

# WASHINGTON CROSSING ADVISORS

## MUNICIPAL INCOME BUILDER PORTFOLIO

Growth and Income (60/40)

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

### PORTFOLIO PROFILE SHEET

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#### 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.

The WCA Municipal Income Builder Portfolio seeks to invest in companies with rising dividends at attractive valuations. The portfolio uses a fixed income ladder to seek 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 high-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 watchword for the WCA Municipal 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 MUNICIPAL 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 creditworthiness, 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.

In situations where market conditions are such that an appropriate municipal bond is not available, we may elect to hold a U.S. Treasury bond and/or an Exchange-Traded Fund until an appropriate municipal issue becomes available.

**DIVERSIFICATION**

**KEY STATISTICS**

Minimum Investment.....\$1,000,000  
Investment-Grade Bonds.....20+  
Equity Positions.....34

**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  
MUNICIPAL BONDS**

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

## MODEL PORTFOLIO STATISTICS (AS OF JUNE 30, 2020)

### 60% RISING DIVIDEND EQUITY

#### PORTFOLIO STATISTICS

	Portfolio	S&P 500
Market Capitalization (\$Bil)	\$177.1	\$388.3
Return on Assets	6.3%	2.7%
Leverage	3.5	4.4
Enterprise Value to Sales	4.1	6.0
Dividend Yield	2.3%	2.0%
Dividend Growth (5-Year)	8.9%	8.1%
Expected Turnover	20%	—

#### SECTOR EXPOSURE

Consumer Discretionary	12%
Consumer Staples	24%
Financials	3%
Health Care	20%
Industrials	20%
Information Technology	12%
Materials	6%
Cash	3%

#### TOP TEN HOLDINGS BY WEIGHT

ACCENTURE PLC CLASS A (ACN)	CLOROX COMPANY (CLX)	LINDE PLC (LIN)	UNITEDHEALTH GROUP INC. (UNH)
CHURCH & DWIGHT CO., INC. (CHD)	COSTCO WHOLESALE CORP. (COST)	MICROSOFT CORP (MSFT)	VISA INC. CLASS A (V)
	ILLINOIS TOOL WORKS (ITW)	NIKE, INC. CLASS B (NKE)	

### 40% INVESTMENT-GRADE MUNICIPAL BONDS

#### PORTFOLIO CHARACTERISTICS

Investment Vehicle:	20+ Investment-Grade Bonds
Targeted Average Maturity:	5-6 Years
Longest Maturity:	10 Years
Strategy:	Intermediate-Term Ladder

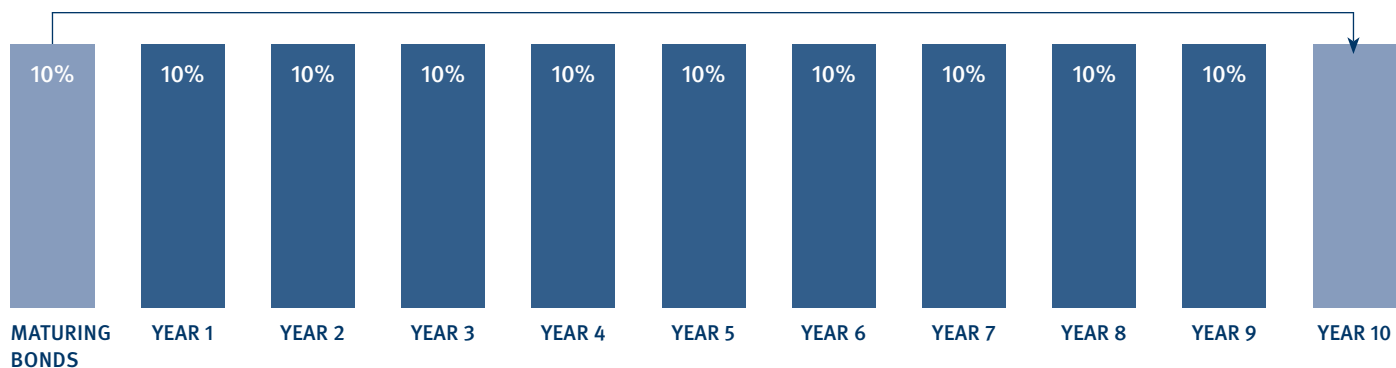
Source: Bloomberg. Please see page 4 for additional disclosures.

#### PORTFOLIO STATISTICS

Maturity:	5.5 Years
Modified Duration:	4.6 Years
Current Yield:	2.9%
Yield to Worst:	0.9%
Expected Turnover:	10%
Number of Holdings:	20+

### PROCEEDS FROM MATURING BONDS ARE REINVESTED AT LONG END OF THE LADDER

#### HYPOTHETICAL EXAMPLE OF AN INTERMEDIATE-TERM BOND LADDER



10%: percentage of portfolio. The information presented herein is a hypothetical example which has been compiled by WCA and is for illustrative purposes only. Hypothetical results shown may have inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve results similar to those shown. This hypothetical example does not involve financial risk or numerous other factors related to the markets in general. This hypothetical example should not be considered as indicative of the skills of the investment adviser.

## 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.

### **Model Portfolio Statistics**

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.

**S&P 500 Index:** The Standard & Poor's 500 Index is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market.