



DIVIDEND ASSETS CAPITAL, LLC

INVESTMENT ADVISORS

DAC Insights: Crude Summer... Oil Shocks to the System

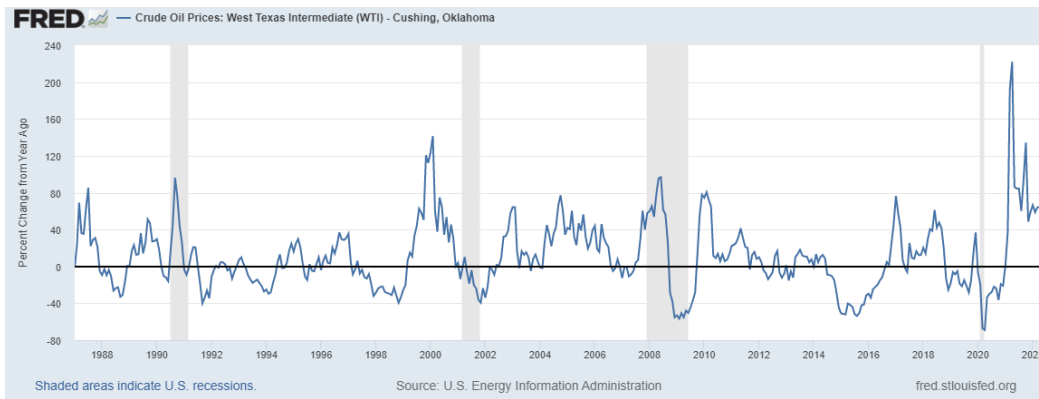
DIVIDEND ASSETS CAPITAL – INVESTMENT STRATEGIES FOR RISING INCOME & GROWTH

“I always tried to turn every disaster into an opportunity.” John D. Rockefeller.

OIL PRICE SHOCKS AND RECESSIONS ARE LINKED

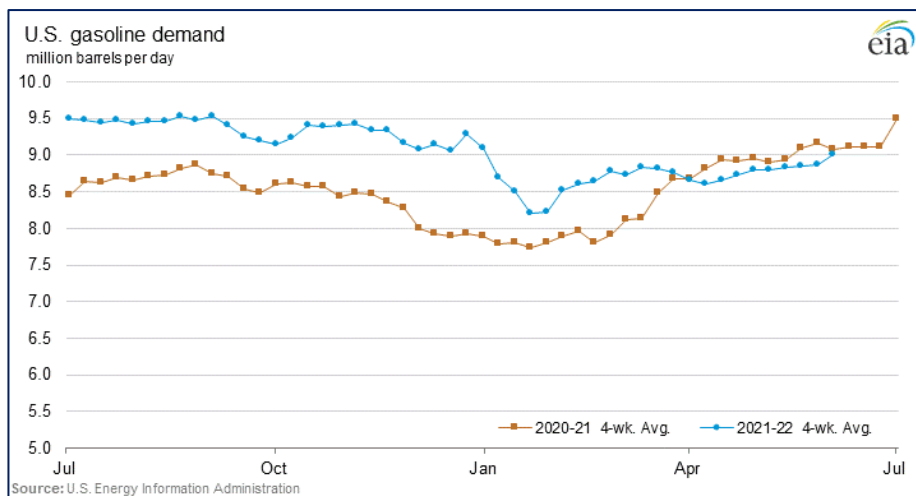
Since 1986, 3 out of the 4 recessions kicked off with a near doubling of the year-over-year price in oil.

- **July 1990 to March 1991 Recession:** 96% increase starting from September 1990;
- **March 2001 to November 2001 Recession:** 141% increase starting from February 2000;
- **January 2008 to December 2009 Recession:** 97% increase year-over-year.



Hand in hand with rising oil prices are rising gasoline prices. Gasoline demand can predict a recession.

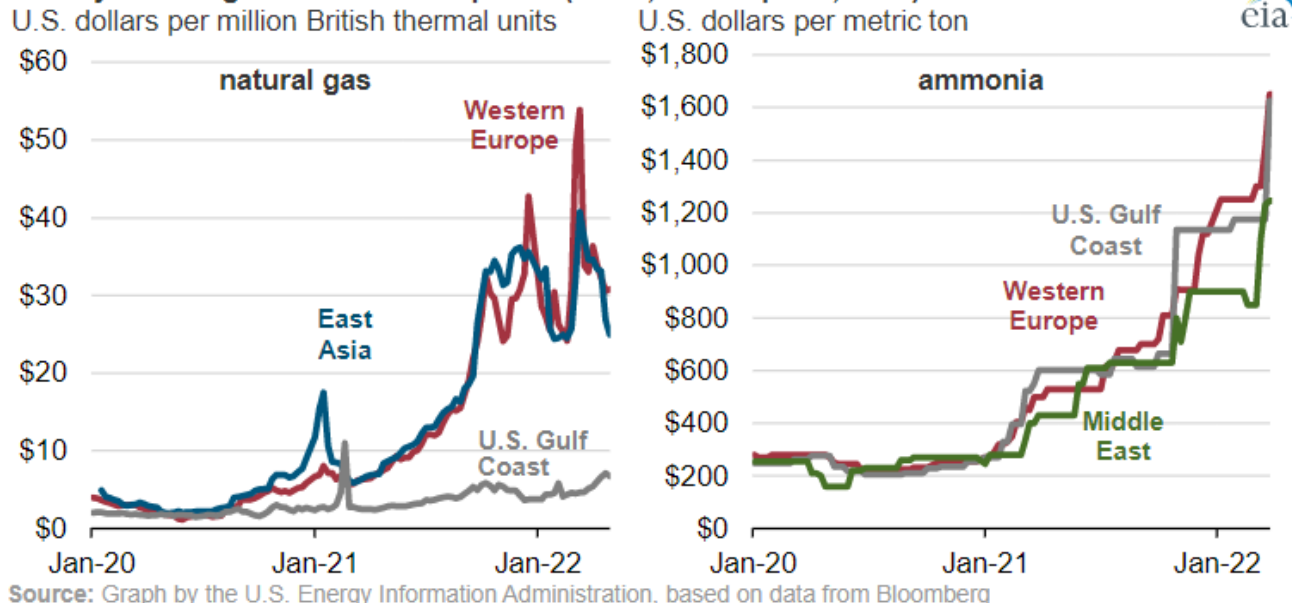
- Daily gasoline demand has fallen year-over-year, based on the 4-week average from the Energy Information Administration, from April to June.
- Demand for gas can fall because high prices begin to slow economic activity.
- In 2013 decline was part of a trend that started in 2009, during the “Great Recession”.



Ammonia Prices Rise in Response to Higher international Natural Gas Prices

- The U.S. price of ammonia, the primary source of nitrogen fertilizer, has risen by a factor of six in the past two years, and most of these increases have occurred since March 2021.
- 90% of the ammonia consumed in the US in 2021 was for fertilizer production.
- Nitrogen-based fertilizer is essential for producing major crops such as corn and wheat.

Weekly natural gas and ammonia prices (Jan 1, 2020–Apr 29, 2022)



Source: Graph by the U.S. Energy Information Administration, based on data from Bloomberg

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Clarity: A transparent and understandable approach to portfolio management.

Simplicity: We believe dividends are the best indicator of the future price performance of a stock.

Devotion: We build confidence through a disciplined process and strong devotion to our investment philosophy and clients.



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