Axxcess Wealth Management, LLC
Model Portfolios

AWM Dividend Growth

Portfolio Date: 5/2/2018

Axxcess Wealth Management, LLC

Model Portfolio Update- Internal Only

The AWM US Dividend Growth Strategy is suited for income-oriented investors seeking to buy profitable companies that are growing their dividends. The strategy is designed to incorporate 20 stocks, with a maximum of 5 stocks in one industry group. The strategy emphasizes stocks with high expected dividend yields, long track records of earnings growth and low price betas. Importance is placed on stocks with high reported cash flow to debt ratios and high earnings estimate revisions. Stocks are screened to ensure that they have minimum liquidity, analyst coverage, expected dividend yield and earnings estimate revision as well as a limit on dividend payout ratio. The strategy can be implemented to compliment an existing portfolio, or as a stand-alone strategy for investors. AWM partners with Morningstar to implement a disciplined quantitative investment strategy that will hold stocks in the portfolio until specific rules based sell criteria are met. Purchases are based on quantitative rankings which buy the highest ranked stock not currently held in the portfolio as ranked by the strategy.

Strategy: AWM Dividend Growth

AWM Dividend Growth - Equity Sectors (Morningstar)

Allocation

Portfolio Date: 5/2/2018

	%
Basic Materials	10.0
Consumer Cyclical	5.0
Financial Services	25.0
Consumer Defensive	10.0
Healthcare	15.0
Utilities	5.0
Communication Services	5.0
Energy	5.0
Industrials	5.0
Technology	15.0
Total	**100.0**

Current Holdings

	Ticker	Morningstar Rating Overall
AWM Dividend Growth	—	—
American Electric Power Co Inc	AEP	★★★
Amgen Inc	AMGN	★★★★
Apple Inc	AAPL	★★★
AT&T Inc	T	★★★★
Columbia Banking System Inc	COLB	—
Domtar Corp	UFS	—
First American Financial Corp	FAF	—
Ford Motor Co	F	★★★★
General Mills Inc	GIS	★★★★★
Hanmi Financial Corp	HAFC	—
Johnson & Johnson	JNJ	★★★
Kimberly-Clark Corp	KMB	★★★★
Lam Research Corp	LRCX	★★★
Lockheed Martin Corp	LMT	★★★
LyondellBasell Industries NV	LYB	—
Qualcomm Inc	QCOM	★★★★
Regions Financial Corp	RF	★★
ResMed Inc	RMD	★★★
Umpqua Holdings Corp	UMPQ	—
Valero Energy Corp	VLO	★★

Key Strategy Updates:

- QCOM on watch list.
- Energy contributed significant outperformance in the first quarter.
- LAM Research added
- AT&T added
- Exited Walmart
- Exited Andeavor

Performance

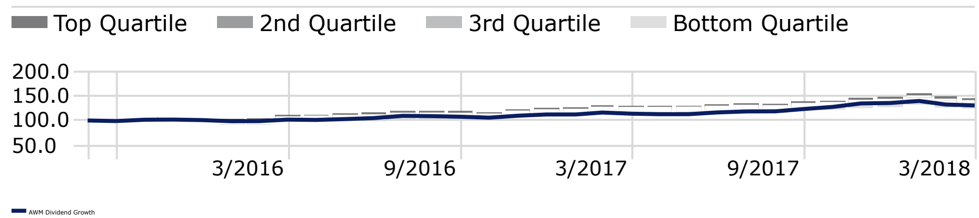
Time Period: Since Inception to 3/31/2018

	Inception Date	Return	Best Month	Worst Month	Best Quarter	Worst Quarter	Morningstar Risk
AWM Dividend Growth	8/31/2015	11.75	5.51	-5.13	9.91	-3.59	0.73

