Why Dividends Matter

An Actively Managed ETF Focused on Growth & Income

Dividends contribute roughly 50% of equity total returns over the long-term for the S&P 500 Index. During some decades, dividends have accounted for a majority of the index's total return. Therefore, investors seeking to maximize their growth may consider dividend-paying stocks.

S&P 500 Index Data:

Dividend Contribution to Total Return

Decade	Price Change %	Dividend Contribution %	Total Return %	Dividends % of Total Return	Avg Payout Ratio
1960s	53.7%	54.2%	107.9%	50.2%	56.0
1970s	17.2%	59.1%	76.4%	77.4%	45.5
1980s	227.4%	143.1%	370.5%	38.6%	48.6
1990s	315.7%	115.7%	431.5%	26.8%	47.6
2000s	-24.1%	15.0%	-9.1%	100.0%	35.3
2010s	189.7%	66.9%	256.7%	26.1%	35.2
2020s	74.8%	13.5%	88.4%	15.3%	35.4
Average	**122.1%**	**66.8%**	**188.9%**	**47.8%**	**43.4**

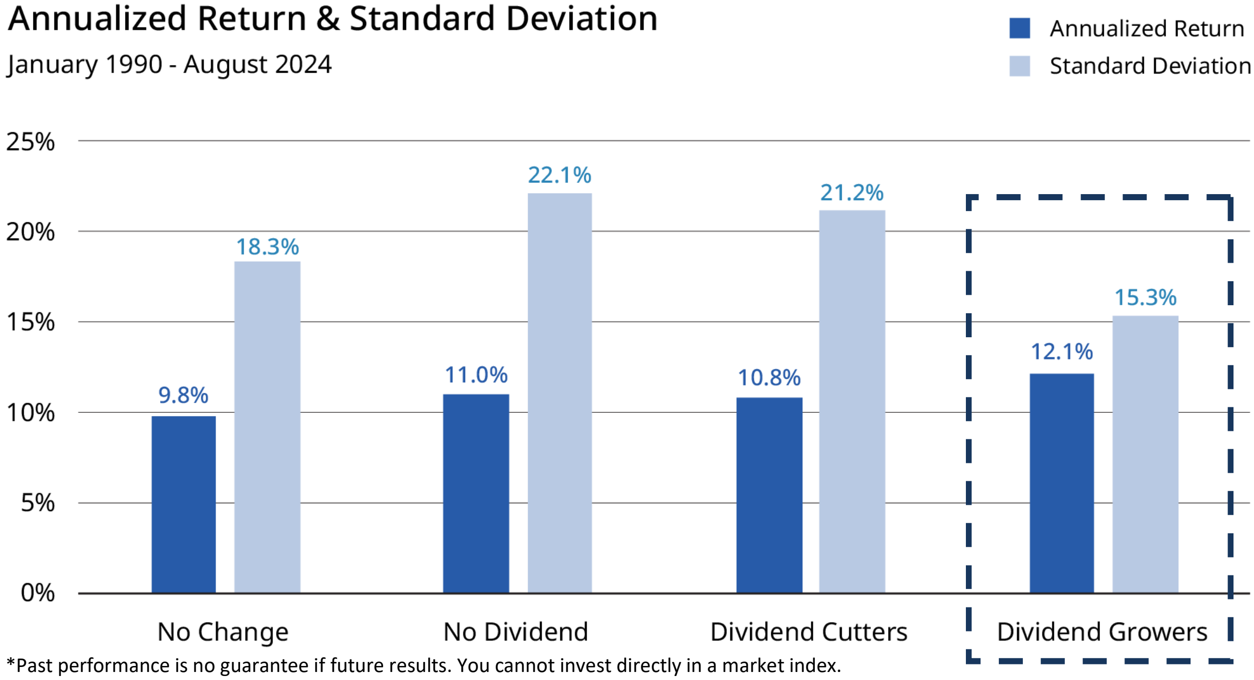
*Past performance is no guarantee if future results. You cannot invest directly in a market index. Data as of 8/31/2024
Sources: SWP Investment Management and Bloomberg

A new ETF from SWP Investment Management wraps this strategy up into one manageable investment. The **SWP Growth & Income ETF** (Nasdaq Ticker: SWP) targets income-producing equity securities with strong growth characteristics that mitigate downside risk.

