



CASUAL FRIDAY

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Dividend Matrix + G2 Investor?

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#TGICasualFriday

Today, we simply offer bullet points to highlight the exceptional case for dividend growth stocks!

Dividend Growth in Your Practice

- Aligning investor goals? -- Generate income, Grow Income and Provide Relative Safety on the downside. Sound familiar?
- A higher compounding rate? Annual Returns -- S&P 500 Dividend Aristocrats 11.10% vs S&P 500 10.45% - (Source: Bloomberg 6/30/1995 – 6/30/2025)
- Downside protection? S&P 500 Dividend Aristocrats outperformed the S&P 500 66.67% of the time in down months. (<https://www.spglobal.com/spdji/en/documents/research/research-sp500-dividend-aristocrats.pdf>) as of February 2025
- Historically, dividends have contributed approximately 31% of total return for the S&P 500. (<https://www.spglobal.com/spdji/en/documents/research/research-sp500-dividend-aristocrats.pdf>) as of February 2025
- Higher Equity Allocations? Owning high-quality and durable equities may allow for larger equity allocations in client portfolios. Over time, do you want your clients' wealth and your BOB to compound at the rate of stocks or bonds?
- Diversifier? Top 10 names in the S&P 500 make up ~39% of the index and ~61% of the growth index. Dividend growth can provide solid diversification to these growth-heavy indices. (Source Bloomberg as of 7.31.2025)

Why Dividend Growth Stocks Now

- Yield? S&P 500 Dividend Aristocrats Current Dividend Yield 2x Higher than S&P 500 (Source: Bloomberg 6/30/2025)
- Valuations? S&P 500 Dividend Aristocrats Current Price to Book trades @ ~45% discount to S&P 500 (Source: Bloomberg 6/30/2025, based on historical averages)
- Factor Rotation? Dividends as a "Factor" are one of the worst performers in the past year (Source: Bloomberg 6/30/2025, based on historical averages)
- Secular Growth? Dividend growers tend to have excess free cash flows and quality balance sheets. They're more likely to have the resources to invest and capitalize on future growth opportunities. I.e. technology adoption, innovation, and new markets.
- Future Yield? A stock with a current dividend yield of 2.5% with 10% annual dividend growth can effectively provide a ~6% yield on original cost by year 10.

Winning the "G2 Investor"

[Cerulli now projects \\$124 Trillion in wealth will transfer through 2048.](#)

PLUS 85% of kids fire their parent's financial advisor and 1/3 of advisors may retire in the next decade!

This equals massive opportunity for the remaining advisors to land newly minted millionaires!

(Source: Natixis, Cerulli, SS&C, Carson Wealth Management)

Yet advisors are trying to figure out how to connect with investors who are heavily influenced by social media, sensationalized news coverage and new investment platforms. In short, they are skeptical "mom and dad's advisor" adds value. Side note: we've seen surveys younger investors tend to want to consolidate accounts with a bank, but older investors lean towards consolidation at a brokerage firm.

* "Peer group" - Morningstar groups managers reasonably considered to be close investment alternatives, and for which performance and other statistical measures, such as fees, are comparable.

How do you bridge the gap?

Real financial planning prowess again looms paramount. You might share case studies about what other advisors missed in terms of: inheritance, taxes, insurance, estate planning, trusts, Roth IRA's, lending strategies, education planning. Its an endless list. And a few well placed "did you know" type questions go a long way towards creating some doubt . "Maybe managing all this new wealth isn't so easy." Show real life examples how the scope of your services goes way beyond "picking good investments." (which also isn't so easy!)

Here are resources / tactics to build trust and demonstrate real, tangible value to younger inheritors --Education, customization, "both sides please" and be tech-forward...

- **Perspective**
 - [A Guarded Generation: How Millennials View Money and Investing.](#)
- **One-Page Financial Plan:** Concise; tackle top goals (paying off debt, buying property, saving for kids' education)
 - Immediate direction with value add helps the cause
 - [Focusing Advice on What Matter Most -- Kites](#)
- **Both Sides Please:** Student loans, mortgages, or credit card debt, show how strategic refinancing or consolidation can save them thousands.
 - [Both Sides Please](#)
- **Navigating Prior to Transition**
 - [Your Kids Will Inherit Your Money, So Teach Them How To Handle It](#)
- **Get on board with short, engaging video content** on topics like "Optimizing Your Inheritance" or "Top Mistakes New Investors Make." Educate only – GOOD information sells itself.
 - [We 4X Growth After Adopting These Virtual Advisor Tools and Communication Strategies](#)

She Just Turned Pro—and She's Already Taking Over Golf

"Britain's Lottie Woad became one of the top players in the world by demolishing professionals while she was still an amateur. Now, she's ready to start winning majors."

Have a Great Weekend!

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