Focused U.S. Dividend Index

March 2024 Update

Performance Recap

The Focused U.S. Dividend Index was up +2.6% in February, inline with the broad High Dividend Index. The dividend yield is currently 3.2% vs the broad High Dividend Index's yield of 3.0% and the Large Cap Value Index's yield of 2.0%.
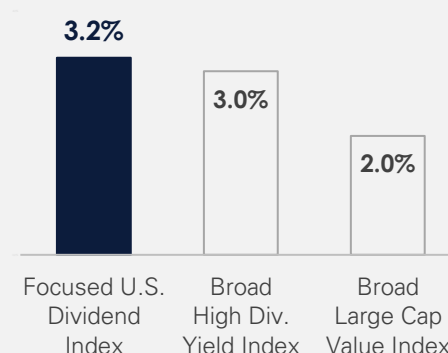
Monthly Commentary

- The Focused U.S. Dividend Index outperformed 7 out of 21 trading days in February.
- 28 of the 65 holdings outperformed the benchmark in February.
- Dicks Sporting, Ovintiv, and Hormel Foods were the best performers during the month rising 19.3%, 16.5%, and 16.3%, respectively. Forward Air, Leggett & Platt, and CH Robinson were the worst performers in February returning -16.2%, -12.0%, and -11.2%, respectively.
- Energy was the best performing sector in February with all 6 holdings leading the sector.
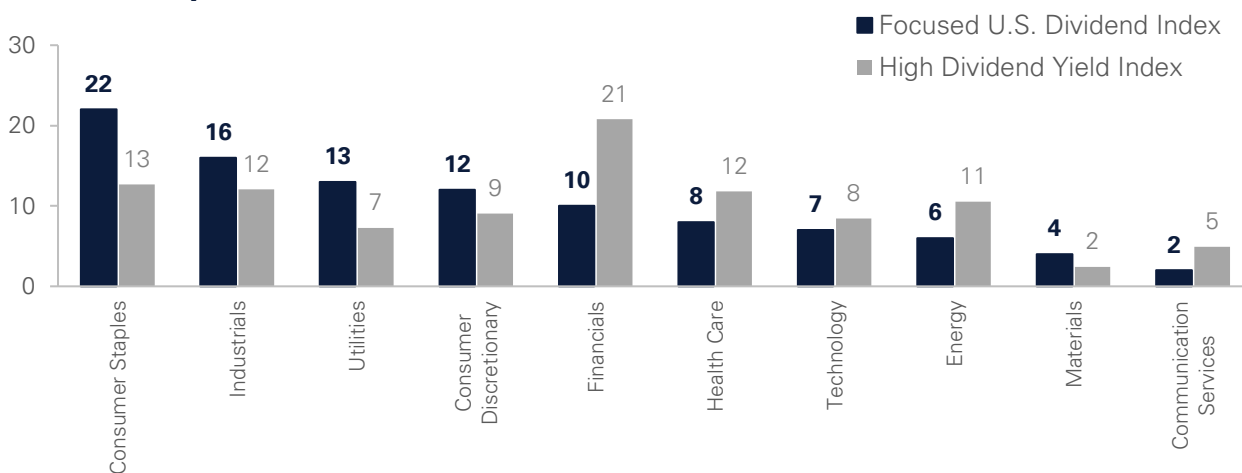- The quantitative dividend model selected 8 new holdings at the start of March.

