Blue Current
1380 West Paces Ferry Rd.
Suite 1000
Atlanta, Ga. 30327
404.890.7707

September 30, 2014

Dear Investor,

Ukrainian aggression, Israeli-Gaza conflict, China corruption crackdown, stagnant European growth, ISIS, and Ebola were just a few of the geo-political risk factors that surfaced or strengthened throughout the course of the third quarter. Looking back at the tape over this period, the indecisiveness could almost be measured as the MSCI World Equity Index fell 1.6% in July, rallied 2.3% in August and then retreated 2.7% in September, netting a -2% return for the quarter (+4.4% YTD through Q3). October's performance is reflective of the same behavior but with twice the volatility. From September's peak to October's trough, US markets nearly touched correction territory for the first time since 2011. After four months of see-sawing, not much would surprise us in the way of new headlines or how equity markets finish during the remaining months of 2014.

So what do we believe? That is the question we find ourselves continually asking as we examine our portfolio of companies that in the face of the above risks, must transact daily on a global stage. To summarize our conversations over the past several weeks, we believe:

- The US economy remains sound.
- FX volatility is impacting fundamentals and likely to worsen in Q4.
- Lower energy prices are a net positive for nearly all (E&P companies being the exception).
- European growth is weaker, but probably not as bad as some fear.
- Future returns are likely lower than what has been experienced in recent years.

We are simplifying the discussions, but in a nutshell those are our takeaways. We all agree that returns are likely to be lower than what has been experienced during the prior five years.

Because expected returns are likely lower, we believe dividends and cash flow will be even more impactful to an investor's total market return. For example, if we assume the annualized expected equity market return over the next three years is 8% (near the long-term average but lower than the recent five-year CAGR of 11% - MSCI World), we believe dividend investors have a high probability of achieving that target. Our formula works as follows: We expect to deliver 3% in return via dividends in your pocket and 2% in return via share buybacks. Those two factors alone generate nearly 2/3 of our forward return target. We feel confident that our portfolio of companies can generate the remaining 3% return via earnings growth (at a minimum) to arrive at the 8% target. That is pretty simple math. Non-dividend investors need to generate much higher earnings growth over a cycle to deliver on the same math. The above excludes the impact to total return from a change in valuation multiples. In summary, investing in companies that combine robust free cash flow and shareholder-friendly management teams are tough to beat over a market cycle.

The Blue Current Global Strategy returned -3.2% (gross) during the third quarter, decreasing year-to date-performance to +2.2% (gross). When we reviewed the performance of each portfolio company during the quarter, it was broadly apparent that price dispersion was materially higher than our experience would suggest. To add context, of the stocks in the portfolio during the quarter, only 25% generated a return between -3% and +3%. In other words, 75% of the companies returned less than -3% or more than +3% - an abnormally large dispersion for a high-quality portfolio of dividend-paying companies. Viewed through another lens, the beta of our portfolio tends to be lower than the broader market, implying that recent volatility is abnormal when compared to historical averages. The heightened volatility can be attributed to the myriad of risk factors addressed in our opening paragraph, causing investors to reassess and incorporate new risks in revenue and earnings forecasts.

It is during these times that we remind ourselves that price volatility does not often reflect business fundamentals. We invest in free cash flow opportunities and overall our portfolio companies continue to generate lots of it. If we look back over the trailing twelve months, our collective portfolio of companies generated $198bn in free cash flow and returned nearly all of it to shareholders. The companies spent $86bn on dividends and $92bn on share repurchases, nearly an even split. We generally prefer dividends but $92bn in share repurchases sounds pretty good too. Over the trailing twelve months, the portfolio's dividend growth rate was 13.6%, higher than our historical average. All indications suggest that these patterns will continue. Corporate boards continue to announce dividend increases and additional share repurchases. As an

example, in October, Las Vegas Sands announced a 30% increase in its dividend. The portfolio statistics can be lumpy but we will continue to share these figures as a reminder of the health of our portfolio of investments.

Turning our attention to the portfolio, the most challenging companies during the quarter were select multi-nationals domiciled in Europe (Siemens) or US companies with significant exposure to European growth (Ford). Several of our non-US investments, specifically financials (HSBC) and insurers (ACE / PartnerRe), generated positive returns during the quarter. Within the US, our technology companies thrived and gains were led by Microsoft (+12%) and Apple (+9%). Technology, specifically consumer technology, continues to perform well due to robust consumer demand for the latest mobile or device upgrade cycle in technology (ie release of iPhone 6). In addition to earnings growth, large-cap technology stocks trade at an attractive multiple to the market, and the group has been strong shareholder advocates by leading S&P sectors in share repurchases and dividend increases.

