

PORTFOLIO STRATEGY

The Dearborn Partners Concentrated Balanced Income 60/40 Portfolio is designed for clients seeking the potential for rising income with the decreased portfolio risk and volatility historically attributed to adding fixed income to all-equity portfolios. Equity is targeted at 60% of the portfolio. Fixed income is targeted at 40% of the portfolio. Equity investments utilize Dearborn's existing High & Rising Dividend strategy, seeking companies offering the potential to consistently increase dividends. Fixed income investments utilize a conservative, all-weather fixed income approach primarily consisting of a bond ladder. The bond ladder is created using defined maturity exchange traded funds (ETFs) and is further described on the next page.

INVESTMENT PHILOSOPHY - EQUITY

- ▶ 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 - EQUITY

- ▶ 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

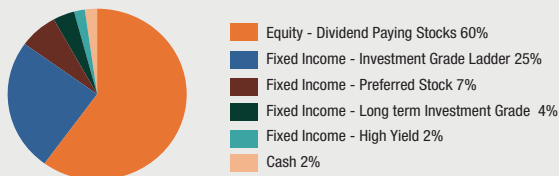
ASSET ALLOCATION

- ▶ Current income from Fixed Income
- ▶ Rising dividend income from equities
- ▶ 25 stocks, 12 fixed income vehicles
- ▶ Flexibility for +/-10% Fixed/Equity Allocation

PORTFOLIO CHARACTERISTICS – FIXED INCOME

- ▶ Fixed income is benchmarked to Intermediate (5-10 year) Corporate Investment Grade Credit index.
- ▶ Laddered corporate defined-maturity ETFs utilized to reduce the need for interest rate forecasting.
- ▶ Preferred ETFs, High Yield ETFs, and Corporate Bond ETFs utilized to manage duration and credit exposure.

PORTFOLIO ASSET ALLOCATION



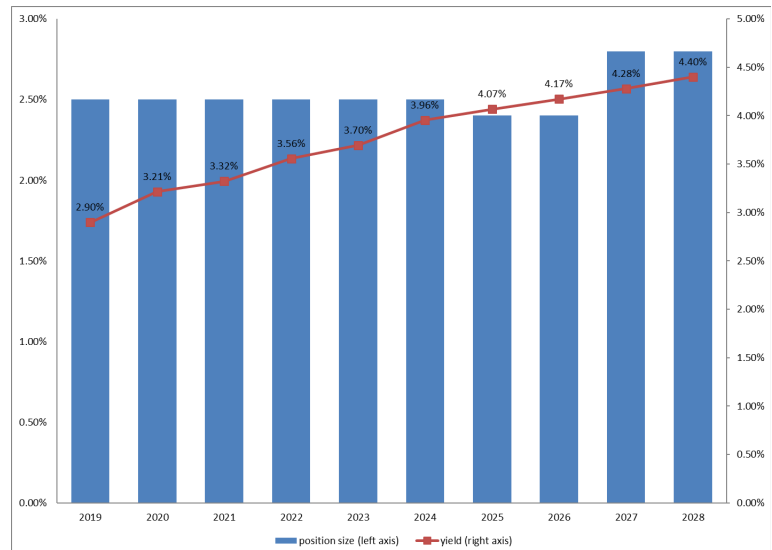
CHARACTERISTICS

Portfolio Yield (%)	3.8
Yield - Equities (%)	3.5
Yield - Fixed Income (%)	4.5
Portfolio Duration (Yr)	2.0 Yr
Targeted Turnover (%)	20-30
Fixed Income Duration (Yr)	5.4 Yr

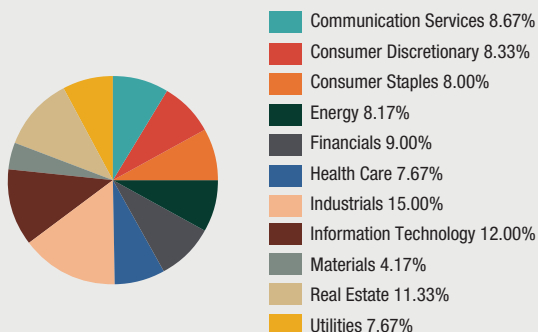
DIVIDEND INCREASE ANNOUNCEMENTS

Companies	Quarter	YTD
Reporting Increase	9 of 25	25 of 25
Average Increase	13.0%	9.5%

LADDER MATURITIES



SECTORS - EQUITY



## PORTFOLIO REVIEW

### How does the Dearborn Partners Concentrated Balanced Income 60/40 Portfolio work?

**Equity is targeted at 60% of the portfolio and consists of 25 individual stocks.** For the equity portion, we utilize Dearborn's existing High & Rising Dividend strategy. This strategy 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-single digit* annual dividend growth over the long term. The combination of this attractive current yield plus potential regular dividend increases offers investors a stock portfolio that we believe will perform well in both rising and falling markets.

