



Intelligent Investments. Independent Ideas.



As of 6/30/23

## AAM S&P High Dividend Value ETFs:

- AAM S&P 500 High Dividend Value ETF (NYSE: SPDV)
- AAM & S&P Developed Markets High Dividend Value ETF (NYSE: DMDV)
- AAM S&P Emerging Markets High Dividend Value ETF (NYSE: EEMD)

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*The Next Chapter In Dividend Investing*

Advisors Asset Management Inc. (AAM) is a SEC Registered Investment Advisor and Member FINRA/SIPC.

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# Meet AAM's S&P High Dividend Value ETFs

SPDV

AAM S&P 500 High Dividend Value ETF

(Expense Ratio: 0.29%)

DMDV

AAM S&P Developed Markets High Dividend Value ETF

(Expense Ratio: 0.39%)

EEMD

AAM S&P Emerging Markets High Dividend Value ETF

(Expense Ratio: 0.49%)

The AAM S&P High Dividend Value ETFs Seeks to Provide:



## HIGH DIVIDEND YIELD

There is empirical evidence which suggests that portfolios consisting of high dividend yielding securities produce returns that are attractive



## DIVIDEND SUSTAINABILITY / GROWTH

When choosing high-dividend-yield stocks, the sustainability of dividends should not be overlooked. We believe Free Cash Flow Yield is an ideal indicator of a company's ability to maintain, and possibly grow, a dividend in the future. After all, dividends are paid in CASH.



## ATTRACTIVE VALUATIONS

By focusing on Dividend Yield and Free Cash Flow Yield, AAM's High Dividend Value ETF series demonstrates a strong tilt towards value producing lower average multiples than their benchmarks.



## SECTOR DIVERSIFICATION

By equal weighting 5-stocks from each GICS sector, AAM's High Dividend Value ETFs avoid making sector "bets" in search for yield.



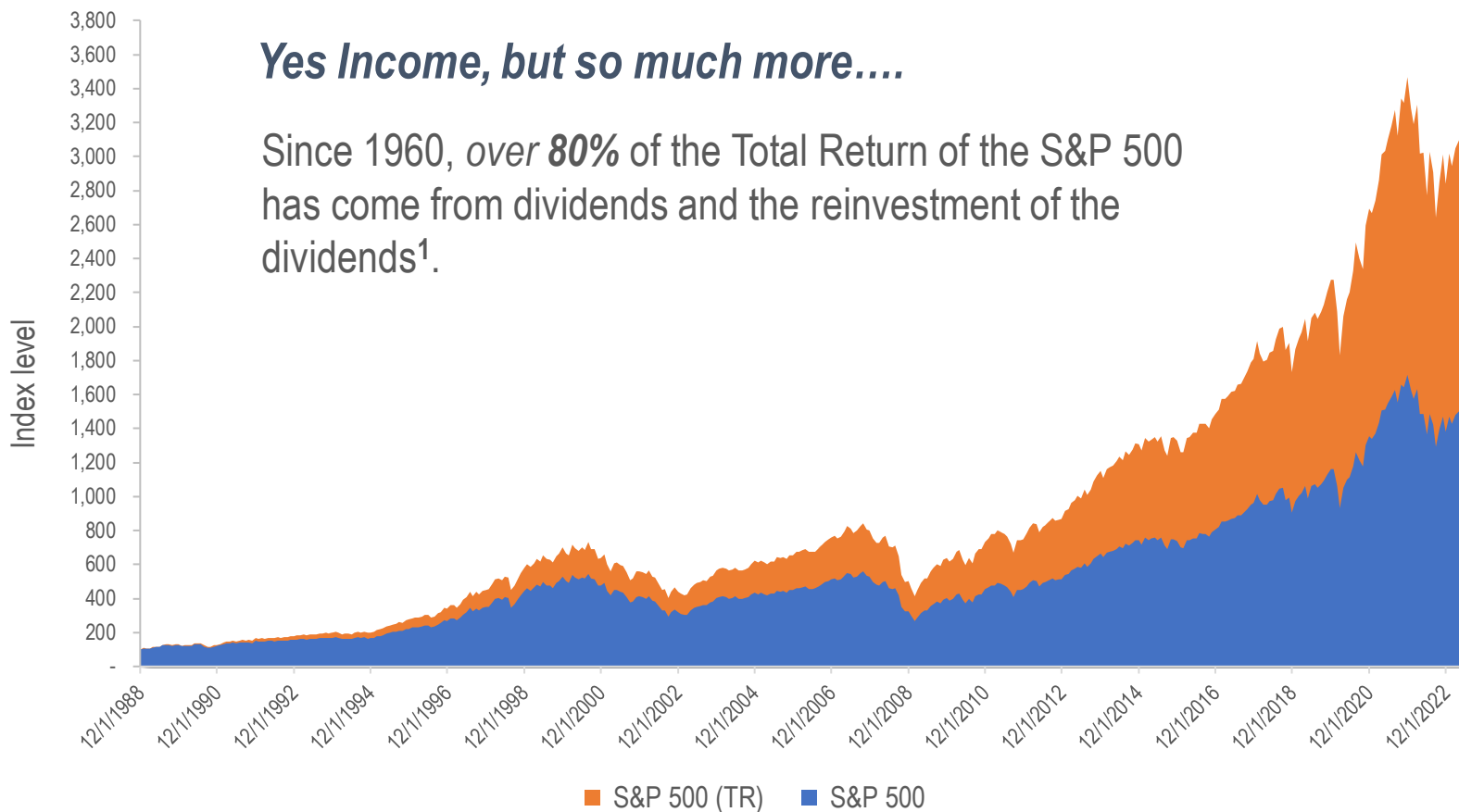
## MONTHLY DISTRIBUTIONS

Monthly distributions allow shareholders flexibility in meeting their current obligations or reinvesting the dividends to leverage the power of compounding for potential capital appreciation.

