Blue Current

BLUE CURRENT GLOBAL DIVIDEND

2021 – Q4 Quarterly Letter

Blue Current SMA Strategy

Q4 2021

Dear Investors,

The Blue Current Global Dividend Strategy composite returned +6.1% (net) during the fourth quarter of 2021, improving year-to-date performance to +17.9% (net). In comparison, the MSCI World High Dividend Yield Net Index returned +7.0% for the quarter and +15.8% for the year. Composite returns are shown net of a 1% annualized fee, and individual returns may vary relative to composite performance. We remind you, however, that our strategy is not managed to any specific equity index; instead, it focuses on identifying companies that will pay a stable, increasing dividend and generate an attractive total return.

THE OLD ECONOMY

Investor preference is undergoing a shift that is pronounced in both magnitude and speed with capital being allocated away from what has worked in favor of what has not. Will 2022 be the year that investors fancy blue-collar over white-collar and patina over shiny and new? It is too early to know how the year will unfold, but Exxon has been outperforming Microsoft since late September and that outperformance continues into 2022. Microsoft is at least putting up a fight, while the rest of the technology sector, especially lower quality technology, is already on the stretcher and headed out the back door. The outcome should not be surprising as the Fed has been deflating speculative bubbles ever since I can remember by tightening liquidity when things are too good to be true, squeezing dollars out of pockets that are thinner than realized. Ironically, it is the same Fed that floats dollars to investors when times are tough. It's the same cycle over and over. The duration and magnitude may always be different, but the outcome is always the same. We don't pretend to know how long the current rotation away from speculative investments will last, but history suggests that the prior winners are not coming back soon, and the next chapter will look different from the prior.

This also will be the year that reminds investors of the importance of diversification to portfolio construction. Year by year, US investors have continually increased exposure to US equities over international, and specifically US growth equities at the expense of value. If investors favor the old economy in 2022, it is hard not to like Europe and international developed equities in this environment. Our argument for Europe is not simply valuation-based (investors have been wise to avoid that siren call in the past) but is predicated on a more dovish central bank relative to the US, its heavier exposure to old economy businesses (what is more "old world" than Europe?) and an overall improving environment for economic growth. While the US is worried about higher rates choking consumer spending and growth, European banks, one of the largest sector weights across international indexes, have been yearning for higher interest rates for 10 years. For good reason, European banks have been valued by investors at well under book value, but this leaves tremendous future upside should interest rates remain above the zero-bound. Given our views, you would not be surprised to know that we have added several European positions to the portfolio, and we hold our highest weight to non-US equities in at least four years.

BLUE CURRENT PHILOSOPHY AND OBJECTIVES

At Blue Current, we use our broad knowledge of cash flow growth rates to invest in a niche universe of high-quality, dividend-paying companies with sustainable business models and dividend policies. Our primary objectives are to pay a stable and increasing dividend each quarter and deliver attractive, long-term capital appreciation.

The concentrated portfolio invests in 35-45 companies that meet our stringent quality requirements, domiciled across developed markets. We focus on companies that have a history of rewarding shareholders and have the financial ability to continue to increase their dividends over time. Furthermore, we focus on each company's earnings potential, and we strive to purchase the stock of those businesses when it is trading at a discount to what we see as its true value.

PORTFOLIO COMMENTARY

The top-performing position in the portfolio during the fourth quarter was Qualcomm (+42%). Qualcomm's stock price experienced a roller-coaster ride during the quarter as investors fretted over the company's relationship with Apple, supply chains, and the near-term outlook for semiconductors. We added to our position shortly before the company reported calendar third quarter earnings; it proved to be a strong quarter sending the stock price up almost 50% from its recent lows. Another semiconductor holding, Broadcom, was also a strong performer (+38%) and benefited from the lifting of macro-related headwinds during the quarter. Union Pacific (+29%), Crown Castle (+21%), and CME Group (+20%) complete the top-five strongest performers. The top five negative performers during the quarter were Volkswagen (-19%), Philips Healthcare (-17%), Medtronic (-17%), Danone (-9%), and Kinder Morgan (-4%). We realized a taxable loss in Volkswagen for our investors in December but have since reinitiated the position in January.

We added two new positions during the quarter: TotalEnergies and Honeywell. We believe Total complements our longstanding position in BP. If Brent Oil prices stay above the $70 level, we expect that Total can return up to 25% of its market capitalization to shareholders in the form of buybacks and rising dividends – the number is even higher for BP. At our entry price, Total has an attractive valuation with a free cash flow yield in the mid-teens. Total is also not being dogmatic about the green future in front of it and is heavily investing in renewables – the company is expected to spend more than 20% of its capex on renewables over the next few years. This is one of the strongest commitments in the integrated oil universe.

Honeywell is a broad industrial conglomerate that provides exposures to numerous themes that we believe have long-duration secular tailwinds. These themes include building efficiency and automation, energy harvesting (both crude and alternatives), and the growth of aerospace post pandemic. Many of the company's underlying industries are still in recovery mode and should be for the next 12-18 months. The stock experienced a moderate sell-off during the fourth quarter, enabling us to initiate a position.

