

# Focused U.S. Dividend Index



## April 2025 Update

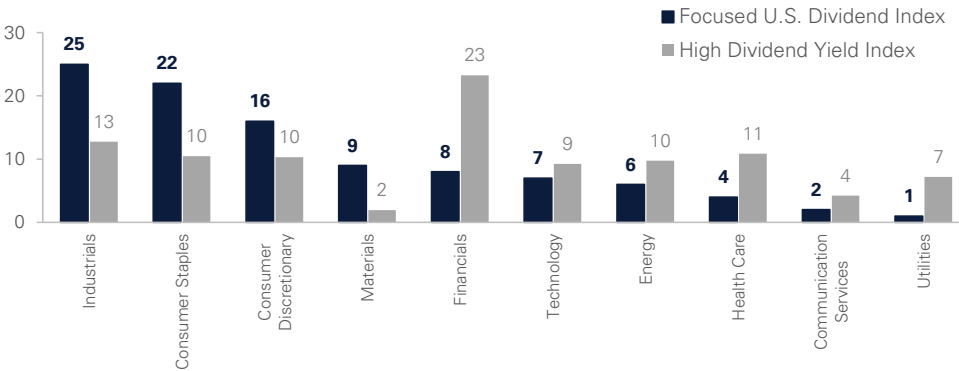
### Performance Recap

The Focused U.S. Dividend Index was down -0.9% in March, leading the Large Cap Value Index by +2% and the Broad High Dividend Index by +2.3%. The dividend yield is currently 3.1% vs Large Cap Value Index's yield of 1.9%.

### Monthly Commentary

- The Focused U.S. Dividend Index outperformed 11 out of 21 trading days in March.
- 45 of the 68 holdings outperformed the benchmark in March. Dollar General, Huntington Ingalls, and Northrop Grumman were the best performers during the month rising 18.5%, 16.2%, and 11.3%, respectively. Nike, Target, and LCI Industries were the worst performers in March returning -19.6%, -16.0%, and -14.7%, respectively.
- Communication Services was the best performing sector in March. Stock selection in Energy weighed down this month's relative performance sector during the month.
- The quantitative dividend model selected 13 new holdings at the start of April.

### Sector Composition vs Dividend Universe (%)

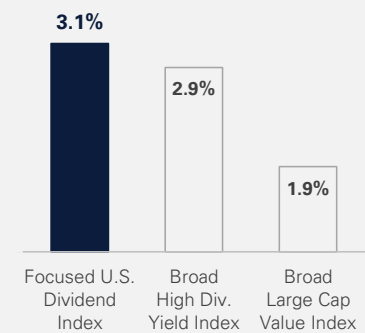


**Important Disclosures:** Forward Dividend Yields are based on indicated annual dividend which is the estimated amount of total dividends on a share of stock for the next 12-months. The stated yield assumes you hold the current portfolio for 12-months. Past performance does not guarantee future results. You cannot invest directly in an index. The information herein was obtained from sources which we believe to be reliable, but we do not guarantee its accuracy. Neither the information, nor any opinions expressed, constitute a solicitation of the purchase or sale of any securities or related instruments, nor does it constitute a recommendation to buy, sell, or hold that or any other security, nor does it constitute an opinion on the suitability of any security or index. The comments may not be relied upon as recommendations, investment advice or an indication of trading intent. We are not responsible for any losses incurred from any use of this information.

