

Meritage Growth Equity

The Meritage Growth Equity strategy composite was established in 2000, capitalizing on the firm's conviction in quantitative methodologies to drive security selection.

The investment approach is quantitatively driven by the Meritage multi-factor ranking process which identifies attractive companies with reasonable valuations and above-average cash flow returns on invested capital. Earnings quality, investor sentiment, business momentum, capital efficiency, valuation and growth factors provide a collective assessment of upside opportunity based on historical correlations. The combination of these multiple perspectives results in a broad corroboration of appreciation opportunities in growth stocks. A qualitative assessment comes in at a secondary level, focused on non-quantitative aspects with regard to financial quality and portfolio diversification.

Core Beliefs

- Stock prices are more volatile than business valuations.
- Bottom-up stock selection is the highest quality source of excess return.
- A systematic, factor-based security selection process is highly efficient for identifying companies with the potential for price appreciation and avoid biases or mental shortcuts, such as herd behavior, that lead to irrational decision-making.
- A consistent process to identify and assess investment opportunities is crucial in order to produce differentiated results.

Key Facts

Inception:	December 31, 2000
Benchmark	Russell 1000 Growth
Firm AUM	\$1.7 Billion as of 6/30/2020
Total Strategy Assets	\$625.2 million
Firm Associates	15

Meritage Growth Equity Investment Process

6500 securities reduced to 2700 financial quality of C+ or better, and minimum weekly trading value of \$5 mln.

A sell discipline is primarily driven by the deterioration in a stock's multi-factor rank.

5-Yr. historical turnover approximately 65%



Multi-factor ranking process combines two independent perspectives: 1) Capital efficiency, growth, valuation, business momentum, and investor sentiment factors that correlate with subsequent price movement; 2) Intrinsic valuation.

Top ranked candidates, 6% of universe form primary buy candidate list

Qualitative assessment: 1) deepen our understanding of risk and growth potential; 2) evaluate how the stock might affect portfolio characteristics.

Portfolio construction
35 – 75 securities

Portfolio Construction

- Sector diversification: sector sizes can be up to two times the index for larger sectors; up to three times for smaller sectors.
- Non-U.S. holdings, including tax haven domiciles, have averaged 10% since inception
- No quant-engineered ex-ante tracking error target or risk optimization
- Cash balances are primarily frictional
- Portfolio characteristics controlled within ranges relative to benchmark
- Position size ranges from 1% to 8%

Meritage Growth Equity Performance

Annualized Returns (%)

Periods Ending 6/30/2020

	QTR ⁺	1 Year	3 Years	5 Years	10 Years
Meritage Growth Equity Gross	24.1	18.5	15.2	14.2	15.8
Meritage Growth Equity Net of Institutional Fee¹	23.9	17.9	14.5	13.5	15.2
Meritage Growth Equity Net²	23.9	17.6	14.2	13.2	14.9
Russell 1000 Growth Index	27.8	23.3	19.0	15.9	17.2

⁺Unannualized results.

Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Meritage Growth Equity Gross	34.3	-3.1	27.3	12.6	2.7	13.5	31.6	14.0	0.0	23.4
Meritage Growth Equity Net of Institutional Fee¹	33.6	-3.8	26.5	11.9	2.1	12.8	30.8	13.2	-0.6	22.6
Meritage Growth Equity Net²	33.2	-3.9	26.3	11.7	1.9	12.6	30.6	13.1	-0.8	22.4
Russell 1000 Growth Index	36.4	-1.5	30.2	7.1	5.7	13.1	33.5	15.3	2.6	16.7

This information is presented as supplemental information to the GIPS Composite Report included at the end of this presentation.

¹The standard Meritage institutional fee of 0.65%/year is modeled into results. Fee breaks at higher asset levels are not reflected.

²The standard Meritage private client fee of 0.875%/year is modeled into results. Fee breaks at higher asset levels are not reflected.