Indicated Annual Dividend Yields

3.2%	3.0%	2.0%
Focused U.S. Dividend Index	Broad High Div. Yield Index	Broad Large Cap Value Index

Sector Composition vs Dividend Universe (%)

Legend: ■ Focused U.S. Dividend Index ■ High Dividend Yield Index

Sector	Focused U.S. Dividend Index	High Dividend Yield Index
Consumer Staples	22	13
Industrials	16	12
Utilities	13	7
Consumer Discretionary	12	9
Financials	10	21
Health Care	8	12
Technology	7	8
Energy	6	11
Materials	4	2
Communication Services	2	5

Holdings

Company & Ticker	Sector	Dividend Yield	Index Weight
Hershey Foods (HSY)	Cons Stpls	2.9%	2.0%
Microchip Technology (MCHP)	Tech	2.1%	2.0%
★⊞ Coca-Cola (KO)	Cons Stpls	3.2%	2.0%
Voya Financial (VOYA)	Financials	2.3%	2.0%
Bristol Myers Squibb (BMY)	Health Care	4.7%	2.0%
Texas Instrument (TXN)	Tech	3.1%	2.0%
United Parcel Service (UPS)	Industrials	4.4%	2.0%
T Rowe Price (TROW)	Financials	4.4%	2.0%
Best Buy (BBY)	Cons Disc	4.6%	2.0%
Kimberly Clark (KMB)	Cons Stpls	4.0%	2.0%
★⊞ Insperity (NSP)	Industrials	2.2%	2.0%
Air Products/Chemicals (APD)	Materials	3.0%	2.0%
Skyworks Solutions (SWKS)	Tech	2.6%	2.0%
Robert Half (RHI)	Industrials	2.6%	2.0%
CH Robinson (CHRW)	Industrials	3.3%	2.0%
Lockheed Martin (LMT)	Industrials	2.9%	2.0%
Tractor Supply (TSCO)	Cons Disc	1.7%	2.0%
Nexstar Media Group (NXST)	Cons Disc	4.1%	2.0%
Nextera Energy (NEE)	Utilities	3.7%	2.0%
McCormick & Co. (MKC)	Cons Stpls	2.4%	2.0%
Automatic Data (ADP)	Industrials	2.2%	2.0%
Johnson & Johnson (JNJ)	Health Care	2.9%	2.0%
Hormel Foods (HRL)	Cons Stpls	3.2%	2.0%
Pepsico (PEP)	Cons Stpls	3.1%	2.0%
American Financial (AFG)	Financials	2.2%	2.0%
Abbott Laboratories (ABT)	Health Care	1.9%	2.0%
Target (TGT)	Cons Stpls	2.9%	2.0%
Atmos Energy (ATO)	Utilities	2.9%	2.0%
ONE Gas (OGS)	Utilities	4.4%	2.0%
Paychex (PAYX)	Industrials	2.9%	2.0%
Wec Energy Group (WEC)	Utilities	4.3%	2.0%
★⊞ Brunswick (BC)	Cons Disc	1.9%	2.0%
Ameren (AEE)	Utilities	3.8%	2.0%
FMC (FMC)	Materials	4.1%	2.0%
Comcast (CMCSA)	Comm Svcs	2.9%	2.0%
★⊞ Quest Diagnostics (DGX)	Health Care	2.4%	2.0%
Snap On (SNA)	Industrials	2.7%	2.0%
Northern Oil and Gas (NOG)	Energy	4.5%	1.0%
California Resources (CRC)	Energy	2.4%	1.0%
eBay (EBAY)	Cons Stpls	2.3%	1.0%

