



LARGE CAP DIVIDEND GROWTH

1ST QUARTER 2021

CAMPBELL NEWMAN

DIFFERENTIATORS

- Earnings growth drives stock prices and a company's dividend policy is tangible evidence of management's confidence in future earnings growth
- Returns are enhanced by valuation methodology and sell discipline

PORTFOLIO CONSTRUCTION

- High conviction portfolio of 25 to 35 holdings
- Initiate positions at approximately 2%, depending upon cash levels
- No minimum threshold for sector weightings
- Cash is a residual of bottom-up research process

SELL DISCIPLINE

- Dividend cut
- Achieves 90% of 20-year high valuation
 - 1/3 of the position must be sold
 - Re-validate the total return hurdle rate for the next 18 months
- Achieves price target
- Bond rating falls below investment grade
- Fundamental deterioration

REPRESENTATIVE HOLDINGS

(10 Largest Holdings as of 3/31/21)

Apple, Inc.	5.5%
Microsoft Corp.	5.3
Lowe's Companies, Inc.	4.7
UnitedHealth Group	4.5
JPMorgan Chase & Co.	4.4
American Express Co.	4.2
Honeywell International, Inc.	4.2
Raytheon Technologies Corp.	4.2
KLA Corp.	4.1
Stryker Corp.	3.9

PERFORMANCE HISTORY

(CUMULATIVE RETURNS)	DIVIDEND GROWTH (GROSS)	DIVIDEND GROWTH (NET)	S&P 500
Bull Market (3Q 2003 - 2007)	85.05%	80.29%	63.62%
Bear Market (2008)	-26.45	-26.88	-37.00
Speculative (2009)	21.73	21.17	26.46
Bull Market (2010 - 4Q 2019)	256.58	243.71	256.66
Bear Market (1Q 2020)	-20.01	-20.10	-19.60
Bull Market (2Q 2020 - 1Q 2021)	51.12	50.51	56.35
Since Inception* (3Q 2003 - 1Q 2021)	614.17	560.25	484.51

RISK RETURN STATISTICS

SINCE INCEPTION*	DIVIDEND GROWTH	S&P 500
Annualized Excess Return (Gross)	1.25%	
Annualized Excess Return (Net)	0.76%	
Alpha	2.28%	
Beta	0.88	
Upside Capture	93.92%	
Downside Capture	86.23%	
Sharpe Ratio	0.80	0.65
Standard Deviation	13.10%	14.24%

Source: Zephyr

PORTFOLIO STATISTICS

	DIVIDEND GROWTH	S&P 500
Number of Securities	32	505
1 Year Turnover	17.5%	
Weighted Avg. Market Capitalization	\$357.4 Bil	\$466.5 Bil
Median Market Capitalization	\$143.7 Bil	\$29.2 Bil
3-5 Yr. Avg. Projected EPS Growth	12.0%	12.6%
Avg. Annual 5-Year EPS Growth Rate	13.3%	16.7%
Avg. 4 Qtr. Return on Equity	24.8%	15.2%
Avg. Price Earnings Ratio:		
2021 Estimate	22.0x	22.6x
2022 Estimate	19.6x	19.7x
Avg. Dividend Increase Trailing 4 Qtrs.	9.5%	-3.2%
Avg. Current Yield	1.7%	1.4%

Source: Zacks Investment Research

*Inception: 6/30/03



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PERFORMANCE HISTORY

	1Q 2021	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION*
Large Cap Dividend Growth (Gross)	6.84%	51.12%	15.21%	16.17%	13.33%	11.71%
Large Cap Dividend Growth (Net)	6.74	50.51	14.72	15.69	12.90	11.22
S&P 500	6.17	56.35	16.78	16.29	13.91	10.46

FIRM INFORMATION

- Year Founded: 1977
- 100% Employee Owned
- Total Assets Under Advisement: \$1,863 million
 - Assets Under Management: \$972 million
 - Model SMA/UMA Assets¹: \$891 million
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*Inception: 6/30/03

Returns greater than 1 year are annualized.

¹Campbell Newman has entered into several model portfolio arrangements whereby third party investment advisers are provided Campbell Newman's model portfolios to implement when managing their clients' assets. These assets are excluded from our GIPS Firm AUM. These assets are estimates.

LARGE CAP DIVIDEND GROWTH COMPOSITE PERFORMANCE NOTES:

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