

## GLOBAL LARGE-CAP RISING DIVIDEND

### FACT SHEET | March 31, 2018

#### STRATEGY

- Seek to invest in high-quality dividend-paying companies that have historically shown the ability to grow their dividends over time
- Seek cash-generative companies with stable earnings and operations that can deliver consistent returns on capital over full market cycle
- Employ bottom-up, team-based stock selection process

#### Top Ten Holdings<sup>2,3</sup> (%)

<b>Broadridge Financial Solutions Inc</b> (Information Technology)	4.9
<b>Apple Inc</b> (Information Technology)	4.4
<b>Koninklijke DSM NV</b> (Materials)	4.4
<b>AbbVie Inc</b> (Health Care)	4.3
<b>Lowe's Cos Inc</b> (Consumer Discretionary)	4.0
<b>Walmart Inc</b> (Consumer Staples)	3.9
<b>Toyota Motor Corp</b> (Consumer Discretionary)	3.6
<b>Occidental Petroleum Corp</b> (Energy)	3.5
<b>US Bancorp</b> (Financials)	3.4
<b>Whitbread PLC</b> (Consumer Discretionary)	3.4
<b>Total (% of portfolio)</b>	<b>39.9%</b>

<sup>1</sup>Data is based on firm's Global Large-Cap Rising Dividend composite. Past performance does not guarantee future results and future performance may be lower or higher than the performance presented. See Performance Disclosure for additional performance information.

<sup>2</sup>Information presented is for a representative portfolio which is an account in the composite that we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The information of the representative portfolio shown may differ from that of the composite and of the other accounts in the composite. Information on this page is considered supplemental information to the Performance Disclosure. Weights may not sum to 100% due to rounding.

<sup>3</sup>The specific securities identified and described do not represent all the securities purchased, sold or recommended for clients in the composite and no assumption should be made that such securities or future recommendations will be profitable in the future.

<sup>4</sup>Source: FactSet

<sup>5</sup>Beta statistic based on monthly data. Three years. Source: FactSet

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#### Performance<sup>1</sup>

Periods Ended 3/31/18 (%)	QTD	YTD	Annualized Returns			
			1 Year	3 Years	5 Years	10 Years
Global Large-Cap Rising Dividend (gross)	-3.93	-3.93	9.99	9.10	-	-
Global Large-Cap Rising Dividend (net)	-4.09	-4.09	9.28	8.40	-	-
Russell Developed Large-Cap Index <sup>4</sup>	-1.26	-1.26	13.77	8.02	-	-

  

Calendar Year (%)	2017	2016	2015	2014	2013	2012
Global Large-Cap Rising Dividend (gross)	20.73	9.71	0.36	5.49	9.72	-
Global Large-Cap Rising Dividend (net)	19.96	9.01	-0.29	4.81	9.25	-
Russell Developed Large-Cap Index <sup>4</sup>	22.51	7.70	-0.87	5.78	14.96	-

2013 performance represents the period from 5/1/2013 through 12/31/2013.

Segall Bryant & Hamill acquired Denver Investment Advisors LLC on 4/30/2018. Performance results before this date reflect returns generated by the portfolio managers at Denver Investment Advisors LLC.

#### Portfolio Characteristics<sup>2,5</sup>

	Global Large-Cap Rising Dividend	Russell Developed Large-Cap <sup>4</sup>
Weighted Average Market Capitalization (\$ Mil)	\$114,401	\$128,205
Median Market Capitalization (\$ Mil)	\$49,701	\$8,475
5 Year Dividend Growth	10.2%	12.4%
Price/Book Value	3.7x	3.6x
Return on Assets	7.7%	6.8%
Long-Term Debt/Capital	37.9%	36.1%
Dividend Yield (1 year trailing)	3.0%	2.3%
Beta (3 Years)	0.78	-
Turnover (3 year average)	37%	-
Number of Holdings	29	-

#### Sector Allocation<sup>2</sup>

	Global Large-Cap Rising Dividend	Russell Developed Large-Cap <sup>4</sup>	Relative Weights
Consumer Discretionary	14.3	12.6	1.7
Consumer Staples	13.3	8.4	4.9
Energy	10.2	5.9	4.3
Financials	12.7	17.9	-5.2
Health Care	13.7	11.5	2.2
Industrials	9.4	12.1	-2.7
Information Technology	15.3	17.3	-2.0
Materials	4.4	5.2	-0.8
Real Estate	0.0	3.5	-3.5
Telecommunication Services	1.9	2.5	-0.6
Utilities	2.8	3.0	-0.2
Cash	2.0	0.0	2.0

#### FOR MORE INFORMATION ABOUT OUR INSTITUTIONAL OFFERING, PLEASE CONTACT:

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## Market Overview

After nearly three years of subdued market volatility, inflationary concerns, rising interest rates, and growing tension over international trade drove a massive increase in volatility in the first quarter. This was evidenced by a nearly 80% increase in the VIX Index® (formerly the CBOE Volatility Index®), a widely used volatility barometer. The 80% increase was one the highest ever quarterly increases. Global markets underperformed relative to domestic markets, perhaps the result of recent rhetoric threatening protectionism. Finally, dividend-paying stocks meaningfully underperformed non-dividend-paying stocks, as higher interest rates provided competition for yield.

