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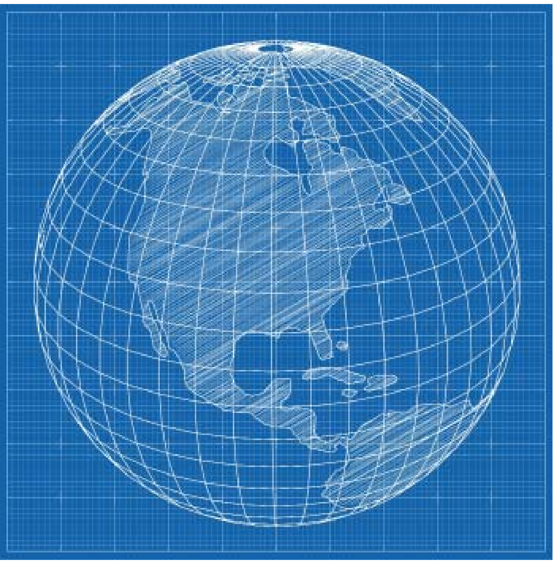


Blueprint for Global Investing

The Global Leaders Portfolio

- Opportunity-seeking capital gravitates to economic activity that has the greatest potential for superior investment return. The emergence of a global middle class promises to be a massive economic activity that will provide opportunities for investors.
- The challenge is having an investment strategy that can stay focused on compounding the economic opportunity over a long period while surviving the inevitable up and down of volatile global markets.
- Companies that have established businesses across broad geographies are positioned to benefit from the growing middle class. The best opportunity for risk-adjusted returns will be with globally oriented companies that have a consistent record of above-average profitability and are purchased at a reasonable price.
- Global leaders are companies that have proven management that looks beyond quarterly results — management that thinks like owners who seek to grow and protect their long-term wealth.
- The Global Leaders Portfolio aligns the long-term opportunity of the growing global middle class to the companies that are well-positioned to exploit the opportunity for their shareholders.

Introducing the Global Leaders Portfolio

Richard E. Cripps, CFA®
Chief Investment Officer

As I think back on my 35 years in the investment business, there have been two megatrends that influenced the financial landscape. The long-running story of the 77 million-plus baby boomers radically changed consumerism and expectations from prior generations. And we are not done yet, as the aging of this massive cohort will have significant implications in the areas of workplace longevity, elder care, and asset decumulation. The second trend, globalization, has two parts. (1) The fall of communism and the spread of market capitalism has integrated world economies like never before. (2) This integration has been accelerated by a technology revolution in communication (i.e., the Internet). Whereas the baby boomer trend is reaching maturity, the ultimate impact of globalization is still very early.

So what might be the next megatrend? The compelling argument is that the subsequent step in globalization will be the massive increase in the global middle class. Based on expectations of higher economic growth, the middle class in Asia-Pacific alone could be five times the size of the U.S. population by 2020. In an effort to capture this enormous opportunity, we at EquityCompass wanted to develop an investment strategy that would benefit from this growing global middle class. To do this, we recognized that we needed additional skills and experience to compose a strategy with strong empirical evidence for superior risk-adjusted performance.

Our efforts have become anchored by one of our newest members of EquityCompass, Robert G. Hagstrom. Robert has provided the intellectual leadership in evolving our models to encompass longer term variables such as measuring competitive advantage, influential insider ownership, and long-term value creation. These insights provide the basis by which we narrow candidates for qualitative review to assess intrinsic value, return on invested capital, and management stewardship. This aspect of analysis is known terrain for Robert, as demonstrated by his passion of studying Warren Buffett for over 30 years. His publication, *The Warren Buffett Way*, was a New York Times bestseller with 1.5 million copies sold in 17 different languages. Robert's experience also includes having served as the Chief Investment Strategist of Legg Mason Investment Counsel and Senior Portfolio Manager with Legg Mason Capital Management.

Global Leaders

After intense research, number crunching, and stimulating debate—which is the enjoyable part of what we do—we sought to develop a specific strategy for portfolio construction and risk control. Incorporated in this strategy is the desire to benefit from the long-term economic compounding that successful companies realize by being a leader in their business segment. As such, we wanted stock selection that would focus on company-specific analysis consistent with the long-term opportunity. We also recognized that where a company is domiciled is not as important as their amount of business exposure in the geographies experiencing higher economic growth. As with all of our strategies, we wanted a portfolio that comported with sound investment principles and was fully transparent for investors to assess risk.

Investors inevitably want us to cut to the chase. Yes, they say, all the effort seems impressive, but give us the short version. In summary, we offer these 11 words:

Seek Global Opportunities. Invest in Great Companies. Invest like an Owner.

