Westcore Funds®
Denver Investments

Global Dividend Growth Investing

Opportunities for Income and Total Return

Benefits of Global Dividend Growth Investing

- Offers the potential for a growing dividend stream and substantially lower volatility versus broad market indexes.
- Offers advantages to traditional equity and fixed income investments. A portfolio of high-quality stocks with growing dividends has historically:
  (1) outperformed traditional benchmarks with lower volatility (higher return per unit of risk)
  (2) provided income growth that has outpaced inflation, unlike fixed rate bonds.
- Inclusion of foreign companies offers the opportunity for additional income and diversification.

Introduction

Many investors want to participate in the wealth-building potential of the stock market, but seek a solution that will dampen downside volatility relative to the overall market. With historically low fixed income yields, expectations of prolonged below-trend growth in developed countries, and the continued threat of inflation on the horizon, today's investors often hunt for solutions that can not only provide a source of current income, but also a potential source of income that will grow over time. While most investors look at the historical dividend growth of a company as a predictor of the company's future dividend intentions, we take a forward-looking approach to identify future dividend growers. Our global dividend growth strategy seeks to provide enhanced, risk-adjusted returns by investing in companies with the ability and willingness to increase their dividend payments over time.

Dividends as a Significant Part of Total Return

Dividends have played a significant role in the returns investors have received over the past seven decades. Dividends have accounted for 31% of the total return of the S&P 500® Index over this 75 year period. When reviewing the return composition by decade, dividends have been a consistent and positive source of return while providing a cushion during periods of weak equity market performance. Dividend income has been a source of return in flat markets while the reinvestment of dividends in markets where stock prices have been depressed can accelerate and magnify the recovery of investor portfolios when markets rise.

Beyond their contribution to total return, dividends also reflect a company's earnings and cash flow strength.

Companies that can grow their dividend need to have a business capable of strong and growing free cash flow and a shareholder-friendly management team that is disciplined in its use of cash.

Exhibit 1: S&P 500® Returns Decomposition by Decade

	Total Return	=	Price Appreciation	+	Dividends	Dividends as a % of Total Return
1940s	9.2%		3.0%		6.2%	**68%**
1950s	19.4%		13.6%		5.8%	**30%**
1960s	7.8%		4.4%		3.4%	**44%**
1970s	5.9%		1.6%		4.3%	**73%**
1980s	17.5%		12.6%		5.0%	**28%**
1990s	18.2%		15.3%		2.9%	**16%**
2000s	(0.9%)		(2.7%)		1.8%	**100%**
2010s	15.7%		12.8%		2.8%	**18%**
Average	11.6%		7.6%		4.0%	**35%**

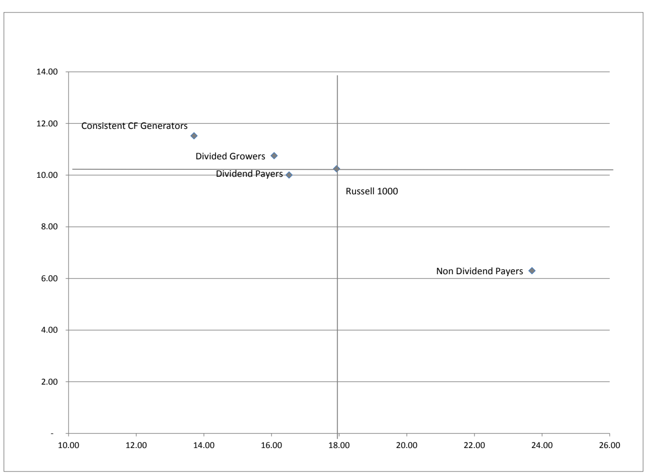
Source: FactSet, Ibbotson and Associates. For the period of 1/1/1940 through 12/31/2016. For each decade, the period starts on the first trading day of the decade and ends on the last trading day of the decade. Data prior to 1957 is based on the S&P 90 Index from the Shiller database. ***Past performance does not guarantee future results.***

Lower Volatility and Better Return for Risk

Conventional finance theory states that the only way to earn a greater return is through accepting greater risk. However, a growing body of research suggests that greater returns have been achieved by investing in lower-volatility stocks. Dividend-growing stocks have significantly outperformed non-dividend-paying stocks over time and have done so with less volatility (Exhibit 2). In addition, dividend growers and initiators (those companies able to raise or begin to pay dividends) outperformed the broader group of dividend-paying stocks with less volatility, thus providing an even higher return per unit of risk (higher Sharpe ratio).

While various empirical studies conclude dividend growth investing leads to lower volatility as dividend growers typically exhibit sustainable earnings and strong balance sheets, we believe the causal link is reversed: history shows companies that generate consistently high levels of cash flow offer the potential for dividend growth, superior relative returns and less risk. Quality and consistency of a company's cash returns also correlate closely with the company's stock price volatility, a point that many dividend investors take for granted. We refer to this subset of stocks as "consistent cash flow (CF) generators."

