

21 January 2020

Dear fellow investor

19 dividend increases and counting

We're excited to report that yesterday the DivGro Fund paid out its maiden dividend distribution. Please check your designated bank accounts to ensure it was received.

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

Mastercard +21.2%

Stryker +10.6%

Ecolab +2.2%

Zoetis +22.0%

American Tower +20.2%

Abbot Laboratories +12.5%

Note that American Tower raises its dividend every quarter so we annualise the rate of increase for reporting purposes.

We also collected two special dividends, CME and Park Hotels and Resorts. While special dividends are not systematic enough for our dividend engine to rely on, we nevertheless love to receive the additional cash. As an aside, it's generally only extremely cash generative businesses that can afford the luxury of paying special dividends in addition to their rising regular dividends.

Special Dividends	Declaration Date	Company Ticker	Bonus Yield
1	09-Dec-19	PK	0.38%
2	11-Dec-19	CME	1.24%

While on the surface Ecolab may appear like a bit of a laggard, Ecolab is in fact in the midst of a spinoff which will place approximately \$2.4 billion of annual sales into a separate listed entity (which is anticipated to host its own dividend). This represents about 16% of total sales, so in our minds the 2.2% dividend increase is significantly understated. Since Ecolab enjoys the privileged position of global leader in water treatment, hygiene and food safety we think it is a long term structural winner, and that its future dividend performance will reflect this.

By way of interest, here is the key section of the Zoetis press release announcing the significant dividend increase:

Wednesday, December 11, 2019 4:22 pm EST

Zoetis Declares First Quarter 2020 Dividend; Board Approves 22% Payment Increase



PARSIPPANY, N.J.--(BUSINESS WIRE)--The Board of Directors of [Zoetis Inc.](#) (NYSE:ZTS) has declared a first quarter 2020 dividend payable to holders of the company's common stock of \$0.20 per share, an increase of 22% from the quarterly dividend rate paid in 2019. The dividend is to be paid on Tuesday, March 3, 2020, to holders of record on Friday, January 17, 2020.

"Zoetis continues to drive revenue growth and increase its financial strength through a diverse and innovative product portfolio that provides solutions across the continuum of animal care," said Glenn David, Executive Vice President and Chief Financial Officer. "We are well-positioned to generate cash for future growth and value creation opportunities, and I am pleased to announce that we are increasing our dividend by 22% in 2020 as part of our commitment to returning excess capital to shareholders."

From inception on 15 August 2019 to 31 December 2019, we're pleased to report that the DivGro system has now registered 19 dividend increases at an average increase of 14.8%. These dividend increases drive our rising cash flow which ultimately power DivGro's asset growth.

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%
14	03-Dec-19	MA	21.21%
15	04-Dec-19	SYK	10.58%
16	04-Dec-19	ECL	2.17%
17	11-Dec-19	ZTS	21.95%
18	12-Dec-19	AMT	20.24%
19	13-Dec-19	ABT	12.50%
Average			14.84%

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

Important disclaimer

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