OCTOBER 12, 2022

I. Market Overview

Over the last few years, we have written extensively about Federal Reserve policy and interest rates. In our view, the supply of money (which is controlled by central banks), its ebbs and flows, and the general level of interest rates have had a significant impact on asset prices, especially since the Great Financial Crisis. While central bank policy remains important, we think business fundamentals – actual corporate profits – will garner increased attention.

Why now? Because, in words and actions, the Fed has moved from easy money to tight money. Interest rates have risen dramatically, causing a rapid decline in the prices of financial assets (stocks and bonds around the world). This is no coincidence. Higher interest rates reduce the present value of long-term investments. This is also old news. The yield on the benchmark 10-year U.S. Treasury note started the year at approximately 1.5% and recently touched 4%. The impact of that change has already been felt.

	12/31/2021	**9/30/2022**	**Change**
S&P 500 Price*	4,766.18	3,585.62	-24.77%
2022 Earnings Estimate	221.74	221.84	0.05%
Price Earnings Ratio	21.49	16.16	-24.80%

*Price change only. Excludes dividends.

The simplest and most common way to look at the valuation of a stock (or a collection of stocks like the S&P 500 in the above example) is to divide the current price by earnings per share. The result is the "Price Earnings Ratio." Stock price changes result from either a change in earnings or a change in the P/E ratio.

As we can see from the table, the S&P 500 has dropped roughly 25% so far this year, while earnings estimates have actually risen a tiny bit. The decline in price is entirely explained by the decline in the P/E ratio. In turn, P/E ratios are heavily influenced by interest rates (as rates rise, P/E ratios typically fall).

Looking ahead, we believe that company earnings will take center stage and will be the more significant determinant of stock prices. We are not alone in believing that corporate profits are likely to be challenged over the next several quarters. Fundamental headwinds are well known. China's zero-Covid policy has made a dent in the global economy. The organization of Economic Cooperation and Development (OECD) estimates that the war in Ukraine has reduced total output by $2.8 trillion. Inflation has begun to undermine consumer confidence and impact corporate profit margins. The unusually strong dollar hurt U.S. companies with global operations and foreign buyers of U.S. goods and services.

As investors and market observers begin to factor in a possible recession, inflation, currency movements, lingering supply-chain issues, and geopolitical risks, we can expect to see some earnings estimates decline. Company specific analysis will become increasingly important. In a challenging economic environment, investors will become more particular about individual stock holdings. Weaker companies with more rapidly falling earnings will be jettisoned in favor of stronger, more resilient businesses.

We believe our portfolio of companies:

- Have resilient earnings in a variety of economic scenarios
- Maintain strong balance sheets relative to cash flow
- Generate excess cash after investing in their core businesses
- Is well positioned to weather, and ultimately benefit from, this difficult environment

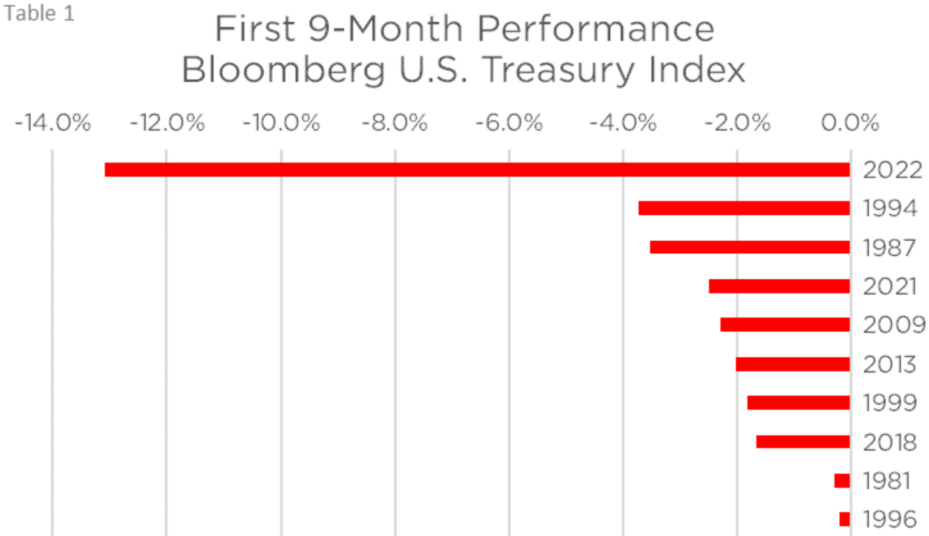
We believe this is an environment that presents careful investors with attractive opportunities. It has been our experience that stronger companies will become even more competitive. The very best will attract more investor interest at the cost of weaker, less established businesses. If markets continue to be volatile, it will be critical to follow three important tenets:

