

December 5, 2016

Hello everyone,

This is the monthly advisor update of the **AlphaDelta Growth of Dividend Income Class** (“ADGoDIC” or the “Fund”) from SciVest Capital Management Inc. (the sub-advisor to the Fund).

Attached is the ADGoDIC Portfolio Disclosure Page. The front-side of the Portfolio Disclosure Page shows all of the current stock holdings of the ADGoDIC, as well as some descriptive, dividend and valuation characteristics for each portfolio holding – plus overall portfolio averages. The back-side of the Page shows a number of relevant pie charts depicting overall ADGoDIC portfolio exposures and characteristics such as sector, market capitalization, dividend yield and dividend growth “bucket” exposures.

As shown on the front of the Portfolio Disclosure Page, **across the Fund’s current holdings, the weighted average gross dividend yield is 3.2% per annum with impressive double-digit trailing 1, 3 and 5-year dividend growth rates of 13.2%, 17.5% and 20.2%, respectively.** The 3.2% average dividend yield compares to a portfolio weighted average forward earnings per share yield of 8.2% (**255% dividend coverage**) and forward cashflow yield of 11.0% (**343% dividend coverage**). Regarding valuation, the portfolio weighted **average 12-month forward price-to-earnings ratio is 13.9x** and the average 12-month forward price-to-cash-flow ratio is 10.3x.

As always, the ADGoDIC portfolio is well diversified across sectors and industry groups with **the largest sector allocation (financials ex REITs) currently at 25.8%**. In order of size, we have the following exposures to the Bloomberg defined Sectors (plus REITs): 25.8% Financials, 22.7% Consumer Discretionary, 11.5% Technology, 9.8% Health Care, 8.5% Industrials, 4.9% Materials, 4.7% REITs, 4.5% Energy, 4.5% Consumer Staples, 0.8% Communications, and 0.7% Utilities.

On an individual stock holding basis, we currently hold a **diversified portfolio of 79 equity positions**. During November, we **initiated new positions** in Bayer AG (BAYRY), Blackstone Group (BX), Lazard Ltd (LAZ) and PulteGroup Inc (PHM). We also **increased (by at least 0.5%) our existing position** in CVS Health Corp (CVS). During November, we **eliminated our positions** in Cummins Inc (CMI), Harman International (HAR), Las Vegas Sands Corp (LVS), Monsanto Co (MON), Polaris Industries Inc (PII) and Time Warner Inc (TWX). In addition, we **decreased (by at least 0.5%) our existing position** in Morgan Stanley (MS).

Amongst our current ADGoDIC holdings, the five (5) highest returns during November were: Lincoln National Corp (LNC), Ameriprise Financial Inc (AMP), Morgan Stanley (MS), Manulife Financial Corp (MFC) and Discover Financial Services (DFS). Amongst the month-end holdings, the five (5) lowest returns during November were: CVS Health Corp (CVS), Crown Castle Intl Corp (CCI), Omega Healthcare Investors (OHI), National Health Investors Inc (NHI) and Brookfield Infrastructure (BIP-U).

Since our objective within the ADGoDIC is income/distribution growth, our monthly commentaries focus on growth of dividends amongst Fund holdings as opposed to short-term capital returns. In particular,

each month we report those Fund holdings which declared dividend increases during the prior month, as well as those holdings we expect to declare dividend increases in the next month. Recall that one of our fundamental beliefs is that, if we can select stocks which consistently increase their dividends into the future, then price appreciation must eventually follow – that is, long-term price appreciation is a *consequence* of consistent earnings and dividend growth.

