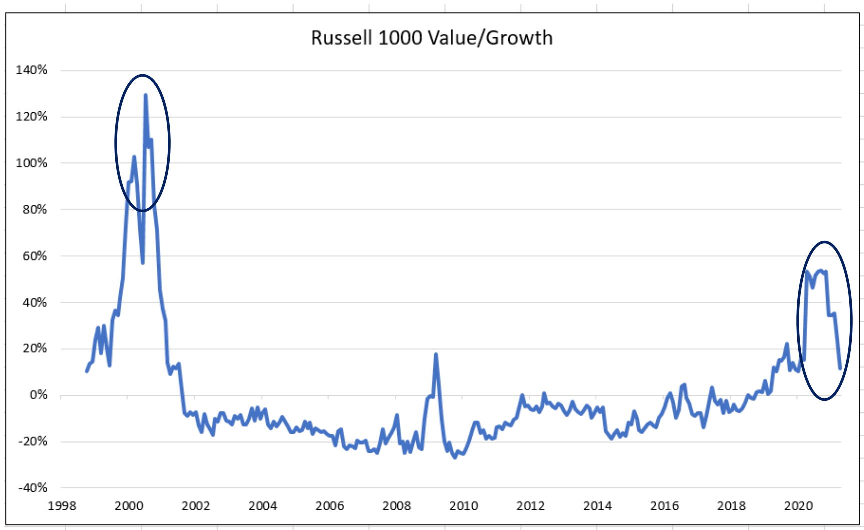
In the 1st quarter of 2021, the Valuation Dividend returned 13.61%, vs. 11.26% for its benchmark Russell 1000 Value, on a total return basis. Since its inception on April 11 of 2012, the Valuation Dividend has returned 217.83%, outperforming the R1000 Value by 159 bps on an annualized basis.

	Absolute Performance				Annualized Performance			
	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	All-time	All-time
Valuation Dividend	5.92%	13.61%	34.24%	66.21%	13.34%	14.43%	13.76%	217.83%
Russell 1000 Value	5.88%	11.26%	29.34%	56.09%	10.96%	11.74%	12.17%	180.20%
Spread	0.04%	2.36%	4.90%	10.12%	2.38%	2.69%	1.59%	37.63%

*Strategy & Benchmark Performance: 4/11/12 - 3/31/21

In Q1, the R1000 Value outperformed the R1000 Growth by more than 1000 bps, though there is still a long way to go before Value salvages its miserable underperformance relative to Growth in 2020 – a whopping 3,568 bps. Financials' outperformance together with Tech's underperformance, largely drove the discrepancy between Value/Growth returns as they are the two biggest sectors in Value and Growth categories respectively. Continuing the trend in 20Q4, the yield curve steepened further in 21Q1 with the 10-year US Treasury yield rising from 0.92% to 1.75%, resulting in the spread of 10 - 2 Year US Treasury yield widening from 80 to 158 basis points. Widening yield spreads will help expand net margins at banks and rising long term rates will alleviate investment return pressure on securities for insurance companies. The rising long-term yield in 21Q1 is the result of multiple developments in the quarter: 1) The faster than expected roll out of the Covid 19 vaccines in the US, 2) Increased US GDP forecasts – the Fed is now calling for US 2021 GDP growth of 6.5%, up from December's 4.2% expectation, 3) The passing of a bigger than expected Covid relief package in February that totaled $1.9 trillion, 4) The Biden administration announcing a $2 trillion phase One infrastructure bill. With a brightened economic growth outlook and unprecedented fiscal stimulus flooding the economy in the months and years ahead, investors are convinced higher inflation is in order. In fact, the surge in commodity prices has been very broad, covering everything from the crude oil to food, to industrial metals. While the Fed has maintained its view that higher inflation in 2021 will be transitory, the 5-year breakeven inflation rate, which implies what the market thinks the inflation rate will be on average over the next five years, reached ~2.5% in late March, its highest level since July 2008.

When we examine the relative Value/Growth long-term relationship on valuation in the chart below (a higher percentage represents relative valuation attractiveness), we find Value's relative attractiveness has declined since last summer when it peaked. Value remains more attractive than Growth, and if the Value/Growth dynamic continues to follow the 2000/2001 experience, Value may continue to outperform Growth in the months ahead and bring the relative valuation differential back to its historical norm – a median value of -8% and average value of 0% since 1998. That said, we feel the easy money for this style trade likely has been made and investors must be more choosey going forward.



