Enhancing Your Portfolio with High-Yield Dividend Stocks

December 31, 2025

Miller/Howard INVESTMENTS

INVESTMENT PRODUCTS: ARE NOT FDIC INSURED • MAY LOSE VALUE • ARE NOT BANK GUARANTEED

Why High-Yield Dividend Stocks?

Superior Historical Performance
(vs stocks & bonds)
both historically and over long rolling periods

Lower Volatility

Great for Retirement Funding

Favorable Current Outlook

Miller Howard INVESTMENTS

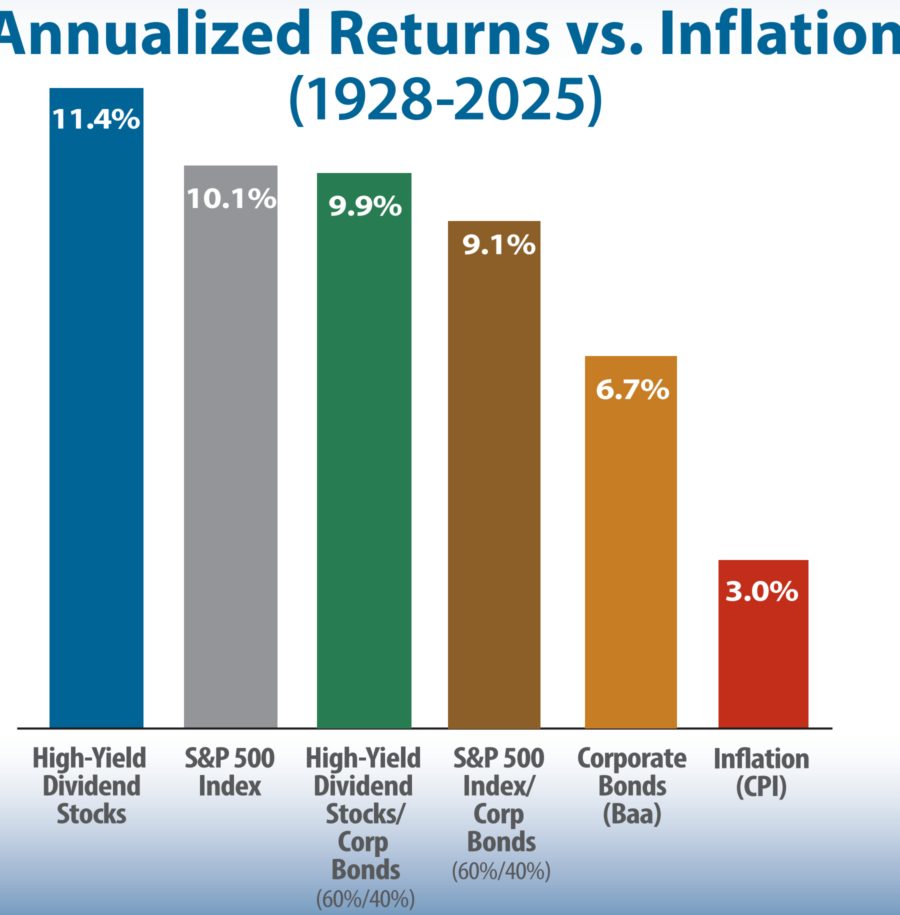
Superior Historical Performance

(vs stocks & bonds)

High-Yield Dividend Stocks Have Outperformed

Over the Long Term

- Investors look to high-yield dividend stocks for both higher income and total returns.
- Markets zig and zag, but high-yield dividend stocks have outperformed both the broad market (S&P 500) and corporate bonds over the long term.



Miller Howard INVESTMENTS

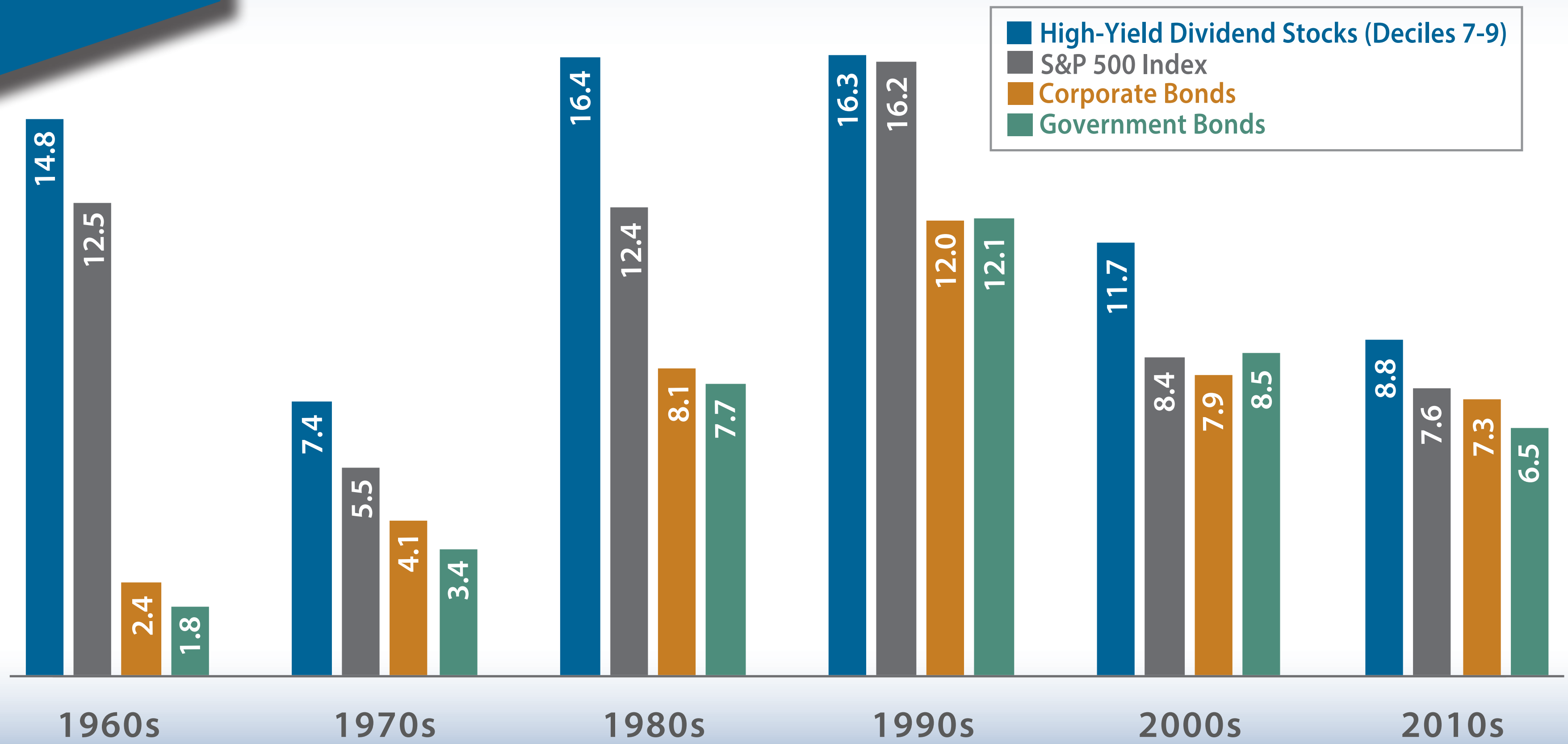
As of December 31, 2025. Sources: Morningstar Direct; Federal Reserve Bank of St. Louis (FRED); Fama/French; Damodaran Historical Returns US (NYU Stern School of Business). High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted). Inflation is the year-over-year change of the Consumer Price Index for All Urban Consumers (CPI Index). Baa Corp Bond returns are calculated by Damodaran dataset using Moody's Seasoned Baa Corporate Bond Yield (BAA), retrieved from FRED. 60/40 portfolios are rebalanced annually.

Superior Historical Performance

(vs stocks & bonds)