# The Power of Dividends

## *Yes Income, but so much more....*

Since 1960, over **80%** of the Total Return of the S&P 500 has come from dividends and the reinvestment of the dividends<sup>1</sup>.



<sup>1</sup>. Source: S&P Dow Jones Indices LLC Data from December 31, 1988 to June 30, 2023. The S&P 500 index is a basket of 500 large US stocks, weighted by market cap, and is the most widely followed index representing the US stock market. The S&P 500 Total Return (TR) Index is the investment results of the S&P 500 which includes dividends and the reinvestment of dividends For illustrative purposes only. It is not possible to invest directly in an index. Indices do not include cash. See Disclosures for other index definitions. **Past performance is no guarantee of future results.** Chart is provided for illustrative purposes and is not indicative of any AAM product.

# A Closer Look: Dividend Payers vs Dividend Cutters

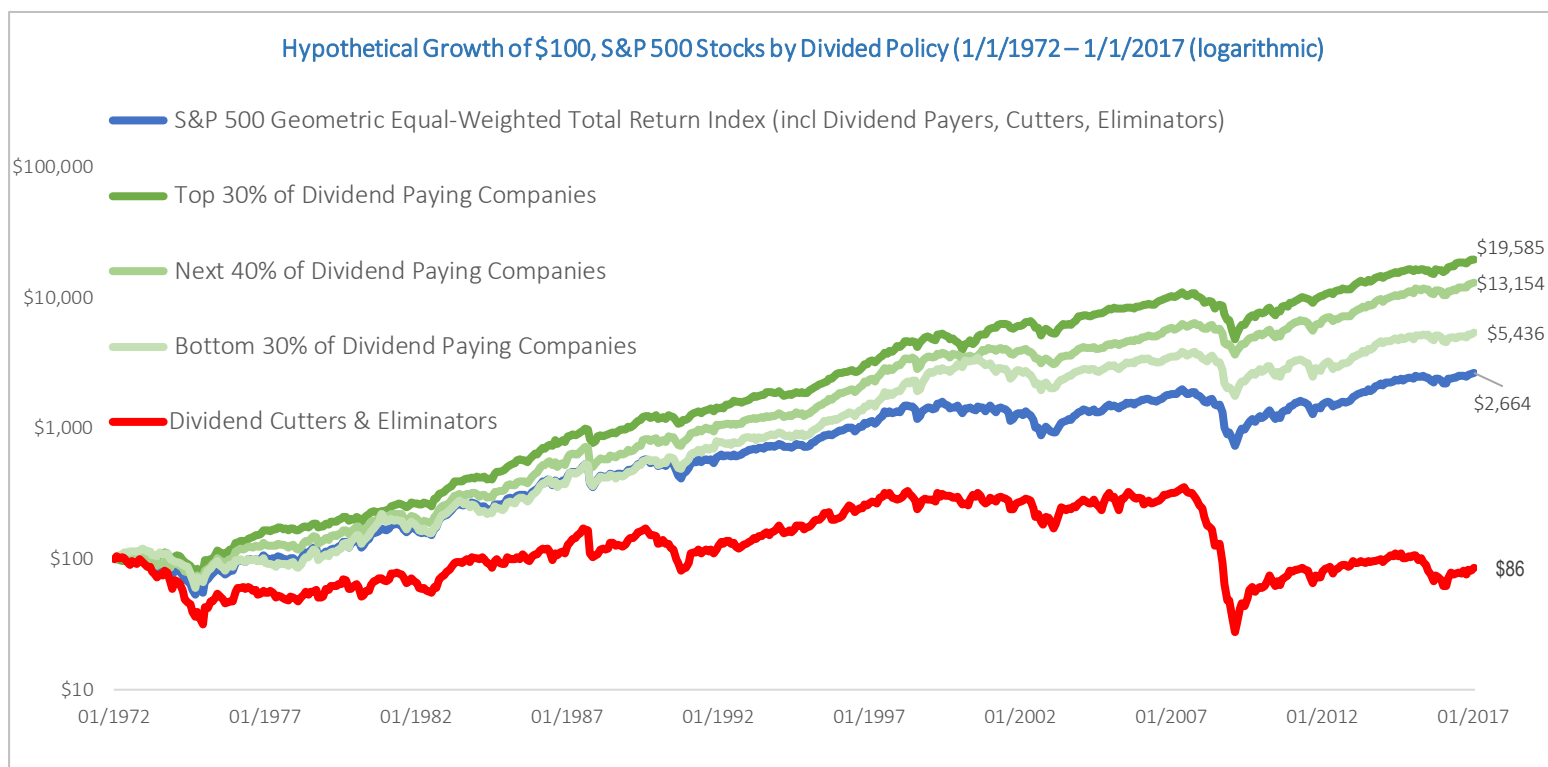
Since 1972



The highest 30% of dividend paying companies outperformed the S&P 500 by 4.9% per annum.



