

## Objective and Strategy

Avitas Wealth Management (AWM) Dividend Income seeks to deliver long-term total return on capital, through a combination of capital appreciation and dividend income by investing in companies with attractive growth prospects that are undervalued relative to their industry peers.

The AWM Dividend Income Composite includes all discretionary portfolios that invest primarily in companies across mega, large, mid and small market capitalizations domiciled both in the United States and internationally with prospects for stable dividends, believed to be under-valued, and have significant potential for capital appreciation.

AWM Dividend Income seeks to invest in companies across all economic sectors that represent a value among their industry peers and in most cases pay a dividend or are expected to in the future.

Investments are selected with a bottom-up analysis of securities' fundamental and technical indicators, examining factors such as consistency of dividend payments, expected cash flow, and relative valuation as well as exposure to key thematic trends.

A top-down view of global macroeconomics drives sector and geographic allocations.

During times of heightened volatility, cash or highly liquid fixed income securities may be tactically utilized to preserve capital.

## Team

**Russell Evans, CIMA, Portfolio Manager**  
Investment Strategist

**Peter Lee, CFA, Portfolio Manager**  
Director of Research and Analytics

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## Performance Characteristics

### Composite Return Analysis

	Pure Gross	Net <sup>1</sup>	Primary Benchmark <sup>2</sup>	Secondary Benchmark <sup>3</sup>
Quarter	8.10%	7.77%	4.59%	8.93%
Year To Date	-5.01%	-5.91%	-11.75%	5.57%
One Year	1.58%	0.32%	-3.34%	15.15%
Three Year*	N/A	N/A	N/A	N/A
Five Year*	N/A	N/A	N/A	N/A
Since Inception (1/1/2018)*	5.68%	4.37%	1.07%	10.84%
Positive Periods Since Inception	8		8	8
Negative Periods Since Inception	3		3	3

<sup>1</sup>Net of maximum 1.25% Wrap fee

<sup>2</sup>75% S&P 500 Value / 10% Russell 2000 Value / 15% MSCI EAFE Index

<sup>3</sup>S&P 500 Total Return

\*Returns greater than 1 year are annualized

### BEST PERFORMERS

Security Name	3Q20 Strategy Return	3Q20 Contribution
APPLE INC	27.2%	2.2%
TARGET CORP	31.9%	0.8%
COSTCO WHOLESALE CORP	17.3%	0.7%
THERMO FISHER SCIENTIFIC INC	21.9%	0.6%
WALMART INC	17.3%	0.5%

### WORST PERFORMERS

Security Name	3Q20 Strategy Return	3Q20 Contribution
REGENERON PHARMACEUTICALS	-10.2%	-0.3%
GILEAD SCIENCES INC	-17.0%	-0.2%
CITIGROUP INC	-17.1%	-0.2%
AT&T INC	-4.0%	-0.1%
BRINK'S CO/THE	-9.4%	-0.1%

### LARGEST 10 POSITIONS

Security Name	Weight
APPLE INC	9.5%
COSTCO WHOLESALE CORP	4.7%
WALMART INC	3.3%
THERMO FISHER SCIENTIFIC INC	3.3%
TARGET CORP	3.1%
ROCHE HOLDINGS LTD-SPONS ADR	2.8%
PROCTER & GAMBLE CO/THE	2.8%
JPMORGAN CHASE & CO	2.7%
JOHNSON & JOHNSON	2.6%
MCDONALD'S CORP	2.2%
Total	37.0%

### SMALLEST 10 POSITIONS

Security Name	Weight
IHS MARKIT LTD	1.0%
COMCAST CORP-CLASS A	1.0%
PFIZER INC	1.0%
VERIZON COMMUNICATIONS INC	1.0%
WASTE MANAGEMENT INC	1.0%
CITIGROUP INC	1.0%
NEXSTAR MEDIA GROUP INC-CL A	0.9%
BRINK'S CO/THE	0.9%
LAMAR ADVERTISING CO-A	0.9%
ROYALTY PHARMA PLC- CL A	0.7%
Total	9.4%

## Strategy Highlights

- Strategy seeks total return from both capital appreciation and income from companies with stable dividends
- Invest in companies that are undervalued with attractive growth prospects
- Potential for reduced downside risk relative to the overall market
- AWM Dividend Income stock selection methodology originated in 1992

## Strategy Structure

- Typically holds 40-50 securities
- Initial investments range from 0.25% to 3.75% of portfolio
- May invest in all 11 GICS economic sectors
- Investments may include ETFs, ETNs, ADRs, & foreign ordinaries in the OTC market
- Top 10 holdings may be greater than 30% of net assets
- Turnover range 25-50% annually

Best/Worst Performers, Top/Bottom Ten Positions, and Positive/Negative Quarters are presented as supplemental information. Source: Bloomberg & Model Account. Performers & Positions information should not be deemed a recommendation to buy or sell the securities. For comparison purposes, the AWM Dividend Income composite is measured against a blended benchmark of 75% S&P 500 Value / 10% Russell 2000 Value / 15% MSCI EAFE Index. You cannot invest directly in an index. A complete description of Avitas' performance calculation methodology, including a complete list of each security that contributed to the performance of this Avitas composite is available upon request.

# Strategy Characteristics

## About Avitas Wealth Management

Avitas Wealth Management is a boutique asset manager and wealth advisory firm for select multigenerational families. We provide Institutional Style Portfolio Management, Financial Planning, Total Wealth Organization®, and exclusive access to Private Equity Managers.

