Portfolio Commentary

Navigator® High Dividend Equity

Portfolio Manager

Maira Thompson
Co-Head of Equity

Top Contributors as of June 30, 2024

Company Name	Avg. Weight (%)	Contribution to Return (%)
NVIDIA Corporation	0.84	0.49
Broadcom Inc.	2.04	0.45
Apple Inc.	1.43	0.31

Top Detractors as of June 30, 2024

Company Name	Avg. Weight (%)	Contribution to Return (%)
Intel Corporation	0.32	-0.34
Walt Disney Company	1.23	-0.28
Prologis, Inc.	1.58	-0.26

Source: Factset. For illustrative purposes only. Past performance does not guarantee future results. The holdings identified do not represent all of the securities purchased, sold or recommended for advisory clients. In the chart above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall performance during the period. To obtain the calculation methodology and a list showing every holding's contribution to the overall composite during the period and the last 12 months, contact: PortfolioAnalytics@ccmg.com.

Dividend Growers Remain Well Positioned

Market Review

Halfway through the year, large-cap growth stocks remain the dominant performers driven by strong profitability in the Information Technology and Communications sectors. The strategy's concentration remains in large-cap dividend growers, but we expect a future Federal Reserve rate cut may benefit undervalued areas of the market including mid-cap, small-cap, and cyclicals like REITs and Financials.

In the second quarter, companies with positive three-month percent changes in forward earnings continued to rise, which we expect to continue into the year end. Earnings estimates remain strong without the normal S&P 500 Operating EPS revision lower of 3% to 5% over the course of the year. Dividend growers are positioned to benefit in the current market cycle, which rewards consistent profitability, low earnings variance, and above-average dividend increases.

We believe our balanced sector positioning allows for participation in growth sectors like Technology and Communications as well as cyclical and defensive sectors. On a relative basis, defensive sectors tend to post strong returns prior to and after the first rate cut, which we have seen signs of in the strength of Consumer Staples in Q2. Despite the wide dispersion of performance this year between growth and value, we continue to find what we believe are attractive investment opportunities in high quality dividend growers with improving business momentum.

Second Quarter Portfolio Highlights

- The Navigator® High Dividend Equity is positioned with approximately 98.3% in developed countries with the remainder in cash. The United States is the largest country weight at 90.8%, followed by Britain at 3.2%, and Ireland at 1.6%. Large-cap stocks represent 91.4% of the portfolio, mid-cap represents 6.8%, with the remainder in cash.
- Financials remain our largest sector weight at 23.4%, which is above the benchmark weight. The next three largest portfolio weights are Industrials, Healthcare, and Information Technology at 15.1%, 13.2%, and 10.2%, respectively.
- Positioning in Information Technology, Financials, and Healthcare contributed to relative performance versus the detractors to performance, Consumer Discretionary, Real Estate, and Industrial sectors.
- The top contributors to absolute portfolio return were Broadcom Inc., Apple Inc., and NVIDIA Corp., versus detractors were Prologis Inc., Intel Co., and Walt Disney Co.

Past performance is not indicative of future results.
This is not a recommendation to buy or sell a particular security. Please see attached disclosures.

Positioning and Outlook

During the quarter, the strategy purchased our second dividend initiator of 2024, Nvidia Corp., which designs and manufactures computer graphics processors, chipsets, and related multimedia software. We also initiated a position in Dick's Sporting Goods, Inc., a leading retailer of an extensive assortment of authentic sports equipment, apparel, footwear. We view both companies as leaders in their respective industries with strong fundamentals that include a commitment to annual dividend increases.

We exited our position in Starbucks Corp., Abbott Laboratories, and The Home Depot Inc., to pursue companies that we believe demonstrate stronger earnings and business momentum. Although the strategy has an overweight position in growth-oriented sectors like Information Technology and Communications, we continue to trim positions in outperformers like Broadcom, Inc., and Nvidia Corp., based on valuation metrics.

Sources: Bloomberg and NDR