Bahl&Gaynor

Remembering the "Why" of Dividend Growth Investing

Executive Summary

Several instances in B&G's history have invited us to pause with our clients and reflect on why we do what we do. Now is one of those times.

Where We Are Today:

The S&P 500 has advanced strongly during 1H2023, due to:

- **Market Narrowness:** 82%[i] of the S&P 500 YTD return was driven by top-10 holdings, >2x[i] average.
- **Multiple Expansion:** 85%[ii] of the S&P 500 YTD return was driven by Price / Earnings (P/E) multiple expansion.
  - Many of the top-10 S&P 500 constituents exhibit expanding multiples, even while earnings may be flat or falling.
- **Delayed Recession:** stronger-than-expected economic growth and labor markets and the hype around AI may be wrongly leading investors to believe a recession will be avoided.
  - Tight economic conditions may pressure economic growth, especially with increasing passage of time under such conditions.

For investors, it is useful to think carefully about where risk really exists in a portfolio; areas driven by potentially unsustainable sources of return should be scrutinized, and areas of perceived underperformance should be reviewed for opportunism.

The "Why" of Dividend Growth Investing:

Dividends and growing dividends exert influence on investor experiences in the following ways:

- It is not possible to spend "earnings," but dividends provide a solution to extract cash from stock ownership while maintaining underlying company exposure.
- Dividends tend to be stable over time, and their contribution to long-term total return is approximately 39%[iii] dating back to 1925.
- Stock prices are generally driven by underlying earnings growth; dividends can serve as a "check" on sustainable and quality earnings growth.

The critical elements of Bahl & Gaynor's dividend growth philosophy are:

- Business Stability: competitive advantage is a privilege, not a right, and it must be defended.
- Earnings Quality: all earnings are not equal; earnings that translate to cash flow power dividends.
- Earnings Power: only confidence in earnings consistency can sustain long-term dividend growth.
- Financial Strength: how a company is financed matters, particularly in tight financial conditions.
- As an active manager, B&G distills the elements of its investment philosophy into portfolio strategies designed to provide value in the form of 1) current and growing income, 2) downside protection in falling markets; and, 3) competitive risk-adjusted return through a market cycle.

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Expectations for the Future & Forward Looking Thoughts:

- It has been an event-filled decade, but overall risk assets have benefited with strong returns, mostly sourced from price appreciation .
- Still markets tend to follow long-term up and down trends; and the prior down trend benefited much more meaningfully from the support provided by dividends to total return.
- Though equity markets have been led by a group of seemingly unassailable companies, there is likely opportunity in areas of the market that have received less attention.
- "Recession delayed" does not necessarily mean "recession avoided," and the current stance of monetary policy supports investor vigilance.
- Bahl & Gaynor believes the elements of our investment philosophy help investors manage risk in their portfolios, and this is useful both in long-term uptrends (like recent periods), and long-term downtrends.

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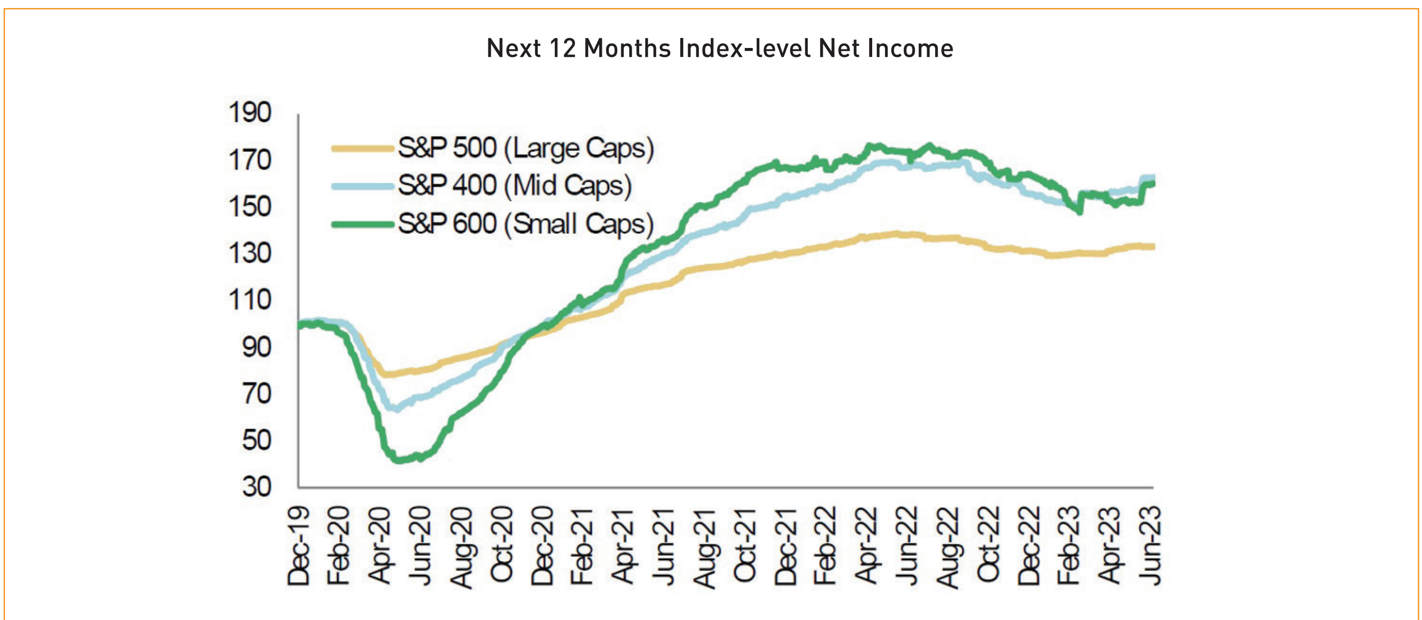
There have been several instances in Bahl & Gaynor's history where we have paused with our clients to observe the world around us, considered the reason we operate according to a dividend growth investment philosophy, and reaffirmed why the benefits of our approach remain relevant in the context of long-term market history. This is one of those times.

