

MERIDIAN HEDGED EQUITY FUND

September 30, 2024 Update

Formerly known as the Meridian Enhanced Equity Fund



MARKET SUMMARY

The U.S. Federal Reserve (“Fed”) cut interest rates by 0.5% on September 18th, offering investors some much-anticipated relief. This significant move helped to stabilize markets after a volatile August marked by concerns over weakening job-market signals. Small caps outperformed large caps in the quarter, gaining 9.3% and 6.1% respectively, as indicated by the Russell family of indices. Most of the small cap gains occurred in July before cooling off in August and September. Bond yields fell throughout the quarter, reflecting market expectations of Fed easing; the yield on the ten-year U.S. Treasury decreased from 4.4% to 3.8%. Overall, optimism for a soft landing was buoyed by expectations of a stabilizing job market.

FUND PERFORMANCE

The Meridian Hedged Equity Fund (the “Fund”) gained 6.19% (net) during the quarter, outperforming its benchmark, the S&P 500 Index, which gained 5.89%. The Fund also outperformed its secondary benchmark, the CBOE S&P 500 BuyWrite Index, which returned 5.54%.

Our investment strategy prioritizes managing downside risks over chasing excess returns. Over time, we expect that preserving capital in down markets will be a quiet but powerful driver of long-term compounded returns.

We aim to build and maintain a durable portfolio that minimizes losses during market downturns while participating in market upswings. We focus on high-quality businesses with attractive valuations, strong competitive advantages, solid balance sheets, robust cash flow, and limited volatility.

We hold long positions in high-quality companies for growth potential. When conditions warrant, we hedge select positions through call options in an attempt to generate income and mitigate downside risks. We underpin this approach with thorough fundamental analysis that seeks to balance risks with the potential for long-term growth.

At the end of the period, approximately 39% of the portfolio was unhedged. The remainder of the portfolio was invested in companies with covered call options, a strategy that seeks to balance the capital growth potential of the underlying companies with downside protection provided by the income generated from writing options.

TOP 10 HOLDINGS (% OF PORTFOLIO)

Holding ¹ (subject to change)	Weighting
MGM Resorts International - Hedged	3.54%
Clear Secure, Inc. – Hedged	3.25%
D.R. Horton, Inc. – Hedged	3.20%
Qualcomm, Inc. – Hedged	3.12%
Amazon.com, Inc.	2.98%
Microsoft Corp.	2.66%
Airbnb, Inc. – Hedged	2.34%
Visa, Inc.	2.30%
Intercontinental Exchange, Inc.	2.29%
Alibaba Group Holding Ltd. – Hedged	2.21%

TOP THREE CONTRIBUTORS

Vistra Corp., Sally Beauty Holdings, Inc., and Clear Secure, Inc. were the top three contributors to the strategy’s relative performance during the quarter.

Vistra Corp. is an integrated retail electricity and power generation company, primarily serving Texas and the Midwest. We own Vistra because we expect power markets to continue tightening as baseload supply declines, coupled with rising demand from data centers, electric vehicles, and manufacturing reshoring. These factors create a favorable pricing environment for Vistra’s generation fleet, especially its nuclear and gas assets. The stock performed well during the period for three key reasons: tightening energy markets and strengthened pricing in forward-year energy contracts, the continuation of Vistra’s aggressive share repurchase program, and the company’s announced plan to acquire the remaining interest in Vistra Vision at an attractive valuation. Additionally, the company reaffirmed its 2024 guidance, indicating that results are trending toward the upper end of the previously projected range. We took advantage of the stock’s strength this quarter to trim our position.

Sally Beauty Holdings, Inc. is a leading international specialty retailer and distributor of professional beauty supplies, operating in two segments: retail consumers and licensed salon professionals.

The Fund’s performance data represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data shown. The investment return and principal value of an investment will fluctuate so that you may have a gain or loss upon sale. You can obtain performance data current to the most recent month-end at www.arrowmarkpartners.com/meridian.

