

# Large Cap Quality Growth Portfolio | FIRST QUARTER 2024

FOR FINANCIAL PROFESSIONAL USE ONLY. NOT FOR USE WITH THE GENERAL PUBLIC.

## Strategy Objectives

- Accelerated income growth:** 1.9% yield<sup>1</sup>; +6.7% growth in trailing-twelve-month (TTM) income as of 1Q2024<sup>2</sup>
- Downside protection:** Daily downside capture of 62.5% across all S&P 500 down days during the quarter<sup>3</sup>
- Capital appreciation:** Since inception Sharpe Ratio of 0.62 gross / 0.37 net, respectively<sup>4</sup>

1Q2024 RESULTS RELATIVE TO STRATEGY OBJECTIVES:

### Income Growth

- The Large Cap Quality Growth strategy grew TTM income by +6.7%, compared to S&P 500 income growth of +5.7%, delivering on its primary objective to provide dividend growth in excess of the benchmark.<sup>2</sup>
- 16 strategy holdings announced dividend hikes; average TTM increase was +9.4%, signaling continued financial health of the portfolio.

### Downside Protection

- Daily downside capture of 62.5% and upside capture of 80.0% across all S&P 500 down/up days during 1Q2024.<sup>3</sup>

### Capital Appreciation

- The strategy returned +10.59% gross / +9.77% net versus the S&P 500's +10.56% total return during the quarter. The strategy generally performed in line with its investible universe of dividend paying S&P 500 companies which returned +10.68% during the period.
- In many respects the start of 2024 was an extension of 4Q2023: the U.S. large-cap equity rally, primarily led by growth corners of the market, continued. The "Magnificent 7" mega-cap technology companies accounted for 37% of the S&P 500's return but dispersion within the group has grown. "Magnificent 7" constituents Nvidia (NVDA), Meta (META) and Amazon (AMZN) returned 82.5%, 37.4% and 18.7% respectively, while Apple (AAPL) and Tesla (TSLA) posted negative total returns of -10.9% and -29.3% during the period.
- Beyond Technology, breadth within the market improved with the Financials sector and traditionally cyclical sectors, like Energy and Industrials, outperforming the S&P 500.
- During the first three months of 2024, the Fed held the short-term Federal Fund's rate constant extending the current environment defined by the tightest monetary conditions over the last decade. We continue to believe this economic reality benefits quality companies with strong balance sheets and the ability to self-fund.

### 1Q2024 Dividend Increases

Company	TTM % Increase	Current Yield
Air Products & Chemicals (APD)	1.1%	2.9%
Analog Devices (ADI)	7.0%	1.9%
Booz Allen Hamilton (BAH)	8.5%	1.4%
Chevron (CVX)	7.9%	4.1%
CME Group (CME)	4.5%	2.1%
CMS Energy (CMS)	5.6%	3.4%
Dell Technologies (DELL)	20.3%	1.6%
Hershey (HSY)	32.2%	2.8%
Home Depot (HD)	7.7%	2.3%
JPMorgan Chase (JPM)	15.0%	2.3%
L3Harris Technology (LHX)	1.8%	2.2%
NextEra Energy (NEE)	10.2%	3.2%
Prologis (PLD)	10.3%	2.9%
Semptra (SRE)	4.2%	3.5%
Waste Management (WM)	7.1%	1.4%
Williams Cos (WMB)	6.1%	4.9%

### 1Q2024 Trades Executed

Initiations	Eliminations
Avery Dennison (AVY)	Illinois Tool Works (ITW)
CME Group (CME)	Regions Financial (RF)
JPMorgan Chase (JPM)	
Increases	Reductions
CBOE Global Markets (CBOE)	Air Products & Chemicals (APD)
Dell Technologies (DELL)	Bank Of America (BAC)
JPMorgan Chase (JPM)	Chevron (CVX)
Phillips 66 (PSX)	Corning (GLW)
Snap-On (SNA)	Evercore (EVR)
Targa Resources (TRGP)	KLA Corp (KLAC)
Waste Management (WM)	Prologis (PLD)

Source: Bahl & Gaynor and FactSet, 2024.

continued>

## Portfolio Review

The Large Cap Quality Growth portfolio returned +10.59% gross / +9.77% net versus the S&P 500's +10.56% during 1Q2024. Stock selection in Healthcare and Information Technology and an underweight position in Consumer Discretionary contributed positively to performance. Stock selection within Consumer Staples and Materials and no exposure to Communication Services detracted from performance.

