

EquityCompass

Quality Dividend Strategy

Seeks to construct a focused, diversified portfolio using high-quality, high-yielding stocks

Approved for public distribution

March 2015

Quality Dividend Strategy

Overview

- ◆ EC Quality Dividend Strategy seeks to generate attractive current income and long-term capital appreciation by efficiently managing a focused and diversified portfolio of high-quality, higher dividend-paying stocks
- ◆ Meant to be a satellite strategy designed to provide income-seeking investors a superior alternative to investing in bonds

Senior Portfolio Manager



Larry Baker, CFA®

- ◆ More than 30 years of investment experience
 - ◆ Managing Director and Security Analyst in the industrial sector – Legg Mason
 - ◆ Vice President and Security Analyst – Dillon, Read & Co.
 - ◆ Vice President and Security Analyst – E. F. Hutton
- ◆ Award-Winning Stock Picker
 - ◆ Three-time member of *Institutional Investor's* All-American Research Team
 - ◆ *Forbes*/StarMine All-Star Analyst
 - ◆ *The Wall Street Journal* Best on the Street
- ◆ Education
 - ◆ B.S. – United States Military Academy
 - ◆ Masters in Finance - Sloan School of Management, Massachusetts Institute of Technology



Mike Scherer

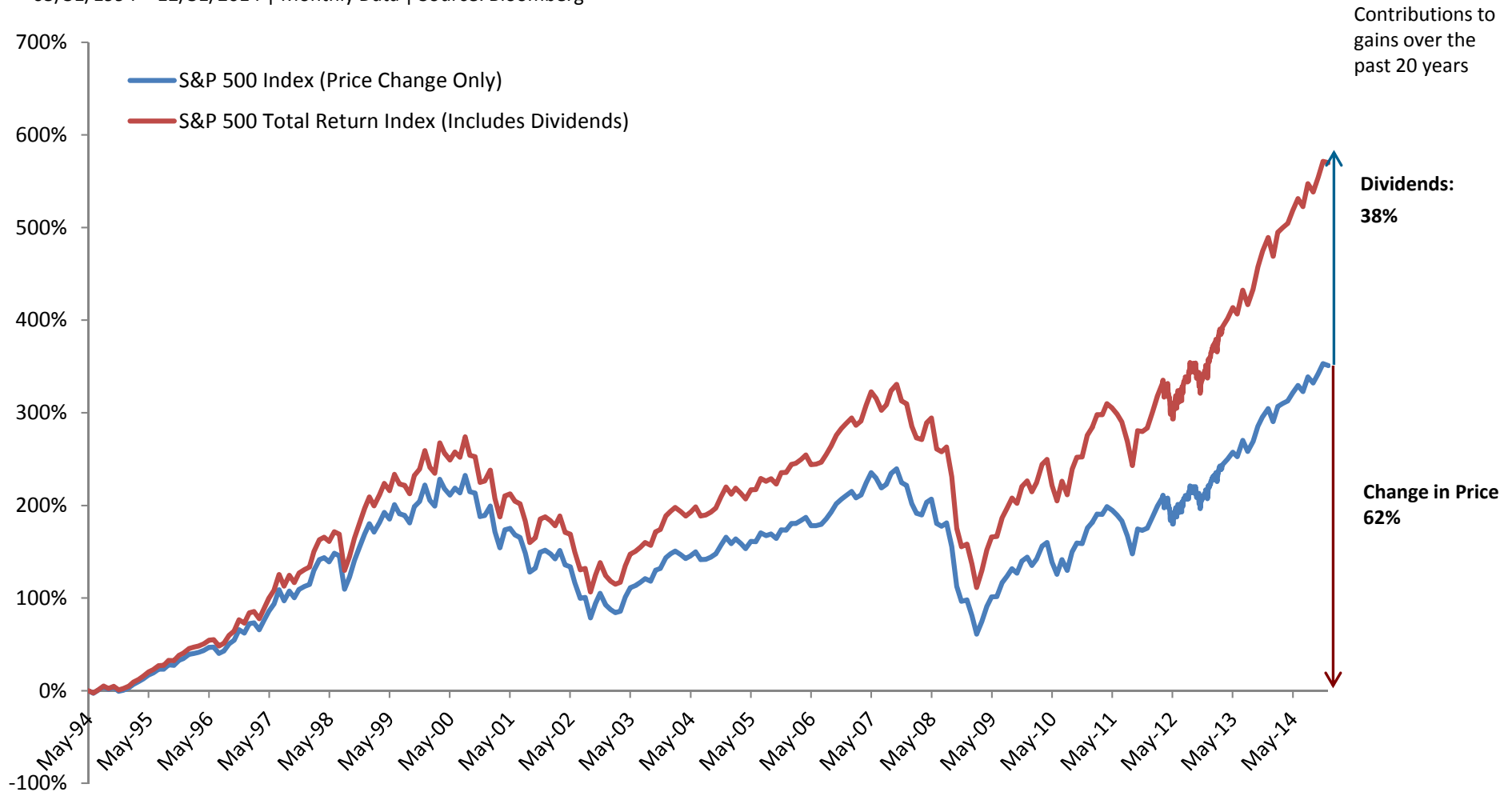
- ◆ Portfolio Manager
 - ◆ Over 10 years of experience with EquityCompass Strategies
- ◆ Education
 - ◆ B.A. – College of William & Mary
 - ◆ Masters in Finance – Loyola University Maryland