Blueprint for Global Investing

A key challenge facing investors today is finding areas of growth over the coming years. Many developed market economies are still working off the effects of the financial crisis, and economic progress has been slow. Stock price action, particularly in the U.S., has been very strong, but valuations are above depressed levels that preceded the current bull market. With long-term trend economic growth in developed economies such as the U.S. standing at 3%, and current levels below trend, growth-oriented investors need to look to alternatives.

Since the turn of this century, the driving force behind global economic growth has shifted from developed countries to emerging market economies. From 2003 to 2013, emerging market economies grew annually at an average of 5.9% (versus 1.9% for the developed world) and improved their contribution to global Gross Domestic Product (GDP) from 37% to 50%.[1] This strong economic performance has helped lift millions of emerging market citizens from poverty into middle class and has triggered an unprecedented expansion in global consumption. By 2025, it is estimated that there will be 4.2 billion middle class consumers worldwide (almost twice the 2010 levels) with purchasing power of $64 trillion dollars (**Chart 1**, *page 6*). McKinsey & Company calls this mega trend the biggest growth opportunity in the history of capitalism, bigger than even the Industrial Revolution.[2] Moving forward, we believe that the exposure to this mega trend is the key for investors seeking growth.

McKinsey called the unprecedented expansion of the world's middle class the biggest growth opportunity in the history of capitalism, even bigger than the Industrial Revolution.

Investing directly in foreign markets can involve risks beyond domestic equities. Some of these risks include lack of transparency as to corporate governance and regulation, as well as trading liquidity and exchange rate risk. These risks can make foreign investing more volatile and less attractive to conservative or moderate growth investors. However, the opportunity is too great to ignore.

Where a company is domiciled is less important than where it has economic exposure. This is a significant consideration for investors seeking to mitigate foreign market risk. The reality is that leading global companies in the more stable developed markets are well positioned in terms of established market share, financial resources, and capable management to exploit the business opportunity of the growing global middle class. For investors, these global companies provide a more reliable approach for capturing the long-term opportunity with less volatility. For example, it is estimated that only about 13% of the global population have been passengers on a commercial airline. The expanding middle class could increase this percentage significantly with a prime beneficiary possibly being U.S. based Boeing, which recently forecast the market need of almost 37,000 new commercial jet aircraft over the next 20 years with 60% of the demand occurring outside developed North America and Europe markets.

(1) International Monetary Fund - World Economic Outlook Database

(2) Atsmon, Yuval, Child, Dobbs & Narasimhan, *Winning The $30 Trillion Decathalon: Going for Gold in Emerging Markets*, McKinsey & Company, August 2012.

The Significance of the Middle Class

The first step in understanding the opportunity within this demographic group is to define the global middle class. Identifying the middle class within a single country could be a matter of simply taking the groups that aren't in the very highest or very lowest income brackets. However, since there is a very wide range of income across different countries, having a global definition of middle class can be problematic. In 2011, the World Bank defined middle class as having incomes ranging from $2 – $13 (U.S.) per day on a purchasing power parity basis, while the African Development Bank used a range of $2 – $20 (U.S.) per day.

As a more broad definition, the middle class could be looked at as having incomes sufficiently higher than basic needs such as housing, food, and health care, to reduce the likelihood of falling back into poverty and to provide for discretionary purposes. For a population to contribute to meaningful growth, however, being above the poverty line isn't enough. Incomes have to be sufficient to purchase what we consider everyday products in developed nations, such as cars, cell phones, TVs, etc. and is generally estimated to require income ranging from $10 – $100 (U.S.) per day.[3]

The middle class has been the driving force behind the growth and sustained prosperity of the developed nations and therefore, by default, that of the global economy in the last two centuries. For 40 years between 1965 and 2004, the largest seven economies were able to account for an average of 65% of global GDP, mainly due to their large middle class. The middle class is also the structural force behind U.S. private consumption. At $11 trillion/year, it accounts for 70% of the nation's GDP and can be considered the primary driver of global economic growth.[4] In fact, as a source of demand, it is bigger than the output of Germany, France, and United Kingdom, combined.

The middle class has been the driving force behind the growth and sustained prosperity of the developed nations and therefore, by default, that of the global economy in the last two centuries.

The consumer appetite for the middle class in emerging markets suggests attractive prospects for businesses offering consumer goods. According to a 2007 survey, Chinese consumers spent 9.8 hours per week shopping — 6 hours more per week than American shoppers. Just under half of Chinese respondents listed shopping as a favorite leisure activity.[5] Almost 60% of urban African consumers owned smartphones, and more than half of global Internet users are in emerging markets.[6] Companies providing discretionary products can benefit from both the desire for consumption and the growth prospects for this group.

