QUARTERLY COMMENTARY Q1

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A Portfolio That Helps You Sleep at Night

The financial markets performance for the first quarter of 2013 was incredible! Despite the headwinds of the U.S. budget deficit and the slow growth economy, the Master Limited Partnership Alerian Index was up a whopping 20% and the S&P 500 was up 11%--in one quarter. It would be nice to annualize that, but we are not counting on it.

Let us look at how the U.S. markets fared in the first quarter and year over year:

2013 Index Performance

	Total Returns	
	Q1 2013	YOY 2013
Standard & Poor's 500	10.6%	14.0%
Dow Jones Industrial Avg.	11.9%	13.4%
Alerian MLP	19.7%	23.1%
High Yield Bonds	2.9%	13.1%
Investment Grade Bonds	-0.2%	6.9%
US 10-Year Treasuries	-2.6%	-3.3%

While we will take the strong market performance while we can get it, the one thing investors can be certain of in the financial markets is uncertainty. Uncertainty about the economy in the U.S. and worldwide, the global geopolitical environment, interest rates, taxes, oil prices, central bank policy, and the list goes on, which results in fear and volatile financial markets. Amidst the uncertainties, how can an investor structure a portfolio so that one can sleep at night? We remind you that patience and a long-term view are needed even for those of you that do not buy green bananas! The companies and partnerships in which we invest are in industries that we believe offer above-average *long-term growth prospects*.

Despite strong long-term trends, day-to-day we have to consider the impact of the world events that impact economies and financial markets. Our goal at Dividend Assets Capital is to sift through the current information and make tactical adjustments to portfolios when warranted. As strong as the market has been recently, and given some of the headwinds that are influencing the markets that we discuss below, pullbacks are inevitable. Because of the quality companies that we invest in and the good outlook for these companies, we view market corrections as buying opportunities.

As we review the past three months, we have to scratch our heads somewhat. We expected the headline generating headwinds to put more downward pressure on the markets. Yet the market has virtually ignored the bad news. Perhaps it is the strong, cash-rich corporate balance sheets, coupled with record low borrowing costs and improvement in the housing and labor markets, which brought investors into the equity markets in droves. With interest rates as low as they are and the likelihood of these levels being sustained as the Fed continues its easing program (it looks like unemployment is not going to drop below 6.5% anytime soon), the total return potentially provided by the equity markets is attractive despite the higher risk. Since the Great Recession, many individuals have kept cash out of the markets until the economy progressed consistently. Sporadic good news in the first quarter appears to have encouraged many investors to put that cash to work, driving equity markets up.

Now, we do not want to be a wet blanket, BUT we believe it is important to consider the risks as well. An important question to ask is whether the markets are being driven by stimulus or fundamentals, such as earnings. Corporate earnings growth should lead to increased production, employment, and investment, yet we are not seeing that consistently. Fiscal austerity coupled with higher taxes (payroll, healthcare, income) are resulting in businesses approaching investment cautiously. The dollar is strengthening at a time when exports are already under pressure due to many global economies weakening further, particularly the Eurozone -- a key export market. Given the news out of Cyprus and perhaps Slovenia next, we believe it could be several years before significant strength returns in those markets.

Then, in an attempt to stimulate its economy, the Bank of Japan (BOJ) initiated an unprecedented level of monetary easing, even by Bernanke standards. It committed to injecting $1.4 trillion into an economy one-third the size of the U.S. in less than two years. The Yen dropped on the news, making its exports relatively more attractive but raising the risk of currency wars. China, the nation everyone was hoping would pull the rest of the world away from the brink of recession announced that it could not continue its 30-year history of 9.9% average annual growth. As China invests less in infrastructure and looks for growth from its consumers and exports, its growth trajectory will begin to slow, looking more and more like that of developed nations. While China's slower GDP growth rate estimated at 7.8% far surpasses that of other developed nations currently, the growth trend is slowing.

As the Fed keeps interest rates close to zero, investors in need of income are chasing yield and increasing their risk profile. Of even greater concern is the increasing amount of leverage via margin. U.S. stock indices are sitting near all-time highs, and the yield on junk bonds dropped to their lowest level ever. Are these signs of an asset bubble?