### Table of Contents

- 1 Commentary
- 2 Holdings
- 3 Featured New Holdings
- 4 Strategy Overview

### Forward Dividend Yields



# Holdings

Company & Ticker	Sector	Dividend Yield	Index Weight
★🇺🇸 Accenture (ACN)	Tech	1.9%	2.0%
United Parcel Service (UPS)	Industrials	6.0%	2.0%
Target (TGT)	Cons Stpls	4.3%	2.0%
Toro (TTC)	Industrials	2.1%	2.0%
Robert Half (RHI)	Industrials	4.3%	2.0%
Merck & Co (MRK)	Health Care	3.6%	2.0%
T Rowe Price (TROW)	Financials	5.5%	2.0%
Pepsico (PEP)	Cons Stpls	3.6%	2.0%
★🇺🇸 CSX Corp (CSX)	Industrials	1.8%	2.0%
Avery Dennison (AVY)	Materials	2.0%	2.0%
★🇺🇸 Best Buy (BBY)	Cons Disc	5.2%	2.0%
Lockheed Martin (LMT)	Industrials	3.0%	2.0%
Oshkosh (OSK)	Industrials	2.2%	2.0%
American Financial (AFG)	Financials	2.4%	2.0%
Brown-Forman (BF.B)	Cons Stpls	2.7%	2.0%
A O Smith (AOS)	Industrials	2.1%	2.0%
Voya Financial (VOYA)	Financials	2.7%	2.0%
Lamb Weston (LW)	Cons Stpls	2.8%	2.0%
Nike (NKE)	Cons Disc	2.5%	2.0%
Essent Group Ltd. (ESNT)	Financials	2.1%	2.0%
Cabot Corp (CBT)	Materials	2.1%	2.0%
Flowers Foods (FLO)	Cons Stpls	5.0%	2.0%
Comcast (CMCSA)	Comm Svcs	3.6%	2.0%
Insperty (NSP)	Industrials	2.7%	2.0%
★🇺🇸 Clorox (CLX)	Cons Stpls	3.3%	2.0%
Sysco (SYY)	Cons Disc	2.7%	2.0%
Ppg Industries (PPG)	Materials	2.5%	2.0%
🇺🇸 Home Depot (HD)	Cons Disc	2.5%	2.0%
General Mills (GIS)	Cons Stpls	4.0%	2.0%
Lancaster Colony (LANC)	Cons Stpls	2.2%	2.0%
Automatic Data (ADP)	Industrials	2.0%	2.0%
🇺🇸 Dicks Sporting (DKS)	Cons Disc	2.4%	2.0%
Skyworks Solutions (SWKS)	Tech	4.3%	2.0%
Genuine Parts (GPC)	Cons Disc	3.5%	2.0%
Matador Resources (MTDR)	Energy	2.4%	1.0%
🇺🇸 Korn Ferry (KFY)	Industrials	2.8%	1.0%
Civitas Resources (CIVI)	Energy	5.7%	1.0%
Northern Oil and Gas (NOG)	Energy	6.0%	1.0%
Sylvamo (SLVM)	Materials	2.7%	1.0%
CF Industries (CF)	Materials	2.6%	1.0%

Company & Ticker	Sector	Dividend Yield	Index Weight
LCI Industries (LCII)	Cons Disc	5.3%	1.0%
Gentex (GNTX)	Cons Disc	2.1%	1.0%
California Resources (CRC)	Energy	3.5%	1.0%
Fedex (FDX)	Industrials	2.3%	1.0%
Constellation Brands (STZ)	Cons Stpls	2.2%	1.0%
Chord Energy (CHRD)	Energy	4.5%	1.0%
Bunge Global (BG)	Cons Stpls	3.6%	1.0%
Nextera Energy (NEE)	Utilities	3.2%	1.0%
🇺🇸 Netapp (NTAP)	Tech	2.4%	1.0%
Qualcomm (QCOM)	Tech	2.2%	1.0%
Illinois Tool (ITW)	Industrials	2.4%	1.0%
Mondelez Intl. (MDLZ)	Cons Stpls	2.8%	1.0%
🇺🇸 Abbott Laboratories (ABT)	Health Care	1.8%	1.0%
🇺🇸 Colgate-Palmolive (CL)	Cons Stpls	2.2%	1.0%
General Dynamics (GD)	Industrials	2.2%	1.0%
Hormel Foods (HRL)	Cons Stpls	3.7%	1.0%
Hershey Foods (HSY)	Cons Stpls	3.2%	1.0%
Lyondellbasell Industries (LYB)	Materials	7.6%	1.0%
🇺🇸 Texas Instrument (TXN)	Tech	3.0%	1.0%
Snap On (SNA)	Industrials	2.5%	1.0%
Johnson & Johnson (JNJ)	Health Care	3.0%	1.0%
Fastenal (FAST)	Industrials	2.2%	1.0%
🇺🇸 Thor Industries (THO)	Cons Disc	2.6%	1.0%
🇺🇸 Rockwell Automation (ROK)	Industrials	2.0%	1.0%
Nexstar Media Group (NXST)	Cons Disc	4.2%	1.0%
Chevron (CVX)	Energy	4.1%	1.0%

