Years	Bachelor of Science in Finance – Louisiana State University, Master of Science in Finance – University of Massachusetts, Boston
Executive Management			
Michael L. Brown, JD, CPA	President and Chief Executive Officer	25 Years	Bachelor of Arts in Economics – College of the Holy Cross, Juris Doctor – New England School of Law
Charles J. Zambri	Chief Operating Officer and Chief Compliance Officer	12 Years	Bachelor of Science in Business Administration – Saint Michael’s College, Master of Business Administration, Master of Science in Finance – Boston College

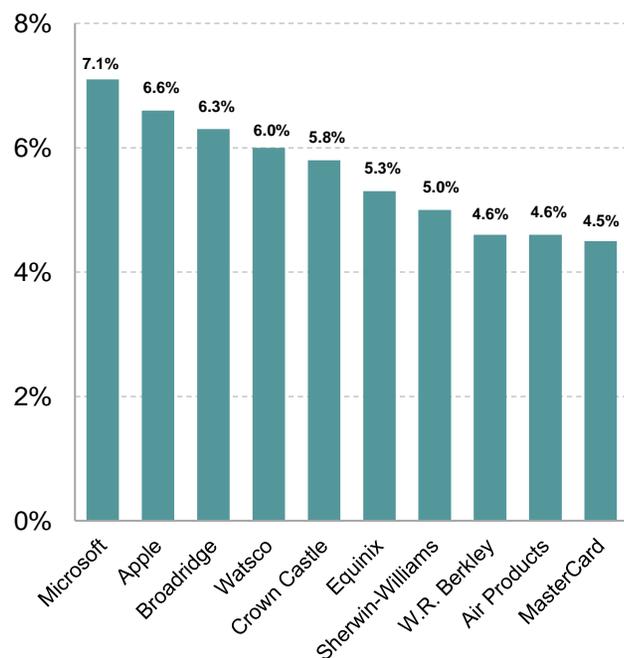
High Quality Dividend Appreciation

(\$600M in strategy assets)

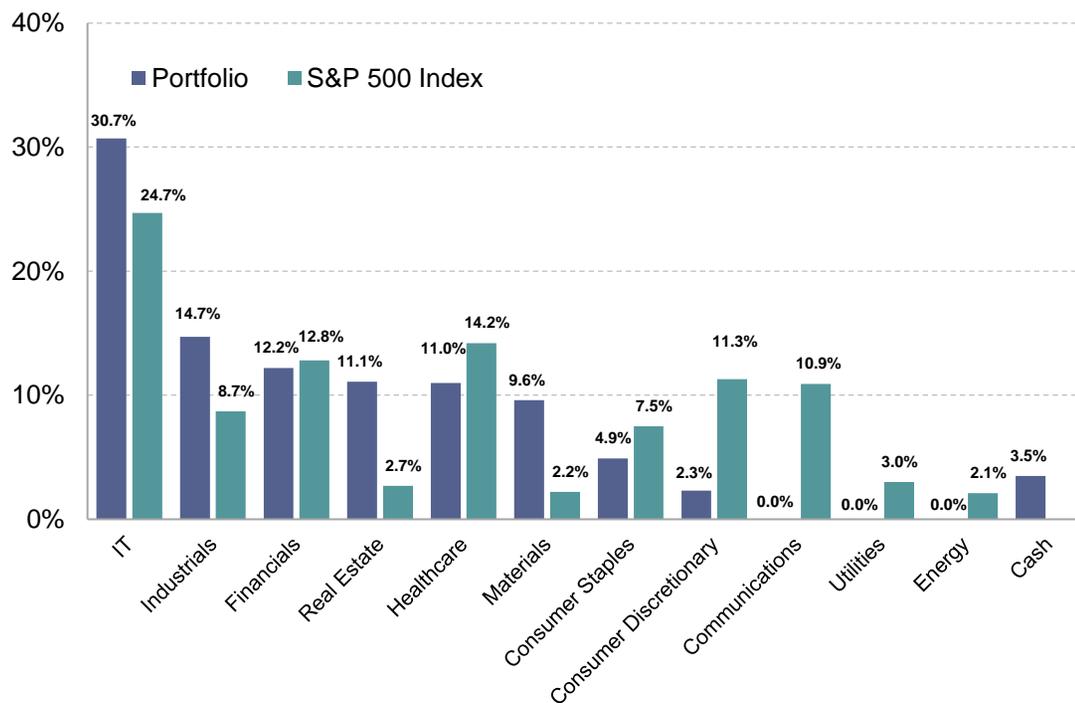
High Quality Dividend Appreciation Holdings & Exposure

