ADVISORS CAPITAL MANAGEMENT

2021 REVIEW AND OUTLOOK

Q1

03 INFRASTRUCTURE AND PRODUCTIVITY

05 MACROECONOMIC OVERVIEW

07 SMALL/MID CAP UPDATE

09 GROWTH UPDATE

10 U.S. DIVIDEND

12 INCOME WITH GROWTH UPDATE

14 BALANCED UPDATE

15 FIXED INCOME UPDATE

18 GLOBAL GROWTH UPDATE

18 GLOBAL DIVIDEND UPDATE

18 INTERNATIONAL ADR UPDATE

Provided Quarterly By
ACM Investment Committee
March 31, 2021

Dr. Charles Lieberman, CIO
David Lieberman
Dr. JoAnne Feeney
Kevin Kelly
Dr. Alan Greenspan,
Senior Economic Advisor

David Ruff, CFA®
Randall Coleman, CFA®
Paul Broughton, CFA®
Kevin Strauss, CFA®

www.advisorscapital.com
10 Wilsey Square
Ridgewood, NJ 07450
Phone: 201-447-3400

An Investment Advisory Firm

Infrastructure and Productivity

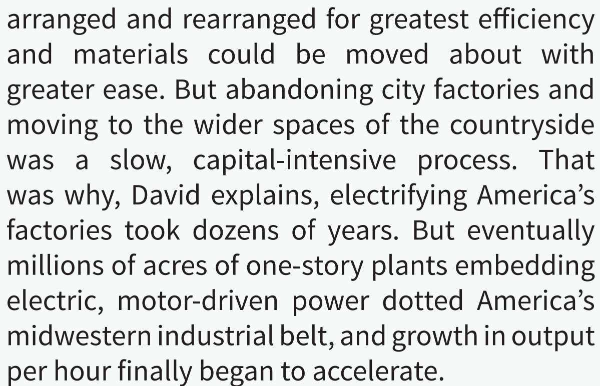
| Dr. Alan Greenspan, Senior Economic Advisor

President Biden recently announced the outline of his much-anticipated American Jobs Plan, commonly referred to as the "Infrastructure Bill". Despite a name that aspires to benign bipartisanship common to pieces of legislation, it has unsurprisingly failed to avoid the level of debate and scrutiny one would expect of a $2.3 trillion government spending package. One question that seems to permeate the discussion is what types of infrastructure projects will contribute to economic growth and therefore deserve investment. I thought it might prove instructive to examine two infrastructure transformations from America's past to glean exactly how investment in infrastructure engenders advances in productivity and thus is so important to economic growth.

Infrastructures' contributions to productivity growth are most prominent when they unlock the potential of a novel technology. Forecasting productivity solely from the pace of new inventions and the level of patents has always proved challenging. Often with truly transformational innovations, existing infrastructure is inadequate to harness their full potential. Only once infrastructure able to capitalize on an innovation is put in place can that innovation percolate up through the economy to add to productivity. According to economic historian Paul David of Stanford University, writing in 1989, it often takes a number of decades for major innovations to be applied in a manner that increases output per hour. One stark example of this interplay between technology and infrastructure is the electrification of America's factories.

As I noted in *The Age of Turbulence*, following Thomas Edison's spectacular illumination of lower Manhattan in 1882, it took some four decades for even half of the nation's factories to be electrified. Electric power did not fully exhibit its superiority over steam power until a whole generation of multistory factories was displaced after World War I. David explains vividly what caused the delay. The best factory buildings of the day were poorly designed to take advantage of the new technology. They ran on so-called group drives, elaborate arrangements of pulleys and shafts that transferred power from a central source—a steam engine or water turbine—to machines throughout the plant. To avoid power losses and breakdowns, the lengths of the shared drive shafts had to be limited. This was best achieved when factories rose vertically, with one or more shafts per floor, each driving a group of machines.

Simply substituting large electric motors to power the existing drive shafts, even when feasible, did not improve productivity very much. Factory owners realized that electricity's revolutionary potential would require far more dramatic change: Power delivered by wire made central power sources, group drives, and the very buildings that housed them obsolete. Because electricity opened the way to equipping each production machine with its own small, efficient motor, sprawling single-story plants came into vogue. In them, machinery could readily be



arranged and rearranged for greatest efficiency and materials could be moved about with greater ease. But abandoning city factories and moving to the wider spaces of the countryside was a slow, capital-intensive process. That was why, David explains, electrifying America's factories took dozens of years. But eventually millions of acres of one-story plants embedding electric, motor-driven power dotted America's midwestern industrial belt, and growth in output per hour finally began to accelerate.

While the electrification of America's factories is a remarkable instance of private industry taking charge in transforming the country's infrastructure to great economic gain, it should not be forgotten that some of the largest and most vital infrastructure projects in the country's past could not have been achieved without support from the government. Indeed, some infrastructure projects are of a scale so large that the capital required up front is simply too much for the private sector to risk despite the significant returns to the overall population. One salient example of this dynamic is the construction of the transcontinental railroad.

The first transcontinental railroad was built between 1863-1869, connecting the existing eastern U.S. rail network at Council Bluffs, Iowa to the Pacific Coast in San Francisco, California over public lands provided by extensive government land grants (130 million acres from the federal government and about 50 million acres from state governments). The project was financed by both federal and state government subsidy bonds as well as by bonds issued by the 3 private companies tasked with the project (Central Pacific, Union Pacific, and some contribution by Western Pacific). The completion of the transcontinental railroad reduced the time it took to get across the country from six months to six days. It encouraged the growth of American business by allowing goods to be shipped from coast to coast. It allowed for a production boom as resources from the mid- and western parts of the country were able to be employed in production.

From 1870 onward, railroad companies added more than thirteen miles of track every day for the next forty years, increasing total mileage by a factor of five, and ensuring that, by 1917, America possessed 35 percent of the world's railway mileage. Productivity gains from the development of America's transportation infrastructure were significant. Railroads reduced the cost of moving products around: according to one estimate, by 1890 the cost of rail freight was $0.875 a ton-mile compared with $24.5 per ton-mile for wagon freight, a reduction of 96 percent. They also boosted reliability: you could more or less guarantee that you, or your products, would be transported on time.

The past has shown that transformational changes in infrastructure can sometimes be accomplished by the private sector alone, as in the case of electricity in America's factories. Other projects, like America's railroads, require cooperation between the public and private sectors. While the details of Biden's legislation will undoubtedly change over the course of congressional debate, it is clear investment in infrastructure is vital to productivity growth and a strong economy.

