Global Income Strategy

Portfolio and Economic Commentary – 4th Quarter 2019

ALTRIUS
CAPITAL MANAGEMENT
INVEST LIKE AN AARDVARK

Global Income Strategy Commentary

Our investment philosophy is predicated on a time-tested, three pronged approach providing solid risk adjusted returns to our investors for over two decades.

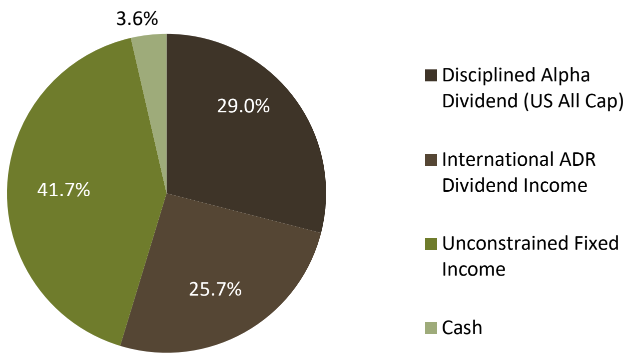
- We believe in the importance of getting paid immediately for the risks which are taken and focus on businesses which compensate our clients with **dividends and above average interest.** We believe this income stream, coupled with capital appreciation, is a vital aspect of total return.
- We dig deep for **value** often viewing crisis as an opportunity. We believe that fundamental research and patience are critical to long term success and that over time, the price of a company will rise to reflect the value of the underlying firm viewing each purchase as if were buying a piece of a business – not simply a stock certificate.
- We believe that **global revenue generation** is a key component to growth and sustainability and invest in companies with global growth opportunities. We are unafraid to take contrarian positions, but remain diligent about the risks of a global economy.

Performance Commentary

The Global Income strategy has posted strong absolute returns of 17.01% for the year versus a gain of 18.53% for the Morningstar Global Allocation Total Return index. The annualized trailing returns for the strategy since our inception on January 1, 2003 are 7.13% versus 7.97% for the Morningstar Global Allocation Total Return index. The twelve month trailing yield for the Global Income strategy stands at 4.99% versus 2.15% for the Morningstar Global Allocation Total Return index.

We remain underweight to a traditional 60% stock/40% bond portfolio due to the risks which remain and valuation metrics. That said, our portfolio maintains a reasonable 14.99 P/E (TTM) which is significantly lower than the broader market indices – most of which currently maintain multiples greater than 20 times trailing earnings. Our focus continues to emphasize the importance of immediate income to our investors particularly in this volatile, low interest rate environment, which we believe will persist for longer than most economists. In the fixed income sector, our emphasis remains on high yield bonds, which we believe more adequately compensates our investors for credit risk, while providing better protection in a potentially rising interest rate environment. The following is an analysis of the independent strategies which comprise our flagship Global Income strategy in percentages indicated above.

Sector Allocation



Top Five Equity Holdings	Weight
Apple	1.45%
Qualcomm	1.28%
AstraZeneca	1.23%
Proctor & Gamble	1.20%
Merck & Co	1.20%

Top Five Fixed Income Holdings	Weight
CenturyLink 6.750%	0.60%
Tenet Healthcare Corporatoin 6.750%	0.59%
Pitney Bowes Inc. 4.700%	0.59%
Suburban Propane Partners LP 5.500%	0.58%
Tempur Sealy International 5.625%	0.57%

Disciplined Alpha Dividend Strategy Commentary

As value investors, we constantly focus on our duty to protect the principal of our investments even as we look for ways to grow them over time as well. As economists, we remain alert to trends taking place in the larger global economy. As analysts, we seek to invest in securities priced with a margin of safety in order to account for their near term volatility and our uncertainty about what the future holds. With this in mind, we look for opportunities in three specific categories: classic value, persistent earners, and distressed or contrarian.