Not FDIC-Insured, Not Bank Guaranteed, May Lose Value

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We own the company due to its strong free cash flow generation, attractive valuation, and the potential for long-term growth in the professional beauty products market. While the company faces headwinds from a value-conscious consumer base, its focus on DIY care provides resilience. In the third quarter, the company exceeded expectations, driven by increased sales and effective performance marketing in its retail segment, which boosted new customer acquisition and reactivated lapsed customers. We continue to hold the company in the Fund.

Clear Secure, Inc. is a technology platform that uses biometrics to connect individuals with their information, allowing for frictionless experiences across various sectors. Clear offers expedited passage through airport security checkpoints (CLEAR Plus) and partners with other businesses for identity verification services (CLEAR Verified). We believe Clear is well-positioned to benefit from the continued recovery in travel, the expansion of its addressable market through the integration of TSA PreCheck enrollment and renewals, and the growth potential of its identity platform in areas beyond travel, such as healthcare, hospitality, and financial services. The stock performed well in the quarter, driven by strong revenue growth, rising membership, and strategic price increases. This pricing power, combined with operating leverage, led to a beat on adjusted EBITDA during the period. Additionally, the company's integration of TSA PreCheck is progressing ahead of expectations, further strengthening its growth outlook. We continue to hold our position in the company.

BOTTOM THREE DETRACTORS

Progyny, Inc., MGM Resorts International, and Amazon.com, Inc. were the three top detractors from the strategy's relative performance during the quarter.

Progyny, Inc. is a leading provider of fertility and family-building benefit solutions, offering comprehensive coverage for various treatment options, including IVF and egg freezing, through a curated network of specialists. We initially invested in Progyny because we believed in the long-term growth potential of the fertility benefits market, driven by the rising prevalence of infertility, increasing employer support, and the company's differentiated, high-touch service model. However, Progyny's performance in the quarter was negatively impacted by the announcement of a significant client loss, which raised concerns about its near-term growth prospects. After reassessing the company's near-term outlook and growing competitive pressures, we decided to exit the position.

MGM Resorts International is a global hospitality and entertainment company with a portfolio of destination casino resorts, primarily in Las Vegas, regional U.S. markets, and Macau. While MGM reported better-than-expected operating results in the quarter, driven by strength in both Las Vegas and Macau, its share price has been under pressure due to two main factors. First, BetMGM's performance has lagged expectations, with ongoing losses and increased competition affecting investor sentiment toward the online gaming sector. Second, and perhaps of more immediate concern to the market, were management's comments about softening early demand trends for the upcoming Formula One race in Las Vegas, raising concerns about potential weakness in the fourth quarter. While these factors contributed to volatility, we view them as likely short-term headwinds that do not materially impact our long-term investment thesis. As a result, we held our position steady in the period. We believe the company's underlying fundamentals remain strong, and its assets provide an attractive fundamental floor value.

Amazon.com, Inc. is a leading e-commerce company that operates a vast online marketplace for third-party sellers, sells its own products, and provides cloud infrastructure services through Amazon Web Services (AWS). We own Amazon because we believe AWS and advertising will continue to drive long-term revenue growth and profitability improvements. Although the stock didn't perform well this quarter, we attribute this to a mix of short-term factors, including macroeconomic headwinds impacting consumer and enterprise spending, slowing retail revenue growth, and retail margin expansion falling short of market expectations. Additionally, increased investment in longer-term initiatives like satellite broadband and other experimental projects put further pressure on margins. Despite weaker-than-expected third-quarter guidance, we believe Amazon's long-term growth story remains strong. We see multiple levers for improved profitability and free cash flow generation over time. We maintained our position in the company during the period.

OUTLOOK

As of this writing, equity markets, buoyed by optimism about continued Fed easing and growing evidence of a soft landing, are still trading near all-time highs. While we are pleased to participate in the market's strength, we remain vigilant regarding factors that could introduce volatility. These include the potential for resurgent inflation, an upcoming U.S. election, and rising tensions in the Middle East—all significant issues that could negatively impact markets in the near-term.

