

Meeting Summary for AAll Houston Retirement SIG Meeting

May Market Delight

Jun 12, 2025

Key takeaways

- A new improved investment style combining dividend growth with free cash flow analysis was presented
- Free cash flow metrics are more reliable and consistent than traditional P/E ratios for valuation
- Victory Capital's VFLOW ETF implements free cash flow-based selection strategy
- S&P's Dividend Aristocrats indices now incorporate free cash flow metrics
- Philip Labries developed a rigorous methodology combining dividend growth theory with free cash flow analysis

Discussed topics

Free Cash Flow vs Traditional Metrics

- **Details**
 - John: Free cash flow metrics are more consistent and efficient than P/E ratios
 - John: P/E ratios can be easily manipulated through accounting practices
 - John: Free cash flow represents operating cash before dividends and buybacks
 - Frank: Questioned potential for hybrid approach combining cash flow and dividend metrics
- **Conclusion**
 - Free cash flow provides better valuation metrics than traditional P/E ratios
 - Victory Capital's VFLOW ETF demonstrates successful implementation

Dividend Growth Investment Strategy

- **Details**
 - John: Focused on total returns rather than just yield

- John: Companies with dividend growth have sustainable business models
- John: Economic moats provide security in dividend growth companies
- Frank: Discussed international contribution to dividend indices
- **Conclusion**
 - Dividend growth investing provides superior returns for retirees
 - Companies with long dividend growth histories tend to maintain strong performance

S&P Dividend Aristocrats Indices

- **Details**
 - John: S&P developed quality free cash flow index for dividend aristocrats
 - John: Index shows better risk-adjusted returns compared to benchmarks
 - Walter: Shared link to recent S&P paper on quality free cash flow aristocrats
- **Conclusion**
 - New indices combining dividend growth and free cash flow metrics show improved performance
 - International companies contribute significantly to the indices

Action items

- **John**
 - Share email contact information with Maxie for further discussion
 - Consider developing appendix with basic financial definitions
- **Frank**
 - Create appendix of 5-8 basic metrics for Income SIG
 - Help consolidate top 5 important indexes for income investors
- **Group**
 - Review CGDV ETF as recommended dividend growth investment option
 - Consider attending next chapter meeting on June 21st with Brett Owens presentation