Dividend Growth

Portfolio Update: 2020

For the year 2020, the Dividend Growth Strategy (the "Strategy") increased +16.14% gross of fees (+15.53% net of fees), outperforming the +6.48% return for the U.S. Morningstar Dividend Growth Index, while underperforming relative to the broader large cap S&P 500 Index return of +18.40%. The dichotomy in performance between dividend paying companies and growthier, non-dividend payors was truly astounding this year. As long-term investors, we are more concerned about compounding value for clients over many years rather than in any one individual year. On this front we are also pleased to report that the Strategy has returned +16.44% gross of fees (+15.88% net of fees) annually over the past 5 years versus +11.62% for the Morningstar Index and +15.22% for the S&P 500.

While we are pleased with the recent returns, given current equity market valuations, we believe it is extremely unlikely to be sustainable over the next five years and it's best to temper return expectations lower. It's always possible we'll be positively surprised, but we think double digit returns are a very low probability and it's better to plan for a much lower return environment in the equity markets. As long-term investors, we tend to think of the investment horizon over multiple years, not quarters, which is why we are moving to an annual letter instead of four quarterly letters.

	Q1	Q2	Q3	Q4	1 Year	3 Years	5 Years	10 Years	Since Inception
Dividend Growth Strategy	-22.03%	+21.47%	+8.28%	+12.73%	+15.59%	+15.53%	+15.88%	+12.68%	+8.21%
S&P 500 Index	-19.60%	+20.54%	+8.93%	+12.15%	+18.40%	+14.18%	+15.22%	+13.88%	+9.92%
US Morningstar Dividend Growth Index	-22.43%	+15.35%	+5.74%	+12.55%	+6.48%	+8.81%	+11.62%	N/A	N/A

Inception date: April 30, 2005. Performance for periods of greater than one year is annualized. Performance is presented net of RMB Asset Management's maximum management fee and transaction costs. Performance is not net of RMB's Wealth Management advisory fee (if applicable). Please see important disclosures at the end of this document. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment.

From a traditional attribution perspective, the Strategy's overall underperformance versus the S&P 500 was roughly balanced between stock selection and sector allocation. Underperformance in the Information Technology and Healthcare sectors was partially offset by positive contribution from Financials and Energy. The Strategy's overall outperformance in 2020 versus the U.S. Morningstar Dividend Growth Index was primarily due to stock selection, with a modest positive contribution from sector allocation. Outperformance was particularly notable in the Financials, Consumer Discretionary and Industrials sectors, partially offset by negative contribution in the Consumer Staples and Real Estate sectors. The Dividend paying stocks, the focus of the Strategy, substantially underperformed non-dividend paying stocks in 2020. This is very evident in the mega cap technology stocks that have an outsized influence on the S&P 500's return, given their high weightings, but is also seen in many of the aggressive growth Technology and Health Care names which were also market darlings. According to Zack's Investment Research, non-dividend paying companies in the S&P 500 returned 40.6%, more than double the return of the index as a whole. The divergence is also seen in the outperformance of growth versus value, the latter of which tends to house more mature dividend paying companies. While nobody knows how 2021 will play out, we suspect that the gap in performance between dividend stocks and non-dividend payors will not persist and could potentially reverse over time. We will discuss individual holdings impact on performance in a bit.

2020….what a year. It's hard to say that we can write anything that hasn't already been written to describe a most unusual year. The year started with a very healthy economy that was quickly upended by the global pandemic that brought economic collapse and a global health emergency. Behavioral finance bias teaches us that unexpected, outlier events like 2020 happen more often than the human mind's probability analysis comprehends. Hopefully, we'll learn lessons from the pandemic and be better prepared for future health threats. The dichotomy between what was going on in the real economy and how the stock market reacted over the course of the year is also confirmation that the economy and stock market are two separate animals and, at times, aren't even positively correlated. The initial market selloff in February and March was staggering in its speed and depth from peak to trough. Bottoming on March 23rd, the rebound and subsequent rally over the course of the year was equally surprising in its speed and magnitude. None of us in March thought the market could finish the year with positive returns well into the double digits, but it did. The market was clearly rescued by the unprecedented support of monetary policy from the Fed and fiscal policy from the U.S. Government. The "whatever it takes" mantra to get the country through the pandemic, along with remarkable progress on producing a highly efficacious vaccine, supported the market's rebound and astounding full year returns. The market also found solace in the outcome of the U.S. election in November that showed that most of the country remains quite centrist on policy issues, despite the polarization of Washington DC to the left and right extremes. Capitalism is by no means perfect, but it seems like most of the electorate doesn't want their central government to be overly controlling of their economic or personal lives. No matter your political leanings, we're hopeful the new year brings better leadership, sound economic policy, and greater overall stability. Corporate leadership has been quite vocal that they just want fewer outside surprises, as they lead their companies and plan for the future.