High-Yield Dividend Stocks Have Outperformed

Over Decades



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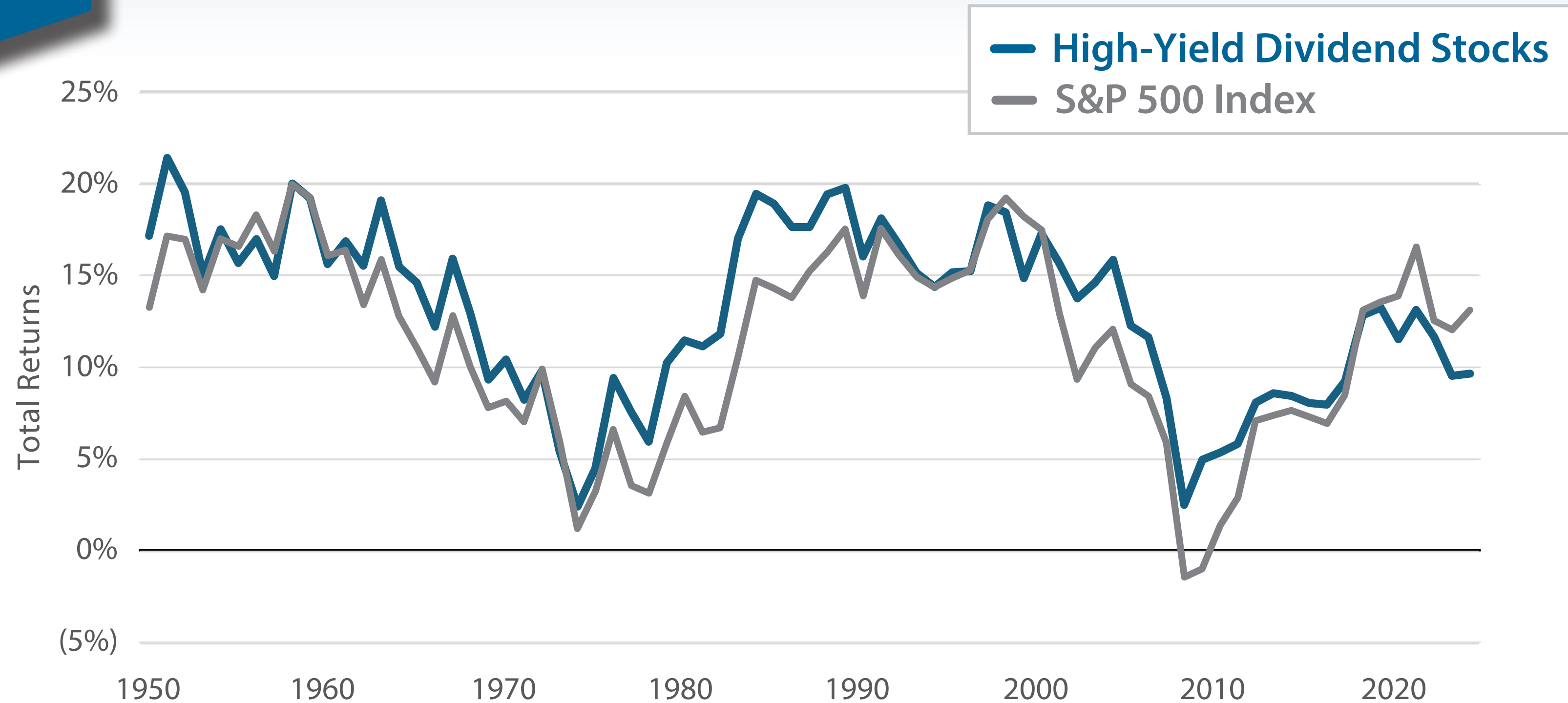
As of December 31, 2025, reflecting data through the end of the 2010s as of December 31, 2019. Based on the rolling 10-year annualized total returns, ending each calendar year, averaged by decade. Sources: Fama/French; 2019 Stocks, Bonds, Bills and Inflation ("SBBI Yearbook"); S&P 500 Index data as reported to Morningstar Direct; Miller/Howard Research & Analysis. High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted); Long-term government and corporate bond returns are based on the SBBI Yearbook.

Superior Historical Performance

(vs stocks & bonds)

High-Yield Dividend Stocks Have Outperformed

Over Most 10-Year Investment Horizons



- With 10-year investment periods, 75% of the time, you would have been better off with the high-yield dividend stocks versus the S&P 500.

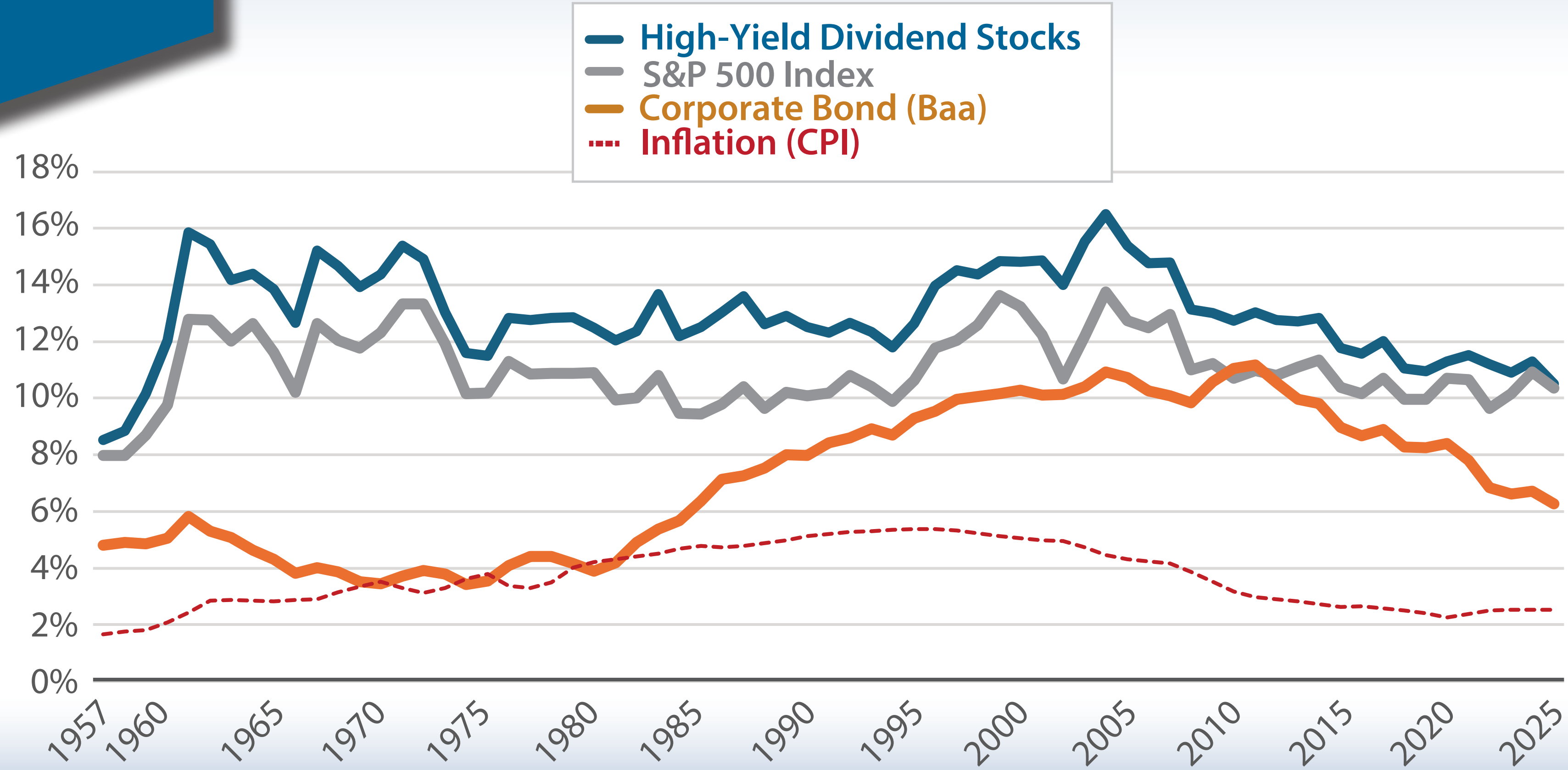
As of December 31, 2025. Sources: Fama-French; Morningstar Direct; Miller/Howard Research & Analysis. Based on the past 75 calendar years. Returns are annualized. High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted).

Superior Historical Performance

(vs stocks & bonds)

High-Yield Dividend Stocks Have Outperformed

Over 30-Year Investment Horizons



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As of December 31, 2025. Sources: Morningstar Direct; Federal Reserve Bank of St. Louis (FRED); Fama/French; Damodaran Historical Returns US (NYU Stern School of Business). High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted). Inflation is the year-over-year change of the Consumer Price Index for All Urban Consumers (CPI Index). Baa Corp Bond returns are calculated by Damodaran dataset using Moody's Seasoned Baa Corporate Bond Yield (BAA), retrieved from FRED.

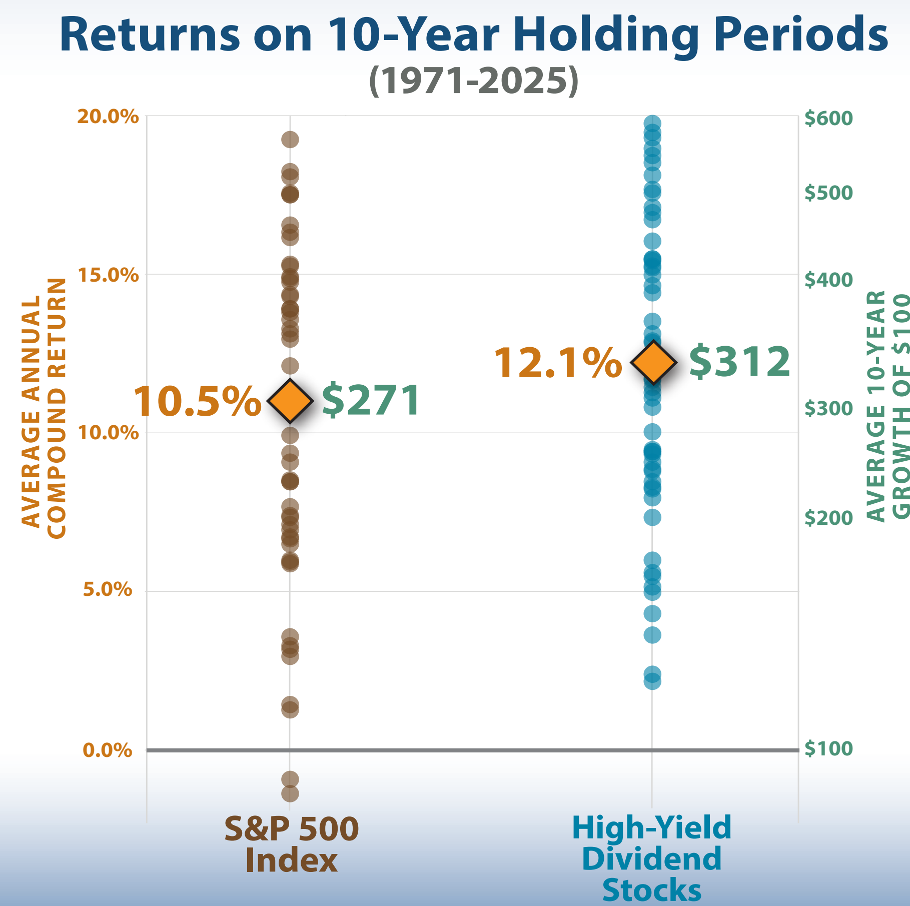
Superior Historical Performance

(vs stocks & bonds)

