







NO COMPROMISE

SECURITY, INCOME, GROWTH & SERVICE

Our clients look for ***security*** to protect their savings. They need ***income*** to pay expenses. They expect ***growth*** to outpace inflation. And they are pleased by excellent customer ***service***. They don't settle for less. We won't either.    

Front Cover Photos: Brandon Roop, Kira Vaal, Ron Patberg, Mike Hull, Beth Dietsch, Joe Zabratanski, Jennifer Decker, Kyle Markle, Ciavon Hartman, & Greg Donaldson

Meet our entire staff at: dcmol.com/people 



WHAT'S INSIDE:

- DCM at a Glance 1
- Financial Planning Services 2
- Rising Dividend Investing 3
- Investment Objectives 4
- Income Approach 5
- Rising Dividend Investing 6
- Surprising Value of a Dividend 7
- Investment Policy Committee 8
- Stock Selection 9
- Bond Selection 10
- Valuation Tools 11
- Management Strategies 12
- Client Experience 13
- Our People 14

EDCM

AT A GLANCE

Income Focused Strategies

Our plans and portfolios are designed for people and institutions that require generous and dependable cash flows.

Dividend Paying Stocks

Growing dividends lead to growing prices.² We invest our clients in companies which routinely increase their dividends.

Index-Beating Returns

Since our founding in 1995, our Endowment Cornerstone strategy has consistently outperformed its benchmark...with less risk.³

Uniquely Qualified Staff

Each of our Sr. Portfolio Managers have run businesses. They understand how to evaluate companies like few advisors do.



Top 300
**Financial
Advisers**
2014-16 / 2018

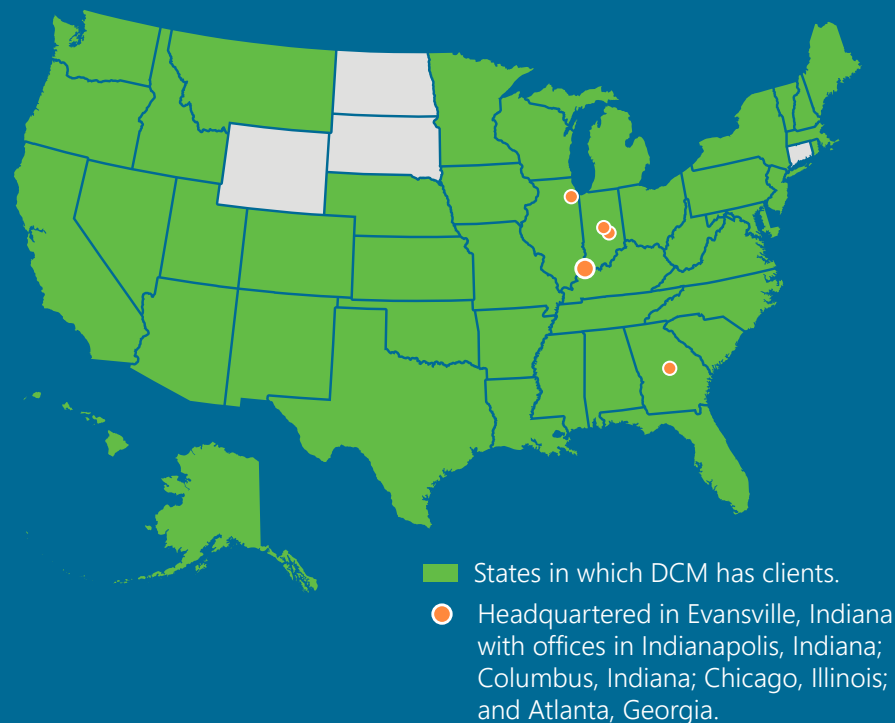
¹ As of June 30, 2018 ² DCM 20 Year Dividend-Price Multiple Regression Model

³ Benchmark: 50% S&P 500 Index / 50% Citigroup Broad Investment-Grade Bond Index

⁴ See back cover for details on Financial Times Top 300 Award

As an independent, fee-only firm, DCM manages over \$1.5 billion¹ in assets for individuals and institutions. We also offer a range of **financial planning services** including retirement income projections, social security strategies, and income tax guidance.

We are retirement income specialists, and we have Certified Financial Planner™ professionals & CPAs on staff. Our experience and tools enable us to help our clients make appropriate decisions regarding the various aspects of their financial life.