I What Dividends Have Meant Historically

Dividends Have Accounted for 38% of Market Performance Over Time

What Percentage of the Returns are Generated by Dividend-Paying Stocks Over the Past 20 Years? 38%

05/31/1994 – 12/31/2014 | Monthly Data | Source: Bloomberg

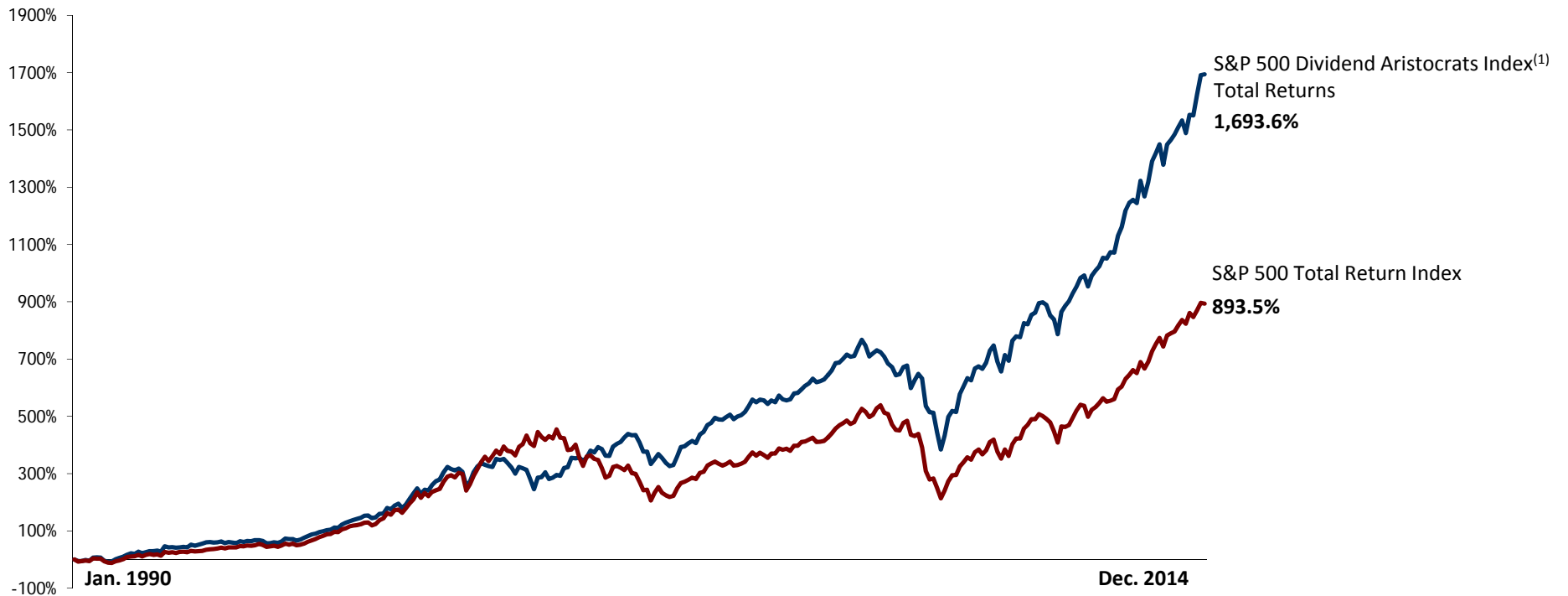


Past performance should not and cannot be viewed as an indicator of future performance. Please see important disclosures regarding performance on page 17.

Performance Advantage of High-Dividend Stocks