### The largest positive drivers of current quarter performance:

- Strong stock selection within Health Care pharmaceuticals, and particularly the ownership of secular growth companies with an obesity drug pipeline, was a benefit to strategy performance. This was partially offset by ownership of managed care company UnitedHealth Group (UNH) and no ownership of health care facilities.
- Within Information Technology, no ownership of Apple (AAPL) and strong stock selection within hardware and semiconductor capital equipment contributed positively to performance. This was offset by no ownership of non-dividend grower Nvidia (NVDA).
- No exposure to automobile manufacturers including non-dividend payer Tesla (TSLA) and an active overweight to home improvement retailer Home Depot (HD) within Consumer Discretionary proved beneficial to strategy performance.

### The largest negative drivers of current quarter performance:

- Ownership of packaged snacks and beverages within Consumer Staples detracted from performance as these companies grappled with higher input costs and the potential longer-term impacts on demand following positive obesity drug read-outs.
- No exposure to Communication Services and specifically no ownership of Meta (META) proved challenging to strategy performance. This was partially offset by no ownership of poor performing cable companies and wireless telecom carriers.
- Ownership of industrial gas company Air Products & Chemicals (APD) challenged strategy performance during 1Q2024. No ownership of gold or specialty chemicals contributed positively to sector performance as did the initiation of packaging products company, Avery Dennison (AVY).

## Largest Portfolio Contributors

1. **Eli Lilly (LLY):** LLY outperformed in 1Q2024, as the market remained enthusiastic towards the company's efforts to redefine the obesity landscape and the implications for future profitability. The resources and talent that LLY possesses enables the continued discovery and development of therapeutic solutions to address unmet medical needs.
2. **Broadcom (AVGO):** While the broad analog semiconductor market has been working through inventory headwinds, AVGO's exposure to AI markets and its recently closed acquisition of VMware has bolstered future earnings visibility. This earnings visibility not only supports company fundamentals but affords AVGO the ability to embrace its shareholder friendly capital allocation policy focused on a growing dividend.
3. **Dell Technologies (DELL):** During the quarter, DELL beat EPS expectations due to moderating PC pricing pressures and a favorable server revenue mix with growing backlog. AI optimized server orders were up nearly 40% sequentially and the traditional server market has started to recover as well. DELL's fundamental strength was reflected in its 1Q2024 dividend increase of 20.3%.

## Largest Portfolio Detractors

1. **Air Products & Chemicals (APD):** Shares were pressured during the quarter due to an earnings miss and reduction in FY2024 guidance with management citing regional weakness in Asia and cost headwinds in the sale of equipment business. Longer-term, APD remains well positioned to benefit from gasification market opportunities, which should drive attractive earnings and dividend growth.
2. **Broadridge Financial (BR):** Following outperformance in 2023, shares of BR underperformed in 1Q2024 after a mixed F2Q earnings report. However, the company's management team continues to convey confidence in drivers of long-term earnings and free cash flow growth, ultimately supporting persistent return of capital to shareholders.
3. **Mondelez (MDLZ):** MDLZ underperformed during the quarter due to softer than expected trends in its North American geography and broad weakness and sentiment in packaged food. MDLZ has continued opportunities for sales and market share growth versus peers through distribution expansion, international diversity, increased marketing efforts, and M&A.

continued>

## Strategy Style Categorization

Asset Class	Benchmark	Mandate
Domestic Equity	S&P 500	Large 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.

### Large Cap Quality Growth Positioning

Our Large Cap Quality Growth strategy focuses on providing protection in falling markets, while preserving the ability of capital to appreciate in value over long periods of time, all with a focus on delivering income to the investor in the form of a growing dividend income stream.

