DIVIDEND ASSETS CAPITAL, LLC

DIVIDEND ASSETS CAPITAL – INVESTMENT STRATEGIES FOR RISING INCOME & GROWTH

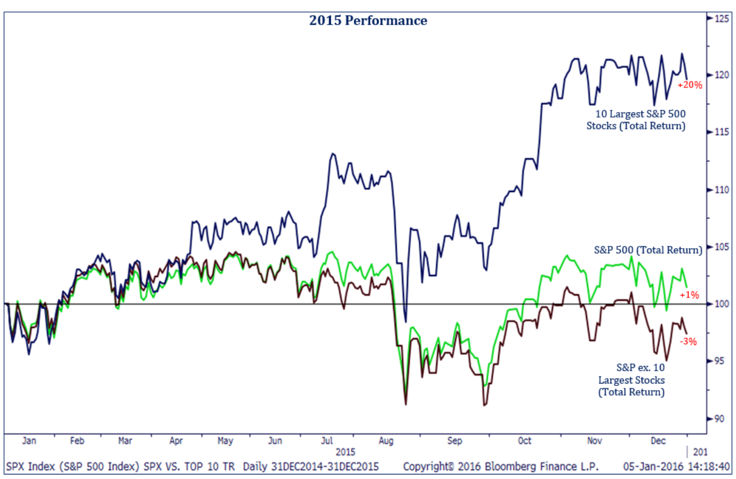
QUARTERLY COMMENTARY — Q4

NEWSLETTER — **January 12, 2016**

REMAINING HOPEFUL FOR 2016

Our investment group meets daily to review the markets and discuss actionable items. As such, a daily banter among the portfolio managers and analysts warms the hearts of those in love with Wall Street. So it was that everyone was in the office early and thinking about what the New Year would bring the first trading day of 2016. However, the opening line of our Chairman at out morning huddle tells the tale of 2015, "That was the hardest year we have had since the crisis".

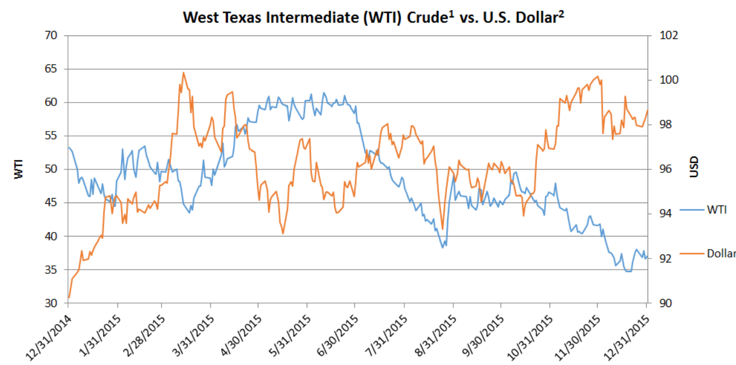
There is a tale of two markets when we look at the S&P500 performance for the year. The total return number, though anemic at 1.4%, belies the fact that if you did not include the 10 largest stocks, then the return would have been abysmal at best.



Source: Strategas. As of 12/31/2015

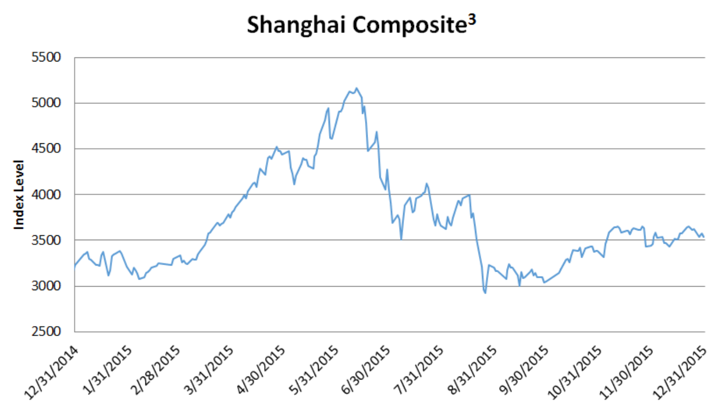
For managers who have focused on dividend growth and earnings growth, this anomaly made delivering investment returns harder than any year since the crisis. This of course was compounded with an oil crisis, a rapid rise in the dollar, and its effect on trade and earnings.

To top off the S&P performance, the rise of the strong dollar and the oil price collapse, top line growth of companies appears to have faltered. Our investment group commented all year long, as we watched the earnings flow, that it seemed like too many companies making their earnings or even beating their earnings, were missing the top line growth numbers. This has us a bit concerned about earnings growth as we enter 2016. The fourth quarter numbers seem to confirm our suspicions.



1. Source: Bloomberg, LP. West Texas Intermediate (WTI) daily crude prices based on front-month futures contracts traded on the New York Mercantile Exchange (NYMEX) for the period between 12/31/2014 and 12/31/2015.
2. Source: Bloomberg, LP. The U.S. Dollar Index as calculated and reported by the Intercontinental Exchange (ICE) is a geometric-average of six currencies weighted against the U.S. dollar spot price for the period between 12/31/2014 and 12/31/2015.