Total Returns Over the Past 25 Years: High-Dividend Stocks versus All Stocks

12/31/1989 – 12/31/2014 | Monthly Data | Source: Bloomberg



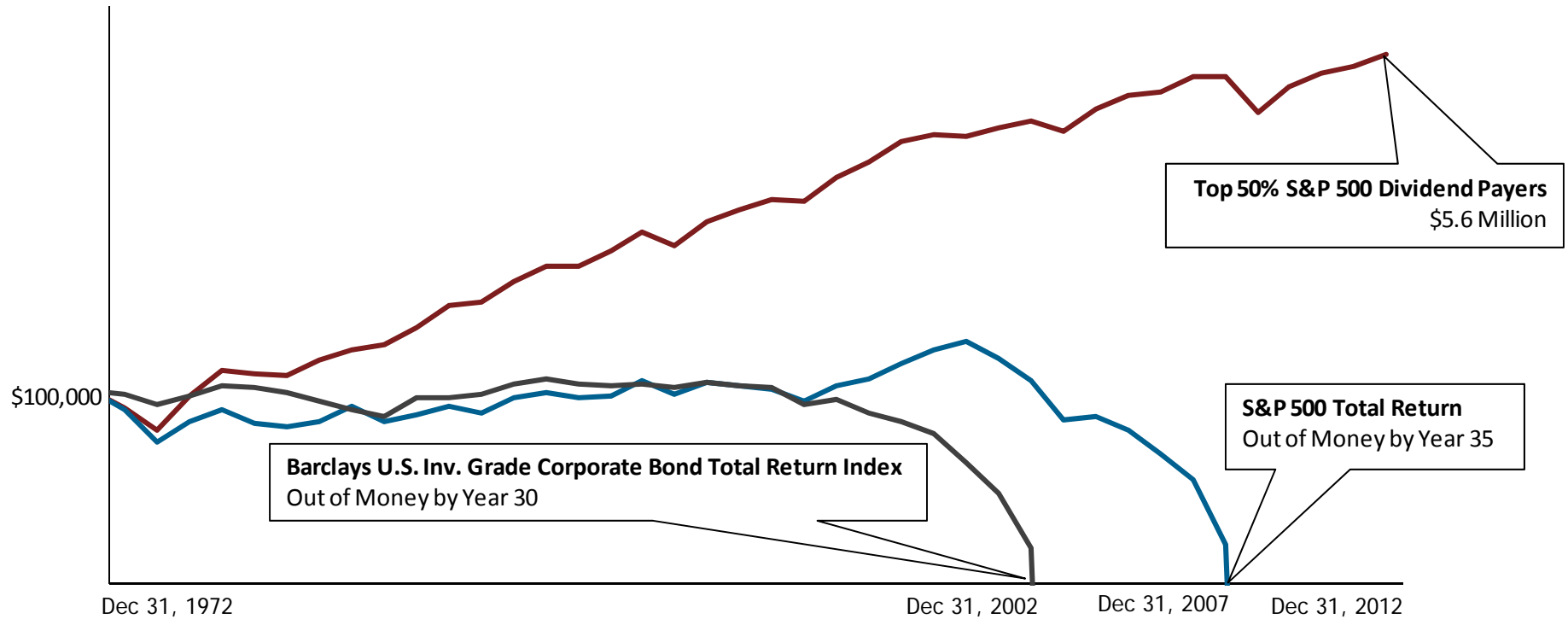
(1) Measures the performance of S&P 500 index constituents that have followed a policy of consistently increasing dividends every year for at least 25 consecutive years. Past performance should not and cannot be viewed as an indicator of future performance. Please see important disclosures regarding performance on page 17.