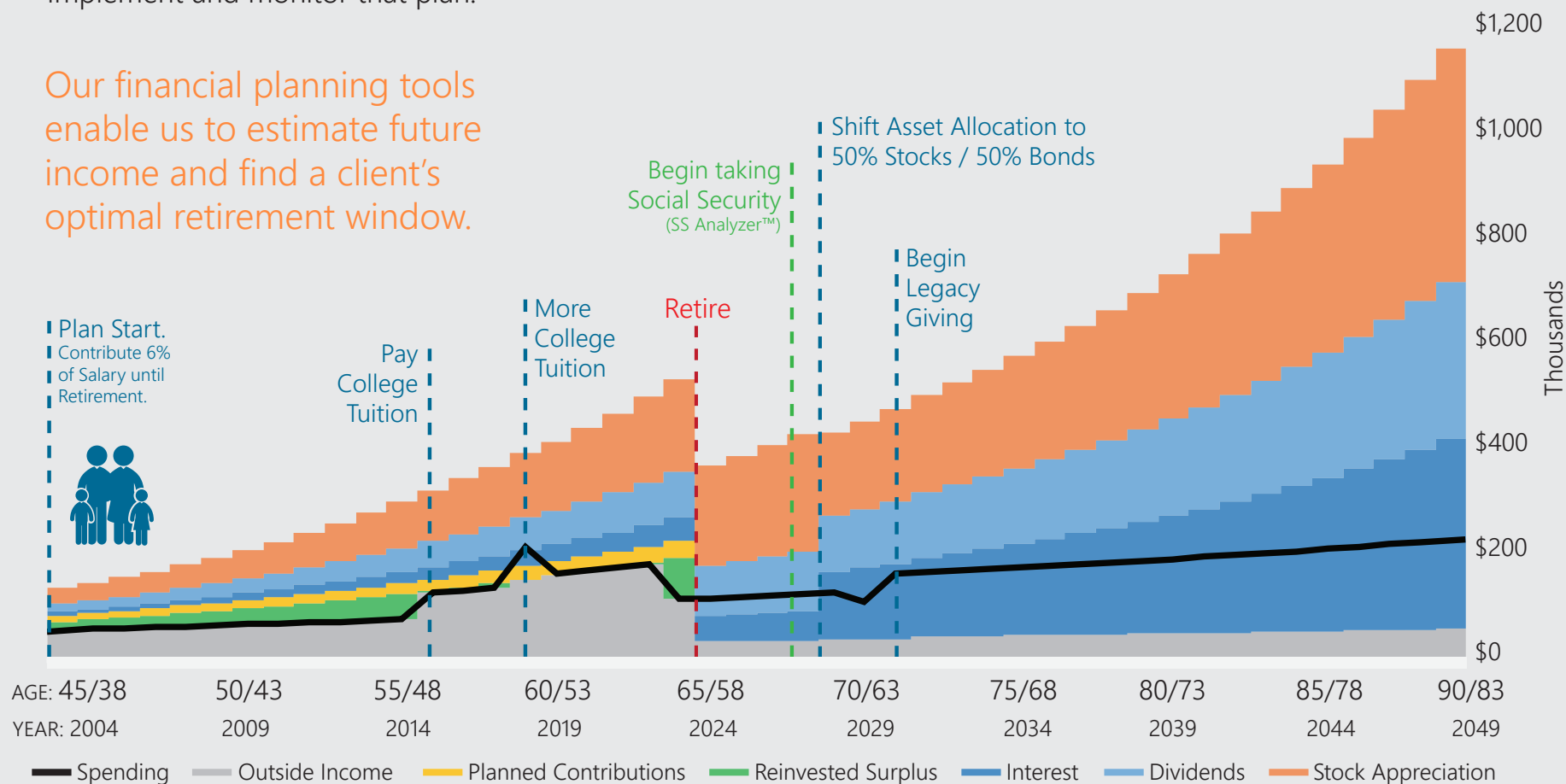
EDCM

FINANCIAL PLANNING

Your overall financial situation is ever-changing and investments are only one piece of it.

Financial decisions need to be made in unison, accounting for *age, risk tolerance, outstanding debt obligations, insurance needs, tax situations, social security strategies, estate plans, retirement expectations*, and more. DCM helps clients navigate these complex issues. Our Certified Financial Planner™ professionals and CPAs will listen to your goals, design an appropriate plan to help you meet those goals, and then implement and monitor that plan.

Our financial planning tools enable us to estimate future income and find a client's optimal retirement window.





RISING

DIVIDEND INVESTING

We built our *Cornerstone* investment strategy on two primary principles:

First, investments that pay you more each year are more valuable than investments that don't.

Second, these investments will increase in value each year as their cash payments increase.

Greg Donaldson
Founder & Chairman of the Board

EDCM

INVESTMENT OBJECTIVES



security



income



growth

Our Endowment-Cornerstone strategy was designed in the early 1990s for a church endowment. Its primary objectives are:

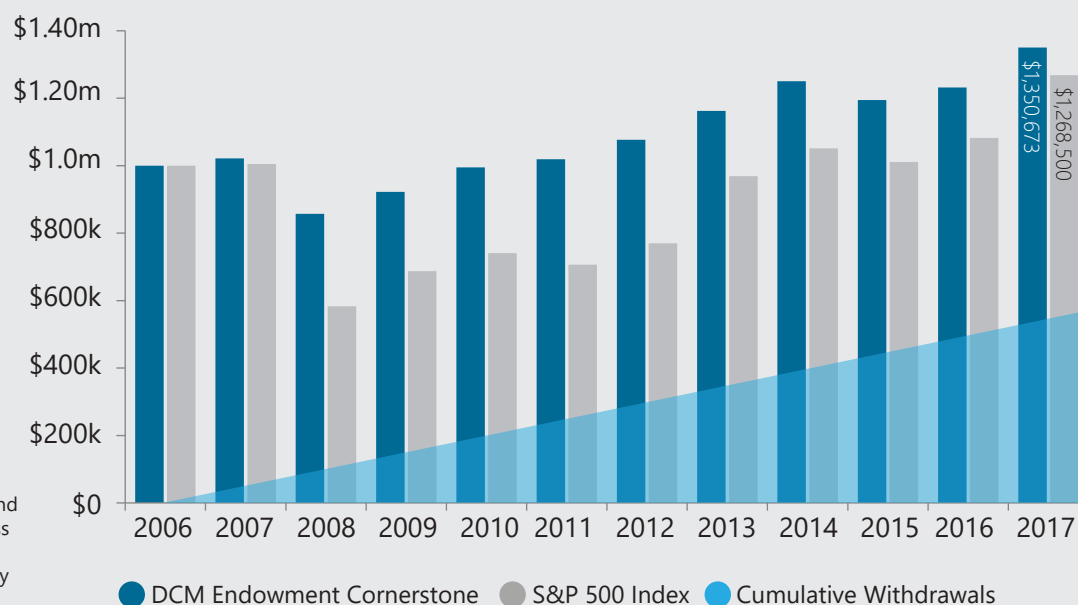
1. Preserve capital for the long-term
2. Create generous and dependable income now and in the future
3. Grow both income and principal faster than inflation

If you had invested \$1,000,000 in DCM's Endowment Cornerstone strategy before the 2008/2009 financial crisis and withdrawn \$50,000 a year, the value of your portfolio at the end of 2017 would have been \$1,350,673.

