

## APS Health Care Strategy

### Firm Overview

APS Labs, LLC (“APS”) specializes in the evaluation and monitoring of U.S. and International long only equity managers. Combining concentrated and highly focused areas of investment, which APS refers to as Mandates, from high-quality and experienced investment managers in providing a complete equity allocation with an objective to outperform the broad equity market over a full market cycle. APS employs a rigorous, proprietary due diligence process that balances qualitative and quantitative metrics, in order to identify outstanding people, firms, and strategies. APS uniquely identifies and isolates consistent pockets of alpha production from within existing strategies and then creates new sub-strategies (mandates) around those areas. By combining concentrated and differentiated mandates, APS believes that it is possible to outperform the broad market over a full market cycle. Each APS Strategy is differentiated by its combination of focus and concentration and representing a completely long-only equity exposure with high transparency, ample liquidity, and a meaningful level of diversification, while remaining a truly actively-managed portfolio.

### Firm Investment Philosophy

- APS believes in active management: stock-pickers can add value in specific areas if they have demonstrated investment skill on a consistent, long-term basis.
- APS believes in concentration and diversification; at the mandate level, investing in concentrated sections of a manager’s portfolio should enhance an active manager’s ability to add value. Diversification by manager, at the overall Strategy level, enables the aggregate Strategy to have a high correlation and moderate tracking error, while maintaining a very high Active Share score.

Portfolio Composition		
	Name	GICS Industry
1	AbbVie Inc	Biotechnology
2	AmerisourceBergen Corp	Health Care Providers & Services
3	Abbott Laboratories	Health Care Equipment & Supplies
4	Aerie Pharmaceuticals Inc	Biotechnology
5	Amgen Inc	Biotechnology
6	Bristol-Myers Squibb Company	Pharmaceuticals
7	FibroGen	Biotechnology
8	Hill-Rom Holdings Inc	Health Care Equipment & Supplies
9	Horizon Therapeutics PLC	Pharmaceuticals
10	Ionis Pharmaceuticals Inc	Biotechnology
11	Ligand Pharmaceuticals Inc	Biotechnology
12	Lantheus Holdings Inc	Health Care Equipment & Supplies
13	Merck & Co Inc	Pharmaceuticals
14	Regeneron Pharmaceuticals Inc	Biotechnology
15	Repligen Corp	Life Sciences Tools & Services
16	Seattle Genetics Inc	Biotechnology
17	Sarepta Therapeutics Inc	Biotechnology
18	Steris PLC	Health Care Equipment & Supplies
19	Thermo Fisher Scientific Inc	Life Sciences Tools & Services
20	Ultragenyx Pharmaceuticals Inc	Biotechnology
21	UnitedHealth Group Inc	Health Care Providers & Services
22	Zimmer Biomet Holdings	Health Care Equipment & Supplies

### Strategy Overview

The APS Health Care Strategy utilizes managers by having them specialize in a particular industry(s) within Health Care, as opposed to employing their full strategy; managers are hired in the specialized area(s), where they have historically been able to create the most consistent alpha. Within the chosen Mandate(s), managers are unconstrained:

- Market Capitalization – holdings are All-Cap, both within mandates and at the aggregate Strategy level
- Holdings can be of any style within Health Care Industries
- The number of holdings by Mandate can be concentrated as a manager feels appropriate

Mapping: a high correlation to the broad U.S. Health Care Equity market:

- Health Care Select SPDR correlation is >85%
- Active Share is high at >80% to all major indices (best-fit or broad)

