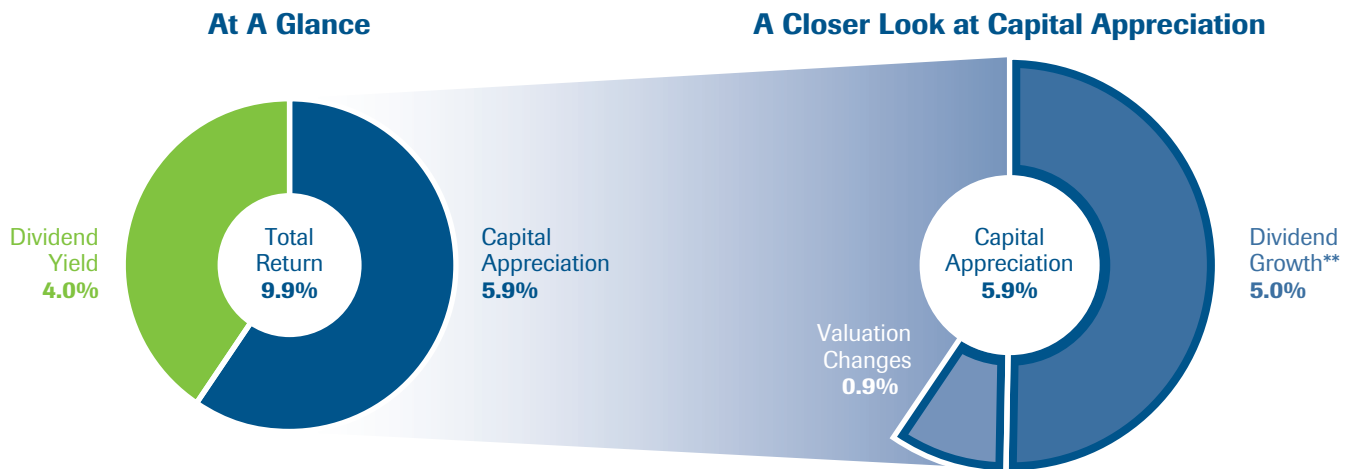


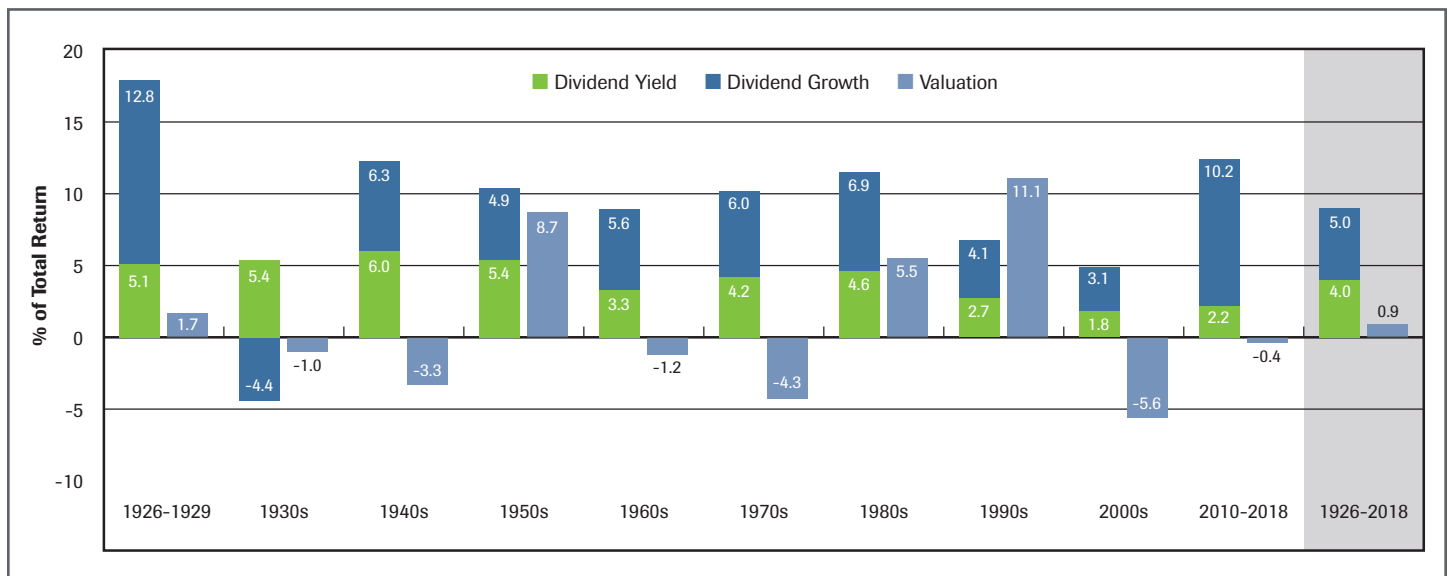
# Why Dividend Investing?

