

DAC Insights: Enhance A Retirement Portfolio's Income With Dividends

Incorporating securities that consistently pay dividends with sustainable growth rates into an overall retirement investment plan may help investors achieve their income needs and reduce the possibility of outliving their assets.

This illustration represents a theoretical investment of \$1 million into the S&P 500® Index and the Dow Jones U.S. Select Dividend Index on 12/31/1999. It assumes an annual withdrawal rate of 6.00% of the initial investment (\$60,000/year) beginning on 12/31/2000, taken at the end of each year and adjusted using an annual inflation rate of 3.00%.

NOTE: It is not possible to invest in an index. This is for illustrative purposes only. The S&P 500® Index is being used as a proxy for an investment portfolio of large cap, U.S. growth stocks that may or may not pay dividends. Comparatively, the Dow Jones U.S. Select Dividend Index is being used as a proxy for an investment portfolio of the U.S.'s leading stocks by dividend yield.

On a risk-adjusted basis, dividend growth stocks have historically generated higher returns at a lower risk level than other large cap growth stocks. As this analysis illustrates, the S&P 500® would have run out of money after 13 years of withdrawals. Whereas, the stocks in the Dow Jones U.S. Select Dividend Index, would have maintained an adequate portfolio value to generate increasing income throughout the period.



DIVIDEND ASSETS CAPITAL, LLC
INVESTMENT ADVISORS

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S&P 500® Index		
Year End	Investment Value	Withdrawals
1999	\$1,000,000	
2000	\$848,959	\$60,000
2001	\$686,252	\$61,800
2002	\$470,934	\$63,654
2003	\$540,454	\$65,564
2004	\$531,736	\$67,531
2005	\$488,298	\$69,556
2006	\$493,778	\$71,643
2007	\$447,113	\$73,792
2008	\$205,686	\$76,006
2009	\$181,832	\$78,286
2010	\$128,587	\$80,635
2011	\$48,249	\$83,054
2012	\$0	\$55,970
2013	\$0	\$0
2014	\$0	\$0
2015	\$0	\$0
2016	\$0	\$0
2017	\$0	\$0
2018	\$0	\$0
2019	\$0	\$0
Totals (a/o 12/31/19)	\$0	\$907,492

Dow Jones U.S. Select Dividend™ Index		
Year End	Investment Value	Withdrawals
1999	\$1,000,000	
2000	\$1,188,618	\$60,000
2001	\$1,282,405	\$61,800
2002	\$1,168,170	\$63,654
2003	\$1,454,876	\$65,564
2004	\$1,651,225	\$67,531
2005	\$1,644,181	\$69,556
2006	\$1,893,889	\$71,643
2007	\$1,722,326	\$73,792
2008	\$1,112,878	\$76,006
2009	\$1,158,447	\$78,286
2010	\$1,290,009	\$80,635
2011	\$1,367,138	\$83,054
2012	\$1,429,774	\$85,546
2013	\$1,757,174	\$88,112
2014	\$1,936,303	\$90,755
2015	\$1,811,071	\$93,478
2016	\$2,112,900	\$96,282
2017	\$2,339,875	\$99,171
2018	\$2,098,635	\$102,146
2019	\$2,478,358	\$105,210
Totals (a/o 12/31/19)	\$2,478,358	\$1,612,222

Source: S&P Dow Jones Indices LLC.

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Dividend Assets Capital, LLC is a privately held asset manager specializing in equity investments that aim to provide rising income. Our core investment programs include high-quality, dividend growth and Master Limited Partnership (MLP) strategies that offer investors the potential to enhance their portfolio income with the added benefits of capital appreciation and diversification. We strive to enable our clients to achieve their financial goals by bringing clarity out of complexity...

Clarity: straightforward & time-tested approach to portfolio management.

Power: disciplined process with devotion to our investment philosophy.

Simplicity: dividends are the best indicator of the future price performance of a stock, it's that simple.

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**Past performance is not indicative of future results. Results are hypothetical and do not reflect trading in actual accounts and are prepared with the benefit of hindsight.

The S&P 500® Index is a market capitalization weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Dow Jones U.S. Select Dividend™ Index aims to represent the U.S.'s leading stocks by dividend yield. The index screens all dividend-paying stocks in the Dow Jones U.S. Index, excluding REITs, by dividend per share growth rate, dividend payout percentage rate, and average daily dollar trading volume. 100 companies are selected based on dividend yield.

The index comparisons herein are provided for informational purposes only and should not be used as the basis for making an investment decision. There are significant differences between client accounts and the indices referenced including, but not limited to, risk profile, liquidity, volatility and asset composition. You cannot invest directly in an index, which also does not take into account trading commissions and costs.

DAC does not assume any responsibility for the accuracy or completeness of information provided by third party data sources.

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