


DDGS Focuses on the Future

# Financial Sustainability For the Long-Term Investor

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## A Message from Our Founder

For the better part of 30 years at my family office, I've had the honor of investing my clients' wealth in what I consider to be the most prudent, sustainable, and effective manner. Now, I'm excited to share the time-tested and research-based equity strategies we've successfully built our business on with the greater investment community.

We are grateful for the trust our clients have placed in us. They expect us to manage their wealth with prudence, reliability, and care. We continue to make investments in the people, processes, and technology required of an institutional-quality asset manager. Our commitment is to provide world-class investment management and first-rate client service. Please explore our website. We will do everything in our abilities to not just meet your expectations but exceed them.

— Stephen P. Lack, Founder & Chief Investment Officer

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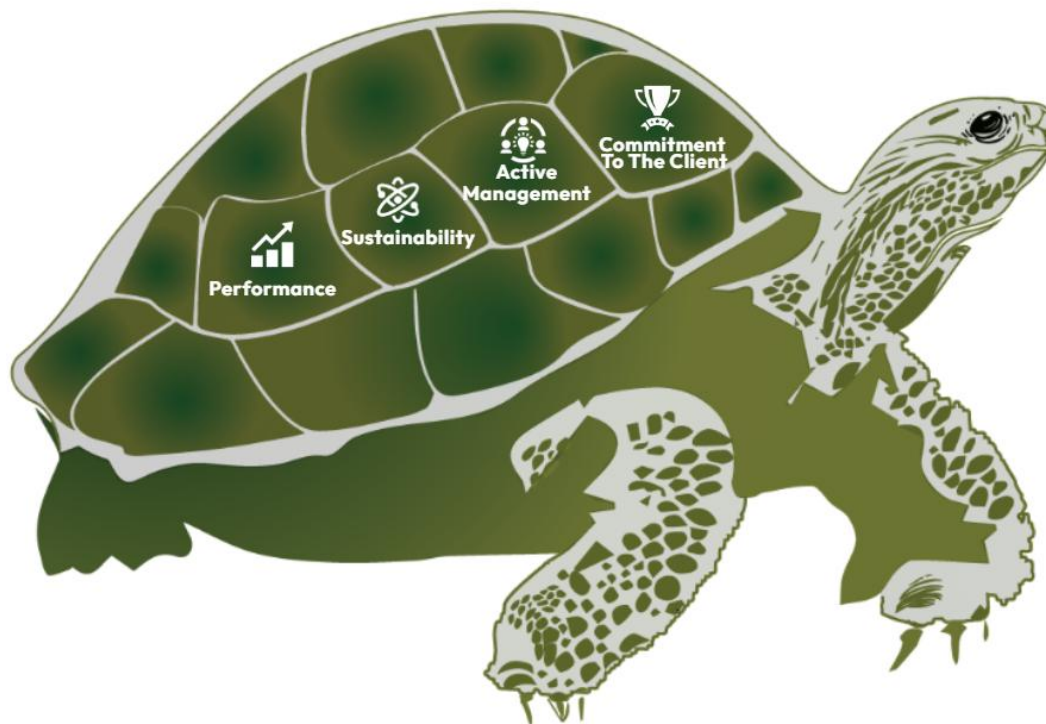
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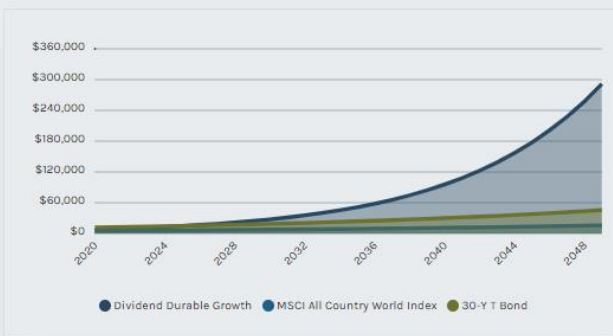
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## Unlike Traditional Dividend Strategies that Focus on the Past or Present, DDGS Focuses on the Future

Our proprietary research process prioritizes free cash flow and financial prudence, the keys to identifying the best-run businesses. Via an active management approach, DDGS invests in companies most likely to produce, sustain, and increase payouts.