Dividend income has the potential to provide a distinct advantage when fixed-income yields are low, the outlook for inflation is uncertain and the broader market is volatile. But not all dividends are the same. When it comes to pursuing a strong, reliable income stream with lower downside risk, it's essential to consider a company's quality, valuation and track record of paying and increasing its dividends over the long term.

## Dividends and Dividend Growth Have Fueled Total Return\* — S&P 500 1926-2018



## Components of Total Return (%)\*



Diversification does not ensure a profit or protect against loss.

\*Source: Robert Shiller database, Yale University, <http://www.econ.yale.edu/~shiller/data.htm> and Federated Investors, Inc. Stocks are represented by the S&P Composite Stock Price Index and its dividend-paying and non-dividend-paying components.

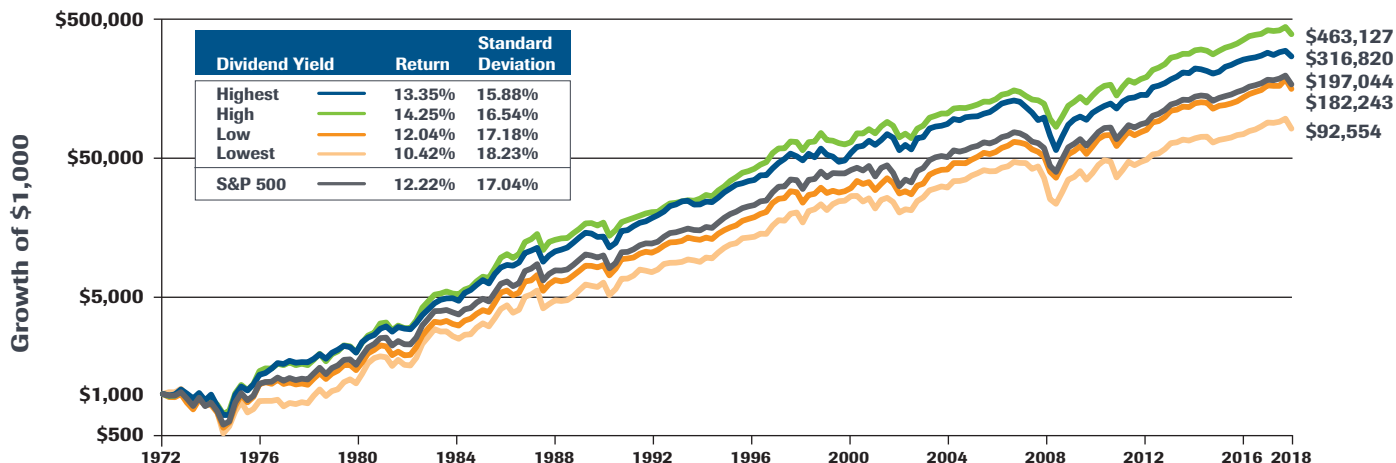
\*\*Dividend Growth: The increase of a security's annual dividend distribution to shareholders over a period of time.

These charts are for illustrative purposes only and are not representative of the performance of any particular investment.

Past performance is no guarantee of future results.

## Dividend-Paying and Dividend-Increasing Stocks Have Outperformed Over Time

This illustration shows how \$1,000 invested from 1972-2018 would have performed among a range of companies paying the lowest to the highest dividend yields. Investing in stocks with higher dividend yields would have resulted in a higher return over the S&P 500 Index.



Source: Copyright 2019 Ned Davis Research, Inc.

All indices are allocated to start at 1,000. Dividend yield indices are equal-dollar-weighted with quarterly rebalancing.