As of September 30, 2020

Top Ten Holdings (56% of Total)



Sector Weightings



Case Studies

Air Products and Chemicals Inc. (APD)



High Quality Characteristics:

- Market share leader in consolidated industry
- Oligopoly industry with barriers to entry
- Defensive contract structures
- Balance sheet optionality
- Capital deployment opportunity

Company Overview:

Pennsylvania-based Air Products is one of three major industrial gas suppliers globally, selling oxygen, hydrogen and other gases to manufacturers across industrial, energy and consumer markets. The business model centers on building an air separation plant directly next to a large customer, produce and sell gas under long-term, fixed-price contracts to that customer, and then produce extra gas to be sold in smaller volumes to other local businesses.

Investment Thesis:

We have long-admired the industrial gas industry. The product is a small dollar cost, but essential input for manufacturing customers with little risk of substitution. The industry has grown for years at above-GDP rates as manufacturers increasingly outsource this function, and contract structures – 10-20 year fixed-fees with raw-material pass-through clauses – insulates profitability. Barriers to entry around technical expertise and network effects, not to mention decades of consolidation, have left three major players today which all enjoy respectable and stable returns on capital.

We purchased shares in December 2016, following the completion of two transactions that divested and spun-off ancillary businesses – leaving Air Products as a pure-play industrial gas supplier with significant cash on the balance sheet to deploy to growth projects. Management was optimistic it had high-return opportunities to deploy this capital, and was properly incentivized to do so. At the time of our purchase, and still today, we believe the earnings power of the business will be much higher once this capital is deployed, and management has shown good progress to-date.

This case study is intended to demonstrate the analysis and thought process BFM undertakes when making an investment decision. There is no guarantee that BFM's investment decisions will be profitable. BFM's investment decisions (including Air Products) may be unprofitable and our clients can lose money as a result of those decisions.

Case Studies

Walgreens Boots Alliance, Inc. (WBA) Sale Recommendation



BFM Capital Sell Discipline:

- Fundamental outlook or competitive position deteriorates
 - Acquisition of Rite Aid was delayed and ultimately downsized, reducing synergy potential and ROI of deal.
 - The delayed closure of Rite Aid took management focus away from needed strategic actions within its existing footprint.
 - Front store sales decline were due to more structural factors than we initially believed.
 - Entrance of Amazon into online pharmacy sparked a wave of M&A which (1) reduced the value of WBA's partnership approach and (2) risked leaving the company without a 'dance partner' in a rapidly evolving market.

Company Overview:

Walgreens Boots Alliance is the largest retail pharmacy across the US and Europe and has over 18,500 stores in 11 countries, as well as one of the largest global pharmaceutical wholesale and distribution networks with over 390 distribution centers in more than 20 countries.

Investment Thesis:

We began accumulating a small position in December 2016. BFM was originally attracted to the industry because of favorable demographic trends that we expected would support growth in all economic environments. We felt Walgreens had amassed enough scale from both vertical and horizontal M&A to offset industry pricing pressure and its strategy of partnering left it well-positioned to capture market share. Its pending acquisition of Rite Aid was expected to increase its scale and further consolidate the marketplace, and was significantly accretive to earnings.