High-Yield Dividend Stocks Have Outperformed

Over 10-Year Periods—Positive Historical Returns

- Looking at the total return for 10-year holding periods ending over the past 50 years, investors in the S&P 500 saw a compound average annual return of 10.5% versus 12.1% for high-yield dividend stocks.
- Over the last 50 years high-yield dividend stocks did not have a single 10-year period with a negative return.



Miller/Howard INVESTMENTS

As of December 31, 2025. Sources: Morningstar Direct; Fama/French; Miller/Howard Research & Analysis. Based on the rolling 10-year annualized total returns. Each dot represents the trailing 10-year annualized total return, ending each calendar year. High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted).

Why High-Yield Dividend Stocks?

Superior Historical Performance
(vs stocks & bonds)

***Lower Volatility** means better downside protection*

Great for Retirement Funding

Favorable Current Outlook

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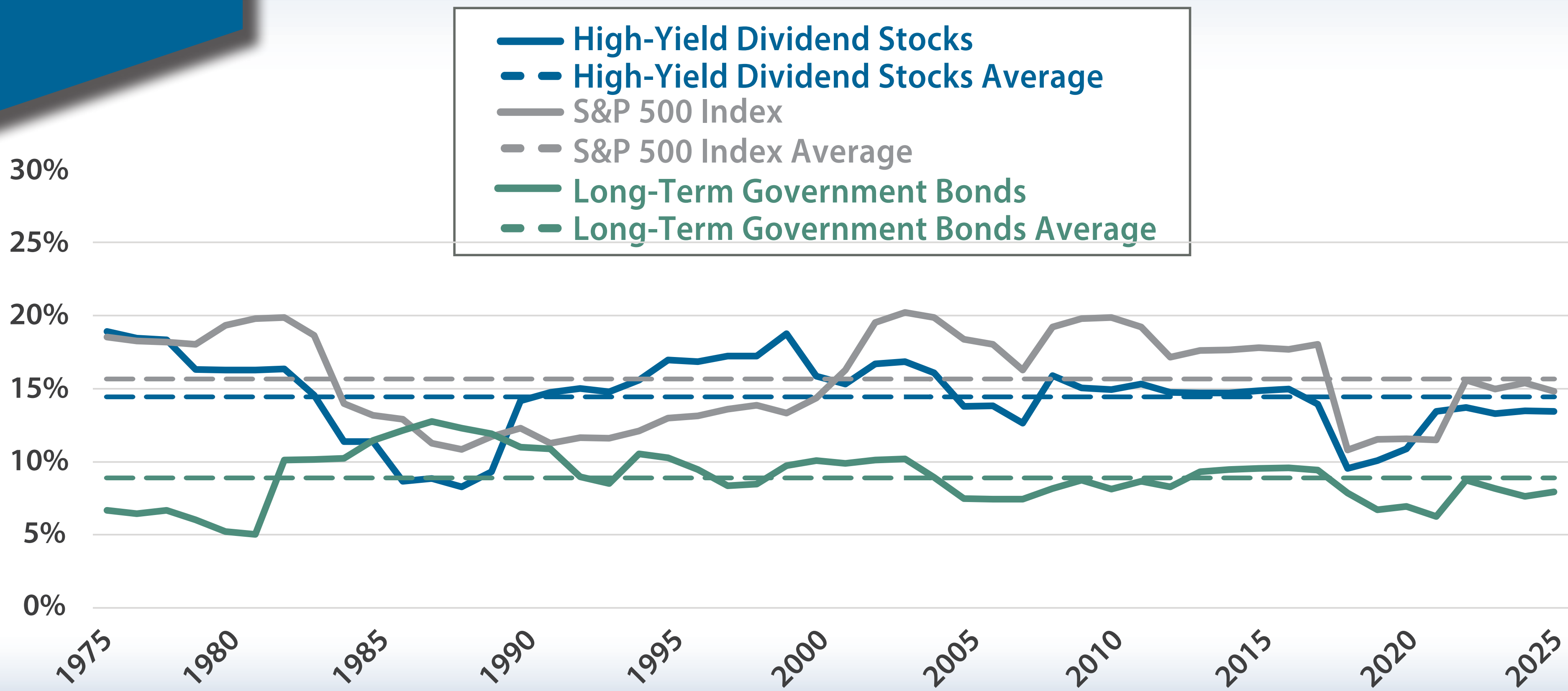
Lower Volatility

High-Yield Stocks Have Had Lower Volatility than the S&P 500

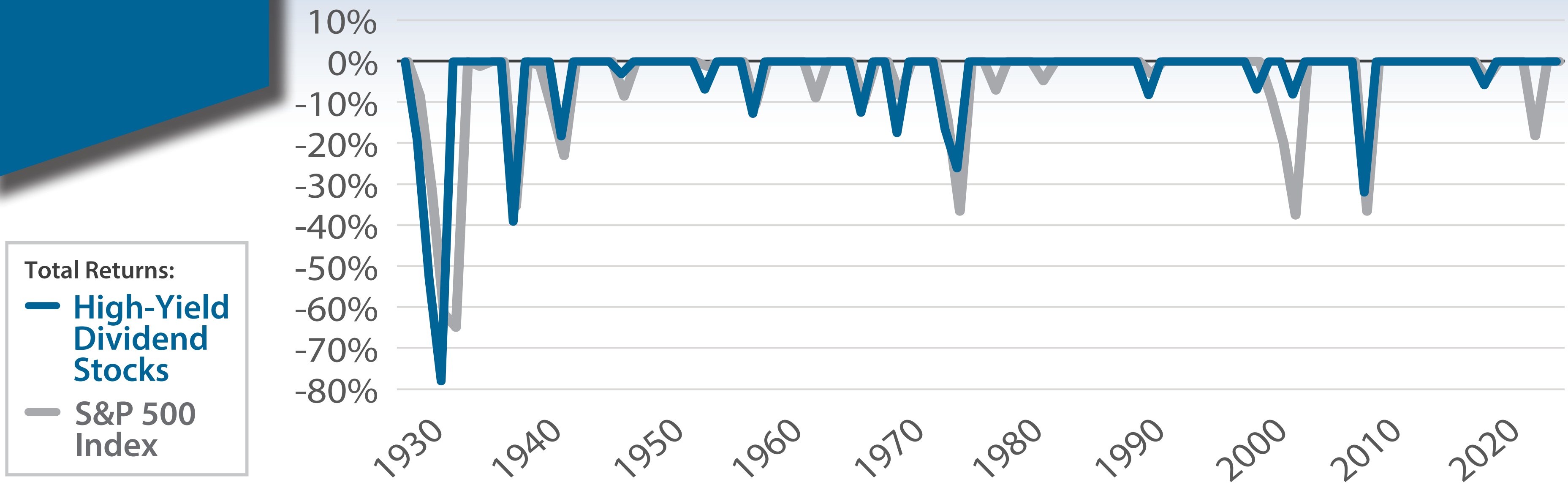


Miller/Howard INVESTMENTS

As of December 31, 2025. Sources: Bloomberg; Fama/French; Damodaran Historical Returns US (NYU Stern School of Business); Miller/Howard Research & Analysis. High-Yield Dividend Stocks =total return of a basket of deciles 7, 8, & 9 as provided by Fama/French (value weighted). Note: Rolling 10-Year Standard Deviation over the last 50 years ending 12/31/2025 using calendar year returns beginning 1967. The Long-Term Government Bond is the US treasury 10-year bond at end of each year (sourced from the NYU data set).

Lower Volatility

High-Yield Equities Had Lower Drawdowns in Recent Decades



- Spending in retirement is complicated because severe drawdowns might lead to an empty account.
- It's completely understandable to consider the worst case scenarios—everyone wants to enjoy retirement free of worry.
- The best retirement plan will have plenty of "time in the market" with high-returning assets but must be able to survive severe drawdowns.

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As of December 31, 2025. Sources: Morningstar Direct; Fama/French; Damodaran Historical Returns US (NYU Stern School of Business). High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted).