In fact, the two goals of dividend income and risk management are linked because we believe dividends are critical for surviving downturns. *Research has shown that in a declining market, dividend-paying stocks outperform non-dividend-paying stocks by 1 to 2% per month. Additionally, the same body of research found that the performance of dividend-paying stocks increases the more the market decreases*[1]. These findings make intuitive sense because dividend-paying companies are often well-established enterprises with durable competitive advantages.

The SWP Growth & Income ETF seeks to own between 40-70 securities that pay dividends and have a history of sustainability and growth. The fund also has the ability to use covered calls to generate additional income and to help manage downside risk (covered calls are considered a lower-risk option strategy that involves selling call options on a stock that an investor already owns. If the market price of the stock increases then the investor may have to buy back the call option at a loss or have the underlying stock called away, thus depriving the investor of any further upside potential). The holdings in the ETF must demonstrate consistent or above-market growth for earnings, sales, and earnings before interest, taxes, depreciation, and amortization (EBITDA). These companies have historically demonstrated stable margins, low financial leverage, and a high return on invested capital. Each holding typically has strong free cash flow with a focus on self-funded growth while exhibiting positive price movement.

S&P 500 Index Data:
Annualized Return & Standard Deviation
January 1990 - August 2024



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Sources: SWP Investment Management and Bloomberg

The chart above divided companies into four groups based their dividend policy during the previous 12 months. Companies that kept their dividends per share at the same level were classified as “No Change.” Companies that raised their dividends were classified as “Dividend Growers.” Companies that lowered or eliminated their dividends were classified as “Dividend Cutters” and companies that paid no formal dividend were classified as “No Dividend.”

The power of the SWP investment approach is that it's a hybrid methodology consisting of macro analysis, technical analysis, and fundamental analysis. The macro analysis examines factors like interest rates, geopolitical issues, and the business cycle. The technical analysis accounts for dynamics like trend & pattern analysis, relative strength, and market sentiment. The fundamental analysis reviews characteristics like the companies' competitive positioning within the ETF, their near-term catalysts, and their trading valuations. Together, these factors offer the dimensional picture of performance needed to select the best stocks for the long-term, for further track record information please reference the prospectus (Page 10 & 11).

Decades of market performance have delivered a clear message: dividends should be considered in one’s investment portfolio, and the SWP Growth & Income ETF aims to find the best dividend payers available in the market. If you’re interested in learning more about the potential benefits of incorporating dividend-paying stocks into your investment strategy, book a 30-minute virtual meeting with our Chief Investment Officer, Nate Fischer.

Disclosures:

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please call 1-800-617-0004 or visit our website at www.swp-invest.com. Read the prospectus or summary prospectus carefully before investing. Past performance is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

Risk Considerations: ETF's are subject to specific risks, depending on the nature of the underlying strategy fund. These risks could include liquidity risk, sector risk, as well as risks associated with fixed income securities, real estate investments, and commodities, to name a few. While the shares of ETFs are tradeable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of market stress. ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETF's net asset value. Brokerage commissions and ETF expenses will reduce returns. There is no guarantee the value Fund will achieve its objective. Value investing involves the risk that an investment made in undervalued securities may not appreciate in values as anticipated or remain undervalued for long periods of time.

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Footnote:

[1] Kathleen P. Fuller, Michael A. Goldstein. (June 2011). Do dividends matter more in declining markets?: Journal of Corporate Finance, Volume 17, Issue 3, Pages 457-473.