If you had invested \$1,000,000 in the S&P 500 Index (SPY) and withdrawn that same \$50,000 a year, your market value would have been \$1,268,500.

That's an \$82,173 difference.¹

¹ The Endowment-Cornerstone strategy seeks return through investing in dividend paying stocks while the S&P 500 index tracks stock of large companies regardless of whether these companies pay dividends. All performance shown is net of fees and reflects the reinvestment of dividends and other account earnings which may have a material impact on overall returns. These returns are NOT verified or GIPS compliant. All supporting performance data available upon request.



LEDCM

INCOME APPROACH

Dividends and Interest are Better than Rent

Investments that pay you more each year are more valuable than investments that don't. And those investments will increase in value each year as their payments to you increase (think rental property).

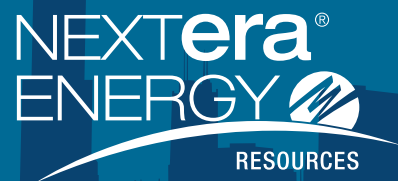
DCM's Equity Investment Strategy

Companies which consistently increase their dividends are like building tenants who are willing to pay higher rent every year. That's why we only buy the common stock of great companies that share their success through dividends. Over the last forty years, such stocks have returned 9.8% annually, while non-dividend paying stocks only returned 2%¹.

DCM's Fixed Income Investment Strategy

Bonds are like high rent building tenants that have signed a long term lease. They are a great foundation for a portfolio. We buy and hold investment-grade bonds and preferred stocks that fund essential services in financially strong communities and from high quality companies.

A Few of our "Tenants"³



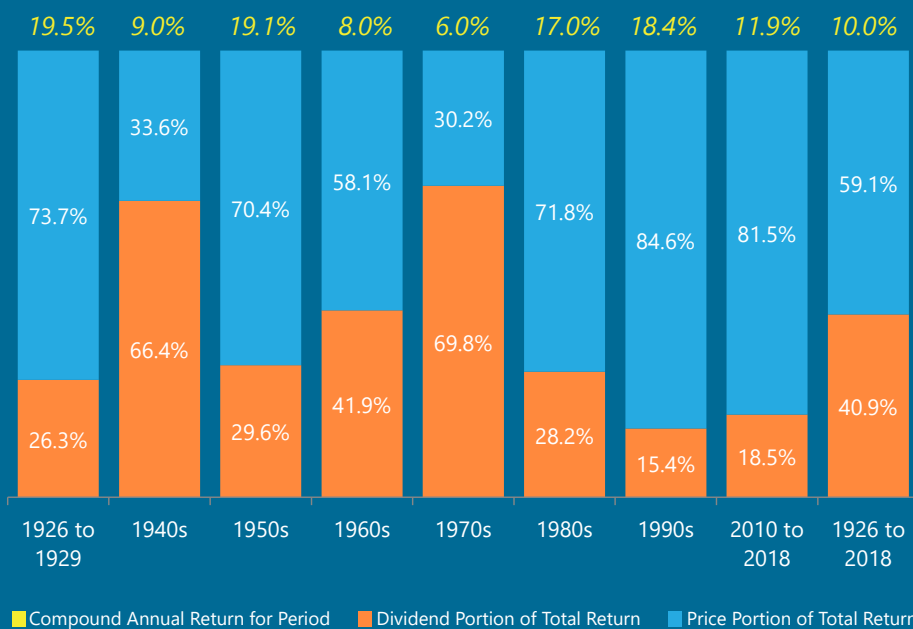
¹ Source: Ned Davis Research, Inc. data on S&P 500 companies as of 3/31/2012. ² All Supporting performance data available upon request. ³ Past performance is no guarantee of future results. The specific securities mentioned are not meant to be a recommendation. DCM will furnish, on request, a list of all recommendations made within the last year.



RIISING DIVIDEND INVESTING

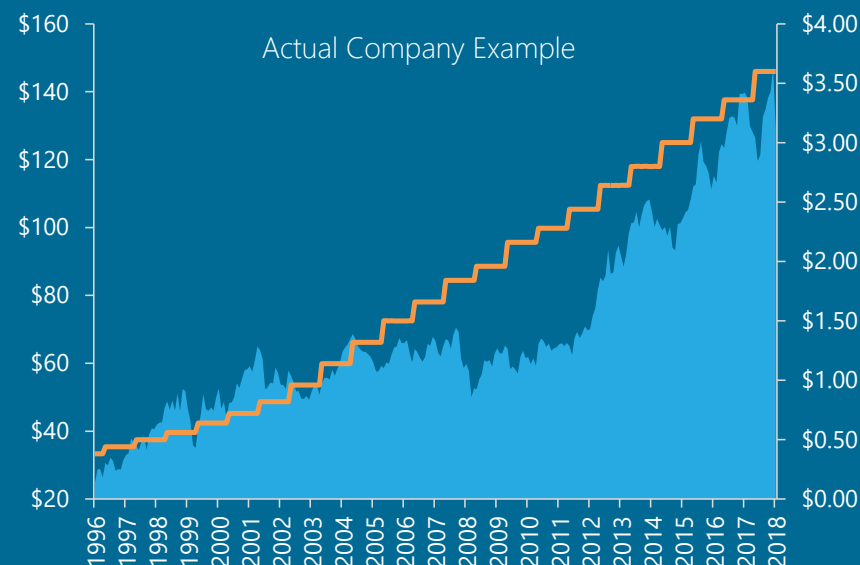
Dividends are the foundation of our equity investment strategy for several reasons. First, dividends help us determine a company's financial health and true value. Second, dividends let us share in a company's prosperity by paying us a portion of today's earnings. Finally, **dividends represent 40.9% of the market's total long-term return** (see graph below). That's why we only invest in companies which pay generous dividends, have a track record of consistently raising those dividends, and have every likelihood of continuing to increase those dividends.