Our clients want an independent advisor who sees the world through the same lens they do. One who

earns their trust and is just as committed to their success as they are. An advisor who will guide their family through every financial decision, standing by their side for a lifetime. That is the kind of advisor Avitas is built to be. Your advisor for life.

For more than twenty years, the founders of Avitas have followed one simple idea: To remove

distractions and conflicts and add back the one thing you really want – their own wealth, totally organized. We are not driven by sales commissions or hidden incentives. A relationship with Avitas is unlike any financial advisor relationship you may have experienced.

### STRATEGY CHARACTERISTICS

Strategy AUM \$16.0 MM

Composite AUM \$14.1 MM

Minimum Account Size \$100,000

Number of Holdings 45

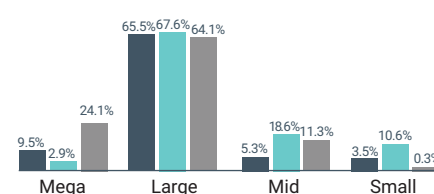
Dividend Yield 2.53%

## Size Distribution

Market Capitalization	AWM Dividend Income	Blended Benchmark* <sup>1</sup>	S&P 500 <sup>1</sup>
Mega	9.5%	2.9%	24.1%
Large	65.5%	67.6%	64.1%
Mid	5.3%	18.6%	11.3%
Small	3.5%	10.6%	0.3%

Source: Bloomberg & Model Account  
Market cap categorization is proprietary to Avitas.  
Mega: Greater than \$500 Billion,  
Large: \$25 Billion to \$500 Billion,  
Mid: \$5 Billion to \$25 Billion,  
Small: Less than \$5 Billion

\* S&P 500 Value - 75%  
Russell 2000 Value - 10%  
MSCI EAFE Index - 15%

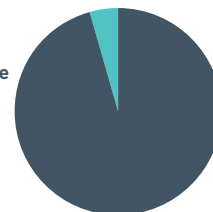


## Geographic Distribution

Geography	AWM Dividend Income	Blended Benchmark <sup>1</sup>	S&P 500 <sup>1</sup>
Domestic*	95.6%	84.7%	99.5%
International	4.4%	15.3%	0.5%

Source: Bloomberg & Model Account  
\*Domestic includes allocation to cash or cash equivalents

AWM Dividend Income Distribution

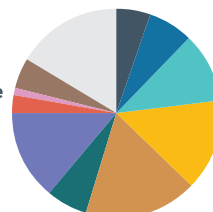


## Sector (GICS) Weightings

Sector	AWM Dividend Income	Blended Benchmark <sup>1</sup>	S&P 500 <sup>1</sup>
Communication Services	5.5%	7.2%	10.8%
Consumer Discretionary	6.9%	7.5%	11.5%
Consumer Staples	10.8%	10.4%	7.0%
Energy	0.0%	4.2%	2.1%
Financials	14.3%	18.8%	9.7%
Health Care	17.5%	17.9%	14.2%
Industrials	6.3%	11.7%	8.3%
Information Technology	13.9%	8.0%	28.1%
Materials	2.9%	4.1%	2.6%
Real Estate	0.9%	3.8%	2.6%
Utilities	4.9%	6.1%	3.0%
Cash	16.2%	0.4%	0.2%

Source: Bloomberg & Model Account

AWM Dividend Income Sector (GICS) Weighting



## Strategy Guidelines

- Market capitalization \$1 billion or greater
- Maximum equity position size is 15%
- Sector weight maximum 200% of the benchmark
- Investments not limited to securities in Benchmark indices
- Maximum 30% allocation to foreign securities
- Seek tax-efficient management

<sup>1</sup> Size, Geographic, and Sector data for indexes related to Blended Benchmark and S&P 500 sourced from index-based exchange traded funds (ETFs).

- S&P 500 Value - iShares S&P 500 Value ETF (Symbol: IVE)
- Russell 2000 Value - iShares Russell 2000 Value ETF (Symbol: IWN)
- MSCI EAFE - iShares MSCI EAFE ETF (Symbol: EFA)
- S&P 500 - iShares S&P 500 ETF (Symbol: IVV)

The selected ETFs are believed to closely approximate the actual indices used in the benchmarks but may deviate from them.

## Notes

Avitas Wealth Management, LLC ("Avitas") claims compliance with the Global Investment Performance Standards (GIPS®).

Strategy AUM includes all assets managed in the Dividend Income strategy, including accounts that were omitted from the composite performance calculation as of the valuation date, as outlined in Avitas' GIPS Policy Manual.

Dividend Yield is the weighted average trailing twelve months (TTM) dividend yield of Strategy holdings as of the calculation date. The Dividend Yield does not indicate actual dividends received over TTM, nor imply future dividend payouts over the next year.

A complete GIPS Composite Report is available upon request at (424) 371-9010 or [info@avitaswealth.com](mailto:info@avitaswealth.com).

Pure gross returns are shown as supplemental information and stated gross of all fees and transaction costs; net returns are reduced by the highest all-inclusive bundled fee of 1.25%, applied monthly. Composite returns reflect the reinvestment of dividends and capital gains. Valuations are computed and performance is reported in US dollars. Past performance is not indicative of future results.

The AWM Dividend Income Composite includes all discretionary portfolios that invest primarily in dividend-oriented equities of large US companies. The composite may also invest in smaller firms; businesses domiciled internationally; and stocks that

do not pay dividends but offer a compelling opportunity for capital appreciation. Under certain market conditions, the composite may invest in cash or equivalents, as well as highly liquid fixed income securities.

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