DEARBORN PARTNERS

Dear Investors,

Thank you for your continued investment in the Dearborn Partners Multi-Asset Separately Managed Account (SMA).

Our third quarter (September 30, 2019) performance is included below:

Third Quarter 2019 Total Returns (%) as of September 30, 2019[1]

	Gross	Net
Multi Asset	3.3	3.0
Blended Index[2]	1.8	
Bloomberg Barclay's Intermediate Credit Index	1.9	
S&P 500[3]	1.7	

Year-to-Date 2019 Total Returns (%) as of September 30, 2019[1]

	Gross	Net
Multi Asset	18.2	17.4
Blended Index[2]	15.2	
Bloomberg Barclay's Intermediate Credit Index	9.6	
S&P 500[3]	20.6	

As in previous quarters, our goal with this letter is to provide transparency to our investors. Thus, the letter is divided into three segments to help describe the quarter:

1) Big Picture,
2) Trade Details, and
3) Dividend Increases.

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[1] 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 include wrap fees, management fees and trading commissions. The Dearborn management fee schedule is 1.00% on the first $1 million and 0.75% on amounts over $1 million, but actual fees will vary.

[2] Blended index is an equal weighted average of the performance of the S&P 500 and Bloomberg Barclays U.S. Intermediate Credit TR Index Value through 3/31/19. After 3/31/19, the benchmark is 60% S&P 500 and 40% Bloomberg Barclays U.S. Intermediate Credit TR Index Value.

[3] The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered to be representative of the U.S. stock market. Inclusion of this index is for illustrative purposes only. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark.

1.) Big Picture

Bond markets over the last twelve months have been quite unusual but, in our view, highlight the benefit of holding the Dearborn Multi-Asset SMA. To illustrate the unusualness in bond markets, we find it useful to look at interest rates expectations over the last year. Specifically, we look at the federal funds rate expectations over the last year. [The federal funds rate is the interest rate which banks use to trade with one another overnight. The Federal Reserve – through its Federal Open Market Committee – meets eight times a year to determine the federal funds target rate.] If we look back on the interest rate expectations one year ago, September 30, 2018, the consensus opinion was the call for ***hiking*** interest rates (as measured by Fed Funds Futures on Bloomberg). As of September 30, 2019, consensus opinion calls for the exact opposite - ***cutting*** interest rates.

How could so many economists and strategists be so wrong about the direction of interest rates? We bring up the 180-degree change in interest rate expectations not to enter the fray of interest rate predictions but to reiterate the differentiation of Dearborn's investment process. Dearborn's investment process is to find and own what we believe are great companies over the long term. Remember, stocks are simply ownership stakes in companies. Bonds are borrowings, or loans, issued by companies. Our goal is to find stocks of great companies to potentially make our clients attractive total returns over the long term. We will leave interest rate and economic prognostication to others. We obviously do not ignore the economic landscape, but our job remains focused on finding great companies!

