



# Dividend Growth Fact Sheet

September 30, 2021

## OBJECTIVE

Outperform the S&P 500® Index over full market cycles by providing a rising stream of income compared to the S&P 500 Index, resulting in superior risk adjusted total returns. We seek to do so with favorable upside/downside capture results.

## INVESTMENT STRATEGY

We believe that companies with an attractive dividend yield, enhanced growth in dividends and consistent earnings results provide capital protection and competitive long-term total return.

We believe that increasingly, investors perceive risk as loss of capital, and high quality, dividend paying companies possess favorable risk characteristics relative to the S&P 500 Index.

Further, we believe that focusing on companies that are growing faster than their peer group versus focusing only on yield or very small increases in the dividend leads to lower volatility and more consistency.

## INVESTMENT PROCESS

A fundamental approach that incorporates both a valuation and a relative strength discipline.

Dividend growth stocks comprise 80 to 100% of the portfolio. The portfolio has the flexibility to hold up to 20% total in stocks possessing “Attractively Valued” and/or “High Growth” attributes. By having exposure to these areas, the portfolio has the ability to outperform in multiple market environments while maintaining strong down-market capture.

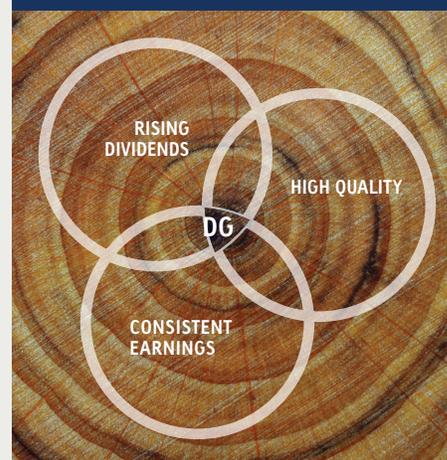
Our investment process is dedicated to seeking companies that possess a combination of three essential criteria: growth of dividends, consistency of earnings and enhanced profitability.

We are looking for companies that display characteristics that reflect strong quality, or are moving quickly higher on the quality scale, and that are likely to improve more than the market expects over our investible time horizon.

## INVESTMENT PHILOSOPHY

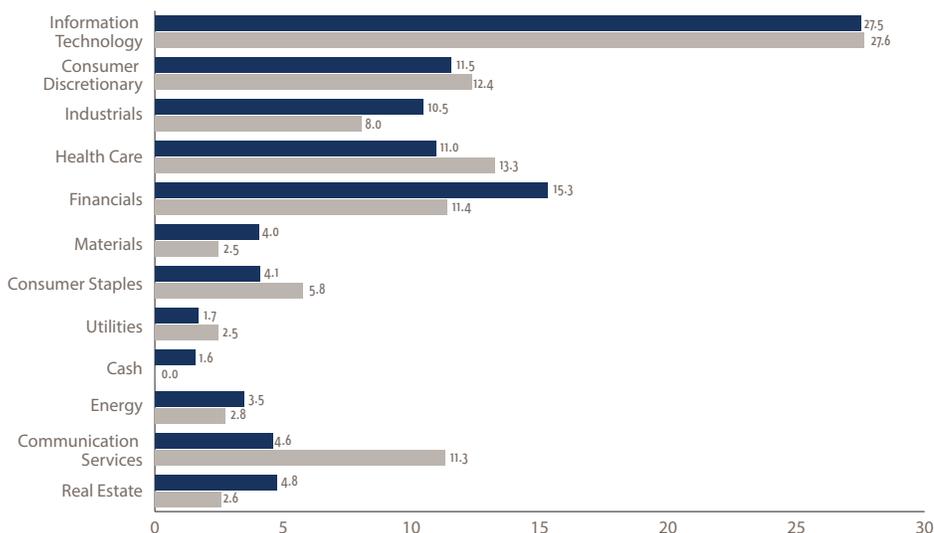
“We seek companies that possess a combination of three essential criteria: growth of dividends, consistency of earnings and enhanced profitability.”

- Julia Batchenko



## SECTOR DIVERSIFICATION

■ Strategy (%) ■ S&P 500® Index (%)



Source: Bloomberg, Clearwater Analytics

The characteristics shown are based on a representative account and are for illustrative purposes only. Individual client accounts may differ based on a variety of client-specific factors, including account fees, account size, cash flows, client specific investment opportunities and restrictions. Strategy performance results shown may reflect the reinvestment of income. Past performance is no guarantee of future results. Index performance used throughout this piece is intended to illustrate historical market trends and is provided solely as representative of the general market performance for the same period of time. Indices are unmanaged, may not include reinvestment of income, and do not incur investment management fees. An investor is unable to invest in an index. The holdings and sectors listed should not be considered to be a recommendation to buy or sell a particular security. Actual holdings are subject to change daily. The mention of specific securities illustrates the application of our investment approach only and is not to be considered a recommendation by RCIM.