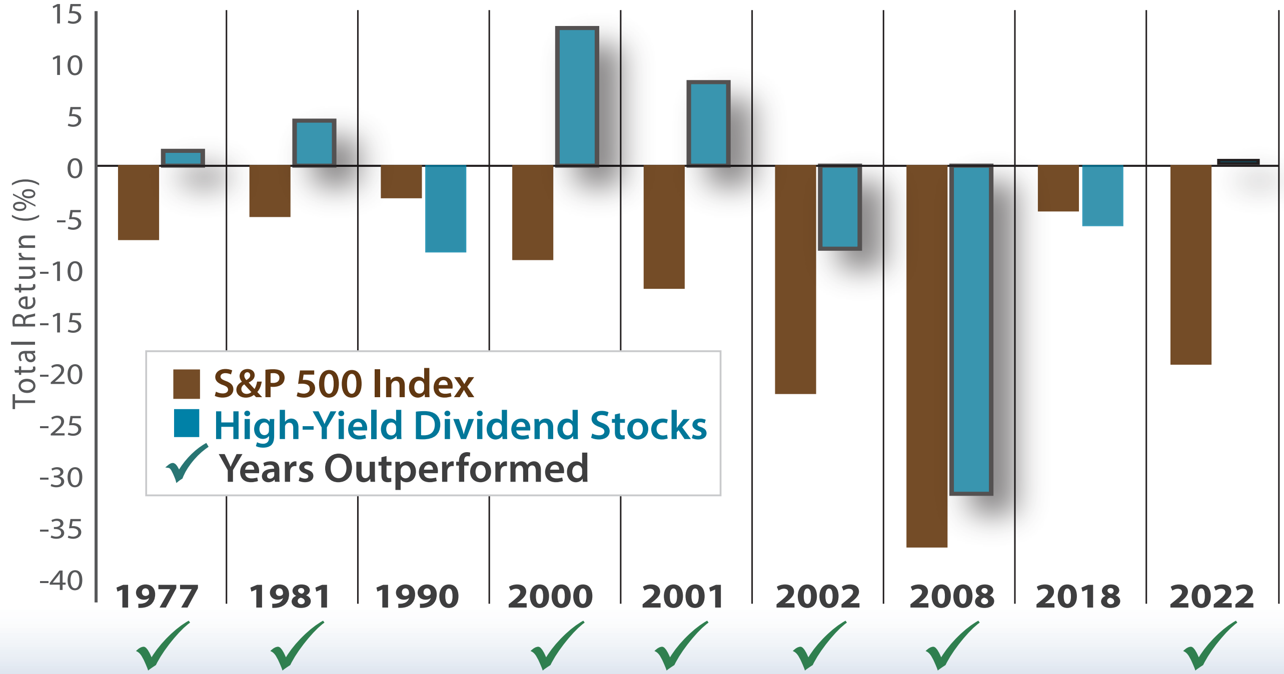
Lower Volatility

High-Yield Dividend Stocks Have Fared Well in Down Years

Looking back at the last 50 years (1975-2025), the S&P 500 Index has had 9 down years.

High-yield dividend stocks outperformed the S&P 500 in 78% of the down years, and actually had positive absolute returns 56% of the time.

Overall, high-yield dividend stocks outperformed the S&P 500 by almost 10% annually during the down years.*



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As of December 31, 2025. Sources: Morningstar Direct; Fama/French; Miller/Howard Research & Analysis. Based on the rolling 10-year annualized total returns, ending each calendar year. High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted). *Based on an annualized return of the nine annual periods.

Why High-Yield Dividend Stocks?

Superior Historical Performance
(vs stocks & bonds)

Lower Volatility

Great for Retirement Funding
to avoid running out of money

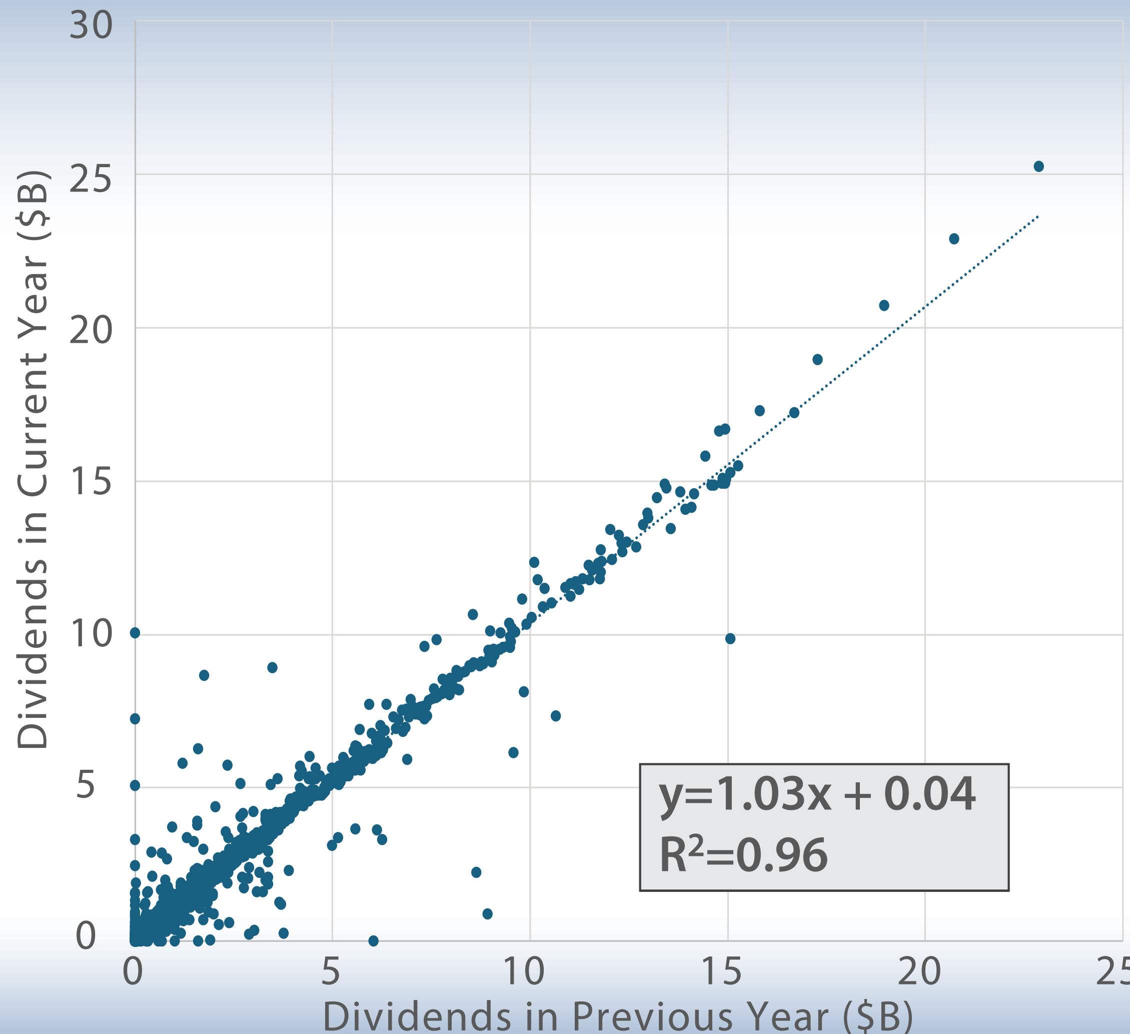
Favorable Current Outlook

Miller/Howard INVESTMENTS

Great for Retirement Funding

Dividends Can Be Predictable

- Dollars spent by a firm on dividends are highly predictive of dividend spending in the subsequent year, with 96% of the variation explained.
- Dividend spending *rises* 3% per year on average.



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As of December 31, 2025. Source: LSEG; Miller/Howard Research & Analysis. Universe is members of the S&P 500 Index as of calendar year end beginning 12/31/2015 through 12/31/2025.

Great for Retirement Funding

What's the Best Way to Fund Retirement?

Traditional advice tends to have two key features:

• Spending plans that are unconnected to investment outcomes. The classic "4% Rule" is one such plan—at retirement, spending is set at 4% of savings and then grows by the rate of inflation regardless of investment performance.

• Investment plans that sacrifice returns for safety. Bonds (in the classic 60% stocks/40% bonds portfolio) and cash sacrifice investment returns for safety.

Dividend investing provides an alternative to these traditional retirement solutions.

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Great for Retirement Funding

Our Retirement Simulations

Using historical returns, we simulated 69 30-year retirements, starting from 1928-1957 (all ranges are inclusive), 1929-1958, and so on.

We use the "4% Rule" to model spending in retirement, with the retiree spending 4% of savings in the first year of retirement and then growing spending by the rate of inflation.

We compare this to the "Dividend Spending Rule" where retirees set their spending budgets equal to dividend income each year.

High-Dividend Yield Stocks Are Successful In Both Spending Models.

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Great for Retirement Funding

Which Asset Allocations Do Best in Retirement?