Historic Performance of High-Yield Stocks in a De-Accumulation Period

An important consideration for investors making regular withdrawals from their portfolio – **such as retirees**

Performance of \$100,000 with Annual Withdrawals

12/31/1972 – 12/31/2012 | Assumes yearly withdrawals, starting at 4.5% and increasing with Inflation



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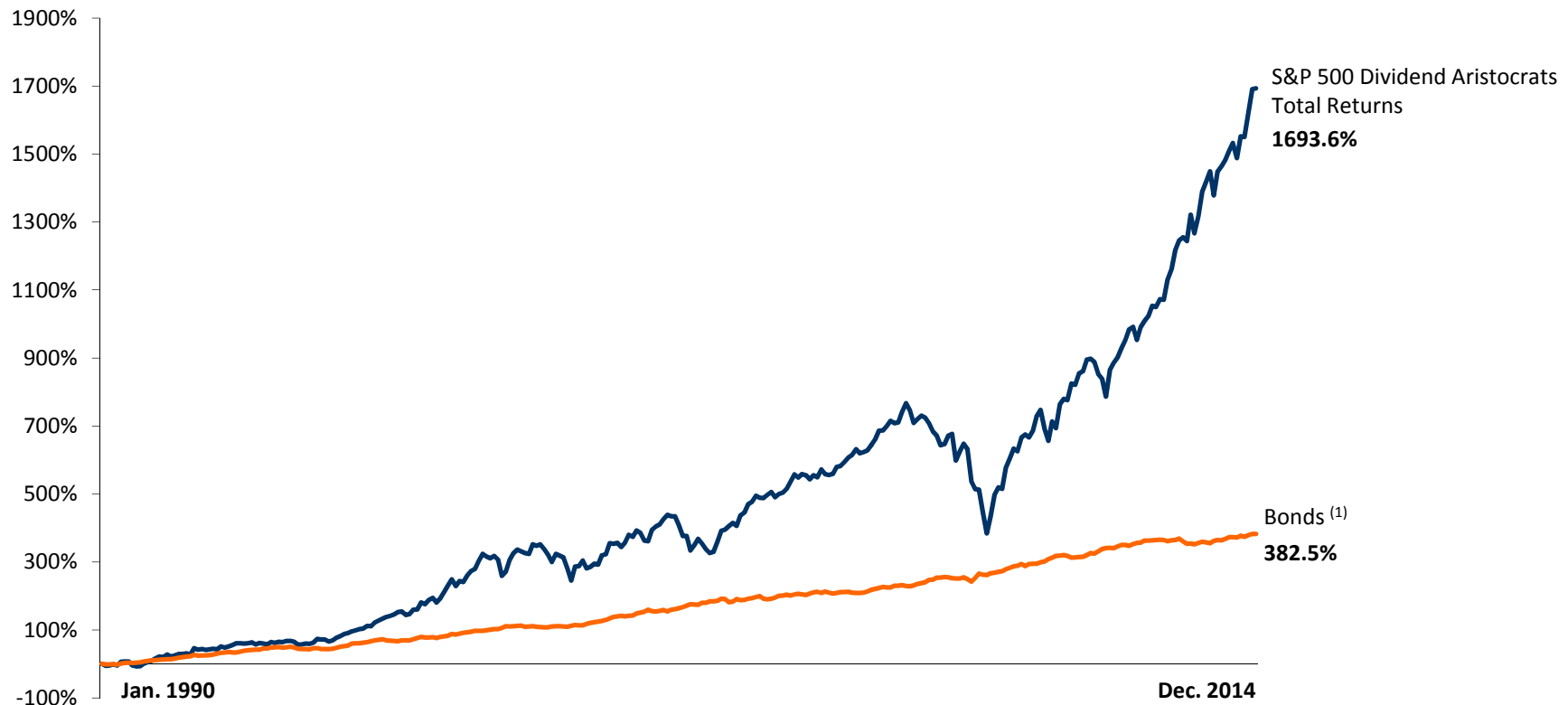
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|| Stocks versus Bonds

High-Yield Stocks Have Historically Performed Better Than Bonds

Total Return Comparison: High-Dividend Stocks versus Bonds

12/31/1989 – 12/31/2014 | Monthly Data



(1) Barclays Aggregate Bond Index

Source: Bloomberg

Investing in stocks generally entails greater risk than investing in bonds.