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 Quality Growth strategy seeks larger companies with the ability to grow their dividend payments at a high rate in the future.

Over a full market cycle, Bahl & Gaynor's Large Cap Quality 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 45 to 55 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.

<p><b>Portfolio Management Parameters</b></p>	<p>100% of companies held in the portfolio pay a cash dividend</p>	<p>Portfolio typically managed to maximum 5% capital contribution per stock</p>	<p>Cash is frictional and generally represents 1% to 3% of portfolio value</p>
<p>Annual portfolio turnover is low to moderate</p>	<p>Sell or trim decisions are based upon fundamentals, dividend policy, and better opportunities for yield or income growth</p>	<p>The strategy employs no derivatives, exchange-traded funds or mutual funds</p>	

[continued>](#)

Portfolio Details

Top 10 Holdings	Large Cap Quality Growth Weight
Broadcom (AVGO)	5.7%
Eli Lilly (LLY)	5.1%
Broadridge Financial (BR)	3.9%
Cintas (CTAS)	3.5%
Motorola Solutions (MSI)	3.4%
Marsh & McLennan (MMC)	3.4%
TJX Companies (TJX)	3.1%
AbbVie (ABBV)	2.8%
Mondelez International (MDLZ)	2.8%
Waste Management (WM)	2.5%

Sector	Large Cap Quality Growth Weight	S&P 500 Weight
Information Technology	20.20%	29.60%
Industrials	19.70%	8.80%
Health Care	15.80%	12.40%
Financials	15.10%	13.20%
Consumer Staples	8.00%	6.00%
Consumer Discretionary	6.90%	10.30%
Energy	5.30%	3.90%
Utilities	4.10%	2.20%
Materials	2.00%	2.40%
Real Estate	1.30%	2.30%
Communication Services	-	9.00%
Money Market	1.50%	-

Portfolio Statistics	Large Cap Quality Growth	S&P 500
P/E Ratio (TTM)	25.6x	25.5x
P/B Ratio	4.9x	4.5x
Weighted Average Market Cap	\$189.8B	\$803.9B
Dividend Yield <sup>1</sup>	1.9%	1.4%
Beta since inception (Gross / Net)	0.82 / 0.82	1.00
Sharpe Ratio (Gross / Net)	0.62 / 0.37	0.53

Source: FactSet, PSN, 2024. Inception Date 6/30/1990.

1Q2024 Performance (Annualized)	Large Cap Quality Growth WRAP (Pure Gross)	Large Cap Quality Growth WRAP (Net)	S&P 500
1 Year	24.89%	21.21%	29.88%
3 Years	10.71%	7.45%	11.49%
5 Years	13.74%	10.39%	15.05%
10 Years	12.43%	9.12%	12.96%
15 Years	14.23%	10.86%	15.63%
20 Years	10.19%	6.95%	10.15%
Since Inception	10.70%	7.44%	10.51%

1Q2024 Risk (Annualized)	Large Cap Quality Growth WRAP (Pure Gross)	Large Cap Quality Growth WRAP (Net)	S&P 500
1 Year	11.79%	11.61%	13.04%
3 Years	15.32%	15.50%	17.35%
5 Years	16.59%	16.74%	18.21%
10 Years	13.90%	14.12%	15.09%
15 Years	13.41%	13.55%	14.73%
20 Years	13.30%	13.39%	14.89%
Since Inception	13.01%	13.09%	14.85%

Source: Bahl & Gaynor, 2024. Inception date 6/30/1990.

<sup>1</sup>Dividend yield includes cash holdings.

<sup>2</sup>The income growth rate for the Bahl & Gaynor Large Cap Quality Growth strategy is calculated as of the most recent quarter-end using the trailing twelve months of income earned in a model portfolio, with income reinvestment, compared to the income earned in the twelve-month period one year prior. The income growth rate for the S&P 500 is proxied by the SPDR® S&P 500 ETF Trust (SPY) as an investable proxy for the Index that pays out real distributions of dividend income paid by the index constituents. SPY was chosen versus other S&P 500 Index Tracking ETFs due to its status as the largest ETF tracking the S&P 500 Index and its longer history, with an inception date of 1/22/1993, versus peers. SPY income is calculated as of the most recent quarter-end using the trailing twelve months of income earned per the distribution rate paid by the ETF, with income reinvestment at the end of each quarter, compared to the income earned in the twelve-month period one year prior.