What Happened:

We sold our position in November 2018 after a series of events ultimately caused us to revisit the validity of our investment thesis: (1) Its acquisition of Rite Aid was delayed an additional 9 months and ultimately downsized by regulators. This lowered the potentially synergy capture and ROI of the deal, but more importantly, cost the company time and management focus during a period of significant market upheaval; (2) Front of the store sales weakness was not due to challenging flu season comparisons as we initially believed and continued to weigh on overall profitability to a greater extent than expected; and (3) The potential entrance of Amazon into online pharmacy sparked a wave of M&A, with competitor CVS acquiring Aetna and PBM Express Scripts merging with Cigna. With WBA hindered by regulatory review of its Rite Aid acquisition and then bogged down with integration work after the deal closed, it was unable to respond to the evolving landscape appropriately.

When Amazon ultimately acquired PillPack in June 2018, it became clear that the industry landscape had changed such that our conviction in the quality of the industry and Walgreens' competitive advantage was no longer strong enough to justify owning. We sold into strength in the fall of 2018.

High Quality Dividend Appreciation Metrics

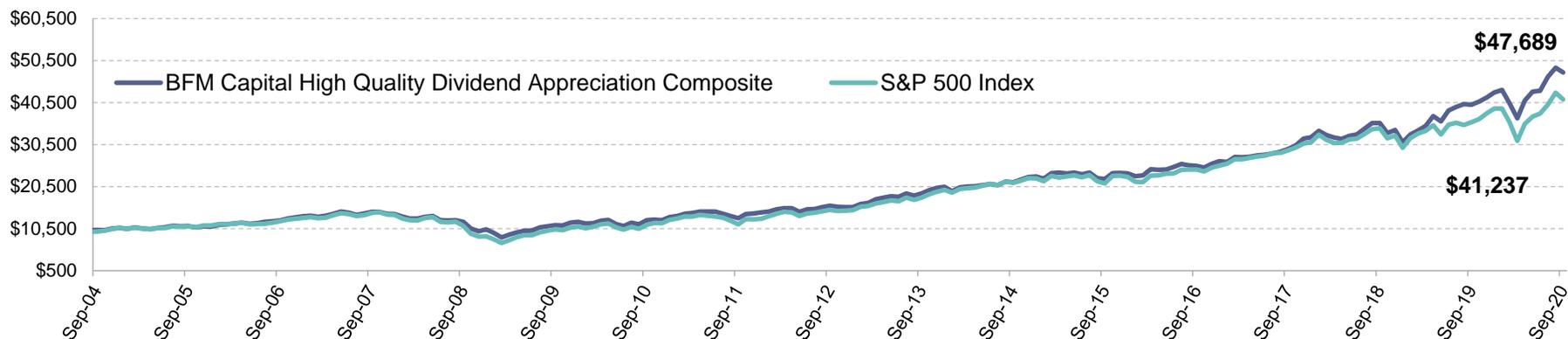
(as of September 30, 2020)

	High Quality Dividend Appreciation	S&P 500 Index
Quality		
Return on Invested Capital	15%	11%
Debt-to-EBITDA	0.9x	2.2x
Growth		
Free Cash Flow Growth (5 year)	12%	8%
Revenue (5 year)	8%	4%
Dividend (5 year)	11%	8%
Valuation		
Free Cash Flow Yield	3.6%	4.1%
EV/EBITDA (TTM)	20.2x	14.1x
Dividend Yield	1.6%	1.7%
Market		
Market Cap	\$66.6B	\$22.1B
Beta	0.9	1.0

Source: BFM estimates, Capital IQ, Bloomberg, Results are median weighted with the exception of dividend yield and Beta.

