



## INCOME BUILDER PORTFOLIO: 2Q2024

Growth and Income (60/40)

[www.washingtoncrossingadvisors.com](http://www.washingtoncrossingadvisors.com)

### PORTFOLIO PROFILE SHEET

#### Kevin R. Caron, CFA

Senior Portfolio Manager

(973) 549-4051

[kevin@washingtoncrossingadvisors.com](mailto:kevin@washingtoncrossingadvisors.com)

#### Chad A. Morganlander

Senior Portfolio Manager

(973) 549-4052

[chad@washingtoncrossingadvisors.com](mailto:chad@washingtoncrossingadvisors.com)

#### Matthew J. Battipaglia

Portfolio Manager

(973) 549-4047

[matt@washingtoncrossingadvisors.com](mailto:matt@washingtoncrossingadvisors.com)

#### Steven J. Lerit, CFA

Head of Portfolio Risk Management

(973) 549-4028

#### Suzanne E. Ashley

Relationship Manager

(973) 549-4168

[suzanne@washingtoncrossingadvisors.com](mailto:suzanne@washingtoncrossingadvisors.com)

#### About Washington Crossing Advisors

Washington Crossing Advisors (WCA) is a wholly owned subsidiary and affiliated SEC Registered Investment Adviser of Stifel Financial Corp. WCA strategies are primarily offered through the Stifel Opportunity Program.

The senior management team has worked together for over 25 years as market strategists and portfolio managers.

*Registration with the SEC does not imply a certain level of skill or training.*

The WCA Income Builder Portfolio seeks to invest in companies with rising dividends at attractive valuations. The portfolio uses a fixed income ladder to manage exposure to volatility and provide a steady stream of income.

### DIVERSIFICATION

Combining the flexibility of a laddered bond portfolio with rising dividends can provide a hedge against inflation and can be an appropriate addition to a retirement income portfolio. We view a well-constructed portfolio as a triangle. At the base of the triangle are quality bonds. Equity investments are then added to provide higher potential return.

### 60% RISING DIVIDEND EQUITY

We focus our attention on the 1,000 largest, actively traded companies listed on exchanges in the United States. From this starting point, we seek:

#### STEADILY RISING DIVIDENDS

Portfolio companies must have demonstrated at least five consecutive years of dividend increases. Failure to raise the dividend is grounds for removal from the portfolio.

#### CONSISTENCY

The emphasis of the WCA Income Builder Portfolio strategy is consistency. Therefore, the selection process favors companies with strong balance sheets and consistent earnings that are capable of sustained growth of shareholder capital and income. We believe that chasing yield without regard for capital growth is folly. Therefore, this portfolio seeks companies we believe are capable of growing both the dividend and shareholder capital over time.

### 40% INVESTMENT-GRADE CORPORATE BONDS

#### LADDERED BOND

The Laddered Bond component seeks to provide a stream of income while mitigating risk. Bonds are actively chosen and monitored by Washington Crossing Advisors based upon a fundamental evaluation of balance sheet quality, trends in cash flow, interest coverage, and liquidity.

A laddered bond portfolio allows a systematic way of investing a portfolio without constantly guessing about the direction of interest rates. It also allows the income and yield of the portfolio to gradually adapt to a changing interest rate environment and maintains consistency in the average maturity.

**DIVERSIFICATION**

**KEY STATISTICS**

Minimum Investment.....\$250,000  
Investment-Grade Bonds..... 30  
Equity Positions..... 33

**Objectives for Stocks**

- › Capital Appreciation
- › Growing Income Stream

**Objectives for Shorter Bonds**

- › Stability of Principal
- › Some Income

**Objectives for Longer Bonds**

- › Current Income
- › Diversification

**60%  
STOCKS**

GOOD QUALITY STOCKS WITH  
INCREASING DIVIDENDS.  
HIGHER EXPECTED RISK/RETURN.