(3) Ernst & Young, *Hitting The Sweet Spot - The Growth of the Middle Class in Emerging Markets*, 2013, p. 2.

(4) Kharas, Homi, OECD Development Centre Working Paper No. 285, *The Emerging Middle Class in Developing Countries*, January 2010.

(5) Ibid. p. 30.

(6) Atsmon, Yuval, Child, Dobbs & Narasimhan, *Winning The $30 Trillion Decathalon: Going for Gold in Emerging Markets*, McKinsey & Company, August 2012, p. 4.

What Is The Opportunity?

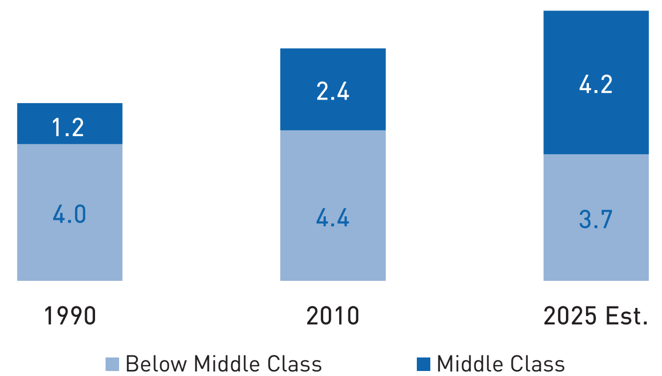
The scope of the opportunity associated with the global middle class is best illustrated by comparing it to the Industrial Revolution. When Great Britain and the United States industrialized, it took them 150 and 50 years, respectively, to double per capita GDP, and they started with populations of approximately 10 million. China and India, the leading emerging economies, doubled per capita GDP in 12 and 16 years, respectively, and had populations of approximately one billion at the start of their economic surge. With populations that are 100 times larger, and per capital economic growth approximately 10 times larger, China and India have an "economic force" that is 1,000 times as large as Great Britain and the United States during the Industrial Revolution.[7]

This "economic force" is set to drive significant growth both in the population of global middle class consumers and also total consumption from that group.

China and India have an "economic force" that is 1,000 times as large as Great Britain and the United States during the Industrial Revolution.

Growth of the Global Middle Class Population **Chart 1**

Billions | Source: McKinsey & Company | August 2012



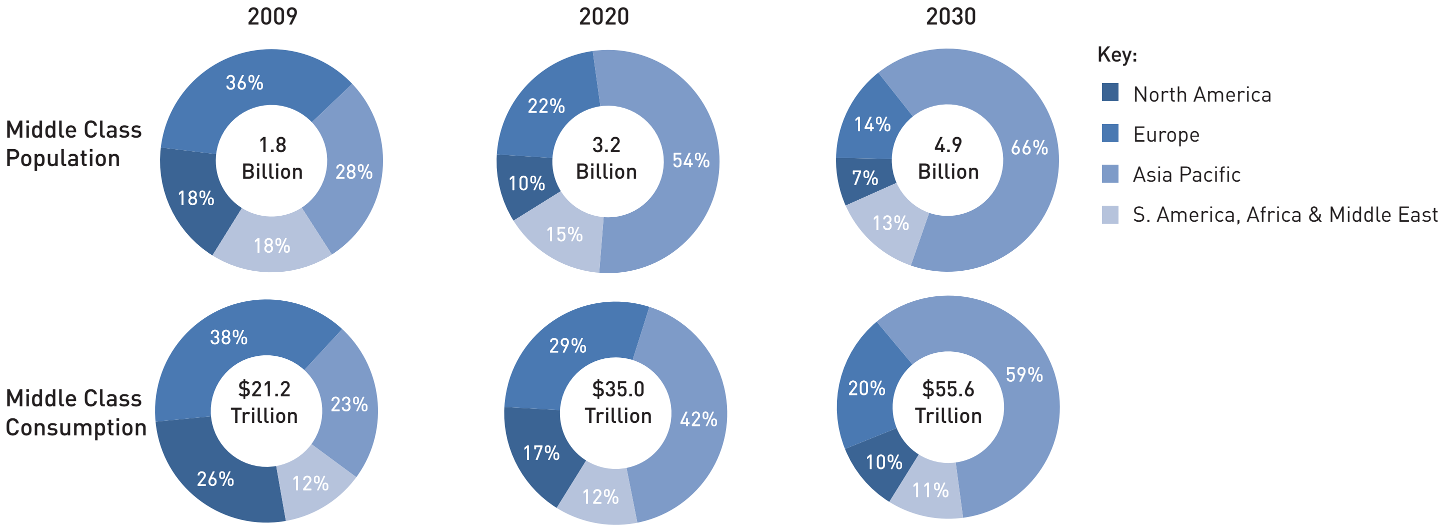
Between 1990, and 2010, middle class consumers have grown from 23% of the total world population to 35%. Between 2010 and 2025, the group is expected to grow by 75% and account for more than 53% of the world population.[8] The bulk of this growth in the middle class is projected to come from emerging markets, particularly the Asia Pacific region.

