Procter & Gamble

Broadly diversified consumer goods company from the USA

The consumer goods giant Procter & Gamble sells its products in more than 180 countries, generating annual revenue of over $76 billion. Some of the company's most important brands include Gillette, Pampers, Ariel, Febreze, Head & Shoulders, Bounty, Braun, Oral-B, Tide, Charmin, and Crest.

Until 2015, the company also grew significantly through acquisitions, but eventually, it became too unwieldy, losing market share, revenue, and profit. In 2017, activist investor Nelson Peltz joined Procter & Gamble and put significant pressure on management. During the subsequent restructuring, the number of consumer brands in the portfolio was reduced from around 170 to about 65, allowing P&G to now focus on its most successful core brands.

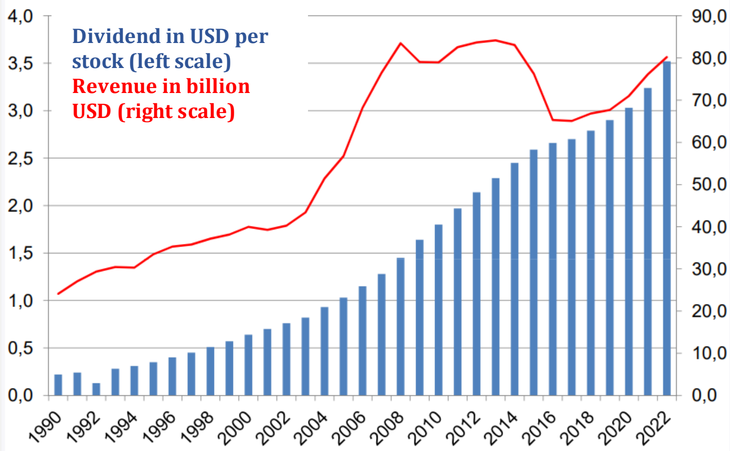
Focus on the USA

Procter & Gamble is a producer of defensive consumer goods, which are purchased in any economic situation. The USA dominates with 49 percent of the company's revenue, followed by Europe with 21 percent, China with ten percent, Asia-Pacific with eight percent, Latin America with six percent, and India and the Middle East, also with six percent.

Essential Consumer Goods

Procter & Gamble generates nearly 35 percent of its revenue from Fabric and Home Care, with a profit margin of 21 percent. Around 25 percent comes from Baby, Feminine, and Family Care, which has a 22 percent profit margin. Another 18.5 percent is from Beauty, with a 27 percent margin, and 13.5 percent from Health Care, which delivers a 25 percent profit margin. The Grooming segment, focused on shaving products, is the smallest at just over eight percent of revenue but is the most profitable, with a 28 percent profit margin.

Dividend and Revenue since 1990



Procter & Gamble has increased its dividend payments annually for 66 consecutive years. This makes the company not only one of the Dividend Aristocrats but also part of the exclusive list of Dividend Kings. The relatively modest dividend yield of 2.4 percent is, in a sense, the price for this consistency. The steady dividend increases through various economic cycles and crises demonstrate the exceptional resilience of the business model. Procter & Gamble possesses the brand strength, competitive advantages, and profitability to maintain its consistent annual dividend increases in the long term.

Successful Repositioning

Following its restructuring, Procter & Gamble has emerged as a more agile and flexible organization with improved growth prospects. While the company divested low-margin businesses with limited growth potential, it retained its key consumer brands such as Tide, Charmin, Pampers, Gillette, and Crest.

The focus is now on the company's strongest and most profitable brands, allowing Procter & Gamble to benefit from lower costs and higher margins. The cost-cutting measures have led to an industry-leading operating profit margin of around 22 percent (EBIT/revenue).