S&P 500 Dividend Contribution to Total Return



Data Sources: Standard & Poor's, Robert Shiller.
Decades with negative total returns were excluded.

Dividends are more predictable than price. Funding withdrawals from dividends reduces exposure to market risk. Selling shares to fund withdrawals increases exposure.



Data Source: Bloomberg, 12/31/1995 - 12/31/2018



SURPRISING VALUE OF A DIVIDEND

Rising dividends are often overlooked.

Stocks in our Endowment-Cornerstone strategy increased their dividend payments by 12.4% in 2017. They've increased the dividend by 13.3% annually in the last 10 years*. The example below shows how growing dividends can be superior to other types of investment income. That means more income every year to keep up with inflation.

	Year	10-Yr CD	10-Yr T-Bond	10-Yr AAA Corp Bond	Rising Dividend Common Stock
Current Yield		3.25%	2.95%	3.55%	1.73%
Growth Rate		0.00%	0.00%	0.00%	13.20%
\$10,000 Initial Investment	1	\$325	\$295	\$355	\$173
	2	\$325	\$295	\$355	\$196
	3	\$325	\$295	\$355	\$222
	4	\$325	\$295	\$355	\$251
	5	\$325	\$295	\$355	\$284
	6	\$325	\$295	\$355	\$322
	7	\$325	\$295	\$355	\$364
	8	\$325	\$295	\$355	\$412
	9	\$325	\$295	\$355	\$466
	10	\$325	\$295	\$355	\$528
Total Income		\$3,250	\$2,950	\$3,550	\$3,938
Yield in Yr 10 on Original Cost		3.25%	2.95%	3.55%	5.28%
Price after 10 Yrs if Yield is Unchanged		\$10,000	\$10,000	\$10,000	\$30,523



Microsoft

Microsoft (MSFT) was chosen for this example because it fairly represents the current yield & historical dividend growth of stocks in our Endowment-Cornerstone investment strategy. **Over the last 10 years, MSFT has increased its dividend 13.2% annually.** In this example we are assuming a growth rate of 13.2% annually for the next 10 years.

All yields as of 05/9/2018

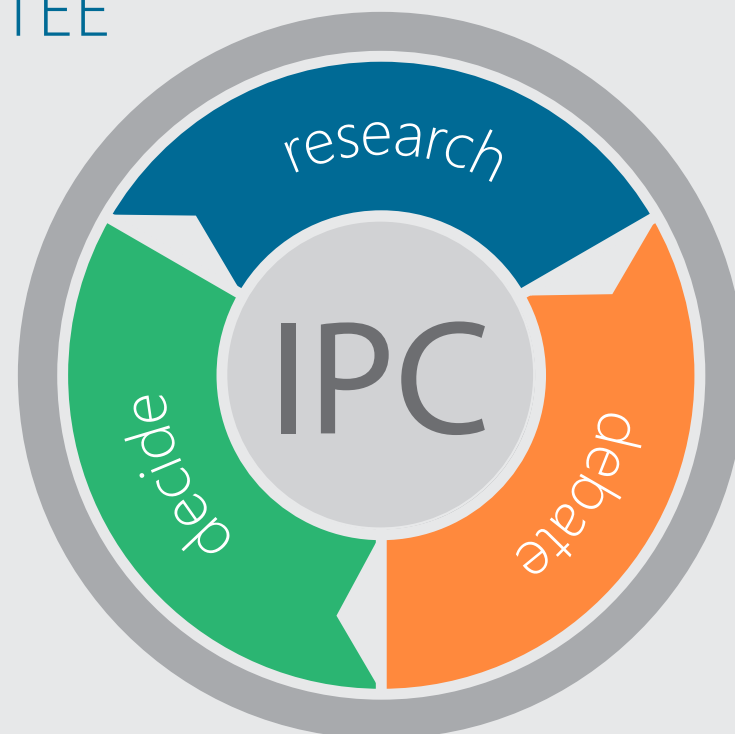
* DCM portfolio holdings, Dividend Map. Some companies have not paid dividends for the entire 10 year period. The prices, quotes and/or statistics contained have been obtained from sources believed to be reliable, but are not necessarily complete and cannot be guaranteed. They are provided for informational purposes only. Past performance does not guarantee future results.

DCM

INVESTMENT POLICY COMMITTEE

The stocks and bonds that make up DCM portfolios are meticulously selected by our Investment Policy Committee (IPC), an experienced team of Portfolio Managers that understand how companies work like few advisors do. They've run businesses and worked outside the world of finance, so they evaluate companies & the economy from a real world perspective.

Each member of the IPC is responsible for understanding one or two economic sectors. Individual companies are identified in each sector based on strict statistical criteria and then fundamental, technical, and macro analyses are conducted on each of those companies. The findings are brought to the weekly IPC meeting to be debated and voted on. Only the highest quality companies that have demonstrated the ability to weather the worst of storms are ultimately chosen to be part of our portfolios.



