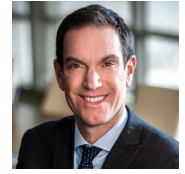


The Dividend Corner: Mid-Quarter Thoughts

Hear the latest episode of *The Dividend Corner* featuring Bahl & Gaynor's Investment Committee members Nick Puncer and Pete Kwiatkowski. In this episode, they cover today's concentrated, high-valuation environment, the firm's long-standing focus on downside protection, and how dividend growth investing can help clients stay invested through volatility. Please see the key highlights below and access the full episode via your preferred podcast platform or [HERE](#).



Nick Puncer,
Managing Director,
Institutional



Pete Kwiatkowski,
Chief Investment
Officer

✦ **The Importance of Risk Management:**

Proceed to 01:14 to listen directly to this segment

"Our process is designed to put downside protection potential along with inflation beating dividend growth at the center of our portfolio construction and management. We want downside protection potential to be a perennial characteristic of how we invest. Investment environments can change so quickly as we have seen. So, I believe the emphasis that we place on risk as a firm differentiates us."

✦ **Market Concentration and Valuation Trends:**

Proceed to 05:36 to listen directly to this segment.

"Over the last 25 years, there are only a handful of observations of forward P/E greater than what it is today (22.0x) and those handful of observations have all produced negative forward 5-year returns."

✦ **Investing Amid Technological Disruption:**

Proceed to 09:56 to listen directly to this segment

"We look for companies that have financial flexibility to invest when a technology comes along, maybe they're not going to be at the bleeding edge, but they have the capacity to do it and that can have some pretty important outcomes in terms of enterprise value and sustainability over time."

✦ **Understanding the Fundamental Impact of Tariffs:**

Proceed to 12:27 to listen directly to this segment.

"With us leaning towards the top companies, usually in their area, we want to buy the best. These firms tend to have defensible competitive positions, but the most important thing is they tend to have pricing power. And so, they can choose relative to many other companies, whether to pass on those price increases and defend their profits, as well as how much of that to maybe eat and continue to build deeper relationships with their customers."

✦ **Fiscal Policy and Impact of OBBBA:**

Proceed to 15:37 to listen directly to this segment.

"We don't necessarily do a lot of trading as you know, we're very long-term focused and do feel like when you do have some periods like this [One Big Beautiful Bill Act], it tends to favor higher quality companies and ones that have their ducks in a row because they can make adjustments."

✦ **Bahl & Gaynor Approach to Artificial Intelligence Exposure:**

Proceed to 19:00 to listen directly to this segment.

"We're very focused on trying to continue to establish who the current leaders are, their competitive advantages, and be very observant of who may be emerging as leaders. But we're really focusing on what we can see right now in financial results and returns on the capital being invested. Certainly, as you know, we're very focused on cash flow dynamics."

✦ **Potential Opportunities in Small & Mid Cap Dividend Companies:**

Proceed to 22:07 to listen directly to this segment.

"It's very attractive because the space is cheap. And then I think people tend to assume that you have to be very growthy in this area. But what we found in our experience, it's just focusing on, again, the very best companies, the ones that are probably already gone from infancy to proving that they have a competitive advantage. It's a beautiful thing in this space."

✦ **Bahl & Gaynor Outlook:**

Proceed to 24:27 to listen directly to this segment.

"I think the importance of a focus on risk at this point in the market cycle is extremely important. We don't invest again for particular cycles, but I think if you do think this is late cycle, then obviously you need to be paying attention to risk at this point. And we do a lot of risk work as we've talked about stress testing our portfolios. Sometimes you get the real time stress testing that we've seen earlier this year, and we feel good about that."

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IMPORTANT FOOTNOTES & DISCLOSURES

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