



## DMS

Discretionary Management Services, LLC

### **Insight: Subadvisor Showcase – Opus Capital Small Cap High Dividend**

By Tom Woolwine, President, June 2015

Our strategic outlook for equities suggests small companies' earnings growth should not be impacted as negatively as large companies' by the strong dollar. A theme is to tilt equities toward lower beta, higher dividend stocks to reduce volatility and to generate income.

The DMS Portfolio Management Team has tactically implemented part of their small cap stock allocation using the Opus Capital High Dividend product. The following is a brief summary of this subadvisor's team and investment process.

The investment team includes two Portfolio Managers, Len Haussler and Adam Eagleston, supported by a team of generalist research analysts. Performance and risk metrics are compared to both the Russell 2000 Index and the Russell 2000 Value Index.

Opus focuses on three key elements:

- Higher Dividend Yield and Growth – They buy companies with an above-average yield relative to the R2000. They also favor companies that are well positioned to grow their dividends.
- Higher Quality – They buy high-quality companies with sustainable dividends, higher returns on equity, and lower debt.
- Lower Valuation - They buy companies with a below-average P/E relative to the R2000.

The portfolio is constructed with 80-120 stocks, and the weighted average market cap is approximately \$3 billion. Sectors are limited to 30%, and exposure to Utilities/REITS/Financials is constrained. No MLPs, Preferred Stocks, or Convertibles are held. Annual turnover ranges between 30-50%.

If you would like to know more about either our Investment Outsourcing or GTAA Services, please contact Tom Woolwine, President, at (913) 981-1345 or email [twoolwine@dms-demarche.com](mailto:twoolwine@dms-demarche.com).

Disclaimer: The asset class and/or investment strategies described here may not be suitable for certain investors. We encourage you to work with your investment counsel to understand the risk characteristics and potential fit with your investment program.

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