EDGAR INVESTMENT MANAGEMENT, LLC

SinDex Investment Policy Statement

May 2022

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What is SinDex?

SinDex is an actively managed portfolio that seeks long-term growth by investing in companies with strong fundamentals and business operations that fall under one of the Seven Deadly Sins—also referred to as the "Seven Vices." SinDex invests in US equity securities but has the ability to take positions in exchange-traded funds (ETFs), mutual funds, fixed-income securities, foreign equities, options and other derivatives, as appropriate. The investment thesis behind the portfolio is that companies operating in industries associated with the Seven Deadly Sins may provide investors with optimal asset allocation and return dynamics.

What are the Seven Deadly Sins?

The Seven Deadly Sins trace their lineage back to the Bible. While not specifically grouped and numbered in some sort of chronological arrangement, each one is mentioned as forbidden by God. Further work by philosophers and theologians in subsequent centuries further canonized these sins into the seven that would eventually rise into the popular zeitgeist. Perhaps the most famous person to chronicle the Seven Deadly Sins was Dante, who did so in the 14th century. He wrote a series of three epic poems—collectively known as the Divine Comedy—in which he journeys through different levels of hell and encounters the Seven Deadly Sins during his travels.

So, what exactly are the Seven Deadly Sins? Let's briefly discuss each one:

Envy is described as the strong desire to own something possessed by someone else.

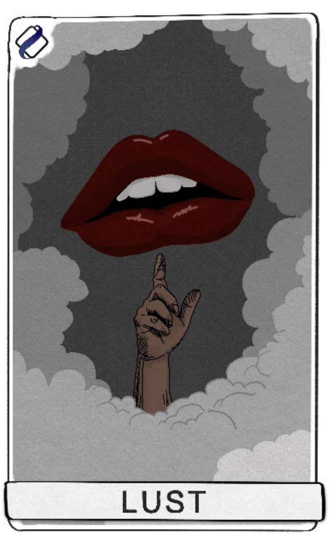
Some examples of industries and companies that fit with this sin include automobiles (Ferrari) and luxury goods (Louis Vuitton).

Gluttony is described as an overindulgence of food and/or drink consumed on a regular basis.

Some examples of industries that fit with this sin are the food and beverage (McDonalds) and pharmaceutical (Canopy Growth) sectors.

Greed is described as an excessive pursuit of material goods.

Some examples of industries and companies that fit with this sin are banking (American Express) and travel & entertainment (Century Casinos).

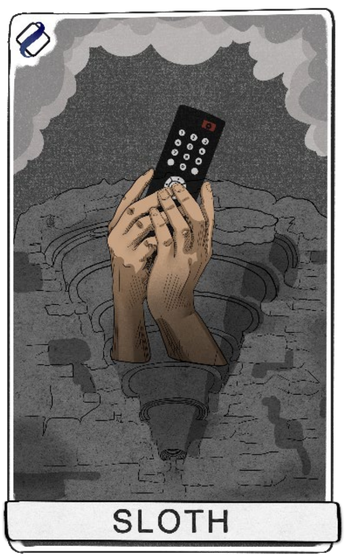


Lust is described as a strong desire or passion, particularly with respect to sexual pleasures.

Industries that fit with this sin include dating services (Match Group) and weight loss (Medifast).

Pride is characterized as an excessive love of oneself and a desire to feel more attractive or important than others.

Some examples of industries that fit with this sin include specialty retailers (Signet Jewelers) and cosmetics companies (Estee Lauder).



Sloth is described as excessive laziness or a failure to act and use one's talents.

Some examples of industries that fit with this sin include home furnishings (La-Z-Boy) and IT services (Electronic Arts).

Wrath is described as strong anger and hate towards another person.

Industries that fit with this sin include deathcare products (Service Corp) and media & publishing (WWE).

