Donaldson CAPITAL MANAGEMENT

FALL 2020

RISINGDIVIDEND REPORT

QUARTERLY

QUICK FACTS

1 Fixed income is producing 80% less income today than it was 20 years ago.

2 As a result, a portfolio of 50% stocks and 50% Treasury bonds has a far lower likelihood of lasting 30 years than past studies suggest.

3 We can offset the loss in fixed income by replacing bonds with dividend growth stocks; although, that will result in higher short-term volatility.

4 Stocks have and should continue to be valued more than they have historically because of the lack of other opportunities.

Donaldson CAPITAL MANAGEMENT

25 Years

DEDICATED TO YOUR JOURNEY

Value of Investment Policy Committee (IPC)

THROUGHOUT MY TIME AT DCM, the most common question I've answered is, "What makes DCM's investment strategy any different from the other choices available to me today?"

The answer to that question is also a key factor in why I joined DCM nearly 10 years ago. It is the value that DCM's Investment Policy Committee (IPC) brings to each and every one of our clients.

Let me explain. In most firms, a single person or possibly a team of two people make investment decisions for client accounts. At DCM, our investment strategy is guided and overseen by a committee comprised of seven voting members with years leading significant businesses around the world. The committee's cumulative business experience – outside the world of investments – is extensive, making our group well-qualified to assess companies and management teams.

These seven people are responsible for customizing the overall strategic direction of the IPC to seek the best fit for the individual needs of DCM's clients. More specifically, as a committee, the group manages the composition of our three model equity portfolios: Cornerstone, Capital Builder, and Income Builder. Each portfolio consists of about 30 common stocks, chosen specifically to implement the objectives of that particular strategy.

The IPC is in constant contact but also formally meets weekly to review company, industry, economic, and political developments. Updates to our outlook over the next three to 18 months are discussed, and proposed changes to portfolios are debated and voted on. The IPC seeks to select only the highest quality companies to best achieve the objectives of each individual client.

If you have any questions or would like to understand more about the IPC's decision-making process, I'd encourage you to call or email me at any time. Additionally, to learn more about the individual IPC members, I invite you to view their biographies at dcmol.com.

Joe Zabratanski

Joe Zabratanski, Author
Investment Policy Committee Co-Chair

Creating Income in a No Interest Rate World

Nathan Winklepleck, *Author*
Kyle Markle, Joe Zabratanski, and Preston May, *Contributing Editors*

BONDS HAVE LONG BEEN A CRITICAL PART of investment portfolios. They have historically provided investors with three characteristics:

1.) **SECURITY — a high degree of certainty that an investor receives principal back**

2) **INCOME — a source of cash flow and return from the amount invested**

3) **STABILITY — less risk of price drops than stocks**

Today's low-interest-rate environment creates an enormous challenge for investors who have looked to bonds for their income. With bonds producing such little income, it is critical to consider how much of your portfolio you can now safely spend in retirement.

William Bengen studies this question in his 1994 paper "Determining Withdrawal Rates Using Historical Data." A landmark paper now known as "The Trinity Study" expanded upon Bengen's work using data from 1925 to 1995 to estimate the retirement safe withdrawal rate.

These papers formed the basis for the current consensus that you can safely withdraw 4 percent of a balanced portfolio's starting value each year.[1] For example, let's say you have a $1 million portfolio today and need that money to last for another 30 years. The 4-percent rule suggests you could spend $40,000 in year one and increase that annually for inflation. No matter what year you started, your portfolio would still outlive you with great certainty.

But we cannot blindly assume the 4-percent rule still applies. During the Trinity study period (1925-1995), the 10-year U.S. Treasury rate oscillated between just under 2 percent (briefly in the 1940s) and 15.5 percent in the late 1980s. Today, that rate is 0.67 percent. If we adjust for inflation, that could be a -2.33 percent annual return for U.S. Treasury bonds over the next 10 years.

If part of your investment portfolio generates a -2.3 percent real return for the next decade, how likely is it you can safely spend 4 percent of your portfolio? We sought to find out with a study of our own.

