

5 December 2019

Dear fellow investor

13 dividend increases and counting

Since we last wrote, we have again seen the power of the DivGro philosophy in action. More of our holdings continued to announce dividend increases as anticipated by the DivGro system:

CDW +28.8%

Air Lease +15.4%

Nike +11.4%

Roper Technologies +10.8%

Becton Dickinson +2.6%

By way of interest, here is the press release from CDW announcing their very substantial dividend increase:



CDW Declares Quarterly Cash Dividend of \$0.38 Per Share, Updates Payout Ratio Target

October 31, 2019

Reinforces Ongoing Commitment to Delivering Value to Stockholders

LINCOLNSHIRE, Ill., Oct. 31, 2019 (GLOBE NEWSWIRE) -- CDW Corporation (Nasdaq:CDW) announced that earlier today its Board of Directors declared a quarterly cash dividend of \$0.38 per common share to be paid on December 10, 2019 to all shareholders of record as of the close of business on November 25, 2019. This represents a 28.8 percent increase over last year's dividend. The annualized fourth quarter dividend puts the company on track to achieve the target of delivering a dividend payout of 30 percent of free cash flow by year-end 2019, which was announced in November 2014. Future dividends will be subject to Board of Director approval.

Since inception on 15 August 2019 we are pleased to advise that the DivGro system has now registered 13 dividend increases. In our minds, since dividend behaviour is the key driver of the DivGro system, we think these increases are indicative of a strengthening and meaningful track record.

We also want to highlight two positions we have recently exited. While we generally prefer to hold for extended periods, in the case of Texas Roadhouse (TXRH), the stock price climbed more sharply and quickly than we felt warranted by the rate of improvement in the business and our expectation for the underlying dividend growth velocity so we realized a profit of 11%. We will revisit Texas Roadhouse if our valuation relative to our dividend expectations becomes more favorable again.

We also exited our position in Becton Dickinson (BDX) but for a different reason. Our view remains that BDX is a superb company with an incredible track record - last week BDX announced its 48th consecutive annual dividend increase, but at a relatively constrained rate of 2.6%. Two years ago BDX made a huge acquisition of Bard which has proved wonderfully successful. Following the acquisition BDX has been deleveraging aggressively, and we took the view that it had already reached the point where it could resume its usual pace of dividend increases around 10% per year. BDX has taken the more conservative route of continuing to deleverage further, leading to the more modest recent dividend increase. Accordingly, we took a decent profit on BDX and will look to re-enter when we believe more substantial dividend increases are imminent.

We look forward to updating you next with more dividend increases.

Sincerely,
Jonathan & Barney

DivGro Fund dividend increases¹

Increase Number	Declaration Date	Company Ticker	Dividend Increase %
1	14-Sep-19	AMT	20.25%
2	18-Sep-19	MSFT	10.87%
3	19-Sep-19	MCD	7.76%
4	19-Sep-19	TXN	16.88%
5	22-Oct-19	V	20.00%
6	29-Oct-19	CTAS	24.39%
7	30-Oct-19	SBUX	13.89%
8	31-Oct-19	CDW	28.81%
9	01-Nov-19	ABBV	10.28%
10	07-Nov-19	AL	15.38%
11	14-Nov-19	NKE	11.36%
12	15-Nov-19	ROP	10.81%
13	25-Nov-19	BDX*	2.60%
Average			14.87%

¹ * represents companies no longer in the DivGro Fund portfolio.

Important disclaimer

DivGro Pty Ltd is a Corporate Authorised Representative (CAR No. 1277044) of Lanterne Fund Services Pty Ltd (AFSL No. 238198). The DivGro Fund is open to wholesale investors only, as defined in the Corporations Act 2001 (Cth). The Company is not authorised to provide financial product advice to retail clients and information provided does not constitute financial product advice to retail clients.

The information provided is for general information purposes only, and does not take into account the personal circumstances or needs of investors. The Company and its directors or employees or associates endeavor to ensure that the information is accurate as at the time of its publication. Notwithstanding this, the Company excludes any representation or warranty as to the accuracy, reliability, or completeness of the information contained on the company website and published documents.

The past results of the Company's investment strategy do not necessarily guarantee the future performance or profitability of any investment strategies devised or suggested by the Company.

The Company, and its directors or employees or associates, do not guarantee the performance of any financial product or investment decision made in reliance of any material in this document. The Company does not accept any loss or liability which may be suffered by a reader of this document.