

December 2020 Recap

MarketDesk Research Focused U.S. Dividend Portfolio

The Focused U.S. Dividend Portfolio was up 3.37% in December, trailing the FTSE High Dividend Yield Index by -2bps.

Monthly Recap

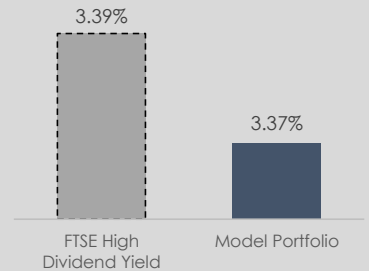
- The portfolio outperformed 8 out of 22 trading days in December.
- 12 of the 30 holdings in the portfolio outperformed the benchmark in December.
- Healthcare Services, First Bancorp, and Hope Bancorp were the best performers during the month rising 18.7%, 16.1%, and 15.1%, respectively.
- H&R Block, Cabot Oil & Gas, and Chevron were the worst performers in December returning -14.3%, -7.1%, and -3.1%, respectively.
- Industrials (+5.7%) was the best performing sector for the portfolio in December with 2 of the 3 holdings leading the sector. HCSG and MMM were the top outperformers.
- Stock selection in Consumer Discretionary weighed down the portfolio's relative performance with 2 of the 3 names trailing the sector during the month.
- The quantitative Dividend Model replaced 7 holdings at the start of January.
- The dividend yield of the portfolio is currently 3.8% vs the FTSE High Dividend Yield Index's yield of 3.2%.

Portfolio	Holdings	Div Yield	1m Return	6m Return	1Y Return	Inception
Focused U.S. Dividend	30	3.8%	3.37%	-	-	3.37%
FTSE High Div. Yield Index	418	3.2%	3.39%	-	-	3.39%
Relative		+0.7%	-0.02%	-	-	-0.02%

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December 2020 Performance



Strategy Overview

The *Focused U.S. Dividend Portfolio* is a quantitatively managed portfolio that aims to earn above-average dividend yields without sacrificing the potential for capital appreciation. Unlike traditional dividend strategies that focus solely on income and overlook a company's growth profile, the *Focused U.S. Dividend Portfolio* seeks to invest in growth companies exhibiting above-average dividend yield. The model is rooted in statistics and uses fundamental data and consensus estimates in order to maximize objectivity in security selection. The performance information shown herein does not reflect the deduction of advisory and/or other fees normally incurred in the management of a portfolio. **Please see page 6 for important information and disclosures.**

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Portfolio Holdings

The investment objective of the Focused U.S. Dividend Portfolio is to provide exposure to high-quality companies with dividend yields greater than 2.0%. In order to be eligible for inclusion in the portfolio, companies must be forecasted to grow sales and have grown their dividend over the past five years. The portfolio's holdings are selected by calculating the current annual dividend yield z-score (see Definitions below) for companies within the S&P 1500 Index that pass a quality screen. The 30 companies with the highest dividend yield z-score are equal-weighted with a max 25% weight for any sector. The quantitative model is updated and rebalanced monthly. Pages 3-5 provide additional portfolio statistics, highlight featured holdings, and track a Dividend watchlist.