Company & Ticker	Sector	Dividend Yield	Index Weight
Chord Energy (CHRD)	Energy	3.1%	1.0%
Chesapeake Energy (CHK)	Energy	2.7%	1.0%
Civitas Resources (CIVI)	Energy	2.9%	1.0%
LKQ Corp. (LKQ)	Cons Disc	2.3%	1.0%
Western Union (WU)	Financials	7.0%	1.0%
Stifel Financial (SF)	Financials	2.2%	1.0%
Conagra Brands (CAG)	Cons Stpls	5.0%	1.0%
Ovintiv Inc (OVV)	Energy	2.4%	1.0%
⊞ Essent Group Ltd. (ESNT)	Financials	2.1%	1.0%
⊞ Whirlpool (WHR)	Cons Disc	6.5%	1.0%
Cisco Systems (CSCO)	Tech	3.3%	1.0%
Polaris (PII)	Cons Disc	2.8%	1.0%
Public Service Enterprise (PEG)	Utilities	3.8%	1.0%
Clorox (CLX)	Cons Stpls	3.1%	1.0%
Home Depot (HD)	Cons Disc	2.4%	1.0%
⊞ Xcel Energy (XEL)	Utilities	4.2%	1.0%
Flowers Foods (FLO)	Cons Stpls	4.1%	1.0%
⊞ Archer Daniels Midland (ADM)	Cons Stpls	3.8%	1.0%
American Water Works (AWK)	Utilities	2.4%	1.0%
Kellanova (K)	Cons Stpls	4.1%	1.0%
Leggett & Platt (LEG)	Cons Stpls	9.0%	1.0%
Cincinnati Financial (CINF)	Financials	2.8%	1.0%
Mondelez Intl. (MDLZ)	Cons Stpls	2.3%	1.0%

Removed Holdings

⚑ DG, DKS, FWRD, MTG, FDX, WGO, PFE, SYY, ETR, CMI

| Index Actions		Additional Notes
⊞	Added	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.
⚑	Removed	
★	Featured	

Featured New Holdings
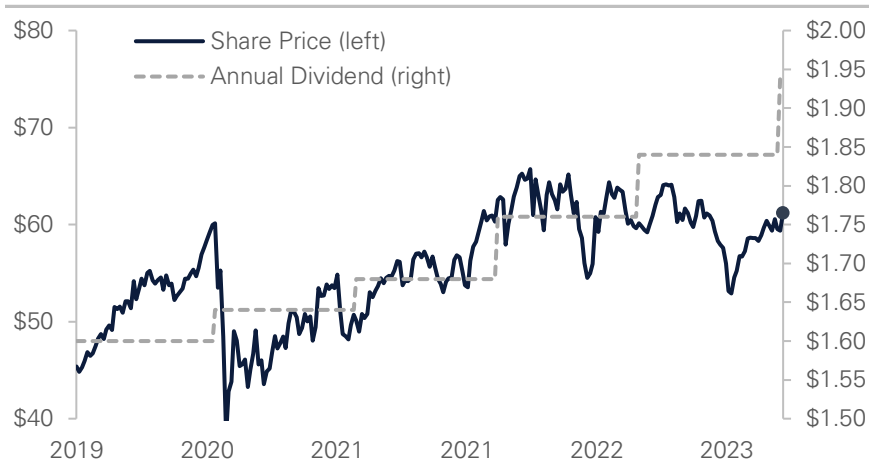
Coca-Cola	Yield	Mkt Cap	NTM P/E
Ticker: KO	3.23%	$258.6 B	21.2x

Coca-Cola engages in the manufacturing and marketing of non-alcoholic beverages. It operates through the following segments: Europe, Middle East and Africa, Latin America, North America, Asia Pacific, Global Ventures, and Bottling Investments.
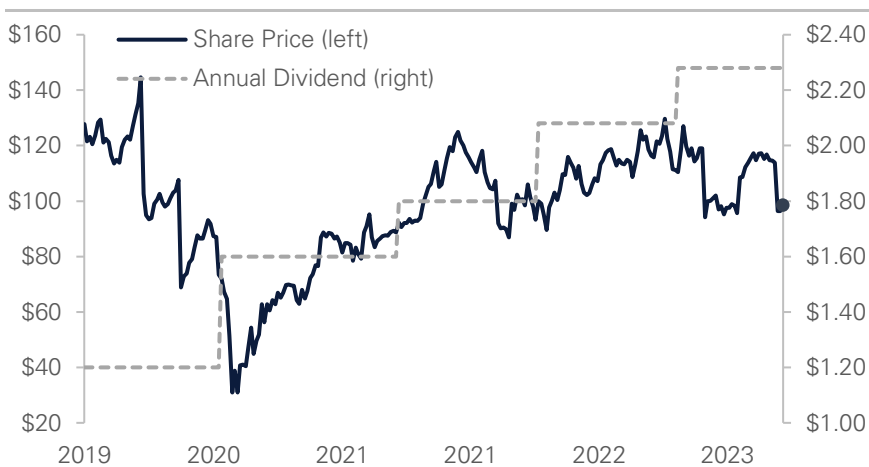