Success Rate Was Higher For High-Yield Dividend Stocks Than S&P 500 Index

Dividend Rule for High-Yield Stocks Never Ran Out of Money

Spending Rule:	Dividend Spending	Inflation-Adjusted 4% Annual Withdrawal				
	High-Yield Dividend Stocks	Corporate Bond (Baa)	High-Yield Dividend Stocks	S&P 500 Index	High-Yield Dividend Stocks/ Corp Bond (60%/40%)	S&P 500 Index/ Corp Bond (60%/40%)
Failure	0	30	1	5	0	1
Reduced Ending Estate	2	16	2	6	3	16
Higher Ending Estate	67	23	66	58	66	52

Based on 69 Simulated 30-Year Retirement Periods

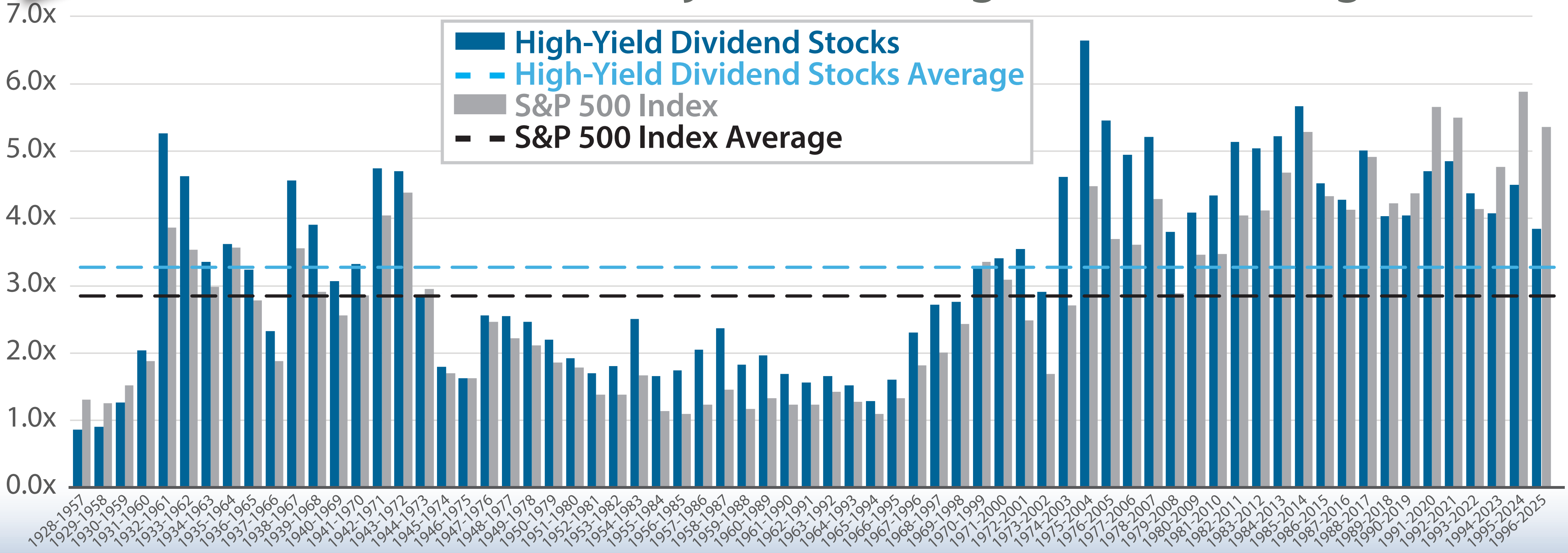
Miller/Howard INVESTMENTS

As of December 31, 2025. Sources: Morningstar Direct; Federal Reserve Bank of St. Louis (FRED); Fama/French; Damodaran Historical Returns US (NYU Stern School of Business); Miller/Howard Research & Analysis. "Reduced Ending Estate" and "Higher Ending Estate" starting values are post-inflation-adjusted withdrawal versus initial retirement account. 60%/40% portfolios are rebalanced annually. "Dividend Spending: High-Yield Stocks" withdrawals are not inflation adjusted; withdrawals are income generated by the portfolios during each calendar year of the 30-year periods. High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted).

Great for Retirement Funding

Dividend Spending Rule— High-Yield Dividend Stocks Left Larger Estates vs S&P 500 Index

Estate Ratio (Inflation-Adjusted Ending vs Initial Savings)



Miller/Howard INVESTMENTS

As of December 31, 2025. Sources: Federal Reserve Bank of St. Louis (FRED); Fama/French; Damodaran Historical Returns US (NYU Stern School of Business); Miller/Howard Research & Analysis. Estate Ratio is the end balance divided by the initial balance adjusted for inflation. High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted).

Why High-Yield Dividend Stocks?

Superior Historical Performance
(vs stocks & bonds)

Lower Volatility

Great for Retirement Funding

Favorable Current Outlook
with attractive valuations, higher yields, and faster compounding from dividend growth

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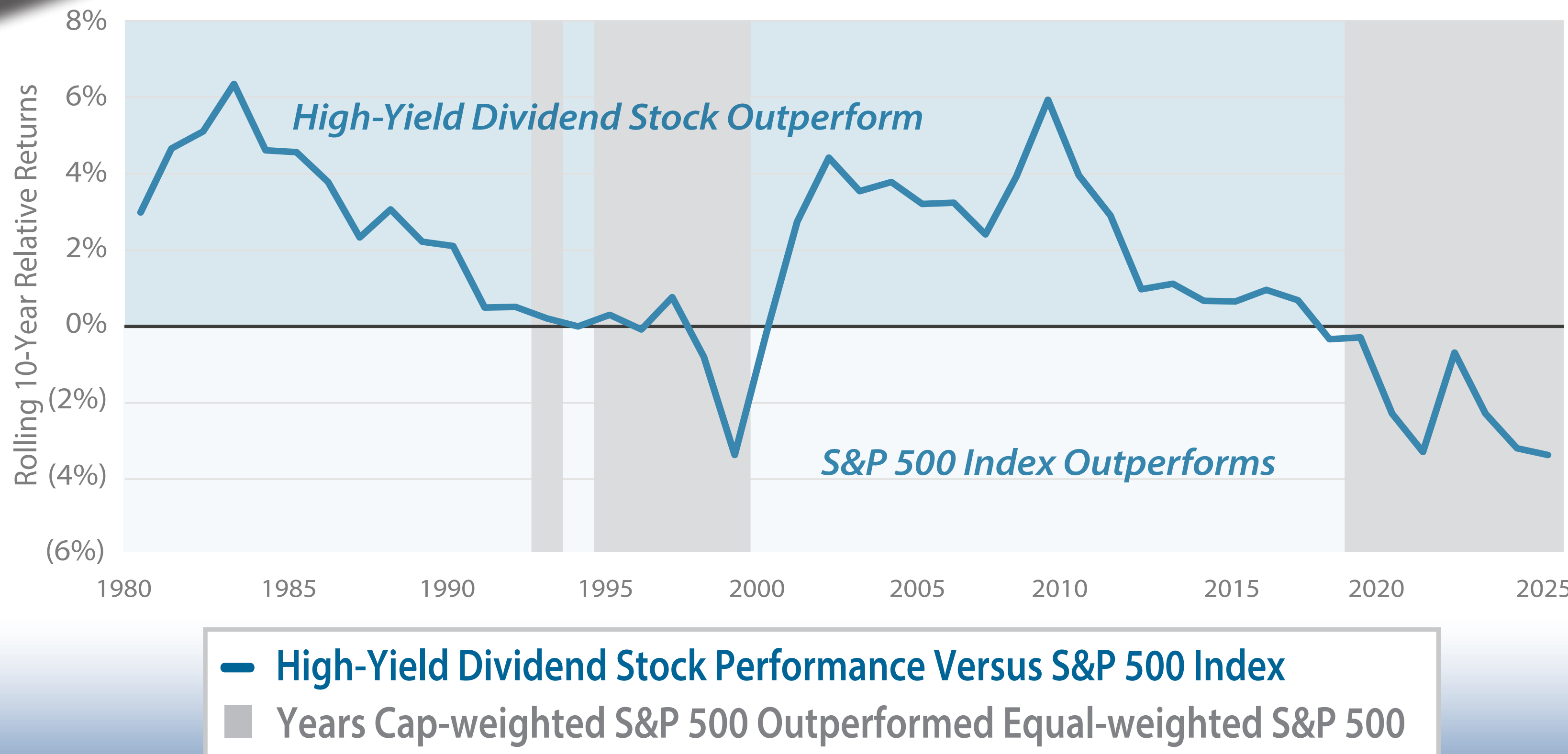
Favorable Current Outlook

Recent Outperformance of the Cap-Weighted Index Is a Headwind for High-Yield Dividend Stocks