## Removed Holdings

🇺🇸 UNH, NOC, SIGI, PFG, DG, EG, OVV, FHI, MTG, CIN, KMB, HON, HII, BDX, CHRW

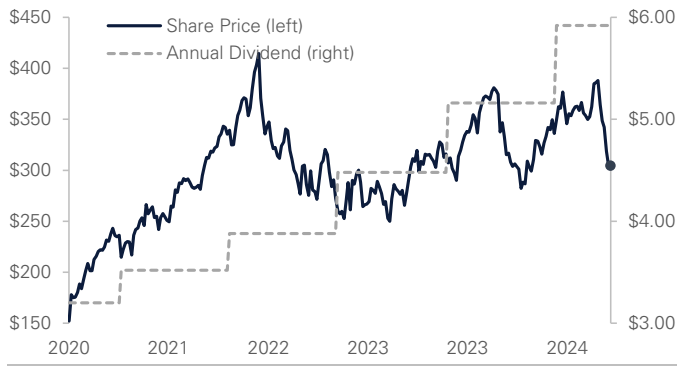
### Index Actions

- 🇺🇸 Added
- 🇺🇸 Removed
- ★ Featured

### Additional Notes

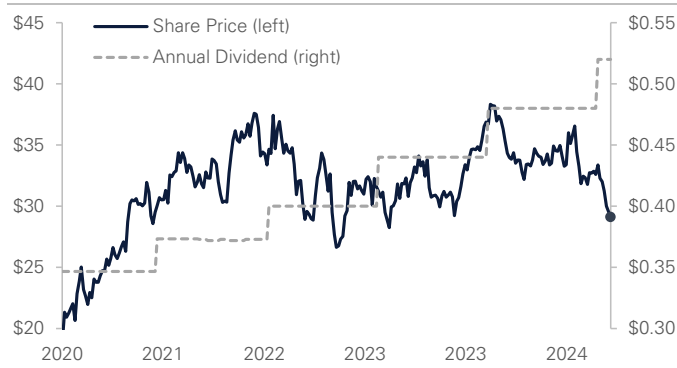
Data as of the most recent month end. **Dividend Yield:** Latest available indicated annual dividend rate. **Position Weights:** The methodology selects the top 50 companies for each category and equal weights the stocks at 1.0%, with a maximum 35% sector exposure. Companies ranked in the top 50 for both High Yield Dividend Growth and High Yield Dividend Stability receive a position weight of 2.0%. **Removed Holdings:** Companies removed this month from the portfolio. **Rebalanced:** Holdings are reconstituted and rebalanced the first business day of every month.