Performance (as of September 30, 2020)

Growth of \$10,000



	Year to Date	One Year	3 Year Annualized	5 Year Annualized	Since Inception Annualized
BFM Capital High Quality Dividend Appreciation (gross)	11.80%	20.37%	18.31%	17.25%	10.93%
BFM Capital High Quality Dividend Appreciation (net)	11.13%	19.38%	17.41%	16.39%	10.08%
S&P 500 Index	5.58%	15.16%	12.29%	14.16%	9.10%

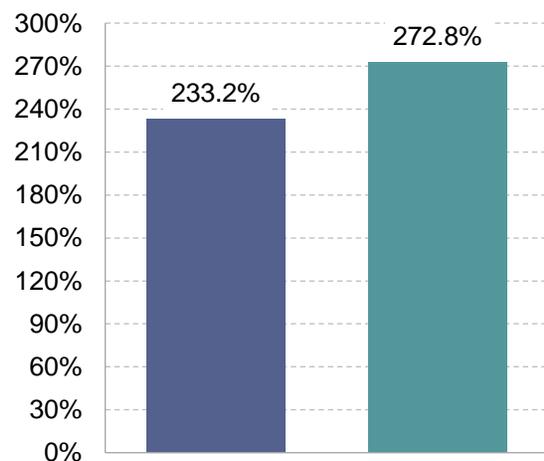
Source: IDC and BFM Capital Data, calculated by Tamarac as of 9/30/2020. Inception date is June 30, 2004.

Gross and net returns shown are actual composite returns. The High Quality Dividend Appreciation Composite contains only accounts fully invested in the strategy. Past performance is not indicative of future results. It should not be assumed that future performance of any investment strategy, including the investment or investment strategies recommended by BFM or in this presentation will be profitable or will correspond to any index or past performance.

Cumulative Performance in Up & Down Markets

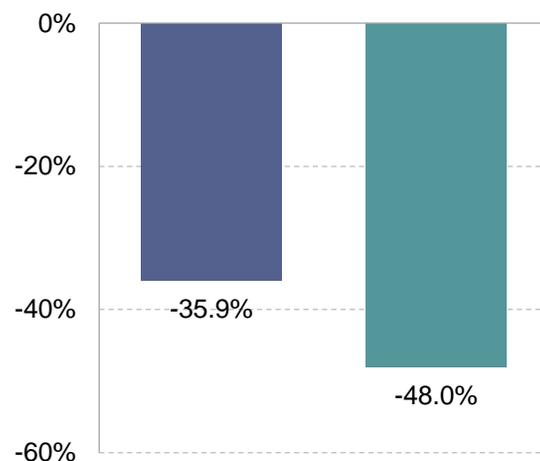
October 1, 2015 – September 30, 2020

Up Market



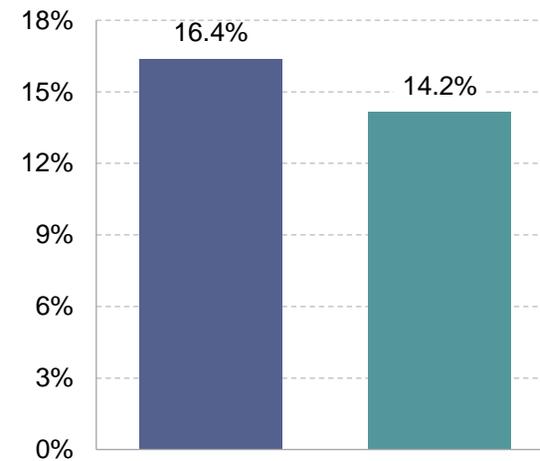
Upside Capture: 85%

Down Market



Downside Capture: 75%

Annualized 5 Years



Annualized Alpha: 2.2%

■ BFM High Quality Dividend Appreciation ■ S&P 500 Index

Up-Down Market measure composite performance (net of fee) relative to index during periods when index has risen/fallen. Source: Morning Star, BFM Estimates

Appendix

Strategy Holdings (as of September 30, 2020)

