



# 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.



# 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

# Lighting Risk for Big Tech

The New York Times

## House Lawmakers Condemn Big Tech's 'Monopoly Power' and Urge Their Breakups

WASHINGTON — House lawmakers who spent the last 16 months investigating the practices of the world's largest technology companies said

...

21 hours ago



CNBC

## Key GOP lawmaker lays out 'non-starters' for Big Tech antitrust reform

The divergence leaves an opening for the powerful tech companies to oppose legislation that could install greater regulatory burdens.

1 day ago



- Facebook, Amazon, Apple, Netflix, Alphabet, and Microsoft (collectively, FAANGM) make up **23.05%** of the S&P 500
  - This is more than the industrials, consumer staples, utilities, materials, and energy sectors **combined** (22.92%)
- DOJ, FTC, and State Attorney Generals are preparing anti-trust cases against Google, Facebook, Apple, and Amazon for their control of online marketplaces
- GOP/DNC are gunning for sec 230 of the Communications Decency Act
  - Democrats combating hate speech and harmful rhetoric
  - Republicans hold online platforms accountable for unfair treatment of “conservative” comments.
- New Bi-Partisan Bill in congress to strengthen Anti-Trust Enforcement.

Politico

## Trump administration to launch antitrust suit against Google as soon as next week

The Justice Department and state attorneys general are expected to sue Google as soon as next week for alleged antitrust abuses, people ...

4 days ago



CNBC

## Congress just finished its Big Tech antitrust report — now it's time to rewrite the laws

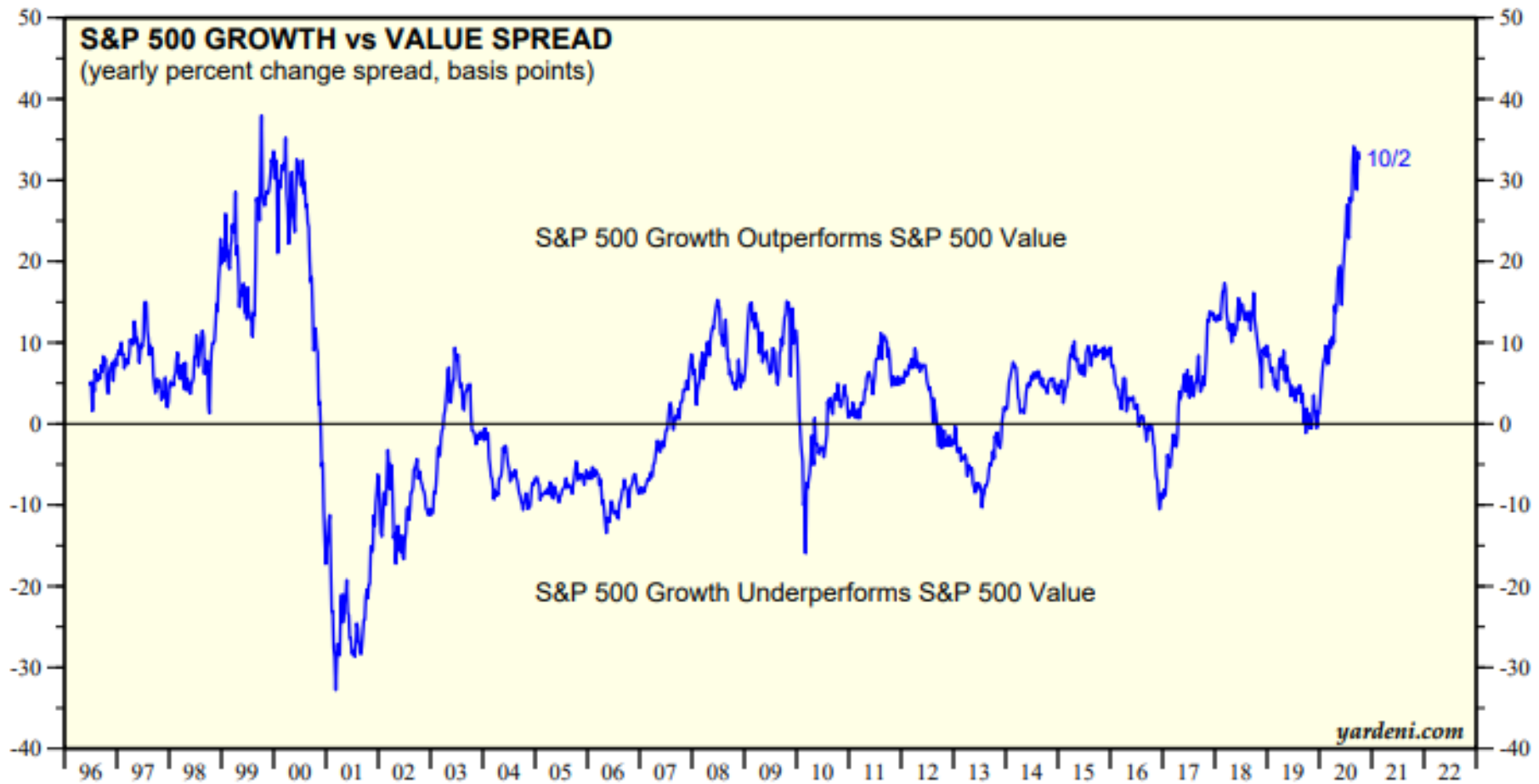
House Democrats unveiled their nearly 450-page antitrust report Tuesday finding Amazon, Apple, Facebook and Google each hold monopoly ...

