



Brookmont Capital Management
Second Quarter 2017



Launched in 2007, Brookmont Capital Management is an employee-owned registered investment advisor based in Dallas, Texas. The firm's clients include individuals and families, public pension plans, foundations, corporations, and registered investment advisers.

Brookmont specializes in dividend equities and offers three distinct SMA portfolios through major brokerage firms, regional investment firms, and leading platforms. We also provide full portfolio management services for individuals and institutions that includes tailored asset allocation, equity portfolios, and laddered fixed income .

Our signature investment strategy is based on a portfolio of individual equities that provide attractive current yields and the opportunity for capital appreciation. Brookmont utilizes a top-down approach because we believe proper investing begins with an understanding of the current economic and market cycles. Our macroeconomic outlook is the primary factor in determining the firm's asset allocation models, sector weightings, and attractive market sectors (including market capitalization, domicile, and equity style).

We believe investing in the markets is as much an art as it is a science. Quantitative measurements are only part of the story. Behind every stock is an actual company that includes management, employees, and products or services that are sold to a target audience. Once our universe of eligible holdings is run through an extensive screening process, we research these companies to find the ones that include superior management, strong brands, and competitive industry positioning. These select companies become holdings in our Dividend Strategies.

Investment Process

Brookmont Capital Management specializes in dividend-paying common stocks. We have concentrated on this market sector since the day our firm opened its doors in 2007. We have expanded our SMA portfolios during the years, but have never wavered from the philosophy that current yield and dividend growth are an integral part of long-term total returns.

Brookmont is a top-down manager in that our first decision is determining which sectors provide near-term and intermediate potential. The objective is to determine the current position in a normal economic-cycle and overlay the cycle with the market's historic sector performance.

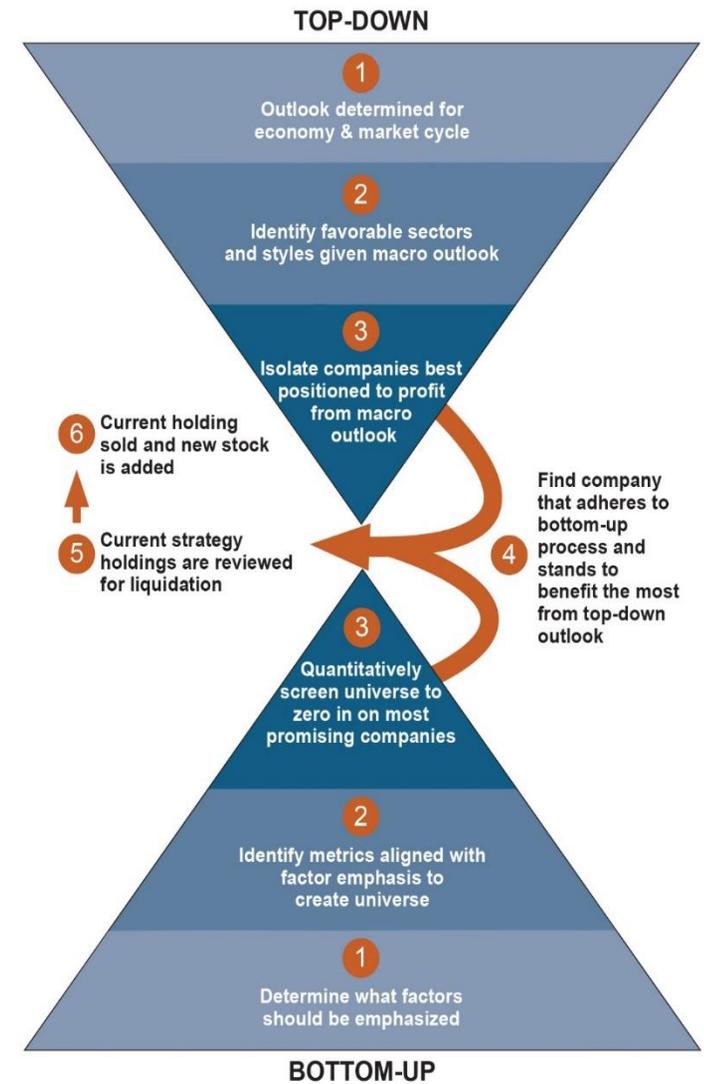
Our portfolios are built with securities that offer an opportunity for capital appreciation. The portfolios do not include fixed income securities, preferred stocks, or other investments that are purchased primarily for current income.