**40%  
LADDERED  
CORPORATE BONDS**

INVESTMENT GRADE/INTERMEDIATE DURATION.  
GREATER STABILITY/LOWER RETURN.

**60% RISING DIVIDEND EQUITY**

**PORTFOLIO STATISTICS**

	Portfolio	S&P 500
Market Capitalization (\$Bil)	\$267	\$1,010
Return on Assets	11.9%	7.5%
Debt to Market Cap	14.0%	26.0%
Enterprise Value to Sales	4.8x	9.2x
Dividend Yield	2.2%	1.6%
Dividend Growth (5-Year)	9.6%	7.1%
Expected Turnover	20.0%	—

**SECTOR EXPOSURE**

Consumer Discretionary	13%
Consumer Staples	23%
Financials	3%
Health Care	11%
Industrials	26%
Information Technology	16%
Materials	7%
Cash	1%

**TOP TEN HOLDINGS BY WEIGHT**

WALMART, INC.	WASTE MANAGEMENT, INC.	CUMMINS, INC.
LINDE PLC	CHURCH & DWIGHT CO., INC.	EMERSON ELECTRIC CO.
COLGATE-PALMOLIVE COMPANY	AMPHENOL CORPORATION CLASS A	
MICROSOFT CORPORATION	TRACTOR SUPPLY COMPANY	

**40% INVESTMENT-GRADE CORPORATE BONDS**

**PORTFOLIO CHARACTERISTICS**

Investment Vehicle:	30 Investment-Grade Bonds
Targeted Average Maturity:	5-6 Years
Longest Maturity:	10 Years
Strategy:	Intermediate-Term Ladder

**PORTFOLIO STATISTICS**

Maturity:	4.6 Years
Modified Duration:	4.2 Years
Current Yield:	3.3%
Yield to Worst:	5.1%
Expected Turnover:	10%
Number of Holdings:	30

**BOND HOLDINGS**

BRISTOL MYERS SQUIBB CO.	LOWE'S COMPANIES, INC.	CSX CORP.
GILEAD SCIENCES, INC.	NORTHROP GRUMMAN CORP.	AMAZON.COM, INC.
ABBOTT LABORATORIES	PPG INDUSTRIES, INC.	HONEYWELL INTERNATIONAL, INC.
COMCAST CORP.	ELI LILLY & CO.	TARGET CORP.
APPLE, INC.	ADOBE, INC.	THERMO FISHER SCIENTIFIC, INC.
THE HOME DEPOT, INC.	FLORIDA POWER & LIGHT CO.	CISCO SYSTEMS, INC.
GOVERNMENT OF THE USA	THE COCA-COLA CO.	GENERAL MILLS, INC.
THE WALT DISNEY CO.	COSTCO WHOLESALE CORP.	CVS HEALTH CORP.
AMGEN, INC.	BLACKROCK, INC.	EATON CORP.
SALESFORCE, INC.	BOOKING HOLDINGS, INC.	

Source: Bloomberg. The Top 10 holdings are determined by percentage of portfolio allocation and are subject to change at any time, without notice. The holdings presented do not represent all of the securities held by the strategy as of the date presented. A complete list of holdings as of the date noted above will be provided upon request to your Financial Advisor. The above is presented to illustrate the application of the strategy only and not intended as personalized recommendations of any particular security. The securities identified and described above do not represent all of the securities purchased, sold, or recommended for client accounts. You should not assume that an investment in any of the securities identified was or will be profitable. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

**ANNUALIZED RETURNS****PERIODS ENDING JUNE 30, 2024**

	2Q24*	YTD*	1 Year	3 Year	5 Year	Since Inception
<b>Income Builder (Gross of Max Fees)</b>	<b>-1.40%</b>	<b>3.54%</b>	6.64%	4.01%	7.15%	8.48%
<b>Income Builder (Net of Max Fees)</b>	<b>-2.14%</b>	<b>1.99%</b>	3.48%	0.94%	3.98%	5.27%
<b>Benchmark Index</b>	<b>-1.11%</b>	<b>4.34%</b>	10.54%	3.94%	6.71%	6.65%

