



Intelligent Investments. Independent Ideas.



As of 12/31/23

# AAM/Bahl & Gaynor Income Growth Fund

- Class A: AFNAX
- Class C: AFYCX
- Class I: AFNIX

**Mutual funds are only sold by prospectus. You should carefully consider investment objectives, risks, and charges and expenses of the Fund before investing. This and other information can be found in the Fund's prospectus or summary prospectus, which can be obtained from your financial professional or by calling 888.966.9661. Please read the prospectus carefully before you invest or send money.**

An investment in the Fund is subject to risks and you could lose money on your investment in the Fund. More information about these risks may be found on the last two pages of this presentation and in the Fund's prospectus. The information provided does not constitute investment advice and is not an offering of or a solicitation to buy or sell any security, product, service, or fund, including the fund being advertised. Any such offer may be made only by the Fund's prospectus.

Advisors Asset Management Inc. (AAM) is a SEC Registered Investment Advisor and Member FINRA/SIPC.

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# Firm Overview

We are guided by the philosophy that Dividends Pay Dividends®. Since our founding in 1990, we have never lost an investment professional to “another opportunity.”

## Assets

†  
**\$47.4B**

Under management/advisement as of 12/31/23

†  
**\$37.0B**

In strategy as of 12/31/23

## The Team

**90**

employees

**17**

Investment Committee members

## Our Firm

**100%**

employee owned

**33**

years of expertise investing in high-quality, dividend-paying stocks

Source: Bahl & Gaynor.

†Bahl & Gaynor regulatory assets under management were \$17.9B and SMA platform assets under advisement were \$29.5B as of 12/31/2023. Income Growth AUM was \$8.4B and AUA was \$28.6B. Source: Bahl & Gaynor.

# Investment Committee

Investment Committee Members

Generalist		Industrials & Transportation		Consumer Staples	
Vere W. Gaynor - <i>Emeritus</i> Hired: June 1990 52 years experience		Charles A. Pettengill, CFA Hired: May 1997 33 years experience	Peter M. Kwiatkowski, CFA Hired: January 2019 24 years experience	J. Eric Strange, CFA Hired: April 2019 26 years experience	
Consumer Discretionary		Health Care			
Eleanor K. Moffat, CFA Hired: January 1999 45 years experience		Christopher M. Rowane, CFA Hired: May 2014 40 years experience	James E. Russell, Jr., CFA Hired: October 2014 35 years experience	Kevin T. Gade, CFA Hired: September 2016 12 years experience	
Info. Technology & Materials		Real Estate			
Scott D. Rodes, CFA Hired: June 2001 37 years experience		Nicholas W. Puncer, CFA Hired: July 2010 16 years experience	Stephanie S. Thomas, CFA Hired: July 2012 33 years experience	Robert S. Groenke Hired: December 2019 18 years experience	
Financials		Communication Services			
Edward A. Woods, CFA Hired: September 2004 34 years experience		W. Jeff Bahl Hired: May 2014 22 years experience	Keith H. Rennekamp, CFA Hired: May 2018 20 years experience		
Utilities		Energy			
Ellis D. Hummel Hired: February 2008 31 years experience		John B. Schmitz, CFA Hired: December 2005 39 years experience			
Associate Portfolio Managers			Analysts		
Ian T. Owens, CFA Hired: August 2017 9 years experience		Eric J. Zins, CFA Hired: August 2018 9 years experience	Jared A. Bresnen, CFA Hired: September 2019 7 years experience	Katherine H. Kober, CFA Hired: December 2021 6 years experience	
<div>Summary:</div> <div>✓ 17 Investment Committee members</div> <div>✓ Average 30 years investment experience</div> <div>✓ Average 14 years at Bahl &amp; Gaynor</div> <div>✓ Investment decision made by consensus</div>					
<div>Investment Meetings</div> <div>Focused Topics</div> <div>Current &amp; Potential Holdings</div> <div>Sector Update &amp; Review</div> <div>Strategy Action</div>					

# Why Dividends?

Bahl & Gaynor typically invests in high-quality companies that pay growing dividends.