## ASSETS

Strategy Assets (\$M)

Composite 62.05

## KEY FACTS

Benchmark S&P 500® Index  
 Business Minimum \$1 M  
 Number of Holdings 56

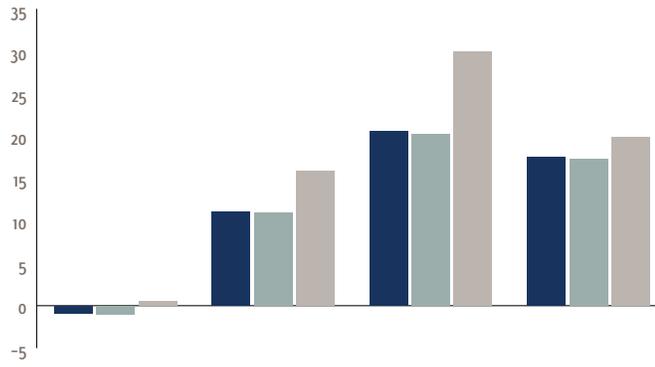
## CHARACTERISTICS

	Strategy	Index
LT Fut EPS Growth Rate (%)	15.1	16.1
ROE (%)	25.2	23.3
Median Mkt. Cap (\$M)	95,386	30,579
P/E (forward 12 month)	40.6	32.1
Dividend Yield (%)	1.8	1.4
Dividend Growth (%)	10.6	20.0
Wtd. Avg. Market Cap. (\$M)	480,850	563,590
1-Year Turnover (%)	60.6	n/a
Active Shares	69.7	n/a

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## PERFORMANCE



	3Q21	YTD	1 Year	ITD*
Composite Gross [%]	-0.92	11.12	20.53	17.48
Composite Net [%]	-0.98	10.94	20.26	17.24
Index [%]	0.58	15.92	30.01	19.83

ANNUAL PERFORMANCE [%]	2020
■ Composite Gross	19.31
■ Composite Net	19.08
■ S&P 500 Index	18.40

+Performance calculated from inception date 1/1/2020  
 Periods greater than 12 months are annualized  
 Source: Bloomberg, Clearwater Analytics

## PORTFOLIO MANAGEMENT TEAM



**Julia Batchenko, CFA**

Portfolio Manager

Industry start date: 2011

Joined Red Cedar: 2019

## TOP TEN HOLDINGS [%]

Microsoft Corp.	5.5
Apple Inc.	4.7
Target Corp.	4.2
Alphabet Inc.	3.7
Broadcom Inc.	3.7
JPMorgan Chase & Co.	3.6
Citigroup Inc.	3.5
Mastercard Inc.	3.1
PNC Financial Services Group Inc.	3.1
BlackRock Inc.	3.1

Holdings are subject to change and may not equal 100% due to rounding.

## DISCLOSURES

Red Cedar Investment Management, LLC ("RCIM") is an investment adviser registered under the Investment Advisers Act of 1940, founded in 2013. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. For more information please visit: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and search for our firm name. Neither the information nor any opinion expressed herein should be construed as personalized investment, tax, or legal advice, or a recommendation of any particular security or strategy.

The securities discussed do not represent the Composite's entire portfolio. Actual holdings will vary depending on the size of the account, cash flows, and restrictions. It should not be assumed that any of the securities transactions or holdings discussed will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The information presented in this material is general in nature and not designed to address your investment objectives, financial situation, or particular needs. Prior to making any investment decision, you should assess, or seek advice from a professional regarding whether any particular transaction is relevant or appropriate to your individual circumstances. The mention of specific securities and sectors

illustrates the application of our investment approach only and is not considered a recommendation by RCIM. There is no assurance that the securities purchased remain in the portfolio or that securities sold have not been repurchased. The opinions expressed herein are those of RCIM and may not actually come to pass.

All information and performance are reported in US dollars.

The "Net" returns presented are net of fees. Investing involves the risk of loss and investors should be prepared to bear potential losses. Past performance is not indicative of future results.

The "Gross" returns presented are gross of fees. The results do not reflect the deduction of investment management fees. The client's return will be reduced by the management fees and any other expenses incurred in the management of the account. For example, a US \$100 million account, paying a 0.50% annual fee, with a given rate of 10% compounded over a 10-year period would result in a net of fee return of 9.5%. Management fees are described in Part 2A of RCIM's Form ADV. Investing involves the risk of loss and investors should be prepared to bear potential losses. Past performance is not indicative of future results.

The information herein was obtained from various sources. RCIM does not guarantee the accuracy or completeness of information provided by third parties. The information in

this report is given as of the date indicated and believed to be reliable. RCIM assumes no obligation to update this information, or to advise on further developments relating to it.

Dividend Growth Composite (the "Composite") includes all fully discretionary institutional portfolios that invest in common stocks with market capitalization of \$2 billion and higher. The strategy is focused on investing at least 80% of the portfolio in high quality dividend paying and dividend raising stocks and up to 20% in non-dividend paying lower quality stocks. The Composite was created January 1, 2020. The inception date of the Composite was January 1, 2020.

The benchmark is the Standard & Poor's 500 Index ("S&P 500 Index"). The S&P 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies.

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