The 50/50 Problem

To illustrate the problem that low-interest rates now pose on retirees, endowments, and foundations, let's follow John and Jane Jenkins and their hypothetical retirement. They have $1 million and would like to spend $40,000 per year, increasing with inflation. Their retirement horizon is 30 years long.

Our experiment will use similar market conditions that existed during the Trinity[2] study with one major update: the 10-year U.S. Treasury bond will be 0.67 percent instead of the higher interest rates that existed before the mid-1990s.

We ran more than 1,000 different simulations using these assumptions and a hypothetical 50 percent stock and 50 percent bond portfolio. Each of the experiments represents one of the potential outcomes of John's and Jane's retirement.

Through all of the simulations, John and Jane ran out of money roughly 28 percent of the time. In this example, there is a substantially higher risk for a traditional 50/50 portfolio to fail in the future, given such low-interest rates.

An Illustration of Retirement Income

To illustrate this point differently, let's assume John and Jane want to invest their entire portfolio in investment-grade bonds. What kind of income could they generate while maintaining their original $1 million with minimal risk? This chart shows what that would look like through time.

Annual Income on a $1 Million Bond Portfolio	
20 Years Ago	$61,805
15 Years Ago	$43,352
10 Years Ago	$29,725
5 Years Ago	$25,125
Today	$12,100

Calculations by Donaldson Capital Management. Data source: St. Louis FRED, Moody's Investors Service, Bankrate; accessed Sept. 11, 2020.

Twenty years ago (2001), a bond portfolio would have generated $61,805 per year.[3] Today? A mere $12,100 per year. Today's fixed-income investors receive approximately $49,705 less income than they were 20 years ago — an 80-percent reduction.

Not only is income lower today, but today's bond portfolio doesn't provide the stability it used to. The lower income also translates into more significant drops in market value if rates were to rise.

To put it as concisely as we can: In today's low-interest-rate environment, fixed-income investments can no longer safely and reliably generate enough income to support withdrawal rates of 4 percent or more. To get the security required, you have to give up too much income. To get the income, you have to give up too much security.

What is the solution to a low-interest rate world?

There is no easy solution to this problem. Investors who adhere to conventional wisdom are likely to face some difficult choices in the decades to come. It is critical in this time to consider outside-the-box ways of solving this most challenging situation.

■ OPTION NO. 1: Rely Entirely on Dividend Income

A few years ago, Greg Donaldson introduced us to "Dividendsville." In his 2013 blog post, he wrote, "There is a line forming in the heart of Bondsville that stretches as far as the eye can see. They are leaving town. Whether or not they know it now, they will find

1. Defined as a 50 percent stock and 50 percent bond portfolio. 2. Assume stocks produce 10.5 percent average rate of return with 15.2 percent standard deviation; bonds generate 0.67 percent with a 5.76 percent standard deviation. 3. Hypothetical fixed income portfolio of 10-year U.S. Treasury bonds, 10-year A-rated corporate bonds, AA-rated municipal bonds, and 5-year CDs.

their way to Dividendsville. When they do, they will never leave."[4]

If the exit of Bondsville was clogged back in 2013, it's backed up for 25 miles today. U.S. Treasury rates have fallen from 2.57 percent to 0.67 percent since then.[5] The first town outside of Bondsville may very well be Dividendsville. Dividend stocks generate income just like bonds do, and the kinds of companies that can afford to pay dividends typically are well-established businesses with strong cash flow. Therefore, their high-quality nature has historically led them to decline less than other stocks in bad economic environments.

One of the options to generate income in today's market is simply replacing fixed income with dividend stocks. Not only does that mean you could potentially have a higher income (our Cornerstone portfolio is currently producing more than most bond offerings we see right now), but it also grows over time. Dividends have historically grown at least equal to or greater than inflation. Therefore, our goal is for those dividend payments to increase over time. Let's consider a dividend portfolio generating a 3-percent yield and growing at 6 percent per year versus a fixed 3 percent bond:

The Power of Dividend Growth

	Bonds		Stocks	
Year	Income	Yield on Cost	Income	Yield on Cost
1	$30,000	3.0%	$30,000	3.0%
2	$30,000	3.0%	$31,800	3.2%
3	$30,000	3.0%	$33,708	3.4%
4	$30,000	3.0%	$35,730	3.6%
5	$30,000	3.0%	$37,874	3.8%
6	$30,000	3.0%	$40,147	4.0%
7	$30,000	3.0%	$42,556	4.3%
8	$30,000	3.0%	$45,109	4.5%
9	$30,000	3.0%	$47,815	4.8%
10	$30,000	3.0%	$50,684	5.1%

DCM calculation. Assumed 3 percent initial dividend yield and 6 percent annual dividend growth, 3 percent estimated yield from a hypothetical bond with no changes in interest rates.