Mike Hull



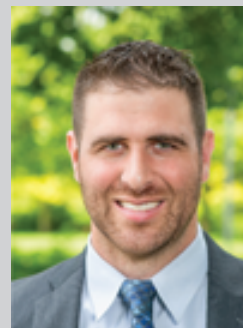
Rick Roop



Randy Alsman



Kyle Markle



Brandon Roop

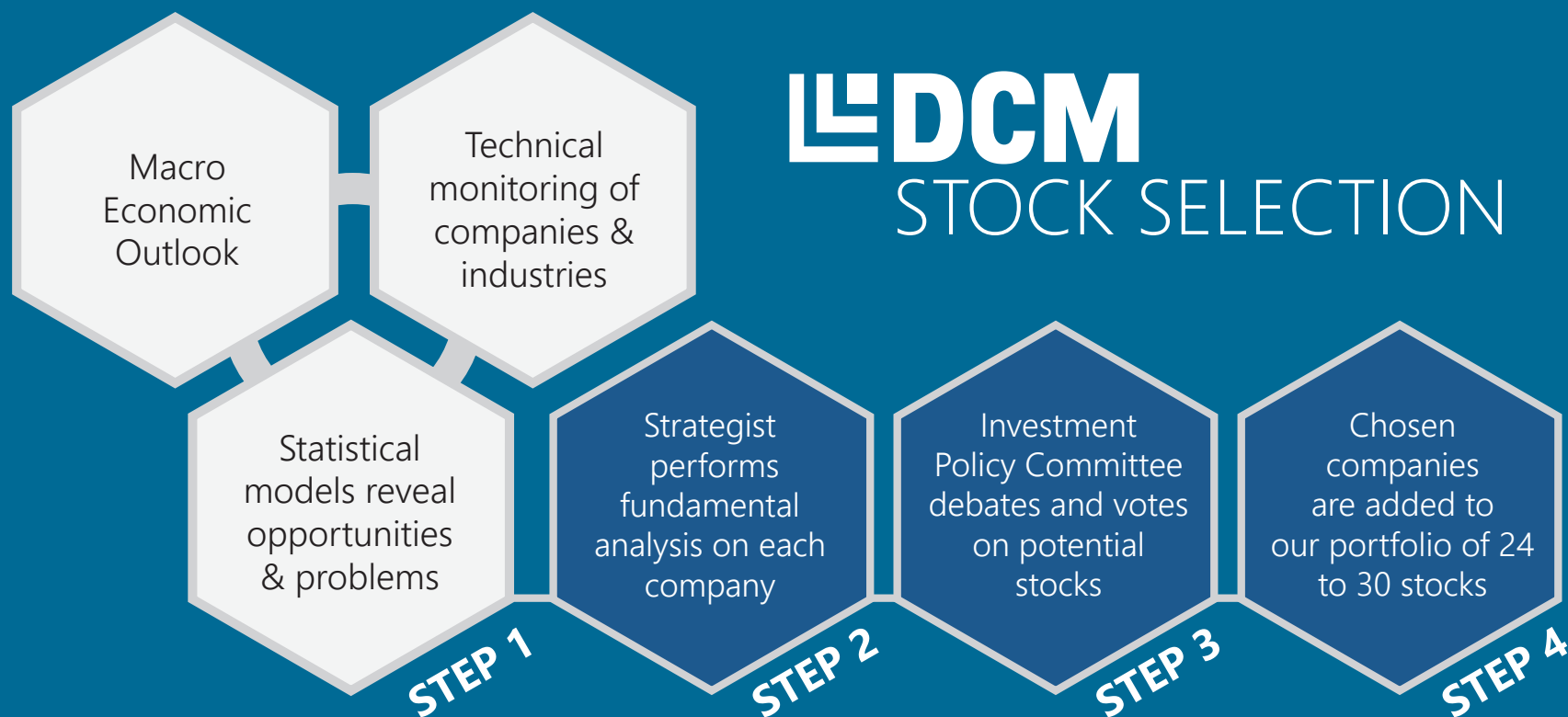


Joe Zabratanski

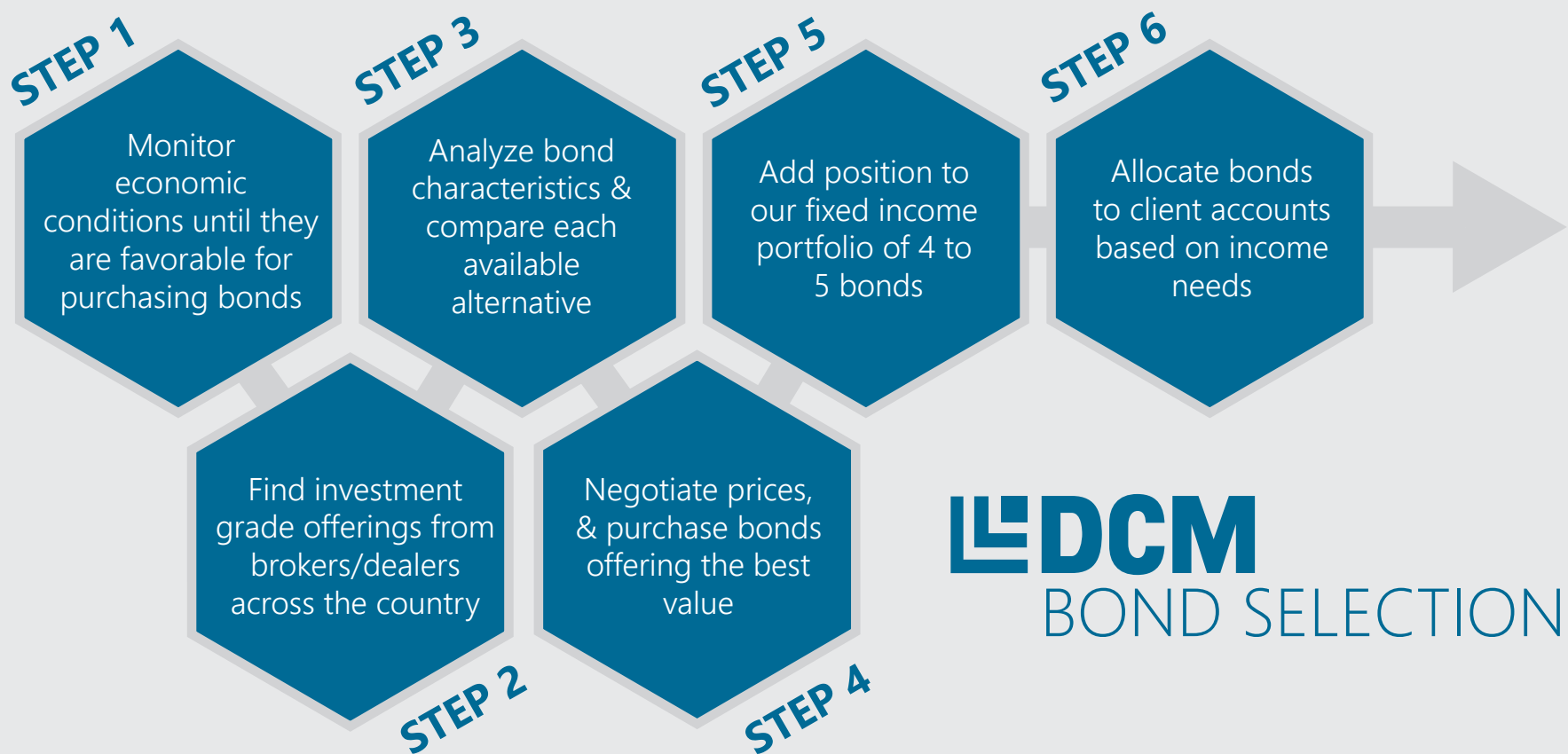


Ron Patberg

Get to know all our people at dcmol.com/people



Before we'll consider buying a company, it must first pass through a series of preliminary screens. Our Investment Policy Committee (IPC) has several sub-groups (the Macro-Economic Team, the Technical Team, and the Statistical Models Team). Our research begins there. Each team examines their area of responsibility to form a perspective on the economy and the markets. From these conclusions, the IPC resets our portfolio asset allocation as needed. As our asset and sector allocation moves and as individual opportunities emerge from these screens, our strategists pick specific companies to