March 7, 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 3.9% per annum with impressive double-digit trailing 1, 3 and 5 year dividend growth rates (13.4%, 16.2% and 17.2%, respectively)**. The 3.9% average dividend yield compares to a portfolio weighted average forward earnings per share yield of 8.1% **(208% dividend coverage)** and forward cashflow yield of 11.5% **(295% dividend coverage)**. Regarding valuation, the portfolio weighted average twelve-month forward price-to-earnings ratio is 15.0x and the average twelve-month forward price-to-cash-flow ratio is 10.1x.

As always, the ADGoDIC portfolio is well diversified across sectors and industry groups with no sector allocation currently exceeding 16.8% (note that we break REITs out of the overall Financial Sector in the sector exposures pie chart, given their unique risk characteristics). In order of size, we have the following exposures to the Bloomberg defined Sectors (plus REITs): 16.8% Consumer Discretionary, 12.9% Financials, 11.7% Industrials, 10.9% Technology, 8.5% Materials, 8.1% Health Care, 7.8% Energy, 6.8% REITs, 6.6% Communications, 5.4% Consumer Staples, and 0% Utilities.

On an individual stock holding basis, we currently hold a diversified portfolio of 70 equity positions. During the month of February, we **initiated new** positions in Gamestop Corp (GME), Harman International (HAR), Manulife Financial Corp (MFC), Packaging Corp of America (PKG) and Skyworks Solutions Inc (SWKS). In addition to these new positions, we **increased** (by more than 0.5%) our existing positions in Johnson Controls Inc (JCI) and Magna International Inc (MG). During February, we **eliminated** our position in Dunkin' Brands Group Inc (DNKN). In addition, during February, we **decreased** (by more than 0.5%) our positions in Coca-Cola Co (KO), Microsoft Corp (MSFT), Procter & Gamble Co (PG), Viacom Inc (VIAB) and Xilinx Inc (XLNX).

We have done more trades in the past couple of months than is our norm (which is very little). This is due to the recent market correction and high market volatility. In general, this volatility has resulted in a number of mid and large capitalization companies, with very good dividend growth potential, trading at substantial discounts to their historical valuation levels – while at the same time leaving many of the mega-capitalization companies trading at premiums to their historical valuation levels.

Since our objective within the ADGoDIC is income/distribution growth, our monthly notes focus on growth of dividends amongst Fund holdings as opposed to shorter-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 February 2016 we had an incredible fifteen (15) declared dividend increases averaging an announced increase of 9.2% quarter-over-quarter** (“QoQ”) **and 9.9% 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	3M Co.	MMM	2.8	8.3	8.3	☺
2	Analog Devices Inc.	ADI	3.0	5.0	5.0	☹
3	BCE Inc.	BCE	4.8	5.0	5.0	☺
4	Best Buy Co. Inc.	BBY	3.3	21.7	21.7	☺☺☺
5	Cisco Systems Inc.	CSCO	3.9	23.8	23.8	☺☺☺
6	Coca-Cola Co.	KO	3.2	6.1	6.1	😐
7	Eaton Corp. PLC	ETN	3.9	3.6	3.6	☹
8	Gamestop Corp.	GME	4.7	2.8	2.8	☹
9	Magna International Inc.	MG	2.4	13.6	13.6	☺
10	Manulife Financial Corp.	MFC	4.0	8.8	19.4	☺☺
11	National Health Investors	NHI	5.6	5.9	5.9	😐
12	T Rowe Price Group Inc.	TROW	3.0	3.8	3.8	☹
13	Time Warner Inc.	TWX	2.3	15.0	15.0	☺☺
14	Toronto-Dominion Bank	TD	4.1	7.8	7.8	☺
15	United Parcel Service	UPS	3.1	6.8	6.8	☺
	Average		**3.6**	**9.2**	**9.9**	

Because of the large number of dividend increases last month, we are introducing a new column to the dividend increase table denoting how we feel about each company’s dividend increase relative to our expectations (which are generally stated in our prior month’s commentary before the expected dividend increase announcement). In general, a single ☺ indicates that the dividend increase meet our expectations, a double ☺☺ indicates that the dividend increase was nicely better than our expectations, and a triple ☺☺☺ indicates that the dividend increase was significantly better than our expectations. On the other hand, a 😐 indicates that the dividend increase was marginally less than, or at the lower end of, our expectations and a ☹ indicates that the dividend increase was materially less than our expectations.

All of the Canadian companies - BCE Inc, Magna International Inc, Manulife Financial Corp and Toronto-Dominion Bank - met or exceeded our dividend increase expectations. All of these represent large important Canadian companies within important but diverse sectors. Each produced 5.0% (BCE) to 13.6% (MG) quarter-over-quarter dividend increases, reinforcing the fact that good companies can continue to generate solid dividend growth even within the tenuous and uncertain economic environment Canada now finds itself in because of the oil correction.

