# Bahl & Gaynor Dividend | FOURTH QUARTER 2024

## STRATEGY OBJECTIVES

1. **Long-term growth of dividend income:** 1.8% yield[1]; 13 strategy holdings announced dividend hikes during 4Q2024 with an average trailing-twelve-month (TTM) increase of +12.3%
2. **Downside protection:** Daily downside capture of 80.0% across all S&P 500 down days during 2024[2]
3. **Total return:** Since inception Sharpe ratio of 0.62 gross / 0.37 net versus the S&P 500 Sharpe ratio of 0.54[3]

## 4Q2024 RESULTS RELATIVE TO STRATEGY OBJECTIVES

### Long-Term Growth of Dividend Income

- During the quarter, 13 strategy holdings announced dividend hikes; average TTM increase was +12.3%, signaling continued financial health of the portfolio.
- The Bahl & Gaynor Dividend strategy grew income at +9.8%, compounded annually, over the trailing five years, compared to +6.4% for the S&P 500.[4]

### Downside Protection

- Daily downside capture of 86.9% across all S&P 500 down days over the trailing five years, a competitive ratio amidst the current bull market.[2]

### Total Return

- The strategy returned -2.00% gross / -2.73% net versus the S&P 500's +2.41% total return during the quarter.
- The strategy trailed its investible universe of dividend paying S&P 500 companies which returned +0.81% during the period. Not owning the low or non-dividend-paying "Magnificent 7" stocks Tesla (TSLA), Amazon (AMZN), and NVIDIA (NVDA) presented a headwind.
- Market breadth narrowed during the quarter, following a short-lived period of widening in 3Q2024, driven by the 2024 presidential election, rejuvenated growth expectations, and optimism about the diffusion of artificial intelligence throughout the economy. Only 4 sectors managed to outpace the S&P 500: Consumer Discretionary, Communication Services, primarily driven by "Magnificent 7" stock Alphabet (GOOG/L), Financials, and Information Technology.

| 4Q2024 Dividend Increases | | |
|---|---|---|
| **Company** | **TTM% Increase** | **Current Yield** |
| AbbVie (ABBV) | 5.8% | 3.7% |
| American Financial Group (AFG) | 12.7% | 2.3% |
| Automatic Data Processing (ADP) | 10.0% | 2.1% |
| Broadcom (AVGO) | 12.4% | 1.0% |
| DR Horton (DHI) | 33.3% | 1.1% |
| Eli Lilly (LLY) | 15.4% | 0.8% |
| Hartford Financial Services (HIG) | 10.6% | 1.9% |
| Merck (MRK) | 5.2% | 3.3% |
| Motorola Solutions (MSI) | 11.2% | 0.9% |
| Snap On (SNA) | 15.1% | 2.5% |
| Starbucks (SBUX) | 7.0% | 2.7% |
| Stryker (SYK) | 5.0% | 0.9% |
| Zoetis (ZTS) | 15.7% | 1.2% |

*Source: Bahl & Gaynor and FactSet, 2025.*

| 4Q2024 Trades Executed | |
|---|---|
| **Initiations** | **Eliminations** |
| Oracle (ORCL) | CDW Corporation (CDW) |
| Taiwan Semiconductor (TSM) | KLA Corporation (KLAC) |
| **Increases** | **Reductions** |
| Apollo Global Management (APO) | Accenture (ACN) |
| Meta Platforms (META) | Qualcomm (QCOM) |





continued >

## *Portfolio Review*

*The Bahl & Gaynor Dividend portfolio returned -2.00% gross / -2.73% net versus the S&P 500's +2.41% during 4Q2024. Stock selection in Energy and Information Technology, coupled with an underweight position in Real Estate, contributed positively. Conversely, stock selection within Consumer Discretionary, Industrials, in addition to a sizable overweight exposure, and Consumer Staples detracted from results.*

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

- Within Energy, overweight positions in storage & transportation holdings Targa Resources (TRGP) and Williams Companies (WMB) benefitted results. The companies posted +21.1% and +19.6% returns for the quarter, respectively, driven by increased growth prospects, while the sector in aggregate was down roughly -2.4%.
- Stock selection within Information Technology, specifically owning semiconductor company Broadcom (AVGO), the strategy's largest position at an average weight of 6.5% for the period, aided results. AVGO posted a +34.7% return for the quarter, the second-best performing company in the sector, based on strong outlook for its custom AI processors and an expanding datacenter addressable market.
- A slight underweight to the quarter's third-worst performing sector, Real Estate, aided results. The sector outperformed in 3Q2024 as the 10-year treasury fell ahead of anticipated rate cuts. However, since the first rate cut in September, the 10-year has moved higher, driving much of the underperformance.

