

Bahl & Gaynor Dividend | THIRD QUARTER 2026

STRATEGY OBJECTIVES

- Long-Term Growth of Dividend Income:** 1.4% yield¹; 6 strategy holdings announced dividend hikes during 3Q2026 with an average trailing-twelve-month (TTM) increase of +16.5%.
- Downside Protection:** TTM daily downside capture of 68.9% across all S&P 500 down days².
- Total Return:** Since inception Sharpe ratio of 0.66 gross versus the S&P 500's Sharpe ratio of 0.60³. Positive since inception alpha of 1.26 gross versus the S&P 500⁴.

3Q2026 RESULTS RELATIVE TO STRATEGY OBJECTIVES

Long-Term Growth of Dividend Income

- During the quarter, 6 strategy holdings announced dividend hikes; average TTM increase was +16.5%, which management believes reflects the financial strength of these companies.
- Over the trailing five years, the Bahl & Gaynor Dividend strategy's annualized income growth rate was +5.7%, compounded annually, compared to +7.5% for the S&P 500 over the same period⁵.

Downside Protection

- Over the trailing five years, the strategy exhibited a daily downside capture ratio of 77.8% across all S&P 500 down days².

Total Return

- The strategy returned -2.36% gross / -3.08% net versus the S&P 500's +2.30% during the quarter, and +13.60% gross / +10.25% net versus +15.74% over the trailing twelve months.
- Following a strong second quarter, U.S. large-cap equities posted a modest gain in 3Q2026, with the S&P 500 rising +2.3%. Improving market breadth carried into the start of the quarter, but leadership narrowed markedly by quarter-end as U.S.-Iran hostilities intensified, oil prices climbed above \$100 per barrel, and Treasury yields moved sharply higher. Market leadership concentrated in a handful of mega-cap technology and communication services companies to close the quarter, with those sectors being the only areas of the market to advance in September. As a result, the S&P 500 Equal Weight Index underperformed its cap-weighted counterpart by 4.5-percentage points during the month and 4.2 for the quarter. Energy led all sectors during the quarter with a +17.2% gain, while Utilities (-12.4%) and Industrials (-9.7%) were the weakest sectors.

3Q2026 Dividend Increases		
Company	TTM% Increase	Current Yield
CBOE Global (CBOE)	19.4%	1.2%
Cintas (CTAS)	15.6%	1.1%
Mondelez (MDLZ)	4.0%	3.6%
Reinsurance Group of America (RGA)	5.4%	1.6%
Taiwan Semiconductor ADR (TSM)	40.0%	1.0%
Welltower (WELL)	14.9%	1.5%

Source: Bahl & Gaynor and FactSet, 2026.

3Q2026 Trades Executed	
Initiations	Eliminations
KLA Corporation (KLAC)	Carlisle Companies (CSL)
Reliance (RS)	L3Harris Technologies (LHX)
	Procter & Gamble (PG)
	RB Global (RBA)
Increases	Reductions
Encompass Health (EHC)	Alphabet (GOOGL)
Hubbell (HUBB)	Broadcom (AVGO)
Chevron (CVX)	Eli Lilly (LLY)
CME Group (CME)	Linde (LIN)
Encompass Health (EHC)	TJX Companies (TJX)
Ferrari NV (RACE)	Travelers Companies (TRV)
GE Aerospace (GE)	Walmart (WMT)
KKR (KKR)	Western Digital (WDC)
KLA Corporation (KLAC)	
Meta Platforms (META)	
NVIDIA (NVDA)	
Reliance (RS)	
UnitedHealth Group (UNH)	
Welltower (WELL)	

Portfolio Review

The Bahl & Gaynor Dividend strategy returned -2.36% gross / -3.08% net versus the S&P 500's +2.30% during 3Q2026. Stock selection in Financials and Communication Services, coupled with an underweight position in Real Estate relative to the S&P 500 Index and positive stock selection, aided results. Conversely, stock selection and an underweight position in Information Technology, as well as an overweight position in Industrials and stock selection in Health Care, detracted from results.

The largest positive drivers of current quarter performance:

- Stock selection in Financials aided results. Victory Capital Holdings (VCTR) was the top contributor on record quarterly results and its accretive First Eagle acquisition. Reinsurance Group of America (RGA), Cboe Global Markets (CBOE), and Travelers (TRV) also contributed, and not owning Goldman Sachs (GS) and Morgan Stanley (MS) helped as banks and brokerage stocks sold off late in the quarter.
- Within Communication Services, stock selection positively contributed to results. Selection was driven primarily by what the portfolio did not own. Specifically, not owning Alphabet (GOOG) and AppLovin (APP) helped most.
- Within Real Estate, an underweight allocation and stock selection aided results as the sector fell -5.4%. The portfolio's sole holding, Welltower (WELL), delivered a positive return during the quarter but did trail the broader index. In addition, not owning Realty Income (O) and Public Storage (PSA) benefited relative performance as rising Treasury yields weighed on more rate-sensitive areas of the sector.