Investment Growth

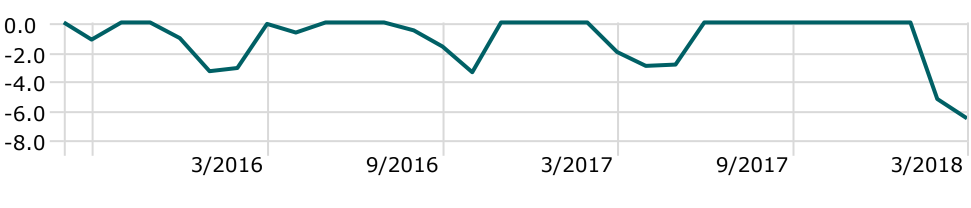
Time Period: 9/1/2015 to 3/31/2018

Peer Group (5-95%): Separate Accounts/CITs - U.S. - Large Value



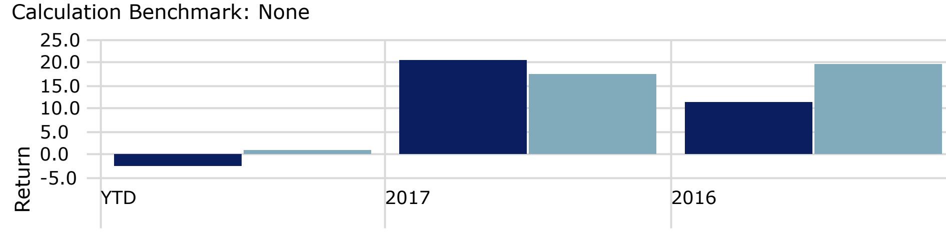
Drawdown

Time Period: Since Inception to 3/31/2018



Returns

Calculation Benchmark: None



Source: Morningstar Direct

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AWM Model Update- AWM Dividend Growth

Additions

- AT&T (T)
- Lam Research Corporation (LRCX)

Subtractions

- Walmart (WMT)
- Andeavor (ANDV)

Performance Reporting

	Inception Date	Return YTD	1 Year	3 Years	5 Years
Not Classified					
AWM Dividend Growth	8/31/2015	-2.71	16.86	—	—
American Electric Power Co Inc	6/1/1972	-3.95	6.83	11.11	10.42
Amgen Inc	6/17/1983	1.07	9.86	6.03	13.39
Apple Inc	12/12/1980	-1.95	16.87	11.74	23.59
AT&T Inc	11/21/1983	-13.56	-12.99	3.26	2.52
Columbia Banking System Inc	6/16/1992	-6.95	3.98	14.75	17.29
Domtar Corp	6/1/1972	-10.44	14.39	3.86	8.09
First American Financial Corp	5/24/2010	-8.20	21.23	17.11	17.05
Ford Motor Co	6/1/1972	-6.48	4.42	-5.21	1.05
General Mills Inc	6/1/1972	-24.81	-21.03	-4.45	0.39
Hanmi Financial Corp	2/1/1995	-8.37	-2.29	11.86	14.65
Johnson & Johnson	6/1/1972	-8.89	5.07	11.44	11.25
Kimberly-Clark Corp	6/1/1972	-13.42	-17.57	1.18	3.77
Lam Research Corp	5/4/1984	0.78	29.12	36.65	33.33
Lockheed Martin Corp	1/2/1995	0.50	22.00	23.10	30.34
LyondellBasell Industries NV	4/28/2010	-3.27	29.70	4.65	15.68
Qualcomm Inc	12/13/1991	-19.64	-1.44	-5.83	-0.77
Regions Financial Corp	2/18/1998	8.71	38.99	26.81	19.51
ResMed Inc	6/2/1995	12.17	41.69	16.23	16.80
Umpqua Holdings Corp	12/18/1996	14.33	38.17	15.72	18.80
Valero Energy Corp	8/1/1997	21.78	78.40	29.63	26.28

Commentary on Additions

T: AT&T is a market leader in the industry with a long and storied history. This is an out of favor stock with a healthy yield above 6%.

LRCX: Lam Research Corporation is an undervalued, underfollowed name with a growing dividend yield. This increases our exposure to the technology sector that has seen recent large declines.

Commentary on Subtractions

WMT: Walmart has been struggling with the overall retail industry and competition with Amazon and their Whole Foods acquisition. They are playing from behind as they have been slower to renovate their website functionality.

ANDV: Andeavor has been a great performer in the portfolio and the recent acquisition news by Marathon Petroleum caused the stock to spike in value. We are locking in our gains on this position.

Source: Morningstar Direct

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Source: Morningstar Direct