Our portfolios do not include the market's highest-yielding stocks. "Reaching for yield" in the stock market can be just as dangerous as investing in junk-bonds and illiquid securities. A high current yield is a red flag that should not be ignored.

Our portfolios do not include concentrations in specific sectors or individual holdings. Our compliance policy restricts sector weightings to a maximum 20% of the total portfolio, and individual holdings are restricted to a 5% maximum weighting.

The normal annual turnover is 10% with a range of 5-20%. We buy stocks for their long-term potential based on a long-term theme. This may include buying companies that are focused on the growing consumer market in emerging countries, medical companies that are advanced in cardiovascular and oncology, or products that are geared to the Millennium Generation.

We do not manage our portfolios based on a single month of economic data, on current market "fads," or a motivation to "chase performance." This normally leads to making poor decisions and lower long-term performance.



Strategy Comparison

Brookmont offers three distinctive equity portfolios that emphasize current yield, dividend growth, and a balance of current income and rising dividends. Each Strategy includes long-only positions that are not restricted to a specific equity style, domicile, or market capitalization. Risk is controlled through rebalancing and maximum weightings in a specific sector and individual holdings. The portfolios are constructed to hold positions that have low internal cross-correlation.

	<u>Brookmont Dividend Equity Strategy</u>	<u>Brookmont Core Dividend Strategy</u>	<u>Brookmont Dividend Growth Strategy</u>
Benchmark	Russell 1000 Value	Russell 1000	Russell 1000
Equity Style	Core/Value	Core	Core/Growth
Inception	January 2008	January 2015	January 2015
Beta	0.88	0.98	0.96
12- Mo. Forward Dividend Yield*	3.10%	2.82%	2.17%
12 – Mo. Dividend Growth	5%	6%	12%
Largest Sector Weightings	Staples, Health Care	Technology, Health Care	Health Care, Discretionary
Non-US Holdings	18%	14%	8%
Large-Cap Allocation	87%	86%	82%
Mid-Cap/Small-Cap Allocation	13%	14%	18%
Number of Holdings	32	40	35
(Statistics as of 06/30/17)			



Dividend Equity Strategy

Dividend Equity Strategy

The Brookmont Capital Dividend Equity Strategy is a diversified portfolio of individual holdings that provide above average dividend yields with the potential for long-term capital gains. The Strategy is not limited to a certain “style” or market capitalization. Instead, it invests in high-quality stocks that offer attractive valuations with below-market risk profiles. We avoid making large sector bets or concentrations in individual names. The Strategy invests in all ten economic sectors as defined by the S&P 500 Index.

Recognitions for Investment Performance –

The Dividend Equity Strategy has received numerous awards from respected data agencies based on its past performance. The recognitions below are based on gross-of fees unless noted. Further information (including important disclosures) on each recognition is available upon request.

Lipper/Thomson Reuters

- Has been ranked as the #1 US Large-Cap Value Manager and #1 US Large-Cap Manager (based on 5-year performance)

Morningstar’s SMA Database

- Was ranked as the #1 Large-Cap Value Manager and #1 Dividend Equity Manager based on 5-year performance

Informa Investment Solutions (Informais)

- Listed as the Top Large-Cap Value Manager (6-Stars) for three consecutive quarters
- Recognized 11 times as a “Bull and Bear Master” based on 3-year Upside and Downside Capture Ratio
- Ranked among the Top 1% of Large-Cap Value Managers (based on performance since inception) – June 2017

Zephyr

- Have been ranked as the #1 Large-Cap Value Manager (5-year performance)

WrapManager

- WrapManager’s Top Equity Money Manager Picks for 2015

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. Investments do not include FDIC Insurance and may decline in value.