They believe a strong dividend policy signals:

## Earnings power

Regular dividends that follow a defined payout ratio are a useful proxy for management's confidence in the business.

## Earnings quality

The ability to pay cash from reported earnings points to the inherent quality of those earnings.

## Business stability

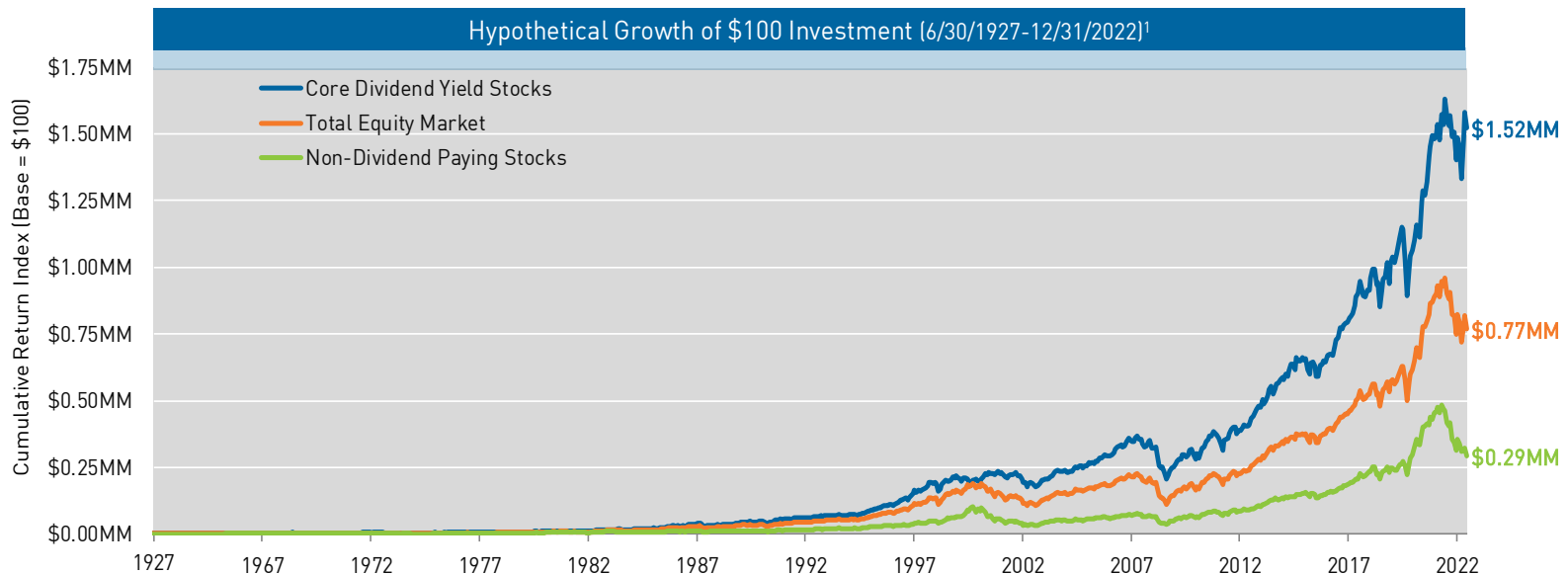
The ability to pay a dividend is an important indicator to investors that the company has a proven and sustainable business model.

## Financial strength

Dividends are a powerful tool in communicating financial health to the capital markets.

