

# Quality Dividend Fund

High-quality stocks with above-average dividend yields can potentially provide current income and rising future income for investors seeking to *accumulate* wealth for retirement as well as for those seeking to meet retirement income needs during the subsequent *decumulation* period.\*



## Fund Goals:

### 1 Income

from owning stocks with above-average dividend yields and MLPs

### 2 Long-term growth

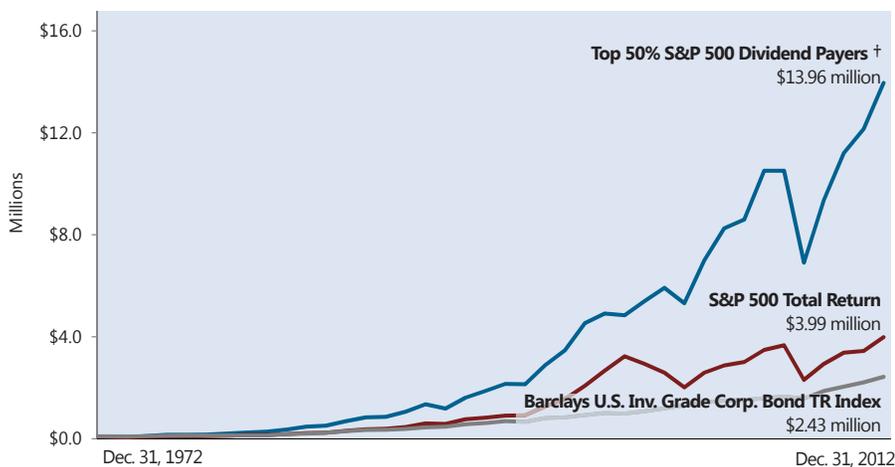
from dividend reinvestment, dividend increases, and capital appreciation

### 3 Lower volatility

from owning higher-quality companies

## Accumulation Period

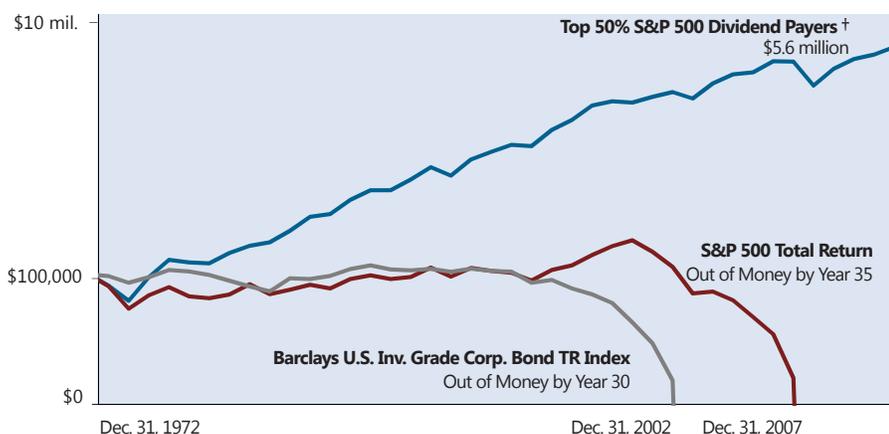
For Illustrative Purposes Only | 12/31/1972 – 12/31/2012 | Cumulative Total Return | Source: Ned Davis Research



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## Decumulation Period

For Illustrative Purposes Only | 12/31/1972 – 12/31/2012 | Log Scale | Cumulative Total Return | Source: Ned Davis Research | Assumes yearly withdrawals, starting at 4.5% and increasing with inflation



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These charts should not be construed as indicating the returns to be expected from the Quality Dividend Fund. Index performance is not reduced by the transaction costs, management fees, taxes, and other expenses that apply to a mutual fund. Top dividend payers were identified with benefit of hindsight; the identification of future top dividend payers may be inaccurate. Past performance does not guarantee future results. Bonds offer fixed payment of interest and repayment of principal upon maturity, while stock dividends fluctuate and are not guaranteed.

\* Please see "A Commitment to Quality" on the next page for a description of what we believe to be the characteristics of high-quality stocks. For the purpose of this document, above-average dividend yields are those dividend yields higher than the then-current average yield of the S&P 500 dividend payers, which, as of 8/30/2013 was 2.1%.

† Represents the top 50% of dividend paying stocks in the S&P 500 by yield. The list is reconstituted annually and is equally weighted.

## Fund Highlights

- » **Symbols**  
Class A: QDVAX  
Class C: QDVCX
- » **Morningstar Category**  
Large-Cap Blend
- » **Lipper Classification**  
Equity Income Funds
- » **Inception**  
September 30, 2013
- » **Dividend Frequency**  
Quarterly
- » **Investment Adviser**  
EquityCompass Strategies
- » **Portfolio Managers**  
Richard E. Cripps, CFA  
Larry Baker, CFA  
Michael S. Scherer

## Why Invest in MLPs?



Quality Dividend Fund can invest up to 20% of its assets in Master Limited Partnerships (MLPs); MLPs have been created to capitalize on the growing demand and discovery of energy resources in the U.S. Owning an MLP differs from owning a stock in that an investor buys into a limited partnership rather than a company. These partnerships fund and own the network of storage facilities and pipelines used to transport energy to end users. Energy producers pay a fee to the MLPs for using the storage facilities and pipelines. Beyond the income potentially generated, MLPs may also rise in value, providing investors with the opportunity for growth, inflation protection, and portfolio diversification.

