



# Brookmont Capital Management



# Firm Overview



**Founded in 2007 Brookmont Capital Management** is a **SEC Registered Investment Advisor (RIA)** supremely focused on satisfying our clients' investment needs through dividend investing.

Brookmont Capital offers three distinct dividend strategies to clients: **Brookmont's Dividend Equity Strategy, Brookmont's Core Dividend Strategy and Brookmont's Dividend Growth Strategy.**

All strategies are managed with strict adherence to the firm's **Dividend Investment Philosophy** which has led to **industry leading total return** via participation in market upside with capital preservation on the downside, while growing current income.



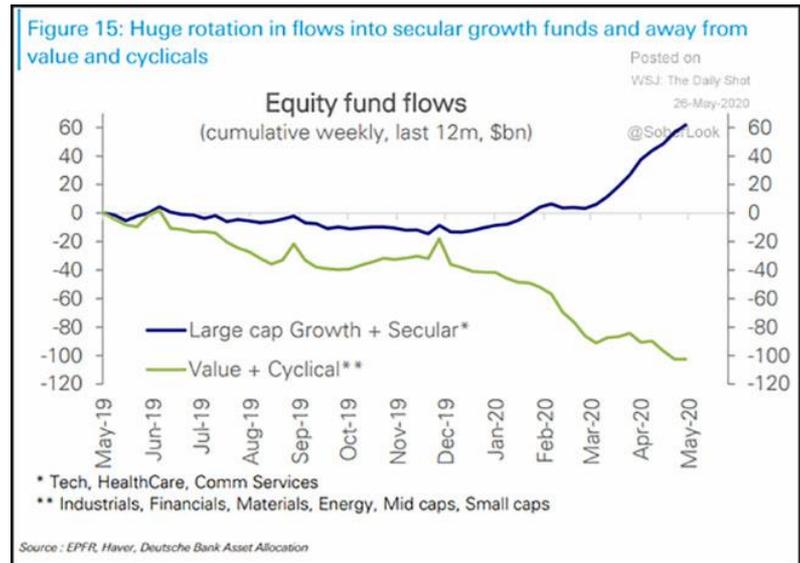
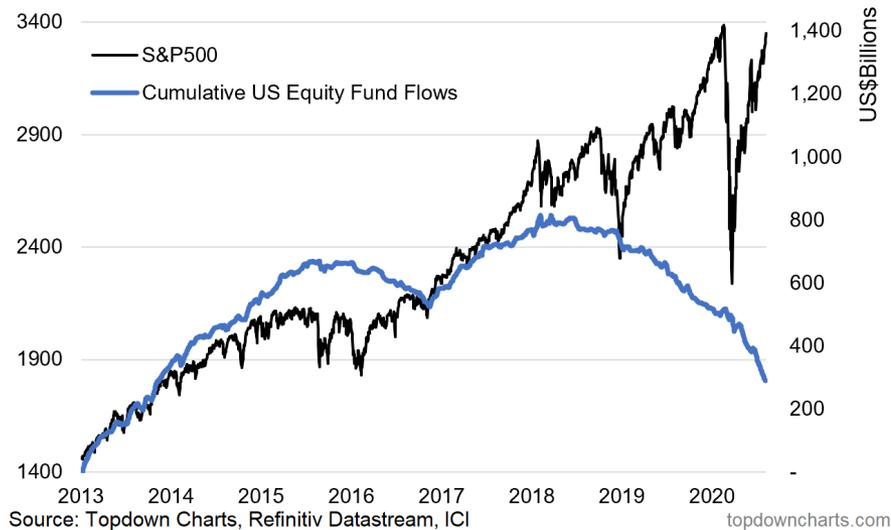
- **4Q18 Pullback**
  - **Brookmont Equity Dividend Series #16 and #17**
    - **Average of 268 bps outperformance**
  
- **COVID-19 Pullback (2/19/20 – 3/23/20)**
  - **Brookmont Equity Dividend Series #18, #19, #20, #21 and #22**
    - **Average of 1278 bps outperformance**