**Fixed income is targeted at 40% of the portfolio and consists of 14 exchange traded funds (ETFs).** For the fixed income portion, we primarily utilize a bond laddering strategy along with a few other fixed income asset classes. A bond ladder generally allows short-term bonds to mature and to reinvest those proceeds into longer dated bonds. As such, we view the bond ladder strategy as an effective all-weather fixed income strategy. This allows investors the potential to minimize interest rate risk while gaining income and decreased portfolio risk attributed to fixed income investing.

**Bond ladder example:** In the portfolio, we invest in defined maturity exchange traded funds (ETFs). Unlike traditional ETFs, the defined maturity fixed income ETFs mature on a stated date – usually December 15th of its maturity year. Thus, we invest the portfolio in a bond ladder with maturities in 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, and 2028. Assuming we keep with our typical bond laddering strategy, cash proceeds received from the 2019 maturity would be reinvested at a longer maturity date, in this case, 2029.

Overall, the portfolio targets a 60% equity and 40% fixed income mix. As markets ebb and flow, these percentages may vary slightly. We retain the flexibility to stay +/- 10% of our targeted 60/40 allocation.

Time Period	Composite TWR - Pure Gross*	Composite TWR - Net	Blended Index*	Standard Dispersion	3-Yr Ann Deviation Composite	3-Yr Ann Deviation Blended Index*	Portfolios in Composite	End of Period Composite Assets (\$ thousands)	End of Quarter Total Assets (\$ thousands)	Strategic MVAL	Non-Bundled Assets	End of Period Strategy Assets (\$thousands)	Pct of Composite \$ in Bundled-Fee	End of Period Total Firm GIPS Assets (\$ thousands)
4Q 2017	3.61	3.55	4.15	N/A	N/A	N/A	1	\$251	\$250,752	\$250,752	\$250,752	\$251	0%	\$2,055,572
2018	-0.80	-1.30	-3.05	N/A	N/A	N/A	1	\$236	\$236,099	\$989,467	\$236,099	\$989	0%	\$2,296,904

## INVESTMENT TEAM

### Peter J. Deakos, CFA

Portfolio Manager, Rising Dividend Strategy  
20 years investment experience

### 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

### Matthew Guttosch, CFA

Analyst, Rising Dividend Strategy  
10 years investment experience

### Jackson Finks, CFA

Analyst, Rising Dividend Strategy  
4 years investment experience

**\*\*These statistics are Supplemental Information.**

**Dispersion is calculated only for an entire year.**

### Definitions

**Dividend Yield %** is a percentage calculated by dividing total dividends by the current market price and multiplying by 100. **Duration** is a measure of the sensitivity of the price – the value of principal – of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. **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 **Dearborn Partners Concentrated Balanced Income 60/40 Composite** uses a custom benchmark that consists of 60% of the S&P 500 and 40% of the Bloomberg Barclays U.S. 5–10 Year Corporate Bond Index. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Bloomberg Barclays U.S. 5–10 Year Corporate Bond Index measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Inclusion of these indices 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.

Past performance is no guarantee of future results. This report is not a complete description of or recommendation to invest in the Dearborn Partners Concentrated Balanced Income 60/40 Strategy (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 Concentrated Balanced Income 60/40 Composite** (the "Composite") contains discretionary accounts with a minimum size of \$100,000 that Dearborn manages pursuant to the Dearborn Partners Concentrated Balanced Income 60/40 SMA strategy (the "Strategy"), which is one of Dearborn's Rising Dividend strategies. The Composite's inception date was September 30, 2017. For comparison purposes, the Composite is measured against the S&P 500 for Equity and the Bloomberg Barclays Credit Corporate 5-10Y for Fixed Income. 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, 2016. The verification reports are available on request. The Standard Dispersion is an asset-weighted standard deviation calculated for the accounts that were in the Composite for an entire given 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 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.

Dearborn is an SEC-registered investment adviser. Registration does not imply a certain level of training or skill.

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.

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 & Poores 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.