

Dividend Assets Capital

DIVIDEND ASSETS CAPITAL - INVESTMENT STRATEGIES FOR RISING INCOME & GROWTH

Quarterly Commentary June 30, 2020

Work from home (WFH) has now become a common everyday expression, especially in the second quarter of this year. The use of technology at home has propelled several tech stocks to market capitalizations of over \$1.5 trillion. With WFH, former commuters are saving approximately one hour per day and by shopping online, they are saving an additional half hour per day. This time savings has allowed for home improvements such as painting walls and trim, which translates into sales at home improvement stores. Cooking at home with lockdowns has decimated the restaurant industry but developed some great new chefs.

Market volatility has increased substantially. The S&P 500 has moved 1% up or down on more than 50% of the trading days this year. Just in the second quarter, 38 trading days saw this movement. The historic average is just 13 trading days. In our opinion, volatility is here to stay into the elections.

Please note the performance of widely followed indices:

<u>Index</u>	<u>Second Quarter</u>	<u>First Quarter</u>
S&P 500	19.95%	-20.00%
Dow Jones	17.77%	-23.20%
NASDAQ Comp	30.63%	-14.18%
MSCI World Index	18.65%	-19.98%

The best and worst sectors in the second quarter versus the first quarter:

<u>Best Sectors</u>	<u>Second Quarter</u>	<u>First Quarter</u>	<u>Worst Sectors</u>	<u>Second Quarter</u>	<u>First Quarter</u>
Consumer Discretionary	32.57%	-19.59%	Financials	11.41%	-32.34%
Information Technology	30.10%	-12.22%	Consumer Staples	7.32%	-13.39%
Communication Services	19.64%	-17.23%	Utilities	1.84%	-14.19%

Other data:

<u>Commodity</u>	<u>Second Quarter</u>	<u>First Quarter</u>
Gold	11.72%	2.61%
WTI Oil	42.69%	-67.36%

What lies ahead? The economy needs to recover and June saw promising results. June non-farm employment added 4.8 million jobs and the unemployment rate dropped to 11.1% from 13.3% in May. This is promising, but we still have a long way to go.

Other issues must still be resolved; in particular, COVID-19. Will a vaccine be ready by early winter? Even if successful, billions of doses must be produced and distributed. This is a giant undertaking which also requires needles, vials, distribution and other associated hardware.

We are in a zero-interest rate environment and in our opinion, the rising dividend growth strategy should be attractive. In addition, the yields on energy infrastructure are historically high. We are doing much work on alternative energy and renewables which will gradually take market share in power grids.

We believe quality investments are extremely important in the current macro environment. Quality and rising income should be an important part of your investment strategy. It is our focus here to provide you with both.

It is my pleasure to announce important promotions here at Dividend Assets Capital. Troy Livingston is now our Chief Financial Officer and Jon Parrott is now our Chief Operations Officer. Both have spent several years here and deserve recognition for their hard work in moving our company forward. We also welcomed John Swhear, J.D. to complement our compliance efforts.

As always, please do not hesitate to call us if we can be of service.

Stay safe and healthy,



Troy Shaver, Jr.
CEO & Co-CIO

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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. MSCI World Index refers to the Morgan Stanley Capital International World Index, a free float-adjusted market capitalization index that is designed to measure developed-market equity performance throughout the world.

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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. DAC-20-75



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