(7) Atsmon, Child, Dobbs & Narasimhan, *Winning The $30 Trillion Decathalon: Going for Gold in Emerging Markets*, McKinsey & Company, August 2012, p 1.

(8) Ibid. p. 4.

The Global Middle Class: People & Spending **Illustration 1**

Source: Brookings Institution | January 2010

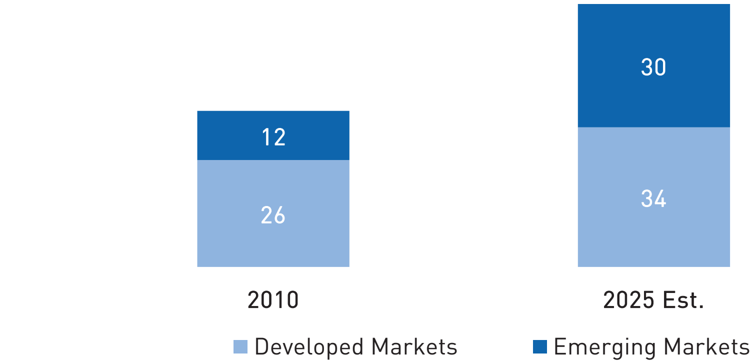


A Brookings Institution report shows that as of 2009, North America and Europe accounted for 54% of the global middle class, while Asia Pacific accounted for only 28%. The Asia Pacific middle class is projected to increase in size by more than 500% by 2030, making it two-thirds of the world's middle class population, while North America and Europe are forecast to account for only 21% of the global middle class.[9]

The implications for growth in consumption in emerging markets between 2010 and 2025 are significant. In 2010, developed markets accounted for 68% of the world's $38 trillion in consumption. World consumption is forecast to grow by 68%, or $26 trillion by 2025. During this time, consumption in emerging markets is expected to grow by 150% to $30 trillion, accounting for 69% of the increase in global consumption.[10] These estimates strongly suggest that capturing growth in consumption has to include exposure to emerging markets.

Global Consumption Demand **Chart 2**

$ Trillions | Source: McKinsey & Company | August 2012



(9) Kharas, Homi, *The Brookings Institution - The Emerging Middle Class in Developing Countries*, 2010, p. 7.

(10) Atsmon, Child, Dobbs & Narasimhan, *Winning The $30 Trillion Decathalon: Going for Gold in Emerging Markets*, McKinsey & Company, August 2012, p 7.

How Do You Invest in the Global Middle Class?

Getting exposure to emerging market economies does not require investing directly in companies domiciled in emerging market countries.

While the opportunity is compelling, getting investment exposure to the global middle class can provide challenges. While there are exchange traded funds that track emerging market indices, they represent broad markets and may not directly represent the types of companies that might benefit from the growing middle class. Investing directly in individual companies in foreign markets, particularly emerging markets, can entail issues such as liquidity constraints, high trading costs, questionable corporate governance, and the potential for geopolitical risk. For these reasons and others, many investors continue to be wary of investing outside the U.S.

However, getting exposure to emerging market economies does not require investing directly in companies domiciled in emerging market countries. Multinational corporations allow investment in companies headquartered in developed nations that can have significant revenue exposure to emerging markets. In fact, the companies in the S&P 500 derive approximately 57% of their revenue outside the U.S. By investing in companies in developed markets, particularly those that trade on U.S. exchanges, investors can get exposure to the growth opportunities in emerging markets while avoiding some of the major obstacles associated with investing directly in emerging market companies.

Global Leaders

The Global Leaders Portfolio provides U.S. investors with a way to access the growth in emerging markets while avoiding some of the risks of investing directly in emerging market companies.

The rapidly expanding middle class in emerging markets, characterized by higher incomes and evolving consumer appetites, will provide solid demand for discretionary items. Companies serving middle income brackets in developed economies stand to benefit significantly from this demographic trend. There are companies that have already begun to take advantage of this opportunity. Well-known companies are operating in developed market countries, while also having strong and growing exposure to emerging market economies. Companies such as these, which we refer to as global leaders, provide U.S. investors with a way to access the growth in emerging markets while avoiding some of the risks of investing directly in emerging market companies. The ability to invest on U.S. exchanges in solid companies with stable political and business climates provides exposure to the growth opportunities of emerging markets while avoiding concerns that may lead investors to miss out on this opportunity.

