Miller Howard
INVESTMENTS

Dividend Investing

A sensible approach to long-term investing and income goals.

INVESTMENT PRODUCTS: ARE NOT FDIC INSURED • MAY LOSE VALUE • ARE NOT BANK GUARANTEED

INVESTOR GUIDE

Managing Wealth with Dividend Investing

Price Appreciation + <u>Income</u> = Total Return

Total Return (the *real* return on your investment) is made up of any stock price appreciation PLUS any income generated during the period a stock is held.

The "income" part of the equation can be overlooked by investors when the focus is only on stock price. Yet income from dividends becomes increasingly powerful as an investment's time horizon stretches out. Miller/Howard believes that compounding dividend income is the mechanism that can drive long-term total returns.

Compounded Investment Income Is a Time-Tested Approach to Building Wealth

Over the past 75 years—January 1, 1944 through December 31, 2018—high-yield dividend stocks outperformed the broad markets (S&P 500 Index) 70% of the time over rolling 5-year periods, 75% over rolling 7-year periods, and 84% over rolling 10-year periods.[1]

Competitive Source of Income

Dividend equities are a competitive source of income in what remains a historically low income environment. They can play a critical role when an investor's primary goal is stable income and growth of income.

Let Dividends Work for You

In an age of investment information overload, getting paid consistently in cash can be a welcome confirmation.

Miller/Howard initiated distribution-oriented strategies in 1991 on a belief that investors should focus on owning essential services companies that provide stable cash flows and promote the compounding effects of dividends over the long term. Combined, these attributes offer among the most prudent approaches to long-term investing.

Growth of Income—A Positive Signal

Dividend increases are often a positive signal from management about the future prospects of a company. Rising income can also pull up a company's stock price over the long term.

Miller/Howard's Investment Philosophy

Our time-tested investment philosophy has served us well. We seek:

HIGH QUALITY STOCKS

+

HIGH DIVIDEND YIELD

+

HIGH GROWTH OF YIELD

=

POTENTIAL FOR HIGH TOTAL RETURN

Common stocks do not ensure dividend payments. Dividends are paid only when declared by an issuer's board of directors, and the amount of any dividend may vary over time. Dividend yield is one component of performance and should not be the only consideration for investment. Past performance is no guarantee of future results. There is no guarantee that a company will continue to pay a dividend. The data presented does not take into account any fees or expenses associated with an actual investment. If these costs had been taken into consideration, results would have been lower. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your investment. Actual performance may be higher or lower than the performance data shown. It is not possible to directly invest in an index.

1. Source: Kenneth French (Fama/French), Morningstar Direct, Miller/Howard Research & Analysis. This Illustration utilizes the returns of the "Portfolios Formed on Dividend Yield" data set created by Eugene Fama and Kenneth French, in which all New York Stock Exchange, American Stock Exchange, and NASDAQ firms are grouped into deciles by dividend yield with Decile 10 comprising the highest yielders and Decile 1 the lowest. Miller/Howard considers the universe of high-yield dividend stocks to be those that fall within Deciles 7, 8, and 9 of the Fama/French data. The highest decile is excluded from the high-yield dividend stocks universe because many distressed stocks and outliers (significantly distant from the average) are found within Decile 10. Deciles 1 through 6 are excluded as their dividend yields fall below our threshold for high-yield dividend stocks. This high-yield dividend stocks data is not representative of the Miller/Howard mutual funds' performance, and the portfolios may be materially different from that presented within this data. Period discussed is from January 1, 1944 to December 31, 2018 (see chart Percentage of Time High-Yield Dividend Stocks Outperformed the S&P 500 Index on page 3).

Dividend Equities—Performance with Historically Lower Volatility

Growth vs. Value Stocks

Conventional wisdom says that growth stocks generally perform better during bull markets and when interest rates are falling, while value stocks outperform when the economy is cooling and during the early stages of an economic recovery. Companies that pay a high dividend are frequently classified as value stocks. The broad underperformance of dividend-paying stocks over the past 5 years should be seen in the light of a longer-term market cycle.

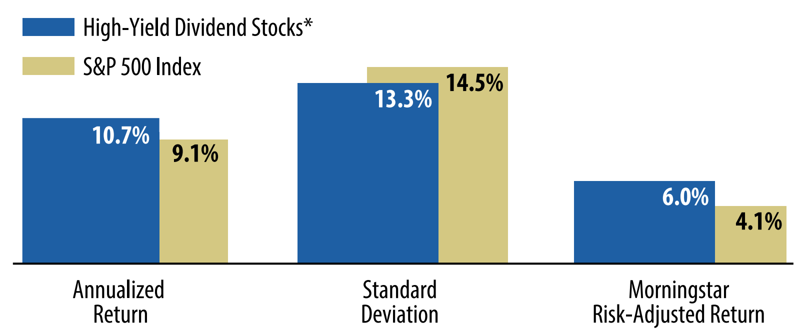
5-Year Rolling Annualized Value vs. Growth Spread[2]
as of December 31, 2018

Source: Based on the Kenneth French (Fama/French) data. Data shown from January 1, 1944 to December 31, 2018.