Where We Are Today:

Already the S&P 500 has advanced +16.9%[iv] in six short months. History going back nearly a century (12/31/1925) tells us the S&P 500 does on average compound at approximately +10.1%[iii] annually. So, the market has gained more than it typically would in half the time frame history would suggest. How can this be?

Market Narrowness: Going back to 1995, Goldman Sachs observes that, on average, 32%[i] of the S&P 500's return is driven by the index's top-10 holdings. **For YTD 2023, 82%[i] of the S&P 500's returns were provided by these ten constituents, over 2x[i] this long-term average. If you consider the popularized FAATMAN (Facebook, Apple, Amazon, Tesla, Microsoft, Alphabet, and NIVIDIA) stocks, these companies returned +61.1%[v] on a cap-weighted basis, while the remaining S&P 500 companies returned a meager cap-weighted +4.8%.[v]** Though the market is typically "top heavy," the current state of the index is far beyond what would be considered normal. In the financial world, where most trends are mean reverting, this could mean lower contribution from the top of the market in future periods, more contribution from everyone outside of the top-10, or both.

Multiple Expansion: Stock prices are principally driven by earnings growth. Investor enthusiasm about future growth can increase the amount someone is willing to pay for that dollar of earnings (the price-earnings or P/E multiple). But in 2Q2023, 67%[ii] of the S&P 500 return was driven by multiple expansion (85%[ii] for the YTD period). For the Russell 2000 (small cap) index, 57%[ii] of 2Q2023 and more than 100% of YTD return was driven by multiple expansion (YTD Russell 2000 index earnings have fallen -2%[ii]). In all periods earnings grew at or below the equivalent rate of CPI inflation (+4%)[vi], and investors were willing to pay more per dollar of earnings. These earnings trends, presented visually below, are uninspiring, and likely not deserving of a sustainably higher P/E multiple, particularly if they deteriorate to the downside.



Source: Factset, Morgan Stanley Research, 2023.

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Is this different for the top-10 holdings of the S&P 500 index? Mostly, no. Take Apple, the newly-$3 trillion[iv] market cap behemoth of today's market. According to Bloomberg, fiscal 2023 earnings per share (EPS) is expected to fall -2%[iv] vs. fiscal 2022 results, yet the P/E multiple investors are willing to pay for the shares has increased from 20.9x at 12/31/2022 to 32.4x at 6/30/2023, a +55% expansion. The same is the case for Microsoft, where fiscal 2023 EPS is expected to grow in-line with inflation at +4%[iv], yet the P/E multiple has increased from 25.1x at 12/31/2022 to 35.4x at 6/30/2023, a +41% expansion. The same fact pattern is evident for NVIDIA, Tesla, and to a lesser extent (given a low absolute P/E multiple) Exxon Mobil. Bahl & Gaynor does not mean to suggest that any of these companies are undeserving of investor attention, but we do question the durability of top-of-market returns coming from continued multiple expansion. Moreover, should these companies disappoint, their enormous weightings in the S&P 500 index *(pictured in the table below)* will likely have an outsized impact in the opposite direction of the YTD trend.

Company	S&P 500 Index Weight	Consensus Fiscal '23 EPS Growth	12/31/2022 P/E	6/30/2023 P/E	2023 YTD P/E Expansion %
Apple	7.6%	-2%	20.9x	32.4x	+55%
Microsoft	6.7%	+4%	25.1x	35.4x	+41%
Alphabet	3.5%	+16%	16.7x	20.6x	+23%
Amazon	3.1%	N/m.	64.5x	49.9x	-22%
NVIDIA	2.8%	-25%	44.8x	55.2x	+23%
Tesla	2.0%	-15%	30.0x	76.1x	+153%
Meta	1.7%	+40%	11.3x	22.1x	+96%
Berkshire	1.6%	+26%	24.1x	19.6x	-19%
UnitedHealth	1.2%	+12%	24.1x	19.3x	-20%
Exxon	1.1%	-32%	7.6x	11.1x	+46%

Source: Bloomberg, Data as of 6/30/2023.

As an active manager, Bahl & Gaynor has essentially two major decisions to make in operating investment strategies: whether to own a stock (yes or no), and what weighting to assign those stocks chosen for ownership. As an adjacent thought, rising P/E multiples often signal investor enthusiasm for future growth or return on invested capital (ROIC) durability, or both. But investors and entire markets can become excessively optimistic, and companies can fail to meet expectations. That is why stock ownership and position sizing must be framed in the context of risk, the chance that actual outcomes differ from expected outcomes. Though the market may be mostly efficient, seeing expanding multiples, without much earnings growth, and heavy top-of-market weightings leaves us at Bahl & Gaynor more concerned than enthusiastic about owning an index.

Delayed Recession: At the beginning of 2023, consensus expectations largely foresaw a recession at some point during the year (note the Blue Chip consensus line below zero growth in the first section of the graph on the next page). That narrative has fully flipped to one of stronger-than-expected economic growth and employment markets and, in some cases, an expectation of no recession at all (Blue Chip consensus and Atlanta Fed GDPNow estimates are now both comfortably above zero).

Perhaps this "no-landing" narrative is somewhat intertwined with the driver of multiple expansion enjoyed by the top of the market: Artificial Intelligence (AI). **AI may ultimately prove to be transformational to productivity and real output; but Bahl & Gaynor's question is: over what timeframe?** Not too long ago it was considered possible that homebuilders would be replaced by 3D printing techniques[vii] (and 3D printing companies thus sold at breathtaking prices), and MetaBirkins[viii], the NFT digital version of the expensive luxury handbags, were selling for prices sometimes exceeding the real thing. To date, we know of no homebuilders put out of business by 3D printing techniques, and Hermes won its trademark lawsuit against the NFT creator of MetaBirkins. For now, excitement around AI has likely contributed in large part to the technology-heavy NASDAQ Composite's +39.3%[iv] YTD return through 2Q2023, eclipsing even the impressive YTD return of the S&P 500.