## Featured New Holdings



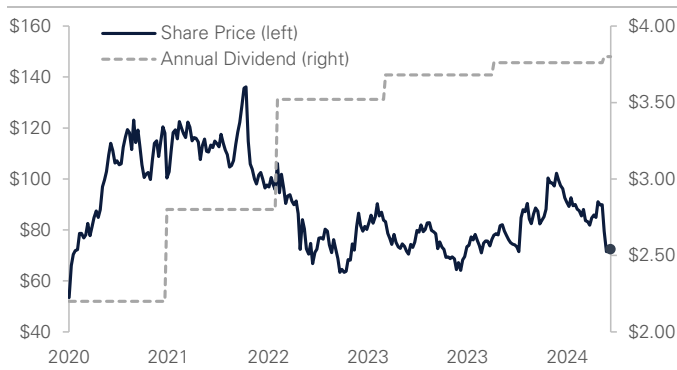
<b>Accenture</b>	Yield	Mkt Cap	NTM P/E
Ticker: ACN	1.90%	\$195.3 B	22.9x

Accenture is a global professional services company that helps the world's businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services, creating tangible value at speed and scale. The firm combines technology and leadership in cloud, data and AI with industry experience, functional expertise and global delivery capability. Its services include Strategy & Consulting, Technology, Operations, Industry X, and Song.



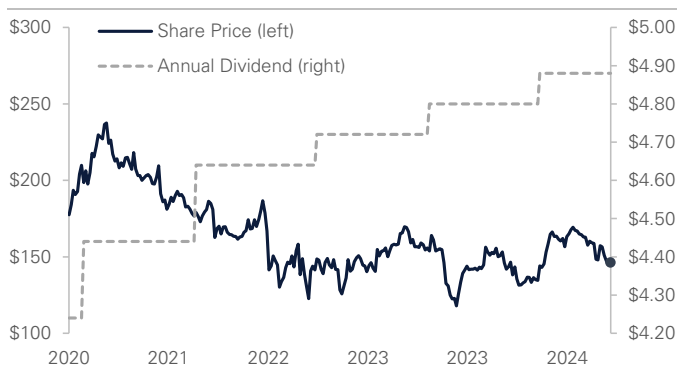
<b>CSX Corp</b>	Yield	Mkt Cap	NTM P/E
Ticker: CSX	1.77%	\$55.8 B	15.5x

CSX provides rail-based freight transportation services. Its services include rail service, the transport of intermodal containers and trailers, rail-to-truck transfers and bulk commodity operations. It operates through Rail and Trucking segments. The Rail segment provides rail-based transportation services including traditional rail service and the transport of intermodal containers. The Trucking segment solely comprises of Quality Carriers, completed several acquisitions that were immaterial individually and in aggregate.



<b>Best Buy</b>	Yield	Mkt Cap	NTM P/E
Ticker: BBY	5.16%	\$15.6 B	11.3x

Best Buy provides consumer technology products and services. It operates through two business segments: Domestic and International. The Domestic segment includes operations in all states, districts, and territories of the U.S., operating under various brand names, including Best Buy, Best Buy Mobile, Geek Squad, Magnolia Audio Video, Napster, and Pacific Sales. The International segment is made up of all operations outside the U.S. and its territories, including Canada, Europe, China, Mexico, and Turkey.



<b>Clorox</b>	Yield	Mkt Cap	NTM P/E
Ticker: CLX	3.31%	\$18.1 B	20.3x

Clorox manufactures and markets consumer and professional products. The Health and Wellness segment consists of cleaning products, professional products and vitamins, minerals and supplements mainly marketed and sold in the United States. The Household segments consists of bags and wraps, grilling products and cat litter marketed and sold in the United States. The Lifestyle segment refers to food, natural personal care products and water-filtration products marketed and sold in the United States. The International segment covers products sold outside the United States, excluding natural personal care products.

**Methodology** – The selection of featured new holdings on this page is based on the four highest new weights on the prior page. If chart data is unavailable for a holding, the next new holding will be used.