## Portfolio Performance

In the first quarter, the market continued to favor growth strategies without regard to valuation and non-dividend-paying stocks over dividend-paying stocks. Against this backdrop, the dividend-focused, value-oriented Denver Investments' Global Large-Cap Rising Dividend portfolio wasn't able to overcome the headwinds to its strategy in the quarter and underperformed the -1.26% return of its benchmark, the Russell Developed Large-Cap Index.

## Contributors to Return

The sectors that contributed most to the portfolio's return relative to its benchmark in the quarter were energy, materials, and real estate. Energy holding Royal Vopak NV (official stock name Koninklijke Vopak N.V.), a Dutch company that stores and handles various oil, chemicals and natural-gas related products, was a top performer in the first quarter. The company reported higher-than-expected use of its storage capacity amidst fears that global petroleum stockpiles would be drawn from and that this would lead to pricing and volume compression. Additionally, Royal Vopak has grown its international asset base and diversified into chemicals, which supports free cash flow available for dividend increases. Broadridge Financial Solutions Inc., a leading global provider of investor communications and technology-driven solutions to banks, broker-dealers, mutual funds, and corporate issuers, was the portfolio's top performer. The company reported better-than-expected sales and earnings created, in part, by event-driven fee revenue from continued investor activism. The company has also benefited from increased outsourcing and digitization trends in the financial services industry, a tailwind that we believe is poised to continue in the coming years. Broadridge's strong cash flows and balance sheet should allow it to maintain its shareholder-friendly policy of growing the dividend at an attractive pace. Materials sector holding Royal DSM NV (official stock name Koninklijke DSM N.V.), a manufacturer of nutritional and pharmaceutical ingredients, and industrial chemicals, had another strong quarter. Upside was driven by supply shortages in vitamins, which supported extremely tight industry conditions. Additionally, the company may sell its subsidiary, DSM Sinochem Pharmaceuticals, in 2018, which could raise more than 300 million Euros. With little net debt, strong cash flow growth, and proceeds from asset sales, we believe that DSM has a long runway of dividend increases ahead.

## Detractors from Return

The portfolio's weakest sectors relative to the benchmark for the quarter were consumer staples, information technology, and consumer discretionary. Information technology sector holding Sage Group PLC provides business management software and related products and services to small- and medium-sized businesses. Sage was the portfolio's largest detractor after reporting a weak start to the year, which led investors to doubt its mid-term sales and profitability targets. The quarter was impacted by seasonal concerns and we believe organic growth should accelerate as the year progresses. Longer term, we believe growth in recurring cloud and subscription revenue coupled with cost savings should drive cash flows higher. British American Tobacco PLC, a global tobacco company, suffered a pullback, along with other tobacco companies in the quarter. This followed a vote by the Tobacco Products Scientific Advisory Committee (TPSAC) which concluded that Philip Morris's heat-not-burn iQOS tobacco stick device is not less harmful than cigarettes. Concurrently, TPSAC concluded that iQOS reduces toxins. This was not a binding decision, nor does it impact sales of heat-not-burn products in the United States. However, it was a disappointing vote for British American Tobacco as it is in the process of developing a similar product. We believe the market overreacted to this non-binding decision. RELX PLC, an information and analytics provider, suffered a setback early in the quarter following robust performance in 2017. The weakness was driven by market concerns related to the stability of its Scientific, Technical and Medical (STM) subscription platform, as well as macro-level factors, such as foreign exchange, which also weighed on the stock. While STM subscription negotiations remain ongoing, the company's growing dividend is supported by an underlying growth strategy which we believe can support strong cash flow. This, along with the RELX's current reasonable valuation leave us optimistic.

## Outlook and Positioning

In the United States, as we head into the second quarter, the labor market remains tight, workforce participants are seeing real wage gains, and consumer and business confidence remain high. These data points bode well for what we believe will be a continuation of solid economic growth. However, these dynamics will likely leave the Federal Reserve steadfast in raising rates, which, combined with inflationary elements, could ultimately become a drag on corporate profit growth. In other developed markets, we have seen a weakening of leading economic indicators, which was reflected in market performance this quarter. Despite the slower momentum, economic conditions remain healthy, which could support market levels. With the current disparity between growth and value stocks prices, we believe there will be a renewed focus on valuation and balance sheet quality. Given that these are key factors in our investment process, we believe we have positioned the portfolio well for this scenario.