## Brookmont Equity Dividend - Select DSIP Overlap

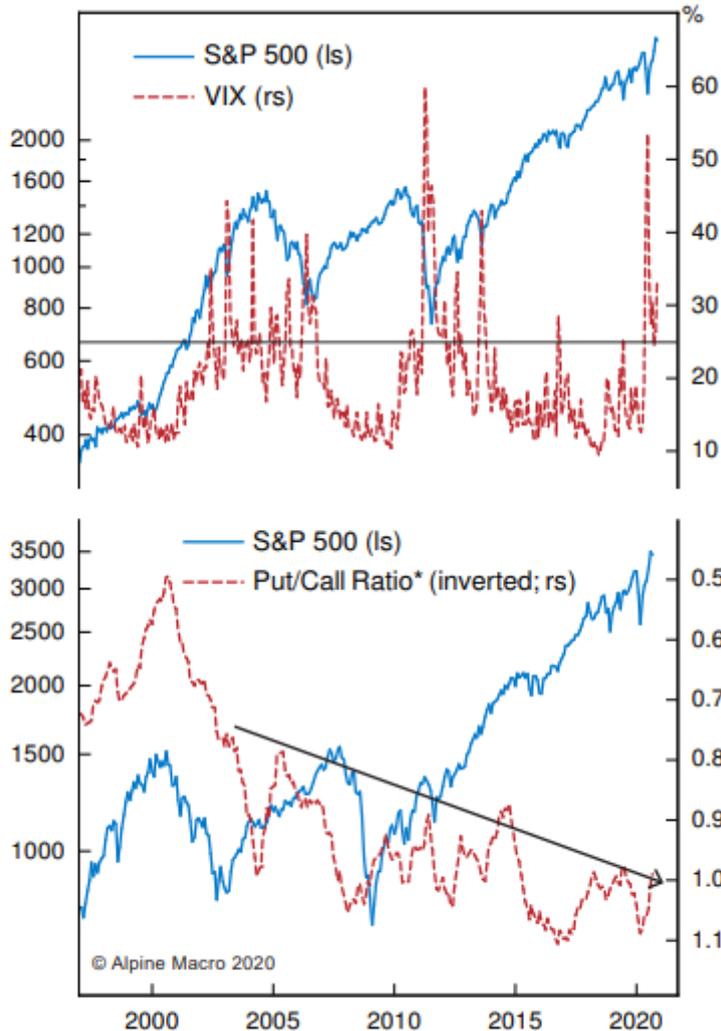
- 1. Comcast Corp. Class A**
- 2. Honeywell International Inc.**
- 3. Johnson & Johnson**
- 4. L3 Harris Technologies Inc.**
- 5. McDonald's Corp.**
- 6. PepsiCo Inc.**
- 7. Microsoft**

