

DSIP List Insights

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Value through dividend growth

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Summary

The investment thesis of the Diversified Stock Income Plan (DSIP) List is based on the belief that companies that consistently increase their annual dividends through economic cycles should provide attractive total returns to disciplined investors. That is the cornerstone of the strategy. Should that premise not hold, the strategy does not work. In this brief report, we look at annual total returns and dividend growth metrics for the DSIP List and its two benchmarks. We also compare historical dividend growth to inflation to gauge spending power. Our conclusions: DSIP List returns and dividend growth have been attractive in absolute terms and compared to its benchmarks, and DSIP List dividend growth has historically outpaced increases in the cost of living. **The DSIP List is not a discretionary managed strategy offered through an advisory program and is not available for direct investment.**

As a supplement to our quarterly performance reports, this report presents annual total return and average annual dividend growth statistics beginning with the DSIP List's first full year of 1994. We include the same metrics for the Nasdaq US Broad Dividend Achievers Index (DSIP List's primary benchmark) since its inception and the S&P 500 Index (DSIP List's secondary benchmark) for comparison. Because one of the main objectives of the DSIP List is to help investors stay ahead of the rising cost of living, we also show the annual change in the Consumer Price Index (CPI), a common measure of inflation.

We consider dividend growth a key piece of information because, as outlined above, if consistent dividend growth can drive attractive returns over time, our task becomes: identify companies that are capable of delivering growth.

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Dividend growth: Since its first full year in 1994 through 2024, the DSIP List's average annual dividend growth is 9.5%. For the 12 years for which we have Nasdaq US Broad Dividend Achievers Index data, DSIP List dividend growth outpaced the benchmark's dividend growth 10 times. DSIP List dividend growth exceeded that of the S&P 500 Index in 23 of 31 years. Notably, DSIP List dividend growth was positive every year, whereas the S&P 500 Index experienced three years of declines (2000, 2001, and 2009).

Dividend growth statistics*

	DSIP List	Nasdaq US Broad Dividend Achievers Index	S&P 500 Index
Average annual dividend growth 2013 – 2024	8.8%	8.0%	7.6%
Maximum annual dividend growth 2013 – 2024	12.7%	11.4%	12.7%
Minimum annual dividend growth 2013 – 2024	3.4%	5.2%	0.2%
Average annual dividend growth 1994 – 2024	9.5%	-	6.2%
Maximum annual dividend growth 1994 – 2024	16.3%	-	18.2%
Minimum annual dividend growth 1994 – 2024	1.9%	-	-21.1%

Maximum annual dividend growth is the highest average year-over-year growth in annual dividends over the given timeframe. Minimum annual dividend growth is the lowest average year-over-year growth in annual dividends over the given timeframe.

Total returns (gross): The DSIP List's average annual total return from 1994 to 2024 is 12.8%. (Note: this is not the compound annual growth rate, or CAGR, which is 12.0% on a gross basis and 8.7% on a net basis through 2024 compared to 10.6% for the S&P 500 Index.) From 2004, the Nasdaq US Broad Dividend Achievers Index's first full year, to 2024, the DSIP List outperformed its primary benchmark in 15 of 21 years and its secondary benchmark in 12 of 21 years.

Total return averages*

	DSIP List (Gross)	DSIP List (Net of model fee)	Nasdaq US Broad Dividend Achievers Index	S&P 500 Index
Average annual return 2004 – 2024	11.6%	8.3%	9.5%	11.8%
Average annual return 1994 – 2024	12.8%	9.5%	-	12.2%

Dispersion of returns: The DSIP List and the Nasdaq benchmark provided similar upside and downside returns on average since the benchmark's first year in 2004 but with DSIP's returns slightly better and standard deviation a touch higher. Notably, the DSIP List and primary benchmark scored favorably compared to the S&P 500 Index, a testament, in our view, to the beauty of rising dividend strategies.