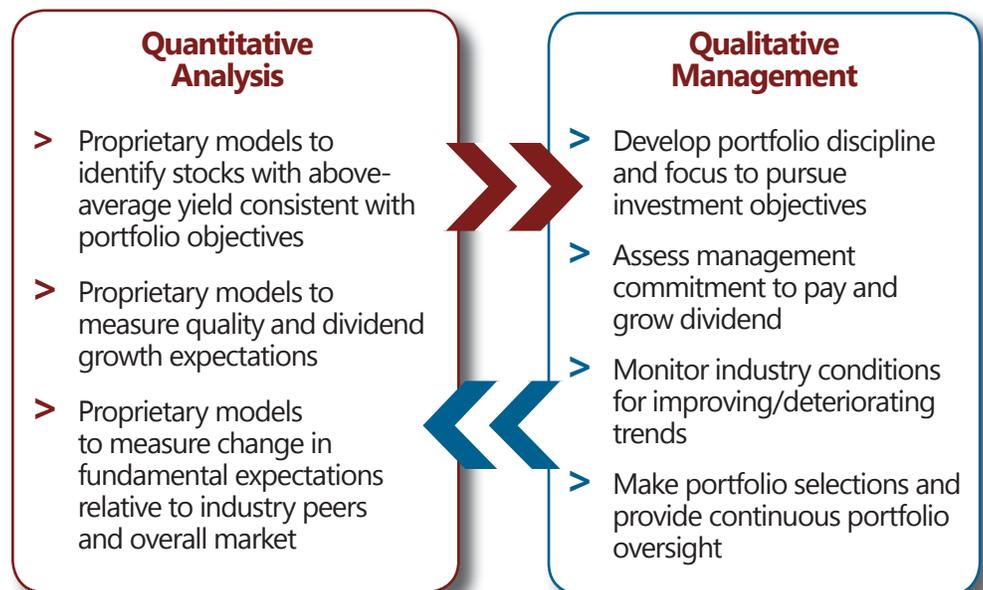
## A Commitment to Quality

Not all high-dividend stocks make good investments. It is important to differentiate companies with deteriorating financial strength and increased risk of reducing or eliminating dividends from *quality* companies that are financially strong and committed to maintaining or growing dividends.

### We believe that the characteristics of quality companies are as follows:

- » Large and established businesses
- » Strong balance sheets
- » Growing sales, earnings, and cash flow
- » Dividend history and management commitment to a stated dividend policy
- » Lower than average stock price volatility

## An investment process that combines quantitative and qualitative approaches



## Portfolio Management Team

### »» Richard E. Cripps, CFA

Richard Cripps, the Chief Investment Officer of EquityCompass Strategies, has more than 30 years of experience in developing and monitoring investment opinions, as well as providing market commentary, strategy, and portfolio advice to individual and institutional clients. Previously, Mr. Cripps served as the Managing Director of Portfolio Strategy at Stifel, Nicolaus & Company, Incorporated and Chief Market Strategist and Co-Chairman of the investment committee at Legg Mason Wood Walker. The EquityCompass investment philosophy and process were developed and refined under Mr. Cripps' leadership while at Legg Mason and were utilized in a variety of programs. Mr. Cripps has a B.S. in Finance from James Madison University.



### »» Larry Baker, CFA

Larry Baker joined EquityCompass in 2010 and is currently the Senior Portfolio Manager of the EquityCompass Quality Dividend and Select Quality portfolios. He has more than 30 years of investment experience, including 15 years (1990–2005) at Legg Mason, where he was a Managing Director and award-winning securities analyst in the Industrials sector (1990–2005). Prior to joining Legg Mason, he was a Vice President and securities analyst at Dillon, Read & Co. Mr. Baker began his career as a securities analyst with E. F. Hutton, where he spent 10 years. Larry has been named a three-time member of *Institutional Investor's* All-American Research Team (1985–1987), and was recognized as an All-Star analyst by *The Wall Street Journal* Best on the Street (2002 and 2003) and *Forbes*/StarMine (2004). He received a B.S. from the United States Military Academy and a Masters in Finance from the Sloan School of Management at the Massachusetts Institute of Technology.



### »» Michael S. Scherer

Mike Scherer, the Portfolio Manager of the EquityCompass Quality Dividend and Select Quality portfolios, is a senior member of the team responsible for developing and researching EquityCompass' quantitative portfolio strategies. He has written extensively on market strategy and works closely with Stifel's financial advisors, educating them on EquityCompass investment portfolios and products. With over 13 years of investment experience, Mr. Scherer has been involved in quantitative model maintenance and portfolio construction for the EquityCompass portfolios and quantitative models since their inception. Mr. Scherer has a B.A. from the College of William & Mary and an MBA in Finance from Loyola University Maryland.