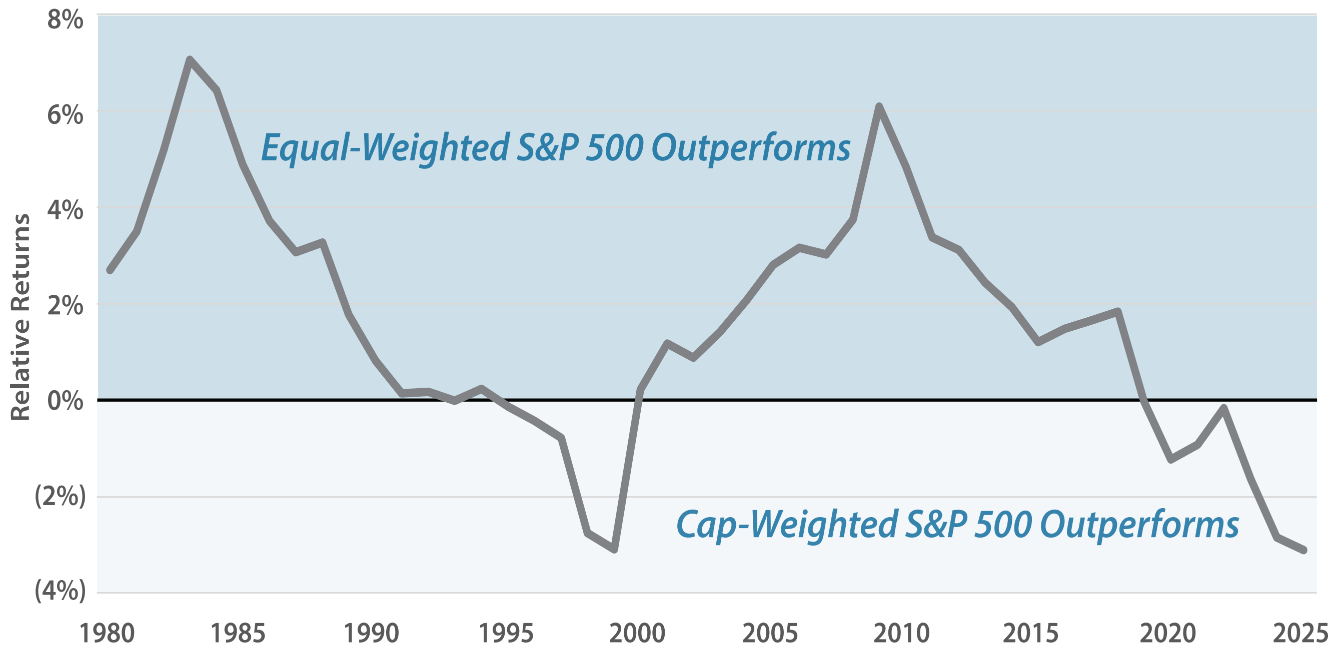
Miller/Howard INVESTMENTS

As of December 31, 2025. Source: Fama-French; Morningstar Direct; Miller/Howard Research & Analysis. Based on rolling 10-year anualized relative returns. High-Yield Dividend Stocks=total return reflects a basket of the returns for deciles 7, 8, & 9 as provided by Fama/French (value weighted).

Favorable Current Outlook

Recent Cap-Weighted Versus Equal-Weighted Index Outperformance Is Unusual Relative to History

- Outperformance of small and mid-capitalization companies propels the equal-weighted version of the S&P 500 to higher returns.
- In recent years, the largest cap companies have been the big winners, resulting in their increasing fraction of the index.

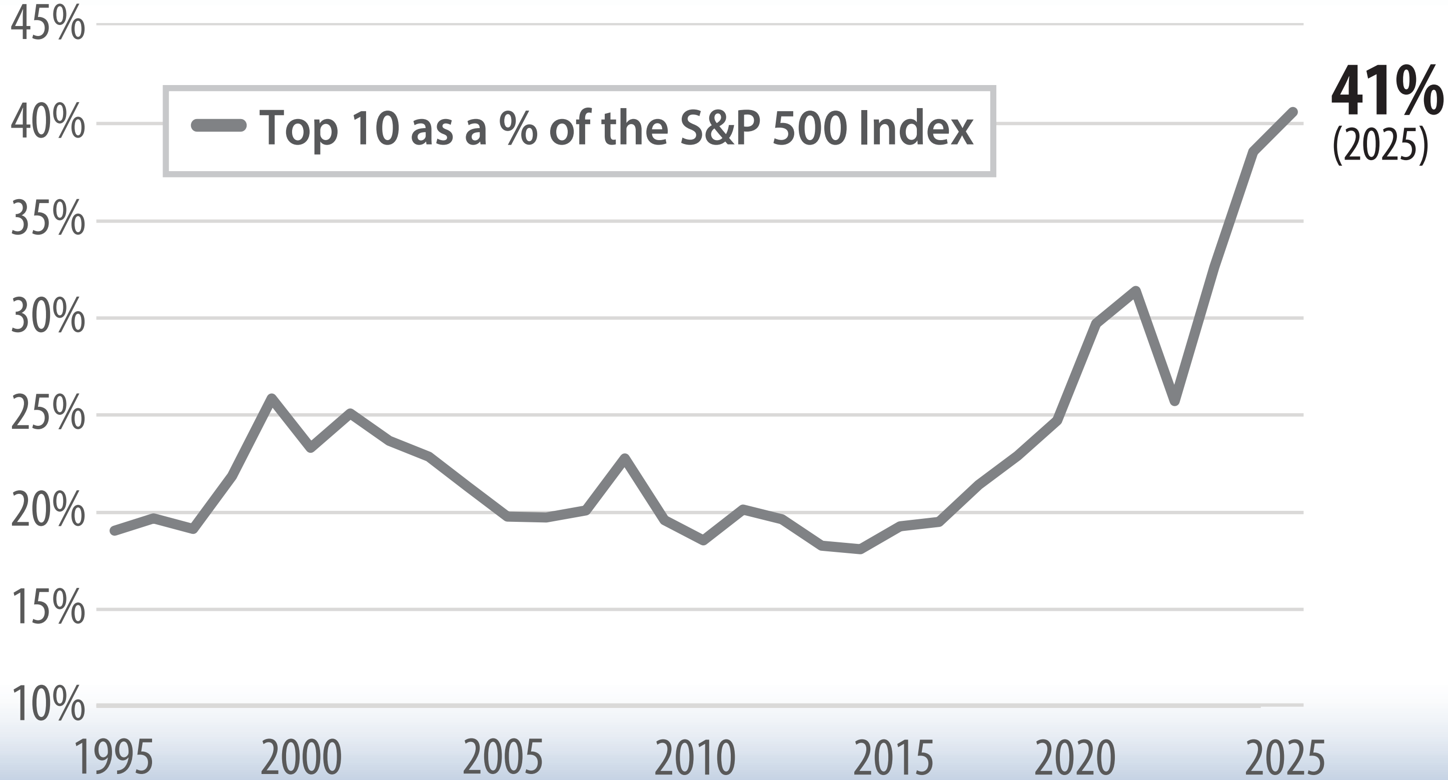


Miller/Howard INVESTMENTS

As of December 31, 2025. Sources: Bloomberg; LSEG; Miller/Howard Research & Analysis. Based on rolling 10-year annualized relative returns.

Market Concentration Reached a Peak in 2025

Weighting by Market Capitalization Has Been Important to the Returns of the S&P 500



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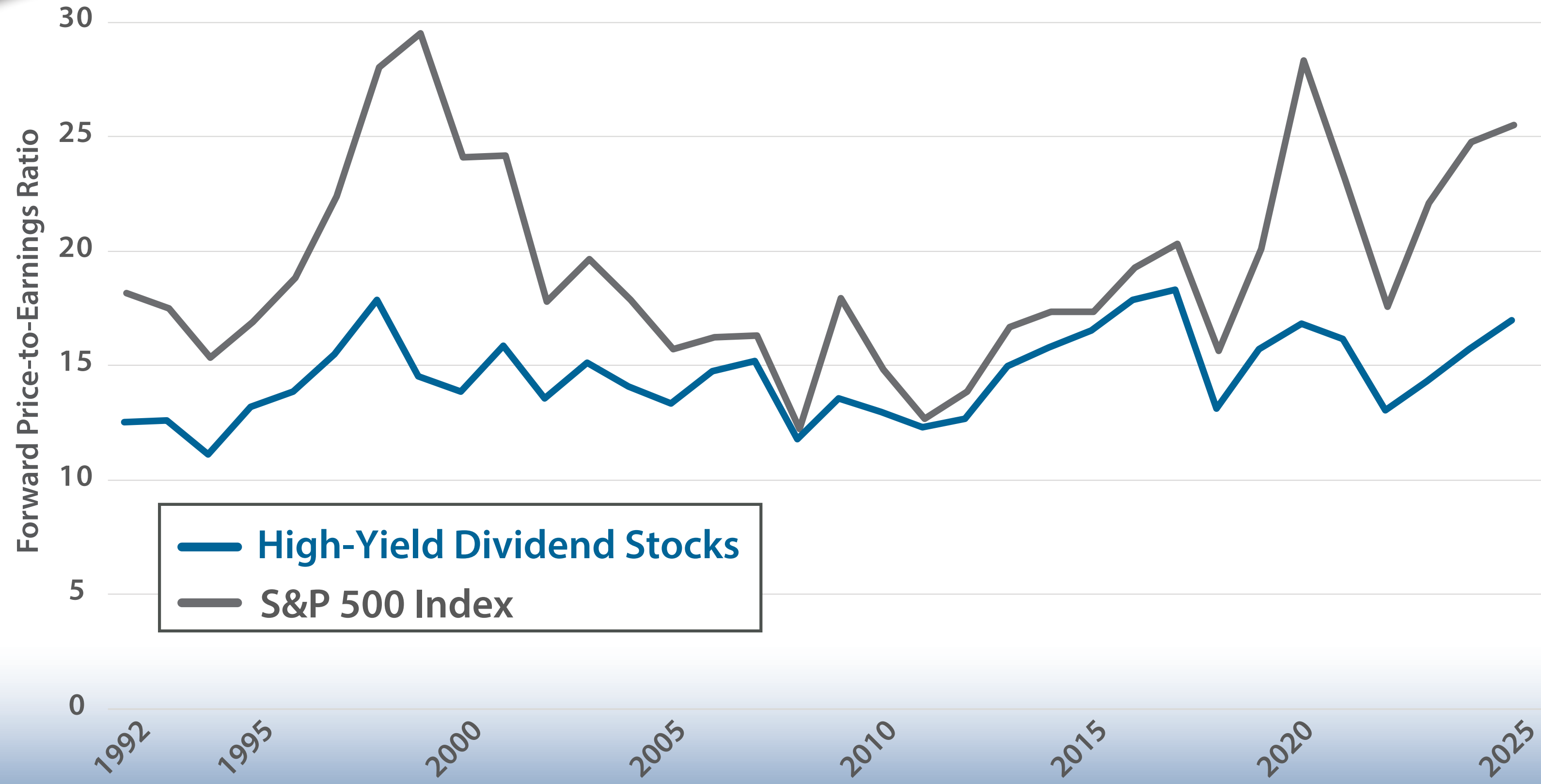
As of December 31, 2025. Sources: Bloomberg; Miller/Howard Research & Analysis. Note: We ran two screens for members of the S&P 500 Index by calendar year-end date. Members were ranked by market capitalization where 1 was the highest. The first screen was limited to the top 10 by market cap. The second screen was all other members. The total market cap of each selection period was used to calculate top ten percent totals. Stocks with multiple classes (e.g., Alphabet Inc.) were combined so as to include their market captilization once in the total sum.