# Dividend Policy Matters

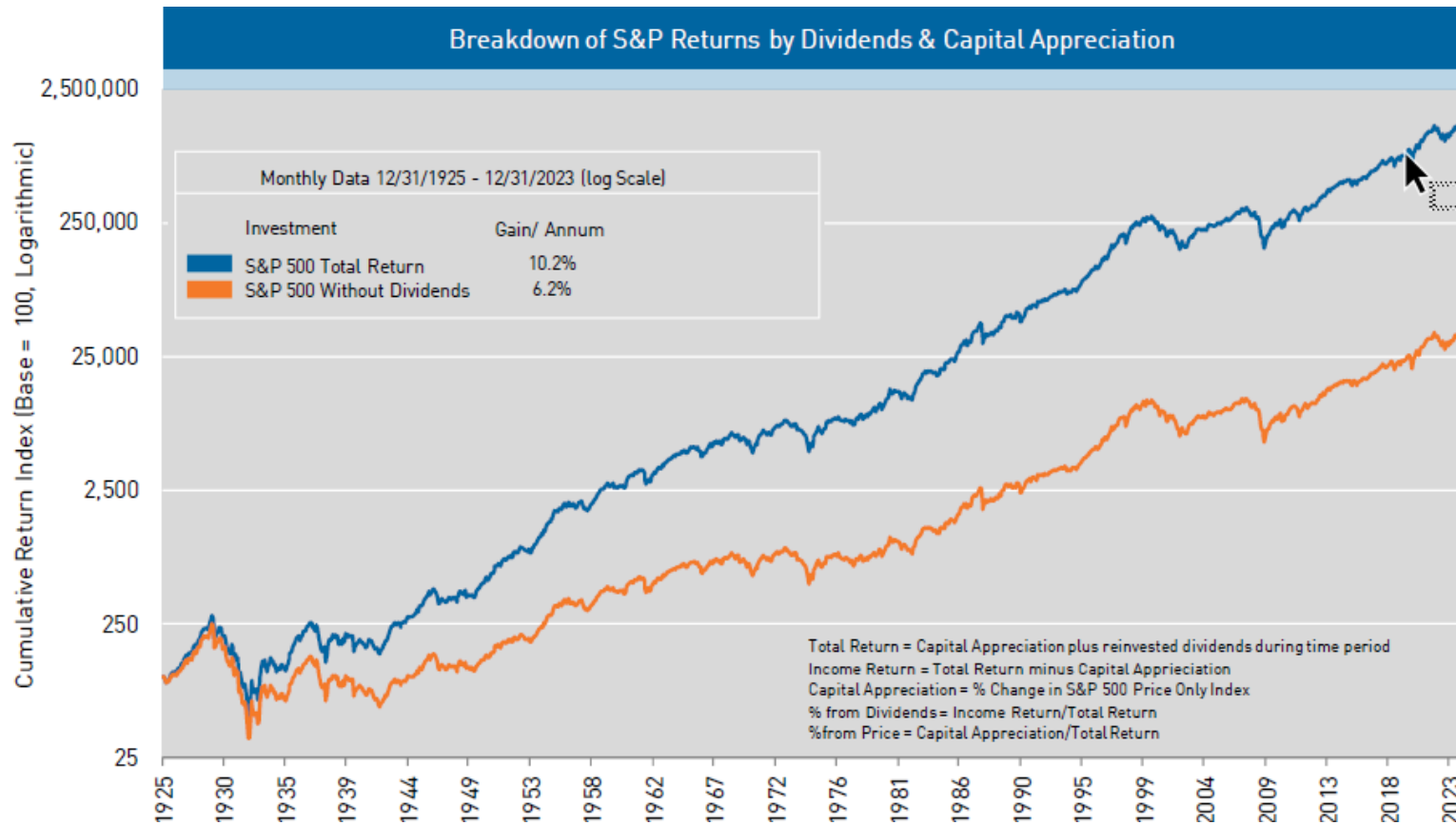
- Companies that have increased shareholder distributions have generally outperformed the total equity market and non-dividend paying companies.
- Market price may rise or fall, but dividend income that grows steadily increases income potential for individuals and institutions.
- Dividend growth provides a solid foundation for a stock's total return.