- Know exactly what you are invested in
- Hold on to those companies that are strengthening their competitive positions
- Take advantage of bargains created by emotional or distressed sellers

We will implement this strategy to manage through this bear market and, as importantly, position your portfolio well for the future.

II. Fixed Income Commentary

Table 1



This year marks the worst nine-month start for the Bloomberg U.S. Treasury Index by a wide margin (Table 1) since its inception in 1974. Every area of fixed income has shown significant weakness, from municipal bonds, to U.S. Treasuries and corporate debt. However, the common theme has been that the longer dated a security is, the worse performance has been. For example, the U.S. Treasury issued a note last year with a 11/15/2051 maturity. With the increase in interest rates this year, the note is down over 32%. While the note continues to be backed by the full faith and credit of the U.S. Government, and thus is not likely a credit concern, the mark-to-market in its value has been extreme.

The increase in interest rates is mostly due to investors recalibrating how much the Federal Reserve will have to tighten monetary policy in order to tame volatile inflation figures. At the beginning of the year, markets were predicting that the overnight Fed Funds rate would end 2022 at 0.83%[1]. The current expectation is that the Fed will end its rate-raising campaign at close to 4.50% sometime in early 2023.

This is the steepest Fed tightening in 41 years, and we doubt that raising rates above 4.50% will be necessary to achieve the Federal Reserve's policy goals. This suggests that the worst of the interest rate increases is over.

Our belief that the Fed is almost complete with its rate-rising campaign is not to suggest that there are no longer potential pitfalls ahead. Emerging market and high yield debt still face significant challenges, and while both may cause contagion fears in markets, neither should pose a systemic risk. For bond

1 According to the implied overnight rate for the U.S. futures model tracked by Bloomberg.

investors, we continue to preach knowing what one owns via individual securities, while focusing on quality and matching maturities to meet spending needs.

III. Spears Abacus Small Cap Dividend Growth Strategy discussion – Manny Weintraub, Manager

We have been doing this for a very long time. We have been working on Wall Street since 1989; we have been managing portfolios since 1998. Earnings have compounded, and portfolios have increased in value. The bull markets of 2003 to 2007 or 2010 to 2019 were in retrospect a halcyon period to search for and potentially invest in high-quality companies that were out of favor. As the markets rose, we had the pleasure to help clients meet the obstacles and opportunities of their financial lives. In fact, these good years sort of blend together. Bear markets, on the other hand, leave their mark.

The bear market of 2008, for example, remains indelibly etched on the brain. We know where we were when Lehman went under, when Merrill Lynch merged with Bank of America in a "shotgun wedding," when short-selling financials was banned and the S&P 500 ripped higher, and when the initial bailout plan was rejected by congress and the stock market tanked. We also remember which strategies we used to ameliorate that decline and to position for the next upturn.

We raised cash, focused the remaining portfolio on companies with low levels of leverage and high returns on investment, and tried to keep in mind how much we could make in a recovery. Later, when wide-spread market pessimism gave us the opportunity, we put 20% of the portfolio in small-capitalization stocks that were trading at what we believed to be steep discounts to their intrinsic values assuming a typical economic recovery. Those small-cap investments were very profitable in 2009.