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

- Stock selection within Consumer Discretionary detracted from performance during the quarter following a rebound in 3Q2024. Homebuilder D.R. Horton (DHI), home improvement retailer Home Depot (HD), and restaurant Starbucks (SBUX) all underperformed during the period, while non-dividend paying, "Magnificent 7" stocks Amazon (AMZN) and Tesla (TSLA) posted strong results. TSLA specifically surged following the November presidential election; its +54.4% return for the quarter was one of the highest of all index constituents.
- During the quarter, an average overweight of over 10% in Industrials proved challenging as the sector underperformed modestly. The portfolio's defensive and quality stance was primarily out of favor as the market took a further risk-on stance following the November presidential election.
- Stock selection within Consumer Staples negatively impacted strategy performance. The portfolio's largest position in the sector, Mondelez International (MDLZ), underperformed during the quarter amid softer than expected volume trends, while beverage companies PepsiCo (PEP) and Keurig Dr. Pepper (KDP) also struggled.

### Largest Portfolio Contributors

1. **Broadcom (AVGO):** AVGO outperformed during the quarter on a strong outlook, driven by surging custom AI processor demand and an expanding datacenter addressable market. Additionally, the successful integration of VMware has bolstered the company's infrastructure software segment, strengthening its position in the hybrid cloud ecosystem. While its legacy analog business faces cyclical headwinds, AVGO is poised to benefit from improving industry fundamentals in the coming years. An 11% dividend increase underscores management's confidence in long-term growth and cash flow generation.
2. **Apollo Global Management (APO):** Disciplined operations and secular industry tailwinds enabled APO shares to outperform in the quarter while being officially constituted into the S&P 500. A sharp rebound in Spread Related Earnings for APO's Athene and continued victories as a premier private credit player gives us confidence in APO's ambitious forward outlook. As financial conditions improve, this should continue to benefit alternative managers.
3. **Targa Resources (TRGP):** TRGP's comprehensive package of midstream services and high-quality assets in key strategic positions make them well positioned to remain a leading provider of cost-effective, integrated services to the midstream sector. Additionally, TRGP's Gathering & Processing business has undergone a significant transformation in adding fees & fee floors to contracts – G&P volumes are now 90%+ fee based, up from 50% in 2019, bolstering stability in the business. With significantly lower leverage, strong dividend coverage, and a focus on increasing shareholder return (fueled by a significant EBITDA growth outlook), TRGP remains a high conviction holding.

### Largest Portfolio Detractors

1. **Mondelez International (MDLZ):** MDLZ underperformed during the quarter driven by softer than expected volume trends and margin pressure from cocoa inflation. MDLZ has opportunities for sales growth versus its peers through distribution expansion, international diversity, increased marketing efforts, and M&A.
2. **Eli Lilly (LLY):** LLY underperformed during the period as the market reacted negatively to LLY's supply driven 3Q2024 sales and EPS miss. Despite this near-term headwind, demand for LLY's blockbuster anti-obesity medications remain above supply and LLY remains committed to transforming this obesity landscape with clinical readouts for next generation drugs in the next 24 months. The resources and talent that LLY possesses enables the continued discovery and development of therapeutic solutions to address unmet medical needs.
3. **Carlisle Companies (CSL):** CSL reported an earnings beat and raise in the most recent quarter, reflecting a strong start to the commercial construction season as re-roofing demand remains robust and competitive advantages are intact. The building products industry has sold off following the possibility of less federal funds rate cuts in 2025, reflecting the economic sensitivity of the industry. We remain confident in the company's position as a best-in-class operator, and ability to protect and grow the dividend through-cycle.

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.

