Strategy Asset Managers

WORLDWIDE DIVIDEND PLUS STRATEGY & OUTLOOK

STRATEGY

After an outstanding 2016, when the Worldwide Dividend Plus strategy's was up 15.4% in comparison with the Global Equity benchmark return of 9.9% (outperforming by almost 6%), the strategy is taking a "breather" so far this year. The strategy's return was up 1.8% in the quarter and 6.9% for the first six months in comparison with the Global Benchmark returns of 3.7% and 10.3% for the same periods. Healthcare, Financials and Utilities were the top performing sectors with Energy and Telecom services bringing up the rear. Further inhibiting performance in the quarter and for the six months was the continued dominance of Growth stocks outperforming Value (4.4% vs. 1.5% in the quarter).

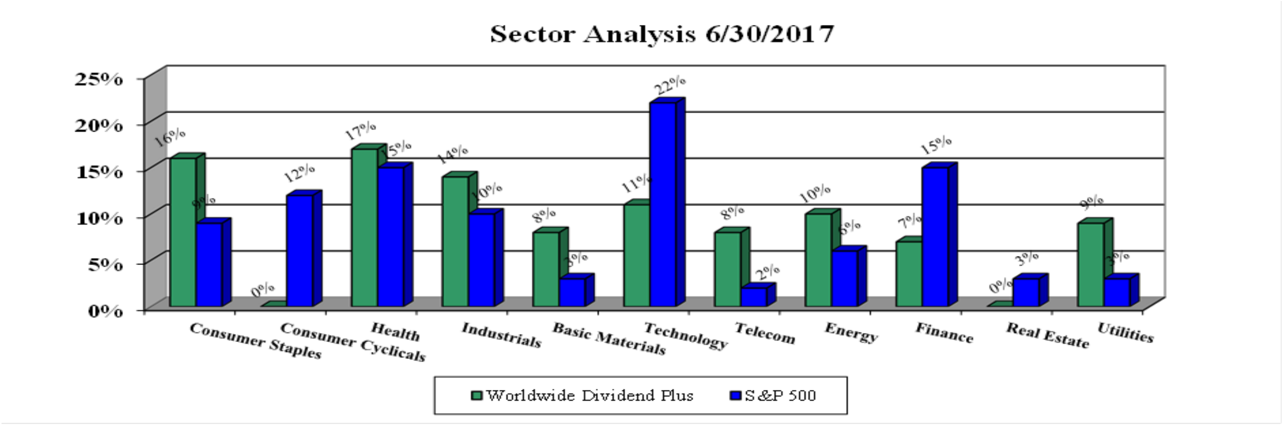
The key component of this strategy is the compounding of dividend growth over time combined with capital appreciation. Some of the higher dividend-yielding companies were in the Energy sector where performance for the quarter was negative. The same could be said about other sectors where companies have reduced their rate of dividend growth as a result of slow top-line revenue growth.

We had some strong contributors in the quarter.

The table below shows the top and bottom five performance contributors.

Top 5 Performers in the Quarter		Bottom 5 Performers in the Quarter	
Abbvie	12.4%	Kinder Morgan	-11.3%
National Grid	9.6%	AT&T	-8.1%
Johnson & Johnson	6.9%	Verizon	-7.3%
Eaton Corporation	5.8%	Cisco Systems	-6.6%
Microsoft	5.2%	Southern Company	-2.7%

The sector chart shows the sector weightings as of June 30, 2017.



This Worldwide Dividend Plus Strategy & Outlook reflects the views of the Investment Advisor only through the date of this report. The Investment Advisor's views are subject to change at any time based on market and other conditions. Please refer to the disclosure at the end of this report. Past performance is no guarantee of future returns. Portfolio characteristics are subject to change, and shown for illustrative purposes only. Data shown is from a representative account. A complete list of securities held in the portfolio for the past year is available upon request.. June 30, 2017

OUTLOOK

In our first quarter 2017 commentaries, we addressed the fact that initiatives regarding Obamacare, tax reform and infrastructure spending had not yet materialized. Now, at the end of the second quarter, the same comments apply; none of the heralded changes have occurred to date. Since Trump's election win, pundits have declared that the stock market is up based upon the assumption that these major initiatives/programs would be implemented. We agree that these are major legislative challenges given the partisan Congress. However, the stock market has been doing pretty well on its own.

Earnings were up almost 14% in the quarter and revenue was up 4-5% without legislative help. The Federal Reserve has raised interest rates, but is now indicating that they may go slower regarding future increases given that inflation is below its 2% target and economic growth may not hit 3% this year.

The stock market is not cheap, but the stretched valuations are offset by low interest rates and low inflation. As we look at a variety of economic indicators, almost all are supportive of the equity market. If economic growth is not as robust as forecast, the market will be supported by low bond yields and earnings growth. If growth remains strong, bond yields may rise but earnings growth will offer support to stock prices.

The eight year plus bull market remains intact and is being sustained by positive economic growth and low inflation expectations. Therefore, we remain optimistic on our stock market outlook with the cautionary note that we expect to see more market volatility. We have come through a period of extremely low market volatility which is not the norm. We do not see a bear market, based upon current economic data and company results, which should be beneficial in growing one's assets.