In the 1st quarter of 2024, the Valuation Dividend returned 9.67%, 69 bps better than its benchmark the Russell 1000 Value, on a total return basis. Since its inception on April 11 of 2012, the Valuation Dividend has outperformed the R1000 Value by 135 bps on an annualized basis. Valuation Dividend currently has a dividend yield of ~3.4%, vs. ~2.0% for the R1000 Value.

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Valuation Dividend	4.97%	9.67%	9.67%	23.11%	8.79%	10.63%	10.95%	12.49%
Russell 1000 Value	5.00%	8.99%	8.99%	20.27%	8.11%	10.32%	9.01%	11.14%
Spread (4/11/2012 - 3/31/2024)	-0.03%	0.69%	0.69%	2.84%	0.68%	0.32%	1.94%	1.35%

In Q1, the R1000 index gained 10.30%, with Growth moderately outperforming Value. From a sector perspective, Financials, Energy, and Communication Services led, while REITs, Consumer Discretionary, and Utilities lagged.

During the quarter, equity investors have come to terms with a lowered expectation of the timing and the magnitude of interest cuts the US Fed will likely conduct in 2024, and cheered on the prospect of higher economic growth in the US which will hopefully offset lingering inflation. The emerging reality of more growth and more inflation has resulted in the bifurcated performance of the equity and bond markets. While the broad US equity market returned nearly 10% in the first quarter, the Core U.S. Aggregate Bond index lost approximately 1% of its value, and the 10 Yr US Treasury yield rose from ~3.85% to 4.20%.

In Q1, dividend yield was not a notable factor impacting alpha, as the highest and lowest yielding stocks both underperformed the overall market the most. Among the dividend paying stocks, high dividend yielding stocks outperformed the high dividend growth stocks, and Vanguard High Dividend Yield Index Fund (VYM) outperformed the Vanguard Dividend Appreciation Index Fund (VIG) by approximately 137 bps, reversing their 23Q4 relative performance.

For the R1000 Value index, Energy, Financials, and Industrials were the best performing sectors in Q1, while REITS and Utilities were the worst. The rapid rise of energy prices in Q1 benefited oil stocks. Upgraded economic outlook helped ignite growth enthusiasm towards financials and industrial companies. Higher long term interest rates, however, dampened property values and derailed property transactions, resulting in REITs' underperformance.

In Q1, the Valuation Dividend's outperformance vs. the R1000 Value was entirely attributable to stock selection. The following are the best and worst performing stocks in the strategy in 24Q1, and some color on their performance.

Top Contributing Stocks		
Ticker	24Q1 Total Return	Div Yield
MPC	36.50%	1.5%
LLY	33.69%	0.7%
ETN	30.25%	1.1%
PCAR	27.19%	3.5%
TGT	25.34%	2.6%
MRK	21.81%	2.4%

Top Detracting Stocks		
Ticker	24Q1 Total Return	Div Yield
CSCO	-0.44%	3.3%
ACN	-0.86%	1.5%
SRE	-3.03%	3.5%
NVS	-3.36%	3.9%
INTC	-11.84%	1.3%
WBA	-15.98%	5.2%

Marathon Petroleum (MPC): Oil demand is rising boosted by a better-than-expected economic outlook. The International Energy Agency (IEA) recently increased its oil demand forecast to 1.3 million additional barrels a day in 2024, a 110,000-barrel upgrade from its prior estimate. At the same time, the oil supply is constrained. Production cuts by members of the Saudi and Russia-led OPEC+ cartel continued to limit supplies, and fuel makers in the Midwest and along the Gulf Coast of the US have taken a beating from winter storms and other disruptions. U.S. refinery utilization dropped to less than 81% for two weeks in February, according to the Energy Information Administration (EIA), the lowest nationwide run rate since the depths of the pandemic. Ukrainian drone strikes on key Russian refineries and other oil facilities have further disrupted fuel supplies. As a result, crude oil prices reached their highest level in months in Q1, benefiting energy stocks. For refiners, US fuel inventories are tighter than usual. In the week ended March 29, motor gasoline inventories were about 3% below the five-year average for this time of year, while distillate fuel inventories were 7% below, according to EIA. Selling fuels has become more profitable through the quarter for refiners, as the 3:2:1 crack spread has widened to roughly $30 a barrel, up about a third since the beginning of the year. (The 3:2:1 crack spread is the amount of profit that refiners can expect to make from selling two barrels of gasoline and a barrel of ultralow-sulfur diesel minus the cost of WTI crude oil). Marathon Petroleum, a leading US refiner, had a nice ride on the various tailwinds in the quarter.

