

# The Dividend Growth Fund

The Dividend Growth Fund was launched in 2005 to meet client demand for an equity strategy with a dividend bias. It is a global equity fund that uses a stock screening process developed by Zurich. This process uses a combination of historic and forward-looking metrics. The quantitative analysis is supplemented by further analysis and final selection by the equity team in Zurich.

## Stock Selection Process

1. The initial screening covers over 6,000 global companies and identifies those with a higher-than-average dividend yield amongst their peer group in their appropriate sector and within their regional market.

For example, US companies are measured against the average yield at that point in time for their sector in the US market, rather than the average dividend yield for the entire region and stock universe. This helps to remove any bias towards a region and sector which had higher yields than other global regions. Thus, a US Healthcare stock, must pay a higher dividend than the average of the US Healthcare sector and a European Industrial stock must pay a higher-than-average dividend than its underlying sector to make the initial screening criteria to enter the fund.

2. It is crucial to identify and exclude companies where the dividend yield is inflated due to a falling share price as a result of poor fundamentals. Thus, the focus of the fund is not necessarily on very high dividend paying companies, rather on those with an above average yield plus the capacity to pay and sustain a higher dividend yield over time. Holders of shares with these characteristics may be rewarded by way of a higher future share price as much as by higher future dividends.
3. Filters are used to assess the quality and stability of the internal returns generated by the company in question. For example, a company with high and stable returns in excess of the cost of capital, combined with a conservative payout ratio, demonstrates a stocks ability to sustain its dividend payouts, and also have the potential to grow its dividends.
4. Stocks which meet all of screening criteria may also in the future be rewarded by higher share prices which could reduce its measured dividend yield below its peers. This adds a natural 'profit-taking' element into the fund's criteria.
5. The Dividend Growth Fund is focused on identifying sustainable dividend paying shares with the ability to grow that dividend in the future. The approach is a value-based one and therefore suitable as part of a medium to long-term investment strategy.



# The Zurich Approach

At Zurich we aim to provide you with all the investment insights, analysis and commentary that you need. We provide all the information that is essential to keep up to date with your clients' investments, and to help make the investment decisions that will provide the best outcomes for your clients. Across several mediums, including online, print and digital we will continue to keep you up to date and in tune with both global markets and our funds.

## Create tailored portfolios for your clients

Zurich has a range of tools and supports to help you during the advice process with your clients.



Our Risk Profiler tool is designed to assist you in understanding a client's attitude to risk. This is an important step before making an investment decision.



Zurich's Portfolio Builder helps you work with your clients to create an investment portfolio that is tailored to their individual risk profile and financial needs.



You can then produce tailored reports based on your clients fund selection.

**The Dividend Growth Fund from Zurich is available across Zurich Pensions, Regular Savings and Investment Bonds. For more information speak to your Zurich Broker Consultant or visit [zurichbroker.ie](http://zurichbroker.ie)**

**Warning: The value of your investment may go down as well as up.**

**Warning: Past performance is not a reliable guide to future performance.**

**Warning: This product may be affected by changes in currency exchange rates.**

**Warning: If you invest in this product you may lose some or all of the money you invest.**

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