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For us, volatility often presents opportunity, and we are confident in the portfolio's positioning, including our hedging strategy, which is designed to mitigate some of the potential downside. Regardless of short-term market conditions, we remain committed to our approach, carefully managing risk through in-depth fundamental research to identify high-quality businesses at attractive valuations. Our commitment to prioritizing risk over return is steadfast, even if it means forgoing some incremental market upside in favor of downside protection. Through a combination of selective stock picking and hedging, we believe our disciplined, conservative approach to capital deployment offers the potential for long-term returns with reduced volatility.

Thank you for your continued partnership with ArrowMark.

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FUND TOTAL PERFORMANCE (As of 9/30/2024)

Share Class	Ticker	Gross Expense Ratio	Net Expense Ratio	Inception Date	3 Month	1 Year	3 Year ⁴	5 Year ⁴	10 Year ⁴	Since Inception ^{4,5}
Class A Shares – No Load	MRAEX	1.65%	1.51%	11/15/13	6.11%	22.78%	4.78%	11.24%	12.44%	9.39%
Class A Shares – With Load	MRAEX	1.65%	1.51%	11/15/13	0.00%	15.71%	2.74%	9.93%	11.78%	9.06%
Class C Shares	MRCEX	2.28%	2.26%	7/1/15	5.86%	21.88%	4.21%	10.69%	11.93%	9.20%
Investor Class Shares	MRIEX	1.34%	1.26%	11/15/13	6.21%	23.13%	5.06%	11.57%	12.74%	9.67%
Legacy Class Shares	MEIFX	1.34%	1.26%	1/31/05	6.19%	23.12%	5.12%	11.60%	12.82%	10.04%
S&P 500 Index ²	–	–	–	–	5.89%	36.35%	11.91%	15.98%	13.38%	10.55%
CBOE S&P 500 BuyWrite Index ³	–	–	–	–	5.54%	18.31%	6.39%	6.59%	6.25%	5.68%

Prior to December 30, 2022, the Meridian Hedged Equity Fund was known as the Meridian Enhanced Equity Fund.

Past performance is no guarantee of future results. The Fund's performance data represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data shown. The investment return and principal value of an investment will fluctuate so that you may have a gain or loss upon sale. You can obtain performance data current to the most recent month-end at www.arrowmarkpartners.com/meridian.

¹Listed holdings are presented to illustrate examples of the securities the Fund has bought and do not represent all of the Fund's holdings or future investments. Information about the Fund's holdings should not be considered investment advice. There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change at any time and are as of the date shown above.

²The Fund's Index, the S&P 500[®] Index, is a commonly recognized market-capitalization-weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance. One cannot directly invest into an index.

³The CBOE S&P 500 BuyWrite Index (BXM) is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index[®]. The BXM is a passive total return index based on (1) buying an S&P 500 stock index portfolio, and (2) "writing" (or selling) the near-term S&P 500 Index (SPXSM) "covered" call option, generally on the third Friday of each month.

⁴Performance is annualized.

⁵Since inception returns are calculated using the Fund's Legacy class inception date of 1/31/05.

A Class: Prior to 7/1/15, the A Class was named Advisor Class. The historical performance shown for periods prior to inception on 11/15/13 was calculated using historical Legacy class performance as adjusted for estimated class-specific expenses for distribution, shareholder servicing and sub-transfer agency fees without consideration to any expense limitation or waivers. The annual gross expense ratio is 1.65% as of 6/30/23. The annual net expense ratio is 1.51% after a recoupment of 0.14% as of 6/30/23. If the class had been offered prior to 11/15/13, the actual performance and expenses may have differed from the amounts shown. Performance shown for class A shares with load includes the Fund's maximum sales charge of 5.75%. C Class: The historical performance shown for periods prior to inception on 7/1/15 was calculated using historical Legacy class performance as adjusted for estimated class-specific expenses, for distribution, shareholder servicing and sub-transfer agency fees, without consideration to any expense limitation or waivers. The annual gross expense ratio is 2.28% as of 6/30/23. The annual net expense ratio is 2.26% after a recoupment of 0.02% as of 6/30/23. If the class had been offered prior to 7/1/15, the actual performance and expenses may have differed from the amounts shown. Investor Class: The historical performance shown for periods prior to inception on 11/15/13 was calculated using historical Legacy class performance as adjusted for estimated class-specific expenses for shareholder servicing and sub-transfer agency fees without consideration to any expense limitation or waivers. The annual gross expense ratio is 1.34% as of 6/30/23. The annual net expense ratio is 1.26% after a recoupment of 0.08% as of 6/30/23. If the class had been offered prior to 11/15/13, the actual performance and expenses may have differed from the amounts shown. Legacy Class: Legacy class shares of the Fund are no longer available for purchase by new investors, except under certain limited circumstances which are described in the Statement of Additional Information. The annual gross expense ratio is 1.34% as of 6/30/23. The annual net expense ratio is 1.26% after a recoupment of 0.08% as of 6/30/23.