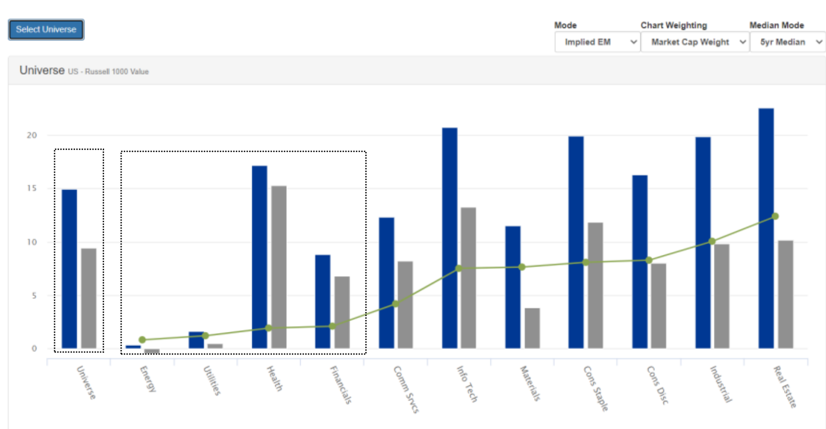
*Data Source: Applied Finance Data 9/30/1998 – 3/31/2021

*Based on Median Valuation figures, normalized to long-term average of each Index/Partition.

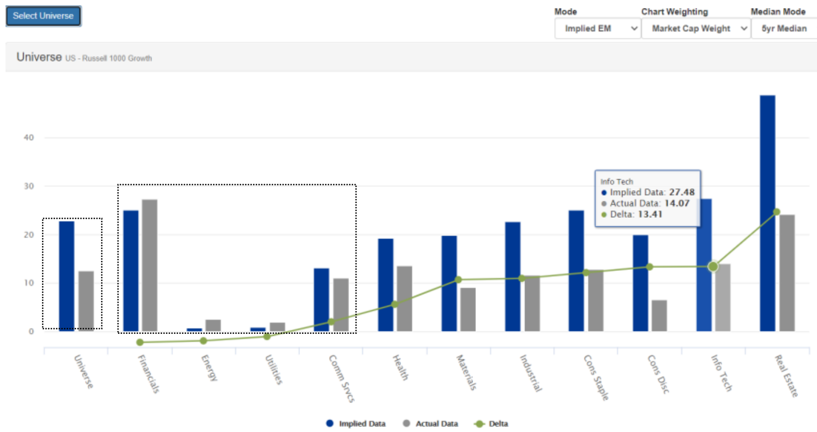
*Value/Growth partitions use Applied Finance MVIC criteria.

When we look at the R1000 Value's overall valuation, the current implied Economic Margin (EM) remains materially higher than the index's 5 year median EM, suggesting the Value category is not particularly inexpensive though less overvalued than the R1000 using the same metric. At the sector level, Energy, Utilities, Healthcare and Financials are the most undervalued, though Financials' superior return in Q1 seems to have made it less attractive than Healthcare. REITs remains the most expensive. As we entered the 2nd quarter, the Valuation Dividend strategy has largely in-line exposure to Financials, Healthcare, Energy, and REITs relative to the Value index, while over-weighting Utilities, which is largely consistent with Valuation / Implied EM observations as shown below.

R1000 Value: Implied EM vs. 5 Yr EM Median



R1000: Implied EM vs. 5 Yr EM Median



*Data Source: Applied Finance Data

In the 1st quarter, dividend yield was a solid alpha contributor, with the R1000 return hierarchy following the dividend yield ranking quintiles.

The following are the best and worst performing stocks in the Valuation Dividend in 21Q1.