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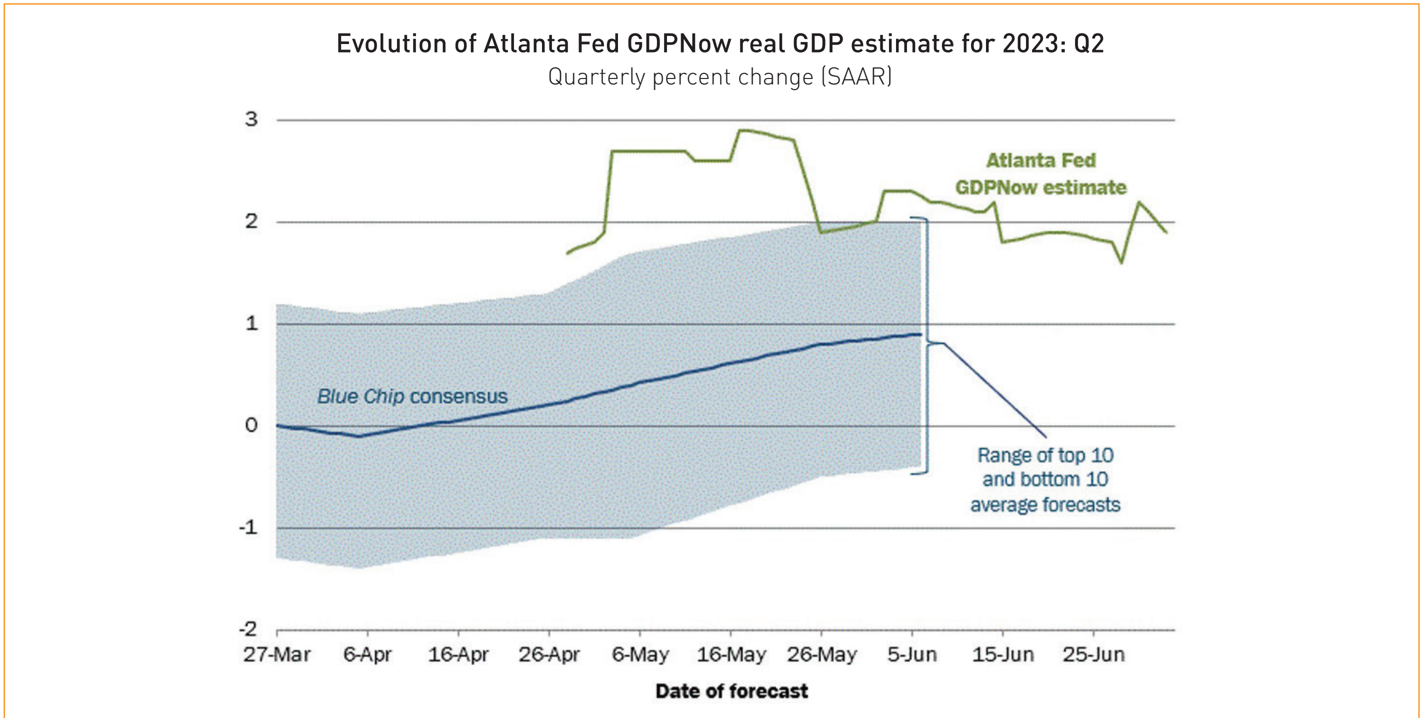
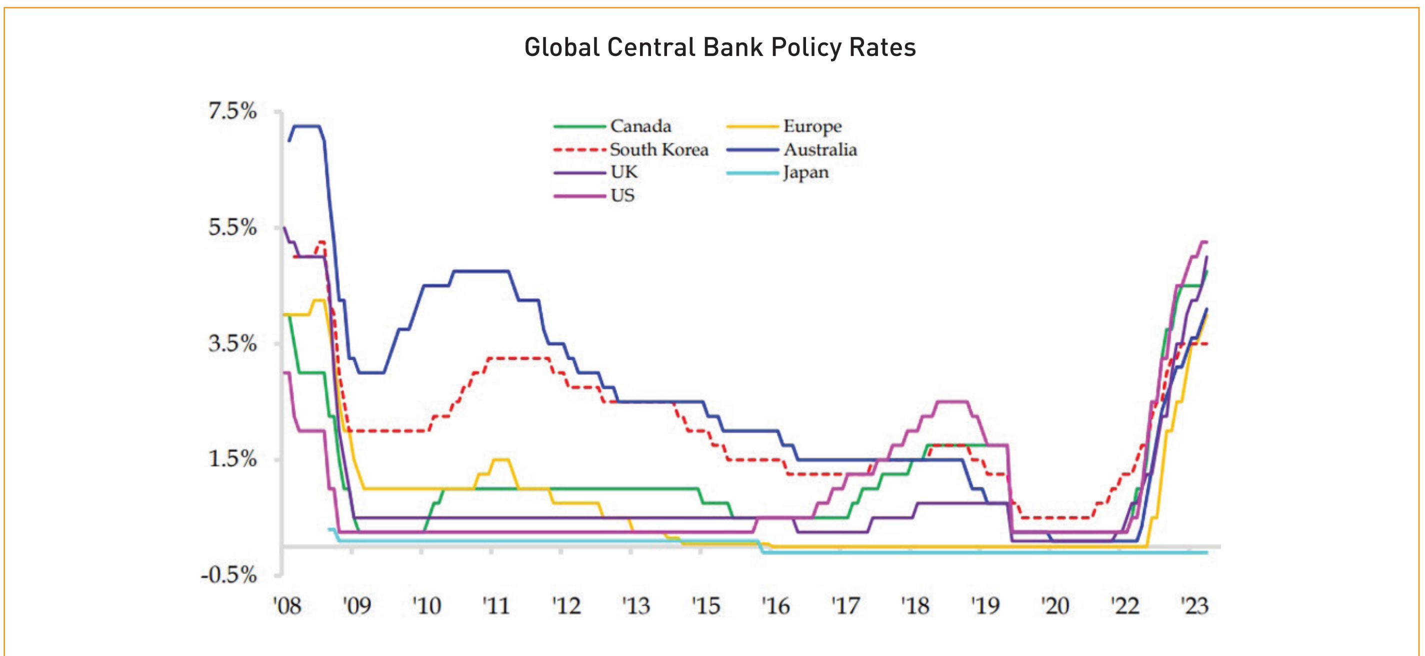