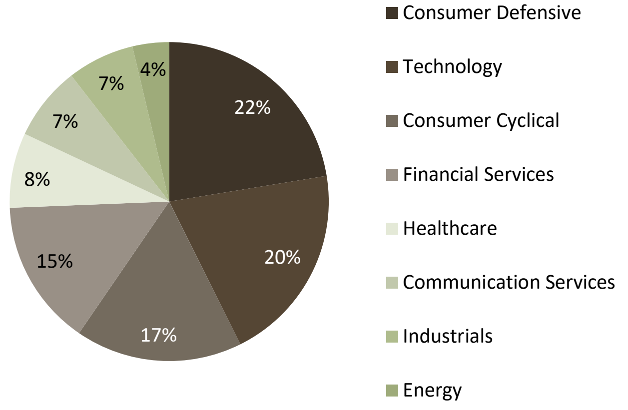
Classic value stocks sell at attractive valuations and provide above-average dividend yields and growth. Persistent earners are companies which have steady and predictable earnings and that are selling below their historic valuation. The distressed/contrarian category refers to stocks that are out of favor due to what we perceive to be temporary factors and are likely to appreciate substantially as the temporarily distressing factor recedes. Typically the distressed category is the smallest in the portfolio.

Performance Commentary

The Disciplined Alpha Dividend strategy returned 25.24% for 2019 outpacing the Morningstar US Value index which returned 25.09%. The strategy has produced alpha and sound risk adjusted returns besting the Morningstar US Value index and its large value peer group for the past 1-year, 3-year, 5-year, 10-year, 15-year, and since inception periods. The trailing annualized ten year returns were 12.31% for the strategy and 11.77% for the Morningstar US Value index. Since inception on January 1, 2003, the strategy has returned 9.48% versus 9.37% for the Morningstar US Value index.

We have added alpha and garnered sound absolute and relative returns for our investors focusing on undervalued issues offering above average dividend yields and global growth potential. The greatest contributions to performance during 2019 came from the technology, consumer cyclical, financial services, consumer defensive and communication services sectors while the industrials, health care and energy sectors contributed the least to total return – though still providing positive returns. The top performers for the year were Apple (89.2%), Qualcomm (60.4%), JP Morgan (46.9%), AT&T (45.7%), Procter & Gamble (39.6%) and Starbucks (39.4%). The bottom performers for the year were B&G Foods (-32.2%), Pitney Bowes (-26.4%), Pfizer (-6.98%), Altria Group (7.95%) and Cisco Systems (13.7%).

Sector Allocation (Morningstar)



Top Ten Holdings	Weight
Apple	4.83%
Qualcomm	4.28%
Procter & Gamble	4.00%
Merck & Co.	3.99%
JPMorgan Chase & Co.	3.97%
Intel Corp	3.84%
Kimberly-Clark	3.75%
Norfolk Southern Corp	3.69%
AT&T	3.66%
PepsiCo	3.62%

DISCIPLINED ALPHA DIVIDEND STRATEGY COMMENTARY

As one may recognize from the below chart, our firm has consistently provided a steady stream of income to our clients in the form of dividends. It is our assertion that this income stream has not only reduced the risk of our portfolio, but also provided a large part of the total return thereby leading to our performance success over this past tumultuous decade plus.