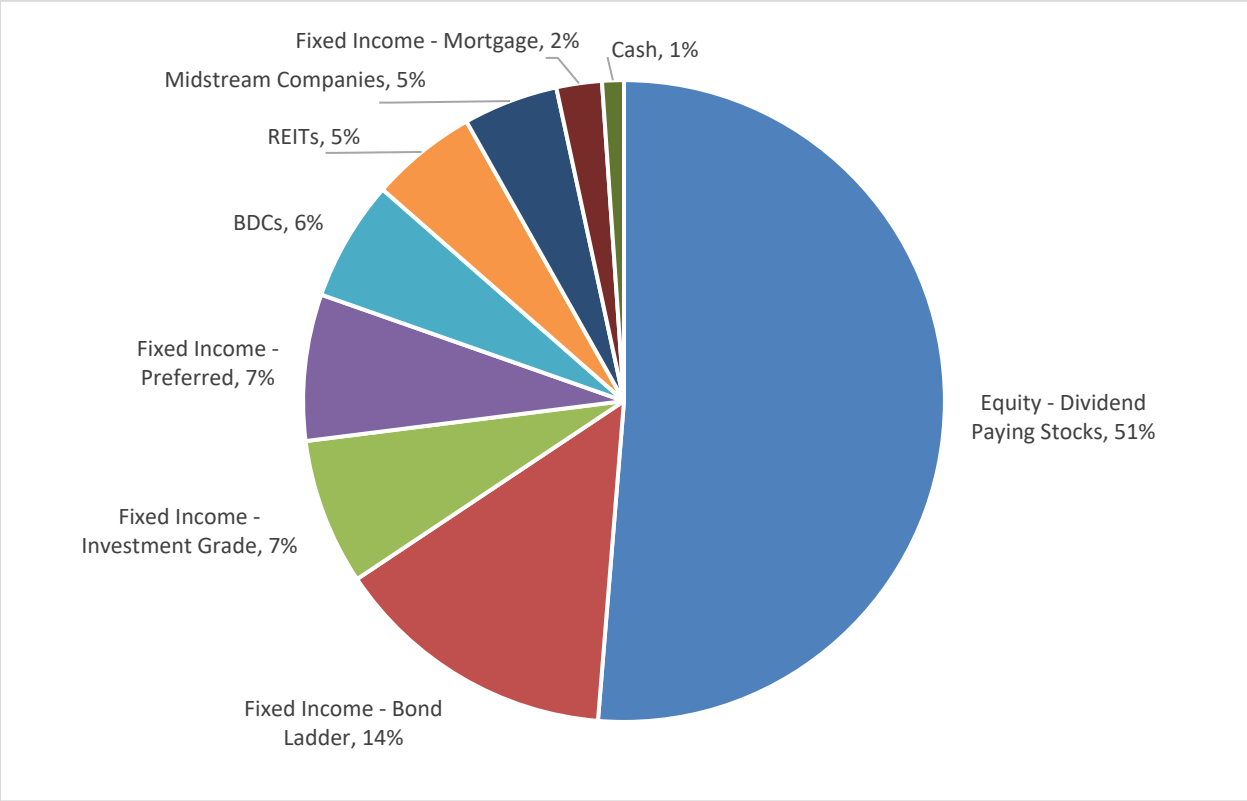
Big picture, we continue to like the balance and diversity we have in the portfolio. While we can "go anywhere" with the portfolio investments, we tend to view the portfolio as a higher yielding alternative to a traditional 60/40 (60% stock / 40% bond) portfolio. As such, we want our investors to feel a level of comfort holding this portfolio over the long term.

Officially, the Dearborn Multi-Asset SMA asset mix is 68% equity, 31% fixed income, and 1% cash. However, we view approximately 8% of the equity portion of the portfolio as fixed income alternatives (namely pipeline companies (5%) and one Business Development Company (3%)). Therefore, unofficially, we view the portfolio asset mix more as a 60% equity, 39% fixed income (and "fixed income-like"), and 1% cash.

Here is the portfolio breakdown at quarter end: 32 stocks, 15 ETFs (exchange traded funds), 1 cash position.

- 68% Equity
  - 51% Traditional dividend-growing equity.
    - These are 26 individual stocks of companies that we expect to raise dividends year after year. These businesses – ***remember, we view owning stocks as owning businesses over the long term*** - provide the expected dividend growth and total return potential over long periods of time.
  - 6% Business Development Companies (BDCs). (2 individual stocks.)
  - 5% Midstream pipelines. (2 pipeline stock holdings and 1 pipeline ETF.)

    - 5% Real Estate Investment Trusts (REITs). (2 individual stocks.)
- 31% Fixed Income
    - 14% Bond ladder.
        - The bond ladder encompasses 9 individual defined-maturity ETFs. Like a bond, these ETFs will mature in the stated maturity year. The bond ladder spans from 2020 to 2028. Years 2020, 2022 and 2024 are high yield bond ETFs. Years 2021, 2023, 2025, 2026, 2027, and 2028 are investment grade bond ETFs.
    - 7% Investment grade bonds. (2 ETFs in addition to investment grade ETFs in bond ladder.)
    - 7% Preferred securities. (2 ETFs.)
    - 2% Mortgage-backed securities. (1 ETF.)
- 1% Cash



2.) Trade Details

We made several trades in the portfolio - nine buys and seven sells - during the quarter. We executed trades in mid-August.

