

Dividends During Down Markets

As stated on the front page of every newsletter:

Our goal is to build an income stream sufficient to meet your retirement needs. We also want the income stream to increase over time to offset inflation. To do this, we invest in a portfolio of common stocks of some of the best, high quality, financially strong companies in the world.

The advantage of living off of dividends is:

High quality companies continue to pay
—if not increase—
dividends during difficult financial times.

We have had 4 significant market declines in the past 25 years:

	S&P 500® Decline
03/24/00 - 10/09/02	(49.1)%
10/09/07 - 03/09/09	(56.8)
02/19/20 - 03/23/20	(33.9)
1/3/22 - 10/12/22	(25.4)

Let's look at the quarterly dividends for the S&P 500® during these periods.

03/24/00 - 10/09/02 (49.1%) - Tech Bubble Bursts

S&P 500® Dividends Quarter Ended 03/31/00	\$4.08
Worst Subsequent Quarter 03/31/02	\$3.78
Decline in Income	7%
Principal Down 49% Income Down 7%	

10/09/07 - 03/09/09 (56.8%) - Financial Crisis

S&P 500® Dividends Quarter Ended 09/30/07	\$6.90
Worst Subsequent Quarter 09/30/09	\$5.35
Decline in Income	22%
Principal Down 57% Income Down 22%	

02/19/20 - 03/23/20 (33.9%) - COVID

S&P 500® Dividends Quarter Ended 03/31/20	\$15.32
Worst Subsequent Quarter 09/30/20	\$13.97
Decline in Income	9%
Principal Down 34% Income Down 9%	

1/3/22 – 10/12/22 (25.4%) – Interest Rates Rising

S&P 500® Dividends Quarter Ended 12/31/21	\$15.78
Worst Subsequent Quarter	No Decline
Principal Down 25%	Income No Decline

Keith's Thoughts...

Dividends generally decline much less than principal during major market declines.

Only stocks with Value Line Safety Rating of **A++** or **A+** qualify for our purchase.

Because our quality standards are so high, the risk of a significant decline in our dividend stream is reduced.