Source: Blue Chip Economic Indicators and Blue Chip Financial Forecasts
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

"Recession delayed," in Bahl & Gaynor's opinion, does not necessarily equate to "recession avoided." In fact, many of the environmental factors that lead to recession (rising policy interest rates, restrictive credit availability, otherwise tight financial conditions) act with unpredictable lags. It is easy to forget that only 12 months ago, the Federal Funds Rate and other global policy rates stood closer to 1.0% (see below) than current levels. The consensus crowding around a "soft/no-landing" scenario could eventually be challenged by time and pressure.



Source: Bloomberg, Strategas, 2023.

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Where We Are Today: Bottom Line:

- Broad equities have had a white-hot run during 1H2023, led by NASDAQ and the S&P 500.
- Under the surface, though, this strength is not broad-based (leadership is narrow, mostly across the top-10 constituents of the index) and is driven by P/E multiple expansion.
- P/E multiple expansion is an unusual feature today given earnings trends across market cap ranges are uninspiring and monetary policy conditions are tight, may tighten further, and may remain tight for some time.
- Additionally, the evolving consensus of a soft/no-landing scenario seems at odds with the higher-for-longer narrative supported by global central bank policymakers regarding interest rates and overall tight financial conditions; monetary policy actions take time to express throughout the economy and "recession delayed" does not necessarily equate to "recession avoided."
- For investors, it is useful to think carefully about where risk really exists in a portfolio; areas driven by potentially unsustainable sources of return should be scrutinized, and areas of perceived underperformance should be reviewed for opportunism.

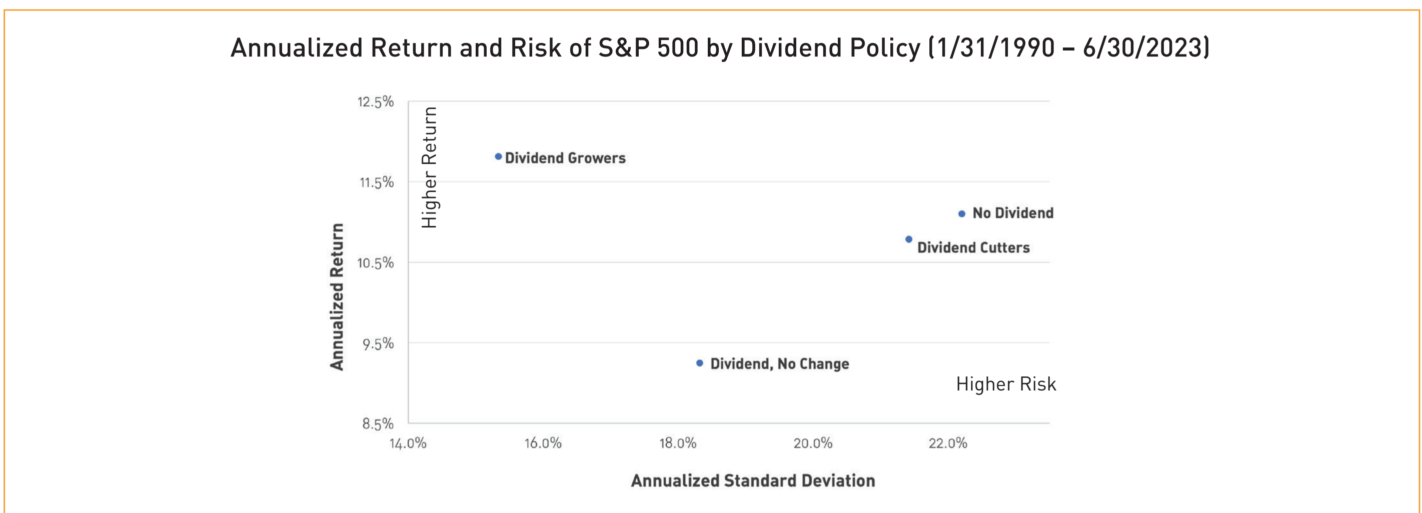
We have spent ample time providing context about the current market environment. Now it makes sense to briefly revisit the "why" of dividend growth investing and how we at Bahl & Gaynor translate this philosophy into a repeatable investment process.

The "Why" of Dividend Growth Investing:

Dividends, particularly growing dividends, exert enormous influence over investor experiences. Consider:

- It is not possible to spend the "earnings" to which an owner of a share of stock is entitled, they must sell the stock at an uncertain price to create liquidity. Dividends are a way for the investor to share in the earnings of a company, while maintaining ownership of the underlying stock.
- Investors generally do not like dividend reductions or eliminations, so payment of a dividend, and especially regular increases to dividends paid, often set the expectation among investors of a continuation of such trends. Therefore, dividends are often a meaningful and consistent contributor to total return. In fact, from 12/31/1925 to 6/30/2023, dividends accounted for 39%[iii] of the S&P 500's total return.
- Stock prices are generally driven by underlying earnings growth; dividends and dividend growth can act as a "check" on sustainable earnings growth, because the cash used to pay dividends cannot be manufactured through any accounting jugglery.

