

Quarterly review

The GGFS Revenue Buster Strategy gained 7.7% before fees in Q3 2018 compared to gains of 7.7% and 9.5% for the S&P 500 (SPY) and Dow Jones Industrial Average (DIA), respectively. For the year-to-date period, the Bruderman Select Growth Strategy gained 7.0% compared to gains of 10.4% for the SPY and 8.5% for the DIA.

Markets soared in Q3 powered by exceptionally strong earnings gains across sectors. On a year-to-year basis, S&P 500 earnings increased by 19.5%, the highest rate since 2012 when the US economy was still recovering from recession. Treasury yields rose during the quarter with 10-year treasury yields closing firmly above 3%. Longterm yields, however, have not risen nearly as fast as shorter-term rates and the yield curve flattened.

The Fed continued to hike in September and its target rate now stands at 2.25%. Its stance is beginning to appear hawkish given benign inflation readings; core CPI came in at 2.17% in September producing the first real yield (+8 bps) since the financial crisis. Fed activity bears watching. It is draining liquidity at an unprecedented pace as it simultaneously raises rates and unwinds its massive crisis-era balance sheet. The Fed has no historical experience with these maneuvers but previous liquidity withdrawals have increased volatility, especially among the weakest links

Strategy review

The Revenue Buster strategy performed in line with broader market averages in Q3 as growth continues to lead the market. The growth factor contributed an estimated 68 bps of return on the quarter. Size and quality were also positive contributors while global and low volatility factors detracted. From a sector perspective, energy, consumer staples and consumer discretionary contributed positively versus the S&P while health care, communications and technology detracted.

Johnson & Johnson (JNJ) was the largest contributor to return for the quarter, rising 14.6% and contributing 74 bps of return. The company benefited from rotation towards the relative macroeconomic calm of health care and also continues to deliver top- and bottom-line growth from new compounds.

Visa Inc (V) contributed 71 bps for the quarter. Visa continues to exhibit strong characteristics including high return on invested capital, low earnings variability, low leverage and strong earnings momentum. Facebook Inc (FB) was the largest detractor from return costing 26 bps of return. FB endured a seemingly endless series of controversies all surrounding its ability to protect user data. It reported hacks, false postings and appeared to be deeply involved with Cambridge Analytica, the defunct political campaign advisory firm that used precisely targeted advertising to build campaign "awareness". While user engagement did not seem to be impacted, advertisers began to pause in their use of the platform. We interpreted these developments as a fundamental change in the company's growth profile and exited the position with a small gain.

Portfolio changes

There were no portfolio additions on the quarter. Facebook Inc (FB) and JM Smucker (SJM) were exited.

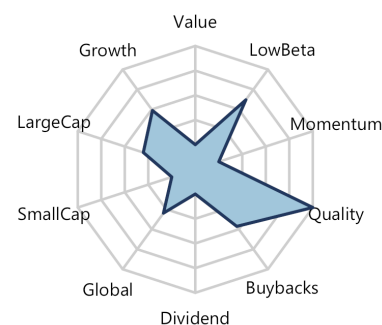
Strategy Highlights

- High conviction portfolio targeting large capitalization stocks exhibiting high revenue, earnings and/or cash flow growth.
- Fundamental selection focused on financial strength, capital return and management quality.
- Target companies with high earnings predictability, lower earnings variation and high financial flexibility; target management teams with strong record of returning capital to shareholders.
- Typically holds 20-35 positions

Top holdings

Name	Weight
ConocoPhillips	5.9%
Costco Wholesale Corporation	5.9%
Google Inc.	5.7%
Visa Inc.	5.7%
Johnson & Johnson	5.6%
Home Depot, Inc. (The)	5.6%
Illinois Tool Works Inc.	5.2%
FedEx Corporation	5.0%
McDonald's Corporation	5.0%
Intercontinental Exchange Inc.	4.9%
Total	54.5%