- Added to Kontoor Brands, Inc (KTB). In late May, VF Corp (VFC) spun off shares of Kontoor Brands to existing shareholders. One share of Greensboro, NC-based Kontoor Brands was distributed for every seven shares of VF Corp. In mid-August, we purchased

additional shares of Kontoor Brands in the portfolio. Kontoor Brands is largely made up of the Wrangler and Lee jeans brands. While these brands have been slower growing, especially compared with faster growing brands at VF Corp (Vans, Timberlands, and The North Face), we view Wrangler and Lee as consumer staple-like brands. The jeans brands are ubiquitous and often used for work and regular wear. We like the company as a pure-play jeanswear company. As a pure-play company, we anticipate Kontoor will have an improved ability to streamline costs while, at the same time, focusing on brand development and its direct-to-consumer offering. At quarter end, KTB's dividend yield was 6.4%.

- Added to Deere & Company (DE). We added to Moline, IL-based Deere & Company. Deere is the largest manufacturer and distributor of agricultural equipment in the world. Advantages for the company include economies of scale, valuable brand, extensive dealer network, and financial services offering. We view large agricultural equipment replacement demand as attractive while precision agricultural offerings could boost Deere's profitability. We also like the agriculture and, specifically, grain exposure Deere brings to our Dearborn Multi-Asset SMA. Deere recently increased its dividend 10% and yielded 1.8% at quarter end.
- Purchased Alerian MLP ETF (AMLP). This exchange traded fund (ETF) holds 20 Master Limited Partnerships (MLP), all focused on the pipeline space. Fundamentally, we find pipelines attractive. They make profit based on the volume, not the price, of the natural resource (natural gas, crude oil, natural gas liquids, gasoline, diesel, etc.) transported through the pipeline. We decided to reinvest into the MLP pipeline space based on two observations: 1. The space has largely cleaned up its act – balance sheets are in better shape, managements are increasingly more conservative surrounding growth projects, and corporate structures have been simplified. 2. The valuations look attractive relative to other risk assets in the marketplace. At quarter end AMLP yielded 8.4%.
- Added to Apple Inc. (AAPL). We added to our position in Cupertino, CA-based Apple. We see Apple having several advantages: strong brand, culture of innovation, massive scale, and reluctance of users to switch out of the Apple ecosystem. Given the ubiquity of iPhones, Apple is in some ways a consumer staple company as well as a technology company. Apple has increased its dividend for 6 consecutive years and the shares yielded 1.4% at quarter end.
- Purchased Xilinx, Inc (XLNX). Within the broader semiconductor industry, San Jose, CA-based Xilinx designs and develops programmable chips. Xilinx has a long history in the programmable chip space and is the inventor of the field programmable gate array (FPGA). Particularly attractive end markets for Xilinx are threefold: 5G cellular markets, data center markets, and automotive markets. For example, in a new car's safety sensing technology, a heavy workload of processing data is necessary to make the vehicle stop or avoid a collision – calculating radar, camera signals, road, lane, speed, etc. – all within a split second. What was once done on a whole computer is now done on a single chip. While the chip industry is competitive, we like the prospects of Xilinx to make these chips better and faster (lower latency) over time. Xilinx shares yielded 1.6% at quarter end.