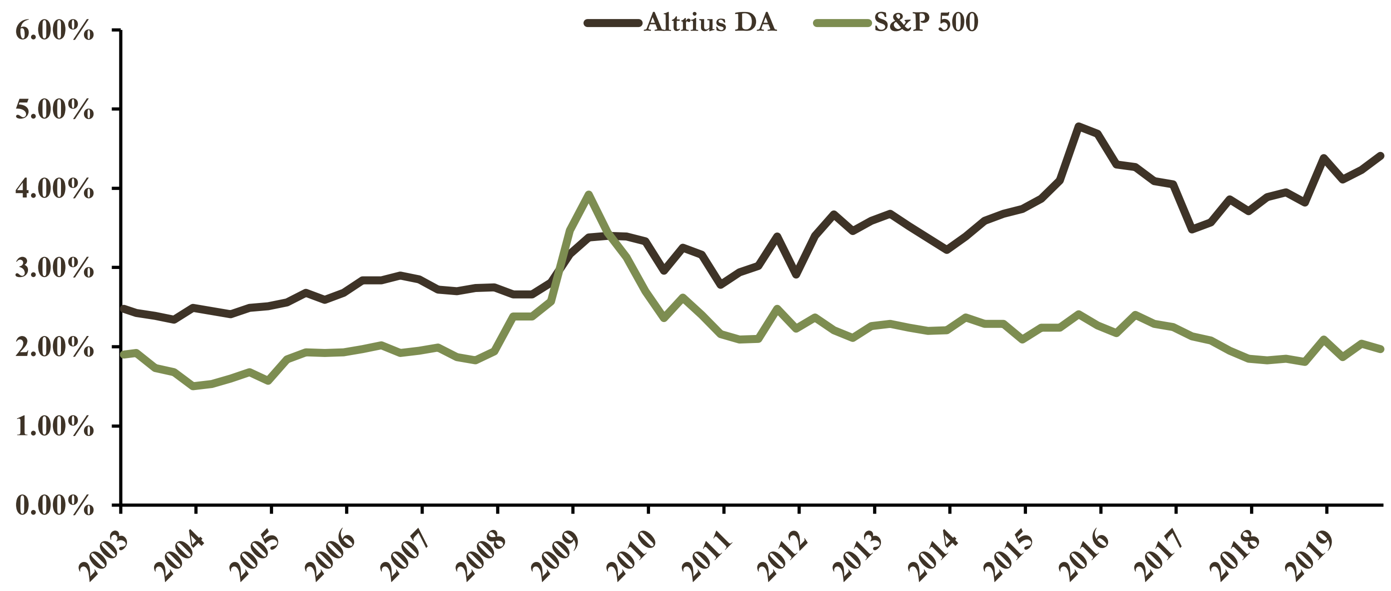
We believe that dividends allow our investors to "get paid to wait" while patiently working through volatile business and market cycles. This strategy provides emotional support during difficult cycles and enables investors to weather turbulent periods by utilizing dividend income for personal needs or to reinvest cash at lower valuations. Our strategy is not only grounded in psychological and behavioral finance concepts, but is also supported by empirical evidence outperforming in both negative and full market cycles.

Dividends also act to align the interests of corporations and shareholders in helping to eliminate the agency effect. Corporate boards have recognized the value of dividends in stabilizing their stock prices and encouraging investment during both high and lower tax regimes. In supporting and increasing dividends over time, managers are compelled to maintain a reliable stream of cash flows to shareholders rather than waste capital on those expenses adding little to corporate revenue including executive perks, pet projects, and ill-timed, unwise acquisitions. It appears a paradox; however, our experience and academic studies have displayed that sufficient investment for a good business can still occur in conjunction with dividends as managers are forced to invest cash flow more prudently and only in those capital investments in which they have the highest conviction in adding to corporate revenue, particularly since stock buybacks are often ill-timed.

ALTRIUS: A STORY OF CONSISTENT DIVIDENDS OVER THE YEARS

The strategy has consistently delivered an above average dividend yield versus the S&P 500 since its inception.

Altrius Disciplined Alpha Dividend Income vs. S&P 500 Dividend Yield



Source: Morningstar

INTERNATIONAL ADR DIVIDEND INCOME STRATEGY COMMENTARY

As value investors, we constantly focus on our duty to protect the principal of our investments even as we look for ways to grow them over time as well. As economists, we remain alert to trends taking place in the larger global economy. As analysts, we seek to invest in securities priced with a margin of safety in order to account for their near term volatility and our uncertainty about what the future holds. With this in mind, we look for opportunities in three specific categories: classic value, persistent earners, and distressed or contrarian.

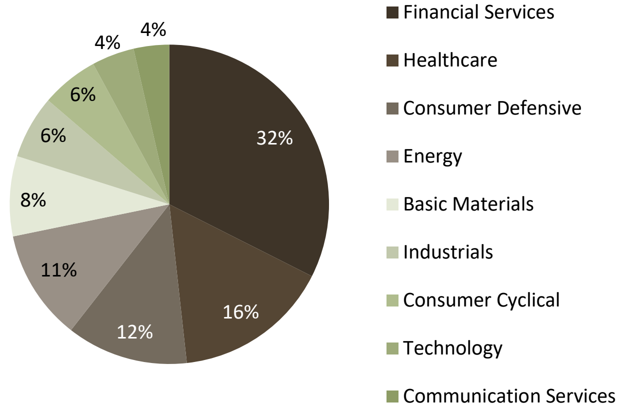
Classic value stocks sell at attractive valuations and provide above-average dividend yields and growth. Persistent earners are companies which have steady and predictable earnings and that are selling below their historic valuation. The distressed/contrarian category refers to stocks that are out of favor due to what we perceive to be temporary factors and are likely to appreciate substantially as the temporarily distressing factor recedes. Typically the distressed category is the smallest in the portfolio.