We believe now is the time for you to take a page out of that playbook and to position more of your portfolio in quality small-capitalization companies. We believe now is the time to position yourself for an eventual upturn in the stock market. We believe that the valuation damage has already been done; small caps are trading cheaper than large caps despite usually trading at a premium. In general, they have smaller international divisions than larger companies and therefore less risk for European and Chinese economic malaise.

And our favorite subset of the small-capitalization universe is dividend-paying stocks. The choice to pay dividends indicates to us that these companies generate enough capital internally that they can afford to share some with shareholders as well as invest for growth. Our portfolio's return on invested capital of 23% versus 4% for the Russell 2000 bears this out.

Below is our quarterly list of annual contributors and detractors. We think it's worth noting that, even in a bear market, there are many companies moving higher from industries that range from precision controlled motors to wrestling-based entertainment. We believe our track record shows that small-capitalization stocks are an inefficient market that provides opportunity for active management.

3Q22 Performance of Top 5 Contributors[1]

Company	Ticker	% Change
InMode Ltd.	INMD	29.9%
Texas Pacific Land Corporation	TPL	19.6%
Allied Motion Technologies Inc.	AMOT	25.4%
Qualys, Inc.	QLYS	10.5%
World Wrestling Entertainment, Inc	WWE	12.5%

3Q22 Performance of Top 5 Detractors[1]

Company	Ticker	% Change
Coca-Cola Consolidated, Inc.	COKE	-26.9%
U.S. Physical Therapy, Inc.	USPH	-30.0%
Medifast, Inc.	MED	-39.1%
Carriage Services Inc.	CSV	-18.6%
Morningstar, Inc.	MORN	-12.2%

[1]Top contributors and detractors are based on percentage contribution to the strategy's performance, which is impacted by both the security's performance and its position size (i.e., the top contributor may not have the best performance); if the security was purchased or sold during the quarter, performance is calculated based on the purchase or sale date.

Important Note About Spears Abacus Investor Commentaries

This letter should not be relied upon as investment advice. Any mention of particular stocks or companies does not constitute and should not be considered an investment recommendation by SA. Any forward-looking statement is inherently uncertain. If you would like to learn more about SA and its investment program, please contact us at www.spearsabacus.com.

Please contact SA if your financial situation or investment objectives have changed in any way or if you wish to impose new restrictions or modify existing restrictions on your accounts. You should be receiving, at least quarterly, a statement from your custodian showing transactions in your accounts. SA urges you to compare your custodial statements to any statements that you receive from SA.

Small Cap Dividend Growth

SPEARS ABACUS

Quarterly
Fact Sheet
As of September 30, 2022

Investment Strategy Overview

Spears Abacus' Small Cap Dividend Growth Equity strategy is a long-only investment strategy that seeks to outperform the Russell 2000® Index with less volatility over a market cycle. The strategy offers the opportunity to participate in the higher growth of small caps while limiting downside risk.

Philosophy: The strategy invests in U.S. small cap dividend paying stocks, a subset of the small cap universe which has outperformed non-dividend paying peers over the long term with less volatility.* Active stock selection from this unique universe significantly increases the probability of generating attractive long-term risk-adjusted returns.

Approach: Using a "quantamental" approach, a proprietary screening methodology and fundamental analysis are applied in a disciplined process to identify relatively attractive companies, creating a repeatable and methodical decision making process.

Portfolio Construction: Despite the focus on dividend paying stocks, the portfolio aims to combines the best of both growth and value. Sector weights are maintained within 3% of the Russell 2000® across a portfolio of 70-100 stocks.

