

International ADR Dividend Income Strategy

Portfolio and Economic Commentary – 4th Quarter 2022





INTERNATIONAL ADR DIVIDEND INCOME STRATEGY COMMENTARY

As value investors, we constantly focus on our duty to protect the principal of our investments even as we look for ways to grow them over time as well. As economists, we remain alert to trends taking place in the larger global economy. As analysts, we seek to invest in securities priced with a margin of safety in order to account for their near-term volatility and our uncertainty about what the future holds. With this in mind, we look for opportunities in three specific categories: classic value, persistent earners, and distressed or contrarian.

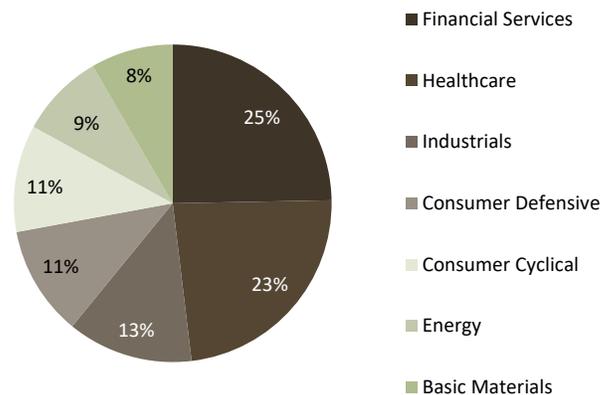
Classic value stocks sell at attractive valuations and provide above-average dividend yields and growth. Persistent earners are companies which have steady and predictable earnings and that are selling below their historic valuation. The distressed/contrarian category refers to stocks that are out of favor due to what we perceive to be temporary factors and are likely to appreciate substantially as the temporarily distressing factor recedes. Typically, the distressed category is the smallest in the portfolio.

PERFORMANCE COMMENTARY

The International ADR Dividend Income strategy returned -0.11% for 2022 versus -5.38% for the iShares MSCI EAFE Value ETF (EFV). The strategy has produced alpha and sound risk adjusted returns besting the iShares MSCI EAFE Value ETF (EFV) for the past 3-year, 5-year and since inception periods. Since its inception on June 1, 2010, the strategy has produced annualized returns of 5.15% versus 4.38% for the EFV ETF generating its superior risk adjusted returns due to the strategy’s significantly lower beta.

We have added alpha and garnered sound absolute and relative returns for our investors focusing on undervalued issues offering above average dividend yields with global growth potential. The sectors that contributed the most during the year were the energy, industrials and materials sectors while the consumer cyclical, financials, healthcare and consumer defensive sectors were the detractors. The top performers for the year were BAE Systems (46%), BP (37%), TotalEnergies (32.5%) and AstraZeneca (18.8%) while the worst performers were Toyota Motor (-24.4%), Roche (-23.8%), Siemens (-18.8%) and Nestle (-16.5%).

Sector Allocation (Morningstar)



Top Ten Holdings

Top Ten Holdings	Weight
Prudential	4.63%
Siemens	4.50%
POSCO Holdings	4.44%
TotalEnergies	4.30%
Banco Bilbao Vizcaya Argentaria	4.26%
BNP Paribas	4.17%
Sanofi	4.11%
BAE Systems	4.10%
AstraZeneca	4.10%
BP	4.06%



INTERNATIONAL ADR DIVIDEND INCOME STRATEGY COMMENTARY

As one may recognize from the below chart, our firm has consistently provided a steady stream of income to our clients in the form of dividends. It is our assertion that this income stream has not only reduced the risk of our portfolio, but also provided a large part of the total return thereby leading to our performance success over this past tumultuous decade plus.

