## A Focus on High Dividend Streams and Reduced Tail Risk

High Dividend/Low Beta Strategy

It should be noted, this is the long-only version of our Hedged Dividend Capture Strategy (Long/Short), which has been actively managed and deployed since October 2011.

The objective of this strategy is to: **(1)** generate equity market returns with lower volatility **(2)** generate higher dividend income than the S&P500 **(3)** outperform during periods of significant stock market underperformance
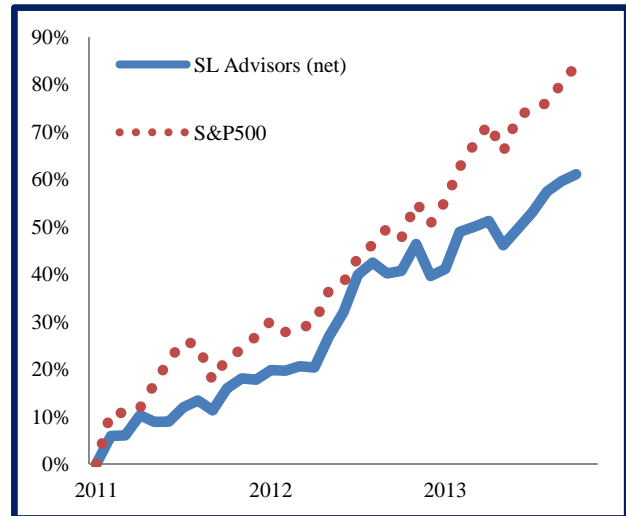
Academic research has shown the Capital Asset Pricing Model (CAPM) fails to explain risk-adjusted returns. Over long periods of time, high beta stocks tend to under-perform and low beta stocks tend to out-perform, on a risk-adjusted basis, which is inconsistent with predicted performance by the CAPM. This strategy allows investors to take advantage of this persistent anomaly.

High Dividend/Low Beta Strategy		
	Strategy (Net of Fees)	**S&P500 TR Index**
Since Inception: Total Cumulative Return	61.1%	84.0%
Since Inception: Annualized Return	18.9%	24.8%
Standard Deviation	8.8%	10.6%
Alpha	-5.9%	N/A
Beta	0.55	1.0
Sharpe Ratio	2.1	2.3
Sortino Ratio	3.4	3.6
Information Ratio	-2.5	N/A
Largest Drawdown	-4.6%	-6.6%
Worst 12 Month Period	9.1%	13.5%
Current Dividend Yield	3.4%	1.9%

The Strategy has delivered three quarters of the market's return in an up market since its inception despite having a beta of one half. We expect this strategy to underperform in strong equity markets and outperform in weak ones.