What Makes A Company Great?

Warren Buffett said, *"the definition of a great company is one that will be great for 25 to 30 years."*[11] Admittedly, this definition is incomplete. There are additional factors to consider in determining whether or not a company is great, and we will take a closer look at the variables. But we believe Buffett is quite right when he says great companies are those that can maintain their "greatness" over a multi-decade period of time.

Great companies are those that can maintain their "greatness" over a multi-decade period of time.

Buffett says his favorite holding period is "forever." Although such a pronouncement might sound impractical, he tells us he doesn't buy stocks with the idea of selling next month, next quarter, or next year. How should we think about a stock that we don't initially intend to sell? Buffett gives us some idea. *"Let's say you are going away for 10 years,"* he explains. *"And you wanted to make one investment and you know everything you know, but couldn't change it while you were gone. What would you think about?"*[12]

According to Buffett's investment tenets, he looks for companies that are "simple and easy to understand." Complexity and above-average gains are not always synonymous. Second, he looks for companies that have a "consistent operating history." It is difficult for companies to deliver above-average gains if they are constantly undergoing change. Lastly, he looks for companies that have "favorable long-term prospects."[13] If you plan to own a company for ten years or longer, it is important that the underlying economic highway is a smooth ride.

Drilling into the economic specifics, the single most important factor for determining value creation is return on invested capital. If a company can generate profits above the cost of capital, then it is creating shareholder value. If the company earns below the cost of capital, it is destroying value.

The single most important factor for determining value creation is return on invested capital.

By way of example, let's say a multinational consumer products company invested $1,000 in a new factory in an emerging market to manufacture and distribute products, and its cost of capital is 10%. If the factory generates $80 in annual earnings, the market value of the factory would be $800 ($80/.10). In this scenario, the company's factory, because it is earning a rate of return below the cost of capital, is destroying shareholder value. If, on the other hand, the factory earned $120 in annual earnings, the value of the factory would be $1,200 ($120/.10) thereby increasing the value of the company.[14]

Investors have the tendency to focus exclusively on sales and earnings as a barometer that tells them how well their company is performing. Where, in reality, the important driver is generally return on invested capital with growth of sales and earnings working as a turbocharger for value creation. If a company earns above the cost of capital, then an investor is well served by a company that can grow sales and earnings at a high rate. But what if a company earns below the cost of capital? In this case, the faster it grows sales and earnings, the faster the company will go out of business. For example, the airline industry has been a spectacular growth story, but it rarely earned above the cost of capital. As a result, airline companies have been frequent candidates for bankruptcy.

(11) Hagstrom, Robert, *The Warren Buffett Way*, Third Edition, (John Wiley & Sons: New York), 2013.

(12) Ibid.

(13) Ibid.

(14) Mauboussin, Michael, *Calculating Return on Invested Capital, Credit Suisse Global Financial Strategies*, June 4, 2014.

Warren Buffett has consistently emphasized that he looks for companies that have a sustainable competitive advantage. He uses the analogy that buying a business is like buying a castle surrounded by a moat. What he wants is a deep and wide moat that can fend off competition from other businesses. Generally speaking, there are five sources to an economic moat: (1) Intangible Assets (patents and brand value), (2) Switching Costs, (3) Network Effects, (4) Cost Advantage, and (5) Efficient Scale. Companies that have one or more of these economic moats are in a position to earn high returns on capital and are able to do so over a lengthy period of time. This is what, we think, makes a company great.

Buffett puts the pieces together (economic returns and duration of returns) telling us he looks for stocks that, *"generate high returns on invested capital, whereby there is a strong likelihood that they will continue to do so over the long term."*[15] Not surprisingly, a company that can generate high returns on capital for 20 years is more valuable than a company that can generate high returns on capital for only five years. Duration of excess returns is far more important than the absolute magnitude of the return.

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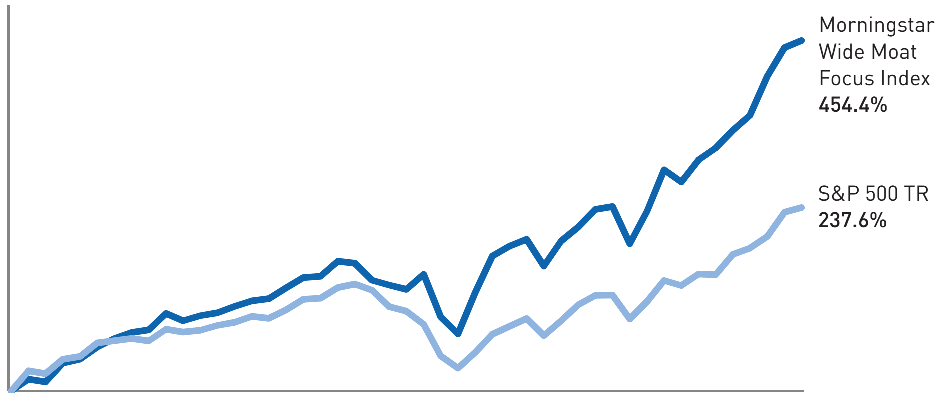
The objective of the Global Leaders Portfolio is to invest in multinational companies that earn above the cost of capital and that are in a position to benefit from the explosive growth predicted in the global middle class consumer market over the next 10 to 20 years. In other words, the Global Leaders Portfolio is looking for great companies.

