

## PORTFOLIO STRATEGY

Dearborn Partners' Core Rising Dividend Separately Managed Account (SMA) invests in a diversified set of companies with consistently rising dividends that offer a potential yield greater than the S&P 500. Companies selected offer the potential for mid to high single digit annual dividend growth over the long term. The combination of this attractive current yield plus potential regular dividend increases offers investors a portfolio that we believe will perform well in both rising and falling markets.

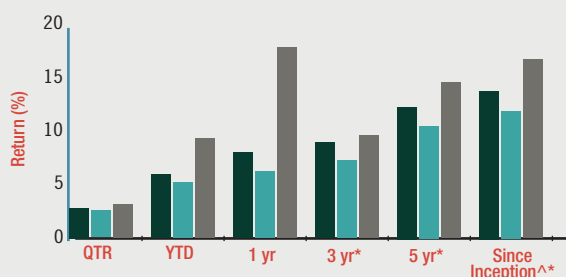
## INVESTMENT PHILOSOPHY

- ▶ Growth of dividend income
- ▶ Disciplined stock selection
- ▶ Participate in the long-term wealth-building potential of investing in great businesses
- ▶ Relatively low turnover
- ▶ Long-term investment time horizon (5+ years)

## PORTFOLIO COMPANY CHARACTERISTICS

- ▶ Solid financial condition with very strong balance sheets
- ▶ Investment-grade debt (if company has debt)
- ▶ Dividends well covered by cash flow and earnings
- ▶ Operations in generally defensive businesses
- ▶ The potential to raise dividends consistently year after year

## RETURNS



## RETURNS (%)

	QTR	YTD	1 yr	3 yr*	5 yr*	Since Inception^*
Core Dividend (Pure Gross)	2.9%	6.0%	8.0%	9.0%	12.4%	13.9%
Core Dividend (Net)	2.5%	5.2%	6.2%	7.3%	10.6%	12.0%
S&P 500 Index	3.1%	9.3%	17.9%	9.6%	14.6%	16.7%

^9/30/2011

\*Average annualized return

## CHARACTERISTICS

Dividend Yield (%)	2.5
P/E 2017e (X)	20.9
Est. 3-5 yr. EPS Growth (%)	9.5
P/E to Growth Ratio (X)	2.20
ROE (%)	24.0
LT Debt/Cap (%)	39.5
Beta - 5 Year	0.88
Standard Deviation 5Y - Portfolio	9.15
Standard Deviation 5Y - S&P 500	10.57
Turnover - 5 Year (%)	10.80

## TOP TEN HOLDINGS (% PORTFOLIO)

Apple Inc.	3.0%	Jack Henry & Assoc Inc Com	2.4%
Becton Dickinson and Co	2.6%	3M Company	2.3%
Broadridge Financial Solutions	2.5%	Accenture PLC Cl A	2.3%
Mastercard Inc	2.4%	Illinois Tool Works Inc	2.3%
Republic Services Inc	2.4%	Xilinx Inc	2.3%
<b>Total</b>		<b>24.4%</b>	
		Number of Holdings	49

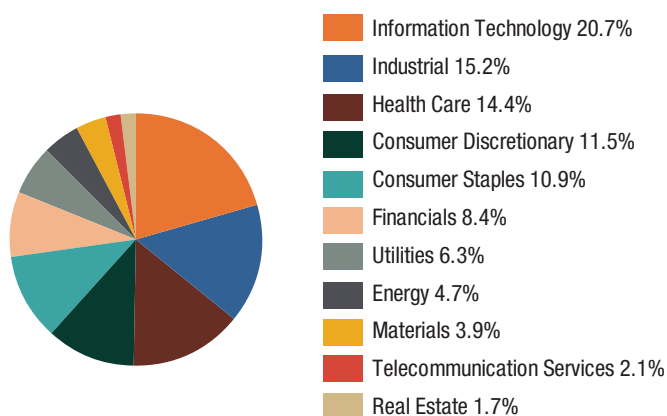
## DIVIDEND INCREASE ANNOUNCEMENTS

Companies	Quarter	YTD
Reporting Increase	11 of 49	25 of 49
Average Increase	5.8%	6.6%

## MARKET CAP

Weighted Average Market Cap. (B)	\$97.5
Median Market Cap (B)	\$45.9
Large Cap (>\$10B)	84.5%
Mid Cap (\$2B-\$10B)	15.5%
Small Cap (<\$2B)	0.0%

## SECTORS



## PORTFOLIO REVIEW

We believe it is important to participate in this incredibly long, strong stock market. We believe that owning stocks of good quality companies that pay dividends is a palatable way to participate in the market at all times. History would tell us that these strong upward markets will not last forever, but we have no idea when they will end. Even though leadership remains narrow, we did not own five of the six greatest contributors to the benchmark's return, and we tend to hold up better in challenging markets, which have not occurred for months, we feel that our results in the second quarter were respectable and provide a way to participate at all times.

An objective of our strategy is to reduce vulnerability. Among the ways that we attempt to achieve that objective are to include in our portfolios companies that are in strong financial condition with little or no debt, that we believe are capable of increasing dividends at rates above the historic average annual 3% rate of inflation regardless of the economic environment, and to diversify properly across and within the sectors. We further believe that rising dividends offer the potential to reduce vulnerability in challenging markets.

The broad market has not presented many challenges for nearly a year. It is our experience, however, that markets have not remained complacent and on an uptrend forever. When that trend ends, we believe that the solid companies in our portfolios are likely to not only survive but continue to pay dividends with the potential to increase with regularity. Successful investing typically requires patience. Every company in our portfolios pays us while we patiently hold.