Procter & Gamble

High Cash Reserves and Stock Buybacks

Procter & Gamble received billions of dollars from its numerous asset sales, some of which were used for stock buybacks. These buybacks have gradually increased the company's earnings per share, and additional funds are now available to the new CEO, Jon R. Moeller, who took office on November 1, 2021, for investments and potential acquisitions of successful brands. Naturally, these funds are also available for further stock buybacks and dividends. The strong growth in free cash flow, averaging 7.7 percent per year over the last five years, also points to continued dividend increases.

Key Figures

ISIN	US7427181091
Country	USA
Industry	Consumer Goods
Market Capitalization	357.37 billion USD
Performance over the last 10 years	+191%
Revenue Growth 5 Years p.a.	+4.3%
Earnings Growth 5 Years p.a.	+0.7%
Free Cash Flow Growth 5 Years p.a.	+7.7%
Equity Ratio 5-Year Avg.	44.2%

Dividend Data

Payout Interval / Month	Quarterly / Feb.-May.-Aug.-Nov.
Dividend Last Fiscal Year	3.52 USD
Dividend Yield Last Fiscal Year	2.33%
Dividend Increases / Decreases in the Last 10 Years	10 / 0
Dividend Growth 1 Year	+16.2%
Dividend Growth 5 Years	+32.3%
Payout Ratio 5-Year Avg.	72.7%
Foreign Withholding Tax (Reduced to an applicable 15% when deposit bank is registered as a "Qualified Intermediary")	30%

Forecasts

Figures	2022	2023e	2024e	2025e	2026e
Dividends (USD)	3.52	3.70	3.88	4.07	4.22
Dividend Yield	2.33%	2.45%	2.57%	2.70%	2.80%
Earnings per Share (USD)	5.81	5.81	6.24	6.72	7.20
P/E Ratio	26.0	26.0	24.2	22.4	20.9
Revenue (in billion USD)	80.19	79.67	42.49	85.66	90.58

Nestlé

Strong consumer brands and a shareholder-friendly policy

With an expected revenue of 95 billion Swiss francs in 2022, Nestlé SA is not only the largest industrial company in Switzerland but also the world's largest food corporation. Nestlé operates in twelve sectors, including baby food, water, cereals, chocolate and confectionery, coffee, culinary, chilled and frozen foods, dairy products, beverages, ice cream, and pet food. The company's portfolio also includes food services and healthcare nutrition.

Wide Brand Variety

Nestlé encompasses more than 2,000 brands, including many of the world's most well-known consumer brands such as Cheerios, Felix, Häagen-Dazs, Kit Kat, Maggi, Mövenpick, Nescafé, Nesquik, Nespresso, Nestea, Perrier, S.Pellegrino, Smarties, Starbucks at Home, and Thomy. The brand image is a key asset for the company.

Nestlé divides its operations into two regions: Developed Markets and Developing Countries. Developed Markets include North America, Western Europe, Japan, and Australia, where Nestlé generates 58 percent of its revenue, while the remaining 42 percent comes from the rest of the world.

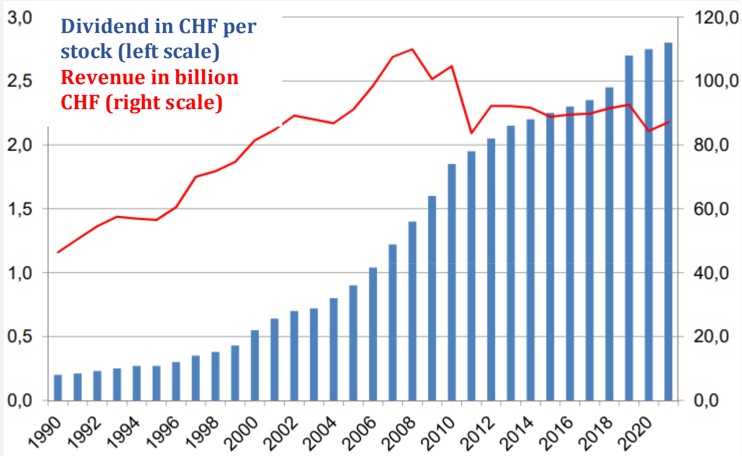
The high brand recognition and customer loyalty ensure strong sales and consistency in profit margins, even in economically challenging times. While organic growth recently ranged between 0.5 and 2.5 percent depending on the region, Nestlé significantly increased its revenue and margins through price hikes of around ten percent. The stable customer demand demonstrates the pricing power of Nestlé's brand portfolio, allowing it to offset higher costs and inflationary pressures.