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Investors should consider the investment objective and policies, risk considerations, charges and ongoing expenses of an investment carefully before investing. The prospectus contains this and other information relevant to an investment in the fund. Please read the prospectus carefully before you invest or send money. To obtain a prospectus, please contact your investment representative or access the website at arrowmarkpartners.com/meridian.

Principal Investment Risks

There are risks involved with any investment. The principal risks associated with an investment in the Fund, which could adversely affect its net asset value, yield and return, are set forth below. Please see the section "Further Information About Principal Risks" in the Prospectus for a more detailed discussion of these risks and other factors you should carefully consider before deciding to invest in the Fund. *An investment in the Fund may lose money and is not a deposit of a bank or insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.* **Investment Strategy Risk:** The Investment Adviser uses the Fund's principal investment strategies and other investment strategies to seek to achieve the Fund's investment objective of long-term growth of capital. There is no assurance that the Investment Adviser's investment strategies or securities selection method will achieve that investment objective. **Equity Securities Risk:** Equity securities fluctuate in price and value in response to many factors including historical and prospective earnings of the issuer and its financial condition, the value of its assets, general economic conditions, interest rates, investors' perceptions and market liquidity. **Market Risk:** The value of the Fund's investments will fluctuate in response to the activities of individual companies and general stock market and economic conditions. As a result, the value of your investment in the Fund may be more or less than your purchase price. **Growth Securities Risk:** Because growth securities typically trade at a higher multiple of earnings than other types of securities, the market values of growth securities may be more sensitive to changes in current or expected earnings than the market values of other types of securities. In addition, growth securities, at times, may not perform as well as value securities or the stock market in general, and may be out of favor with investors for varying periods of time. **Small Company Risk:** Generally, the smaller the capitalization of a company, the greater the risk associated with an investment in the company. The stock prices of small capitalization and newer companies tend to fluctuate more than those of larger capitalized and/or more established companies and generally have a smaller market for their shares than do large capitalization companies. **Foreign Securities Risk:** Investments in foreign securities may be subject to more risks than those associated with U.S. investments, including currency fluctuations, political and economic instability and differences in accounting, auditing and financial reporting standards. Foreign securities may be less liquid than domestic securities so that the Fund may, at times, be unable to sell foreign securities at desirable times or prices. In addition, emerging market securities involve greater risk and more volatility than those of companies in more developed markets. Significant levels of foreign taxes are also a risk related to foreign investments. **Options Risk:** Options on securities may be subject to greater fluctuation in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail great than ordinary investments. **Glossary: Alpha:** A measure of performance on a risk-adjusted basis. Alpha compares the volatility (price risk) of the Fund to risk-adjusted performance of the benchmark Index. **Free cash flow** is a measure of a company's financial performance, calculated as operating cash flow minus capital expenditures. **Options** are a financial derivative sold by an option writer to an option buyer. The contract offers the buyer the right, but not the obligation, to buy (call option) or sell (put option) the underlying asset at an agreed-upon price during a certain period of time or on a specific date. **CBOE Volatility Index (VIX):** The VIX Index is a financial benchmark designed to be an up-to-the-minute market estimate of expected volatility of the S&P 500 Index, and is calculated by using the midpoint of real-time S&P 500® Index (SPX) option bid/ask quotes. **Price-to-earnings:** A valuation ratio of current share price compared to its per-share operating earnings over the previous four quarters. **Basis Point:** A common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

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