If you are currently spending less than 3 percent per year of your portfolio value, relying entirely on dividends is an option for you. As long as dividends continue to be paid, you do not need to sell your stocks. You are just like a business owner who is living on the profits produced by the business. As long as profits continue, short-term variations in your business's market value don't mean anything.

The only consideration, however, is the additional volatility this strategy would introduce. A dividend stock is still a stock; therefore, it will act like a stock in both good times and bad. During the latest COVID-19 crisis, the dividend payers in the S&P 500 declined by 33.3% top-to-bottom. If you own 100% dividend stocks, then you should be prepared for your portfolio to fluctuate substantially over time. If you are not ready for that kind of volatility, holding bonds makes sense.

OPTION NO. 2: Sacrifice Quality

One option to increase income from fixed income is to reduce credit quality. DCM has traditionally invested exclusively in investment-grade bonds. If you are willing to take additional risks, you can lower credit quality to "junk" bonds.

Junk bonds offer higher yields than their higher-quality, investment-grade counterparts. For instance, a basket of investment-grade rated corporate bonds would produce 2.43 percent today.[6] Contrast that with "junk" bonds that are currently generating around 5.85 percent.[7] If you could get 5.85 percent instead of 2.43 percent, wouldn't that be an obvious choice?

Reducing your quality standards may seem like an easy way to get yield; remember, these bonds have higher yields for a reason. In exchange for your 5.85 percent annual return, you run a far higher risk of default. In the worst year, the lowest-rated junk bonds had default rates as high as 49.28 percent.[8] Junk bonds also tend to fluctuate almost as much as stocks during market downturns. In 2008, junk bond investors' portfolios declined by 33 percent compared to 37 percent for stock investors.[9]

Junk bonds are an easy solution to generate more income; unfortunately, that income comes with substantial security sacrifices that we are not willing to make.

OPTION NO. 3: A Hybrid Approach: Growing Dividends + Declining Bond Allocations

The true power of a dividend portfolio is not necessarily in the current cash flow but in the expected potential growth of that cash flow. That can be a tremendous asset for someone who is spending more than their portfolio currently produces. Let's revisit John and Jane's situation to examine this further.

John and Jane had $1 million and needed $40,000. If we invest them entirely in dividend-paying stocks, their income will be $30,000 per year. That leaves a gap of $10,000 per year that needs to be covered. They could sell a small portion of their portfolio each year to cover the difference. That works, but only if the stock market continues to go up. If the market drops a lot, they won't have much choice but to sell and reduce their future dividends. Risk isn't prices moving up and down; that is volatility. Real risk is having to sell stocks at a bad time to fund an expense.

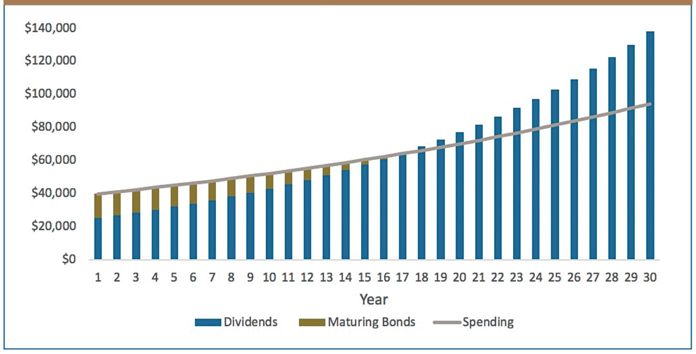
John and Jane would like to live entirely off their dividends, but they need a few years for that to happen. What could they do? To solve the problem, John and Jane can set aside some money today that they can then use to live on over the next few years. They won't have to sell any of their shares to fund their living expenses, which allow their dividend income to continue growing.

