



# Dividend Growth Premium Income Fact Sheet

December 31, 2020

## 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.

We search for companies with a minimum market cap of \$2 billion along with certain dividend momentum attributes including:

- S&P rating typically > B+
- Pays dividend
- Raised dividend three times in last five years
- Dividends and earnings growth > long term S&P 500
- Earning stability

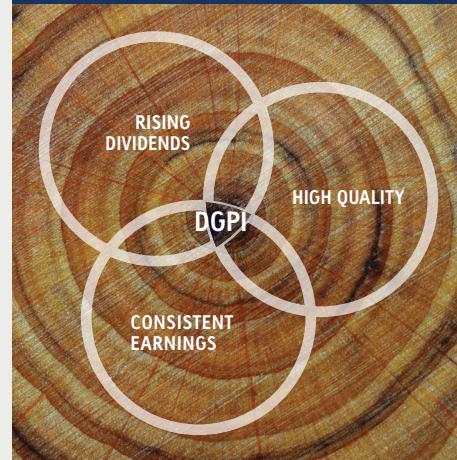
Our investment process is dedicated to seeking companies that possess a combination of three essential criteria: growth of dividends, consistency of earnings and enhanced profitability.

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

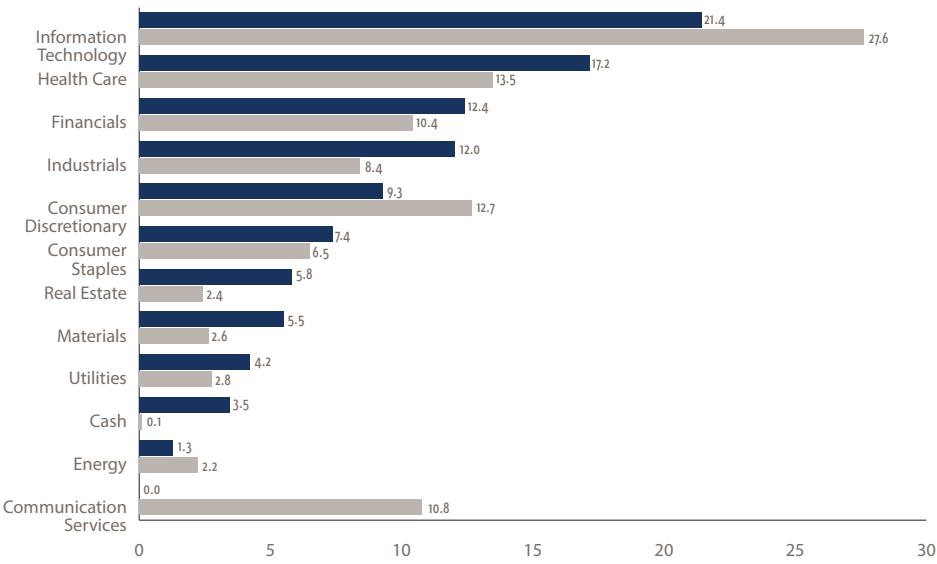
"We seek companies that possess a combination of three essential criteria: growth of dividends, consistency of earnings and enhanced profitability."

- Julia Batchenko



## SECTOR DIVERSIFICATION

■ Strategy [%] ■ S&P 500® Index [%]



The characteristics shown are based on a representative or model 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 the 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 Red Cedar.

## ASSETS

Strategy Assets (\$M)

