

DSIP List Insights

Global Securities Research

February 5, 2024

30 years of performance

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Summary

As a supplement to regularly published quarterly performance results, we present below annual total return and average annual dividend increase statistics since the DSIP List's (the List) first full year. We include the same metrics for the S&P 500 Index for comparison purposes. Because one of the main objectives of the DSIP List is to help investors stay ahead of the rising cost of living, we also show the annual change in the Consumer Price Index, a common measure of inflation.

Please note: The DSIP List is not a discretionary managed strategy offered through an advisory program and is not available for direct investment. DSIP List performance information is presented for educational purposes only. Please refer to the Historical performance metrics table for a record of how fees can impact returns.

The DSIP List has an extensive track record, dating back to its inception, November 30, 1993 — just this past year, the List hit its 30th anniversary. Given the List's lengthy tenure, we see value in looking back at its performance on a year-by-year basis — specifically:

Total returns (gross): From the List's first full year of performance in 1994 through 2023, the DSIP List outperformed its benchmark, the S&P 500 Index (S&P 500), in 17 of 30 years. Further, average total returns across the time frame saw an increase of 12.8% compared to the S&P 500's 11.8%.

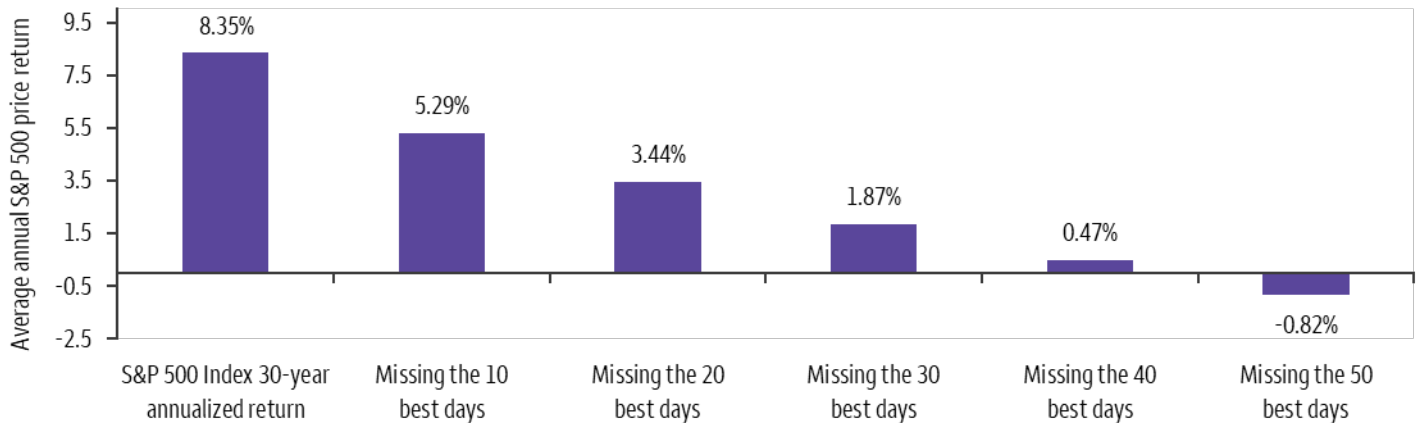
Dividend growth: One of the key components of the DSIP List is to help investors stay ahead of the wealth-eroding effects of inflation through consistent dividend growth. In 22 of 30 years, the DSIP List saw greater dividend growth than the S&P 500 with an average increase of 9.5%, compared to the S&P 500's 6.2%. Notably, DSIP List dividend growth was positive every year whereas the S&P 500 experienced three years of dividend declines.

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

Volatility: The DSIP List’s focus on high-quality, dividend-growing companies has led to lower volatility relative to the S&P 500 while it has maintained strong performance, evident when we consider the years with the highest and lowest total returns. The DSIP List’s worst five years saw an average return of -9.2% while the S&P 500’s worst five years saw an average return of -19.6%. However, a comparatively small gap was seen when comparing the five best years of performance — the DSIP List returned 32.3%, just 0.5% from the S&P 500’s 32.8%.