6 hours ago



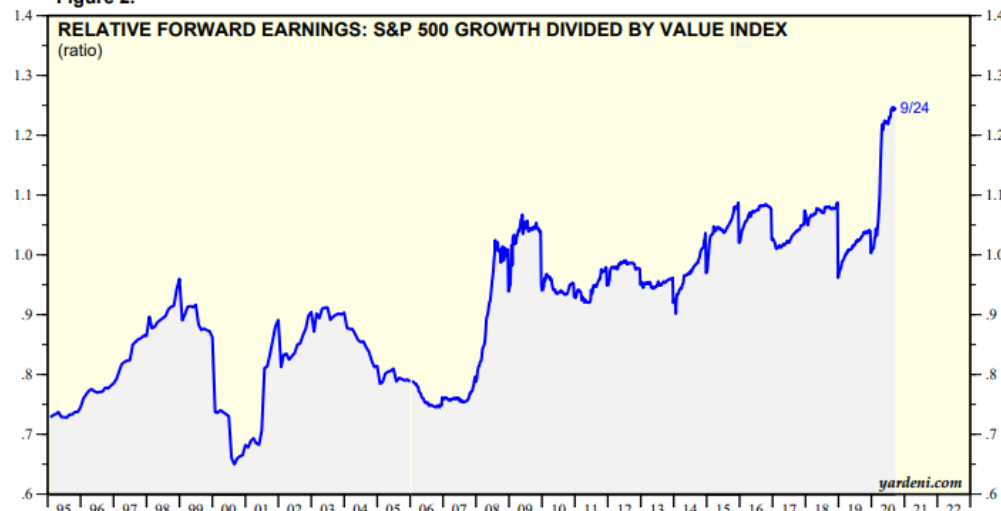


# Value and growth are balanced in their outperformance over the long-term, a rebalance is overdue



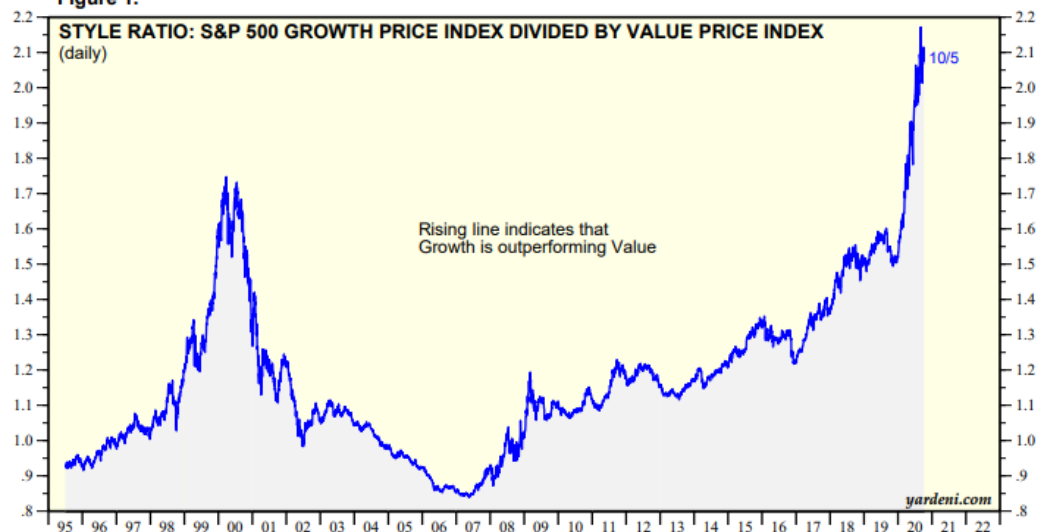
# Growth-to-Value Comparisons are well above dot-com bubble levels

Figure 2.