In their situation, John and Jane set aside just over 15 percent of the portfolio ($157,073) in short-term Treasury bills. They invest the rest in dividend stocks at a 3-percent yield growing at 6 percent. Withdrawals increase by 3 percent per year to keep up with inflation. All of their spending needs are supported by the growing dividend income stream and Treasury bills. No stock sales are used for spending. The chart on the next page shows what that would look like over time.

John and Jane's dividends continue to grow; their allocation to bonds continues to shrink. After 17 years, the dividends alone are enough to cover their entire income needs.

Using bonds this way helps John and Jane improve their odds of retirement success. Their portfolios' returns are likely

4. "Citizens of Bondsville: Welcome to Dividendsville." Blogspot.com, 2013. Accessed 15 Sept. 2020. 5. "Daily Treasury Long Term Rate Data." Treasury.gov, 12 Sept. 2020. Accessed 15 Sept. 2020. 6. "ICE BofA BBB US Corporate Index Option-Adjusted Spread." Stlouisfed.org, 2020. Accessed 15 Sept. 2020. 7. "ICE BofA US High Yield Index Option-Adjusted Spread." Stlouisfed.org, 2020. Accessed 15 Sept. 2020. 8. Corporate Finance Institute. "Investment-Grade Bonds." Corporate Finance Institute, Corporate Finance Institute, 14 Aug. 2019. Accessed 15 Sept. 2020. 9. Doyle, Anthony. "The Downside of Bonds - Bond Vigilantes." Bond Vigilantes, 11 May 2015. Accessed 15 Sept. 2020.



Dividends Cover Spending After 17 Years

Source: DCM calculation. Assumed 3 percent initial dividend yield and 6 percent annual dividend growth, 0 percent return from bonds, and 3 percent annual increase in inflation.

to be higher with their allocation now tilted more towards stocks (85 percent instead of 50 percent). Their plan now allows them to eliminate the risk of spending at inopportune times. They can spend down the bond portion safely until dividend income exceeds their spending.

OPTION NO. 4: Reduce Spending

Suppose you are unwilling to accept more volatility in exchange for greater income in either stocks or higher risk bonds. In that case, it may be necessary for you to reduce your portfolio withdrawals or limit future increases.

If that is you, consider engaging with our financial planning department. We have a team of Certified Financial Planner™ practitioners who can build you a personalized financial plan to ensure that you are still on track or recommend changes to get you headed in the right direction. Talk to your advisor if you are interested.

How Do Low Rates Impact Stocks?

The ultra-low-interest-rate environment impacts the future returns for bonds, but what about stocks? How do today's low rates affect future stock returns?

When you own a stock, you own a business. So to illustrate, let's assume that a hypothetical company called Bob's Barber Shop is up for sale. Bob's business has historically earned $100,000 in net profits. His revenues are not growing, but his customer base is loyal, and the business is expected to generate $100,000 indefinitely.

Let's assume investor Mark Moneybags is considering buying Bob's business. How much will he be willing to pay? That depends on what other options Mark has. He wants to earn as high a return as possible with the least amount of risk of permanent loss.

Let's assume this is the 1980s. Mark can invest his money in U.S. Treasury bonds for the next 30 years and earn a return of 10 percent. That return is risk-free if he holds until maturity, as the U.S. government can always print more money to pay its bills. Bob's Barber Shop may not continue to earn $100,000 in the future. Therefore, Mark will need to earn at least 10 percent on Bob's Barber Shop to make the investment worthwhile. Anything less and Mark would prefer to invest in the risk-free 10 percent.

Let's say Mark needs to make an additional 5 percent per year to compensate him for the additional risk he's taking. So he needs to make 10 percent + 5 percent = 15 percent per year to justify the investment.

To calculate the value of Bob's Barber Shop, Mark would take the net income of $100,000 and divide it by the discount rate of 15 percent to give us a fair value of $667,000. If Mark were to pay that for Bob's, he would earn a 15 percent annualized return on his money.