PERFORMANCE COMMENTARY

The International ADR Dividend Income strategy returned 19.44% for 2019 significantly outpacing the MSCI EAFE Value index which was higher by 16.09%. The strategy has produced alpha and sound risk adjusted returns besting the MSCI EAFE Value index for the past 1-year, 3-year and 5-year periods while performing in line with the index since inception. Since its inception on June 1, 2010, the strategy has produced annualized returns of 5.67% versus 5.81% for the MSCI EAFE Value index. Since its inception, the strategy has produced alpha against the MSCI EAFE Value index due to its significantly lower beta.

We have added alpha and garnered sound absolute and relative returns for our investors focusing on undervalued issues offering above average dividend yields. The greatest contributions to performance during 2019 came from the financial services, healthcare, consumer defensive, industrials and basic materials sectors while the communication services sector was the only industry which detracted from total return on the year. Going forward, we believe we will find more value amongst international issues than U.S. companies while expecting the cyclical sectors to be benefactors of global economic stabilization. The top performers for the year were Taiwan Semiconductor (62.1%), Eaton (42.8%), British American Tobacco (42.7%), BNP Paribas (39.2%) and Rio Tinto (37.2%) while the bottom performers were Sasol (-25.5%), Telefonica (-13.9%), Posco (-4.5%) and Banco Santander (-3.3%).

Sector Allocation (Morningstar)



Top Ten Holdings	Weight
AstraZeneca	4.66%
Barclays	4.49%
Lloyds Banking Group	4.40%
HSBC Holdings	3.68%
Taiwan Semiconductor	2.50%
Roche Holding	2.27%
British American Tobacco	2.17%
Nestle	2.16%
Eaton Corp	2.14%
Sanofi	2.11%

INTERNATIONAL ADR DIVIDEND INCOME STRATEGY COMMENTARY

As one may recognize from the below chart, our firm has consistently provided a steady stream of income to our clients in the form of dividends. It is our assertion that this income stream has not only reduced the risk of our portfolio, but also provided a large part of the total return thereby leading to our performance success over this past tumultuous decade plus.

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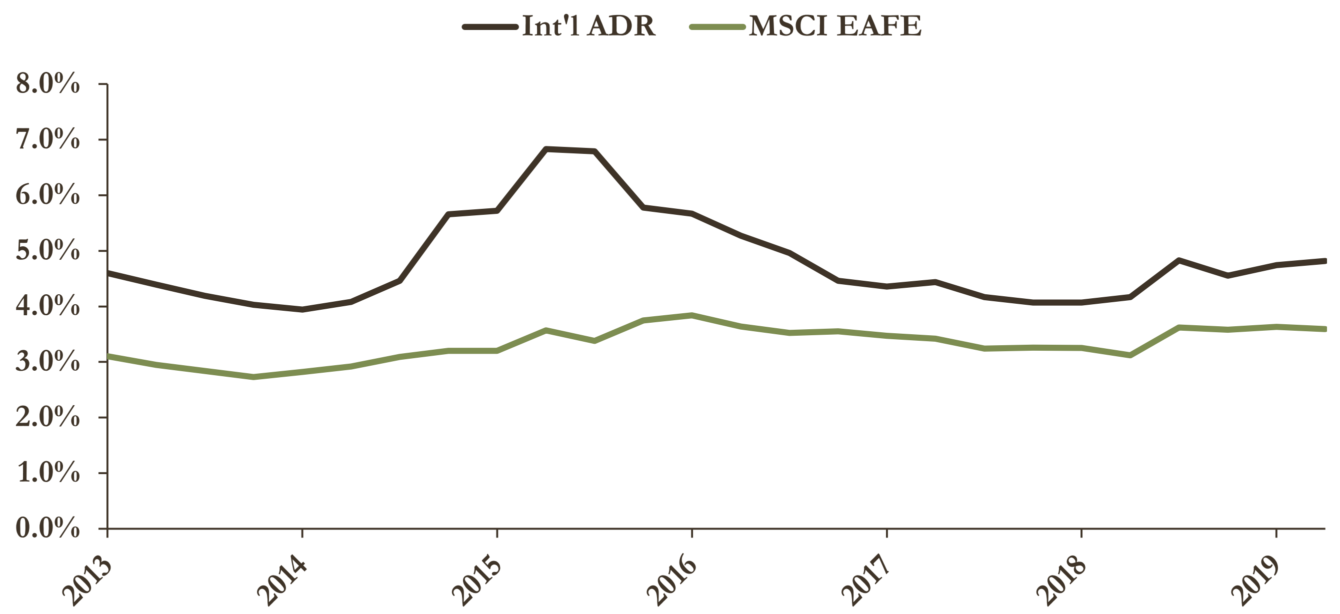
ALTRIUS: A STORY OF CONSISTENT DIVIDENDS OVER THE YEARS