Dividend Equity Strategy

Investment Objectives

- The Brookmont Capital Dividend Equity Strategy is a Large/Mid-Cap portfolio that invests in common stocks which provide above-average current yields and a history of increased quarterly payouts
- The Strategy's primary objective is to produce long-term performance with reduced short-term volatility
- The portfolio is diversified across all economic sectors with no restrictions based on market capitalization, equity style, or domicile
- Annual turnover has ranged from 5-20%
- Individual weightings range between 1.25% - 3.75% with a 5% maximum weighting. The portfolio includes a 20% maximum weighting in a specific sector
- The Strategy follows a top-down approach that allocates among sectors based on economic and market cycles
- The Strategy Portfolio Manager has 17 years of experience in dividend equities and 28 years in asset management

Calendar Year Returns

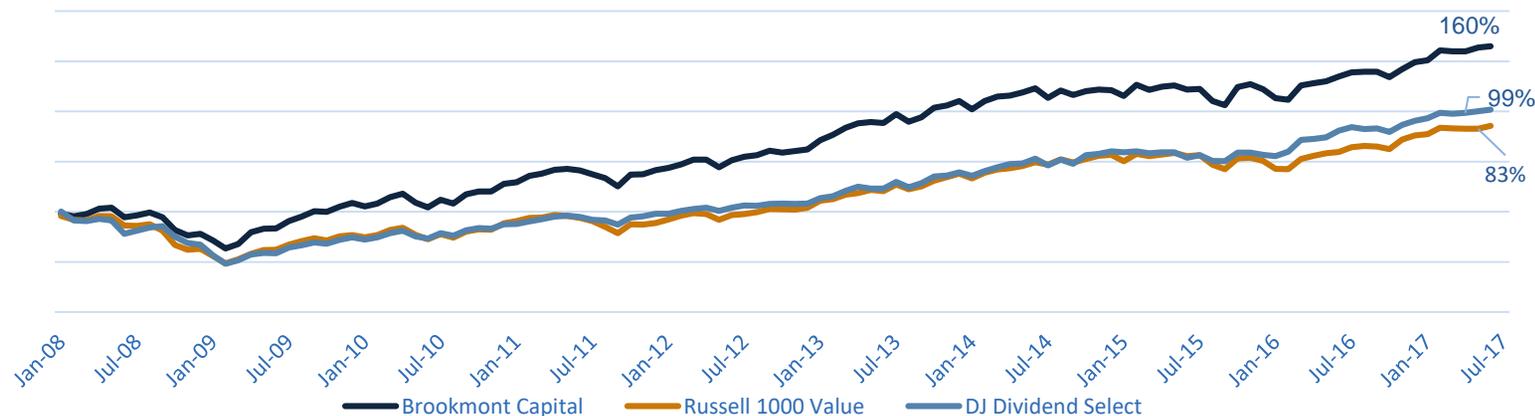
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Dividend Equity Strategy	-21.98%	39.50%	17.65%	10.63%	14.42%	29.84%	5.12%	-0.32%	12.70%
<i>(net of fees)</i>	-22.97%	37.79%	16.24%	9.29%	13.64%	28.80%	4.09%	-1.51%	11.37%
Russell 1000 Value	-36.85%	19.69%	15.51%	0.39%	17.51%	32.53%	13.45%	-3.83%	17.34%
S&P 500	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%

Annualized Returns (as of 06/30/2017)