Performance differential: Also of note is the size of the performance gap between the list and its benchmark in more volatile years. To measure this, we subtract the S&P 500 total return from those of the DSIP List. The largest performance gaps at the negative and positive ends, respectively, were -28.2% in 1999 (DSIP List total return -7.1%, S&P 500 total return 21.1%) and 41.5% in 2000 (DSIP List total return 32.4%, S&P 500 total return -9.1%). Further, in the S&P 500’s best five years of performance (1995, 1997, 2013, 2019, and 2021), the differential ranged from 3.0% (DSIP List outperformance in 1997) to -6.9% (DSIP List underperformance in 1995), pointing to relatively limited missed opportunity in strong markets. As the chart below shows, missing the best days in the market may be costly — the relatively small differential between DSIP List and S&P 500 returns, particularly during the S&P 500’s best performing years, suggests that the List has favorably participated in market performance.

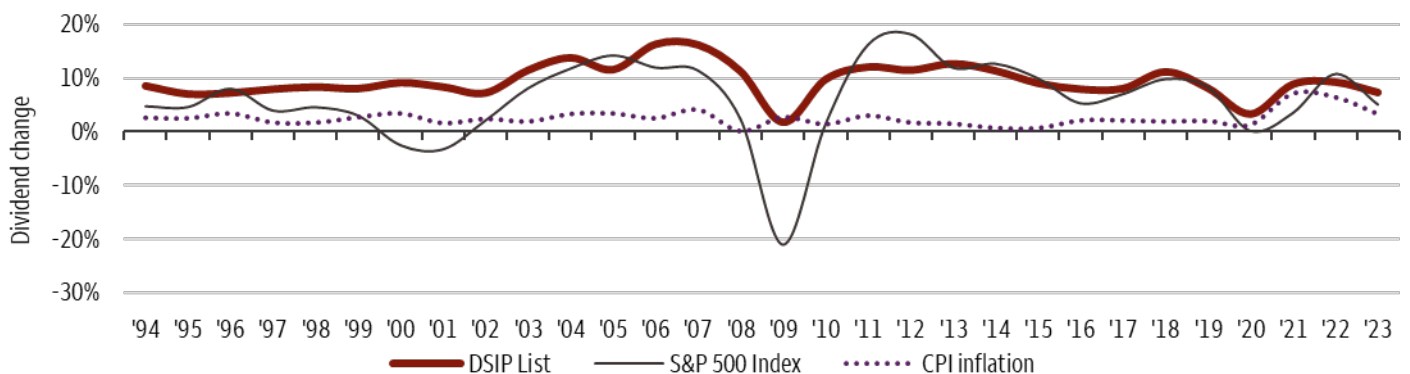
Missing the best days in the market may be costly



Sources: Bloomberg and Wells Fargo Investment Institute (WFII). Daily data: January 1994 through December 2023 for the S&P 500 Index. Best days are calculated using daily returns. For illustrative purposes only. An index is unmanaged and not available for direct investment. A price index is not a total return index and does not include the reinvestment of dividends. **Past performance is no guarantee of future results.**

Inflation: Finally, we would note that the DSIP List’s dividend growth has exceeded inflation in all but one year of the past thirty, in which it trailed by -0.8% (see chart below). Over time, the DSIP List’s average dividend growth of 9.5% has outpaced inflation’s average 2.5% by a wide margin, shown in the chart below.

Dividend growth as a means of outpacing inflation



Sources: WFII, FactSet, and U.S. Bureau of Labor Statistics. All information is as of December 31, 2023. CPI = Consumer Price Index; All Urban Consumers: All Items in U.S. City Average. An index is not managed and not available for direct investment. Past performance is not a guarantee of future results.