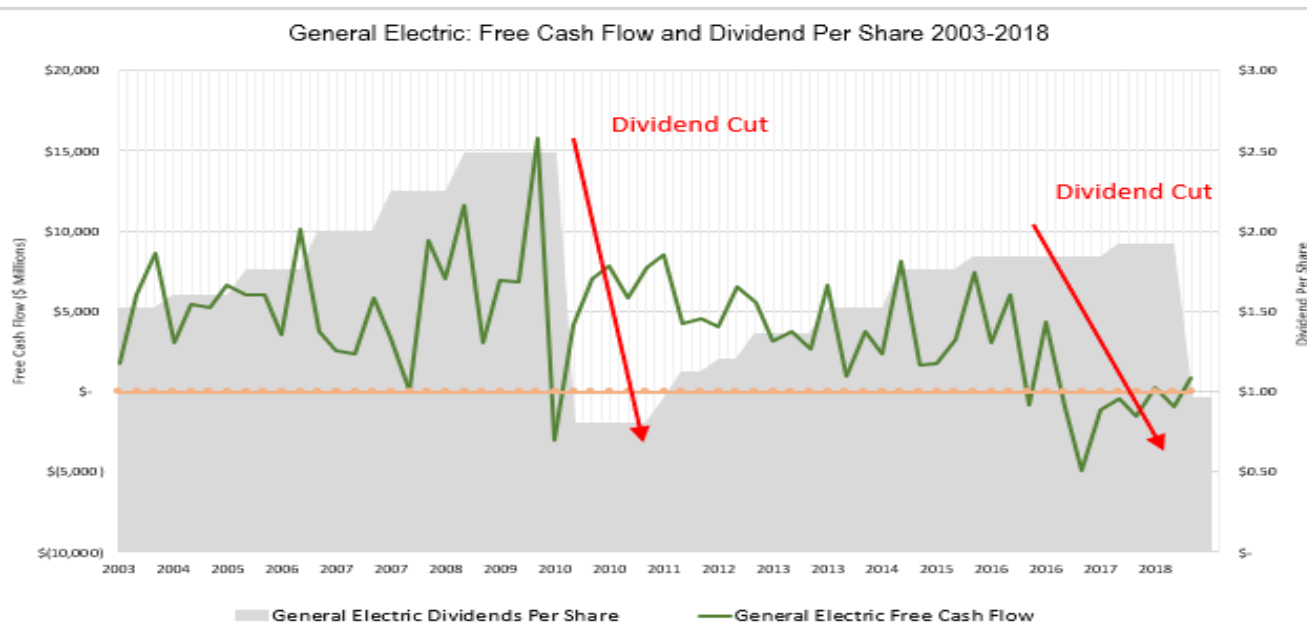
Companies that have either cut or eliminated their dividends have underperformed the S&P 500 by 7.9% per annum since 1972.



# Free Cash Flow and Dividend Sustainability

We believe free cash flow yield may be a sound indicator of dividend sustainability.

- In early 2009, and 2016, GE's free cash flow was negative and soon after each report, GE cut their dividend.
- Similarly for dividend growth, GE's free cash flow was positive and generally growing between 2009 and 2015 when they increased their dividend seven times.

