



Dividend Discretionary Strategy

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1Q | 2025

Strategy Overview:

Our Dividend Discretionary Strategy is designed to serve as the center piece of any investor's portfolio. The goal of the strategy is to grow our client's wealth by investing in "best of breed" companies along with high conviction ETFs for broad diversification. The strategy looks to invest long-term while being mindful of taxes; however, we can make tactical changes based on company fundamentals and overall market conditions.

Why Invest in Stocks: *(Market data sourced from Thomson Reuters*)*

The US stock market remains one of the most powerful wealth building tools available to investors. In the 20th century the United States endured two world wars and several other large military conflicts, the Great Depression, a dozen or so recessions and financial panics, oil shocks, flu epidemics, and the resignation of a disgraced president; yet the Dow rose from 66 to 11,497. So far in the 21st century the United States has endured the Dot-Com Bubble, 9/11 and other terrorist attacks, two Middle East Wars, the Great Recession, and COVID-19; yet the Dow has risen from 11,497 to 42,544*.

Our Outlook: *(Market data sourced Morgan Stanley and fsinsight)*

Despite the war in Ukraine, escalating middle east tensions, the near assassination of now President Elect Donald Trump, and a growth scare the S&P500 ended 2024 up 23.84%. This was the second straight +20% year making it just the 6th time the S&P500 has had back-2-back +20% years. Even with this impressive run we believe stocks will have another good year in 2025 albeit with more volatility giving valuations.

Going into 2025 the Federal Reserve is cutting rates, and the economy remains robust with unemployment around 4.2% and weekly initial jobless claims averaging well below 250K. There have been 7 previous times when the Fed started cutting rates and the economy was not in a recession and each time stocks have been higher 12 months later, increasing an average of +15.8%. As mentioned, the S&P500 posted its second straight back-2-back +20% years for the 6th time, however, the trailing 3-year average return when this has occurred is far below the previous 5 3-year averages with returns of just 27% vs the average of 75%. It remains to be seen but we do believe that we are still in the early innings of the AI revolution and along with the pro growth economic policies of the incoming Trump administration should provide tail winds for the US equity markets into 2026. While the S&P500 valuation is elevated, the majority of that is due to the Top 10 companies trading at 29.8 P/E while the remaining 490 stocks trade at a reasonable 18.2 P/E. It would not surprise us to see the consolidation at the end of 2024 continue into middle of January before stocks resumed their rally to new highs. Bottom line, we don't think the rally is over yet and that is something we will need to worry about in 2026.

Portfolio Characteristics

Benchmark	Russell 1000 VL
Capitalization	Large
Style	Value
Holdings	33
AUM	\$56 MM*
Current Yield	2.55%*

Suitable For

- Investors seeking long term capital appreciation and income.
- Investors who have a long-time horizon, at least 5 years or more.
- Investors who can handle high volatility and afford loss of principal.
- More appropriate for taxable accounts.
- Investors who need to frequently withdraw from the account.