	2 nd Qtr.	Year-to-Date	5-Year*	Inception*
Dividend Equity Strategy	2.09%	6.50%	11.82%	10.79%
<i>(net of fees)</i>	1.79%	5.87%	10.66%	9.58%
Russell 1000 Value	1.34%	4.66%	13.94%	6.59%

Inception January 1, 2008
*annualized returns

Cumulative Performance (gross of fees): Jan. 2008 – June 2017



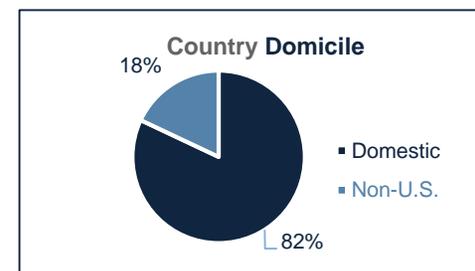
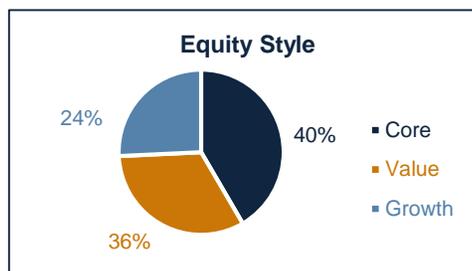
Dividend Equity Strategy

Strategy Statistics (since inception)

	Strategy
Alpha	4.56
Beta	0.88
Upside Capture	97
Downside Capture	75

Strategy Characteristics

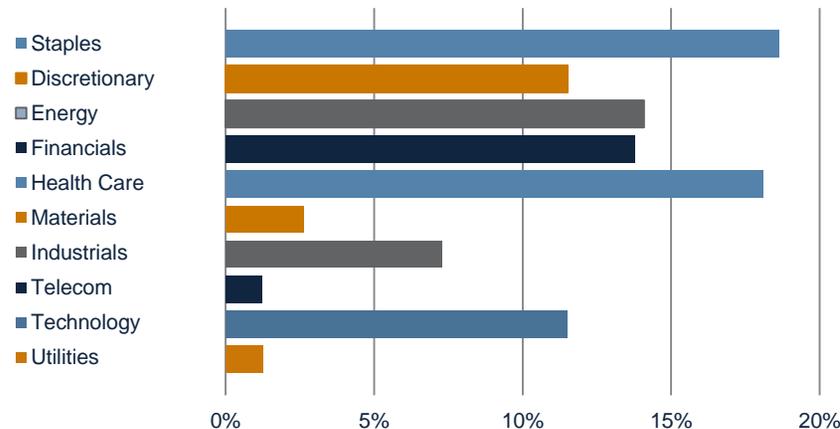
	Strategy	Russell 1000 Value
Dividend Yield	3.10%	2.59%
Payout	46%	37%
P/E Ratio	17x	16x
Average Market Cap.	\$138B	\$114B



Largest Composite Holdings

Company	Weighting	Sector
McDonald's	4.61%	Discretionary
Microchip Technology	4.46%	Technology
Unilever ADR	4.44%	Staples
JP Morgan	4.25%	Financials
Home Depot	4.09%	Discretionary
Johnson and Johnson	4.07%	Health Care
PepsiCo	3.82%	Staples
Chevron	3.74%	Energy
Royal Dutch Sell ADR	3.67%	Energy
Novo Nordisk	3.57%	Health Care

Sector Weightings



Dividend Equity Strategy Disclosure

Disclaimer: Dividend Equity Strategy returns are based on an asset-weighted composite of discretionary accounts that include 100% of the recommended holdings. Individual accounts will have varying returns, including those invested in the Strategy. The reasons for this include, 1) the period of time in which the accounts are active, 2) the timing of contributions and withdrawals, 3) the account size, and 4) holding other securities that are not included in the Strategy. Dividends and capital gains are not reinvested. Performance results include a cash component as of 01/01/2009. The Strategy does not utilize leverage or derivatives. Returns are based in U.S. dollars. The inception of the Strategy is Jan. 1, 2008. Gross-of-fees returns do not include management or custody fees but do include all trading costs.

