Brookmont Capital Management

Third Quarter 2017– Fact Sheet

Brookmont Capital Dividend Equity Strategy

Investment Objective

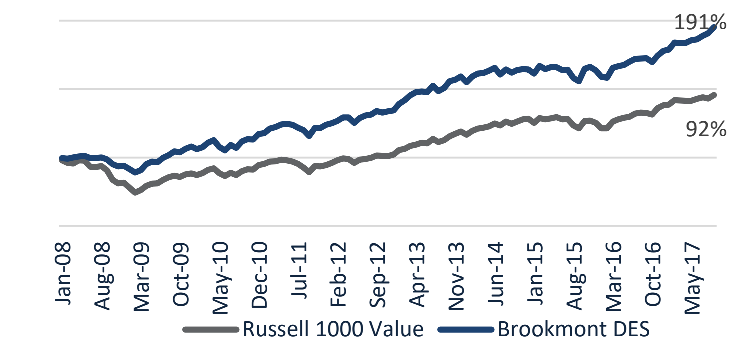
- The **Brookmont Capital Dividend Equity Strategy** invests in common stocks that provide above-market average dividends with a history of increased quarterly payouts.
- The Strategy normally invests in all sectors of the economy *(represented by the S&P 500)* and may invest in domestic and foreign securities ranging from small to large-cap stocks.
- Annual turnover has ranged from 5% to 20%
- Top-down approach that emphasizes sector selection based on economic and market cycles
- Investment philosophy includes generating cash flow, downside protection, and potential for capital gains
- The portfolio includes low correlated securities
- The portfolio manager has 17 years of experience in dividend equities and 28 years in asset management

Annualized Returns (as of 9/30/17)

	3rd Qtr.	YTD	1-Yr	Inception*
Dividend Equity Strategy	**6.61%**	**13.57%**	**18.71%**	**11.57%**
(net of fees)	6.47%	12.95%	17.85%	10.68%
Russell 1000 Value	3.11%	7.92%	15.12%	6.72%

Inception January 1, 2008
*annualized returns

Cumulative Performance (Jan. 1, 2008 – Sept. 30, 2017)



Calendar Year Returns

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Dividend Equity Strategy	**-12.28%**	**32.44%**	**15.58%**	**10.03%**	**14.45%**	**29.24%**	**4.66%**	**-0.51%**	**12.63%**
(net of fees)	-12.83%	31.88%	14.60%	9.23%	13.93%	28.64%	4.07%	-1.32%	11.75%
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%

Strategy Statistics

	Strategy
Alpha	6.13
Beta	0.69
R2	89
Upside Capture	88
Downside Capture	59

Strategy Characteristics

	Strategy	Russell 1000 Value
Dividend Yield	3.10%	2.50%
P/E Ratio	18x	17x
Avg. Market Cap.	$143B	$118B
Credit Quality	A-	B+
Standard Deviation	15	19

Past performance is not indicative of future results. Securities are not guaranteed and may lose money.

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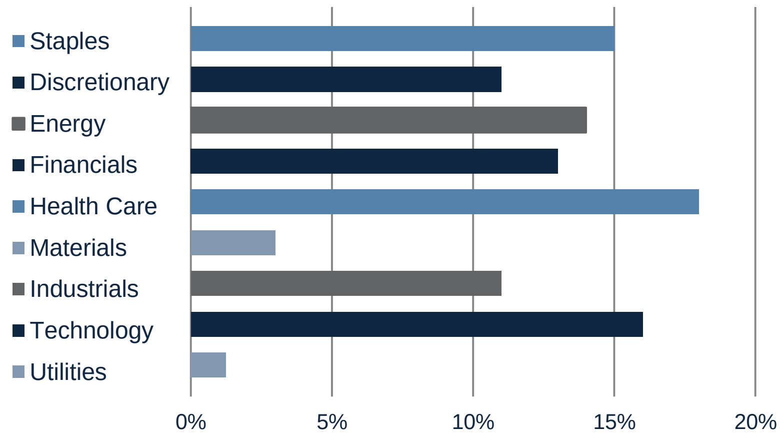
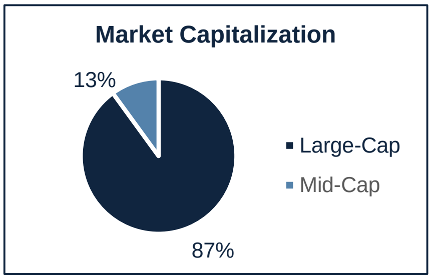
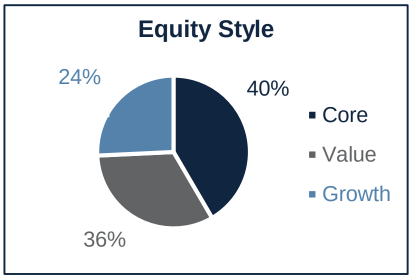
Largest Composite Holdings