# Macroeconomic Outlook

S&P500 vs Cumulative Fund Flows

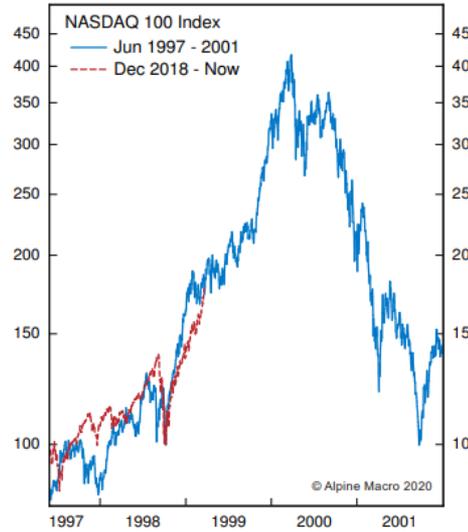


# Macroeconomic Outlook

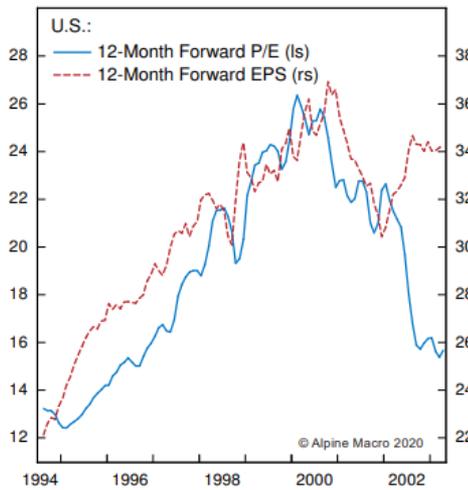
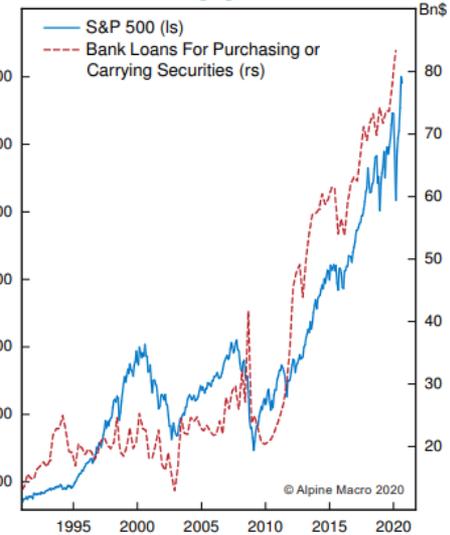


\*Shown as 12-month moving average; source: CBOE

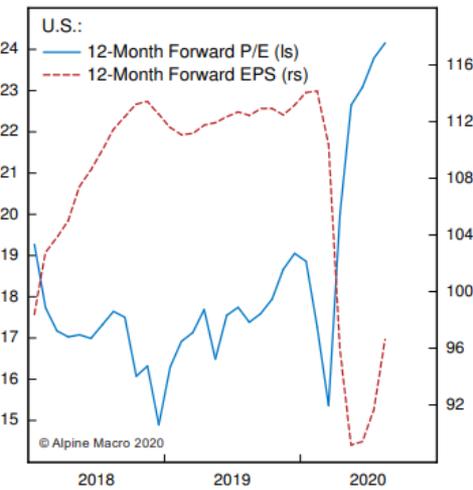
**Chart 3** NASDAQ: Like Father, Like Son?