Cash Flow and Debt

In the first half of 2022, cash flow remained steady at 5.8 billion Swiss francs, while net debt increased from 32.9 billion francs at the end of 2021 to 48.5 billion francs. This rise was primarily due to the dividend payout of 7.6 billion francs and extensive stock buybacks totaling 6.9 billion francs. The stock buyback program is planned over three years and amounts to a total of 20 billion francs.

Nestlé shows above-average growth in the areas of water, pet care, and confectionery, as food and beverages are considered essential, and pet owners continue to spend significantly on their pets even during inflationary periods.

Dividend and Revenue since 1990



Nestlé has been steadily increasing its dividend for years, and this trend is expected to continue. Over the past five years, the dividend has grown by nearly 22 percent, and the payout ratio stands at a solid 64 percent.

Ongoing stock buybacks continue to reduce the number of outstanding shares, thereby distributing the profit among fewer shares. This helps maintain an attractive dividend yield, even with rising stock prices.

Thanks to its annual dividend increases since 1996, Nestlé is now also part of the Dividend Aristocrats.

Nestlé

However, the main risk for Nestlé is that consumers may become more price-sensitive amid sustained economic weakness and inflation pressures, potentially switching to cheaper brands, such as private labels from supermarket chains or drugstores.

Defensive Champion

Nestlé demonstrates strong defensive qualities during economically uncertain times. The annual dividends and stock buyback program secure short-term shareholder returns, while the solid cash flow and robust brand portfolio offer medium- and long-term growth opportunities. The equity ratio, averaging 49 percent over the last five years, is considered strong.

Key Figures

ISIN	CH0038863350
Country	Switzerland
Industry	Food
Market Capitalization	290.21 billion CHF
Performance over the last 10 years	+137%
Revenue Growth 5 Years p.a.	-1.0%
Earnings Growth 5 Years p.a.	+8.2%
Free Cash Flow Growth 5 Years p.a.	+0.1%
Equity Ratio 5-Year Avg.	49.0%

Dividend Data

Payout Interval / Month	Yearly / April
Dividend Last Fiscal Year	2.80 CHF
Dividend Yield Last Fiscal Year	2.60%
Dividend Increases / Decreases in the Last 10 Years	10 / 0
Dividend Growth 1 Year	+1.8%
Dividend Growth 5 Years	+21.7%
Payout Ratio 5-Year Avg.	64.2%
Foreign Withholding Tax (15% automatically credited, remainder refundable upon request)	35%

Forecasts

Figures	2021	2022e	2023e	2024e	2025e
Dividends (CHF)	2.80	2.97	3.17	3.30	3.77
Dividend Yield	2.60%	2.76%	2.94%	3.06%	3.50%
Earnings per Share (CHF)	6.06	4.80	5.12	5.54	5.91
P/E Ratio	17.8	22.4	21.0	19.4	18.2
Revenue (in billion CHF)	87.09	95.14	99.69	103.56	108.12

Blackrock

The largest asset manager in the world

BlackRock is the largest asset manager in the world, with approximately $10 trillion in assets under management (AuM). The value of these assets naturally fluctuates with the current stock market conditions, regardless of whether clients are withdrawing funds or investing new money. The company generates revenue from four key segments. Nearly 80 percent of the firm's revenue comes from administration fees for asset management. BlackRock is known for its ETFs but also manages actively managed funds, earning both a management fee and a performance fee. Distribution fees contribute eight percent to the revenue; these are one-time charges applied when purchasing funds. Technology services account for just under seven percent of revenue and include BlackRock's proprietary technology platform, Aladdin. Aladdin stands for Asset, Liability, and Debt and Derivatives Investment Network and serves as BlackRock's in-house risk management and data analytics software. The remaining six percent of revenue is earned through traditional investment advisory services in the Investment Advisory Performance segment.