Top Contributing Stocks

Ticker	21Q1 Total Return	Div Yield
KSS	47.10%	1.6%
WBA	38.98%	3.4%
INTC	29.22%	2.1%
HBAN	25.63%	3.7%
CVX	25.80%	5.0%
WHR	22.90%	2.2%

Top Detracting Stocks

Ticker	21Q1 Total Return	Div Yield
OHI	2.69%	6.8%
VZ	0.04%	4.3%
PFE	-0.51%	4.2%
MRK	-4.94%	3.4%
UL	-6.62%	3.4%
NVS	-8.69%	3.7%

Financials and Energy were top performing sectors in the R1000 Value in Q1 and the Valuation Dividend's Financial and Energy holdings also performed well, such as Huntington Bank (HBAN) and Chevon Corp (CVX). Though Amazon (AMZN) and Tesla (TSLA) had lackluster stock returns which damped the Consumer Discretionary sector's performance in Q1, our Discretionary holdings performed well with Kohl's (KSS) and Whirlpool (WHR) being the top 5 returning holdings of the strategy.

After reporting a surprise profit in 20Q3 and laying out an exciting long-term vision which would expand Kohl's sports, athleisure, and outdoor portfolio, and launching a new long-term partnership with Sephora to open "Sephora at Kohl's" stores, Kohl's reported 20Q4 results in late February that exceeded expectations: The company earned $343 million, or $2.22 per share, up from $1.72 in the year-ago period and easily ahead of the $1.01 consensus estimate. Revenue fell 10.1% year over year to $6.14 billion, slightly above the expectation of $6.13

billion. For 2021, the company expects EPS of $2.45 - $2.95, vs. the analysts' expectation of $2.65. Sales would increase in the mid-teens percentage range and operating margin will reach 4.5% to 5.0%, The company also reinstated its quarterly dividend to $0.25 a share, though well below the $0.70 per share when suspended in May of 2020. We are pleased that Kohl's efforts on category and brand management is working, and its investments in its omnichannel platform, tight inventory controls, and better supply-chain management are paying dividends. The company likely has gained market share in the department store space through the pandemic experience. That said, Kohl's is still well below its pre-pandemic operation levels which had annual revenue around $19 billion (vs expected ~$17.5 billion in 2021) and operating margins at 6-7% (vs. 4.5-5% expected in 2021). Though investors have welcomed the latest operational improvements and long-term oriented initiatives announced so far, we feel management needs to be laser focused on execution to deliver on the promises. We will closely monitor Kohl's progress.

There are a few positive developments for Walgreens (WBA). 1) In early January, the company announced its decision to sell the majority of its pharmacy wholesale unit Alliance Healthcare to AmerisourceBergen (ABC) to focus on its retail pharmacy and health initiatives. ABC will pay $6.5 billion for most of Walgreens' Alliance Healthcare unit, which sells medicines and other products to more than 115,000 pharmacies, hospitals and other facilities, mainly in Europe. Walgreens owns approximately 30% of ABC. Alliance Healthcare accounts for approximately 15% of WBA's total revenues and 10% of earnings. 2) Later in January, Walgreens announced the appointment of Roz Brewer as CEO, who was COO of Starbucks at the time of the announcement. Prior to Starbucks, Ms Brewer was the president of the Sam's Club and worked at Kimberly Clark. 3) Walgreens' last two quarterly results were better than expected as the company delivered better execution across multiple fronts but in particular at its Boots business in the UK. These are still early innings in Walgreens' pursuit to diversify from a pure retail, pharmacy company to a healthcare provider, and we look forward to hearing the new CEO's vision in the coming months on additional strategies to differentiate Walgreens and continue its tech-enabled transformation.

