

Palisade Asset Management was founded in 2002 by experienced investment professionals to provide investment management and wealth advisory services to high net worth individuals and families, corporations, foundations, endowments, and other nonprofit entities.

### PALISADE'S INVESTMENT PHILOSOPHY

Palisade portfolios are built on our philosophy of carefully selecting high quality individual securities. We perform an in-depth analysis and review on each security prior to purchasing such security for clients. We generally buy growth stocks for our equity portfolios which are bought at reasonable valuations. Since our stocks are of higher quality, we traditionally hold them for longer periods of time to maximize tax efficiency and allow the power of compounding to build wealth for our clients. In addition, our emphasis on high quality securities has historically provided lower portfolio volatility.

### HIGH QUALITY GROWTH EQUITY INVESTMENT STRATEGY

The High Quality Growth Equity strategy's long-term success can be attributed to the utilization of a disciplined ranking system combined with a rigorous proprietary review process developed and refined over several decades of investment management experience.

#### Invest in High Quality Growth Stocks

- Primarily owns stocks ranked "A+, A or A-" by Standard & Poor's
- Stable and strong growth of earnings and dividends
- High quality and stability help protect principal value in down markets

#### Relative Portfolio Concentration

- Maximum of thirty-five stocks
- Avoids unnecessary over diversification
- Increases out performance opportunities

#### Invest in Companies for the Long Term

- Buy companies to own, not stocks to trade
- Allows owning companies through entire earnings growth cycle
- Low portfolio turnover provides greater long-term tax efficiency

#### TOP TEN HOLDINGS\*

Security	Portfolio %
General Dynamics	3.8%
L-3 Technologies	3.7%
Apple	3.7%
Microsoft Corp.	3.6%
Home Depot	3.6%
Becton, Dickinson & Co.	3.5%
3M Company	3.5%
McDonalds Corp.	3.3%
AFLAC	3.3%
Sysco Corp.	3.3%
	35.3%

### INVESTMENT PROCESS

The stock ranking system utilized by Palisade provides the initial screening to narrow the universe of high quality, large cap stocks amongst A+, A, A- and B+ ranked stocks. This field is further narrowed by identifying those high quality stocks with the most consistent earnings and dividend growth that are trading at reasonable valuations based on historical measures.

A High Quality Growth investment strategy generally follows these guidelines:

#### Buy and Hold Signals:

- High S&P quality ranking (A+, A, A-)
- Consistent earnings and dividend growth
- Lower valuations relative to historical averages
- Positive improvements to past negative issues
- Positive sector/industry issues and economic cycles

#### Sell Signals:

- Stock has exceeded its valuation expectation
- Company fundamentals are deteriorating
- A better "buy" alternative is available
- Dividend decrease or flattening
- Unethical management or company behavior

#### PORTFOLIO MANAGEMENT TEAM

##### Steven E. Landberg, CFA, CPA (inactive)

As co-manager of Palisade's High Quality Growth Equity strategy, Steve has over thirty years of portfolio management experience. Before joining Palisade, Steve was head of the trust and financial services division for BNC National Bank, and prior to that was a senior vice president with U.S. Trust Company. Steve received a B.A. from Bethel University. He holds the Chartered Financial Analyst (CFA) designation and is currently a member of the CFA Institute, CFA Society of Minnesota, Minnesota Society of CPAs, and the American Institute of Certified Public Accountants.

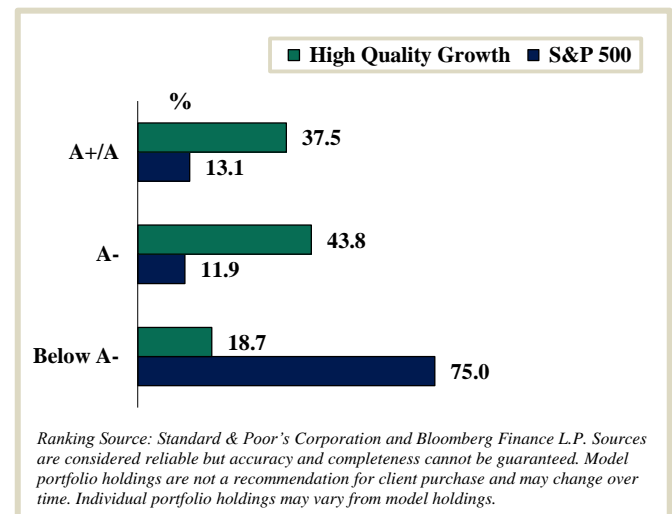
##### Paul J. Kronlokken, CAIA

As the co-portfolio manager of Palisade's High Quality Growth Equity strategy, Paul has over thirty years of wealth management and portfolio management experience. Prior to joining Palisade, Paul was a senior portfolio manager at U.S. Trust Company, Piper Jaffray, and Perkins Capital Management. He received his B.S. in Finance and Economics from the Carlson School of Management at the University of Minnesota.

#### PORTFOLIO CHARACTERISTICS

1 <sup>st</sup> Quarter 2017	High Quality Growth	S&P 500
Dividend Yield	2.7%	2.0%
P/E (trailing 12 months)	24.2	21.4
Long Term Earnings Growth	9.2%	11.1%
Average Quality Ranking	A-	B+
Average Market Cap (billions)	\$156.9	\$41.8
Up Market Capture	81.88%	100%
Down Market Capture	77.38%	100%
Beta	0.80	1.00
Standard Deviation (1yr.)	6.03%	6.24%
Standard Deviation (3 yrs.)	10.10%	10.41%
Standard Deviation (5 yrs.)	10.04%	10.20%
Turnover (5 yr. avg. annual)	12.91%	-

#### SECURITY QUALITY RANKINGS



#### DIVIDEND GROWTH\*

Equal Weighted	Yield/Cost		10 Year Dividend Growth		
	12/31/2006**	12/31/2016**	Total Change %***	Annualized Change %***	Dividend (avg.)
High Quality Growth Equity	1.86%	4.65%	150.69%	9.63%	8.6x
S&P 500	1.77%	3.30%	86.41%	6.43%	6.5x

\*\* The starting 2007 dividend yield/cost is calculated from the 12/31/06 dividend divided by the 12/31/06 stock price.  
 \*\* The ending 2016 dividend yield/cost is calculated from the 12/31/16 dividend paid divided by the 12/31/06 stock price.  
 \*\*\* The total and annualized change percentages are calculated on the change in dividend paid from 12/31/06 to 12/31/16. This analysis was performed on the thirty-two stocks held as of 12/31/16 in the Palisade High Quality Growth Equity (HQGE) portfolio (each stock held in equally weighted amounts). The actual HQGE portfolio has changed in the last ten years. The "10 Year Dividend Growth" summary above does not represent the actual dividend percent changes in the HQGE composite portfolio. The data source for this study was from Bloomberg Finance L.P.

#### Disclosures:

\*These charts represent Palisade's High Quality Growth Equity Composites (since its inception in 2002), which is comprised of all fully discretionary equity accounts that hold a minimum of 93% High Quality Growth Equity model securities and cash. Accounts are reviewed for inclusion on a quarterly basis. Both fee-paying and non-fee-paying accounts are included. 60 out of a total of 450 accounts managed by Palisade fall within this definition and are included in the High Quality Growth Equity Composite. This represents approximately 25% of Palisade's total assets under management.

No one investment program is suitable for all investors. The information contained on this fact sheet is provided for informational purposes only. Past performance is not a guarantee of future results. Individual investment objectives, risk tolerance, and liquidity should be reviewed before selecting a suitable investment program.

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