As we close the books on a most tumultuous year, we think there is a strong case for optimism that the economy will improve significantly in 2021, once the health crisis subsides. With COVID cases, hospitalizations, and deaths still rising at alarming rates, the distribution of the vaccine cannot come quickly enough. This was not your normal recession and the pace of the economic recovery will parallel the success in ending the health crisis. There is a strong case for optimism, as the population becomes vaccinated and more reopening commences. Consumer savings rates have been high during the recession and could unleash strong spending, particularly for consumer services once we reach the midpoint of the year. Additional stimulus programs from the government are helping bridge the gap and hopefully employment growth will be strong once spring comes.

The stock market is a powerful, forward-discounting mechanism and has priced in an optimistic recovery scenario. Historically high valuations reflect this expected corporate earnings recovery in 2021 and 2022 and for interest rates to remain extremely low. The 10 Year Treasury was already quite low at the beginning of the year at 1.92% but fell even further with the onset of the pandemic and Fed rate cuts, ending the year at 0.92%. While we are not a believer that we will see negative rates in the U.S., much of the worlds developed markets do, and, at 1%, we do have a negative real interest rate when adjusting for inflation. The massive government stimulus programs that have blown the Federal deficit into the trillions (yes, that's trillions plural!) and printing of dollars by the Fed do leave us with concerns about inflation in the future. While this may not be a 2021 event as the economy recovers, we are on the lookout for signs of emerging inflation. The Fed has promised to keep interest rates unchanged, even if inflation exceeds 2%, so there is a possibility that the Fed could get behind the curve at some point in the next couple of years. In our opinion, equity market valuations are pricing in low interest rates for many years into the future, so upward pressure on rates would not be good for stocks. As bottom-up equity investors, we always have some hesitation to opine on "the market" as it's one homogenous thing, as we believe in the mantra of "a market of stocks, not a stock market". Our bottom-up process confirms this expensive market, as we are not finding bargains in individual companies to be abundant, particularly in our quality growth universe. Within our existing holdings, the Strategy has more reward-to-risk ratios under one than it has greater than one, a full reversal from where we stood in mid-March, when we were excited about the long term opportunities the selloff had presented us. In hindsight, this aggressive buying window was not open for very long after the quick rebound off the lows. The Strategy took advantage of some dislocations during this period, although, in hindsight, we wish we would have been even more aggressive in making a few more changes. That said, we've stuck with our process and strategy and it's paid off in healthy relative returns in 2020 and the past five years. Macro market predictions are very difficult to make with any hopes of being consistently accurate, so we'll keep our efforts principally focused on bottom-up stock selection. We have built a concentrated, yet diversified, portfolio of high-quality, individual companies that can grow their earnings for years into the future and earn attractive returns on invested capital. No matter what happens with the current market cycle, we strongly believe the Strategy positions us to outperform over the long run without taking undue risk.

