Little House Capital

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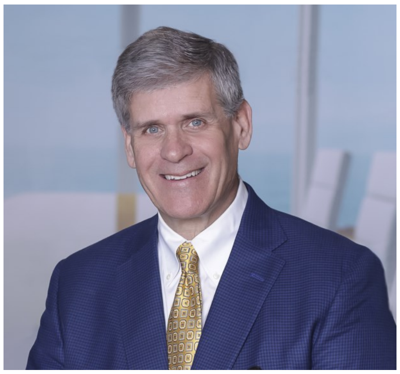
Product Recap and Comments
Dividend Income +
Q3 2023

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 Q3 2023, Little House Capital's Dividend Income+ product posted returns of –3.56% (-3.81% net) against the blended benchmark (S&P 500/Russell 1000 Value) return of –3.22%. Our year-to-date performance now stands at +0.59% (-0.16% net) versus the blended benchmark return of +7.72%. As the quarter concluded, Dividend Income+ held 44 stocks spanning all 11 economic sectors.

Heading into the fourth quarter, Dividend Income+ is overweight Information Technology (+4.94%) and Consumer Staples (+2.37%), with underweights in Financials (-3.17%) and Communication Services (-2.73%). The sole contributor to the fund's underperformance to its benchmark year-to-date lies in selection effect as the stocks we cannot own given they do not pay a dividend (i.e. *the magnificent seven—Nvidia, Meta, Tesla, Apple, Amazon, Microsoft, Alphabet)* have vastly outperformed dividend paying stocks. The Bloomberg magnificent seven benchmark index has returned 83.90% year-to -date versus the Russell 1000 Value index return of 1.71% further displaying the markets current style preference.

Stock picking in Health Care showed strength during Q3 led by overweights in Amgen (+22.03%) and United Health (+5.31%), which handily outperformed the broader sector return of –4.07%. Energy was a top-performing sector in the quarter with our energy holdings returning 11.13%, led by Schlumberger (+19.18%) and Exxon Mobil (+10.55%). Weak selection effect within Industrials was attributed to Waste Management (WM) and Raytheon Technologies (RTX) underperforming returns of –11.71% and –22.33%, respectively. Given emerging headwinds in engine manufacturing, we've divested from Raytheon in client portfolios and trimmed holdings in Waste Management during the quarter.

In late August, we adjusted our holdings in Dividend Income+ by trimming exposure to areas sensitive to discretionary spending given the broader macroeconomic challenges faced by the consumer. Subsequently, we redeployed that capital into equities presenting more compelling risk/return dynamics and less cyclicality. In doing so, we increased our Healthcare and Energy exposures while reducing our Consumer Discretionary and Real Estate exposures.

Listed below are the major position changes we made during the quarter.

New/Added Positions: Airbus (EADSY), TJX Corp (TJX), Pfizer (PFE), NextEra Energy (NEE), Emerson Electric (EMR), ASML Holdings (ASML), Trane Technologies (TT)

Sold/Trimmed Positions: Blackrock (BLK), Texas Instruments (TXN), American Electric Power (AEP), Norfolk Southern (NSC), Nike (NKE), Johnson & Johnson (JNJ), Waste Management (WM)

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