Alan Greenspan served five terms as chairman of the Board of Governors of the Federal Reserve System from August 11, 1987, when he was first appointed by President Ronald Reagan. His last term ended on January 31, 2006. He was appointed chairman by four different presidents.

Macroeconomic Overview

Dr. Charles Lieberman
CO-FOUNDER
CHIEF INVESTMENT OFFICER

Dr. JoAnne Feeney
PARTNER
PORTFOLIO MANAGER

The economy is now in full sprint, after being "Off to the Races", as we wrote a month ago. Payroll jobs surged by 1.07 million in March, including upward revisions to prior months, and additional mega-sized jobs gains are likely in the coming months, as vaccinations continue to roll out rapidly and the economy reopens. Consistently, stocks had a terrific month with the S&P gaining 4.2%, while bonds got crushed, as we've been warning, with the 10-year Treasury soaring 81 basis points in yield (admittedly even faster than we anticipated). We expect all of these trends to continue in the second quarter.

The macro story is actually quite straightforward. As vaccinations inoculate ever larger fractions of the population, governments will permit more businesses to reopen, and people will be anxious to get back to their lives. This is evident in a very wide range of economic statistics. For example, it was recently reported that almost 4 million doses were administered in a single day. Age limits to qualify for vaccination are being reduced rapidly across the nation, even as vaccine supplies ramp further. Nearly one-third of our total population has already received one dose and nearly one fifth is fully inoculated (and more are protected when taking account of those who have recovered from Covid).

Activity is rising towards normal, even if it isn't there quite yet. TSA checks already exceed 1.5 million daily and airlines report that bookings are rising sharply. Delta Airlines is now selling middle seats again, the last airline to do so, and more airlines are recalling pilots and bringing parked planes back into service. Gasoline consumption is nearly back to pre-pandemic levels and retail sales are now higher. Attendance is rising at restaurants, bars, gyms and spas, the last places we expect people to be comfortable. While demand is strong, production increases are being constrained by a lack of workers and supply shortages, with autos a notable example. It will take months, if not quarters, to work out all the kinks in the supply chain, but the economy will enjoy very strong ongoing impetus to growth from backlogged demand. In addition, the recent $1.9 trillion fiscal stimulus package will add gasoline to the fire, with a sizable infrastructure package still looming, and monetary policy still adding billions in liquidity to the financial markets each month.

It is entirely appropriate to wonder if it is all too much, too quickly. The 6.0% unemployment rate reported for March is likely to fall below 5% by the end of the year and the inability of firms to hire as quickly as they wish could push up labor costs and inflation. Some rise in inflation is expected because of base effects. In March and April 2020, inflation was extremely soft, reflecting the shutdown of large swaths of the economy. So, year over year comparisons will soon become quite unfavorable. This "surge" in inflation is widely understood and the Fed has stated it will prove to be temporary. And, the Fed might be correct. But what if it masks a more general upward pressure on inflation because of the robust expansion? That won't become clear until the second half of the year when these base effects die out.

Monetary policy is still focused on promoting a rapid recovery. The Fed's objectives have changed and they are now seeking definitive evidence that inflation will remain consistently above 2%, since it has been below their objective for a long time. The Fed suggests it knows how to rein in inflation when that time comes. But having lived through the high inflation period of the 1970s, I recall all too well that high interest rates for a protracted period of time were needed to quell the inflation inferno that had

been unleashed. With fiscal and monetary policy highly focused on promoting a very vigorous recovery and with government plans to introduce major new social programs second only to Johnson's Great Society, the risks seem mostly one-sided towards higher inflation.

The investment implications of current economic conditions for markets are as positive for stocks as they are negative for bonds. The strong economic recovery will be evident in corporate earnings reports, which are beginning to emerge for the first quarter. Estimates are mostly being revised higher and we expect stocks to perform well following a 7% gain in the S&P in Q1. In contrast, such widespread evidence of economic strength is likely to hurt bond prices. TLT, the long-term Treasury ETF, declined over 14% in value in the first quarter. Even with the recent rise in interest rates, 10-year Treasuries yield only 1.7%, still well below the Fed's inflation objectives. We have carefully positioned for cyclically sensitive stocks to perform especially well, while keeping our bond maturities short to protect against rising interest rates.

ADVISORS CAPITAL MANAGEMENT

AdvisorsCapital.com

INVESTMENT PHILOSOPHY + STRATEGY

Founded in 1998, ACM views the markets with a two tiered process, utilizing a top-down view of the business cycle, coupled with a bottom-up, fundamental value based analysis.

Small/Mid Cap Composite Update

The ACM Small/Mid Cap portfolio returned 2.41% net of fees for the first quarter 2021. The benchmark Russell 2500 gained 10.93%. The reopening trade, that is, companies most leveraged to the restoration of economic activity after the pandemic, posted the strongest gains. This includes high beta, or those companies exhibiting higher financial leverage, lower profitability, and less cash generation. The highest quartile of beta in the Russell 2500 popped 16.55% versus a small loss of 0.11% for the lowest beta quartile. Our focus on higher quality companies with lower levels of debt, better profitability measured by return on invested capital, and greater cash generation dragged on the ACM Small/Mid Cap strategy performance for the quarter. We don't expect leadership for these less profitable, weaker balance sheet companies to continue.

Benchmark Return Analysis

Optimism regarding fading impacts from the pandemic helped cyclical sectors registered double-digit gains for the quarter. Energy (+38.77%) led followed by Consumer Discretionary (+21.38%), and Financials (+18.63%). Price increases for crude oil and interest rates boosted Energy and Financials, respectively. Several categories of Consumer Discretionary contributed to the gain including Household Durables (+22.16%), Automobiles (+19.27%), as well as Hotels, Restaurants, and Leisure (+17.05%). Unsurprisingly, given the market's reopening party, defensive sectors lagged. Health Care (0.15%) failed to register a gain. Information Technology (+1.33%) and Utilities (+3.13%) managed smaller returns.

Little differentiation existed between Large Caps (+12.11%), Mid-Caps (+10.22%), and Small Caps (+12.11%) for the quarter but Micro Caps (3.74%) failed to participate in the advance. Notably, large cap companies account for more than 24% of the Russell 2500 Index. This benchmark is supposed to represent small and mid-sized company performance.