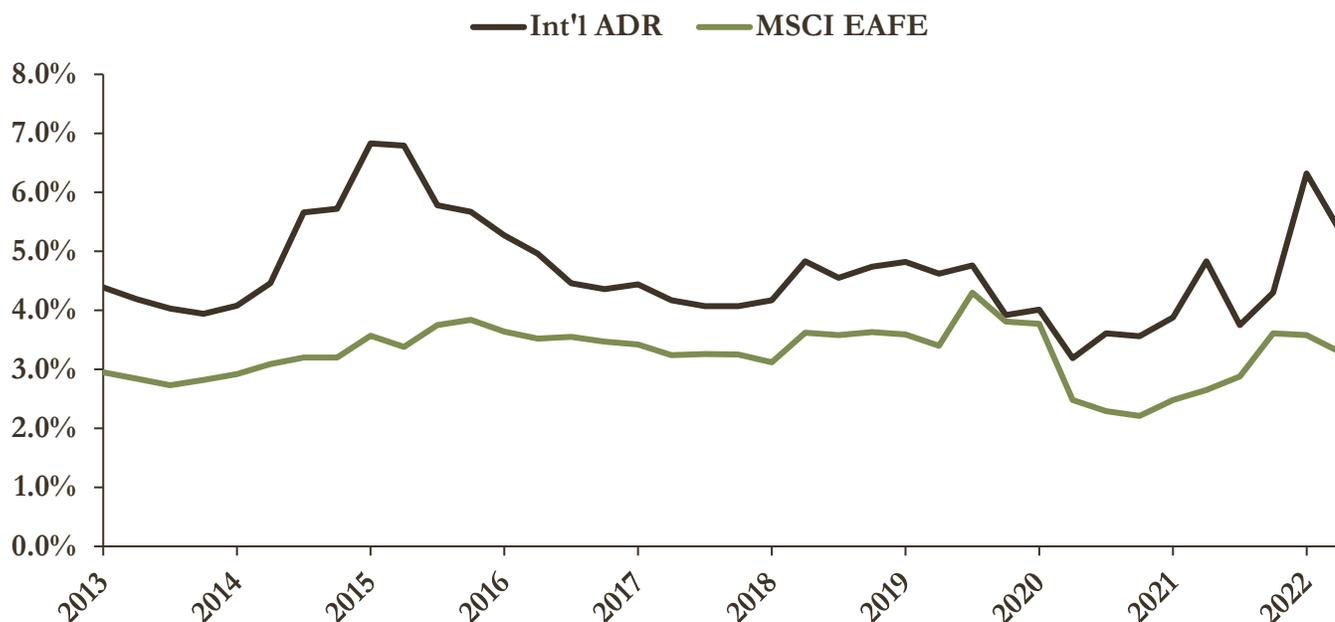
We believe that dividends allow our investors to “get paid to wait” while patiently working through volatile business and market cycles. This strategy provides emotional support during difficult cycles and enables investors to weather turbulent periods by utilizing dividend income for personal needs or to reinvest cash at lower valuations. Our strategy is not only grounded in psychological and behavioral finance concepts, but is also supported by empirical evidence outperforming in both negative and full market cycles.

Dividends also act to align the interests of corporations and shareholders in helping to eliminate the agency effect. Corporate boards have recognized the value of dividends in stabilizing their stock prices and encouraging investment during both high and lower tax regimes. In supporting and increasing dividends over time, managers are compelled to maintain a reliable stream of cash flows to shareholders rather than waste capital on those expenses adding little to corporate revenue including executive perks, pet projects, and ill-timed, unwise acquisitions. It appears a paradox; however, our experience and academic studies have displayed that sufficient investment for a good business can still occur in conjunction with dividends as managers are forced to invest cash flow more prudently and only in those capital investments in which they have the highest conviction in adding to corporate revenue, particularly since stock buybacks are often ill-timed.

ALTRIOUS: A STORY OF CONSISTENT DIVIDENDS OVER THE YEARS

The strategy has consistently delivered a higher dividend yield than the MSCI EAFE index since its inception.

International ADR Dividend Income vs. MSCI EAFE Dividend Yield



Source: Morningstar, MSCI



DISCLOSURES

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact. Altrius is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy and approach. Our views and opinions include “forward-looking statements” which may or may not be accurate over the long term. Forward-looking statements can be identified by words like “believe,” “expect,” “anticipate,” or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

Past performance does not guarantee future results. The information provided in this material should not be considered an offer nor a recommendation to buy, sell or hold any particular security.

Performance Reporting

Altrius Capital Management, Inc. (Altrius) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Altrius has been independently verified for the periods January 31, 2001 – December 31, 2021 by ACA Performance Service, LLC. The verification reports are 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 the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The Firm is defined as Altrius Capital Management, Inc. (Altrius), a registered investment advisor with the Securities and Exchange Commission. Altrius was founded in 1997 and manages equity, fixed income and balanced portfolios for high net worth individuals and families.

Composite Characteristics

The International ADR Dividend Income strategy is a subaccount from the Altrius Global Income, Conservative, Equity Tilted, Defensive and Equity Only Composites. Prior to 01/01/2022, it was only a subaccount of the Global Income Composite. The composite and subaccount were created in December 2010 with a performance inception date of May 31, 2010. The subaccount strategy seeks long term capital appreciation and income by investing at least 80% of its assets in a diversified portfolio of income-producing equity securities paying higher than average dividends. 20-50 International ADR positions are chosen from a universe of stocks with market capitalizations generally greater than \$10 billion.

Accounts are included on the last day of the month in which the account meets the composite definition. Accounts no longer under management are withdrawn from the composite on the first day of the month in which they are no longer under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias.