Dividend Growth

Contributors and Detractors

The accompanying chart shows the Strategy's largest contributors and detractors to performance during the year. The largest contributor was Apple Inc. (AAPL, +82.31%), a company that needs no introduction. The stock performed well this year, given limited business exposure to the pandemic and anticipation of strong sales of its new 5G enabled iPhones. Investors also are increasingly focusing on the recurring revenue service segment of Apple's revenue, which, as it becomes a larger piece of the total, has been a tailwind for a higher valuation. We did cut back our position size in Apple this fall shortly after the 4 for 1 stock split, as we felt the valuation had gotten ahead of the fundamentals. We chose not to exit the position completely, as we still like the long-term growth opportunity for the company and also acknowledge our low tax basis. Currently, Apple is in the bottom third of the Strategy. No surprise, another technology name, Microsoft Corp. (MSFT, +42.53%) was the second largest contributor. Microsoft continues to enjoy outstanding growth for a company of its size. The move of its iconic Office enterprise software to the cloud has gone exceptionally well, accelerating growth and making it more subscription-like business. Its Azure cloud segment also continues to grow at a rapid rate, with secular growth tailwinds ahead of it indefinitely. We also have to applaud the job CEO Sataya Nadella has done over the past several years in reinvigorating a tired business and improving the corporate culture to attract and retain high quality talent. Microsoft is the Strategy's largest position at year end.

Core Equity
2020 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Apple Inc.	+354	+82.31%
Microsoft Corp.	+323	+42.53%
Ritchie Brothers Auctioneers Inc.	+263	+64.69%
Lowe's Companies Inc.	+258	+36.40%
Analog Devices Inc.	+253	+76.29%
Bottom Detractors		
Raytheon Co.	-334	-46.55%
Microchip Technology Inc.	-294	-27.45%
U.S. Bancorp	-217	-45.07%
Chevron Corp.	-102	-37.96%
CME Group Inc.	-61	-6.34%

Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Strategy. To obtain a copy of RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your service team. The data provided is supplemental. Please see important disclosures at the end of this document.

On the negative side of the performance ledger, we had several names that detracted from performance in 2020. Leading the way is aerospace and defense supplier, Raytheon Co. (RTX, -46.55%). In what might go down as the worst luck in history for the timing of a transformative acquisition, Raytheon closed its merger with United Technology's commercial aerospace business at the beginning of 2020, just as the pandemic was about to hammer the growth potential for the commercial aerospace business, which it was getting from United. As we all know, airlines have been one of the most highly impacted industries from the pandemic, as commercial traffic collapsed. The need for new airplanes, replacement engines, and the underlying health of the customer base to even make purchases has been decimated. While there is a bull case for longer-term recovery of the industry, it will take years to get back to what 2019 looked like. We've selectively used our position in Raytheon as a source of cash during the year and have a small remaining stub position at year end. Analog semiconductor and microcontroller provider Microchip Technology Inc. (MCHP, -27.45%) was the second largest detractor for the year. We sold our position in Microchip to purchase peer Analog Devices Inc. (ADI) during the market drawdown, to take advantage of a tax loss and upgrade to what we believe is an equivalent or higher quality semiconductor name. Microchip also had a more leveraged balance sheet than Analog and had chosen to be more acquisitive over the past few years rather than grow its dividend. We have a long history in following Analog and believe they have a strong competitive position, good management team with a history of integrating acquisitions well, and an ability to grow consistently for years to come.

Dividend Growth

Portfolio Activity

During the year, the Strategy purchased three new names, which is, historically, a bit on the lower side, but consistent with our desire to keep turnover low and own long-term compounding business models that can be owned for years. The three new names bought this year are Keurig Dr Pepper Inc. (KDP), Analog Devices Inc. (ADI), and JP Morgan Chase & Co. (JPM). Keurig is a branded beverage manufacturer that owns the leading coffee brew-at-home system, as well as a portfolio of cold drinks, including iconic Dr Pepper, Snapple, and Canada Dry. Keurig and Dr Pepper merged two years ago, combining a portfolio of iconic brands, to create the first beverage company with scale across both cold and hot beverages. The combined enterprise can better leverage their unique scale, distribution, and innovation to become a more powerful company in the beverage industry. On the "hot" coffee side of the business, Keurig is in an enviable position of a razor/razorblade model with well-defined e-commerce capabilities able to capitalize on the work-from-home / post-COVID environment. As more household turn towards at-home coffee consumption, there is a real opportunity for Keurig to significantly increase its penetration from the current 25% level. On the cold side of the business, the company has been leading with product innovation, which has driven above industry average growth. Distribution is another key asset of the company, as their company-owned direct store distribution (DSD) can deliver packaged bottling to 75% of the population with partnerships delivering the rest. The company has rapidly paid down debt over the past couple of years and is on a path to three times leverage by the end of this year, after which it can increase capital towards growing the dividend (2% current yield) and buying back shares. We think this Consumer Staple name can compound earnings for the next several years at an above sector average growth rate, while increasing its stream of dividend payments to shareholders.