<sup>1</sup>Source: Ken French's Website - <http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/index.html>; Total Equity Market representative of US public equity securities listed on the NYSE, AMEX or NASDAQ exchange; Core Dividend Yield Stocks Portfolio comprised of companies with a dividend yield in the middle 40% of the total market index, reconstituted annually. Monthly returns are calculated on a value-weighted basis. Information sourced from third party. Bahl & Gaynor does not represent the information is accurate or complete and it should not be relied on as such. Bahl & Gaynor assumes no liability for the interpretation or use of this report. Past performance does not guarantee future results. Returns for stocks that pay a dividend includes dividend reinvestment. The index and other amounts shown above do not relate to the AAM/Bahl & Gaynor Income Growth Fund and are for illustrative purposes only. See end of presentation for index definitions and additional important information.

# Dividends & Capital Appreciation: A Powerful Combination

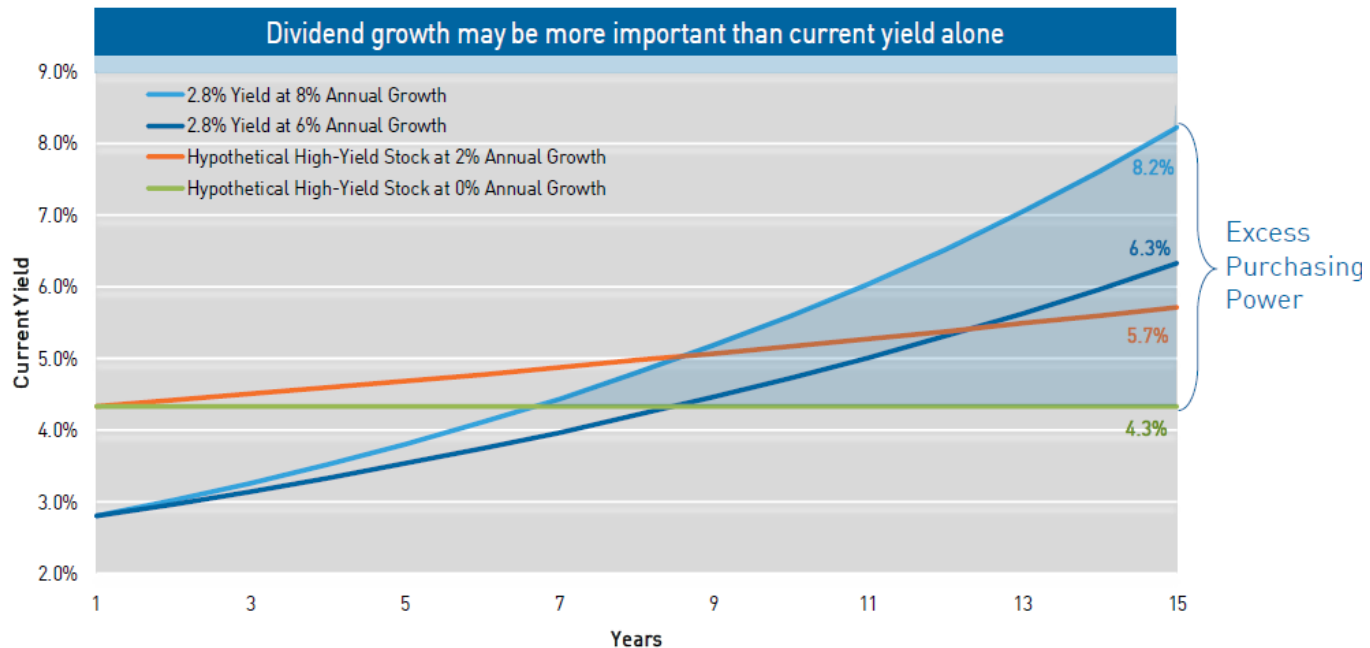
Dividends have contributed 39% of the S&P 500's average annual total return from 1925 to 12/31/2023



# Dividend Growth

Dividend growth has the potential to enhance long-term purchasing power.

