



# LARGE CAP DIVIDEND GROWTH

2<sup>ND</sup> QUARTER 2022

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 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.	6.2%
Microsoft Corp.	5.7
Raytheon Technologies Corp.	5.1
Broadcom, Inc.	4.2
KLA Corp.	3.9
Lowe's Companies, Inc.	3.9
American Tower Corp.	3.8
Analog Devices, Inc.	3.7
ConocoPhillips	3.7
UnitedHealth Group.	3.7

### 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 - 4Q 2021)	84.75	83.47	89.53
Bear Market (1Q 2022 - 2Q 2022)	-16.64	-16.80	-19.96
Since Inception (3Q 2003 - 2Q 2022)	627.78	569.65	467.12

### RISK RETURN STATISTICS\*

### DIVIDEND GROWTH

### S&P 500

Annualized Excess Return (Gross)	1.45%	
Annualized Excess Return (Net)	0.97%	
Alpha	2.37%	
Beta	0.88	
Upside Capture	94.60%	
Downside Capture	86.80%	
Sharpe Ratio	0.74	0.58
Standard Deviation	13.27%	14.42%

Source: Zephyr

### PORTFOLIO STATISTICS

### DIVIDEND GROWTH

### S&P 500

Number of Securities	30	503
1 Year Turnover	7.2%	
Weighted Avg. Market Capitalization	\$405.9 Bil	\$483.3 Bil
Median Market Capitalization	\$142.3 Bil	\$27.3 Bil
3-5 Yr. Avg. Projected EPS Growth	12.2%	12.5%
Avg. Annual 5-Year EPS Growth Rate	15.2%	17.3%
Avg. 4 Qtr. Return on Equity	25.6%	20.4%
Avg. Price Earnings Ratio:		
2022 Estimate	16.8x	16.5x
2023 Estimate	15.6x	15.2x
Avg. Dividend Increase Trailing 4 Qtrs.	11.3%	10.6%
Avg. Current Yield	1.8%	1.6%

Source: Zacks Investment Research

\*Since Inception: 7/1/03



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## PERFORMANCE HISTORY

	2Q 2022	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	15 YEAR	SINCE INCEPTION*
Dividend Growth (Gross)	-11.27%	-16.64%	-5.39%	10.74%	12.66%	13.27%	9.78%	11.01%
Dividend Growth (Net)	-11.36	-16.80	-5.74	10.30	12.20	12.84	9.34	10.53
S&P 500	-16.10	-19.96	-10.62	10.60	11.31	12.96	8.54	9.56

## FIRM INFORMATION

- Founded in 1977
- 100% employee-owned
- National Women's Business Enterprise Certification
- Total Assets Under Advisement: \$2.03 billion
  - Assets Under Management: \$1.02 billion
  - Model SMA/UMA Assets<sup>1</sup>: \$1.01 billion
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\*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)

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- 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