## Top 5 Contributors/Detractors (By Sector)<sup>2,6</sup>

Top 5 Contributors	Average Weight	Absolute Contribution to Return	Top 5 Detractors	Average Weight	Absolute Contribution to Return
Broadridge Financial Solutions, Inc.	4.25	0.83	Sage Group plc	3.62	-0.58
Royal Vopak NV	2.97	0.33	British American Tobacco PLC Sponsored ADR	3.16	-0.40
Total SA Sponsored ADR Class B	3.16	0.18	RELX PLC	3.06	-0.39
Helvetia Holding Ltd	3.13	0.15	Occidental Petroleum Corporation	3.59	-0.38
Royal DSM NV	4.25	0.13	Walmart Inc.	4.04	-0.38

<sup>6</sup>The securities identified on this chart were determined after consistently calculating the weight of each holding in the representative account multiplied by the rate of return for that holding during the period. The securities identified do not represent all of the securities purchased, sold or recommended for advisory clients. You may obtain a complete list showing the contribution of each holding in the representative account to the overall account performance during the period presented by emailing [marketing@denvest.com](mailto:marketing@denvest.com) or calling 303.312.5000.

The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will vary, and initial investments may be worth more or less than their original investment. To obtain current performance as of the most recent month-end and for important performance disclosures, please see the strategy's composite performance at [www.denvest.com](http://www.denvest.com)

The Manager Commentaries contain certain forward-looking statements about the factors that may affect future performance. These statements are based on portfolio management's predictions and expectations concerning certain future events and their expected impact on the strategy, such as performance of the economy as a whole and of specific industry sectors, changes in the levels of interest rates, the impact of developing world events, and other factors that may influence the future performance of the strategy. Portfolio management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed.

## Performance Disclosure: Global Large-Cap Rising Dividend Composite

Year	— Composite Assets—			Composite Gross of Fees Annual Return (%)	Composite Net of Fees Annual Return (%)	Russell Developed Large Cap Index (%)	Composite 3 Year Standard Deviation (%)	Index 3 Year Standard Deviation (%)	Composite Dispersion (%)	Total Firm Assets (Incl. Model Portfolios)* (\$Bil)	Total Firm Assets (\$Bil)
	Dollars (\$ millions)	% of Firm Assets	Composite Accounts								
2016	48	0.7	1	9.71	9.01	7.70	9.86	11.07	-	7.476	7.169
2015	41	0.6	1	0.36	-0.29	-0.87	-	-	-	7.606	7.382
2014	51	1.0	1	5.49	4.81	5.78	-	-	-	9.596	9.373
2013 (5/1/13)	60	1.0	1	9.72	9.25	14.96	-	-	-	10.009	9.794

\*Number includes a portion of assets where Denver Investments does not have discretionary trading authority. This information is supplemental to fully compliant presentation.

- 1) Denver Investment Advisors LLC (dba Denver Investments) is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Denver Investments provides fundamental investment management services to various institutional and private investors and mutual funds.
- 2) All returns are computed using a time-weighted total rate of return. The composite is defined to include all fee-paying, discretionary accounts managed according to the Global Large-Cap Rising Dividend strategy. The composite includes all actively managed equity accounts that are managed to the Russell Developed Large Cap Index and primarily invest in large-capitalization U.S. and foreign equities. FTSE Russell is the source and owner of the Russell Index data contained in this material and all trademarks and copyrights related thereto. Any further dissemination or redistribution is strictly prohibited. FTSE Russell is not responsible for the formatting or configuration of this material or for any inaccuracy in Denver Investments' presentation thereof. Index returns are not covered by the report of the independent verifiers.
- 3) The performance presented is that of the Global Large-Cap Rising Dividend composite that was created on 5/1/13.
- 4) Gross of fee returns are calculated gross of management and custodial fees, and net of transaction costs. Net of fee returns are calculated net of management fees and transaction costs, and gross of custodian fees. As of 1/1/15, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a monthly basis. From 1/1/08 to 12/31/14, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a quarterly basis. Prior to this date, net of fees returns were calculated using actual annual client fees, pro-rated on a quarterly basis.
- 5) The Russell Developed Large Cap Index offers investors access to the large-cap segment of the developed equity universe. The Russell Developed Large Cap Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment of this market and is completely reconstituted annually to accurately reflect the changes in the market over time. Index returns are not covered by the report of the independent verifiers. The team changed the index from the S&P 500® Index to the Russell Developed Large-Cap Index on 9/1/13 to better reflect the global nature of the product. This change to the index was made retroactively for all periods.
- 6) The three-year standard deviation value is not presented because the product does not have 36 monthly returns available. The value will be presented when three years of data points are available.
- 7) The dispersion of annual returns is measured by the standard deviation across unweighted portfolio gross returns represented within the composite for the full year. Dispersion is not shown for years in which only one account is present for the entire year.
- 8) Valuations and returns are computed and stated in U.S. dollars. Performance is calculated net of withholding taxes on foreign dividends and interest. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Total returns for accounts are presented using the accrual basis of accounting for all fixed income and equity investments and on a cash basis for all cash equivalents.
- 9) Denver Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Denver Investments has been independently verified for the periods 1/1/84 – 12/31/16. Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Global Large-Cap Rising Dividend Composite has been examined for the periods 5/1/13 – 12/31/16. The verification and performance examination reports are available upon request. A complete list and description of all firm composites is available upon request.
- 10) The maximum fee rate is 0.65%. Please reference Denver Investments' ADV for full fee schedule.
- 11) Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
- 12) Past performance does not guarantee future results and future performance may be lower or higher than the performance presented.

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