CRAWFORD
INVESTMENT COUNSEL
Est. 1980

DIVIDEND YIELD STRATEGY UPDATE

Investment Approach

Our investment approach is focused on creating a diversified portfolio of higher-yielding securities. The portfolio seeks to provide a high and growing stream of dividend income while investing in businesses that exhibit higher-quality characteristics and attractive valuations. We believe that higher-yielding, undervalued companies with stable or improving fundamentals can lead to attractive returns with below-market risk over full market cycles.

Crawford Dividend Yield Strategy

As investors continued to embrace the possibility of an economic soft landing and a shift by the Federal Reserve (Fed) from policy restraint to accommodation, the financial markets ended the first half of the year on a positive note. Extreme market concentration continued to cloud the picture and created wide dispersion among various indices and investment styles. We are hopeful that the large disparities within the market will be resolved favorably for the broad range of stocks. Our experience reminds us that periods of extreme market concentration, such as we have experienced recently, can lead to excess valuations and high investor expectations. These high expectations are seldom met, which can lead to disappointment on behalf of owners. This is why we prefer to invest in companies with more reasonable valuations and somewhat modest growth expectations. This enables the companies to meet and exceed expectations, leading to both fundamental progress and enhanced valuations. Of course, the dividends these companies pay are an additional form of return, in addition to being a quality indicator.

Within this environment, the Crawford Dividend Yield strategy produced a return of -1.36% (net of fees) compared to the Russell 1000 Value Index's return of -2.17%. Higher-yielding stocks outperformed lower-yielding stocks during the quarter, which was a tailwind to the portfolio's performance, while the strategy's allocation to stocks with smaller market capitalizations presented a headwind to performance. The strategy's stock selection within the Energy sector contributed to overall and relative performance as each of the strategy's holdings posted positive returns in this negative-returning sector for the benchmark. Consumer Discretionary represented the worst-performing sector in the benchmark for the quarter, and the strategy posted positive returns in this sector. On the other hand, Utilities represented the best-performing sector in the benchmark, and our overweight to the sector supported performance. The strategy's Industrials and Financials holdings detracted from relative performance as a few of these holdings experienced what we fully expect will be a temporary, short-term dislocation in their businesses.

Our overall approach is characterized by both dividends and quality, which we expect will help preserve capital and improve our likelihood of success as we move through the economic and investment cycle. We expect that the favorable financial characteristics and consistency of our holdings will be more fully recognized by the stock market to the benefit of our investors. We have a high degree of conviction in the ability of the companies owned in the various strategies to prosper through an uncertain market and economic environment. While we do not know what will happen in the markets and economy, we believe that shareholder-friendly businesses with financial strength will persevere. Thank you for your continued trust.

Contributors To Performance In The Quarter:

Security	Portfolio Weight*	Total Return	Contribution to Return
PM	4.01%	12.04%	0.46%
DTM	2.44%	17.52%	0.39%
SO	3.16%	9.11%	0.28%

Source: Crawford, FactSet as of 6/30/2024. Past performance is not indicative of future results. *Portfolio weight is the average weight during the quarter and excludes cash.

1. **Philip Morris International, Inc. (PM):** PM has attractive growth characteristics with strong pricing power and share gains over time. Recent Reduced Risk Products (RRPs) such as its iQOS (heated tobacco) and Zyn (nicotine pouch) have shown promise to better offset the natural decline in smoking incidence and accelerate the company's growth profile.

2. **DT Midstream, Inc. (DTM):** DTM is the cleanest small cap energy infrastructure company within our coverage. Management maintained guidance and the tailwinds for the sector have finally been realized by the market.

3. **Southern Company (SO):** With record forecasted demand growth over the next five years due to in-migration and commercial/industrial load growth, we believe SO can resume strong utility earnings growth and a premium multiple. While expensive, we note SO's Vogtle Unit 4 plant is now the largest clean energy generator in the U.S.

Detractors From Performance In The Quarter:

Security	Portfolio Weight*	Total Return	Contribution to Return
CLX	2.94%	-10.14%	-0.32%
IBM	3.24%	-8.52%	-0.32%
MSM	1.92%	-17.55%	-0.31%

Source: Crawford, FactSet as of 6/30/2024. Past performance is not indicative of future results. *Portfolio weight is the average weight during the quarter and excludes cash.

1. **Clorox Company (CLX):** Although it is taking longer than expected and investor fatigue is setting in, we believe CLX is positioned to put the cyber-breach behind them and focus solely on its Ignite strategy again in 2025. While CLX is currently earning below potential, we believe leading market shares and brand strength can support pricing power and help restore margins, which should drive above-average earnings growth.
2. **International Business Machines Corporation (IBM):** Investor concern surrounding more significant than expected deceleration in its Consulting segment and the short-term financial impacts of the HashiCorp acquisition have impacted IBM. However, we believe IBM should be able to deliver solid revenue growth from growth in Software and Consulting, supplemented by steadily executed tuck-in acquisitions.
3. **MSC Industrial Direct Co., Inc. Class A (MSM):** While the second quarter represents what we believe is a trough for fundamentals, MSM's rebound potential in the second half of the year is muted by weak heavy manufacturing demand. A range of initiatives, however, suggest a return to solid growth next fiscal year on top of a yield that is still attractive relative to the sector.