If we had to summarize the benefits of a dividend growth philosophy in a single exhibit, it would be the one pictured below. Going back to 1990, companies that paid dividends and grew them offered more return with less risk than companies that cut dividends, did not pay dividends at all, or paid dividends but did not grow them. In sum, dividends and dividend policy have a meaningful impact on the risk-reward experienced by adherents to a dividend growth philosophy.



Source: Strategas, 2023.

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The next step after considering the empirical evidence supporting dividend growth as an investment philosophy is to translate the philosophy into an investment process. The identification of companies capable of delivering long-term dividend growth and, in turn, attractive total return, becomes a priority.

The critical elements of Bahl & Gaynor's dividend growth philosophy, while easy to explain, are not subscribed to by all companies. For this reason, our dividend growth philosophy is uniquely suited to the forward-looking perspective of active management.

Critical elements of Bahl & Gaynor's dividend growth philosophy are:

Business Stability: Competition is a reality for any business. The threat of substitutes, risk of disruption, strategic mistakes, and regulatory intervention are some of the reasons companies can fail to deliver long-term results. It is no secret that very few of the largest public companies have remained the largest from one decade to the next. But companies with wide competitive moats, sound management teams, and fertile markets for future growth can display consistency over many years. **Finding truly durable companies is challenging, and size (market capitalization) is no guarantee of staying power as the table below conveys.**

Top 10 Companies by Global Market Capitalization				
1980	1990	2000	2010	2020
IBM	NTT	Microsoft	Exxon Mobil	Apple
AT&T	Bank of Tokyo	General Electric	PetroChina	Saudi Aramco
Exxon	Ind. Bank Japan	Cisco	Apple	Microsoft
Standard Oil	Sumitomo Bank	Walmart	BHP Billiton	Alphabet
Schlumberger	Toyota Motors	Intel	Microsoft	Amazon
Shell	Fuji Bank	NTT	ICBC	Tesla
Mobil	Dai-Ichi Bank.	Exxon Mobil	Petrobras	Berkshire Hathw.
Atlantic Richfield	IBM	Lucent Tech.	China Cnstr. Bnk.	Meta
General Electric	UFJ Bank	Deutsche Tele.	Shell	Alibaba
Eastman Kodak	Exxon	Pfizer	Nestle	Tencent

Source: ValueWalk, 2022.

Consider today's search industry as a current example. Will AI help or hurt this industry? Some say AI can enable far more effective searches. But does this threaten the need for advertising that is the core monetization method of the industry today? Others say AI is a vastly more expensive method of providing search services. Will an incumbent or a new entrant be more willing to adapt to the potentially costly path to the future? And what will the future profitability profile of such a chance be? Could AI be so fantastically disruptive that it makes the intellectual capital that drives all software companies irrelevant? All these questions are difficult to answer, but they are an important reminder that business stability is a privilege, not a right, and we live in a world that can change quickly.

Earnings Quality: We made passing reference to the notion that dividends can serve as a "check" on earnings sustainability. This is because dividends are paid in cash and no amount of accounting jugglery can sustainably create cash out of thin air. So, the payment and growth of a dividend is an indicator of the inherent quality of earnings supporting payouts. Bahl & Gaynor analysts spend considerable time dissecting and analyzing a company's cash flow and income statements to understand the unencumbered or free cash flow a company can reliably generate. This free cash flow must match or exceed dividend growth over time for a sustainable relationship to exist.

Pictured on the following page, profitability (bottom graph) has recently come under pressure due to the inflationary impact of costs (top graph, yellow line) rising faster than revenue (top graph, blue line). This pressure is occurring even before revenue growth turns negative (as in a recession). Though cost growth is also slowing, it is not doing

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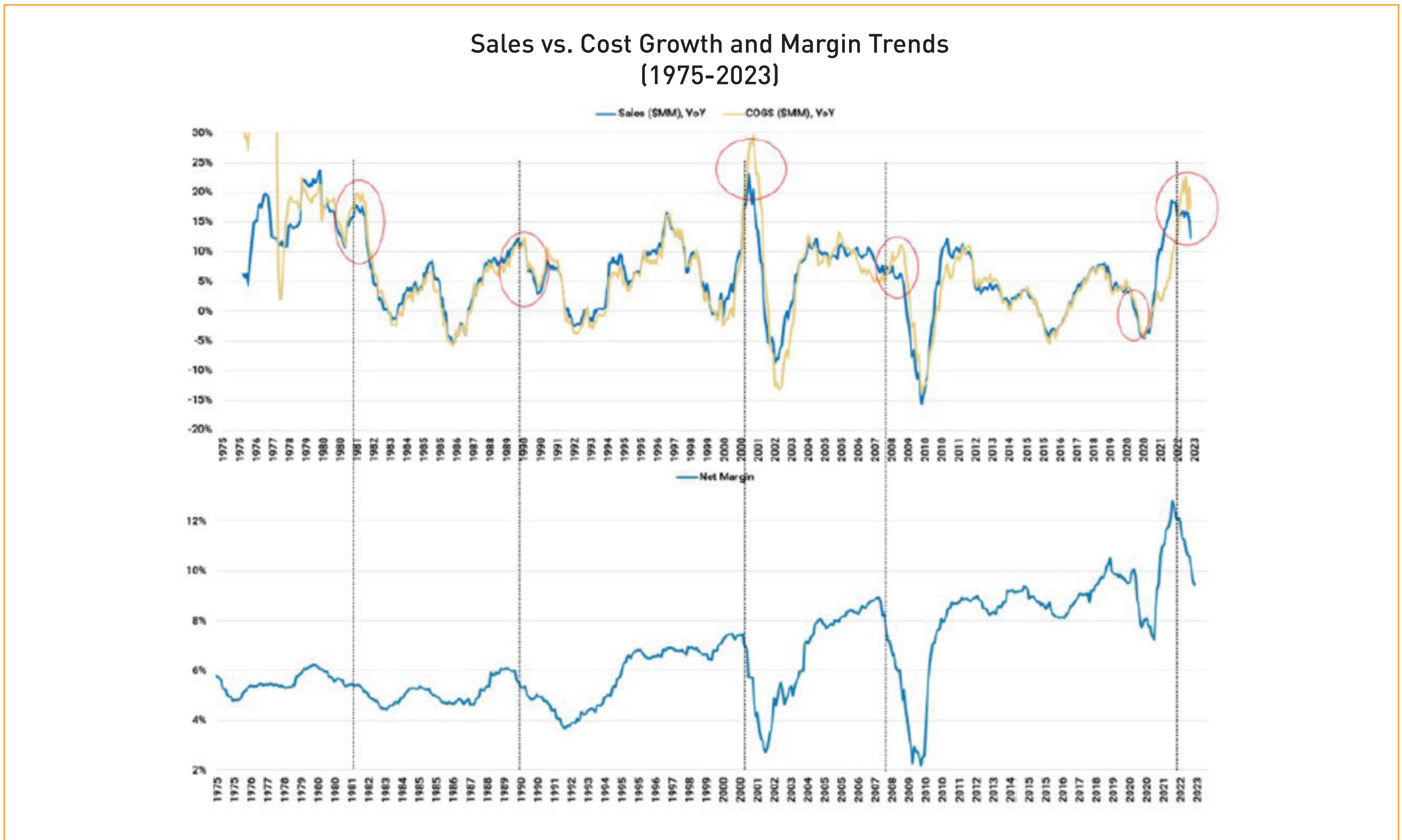
so quickly enough to preserve profitability. Bahl & Gaynor has observed similar periods in past cycles where companies can "manufacture" earnings temporarily through aggressive cost cutting. Though the financial output of these actions can give the appearance of resilience in a challenging environment, the results are ultimately not sustainable. At this juncture, the degree to which revenue and cost growth could decline further (as well as profitability) appears significant in the graph.