TOP 10 HOLDINGS AS OF 12/31/20

Company	% of Assets
Microsoft Corp.	6.55%
Morgan Stanley	5.54%
Lowe's Companies Inc.	5.15%
UnitedHealth Group Inc.	4.67%
JPMorgan Chase & Co.	4.62%
Keurig Dr Pepper Inc.	4.55%
American Tower Corp.	4.47%
Union Pacific Corp.	4.42%
Becton, Dickinson and Co.	4.35%
Accenture PLC	4.28%

Holdings are subject to change. Portfolio characteristics are intended to provide a general view of the entire portfolio, or Index, at a certain point in time. Characteristics are calculated using information obtained from various data sources. Past performance is not indicative of future results, and there is a risk of all or part of your investment. The data provided is supplemental. Please see disclosures at the end of this document.

JP Morgan Chase & Co. (JPM) was added to the Strategy to replace U.S. Bancorp (USB) and we subsequently added to the position later in the year. When bank stocks were crushed in March, we felt like it was time to play a little more "offense" and own an equally high quality, albeit modestly higher beta bank name. JP Morgan has a long history of being one of the best managed of the mega-cap U.S. banks, with CEO Jamie Dimon earning his rockstar status over the years. The market hit the stock hard assuming credit losses would skyrocket from the pandemic, capital markets would dry up, and interest rates would stay low forever. As the Fed flooded markets with liquidity and the government provided aid to both businesses and individuals, it became clearer over the course of the year that banks would ride out this deep, albeit short, recession just fine. JP Morgan's "fortress balance sheet" was built to withstand difficult periods and has been proven to be well capitalized during difficult periods like these. Bank stocks really started to rally in the fourth quarter, as interest rates rose off their lows, creating a modestly more favorable yield curve. JP Morgan was also given the green light by the Fed to return more capital to shareholders through its dividend and buyback programs, confirmation that the worst of the storm has passed. We see more upside for the stock in coming quarters and the position is the Strategy's fifth largest at year end.

We completely exited three names during 2020. As mentioned earlier, Microchip Technology Inc. (MCHP) was swapped for Analog Devices Inc. (ADI) and U.S. Bancorp (USB) was sold to purchase JP Morgan. We also exited our position in integrated oil giant Chevron Corp. (CVX) late in the year, with most of our taxable investors realizing a tax loss in the process. Energy stocks had brutal year in 2020, the worst performing sector overall. Global energy markets were already struggling from excess global supply and lackluster demand pre-pandemic, oil and gas prices collapsed as the economy shut down in the second quarter. Market prices did recover some in the back half of the year, as reopening optimism grew and OPEC showed that it still has some relevance in impacting global commodity prices. We exited our position in Chevron, acknowledging that, for long term investors, the Energy sector really isn't all that attractive of a place to own "compounders". Fortunately, the sector is a small part of the underlying benchmark, so by not owning a name, we can further differentiate ourselves without taking much benchmark risk.

Outlook

U.S. corporate earnings growth, which is the biggest long-term driver of stock prices, was impacted significantly in 2020 by the pandemic and recession. That said, earnings proved to be considerably more resilient than one might have thought nine months ago and the recovery in 2021 and 2022 looks to be very strong. It's possible that 2021 earnings recover or potentially even exceed 2019 pre-recession levels this year. It's clear the market has reacted to the bullish recovery case and priced in an optimistic scenario. 2019's +31% market return was nearly all due to P/E multiple inflation and with earnings declining in 2020, it's happened again as the multiple inflated further. Today the market is trading at 22.7x 2021 and 19.5x 2022 current earnings estimates versus a very long-term average around 16x. Even when accounting for low interest rates, which lowers discount rates and inflates P/E multiples, this is towards the top of historical valuation metrics. We also note that there are some signs of bubblish type behavior in the valuations of in some of the growthiest, more speculative parts of the stock market and recent IPO's. As grizzled veterans, we can't help but recall the TMT (tech, media, telecom) fueled boom of the late 1990's when individual investors piled into highly speculative stocks. While we don't think we're quite to "mania" levels today, we all remember how the 90's ended.