Target Investment Characteristics

- High return on invested capital and high free cash flow
- Strong balance sheets and effective capital allocation
- Exceptional management and positive fundamental momentum
- Attractive valuation and asymmetric risk-reward

What Makes Us Different^

- Higher growth, better quality, and lower valuation versus the Russell 2000
- Down the middle approach to avoid the excesses of small cap benchmarks
- Less risk than your typical small cap portfolio
- Unique universe with history of outperformance

	Avg Annual Total Returns					
Performance[1]	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Inception
SA Small Cap (gross)	-21.3%	-16.9%	4.6%	4.7%	-	6.1%
SA Small Cap (net)	-21.9%	-17.8%	3.5%	3.7%	-	5.0%
Russell 2000	-25.1%	-23.5%	4.3%	3.5%	-	5.0%

Source: Spears Abacus, FactSet. Inception Date 12/31/2016. ^See portfolio statistics and efficiency measures. [1]Returns for less than one year not annualized; YTD as of 9/30/22; [2]All statistics based on weighted average unless otherwise noted; index based on aggregate; [3]Dividend yield of total portfolio including cash; [4]ROIC calculated using LTM cash returns for portfolio holdings; [5]Sector weights excluding cash; [6]Efficiency measures gross since inception, monthly basis; [7]Based on Risk Index = Russell 2000, Risk Free Index = 3 Month T-Bill

Portfolio Statistics[2,3,4]	SA	Russell 2000
Number of Securities	85	-
Cash Weight	3.7%	-
Dividend Yield	1.32%	1.38%
Market capitalization ($b)	4.5	2.6
Harmonic Avg. TTM P/E	14.4x	21.1x
Harmonic Avg. NTM P/E	13.7x	16.9x
LT Debt / Total Capital	0.31x	0.47x
Return on Invested Capital	23%	4%
NTM Revenue Growth	8%	6%
Median Payout Ratio	22%	33%
% of holdings paying dividend	86%	43%
Active Share	96%	-

Sector Diversification[5]	SA	Russell 2000
Consumer Discretionary	10.8%	10.2%
Consumer Staples	3.0%	3.4%
Energy	5.5%	6.1%
Financials	17.9%	17.1%
Health care	17.8%	18.9%
Industrials	14.7%	14.8%
Information Technology	15.0%	12.9%
Materials	6.2%	4.0%
Real Estate	5.9%	6.4%
Communication Services	2.0%	2.6%
Utilities	0.6%	3.4%
Total	100.0%	100.0%

Efficiency Measures[6,7]	SA	Russell 2000
Annualized Excess Return	1.1%	-
Annualized Alpha	1.7%	-
Beta	0.86	-
Volatility	19.2%	21.5%
Upside Capture	92%	-
Downside Capture	86%	-
Sharpe Ratio	0.3	0.2
Sortino Ratio	0.4	0.3
Tracking Error	6.3%	-
Turnover (trailing 1 year)	24%	-

PLEASE SEE ADDITIONAL DISCLOSURES ON THE FOLLOWING PAGE

Top 10 Holdings

Top 10 Holdings	% of Portfolio
Texas Pacific Land Corporation	3.2%
Virtu Financial, Inc. Class A	2.5%
Qualys, Inc.	2.5%
Morningstar, Inc.	2.3%
A. O. Smith Corporation	2.3%
InMode Ltd.	2.1%
Royal Gold, Inc.	2.1%
U.S. Physical Therapy, Inc.	2.0%
World Wrestling Entertainment, Inc. Class A	1.9%
Switch, Inc. Class A	1.9%
Total	22.7%

Source: Spears Abacus, FactSet. [1]Portfolio weightings including cash

Managed by

Spears Abacus Small Cap Dividend Growth Team

Portfolio Manager	Years Experience
Manny Weintraub	**32**

Senior Analyst	
Daniel Wetchler	**12**

Style

Blend

Inception Date

31-Dec-16

INFORMATION PROVIDED IN THIS COMMUNICATION IS CONSIDERED PROPRIETARY AND PRIVATE TO THE FIRM. THE FIRM DOES NOT ALLOW THE DISSIMINATION OF THIS INFORMATION THROUGH ELECTRONIC MEANS, OR OTHERWISE, WITHOUT EXPLICIT WRITTEN CONSENT.

