

Dividend Assets Capital

DIVIDEND ASSETS CAPITAL – INVESTMENT STRATEGIES FOR RISING INCOME & GROWTH

Quarterly Commentary March 31, 2021

Stimulus and COVID vaccines move markets higher.

Dear Valued Client:

We hope this finds you healthy and safe in these unusual times.

The first quarter of 2021 saw economic surprises which increased market volatility. Economic stimulus combined with COVID-19 vaccine distribution helped stocks start the quarter on a solid basis.

The U.S. Capitol riots on January 6th caused a short delay in the certification of Joe Biden as President-Elect. This event increased volatility in the weeks after but calmed as we moved into late January. However, volatility increased with the historic short squeeze in videogame retailer GameStop (GME) which caused large losses for a number of hedge funds that were short the stock. January ended with a modest loss to the S&P 500.

For the quarter, the word “trillion” became commonplace. Let’s put this in the perspective of time:

- A million seconds = 12 days
- A billion seconds = 32 years
- A trillion seconds = 31,710 years

As the GameStop trading dissipated in early February, volatility eased. Congress started work on a massive stimulus bill which helped stocks rally. The market believes that you should follow the money. COVID-19 vaccine distribution increased dramatically signaling that the end of the pandemic was in sight. Several states reopened but the severe winter storms, particularly in Texas, made for more volatility. However, the month helped the S&P 500 recover and helped the index to a positive reading for the year.

In March, the new stimulus bill was signed providing \$1.9 trillion to the economy. COVID-19 vaccine distribution reached 2.5 million doses per day. The month ended with the S&P 500 up 6.18% for the year.

As we move into the second quarter, the economics remain bright with improvement across many indicators. The Federal Reserve has pledged numerous times to keep interest rates low and to keep its quantitative easing (QE) program in place until we return the economy to pre-pandemic levels.

With talk of corporate and high-paid individuals being hit with higher taxes, inflation fears have arisen. When taxes go up, prices for goods and services go up. Inflation will eventually occur since taxes will be needed to pay for a new infrastructure bill proposed at \$2.5 trillion (that word again). To combat inflation, you must increase your income. We believe that Dividend Growth stocks which increase their dividends each year are the best way to maintain purchasing power. The Rule of 72 calculates your return over a given time period. If your dividends increase at 10 per cent per year, your dividend income will double in 7.2 years.

At Dividend Assets Capital, we understand the risks facing both the markets and the economy. We are committed to helping you effectively navigate this still-challenging investment environment.

We offer a free financial planning program to assist you in thinking about your future. Please let us know if you would like to participate.

Best regards,
Your Team at Dividend Assets Capital



Troy Shaver, Jr.
CEO

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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-21-028



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