Portfolio Highlights

Best Sectors	Consumer Staples (+17.58%)	Real Estate (+12.66%)
Worst Sectors	Information Technology (-17.63%)	Communication Services (3.47%)
Best Stocks	Penumbra (+51.77%)	Evans Bancorp (+25.18%)
Worst Stocks	Guidewire Software (-21.05%)	Q2 Holdings (-20.81%)

Medical device maker, Penumbra, surged early in the quarter. Although the company provided encouraging guidance earlier in January at a notable healthcare conference, much of the price appreciation appeared to be due to the liquidation of short positions by short-term traders. As long-term fundamental investors we try to avoid investments experiencing such heightened volatility, and believe the positive price move ran ahead of fundamental improvement in the company's earnings outlook. Hence, we sold the position. Penumbra gained 62.44% or 56.92% annualized from original purchase in December 2019. Western New York-based Evans Bancorp announced a dividend hike and new share buyback program during the quarter. The bank appears to be executing on its cost and revenue synergies plan after acquiring FSB Bancorp. Guidewire provides software solutions for the insurance industry. Results were solid but the outlook disappointed investors. The company is at an awkward stage in its efforts to transition from a licensing model to a subscription model. Q2 Holdings reported earnings missing

expectations, but the impact resided in a customer impairment and accounting change in its lending unit. The fundamental business model remains intact, and new customer signings appear to be accelerating.

Key Trades During the Quarter

Trades during the quarter included purchases of Accolade, AtriCure, Evercore, and Exagen. Sales included Penumbra, RealPage, PRA Healthcare, and World Fuel Services. RealPage and PRA Healthcare are being acquired by Thoma Bravo and ICON, respectively. Both have little appreciation potential to their deal price and we sold the positions. Aviation and marine fuel distributor, World Fuel Services did an admirable job controlling expenses in the difficult 2020 where aviation fuel demand slumped, but the recent rally may reflect an overly optimistic aviation industry outlook. The U.S. recovery appears on track but lockdowns continue in Europe. Ergo, we don't look for the all-important business traveler to return to pre-pandemic levels. With the stock already approaching 2019 levels we believe better opportunities lie elsewhere.

Accolade provides a cloud-based AI software solution combined with online health assistants to help self-insured companies reduce healthcare costs. The centralized workplace-benefit platform provides an easy-to-use interface that helps employees choose the right treatment and avoid unnecessary costs, e.g., calling for an ambulance when a telemedicine consultation would suffice. Human resource departments love the tool to organize and present workplace benefits and its integration will facilitate cost saving trends like telemedicine. We believe the company is ideally positioned to help companies stem the rapidly growing cost of U.S. healthcare, growing in excess of 6% per year and which, according to the Kaiser Family Foundation, averages $10,637 per capita per annum, almost double the cost of comparable countries.

AtriCure (ATRC) provides surgical devices surgeons use to treat atrial fibrillation or irregular heartbeat. Afib can lead to blood clots, stroke, heart failure, and other heart ailments. This is a serious and growing medical problem affecting an estimated 33 million people worldwide. Not currently addressed in standards of care, the cost of Afib to the U.S. healthcare system totals $26 billion per year. Afib is typically first addressed through drug treatment but a longer-term more effective solution requires procedures using ATRC's ablation and other devices. ATRC provides both open-heart as well as more minimally invasive solutions. Despite its relatively small size the company has strong market share in this business and should see rapid growth with ablation procedures moving from "reasonable" to "recommended" status by The Society of Thoracic Surgeons

Exagen (XGN) provides products to diagnose and monitor patients of autoimmune diseases, a market the company estimates affect 7% of the U.S. population or 24 million people. XGN provides a superior test to current standard of care for several hard-to-diagnose diseases including lupus, rheumatoid arthritis, autoimmune thyroid, and Sjogren's syndrome. With a total addressable market of $5 billion, and current annual revenues of $42 million, the growth trajectory should be impressive.

Independent investment bank, Evercore (EVR), should benefit from the increased merger and acquisition activity engendered by the vaccine rollout. The company's M&A advisory service enjoys a sterling reputation and exhibits an extensive network without the conflict of interest inherent with the larger brokerage firms. This suggests EVR will continue to garner an attractive share of this highly lucrative business.

Growth Composite Update

Macro/Portfolio notes

Portfolio notes:

ACM's Private Growth Composite was up in 1Q by roughly 7.6% (gross), ahead of the. Longer term performance is also tracking ahead of the benchmark at 1-year and 5-year intervals and is tracking roughly in line at the 3-year interval. Note that performance reflects the strategy's major overhaul in spring of 2016 towards data center, cellular, cybersecurity, life sciences equipment, and other secular growth end markets. Outperformance in 1Q was led by our selections in Consumer Discretionary (Six Flags (SIX), Lennar Corp (LEN), Borgwarner Inc (BWA)) and Consumer Staples (Darling Ingredients (DAR), Caseys General Stores Inc. (CASY)). Laggards in the quarter were Info Tech (Stoneco Limited (STNE), Q2 Holdings (QTWO), nCino Inc. (NCNO)) and Industrials, where we were underexposed to conventional industrials involved in infrastructure.

While it is perhaps easy to understand the drivers behind Consumer Discretionary as the economy reopens, less obvious are the opportunities for growth in Consumer Staples. Growth portfolios are not known for being overweight in staples (as we are), but our selections have unusual growth potential. Darling Ingredients (DAR), for example, benefits from the continued global rise in protein (i.e., meat/poultry/pork) consumption, as that drives its rendering business, but it has also seen a significant boost over the last year from its green diesel exposure (through its JV with Valero). As a supplier of used cooking oil to this effort, DAR is enjoying the rise in demand for more environmentally friendly fuels. Government support has been in place for several years and is likely to expand. Darling and Valero are building new production facilities, so we expect more earnings growth ahead.

Our selections in Info Tech moved in two different directions last quarter. As the reopening trade boosted banks and energy, investors moved away from some of last year's winners in financial technology (FinTech-software behind mobile banking, digital payments, etc.). So, while NXP Semiconductors (NXPI) and Zebra Technologies (ZBRA) both enjoyed more than 25% appreciation, this was more than offset by 20% plus declines in STNE and QTWO.

Fortunately, we completed a thorough rebalancing of client accounts in Growth at the beginning of January. We trimmed some of last year's outperformers, to bring positions in line with our buy list target weights, and added to some of last year's weaker stocks. This meant, for example, that STNE positions were smaller than they otherwise would have been which reduced the negative impact of that stock's decline on portfolio performance. We also increased exposure to BankUnited (BKU-a Florida mostly digital bank) in anticipation of a banking rebound (BKU was up 27% in 1Q). So, while taxable accounts will face consequences of additional realized gains, the additional performance should more than offset those. In addition, we will, as usual, work to offset those realized gains with tax loss harvesting, but in doing so, we will be wary of being out of a position at a time when appreciation may be material.

