

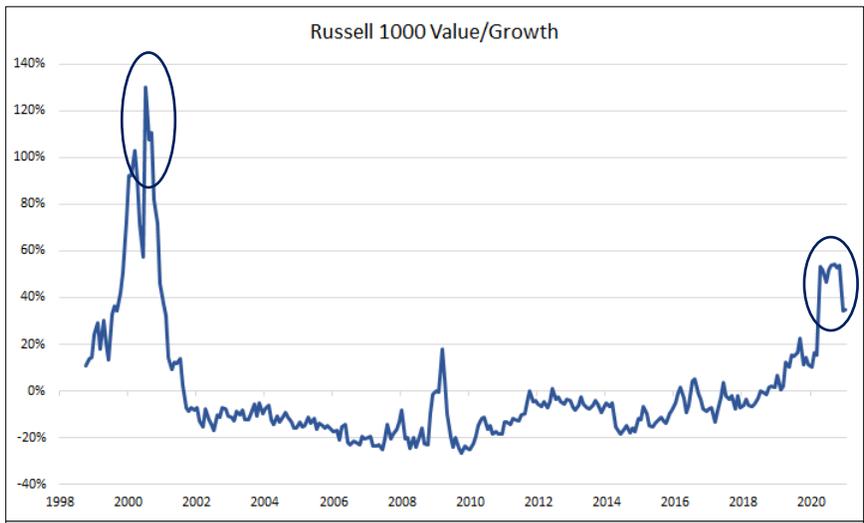
In the 4th quarter of 2020, the High Dividend returned 18.15%, vs. 16.25% for its benchmark Russell 1000 Value, on a total return basis. Since its inception on April 11 of 2012, the High Dividend has returned 179.75%, outperforming the R1000 Value by 135 bps on an annualized basis.

	Absolute Performance				Annualized Performance			
	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	All-time	All-time
Valuation Dividend	3.97%	18.15%	24.68%	1.63%	8.57%	12.01%	12.52%	179.75%
Russell 1000 Value	3.83%	16.25%	22.75%	2.80%	6.07%	9.74%	11.17%	151.86%
Spread	0.14%	1.90%	1.93%	-1.16%	2.50%	2.27%	1.35%	27.89%

*Strategy & Benchmark Performance: 4/11/12 - 12/31/20

In Q4, the R1000 Value outperformed the R1000 Growth by nearly 500 bps, though it did little to salvage Value's miserable underperformance relative to Growth in 2020 – a whopping 3,568 bps. Financials, which accounted for approximately 20% of R1000 Value's weight, performed well and contributed to Value's outperformance. Despite the Fed's pledge to keep interest rates low for the long haul, the yield curve steepened in the quarter with the 10-year US Treasury yield rising from 0.68% to 0.92%, resulting in the spread of 10 - 2 year US Treasury yield widening from 54 to 80 basis points. Widening yield spreads will help expand net margins at banks and rising long term rates will alleviate investment return pressure on securities for insurance companies. The rising long-term yield in 20Q4 is the result of two events: 1) The rapid development and approval of highly effective Covid19 vaccines, and 2) Joe Biden's presidential election win. On November 9, Pfizer (PFE) and BioNTech (BNTX) reported their Covid vaccine was more than 90% effective, a much better than anticipated result. On that day alone, IWD returned 4.15%, vs. -1.72% for IWF. Since then, the vaccine has obtained the FDA's emergency authorization and distribution started in mid- December. Separately, Mr. Biden winning the presidency brings the likelihood for trillions more stimulus spending, and possible implementation of other ambitious social programs such as a new Green Deal, and student loan forgiveness. Vaccines and more government spending seem to project a faster economic recovery than previously expected, and more deficit spending, boding well for inflation.