### Higher Yields+FasterGrowth = Larger Cash Flow Tailwind for Investors

Projected Pre Tax Dividend Payment by Year of an Initial \$ 250K Investment with Dividends Reinvested at Forecasted Growth Rates



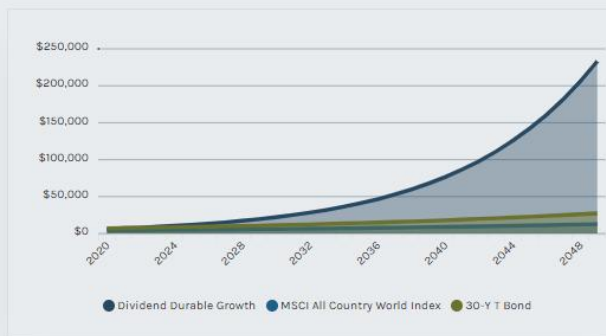
Source: Bloomberg, Interactive Broker Report

#### Notes

1. Dividend Durable Growth (DDG) & MSCI All Country World Index (ACWI).
2. DDG Yield assumed to be 3.20% with a projected growth rate of 10%.
3. The ACWI Yield estimated at 2.03% with an expected growth rate of 2%.
4. The yield of the 30-year US Treasury Bond assumed to be 4.75%.
5. The tax rate on dividends is assumed to be 20%, while the tax rate on bond income is assumed to be 40%.
6. Dividends are assumed to have been reinvested at forecasted growth rates.

**This gives investors tremendous staying power in a strategy even in flat or down markets and is a condition that has historically led to outperformance on a Total Return basis.**

Projected After Tax Dividend Payment by Year of an Initial \$ 250K Investment with Dividends Reinvested at Forecasted Growth Rates



Source: Bloomberg, Interactive Broker Report

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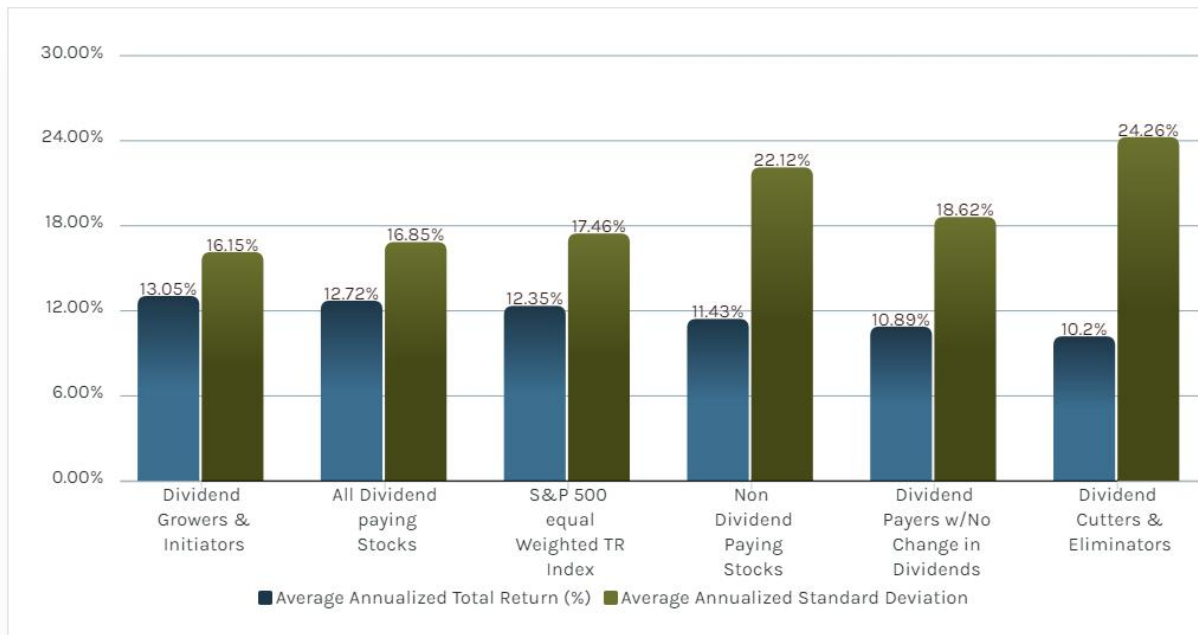
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## More Prominent, Expanding Cash Flows have Resulted in Equity Outperformance

S&P 500 Index: Returns and Volatility

January 31, 1973 to March 31, 2023



Past performance is not a reliable indicator of future performance. For illustrative purposes only. It is not possible to invest directly in an index. Source: Copyright 2023 Ned Davis Research, Inc. Further distribution is prohibited without prior permission. All Rights Reserved.

Reinvestment and compounding of sustainable dividend streams lead to equity outperformance, and this outperformance of 'Dividend Growers' is paired with less volatility, as measured by standard deviation.

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## Over the Long-Term, We Expect Dramatically Superior Performance via Dividend Growers

Returns of S&P 500 Index Stocks by Dividend Policy: Growth of \$100 (1973-2022)



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We believe in compelling, long-term data supporting a 'dividend growth' investment philosophy. Now, via DDGS' actively managed, proprietary investment strategies, we believe investors can optimize their access to those best-run businesses prioritizing free cash flow and financial prudence.

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## The Power of Growing Durable Dividend Streams

Our equity strategies are designed to provide attractive long-term returns. The central theme across our investments is the identification of and investment in the financially fittest and most sustainable companies distributing increasing cash back to shareholders.

We focus on stocks with a history of paying – and growing – dividends. Dividends are attractive from an income standpoint, but they are also an indicator of high-quality businesses. The goal is to provide an investment that offers durability and produces above-average dividend yield and above-average dividend growth. We believe the reinvestment and compounding of sustainable dividend streams will lead to outperformance over a full market cycle.

