

Rolling Performance Results

Global Securities Research

July 20, 2022

Diversified Stock Income Plan List

Joe Buffa

Equity Sector Analyst
Wells Fargo Advisors

Jack Russo, CFA

Equity Sector Analyst
Wells Fargo Advisors

DSIP List overview

The DSIP List (Diversified Stock Income Plan List) focuses on companies that we believe will provide consistent annual dividend growth over a long-term investment horizon. Our objective is to provide a broad list of high quality, industry leading companies from which an investor can assemble a well-diversified portfolio. Through consistent dividend growth, our goal is to help investors stay ahead of the wealth eroding effects of inflation.



| | 1-Year DSIP List | 1-Year S&P 500 | 3-Year DSIP List | 3-Year S&P 500 | 5-Year DSIP List | 5-Year S&P 500 | 10-Year DSIP List | 10-Year S&P 500 |
|---------------------------|--------------------|----------------|--------------------|----------------|--------------------|----------------|--------------------|-----------------|
| Most recent return | -4.4% | -10.6% | 9.4% | 10.6% | 12.1% | 11.3% | 13.1% | 13.0% |
| Average return | 13.5% | 12.0% | 12.7% | 10.4% | 12.0% | 9.3% | 11.4% | 7.9% |
| Maximum return | 47.8% | 56.4% | 31.0% | 32.8% | 22.8% | 28.6% | 17.2% | 16.7% |
| Minimum return | -34.6% | -43.3% | -9.3% | -16.1% | -1.4% | -6.6% | 4.8% | -3.4% |
| Average gain | 16.9% | 18.2% | 14.1% | 14.7% | 12.1% | 11.6% | 11.4% | 8.9% |
| Average loss | -10.3% | -16.0% | -2.9% | -7.5% | -0.9% | -1.8% | - | -1.2% |
| DSIP outperformed S&P 500 | 185 of 332 periods | | 208 of 308 periods | | 212 of 284 periods | | 209 of 224 periods | |
| Percent of outperformance | 55.7% | 44.3% | 67.5% | 32.5% | 74.6% | 25.4% | 93.3% | 6.7% |
| % of positive returns | 87.7% | 81.9% | 91.6% | 80.8% | 99.3% | 82.7% | 100.0% | 89.3% |
| % of negative returns | 12.3% | 18.1% | 8.4% | 19.2% | 0.7% | 17.3% | 0.0% | 10.7% |

Source: FactSet. Data as of June 30, 2022. Returns greater than one year are annualized. Data is calculated monthly over rolling time periods. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

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

How can you participate?

If you would like to read more about the concept of investing in stocks with the potential for rising dividends to enhance total return, ask your financial advisor for our report titled *Why Invest in Stocks?*

There is more than one way to participate in this strategy. Your financial advisor can help you choose the way that best suits your individual financial goals and risk tolerance.

Please contact your financial advisor if you would like a copy of a DSIP List performance report.

Risk considerations

As with any investment strategy, there are risks associated with investing in DSIP List stocks. There will be times when dividend-paying stocks are out of favor relative to other investment themes. For example, coming out of a recession, stocks that are more cyclically tied to a rebound in economic growth may outperform the generally defensive names on the DSIP List. As DSIP List stocks are predominantly large-cap in nature, there will be times when small company stocks outperform those included on the DSIP List. Our methodology for choosing stocks focuses on high quality dividend growers. For various reasons, some market sectors will have more companies that meet criteria for inclusion than others (Consumer Staples and Utilities come to mind). Consequently, there will be times when the market favors sectors not as heavily represented in the strategy as others. In general, the defensive nature of the DSIP List tends toward underperformance in rapidly rising markets, and relative outperformance in down markets, given the downside cushion potentially provided by rising dividends.

Equity securities 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. Investments in equity securities are generally more volatile than other types of securities.

The DSIP List is concentrated in dividend-paying sectors of the economy which may subject it to more risks than if it were more broadly diversified over numerous sectors of the economy. This will increase the portfolio's vulnerability to any single economic, political or regulatory development affecting these sectors or the industries within the sectors and may result in greater price volatility. The income generated by the portfolio's holdings is dependent upon the dividend policies of the companies in which it invests. If a company in which the portfolio invests stock price falls, it can be an indication of a loss of confidence in the company's ability to generate profits, the company is incurring losses, or that its current dividend is unsustainable. There is no guarantee that dividend-paying stocks will return more than the overall stock market. Dividends are not guaranteed and may be reduced, changed or eliminated at any time.

General Disclosures

Wells Fargo Advisors publishes several theme-based lists of recommended equity securities. Each list is based on a specific investment objective and time horizon which may be different from the other lists. This may cause Wells Fargo Advisors to recommend an equity security to be added to one list and removed from another list. Thus, one list may contain different recommendations or conclusions that could result in short-term price movements contrary to the recommendations in another list.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

Wells Fargo Wealth and Investment Management, a division within the Wells Fargo & Company enterprise, provides financial products and services through bank and brokerage affiliates of Wells Fargo & Company. Brokerage products and services offered through Wells Fargo Clearing Services, LLC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company. Bank products are offered through Wells Fargo Bank, N.A.

©2022 Wells Fargo Clearing Services, LLC. All rights reserved. CAR-0722-02585 v07.19.22