

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 12 years tenure and 21 years investment industry experience

KEYS TO SUCCESS

- Over 25 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 (%)

	4Q 2020	1 YEAR	3 YEARS	5 YEARS	7 YEARS	SINCE INCEPT
Dividend Growth	8.4	2.6	7.8	11.3	10.1	12.9
<i>Annualized Alpha Peer Rank</i>	—	55	34	18	14	8
<i>Portfolio Beta vs. S&P 500</i>	—	0.87	0.80	0.78	0.78	0.76
S&P 500 Index	12.2	18.4	14.2	15.2	12.9	16.2
Russell 1000 Value	16.3	2.8	6.1	9.7	8.2	12.8
S&P 500 Low Volatility High Dividend Index	15.5	-9.7	0.9	7.2	8.7	10.9
<i>Net of Fees</i>	8.2	2.0	7.3	10.7	9.5	12.3

Inception Date: Oct. 1, 2011; periods greater than 1 year have been annualized; Peer rank v. eVestment Alliance Dividend Focus Equity Universe

Strategy Facts

Inception Date	Oct. 1, 2011
# of Holdings	20–30
Allocation	Equity: 97%, Cash: 3%
5 Year Turnover	10%
Inv. Vehicle	Sep. Account
Strategy Access	Envestnet, TD Ameritrade, Schwab

Style Objective

	Value	Growth
Large		
Small		

Risk/Return Statistics

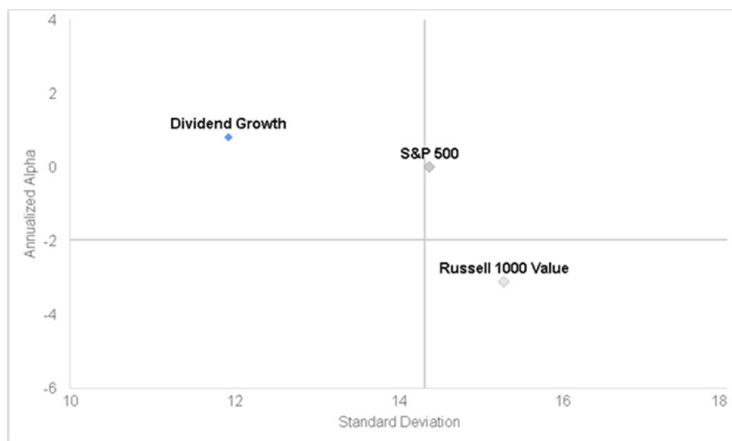
	v. S&P 500	Percentile Peer Rank
Alpha	0.7	8
Sharpe Ratio	1.08	18
Gain/Loss Ratio	1.13	8
Std. Deviation	11.4	5
Down-Mkt. Capture	81	5

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

Past performance is not indicative of future results. As with any investment vehicle, there is always a potential for profit as well as the possibility of loss. Actual results may differ from composite returns, depending on account size, investment guidelines and/or restrictions, inception date and other factors. Nothing contained in this presentation should be construed as a recommendation to buy or sell a security or economic sector. Please see firm and performance disclosures.

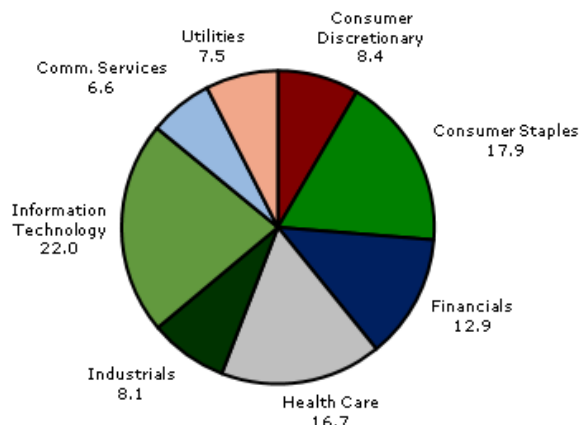
Risk/Return

Risk/Return Scatter Chart
For 9 1/4 Years Ended Dec. 31, 2020



Source: eVestment; Peer Group: eVestment Dividend Focus Equity

Sector Allocation (%)



Strategy Characteristics

	Smith Div. Growth
Dividend Yield	3.0%
5 Yr. Dividend Growth Rate	8.7%
Price/Earnings - 12M Fwd.	16.9x
Price/Cash Flow	14.0x
S&P Sr. Debt Rating	AA-
Wtd. Avg. Mkt. Cap (\$B)	\$293.9
Holdings	24

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

Top Ten Holdings

Microsoft	Lockheed Martin
Qualcomm	Johnson & Johnson
JP Morgan Chase	PepsiCo
Abbvie	Paychex
McDonald's	Travelers

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