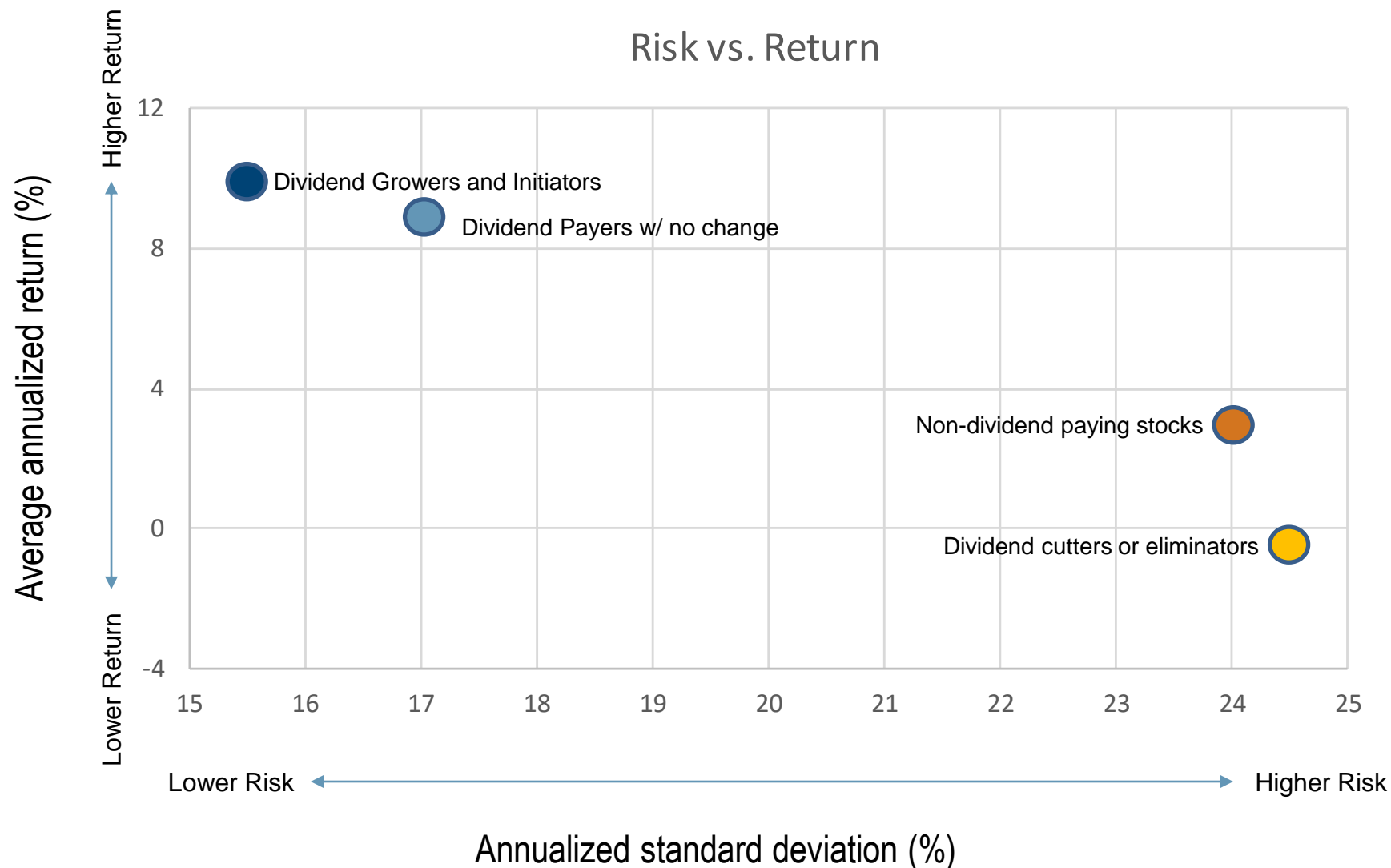
Source: I/B/E/S data by Refinitiv.

Figure 1.



Source: Standard & Poor's and Haver Analytics.