Portfolio Holding	Sector	Dividend Yield	Div Yield Z-Score	3 Year DPS Growth	Debt % of EV	FCF/Dividend Ratio	Market Cap (\$B)	Performance (%)		
								1m	3m	6m
Newmont (NEM)	Materials	2.7%	+3.5	72%	-	2.0	48.1	2	-5	-2
International Fragrances (IFF)	Materials	2.8%	+2.4	7%	-	-	11.6	-2	-10	-10
🛡️ Gilead Sciences (GILD)	Health Care	4.7%	+2.2	11%	-	-	73.0	-3	-7	-23
Strategic Education (STRA)	Cons Disc	2.5%	+2.1	40%	-	3.0	2.3	2	5	-37
H&R Block (HRB)	Cons Disc	6.6%	+2.1	6%	41%	2.5	2.9	-14	-1	15
Chevron (CVX)	Energy	6.1%	+2.0	4%	-	0.6	162.6	-3	19	-2
Walgreen (WBA)	Cons Stpls	4.7%	+1.9	7%	-	-	34.5	5	12	-4
Exxon Mobil (XOM)	Energy	8.4%	+1.9	5%	-	-0.3	174.3	8	23	-4
Cabot Oil & Gas (COG)	Energy	2.5%	+1.9	67%	-	0.6	6.5	-7	-6	-4
🛡️ General Dynamics (GD)	Industrials	3.0%	+1.8	10%	-	2.1	42.7	0	8	1
🛡️ Lockheed Martin (LMT)	Industrials	2.9%	+1.8	10%	-	2.1	99.3	-3	-7	-1
Amgen (AMGN)	Health Care	3.1%	+1.8	13%	-	-	133.9	4	-9	-1
Tyson Foods (TSN)	Cons Stpls	2.8%	+1.7	36%	-	4.1	19.0	-1	9	9
Valero Energy (VLO)	Energy	6.9%	+1.7	14%	-	0.7	23.1	5	33	0
Altria Group (MO)	Cons Stpls	8.4%	+1.6	12%	-	-	76.2	5	8	9
Snap On (SNA)	Industrials	2.9%	+1.5	15%	-	-	9.3	-3	17	25
Pacific Premier Bancorp (PPBI)	Financials	3.6%	+1.5	-	-	-	3.0	9	57	47
American Financial (AFG)	Financials	2.3%	+1.5	66%	-	-	7.6	0	35	43
★🛡️ Ingredion (INGR)	Cons Stpls	3.3%	+1.4	10%	-	-	5.3	3	5	-4
Hormel Foods (HRL)	Cons Stpls	2.1%	+1.3	13%	5%	-	25.2	-1	-4	-2
IBM (IBM)	Tech	5.2%	+1.2	5%	-	1.9	112.2	2	5	7
Western Union (WU)	Tech	4.1%	+1.2	8%	-	2.3	9.0	-2	3	4
First Bancorp (FBP)	Financials	2.2%	+1.2	333%	-	-	2.0	16	78	67
★🛡️ Reinsurance Group (RGA)	Financials	2.4%	+1.2	19%	-	-	7.9	1	22	50
★🛡️ Southside Bancshares (SBSI)	Financials	4.1%	+1.2	9%	-	-	1.0	6	29	14
★🛡️ Hanover Insurance (THG)	Financials	2.4%	+1.2	48%	-	-	4.4	5	26	17
Unum (UNM)	Financials	5.0%	+1.2	12%	-	-	4.7	3	38	42
Mondelez Intl. (MDLZ)	Cons Stpls	2.2%	+1.1	16%	-	2.0	83.6	2	2	16
3M (MMM)	Industrials	3.4%	+0.9	9%	-	1.9	100.8	1	10	14
Valvoline (VVV)	Materials	2.2%	+0.9	46%	-	2.4	4.3	2	22	21

📄 Download Excel File

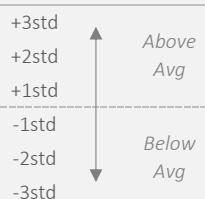
Removed Holdings

📌 BEN, HOPE, FHN, HCSG, AVGO, GPC, IDCC

Portfolio Highlights

- 🛡️ Added
- 📌 Removed
- ★ Featured

5 Year Z-Score of Dividend Yield



Definitions

Dividend Yield: Current indicated annual dividend rate. **Dividend Yield Z-Score:** Statistical measure to highlight when company dividend yields are meaningfully above their long-term average. The z-score (i.e., standard deviation) is calculated using 5 years of monthly data. Z-scores above (below) zero highlight attractive (unattractive) dividend opportunities based on historical ranges. **3 Year DPS:** Annual average growth of dividends per share over the last 3 years. **Debt % of Enterprise Value (EV):** Represents the total long- and short-term debt as a percentile of each company's enterprise value. Data as of the most recent quarter. **FCF/Dividend Ratio:** Also referred to as a coverage ratio, this financial health ratio divides annual free cash flow by the annual dividend payment commitment. Higher coverage ratios indicate more of the dividend is covered by free cash flow, which may signal a lower probability of a dividend cut.

