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INVESTMENT INSIGHTS
February 2024

Yield-at-cost: seeing the whole picture

While many investment products provide a consistent income stream, the payments are often fixed and don't increase over time. Conversely, companies that are committed to rewarding shareholders through increasing dividend payments can provide investors with the potential for a growing income stream and stock price appreciation. Investors who focus too much on current dividend yield may overlook a wide universe of companies with attractive fundamentals and the potential for impressive dividend growth in the future. We believe investors are best served by approaching dividend-oriented portfolios from an integrated, total return perspective that considers both income and capital gains over the long term.

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CURRENT YIELD: THE BASICS

Current yield is a snapshot in time of a company's annual dividend per share divided by its current stock price per share. The resulting data from multiple securities can then be averaged to arrive at a portfolio's overall current yield.

Although we view current yield as an important variable to consider, we believe it has limitations as the sole or even a primary measure of a dividend-oriented portfolio. Part of its widespread use may be driven by simplicity: current yield is a readily available data point among today's analytic tools. As is often the case, however, this simplicity can come at a cost—namely, potentially lower long-term total return.

$$\textbf{Current yield} = \frac{\text{Current annual dividend per share}}{\text{Current stock price}}$$

The key risk in becoming overly reliant on current yield, in our view, is that it can lead investors to miss opportunities in companies that have enjoyed such success that their stock price increases equal or outstrip the growth of their rising dividend. Put another way, if the denominator of a company's stock price appreciates at an equivalent or faster rate than the numerator of its dividend, this may put downward pressure on that company's current dividend yield — even if the dividend is growing respectably. We therefore tend to avoid eliminating positions from a portfolio or excluding companies from research coverage merely due to a low current yield. Doing so may diminish total return over the long term due to comparatively weak capital gains.

YIELD-AT-COST: PROVIDING SOME PERSPECTIVE

As long-term investors who favor companies with consistent dividend growth, we believe "yield-at-cost" is a more effective metric for analyzing a portfolio's yield. Yield-at-cost divides a company's current annual dividend per share by the original cost basis per share at which the company was brought into a portfolio. This calculation takes a company's dividend growth into account and doesn't "penalize" a company for stock price appreciation. From our perspective, one of the key insights of yield-at-cost analysis is that healthy dividend growth may accompany or even lead to stock price appreciation.

$$\textbf{Yield-at-cost} = \frac{\text{Current annual dividend per share}}{\text{Original cost basis per share}}$$

A REAL-WORLD EXAMPLE

Figure 1 demonstrates the relationship between dividend growth and stock price by comparing a high-yielding company with minimal dividend growth (Company A) to a relatively low-yielding but strong dividend growth company (Company B).

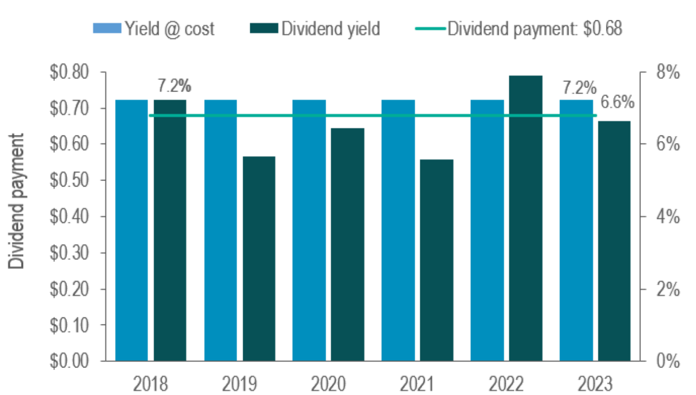
An investor focused solely on income would likely prefer Company A for its notably high yield. But while the company may have provided an attractive level of current income on an annual basis, its dividend payout remained static from 2018-2023. At the same time, the company's stock price was volatile during the 5-year period, as evidenced by the up and down movements of its dividend yield. While the stock generated positive performance during the period, its price appreciation was minimal and ultimately lagged broad market indexes during the period.

Company B, meanwhile, would likely be overlooked by that yield-seeking investor because its current dividend yield never exceeded 1.4%. Yet this lower yield doesn't reflect a static dividend payment. In fact, Company B increased its dividend by 16% annually since 2018. Rather, its consistently low yield can be attributed to the similarly strong capital appreciation in the company's stock price, which also grew by 16% annually over the same period.

Bottom line: A company with a low but steadily growing dividend may offer greater total return potential due to the strong relationship between dividend growth and price appreciation.