The strategy has consistently delivered a higher dividend yield than the MSCI EAFE index since its inception.

International ADR Dividend Income vs. MSCI EAFE Dividend Yield



Source: Morningstar

Unconstrained Fixed Income Strategy Commentary

Based on our macroeconomic outlook over a three to five year period and our cyclical views from quarter to quarter, we employ top-down strategies that focus on yield curve positioning, volatility, and sector rotation. We then utilize bottom-up analysis to drive our security selection process and facilitate the identification of undervalued securities with the potential for above average income. We invest in securities that operate across diversified sectors in the fixed income markets of the United States, primarily those in U.S. dollar denominated high yield and investment grade bonds, including government securities, corporate bonds, and mortgage- and asset-backed. Sources of added value:

Credit Analysis - We emphasize independent analysis and do not rely on credit agencies.

Duration Risk - We avoid long, extreme duration shifts generally operating within a moderate duration range typically between two and four years.

High Income - Our research attempts to identify issues paying above average income.

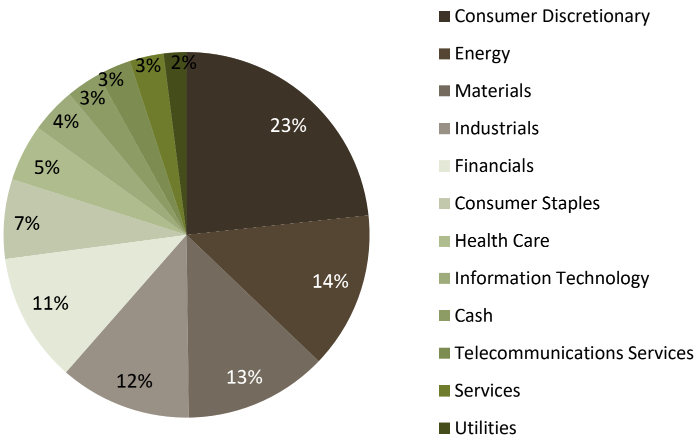
Risk Premium Management - We seek to attain an attractive yield/spread in relation to a five-year treasury within acceptable levels of portfolio risk.

Performance Commentary

The Federal Reserve cut rates by 25 bps in its October meeting, marking the third cut instituted in 2019, and driving its benchmark funds rate down to a range of 1.5% to 1.75%. Following the perceived bottoming of economic data and global growth expectations, investor optimism and market demand for riskier assets only grew in force and fervor during the fourth quarter of 2019. The yield curve, which first inverted back in March, began to reverse course in mid-October and continued to steepen throughout the remaining two months of 2019 with the differential on 3-month T-bills vs 10-year Treasuries flipping from -17 bps at the beginning of the fourth quarter to +37 bps by year-end. As a result of contracting interest rates during the year, 30-year Treasuries were the best performing segment of the broad based US fixed income markets returning 16.43% in 2019, followed by investment grade corporate bonds at 14.54%, while aggregate US Treasuries were the worst losing 0.79%.

The Unconstrained Fixed Income strategy returned 2.17%, gross of fees, in the fourth quarter of 2019 outpacing the Morningstar US Core Bond index by 199 bps, but lagging the Morningstar US High Yield index by 39 bps. For 2019, the Unconstrained Fixed Income strategy returned 10.39%, gross of fees, finishing the year well ahead of the Morningstar US Core Bond index's 8.65% return, yet the strategy continued to trail the greater high yield corporate bond market with the Morningstar US High Yield index posting a return of 14.20% for 2019.