### DDG Flagship

- The firm's flagship equity strategy is built on high-quality companies with expanding dividend yields.
- Seeks to own one hundred (100) equally weighted companies.
- Globally diversified, low turnover portfolio targeting high tax efficiency.
- Portfolio companies must adhere to a strategic, dividend distribution and dividend growth model.

[View Factsheet](#) [View Presentation](#) [View Investor Note](#)



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Portfolio Overview

Returns & Risk

Portfolio Overview

Attribution

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Sector

All

Revenue



	FY-20	FY-21	FY-22	FY-23	FY-24
Revenue	126,828	149,693	161,879	165,870	177,244

Capex



	FY-20	FY-21	FY-22	FY-23	FY-24
Capex	6,413	7,123	8,351	11,688	11,236

EBITDA & EBITDA Margin



	FY-20	FY-21	FY-22	FY-23	FY-24
EBITDA (\$)	28,777	34,408	36,203	39,321	43,681
EBITDA/Revenue %	22.7%	23.0%	22.4%	23.7%	24.6%

FCF and FCF Yield



	FY-20	FY-21	FY-22	FY-23	FY-24
Free Cash Flow (\$)	16,009	18,716	17,881	20,977	23,571
FCF/Revenue %	12.6%	12.5%	11.0%	12.6%	13.3%

Portfolio Overview (3/4)

Portfolio Overview (4/4)

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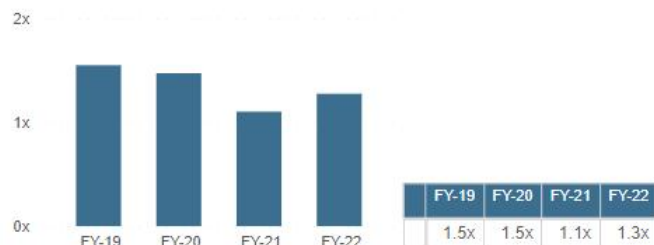
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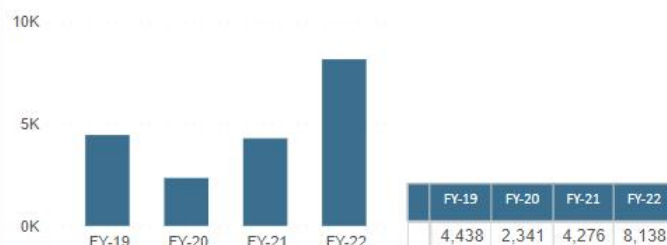
Sector

All

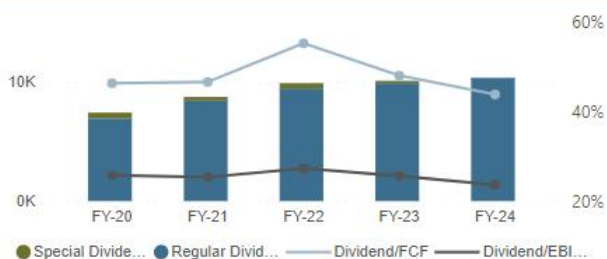
Net Debt/ EBITDA



Buybacks



Dividend



	FY-20	FY-21	FY-22	FY-23	FY-24
Special Dividend (\$)	487	324	458	186	0
Regular Dividend (\$)	6,929	8,401	9,422	9,890	10,330
Total Dividend/FCF	46.3%	46.6%	55.3%	48.0%	43.8%
Total Dividend/EBITDA	25.8%	25.4%	27.3%	25.6%	23.7%
Growth %	12.51%	17.65%	13.24%	1.98%	2.51%

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## Stewards of Our Organization and Our Clients' Resources

The DDGS leadership team, with over 50 years of combined investment experience, commits its knowledge to protecting and enhancing the wealth of its clients.




**Stephen P. Lack**  
Founder, Chief Investment Officer, Portfolio Manager

Stephen P. Lack is the Founder, Chief Investment Officer, and Portfolio Manager for Durable Dividend Growth Strategies, L.P. He has also managed the Lack family office since 1988 as Owner and President of Lack Holdings, a firm established in 1932. Stephen started his career as an Investment Banker with Merrill Lynch & Co. in New York.

**Education:** Brown University, AB in Classics with Honors  
Harvard Business School, MBA  
Columbia University, MPH

Wes Kubesch assists in the portfolio management for Durable Dividend Growth Strategies, L.P., where he oversees research and marketable securities. Before joining Galapagos®, Wes was an Analyst/Portfolio Manager with Regatta Research & Money Management, where he managed and co-managed equity, balanced, and alternative investment portfolios. Before that, he was the owner of Kubesch & Associates, an insurance and financial services agency.

**Education:** Rice University, B.A. in Economics



**Wesley Kubesch, CFA**  
Partner, Portfolio Manager

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