Holding	Ticker	Industry	Date Added	Strategy Weight	Dividend Yield
MICROSOFT CORP	MSFT	Software	5/23/2013	7.06%	1.06%
APPLE INC	AAPL	Technology Hardware, Storage and Peripherals	9/16/2013	6.57%	0.71%
BROADRIDGE	BR	IT Services	6/21/2013	6.27%	1.74%
WATSCO INC	WSO	Trading Companies and Distributors	11/13/2018	6.03%	3.05%
CROWN CASTLE	CCI	Equity Real Estate Investment Trusts (REITs)	7/22/2015	5.84%	2.88%
EQUINIX	EQIX	Equity Real Estate Investment Trusts (REITs)	4/6/2018	5.30%	1.40%
SHERWIN WILLIAMS	SHW	Chemicals	10/13/2017	5.03%	0.77%
BERKLEY W R CORP	WRB	Insurance	4/4/2019	4.63%	2.01%
AIR PRODUCTS	APD	Chemicals	12/14/2016	4.59%	1.80%
MASTERCARD	MA	IT Services	10/28/2015	4.54%	0.47%
STERIS PLC	STE	Health Care Equipment and Supplies	6/26/2017	4.38%	0.91%
VISA INC CL A	V	IT Services	2/26/2019	3.73%	0.60%
COSTCO	COST	Food and Staples Retailing	9/29/2015	3.36%	0.79%
CME GROUP	CME	Capital Markets	4/1/2014	3.08%	3.53%
LOCKHEED MARTIN CORP	LMT	Aerospace and Defense	6/6/2013	3.05%	2.71%
FIRST REPUBLIC	FRC	Banks	9/11/2017	2.98%	0.73%
BECTON DICKINSON	BDX	Health Care Equipment and Supplies	4/22/2015	2.89%	1.365
AMPHENOL	APH	Electronic Equipment, Instruments and Componer	8/4/2020	2.48%	0.92%
HOME DEPOT	HD	Specialty Retail	5/10/2013	2.28%	2.16%
NORDSON CORP	NDSN	Machinery	11/7/2017	2.15%	0.81%
GILEAD	GILD	Biotechnology	4/24/2017	1.89%	4.30%

Strategy Holdings (cont.)

Holding	Ticker	Industry	Date Added	Strategy Weight	Dividend Yield
JOHNSON & JOHNSON	JNJ	Pharmaceuticals	5/24/2013	1.85%	2.71%
REPUBLIC SERVICES INC	RSG	Commercial Services and Supplies	1/30/2015	1.79%	1.82%
FASTENAL	FAST	Trading Companies and Distributors	5/5/2015	1.68%	2.22%
BLACKROCK INC	BLK	Capital Markets	9/29/2016	1.54%	2.58%
HERSHEY	HSY	Food Products	9/29/2016	1.53%	2.24%
CASH	CASH	-	-	3.47%	0.10%

GIPS Composite

Year End	Annual Performance Results Composite "Pure Gross" Supplemental	Annual Performance Results Composite Net	Equity Benchmark	Composite Dispersion	Composite 3-Yr St Dev	Benchmark Index 3-Yr St Dev	Number of Accounts	Composite Assets (USD) (millions)	% of Total Firm Assets	% of Wrap Assets
2019	39.23%	38.17%	31.49%	0.47%	11.52%	12.11%	12	\$13.00	0.48%	24.20%
2018	-2.97%	-3.71%	-4.38%	0.26%	10.42%	10.80%	9	\$9.70	0.44%	38.50%
2017	22.16%	21.34%	21.83%	0.50%	8.82%	9.92%	8	\$27.40	1.30%	20.10%
2016	13.40%	12.59%	17.34%	0.68%	9.42%	10.59%	12	\$27.50	1.50%	22.20%
2015	3.75%	3.03%	1.38%	0.41%	9.70%	10.50%	10	\$25.20	3.70%	26.80%
2014	12.67%	11.88%	13.45%	0.30%	8.80%	9.20%	7	\$23.70	3.40%	30.80%
2013	32.22%	31.19%	32.53%	-	9.90%	12.70%	6	\$21.40	3.30%	32.30%
2012	9.55%	8.83%	17.51%	-	12.60%	15.50%	-	\$15.50	2.70%	39.40%
2011	9.07%	8.22%	0.39%	-	16.10%	20.70%	-	\$14.60	2.70%	45.30%
2010	10.35%	9.48%	15.51%	-	18.50%	23.20%	-	\$7.20	1.40%	100%
2009	18.73%	17.77%	19.69%	-	16.60%	21.10%	-	\$8.90	2.00%	92.60%
2008	-25.89%	-26.50%	-36.85%	-	12.70%	15.40%	-	\$9.00	2.10%	83.90%
2007	5.19%	4.35%	-0.17%	0.86%	7.50%	8.10%	5	\$14.30	2.20%	77.10%
2006	23.04%	22.06%	22.25%	1.70%	-	-	-	\$15.10	2.30%	76.70%