Insperity	Yield	Mkt Cap	NTM P/E
Ticker: NSP	2.24%	$3.8 B	27.9x

Insperity provides human resources and business solutions designed to help improve business performance. The firm also offers payroll and employment administration, employee benefits, workers' compensation, government compliance, performance management, and training and development services along with cloud-based human capital management platform.
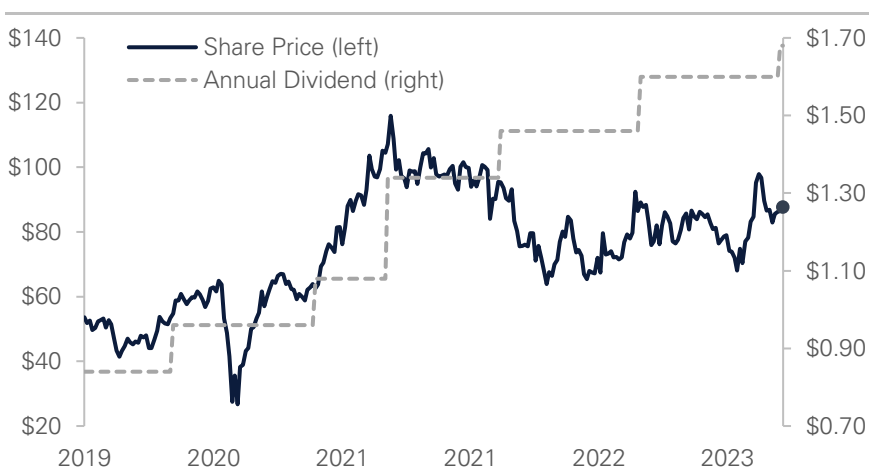
Brunswick	Yield	Mkt Cap	NTM P/E
Ticker: BC	1.92%	$5.9 B	11.3x

Brunswick engages in the design, manufacture, and marketing of recreational marine products, including marine engines, boats, and parts and accessories for those products. It operates through the following segments: Propulsion, Engine P&A, Boat, and Novico Group.
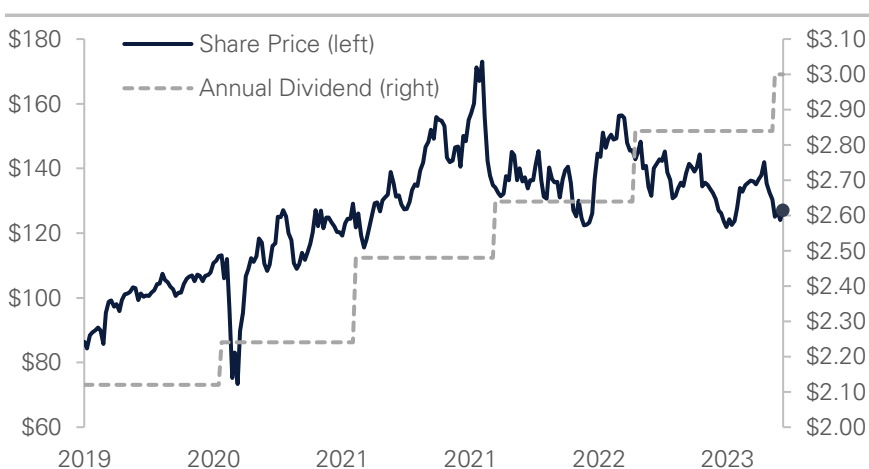
Quest Diagnostics	Yield	Mkt Cap	NTM P/E
Ticker: DGX	2.40%	$13.8 B	14.2x

Quest Diagnostics provides diagnostic testing, information and services. It operates through the Diagnostic Information Services (DIS) and All Other segments. The DIS segment offers diagnostic information services to patients, clinicians, hospitals, health plans, and employers. The All Other segment consists of risk assessment services, healthcare information technology, diagnostic products, and clinical trials testing businesses.