Composite 10.93

## KEY FACTS

Benchmark	S&P 500® Index	
Business Minimum	\$1 M	
Number of Holdings	37	

## CHARACTERISTICS

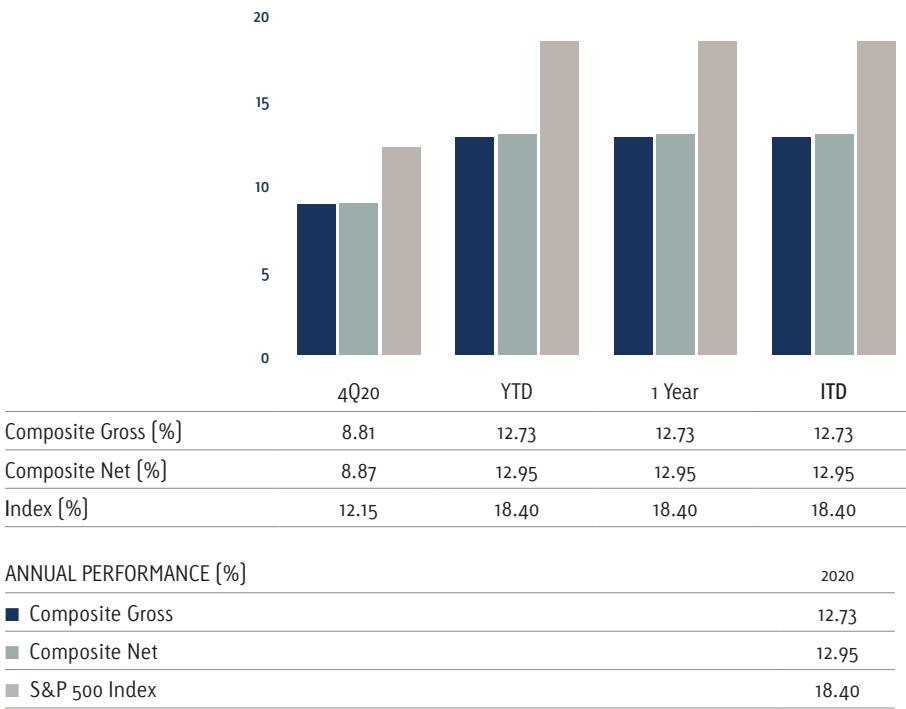
	Strategy	Index
LT Fut EPS Growth Rate [%]	8.9	12.3
ROE [%]	28.0	26.0
Median Mkt. Cap (\$M)	134,086	25,746
P/E (forward 12 month)	27.7	42.6
Dividend Yield [%]	2.23	1.54
Dividend Growth	9.63	10.81
Wtd. Avg. Market Cap. (\$M)	357,137	487,821
1-Year Turnover	19.2	n/a
Active Shares	74.0	n/a

FOURTH QUARTER 2020

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### PERFORMANCE



Inception Date 1/1/20

Periods greater than 12 months are annualized

Red Cedar Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions and/or a presentation that complies with the GIPS standard, contact Red Cedar Investment Management at [513]345-4414.

Red Cedar Investment Management LLC is a Registered Investment Adviser with the U.S. Securities Exchange Commission under the 1940 Act, founded in 2013 as a Limited Liability Corporation in the State of Michigan.

### DISCLOSURES

Red Cedar Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. The Firm has been independently verified for the periods from August 1, 2014 through December 31, 2019.

A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. The verification and performance examination reports are available upon request.

Red Cedar Investment Management, LLC is an investment adviser registered with the U.S. Securities and Exchange Commission and was founded in 2013. The Firm maintains a complete list and description of composites and broad distribution pooled funds, which is available upon request.

Dividend Growth Premium Income Composite (the "Composite") includes all fully discretionary institutional portfolios that invests in common stocks with market capitalization of \$2 billion and higher and a dividend yield of at least 1%. The Composite was created January 1, 2020. The inception date of the Composite was January 1, 2020.

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

The US dollar is the currency used to express performance. Gross-of-fees composite performance figures do not reflect the deduction of investment advisory fees but have been reduced by all transaction costs. Net-of-fees composite performance figures reflect the deduction of actual investment advisory fees and transaction costs. All security transactions are recorded on a trade date basis. Interest income and dividends are accrued as earned.

Minimum portfolio size is \$1 million. The investment advisory fee schedule for the Composite is: First \$25 million = .60%, next \$25 million = .50%, thereafter = .40%. Actual investment advisory fees incurred by clients may vary.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The Firm calculates equal weighted standard deviation. The three-year standard deviation is an external measure of risk calculated using 36 months of returns for the Composite and respective benchmark. The three-year standard deviation may not be disclosed for certain periods where 36 months of returns were not available.

Past performance is not indicative of future results. The information provided in this document should not be construed as a recommendation to purchase or sell any particular security. 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

### PORTFOLIO MANAGEMENT TEAM



**Julia Batchenko, CFA**

Portfolio Manager  
Industry start date: 2011  
Joined Red Cedar: 2019

### TOP TEN HOLDINGS

Apple Inc.	6.2
Microsoft Corporation	5.5
Broadcom Inc.	4.9
BlackRock, Inc.	4.6
Analog Devices, Inc.	4.4
NextEra Energy, Inc.	4.4
AbbVie, Inc.	4.2
Target Corporation	4.1
UnitedHealth Group Incorporated	3.4
Home Depot, Inc.	3.3

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

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Charts, diagrams and graphs, by themselves cannot be used to make investment decisions. Red Cedar is an SEC registered investment advisor headquartered in Grand Rapids, MI. Any direct communication by Red Cedar with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of Red Cedar, please contact the United States Securities and Exchange Commission on their web site at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). Registration as an investment advisor does not imply any level of skill or training. 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 Red Cedar. There is no assurance that the securities purchased remain in the portfolio or that securities sold have not been repurchased.

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