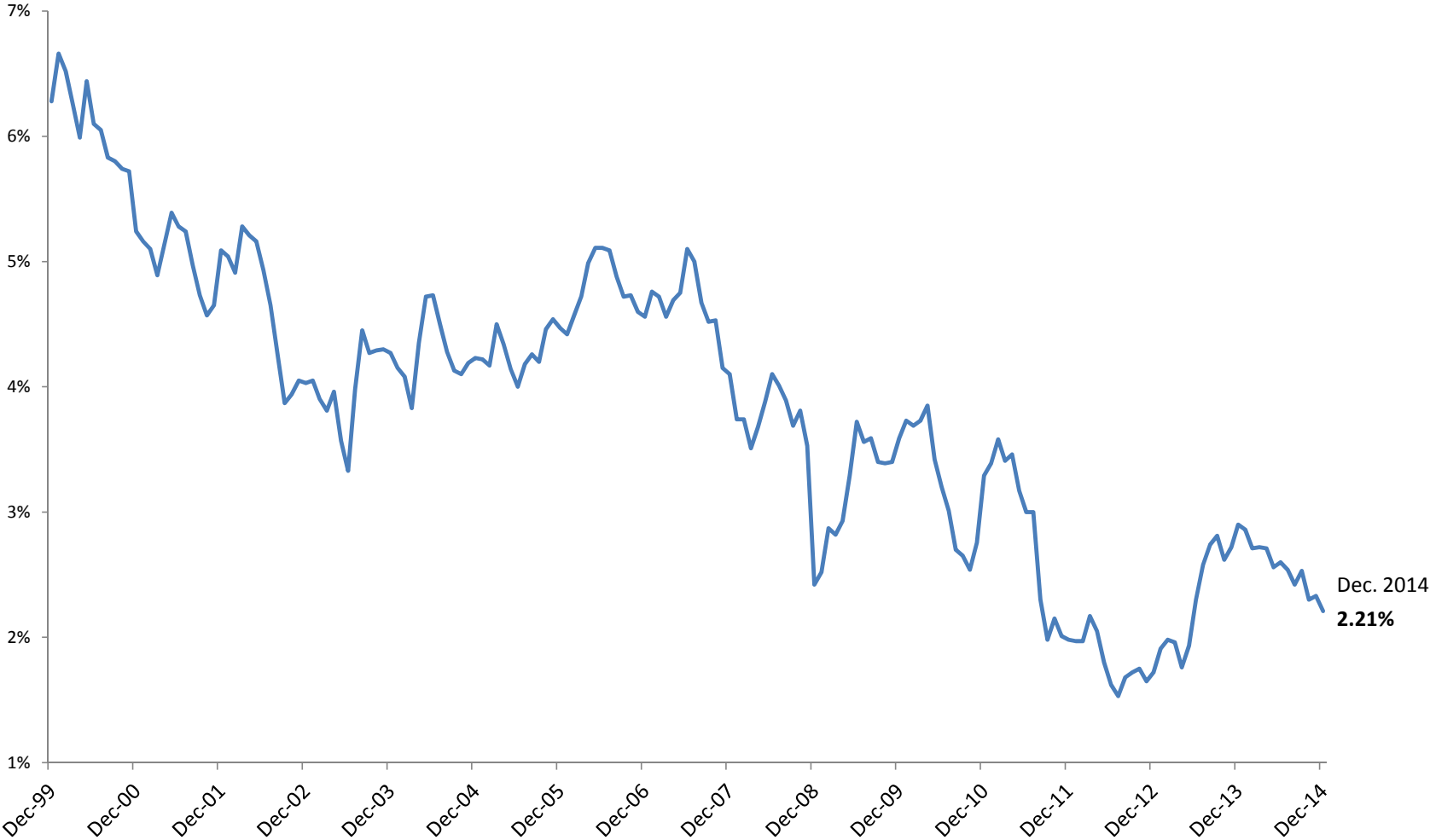
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10-Year Treasury Yields Have Declined Steadily Over the Past Decade

