

AVOIDING THE DECUMULATION PHASE

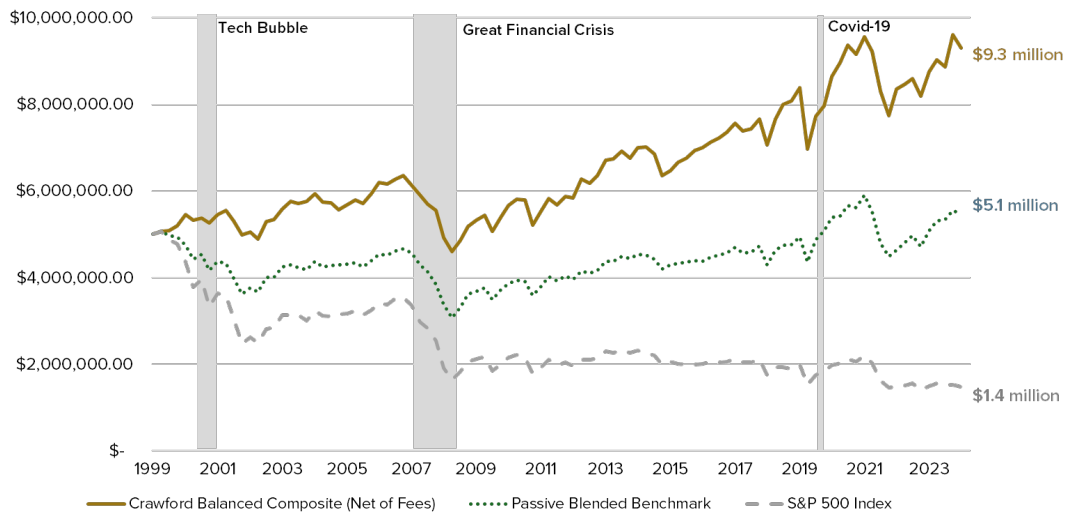
For decades, retirement has been framed in binary terms: the accumulation years, when assets are built, and the decumulation years, when those assets are gradually drawn down (spent). The implication is that life as an investor is divided into two distinct chapters: first growth, then income, and ultimately decline. That model is tidy enough for textbooks, but it fails to capture what's possible when wealth is managed with a disciplined, quality-driven, and income-oriented approach. We believe strong investment management is not something you outgrow when you retire. In fact, it becomes more important than ever. This is why we believe in the importance of what we like to call an All Seasons approach. We prefer to design durable investment programs that participate on the upside in the sunny seasons and protect capital on the downside in the more difficult seasons, rather than chasing the current cycle or season. And regardless of the season, our portfolios provide investors with spendable income in the form of dividends and interest.

The very notion of decumulation assumes that a portfolio is static, not keeping up with spending needs, nor inflation. It implies that withdrawals are expected to erode the capital base. Yet, investing in high-quality, income-producing businesses at reasonable valuations can change this dynamic. Durable companies with strong balance sheets and the ability to pay and grow dividends create a dual engine: capital appreciation on one hand and a rising stream of income on the other. These are the businesses we seek to invest in, and as a result, our portfolios aim to provide rising income alongside capital appreciation, not just static distributions that ultimately invade the real purchasing power of the portfolio. We call this the *Perpetual Accumulation* approach, one where investors can have their cake (appreciation of principal) and eat it too (spend it through dividends).

On one hand, this means investors may not be forced into the uncomfortable position of having to sell assets to fund living expenses, especially during periods of market weakness. Psychologically, it reframes retirement not as a slow depletion of resources but as an extension of the same process that built wealth in the first place. Instead of depleting balances, investors can participate in the steady growth of earnings and income produced by quality enterprises.

The chart below represents the 25-year performance of various investments with an initial value of \$5 million coupled with an annual withdrawal of \$200,000 (4% initial spending rate) adjusted for inflation each year. Throughout this 20-year period, the S&P 500 Index generated a total return of 7.7%. While this return is higher than the required initial withdrawal rate of 4%, a client invested in the S&P 500 Index would have experienced principal erosion. In other words, even though S&P 500 Index generated an annualized return above the required distribution rates, our analysis shows the investor would have ended up with an absolute market value that is lower after 25 years. This example highlights the way an All Seasons, Perpetual Accumulation approach can help investors avoid the decumulation phase and continue to grow principal, even when a portfolio is being used to meet spending needs.