Eli Lilly (LLY): Lilly's weight-loss drugs Zepbound and Mounjaro, the latter also a treatment for Type 2 diabetes, have been blockbusters, helping the company's stock rise higher. 23Q4 quarterly sales of Mounjaro were $2.1 billion, above the $1.7 billion consensus estimate. Sales of Zepbound, the obesity medicine that only hit U.S. pharmacies in December, generated $175.8 million of sales in less than a month, above the $75 million consensus estimate. Lilly said it expects demand for Mounjaro and Zepbound to outpace supply in 2024. In the meantime, Lilly is not resting on its laurels and continues to innovate. The company recently published impressive results in a Phase 2 study of the medicine used in Mounjaro and Zepbound in patients with a common liver condition known as nonalcoholic steatohepatitis. It also has a weight-loss pill called orforglipron that is set to complete Phase 3 trials in the next year. Orforglipron is Lilly's first nonpeptide oral GLP-1 receptor agonist for chronic weight management and for type 2 diabetes.

Eaton (ETN): Eaton is a diversified power management company and a global technology leader in electrical components and systems. In 23Q4, Eaton's revenue jumped 11% from the year ago and its adjusted EPS rose 24%. For 2024, the company expects organic growth of 6.5% - 8.5% and adjusted earnings per share to be $9.95 - $10.35, up 11% at the midpoint over

2023. Investors became particularly excited about Eaton in the first quarter, thanks to continued enthusiasm towards the proliferation of AI and an upgraded economic outlook. Electricity demand should surge in America and companies that help power America will deliver above average growth. Eaton management is optimistic about broad growth in its eMobility, residential, industrial, and aerospace verticals, with rising electrical content in homes, on planes, reshoring, and EVs, all cited as core growth drivers for Eaton. Needless to say, demand for data center and grid is very strong. Management believes its hardware-forward, comprehensive product portfolio is a distinctive differentiator vs. peers.

Paccar (PCAR): Paccar reported blowout 23Q4 results, with EPS of $2.70, beating estimates of $2.22 per share, and quarterly revenue of $9.08 billion, well above analysts' average estimate of $8.35 billion. Infrastructure spending and the replacement of older trucks are driving demand for Paccar's Kenworth and Peterbilt trucks, as the company's hydrogen fuel cell and battery-powered vehicles experience growing popularity among customers who sought EVs and emission-free engines. Though 2024 will likely be a downturn for the trucking industry, this downturn will likely be less severe vs. prior downturns, and the current consensus calls for a quick recovery in 2025.

On the detracting side,

Intel (INTC): Intel reported 23Q4 results that topped estimates but missed badly on analysts' first quarter projections. For 24Q1, management said it anticipates earnings per share of $0.13 on revenue of between $12.2 billion and $13.2 billion. Analysts were looking for $0.34 per share on revenue of $14.2 billion. Analyst estimates might have included ~$1 billion revenue from "non-core" businesses, including subsidiaries such as Mobileye, and Altera the programmable chip unit which will be spun off, as well as revenue from other businesses the company has spun off or sold. Management insists the core business is healthy with no areas for market share loss and the products are getting stronger.

Intel achieved notable progress in 2023 on its multiyear long transformation, as the company drove more consistent execution and accelerated innovation, resulting in better customer momentum for its products. 2024 will remain a transitional year as Intel needs to continue to relentlessly focus on achieving process and product leadership, continue to build its external foundry business and at-scale global manufacturing, and execute its mission to bring AI everywhere (enabling customers' AI solutions everywhere across the data center, cloud, network, edge and PC.) While the transformation journey ahead will likely be winding, we are glad Intel's operation is stabilizing and management has the resolve and clarity to lead the company forward in a historical turnaround to reclaim supremacy in chip making.

Walgreens Boots Alliance (WBA): The appointment of Tim Wentworth as its new CEO has given investors new hope that Walgreens might have finally found the right person to lead the company forward. We tend to cautiously agree. However, righting the ship takes time and the company is undergoing an intensive and comprehensive review of its portfolio of assets to craft a new strategy, which will be unveiled in a few months. In the meantime, Walgreens reduced its common dividend by 48% (~$800 million a year) to conserve capital and is on track to save $1 billion a year by the end of FY2024. For its US Healthcare segment, the new team will prioritize profitability rather than growth going forward, consistent with our Wealth Creation Stewardship principles, something we heartily support. The first major decision for US Healthcare is to close 160 Village MD clinics, which resulted in a nearly $6 billion after tax impairment charge.