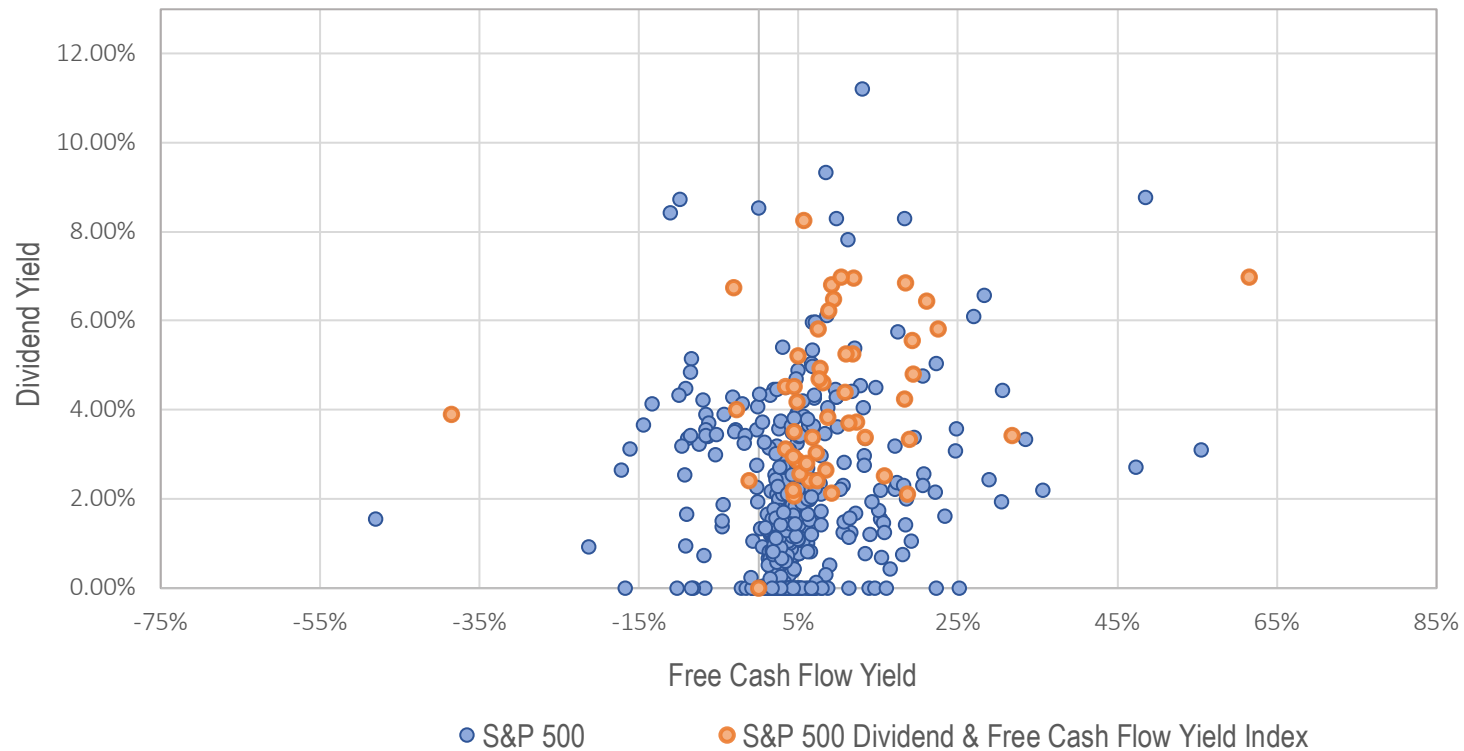


Source: FactSet. Past performance does not guarantee future results. For illustrative purposes only.

# Cash is “KING”

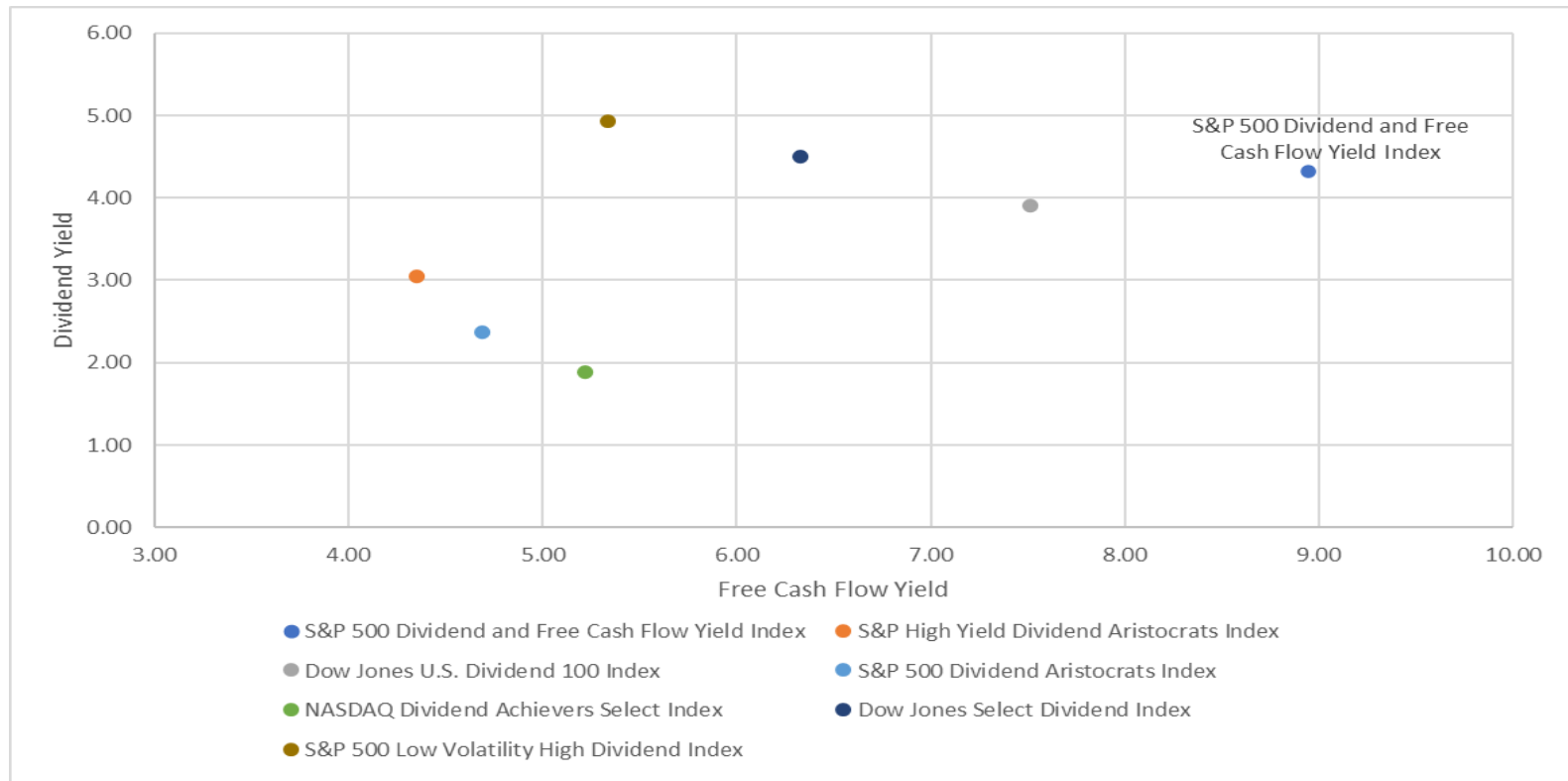
S&P 500 Dividend & Free Cash Flow Yield Index (SPDV5UT) seeks to avoid high dividend paying companies with negative free cash flow