Shifting focus from absolute yield to dividend growth may create the potential for long-term purchasing power accretion.



Assumptions: The hypothetical illustration above demonstrates the impact of higher income growth rates over a period of time. The chart assumes a portfolio or stock with a starting dividend yield of 2.5% grows income annually at a rate of 8% each year (light blue line) and a portfolio or stock with a starting dividend yield of 2.5% grows income annually at a rate of 6% each year (dark blue line) for fifteen years. The "Hypothetical High-Yield Stock at 2% Annual Growth" (orange line) illustrates a stock with a 3.5% starting dividend yield growing income annually at a 2% rate while the "Hypothetical High-Yield Stock at 0% Annual Growth" illustrates a stock with a starting dividend yield of 4% and no growth of annual income over a fifteen-year time period.

The figures are of hypothetical investment and do not reflect the impact any price appreciation or depreciation may have on the total market value of the investment. An investment may be worth more or less than the initial principal investment at sale. Actual dividend growth rates will vary over time and may not always be positive or grow at a constant rate. Hypothetical income figures are not indicative of future results; actual income may be lower or higher than the annual dividend income shown. Past performance does not guarantee future results. The amounts shown above do not relate to the AAM/Bahl & Gaynor Income Growth Fund and are for illustrative purposes only.



# Investment Process

The AAM/Bahl & Gaynor Income Growth Fund invests in high-quality companies that typically produce steady earnings and dividend growth.

## 1 Bottom Up Quantitative Screen

- At least 2% dividend yield and \$1 billion market cap at purchase
- Historical earnings and dividend growth (e.g., two dividend increases in the last five years)
- Strong balance sheets and cash flow generation

## 2 Fundamental Sector Review

- Conducted by 17 Portfolio Managers/Analysts, each with a sector responsibility
- Review current and potential holdings
- Quantitative and qualitative comparison of stocks versus peers, history and market

## 3 Fundamental Security Investigation

- Target dominant companies with a historically clear competitive advantage and reasonable valuation
- Shareholder-friendly management with large insider ownership
- Emphasize companies with consistently growing revenue and earnings ( $R^2$ )
- Seek to meet with senior management
- Reduces stock universe to a Focus List of 100-150 stocks

## 4 Investment Committee Review & Implementation

- Consensus decision-making process
- Portfolio typically contains 35-50 stocks and is fully invested (1%-3% cash)
- Minimum 0.5% and maximum 5.0% security position at purchase
- No minimum or maximum sector weights
- Each stock may only represent a maximum of 6% of the portfolio's total income
- Pursue harmonic balance between absolute yield and growth of income



# Sell Process

Bahl & Gaynor will consider selling or trimming their Income Growth positions for any one of the following reasons:

1

## Dividend Policy

- Declining growth rate
- No increase for some time
- Dividend payment reduction

2

## Fundamental

- Valuation
- Oversized capital or income position
- Better opportunity for yield, enhanced fundamentals, or income growth elsewhere

3

## Cash Flow or Earnings

- Declining cash flow return on investment
- Negative operating cash flow
- Declining earnings quality
- Accounting issues

4

## Management

- Unexpected leadership change
- New ownership, acquisition or rising debt level
- Unusual insider trading

# Fund Facts

Share Class*	Ticker	CUSIP	Minimum Initial Purchase Amount	Minimum Subsequent Purchase Amount	Expense Ratios (net / gross)*
Class A	AFNAX	461 418 188	\$2,500	\$500	1.04% / 1.04%
Class C	AFYCX	461 418 170	\$2,500	\$500	1.79% 1.79%
Class I	AFNIX	461 418 162	\$25,000	\$5,000	0.79% / 0.79%

All share classes may not be available. Please consult with your financial professional for more details.

\*The Fund's advisor has contractually agreed to waive certain fees/expenses until October 31, 2033 and may recoup previously waived expenses that it assumed during the previous three-year period.