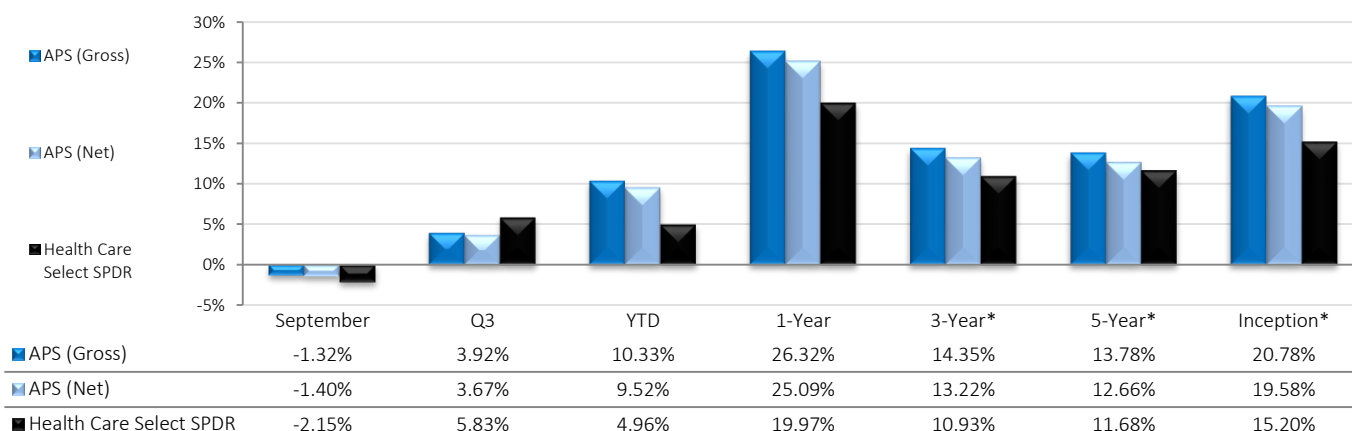
Mandates	
Sub-Adviser*	Area of Investment
Pinnacle Associates	Biotechnology
Dana Investment Advisors	Pharmaceuticals/Equipment and Services
WCM Investment Management	Medical Equipment/Technology/Providers and Services
Historical Sub-Adviser(s)*	TimesSquare Capital Management

*This document is provided for informational purposes only and is not intended to be, and should not be construed as, an offer to sell or solicitation to invest in any Strategy or investment product offered by APS Labs, LLC. Please refer to the last page for additional disclosures. Source: FTSE Russell, Morningstar, Schwab, APS Labs, LLC. Past performances are not indicative of future results.*

Calendar Year Performance			
	APS HC Strategy (Gross)	APS HC Strategy (Net)	Health Care Select SPDR
2020 YTD	10.33%	9.52%	4.96%
2019	36.78%	35.45%	20.63%
2018	2.60%	1.58%	6.30%
2017	17.53%	16.36%	21.70%
2016	-10.79%	-11.68%	-2.83%
2015	20.13%	18.93%	6.82%
2014	47.40%	45.93%	25.17%
2013	49.48%	48.00%	41.24%
2012	48.82%	47.34%	17.56%
2011	-1.44%	-2.42%	12.44%

Portfolio Characteristics <sup>1</sup>		
	APS HC Strategy	Health Care Select SPDR
Wtg. Avg. Market Cap as of 9/30/2020 (\$mm)	\$74,393	\$151,326
Beta	1.0	1.0
Alpha	3.6	0.0
Information Ratio	0.3	-
Up Capture Ratio	104.4	100.0
Down Capture Ratio	89.1	100.0
Tracking Error	9.1	0.0
Active Share <sup>2</sup>	80%	N/A

APS Health Care Strategy vs. Benchmark as of 9/30/2020



## Strategy Facts

<b>Strategy Objective</b>	Combining concentrated alpha-producing mandates from high-quality and experienced investment managers in order to provide a complete U.S. Health Care equity allocation and consistently outperform the broad U.S. Health Care equity market over a full market cycle.
<b>Investment Universe</b>	The Strategy only invests in U.S. Health Care market traded stocks and cash. The manager will not “short” stocks nor invest in illiquid securities or interests.
<b>Inception Date</b>	January 1, 2011
<b>Composite Assets</b>	\$6.1 million
<b>Benchmark</b>	Health Care Select SPDR
<b>Number of Holdings</b>	22
<b>Holdings Per Mandate</b>	3-8

## Investment Terms

<b>Minimum Investment</b>	\$250,000
<b>Structure</b>	Separately Managed Accounts
<b>Management Fee</b>	1.00%

## Investor Inquiry Contact:

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<sup>\*</sup>Annualized

<sup>1</sup> Information Ratio, Beta, Alpha, Up Capture Ratio, Down Capture Ratio, and Tracking Error are 3 Year statistics. Information Ratio measures the risk-adjusted return of a financial security (expected active return/tracking error). Beta reflects the sensitivity of the strategy's return to fluctuations in the market index. Alpha refers to excess return on an investment relative to the return on a benchmark index. Up Capture Ratio is the statistical measure of an investment manager's overall performance in up-markets. Down Capture Ratio is the statistical measure of an investment manager's overall performance in down-markets. Tracking error is the difference between a portfolio's returns and the benchmark or index it was meant to mirror or beat.