**Chart 4** Rising Margin Debt Along With Surging Stock Prices

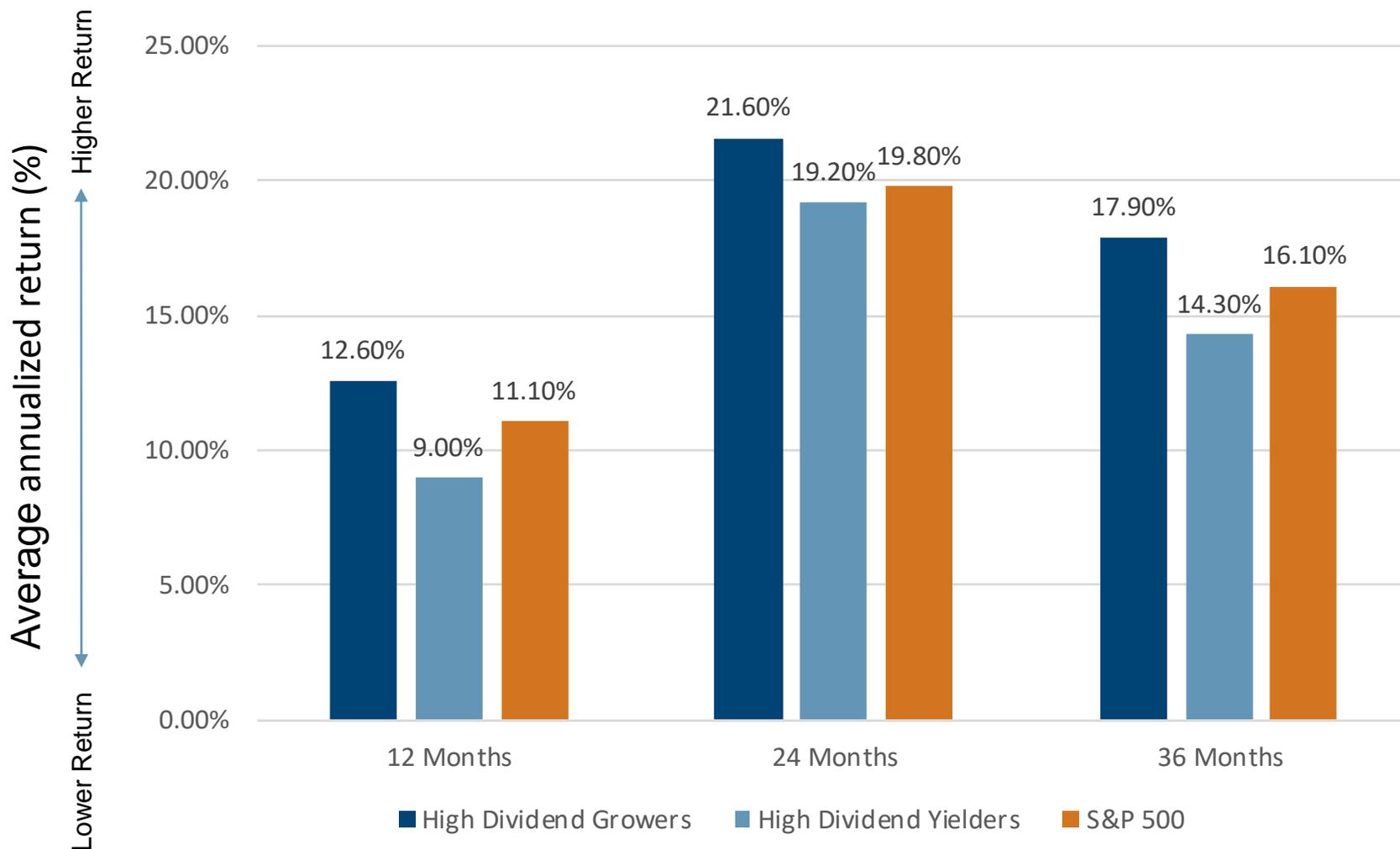


Source: MSCI IMI Index  
Note: both series shown as 3-month moving average

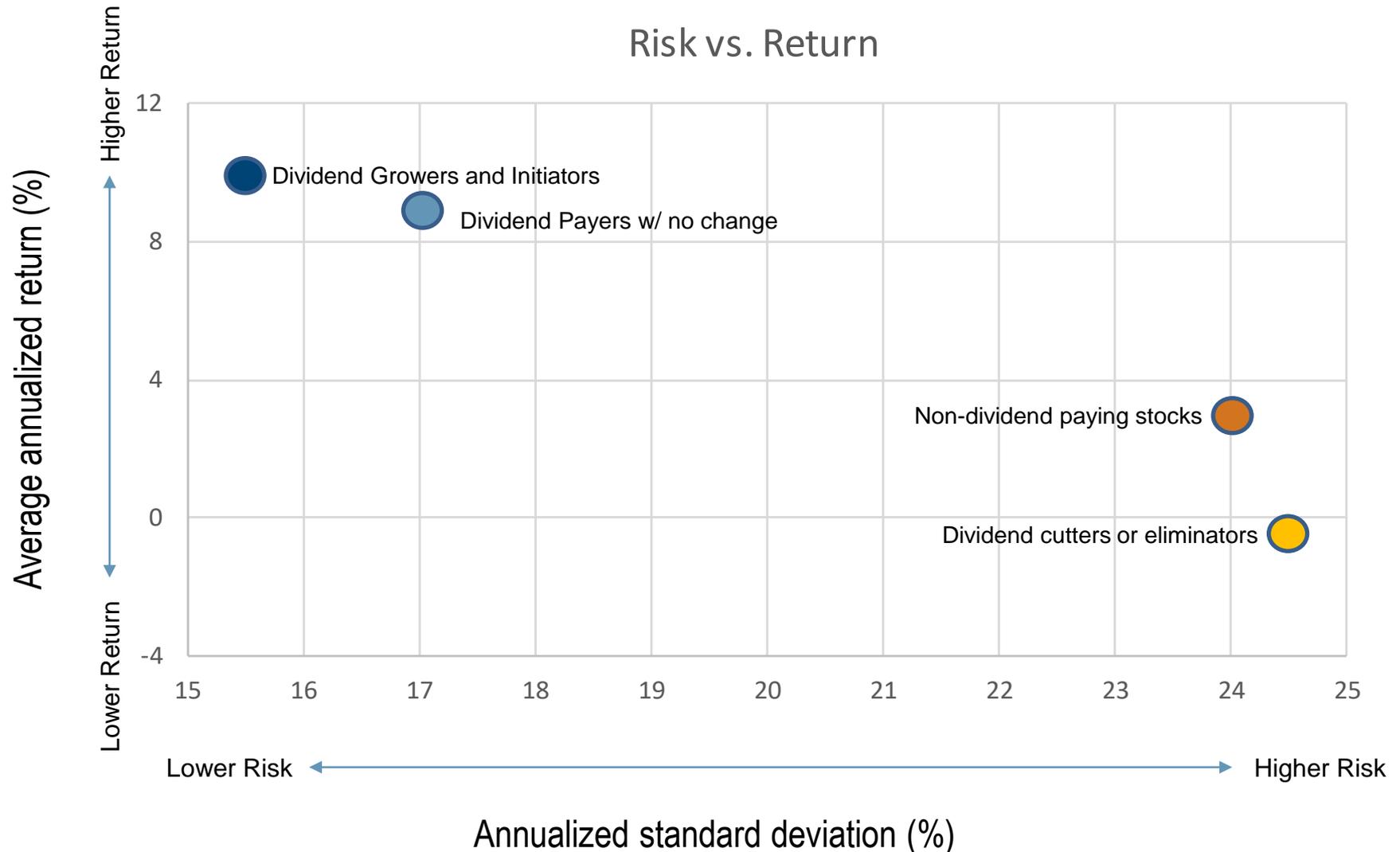


Source: MSCI IMI Index

# Performance when more than 50% of S&P 500 stocks yield greater than 10 yr Treasury



# Dividend Growers outperform those who don't with less risk



# Dividend growers have outperformed both prior and during a recession



*Average cumulative return over the last five recessions (01/01/1979 – 12/31/2019)*

# Dividends accounted for 43% of equity market returns over the last 86 years



\*Represents a partial period and not a full decade.

\*\* The analysis provided by Ned Davis indicates that the data is not applicable because the Dividend Income Return data for the 130s and 2000s is disproportionately high versus the other decades due to the low or negative Total Returns during these periods. The information provided in this analysis may not represent the full value of reinvested dividends.

Data Source: Ned Davis Research, Inc. 1/1/30 - 12/31/16. Further distribution prohibited without prior permission. Copyright 2017 Ned Davis Research, Inc. All rights reserved. Past Performance is no guarantee of future results. Periods greater than one year are annualized. Return performance is based on equal-weighted geometric average, computed monthly. Dividend income return is based on the return percentage of all dividend paying companies in the S&P 500. The returns do not reflect the deduction of any fees, expenses or taxes, and assume reinvestment of all income. It is not possible to directly invest in an index.