Total return statistics – 2004 through 2024*

	DSIP List (Gross)	DSIP List (Net of model fee)	Nasdaq US Broad Dividend Achievers Index	S&P 500 Index
Maximum annual return	31.9%	28.0%	27.5%	32.4%
Minimum annual return	-26.4%	-28.6%	-29.1%	-37.0%
Standard deviation of annual returns	12.7%	12.3%	12.5%	16.5%
Average of 5 best annual returns	25.4%	28.4%	22.6%	29.1%
Average of 5 worst annual returns	-5.6%	-8.3%	-8.2%	-11.2%

Sources: Wells Fargo Investment Institute, FactSet, Nasdaq, S&P. Based on annual returns from 2004 to 2024. Nasdaq US Broad Dividend Achievers Index annual data starts in 2004 (inception date: December 5, 2003). Maximum annual return is the highest annual total return for the years 2004 to 2024. Minimum annual return is the lowest annual total return for the years 2004 to 2024.

Inflation: Finally, we would note that the DSIP List's average dividend growth exceeded inflation in all but one of the past 31 years. The outlier was 2009, a year in which DSIP List average dividend growth was 1.9% and inflation was 2.7%. Over time, the DSIP List's average dividend growth of 9.5% has outpaced inflation's average of 2.5% by a wide margin.

*All information is as of December 31, 2024, DSIP List is not available for direct investment and the DSIP List total returns are presented for informational and educational purposes only. DSIP List (Net of model fee) returns are presented to illustrate the impact that fees can have on investment returns and reflect the deduction of a hypothetical annual 3% model fee applied quarterly. An index is unmanaged and not available for direct investment. Returns greater than one year are annualized. Data is calculated monthly over rolling time periods. Performance includes the reinvestment of dividends and other distributions. **Past performance is no guarantee of future results.** Please refer to the information included at the conclusion of this report for additional disclosures pertaining to the performance calculation methodology reflected in the illustration.

Historical performance metrics

Year	Total return DSIP List (Gross)	Total return DSIP List (Net of model fee)	Total return Nasdaq US Broad Dividend Achievers Index	Total return S&P 500 Index	Dividend change DSIP List	Dividend change Nasdaq US Broad Dividend Achievers Index	Dividend change S&P 500 Index	Inflation
1994	-0.9%	-3.8%		1.3%	8.6%		4.8%	2.6%
1995	30.8%	26.9%		37.7%	7.1%		4.6%	2.5%
1996	25.2%	21.6%		22.8%	7.3%		8.0%	3.4%
1997	36.4%	32.4%		33.4%	8.0%		4.0%	1.7%
1998	8.1%	5.0%		28.6%	8.4%		4.6%	1.7%
1999	-7.1%	-9.8%		21.1%	8.1%		3.0%	2.7%
2000	32.4%	28.5%		-9.1%	9.2%		-2.5%	3.4%
2001	6.0%	2.8%		-11.8%	8.4%		-3.3%	1.6%
2002	-3.3%	-6.1%		-22.1%	7.3%		2.1%	2.4%
2003	24.5%	20.9%		28.7%	11.5%		8.1%	1.9%
2004	18.2%	14.7%	9.8%	10.9%	13.8%		11.8%	3.3%
2005	5.7%	2.6%	2.4%	4.9%	11.6%		14.3%	3.4%
2006	19.2%	15.7%	16.7%	15.8%	16.3%		12.0%	2.5%
2007	6.3%	3.2%	0.4%	5.5%	16.2%		11.5%	4.1%
2008	-26.4%	-28.6%	-29.1%	-37.0%	11.3%		2.4%	0.1%
2009	23.0%	19.4%	11.9%	26.5%	1.9%		-21.1%	2.7%
2010	16.8%	13.3%	15.6%	15.1%	9.8%		1.4%	1.4%
2011	9.1%	5.9%	9.7%	2.1%	12.1%		16.3%	3.0%
2012	12.7%	9.4%	11.4%	16.0%	11.5%		18.2%	1.7%
2013	29.9%	26.0%	26.3%	32.4%	12.7%	10.8%	12.0%	1.5%
2014	14.7%	11.3%	11.8%	13.7%	11.4%	11.4%	12.7%	0.7%
2015	0.6%	-2.4%	-2.6%	1.4%	9.1%	9.0%	10.0%	0.7%
2016	14.0%	10.7%	15.2%	12.0%	8.0%	7.7%	5.3%	2.1%
2017	19.8%	16.2%	18.0%	21.8%	8.1%	6.4%	7.1%	2.1%
2018	0.5%	-2.5%	-3.9%	-4.4%	11.2%	8.4%	9.9%	1.9%
2019	31.9%	28.0%	27.5%	31.5%	8.2%	7.9%	8.4%	2.0%
2020	13.2%	9.9%	10.0%	18.4%	3.4%	5.2%	0.2%	1.3%
2021	22.4%	18.8%	23.8%	28.7%	8.9%	6.5%	3.5%	7.1%
2022	-8.2%	-10.9%	-5.8%	-18.1%	9.3%	8.9%	10.8%	6.4%
2023	10.0%	6.8%	11.9%	26.3%	7.4%	7.0%	5.1%	3.3%
2024	10.6%	7.4%	17.6%	25.0%	7.3%	6.3%	6.4%	2.9%
Average:	12.8%	9.5%	9.4%	12.2%	9.5%	8.0%	6.2%	2.5%
10-year average:	11.5%	8.2%	11.2%	14.3%	8.1%	7.3%	6.7%	3.0%