Long-Term Performance of Strong Economic Moat Companies **Chart 3**

09/30/2002 - 03/31/2014 | Source: Morningstar, Bloomberg



(15) Hagstrom, Robert, *The Warren Buffett Way*, Third Edition, (John Wiley & Sons: New York), 2013.

Invest Like an Owner

Most corporations are not run by the people who own a significant percent of the company shares. Berle and Means argued 80 years ago that when managers own very little equity in the firm, while at the same time the shareholder base is widely diffused, corporate earnings and assets are often deployed to benefit the manager more so than the shareholder.[16]

However, over the years, academics have discovered that value destructive tendencies reverse as management ownership rises. Not surprisingly, when managers own a significant amount of stock, they are financially impacted by value-destructive behavior and less likely to squander corporate wealth. Perhaps also not surprisingly, as managers increase their stake in the company they, in turn, pay a larger share of costs and consequently are less likely to waste resources. Academicians call this the *"convergence of interest hypothesis."*[17]

Empirical studies also show that companies with high insider ownership are run more efficiently compared with peers and generate higher sales growth, gross and net margins, and cash flow per employee. They usually carry less debt than other firms and value higher.[18]

Where appropriate, the Global Leaders Portfolio will seek to align itself with companies that have significant insider ownership. This will include stock ownership by management, boards of directors, founding family members, and substantial long-term investor groups.

In any case, we expect investors in the Global Leaders Portfolio to behave as if they were significant inside owners of the stock of the companies they own and, most importantly, take a long-term investment attitude toward their portfolio.

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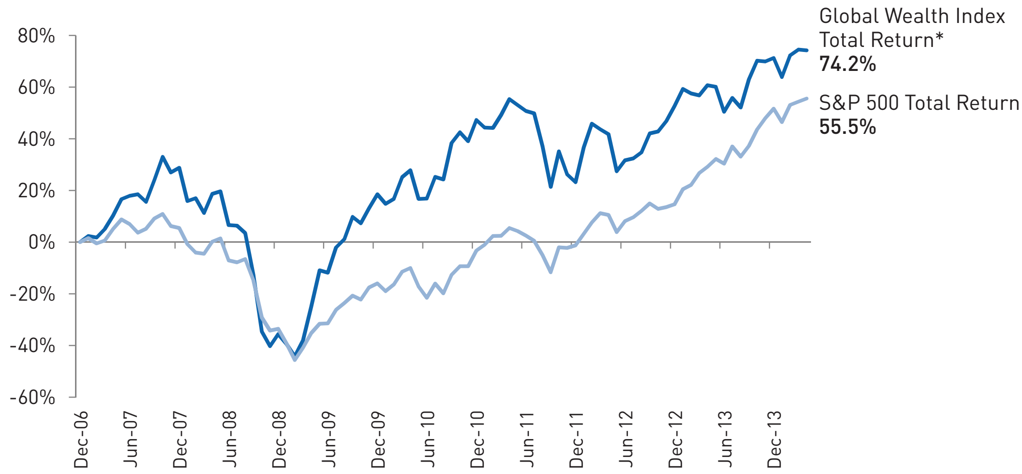
Long-Term Value Creation of High Influential Insider Ownership **Chart 5**

12/31/2006 – 04/30/2014 | Source: Morningstar, Bloomberg



*Horizon Kinetics ISE Global Wealth Index (WEALTHGL) is a passive index that tracks the investment performance of public companies controlled by individuals of substantial wealth. One cannot invest directly in an index.

(16) Berle, A.A. Jr. and G.C. Means, *The Modern Corporation and Private Property*, (Macmillan: New York), 1932.

(17) Shliefer, Andrei and Robert Vishny, *"Management Ownership and Market Valuation: An Empirical Analysis."* Journal of Financial Economics, 2-293-315, 1987.

(18) McConaughy, Daniel L. and Charles Matthews, Anne S. Fialko, *"Founding Family Controlled Firms: Performance, Risk, and Value,"* Journal of Small Business Management, (39), pp.31-49, 2001.