When we examine the relative Value/Growth long-term relationship on valuation in the chart below (a higher percentage represents relative valuation attractiveness), we find Value remains materially more attractive than Growth, though Value's outperformance in Q4 has reduced its relative valuation appeal. If the Value/Growth dynamic follows the 2000/2001 experience, Value may continue to outperform Growth in the months ahead and bring the relative valuation differential back to its historical norm.



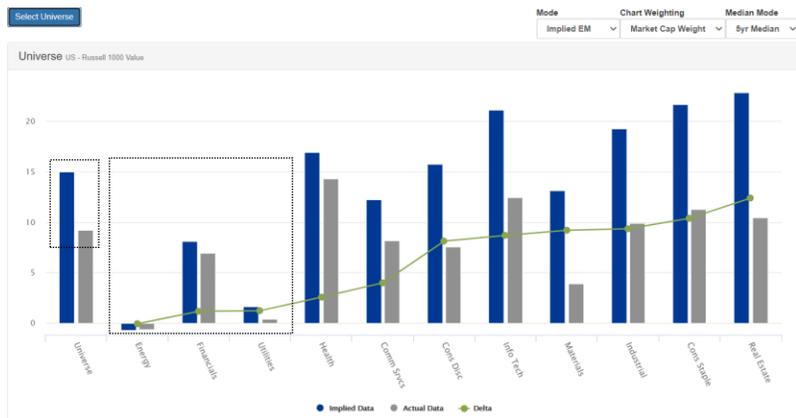
*Data Source: Applied Finance Data 9/30/1998 – 12/31/2020

*Based on Median Valuation figures, normalized to long-term average of each Index/Partition.

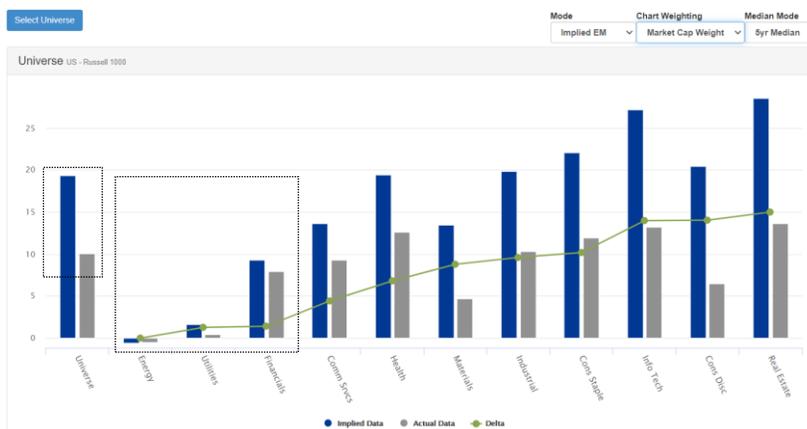
*Value/Growth partitions use Applied Finance MVIC criteria.

Though R1000 Value underperformed R1000 Growth miserably in 2020, the index ended 2020 flat. When we look at the R1000 Value's overall valuation, the current implied Economic Margin (EM) is significantly higher than the index's 5 year median EM, suggesting the Value category is not particularly inexpensive though less overvalued than the R1000 using the same metric. At the sector level, Energy, Utilities, Financials, are the most undervalued in both indices, while REITs is the most expensive. After replacing Service Properties Trust (SVC) with State Street (STT), and replacing General Motors (GM) with Sempera Energy (SRE) in 2020, the High Dividend strategy has been moderately overweighting Financials and Utilities relative to the R1000 Value index, consistent with Valuation / Implied EM observations as shown below.

R1000 Value: Implied EM vs. 5 Yr EM Median



R1000: Implied EM vs. 5 Yr EM Median



*Data Source: Applied Finance Data

In the 4th quarter, dividend yield had mixed impact on alpha generation, with both the top and bottom quintile stocks ranked by dividend yield in the R1000 outperforming the rest.

The following are the best and worst performing stocks in the High Dividend in 20Q4.