Buys During the Quarter

- Conagra Brands, Inc. (CAG)
- Prudential Financial, Inc. (PRU)

Sells During the Quarter

- JPMorgan Chase & Co (JPM)

Outlook

We believe investing successfully over the long term requires both consistency and flexibility. Our long-held investment philosophy seeks to mitigate risk and limit the range of investment outcomes through a focus on quality. We believe our investment approach is well suited for an increasingly volatile environment, and we will continue to be opportunistic with portfolio holdings in this environment.

About Crawford Investment Counsel

Founded in 1980, Crawford Investment Counsel is an investment advisory firm focused on managing high-quality equity and fixed income portfolios on behalf of institutional and individual investors. We believe a company's dividend history is a key initial indicator of quality, and we seek to invest in companies with a demonstrated history of consistent and growing dividends. For more information please visit www.crawfordinvestment.com or contact Crawford Investment Counsel at (770) 859-0045.

Source: Crawford, FactSet

Past performance is not indicative of future results. Net of fee performance is calculated based on the actual fees experienced. The composite returns are shown as supplemental information to the Dividend Yield Equity composite disclosures which are located on the last page. The widely recognized benchmark(s) in this presentation are used for comparative purposes only. The volatility (beta) of the portfolios may be greater or less than the benchmarks. It is not possible to invest directly in these indices.

Dividend Yield Equity Composite
GIPS Composite Report

As of 6/30/2024	Annualized Returns Dividend Yield (Net)	Russell 1000 Value Index
1 Year	6.71%	13.06%
5 Year	8.78%	9.01%
10 Year	7.68%	8.23%

						Composite				Russell 1000 Value Index	
Year	Firm Assets ($ Millions)	Composite Assets ($ Millions)	% Of Non-fee paying accounts	% Of Bundled Fee Paying Accounts	# Of Accounts	Pure Gross Return	Net Return	3-Year Standard Deviation	Internal Dispersion	Return	3-Year Standard Deviation
2023	$7,730	$433	0%	0.4%	199	5.85%	5.32%	15.13%	1.0%	11.46%	16.74%
2022	$7,383	$423	0%	0.3%	182	4.17%	3.65%	18.74%	1.0%	-7.54%	21.55%
2021	$7,923	$381	0%	0.2%	131	25.56%	24.98%	16.81%	0.7%	25.16%	19.33%
2020	$7,111	$286	0%	0.2%	104	1.28%	0.80%	16.95%	1.2%	2.80%	19.90%
2019	$6,779	$310	0%	0.3%	113	27.12%	26.57%	10.34%	1.1%	26.54%	12.02%
2018	$5,655	$273	0%	0.3%	102	-3.52%	-3.94%	9.53%	0.5%	-8.27%	10.98%
2017	$5,901	$357	4%	1.8%	144	8.00%	7.48%	8.85%	0.4%	13.66%	10.34%
2016	$5,044	$291	4%	7.7%	195	14.60%	14.04%	9.75%	0.7%	17.34%	10.93%
2015	$4,149	$166	4%	7.8%	69	-1.82%	-2.23%	10.13%	0.4%	-3.83%	10.83%
2014	$4,610	$136	2%	0%	35	12.51%	11.78%	8.38%	0.7%	13.45%	9.33%

Crawford Investment Counsel claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Crawford Investment Counsel has been independently verified for the periods January 1, 1981 through December 31, 2022. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Crawford Investment Counsel, Inc. is an independent registered investment adviser with the Securities and Exchange Commission.

The Dividend Yield Equity Composite contains all discretionary, taxable and tax-exempt, dividend yield accounts with a minimum account size of $100 thousand. An account managed in the dividend yield equity style focuses on high quality companies that have a high dividend yield and have consistently paid and increased their dividend.

For comparison purposes the composite is measured against the Russell 1000 Value Index. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.

Results are based on discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Gross returns for bundled fee accounts have not been reduced by transaction costs. Composite gross returns for periods that include bundled fee accounts are presented as supplemental information to the net returns. In addition to a management fee, bundled fee accounts pay an all-inclusive fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes portfolio monitoring, consulting services, and in some cases, custodial services. The maximum bundled fee does not exceed 2.50%. Net of fee performance is calculated based on the actual fees experienced by the client. Certain accounts may not be charged commissions by their broker. The 3-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Gross returns are used to calculate the internal dispersion and 3-yr annualized standard deviation. Past performance is not necessarily indicative of future results.

The investment management fee schedule for the composite is 1.00% on the first $3 million; and 0.50% on the balance. Actual investment advisory fees incurred by clients may vary.

The inception date of the Dividend Yield Equity Composite is October 1, 2010. The Dividend Yield Equity Composite was created in November of 2010. A complete list of composite descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.