Sector Allocation



Top Ten Holdings	Weight
CenturyLink, Inc. 6.750%	1.40%
Tenet Healthcare Corp. 6.750%	1.37%
Pitney Bowes Inc. 4.700%	1.36%
Suburban Propane Partners 5.500%	1.34%
Tempur Sealy International 5.625%	1.34%
Coeur Mining Inc. 5.875%	1.31%
Oppenheimer Holdings Inc. 6.750%	1.29%
Clearwater Paper Corp. 4.500%	1.28%
Bed Bath & Beyond Inc. 3.749%	1.27%
U.S. Concrete Inc. 6.375%	1.27%

Disclosures

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact. Altrius is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy and approach. Our views and opinions include "forward-looking statements" which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe," "expect," "anticipate," or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

Past performance does not guarantee future results. The information provided in this material should not be considered an offer nor a recommendation to buy, sell or hold any particular security.

Performance Reporting

Altrius Capital Management, Inc. (Altrius) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Altrius has been independently verified for the periods January 31, 2001 – December 31, 2018 by ACA Performance Service, LLC. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

The Firm is defined as Altrius Capital Management, Inc. (Altrius), a registered investment advisor with the Securities and Exchange Commission. Altrius was founded in 1997 and manages equity, fixed income and balanced portfolios for high net worth individuals and families.

Composite Characteristics

The Altrius Global Income Composite was created in December 2010 with a performance inception date of December 31, 2002. Prior to September 2012, the Altrius Global Income Composite was named the Altrius Global Total Return Composite. The minimum value threshold of the composite is $250,000. Accounts included are comprised of all actively managed balanced accounts with no exception to our discretion definition. Individual accounts will be aggregated with other accounts to achieve the $250,000 minimum when the entity maintains related accounts with a collective objective.

Accounts are included on the last day of the month in which the account meets the composite definition. Any account crossing over the composite's minimum threshold shall be included in the composite at the end of the month it increased in market value. New accounts to a family are added to the composite the day they are funded when the family account already exists and is in a composite. Accounts no longer under management are withdrawn from the composite on the first day of the month in which they are no longer under management. Any account dropping below 85% of the composite's minimum threshold shall be removed from the composite at the beginning of the month it declined in market value. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias.

DISCLOSURES

Benchmark

The benchmark is the Morningstar Global Allocation TR USD. It was changed from a blended index with a static allocation of 40% S&P® 500 Total Return Index, 40% Barclays Capital Aggregate Bond Index, 8% Russell 2000 Index (with dividends) and 12% MSCI EAFE Net Index as of 11/01/2019 and changed retroactively for all periods. The change was made due to licensing fees being charged by the firms who own the indices. The volatility of the indices may be materially different from that of the performance composite. In addition, the composite's holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent appropriate benchmarks to compare the composite's performance, but rather are disclosed to allow for comparison of the composite's performance to that of well-known and widely recognized indices.

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.

Performance Calculations

Valuations and returns are computed and stated in U.S. dollars. Results reflect the reinvestment of dividends and other earnings.

Gross of fees return is net of transaction costs and gross of management and custodian fees. Net of fees returns are calculated using actual management fees that were paid and are presented before custodial fees and but after management fees and all trading expenses. Returns can be net or gross of withholding taxes, depending on how taxes are recorded at the custodian. Some accounts pay fees outside of their accounts; thus, we enter a non-cash transaction in the performance system such that we can calculate a net of fees return.

The standard management fee for the Altrius Global Income Composite is 1.40% per annum on the first $500,000 USD, 1.00% per annum on the next $500,000 and 0.80% per annum thereafter. Additional information regarding Altrius Capital Management fees are included in its Part II Form ADV.

Internal dispersion is calculated using the asset-weighted standard deviation of all accounts included in the composite for the entire year; it is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark (Morningstar Global Allocation TR USD) returns over the preceding 36-month period.

There are no non-fee paying accounts in our composites. When a security is purchased or sold, the principal amounts tied to the transaction are net of trading costs; therefore the calculation and market values represent amounts net of trading costs. Dispersion is calculated using asset-weighted standard deviation, gross of fees. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. A complete list and description of firm composites is available upon request.