Investment Criteria

Two main criteria qualify an equity for SinDex. First, the equity must represent one of the seven vices listed above. Second, the equity must exhibit strong positive fundamental investment properties.

How exactly does an equity reflect one of the seven vices?

- The company's business model must represent one of the seven vices in some fashion.

Which strong fundamentals does the equity need to exhibit?

- Examples of fundamentals that help indicate a good fit include, but are not limited to, free cash flow, earnings per share, and return on equity.

Investment Philosophy and Strategies

At Edgar Investment, we believe in a weak-form efficient market. This means that, overall, the market considers public (and some non-public) information and prices securities properly. However, some securities are over/under-valued due to a variety of drivers such as behavioral circumstances, fear, market exuberance, etc. We believe that careful, thoughtful, and skeptical analysis can uncover potential over/under-valued securities and in turn produce alpha (excess return at a given level of risk) for our clients.

We also believe in rebalancing as a way to maintain overall strategic allocations. Rebalancing, in a volatile yet sideways market, also enables managers to buy low and sell high.

Finally, while we do not believe in market timing, we *do* trust tactical allocation. The latter involves making minor adjustments to strategic allocations in order to leverage temporary opportunities. Tactical allocation tends to differ from market timing in that it is mainly a medium-to-long-term strategy that adjusts to identify specific opportunities rather than market highs and lows.

Asset Allocation

Asset allocation is the heart of the IPS. How—as well as which—investments are selected is key to portfolio performance. While return is important, risk is equally crucial and an allocation that maximizes return at a given level of risk is the ultimate goal of the investment advisor. In addition to risk and return, the asset allocation must also accommodate portfolio constraints. For example, a portfolio with short-term liquidity needs should not be invested in a hedge fund with a five-year lock-out period (i.e., the money cannot be withdrawn for five years). In short, asset allocation is the act of selecting investments that achieve a desired return at a given level of risk while accommodating any constraints.

In addition to return, risk, and constraints, the concept of diversification also plays a role—while summoning many common misconceptions. The goal of diversification is not to reduce risk to zero but rather select a mix of assets consistent with the client risk profile, reducing idiosyncratic risks of individual assets to reasonable and manageable levels. A single stock portfolio provides an extreme example of this, rising and falling per the fortunes of this particular company. There is no diversification in this case, and a catastrophic company event would prove disastrous for the client. In addition, diversification is not about randomly selecting a large number of securities. An extreme example of this common error is an individual who selects numerous equity shares of companies that all compete within the same industry. While there is some diversification to idiosyncratic risk at the company level, the portfolio is exposed to risks at the industry level as well.

Diversification is the act of selecting assets from a wide variety of asset *classes*: each one simply a group of assets with similar or identical attributes. For example, U.S. Treasury notes, bonds, and bills are considered an asset class that might exclude U.S. corporate debt. In this case, we can define the first asset class as “U.S. Government Fixed Income” and the second (corporate debt) as “U.S. Corporate Fixed Income.” Asset classes can contain subclasses that further differentiate among investments. Ultimately, the goal of diversification is to allocate assets across all investable asset classes, subject to IPS restrictions.

For the SinDex portfolio, specifically, the following asset classes and subclasses were considered:

1. Cash/Cash Equivalents: Cash and riskless securities that are readily and quickly converted to cash
2. Domestic Equities: U.S. Stocks
    a. Size Classification
        i. Large-cap – Equities with market capitalizations generally above five billion dollars. Large-cap companies are often well-established and generally present less risk.
        ii. Mid-cap – Equities with market capitalizations generally between one billion and five billion dollars. These companies can exhibit higher or lower growth rates and reflect either high or low risk. Mid-caps can also include small-cap companies on the rise and large-cap companies on the decline.
        iii. Small-cap – Equities with market capitalizations generally below one billion dollars. Those with market capitalizations below three hundred million dollars, specifically, are generally considered micro-cap securities.