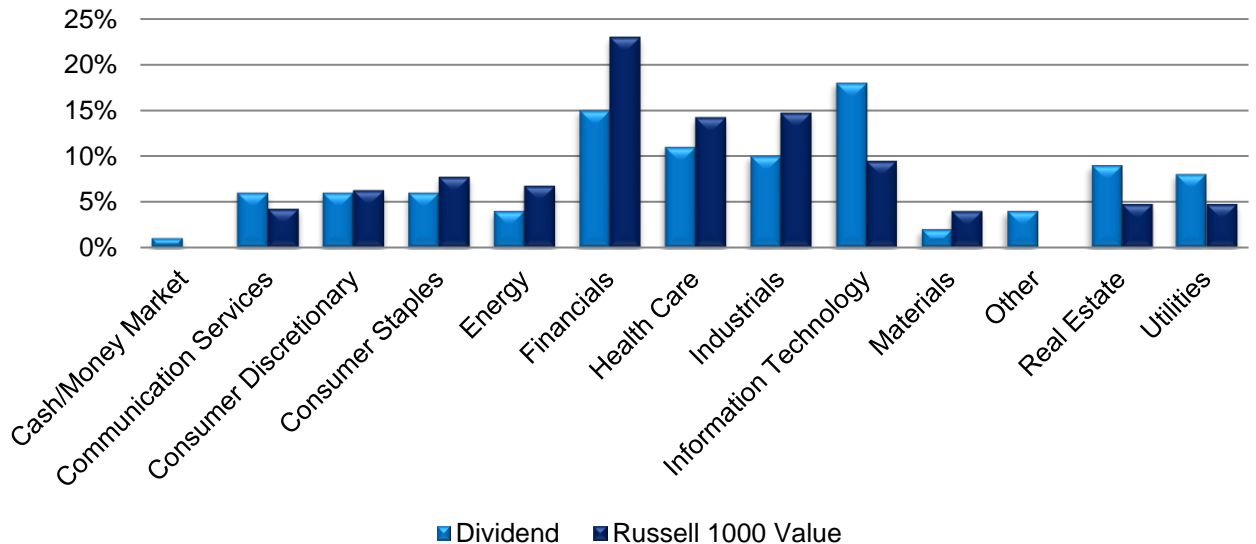
* As of January 6th, 2025

Portfolio Holdings*

Company	Ticker	Sector	Subsector	Headquarters
ABBVIE INC	ABBV	Health Care	Pharmaceuticals	Chicago, IL
ALPHABET INC (A)	GOOGL	Information Technology	Consumer Digital Services	Mountain View, CA
ALTRIA GROUP INC	MO	Consumer Staples	Tobacco	Richmond, VA
AMERICAN EXPRESS CO	AXP	Financials	Consumer Finance	New York, NY
APPLE INC	AAPL	Information Technology	Computer Hardware	Cupertino, CA
AVANTIS INTERNATIONAL SMALL CAP VALUE	AVDV	Small Cap	Value	New York, NY
BANK OF AMERICA CORP NEW	BAC	Financials	Banks	Charlotte, NC
BLACKSTONE INC	BX	Financials	Asset Managers	New York, NY
BROADCOM INC	AVGO	Information Technology	Semiconductors	San Jose, CA
CATERPILLAR INC	CAT	Industrials	Heavy Machinery & Vehicles	Irving, TX
DUKE ENERGY CORP NEW	DUK	Utilities	Electrical Utilities	Charlotte, NC
EXXON MOBIL CORP	XOM	Energy	Integrated Oil and Gas	Irving, TX
GAMING AND LEISURE PROPERTIES INC	GLPI	Real Estate	Specialty REITs	Wyomissing, PA
HOME DEPOT INC	HD	Consumer Discretionary	Home Improvement Retailers	Atlanta, GA
HONEYWELL INTERNATIONAL INC	HON	Industrials	Diversified Industrials	Charlotte, NC
INTERNATIONAL PAPER CO	IP	Materials	Paper	Memphis, TN
INTL BUSINESS MACHINES	IBM	Information Technology	Software and Computer Services	Armonk, NY
ISHARES U.S. UTILITIES ETF	IDU	Utilities	Core	New York, NY
JOHNSON AND JOHNSON	JNJ	Health Care	Pharmaceuticals	New Brunswick, NJ
JPMORGAN CHASE & CO	JPM	Financials	Banks	New York, NY
LOCKHEED MARTIN CORP	LMT	Industrials	Defense	Bethesda, MD
MCDONALDS CORP	MCD	Consumer Discretionary	Restaurants & Bars	Chicago, IL
META PLATFORMS INC	META	Communication Services	Consumer Digital Services	Menlo Park, Ca
MICROSOFT CORP	MSFT	Information Technology	Software	Redmond, WA
QUALCOMM INC	QCOM	Information Technology	Semiconductors	San Diego, CA
RTX CORPORATION	RTX	Industrials	Defense	Arlington, VA
SIMON PROPERTY GROUP INC NEW	SPG	Real Estate	Retail REITs	Indianapolis, ID
SPDR S&P Regional Banking ETF	KRE	Financials	Regional Banks	Boston, MA
T-MOBILE US INC	TMUS	Information Technology	Semiconductors	Dallas, TX
UNION PACIFIC CORP	UNP	Industrials	Ground Freight & Logistics	Omaha, NE
UNITEDHEALTH GROUP INC (DEL)	UNH	Health Care	Health Care Providers	Hopkins, MN
WALMART INC	WMT	Consumer Staples	Broadline Retailers	Bentonville, AR
WELLTOWER INC	WELL	Real Estate	Health Care REITs	Toledo, OH

Sample Holdings within the model portfolio as of January 6th, 2025. These sample holdings are for informational purposes only and should not be deemed to be a recommendation to purchase or sell the securities mentioned. There are no guarantees that any securities mentioned will be held in a client's account. It should not be assumed that the securities transactions or holdings discussed were or will be profitable. Data are indicative only as of the given date. Holdings will fluctuate, and no assurance can be given that an actual portfolio will be able to obtain the same attributes. Please see additional importation at the end of this report.

Portfolio Sector Allocation*



* As of January 6th, 2025

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