

Portfolio Characteristics

1. Current dividend yield of **2.7%**
2. Weighted-average market capitalization of **\$168.4 billion**

Portfolio Management Parameters

1. 100% of companies held in the portfolio pay a cash dividend
2. New positions must have a minimum current dividend yield of 2% at purchase
3. Maximum position size of 5.0%, minimum of 0.5% at purchase
4. Cash is frictional and generally represents 1% to 3% of portfolio value
5. Annual portfolio turnover is low to moderate
6. Sell or trim decisions are based upon fundamentals, dividend policy, and better opportunities for yield or income growth
7. The strategy employs no derivatives, funds, preferred shares, MLPs, or convertible issues

Investment Philosophy

Bahl & Gaynor employs a Growth at a Reasonable Price discipline to purchase high-quality companies at sensible valuations. It is our goal to seek superior performance while preserving capital in declining markets. In addition, our focus on companies that pay a growing dividend has benefited our clients in the form of a reliable income stream.

We are long-term investors and seek to identify companies that are managed conservatively and for growth, have stable and sustainable business models, and reward shareholders with a growing dividend. It is our intention to identify the best companies that meet these criteria and hold them for long periods of time.

Since day one, our investment strategy has remained intact – we firmly believe in the power of long-term investing and compounding dividend income.

Income Growth Positioning

Our Income Growth strategy focuses on generating a high level of current income that will grow over time. Protection in falling markets is a secondary goal, with long-term capital appreciation as a tertiary goal.

Bahl & Gaynor's equity selection process yields an investable universe of companies that are managed conservatively and for long-term growth, have stable and sustainable business models, and reward shareholders of the company with a growing dividend. From this investable universe, the Large Cap Income Growth strategy seeks larger companies that reward shareholders with a high current dividend and have the ability to grow their dividend payments consistently in the future.

Over a full market cycle, Bahl & Gaynor's Income Growth strategy seeks to outperform its benchmark and large-capitalization core peers all in the context of a lower-than-average portfolio risk profile.

Client portfolios will generally be diversified among a selection of 40 to 50 common stock issues with each security typically held for three to five years. Low portfolio turnover combined with the favorable tax treatment of dividend income results in a cost and tax-efficient portfolio.

Model Style Categorization

Asset Class: Domestic Equity

Benchmarks: S&P 500

Mandate: Large Cap Core

Top 10 Holdings

Cisco Systems (CSCO)	4.52%
Microsoft (MSFT)	4.21%
NextEra Energy (NEE)	4.11%
JPMorgan Chase (JPM)	4.01%
Texas Instruments (TXN)	3.79%
McDonald's (MCD)	3.54%
Home Depot (HD)	3.32%
Honeywell (HON)	3.31%
Lockheed Martin (LMT)	3.29%
BB&T (BBT)	3.24%

Sector Weightings	Income Growth
Information Technology	19.4%
Financials	13.7%
Health Care	11.7%
Consumer Discretionary	9.5%
Utilities	8.8%
Industrials	7.9%
Energy	6.9%
Consumer Staples	6.7%
Real Estate	6.6%
Materials	4.4%
Communication Services	1.4%
Money Market	3.0%

Portfolio Statistics	Income Growth	S&P 500
P/E Ratio (Trailing 12 Months)	19.6x	19.3x
P/B Ratio	3.6x	3.2x
Weighted Market Cap	\$168.4 B	\$242.7 B
Dividend Yield	2.7% ²	2.0%
Beta since inception ³ – Gross of Fees ¹	0.77	1.00
Sharpe Ratio since inception ³ – Gross of Fees ¹	0.76	0.54

Source: Factset, 2019, Bahl & Gaynor. Data is drawn from the Income Growth model portfolio that is fully discretionary, unconstrained and subject to change. Individual Bahl & Gaynor clients may or may not hold these positions or have similar characteristics. ¹Source: PSN Enterprise, 2019. ²Dividend yield includes cash holdings. ³Inception date 12/31/05.