Small-cap stocks tend to have higher growth but also come with higher levels of risk.

b. Style Classification
   i. Growth – Equities anticipated to grow faster than the market average. These companies are in the earlier stages of the business cycle and typically reinvest earnings into product research and expansion (rather than paying a percentage of income to investors in the form of dividends).
   ii. Value – Equities often undervalued, or priced lower than one might expect, based on their fundamentals and the broader market. They also generally offer dividends.
   iii. Core – Equities that are often reliable growers and may not grow quickly but are consistent. These companies may either reinvest earnings or pay out dividends.

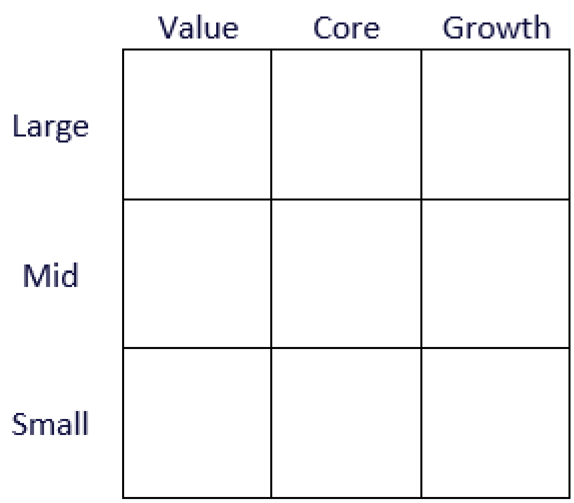


Figure 1: Style Box

Model Assumptions and Inputs

The valuation model used to screen possible equity investments is based on Discounted Free Cash Flow (DFCF) to equity and accounts for risk based on the source of corporate earnings.

Like any model, the SinDex valuation and selection model makes certain basic assumptions wherein historical data is used to postulate about the future.

Model inputs include:

- Cost of Equity

- The rate of return a corporation pays to equity investors is known as the cost of equity. Companies use this to evaluate the relative attractiveness of various investments, including both internal and external acquisition options.

- Years
  - This determines how long the security will grow at an initial, higher-than-trending growth rate.

- Growth
  - Growth determines the rate at which a security's price will grow.

- Free Cash Flow
  - FCF is the amount of money left over after a firm spends the necessary amount to stay in business and grow. Free cash flow is an excellent measure of a company's ability to repay debts and maintain—or even increase—dividend payments.

Constraints

- Liquidity
  - Equities must range from moderate to highly liquid to qualify for SinDex. They must also be publicly traded on a United States market.
  - Cashflow generated from equities will go into cash to be used for portfolio rebalancing purposes.

- Investment
  - Equities must fit into one of the Seven Vices.
  - Investments in the portfolio are only long positions with no short positions, options, or derivates (initially).

- Time Horizon
  - The SinDex time horizon is based on how often equities are evaluated. Edgar Investment believes a 12-18 month forward-looking approach will create an opportunity to capitalize on current trends while adjusting to any potential market risk.

- Weighting
  - No more than 9% of the portfolio may be invested in a total security's position.
  - There is no set weight that must be achieved between each vice.

- Tax Considerations
  - SinDex is *not* a tax-managed portfolio. However, the portfolio is sensitive to short and long-term capital gains.
  - Capital Gains:
    - Short-term (one year or less) – Taxed at ordinary income tax rates
    - Long-term (more than one year) – Taxed at either 0%, 15% or 20%, depending on client income

- Legal and Regulatory
  - Client asset management is subject to the provisions of the Uniform Prudent Investor Act as well as the Investment Advisors Act.
  - Edgar Investment does not exercise voting rights for the selected securities.

- Non-Constraints
  - SinDex is not restricted with respect to industries it can invest in.
  - Environmental, Social, and Governance (ESG) does not play a role in portfolio investment criteria.