# Awards



## **Lipper/Thomson Reuters**

Previously Ranked as the #1 US Large-Cap Value Manager and #1 US Large-Cap Manager (based on 5-year performance)

## **Morningstar's SMA Database**

Previously ranked as the #1 Large-Cap Value Manager and #1 Dividend Equity Manager based on 5-year performance

## **Informa/PSN Investment Solutions**

“Manager of the Decade” (2008 – 2017)

Listed as the Top Large-Cap Value Manager (6-Stars) for three consecutive quarters

Recognized 11 times as a “Bull and Bear Master” based on 3-year Upside and Downside Capture Ratio

Ranked among the Top 1% of Large-Cap Value Managers (based on performance since inception) – Dec. 2016

## **Zephyr**

Have been ranked as the #1 Large-Cap Value Manager (5-year performance)

## **WrapManager**

WrapManager's Top Equity Money Manager Picks for 2015

# A strategy focused on dividend paying companies achieves greater than market returns with mitigated risk



## High Quality Dividend Paying Equities

We invest exclusively in dividend securities because in conjunction with providing current income, dividend paying securities exhibit lower downside capture and lower volatility than their non-dividend paying counterparts.

## Dividend Growth

We contend that investing in companies that not only provide current income but have the capacity to grow that dividend over market cycles, maximizes the intrinsic benefits of dividend investing (lower volatility, less downside capture).

## Diversification

We strive to maintain truly diversified portfolios, focusing on internal correlation and end market exposure rather than broad sector classifications.

