

smig[®] Small/Mid Cap Income Growth

Third Quarter 2023

Bahl & Gaynor

Strategy Objectives

1. High current and growing income: 2.9% yield; 6.0% growth in TTM income as of 3Q2023
2. Downside protection: Competitive daily downside capture¹
3. Price appreciation: Compelling alpha and Sharpe Ratio

3Q2023 Results Relative to Strategy Objectives:**Income Growth**

- The smig[®] strategy grew TTM income by 6.0%, compared to Russell 2500 income growth of +7.3%.
- 7 strategy holdings announced dividend hikes with an average TTM increase of +14.5%, signaling continued financial health of portfolio holdings.

Downside Protection

- Daily downside capture of 75.4%¹ across all Russell 2500 down days in the quarter-to-date period ended 9/30/2023.

Price Appreciation

- During the third quarter of 2023 the strategy's dividend growth focused mandate outperformed the Russell 2500 benchmark. Following narrow market leadership in the first half of the year, market breadth increased in the third quarter with five of the eleven Russell 2500 sectors performing in-line or better than the benchmark.
- In the small/mid-market capitalization range, more traditionally value sectors of the market, like Energy and Financials, outperformed more traditionally cyclical sectors like Communication Services.
- The market continues to work through numerous crosscurrents including higher (and possibly still rising) interest rates, a falling Consumer Price Index, and the possibility of revolutionary growth drivers through the continued advancement of Generative AI. Amidst these conflicting signals, we believe a focus on sustainable dividends and stable fundamentals within the small/mid- market cap range remains ripe for investment opportunity.

3Q2023 Dividend Increases			3Q2023 Trades Executed	
Company	% TTM Increase	Current Yield	Initiations	Eliminations
Avnet (AVT)	6.9%	2.6%		Brunswick (BC)
Broadridge Financial (BR)	10.3%	1.8%		Patterson (PDCO)
Conagra Brands (CAG)	6.1%	5.1%		Reynolds Consumer Products (REYN)
MDC Holdings (MDC)	10.0%	5.3%	Increases	Reductions
Penske Automotive Group (PAG)	35.8%	1.7%	American Financial Group (AFG)	Home BancShares (HOMB)
Regions Financial (RF)	20.0%	5.6%	Avery Dennison (AVY)	Horace Mann Educators (HMN)
Terreno Realty (TRNO)	12.5%	3.2%	Avnet (AVT)	Inter Parfums (IPAR)
			Booz Allen Hamilton (BAH)	Quest Diagnostics (DGX)
			Broadridge Financial Solutions (BR)	Watsco (WSO)
			NiSource (NI)	
			Packaging Corp of America (PKG)	
			Perrigo (PRGO)	
			Plains Holdings (PAGP)	
			RPM International (RPM)	
			Snap-on (SNA)	
			Victory Capital (VCTR)	

Source: Bahl & Gaynor and Factset, 2023.

This material is deemed supplemental and complements the portfolio statistics and disclosure at the end of this presentation.

¹Bahl & Gaynor and FactSet; historical downside capture is the sum of strategy returns on all Russell 2500 down days divided by the sum of index returns on all respective down days. Down days are defined as any trading day the index posts a negative total return. Strategy performance is derived from the internal rate of return (IRR) of a single non-fee paying representative/model account.

continued >

Portfolio Review:

The smig® portfolio outperformed versus the Russell 2500 Index in the third quarter. Stock selection in Materials and Industrials and an underweight in Health Care contributed positively to performance. Stock selection in Consumer Staples and Real Estate and an underweight in Energy detracted from performance.

The largest positive drivers of current quarter performance included:

- No ownership of biotechnology, health care equipment, health care supplies and health care facilities industries contributed positively to performance. These Health Care industries in the small/mid- cap market range typically do not fit our high-quality, dividend growth investment philosophy. Positive anti-obesity clinical data released during the quarter negatively impacted small/mid-cap health care companies exposed to elective surgery, drug discovery and chronic diseases like diabetes.
- Strong stock selection within Materials, including the ownership of paper & plastic packaging companies Packaging Corp of America (PKG) and Avery Dennison (AVY), proved beneficial to the strategy's performance.
- Within Industrials, ownership of data processing and manufacturer contracting companies contributed positively to strategy performance. No ownership of aerospace & defense and cargo ground transportation companies bolstered performance versus the benchmark.

The largest negative drivers of current performance included:

- An active underweight in the Energy sector detracted from performance following continued strength in oil prices during the quarter; this underweight was partially offset by ownership of Targa Resources (TRGP) and World Kinect (WKC). Small/mid-cap energy companies historically show high correlation to oil prices and thus exude high volatility in operating results and dividend payouts. These characteristics prevent broader ownership of this sector down the market cap range.
- Within Consumer Staples, ownership of packaged foods companies Conagra Brands (CAG) and Lancaster Colony (LANC) contributed negatively to performance; this was partially offset by an above average position in fragrance marketer and distributor, Inter Parfums (IPAR).
- Stock selection with Real Estate hurt performance this quarter with smid REITs, in particular, still facing rising cap rates and higher interest expense.