What happens if Mark is making his decision in today's low-interest-rate environment? If the 10-year U.S. Treasury bond only produced 2 percent instead of 10 percent, that changes what Mark is willing to pay. If Mark requires the same 5-percent premium above the risk-free rate, he needs 7 percent instead of 15 percent returns. Using the same calculation, he should be willing to pay $1,428,571 for the same business producing $100,000 in annual earnings.

The decline in interest rates meant it was entirely logical for Mark to pay more than twice as much for the same business. Thus, we see the power of interest rates as a determining factor for where stocks should be trading. When rates were high, Mark was only willing to pay $6.70 for each $1 in earnings (a price-to-earnings ratio of 6.7). At 2 percent, Mark was willing to pay $14.30 for every $1 of earnings. And remember, we assumed Bob's Barber Shop was not growing. If it were, we might expect Mark to pay even more for each $1 of earnings.

The same logic applies to the stock market. We can't expect investors to let stocks trade at a P/E ratio of 15 or 16. That was fine when bond rates were 5 percent or more, but it is too attractive today. In a sub-2 percent interest rate world, stocks should earn a higher premium than they once did. Investors are currently willing to pay $20 for every $1 of earnings. The longer we go in this interest rate environment, the higher this is likely to go as more money flows from fixed income to stocks.

Conclusion

For much of the last decade, we've recommended overweighting stocks in your portfolio. As we look towards the future, we believe there is no choice but to continue overweighting stocks and, in many cases, begin overweighting stocks even more than we already are.

In our view, there is no alternative at this time. To earn the same returns in fixed-income investments we have historically made would require us to take more risks than we are comfortable taking.

Investors across the world face a difficult choice. Do they sacrifice their security to generate income? Or do they sacrifice their income to preserve security? By leveraging the power of our dividend growth strategy and some creative portfolio construction, you may not have to do either.

As always, we thank you for being a client of Donaldson Capital Management. If you have any questions about this letter or your particular financial situation, please reach out to your advisor.

2020 Year-End Financial Checklist

THE END OF 2020 IS IN SIGHT. To help keep your focus on non-financial related matters at this enjoyable time of year, below we have organized your 2020 year-end financial checklist.

RETIREMENT: *Check your contributions to and distributions from employer-sponsored retirement plans.*
401(k)'s annual limit is $19,500 ($6,500 catch up for those age 50-plus). Employee deferrals must be made through payroll withholding by **Dec. 31.** Owner deferrals, matches, and profit-sharing contributions can be made as late as the extended due date of the tax return.

Both Traditional IRA and Roth IRA accounts have maximum annual contribution limits of $6,000 ($1,000 additional catch-up for those age 50-plus). These contributions have an extended deadline of **April 15, 2021.**

Required minimum distributions (RMDs) are suspended for 2020. You can forgo your normal RMD if you do not need the distribution from your qualified retirement account.

CHARITABLE GIVING: *Plan your direct contributions to charities and donor-advised funds.*
Cash gifts must be deposited by the receiving charity before **Dec. 31.**

Stock gifts must allow extra time for processing. Plan on processing your gift by Dec. 18 to allow time to register the stock in the name of the charity by year-end.

If you are age 70 1/2 or older, ask your advisor if a qualified charitable distribution (QCD) would be a good strategy to make your year-end charitable gifts. Using the QCD strategy can save you taxes on otherwise taxable distributions from your qualified retirement accounts.

EDUCATION: *Make contributions to 529 Education Savings Plans.*
Check your state income tax laws to see if you receive a credit or benefit for contributions. Indiana residents receive a 20-percent tax credit on up to $5,000 in contributions.

Contributions need to clear by **Dec. 31,** so be sure to allow extra time for processing.

Consider taking advantage of your per person annual exclusion gift of $15,000 ($30,000 when combined with your spouse) when funding 529 accounts as a gift.

HEALTHCARE: *Make sure you review and enroll in coverage for 2021.*
The Medicare Open Enrollment period is **Oct. 15** through **Dec. 7** for coverage beginning **January 2021.**

The Federal Healthcare Insurance Open Enrollment period is **Nov. 1** through **Dec. 15** for coverage beginning **January 2021.**

Health Savings Accounts annual maximum contribution limit of $7,100 for qualifying family medical plans and $3,550 for qualifying single plans (additional $1,000 for each spouse age 55-plus).