Choice Financial Partners Inc., d/b/a EquityCompass Strategies ("EquityCompass") is a registered investment adviser and a wholly owned subsidiary of Stifel Financial Corp. (NYSE: SF). EquityCompass offers a broad range of portfolio strategies based on its research-driven, rules-based investment process, which merges traditional investment theory with quantitative techniques. SMA portfolios and equity-linked instruments based on EquityCompass model portfolios are available primarily through affiliated broker-dealer, Stifel, Nicolaus & Company, Incorporated. As of February 28, 2014, EquityCompass provided portfolio strategies with respect to assets of approximately \$1.7 billion.

#### Resources of a Large Firm, Focus of a Specialist

As a Stifel company, EquityCompass is able to leverage Stifel's resources and infrastructure as one of the leading full-service financial services firms in the U.S., for risk management oversight and a global infrastructure for trading, record keeping, reporting, and risk control, while maintaining the autonomy and service of a pure investment firm.

# Quality Dividend Fund

## EquityCompass Overview:

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. EquityCompass Strategies is a research and investment advisory unit of Choice Financial Partners, Inc., a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp.

## Quality Dividend Fund Overview:

The Quality Dividend Fund ("Fund") is registered under the Investment Company Act of 1940 as a diversified open-end management investment company, commonly known as a mutual fund. The Fund seeks to achieve current income and long-term growth of capital. It primarily invests in a diversified portfolio of dividend-paying common stocks of U.S. and foreign companies. The Fund may invest in companies of any size but will typically focus on larger companies. Its equity investments may also include real estate investment trusts ("REITs"), other mutual funds, and exchange-traded funds ("ETFs"). Up to 20% of the Fund's net assets may be invested in master limited partnerships ("MLPs"). Up to 20% of its assets may be invested in fixed income securities, without regard to maturity or credit rating, including non-investment grade securities, commonly known as junk bonds.

## Summary of Principal Risks:

The Fund seeks to limit risk from any one stock or sector by attempting to hold equal-weighted positions and exposing no more than 20% of its net assets to any one economic sector (as defined by Standard & Poor's). Nonetheless, the Fund is subject to the principal risks summarized below. These risks could adversely affect the Fund's net asset value ("NAV"), yield, and total return. It is possible to lose money by investing in the Fund.

**No Operating History Risk.** The Fund is new and has no operating history upon which prospective investors can rely in making a determination whether or not to invest in the Fund.

**Changing Distribution Levels Risk.** Although the Fund will invest primarily in income-producing equities, the amount of income that the Fund will receive will vary and 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 decrease in dividend payments by an issuer may result in the Fund receiving less income.

**Dividend-Paying Stock Risk.** A decrease in dividend payments by an issuer may result in a decrease in the value of the security. A fund pursuing a dividend-oriented investment strategy may at times underperform other funds that invest more broadly or that have different investment styles.

**Foreign Securities Risk.** Investing in foreign (non-U.S.) securities may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies, due to less liquid markets, and adverse economic, political, diplomatic, financial, and regulatory factors. Foreign governments also may impose limits on investment and

repatriation and impose taxes. Any of these events could cause the value of the Fund's investments to decline.

**REIT Risk.** Real estate is subject to special investing risks, among which are 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. The securities of REITs 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.

**Master Limited Partnership Risk.** MLPs are partnerships which are publicly traded and listed on a national securities exchange. MLPs are interest rate-sensitive investments that may trade in lower volumes and be subject to abrupt or erratic price movements and may involve less control by outside investors and potential conflicts of interest among an MLP and its general partner. The IRC treats distributions from an MLP as non-taxable return of capital until the value of the distributions exceeds a partner's basis in partnership interests, at which point the distributions are taxable. MLPs do not pay U.S. federal income tax at the partnership level, but an adverse change in tax laws could result in MLPs being treated as corporations for federal income tax purposes, which would reduce or eliminate an MLP's tax deductions. MLPs primarily are engaged in energy and natural resource sectors, which makes them sensitive to negative developments in those sectors.

## Index Description(s):

The S&P 500 Index is a broad market index that tracks the performance of 500 leading stocks from major industries of the U.S. economy. The index is generally considered representative of the U.S. large capitalization market. Barclays Capital U.S. Investment Grade Corporate Bond Total Return Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. corporate investment grade fixed income bond market. Indices are unmanaged, and it is not possible to invest directly in the indices.

## General Disclaimer on Performance Information:

All performance results presented are done solely for educational and illustrative purposes and are not intended for trading, or to be considered investment advice. No representation is made that any Strategy, model, or model mix will achieve results similar to those shown in these materials. PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.

## Additional Information Available Upon Request

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***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.***

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