The Global Leaders Portfolio

The Global Leaders Portfolio is a concentrated portfolio designed to realize the benefit of purposeful stock selection but also diversified to help reduce risk. While this approach may be more volatile than the overall market at times, we believe the focus on stock selection provides the best opportunity for successful, long-term performance. Below are the 25 stocks we have chosen that meet our criteria for the Global Leaders Portfolio, as of the date of this publication. Sixty percent of the aggregate revenue of the companies in the portfolio comes from outside the U.S., with over half from the faster growing emerging markets including the Asia-Pacific region, South America, Africa, the Middle East, and Eastern Europe.

Stocks that can compound their retained earnings to increase intrinsic value, which we believe is the surest way of growing long-term wealth.

Taken together, historically, this portfolio generated on average an 18% return on invested capital.* However, as impressive as the number is, our focus for stock selection has not been based on its magnitude, but rather on the expected duration of its above-average return. Our objective is to align our definition of great global companies to the long-term opportunity of an expanding global middle class. As such, we have selected stocks that are likely to compound their retained earnings to increase intrinsic value, which we believe is the surest way of growing long-term wealth. The final piece of the selection process is one of its most important. Influential owners, which we define as management, founding family, and strategic investors command an average of 10% of the voting control of the companies in the portfolio. This significant stakeholding aligns the business decision-making of the company to that of a long-term shareholder.

Global Leaders Portfolio - Current Holdings

Consumer Staples
- Diageo (ADR)
- Estee Lauder Companies
- Anheuser-Busch InBev (ADR)
- Nestle (ADR)
- Philip Morris International
- Unilever (ADR)

Consumer Discretionary
- Discovery Communications
- Las Vegas Sands
- LVMH Moet Hennessy Louis Vuitton (ADR)
- Nike
- VF Corporation

Health Care
- Valeant Pharmaceuticals

Industrials
- Boeing
- UPS

Information Technology
- Apple
- eBay
- MasterCard
- Qualcomm
- TE Connectivity

Financials
- American Express
- Berkshire Hathaway
- BlackRock
- Brookfield Asset Management

Materials
- Monsanto

Energy
- Schlumberger

* FactSet Research Services as of the first quarter of 2014.

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. Holdings will change over time.

Conclusion

The opportunity in the emerging global middle class economy is considerable and we believe will last many years if not decades. It would be a mistake, in our view, for investors with an objective for growing long-term wealth to underweight this opportunity. However, achieving investment success depends on more than merely identifying the opportunity.

The challenge is having an investment approach that can reliably capture the opportunity. At the essence of Warren Buffett's success is the powerful chain of economic compounding that creates long-term value. The growing global middle class is an engine for long-term compounding. But again, more is required for a successful strategy.

While Buffett well understood the powerful chain of economic compounding, he also realized that the dynamic nature of competition and the foolhardiness of company management could undermine the opportunity. His business tenets for valuing companies are aimed at mitigating these risks and the reason he places such a high emphasis of identifying quality management.

We have learned from Warren Buffett. The growing global middle class is the agent for long-term compounding, and his measures for valuing a company will be at the center and focus for stock selection in our Global Leaders Portfolio. Additionally, we believe aligning the portfolio to influential insiders will increase the likelihood of company decision-making remaining consistent to the long-term opportunity rather than gaming near-term results for Wall Street.

Finally, when it comes to investing, Warren Buffett has always taught about humility by acknowledging his mentor, Benjamin Graham, when he said, *"Someone's sitting in the shade today because someone planted a tree a long time ago."* The seed Warren has planted for us is to seek global opportunity, own great companies, and invest like an owner.

We have learned from Warren Buffett. The growing global middle class is the agent for long-term compounding and his measures for valuing a company will be at the center and focus for stock selection in our Global Leaders Portfolio.

About The Authors

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Senior Portfolio Manager

Robert joined EquityCompass as a Senior Portfolio Manager in April 2014. Prior to that, he was the Chief Investment Strategist of Legg Mason Investment Counsel, and before that, the Portfolio Manager of the Growth Equity Strategy at Legg Mason Capital Management for 14 years. He has also served as President and Chief Investment Officer of Legg Mason Focus Capital, General Partner of Focus Capital Advisory, and Principal at Lloyd, Leith & Sawin.

Robert is the author of nine investment books, including *The New York Times Best Seller*, *The Warren Buffett Way* and *The Warren Buffett Portfolio: Mastering the Power of the Focus Investment Strategy*. He earned his Bachelor and Masters of Arts degrees from Villanova University and is a member of the CFA Institute and the CFA Society of Philadelphia.