### 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 45 to 55 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**

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

BGDV20250113-9

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

continued >

## Portfolio Details (as of December 31, 2024)

| Top 10 Holdings | Bahl & Gaynor Dividend Weight |
|---|---|
| Broadcom (AVGO) | 8.4% |
| Eli Lilly (LLY) | 4.7% |
| Motorola Solutions (MSI) | 4.1% |
| Broadridge Financial (BR) | 3.7% |
| TJX (TJX) | 3.4% |
| Cintas (CTAS) | 3.4% |
| Marsh & McLennan (MMC) | 3.2% |
| AbbVie (ABBV) | 2.8% |
| Mondelez International (MDLZ) | 2.6% |
| Targa Resources (TRGP) | 2.6% |
| Total: | 38.7% |

| Sector | Bahl & Gaynor Dividend Weight | S&P 500 Weight |
|---|---|---|
| Information Technology | 21.0% | 32.5% |
| Industrials | 17.8% | 8.2% |
| Financials | 16.0% | 13.6% |
| Health Care | 13.7% | 10.1% |
| Consumer Staples | 6.8% | 5.5% |
| Consumer Discretionary | 6.7% | 11.3% |
| Energy | 6.2% | 3.2% |
| Utilities | 4.6% | 2.3% |
| Materials | 3.0% | 1.9% |
| Communication Services | 2.1% | 9.4% |
| Real Estate | 1.0% | 2.1% |
| Cash | 1.3% | - |

| Portfolio Statistics | Bahl & Gaynor Dividend | S&P 500 |
|---|---|---|
| P/E Ratio (TTM) | 24.7 | 27.1x |
| P/B Ratio | 5.7x | 4.8x |
| Weighted Average Market Cap | $282.6 B | $1,117.1 B |
| Dividend Yield – Gross of Fees[1] | 1.8% | 1.3% |
| Beta since inception (Gross / Net) | 0.82 / 0.83 | 1.00 |
| Sharpe ratio since inception (Gross / Net)[3] | 0.62 / 0.37 | 0.54 |
| TTM Turnover | 17.9% | - |

*Source: Bahl & Gaynor, FactSet, Zephyr, 2025. Inception Date 6/30/1990.*

| Performance (Annualized) | Bahl & Gaynor Dividend WRAP (Pure Gross) | Bahl & Gaynor Dividend WRAP (Net) | S&P 500 |
|---|---|---|---|
| QTD *(Cumulative)* | -2.00% | -2.73% | 2.41% |
| 1 Year | 21.03% | 17.46% | 25.02% |
| 3 Years | 7.26% | 4.10% | 8.94% |
| 5 Years | 11.84% | 8.54% | 14.53% |
| 10 Years | 12.40% | 9.09% | 13.10% |
| 15 Years | 12.77% | 9.45% | 13.88% |
| 20 Years | 10.05% | 6.81% | 10.35% |
| Since Inception | 10.74% | 7.48% | 10.67% |

| Standard Deviation (Annualized) | Bahl & Gaynor Dividend WRAP (Pure Gross) | Bahl & Gaynor Dividend WRAP (Net) | S&P 500 |
|---|---|---|---|
| 1 Year | 10.60% | 10.98% | 10.22% |
| 3 Years | 15.10% | 15.31% | 17.15% |
| 5 Years | 16.62% | 16.87% | 18.06% |
| 10 Years | 14.13% | 14.35% | 15.29% |
| 15 Years | 13.40% | 13.55% | 14.54% |
| 20 Years | 13.43% | 13.54% | 14.97% |
| Since Inception | 12.98% | 13.06% | 14.77% |

*Source: Bahl & Gaynor, Zephyr, 2025. Inception Date 6/30/1990.*

*[1]Dividend yield includes cash holdings. [2]Source: 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. Strategy returns are derived from the internal rate of return (IRR) of a single non-fee paying representative account. [3]Sharpe ratio measures the efficiency, or excess return per unit of risk (volatility), of a manager's returns. Inception: 6/30/1990. [4]The 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 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 five years prior.*

*Source: FactSet, Bahl & Gaynor, 2025. 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. 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.*



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

continued >

## 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 Dividend 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.*