research. After our strategists present evidence and rationale for buying or selling a company, the IPC debates and votes on whether to act on that recommendation.



The most important part of trading bonds is knowing when to buy and when to sell. That's why we patiently monitor Fed policy, global markets, interest-rates and inflation before investing. Unlike many bond mutual funds, we are never forced into buying or selling. We only buy when it appears advantageous for our clients.

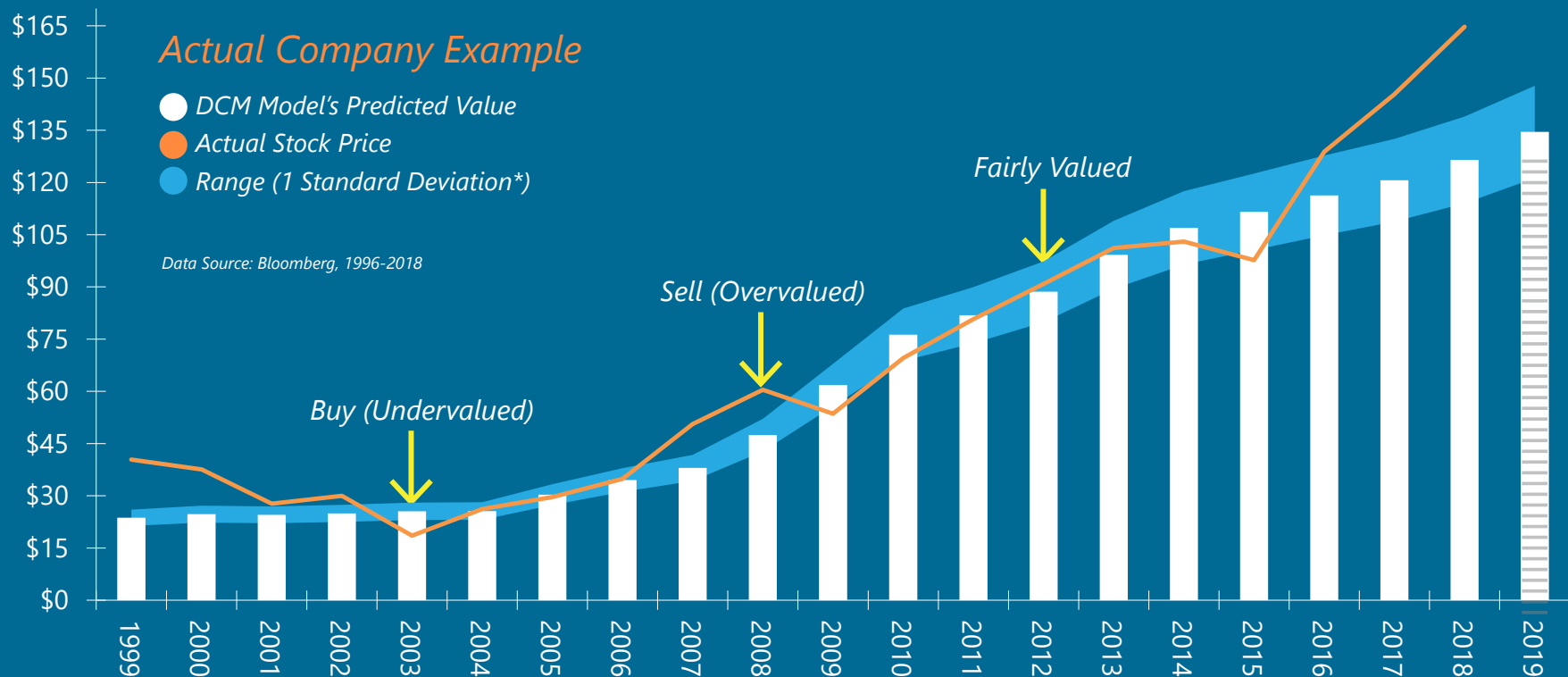
DCM only holds investment-grade bonds issued by financially strong communities and high quality companies. Buying individual bonds gives us control over when each client recognizes gains and losses, enables us to realize the advantages of holding high-quality bonds to maturity, and allows us to avoid the fees charged by mutual fund companies.

