

# Dividend Assets Capital



DIVIDEND ASSETS CAPITAL - INVESTMENT STRATEGIES FOR RISING INCOME & GROWTH

## Quarterly Commentary September 30, 2019

The third quarter was slightly good for the markets but September brought more volatility. Market results saw the S&P 500 gain 1.2%, although year-to-date gains of 19% were the best since 1997.

September was turbulent with the attack on the Saudi Ghawar oil field and facilities. In the past, lost daily oil production of 5.7 million barrels would have mostly driven prices to spike. The increase in oil prices was quickly subdued by U.S. production at record levels across all hydrocarbon chains including oil, natural gas and natural gas liquids. The fast restoration of Saudi oil quickly corrected the upside of the price increase.

As we mentioned in our previous commentary, if oil prices doubled over a twelve-month period, recession in the U.S. is imminent. This has not happened.

Manufacturing is slumping. The General Motors strike is having a major impact on this sector with Midwest manufacturing in notable decline. Many other independent manufacturing companies are hurt as parts suppliers to GM.

On the bright side, the September employment data was the best in 50 years. Unemployment was just 3.5% with labor force participation at highs since January and February of 2019. The U.S. workforce is an interesting dynamic with 25% of the workforce with just a high school diploma. Workers with a two-year degree or some college are 26% of the workforce while workers with a four-year college degree comprise 41% of the total workforce. Wage growth has been modest at 2.9% on an annual basis which is a mystery at full employment.

With trillions in sovereign global debt with negative yields, income is difficult to find. We believe dividend growth stocks of high-quality companies are the attractive place to be. Rising income is good for all of us and that is what we do.

October is always volatile, but we are optimistic going into the year-end. Thank you all for your continued support.

### Company News

We are pleased to announce the addition of Bill Ford, CFP® to our Dividend Assets Capital team as the new Managing Director of Institutional Sales. Bill's 20-year background in the financial services industry includes serving as Vice President of strategic accounts for The Arboretum Group and he also has overseen and managed business development efforts for American Century Investments, Guardian Investor Services, MetLife and Putnam Investments. Mr. Ford has a bachelor's degree with a concentration in business administration from the University of New Hampshire and is a Certified Financial Planner™ professional. We are delighted to have him on the team.

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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.

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**DIVIDEND ASSETS CAPITAL, LLC** is a privately held registered investment advisor located in the Low Country of coastal South Carolina. We were founded in 2003 by several investment professionals each sharing the desire to provide clients with a sound investment philosophy using energy related Master Limited Partnerships (MLPs) and dividend growth equities. From its humble beginnings of five employees, the firm now includes a staff of fourteen.



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INVESTMENT ADVISORS

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