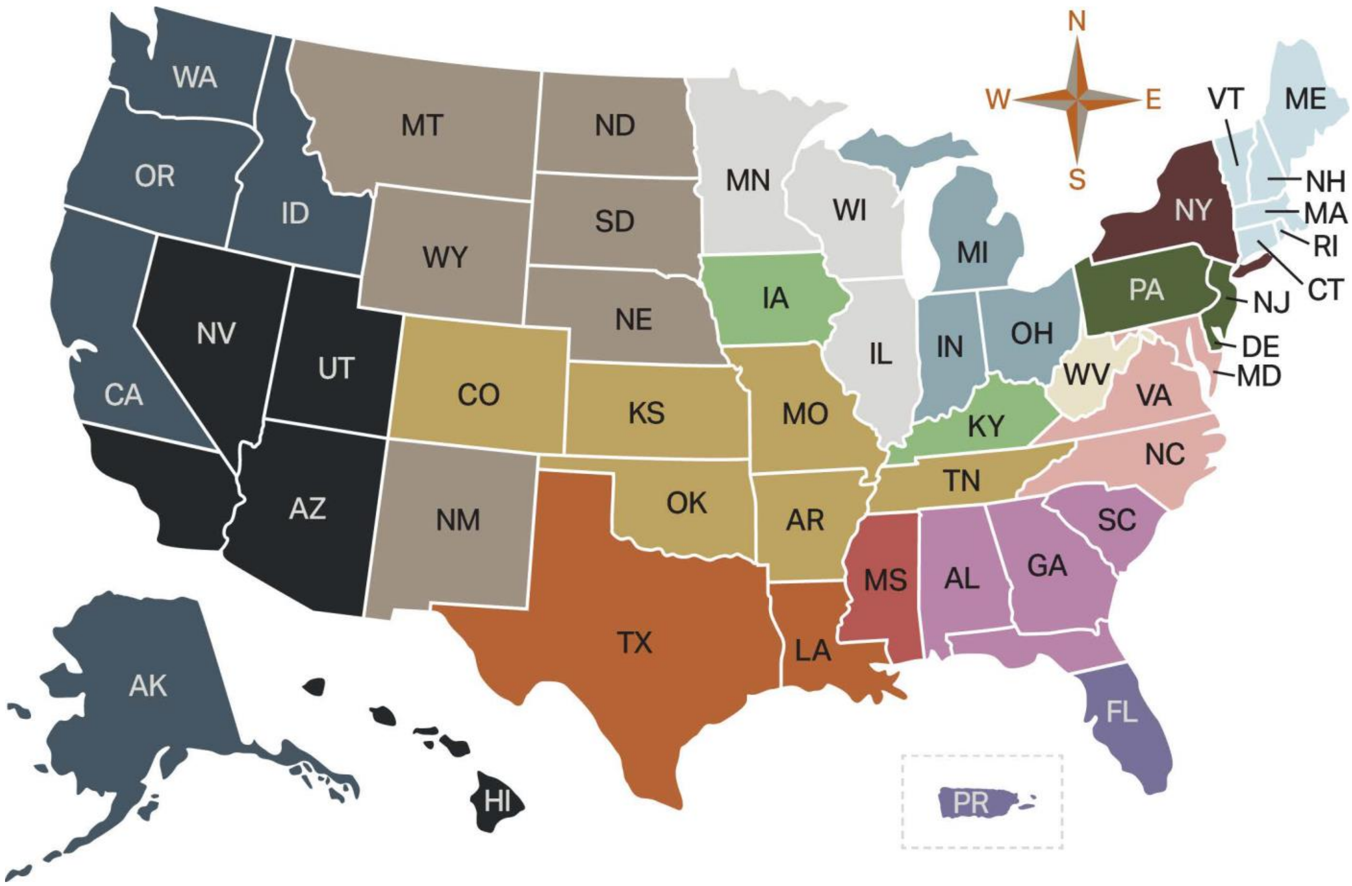
***The Strategy is designed for long-term investors who are willing to accept short-term market price fluctuations. Principal risks of investing in this strategy include stock market risk, management risk, recent market events risk, and large cap company risk. All equity investments inherently have aspects 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 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 bginvestmentspecialist@ bahl-gaynor.com.*




| | 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*

BGDV20250113-9