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.
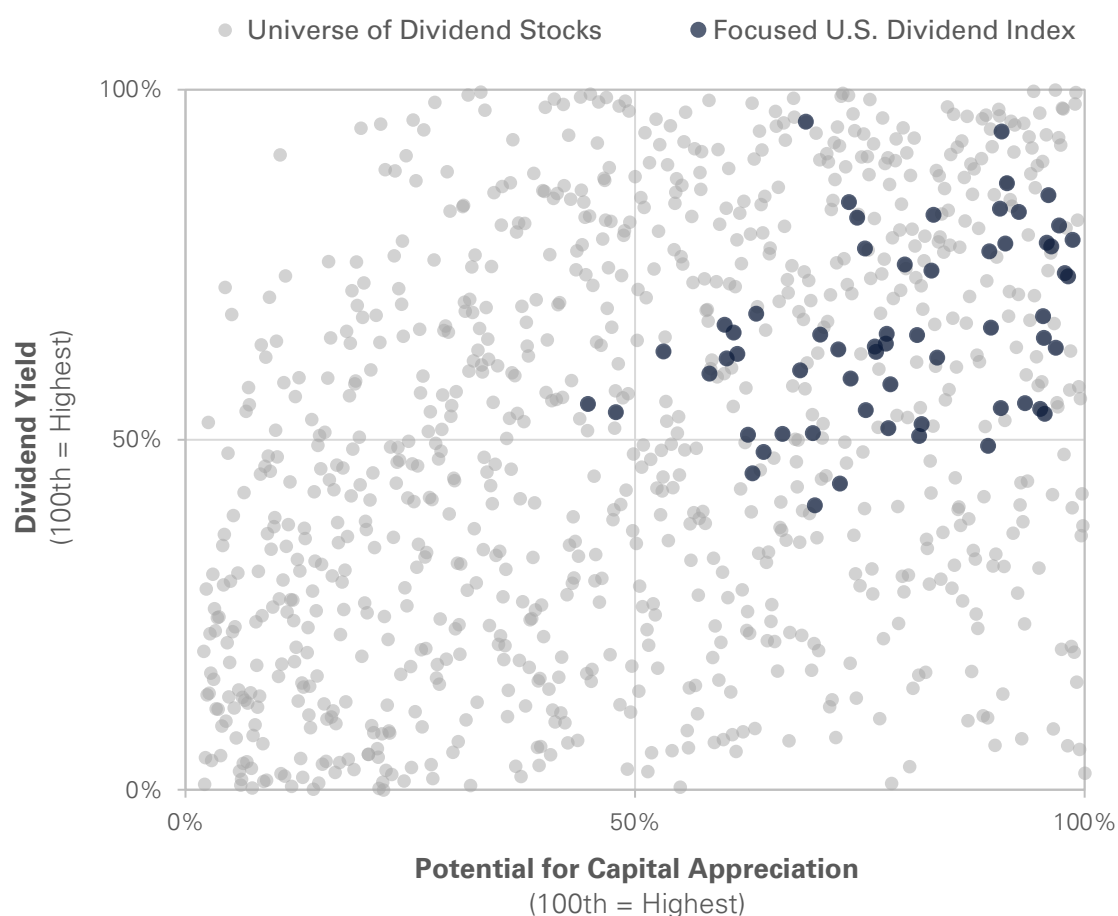
For illustrative purposes only.