

# Advantus Strategic Dividend Income

The appetite for income is increasing among institutional and retail investors that are seeking more certainty in their returns. The Advantus Strategic Dividend Income strategy can provide a high level of income, while increasing the dividend yield and protecting against inflation over time. By nature of the variety of securities held by the strategy in the portfolio, the investment would also be expected to exhibit lower volatility characteristics than the broader equity markets.

## Investment Objective

The objective of the strategy is to provide high current income through investment in equity securities with growing dividends, while targeting lower volatility than the broader equity market.

## Investment Strategy

The Advantus Strategic Dividend Income strategy uses a value-oriented process to build an equity portfolio of diversified higher-yielding stocks. The assets may be invested in dividend-paying common stocks, convertible securities, preferred stocks and other equity-related securities. Typically, 60 percent or more of total assets will be invested in dividend paying REITs, complimented with the use of utilities, oil & gas, infrastructure, and other high-yielding components of the broader equity market. The strategy can use investments such as commodities, Treasury inflation notes and volatility ETFs to manage inflation and volatility risk. In addition, the strategy may write covered calls to increase income and reduce volatility.

The strategy uses a combination of bottom up fundamental analysis and top-down, quantitative strategies to achieve its goals.

## Investment Benefits

- Many dividend strategies generally overlook the REIT sector, knowing the special expertise it takes to be successful there. Advantus is able to tap this high dividend paying sector and the traditional sectors of utilities, oil & gas, and others.
- Dividend paying stocks provide downside protection because the constant revenue stream of the dividend acts as a buffer against market volatility, while the real estate and commodity holdings inherently act as an inflation hedge.
- The strategy is intended to produce higher income than investment-grade fixed income products, while managing volatility and inflation risk in a broadly diversified equity portfolio.
- The strategy is expected to produce low correlation to the S&P 500 and Barclays Aggregate Index.

**Do you know the only thing that gives me pleasure? It's to see my dividends coming in."**

*~ John D. Rockefeller*



Joseph Betlej, CFA  
Portfolio Manager



Lowell Bolken, CFA  
Portfolio Manager



Craig Stapleton, CFA, FRM  
Portfolio Manager

## Targeted Sector Weightings

Sector	With MLPs Range	Without MLPs Range	Current*
REITs			
Retail	5-15%	10-20%	10%
Hotel	0-5%	0-5%	2%
Industrial	5-10%	5-10%	7%
Health Care	10-20%	10-25%	15%
Office	5-15%	8-20%	15%
Multifamily	5-10%	5-15%	3%
Mortgage	5-15%	5-15%	12%
REIT Preferreds	5-15%	10-15%	3%
Utility	5-15%	10-20%	10%
Oil & Gas	5-15%	N/A	10%
Commodity	0-5%	0-10%	0%
TIPs	0-5%	0-10%	8%
Other	0-5%	0-10%	0%
Options	0-10%	0-10%	0%
<b>Target REIT Total</b>	<b>65%</b>	<b>70%</b>	<b>67%</b>

## Why Advantus?

- Advantus has a long history and expertise, generating income for clients for over 100 years.
- Our team has produced superior, long-term performance in REIT-only portfolios for over 15 years.
- We have skill in stock selection and an understanding of dividend paying characteristics of companies.
- Our insightful quantitative analysis team applies derivative knowledge to hedging complicated risks.
- Advantus provides a unique perspective in valuing preferred securities, due to a blend of fixed income and equity expertise.

## Contact

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