Portfolio Statistics

Focused U.S. Dividend Cumulative Performance

Model Inception (MI): 11/30/2020 | Live Portfolio Inception (LPI): 12/31/2020

	Portfolio	Russell 1000 Index
1m	3.4%	3.4%
3m	-	-
6m	-	-
1Y	-	-
YTD	-	-
MI	3.4%	3.4%
LPI	-	-

Rolling Track Record Graph will begin 1/31/2021

Source: MarketDesk Research. Note: Past performance does not guarantee future results. Performance includes dividends but not taxes/capital gains.

Portfolio Overview

Statistic	Description
Strategy	Quantitative strategy that aims to hold a diversified basket of high quality U.S. companies paying annual dividend yields above 2.0%
# Holdings	30 companies (S&P 1500 Universe)
Time Frame	6-18 Months
Rebalance	The model is updated and rebalanced monthly
Turnover	30-50% Annually
Benchmark	FTSE High Dividend Yield Index
Weighting	Equal Weight
Sectors	Max 25% Exposure

Portfolio Factor Exposure

# of Holdings by Size & Style			
	Value	Core	Growth
Large	0	16	8
Mid	0	13	3
Small	0	1	0

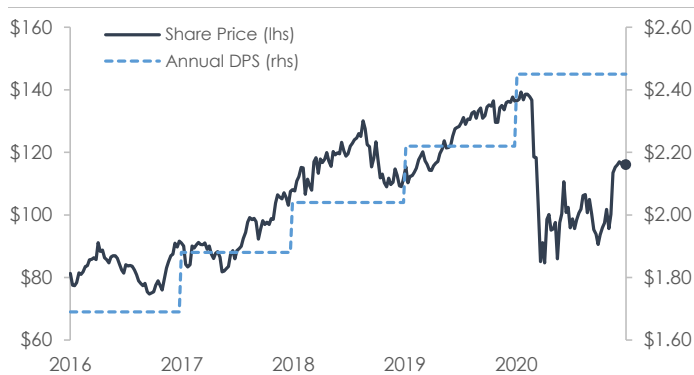
Top / Bottom Performing Holdings Last Month

Top 10 Holdings	Bottom 10 Holdings
18.7% Healthcare Services (HCSG)	-14.3% H&R Block (HRB)
16.1% First Bancorp (FBP)	-7.1% Cabot Oil & Gas (COG)
15.1% Hope Bancorp (HOPE)	-3.1% Chevron (CVX)
14.9% Franklin Resources (BEN)	-2.7% Snap On (SNA)
9.9% Broadcom (AVGO)	-2.2% International Fragrances (IFF)
8.7% Pacific Premier Bancorp (PPBI)	-1.8% Western Union (WU)
8.1% Exxon Mobil (XOM)	-1.2% Hormel Foods (HRL)
5.6% First Horizon National (FHN)	-1.2% Tyson Foods (TSN)
5.2% Valero Energy (VLO)	0.2% American Financial (AFG)
5.1% Altria Group (MO)	1.2% 3M (MMM)

Sector Composition vs Benchmark

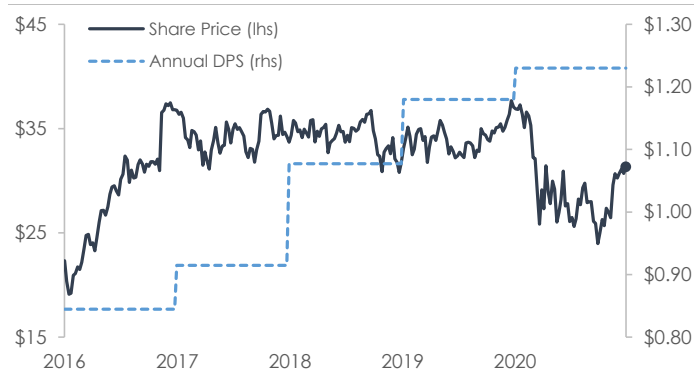
Sector	Portfolio	Benchmark	+/-
Financials	23.3%	20.1%	+3.2%
Consumer Staples	20.0%	13.7%	+6.3%
Industrials	13.3%	10.3%	+3.0%
Energy	13.3%	5.8%	+7.5%
Materials	10.0%	3.9%	+6.1%
Technology	6.7%	8.9%	-2.2%
Consumer Discretionary	6.7%	6.3%	+0.4%
Health Care	6.7%	13.7%	-7.0%
Communication Services	-	8.2%	-8.2%
Utilities	-	9.1%	-9.1%

Featured New Holdings



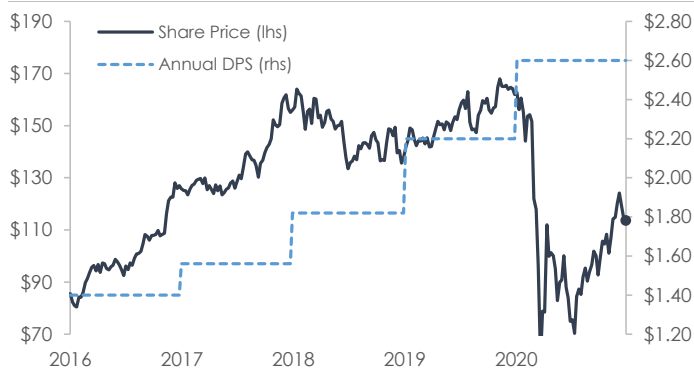
Hanover Insurance	<i>Mkt Cap</i>	<i>Div Yield</i>	<i>Z Score</i>
THG (Hanover Insurance)	\$4.4 B	2.4%	+1.2 std

The Hanover Insurance Group offers property and casualty products and services. It operates through the following segments: Commercial Lines, Personal Lines and Other. The Commercial Lines segment includes commercial multiple peril, commercial automobile, workers compensation and other commercial coverage, such as specialty program business, inland marine, management and professional liability and surety. The Personal Lines segment involves personal automobile, homeowners and other personal coverage.



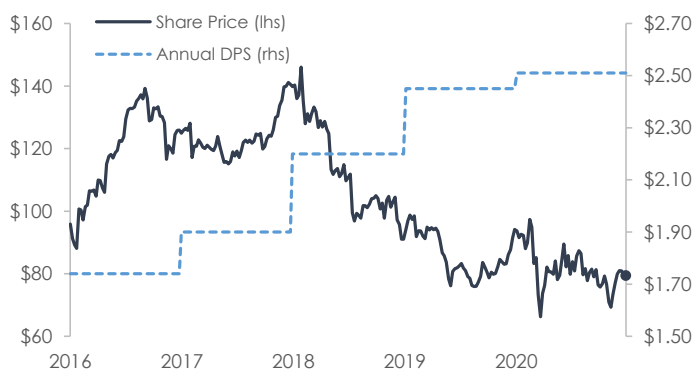
Southside Bancshares	<i>Mkt Cap</i>	<i>Div Yield</i>	<i>Z Score</i>
SBSI (Southside Bancshare	\$1.0 B	4.1%	+1.2 std

Southside Bancshares offers checking, saving and retirement accounts, certificate of deposits, debit, credit cards, mobile banking, loans, mortgage and equity lending, identity theft prevention, electronic banking, healthcare banking and business loans. The company is headquartered in Tyler, TX.