# About the Fund: Performance (%)

As of December 31, 2023

Trailing Performance										
Share Class	Quarter	YTD	1-Year	3-Years	5-Years	10-Years	Since Inception 7/5/12			
Class A - AFNAX	8.78	6.59	6.59	6.60	10.06	8.88	9.84			
With sales charge <sup>1</sup>	2.78	0.73	0.73	4.60	8.82	8.26	9.31			
Class I - AFNIX	8.78	6.79	6.79	6.84	10.32	9.15	10.10			
Class C - AFYCX <sup>2</sup>	8.58	5.77	5.77	5.80	9.23	8.05	8.98			
S&P 500 Index	11.69	26.29	26.29	10.00	15.69	12.03	13.65			
Calendar Years										
Share Class	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A – AFNAX	12.19	-0.71	11.57	19.27	-2.23	25.46	6.29	24.92	-9.04	6.59
With sales charge <sup>1</sup>	6.02	-6.16	5.42	12.72	-7.63	18.55	0.47	18.03	-14.04	0.73
Class I – AFNIX	12.62	-0.54	11.95	19.51	-1.98	25.7	6.60	25.22	-8.79	6.79
Class C - AFYCX <sup>2</sup>	11.31	-1.51	10.72	18.41	-2.97	24.45	5.52	24.00	-9.71	5.77
S&P 500 Index	13.69	1.38	11.96	21.83	-4.38	31.49	18.40	28.71	-18.11	26.29

Returns for periods longer than one year are annualized. Redemption fee if redeemed within 90 days of purchase: 2.00%.

<sup>1</sup>Sales charge for Class A: 5.50%. <sup>2</sup>Class C started on January 31, 2013. The performance figures for Class C include the performance for Class I for the periods prior to the start date of Class C, adjusted for the difference in Class C and Class I expenses. Class C imposes higher expenses than Class I. C shares are subject to a CDSC of 1% on any shares sold within 12 months of purchasing them.

The performance data quoted represents past performance and is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain performance information current to the most recent month-end, call 888.966.9661.

All share classes may not be available. Please consult with your financial advisor for more details.

# About the Fund: Portfolio Characteristics

As of December 31, 2023

Top Ten Holdings		% Net Assets	Sector Diversification		% Net Assets				
Broadcom Inc		5.59	Information Technology		15.61	<div>Market Capitalization Distribution (%)</div> <div>Fund</div> <div>S&amp;P 500</div>			
Eli Lilly & Co	4.11	Industrials		13.62					
Merck & Co Inc		4.02	Heath Care		13.57				
AbbVie Inc	3.93	Consumer Staples		12.59					
Mondelez International Inc		3.90	Financials		11.24	Mega (\$50B+)		80.72	80.73
PepsiCo Inc	3.53	Energy		8.78	Large (\$12B-50B)		17.35	18.98	
Procter & Gamble Co/The		3.30	Consumer Discretionary		8.37	Mid (\$2B-12B)		0.00	1.19
McDonald's Corp	3.21	Utilities		6.62	<div>Country Allocation</div> <div>% Net Assets</div>				
Air Products and Chemicals Inc		3.13	Real Estate		4.53	United States		98.93	
Chevron Corp	3.11	Materials		3.13	Netherlands		1.07		
Total	37.83	Cash & Equivalents		1.94	Ireland		0.82		
		Communication Services		0.00					

Note: Top ten holdings does not include cash allocation.



Portfolio holdings will change due to ongoing management of the funds. References to specific securities [or sectors] should not be construed as recommendations by the Funds, the Adviser or the Distributor.