Favorable Current Outlook

High-Yield Dividend Stocks Have Lower Valuations

Valuation Spread for High-Yield Dividend Stocks Versus S&P 500



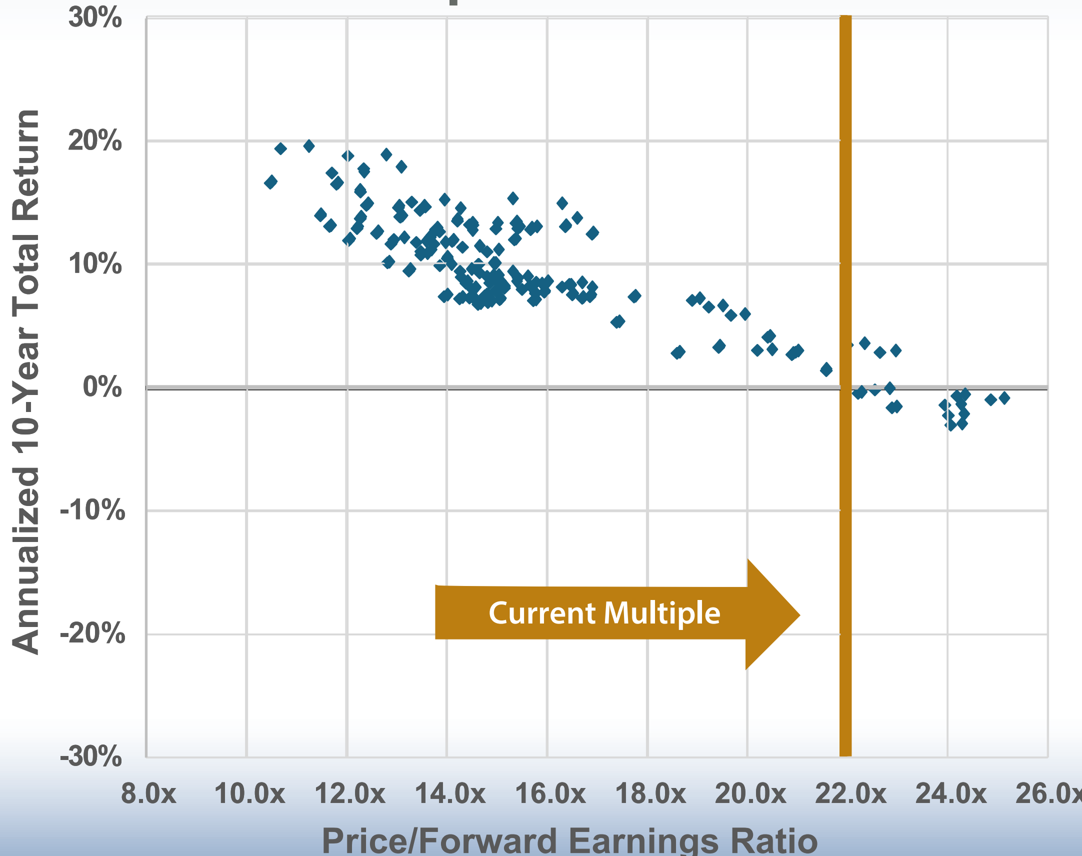
Miller/Howard INVESTMENTS

As of December 31, 2025. High-yield dividend stocks consists of decile 7-9 of a universe of US dividend-paying common stocks with a market capitilization equal to or greater than $1 billion. Sources: Bloomberg; Miller/Howard Research & Analysis.

Favorable Current Outlook

Historically Higher Starting Valuations Meant Lower Subsequent Returns

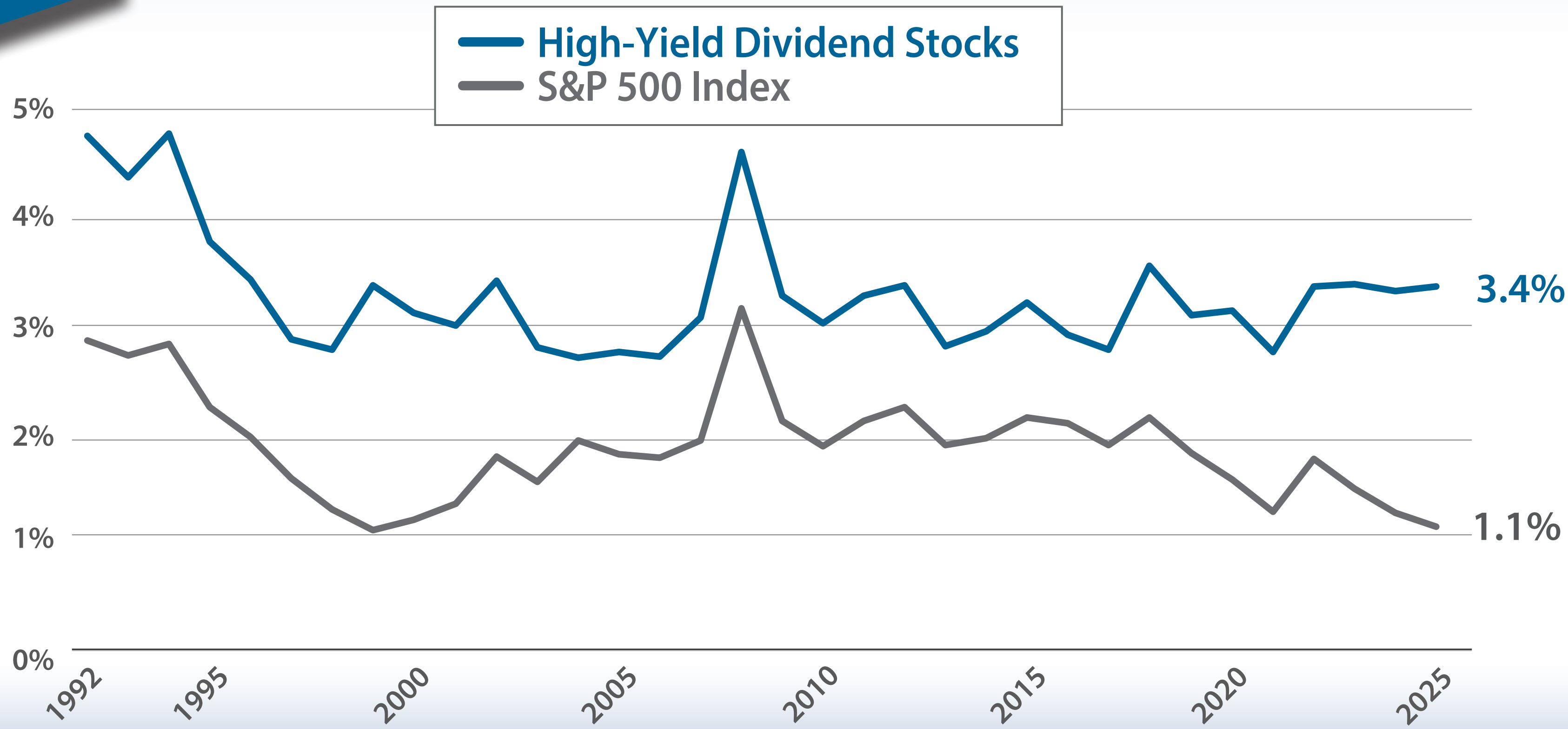
S&P 500 Index Valuations Versus Subsequent 10-Year Returns



As of December 31, 2025. Sources: Bloomberg; Morningstar Direct; Miller/Howard Research & Analysis.