During the third quarter we made several changes to the portfolio. We exited four positions that reached what we consider to be full valuations: Dover, Emerson, General Mills, and Philip Morris International. The decision to sell Dover was also accelerated by the dividend yield declining to 2%, a level at which we typically begin to look for a replacement portfolio company. Valuations of US-based industrials were “rich” entering the quarter and were pricing in significant optimism in regard to global growth. We also exited three positions whose fundamentals either deteriorated over the course of the year or showed no signs of improving: Aflac, Rogers Communications, and Tesco Plc.

Our decision to exit Tesco Plc is worth discussing in greater detail. We made our first investment in August 2013 and invested in the company because of its attractive valuation, high dividend yield, strong brand presence, and attractive real estate in the UK and other markets. Supporting our bottom-up analysis was the strength of the UK economy which has been expanding at a 3%+ rate, similar to US levels. The UK discount supermarket industry has historically been competitive across the three largest players, Tesco, Sainsbury, and Morrisons. All, however, were unprepared for the price battle waged by German-based competitor, Aldi. The UK’s big three have been forced to react through aggressive price cuts that have pressured revenue, profit, and as a result, free cash flow. We were prepared to remain invested through a series of price reductions (price wars are inevitable in the discount retail sector) because we felt there was strong value in what quickly became a turnaround story. We were optimistic until two

additional events occurred. In July, the company's CDS (credit default swap) began to widen, suggesting financial stress beyond what we anticipated, which also coincided with the termination of the CEO. We sold our position on August 1st; in front of the late August announcement of a dividend cut and the September announcement of accounting irregularities at the company. Today, the stock remains 35% lower than our exit price.

The above sales afforded us the opportunity to invest in a new stable of dividend payers that we believe will help drive performance over the next several years. We increased our non-US exposure through the addition of PartnerRe (a global reinsurer), HSBC, Anheuser Busch, and Rolls Royce. We also added investments in two US-domiciled companies that generate significant revenue outside of the US: Las Vegas Sands and Kimberly Clark. The addition of these new investments will result in an overall lower portfolio valuation and similar dividend yield.

Looking back, the third quarter was especially volatile for dividend growers and we do not expect this to continue in 2015. Our portfolio turnover was also higher than normal, but we continue to expect a tax-efficient year for our investors; harvested losses in names like Target and Tesco will materially offset gains realized during the quarter. We look forward to the rest of the year and thank you for your confidence in us.

With regards,

Harry Jones & Dennis Sabo

Disclosure and Risk Summary

The opinions expressed herein are those of Edge Capital Partners, LLC, and the report is not meant as legal, tax, or financial advice. You should consult your own professional advisors as to the legal, tax, financial, or other matters relevant to the suitability of investing. The external data presented in this report have been obtained from independent sources (as noted) and are believed to be accurate, but no independent verification has been made and accuracy is not guaranteed. The information contained in this report is not intended to address the needs of any particular investor.

The information contained in this document does not constitute an offer to sell any securities nor a solicitation to purchase any securities. Index returns reflect the reinvestment of dividends.

PAST PERFORMANCE CANNOT BE CONSTRUED AS AN INDICATOR OF FUTURE RESULTS BECAUSE OF, AMONG OTHER THINGS, POSSIBLE DIFFERENCES IN MARKET CONDITIONS, INVESTMENT STRATEGY, AND REGULATORY CLIMATE. THERE IS NO ASSURANCE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVE. INDEX INFORMATION (I) IS INCLUDED MERELY TO SHOW THE GENERAL TREND IN THE EQUITY MARKETS FOR THE PERIODS INDICATED AND IS NOT INTENDED TO IMPLY THAT THE FUND'S PORTFOLIO WILL BE SIMILAR TO THE INDICES EITHER IN COMPOSITION OR RISK AND (II) HAS BEEN OBTAINED FROM SOURCES BELIEVED TO BE ACCURATE.

This presentation is solely for the recipient. By accepting this report, the recipient acknowledges that distribution to any other person is unauthorized and any reproduction of this report, in whole or in part, without the prior consent of Edge Capital Partners, LLC, is strictly prohibited.