

# Dividend Assets Capital

DIVIDEND ASSETS CAPITAL – INVESTMENT STRATEGIES FOR RISING INCOME & GROWTH

## Quarterly Commentary December 31, 2021

Dear Valued Client:

Stocks overcame a number of headwinds in the fourth quarter with the emergence of Omicron, the Federal Reserve beginning to end the current Quantitative Easing (QE) program and worries on companies' earnings. Political uncertainty also weighed on stocks. However, the market reached new all-time highs leading to strong returns for 2021.

By the middle of October, Congress extended the debt ceiling avoiding a government shutdown. Also, many of the tax increases proposed in the Build Back Better bill were removed relieving the anxiety of investors.

On Thanksgiving Day, the World Health Organization announced the Omicron variant as a "variant of concern." The markets tumbled. Late in the month, the Fed announced it would accelerate QE and the S&P 500 closed with a small loss.

A reversal came in December with the FED announcing three rate hikes in 2022 but would support a strong economy. Later in the month, multiple studies revealed that Omicron was very contagious, but with lower hospitalizations. The markets rallied on this news and the S&P 500 ended at near all-time highs.

Many investors point to January results to predict the market for the year. As you can see, 2021 started with a loss for January, but the markets moved otherwise later in the year.

### S&P 500 Total Returns by Month in 2021

| Jan    | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep    | Oct   | Nov    | Dec   |
|--------|-------|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|
| -1.01% | 2.76% | 4.38% | 5.34% | 0.70% | 2.33% | 2.38% | 3.04% | -4.65% | 7.01% | -0.69% | 4.48% |

Source: Morningstar

| US Equity Indexes     | Q4 Return | 2021 Return |
|-----------------------|-----------|-------------|
| S&P 500               | 11.03%    | 28.71%      |
| DJ Industrial Average | 7.87%     | 20.95%      |
| NASDAQ 100            | 11.28%    | 27.51%      |
| S&P MidCap 400        | 8.00%     | 24.76%      |
| Russell 2000          | 2.14%     | 14.82%      |

Source: YCharts

Commodities had a strong year, in particular oil and energy related issues. The grains were also strong.

Inflation is a major pressure heading into 2022. The move by the FED to increase interest rates is to curb inflation which reached 30-plus year highs in 2021. However, the markets usually are resilient in the initial phase of interest rate hikes.

At DAC, we believe the best way to preserve purchasing power during inflation is to grow your income faster than the inflation rate. A portfolio of dividend growth stocks with increasing dividends can do just that. We have all lived through inflationary times and we believe that a dividend growth strategy is a key in preserving purchasing power.

We understand the risks facing both the economy and the markets and are committed to help you navigate this investment environment. Please rest assured that our entire team is dedicated to your success.

Please don't hesitate to call us with your comments or questions. It looks to be an interesting Fourth Quarter.



C. Troy Shaver, Jr.  
and the team at DAC

---

This material is for informational purposes only and should not be considered investment advice. You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses before investing. There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend paying stocks. Data is deemed reliable, but DAC does not guarantee reliability or accuracy. Information provided is as of the date of this report and is subject to change. This is not a recommendation to buy or sell a particular security. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The NASDAQ 100 Index includes 100 of the largest domestic and international non-financial companies listed on the NASDAQ Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. The S&P 500 refers to the Standard and Poor's 500 Index which is a capitalization weighted index of 500 leading companies and covers approximately 80% of available market capitalization. The Dow Jones Industrial Average Index consists of 30 U.S. blue-chip stocks covering all major sectors except utilities and transportation. The Wall Street Journal (WJS) Dollar Index measures the value of the U.S. dollar relative to 16 foreign currencies. The Index is weighted using data provided by the Bank for International Settlements on total foreign exchange trading volume. The index rises when the U.S. dollar gains value against the other currencies and falls when the U.S. dollar loses value against the currencies. Individuals cannot invest directly in any Index.

The opinions expressed are those of Dividend Assets Capital. The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. DAC does not provide professional tax or accounting services. The Dividend Assets Capital, LLC'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 Dividend Assets Capital'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 toll free at (866) 348-4769.

**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 twelve.  
DAC-21-057



---

**DIVIDEND ASSETS CAPITAL, LLC**

INVESTMENT ADVISORS

**58 RIVERWALK BOULEVARD  
RIDGELAND, SC 29936-8126**

Copyright © 2020 Dividend Assets Capital, LLC