Historical performance metrics

Year	Total return DSIP List (Gross)	Total return DSIP List (Net of model fee)	Total return S&P 500 Index	Dividend change DSIP List	Dividend change S&P 500 Index	CPI inflation
1994	-0.9%	-3.8%	1.3%	8.6%	4.8%	2.6%
1995	30.8%	26.9%	37.7%	7.1%	4.6%	2.5%
1996	25.2%	21.6%	22.8%	7.3%	8.0%	3.4%
1997	36.4%	32.4%	33.4%	8.0%	4.0%	1.7%
1998	8.1%	5.0%	28.6%	8.4%	4.6%	1.7%
1999	-7.1%	-9.8%	21.1%	8.1%	3.0%	2.7%
2000	32.4%	28.5%	-9.1%	9.2%	-2.5%	3.4%
2001	6.0%	2.8%	-11.8%	8.4%	-3.3%	1.6%
2002	-3.3%	-6.1%	-22.1%	7.3%	2.1%	2.4%
2003	24.5%	20.9%	28.7%	11.5%	8.1%	1.9%
2004	18.2%	14.7%	10.9%	13.8%	11.8%	3.3%
2005	5.7%	2.6%	4.9%	11.6%	14.3%	3.4%
2006	19.2%	15.7%	15.8%	16.3%	12.0%	2.5%
2007	6.3%	3.2%	5.5%	16.2%	11.5%	4.1%
2008	-26.4%	-28.6%	-37.0%	11.3%	2.4%	0.1%
2009	23.0%	19.4%	26.5%	1.9%	-21.1%	2.7%
2010	16.8%	13.3%	15.1%	9.8%	1.4%	1.4%
2011	9.1%	5.9%	2.1%	12.1%	16.3%	3.0%
2012	12.7%	9.4%	16.0%	11.5%	18.2%	1.7%
2013	29.9%	26.0%	32.4%	12.7%	12.0%	1.5%
2014	14.7%	11.3%	13.7%	11.4%	12.7%	0.7%
2015	0.6%	-2.4%	1.4%	9.1%	10.0%	0.7%
2016	14.0%	10.7%	12.0%	8.0%	5.3%	2.1%
2017	19.8%	16.2%	21.8%	8.1%	7.1%	2.1%
2018	0.5%	-2.5%	-4.4%	11.2%	9.9%	1.9%
2019	31.9%	28.0%	31.5%	8.2%	8.4%	2.0%
2020	13.2%	9.9%	18.4%	3.4%	0.2%	1.3%
2021	22.4%	18.8%	28.7%	8.9%	3.5%	7.1%
2022	-8.2%	-10.9%	-18.1%	9.3%	10.8%	6.4%
2023	10.0%	6.8%	26.3%	7.4%	5.1%	3.3%
Average:	12.8%	9.5%	11.8%	9.5%	6.2%	2.5%

All information is as of December 31, 2023 and was sourced from WFII, FactSet, and U.S. Bureau of Labor Statistics. CPI = Consumer Price Index; All Urban Consumers: All Items in U.S. City Average. Inception date for the DSIP List is November 30, 1993. The DSIP List is not available for direct investment and the DSIP List gross and net returns are presented for informational and educational purposes only. DSIP List (Net of Model Fee) returns are presented to illustrate the impact that fees can have on investment returns and reflect the deduction of a hypothetical annual 3% model fee applied quarterly. An index is unmanaged and not available for direct investment. Performance includes the reinvestment of dividends and other distributions. **Past performance is no guarantee of future results.** Please refer to the information included at the conclusion of this report for additional disclosures pertaining to the performance calculation methodology reflected in the table.

Performance Results Calculation Methodology

The DSIP List is not a discretionary managed strategy offered through an advisory program and is not available for direct investment. DSIP List performance information is presented for educational purposes only.

List performance is calculated by geometrically linking daily security returns. Dividends are reinvested on the ex-dividend date (the date that determines which shareholders will be entitled to receive the dividend). The list is equal weighted when rebalanced, which assumes each security is given the same (or equal) market value. The list is rebalanced when changes are made or at the end of the year if no changes were made during the preceding calendar year. We measure all performance from the time each stock is added to the list to the time that it is removed, or the last date of the measurement period. There are times when a deleted stock has been reinstated, in which case its performance is treated as two separate positions.

Performance of the DSIP List in an actual account and/or model would differ from the performance reflected herein due to various factors, including but not limited to, actual commissions and/or advisory fees, transaction costs, as well as the timing of transactions.

DSIP List (Gross) performance does not reflect the impact of any fees.

DSIP List (Net of model fee) returns are presented to illustrate the impact that fees can have on investment returns and reflect the deduction of a hypothetical annual 3% model fee applied quarterly.

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