Largest Portfolio Contributors

1. Evercore (EVR) Investor optimism around a future M&A recovery following a period of market uncertainty and supportive risk-on market dynamics benefited EVR during the quarter. A strong backlog and active client dialogue in addition to increased hiring should bode well once the M&A market environment recovers.

2. Broadridge Financial (BR): BR continued to outperform in the third quarter following the company's dominant share in the proxy management segment. BR has passed peak investment in its burgeoning Wealth Management platform segment which has supported favorable free cash flow momentum, funding continued dividend growth.

3. Targa Resources Corp (TRGP) TRGP has benefitted from a favorable commodity cycle and increased NGL production in the Permian. Strong free cash flow generation coupled with improved financial stability following debt payment prioritization and the reduction of operating expenses should support long-term dividend growth and continued shareholder return.

Largest Portfolio Detractors

1. Amdocs (DOX) Shares were pressured during the quarter due to a guidance reduction from weakening legacy systems revenue, as DOX re-directs focus to major strategic modernization efforts in next-gen architecture. Resilience in managed services revenue and additional client contract wins should support attractive earnings growth long-term.

2. Insperty (NSP) Reduced guidance from a combination of economic uncertainty and a wider range of expected benefit costs pressured NSP during the quarter. The company's industry pioneer status and technological sophistication should lead to continued client growth going forward.

3. Lancaster Colony (LANC) As a top sauce and dressing supplier to quick service restaurants and fast-food chains, LANC has experienced a trade down effect as consumer confidence wanes. With increased capacity from their new state-of-the-art facility, LANC should be able to expand production from new licensing deals.

Strategy Style Categorization

Asset Class	Benchmark	Mandate
Domestic Equity	Russell 2500	Small/Mid Cap Core

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 competitive 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.

Bahl & Gaynor's investment philosophy exemplifies our firm belief in the power of long-term investing and compounding dividend income.

smig® Small/Mid Income Growth Positioning

Our smig® strategy focuses on owning small and medium-size companies with a market capitalization between \$200 million and the largest company in the Russell 2500 at purchase. Protection of capital in falling markets, providing an above-average and growing income stream, and strong performance all relative to small to medium-size company managers constitute the strategy's goals.

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 smig® strategy seeks small to medium-size companies with the ability to grow their dividend payments at a high rate in the future.

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

Client portfolios will generally be diversified 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.

Portfolio Management Parameters	1 100% of companies held in the portfolio pay a cash dividend	2 Portfolio typically managed to maximum 5% capital and 6% income contributions per stock	3 Cash is frictional and generally represents 1% to 3% of portfolio value
	4 Annual portfolio turnover is low to moderate	5 Sell or trim decisions are based upon fundamentals, dividend policy, and deteriorating balance sheet	6 The strategy employs no derivatives, exchange-traded funds or mutual funds

This material is deemed supplemental and complements the portfolio statistics and disclosure at the end of this presentation.

The Strategy is designed for long-term investors who are willing to accept short-term market price fluctuations. Principal risks of investing in this strategy include stock market risk, management risk, recent market events risk, and small and medium capitalization company risk. Investing in small and medium-capitalization companies involves greater risk and the possibility of greater price volatility than investing in larger-capitalization and more established companies. All equity investments inherently have aspects of risk associated with them; past performance is no guarantee of future results. Investment involves a risk of loss. An issuer of a security may be unwilling or unable to pay income on a security. Common stocks do not assure dividend payments and are paid only when declared by an issuer's board of directors. The amount of any dividend may vary over time.

[continued >](#)

Portfolio Details

Top 10 Holdings	smig® Weight
Broadridge Financial (BR)	4.5%
Booz Allen Hamilton (BAH)	4.5%
Hubbell (HUBB)	4.3%
Amdocs (DOX)	4.2%
Snap-on (SNA)	4.1%
Inter Parfums (IPAR)	4.0%
Evercore (EVR)	3.8%
Watsco (WSO)	3.8%
Perrigo (PRGO)	3.4%
CSG Systems International (CSGS)	2.8%