<sup>3</sup>Source: Bahl & Gaynor; historical downside (upside) capture is the sum of strategy returns on all S&P 500 down (up) days divided by the sum of index returns on all respective down (up) days. Down (Up) days are defined as any trading day the index posts a negative (positive) total return. Strategy performance is derived from the internal rate of return (IRR) of a single non-fee paying representative/model account.

<sup>4</sup> Sharpe Ratio measures the efficiency, or excess return per unit of risk (volatility), of a manager's returns. Inception: 6/30/1990.

Source: FactSet, Bahl & Gaynor, 2024. Statistics and weight data is drawn from the Large Cap Quality 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. Risk and return data are representative of the Large Cap Quality Growth WRAP composite. Net of fee performance information shown is calculated by subtracting the highest applicable wrap fee (3.00% on an annual basis, or 0.75% quarterly) on a quarterly basis from the gross composite quarterly return and reflects the reinvestment of income and other earnings. The standard fee schedule in effect is 3.00% on total assets. **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.

# 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. Additional details on the Institutional Consulting Group can be found on the following page.

Contact Us

## IMPORTANT DISCLOSURES

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 Large Cap Quality Growth strategy and are for illustrative purposes only.

The "S&P 500" is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by Bahl & Gaynor. Standard & Poor's® and S&P® 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 Bahl & Gaynor. Income Growth is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product nor do they have any liability for any errors, omissions, or interruptions of the S&P 500.

**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 large cap company risk. All equity investments inherently have aspects of risk associated with them; past performance does not guarantee 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.**

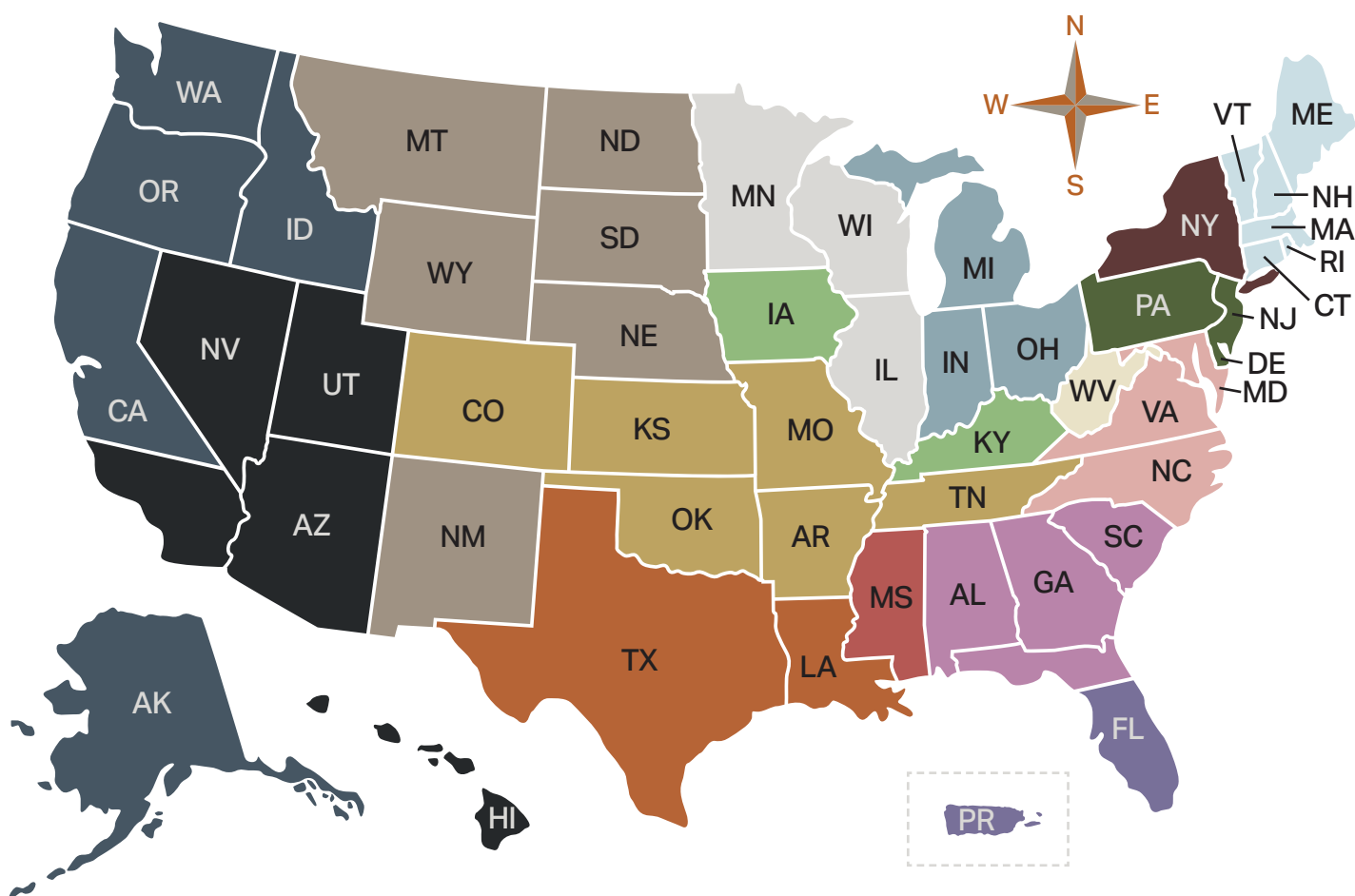
Certain information contained herein has been obtained from third party sources and such information has not been independently verified by Bahl & Gaynor. No representation, warranty, or undertaking, expressed or implied, is given to the accuracy or completeness of such information by Bahl & Gaynor or 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.