## 15 Month Focus

We construct our portfolio to reflect our economic view on a 15-month basis.

# Our primary risk mitigation tool is our Portfolio Characteristics and Structural Risk Mandates



## Portfolio Characteristics

- Low Turnover (typically 5%-20%)
- High Active Share
- Low Downside Capture
- Growing Stream of Income
- Exclude preferred stock, MLPs, BDCs
- Unconstrained across size and style factors
- Strategies typically hold 30 - 40 stocks

## Risk Mandates

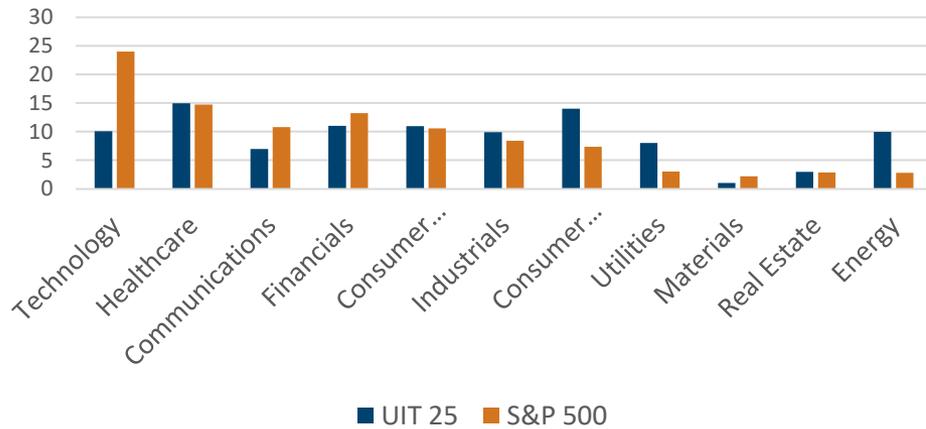
- Maximum sector weighting of 20%
- Maximum individual holding weighting of 5%
  - New holdings are added at weightings between 1.25% and 3.75%
- Maximum international exposure of 15%
  - International exposure comes in the form of ADRs

# Brookmont Dividend Score

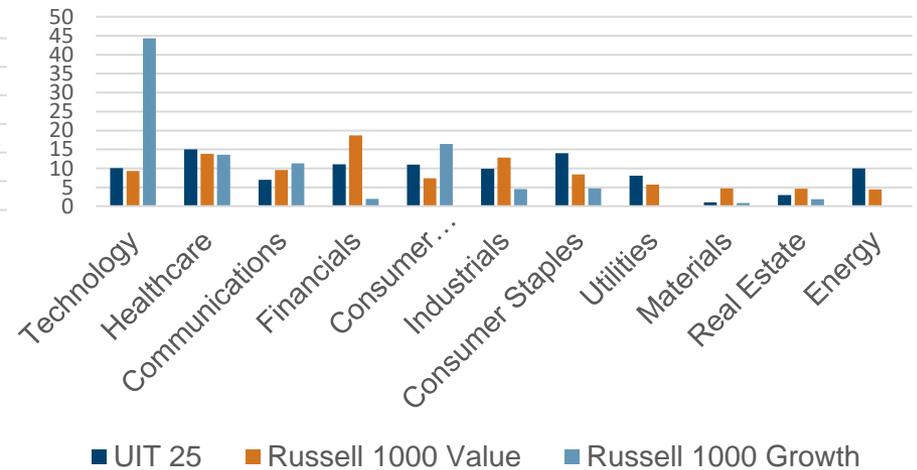


# Series 25 UIT is overweight in Consumer Staples and Healthcare

Sector Weightings



Sector Weightings

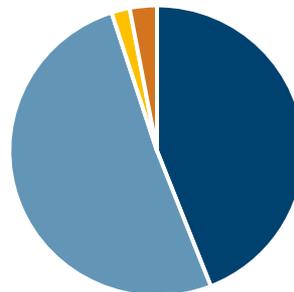


# Series 25 is composed of both Value and Growth



	<u>Dividend Yield</u>	<u>P/E</u>	<u>P/B</u>
Brookmont Equity Dividend UIT 25	2.61%	23.64	2.25
iShares Russell 1000 Growth ETF	0.84%	41.83	11.95
iShares Russell 1000 Value ETF	2.70%	29.61	2.13

