

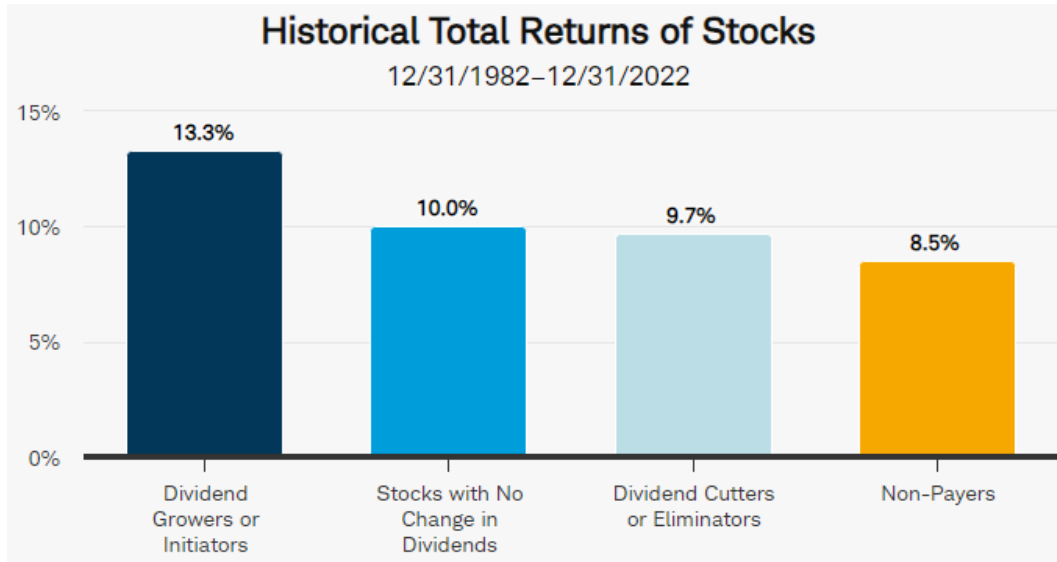


How is the Dividend Inventory in Your Portfolio?

Happy Fall to each of you! We hope that you had a safe and enjoyable summer!

2023 has proved to be a most interesting year in the market so far, with the market rallying beyond nearly every analysts' expectations. However, with stocks enjoying such a nice run through much of this year, investors may begin to wonder where the opportunity lies now? One idea to consider is : Dividend Stocks.

The two charts below illustrate why taking an inventory of dividend paying stocks in your portfolio may be a timely exercise.



Source: Source: Ned Davis Research. S&P Capital IQ Compustat. S&P Dow Jones Indices. Copyright 2023 Ned Davis Research, Inc.

Value vs. Growth relative valuations
Rel. fwd. P/E ratio of Value vs. Growth, 1997 - present



The above chart highlights the historical total return of stocks with regards to their relationship with dividends. We see that stocks that grow or initiate dividends have outperformed their peers by as little as 3.3% and by as much as almost 5%. Even stocks that pay dividends or cut dividends have outperformed the non-dividend paying stocks over the last 40 years.

Why now?

While the market has experienced a nice rally in 2023, a good portion of that rally has been driven by growth stocks (primarily some of the big technology names). The chart to the left reflects the Forward P/E (price to earnings) ratios of growth and value stocks. You can see that where we are now on the timeline is most similar to where we were in the late 90's where growth stocks have become expensive, while value stocks look much more attractive and inexpensive. Many of the tried and true dividend paying stocks almost always fall into the value category – which is why we believe now is a good time to consider these equities.

Source: JPMorgan Guide to the Markets. Data as of 8/31/23.

We appreciate the opportunity to review your current financial portfolio and further discuss dividend paying equities. Please don't hesitate to reach out at any time. Thank you for the trust you continue to place in us.

Best Regards, Mark, Brad T., Drew, Brad H., Renee & Erin

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Mark Hansen, CRPC®, CWS®
Senior Vice President,
Financial Advisor,
Portfolio Manager



Brad Thurber, CFP®
Senior Vice President,
Financial Advisor,
Portfolio Manager,
Branch Manager



Drew Morin, CWS®
Financial Advisor



Bradley Hansen
Senior Vice President,
Portfolio Manager



Renee A. Chase
Senior Registered Associate



Erin Lui
Supervisory Branch
Operations Manager,
Registered Client Associate