BOBBY THOMAS
Portfolio Manager

Bobby Joined EquityCompass in March 2010. Previously, he was an Associate in the investment banking practice, also at Stifel, where he was responsible for the transaction execution of mergers and acquisitions and public and private capital-raising transactions.

Bobby has an MBA from the University of Chicago Booth School of Business and received his Bachelors in Engineering from University of Calicut, India.

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Disclosures

Information and examples contained herein are for illustrative purposes and are not meant to recommend a buy or sell of any company's securities. Selection of companies presented herein was made based on objective criteria, consistent with the investment strategy. A complete list of Global Leader Portfolio holdings is available upon request.

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Index Description(s): The index returns are presented on a total return basis, which assume reinvestment of all cash distributions (such as dividends). The Morningstar® Wide Moat Focus Index consists of the 20 securities in the Morningstar® US Market Index with the highest ratios of fair value to their stock price and possessing a sustainable competitive advantage (i.e., wide moat), as determined by Morningstar. Securities in the Wide Moat Focus Index are assigned equal weights. MSCI ACWI captures large- and mid-cap representation across 23 Developed Markets and 21 Emerging Markets countries. With 2,434 constituents, the index covers approximately 85% of the global investable equity opportunity set. Horizon Kinetics ISE Global Wealth Index (WEALTHGL) is a passive index that tracks the investment performance of public companies controlled by individuals of substantial wealth. Indices are unmanaged and are not available for direct investment.

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and different accounting standards. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries. Rebalancing may have tax consequences, which should be discussed with your tax advisor.

Any investment involves risk, including the risk of a loss of principal. PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.

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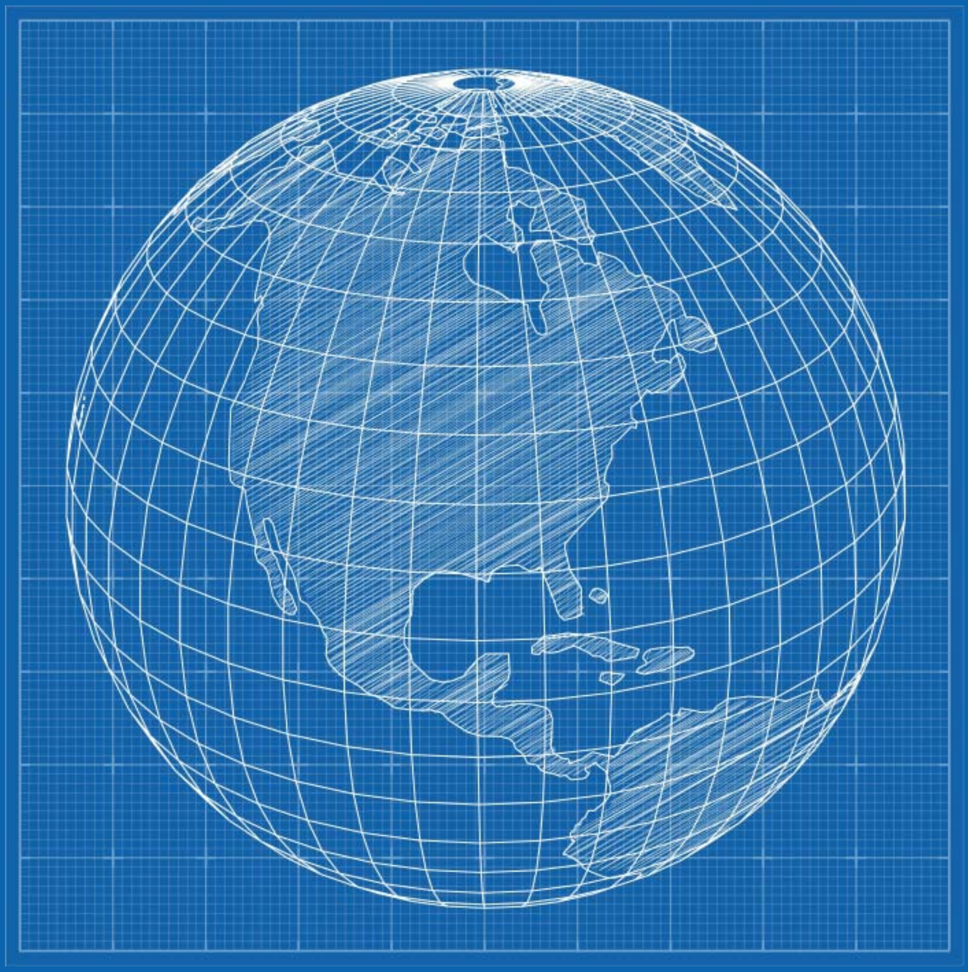

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