GIPS Composite (cont.)

Boston Financial Management, LLC (doing business as BFM Capital) has been independently verified for the periods 1 January 2000 through 31 December 2018. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Emerson was an independent, Registered Investment Advisory firm, which manages equity, balanced, and fixed-income portfolios. Registration does not imply a certain level of skill or training. On April 29, 2016, Boston Financial Management acquired Emerson Investment Management (EIM). Prior to their acquisition by BFM, EIM claimed compliance with the Global Investment Performance Standards (GIPS®) and was independently verified for the periods 1 January 2000 through 31 December 2017.

Future results may or may not equal these historical results. The actual return and value of an account will fluctuate and at any point could be worth more or less than the amount invested. Individual account performance will vary according to individual client investment objectives.

Prior to 1 July 2018, the High Quality Dividend Appreciation composite was previously named the Dividend Appreciation composite. This composite includes all portfolios that have an equity exposure of 75% or more and are invested in Dividend Appreciation Strategy. These portfolios have no fixed income and alternative exposure and have an account minimum of \$200,000.

The index is the S&P 500 Index. Prior to January 1, 2015 the index was the Russell 1000 Value Index. The benchmark was changed to better reflect the risk/return profile of the composite. All index performance numbers include reinvested dividends. The Indices are unmanaged and do not reflect the deduction of advisor fees. It is impossible to duplicate the returns of the benchmark indices.

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

The composite was created on June 30, 2014 and has an inception date of June 30, 2004. The U.S. Dollar is the currency used to express valuations and performance. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. "Pure Gross" returns, presented as supplemental information, include trading costs for all portfolios except for bundled fee (wrap) portfolios, which do not pay trading costs. Net-of-fee performance is calculated using actual management fees and for bundled-fee portfolios includes the wrap sponsor's fee. Composite and benchmark returns are presented gross of withholding taxes. The Number of Accounts and Composite Assets columns include only the account that were in the composite at the end of the year, but the number of accounts is not shown for the years 2008 through 2012 because the composite contained fewer than five portfolios at the end of the year. The annual composite dispersion presented is an asset-weighted standard deviation calculated only for the accounts in the composite for the entire year. It is not shown for the years 2008 through 2013 because the composite contained fewer than five portfolios for the full year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not indicative of future results.

BFM's management fee schedule for institutional clients is as follows: 0.80% on the first \$50 million in assets, 0.70% on \$50 million to \$100 million in assets, and 0.60% on assets over \$100 million. BFM's management fee schedule for high-net-worth and other non-institutional clients is as follows: 1.20% on the first \$2 million, 1.0% on assets between \$2 million and \$4 million, and 0.80% on assets between \$4 million and \$6 million and 0.60% thereafter, with an annual minimum fee of \$10,000. Wrap program total fees can be up to 3.00% based on assets under management. Wrap program fees include management fees, transaction costs, custodial fees, and consulting services. Actual investment advisory fees incurred by clients may vary. Additional information on BFM's investment management fees can be found on Part 2A on form ADV.

DAP2018v