As our long-term track record suggests, we are very mindful of tax efficiency, and accordingly, we actively harvested losses across three positions during the quarter to offset previously realized capital gains. We have since re-entered two of the three positions, both of which have been solid performers in 2022. In addition, we trimmed several positions during the quarter to rebalance the portfolio's biggest winners back to model weights. The rebalancing activity during the quarter was extensive, much more than in recent years, as we have tended to let the winners run. With valuations at stretched levels for many companies, we thought it was the right time. We fully exited our position in Vivendi after the successful realization of our catalyst – the spin-off of Universal Music. Investors should have received a significant dividend distribution from Vivendi late in the quarter.

Top Five Contributors (Security/Contributors*) for the Quarter

- Qualcomm: +122bps
- Broadcom: +102bps
- Microsoft: +87bps
- Union Pacific: +73bps

- Nextera Energy: +38bps

Bottom Five Contributors (Security/Contributors*) for the Quarter

- Medtronic: -59bps
- Philips Healthcare: -36bps
- Volkswagen: -31bps
- Danone: -23bps
- AstraZeneca: -10bps

**Please contact Blue Current to obtain our calculation methodology and a list of all holdings' contributions to the overall performance during the period. Contribution by security has been rounded to the nearest 5bps.*

INVESTMENT OUTLOOK

Guessing from its start, 2022 is going to be a very different year than 2021, and we expect the volatility to continue presenting a challenging backdrop. Investors simply do not know how to handicap the Federal Reserve's approach to quantitative tightening, and based on the press conference on January 26, the tea leaves will remain difficult to read. In his support, Mr. Powell knows that slamming the liquidity brakes has more dire consequences than letting inflation run hot for longer. It's a gamble, but one that he hopes to win by playing the long game.

His approach is methodical - send the proper signals, allowing financial markets to naturally reprice, terminate monthly bond purchases, and last, layer in 25bps rate hikes to further elevate short and intermediate interest rates. Our guess would be we can expect two to three rate hikes in 2022, but they will fall short of the five increases building into consensus. Through difficult comparisons and the broad removal of government stimulus, economic growth in 2022 is going to be slower, putting downward pressure on inflation – not to mention that supply-side shocks should also be fewer. Investors are also not appreciating the other side of the equation. A 10% to 20% correction in equities is naturally removing liquidity from the market by diluting investors' perception of their net worth. Technology, including crypto, has generated significant wealth over the past two years, and we would guess that those investors are feeling less optimistic about their wallets in 2022.

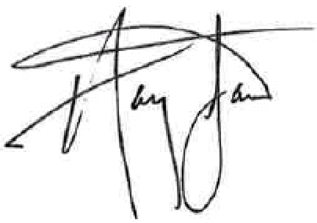
Asset price deflation combined with tightening monetary policy (albeit less than what some investors desire) will create some downward price pressure in 2022 – perhaps providing the Fed enough cover to avoid a full-on war against the CPI figures.

As of December 31 2021, our portfolio stats were as follows:

Gross Dividend Yield: 2.7%
Forward Price/Earnings Ratio: 15.5x
Forward Expected Earnings Growth: 9.6%
Net Debt to EBITDA: 2.3x
International Exposure: 48%

Thank you for your interest in Blue Current. For more information on our strategy, please visit http://www.bluecurrentportfolios.com.

Sincerely,



Henry "Harry" M. T. Jones
Co-Portfolio Manager

Dennis Sabo, CFA
Co-Portfolio Manager

Blue Current Global Dividend

Year	Blue Current Global Dividend Gross Return	Blue Current Global Dividend Net Return	MSCI World High Div Yield Net Index Return	MSCI World Net Index Return	Blue Current Global Dividend Standard Deviation	MSCI World High Div Yield Net Standard Deviation	MSCI World Index Net Standard Deviation	Internal Dispersion	Number of Portfolios	End of Period Composite Assets (In Millions)	End of Period Firm Assets (In Millions)
2009	16.11%	14.97%	32.48%	29.99%	NA 2	24.23%	21.70%	NA 1	< 6	$2	$11
2010	13.85%	12.71%	6.29%	11.76%	NA 2	25.89%	24.05%	NA 1	< 6	$2	$33
2011	9.67%	8.58%	3.89%	-5.54%	14.98%	21.81%	20.44%	NA 1	< 6	$19	$78
2012	12.50%	11.40%	12.24%	15.83%	12.58%	15.33%	16.98%	0.49%	16	$31	$191
2013	30.14%	28.88%	21.91%	26.68%	10.53%	11.88%	13.73%	0.29%	46	$71	$268
2014	4.40%	3.35%	2.48%	4.94%	8.84%	10.44%	10.37%	0.31%	57	$115	$337
2015	-1.04%	-2.03%	-3.20%	-0.87%	10.37%	11.16%	10.80%	0.64%	58	$123	$325
2016	10.05%	8.98%	9.29%	7.51%	10.00%	10.46%	10.92%	0.61%	56	$145	$384
2017	20.66%	19.48%	18.14%	22.40%	9.14%	9.59%	10.38%	0.23%	106	$230	$555
2018	-10.23%	-11.13%	-7.56%	-8.71%	9.74%	9.14%	10.53%	0.47%	140	$205	$305
2019	26.24%	25.01%	23.15%	27.67%	10.69%	9.80%	11.29%	0.65%	160	$246	$381
2020	6.81%	5.75%	-0.03%	15.90%	18.19%	21.19%	26.42%	0.57%	157	$225	$392

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 gross returns and the benchmark returns over the preceding 36-month period. The three-year annualized standard deviation is not presented for periods with less than 36 months of data.