As always, while we may opine on our view of the overall market, we do not pretend to have any ability of predicting where the market is heading in the short or intermediate term. It's a very difficult, if not impossible, task to add value by timing the market. We think it's prudent to keep return expectations modest for the next few years as longer-term returns are likely to be lower than what we've enjoyed over the past several years. We continue to focus the Strategy's efforts on owning companies with good secular growth prospects, strong economic moats, underleveraged balance sheets, and superior management teams. These are companies we believe can compound value for shareholders for years into the future. The opportunities to find high-quality growth companies selling at attractive valuations is not abundant, but we will continue to use our "bottom-up" search to optimize the Strategy. If we do our jobs well by adhering to a disciplined investment process and managing Strategy risk, we aim to continue to add value to market returns in subsequent years. We'd like to wish everyone a happy new year, with hope that 2021 will be a much better year and a sincere thank you for the continued trust you place in us to manage your assets. If you have any questions, please do not hesitate to contact us.

Sincerely,

Todd Griesbach
Portfolio Manager

Dividend Growth

RMB Asset Management

Dividend Growth Strategy // Annual Disclosure Presentation

Organization | RMB Capital Management, LLC ("RMB Capital") is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and was established in 2005. The GIPS firm is defined as RMB Asset Management ("RMB AM"), a division of RMB Capital Management, LLC. Previously, the firm was defined as RMB Capital and was redefined on January 1, 2016 to only include the asset management business due to the difference in how its investment strategies and services are offered. RMB AM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. RMB AM has been independently verified for the period April 1, 2005 through December 31, 2019. Verification assesses whether: (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis; and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The Dividend Growth composite has been examined for the period of April 1, 2005 through December 31, 2015. The verification and performance examination reports are available upon request. RMB AM maintains a complete list and description of composites, which are also available upon request.

Description | The Dividend Growth Strategy reflects the performance of fully discretionary dividend growth accounts, which have an investment objective of long-term growth using a portfolio of primarily large-cap stocks and, for comparison purposes, is measured against the S&P 500 index. The Dividend Growth Composite was created on April 1, 2005 and includes all accounts that are managed in accordance with the Dividend Growth investment strategy. An account is included in the Composite on the first day of the first full month the account is under management. An account is removed from the Composite as of the last day of its last full month. Account performance is based on total assets in the account, including cash and cash equivalents. Results are based on fully discretionary accounts under management, including those accounts no longer managed by RMB. Valuations and returns are computed and stated in U.S. Dollars.

ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

			Composite Assets		Annual Performance Results					
Year End	Total Firm Assets as of 12/31 ($M)	JSD ($M)	# of Accounts Managed	Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	S&P 500 (%)	Composite 3-YR ST DEV (%)*	S&P 500 3-YR ST DEV (%)	% Non-Fee Paying Assets	Composite Dispersion (%)
2019	4,947.9	243.7	460	37.62	36.95	31.49	11.39	11.93	0.05	0.45
2018	4,196.9	204.2	474	-2.11	-2.58	-4.38	10.89	10.80	0.07	0.36
2017	3,610.6	219.4	507	19.21	18.64	21.83	10.11	9.92	0.07	0.40
2016	3,047.5	204.6	516	14.77	14.21	11.96	10.95	10.59	0.06	0.41
2015	3,706.0	215.8	571	-6.54	-6.99	1.38	10.47	10.47	0.05	0.40
2014	3,312.9	260.4	640	12.48	11.93	13.69	9.68	8.97	0.04	0.38
2013	3,248.5	265.8	691	30.44	29.81	32.39	12.09	11.94	0.04	0.51
2012	2,585.9	200.5	621	14.52	13.93	16.00	14.98	15.09	0.04	0.47
2011	2,218.0	112.7	344	3.10	2.59	2.11	18.23	18.70	0	0.64
2010	1,881.9	25.2	127	2.33	1.05	15.06	N/A	N/A	0	0.70
2009	1,613.9	29.7	189	28.81	27.20	26.46	N/A	N/A	0	1.16
2008	1,113.6	30.6	210	-36.62	-37.43	-37.00	N/A	N/A	0	0.50
2007	1,420.6	18.1	92	10.51	9.07	5.49	N/A	N/A	0	0.40
2006	1,070.2	10.3	64	13.29	11.91	15.79	N/A	N/A	0	0.50
2005**	811.9	2.7	15	7.92	6.90	7.22	N/A	N/A	0.00	N/A