Source: Compustat, Morgan Stanley Research, 2023.

At any point in the cycle, but especially today, Bahl & Gaynor is sensitive to "manufactured" earnings and the risk posed to investors if more economic downside lies ahead. Business Stability is ideally an accompanying characteristic to Earnings Quality, and the combination can go a long way towards supporting sustainable, through-cycle dividend growth.

Earnings Power: In many respects, Earnings Power is an output of Business Stability. A business with a competitive advantage can produce returns on invested capital meaningfully above the cost of that capital to create shareholder value. While the sustainability of that competitive advantage is a puzzle for the investor to solve, the dividend conveys a considerable amount of useful information in assembling that puzzle.

Consider a publicly traded company governed by a Board of Directors, elected by shareholders. The Board, in turn, selects and holds a management team accountable to operate the business to create shareholder value. There will always exist the agency problem between management and shareholders where management may be tempted to act in self-interest and shareholders may be dispersed and ineffective in enforcing accountability.

A dividend does two things within a public company:

1. It voluntarily creates capital scarcity; and,
2. It provides a signal to shareholders from the Board about the present and future cash-producing capabilities of the company.

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Slowing dividend growth may signal reduced cash-producing capability and perhaps impaired competitive advantage. Accelerating dividend growth may convey the opposite. A stagnant dividend may indicate a stagnant company. An initiated dividend could be a mark of maturity and durability. A cut or reduced dividend, a mark of relegation and obsolescence.

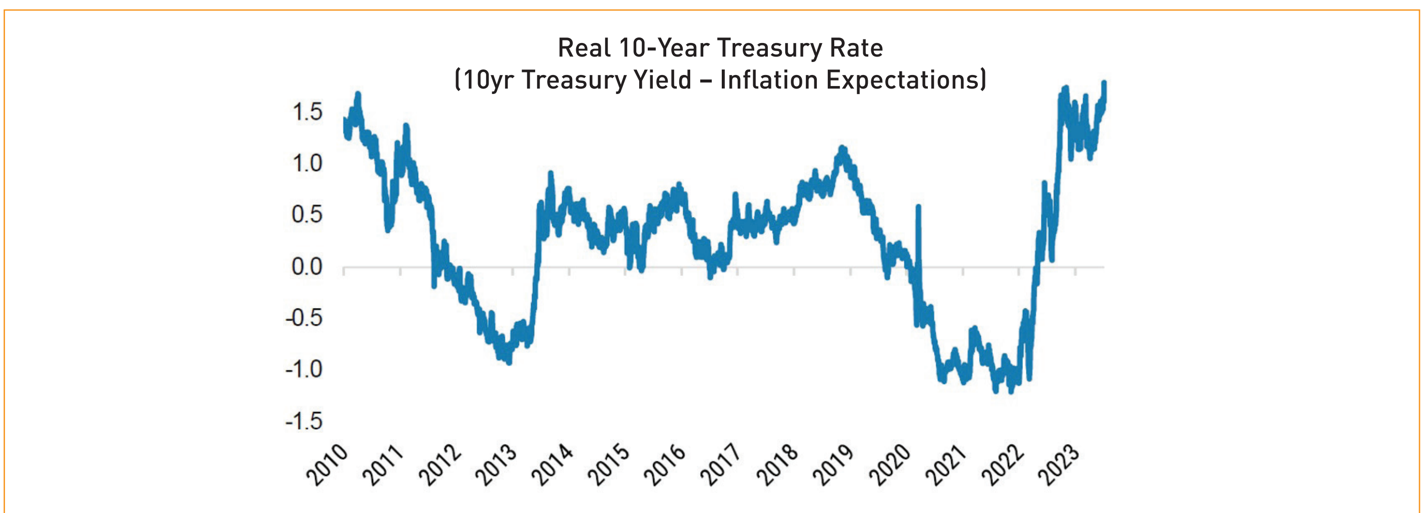
In our more than three decades of serving clients, Bahl & Gaynor can scarcely recall more than a handful of mentions of dividend increases in research reports published by the sell side analyst community. It is just not an area of major focus – which is ***great*** for our investment approach. Combining a largely ignored signal of future earnings power with the active management tool of time arbitrage (the opportunity created when a company's value becomes dislocated based on a short-term outlook with little change in the long-term prospects) represents a powerful combination. **Even if an investor has little use for the income generated by the dividend, a persistently rising income stream, devoid of dividend cuts, is a strong indication of attentive active management of a dividend growth strategy. This attentive active management is especially important in periods of market stress. But the consistency of dividend growth is an equally valuable measure of manager performance in periods of market excess, where go-go capital appreciation can mask underlying risk.**

Financial Strength: Balance sheets represent the marshalling of various sources of capital to finance a business. Ideally this business produces profits that can be reinvested and/or distributed to shareholders. The way in which a company marshals different financial resources (the mix of debt, equity, and internally generated capital) can have significant consequences for the through-cycle stability of the business and, of course, investor returns.