DCM is Nationally Recognized

FT FINANCIAL TIMES Top 300 Financial Advisers 2014-16 / 2018-20

WITH MORE THAN 12,900 registered investment advisors in the U.S., DCM has been named to the 2020 edition of the Financial Times 300 Top Registered Investment Advisors in the U.S.

This is the sixth time DCM has been recognized on this list.

The Financial Times (FT) is an international daily newspaper printed in broadsheet and published digitally. It focuses on business and economic current affairs and is based in London, England. The FT 300 Top Registered Investment Advisers is an independent listing produced annually by the Financial Times (June 2019).

The FT 300 is based on data gathered from RIA firms, regulatory disclosures, and the FT's research. The listing reflected each practice's performance in six primary areas: assets under management, asset growth, compliance record, years in existence, credentials, and online accessibility. This award does not evaluate the quality of services provided to clients and is not indicative of the practice's future performance. Neither the RIA firms nor their employees pay a fee to The Financial Times in exchange for inclusion in the FT 300.

WELCOME STEPHANIE BONENBERGER

WE ARE PLEASED TO WELCOME Stephanie Bonenberger to DCM. Stephanie joined DCM in April 2020 as a client services associate. In collaboration with Jessica Klostermann, Mollie O'Brien, and Ellen Rogier, Stephanie is elevating the client services department of DCM with a true servant's heart.

Stephanie grew up in the Evansville area, where she graduated from Central High School in 2006. She then spent her college years at University of Louisville, Louisville, Kentucky, graduating in 2010 with a Bachelor of Science in sports administration with minors in marketing and communications.

Stephanie began her career with Ripken Baseball in Baltimore, Maryland, before returning home to support her family's business. Stephanie is an active member of the Junior League of Evansville and volunteers as an adviser for her sorority, Sigma Kappa. She also enjoys teaching dance at Thr!ve Dance, Cheer and Tumble.

In her spare time, Stephanie can be found working out at Pure Barre, baking, and spending time with family and friends. Stephanie brings real passion and dedication to her work, and her new coworkers couldn't be happier to welcome her to the team.

TRUSTED CONTACTS

What is a "Trusted Contact?" Why are they important?

IN FEBRUARY 2018, the Financial Industry Regulatory Authority (FINRA) started requiring custodians such as Fidelity and TD Ameritrade to obtain contact information for a "Trusted Contact" for all accounts. FINRA's objective was to better protect the senior investors they serviced.

A Trusted Contact is defined as a person who does not have any authority over a client's account held at the custodian, but rather is a person the client has permitted the custodian to reach out for the following reasons:

- In the event of possible financial exploitation
- To confirm the specifics of a client's current contact information, health status
- If necessary, help identify the legal guardian, executor, trustee, or power of attorney for a client

The Trusted Contact will not be able to view the client's accounts, receive statements and/or confirmations, or be able to make requests on behalf of the client. If the custodian needs to reach out to the Trusted Contact, that will only be done by a member of the risk, compliance, and/or legal teams.

A Trusted Contact must be at least 18 years old and provide their email address, phone number, or mailing address.

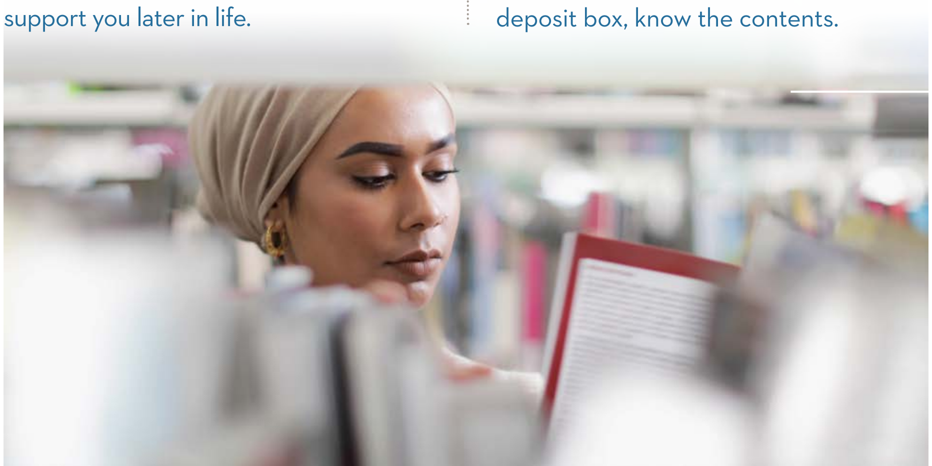
NOTE: For client protection, custodians do not allow financial advisors to be named as a Trusted Contact on behalf of their clients.