Source: Blue Current Asset Management. See GIPS® disclosure at the end of this report.

Blue Current Global Dividend Strategy *Composite includes all fully discretionary, fee paying accounts under management following a common investment objective, including those accounts no longer with the firm. Blue Current Asset Management offers pre-defined equity strategies using a team-managed approach. Prior to January 1, 2018, the GIPS Firm Definition included certain fixed income strategies; however, it was determined that these strategies were managed differently and did not meet the pre-defined, team-based approach required for inclusion in the GIPS Firm. The GIPS "firm" definition is the foundation to ensure all portfolio accounts within the division of Blue Current Asset Management are assigned to a composite. The Composite invests primarily in domestic or international securities the portfolio manager feels have the potential to deliver outperformance due to a combination of price appreciation and current income in the form of a dividend. The composite will typically invest in securities with a current dividend yield in* *excess of the broad equity markets with a history of consistently increasing the dividend rate and with what we believe to be strong fundamentals at an attractive price (i.e. low use of leverage, operating margins in excess of 5%, free positive cash flow yield, a price to earnings ratio at or below the market average, and earnings growth). The Global Dividend Equity Composite was created and incepted on 1 January 2009.*

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the highest allowable annual management fee of 1% applied monthly. The annual composite dispersion presented is a gross asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
Past performance is not indicative of future results.

The investment management fee schedule for the composite is 1% on the first $5 million, 0.7% on the next $5 million, 0.65% on the next $10 million, 0.55% on the next $30 million, 0.45% on the next $50 million. Fees for assets over $100 million are at a rate customized to the client. Actual investment advisory fees incurred by clients may vary.

The benchmark MSCI World Index includes 1546 stocks located across 23 developed countries and captures approximately 85% of the free float-adjusted market capitalization in each country. MSCI uses the maximum withholding tax rate applicable to institutional investors in calculating MSCI net dividends. Withholding taxes may vary according to the investor's domicile. Composite returns are calculated net of withholding tax and represent investors domiciled primarily in the United States. The MSCI Indices uses withholding tax rates applicable to GHI Country holding companies.

The benchmark MSCI World High Dividend Yield Index is based on the MSCI World Index, its parent index, and includes large and mid-cap stocks across 23 Developed Markets countries. The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. The index also applies quality screens and reviews 12-month past performance to omit stocks with potentially deteriorating fundamentals that could force them to cut or reduce dividends. MSCI uses the maximum withholding tax rate applicable to institutional investors in calculating MSCI net dividends.

Blue Current claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Blue Current has been independently verified for the periods January 2009 to December 2020. 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 Blue Current Global Dividend composite has had a performance examination for the periods January 2009 to December 2020. The verification and performance examination reports are available upon request. Note: Blue Current firm AUM has been amended. Ashland Partners & Company verified for the periods January 2009 to December 2016 and ACA Performance Services has verified performance from January 2017 to December 2020.
For additional information, please refer to bluecurrentportfolios.com.

Blue Current Asset Management is a division of Edge Capital Group, LLC ("Edge") also referred to in previous presentations as Blue Current Investments. Edge is an independent registered investment adviser based in Atlanta, Georgia. Blue Current manages separate account strategies with defined investment objectives styles. Edge's total firm assets of approximately $4.9B (as of December 31, 2021) include the assets manager by the Blue Current division of Edge ($480M) as well as those managed by Edge but not by the Blue Current division. All employees who work *within the Blue Current division of Edge may also manage assets for Edge outside of the Blue Current division. The firm's list of composite descriptions and broad distribution pooled funds is available upon request.*

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Disclosure and Risk Summary
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The information contained in this document does not constitute an offer to sell any securities nor a solicitation to purchase any securities. Index returns reflect the reinvestment of dividends.

PAST PERFORMANCE CANNOT BE CONSTRUED AS AN INDICATOR OF FUTURE RESULTS BECAUSE OF, AMONG OTHER THINGS, POSSIBLE DIFFERENCES IN MARKET CONDITIONS, INVESTMENT STRATEGY, AND REGULATORY CLIMATE. THERE IS NO ASSURANCE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVE. INDEX INFORMATION (I) IS INCLUDED MERELY TO SHOW THE GENERAL TREND IN THE EQUITY MARKETS FOR THE PERIODS INDICATED AND IS NOT INTENDED TO IMPLY THAT THE FUND'S PORTFOLIO WILL BE SIMILAR TO THE INDICES IN EITHER COMPOSITION OR RISK AND (II) HAS BEEN OBTAINED FROM SOURCES BELIEVED TO BE ACCURATE.