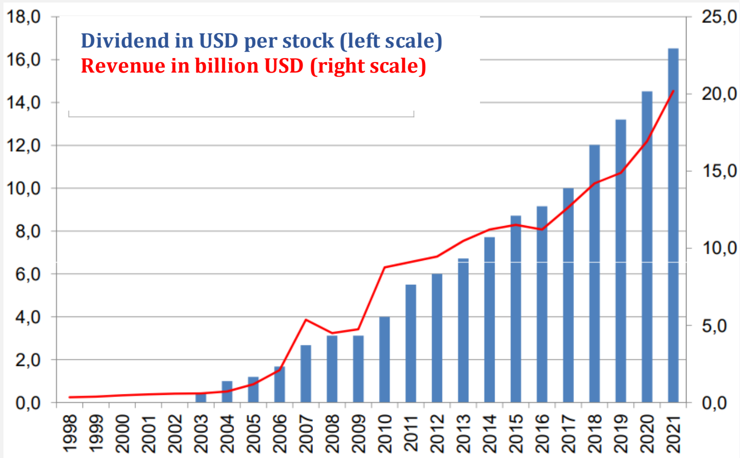
Economies of Scale Compared to Competitors

BlackRock caters to both institutional investors, such as pension funds, insurance companies, and family offices, as well as individual investors. Due to its sheer size, BlackRock enjoys cost advantages that it can pass on to its clients. The business model is highly scalable, particularly because passive investment strategies require minimal additional resources as investment amounts increase. Additionally, BlackRock has established iShares as a globally recognized and trusted brand.

In terms of global revenue distribution, the American continent dominates with 64 percent, followed by Europe with 31.5 percent and Asia-Pacific with 4.5 percent. In the U.S., where retirement savings are largely a private matter and are incentivized by government programs, many Americans invest their retirement funds in the stock market. Consequently, BlackRock is one of the biggest beneficiaries of the ongoing megatrend towards ETFs and index funds.

BlackRock's growth is impressive. In the year 2000, assets under management (AuM) were below $100 billion; by the end of 2021, they had reached $10 trillion—a one-hundredfold increase.

Dividend and Revenue since 1998



BlackRock has not reduced its dividend for 18 years and has even increased it every year for the past twelve years. The average dividend growth over ten years has been 12.6 percent, and over the last five years, it has been 14.9 percent. This growth comes at a price: the dividend yield is relatively modest at 2.7 percent but will automatically increase with further dividend hikes.

The payout ratio is 43 percent of earnings and 62 percent of free cash flow. Both figures are solid and offer the potential for continued increases in dividend payouts.

Blackrock

Of the AuM, 66 percent are allocated to ETF and index strategies, while only 26 percent are invested in actively managed funds. Equities are the most popular investment asset, with bonds and debt securities making up about a quarter of the investments.

Dependence on Demographics and the Stock Market

Americans save for retirement and will need to draw on these funds in their later years. Demographic trends have benefitted BlackRock for years, but as the baby boomer generation reaches retirement age, outflows from retirement funds will inevitably increase. Additionally, stock market corrections lead to a reduction in assets under management (AuM), and the combination of these factors could negatively impact BlackRock's revenue streams. On the other hand, private retirement savings are indispensable, meaning that BlackRock is likely to continue being a major beneficiary in the future.