The Brookmont Dividend Equity Strategy Composite contains fully discretionary accounts with similar value equity investment strategies and objectives. For comparison purposes, the Dividend Equity Strategy Composite is measured against the Russell 1000 Value Index. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment.

The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

* Brookmont's cumulative returns do not include reinvestment of dividends and are shown gross-of-fees. All transaction costs are included. The Russell 1000 Value cumulative return includes reinvestment of dividends and capital gains. During a rising market, not reinvesting dividends could have a negative effect on cumulative returns.

Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net-of-fee performance was calculated using the highest account level fee percentage (1.25%) and actual management fees could be lower. Additional information regarding the policies for calculating and reporting returns is available upon request.

Your account returns might vary from the composite's returns if you own securities that are not included in the Strategy or if your portfolio dollar-cost averaged into the Strategy during the reporting period.

Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of at least 15% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite at the beginning of the month which follows the cash flow by at least 30 days. Additional information regarding the treatment of significant cash flows is available upon request.

The investment management fee schedule is as follows: U.S. Clients – 1.25% on the first \$1 million, 1% on assets over \$1 million. The minimum annual fee for U.S. clients is \$5,000. Under special circumstances, fees may be negotiable.

The Dividend Equity Strategy is available through several institutional platforms and registered investment advisors that are not affiliated with Brookmont Capital. Required minimum investments and advisory fees differ from one firm to another. Brookmont Capital does not provide comprehensive portfolio management services for investors who have not signed an Investment Management Agreement with our firm.

Past performance is not a guarantee of future results. Investments are not FDIC insured and may decline in value.



Core Dividend Strategy

Dividend Growth Strategy

Dividend Growth Strategy

Investment Objectives

- The **Dividend Growth Strategy** invests in common stocks that have demonstrated a commitment to significant dividend growth
- The Strategy's primary objective is to produce long-term performance and rising annual income
- The Strategy invests in various sectors of the economy and includes domestic and foreign securities
- The Strategy is not restricted by equity style and will include a blend of growth and value securities
- Individual holdings are restricted to a 5% maximum weighting with a normal range of 1.25% - 3.75%.
- The portfolio includes a 20% maximum weighting in a specific sector

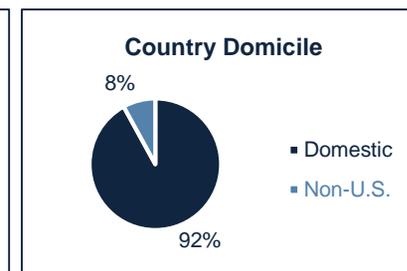
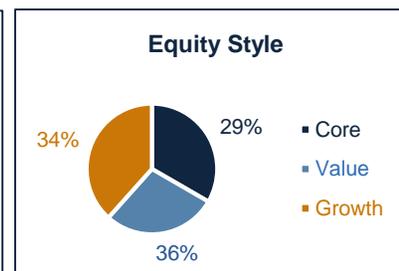
Annualized Returns (as of 06/30/2017)

	2nd Qtr.	YTD	1-Year	Inception*
Dividend Growth Strategy	3.01%	8.60%	16.67%	8.95%
<i>(net of fees)</i>	2.71%	7.95%	15.29%	7.66%
Russell 1000	3.06%	9.27%	18.03%	8.85%

