

D E A R B O R N P A R T N E R S

Dear Investors,

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

First Quarter of 2021 Thoughts

At Dearborn Partners, we view ownership of stocks as ownership in a business. Whether one owns 100% of a business – like many small-business owners – or whether one owns a fractional percentage of a business – as many holders of publicly-traded stocks – the principles of business ownership remain the same. Namely, it takes time and patience to allow businesses the potential to earn compounding returns on invested capital.

The first quarter of 2021 rewarded investors who were patient through 2020 volatility. However, we do not get too excited - nor too pessimistic - about the respective ups and downs of the stock market. Our view of owning a business, not just a tradable stock certificate, allows us to be patient assuming the underlying companies' fundamentals remain intact, as we believe they do.

Our bias within the Multi-Asset SMA is to weight more to stocks versus bonds relative to our 60/40 benchmark. We view stocks as having an ability to earn attractive returns beyond the rate of inflation over the long term. Given low bond interest rates – high-quality five to ten-year corporate bonds yield 2.2%¹ - combined with an outlook for modest inflation over the next ten years of 2.3%², we think stocks offer better risk/reward opportunities for investors. Our current allocation is 70% stocks and 30% fixed income and cash.

What is the 60/40 yield?

Historically, an asset allocation of 60% stocks and 40% bonds has been considered a bellwether asset allocation strategy. Principal growth and dividend income could be provided by the 60% allocation to stocks, while portfolio stability and interest income could be provided by the 40% allocation to bonds. As of March 31, 2021, the bellwether 60/40 portfolio yields only 1.81%³.

Dearborn Partners Multi-Asset SMA

On March 31, 2021, the yield on the Dearborn Partners Multi-Asset SMA was 3.3%. We are constantly weighing the risk and reward of asset classes and sectors. However, our over-arching strategy is to anchor the Multi-Asset SMA in equities offering attractive current yields, many of which also offer dividend growth potential.

On the equity side, we conduct bottom-up research on companies (analyze corporate filings, talk to management, visit companies, consult third parties, etc.) and look for opportunities in Real Estate, Utilities, Consumer Staples, Communications Services, Industrials, Financials, Consumer Discretionary, Health Care, Information Technology, Energy, and Materials companies.

¹ Bloomberg Barclays US Credit Corp 5-10 Year Total Return Index as of 4/9/21.

² Federal Reserve Bank of St. Louis. 10-Year Breakeven Inflation Rate. *The breakeven inflation rate represents a measure of expected inflation derived from 10-Year Treasury Constant Maturity Securities and 10-Year Treasury Inflation-indexed Constant Maturity Securities. The latest value implies what market participants expect inflation to be in the next 10 years, on average.*

³ 60% of S&P 500 Index yield (1.51% x 60% = 0.91%) + 40% of Bloomberg Barclays US Intermediate Term Corporate Credit Index yield (2.26% x 40% = 0.90%), or 0.91% + 0.90% = 1.81%.

On the fixed income side (including both fixed income and dividend-paying but not necessarily dividend-growing equities), we continue to weigh our best use of capital amongst Corporate Credit, Government Credit, Treasuries, Midstream Equity, Business Development Companies, Bank Loans, High-Yield Credit, and Preferred Stock.

First Quarter 2021 Performance

As a reminder, the Dearborn Multi-Asset benchmark is a blended benchmark, consisting of 60% S&P 500 and 40% Investment Grade Corporate Bonds.

Here is our first quarter, 1-year, 3-year, and inception-to-date (ended March 31, 2021) performance:

	As of March 31, 2021							
	<u>First Quarter</u> <u>2021 Total</u> <u>Returns (%)</u>		<u>1-Year Total</u> <u>Returns (%)</u>		<u>3-Year</u> <u>Total</u> <u>Returns (%)</u>		<u>Inception-to-</u> <u>Date Total</u> <u>Returns (%)</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>			<u>Gross</u>	<u>Net</u>
Multi Asset	6.3	6.0	40.0	38.4	9.5	8.5	8.5	7.5
Blended Index ⁴	2.4		35.2		12.1		11.0	
Bloomberg Barclays Intermediate Credit Index	-3.1		7.8		5.0		3.9	
S&P 500 ⁵	6.2		56.4		16.8		16.1	

Big Picture

The Dearborn Partners Multi-Asset SMA is a portfolio built on balance and diversity. While we can “go anywhere” with our investments, we view the portfolio as a higher yielding alternative to a traditional 60/40 (60% stock / 40% bond) portfolio. We want our investors to feel a level of comfort holding this portfolio over the long term.

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.

We maintain the view that diversification across and within various asset classes can help moderate portfolio risk. Holding a significant number of companies with the ability (and willingness) to pay and raise dividends over time is, we believe, one of the most prudent uses of capital for our Dearborn Multi-Asset SMA.

Quarter-End Asset Allocation Mix

The Dearborn Multi-Asset SMA official asset mix as of March 31, 2021 was 70% equity, 27% fixed income, and 3% cash. However, within the equity portion, we view approximately 13% of the portfolio as fixed income