Reinsurance Group	<i>Mkt Cap</i>	<i>Div Yield</i>	<i>Z Score</i>
RGA (Reinsurance Group	\$7.9 B	2.4%	+1.2 std

Reinsurance Group of America engages in traditional and non-traditional life and health reinsurance products. It operates through the following segments: U.S. and Latin America; Canada; Europe, Middle East, and Africa; Asia Pacific; and Corporate and Other. The U.S. and Latin America segment markets traditional life and health reinsurance, reinsurance of asset-intensive products, financial reinsurance, and other capital motivated solutions in the U.S., Mexico, and Brazil. The Canada segment includes operations of RGA Canada, which employs its own underwriting, actuarial, claims, pricing, accounting, systems, marketing, and administrative staff in offices located in Montreal and Toronto.



Ingredion	<i>Mkt Cap</i>	<i>Div Yield</i>	<i>Z Score</i>
INGR (Ingredion)	\$5.3 B	3.3%	+1.4 std

Ingredion manufactures and sells sweetener, starches, nutrition ingredients, and biomaterial solutions derived from the wet milling and processing of corn and other starch based materials. Its activities include turning corn, tapioca, potatoes and other vegetables and fruits into value added ingredients and biomaterials for the food, beverage, paper and corrugating, brewing, and other industries.

Dividend Watchlist

This page lists the companies with the next 50 highest dividend yield z-scores beyond the 30 holdings on page 2. The Dividend Watchlist is provided for two primary reasons: (1) new holdings within the Focused U.S. Dividend Portfolio tend to come from this list and (2) it provides additional idea generation. This page is updated each month as the model is refreshed.