The largest negative drivers of current quarter performance:

- Stock selection and a meaningful underweight allocation to Information Technology (averaging 11.5 percentage points below the benchmark over the quarter) were headwinds to results. The sector was the second-best performer during the quarter. Western Digital (WDC, -28.8%) was the largest detractor following a strong run in memory and storage stocks in 1H2026, as investors rotated away amid concerns about potential oversupply in the storage market. Underweights to Microsoft (MSFT) and NVIDIA (NVDA), as well as not owning Apple (AAPL), also detracted from results as these mega-cap stocks benefitted as breadth tightened to close the quarter.
- An overweight allocation to, and stock selection within, Industrials detracted from results. Carrier Global (CARR) fell on margin and execution concerns despite raising guidance, while RB Global (RBA) and Hubbell (HUBB) also weighed on performance. The sector struggled throughout the quarter as rising interest rates and oil prices weighed on investor sentiment.
- Stock selection in Health Care was a headwind for the quarter. Positions in pharmaceutical companies UnitedHealth Group (UNH) and Eli Lilly (LLY) returned -11.1% and -3.4%, respectively, pulling back after strong prior-quarter performance.

Largest Relative Portfolio Contributors

- 1. Victory Capital Holdings (VCTR):** VCTR, a multi-boutique asset management firm, outperformed in 3Q2026 on continued strength of existing assets paired with the highly material, opportunistic acquisition of First Eagle. The acquisition rationale is bolstered by First Eagle's existing distribution partnership with Amundi, which mitigates critical integration risk and increases potential for significant revenue synergy.
- 2. Encompass Health (EHC):** EHC, an operator of inpatient rehabilitation hospitals, outperformed in 3Q2026 as a strong earnings report and guidance raise reinforced the growth story. Same-store volumes reaccelerated, revenue per patient benefited from higher-acuity patients, and labor trends continued to improve. With demand outpacing available capacity, EHC's steady pipeline of de novo hospitals and its new small-format hospitals give it a clear path to keep growing. We continue to view EHC as a core holding, supported by aging demographics and its leadership position in an under-supplied industry.
- 3. Reinsurance Group of America (RGA):** RGA, a leading global provider of life and health reinsurance solutions, outperformed in 3Q2026 given large headline earnings beats driven by continued underlying operational execution. The company has now stacked multiple quarters of clean communication and impressive results, which has helped re-establish credibility with the investor base. The narrative is shifting more positively towards maximum annual origination and deployment of capital.

Largest Relative Portfolio Detractors

- 1. Western Digital (WDC):** WDC, a leading provider of hard disk drives, underperformed in 3Q2026 as investors focused on slowing volume growth following a period of rapid shipment expansion. Management attributed the deceleration to customer concentration in older, lower-capacity products while the company transitions to newer HDD generations. Despite near-term pressure and unfavorable peer comparisons, pricing, margins, and free cash flow remained strong, hyperscaler agreements extend well into the decade, and next-generation product ramps should support a reacceleration. The sell-off appears more reflective of elevated expectations than any change in the long-term demand outlook for high-capacity storage.
- 2. Microsoft (MSFT):** MSFT, a leading enterprise software and cloud computing company, was a negative contributor in 3Q2026, as our underweight position weighed on relative performance while shares outperformed. Results were driven by the company's strongest quarter in over a year, with accelerating cloud growth supported by improved capacity deployment and persistent AI demand. Adoption of Copilot and other AI products, along with strong enterprise backlog growth, reinforced growing customer use of AI workflows. With the stock having de-rated earlier in the year, the market appears to be rewarding a clearer return on AI investment, and the detraction reflects our sizing rather than any change in how we view the franchise. We continue to be convicted in our Microsoft (MSFT) position despite a structural underweight for risk management's sake.
- 3. NVIDIA (NVDA):** NVDA, the leading accelerated computing platform company, detracted in 3Q2026 as our underweight position weighed on relative performance while shares outperformed. The company delivered another strong beat and raise, while its first-ever year-ahead outlook exceeded expectations and highlighted demand that continues to outpace supply. Broad-based data center strength, new product ramps, and expanding AI infrastructure adoption reinforced NVDA's leadership across the AI ecosystem. We remain highly convicted in the company's long-term opportunity, though we continue to maintain a structural underweight for risk-management purposes.

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 attractive 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.

Bahl & Gaynor Dividend Positioning

The Bahl & Gaynor Dividend strategy focuses on high-quality, dividend-paying businesses with underappreciated capabilities to compound capital and grow dividends over time.

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 Dividend 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 Dividend 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 80 common stock issues with each security typically held for three to five years. Low to moderate portfolio turnover combined with the favorable tax treatment of dividend income can result in a cost and tax-efficient portfolio.