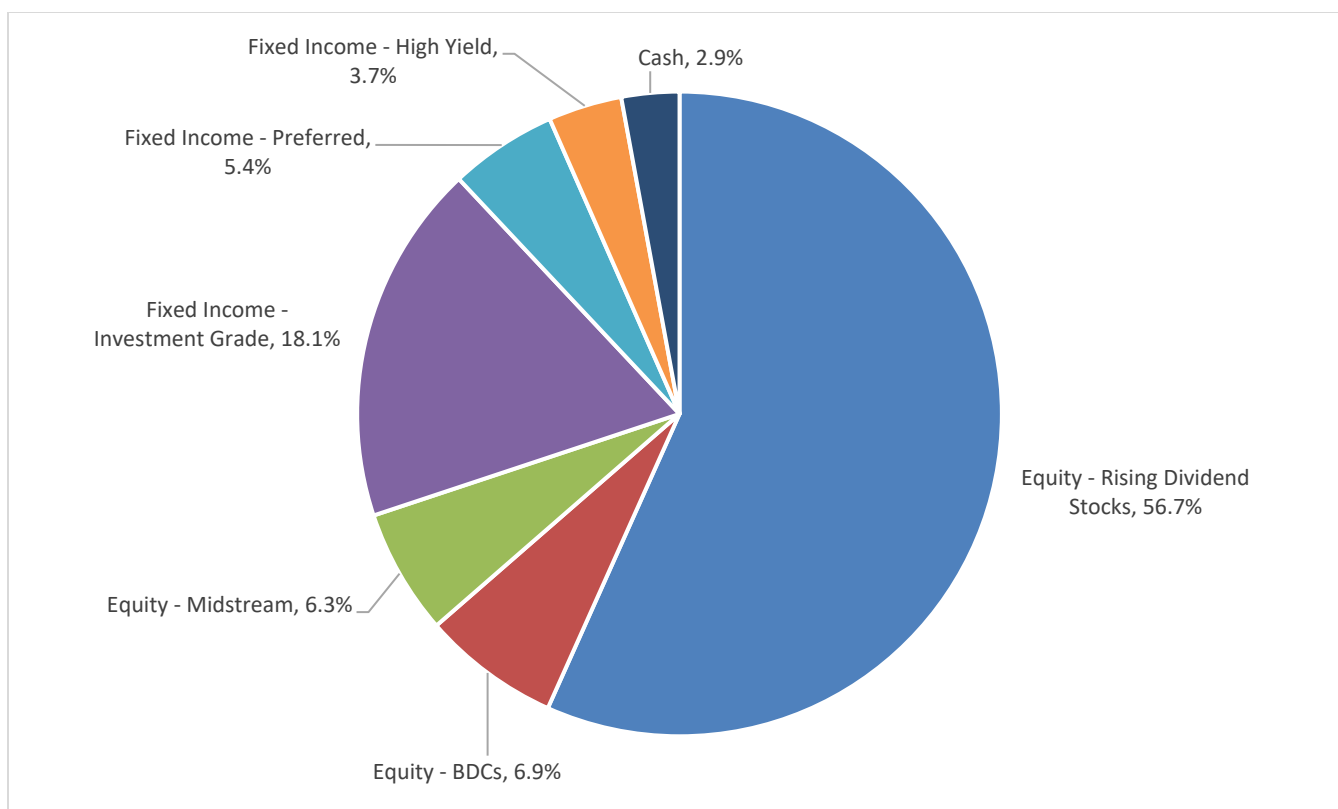
⁴ Blended index is an equal weighted average of the performance of the S&P 500 and Bloomberg Barclays U.S. Intermediate Credit TR Index Value through 03/31/19. After 03/31/19, the benchmark is 60% S&P 500 and 40% Bloomberg Barclays U.S. Intermediate Credit TR Index Value. Inception date is 09/30/2017.

⁵ 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.

alternatives, namely midstream pipeline companies and Business Development Companies. Therefore, unofficially, we view the portfolio asset mix more as 57% equity, 40 fixed income (and “fixed income-like”), and 3% cash.

Here is the portfolio breakdown (totals may not sum due to rounding) at quarter end: 39 stocks, 10 ETFs (exchange traded funds), 1 cash position. (Also, see pie graph below.)

- 70% Equity
 - 57% Traditional dividend-growing equity.
 - These are 35 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.
 - 7% Business Development Companies (BDCs).
 - 6% Midstream pipelines.
- 27% Fixed Income
 - 18% Investment-grade bonds.
 - 5% Preferred securities.
 - 4% High yield bonds.
- 3% Cash



Dividend Increases

Here are the companies within our Dearborn Partners Multi-Asset SMA that announced dividend increases in the first quarter of 2021, 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
Deere & Company	DE	18.4%	2/24/2021	\$0.90	\$0.76	1
Home Depot, Inc.	HD	10.0%	2/23/2021	\$1.65	\$1.50	12
Walmart Inc.	WMT	1.9%	2/18/2021	\$0.55	\$0.54	48
Sherwin-Williams Company	SHW	20.9%	2/17/2021	\$1.62	\$1.34	42
Sixth Street Specialty Lending, Inc.	TSLX	Special	2/17/2021	\$1.25		
NextEra Energy, Inc.	NEE	10.0%	2/12/2021	\$0.39	\$0.35	27
Watsco, Inc.	WSO	9.9%	2/11/2021	\$1.95	\$1.78	47
Cisco Systems, Inc.	CSCO	2.8%	2/9/2021	\$0.37	\$0.36	10
Gilead Sciences, Inc.	GILD	4.4%	2/4/2021	\$0.71	\$0.68	6
BCE Inc.	BCE	5.1%	2/4/2021	\$0.875	\$0.83	16
Tractor Supply Company	TSCO	48.6%	1/28/2021	\$0.52	\$0.35	11
John B. Sanfilippo & Son, Inc.	JBSS	Special	1/27/2021	\$2.50		
Williams Companies, Inc.	WMB	2.5%	1/26/2021	\$0.41	\$0.40	5
Kimberly-Clark Corporation	KMB	6.5%	1/25/2021	\$1.14	\$1.07	49
Fastenal Company	FAST	12.0%	1/19/2021	\$0.28	\$0.25	20

Average: 11.8%

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

If you would like any additional details on the Dearborn Partners Multi-Asset SMA, please contact me directly or contact our Internal Sales Associates:

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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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