

# Our View

A QUARTERLY NEWSLETTER

from SABAL TRUST

Conducting post-mortems on investment decision-making should be a routine exercise for all investors with the goal of continual improvement. The luxury of time allows for an introspective look into your decision-making. COVID-19 brought elevated volatility and ambiguity. This experience tested each of us as we embraced the societal and health implications of the virus as well as effects of the synchronized global economic shutdown.

Now, as we move further through time, investors can peer through The Looking Glass, specifically at their investment strategies and how they make decisions.

## The Looking Glass

Experiences, perceptions, and emotions impact and shape our decision-making. An important behavioral influence to recognize is hindsight bias, which encompasses the belief that after an event or outcome has occurred one could have accurately predicted the events that transpired. It is easy to say: "that was obvious", but that has the tendency to be disingenuous and intellectually dishonest.

*Every investor is forced to make decisions with imperfect information, which makes safeguarding assets challenging in a market characterized by extreme uncertainty.*

## Discipline

Remaining focused and disciplined is difficult, especially in the face of adversity which can surface in many forms. Maintaining discipline with your investment strategy is critical to achieving long-term success. When a strategy or style falls out of favor, there is a tendency to want to dispose of the process in favor of what is currently working.

*Abandoning a proven strategy that has delivered over long market cycles is not a recipe for success.*

## Uncertainty vs. Risk

Uncertainty is difficult to define, analyze and manage. Extreme levels of uncertainty clouded the environment during the early days of the COVID-19 outbreak. With time, we are now moving into a new phase of the health crisis. Today, investors can better define specific risks including the economic re-opening process, possible resurgence of the virus, and political divisiveness.

*With increased clarity comes the ability to delineate, quantify and plan for specific risks in a portfolio and deploy the appropriate portfolio management strategies.*

*Each quarter, we'll highlight one of the many ways we help enrich your life and legacy.*

## Above & Beyond CHARITABLE GIFT PLANNING

Contributing personal resources to causes we believe in often brings greater satisfaction and personal joy than spending on ourselves. Whether your focus is on using personal assets to help support current community projects, gifting appreciated or unique assets to favored charities, or brainstorming ways to leave a charitable legacy in your estate plan, a conversation with your Sabal Trust team is encouraged. We welcome the opportunity to partner with you and your legal and tax advisors to create a charitable giving plan that complements your personal goals, minimizes taxes and maximizes your philanthropic impact.

### SERVICES OFFERED

- Retirement Planning
- Investment Management
- IRA Services
- Trust Administration
- Estate Administration/Settlement
- Bill Payment
- Multi-generation Planning
- Charitable Gift Planning
- Real Estate Owned in Trusts

# Dividend Rationale

Companies committed to paying dividends possess higher-quality earnings, greater stability of top-line revenues, and enhanced operating consistency. The strategic allocation of capital is a delicate balancing act. A dividend acts as a signaling effect, indicating management's confidence in a company's operations across various market cycles and economic environments. The payment of dividends exerts a natural governor on management decision-making as dividend-oriented investors expect regular and growing cash distributions.

*Across different market cycles and through different economic environments, dividend-oriented investing and its compounding effects add value and create wealth for investors.*

# Strategy Adjustments

The portfolio management process is dynamic in nature. It requires adaptability to an ever-changing environment as we make decisions against a backdrop of uncertainty. COVID-19 and the extreme health and economic implications were unfathomable at the start of the year. We made changes in the Sabal Dividend Growth portfolio over the last several months to strengthen the already high-quality nature of the companies in our portfolio. We sold stocks with elevated debt levels on their balance sheets and replaced them with companies that have even stronger financial profiles and greater liquidity.

*We believe balance sheet flexibility gives companies a better chance of successfully navigating through the current environment.*

# Investment Philosophy & Strategy

Sabal's investment philosophy focuses on protecting our clients' wealth that they have entrusted in us. We emphasize safeguarding family legacies by applying an investment strategy designed to reduce risk and enhance returns. Specifically, we invest in high quality businesses that are well-run by disciplined management teams, maintain strong balance sheets, generate robust cash flows, and have greater financial flexibility.

*This flexibility leads to capital allocation decisions supporting a growing dividend stream even during the most difficult operating environments.*

# Looking Ahead

We continue to believe that the U.S. economy will display a high degree of resiliency since individuals and companies alike are entrepreneurial and adaptable. However, the path to recovery will offer twists and turns, which is why investment discipline is important.

*The perspective of time will confirm the benefits of remaining disciplined with your investment assets.*

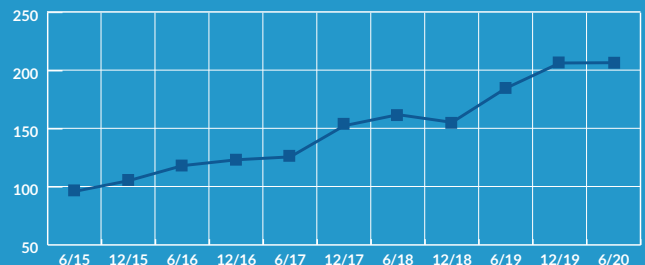


## STOCK FOCUS:

# Accenture

Stock Symbol: **ACN** Market Capitalization: **\$137B** Dividend Yield: **1.5%** Long Term Earnings: **7.4%** 2021 P/E: **25.0x** Return on Equity: **30.5%**

Accenture, one of the world's largest consulting firms offers management consulting, technology, and business process outsourcing services to companies and governments. Future revenue growth should be supported by consulting with clients on adapting to the new economy, specifically in digital, cloud (IoT) and cyber security. ACN's outsourcing business is long-term in nature, which reduces the cyclical nature and creates financial stability. Low debt/equity and solid FCF generation support future dividend growth.



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St. Petersburg  
727.824.8700  
101 Central Avenue  
St. Petersburg, FL 33701

Sarasota  
941.556.0760  
1800 Second Street  
Suite 103  
Sarasota, FL 34236

Tampa  
813.229.2180  
4211 W. Boy Scout Blvd.  
Suite 190  
Tampa, FL 33607

The Villages  
352.751.2199  
1060 Lake Sumter Landing  
The Villages, FL 32162