## Style Analysis



- Large Cap Growth ■ Large Cap Value
- Mid Cap Growth ■ Mid Cap Value

# Portfolio Positioning Covid 19



- ❑ **Reduced Tech Exposure** - The announcement of a viable vaccine will solidify a timeline to the end of virus related displacement and we suspect markets will begin to price in normalization upon or shortly after vaccine production begins. This could mean a rout in tech shares and a loss of momentum generally that lends to a slightly more cautious portfolio at the margin
- ❑ **Crown Castle International Corp.(CCI)** - Crown Castle is a REIT that controls the largest amount of shared communications infrastructure in the United States. Crown Castle has significant exposure to the 5G investment cycle and has also the company has invested in a significant amount of new fiber optic cable that is being significantly discounted in the market.
- ❑ **Diageo (DEO)**— a company we've previously owned in the UIT and felt that given the opportunity set, it was one of the best values available, "only" trading at about 90% of its 10-year high multiple compared with many other names that are 20%, 30% or even 50% above their historical highs.
- ❑ **Disney (DIS)** - While a virus vaccine may hinder the narrative, which is the basis of market highs (as opposed to fundamentals) at this point, it is still unclear how quickly the vaccine could produce herd immunity in population (function of ramping production and distribution) which led us to reduce DIS slightly. The announcement of a vaccine will provide us an end point, however the timeline could still be longer than we would hope.

# Performance During Draw Down and Rally



## Brookmont Equity Dividend, 22 Ticker: FFFSCX

[Distributions](#) | [Summary](#) | [Pricing](#) | [Performance](#)

Trust Performance (as of 9/4/2020)				
	Cumulative Total Return			
	YTD	Since Inception*	3 mo	6 mo
<b>Distributions Reinvested</b>				
With Transactional Sales Charge	-8.49%	-8.68%	2.38%	-2.32%
Without Transactional Sales Charge	-7.24%	-7.43%	3.78%	-1.02%
<b>Distributions Received in Cash</b>				
With Transactional Sales Charge	-8.69%	-8.88%	2.35%	-2.53%
Without Transactional Sales Charge	-7.44%	-7.63%	3.75%	-1.24%
DJ US SELECT DIVIDEND (DJDVY)	-17.00%	-17.10%	-0.28%	-10.28%

Inception 12/20/2019

## Brookmont Equity Dividend, 23 Ticker: FWIFQX

[Product Literature](#) | [Distributions](#) | [Summary](#) | [Pricing](#) | [Performance](#)

Trust Performance (as of 9/4/2020)				
	Cumulative Total Return			
	YTD	Since Inception*	3 mo	6 mo
<b>Distributions Reinvested</b>				
With Transactional Sales Charge	N/A	33.73%	0.96%	N/A
Without Transactional Sales Charge	N/A	35.56%	2.46%	N/A
<b>Distributions Received in Cash</b>				
With Transactional Sales Charge	N/A	33.66%	0.93%	N/A
Without Transactional Sales Charge	N/A	35.49%	2.44%	N/A
DJ US SELECT DIVIDEND (DJDVY)	N/A	23.70%	-0.28%	N/A

Inception 03/16/2020

## Brookmont Equity Dividend, 24 Ticker: FLYCSX

[Product Literature](#) | [Distributions](#) | [Summary](#) | [Pricing](#) | [Performance](#)

Trust Performance (as of 9/4/2020)				
	Cumulative Total Return			
	YTD	Since Inception*	3 mo	6 mo
<b>Distributions Reinvested</b>				
With Transactional Sales Charge	N/A	3.70%	N/A	N/A
Without Transactional Sales Charge	N/A	5.12%	N/A	N/A
<b>Distributions Received in Cash</b>				
With Transactional Sales Charge	N/A	3.70%	N/A	N/A
Without Transactional Sales Charge	N/A	5.11%	N/A	N/A
DJ US SELECT DIVIDEND (DJDVY)	N/A	4.36%	N/A	N/A

Inception 06/12/2020

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