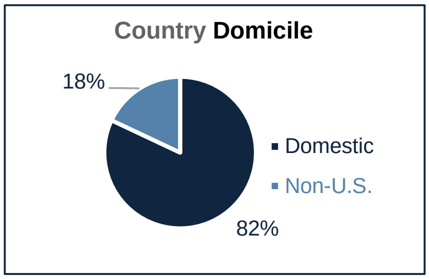
JPMorgan	4.14%
McDonald’s	4.10%
Home Depot	4.08%
Unilever	4.08%
Royal Dutch Shell B	3.97%
Chevron	3.97%
Novo Nordisk	3.80%
United Parcel Service	3.55%
Wells Fargo	3.33%
Novartis	3.21%

Sector Weightings









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 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 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.

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 actual management fees. 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. Cumulative returns are shown gross-of-fees. Returns for the S&P 500 and Russell 1000 Value include reinvested dividends. Strategy returns do not include reinvested dividends. During a rising market, not reinvesting dividends could have a negative effect on cumulative returns.

Past performance is not indicative of future results

Dividend Equity Strategy

Most investment managers will claim that their portfolios have some element that is unique versus its competitors. Whether that is true or not, we have managed the Dividend Equity Strategy for the past ten years with a different investment philosophy than other managers in our peer group. This includes our ability to invest in small to large-cap stocks, domestic and international companies, and equity styles that include value and growth securities. The portfolio will adjust its allocation to these various market sectors based on our top-down outlook for the economy and current position in the market cycle.

When investors are rational, and the economy is functioning in a normal cycle of recovery/plateau/decline/recession, it is easy to make any necessary adjustments to a portfolio. Likewise, portfolio management becomes very difficult when an economy has no sense of direction, or when investors are extremely risk tolerant and ambivalent about rising valuations. Patience is a virtue under those environments, and this has been the case for several years.

In February 2009, we saw many signals that the worst of the meltdown in the financial sector was behind us and the economy had found its footing. We reduced the portfolio’s weighting in “defensive stocks” and moved the funds into mid-cap and higher-beta stocks. Excess cash was put to work. A few weeks later, the market began its eight-year recovery that continues in 2017.

Along the way, there have been few signals from the economy or the market that encouraged us to make significant changes in the portfolio’s holdings or sector allocations. That is a drawback from an economy that grew between 1-2% each quarter with no movement in interest rates. There was a reason why the markets became obsessed with the Federal Reserve and whether they might raise interest rates to 0.75%. That reason was “boredom,” and not because that level of interest rates would have any impact on the economy.

In 2016 and early 2017, the portfolio’s weighting in Western European stocks was increased to 16% as their valuations were at a significant discount versus the US market. The portfolio also reduced its exposure to value stocks and increased its weighting in core and growth stocks based on our tepid outlook for U.S. economic growth. We also moved to a significantly higher average market capitalization as the Strategy realized long-term gains in several mid-cap stocks.

The three adjustments have paid off. While Brexit delayed the expected recovery in European markets until 2017, they have been a significant contribution to this year’s performance. A Morningstar peer group of 150 dividend managers indicates that the average allocation to international equities is around 2.5%. Many dividend managers completely avoid non-domestic securities.

The movement into core and growth stocks occurred in 2016 and 2017, and value continues to significantly underperform growth stocks (more than 1,200 basis points in 2017). The same is true in market capitalization as large-cap stocks are outperforming mid-caps by nearly 300 basis points.

These three portfolio adjustments were strategic decisions based on forward valuations and the current market cycle. Similar adjustments have been made over the years but were never implemented to capture short-term swings in the market. We leave that to a completely different group of investment managers. Our portfolios are always built for the long-term results.