

# IPDP Quarterly Market Update

Q4 Review and Outlook | December 31, 2023



## Fund Description

The Dividend Performers ETF (IPDP)'s objectives are income and capital appreciation. The Fund invests in dividend-paying equities paired with an S&P 500 Index-based option overlay for additional income.

## PORTFOLIO MANAGERS

**DAVE GILREATH, CFP®**  
Managing Director  
Chief Investment Officer  
Industry since 1981

**TOM KAISER, CFA, CPA**  
Portfolio Manager  
Industry since 2010

In Q4 2023, the IPDP outperformed the benchmark NASDAQ U.S. Broad Dividend Achievers™ Index and the broader S&P 500 Index. The fund also beat both benchmarks over the trailing 1-, 3-, and 5-year annualized periods.

Over the last year, the stock market has rebounded off the lows of October 2022 and into a new bull market. The rally was fueled by falling inflation, low unemployment, and a resilient economy, which boosted investors' belief of a potential 'soft landing' by the Federal Reserve. Mega-cap technology companies led the market for the first 10 months of 2023 as Artificial Intelligence (AI) excitement dominated headlines. Q4 began poorly, but the stock market saw a rapid and broadening rally of equities once the Fed signaled they were likely done raising rates. For the quarter, a whopping 89% of the stocks in the Dividend Achievers Index had a positive total return, demonstrating the widening breadth of the market rally.

## PERFORMANCE (as of December 31, 2023)

	ANNUALIZED				CALENDAR YEAR RETURNS				
	1-Year	3-Year	5-Year	Since Inception (12/24/18)	2019	2020	2021	2022	2023
Dividend Performers – Market Price	30.23%	10.63%	16.73%	17.08%	33.18%	20.22%	32.67%	-21.64%	30.23%
Dividend Performers – NAV	30.01%	10.68%	16.77%	17.11%	33.18%	20.22%	32.67%	-21.40%	30.01%
NASDAQ U.S. Broad Dividend Achievers™ Index	11.88%	9.29%	12.86%	14.10%	27.53%	9.97%	23.84%	-5.78%	11.88%
S&P 500 Index	26.29%	10.00%	15.69%	17.12%	31.49%	18.40%	28.70%	-18.11%	26.29%

**The performance data quoted represents past performance; past performance does not guarantee future results. Current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data current to the most recent month end may be obtained by visiting [innovativeportfolios.com](https://www.innovativeportfolios.com).** Returns for periods shorter than one year are not annualized. ETFs shares trade at market price (not NAV) and are not individually redeemable with the issuing fund. Brokerage commissions and expenses will reduce the returns.

Prior to listing date, the ETF operated as a mutual fund. The Fund's objectives, policies, guidelines, and restrictions are in all material respects equivalent to those of the predecessor mutual fund, Dividend Performers, which was created for reasons entirely unrelated to the establishment of a performance record.

The NAVs of the predecessor mutual fund are used for both NAV and market price performance from inception to listing. For ETFs, the market price return is calculated from closing prices as determined by the fund's listing exchange. If you trade your shares at another time, your return may differ. For the period from inception date to listing date, the NAV of the fund is used as a proxy for the market price to calculate returns.

## Contributors to performance

The equities outperformed the benchmark in the quarter and over the year. Contributing toward performance was a combination of sector allocation and equity selection. Sector allocation improved performance with the largest contribution coming from underweight energy and overweight industrials. Stock selection in health care and information technology contributed to the outperformance, as well. The sectors with the largest contribution to returns were industrials and health care. Additionally, the option overlay strategy materially contributed to the Fund's outperformance after being a drag for most of 2022.

## Detractors to performance

Being overweight in health care and underweight in information technology detracted from performance. Stock selection in financials and consumer discretionary detracted from performance, as well.

## Outlook

The capital markets had a strong finish to 2024 with a broadening number of equities participating in the market rally. Given the strong and rapid rally, Q1 could see some weakness as a part of a healthy consolidation in the market. Historically, the stock market has usually had positive returns in election years, but it can be rocky along the way. Additionally, the economy has continued showing surprising resilience, which may enable earnings to surprise on the upside. The Fund's equal weighting and broad set of quality companies based on downside risk attributes should continue benefiting from these conditions. The option overlay should continue contributing to performance through the increased market exposure when in an overall upward-trending direction.

[innovativeportfolios.com](https://innovativeportfolios.com) | 317-689-6450

### Disclosure

Innovative Portfolios, LLC is investment advisor to Dividend Performers ETF.

#### EXPENSE RATIOS<sup>1</sup>:

**Expense Ratio 1.52%**

Management Fee 0.85% | Interest Expense 0.67%

<sup>(1)</sup> As disclosed in the January 31, 2024, prospectus.

**Carefully consider the Fund's investment objective, risk factors, charges and expenses before investing. This and additional information can be found in the Dividend Performers ETF prospectus, which can be obtained by calling 800-617-0004 or clicking here. Please read the prospectus carefully before investing. Investing involves risk, including possible loss of principal.**

**Derivative Securities Risk:** The Fund invests in options that derive their performance from the performance of the S&P 500 Index. Derivatives, such as the options in which the Fund invests, can be volatile and involve various types and degrees of risks, depending upon the characteristics of a particular derivative. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in a derivative could have a substantial impact on the performance of the Fund. The Fund could experience a loss if its derivatives do not perform as anticipated, or are not correlated with the performance of their underlying asset or if the Fund is unable to purchase or liquidate a position because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices for derivatives.

**Dividend-Paying Security Risk:** Securities that pay high dividends as a group can fall out of favor with the market, causing these companies to underperform companies that do not pay high dividends. Also, companies owned by the Fund that have historically paid a dividend may reduce or discontinue their dividends, thus reducing the yield of the Fund.

**Reit Risk:** Investment in real estate companies, including REITs, exposes the Fund to the risks of owning real estate directly. Real estate is highly sensitive to general and local economic conditions and developments.

The inception for the Dividend Performers fund is December 24, 2018 and, as such there is no performance for the 10-year period. Past performance is no guarantee of future results.

### Indexes

**NASDAQ U.S. Broad Dividend Achievers Index** is comprised of U.S.-accepted securities with at least ten consecutive years of increasing annual regular dividend payments.

**S&P 500 Index** is an American stock market index based upon the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.

Indices are shown for comparative purposes only and may not necessarily be representative of the fund's portfolio. An investor cannot invest directly in an index, and index performance does not reflect the deduction of any fees, expenses or taxes.

### Terms

**Alpha** is the excess return of an investment relative to the return of a benchmark index.

Dividend Performers ETF is distributed by Foreside Fund Services, LLC.