DCM

VALUATION TOOLS

Based upon the cash flow it can generate for its owners, every business has a true, or intrinsic, value*. Any investor who purchases stock in a company without knowing its intrinsic value puts that investment at significant risk. The only hope of profiting from such an approach is to find someone to buy the stock some day at a higher price. We feel it is irresponsible for us to invest our clients' assets without knowing the intrinsic value of every security we purchase.

DCM uses proprietary models for stock selection. Most of those models evaluate whether companies are priced higher or lower than their intrinsic values. The model below identifies buy & sell points weekly for hundreds of companies and feeds information into another tool that makes recommendations to our Investment Policy Committee.



*See back cover for details on Standard Deviation and Intrinsic Value

DCM

MANAGEMENT STRATEGIES



Endowment-Cornerstone

A balanced blend of our Cornerstone Stocks and Preservation of Capital Bonds & Preferred Stocks. Asset allocation determined by age, income needs, and risk tolerance.

Cornerstone

100% dividend paying stocks with a focus on growth.

Preservation of Capital

100% bonds & preferred stocks with a focus on income.

Some of our clients need dependable income. Some of them need growth. Many need income that will grow steadily over time. Each investment strategy that DCM offers is designed not to stretch for the highest possible return, but to meet or exceed the important needs of our clients.

Endowment-Cornerstone (ENCS) was originally designed by DCM to produce a consistent stream of income for charitable organizations and to keep that income going up every year; even when the organizations were spending all of the income. While working with people who needed their savings to support them in retirement, we found that they needed these same benefits, *but with less risk* than other approaches.

Endowment Cornerstone, Cornerstone, and Preservation of Capital represent three of our management styles. ENCS meets most of our clients' needs. We have other strategies we can employ if these aren't the best fit for you.

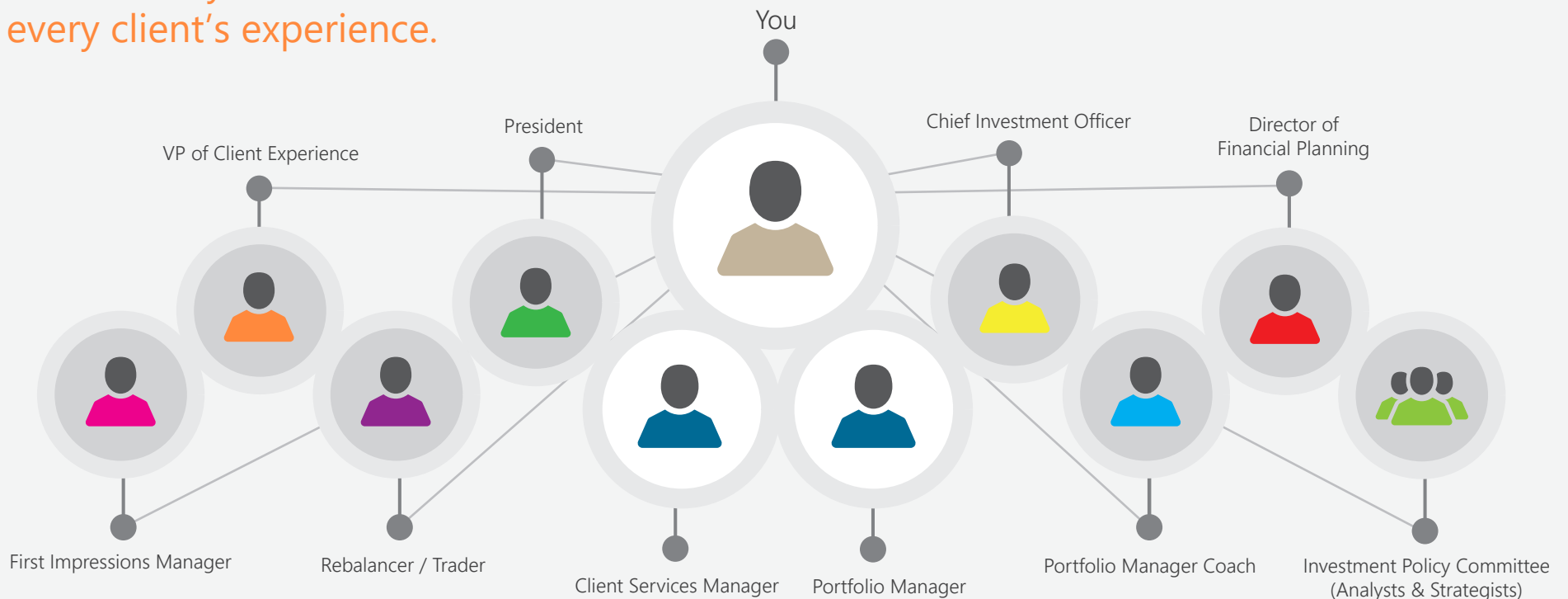
EDCM

CLIENT EXPERIENCE

Designed and Built for Service

The service you receive and the number of times we talk is not based on how much you pay in fees, but on your preferences and needs. While you will mostly interact with your dedicated Portfolio Manager and Client Services Manager throughout the year, what you see is not all you get. What we do behind the scenes and the people you may never meet is shaping the experience you receive. Our entire firm is working for you, from the president to the first impressions manager. We collaborate and support one another on every decision so that clients can benefit from our collective knowledge and experience.

Our organizational structure was meticulously crafted to maximize every client's experience.



DCM

OUR PEOPLE

Ability, Experience, & Heart

People are what make DCM special. Ability and experience are important - and we have both - but when those qualities are coupled with genuine concern and compassion, you've got something that is necessary to help people navigate through the most difficult aspects of financial planning.