Weighting and Rebalancing

Edgar Investment will review the portfolio at least quarterly and rebalance when necessary (tactical allocation). Rebalancing, as a strategy, can yield excess returns as a result of "buying low and selling high." This approach must be viewed in connection with costs to rebalance and the tax consequences of rebalancing.

About Edgar Investment

Matt Edgar, CFA, CPA: Principal

Matt is a lifelong resident of Cypress, TX. He earned a Bachelor of Business Administration in finance from the University of St. Thomas (Summa Cum Laude) in Houston, TX as well as an MBA from Texas State University in San Marcos, TX. Additionally, Matt has earned the Chartered Financial Analyst (CFA) designation and is a Certified Public Accountant (CPA). He is a member of the CFA Institute, the Texas Society of CPAs, the American Institute of CPAs (AICPA), and the Investments & Wealth Institute.

In addition to his work at the firm, Matt serves as a director and vice-president for the McCoy College of Business Foundation, chairing the Investment Committee. He is also a member of the Texas State University Development Foundation Emeritus Council, and from 2013-2019, served as the Investment Committee chair as a Texas State University Development Foundation board member. He is also a member of the Bobcat Club Leadership Council.

In addition to his work in the accounting and investment management industries, Matt has held positions in banking, oil and gas, and the equipment rental industry.

Patrick Kline: Portfolio Analyst

Patrick grew up north of Houston in Magnolia, Texas before moving to San Marcos, Texas to attend Texas State University for both undergraduate and graduate-level studies. Patrick earned a Bachelor of Business Administration (BBA) degree in finance (Summa Cum Laude) and is currently finishing his last semester in pursuit of a Master of Science in quantitative finance and economics (MSQFE).

During his time at Texas State University, he was selected to represent the school in the Charted Financial Analyst Institute’s Research Challenge—ultimately helping his team find victory against renowned business universities like Rice and Baylor.

Patrick is constantly seeking out new ways to grow his knowledge in various finance-based fields, but his current passion is applying related expertise to coding software (R, Python, MATLAB).

Disclosure

Investment advisory services are offered through Edgar Investment Management, LLC, an investment advisor registered with the State of Texas. Edgar Investment Management, LLC only offers investment advisory services where it is appropriately registered or exempt from registration and only after clients have entered into an investment advisory agreement confirming the terms of engagement and have been provided a copy of the firm's ADV Part 2A brochure document.

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Appendix 1: Asset Allocation