Amongst our current ADGoDIC holdings, [during the month of November 2016 we received eight \(8\) declared dividend increases averaging an announced increase of 12.6% quarter-over-quarter \(“QoQ”\) and 15.5% year-over-year \(“YoY”\)](#), relative to those already known at the end of the prior calendar month.

| No. | Company Name | Ticker Symbol | Current Ind Div Yld (% p.a.) | QoQ Div Increase (%) | YoY Div Increase (%) | Relative to Expected |
|----------------|--------------------------|---------------|------------------------------|----------------------|----------------------|----------------------|
| 1 | AmerisourceBergen Corp | ABC | 1.9 | 7.4 | 7.4 | 😊 |
| 2 | Dupont Fabros Technology | DFT | 5.1 | 6.4 | 6.4 | 😊 |
| 3 | Inter Pipeline Ltd | IPL | 5.9 | 3.8 | 3.8 | 😊 |
| 4 | J2 Global Inc | JCOM | 1.9 | 2.9 | 12.7 | 😊 |
| 5 | Lam Research Corp | LRCX | 1.8 | 50.0 | 50.0 | 😊😊😊 |
| 6 | Kar Auction Services Inc | KAR | 3.1 | 10.3 | 18.5 | 😊😊😊 |
| 7 | Lincoln National Corp | LNC | 1.8 | 16.0 | 16.0 | 😊😊😊 |
| 8 | Telus Corp | T | 4.6 | 4.3 | 9.1 | 😊😊 |
| Average | | | 3.3 | 12.6 | 15.5 | |

We had another very strong dividend growth month within the Fund, with all positions meeting or exceeding our dividend increase expectations. Specifically, each of AmerisourceBergen Corp, Inter Pipeline Ltd, Lincoln National Corp and Telus Corp delivered dividend increases within our expected ranges that we posted in our commentary last month. Lincoln National Corp (a multiline insurance and financial service company) delivered at the very high-end of our posted expectations, while the others were close to the middle of our posted expectations.

As we had expected, Lam Research Corp (a large semiconductor equipment maker) significantly increased its dividend by 50% after its acquisition of KLA-Tencor Corp (KLAC) (another semi-conductor equipment maker) was terminated. With a significant net cash position and expected 12-month forward earnings per share which covers this 50% higher dividend by almost 5 times (new payout ratio of 21%), we expect even more major dividend increases in the years to come.

Another standout was Kar Auction Services Inc, a wholesale used vehicle auction company. Kar Auction Services provided us with an unexpected 10.3% quarter-over-quarter dividend increase, a quarter ahead of its normal annual dividend increase, thereby producing an 18.5% year-over-year dividend increase.

[During December 2016, we are expecting at least seven \(7\) dividend increase announcements](#) from our current holdings:

| No. | Name | Ticker Symbol | Current Ind Div Yld (% p.a.) | Est. Announce Date | Est. Div Increase (%) |
|-----|----------------------|---------------|------------------------------|--------------------|-----------------------|
| 1 | Amgen Inc | AMGN | 2.8 | December 13 | 10-15 |
| 2 | Boeing Co | BA | 2.9 | December 12 | 8-12 |
| 3 | CoreSite Realty Corp | COR | 3.1 | December 1 | 20-30 |
| 4 | CVS Health Corp | CVS | 2.2 | December 15 | 10-14 |
| 5 | Dow Chemical Co | DOW | 3.3 | December 15 | 8-12 |
| 6 | Pfizer Inc | PFE | 3.8 | December 12 | 6-9 |
| 7 | PulteGroup Inc | PHM | 2.0 | December 6 | 11-17 |

There are many interesting dividend announcements expected during December, by a number of top-tier companies. Amgen Inc and Pfizer Inc, both mega-cap biotech and pharmaceutical companies, will provide insight into the healthcare industry whose stocks have largely underperformed the overall stock market. Boeing, the huge aircraft maker, will provide insight into aerospace industry and into industrials in general. Dow Chemical Co, the large diversified chemical company, will provide more insight into the global industrial complex. PulteGroup Inc, a US home builder, will provide insight into the strength of the US housing market.