10-Year Treasury Yield Trend

12/31/1999 – 12/31/2014 | Monthly Data | Source: Federal Reserve

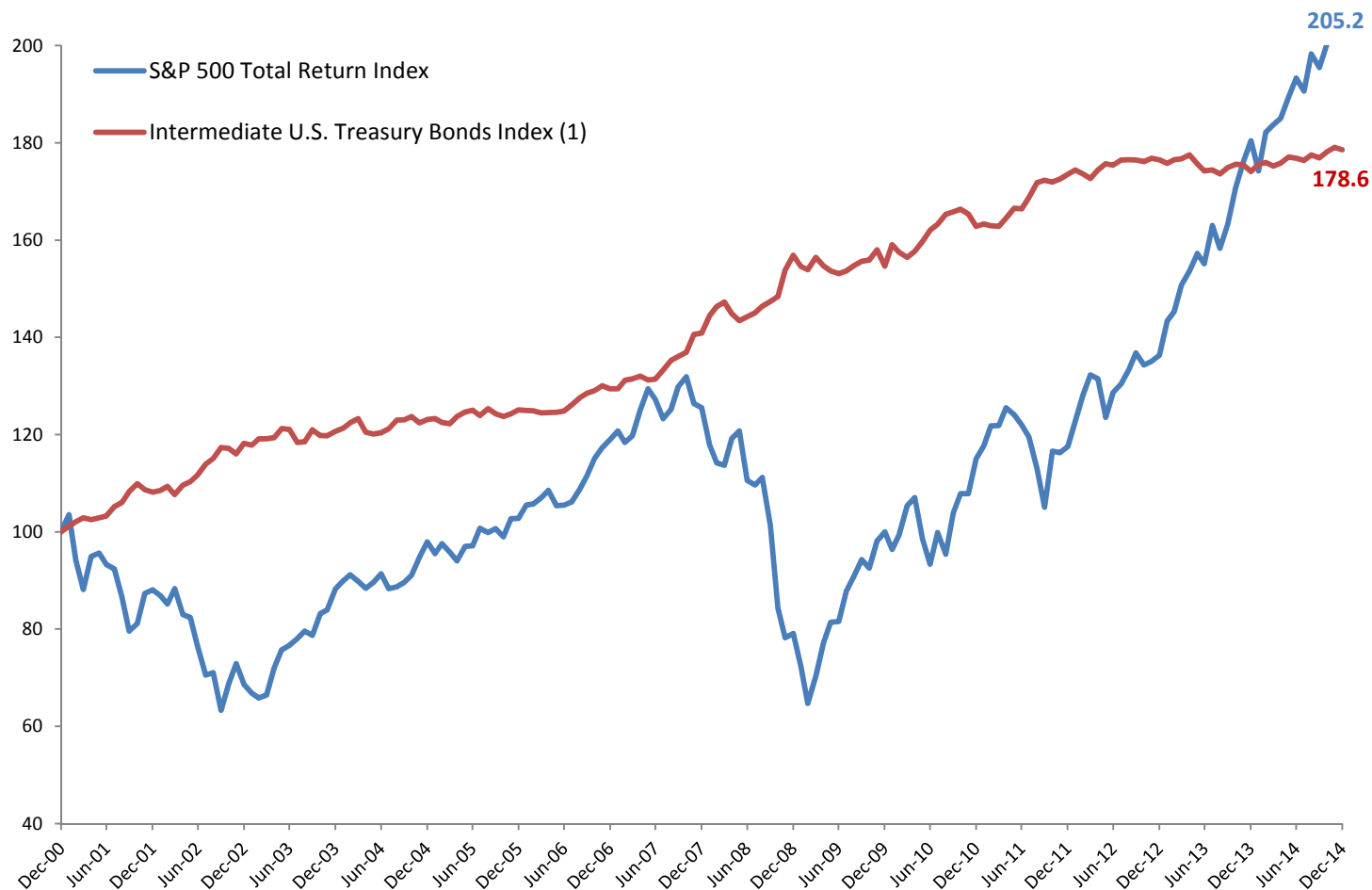


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Latest Decade, Bonds Beat Stocks

Total Return Comparison (Indexed): S&P 500 versus Treasuries

12/29/2000 – 12/31/2014 | Monthly Data | Source: Ned Davis Research and Thomson One



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(1) Barclays Capital U.S. Intermediate Government Bond Index

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EquityCompass **Quality Dividend Strategy**

EquityCompass Quality Dividend Strategy

Three Goals

1. Provide Asset Preservation – Low volatility
2. Generate Current Income – Diversified portfolio of 25 high-dividend-paying stocks
3. Seek to Generate Income Growth – Without violating goal #1 or goal #2

Strategy Features

- ◆ **Invests 100% of the assets in dividend-paying U.S. equities or ADRs (American Depository Receipts)**
- ◆ **Investment Process combines quantitative and qualitative approaches**
 - ◆ EC quantitative models select a pool of stocks that meet criteria based on quality, fundamentals, momentum, valuation, and over/underreaction
 - ◆ Portfolio manager review seeks to leverage fundamental research looking at payout, dividend growth, and dividend record
- ◆ **Focused portfolio with equal-weight positions in 25 high-quality, high-yielding stocks**
 - ◆ We believe expanding the portfolio beyond 25 stocks could dilute the yield without increasing diversification
- ◆ **Portfolio construction and maintenance processes seek to optimize portfolio yield and downside protection**
 - ◆ Diversified across 10 industry sectors with a sector maximum of 20%
 - ◆ Liquidity and size requirements help create a natural bias toward large-cap stocks
 - ◆ Targets low turnover for tax efficiency

Quality Dividend Model Portfolio

As of 2/28/2015

Top Ten Holdings By Yield

Symbol	Company Name	Yield
RDSA	Royal Dutch Shell Plc	5.8%
GSK	GlaxoSmithKline Plc	5.5%
T	AT&T, Inc.	5.4%
OHI	Omega Healthcare Investors, Inc.	5.3%
IRM	Iron Mountain, Inc.	5.2%
DLR	Digital Realty Trust, Inc.	5.1%
PM	Philip Morris International, Inc.	4.8%
BCE	BCE, Inc.	4.8%
SO	The Southern Co.	4.6%
VZ	Verizon Communications, Inc.	4.4%

For illustrative purposes only and not intended as personalized recommendations. It should not be assumed that any holdings included in these materials were or will prove to be profitable, or that recommendations or decisions that the firm makes in the future will be profitable or will equal the investment performance of the securities discussed herein.

Key Statistics

Number of Holdings	25
Market Cap (\$Billion)	\$101.8
Dividend Yield	4.1%
Price / Earnings (12-Month Forward)	16.1x
Beta	0.55
Payout Ratio - 2014	65.0%
Moody's Debt Rating	96% Investment Grade
Dividend Growth - 2014	8.1%

Sector Allocation

Financials	20%
Consumer Staples	16%
Information Technology	12%
Telecommunication Services	12%
Utilities	8%
Consumer Discretionary	8%
Energy	8%
Health Care	8%
Industrials	4%
Materials	4%