Recent Changes (buy/sell/trim/add):

- We bought BioNTech (BNTX) in late March, after the stock had pulled back over 20% from its mid-February high. As most are aware, BioNTech's messenger RNA (mRNA) technology underlies the Pfizer COVID-19 vaccine. The appeal of the stock, however, lies more in the future developments of mRNA vaccines and therapies for cancers and

infectious diseases. Like CRISPR Technologies (CRSP added in February), BNTX has developed a platform for new therapeutics and the COVID-19 vaccine allowed the company to prove the potential of its approach. The breakthroughs which made the vaccine possible can be carried into new vaccines and therapeutics for other diseases. In the meantime, the COVID-19 vaccine profits are generating substantial cash flow to fund research and development of the new vaccines. It could also see upside, relative to the expected sharp decline in sales and profits from the COVID vaccine, if booster shots are required going forward.

- After trimming STNE in January, we added to the position at the end of March, after its sharp 1Q decline.

12-Month Forward P/E:

- 19.24
- S&P 500 at 21.87

U.S. Dividend Composite Update

The ACM U.S. Dividend portfolio gained 4.75% net of fees during the first quarter. The benchmark S&P 500 measured 6.17% over the three-month period. Higher beta names or companies with greater economic cyclicality and weaker balance sheets boosted the S&P 500 result. For example, the S&P 500 High Beta Index surged 22.69% in the quarter while the S&P 500 Quality Index advanced 5.55%. The S&P 500 Cyclicals (+17.93%) trounced the low cyclical S&P 500 Low Volatility Index (+3.75%).

Benchmark Return Analysis

Sectors with greater sensitivity to the economic cycle performed best in the first quarter 2021. Energy (+30.31%) and Financials (+15.99%) repeated their fourth quarter 2020 top ranking, benefiting from rising oil prices and interest rates, respectively. Industrials (+11.31%) followed led by Capital Goods (+12.95%). More defensive sectors struggled to keep up. Consumer Staples (+1.14%), Information Technology (+2.00%), and Utilities (+2.79%) ranked at the bottom of sectors returns for the three-month period.

Portfolio Highlights

Best Sectors	Energy (+25.80%)	Financials (+14.76%)
Worst Sectors	Real Estate (-0.49%)	Communication Services (+1.48%)
Best Stocks	Chevron (+25.80%)	Truist Financial (+22.71%)
Worst Stocks	Qualcomm (-12.53%)	Equinix (-10.14%)

Consistent with the sector performance leadership the primary contributors were from Energy (Chevron) and Financials (Truist Financial). These companies participated in the “cyclicals rule” theme for the three months. Qualcomm slipped after disclosing the semiconductor shortage will create supply chain constraints impacting the first half 2021 results. We don’t believe the fundamental long-term investment thesis is impacted. Equinix reported disappointing earnings and we note free cash generation appears to be elusive for the company.

Key Trades During the Quarter

Trades during the quarter included purchases of Pool Corporation, QTS Realty, TE Connectivity, Wells Fargo, and Zoetis. Sales included Equinix, Merck & Co, Verizon Communications, Bank of America, and Masco Corp.

The QTS position replaced Equinix. Data Center company Equinix's stock price fell after it reported earnings. The company reported continued top line growth and seems to be at the center of the coming data traffic explosion driven by 5G, cloud services, AI, Internet of Things, and autonomous driving cars. Indeed, telecom carriers, cloud service providers, and other entities gain connectivity efficiencies using EQIX to host their servers and equipment. That said, we think it is notable that despite the company's impressive scale, Equinix is still not free cash flow positive due to ongoing capex spend. Thus, we sold Equinix and substituted with QTS, also in the data center space, but with a different business model and smaller geographical footprint. This lesser geographical expansion and more prudent capital spend has allowed QTS to generate free cash and post industry-leading returns on invested capital.

Wells Fargo replaced Masco and Bank of America. Masco did well in the current strong housing market. The home improvement and building product company benefited from stimulus-driven momentum in home remodeling and repair, but we doubt the sustainability of this spend even with more stimulus. After several years enduring negative headlines from lack of internal controls by previous management. Wells Fargo, appears to have effectively put in place procedures needed to fix its regulatory compliance and operational systems. Combined with a necessary overhaul of its corporate culture, the task for management has been monumental, especially considering the 2020 economic climate where banks generally incurred large loan loss provisioning and earned lower margins with the interest rate collapse. At Wells, however, we're seeing successful steps in the right direction with the latest earnings reflecting a 6.4% return on equity and importantly, management comments on a pathway towards 15% ROE through efficiency initiatives. We note the bank still has a premier asset gathering franchise, impressive branch network system, quality loan portfolio, and loyal customer base. Trading at less than 1x tangible book value, or significantly less compared to most other big banks like Bank of America, the price gain could be extensive with good execution.

Verizon's additional spend for spectrum at $45.5 billion was much higher than expected and will add to the telecom's massive debt load, currently at $150 billion. Although VZ's wireless business should produce stable revenue and cash flow, the debt metrics have moved beyond what we consider to be a high-quality balance sheet and our mild growth expectations suggest a relatively poor return on the additional spend.

Merck continues to experience growth from its blockbuster drug Keytruda, but the pharmaceutical giant's reliance on this single drug continues to grow due to recent divestitures as well as mature drug revenue decline acceleration. With the risk/reward ratio deteriorating we sold the position.

Pool's former CEO liked to say that "the earth is covered 70% by water and Pool Corp does not think that is nearly enough". The company certainly is in an ideal position to benefit from increased swimming pool construction. Pool has a strong competitive edge in pool supplies, distributing 200,000 products for 2200 suppliers through 302 U.S. sales centers controlling close to 50% of pool equipment/supplies distribution nationally. With the industry fragmented in both supply and maintenance (that pool guy/gal can only cover so many pools), the company enjoys a position to extract greater economic profits. This explains the company's return on investment capital or ROIC exceeding 30%. Receiving a boost from the pandemic-forced stay-at-home phenomenon, 2020

revenue and earnings grew 23% and 44%, respectively We look for continued propitious free cash generation accompanied by double-digit cash dividend growth and regular share buybacks.

The largest electrical connector company in the world, TE Connectivity, supplies specialized connectors, sensors, and other components to customers around the globe. Although headquartered in Switzerland, the operational base is in Pennsylvania. TE's products are appreciated for their reliability and performance, even in harsh environments. The company's competitive edge lies in its innovation and strong customer relationships. TE should deliver solid growth in its transportation segment as well as other industries including aerospace and defense, industrial robotics, communications, and data centers.

