November 27, 2018

Hello everyone,

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

The Current Portfolio:

Attached is the GoDI Portfolio Disclosure. The first page of the Portfolio Disclosure shows all of the current stock holdings of the GoDI, as well as some descriptive, dividend and valuation characteristics for each portfolio holding – plus overall portfolio averages. The second page of the Portfolio Disclosure shows a number of relevant pie charts depicting overall GoDI portfolio exposures and characteristics such as sector, market capitalization, dividend yield and dividend growth "bucket" exposures.

As shown in the Portfolio Disclosure, **across the Fund's current holdings, the weighted average gross dividend yield is 3.7% per annum with impressive double-digit trailing 1, 3 and 5-year dividend growth rates of 21.1%, 18.3% and 19.1%, respectively**. The 3.7% average dividend yield compares to a portfolio weighted average forward earnings per share yield of 9.9% **(267% dividend coverage)** and forward cashflow yield of 13.4% **(364% dividend coverage)**. With regard to valuation, the portfolio weighted **average 12-month forward price-to-earnings ratio is 11.9x** (versus 15.3x for the Russell 1000 Index and 14.0x for the MSCI World Index) and the **average 12-month forward price-to-cash-flow ratio is 8.8x** (versus 10.6x for the Russell 1000 Index and 9.5x for the MSCI World Index).

As always, the GoDI portfolio is well diversified across sectors and industry groups with **the largest sector allocation (Financials) currently at 33.8%**. In order of size, we have the following exposures to the Bloomberg defined sectors (plus REITs): 33.8% Financials, 13.6% Consumer Discretionary, 11.5% Technology, 9.5% Health Care, 7.4% Communications, 4.5% REITs, 4.4% Consumer Staples, 3.5% Energy, 3.1% Materials, 2.9% Industrials, and 0.5% Utilities.

On an individual stock holding basis, we currently hold a **diversified portfolio of 83 equity positions**. The top 10 individual equity holdings represent 30.4% of the Fund's assets and are in descending order of size: Manulife Financial Corp (MFC, 4.7%), Invesco Ltd (IVZ, 4.3%), CVS Health Corp (CVS, 3.9%), Prudential Financial Inc (PRU, 3.5%), Broadcom Ltd (AVGO, 3.3%), Comcast Corp (CMCSA, 2.2%), Lam Research Corp (LRCX, 2.2%), Morgan Stanley (MS, 2.2%), Abbvie Inc (ABBV, 2.2%) and General Motors (GM, 1.9%). (See entire GoDI portfolio attached hereto.)

Portfolio Changes and Movers:

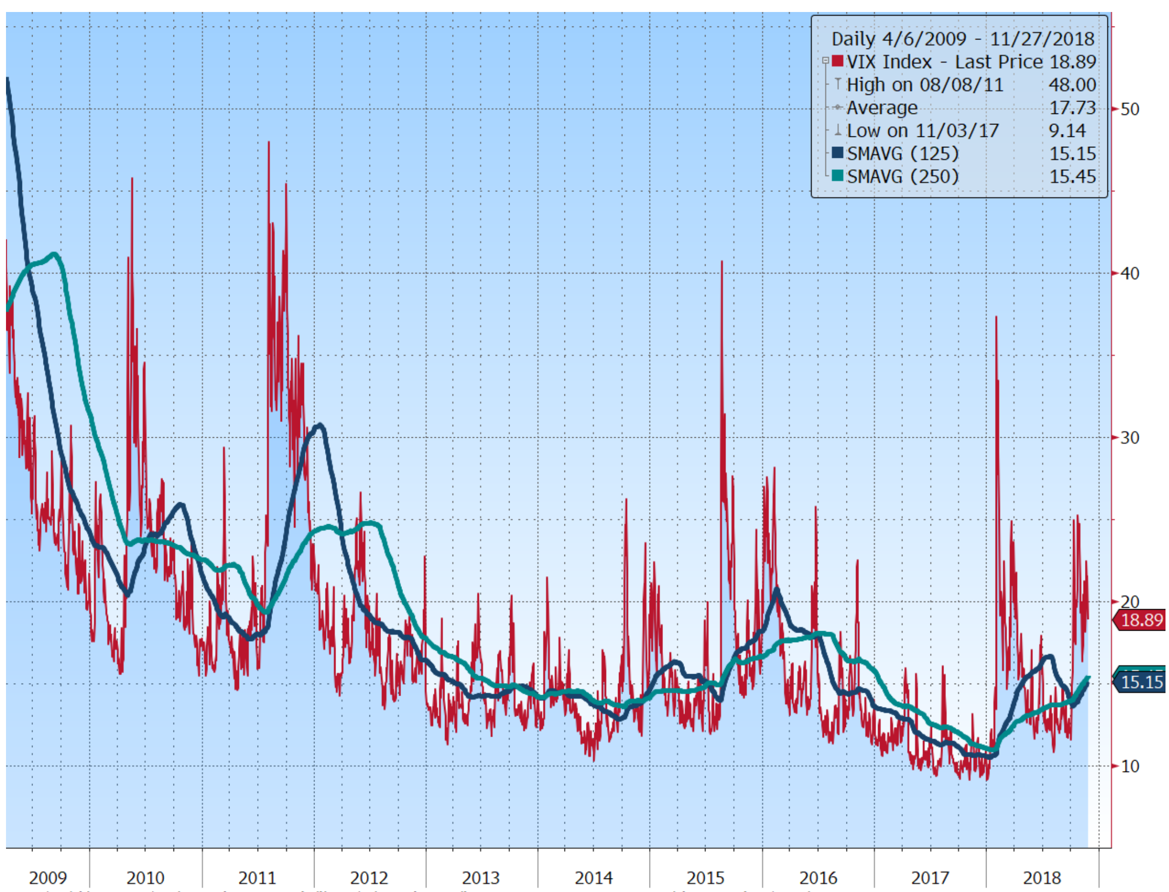
During October, we **initiated no new positions**; however, we **increased (by at least 0.4%) our existing positions** in Caterpillar Inc (CAT) and Manulife Financial Corp (MFC). During October, we **eliminated our positions** in Brinker International Inc (EAT), Enbridge Income Fund (ENF) and Suncor Energy Inc (SU). We **also**

decreased (by at least 0.4%) our existing positions in Broadcom Inc (AVGO), Foot Locker Inc (FL) and Metlife Inc (MET).

Amongst the month-end GoDI holdings, the five (5) **highest returns during October** (in descending order) were: General Motors (GM), Comcast Corp (CMCSA), American Tower Corp (AMT), Extra Space Storage (EXR) and Simon Property Group (SPG). Amongst the month-end holdings, the five (5) **lowest returns during October** were: Western Digital Corp (WDC), Grupo Financiero Bantore SAB (GBOOY), WPP PLC (WPP), Newell Brands (NWL) and Caterpillar Inc (CAT).

Market Commentary:

U.S. and global stock market volatility jumped in October and November (with the U.S. VIX Index trading up to around 20%), similar to the levels seen during February and March earlier this year. **While this year's volatility "feels" high, 2018 volatility (as measured by the VIX Index) remains well within the ranges of the past decade, with the very notable exception of last year (i.e., 2017) where volatility was historically low** (with the VIX Index averaging around 10%). Thus, while this year's volatility feels high, it is only unusually high relative to last year, and is consistent with the average volatility and most short-term volatility spikes over the past seven (7) years (note that a "volatility spike" is, by definition, a short-term phenomenon). Current volatility is, in fact, significantly lower than the volatility experienced during most of 2009 to 2011. (The graph below shows the daily close of the U.S. VIX Index for the period following the end of the Great Recession in early 2009, along with the 125-day (6-month) and 250-day (12-month) trailing moving averages of the daily VIX Index.)



We believe that this year's increase in daily stock market volatility is a symptom of increasing interest rates, and not a signal of an impending economic recession. We believe that the U.S. economy, and thus U.S. stocks, are "approaching late cycle", but are not "end of cycle" (i.e., 6^{th} or 7^{th} inning, not 9^{th} inning, of a game that could easily go into extra innings if the U.S. Federal Reserve can manage interest rate "normalization" properly). That is, we believe that **the recent stock market correction is a healthy valuation and expectations adjustment within a continuing, but moderating, secular bull market for U.S. stocks**. As we have written several times in the past year, the U.S. stock market had become far too narrow with only a small handful of secular growth stocks driving much of the stock market gains, and thus much of the U.S. stock market valuation excesses. **With rising interest rates, the distant future earnings of these growth stocks are discounted at higher discount rates, making those far-out earnings much less valuable in today's dollars. We believe that the recent valuation adjustment of the U.S. stock market reflects this effect; however, it has hit most stocks, not just the over-priced secular growth stocks that have led the overall U.S. market higher the past couple of years. As a result, we believe that many U.S. stocks are now very attractively priced – especially those that were inexpensive prior to the recent correction (i.e., dividend paying, dividend growing, value stocks)**. As always, however, there are many risks to the U.S. economy and stock market that could change the prospects for future corporate earnings (and thus stock prices), including interest rates increasing too-much too-fast, a global trade war, geopolitical events, etc.