Key Figures

ISIN	US09247X1019
Country	USA
Industry	Financial Industry
Market Capitalization	111.09 billion USD
Performance over the last 10 years	+332%
Revenue Growth 5 Years p.a.	+11.7%
Earnings Growth 5 Years p.a.	+15.0%
Free Cash Flow Growth 5 Years p.a.	+17.7%
Equity Ratio 5-Year Avg.	14.5%

Dividend Data

Payout Interval / Month	Quarterly / Mar.-Jun.-Sep.-Dec.
Dividend Last Fiscal Year	16.52 USD
Dividend Yield Last Fiscal Year	2.25%
Dividend Increases / Decreases in the Last 10 Years	10 / 0
Dividend Growth 1 Year	+13.8%
Dividend Growth 5 Years	+80.3%
Payout Ratio 5-Year Avg.	42.7%
Foreign Withholding Tax (Reduced to an applicable 15% when deposit bank is registered as a "Qualified Intermediary")	30%

Forecasts

Figures	2021	2022e	2023e	2024e	2025e
Dividends (USD)	16.52	19.52	20.69	22.17	25.80
Dividend Yield	2.37%	2.80%	2.97%	3.18%	3.70%
Earnings per Share (USD)	38.22	34.09	33.67	37.40	47.85
P/E Ratio	18.2	20.5	20.7	18.6	14.6
Revenue (in billion USD)	20.19	17.77	17.85	19.57	

Investor AB

The Swedish economy in a single stock

Swedish Investor AB was founded in 1916 by the Wallenberg family and serves as their publicly traded family holding company. It invests in high-quality business models that benefit from attractive long-term trends and are led by top managers. As such, it is often referred to as the Swedish Berkshire Hathaway, due to its long-term, owner-oriented investment approach similar to Warren Buffett's.

Investor AB has nearly two-thirds of its capital invested in equities. The primary focus of its investments is the industrial sector, which constitutes 37 percent of its portfolio, followed by healthcare at 29 percent and financials at 23 percent. Regionally, Sweden is the dominant market.

Focused Investment Approach

The portfolio is highly focused. The four largest publicly traded holdings are Atlas Copco, a Swedish industrial company with 43,000 employees; ABB, a machine and electrical engineering conglomerate; SEB, the largest Swedish bank; and AstraZeneca, an international pharmaceutical company resulting from the merger of Swedish Astra AB and British Zeneca PLC.

In addition, there are only nine other companies in the portfolio: Nasdaq, Epiroc, Sobi, Ericsson, Saab, Wärtsilä, Husqvarna, Electrolux, and Electrolux Professional.

Finally, there are some investments in privately held companies, which Investor AB consolidates under its "Patricia Industries" division. These investments make up about 25 percent of the investment portfolio. The company aims for majority stakes, up to 90 percent, to ensure complete control.

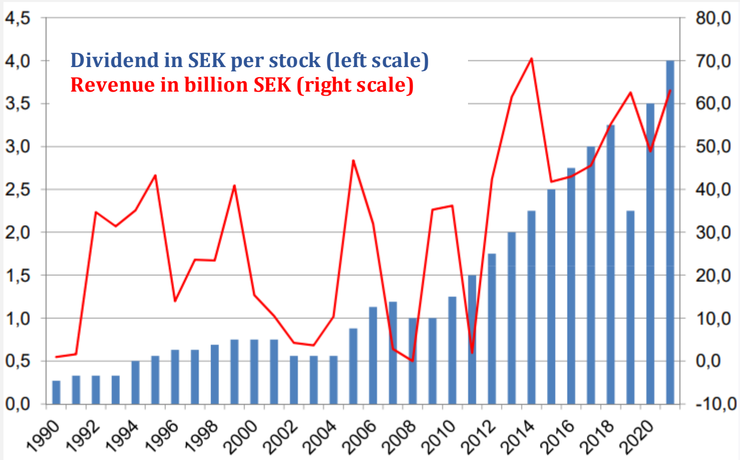
Return Targets

Investor AB's long-term return target is eight to nine percent per year, which is above the long-term average achievable with equities. However, the company has significantly exceeded its own return target in recent years, achieving an average of 15 percent per year.