Over the last year, the Federal Reserve has tightened financial conditions considerably, making many sources of capital more expensive. Internally generated profits will likely continue to be the lowest-cost source of capital for a company, so companies that generate more capital than they consume (dividend-paying companies) will be advantaged amid tight financial conditions.

Fascinatingly the Goldman Sachs Non-Profitable Tech Index has advanced +27.9%[iv] YTD, trouncing even the strong results of the S&P 500 over the same period. To the extent any company is the present value of all summed future discounted cash flows, unprofitable companies are often assumed to have the furthest-out or longest-duration cash flows. A higher discount rate reduces the present value, particularly for long-duration cash flows.

Higher real interest rate trends (pictured below) indicate how much rates have moved in a short period of time, how meaningfully different these interest rate levels are from the prior decade, and how little time has elapsed since this new environment has materialized to truly assess the long-term effects. Insofar as the Fed intends to keep interest rates high and financial conditions tight for a longer period than investors may expect, unprofitable companies and indeed, many investment strategies that have relied on a decade of low/negative real rates, may be most at risk.



Source: Bloomberg, Morgan Stanley Research, 2023

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Bahl & Gaynor's focus is on profitable companies with preferential access to capital that are operated such that they can thrive in a broad array of economic environments. This allows these companies to be countercyclical in their thinking, cautious when others are aggressive, and aggressive when others are cautious. All these traits can enhance a defensible competitive advantage, enabling through-cycle dividend growth that support favorable risk-adjusted return.

Bahl & Gaynor believes bringing all the elements of our dividend growth philosophy together into strategy portfolios provides a value proposition to investors across three distinct vectors:

- Current and growing income,
- Downside protection in falling markets; and,
- Competitive risk-adjusted return through a market cycle.

In the final section of this note, we reflect on this value proposition during the last decade and think about the opportunities and challenges in the decade ahead.

Expectations for the Future

When speaking about the future, sometimes the past can provide good context. Over the last decade, there has been no shortage of short and long-lived investment themes. Some have endured, others have faded. But we provide this list as a reminder of just how colorful a decade it has been:

- Zero Interest Rate Policy & Quantitative Easing
- Rise of Passive Investing
- Cloud, Big Data, Generative AI
- Growth and Unprofitable Tech Dominance
- COVID Pandemic
- Peak Globalization, Rise of Nationalism/Populism
- Global Central Bank Rate Increases, Quantitative Tightening, Bank Stress

On balance, it would appear these themes have provided lift to risk assets. The S&P 500 fared quite well over the last decade returning +12.8%[iv] annualized. According to HighCharts, this stands +40% above the very long-term average of +9.1%[ix] annualized going back to 1880. This outcome is not necessarily surprising given we started this note with the observations that the market at present is dominated by a small group of companies with very heavy index weightings and very strong trailing returns that got them there.

So, what does this suggest about the decade ahead? We at Bahl & Gaynor are students of market history. The graph on the following page tracks the trailing 10-year return of the S&P 500 starting in January 1960 and advancing this decade-long window monthly through June 2023. The timeless observation to be gleaned is that there are long-term trends up and long-term trends down (indicated by the blue arrows), usually one following the other in an ebb and flow sequence.

Though Bahl & Gaynor's approach has always been bottom-up, fundamental analysis rather than operating our strategies for a particular future macro environment, it is worth noting the prevailing trend in the rolling 10-year trend has been upward sloping and started around 2010. Prior to that, there was a long slide down, even into negative territory, as the market worked off the excesses of the Tech Bubble (the prior peak around 2000) and was walloped almost a decade later by the onset of the Global Financial Crisis (the red, negative observations). All this to say, we have been in an upward trend lasting more than a decade, and the current trend was preceded by a downward slide, lasting about a decade.