Sources: Wells Fargo Investment Institute, FactSet. Annual returns through 2024. All information is as of December 31, 2024. DSIP List is not available for direct investment and the DSIP List total returns are presented for informational and educational purposes only. DSIP List (Net of Model Fee) returns are presented to illustrate the impact that fees can have on investment returns and reflect the deduction of a hypothetical annual 3% model fee applied quarterly. An index is unmanaged and not available for direct investment. Returns greater than one year are annualized. Data is calculated monthly over rolling time periods. Performance includes the reinvestment of dividends and other distributions. **Past performance is no guarantee of future results.** Please refer to the information included at the conclusion of this report for additional disclosures pertaining to the performance calculation methodology reflected in the illustration.

Please note: The DSIP List is not a discretionary managed strategy offered through an advisory program and is not available for direct investment. DSIP List performance information is presented for illustrative and educational purposes only. Please refer to the Net of model fee returns for an illustration of how fees can impact returns.

DSIP List resources

For more information on the list, please refer to the DSIP List Holdings by Sector report or the DSIP List Concept Review. The Holdings by Sector report contains a current list of constituent securities and a brief overview of the list. The Concept Review includes list objectives, criteria, and methodology.

Performance Results Calculation Methodology

The DSIP List is not a discretionary managed strategy offered through an advisory program and is not available for direct investment. DSIP List performance information is presented for illustrative and educational purposes only.

List performance is calculated by geometrically linking daily security returns. Dividends are reinvested on the ex-dividend date (the date that determines which shareholders will be entitled to receive the dividend). The list is equal weighted when rebalanced, which assumes each security is given the same (or equal) market value. The list is rebalanced when changes are made or at the end of the year if no changes were made during the preceding calendar year. We measure all performance from the time each stock is added to the list to the time that it is removed, or the last date of the measurement period. There are times when a deleted stock has been reinstated, in which case its performance is treated as two separate positions.

Performance of the DSIP List in an actual account and/or model would differ from the performance reflected herein due to various factors, including but not limited to, actual commissions and/or advisory fees, transaction costs, as well as the timing of transactions.

DSIP List (Gross) performance does not reflect the impact of any fees.

DSIP List (Net of model fee) returns are presented to illustrate the impact that fees can have on investment returns and reflect the deduction of a hypothetical annual 3% model fee applied quarterly.

Risk Considerations

All investments are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors due to numerous factors some of which may be unpredictable. Be sure you understand and are able to bear the associated market, liquidity, credit, yield fluctuation and other risks involved in an investment in a particular strategy.

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions and the perception of individual issuers. Investments in equity securities are generally more volatile than other types of securities.

There is no guarantee dividend-paying stocks will return more than the overall market. Dividends are not guaranteed and are subject to change or elimination.

Definitions

Consumer Price Index (CPI) produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

Nasdaq US Broad Dividend Achievers™ Index is comprised of US accepted securities with at least ten consecutive years of increasing annual regular dividend payments.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

An index is unmanaged and not available for direct investment.

Standard Deviation (5 year or since inception, whichever is shorter using monthly values): A statistical measure of the historical volatility. Higher standard deviations will tend to experience larger swings in value, both in up and down markets.

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