Top Contributing Stocks			Top Detracting Stocks		
Ticker	20Q4 Total Return	Div Yield	Ticker	20Q4 Total Return	Div Yield
KSS	123.04%	0.0%	PFE	6.71%	4.1%
HBAN	38.63%	4.7%	ABT	-0.03%	1.6%
PNC	35.05%	3.1%	UL	-0.44%	3.1%
JPM	31.40%	2.9%	VZ	-1.23%	4.3%
LYB	30.74%	4.0%	MRK	-2.06%	3.2%
TRV	29.36%	2.5%	INTC	-5.17%	2.6%

Financials were a top performing sector in the R1000 Value in Q4 and the High Dividend's Financial holdings also performed well. In addition to being the vaccine trade beneficiary, the Financial sector received a special boost in late December when the Fed released the results of its second bank stress test for 2020, which stated the largest U.S. banks have enough capital to withstand over \$600 billion in losses from a short, sharp economic slump, as well as a moderate longer-lasting downturn, and will be permitted to pay out dividends and buy back stock on a limited basis. JPMorgan immediately announced it would begin buying back stock in Q1 under a new \$30 billion 2021 repurchase program.

Kohl's (KSS) in late November reported surprise profits for its 20Q3, despite a year-over-year sales decline of 13%. Its Q3 EPS upside was driven by better gross margins and much better expense control. More importantly, management in the quarter laid out an exciting long-term vision, which will focus on expanding

the company's sports, athleisure, and outdoor portfolios, to drive the overall Active sales to be 30% of total company sales. On December 1, Kohl's also announced a new long-term partnership with Sephora that will bring 200 "Sephora at Kohl's" locations by fall 2021, and at least 850 locations by 2023. Sephora products will also be available on Kohl's website in 2021. Investors cheered on the partnership, as the in-store model for Beauty has been proven to drive traffic and the Sephora partnership will help elevate fast growing Beauty sales to be a sizable contribution to total Kohl's sales. Finally, management expects to return the company's operating margin to 7-8% once the environment normalizes, which compares very favorably to the recent levels of 6.1% in 2019 and 7.2% in 2018. Management also plans to reinstate a dividend during the first half of 2021, after repaying its revolver during the 3rd quarter.

On the detracting side, Healthcare was one of the worst performing sectors in Q4. Merck (MRK) was regarded as having missed the Covid vaccine opportunity, despite boasting a strong vaccine franchise. Abbott Laboratories (ABT), the prior Covid testing beneficiary understandably took a back seat when vaccine optimism dominated the news and investors' sentiments in the quarter. Pfizer (PFE), however, despite being credited for bringing the first credible Covid vaccine to the finish line at an unprecedented speed, gave away a significant portion of its stock gains in December. This is likely a result of investors "buy the rumor and sell the news", as they took profits after Pfizer delivered on the great anticipation for its Covid vaccine. The same was experienced by the other Covid vaccine maker Moderna (MRNA).

Intel (INTC) in the quarter was hit by two major negative events: 1) Disappointing 20Q3 results that showed weakness in its key data center group, more than offsetting strength in its mature PC chips segment. In Q3, Intel outperformed in its PC chip segment, growing 1% y-o-y, benefiting from continuous work-from-home trends. The data center group revenue fell 7% y-o-y, however, much worse than expected, as enterprise and governments pulled back on IT spending amid the pandemic. The adverse revenue mix caused Intel gross margin to come in at 54.8%, nearly 200 bps below consensus. 2) It is reported in mid-December Microsoft plans to design its own chips for its Surface laptops and desktops as well as servers. The report comes a month after Apple started selling PCs using its own M1 processor, instead of Intel chips.

What haunts Intel are the structural challenges that demand management to stem chip share loss in its core PC and data center markets and regain its pole position in microprocessor manufacturing. Intel management does not yet have a definitive answer or solutions to those very difficult challenges, but time is the essence. We do expect major changes to be forthcoming at Intel, and we remain hopeful its franchise would be resilient and flexible enough to adapt and succeed in the new era. From a big picture perspective, we continue to believe Intel will benefit in the future from the other secular growth drivers – 5G, AI & IoT, which has made Intel's total addressable market much bigger than before.