# Quantitative Methodology

- (1) Starting Universe: U.S. Companies greater than \$1 billion in market cap
- (2) Companies with the characteristics listed below are removed from the universe:
  - a. REITs            Structured as a Real Estate Investment Trust
  - b. Yield             Indicated Annual Dividend Yield Less Than 1.75%
  - c. Liquidity        Average Daily Traded Volume Less Than \$25 Million
  - d. Free Float        Less Than 40% of Market Capitalization
- (3) Remaining universe is grouped into the two categories listed below:
  - a. High Yield Dividend Growth (Top 50)
  - b. High Yield Dividend Stability (Top 50)
- (4) The methodology selects the top 50 companies for each category and equal weights each at 1.0%, with a maximum 35% sector exposure. Companies ranked in the top 50 for both High Yield Dividend Growth and High Yield Dividend Stability receive a position weight of 2.0%. Note: The number of holdings historically ranges between 60 and 80.
- (5) Holdings are reconstituted and rebalanced the first business day of every month

**Strategy Overview**

A quantitative dividend strategy focused on systematically generating above average income without sacrificing the potential for upside capital appreciation. The index is rooted in statistics and uses fundamental data and consensus estimates to maximize

**Investment Approach**

- Owning Quality U.S. Businesses with High Dividend Yields
- Rebalanced Monthly to Harvest

**Index Characteristics**

- Average # of Holdings: 60 to 80
- Passive, Quantitative Strategy
- Monthly Index Reconstitution
- 35% Maximum Sector Exposure
- Excludes REITs

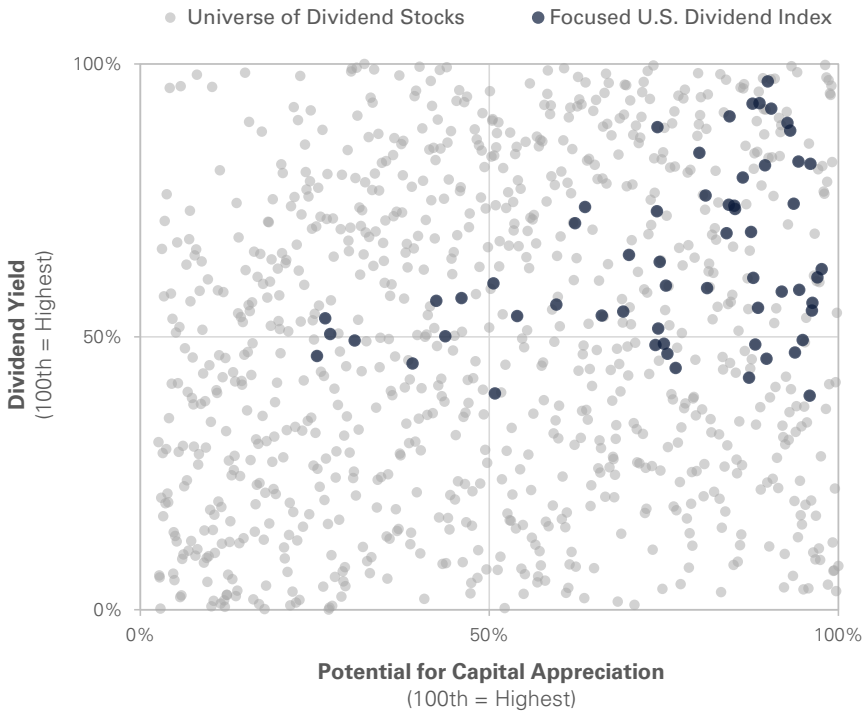
## Calculating a Dividend Stock's Potential for Capital Appreciation

**How do you quantify the potential for capital appreciation of a stock?**

The strategy uses a bottom-up approach in security selection. Initial screens filter companies based on the following criteria: dividend yield, payout ratio, dividend growth, earnings growth, capital structure, and return on equity. The algorithm intakes a tremendous amount of data to project what the dividend yield should be for each stock given the current environment. The universe is then ranked by the confidence level and margin of safety between the current and projected yield.

**Where does this strategy fit in a client's portfolio?**

We believe index works best as a core portfolio building block. The strategy's combined focus on high income and above-average capital appreciation positions it well across different market environments in our opinion.



For illustrative purposes only.