Possibly the most interesting announcement this month, at least for the Fund, will be CVS Health Corp's expected annual dividend increase. CVS operates almost 10,000 drug stores across the US, operates over 1,000 medical clinics, and operates a large pharmacy benefits manager. CVS's stock price is currently trading near multi-year lows and its dividend yield near all-time highs – albeit at 2.2% p.a. CVS has increased its dividend by 27.7% per annum over the past 5 years and by 27.1% per annum over the past 10 years. CVS's stock price has been suffering this year (down 19.7% year-to-date) due to weaknesses across their businesses, and due to enhanced risks because of larger public scrutiny of high drug prices. CVS has also been underperforming its most important competitor, Walgreens Boots Alliance Inc (WBA). Nevertheless, CVS currently trades at 13.1x forward EPS with analysts expecting double-digit EPS growth going forward. CVS, as a consumer staples company, also has a relatively stable revenue structure, has very high dividend coverage and has also been an aggressive buyer of its own stock. Overall, CVS is now a solid DGARP (dividend growth at a reasonable price) stock and consequently CVS is currently a top-10 holding within Fund.

Always remember our primary message: **[“Growing income”, as opposed to “fixed income”, is the only means of maintaining the purchasing power of your \(or your client’s\) income stream over the years to come.](#)**

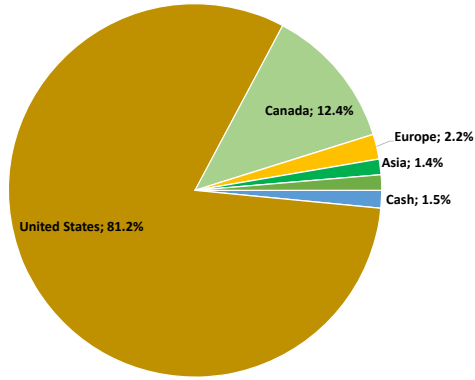
If you would like more information regarding the **[AlphaDelta Growth of Dividend Income Class](#)** and its current portfolio (including the up-to-date presentation piece), please feel free to contact me directly or alternatively contact AlphaDelta Management Corp. (www.AlphaDelta.com).

