



Objective:	Dividend Income	Process:	Fundamental/Intrinsic Value
Asset Class:	Global Equity	Implementation:	Individual Stocks
Holdings:	15-20	Style Box:	Multi-Cap Value
Inception:	Jan. 2011	Structure:	SMA ³

Description

This strategy seeks to deliver steady income from the equity asset class through a strategically diversified portfolio of 15-20 stocks that pay above average dividends. Although capital appreciation is a secondary goal for this strategy, its primary objective is dependable cash flow from dividends.

Process

A broad universe of more than 7,000 stocks is screened weekly for measures of dividend yield. The universe includes domestic stocks with a market cap in excess of \$1 billion, as well as international equities listed on a domestic exchange. Stocks that rise to the top of the screening process are subjected to a more intensive investigation to understand the competitive position of the underlying company, and to assess the sustainability of the dividend in the event of adverse economic conditions.

Role in Portfolio

The Managed Equity Dividend strategy complements the equity and fixed income allocations of a diversified portfolio. For the equity portion of a portfolio this strategy provides a value tilt due to its emphasis on deep value companies. For the fixed income portion of a portfolio this strategy diversifies the sources of cash flow to include dividend income in addition to interest from bonds. The strategy might also serve as an inflation hedge due to an expectation that corporate dividends tend to grow over time.

³ The acronym SMA refers to “Separately Managed Account.”

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Introduction

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