Inception January 1, 2015
*annualized returns

Calendar Year Returns

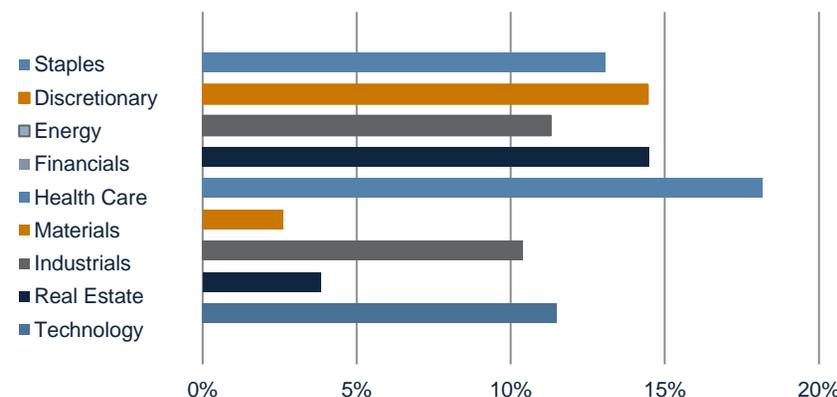
	2015	2016
Dividend Growth Strategy	4.51%	9.16%
<i>(net of fees)</i>	3.26%	7.86%
Russell 1000	0.92%	12.05%
S&P 500	1.38%	11.96%



Largest Composite Holdings

Company	Weighting	Sector
JP Morgan	3.84%	Financials
Wells Fargo	3.81%	Financials
UnitedHealth Group	3.78%	Health Care
Amgen	3.76%	Health Care
Tyson	3.75%	Staples
Lowe's	3.73%	Discretionary
Stryker	3.72%	Health Care
Raytheon	3.71%	Industrials
CVS Health Corp	3.70%	Staples
Walt Disney	3.68%	Discretionary

Sector Weightings



Core Dividend Strategy

Investment Objectives

- The **Core Dividend Equity Strategy** invests in common stocks that provide above-average current yields with a history of increased quarterly payouts
- The Strategy's primary objective is to produce long-term performance with reduced short-term volatility
- An equal emphasis is placed on current yield and annual dividend growth
- The portfolio is diversified across the major economic sectors with no restrictions based on market capitalization, equity style, or domicile
- Annual turnover has ranged from 15-20%
- Individual holdings are restricted to a 5% maximum weighting with a normal range from 1.25% - 3.75%. The portfolio includes a 20% maximum weighting in a specific sector
- The Strategy Manager has 17 years of experience in dividend equities and 28 years in asset management

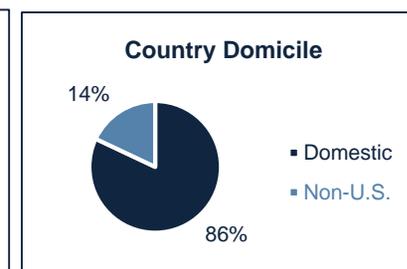
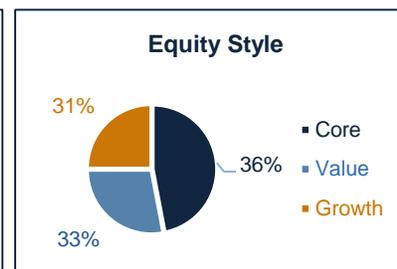
Annualized Returns (as of 06/30/2017)

	2nd. Qtr.	YTD	1-Year	Inception*
Core Dividend Strategy	2.22%	6.84%	12.81%	7.36%
<i>(net of fees)</i>	1.91%	4.21%	11.48%	6.07%
Russell 1000	3.06%	9.27%	18.03%	8.85%