Time Period	Composite TWR - Pure Gross*	Composite TWR - Net	S&P 500	Standard Dispersion	3-Yr Ann Deviation Composite	3-Yr Ann Deviation S & P 500	Portfolios in Composite	End of Period Composite Assets (\$ thousands)	End of Period Strategy Assets* (\$ thousands)	Pct of Composite \$ in Bundled-Fee	End of Period Total Firm GIPS Assets (\$ thousands)
4 Qtr 11	10.33	9.88	11.82	N/A	N/A	18.71	32	\$5,949	\$5,949	82%	\$2,015,760
2012	10.73	8.73	16.00	0.25	N/A	15.09	432	\$95,525	\$184,510	97%	\$2,149,914
2013	25.74	23.63	32.39	0.24	N/A	12.23	811	\$204,725	\$378,509	98%	\$1,234,722
2014	14.14	12.27	13.69	0.17	8.43	8.97	1130	\$317,578	\$606,942	98%	\$1,451,618
2015	0.46	-1.10	1.38	0.19	9.89	10.47	1452	\$366,020	\$823,044	98%	\$1,384,323
2016	13.00	11.20	11.96	0.31	9.51	10.59	1983	\$525,700	\$1,244,213	98%	\$1,600,024
YTD	6.04	5.20	9.34	N/A	9.04	10.21	2255	\$610,818	\$1,447,104	98%	\$1,824,496

## INVESTMENT TEAM

### Carol M. Lippman, CFA, Managing Director

Portfolio Manager, Rising Dividend Strategy  
30+ years investment experience  
Joined the firm from Wells Fargo Advisors, August 2011

### Michael B. Andelman, Managing Director

Portfolio Manager, Rising Dividend Strategy  
15+ years investment experience

### Peter J. Deakos, CFA

Portfolio Manager, Rising Dividend Strategy  
15+ years investment experience

### Matthew Guttosch

Analyst, Rising Dividend Strategy  
7 years investment experience

### Jackson Finks, CFA

Analyst, Rising Dividend Strategy  
4 years investment experience

\*This statistic is Supplemental Information.

Dispersion is calculated only for an entire year.

**Dividend Yield %** is a percentage calculated by dividing total dividends by the current market price and multiplying by 100. **P/E 2017e** is the most-recent stock price divided by the mean analyst EPS (earnings per share) estimate for the current fiscal year. This number gives some indication of how cheap or expensive a stock is compared with consensus earnings estimates. The lower the forward P/E, the cheaper the stock. FactSet Estimates data is used in the denominator of this calculation. **Standard Deviation** is the annualized standard deviation of monthly portfolio returns, according to Bloomberg. **Estimated 3-5 Year EPS Growth** is the FactSet mean analyst estimate for annualized future EPS growth for a minimum of 3 years and maximum of 5 years, depending on available analyst estimate data. **P/E to Growth** is the P/E 2017e divided by the Estimated 3-5 Year EPS Growth. **Beta** is a measure of the degree of change in value one can expect in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one is generally more volatile than its benchmark index, and a portfolio with a beta of less than one is generally less volatile than its benchmark index. **The Return on Equity (ROE)** is the percentage a company earns on its shareholders' equity in a given year. The calculation is net income divided by end-of-year net worth, multiplied by 100. **Long-Term Debt as a Percentage of Capital** is calculated by dividing long-term debt by total capitalization (the sum of common equity plus preferred equity plus long-term debt). **TWR** is the Time Weighted Return, also known as the Geometric Mean Return. **Turnover** is the lesser of purchases or sales as a percentage of the average portfolio value of a representative portfolio in the composite, annualized.

**The Core Rising Dividend Composite** contains discretionary accounts with a minimum size of \$100,000 that Dearborn manages pursuant to the Dearborn Partners Core Rising Dividend strategy (the "Strategy"), which is one of Dearborn's Rising Dividend strategies. For comparison purposes the composite is measured against the S&P 500 Index. The composite's inception date was September 30, 2011.

Dearborn claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Dearborn has been independently verified for the periods April 1, 1997 through December 31, 2013. The verification reports are available on request. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Verification assesses whether (1) Dearborn has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) Dearborn's policies and procedures are designed to calculate and present performance in compliance with GIPS. Verification does not ensure the accuracy of any specific composite presentation. A performance examination has not been conducted on this composite.

Dearborn is an SEC-registered investment adviser. Dearborn maintains a complete list and description of composites, which is available upon request. Results are based on discretionary accounts under management, including those accounts no longer managed by Dearborn.

The U.S. Dollar is the currency used to express performance. Returns are presented on a "pure gross" and net basis and include the reinvestment of all income. Pure gross returns do not reflect the deduction of any expenses, including trading costs, and are supplemental to net returns. Net of fee performance was calculated using actual fees, which includes wrap fees, management fees and trading commissions. The End of Period Strategy Asset includes the assets managed by model managers, and is supplemental to the assets in the composite. Dearborn's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

The Dearborn management fee schedule is 1.00% on the first \$1 million and 0.75% on amounts over \$1 million, but actual fees may vary. The Composite was created September 30, 2011. Past performance is no guarantee of future results. This report is not a complete description of or recommendation to invest in the Strategy. There is no assurance the Strategy will be profitable, achieve its objectives, be suitable for you, or not incur losses. Some of the information herein has been obtained from third party sources. We believe such information is reliable but we have not in each case verified its accuracy or completeness. Any opinions herein are as of the date of this report and are subject to change without notice. Dividends are not guaranteed and must be authorized by the company's board of directors.

The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. Inclusion of this index is for illustrative purposes only. You cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance.

Sector classifications are generally determined by referencing the Global Industry Classification Standard (GICS®). GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poors Financial Services LLC (S&P). GICS is a service mark of MSCI and S&P and has been licensed for use by Dearborn Partners, LLC.