Split off from Pfizer in 2013, Zoetis, easily outpaced the parent's growth and has become a juggernaut in the animal health business producing everything to keep livestock and pets healthy. Products range from feed additives to parasiticides to vaccines and pharmaceuticals to dermatology treatments. Yes, even animal biologics are part of Zoetis' medicine cabinet. Also, pet ownership is in a solid uptrend. The company has valuable intangible assets including an extensive patent portfolio and a strong brand. This brand reputation is an important attribute since livestock producers are trusting Zoetis' product to treat their herd of animals, a significant investment. Pet owners also favor Zoetis' brands. Afterall, Scruffy has become a member of the family, right? Zoetis should benefit from the increased pet population engendered by the pandemic. The resultant increased scale should boost margins. Industry-leading research and development follows this increased profit, filling Zoetis' product pipeline. This R&D edge should keep the company at the forefront of creating new innovative animal care solutions.

Income with Growth Composite Update

The stock market enjoyed a solid first quarter, despite a rise in Covid cases and assorted jurisdictions imposing shutdowns to stem spread of illness. Investors looked ahead to widespread distribution of vaccines and a return towards normal. In that context, stocks advanced, but investors shifted towards value and away from growth, which worked very nicely for Income with Growth, since it is totally income and value oriented.

Our benchmark enjoyed a spectacular quarter. The 80% SPYD/20% IBOXX High Yield surged 13.5% over the quarter and 3.2% in the month of March. This reflects the solid increase in stock prices and a modest gain in bonds, but also the very notable shift from growth into value. To see the effect of the mix shift, the SPYD rose about 2.5 times as much as the S&P 500, which still rose 6.17% for the quarter. This weaker performance for the S&P reflected declines in many technology or pandemic beneficiaries in Q1. The bond market was little changed, as the IBOX High yield index eked out a gain of 0.58%. (The S&P High Yield Index includes 60 of the highest yielding stocks in the S&P 500, so its purpose is highly aligned with Income with Growth.)

The Private Income with Growth composite returned 11.2% (net of fees) for the quarter and 4.3% for March, while the Model Income with Growth returned 10.5% and 3.8% for the quarter and March, respectively.

The bond market rallied in March, offsetting losses in January and February, hence the modest, positive 0.58% return for the quarter. The Barclays Aggregate Bond Index didn't fare quite as well, as it is dominated by Treasuries and other very high-quality bonds that pay low coupons. So, the interest income earned did little to offset the price

declines, hence the better performance of the IBOX High Yield. We did slightly better still, as our defensive positive gave us some added protection against rising rates and our higher coupons helped provide a positive return.

On the equity side, energy was seen as a prime beneficiary of the reopening of the economy and the benchmark ETF exploded with a 30.8% return. We tend to stay away from the exploration and producing companies, because they are distinctly riskier, but they gained the most this quarter. In contrast, pipelines and midstream ETFs typically gained around 22% for the quarter and the “safest” companies provided the lowest returns. Among our holdings, Kinder Morgan (+24%), Valero (+28.5%), Chevron (+25.8%), and MPLX (+21.8%) all stood outCompanies, like Cross America (+11.3%), Magellan Midstream (+4.8%) and Enterprise Product Partners (+14.9%) lagged. We sold Pembina and bought Antero Midstream.

Financial companies also enjoyed a spectacular quarter. The Financial ETF gained 16.0%, while the Mortgage REIT ETF gained 13.1%. Among our financial holdings, Wells Fargo soared 29.9%, Lincoln Financial gained 24.8%, and Prudential by 18.6%. Starwood more than doubled its benchmark, gaining 30.7%, but Ladder also rose 22.7%, and New Residential was in line with the bench, gaining 13.2%. American Capital Agency lagged slightly at +9.8% for the quarter. These positions were a key part of the strategy’s strong performance for the quarter.

Not surprisingly given the strong performance of financial companies, BDCs and REITs also did very well, with their benchmarks providing total returns of 20.9% and 10.3%, respectively. Again, the riskiest companies performed the best, which we mostly avoid. Nonetheless, our BDC holdings of Blackrock TCP surged 29.9%, Pennant by 30.1%, Hercules by 17.7% and Ares lagged the pack at 15.5%. Among our REIT holdings, KIMCO was a standout at +26.6%, while Federal Realty +21.7%, SL Green +17.4%, Lamar +15.7% and LTC Properties +12.4% all outperformed. W.P. Carey at +3.0% was a notable laggard. We bought some Simon Property Group during the quarter,

Other holdings, including Fortress Infrastructure +22.6%, DOW +17.7%, Vodafone +14.8%, IBM + 9.7%, and Taiwan Semiconductor +14.1% had very good quarters. Our utility holdings were distinct laggards. The utility ETF provided a +4.0% return for the quarter, but renewable energy, where we are concentrated, lagged behind. Brookfield Infrastructure outperformed +12.2%, but Brookfield Environmental +2.4%, Atlantica Infrastructure -2.8% and Clearway at negative 10.9% were laggards. We see utilities as among the more vulnerable industry groups to rising interest rates.

Yields:

- Taxable (K-1 permitted): 5.7%
- Tax-exempt (no K-1): 5.7%
- Model: 5.6%
- SPYD (30-day SEC yield): 4.4%

Forward P/E:

- Income with Growth: 13.47
- SPYD 14.87

Balanced Composite Update

Private Balanced remains well diversified to areas of the market we feel would deliver the best combination of appreciation and income over the next 3+ years.

We continue to include positions in four areas of the market: secular growth opportunities, economic recovery plays, defensive positions, and COVID-central stocks. COVID-central are now becoming names to hold, though selectively. We are employing a mix of all investing areas to create appreciation potential and income (there's always a tradeoff between those two), while trying to minimize risk.

Clients will have seen returns in Balanced portfolios of roughly 5-7% in 1Q, and the exact amount will depend on the equity-fixed mix and the choice of income exposure (sleeves T3, T4, or T5). This compares to the S&P 500's total return (including dividends) of 6.1%, the high-dividend S&P index's return of 16.7%, and the fixed income benchmark's decline of 1.2%. Note that because all three sleeves are income oriented, with dividend yields well above that of the S&P 500, the portfolio still includes several positions that were down double-digits in 2020 and which we believe still have among the greatest potential for gains in 2021.