3M Co came out at the higher end of our expectations – this was reassuring because of 3M's large size, broad global breadth, high US dollar exposure and wide product mix. This represents 3M's 58th consecutive year of dividend increases and with a new dividend yield of almost 3%, 3M now inhabits in the same rarified standing as Johnson & Johnson, Coca-Cola and Proctor & Gamble (all mega-cap 3% yielders with more than 50 consecutive years of dividend increases).

Another direct reflection of the US and global economies is United Parcel Service, the large global package delivery and logistics company. United Parcel Service also met our expectations with its dividend increase of 6.8% year-over-year.

Amongst the companies surprising us to the upside on dividend increases were Best Buy Co, Cisco Systems Inc, Manulife Financial Corp and Time Warner Inc. Best Buy and Cisco Systems both crushed expectations with dividend increases of over 20% year-over-year, even with each yielding over 3%. Best Buy also announced a "special dividend" (in addition to its regular dividends) amounting to an incremental 1.4% of its share price. Both Best Buy and Cisco Systems are businesses where some doubt their ability to continue to deliver strong future cash-flows – however, both are trying dispel that belief with this sizable dividend signal to the contrary.

Time Warner's above expectations 15% dividend increase was also an important signal as the media content producers have been under pressure due to "cord cutting" (the phenomenon of cutting television cable services for online services such as NetFlix). Time Warner owns such important content brands as HBO, TBS, CNN and Warner Brothers.

In addition, Manulife's 19.4% year-over-year dividend increase was an important signal, as insurance companies have been under pressure due to low interest rates.

Amongst the companies that marginally disappointed us relative to our expectations (albeit arguably high expectations) were Coca-Cola Co and National Health Investors (a US-based long-term health REIT). Nevertheless, this represents Coca-Cola's 54th consecutive year of dividend increases and represents National Health Investors' 14th consecutive year of dividend increases.

We did have several outright disappointing dividend increases: Analog Devices Inc, Eaton Corp, Gamestop Corp and T Rowe Price Group Inc. Each of these diverse companies produced only moderate dividend increases ranging from 2.8% (GME) to 5.0% (ADI). In each case, they delivered only about half the growth of dividends that we expected. Nevertheless, delivering half of what is expected is not terrible, and with each increase meaningfully higher than the inflation rate, we will likely continue to hold and watch these positions going forward.

Finally, from last month's commentary, we had also expected dividend increases during February from the Gap Inc (GPS), Reliance Steel & Aluminum (RS) and Union Pacific Corp (UNP). All three of these companies disappointed us by announcing unchanged dividends from the prior four quarters – missing their expected year-over-year opportunity to increase dividends. For various company specific reasons, these three companies have each experienced earnings per share decreases over the past year; although, each is expected by analysts to resume earnings growth in the current year or next year. Nevertheless, we view the dividend signal as important – not taking the opportunity when due to increase the dividend, even by a marginal amount, indicates to us that these companies do not believe that near-term earnings and cash-flow growth is immanent. As a result, we are adding the Gap Inc (GPS), Reliance Steel & Aluminum (RS) and Union Pacific Corp (UNP) to our negative watch list – that is, we will not be adding to these positions, we will be closely watching for negative company developments, and may indeed liquidate the positions if an opportunity arises or if news flow gets more negative.

During March 2016, we are expecting at least three (3) dividend increase announcements from our current holdings:

No.	Name	Ticker Symbol	Current Ind Div Yld (% p.a.)	Est. Announce Date	Est. Div Increase (%)
1	Gibson Energy Inc.	GEI	7.1	Mar 1	3-6
2	Qualcomm Inc.	QCOM	3.6	Mar 7	4-10
3	Xilinx Inc.	XLNX	2.6	Mar 9	3-7

Of these three, Qualcomm Inc will be by far the most interesting to watch. Qualcomm is the largest chipmaker and a dominant intellectual-property owner in the cellular-chip market. However, it has faced recent issues on both the chip design and manufacturing side, as well as the intellectual property royalty side. As a result, and despite its large size (CA$100B market capitalization), its stock price has suffered greatly over the past year with a loss of approximately -30%. Its dividend yield currently stands at 3.7% per annum. Even with its recent issues, Qualcomm produces a lot of excess cash-flow and company management has shown a strong willingness to share this cash-flow with investors. This is demonstrated by Qualcomm's 20.4% per annum dividend per share growth over the past 5 years, and by the fact that Qualcomm has repurchased approximately 12% of its own shares outstanding over the past 3 years. It also has an incredible balance sheet, with approximately US$20B of net cash equivalents – approximately 20% of its entire market capitalization. We have a high range on our expected dividend increase amount – hoping for something in the 10%+ range as a positive signal to the investing public, but knowing that 4 to 5% is more consistent with Qualcomm's recent earnings weakness.

Always remember our primary message: **"Growing income", as opposed to "fixed income", is the only means of maintaining the purchasing power of your and 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, Ph.D., CFA