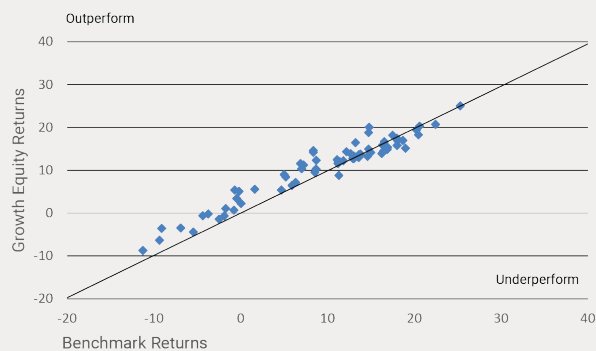
Meritage Growth Equity Performance

Consistency of Returns

Rolling 3-Year Periods vs. R1000G

Exceeds benchmark 66% of periods

For Periods 12/31/2000 to 6/30/2020

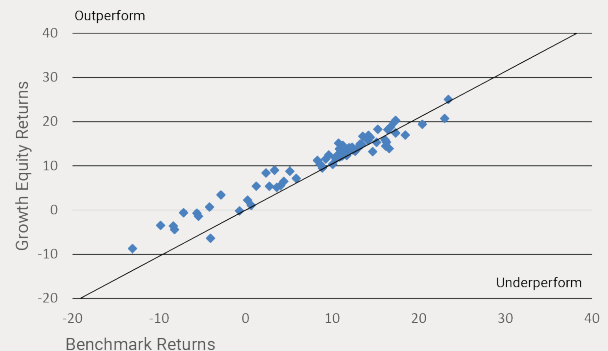


◆ Meritage — Russell 1000 Growth

Rolling 3-Year Periods vs. S&P 500

Exceeds benchmark 87% of periods

For Periods 12/31/2000 to 6/30/2020



◆ Meritage — S&P 500

Performance figures gross of fee. This information is presented as supplemental information to the GIPS Composite Report included at the end of this presentation.

Meritage Growth Equity Portfolio

Periods Ending 6/30/2020

Quantitative Measures

	Meritage Growth	Russell 1000 Growth
Risk		
Risk (5-Yr Beta)	0.96	1.00
Value		
Price/Operating Earnings	33.0	34.6
Price/Cash Flow	25.9	27.5
Earnings		
CFROI	19.6	18.1
5 Year Earnings Growth Est	13.0	18.7
Income		
Dividend Yield (%)	0.6	0.9
Portfolio Rank		
Meritage Growth Score	21	24

Sector Diversification (%)

	Strategy	Index
Energy	0.0	0.1
Materials	0.0	0.8
Industrials	9.0	4.6
Consumer Discretionary	16.9	15.4
Consumer Staples	4.2	4.8
Health Care	17.4	15.0
Financials	2.0	2.1
Information Technology	43.7	43.9
Commun. Services	6.8	11.1
Utilities	0.0	0.0
Real Estate	0.0	2.1
Market ETFs	0.0	0.0

Top Ten Holdings (%)*

Apple	8.8
Microsoft	8.8
Amazon	6.9
Alphabet	5.4
Best Buy	3.2
Micron Technology	3.1
Generac	3.0
Fortinet	2.9
Zebra Technologies	2.8
Adobe	2.6

*Not including periodic use of sector/market ETFs.

Market Cap Distribution (%)

	Strategy	Index
> \$50 Billion	55	79
\$10 Billion to \$50 Billion	29	17
\$2 Billion to \$10 Billion	13	4
< \$2 Billion	3	0

Non-U.S. Holdings:
0.0%

This information is presented as supplemental information to the GIPS Composite Report included at the end of this presentation. Portfolio Characteristics information is for a representative account.

Institutional Fee Schedule

Fee schedule

On the first \$5 million	0.650%/YR
On the next \$20 million	0.500%/YR
On the next \$25 million	0.400%/YR
On the next \$150 million	0.300%/YR
Over \$200 million	0.200%/YR

Disclosures to follow.

As a fee-based firm, Meritage does not accept other forms of compensation from referrals made or commissions on sale of outside investment products. Other fees the client may incur include third party custodial fees and/or trading costs from buying and selling securities.

Meritage Growth Equity Investment Team



Leonard C. Mitchell, CFA
Principal, Senior Portfolio Manager

Len is a Principal and serves as the lead manager of the Meritage Growth Equity and Small Cap Growth Equity strategies. Len has over 35 years of investment experience. Len began his investment career as an oil and energy analyst.

Len serves as a primary contact on many of the firm's private and institutional relationships. He received his B.A. in Accounting and M.B.A. in Finance from Texas Christian University with Honors.



Sharon L. Divine, CFA
Principal, Senior Portfolio Manager
and Director of Quantitative Research

Sharon is a Principal and serves as co-manager of the Meritage Value Equity strategy and lead manager of the Meritage Small Cap Value Equity strategy. She leads the development of the quantitative aspects of the firm's equity investment process and serves as a primary contact for many of the firm's clients. Sharon has over 30 years of investment experience in portfolio management and investment analysis.

Sharon received her B.B.A. with emphasis in Computer Science and M.B.A in Finance from the University of Missouri-Kansas City with Honors.



John M. Wallis, CFA
Director of Qualitative Research

John leads the qualitative analysis component of the firm's equity investment process. He also manages the firm's macroeconomic environment analysis. John has over 25 years of institutional experience in portfolio management, publicly traded security analysis and private investment analysis.

John has a B.S. degree from Arizona State University and an M.B.A. in Finance from Avila University, Kansas City, Missouri.