Figure 1. Relationship between dividend growth and stock price

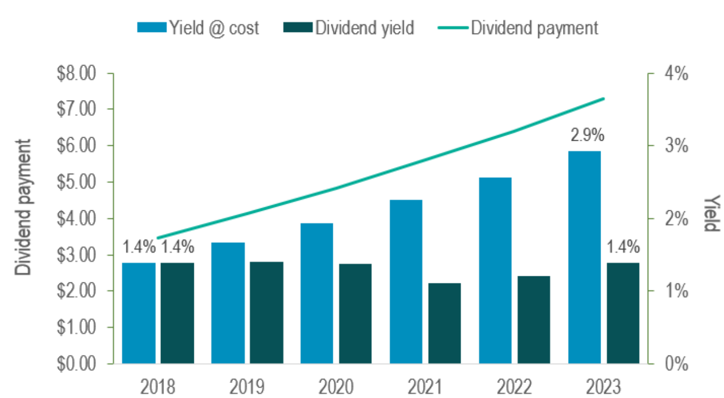
Company A: Dividend yield company



5-yr. annualized (%):

- Dividend growth 0.0
- Price return +2.0
- Total return +8.0

Company B: Dividend growth company



5-yr. annualized (%):

- Dividend growth +16.0
- Price return +16.0
- Total return +18.0

Data source: FactSet as of 31 December 2023. **Past performance does not predict or guarantee future results.** Dividends are not guaranteed and will fluctuate. Dividend yield is one component of performance and should not be the only consideration for investment. While the data above is based on two actual companies, the examples shown are provided for illustrative purposes only and do not intend to represent an actual security held in the portfolio. Yield-at-cost divides a company's current annual dividend per share by the original cost-per-share basis at which the company was brought into a portfolio. The information presented is not intended to predict or depict the results of any Nuveen portfolio investment strategy.

NUVEEN'S APPROACH TO APPLYING YIELD-AT-COST

We believe our yield-at-cost perspective can add value for clients by providing tools to retroactively evaluate companies in the portfolio that may be growing dividends while simultaneously appreciating in value.

Figure 2 shows a generally widening gap over time between the current yield and the yield-at-cost of our Dividend Growth model portfolio. The portfolio has benefited over time from both consistent dividend growth and capital appreciation. Moreover, although its yield remained competitive throughout the period shown, we avoided what we would consider an over-reach for yield.

We believe a focus on dividend-paying companies, supported by attractive fundamentals, including lower-yielding stocks and recent dividend initiators, can provide compelling total return opportunities and sustainable dividend growth potential.

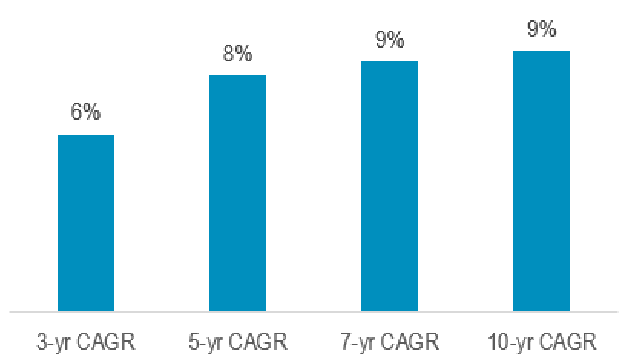
CONCLUSION

Ultimately, we believe an increase or decrease in current yield is not of chief importance when investing in dividend-oriented stocks. Rather, our approach emphasizes the total return that may be generated by owning high-quality companies with the financial flexibility to increase dividends while also appreciating in value over time. "Seeing the whole picture" in this manner guides our commitment to provide long-term value for our clients.

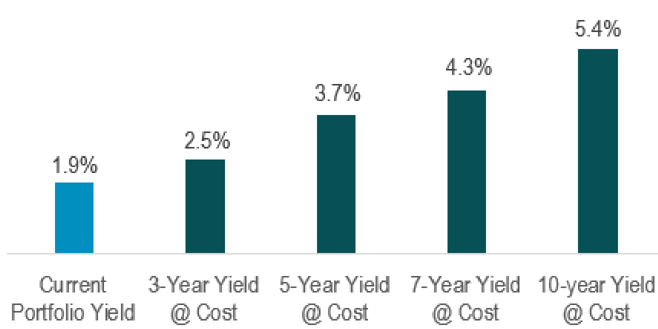
Figure 2. Consistent growth of income

Long-term investment horizon + growing dividends = Increasing yield at cost

Annualized growth of income



Current dividend yield vs. yield @ cost



Yield-at-cost =
current annual dividend
original cost basis per share

A rising yield-at-cost is the result of a company growing its dividend, which provides the potential for higher income in the future. Historically, companies that have consistently increased their dividends have delivered strong long-term performance.