Exhibit 2: Risk Return 12/31/1988 to 12/31/2016



Standard Deviation (%)

Source: ClariFi, Compustat. ***Performance data quoted represents past performance and does not guarantee future results.***

While the Sharpe ratio uses standard deviation to represent risk, the Treynor ratio uses beta as a measure of market or systematic risk. The Treynor ratio is useful in determining how a particular investment contributes to an already diversified portfolio. The table below illustrates that the lower the beta, all else equal, the more beneficial a new asset will be to the risk/return prospects of one's total portfolio. Furthermore, it shows consistent cash flow is the best addition to an existing stock portfolio.

Exhibit 3 (as of 12/31/2016): Treynor Ratio

	Return	Beta	Treynor
Non-Dividend Payers	6.30%	1.16	2.71
Russell 1000® Index	10.24%	1.00	7.09
Dividend Payers	10.00%	0.81	8.46
Divided Growers	10.75%	0.79	9.67
Consistent CF Generators	11.52%	0.64	13.11
90-Day T-Bill	3.15%		

Source: ClariFi, Compustat. ***Performance data quoted represents past performance and does not guarantee future results.***

Dividend Growers Can Provide an Inflation Hedge

High-quality, dividend-growing companies can provide a hedge against inflation as income received from dividends has historically grown in line or often at higher rates than inflation. Such companies often possess pricing power and may be able to pass cost inflation on to the end consumer by increasing prices, which allows the company to maintain or increase profitability and increase dividend payments even in periods of rising inflation.

As a result, dividend growers have been more of an inflation hedge than non-dividend-paying stocks. As seen in Exhibit 4, since 1972, dividend growers have outperformed non-dividend-paying stocks in all types of inflationary environments.

Exhibit 4: Dividend–Growing Stocks Have Outperformed During All Types of Inflationary Periods

Inflationary Environment	U.S. 10-Yr. Treasury Yield	Total Return Non-Dividend Payers (%)	Total Return Dividend Payers (%)	Total Return Dividend Growers (%)
Low to Moderate	-2%	2.5	6.7	7.9
Elevated	2%-5%	0.2	8.0	8.3
High	-5%	5.2	13.5	14.5

*Source: Ned Davis Research, Inc. Data as of December 31, 2016. S&P 500 Index Total Return (Annualized) by Change in CPI, since 1972. *Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. Changes in CPI are used to assess price changes associated with the cost of living.* ***Past performance does not guarantee future results.***

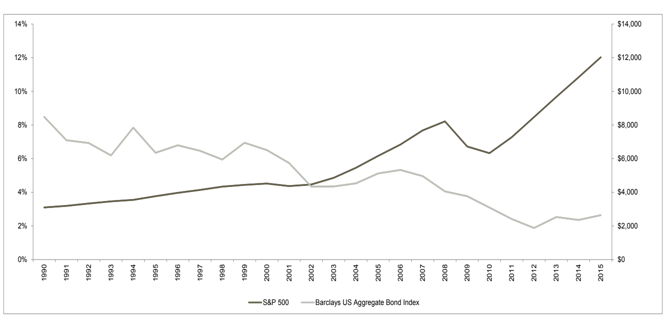
Dividend Income Has Outgrown Interest Income

While yields on bonds have tended to be higher than yields on equities at a specific point in time, inflation erodes the purchasing power of a fixed income investment over time, while dividends from stocks have the potential to outgrow inflation. We can see in Exhibit 5 that the dividend income from a $100,000 investment in stocks in 1985 (as represented by the S&P 500® Index) grew to $21,370. Meanwhile, interest income from $100,000 invested in bonds (as represented by the Barclays U.S. Aggregate Bond Index) only grew to $2,591. The yield on initial investment (left scale) for the stock investment is also significantly higher at period end at 21% versus 2% for the bond investment.

Exhibit 5: Dividends from Stocks Have Growth Potential

Right Scale: Dividend vs. interest income from hypothetical investment of $100,000, dividends not reinvested.

Left Scale: Yield on initial investment



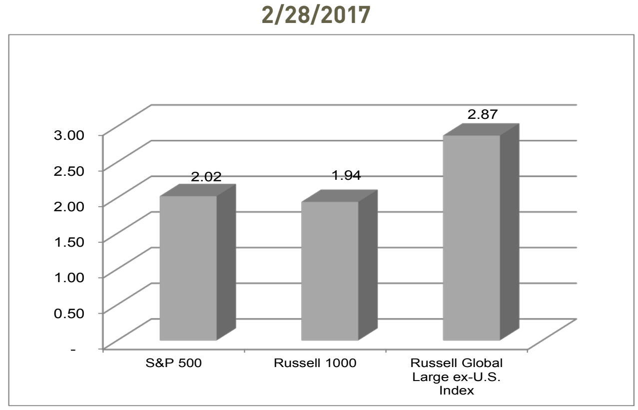
Source: FactSet and Denver Investments. For the period 1/1/1990-12/31/2016. Yield on initial investment is defined as the dividend or interest income in any given year divided by the initial cost basis. This illustration does not assume reinvested dividends or interest income. ***Past performance is no guarantee of future results.***

Yield and Diversification Opportunities from Global Dividend Investing

While investors in the U.S. have become more comfortable investing overseas, others may be surprised by the number of high-quality foreign companies that benefit from globally diversified revenue streams. In many cases, the strongest company with the greatest potential to grow its dividend in a particular sector may be found outside of the U.S.