High-dividend payers have historically outperformed the broad markets over complete market cycles.

By focusing on companies with a consistent track record of paying and increasing dividends, investors have an opportunity to generate superior risk-adjusted performance.

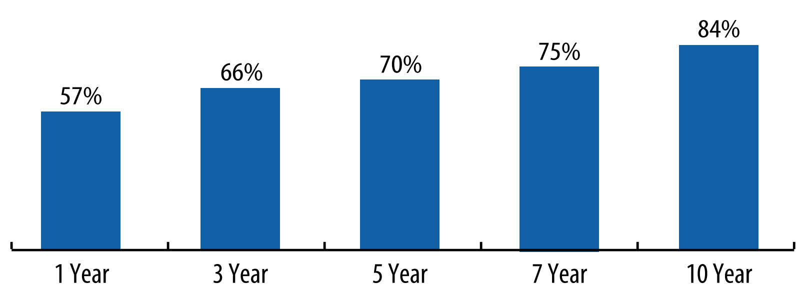
High-Yield Dividend Stocks vs. S&P 500 Index
25 Years as of December 31, 2018[1]



Source: Kenneth French (Fama/French); Morningstar Direct. Data shown from January 1, 1994 to December 31, 2018.
* Dividend deciles 7 thru 9, value weighted.

As the time horizon lengthens, high-yield dividend stocks have outperformed the S&P 500 Index in increasingly higher percentages.

Percentage of Time High-Yield Dividend Stocks Outperformed the S&P 500 Index[1]
Rolling Time Periods: 1944–2018

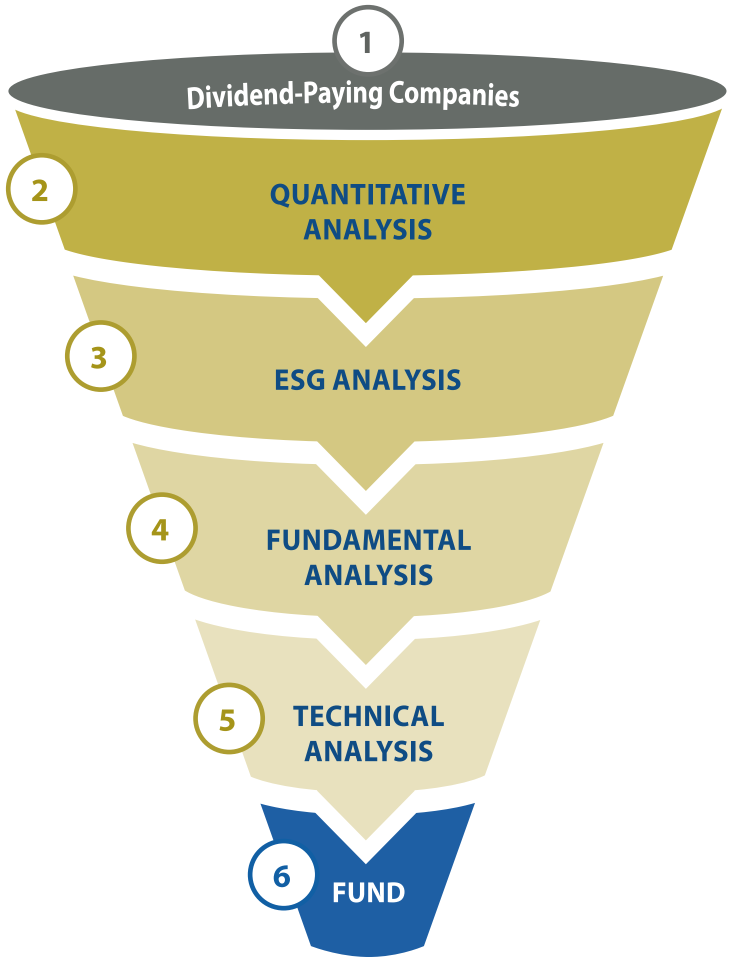


Source: Kenneth French (Fama/French); Morningstar Direct; Miller/Howard Research & Analysis. Rolling dividend deciles 7 thru 9 (value weighted) periods employ a 1-month shift. Data shown from January 1, 1944 to December 31, 2018.

2. Based on the Kenneth French data available at: http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html#Research. The chart shows the annualized rolling 5-year spread between value and growth based on monthly data. It utilizes the HML benchmark factor return dataset from Kenneth French. HML (High Minus Low) is the average returns of two value portfolios (Small and Big) minus the average returns on two growth portfolios (Small and Big).

Past performance is no guarantee of future results.

