

Quality Dividend Fund

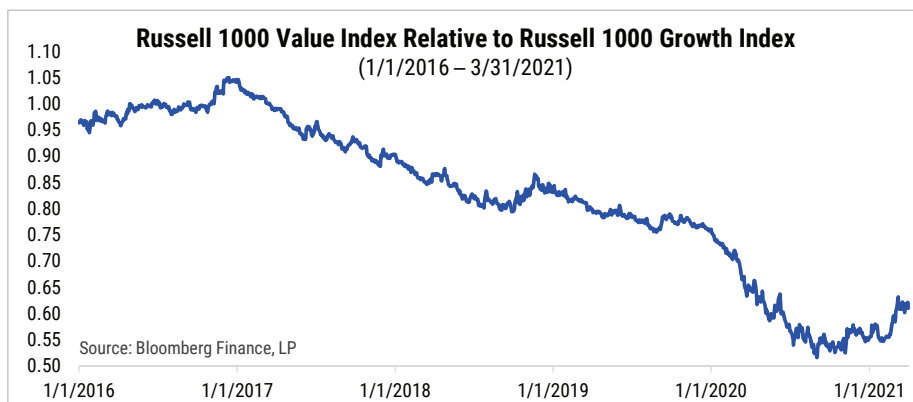
» Portfolio managers, Tom Mulroy and Mike Scherer, provide their current insight on the equity market and the management of the Quality Dividend Fund.

What a difference a year makes.

The past 12 months have been quite a rollercoaster ride and a period we will not soon forget. Looking back at the end of the first quarter of 2020, when the COVID-19 lockdown was just beginning and the global economy was in the midst of a complete shutdown, financial markets were in panic mode. Against that backdrop, we noted the following in our first quarter 2020 commentary:

"We believe the self-induced coma that the economy has been placed in will eventually reverse and begin the journey to recovery. It is extremely difficult to determine how long this will take, but we trust there are brighter days ahead. We also believe that companies with strong business models, solid balance sheets, and good cash flow will be the first to emerge from this storm. In our opinion, the Quality Dividend Fund is well positioned to take advantage of the coming recovery."

While the conviction we have in our investment process was tested during this period, our patience has been validated with the reopening trade which began in the fourth quarter of 2020. The rotation to more economically-sensitive sectors of the economy and, therefore, dividend-paying stocks, which began in late 2020, has continued into the first quarter of 2021. In our opinion, this rotation is not a brief aberration but a trend which has sustainability. The chart below highlights the performance disparity between growth and value and provides perspective on the potential longevity of the current rotation.



We continue to believe the Quality Dividend Fund will provide a reliable, steady, and growing income stream especially in an environment where bond investors have been experiencing portfolio losses due to the sudden rise in interest rates driven by the economic recovery. In this market, we think a diversified portfolio of dividend-paying stocks can be an excellent alternative to traditional fixed income investments. In addition to providing an initial yield that is more than two times greater than the 10-year Treasury yield, high-quality dividend stocks offer the potential for income growth and capital appreciation as the economy

TICKERS

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

MANAGEMENT TEAM



THOMAS P. MULROY
Senior Portfolio Manager



MICHAEL S. SCHERER
Senior Portfolio Manager

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continues to recover, while bond returns will remain vulnerable to further yield curve steepening. Jim DeMasi, our fixed income strategist and Senior Portfolio Manager, has written extensively about the challenges fixed income investors continue to encounter and the risks they take when reaching for yield.

During the quarter, we made a few changes to take advantage of the opportunity to rotate into names which lagged in performance in prior periods and, in our opinion, presented better valuation and dividend growth potential. Of the 26 portfolio positions, thus far in 2021, eight companies have raised their dividends by an average of 3.76%⁽¹⁾ and we anticipate additional dividend increases throughout the balance of the year.

Many investors relying on an investment portfolio to provide consistent cash flow confront a challenging environment as the current fixed income market does not provide any meaningful returns. Credit spreads are at historically low levels and junk bond yields are at record lows. During the first quarter of 2021, fixed income investors saw negative returns in their portfolios. How can income-seeking investors adjust?

We believe market conditions, driven by the Federal Reserve's low interest rate policy, should remain to help foster an environment that benefits the types of companies in which the Quality Dividend Fund invests. Low interest rates and ongoing economic improvement provide a favorable backdrop for higher yielding, dividend-paying stocks, and an attractive opportunity for income investors. ■

For the Fund's standardized performance, [please click here](#).

(1) This is not indicative of the overall performance of the Fund.

IMPORTANT DISCLOSURES

*Total assets combine both Assets Under Management and Assets Under Advisement as of March 31, 2021. 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.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Current performance of the fund may be lower or higher than the performance quoted.

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. Cash flow is the net amount of cash and cash-equivalents being transferred into and out of a business. At the most fundamental level, a company's ability to create value for shareholders is determined by its ability to generate positive cash flows. 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. The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values. The price-weighted arithmetic average is calculated with the divisor adjusted to reflect stock splits and occasional stock switches in the index. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

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.

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

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