S&P 500 Constituents vs SPDV5UT Constituents



# Unifying Both Factors

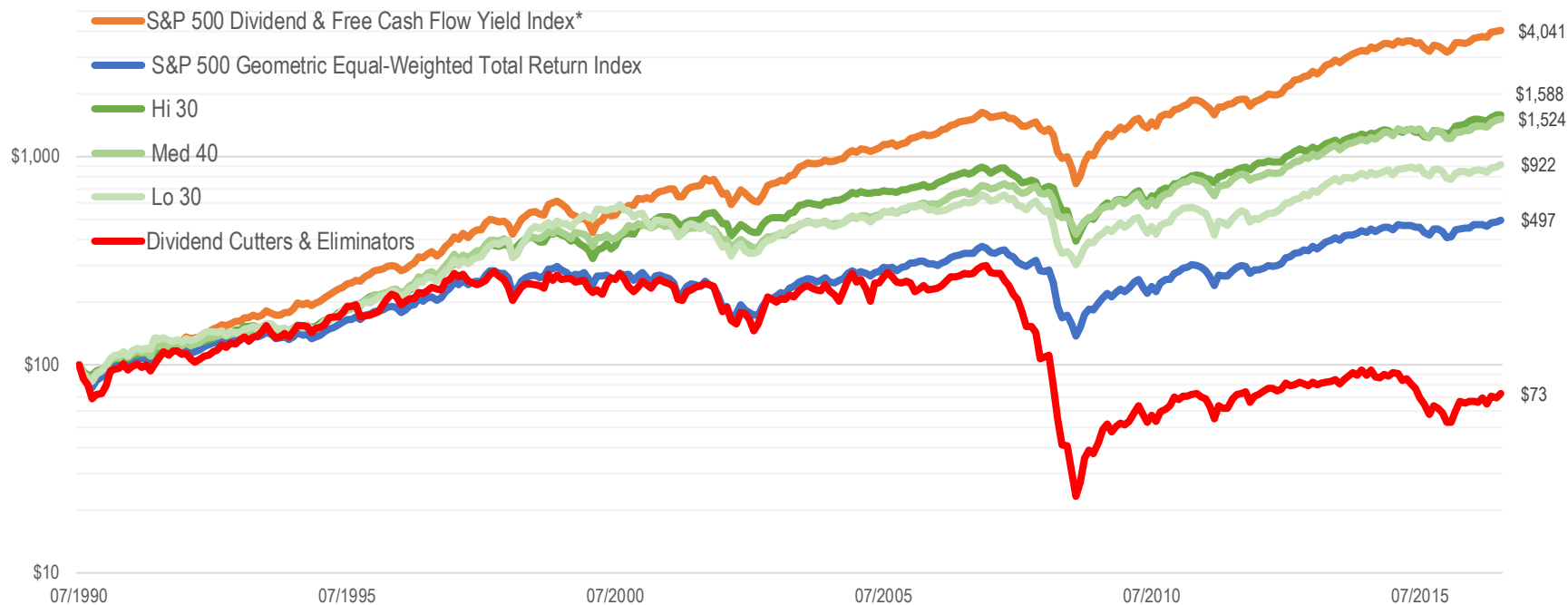
Dividend Yield and Free Cash Flow Yield of the Most Popular U.S. Dividend Indices



# Dividends & Growth: A Powerful Combination

A strategy focusing on consistent dividend growth and high Free Cash Flow Yield have historically outperformed its counterparts.

Hypothetical Growth of \$100, S&P 500 Stocks by Dividend Policy (logarithmic)  
Period Covering: 7/31/90 – 1/1/2017



Source: Lo 30, Med 30, Hi 30 – Kenneth French, 2017

Source: Dividend Cutters & Eliminators, S&P Geometric Equal-Weighted Total Return Index – Ned Davis Research

\*Launch Date 10/2/17, First Value Date: 7/31/1990 For illustrative purposes only. It is not possible to invest directly in an index. Indices do not include cash. See Disclosures for other index definitions.