Portfolio Construction



1. **START with a universe typically comprised of the top 40% of dividend-paying companies.**

2. **Narrow the list to companies with dividend yield, growth of yield, financial strength, and consistency.**

3. **Integrate environmental, social, and governance (ESG) analysis:**
   - Best environmental management practices
   - Good corporate governance

4. **Evaluate using a bottom-up approach:**
   - High quality
   - Sufficient dividend coverage
   - Projected dividend growth
   - Attractive valuation
   - Growing earnings and cash flow

5. **Enhance timing of trades with price/volume analysis.**

6. **Construct a diversified income portfolio of sustainable companies with:**
   - Growing dividends
   - Earnings/cash flow
   - Financial strength and consistency

About Miller/Howard Investments

Experienced management

Lowell G. Miller
Founder
Chief Investment Officer
Investment experience since 1976

Gregory L. Powell, PhD
Deputy Chief Investment Officer
Investment experience since 1997

John E. Leslie III, CFA
Portfolio Manager / Research Analyst
Investment experience since 1984

Bryan J. Spratt, CFA
Portfolio Manager / Research Analyst
Investment experience since 1990

Michael Roomberg, CFA
Portfolio Manager / Research Analyst
Investment experience since 2008

John R. Cusick, CFA
Portfolio Manager / Research Analyst
Investment experience since 1999

Adam Fackler, CFA
Senior Research Analyst
Investment experience since 2004

Miller/Howard asks the ultimate question, **"Is this dividend safe and will it grow?"**

Many value managers look for cheap stocks that may have accidental yields. Miller/Howard begins the analysis with a company's willingness and ability to pay and grow its dividend. Dividend stability and dividend growth are core considerations.

We believe that companies with strong balance sheets with recurring business models are the types of companies that have the best profile for success.

A sample list of metrics we look at when evaluating a company's ability to maintain and grow their dividend payments:

- Cash Flow Coverage
- Free Cash Flow
- Interest Coverage
- Payout Ratios
- Future Debt Obligations
- Volatility of Earnings
- Macro Business Environment
- Philosophy of Management
- Other Incentives for a Dividend Cut

Our Focus—Quality Income and Growth of Income

Miller/Howard Investments is an independent, research-driven investment boutique focused on generating income by investing in equities.
The firm evaluates companies across all sectors for financial strength and their ability to consistently generate and raise dividends. We typically seek higher-than-average yield, higher-than-average financial strength of issuers, and higher-than-average expected growth of dividends. The firm is 100% employee owned. Miller/Howard has focused on income-producing equities since 1991 and has 95% of the its assets under management invested in income-producing equities.

Miller/Howard Income-Equity Fund

The Miller/Howard Income-Equity Fund is a diversified, open-end mutual fund whose primary objective is to seek current income, and secondarily, long-term total return.

The Fund will invest at least 80% of its net assets in dividend- or distribution-paying equity securities. However, the Fund will focus on investing in dividend-paying securities. Distribution-paying equity securities include securities making return of capital distributions, including master limited partnerships ("MLPs") and real estate investment trusts ("REITs") whose distributions, in part, may be deemed return of capital under current tax law provisions. The Fund may invest in securities of companies with any market capitalization. In addition, the Fund may invest up to 25% of its net assets in securities of MLPs. The Fund may also invest in American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs"), and Global Depositary Receipts ("GDRs").

MHIEX—Institutional Class	**CUSIP – 60040M107**
Minimum Investment	$100,000 [3]
Minimum Investment IRA	$5,000 [3]

MHIDX —Adviser Share Class	**CUSIP - 60040M206**
Minimum Investment	$2,500 [4]
Minimum Investment IRA	$500 [4]
12b–1 Fee	0.25%

Fiscal Year End	10/31
Investment Adviser	MHI Funds, LLC

3 There may be exceptions to these minimums for certain tax-deferred, tax-qualified retirement plans and accounts held through wrap programs.

4 Minimums may be waived if shares are purchased through a financial intermediary or through certain types of retirement plans and wrap accounts.

IMPORTANT DISCLOSURES AND RISKS

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. The prospectus contains this and additional information regarding the Fund. To obtain a prospectus please visit our website at www.mhifunds.com or CALL TOLL-FREE 1-844-MHFUNDS. The prospectus should be read carefully before investing.

An investment in the Miller/Howard Income-Equity Fund is subject to risk, including the possible loss of principal. Fund risks include, but are not limited to, the following: Non-U.S. markets may be smaller, less liquid and more volatile than the major markets in the United States, and as a result, Fund share values may be more volatile. Trading in non-U.S. markets typically involves higher expenses than trading in the United States. The Fund may have difficulties enforcing its legal or contractual rights in a foreign country. These additional risks may be heightened for securities of companies located in, or with significant operations in emerging market countries.

Depositary receipts may be less liquid than the underlying shares in their primary trading market. Companies that issue dividend-yielding equity securities are not required to continue to pay dividends on such stock. The Fund may be exposed to liquidity risk when trading volume, lack of a market maker, or legal restrictions impair the Fund's ability to sell particular securities or close call option positions at an advantageous price or in a timely manner. The Fund invests in small and medium-size companies, which carry greater risk than is customarily associated with larger, more established companies.

The Fund may be subject to increased expenses and reduced performance as a result of its investments in other registered investment companies and MLPs. An investment in units of MLPs involves certain risks that differ from an investment in the securities of a corporation. MLP entities are typically focused in the energy, natural resources, and real estate sectors of the economy. A downturn in the energy, natural resources, or real estate sectors of the economy could have an adverse impact on the Fund. Changes to current tax law could affect the treatment of distributions, including (but limited to) ordinary income, capital gains or return of capital.

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