Meritage Growth Equity

GIPS Composite Report



Meritage Growth Equity Returns				Annualized Ex-Post		Composite Assets			
Year Ending	Total Gross Asset-Wtd.	Total Net Asset-Wtd.	R1000G* Benchmark	Gross Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Number of Portfolios	Asset-Wtd. Internal Dispersion	End of Period (Mln)	Firm Assets (Mln)
12/31/10	23.4%	22.4%	16.7%	19.10%	22.11%	127	0.28%	155.1	932.5
12/31/11	0.0%	-0.8%	2.6%	16.79%	17.76%	136	0.10%	145.0	935.1
12/31/12	14.0%	13.1%	15.3%	14.83%	15.66%	140	0.22%	155.1	1,113.1
12/31/13	31.6%	30.6%	33.5%	12.29%	12.18%	205	0.48%	234.4	1,305.0
12/31/14	13.5%	12.6%	13.1%	9.75%	9.59%	222	0.21%	230.9	1,593.3
12/31/15	2.7%	1.9%	5.7%	10.60%	10.70%	244	0.16%	249.6	1,528.3
12/31/16	12.6%	11.7%	7.1%	11.00%	11.15%	233	0.19%	272.8	1,513.8
12/31/17	27.3%	26.3%	30.2%	10.02%	10.54%	276	0.27%	348.3	1,646.6
12/31/18	-3.1%	-3.9%	-1.5%	12.40%	12.13%	285	0.27%	328.0	1,530.2
12/31/19	34.3%	33.2%	36.4%	13.55%	13.07%	322	0.39%	442.6	1,810.4

Composite Description:

The Meritage Growth Equity composite is an actively managed growth equity strategy that evaluates companies of all capitalization sizes and is driven by Meritage's value-centric and growth quantitative process. Portfolio holdings focus on companies that exhibit attractive sustainable growth and above-average cash flow/return on investment. The Manager combines experienced-based qualitative fundamental analysis with the firm's proprietary multi-factor models. The benchmark is the Russell 1000 Growth index.

Benchmark Description:

The Russell 1000 Growth index is a market-cap weighted index and measures the performance of the large-cap growth segment of the U.S. equity universe.

Definition of the Firm:

Meritage Portfolio Management is an independent investment management firm that is not affiliated with any parent organization.

Basis for Composites:

Meritage Portfolio Management's Growth Equity Composite,

created October 1, 2006, is composed of managed, fully discretionary, fee paying accounts managed in the Meritage Growth Equity strategy. The composite inception date is 12/31/2000.

Definition of Significant Cash Flows:

Effective June 30, 2002, Meritage temporarily excludes portfolios from the composite for periods experiencing a significant cash flow defined as an aggregate of flows exceeding 10% of the portfolios beginning market value for the month of the flow.

Fees:

Returns are presented gross and net of management fees. Gross-of-Fees performance returns are presented before management fees. Net-of-Fees performance returns are calculated by deducting Meritage Portfolio Management's standard fee rates from the gross composite return on a monthly frequency. This produces a compounding effect on the total rate of net return. Other fees reflected in both gross and net returns include withholding taxes. Withholding taxes on foreign-based investments have been deducted from both gross and net performance, contingent on how the withholding information is received from the firm's independent third party pricing source. Once with-

Meritage Growth Equity GIPS Composite Report

holding tax information is received from the custodian, performance is trued up to be consistent with what the custodian withheld.

Meritage Portfolio Management's standard fee schedules are as follows:

For Equity Strategy Composites the standard fees are: 0.875% on the first \$2,500,000; 0.75% on the next \$2,500,000; 0.625% on the next \$5,000,000; and 0.50% on assets over \$10,000,000. Actual investment management fees incurred by clients may vary.

Calculation Methodology:

Returns from cash and cash equivalents held in portfolios are included in total return calculations. Total return includes realized and unrealized gains and losses, plus reinvestment of income. Gross-of-Fees returns are calculated before the deduction of investment management fees and after the deduction of direct trading expenses. Net-of-Fees returns are calculated after the deduction of Meritage Portfolio Management's standard investment management fee rates and direct trading expenses. Both gross-of-fees and net-of-fees returns are calculated after or before the deduction of withholding taxes on foreign dividends, contingent on how the withholding tax information is received from our independent third party pricing source. Accounts may be subject to customized commission schedules.

Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request. Past performance is no guarantee of future results.

Minimum Account Size:

The established minimum portfolio market value is \$200,000, effective as of 02/28/2009. A portfolio is included in the composite one month after it reaches the minimum size inclusion level for a full performance period. A portfolio is excluded from the composite if the portfolio market value drops below \$150,000 for 2 consecutive months. Prior to 02/28/2009, the established minimum inclusion level was \$300,000, with a minimum exclusion level of \$250,000.

Currency:

Returns are calculated and presented in U.S. dollars.

eVestment universe returns, benchmark indices and related statistics are presented Gross-of-Fee.

A complete list and description of Meritage Portfolio Management's composites is available upon request.

Meritage Portfolio Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Meritage Portfolio Management has been independently verified for the periods December 31, 2000 through December 31, 2019.

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 Meritage Growth Equity composite has had a performance examination for the periods December 31, 2000 through December 31, 2019. The verification and performance examination reports are available upon request.

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*Russell 1000 Growth Index



Meritage Portfolio Management is an institutionally based investment management firm, providing asset management and wealth management services for individuals, families, foundations, corporations and qualified retirement plans. The firm manages \$1.7 billion in assets for local, regional, and national clients from its base in Overland Park, Kansas.

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