So we ask the question again: how can an investor structure a portfolio so that one can sleep at night? Increases in U.S. energy production and the move toward energy independence should help the Fed with inflation control, the economy with lower fuel prices, and the U.S. with budget deficit issues via increased employment and tax revenues. We believe the energy boom will continue as a long-term trend. Secondly, we invest in quality companies that offer consistent dividend growth of 10% or better on average. Dividend growth is a characteristic of a healthy, growing, shareholder-friendly company. Dividend growth

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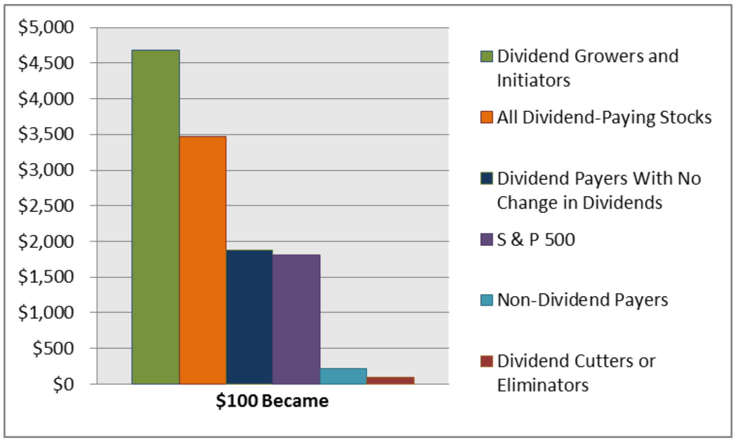
stocks have historically outperformed stocks that do not pay or grow their dividends.



January 1972 to March 31, 2013

We focus on industries we believe have strong *long-term* growth prospects so that dividend growth continues and the company prospers regardless of the economic cycle. In our view, companies that are likely to grow over the long term are those that provide products and services that meet the essential needs of life. In addition to energy, we focus on agriculture and clean water - as global population grows, healthcare - as world population ages and emerging nations increase attention on healthcare, and equipment, materials, and technology as emerging markets' infrastructures develop.

Market volatility is a given, but we believe that the dividend growth stocks and MLPs in your portfolio have good long-term appreciation potential, and the income generated increases the total return to meet your financial goals and smooth out the ride. Please contact your portfolio manager with any questions you may have and for a discussion about your specific goals and portfolio construction.

Sources: Bloomberg, Bloomberg News, Raymond James, Telegraph Co., The Wall Street Journal, Reuters

Important Disclosures

You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses before investing. The Firm's Investment Adviser Brochure, Form ADV Part 2, contains this and other information about the Firm, and should be read carefully before investing. You may obtain a current copy of Dividend Assets Capitals' Form ADV Part 2 by visiting our website at www.DACapitalSC.com, emailing info@DACapitalSC.com, or by calling us toll free at (866) 348-4769.

There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend paying stocks. The past performance of the strategy is not an indicator of future performance; and investment results may vary.

An investment in a Master Limited Partnership (MLP) unit involves risks that differ from a similar investment in equity securities including ownership controls associated with the limited partnership structure, high debt to equity ratios, and certain tax risks.

Investments in international markets present special risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risk, foreign taxation and differences in auditing and other financial standards. Risks of foreign investing are generally intensified for investments in emerging markets.

The S&P500 Index is a widely recognized unmanaged index of equity prices and is representative of a broader market and range of securities than is found in individual client portfolios. The Alerian MLP Index (NYSE: AMZ) is a widely recognized, unmanaged index that includes a composite of the 50 most prominent energy (MLPs). The Index returns do not reflect the deduction of expenses, fees, and taxes and assumes reinvestment of all distributions. Individuals cannot invest directly in the Index; however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index. Dow Jones U.S. Index is a broad-based but investable measure of the U.S. stock market, intended for use as the basis of investment products. The index aims to represent consistently the top 95% of U.S. companies based on float-adjusted market capitalization, excluding the very smallest and least-liquid stocks. This index assumes the reinvestment of dividends and the percentage changes in the benchmark represent the annual percentage change of the index for the period reported. NASDAQ Composite Index is a stock market index of all of the common stocks and similar securities (e.g. ADRs, tracking stocks, limited partnership interests) listed on the NASDAQ stock market, meaning that it has over 3,000 components. Since both U.S. and non-U.S. companies are listed on the NASDAQ stock market, the index is not an exclusively U.S. index.