DCM is a great place to work, and it's a great place to have working for you. We put trust, relationship, integrity and transparency at the forefront of everything we do.

We invite you to meet each of our employees at dcmol.com/OurPeople



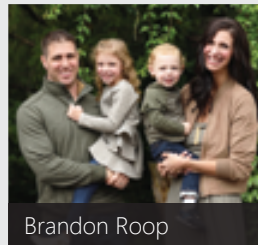
Rick Roop



Blake Alsman



Greg Donaldson



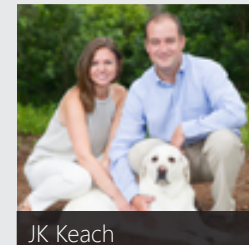
Brandon Roop



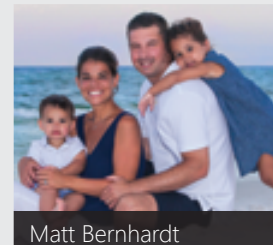
Noel Miller



Kyle Markle



JK Keach



Matt Bernhardt



Ciavon Hartman

Thank you for your interest in our firm.

We aren't appropriate for everyone, and not everyone is appropriate for us. Clients looking for quick returns, the hottest investments, the latest approach to outsmarting the markets, or someone to entertain them with investment news would probably find us boring. We employ quality strategies that move our clients, and us, away from trying to outguess the markets and into the world of investing in some truly great companies.

If you're ready to make a decision, or have questions and want to meet, contact us. We'd love nothing more than to discuss how our investment strategies can help you achieve your long-term financial goals.



HOW CAN WE HELP YOU?



Call 1.800.321.7442 or email info@dcmol.com

You can also share this brochure with a friend @ www.DCMupClose.com

VISIT DCM ONLINE www.dcmol.com



Donaldson Capital Management | 20 NW First Street, 5th Floor | Evansville, Indiana 47708 | 1.800.321.7442

COPYRIGHT © 2018 DONALDSON CAPITAL MANAGEMENT, LLC. The content is subject to applicable statutes and regulations, and is presented without warranty of any kind, expressed or implied. Observations expressed here are intended to be of a general nature only and do not in any way constitute advice or recommendations to purchase or sell any securities or other financial instruments, and may not be construed as such. While the information contained here is believed to be from reliable sources, DCM does not guarantee its accuracy, completeness or suitability, for any particular purpose, and its timeliness is subject to change without notice. DCM maintains a copyright in the text, logos and graphics, except where specifically noted and such information is protected by copyright and other intellectual property laws. No part of this data or information contained therein may be reproduced, copied, duplicated or transmitted in any way without the express written consent of DCM. The data in this Disclaimer are governed by and construed in accordance with the laws of the State of Indiana without giving effect to its conflict of law provisions. If for any reason a court of competent jurisdiction finds any provision or portion of this Disclaimer to be unenforceable, the remainder will continue in full force and effect. Past performance is not indicative of future results and the performance of a specific individual client account may vary substantially from the composite performance results. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investments purchased and/or investment strategies devised by DCM will be either suitable or profitable for a client's or prospective client's portfolio and may result in a loss of principal. Accordingly, no client or prospective client should assume that the above portfolios (or any component thereof) serve as the receipt of, or a substitute for, personalized advice from DCM or from any other investment professional. Information pertaining to DCM's advisory operations, services, and fees is set forth in DCM's current disclosure statement, as same is on file with the United States Securities and Exchange Commission, a copy of which is available from DCM upon request.

The performance shown in the Endowment-Cornerstone Strategy are subject to a number of limitations, and do not reflect the results of any actual DCM client accounts, which may have been materially different to those of the model. The performance of an actual client account will likely vary from the Endowment Cornerstone model, including custodial costs and other fees, actual transaction costs in a client account being higher or lower than the model transaction costs, market conditions during trading, investment selection availability, and/or other factors. The performance shown in the graph is backtested ("pro-forma") performance, derived from the retroactive application of a model developed with the benefit of hindsight. There are inherent limitations of showing portfolio performance based on hypothetical results. Unlike actual performance records, hypothetical results cannot accurately reflect the effect of material economic or market factors on the price of the securities, and therefore, results may be over or under-stated due to the impact of these factors. Since hypothetical results do not represent actual trading and may not accurately reflect the impact of material economic and market factors, it is unknown what effect these factors might have had on DCM's decision-making if we were actually managing clients' money. Investment advisory fees are described in DCM's Form ADV Part 2A. To illustrate the possible effect of management fees on total return of an account, what follows is an illustration: an account that earned 5.00% "gross" each calendar year for ten years would have earned an annualized "gross" return of 5.00%, with a ten-year cumulative return of 62.89%, assuming no contributions or withdrawals. Assuming a 1.00% management fee assessed at year-end, that same account would have earned 3.95% annualized "net" return, with a ten-year cumulative return of 47.31%. Actual investment advisory fees may vary.

Standard deviation is a number used to tell how measurements for a group are spread out from the average (mean), or expected value. A low standard deviation means that most of the numbers are very close to the average. A high standard deviation means that the numbers are spread out. The intrinsic value described in the above graph is calculated using regression analysis measuring the relationship between price and fundamental variables.

The Financial Times 300 Top Registered Investment Advisers is an independent listing produced annually by the Financial Times (June, 2017). The FT 300 is based on data gathered from RIA firms, regulatory disclosures, and the FT's research. The listing reflected each practice's performance in six primary areas: assets under management, asset growth, compliance record, years in existence, credentials and online accessibility. This award does not evaluate the quality of services provided to clients and is not indicative of the practice's future performance. Neither the RIA firms nor their employees pay a fee to The Financial Times in exchange for inclusion in the FT 300.