Thank you for your continued interest in the Fund,

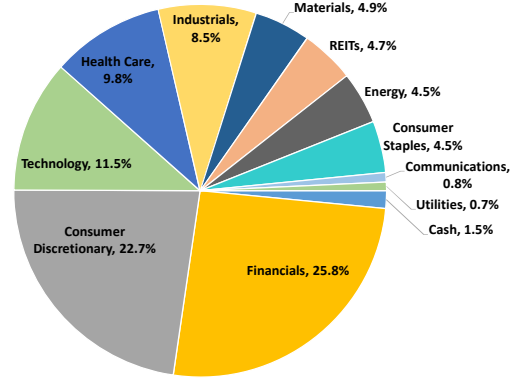
John J. Schmitz

John J. Schmitz, Ph.D., CFA

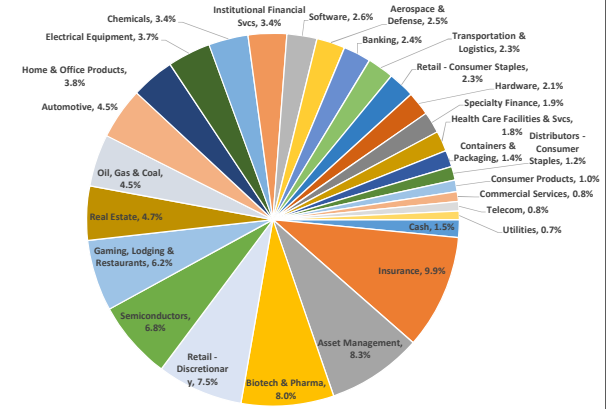
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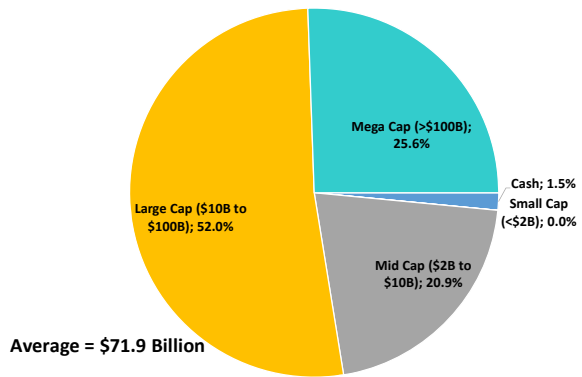
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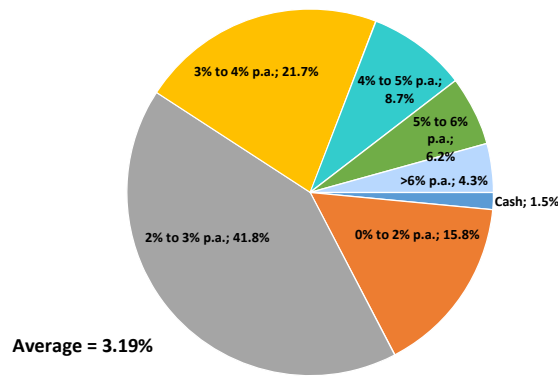
BICS INDUSTRY GROUP



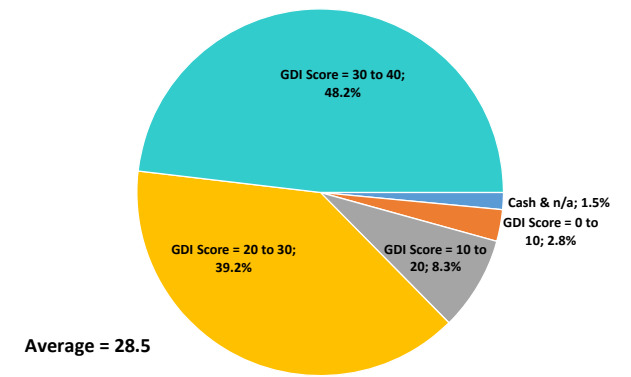
MARKET CAP BUCKETS (CA\$)



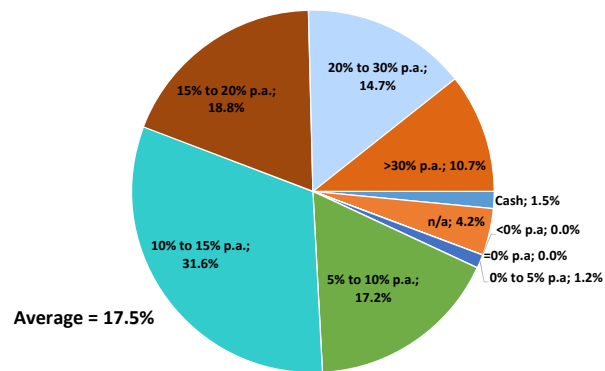
DIVIDEND YIELD BUCKETS



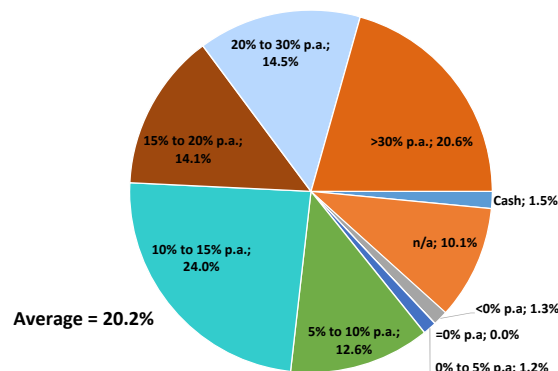
SCI VEST GDI SCORE BUCKETS



3 YEAR DIVIDEND GROWTH BUCKETS



5 YEAR DIVIDEND GROWTH BUCKETS



10 YEAR DIVIDEND GROWTH BUCKETS