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<sup>2</sup> Active Share represents the fraction of portfolio holdings that differ from the benchmark index, thus emphasizing stock selection. Tracking error is the volatility of Strategy return in excess of the benchmark, so it emphasizes bets on systematic risk.” (K.J. Martijn Cremers, Antti Petajisto, How Active is Your Strategy Manager? A New Measure That Predicts Performance, Yale School of Management, October 3, 2007)

# APS Health Care Equity Strategy Disclaimers & Disclosures

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## APS Health Care Equity Strategy Disclaimers & Disclosures

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	Annual Performance Results Composite		Health Care Select SPDR® Index	Composite Dispersion	Composite 3 Yr St Dev	Health Care Select SPDR® 3 Yr St Dev
				Gross	Net				
2019	17.9	5.9	7	36.78%	35.45%	20.63%	N.A.1	15.49%	12.73%
2018	32.1	0.7	<5	2.60%	1.58%	6.30%	N.A.1	18.46%	13.47%
2017	77.5	3.5	<5	17.53%	16.36%	21.70%	N.A.1	19.49%	12.04%
2016	64.3	3.2	<5	-10.79%	-11.68%	-2.83%	N.A.1	22.00%	12.44%
2015	47.2	4.2	<5	20.13%	18.93%	6.82%	N.A.1	20.54%	11.94%
2014*	24.9	3.9	<5	47.40%	45.93%	25.17%	N.A.1	20.09%	9.66%
2013*		1.0	<5	49.48%	48.00%	41.24%	N.A.1	21.72%	10.76%
2012*		1.4	<5	48.82%	47.34%	17.56%	N.A.1	N.A.2	N.A.2
2011*		1.0	<5	-1.44%	-2.42%	12.44%	N.A.1	N.A.2	N.A.2

N.A.1 - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

N.A.2 - The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The three-year annualized standard deviation is not presented for 2011 through 2012 due to less than 36 months of composite and benchmark data.

\* - Performance presented prior to August 1, 2014, was achieved by the portfolio manager while affiliated with a prior firm.

**Health Care Equity Composite** consists of an actively managed strategy in which stock-pickers add value in specific areas if they have demonstrated investment skill on a consistent, long-term basis and expressed conviction as measured through high Active Share scores in the Health Care sector. The composite is diversified by manager, at the overall Strategy level, enables the aggregate Strategy to have a high correlation and moderate Tracking Error, while maintaining a very high Active Share score. The strategy represents Health Care sector exposure of 100%. The companies included in each Select Sector Index are selected on the basis of general Health Care industry classification from a universe of companies defined by the Standard & Poor's 500 Composite Stock® Index ("S&P 500®"). The ten Select Sector Indexes (each a "Select Sector Index") upon which the Select Sector SPDR Funds are based together comprise all of the companies in the S&P 500. Prior to 1/1/2019, the minimum account size for this composite (1/1/2011 to 12/31/2018) was \$50 thousand. The Health Care Equity Composite was created January 1, 2011.

APS Labs, LLC ("APS"), formerly known as Belridge Capital, LLC, claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. APS has been independently verified for the periods August 1, 2014 through December 31, 2019. 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.

APS Labs, LLC is a registered investment adviser with the United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. For GIPS purposes, APS Labs, LLC defines the firm as all assets solely managed by APS Labs, LLC, this excludes any assets in sub advisory agreements. The firm's list of composite descriptions is available upon request. The primary benchmark for this composite is the Health Care Select SPDR® Fund. The Health Care Select SPDR Index seeks to provide an effective representation of the health care sector of the S&P 500 Index. **Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite returns represent investors domiciled primarily in the United States. Past performance is not indicative of future results.**

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees in addition to administration fees, operating expenses, legal fees, custodian fees, wire fees, and other software expenses. The annual composite dispersion presented is an asset-weighted deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Prior to 2019 net returns were calculated using actual fees. 2019 forward net returns were calculated using a highest fee of 1.00% applied monthly.

The investment management fee schedule for the composite is as follows: First \$2,000,000 - 1.00%, Next \$3,000,000 - 0.90%, Next \$5,000,000 - 0.75%, Next \$5,000,000 - 0.65%, and Over \$15,000,000 - 0.50%. Actual investment advisory fees incurred by clients may vary.