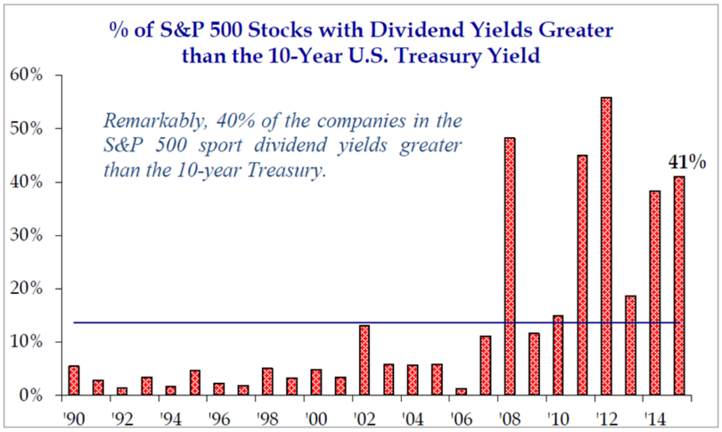
The third quarter heralded a Chinese market crisis to add to the mix. This market retreat spilled over to markets across the globe, even though other global markets had not had the prior near-60% price rise that the Chinese market had experienced. We can only imagine what our markets would do if the U.S. had a projected GDP of "only" 6.3% as projected for China; while this level of growth deceleration may be disappointing to local Chinese investors, the expansionary trend remains intact.



3. Source: Bloomberg, LP. The Shanghai Stock Exchange Composite Index is a market capitalization-weighted index that tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Of perhaps the greatest note was the Federal Reserve finally lifted rates, which was widely publicized and reported in a hail of news stories. Though we think it is a significant event, we remain unworried about rates rising either too far or too fast. We still think that rates will stay lower for longer from a relative historic perspective.

Our relative belief that rates, though they may trend slowly up, won't spike enough to effect the stock and bond market in a negative way is fundamental to the fact we remain hopeful for 2016 regardless of the market rout in its beginning days. We remain positive on housing and based on the car sales numbers there is clearly strength in the consumer that the market does not reflect. Dividend yields remain attractive with 40% of the S&P 500 yielding more than the 10-Year US Treasury.



Source: Strategas. As of 12/31/2015

On a company level, DAC continues its growth and welcomes new talent to our team. Phil Scully, Senior Research Analyst, joined the team in December with more than nine years of experience in equity analysis and energy research. He earned his MBA from Georgetown University and his BA in Political Science from Kenyon College in Ohio. He relocates here from California. He will concentrate on equities research for the team.

Serving our clients is essential to the success of both the relationships we foster with clients and our business. We continue to build depth and breadth to our client services team. Rachel Stanley has been promoted to Client Service Manager and oversees the team that includes Gene Balerna and Greg Cherewko. Our Client Service team is available to assist you with any of your account needs, including wires, ACHs and checks, RMD inquiries, statement requests, qualified donations, and transaction information. Please do not hesitate to call for assistance.

With turbulence in the markets, our Portfolio Managers and our Client Services Team look forward to discussing your investments and the current market environment. We remain grateful for your confidence and are hopeful for a profitable 2016.

Please join DAC for an **Investor Conference Call** on *Friday, January 22 at 11:00AM*. CEO/CIO Troy Shaver and team will discuss recent market conditions and thoughts on 2016 with a monitored Q&A.
Dial in: 1-866-906-9330 / Participant Code: 7041617#

Additional Source: Bloomberg, Strategas

IMPORTANT DISCLOSURES

You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses before investing. 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.*** *The Dividend Assets Capital, LLC'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 Capital's 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. The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by DAC. Standard & Poor's®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by DAC. DAC's comments and strategies are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties makes any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index. 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, which have been deducted from the net returns. The Index return assumes reinvestment of all distributions and does not reflect the deduction of taxes and fees. Individuals cannot invest directly in the Index. "Alerian MLP Index", "Alerian MLP Total Return Index", "AMZ" and "AMZX" are trademarks of Alerian and their use is granted under a license from Alerian. Alerian makes no express or implied warranty, and expressly disclaims any warranty, of any kind, including without limitation, any warranty of merchantability or fitness for a particular purpose with respect to their indexes or any data or any security (or combination thereof). The index comparisons herein are provided for informational purposes only and should not be used as the basis for making an investment decision. There are significant differences between client accounts and the indices referenced including, but not limited to, risk profile, liquidity, volatility and asset composition. 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. Investors in Master Limited Partnerships (MLPs) should determine the tax consequences of investing in MLPs based on their specific circumstances and should consult with their tax advisor regarding the tax consequences of an investment in MLPs. 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. Investors in MLPs may be required to file tax returns and pay tax in each state in which the MLP operates. Individual retirement accounts and retirement plans investing in MLPs may be required to report unrelated business taxable income (UBTI) and pay unrelated business income tax (UBIT). Tax reporting information for MLPs is provided to investors on an annual Schedule K-1 issued by an MLP. Investors may be required to request an extension of time to file their tax returns if an MLP has not issued a Schedule K-1 by April 15. MLPs are generally held in an investor's account to generate income. Data is deemed reliable, but DAC does not guarantee reliability or accuracy. Information provided is as of the date of this report and is subject to change. DAC does not provide professional tax or accounting services.*