Disclosures

Risks

Past performance is no guarantee of future results; the value of investments and the income derived from them can go down as well as up. Future returns and the achievement of stated goals are not guaranteed, and a loss of principal may occur.

Please refer to the ThomasPartners Strategies Disclosure Brochure for additional information.

Diversification strategies do not ensure a profit and do not protect against losses in declining markets. Investments in managed accounts should be considered in view of a larger, more diversified investment portfolio.

There are risks associated with any investment approach, and the ThomasPartners Strategies have their own set of risks. First, there are the risks associated with investing in dividend-paying stocks, including but not limited to the risk that stocks in the Strategies may reduce or stop paying dividends, affecting the Strategy's ability to generate income. Second, investor sentiment could cause dividend-paying equities to fall out of favor and decrease in price. Third, there are risks associated with investing in fixed income asset classes, including through the use of exchange traded funds (ETFs) that include, but are not limited to: interest rate risk, credit risk, high yield risk, and government security risk. Please discuss this and other potential risks with your Financial Consultant or investment advisor prior to investing.

This presentation is neither an offer to sell nor a solicitation of an offer to buy any securities. This material is not intended to be used as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client's account should or would be handled, as appropriate strategies depend upon the client's specific circumstances and investment objectives.

Information provided herein is for general information purposes only and should not be considered an individualized recommendation or personalized investment advice. Data contained herein from third party providers is obtained from what are considered reliable sources. However, its accuracy, completeness or reliability cannot be guaranteed and Charles Schwab Investment Management, Inc. expressly disclaims any liability, including incidental or consequential damages, arising from errors or omissions in this presentation. Asset classes and the proportional weightings in the strategies may change at any time without notice, subject to the discretion of the ThomasPartners Portfolio Management Team.

Charts

Contribution of Dividends to the S&P 500® Total Return (1926-2018)

Source: CSIM, ThomasPartners Research with data from CRSP® 1962 U.S. Stock Database. ©2019 Center for Research in Security Prices (CRSP), University of Chicago Booth School of Business.

Not All Dividend Paying Stocks Are The Same

Starting with the first quarter of 2019, Charles Schwab Investment Advisory, Inc., the then adviser, changed vendors to Ned Davis Research, Inc. (NDR) for the generation of this study.

The results of this transition produced different values for each of the dividend groups, in particular, the 'Dividend Cutters or Eliminators' group now show a noticeably higher total return than in prior charts. Factors that affected these results include a change in the data source from the CRSP® 1962 U.S. Stock Database to S&P Capital IQ Compustat and S&P Dow Jones Indices, a change in the rebalancing period from annually to monthly, a removal of the $1 billion inflation adjusted market cap requirement (the stocks included in the study are from the NDR Multi-Cap universe, which represent the top 97% of capitalizations in the NDR All-Cap Universe), and a shortening of the evaluation period(i.e., the NDR Multi-Cap Stocks Universe starts on 12/31/1980, while the previous study covered a 40 year period). As of the most recent evaluation period, the NDR Multi-Cap universe contained 6 stocks, or 0.4% of the universe, with a market cap less than $1 billion.

The Dividend Paying Stocks chart shows the historical total returns of stocks based on their dividend policies. These stocks were grouped into four categories of dividend policies: Non-Dividend-Paying stocks, Dividend Growers and Initiators, Dividend Cutters and Eliminators, and Dividend Payers with No Change in Dividends. The methodology in creating this chart is as follows.

1) Dividend Paying vs. Non-Paying

Each company's dividend policy is determined by its indicated annual dividend. Ned Davis classifies a stock as a dividend-paying stock if the company indicates that it is going to be paying a dividend within the year. A stock is classified as a 'non-payer' if the company's indicated annual dividend is zero. Prior to July 2000, the indicated annual dividends were updated on a quarterly basis. Since July 2000, the indicated annual dividends are updated on a daily basis, so the most up-to-date information is used.