**The 3 year ex-post standard deviation is not presented prior to 2011 because it is not required. **Results shown for the year 2005 represent partial period performance from April 1, 2005 through December 31, 2005.*

Fees *| Effective January 1, 2011, RMB Capital's asset management fee schedule for this Composite is as follows: 0.50% on the first $3.0 million, 0.475% on the next $2.0 million, 0.450% on the next $5.0 million, 0.425% on the next $15.0 million, and 0.400% over $25.0 million. Actual asset management fees charged by RMB may vary. Composite performance is presented on a gross-of-fees and net-of-fees basis and includes the reinvestment of all income. Gross-of-fees returns means it is net of transaction costs but gross of asset management fees, custodian fees and withholding taxes. The payment of actual fees and expenses would reduce gross returns. The compound effect of such fees and expenses should be considered when reviewing gross returns. The net returns are reduced by all actual fees and transactions costs incurred. The composite includes accounts that pay asset-based pricing for trading expenses. The maximum fee is 15 basis points per year; however, many accounts pay lower amounts due to household break-point relief. Returns for those accounts prior to 3/1/19 do not reflect the deduction of asset-based pricing, and are therefore gross of trading expenses. These accounts represent approximately 81% of composite assets. In addition to an asset management fee, some accounts pay a wealth management fee based on the percentage of assets under management to RMB Capital. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year. Risk measures presented are calculated using gross-of-fees performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.*

Minimum Value Threshold *| There is no account minimum in the Dividend Growth Strategy.*

Comparison with Market Indices *| RMB compares its Composite returns to a variety of market indices such as the S&P 500. The index represents unmanaged portfolios whose characteristics differ from the Composite portfolios; however, it tends to represent the investment environment existing during the time period shown. An investment cannot be made directly in an index. The returns of the index do not include any transaction costs, management fees, or other costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by your account in the Composite. Benchmark returns presented are not covered by the report of independent verifiers.*

Other *| Past performance is not indicative of further results, and there is a risk of loss of all or part of your investment. Historical rates of return may not be indicative of future rates of return. Individual client performance returns may be different than the composite returns listed. Total Firm Assets as of 12/31 for the years 2010, 2011, and 2012 have been revised to exclude assets from personal trading accounts that were included in previously reported figures.*

Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The opinions and analyses expressed in this letter are based on RMB Capital Management, LLC's ("RMB Capital") research and professional experience and are expressed as of the date of our mailing of this letter. Certain information expressed represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future performance, nor is it intended to speak to any future time periods. RMB Capital makes no warranty or representation, express or implied, nor does RMB Capital accept any liability, with respect to the information and data set forth herein, and RMB Capital specifically disclaims any duty to update any of the information and data contained in this letter. The information and data in this letter do not constitute legal, tax, accounting, investment, or other professional advice. The information provided in this letter should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in the Portfolio at the time you receive this letter or that securities sold have not been repurchased. The securities discussed do not represent the entire Portfolio and, in the aggregate, may represent only a small percentage of their holdings. It should not be assumed that any securities transaction or holding discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. A complete list of security recommendations made during the past 12 months is available upon request. An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not account for fees, taxes or transaction costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by your account. The Russell 3000 measures the performance of the largest 3000 U.S. companies, representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually. The S&P 500 includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 focuses on the large-cap segment of the market and covers approximately 75% of U.S. equities. High-quality stocks are those that we believe offer greater reliability and less risk. The quality assessment is made based on a combination of soft (e.g., management credibility) and hard (e.g., balance sheet stability) criteria.