Favorable Current Outlook

Dividend Spread of High-Yield Dividend Stocks Versus S&P 500 Is Wide



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Favorable Current Outlook

Large Shift in the Top 10 Members of the Russell 1000 Value Index

Ticker	Company Name	Fwd. P/E 6/30/25	Weight 6/30/24	Weight 6/30/25	Change in Weight	Rank 6/30/24	Rank 6/30/25	Change in Rank
BRK.B	**Berkshire Hathaway**	24x	3.2%	3.2%	**0bps**	1	1	**Same**
JPM	**JPMorgan Chase**	16x	2.5%	2.9%	**+40bps**	2	2	**Same**
GOOGL/ GOOG	**Alphabet (Class A)/ Alphabet (Class C)**	19x	*	2.4% (GOOGL 1.3% + GOOG 1.1%)	**+240bps**	*	3	**New**
AMZN	**Amazon**	35x	*	2.1%	**+210bps**	*	4	**New**
XOM	**Exxon Mobil**	16x	2.2%	1.7%	**-50bps**	3	5	**-2**
WMT	**Walmart**	36x	1.3%	1.4%	**+10bps**	7	6	**+1**
PG	**Procter & Gamble**	23x	1.3%	1.3%	**0bps**	6	7	**-1**
JNJ	**Johnson & Johnson**	14x	1.5%	1.3%	**-20bps**	5	8	**-3**
BAC	**Bank of America**	13x	1.2%	1.1%	**-10bps**	8	9	**-1**
META	**Meta Platforms**	28x	*	1.0%	**+100bps**	*	10	**New**

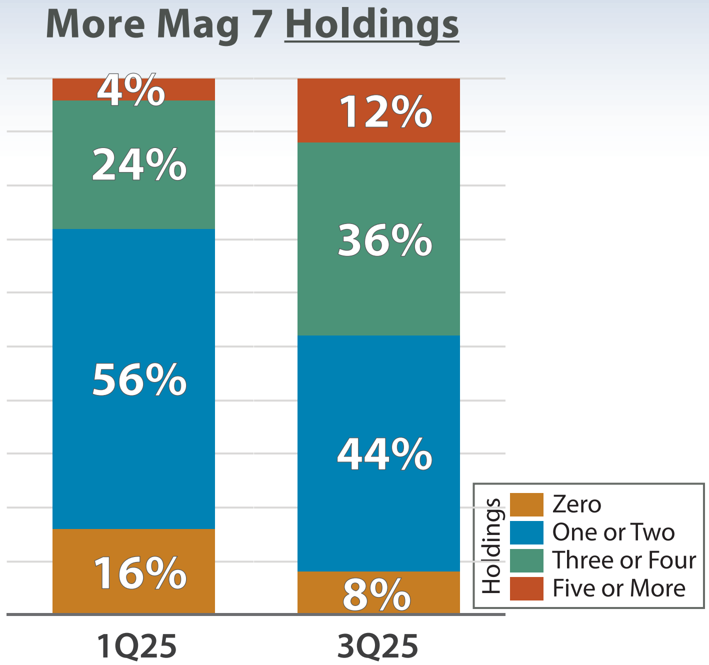
- The June 2025 Russell 1000 Value Index recostitution marked a key moment as three mega-cap stocks shifted from pure growth to part growth and part value: Alphabet (GOOGL/ GOOG), Amazon (AMZN), and Meta Platforms (META).
- All three became top 10 positions in the Russell 1000 Value due to their outsizedmarket capitalizations, despite only a portion of their total weight being allocated to value. Further, these three stocks were top 10 holdings in both the Russell 1000 Growth and Value indicies.

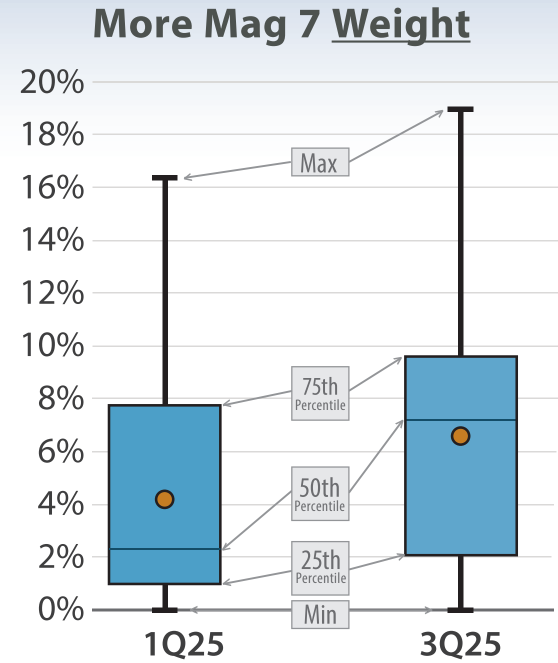
Miller/Howard INVESTMENTS

As of June 30, 2025. Sources: LSEG; Bloomberg; Miller/Howard Research & Analysis. GOOGL/GOOG share classes are combined. * Google, Amazon, and Meta were not members of the Russell 1000 Value Index as of June 30, 2024. BAC, JNJ, JPM, and XOM were held in Miller/Howard portfolios as of December 31, 2025.

Favorable Current Outlook

Value Managers Increased Exposure to the Mag 7





- We looked at the top 25 Large Cap Value active managers one quarter prior to and one quarter after the Russell 1000 Value Index rebalance in June 2025.
- Withing our analysis, over 25% of the products evaluated had "dividend" or "income" in the product name. These products had an above-average number and above-average weight in the Mag 7.
- Ultimately, the high Mag 7 weights withing value portfolios creates the illusion of diversification while heightening exposure to market concentration risks.

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As of September 30, 2025. Sources: Morningstar Direct; Miller/Howard Research & Analysis. Based on the Morningstar US Large Cap Value SMA universe, sorted by AUM as of 3Q25 to identify the largest 25 products; those same managers are compared as of 1Q25. The floating bars represent the 25th, 50th, and 75th percentiles. The whiskers represent the maximum and minimum. The orange dot is the average of the managers. Mag 7 are NVIDIA Corp (NVDA), Microsoft Corp (MSFT), Apple Inc (AAPL), Amazon.com (AMZN), Meta Platforms (META), Alphabet Inc (GOOGL/GOOG), and Tesla Inc (TSLA). Miller/Howard does not hold six of the members of the Magnificent 7; TSLA was held in our Clean Energy portfolio as of September 30, 2025.

Enhancing Your Portfolio with
High-Yield Dividend Stocks

Superior Historical Performance
(vs stocks & bonds)
both historically and over long rolling periods

Lower Volatility
means better downside protection

Great for Retirement Funding
to avoid running out of money

Favorable Current Outlook
with attractive valuations, higher yields, and faster compounding from dividend growth

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Disclosure

Miller/Howard Investments Inc. is an independent, research-driven investment boutique with over three decades of experience managing portfolios for major institutions and individuals in dividend-focused investment strategies. The firm is 100% employee-owned through an Employee Stock Ownership Plan (ESOP).

We continue to evolve and develop portfolios that strive to provide investors with various levels of current income and dividend growth. With a primary goal of reliable income and long-term returns, coupled with a belief that investors can play an important role in securing a sustainable future, our portfolios include environmental, social, and governance (ESG) research and/or screening, direct engagement with companies, filing shareholder resolutions, proxy voting, coalition building, and/or public policy involvement.

This report represents Miller/Howard Investments' views. The statistics and projections cited in this report have been provided by sources generally considered to be reliable, but are not guaranteed. Opinions and estimates offered constitute Miller/Howard Investments' judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. This material is solely informational. The information and analyses contained herein are not intended as tax, legal, or investment advice and may not be appropriate for your specific circumstances; accordingly, you should consult your own tax, legal, investment, or other advisors, at both the outset of any transaction and on an ongoing basis, to determine such appropriateness. The material may also contain forward-looking statements that involve risk and uncertainty, and there is no guarantee they will come to pass. **Any investment returns—past, hypothetical, or otherwise—are not indicative of future performance.** The information provided should not be considered a recommendation to buy or sell any security, and should not be considered investment, legal, or tax advice. Securities mentioned are being shown for informational purposes only. Buy and sell rationales are the express opinions of MHI's investment team. These securities should not be considered a recommendation to buy, sell, or hold any of the securities and are not intended to imply that any one security listed above, or the portfolio as a whole, is suitable for a particular client. There is no assurance that the securities purchased have remained or will remain in the portfolio or that securities sold have not been or will not be repurchased. To receive a list of all recommendations for the previous year, please email compliance@mhinvest.com. Common stocks do not assure dividend payments. Dividends are paid only when declared by an issuer's board of directors, and the amount of any dividend may vary over time. Dividend yield is one component of performance and should not be the only consideration for investment. The returns on a portfolio that utilizes environmental, social, or governance (ESG) criteria for stock selection may be lower or higher than portfolios where ESG factors are not considered, and the investment opportunities available to such portfolios may differ.

DEFINITIONS:

Price-Earnings Ratio (P/E)—The ratio of a company's share price to its earnings per share. The ratio is used as a valuation tool and can help determine whether a company is overvalued or undervalued.

S&P 500 Index® widely regarded as the best single gauge of large-cap US equities and serves as the foundation for a wide range of investment products. The Index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

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