2Q 2017 Commentary

Quality Dividend Fund

Portfolio managers Larry Baker and Michael Scherer discuss their process for seeking high-quality, dividend-paying companies for the Fund.

Q1: How many companies in the Quality Dividend Fund portfolio have raised their dividends so far this year?

Year-to-date, 18 companies in our portfolio have raised their dividends and we expect the remaining seven companies to do so by year-end. By investing in the stocks of companies with a proven track record of raising dividends, we seek to build a growing, predictable stream of dividend income for our investors.

In terms of stock selection and criteria for the Quality Dividend Fund portfolio, we focus primarily on U.S. equities that generally have an annual dividend yield of at least 3% at time of purchase. We believe that a portfolio of high-quality, higher-dividend-paying companies can potentially provide attractive levels of current and future income in our lower interest rate environment while delivering downside protection for investors.

Q2: What is your outlook for earnings and dividends for the remainder of 2017?

We estimate earnings-per-share (EPS) growth for 2017 at approximately 6.4% and anticipate potential average dividend growth of approximately 7% for our portfolio holdings (there is no guarantee of the Fund's overall performance). Given that the current level of the Fund's blended payout ratio has been approximately 60% for the last several years, we believe there is ample room for continued dividend growth.

Q3: Would you please comment on the current valuations of dividend-paying stocks?

The EquityCompass Quality Dividend Fund continues to have a lower relative valuation compared to the S&P 500 Index. The Fund has been consistently below the price earnings (PE) ratio for the S&P 500 and expects to remain so. In part, the Fund's lower multiples are due to our selective bias toward high-quality, large-cap value stocks. To put this in perspective, currently the Fund is at 16.6x earnings based on year end 2017 earnings compared with 17.8x for the S&P 500 as of June 30, 2017.

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TICKERS

CLASS A: **QDVAX**
CLASS C: **QDVCX**
CLASS I: **QDVIX**

MANAGEMENT TEAM

LARRY C. BAKER, CFA
Senior Portfolio Manager

Mr. Baker is Senior Portfolio Manager of the EquityCompass Quality Dividend Fund. He has over 30 years of industry experience.

MICHAEL S. SCHERER
Senior Portfolio Manager

Mr. Scherer is Senior Portfolio Manager of the EquityCompass Quality Dividend Fund. He has over 10 years of industry experience.

ABOUT EQUITYCOMPASS

EquityCompass Strategies is a Baltimore-based equity investment management team. We offer a broad range of portfolio strategies based on our systematic, research-driven investment process to institutional investors, financial advisors, and individual investors. As of June 30, 2017, over $3.1 billion in assets are managed worldwide using investment strategies developed by us.

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Q4: *Which market sectors, if any, are currently more attractive from a dividend-payment perspective?*

Currently, the Fund's largest weighting, with four holdings, is in the Consumer Staples sector. However from an investment perspective, this result is a by-product of our selection process as we are sector agnostic and do not pursue a particular weighting in any one sector.

Instead, using a bottom-up approach, we focus on individual stocks that appear to be in the best position to pay attractive levels of income and grow the dividend stream over time.

We continue to focus on identifying high-quality, large-cap companies with established businesses, strong balance sheets, growing earnings and a commitment to paying increasing dividends. It is our belief that a company's individual performance and the resolve to increase dividends are more important than its sector.

IMPORTANT DISCLOSURES

Mutual fund investing involves risk, including possible loss of principal. Although the Fund will invest primarily in income-producing equities, the Fund cannot guarantee any particular level of distributions. Companies that have paid regular dividends to shareholders may decrease or eliminate dividend payments in the future. A fund pursuing a dividend-oriented investment strategy may at times underperform other funds that invest more broadly or that have different investment styles. The S&P 500 Index is a broad market index that tracks the performance of 500 stocks from major industries of the U.S. economy. This index is generally considered representative of the U.S. large capitalization market. You cannot invest directly in an index.

Investors should consider the investment objective, risks, charges, and expenses of the Quality Dividend Fund carefully before investing. A prospectus with this and other information about the Fund may be obtained by calling (888) 201-5799. Read the prospectus carefully before investing. The investment return and principal value of an investment will fluctuate, so an investor's shares, when redeemed, may be worth more or less than their original cost.

Any projections, targets, or estimates in this report are forward looking statements and are based on EquityCompass Strategies' research, analysis, and assumptions made by the Adviser.

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Real estate investing is subject to special risks, including tenant default, declining occupancy rates, adverse changes in environmental and zoning regulations, and falling property values and rents due to deteriorating local or national economic conditions. REIT securities listed on a securities exchange may be subject to abrupt or erratic price movements because of interest rate changes and other factors. Non-listed REIT securities may lack sufficient liquidity to enable the Fund to sell them at an advantageous time or to minimize a loss. Distributions from REITs may include a return of capital. A REIT that does not qualify as a REIT under the Internal Revenue Code ("IRC") will pay taxes on its earnings, which will reduce the dividends paid by the REIT to the Fund. Some REITs are highly leveraged, which may increase the risk of loss. PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.

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