Data source: Fiserv APL as of 31 December 2023. Based on the Dividend Growth Model Portfolio. **Past performance does not guarantee or predict future results.**

Dividend Growth Advisor Sponsored composite performance and results explanation

Year	Calendar year total return (net of fees) (%)	Calendar year total return ("pure" gross of fees) (%)*	Primary benchmark return (%)	Secondary benchmark return (%)	Composite 3-year standard deviation (%)	Primary benchmark 3-year standard deviation (%)	Secondary benchmark 3-year standard deviation (%)	Number of accounts	Composite internal dispersion (%)	% Non fee paying accounts	Composite assets at period end ($ millions)	Firm assets at period end ($ billions)
2022	-11.64	-8.92	-18.11	-19.13	19.4	20.9	21.3	3,392	0.4	–	1,295	247.0
2021	23.88	27.58	28.71	26.45	16.0	17.2	17.7	3,159	0.3	–	1,410	296.1
2020	7.58	10.84	18.40	20.96	16.7	18.5	19.1	2,807	0.7	–	1,045	N/A
2019	28.97	32.81	31.49	31.43	10.8	11.9	12.0	2,689	0.4	–	991	N/A
2018	-6.36	-3.49	-4.38	-4.78	10.5	10.8	11.0	4,819	0.4	< 1	1,257	N/A
2017	17.48	21.01	21.83	21.69	10.0	9.9	10.0	4,453	0.2	< 1	1,313	N/A
2016	9.12	12.42	11.96	12.05	10.7	10.6	10.7	3,518	0.4	–	968	N/A
2015	-5.25	-2.35	1.38	0.92	10.4	10.5	10.5	4,025	0.2	–	1,267	N/A
2014	10.93	14.27	13.69	13.24	8.6	9.0	9.1	3,302	0.3	–	1,255	N/A
2013	23.35	27.03	32.39	33.11	11.0	11.9	12.3	2,744	0.3	–	1,099	N/A

Current primary benchmark S&P 500® Index and secondary benchmark Russell 1000® Index.

"Pure" gross returns do not reflect the deduction of any expenses including transaction costs and are supplemental to net returns.

***Dividend Growth Advisor Sponsored composite** incepted 01 Apr 2004; the composite creation date is April 2008. The composite contains all fully discretionary Dividend Growth Advisor Sponsored accounts. The strategy primarily invests in dividend-paying common and preferred stocks with the potential for future dividend growth and capital appreciation. The strategy may invest in small-, mid- and large-cap companies. Dividend Growth generally invests in U.S. companies, although investment in non-U.S. companies is permitted in the form of ADRs. For comparison purposes, the composite is measured against the S&P 500 and Russell 1000 Indices.*

Nuveen Asset Management, LLC ("NAM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Nuveen Asset Management has been independently verified for the periods 01 Jan 1993 through 31 Dec 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures 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. The Dividend Growth Advisor Sponsored composite has had a performance examination for the periods 01 Apr 2004 through 31 Dec 2019. The verification and performance examination reports are available upon request.

Nuveen Asset Management, LLC ("NAM") is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and a subsidiary of Nuveen, LLC. Registration does not imply a certain level of skill or training. For the purposes of compliance with the Global Investment Performance Standards (GIPS®), the firm is defined as Nuveen Asset Management, LLC. NAM provides investment management services to a broad range of clients on a discretionary basis or non-discretionary basis. NAM offers its services either directly to clients (fee-based "direct-advisory" accounts, fee-based "institutional" accounts and "commission-based" accounts) or through broker-dealer and other financial intermediary programs (fee-based "advisor-sponsored" accounts).