Bahl&Gaynor

# About the Fund: Portfolio Characteristics

As of December 31, 2023

Portfolio Characteristics	Fund
Weighted Avg. Market Cap	\$231.6B
Number of Equity Holdings	47
Debt to Capital	49.37
% of Portfolio with B+ or better S&P Rating	56.21
Dividend Frequency	Monthly

Risk Characteristics (AFNIX) vs. S&P 500 Index	Fund
Standard Deviation	16.18
Sharpe Ratio	0.51
Beta	0.83
Upside Capture Ratio (%)	78.03
Downside Capture Ratio	86.69

30-day SEC Yield (%)	Unsubsidized
Class A	1.76
Class I	2.11
Class C	1.12

**Weighted Average Market Capitalization** refers to a stock market index in which larger companies (i.e. with higher market capitalization) have more influence on the index's performance. The **Debt to Capital Ratio** is a measurement of how leveraged a company is. The ratio compares a firm's total debt to its total capital. The total capital is the amount of available funds that the company can use for financing projects and other operations. It is calculated by dividing debt by the sum of debt and stockholders' equity. A high debt-to-capital ratio indicates that a high proportion of a company's capital is comprised of debt. The **30-day SEC Yield** is based on the most recent 30-day period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period, after the deduction of the fund's expenses. **Standard & Poor's (S&P) Ranking:** S&P determines "quality" via a company's 10-year history of earnings growth and dividend growth. Ratings are expressed as letters ranging from 'AAA' (highest grade) to 'D' (lowest grade). In limited situations when the rating agency has not issued a formal rating, the rating agency will classify the security as nonrated (NR). **Standard deviation** measures the volatility of the fund's returns, calculated for the trailing 5 years. Higher deviation represents higher volatility. **Sharpe ratio** uses a fund's standard deviation and its excess return (difference between the fund's return and the risk free return of the 90-day Treasury Bills) to determine reward per unit of risk, calculated for the trailing 5 years. **Beta:** A measure of the volatility, or systematic risk, of a portfolio in comparison to the market as a whole. A beta of 1.00 is equal to that of the market; a beta lower than 1.00 indicates lower volatility than the market, while a beta greater than 1.00 indicates higher volatility than the market. **Upside/Downside Capture** ratios are calculated for the trailing 5 years.. These ratios measure the fund performance in up/down markets relative to the performance of the S&P 500 Index. An up/down market is defined as any period where the market's return is greater/less than zero. The lower the Downside Capture ratio, the better the manager protected capital during a market decline. The higher the Upside Capture ratio, the better the manager performed during a positive market.

# Important Disclosures

All share classes may not be available. Please consult with your financial professional for more details.

*You should carefully consider the investment objectives, risks, management fees, and charges and expenses of the Fund prior to investing. The Fund's prospectus and summary prospectus contains this and other information about the Fund, and should be read carefully before investing. You may obtain a current copy of the Fund's prospectus and summary prospectus by calling 888.966.9661.*

An investment in the Fund is subject to risks and you could lose money on your investment in the Fund. The principal risks of investing in the Fund include, but are not limited to, investing in foreign securities, investing in small and mid-cap companies, and focused risk. The prices of foreign securities may be more volatile than the securities of U.S. issuers because of economic conditions abroad, political developments, and changes in the regulatory environment of foreign countries. Investments in small and mid-cap companies involve greater risks including increased price volatility compared to the market or larger companies. Although the Fund is diversified, the Sub-advisor intends to focus its investments in the securities of a comparatively small number of issuers. Investment in securities of a limited number of issuers exposes the Fund to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers. More information about these risks may be found in the Fund's prospectus. The S&P 500 Index in an unmanaged capitalization-weighted index (weighted by the market value of the companies) of 500 stocks listed on various exchanges. It is not possible to invest directly in an index. An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 has negatively affected the worldwide economy, as well as the economies of individual countries, the financial health of individual companies and the market in general in significant and unforeseen ways. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund. Any such impact could adversely affect the Fund's performance, the performance of the securities in which the Fund invests and may lead to losses on your investment in the Fund.

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To contact an AAM Representative call 866.606.7220 or visit [www.aamlive.com](http://www.aamlive.com).

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