High Dividend Changes for 2020Q4: No changes.

- Kohl's Corp (KSS) is the only holding in the strategy that is not currently paying dividends, but management said in mid- November it plans to reinstate a dividend during the first half of 2021.
- High Dividend currently has an average dividend yield of 2.9%.

High Dividend 2021Q1 List: See next page

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High Dividend January 12, 2021 List

Dividend List 1/12/2021						LFY					3 Yr Median				
Ticker	Name	Sector	MKT. Cap (\$M)	% Tgt 3 Sector Rank	Dividend Yield % (current)	Dividend Growth (per shr)	Payout Ratio	Free Cash Flow Yield	Leverage Ratio	Interest Coverage	Dividend Growth (per shr)	Payout Ratio	Free Cash Flow Yield	Leverage Ratio	Interest Coverage
DRI	DARDEN RESTAURANTS, INC.	Consumer Discretionary	\$ 16,190	57%	1.2%	-18%	88%	-25%	16%	12.8x	14%	59%	3.2%	16%	12.8x
HAS	HASBRO, INC.	Consumer Discretionary	\$ 13,328	34%	2.8%	0%	35%	-25%	46%	9.0x	10%	39%	1.4%	35%	9.0x
KSS	KOHL'S CORPORATION	Consumer Discretionary	\$ 6,574	71%	0.0%	10%	55%	-14%	23%	10.3x	10%	52%	6.9%	28%	9.5x
TGT	TARGET CORPORATION	Consumer Discretionary	\$ 96,946	61%	1.4%	2%	40%	-1%	27%	15.6x	2%	45%	4.2%	29%	14.5x
WHR	WHIRLPOOL CORPORATION	Consumer Discretionary	\$ 11,132	78%	2.8%	1%	29%	-10%	26%	9.2x	9%	31%	7.3%	26%	9.2x
UL	UNILEVER PLC	Consumer Staples	\$ 158,397	53%	3.1%	-2%	60%	3%	43%	15.6x	13%	60%	2.9%	41%	18.0x
WBA	WALGREENS BOOTS ALLIANCE INC	Consumer Staples	\$ 39,134	76%	3.1%	10%	53%	-34%	19%	9.4x	9%	36%	9.4%	23%	11.0x
CVX	CHEVRON CORPORATION	Energy	\$ 170,076	39%	5.7%	7%	77%	13%	11%	36.2x	5%	77%	6.3%	14%	44.5x
AMP	AMERIPRISE FINANCIAL, INC.	Financials	\$ 23,910	72%	2.1%	10%	23%	-	3%	na	10%	24%	-	4%	-
HBAN	HUNTINGTON BANCSHARES INCORPOR	Financials	\$ 14,680	54%	4.2%	19%	45%	-	11%	na	44%	39%	-	11%	-
JPM	JPMORGAN CHASE & CO.	Financials	\$ 414,617	43%	2.6%	13%	31%	-	19%	na	13%	33%	-	20%	-
PNC	PNC FINANCIAL SERVICES GROUP I	Financials	\$ 67,073	24%	2.9%	25%	37%	-	15%	na	25%	33%	-	15%	-
PRU	PRUDENTIAL FINANCIAL, INCORPOR	Financials	\$ 31,911	90%	5.5%	11%	37%	-	4%	na	11%	37%	-	4%	-
STT	STATE STREET CORP	Financials	\$ 27,211	60%	2.7%	20%	32%	-	6%	na	6%	24%	-	6%	-