Portfolio Holding	Sector	Dividend Yield	Div Yield Z-Score	3 Year DPS Growth	Debt % of EV	FCF/Dividend Ratio	Market Cap (\$B)	Performance (%)		
								1m	3m	6m
Franklin Resources (BEN)	Financials	4.5%	+1.2	109%	-	-	12.6	15	24	23
First Horizon National (FHN)	Financials	4.7%	+1.2	26%	-	-	7.1	6	37	31
Hope Bancorp (HOPE)	Financials	5.1%	+1.1	8%	-	-	1.3	15	46	21
Provident Financial (PFS)	Financials	5.1%	+1.0	10%	-	-	1.4	15	49	27
Lincoln National (LNC)	Financials	3.3%	+1.0	15%	-	-	9.7	7	62	39
Everest Re Group (RE)	Financials	2.6%	+1.0	7%	-	-	9.4	4	19	15
Cathay General (CATY)	Financials	3.9%	+0.9	18%	-	-	2.6	14	50	25
Bank Ozk (OZK)	Financials	3.5%	+0.9	14%	-	-	4.0	12	48	36
Huntington Bank (HBAN)	Financials	4.8%	+0.9	27%	-	-	12.9	6	39	43
CIT Group (CIT)	Financials	3.9%	+0.8	31%	-	-	3.5	7	105	77
Principal Financial (PFG)	Financials	4.5%	+0.7	11%	-	-	13.6	1	25	22
United Community (UCBI)	Financials	2.5%	+0.7	32%	-	-	2.5	20	69	43
PNC Financial Services (PNC)	Financials	3.1%	+0.6	26%	-	-	63.1	8	37	44
Community Bank System (CBU)	Financials	2.7%	+0.6	8%	-	-	3.3	1	15	11
Old Republic (ORI)	Financials	4.3%	+0.5	15%	-	-	6.0	11	35	23
Synchrony Financial (SYF)	Financials	2.5%	+0.5	54%	-	-	20.3	14	33	59
Metlife (MET)	Financials	3.9%	+0.5	7%	-	-	42.3	2	28	31
Crane (CR)	Industrials	2.2%	+0.4	6%	-	3.9	4.5	12	56	32
Travelers Companies (TRV)	Financials	2.4%	+0.3	7%	-	-	35.6	9	31	25
Valley National (VLY)	Financials	4.5%	+0.2	0%	-	-	3.9	8	44	27
Kimberly Clark (KMB)	Cons Stpls	3.2%	+0.2	4%	-	1.7	45.9	-2	-8	-3
Cincinnati Financial (CINF)	Financials	2.7%	+0.2	7%	-	-	14.1	15	13	38
Illinois Tool (ITW)	Industrials	2.2%	+0.2	22%	-	1.8	64.5	-3	6	18
Glacier Bancorp (GBCI)	Financials	2.6%	+0.1	6%	-	-	4.4	14	45	33
Msc Industrial (MSM)	Industrials	3.6%	+0.1	16%	-	2.1	3.9	1	40	23
Watsco (WSO)	Industrials	3.1%	+0.1	22%	-	1.8	8.7	0	-2	29
Sysco (SYY)	Cons Stpls	2.4%	+0.1	8%	-	-	37.8	4	20	38
Packaging of America (PKG)	Materials	2.9%	+0.1	11%	-	1.9	13.1	7	27	40
Hubbell (HUBB)	Industrials	2.5%	+0.0	9%	-	2.8	8.5	-3	15	27
Automatic Data (ADP)	Tech	2.1%	+0.0	13%	-	1.8	75.6	2	27	20
Medifast (MED)	Cons Stpls	2.3%	+0.0	-	-	-	2.3	-3	20	43
Corning (GLW)	Tech	2.4%	+0.0	15%	-	1.8	27.5	-4	12	41
Kontoor Brands (KTB)	Cons Disc	3.9%	+0.0	220%	-	3.3	2.3	-2	69	130
Compass Minerals (CMP)	Materials	4.7%	+0.0	1%	-	1.7	2.1	-1	5	30
BankUnited (BKU)	Financials	2.6%	-0.0	0%	-	-	3.2	22	60	74
Eastman Chemical (EMN)	Materials	2.8%	-0.1	10%	-	3.5	13.6	4	29	46
HP (HPQ)	Tech	3.2%	-0.2	9%	28%	3.9	31.7	13	31	43
Whirlpool (WHR)	Cons Disc	2.8%	-0.2	7%	-	5.6	11.3	-7	-1	41
Evercore (EVR)	Financials	2.2%	-0.2	21%	-	-	4.5	21	68	88
Nu Skin Enterprises (NUS)	Cons Stpls	2.7%	-0.2	1%	-	-	2.8	6	10	45
Park National (PRK)	Financials	3.9%	-0.2	4%	-	-	1.7	4	29	52
MDC Holdings (MDC)	Cons Disc	3.3%	-0.3	11%	-	-	3.2	1	4	38
American Eagle Outfitters (AEO)	Cons Disc	2.7%	-0.3	3%	50%	-0.1	3.3	12	36	85
Mcdonalds (MCD)	Cons Disc	2.4%	-0.4	9%	-	-	159.9	-1	-2	18
Chubb (CB)	Financials	2.0%	-0.5	3%	-	-	69.5	5	33	23
Pepsico (PEP)	Cons Stpls	2.8%	-0.5	9%	-	0.5	204.9	4	8	14
CH Robinson (CHRW)	Industrials	2.2%	-0.5	5%	-	-	12.8	0	-8	20
Morgan Stanley (MS)	Financials	2.0%	-0.6	23%	-	-	124.0	11	42	43
Archer Daniels Midland (ADM)	Cons Stpls	2.9%	-0.6	5%	-	-	28.0	1	9	28
Best Buy (BBY)	Cons Disc	2.2%	-0.7	22%	17%	5.8	25.8	-8	-10	16

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List of Model Portfolios

- Focused U.S. Large Cap
- Focused U.S. Small Cap
- Focused U.S. Dividend
- ESG Active Opportunities
- Enhanced U.S. Momentum

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