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If DEOPX Were a Stock

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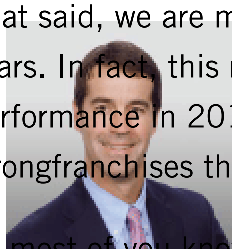
If DEOPX Were a Stock, We Would Be Buyers

November 2022



George L. Smith III, CFA
Senior Vice President,
Chairman, Investment Policy Committee
(804) 780-2155
gsmith@investdavenport.com

That said, we are more excited about the current setup for the Fundthan we have been in years. In fact, this reminds us of the setup forthe Fund following a bout of under-performance in 2015 and 2016,when macro forces gave us buying opportunities in some strongfranchises that went on to outperform.

As most of you know, we have a focus on stories of compoundinggrowth. Recent market weakness has dragged down a number of suchstories and brought us depressed multiples in some very high-quality situations with attractive multiyear runways. We've held cash during the market turmoil and have recently used it to add to some existingnames and establish a couple new positions. Let's walk through someexamples:

[illegible] benchmark this year. Ten months is a relatively shortwindow for measuring performance and we recognize our concentrated approach can yieldsignificant deviations from themarket. Nonetheless, we arebehind this year.

- American Tower Corp (AMT): AMT remains one of the highestreturn, most durable businesses we follow and should be able togrow at an outsized rate as it benefits from secular tailwinds inthe wireless industry (namely the shift to 5G networks). All told,we believe the business is capable of compounding cash flowsat an 8-10% clip with little risk while continuing to grow thedividend (yields ~2.8%) at a commensurate rate.

- Live Nation Entertainment Inc. (LYV): Despite nearly everyoperating metric being at an all-time high and a 2023 artistpipeline as large as the company has seen, the stock hasretreated nearly 35% this year alongside consumer concernsand broader multiple compression for the market. Though aneconomic slowdown seems unavoidable, we think this is acompelling opportunity to add exposure to a near monopoly operating in an industry with extremely attractive secular growth drivers.

- Lamar Advertising Co (LAMR): We recently added to LAMR in the low $80's and continue to think the stock is a good deal. Outdoor advertising demand remains very strong driven by new categories (e.g. sports betting) and the ongoing digitization of boards. The stock trades for only 12x adjusted funds from operations (AFFO) for next year and yields 5.2% (and the dividend is up 17% over 2021).

- Sherwin-Williams Co (SHW): We think SHW is in the early stages of outperformance as the company has finally caught up to the raw material/supply chain headwinds it has faced for the last 18 months. With improving volumes and several price increases, gross margins should return to historical norms in 2023, which would drive earnings per share (EPS) over $10. At 21x forward EPS, we think shares are attractively priced.