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](http://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. 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. The currency used to express performance is U.S. dollars. 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 [bginvestmentsspecialist@bahl-gaynor.com](mailto:bginvestmentsspecialist@bahl-gaynor.com).

continued>



Territory	Name	Phone #	Email
CT / MA / ME / NH / RI / VT	Ryan Welch	(857) 500-2438	rwelch@bahl-gaynor.com
NY	Steven Mazzuchelli	(917) 581-4419	smazzuchelli@bahl-gaynor.com
DE / NJ / PA	Jeremy Kees	(973) 508-3293	jkees@bahl-gaynor.com
WV	Tony Saba*	(513) 926-0069	tsaba@bahl-gaynor.com
DC / MD / NC / VA	Neal Lee	(410) 829-9709	nlee@bahl-gaynor.com
AL / GA / SC / N. FL	Jeffrey Rosen	(404) 491-6157	jrosen@bahl-gaynor.com
Central & S. FL / PR	Joseph Beshara	(513) 713-4837	jbeshara@bahl-gaynor.com
IN / MI / OH	Shane Russell	(248) 312-9821	srussell@bahl-gaynor.com
KY / IA	Nick Werthman*	(513) 713-4838	nwerthman@bahl-gaynor.com
AR / CO / KS / MO / OK / TN	Brian Ridgeway	(720) 749-0434	bridgeway@bahl-gaynor.com
MS	Chloe Hunt*	(513) 926-0075	chunt@bahl-gaynor.com
IL / MN / WI	Andrew Raia	(312) 520-0256	araia@bahl-gaynor.com
LA / TX	Rob Macchi	(281) 414-1438	rmacchi@bahl-gaynor.com
MT / ND / NE / NM / SD / WY	Aaron Krauss*	(770) 639-3139	akrauss@bahl-gaynor.com
AK / ID / OR / N. CA / WA	Jack Schultz	(925) 393-3460	jschultz@bahl-gaynor.com
AZ / S. CA / HI / NV / UT	Isida DeLillo (Izzy)	(858) 339-0527	idelillo@bahl-gaynor.com

\*Strategy Specialist