

Dividend Assets Capital



“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness ...” Tale of Two Cities, Charles Dickens

Now let’s reverse this quote to the last quarter of 2018 (the worst of times) and the first quarter of 2019 (the best of times). The quarter through March 29, 2019 was the best quarter for the S&P 500 since 2009 and just the opposite for last year’s fourth quarter.

The fear of trade talks, FED interest rate hikes and an interest rate inversion leading to a recession moderated or disappeared entirely in the first quarter. This led to strong performance in the S&P 500, NASDAQ and Dow Jones. Information technology was the leader again, followed by Real Estate, Industrials and Energy. Laggards were Healthcare and Financials.

Due to harsh weather conditions and the government shutdown, expectations are low for revenue and earnings in the first quarter. In reviewing our companies, we feel that Dividend Growth Stocks will do fine. Should a trade deal with China materialize, the entire global economy will benefit.

Volatility can be measured by 1% moves, up or down daily, in the S&P 500. In the last quarter of 2018, this occurred 28 times. In the first quarter, there were only 11. Generally, late in the economic cycle, you should see increased volatility, so the current range bodes well this next quarter for the stock market.

The Commerce Department reported that February online shopping was greater than general brick and mortar store sales. This is a first.

Turning to Energy, the sector weighting is 5.4% of the S&P 500. Back in May 2009, Energy was 12.6% of the S&P 500. However, the fundamentals are very good. In the last week of March, the U.S. produced 12.2 million barrels of oil per day, which is a new record. We are exporting approximately 3.5 million barrels per day.

Production of natural gas is at a record of 87-89 billion cubic feet per day (BCF) but could go to the 100 BCF range by year-end if pipeline takeaway capacity increases in several basins. Liquefied Natural Gas (LNG) and natural gas pipelines are exporting 14-15 BCF per day.

The bottleneck for the export markets is lack of enough dock space to meet demand. But much activity in this regard is underway. This, for us, is our enthusiasm for the midstream companies in which we invest.

(Continued on other side)

To sum this up, we believe Dividend Growth Stocks and North American Midstream companies will do well because it is our opinion that rising income comes from companies that are taking market share, increasing margins and have what people need or want.

In addition to the market updates, DAC is pleased to announce that on April 1, 2019, Ying “Susie” Wang was promoted to Co-Chief Investment Officer. She is a CFA® and has worked on all the sectors we’ve analyzed over the last 10+ years. Susie has been a great help to the firm and this promotion is well deserved.

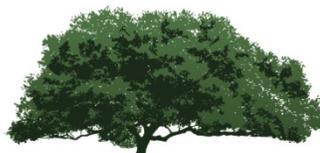
This material is for informational purposes only and should not be considered investment advice. You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses before investing. There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend paying stocks. Data is deemed reliable, but DAC does not guarantee reliability or accuracy. Information provided is as of the date of this report and is subject to change.

S&P 500 refers to the Standard and Poor’s 500 Index which is a capitalization weighted index of 500 stocks. Individuals cannot invest directly in the S&P 500 Index.

NASDAQ refers to the Nasdaq Composite Index which is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange. Individuals cannot invest directly in the Nasdaq Composite Index.

Dow Jones refers to the Dow Jones Industrial Average Index (DIJA) which consists of 30 U.S. blue-chip stocks from all of the major sectors except utilities and transportation. Individuals cannot invest directly in the Dow Jones Industrial Average Index.

DAC does not provide professional tax or accounting services. The Dividend Assets Capital, LLC’s Investment Adviser Brochure, Form ADV Part 2, contains this and other information about the Firm, and should be read carefully before investing. You may obtain a current copy of Dividend Assets Capital’s Form ADV Part 2 by visiting our website at www.DACapitalSC.com, emailing info@DACapitalSC.com, or by calling us toll free at (866) 348-4769.



DIVIDEND ASSETS CAPITAL, LLC

INVESTMENT ADVISORS

58 RIVERWALK BOULEVARD
RIDGELAND SC 29936-8126

Copyright © 2019 Dividend Assets Capital, LLC