Inception January 1, 2015
*annualized returns

Calendar Year Returns

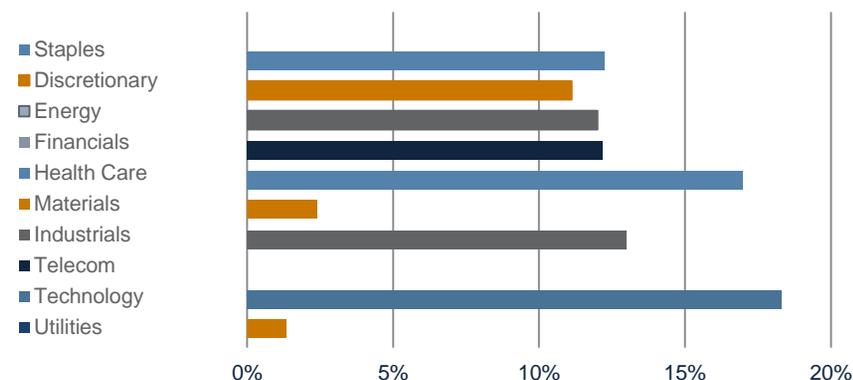
	2015	2016
Core Dividend Strategy	0.60%	10.96%
<i>(net of fees)</i>	-0.60%	9.64%
Russell 1000	0.92%	12.05%
S&P 500	1.38%	11.96%



Largest Composite Holdings

Company	Weighting	Sector
The Home Depot	3.97%	Discretionary
Raytheon	3.96%	Industrials
JP Morgan	3.90%	Financials
Microsoft	3.70%	Technology
Accenture	3.57%	Technology
Kraft Heinz	3.51%	Staples
Royal Dutch Shell B	3.41%	Energy
Chevron	3.24%	Energy
Unilever NV ADR	3.07%	Staples
McDonald's	2.98%	Discretionary

Sector Weightings



Core Dividend Strategy and Dividend Growth Strategy Disclosure

Disclaimer: Core Dividend and Dividend Growth Strategy returns are based on an asset-weighted composite of discretionary accounts that include 100% of the recommended holdings. Individual accounts will have varying returns, including those invested in the Strategy. The reasons for this include, 1) the period of time in which the accounts are active, 2) the timing of contributions and withdrawals, 3) the account size, and 4) holding other securities that are not included in the Strategy. Dividends and capital gains are not reinvested. The Strategies do not utilize leverage or derivatives. Returns are based in U.S. dollars. The inception of the Core Dividend Strategy and Dividend Growth Strategy is Jan. 1, 2015.

The Brookmont Core Dividend Strategy and Dividend Growth Strategy composites contain fully discretionary accounts with similar equity investment strategies and objectives. For comparison purposes, the composites are measured against the Russell 1000 Index. The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe.

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The Principals of the firm have an average of 27 years of experience in Portfolio and Asset Management with a background in equities, fixed income, and alternative securities.

Robert Bugg, CFA

Principal, Chief Investment Officer
214-953-0433
rbugg@brookmont.com

Mr. Bugg has 28 years of experience in managing portfolios for individuals, corporations, and Foundations. Before he founded Brookmont Capital, he served as the Senior Investment Manager for Comerica Bank's Asset Management Department in Texas. In 2000, he helped launch and manage their Dividend Income Strategy. Prior to Comerica, he was Portfolio Manager and Equity Analyst for AmSouth Bank and SunTrust Bank.

As Principal and CIO, Mr. Bugg's responsibilities include the Dividend Equity Strategy, Core Dividend Strategy, and Managed ETF Strategy. He serves on the Investment Policy Committee and directs the firm's asset allocation models.

He graduated from Huntingdon College with a Bachelor of Arts in Marketing and History and earned his Master of Business Administration from the University of Alabama and is a Chartered Financial Analyst.

Neal Scott

Principal, Fixed Income Manager
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Mr. Scott brings 26 years of experience in fixed income instruments, including taxable and tax-free bonds, short-term investments, and preferred securities. Prior to Brookmont Capital, he spent nine years at Morgan Keegan in their Birmingham, Alabama office. Previous employment also includes institutional fixed income sales with Compass Bank.

As Principal at Brookmont Capital, Mr. Scott manages the firm's fixed income and actively managed cash portfolios. He provides credit analysis for holdings in the Dividend Equity Strategy, directs the firm's new business efforts, and serves on the Investment Policy Committee.

Mr. Scott earned his finance degree from the University of Alabama.

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