Prior to 01 Jan 2011, the firm was defined as Nuveen Asset Management for GIPS purposes. The firm was redefined to encompass the investment management activities of a new investment adviser, NAM. NAM is the successor firm to (1) the portfolio management business of Nuveen Asset Management and (2) the long-term asset management of FAF Advisors, Inc. following an internal reorganization of Nuveen Asset Management and Nuveen Investments, Inc.'s acquisition of the long-term asset management of FAF Advisors, Inc. from U.S. Bank effective on 31 Dec 2010. NAM has complied with the portability requirements of GIPS. Effective 31 Dec 2020, Symphony Asset Management, LLC merged into NAM. Effective 31 Dec 2021, NWQ Investment Management Company, LLC and Santa Barbara Asset Management, LLC merged into NAM. Performance presented prior to 31 Dec 2021 occurred while the portfolio management team was affiliated with Santa Barbara Asset Management and has complied with the portability requirements of GIPS. Effective 31 Dec 2021, fully bundled (SMA/Wrap) assets that were previously excluded from the NWQ GIPS firm definition are now included in NAM. NAM has complied with the portability requirements of GIPS.

Performance examinations covering the periods 01 Apr 2004, through 31 Dec 2019 were completed under a previously defined firm. The previously defined firm was verified for the periods July 1, 1988 through December 31, 2019.

To receive a list of composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution pooled funds, please call Ronald Stutes, MD, Perf & Investment Data Mgmt Operations, at (212) 916-4419.

Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Returns are presented gross and net of fees and include the reinvestment of all income. Accounts in the composite will pay a bundled wrap fee based on a percentage of assets under management. Other than portfolio management, the bundled wrap fee includes brokerage commissions, consulting services, custodial services and other expenses that may be associated with the management of the account. The highest wrap fee may change over time. Net of fee performance was calculated using the highest applicable annual fee of 3.00%. Net of fee returns have been calculated by reducing the "pure" gross of fee return using the highest applicable fee on a monthly basis. The wrap program may charge an all-inclusive fee as high as 3.00%. Wrap fees are available upon request from the respective wrap sponsor. Actual investment advisory fees incurred by clients may vary. Composite performance is calculated on a total return basis, which includes the reinvestment of all income, plus realized and unrealized gains/loss, if applicable. Returns are presented net of trading expenses as well as all fees paid by clients including but not limited to actual investment advisory fees, performance-based fees, administration costs, and custodial fees.

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. Accounts in the composite will pay a bundled wrap fee based on a percentage of assets under management. Other than portfolio management, the bundled wrap fee includes brokerage commissions, consulting services, custodial services and other expenses that may be associated with the management of the account.

The highest wrap fee may change over time. Net of fee performance was calculated using the highest applicable annual fee of 3.00%. Net of fee returns have been calculated by reducing the gross of fee return by deducting 1/12th of the highest applicable annual fee from the monthly gross composite return. For the period 01 Apr 2010 forward, net of fee returns have been calculated by reducing the "pure" gross of fee return using the highest applicable fee on a monthly basis. For the period from 01 Apr 2008 to 01 Apr 2010, net of fee returns were calculated by reducing the "pure" gross return using the highest applicable fee on a quarterly basis. Performance results prior to 01 Apr 2008 are that of the Dividend Growth composite and are net of transaction costs. Prior to 01 Apr 2008 net of fee returns were calculated by reducing the gross return using the highest applicable fee on a quarterly basis.

The wrap program may charge an all-inclusive fee as high as 3.00%. Wrap fees are available upon request from the respective wrap sponsor. Actual investment advisory fees incurred by clients may vary.

The composite internal dispersion is calculated using the asset-weighted standard deviation of the annual gross returns of all portfolios included in the composite for the entire year. Composite dispersion is reported as N/A when information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Dividend Growth Advisor Sponsored composite performance and results explanation (continued)

The three-year annualized standard deviation measures the variability of the composite and the benchmark over the preceding 36-month period and is calculated using gross returns.

The composite performance is presented net of non-U.S. taxes withheld on dividends, interest income, and capital gains. Composite returns represent investors domiciled primarily in the United States.

The returns are compared to the S&P 500 Index, which is a market-capitalization weighted index. The S&P 500 Index is a widely used gauge of large-cap U.S. equities. The S&P 500 Index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. The volatility of the Index may be materially different from that of Dividend Growth strategy. In addition, the holdings in the Dividend Growth strategy may differ significantly from the securities that comprise the Index.

The secondary benchmark was changed in the 3rd quarter of 2008 from the Dow Jones US Select Dividend Index to the Russell 1000 Index. The change was made after determining that the Russell 1000 Index was a better representation of the Dividend Growth strategy. The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. The Index is comprised of approximately 1000 of the largest companies in the Russell 3000 based on a combination of market cap and current index membership. Benchmark returns are not covered by the reports of independent verifiers.

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OWP-3372277PG-Y1223WX

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