In the current market environment, we continue to find **very good dividend-growth-at-a-reasonable-price ("DGARP") within Financials**, which represents the largest sector exposure within the GoDI portfolio. It remains perplexing to us that Financials have not been a leadership group this year because of their *positive* correlation to interest rates and economic growth. Nevertheless, we do continue to expect that the next leg of the U.S. bull market to be led by financial stocks.

Another aspect of the market this year that has been perplexing to us is the extreme outperformance of "growth" stocks relative to "value" stocks. **While not entirely analogous or extreme as 1999 and early 2000, the 23.8% return spread between large-capitalization growth and value stocks and the 29.5% return spread between small-capitalization growth and value stocks since January 1, 2017 (through November 27) is certainly *unusual*. Recently, however, there have been signs that value stocks may be ready to take-over market leadership from growth stocks** as the volatility of the daily return spread between value and growth has increased substantially over the past several months. In addition, on the return side, so far in November the value indexes have outperformed the growth indexes by just over 3% (both large and small capitalization). Nevertheless, as in the late 1990's, it is virtually impossible to say precisely when the substantial negative spread between value and growth will begin the process of a long-term, consistent unwinding – despite the historically wide valuation spreads between the two styles (according to Morgan Stanley research, the spread which reached the widest in over four (4) decades, with the exception of the peak of the 1999/2000 U.S. technology stock bubble).

Last Month's Dividend Announcements:

Since our objective within the GoDI is income/distribution growth, our monthly commentaries generally 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 changes during the prior calendar month, as well as those holdings we expect to declare dividend changes in the next calendar 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 GoDI holdings, **during the month of October 2018 we received three (3) declared dividend increases averaging an announced increase of 18.5% quarter-over-quarter** ("QoQ") **and 7.8% 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	Blackstone Group	BX	7.0	45.5	4.3	☺☺
2	Crown Castle Int'l	CCI	4.2	7.1	7.1	☺
3	Penske Automotive Group	PAG	3.3	2.8	12.1	☺
	Average		**4.8**	**18.5**	**7.8**	

Blackstone Group is one the largest alternative asset managers in the world with approximately US$440 billion in assets under management (US$120B private equity, US$120B real estate, $120B credit and $80B hedge funds). Blackstone's profits and cash-flow, and thus their dividend distributions, are highly variable as they are strongly correlated to the performance fees realized from their various funds and strategies – and many of these performance fees are only realized after many years of holding a position and then selling such position. This quarter's distribution exceeded the same quarter's distribution last year by 45.5%, boasting Blackstone's annual distribution growth rate to 4.3%. In addition to really liking their underlying business, we hold a large position in Blackstone because we believe that US and global "deal flow" will continue to increase and thus so will Blackstone's performance fee revenue and in turn our dividend distributions. In addition, a 7.0% trailing twelve-month dividend yield with a trailing five-year 15.5% p.a. distribution growth rate is amongst the best dividend yield-growth combinations in the GoDI portfolio.

Crown Castle International is a large (US$45.1B market capitalization) REIT which owns, operates and leases wireless communications towers in the US and Australia. Crown Castle delivered a 7.1% dividend increase this year, right in the middle of our expected 6% to 9% range.

Finally, Penske Automotive Group operates franchised automobile dealerships throughout the U.S., Puerto Rico and the United Kingdom. Penske is the U.S.'s second largest automobile dealer (after AutoNation) with 165 franchises in the U.S. – and another 190 dealership franchises outside of the U.S. Penske typically increases its dividend per share every single quarter, having done so since 2011.

Next Month's Expected Dividend Announcements:

During November 2018, we are expecting at least one (1) *annual* dividend increase announcement from our current holdings:

No.	Name	Ticker Symbol	Current Ind Div Yld (% p.a.)	Est. Announce Date	Est. Div Increase (%)
1	Lincoln National Corp	LNC	1.9	November 1	8-13

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