The lack of visibility will likely cloud Walgreens' stocks in the near-term future, but the hope is that the company's earnings will trough in the current fiscal year ending in August. Part of Walgreens' turnaround will have to be about getting the basics right. Walgreens will increase private brand penetration in its front stores to emphasize savings for cost conscious customers and increase store margins. It is also realigning incentives to place much greater weight on individual store performance by empowering store managers and field leaders. For its pharmacy, the company has maintained its market share but will continue to focus on simplifying drug dispensing through automation and optimization so pharmacists and technicians can be freed from low value-added work and have more time for customer facing activities. The company also continues to have conversations with PBMs and welcomes any model that reimburses its pharmacy with a transparent fee. Lastly, Walgreens U.S. Healthcare has reached an important milestone by delivering its first ever quarter of positive adjusted EBITDA in 24Q2, and is focused on continuing its profitability ramp. On the international front, Boots UK continued to deliver positive comps growth and market share gains. In the long run, however, Walgreens will need to do more to become a partner of choice, by aligning the entire organization to be responsive to and be innovative for payers in ways that create value.

Valuation Dividend Changes for 2024Q1: There was one change in calendar 24Q1. We replaced Pfizer (PFE) with AbbVie Inc (ABBV) effective Jan 11, 2024. The strategy's total number of holdings remains at 37.

Valuation Dividend 2024Q2 List: See next page

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Valuation Dividend April 11, 2024 List