*Inception: June 30, 2018. Benchmark: 60% Bloomberg 1000 Value, 40% Bloomberg U.S. Intermediate Government/Credit (rebalanced monthly).*

**CALENDAR YEAR RETURNS**

	2019	2020	2021	2022	2023
<b>Income Builder (Gross of Max Fees)</b>	20.45%	11.46%	14.26%	-5.68%	6.45%
<b>Income Builder (Net of Max Fees)</b>	16.89%	8.17%	10.88%	-8.47%	3.30%
<b>Benchmark Index</b>	19.02%	3.48%	15.89%	-4.43%	7.92%

*Inception: June 30, 2018. Benchmark: 60% Bloomberg 1000 Value, 40% Bloomberg U.S. Intermediate Government/Credit (rebalanced monthly).*

**DISCLOSURES**

Investing involves risk, including the possible loss of principal. Changes in market conditions or a company's financial condition may impact the company's ability to continue to pay dividends, and companies may also choose to discontinue dividend payments. When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. Other risks include the risk of principal loss should the issuer default on either principal or interest payments. This portfolio invests in bonds that are obligations of corporations, and not the U.S. government, and therefore, carry a higher degree of risk relating to default.

Although the portfolio strategy seeks to maintain an average portfolio rating of investment grade, individual bonds ratings are subject to change from time of purchase. Investment grade means bonds which carry a rating of Baa3 or higher by Moody's or BBB- or higher by Standard & Poor's. Model portfolio average statistics and model holdings are subject to change without notice. You should therefore carefully consider whether interest rate and default risk are suitable for you in light of your financial condition.

Past performance does not guarantee future performance or investment results. Actual performance for a client may differ due to such factors as timing, economic and market conditions, cash flows, and client constraints. The performance statistics shown in this profile are calculated based on composite performance beginning June 30, 2018, and ending with the date shown on this profile. Performance is based upon the asset-weighted performance of all client accounts invested in this strategy (accounts having investment restrictions may be removed from the composite for performance calculation purposes) and is shown on a gross and net of fee basis. Gross of fees means that the figures do not reflect any deductions for investment management fees, trading costs, taxes, or any other costs associated with a managed account. Net of fees means that the figures reflect deductions for investment management fees and trading costs, but do not reflect taxes. Indices are unmanaged, and it is not possible to invest directly in an index. Significant disruptions in market or economic conditions may impact the results portrayed. Please refer to WCA's ADV Part 2 for additional disclosures regarding the firm and its practices. Bond laddering does not assure a profit or protect against loss. Yields and market values will fluctuate, and if sold prior to maturity, bonds may be worth more or less than the original investment.

Performance is based upon the asset-weighted performance of all client accounts invested in this strategy (accounts having investment restrictions may be removed from the composite for performance calculation purposes) and is shown on a gross and net of fee basis, both including the reinvestment of income. Gross of fees returns are shown as supplemental and do not reflect the deduction of transaction costs. Net of fees means that the figures includes all charges for trading costs, portfolio management, custody and other administrative fees, but do not reflect taxes. Actual fees may vary.

*Net of fee performance is calculated using the maximum applicable annual wrap fee that a client could potentially pay of 3.00%, applied monthly. This total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary. \*Periodic Return.*

*Past performance should not and cannot be viewed as an indicator of future performance. Indices are unmanaged, and it is not possible to invest directly in an index. All benchmark returns presented are provided to represent the investment environment existing during the time periods shown. Actual investment performance will vary due to fees and expenses. For comparison purposes, the benchmarks include the reinvestment of income. The benchmarks are unmanaged and unavailable for direct investment.*

Washington Crossing Advisors, LLC | A Subsidiary of Stifel Financial Corp.