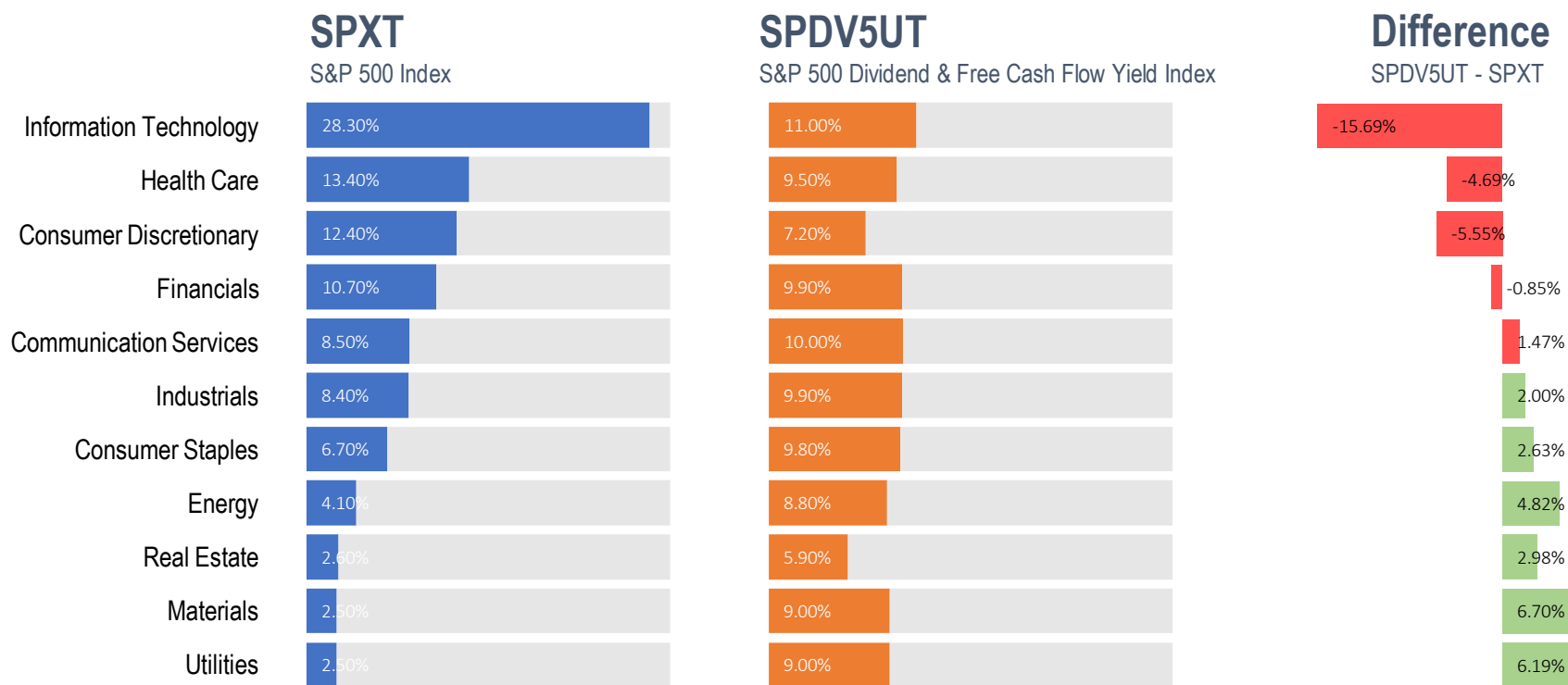


# Underlying Index

	AAM S&P 500 High Dividend Value ETF (NYSE:SPDV)	AAM S&P Developed Markets High Dividend Value ETF (NYSE:DMDV)	AAM S&P Emerging Markets High Dividend Value ETF (NYSE:EEMD)
<b>Exposure</b>	U.S. Large Cap Equity	Developed Markets ex-U.S, Ex-Korea	Emerging Market Equity
<b>Index Name</b>	S&P 500 Dividend and Free Cash Flow Yield Index	S&P Developed Ex-U.S. Dividend and Free Cash Flow Yield Index	S&P Emerging Markets Dividend and Free Cash Flow Yield Index
<b>Index Ticker</b>	SPDV5UT	SPDUDFUN	SPEMDVUN
<b>Starting Universe</b>	S&P 500	S&P Developed BMI Ex-U.S. & Korea LargeMidCap	S&P Emerging Plus LargeMidCap
<b>Eligibility Factors</b>	<ul style="list-style-type: none"> <li>Has a positive Dividend Yield</li> <li>Has a positive Free Cash Flow Yield</li> </ul>		
<b>Market Capitalization</b>		<ul style="list-style-type: none"> <li>Constituents must have a minimum float-adjusted market capitalization of US\$ 1 billion.</li> </ul>	<ul style="list-style-type: none"> <li>Constituents must have a minimum float-adjusted market capitalization of US\$ 300 million.</li> </ul>
<b>Liquidity</b>		<ul style="list-style-type: none"> <li>Constituents must have a minimum three months median daily value traded (MDVT) of US\$ 5 million.</li> </ul>	<ul style="list-style-type: none"> <li>Constituents must have a minimum three months median daily value traded (MDVT) of US\$ 1 million.</li> </ul>
<b>Selection</b>	<ul style="list-style-type: none"> <li>Each qualifying stock is given a Dividend Yield Score (0-1) and a Free Cash Flow Yield Score (0-1)</li> <li>Select the top five stocks from each Global Industry Classification Standard (GICS) sector with the best combination of High Dividend Yield Score and Free Cash Flow Yield Score.</li> </ul>		
<b>Weighting</b>	<ul style="list-style-type: none"> <li>Each constituents are equally weighted.</li> </ul>		
<b>Country Caps</b>		<ul style="list-style-type: none"> <li>Capped at 13 stocks per country</li> </ul>	<ul style="list-style-type: none"> <li>Capped at 13 stocks per country</li> </ul>
<b>Index Rebalance</b>	<ul style="list-style-type: none"> <li>Rebalanced semi-annually, with changes effective after the close of the last business day of January and July.</li> <li>The rebalancing reference date is after the close of the last business day of December and June, respectively.</li> </ul>		

# Diversify Your Sector Exposure

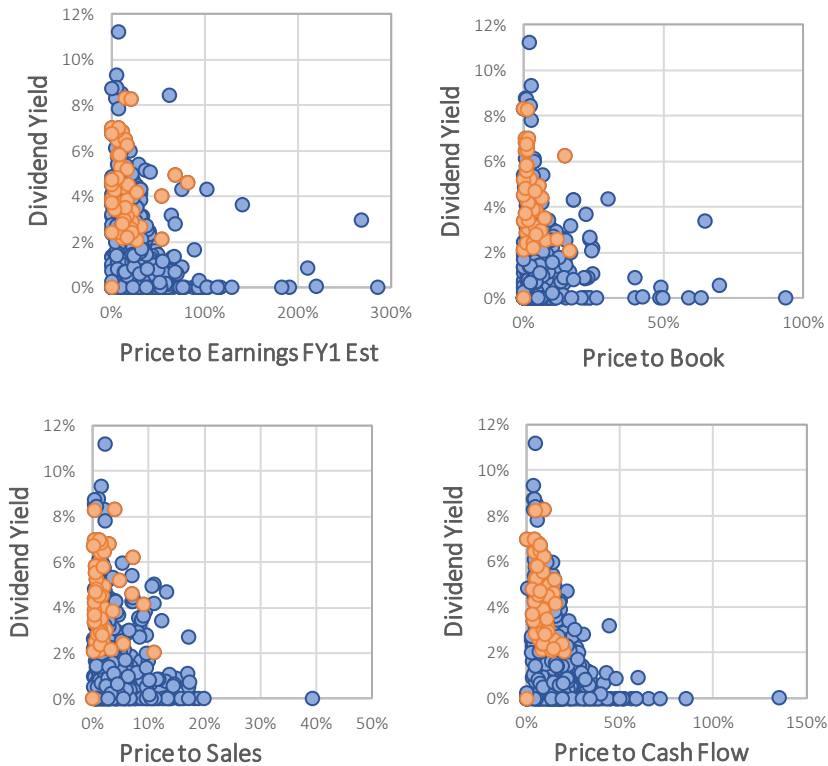
The High-Dividend Value approach targets five stocks from each Global Industry Classification Standard (GICS) sector potentially providing investors a **full range of sustainable dividend opportunities**.



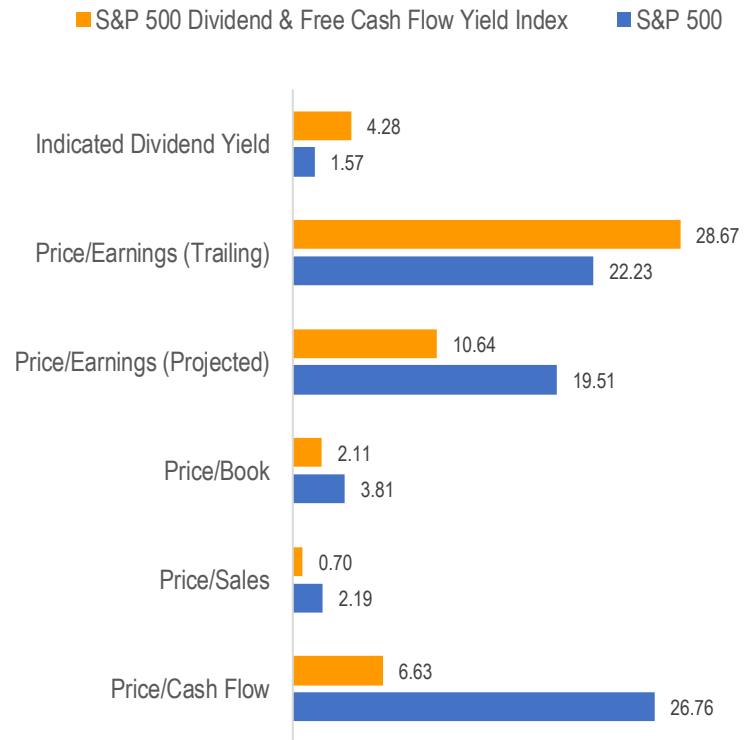
# High-Dividend VALUE

High-dividend Value seeks to identify sustainable dividend paying stocks offering fundamental value.

## SPDV5UT Constituents vs S&P 500 Constituents



## Index Characteristics



# ETF Performance (%)

For period ending June 30, 2023

Fund	Ticker	Description	1-Year	3-Year	5-Year	10-Year	Since Fund Inception (11/28/17)
SPDV	SPDV	AAM S&P 500 High Dividend Value ETF (NAV)	3.35	15.22	5.25	-	6.15
	SPDV	AAM S&P 500 High Dividend Value ETF (Market Price)	3.63	15.10	5.14	-	6.14
	SPDV5UT	S&P 500 Dividend & Free Cash Flow Yield Index (Underlying)	3.68	15.64	5.59	-	6.49
	500TR	S&P 500 Index (Benchmark)	19.59	14.60	12.31	-	11.85

Fund	Ticker	Description	1-Year	3-Year	5-Year	10-Year	Since Fund Inception (11/27/18)
DMDV	DMDV	AAM S&P Developed Markets High Dividend Value ETF (NAV)	10.91	15.22	-	-	2.05
	DMDV	AAM S&P Developed Markets High Dividend Value ETF (Market Price)	11.00	15.10	-	-	2.10
	SPDUDFUN	S&P Developed Markets Dividend & Free Cash Flow Yield Index (Underlying)	11.48	15.64	-	-	2.43
	SDUXKLUN	S&P Developed BMI Ex-U.S. & Korea LargeMidcap Index (Benchmark)	17.13	14.60	-	-	6.68

Fund	Ticker	Description	1-Year	3-Year	5-Year	10-Year	Since Fund Inception (11/28/17)
EEMD	EEMD	AAM S&P Emerging Markets High Dividend Value ETF (NAV)	3.95	6.48	0.49	-	-0.34
	EEMD	AAM S&P Emerging Markets High Dividend Value ETF (Market Price)	4.53	6.44	0.67	-	-0.35
	SPEMDVUN	S&P Emerging Markets Dividend & Free Cash Flow Yield Index (Underlying)	5.02	7.27	1.24	-	0.44
	SPEPLUN	S&P Emerging Plus LargeMidCap Index (Benchmark)	2.51	2.84	1.38	-	0.27

Expense Ratio: SPDV: 0.29%; DMDV: 0.49%; EEMD: 0.59%

Performance for periods longer than one year is annualized. *The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost; current performance may be lower or higher than the performance quoted. Returns for performance under one year are cumulative, not annualized. For the most recent month end performance please visit the funds website at [www.aamlive.com](http://www.aamlive.com). Short-term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns.*

**Investing involves risk, including the possible loss of principal.** Shares of any ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. Shares are not individually redeemable from the Fund and may only be acquired or redeemed from the fund in creation units. Brokerage commissions will reduce returns.