Portfolio Statistics	smig®	Russell 2500	Sector	smig® Weight	Russell 2500 Weight
P/E Ratio (trailing 12 months)	15.6x	13.5x	Industrials	26.7%	19.1%
P/B Ratio	2.3x	2.0x	Financials	16.9%	17.0%
Weighted Average Market Cap	\$10.1 B	\$6.1 B	Materials	9.5%	5.5%
Dividend Yield – Gross of Fees ²	2.9%	1.7%	Information Technology	9.0%	14.3%
A- or better S&P Quality Ranking ³	26.2%	12.0%	Utilities	7.7%	2.7%
Beta since inception (Gross / Net)	0.80 / 0.81	1.00	Consumer Staples	7.6%	3.3%
Sharpe Ratio since inception (Gross / Net)	0.58 / 0.36	0.41	Health Care	6.2%	11.9%
			Real Estate	5.9%	5.7%
			Consumer Discretionary	3.5%	13.0%
			Communication Services	2.5%	2.1%
			Energy	2.5%	5.2%
			Money Market	1.9%	-

Source: FactSet, 2023. Inception date 3/31/2013.

3Q 2023 Performance (Annualized)	smig® WRAP (Pure Gross)	smig® WRAP (Net)	Russell 2500	3Q 2023 Risk (Annualized)	smig® WRAP (Pure Gross)	smig® WRAP (Net)	Russell 2500
1 Year	12.02%	8.72%	11.28%	1 Year	17.01%	17.26%	20.00%
3 Years	9.83%	6.59%	8.39%	3 Years	17.36%	17.60%	20.78%
5 Years	5.01%	1.92%	4.55%	5 Years	19.79%	20.06%	23.26%
7 Years	8.44%	5.24%	7.96%	7 Years	17.35%	17.58%	20.31%
10 Years	9.57%	6.34%	7.90%	10 Years	15.63%	15.83%	18.38%
Since Inception	10.06%	6.82%	8.64%	Since Inception	15.42%	15.61%	18.15%

This document does not constitute advice or a recommendation or offer to sell or a solicitation to deal in any security or financial product.

Past performance does not guarantee future results. Other methods may produce different results and the results for individual accounts and for different periods may vary depending on market conditions and the composition of the account. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods. No alteration of the composite as presented here has occurred because of changes in personnel or other reasons at any time.

²Dividend yield is inclusive of cash holdings.

³Standard & Poor's (S&P) Quality Ranking: S&P determines "quality" via a company's 10-year history of earnings growth and dividend growth. Those with a quality rating of B+ (or better) are considered "average" (or better).

Certain information contained herein has been obtained from third party sources and such information has not been independently verified by Bahl & Gaynor. No representation, warranty, or undertaking, expressed or implied, is given to the accuracy or completeness of such information by Bahl & Gaynor or any other person. While such sources are believed to be reliable, Bahl & Gaynor does not assume any responsibility for the accuracy or completeness of such information. Bahl & Gaynor does not undertake any obligation to update the information contained herein as of any future date.

Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events, results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Nothing contained herein may be relied upon as a guarantee, promise, assurance or a representation as to the future.

Statistics and weight data is drawn from the smig 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.

continued >

Thanks

Your continued support and interest are much appreciated.

Everyone at Bahl & Gaynor would like to thank you for the opportunity to serve your investment needs.

If you would like to speak in greater detail with a member of the B&G Team, please reach out to us through our Institutional Consulting Group.

Contact Us

Important Disclosures

Legal Stuff

Past performance does not guarantee future results. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial fees, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings do or will correspond directly to any comparative indices. The index and other amounts shown above do not relate to the Bahl & Gaynor smig® strategy and are for illustrative purposes only.

Investment advisory services provided through Bahl & Gaynor Investment Counsel (“B&G”), a federally registered investment adviser under the Investment Advisers Act of 1940. Registration does not imply Information or a certain level of skill or training. More information about B&G can be found by visiting www.adviserinfo.sec.gov and searching by the adviser’s name. This is prepared for informational purposes only and may not be applicable to your particular situation or need(s). It does not address specific investment objectives. Information in these materials are from sources B&G deems reliable, however we do not attest to their accuracy. Past performance is not indicative of future results. Indices and benchmarks are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Index return information is provided by vendors and although deemed reliable, is not guaranteed by B&G. No fiduciary relationship exists because of this commentary. If you have any questions regarding the indices or investments referenced in this presentation, contact your B&G investment professional.

Bahl & Gaynor Investment Counsel, Inc. (Bahl & Gaynor) claims compliance with the Global Investment Performance Standards (GIPS®). Bahl & Gaynor, an independent, privately held corporation registered as an investment adviser under the Investment Advisers Act of 1940, includes all accounts managed by the firm. Bahl & Gaynor manages institutional and high net worth accounts. The currency used to express performance is U.S. dollars. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. More information about Bahl & Gaynor, including fee information, is available by request and may also be found in Form ADV Part 2A. To request a list and description of Bahl & Gaynor’s composites and/or a presentation that complies with the GIPS standards, please call 888-355-6962 or email bginvestmentspecialist@bahl-gaynor.com.