Figure 2: Market Size and Style Breakdown

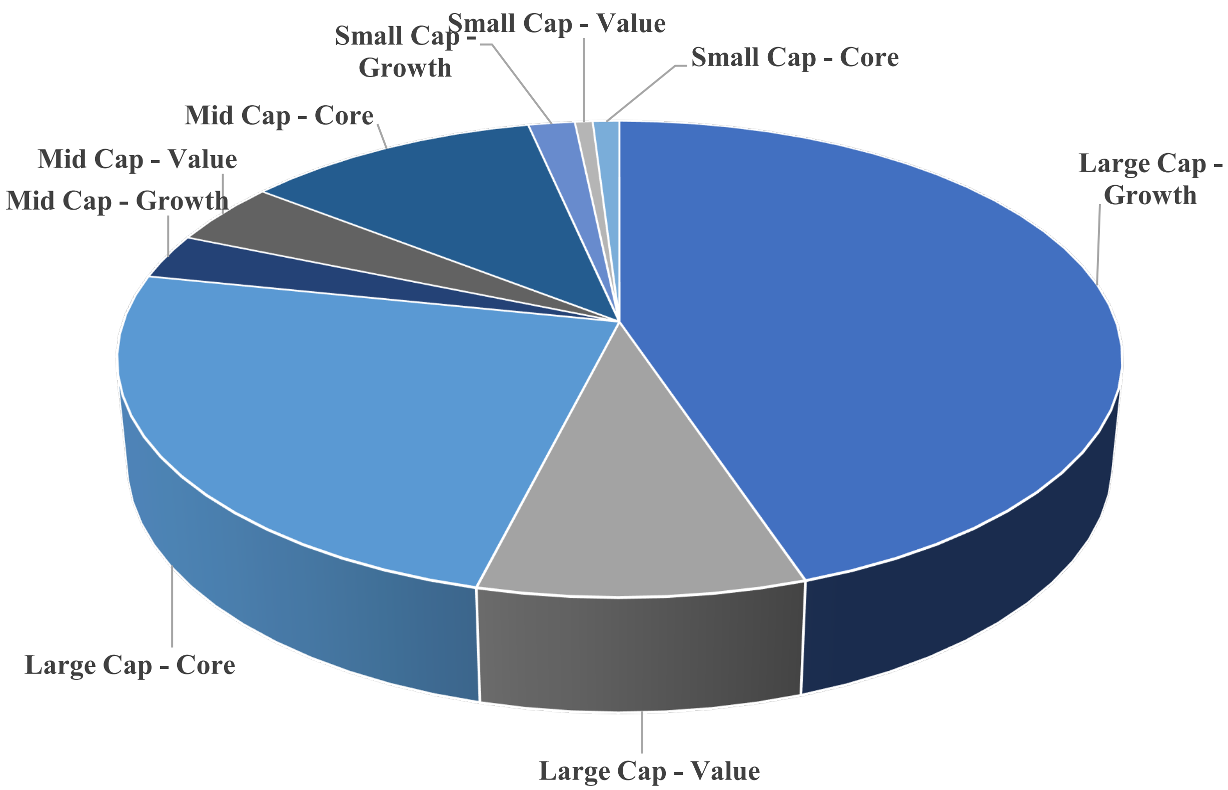
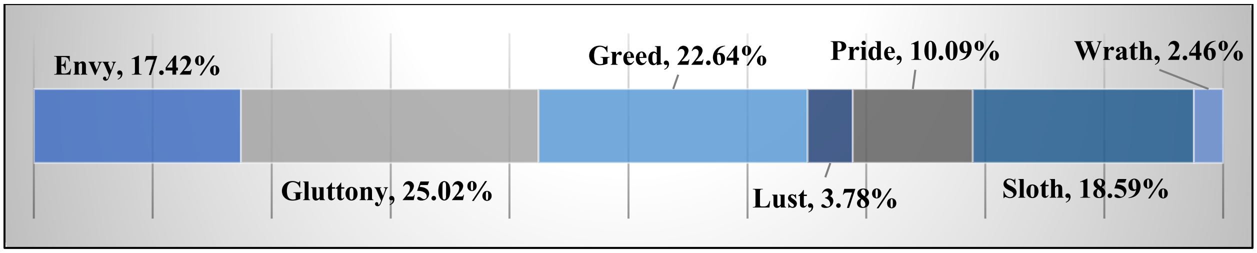


Figure 3: Vice Portfolio Breakdown



Appendix 2: Top 10 Holdings

Company Name	Ticker	Size	Vice	Portfolio Weight
LVMH Moet Hennessy Louis Vuitton SE	LVMUY	Large Cap	Envy	9.000%
PEPSICO, INC.	PEP	Large Cap	Gluttony	9.000%
MASTERCARD INCORPORATED	MA	Large Cap	Greed	9.000%
Meta Platforms, Inc.	FB	Large Cap	Sloth	9.000%
MCDONALD'S CORPORATION	MCD	Large Cap	Gluttony	8.400%
AMERICAN EXPRESS COMPANY	AXP	Large Cap	Greed	6.100%
THE ESTEE LAUDER COMPANIES	EL	Large Cap	Pride	5.360%
THE GOLDMAN SACHS GROUP	GS	Large Cap	Greed	4.500%
Anheuser Busch InBev SA	BUD	Large Cap	Gluttony	3.900%
THE HERSHEY COMPANY	HSY	Mid Cap	Gluttony	3.500%