Growth of \$5 Million Over 25 Years



With a \$200,000 Annual Inflation-Adjusted Distribution, Taken Quarterly

Source: Crawford, eVestment (Data through 12/31/2024)
 Past performance is not indicative of future results. Net of fee performance is calculated based on the actual fees experienced. A full description of the Crawford Balanced aggregated composite is located at the end of this presentation. The analysis begins in 2000 to illustrate the impact of an abrupt market downturn at the start of a distribution period, highlighting how the sequence and timing of returns can significantly affect long-term portfolio sustainability. The S&P 500 Index is included as a broad barometer of U.S. equity market performance and a commonly referenced proxy for overall market risk and return. The annual withdrawal rate shown is consistent with typical spending assumptions for client portfolios and is intended to represent a realistic retirement distribution scenario.

Avoiding the decumulation phase, then, is less about defying gravity than about aligning with shareholder friendly companies with the ability to compound both earnings and dividends by focusing on enduring business models. Just as a strong dividend record reflects stability and resilience, it also provides flexibility for investors to meet the realities of retirement without compromising long-term goals. Our common sense, objectives-based investment portfolios are designed to suit individual need and support them across decades.

At Crawford, we view this as one of the greatest advantages of our philosophy. By anchoring portfolios in businesses that generate consistent and rising income and investing in them at attractive valuations, we help clients avoid prematurely shifting into “spend-down” mode. Instead, we believe their portfolios remain at work, producing sustainable income, preserving capital through all market cycles, and ultimately compounding and producing attractive long-term returns, leading to higher terminal wealth. By investing with Crawford, we believe retirement ceases to be a phase of withdrawal and becomes, instead, a seamless extension of a lifetime of accumulation.

Disclosure

Crawford Investment Counsel, Inc (“Crawford”) is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about Crawford’s investment advisory services can be found in its Form ADV Part 2 and/or Form CRS, which is available upon request. The opinions expressed are those of Crawford as of the date of publication and are subject to change without notice. Crawford reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. Past performance is not indicative of future results. There is no guarantee of the future performance of any Crawford portfolio. All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. It should not be assumed that any investment recommendations or decisions we make in the future will be profitable or will equal the investment performance discussed herein. Not every client account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment.

The Crawford Balanced aggregated composite contains all discretionary balanced accounts that have met the requirements to be included in the firm’s ‘Balanced - Dividend Growth and Core Bond Composite’, ‘Balanced - Dividend Yield and Core Bond Composite’, and ‘Balanced - Core Equity and Core Bond Composite’. An account managed in the balanced style uses a blend of equity and taxable bond strategies where equity mandates range between 40%-80% of the total portfolio allocation. The inception date of the Crawford Balanced aggregated composite is January 1, 1985. For comparison purposes the composite is measured against a blended index consisting of 35% S&P 500 Index, 20% MSCI ACWI ex-US Index, 5% Russell 2000 Index, 40% Bloomberg U.S. Aggregate Index, rebalanced quarterly. Results are based on discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Net of fee performance is calculated based on the actual fees experienced by the client. Certain accounts may not be charged commissions by their broker. Actual investment advisory fees incurred by clients may vary. Fees are described in Part II of the firm’s ADV, which is available upon request. Fees for accounts in this composite are negotiable and may vary based on individual circumstances. Past performance is not necessarily indicative of future results. A copy of Crawford’s GIPS Reports and policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Returns for the Crawford Balanced Composite and the Passive Blended Benchmark are below. The S&P 500® Index is the Standard & Poor’s Composite Index and is widely regarded as a single gauge of large cap U.S. equities. It is market cap weighted and includes 500 leading companies, capturing approximately 80% coverage of available market capitalization. CRA-2511-1

	25 Years	10 Years	5 Years	1 Year
Crawford Balanced Composite (Gross)	7.17%	7.35%	6.44%	10.98%
Crawford Balanced Composite (Net)	6.81%	6.99%	6.07%	10.53%
Passive Blended Benchmark	6.00%	6.84%	6.59%	10.80%