Investing globally offers the opportunity for yield and diversification. Foreign companies follow a tradition of returning more capital to shareholders, evidenced by the fact that dividend yields have consistently hovered approximately 100 basis points above those of their U.S. counterparts. This provides portfolio managers with greater flexibility when constructing a portfolio. There are also diversification benefits to investing globally. This can lead to more consistency and help protect a portfolio against secular slowdowns.

Dividend Yield U.S. versus Non-U.S. 2/28/2017



Source: FactSet. ***Performance data quoted represents past performance and does not guarantee future results.***

Westcore Global Large-Cap Dividend Fund (WTMVX, WIMVX)

Designed to Deliver Shareholders a Growing Income Stream through Dividend Growth Investing

The Westcore Global Large-Cap Dividend Fund is designed for investors at various phases of their investing lifecycle – from investors seeking income to those seeking to accumulate their wealth with lower volatility than the overall market. The Fund's investment objective is long-term capital appreciation primarily through investments in large, well-established, global dividend–paying companies. Key highlights include:

- **We focus on companies that have both the ability and willingness to grow their dividend.** We seek to invest in dominant, high-quality and shareholder-oriented companies. The team believes the targeted investments are some of the world's strongest franchises – names or products you may know. We emphasize companies that can generate high and consistent returns on invested capital (ROIC) over a market cycle as this impacts the ability to sustainably grow their dividends over time.
- **A high conviction, best ideas portfolio of 25 to 30 large-cap companies from around the globe.** We invest in a concentrated portfolio to focus only on the highest quality and most attractively valued companies that meet our stringent screening process. This also allows us to capture the benefits of the team's differentiated fundamental research and unique insights while remaining prudently diversified.
- **Long-term investment horizon and low portfolio turnover.** We believe investing in quality companies that can grow their dividends is best accomplished over a long-term investment horizon. Therefore, we invest with a five-year forward dividend yield framework and seek to identify companies that maximize future dividends relative to current dollars invested. Annual holding turnover typically will be low.
- **Reduced economic sensitivity/volatility.** Stocks of companies that have stable free cash flow generation, low debt and are growing their dividend may offer the potential for downside protection. Therefore, we expect the portfolio to be less volatile (e.g., lower standard deviation) than the market, as defined by the S&P 500® Index.
- **Experienced portfolio management team whose interests are aligned with shareholders.**
  - The strategy combines over 15 years of investment experience managing dividend-oriented portfolios and over 20 years of quantitative portfolio management expertise.
  - Each portfolio manager has invested a large amount of personal wealth in the Fund.

For more information on the Westcore Global Large-Cap Dividend Fund, please contact us at 800.392.CORE (2673).

Formerly the Westcore Blue Chip Dividend Fund. As of April 30, 2013, this Fund's objective changed to long-term capital appreciation primarily through investments in large, well-established, dividend–paying companies.

RISKS: Dividends are not guaranteed. A company's future abilities to pay dividends may be limited and a company may cease paying dividends at any time. Investments in foreign companies are subject to special risks, including currency fluctuations, social, economic, and political uncertainties, which could increase volatility.

Diversification does not eliminate risk.

DEFINITION OF TERMS

Beta is a measure of a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. A beta above 1 is more volatile than the overall market, while a beta below 1 is less volatile.

Return on invested capital (ROIC) is a financial measure that quantifies how well a company generates cash flow relative to the capital it has invested in its business. It is defined as net operating profit less adjusted taxes divided by invested capital and is usually expressed as a percentage.

The **Sharpe ratio** is a measure of risk-adjusted performance and is calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.

Standard deviation is applied to the annual rate of return of an investment to measure the investment's volatility. It is calculated as the square root of the variance.

The **Treynor ratio** is a measurement of the returns earned in excess of that which could have been earned on an investment that has no diversifiable risk, per each unit of market risk assumed.

INDEX DESCRIPTIONS

All indices are unmanaged and index performance figures do not reflect any fees, expenses or taxes. Investors cannot invest directly in an index.

The **S&P 500® Index** is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value.

The **Russell 1000® Index** is an unmanaged index of approximately 1,000 of the largest companies in the U.S. equity markets. The Russell 1000® Index is a subset of the Russell 3000® Index. It comprises over 90% of the total market capitalization of all listed U.S. stocks, and is considered a bellwether index for large cap investing.

The **Russell Global 1000 ex-U.S. Index** consists of all companies without U.S. designations currently ranked in the top 1000 stocks by market cap of the Russell Global Index members. At reconstitution, all companies in the capitalization in descending order, and the cumulative total market capitalization percentile for each company is calculated.

The **Barclays U.S. Aggregate Bond Index** is an unmanaged, fixed income, market-value-weighted index generally representative of investment grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year

An investor should consider investment objectives, risks, charges and expenses of the Fund(s) carefully before investing. To request a prospectus, which contains this and other important information about the Fund(s), please call 800.392.CORE (2673) or visit us online at www.westcore.com. Please read the prospectus carefully before investing.

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