

Quality Dividend Fund

»» **Portfolio managers Larry Baker and Michael Scherer provide their current insight on the equity market and the management of the Quality Dividend Fund.**

Q1: Please provide your perspective on the investor appetite for high-dividend paying stocks as we close out the year and head into 2019.

We believe there is ample appetite for dividend paying stocks. In our opinion, dividend growth is the most powerful tool an income-oriented investor can employ to offset the negative impact of rate increases on fixed income securities. With a growing dividend stream, an investor can not only receive a healthy income payout but has the potential for capital appreciation. Year-to-date, all the companies in the Fund's portfolio have raised their dividends by an average of approximately 9.3%. This is not indicative of the overall performance of the Fund.

Consumer Staples, Healthcare, Utilities and Telecommunications stocks continue to be our area of focus and we seek to buy stocks of high-quality U.S. companies committed to raising dividends over time. With a concentrated portfolio of approximately 25 holdings across multiple industry sectors, we believe we can selectively choose attractively priced high-quality, high-dividend-yielding stocks without sacrificing diversification. An equal-weighted portfolio of our "best ideas" allows investors to potentially benefit from growth in income, capital appreciation and lower volatility.

Q2: Are you continuing to see the impact of tax reform on companies' abilities to pay dividends?

A lower corporate tax rate, reduced from 35% to 21%, combined with improved earnings have helped to support dividend growth for a number of companies, many of which are included in the portfolio.

Looking forward into 2019, we expect the Quality Dividend Fund to continue to provide a meaningful income opportunity for investors in an environment where competitive current yield and dividend growth make dividend paying stocks a compelling investment relative to fixed income.

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TICKERS

CLASS A: QDVAX

CLASS C: QDVCX

CLASS I: QDVIX

MANAGEMENT TEAM



LARRY C. BAKER, CFA
Senior Portfolio Manager



MICHAEL S. SCHERER
Senior Portfolio Manager



THOMAS P. MULROY
Senior Portfolio Manager

ABOUT EQUITYCOMPASS STRATEGIES

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 September 30, 2018, approximately \$4.2 billion* in assets are managed worldwide using investment strategies developed by us.

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Q3: Would you please describe the Fund's earnings per share ratio in comparison to the broader S&P 500 Index?

The price-earnings ratio for stocks in the Fund's portfolio was 15.8x versus 16.9x for the S&P 500 Index as of September 30, 2018.

From a valuation perspective, we believe that the Fund's lower valuation may be particularly attractive for investors wary of renewed volatility in the equity market. Selecting high-quality, higher-dividend-paying companies with attractive valuations can potentially provide competitive levels of current and future income while delivering a degree of volatility mitigation for investors. ■

IMPORTANT DISCLOSURES

*Total assets combine both Assets Under Management and Assets Under Advisement as of September 30, 2018. Assets Under Management represents the aggregate fair value of all discretionary and non-discretionary assets, including fee paying and non-fee paying portfolios. Assets Under Advisement represent advisory-only assets where the firm provides a model portfolio and does not have trading authority over the assets.

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.

The price-earnings ratio is calculated by dividing the current market price per share of the stock by earnings per share.

The specific securities identified and described herein do not represent all of the securities purchased, sold, or recommended to advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. A complete list of all recommendations made by the firm is available upon request. Quality Dividend Fund is distributed by Foreside Funds Distributors LLC, not an affiliate of EquityCompass.

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