DISCLOSURES

Benchmark

The benchmark is the iShares® MSCI EAFE Value ETF (Net) (EFV). The EFV ETF tracks the securities included in the MSCI EAFE Value Index. The ETF returns are before the deductions of all expenses and transaction costs incurred by the ETF and are net of withholding taxes. As of 12/31/2021, the expense ratio was 0.35% for the EFV ETF. The ETF return is the total return based off net asset values and distributions from the fund. It was changed 03/31/2022 from the Morningstar Developed Markets ex US Value TME NR Index retroactively due to licensing fees charged by the owners. It was changed retroactively 12/1/2021 from the MSCI EAFE Value NR Index. The change was due to licensing fees being charged by the firms who own the indices. Effective 10/01/2017, the benchmark was changed from the MSCI EAFE NR Index to the MSCI EAFE Value NR Index. The volatility of the indices may be materially different from that of the performance composite. In addition, the composite's holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent appropriate benchmarks to compare the composite's performance, but rather are disclosed to allow for comparison of the composite's performance to those of well-known and widely recognized indices.

Economic factors, market conditions, and investment strategies will affect the performance of any portfolio, and there are no assurances that it will match or outperform any particular benchmark.

Altrius International ADR Dividend Income Composite Performance

December 31, 2011 – December 31, 2021

Year	Gross Return %	Net Return %	Benchmark Return %	Composite 3-Yr St Dev %	Benchmark 3Yr St Dev %	# of Portfolios	Composite Dispersion %	Total Composite Assets	Percent of Firm Assets
2012	11.44	10.19	17.52	N/A	N/A	105	0.58	9,923,562	7.35
2013	16.46	15.20	22.60	14.63	17.34	117	0.44	15,617,346	8.89
2014	(9.67)	(10.68)	(5.64)	13.01	14.22	128	0.52	22,637,241	11.96
2015	(11.77)	(12.73)	(5.89)	13.96	13.54	114	0.62	18,366,384	10.00
2016	7.88	6.67	4.86	13.97	13.46	133	0.81	27,156,259	10.16
2017	23.49	22.14	21.23	13.40	12.80	142	0.61	38,977,196	11.43
2018	(15.89)	(14.94)	(14.88)	12.36	12.22	148	0.34	34,693,791	10.45
2019	19.44	18.16	15.97	12.85	11.80	146	0.47	46,640,523	13.70
2020	(2.39)	(3.39)	(2.78)	19.42	20.97	127	0.78	43,250,267	11.97
2021	13.71	12.61	10.83	22.82	20.40	173	0.24	73,894,391	17.17



DISCLOSURES

Performance Calculations

Valuations and returns are computed and stated in U.S. dollars. Results reflect the reinvestment of dividends and other earnings.

Gross of fees return is net of transaction costs and gross of management and custodian fees. Net of fees returns are calculated using actual management fees that were paid and are presented before custodial fees and but after management fees and all trading expenses. Returns can be net or gross of withholding taxes, depending on how taxes are recorded at the custodian. Some accounts pay fees outside of their accounts; thus, we enter a non-cash transaction in the performance system such that we can calculate a net of fees return.

The standard management fee for the Altrius International ADR Dividend Income is 1.40% per annum on the first \$500,000 USD, 1.00% per annum on the next \$500,000 and 0.80% per annum thereafter. Additional information regarding Altrius Capital Management fees are included in its Part II Form ADV.

Internal dispersion is calculated using the gross of fee performance numbers using the asset-weighted standard deviation of all accounts included in the composite for the entire year; it is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite, and the benchmark (iShares® MSCI EAFE Value ETF (Net)) returns over the preceding 36-month period.

Policies for valuing investments, calculating performance, and preparing GIPS compliant presentations are available upon request. A complete list and description of firm composites is available upon request.

*Top Holding Statistics are presented as supplemental information to the GIPS compliant presentation.

The Altrius International ADR Dividend Income strategy is not sponsored, endorsed, sold or promoted by Morningstar, Inc. or any of its affiliates (all such entities, collectively, "Morningstar Entities"). The Morningstar Entities make no representation or warranty, express or implied, to the owners of the Altrius International ADR Dividend Income strategy or any member of the public regarding the advisability of investing in an equity strategy generally or in the Altrius International ADR Dividend Income strategy in particular or the ability of the iShares® MSCI EAFE Value ETF (Net) to track general equity market performance.

THE MORNINGSTAR ENTITIES DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE ALTRIUS INTERNATIONAL ADR DIVIDEND INCOME STRATEGY OR ANY DATA INCLUDED THEREIN AND MORNINGSTAR ENTITIES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN.