



'THE STORY OF DIVIDENDS'

Basics

- Believe it or not – dividends account for most of equity returns, long term.
 - Particularly in periods of declining markets, or moderate growth – not so, in a high growth cycle.
- Dividends represent secure returns, while the market price component is variable.
- High dividend yield often means moderate secular growth, but a more mature and certain outlook.
- Companies today are cash rich – dividend growth is highly probable.
- Companies may be sound – valuations will vary.

Outlook

- 'The world' is:
 - Slow growth.
 - Money is 'free', and soon available.
 - Less cyclical.
 - Volatile.
 - Uncertain.
- Smart investors will favour healthy, quality companies.
- Higher interest rates, if and when, will be coincident with better economies, better earnings, and better dividends.

Conclusion

- Preservation of capital, and absolute positive returns, remain primary goals – with relative benchmarks relevant long term, not short.
- Dividend cash flow is particularly valuable.
- We believe equity markets will remain favourable, and surprising in sustainable length.

***** AN IDEAL ENVIRONMENT FOR GEORGIAN CAPITAL'S DISCIPLINES AND INVESTORS.**