

## Dividend Newsletter

### General Thoughts:

Why do dividends matter?

It's an important question.

Because many experts out there say that we all should go for "total return" no matter what.

They tell us dividends sometimes actually make us less money in the end.

But there's a big difference between looking at a fancy spreadsheet and living in real life.

And most of personal finance is the *personal* part.

Dividends provide a reliable stream of income when our stock picks can gyrate wildly. And that is more comforting than any spreadsheet.

Take 2022 for example.

Millions of people started trading during the pandemic of 2020. And most of them had never seen or heard of a Bear Market.

Yes, it was fun being in Peloton (PTON) during the height of Covid, but what about what happened next?

If a trader was looking for income, how much income did PTON give him/her in after 2020?

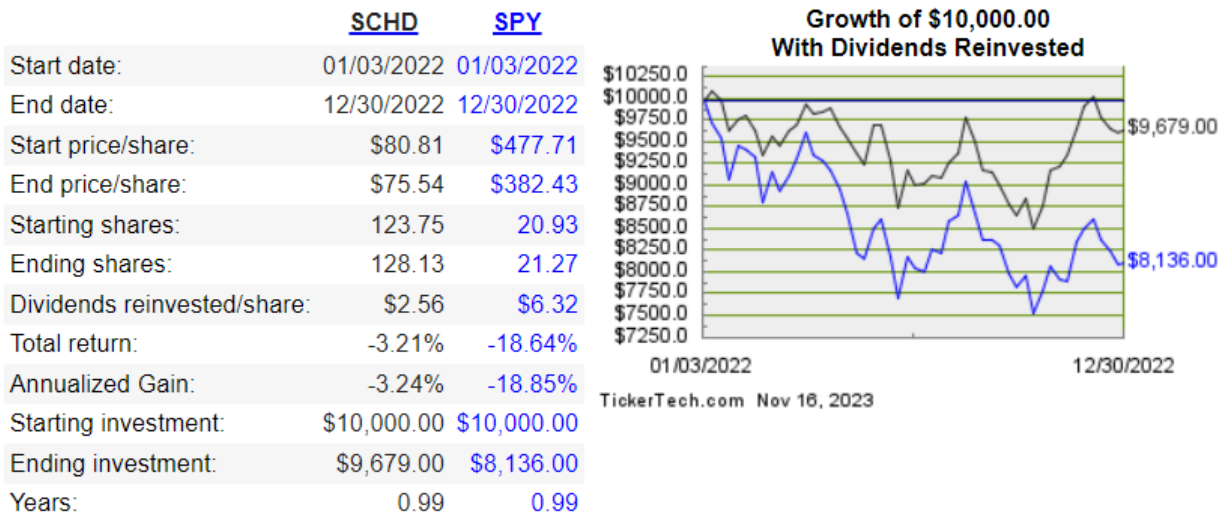


Yikes.

The experts tell us we just sell shares when we need income. *How would you like to be selling shares for income as your stock drops from \$170 down to \$10?*

Dividends almost never take breaks, though. And that's why they're so reassuring during bad times and Bear Markets.

If we owned a dividend paying ETF (SCHD) instead of SPY during 2022, how would we have done?



The instrument that paid significantly more dividends during a Bear Market beat the “total return” instrument by 15%.

Furthermore, dividends can snowball into a nest egg that supports us for the rest of our lives.

That’s why dividends matter.

They keep giving us income in times of stress.

And they give us a chance at an income stream that can change our financial destiny.

### **Current Market Thoughts:**

So, the question is: *Is now a good time to buy dividend stocks?*

Of course, it’s a loaded question.

Because, if we’re looking for income, now is **always** a good time to buy dividend stocks.

*But is it a good market environment to buy dividend stocks?*

The answer appears to be yes.

When we purchase dividend stocks, our #1 thing is if it will pay us reliably for a long time.

However, as we’ve mentioned, personal finance is personal.

And, personally, I don’t like to see my stock go down.

Even if it’s paying me like it said it would.

So, we’d love to buy our dividend-payers at a time when our stocks/ETFs/REITs might go up.

And now seems like a good time.

There are many instruments that are trading below their reasonable fair value and there are many instruments that are showing signs of being accumulated by institutions.

Remember, the entire stock market didn’t participate in the Bull Run of early 2023. Only a few big tech names did.

Which means a lot of dividend stocks have not become overbought and have plenty of upside when the Bull Market really gets going.

No one knows the future.

But it looks like an excellent time to start buying quality dividend stocks, ETFs, and REITs.

**Update on Our Portfolio:**

Just getting started. Will have more here next month.