Intel (INTC) in the quarter took a critical step to right the ship to a better future. In February, Intel replaced its CFO turned CEO Bob Swan with a technology-focused executive Pat Gelsinger, who was CEO of VMware and a 30-year Intel veteran including holding the role of chief technology officer. Since taking the helm on February 15, Mr. Gelsinger has been quick at work and provided a business update on March 23 laying out a new vision for Intel. Intel would restart Intel Foundry Services and spend $20 billion to build two manufacturing plants in Arizona. Mr. Gelsinger characterizes the new business plan as a commitment to long-term manufacturing, but with a unique strategic view for Intel to build the majority of products internally, and leverage external foundries, while becoming a foundry for the industry at the same time. Mr. Gelsinger believes the new three-legged approach is very differentiated, and would allow Intel to have leading products, the cost leadership, and the supply resilience and flexibility that nobody else can offer in the industry. We concur with the view that the renewed commitment to using Intel's own plants is a strategic necessity, which differentiates Intel from rivals such as Advanced Micro Devices (AMD) that uses third-party foundries to make chips. In addition, the move fits into the desire of various governments around the world including the US to have a more balanced semiconductor supply chain. Separately, Mr. Gelsinger reiterated earlier statements from Intel executives that the company's issues with the 7-nanometer chips are now behind it. We believe Intel's latest decision is bold but not earth shaking as the company tried the foundry business before. Therefore, the key this time, is really about commitment and execution. This time around, Intel is creating a separate subsidiary for the relaunched foundry attempt and will be offering industry-standard tools and equipment, so its potential customers won't have to use Intel design rules or tools to make their chips. The new CEO understands the critical importance of execution in revitalizing Intel's leading position in manufacturing and has pledged to bring back its execution oriented excellence driven culture. We remain very hopeful Intel's franchise will be resilient and flexible enough to adapt and succeed in this new era, especially with the leadership of the new CEO and a keen focus on execution.

On the detracting side, Healthcare was one of the worst performing sectors in Q1, and Merck (MRK) and Pfizer (PFE) continued to be laggards. Merck's (MRK) 20Q4 results missed expectations slightly though its 2021 guidance was above the consensus estimate. Keytruda delivered another standout quarter and now accounts for nearly 40% of Merck revenues. With Keytruda's extraordinary success, there comes growing concern about what is Merck's next act, given Keytruda now represents a concentration risk and faces competitor headwinds in the mid-term. For Pfizer (PFE), there was some disappointment in its Covid Vaccine profitability, as $4 billion additional expected sales from its Covid vaccine in 2021 will likely add only 10 cents per share in incremental earnings, according to management's latest forecast. Overall, we believe Pfizer should be able to deliver on its long-term revenue CAGR target of mid-high single digit growth, and the agility it has displayed in developing and manufacturing its highly successful Covid vaccine using the new messenger RNA technology proves Pfizer's ability to execute. In March, Pfizer announced plans to test a coronavirus treatment pill in healthy adults and to push deeper into mRNA vaccines.

Novartis (NVS) in late January reported soft 2020Q4 results, which saw core net income rise 3% to $3.03 billion, compared to the average analyst forecast of $3.15 billion. Sales rose 1% to $12.77 billion, missing the $12.88 billion forecast, as COVID related lockdowns hurt drug sales. Expecting continued pandemic effects on the health care system through the first half of 2021, the company forecast 2021 net sales to grow at a low- to mid-single-digit, also below expectations. It also highlights less margin expansion in 2021 due to increased investment in launches and pre-launches. We believe Novartis' long-term thesis remains intact that the company will be successful in advancing its next wave of medicines after winning a number of new approvals highlighted by Kesimpta in the US, Leqvio and Zolgensma in the EU. The company should be able to deliver its long term target which calls for annualized revenue growth at 4% from 2020-2025, with nearly 250 bps margin expansion.

Unilever (UL) reported slightly lower than expected full-year earnings in late January and restored its pre-pandemic sales growth target, which somehow underwhelmed investors. Unilever restored its underlying annual sales growth back to 3% to 5%, accompanied by faster profit growth. The company set out plans to focus on high-growth areas, including plant-based foods and functional nutrition, to grow in fast growing regions such as the US, China, and India, and to utilize more of its e-commerce channel. Ongoing restructuring will cost $2 billion in the next two years though the company also intends to derive $2 billion in annual savings. Separately, Unilever is yet to find a solution to its tea business, one year after it launched a strategic review of the business. With lots of moving parts, Unilever needs to remove the noise, communicate with more clarity on its core operation, and deliver promised results.

Valuation Dividend Changes for 2021Q1: No changes.

- Kohl's Corp (KSS) reinstated its quarterly common dividend of $0.25 per share in the quarter.
- Darden Restaurants (DRI) raised its quarterly cash dividend to 88 cents a share in the quarter up from 34 cents, back to the pre-pandemic level.
- Valuation Dividend currently has an average dividend yield of 2.8%.

Contact Us

Applied Finance Capital Management

www.AppliedFinance.com

Chris Austin
(559-892-0401
caustin@afgltd.com

Saul Marquez
(312) 362-9905
smarquez@afgltd.com

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