- Added to Main Street Capital Corp (MAIN). We added to our position in Houston, TX-based Main Street Capital and view the company as a core financial holding. Main Street is a principal investor in private debt and equity. Main Street, an internally managed Business Development Company (BDC), focuses on the lower middle market of private businesses to make debt and equity investments. While most of today's BDCs are debt-only investors, Main Street has executed well by investing in the equity (about 17% at cost) alongside mid-sized American companies in which Main Street makes loans. Main Street has a successful record of regularly increasing monthly dividends and growing net asset value per share. The company is also ending its practice of paying supplemental dividends, usually done twice a year, and is merging those supplementals into its regular monthly dividend. We think this will create greater market clarity upon completion. At quarter end, Main Street shares yielded 6.8%.
- Added to Vanguard Long-Term Corporate Bond ETF (VCLT). We added to VCLT to gain longer duration corporate bond exposure. The ETF holds investment grade bonds issued by corporations. Duration is a measure of a bond portfolio's sensitivity to interest rates. Measured in years, a longer duration results in more portfolio sensitivity to interest rates. We chose to move the portfolio's duration from approximately 5 years to about 6 years, more in line with our benchmark.
- Purchased iShares iBonds December 2027 Term Corporate ETF (IBDS). We added IBDS, a defined maturity ETF that matures in December 2027, to lengthen our portfolio duration.
- Purchased iShares iBonds December 2028 Term Corporate ETF (IBDT). We added IBDT, a defined maturity ETF that matures in December 2028, to lengthen our portfolio duration.
- Sold McCormick & Company, Inc (MKC). We continue to like the long-term fundamental outlook at McCormick. However, given the rapid increase in value, we took profits in order to purchase other stocks in the portfolio.
- Sold Thor Industries (THO). We sold our position in RV manufacturer Thor Industries. While we continue to like the long-term fundamentals at Thor, our portfolio position in Thor was small and either needed to be added to or sold. We chose the latter in order to invest in stocks of other, less volatile companies.
- Sold Walgreens Boots Alliance (WBA). We sold our position in Walgreens because we lacked conviction in the turnaround story. Like Thor, our portfolio position in WBA was small and either needed to be added to or sold. We chose to invest in other companies.
- Sold Glacier Bancorp (GBCI). We continue to like the long-term outlook for Glacier Bancorp. However, we chose to have Main Street Capital (above) and its significantly higher current yield as a core financial holding in place of Glacier within the portfolio.
- Sold RLI Corp (RLI). We continue to like the long-term prospects and niche underwriting of this specialty insurer. However, given the rapid rise in value, we decided to redeploy proceeds into other companies.
- Trimmed Invesco Fundamental Investment Grade Corporate Bond ETF (PFIG). We trimmed this shorter duration bond ETF in favor of lengthening our portfolio duration. See trades above into VCLT, IBDS, and IBDT.

- Sold iShares iBonds December 2019 Term Corporate ETF (IBDK). We sold IBDK, a defined-maturity ETF maturing in December 2019, in order to lengthen our portfolio duration. See trades above into VCLT, IBDS, and IBDT.

3.) Dividend Increases

Here are the companies within our Dearborn Partners Multi-Asset SMA that announced dividend increases in the third quarter of 2019, listed in reverse order by date, beginning with the most recent announcement:

Company	Ticker	Percent Change	Date of Increase Announcement	New Amount	Old Amount*	Consecutive Annual Increases
U. S. Bancorp	USB	13.5%	9/17/2019	$0.42	$0.37	9
Store Capital Corp	STOR	6.1%	9/10/2019	$0.35	$0.33	5
Verizon Communications	VZ	2.1%	9/5/2019	$0.62	$0.60	13
Illinois Tool Works Inc	ITW	7.0%	8/2/2019	$1.07	$1.00	57
	Average	7.2%				

*The percentage change of dividend payments reflects the new dividend rate compared with the similar payment made in the prior year.

Our investment philosophy remains unchanged. The Dearborn Multi-Asset SMA portfolio seeks to provide attractive current income with the potential for growth in income over the long term. The portfolio is diversified across various asset classes—stocks of companies with dividend growth potential, investment grade fixed income, high yield fixed income, mortgage-backed fixed income, preferreds, midstream pipeline companies, Business Development Companies, and Real Estate Investment Trusts. We maintain the view that holding a significant number of companies with the ability (and willingness) to pay and raise dividends each year is one of the most prudent uses of capital for our Dearborn Multi-Asset SMA.

If you would like any additional details on the Dearborn Partners Multi-Asset SMA, please contact Katie Wolford, our Internal Wholesaler at kwolford@dearbornpartners.com or (312) 795-5330.

We hope you enjoy the fall and look forward to updating you early next year!

Sincerely,

Peter Deakos, CFA

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Disclaimer

Past performance is no guarantee of future results. Dividends are not guaranteed and must be authorized by the company's board of directors. Dividend yield is one component of performance and should not be the only consideration for investment.

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