

# Large Cap Dividend Payer Strategy

## Objective

This strategy seeks long-term capital appreciation and current income by investing in companies that pay dividends in excess of the S&P 500.

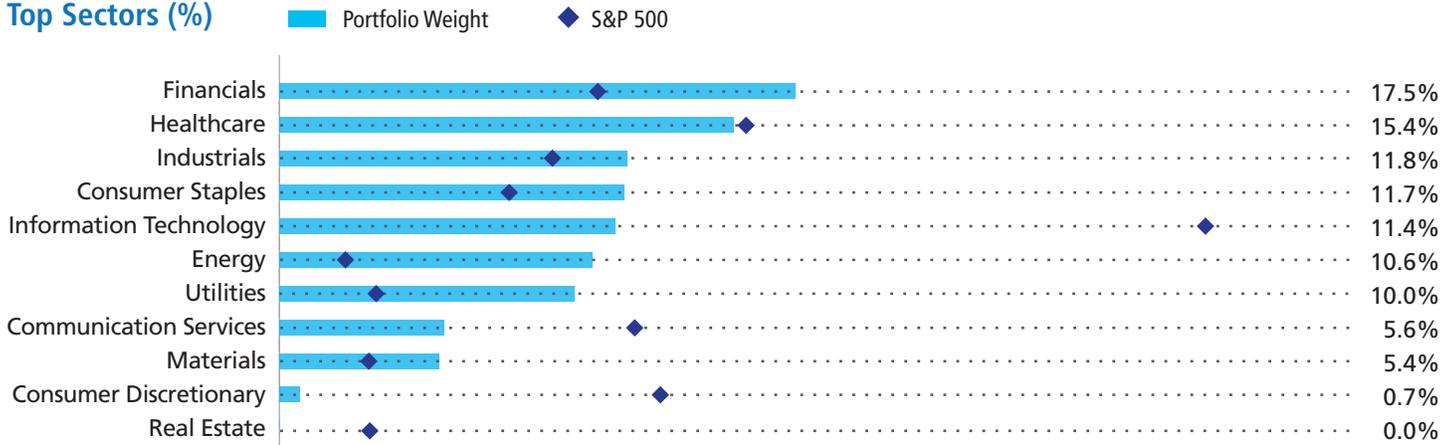
## Strategy Information

Inception date	12/31/2012	
Number of holdings	20	
Beta 5 Year	0.92	
Upside Capture Ratio 5 Year	83.71	
Downside Capture Ratio 5 Year	107.30	
	<b>PDA LC Div</b>	<b>S&amp;P 500</b>
12 Month Yield	4.28%	1.69%
P/E Ratio	16.81	25.83

## Investment Approach and Strategy

- The strategy seeks to limit the portfolio to 20 individual names with no inherent sector bias. By not weighting any given sectors, we endeavor to avoid large drawdowns.
- Securities will usually have a market cap greater than \$5 billion with a focus on companies that are consistently growing their dividends over time. In our opinion, companies that are able to grow their dividends over a 3- to 5-year time horizon can sustain dividends and are better equipped to manage their cash flows.
- We believe securities with excessive valuations should be avoided while focusing on companies that could reduce the strategy's beta and volatility.
- Our goal is to construct a portfolio that will have a dividend yield in excess of 3% gross of fees.
- Overall, the strategy strives to have higher-quality characteristics and lower risk metrics than the broad U.S. equity market.