Appreciation in Balanced portfolios was led by our selections in Consumer Discretionary. Williams Sonoma (WSM) was a favorite during COVID's stay-at-home period as consumers added to kitchen supplies, furniture, and accessories. The company also stands to benefit from store reopenings, though, and has continued to deliver results above expectations. General Motors (GM) is benefiting both from a resumption in demand and greater supply, but also from its recent announcements related to its pivot towards electric vehicles (and the support that fiscal spending should provide). Energy was another strong contributor in 1Q as oil prices rebounded and volumes rose. We should expect volumes to continue to rise as manufacturing and travel both accelerate through 2021. Financials also delivered last quarter as all holdings rose by double-digit percentages. These were led by MetLife (MET) and Citigroup (C) as rising interest rates boosted their outlooks. In T4 and T5, we saw sharp rebounds in Ladder Capital Group (LADR) and New Residential Investment Corp (NRZ), both exposed to the improving view on real estate.

Underperformance came in Health Care where concerns reemerged regarding drug pricing once again. The new administration is contemplating new ways to manage health care costs and pricing of pharmaceuticals could come under greater scrutiny. This risk merely receded last year, but we see our selections able to offset pricing headwinds through ongoing drug discoveries. This sector ended higher, but just barely, as strength in Bruker (BRKR) and Agilent (A), both providing analytical tools to the life sciences, saw strong appreciation. And while Info Tech was weak, we did see outperformance in Zebra (ZBRA) as its supply chain equipment continued to benefit from strong online retail and vaccine shipments, and in Seagate (STX) and Cisco (CSCO), as cloud computing installations saw additional growth in activity. Unfortunately, Qualcomm (QCOM), Apple (AAPL), and PayPal (PYPL) all pulled back as investors rotated away from some of last year's winners towards the reopening plays. Note that all three have since risen off their recent lows.

The fixed components of Balanced strategies outperformed their benchmarks as our careful selections kept the duration of our bonds shorter than the market benchmark's average; Fixed income portfolios in T3 accounts, for example, were down roughly 1.3% net of fees, while the benchmark was down 2.2%. This posturing, plus our selection

of credits that benefit from the economic recovery currently underway, enables us to outperform when interest rates are rising.

We continue to carefully select individual bonds and preferreds to reach our target ranges for the fixed income portions of T3, T4, and T5. Estimated yields for a new account in T3 is now in the range of 2.4% to 2.5% versus the benchmark yield of 1.5%. Note that as the percentage of fixed in a balanced portfolio climbs, we need to add more positions and these will generally come with lower yields.

Changes (buy/sell/trim/add):

No additional major changes to Private accounts in March.

Gross Estimated Yields (these are for a 70:30 equity:fixed mix):

- Fixed T3: 2.4-2.5%; Equity T3: 2.6%
- Fixed T4: 3.6-3.8%; Equity T4: 3.7%
- Fixed T5: 4.15-4.35%; Equity T5: 4.3%

Balanced Fwd P/E:

- 17.51

S&P 500 Fwd P/E:

- 21.87

Fixed Income Update

What happened in the fixed income market in 1Q'21?

The first quarter of 2021 was a mixed quarter for fixed income. Treasuries and high-quality investment grade bonds were very weak as interest rates increased significantly resulting in negative returns especially for high duration/long-dated securities. On the other hand, high yield bonds were strong up almost 1% in the quarter as the economic outlook improved coinciding with the stock market up over 6%. The Preferred index returned approximately 0.5% in the quarter, but performance varied substantially across names given the significant differences between securities.

The ACM Fixed strategy outperformed by almost 1% in 1Q'21 (on a net basis). The outperformance was driven by selecting credits that benefit from the economic recovery currently underway, as well as from having a lower duration (interest rate exposure) than the benchmark. The strategy was down approximately 1.3% net, versus the benchmark which was down almost 2.2%.

It is worth noting that the average investment grade bond was down over 4.6% in 1Q'21. This is because the average investment grade bond outstanding has a maturity of 12 years resulting in substantial interest rate exposure.

Why was 1Q'21 a mixed quarter? Why were investment grade bonds weak?

Interest rates increased because economic fears are declining and the outlook for an economic recovery is improving. When fear is high, many investors hide in Treasuries

for safety which pushes down Treasury yields (remember Treasuries have no credit spreads). Rates tend to decline when the economic outlook is extremely negative, and the prospects of growth and inflation become less likely. However, several stimulus packages combined with the Fed actions and an accelerated vaccine rollout are helping the economy to recover. Recent economic data is showing jobs, confidence, and spending are trending positively and with an eventual return to pre-Covid levels now a realistic possibility.

Last year Treasuries and high-quality investment grade bonds benefitted strongly from the 10-year Treasury yield declining from 1.92% at the end of 2019 to 0.91% by the end of 2020. This resulted in the average investment grade bond returning almost 9.9% in 2020, but this return was almost completely driven by interest rates. Given the economy is solidly recovering, most of the interest rate declines have reversed. In 1Q'21, the 10-year Treasury bond increased 0.83% to 1.74% by the end of March. While credit spreads did tighten somewhat in 1Q'21, credit spreads are already relatively low and could not possibly tighten enough to offset large interest rate increases. To help put the importance of rates into perspective, since the beginning of 2017, interest rates have accounted for 60% of investment grade bond yields with the other 40% composed of credit spreads (yield = interest rate + credit spread). Interest rates tend to be a higher proportion of yields for high quality investment grade versus the BBB / BBB- universe in which ACM tends to focus.

For primarily the same reasons that interest rates increased, high yield bonds performed well. As a reminder, high yield bond returns are substantially more sensitive to credit spreads and economic outlook rather than interest rates. The vast majority of the yield on a high yield bond is associated with the credit spread and to a much lesser extent the interest rate.

Preferreds, which can be both investment grade and high yield, had a solid quarter. Generally, high yield preferreds outperformed investment grade preferreds, as would be expected given high yield security performance is more driven by credit spreads rather than interest rates (as discussed above).

Where are yields now?

In early 2021, the significant interest rate increases have resulted in higher investment grade bond yields. However, investors could earn significantly higher yields using the ACM approach of focusing on BBB / BBB- rated investment grade bonds. These securities provide additional yield and potentially lessen the interest rate sensitivity. BBB / BBB- rated bonds are often less interest rate sensitive because as the economy improves these companies benefit which can lead to credit spread tightening. ACM does the credit research to distinguish which BBB / BBB- credits are attractive and hence worth owning. We also purchase select investment grade preferreds that offer incremental yield on an attractive risk-adjusted basis.

On the other hand, the AA and A rated corporate credits, do not typically benefit much from an improving economy as these credits are typically seen as so safe the economic outlook is much less important. Consequently, they also provide much lower yields due to tight credit spreads, making them more interest sensitive.

