



BEST PORTFOLIO PERFORMANCE = DIVIDEND PAYING STOCKS

WHY?

▪ **The facts:**

- During the past 30 years, dividend paying stocks have outperformed by a wide margin.
- Even greater outperformance was achieved by companies who increased their dividends.
- In fact, this superior performance is true for every decade back to the 1920's (except the 1990's, propelled latterly by the dot com hype).
- These stocks only lag in periods of rapid overall market acceleration; but subsequently play catch up.

A recent (2010) RBC study showed the following for the previous 25 year period:

Total Return
(Compound Annual)

<u>TSX</u>	<u>No Dividend</u>	<u>Reduced Dividend</u>	<u>Paying Dividend</u>	<u>Growing Dividend</u>
6.4%	1.1%	2.2%	10.1%	12.0%

Typically, these are slower, steady growing companies, which can pay meaningful dividends without inhibiting earnings growth.

▪ **WHY attractive now? STILL?**

- Enhance return: stock price and dividend growth.
- Reduce volatility: excellent defensive protection.
- Appealing in a world of slow earnings growth.
- After a decade of basically flat stock prices, investors want a larger portion of their total return as current reliable income, rather than uncertain capital gains.

- After a difficult decade (and recent recession), companies have rarely been better managed and more shareholder aware / friendly – not to mention cash rich!
- Continuous restructuring, plus ‘new economy’ tools, equal a low breakeven and high productivity.
- Caution and discipline equal restrained capital spending and high free cash flow.
- The necessity / advisability of paying regular dividends imposes financial disciplines on management.

***No reasonable alternative investments:**

Money Market and CD's	=	1% return
Bonds	=	End of 30 year gains
Equities	=	Volatile, slow growth
Dividend / Growth	=	<u>THE ANSWER</u>

▪ **GEORGIAN CAPITAL!**

Specializing in Canadian and U.S. Dividend / Growth portfolios.

We are patient, and do not “clip our flowers, and water our weeds”!

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