



## 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 not increased or cut
- Achieves 90% of 20-year high valuation
  - 1/3 of the position must be sold
  - Revalidate the total return hurdle rate for the next 18 months
- Achieves price target
- Bond rating falls below investment grade
- Fundamental deterioration

## TOP 10 HOLDINGS

Apple, Inc.	5.7%
Microsoft Corp.	5.6
American Express Co.	4.6
UnitedHealth Group	4.6
Lowe's Companies, Inc.	4.4
Raytheon Technologies Corp.	4.3
JPMorgan Chase & Co.	4.2
Honeywell International, Inc.	3.9
Stryker Corp.	3.9
KLA Corp.	3.7

## 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 - 2Q 2021)	62.77	61.96	69.72
Since Inception* (3Q 2003 - 2Q 2021)	669.21	610.46	534.47

## RISK RETURN STATISTICS

SINCE INCEPTION*	DIVIDEND GROWTH	S&P 500
Annualized Excess Return (Gross)	1.19%	
Annualized Excess Return (Net)	0.70%	
Alpha	2.27%	
Beta	0.88	
Upside Capture	93.82%	
Downside Capture	86.23%	
Sharpe Ratio	0.83	0.68
Standard Deviation	13.03%	14.19%

Source: Zephyr

## PORTFOLIO STATISTICS

	DIVIDEND GROWTH	S&P 500
Number of Securities	32	505
1 Year Turnover	12.2%	
Weighted Avg. Market Capitalization	\$408.2 Bil	\$542.3 Bil
Median Market Capitalization	\$144.7 Bil	\$30.2 Bil
3-5 Yr. Avg. Projected EPS Growth	12.2%	13.7%
Avg. Annual 5-Year EPS Growth Rate	12.8%	17.0%
Avg. 4 Qtr. Return on Equity	25.3%	16.7%
Avg. Price Earnings Ratio:		
2021 Estimate	22.3x	22.4x
2022 Estimate	20.6x	20.2x
Avg. Dividend Increase Trailing 4 Qtrs.	10.0%	-3.0%
Avg. Current Yield	1.6%	1.3%

Source: Zacks Investment Research

\*Inception: 7/1/03



## PERFORMANCE HISTORY

	2Q 2021	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION*
Large Cap Dividend Growth (Gross)	7.71%	15.08%	36.03%	17.43%	16.92%	14.10%	12.00%
Large Cap Dividend Growth (Net)	7.60	14.86	35.49	16.94	16.44	13.67	11.51
S&P 500	8.55	15.25	40.79	18.67	17.65	14.84	10.81

## FIRM INFORMATION

- Founded in 1977
- 100% employee-owned
- National Women's Business Enterprise Certification
- Total Assets Under Advisement: \$1,999 million
  - Assets Under Management: \$1,043 million
  - Model SMA/UMA Assets<sup>1</sup>: \$956 million
- Contact: John C. Bonnell  
jbonnell@campbellnewman.com  
(414) 635-1002

\*Inception: 7/1/03

Returns greater than 1 year are annualized.

<sup>1</sup>Campbell 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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## PORTFOLIO TEAM

Mary C. Brown, CFA

- Investment Experience since 1986
- On Product Since Inception (2003)

Rimas M. Milaitis

- Investment Experience since 1987
- On Product Since 2005

Thomas H. Bolgert, CFA

- Investment Experience since 1985
- On Product Since Inception (2003)

Jeremy A. Ellis, CFA

- Investment Experience since 2007
- On Product Since 2021