Compared to Warren Buffett's successful Berkshire Hathaway, Investor AB holds its own well. It leads in both operational metrics and stock price performance.

Over the past five years, revenue growth has averaged 33.9 percent per year, and profit growth has been even higher at 46.5 percent.

Dividend and Revenue since 1990



Investor AB has been paying an attractive dividend for many years. Over the past decade, there have been nine increases in the dividend, though there was also one reduction.

A unique feature is that the dividend is paid semi-annually, with an interim dividend followed by a final dividend.

In the last five years, the dividend has increased by a total of 45.5 percent, while the payout ratio has averaged 11.5 percent. Thus, there is room for future dividend increases.

Investor AB

This reflects the high quality of its investments and their continued pricing power, even in economically challenging times. The exceptionally high equity ratio of 82 percent provides stability.

Family Business and Dividend Policy

The Wallenberg family has held the majority of shares since the company's founding and is known for a reliable and long-term oriented corporate policy. The family is considered very discreet, and the company's communication with the capital markets can be described as "reserved." We find this approach appealing.

Unlike Berkshire Hathaway, which does not pay dividends, Investor AB shares its success with shareholders through an attractive dividend distribution.

Key Figures	
ISIN	SE0015811963
Country	Sweden
Industry	Holdings
Market Capitalization	580.97 billion SEK
Performance over the last 10 years	+541%
Revenue Growth 5 Years p.a.	+33.9%
Earnings Growth 5 Years p.a.	+46.5%
Free Cash Flow Growth 5 Years p.a.	-0.5%
Equity Ratio 5-Year Avg.	82.3%

Dividend Data	
Payout Interval / Month	Half-year / May.-Nov.
Dividend Last Fiscal Year	4.00 SEK
Dividend Yield Last Fiscal Year	2.11%
Dividend Increases / Decreases in the Last 10 Years	9 / 1
Dividend Growth 1 Year	+14.3%
Dividend Growth 5 Years	+45.5%
Payout Ratio 5-Year Avg.	11.5%
Foreign Withholding Tax (15% automatically credited, the remainder refundable upon request)	30%

Forecasts

Figures	2021	2022e	2023e	2024e	2025e
Dividends (SEK)	4.00	4.25	5.00	5.13	
Dividend Yield	2.11%	2.24%	2.64%	2.70%	
Earnings per Share (SEK)	74.45	23.99	24.15	12.20	
P/E Ratio	2.5	7.9	7.9	15.5	
Revenue (in billion SEK)	63.03	43.59	45.77	48.06	

Rio Tinto

Raw Materials for Infrastructure Restructuring

The Rio Tinto Group is a dual-listed company consisting of the British Rio Tinto PLC and the Australian Rio Tinto Limited, with dual headquarters in London and Melbourne. With an annual revenue of $61.5 billion, it is the second-largest mining company in the world after BHP. Rio Tinto covers the entire value chain from exploring new resource deposits to development, mining, and transportation of raw materials. Along with BHP and Vale, it is one of the three leading iron ore producers and also plays a major role in global aluminum production.

Since raw materials are predominantly extracted from politically unstable regions, Rio Tinto benefits from its global presence. The company operates in 35 countries, with a strong focus on Australia (51 percent of revenue) and Canada (22 percent), two of the richest regions in terms of resources. The remaining ten percent of revenue comes from the USA.