Please see below to appreciate the current differentiation in investment grade yields between AA, A and BBB rated securities. We think investors that own AA and A rated paper, often do not appreciate how low a yield they are earning as the coupons and therefore, the current cash flow on a fixed income portfolio are much higher than the actual return or yield being earned. (Please see the Fixed Income Bonus Feature below for an explanation)

***Important: Note these yields are based on a large basket and not necessarily indicative of the yield of our strategies.

	Yield on basket 5 yr. Investment Grade bonds					
5 year Bonds	12/31/17	12/31/17	12/31/18	12/31/19	12/31/20	3/31/21
Treasury	2.21%	2.51%	1.69%	0.36%	-79%	0.94%
AA+/ AA / AA-	2.54%	3.24%	2.00%	0.64%	-68%	1.19%
A+/ A / A-	2.68%	3.42%	2.15%	0.78%	-64%	1.33%
BBB+ / BBB / BBB-	3.04%	3.98%	2.53%	1.04%	-59%	1.62%
BB+ / BB / BB- (High Yield)	4.37%	6.20%	3.54%	2.97%	-16%	3.34%

Source: Bloomberg. LLC.
Note: Please note we quote benchmark yields which are a based on a large basket of bonds and not necessarily indicative of the yield of our strategies.

What have we done and where do we go from here?

During the quarter, we continued to buy high quality, investment grade bonds with yields typically above the benchmark yield for a similar maturity and credit rating. This is where carefully choosing bonds can consistently provide incremental potential returns. We also purchased multiple investment grade preferreds that we think provide attractive additional yield in excess of investment grade bond yields. Furthermore, a few bonds matured or were redeemed by the issuers, and we also sold a few securities to capture gains, reduce risk, and/or improve the overall risk / reward for the portfolio.

Fixed Income Bonus Feature:

Do not let a High Coupon deceive you --> Yield and Coupon are VERY different concepts

We also think it is worthwhile to remind investors that coupons and yields are often extremely different. For example, if you own a 1-year bond maturing that has a 6% coupon and trades at $105, you only net approximately 1% profit for the year, not 6%. Please see below for two detailed examples. This simple example applies to the vast majority of investment grade bonds currently, as almost all investment grade bonds are trading well above par.

Please let us know if you would benefit from a review of your non-ACM fixed income holdings. We are confident many investors do not know how low the future yields are on their existing, traditional investment grade bond portfolios. While these bonds have performed well during the past decade and in 2020, the majority of the returns have already been realized (and are now reflected in higher bond prices). Please see the table above which highlights the decline in investment grade bond yields versus history.

Going forward, we are focusing on maintaining a portfolio of attractive, high quality bonds and preferreds. As always, we will continue to monitor existing positions to determine if we should move on to more attractive opportunities. We think it is important that as investors we remain disciplined and extremely discerning when purchasing new securities.

Coupon versus Yield: 2 Illustrative examples

Examples	Assumed Bond Price	Coupon	Maturity (in years)	Cash flow per yr.	Total Coupon Payments	Redemption value	(Coupons + Par) Total $ received	(Price Paid) Bond Price	Total profit = $ received - Price paid (Bond Price) interest earned (profit)	Interest /Year	Yield
1 yr. 4% kind	$103.00	4.00%	1	$4.00	$4.00	$100	$104.00	$103.00	$1.00	$1.00	0.98%
2 yr. 5% Bond	$106.00	5.00%	2	$5.00	$10.00	$100	$110.00	$106.00	$4.00	$2.00	1.93%

Note: Yields are lower than the Interest / yr. because the Bond Price paid was >$100.

Global Dividend Composite Update

Global Growth Composite Update

International ADR Composite Update

Outlook

Our investment philosophy states "invest long term in attractively-valued, conservatively-structured, competitively-advantaged dynamic companies with growing free cash flow and honest, competent leadership". We've had to sell some investments which will no longer generate sufficient free cash flow in this new pandemic enveloped world, but note most of our companies are doing relatively well. We're also identifying several new areas of opportunity in this environment and are excited about their potential.

Portfolios: International ADR / Global Growth / Global Dividend

Fourth quarter momentum continued into the first quarter 2021 for foreign equities. The benchmark results registered 3.49%, 5.14%, and 4.57%, respectively. The benchmarks are the MSCI ACWI ex USA Index, MSCI ACWI IMI Index, and MSCI ACWI Index. ("ACWI" stands for All Country World Index. IMI stands for investable market index which includes small and mid-cap sized companies.) Net of fees, International ADR, Global Growth, and Global Dividend portfolios returned 3.66%, 0.56%, and 3.80%, respectively. International ADR outperformed its benchmark but the global strategies trailed due to a lower allocation to the better performing cyclical U.S. large caps as well as the relative performance drag from the larger allocation to higher quality companies in the global strategies.

Foreign equities generally lagged U.S. results. Although an economic resurgence appears on track for the world's two largest economies, the U.S. and China, the recovery speed for the remainder of the world remains stuck in low gear. Many areas of the globe pursued premature opening policies leading to a resurgence of the disease and are hampered by an agonizingly slow vaccine rollout. This is true in several emerging markets with challenged public health capabilities such as Brazil, Peru, India, and the Philippines, but also most of Europe including Western Europe which has advanced

healthcare services. Based on data provided by The European Surveillance System or TESSy, rates of infection, hospitalization, and ICU admissions continue to increase through the end of the quarter. Meanwhile, vaccine rollout sputters. The U.S. has given at least one vaccination jab to more than 50% of the population, but only two foreign countries with a population of 10 million or more report a comparable rollout rate – the U.K. and Chile. Much of Europe remains in the teens while Latin America and Asia show single-digit jab rates.

Benchmark Return Analysis

Continuing its leadership from the fourth quarter 2020, Energy (+20.52%) again posted the strongest sector return in the global equity benchmark. Crude oil continues its climb on economic recovery expectations and OPEC's reticence to restore production levels. Brent crude jumped from $51.80 to finish the quarter at $63.54. The intra-quarter high of $71.38 was the highest since January 10th 2020. Financials (+12.69%) ranked second in the sector performance rankings during the quarter. Interest rates rose globally, helping push bank stocks (+17.27%) higher. English-speaking-country 10-year bond rates showed some of the biggest increases for the three months including the U.S. (+82 basis points), Canada (+88 basis points), U.K. (+65 basis points), Australia (+87 basis points), and South Africa (+80 basis points). Most of Europe increased in the 20 to 30 basis point range while key Asian countries remained relatively flat highlighted by China (+6 basis points) and Japan (+10 basis points). Lagging sectors included the relatively defensive Health Care (+0.86%) and Consumer Staples (+0.65%) sectors. The market believes brightening economic prospects in the U.S. and China will eventually reach the rest of the world. Thus, non-cyclically-geared sectors lagged for the three months.