TFC	TRUIST FINANCIAL CORP	Financials	\$ 68,282	48%	3.6%	-38%	40%	-	13%	na	12%	40%	-	13%	-
TRV	TRAVELERS COMPANIES INC	Financials	\$ 35,373	57%	2.4%	7%	32%	-	6%	na	7%	32%	-	6%	-
NVS	NOVARTIS AG	Health Care	\$ 213,895	87%	3.3%	-3%	56%	18%	25%	19.7x	3%	57%	5.2%	22%	19.1x
MRK	MERCK & CO., INC.	Health Care	\$ 210,046	90%	3.1%	12%	42%	5%	31%	19.1x	4%	42%	12.1%	30%	17.7x
PFE	PFIZER INC.	Health Care	\$ 206,331	84%	4.1%	4%	49%	6%	31%	13.4x	6%	46%	7.7%	26%	16.0x
JNJ	JOHNSON & JOHNSON	Health Care	\$ 421,252	86%	2.5%	6%	49%	6%	18%	80.5x	6%	53%	5.5%	20%	27.0x
LLY	ELI LILLY AND COMPANY	Health Care	\$ 159,170	79%	2.0%	15%	48%	8%	39%	17.5x	10%	48%	4.1%	30%	28.7x
ABT	ABBOTT LABORATORIES	Health Care	\$ 197,813	71%	1.6%	15%	41%	5%	26%	11.5x	6%	41%	4.8%	29%	8.5x
ETN	EATON CORP PLC	Industrials	\$ 50,574	32%	2.3%	7%	51%	2%	25%	16.5x	7%	47%	1.8%	24%	14.7x
NSC	NORFOLK SOUTHERN CORPORATION	Industrials	\$ 64,522	44%	1.5%	17%	35%	2%	32%	8.5x	17%	34%	4.0%	31%	8.5x
RTX	RAYTHEON TECHNOLOGIES CORP	Industrials	\$ 106,098	61%	2.7%	12%	34%	4%	31%	7.1x	1%	35%	0.7%	31%	7.9x
INTC	INTEL CORPORATION	Information Technology	\$ 211,662	89%	2.6%	6%	26%	8%	21%	68.0x	6%	27%	6.9%	21%	68.0x
CSCO	CISCO SYSTEMS INCORPORATED	Information Technology	\$ 190,919	72%	3.2%	1%	52%	4%	15%	27.2x	9%	52%	14.0%	24%	18.9x
ACN	ACCENTURE PLC	Information Technology	\$ 167,660	53%	0.9%	10%	40%	0%	0%	227.9x	11%	39%	0.4%	0%	313.5x
MSFT	MICROSOFT CORPORATION	Information Technology	\$ 1,662,740	63%	1.0%	11%	34%	2%	24%	25.4x	9%	38%	1.8%	28%	20.5x
LYB	LYONDELLBASELL INDUSTRIES NV	Materials	\$ 32,307	69%	3.8%	6%	43%	3%	40%	20.1x	6%	35%	4.0%	33%	19.6x
PEG	PUBLIC SERVICE ENTERPRISE GROU	Utilities	\$ 28,884	48%	3.4%	4%	53%	-2%	34%	6.3x	5%	58%	-1.1%	34%	7.7x
SRE	SEMPRA ENERGY	Utilities	\$ 34,497	73%	3.5%	6%	57%	-4%	39%	3.5x	6%	57%	-4.5%	39%	4.5x
UGI	UGI CORPORATION	Utilities	\$ 7,352	82%	3.7%	37%	47%	-4%	46%	4.7x	5%	39%	-3.9%	46%	4.7x
OHI	OMEGA HEALTHCARE INVESTORS, IN	Real Estate	\$ 8,046	69%	7.6%	-5%	62%	-	52%	na	3%	94%	-	52%	-
VZ	VERIZON COMMUNICATIONS	Communication Services	\$ 239,182	79%	4.3%	2%	50%	0%	38%	10.0x	2%	54%	2.3%	43%	9.8x
Median:			\$ 67,073	69%	2.8%	7%	43%	2%	25%	14.5x	7.1%	40%	4.1%	26%	14.6x

Adds/Drops: No changes.

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