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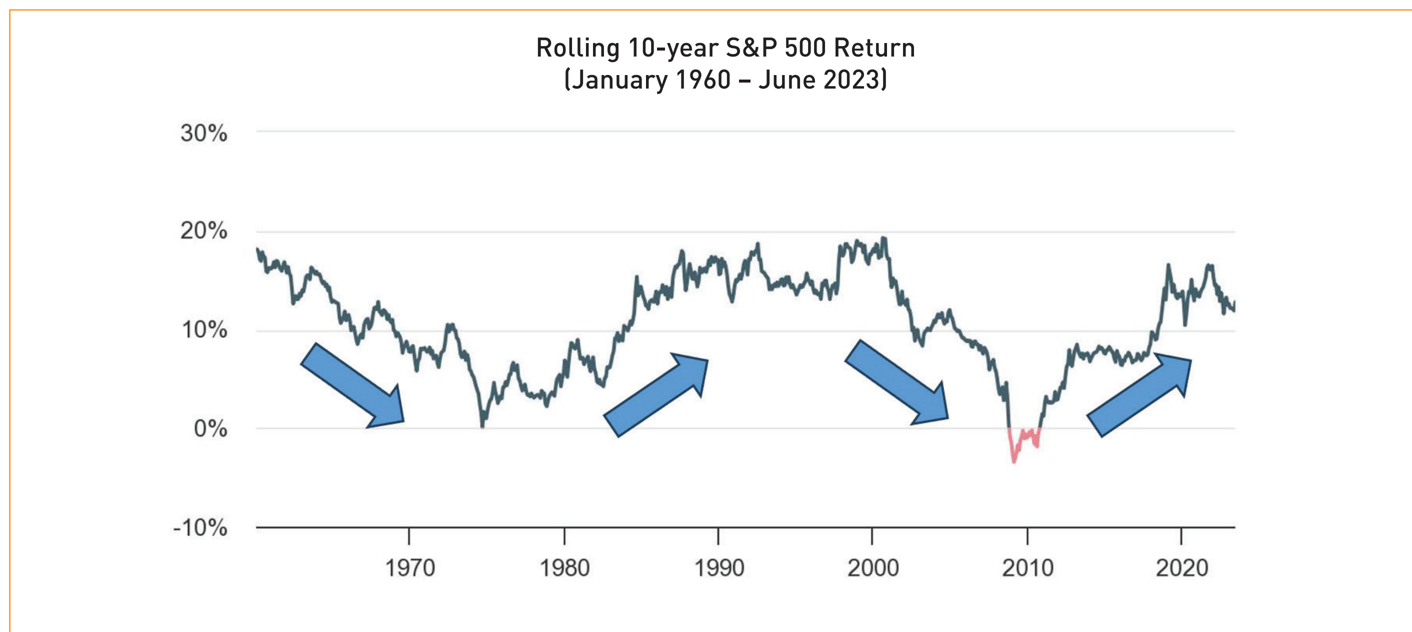

Source: Bahl & Gaynor, HighCharts, 2023.

Taking these observations a level deeper, it is interesting to consider the role dividends have played in these two periods. According to Bloomberg, over the last decade (the upward-sloping one) ending 6/30/2023, the S&P 500 price return only was +10.7% annually.[iv] We noted earlier the S&P 500 total return with dividends reinvested in the index was +12.8%, implying the difference between total return and price return is the contribution from dividends, or +2.1% annually. So, approximately 16% (+2.1% dividend contribution / +12.8% total return) of the trailing decade's total return is reflected in the contribution from dividends (far below the 40% average contribution noted earlier going back to the end of 1925).

In the downtrend decade beginning as the Tech Bubble was about to burst and ending around the nadir associated with the Great Financial Crisis, the S&P 500 trailing 10-year return troughed at -3.4% annually for the decade ending February 2009, according to Bloomberg. The S&P 500 price return only was -5.1% annually (according to Bloomberg) for the same period, leaving the contribution from dividends at +1.7%, annually. Dividends were the only positive element of return in that decade timeframe, effectively working to offset some of the losses an investor would have otherwise endured through price action alone.

Bahl & Gaynor has no special insight into the future. Nobody does! But we do think this comparison of very different snapshot of history is useful in that it helps to frame not only what we have witnessed in markets recently, but the range of outcomes that are possible going forward, both more and less favorable.

In a sense, Bahl & Gaynor views its dividend growth philosophy as a ballast to other risk exposures an investor may have in their portfolio. If the market around us is exuberant and willing to assign lofty valuations far out into the future, we serve as an anchor to reality. If, on the other hand, expectations are sinking or underwater, the contribution of dividends to total return can buoy the investor experience. In all cases, it is likely beneficial for most investors to remain invested. After all, it is our believe that "time in the market, rather than timing the market, builds wealth."

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Concluding Thoughts

The takeaways from this note are as follows:

1. **Equity markets, the S&P 500 in particular, have been driven by a narrow constituency of high-valuation companies with massive market capitalizations, and therefore significant influence on market-level returns. Much of these returns have been driven recently by P/E multiple expansion, with a paucity of earnings growth expected over the next year from many of these companies.** This is not to say these companies should be avoided by investors, as many have fertile grounds for continued growth into the future. But whether investors will continue to assign ever-loftier valuations to these enterprises is debatable. Perhaps it is also worthwhile to consider the opportunities that may be available in owning companies outside of this concentrated group.
2. **"Recession delayed" does not necessarily equate to "recession avoided." Though economic growth expectations have remained buoyant despite uniform interest rate hikes by global central banks, tightening financial conditions (which can also include restrictive credit availability) act with unpredictable lags.** The reprieve so far in recessionary pressures may be contributing to the recent strength in market action and leadership concentration. But global central banks so far have indicated a bias toward continued policy tightness or further tightening to ensure inflation expectations remain anchored. So, the pressure of tight financial conditions, which has built up only within the last year, and the time over which this pressure is likely to continue, are both meaningful variables to consider. Many variables still point to late cycle characteristics, which may necessitate investor vigilance.
3. **The dividend growth philosophy has exhibited beneficial characteristics to investors over time, such as a lower risk profile than other capital return policies. Bahl & Gaynor emphasizes concepts such as Business Stability, Earnings Quality, Earnings Power, and Financial Strength when constructing portfolios.** These elements of our investment philosophy, we believe, help to further manage risk in investor portfolios, a worthy endeavor particularly given the strength of equities and the minimal contribution to return of dividends over the last +10 years, and the tendency of market returns to mean-revert.

Client Best Interest is one of our core values, along with Intellectual Rigor and Ownership Mindset. Please do not hesitate to reach out with any questions. We are continually humbled by the opportunity to manage capital in a responsible way and deliver exceptional service to our clients. We extend our sincere gratitude for your continued loyalty and trust.

i Goldman Sachs, Data as of 6/30/2023.
ii Credit Suisse, Data as of 6/30/2023.
iii Ned Davis Research, Data as of 6/30/2023.
iv Bloomberg, Data as of 6/30/2023.
v Factset, Data as of 6/30/2023.
vi Bloomberg, Data as of 5/31/2023.
vii The Economist, August 2021.
viii ArtNews, February 2023.
ix HighCharts, Data as of 6/30/2023.

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