Spears Abacus Advisors LLC is an independent investment management firm registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. This material is intended to inform you of services available through Spears Abacus.

Preliminary performance figures are unaudited. Past performance may not be indicative of future results and every investment program has the potential for loss as well as profit. The Composite is the dollar-weighted linked monthly returns of those accounts sharing the objective of the respective strategy. Composite accounts were managed by Manny Weintraub while he was the portfolio manager at Integre Asset Management, LLC. Mr. Weintraub joined forces with Spears Abacus in January 2020 and will continue to manage the strategy. Accounts are included in the composite at the beginning of the first full month following the month during which the account came under management. Accounts that are terminated remain in the composite until the last full month the portfolio is under management, and the composite continues to include terminated portfolios for all periods prior to their termination. Individual account results will vary from that of the composite based on fee structures, investment restrictions, the timing of contributions and withdrawals and other factors.

The Russell 2000® Index measures the performance of the small-cap segment of the US equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Neither Spears Abacus Advisors nor its employees provide tax or legal advice. All investors are strongly urged to consult their own tax or legal advisors with respect to the impact on their personal situation of any potential strategy or investment.

This material is presented solely for informational purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. Additional information can be provided upon request.

All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy of, nor liability for, decisions based on such information. The views expressed in this presentation are subject to change based on market and other conditions.

The information presented herein has been prepared for informational purposes only and is not an offer to buy or sell, or a solicitation of an offer to buy or sell, any security or fund interest or any financial instrument.

© 2022 Spears Abacus Advisors LLC. All Rights Reserved. No part of this document may be reproduced, stored, or transmitted by any means without the express written consent of Spears Abacus Advisors.

The illustrations, written or communicated otherwise, are intended solely as a tool to assist in consideration of various potential asset allocations for a client's account. Spears Abacus makes no warranty that the asset allocations discussed in this presentation will be used to manage your account. Asset allocations may differ between clients based on their investment objectives and financial situations. No assurance can be given that the investment objectives described herein will be achieved and investment results may vary substantially on a quarterly, annual or other periodic basis.

Note 1: The stocks communicated in the verbal or written examples may be included in client portfolios. They do not reflect all securities traded by the client. Stocks used in written or verbal communication are selected on the basis of being within a representative portfolio. The stocks were not selected on the basis of any performance based criteria and the use of those stocks in the examples does not constitute a recommendation to buy or sell any securities.

Note 2: Past performance is not indicative of future results. Given the inherent volatility of the securities markets, it should not be assumed that investors will experience returns comparable to those shown here. Market and economic conditions could change in the future producing materially different returns than those shown here. Accordingly, no representation or warranty is made to the sufficiency, relevance, importance, appropriateness, completeness, or comprehensiveness of the market data, information or summaries contained herein for any specific purpose.

Note 3: The benchmarks used are for purposes of comparison and should not be understood to mean that there will necessarily be a correlation between the portrayed returns herein and these benchmarks. The comparisons herein of the performance of the market indicators, benchmarks or indices may not bemeaningful since the constitution and risks associated with each market indicator, benchmark or index may be significantly different. The referenced indices are unmanaged and not available for direct investment. Index performance does not reflect transaction costs, fees or expenses.

SEC FORMS ADV 1, 2A, 2B AND THE PRIVACY POLICY ARE AVAILABLE ON REQUEST.

For further information please see www.spearsabacus.com or contact the firm by electronic mail at info@spearsabacus.com.

**C. Mitchell Conover, Gerald R. Jensen & Marc W. Simpson (2016) What Difference Do Dividends Make?, Financial Analysts Journal, 72:6, 28-40, DOI: 10.2469/faj.v72.n6.1*