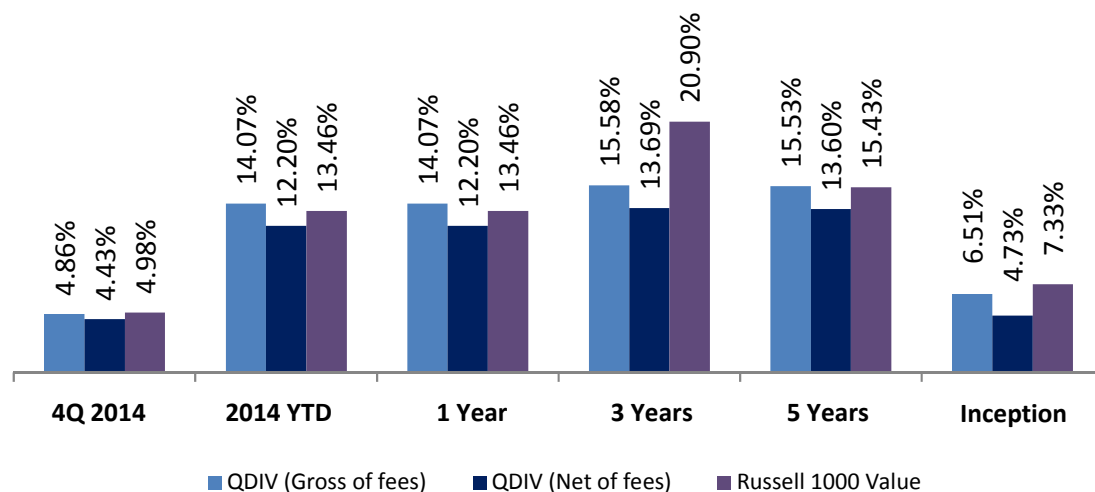
Portfolio Changes — YTD 2015

Removed	Added
Chevron Corp. (CVX)	Iron Mountain Inc. (IRM)
Duke Energy Corp. (DUK)	Procter & Gamble Co. (PG)

Performance

As of 12/31/2014

Annualized Returns – Periods Ending December 31, 2014



5-Year Risk Statistics

	QDIV	Russell 1000 Value
Standard Deviation	9.76%	14.96%
Sharpe Ratio	1.58	1.03
Beta	0.53	1.00
Up-Market Capture	71.50%	100.00%
Down-Market Capture	17.40%	100.00%
Max Drawdown	-5.60%	-16.20%
Dividend Yield	4.10%	2.30%

Calendar Year Returns

	2008	2009	2010	2011	2012	2013	2014
QDIV (Gross of fees)	-37.22%	25.61%	17.36%	13.57%	10.80%	22.17%	14.07%
QDIV (Net of fees)	-38.46%	23.29%	15.25%	11.69%	8.97%	20.20%	12.20%
Russell 1000 Value	-36.85%	19.69%	15.51%	0.39%	17.50%	32.54%	13.46%

Summary

◆ High-Quality Portfolio

- ◆ Uses EquityCompass' quantitative models to help identify high-quality stocks

◆ Focused approach that helps maximize total returns and downside protection

- ◆ The focus on only 25 stocks provides adequate diversification without diluting the portfolio yield
- ◆ Average current portfolio yield of more than twice the S&P 500 average and better than the 10-year Treasury yield
- ◆ Combination of higher dividend-paying equities and equities with positive dividend-growth rates provides opportunity to expand income over time

◆ Professional Management Plus “Quant” Models

- ◆ Experienced portfolio management team
 - ◆ Investment team is led by Larry Baker, who has more than 30 years of investment experience
 - ◆ Combines fundamental oversight to EquityCompass' quantitative approach to investment management

EquityCompass Strategies

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Important Disclosures

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Index Description(s): The Barclays Capital Aggregate Bond Index is a market capitalization-weighted index that represents most U.S. traded investment grade bonds. The index includes treasury securities, government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in the U.S. This index is used as a benchmark to measure relative performance of bond funds. The maturities of the bonds in the index are more than one year. The Barclays Capital U.S. Investment Grade Corporate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. corporate investment-grade fixed income bond market. The Barclays Capital U.S. Intermediate Government Bond Index measures intermediate-term bonds issued by the U.S. Treasury, government agencies, and quasi-federal corporations with maturities ranging from 1 to 9.99 years. The index is calculated on a total return basis. 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. The S&P 500 Dividend Aristocrats index measures the performance of large cap, blue chip companies within the S&P 500 that have followed a policy of increasing dividends every year for at least 25 consecutive years. A total return index tracks both the capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index. Looking at an index's total return displays a more accurate representation of the index's performance. By assuming dividends are reinvested, you effectively have accounted for stocks in an index that do not issue dividends and instead, reinvest their earnings within the underlying company. A total return index does not include adjustments for brokerage, custodian and advisory fees. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values. Indices are unmanaged, and it is not possible to invest directly in an index.

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