# Key Takeaways

## *The Next Chapter in Dividend Investing: SPDV, DMDV, EEMD*

AAM's S&P High Dividend Value ETFs track the S&P Dividend & Free Cash Flow Yield Index series, which was designed to uncover stocks that maximize dividend yield without sacrificing dividend sustainability. We do this by focusing on:

- **Sector Diversification:** Our sector selection process that seeks to avoid sector “bets” commonly seen in many dividend-focused ETFs
- **Attractive Valuations:** Our focus on high dividend yield and high free cash flow yield has resulted in ETFs with deep value characteristics
- **Monthly Distribution:** SPDV, DMDV and EEMD seeks to provide monthly distributions, which provides flexibility in meeting current cash flow obligations or reinvesting the dividends to leverage the powerful effect of compounding.

# Disclosures

**Past performance does not guarantee future results.** It is not possible to invest directly in an index.

*The Funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 800.617.0004, or visiting [www.aamlive.com](http://www.aamlive.com). Read it carefully before investing.*

As of 6/30/2023, none of the AAM S&P High Dividend Value ETFs held a position in General Electric (GE).

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. Shares are not individually redeemable from the Fund and may be only be acquired or redeemed from the fund in creation units. Brokerage commissions will reduce returns. Companies with high yield or payout ratio may underperform other securities in certain market conditions and reduce or discontinue paying dividends entirely while included in the index. The Fund's return may not match or achieve a high degree of correlation with the return of the underlying Index. To the extent the Fund utilizes a sampling approach, it may experience tracking error to a greater extent than if the Fund had sought to replicate the Index. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. These risks are greater for emerging markets investments. Investments in mid-cap companies may involve less liquidity and greater volatility than larger companies. Diversification does not assure a profit or protect against a loss in a declining market.

**Definitions:** **Cash flow** is the net amount of cash and cash-equivalents moving into and out of a business. **Correlation** is a statistical measure of how two variables move in relation to each other with coefficients ranging from +1 to -1. A correlation coefficient of +1 implies that the two variable moves in exact lockstep. A correlation coefficient of -1 implies that if one variable moves, the other moves in the same amount in the opposite direction. A correlation coefficient of 0 means the movements of the variables are completely random. **Dividend yield** is a stock's annual dividend relative to the stock price. **Free Cash Flow** is the excess cash that a business has after paying all of the operations and capital expenditures. **Free Cash Flow Yield** is a stock's free cash flow per share relative to the stock price. **Price/Earnings Ratio** (P/E ratio or PER) is the ratio of a company's stock price to the company's earnings per share. The **price-to-book value (P/BV) ratio** is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. The **price/sales (P/S) ratio** is calculated either by dividing the company's market capitalization by its total sales over a 12-month period, or on a per-share basis by dividing the stock price by sales per share for a 12-month period. The **price-to-cash flow (P/CF) ratio** is calculated by dividing the company's stock price with the quantity of its cash inflows, minus its cash outflows over a given time, usually a year. This ratio is similar to a company's price-earnings ratio, but it does not take into account earnings that have not actually been received. **Earnings per share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock and is used as an indicator of a company's profitability.

# Disclosures

Index Definitions: **Dow Jones US Select Dividend Index** is an unmanaged index that aims to represent the US's leading stocks by dividend yield and dividend coverage ratio, amongst other factors. **Dow Jones U.S. Dividend 100 Index** is an unmanaged index designed to measure the performance of high-dividend-yielding stocks in the U.S. with a record of consistently paying dividends, selected for fundamental strength relative to their peers, based on financial ratios. **NASDAQ US Dividend Achievers Select Index** is an unmanaged index comprised of a select group of securities with at least ten consecutive years of increasing annual regular dividend payments, amongst other factors. **S&P 500® Dividend Aristocrats®** is an unmanaged index that measures the performance of S&P 500 companies that have increased dividends every year for the last 25 consecutive years. **S&P 500 Low Volatility High Dividend Index** is an unmanaged index that measures the performance of the 50 least-volatile high dividend-yielding stocks in the S&P 500. **S&P High Yield Dividend Aristocrats® Index** is an unmanaged index designed to measure the performance of companies within the S&P Composite 1500® that have followed a managed-dividends policy of consistently increasing dividends every year for at least 20 years. **S&P 500 Index** is an unmanaged market capitalization weighted index used to measure 500 companies chosen for market size, liquidity and industry grouping, among other factors. It is not possible to invest directly in an index. **S&P 500 Dividend & Free Cash Flow Yield Index (SPDV5UT)** is designed to measure the constituents of the S&P 500 that exhibit both high dividend yield and sustainable distribution characteristics, while maintaining diversified sector exposure. **S&P Emerging Plus LargeMidCap Index (SPEPLUN)** is designed to measure the performance of large- and mid-capitalization securities in emerging markets, including South Korea. **S&P Emerging Markets Dividend and Free Cash Flow Yield Index (SPEMDVUN)** is designed to measure constituents of the S&P Emerging Plus LargeMidCap that exhibit both high dividend yield and sustainable distribution characteristics, while maintaining diversified sector exposure. **S&P Developed BMI Ex. U.S. & Korea LargeMidCap (SDUXKLUN)** is designed to measure the performance of large- and mid-cap securities in developed markets, excluding the U.S. and Korea. **S&P Developed Ex-U.S. Dividend and Free Cash Flow Yield Index (SPDUDFUN)** seeks to measure the performance of stocks in developed markets, excluding the U.S. and Korea, that exhibit both high dividend yield and cash flow yield characteristics, while maintaining diversified sector and country representation. An investment cannot be made directly in an index.

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