The annualized returns are calculated using monthly equal-weighted averages of the total returns of all dividend-paying (or non-paying) stocks during the 1981-2018 time frame. A stock's return is only included during the period it is a component of the underlying NDR Multi-Cap universe. The dividend figure used to categorize the stock is the company's indicated annual dividend, which may be different from the actual dividends paid in a particular month. Indices are unmanaged and cannot be invested.

2) Dividend Growing, No-Change-in-Dividend, and Dividend Cutting

Each dividend-paying company is further classified into one of the three categories based on changes to their dividend policy over the previous 12 months. 'Dividend Growers and Initiators' include stocks that increased their dividend anytime in the last 12 months. Once an increase occurs, it remains classified as a 'Grower' for 12 months or until another change in dividend policy. 'No-Change' stocks are those that maintained their existing indicated annual dividend for the last 12 months (i.e., companies that have a static, non-zero dividend). 'Dividend Cutters or Eliminators' are companies that have lowered or eliminated their dividend anytime in the last 12 months. Once a decrease occurs, it remains classified as a cutter for 12 months or until another change in dividend policy.

Source: S&P Capital IQ Compustat. Dow Jones S&P Indices.

See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/.

Combining Dividend Growth With Fixed Income

This chart is a graphical depiction of the mean-variance analysis, which is a process of weighting risk (variance) against expected return. Mean-variance analysis is a component of Modern Portfolio Theory, and uses a mathematical framework to assemble portfolios of different assets to maximize the expected return for a given level of risk (measured by standard deviation). The assets used to construct the this chart consist of the S&P 500® Total Return Index, a subset of the S&P 500® Total Return Index that only includes dividend growers or initiators ("Dividend Growers group"), and the Bloomberg Barclays U.S. Intermediate Gov/Credit Index.

The methodology for the Dividend Growers Index is as follows: Dividend Growers and Initiators include stocks that increased their dividend anytime in the last 12 months. Once an increase occurs, it remains classified as a grower for 12 months or until another change in dividend policy. Both the index and Dividend Growers group returns are calculated using monthly equal-weighted averages of the total returns of all included stocks. A stock's return is only included during the period it is a component of the underlying index. The dividend figure used to categorize the stock is the company's indicated annual dividend, which may be different from the actual dividends paid in a particular month. Past performance is no guarantee of future results. One cannot invest directly in an index.

Index Information

Indexes are unmanaged, do not include fees, and cannot be invested in directly.

The S&P 500 Total Return Index, the NASDAQ U.S. Broad Dividend Achievers Index TR (DAATR) and the Bloomberg Barclay's U.S. Intermediate Government/Credit Index contain more securities positions than the ThomasPartners Strategies and, as a result, the performance of the Strategies at times may be more volatile than the performance of the aforementioned Indexes. Please note that there are material differences between the indexes shown, including potential differences in holdings and in how each calculates dividend yield. ThomasPartners Strategies Portfolio Management Team believes that although the S&P 500 Total Return Index does not seek dividend income as a primary objective, it is a suitable proxy for the overall market.

The **NASDAQ US Broad Dividend Achievers Total Return Index** comprises U.S securities with at least 10 consecutive years of increasing annual regular dividend payments. The **S&P 500 Total Return Index** is a commonly recognized, market-capitalization-weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance. The **Bloomberg Barclay's U.S. Intermediate Government/Credit Index** is composed of U.S. dollar-denominated government, government-related and investment-grade U.S. corporate bonds with remaining maturities between one and ten years.

Entities

Portfolio Management for the ThomasPartners Strategies is provided by Charles Schwab Investment Management, Inc. ("CSIM"). CSIM is a registered investment adviser and an affiliate of Charles Schwab & Co., Inc. ("Schwab"). Both CSIM and Schwab are separate entities and subsidiaries of The Charles Schwab Corporation. ThomasPartners is a registered trademark of Charles Schwab & Co., Inc., used pursuant to license.

Disclosures as of 3/30/2020 (0320-00ML)