Revenue Distribution

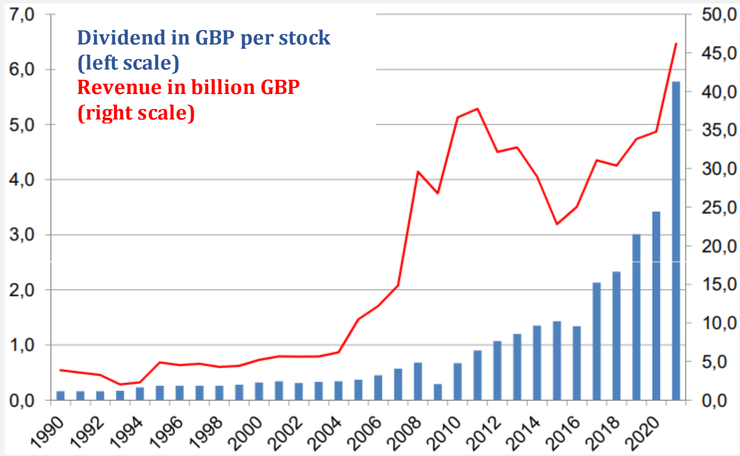
With a revenue share of 65 percent, iron ore is the most important raw material for Rio Tinto, followed by aluminum, alumina, and bauxite with 21 percent. Industrial minerals account for 4.7 percent, copper for 4.0 percent, gold for 1.1 percent, and diamonds for 1.1 percent as well. Other raw materials such as uranium, silver, zinc, and molybdenum together make up 3.4 percent of revenues but are individually of minor importance to Rio Tinto's business.

Iron Ore, Steel, and Aluminum

Iron ore is essential for the production of steel and iron. Steel is the standard material in mechanical engineering and one of the most important construction materials in the building industry. It is used in turbines, steel cables, bridges, buildings, reinforced concrete, as well as in weapons and tools of all kinds. It is also used for pipes, rails, ships, cars, and motorcycles.

Aluminum, the second most important metallic material after steel, is much lighter. Therefore, aluminum is often used in lightweight construction where weight is a critical factor. Its applications include aerospace, the automotive industry, electrical engineering, the electronics industry, packaging, optical and lighting technology, and also the furniture industry.

Dividend and Revenue since 1990



Rio Tinto's business is highly cyclical, and its profits fluctuate accordingly. This also applies to its dividends. Periods of high dividends and even special payouts are followed by years of dividend cuts, as was the case in 2016 and 2009. However, Rio Tinto consistently offers an above-average dividend yield, reflecting the ongoing demand for raw materials, which varies over time.

Risks

The biggest risk is the relatively high dependence on economic cycles. During economic booms, demand for raw materials is high, and mining companies expand their production and invest in the search for new deposits. However, when the global economy turns, demand for raw materials can sharply decline, leading to unprofitable mines being closed. This results in layoffs, write-downs, and potentially dividend cuts or even eliminations.

Economic Moat

The search for new raw materials and the subsequent establishment and maintenance of production require enormous amounts of capital. As a result, existing mining companies are largely protected from competition, especially as they are inclined to buy out emerging rivals.

Key Figures	
ISIN	GB0007188757
Country	Great Britain
Industry	Raw Materials
Market Capitalization	94.36 billion GBP
Performance over the last 10 years	+224%
Revenue Growth 5 Years p.a.	+13.5%
Earnings Growth 5 Years p.a.	+38.4%
Free Cash Flow Growth 5 Years p.a.	+26.9%
Equity Ratio 5-Year Avg.	46.7%

Dividend Data	
Payout Interval / Month	Half-year / Apr.-Sep.
Dividend Last Fiscal Year	5.78 GBP
Dividend Yield Last Fiscal Year	9.92%
Dividend Increases / Decreases in the Last 10 Years	9 / 1
Dividend Growth 1 Year	+69.0%
Dividend Growth 5 Years	+331.3%
Payout Ratio 5-Year Avg.	60.0%
Foreign Withholding Tax	0%

Forecasts

Figures	2022	2023e	2024e	2025e	2026e
Dividends (GBP)	5.78	5.12	4.34	4.24	5.19
Dividend Yield	9.92%	8.79%	7.45%	7.28%	8.91%
Earnings per Share (GBP)	9.48	8.49	6.83	6.46	7.50
P/E Ratio	6.1	6.9	8.5	9.0	7.8
Revenue (in billion GBP)	46.17	54.49	49.90	48.03	48.70