Portfolio Management Parameters

1100% of companies held in the portfolio pay a cash dividend

2Cash is frictional and generally represents 1% to 3% of portfolio value

3Annual portfolio turnover is low to moderate

4Sell or trim decisions are based upon fundamentals, dividend policy, and better opportunities for yield or income growth

5The strategy employs no derivatives, exchange-traded funds or mutual funds

Portfolio Details (as of September 30, 2026)

Top 10 Holdings	Bahl & Gaynor Dividend Weight
Taiwan Semiconductor ADR (TSM)	5.7%
Broadcom (AVGO)	4.3%
Victory Capital Holdings (VCTR)	3.9%
Eli Lilly (LLY)	3.7%
AbbVie (ABBV)	3.2%
Motorola Solutions (MSI)	3.2%
Encompass Health (EHC)	3.0%
Amphenol (APH)	3.0%
UnitedHealth Group (UNH)	2.8%
Meta Platforms (META)	2.7%
Total:	35.5%

Sector	Bahl & Gaynor Dividend Weight	S&P 500 Weight
Information Technology	27.5%	39.7%
Financials	18.1%	11.4%
Industrials	14.2%	8.0%
Health Care	12.7%	9.3%
Energy	6.6%	3.4%
Communication Services	5.2%	9.9%
Consumer Discretionary	4.8%	8.6%
Utilities	4.1%	1.9%
Consumer Staples	2.2%	4.4%
Materials	2.1%	1.7%
Real Estate	1.1%	1.7%
Cash	1.4%	-

Portfolio Statistics	Bahl & Gaynor Dividend	S&P 500
P/E Ratio (trailing 12 months)	23.5x	25.5x
Forward P/E Ratio	19.3x	20.2x
Weighted Average Market Cap	\$765.2 B	\$1,677.5 B
Dividend Yield – Gross of Fees ¹	1.4%	1.1%
Daily Downside Capture, 20-Year (Gross) ²	85.0%	100.0%
Beta since inception (Gross)	0.82	1.00
Sharpe ratio since inception (Gross) ⁴	0.66	0.60
Alpha since inception (Gross) ⁵	1.26	0.00
TTM Turnover	31.6%	-

Source: Bahl & Gaynor, FactSet, Morningstar Direct, 2026. Inception Date 6/30/1990.

Performance (Annualized)	Bahl & Gaynor Dividend WRAP (Pure Gross)	Bahl & Gaynor Dividend WRAP (Net)	S&P 500
QTD (Cumulative)	-2.36%	-3.08%	2.30%
YTD (Cumulative)	11.10%	8.63%	12.75%
1 Year	13.60%	10.25%	15.74%
3 Years	19.05%	15.55%	22.89%
5 Years	11.79%	8.50%	13.79%
10 Years	14.10%	10.74%	15.33%
15 Years	14.03%	10.67%	15.68%
20 Years	10.84%	7.57%	11.21%
Since Inception	10.89%	7.62%	10.99%

Standard Deviation (Annualized)	Bahl & Gaynor Dividend WRAP (Pure Gross)	Bahl & Gaynor Dividend WRAP (Net)	S&P 500
1 Year	13.52%	13.52%	13.18%
3 Years	11.47%	11.47%	12.42%
5 Years	14.07%	14.07%	15.64%
10 Years	14.04%	14.04%	15.36%
15 Years	12.93%	12.93%	14.06%
20 Years	13.73%	13.73%	15.31%
Since Inception	12.91%	12.91%	14.69%

Source: Bahl & Gaynor, Morningstar Direct, 2026. Inception Date 6/30/1990.

¹Dividend yield includes cash holdings. ²Source: Bahl & Gaynor; historical downside capture is the sum of strategy returns on all S&P 500 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. Bahl & Gaynor Dividend return is derived from the daily internal rate of return (IRR) of the separately managed account "house" composite because it reflects the strategy's approach. It is calculated on a gross of fee basis and does not incorporate the impact of advisory and other fees which will be experienced by investors. Daily returns for the WRAP composite are not available. ³Sharpe ratio measures the efficiency, or excess return per unit of risk (volatility), of a manager's returns. Inception: 6/30/1990. ⁴Alpha is a measure of risk-adjusted return expected from a portfolio above the benchmark return at any point in time. Inception: 6/30/1990. ⁵The income growth rate for the Bahl & Gaynor Dividend 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 five years 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 one of the largest ETFs 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 five years prior. Source: FactSet, Bahl & Gaynor, 2026. Statistics and weight data is drawn from the Bahl & Gaynor Dividend 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. Gross dividend yield figures for individual stocks are presented prior to the deduction of any applicable taxes, including foreign withholding taxes from American Depositary Receipts (ADRs), and do not reflect investment-related fees, transaction costs, or advisory expenses. Risk and return data are representative of the Bahl & Gaynor Dividend 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.

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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

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