

ORGANIZATION

- Founded in 1995
- Dallas-based
- \$2.2 billion in managed assets
- 100% Employee-owned
- A firm wide commitment to culture and diversity
- 11 investment professionals averaging 10 years tenure and 20 years investment industry experience

KEYS TO SUCCESS

- Over 20 years focused on the theory and practice of capturing unexpected earnings
- A portfolio construction process integrating the best of both disciplines:
 - Quantitative research to identify opportunities and risks swiftly
 - Fundamental analysis to verify sources of unexpected growth
- Delivering realized growth that is better than expected

Investment Process

The objective of the strategy is to provide a high level of current income with a sustainable trend of increasing dividends. The portfolio is designed to provide long-term inflation protection and a solid risk-adjusted return over the full market cycle.

BUY DISCIPLINE:

Factors considered in analysis of potential buy candidates include:

- Current dividend yield of at least 2%
- Stable upward trending long term div. growth rate
- Attractive valuation
- Strong balance sheet and high earnings quality

SELL DISCIPLINE:

A holding is sold if one or more of the following conditions applies:

- Adverse change in company dividend policy
- Deterioration of company or industry fundamentals
- Stock becomes overvalued
- Downgrade of debt rating

Investment Performance (%)

	Dividend Growth (%) (Net of Fees)	S&P 500 Index (%)	Portfolio Beta v. S&P 500	Portfolio Annualized Alpha v. S&P 500
Q1 2020	-20.9	-19.6	—	—
1 Year	-9.3	-7.0	0.91	-2.6
3 Years	3.9	5.1	0.85	0.1
5 Years	6.0	6.7	0.80	1.1
7 Years	8.0	9.6	0.79	0.9
Since Inception	10.1	12.5	0.77	1.1

Inception Date: Oct. 1, 2011; Periods greater than 1 year have been annualized

Strategy Facts

Inception Date	Oct. 1, 2011
# of Holdings	20–30
Allocation	Equity: 94%, Cash: 6%
5 Year Turnover	9%
Inv. Vehicle	Sep. Account
Strategy Access	Investnet, TD Ameritrade, Schwab

Style Objective

	Value	Growth
Large		
Small		

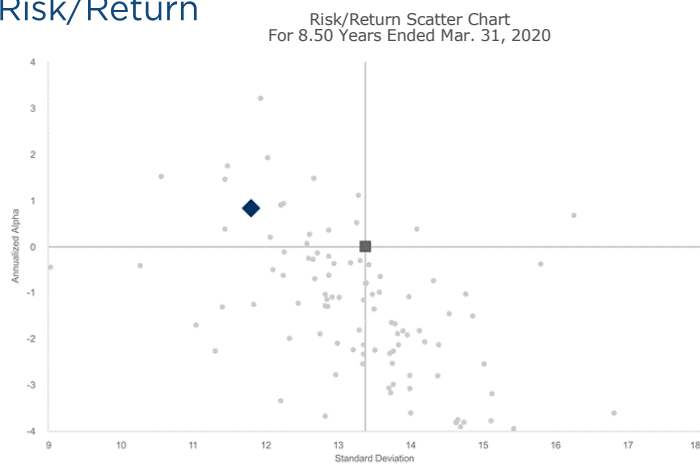
Risk/Return Statistics

	v. S&P 500	Percentile Peer Rank
Alpha	1.1	6
Sharpe Ratio	0.93	12
Gain/Loss Ratio	1.1	5
Max Drawdown	20.8	22
Down-Mkt. Capture	81	4

Timeframe: Oct. 1, 2011 - Mar. 31, 2020, Gross of fees;
Peer rank v. eVestment Alliance US Dividend Focus Equity
Peer ranks for timeframe Oct. 1, 2011 - Mar. 31, 2020

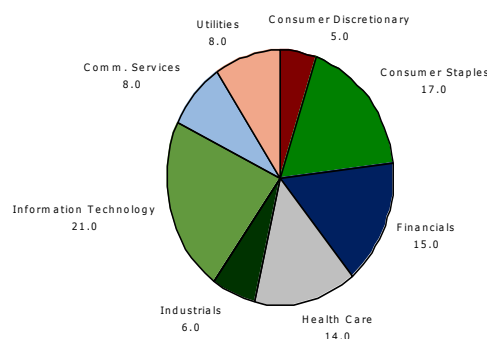
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Risk/Return



Source: eVestment; Peer Group: eVestment Dividend Focus Equity

Sector Allocation (%)



Strategy Characteristics

	Smith Div. Growth
Dividend Yield	3.8%
5 Yr. Dividend Growth Rate	9.6%
Price/Earnings - 12M Fwd.	13.2x
Price/Cash Flow	8.9x
S&P Sr. Debt Rating	AA-
Wtd. Avg. Mkt. Cap (\$B)	\$215.1
Holdings	22

Top Ten Holdings

Microsoft	McDonald's
Lockheed Martin	Pepsico
Qualcomm	Abbvie
Johnson & Johnson	Verizon Communications
JP Morgan Chase	Southern

Portfolio Objectives

Fundamental Characteristic	Individual Holdings	Total Portfolio
Dividend Yield	Greater than 2.0%	150% of S&P 500 Index
Dividend Growth Rate	Stable upward trending over the long term	At least 200% of inflation rate
Payout Ratio	Generally increasing	Generally increasing
Beta	Less than 1.5	Significantly less than 1.0
Financial Strength/Quality	Investment Grade Debt Rating. Attractive earnings quality	High financial quality
Valuation	Attractively valued relative to sector peers and/or own history	Trades at discount to the overall market

Performance and Firm Disclosures

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