



COZAD

ASSET MANAGEMENT, INC.

Let's aim **higher.**

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Cozad US Equity Income

★★★★ Overall Morningstar Rating™



Gold Morningstar Medalist Rating™

Analyst-Driven 0% | Data Coverage 59%

Paying Dividends: Commentary by J. Bryant Evans, Portfolio Manager
May Update 5/10/23

Prices down, dividend yields up. In January, the broader markets favored growth and lower dividend payers. There was a transition to risk-on sectors especially Technology, the only S&P MidCap 400 Value sector that saw double digit returns (+15%). Overall during the 1st quarter the index was up 2.5% and Cozad US Equity Income was down 2.5%. Meanwhile, the higher dividend paying stocks within the index, those paying more than 2.5%, were down almost 3%. Investors stepped away from what did so well last year (dividends and value) and started anticipating better growth and taking more risk. Cozad US Equity Income lagged the benchmark in January, but then outperformed in February and March. The silver lining for value and equity income strategies is that when the stock prices go down the dividend yield goes up and starts attracting investors anew. At the end of the 4th quarter Cozad US Equity Income yielded 3.1%. As of 3/31/23, its yield was up to 3.6% and rising. As of 4/31/23, the dividend yield was 4.1%. The growth in yield is due to lower stock prices and to our team taking advantage of some higher dividend-paying opportunities.

Where do we go from here? Good question, the markets are hoping for a soft landing and an end to rising interest rates. Leading economic indicators point to a recession, but they have been for a while and the economy is bending, but not breaking. Helpful tail winds for Cozad US Equity Income are typically falling interest rates (because higher dividend paying stocks compete to some extent with bonds) and negative market/index returns. If things turn recessionary, we expect strong relative returns. If the economy heats up and the market rebounds strongly, then we would expect to under-perform. Although there are no guarantees, it is our hope that this strategy will continue to provide diversification, relative safety, and a growing income stream.

Highlights/Lowlights (as of 4/30/23):

- **YTD Return: -5.1% (1 Year -5.1%, 3 Year 14.4%, 5 Year 8.5%, and 10 Year 8.4%, all annualized) after fees**
- **Current Dividend Yield: 4.1%**
- **3 Year Average Dividend Growth of current stock holdings: 7.0%**
- **Quality Characteristics vs. the benchmark (data from Zacks ZPM using the IJJ ETF):**

	Cozad US Equity Income	iShares S&P Mid-cap 400 Value
Debt:Equity	65%	114%
Forward Price:Earnings	13.5	16.2
Return on Equity TTM	25.2%	18.9%
Dividend Yield Indicated	4.1%	2.1%

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