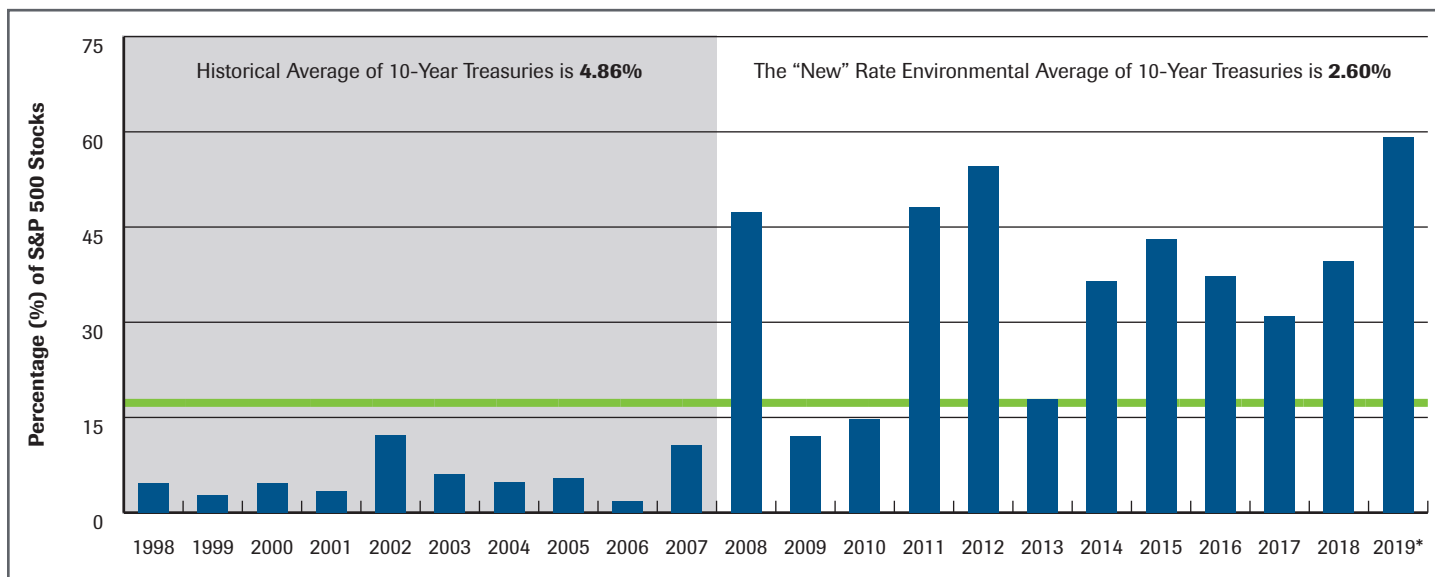
Each stock in S&P 500 is ranked from highest to lowest by dividend yield on December 31st of every year and placed into "quartiles," baskets of 125 stocks in each basket. The stocks in the quartiles are equal weighted. The dividend yield is defined as each stock's annual dividends per share divided by its stock price as of December 31st of that year. The top 125 stocks fall into the highest dividend-yield quartile, the next 125 into the second highest dividend-yield quartile, and so on.

Past performance does not guarantee future results.

## In a Low-Rate World, Dividends Increasingly Matter

For more than a decade, lackluster yields on many fixed-income securities have had income-seeking investors looking for alternatives. During that time, dividend yields on many stocks have become increasingly attractive, with a growing percentage paying a higher yield than the U.S. 10-year Treasury note. Currently, nearly 60% of stocks in the S&P 500 offer higher dividend yields than the 10-year U.S. Treasury yield. Along with their historical ability to pay investors a steady income stream, high-quality dividend payers also tend to be less volatile than growth stocks, helping to diversify portfolios and reduce risk.

## Percentage of S&P 500 stocks with dividend yields greater than U.S. 10-year Treasuries



\*As of 8/14/19.

Note: The line on the chart indicates the average % of S&P 500 stocks on an equal weighted basis over the illustrated time period.

Source: Strategas Research Partners, as of 8/14/19, and Federal Reserve Bank of St. Louis.

There is no guarantee that dividend-paying stocks will continue to pay dividends.

Performance is for a selected time period. Other time periods may have different results. This example does not show the tax consequences of each type of investment. Stocks offer higher growth potential, but their prices are more volatile than those of bonds.

Stocks are represented by Standard & Poor's Composite Index of 500 Stocks, an unmanaged index that is generally considered representative of the U.S. stock market.

Past performance is no guarantee of future results. These charts are for illustrative purposes only and are not representative of performance for any specific investment. Actual investments cannot be made in an index.

Separately Managed Accounts are available through Federated Investment Counseling.