Dividend List 4/11/2024						LFY					3 Yr Median				
Ticker	Name	Sector	MKT. Cap ($M)	% Tgt 3 Sector Rank	Dividend Yield % (current)	Dividend Growth (per shr)	Payout Ratio	Free Cash Flow Yield	Leverage Ratio	Interest Coverage	Dividend Growth (per shr)	Payout Ratio	Free Cash Flow Yield	Leverage Ratio	Interest Coverage
VZ	VERIZON COMMUNICATIONS	Communication Services	$ 171,702	75%	6.5%	2%	57%	13%	40%	8.7x	2%	51%	5.8%	40%	13.2x
HAS	HASBRO, INC.	Consumer Discretionary	$ 7,957	99%	4.9%	0%	35%	38%	53%	5.8x	0%	64%	10.5%	43%	9.6x
WHR	WHIRLPOOL CORPORATION	Consumer Discretionary	$ 6,423	53%	6.0%	-3%	54%	21%	42%	4.0x	16%	40%	15.6%	42%	9.0x
HD	HOME DEPOT INC	Consumer Discretionary	$ 358,529	30%	2.5%	10%	55%	4%	58%	12.8x	13%	46%	4.2%	57%	16.7x
DRI	DARDEN RESTAURANTS, INC.	Consumer Discretionary	$ 18,904	47%	3.3%	7%	61%	5%	20%	17.7x	7%	59%	5.4%	19%	17.7x
TGT	TARGET CORPORATION	Consumer Staples	$ 79,237	40%	2.6%	9%	48%	3%	29%	17.2x	21%	48%	3.0%	29%	17.2x
WBA	WALGREENS BOOTS ALLIANCE INC	Consumer Staples	$ 16,547	24%	5.2%	0%	65%	-7%	10%	9.3x	0%	39%	-7.2%	12%	13.4x
UL	UNILEVER PLC	Consumer Staples	$ 121,020	48%	3.8%	5%	65%	5%	38%	10.7x	5%	65%	5.6%	38%	14.8x
MPC	MARATHON PETROLEUM CORP	Energy	$ 78,060	39%	1.6%	22%	13%	25%	32%	13.3x	10%	13%	24.9%	30%	13.3x
CVX	CHEVRON CORP	Energy	$ 302,235	43%	4.0%	6%	47%	6%	8%	98.1x	6%	47%	8.8%	9%	98.1x
AMP	AMERIPRISE FINANCIAL, INC.	Financials	$ 43,033	90%	1.3%	8%	18%	-	3%	na	8%	19%	-	3%	-
HBAN	HUNTINGTON BANCSHARES INCORPOR	Financials	$ 20,334	38%	4.4%	0%	51%	-	7%	na	0%	44%	-	6%	-
STT	STATE STREET CORP	Financials	$ 23,141	60%	3.6%	14%	39%	-	8%	na	14%	31%	-	6%	-
PRU	PRUDENTIAL FINANCIAL, INCORPOR	Financials	$ 41,058	73%	4.5%	4%	43%	-	5%	na	4%	43%	-	5%	-
TFC	TRUIST FINANCIAL CORP	Financials	$ 51,976	53%	5.3%	4%	58%	-	12%	na	4%	42%	-	12%	-
JPM	JPMORGAN CHASE & CO.	Financials	$ 567,133	28%	2.3%	2%	25%	-	17%	na	5%	25%	-	15%	-
PNC	PNC FINANCIAL SERVICES GROUP I	Financials	$ 64,242	33%	3.8%	4%	44%	-	13%	na	5%	42%	-	11%	-
TRV	TRAVELERS COMPANIES INC	Financials	$ 51,080	57%	1.8%	6%	31%	-	6%	na	6%	31%	-	6%	-
ABBV	ABBVIE INC	Health Care	$ 300,457	80%	3.6%	5%	53%	11%	44%	11.3x	8%	41%	11.5%	46%	11.6x
MRK	MERCK & CO. , INC.	Health Care	$ 320,783	96%	2.4%	6%	38%	8%	33%	21.5x	6%	40%	6.1%	31%	23.3x
NVS	NOVARTIS AG	Health Care	$ 195,839	83%	3.9%	0%	54%	14%	26%	22.0x	6%	54%	13.5%	24%	24.6x
JNJ	JOHNSON & JOHNSON	Health Care	$ 366,574	77%	3.1%	9%	46%	9%	18%	38.2x	7%	44%	6.9%	19%	114.4x
LLY	ELI LILLY AND COMPANY	Health Care	$ 718,908	80%	0.7%	15%	50%	1%	39%	24.4x	15%	50%	2.8%	35%	26.8x
ABT	ABBOTT LABORATORIES	Health Care	$ 194,980	56%	2.0%	8%	46%	4%	20%	15.6x	8%	35%	3.9%	23%	21.5x
RTX	RTX CORP	Industrials	$ 134,814	63%	2.3%	14%	45%	9%	27%	7.4x	10%	45%	9.2%	20%	7.4x
PCAR	PACCAR INC	Industrials	$ 62,367	42%	3.6%	51%	30%	4%	na	na	41%	33%	4.1%	na	-
NSC	NORFOLK SOUTHERN CORPORATION	Industrials	$ 57,185	28%	2.1%	6%	47%	0%	41%	7.3x	12%	35%	4.3%	39%	8.7x
ETN	EATON CORP PLC	Industrials	$ 125,360	24%	1.2%	6%	42%	2%	24%	32.6x	6%	49%	1.6%	25%	29.0x
INTC	INTEL CORP	Information Technology	$ 162,059	63%	1.3%	-50%	642%	-8%	26%	12.4x	1%	154%	-3.2%	24%	35.9x
CSCO	CISCO SYSTEMS INCORPORATED	Information Technology	$ 202,540	70%	3.2%	2%	48%	5%	8%	40.5x	3%	54%	5.5%	10%	40.5x
MSFT	MICROSOFT CORPORATION	Information Technology	$ 3,168,110	62%	0.7%	10%	27%	2%	16%	52.6x	10%	27%	2.1%	18%	47.5x
ACN	ACCENTURE PLC	Information Technology	$ 210,312	48%	1.5%	16%	37%	2%	0%	237.2x	10%	37%	2.2%	0%	225.7x
LYB	LYONDELLBASELL INDUSTRIES NV	Materials	$ 33,993	72%	4.9%	5%	64%	8%	30%	10.7x	5%	39%	13.4%	31%	16.9x
OHI	OMEGA HEALTHCARE INVESTORS, IN	Real Estate	$ 7,815	33%	8.4%	-3%	112%	-	56%	na	-3%	112%	-	56%	-
UGI	UGI CORPORATION	Utilities	$ 5,235	92%	6.0%	4%	50%	41%	47%	-0.4x	4%	47%	-0.9%	41%	6.4x
SRE	SEMPRA	Utilities	$ 45,261	76%	3.5%	3%	49%	-11%	36%	4.5x	3%	55%	-9.6%	36%	4.5x
PEG	PUBLIC SERVICE ENTERPRISE GROU	Utilities	$ 33,466	22%	3.6%	5%	65%	-6%	40%	6.5x	5%	70%	3.8%	40%	5.2x
		Median:	$ 78,060	56%	3.5%	5%	48%	5%	26%	12.8x	6.1%	44%	4.8%	24%	16.9x

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