Style map

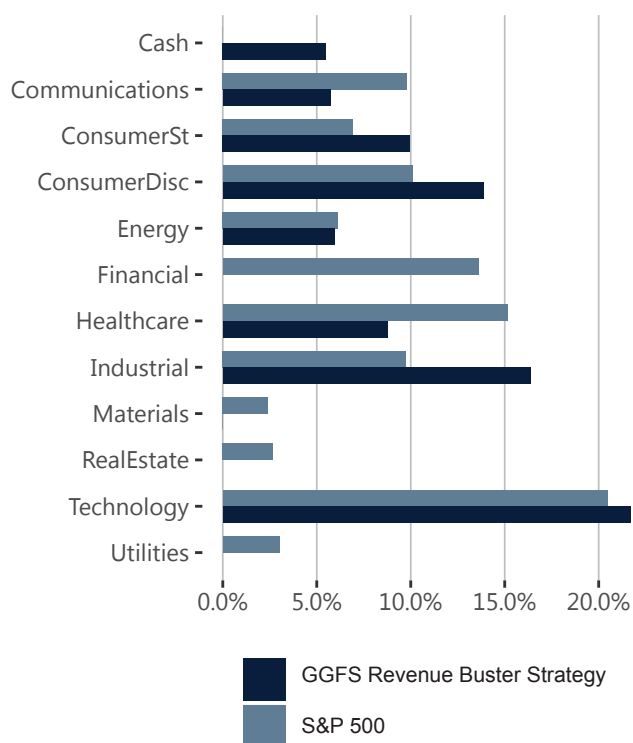


Performance summary

Annualized returns	Revenue Buster	S&P 500	DJI Average
Q3 2018	7.7%	7.7%	9.5%
Year to date	7.0%	10.4%	8.5%
Last one year	16.9%	17.8%	20.6%
Last three years	14.6%	17.2%	20.3%
Last five years	13.2%	13.8%	14.4%
Since inception	15.3%	15.7%	15.4%

Annual returns	Revenue Buster	S&P 500	DJI Average
2018	7.0%	10.4%	8.5%
2017	28.0%	21.7%	28.1%
2016	1.8%	12.0%	16.4%
2015	7.9%	1.3%	0.1%
2014	12.7%	13.5%	9.8%
2013	32.5%	32.3%	29.6%

Sector allocation



Performance statistics

Metric	Revenue Buster	S&P 500	DJI Average
Return			
Average annualized return	15.3%	15.7%	15.4%
Annualized alpha	0.0%	0.0%	-1.0%
Sharpe ratio (0% rf)	1.59	1.69	1.52
Sortino ratio (0% rf)	2.21	2.33	2.12
Risk			
Annualized standard deviation	9.6%	9.3%	10.1%
Beta	0.97	1.00	1.04
Beta, down markets	0.96	1.00	1.23
Maximum drawdown	-7.8%	-8.5%	-9.0%
Fit			
Correlation	93.4%	100.0%	95.7%
Skew	-17.2%	-19.7%	-19.7%

Portfolio characteristics

Metric	Revenue Buster	S&P 500	DJI Average
Growth			
Market capitalization (\$m)	\$151,337	\$83,565	\$291,503
Consensus revenue growth, next year	4.5%	5.5%	5.2%
Consensus EPS growth, next year	10.8%	12.6%	11.0%
Consensus dividend growth, next year	9.6%	9.0%	8.0%
Strength			
Long-term debt / EBITDA	1.1	1.9	1.4
Net long-term debt / market cap	9.6%	17.2%	14.7%
Shareholder yield	5.8%	5.4%	5.4%
Quality			
Return on assets	18.1%	15.8%	16.5%
Free cash flow yield	4.8%	4.4%	5.2%
Earnings variability	4.3%	8.1%	5.5%
Enterprise value / EBITDA	11.8	11.9	10.6

Investment process

Idea generation

Large-cap US / ADR universe

- >\$10 billion market cap
- US / developed markets

Fundamental screens

- Balance sheet - low and manageable debt levels
- Consistent earnings, revenue, free cash flow growth

Internal and external research

Research

Earnings analysis

- Assessment of historical and prospective revenue, earnings, free cash flow growth rates

Financial strength analysis

- Company's balance sheet and debt level relative to long-term ability to generate cash

Management assessment

- Ability of management team to drive growth and return capital to shareholders

Portfolio construction

20-35 securities

Position weights

- Typically range from 1.3% to 5.5%, at cost

Sector diversification

- No more than 30% in any one GICS sector, at cost

Long-term holding period

- Average turnover of 57% / 1.7 year average holding period

Quarterly portfolio update

Risk management

On-going coverage of portfolio companies

- Company and market news flow
- Earnings and cash flow growth rates
- Valuation and financial strength metrics

Daily monitoring of portfolio risks

Large decline triggers investment review



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Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. The S&P 500® Index has over US \$ 4.83 trillion benchmarked, with index assets comprising approximately US\$ 1.1 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. The S&P 500 is a free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States.

The Dow Jones Industrial Average is the most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials. The DJIA is computed using a price-weighted indexing system, rather than the more common market cap-weighted indexing system. The Consumer Price Index (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

Consider the investment objectives, risks, charges and expenses before investing.