



Littlehousecapital.com

Product Recap and Comments

Dividend Income + Q4 2022

Our Founder



Robert C. Stimson, CPA
Founder, Chief Executive Officer
And Chief Investment Officer

Company Overview

Little House Capital, LLC is an SEC Registered Investment Advisor. The firm was established to redefine the wealth management experience by integrating investment management, financial planning, and complex estate and tax strategies. We provide seamless and comprehensive goal-based solutions that seek to achieve desired outcomes for individuals, families, trusts and institutions.

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Overview

In Q4 2022, Little House Capital's Dividend Income+ (DI+) posted returns of 13.02% against the blended benchmark return (50% S&P 500 and 50% Russell 1000 Value) of 9.94%. This brings our CY 2022 performance to -5.64% versus the blended benchmark return of -12.85% for total outperformance of 718 basis points. While our return was negative on an absolute basis, this represents our widest margin of relative outperformance since product inception in 2013. DI+'s dividend yield was 2.96% versus the blended benchmarks of 2.41%. The product targets an overall dividend yield, at a minimum, 1.5x the yield of the S&P 500 (1.65%). At the end of the quarter, DI+ held 46 stocks representing 11 of 11 economic sectors.

As of December 30th, Dividend Income+ was overweight Information Technology (+2.17%), Cash (+2.56%), and Consumer Staples (+1.95%). Our current portfolio also exhibits an underweight allocation in financials of -5.98%. Strong performers in Q4 included Nike (NKE), AES Corp (AES), and Broadcom (AVGO) offering returns of +41.02%, +28.03%, and +26.98%, respectively. Our weakest performers included M&T Bank (MTB) and Paramount Global (PARA) which posted returns of -17.15% and 10.25%. Allocation effect contributed positively to our relative performance for the year, adding 106 basis points, while selection effect was the primary contributor, accounting for a substantial 621 basis points. This was largely due to successful investments in the Information Technology, Industrials, and Healthcare sectors, which outperformed their respective benchmarks contributing 399 basis points of total attribution.

To safeguard the portfolio against the challenges presented by a deteriorating macroeconomic environment, we made modifications to our sector allocations and stock selections during the 2022 calendar year. This included a heightened focus on free cash flow yielding assets, non-cyclical sector exposures, and companies with demonstrated economic moats. Furthering that notion, we made a number of position changes in the fourth quarter to tailor our portfolio to the current market environment and achieve favorable risk-adjusted returns. This included adding several positions and reducing our cash holdings to take advantage of the recent pullback.

New Positions: Home Depot (HD), Chubb (CB), Independent Bank (INDB), EMCOR (EME)

Sold Positions: TE Connectivity (TEL), HP (HPQ), Canadian Natural Resources (CNQ), United Parcel Services (UPS), S&P Global (SPGI)

Disclosure - Investment products are not guaranteed by Little House Capital LLC, are not insured by the FDIC or by any other government agency and may lose value. The performance quoted represents past performance and does not guarantee future results. Performance is gross-of-fees. Results presented are model portfolios and do not represent actual trading. Holdings and allocation may not reflect our current investment views and should not be used as the basis for an investment decision. Determining the suitability of this product will depend on feedback and risk tolerance of individual clients. For legal and tax matters, legal and tax advisors should be consulted. All material is believed to be reliable, but accuracy is not guaranteed. This is not a warranty for liability on decisions based on such information. The S&P 500 and Russell 1000 Value are designed to be leading indicators of U.S. Equities and is meant to reflect the risk/return characteristics of the large cap universe. This is not a solicitation for any order to buy or sell securities and is for discussion purposes only. Performance, risk/reward characteristics, and charts provided by Bloomberg.