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



# 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

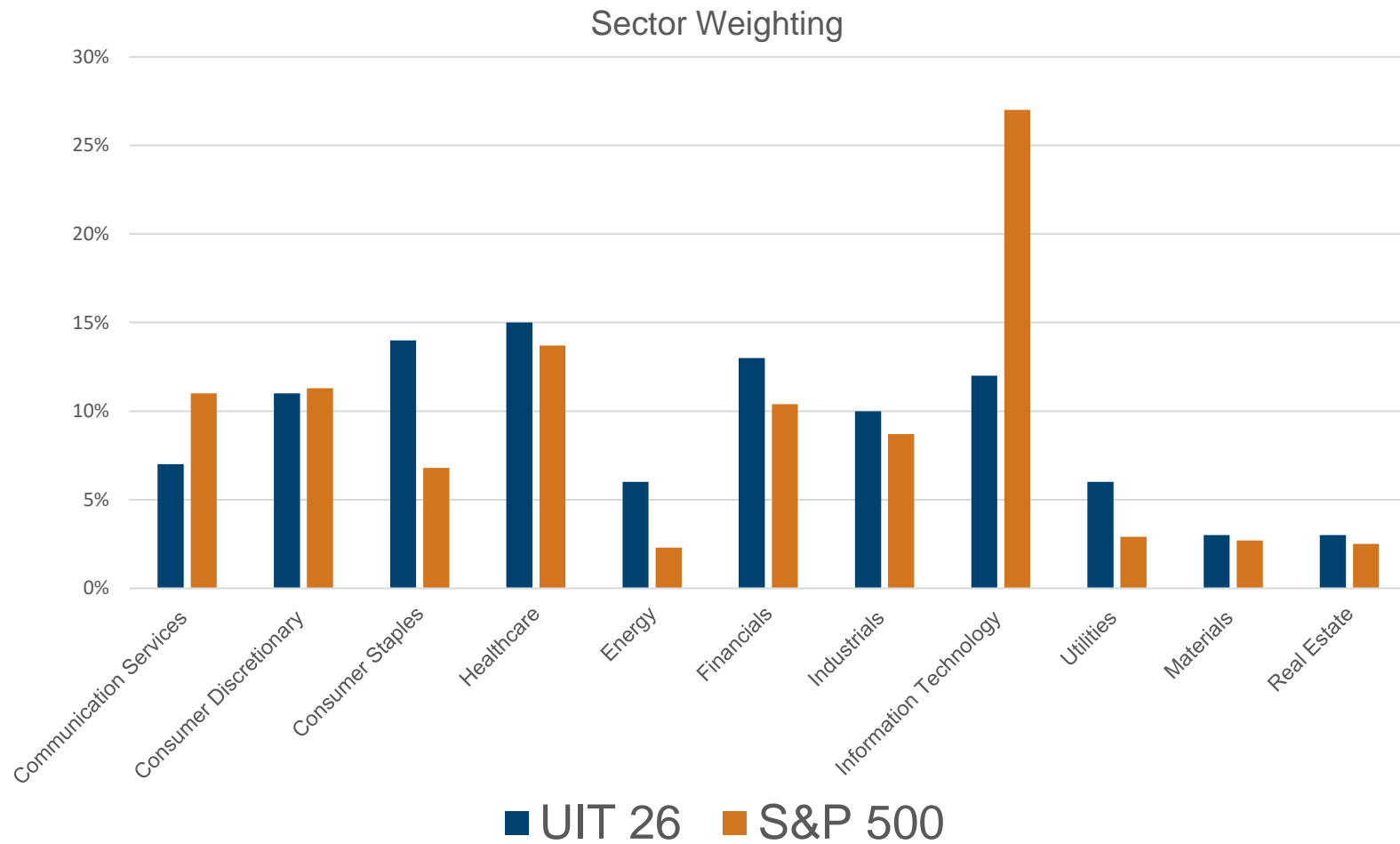
## Risk Mandates

- 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 26 UIT Sector Weighting



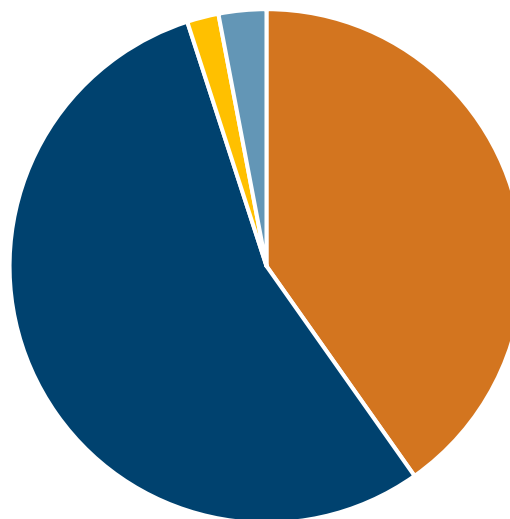


# Series 26 is composed of both Value and Growth



	<u>Dividend Yield</u>	<u>P/E</u>	<u>P/B</u>
Brookmont Equity Dividend UIT 26	2.08%	26.28	2.69
iShares Russell 1000 Growth ETF	0.60%	40.63	12.62
iShares Russell 1000 Value ETF	2.10%	17.81	2.24

## Style Analysis



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

# Performance During Drawdown



- **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 Capital Management**

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