## Top Sectors (%)



## Top 10 Holdings by Dividend Yield (portfolio holdings subject to change)

Company (Ticker)	Sector	12 Month Yield
Marathon Petroleum Corp (MPC)	Energy	8.03%
AT&T Inc (T)	Communication Services	7.22%
Phillips 66 (PSX)	Energy	7.05%
Wells Fargo & Co (WFC)	Financials	6.79%
Prudential Financial Inc (PRU)	Financials	6.73%
Bank of Montreal (BMO)	Financials	5.39%
Dominion Energy Inc (D)	Utilities	4.68%
Cardinal Health Inc (CAH)	Health Care	4.18%
Duke Energy Corp (DUK)	Utilities	4.15%
WestRock Co A (WRK)	Materials	3.80%

## Morningstar Style Box™

Large	55.9	11.2	0.0
	31.9	0.6	0.0
	0.3	0.2	0.0
Mid			
Small			
	Value	Core	Growth

Market Cap	%
Market Cap Giant	17.4
Market Cap Large	49.6
Market Cap Mid	32.5
Market Cap Small	0.4
Market Cap Micro	0.0

## Glossary of Terms

**12 Month Yield** is the sum of a portfolio's total trailing 12-month interest and dividend payments divided by the last month's ending share price (NAV) plus any capital gains distributed over the same period. The 12 Month Yield gives you a good idea of the yield (interest and dividend payments) your portfolio is currently paying.

**Alpha**, often considered the active return on an investment, gauges the performance of an investment against a market index or benchmark which is considered to represent the market's movement as a whole. The excess return of an investment relative to the return of a benchmark index is the investment's alpha.

**Beta** is a measure of systematic risk with respect to a benchmark. Systematic risk is the tendency of the value of the portfolio and the value of benchmark to move together. Beta measures the sensitivity of the portfolio's excess return (total return minus the risk-free return) with respect to the benchmark's excess return that results from their systematic co-movement. It is the ratio of what the excess return of the portfolio would be to the excess return of the benchmark if there were no portfolio-specific sources of return. If beta is greater than one, movements in value of the portfolio that are associated with movements in the value of the benchmark tend to be amplified. If beta is one, they tend to be the same, and if beta is less than one, they tend to be dampened. If such movements tend to be in opposite directions, beta is negative. Beta is measured as the slope of the regression of the excess return on the portfolio as the dependent variable and the excess return on the benchmark as the independent variable.

**Downside Capture Ratio** measures a manager's performance in down markets relative to the market (benchmark) itself. It is calculated by taking the security's return in down markets and dividing it by the benchmark's return in down market.

**PE Ratio** is a portfolio's price/earnings ratio can act as a gauge of the portfolio's investment strategy in the current market climate, and whether it has a value or growth orientation. Companies in those industries enjoying a surge of popularity tend to have high P/E ratios, reflecting a growth orientation. More staid industries, tend to have low P/E ratios, reflecting a value orientation. Morningstar generates this figure in-house on a monthly basis, based on the most-recent portfolio holdings submitted by the portfolio and stock statistics gleaned from our internal U.S. equities databases. Negative P/Es are not used, and any P/E greater than 60 is capped at 60 in the calculation of the average.

**The S&P 500** (Standard & Poor's 500) Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value. The index does not incur fees and expenses and is not available for purchase.

**Upside Capture Ratio** measures a manager's performance in up markets relative to the market (benchmark) itself. It is calculated by taking the security's return in up markets and dividing it by the benchmark's return in up market.

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All types of investing involve risks and is subject to market fluctuations. It is possible to lose money by investing in securities, fixed income and alternative investments.

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Securities offered through Geneos Wealth Management, Inc. Member FINRA/SIPC

## Portfolio Management

Wes Strode, CFA . . . . . Since inception

Paul Knipping, CFA . . . . . Since August, 2013

## About Portfolio Design Advisors

Established in 2006, and re-invented under new ownership in 2009, Portfolio Design Advisors provides a broad range of investment advisory services, including portfolio management, consulting, and financial planning. It specializes in intelligent portfolio construction and design by creating sophisticated, customized investment strategies. The firm's CFA® charterholders have access to numerous world-class, institutional-quality investments.

Models are designed to be straightforward, common sense approaches that address the specific financial situation and achieve the needs of the individual investor, while also providing protection in extremely volatile markets. The firm believes in long-term management strategies that create Alpha over time. Asset allocation decisions are based on market fundamentals and employ ongoing oversight and active management to achieve desired strategic asset allocation targets.