Regionally, North America (+7.40%) registered the best return behind strong performances by Canada (+8.61%) and the U.S. (+7.34%). Western Europe (+5.66%) and Asia (+3.76%) followed with pandemic and corruption-racked South & Central America (6.27%) posting a negative return. Only Chile (+17.05%) managed a positive return in the region due to the country's better disease management and exposure to the ramping copper price.

Other analysis factors include currency and company size. Currency detracted 2.80% to non-U.S. equity returns in the first quarter 2021. More significant interest rate jumps by U.S. bonds contributed to the dollar's strength. The Japanese yen (1.08%), euro (0.80%), and Swiss franc (0.37%) accounted for most of the foreign currency loss. Mid-sized (+7.57%) and large cap (+6.43%) companies in the global index recorded significantly better returns compared to small companies (+1.21%) for the January through March period.

	International ADR	Global Growth	Global Dividend
Best Sector	Energy (+18.18%)	Energy (+13.67%)	Energy (+22.71%)
Worst Sector	Materials (-9.63%)	Materials (-9.78%)	Materials (-9.90%)
Best Country	Thailand (+27.55%)	Thailand (+27.55%)	Thailand (+27.55%)
Worst County	United Kingdom (-6.25%)	United Kingdom (-9.04%)	Canada (-17.62%)
Best Stock	SITC International (+56.99%)	Penumbra (+50.71%)	Krungthai Card (+27.55%)
Worst Stock	BYD Co (-34.42%)	BYD Co (-34.42%)	Kirkland Lake Gold (-17.62%)

Leading gainer SITC International jumped on skyrocketing freight rates. The Hong Kong-based shipper benefits from the disruption of the regular flow of freight containers. Also, SITC's earnings outlook brightened with additional ships coming online to serve the lucrative and global-growth-leading intra-Asia market. Medical device maker, Penumbra, surged early in the quarter. As long-term fundamental investors we try to avoid investments experiencing such heightened volatility, and believe the positive price move ran ahead of fundamental improvement in the company's earnings outlook. Hence, we sold the position. Krungthai Card, a Thailand-based credit card company, surged higher in January with several analysts (correctly in our opinion) predicting faster loan growth combined with reduced marketing expenses in 2021. New position BYD tumbled with the EV vehicle industry in the quarter. We agree many of the new EV names have run up to prices far above levels justified by their fundamentals, but believe BYD is a unique investment opportunity in the space. Shenzhen-based BYD Company, unlike other electric vehicle makers including Tesla, already posts significant profits from operations and generates propitious free cash flow. We believe BYD has a stronger business model, since the company is unique in producing its own electric batteries as well as the vehicle's CPU or insulated gate bipolar transistor. With many automakers suffering from lack of semiconductor supply, BYD's ability to produce its own silicon chips puts it in a unique position to gain market share as well as participate in the growing demand for these specialized chips by other power-hungry industries like high-speed trains and air conditioners. Canadian miner Kirkland Lake Gold reported record 2020 earnings, but guided to flat production in 2021, and analysts wonder if the company's flagship Australian asset, its Fosterville mine, will experience production decline and gold grade quality deterioration. While this is troublesome, the company's reputable management continues to drill more shafts in Fosterville believing more discoveries are imminent. While this would be welcome, it's not required to make the company an attractive investment as KL's Canada assets should experience good production growth over the next decade.

Key Trades During the Quarter

For all three portfolios we sold Globe Telecom. Philippines-based Globe Telecom faces intensifying competition as new operator, Dito Telecommunity Corporation, begins operations. We're concerned about market share loss and pricing pressures.

For Global Dividend and Global Growth, we sold Broadridge Financial Solutions. Broadridge is a dominant company in the proxy and investor communication space exhibiting excellent profitability and propitious free cash generation which we believe will continue. However, it appears the company is facing structurally slower growth going forward and we think there may be better opportunities in the Technology sector. For Global Growth the investment returned 750.46% or 21.45% annualized since first purchase in January 2010. The investment was added to Global Dividend in January 2020 and returned 29.16%.

For International ADR and Global Growth, we added BYD Company highlighted above. For Global Dividend we added Pool Corporation.

For Global Growth we purchased Accolade, AtriCure, Evercore, and Exagen and sold RealPage, PRA Healthcare, and World Fuel Services, in addition to Penumbra highlighted above

Investment Professionals

Dr. Charles Lieberman
CO-FOUNDER
CHIEF INVESTMENT OFFICER

- Income with Growth
- Fixed Income
- ACM Investment Committee

Dr. JoAnne Feeney
PARTNER
PORTFOLIO MANAGER

- Growth
- Balanced
- ACM Investment Committee

Kevin Kelly
PORTFOLIO MANAGER

- Fixed Income
- ACM Investment Committee

David L. Ruff, CFA®
PORTFOLIO MANAGER

- International Strategies
- Small/Mid Cap
- ACM Investment Committee

David Lieberman, M.B.A.
PARTNER
PORTFOLIO MANAGER

- ACM Investment Committee

Paul Broughton, CFA®
PORTFOLIO MANAGER

- U.S. Dividend
- International Strategies
- Small/Mid Cap
- ACM Investment Committee

Randall T. Coleman, CFA®
PORTFOLIO MANAGER

- International Strategies
- Small/Mid Cap
- ACM Investment Committee

Kevin Strauss, CFA®, M.B.A
PARTNER
PORTFOLIO MANAGER

- Fixed Income
- Balanced
- U.S. Dividend
- ACM Investment Committee

ADVISORS CAPITAL MANAGEMENT

10 Wilsey Square, Suite 200
Ridgewood, NJ 07450

201.447.3400

www.advisorscapital.com

An investment advisory firm

This report contains opinion and performance reporting through March 31, 2021. Advisors Capital Management's (ACM) individual strategy performance is available upon request and are created and audited independently under the standards of GIPS reporting. Although the information included in this report has been obtained from sources ACM believes to be reliable, ACM cannot guarantee its accuracy. The opinions highlighted in this report are that of ACM's investment committee. The committee's economic; market, sector and company specific outlook can change without notice. Past performance does not guarantee future results. Consult with your advisor before investing. Investing in market securities such as stocks and bonds involves risk and investors can lose money. ACM is a registered investment advisory firm. Our ADV Part 2A and 2B are available upon request. This is not a suggestion or solicitation to buy or sell any of the stocks mentioned in this report. Visit our website at **www.advisorscapital.com** for additional information and commentary.