To name a Trusted Contact to your accounts, please contact your advisor or client service manager, and they will provide you with a form to get that person added.

Financial Empowerment Checklist

WOMEN CAN FACE UNIQUE FINANCIAL CHALLENGES, like earning less and living longer. Young women who try to establish budgets and saving habits may end up taking breaks from their careers to raise children, while female breadwinners often face multiple demands on their time. Providing care for aging parents or adult children most often falls on female shoulders, and women also tend to find themselves on their own later in life. For these and other reasons, it's essential women feel confident in taking control of their financial freedom.

Financial empowerment isn't limited to women. To mitigate the impact of any potential hardship to your financial life, we have included below a list of items that are critical for both spouses to be aware of and any durable powers of attorney or family members you choose who would support you later in life.



Review the following checklist to increase your financial empowerment:

- **HOUSEHOLD BASICS:** Be sure to know your household's income, expenses, assets, and liabilities. Have access to all login information for any bank accounts, lenders, insurance companies, or credit card companies.
- **INVESTMENTS:** Know where all investments are held, advisors for each account, and what strategies and asset allocations are agreed upon. Contact DCM if you would like to know more about your accounts with us.
- **DOCUMENTATION:** Know the location of all financial documents such as mortgages and car titles, wills, durable powers of attorney, healthcare directives, etc. Know what trusted contacts have a second copy for safekeeping and ensure they always have updated versions. If your household keeps a safe deposit box, know the contents.
- **TRUSTED ADVISORS:** If you have not met one of your family's advisors, schedule a meeting. This includes investment advisor, attorney, accountant, and insurance agent. Be sure you understand the plans in place for your household.
- **RETIREMENT ANALYSIS:** Understand clearly how much money to save to maintain your standard of living in retirement. If you don't feel comfortable with your understanding of your retirement income, contact DCM to get an analysis of how much you can afford to spend without running out of money.
- **INSURANCE:** As a part of a full retirement analysis, insurance coverage should be reviewed to ensure minimal risk of outliving assets.

As your investment advisor, we want to take this on together. Because it's not just that you increase your financial empowerment, it's about who is there to help you when unforeseen changes or questions arise. If you have any questions on how you can know more about your household finances or schedule a meeting to introduce your investment advisor to a trusted family member or another of your advisors, please contact us. We want you to live your journey with peace-of-mind and comfort, understanding your household finances.

Donaldson
CAPITAL MANAGEMENT

20 NW First Street, Fifth Floor ▪ Evansville, IN 47708
800-321-7442 ▪ www.dcmol.com

DISCLOSURES This report was prepared by Donaldson Capital Management, LLC, a Federally Registered Investment Adviser under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Index and sector performance information in the Newsletter sourced from Morningstar. This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources. It is not guaranteed as to accuracy, does not purport to be complete and is not intended to be used as a primary basis for investment decisions. It should also not be construed as advice meeting the particular investment needs of any investor. Past performance does not guarantee future results.
An index is a portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. Indexes are unmanaged portfolios and investors cannot invest directly in an index. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.
The weblinks provided are maintained by third parties and Donaldson Capital management does not provide, and is not responsible for, the product, service, or overall website content available on third-party sites.

INDEX DEFINITIONS S&P 500: Standard & Poor's (S&P) 500 Index. The S&P 500 Index is an unmanaged, capitalization-weighted index designed to measure the performance of the broad U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries.