



DIVIDEND ASSETS CAPITAL, LLC

INVESTMENT ADVISORS

# ENHANCED YIELD STRATEGY

DIVIDEND ASSETS CAPITAL – INVESTMENT STRATEGIES FOR RISING INCOME & GROWTH 6/30/19

## AN INVESTMENT APPROACH THAT MAKES SENSE

**CONSISTENT AND SIGNIFICANT RISING DIVIDENDS** provide potential opportunities for increasing income to enhance capital appreciation and help protect purchasing power.

**STRONG BRANDS, GLOBAL EXPOSURE AND ESSENTIAL PRODUCTS** are hallmarks of companies with the potential to consistently grow future earnings.

### Investment Team

C. Troy Shaver, Jr.  
Chief Executive Officer, Co-Chief Investment Officer & Portfolio Manager

Ying "Susie" Wang, CFA®, CIC®  
Co-Chief Investment Officer  
Director of Energy & Portfolio Manager

Alan Johnson, CFP®  
Senior Portfolio Manager  
Private Client Group

Jim Haley, CFP®  
Senior Portfolio Manager  
Private Client Group

Peter G. Gerry, III  
Portfolio Manager & MLP Analyst

Phil Scully  
Senior Equity Analyst

DAC SEEKS INVESTMENTS IN HIGH-QUALITY U.S., FOREIGN AND GLOBAL COMPANIES WITH A HISTORY OF SIGNIFICANT, CONSISTENT DIVIDEND INCREASES THAT PROVIDE POTENTIAL OPPORTUNITIES FOR ABOVE-AVERAGE CAPITAL APPRECIATION WITH ATTRACTIVE, RISING INCOME.

### TARGETING ESSENTIAL PRODUCTS AND SERVICES

Favored companies in a growing global economy provide or guide essential products and services, such as consumer goods and services, energy, healthcare, technology, materials, and industrials.

### GUIDING PRINCIPLES FOR HIGH DIVIDEND STRATEGY

- A current dividend yield higher than the S&P 500 Index<sup>1</sup> dividend yield
- 5 consecutive years of dividend growth

Proprietary research, complemented by Wall Street analyses and conversations with management, evaluates:

- Company growth rates and financial strength
- Consistent earnings growth across economic cycles
- Attractive valuation
- Evidence of strong leadership
- Growing, global brands and exposure
- Transparency

### IMPORTANCE OF DIVIDEND GROWTH

#### Dividend Growing Stocks Outperformed Over Time<sup>2</sup>

CATEGORY (January 31, 1972 - June 30, 2019)	Annual Gain	\$100 Became	Past performance does not guarantee future results
Dividend Cutters or Eliminators	-0.5%	\$80	<sup>2</sup> Source: Further distribution prohibited without prior permission. Copyright© 2019 Ned Davis Research, Inc. All rights reserved.
Non-Dividend Payers	2.8%	\$367	
Dividend Payers With No Change in Dividends	7.1%	\$2,636	
S & P 500	7.6%	\$3,268	
Dividend Growers and Initiators	9.9%	\$8,824	

- Since 1926, dividends have accounted for approximately one-third of the total return of the stock market, while capital appreciation contributed two-thirds.<sup>2</sup>
- Dividend yield, as a component of total return, is historically less volatile than price appreciation.<sup>2</sup>

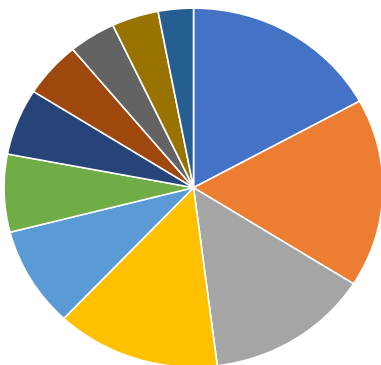
<sup>1</sup> The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by DAC. Standard & Poor's®, S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by DAC. DAC's comments and strategies are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index.

# Enhanced Yield Strategy

Investments for our Enhanced Yield Portfolios are selected across many industries and sectors of high-quality U.S. and foreign companies. We believe the companies offer a combination of lower price volatility, stable cash flow and consistent dividend yields. The Enhanced Yield Strategy is designed for investors seeking higher income with overall moderate growth of principal and income overtime.

## PORTFOLIO COMPOSITION

Asset Diversification 6/30/2019



Sectors	Portfolio %
HEALTH CARE	17%
INFORMATION TECHNOLOGY	17%
CONSUMER STAPLES	14%
FINANCIALS	14%
CONSUMER DISCRETIONARY	9%
ENERGY	7%
INDUSTRIALS	6%
CASH	5%
MATERIALS	4%
TELECOMMUNICATIONS	4%
UTILITIES	3%

% total assets

## COMBINED PERFORMANCE OF SELECT PORTFOLIOS\*\*

Total Returns %	Qtr	YTD	1 YR	Since Inception
DAC (Gross of Fees)	5.25%	15.69%	10.73%	11.23%
DAC (Net of Fees)	5.08%	15.31%	10.07%	10.67%
S&P 500 Index	4.30%	18.54%	10.42%	14.21%

\*Inception Date 06/30/2016

**Performance data shown represents past performance. Past performance is not indicative of future results.** Performance calculations are time-weighted and include the reinvestment of dividends and other earnings. New performance results reflect the deduction of investment management fees. Gross performance results do not reflect the deduction of investment management fees, and are net of commissions and foreign withholding tax.

The S&P 500 Index is a market value weighted index consisting of 500 stocks chosen for market size, liquidity and industry group representation. The index is unmanaged and you cannot invest directly in the index. The index comparisons are provided for informational purposes only and should not be used as the basis for making an investment decision.

Certain performance calculations are prepared internally and have not been verified or audited by a third-party. The use of a different methodology for preparing, calculating, or presenting performance returns may lead to different results and such results may be material.

## PORTFOLIO CHARACTERISTICS

	DAC Enhanced Yield Portfolio	S&P 500 Index
P/E Ratio	17.5x	19.3x
Dividend Yield	3.0%	1.9%
Return on Equity (ROE)	17.7%	15.3%
Total Debt to Capital	54.7%	50.6%
Weighted Avg. Market Cap	\$134.8B	\$242.4B
Beta	0.9	1.00

**The Portfolio Composition, Characteristics and Diversification tables displayed present data from a representative account of the DAC Enhanced Yield Composite.**

Any third-party information contained herein was prepared by sources deemed to be reliable, but is not guaranteed. Individual holdings, statistics and characteristics may differ from those of the composite and representative account due to the size of the portfolio, client-specific constraints, tax considerations or other factors. Holdings are subject to change at any time and are not recommendations to buy or sell any security.

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**ADDITIONAL INFORMATION.** You should carefully consider the investment objectives, potential risks, management fees, and charges expenses before investing. The Firm'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 DAC's Form ADV Part 2 by visiting our website at [www.DACapitalSC.com](http://www.DACapitalSC.com), emailing [info@DACapitalSC.com](mailto:info@DACapitalSC.com), or by calling us at (866) 348-4769. Additional information about Dividend Assets Capital, LLC is also available on the United States Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number know as a CRD. DAC's CRD is 129973. DAC-19-05

